2026 SESSION

VIRGINIA ACTS OF ASSEMBLY - CHAPTER

Enrolled

[H 29]

Approved

An Act to amend and reenact Chapter 725 of the Acts of Assembly of 2025, which appropriates the public revenues for two years ending, respectively, on June 30, 2025, and June 30, 2026; and a BILL to amend and reenact § 58.1-301, § 24.2-304.05, § 24.2-309.2, § 58.1-322.03, § 58.1-332, § 58.1-390.3, and § 58.1-402 of the Code of Virginia.

Be it enacted by the General Assembly of Virginia:

1. That Items 0, 77, 101, 104, 115, 124, 125, 125.10, 130, 200, 252.10, 260, 264, 268, 275, 287, 288, 290, 292, 296, 325, 326, 328, 329, 331, 334, 365, 389, 415, 416, 424, 455, 466, 469, 471, 489.40, C-34, C-54, § 3-1.01, § 3-5.03, § 4-5.04, and § 4-14 of Chapter 725 of the 2025 Acts of Assembly, be hereby amended and reenacted.

2. § 1. The following are hereby appropriated, for the current biennium, as set forth in succeeding parts, sections and items, for the purposes stated and for the years indicated:

A. The balances of appropriations made by previous acts of the General Assembly which are recorded as unexpended, as of the close of business on the last day of the previous biennium, on the final records of the State Comptroller; and

B. The public taxes and arrears of taxes, as well as moneys derived from all other sources, which shall come into the state treasury prior to the close of business on the last day of the current biennium. The term "moneys" means nontax revenues of all kinds, including but not limited to fees, licenses, services and contract charges, gifts, grants, and donations, and projected revenues derived from proposed legislation contingent upon General Assembly passage.

§ 2. Such balances, public taxes, arrears of taxes, and monies derived from all other sources as are not segregated by law to other funds, which funds are defined by the State Comptroller, pursuant to § 2.2-803, Code of Virginia, shall establish and constitute the general fund of the state treasury.

§ 3. The appropriations made in this act from the general fund are based upon the following:

	First Year	**Second Year**	**Total**
Unreserved Beginning Balance	$12,757,442,466	~~$0~~ *$12,488,005,556*	~~$12,757,442,466~~ *$25,245,448,022*
Additions to Balance	($8,243,470,953)	~~$19,500,000~~ *($10,718,951,165)*	~~($8,223,970,953)~~ *($18,962,422,118)*
Official Revenue Estimates	$30,661,036,462	~~$31,360,409,381~~ *$32,383,745,537*	~~$62,021,445,843~~ *$63,044,781,999*
Transfer	$1,390,285,768	~~$1,572,043,937~~ *$1,935,699,361*	~~$2,962,329,705~~ *$3,325,985,129*
Total General Fund Resources Available for Appropriation	$36,565,293,743	~~$32,951,953,318~~ *$36,088,499,289*	~~$69,517,247,061~~ *$72,653,793,032*

The appropriations made in this act from nongeneral fund revenues are based upon the following:

	First Year	Second Year	Total
Balance, June 30, 2024	$12,329,216,528	$0	$12,329,216,528
Official Revenue Estimates	$55,952,484,636	~~$57,955,178,841~~ *$55,562,757,179*	~~$113,907,663,477~~ *$111,515,241,815*
Lottery Proceeds Fund	$943,824,250	~~$875,335,350~~ *$923,626,865*	~~$1,819,159,600~~ *$1,867,451,115*
Internal Service Fund	$2,548,392,953	$2,661,451,414	$5,209,844,367
Bond Proceeds	$930,193,760	$406,085,243	$1,336,279,003

Total Nongeneral Fund Revenues Available for Appropriation	$72,704,112,127	~~$61,898,050,848~~ *$59,553,920,701*	~~$134,602,162,975~~ *$132,258,032,828*
TOTAL PROJECTED REVENUES	$109,269,405,870	~~$94,850,004,166~~ *$95,642,419,990*	~~$204,119,410,036~~ *$204,911,825,860*

§ 4. Nongeneral fund revenues which are not otherwise segregated pursuant to this act shall be segregated in accordance with the acts respectively establishing them.

§ 5. The sums herein appropriated are appropriated from the fund sources designated in the respective items of this act.

§ 6. When used in this act the term:

A. "Current biennium" means the period from the first day of July two thousand twenty-four, through the thirtieth day of June two thousand twenty-six, inclusive.

B. "Previous biennium" means the period from the first day of July two thousand twenty-two, through the thirtieth day of June two thousand twenty-four, inclusive.

C. "Next biennium" means the period from the first day of July two thousand twenty-six, through the thirtieth day of June two thousand twenty-eight, inclusive.

D. "State agency" means a court, department, institution, office, board, council or other unit of state government located in the legislative, judicial, or executive departments or group of independent agencies, or central appropriations, as shown in this act, and which is designated in this act by title and a three-digit agency code.

E. "Nonstate agency" means an organization or entity as defined in § 2.2-1505 C, Code of Virginia.

F. "Authority" sets forth the general enabling statute, either state or federal, for the operation of the program for which appropriations are shown.

G. "Discretionary" means there is no continuing statutory authority which infers or requires state funding for programs for which the appropriations are shown.

H. "Appropriation" shall include both the funds authorized for expenditure and the corresponding level of full-time equivalent employment.

I. "Sum sufficient" identifies an appropriation for which the Governor is authorized to exceed the amount shown in the Appropriation Act if required to carry out the purpose for which the appropriation is made.

J. "Item Details" indicates that, except as provided in § 6 H above, the numbers shown under the columns labeled Item Details are for information reference only.

K. Unless otherwise defined, terms used in this act dealing with budgeting, planning and related management actions are defined in the instructions for preparation of the Executive Budget.

§ 7. The total appropriations from all sources in this act have been allocated as follows:

BIENNIUM 2024-26

	General Fund	**Nongeneral Fund**	**Total**
OPERATING EXPENSES	~~$67,475,321,135~~ *$68,337,282,946*	~~$117,834,227,778~~ *$118,699,213,493*	~~$185,309,548,913~~ *$187,036,496,439*
LEGISLATIVE DEPARTMENT	$283,333,301	$10,885,915	$294,219,216
JUDICIAL DEPARTMENT	$1,323,020,345	$85,770,523	~~$1,408,790,686~~ *$1,408,790,868*
EXECUTIVE DEPARTMENT	~~$65,826,480,706~~ *$66,688,442,517*	~~$111,767,286,620~~ *$112,632,272,335*	~~$177,593,767,326~~ *$179,320,714,852*
INDEPENDENT AGENCIES	$42,486,783	$5,970,284,720	$6,012,771,503
STATE GRANTS TO			

NONSTATE AGENCIES	$0	$0	$0
CAPITAL OUTLAY EXPENSES	$1,994,911,493	$2,704,413,256	$4,699,324,749
TOTAL	~~$69,470,232,628~~ *$70,332,194,439*	~~$120,538,641,034~~ *$121,403,626,749*	~~$190,008,873,662~~ *$191,735,821,188*

§ 8. This chapter shall be known and may be cited as the "2026 Amendments to the 2025 Appropriation Act."

ITEM 1.	Item Details($) First Year FY2025	Item Details($) Second Year FY2026	Appropriations($) First Year FY2025	Appropriations($) Second Year FY2026

PART 1: OPERATING EXPENSES

LEGISLATIVE DEPARTMENT

1. Not set out.

2. Not set out.

3. Not set out.

4. Not set out.

5. Not set out.

6. Not set out.

7. Not set out.

8. Not set out.

9. Not set out.

10. Not set out.

11. Not set out.

12. Not set out.

13. Not set out.

14. Not set out.

15. Not set out.

16. Not set out.

17. Not set out.

18. Not set out.

19. Not set out.

20. Not set out.

21. Not set out.

22. Not set out.

23. Not set out.

24. Not set out.

24.50 Not set out.

ITEM 25.		Item Details($) First Year FY2025	Item Details($) Second Year FY2026	Appropriations($) First Year FY2025	Appropriations($) Second Year FY2026
25.	Not set out.				
26.	Not set out.				
27.	Not set out.				
	TOTAL FOR LEGISLATIVE DEPARTMENT			**$158,101,699**	**$136,117,517**
	General Fund Positions	646.00	652.00		
	Nongeneral Fund Positions	32.50	32.50		
	Position Level	678.50	684.50		
	Fund Sources: General	$152,521,079	$130,812,222		
	Special	$5,302,199	$5,026,874		
	Trust and Agency	$140,908	$140,908		
	Federal Trust	$137,513	$137,513		

ITEM 28.		Item Details($) First Year FY2025	Item Details($) Second Year FY2026	Appropriations($) First Year FY2025	Appropriations($) Second Year FY2026
	JUDICIAL DEPARTMENT				
28.	Not set out.				
29.	Not set out.				
30.	Not set out.				
31.	Not set out.				
32.	Not set out.				
33.	Not set out.				
34.	Not set out.				
35.	Not set out.				
36.	Not set out.				
37.	Not set out.				
38.	Not set out.				
39.	Not set out.				
40.	Not set out.				
41.	Not set out.				
42.	Not set out.				
43.	Not set out.				
	TOTAL FOR JUDICIAL DEPARTMENT			**$697,336,458**	**$711,454,410**
	General Fund Positions	3,794.71	3,804.71		
	Nongeneral Fund Positions	110.00	110.00		
	Position Level	3,904.71	3,914.71		
	Fund Sources: General	$654,452,260	$668,568,085		
	Special	$14,463,494	$14,465,621		
	Dedicated Special Revenue	$27,105,959	$27,105,959		
	Federal Trust	$1,314,745	$1,314,745		

ITEM 44.		Item Details($) First Year FY2025	Item Details($) Second Year FY2026	Appropriations($) First Year FY2025	Appropriations($) Second Year FY2026

EXECUTIVE DEPARTMENT

EXECUTIVE OFFICES

44.	Not set out.				
44.50	Not set out.				
45.	Not set out.				
46.	Not set out.				
47.	Not set out.				
48.	Not set out.				
49.	Not set out.				
50.	Not set out.				
51.	Not set out.				
52.	Not set out.				
53.	Not set out.				
54.	Not set out.				
55.	Not set out.				
56.	Not set out.				
57.	Not set out.				
	TOTAL FOR EXECUTIVE OFFICES			**$107,286,486**	**$107,217,826**
	General Fund Positions	462.92	462.92		
	Nongeneral Fund Positions	247.58	247.58		
	Position Level	710.50	710.50		
	Fund Sources: General	$66,058,018	$65,989,358		
	Special	$26,207,527	$26,207,527		
	Commonwealth Transportation	$2,454,085	$2,454,085		
	Dedicated Special Revenue	$607,414	$607,414		
	Federal Trust	$11,959,442	$11,959,442		

ITEM 58.		Item Details($) First Year FY2025	Item Details($) Second Year FY2026	Appropriations($) First Year FY2025	Appropriations($) Second Year FY2026

OFFICE OF ADMINISTRATION

58. Not set out.

59. Not set out.

60. Not set out.

61. Not set out.

62. Not set out.

63. Not set out.

64. Not set out.

65. Not set out.

66. Not set out.

67. Not set out.

68. Not set out.

69. Not set out.

70. Not set out.

71. Not set out.

72. Not set out.

73. Not set out.

74. Not set out.

75. Not set out.

76. Not set out.

§ 1-1. DEPARTMENT OF ELECTIONS (132)

Item		Item Details First Year FY2025	Item Details Second Year FY2026	Appropriations First Year FY2025	Appropriations Second Year FY2026
77.	Electoral Services (72300)			$22,956,957	$22,029,363
	Electoral Administration, Uniformity, Legality, and Quality Assurance Services (72302)	$2,044,462	$2,056,868		
	Statewide Voter Registration System and Associated Information Technology Services (72304)	$11,486,491	$11,486,491		
	Campaign Finance Disclosure Administration Services (72309)	$563,174	$313,174		
	Voter Services and Communications (72311)	$2,288,631	$2,098,631		
	Administrative Services (72312)	$6,574,199	$6,074,199		
	Fund Sources: General	$19,904,707	$18,977,113		
	Special	$52,250	$52,250		
	Trust and Agency	$3,000,000	$3,000,000		

ITEM 77.	Item Details($) First Year FY2025	Item Details($) Second Year FY2026	Appropriations($) First Year FY2025	Appropriations($) Second Year FY2026

Authority: Title 24.2, Chapter 1, Code of Virginia.

A. It is the intention of the General Assembly that all local precincts, other than central absentee precincts established under § 24.2-712, Code of Virginia, will use electronic pollbooks for elections held beginning in November, 2010.

B. Any locality using paper pollbooks for elections held beginning in November, 2010, shall be responsible for entering voting credit as provided in § 24.2-668. Additionally, any locality using paper pollbooks for elections held after November, 2010 may be required to reimburse the Department of Elections for state costs associated with providing paper pollbooks.

C. The State Board of Elections shall by regulation provide for an administrative fee up to $25 for each non-electronic report filed with the State Board under § 24.2-947.5. The regulation shall provide for waiver of the fee based upon indigence.

D. All unpaid charges and civil penalties assessed under Title 24.2 shall be subject to interest, the administrative collection fee and late penalties authorized in the Virginia Debt Collection Act, Chapter 48 of Title 2.2, § 2.2-4800 et seq.

E. 1. It is the intent of the General Assembly that federal awards from the Help America Vote Act of 2002 (HAVA) under P.L. 116-93 be used to replace the Virginia Election and Registration Information System (VERIS). Any remaining balances out of the amounts appropriated in Item 86, paragraph I, of Chapter 552, 2021 Acts of Assembly, Special Session I, may be used to support VERIS replacement and shall serve as the state's required match to receive the federal HAVA award.

2. The Secretary of Finance and Secretary of Administration shall approve the allotment of remaining balances out of the amount appropriated in Item 86, paragraph I.3, of Chapter 552, 2021 Acts of Assembly, Special Session, to be used for VERIS replacement costs after the exhaustion of all available HAVA funding eligible for this purpose and the initial required state match component of $2,035,142.

3. Any balances remaining from the appropriation identified in this paragraph shall not revert to the general fund at the end of the fiscal year, but shall be brought forward and made available to support VERIS replacement in the subsequent fiscal year.

F.1. Notwithstanding the provisions of subsections C and D of § 24.2-671.2., Code of Virginia, a risk-limiting audit of a presidential election or an election for the nomination of candidates for the office of President shall not be conducted.

2. Notwithstanding the provisions of §§ 24.2-653.01, 24.2-671, and 24.2-678 of the Code of Virginia, local electoral boards shall, no more than 10 days following the date of the November 2024 general election, meet to determine the validity of provisional ballots, certify the results of the election, and submit the abstract of votes to the State Board of Elections.

G. Out of this appropriation, $190,000 the first year from the general fund is provided to effectuate the provisions of House Bill 588, Senate Bill 4, and House Joint Resolution 45 of the 2024 General Assembly.

H. Out of this appropriation, $500,000 the first year from the general fund is provided for increases in the cost of information technology services associated with continued migration of information and systems to the Cloud. Any amounts remaining from the general fund appropriation identified in this paragraph that remain unspent at the end of the first year shall be reappropriated in the next fiscal year.

I. Out of this appropriation, $250,000 the first year from the general fund is provided to develop a plan for the replacement of the Committee Electronic Tracking (COMET) and Campaign Finance Management (CFM) systems. The Department of Elections shall provide a report on the plan for the replacement of these systems to the Governor and the Chairs of the House Appropriations and Senate Finance and Appropriations Committees by October 1, 2025. Any amounts remaining from the general fund appropriation identified in this paragraph that remain unspent at the end of the first year shall be reappropriated in the next fiscal year.

ITEM 77.		Item Details($) First Year FY2025	Item Details($) Second Year FY2026	Appropriations($) First Year FY2025	Appropriations($) Second Year FY2026
	J. Notwithstanding the provisions of § 24.2-948.5, Code of Virginia, the Department shall make a report of its reviews available to the State Board, the Governor, and the General Assembly by December 31 of each year following the election year for the office to which the review pertains and the same shall be posted to the Department's website. The July 1 reporting deadline contained in § 24.2-948.5, Code of Virginia shall no longer apply.				
78.	Not set out.				
	Total for Department of Elections			**$34,306,918**	**$33,379,324**
	General Fund Positions	67.00	67.00		
	Position Level	67.00	67.00		
	Fund Sources: General	$31,254,668	$30,327,074		
	Special	$52,250	$52,250		
	Trust and Agency	$3,000,000	$3,000,000		
79.	Not set out.				
80.	Not set out.				
81.	Not set out.				
82.	Not set out.				
	TOTAL FOR OFFICE OF ADMINISTRATION			**$4,317,545,551**	**$4,432,416,060**
	General Fund Positions	457.35	460.85		
	Nongeneral Fund Positions	845.05	870.55		
	Position Level	1,302.40	1,331.40		
	Fund Sources: General	$999,238,100	$1,001,334,690		
	Special	$28,504,303	$27,798,726		
	Enterprise	$636,036,781	$636,036,781		
	Internal Service	$2,498,920,200	$2,611,399,696		
	Trust and Agency	$138,589,605	$138,589,605		
	Dedicated Special Revenue	$8,592,508	$9,592,508		
	Federal Trust	$7,664,054	$7,664,054		

ITEM 83.		Item Details($) First Year FY2025	Item Details($) Second Year FY2026	Appropriations($) First Year FY2025	Appropriations($) Second Year FY2026
	OFFICE OF AGRICULTURE AND FORESTRY				
83.	Not set out.				
84.	Not set out.				
85.	Not set out.				
86.	Not set out.				
87.	Not set out.				
88.	Not set out.				
89.	Not set out.				
90.	Not set out.				
91.	Not set out.				
92.	Not set out.				
93.	Not set out.				
94.	Not set out.				
95.	Not set out.				
96.	Not set out.				
97.	Not set out.				
98.	Not set out.				
99.	Not set out.				
	TOTAL FOR OFFICE OF AGRICULTURE AND FORESTRY			**$158,023,675**	**$157,504,094**
	General Fund Positions	548.58	548.58		
	Nongeneral Fund Positions	358.42	358.42		
	Position Level	907.00	907.00		
	Fund Sources: General	$88,439,880	$85,940,299		
	Special	$30,126,648	$30,426,648		
	Trust and Agency	$9,335,024	$9,335,024		
	Dedicated Special Revenue	$11,895,640	$13,575,640		
	Federal Trust	$18,226,483	$18,226,483		

ITEM 100.		Item Details($) First Year FY2025	Item Details($) Second Year FY2026	Appropriations($) First Year FY2025	Appropriations($) Second Year FY2026

OFFICE OF COMMERCE AND TRADE

§ 1-2. SECRETARY OF COMMERCE AND TRADE (192)

100. Not set out.

Economic Development Incentive Payments (312)

Item		First Year FY2025	Second Year FY2026	First Year FY2025	Second Year FY2026
101.	Economic Development Services (53400)			$150,472,331	~~$61,731,826~~ *$59,927,583*
	Financial Assistance for Economic Development (53410)	$150,472,331	~~$61,731,826~~ *$59,927,583*		
	Fund Sources: General	$150,322,331	~~$61,581,826~~ *$59,777,583*		
	Dedicated Special Revenue	$150,000	$150,000		

Authority: Discretionary Inclusion.

A.1. Out of the appropriation for this Item, $19,750,000 the first year and $19,750,000 the second year from the general fund shall be deposited to the Commonwealth's Development Opportunity Fund, as established in § 2.2-115, Code of Virginia. Such funds shall be used at the discretion of the Governor, subject to prior consultation with the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees, to attract economic development prospects to locate or expand in Virginia. If the Governor, pursuant to the provisions of § 2.2-115, E.1., Code of Virginia, determines that a project is of regional or statewide interest and elects to waive the requirement for a local matching contribution, such action shall be included in the report on expenditures from the Commonwealth's Development Opportunity Fund required by § 2.2-115, F., Code of Virginia. Such report shall include an explanation on the jobs anticipated to be created, the capital investment made for the project, and why the waiver was provided.

2. The Governor may allocate these funds as grants or loans to political subdivisions. Loans shall be approved by the Governor and made in accordance with procedures established by the Virginia Economic Development Partnership and approved by the State Comptroller. Loans shall be interest-free unless otherwise determined by the Governor and shall be repaid to the general fund of the state treasury. The Governor may establish the interest rate to be charged, otherwise, any interest charged shall be at market rates as determined by the State Treasurer and shall be indicative of the duration of the loan. The Virginia Economic Development Partnership shall be responsible for monitoring repayment of such loans and reporting the receivables to the State Comptroller as required.

3. Funds may be used for public and private utility extension or capacity development on and off site; road, rail, or other transportation access costs beyond the funding capability of existing programs; site acquisition; grading, drainage, paving, and other activity required to prepare a site for construction; construction or build-out of publicly-owned buildings; grants or loans to an industrial development authority, housing and redevelopment authority, or other political subdivision pursuant to their duties or powers; training; or anything else permitted by law.

4. Consideration should be given to economic development projects that 1) are in areas of high unemployment; 2) link commercial development along existing transportation/transit corridors within regions; and 3) are located near existing public infrastructure.

5. It is the intent of the General Assembly that the Virginia Economic Development Partnership shall work with localities awarded grants from the Commonwealth's Development Opportunity Fund to recover such moneys when the economic development projects fail to meet minimal agreed-upon capital investment and job creation targets. All such recoveries shall be deposited and credited to the Commonwealth's Development Opportunity Fund.

B.1. Out of the appropriation for this Item, $2,686,350 the first year and ~~$3,209,250~~

$2,809,250 the second year from the general fund shall be deposited to the Investment Performance Grant subfund of the Virginia Investment Partnership Grant Fund to be used to pay investment performance grants in accordance with § 2.2-5101, Code of Virginia. Notwithstanding any other provision of law, any excess funds remaining in the subfund from prior fiscal years for projects previously approved shall be appropriated for expenditure in subsequent fiscal years.

2. Consideration should be given to economic development projects that 1) are in areas of high unemployment; 2) link commercial development along existing transportation/transit corridors within regions; and 3) are located near existing public infrastructure.

C. Out of the appropriation for this Item, $6,000,000 the first year and $4,000,000 the second year from the general fund and an amount estimated at $150,000 the first year and $150,000 the second year from nongeneral funds shall be deposited to the Governor's Motion Picture Opportunity Fund, as established in § 2.2-2320, Code of Virginia. These nongeneral fund revenues shall be deposited to the fund from revenues generated by the digital media fee established pursuant to § 58.1-1731, et seq., Code of Virginia. Such funds shall be used at the discretion of the Governor to attract film industry production activity to the Commonwealth.

D.1. Out of the appropriation for this Item, $2,269,000 the first year and $2,239,000 the second year from the general fund shall be deposited to the Virginia Economic Development Incentive Grant subfund of the Virginia Investment Partnership Grant Fund to be used to pay investment performance grants in accordance with § 2.2-5102.1, Code of Virginia. Notwithstanding any other provision of law, any excess funds remaining in the subfund from prior fiscal years for projects previously approved shall be appropriated for expenditure in subsequent fiscal years.

2. Consideration should be given to economic development projects that 1) are in areas of high unemployment; 2) link commercial development along existing transportation/transit corridors within regions; and 3) are located near existing public infrastructure.

E. Out of the appropriation for this Item, $4,669,833 the first year and $4,669,833 the second year from the general fund shall be available for eligible businesses under the Virginia Jobs Investment Program. Pursuant to § 2.2-1611, Code of Virginia, the appropriation provided for the Virginia Jobs Investment Program for eligible businesses shall be deposited to the Virginia Jobs Investment Program Fund.

F. Out of the appropriation for this Item, $500,000 the first year and $500,000 the second year from the general fund may be provided to the Virginia Economic Development Partnership to facilitate additional domestic and international marketing and trade missions approved by the Governor. The Director, Department of Planning and Budget, is authorized to provide these funds to the Virginia Economic Development Partnership upon written approval of the Governor.

G. Out of the appropriation in this Item, $8,000,000 the first year from the general fund shall be deposited to the Advanced Shipbuilding Production Facility Grant Fund for grants to be paid in accordance with § 59.1-284.29, Code of Virginia.

H. Out of the appropriation in this Item, $313,750 the first year from the general fund shall be deposited to the Pharmaceutical Manufacturing Grant Fund for grants to be paid in accordance with § 59.1-284.36, Code of Virginia.

I.1. Out of the amounts in this Item, $825,000 the first year and $825,000 the second year from the general fund shall be deposited to the Governor's New Airline Service Incentive Fund to assist in the provision of marketing, advertising, or promotional activities by airlines in connection with the launch of new air passenger service at Virginia airports, and to incentivize airlines that have committed to commencing new air passenger service in Virginia, pursuant to the provisions of § 2.2-2320.1, Code of Virginia.

2. Notwithstanding the provisions of § 2.2-2320.1, Code of Virginia, 25 percent of the annual appropriation to the Governor's New Airline Service Incentive Fund shall be set aside for projects in Virginia commercial airports with less than 400,000 enplanements per calendar year for the purposes of economic development in these areas. Enplanement data

shall come from the Federal Aviation Administration.

J. Out of the appropriation in this Item, $5,625,000 the first year from the general fund shall be deposited to the Technology Development Grant Fund for grants to be paid in accordance with § 59.1-284.38, Code of Virginia.

K. Out of the appropriation in this Item, $954,500 the first year and $954,500 the second year from the general fund shall be deposited to the Shipping and Logistics Headquarters Grant Fund for grants to be paid in accordance with § 59.1-284.39, Code of Virginia.

L. Out of the appropriation in this Item, $28,700,000 the first year from the general fund shall be deposited to the Major Headquarters Workforce Grant Fund for grants to be paid in accordance with § 59.1-284.31, Code of Virginia.

M.1. Out of the appropriation in this Item, $40,000,000 the first year, and $20,000,000 the second year from the general fund shall be provided for the Virginia Business Ready Sites Program Fund, and shall be used in accordance with the provisions of § 2.2-2240.2:1., Code of Virginia. As a condition of the grants awarded from these funds, the Virginia Economic Development Partnership Authority shall require grant recipients to provide matching funds.

2. It is the intent of the General Assembly that the Virginia Economic Development Partnership Authority consider investing these funds in economic development sites over 1,000 acres ("mega-sites"), and smaller sites of at least 50 acres. The authority may determine a site of at least 25 contiguous acres to be an eligible site provided that the site is located in a locality with an area of 35 square miles of land or less.

3. Notwithstanding the provisions of § 2.2-2240.2:1., Code of Virginia, the Virginia Economic Development Partnership Authority may reimburse localities, without a local match requirement, for fees associated with rezoning land for the purpose of building a portfolio of strategic economic development sites in Virginia from the funds provided in this paragraph.

4. For purposes of the definition of "eligible site" under the Virginia Business Ready Sites Program Fund set forth in § 2.2-2240.2:1, Code of Virginia, an otherwise eligible site shall not be considered noncontiguous solely because it is bisected by a roadway and other utility related infrastructure.

N. The State Comptroller shall continue the Property Analytics Firm Infrastructure Fund as established in Item 112, Paragraph S. of House Bill 29, 2022 General Assembly, Special Session I. All moneys in this Fund shall be used as provided for in Item 112, Paragraph S. of House Bill 29, 2022 General Assembly, Special Session I.

O. Out of the appropriation in this Item, $4,000,000 the second year from the general fund shall be deposited to the Cloud Computing Cluster Infrastructure Grant Fund for grants to be paid in accordance with § 59.1-284.42, Code of Virginia. The funds provided in this paragraph are directed to a company made eligible for grants from the Cloud Computing Infrastructure Grant Fund in Item 113, Paragraph S., Chapter 1, 2023 Acts of Assembly, Special Session I. The eligibility criteria, methodology for calculating the grant payments owed to the company, and total aggregate cap of grant payments that may be awarded to the eligible company as directed in Item 113, Paragraph S., Chapter 1, 2023 Acts of Assembly, Special Session I, shall continue.

P.1. Out of this appropriation, $2,500,000 the first year from the general fund is provided for the development of an inland port in the Mount Rogers Planning District. The Virginia Port Authority shall acquire, plan, design, and develop a site for the establishment of an inland port in the Mount Rogers Planning District. The Virginia Port Authority and the Virginia Economic Development Partnership Authority shall develop a business recruitment strategy for the inland port and the surrounding area to provide for rapid development and utilization of the facility.

2. The Director of the Department of Planning and Budget is authorized to transfer moneys from this paragraph on a quarterly basis to the Virginia Port Authority. The Virginia Port Authority shall verify to the Secretary of Finance and the Director of the Department of Planning and Budget estimated quarterly expenses prior to the release of these funds. Any funding remaining at the end of either fiscal year shall be carried forward into the next fiscal

year for the purposes described in this paragraph.

3. The Virginia Port Authority may collaborate with the Virginia Department of Rail and Public Transportation, Virginia Department of Transportation, the Virginia Economic Development Partnership Authority, and any federal, state, or local agency as may be necessary to support the development and utilization of an inland port. The Virginia Port Authority shall engage in negotiations with necessary parties, including railroads and beneficial cargo owners, for development of the inland port.

4. The Virginia Port Authority shall report quarterly to the Governor, the Secretary of Transportation, the Secretary of Commerce and Trade, and the Virginia Economic Development Partnership Authority, and the Chairs of the House Appropriations and Senate Finance and Appropriations Committees on the timeline, progress to date, and overall cost for the construction of the inland port.

Q. Out of the appropriation in this Item, $1,633,216 the first year ~~and $1,404,243 the second year~~ from the general fund shall be deposited to the Financial Services Expansion Grant Fund for grants to be paid in accordance with § 59.1-284.43, Code of Virginia.

R.1. The Secretary of Finance shall approve a short-term, interest-free, state-supported treasury loan in an amount up to $40,000,000 to the City of Newport News to support a capital investment from the United States Navy related to housing infrastructure.

2. The Secretary of Finance shall approve and release the loan under the following conditions: (i) the United States Navy has committed sufficient resources to fund the project; (ii) the City has provided matching funds for the project; and (iii) seventy-five percent of non-state funds secured for the project have been expended.

S.1. Out of the appropriation in this Item, $3,895,682 the first year from the general fund shall be provided to the County of Wythe for expenses incurred prior to June 30, 2024, related to the installation of a water tank for Progress Park, wastewater treatment plant improvements, and wastewater line extensions in the County. The improvements are meant to enhance the infrastructure for businesses in Progress Park and properties in the surrounding area.

2. Disbursement of these funds shall be at the discretion of the Virginia Economic Development Partnership Authority, based upon an executed Memorandum of Understanding with the County of Wythe.

T. Any unexpended balances carried forward from fiscal year 2024, pursuant to paragraph V., Item 113, Chapter 1, 2024 Special Session I, shall be made available to the Department of General Services to demolish derelict structures, perform remediation, and market for sale the Central Virginia Training Center property in Madison Heights, Virginia. Proceeds from the sale of the property shall be deposited in the Behavioral Health and Developmental Services Trust Fund. Any funding remaining at the end of fiscal year 2025 shall be carried forward to the next fiscal year and reappropriated for the purposes described in this paragraph.

U. Out of this appropriation, $7,500,000 the first year from the general fund is provided to the University of Virginia Medical Center for the improvement of a facility to create advanced laboratory space to support the scale up of fast-growing life sciences companies. Prior to the release of any funding in this paragraph, the University of Virginia Medical Center shall enter into a Memorandum of Understanding (MOU) with the Virginia Economic Development Partnership Authority, demonstrate a match of non-state funds equal to the amount provided in this paragraph, and the Department of Housing and Community Development shall verify to the Virginia Economic Development Partnership Authority that the Virginia Growth and Opportunity Fund grantee subject to GO Virginia Statewide Competitive Grant Contract Number 25-GOVA-10 has successfully completed the milestones required of the contract through the fourth quarter of 2025. The MOU shall include: (i) the names of the prospective occupants of the renovated lab space; and (ii) provisions related to annual reporting by the University of Virginia Medical Center on activities occurring in the renovated lab for a duration of no longer than five years including a sustainability plan for the long-term operations of the laboratory space. Any funding remaining at the end of the fiscal year 2025 shall be carried forward into the next

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fiscal year and reappropriated for the purposes described in this paragraph U.

V. Out of the amounts in this item, $1,000,000 the first year from the general fund shall be provided to Chesterfield County to support site design and engineering activities for a major energy related economic development project. Such funding shall be contingent upon the execution of a Memorandum of Understanding between the Virginia Economic Development Partnership Authority and Chesterfield County that requires an equal local match and structures this funding on a reimbursement basis. The amounts provided in this paragraph V. shall not revert to the general fund at the end of any fiscal year, but shall be carried forward and reappropriated.

W. Out of this appropriation, $3,000,000 the first year from the general fund is provided to the Virginia Economic Development Partnership Authority to support a non-profit operating a pharmaceutical manufacturing facility in developing a fast-acting insulin. Prior to any funds being disbursed, the authority shall enter into a Memorandum of Understanding (MOU) with a non-profit organization and the company shall demonstrate a match of non-state funds equal to the amount provided in this paragraph. The MOU shall include: (i) a commitment by the company to produce a fast-acting biosimilar insulin at a price of not more than $30 per vial and not more than $55 for five pre-filled insulin pens; (ii) provisions related to the repayment of the funds provided in this paragraph should the company fail to produce and distribute a low-cost insulin; and (iii) annual reporting by the company to the authority on the development of the fast-acting biosimilar insulin. At the conclusion of the project, the company shall be required to report to the authority on the: (i) jobs created as a result of the investment; (ii) estimated savings to residents of the Commonwealth from purchase of low-cost insulin; and, (iii) estimated potential savings to the Commonwealth as a self-insured employer from the availability of affordable insulin manufactured at a non-profit facility in Virginia. Any funding remaining at the end of the fiscal year 2025 shall be carried forward into the next fiscal year and reappropriated for the purposes described in this paragraph W.

X. Out of this appropriation, $4,000,000 the first year from the general fund is provided to the City of Roanoke for the improvement of an existing facility to create advanced laboratory space for new cell/gene therapy companies across southwestern Virginia. Prior to the release of any funding in this paragraph, the City of Roanoke shall enter into a Memorandum of Understanding (MOU) with the Virginia Economic Development Partnership Authority, demonstrate a match of non-state funds equal to the amount provided in this paragraph from either cash or in-kind contributions, and confirm the commitment of an anchor tenant that specializes in new cell/gene therapy research and is affiliated with a nationally recognized hospital to locate in the space. The MOU shall include: (i) the name and activities of the anchor tenant that specializes in new cell/gene therapy research and is affiliated with a nationally recognized hospital; and (ii) provisions related to annual reporting by the City on activities occurring in the renovated lab for a duration of no longer than five years. Any funding remaining at the end of the fiscal year 2025 shall be carried forward into the next fiscal year and reappropriated for the purposes described in this paragraph X.

Y. Out of this appropriation, $6,500,000 the first year from the general fund shall be transferred to the Secretary of Commerce and Trade for disbursement to Accomack County to establish a natural gas infrastructure expansion into Accomack County. The funding may be applied to engineering, land, right-of-way, permitting, and other related costs to facilitate natural gas delivery to Accomack County. The amounts provided in this paragraph Y. shall not revert to the general fund at the end of any fiscal year, but shall be carried forward and reappropriated.

Z. Notwithstanding paragraph V. of this Item, on or before June 30, 2026, the Director, Department of Planning and Budget, shall authorize the reversion to the general fund of $1,000,000 from the unexpended balances of this program.

AA. Notwithstanding paragraph P.1-4 of this Item, on or before June 30, 2026, the Director, Department of Planning and Budget, shall authorize the reversion to the general fund of $9,750,000 from the unexpended balances of this program.

Total for Economic Development Incentive Payments			$150,472,331	~~$61,731,826~~ *$59,927,583*

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	Fund Sources: General	$150,322,331	~~$61,581,826~~ *$59,777,583*		
	Dedicated Special Revenue	$150,000	$150,000		
	Grand Total for Secretary of Commerce and Trade			**$151,707,437**	**~~$62,966,932~~** ***$61,162,689***
	General Fund Positions	9.00	9.00		
	Position Level	9.00	9.00		
	Fund Sources: General	$151,557,437	~~$62,816,932~~ *$61,012,689*		
	Dedicated Special Revenue	$150,000	$150,000		

§ 1-3. DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT (165)

102. Not set out.

103. Not set out.

104.	Economic Development Services (53400)			$16,313,490	$15,313,490
	Financial Assistance for Economic Development (53410)	$16,313,490	$15,313,490		
	Fund Sources: General	$16,313,490	$15,313,490		

Authority: Title 59.1, Chapters 22 and 49, Code of Virginia.

A. Out of the amounts in this Item, $15,750,000 the first year and $14,750,000 the second year from the general fund shall be provided to carry out the provisions of §§ 59.1-547 and 59.1-548, Code of Virginia, related to the Enterprise Zone Grant Act. Notwithstanding the provisions of §§ 59.1-547 and 59.1-548, Code of Virginia, the department is authorized to prorate, with no payment of the unpaid portion of the grant necessary in the next fiscal year, the amount of awards each business receives to match the appropriation for this Item. Should actual grants awarded in each fiscal year be less than the amounts provided in this Item, the excess shall not revert to the general fund but shall be reappropriated to support the provisions of this Item. Notwithstanding the provisions of § 59.1-548, Code of Virginia, or any other provision of law, moneys for enterprise zone real property investment grants shall be used to support the inclusion of rooftop solar or solar canopies for parking lots as a component of a real property project awarded a grant through the program.

B. Notwithstanding paragraph A. in this Item, on or before June 30, 2026, the Director, Department of Planning and Budget, shall authorize the reversion to the general fund of $9,020,150 from the unexpended balances of this program.

105. Not set out.

106. Not set out.

107. Not set out.

	Total for Department of Housing and Community Development			**$597,675,882**	**$416,825,882**
	General Fund Positions	111.25	111.25		
	Nongeneral Fund Positions	104.75	104.75		
	Position Level	216.00	216.00		
	Fund Sources: General	$362,179,060	$181,329,060		
	Special	$103,461,630	$103,461,630		
	Trust and Agency	$150,000	$150,000		
	Dedicated Special Revenue	$400,000	$400,000		
	Federal Trust	$131,485,192	$131,485,192		

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108.	Not set out.				
109.	Not set out.				
110.	Not set out.				
111.	Not set out.				
112.	Not set out.				
113.	Not set out.				
114.	Not set out.				

§ 1-4. VIRGINIA INNOVATION PARTNERSHIP AUTHORITY (309)

115.	Economic Development Services (53400)			$132,539,319	~~$42,486,085~~ *$58,486,085*
	Economic Development Services (53412)	$132,539,319	~~$42,486,085~~ *$58,486,085*		
	Fund Sources: General	$132,539,319	$42,486,085		
	Dedicated Special Revenue	*$0*	*$16,000,000*		

Authority: Discretionary Inclusion.

A. The Virginia Innovation Partnership Authority (VIPA) is hereby authorized to transfer funds in this appropriation to an established managing non-profit to expend said funds for realizing the statutory purposes of the Authority, by contracting with governmental and private entities, notwithstanding the provisions of § 4-1.05 b of this act.

B. This appropriation shall be disbursed in twelve equal monthly disbursements each fiscal year. The Director, Department of Planning and Budget, may authorize an increase in disbursements for any month not to exceed the total appropriation for the fiscal year if such an advance is necessary to meet payment obligations.

C.1. No later than June 15 of each year, the Authority shall provide to the Chairs of the House Appropriations and Senate Finance and Appropriations Committees, the Secretary of Commerce and Trade, and the Director, Department of Planning and Budget, a report of its operating plan for each year of the biennium. No later than September 30 of each year, the Authority shall submit to the same entities a detailed expenditure report and a listing of the salaries and bonuses for all authority employees for the concluded fiscal year. Both reports shall be prepared in the formats as approved by the Director, Department of Planning and Budget, and include, but not be limited, to the following:

a. All planned and actual revenue and expenditures along with funding sources, including state, federal, and other revenue sources of both the Authority and the managing non-profit entity;

b. By activity or program, total grants made and investments awarded for each grant and investment program;

c. By activity or program, recoveries of previous grants or investments and sales of equity positions;

d. Cash balances by funding source, and a report, by program, of available, committed and projected expenditures of all cash balance; and,

e. Private investment activity related to the fund of funds established in U. of this item.

2. The President of the managing non-profit entity shall report quarterly to the entity's board of directors, and the Chairs of the House Appropriations and Senate Finance and

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Appropriations Committees, the Secretary of Commerce and Trade, and the Director, Department of Planning and Budget, in a format approved by the Board the following:

a. The quarterly financial performance, determined by comparing the budgeted and actual revenues and expenditures to planned revenues and expenditures for the fiscal year;

b. All investments and grants executed compared to projected investment closings, return on prior investments and grants, including all gains and losses; and

c. The financial and programmatic performance of all operating entities owned by the managing non-profit entity.

D.1. By November 1 of each year, the President of the Authority shall report to the Governor and the Chairs of the House Committee on Appropriations and the Senate Committee on Finance and Appropriations, the Secretary of Commerce and Trade, and to the Director, Department of Planning and Budget, on key programs and funds managed directly by VIPA. The report shall summarize performance on the outcomes of public and private research investment in applied research projects, capital investment in Virginia companies, job creation, and new company formation.

2. To the extent possible, the annual performance report shall contain information on the metrics outlined below.

a. For activities associated with the Virginia Venture Partners (VVP): (i) the number of companies receiving investments from the fund, (ii) the state investment and amount of privately leveraged investments per company, (iii) the estimated number of jobs created, (iv) the estimated tax revenue generated, (v) the number of companies who have received investments from the VVP fund still operating in Virginia, (vi) return on investment, to include the value of proceeds from the sale of equity in companies that received support from the program and economic benefits to the Commonwealth, (vii) the number of state investments that failed and the state investment associated with failed investments, (viii) the number of new companies created or expanded and the number of patents filed, and (ix) the geographic distribution of investments.

b. For activities associated with the Regional Innovation Fund: (i) the type and number of capacity building projects, (ii) the total state investment per project, (iii) the anticipated results of the investment, (iv) number of jobs created, (v) number of businesses founded, (vi) additional sources of investment in the projects receiving support from the fund, and (vii) the geographic distribution of the investments.

c. For activities associated with the Commonwealth Commercialization Fund: (i) the number of research grants awarded by domain area, (ii) the state investment per research project, (iii) the number of eminent researchers attracted and retained, (iv) additional research dollars leveraged as a result of the state investment, (v) number of new products completed/released to production, (vi) start-ups created from the research investment, (vii) new licenses granted to companies within Virginia, (viii) new licenses granted to companies outside Virginia, and (ix) the geographic distribution of the investments.

3. Such report shall include the prior fiscal year outcomes as well as the outcomes of each program managed directly by VIPA since inception. In addition, the report shall also include program changes anticipated in the subsequent fiscal year.

E.1. Out of the appropriation in this Item, $3,100,000 the first year and $3,100,000 the second year from the general fund shall be allocated to the Division of Investment to support the Virginia Venture Partners fund and other indirect investment mechanisms to foster the development of Virginia-based technology companies.

2. Funds returned, including proceeds received due to the sale of a company that previously received a VVP investment, shall remain in the program and be used to make future early stage financing investments consistent with the goals of the program. The managing non-profit may recover the direct costs incurred associated with securing the return of such funds from the moneys returned.

F. A total of $3,000,000 the first year and $3,000,000 the second year from the general fund shall be allocated to the Entrepreneurial Ecosystems Division to support and promote

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technology-based entrepreneurial activities in the Commonwealth as specified in § 2.2-2357, Code of Virginia. Out of these amounts, $2,000,000 the first year and $2,000,000 the second year shall establish the Regional Innovation Fund which may be used to provide follow-on sustaining funding to promising entrepreneurial ecosystem projects identified by the Virginia Initiative for Growth and Opportunity in Each Region (GO Virginia) Board.

G. A total of $5,000,000 the first year and $5,000,000 the second year from the general fund shall be allocated to the Commonwealth Commercialization Fund to foster innovative and collaborative research, development, and commercialization efforts in the Commonwealth in projects and programs with a high potential for economic development and job creation as specified in § 2.2-2359, Code of Virginia.

H. A total of $1,000,000 the first year and $1,000,000 the second year from the general fund shall be allocated to the Technology Industry Development Services to support strategic initiatives to advance the Authority's public purpose. These initiatives may include: (i) seeking, or supporting others in seeking, federal grants, contracts, or other funding sources; (ii) assuming responsibility for strategic initiatives and partnerships with federal and local governments; (iii) taking a lead role in defining, promoting, and implementing policies that advance innovation and entrepreneurial activity; and (iv) contracting with federal and private entities to further innovation, commercialization, and entrepreneurship in the Commonwealth.

I. Out of the appropriation in this Item, $1,000,000 the first year and $1,000,000 the second year from the general fund shall be made available for the Virginia Center for Unmanned Systems. The Center shall serve as a catalyst for growth of unmanned and autonomous systems vehicles and technologies in Virginia. The Center will establish collaboration between businesses, investors, universities, entrepreneurs and government organizations to increase the Commonwealth's position as a leader of the Autonomous Systems community.

J.1. Out of the appropriation in this Item, $3,750,000 the first year and $3,750,000 the second year from the general fund shall be provided for the Virginia Biosciences Health Research Corporation (VBHRC), a non-stock corporation research consortium initially comprised of the University of Virginia, Virginia Commonwealth University, Virginia Polytechnic Institute and State University, George Mason University and the Eastern Virginia Health Sciences Center. The consortium will contract with private entities, foundations and other governmental sources to capture and perform research in the biosciences, as well as promote the development of bioscience infrastructure tools which can be used to facilitate additional research activities. The Department of Planning and Budget is authorized to provide these funds to the non-stock corporation research consortium referenced in this paragraph upon request filed with the Department of Planning and Budget by VBHRC.

2. Of the amounts provided in J.1. for the research consortium, up to $3,750,000 the first year and $3,750,000 the second year may be used to develop or maintain investments in research infrastructure tools to facilitate bioscience research.

3. The remaining funding shall be used to capture and perform research in the biosciences and must be matched at least dollar-for-dollar by funding provided by such private entities, foundations and other governmental sources. No research will be funded by the consortium unless at least two of the participating institutions, including the five founding institutions and any other institutions choosing to join, are actively and significantly involved in collaborating on the research. No research will be funded by the consortium unless the research topic has been vetted by a scientific advisory board and holds potential for high impact near-term success in generating other sponsored research, creating spin-off companies or otherwise creating new jobs. The consortium will set guidelines to disburse research funds based on advisory board findings. The consortium will have near-term sustainability as a goal, along with corporate-sponsored research gains, new Virginia company start-ups, and job creation milestones.

4. Other publicly-supported institutions of higher education in the Commonwealth may choose to join the consortium as participating institutions. Participation in the consortium by the five founding institutions and by other participating institutions choosing to join will require a cash contribution from each institution in each year of participation of at least $50,000.

5. Of these funds, up to $500,000 the first year and $500,000 the second year may be used to

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pay the administrative, promotional and legal costs of establishing and administering the consortium, including the creation of intellectual property protocols, and the publication of research results.

6. VHBRC, in consultation with the publicly-supported institutions of higher education in the Commonwealth participating in the consortium, shall provide to the Secretary of Commerce and Trade, the Chairs of the House Appropriations and Senate Finance and Appropriations Committees, the Director of the Department of Planning and Budget, and VIPA by October 1 of each year a written report summarizing the activities of the consortium, including, but not limited to, a summary of how any funds disbursed to the consortium during the previous fiscal year were spent, and the consortium's progress during the fiscal year in expanding upon existing research opportunities and stimulating new research opportunities in the Commonwealth.

7. The accounts and records of the consortium shall be made available for review and audit by the Auditor of Public Accounts upon request.

9. On or before August 1st of each year, the Virginia Bioscience Health Research Corporation shall submit information on the financial performance of the organization to the Virginia Innovation Partnership Authority to include (i) budgeted and actual revenues and expenditures to planned revenues and expenditures for the fiscal year; (ii) total investments broken out into various investment activities; and (iii) cash balances by funding source.

K.1. Out of the appropriation in this Item, $925,000 the first year and $925,000 the second year from the general fund shall be made available to the Commonwealth Center for Advanced Manufacturing (CCAM) for rent, operating support, and maintenance. These funds shall not revert back to the general fund at the end of the fiscal year.

2. Out of the appropriation in this Item, VIPA shall provide $1,100,000 the first year and $1,100,000 the second year from the general fund to CCAM for the purpose of providing private sector incentive grants to industry members of the CCAM as follows: (i) incentive grants for new industry members with no prior membership at CCAM; (ii) incentive grants to small manufacturing members who locate their primary job center in the Commonwealth, as determined by VEDP, in order to mitigate inaugural, industry membership costs associated with joining CCAM; (iii) grants dedicated to CCAM industry members to be used exclusively for research project costs and require a minimum one-to-one match in funds to conduct additional directed research at the CCAM facility after their base amount of directed research is programmed; and (iv) grants to CCAM for seedling research project costs that enable CCAM to market new research programs to prospective and existing industry members. These funds shall not revert back to the general fund at the end of the fiscal year.

3. Out of the appropriation in this Item, VIPA shall provide $600,000 the first year and $600,000 the second year from the general fund to CCAM for (i) university research grants requiring a minimum one-to-one match in funds that bring in external research funds from federal or private organizations for research to be conducted at the CCAM facility and (ii) follow-on efforts, including road mapping activities, marketing and proposal development, to leverage project activities for the pursuit of CCAM/University jointly funded federal programs. All project approvals are contingent upon each university partner entering into a memorandum of understanding (MOU) with CCAM that includes specific details about the university's anticipated commitment of financial and human resources, as well as programming and academic credentialing plans, to the CCAM facility. These funds shall not revert back to the general fund at the end of the fiscal year.

4. Out of the appropriation in this Item, VIPA shall provide $1,000,000 the first year and $1,000,000 the second year from the general fund to CCAM for the purposes of: (i) attracting federal funds for research projects to be conducted at CCAM, including marketing, travel, grant proposal writing, and business development costs; (ii) matching funds for federal research programs; and (iii) federal research program costs not reimbursable on federal research awards. These funds shall not revert back to the general fund at the end of the fiscal year.

5. CCAM shall submit a report on October 1 of each year to the Secretary of Finance,

Chairs of the House Appropriations and Senate Finance and Appropriations Committees, and VIPA containing a status update of all new incentive programs, including but not limited to the following: (i) MOUs it has entered into with each university partner; (ii) funds disbursed to both university and private sector partners of CCAM, as well as any other recipients; (iii) any other agreements CCAM has entered into with representatives of the public and private sectors that may impact current and future incentive fund disbursements; (iv) all efforts and costs associated with obtaining federal research grants; and (v) any additional information requested by the Secretary of Finance, or the Chairs of the House Appropriations and Senate Finance and Appropriations Committees.

6. On or before August 1st of each year, the Commonwealth Center for Advanced Manufacturing shall submit information on the financial performance of the organization to the Virginia Innovation Partnership Authority to include (i) budgeted and actual revenues and expenditures to planned revenues and expenditures for the fiscal year; (ii) total investments broken out into various investment activities; and (iii) cash balances by funding source.

L.1. Out of the appropriation in this Item, $10,000,000 the first year and $10,000,000 the second year from the general fund is provided to scale the Commonwealth Cyber Initiative (CCI) and provide resources for faculty recruiting at both the Hub, Virginia Polytechnic Institute and State University, and Node sites. The amounts provided in this paragraph are non-reverting and shall constitute the base budget for subsequent fiscal years.

2. Out of the appropriation in this Item, $7,500,000 the first year and $7,500,000 the second year from the general fund is provided for the leasing of space and establishment of the Hub by the anchoring institution and for the establishment of research faculty, entrepreneurship programs, student internships and educational programming, and operations of the Hub. The amounts provided in this paragraph are non-reverting and shall constitute the base budget for subsequent fiscal years.

3. Nothing shall prevent the Hub and certified Node sites from seeking matching funds for faculty recruitment and support for renovations and equipment from previous bond authorizations for higher education equipment or grant programs managed by the Authority, including but not limited to the Commonwealth Commercialization Fund. Certified institutions shall submit their funding request application to the Authority for review and authorization under the application procedures relevant for the program or bond authorization. After completing its review, VIPA shall approve or deny the request for an allocation of funds.

4. CCI shall submit a report by October 1st of each year to the Secretary of Commerce and Trade, the Chairs of the House Appropriations and Senate Finance and Appropriations Committees, the Director of the Department of Planning and Budget, and VIPA detailing the use and leverage of the investment in this item in strengthening the state's cyber economy. The state report shall contain information on: (i) external research grants attracted to support the work of CCI, (ii) research grants awarded from the funds contained in this item, (iii) research faculty recruited, (iv) results of entrepreneurship and workforce programming, (v) collaborative partnerships and projects, (vi) correlated economic outcomes (jobs and new business formation), and (vii) the geographic distribution of awards from the funding contained in this item.

5. On or before August 1st of each year, the Commonwealth Cyber Initiative shall submit information on the financial performance of the organization to the Virginia Innovation Partnership Authority to include (i) budgeted and actual revenues and expenditures to planned revenues and expenditures for the fiscal year; (ii) total investments broken out into various investment activities; and (iii) cash balances by funding source.

M.1. Out of the appropriation in this Item, $350,000 the first year and $350,000 the second year from the general fund is designated for the Commonwealth Center for Advanced Logistics (CCALS) to provide seed money for collaborative public sector projects with partners, such as the Port of Virginia, Department of Corrections, and the Virginia Department of Transportation.

2. CCALS shall submit a report by October 1st of each year to the Secretary of Commerce and Trade, the Chairs of the House Appropriations and Senate Finance and Appropriations Committees, the Director of the Department of Planning and Budget, and VIPA to include (i)

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all planned and actual revenue and expenditures along with funding sources, including state, federal, and other revenue sources for CCALS, (ii) the research activities of CCALS, and (iii) relevant economic outcomes as a result of the CCALS' work in each fiscal year.

3. On or before August 1st of each year, the Commonwealth Center for Advanced Logistics shall submit information on the financial performance of the organization to the Virginia Innovation Partnership Authority to include (i) budgeted and actual revenues and expenditures to planned revenues and expenditures for the fiscal year; (ii) total investments broken out into various investment activities; and (iii) cash balances by funding source.

N. Out of the appropriation in this Item, $125,000 the first year and $125,000 the second year is designated for the Virginia Academy of Engineering, Science and Medicine to provide technical assistance to VIPA.

O. Out of the appropriation in this Item, $750,000 the first year and $750,000 the second year from the general fund is provided for the annual lease and operating costs for the Authority's Richmond headquarters and other locations throughout the Commonwealth.

P.1. Out of this appropriation, $46,500,000 the first year from the general fund is provided for the University of Virginia's Institute for Biotechnology. The University of Virginia shall enter into a Memorandum of Understanding (MOU) with the Virginia Innovation Partnership Authority that includes performance objectives for the hiring of up to 30 researchers or more over the biennium, including research faculty and staff, to support the work of the Institute, with a final target to be established during the MOU process, and additional near-term and long-term performance objectives agreed to by both parties. In addition to performance metrics for the state's investments, the MOU shall also identify: (i) the research specialization of the initiative; (ii) sources of private philanthropic and other funding; (iii) opportunities for joint research projects and clinical trials; and (iv) commitments to non-competition for research in life sciences. These amounts shall remain unallotted by the Director of the Department of Planning and Budget until such time as an executed MOU has been received from the Virginia Innovation Partnership Authority. On or before August 1st of each year, upon the signature of the MOU, the University of Virginia shall submit information on the financial performance of the initiative to the Virginia Innovation Partnership Authority to include: (i) budgeted and actual revenues and expenditures to planned revenues and expenditures for the fiscal year; (ii) total investments broken out into various investment activities; and (iii) cash balances.

2. Any balances in this paragraph remaining at end of the fiscal year shall be carried forward and reappropriated.

Q.1. Out of this appropriation, $26,500,000 the first year from the general fund is provided for Virginia Polytechnic Institute and State University's Patient Research Center. Virginia Polytechnic Institute and State University shall enter into a Memorandum of Understanding (MOU) with the Virginia Innovation Partnership Authority that includes performance objectives for the hiring of up to 40 researchers or more over five years, including research faculty and staff to support the work of the Center, with a final target to be established during the MOU process, and additional near-term and long-term performance objectives agreed to by both parties. In addition to performance metrics for the state's investments, the MOU shall also identify: (i) the research specialization of the initiative; (ii) sources of private philanthropic and other funding; (iii) opportunities for joint research projects and clinical trials; and (iv) commitments to non-competition for research in life sciences. These amounts shall remain unallotted by the Director of the Department of Planning and Budget until such time as an executed MOU has been received from the Virginia Innovation Partnership Authority. On or before August 1st of each year, upon the signature of the MOU, the Virginia Polytechnic Institute and State University shall submit information on the financial performance of the initiative to the Virginia Innovation Partnership Authority to include (i) budgeted and actual revenues and expenditures to planned revenues and expenditures for the fiscal year; (ii) total investments broken out into various investment activities; and (iii) cash balances.

2. Any balances in this paragraph remaining at end of the fiscal year shall be carried forward and reappropriated.

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R.1. Out of this appropriation, $13,000,000 the first year from the general fund is provided for Virginia Commonwealth University's Medicines for All Institute. Virginia Commonwealth University shall enter into a Memorandum of Understanding (MOU) with the Virginia Innovation Partnership Authority that includes performance objectives for the hiring of up to 20 or more researchers over five years, including research faculty and staff to support the work of the Institute, with a final target to be established during the MOU process, and additional near-term and long-term performance objectives agreed to by both parties. In addition to performance metrics for the state's investments, the MOU shall also identify: (i) the research specialization of the initiative; (ii) sources of private philanthropic and other funding; (iii) opportunities for joint research projects and clinical trials; and (iv) commitments to non-competition for research in life sciences. These amounts shall remain unallotted by the Director of the Department of Planning and Budget until such time as an executed MOU has been received from the Virginia Innovation Partnership Authority. On or before August 1st of each year, upon the signature of the MOU, the Virginia Commonwealth University shall submit information on the financial performance of the initiative to the Virginia Innovation Partnership Authority to include: (i) budgeted and actual revenues and expenditures to planned revenues and expenditures for the fiscal year; (ii) total investments broken out into various investment activities; and (iii) cash balances.

2. Any balances in this paragraph remaining at end of the fiscal year shall be carried forward and reappropriated.

S.1. Out of this appropriation, $4,053,234 the first year from the general fund is provided for Old Dominion University's Digital Patient Model. Old Dominion University shall enter into a Memorandum of Understanding (MOU) with the Virginia Innovation Partnership Authority that includes performance objectives on new models developed through this investment, researcher collaborations, number of new technologies conceptualized, developed or tested, and additional near-term and long-term performance objectives agreed to by both parties. In addition to performance metrics for the state's investments, the MOU shall also identify: (i) the research specialization of the initiative; (ii) sources of private philanthropic and other funding; (iii) opportunities for joint research projects and clinical trials; and (iv) commitments to non-competition for research in life sciences. These amounts shall remain unallotted by the Director of the Department of Planning and Budget until such time as an executed MOU has been received from the Virginia Innovation Partnership Authority. On or before August 1st of each year, upon the signature of the MOU, Old Dominion University shall submit information on the financial performance of the organization to the Virginia Innovation Partnership Authority to include (i) budgeted and actual revenues and expenditures to planned revenues and expenditures for the fiscal year; (ii) total investments broken out into various investments activities; and (iii) cash balances.

2. Any balances in this paragraph remaining at end of the fiscal year shall be carried forward and reappropriated.

T. The institutions listed in paragraphs P., Q., R., and S. of this item shall work in collaboration with the Virginia Innovation Partnership Authority, Virginia Health Bioscience Research Corporation, and Virginia Biotechnology Research Partnership Authority to develop a proposal for a research center of life science in Virginia. This proposal shall include at a minimum: (i) an estimate of costs to continue the initiatives funded in paragraphs P., Q., R., and S. of this item; (ii) opportunities for joint research projects and clinical trials between the initiatives; (iii) a model that centralizes the funding for these initiatives, similar to the Commonwealth Cyber Initiative; (iv) opportunities to consolidate state funded life science efforts, programs, and initiatives; and (v) options for including additional higher education institutions, especially Historically Black Colleges and Universities in the statewide effort. The proposal shall be submitted on or before June 30, 2025, to the General Assembly, the Chairs of the House Committee on Appropriations and Senate Finance and Appropriations Committee.

U. Any additional funds transferred to the Authority as a result of actions pursuant to Item 126.10, paragraph S.5 of the Chapter 854, 2019 Acts of Assembly may be used: (1) to enable the establishment of a fund of funds that will permit the Commonwealth to invest in one or more syndicated private investment funds; (2) to enhance direct investment programs by placing additional investments in partnership with Virginia accelerators and university technology commercialization programs; and (3) to enable the establishment of a sustainable

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program to enhance discovery of, and early investment in, technologies aligned with the Virginia Innovation Index. Decisions to invest in private funds shall be subject to approval by the Board of Directors. Investments in such funds shall be monitored by the Board of Directors.

V.1. Out of the appropriation in this Item, $16,000,000 the second year from the Commonwealth Opioid Abatement and Remediation Fund shall be provided to the Virginia Innovation Partnership Authority to establish and execute the Opioid Overdose Reversal Agent Program, a manufacturing program for a quality, lowest sustainable cost, opioid overdose reversal agent. The Virginia Innovation Partnership Authority shall coordinate with the Virginia Opioid Abatement Authority to administer the Program. Key objectives of the Program shall be: (i) providing a long-term, sustainable supply of opioid overdose reversal agent to help combat Virginia's opioid epidemic; (ii) providing pricing stability and increase access for this critical life-saving medication; and, (iii) leveraging, when possible, existing federal and state investments building the advanced pharmaceutical development and manufacturing CAMPUS in Petersburg.

2. The Program shall contract with the private sector to lead an end-to-end opioid overdose reversal agent nasal spray development program to provide a new FDA-approved generic version resulting in a lower cost product to help drive down state and locality budgets for opioid overdose reversal agent and improve access, quality, and availability through a domestic supply. Funding provided to the contracting entity may be used for: (i) investment in research and development activities supporting an opioid overdose reversal agent API, formulation development, manufacturing process qualification and validation, and regulatory approval; and (ii) capital expenditures, including custom machinery for assembly of the drug/device combination product and semi-automated packaging. All intellectual property developed by the program would be owned by the private entity and all capital expenditures, including custom equipment, would be owned by the Virginia Innovation Partnership Authority or partner agency.

Total for Virginia Innovation Partnership Authority			**$132,539,319**	**~~$42,486,085~~** ***$58,486,085***
Fund Sources: General	$132,539,319	$42,486,085		
Dedicated Special Revenue	*$0*	*$16,000,000*		
TOTAL FOR OFFICE OF COMMERCE AND TRADE			**$1,046,584,579**	**~~$679,954,265~~** ***$694,150,022***
General Fund Positions	278.72	279.72		
Nongeneral Fund Positions	252.28	252.28		
Position Level	531.00	532.00		
Fund Sources: General	$768,725,049	~~$402,094,735~~ *$400,290,492*		
Special	$113,219,258	$113,219,258		
Commonwealth Transportation	$1,800,567	$1,800,567		
Trust and Agency	$775,000	$775,000		
Dedicated Special Revenue	$1,704,283	~~$1,704,283~~ *$17,704,283*		
Federal Trust	$160,360,422	$160,360,422		

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OFFICE OF EDUCATION

116. Not set out.

§ 1-5. DEPARTMENT OF EDUCATION, CENTRAL OFFICE OPERATIONS (201)

117. Not set out.

118. Not set out.

119. Not set out.

120. Not set out.

121. Not set out.

122. Not set out.

123. Not set out.

Direct Aid to Public Education (197)

124. Financial Assistance for Educational, Cultural, Community, and Artistic Affairs (14300)			$90,684,567	~~$51,944,567~~ *$51,747,067*
Financial Assistance for Supplemental Education (14304)	$90,684,567	~~$51,944,567~~ *$51,747,067*		
Fund Sources: General	$90,684,567	~~$51,944,567~~ *$51,747,067*		

Authority: Discretionary Inclusion.

Appropriation Detail of Educational, Cultural, Community, and Artistic Affairs (14300)

Supplemental Education Assistance Programs (14304)	**FY 2025**	**FY 2026**
Achievable Dream - Newport News	$500,000	$500,000
Achievable Dream - Virginia Beach	$500,000	$500,000
Active Learning Grants	$250,000	$250,000
Advancing Computer Science Education	$1,350,000	$1,350,000
American Civil War Museum	$200,000	$200,000
AP, IB, and Cambridge Assessment Exam Fee Reduction	$750,000	$900,000
Black History Museum and Cultural Center of Virginia	$700,000	$700,000
Blue Ridge PBS	$1,600,000	$850,000
Career and Technical Education Initiatives - Portsmouth, Chesapeake, Fredericksburg, Stafford County	$6,000,000	$0
Career and Technical Education Regional Centers	$600,000	$600,000
Career and Technical Education Resource Center	$498,021	$498,021
Career and Technical Education Student Organizations	$718,957	$718,957

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Career Council at Northern Neck Career & Technical Center	$60,300			$60,300
Chesterfield Recovery High School	$500,000			$500,000
Children's Museum of Richmond	$750,000			$0
Communities in Schools (CIS)	$2,004,400			$2,004,400
Community Builders Pilot Program	$500,000			$300,000
Community Schools Development and Implementation Planning Grant	$5,000,000			$2,500,000
Computer Science Teacher Training	$550,000			$550,000
Connect Plus	$600,000			$600,000
Critical National Security Language Grant Program	$250,000			$250,000
Dolly Parton's Imagination Library For Kids	$1,657,065			$1,157,065
Early Childhood Educator Incentive	$20,000,000			$0
EduTutorVA	$250,000			$250,000
eMediaVA	$1,950,000			$1,200,000
Excel Center - Goodwill Industries of the Valleys	$500,000			$0
Great Aspirations Scholarship Program (GRASP)	$500,000			$500,000
Greater Peninsula C.A.R.E.S.	$500,000			$0
Grow Your Own Teacher	$240,000			$240,000
Hampton Roads Recovery High School	$500,000			$250,000
Jobs for Virginia Graduates (JVG)	$2,243,776			$2,243,776
Loudoun County Recovery High School	$500,000			$250,000
Mathews County - Asbestos Removal	$1,000,000			$0
Milk and Cookies (MAC) Children's Program	$250,000			$250,000
National Board Certification Program	$4,997,500			~~$4,997,500~~ *$4,800,000*
New Chesapeake Men for Progress Education Foundation	$100,000			$0
Opportunity Scholars	$500,000			$0
PBS Appalachia	$1,000,000			$250,000
Petersburg Executive Leadership Recruitment Incentives	$350,000			$350,000
Pittsylvania County Public Library	$160,000			$0
Positive Behavioral Interventions & Support (PBIS)	$1,598,000			$1,598,000
Power Scholars Academy- YMCA BELL	$1,200,000			$1,200,000
Praxis and Virginia Communication and Literacy Assessment Assistance for Provisionally Licensed Minority Teachers	$50,000			$50,000
Project Discovery	$987,500			$987,500
Public Safety Training Center - Prince William County	$50,000			$50,000
Reach Virginia	$630,000			$0
Reck League	$150,000			$150,000
School Program Innovation	$500,000			$500,000
Small School Division Assistance	$145,896			$145,896
Soundscapes - Newport News	$90,000			$90,000

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Southside Virginia Regional Technology Consortium	$108,905			$108,905
Southwest Virginia Public Education Consortium	$124,011			$124,011
STEM Program / Research Study (VA Air & Space Center)	$1,181,975			$1,181,975
STEM Competition Team Grants	$200,000			$200,000
Targeted Extended/Enriched School Year and Year-round School Grants	$7,763,312			$7,763,312
Teach for America	$750,000			$500,000
Teacher Recruitment & Retention Grant Programs	$2,281,000			$2,281,000
Teacher Residency Program	$2,850,000			$2,850,000
21st Century Community Learning Centers	$3,000,000			$2,000,000
UBU 100/My Life Coach Academy	$250,000			$0
Van Gogh Outreach Program	$71,849			$71,849
Virginia Alliance of Boys and Girls Clubs	$1,000,000			$0
Virginia Early Childhood Foundation (VECF)	$1,250,000			$1,250,000
Virginia Holocaust Museum	$375,000			$125,000
Virginia Leads Innovation Network	$0			$250,000
Virginia Student Training and Refurbishment (VA STAR) Program	$300,000			$300,000
Vision Screening Grants	$591,000			$791,000
VPI Provisional Teacher Licensure	$306,100			$306,100
Wolf Trap Model STEM Program	$1,300,000			$1,300,000
YMCA of South Hampton Roads	$500,000			$0
Total	**$90,684,567**			**~~$51,944,567~~**
				$51,747,067

A. Out of this appropriation, the Department of Education shall provide $2,243,776 the first year and $2,243,776 the second year from the general fund for the Jobs for Virginia Graduates initiative.

B. Out of this appropriation, the Department of Education shall provide $124,011 the first year and $124,011 the second year from the general fund for the Southwest Virginia Public Education Consortium at the University of Virginia's College at Wise. An additional $71,849 the first year and $71,849 the second year from the general fund is provided to the Consortium to continue the Van Gogh Outreach program with Lee and Wise County Public Schools and expand the program to the twelve school divisions in Southwest Virginia.

C. This appropriation includes $108,905 the first year and $108,905 the second year from the general fund for the Southside Virginia Regional Technology Consortium to expand the research and development phase of a technology linkage.

D. An additional state payment of $145,896 the first year and $145,896 the second year from the general fund is provided as a Small School Division Assistance grant for the City of Norton. To receive these funds, the local school board shall certify to the Superintendent of Public Instruction that its division has entered into one or more educational, administrative or support service cost-sharing arrangements with another local school division.

E. Out of this appropriation, $498,021 the first year and $498,021 the second year from the general fund shall be allocated for the Career and Technical Education Resource Center to provide vocational curriculum and resource instructional materials free of charge to all school divisions.

F.1. It is the intent of the General Assembly that the Department of Education provide bonuses from state funds to classroom teachers in Virginia's public schools who have obtained national certification from the National Board for Professional Teaching Standards and grants for candidates working in a Title I school or a school eligible for participation in the Community Eligibility Provision pursuant to § 22.1-207.4:1 who are candidates for initial national certification or maintenance of national certification (MOC) from the National Board for Professional Teaching Standards. This appropriation includes an amount estimated at $4,997,500 the first year and ~~$4,997,500~~ *$4,800,000* the second year from the general fund for the purpose of paying these bonuses and grants. The Board shall establish procedures for determining amounts of awards if the moneys are not sufficient to award each eligible teacher the appropriate award amount.

2. Any public school staff member who has obtained national certification from the National Board for Professional Teaching Standards shall be eligible to receive an initial grant award of $5,000 and a subsequent award of $2,500 each year for the life of the certificate.

3. Any candidate (i) working in a Title 1 school or a school eligible for participation in the Community Eligibility Provision pursuant to § 22.1-207.4:1 and (ii) who is pursuing initial national certification from the National Board for Professional Teaching Standards is eligible to apply to the Department for a grant to cover (a) half of the total initial national certification fee, equal to the sum of the cost of the four components and the registration fee for initial national certification, to be disbursed upon initial registration for such certification and (b) the remaining half of such total initial national certification fee to be disbursed upon successful achievement of initial national certification as verified by the National Board for Professional Teaching Standards.

4. Any candidate (i) working in a Title 1 school or a school eligible for participation in the Community Eligibility Provision pursuant to § 22.1-207.4:1 and (ii) who is pursuing MOC from the National Board for Professional Teaching Standards is eligible to apply to the Department for an incentive grant to cover the total MOC fee, equal to the sum of the cost of MOC and the registration fee for MOC, to be disbursed upon successful completion of the MOC process as verified by the National Board for Professional Teaching Standards.

5. By October 15 of each year, school divisions shall notify the Department of Education of the number of eligible candidates under contract for that school year that hold or are pursuing such certification.

G. This appropriation includes $2,281,000 the first year and $2,281,000 the second year from the general fund for grants, scholarships, and incentive payments to attract, recruit, and retain high-quality teachers and fill critical teacher shortage disciplines in Virginia's public schools.

1. Out of this appropriation, $708,000 the first year and $708,000 the second year from the general fund is provided for teaching scholarship loans. These scholarships shall be for undergraduate students in college with a cumulative grade point average of at least 2.7 on a 4.0 scale or its equivalent, who are nominated by their Virginia regionally accredited college or university, and who meet the criteria and qualifications, pursuant to § 22.1-290.01, Code of Virginia, except as provided herein. Awards shall be made to students who are enrolled full-time or part-time in approved undergraduate or graduate teacher education programs for the top ten critical teacher shortage disciplines, however minority students may be enrolled in any content area for teacher preparation. Upon program completion, scholarship recipients may fulfill the scholarship loan obligation by teaching in the public schools of the Commonwealth in the first full academic year after becoming eligible for a renewable teaching license in the appropriate endorsement area and teaching for at least two years in a school division (i) in one of the critical teacher shortage disciplines as established by the Board of Education; or (ii) in a Virginia public school or program with 50 percent or more of the students eligible for free or reduced price lunch; or (iii) in a school division designated critical shortage subject area, as defined in the Board of Education's Regulations Governing the Determination of Critical Teacher Shortage Areas. Scholarship recipients who only complete one year of the teaching obligation shall be forgiven for one-half of the scholarship loan amount. Scholarship amounts are based on up to $10,000 per year for full-time students, and shall be prorated for part-time students based on the number of credit hours. The Department of Education shall report annually on the critical shortage teaching areas in Virginia.

a. The Department of Education shall make payments on behalf of the scholarship recipients directly to the Virginia institution of higher education where the scholarship recipient is enrolled full-time or part-time in an approved undergraduate or graduate teacher education program.

b. The Department of Education is authorized to recover total funds awarded as scholarships, or the appropriate portion thereof, in the event that scholarship recipients fail to honor the stipulated teaching obligation.

c. Within the fiscal year, any funds not awarded from this program may be applied toward the other teacher preparation, recruitment, and retention programs under paragraph G.

2. Out of this appropriation, $808,000 the first year and $808,000 the second year from the general fund is provided to attract, recruit, and retain high-quality diverse individuals to teach science, technology, engineering, or mathematics (STEM) subjects in Virginia's middle and high schools experiencing difficulty in recruiting qualified teachers. Eligible teachers must (i) be employed full-time in a Virginia school division or school with more than 40 percent of the students eligible for free or reduced price lunch; (ii) be entering their first, second, or third year of teaching experience; and (iii) hold a five- or ten-year valid Virginia teaching license with an endorsement in Middle Education 6-8: Mathematics, Mathematics-Algebra-I, Mathematics, Middle Education 6-8: Science, Biology, Chemistry, Earth and Space Science, Physics, Engineering, or Technology Education and be assigned to a teaching position in a corresponding STEM subject area. Selected eligible teachers will receive a $5,000 incentive award after the completion of each year of full-time teaching experience, up to three consecutive years under the grant, in an eligible school division or school with a satisfactory performance evaluation and a written commitment to return in the same school division for the following school year. The maximum incentive award for each eligible teacher is $15,000. Eligibility for these incentives shall be determined through an application process whereby school divisions shall apply to the Department of Education. Priority for distribution of these incentives shall be to school divisions experiencing the most acute difficulties in recruiting qualified teachers, as determined using Department of Education criteria. For individuals who received funds under this program prior to July 1, 2020, the criteria provided in Chapter 854, 2019 Acts of Assembly, shall continue to apply. Within the fiscal year, any funds not awarded from this program may be applied toward the other teacher preparation, recruitment, and retention programs under paragraph G.

3. Out of this appropriation, $415,000 the first year and $415,000 the second year from the general fund is provided to help school divisions recruit and retain qualified middle-school mathematics teachers. Within the fiscal year, any funds not awarded from this program may be applied toward the other teacher preparation, recruitment, and retention programs under paragraph G.

4. a. Out of this appropriation, $350,000 the first year and $350,000 the second year from the general fund is provided to support costs for teachers to become qualified to teach dual enrollment and industry credential courses in local school divisions. Qualifying teachers are 1) licensed public high school teachers pursuing additional credentialing requirements necessary to be considered faculty who are qualified to teach dual enrollment courses in high schools in their local school division, or 2) high school teachers employed by a local school division and pursing additional training or coursework to earn a Board of Education-approved industry recognized credential that will lead to instruction in high schools in their local school division of regionally in-demand industry credentials. The Department of Education shall collaborate with the Virginia Office of Education Economics to determine regionally in-demand industry credentials.

b. For teachers pursuing credentialing requirements to teach dual enrollment courses, the Department of Education shall make payments on behalf of the scholarship recipients directly to the regionally accredited Virginia institution of higher education where the scholarship recipient is enrolled in courses for credit applicable to dual enrollment course curriculum available for public high school students. The lifetime maximum dual enrollment tuition scholarship award for each approved eligible teacher is $12,000. Eligibility for access to these dual enrollment tuition scholarship awards shall be determined through an application process whereby school divisions shall apply to the Department of Education. In the application process, the applying school division shall include: i) an explanation of why such dual

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enrollment tuition scholarship is warranted, ii) the dual enrollment course or courses that shall be offered by the scholarship recipient's high school and taught by the recipient upon the recipient's successful completion of required coursework for appropriate credentialing to teach such dual enrollment courses, and iii) the projected student enrollment in the recipient taught public high school dual enrollment courses.

c. For teachers pursuing additional training or coursework to teach an industry credential, the Department of Education shall make payments on behalf of the awardees directly to the employing school division for reimbursement of training, coursework, or assessment costs. The lifetime maximum credentialing award for each approved eligible teacher is $12,000. Eligibility for access to these reimbursement awards shall be determined through an application process whereby school divisions shall apply to the Department of Education. In the application process, the applying school division shall include: i) an explanation of why such reimbursement is warranted, ii) the career and technical course or courses that shall be offered by the awardee's high school and taught by the awardee upon successful acquirement of the industry credential, and iii) the projected student enrollment in the awardee's employing public high school career and technical courses.

d. The Department of Education shall compile and report the application information for each applying school division, and shall also report the number of recipients and amount of tuition or reimbursement awarded to each school division, the institution of higher education receiving tuition, the credentialing area pursued by recipients, and dual enrollment or career and technical courses offered after the recipient's successful completion of the pursued credentialing. The Department shall submit the report by June 30 annually to the Secretary of Education, the House Committees on Education and Appropriations and the Senate Committees on Finance and Appropriations and Education and Health.

H. Out of this appropriation, $500,000 the first year and $500,000 the second year from the general fund shall be distributed to the Great Aspirations Scholarship Program (GRASP) to provide students and families in need access to financial aid, scholarships, and counseling to maximize educational opportunities for students.

I. Out of this appropriation, the Department of Education shall provide $2,004,400 the first year and $2,004,400 the second year from the general fund to Communities in Schools. These funds shall be used to strengthen and sustain existing programming in Hampton Roads, Northern Virginia, Petersburg, Richmond City, and Southwest Virginia and to expand programming to new schools. Further, Communities in Schools is directed to assist the Community School organization with developing opportunities to establish a Community School program in interested school divisions.

J. 1. Out of this appropriation, the Department of Education shall provide $987,500 the first year and $987,500 the second year from the general fund for Project Discovery. These funds are towards the cost of the program in Abingdon, Accomack/Northampton, Alexandria, Amherst, Appomattox, Arlington, Bedford, Bland, Campbell, Charlottesville, Cumberland, Danville/Pittsylvania, Fairfax, Franklin/Patrick, Fredericksburg/Spotsylvania, Goochland/Powhatan, Lynchburg, Newport News, Norfolk, Richmond City, Roanoke City, Smyth, Surry/Sussex, Tazewell, Williamsburg/James City, Wythe, and Madison/Orange and the salary of a fiscal officer for Project Discovery. The Department of Education shall administer the Project Discovery funding distributions to each community action agency. Distributions to each community action agency shall be based on performance measures established by the Board of Directors of Project Discovery. The contract with Project Discovery should specify the allocations to each local program and require the submission of a financial and budget report and program evaluation performance measures.

2. Each participating community action agency shall submit annual performance metrics for services provided through the Project Discovery program that provide measurable evaluations and outcomes of participating students. Such performance metrics shall include evidenced-based data that effectively measure academic improvement outcomes. In addition, the performance metrics shall also include evidenced-based data to evaluate the specific effectiveness of the program for participating students on a longitudinal basis. Further, the performance metrics shall include the coordination and collaboration efforts

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the program staff regularly have with the school-based personnel, such as teachers and guidance counselors, that support and maximize opportunities of participating students to successfully graduate from high school and then to enroll and graduate from an institution of higher learning. Project Discovery shall submit a comprehensive and cumulative program performance metrics evaluation to the Department of Education no later than October 1 each year.

K. Out of this appropriation, the Department of Education shall provide $300,000 the first year and $300,000 the second year from the general fund for the Virginia Student Training and Refurbishment Program.

L. Out of this appropriation, $1,598,000 the first year and $1,598,000 the second year from the general fund is provided to expand the number of schools implementing a system of positive behavioral interventions and supports with the goal of improving school climate and reducing disruptive behavior in the classroom. Such a system may be implemented as part of a tiered system of supports that utilizes evidence-based, system-wide practices to provide a response to academic and behavioral needs. Any school division which desires to apply for this competitive grant must submit a proposal to the Department of Education by June 1 preceding the school-year in which the program is to be implemented. The proposal must define student outcome objectives including, but not limited to, reductions in disciplinary referrals and out-of-school suspension rates. In making the competitive grant awards, the Department of Education shall give priority to school divisions proposing to serve schools identified by the Department as having high suspension rates. No funds awarded to a school division under this grant may be used to supplant funding for schools already implementing the program.

M. Targeted Extended/Enriched School Year and Year-round School Grants Payments

1. Out of this appropriation, $7,150,000 the first year and $7,150,000 the second year from the general fund is provided for a targeted extended/enriched school year or year-round school incentive in order to improve student achievement. Annual start-up grants of up to $300,000 per school may be awarded for a period of up to two years after the initial implementation year. The per school amount may be up to $400,000 in the case of schools that have an Accredited with Conditions status and are rated at Level Three in two or more Academic Achievement for All Students school quality indicators, or schools that had an Accredited with Conditions status and were rated at Level Three in two or more Academic Achievement for All Students school quality indicators when the initial application was made. Schools that qualified for the per school grant up to $400,000 under the previous Standards of Accreditation Denied Accreditation status remain eligible for funding for the initial three year period; after that period, such schools are subject to eligibility under the current Standards of Accreditation. After the third consecutive year of successful participation, an eligible school's grant amount shall be based on a shared split of the grant between the state and participating school division's local composite index. Such continuing schools shall remain eligible to receive a grant based on the 2012 JLARC Review of Year Round Schools' researched base findings.

2. Except for school divisions with schools that are in an Accredited with Conditions status and are rated at Level Three in two or more Academic Achievement for All Students school quality indicators or in a Denied Accreditation status, any other school division applying for such a grant shall be required to provide a twenty percent local match to the grant amount received from either an extended/enriched school year or year-round school start-up or planning grant.

3. In the case of any school division with schools that are in an Accredited with Conditions status and are rated at Level Three in two or more Academic Achievement for All Students school quality indicators or in a Denied Accreditation status that apply for funds, the school division shall also consult with the Superintendent of Public Instruction or designee on all recommendations regarding instructional programs or instructional personnel prior to submission to the local board for approval.

4. Out of this appropriation, $613,312 the first year and $613,312 the second year from the general fund is provided for planning grants of no more than $50,000 each for local school divisions pursuing the creation of new extended/enriched school year or year-round school programs for divisions or individual schools in support of the findings from the 2012 JLARC

Review of Year Round Schools. School divisions must submit applications to the Department of Education by August 1 of each year. Priority shall be given to schools based on need, relative to the state accreditation ratings or similar federal designations. Applications shall include evidence of commitment to pursue implementation in the upcoming school year. If balances exist, existing extended school year programs may be eligible to apply for remaining funds.

5. A school division that has been awarded an extended/enriched school year or year-round school start-up grant or planning grant for the development of an extended/enriched school year or year-round school program may spend the awarded grant over two consecutive fiscal years.

6. a) Any such school division receiving funding from a Targeted Extended/Enriched School Year and Year-round School grant shall provide an annual progress report to the Department of Education that evaluates end of year success of the extended/enriched school year or year-round school model implemented as compared to the prior school year performance as measured by an appropriate evaluation matrix no later than September 1 each year.

b) The Department of Education shall develop such evaluation matrix that would be appropriate for a comprehensive evaluation for such models implemented. Further, the Department of Education is directed to submit the annual progress reports from the participating school divisions and an executive summary of the program's overall status and levels of measured success to the Chairs of House Appropriations and Senate Finance and Appropriations Committees no later than November 1 each year.

7. Any funds remaining in this paragraph following grant awards may be disbursed by the Department of Education as grants to school divisions to support innovative approaches to instructional delivery or school governance models.

N. Out of this appropriation, $750,000 the first year and $500,000 the second year from the general fund is provided through grants or contracts for the cost of fees and financial incentives associated with the Teach for America Program to support hiring teachers in challenged schools. The additional support in the first year shall be used to grow teacher placement in hard-to-staff schools in Northern Virginia and explore an expansion to the Hampton Roads area. These funds shall not revert to the general fund at the end of fiscal year 2025 but shall be reappropriated for expenditure for the same purpose in fiscal year 2026. Within the fiscal year, any unobligated balance may be used for the Teacher Residency program.

O. Out of this appropriation, $1,300,000 the first year and $1,300,000 the second year from the general fund is provided to the Wolf Trap Foundation for the Performing Arts to administer STEM Arts and early literacy programs for preschool, kindergarten, and first grade students in Accomack, Albemarle, Arlington, Chesterfield, Fairfax, Henrico, Loudoun, Norfolk, Petersburg, Richmond, Suffolk, and Wythe Public Schools. The model will also support growth in the 5C skills identified in the Profile of a Virginia Graduate. Within this appropriation, funds may support the phase in of services into currently unserved divisions in an equitable manner, with a special focus on capacity building and establishing new services in Regions 3, 6, or 8. The Wolf Trap Foundation shall work with the Department of Education and currently served divisions to determine need and phase programs into unserved divisions. The Wolf Trap Foundation shall report annually to the Chairs of the House Committee on Education and the Senate Committee on Education and Health and the Superintendent of Public Instruction on its activities, including number of divisions served, number of students served, number of educators, and number of families impacted.

P. Out of this appropriation, $500,000 the first year and $500,000 the second year from the general fund is provided for the Achievable Dream partnership with Newport News School Division.

Q. Out of this appropriation, $2,850,000 the first year and $2,850,000 the second year from the general fund is provided for grants for teacher residency partnerships between university teacher preparation programs and the Petersburg, Norfolk, and Richmond City school divisions and any other university teacher preparation programs and hard-to-staff school divisions to help improve new teacher training and retention for hard-to-staff schools. The grants will support a site-specific residency model program for preparation, planning, development and implementation, including possible stipends in the program to attract qualified candidates and mentors. Applications must be submitted to the Department of Education by August 1 each year.

1. Of this amount, $1,100,000 the first year and $1,100,000 the second year is provided for Virginia Commonwealth University to continue and expand a program to support residents in partnership with the Richmond Teacher Residency program. Virginia Commonwealth University shall include this program in its annual report to the Department of Education, pursuant to paragraph Q.2. of this Item.

2. Partner school divisions shall provide at least one-third of the cost of each program and shall provide data requested by the university partner in order to evaluate program effectiveness by the mutually agreed upon timelines. Each university partner shall report annually, no later than June 30, to the Department of Education on available outcome measures, including student performance indicators, as well as additional data needs requested by the Department of Education. The Department of Education shall provide, directly to the university partners, relevant longitudinal data that may be shared. The Department of Education shall consolidate all submissions from the participating university partners and school divisions and submit such consolidated annual report to the Chairs of the House Appropriations and Senate Finance and Appropriations Committees no later than November 1 each year.

R. Out of this appropriation, $60,300 the first year and $60,300 the second year from the general fund is provided to the Northern Neck Regional Technical Center to expand the workforce readiness education and industry based skills and certification development efforts supporting that region in the state. These funds support the Center's programs that serve high school students from the surrounding counties of Essex, Lancaster, Northumberland, Rappahannock, Westmoreland and Colonial Beach.

S. Out of this appropriation, $1,250,000 the first year and $1,250,000 the second year from the general fund is provided to the Virginia Early Childhood Foundation.

1. Of this amount, $250,000 the first year and $250,000 the second year is provided for general operations of the Foundation's grant program to strengthen the capacity of local communities to promote school readiness for young children through innovative regional partnerships.

2. Of this amount, $1,000,000 the first year and $1,000,000 the second year is provided to operate a scholarship program to increase the skills of Virginia's early education workforce.

T. This appropriation includes $500,000 the first year and $500,000 the second year from the general fund to support ten competitive grants, not to exceed $50,000 each, for planning the implementation of systemic Elementary, Middle, and/or High School Program Innovation by either individual school divisions or consortia of school divisions or implementing a plan for public pre-kindergarten through Grade 12 School Program Innovation previously approved by the Department of Education. The local applicant(s) selected to conduct this systemic approach to school reform, in consultation with the Department of Education, will develop and plan or implement innovative approaches to engage and to motivate students through personalized learning and instruction leading to demonstrated mastery of content, as well as skills development of career readiness. Essential elements of school innovation include: (1) student centered learning, with progress based on student demonstrated proficiency; (2) 'real-world' connections that promote alignment with community work-force needs and emphasize transition to college and/or career; and (3) varying models for educator supports and staffing. Individual school divisions or consortia will be invited to apply on a competitive basis by submitting a grant application that includes descriptions of key elements of innovations, a detailed budget, expectations for outcomes and student achievement benefits, evaluation methods, and plans for sustainability. The Department of Education will make the final determination of which individual school divisions or consortia of divisions will receive the year-long planning grant for public pre-kindergarten through Grade 12 School Innovation or a grant to implement an Elementary, Middle, and/or High School Program Innovation plan previously approved by the Department of Education. Any school division or consortium of divisions which desires to apply for this competitive grant must submit a proposal to the

Department of Education by June 1 preceding the school year in which the planning or implementation for systemic school innovation is to take place.

U. Out of this appropriation, $200,000 the first year and $200,000 the second year from the general fund is provided for STEM Competition Team Grants as part of the STEM C Competition Team Grant Fund. Grants may not exceed $5,000 each. At least half of this appropriation should be provided to public elementary and secondary schools in the Commonwealth at which at least 60 percent of students qualify for free or reduced-price lunch.

V. Out of this appropriation, $1,181,975 the first year and $1,181,975 the second year from the general fund is provided to support a multi-platform STEM education engagement program and research study and other educational programs at the Virginia Air & Space Center.

W. Out of this appropriation, $350,000 the first year and $350,000 the second year from the general fund is provided for executive leadership incentives in the Petersburg City Public Schools to strengthen the impact of division and school level executive leadership on student achievement in the school division. Such incentives may include, but not be limited to, supplements to locally funded salaries, deferred salary compensation, bonuses, housing and commuting supplements, and professional development supplements. The Department of Education shall provide such executive management incentive payments directly to the Petersburg City Public Schools accounts pursuant to a Memorandum of Understanding entered into between the Board of Education and the Petersburg City School Board, which shall cover no less than both years of the biennium and may be amended with the consent of both parties. Such Agreement shall include operational and student achievement metrics and include provisions for the achievement of such metrics as a condition of payment of the incentive funds by the Department of Education. The Department of Education shall provide updates on the Agreement to the Chairs of the Senate Finance and Appropriations and House Appropriations Committees.

X. Out of this appropriation, $50,000 the first year and $50,000 the second year from the general fund is provided for praxis assistance and Virginia Communication and Literacy Assessment assistance for provisionally licensed minority teachers seeking full licensure in Virginia. Grants of up to $10,000 shall be awarded to school divisions, teacher preparation programs, or nonprofit organizations in all regions of the state to subsidize test fees and the cost of tutoring for provisionally licensed minority teachers seeking full licensure in Virginia.

Y. Out of this appropriation, $591,000 the first year and $791,000 the second year from the general fund is provided to school divisions to pay for a portion of the vision screening of students in kindergarten, grade two or three and grades seven and ten, pursuant to Chapter 312, 2017 Session Acts of Assembly. Eligible school divisions may receive the state's share of $7.00 for each student reported in average daily membership and enrolled in kindergarten, grades three, seven and ten and who has received such vision screening test. The Department of Education shall administrator and distribute reimbursements to school divisions and the funding shall be prorated if needed, such that the appropriation is not exceeded. Prioritization shall be given the schools that would most benefit from state assistance in order to provide such vision screening service to students that are eligible for free lunch.

Z. Out of this appropriation, $600,000 the first year and $600,000 the second year from the general fund is provided for annual grants of $60,000 to each of the eight regional career and technical centers, Winchester Public Schools' Innovation Center and Norfolk Public Schools' Norfolk Technical Center, to expand workforce readiness education and industry based skills.

AA. 1. Out of this appropriation, $550,000 the first year and $550,000 the second year from the general fund is provided to CodeVA for the development, marketing, and implementation of high-quality and effective computer science training and professional development activities for public school teachers throughout the Commonwealth for the purpose of improving the computer science literacy of all public school students in the Commonwealth using the Computer Science Standards of Learning For Virginia Public Schools, which were reviewed and endorsed by the Virginia Board of Education in

November 2017. The provided funds may be utilized for planning, preparing and materials needed for teacher training sessions provided during the biennium.

2. CodeVA shall report, no later than October 1, each year to the Chairmen of the House Education and Senate Education & Health Committees, Secretary of Education and the Superintendent of Public Instruction on its activities in the previous year to support computer science teacher training and curriculum development, including on collaboration with other stakeholders to avoid duplication of efforts.

BB. To strengthen quality, attract new educators, and reduce turnover in hard-to-serve preschool classrooms, $20,000,000 the first year from the general fund shall be used to supplement the Early Childhood Educator Incentive created through the Preschool Development Grant Birth to Five and in support of the implementation of the Unified Measurement and Improvement System, known as VQB5, established pursuant to § 22.1-289.05, Code of Virginia. The Virginia Department of Education shall set the specific guidelines for the program and funds.

CC. Out of this appropriation, $250,000 the first year and $250,000 the second year from the general fund shall be provided for grants to school divisions for encouraging active-in class, remote and hybrid learning for students in pre-kindergarten through the second grade. School divisions seeking to apply for this grant shall submit a proposal to the Department of Education outlining the intended use of funds and a projected number of students to be served. The Department shall establish criteria for awarding these funds. The funds may be used to purchase a platform featuring on-demand activities that integrate math and English Standards of Learning content into movement-rich activities that can be used at school, home and on all devices (i.e. computers, tablets, and phones).

DD. Out of this appropriation, $1,600,000 the first year and $850,000 the second year from the general fund is provided to Blue Ridge PBS for educational outreach programming. These funds shall not revert to the general fund at the end of fiscal year 2025 but shall be reappropriated for expenditure for the same purpose in fiscal year 2026.

EE. Out of this appropriation, $1,200,000 the first year and $1,200,000 the second year from the general fund is provided to support public-private partnerships between local school divisions and the Virginia Alliance of YMCAs to expand student participation opportunities in curriculum based learning loss programs through existing summer Power Scholars Academies or after school programs in such partnered school divisions.

FF. Out of this appropriation, $718,957 the first year and $718,957 the second year from the general fund is provided to support Career and Technical Education Student Organizations. These Student Organizations extend Career and Technical Education in Virginia through networks of programs, business and community partnerships, and leadership experiences at the school, state, and national levels and provide Virginia students with opportunities to apply academic, technical, and employability knowledge and skills necessary in today's workforce.

GG. Out of this appropriation, $1,950,000 the first year and $1,200,000 the second year from the general fund is provided for the Hampton Roads Education Telecommunications Association's eMediaVA program for statewide digital content development, online learning, and related support services. All digital content produced and delivery of online learning shall be determined by July 1 of each year in consultation with division superintendents or their designee and shall meet criteria established by the Department of Education, meet or exceed applicable Standards of Learning, and be correlated to such state standards. The eMedia VA program shall incorporate school divisions' needs for digital content, online learning, teacher training, and support services that advance technology integration into the K-12 classroom, as well as for additional educational resources that may be made available to school divisions throughout the Commonwealth. These funds shall not revert to the general fund at the end of the first year but shall be reappropriated for expenditure for the same purpose in the second year.

HH. Out of this appropriation, $1,350,000 the first year and $1,350,000 the second year from the general fund is provided to support the advancement of computer science education and implementation of the Commonwealth's computer science standards across the public education continuum. These funds are intended to provide high quality professional development to current and future teachers; create, curate, and disseminate high quality computer science curriculum, instructional resources, and assessments; support summer and after-school computer science related programming for students; and facilitate meaningful career exposure and work-based learning opportunities in computer science fields for high school students. Funds shall be disbursed through a competitive grant process and shall prioritize at-risk students and schools. The Department of Education shall develop a process to award these funds in accordance with the provisions of this language.

II. Out of this appropriation, $500,000 the first year and $500,000 the second year from the general fund is provided for the Achievable Dream partnership with Virginia Beach School Division.

JJ. Out of this appropriation, $1,657,065 the first year and $1,157,065 the second year from the general fund is provided to support Dolly Parton's Imagination Library for Kids program. These funds shall not revert to the general fund at the end of fiscal year 2025 but shall be reappropriated for expenditure for the same purpose in fiscal year 2026.

KK. Out of this appropriation, $250,000 the first year and $250,000 the second year from the general fund is provided to EduTutorVA to support targeted tutoring to help K-12 students recover from COVID-19 learning gaps.

LL. Out of this appropriation, $250,000 the first year and $250,000 the second year is provided to the Milk and Cookies (MAC) Children's Program to support expansion of the support program for children of parents who are incarcerated.

MM. Out of this appropriation, $500,000 the first year and $500,000 the second year from the general fund is provided to Chesterfield County Public Schools to assist with establishing a recovery high school as a year-round high school with enrollment open to any high school student residing in Superintendent's Region 1 who is in the early stages of recovery from substance use disorder or dependency. Students in the high school shall be provided academic, emotional, and social support needed to progress toward earning a high school diploma and reintegrating into a traditional high school setting. Chesterfield County Public Schools shall submit a report regarding the planning, implementation, and outcomes of the recovery high school to the Chairs of the House Appropriations Committee and Senate Finance and Appropriations Committee by December 1 each year.

NN. Out of this appropriation, $240,000 the first year and $240,000 the second year from the general fund is provided for a Grown Your Own Teacher program to provide grants to low-income high school graduates who attended an institution of higher education in the Commonwealth and subsequently teach in high-need public schools in the school divisions from which they graduated high school. The Department of Education shall establish a process by which school divisions may apply for grants from the Grow Your Own Teacher Program to provide a grant of $7,500 per academic year for up to four years for individuals who (i) graduated from a public high school in the local school division; (ii) were eligible for free lunch during the individual's attendance at a public high school in the local school division; and (iii) teach, within one year of graduating from an institution of higher education in the Commonwealth for a period of at least four years, at a public school at which at least 50 percent of students qualify for free lunch in the school division from which such individual graduated high school. In developing such process, the Department will ensure that at least one school division within each of the eight superintendent regions, applying for such grants, be awarded prior to awarding grants to multiple school divisions within a single superintendent region. Each superintendent region shall be permitted to apply for up to four tuition grant awards. The Department is authorized to offer and award any remaining unallotted awards to other applying school divisions within a superintendent region. In the event that any nominee fails or refuses to comply with the teaching commitment, no grant shall be disbursed to the nominee.

OO. Out of this appropriation, $375,000 the first year and $125,000 the second year from the general fund is provided for the Virginia Holocaust Museum. These funds will support the Alexander Lebenstein Teacher Education Institute and expand the professional development of educators across the Commonwealth and the advancement of experiential learning opportunities for K-12 students. Additionally, these funds are intended to support high-quality, off-site learning experiences, educational content, and exhibitions for students to engage in educational content, aligned to the Virginia Standards of Learning,

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related to the history of the Holocaust, hate crimes and other genocides. These funds shall not revert to the general fund at the end of fiscal year 2025 but shall be reappropriated for expenditure for the same purpose in fiscal year 2026.

PP. Out of this appropriation, $630,000 the first year from the general fund is provided for Reach Virginia to provide teacher retention services to Virginia public school divisions.

QQ. Out of this appropriation, $90,000 the first year and $90,000 the second year from the general fund is provided to Newport News Public Schools to expand the Soundscapes program and increase student participation in intensive music study and ensemble performances.

RR. Out of this appropriation, $306,100 the first year and $306,100 the second year from the general fund is allocated for the Department of Education to provide grants of no more than $30,000 each for local school divisions that have applied for such funds for the sole purpose of providing financial incentives to provisionally licensed teachers teaching students enrolled in the Virginia Preschool Initiative or other publicly-funded preschool programs operated by the school division and who are actively engaged in coursework and professional development, toward achieving the required degree and license that satisfy the licensure requirements reflected in § 22.1-299, Code of Virginia. School divisions must submit applications to the Department of Education by December 1 of each year. Priority for awarding grants shall be given to hard-to-staff schools and schools with the highest number of provisionally licensed teachers teaching students enrolled in the Virginia Preschool Initiative or other publicly-funded preschool programs operated by the school division. The Department of Education shall develop the application process to be provided to school divisions that have provisionally licensed preschool teachers employed and are teaching students enrolled in the Virginia Preschool Initiative or other publicly-funded preschool programs operated by the school division.

SS. Out of this appropriation, $50,000 the first year and $50,000 the second year from the general fund is provided to Prince William County Public Schools for a Public Safety Training Center at Unity Reed High School, which prepares students for a career in fire fighting.

TT. Out of this appropriation, $1,000,000 the first year and $250,000 the second year from the general fund is provided for PBS Appalachia for educational outreach programming. These funds shall not revert to the general fund at the end of fiscal year 2025 but shall be reappropriated for expenditure for the same purpose in fiscal year 2026.

UU. 1. Out of this appropriation, $1,000,000 the first year and $500,000 the second year from the general fund is provided to support the establishment of year-round high schools that are open to any student residing in the defined region who is in the early stages of recovery from substance use disorder or dependency. Students in the high school shall be provided academic, emotional, and social support needed to progress toward earning a high school diploma and reintegrating into a traditional high school setting. School divisions and regions are encouraged to use their Opioid Abatement Authority City/County Settlement Funds to support operations of the high schools.

2. Of this amount, $500,000 the first year and $250,000 the second year is provided to Loudoun County Public Schools to support the establishment of a school for students residing in Superintendent's Region 4.

3. Of this amount, $500,000 the first year and $250,000 the second year is provided to Virginia Beach Public Schools to support the establishment of a school for students residing in Superintendent's Region 2.

4. Loudoun County and Virginia Beach Public Schools shall submit a report regarding the planning, implementation, and outcomes of the recovery high school to the Chairs of the House Appropriations Committee and Senate Finance and Appropriations Committee by December 1 each year.

VV. Out of this appropriation, $6,000,000 the first year from the general fund is provided to support public school career and technical education initiatives. Of this amount, $2,000,000 is provided to support career and technical education programs in Portsmouth; $2,000,000 is provided to support career and technical education programs in Chesapeake; $1,000,000 is provided to support career and technical education programs in Fredericksburg; and $1,000,000 is provided to support career and technical education programs in Stafford County. Funds shall be used only for equipment.

WW. Out of this appropriation, $150,000 the first year and $150,000 the second year from the general fund is provided to Reck League to support students in underperforming schools in the Hampton Roads region.

XX. Out of this appropriation, $3,000,000 the first year and $2,000,000 the second year from the general fund is provided to supplement the 21st Century Community Learning Centers Program in Item 126. These funds shall be awarded to community-based organizations partnering with school divisions for afterschool, before-school, and summer learning programs to provide additional instructional opportunities to combat learning loss for school-age children attending high-poverty, low-performing schools. The Department may contract with the Virginia Partnership for Out-of-School Time to assist applicants with obtaining the required licensure and to provide best practices and support to grantees.

YY. Out of this appropriation, $200,000 the first year and $200,000 the second year from the general fund is provided for the American Civil War Museum to support the advancement of experiential learning opportunities for K-12 students. These funds are intended to support free high-quality, evidence-based learning experiences, educational content, and exhibitions for students, educators and parents to engage in educational content, aligned to the Virginia Standards of Learning.

ZZ. Out of this appropriation, $160,000 the first year from the general fund is designated for the Pittsylvania County Public Library Gretna Branch.

AAA. Out of this appropriation, $5,000,000 the first year and $2,500,000 the second year from the general fund is provided to support Community Schools Development and Implementation Planning Grants. The Department shall award grants to school divisions and Communities in Schools and its affiliates to support the development and implementation of community schools initiatives that provide a framework for integrated student supports, expanded and enriched learning time and opportunities, active family and community engagement, and collaborative leadership practices. These funds shall not revert to the general fund at the end of fiscal year 2025 but shall be reappropriated for expenditure for the same purpose in fiscal year 2026.

BBB. Out of this appropriation, $750,000 the first year and $900,000 the second year from the general fund is provided for the Advanced Placement (AP), International Baccalaureate (IB), and Cambridge Assessment International Education Exam Fee Reduction Program (the Program) for the purpose of covering all but $20 of the last dollar cost of applicable fees associated with taking an AP, IB or Cambridge examination for any public high school student who is eligible to receive free or reduced price lunch after all other applicable discounts and financial assistance are taken into account. For students attending a school participating in the Community Eligibility Provision, eligibility shall be based on an individual student's family income. The Program shall be administered by the Department. Pursuant to the Program, the Department shall annually transfer to each local school board a grant in a sum sufficient to cover such portion of such fees for each such student in the local school division. The Department shall establish such rules, policies, and procedures as it deems necessary or appropriate for the administration of the Program, including an annual process whereby each local school board demonstrates its grant funding needs. Each local school board shall provide notification to eligible students and parents of the availability of this assistance at the time of enrollment in a course associated with such examination and at the time of test registration of the opportunity for the student to take an AP, IB or Cambridge examination at such reduced fee.

CCC. Out of this appropriation, $250,000 the first year and $250,000 the second year from the general fund is provided for the Critical National Security Language Grant program. The department shall create and publish an application and process for local school divisions to apply for the existing funding by October 1, 2024.

DDD. Out of this appropriation, $500,000 the first year and $300,000 the second year from the general fund is provided for the Community Builders Pilot Program in the cities of Roanoke and Petersburg. Funds shall be distributed among the two localities based on prior year final average daily membership.

EEE. Out of this appropriation, $700,000 the first year and $700,000 the second year from the general fund is provided to the Black History Museum and Cultural Center of Virginia to support the advancement of experiential learning opportunities for K-12 students and their communities.

FFF. Out of this appropriation, $600,000 the first year and $600,000 the second year from the general fund is provided to establish the Connect Plus program to support wraparound services for youth and families in the St. Luke community of Henrico County through targeted curriculum and programming.

GGG. Out of this appropriation, $100,000 the first year from the general fund is provided to support the New Chesapeake Men for Progress Education Foundation to provide mentoring for young men in the community and enhanced services for underserved youth. These funds shall not revert to the general fund at the end of fiscal year 2025 but shall be reappropriated for expenditure for the same purpose in fiscal year 2026.

HHH. Out of this appropriation, $1,000,000 the first year from the general fund is provided to the Virginia Alliance of Boys and Girls Clubs to expand student access to Clubs and extend traditional learning beyond the traditional school day with a focus on workforce development, mental health and wellness, safety, and leadership. These funds shall not revert to the general fund at the end of fiscal year 2025 but shall be reappropriated for expenditure for the same purpose in fiscal year 2026.

III. Out of this appropriation, $250,000 the first year from the general fund is provided to support the My Life Coach Academy and the UBU 100 Program in the City of Richmond to provide advanced educational opportunities and career readiness through comprehensive support and resources provided to at-risk youth. These funds shall not revert to the general fund at the end of the first year but shall be reappropriated for expenditure for the same purpose in the second year.

JJJ. Out of this appropriation, $500,000 the first year from the general fund is provided to Opportunity Scholars to support program expansion in Hampton Roads and Northern Virginia. These funds shall not revert to the general fund at the end of the first year but shall be reappropriated for expenditure for the same purpose in the second year.

KKK. Out of this appropriation, $500,000 the first year from the general fund is provided to the Greater Peninsula C.A.R.E.S. Learning Recovery Program to support students experiencing significant learning loss in Hampton and Newport News with a focus on academic recovery, social development, and equitable access to educational resources. These funds shall not revert to the general fund at the end of the first year but shall be reappropriated for expenditure for the same purpose in the second year.

LLL. Out of this appropriation, $250,000 the second year from the general fund is provided for the Virginia Leads Innovation Network (VaLIN) to enable the network to support a regional center model supporting the needs of Virginia's educators, students, and families.

MMM. Out of this appropriation, $500,000 the first year from the general fund is provided to support the Diplomas for All Program at the Goodwill Industries of the Valley's Excel Center to help adults earn high school diplomas and workforce credentials. These funds shall not revert to the general fund at the end of fiscal year 2025 but shall be reappropriated for expenditure for the same purpose in fiscal year 2026.

NNN. Out of this appropriation, $500,000 the first year from the general fund is provided to the YMCA of South Hampton Roads to support youth programming.

OOO. Out of this appropriation, $1,000,000 the first year from the general fund is provided to Mathews County Public Schools to support asbestos removal from a middle school.

PPP. Out of this appropriation, $750,000 the first year from the general fund is provided to support the Children's Museum of Richmond's educational programming. These funds shall not revert to the general fund at the end of fiscal year 2025 but shall be reappropriated for expenditure for the same purpose in fiscal year 2026.

ITEM 124.		Item Details($) First Year FY2025	Item Details($) Second Year FY2026	Appropriations($) First Year FY2025	Appropriations($) Second Year FY2026
125.	State Education Assistance Programs (17800)			$10,581,610,874	~~$10,796,667,828~~ *$10,754,980,721*
	Standards of Quality for Public Education (SOQ) (17801)	$8,700,123,680	~~$9,031,364,659~~ *$8,831,787,983*		
	Financial Incentive Programs for Public Education (17802)	$876,897,932	~~$801,751,774~~ *$911,294,138*		
	Financial Assistance for Categorical Programs (17803)	$60,765,012	~~$64,216,050~~ *$64,271,740*		
	Distribution of Lottery Funds (17805)	$943,824,250	~~$899,335,345~~ *$947,626,860*		
	Fund Sources: General	$9,385,271,394	~~$9,609,817,253~~ *$9,519,838,631*		
	Special	$1,020,000	$1,020,000		
	Commonwealth Transportation	$1,495,230	$1,495,230		
	Trust and Agency	$993,824,250	~~$1,074,335,345~~ *$1,122,626,860*		
	Dedicated Special Revenue	$200,000,000	$110,000,000		

Authority: Standards of Quality for Public Education (SOQ) (17801): Article VIII, Section 2, Constitution of Virginia; Chapter 667, Acts of Assembly, 1980; §§ 22.1-176 through 22.1-198, 22.1-199.1, 22.1-199.2, 22.1-213 through 22.1-221, 22.1-227 through 22.1-237, 22.1-253.13:1 through 22.1-253.13:8, 22.1-254.01, Code of Virginia; Title 51.1, Chapters 1, 5, 6.2, 7, and 14, Code of Virginia; P.L. 91-230, as amended; P.L. 93-380, as amended; P.L. 94-142, as amended; P.L. 98-524, as amended, Federal Code.

Financial Incentive Programs for Public Education (17802): §§ 22.1-24, 22.1-289.1 through 22.1-318, Code of Virginia; P.L. 79-396, as amended; P.L. 89-10, as amended; P.L. 89-642, as amended; P.L. 108-265, as amended; Title II P.L. 99-159, as amended, Federal Code.

Financial Assistance for Categorical Programs (17803): Discretionary Inclusion; Treaty of 1677 between Virginia and the Indians; §§ 22.1-3.4, 22.1-108, 22.1-199 through 22.1-212.2:2, 22.1-213 through 22.1-221, 22.1-223 through 22.1-237, 22.1-254, Code of Virginia; P.L. 89-10, as amended; P.L. 91-230, as amended; P.L. 93-380, as amended; P.L. 94-142, as amended; P.L. 94-588; P.L. 95-561, as amended; P.L. 98-211, as amended; P.L. 98-524, as amended; P.L. 99-570; P.L. 100-297, as amended; P.L. 102-73, as amended; P.L. 105-220, as amended, Federal Code.

Distribution of Lottery Funds (17805): §§ 58.1-4022 and 58.1-4022.1, Code of Virginia

Appropriation Detail of Education Assistance Programs (17800)

Standards of Quality (17801)	**FY 2025**	**FY 2026**
Basic Aid	$4,556,200,098	~~$4,693,027,373~~ *$4,621,678,202*
Sales Tax	$1,755,500,000	~~$1,821,500,000~~ *$1,816,500,000*
Textbooks	$108,201,736	~~$108,020,593~~ *$106,648,385*
Vocational Education	$94,910,721	~~$94,639,010~~ *$93,364,410*
Gifted Education	$44,034,788	~~$43,987,798~~ *$43,427,143*
Special Education	$528,261,934	~~$527,339,469~~ *$520,293,920*
Special Education Add-On	$0	~~$52,782,732~~ *$51,871,196*

ITEM 125.	Item Details($) First Year FY2025	Item Details($) Second Year FY2026	Appropriations($) First Year FY2025	Appropriations($) Second Year FY2026
At-Risk Add-On (split funded)	$566,390,188	~~$628,692,979~~ *$555,844,420*		
English Learner Teachers	$213,236,555	~~$228,451,867~~ *$203,485,918*		
VRS Retirement (includes RHCC)	$535,427,199	~~$534,586,237~~ *$527,723,760*		
Social Security	$249,159,066	~~$248,722,333~~ *$245,529,141*		
Group Life	$15,357,012	~~$15,322,436~~ *$15,125,842*		
Remedial Summer School	$33,444,383	~~$34,291,832~~ *$30,295,646*		
Total	**$8,700,123,680**	**~~$9,031,364,659~~** ***$8,831,787,983***		
Incentive Programs (17802)				
Compensation Supplement	$178,824,244	~~$376,360,450~~ *$368,473,990*		
Governor's Schools	$28,543,740	~~$29,761,333~~ *$30,903,928*		
Clinical Faculty	$318,750	$318,750		
Career Switcher Mentoring Grants	$279,983	$279,983		
Special Education - Endorsement Program	$437,186	$437,186		
Special Education – Vocational Education	$200,089	$200,089		
Virginia Workplace Readiness Skills Assessment	$308,655	$308,655		
Math/Reading Instructional Specialists Initiative	$1,834,538	$1,834,538		
Early Reading Specialists Initiative	$3,476,790	$3,476,790		
Breakfast After the Bell Incentive	$1,074,000	$1,074,000		
School Meals Expansion	$4,100,000	$4,100,000		
Alleghany County - Covington City School Division Consolidation Incentive	$600,000	$0		
School Construction Assistance Program	$250,000,000	$110,000,000		
Supplemental Payment in Lieu of Sales Tax on Food and Personal Hygiene Products	$272,500,000	$273,600,000		
Bonus Payment	$134,399,957	~~$0~~ *$116,286,229*		
Total	**$876,897,932**	**~~$801,751,774~~** ***$911,294,138***		
Categorical Programs (17803)				
Adult Education	$1,051,800	$1,051,800		
Adult Literacy	$2,480,000	$2,480,000		
American Indian Treaty Commitment	$54,383	~~$61,202~~ *$65,120*		
School Lunch Program	$5,801,932	$5,801,932		
Special Education - Homebound	$5,634,204	~~$5,690,550~~ *$5,742,322*		
Special Education - Jails	$4,356,532	$4,560,383		
Special Education - State Operated Programs	$41,386,161	$44,570,183		

ITEM 125.	Item Details($) First Year FY2025	Item Details($) Second Year FY2026	Appropriations($) First Year FY2025	Appropriations($) Second Year FY2026
Total	**$60,765,012**			**~~$64,216,050~~** ***$64,271,740***
Lottery Funded Programs (17805)				
At-Risk Add-On (split funded)	$274,024,247			~~$242,477,896~~ *$297,193,134*
Foster Care	$12,193,067			~~$12,281,254~~ *$12,353,227*
Special Education - Regional Tuition	$95,778,547			$99,778,547
Early Reading Intervention	$39,834,324			~~$39,775,832~~ *$47,453,393*
Mentor Teacher	$1,000,000			$1,000,000
K-3 Primary Class Size Reduction	$156,375,875			~~$163,084,946~~ *$150,917,871*
School Breakfast Program	$11,456,532			~~$12,619,194~~ *$11,132,810*
SOL Algebra Readiness	$18,807,402			~~$18,767,429~~ *$18,802,957*
Infrastructure and Operations Per Pupil Funds	$301,361,275			~~$276,361,278~~ *$275,251,492*
Regional Alternative Education	$10,682,684			~~$10,949,677~~ *$11,347,584*
Individualized Student Alternative Education Program (ISAEP)	$2,247,581			$2,247,581
Career and Technical Education – Categorical	$11,681,872			$11,681,872
Project Graduation	$1,387,240			$1,387,240
Race to GED (NCLB/EFAL)	$2,410,988			$2,410,988
Path to Industry Certification (NCLB/EFAL)	$1,831,464			$1,831,464
Supplemental Basic Aid	$1,001,152			~~$930,147~~ *$1,086,700*
Supplemental Support for Accomack and Northampton	$1,750,000			$1,750,000
Total	**$943,824,250**			**~~$899,335,345~~** ***$947,626,860***
Technology – VPSA	$55,764,000			~~$55,924,800~~ *$55,582,000*
Security Equipment - VPSA	$12,000,000			$12,000,000

Payments out of the above amounts shall be subject to the following conditions:

A. Definitions

1. "March 31 Average Daily Membership," or "March 31 ADM" - The responsible school division's average daily membership for grades K-12 including (1) handicapped students ages 5-21 and (2) students for whom English is a second language who entered school for the first time after reaching their twelfth birthday, and who have not reached twenty-two years of age on or before August 1 of the school year, for the first seven (7) months (or equivalent period) of the school year through March 31 in which state funds are distributed from this appropriation. Preschool and postgraduate students shall not be included in March 31 ADM.

a. School divisions shall take a count of September 30 fall membership and report this information to the Department of Education no later than October 15 of each year.

b. Except as otherwise provided herein, by statute, or by precedent, all appropriations to the Department of Education shall be calculated using March 31 ADM unadjusted for half-day kindergarten programs, estimated at 1,214,292.30 the first year and ~~1,213,645.50~~ *1,196,459.59* the second year. March 31 ADM for half-day kindergarten shall be adjusted at 85 percent.

c. Students who are either (i) enrolled in a nonpublic school or (ii) receiving home instruction pursuant to § 22.1-254.1 and who are enrolled in a public school on less than a full-time basis in any mathematics, science, English, history, social science, vocational education, health education or physical education, fine arts or foreign language course, or receiving special education services required by a student's individualized education plan, shall be counted in the funded fall membership and March 31 ADM of the responsible school division. Each course shall be counted as 0.25, up to a cap of 0.5 of a student.

d. Students enrolled in an Individualized Student Alternative Education Program (ISAEP) pursuant to § 22.1-254 E shall be counted in the March 31 Average Daily Membership of the responsible school division. School divisions shall report these students separately in their March 31 reports of Average Daily Membership.

2. "Standards of Quality" - Operations standards for grades kindergarten through 12 as prescribed by the Board of Education subject to revision by the General Assembly.

3.a. "Basic Operation Cost" - The cost per pupil, including provision for the number of instructional personnel required by the Standards of Quality for each school division with a minimum ratio of 51 professional personnel for each 1,000 pupils or proportionate number thereof, in March 31 ADM for the same fiscal year for which the costs are computed, and including provision for driver, gifted, occupational-vocational, and special education, library materials and other teaching materials, teacher sick leave, general administration, division superintendents' salaries, free textbooks (including those for free and reduced price lunch pupils), operation and maintenance of school plant, transportation of pupils, instructional television, professional and staff improvement, remedial work, fixed charges and other costs in programs not funded by other state and/or federal aid.

4.a. "Composite Index of Local Ability-to-Pay" - An index figure computed for each locality. The composite index is the sum of 2/3 of the index of wealth per pupil in unadjusted March 31 ADM reported for the first seven (7) months of the 2021-2022 school year and 1/3 of the index of wealth per capita (population estimates for 2021 as determined by the Weldon Cooper Center for Public Service of the University of Virginia) multiplied by the local nominal share of the costs of the Standards of Quality of 0.45 in each year. The indices of wealth are determined by combining the following constituent index elements with the indicated weighting: (1) true values of real estate and public service corporations as reported by the State Department of Taxation for the calendar year 2021 - 50 percent; (2) adjusted gross income for the calendar year 2021 as reported by the State Department of Taxation - 40 percent; (3) the sales for the calendar year 2021 which are subject to the state general sales and use tax, as reported by the State Department of Taxation - 10 percent. Each constituent index element for a locality is its sum per March 31 ADM, or per capita, expressed as a percentage of the state average per March 31 ADM, or per capita, for the same element. A locality whose composite index exceeds 0.8000 shall be considered as having an index of 0.8000 for purposes of distributing all payments based on the composite index of local ability-to-pay. Each constituent index element for a locality used to determine the composite index of local ability-to-pay for the current biennium shall be the latest available data for the specified official base year provided to the Department of Education by the responsible source agencies no later than November 15, 2023.

b. For any locality whose total calendar year 2021 Virginia Adjusted Gross Income is comprised of at least 3 percent or more by nonresidents of Virginia, such nonresident income shall be excluded in computing the composite index of ability-to-pay. The Department of Education shall compute the composite index for such localities by using adjusted gross income data which exclude nonresident income, but shall not adjust the composite index of any other localities. The Department of Taxation shall furnish to the Department of Education such data as are necessary to implement this provision.

c.1) Notwithstanding the funding provisions in § 22.1-25 D, Code of Virginia, additional state funding for future consolidations shall be as set forth in future Appropriation Acts.

2) In the case of the consolidation of Bedford County and Bedford City school divisions, the fifteen year period for the application of a new composite shall apply beginning with the fiscal year that starts on July 1, 2013. The composite index established by the Board of Education shall equal the lowest composite index that was in effect prior to July 1, 2013, of any individual localities involved in such consolidation, and this index shall remain in effect for a period of fifteen years, unless a lower composite index is calculated for the combined division through the process for computing an index as set forth above.

3) If the composite index of a consolidated school division is reduced during the course of the fifteen year period to a level that would entitle the school division to a lower interest rate for a Literary Fund loan than it received when the loan was originally released, the Board of Education shall reduce the interest rate of such loan for the remainder of the period of the loan. Such reduction shall be based on the interest rate that would apply at the time of such adjustment. This rate shall remain in effect for the duration of the loan and shall apply only to those years remaining to be paid.

d. When it is determined that a substantial error exists in a constituent index element, the Department of Education will make adjustments in funding for the current school year only in the division where the error occurred. The composite index of any other locality shall not be changed as a result of the adjustment. No adjustment during the biennium will be made as a result of updating of data used in a constituent index element.

e. In the event that any school division consolidates two or more small schools, the division shall continue to receive Standards of Quality funding and provide for the required local expenditure for a period of five years as if the schools had not been consolidated. Small schools are defined as any elementary, middle, or high school with enrollment below 200, 300 and 400 students, respectively.

5. "Required Local Expenditure for the Standards of Quality" - The locality's share based on the composite index of local ability-to-pay of the cost required by all the Standards of Quality minus its estimated revenues from the state sales and use tax dedicated to public education, and those sales tax revenues transferred to the general fund from the Public Education Standards of Quality/Local Real Estate Property Tax Relief Fund and appropriated in this Item, both of which are returned on the basis of the latest yearly estimate of school age population provided by the Weldon Cooper Center for Public Service, as specified in this Item, collected by the Department of Education and distributed to school divisions in the fiscal year in which the school year begins.

6. "Required Local Match" - The locality's required share of program cost based on the composite index of local ability-to-pay for all Lottery and Incentive programs, where required, in which the school division has elected to participate in a fiscal year.

7. "Planning District Eight" - The nine localities which comprise Planning District Eight are Arlington County, Fairfax County, Loudoun County, Prince William County, Alexandria City, Fairfax City, Falls Church City, Manassas City, and Manassas Park City.

8. "State Share of the Standards of Quality" - The state share of the Standards of Quality (SOQ) shall be equal to the total funded SOQ cost for a school division less the school division's estimated revenues from the state sales and use tax dedicated to public education based on the latest yearly estimate of school age population provided by the Weldon Cooper Center for Public Service, adjusted for the state's share of the composite index of local ability to pay.

9. Entitlements under this Item that use school-level or division-level Free Lunch eligibility percentages to determine the entitlement amounts are based on the most recent data available as of the biennial rebenchmarking calculations made for the current biennium. For schools that participate in the Community Eligibility Provision program, such entitlements are based on the most recent Free Lunch eligibility data available prior to that school's enrollment in the Community Eligibility Provision program.

10. In the event that the general fund appropriations in this Item are not sufficient to meet the entitlements payable to school divisions pursuant to the provisions of this Item, the

Department of Education is authorized to transfer any available general fund funds between these Items to address such insufficiencies. If the total general fund appropriations after such transfers remain insufficient to meet the entitlements of any program funded with general fund dollars, the Department of Education is authorized to prorate such shortfall proportionately across all of the school divisions participating in any program where such shortfall occurred.

11. The Department of Education is directed to apply a cap on inflation rates in the same manner prescribed in § 51.1-166.B, Code of Virginia, when updating funding to school divisions during the biennial rebenchmarking process.

12. Notwithstanding any other provision in statute or in this Item, the Department of Education is directed to combine the end-of-year Average Daily Membership (ADM) for those school divisions who have partnered together as a fiscal agent division and a contractual division for the purposes of calculating prevailing costs included in the Standards of Quality (SOQ).

13. Notwithstanding any other provision in statute or in this Item, the Department of Education is directed to include zeroes in the linear weighted average calculation of support non-personal costs for the purpose of calculating prevailing costs included in the Standards of Quality (SOQ).

14. Notwithstanding any other provision in statute or in this Item, the Department of Education is directed to eliminate the corresponding and appropriate object code(s) related to reported travel expenditures included the linear weighted average non-personal cost calculations for the purpose of calculating prevailing costs included in the Standards of Quality (SOQ).

15. Notwithstanding any other provision in statute or in this Item, the Department of Education is directed to eliminate the corresponding and appropriate object code(s) related to reported leases and rental and facility expenditures included the linear weighted average non-personal cost calculations for the purpose of calculating prevailing costs included in the Standards of Quality (SOQ).

16. Notwithstanding any other provision in statute or in this Item, the Department of Education is directed to fund transportation costs using a 15 year replacement schedule, which is the national standard guideline, for school bus replacement schedule for the purpose of calculating funded transportation costs included in the Standards of Quality (SOQ).

17. To provide additional flexibility, notwithstanding the provisions of § 22.1-79.1, Code of Virginia, any school division that was granted a waiver regarding the opening date of the school year for the 2011-2012 school year under the good cause requirements shall continue to be granted a waiver for the 2024-2025 school year and the 2025-2026 school year.

B. General Conditions

1. The Standards of Quality cost in this Item related to fringe benefits shall be limited for instructional staff members to the employer's cost for a number not exceeding the number of instructional positions required by the Standards of Quality for each school division and for their salaries at the statewide prevailing salary levels as printed below.

Instructional Position	First Year Salary	Second Year Salary
Elementary Teachers	$61,514	$61,514
Elementary Assistant Principals	$84,990	$84,990
Elementary Principals	$105,277	$105,277
Secondary Teachers	$65,655	$65,655
Secondary Assistant Principals	$91,978	$91,978
Secondary Principals	$115,271	$115,271
Instructional Aides	$24,673	$24,673

a.1) Payment by the state to a local school division shall be based on the state share of fringe benefit costs of 55 percent of the employer's cost distributed on the basis of the composite index.

2) A locality whose composite index exceeds 0.8000 shall be considered as having an index of 0.8000 for purposes of distributing fringe benefit funds under this provision.

3) The state payment to each school division for retirement, social security, and group life insurance costs for non-instructional personnel is included in and distributed through Basic Aid.

b. Payments to school divisions from this Item shall be calculated using March 31 Average Daily Membership adjusted for half-day kindergarten programs.

c. Payments for health insurance fringe benefits are included in and distributed through Basic Aid.

2. Each locality shall offer a school program for all its eligible pupils which is acceptable to the Department of Education as conforming to the Standards of Quality program requirements.

3. In the event the statewide number of pupils in March 31 ADM results in a state share of cost exceeding the general fund appropriation in this Item, the locality's state share of Basic Aid shall be reduced proportionately so that this general fund appropriation will not be exceeded. In addition, the required local share of Basic Aid shall also be reduced proportionately to the reduction in the state's share.

4. The Department of Education shall make equitable adjustments in the computation of indices of wealth and in other state-funded accounts for localities affected by annexation, unless a court of competent jurisdiction makes such adjustments. However, only the indices of wealth and other state-funded accounts of localities party to the annexation will be adjusted.

5. In the event that the actual revenues from the state sales and use tax dedicated to public education and those sales tax revenues transferred to the general fund from the Public Education Standards of Quality/Local Real Estate Property Tax Relief Fund and appropriated in this Item (both of which are returned on the basis of the latest yearly estimate of school age population provided by the Weldon Cooper Center for Public Service) for sales in the fiscal year in which the school year begins are different from the number estimated as the basis for this appropriation, the estimated state sales and use tax revenues shall not be adjusted.

6. This appropriation shall be apportioned to the public schools with guidelines established by the Department of Education consistent with legislative intent as expressed in this act.

7.a. Appropriations of state funds in this Item include the number of positions required by the Standards of Quality. This Item includes a minimum of 51 professional instructional positions and aide positions (C 5); Education of the Gifted, 1.0 professional instructional position (C 6); Occupational-Vocational Education Payments and Special Education Payments; a minimum of 6.0 professional instructional positions and aide positions (C 7 and C 8) for each 1,000 pupils in March 31 ADM each year in support of the current Standards of Quality.

b. No actions provided in this section signify any intent of the General Assembly to mandate an increase in the number of instructional personnel per 1,000 students above the numbers explicitly stated in the preceding paragraph.

c. Appropriations in this Item include programs supported in part by transfers to the general fund from the Public Education Standards of Quality/Local Real Estate Property Tax Relief Fund pursuant to Part 3 of this Act. These transfers combined together with other appropriations from the general fund in this Item funds the state's share of the following revisions to the Standards of Quality pursuant to Chapters 939 & 955 of the Acts of Assembly of 2004: five elementary resource teachers per 1,000 students; one support technology position per 1,000 students; one instructional technology position per 1,000 students; and a full daily planning period for teachers at the middle and high school levels in order to relieve the financial pressure these education programs place on local real estate taxes.

d. To provide flexibility, school divisions may use the state and local funds for instructional technology resource teachers required by the Standards of Quality to employ a data coordinator position, an instructional technology resource teacher position, or a data coordinator/instructional resource teacher blended position. The data coordinator position is intended to serve as a resource to principals and classroom teachers in the area of data analysis and interpretation for instructional and school improvement purposes, as well as for overall data management and administration of state assessments. School divisions using these SOQ funds in this manner shall only employ instructional personnel licensed by the Board of Education.

e. To provide flexibility in the provision of reading intervention services, school divisions may use the state Early Reading Intervention initiative funding provided from the Lottery Proceeds Fund and the required local matching funds to employ reading specialists to provide the required reading intervention services. School divisions using the Early Reading Intervention Initiative funds in this manner shall only employ instructional personnel licensed by the Board of Education.

f. To provide flexibility in the provision of mathematics intervention services, school divisions may use the state Standards of Learning Algebra Readiness initiative funding provided from the Lottery Proceeds Fund and the required local matching funds to employ mathematics teacher specialists to provide the required mathematics intervention services. School divisions using the Standards of Learning Algebra Readiness initiative funding in this manner shall only employ instructional personnel licensed by the Board of Education.

g. Notwithstanding the provisions of subsection H 1 of § 22.1-253.13:2 of the Code of Virginia, each local school board shall employ, at a minimum, one full-time principal in each elementary school.

h. Notwithstanding the provisions of subsection G of § 22.1-253.13:2 of the Code of Virginia, school boards may employ other staff such as reading coaches or other instructional staff who are working towards obtaining the training and licensure requirements necessary to fulfill the reading specialist staffing standards.

8.a.1) Pursuant to § 22.1-97, Code of Virginia, the Department of Education is required to make calculations at the start of the school year to ensure that school divisions have appropriated adequate funds to support their estimated required local expenditure for the corresponding state fiscal year. In an effort to reduce the administrative burden on school divisions resulting from state data collections, such as the one needed to make the aforementioned calculations, the requirements of § 22.1-97, Code of Virginia, pertaining to the adequacy of estimated required local expenditures, shall be satisfied by signed certification by each division superintendent at the beginning of each school year that sufficient local funds have been budgeted to meet all state required local effort and required local match amounts. This provision shall only apply to calculations required of the Department of Education related to estimated required local expenditures and shall not pertain to the calculations associated with actual required local expenditures after the close of the school year.

2) The Department of Education shall also make calculations after the close of the school year to verify that the required local effort level, based on actual March 31 Average Daily Membership, was met. Pursuant to § 22.1-97, Code of Virginia, the Department of Education shall report annually, no later than the first day of the General Assembly session, to the House Committees on Education and Appropriations and the Senate Committees on Finance and Appropriations and Education and Health, the results of such calculations made after the close of the school year and the degree to which each school division has met, failed to meet, or surpassed its required local expenditure. The Department of Education shall specify the calculations to determine if a school division has expended its required local expenditure for the Standards of Quality. This calculation may include but is not limited to the following calculations:

b. The total expenditures for operation, defined as total expenditures less all capital outlays, expenditures for debt service, facilities, non-regular day school programs (such as adult education, preschool, and non-local education programs), and any transfers to regional programs will be calculated.

c. The following state funds will be deducted from the amount calculated in paragraph a. above: revenues from the state sales and use tax (returned on the basis of the latest yearly estimate of school age population provided by the Weldon Cooper Center for Public Service, as specified in this Item) for sales in the fiscal year in which the school year begins; total receipts from state funds (except state funds for non-regular day school programs and state funds used for capital or debt service purposes); and the state share of any balances carried forward from the previous fiscal year. Any qualifying state funds that remain unspent at the end of the fiscal year will be added to the amount calculated in paragraph a. above.

d. Federal funds, and any federal funds carried forward from the previous fiscal year, will also be deducted from the amount calculated in paragraph a. above. Any federal funds that remain unspent at the end of the fiscal year and any capital expenditures paid from federal funds will be added to the amount calculated in paragraph a. above.

e. Tuition receipts, receipts from payments from other cities or counties, and fund transfers will also be deducted from the amount calculated in paragraph a, then

f. The final amount calculated as described above must be equal to or greater than the required local expenditure defined in paragraph A. 5.

g. The Department of Education shall collect the data necessary to perform the calculations of required local expenditure as required by this section.

h. A locality whose expenditure in fact exceeds the required amount from local funds may not reduce its expenditures unless it first complies with all of the Standards of Quality.

9.a. Any required local matching funds which a locality, as of the end of a school year, has not expended, pursuant to this Item, for the Standards of Quality shall be paid by the locality into the general fund of the state treasury. Such payments shall be made not later than the end of the school year following that in which the under expenditure occurs.

b. Whenever the Department of Education has recovered funds as defined in the preceding paragraph a., the Secretary of Education is authorized to repay to the locality affected by that action, seventy-five percent (75%) of those funds upon his determination that:

1) The local school board agrees to include the funds in its June 30 ending balance for the year following that in which the under expenditure occurs;

2) The local governing body agrees to reappropriate the funds as a supplemental appropriation to the approved budget for the second year following that in which the under expenditure occurs, in an appropriate category as requested by the local school board, for the direct benefit of the students;

3) The local school board agrees to expend these funds, over and above the funds required to meet the required local expenditure for the second year following that in which the under expenditure occurs, for a special project, the details of which must be furnished to the Department of Education for review and approval;

4) The local school board agrees to submit quarterly reports to the Department of Education on the use of funds provided through this project award; and

5) The local governing body and the local school board agree that the project award will be cancelled and the funds withdrawn if the above conditions have not been met as of June 30 of the second year following that in which the under expenditure occurs.

c. There is hereby appropriated, for the purposes of the foregoing repayment, a sum sufficient, not to exceed 75 percent of the funds deposited in the general fund pursuant to the preceding paragraph a.

10. The Department of Education shall specify the manner for collecting the required information and the method for determining if a school division has expended the local funds required to support the actual local match based on all Lottery and Incentive programs in which the school division has elected to participate. Unless specifically stated otherwise in this Item, school divisions electing to participate in any Lottery or Incentive

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program that requires a local funding match in order to receive state funding, shall certify to the Department of Education its intent to participate in each program by July 1 each fiscal year in a manner prescribed by the Department of Education. As part of this certification process, each division superintendent must also certify that adequate local funds have been appropriated, above the required local effort for the Standards of Quality, to support the projected required local match based on the Lottery and Incentive programs in which the school division has elected to participate. State funding for such program(s) shall not be made until such time that the school division can certify that sufficient local funding has been appropriated to meet required local match. The Department of Education shall make calculations after the close of the fiscal year to verify that the required local match was met based on the state funds that were received.

11. Any sum of local matching funds for Lottery and Incentive program which a locality has not expended as of the end of a fiscal year in support of the required local match pursuant to this Item shall be paid by the locality into the general fund of the state treasury unless the carryover of those unspent funds is specifically permitted by other provisions of this act. Such payments shall be made no later than the end of the school year following that in which the under expenditure occurred.

12. The Superintendent of Public Instruction shall provide a report annually, no later than the first day of the General Assembly session, on the status of teacher salaries, by local school division, to the Governor and the Chairs of the Senate Finance and Appropriations and House Appropriations Committees. In addition to information on average salaries by school division and statewide comparisons with other states, the report shall also include information on starting salaries by school division and average teacher salaries by school.

13. All state and local matching funds required by the programs in this Item shall be appropriated to the budget of the local school board.

14. By November 1 of each year, the Department of Planning and Budget, in cooperation with the Department of Education, shall prepare and submit a preliminary forecast of Standards of Quality expenditures, based upon the most current data available, to the Chairs of the House Appropriations and Senate Finance and Appropriations Committees. In odd-numbered years, the forecast for the current and subsequent two fiscal years shall be provided. In even-numbered years, the forecast for the current and subsequent fiscal year shall be provided. The forecast shall detail the projected March 31 Average Daily Membership and the resulting impact on the education budget.

15. Except as otherwise provided in this act, the Superintendent of Public Instruction shall provide guidelines for the distribution and expenditure of general fund appropriations and such additional federal, private and other funds as may be made available to aid in the establishment and maintenance of the public schools.

16. At the Department of Education's option, fees for audio-visual services may be deducted from state Basic Aid payments for individual local school divisions.

17. For distributions not otherwise specified, the Department of Education, at its option, may use prior year data to calculate actual disbursements to individual localities.

18. Payments for accounts related to the Standards of Quality made to localities for public education from the general fund, as provided herein, shall be payable in twenty-four semi-monthly installments at the middle and end of each month.

19. Notwithstanding § 58.1-638 D., Code of Virginia, and other language in this Item, the Department of Education shall, for purposes of calculating the state and local shares of the Standards of Quality, apportion state sales and use tax dedicated to public education and those sales tax revenues transferred to the general fund from the Public Education Standards of Quality/ Local Real Estate Property Tax Relief Fund in the first year based on the July 1, 2022, estimate of school age population provided by the Weldon Cooper Center for Public Service and, in the second year, based on the July 1, 2023, estimate of school age population provided by the Weldon Cooper Center for Public Service.

Notwithstanding § 58.1-638 D., Code of Virginia, and other language in this Item, the State Comptroller shall distribute the state sales and use tax revenues dedicated to public education and those sales tax revenues transferred to the general fund from the Public Education Standards of Quality/ Local Real Estate Property Tax Relief Fund in the first year based on the July 1, 2022, estimate of school age population provided by the Weldon Cooper Center for Public Service and, in the second year, based on the July 1, 2023, estimate of school age population provided by the Weldon Cooper Center for Public Service.

20. The school divisions within the Tobacco Region, as defined by the Tobacco Region Revitalization Commission, shall jointly explore ways to maximize their collective expenditure reimbursement totals for all eligible E-Rate funding.

21. This Item includes appropriations totaling an estimated $943,824,250 the first year and ~~$899,335,345~~ *$947,626,860* the second year from the revenues deposited to the Lottery Proceeds Fund. These amounts are appropriated for distribution to counties, cities, and towns to support public education programs pursuant to Article X, Section 7-A Constitution of Virginia. Any county, city, or town which accepts a distribution from this fund shall provide its portion of the cost of maintaining an educational program meeting the Standards of Quality pursuant to Section 2 of Article VIII of the Constitution without the use of distributions from the fund.

22. For reporting purposes, the Department of Education shall include Lottery Proceeds Funds as state funds.

23.a. Any locality that has met its required local effort for the Standards of Quality accounts for FY 2025 and that has met its required local match for incentive or Lottery-funded programs in which the locality elected to participate in FY 2025 may carry over into FY 2026 any remaining state Direct Aid to Public Education fund balances available to help minimize any FY 2026 revenue adjustments that may occur in state funding to that locality. Localities electing to carry forward such unspent state funds must appropriate the funds to the school division for expenditure in FY 2026.

b. Any locality that has met its required local effort for the Standards of Quality accounts for FY 2026 and that has met its required local match for incentive or Lottery-funded programs in which the locality elected to participate in FY 2026 may carry over into FY 2027 any remaining state Direct Aid to Public Education fund balances available to help minimize any FY 2027 revenue adjustments that may occur in state funding to that locality. Localities electing to carry forward such unspent state funds must appropriate the funds to the school division for expenditure in FY 2027.

24. Localities are encouraged to allow school boards to carry over any unspent local allocations into the next fiscal year. Localities are also encouraged to provide increased flexibility to school boards by appropriating state and local funds for public education in a lump sum.

25. The Department of Education shall include in the annual School Performance Report Card for school divisions the percentage of each division's annual operating budget allocated to instructional costs. For this report, the Department of Education shall establish a methodology for allocating each school division's expenditures to instructional and non-instructional costs in a manner that is consistent with the funding of the Standards of Quality as approved by the General Assembly.

26. It is the intent of the General Assembly that all school divisions annually provide their employees, upon request, with a user-friendly statement of total compensation, including contract duration if less than 12 months.

27. The Department of Education, in collaboration with the Virginia Community College System, will ensure that the same policies regarding the cost for dual enrollment courses held at a community college, are consistently applied to public school students and home-schooled students alike. These policies will clearly address the school division contributions and any student charges for dual enrollment courses, and will ensure that public school students and home-school students are treated in the same manner.

28. Each school division shall report each year to the Department of Education the individual uses for the prior year of the following funds prescribed by this item: (i) At-Risk Add-On and (ii) Early Reading Intervention. The Department shall prescribe the

format and timeline required for the reporting of such information, which shall include, permitted categories of spending, personnel, both state and local contributions, and to the extent possible, the individual schools which these funds were expended. The Department shall compile and submit this information to the Chairs of the House Appropriations and Senate Finance and Appropriations Committees no later than the first day of the General Assembly session.

29. Multidivision online providers, as defined in § 22.1-212.23, Code of Virginia, shall provide certain data as prescribed by the Department of Education related to students enrolled through a contract between such a provider and a school division, including such students who do not reside in the school division that is party to the contract. Such data shall include, but is not limited to, enrollment, which shall be disaggregated by serving school, demographics, attendance, achievement, and achievement gaps, and be transmitted in a format prescribed by the Department. The Department shall report such data annually through the School Quality Profiles in a manner that clearly disaggregates and communicates school quality information related to (i) the students that do not reside in the school division and are served through the contract, and (ii) all other students.

30. Each school division shall report to the Department of Education information on the use of funds appropriated in fiscal year 2024 for the Flexible Funding Supplement and on the use of pass-through federal Elementary and Secondary School Emergency Relief funds used since 2020. Such reporting shall specify amounts obligated and expensed based on reporting categories as prescribed by the Department of Education. School divisions also shall report how funds address performance gains or losses related to reading and mathematics and support preparation and implementation of the Virginia Literacy Act. The Department of Education shall compile this information and submit it to the Governor and the Chairs of the House Appropriations and Senate Finance and Appropriations Committee no later than October 1, 2024, 2025, and 2026.

31. a. Notwithstanding the provisions of subsection A of § 22.1-349.1, Code of Virginia, for the purpose of this Item and the College Partnership Laboratory School Fund, a "college partnership laboratory school" means a public, nonsectarian, nonreligious school in the Commonwealth established by a baccalaureate public institution of higher education.

b. Institutions not eligible for funding under paragraph B.31.a. of this Item may partner with a public baccalaureate institution of higher education in Virginia to operate a college partnership laboratory school if they wish to access funding from the College Partnership Laboratory School Fund. The public baccalaureate institution must have an approved college partnership laboratory school application to serve as the fiscal agent and partner by June 30, 2024. The Department of Education shall require resubmission of contracts to meet the fiscal agent and partnership requirements of this paragraph. The Department shall report to the Chairs of the Senate Finance and Appropriations and House Appropriations Committees of any submissions and prior contracts.

c. College partnership laboratory schools shall (i) reach financial sustainability by the end of their initial approval period as defined in § 22.1-349.8 of the Code of Virginia such that no additional state funding other than state funds received by a school division in support of Direct Aid for Public Education is required to support ongoing operations after the first contract renewal, and (ii) submit supporting information to the Board of Education demonstrating progress toward financial sustainability. The Board of Education shall report annually by November 1 to the Governor and Chairs of the House Appropriations and Senate Finance and Appropriations Committees on progress of college laboratory schools in meeting this financial sustainability requirement.

C. Apportionment

1. Subject to the conditions stated in this paragraph and in paragraph B of this Item, each locality shall receive sums as listed above within this program for the basic operation cost and payments in addition to that cost. The apportionment herein directed shall be inclusive of, and without further payment by reason of, state funds for library and other teaching materials.

2. School Employee Retirement Contributions

a. This Item provides funds to each local school board for the state share of the employer's retirement cost incurred by it, on behalf of instructional and support personnel, for subsequent transfer to the retirement allowance account as provided by Title 51.1, Chapter 1, Code of Virginia.

b. Notwithstanding § 51.1-1401, Code of Virginia, the Commonwealth shall provide payments for only the state share of the Standards of Quality fringe benefit cost of the retiree health care credit. This Item includes payments in both years based on the state share of fringe benefit costs of 55 percent of the employer's cost on funded Standards of Quality instructional and support positions, distributed based on the composite index of the local ability-to-pay.

c. The appropriation for school employee retirement contributions includes payments from funds derived from the principal of the Literary Fund in accordance with Article VIII, Section 8, of the Constitution of Virginia. The amounts set aside from the Literary Fund for this purpose shall not exceed $175,000,000 the second year.

3. School Employee Social Security Contributions

This Item provides funds to each local school board for the state share of the employer's Social Security cost incurred by it, on behalf of the instructional personnel for subsequent transfer to the Contribution Fund pursuant to Title 51.1, Chapter 7, Code of Virginia.

4. School Employee Insurance Contributions

This Item provides funds to each local school board for the state share of the employer's Group Life Insurance cost incurred by it on behalf of instructional personnel who participate in group insurance under the provisions of Title 51.1, Chapter 5, Code of Virginia.

5. Basic Aid Payments

a.1) A state share of the Basic Operation Cost, which cost per pupil in March 31 ADM is established individually for each local school division based on the number of instructional personnel required by the Standards of Quality and the statewide prevailing salary levels (adjusted in Planning District Eight for the cost of competing) as well as recognized support costs calculated on a prevailing basis for an estimated March 31 ADM.

2) This appropriation includes funding to recognize the common labor market in the Washington-Baltimore-Northern Virginia, DC-MD-VA-WV Combined Statistical Area. Standards of Quality salary payments for instructional and support positions in school divisions of the localities set out below have been adjusted for the equivalent portion of the Cost of Competing Adjustment (COCA) rates that are paid to local school divisions in Planning District Eight. For the counties of Stafford, Fauquier, Spotsylvania, Clarke, Warren, Frederick, and Culpeper and the Cities of Fredericksburg and Winchester, the SOQ payments for instructional and support positions have been increased by 25 percent each year of the COCA rates paid to school divisions in Planning District Eight.

The support COCA rate is 18.0 percent.

b. The state share for a locality shall be equal to the Basic Operation Cost for that locality less the locality's estimated revenues from the state sales and use tax and the Supplemental General Fund Payment In Lieu of Sales Tax on Food and Personal Hygiene Products (returned on the basis of the latest yearly estimate of school age population provided by the Weldon Cooper Center for Public Service, as specified in this Item), in the fiscal year in which the school year begins and less the required local expenditure.

c. For the purpose of this paragraph, the Department of Taxation's fiscal year sales and use tax estimates are as cited in this Item.

d. 1) In accordance with the provisions of § 37.2-713, Code of Virginia, the Department of Education shall deduct the locality's share for the education of handicapped pupils residing in institutions within the Department of Behavioral Health and Developmental Services from the locality's Basic Aid payments.

2) The amounts deducted from Basic Aid for the education of intellectually disabled

persons shall be transferred to the Department of Behavioral Health and Developmental Services in support of the cost of educating such persons; the amount deducted from Basic Aid for the education of emotionally disturbed persons shall be used to cover extraordinary expenses incurred in the education of such persons. The Department of Education shall establish guidelines to implement these provisions and shall provide for the periodic transfer of sums due from each local school division to the Department of Behavioral Health and Developmental Services and for Special Education categorical payments. The amount of the actual transfers will be based on data accumulated during the prior school year.

e. 1) The apportionment to localities of all driver education revenues received during the school year shall be made as an undesignated component of the state share of Basic Aid in accordance with the provisions of this Item. Only school divisions complying with the standardized program established by the Board of Education shall be entitled to participate in the distribution of state funds appropriated for driver education. The Department of Education will deduct a designated amount per pupil from a school division's Basic Aid payment when the school division is not in compliance with § 22.1-205 C, Code of Virginia. Such amount will be computed by dividing the current appropriation for the Driver Education Fund by actual March 31 ADM.

2) Local school boards may charge a per pupil fee for behind-the-wheel driver education provided, however, that the fee charged plus the per pupil basic aid reimbursement for driver education shall not exceed the actual average per pupil cost. Such fees shall not be cause for a pro rata reduction in Basic Aid payments to school divisions.

f. Textbooks

1) The appropriation in this Item includes $108,201,736 the first year and ~~$108,020,593~~ *$106,648,385* the second year from the general fund as the state's share of the cost of textbooks based on a per pupil amount of $160.14 the first year and $160.14 the second year. A school division shall appropriate these funds for textbooks or any other public education instructional expenditure by the school division. The state's distributions for textbooks shall be based on adjusted March 31 ADM. These funds shall be matched by the local government, based on the composite index of local ability-to-pay.

2) School divisions shall provide free textbooks to all students.

3) School divisions may use a portion of this funding to purchase Standards of Learning instructional materials. School divisions may also use these funds to purchase electronic textbooks or other electronic media resources integral to the curriculum and classroom instruction and the technical equipment required to read and access the electronic textbooks and electronic curriculum materials.

4) Any funds provided to school divisions for textbook costs that are unexpended as of June 30, 2025, or June 30, 2026, shall be carried on the books of the locality to be appropriated to the school division the following year to be used for same purpose. School divisions are permitted to carry forward any remaining balance of textbook funds until the funds are expensed for a qualifying purpose.

g. The one-cent state sales and use tax earmarked for education and the sales tax revenues transferred to the general fund from the Public Education Standards of Quality/Local Real Estate Property Tax Relief Fund and appropriated in this Item which are distributed to localities on the basis of the latest yearly estimate of school age population provided by the Weldon Cooper Center for Public Service as specified in this Item shall be reflected in each locality's annual budget for educational purposes as a separate revenue source for the current fiscal year.

h. The appropriation for the Standards of Quality for Public Education (SOQ) includes amounts estimated at $586,000,000 the first year and ~~$608,900,000~~ *$606,900,000* the second year from the amounts transferred to the general fund from the Public Education Standards of Quality/Local Real Estate Property Tax Relief Fund pursuant to Part 3 of this act which are derived from the 0.375 cent increase in the state sales and use tax levied pursuant to § 58.1-638, Code of Virginia. These additional funds are provided to local school divisions and local governments in order to relieve the financial pressure education programs place on local real estate taxes.

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i. From the total amounts in paragraph h. above, an amount estimated at $390,600,000 the first year and ~~$405,900,000~~ *$404,600,000* the second year (approximately 1/4 cent of sales and use tax) is appropriated to support a portion of the cost of the state's share of the following revisions to the Standards of Quality pursuant to Chapters 939 & 955 of the Acts of Assembly of 2004: five elementary resource teachers per 1,000 students; one support and one instructional technology position per 1,000 students; a full daily planning period for teachers at the middle and high school levels in order to relieve the pressure on local real estate taxes and shall be taken into account by the governing body of the county, city, or town in setting real estate tax rates.

j. From the total amounts in paragraph h. above, an amount estimated at $195,300,000 the first year and ~~$203,000,000~~ *$202,300,000* the second year (approximately 1/8 cent of sales and use tax) is appropriated in this Item to distribute the remainder of the revenues collected and deposited into the Public Education Standards of Quality/Local Real Estate Property Tax Relief Fund on the basis of the latest yearly estimate of school age population provided by the Weldon Cooper Center for Public Service as specified in this Item.

k. For the purposes of funding certain support positions in Basic Aid, a funding ratio methodology is used based upon 24 support positions per 1,000 ADM to funded SOQ instructional positions in the first year and 27.89 support positions per 1,000 ADM to funded SOQ instrucitonal positions in the second year. Such methodology shall not apply to the following SOQ support positions: division superintendent, school board members, pupil transportation positions, or specialized student support positions established in Chapter 454, 2021 Acts of Assembly, Special Session I.

6. Education of the Gifted Payments

a. An additional payment shall be disbursed by the Department of Education to local school divisions to support the state share of one full-time equivalent instructional position per 1,000 students in adjusted March 31 ADM.

b. Local school divisions are required to spend, as part of the required local expenditure for the Standards of Quality the established per pupil cost for gifted education (state and local share) on approved programs for the gifted.

7. Occupational-Vocational Education Payments

a. An additional payment shall be disbursed by the Department of Education to the local school divisions to support the state share of the number of Vocational Education instructors required by the Standards of Quality. These funds shall be disbursed on the same basis as the payment is calculated.

b. An amount estimated at $173,439,108 the first year and $174,563,383 the second year from the general fund included in Basic Aid Payments relates to vocational education programs in support of the Standards of Quality.

8. Special Education Payments

a. An additional payment shall be disbursed by the Department of Education to the local school divisions to support the state share of the number of Special Education instructors required by the Standards of Quality. These funds shall be disbursed on the same basis as the payment is calculated.

b. Out of the amounts for special education payments, general fund support is provided to fund the caseload standards for speech pathologists at 68 students for each year of the biennium.

c. In addition to the funds provided to support the state share of Special Education instructors in paragraphs a and b, an add-on payment shall be provided to support each special education student, based on a 4.75 percent add-on to basic aid per service Level I students and a 5.25 percent add-on to basic aid for Service Level II students, as defined in 8VAC20-81-10.

9. At Risk Add-On

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a. Out of this appropriation, $566,390,188 the first year and ~~$628,692,979~~ *$555,844,420* the second year from the general fund and $274,024,247 the first year and ~~$242,477,896~~ *$297,193,134* the second year from the Lottery Proceeds Fund is provided to distribute the state share of funds for the At-Risk Program. These payments shall be distributed based on the estimated number of At-Risk students, based on (1) the most recent three-year average Identified Student Percentage, applying a 1.25 multiplier factor , and (2) including one quarter of students identified as English language learners.

b. The At-Risk Program shall provide each school division the state share of an 11.0 percent basic-aid add-on per estimated At-Risk student. In addition, the program shall provide each school division the state share of a payment equal to a 0.0 to 37.0 percent basic-aid add-on per estimated At-Risk student, with each school division's add-on percentage determined based upon the school division's concentration of At-Risk students relative to all other school divisions. Funding shall be matched by the local government based on the composite index of local ability-to-pay.

c. These funds may be used for the purposes established in general law, including supporting programs and services for students who are educationally at risk, including prevention, intervention, or remediation activities required pursuant to Standard 1 (§ 22.1-253.13:1); teacher recruitment programs and incentives; targeted compensation adjustments to assist in recruiting and retaining experienced teachers in high poverty schools; Dropout Prevention; community and school-based truancy officer programs; Advancement Via Individual Determination (AVID); Project Discovery; programs for English language learners; the hiring of additional school counselors, testing coordinators, and licensed behavior analysts; programs relating to increasing the success of disadvantaged students in completing a high school degree and providing opportunities to encourage further education and training; and programs designed to reduce chronic absenteeism.

d. If the Board of Education has required a local school board to submit a corrective action plan pursuant to § 22.1-253.13:3, Code of Virginia, either for the school division pursuant to a division level review, or for any schools within its division that have been designated as not meeting the standards as approved by the Board of Education, the Superintendent of Public Instruction shall determine and report to the Board of Education whether each such local school board has met its obligation to develop and submit such corrective action plan(s) and is making adequate and timely progress in implementing the plan(s). Additionally, if an academic or other review process undertaken pursuant to § 22.1-253.13:3, Code of Virginia, has identified actions for a local school board to implement, the Superintendent of Public Instruction shall determine and report to the Board of Education whether the local school board has implemented required actions. If the Superintendent certifies that a local school board has failed or refused to meet any of those obligations as referenced in a memorandum of understanding between the local school board and the Board of Education, the Board of Education shall withhold payment of some or all At-Risk Add-On funds otherwise allocated to the affected division pursuant to this allocation for the pending fiscal year. In determining the amount of At-Risk Add-On funds to be withheld, the Board of Education shall take into consideration the extent to which such funds have already been expended or contractually obligated. The local school board shall be given an opportunity to correct its failure and, if successful in a timely manner, may have some or all of its At-Risk Add-On funds restored at the Board of Education's discretion.

10. Regional Alternative Education Programs

a. An additional state payment of $10,682,684 the first year and ~~$10,949,677~~ *$11,267,424* the second year from the Lottery Proceeds Fund shall be disbursed for Regional Alternative Education programs. Such programs shall be for the purpose of educating certain expelled students and, as appropriate, students who have received suspensions from public schools and students returned to the community from the Department of Juvenile Justice.

b. Each regional program shall have a small student/staff ratio. Such staff shall include, but not be limited to education, mental health, health, and law enforcement professionals, who will collaborate to provide for the academic, psychological, and social needs of the students. Each program shall be designed to ensure that students make the transition back into the "mainstream" within their local school division.

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c.(i) Regional alternative education programs are funded through this Item based on the state's share of the incremental per pupil cost for providing such programs. This incremental per pupil payment shall be adjusted for the composite index of local ability-to-pay of the school division that counts such students attending such program in its March 31 Average Daily Membership. It is the intent of the General Assembly that this incremental per pupil amount be in addition to the basic aid per pupil funding provided to the affected school division for such students. Therefore, local school divisions are encouraged to provide the appropriate portion of the basic aid per pupil funding to the regional programs for students attending these programs, adjusted for costs incurred by the school division for transportation, administration, and any portion of the school day or school year that the student does not attend such program.

(ii) In the event a school division does not use all of the student slots it is allocated under this program, the unused slots may be reallocated or transferred to another school division.

(a) A school division must request from the Department of Education the availability and possible use of any unused student slots. If any unused slots are available and if the requesting school division chooses to utilize any of the unused slots, the requesting school division shall only receive the state's share of tuition for the unused slot that was allocated in this Item for the originally designated school division.

(b) However, no requesting school division shall receive more tuition funding from the state for any requested unused slot than what would have been the calculated amount for the requesting school division had the unused slot been allocated to the requesting school division in the original budget. Furthermore, the requesting school division shall pay for any remaining tuition payment necessary for using a previously unused slot.

(c) The Department of Education shall provide assistance for the state share of the incremental cost of Regional Alternative Education program operations based on the composite index of local ability-to-pay.

d. Out of the appropriation included in paragraph C.38. of this item, $549,281 the first year and $1,115,929 the second year from the Lottery Proceeds Fund is provided for a compensation supplement payment equal to 3.0 percent of base pay on July 1, 2024, and 3.0 percent of base pay on July 1, 2025, for Regional Alternative Education Program instructional and support positions.

e. In the second year, the Department of Education shall conduct a biennial application process to determine the slot allocation of the regional alternative education program for the subsequent biennium. Each school division, or the fiscal agent for each regional program, shall apply for the desired number of student slots from the statewide total number of slots funded in the state formula. The approved number of slots shall be set for both years of the biennium. The Department of Education shall prorate initial application requests if the initial application demand for slots exceeds the number of slots available. In each fiscal year, the Department of Education shall reallocate any unused student slots as prescribed in this item.

f. Out of the appropriation included in paragraph C.44.b. of this item, $397,907 the second year from the Lottery Proceeds Fund is included in the Regional Alternative Education Program funding allocation for a one-time bonus payment equal to $1,500 on June 1, 2026, for Regional Alternative Education Program instructional and support positions. Any funds appropriated for this purpose may be carried on the books of the program to be appropriated for the same purpose in Fiscal Year 2027.

11. Remedial Summer School

a. This appropriation includes $33,444,383 the first year and ~~$34,291,832~~ *$30,295,646* the second year from the general fund for the state's share of Remedial Summer School Programs. These funds are available to school divisions for the operation of programs designed to remediate students who are required to attend such programs during a summer school session or during an intersession in the case of year-round schools. These funds may be used in conjunction with other sources of state funding for remediation or intervention. School divisions shall have maximum flexibility with respect to the use of these funds and the types of remediation programs offered; however, in exercising this

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flexibility, students attending these programs shall not be charged tuition and no high school credit may be awarded to students who participate in this program.

b. For school divisions charging students tuition for summer high school credit courses, consideration shall be given to students from households with extenuating financial circumstances who are repeating a class in order to graduate.

12. K-3 Primary Class Size Reduction Payments

a. An additional payment estimated at $156,375,875 the first year and ~~$163,084,946~~ *$150,917,871* the second year from the Lottery Proceeds Fund shall be disbursed by the Department of Education as an incentive for reducing class sizes in the primary grades.

b. The Department of Education shall calculate the payment based on the incremental cost of providing the lower class sizes based on the lower of the division average per pupil cost of all divisions or the actual division per pupil cost.

c. Localities are required to provide a match for these funds based on the composite index of local ability-to-pay.

d. By October 15 of each year school divisions must provide data to the Department of Education that each participating school has a September 30 pupil/teacher ratio in grades K through 3 that meet the following criteria:

Qualifying School Percentage of Students Approved Eligible for Free Lunch, Three-Year Average	**Grades K-3 School Ratio**	**Maximum Individual K-3 Class Size**
30% but less than 45%	19 to 1	24
45% but less than 55%	18 to 1	23
55% but less than 65%	17 to 1	22
65% but less than 70%	16 to 1	21
70% but less than 75%	15 to 1	20
75% or more	14 to 1	19

e. School divisions may elect to have eligible schools participate at a higher ratio, or only in a portion of grades kindergarten through three, with a commensurate reduction of state and required local funds, if local conditions do not permit participation at the established ratio and/or maximum individual class size. In the event that a school division requires additional actions to ensure participation at the established ratio and/or maximum individual class size, such actions must be completed by December 1 of the impacted school year. Special education teachers and instructional aides shall not be counted towards meeting these required pupil/teacher ratios in grades kindergarten through three.

f. The Superintendent of Public Instruction may grant waivers to school divisions for the class size requirement in eligible schools that have only one class in an affected grade level in the school.

13. Literary Fund Subsidy Program Payments

a. The Department of Education and the Virginia Public School Authority (VPSA) shall provide a program of funding for school construction and renovation through the Literary Fund and through VPSA bond sales. Notwithstanding 8VAC-20-100, the program shall be used to provide funds, through Literary Fund loans and subsidies, and through VPSA bond sales, to fund a portion of the projects submitted by localities during the annual open enrollment process, or other critical projects that may receive priority as identified by the Board of Education. Interest rate subsidies will provide school divisions with the present value difference in debt service between a Literary Fund loan and a borrowing through the VPSA. To qualify for an interest rate subsidy, the school division's project must be eligible for a Literary Fund loan and shall be subject to the same restrictions. The VPSA shall work with the Department of Education in selecting those projects to be funded through the interest rate subsidy/bond financing program, so as to ensure the maximum leverage of Literary Fund moneys and a minimum impact on the VPSA Bond Pool.

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b. Notwithstanding §§ 22.1-146.1 through 22.1-153, Code of Virginia, and 8VAC-20-100, the Board of Education shall: 1) issue loans from the designated and uncommitted balances of the Literary Fund to the school boards of local school divisions that apply for such loans, authorized by the governing body and the school board, for the purposes of a) erecting, altering, or enlarging school buildings in local school divisions, or b) refinancing or redemption of negotiable notes, bonds, and other evidences of indebtedness or obligations incurred by a locality on behalf of a school division which has an application for a Literary Fund loan for an approved school project pending before the Board of Education; 2) establish a maximum Literary Fund loan amount per project of $25.0 million; 3) in consultation with the Department of Treasury, establish loan interest rates that are benchmarked to a market index on an annual basis for all tiers of localities and provide interest rates that are reasonably below such market index; 4) replace the existing First Priority and Second Priority waiting lists with an annual open enrollment process for loans, with priority based on the local composite index of ability-to-pay; and 5) offer a loan add-on not to exceed $5.0 million per loan for projects that will result in school consolidation and the net reduction of at least one existing school. The Department of Education, in cooperation with the Department of the Treasury, shall provide an update on Literary Fund loan issuance to the Governor and the Chairs of the House Appropriations and Senate Finance and Appropriations Committees by October 1 each year. This report shall include detail of: 1) loan applications received in the prior fiscal year by locality, project, and amount; 2) loans issued in the prior fiscal year by locality, project, and amount; 3) the schedule of loan interest rates and the basis for those rates; 4) loans issued for school consolidation projects and the projected impact of those school consolidations; and 5) the impact of loans issued to date on the Literary Fund cash balance, outstanding loan balance, and projected asset base.

c. The Board of Education may offer up to ~~$200,000,000 the first year and up to $50,000,000 the second year~~ *$78,000,000* from the Literary Fund in school construction loans, subject to the availability of funds. Amounts designated for school construction loans that are not obligated in the first year may be obligated in the second year. In addition, the Department of Education may offer Literary Fund loans from the uncommitted balances of the Literary Fund after meeting the obligations of the interest rate subsidy sales and the amounts set aside from the Literary Fund for Debt Service Payments for Education Technology and Security Equipment in this Item.

d. 1) In the event that on any scheduled payment date of bonds of the Virginia Public School Authority (VPSA) authorized under the provisions of a bond resolution adopted subsequent to June 30, 1997, issued subsequent to June 30, 1997, and not benefiting from the provisions of either § 22.1-168 (iii), (iv), and (v), Code of Virginia, or § 22.1-168.1, Code of Virginia, the sum of (i) the payments on general obligation school bonds of cities, counties, and towns (localities) paid to the VPSA and (ii) the proceeds derived from the application of the provisions of § 15.2-2659, Code of Virginia, to such bonds of localities, is less than the debt service due on such bonds of the VPSA on such date, there is hereby appropriated to the VPSA, first, from available moneys of the Literary Fund and, second, from the general fund a sum equal to such deficiency.

2) The Commonwealth shall be subrogated to the VPSA to the extent of any such appropriation paid to the VPSA and shall be entitled to enforce the VPSA's remedies with respect to the defaulting locality and to full recovery of the amount of such deficiency, together with interest at the rate of the defaulting locality's bonds.

e. The chairman of the Board of Commissioners of the VPSA shall, on or before November 1 of each year, make and deliver to the Governor and the Secretary of Finance a certificate setting forth his estimate of total debt service during each fiscal year of the biennium on bonds of the VPSA issued and projected to be issued during such biennium pursuant to the bond resolution referred to in paragraph a above. The Governor's budget submission each year shall include provisions for the payment of debt service pursuant to paragraph 1) above.

14. Educational Technology Payments

a. Any unobligated amounts transferred to the educational technology fund shall be disbursed on a pro rata basis to localities. The additional funds shall be used for

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technology needs identified in the division's technology plan approved by the Department of Education.

b. The Department of Education shall authorize estimated amounts as indicated in Table 1 from the Literary Fund to provide debt service payments for the education technology grant program conducted through the Virginia Public School Authority in the referenced years.

Table 1

Grant Year	FY 2025	FY 2026
2020	$11,392,500	
2021	$11,356,600	$11,351,600
2022	$12,068,000	$12,066,750
2023	$12,040,000	$12,044,750
2024	$12,223,431	$12,222,500
2025		~~$12,939,920~~ *$12,219,438*

c. It is the intent of the General Assembly to authorize sufficient Literary Fund revenues to pay debt service on the Virginia Public School Authority bonds or notes authorized for education technology grant programs. In developing the proposed 2026-2028, 2028-2030, and 2030-2032 biennial budgets for public education, the Department of Education shall include a recommendation to the Governor to authorize sufficient Literary Fund revenues to make debt service payments for these programs in fiscal years 2027, 2028, 2029, 2030, and 2031.

d. 1) An education technology grant program shall be conducted through the Virginia Public School Authority, through the issuance of equipment notes in an amount estimated at $55,764,000 in fiscal year 2025 and ~~$55,924,000~~*$55,582,000* in fiscal year 2026. Proceeds of the notes will be used to establish a computer-based instructional and testing system for the Standards of Learning (SOL) and to develop the capability for high speed Internet connectivity at high schools followed by middle schools followed by elementary schools. School divisions shall use these funds first to develop and maintain the capability to support the administration of online SOL testing for all students with the exception of students with a documented need for a paper SOL test.

2) Grant funds from the issuance of $55,764,000 in fiscal year 2025 and ~~$55,924,000~~ *$55,582,000* in fiscal year 2026 in equipment notes are based on a grant of $26,000 per school and $50,000 per school division. For purposes of this grant program, eligible schools shall include schools that are subject to state accreditation and reporting membership in grades K through 12 as of September 30, 2024, for the fiscal year 2025 issuance, and September 30, 2025, for the fiscal year 2026 issuance, as well as regional vocational centers, special education centers, alternative education centers, regular school year Governor's Schools, CodeRVA Regional High School, and the School for the Deaf and the Blind. Schools that serve only pre-kindergarten students shall not be eligible for this grant.

3. a.) Supplemental grants shall be allocated to eligible divisions to support schools that are not fully accredited in accordance with this paragraph. Schools that include a ninth grade that administer SOL tests in Spring 2024 and that are not fully accredited for the second consecutive year, based on school accreditation ratings in effect for fiscal year 2024 and fiscal year 2025 will qualify to participate in the Virginia e-Learning Backpack Initiative in fiscal year 2025 and receive: (1) a supplemental grant of $400 per student reported in ninth grade fall membership in a qualifying school for the purchase of a laptop or tablet for that student and (2) a supplemental grant of $2,400 per qualifying school to purchase two content creation packages for teachers. Schools eligible to receive this supplemental grant in fiscal year 2025 shall continue to receive the grant for the number of subsequent years equaling the number of grades 9 through 12 in the qualifying school up to a maximum of four years. Schools that administer SOL tests in Spring 2025 and that are not fully accredited for the second consecutive year based on school accreditation ratings in effect for fiscal year 2025 and fiscal year 2026 will qualify to participate in the initiative in fiscal year 2026. Schools eligible for the supplemental grants in previous fiscal years shall continue to be eligible for the remaining years of their grant award. Schools eligible to receive this supplemental grant in fiscal year 2026 shall continue to receive the grant for the number of subsequent years equaling the

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number of grades 9 through 12 in the qualifying school up to a maximum of four years. Grants awarded to qualifying schools that do not have grades 10, 11, or 12 may transition with the students to the primary receiving school for all years subsequent to grade 9. Schools are eligible to receive these grants for a period of up to four years and shall not be eligible to receive a separate award in the future once the original award period has concluded. Schools that are fully accredited or that are new schools with conditional accreditation in their first year shall not be eligible to receive this supplemental grant.

b.) Supplemental grants allocated to school divisions for participation in the Virginia e-Learning Backpack Initiative prior to fiscal year 2017 shall be used in eligible schools for (1) the purchase of a laptop or tablet for a student reported in ninth grade fall membership, and (2) the purchase of two content creation packages for teachers per grant. The amounts for such grants shall remain unchanged.

4) Required local match:

a) Localities are required to provide a match for these funds equal to 20 percent of the grant amount, including the supplemental grants provided pursuant to paragraph g. 5). At least 25 percent of the local match, including the match for supplemental grants, shall be used for teacher training in the use of instructional technology, with the remainder spent on other required uses. The Superintendent of Public Instruction is authorized to reduce the required local match for school divisions with a composite index of local ability-to-pay below 0.2000. The Virginia School for the Deaf and the Blind is exempt from the match requirement.

b) School divisions that administer 100 percent of SOL tests online in all elementary, middle, and high schools may use up to 75 percent of their required local match to purchase targeted technology-based interventions. Such interventions may include the necessary technology and software to support online learning, technology-based content systems, content management systems, technology equipment systems, information and data management systems, and other appropriate technologies that support the individual needs of learners. School divisions that receive supplemental grants pursuant to paragraph g.5) above shall use the funds in qualifying schools to purchase laptops and tablets for ninth grade students reported in fall membership and content creation packages for teachers.

5) The goal of the education technology grant program is to improve the instructional, remedial, and testing capabilities of the Standards of Learning for local school divisions and to increase the number of schools achieving full accreditation.

6) Funds shall be used in the following manner:

a) Each division shall use funds to reach a goal, in each high school, of: (1) a 5-to-1 student to computer ratio; (2) an Internet-ready local area network (LAN) capability; and (3) high speed access to the Internet. School connectivity (computers, LANs and network access) shall include sufficient download/upload capability to ensure that each student will have adequate access to Internet-based instructional, remedial and assessment programs.

b) When each high school in a division meets the goals established in paragraph a) above, the remaining funds shall be used to develop similar capability in first the middle schools and then the elementary schools.

c) For purposes of establishing or enhancing a computer-based instructional program supporting the Standards of Learning pursuant to paragraph g. 1) above, these grant funds may be used to purchase handheld multifunctional computing devices that support a broad range of applications and that are controlled by operating systems providing full multimedia support and mobile Internet connectivity. School divisions that elect to use these grant funds to purchase such qualifying handheld devices must continue to meet the on-line testing requirements stated in paragraph g. 1) above.

d) School divisions shall be eligible to receive supplemental grants pursuant to paragraph g.5) above. These supplemental grants shall be used in qualifying schools for the purchase of laptops and tablets for ninth grade students reported in fall membership and content creation packages for teachers. Participating school divisions will be required to select a core set of electronic textbooks, applications and online services for productivity, learning management, collaboration, practice, and assessment to be included on all devices. In addition, participating school divisions will assume recurring costs for electronic textbook purchases and maintenance.

e) Pursuant to § 15.2-1302, Code of Virginia, and in the event that two or more school divisions became one school division, whether by consolidation of only the school divisions or by consolidation of the local governments, such resulting division shall be provided funding through this program on the basis of having the same number of school divisions as existed prior to September 30, 2000.

7) Local school divisions shall maximize the use of available federal funds, including E-Rate Funds, and to the extent possible, use such funds to supplement the program and meet the goals of this program.

e. The Department of Education shall maintain criteria to determine if high schools, middle schools, or elementary schools have the capacity to meet the goals of this initiative. The Department of Education shall be responsible for the project management of this program.

f. 1) In the event that, on any scheduled payment date of bonds or notes of the Virginia Public School Authority (VPSA) issued for the purpose described in § 22.1-166.2, Code of Virginia, and not benefiting from the provisions of either § 22.1-168 (iii), (iv) and (v), Code of Virginia, or § 22.1-168.1, Code of Virginia, the available moneys in the Literary Fund are less than the amounts authorized for debt service due on such bonds or notes of the VPSA on such date, there is hereby appropriated to the VPSA from the general fund a sum equal to such deficiency.

2) The Chairman of the Board of Commissioners of the VPSA shall, on or before November 1 of each year, make and deliver to the Governor and the Secretary of Finance a certificate setting forth his estimate of total debt service during each fiscal year of the biennium on bonds and notes of the VPSA issued and projected to be issued during such biennium pursuant to the resolution referred to in paragraph 1) above. The Governor's budget submission each year shall include provisions for the payment of debt service pursuant to paragraph 1) above.

g. Unobligated proceeds of the notes, including investment income derived from the proceeds of the notes may be used to pay interest on, or to decrease principal of the notes or to fund a portion of such other educational technology grants as authorized by the General Assembly.

h. 1) For the purposes of § 56-232, Code of Virginia, "Contracts of Telephone Companies with State Government" and for the purposes of § 56-234 "Contracts for Service Rendered by a Telephone Company for the State Government" shall be deemed to include communications lines into public schools which are used for educational technology. The rate structure for such lines shall be negotiated by the Superintendent of Public Instruction and the Chief Information Officer of the Virginia Information Technologies Agency. Further, the Superintendent and Director are authorized to encourage the development of "by-pass" infrastructure in localities where it fails to obtain competitive prices or prices consistent with the best rates obtained in other parts of the state.

2) The State Corporation Commission, in its consideration of the discount for services provided to elementary schools, secondary schools, and libraries and the universal service funding mechanisms as provided under § 254 of the Telecommunications Act of 1996, is hereby encouraged to make the discounts for intrastate services provided to elementary schools, secondary schools, and libraries for educational purposes as large as is prudently possible and to fund such discounts through the universal fund as provided in § 254 of the Telecommunications Act of 1996. The commission shall proceed as expeditiously as possible in implementing these discounts and the funding mechanism for intrastate services, consistent with the rules of the Federal Communications Commission aimed at the preservation and advancement of universal service.

15. Security Equipment Payments

1) A security equipment grant program shall be conducted through the Virginia Public School Authority, through the issuance of equipment notes in an amount estimated at up to

$12,000,000 in fiscal year 2025 and $12,000,000 in fiscal year 2026 in conjunction with the Virginia Public School Authority technology notes program authorized in C.12. of this Item. Proceeds of the notes will be used to help offset the related costs associated with the purchase of appropriate security equipment that will improve and help ensure the safety of students attending public schools in Virginia.

2) The Department of Education shall authorize estimated amounts as indicated in Table 1 from the Literary Fund to provide debt service payments for the security equipment grant programs conducted through the Virginia Public School Authority in the referenced years.

Table 1

Grant Year	FY 2025	FY 2026
2020	$2,430,750	
2021	$2,424,400	$2,428,400
2022	$2,581,250	$2,579,750
2023	$2,583,000	$2,581,750
2024	$2,626,373	$2,625,250
2025		~~$2,768,425~~ *$2,628,875*

3) It is the intent of the General Assembly to authorize sufficient Literary Fund revenues to pay debt service on the Virginia Public School Authority bonds or notes authorized for this program. In developing the proposed 2026-2028, 2028-2030, and 2030-2032 biennial budgets for public education, the Department of Education shall include a recommendation to the Governor to authorize sufficient Literary Fund revenues to make debt service payments for these programs in fiscal years 2027, 2028, 2029, 2030, and 2031.

4) In the event that, on any scheduled payment date of bonds or notes of the Virginia Public School Authority issued for the purpose described in § 22.1-166.2, Code of Virginia, and not benefiting from the provisions of either § 22.1-168 (iii), (iv) and (v), Code of Virginia, or § 22.1-168.1, Code of Virginia, the available moneys in the Literary Fund are less than the amounts authorized for debt service due on such bonds or notes on such date, there is hereby appropriated to the Virginia Public School Authority from the general fund a sum equal to such deficiency.

5) The Chairman of the Board of Commissioners of the Virginia Public School Authority shall, on or before November 1 of each year, deliver to the Governor and the Secretary of Finance a certificate setting forth his estimate of total debt service during each fiscal year of the biennium on bonds and notes issued and projected to be issued during such biennium. The Governor's budget submission each year shall include provisions for the payment of debt service pursuant to paragraph 1) above.

6) Grant award funds from the issuance of up to $12,000,000 in fiscal year 2025 and $12,000,000 in fiscal year 2026 in equipment notes shall be distributed to eligible school divisions. The grant awards will be based on a competitive grant basis of up to $250,000 per school division. School divisions will be permitted to apply annually for grant funding. For purposes of this program, eligible schools shall include schools that are subject to state accreditation and reporting membership in grades K through 12 as of September 30, 2024, for the fiscal year 2025 issuance, and September 30, 2025, for the fiscal year 2026 issuance, as well as regional vocational centers, special education centers, alternative education centers, regular school year Governor's Schools, and the Virginia School for the Deaf and the Blind.

7) School divisions would submit their application to Department of Education by August 1 of each year based on the criteria developed by the Department of Education in collaboration with the Department of Criminal Justice Services who will provide requested technical support. Furthermore, the Department of Education will have the authority to make such grant awards to such school divisions.

8) It is also the intent of the General Assembly that, beginning with fiscal year 2020, the total amount of the grant awards shall not exceed $60,000,000 over any ongoing revolving

five year period.

9) Required local match:

a) Localities are required to provide a match for these funds equal to 25 percent of the grant amount. The Superintendent of Public Instruction is authorized to reduce the required local match for school divisions with a composite index of local ability-to-pay below 0.2000. The Virginia School for the Deaf and the Blind is exempt from the match requirement.

b) Pursuant to § 15.2-1302, Code of Virginia, and in the event that two or more school divisions became one school division, whether by consolidation of only the school divisions or by consolidation of the local governments, such resulting division shall be provided funding through this program on the basis of having the same number of school divisions as existed prior to September 30, 2000.

c) Local school divisions shall maximize the use of available federal funds, including E-Rate Funds, and to the extent possible, use such funds to supplement the program and meet the goals of this program.

16. Early Reading Intervention Payments

a. An additional payment of $39,834,324 the first year and ~~$39,775,832~~ *$47,453,393* the second year from the Lottery Proceeds Fund shall be disbursed by the Department of Education to local school divisions for the purposes of providing early reading intervention services to students in grades kindergarten through 3 who demonstrate deficiencies based on their individual performance on diagnostic tests which have been approved by the Department of Education. The Department of Education shall review the tests of any local school board that requests authority to use a test other than the state-provided test to ensure that such local test uses criteria for the early diagnosis of reading deficiencies that are similar to those criteria used in the state-provided test. The Department of Education shall make the state-provided diagnostic test used in this program available to local school divisions. School divisions shall report the results of the diagnostic tests to the Department of Education on an annual basis at a time to be determined by the Superintendent of Public Instruction.

b. These payments shall be based on the state's share of the cost of providing two and one-half hours of additional instruction each week for an estimated number of students in each school division at a student to teacher ratio of five to one. The estimated number of students in each school division in each year shall be determined by multiplying the projected number of students reported in each school division's fall membership in grades kindergarten, 1, 2, and 3 by the percent of students who are determined to need services based on diagnostic tests administered in the most recent year that data is available in that school division.

c. These payments are available to any school division that certifies to the Department of Education that an intervention program will be offered to such students and that each student who receives an intervention will be assessed again at the end of that school year. At the beginning of the school year, local school divisions shall partner with the parents of those third grade students in the division who demonstrate reading deficiencies, discussing with them a developed plan for remediation and retesting. Such intervention programs, at the discretion of the local school division, may include, but not be limited to, the use of: special reading teachers; trained aides; full-time early literacy tutors; volunteer tutors under the supervision of a certified teacher; computer-based reading tutorial programs; aides to instruct in-class groups while the teacher provides direct instruction to the students who need extra assistance; or extended instructional time in the school day or year for these students. Localities receiving these payments are required to match these funds based on the composite index of local ability-to-pay.

d. In the event that a school division does not use the diagnostic test provided by the Department of Education in the year that serves as the basis for updating the funding formula for this program but has used it in past years, the Department of Education shall use the most recent data available for the division for the state-provided diagnostic test.

e. The results of all reading diagnostic tests and reading remediation shall be discussed with the student and the student's parent prior to the student being promoted to grade four.

f. Funds appropriated for Standards of Quality Remedial Summer School or At-Risk Add-On may also be used to meet the requirements of this program.

17. Standards of Learning Algebra Readiness Payments

a. An additional payment of $18,807,402 the first year and ~~$18,767,429~~ *$18,802,957* the second year from the Lottery Proceeds Fund shall be disbursed by the Department of Education to local school divisions for the purposes of providing math intervention services to students in grades 6, 7, 8 and 9 who are at-risk of failing the Algebra I end-of-course test, as demonstrated by their individual performance on diagnostic tests which have been approved by the Department of Education. These amounts reflect $200,000 the first year and $200,000 the second year apportioned to each school division to account for the cost of the diagnostic test. The Department of Education shall review the tests to ensure that such local test uses state-provided criteria for diagnosis of math deficiencies which are similar to those criteria used in the state-provided test. The Department of Education shall make the state-provided diagnostic test used in this program available to local school divisions. School divisions shall report the results of the diagnostic tests to the Department of Education on an annual basis at a time to be determined by the Superintendent of Public Instruction.

b. These payments shall be based on the state's share of the cost of providing two and one-half hours of additional instruction each week for an estimated number of students in each school division at a student to teacher ratio of ten to one. The estimate number of students in each school division shall be determined by multiplying the projected number of students reported in each school division's fall membership by the percent of students that qualify for the federal Free Lunch Program.

c. These payments are available to any school division that certifies to the Department of Education that an intervention program will be offered to such students and that each student who receives an intervention will be assessed again at the end of that school year. Localities receiving these payments are required to match these funds based on the composite index of local ability-to-pay.

18. English Learner Teacher Payments

A payment of $213,236,555 the first year and ~~$228,451,867~~ *$203,485,918* the second year from the general fund shall be disbursed by the Department of Education to local school divisions to support the state's share of professional instructional positions for English Learner teachers. Local school divisions shall provide a local match based on the composite index of local ability-to-pay. The number of such English Learner teacher positions required pursuant to the Standards of Quality are as established below:

EL Student Proficiency Level	SOQ Staffing Required
One	1 position per 20 EL students
Two	1 position per 30 EL students
Three	1 position per 40 EL students
Four	1 position per 50 EL students
All Other Identified EL Students	1 position per 100 EL students

To provide flexibility in implementing this new staffing standard in the first year, the number of English Learner teachers required for each school division for the first year shall be equal to the number of such teachers that were required during the 2023-2024 school year, plus one half of the additional positions required in the above table for the first year.

19. Special Education Instruction Payments

a. The Department of Education shall establish rates for all elements of Special Education Instruction Payments.

b. Out of the appropriations in this Item, the Department of Education shall make available, subject to implementation by the Superintendent of Public Instruction, an amount estimated at $95,778,547 the first year and $99,778,547 the second year from the Lottery Proceeds Fund for the purpose of the state's share of the tuition rates for approved

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public Special Education Regional Tuition school programs. Notwithstanding any contrary provision of law, the state's share of the tuition rates shall be based on the composite index of local ability-to-pay.

c. Out of the amounts for Financial Assistance for Categorical Programs, $41,386,161 the first year and $44,570,183 the second year from the general fund is appropriated to permit the Department of Education to enter into agreements with selected local school boards for the provision of educational services to children residing in certain hospitals, clinics, and detention homes by employees of the local school boards. The portion of these funds provided for educational services to children residing in local or regional detention homes shall only be determined on the basis of children detained in such facilities through a court order issued by a court of the Commonwealth. The selection and employment of instructional and administrative personnel under such agreements will be the responsibility of the local school board in accordance with procedures as prescribed by the local school board. State payments for the first year to the local school boards operating these programs will be based on certified expenditures from the fourth quarter of FY 2024 and the first three quarters of FY 2025. State payments for the second year to the local school boards operating these programs will be based on certified expenditures from the fourth quarter of FY 2025 and the first three quarters of FY 2026.

20. Vocational Education Instruction Payments

a. It is the intention of the General Assembly that the Department of Education explore initiatives that will encourage greater cooperation between jurisdictions and the Virginia Community College System in meeting the needs of public school systems.

b. This appropriation includes $1,800,000 the first year and $1,800,000 the second year from the Lottery Proceeds Fund for secondary vocational-technical equipment. A base allocation of $2,000 each year shall be available for all divisions, with the remainder of the funding distributed on the basis of student enrollment in secondary vocational-technical courses. State funds received for secondary vocational-technical equipment must be used to supplement, not supplant, any funds currently provided for secondary vocational-technical equipment within the locality. Local school divisions are not required to provide a local match in order to receive these state funds.

c.1) This appropriation includes an additional $2,000,000 the first year and $2,000,000 the second year from the Lottery Proceeds Fund to update vocational-technical equipment to industry standards providing students with classroom experience that translates to the workforce.

2) Of this amount, $1,400,000 the first year and $1,400,000 the second year is provided for vocational-technical equipment in high-demand, high-skill, and fast-growth industry sectors as identified by the Virginia Board of Workforce Development and based on data from the Bureau of Labor Statistics and the Virginia Employment Commission.

3) Of this amount, $600,000 the first year and $600,000 the second year will be awarded based on competitive innovative program grants for high-demand and fast-growth industry sectors with priority given to state-identified challenged schools, the Governor's Science Technology, Engineering, and Mathematics (STEM) academies, and the Governor's Health Science Academies.

d. This appropriation includes $1,831,464 the first year and $1,831,464 the second year from the Lottery Proceeds Fund to support the Path to Industry Certification program. Of this amount, $500,000 the first year and $500,000 the second year shall support credentialing testing materials for students and professional development for instructors in science, technology, engineering, and mathematics-health sciences (STEM-H) career and technical education programs.

21. Adult Education Payments

State funds shall be used to reimburse general adult education programs on a fixed cost per pupil or cost per class basis. No state funds shall be used to support vocational noncredit courses.

22. General Education Payments

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a. This appropriation includes $2,410,988 the first year and $2,410,988 the second year from the Lottery Proceeds Fund to support Race to GED. Out of this appropriation, $465,375 the first year and $465,375 the second year shall be used for PluggedIn VA.

b. This appropriation includes $1,387,240 the first year and $1,387,240 the second year from the Lottery Proceeds Fund to support Project Graduation and any associated administrative and contractual service expenditures related to this initiative.

23. Individual Student Alternative Education Program (ISAEP) Payments

Out of this appropriation, $2,247,581 the first year and $2,247,581 in the second year from the Lottery Proceeds Fund shall be provided for the secondary schools' Individual Student Alternative Education Program (ISAEP), pursuant to Chapter 488 and Chapter 552 of the 1999 Session of the General Assembly.

24. Foster Children Education Payments

a. An additional state payment is provided from the Lottery Proceeds Fund for the prior year's local operations costs, as determined by the Department of Education, for each pupil not a resident of the school division providing his education (a) who has been placed in foster care or other custodial care within the geographical boundaries of such school division by a Virginia agency, whether state or local, which is authorized under the laws of this Commonwealth to place children; (b) who has been placed in an orphanage or children's home which exercises legal guardianship rights; (c) who is a resident of Virginia and has been placed, not solely for school purposes, in a child-caring institution or group home; or (d) who is a student that was formerly in foster care upon reaching 18 years of age but who has not yet reached 22 years of age. For pupils included in subsection (d), the school division shall keep an accurate record of the number of days in which such child was enrolled in its public schools and shall be included in the division's certification provided to the Board of Education by July 1 each school year per § 22.1-101.1 C, Code of Virginia.

b. This appropriation provides $12,193,067 the first year and ~~$12,281,254~~ *$12,353,227* the second year from the Lottery Proceeds Fund to support children attending public school who have been placed in foster care or other such custodial care across jurisdictional lines, as provided by subsections A and B of § 22.1-101.1, Code of Virginia. To the extent these funds are not adequate to cover the full costs specified therein, the Department is authorized to expend unobligated balances in this Item for this support.

25. Sales Tax Payments

a. This is a sum-sufficient appropriation for distribution to counties, cities and towns a portion of net revenue from the state sales and use tax, in support of the Standards of Quality (Title 22.1, Chapter 13.2, Code of Virginia) (See the Attorney General's opinion of August 3, 1982).

b. Certification of payments and distribution of this appropriation shall be made by the State Comptroller.

c. The distribution of state sales tax funds shall be made in equal bimonthly payments at the middle and end of each month.

26. Adult Literacy Payments

a. Appropriations in this Item include $125,000 the first year and $125,000 the second year from the general fund for the ongoing literacy programs conducted by Mountain Empire Community College.

b. Out of this appropriation, the Department of Education shall provide $100,000 the first year and $100,000 the second year from the general fund for the Virginia Literacy Foundation grants to support programs for adult literacy including those delivered by community-based organizations and school divisions providing services for adults with 0-9th grade reading skills.

27. Governor's School Payments

a. Out of the amounts for Governor's School Payments, the Department of Education shall provide assistance for the state share of the incremental cost of regular school year Governor's Schools based on each participating locality's composite index of local ability-to-pay. Participating school divisions must certify that no tuition is assessed to students for participation in this program.

b.1) Out of the amounts for Governor's School Payments, the Department of Education shall provide assistance for the state share of the incremental cost of summer residential Governor's Schools and Foreign Language Academies to be based on the greater of the state's share of the composite index of local ability-to-pay or 50 percent. Participating school divisions must certify that no tuition is assessed to students for participation in this program if they are enrolled in a public school.

2) Out of the amounts for Governor's School Payments, $41,000 the first year and $41,000 the second year is provided to support the Hanover Regional Summer Governor's School for Career and Technical Advancement, which was established pursuant to Chapter 425, 2014 Acts of Assembly, and Chapter 665, 2015 Acts of Assembly.

c. For the Summer Governor's Schools and Foreign Language Academies programs, the Superintendent of Public Instruction is authorized to adjust the tuition rates, types of programs offered, length of programs, and the number of students enrolled in order to maintain costs within the available state and local funds for these programs.

d. It shall be the policy of the Commonwealth that state general fund appropriations not be used for capital outlay, structural improvements, renovations, or fixed equipment costs associated with initiation of existing or proposed Governor's schools. State general fund appropriations may be used for the purchase of instructional equipment for such schools, subject to certification by the Superintendent of Public Instruction that at least an equal amount of funds has been committed by participating school divisions to such purchases.

e. The Board of Education shall not take any action that would increase the state's share of costs associated with the Governor's Schools as set forth in this Item. This provision shall not prohibit the Department of Education from submitting requests for the increased costs of existing programs resulting from updates to student enrollment for school divisions currently participating in existing programs or for school divisions that begin participation in existing programs.

f.1) Regular school year Governor's Schools are funded through this Item based on the state's share of the incremental per pupil cost for providing such programs for each student attending a Governor's School up to a cap of 1,800 students per Governor's School in the first year and a cap of 1,800 students per Governor's School in the second year. This incremental per pupil payment shall be adjusted for the composite index of the school division that counts such students attending an academic year Governor's School in their March 31 Average Daily Membership. It is the intent of the General Assembly that this incremental per pupil amount be in addition to the basic aid per pupil funding provided to the affected school division for such students. Therefore, local school divisions are encouraged to provide the appropriate portion of the basic aid per pupil funding to the Governor's Schools for students attending these programs, adjusted for costs incurred by the school division for transportation, administration, and any portion of the day that the student does not attend a Governor's School.

2) Students attending a revolving Academic Year Governor's School program for only one semester shall be counted as 0.50 of a full-time equivalent student and will be funded for only fifty percent of the full-year funded per pupil amount. Funding for students attending a revolving Academic Year program will be adjusted based upon actual September 30th and January 30th enrollment each fiscal year. For purposes of this Item, revolving programs shall mean Academic Year Governor's School programs that admit students on a semester basis.

3) Students attending a continuous, non-revolving Academic Year Governor's School program shall be counted as a full-time equivalent student and will be funded for the full-year funded per pupil amount. Funding for students attending a continuous, non-revolving Academic Year Governor's School program will be adjusted based upon actual September 30th student enrollment each fiscal year. For purposes of this Item, continuous, non-revolving

programs shall mean Academic Year Governor's School programs that only admit students at the beginning of the school year. Fairfax County Public Schools shall not reduce local per pupil funding for the Thomas Jefferson Governor's School below the amounts appropriated for the 2003-2004 school year.

g. All regional Governor's Schools are encouraged to provide full-day grades 9 through 12 programs.

h. Out of the appropriation included in paragraph C.38. of this item, $811,727 the first year and ~~$1,722,016~~ *$1,737,049* the second year from the general fund is provided in the Academic Year Governor's School funding allocation to increase the per pupil amount as an add-on for a compensation supplement equal to 3.0 percent of base pay on July 1, 2024, and 3.0 percent of base pay on July 1, 2025, for Academic Year Governor's School instructional and support positions.

i. Each Academic Year Governor's School shall set diversity goals for its student body and faculty, develop a plan to meet said goals in collaboration with community partners at public meetings, and such goals and plan shall be published on the school's website. Each school shall submit a report to the Governor by October 1 of each year on its goals and status of implementing its plan, and such report shall be published on the school's website. The report shall include, but not be limited to the following: utilization of universal screenings in feeder divisions; admission processes in place or under consideration that promote access for historically underserved students; and outreach and communication efforts deployed to recruit historically underserved students. The report shall include the racial/ethnic make-up and socioeconomic diversity of its students, faculty, and applicants.

j. Out of the appropriation included in paragraph C.44.b. of this item, $902,372 the second year from the general fund is provided in the Academic Year Governor's School funding allocation to increase the per pupil amount as an add-on for a bonus payment equal $1,500 on June 1, 2026, for Academic Year Governor's School instructional and support positions. Any funds appropriated for this purpose may be carried on the books of the program to be appropriated for the same purpose in Fiscal Year 2027.

28. School Nutrition Payments

It is provided that, subject to implementation by the Superintendent of Public Instruction, no disbursement shall be made out of the appropriation for school nutrition to any locality in which the schools permit the sale of competitive foods in food service facilities or areas during the time of service of food funded pursuant to this Item.

29. School Breakfast Payments

a. Out of this appropriation, $11,456,532 the first year and ~~$12,619,194~~ *$11,132,810* the second year from the Lottery Proceeds Fund is included to continue a state funded incentive program to maximize federal school nutrition revenues and increase student participation in the school breakfast program. These funds are available to any school division as a reimbursement for breakfast meals served that are in excess of the baseline established by the Department of Education. The per meal reimbursement shall be $0.28; however, the department is authorized, but not required to reduce this amount proportionately in the event that the actual number of meals to be reimbursed exceeds the number on which this appropriation is based so that this appropriation is not exceeded.

b. In order to receive these funds, school divisions must certify that these funds will be used to supplement existing funds provided by the local governing body and that local funds derived from sources that are not generated by the school nutrition programs have not been reduced or eliminated. The funds shall be used to improve student participation in the school breakfast program. These efforts may include, but are not limited to, reducing the per meal price paid by students, reducing competitive food sales in order to improve the quality of nutritional offerings in schools, increasing access to the school breakfast program, or providing programs to increase parent and student knowledge of good nutritional practices. In no event shall these funds be used to reduce local tax revenues below the level appropriated to school nutrition programs in the prior year. Further, these funds must be provided to the school nutrition programs and may not be used for any other school purpose.

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c.1) Out of this appropriation, $1,074,000 the first year and $1,074,000 the second year from the general fund is provided to fund an After-the-Bell Model breakfast program available on a voluntary basis to elementary, middle, and high schools where student eligibility for free or reduced lunch exceeds 45.0 percent for the participating eligible school, and to provide additional reimbursement for eligible meals served in the current traditional school breakfast program at all grade levels in any participating school. The Department of Education is directed to ensure that only eligible schools receive reimbursement funding for participating in the After-the-Bell school breakfast model. The schools participating in the program shall evaluate the educational impact of the models implemented that provide school breakfasts to students after the first bell of the school day, based on the guidelines developed by the Department of Education and submit the required report to the Department of Education no later than August 31 each year.

2) The Department of Education shall communicate, through Superintendent's Memo, to school divisions the types of breakfast serving models and the criteria that will meet the requirements for this State reimbursement, which may include, but are not limited to, breakfast in the classroom, grab and go breakfast, or a breakfast after first period. School divisions may determine the breakfast serving model that best applies to its students, so long as it occurs after the instructional day has begun. The Department of Education shall monthly transfer to each school division a reimbursement rate of $0.05 per breakfast meal that meets either of the established criteria in elementary schools and a reimbursement rate of $0.10 per breakfast meal that meets either of the established criteria in middle or high schools.

3) No later than July 1 each year, the Department of Education shall provide for a breakfast program application process for school divisions with eligible schools, including guidelines regarding specified required data to be compiled from the prior school year or years and for the upcoming school year program. The number of approved applications shall be based on the estimated number of sites that can be accommodated within the approved funding level. The Department of Education shall set criteria for establishing priority should the number of applications from eligible schools exceed the approved funding level. The reporting requirements must include: chronic absenteeism rates, student attendance and tardy arrivals, office discipline referrals, student achievement measures, teachers' and administrators' responses to the impact of the program on student hunger, student attentiveness, and overall classroom learning environment before and after implementation, and the financial impact on the division's school food program. Funded schools that do not provide data by August 31 are subject to exclusion from funding in the following year. The Department of Education shall collect and compile the results of the breakfast program and shall submit the report to the Governor and the Chairs of the House Appropriations and Senate Finance and Appropriations Committees no later than November 1 following each school year.

30. Clinical Faculty and Mentor Teacher Program Payments

This appropriation includes $1,000,000 the first year and $1,000,000 the second year from the Lottery Proceeds Fund to be paid to local school divisions for statewide Mentor Teacher Programs to assist pre-service teachers and beginning teachers to make a successful transition into full-time teaching. This appropriation also includes $318,750 the first year and $318,750 the second year from the general fund for Clinical Faculty programs to assist pre-service teachers and beginning teachers to make a successful transition into full-time teaching. Such programs shall include elements which are consistent with the following:

a. An application process for localities and school/higher education partnerships that wish to participate in the programs;

b. For Clinical Faculty programs only, provisions for a local funding or institutional commitment of 50 percent, to match state grants of 50 percent;

c. Program plans which include a description of the criteria for selection of clinical faculty and mentor teachers, training, support, and compensation for clinical faculty and mentor teachers, collaboration between the school division and institutions of higher education, the clinical faculty and mentor teacher assignment process, and a process for evaluation of the programs;

d. The Department of Education shall allow flexibility to local school divisions and higher education institutions regarding compensation for clinical faculty and mentor teachers consistent with these elements of the programs; and

e. It is the intent of the General Assembly that no preference between pre-service or beginning teacher programs be construed by the language in this Item. School divisions operating beginning teacher mentor programs shall receive equal consideration for funding.

31. Career Switcher/Alternative Licensure Payments

Appropriations in this Item include $279,983 the first year and $279,983 the second year from the general fund to provide grants to school divisions that employ mentor teachers for new teachers entering the profession through the alternative route to licensure as prescribed by the Board of Education.

32. Virginia Workplace Readiness Skills Assessment

Appropriations in this Item include $308,655 the first year and $308,655 the second year from the general fund to provide support grants to school divisions for standard diploma graduates. To provide flexibility, school divisions may use the state grants for the actual assessment or for other industry certification preparation and testing.

33. Early Reading Specialists Initiative

a. An additional payment of $3,476,790 the first year and $3,476,790 the second year from the general fund shall be disbursed by the Department of Education to qualifying local school divisions for the purpose of providing a reading specialist for schools with a third grade that rank lowest statewide on the reading Standards of Learning (SOL) assessments. Funding for a reading specialist during the 2024-2026 biennium shall be based on the results of the Spring 2023 reading SOL assessments. Such schools shall be eligible to receive the state share of funding for both years of the biennium. Following certification from a school division that it will not participate in the program, the Department is authorized to identify additional eligible schools based upon the list of schools that rank lowest on the Spring 2023 SOL reading assessment.

b. These payments shall be based on the state's share of the cost of providing one reading specialist per qualifying school.

c. These payments are available to any school division with a qualifying school that certifies to the Department of Education that the division has hired a reading specialist or reading coach to provide direct services to children reading below grade level in the school to improve reading achievement for the purpose of creating additional instructional time for reading specialists or reading coaches to work with students reading below grade level to improve reading achievement. Additionally, school divisions shall certify that the reading specialists or reading coaches hired pursuant to this program are in addition to the reading specialist positions funded through Basic Aid and required pursuant to B.7.h. of this Item to serve students at the qualifying school.

d. These payments also are available to any school division with a qualifying school that certifies to the Department of Education that the division is supporting tuition for collegiate programs and instruction for currently employed instructional school personnel to earn the credentials necessary to meet licensure requirements to be endorsed as a reading specialist. Additionally, school divisions shall certify that the currently employed instructional school personnel whose tuition is supported pursuant to this program are in addition to the reading specialist positions funded through Basic Aid and required pursuant to B.7.h. of this Item to serve students at the qualifying school.

e. School divisions receiving these payments are required to match these funds based on the composite index of local ability-to-pay.

f. Within the fiscal year, any funds not awarded from this program may be awarded to eligible schools under the Math/Reading Instructional Specialist Initiative.

34. Math/Reading Instructional Specialist Initiative

a. Included in this appropriation is $1,834,538 the first year and $1,834,538 the second year from the general fund in additional payments for reading or math instructional specialists at underperforming schools. From this amount, the state share of one reading or math specialist shall be provided to local school divisions with schools which rank lowest statewide on the Spring Standards of Learning (SOL) math or reading assessment. Funding for one math or reading specialist during the 2024-2026 biennium shall be based on the results of the Spring 2023 SOL assessments. Such schools shall be eligible to receive the state share of funding for both years of the biennium. If, following certification from a school division that it will not participate in the program, the Department is authorized to identify additional eligible schools based upon the list of schools that rank lowest on the Spring 2023 SOL math or reading assessment.

b. These payments are available to any school division with a qualifying school that certifies to the Department of Education that the division has (1) hired a math or reading instructional specialist, or (2) is supporting tuition for collegiate programs and instruction for currently employed instructional school personnel to earn the credentials necessary to meet licensure requirements to be endorsed as a math specialist or a reading specialist. Localities receiving these payments are required to match these funds based on the composite index of local ability-to-pay.

c. School divisions that elect to use funding to support tuition for collegiate programs and instruction for currently employed instructional school personnel pursuant to paragraph b. shall provide documentation of these costs to the Department of Education prior to receiving state funds. The Department of Education shall provide state funding for the lesser of the actual cost or the state share of a math or reading specialist position per eligible school for funds used in such a manner.

d. The Department of Education is authorized to utilize available funding appropriated to the Early Reading Specialist Initiative contained in this Item to pay for instructional specialists at additional eligible schools, or to support tuition for collegiate programs and instruction for currently employed instructional school personnel at additional eligible schools to earn the credentials necessary to meet licensure requirements to be endorsed as an instructional specialist.

e. Within the fiscal year, any funds not awarded from this program may be awarded to eligible schools under the Early Reading Specialists Initiative.

f. The Department of Education may award prorated state funds for specialist positions filled after the beginning of the school year.

35. Broadband Connectivity Capabilities

By November 1 each year, school divisions shall report to the Department of Education the status of broadband connectivity capability of schools in the division on a form to be provided by the Department. Such report shall include school-level information on the method of Internet service delivery, the level of bandwidth capacity and the degree such capacity is sufficient for delivery of school-wide digital resources and instruction, degree of internet connectivity via Wi-Fi, cost information related to Internet connectivity, data security, and such other pertinent information as determined by the Department of Education. The Department shall provide a summary of the division responses in a report to be made available on its agency Web site.

36. Infrastructure and Operations Per Pupil Funds

a. Out of this appropriation, an amount estimated at $301,361,275 the first year and ~~$276,361,278~~ *$275,251,492* the second year from the Lottery Proceeds Fund shall be disbursed by the Department of Education to local school divisions to support the state share of an estimated $446.01 per pupil the first year and ~~$409.70~~*$414.97* per pupil the second year in adjusted March 31 average daily membership. These per pupil amounts are subject to change for the purpose of payment to school divisions based on the actual March 31 ADM collected each year. These funds shall be matched by the local government, based on the composite index of local ability-to-pay. Further, in order to receive this funding, the locality in which the school division is located shall appropriate these funds solely for educational purposes and shall not use such funds to reduce total local operating expenditures for public education below the amount expended by the locality for such purposes in the year upon

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which the 2020-2022 biennial Standards of Quality expenditure data were based; provided however that no locality shall be required to maintain a per-pupil expenditure which is greater than the per pupil amount expended by the locality for such purposes in the year upon which the 2020-2022 biennial Standards of Quality expenditure data were based. The Department of Education is authorized each year to temporarily suspend Infrastructure and Operations Per Pupil Allocation payments made to school divisions from Lottery funds to ensure that any shortfall in Lottery revenue can be accounted for in the remaining Infrastructure and Operations Per Pupil Allocation payments to be made for the year.

b. From the amounts listed above, funds are provided to ensure that small school divisions receive an Infrastructure and Operations payment of at least $200,000 each year. Divisions receiving additional funds for a payment of at least $200,000 shall only be required to provide the local match on the per pupil amount distributed in paragraph C.35.a.

c. Of the amounts listed above, no more than 60 percent shall be used for recurring costs and at least 40 percent shall be spent on nonrecurring expenditures by the relevant school divisions. Nonrecurring costs shall include school construction, additions, infrastructure, site acquisition, renovations, school buses, technology, and other expenditures related to modernizing classroom equipment, and debt service payments on school projects completed or initiated during the last 10 years. The Department of Education shall consider such nonrecurring expenses by school divisions from local funds to be credited toward their required local match under this program.

d. Any funds provided to school divisions that are unexpended as of June 30, 2025, and June 30, 2026, shall not revert to the Commonwealth but shall be carried on the books of the locality in local escrow accounts pursuant to § 22.1-175.5, to be appropriated to the school division for use for the same purpose.

37. Special Education Endorsement Program

a. Notwithstanding § 22.1-290.02, Code of Virginia, out of this appropriation, $437,186 the first year and $437,186 the second year from the general fund is provided for traineeships and program operation grants that shall be awarded to public Virginia institutions of higher education to prepare persons who are employed in the public schools of Virginia, state operated programs, or regional special education centers as special educators with a provisional license and enrolled either part-time or full-time in programs for the education of children with disabilities. Applicants shall be graduates of a regionally accredited college or university.

b. The award of such grants shall be made by the Department of Education, and the number of awards during any one year shall depend upon the amounts appropriated by the General Assembly for this purpose. The amount awarded for each traineeship shall be $600 for a minimum of three semester hours of course work in areas required for the special education endorsement to be taken by the applicant during a single semester or summer session. Only one traineeship shall be awarded to a single applicant in a single semester or summer session.

38. Compensation Supplement

a. Out of this appropriation, $178,824,244 the first year and ~~$376,360,450~~ *$368,473,990* the second year from the general fund is provided for the state share of the following salary increases and related fringe benefit costs:

1) For the first year, a 3.0 percent salary increase effective July 1, 2024, for funded SOQ instructional and support positions. Sufficient funds are appropriated in this act to finance, on a statewide basis, the state share of up to a 3.0 percent salary increase effective July 1, 2024, to school divisions that certify to the Department of Education that an equivalent increase will be provided to instructional and support personnel the first year. The state share of funding provided to a school division in support of this compensation supplement shall be prorated for school divisions that provide less than an average 3.0 percent salary increase the first year; however, to access these funds, a school division must provide at least an average 1.5 percent salary increase the first year.

2) For the second year, an additional 3.0 percent salary increase effective July 1, 2025, for funded SOQ instructional and support positions. Sufficient funds are appropriated in this act to finance, on a statewide basis, the state share of up to an additional 3.0 percent salary increase effective July 1, 2025, to school divisions that certify to the Department of Education that an equivalent increase will be provided to instructional and support personnel the second year. The state share of funding provided to a school division in support of this compensation supplement shall be prorated for school divisions that provide less than an additional average 3.0 percent salary increase the second year; however, to access these funds, a school division must provide at least an additional average 1.5 percent salary increase the second year. School divisions that provided an average increase in excess of 3.0 percent in the first year may credit the excess portion of the increase toward the second year for the purpose of accessing these funds in the second year.

3) Payments in the second year to any school division shall be based on providing the funds needed to continue the first year increase actually provided by the division plus the increase provided by the division in the second year.

b. Out of this appropriation, $811,727 the first year and ~~$1,722,016~~*$1,737,049* the second year from the general fund is provided for the state share of the salary increases stated in paragraph a. above for Academic Year Governor's Schools, and $549,281 the first year and $1,115,929 the second year from the Lottery Proceeds fund is provided for the state share of these salary increases for Regional Alternative Education Programs.

c. It is the intent that the average instructional and support position salaries are increased in local school divisions throughout the state by at least 3.0 percent the first year, at least an additional 3.0 percent the second year, resulting in a combined increase of at least 6.09 percent during the biennium.

d. The state funds that the school division is eligible to receive shall be matched by the local government based on the composite index of local ability-to-pay. This local match shall be calculated for funded SOQ instructional and support positions using an effective date of July 1, 2024, the first year and July 1, 2025, the second year. Local school divisions shall certify to the Department of Education that funds used as the local match are derived solely from local revenue sources.

e. This funding is not intended as a mandate to increase salaries.

39. School Meals Expansion

Out of this appropriation, $4,100,000 the first year and $4,100,000 the second year from the general fund is provided for local school divisions to reduce or eliminate the cost of school breakfast and school lunch for students who are eligible for reduced price meals under the federal National School Lunch Program and School Breakfast Program. The Department of Education is authorized to reduce this amount proportionately so as not to exceed this appropriation.

40. Alleghany County - Covington City School Division Consolidation Incentive

Out of this appropriation, $600,000 the first year from the general fund is provided as an incentive for the consolidation of the Alleghany County and Covington City school divisions. This incentive payment represent the fifth installment of five $600,000 payments as recommended for this consolidation incentive through the methodology contained in the Study on School Division Joint Contracting Incentives (Report Document 548, 2016).

41. Supplemental Support for Accomack and Northampton

Out of this appropriation, $1,750,000 the first year and $1,750,000 the second year from the Lottery Proceeds Fund shall be disbursed to provide support to Accomack and Northampton school divisions for teacher recruitment and retention efforts, including adjustments to salary scales to minimize the misalignment to salary scales of adjacent counties.

42. School Construction Assistance Program.

a. Out of this appropriation, $200,000,000 the first year and $110,000,000 the second year from the School Construction Fund and $50,000,000 the first year from the Literary Fund that shall be transferred into the School Construction Fund is provided for the Board of Education to award grants on a competitive basis from the Fund to local school boards that demonstrate poor building conditions, commitment, and need in order for such local school boards to fund the construction, expansion, or modernization of public school buildings. Any unobligated balance for this program on June 30, each year shall be reappropriated for expenditure in the second year for the same purpose.

b. The Board of Education shall develop guidelines for the administration of this program, which shall provide at a minimum that:

1. Grants shall be provided only for projects that conform to the Department of Education's “Guidelines for School Facilities in Virginia's Public Schools," as amended.

2. Grant awards shall be based on project costs, including planning, design, site acquisition and construction, the school division's local composite index, and the fiscal stress category as designated by the Virginia Commission on Local Government in its most recent "Report on Comparative Revenue Capacity, Revenue Effort, and Fiscal Stress of Virginia's Counties and Cities" for the locality that contains the school division, as follows:

School Division	Grant Award Amount
School divisions with a local composite index value below .3000, or contained in a locality designated with high fiscal stress	30 percent of project costs
School divisions with a local composite index value at or above .3000 and below .4000, or contained in a locality designated with above average fiscal stress	20 percent of project costs
All other school divisions	10 percent of project costs

3. A minimum qualifying score shall be met for a project to qualify for a grant award based on Board-developed scoring criteria. The Board shall set such minimum score at a level to ensure funds are reserved for critical school construction projects. Such scoring criteria shall provide appropriate weight to the following categories for the award of grants:

a.) Commitment, which may be demonstrated by factors such as: (i) an agreement by the local governing body to maintain or increase the percentage of local revenues dedicated to public education throughout the duration of the financing proposed for the project and (ii) the extent of project design and site acquisition for such project that has been completed prior to application of anticipated grant funds.

b.) Need, which may consider factors such as: (i) the percentage of students in the local school division eligible to receive free price meals; (ii) the percentage of residents of the locality in which the local school division is located with incomes at or below the federal poverty guidelines established by the U.S. Department of Health and Human Services; (iii) the local composite index of local ability-to-pay for the local school division; (iv) debt capacity of the locality in which the school division is located; and (v) the most recent fiscal stress score of the locality that includes the local school division as designated by the Virginia Commission on Local Government.

c.) Poor school building conditions, which may consider factors such as: (i) the condition of the facilities proposed to be replaced or upgraded using these funds, including the current level of compliance of the existing facility with the Americans with Disabilities Act of 1990 (42 U.S.C. § 12101 et seq.) and the facilities potential threat to the health or safety of building occupants; (ii) the school division maintenance reserve tool established pursuant to Chapter 650 of the 2022 General Assembly; and (iii) the overall condition of other facilities within the school division.

4. If qualifying grant award requests exceed the amount of funds available, grants shall be awarded based on ranked project scores, and shall not be prorated.

5. The release of funds to grant awardees shall be reasonably aligned with the timing of incurred expenses.

6. A specific project shall only receive one grant award. The total project cost eligible to receive a grant shall be up to $100,000,000. Grant awards shall not be amended for any additional reasonable project costs after the Board awards a grant to a division.

c. For the purpose of this program, "project costs" shall include reasonable project construction costs as defined by the Board, including planning, design, site acquisition and construction, and not to include financing costs, outdoor facilities predominantly used for extracurricular athletic activities, loose equipment, and furniture.

d. The Board of Education shall submit an executive summary of the program, including details on projects funded each year and any necessary legislative or budget recommendations to improve the program, no later than December 1 of each year to the Chairs of the House Education Committee, Senate Education and Health Committee, House Appropriations Committee, and Senate Finance and Appropriations Committee.

43. Supplemental General Fund Payment in Lieu of Sales Tax on Food and Personal Hygiene Products

Out of this appropriation, $272,500,000 the first year and $273,600,000 the second year from the general fund shall be distributed to localities on the basis of the latest yearly estimate of school age population provided by the Weldon Cooper Center for Public Service as specified in this item for SOQ sales tax payments pursuant to § 58.1-611.1.C of the Code of Virginia. These funds represent the reduction of sales tax distributions to school divisions resulting from the exemption of the state sales and use tax on food for human consumption and essential personal hygiene products. These payments shall be applied in the same manner as sales tax payments to offset the state and local shares of basic aid and shall require no local match.

44. Bonus Payment

a.*1.* Out of this appropriation, $134,399,957 the first year from the general fund is provided for a one-time bonus payment of $1,000 by no later than June 1, 2025, per funded SOQ instructional position and per Academic Year Governor's School and Regional Alternative Education Program instructional and support position. Funded SOQ instructional positions shall include all teacher, guidance counselor, librarian, instructional aide, principal, and assistant principal positions.

~~b.~~ *2.* Sufficient funding is provided for the entire cost of an average $1,000 bonus per funded SOQ instructional and support position in this act. Sufficient funding is provided for the entire cost of an average $1,000 bonus per Academic Year Governor's School and Regional Alternative Education Program instructional and support position based on the most-recently available full-time equivalent position counts, as reported to the Department of Education. School divisions shall have discretion to determine the amount of bonuses per employee to maximize the use of these funds to promote retention among instructional and support positions in this act. The funds a division is eligible to receive shall require no match by the local government. Localities are encouraged to use additional available funds to provide bonuses to other eligible instructional and support positions.

b.1. Out of this appropriation, $116,286,229 the second year from the general fund is provided for the state share of a one-time bonus payment of $1,500 per employee on June 1, 2026, for funded SOQ instructional and support positions. Sufficient funds are appropriated in this act to finance, on a statewide basis, the state share of this bonus for school divisions that certify to the Department of Education that a bonus of a minimum average of $1,500 per employee or equivalent action will be provided during the second year or Fiscal Year 2027. School divisions shall have discretion to determine the amount of bonuses per employee to maximize the use of these funds to promote retention among instructional and support positions in this act.

2. Any funds provided from the appropriation in C.44.b.1 that are unexpended by a locality that has certified that it will provide the bonus during Fiscal Year 2027 shall be carried on the books of the locality to be appropriated to the school division in the following year for the

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same purpose.

3. Out of this appropriation, $902,372 the second year from the general fund is provided for the state share of the one-time bonus payment stated in paragraph b. above for Academic Year Governor's Schools and $397,907 the second year from the Lottery Proceeds Fund is provided for the state share of this bonus payment for Regional Alternative Education Programs. Sufficient funding is provided for the state share of an average $1,500 bonus per employee based on the most-recently available full-time equivalent positions counts as reported to the Department of Education.

4. The state funds that the school division is eligible to receive shall be matched by the local government based on the composite index of local ability-to-pay. This local match shall be calculated for funded SOQ instructional and support positions using an effective date of June 1, 2026.

		First Year FY2025	Second Year FY2026	First Year FY2025	Second Year FY2026
125.10	Early Childhood Care and Education Programs (17600)			$585,580,474	$593,210,086
	Early Childhood Care and Education Programs (17601)	$585,580,474	$593,210,086		
	Fund Sources: General	$391,712,192	$461,691,610		
	Federal Trust	$193,868,282	$131,518,476		

Authority: Early Childhood Care and Education: Title 22.1, Chapter 14, Code of Virginia; P.L. 113-186, Federal Code

A. Out of this appropriation, $391,312,192 the first year and $461,691,610 the second year from the general fund is provided to support Early Childhood Care and Education Programs as provided below.

Item 472 (2) of this act and Item 486 (2) of the 2022-2024 Appropriation Act provide that federal ARPA-SLRF funds returned to the State and Local Recovery Fund may be used to supplement the Child Care Subsidy Program. General funds in this Item shall be unallotted in the first year in an amount equivalent to the supplemental funds provided from the State and Local Recovery Fund, and the Director, Department of Planning and Budget, shall revert such unallotted amounts to the general fund on or before June 30, 2025.

Program	**FY 2025**	**FY 2026**
Child Care Subsidy Program		
General Fund	$174,992,388	~~$266,500,894~~ *$272,029,306*
Federal CCDF	$129,871,766	$131,518,476
Federal ARPA-SLRF	$69,014,425	$0
TANF/VIEW & Fee for Service (GF appropriated through Department of Social Services)	$26,864,671	$26,864,671
CCDF Total	**$400,743,250**	**~~$424,884,041~~** ***$430,412,453***
Mixed Delivery Grant Program		
General Fund	$38,837,720	$38,837,720
Virginia Preschool Initiative		
General Fund: Four Year Olds	$128,616,155	~~$123,236,076~~ *$126,359,858*
General Fund: VPI Expansion	$23,865,929	~~$33,116,920~~ *$24,464,726*
VPI Total	**$152,482,084**	**~~$156,352,996~~** ***$150,824,584***
Employee Child Care Assistance Pilot	**$25,000,000**	**$0**

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ITEM 125.10.	Item Details($) First Year FY2025	Item Details($) Second Year FY2026	Appropriations($) First Year FY2025	Appropriations($) Second Year FY2026
Program				
Total General Funds	**$391,312,192**		**$461,691,610**	

B. Child Care Subsidy Program

1. The Department of Education and the Department of Social Services shall determine the amount of nongeneral funds to be transferred to the Department of Social Services to address costs associated with administration of the Child Care and Development Fund each year from amounts appropriated in Item 117. Additionally, the Department of Education and the Department of Social Services shall determine the amount of general and nongeneral funds to be transferred to the Department of Social Services to support the budgeted slots in the Child Care Subsidy Program from amounts appropriated in this Item.

2. Notwithstanding 8VAC-20-790, the Department of Education shall establish an annual target at the local level for the number of children that may be served by available funds and ensure that each locality has mechanisms in place for maintaining waitlists if family demand exceeds the targets.

4. Family copayment rates for fiscal year 2025 shall not exceed those that were in effect at the beginning of fiscal year 2024. Family copayment rates for fiscal year 2026 shall be $5 per month for households whose income is below 100% of the federal poverty level and up to 5% of annual income for all other households with no household exceeding 5% of their income.

5. Parental work and job search requirements for fiscal year 2025 shall not exceed those that were in effect at the beginning of fiscal year 2024. Parental work and job search requirements for fiscal year 2026 shall include a time limit of 90 days for job search. Households are eligible for up to one extension for extraordinary circumstances, which shall be defined and tracked by the Department of Education.

6. The Department of Education shall revise attendance requirements for the Child Care Subsidy Program, subject to review by the Early Childhood Care and Education Commission, to ensure participating children fully benefit and maximization of available resources. The Department shall report proposed changes to the General Assembly by December 1, 2025.

C. Mixed Delivery Grant Program

1. A Mixed-Delivery initiative is established to support public-private delivery of early learning services for birth to five-year-old children. Programs must provide full-day or half-day services. The Department of Education is authorized to prorate payment for this program so as not to exceed available appropriation. Actual funding provided to the Virginia Early Childhood Foundation shall be based on the actual use of allocated slots. Lead agencies shall report to the Virginia Early Childhood Foundation on actual use of allocated slots, and any funds allocated but not used on the actual provision of early childhood services shall be returned to the Department of Education.

a) The Department of Education shall establish academic standards that are in accordance with appropriate preparation for students to be ready to successfully enter kindergarten. These standards shall be established in such a manner as to be measurable for student achievement and success. Students shall be required to be evaluated in the fall and in the spring by each participating provider and grantees must certify that the Virginia Preschool Initiative standards are followed in order to receive the funding for quality preschool education and criteria for the service components. Such standards shall align with the Virginia Standards of Learning for Kindergarten.

b) The Department of Education shall require and ensure that all participating classrooms have the quality of their teacher-child interactions assessed through a rigorous and research-based observation instrument in accordance with the statewide measurement and improvement system VQB5.

c) Any locality that desires to participate in this grant program must submit a proposal each year to the Virginia Early Childhood Foundation. The application must be submitted by May 15 to align with the Virginia Preschool Initiative timeline. Each application shall identify a lead agency for this program within the locality. The lead agency shall be responsible for developing a local plan for the delivery of quality preschool services to at-risk birth to five-year-old children in private settings that demonstrates the coordination of resources in an effort to serve the greatest number of at-risk children.

d) The proposal must demonstrate: (i) coordination with all parties necessary for the successful delivery of comprehensive services, including schools, child care providers, local social services agencies, Head Start, local health departments, and other groups identified by the lead agency, (ii) a plan for supporting inclusive practices for children with identified special needs, (iii) a plan to transition the Mixed-Delivery local model into a sustainable program, and (iv) a mechanism for annually measuring and reporting unmet parental demand and preference, including establishing waitlists.

e) Local plans must indicate the number of at-risk children to be served, and the eligibility criteria for participation in this program shall be consistent with the economic and educational risk factors stated in the current program guidelines that are specific to: (i) family income at or below 200 percent of federal poverty guidelines, (ii) homelessness, (iii) student's parents or guardians are school dropouts, or (iv) children with disabilities or delays who are eligible for special education services under the Individuals with Disabilities Education Act, regardless of household income. Up to 15 percent of slots may be filled based on locally established eligibility criteria so as to meet the unique needs of at-risk children in the community. Localities that can demonstrate that more than 15 percent of slots are needed to meet the needs of at-risk children in their community may apply for a waiver from the Superintendent of Public Instruction to use a larger percentage of their slots. Localities must demonstrate that increasing eligibility will enable the maximization of federal funds and will not have a negative impact on access for other individuals currently being served.

f) Notwithstanding any provisions of § 22.1-299, Code of Virginia, and in order to achieve the priorities of the Joint Subcommittee on Early Childhood Care and Education for exploring the feasibility of and barriers to mixed delivery preschool systems in Virginia, recipients of a Mixed-Delivery Preschool grant shall be provided maximum flexibility within their respective local initiative in order to fully implement the associated goals and objectives of Mixed-Delivery Models. Recipients of a Mixed-Delivery Preschool grant and divisions participating in such grant activities shall be exempted from all regulatory and statutory provisions related to teacher licensure requirements and qualifications when paid by public funds within the confines of the Mixed-Delivery Preschool initiative.

g) Children served by the Mixed-Delivery initiative shall be assigned student identification numbers as provided in § 22.1-287.03 B of the Code of Virginia to evaluate program outcomes and to permit comparison with Virginia Preschool Initiative outcomes.

h) Mixed-Delivery providers shall provide information to the Department of Education as necessary to fulfill the reporting requirement established.

i) The Department of Education shall report to the Governor and the Chairs of the House Committee on Education and the Senate Committee on Education and Health by July 1, 2025, on the efficacy of the Mixed-Delivery Initiative since the inception of the program and compare its outcomes relative to the Virginia Preschool Initiative and the Child Care Subsidy Program.

2. Providers in the program may collect copayments from participating families. Such copayments shall be based on the same schedule provided for the Child Care Subsidy Program.

3. Parental work and job search requirements shall be the same as required for the Child Care Subsidy Program.

4. The Department of Education, in consultation with the Virginia Early Childhood Foundation and subject to review by the Early Childhood Care and Education Commission, shall revise attendance requirements for the Mixed-Delivery initiative to ensure participating children fully benefit and maximization of available resources. The Department shall report proposed changes to the General Assembly by December 1, 2025.

D. Virginia Preschool Initiative

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1.a. Funds shall be disbursed by the Department of Education to schools and community-based organizations to provide quality preschool programs for at-risk four-year-olds who are residents of Virginia and unserved by Head Start program funding and for at-risk five-year-olds who are not eligible to attend kindergarten, or who did not have access to a sufficient preschool experience and whose families request preschool as the most appropriate placement. Final Virginia Preschool Initiative placement decisions for eligible children shall be based on family and program leader input.

b. These state funds and required local matching funds shall be used to provide programs for at-risk four-year-old children, which include quality preschool education, health services, social services, parental involvement and transportation. It shall be the policy of the Commonwealth that state funds and required local matching funds for the Virginia Preschool Initiative not be used for capital outlay, not be used to supplant any Head Start federal funds provided for local early education programs, and not be used until the local Head Start grantee certifies that all local Head Start slots are filled. Programs must provide full-day or half-day and, at least, school-year services.

c. The Department of Education shall establish academic standards that are in accordance with appropriate preparation for students to be ready to successfully enter kindergarten. These standards shall be established in such a manner as to be measurable for student achievement and success. Students shall be required to be evaluated in the fall and in the spring by each participating school division and the school divisions must certify that the Virginia Preschool Initiative program follows the established standards in order to receive the funding for quality preschool education and criteria for the service components. Such standards shall align with the Virginia Standards of Learning for Kindergarten.

d. The Department of Education shall revise attendance requirements for the Virginia Preschool Initiative, subject to review by the Early Childhood Care and Education Commission, to ensure participating children fully benefit and maximization of available resources. The Department shall report proposed changes to the General Assembly by December 1, 2025.

e.(i) Grants shall be distributed based on an allocation formula providing the state share of a $9,968 per pupil grant in the first year and a $9,968 per pupil grant in the second year for 100 percent of the unserved at-risk four-year-olds in each locality for a full-day program. Grants to half-day programs shall be funded based on the state share of $4,984 in the first year and $4,984 in the second year per unserved at-risk four-year-old in each locality.

For Planning District Eight localities, grants shall be distributed based on an allocation formula providing the state share of a $10,701 per pupil grant in the first year and a $10,701 per pupil grant in the second year for 100 percent of the unserved at-risk four-year-olds in each locality for a full-day program; grants to half-day programs for these localities shall be funded based on the state share of $5,351 in the first year and $5,351 in the second year per unserved at-risk four-year-old in each locality.

For the counties of Stafford, Fauquier, Spotsylvania, Clarke, Warren, Frederick, and Culpeper and the Cities of Fredericksburg and Winchester, grants shall be distributed based on an allocation formula providing the state share of a $10,151 per pupil grant in the first year and a $10,151 per pupil grant in the second year for 100 percent of the unserved at-risk four-year-olds in each locality for a full-day program; grants to half-day programs for these localities shall be funded based on the state share of $5,076 in the first year and $5,076 in the second year per unserved at-risk four-year-old in each locality.

The number of unserved at-risk four-year-olds in each locality shall be based on the projected number of kindergarten students, updated once each biennium for the Governor's introduced biennial budget. The Department of Education shall biennially rebenchmark the Virginia Preschool Initiative per pupil amounts using a formula similar to the current formula supporting public K-12 education in Virginia.

For slots filled as of September 30 each year, grants shall be based on the state share of 100 percent of the per pupil amount for a full-day or half-day program. For slots filled between October 1 and December 31 each year, grants shall be based on the state share of the per pupil amount for a full-day or half-day program prorated for the portion of the school year each child is served. Following the Department of Education's fall student record collection each year, the Department shall project the number of additional slots that may be filled between October 1 and December 31 each year. The Department of Education is authorized to prorate state funding for slots filled between October 1 and December 31 each year if demand exceeds available appropriation.

(ii) VPI Expansion funds are provided to serve at-risk three-year-olds who are residents of Virginia and unserved by Head Start funding using criteria determined by the Department of Education and subject to available appropriation. Localities may apply to participate by May 15 each year and shall be selected on a competitive basis. Localities shall be required to: (i) demonstrate broad stakeholder support, (ii) track outcomes for participating children, (iii) demonstrate how they will maximize federal and state funds to preserve existing birth to five slots, including certifying that all local Head Start slots are filled, (iv) support inclusive practices of children with identified special needs, and (v) collaborate among the school division, local department of social services, programs accepting child care subsidy payments, and providers for Head Start, private child care, and early childhood special education and early intervention programs. Localities that meet the following characteristics shall be prioritized for participation: (i) communities with limited child care options; (ii) programs serving children in private, mixed-delivery settings; or (iii) communities that demonstrate full support of public and private providers. Grants shall be distributed based on an allocation formula providing the state share of the per pupil amounts as provided for four-year old slots.

(iii) Full-day programs shall operate for a minimum of five and one-half instructional hours, excluding breaks for meals, and half-day programs shall operate for a minimum of three hours of classroom instructional time per day, excluding breaks for lunch. Virginia Preschool Initiative programs may include unstructured recreational time that is intended to develop teamwork, social skills, and overall physical fitness in any calculation of total instructional time, provided that such unstructured recreational time does not exceed 15 percent of total instructional time or teaching hours. No additional state funding is provided for programs operating greater than three hours per day but less than five and one-half hours per day. In determining the state and local shares of funding, the composite index of local ability-to-pay is capped at 0.5000.

(iv) For new programs in the first year of implementation only, programs operating less than a full school year shall receive state funds on a fractional basis determined by the pro-rata portion of a school year program provided. In determining the prorated state funds to be received, a school year shall be 180 days or 990 teaching hours.

(v) To ensure children with special needs have equitable opportunity to enter kindergarten ready, all Virginia Preschool Initiative programs are expected to be inclusive of children with disabilities. Specifically, programs shall meet or exceed a target inclusion rate, such that 10 percent of all children participating in the Virginia Preschool Initiative are children with disabilities, defined as those with an Individualized Education Plan, and are served in inclusive classrooms that include children who do not have an Individualized Education Plan. A program that is unable to meet this target shall provide reasons a 10 percent inclusion rate was not achieved in the given school year in its annual comprehensive report.

2.a. Any locality that desires to participate in this grant program must submit a proposal through its chief administrator (county administrator or city manager) by May 15 of each year. The chief administrator, in conjunction with the school superintendent, shall identify a lead agency for this program within the locality. The lead agency shall be responsible for developing a local plan for the delivery of quality preschool services to at-risk children, which demonstrates the coordination of resources and the combination of funding streams in an effort to serve the greatest number of at-risk four-year-old children and, if applicable, to serve at-risk three-year-old children. The plan shall also include a mechanism for annually measuring and reporting unmet parental demand and preference, including establishing waitlists.

b. The proposal must demonstrate coordination with all parties necessary for the successful delivery of comprehensive services, including the schools, child care providers, local social services agency, Head Start, local health department, and other groups identified by the lead agency. The proposal must identify which entities were consulted and how the locality will ensure that federal funds are preserved and maximized including demonstrating compliance with Title I of the federal Elementary and Secondary Education Act to ensure that a Local Educational Agency receiving Title I funding coordinates with Head Start programs and other early learning programs receiving federal funds by developing Memorandums of Understanding with such agencies to coordinate services. The proposal must also demonstrate a plan for supporting inclusive practices for children with identified special needs.

c. A local match, based on the composite index of local ability-to-pay, shall be required. For purposes of meeting the local match, localities may use local expenditures for existing qualifying programs, however, at least fifty percent of the local match will be cash and no more than fifty percent will be in-kind. In-kind contributions are defined as cash outlays that are made by the locality that benefit the program but are not directly charged to the program. The value of fixed assets cannot be considered as an in-kind contribution. Philanthropic or other private funds may be contributed to the locality to be appropriated in their local budget and then utilized as local match. Localities shall also continue to pursue and coordinate other funding sources, including child care subsidies. Funds received through this program must be used to supplement, not supplant, any funds currently provided for programs within the locality. However, in the event a locality is unable to continue the previous level of support to programs for at-risk four-year-olds from Title I of the federal Elementary and Secondary Education Act (ESEA), the state and local funds provided in this grants program may be used to continue services to these Title I students. Such inability may occur due to adjustments to the allocation formula in the reauthorization of ESEA as the Every Student Succeeds Act of 2015, or due to a percentage reduction in a locality's Title I allocation in a particular year. Any locality so affected shall provide written evidence to the Superintendent of Public Instruction and request his approval to continue the services to Title I students.

3. Local plans must provide clear methods of service coordination for the purpose of reducing the per child cost for the service, increasing the number of at-risk children served and/or extending services for the entire year.

Examples of these include:

a. "Wraparound Services" - methods for combining funds such as child care subsidy dollars administered by local social service agencies with dollars for quality preschool education programs.

b. "Wrap-out Services" - methods for using grant funds to purchase quality preschool services to at-risk four-year-old children through an existing child care setting by purchasing comprehensive services within a setting which currently provides quality preschool education.

c. "Expansion of Service" - methods for using grant funds to purchase slots within existing programs, such as Head Start, which provides comprehensive services to at-risk three- and four-year-old children.

4. Local plans must indicate the number of at-risk four-year-old children to be served, and the eligibility criteria for participation in this program shall be consistent with the economic and educational risk factors stated in the current program guidelines that are specific to: (i) family income at or below 200 percent of federal poverty guidelines, (ii) homelessness, (iii) student's parents or guardians are school dropouts, or (iv) children with disabilities or delays who are eligible for special education services under the Individuals with Disabilities Education Act, regardless of household income. Up to 15 percent of a division's slots may be filled based on locally established eligibility criteria so as to meet the unique needs of at-risk children in the community. If applicable, local plans must also indicate the number of at-risk three-year-old children to be served using the same eligibility criteria listed above. Localities that can demonstrate that more than 15 percent of slots are needed to meet the needs of at-risk children in their community may apply for a waiver from the Superintendent of Public Instruction to use a larger percentage of their slots. Localities must demonstrate that increasing eligibility will enable the maximization of federal funds and will not have a negative impact on access for other individuals currently being served.

5.a. The Department of Education shall provide technical assistance for the administration of this grant program to provide assistance to localities in developing a comprehensive, coordinated, quality preschool program that prepares all participants for kindergarten.

b. The Department shall provide interested localities with information on models for service delivery, methods of coordinating funding streams, such as funds to match federal IV-A child care dollars, to maximize funding without supplanting existing sources of funding for the provision of services to at-risk three- and four-year-old children. A priority for technical assistance in the design of programs shall be given to localities where the majority of the at-risk three- and four-year-old population is currently unserved.

6. VPI Expansion funds are provided to support Virginia Preschool Initiative slots to serve children on wait lists. In each year, unused grants distributed as provided in for four-year old slots shall be redistributed based on guidelines established by the Department of Education subject to the appropriation available for this purpose. Such guidelines shall provide the criteria used to redistribute grants and provide for the notification of grants redistribution to programs no later than July 1 of each year. The Department shall conduct this process annually, and the redistribution shall not affect the allocation formula for the subsequent year.

7.a. VPI Expansion funds are provided to support an add-on grant per child for approximately 2,000 children to incentivize mixed-delivery of services through private providers. These add-on grants are intended to provide funds to minimize the difference between the amount of the per-pupil grant allocation and the per-pupil cost to serve a child in a community-based or private provider setting. Recipients of the add-on grants will be encouraged to support classrooms that support inclusive practices of children with special needs. Localities shall indicate in their plans submitted pursuant to this Item how many of their Virginia Preschool Initiative slots will be provided in community-based or private provider settings to receive the add-on grant. Community-based providers that are recipients of Virginia Preschool Initiative grants shall be exempted from all regulatory and statutory provisions related to teacher licensure requirements and qualifications when paid by public funds within the confines of the Virginia Preschool Initiative community-add-on partnerships and provided that the provider meets the expectations of the statewide measurement and improvement system.

b. The amount of these add-on grants for community-based providers shall be informed by the Department of Education's methodology to estimate the actual cost of providing high-quality early childhood education services in community-based settings. This is not intended as a mandate to increase the individual amounts of these add-on grants or to increase the state appropriation supporting these add-on grants. The amount of the add-on grant plus the Virginia Preschool Initiative per pupil amount shall not exceed prevailing child care market rates in a particular region and shall align with Child Care Subsidy Program rates. The Department of Education is authorized to prorate payments for these add-on grants so as not to exceed the available appropriation.

8. VPI Expansion funds are provided to support increased Virginia Preschool Initiative teacher to student ratios and class sizes, as follows:

a. Any classroom that exceeds benchmarks set by the Board of Education shall be staffed as follows: (i) one teacher shall be provided for any class of ten students or less; (ii) if the enrollment in any class exceeds ten students but does not exceed 20, a full-time teacher's aide shall be assigned to the class; and (iii) the maximum class size shall be 20 students.

b. All other classrooms shall be staffed as follows: (i) one teacher shall be employed for any class of nine students or less; (ii) if the enrollment in any class exceeds nine students but does not exceed 18, a full-time teacher's aide shall be assigned to the class; and (iii) the maximum class size shall be 18 students.

G. Notwithstanding 8VAC-20-780, or any other requirement in state law or regulation, the Superintendent of Public Instruction shall have the authority to alter staff-to-child ratios and group sizes for licensed child day centers and child day centers that participate in the Child Care Subsidy Program or Mixed Delivery Grant Program by increasing the number of children per staff by (1) one child for groups of children from birth to the age of eligibility to attend public school, and (2) two children for groups of children from the age of eligibility to attend public school through 12 years. Child day centers that take advantage of this flexibility must notify families in writing of the temporary increase in ratios and group size. This authority and any resultant waiver of state law or regulation

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shall expire June 30, 2026. The Superintendent of Public Instruction shall ensure that any action taken under this provision is permissible under federal requirements.

H. The Early Childhood Care and Education Commission shall review and recommend updates to the current copayment schedule, parental work requirements, and attendance expectations applicable to the Child Care Subsidy Program and Mixed Delivery Grant Program. In its review, the Commission shall consider: (i) leveraging state general funds to minimize the fiscal cliff as family income increases beyond program eligibility, (ii) use of reasonable family copayments to minimize the need for additional general funds. No later than December 1, 2024, the Commission shall submit its recommendations to the to the Governor and the Chairmen of the House Committee on Appropriations, the Senate Committee on Finance and Appropriations, the House Committee on Commerce and Energy, the Senate Committee on Commerce and Labor, the House Committee on Education, and the Senate Committee on Education and Health.

I. The Early Childhood Care and Education Commission shall review and recommend:

1. Adjustments to CCSP reimbursement rates for school age children and the appropriateness of continuing to provide services through CCSP to school age children. Such review must also include an update on the current structure of publicly-funded out-of-school time learning and extracurricular programs and should evaluate how to: (i) maximize public dollars while ensuring parent choice; (ii) quantify impact and return on investment including evaluating cost and cost factors in comparison to birth-to-five programming; (iii) strengthen quality of afterschool and summer options and whether a statewide measurement system is needed; (iv) identify out-of-school time deserts; and (v) develop innovative approaches to reduce deserts, better support working parents, and ensure sustainability. In conducting this review, the Commission shall consult representatives of school divisions, 21st Century Learning grantees, private childcare providers, Virginia Partnership for Out-of-School Time, local Parks and Recreation entities, the YMCA, Communities in Schools, Boys and Girls Clubs, and other non-profit organizations that provide out-of-school time programming.

2. Approaches to maximize state and federal resources by adjusting income eligibility requirements to reflect regional costs of living variations.

The Commission shall provide a report on its recommendations to the Governor and the Chairs of the House Appropriations and Senate Finance and Appropriations Committees by December 1, 2025.

J. The Employee Child Care Assistance Pilot Program (the Pilot Program) is established for the purpose of providing matching funds in order to incentivize employers to contribute to the child care costs of their employees. The Pilot Program shall be administered by the Virginia Early Childhood Foundation (the Foundation). The Foundation shall establish such guidelines and procedures as it deems necessary for the administration of the Pilot Program, subject to the following conditions and requirements:

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1. To participate in the Pilot Program, an employer shall agree to make child care contributions to an eligible mixed delivery provider on behalf of the employee and shall provide any other information deemed necessary by the Foundation. The Foundation shall issue a state match directly to an eligible mixed delivery provider, or to a third-party administrator, that has entered into an agreement with a participating employer.

2. The Foundation shall, in consultation with the Early Childhood Care and Education Commission, establish guidelines for the pilot program. Such guidelines shall: (i) limit eligibility for state contributions for slots serving households with income at or below 85 percent of the state median income; (ii) establish a schedule of expected family copayments not to exceed 5 percent of household income for households with income at or below 300 percent of the federal poverty level and between 5 percent and 10 percent of family income for households with incomes above 300 percent of the federal poverty level and below 85 percent of the state median income; and (iii) provide that the state match does not exceed 40 percent of the cost of the slot remaining after application of family copayments.

3. Pilot Program funds shall be provided on a first-come, first-served basis. The Foundation is encouraged to prioritize participation of small businesses and serving a variety of employers and employees representing each Ready Region.

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4. The Foundation may combine the Pilot Program with or incorporate the Pilot Program into a program or initiative related to the Mixed Delivery Program provided that such a combination allows for the maximization of funds used for the purposes in this item.

5. The Foundation shall provide a report to the General Assembly by September 1 each year on the effectiveness and impact of the program.

6. Any balances appropriated for the Pilot Program that are unexpended on June 30, 2025, June 30, 2026 and June 30, 2027, shall not revert to the general fund but shall be reappropriated for expenditure for the same purpose until June 30, 2028.

7. For the purpose of the Pilot Program, "Eligible mixed delivery provider" means a child day center or family day home that has been selected or identified to deliver mixed delivery services through a local agreement with the relevant regional entity established pursuant to subsection D of § 22.1-289.05 of the Code of Virginia, "Employer" means an employer with at least one employee who works in the Commonwealth in each of 20 or more calendar weeks in the current or preceding calendar year, and "Small business" means an employer with fewer than 50 employees.

K. Out of this appropriation, $400,000 the first year from the general fund is provided for the Small Family Day Home Provider Incentive Pilot Program established in House Bill 1833. This is a one-time appropriation, and unexpended funds shall be carried forward into subsequent fiscal years and be used to support the pilot program until its expiration at the end of fiscal year 2029.

L. The Department of Education, in collaboration with the Department of Social Services, shall prepare and submit an annual report to the Governor and Chairs of the House Appropriations and Senate Finance and Appropriations Committees no later than December 15 each year. Such annual report shall include the following information:

1. All CCDF expenditures from the previous fiscal year, current grant balances and obligation and liquidation deadlines, as well as all anticipated spending for the current and two subsequent fiscal years. Identified spending should, at a minimum, be broken down by subsidies (mandated, discretionary and general fund), administrative costs, and quality efforts.

2. Certification from the Department that the maximum amount of federal funds were drawn down in the preceding fiscal year. Should the Department be unable to certify that maximum federal funds were drawn down, the Department shall identify strategies for Virginia to obtain the maximum amount of federal funds in the following fiscal year(s) as part of this plan.

3. The number of subsidies (mandate, discretionary and general fund) provided, by locality, the number of providers receiving subsidy funds, the overall number of child care providers, and the waitlist for services. This information should be provided the previous fiscal year, current fiscal year, and two subsequent fiscal years.

4. The recently completed CCDF annual report as required by the federal Office of Child Care.

5. For the Virginia Preschool Initiative and Mixed Delivery Programs, information detailing the use of state funds, including the number of calculated slots and funding allocated to each local program or provider, and the number of such slots that have been filled. Such information shall be aggregated in a manner to identify: (i) funding and the number of slots used to serve a student in a public school and non-public school setting; (ii) the number of three-year olds served; (iii) waitlist slots requested, offered, and provided; and (iv) the number of students served whose families are at or below 130 percent poverty, above 130 percent but at or below 200 percent of poverty, above 200 percent but at or below 350 percent of poverty, and above 350 percent of poverty.

6. For Virginia Preschool Initiative, a description of the programs' progress towards the target inclusion rate, such that 10 percent of all children enrolled in each program are children with disabilities, defined as those with an Individualized Education Plan. To compile this information, Virginia Preschool Initiative programs shall report the share of children with Individualized Education Plans in inclusive classrooms annually, and if the

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program's current inclusion rate falls below 10 percent, the program shall provide reasons a 10 percent inclusion rate was not achieved in the given school year and what actions the program could implement to increase its rate of inclusion in the next year.

7. Waitlist information for the CCSP, Mixed Delivery Program, and the Virginia Preschool Initiative, including an estimate of how many children on the waitlist could be served immediately if a slot became available based on eligibility and regional capacity.

126.	Not set out.				
	Total for Direct Aid to Public Education			**$12,737,873,230**	**~~$12,921,819,796~~** ***$12,879,935,189***
	Fund Sources: General	$9,867,668,153	~~$10,123,453,430~~ *$10,033,277,308*		
	Special	$1,020,000	$1,020,000		
	Commonwealth Transportation	$1,495,230	$1,495,230		
	Trust and Agency	$993,824,250	~~$1,074,335,345~~ *$1,122,626,860*		
	Dedicated Special Revenue	$200,000,000	$110,000,000		
	Federal Trust	$1,673,865,597	$1,611,515,791		
	Grand Total for Department of Education, Central Office Operations			**$13,055,663,293**	**~~$13,243,296,057~~** ***$13,201,411,450***
	General Fund Positions	184.17	201.67		
	Nongeneral Fund Positions	335.83	362.33		
	Position Level	520.00	564.00		
	Fund Sources: General	$9,988,514,454	~~$10,234,876,501~~ *$10,144,700,379*		
	Special	$7,716,586	$7,716,586		
	Commonwealth Transportation	$1,796,906	$1,796,906		
	Trust and Agency	$1,006,548,652	~~$1,087,059,747~~ *$1,135,351,262*		
	Dedicated Special Revenue	$200,000,000	$110,000,000		
	Federal Trust	$1,851,086,695	$1,801,846,317		
127.	Not set out.				
128.	Not set out.				
129.	Not set out.				

§ 1-6. STATE COUNCIL OF HIGHER EDUCATION FOR VIRGINIA (245)

130.	Higher Education Student Financial Assistance (10800)			$275,788,512	~~$265,288,512~~ *$285,288,512*
	Scholarships (10810)	$275,598,512	~~$265,098,512~~ *$285,098,512*		
	Regional Financial Assistance for Education (10813)	$190,000	$190,000		
	Fund Sources: General	$255,528,512	~~$260,028,512~~ *$280,028,512*		
	Special	$20,010,000	$5,010,000		
	Dedicated Special Revenue	$250,000	$250,000		

Authority: Title 23.1, Chapter 6, Code of Virginia, Regional Grants and Contracts: Discretionary Inclusion; Undergraduate and Graduate Assistance: Discretionary Inclusion

A. Those private institutions which participate in the programs provided by the appropriations in this Item shall, upon request by the State Council of Higher Education, submit financial and other information which the Council deems appropriate.

B. Out of the amounts for Scholarships the following sums shall be made available for:

1. Tuition Assistance Grant Program, $104,125,881 the first year and $112,325,881 the second year from the general fund is designated for full-time undergraduate and graduate students.

2. a. Virginia Space Grant Consortium Scholarships, $795,000 the first year and $795,000 the second year from the general fund.

b. Out of the amounts included in this item, $100,000 the first year and $100,000 the second year from the general fund shall be provided to the Virginia Space Grant Consortium (VSGC) to provide scholarships for select high school students to participate in immersive ground and flight training through the solo experience as a step in addressing the critical pilot shortage. The VSGC shall work with Averett University and Liberty University to provide two sessions of its New Horizons solo academy giving 30 high school students the opportunity to accomplish their first solo flight.

c. Out of the amounts included in this item, $220,375 the first year and $220,375 the second year from the general fund shall be provided to the Virginia Space Grant Consortium to provide scholarships for high school students to participate in the Virginia Earth System Science Scholars program.

3. Out of this appropriation, $20,000 the first year and $20,000 the second year from the general fund is designated to provide grants of up to $5,000 per year for Virginia students who attend schools and colleges of optometry. Each student receiving a grant shall agree to set up practice in the Commonwealth for a period of not less than two years upon completion of instruction.

4. No amount, or part of an amount, listed for any program specified under paragraph B shall be expended for any other program in this appropriation.

C. Tuition Assistance Grant Program

1. Payments to students out of this appropriation shall not exceed $5,125 the first year and $5,250 the second year for qualified undergraduate students and $5,000 the first year and $5,000 the second year for qualified graduate and medical students attending not-for-profit, independent institutions in accordance with § 23.1-628 through § 23.1-635, Code of Virginia. However, for those undergraduate students pursuing a career in teaching, payments shall be increased by an additional $500 in their senior year.

2. The private institutions which participate in this program shall, during the spring semester previous to the commencement of a new academic year or as soon as a student is admitted for that year, whichever is later, notify their enrolled and newly admitted Virginia students about the availability of tuition assistance awards under the program. The information provided to students and their parents must include information about the eligibility requirements, the application procedures, and the fact that the amount of the award is an estimate and is not guaranteed. The number of students applying for participation and the funds appropriated for the program determine the amount of the award. Conditions for reduction of award amount and award eligibility are described in this Item and in the regulations issued by the State Council of Higher Education. The institutions shall certify to the council that such notification has been completed and shall indicate the method by which it was carried out. Upon consultation with and approval from SCHEV, private institutions which participate in this program may develop and distribute the Tuition Assistance Grant application form for electronic administration.

3. Institutions participating in this program must submit annually to the council copies of audited financial statements.

4. To be eligible for a fall or full-year award out of this appropriation, a student's application must have been received by a participating independent college or by the State Council of Higher Education by September 15. Returning students who received the award in the previous year will be prioritized. Applications for a fall or full-year award received after September 15 but no later than October 1 will be held for consideration if

funds are available and returning student awards have been made. Applications for spring semester only awards must be received by December 1 and will be considered only if funds remain available.

5. No limitations shall be placed on the award of Tuition Assistance Grants other than those set forth herein or in the Code of Virginia.

6. All eligible institutions not previously approved by the State Council of Higher Education to participate in the Tuition Assistance Grant Program shall have received accreditation by a nationally recognized regional accrediting agency, prior to participation in the program or by the Commission on Osteopathic College Accreditation of the American Osteopathic Association in the case of freestanding institutions of higher education that offer the Doctor of Osteopathic Medicine as the sole degree program.

7. Payments to undergraduate students shall be greater than payments to graduate and medical students and shall be based on a differential established by the State Council of Higher Education for Virginia.

8. No awards shall be provided to graduate students except in health-related professional programs to include allied health, nursing, pharmacy, medicine, and osteopathic medicine.

9. Notwithstanding any other provisions of law, Eastern Virginia Medical School is not eligible to participate in the Tuition Assistance Grant Program.

10. Any general fund appropriation in the Tuition Assistance Grant Program which is unexpended at the close of business June 30 of any fiscal year shall be reappropriated for use in the program in the following year.

11. a. New incoming students enrolled exclusively in an online education or distance learning program are eligible to receive awards up to $2,560 the first year and $2,625 the second year from the Tuition Assistance Grant Program. However, existing students enrolled exclusively in online education or distance learning programs as of the 2019-20 academic year shall remain eligible to receive awards of up to the 2019-2020 award amounts for as long as the student maintains enrollment in each successive fiscal year, unless granted an exception for cause by SCHEV, until current degree completion or current degree program eligibility limits have otherwise expired, whichever comes first.

b. It is the intent of the General Assembly that awards under this paragraph related to new incoming students shall be calculated and granted at 50 percent of the undergraduate residential level.

12. All students eligible and receiving an award under this program enrolled into a TAG-eligible private not-for-profit Virginia Historically Black College and University (HBCU) accredited by the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) shall receive an additional award of up to $7,500 the first year and up to $7,500 the second year.

13. Out of this appropriation, $1,800,000 the first year from the general fund is designated for an additional award up to $2,000 for all students eligible and receiving an award under this program and enrolled into a TAG-eligible private not-for-profit Virginia institution, designated by the U.S. Department of Education as a Hispanic-Serving Institution (HSI), and accredited by the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC).

D.1. Regional Grants and Contracts: Out of this appropriation, $170,000 the first year and $170,000 the second year from the general fund is designated to support Virginia's participation in the Southern Regional Education Board initiative to increase the number of minority doctoral graduates.

2. The amounts listed in paragraph D.1. shall be expended in accordance with the agreements between the Commonwealth of Virginia and the Southern Regional Education Board.

E.1. Out of this appropriation, $11,980,000 the first year and $16,780,000 the second year from the general fund is designated to support the Virginia Military Survivors and Dependents program, § 23.1-608, Code of Virginia, to provide up to a $2,200 annual stipend to offset the costs of room, board, books and supplies for qualified survivors and dependents of military service members.

2. The amount of the stipend is an estimate depending on the number of students eligible under § 23.1-608, Code of Virginia. Changes that increase or decrease the grant amount shall be determined by the State Council of Higher Education for Virginia.

3. The Director, State Council of Higher Education for Virginia, shall allocate these funds to public institutions of higher education on behalf of students qualifying under this provision.

4. Each institution of higher education shall report the number of recipients for this program to the State Council of Higher Education for Virginia by April 1 of each year. The State Council of Higher Education for Virginia shall report this information to the Chairs of the House Appropriations and Senate Finance and Appropriations Committees by June 30 of each year.

5. The Department of Veterans Services shall consult with the State Council of Higher Education for Virginia prior to the dissemination of any information related to the financial benefits provided under this program.

F.1. Out of the appropriation for this Item, $3,085,256 the first year and $3,285,256 the second year from the general fund is designated to support the Two-Year College Transfer Grant Program.

2. The State Council of Higher Education for Virginia shall disburse these funds for full-time students consistent with § 23.1-623 through § 23.1-627, Code of Virginia. Beginning with students who are entering a senior institution as a two-year transfer student for the first time in the fall 2013 academic year, and who otherwise meet the eligibility criteria of § 23.1-624, Code of Virginia, the maximum EFC is raised to $12,000 or its equivalent.

3. The actual amount of the award depends on the number of students eligible under § 23.1-623 through § 23.1-627, Code of Virginia. Changes that decrease the grant amount shall be determined by the State Council of Higher Education for Virginia.

4. Out of this appropriation, up to $600,000 the first year and $600,000 the second year from the general fund is designated to support students eligible for the first time under § 23.1-623 through § 23.1-627, Code of Virginia. The State Council of Higher Education for Virginia shall transfer these funds to Norfolk State University, Old Dominion University, Radford University, University of Virginia's College at Wise, Virginia Commonwealth University and Virginia State University so that each institution can provide for grants of $1,000 from these funds for these students.

a. Each institution shall award grants from these funds for one year and students shall not receive subsequent awards until they have satisfied the requirements to move to the next class level. Each recipient may receive a maximum of one year of support per class level for a maximum total of two years of support.

b. Any balances remaining from the appropriation identified in paragraph F.4. shall not revert to the general fund at the end of the fiscal year, but shall be brought forward and made available to the State Council of Higher Education for Virginia to support the purposes specified in paragraphs F.1. and F.4. in the subsequent fiscal year.

c. It is anticipated that the institutions shift by a total of 600 the number of students each enrolls from first time freshman to transfers eligible under § 23.1-623 through § 23.1-627, Code of Virginia. Institutional goals under this fund are estimated as follows:

Institution	**Transfer Target**
Norfolk State University	80
Old Dominion University	140
Radford University	140
University of Virginia's College at Wise	20
Virginia Commonwealth University	140
Virginia State University	80

d. The State Council of Higher Education for Virginia may allocate these funds among the institutions in Paragraph F.4.c. as necessary to meet the actual number of transfers each institution generates for students eligible for the first time under § 23.1-623 through § 23.1-627, Code of Virginia. Each institution shall report its progress toward the targets in Paragraph F.4.c. to the Chairs of the House Appropriations and Senate Finance and Appropriations Committees by May 1 each year.

e. The report shall include a detailed accounting of the use of the funds provided and a plan for achieving the goals identified in this item.

G. 1. Out of this appropriation, $22,450,000 the first year and $23,750,000 the second year from the general fund and $15,000,000 the first year from nongeneral funds is designated for the New Economy Workforce Credential Grant Program.

2. The State Council of Higher Education for Virginia shall develop guidelines for the program, collect data, evaluate and approve grant funds for allocation to eligible institutions.

3. Local community colleges shall not start new workforce programs that would duplicate existing high school and adult Career and Technical Education (CTE) programs for high-demand occupations in order to receive funding under this Grant.

4. No more than 25 percent of Grant funds may be used in one occupational field.

H. Out of this appropriation, $5,000,000 the first year and $5,000,000 the second year from nongeneral funds is designated for scholarships for eligible students participating in the Gaining Early Awareness and Readiness for Undergraduate Program (GearUp).

I.1. Out of this appropriation $37,500,000 the first year and $37,500,000 the second year from the general fund is provided to enhance efforts to recruit and retain students eligible for Pell grant assistance at public institutions of higher education.

2. The State Council of Higher Education for Virginia shall work with institutions with below average enrollment of Pell-eligible students to develop individualized recruitment and retention plans targeting low-income students.

3. Any Virginia public institution of higher education may apply for funding through a competitive grant process. Applications must demonstrate efforts to restructure outreach, recruitment, admission, and retention procedures. Funds are intended to support initiatives that attract, enroll, and retain low-income students. Institutions that request funds for need-based financial aid must specify that aid may be used to support internship opportunities. Priority shall be given to institutions with below-average Pell enrollment. Any unexpended balance in this item at the close of business on June 30 each year shall not revert to the general fund, but shall be carried forward and reappropriated. Out of the amount in paragraph I.1. of this item, the Council may use up to one percent of the funds for the administration and evaluation of the activities described in this item.

4. Any institutional grant under this initiative shall be subject to performance outcomes established in paragraph I.5. Funds shall be ongoing to ensure successful enrollment and completion for students. Initiatives demonstrating successful outcomes may be prioritized in future base funding requests.

5. The Council shall establish eligibility criteria, evaluate proposals, determine award sizes, establish performance outcomes and monitor performance in consultation with staff from the House Appropriations and the Senate Finance and Appropriations Committees, the Office of the Secretary of Education, and the Department of Planning and Budget. The Council shall notify the Chairs of the House Appropriations Committee and Senate Finance and Appropriations Committee 30 days prior to releasing funds to institutions.

6. The Council shall report periodically on activities related to this initiative and make recommendations for any potential future support to institutions that successfully meet their defined outcomes. Additionally, by November 1 of each year within the performance period of any awarded institutional grant, the Council shall report to the Chairs of the House Appropriations and Senate Finance and Appropriations Committees and the Secretary of

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Education on the outcomes and effectiveness of the awarded funds. Such report shall include, at minimum, data on recruitment, retention, and graduation of Pell-eligible students at institutions receiving funding and performance against the outcomes established in paragraph I.5.

J. 1. As a condition of this appropriation, $75,000,000 the first year and ~~$65,000,000~~ *$85,000,000* the second year from the general fund is designated to offset the impact of programs under Title 23.1, Chapter 6, Code of Virginia.

2. The State Council of Education for Virginia shall work with public higher education institutions to determine the appropriate allocation of these funds.

3. Any unexpended balance in this item at the close of business on June 30 each year shall not revert to the general fund, but shall be carried forward and reappropriated to support the purposes specified in paragraphs J.1. and J.4. in the subsequent fiscal year.

4. By November 1 of each year, the Council shall report on the status of programs under Title 23.1, Chapter 6, Code of Virginia.

131. Not set out.

132. Not set out.

133. Not set out.

134. Not set out.

135. Not set out.

	First Year FY2025	Second Year FY2026	First Year FY2025	Second Year FY2026
Total for State Council of Higher Education for Virginia			**$316,579,866**	**~~$302,710,815~~** ***$322,710,815***
General Fund Positions	52.00	53.00		
Nongeneral Fund Positions	25.00	25.00		
Position Level	77.00	78.00		
Fund Sources: General	$288,932,701	~~$290,063,650~~ *$310,063,650*		
Special	$21,766,739	$6,766,739		
Trust and Agency	$190,000	$190,000		
Dedicated Special Revenue	$250,000	$250,000		
Federal Trust	$5,440,426	$5,440,426		

136. Not set out.

137. Not set out.

138. Not set out.

139. Not set out.

140. Not set out.

141. Not set out.

142. Not set out.

142.10 Not set out.

143. Not set out.

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144. Not set out.

145. Not set out.

146. Not set out.

147. Not set out.

148. Not set out.

149. Not set out.

150. Not set out.

151. Not set out.

152. Not set out.

153. Not set out.

154. Not set out.

155. Not set out.

156. Not set out.

157. Not set out.

158. Not set out.

159. Not set out.

160. Not set out.

161. Not set out.

162. Not set out.

163. Not set out.

164. Not set out.

165. Not set out.

166. Not set out.

167. Not set out.

168. Not set out.

169. Not set out.

170. Not set out.

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171. Not set out.

172. Not set out.

173. Not set out.

174. Not set out.

175. Not set out.

176. Not set out.

177. Not set out.

178. Not set out.

179. Not set out.

180. Not set out.

181. Not set out.

182. Not set out.

183. Not set out.

184. Not set out.

185. Not set out.

186. Not set out.

187. Not set out.

188. Not set out.

189. Not set out.

190. Not set out.

191. Not set out.

192. Not set out.

193. Not set out.

194. Not set out.

195. Not set out.

196. Not set out.

197. Not set out.

198. Not set out.

ITEM 199.		Item Details($) First Year FY2025	Item Details($) Second Year FY2026	Appropriations($) First Year FY2025	Appropriations($) Second Year FY2026
199.	Not set out.				

§ 1-7. VIRGINIA COMMUNITY COLLEGE SYSTEM (260)

		First Year FY2025	Second Year FY2026	First Year FY2025	Second Year FY2026
200.	Educational and General Programs (10000)			$1,089,558,483	$1,080,055,383
	Higher Education Instruction (100101)	$491,903,481	$482,400,381		
	Higher Education Public Services (100103)	$5,001,741	$5,001,741		
	Higher Education Academic (100104)	$107,868,991	$107,868,991		
	Higher Education Student Services (100105)	$118,564,801	$118,564,801		
	Higher Education Institutional Support (100106)	$262,405,451	$262,405,451		
	Operation and Maintenance Of Plant (100107)	$103,814,018	$103,814,018		
	Fund Sources: General	$581,255,312	$571,752,212		
	Higher Education Operating	$508,303,171	$508,303,171		

Authority: Title 23.1, Chapter 29, Code of Virginia.

A. This Item includes general and nongeneral fund appropriations to support institutional initiatives that help meet statewide goals described in the Restructured Higher Education Financial and Administrative Operations Act of 2005 (Chapters 933 and 945, 2005 Acts of Assembly).

B. It is the objective of the Commonwealth that a standard of 70 percent full-time faculty be established for the Virginia Community College System. Consistent with higher education funding guidelines, it is expected that the Virginia Community College System will utilize the funds provided for base operating support to achieve this objective. In addition, the first priority for new funding provided to the community college system shall be for operating support at individual community colleges. Thirty days prior to the beginning of each fiscal year, the Virginia Community College System shall report to the Chairs of the House Appropriations and Senate Finance and Appropriations Committees on the allocation of all new general funds and nongeneral funds in this item and any cost recovery plans between the individual community colleges and the system office.

C. It is the intent of the General Assembly that funds available to the Virginia Community College System be reallocated to accommodate changes in enrollment and other cost factors at each of the community colleges.

D. Tuition and fee revenues from out-of-state students taking distance education courses through the Virginia Community College System must exceed all direct and indirect costs of providing instruction to those students. Tuition and fee rates to meet this requirement shall be established by the State Board for Community Colleges.

E. Out of this appropriation, amounts for the following special programs are designated: at J. Sargeant Reynolds Community College, the Program for the Deaf, $64,547 and four positions the first year and $64,547 and four positions the second year from the general fund and the Program for the Intellectually Disabled, $91,004 and four positions the first year and $91,004 and four positions the second year from the general fund; and, at New River Community College, the Program for the Deaf, $78,328 and four positions the first year and $78,328 and four positions the second year from the general fund, and the Program for the Intellectually Disabled, $69,682 and 4.5 positions the first year and $69,682 and 4.5 positions the second year from the general fund; and, at Danville Community College, the Program for the Deaf, $26,001 and one position the first year and $26,001 and one position the second year from the general fund.

F. Out of this appropriation, $39,001 the first year and $39,001 the second year from the general fund is designated to support the Southwest Virginia Telecommunications Network.

G. Out of this appropriation, $261,370 and four positions the first year and $261,370 and four positions the second year from the general fund is provided to support Virginia Western Community College's participation in the Roanoke Higher Education Center and the Botetourt County Education and Training Center at Greenfield.

H. Out of this appropriation, $130,005 the first year and $130,005 the second year from the general fund is designated to support the Southwestern Virginia Advanced Manufacturing Technology Center at Wytheville Community College.

I.1. Out of this appropriation, $345,000 the first year and $345,000 the second year from the general fund is provided for the annual lease or rental costs of space in the Botetourt County Education and Training Center at Greenfield.

2. The general fund amounts provided for in this paragraph for workforce training, retraining, programming, and community education facilities at the Botetourt County Education and Training Center shall be matched by local or private sources in a ratio of two-thirds state funds to at least one-third local or private funds, as approved by the State Board for Community Colleges.

J. As Virginia's public colleges and universities approach full funding of the base adequacy guidelines and as the General Assembly strives to fully fund the general fund share of the base adequacy guidelines, these funds are provided with the intent that, in exercising their authority to set tuition and fees, the Board of Visitors shall take into consideration the impact of escalating college costs for Virginia students and families. In accordance with the cost-sharing goals set forth in § 4-2.01 b. of this act, the Board of Visitors is encouraged to limit increases on tuition and mandatory educational and general fees for in-state, undergraduate students to the extent possible.

K. Out of this appropriation, $191,884 the first year and $191,884 the second year from the general fund shall be provided to Northern Virginia Community College to support public-private sector partnerships in order to maximize the number of newly licensed nurses and increase the supply of nursing faculty.

L. Out of this appropriation, $489,000 the first year and $489,000 the second year from the general fund is designated for Northern Virginia Community College to implement the SySTEMic Solutions initiative which will enable expansion of dual enrollment courses with a STEM focus in all Northern Virginia school districts; opportunities to earn industry-aligned certifications; professional development opportunities for STEM teachers; part-time employment and internship opportunities for students in STEM programs; hands-on SOL-based science lessons at the elementary level with industry input and support; and collaborative robotics programs between the community college and K-12 schools. It is expected that an equal amount of private funds will be generated as a match for the state support.

M. Out of this appropriation, $19,560 the first year and $19,560 the second year from the general fund shall be provided to Southside Virginia Community College. Out of this amount, $9,780 each year from the general fund shall be provided to the Estes Community Center in Chase City, $9,780 each year from the general fund shall be provided to the Lake Country Advanced Knowledge Center in South Hill.

N. Out of this appropriation, $115,130 the first year and $115,130 the second year from the general fund is provided for the Mecklenburg County Job Retraining Center.

O. Out of this appropriation, $255,000 the first year and $255,000 the second year from the general fund and $163,000 the first year and $163,000 the second year from nongeneral funds is designated for the operation of the Amherst Center of Central Virginia Community College. Central Virginia Community College shall report annually to the Chairs of the House Appropriations and Senate Finance and Appropriations Committees on the number of students enrolled, the programs provided with number of students served and the number of degrees and certificates awarded by program.

P. Out of this appropriation, $200,000 the first year and $200,000 the second year from the general fund is designated for Laurel Ridge Community College. Of this amount $100,000 the first year and $100,000 the second year is designated to support the career and technical education programs at the Middletown Campus and $100,000 the first year and $100,000 the second year is designated for workforce training programs at the Fauquier Campus. The programs will be designed in collaboration with regional employers and high schools.

Q. Out of this appropriation, $1,100,000 and seven positions the first year and $1,100,000

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and seven positions the second year from the general fund is designated for veterans resource centers at Northern Virginia Community College, Tidewater Community College, Virginia Peninsula Community College, Germanna Community College, J. Sargeant Reynolds Community College, Brightpoint Community College, and Virginia Western Community College.

R. Out of this appropriation, $250,000 and nine positions the first year and $250,000 and nine positions the second year from the general fund is designated to support the Rural Horseshoe Initiative.

S. Out of this appropriation, $480,000 and two positions the first year and $480,000 and two positions the second year from the general fund are designated for the Virginia Community College System, in partnership with the State Council of Higher Education for Virginia, to develop and maintain a mandated online repository for all transfer agreements, course equivalency tools, Passport Credit Program Guidelines and other informational resources related to transferring from a public two-year institution to a public four-year institution. The repository shall also include a Dual Enrollment Guide, Exam Equivalency Guide, Degree Searcher, and other transfer tools and components that support student transfer.

T. Out of this appropriation, $1,413,689 the first year and $1,413,689 the second year from the general fund is designated for costs of three associate degree programs in Occupational Therapy Assistant, Physical Therapy Assistant, and Surgical Technology that have transferred to Virginia Western Community College as a result of the merger of Radford University and the Jefferson College of Health Sciences authorized in Chapter 60 of the 2019 Acts of Assembly.

U. Out of this appropriation, $4,000,000 the first year and $4,000,000 the second year from the general fund is designated for advising, marketing, outreach and public awareness efforts for the G3 program in Item 201.

V. Out of this appropriation, $1,050,000 the first year and $1,050,000 the second year from the general fund is designated for health science and technology education at Virginia Western, New River, Central Virginia and Mountain Gateway Community Colleges.

W. Out of this appropriation, $296,314 the first year and $296,314 the second year from the general fund is designated for Southside Virginia Community College to implement the Solar Hands-On Instructional Network of Excellence (SHINE) workforce program.

X. Out of this appropriation, $500,000 the first year and $500,000 the second year from the general fund is designated for the Virginia Community College System (VCCS) to support a state-funded grant program to support the Great Expectations Program in the following areas: the hiring of college coaches or mentors, housing stipends, child care, and transportation needs. VCCS shall report to the Commission on Youth the outcomes of the grant program by November 30 of each year. The Great Expectations Program serves young adults who have experienced foster care.

Y. Out of this appropriation, $1,000,000 the first year and $1,000,000 the second year from the general fund is designated for enhancements to the cyber-security infrastructure.

Z. Out of this appropriation, $500,000 the first year and $500,000 the second year from the general fund is designated for Virginia Peninsula Community College to support its collaboration with the Coastal Virginia Science, Technology, Engineering, and Mathematics Hub.

AA. Out of this appropriation, $1,500,000 and two positions the first year and $1,500,000 and two positions the second year from the general fund is designated for Danville Community College to support an aviation maintenance technology program. Danville Community College shall develop a comprehensive work plan which includes an implementation plan, projected expenditures, performance benchmarks and partnership responsibilities. Danville Community College shall initiate the program and accreditation approval through federal and state entities and complete partnership agreements with Danville Regional Airport, Averett University, other higher education partners, participating K-12 school divisions, businesses and any public bodies necessary for program.

BB. Out of this appropriation $7,750,000 the first year and $7,750,000 the second year from

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the general fund is provided for support of workforce programs in regions with high labor demand and low supply. Funds may be used for startup costs related to new program development and shall include an employer match to ensure alignment to workforce needs. Funds also may be used to support new program development for career and technical dual enrollment courses.

CC. Out of this appropriation, $500,000 the first year and $250,000 the second year from the general fund is designated for Northern Virginia Community College to provide technical assistance for automotive and building maintenance training programs coordinated by the Prince William County Department of Facilities and Fleet Management, to address workforce shortages.

DD. Out of this appropriation, $350,000 the first year and $350,000 the second year from the general fund is provided to the Virginia Community College System to support mixed-delivery programs and classroom equipment and materials at Virginia Peninsula Community College. Of this amount, $100,000 the first year and $100,000 the second year is provided to support early childhood instructional delivery, equipment, and program operating costs. Virginia Peninsula Community College is authorized to enter into a partnership agreement with a third-party provider to facilitate in-practice early childhood educational training. Funds shall be ongoing and incorporated into the institution's base budget for the next biennium.

EE. Upon enactment of this act, the Virginia Community College System shall transfer $13,600,000 from educational and general program cash balances to the State Council of Higher Education for Virginia for deposit to the New Economy Workforce Credential Grant Fund. This amount shall not be appropriated under the State Council of Higher Education for Virginia in fiscal year 2026 but shall be incorporated into the New Economy Workforce Credential Grant Program appropriation in the next biennium.

201. Not set out.

202. Not set out.

203. Not set out.

204. Not set out.

205. Not set out.

	Item Details($) First Year FY2025	Item Details($) Second Year FY2026	Appropriations($) First Year FY2025	Appropriations($) Second Year FY2026
Total for Virginia Community College System			**$1,448,149,046**	**$1,435,741,056**
General Fund Positions	5,635.57	5,635.57		
Nongeneral Fund Positions	5,258.58	5,258.58		
Position Level	10,894.15	10,894.15		
Fund Sources: General	$724,190,181	$712,282,191		
Higher Education Operating	$707,848,102	$707,348,102		
Debt Service	$16,110,763	$16,110,763		

206. Not set out.

207. Not set out.

208. Not set out.

209. Not set out.

210. Not set out.

211. Not set out.

	Item Details($)		Appropriations($)	
ITEM 212.	**First Year FY2025**	**Second Year FY2026**	**First Year FY2025**	**Second Year FY2026**

212. Not set out.

213. Not set out.

214. Not set out.

215. Not set out.

216. Not set out.

217. Not set out.

218. Not set out.

219. Not set out.

220. Not set out.

221. Not set out.

222. Not set out.

223. Not set out.

224. Not set out.

225. Not set out.

226. Not set out.

227. Not set out.

228. Not set out.

229. Not set out.

230. Not set out.

231. Not set out.

232. Not set out.

233. Not set out.

234. Not set out.

235. Not set out.

236. Not set out.

237. Not set out.

238. Not set out.

239. Not set out.

ITEM 240.		Item Details($) First Year FY2025	Item Details($) Second Year FY2026	Appropriations($) First Year FY2025	Appropriations($) Second Year FY2026
240.	Not set out.				
240.10	Not set out.				
241.	Not set out.				
	TOTAL FOR OFFICE OF EDUCATION			**$29,018,400,026**	**~~$29,829,016,765~~** ***$29,807,132,158***
	General Fund Positions	19,272.89	19,301.24		
	Nongeneral Fund Positions	43,782.05	44,105.55		
	Position Level	63,054.94	63,406.79		
	Fund Sources: General	$13,915,953,212	~~$14,019,373,555~~ *$13,949,197,433*		
	Special	$65,821,852	$54,425,777		
	Higher Education Operating	$11,627,891,917	$12,401,088,086		
	Commonwealth Transportation	$1,796,906	$1,796,906		
	Enterprise	$7,479,910	$7,479,910		
	Trust and Agency	$1,006,738,652	~~$1,087,249,747~~ *$1,135,541,262*		
	Debt Service	$308,781,595	$312,907,180		
	Dedicated Special Revenue	$220,335,288	$130,335,288		
	Federal Trust	$1,863,600,694	$1,814,360,316		

ITEM 242.		Item Details($) First Year FY2025	Item Details($) Second Year FY2026	Appropriations($) First Year FY2025	Appropriations($) Second Year FY2026

OFFICE OF FINANCE

242. Not set out.

§ 1-8. DEPARTMENT OF ACCOUNTS (151)

243. Not set out.

244. Not set out.

245. Not set out.

246. Not set out.

247. Not set out.

248. Not set out.

249. Not set out.

250. Not set out.

Department of Accounts Transfer Payments (162)

251. Not set out.

252. Not set out.

Item		Item Details First Year FY2025	Item Details Second Year FY2026	Appropriations First Year FY2025	Appropriations Second Year FY2026
252.10	Revenue Cash Reserve (23700)			$294,482,240	~~$0~~ *$312,330,340*
	Appropriated Revenue Reserve (23701)	$294,482,240	~~$0~~ *$312,330,340*		
	Fund Sources: General	$294,482,240	~~$0~~ *$312,330,340*		

Authority: Title 2.2, Chapter 18, Article 4.1, Code of Virginia

A. Out of this appropriation, $294,482,240 the first year from the general fund attributable to actual tax collections for fiscal year 2024 shall be paid by the State Comptroller on or before June 30, 2025, into the Revenue Reserve Fund pursuant to § 2.2-1831.3, Code of Virginia.

B. Out of this appropriation, $312,330,340 the second year from the general fund attributable to actual tax collections for fiscal year 2025 shall be paid by the State Comptroller on or before June 30, 2026, into the Revenue Reserve Fund pursuant to § 2.2-1831.3, Code of Virginia.

253. Not set out.

254. Not set out.

255. Not set out.

		Item Details First Year FY2025	Item Details Second Year FY2026	Appropriations First Year FY2025	Appropriations Second Year FY2026
	Total for Department of Accounts Transfer Payments			**$1,773,568,325**	**~~$1,478,586,085~~** ***$1,790,916,425***
	Nongeneral Fund Positions	1.00	1.00		
	Position Level	1.00	1.00		

ITEM 255.		Item Details($) First Year FY2025	Item Details($) Second Year FY2026	Appropriations($) First Year FY2025	Appropriations($) Second Year FY2026
	Fund Sources: General	$1,275,362,240	~~$980,380,000~~ *$1,292,710,340*		
	Trust and Agency	$81,359,934	$81,359,934		
	Dedicated Special Revenue	$416,846,151	$416,846,151		
	Grand Total for Department of Accounts			**$1,839,749,151**	**~~$1,547,339,693~~** ***$1,859,670,033***
	General Fund Positions	115.00	126.00		
	Nongeneral Fund Positions	55.00	55.00		
	Position Level	170.00	181.00		
	Fund Sources: General	$1,290,962,021	~~$997,973,598~~ *$1,310,303,938*		
	Special	$1,108,292	$1,108,292		
	Internal Service	$49,472,753	$50,051,718		
	Trust and Agency	$81,359,934	$81,359,934		
	Dedicated Special Revenue	$416,846,151	$416,846,151		
256.	Not set out.				

§ 1-9. DEPARTMENT OF TAXATION (161)

257.	Not set out.				
258.	Not set out.				
259.	Not set out.				
260.	Administrative and Support Services (79900)			$188,328,909	$60,630,056
	General Management and Direction (79901)	$30,630,934	$30,812,012		
	Information Technology Services (79902)	$157,697,975	$29,818,044		
	Fund Sources: General	$188,175,455	$60,476,602		
	Special	$153,454	$153,454		

Authority: §§ 58.1-200, 58.1-202, and 58.1-213, Code of Virginia.

A. To defray the costs of administration for voluntary contributions made on individual income tax returns for taxable years beginning on or after January 1, 2003, the Department of Taxation may retain up to five percent of the contributions made to each organization, not to exceed a total of $50,000 from all organizations in any taxable year.

B. The Department is hereby authorized to request and receive a treasury loan to fund the necessary start-up costs associated with the implementation of a sales and use tax modification or other state or local tax imposed pursuant to Chapter 766, 2013 Acts of Assembly. The treasury loan shall be repaid for these costs from the tax revenues. The Department shall also retain sufficient revenues to recover its costs incurred administering these taxes.

C. Notwithstanding the provisions of §§ 2.2-507 and 2.2-510, when the Tax Commissioner determines that an issue may have a major impact on tax policies, revenues or expenditures, he may request that the Attorney General appoint special counsel to render such assistance or representation as needed. The compensation for such special counsel shall be paid out of the funds appropriated for the administration of the Department of Taxation.

D. The Department of Taxation is required to provide, at the beginning of an audit, detailed information on the audit process and tax policies that are being examined. Furthermore, the Department shall compile and make available on their website a list of common issues which are identified in a large number of audits.

E.*1*. Out of this appropriation, $131,000,000 the first year from the general fund is

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provided for costs associated with the replacement of the Department of Taxation's (TAX) Integrated Revenue Management System (IRMS). This appropriation is contingent on TAX including in its contract with the selected vendor an electronic filing system for individual income tax that can be used by all Virginians. ~~The Director, Department of Planning and Budget shall unallot any amounts of this appropriation not needed to perform required actions necessary for work prior to, and in support of, the procurement. The remaining funding may be allotted at such time when TAX demonstrates in its final contractual terms for the replacement of IRMS that it contains a provision for an electronic filing system for individual income tax that can be used by all Virginians. After the contingency is met the Director, Department of Planning and Budget shall allot the amount that is needed in each fiscal year based on a reasonable funding schedule provided by TAX for each fiscal year.~~ Any amounts remaining from the general fund appropriation identified in this paragraph that remain unspent at the end of any fiscal year shall be reappropriated in the next fiscal year until the project is completed. ~~TAX shall report by September 1, of each year to the Chairs of the House Appropriations and Senate Finance and Appropriations Committees on the current status of the IRMS replacement, the funding expended in the prior fiscal year, project milestones achieved in the prior fiscal year, and any potential concerns that may impact the project's timeline and success.~~

2. There is hereby established in the state treasury a special nonreverting fund known as the Project Lighthouse Fund. Any moneys remaining in the Fund, at the end of each fiscal year shall not revert to the general fund but shall remain in the Fund.

3. The balance of any funds remaining from the amounts appropriated in this paragraph shall be deposited into the Project Lighthouse Fund. Moneys in the Fund shall be used solely for the purpose of providing for costs associated with the replacement of the Department of Taxation's (TAX) Integrated Revenue Management System (IRMS).

4. The workgroup described in Item 257 Paragraph D of the 2025 Appropriation Act shall continue its periodic oversight of the implementation of this project. The workgroup shall include the Secretary of Finance or his designee, staff from the House Appropriations and Senate Finance and Appropriations Committees, the Director of the Department of Planning and Budget, and the Chief Information Officer of the Commonwealth.

5. The Department of Taxation shall report to the Governor and the Chairs of the House Appropriations and Senate Finance and Appropriations Committees by November 1 of each year until implementation of the new system is complete. Such report shall include an executive summary of the interim activity of the project implementation, including information regarding the current status of the project, the funding expended in the prior fiscal year, project milestones achieved in the prior fiscal year, and any potential concerns that may impact the project's timeline and success.

Total for Department of Taxation			**$1,245,748,691**	**$140,520,417**
General Fund Positions	930.00	933.00		
Nongeneral Fund Positions	56.00	56.00		
Position Level	986.00	989.00		
Fund Sources: General	$1,232,322,626	$126,981,352		
Special	$11,977,645	$12,635,645		
Dedicated Special Revenue	$1,448,420	$903,420		

261. Not set out.

262. Not set out.

263. Not set out.

§ 1-10. TREASURY BOARD (155)

264. Bond and Loan Retirement and Redemption (74300).			$1,043,008,147	~~$1,047,160,071~~ *$1,028,511,903*

ITEM 264.	Item Details($) First Year FY2025	Item Details($) Second Year FY2026	Appropriations($) First Year FY2025	Appropriations($) Second Year FY2026
Debt Service Payments on General Obligation Bonds (74301)	$40,958,214	~~$33,517,136~~ *$33,033,823*		
Debt Service Payments on Public Building Authority Bonds (74303)	$364,877,486	$375,705,634		
Debt Service Payments on College Building Authority Bonds (74304)	$637,172,447	~~$637,937,301~~ *$619,772,446*		
Fund Sources: General	$1,006,876,637	~~$1,011,608,929~~ *$992,960,761*		
Higher Education Operating	$31,526,576	$31,526,576		
Dedicated Special Revenue	$645,000	$645,000		
Federal Trust	$3,959,934	$3,379,566		

Authority: Title 2.2, Chapter 18, Code of Virginia; Article X, Section 9, Constitution of Virginia.

A. The Director, Department of Planning and Budget is authorized to transfer appropriations between Items in the Treasury Board to address legislation affecting the Treasury Board passed by the General Assembly.

B.1. Out of the amounts for Debt Service Payments on General Obligation Bonds, the following amounts are hereby appropriated from the general fund for debt service on general obligation bonds issued pursuant to Article X, Section 9 (b), of the Constitution of Virginia:

Series		**FY 2025**		**FY 2026**
	General Fund	**Federal Funds**	**General Fund**	**Federal Funds**
2013 Refunding	$0	$0	$0	$0
2015B Refunding	$11,340,750	$0	~~$14,880,000~~ *$0*	$0
2016B Refunding	$4,842,700	$0	$4,682,950	$0
2019C Refunding	$1,124,264	$0	$1,052,436	$0
2024B Refunding	$23,550,500		$12,801,750	
2025B Refunding	*$0*	*$0*	*$14,396,687*	*$0*
Projected debt service & expenses	$100,000	$0	$100,000	$0
Total Service Area	**$40,958,214**	**$0**	**~~$33,517,136~~** ***$33,033,823***	**$0**

2. Out of the amounts for Debt Service Payments on General Obligation Bonds, sums needed to fund issuance costs and other expenses are hereby appropriated.

C.1. Out of the amounts for Debt Service Payments on Virginia Public Building Authority Bonds shall be paid to the Virginia Public Building Authority the following amounts for use by the authority for its various bond issues:

Series		**FY 2025**		**FY 2026**
	General Fund	**Nongeneral Fund**	**General Fund**	**Nongeneral Fund**
2010B	$21,717,048	$2,088,467	$21,436,829	$1,806,640
2012A Refunding	$10,337,125	$0	$0	$0
2013A	$8,745,050	$0	$1,354,800	$0
2014A	$5,889,375	$645,000	$0	$0
2014B	$2,014,388	$0	$2,012,972	$0
2014C Refunding	$31,600,750	$0	$0	$0
2015A	$17,297,845	$0	$17,296,720	$0
2015B Refunding	$11,263,075	$0	$11,263,075	$0

2016A	$14,377,100	$0	$14,379,225	$0
2016B Refunding	$31,946,700	$0	$31,953,825	$0
2016C	$11,656,750	$0	$11,656,750	$0
2016D	$906,482	$0	$903,176	$0
2017A Refunding	$5,899,700	$0	$12,065,800	$0
2018A	$11,742,369	$0	$11,745,244	$0
2018B	$1,232,590	$0	$1,232,990	$0
2019A	$13,433,275	$0	$13,431,150	$0
2019B	$10,157,150	$0	$10,159,775	$0
2019C	$5,106,276	$0	$0	$0
2020A	$15,718,050	$0	$15,718,925	$0
2020B Refunding	$33,784,375	$0	$34,228,625	$0
2020C	$6,617,714	$0	$6,618,540	$0
2021A	$38,488,625	$0	$38,485,750	$0
2021B Refunding	$1,186,304	$0	$1,184,866	$0
2022A	$33,093,050	$0	$33,092,550	$0
2022B	$5,346,540	$0	$5,210,290	$0
2024A	$7,070,534	$0	$13,601,500	$0
2024B Refunding	$4,324,443	$0	$42,706,000	$645,000
2024C	$941,336	$0	$6,351,330	$0
2025A	*$0*	*$0*	*$13,800,367*	*$0*
2025B	*$0*	*$0*	*$1,112,920*	*$0*
Projected debt service and expenses	$250,000	$0	~~$15,163,287~~ *$250,000*	$0
Total Service Area	**$362,144,019**	**$2,733,467**	**$373,253,994**	**$2,451,640**

2.a. Funding is included in this Item for the Commonwealth's reimbursement of a portion of the approved capital costs as determined by the State Board of Local and Regional Jails and other interest costs as provided in §§ 53.1-80 through 53.1-82.2 of the Code of Virginia, for the following:

Project	**Commonwealth Share of Approved Capital Costs**
Fairfax County Adult Detention Center - Security and Mechanical Upgrades	$14,479,670
Loudoun County Adult Detention Center - Expansion and Renovation	$9,975,250
Albemarle-Charlottesville Regional Jail - Renovation	$11,689,250
Total Approved Capital Costs	**$36,144,170**

b. The Commonwealth's share of the total construction cost of the projects listed in the table in paragraph C.2.a. shall not exceed the amount listed for each project. Reimbursement of the Commonwealth's portion of the construction costs of these projects shall be subject to the approval of the Department of Corrections of the final expenditures.

c. This paragraph shall constitute the authority for the Virginia Public Building Authority to issue bonds for the foregoing projects pursuant to § 2.2-2261 of the Code of Virginia.

3.a. Funding is included in this item for the Commonwealth's reimbursement of a portion of the approved capital costs as determined by the State Board of Local and Regional Jails and other interest costs as provided in §§ 53.1-80 through 53.1-82.2, Code of Virginia, for the following:

Project	**Maximum Capital Costs**
Chesapeake Correctional Center	$437,603
Chesterfield County Jail - Resubmittal	$340,320

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Montgomery County Jail	$221,051
New River Valley Regional Jail	$144,022
New River Valley Regional Jail - Resubmittal	$321,177
Norfolk City Jail	$843,243
Piedmont Regional Jail	$411,855
Pittsylvania County Jail	$15,076,753
Portsmouth City Jail	$26,420,944
Prince William-Manassas Regional ADC	$541,250
Total	**$44,758,218**

b.i. The Commonwealth's share of the total construction cost of the projects listed in the table in paragraph C.3.a. shall not exceed the amount listed for each project.

ii. Projects with a total cost less than $12,000,000, shall have reimbursement of the Commonwealth's portion of the construction costs of these projects be subject to the approval of the Department of Corrections (DOC) of the final expenditures.

iii. Projects with a total cost equal to or exceeding $12,000,000 shall undergo a cost and design review by the Department of General Services (DGS) in accordance with Item 385 of this act. The cost target set by DGS shall include capital project costs as defined in § 53.1-82.2. Upon completion of the cost review, DGS shall inform the Department of Planning and Budget (DPB), Department of Corrections (DOC), and the Chairs of the House Appropriations and Senate Finance and Appropriations Committees of the outcome of its review. Based on the DGS review and allowable costs pursuant to §§ 53.1-80 through 53.1-82.2, DPB shall set a maximum reimbursement of the Commonwealth's portion of the construction costs amount, not to exceed the amount set forth in the above table and communicate such amount to DOC. Such reimbursement shall then be subject to the approval of DOC of the final expenditures. Notwithstanding any other approval provisions in § 53.1-80, Code of Virginia, these projects are hereby authorized for reimbursement in accordance with the provisions of C.3.a. and b. of this item.

c. This paragraph shall constitute the authority for the Virginia Public Building Authority to issue bonds for the foregoing projects pursuant to § 2.2-2261, Code of Virginia.

D.1. Out of the amounts for Debt Service Payments on Virginia College Building Authority Bonds shall be paid to the Virginia College Building Authority the following amounts for use by the Authority for payments on obligations issued for financing authorized projects under the 21st Century College Program:

Series	FY 2025	FY 2026
2010B	$27,288,516	$26,692,000
2012B	$399,100	$20,354,100
2014A	$412,050	$14,147,050
2014B Refunding	$5,080,400	$0
2015A	$23,556,450	$241,600
2015B Refunding	$30,686,153	$30,688,347
2015D	$12,457,685	$18,547,435
2016A	$16,792,150	$16,791,400
2016B Refunding	$1,972,000	$1,972,000
2016C	$4,431,155	$4,433,558
2017B Refunding	$23,952,750	$24,070,500
2017C	$31,468,500	$31,465,500
2017D	$11,316,888	$11,318,600
2017E Refunding	$79,348,750	$65,166,500
2019A	$31,126,350	$31,126,600
2019B	$9,987,000	$9,984,500
2019C Refunding	$29,061,250	$29,067,000

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2020A	$20,154,950	$20,155,700
2020B Refunding	$7,477,287	$6,206,018
2021A	$32,914,300	$32,915,050
2022A	$38,214,663	$42,806,913
2022B	$4,591,955	$0
2023A	$41,846,525	$41,847,525
2023B Refunding	$17,090,500	$17,090,500
2024A	$42,386,087	$42,385,800
Projected 21st Century debt service & expenses	$250,000	~~$4,652,563~~ *$250,000*
Subtotal 21st Century	**$544,263,414**	~~**$544,126,759**~~ ***$539,724,196***

2. Out of the amounts for Debt Service Payments on Virginia College Building Authority Bonds shall be paid to the Virginia College Building Authority the following amounts for the payment of debt service on authorized bond issues to finance equipment:

Series	**FY 2025**	**FY 2026**
2018A	$12,862,500	$0
2019A	$12,568,750	$12,573,750
2020A	$12,062,500	$12,061,500
2021A	$12,513,750	$12,514,000
2022A	$13,943,500	$13,942,250
2023A	$14,400,000	$14,402,750
2024A	$14,558,033	$14,554,000
Projected debt service & expenses	$0	~~$13,762,292~~ *$0*
Subtotal Equipment	$92,909,033	~~$93,810,542~~ *$80,048,250*
Total Service Area	**$637,172,447**	~~**$637,937,301**~~ ***$619,772,446***

3. Beginning with the FY 2008 allocation of the higher education equipment trust fund, the Treasury Board shall amortize equipment purchases at seven years, which is consistent with the useful life of the equipment.

4. Out of the amounts for Debt Service Payments on Virginia College Building Authority Bonds, the following nongeneral fund amounts from a capital fee charged to out-of-state students at institutions of higher education shall be paid to the Virginia College Building Authority in each year for debt service on bonds issued under the 21st Century Program:

Institution	**FY 2025**	**FY 2026**
George Mason University	$2,804,490	$2,804,490
Old Dominion University	$1,108,899	$1,108,899
University of Virginia	$5,006,754	$5,006,754
Virginia Polytechnic Institute and State University	$5,192,295	$5,192,295
Virginia Commonwealth University	$2,359,266	$2,359,266
College of William and Mary	$1,639,845	$1,639,845
Christopher Newport University	$131,508	$131,508
University of Virginia's College at Wise	$48,330	$48,330
James Madison University	$2,843,787	$2,843,787
Norfolk State University	$420,789	$420,789
Longwood University	$106,149	$106,149
University of Mary Washington	$234,834	$234,834
Radford University	$300,486	$300,486

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Virginia Military Institute	$400,470	$400,470
Virginia State University	$773,577	$773,577
Richard Bland College	$10,830	$10,830
Virginia Community College System	$3,301,665	$3,301,665
TOTAL	**$26,683,974**	**$26,683,974**

5. Out of the amounts for Debt Service Payments of College Building Authority Bonds, the following is the estimated general and nongeneral fund breakdown of each institution's share of the debt service on the Virginia College Building Authority bond issues to finance equipment. The nongeneral fund amounts shall be paid to the Virginia College Building Authority in each year for debt service on bonds issued under the equipment program:

	FY 2025		FY 2026	
Institution	**General Fund**	**Nongeneral Fund**	**General Fund**	**Nongeneral Fund**
College of William & Mary	$2,957,968	$259,307	~~$3,098,080~~ *$2,544,266*	$259,307
University of Virginia	$13,447,481	$1,088,024	~~$14,084,454~~ *$11,566,713*	$1,088,024
Virginia Polytechnic Institute and State University	$13,410,836	$992,321	~~$13,913,645~~ *$11,426,435*	$992,321
Virginia Military Institute	$1,139,325	$88,844	~~$1,193,292~~ *$979,978*	$88,844
Virginia State University	$1,725,783	$108,886	~~$1,807,529~~ *$1,484,415*	$108,886
Norfolk State University	$1,543,096	$108,554	~~$1,616,188~~ *$1,327,278*	$108,554
Longwood University	$955,904	$54,746	~~$1,001,183~~ *$822,211*	$54,746
University of Mary Washington	$843,157	$97,063	~~$883,095~~ *$725,232*	$97,063
James Madison University	$2,969,737	$254,504	~~$3,110,406~~ *$2,554,389*	$254,504
Radford University	$2,243,707	$135,235	~~$2,349,987~~ *$1,929,902*	$135,235
Old Dominion University	$6,702,689	$374,473	~~$6,755,319~~ *$5,547,735*	$374,473
Virginia Commonwealth University	$8,812,123	$401,647	~~$9,229,532~~ *$7,579,657*	$401,647
Richard Bland College	$205,919	$2,027	~~$215,673~~ *$177,119*	$2,027
Christopher Newport University	$970,088	$17,899	~~$1,016,039~~ *$834,411*	$17,899
University of Virginia's College at Wise	$322,325	$19,750	~~$337,593~~ *$277,245*	$19,750
George Mason University	$5,327,956	$205,665	~~$5,315,467~~ *$4,365,272*	$205,665
Virginia Community College System	$22,625,588	$633,657	~~$23,697,308~~ *$19,461,167*	$633,657
Virginia Institute of Marine Science	$465,587	$0	~~$487,641~~ *$400,470*	$0
Roanoke Higher Education Authority	$99,807	$0	~~$104,535~~ *$85,848*	$0
Southwest Virginia	$103,007	$0	~~$107,886~~	$0

ITEM 264.	Item Details($) First Year FY2025	Item Details($) Second Year FY2026	Appropriations($) First Year FY2025	Appropriations($) Second Year FY2026

Higher Education Center			*$88,600*	
Institute for Advanced Learning and Research	$352,530	$0	~~$369,228~~ *$303,225*	$0
Southern Virginia Higher Education Center	$123,167	$0	~~$129,001~~ *$105,940*	$0
New College Institute	$44,342	$0	~~$46,442~~ *$38,140*	$0
Eastern Virginia Medical School	$674,309	$0	~~$706,250~~ *$580,000*	$0
TOTAL	**$88,066,431**	**$4,842,602**	**~~$91,575,773~~** ***$75,205,648***	**$4,842,602**

6. Old Dominion University may be responsible for the share of debt service issued to Eastern Virginia Medical School in this item to continue the financing of equipment for the schools and divisions existing as Eastern Virginia Medical School prior to the effective date of Chapters 756 and 778, 2023 Acts of Assembly.

E. Pursuant to various Payment Agreements between the Treasury Board and the Commonwealth Transportation Board, funds required to pay the debt service due on Commonwealth Transportation Board bonds shall be paid to the Trustee for the bondholders by the Treasury Board after transfer of these funds to the Treasury Board from the Commonwealth Transportation Board pursuant to Item 443, paragraph E of this act and §§ 33.2-2300, 33.2-2400, and 58.1-816.1, Code of Virginia.

F. Under the authority of this act, an agency may transfer funds to the Treasury Board for use as lease, rental, or debt service payments to be used for any type of financing where the proceeds are used to acquire equipment and to finance associated costs, including but not limited to issuance and other financing costs. In the event such transfers occur, the transfers shall be deemed an appropriation to the Treasury Board for the purpose of making the lease, rental, or debt service payments described herein.

G. Notwithstanding the provisions of 2.2-1156, Code of Virginia, if tax-exempt bonds were used by the Commonwealth or its authorities, boards, or institutions to finance the acquisition, construction, improvement or equipping of real property, proceeds from the subsequent sale or disposition of such property and any improvements may first be applied toward remediation options available under federal law in order to maintain the tax-exempt status of such bonds.

265.	Not set out.				
	Total for Treasury Board			**$1,043,008,147**	**~~$1,047,160,071~~** ***$1,028,511,903***
	Fund Sources: General	$1,006,876,637	~~$1,011,608,929~~ *$992,960,761*		
	Higher Education Operating	$31,526,576	$31,526,576		
	Dedicated Special Revenue	$645,000	$645,000		
	Federal Trust	$3,959,934	$3,379,566		
266.	Not set out.				
	TOTAL FOR OFFICE OF FINANCE			**$4,227,311,971**	**~~$2,838,767,442~~** ***$3,132,449,614***
	General Fund Positions	1,139.70	1,154.95		
	Nongeneral Fund Positions	213.30	214.05		
	Position Level	1,353.00	1,369.00		
	Fund Sources: General	$3,554,714,837	~~$2,164,497,032~~ *$2,458,179,204*		
	Special	$13,679,306	$14,337,306		
	Higher Education Operating	$31,526,576	$31,526,576		
	Commonwealth Transportation	$185,187	$185,187		

ITEM 266.		Item Details($) First Year FY2025	Item Details($) Second Year FY2026	Appropriations($) First Year FY2025	Appropriations($) Second Year FY2026
1	Internal Service	$49,472,753	$50,051,718		
2	Trust and Agency	$151,416,530	$152,978,209		
3	Dedicated Special Revenue	$422,356,848	$421,811,848		
4	Federal Trust	$3,959,934	$3,379,566		

ITEM 267.	Item Details($) First Year FY2025	Item Details($) Second Year FY2026	Appropriations($) First Year FY2025	Appropriations($) Second Year FY2026

OFFICE OF HEALTH AND HUMAN RESOURCES

§ 1-11. SECRETARY OF HEALTH AND HUMAN RESOURCES (188)

267. Not set out.

Children's Services Act (200)

268.	Protective Services (45300)			$472,383,965	~~$498,650,250~~ *$519,381,430*
	Financial Assistance for Child and Youth Services (45303)	$472,383,965	~~$498,650,250~~ *$519,381,430*		
	Fund Sources: General	$414,751,636	~~$441,017,921~~ *$461,749,101*		
	Federal Trust	$57,632,329	$57,632,329		

Authority: Title 2.2, Chapter 52, Code of Virginia.

A. The Department of Education shall serve as fiscal agent to administer funds cited in paragraphs B and C.

B.1.a. Out of this appropriation, $319,037,048 the first year and ~~$438,012,921~~*$458,744,101* the second year from the general fund and $57,632,329 the first year and $58,632,329 the second year from nongeneral funds shall be used for the state pool of funds pursuant to § 2.2-5211, Code of Virginia. This appropriation shall consist of a Medicaid pool allocation, and a non-Medicaid pool allocation.

b. The Medicaid state pool allocation shall consist of $31,214,350 the first year and $31,214,350 the second year from the general fund and $48,212,331 the first year and $48,212,331 the second year from nongeneral funds. The Office of Children's Services will transfer these funds to the Department of Medical Assistance Services as they are needed to pay Medicaid provider claims.

c. The non-Medicaid state pool allocation shall consist of $287,822,698 the first year and ~~$406,798,571~~*$427,529,751* the second year from the general fund and $8,419,998 the first year and $9,419,998 the second year from nongeneral funds. The nongeneral funds shall be transferred from the Department of Social Services.

d. The Office of Children's Services, with the concurrence of the Department of Planning and Budget, shall have the authority to transfer the general fund allocation between the Medicaid and non-Medicaid state pools in the event that a shortage should exist in either of the funding pools.

e. The Office of Children's Services, per the policy of the State Executive Council, shall deny state pool funding to any locality not in compliance with federal and state requirements pertaining to the provision of special education and foster care services funded in accordance with § 2.2-5211, Code of Virginia.

f. Of the amounts in paragraph B.1.c., the Director, Office of Children's Services, shall allocate up to $2,200,000 the first year and $2,200,000 the second year from the general fund to localities for wrap-around services for students with disabilities as defined in the Children's Services Act policy manual.

2.a. Out of this appropriation, $92,709,588 the first yearfrom the general fund and $1,000,000 the first yearfrom nongeneral funds shall be set aside to pay for the state share of supplemental requests from localities that have exceeded their state allocation for mandated services. The nongeneral funds shall be transferred from the Department of Social Services.

b. In the first year, the director of the Office of Children's Services may approve and obligate supplemental funding requests in excess of the amount in 2a above, for mandated pool fund expenditures up to 10 percent of the total general fund appropriation authority in B1a in this

Item.

c. The State Executive Council shall maintain local government performance measures to include, but not be limited to, use of federal funds for state and local support of the Children's Services Act.

d. Pursuant to § 2.2-5200, Code of Virginia, Community Policy and Management Teams shall seek to ensure that services and funding are consistent with the Commonwealth's policies of preserving families and providing appropriate services in the least restrictive environment, while protecting the welfare of children and maintaining the safety of the public. Each locality shall submit to the Office of Children's Services information on utilization of residential facilities for treatment of children and length of stay in such facilities. By December 15 of each year, the Office of Children's Services shall report to the Governor and Chairmen of the House Appropriations and Senate Finance and Appropriations Committees on utilization rates and average lengths of stays statewide and for each locality.

3. Each locality receiving funds for activities under the Children's Services Act (CSA) shall have a utilization management process, including a uniform assessment, approved by the State Executive Council, covering all CSA services. Utilizing a secure electronic site, each locality shall also provide information as required by the Office of Children's Services to include, but not be limited to case specific information, expenditures, number of youth served in specific CSA activities, length of stay for residents in core licensed residential facilities, and proportion of youth placed in treatment settings suggested by the uniform assessment instrument. The State Executive Council, utilizing this information, shall track and report on child specific outcomes for youth whose services are funded under the Children's Services Act. Only non-identifying demographic, service, cost and outcome information shall be released publicly. Localities requesting funding from the set aside in paragraph 2.a. and 2.b. must demonstrate compliance with all CSA provisions to receive pool funding.

4. The Secretary of Health and Human Resources, in consultation with the Secretary of Education and the Secretary of Public Safety and Homeland Security, shall direct the actions for the Departments of Social Services, Education, and Juvenile Justice, Medical Assistance Services, Health, and Behavioral Health and Developmental Services, to implement, as part of ongoing information systems development and refinement, changes necessary for state and local agencies to fulfill CSA reporting needs.

5. The State Executive Council shall provide localities with technical assistance on ways to control costs and on opportunities for alternative funding sources beyond funds available through the state pool.

6. Out of this appropriation, $100,000 the first year and $100,000 the second year from the general fund is provided for a combination of regional and statewide meetings for technical assistance to local community policy and management teams, family assessment and planning teams, and local fiscal agents. Training shall include, but not be limited to, cost containment measures, building community-based services, including creation of partnerships with private providers and non-profit groups, utilization management, use of alternate revenue sources, and administrative and fiscal issues. A state-supported institution of higher education, in cooperation with the Virginia Association of Counties, the Virginia Municipal League, and the State Executive Council, may assist in the provisions of this paragraph. A training plan shall be presented to and approved by the State Executive Council before the beginning of each fiscal year. A training calendar and timely notice of programs shall be provided to Community Policy and Management Teams and family assessment and planning team members statewide as well as to local fiscal agents and chief administrative officers of cities and counties. A report on all regional and statewide training sessions conducted during the fiscal year, including (i) a description of each program and trainers, (ii) the dates of the training and the number of attendees for each program, (iii) a summary of evaluations of these programs by attendees, and (iv) the funds expended, shall be made to the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees and to the members of the State Executive Council by December 1 of each year. Any funds unexpended for this purpose in the first year shall be reappropriated for the same use in the second year.

7. Out of this appropriation, $70,000 the first year and $70,000 the second year from the general fund is provided for the Office of Children's Services to contract for the support of uniform CSA reporting requirements.

8. The State Executive Council shall require a uniform assessment instrument.

9. The Office of Children's Services, in conjunction with the Department of Social Services, shall determine a mechanism for reporting Temporary Assistance for Needy Families Maintenance of Effort eligible costs incurred by the Commonwealth and local governments for the Children's Services Act.

10. For purposes of defining cases involving only the payment of foster care maintenance, pursuant to § 2.2-5209, Code of Virginia, the definition of foster care maintenance used by the Virginia Department of Social Services for federal Title IV-E shall be used.

C. 1.a. For services provided prior to July 1, 2025, the funding formula to carry out the provisions of the Children's Services Act is as follows:

the allocations for the Medicaid and non-Medicaid pools shall be the amounts specified in paragraphs B.1.b. and B.1.c. in this Item. These funds shall be distributed to each locality in each year of the biennium based on the greater of that locality's percentage of actual 1997 Children's Services Act pool fund program expenditures to total 1997 pool fund program expenditures or the latest available three-year average of actual pool fund program expenditures as reported to the state fiscal agent.

b. For the fiscal year beginning July 1, 2025, the Office of Children's Services shall cease the allocation process and reimburse localities for eligible services as requests are submitted.

2. All localities are required to appropriate a local match for the base year funding consisting of the actual aggregate local match rate based on actual total 1997 program expenditures for the Children's Services Act. This local match rate shall also apply to all reimbursements from the state pool of funds in this Item and carryforward expenditures submitted prior to September 30 each year for the preceding fiscal year, including administrative reimbursements under paragraph C.4. in this Item.

3.a. Notwithstanding the provisions of C.2. of this Item, beginning July 1, 2008, the local match rate for community based services for each locality shall be reduced by 50 percent.

b. Localities shall review their caseloads for those individuals who can be served appropriately by community-based services and transition those cases to the community for services. Beginning July 1, 2009, the local match rate for non-Medicaid residential services for each locality shall be 25 percent above the fiscal year 2007 base. Beginning July 1, 2011, the local match rate for Medicaid residential services for each locality shall be 25 percent above the fiscal year 2007 base.

c. By December 1 of each year, The State Executive Council (SEC) shall provide an update to the Governor and the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees on the outcomes of this initiative.

d. At the direction of the State Executive Council, local Community Policy and Management Teams (CPMTs) and Community Services Boards (CSBs) shall work collaboratively in their service areas to develop a local plan for intensive care coordination (ICC) services that best meets the needs of the children and families. If there is more than one CPMT in the CSB's service area, the CPMTs and the CSB may work together as a region to develop a plan for ICC services. Local CPMTs and CSBs shall also work together to determine the most appropriate and cost-effective provider of ICC services for children in their community who are placed in, or at-risk of being placed in, residential care through the Children's Services Act, in accordance with guidelines developed by the State Executive Council. The State Executive Council and Office of Children's Services shall establish guidelines for reasonable rates for ICC services and provide training and technical assistance to CPMTs and fiscal agents regarding these services.

e. The local match rate for all non-Medicaid services provided in the public schools after June 30, 2011 shall equal the fiscal year 2007 base.

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4. Out of this appropriation, an amount equal to two percent of the fiscal year 1997 pool fund allocations, not to exceed $2,560,000 the first year and $2,560,000 the second year from the general fund, shall be allocated among all localities for administrative costs. Every locality shall be required to appropriate a local match based on the local match contribution in paragraph C.2. of this Item. Inclusive of the state allocation and local matching funds, every locality shall receive the larger of $12,500 or an amount equal to two percent of the total pool allocation. Localities are encouraged to use administrative funding to hire a full-time or part-time local coordinator for the Children's Services Act program. Localities may pool this administrative funding to hire regional coordinators.

5. For purposes of the funding formula in the Children's Services Act, "locality" means city or county.

D. Community Policy and Management Teams shall use Medicaid-funded services whenever they are available for the appropriate treatment of children and youth receiving services under the Children's Services Act. Effective July 1, 2009, pool funds shall not be spent for any service that can be funded through Medicaid for Medicaid-eligible children and youth except when Medicaid-funded services are unavailable or inappropriate for meeting the needs of a child.

E. Pursuant to subdivision 3 of § 2.2-5206, Code of Virginia, Community Policy and Management Teams shall enter into agreements with the parents or legal guardians of children receiving services under the Children's Services Act. The Office of Children's Services shall be a party to any such agreement.

F. The Office of Children's Services, in cooperation with the Department of Medical Assistance Services, shall provide technical assistance and training to assist residential and treatment foster care providers who provide Medicaid-reimbursable services through the Children's Services Act to become Medicaid-certified providers.

G. The Office of Children's Services shall work with the State Executive Council and the Department of Medical Assistance Services to assist Community Policy and Management Teams in appropriately accessing a full array of Medicaid-funded services for Medicaid-eligible children and youth through the Children's Services Act, thereby increasing Medicaid reimbursement for treatment services and decreasing the number of denials for Medicaid services related to medical necessity and utilization review activities.

H. Pursuant to subdivision 21 of § 2.2-2648, Code of Virginia, no later than December 20 in the odd-numbered years, the State Executive Council shall biennially publish and disseminate to members of the General Assembly and Community Policy and Management Teams a progress report on services for children, youth, and families and a plan for such services for the succeeding biennium.

I. Out of this appropriation, $275,000 the first year and $275,000 the second year from the general fund shall be used to purchase and maintain an information system to provide quality and timely child demographic, service, expenditure, and outcome data.

J. The State Executive Council shall work with the Department of Education to ensure that funding in this Item is sufficient to pay for the educational services of students that have been placed in or admitted to state or privately operated psychiatric or residential treatment facilities to meet the educational needs of the students as prescribed in the student's Individual Educational Plan (IEP).

K.1. The Office of Children's Services (OCS) shall report on funding for therapeutic foster care services including but not limited to the number of children served annually, average cost of care, type of service provided, length of stay, referral source, and ultimate disposition. In addition, the OCS shall provide guidance and training to assist localities in negotiating contracts with therapeutic foster care providers.

2. The Office of Children's Services shall report on funding for special education day treatment and residential services, including but not limited to the number of children served annually, average cost of care, type of service provided, length of stay, referral source, and ultimate disposition.

3. The Office of Children's Services shall report by December 1 of each year the

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information included in this paragraph to the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees.

L. Notwithstanding any other provision of law, for services provided on or after July 1, 2025, the rate of reimbursement to localities for private day educational services shall not increase more than 5.0 percent over the rates for such services provided the previous year.

Item		First Year FY2025	Second Year FY2026	First Year FY2025	Second Year FY2026
269.	Not set out.				
	Total for Children's Services Act			**$475,323,411**	**~~$501,648,236~~** ***$522,379,416***
	General Fund Positions	16.00	16.00		
	Position Level	16.00	16.00		
	Fund Sources: General	$417,691,082	~~$444,015,907~~ *$464,747,087*		
	Federal Trust	$57,632,329	$57,632,329		
	Grand Total for Secretary of Health and Human Resources			**$476,288,170**	**~~$502,612,995~~** ***$523,344,175***
	General Fund Positions	21.00	21.00		
	Position Level	21.00	21.00		
	Fund Sources: General	$418,655,841	~~$444,980,666~~ *$465,711,846*		
	Federal Trust	$57,632,329	$57,632,329		
270.	Not set out.				

§ 1-12. DEPARTMENT OF HEALTH (601)

Item		First Year FY2025	Second Year FY2026	First Year FY2025	Second Year FY2026
271.	Not set out.				
272.	Not set out.				
273.	Not set out.				
274.	Not set out.				
275.	Communicable Disease Prevention and Control (40500)			$253,718,468	~~$191,148,466~~ *$183,148,466*
	Immunization Program (40502)	$62,778,087	$19,640,225		
	Tuberculosis Prevention and Control (40503)	$2,520,820	$2,520,820		
	Sexually Transmitted Disease Prevention and Control (40504)	$5,004,150	$6,004,150		
	Disease Investigation and Control Services (40505)	$85,764,259	$63,987,119		
	HIV/AIDS Prevention and Treatment Services (40506)	$81,273,631	$81,273,631		
	Pharmacy Services (40507)	$16,377,521	~~$17,722,521~~ *$9,722,521*		
	Fund Sources: General	$15,585,003	$16,585,003		
	Special	$2,900,493	$2,900,493		
	Dedicated Special Revenue	$13,519,145	~~$13,564,145~~ *$5,564,145*		
	Federal Trust	$221,713,827	$158,098,825		

Authority: §§ 32.1-11.1, 32.1-11.2, and 32.1-35 through 32.1-73, Code of Virginia; and P.L. 91-464, as amended, Federal Code.

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A. Out of this appropriation, $90,000 the first year and $90,000 the second year from the general fund shall be used to purchase medication and supplies for individuals who have drug-susceptible or drug-resistant tuberculosis but who do not qualify for free or reduced prescription drugs and who do not have adequate income or insurance coverage to purchase the required prescription drugs.

B. The requirement for testing of tuberculosis isolates set out in § 32.1-50 E, Code of Virginia, shall be satisfied by the submission of samples to the Division of Consolidated Laboratory Services, or such other laboratory as may be designated by the Board of Health.

C. Out of this appropriation, $840,288 the first year and $840,288 the second year from nongeneral funds shall be used to purchase the Tdap (tetanus/diphtheria/pertussis) vaccine for children without insurance.

D. Out of this appropriation, $200,000 the first year and $200,000 the second year from the general fund shall be provided to the State Pharmaceutical Assistance Program (SPAP) for insurance premium payments, coinsurance payments, and other out-of-pocket costs for individuals participating in the Virginia Medication Assistance Program (VA MAP), formerly AIDS Drug Assistance Program, with incomes meeting the VA MAP's current requirements and who are Medicare prescription drug coverage beneficiaries. These funds may also be used for the purchase of medications, co-insurance payments and other out-of-pocket costs for individuals served by the Virginia Department of Health's HIV Pre-Exposure Prophylaxis (PrEP) and non-occupational Post Exposure Prophylaxis (n-PEP) programs to prevent HIV infection.

E. The State Health Commissioner shall monitor patients who have been removed or diverted from the Virginia Medication Assistance Program (VA MAP), formerly AIDS Drug Assistance Program, due to budget considerations. At a minimum the Commissioner shall monitor patients to determine if they have been successfully enrolled in a private Pharmacy Assistance Program or other program to receive appropriate anti-retroviral medications. The commissioner shall also monitor the program to assess whether a waiting list has developed for services provided through the VA MAP program. The commissioner shall report findings to the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees annually on October 1.

F. The Virginia Department of Health shall report for each month within 30 days after the end of each month, on the number of procedures approved for payment pursuant to § 32.1-92.2, Code of Virginia, and include a description of the nature of the fetal abnormality, to the extent permitted by law, as required for eligibility under § 32.1-92.2, Code of Virginia. The department shall report the information by letter to the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees.

G. Out of this appropriation, $1,600,011 the first year and $1,600,011 the second year shall be provided to the Virginia Department of Health from available federal funding in the Department of Behavioral Health and Developmental Services, including the State Opioid Response Grant, as available, to purchase and provide opioid reversal drugs to support community rescue efforts for those who deal with vulnerable populations.

H. Out of this appropriation, $1,300,000 the first year and $1,300,000 the second year from the general fund shall be used to purchase opioid reversal drugs.

I. The Virginia Department of Health shall review and update their data collection and reporting protocols for COVID-19 or other infectious disease data to report actual deaths not an extrapolated projection of deaths.

J. The State Health Commissioner shall ensure that residents and employees of any nursing home or assisted living facility receive priority for testing indicating the existence of the COVID-19 virus in the Commonwealth. The Commissioner shall make available public health testing, if necessary, in order to ensure that nursing homes or assisted living facilities have access to testing that can provide the most rapid results in order to prevent or contain outbreaks of COVID-19. Such testing shall be provided, as needed, by the Division of Consolidated Laboratory Services or other public health testing agencies of the Commonwealth. Any testing costs through the public health system for employees or

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residents of nursing homes or assisted living facilities may be billed to responsible third-parties.

K. The Virginia Department of Health shall work with the Department of Behavioral Health and Developmental Services (DBHDS) to ensure that adequate funding, estimated at $2,111,670 the first year, is provided for COVID-19 testing and surveillance at DBHDS state-operated facilities. Any amount not expended in the first year may be appropriated in the second year to continue services. The Virginia Department of Health shall include such activity in its plan to the Centers for Disease Control and Prevention for the use of the federal Epidemiology and Laboratory Capacity for Prevention and Control of Emerging Infectious Diseases (ELC) funds received pursuant to the Coronavirus Preparedness and Response Supplemental Appropriations Act (P.L. 116-260). The Virginia Department of Health shall transfer such funds to the Department of Behavioral Health and Developmental Services as necessary for such activities.

L.1. Out of this appropriation, $5,519,145 the first year and $5,519,145 the second year from the Commonwealth Opioid Abatement and Remediation fund shall be provided for the purchase and distribution of opioid reversal agents and test kits and for the development of tracking software.

2. Of the amounts provided in L.1., $1,000,000 the first year and $1,000,000 the second year shall be provided to purchase and distribute eight milligram naloxone nasal spray.

M. Out of this appropriation, $100,000 the second year from the Commonwealth Opioid and Abatement and Remediation fund shall be provided for the purchase and distribution of additional opioid reversal agents for public school divisions by the Virginia Department of Health.

~~N.1. The Virginia Department of Health shall establish and execute the Opioid Overdose Reversal Agent Program, a manufacturing program for a quality, lowest sustainable cost, opioid overdose reversal agent. Out of this appropriation, $8,000,000 the first year and $8,000,000 the second year from the Commonwealth Opioid Abatement and Remediation fund shall be provided to administer the Program. The Virginia Department of Health shall coordinate the Program with the Virginia Opioid Abatement Authority. Key objectives of the Program shall be: (i) providing a long-term, sustainable supply of opioid overdose reversal agent to help combat Virginia's opioid epidemic; (ii) providing pricing stability and increase access for this critical life-saving medication; and, (iii) leveraging, when possible, existing federal and state investments building the advanced pharmaceutical development and manufacturing CAMPUS in Petersburg.~~

~~2. The Program shall contract with the private sector to lead an end-to-end opioid overdose reversal agent nasal spray development program to provide a new FDA-approved generic version resulting in a lower cost product to help drive down state and locality budgets for opioid overdose reversal agent and improve access, quality, and availability through a domestic supply. Funding provided to the contracting entity may be used for: (i) investment in research and development activities supporting an opioid overdose reversal agent API, formulation development, manufacturing process qualification and validation, and regulatory approval; and (ii) capital expenditures, including custom machinery for assembly of the drug/device combination product and semi-automated packaging. All intellectual property developed by the program would be owned by the private entity and all capital expenditures, including custom equipment, would be owned by the Authority or partner agency.~~

276. Not set out.

277. Not set out.

278. Not set out.

279. Not set out.

280. Not set out.

ITEM 281.		Item Details($) First Year FY2025	Item Details($) Second Year FY2026	Appropriations($) First Year FY2025	Appropriations($) Second Year FY2026
281.	Not set out.				
282.	Not set out.				
283.	Not set out.				
	Total for Department of Health			**$1,169,523,250**	**~~$1,081,181,890~~** ***$1,073,181,890***
	General Fund Positions	1,614.50	1,615.50		
	Nongeneral Fund Positions	2,271.00	2,271.00		
	Position Level	3,885.50	3,886.50		
	Fund Sources: General	$326,633,728	$309,700,157		
	Special	$188,055,424	$188,477,104		
	Dedicated Special Revenue	$128,857,858	~~$128,602,858~~ *$120,602,858*		
	Federal Trust	$525,976,240	$454,401,771		
284.	Not set out.				
285.	Not set out.				

§ 1-13. DEPARTMENT OF MEDICAL ASSISTANCE SERVICES (602)

		First Year FY2025	Second Year FY2026	First Year FY2025	Second Year FY2026
286.	Not set out.				
287.	Children's Health Insurance Program Delivery (44600)			$448,492,560	~~$477,247,425~~ *$529,957,554*
	Reimbursements for Medical Services Provided Under the Family Access to Medical Insurance Security Plan (44602)	$447,842,497	~~$476,531,297~~ *$529,261,990*		
	CHIP Health Services Initiatives for Family Access to Medical Insurance Security Medical Services (44636)	$650,063	~~$716,128~~ *$695,564*		
	Fund Sources: General	$138,300,003	~~$149,922,961~~ *$166,116,577*		
	Dedicated Special Revenue	$14,065,627	$14,065,627		
	Federal Trust	$296,126,930	~~$313,258,837~~ *$349,775,350*		

Authority: Title 32.1, Chapter 13, Code of Virginia; Title XXI, Social Security Act, Federal Code.

A. Pursuant to Chapter 679, Acts of Assembly of 1997, the State Corporation Commission shall annually, on or before June 30, 1998, and each year thereafter, calculate the premium differential between: (i) 0.75 percent of the direct gross subscriber fee income derived from eligible contracts and (ii) the amount of license tax revenue generated pursuant to subdivision A 4 of § 58.1-2501 for the immediately preceding taxable year and notify the Comptroller of the Commonwealth to transfer such amounts to the Family Access to Medical Insurance Security Plan Trust Fund as established on the books of the State Comptroller.

B. As a condition of this appropriation, revenues from the Family Access to Medical Insurance Security Plan Trust Fund, shall be used to match federal funds for the Children's Health Insurance Program.

C. Every eligible applicant for health insurance as provided for in Title 32.1, Chapter 13, Code of Virginia, shall be enrolled and served in the program.

D. To the extent that appropriations in this Item are insufficient, the Department of Planning and Budget shall transfer general fund appropriation, as needed, from Medicaid Program Services (45600) and Medical Assistance Services for Low Income Children (46600), if available, into this Item to be used as state match for federal Title XXI funds.

E. The Department of Medical Assistance Services shall make the monthly capitation payment to managed care organizations for the member months of each month in the first week of the subsequent month.

F. If any part, section, subsection, paragraph, clause, or phrase of this Item or the application thereof is declared by the United States Department of Health and Human Services or the Centers for Medicare and Medicaid Services to be in conflict with a federal law or regulation, such decisions shall not affect the validity of the remaining portions of this Item, which shall remain in force as if this Item had passed without the conflicting part, section, subsection, paragraph, clause, or phrase. Further, if the United States Department of Health and Human Services or the Centers for Medicare and Medicaid Services determines that the process for accomplishing the intent of a part, section, subsection, paragraph, clause, or phrase of this Item is out of compliance or in conflict with federal law and regulation and recommends another method of accomplishing the same intent, the Director, Department of Medical Assistance Services, after consultation with the Attorney General, is authorized to pursue the alternative method.

G. The Department of Medical Assistance Services shall seek federal authority through waiver and State Plan amendments under Titles XIX and XXI of the Social Security Act to offer medically necessary treatment for substance use disorder in an Institution for Mental Diseases (IMD) for individuals enrolled in FAMIS MOMS, equivalent to such benefits offered to pregnant women under the Medicaid state plan and 1115 substance use disorder demonstration waiver. The department shall have the authority to promulgate emergency regulations to implement these amendments within 280 days or less from the enactment of this Act.

H. The Department of Medical Assistance Services shall amend the Virginia Family Access to Medical Insurance Security (FAMIS) State Plan to allow for the payment of prenatal, labor and delivery, and postpartum care pursuant to provisions in Title XXI of the federal 2009 CHIP Reauthorization Act that includes care of all children who upon birth will be U.S. citizens, U.S. nationals, or qualified aliens. The Department shall have the authority to implement this change effective July 1, 2021, or consistent with the effective date in the State Plan Amendment approved by the Centers for Medicare and Medicaid Services (CMS), and prior to completion of any regulatory process.

I. 1. The Department of Medical Assistance Services is authorized to amend the FAMIS MOMS and FAMIS Select demonstration waiver (No. 21-W-00058/3) for FAMIS MOMS enrollees to add coverage for dental services to align with pregnant women's coverage under Medicaid.

2. The Department of Medical Assistance Services is authorized to amend the State Plan under Title XXI of the Social Security Act to plan to allow enrollment for dependent children of state employees who are otherwise eligible for coverage.

3. The department shall have authority to implement necessary changes upon federal approval and prior to the completion of any regulatory process undertaken in order to effect such changes.

Item	Description	Item Details First Year FY2025	Item Details Second Year FY2026	Appropriations First Year FY2025	Appropriations Second Year FY2026
288.	Medicaid Program Services (45600)			$25,132,314,024	~~$26,316,442,804~~ *$27,463,112,546*
	Payments for Graduate Medical Education Residencies (45606)	$11,700,000	$11,700,000		
	Reimbursements to State-Owned Mental Health and Intellectual Disabilities Facilities (45607)	$59,169,094	$59,169,094		
	Reimbursements for Behavioral Health Services (45608)	$41,620,380	~~$51,309,093~~ *$42,318,154*		
	Reimbursements for Medical Services (45609)	$13,824,223,326	~~$14,205,862,824~~ *$15,933,123,076*		

ITEM 288.	Item Details($) First Year FY2025	Item Details($) Second Year FY2026	Appropriations($) First Year FY2025	Appropriations($) Second Year FY2026
Reimbursements for Long-Term Care Services (45610)	$2,715,130,659	~~$2,968,979,072~~ *$2,943,600,622*		
Payments for Healthcare Coverage for Low-Income Uninsured Adults (45611)	$8,480,470,565	~~$9,019,422,721~~ *$8,473,201,600*		
Fund Sources: General	$6,857,733,973	~~$7,240,645,423~~ *$7,649,272,626*		
Dedicated Special Revenue	$2,259,799,827	~~$2,291,018,540~~ *$2,669,340,790*		
Federal Trust	$16,014,780,224	~~$16,784,778,841~~ *$17,144,499,130*		

Authority: Title 32.1, Chapters 9 and 10, Code of Virginia; P.L. 89-97, as amended, Title XIX, Social Security Act, Federal Code.

A. Out of this appropriation, $28,964,751 the first year and $28,998,773 the second year from the general fund and $30,204,343 the first year and $30,170,321 the second year from the federal trust fund is provided for reimbursement to the institutions within the Department of Behavioral Health and Developmental Services.

B.1. Included in this appropriation is $2,095,498 the first year and $4,422,228 the second year from the general fund and $21,798,953 the first year and $24,169,583 the second year from nongeneral funds to reimburse the Virginia Commonwealth University Health System for indigent health care costs as reported by the hospital and adjusted by the department for indigent care savings related to Medicaid expansion. This funding is composed of disproportionate share hospital (DSH) payments, indirect medical education (IME) payments, and any Medicaid profits realized by the Health System. Payments made from the federal DSH fund shall be made in accordance with 42 USC 1396r-4.

2. Included in this appropriation is $13,916,579 the first year and ~~$14,900,252~~*$31,948,398* the second year from the general fund and $29,552,860 the first year and ~~$30,508,352~~*$48,245,241* the second year from nongeneral funds to reimburse the University of Virginia Health System for indigent health care costs as reported by the hospital and adjusted by the department for indigent care savings related to Medicaid expansion. This funding is comprised of disproportionate share hospital (DSH) payments, indirect medical education (IME) payments, and any Medicaid profits realized by the Health System. Payments made from the federal DSH fund shall be made in accordance with 42 USC 1396r-4.

3. The general fund amounts for the state teaching hospitals have been reduced to mirror the general fund impact of reduced and no inflation for inpatient services in prior years. It also includes reductions associated with prior year indigent care reductions. However, the nongeneral funds are appropriated. In order to receive the nongeneral funds in excess of the amount of the general fund appropriated, the health systems shall certify the public expenditures.

4. The Department of Medical Assistance Service shall have the authority to increase Medicaid payments for Type One hospitals and physicians consistent with the appropriations to compensate for limits on disproportionate share hospital (DSH) payments to Type One hospitals that the department would otherwise make. In particular, the department shall have the authority to amend the State Plan for Medical Assistance to increase physician supplemental payments for physician practice plans affiliated with Type One hospitals up to the average commercial rate as demonstrated by University of Virginia Health System and Virginia Commonwealth University Health System, to change reimbursement for Graduate Medical Education to cover costs for Type One hospitals, to case mix adjust the formula for indirect medical education reimbursement for HMO discharges for Type One hospitals and to increase the adjustment factor for Type One hospitals to 1.0. The department shall have the authority to implement these changes prior to completion of any regulatory process undertaken in order to effect such change.

5. Effective July 1, 2022, any hospitals acquired by or that become fully-owned by designated Type One hospitals shall be considered Type Two facilities for reimbursement including, but not limited to: Indirect Medical Education payments, Graduate Medical

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Education Payments, Direct Medical Education payments, Disproportionate Share Hospital payments, hospital rate-setting purposes, aggregated cost settlements, and physician supplemental payments. Facilities acquired prior to July 1, 2022, by Type One hospitals shall continue to be designated as Type One hospitals for reimbursement purposes.

C.1. The estimated revenue for the Virginia Health Care Fund is $500,515,662 the first year and ~~$440,500,000~~*$435,930,462* the second year, to be used pursuant to the uses stated in § 32.1-367, Code of Virginia.

2. Notwithstanding any other provision of law, revenues deposited to the Virginia Health Care Fund shall only be used as the state share of Medicaid unless specifically authorized by this Act.

3. Notwithstanding § 32.1-366, Code of Virginia, the State Comptroller shall deposit 41.5 percent of the Commonwealth's allocation of the Master Settlement Agreement with tobacco product manufacturers, as defined in § 3.2-3100, Code of Virginia, to the Virginia Health Care Fund.

4. The state share, not including hospital assessment dollars, of any repayment by managed care organizations resulting from exceeding their profit caps for not meeting the medical loss ratios pursuant to their contracts with the Department of Medical Assistance Services, shall be deposited to the Health Care Fund.

D. If any part, section, subsection, paragraph, clause, or phrase of this Item or the application thereof is declared by the United States Department of Health and Human Services or the Centers for Medicare and Medicaid Services to be in conflict with a federal law or regulation, such decisions shall not affect the validity of the remaining portions of this Item, which shall remain in force as if this Item had passed without the conflicting part, section, subsection, paragraph, clause, or phrase. Further, if the United States Department of Health and Human Services or the Centers for Medicare and Medicaid Services determines that the process for accomplishing the intent of a part, section, subsection, paragraph, clause, or phrase of this Item is out of compliance or in conflict with federal law and regulation and recommends another method of accomplishing the same intent, the Director, Department of Medical Assistance Services, after consultation with the Attorney General, is authorized to pursue the alternative method.

E. At least 45 days prior to the submission of any State Plan or waiver amendment or renewal of such, to the Centers for Medicare and Medicaid Services (CMS) or change in the contracts with managed care organizations (MCO) that may impact the capitation rates, the Department of Medical Assistance Services (DMAS) shall provide written notification to the Director, Department of Planning and Budget as to the purpose of such change. This notice shall also assess whether the amendment will require any future state regulatory action or expenditure beyond that which is appropriated in this Act. If the Department of Planning and Budget, after review of the proposed change, determines that it may likely result in a material fiscal impact on the general fund, for which no legislative appropriation has been provided, then the Department of Medical Assistance Services shall delay the proposed change until the General Assembly authorizes such action and notify the Chairs of the House Appropriations and Senate Finance and Appropriations Committees of such action.

F.1. The Director, Department of Medical Assistance Services shall seek the necessary waivers from the United States Department of Health and Human Services to authorize the Commonwealth to cover health care services and delivery systems, as may be permitted by Title XIX of the Social Security Act, which may provide less expensive alternatives to the State Plan for Medical Assistance.

2. At least 30 days prior to the submission of an application for any new waiver of Title XIX or Title XXI of the Social Security Act, the Department of Medical Assistance Services shall notify the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees of such pending application and provide information on the purpose and justification for the waiver along with any fiscal impact. If the department receives an official letter from either Chairmen raising an objection about the waiver during the 30-day period, the department shall not submit the waiver application and shall request authority for such waiver as part of the normal legislative or budgetary process. If the department receives no objection, then the application may be submitted. Any waiver specifically authorized

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elsewhere in this Item is not subject to this provision. Waiver renewals are not subject to the provisions of this paragraph.

3. The director shall promulgate such regulations as may be necessary to implement those programs which may be permitted by Titles XIX and XXI of the Social Security Act, in conformance with all requirements of the Administrative Process Act.

G. To the extent that appropriations in this Item are insufficient, the Department of Planning and Budget shall transfer general fund appropriation, as needed, from Children's Health Insurance Program Delivery (44600) and Medical Assistance Services for Low Income Children (46600), if available, into this Item to be used as state match for federal Title XIX funds.

H. Notwithstanding any other provision of law, any unexpended general fund appropriation remaining in this Item on the last day of each fiscal year shall revert to the general fund and shall not be reappropriated in the following fiscal year.

I.1. The Department of Medical Assistance Services shall delay the last quarterly payment of certain quarterly amounts paid to hospitals, from the end of each state fiscal year to the first quarter of the following year. Quarterly payments that shall be delayed from each June to each July shall be Disproportionate Share Hospital payments, Indirect Medical Education payments, and Direct Medical Education payments. The department shall have the authority to implement this reimbursement change effective upon passage of this Act, and prior to the completion of any regulatory process undertaken in order to effect such change.

2. The Department of Medical Assistance Services shall make the monthly capitation payment to managed care organizations for the member months of each month in the first week of the subsequent month. The department shall have the authority to implement this reimbursement schedule change effective upon passage of this Act, and prior to the completion of any regulatory process undertaken in order to effect such change.

3. In every June, the remittance that would normally be paid to providers on the last remittance date of the state fiscal year shall be delayed one week longer than is normally the practice. This change shall apply to the remittances of Medicaid and FAMIS providers. This change does not apply to providers who are paid a per-month capitation payment. The department shall have the authority to implement this reimbursement change effective upon passage of this Act, and prior to the completion of any regulatory process undertaken in order to effect such change.

J.1. Notwithstanding § 30-347, Code of Virginia, or any other provision of law, the Department of Medical Assistance Services shall have the authority to amend the State Plan for Medical Assistance under Title XIX of the Social Security Act, and any waivers thereof, to implement coverage for newly eligible individuals pursuant to 42 U.S.C. § 1396d(y)(1)[2010] of the Patient Protection and Affordable Care Act (PPACA).

2. In the event that the increased federal medical assistance percentages for newly eligible individuals included in 42 U.S.C. § 1396d(y)(1)[2010] of the PPACA are modified through federal law or regulation from the methodology in effect on January 1, 2014, resulting in a reduction in federal medical assistance as determined by the department in consultation with the Department of Planning and Budget, the Department of Medical Assistance Services shall disenroll and eliminate coverage for individuals who obtained coverage through 42 U.S.C. § 1396d(y)(1) [2010] of the PPACA. The disenrollment process shall include written notification to affected Medicaid beneficiaries, Medicaid managed care plans, and other providers that coverage will cease as soon as allowable under federal law following the date the department is notified of a reduction in Federal Medical Assistance Percentage.

K. The Department of Medical Assistance Services shall adjust the medically needy income limits for the Medicaid program annually to account for changes in the Consumer Price Index.

L.1.a. As of July 1, 2024, the Community Living (CL) waiver authorizes 12,176 slots.

b. As of July 1, 2024, the Family and Individuals Support (FIS) waiver authorizes 5,463

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slots.

c. As of July 1, 2021, the Building Independence (BI) waiver authorizes 400 slots.

2. Notwithstanding Chapters 228 and 303 of the 2009 Virginia Acts of Assembly and §32.1-323.2 of the Code of Virginia, the Department of Medical Assistance Services shall not add any slots to the Intellectual Disabilities Medicaid Waiver or the Individual and Family Developmental Disabilities and Support Medicaid Waiver other than those slots authorized specifically to support the Money Follows the Person Demonstration, individuals who are exiting state institutions, any slots authorized under Chapters 724 and 729 of the 2011 Virginia Acts of Assembly or §37.2-319, Code of Virginia, or authorized elsewhere in this Act.

3. Upon approval by the Centers for Medicare and Medicaid Services of the application for renewal of the CL, FIS and BI waivers, expeditious implementation of any revisions shall be deemed an emergency situation pursuant to § 2.2-4002 of the Administrative Process Act. Therefore, to meet this emergency situation, the Department of Medical Assistance Services shall promulgate emergency regulations to implement the provisions of this Act.

4.a. The Department of Medical Assistance Services (DMAS) shall amend the CL waiver to add 172 slots in fiscal year 2025 and 172 slots in fiscal year 2026. Effective July 1, 2024, 172 slots shall be phased in with 43 slots added each quarter beginning on July 1, 2024. Effective July 1, 2025, 172 slots shall be phased in with 43 slots added each quarter beginning on July 1, 2025. An amount estimated at $6,614,153 the first year and $17,196,797 the second year from the general fund and $6,881,364 the first year and $17,891,546 the second year from nongeneral funds is provided to cover the anticipated costs of the new slots.

b. The Department of Medical Assistance Services (DMAS) shall amend the FIS waiver to add 1,548 slots in fiscal year 2025 and 1,548 slots in fiscal year 2026. Effective July 1, 2024, 1,548 slots shall be phased in with 387 slots added each quarter beginning on July 1, 2024. Effective July 1, 2025, 1,548 slots shall be phased in with 387 slots added each quarter beginning on July 1, 2025. An amount estimated at $25,504,080 the first year and $71,882,928 the second year from the general fund and $26,534,443 the first year and $74,786,992 the second year from nongeneral funds is provided to cover the anticipated costs of the new slots.

c. The Department of Medical Assistance Services, in collaboration with the Department of Behavioral Health and Developmental Services, shall separately track all costs associated with the additional slots added in paragraphs 4.a. and 4.b. above. By December 1 of each year, the department shall report this data to the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees and the Director, Department of Planning and Budget.

M. The Department of Medical Assistance Services shall seek federal authority through the necessary waiver(s) and/or State Plan authorization under Titles XIX and XXI of the Social Security Act to merge the Commonwealth Coordinated Care Plus and Medallion 4.0 managed care programs, effective July 1, 2022, into a single, streamlined managed care program that links seamlessly with the fee-for-service program, ensuring an efficient and well-coordinated Virginia Medicaid delivery system that provides high-quality care to its members and adds value for providers and the Commonwealth. The department shall have the authority to promulgate emergency regulations to implement these amendments within 280 days or less from the enactment of this Act. The department shall have authority to implement necessary changes upon federal approval and prior to the completion of any regulatory process undertaken in order to effect such change.

N. Effective July 1, 2024, the Department of Medical Assistance Services shall have the authority to include modifications to the Cardinal Care Managed Care Contract as necessary to implement actions specifically authorized through language included in this Act.

O. The department shall track and report on compliance with NCQA response time standards for each MCO, broken down by service type. Such tracking shall include: (i) How often total response time, from initial submittal until service authorization or denial, exceeds the NCQA standards; and (ii) How often appeals are filed, and of those, how often are services subsequently approved and how often they are denied. The department shall publish the data on these items on a quarterly basis to the department's website.

P. The Department of Medical Assistance Services shall modify its contracts with managed care organizations to require annual reporting with regard to Medicaid Community Mental Health Rehabilitation Services on: (i) the number of providers in their network and their geographic locations; (ii) the total number of provider terminations by year since fiscal year 2018 and the number terminated with and without cause; (iii) the localities the terminated providers served; and (iv) the number of Medicaid members the providers were serving prior to termination of their provider contract. The department shall report this data annually, not later than November 1, to the Joint Subcommittee for Health and Human Resources Oversight.

Q. Cardinal Care Managed Care plans shall upgrade their Medicare Dual Special Needs Plans (D-SNPs) to Fully Integrated Dual Eligible Special Needs Plans (FIDE-SNPS), unless otherwise prohibited to do so by federal rule.

R.1. Effective January 1, 2018, the Department of Medical Assistance Services shall include in all its contracts with managed care organizations (MCO) the following:

a. A provision requiring the MCOs to return one-half of the underwriting gain in excess of three percent of Medicaid premium income up to 10 percent. The MCOs shall return 100 percent of the underwriting gain above 10 percent.

b. A requirement for detailed financial and utilization reporting. The reported data shall include: (i) income statements that show expenses by service category; (ii) balance sheets; (iii) information about related-party transactions; and (iv) information on service utilization metrics.

c. Upon the inclusion of behavioral health care in managed care, behavioral health-specific metrics to identify undesirable trends in service utilization.

d. Upon the inclusion of behavioral health care in managed care, a report on their policies and processes for identifying behavioral health providers who provide inappropriate services and the number of such providers that are disenrolled.

2. For rate periods effective January 1, 2018 and thereafter, the Department of Medical Assistance Services shall direct its actuary as part of the rate setting process to:

a. Identify potential inefficiencies in the Cardinal Care program and adjust capitation rates for expected efficiencies. The department is authorized to phase-in this adjustment over time based on the portion of identified inefficiencies that MCOs can reasonably reduce each year.

b. Monitor medical spending for related-party arrangements and adjust historical medical spending when deemed necessary to ensure that capitation rates do not cover excessively high spending as compared to benchmarks. Related-party arrangements shall mean those in which there is common ownership or control between the entities, and shall not include Medicaid payments otherwise authorized in this Item.

c. Adjust capitation rates in the Cardinal Care program to account for a portion of expected savings from required initiatives.

d. Allow negative historical trends in medical spending to be carried forward when setting capitation rates.

e. Annually rebase administrative expenses per member per month for projected enrollment changes.

f. Annually incorporate findings on unallowable administrative expenses from audits of MCOs into its calculations of underwriting gain and administrative loss ratios for the purposes of ongoing financial monitoring, including enforcement of the underwriting gain cap.

g. Adjust calculations of underwriting gain and medical loss ratio by classifying as profit medical spending that is excessively high due to related-party arrangements.

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3. The Department of Medical Assistance Services shall report to the General Assembly on spending and utilization trends within Medicaid managed care, with detailed population and service information and include an analysis and report on the underlying reasons for these trends, the agency's and MCOs' initiatives to address undesirable trends, and the impact of those initiatives. The report shall be submitted each year by September 1.

S. The Department of Medical Assistance Services (DMAS) shall amend its July 1, 2016, managed care contracts in order to conform to the requirement pursuant to House Bill 1942 / Senate Bill 1262, passed during the 2015 Regular Session, for prior authorization of drug benefits.

T.1. The Department of Medical Assistance Services is authorized to reprocure or amend the Commonwealth's managed care service delivery system through a single managed care contract with the selected managed care organizations with an effective date of July 1, 2025.

2. The managed care contract with the selected managed care organizations shall not include the following services, which shall remain in fee-for-service: (i) dental services; (ii) developmental disability waiver services; (iii) and other services currently excluded from the managed care contracts. DMAS shall not include any new services in the contract unless explicitly authorized by the General Assembly.

3. The department shall ensure that the cost of any programmatic and/or contractual changes are fully accounted for in the Appropriation Act. Contract and program changes associated with this reprocurement or amendments shall not create any future funding commitments unless authorized by the General Assembly.

4. The department shall have its contracted actuary review the new managed care contract and report on all program changes as compared to the existing contract and estimate any fiscal impact of such changes no later than 30 days prior to the effective date of the contract.

5. The department shall provide regular updates on efforts to reprocure the new managed care contract on a quarterly basis to the Chairs of the House Appropriations and Senate Finance and Appropriations Committees.

6.a. As part of the reprocured or amended Cardinal Care Managed Care Contract, DMAS shall be authorized to include the following changes provided such modifications do not alter cost factors, increase costs used in managed care rate development, or add future costs to the Commonwealth. Prior to implementation, DMAS shall have its actuarial contractor review these changes to ensure that the provisions of this paragraph are met.

1) Revise managed care organization staffing requirements.

2) Require DSNPs to operate with exclusively aligned enrollment starting January 1, 2025.

3) Make changes to member intelligent assignment process, however under a reprocurement no members shall be reassigned from their existing managed care plan unless the member so chooses. Members in a managed care plan not awarded a new contract shall be assigned by DMAS to other plans that are in the best interest of the member. DMAS may suspend random assignments to a managed care organization if the MCO has 40 percent of enrolled lives within an operational region. DMAS shall make no changes in the reassignment methodology unless specifically authorized by the General Assembly.

4) Require managed care organizations to collaborate with DMAS as part of community and programmatic initiatives, however any locality partnership initiatives must be specifically authorized by the General Assembly through a general appropriation act.

5) Add language related to readiness review requirements.

6) Add a foster care specialty plan via a competitive procurement process among the current contractors.

7) Require managed care organizations to invite ombudsman representatives to advisory committee meetings.

8) Revise EPSDT sections to increase care coordination, reporting, member outreach and monitoring, working with community stakeholders to ensure quality of care and monitoring or

providers.

9) Require managed care organizations to use the Council for Affordable Quality Healthcare (CAQH) standardized credentialing form if available for their provider type.

10) Add requirement that managed care organizations inform providers 30 priors to any policy or procedure change and must train providers on changes.

11) Increase MCO care coordination screening requirements for Health-Related Social Needs, Behavioral Health and Cancer.

12) Add language requiring managed care organizations to account for specific needs and actions in the plan for identifying, assessing and engaging members on Health-Related Social Needs as part of care coordination activities.

13) Increase value-based payment models and requirements.

14) Revise quality withhold program including but not limited to increasing withhold amount from one percent to three percent as well as DMAS internal processes and reporting responsibilities, however the withhold amount shall not exceed one percent in the first and second years of the contract. In years three and four of the contract the withhold amount shall not exceed two percent. Beginning in year five of the contract, the withhold shall not exceed three percent.

15) Revise underwriting gain section to add that if managed care organization underwriting gain percentage exceeds three percent up to six percent the MCO must return 50 percent of the Medicaid adjusted premium revenue, if the underwriting gain percentage exceeds six percent the MCO must return 75 percent of the Medicaid adjusted premium revenue up to eight percent, and 100 percent of Medicaid adjusted premium revenue above eight percent will be returned.

16) Make changes as required by the Virginia Information Technology Agencies and Office of Attorney General high-risk reviews.

17) Make technical changes necessary to implement behavioral health policies and processes that are authorized and appropriated in this Act.

b. In addition, DMAS shall have the authority to include the following changes in the reprocured or amended managed care contract.

1) Add requirement for timely processing of clean claims.

2) Require managed care organizations to work with DMAS on future locality partnerships if the General Assembly has specifically authorized such work in a specific locality through a general appropriation act.

3) Implement changes to the Maternal and Child Health policies and processes, including, implementing CMS' Maternal Core Quality Measure set, increase VBP targets, require MCO outreach to members.

4) Require an annual plan on how managed care organizations are going to coordinate with the dental benefit administrator.

5) Add network adequacy/access reporting requirement.

7. Effective for the July 1, 2024, through June 30, 2025, contract year, the Department of Medical Assistance Services shall amend its contracts with managed care organizations (MCOs) to suspend the requirements for the Performance Withhold Program and the Clinical Efficiencies program, such that the withhold amounts shall be fully paid to the MCO's for this period; however any data reporting required under these programs shall be submitted in accordance with contractual requirements.

U. The Department of Medical Assistance Services shall implement continued enhancements to the drug utilization review (DUR) program. The department shall continue the Pharmacy Liaison Committee and the DUR Board. The department shall continue to work with the Pharmacy Liaison Committee, meeting at least semi-annually,

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to implement initiatives for the promotion of cost-effective services delivery as may be appropriate. The department shall solicit input from the Pharmacy Liaison Committee regarding pharmacy provisions in the development and enforcement of all managed care contracts. The Pharmacy Liaison Committee shall include a representative from the Virginia Community Healthcare Association to represent pharmacy operations and issues at federally qualified health centers in Virginia. The department shall report on the Pharmacy Liaison Committee's and the DUR Board's activities to the Board of Medical Assistance Services and to the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees and the Department of Planning and Budget no later than December 15 each year of the biennium.

V.1. The Department of Medical Assistance Services shall develop and pursue cost saving strategies internally and with the cooperation of the Department of Social Services, Virginia Department of Health, Office of the Attorney General, Children's Services Act program, Department of Education, Department of Juvenile Justice, Department of Behavioral Health and Developmental Services, Department for Aging and Rehabilitative Services, Department of the Treasury, University of Virginia Health System, Virginia Commonwealth University Health System Authority, Department of Corrections, federally qualified health centers, local health departments, local school divisions, community service boards, local hospitals, and local governments, that focus on optimizing Medicaid claims and cost recoveries. Any revenues generated through these activities shall be transferred to the Virginia Health Care Fund to be used for the purposes specified in this Item.

2. The Department of Medical Assistance Services shall retain the savings necessary to reimburse a vendor for its efforts to implement paragraph V.1. of this Item. However, prior to reimbursement, the department shall identify for the Secretary of Health and Human Resources each of the vendor's revenue maximization efforts and the manner in which each vendor would be reimbursed. No reimbursement shall be made to the vendor without the prior approval of the above plan by the Secretary.

W. The Department of Medical Assistance Services shall have the authority to pay contingency fee contractors, engaged in cost recovery activities, from the recoveries that are generated by those activities. All recoveries from these contractors shall be deposited to a special fund. After payment of the contingency fee any prior year recoveries shall be transferred to the Virginia Health Care Fund. The Director, Department of Medical Assistance Services, shall report to the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees the increase in recoveries associated with this program as well as the areas of audit targeted by contractors by November 1 each year.

X.1. The Department of Medical Assistance Services shall reimburse school divisions who sign an agreement to provide administrative support to the Medicaid program and who provide documentation of administrative expenses related to the Medicaid program 50 percent of the Federal Financial Participation by the department.

2. The Department of Medical Assistance Services shall retain five percent of the Federal Financial Participation for reimbursement to school divisions for medical and transportation services.

3. The Department shall amend the State Plan for Medical Assistance to allow payment of medical assistance services delivered to Medicaid-eligible students when such services qualify for reimbursement by the Virginia Medicaid program and may be provided by school divisions, regardless of whether the student receiving care has an individualized education program or whether the health care service is included in a student's individualized education program. Such services shall include those covered under the State Plan for medical assistance services or by the Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) benefit as specified in § 1905(r) of the federal Social Security Act, and shall include a provision for payment of medical assistance for health care services provided through telemedicine services, as defined in § 38.2-3418.16. No health care provider who provides health care services through telemedicine shall be required to use proprietary technology or applications in order to be reimbursed for providing telemedicine services.

Y. The Department of Medical Assistance Services shall impose an assessment equal to 6.0 percent of revenue on all ICF-ID providers. The department shall determine procedures for collecting the assessment, including penalties for non-compliance. The department shall have the authority to adjust interim rates to cover new Medicaid costs as a result of this assessment.

Z. The Department of Medical Assistance Services shall amend the State Plan for Medical Assistance Services to implement a modified emergency room utilization program, consistent with the requirements necessary for approval by the Centers for Medicare and Medicaid Services, effective January 1, 2024. The department shall have the authority to implement this change effective January 1, 2024, and prior to the completion of any regulatory process undertaken in order to effect such change.

AA. The Department of Medical Assistance Services shall amend the State Plan for Medical Assistance Services under Title XIX to modify the definition of readmissions to include cases when patients are readmitted to a hospital for the same or a similar diagnosis within 30 days of discharge, excluding planned readmissions, obstetrical readmissions, admissions to critical access hospitals, or in any case where the patient was originally discharged against medical advice. If the patient is readmitted to the same hospital for a potentially preventable readmission then the payment for such cases shall be paid at 50 percent of the normal rate, except that a readmission within five days of discharge shall be considered a continuation of the same stay and shall not be treated as a new case. Similar diagnoses shall be defined as ICD diagnosis codes possessing the same first three digits. The department shall have the authority to implement this reimbursement change effective July 1, 2020, and prior to the completion of any regulatory process undertaken in order to effect such change. The department shall report quarterly on the number of hospital readmissions, the cost, and the primary diagnosis of such readmissions to the Joint Subcommittee for Health and Human Resources Oversight.

BB. Free-standing emergency departments, also referred to as dedicated emergency departments as defined in 42 C.F.R. § 489.24(b) that operate as a department of a hospital subject to requirements of the federal Emergency Medical Treatment and Labor Act (42 U.S.C.§ 1395dd), and is located off the main hospital campus or in an independent facility, shall submit to the payor upon billing for services rendered (i) the campus location in which their services were rendered, and (ii) an indicator specifying that the services were rendered in a free-standing emergency department.

CC.1. Notwithstanding § 32.1-331.12 et seq., Code of Virginia, the Department of Medical Assistance Services, in consultation with the Department of Behavioral Health and Developmental Services, shall amend the State Plan for Medical Assistance Services to modify the delivery system of pharmaceutical products to include a Preferred Drug List. In developing the modifications, the department shall consider input from physicians, pharmacists, pharmaceutical manufacturers, patient advocates, and others, as appropriate.

2.a. The department shall utilize a Pharmacy and Therapeutics Committee to assist in the development and ongoing administration of the Preferred Drug List program. The Pharmacy and Therapeutics Committee shall be composed of 8 to 16 members, including the Commissioner, Department of Behavioral Health and Developmental Services, or his designee. Other members shall be selected or approved by the department and shall include one physician from each contracted managed care organization. The membership shall include a ratio of physicians to pharmacists of 2:1 and the department shall ensure that at least one-half of the physicians and pharmacists are either direct providers or are employed with organizations that serve recipients for all segments of the Medicaid population. Physicians on the committee shall be licensed in Virginia, one of whom shall be a psychiatrist, and one of whom specializes in care for the aging. Pharmacists on the committee shall be licensed in Virginia, one of whom shall have clinical expertise in mental health drugs, and one of whom has clinical expertise in community-based mental health treatment. The Pharmacy and Therapeutics Committee shall recommend to the department (i) which therapeutic classes of drugs should be subject to the Preferred Drug List program and prior authorization requirements; (ii) specific drugs within each therapeutic class to be included on the preferred drug list; (iii) appropriate exclusions for medications, including atypical anti-psychotics, used for the treatment of serious mental illnesses such as bi-polar disorders, schizophrenia, and depression; (iv) appropriate exclusions for medications used for the treatment of brain disorders, cancer and HIV-related conditions; (v) appropriate exclusions for therapeutic classes in which there is only one drug in the therapeutic class or there is very low utilization, or for which it is not cost-effective to include in the Preferred Drug List program; and (vi) appropriate grandfather clauses when prior authorization would interfere with established complex drug regimens that have proven to be clinically effective. In developing and maintaining the preferred drug list, the cost effectiveness of any given drug shall be considered only after it is determined to be safe and clinically effective.

b. The Pharmacy and Therapeutics Committee shall schedule meetings at least semi-annually and may meet at other times at the discretion of the chairperson and members. At the meetings, the Pharmacy and Therapeutics committee shall review any drug in a class subject to the Preferred Drug List that is newly approved by the Federal Food and Drug Administration, provided there is at least thirty (30) days notice of such approval prior to the date of the quarterly meeting.

3. The department shall establish a process for acting on the recommendations made by the Pharmacy and Therapeutics Committee, including documentation of any decisions which deviate from the recommendations of the committee.

4. The Preferred Drug List program shall include provisions for (i) the dispensing of a 72-hour emergency supply of the prescribed drug when requested by a physician and a dispensing fee to be paid to the pharmacy for such supply; (ii) prior authorization decisions to be made within 24 hours and timely notification of the recipient and/or the prescribing physician of any delays or negative decisions; (iii) an expedited review process of denials by the department; and (iv) consumer and provider education, training and information regarding the Preferred Drug List prior to implementation, and ongoing communications to include computer access to information and multilingual material.

5. The Preferred Drug List program shall generate savings as determined by the department that are net of any administrative expenses to implement and administer the program.

6. Notwithstanding § 32.1-331.12 et seq., Code of Virginia, to implement these changes, the Department of Medical Assistance Services shall promulgate emergency regulations to become effective within 280 days or less from the enactment of this Act. With respect to such State Plan amendments and regulations, the provisions of § 32.1-331.12 et seq., Code of Virginia, shall not apply. In addition, the department shall work with the Department of Behavioral Health and Development Services to consider utilizing a Preferred Drug List program for its non-Medicaid clients.

7. The Department of Medical Assistance Services shall (i) continually review utilization of behavioral health medications under the State Medicaid Program for Medicaid recipients; and (ii) ensure appropriate use of these medications according to federal Food and Drug Administration (FDA) approved indications and dosage levels. The department may also require retrospective clinical justification according to FDA approved indications and dosage levels for the use of multiple behavioral health drugs for a Medicaid patient. For individuals 18 years of age and younger who are prescribed three or more behavioral health drugs, the department may implement clinical edits that target inefficient, ineffective, or potentially harmful prescribing patterns in accordance with FDA-approved indications and dosage levels.

8. The Department of Medical Assistance Services shall ensure that in the process of developing the Preferred Drug List, the Pharmacy and Therapeutics Committee considers the value of including those prescription medications which improve drug regimen compliance, reduce medication errors, or decrease medication abuse through the use of medication delivery systems that include, but are not limited to, transdermal and injectable delivery systems.

9. The Pharmacy and Therapeutics Committee shall ensure that when making recommendations to the Department of Medical Assistance Services related to any non opioid drug approved by the federal Food and Drug Administration for the treatment or management of pain, the drug shall be considered for safety and clinical efficacy, as supported by available clinical data, and cost effectiveness pursuant to 12VAC30-13-1000 of the Virginia Administrative Code.

10. Recommendations made by the Pharmacy and Therapeutics Committee that result in changes to the Common Core Formulary shall not be implemented by the Department of Medical Assistance Services until a fiscal impact review is conducted by the agency's fiscal

division and is reviewed by the Chief Financial Officer and the Director.

DD.1. The Department of Medical Assistance Services may amend the State Plan for Medical Assistance Services to modify the delivery system of pharmaceutical products to include a specialty drug program. In developing the modifications, the department shall consider input from physicians, pharmacists, pharmaceutical manufacturers, patient advocates, the Pharmacy Liaison Committee, and others as appropriate.

2. In developing the specialty drug program to implement appropriate care management and control drug expenditures, the department shall contract with a vendor who will develop a methodology for the reimbursement and utilization through appropriate case management of specialty drugs and distribute the list of specialty drug rates, authorized drugs and utilization guidelines to medical and pharmacy providers in a timely manner prior to the implementation of the specialty drug program and publish the same on the department's website.

3. In the event that the Department of Medical Assistance Services contracts with a vendor, the department shall establish the fee paid to any such contractor based on the reasonable cost of services provided. The department may not offer or pay directly or indirectly any material inducement, bonus, or other financial incentive to a program contractor based on the denial or administrative delay of medically appropriate prescription drug therapy, or on the decreased use of a particular drug or class of drugs, or a reduction in the proportion of beneficiaries who receive prescription drug therapy under the Medicaid program. Bonuses cannot be based on the percentage of cost savings generated under the benefit management of services.

4. The department shall: (i) review, update and publish the list of authorized specialty drugs, utilization guidelines, and rates at least quarterly; (ii) implement and maintain a procedure to revise the list or modify specialty drug program utilization guidelines and rates, consistent with changes in the marketplace; and (iii) provide an administrative appeals procedure to allow dispensing or prescribing providers to contest the listed specialty drugs and rates.

5. The department shall have authority to enact emergency regulations under § 2.2-4011 of the Administrative Process Act to effect these provisions.

EE. In the event that the Department of Medical Assistance Services decides to contract for pharmaceutical benefit management services to administer, develop, manage, or implement Medicaid pharmacy benefits, the department shall establish the fee paid to any such contractor based on the reasonable cost of services provided. The department may not offer or pay directly or indirectly any material inducement, bonus, or other financial incentive to a program contractor based on the denial or administrative delay of medically appropriate prescription drug therapy, or on the decreased use of a particular drug or class of drugs, or a reduction in the proportion of beneficiaries who receive prescription drug therapy under the Medicaid program. Bonuses cannot be based on the percentage of cost savings generated under the benefit management of services.

FF. The Department of Medical Assistance Services, in cooperation with the Department of Social Services' Division of Child Support Enforcement (DSCE), shall identify and report third party coverage where a medical support order has required a custodial or noncustodial parent to enroll a child in a health insurance plan. The Department of Medical Assistance Services shall also report to the DCSE third party information that has been identified through their third party identification processes for children handled by DCSE.

GG.1. Notwithstanding the provisions of § 32.1-325.1:1, Code of Virginia, upon identifying that an overpayment for medical assistance services has been made to a provider, the Director, Department of Medical Assistance Services shall notify the provider of the amount of the overpayment. Such notification of overpayment shall be issued within the earlier of (i) four years after payment of the claim or other payment request, or (ii) four years after filing by the provider of the complete cost report as defined in the Department of Medical Assistance Services' regulations, or (iii) 15 months after filing by the provider of the final complete cost report as defined in the Department of Medical Assistance Services' regulations subsequent to sale of the facility or termination of the provider.

2. Notwithstanding the provisions of § 32.1-325.1, Code of Virginia, the director shall issue an informal fact-finding conference decision concerning provider reimbursement in accordance with the State Plan for Medical Assistance, the provisions of § 2.2-4019, Code of Virginia, and applicable federal law. The informal fact-finding conference decision shall be issued within 180 days of the receipt of the appeal request, except as provided herein. If the agency does not render an informal fact-finding conference decision within 180 days of the receipt of the appeal request or, in the case of a joint agreement to stay the appeal decision as detailed below, within the time remaining after the stay expires and the appeal timeframes resume, the decision is deemed to be in favor of the provider. An appeal of the director's informal fact-finding conference decision concerning provider reimbursement shall be heard in accordance with § 2.2-4020 of the Administrative Process Act (§ 2.2-4020 et seq.) and the State Plan for Medical Assistance provided for in § 32.1-325, Code of Virginia. The Department of Medical Assistance Services and the provider may jointly agree to stay the deadline for the informal appeal decision or for the formal appeal recommended decision of the Hearing Officer for a period of up to sixty (60) days to facilitate settlement discussions. If the parties reach a resolution as reflected by a written settlement agreement within the sixty-day period, then the stay shall be extended for such additional time as may be necessary for review and approval of the settlement agreement in accordance § 2.2-514 of the Code of Virginia. Once a final agency case decision has been made, the director shall undertake full recovery of such overpayment whether or not the provider disputes, in whole or in part, the informal fact-finding conference decision or the final agency case decision. Interest charges on the unpaid balance of any overpayment shall accrue pursuant to § 32.1-313, Code of Virginia, from the date the Director's agency case decision becomes final.

HH.1. Effective July 1, 2021, the Department of Medical Assistance Services shall amend the State Plan for Medical Assistance to revise per diem rates paid to psychiatric residential treatment facilities (PRTF) using the provider's audited cost per day from the facility's cost report for provider fiscal years ending in state fiscal year 2018. New Virginia-based residential psychiatric facilities must submit proforma cost report data, which will be used to set the initial per diem rate for up to two years. After this period, the department shall establish a per diem rate based on an audited cost report for a 12-month period within the first two years of operation. Providers that do not submit cost reports shall be paid at 75% of the established rate ceiling. If necessary to enroll out-of-state providers for network adequacy, the department shall negotiate rates. If there is sufficient utilization, the department may require out-of-state providers to submit a cost report to establish a per diem rate. In-state and out-of-state provider per diem rates shall be subject to a ceiling based on the statewide weighted average cost per day from fiscal year 2018 cost reports. The department shall have the authority to implement these changes effective July 1, 2021, and prior to the completion of any regulatory process undertaken in order to effect such change.

2. The Department of Medical Assistance Services shall have the authority to establish rebasing of PRTF rates every three years. The first rebasing of rates shall take effect July 1, 2023. All PRTF and Addiction and Rehabilitation Treatment Services (ARTS) providers who offer qualifying services under 12VAC30-70-418(C) shall be required to submit cost reports as a part of rebasing. Out of state providers with more than 1,500 paid days for Virginia Medicaid members in the most recently completed state fiscal year shall also be required to submit a cost report. A rate ceiling shall be established based on a statewide weighted average cost per day. Rate ceilings shall be established independently for PRTFs and participating ARTS residential services. The department shall have the authority to implement these changes effective July 1, 2022 and prior to the completion of any regulatory process to effect such change.

3. DMAS shall also establish inflation increases for each non-rebasing fiscal year for both PRTF and qualifying ARTS providers. Inflation rates shall be tied to the Nursing Facility Moving Average as established by IHS Markit (or its successor). The most recent four quarters will be averaged to create the PRTF inflation rate. The department shall have the authority to implement these changes effective July 1, 2023, and prior to the completion of any regulatory process to effect such change.

4. Effective July 1, 2022, the department shall adjust PRTF rates by 8.89% to account for inflation since the last audited cost report of fiscal year 2018. The rate ceiling shall increase to

$460.89 per day. The department shall have the authority to implement these changes effective July 1, 2022, and prior to the completion of any regulatory process to effect such change.

5. The department shall revise reimbursement methodologies for PRTF rates to implement inflation increases for each fiscal year to be effective July 1, 2024. Inflation rates shall be tied to the Nursing Facility Moving Average as established by IHS Markit (or its successor). The most recent four quarters will be averaged to create the PRTF inflation rate. The department shall have the authority to implement these changes prior to the completion of any regulatory process to effect such change.

II. Effective July 1, 2013, the Department of Medical Assistance Services shall establish a Medicaid Physician and Managed Care Liaison Committee including, but not limited to, representatives from the following organizations: the Virginia Academy of Family Physicians; the American Academy of Pediatricians – Virginia Chapter; the Virginia College of Emergency Physicians; the American College of Obstetrics and Gynecology – Virginia Section; Virginia Chapter, American College of Radiology; the Psychiatric Society of Virginia; the Virginia Medical Group Management Association; and the Medical Society of Virginia. The committee shall also include representatives from each of the department's contracted managed care organizations and a representative from the Virginia Association of Health Plans. The committee will work with the department to investigate the implementation of quality, cost-effective health care initiatives, to identify means to increase provider participation in the Medicaid program, to remove administrative obstacles to quality, cost-effective patient care, and to address other matters as raised by the department or members of the committee. The committee shall establish an Emergency Department Care Coordination work group comprised of representatives from the committee, including the Virginia College of Emergency Physicians, the Medical Society of Virginia, the Virginia Hospital and Healthcare Association, the Virginia Academy of Family Physicians and the Virginia Association of Health Plans to review the following issues: (i) how to improve coordination of care across provider types of Medicaid "super utilizers"; (ii) the impact of primary care provider incentive funding on improved interoperability between hospital and provider systems; and (iii) methods for formalizing a statewide emergency department collaboration to improve care and treatment of Medicaid recipients and increase cost efficiency in the Medicaid program, including recognized best practices for emergency departments. The committee shall meet semi-annually, or more frequently if requested by the department or members of the committee. The department, in cooperation with the committee, shall report on the committee's activities annually to the Board of Medical Assistance Services and to the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees and the Department of Planning and Budget no later than October 1 each year.

JJ.1. The Department of Medical Assistance Services shall monitor the capacity available under the Upper Payment Limit (UPL) for all hospital supplemental payments and adjust payments accordingly when the UPL cap is reached. The department shall make an adjustment to stay under the UPL cap by reducing or eliminating as necessary supplemental payments to hospitals based on when the first supplemental payments were actually made so that the newest supplemental payments to hospitals would be impacted first and so on.

2. The Department of Medical Assistance Services shall have the authority to implement reimbursement changes deemed necessary to meet the requirements of this paragraph prior to the completion of any regulatory process in order to effect such changes.

KK. The Department of Medical Assistance Services shall submit a report annually on all supplemental payments made to hospitals through the Medicaid program. This report shall include information for each hospital and by type of supplemental payment (Disproportionate Share Hospital, Graduate Medical Education, Indirect Medical Education, Upper Payment Limit program, and others). The report shall include total Medicaid payments from all sources and calculate the percent of overall payments that are supplemental payments. Furthermore, it shall include a description of each type of supplemental payment and the methodology used to calculate the payments. Each report shall reflect the data for the prior three fiscal years and shall be submitted to the Chairmen

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of the House Appropriations and Senate Finance and Appropriations Committees by September 1 each year.

LL. The Department of Medical Assistance Services shall have the authority to amend the state plan for medical assistance services and associated regulations to remove any obsolete provider supplemental payments that were authorized prior to July 1, 2021. This includes any supplemental payments that have no qualifying providers, have sunset or for which no payments have ever been made. The department shall have the authority to promulgate emergency regulations to implement these amendments within 280 days or less from the enactment of this Act.

MM. The Department of Medical Assistance Service shall have the authority to amend the State Plan for Medical Assistance to implement a supplemental disproportionate share hospital (DSH) redistribution methodology for DSH funds that allows the redistribution of excess DSH payments to other eligible DSH hospitals that have not met their uncompensated care costs. This supplemental redistribution shall be budget neutral and not use state funds in excess of those already appropriated for DSH payments. The department shall have the authority to implement these changes prior to completion of any regulatory process undertaken in order to effect such change.

NN. The Disproportionate Share Hospital (DSH) per diem for Type One hospitals shall be 17 times the DSH per diem for Type Two hospitals. The department shall have the authority to implement these reimbursement changes effective July 1, 2014, and prior to completion of any regulatory process in order to effect such changes.

OO.1.a. There is hereby appropriated sum-sufficient nongeneral funds for the Department of Medical Assistance Services (DMAS) to pay the state share of supplemental payments for qualifying private hospital partners of Type One hospitals (consisting of state-owned teaching hospitals) as provided in the State Plan for Medical Assistance Services. Qualifying private hospitals shall consist of any hospital currently enrolled as a Virginia Medicaid provider and owned or operated by a private entity in which a Type One hospital has a non-majority interest. The supplemental payments shall be based upon the reimbursement methodology established for such payments in Attachments 4.19-A and 4.19-B of the State Plan for Medical Assistance Services. DMAS shall enter into a transfer agreement with any Type One hospital whose private hospital partner qualifies for such supplemental payments, under which the Type One hospital shall provide the state share in order to match federal Medicaid funds for the supplemental payments to the private hospital partner. The department shall have the authority to implement these reimbursement changes consistent with the effective date in the State Plan amendment approved by the Centers for Medicare and Medicaid Services (CMS) and prior to completion of any regulatory process in order to effect such changes.

b. The department shall adjust capitation payments to Medicaid managed care organizations for the purpose of securing access to Medicaid hospital services for the qualifying private hospital partners of Type One hospitals (consisting of state-owned teaching hospitals). The department shall revise its contracts with managed care organizations to incorporate these supplemental capitation payments and provider payment requirements. DMAS shall enter into a transfer agreement with any Type One hospital whose private hospital partner qualifies for such supplemental payments, under which the Type One hospital shall provide the state share in order to match federal Medicaid funds for the supplemental payments to the private hospital partner. The department shall have the authority to implement these reimbursement changes consistent with the effective date approved by the Centers for Medicare and Medicaid Services (CMS). No payment shall be made without approval from CMS.

2.a. The Department of Medical Assistance Services shall promulgate regulations to make supplemental payments to Medicaid physician providers with a medical school located in Eastern Virginia that is a political subdivision of the Commonwealth. The amount of the supplemental payment shall be based on the difference between the average commercial rate approved by CMS and the payments otherwise made to physicians. The department shall have the authority to implement these reimbursement changes consistent with the effective date in the State Plan amendment approved by CMS and prior to completion of any regulatory process in order to effect such changes.

b. The department shall increase payments to Medicaid managed care organizations for the purpose of securing access to Medicaid physician services in Eastern Virginia, through higher rates to physicians affiliated with a medical school located in Eastern Virginia that is a political subdivision of the Commonwealth subject to applicable limits. The department shall revise its contracts with managed care organizations to incorporate these supplemental capitation payments, and provider payment requirements, subject to approval by CMS. No payment shall be made without approval from CMS.

c. Funding for the state share for these Medicaid payments is authorized in Item 171.

3.a. The Department of Medical Assistance Services (DMAS) shall have the authority to amend the State Plan for Medical Assistance Services (State Plan) to implement a supplemental Medicaid payment for local government-owned nursing homes. The total supplemental Medicaid payment for local government-owned nursing homes shall be based on the difference between the Upper Payment Limit of 42 CFR §447.272 as approved by CMS and all other Medicaid payments subject to such limit made to such nursing homes. There is hereby appropriated sum-sufficient funds for DMAS to pay the state share of the supplemental Medicaid payment hereunder. However, DMAS shall not submit such State Plan amendment to CMS until it has entered into an intergovernmental agreement with eligible local government-owned nursing homes or the local government itself which requires them to transfer funds to DMAS for use as the state share for the supplemental Medicaid payment each nursing home is entitled to and to represent that each has the authority to transfer funds to DMAS and that the funds used will comply with federal law for use as the state share for the supplemental Medicaid payment. If a local government-owned nursing home or the local government itself is unable to comply with the intergovernmental agreement, DMAS shall have the authority to modify the State Plan. The department shall have the authority to implement the reimbursement change consistent with the effective date in the State Plan amendment approved by CMS and prior to the completion of any regulatory process undertaken in order to effect such change.

b. If by June 30, 2017, the Department of Medical Assistance Services has not secured approval from the Centers for Medicare and Medicaid Services to use a minimum fee schedule pursuant to 42 C.F.R. § 438.6(c)(1)(iii) for local government-owned nursing homes participating in Cardinal Care Managed Care (Cardinal Care) at the same level as and in lieu of the supplemental Medicaid payments authorized in Section OO.3.a., then DMAS shall: (i) exclude Medicaid recipients who elect to receive nursing home services in local government-owned nursing homes from Cardinal Care; (ii) pay for such excluded recipient's nursing home services on a fee-for-service basis, including the related supplemental Medicaid payments as authorized herein; and (iii) prohibit Cardinal Care contracted health plans from in any way limiting Medicaid recipients from electing to receive nursing home services from local government-owned nursing homes. The department may include in Cardinal Care Medicaid recipients who elect to receive nursing home services in local government-owned nursing homes in the future when it has secured federal CMS approval to use a minimum fee schedule as described above.

4. The Department of Medical Assistance Services shall have the authority to amend the State Plan for Medical Assistance Services to implement a supplemental payment for clinic services furnished by the Virginia Department of Health (VDH) effective July 1, 2015. The total supplemental Medicaid payment shall be based on the Upper Payment Limit approved by the Centers for Medicare and Medicaid Services and all other Medicaid payments. VDH may transfer general fund to the department from funds already appropriated to VDH to cover the non-federal share of the Medicaid payments. The department shall have the authority to implement the reimbursement change effective July 1, 2015, and prior to the completion of any regulatory process undertaken in order to effect such changes.

5. The Department of Medical Assistance Services shall amend the State Plan for Medical Assistance to increase the supplemental physician payments for physicians employed at a freestanding children's hospital serving children in Planning District 8 with more than 50 percent Medicaid inpatient utilization in fiscal year 2014 to the maximum allowed by the Centers for Medicare and Medicaid Services within the limit of the appropriation provided for this purpose. The total supplemental Medicaid payment shall be based on the Upper Payment Limit approved by the Centers for Medicare and Medicaid Services and all other Virginia Medicaid fee-for-service payments. The department shall have the authority to

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implement these reimbursement changes effective July 1, 2016, and prior to the completion of any regulatory process undertaken in order to effect such change.

6.a. The department shall amend the State plan for Medical Assistance to implement a supplemental inpatient and outpatient payment for Chesapeake Regional Hospital based on the difference between reimbursement with rates using an adjustment factor of 100% minus current authorized reimbursement subject to the inpatient and outpatient Upper Payment Limits for non-state government owned hospitals, and for managed care claims based on the difference between the amount included in the capitation rates for inpatient and outpatient services based on historical paid claims for non-state government hospitals and the maximum managed care directed payment supported by the department's calculations and allowed by CMS, subject to CMS approval under 42 C.F.R. section 438.6(c). The department shall include in its contracts with managed care organizations a percentage increase for Chesapeake Regional Hospital consistent with the approved managed care directed percentage increase. The department shall adjust capitation payments to Medicaid managed care organizations to fund this percentage increase. Both the contract changes and capitation rate adjustments shall be compliant with 42 C.F.R. 438.6(c)(1)(iii) and subject to CMS approval.

b. The department shall also amend the State Plan for Medical Assistance to implement supplemental physician payments for practice plans employed by or under contract with Chesapeake Regional Hospital to the maximum allowed by the Centers for Medicare and Medicaid Services. The department shall increase payments to Medicaid managed care organizations for the purpose of providing higher rates to physicians employed by or under contract with Chesapeake Regional Hospital based on the maximum allowed by CMS. The department shall revise its contracts with managed care organizations to incorporate these managed care directed payments, subject to approval by CMS. The department shall have the authority to implement these reimbursement changes effective July 1, 2022, and prior to completion of any regulatory process undertaken in order to effect such change.

c. Prior to submitting the State Plan Amendment or making the managed care contract changes, Chesapeake Regional Hospital shall enter into an agreement with the department to transfer the non-federal share for these payments. The department shall have the authority to implement these reimbursement changes consistent with the effective date(s) approved by the Centers for Medicare and Medicaid (CMS).

7.a. There is hereby appropriated sum-sufficient nongeneral funds for the department to pay the state share of supplemental payments for nursing homes owned by Type One hospitals (consisting of state-owned teaching hospitals) as provided in the State Plan for Medical Assistance Services. The total supplemental payment shall be based on the difference between the Upper Payment Limit of 42 CFR § 447.272 as approved by CMS and all other Medicaid payments subject to such limit made to such nursing homes. DMAS shall enter into a transfer agreement with any Type One hospital whose nursing home qualifies for such supplemental payments, under which the Type One hospital shall provide the state share in order to match federal Medicaid funds for the supplemental payments. The department shall have the authority to implement these reimbursement changes consistent with the effective date in the State Plan amendment approved by CMS and prior to completion of any regulatory process in order to effect such changes.

b. The department shall adjust capitation payments to Medicaid managed care organizations to fund a minimum fee schedule compliant with requirements in 42 C.F.R. § 438.6(c)(1)(iii) at a level consistent with the State Plan amendment authorized above for nursing homes owned by Type One hospitals. The department shall revise its contracts with managed care organizations to incorporate these supplemental capitation payments and provider payment requirements. DMAS shall enter into a transfer agreement with any Type One hospitals whose nursing home qualifies for such supplemental payments, under which the Type One hospital shall provide the state share in order to match federal Medicaid funds for the supplemental payments. The department shall have the authority to implement these reimbursement changes consistent with the effective date approved by CMS. No payment shall be made without approval from CMS.

8. The department shall amend the State plan for Medical Assistance to implement a supplemental inpatient payment for Lake Taylor Transitional Care Hospital based on the difference between Medicaid reimbursement and the inpatient Upper Payment Limit for non-

state government owned hospitals, and for managed care claims based on the difference between the amount included in the capitation rates for inpatient and outpatient services based on historical paid claims for non-state government hospitals and the maximum managed care directed payment supported by the department's calculations and allowed by CMS, subject to CMS approval under 42 C.F.R. section 438.6(c). The department shall include in its contracts with managed care organizations a percentage increase for Lake Taylor Transitional Care Hospital consistent with the approved managed care directed fee for service supplemental payment percentage increase. The department shall adjust capitation payments to Medicaid managed care organizations to fund this percentage increase. Both the contract changes and capitation rate adjustments shall be compliant with 42 C.F.R. 438.6(c)(1)(iii) and subject to CMS approval. Prior to submitting the State Plan Amendment or making the managed care contract changes, Lake Taylor Transitional Care Hospital shall enter into an agreement with the department to transfer the non-federal share for these payments. The department shall have the authority to implement these reimbursement changes consistent with the effective date(s) approved by the Centers for Medicare and Medicaid (CMS). The originating funding for this program will come entirely from Lake Taylor.

9.a. The Department of Medical Assistance Services shall develop a State Plan for Medical Assistance amendment to make supplemental payments to private hospitals and related health systems who intend to execute affiliation agreements with public entities that are capable of transferring funds to the department for purposes of covering the non-federal share of the authorized payments. Virginia community colleges, Virginia public institutions of higher education, local governments, and instrumentalities of local government are public entities that are authorized to transfer funds to the department for purposes of covering the non-federal share of the authorized payments. Such public entities would enter into an Interagency Agreement with the department for this purpose. The department shall develop a plan, that could take effect July 1, 2023, for making managed care directed payments or supplemental payments as follows: Physician fee-for-service (FFS) supplemental payments through a state plan amendment and physician managed care directed payments through managed care contracts up to the Average Commercial Rate for practice plans that are a component of the participating hospitals or health system. The plan shall identify the public entity who will transfer funds to the department, the amount and duration of such transfers, the purpose and amount of any supplemental payment or managed care direct payments made to private hospitals and related health systems, and the impact, if any, on other supplemental payment programs currently in effect. The plan shall also include the appropriate references that provide authority for such payments.

b. The department shall have the authority to amend the State Plan for Medical Assistance and managed care contracts to make supplemental payments and managed care directed payments to private hospitals for physician services effective July 1, 2024. Reimbursement changes shall be effective prior to completion of any regulatory process in order to effect such changes. No payment shall be made without approval from CMS and an Interagency Agreement with a public entity capable of transferring the non-federal share of authorized payments to the department. The funds to be transferred must comply with 42 CFR 433.51 and 433.54. Such funds may not be paid from any private agreements with public entities that are in excess of fair market value or that alleviate pre-existing financial burdens of such public entities. Public entities are authorized to use general fund dollars to accomplish this transfer. As part of the Interagency Agreements the department shall require the public entities to attest to compliance with applicable CMS criteria. The department shall also require any private hospital and related health systems receiving payments under this Item to attest to compliance with applicable CMS criteria. Upon notification by the Department of any deferral or disallowance issued by CMS regarding the supplemental or managed care directed payment arrangement, the hospital provider will return the entire balance of the payment to the Department within 30 days of notification. If the hospital does not return the entire balance of the payment to the Department within the specified timeframe, a judgement rate of interest set forth in Title 6.2-302 will be applied to the entire balance, regardless of whatever portion has been repaid. In addition, the non-federal share of the agency's administrative costs directly related to administration of the programs authorized in this paragraph, including staff and contractors, shall be funded by participating public entities. These funds shall be deposited into a special fund created by the Comptroller and used to support the administrative costs associated with managing this program. Any funds received for this purpose but unexpended at the end of the fiscal year shall remain in the fund for use in accordance with this provision.

c. The purposes to which the additional payments authorized in paragraph OO.9.b. of this Item shall be applied include: (i) increasing and enhancing access to outpatient care for Medicaid recipients; (ii) stabilizing and supporting critical healthcare workforce needs; and (iii) advancing the department's health and quality improvement goals; these shall contain specific measurable outcomes that will be approved, and monitored by the Department quarterly. Payment shall be dependent on progress towards goal attainment on all three purposes. Participating organizations must submit quarterly updates and annual reports on programs no later than October 1. The department, with the assistance of the participating organizations, shall report to the Chairs of the House Appropriations and Senate Finance and Appropriations Committees by December 1 of each year on the impact of this initiative.

d. Notwithstanding any other provision of law, due to the complexities of federal Medicaid financial support policies, public entities, including Virginia public institutions, Virginia public institutions of higher education and Virginia community colleges, that wish to participate in the program referenced in Item 288, paragraph OO.9., may employ or retain private legal counsel, in consultation with the Division of Risk Management, to advise or represent the public entity in such participation. Costs for such legal counsel shall be borne by program participants.

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/s/ Glenn Youngkin
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10. The Department of Medical Assistance Services shall have the authority to amend the State Plan for Medical Assistance to make supplemental payments through an adjustment to the formula for indirect medical education (IME) reimbursement, using managed care discharge days, for an acute care hospital chain with a level one trauma center in the Tidewater Metropolitan Statistical Area (MSA) in 2020, upon the execution of affiliation agreements with public entities that are capable of transferring funds to the department for purposes of covering the non-federal share of the authorized payments. Such public entities would enter into an Interagency Agreement with the department for this purpose. Public entities are authorized to use general fund dollars to accomplish this transfer. The funds to be transferred must comply with 42 CFR 433.51 and 433.54. As part of the Interagency Agreements the department shall require the public entities to attest to compliance with applicable CMS criteria. The department shall also require any private hospital and related health systems receiving payments under this Item to attest to compliance with applicable CMS criteria. The department shall have the authority to implement these changes prior to completion of any regulatory process undertaken in order to effect such change.

11. The Department of Medical Assistance Services shall periodically assess the quality measures that are submitted to the Centers for Medicare and Medicaid Services for supplemental payments to ensure that appropriate quality measures are being included for supplemental payments such that the additional funding is improving the Medicaid program's quality and delivery of health care services. The department shall report on quality measures and outcomes for the programs to the Joint Subcommittee for Health and Human Resources Oversight no later than November 15, 2024.

PP.1. Effective July 1, 2017, the Department of Medical Assistance Services shall amend the State Plan for Medical Assistance to increase the formula for indirect medical education (IME) for freestanding children's hospitals with greater than 50 percent Medicaid utilization in 2009 as a substitute for disproportionate share hospital (DSH) payments. The formula for these hospitals for IME for inpatient hospital services provided to Medicaid patients but reimbursed by capitated managed care providers shall be identical to the formula for Type One hospitals. The IME payments shall continue to be limited such that total payments to freestanding children's hospitals with greater than 50 percent Medicaid utilization do not exceed the federal uncompensated care cost limit to which DSH payments are subject, excluding third party reimbursement for Medicaid eligible patients. The department shall have the authority to implement these changes effective July 1, 2017, and prior to completion of any regulatory action to effect such changes.

2. The Department of Medical Assistance Services (DMAS) shall have the authority to create additional hospital supplemental payments for freestanding children's hospitals with greater than 50 percent Medicaid utilization in 2009 to replace payments that have been reduced due

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to the federal regulation on the definition of uncompensated care costs effective June 2, 2017. Effective July 1, 2024, these new payments shall equal the greater of what would have been paid to the freestanding children's hospitals under the current disproportionate share hospital (DSH) formula or $16,000,000 annually, the average DSH that CHKD was due by formula prior to Medicaid expansion without regard to the uncompensated care cost limit. These additional hospital supplemental payments shall take precedence over supplemental payments for private acute care hospitals. If the federal regulation is voided, DMAS shall continue DSH payments to the impacted hospitals and adjust the additional hospital supplemental payments authorized in this paragraph accordingly. The department shall have the authority to implement these changes prior to completion of any regulatory process undertaken in order to effectuate such change.

QQ. The Department of Medical Assistance Services shall have the authority to amend the State Plan for Medical Assistance to adjust the formula for indirect medical education (IME) reimbursement for managed care discharges for freestanding children's hospitals with greater than 50 percent Medicaid utilization in 2009 by increasing the case mix adjustment factor to the greater of 3.2962 or the most recent rebasing. Total payments for IME in combination with other payments for freestanding children's hospitals with greater than 50 percent Medicaid utilization in 2009 may not exceed the hospital's Medicaid costs. The department shall have the authority to implement these changes prior to completion of any regulatory process undertaken in order to effect such change.

RR. The Department of Medical Assistance Services shall implement managed care directed payments for physician services for practice plans affiliated with a freestanding children's hospital with more than 50 percent Medicaid utilization in fiscal year 2009 for $11,050,000 annually but not to exceed the average commercial rate. The department shall have the authority to implement this reimbursement change effective July 1, 2023, and prior to the completion of any regulatory process undertaken in order to effect such changes. The agency shall implement this by determining at the beginning of each year the percent of Medicaid that will result in estimated payments of $11,050,000 annually.

SS. The Department of Medical Assistance Services shall amend the State Plan for Medical Assistance to implement a supplemental disproportionate share hospital (DSH) payment for Chesapeake Regional Hospital up to its hospital-specific disproportionate share hospital limit (OBRA '93 DSH limit) as determined pursuant to 42 U.S.C. Section 1396r-4. The payment shall be made annually based upon the hospital's disproportionate share limit for the most recent year for which the disproportionate share limit has been calculated subject to the availability of DSH funds under the federal allotment of such funds to the department. Prior to submitting the State Plan amendment, Chesapeake Regional Hospital shall enter into an agreement with the department to transfer the non-federal share of the supplemental DSH payment. Payment of the supplemental DSH payment is contingent upon receipt of intergovernmental transfer of funds or certified public expenditures from Chesapeake Regional Hospital. In the event that Chesapeake Regional Hospital is ineligible to transfer or certify necessary funds pursuant to federal law, the department may amend the State Plan for Medical Assistance to terminate the supplemental DSH payment program. The department shall have the authority to implement these reimbursement changes consistent with effective date(s) approved by the Centers for Medicare and Medicaid Services (CMS). No payments shall be made without CMS approval. In the event that CMS recoups supplemental DSH hospital funds from the department, Chesapeake Regional Hospital shall reimburse such funds to the department.

TT. The Department of Medical Assistance Services (DMAS) is authorized to amend the State Plan for Medical Assistance Services to implement a supplemental Medicaid payment for Department of Veterans Services (DVS) state government-owned nursing facilities. The total supplemental Medicaid payment for DVS state government owned nursing homes shall be based on the difference between the Upper Payment Limit of 42 CFR 447.272, as approved by the Centers for Medicare and Medicaid Services (CMS), and all other Medicaid payments subject to such limit made to such nursing homes. DMAS shall not submit any State Plan amendment to CMS that implements this payment until DMAS enters into an intergovernmental agreement with DVS. This agreement shall include the following provisions: 1) DVS shall transfer funds to DMAS for use as the state share of the full cost of the supplemental Medicaid payment for which each nursing home is entitled; 2) DVS must demonstrate that it has the authority and ability to transfer the

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necessary funds to DMAS; and, 3) DVS shall attest that any funds provided for state match will comply with federal law for use as the state share for the supplemental Medicaid payment. If DVS is unable to enter into or comply with the provisions of such an intergovernmental agreement, then DMAS shall immediately modify the Medicaid State Plan and adjust any supplemental payments accordingly. DMAS shall have the authority to implement the reimbursement changes consistent with the effective date in the State Plan amendment approved by CMS and prior to the completion of any regulatory process undertaken in order to effect such change.

UU.1.a. Out of this appropriation, $5,850,000 the first year and $5,850,000 the second year from the general fund and $5,850,000 the first year and $5,850,000 the second year from nongeneral funds shall be used for supplemental payments to fund graduate medical education for 3 residents who began their residencies in July 2021; 18 residents who began their residencies in July 2022; 40 residents who began their residencies in July 2024; and 55 residents who began their residencies in July 2025.

b. Of the amounts appropriated in UU.1.a., $300,000 the first year and $450,000 the second year from the general fund and $300,000 the first year and $450,000 the second year from nongeneral funds shall be used for supplemental payments to fund graduate medical residencies for 6 psychiatric residents who began their residencies in July 2024 and 3 additional psychiatric residents who began their residencies in July 2025. The Department of Medical Assistance Services shall pursue available administrative processes to initiate these residencies in FY 2025.

c. Of the amounts appropriated in UU.1.a., $300,000 the first year and $400,000 the second year from the general fund and $300,000 the first year and $400,000 the second year from nongeneral funds shall be used for supplemental payments to fund graduate medical residencies for 6 obstetric-gynecological residents who began their residencies in July 2024 and 2 additional obstetric-gynecological residents who began their residencies in July 2025. The Department of Medical Assistance Services shall work with the Virginia Health Workforce Development Authority to pursue available administrative processes to initiate these residencies in fiscal year 2025.

2.a. The supplemental payment for each qualifying residency slot shall be $100,000 annually minus any Medicare residency payment for which the sponsoring institution is eligible. For any residency program at a facility whose number of residency slots are above the cap set by the Centers for Medicare and Medicaid Services or have exceeded the Upper Payment Limit (UPL) set by CMS, the supplemental payments for each qualifying residency slot shall be $50,000 from the general fund annually minus any Medicare residency payments for which the residency program is eligible. Supplemental payments shall be made for up to four years for each qualifying resident. Payments shall be made quarterly following the same schedule used for other medical education payments

b. Effective July 1, 2026, and notwithstanding § 32.1-325 et seq., Code of Virginia, the Department of Medical Assistance Services (DMAS) is authorized to amend the Medicaid state plan to increase the supplemental payment for all qualifying obstetric-gynecological and psychiatric residencies to $150,000 annually. DMAS shall begin taking applications for these two specialties at the enhanced rate upon enactment of this Act. Enhanced supplemental payments shall not begin before July 1, 2026, and are subject to available appropriation in service area 45606. Should the number of applications for these two specialties exceed available funding, then DMAS shall request sufficient resources through the budget process.

3.a. By July 1 of each year, the Department of Medical Assistance Services shall determine the number of residency slots that could be funded in the next two fiscal years within the resources provided in this Item. In addition, DMAS shall issue a call for applications to all hospitals in the Commonwealth to determine the number of residency slots, by hospital, that could be filled in the following fiscal year.

b. The Department of Medical Assistance Service, in cooperation with the Virginia Health Workforce Development Authority, shall determine which new residency slots to fund based on priorities developed by the authority. Preference shall be given for residency slots located in underserved areas. Applications for slots that involve multiple medical care providers collaborating in training residents and that involve providing residents the opportunity to train in underserved areas are encouraged. A majority of the new residency slots funded each year shall be for primary care. The department shall adopt criteria for primary care, high need specialties and underserved areas as developed by the Virginia Health Workforce Development Authority. The department shall also review and consider applications from non-hospital sponsoring institutions, such as Federally Qualified Health Centers (FQHCs).

c. By October 1 of each year, the Department of Medical Assistance Services shall develop a prioritized list of hospitals for which residencies are recommended. Using this list, DMAS shall request budget authorization for those residencies that can be supported with the funds as appropriated in this Item.

4. The sponsoring institution will be eligible for the supplemental payments as long as it maintains the number of residency slots in total and by category as a result of the increase. The sponsoring institutions must certify by June 1 each year that they continue to meet the criteria for the supplemental payments and report any changes during the year to the number of residents.

5. The department shall require all sponsoring institutions receiving Medicaid medical education funding to report annually by September 15 on the number of residents in total and by specialty/subspecialty. Medical education funding includes payments for graduate medical education (GME) and indirect medical education (IME). The department shall make the report available to the Virginia Health Workforce Development Authority to assist in their efforts to set priorities for and manage graduate medical education programs overseen by the Commonwealth.

6.a. Effective July 1, 2021, the department shall make remaining supplemental payments to the following sponsoring institutions for the specified number of primary care residencies: Carilion Medical Center (7 residencies) and Centra Health (3 residencies). The department shall make supplemental payments to Sentara Norfolk General for 1 OB/GYN residency and 1 emergency medicine residency. The department shall make supplemental payments to Carilion Medical Center for 2 psychiatry residencies. The department shall make supplemental payments to Riverside Regional Medical Center for 8 emergency medicine residencies.

b. Effective July 1, 2022, the department shall make remaining supplemental payments to the following sponsoring institutions for the specified number of primary care residencies: Carilion Medical Center (5 Internal Medicine residencies), Centra Health (2 Family Medicine residencies), and Riverside Regional Medical Center (1 Family Medicine residency). The department shall make supplemental payments to Carilion Medical Center for 2 Psychiatry residencies. The department shall make supplemental payments to Children's Hospital of the King's Daughters for 2 Pediatric residences. The department shall make supplemental payments to Sentara Norfolk General for 2 Psychiatry residencies. The department shall make supplemental payments to Riverside for 4 Emergency Medicine residencies.

c. Effective July 1, 2024, the department shall make supplemental payments to the following sponsoring institutions for the specified number of primary care residencies: Carilion Medical Center (6 Internal Medicine residencies), Centra Health (3 Family Medicine residencies), Riverside Regional Medical Center (1 Family Medicine residency and 6 Internal Medicine residencies), Sentara Norfolk General (1 Internal Medicine residency), University of Virginia Health System (2 Family Medicine residencies), and Johnston Memorial Hospital (2 family medicine residencies). The department shall make supplemental payments to Carilion Medical Center for 4 Psychiatry residencies. The department shall make supplemental payments to Children's Hospital of the King's Daughters for 3 Pediatric residencies and 2 Child and Adolescent Psychiatry fellowships. The department shall make supplemental payments to Riverside Regional Medicine Center for 4 Emergency Medicine residencies. The department shall make supplemental payments to Macon and Joan Brock Virginia Health Sciences for 1 Obstetrics and Gynecology residency, Virginia Commonwealth University for 2 Obstetrics and Gynecology residencies, and INOVA Fairfax Hospital for 3 Obstetrics and Gynecology residencies.

d. Effective July 1, 2025, the department shall make supplemental payments to the following sponsoring institutions for the specified number of primary care residencies: Augusta Health (12 Internal Medicine residencies), Carilion Medical Center (7 Internal

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Medicine residencies), Centra Health (3 Family Medicine residencies), Mary Washington Healthcare (6 Family Medicine residencies), and Riverside Regional Medical Center (1 Family Medicine residency and 13 Internal Medicine residencies). The department shall make supplemental payments to Carilion Medical Center for 2 Psychiatry residencies. The department shall make supplemental payments to Children's Hospital of the King's Daughters for 1 Child and Adolescent Psychiatry fellowship. The department shall make supplemental payments to Riverside Regional Medicine Center for 8 Emergency Medicine residencies. The department shall make supplemental payments to Macon and Joan Brock Virginia Health Sciences for 1 Obstetrics and Gynecology residency and to Riverside Regional Medical Center for 1 Obstetrics and Gynecology residency.

VV.1. The Department of Medical Assistance Services shall work with stakeholders to review and adjust medical necessity criteria for Medicaid-funded nursing services including private duty nursing, skilled nursing, and home health. The department shall adjust the medical necessity criteria to reflect advances in medical treatment, new technologies, and use of integrated care models including behavioral supports. The department shall have the authority to amend the necessary waiver(s) and the State Plan under Titles XIX and XXI of the Social Security Act to include changes to services covered, provider qualifications, medical necessity criteria**,** and rates and rate methodologies for private duty nursing. The adjustments to these services shall meet the needs of members and maintain budget neutrality by not requiring any additional expenditure of general fund beyond the current projected appropriation for such nursing services.

2. The department shall have authority to implement these changes to be effective July 1, 2022. The department shall also have authority to promulgate any emergency regulations required to implement these necessary changes within 280 days or less from the enactment date of this Act. The department shall submit a report and estimates of any projected cost savings to the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees 30 days prior to implementation of such changes.

WW.1. The Department of Medical Assistance Services (DMAS) shall have the authority to implement programmatic changes to service definitions, prior authorization and utilization review criteria, provider qualifications, and reimbursement rates for the following existing Medicaid behavioral health services: assertive community treatment, mental health partial hospitalization programs, crisis intervention and crisis stabilization services.

2. The department shall have the authority to develop new service definitions, prior authorization and utilization review criteria, provider qualifications, and reimbursement rates for the following new Medicaid behavioral health services: multi-systemic therapy, family functional therapy, intensive outpatient services, mobile crisis intervention services, 23 hour temporary observation services and residential crisis stabilization unit services.

3. Effective on or after July 1, 2021, DMAS shall implement programmatic changes and reimbursement rates for the following services: assertive community treatment, multi-systemic therapy and family functional therapy.

4. Effective on or after July 1, 2021, DMAS shall implement programmatic changes and reimbursement rates for the following services: intensive outpatient services, partial hospitalization programs, mobile crisis intervention services, 23 hour temporary observation services, crisis stabilization services and residential crisis stabilization unit services.

5. In the development and implementation of these changes, the department shall ensure appropriate utilization and cost efficiency. Reimbursement rate changes shall be budget neutral and must not exceed the funding appropriated in the Act for these services.

6. The Department of Medical Assistance Services shall, prior to the submission of any State Plan amendment or waivers to implement these paragraphs, submit a plan detailing the changes in provider rates, new services added and other programmatic changes to the Director, Department of Planning and Budget and the Chairmen of the House Appropriation and Senate Finance and Appropriations Committees.

7. The department shall have the authority to promulgate emergency regulations to implement this amendment within 280 days or less from the enactment of this Act.

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XX. 1. Effective July 1, 2024, the Department of Medical Assistance Services (DMAS) shall have the authority to modify Medicaid behavioral health services such that: (1) legacy services that predate the current service delivery system, including Mental Health Skill Building, Psychosocial Rehabilitation, Intensive In Home Services, and Therapeutic Day Treatment are phased out; (2) legacy youth services are replaced with the implementation of tiered community based supports for youth and families with and at-risk for behavioral health disorders appropriate for delivery in homes and schools, (3) legacy services for adults are replaced with a comprehensive array of psychiatric rehabilitative services for adults with Serious Mental Illness (SMI), including community-based and center-based services such as independent living and resiliency supports, community support teams, and psychosocial rehabilitation services, (4) legacy Targeted Case Management- SMI and Targeted Case Management- Serious Emotional Disturbance (SED) are replaced with Tiered Case Management Services. All new and modified services shall be evidence based and trauma informed. To facilitate this transition, DMAS shall have the authority to implement programmatic changes to service definitions, prior authorization and utilization review criteria, provider qualifications, and reimbursement rates for the legacy and redesigned services identified in this paragraph. DMAS shall only proceed with the provisions of this paragraph if the authorized Medicaid behavioral health modifications and programmatic changes can be implemented in a budget neutral manner within appropriation provided in this Act for the identified legacy services. Moreover, any new or modified services shall be designed such that out-year costs are in line with the current legacy service spending projections. No new Medicaid behavioral health services or rates shall be implemented until corresponding legacy services have ended. Implementation of the redesigned services authorized in this paragraph shall be completed no later than ~~June 30, 2026~~*January 1, 2027*. The Department of Medical Assistance Services shall have the authority to seek federal authorization through waiver and state plan amendments under Titles XIX and XXI of the Social Security Act, as necessary, to meet the requirements of this paragraph. The department shall have authority to implement the changes authorized in this paragraph upon federal approval and prior to the completion of any regulatory process.

2. The Department of Medical Assistance Services, in collaboration with the Department of Behavioral Health and Developmental Services, shall continue efforts to qualify for a section 1115 serious mental illness (SMI) waiver. The department is authorized to develop an 1115 SMI waiver application at the appropriate time. In addition to the waiver application, the department shall maintain a plan that includes any proposed service modifications, all potential fiscal implications (including cost savings) and a timeline for implementation. DMAS shall not implement any aspect of this proposed 1115 waiver without direct authorization by the General Assembly. The department shall provide the current version of the waiver plan by September 1 of each year to the Director, Department of Planning and Budget and Chairs of the House Appropriations and Senate Finance and Appropriations Committees.

3. The Department of Medical Assistance Services shall have the authority to add coverage for services provided to Medicaid beneficiaries (ages 21 through 64) during short term stays (not to exceed 60 days) for acute care in psychiatric hospitals or residential treatment settings that qualify as Institutes of Mental Disease through an 1115 serious mental illness waiver. The department shall have the authority to implement these changes consistent with the effective date in the state plan amendment approved by the Centers for Medicare and Medicaid Services and prior to completion of any regulatory process in order to effect such changes.

4. The Department of Medical Assistance Services shall review and report on all monthly expenditures associated with services provided through the 1115 serious mental illness waiver. The department shall post this information on its website on a quarterly basis. Data should include, but not be limited to, expenditures by service for all services provided through state-run freestanding psychiatric hospitals, private freestanding psychiatric hospitals, and residential crisis stabilization units. In addition, data should include the number of individuals served and expenditures by facility.

YY.1. Effective January 1, 2021, the Department of Medical Assistance Services shall develop and implement an actuarially sound risk adjustment model that addresses the behavioral health acuity differences among the Medicaid managed care organizations for

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the community well population of individuals who are dually eligible for Medicare and Medicaid currently served through the Cardinal Care program. Behavioral health services shall be defined to include the following: case management services, community behavioral health, early intervention services, and addiction and recovery treatment services. The risk adjustment shall be based on nationally accepted models, such as the Chronic Illness and Disability Payment System (COPS) or Clinical Classifications Software Refined (CCSR) and shall incorporate variables predictive of behavioral health service utilization. Managed care experience shall be utilized as the basis for the risk adjustment.

2. Effective January 1, 2021, the Department of Medical Assistance Services shall develop and implement differential capitation rates for members in behavioral health treatment versus those who are not, for the community well population of individuals who are dually eligible for Medicare and Medicaid currently served through the Cardinal Care program. The rates shall be actuarially sound and the behavioral health rates shall additionally incorporate risk adjustment to account for acuity differences amongst the managed care organizations. Behavioral health services shall be defined to include the following: case management services, community behavioral health, early intervention services, and addiction and recovery treatment services. The risk adjustment shall be based on nationally accepted models, such as The Chronic Illness and Disability Payment System (COPS) or Clinical Classifications Software Refined (CCSR), and shall incorporate variables predictive of behavioral health service utilization. Managed care experience shall be utilized as the basis for the establishment of the capitation rates and the risk adjustment.

3. The risk adjustment model and differential capitation rates in these paragraphs shall be implemented such that the impact is budget neutral.

ZZ. The Department of Medical Assistance Services shall update its regulations to reflect the Department of Behavioral Health and Developmental Services licensing criteria for the American Society of Addiction Medicine (ASAM) Level of Care 4.0. The Department shall have the authority to promulgate emergency regulations to implement this amendment within 280 days or less from the enactment of this Act. The department shall have the authority to implement these changes prior to completion of any regulatory process undertaken in order to effect such change.

AAA. The Department of Medical Assistance Services is authorized to amend the State Plan under Title XIX of the Social Security Act to add coverage for the current procedural terminology (CPT) codes for Applied Behavioral Analysis that were added to the CPT list in January 2019, or any future updates to these CPT codes. The department shall have the authority to implement related programmatic changes to service definitions, prior authorization and utilization review criteria, provider qualifications, and reimbursement rates for the Behavioral Therapy Program. The department shall have the authority to implement these changes effective December 1, 2021, and prior to completion of any regulatory process to effect such changes.

BBB. Effective July 1, 2021, the Department of Medical Assistance Services shall seek federal authority through waiver and State Plan amendments under Titles XIX and XXI of the Social Security Act, as necessary, to provide continuous coverage to enrollees for the duration of pregnancy and through 12 months postpartum. The department shall have the authority to promulgate emergency regulations to implement these amendments within 280 days or less from the enactment of this Act. The department shall have authority to implement these amendments upon federal approval and prior to the completion of any regulatory process.

CCC. Effective July 1, 2021, the Department of Medical Assistance Services shall increase rates by 14.7 percent for psychiatric services to the equivalent of 110 percent of Medicare rates. The department shall have the authority to implement these reimbursement changes prior to the completion of any regulatory process to effect such changes.

DDD. Effective on and after July 1, 2021, the Department of Medical Assistance Services shall amend the State Plan for Medical Assistance to modify reimbursement for nursing facility services such that the direct peer group price percentage shall be increased to 109.3 percent and the indirect peer group price percentage shall be increased to 103.3 percent. The department shall have the authority to implement these changes effective July 1, 2021 and prior to the completion of any regulatory process undertaken in order to effect such change.

EEE. The Department of Medical Assistance Services shall amend the State Plan for Medical Assistance to provide that any nursing facility which thereafter loses its Medicaid capital reimbursement status as a hospital-based nursing facility because a replacement hospital was built at a different location and Medicare rules no longer allow the nursing home's cost to be included on the hospital's Medicare cost report shall have its first fair rental value (FRV) capital payment rate set at the maximum FRV rental rate for a new free-standing nursing facility with the date of acquisition for its capital assets being the date the replacement hospital is licensed. The department shall have the authority to implement these reimbursement changes effective July 1, 2021 and prior to the completion of the regulatory process.

FFF. Effective July 1, 2022, the department shall amend the State Plan for Medical Assistance to establish a new direct and indirect care peer group for nursing facilities operating with at least 80% of the resident population having one or more of the following diagnoses: quadriplegia, traumatic brain injury, multiple sclerosis, paraplegia, or cerebral palsy. In addition, a qualifying facility must have at least 90% Medicaid utilization and a case mix index of 1.15 or higher in fiscal year 2014. The department shall utilize the data from the most recent rebasing to make this change effective for fiscal year 2023 and subsequent rate years until this change is incorporated into the next scheduled rebasing. This change shall not affect rates established in the most recent rebasing for facilities in any other direct and indirect care peer groups. The department shall have the authority to implement this reimbursement change prior to completion of any regulatory process in order to effect such change. To the extent federal approval requires alternative approaches to achieve the same general results, the department shall have the authority to follow the federal guidance effecting this change.

GGG. The Department of Medical Assistance Services shall amend the State Plan for Medical Assistance to establish Specialized Care operating rates for fiscal years 2021, 2022 and 2023 by inflating the fiscal year 2020 rates using Virginia nursing home inflation. After fiscal year 2023, the department shall revert to the existing prospective methodology. The department has the authority to implement this change notwithstanding current regulations and consistent with the approved State Plan amendment.

HHH. The Department of Medical Assistance Services shall require Medicaid managed care organizations to reimburse at no less than 90 percent of the state Medicaid program Durable Medical Equipment fee schedule for the same service or item of durable medical equipment, prosthetics, orthotics, and supplies. The department shall have the authority to implement this reimbursement change effective July 1, 2021 and prior to the completion of any regulatory process undertaken in order to effect such change.

III. The Department of Medical Assistance Services shall adjust the post eligibility special earnings allowance for individuals in the CCC Plus, Community Living, Family and Individual Support and Building Independence waiver programs to incentivize employment for individuals receiving waiver services. DMAS shall lower the number of hours from at least eight hours but less than 20 hours per week requirement to at least four hours but less than 20 hours per week. The Special Earnings Allowance for waiver participants allows a percentage of earned income to be disregarded when calculating an individual's contribution to the cost of their waiver services when earning income. The current requirement is at least eight hours but less than 20 hours per week for a disregard of up to 200 percent of Supplemental Security Income (SSI) and a disregard of up to 300 percent for individuals that work 20 hours or more per week.

JJJ.1. Effective May 1, 2021, the Department of Medical Assistance Services shall increase the rates for agency- and consumer-directed personal care, respite and companion services in the home and community-based services waivers and Early Periodic Screening, and Diagnosis and Treatment (EPSDT) program by 6.4 percent. The department shall have the authority to implement these changes prior to completion of any regulatory process undertaken in order to effect such change.

2. Effective January 1, 2022, the Department of Medical Assistance Services shall increase the rates for agency- and consumer-directed personal care, respite and companion services in the home and community-based services waivers and Early Periodic Screening, and Diagnosis and Treatment (EPSDT) program by 12.5 percent. The department shall

have the authority to implement these changes prior to completion of any regulatory process undertaken in order to effect such change.

KKK. Effective July 1, 2021, the Department of Medical Assistance Services shall amend the State Plan for Medical Assistance to increase the practitioner rates for anesthesiologists to reflect the equivalent of 70 percent of the 2019 Medicare rates. The department shall ensure through its contracts with managed care organizations that the rate increase is reflected in their rates to providers. The department shall have the authority to implement these reimbursement changes prior to the completion of any regulatory process undertaken in order to effect such changes.

LLL. The Department of Medical Assistance Services shall have the authority to amend the State Plan for Medical Assistance or any waiver under Title XIX of the Social Security Act to increase the income eligibility for participation in the Medicaid Works program to 138 percent of the Federal Poverty Level. The department shall have the authority to implement this change prior to the completion of the regulatory process necessary to implement such change.

MMM. Effective July 1, 2021, the Department of Medical Assistance Services shall increase rates for skilled and private duty nursing services to 80 percent of the benchmark rate developed by the department and consistent with the appropriation available for this purpose. The department shall have the authority to implement these changes prior to the completion of any regulatory process to effect such changes.

NNN. Effective, January 1, 2021, the Department of Medical Assistance Services shall amend the State Plan for Medical Assistance under Title XIX of the Social Security Act, and any necessary waivers, to authorize time and a half up to eight hours and effective July 1, 2021, up to 16 hours for a single attendant who works more than 40 hours per week for attendants providing Medicaid-reimbursed consumer-directed (CD) personal assistance, respite and companion services. The department shall have authority to implement this provision prior to the completion of any regulatory process undertaken in order to effect such change.

OOO. Effective July 1, 2021, the Department of Medical Assistance Services shall have the authority to amend the State Plan of Medical Assistance under Title XIX of the Social Security Act to provide a comprehensive dental benefit to adults. The department shall work with its Dental Advisory Committee, including members of the Virginia Dental Association, the Virginia Health Catalyst, the Virginia Commonwealth University School of Dentistry, the Virginia Dental Hygienists Association, the Virginia Health Care Association, a representative of the developmental and intellectual disability community, the Virginia Department of Health and the administrator of the Smiles for Children program to develop the benefit. The benefit shall be modeled after the existing benefit for pregnant women. The benefit shall include preventive and restorative services and shall not include any cosmetic services or orthodontic services. The Dental Advisory Committee shall design a benefit that does not exceed the appropriated funds to provide such services. The department shall work with its dental benefit administrator, the Virginia Dental Association, the Virginia Association of Free and Charitable Clinics, the Virginia Community Healthcare Association and other stakeholders to ensure an adequate network of providers and awareness among beneficiaries. The department shall have authority to promulgate emergency regulations to implement these changes within 280 days or less from the enactment date of this Act.

PPP. The Department of Medical Assistance Services, in collaboration with the Virginia Department of Social Services, state workforce agencies and programs, and appropriate stakeholders, shall develop a referral system designed to connect current and newly eligible Medicaid enrollees to employment, training, education assistance and other support services. The department shall review current federal law and regulations that may allow, through State Plan amendments, contracts, or other policy changes, the department to support such a referral program. The department shall provide new enrollees in the Medicaid program, that have been identified as being potentially unemployed or underemployed with information on all available state and federal programs available to them that offer training, education assistance or other types of employment support services. The department shall work with its contracted managed care organizations to facilitate referrals to employment related services. To the degree that resources are available in other state agencies or from federal grants to support the referral program and existing authority permits such use, the department shall coordinate the use of such programs to provide assistance to Medicaid enrollees.

QQQ.1. The Department of Medical Assistance Services shall increase nursing home and specialized care per diem rates by $20 per day per patient effective until June 30, 2021, and by $15 per day effective July 1, 2021. Such adjustment shall be made through existing managed care capitation rates as a mandated specified rate increase. DMAS shall adjust capitation rates to account for the nursing facility rate increase. The department shall have the authority to file all necessary regulatory authorities without delay, make any necessary contract changes, and implement these reimbursement changes without regard to existing regulations. The specified rate increase in this paragraph applies across fee-for-service and Medicaid managed care.

2.a. The Department of Medical Assistance Services (DMAS) shall work with appropriate nursing facility (NF) stakeholders and the Cardinal Care managed care organizations (MCOs) to develop a unified, value-based purchasing (VBP) program that includes enhanced funding for facilities that meet or exceed performance and/or improvement thresholds as developed, reported, and consistently measured by DMAS in cooperation with participating facilities. The methodology and timing for the Virginia nursing facility VBP program, including structures for nursing facility performance accountability and disbursement of earned financial incentives, shall be completed no later than December 31, 2021, with the program targeted to begin no later than July 1, 2022. Nursing facility performance evaluation under the program shall prioritize maintenance of adequate staffing levels and avoidance of negative care events, such as hospital admissions and emergency department visits. The program may also consider performance evaluation in the areas of preventive care, utilization of home and community-based services, including community transitions, and other relevant domains of care.

b. During the first year of this program, half of the available funding shall be distributed to participating nursing facilities to be invested in functions, staffing, and other efforts necessary to build their capacity to enhance the quality of care furnished to Medicaid members. This funding shall be administered as a Medicaid rate add-on in the same manner as in paragraph 1. above. The remaining funding shall be allocated based on performance criteria as designated under the nursing facility VBP program. The amount of funding devoted to nursing facility quality of care investments shall be 25 percent of available funding in the second year of the program before the program transitions to payments based solely on nursing facility performance criteria in the third year of the program. In the third year of this program, such funds as appropriated for this purpose shall be fully disbursed according to the aforementioned unified VBP arrangement to participating nursing facilities that qualify for the enhanced funding.

c. The department shall convene the stakeholders no less than annually through at least the first two years of the program to review program progress and discuss potential modifications to components of the arrangement, including, but not limited to, timing of enhanced payments, performance metrics, and threshold determinations. The department shall implement the necessary regulatory changes and other necessary measures to be consistent with federal approval of any appropriate changes to the State Plan or relevant waivers thereof, and prior to the completion of any regulatory process undertaken to effect such change.

d. Out of this appropriation, $20,000,000 the first year and $20,000,000 the second year from the general fund and $20,807,998 the first year and $20,807,998 the second year from nongeneral funds shall be provided to increase nursing facility value-based payments effective July 1, 2024 pursuant to paragraph QQQ.2.b. in this item. To the extent that this increase each year meets or exceeds the amount otherwise required under clause 3 of Chapters 482 and 438 of the 2023 Acts of Assembly, this increase shall be considered to satisfy that requirement.

e. The department shall work with stakeholders to develop recommendations on modifying the timing and structure of the value-based payment (VBP) program's metric-based payment methodology. Recommendations will consider alternatives to the existing annual retrospective lump sum payment arrangement. These will include, but are not limited to, the structure and frequency of payments to ensure that the annual appropriation to the VBP program will not be overspent. The department's work with stakeholders shall

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be completed by November 1, 2025, and the department shall report its findings to the Governor and the Chairs of the House Appropriations and Senate Finance and Appropriations Committees by December 15, 2025.

RRR. The Department of Medical Assistance Services shall seek federal authority through waiver and State Plan amendments under Titles XIX and XXI of the Social Security Act to expand the definition of durable medical equipment per 42 CFR 440.70 (b) (3), so that the definition is no longer limited to items primarily used in the home but also extends to any setting where normal activities take place. The Department shall have the authority to promulgate emergency regulations to implement this amendment within 280 days or less from the enactment of this Act. The department shall have the authority to implement these changes prior to completion of any regulatory process undertaken in order to effect such change.

SSS. The Department of Medical Assistance Services shall amend the State Plan for Medical Assistance to authorize the reimbursement, using a budget neutral methodology, of pharmacy-administered immunizations for all vaccinations covered under the medical benefit for Medicaid members. Reimbursement for fee-for-service members shall be the cost of the vaccine plus an administration fee not to exceed $16. Reimbursement for pharmacy-administered vaccinations for pediatric Medicaid members eligible for free vaccinations through the Vaccines For Children (VFC) program shall include only the administration fee. The department is authorized to set the administration fee for COVID-19 vaccines at the same level as Medicare reimbursement for such vaccines. The Department shall promulgate regulations to become effective within 280 days or less from the enactment date of this Act to implement this change.

TTT. The Department of Medical Assistance Services shall amend the State Plan for Medical Assistance to authorize coverage for clinically appropriate audio-only services, provider-to-provider consultations, store-and-forward, and virtual check-ins with patients. The Department shall promulgate regulations to become effective within 280 days or less from the enactment date of this Act to implement this change.

UUU. The Department of Medical Assistance Services shall amend the State Plan for Medical Assistance to authorize coverage of community doula services for Medicaid-enrolled pregnant women. Services shall include up to 8 prenatal/postpartum visits, and support during labor and delivery. The department shall also implement up to two linkage-to-care incentive payments for postpartum and newborn care.

VVV. The Department of Medical Assistance Services (DMAS) shall have the authority to make necessary changes to waivers and/or the Medicaid State Plan to ensure that all adult Medicaid members have access to COVID-19 vaccinations. The department shall have the authority to implement such changes effective upon passage of this Act, and prior to the completion of any regulatory process undertaken in order to effect such changes.

WWW. The Department of Medical Assistance Services shall amend the Medicaid and CHIP State Plans to authorize prescriptions of contraceptives up to a 12-month supply for eligible beneficiaries in the Medicaid and CHIP programs. The department shall have the authority to promulgate emergency regulations to implement these amendments within 280 days or less from the enactment of this Act.

XXX. The Department of Medical Assistance Services, in coordination with the Department of Behavioral Health and Developmental Services, shall submit a request to the Centers for Medicare and Medicaid Services to amend its 1915(c) Home & Community-Based Services (HCBS) waivers to allow telehealth and virtual and/or distance learning as a permanent service option and accommodation for individuals on the Community Living, Family and Individual Services and Building Independence Waivers. The amendment, at a minimum, shall include all services currently authorized for telehealth and virtual options during the COVID-19 pandemic. The departments shall actively work with the established Developmental Disability Waiver Advisory Committee and other appropriate stakeholders in the development of the amendment including service elements and rate methodologies. The department shall have the authority to implement these changes prior to the completion of the regulatory process.

YYY. Effective July 1, 2022, the Department of Medical Assistance Services shall have the authority to increase the rates for agency- and consumer-directed personal care, respite and companion services by 7.5 percent to reflect additional increases in the state minimum wage while maintaining the existing differential between consumer-directed and agency-directed rest-of-state rates as well as the northern Virginia and rest-of-state rates. The department shall have the authority to implement these changes prior to completion of any regulatory process to effect such change.

ZZZ. Effective July 1, 2022, the Department of Medical Assistance Services shall have the authority to amend the State Plan under Title XIX of the Social Security Act, and any waivers thereof as necessary to amend coverage of preventive services for adult, full-benefit Medicaid individuals who are not enrolled pursuant to the Patient Protection and Affordable Care Act (PPACA) to align with the preventive services coverage provided under the PPACA. The department shall have the authority to implement these changes prior to the completion of any regulatory process to effect such changes.

AAAA. The Department of Medical Assistance Services shall amend the state plans under Titles XIX and XXI of the Social Security Act, and any waivers thereof as necessary to remove all cost sharing, including co-payments, co-insurance, and deductibles for enrollees. Such change shall be effective April 1, 2022, or upon expiration of the federal public health emergency related to the Coronavirus Disease 2019 (COVID-19) pandemic, whichever is earlier. The department shall have the authority to implement this change prior to the completion of any regulatory process to effect such changes.

BBBB.1. Effective July 1, 2022, the Department of Medical Assistance Services (DMAS) shall have the authority to increase Medicaid Title XIX and CHIP Title XXI reimbursement rates for dental services by 30 percent. The department shall have the authority to implement these reimbursement changes prior to the completion of any regulatory process to effect such changes.

2. Effective July 1, 2024, the Department of Medical Assistance Services shall have the authority to increase Medicaid Title XIX and CHIP Title XXI reimbursement rates for dental services by three percent. The department shall have the authority to implement these changes prior to completion of any regulatory process undertaken in order to effect such change.

CCCC. Effective July 1, 2022, the Department of Medical Assistance Services shall have the authority to increase Medicaid Title XIX and CHIP Title XXI reimbursement rates for physician primary care services, excluding those provided in emergency departments, to 80 percent of the federal FY 2021 Medicare equivalent as calculated by the department and consistent with the appropriation available for this purpose. The department shall have the authority to implement these changes prior to the completion of any regulatory process to effect such changes.

DDDD.1. Appropriation amounting to $175,793,045 in FY 2023 and $201,197,348 in FY 2024 from the general fund and $182,060,495 in FY 2023 and $208,539,425 in FY 2024 from nongeneral funds was provided to increase Developmental Disability (DD) waiver rates set forth in the following paragraph.

2. Effective July 1, 2022, the Department of Medical Assistance Services shall have the authority to update the rates for DD waiver services using the most recent rebasing estimates, based on their review of the model assumptions as appropriate and consistent with efficiency, economy, quality and sufficiency of care and reported no later than July 1, 2022. Rates shall be increased according to Tiered payments contained in the rebasing model, where appropriate for the type of service provided. Rates shall be increased for Group Homes, Sponsored Residential, Supported Living, Independent Living Supports, In-home Supports, Community Engagement, Community Coaching, Therapeutic Consultation, Private Duty and Skilled Nursing, Group Day Support, Group Supported Employment, Workplace Assistance, Community Guide, DD Case Management and Benefits Planning. The department shall have the authority to implement these changes prior to completion of any regulatory process to effect such change.

EEEE. Effective July 1, 2022, the Department of Medical Assistance Services (DMAS) shall have the authority to increase Medicaid Title XIX and CHIP Title XXI reimbursement rates for obstetrics and gynecology covered services by 15 percent. The department shall have the authority to implement these reimbursement changes prior to

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the completion of any regulatory process to effect such changes.

FFFF. Effective July 1, 2022, the Department of Medical Assistance Services (DMAS) shall have the authority to increase reimbursement rates for children's covered vision services for Medicaid Title XIX and CHIP XXI programs by 30 percent. The department shall have the authority to implement these reimbursement changes prior to the completion of any regulatory process to effect such changes.

GGGG.1. The Department of Medical Assistance Services shall seek federal authority through waiver and State Plan amendments under Titles XIX and XXI of the Social Security Act to allow enrollment in a Medicaid managed care plan for individuals who are Medicaid eligible 30 days prior to release from incarceration. The department shall modify its contracts with managed care organizations to require a video or telephone conference with incarcerated individuals that are enrolled in a managed care plan in order to create a transition plan during the 30 days prior to release from incarceration. The department shall have the authority to promulgate emergency regulations to implement this amendment within 280 days or less from the enactment of this Act.

2. The Department of Medical Assistance Services shall have the authority to make any necessary managed care contract changes and to amend the state plans under Titles XIX and XXI of the Social Security Act, and any waivers thereof, as necessary to provide covered services, including screenings, diagnostic services, and targeted case management, in the 30 days pre-release and immediately post-release to eligible incarcerated youth and young adults in accordance with section 5121 of the federal Consolidated Appropriations Act of 2023. The department shall have the authority to implement this change prior to the completion of any regulatory process.

HHHH. The Department of Medical Assistance Services shall amend the State Plan for Medical Assistance to authorize coverage for medically necessary general anesthesia and hospitalization or facility charges of a facility licensed to provide outpatient surgical procedures for dental care provided to a Medicaid enrollee who is determined by a licensed dentist in consultation with the enrollee's treating physician to require general anesthesia and admission to a hospital or outpatient surgery facility to effectively and safely provide dental care to an enrollee age ten or younger. The department shall have the authority to implement this change effective July 1, 2022 and prior to the completion of any regulatory process to effect such change.

IIII. Effective July 1, 2022, the Department of Medical Assistance Services shall increase Medicaid rates for peer recovery and family support services in private and public community-based recovery services settings from $6.50 to $13.00 per 15 minutes for individuals and from $2.70 to $5.40 per 15 minutes for groups.

JJJJ. Effective July 1, 2022, the Department of Medical Assistance Services is authorized to increase rates by 12.5%, relative to the rates in effect prior to July 1, 2021, for: (i) adult day health care; (ii) consumer-directed facilitation services; (iii) crisis supervision, crisis stabilization and crisis support services; (v) transition coordinator services; (vi) mental health and early intervention case management services; and (vii) community behavioral health and habilitation services. The department shall have the authority to implement these changes prior to the completion of any regulatory process undertaken in order to effect such change. The department shall include any and all Early Periodic Screening Diagnosis and Treatment (EPSDT) Therapeutic Group Homes in such rate increase effective January 1, 2024, regardless of the number of providers and whether or not such facilities were previously included in the list of eligible procedure and revenue codes provided in the Medicaid Bulletin to Providers of Home and Community Based Services Waivers (HCBS) and EPSDT services participating in Virginia Medical Assistance Programs and Medicaid Managed Care Organizations (MCOs) dated October 16, 2021. The department shall have the authority to implement these changes prior to completion of any regulatory process undertaken in order to effect such change.

KKKK. Contingent on approval by the Centers for Medicare and Medicaid Services (CMS), the Department of Medical Assistance Services (DMAS) shall allow legally responsible individuals (parents of children under age 18 and spouses) to provide personal care/personal assistance services and be paid for those services. Any legally responsible individual who is a paid aide or attendant for personal care/personal assistance services shall meet all the same requirements as other aides or attendants. The department shall have the authority to implement these changes effective July 1, 2022 and prior to completion of any regulatory process to effect such change.

LLLL. Effective for dates of service on or after January 1, 2024, the Department of Medical Assistance Services shall increase the reimbursement rates for Early Intervention services, excluding case management, by 12.5 percent for all children under age three enrolled in Early Intervention in Virginia Medicaid.

MMMM.1. Effective January 1, 2024, the Department of Medical Assistance Services shall increase rates by 10 percent for the following Medicaid-funded community-based services: Intensive In-Home, Mental Health Skill Building, Psychosocial Rehabilitation, Therapeutic Day Treatment, Outpatient Psychotherapy, Peer Recovery Support Services -- Mental Health.

2. Effective January 1, 2024, the Department of Medical Assistance Services shall increase rates by 10 percent for the following Medicaid-funded community-based services: Comprehensive Crisis Services (which include 23-hour Crisis Stabilization, Community Stabilization, Crisis Intervention, Mobile Crisis Response, and Residential Crisis Stabilization), Assertive Community Treatment, Mental Health - Intensive Outpatient, Mental Health - Partial Hospitalization, Family Functional Therapy and Multisystemic Therapy.

NNNN. The Department of Medical Assistance Services shall increase the rates for mental health partial hospitalization from a per diem rate of $250.62 to $500.00 and shall increase the rate for mental health intensive outpatient programs from a per diem of $159.20 to $250.00. The department shall have the authority to implement this reimbursement change effective January 1, 2024, and prior to the completion of any regulatory process undertaken in order to effect such change.

OOOO. Effective January 1, 2024, the Department of Medical Assistance Services is authorized to amend the State Plan for Medical Assistance Services to: (i) extend the age limitation for children receiving fluoride varnish from non-dental providers from "through age 3" to "through age 5"; (ii) remove the current limitation on the number of times a dentist can bill the behavioral management code when treating adults with disabilities; (iii) provide payment for crowns for patients who received root canal therapy prior to becoming a Medicaid beneficiary; and (iv) provide reimbursement for pre-treatment evaluations performed by dentists treating patients requiring deep sedation or general anesthesia to mirror the Centers for Medicare and Medicaid Services (CMS) guidelines. The department shall have the authority to implement these changes consistent with the effective date in the State Plan amendment approved by CMS and prior to the completion of any regulatory process undertaken in order to effect such change.

PPPP. Effective January 1, 2024, the Department of Medical Assistance Services shall have the authority to increase the rates for agency and consumer-directed personal care, respite and companion services by five percent. The department shall have the authority to implement these changes prior to completion of any regulatory process to effect such change.

QQQQ. The Department of Medical Assistance Services shall amend its regulations and guidance on weight loss drugs to require service authorization for covered weight loss drugs to ensure appropriate utilization. The department shall have authority to implement these provisions prior to the completion of any regulatory process undertaken in order to effect such change.

RRRR. Effective January 1, 2024, the Department of Medical Assistance Services shall have the authority to amend the State Plan under Title XIX of the Social Security Act to provide reimbursement for the provision of behavioral health services that are classified by a Current Procedural Terminology code as collaborative care management services.

SSSS. Effective for dates of service on or after July 1, 2024, the Department of Medical Assistance Services shall update the reimbursement methodology for outpatient rehabilitation services to the Resource Based Relative Value Scale. Any changes to the reimbursement methodology shall be budget neutral. To ensure and maintain budget

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neutrality, a budget neutrality factor shall be applied to any rate calculations.

TTTT.1. *Effective July 1, 2024, pursuant to the authority granted in 42 USC 1396r-8 Payment for Covered Outpatient Drugs, the Department of Medical Assistance Services shall amend the State Plan for Medical Assistance Services and 12VAC30-50-520 to no longer cover weight loss medication when prescribed for weight loss except: (i) in those instances where an individual has a body mass index (BMI) greater than 40; (ii) in those instances where an individual has a BMI greater than 37 and has at least one of the following weight-related comorbid conditions: hypertension, Type II Diabetes Mellitus, or Dyslipidemia; or (iii) if it is a traditional weight loss medication prescribed for weight loss as FDA approved, excluding Glucagon-like peptide-1 drugs and any other newer weight loss medications. The department shall have the authority to promulgate emergency regulations to implement this amendment within 280 days or less from the enactment of this act. The department shall have authority to implement this amendment upon federal approval and prior to the completion of any regulatory process undertaken in order to effect such change.*

~~*TTTT.2. Effective July 1, 2025, pursuant to the authority granted in 42 USC 1396r-8 Payment for Covered Outpatient Drugs, the Department of Medical Assistance Services shall amend the State Plan for Medical Assistance Services and 12VAC30-50-520 to cover weight loss medication when prescribed for weight loss (i) in those instances where an individual has a body mass index (BMI) of 35 or greater at the time at the time of being prescribed the requested weight loss drug; or (ii) in those instances where an individual has a BMI greater than 30 at the time of being prescribed the requested weight loss drug and has at least one of the following weight-related comorbid conditions: hypertension, Type II Diabetes Mellitus, or Dyslipidemia; and the individual has tried but was unsuccessful losing weight through a comprehensive lifestyle program for at least six months prior to the request for drug therapy, that included a calorie deficit of approximately 30 percent for at least six months, and an exercise goal of completing 150 minutes of exercise per week has been achieved for at least six months (or exercise requirements cannot be met due to clinical limitations); and the individual was unable to achieve at least a five percent weight reduction with calorie deficit goals, exercise goals, and behavior therapy. The department shall have the authority to promulgate emergency regulations to implement this amendment within 280 days or less from the enactment of this act. The department shall have authority to implement this amendment upon federal approval and prior to the completion of any regulatory process undertaken in order to effect such change.*~~

UUUU. The Department of Medical Assistance Services (DMAS) shall seek federal authority through waiver and State Plan amendments under Titles XIX and XXI of the Social Security Act to implement telehealth service delivery options under the Developmental Disability Waivers for the following services: Benefits Planning, Community Coaching, Community Engagement, Community Guide, Group Day Services, Group and Individual Supported Employment, Independent Living Supports, Individual and family/caregiver training, In-home Support Services, Peer Mentoring, Service Facilitation, Therapeutic Consultation, and Workplace Assistance services. However, DMAS authority is limited to those regulatory changes needed to define service delivery and claims processing requirements for those virtual support services currently authorized by the Appropriation Act or Code of Virginia. Moreover, any such changes shall be budget neutral and not increase costs. The department shall have the authority to amend the Developmental Disability Waivers through the Centers for Medicare and Medicaid Services and to promulgate emergency regulations to implement these changes within 280 days or less from the enactment of this Act.

VVVV. The Department of Medical Assistance Services (DMAS) shall seek federal authority through State Plan amendments under Titles XIX and XXI of the Social Security Act to expand provider qualifications such that individuals working on their required hours of supervision for certification through the Department of Behavioral Health and Developmental Services (DBHDS) to be eligible for registration through the Department of Health Professions (DHP), may be approved as Medicaid provider type for the provision of mental health and substance use disorder peer supported services. In addition, to increase access to peer recovery services, DMAS is authorized to adjust caseload limits for peer recovery specialists to align with DBHDS and DHP and revised policies to reflect the need to operate within a crisis or emergency room setting. DMAS shall ensure that any provider caseload limit increase does not have any adverse impact on quality of care or program integrity. The department shall have the authority to promulgate emergency regulations to implement these changes within 280 days or less from the enactment of this Act.

WWWW. The Department of Medical Assistance Services (DMAS) shall implement a process no later than January 1, 2025 for Federally Qualified Health Centers (FQHCs) to notify the department of any changes in the scope of services offered by a FQHC, pursuant to Section 1902(bb)(3) of 42 U.S.C. 1396a. Notifications of changes in the scope of services shall be submitted no later than October 1, 2024 for timely filing allowed by applicable federal law. Thereafter, notification must be received within 12 months of the increase or decrease in the scope of services by the FQHC. The department is authorized to reimburse FQHCs for unreimbursed costs, as allowed by the applicable federal law, prior to an initial request for a change in scope under the new process.

XXXX. Effective July 1, 2024, the Department of Medical Assistance Services shall have the authority to update the rates for consumer-directed facilitation services based on the most recent rebasing estimates as follows: Consumer Directed (CD) Management Training shall be increased to $90.14 per hour in Northern Virginia and to $80.91 per hour in the rest of the state; CD Initial Comprehensive Visit shall be increased to $360.54 per visit in Northern Virginia and to $323.64 per visit in the rest of the state; CD Routine Visit shall be increased to $112.67 per visit in Northern Virginia and to $101.14 per visit in the rest of the state; and CD Reassessment Visit shall be increased to $180.27 per visit in Northern Virginia and to $161.82 per visit in the rest of the state. The department shall have the authority to implement these changes prior to completion of any regulatory process to effect such change.

YYYY. Effective July 1, 2024, the Department of Medical Assistance Services (DMAS) shall set the reimbursement rate to 100 percent of the Medicare rural rates or 100 percent of non-rural rates if a rural rate does not exist for specific Durable Medical Equipment (DME) products, including enteral products and supplies and in the following categories in the DMAS fee schedule for Feeding Kits and Tubes and Nutrition Kits/Feeding Tubes. DMAS shall have the authority to implement these changes prior to completion of any regulatory process undertaken in order to effect such change.

ZZZZ. Effective July 1, 2024, the Department of Medical Assistance Services shall increase the rates for peer mentoring consistent with the most recent rate study by Burns and Associates.

AAAAA. The Department of Medical Assistance Services shall develop guidelines for a statewide Collaborative Care Model program. The department shall submit a report on progress developing and implementing the guidelines annually by October 1 to the Joint Commission on Health Care and the Chairs of the House Appropriations and Senate Finance and Appropriations Committees.

BBBBB. Out of this appropriation, $95,000,000 from the general fund the first year is authorized to be provided to the Department of Medical Assistance Services (DMAS) if the general fund amounts in Item 288 of this act are insufficient to pay all Medicaid costs in the fiscal year due to higher than expected program enrollment. The Director, Department of Planning and Budget (DPB), shall unallot this appropriation until such time the Director of DMAS can demonstrate that the general fund appropriation is insufficient to meet all obligations for the fiscal year. In the first year, if the Director of DMAS notifies DPB that payments in the Medicaid program were delayed from fiscal year 2024 into fiscal year 2025 due to insufficient funding, the Director of DPB shall have the authority to allot the general fund share of that shortfall to cover those payments in fiscal year 2025. The Director of DPB shall notify the Chairs of the House Appropriations and Senate Finance and Appropriations Committee within five days of any allotment of appropriation pursuant to these provisions.

CCCCC. The Department of Medical Assistance Services (DMAS) shall modify requirements for Consumer-Directed Services Facilitators to eliminate the requirement that individuals providing these services have an Associate's or Bachelor's Degree in order to provide services. Work experience shall be listed as sufficient in the list of requirements. The department shall have the authority to implement these changes prior to completion of any regulatory process undertaken in order to effect such change.

DDDDD. The Department of Medicaid Assistance Services shall have the authority to draw down federal funds to cover unreimbursed Medicaid costs for services provided by nonstate government-owned nursing facilities as certified by the provider through cost reports not to exceed the upper payment limit for each nursing facility. The department shall have the authority to implement this reimbursement change prior to completion of any regulatory process in order to effect such change.

EEEEE. Effective July 1, 2024, the Department of Medical Assistance Services (DMAS) shall have the authority to amend the State Plan for Medical Assistance to increase the per diem rates paid to therapeutic group homes (TGH) that accept children requiring early and periodic screening, diagnosis, and treatment (EPSDT) services by 50 percent.

FFFFF.1. Effective July 1, 2024, the Department of Medical Assistance Services shall have the authority to update the rates for DD waiver services by three percent for Group Homes, Sponsored Residential, Supported Living, Independent Living Supports, In-home Supports, Community Engagement, Community Coaching, Therapeutic Consultation, Private Duty and Skilled Nursing, Group Day Support, Group Supported Employment, Workplace Assistance, Community Guide, and Benefits Planning. The department shall have the authority to implement these changes prior to completion of any regulatory process to effect such change.

2. Effective July 1, 2025, the Department of Medical Assistance Services shall have the authority to update the rates for DD waiver services by three percent for Group Homes, Sponsored Residential, Supported Living, Independent Living Supports, In-home Supports, Community Engagement, Community Coaching, Therapeutic Consultation, Private Duty and Skilled Nursing, Group Day Support, Group Supported Employment, Workplace Assistance, Community Guide, and Benefits Planning. The department shall have the authority to implement these changes prior to completion of any regulatory process to effect such change.

GGGGG.1. Effective July 1, 2024, DMAS shall increase the rates for agency- and consumer-directed personal care, respite and companion services in the home and community-based services waivers and Early Periodic Screening, and Diagnosis and Treatment (EPSDT) program by two percent. The department shall have the authority to implement these changes prior to completion of any regulatory process undertaken in order to effect such change.

2. Effective July 1, 2025, DMAS shall increase the rates for agency- and consumer-directed personal care, respite and companion services in the home and community-based services waivers and Early Periodic Screening, and Diagnosis and Treatment (EPSDT) program by two percent. The department shall have the authority to implement these changes prior to completion of any regulatory process undertaken in order to effect such change.

HHHHH. The Department of Medical Assistance Services shall have the authority to change the reimbursement methodology for adult day health care from a daily rate to an hourly rate, however, such reimbursement is limited to no more than six hours per day. Any such reimbursement rate adjustment must be budget neutral and not increase the cost of this service. The department shall have the authority to implement this change prior to the completion of any regulatory process to effect such changes.

IIIII. The Department of Medical Assistance Services shall modify the nursing facility reimbursement methodology described in 12 VAC 30-90-44 to use the Patient-Driven Payment Model (PDPM) instead of Resource Utilization Groups (RUG). This change to reimbursement methodology shall be implemented in a budget neutral manner no later than October 1, 2025. The department shall have the authority to implement this change prior to the completion of any regulatory process to effect such changes.

JJJJJ. The Department of Medical Assistance Services (DMAS) shall have the authority to submit final exempt regulatory packages to repeal existing provider reimbursement regulations in 12 VAC 30-70, 12 VAC 30-80, and 12 VAC 30-90 and replace them with new sections containing text that is identical to the Medicaid state plan as it was in effect on March 1, 2025. Changes shall not impact any aspect of the Medicaid program or increase costs. These regulatory packages shall be promulgated according to the following schedule: Chapter 70 sections shall be submitted for executive branch review within 30 days from the enactment date of this Act; Chapter 80 sections shall be submitted for executive branch review within 60 days from the enactment date of this Act; Chapter 90 sections shall be submitted for executive branch review within 90 days from the enactment date of this Act.

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KKKKK. The Department of Medical Assistance Services shall require that liable third-party payers are barred from refusing payment for an item or service solely on the basis that such item or service did not receive prior authorization under the third-party payer's rules.

LLLLL. The Department of Medical Assistance Services shall amend the state plans under Titles XIX and XXI of the Social Security Act, and any waivers thereof, and make any changes to managed care contracts as necessary to enable children served in psychiatric residential treatment facilities (PRTF) to maintain their enrollment in managed care during their treatment. The payment for PRTF per diem payments and PRTF required services shall be carved out of managed care and paid as a fee-for-service benefit. Required services include assessment and diagnosis, physician medication management and supervision, urine testing and psychological professional services when delivered by facility staff or contractors. Any service eligible for reimbursement through the Children's Services Act shall not be included in managed care. The department shall have the authority to create a new capitation payment structure to reflect this change in managed care service delivery. Costs associated with any carved-out services shall be excluded from managed care payment methodologies. The department shall have the authority to implement this change effective July 1, 2025 and prior to the completion of any regulatory process.

MMMMM. Effective July 1, 2025, the Department of Medical Assistance Services shall amend the state plan for medical assistance services to include a provision for payment of medical assistance for FDA approved long-acting injectable or extended-release medications administered for a serious mental illness or substance use disorder in any hospital emergency department or hospital inpatient setting. This payment shall be unbundled from the hospital daily rate.

NNNNN. The Department of Medical Assistance Services shall convene a workgroup with staff designees from the Department of Planning and Budget and the House Appropriations and Senate Finance and Appropriations Committees to evaluate options for developing a process that recognizes the true costs of policy changes to the Medicaid program and how to integrate such process as part of the development of the state budget.

OOOOO.1. Effective July 1, 2025, the Department of Medical Assistance Services shall amend the State Plan for Medical Assistance to authorize coverage for a continuous glucose monitor (CGM) and related supplies for the treatment of a Medicaid enrollee under the Medicaid medical and pharmacy benefit if the enrollee: (i) has been diagnosed with diabetes by his or her primary care physician, or another licensed health care practitioner authorized to make such a diagnosis; (ii) is being treated with insulin; and/or (iii) has a history of problematic hypoglycemia; (iv) the enrollee's treating practitioner has concluded that the enrollee (or enrollee's caregiver) has sufficient training using the CGM prescribed as evidenced by providing a prescription; and (v) the CGM is prescribed in accordance with the Food and Drug Administration indications for use.

2. Coverage shall include the cost of any necessary repairs or replacement parts for the continuous glucose monitor.

3. To qualify for continued coverage under this section, the Medicaid enrollee must participate in follow-up care with his or her treating health care practitioner, in-person or through telehealth, at least once every six months during the first 18 months after the first prescription of the continuous glucose monitor for the recipient has been issued under this section, to assess the efficacy of using the monitor for treatment of diabetes. After the first 18 months, such follow-up care must occur at least once every 12 months.

PPPPP. The Department of Medical Assistance Services shall ensure the reimbursement for a service provided by a licensed certified midwife or licensed midwife shall be in the same amount as the Medicaid reimbursement paid a licensed physician or certified nurse midwife, whichever is higher, for performing such service in the area served.

QQQQQ.1. Effective, January 1, 2026, the Department of Medical Assistance Services (DMAS) is authorized to establish objective and measurable performance measures for acute care hospitals that are receiving private acute care hospital enhanced payments authorized in § 3-5.15 of this act. These measures shall assess whether the additional payments improve services for Medicaid members. Specifically, DMAS shall include requirements to ensure access to care by Medicaid members through network adequacy requirements to prevent a hospital from reducing its service offerings in a manner that would have an adverse impact on Medicaid members in the community. In addition, DMAS shall include requirements to ensure improved coordination of care for behavioral health patients, including continued participation by hospitals in the acute bed registry. DMAS shall establish a process for measuring progress and may include a process to allow for corrective actions required for hospitals that do not achieve the specific performance measures established by DMAS. DMAS is authorized to measure progress toward these performance measures on a quarterly basis, unless DMAS determines that a specific measure is more appropriately measured on a longer timeframe. DMAS shall consult with impacted stakeholders in developing the performance measures and associated processes. A hospital that does not achieve the specific performance measures established by DMAS and is not able to fulfill the necessary corrective actions in the timeframe required by DMAS, shall lose eligibility for private acute care hospital enhanced payments for the associated period as determined by DMAS. DMAS shall submit a report to the Chairs of the House Appropriations and Senate Finance and Appropriations Committees on the measures established and associated processes by November 15, 2025.

2. DMAS shall have the authority to seek necessary federal approval for state plan amendments and changes to the preprint to the Centers for Medicare and Medicaid Services to effectuate the provisions of paragraph QQQQQ.1.

RRRRR. The Department of Medical Assistance Services shall have the authority to amend the State Plan for Medical Assistance to make supplemental payments through an adjustment to the formula for indirect medical education (IME) reimbursement, using managed care discharge days, not to exceed $30,000,000 total computable for teaching hospitals affiliated with Virginia Tech Carilion School of Medicine. The public entity shall transfer the non-federal share of the authorized supplemental payments. The funds to be transferred must comply with 42 CFR 433.51 and 433.54. Such funds may not be paid from any private agreements with Virginia Tech Carilion School of Medicine that are in excess of fair market value or that alleviate pre-existing financial burdens of the school. The Virginia Tech Carilion School of Medicine is authorized to use general fund dollars to accomplish this transfer. The Virginia Tech Carilion School of Medicine would enter into an Interagency Agreement with the department for this purpose and must attest to compliance with applicable CMS criteria. The department shall have the authority to implement these changes prior to completion of any regulatory process undertaken in order to effect such change.

SSSSS. The Department of Medical Assistance Services shall seek the appropriate waiver authority for a demonstration project to add neurobehavioral and neurorehabilitation facilities to support 20 individuals with traumatic brain injuries and neurocognitive disorders by January 1, 2026. The neurobehavioral and neurorehabilitation facilities shall be considered as a specialized institutional placement for individuals with a traumatic brain injury diagnosis. The department shall set service definitions, administrative structure, eligibility criteria, eligibility and enrollment processes, and reimbursement rates required for administration of a program for such facilities. The department shall have authority to implement these changes prior to the completion of any regulatory process undertaken in order to effect such change.

TTTTT. The Department of Medical Assistance Services (DMAS) is authorized to reimburse at the applicable Indian Health Services (IHS) outpatient all-inclusive rate published annually in the Federal Register for clinic services or federally qualified health center (FQHC) services provided to Medicaid-eligible American Indians and Alaska Natives (AI/AN) by facilities operated by Tribal Health Clinics and tribal FQHCs funded by Title I or V of the Indian Self Determination and Education Assistance Act, also known as Tribal 638 facilities, provided such payments are eligible for reimbursement at a federal medical assistance percentage (FMAP) of 100 percent. Any services provided by IHS or Tribal 638 facilities that are not eligible for reimbursement at a 100 percent FMAP shall be reimbursed at standard Medicaid rates (the rates otherwise paid to non-tribal facilities for the same services) and not at the IHS outpatient all-inclusive rate. DMAS is authorized to make any necessary managed care contract changes and seek all necessary federal authority through state plan or waiver amendments submitted to the Centers for Medicare and Medicaid Services under Titles XIX and XXI of the Social Security Act to implement the provisions of this paragraph. The department shall implement this reimbursement change consistent with the effective date of

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the appropriate federal authority, and prior to the completion of any regulatory process. If the above rate structure is not approved by the Centers for Medicare and Medicaid Services, then DMAS shall seek approval to reimburse IHS facilities, tribal clinics and tribal FQHCs at the standard Medicaid rate for all services.

UUUUU. Effective July 1, 2025, the Department of Medical Assistance services shall increase the rates by 6.5 percent for Office Based Addiction Treatment, Opioid Treatment Services, Partial Hospitalization Services, and Intensive Outpatient Services.

~~VVVVV. Effective July 1, 2025, the department shall modify nursing facility direct care base rates by redetermining each of the regional peer group prices under the existing methodology, except by using the cost of the relevant facility with the 59th percentile day in place of the cost of the currently mandated facility with the 50th percentile day, or "day-weighted median," cost. This shall be applied using the rebasing model implemented for fiscal year 2025 rates, with resulting direct care rates adjusted for this change and inflated to fiscal year 2026 per existing policy. This methodology change shall be maintained until the next rebasing. The department shall have the authority to implement these changes upon federal approval and prior to the completion of any regulatory process.~~

WWWWW. The Department of Medical Assistance Services (DMAS) shall amend the Medicaid State Plan for Medical Assistance and regulations to provide supplemental payments for dentists employed by or contracted with Virginia Commonwealth University's School of Dentistry. The total supplemental payment shall be based on the average commercial rate as approved by the federal Centers for Medicare and Medicaid (CMS) and all other Medicaid payments subject to such limit made to such dentists. DMAS shall enter into a transfer agreement with Virginia Commonwealth University for such supplemental payments, in which the University shall provide the non-federal share in order to match federal Medicaid funds for the supplemental payments. The department shall have the authority to implement these reimbursement changes consistent with the effective date in the State Plan amendment approved by CMS and prior to completion of any regulatory process in order to effect such changes.

289. Not set out.

Item	Description	First Year FY2025	Second Year FY2026	First Year FY2025	Second Year FY2026
290.	Medical Assistance Services for Low Income Children (46600)			$311,181,127	~~$335,777,427~~ *$316,975,150*
	Reimbursements for Medical Services Provided to Low-Income Children (46601)	$311,181,127	~~$335,777,427~~ *$316,975,150*		
	Fund Sources: General	$104,833,980	~~$114,503,632~~ *$105,581,244*		
	Federal Trust	$206,347,147	~~$221,273,795~~ *$211,393,906*		

Authority: Title 32.1, Chapters 9, 10 and 13, Code of Virginia; P.L. 89-97, as amended, Titles XIX and XXI, Social Security Act, Federal Code.

To the extent that appropriations in this Item are insufficient, the Department of Planning and Budget shall transfer general fund appropriation, as needed, from Children's Health Insurance Program Delivery (44600) and Medicaid Program Services (45600), if available, into this Item to be used as state match for federal Title XXI funds.

291. Not set out.

Item	Description	First Year FY2025	Second Year FY2026	First Year FY2025	Second Year FY2026
292.	Administrative and Support Services (49900)			$320,635,151	~~$356,653,548~~ *$359,153,548*
	General Management and Direction (49901)	$301,948,415	~~$337,966,812~~ *$340,466,812*		
	Administrative Support for the Family Access to Medical Insurance Security Plan (49932)	$16,186,736	$16,186,736		
	CHIP Health Services Initiatives (49936)	$2,500,000	$2,500,000		
	Fund Sources: General	$81,923,962	$88,379,375		

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Special	$7,329,800	$7,329,800		
Dedicated Special Revenue	$10,249,348	~~$10,257,513~~ *$10,882,513*		
Federal Trust	$221,132,041	~~$250,686,860~~ *$252,561,860*		

Authority: Title 32.1, Chapters 9 and 10, Code of Virginia; P.L. 89-97, as amended, Titles XIX and XXI, Social Security Act, Federal Code.

A.1.a. Notwithstanding any other provision of law, by November 1 of each year, the Department of Medical Assistance Services (DMAS) shall prepare and submit a forecast of Medicaid expenditures, upon which the Governor's budget recommendations will be based, for the current and subsequent two years to the Director, Department of Planning and Budget (DPB) and the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees.

b. The forecast shall be based on current state and federal laws and regulations.

c. The forecast shall reflect only expenditures for medical services provided in Program 45600 and shall exclude service area 45606, service area 45607, and administrative expenditures.

d. Rebasing and inflation estimates that are required by existing law or regulation for any Medicaid provider shall be included in the forecast.

e. The forecast shall include a projection of the increases or decreases in managed care costs, including the rates that will be reflected in the upcoming July 1 contracts as well as changes in managed care rates for a three-year period including the current year.

f. In preparing for each year's forecast of the managed care portions of the budget, DMAS shall submit to its actuarial contractor a letter of request, with a copy sent to the Director, DPB and the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees. This letter shall document the department's request for a point estimate of managed care rates and changes in rates, based on the application of actuarial principals and methodologies and information available at the time of the forecast. The letter also shall require that the contractor reflect the years being forecasted, and shall specify the population groupings for which estimates are requested. The department shall request that the contractor reply in writing with a copy to all parties copied on the department's letter of request.

2. In addition to the November 1 forecast submission, DMAS shall provide: 1) a separate accounting of forecasted expenditures by caseload/utilization, inflation and policy changes; and 2) an enrollment forecast for the same period of the forecast.

3. In the development and execution of the official forecast, DMAS shall collaborate with staff from the Department of Planning and Budget (DPB), House Appropriations Committee and Senate Finance and Appropriations Committee. Further, DMAS shall consult with DPB and money committee staff throughout the year, as necessary, to review any issues that may influence the current or upcoming forecasts. Upon request from such staff, DMAS shall provide the information necessary to evaluate factors that may affect the Medicaid forecast; including, but not limited to, program utilization, enrollment, lump sum payments, and rate changes. At a minimum, DMAS shall provide such staff with program updates within 30 days after the end of each General Assembly session and fiscal year. By October 15 of each year, DMAS shall make a preliminary forecast of Medicaid expenditures available for review to staff from DPB and the House Appropriations and Senate Finance and Appropriations Committees. DMAS shall consider feedback generated from this review in the official November 1 forecast.

B.1. The Department of Medical Assistance Services (DMAS) shall submit monthly expenditure reports of the Medicaid program by service that shall compare expenditures to the official Medicaid forecast, adjusted to reflect budget actions from each General Assembly Session. In addition, the department shall include information on service level detail, including explanations of budget and expenditure variances. The monthly report shall be submitted to the Department of Planning and Budget and the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees within 20 days after the end of each month.

2. The Department of Medical Assistance Services shall prepare a quarterly report summarizing managed care expenditures by program and service category through the most recent quarter with three months of runout. The report shall summarize the data by service date for each quarter in the current fiscal year and the previous two fiscal years and update prior quarter expenditures. The department shall publish the report on the department's website no later than 30 days after the end of each quarter and shall notify the Department of Planning and Budget and the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees. The department shall include in such notification information on unexpected trends that may have a significant budgetary impact.

3. The Department of Medical Assistance Services shall track expenditures for the prior fiscal year that ended on June 30, that includes the expenditures associated with changes in services and eligibility made in the Medicaid and FAMIS programs adopted by the General Assembly in the past session(s). Expenditures related to changes in services and eligibility adopted in a General Assembly Session shall be included in the report for five fiscal years beginning from the first year the policy impacted expenditures in the Medicaid and FAMIS programs. The department shall report the expenditures of each funding change separately and show the impact by fiscal year. The report shall be submitted to the Department of Planning and Budget and the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees by December 1 of each year.

4. The Department of Medical Assistance Services (DMAS) shall convene a meeting three times each fiscal year with the Secretary of Finance, Secretary of Health and Human Resources, or their designees, and appropriate staff from the Department of Planning and Budget, House Appropriations and Senate Finance and Appropriations Committees, and Joint Legislative Audit and Review Commission, to monitor Medicaid expenditures and enrollment growth to determine the program's financial status. At each meeting, DMAS shall report on expenditures (at the service level of detail) and enrollment in the Medicaid and children's health insurance programs to explain any material differences in expenditures compared to the official Medicaid forecast or children's health insurance programs forecasts, adjusted to reflect budget actions from each General Assembly Session. In addition, DMAS shall report on enrollment trends by eligibility category and indicate differences in actual enrollment as compared to the most recent forecast of enrollment. If expenditures are exceeding the budget for Medicaid or the children's health insurance programs, the department shall provide options to bring expenditures in line with available resources. At each meeting, DMAS shall provide an update on any changes to the managed care programs, or contracts with managed care organizations, that includes detailed information and analysis on any such changes that may have an impact on the capitation rates or overall fiscal impact of the programs, including changes that may result in savings. In addition, DMAS shall provide an analysis at each meeting on spending and utilization trends within the the managed care programs with a focus on trends that indicate higher growth than was anticipated in the capitation rates. During each fiscal year, the meetings shall be held in April, July, and October of each year to review the time period since the last meeting.

5. DMAS shall monitor the Medicaid and children's health insurance programs to ensure cost-effectiveness of these programs in the delivery of health care services and develop strategies to achieve such cost-effectiveness and report on such strategies to the Governor and the General Assembly on an annual basis, by no later than September 1 of each year.

6. DMAS may only implement policy or programmatic changes to the Medicaid or children's health insurance programs after performing an analysis of potential costs to the Commonwealth. Any policy or programmatic change with a fiscal impact, for which no appropriation has been provided, shall only be implemented if it has been specifically authorized by the General Assembly through a general appropriation act, a statutory requirement, or is otherwise required by federal law. At least 15 days prior to the implementation of any change that may have a cost for which the agency does not have legislative appropriation, DMAS shall notify the Director, Department of Planning and Budget, and the Chairs of the House Appropriations and Senate Finance and Appropriations Committees.

C. The Department of Medical Assistance Services shall report a detailed accounting,

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annually, of the agency's organization and operations. This report shall include an organizational chart that shows all full- and part-time positions (by job title) employed by the agency as well as the current management structure and unit responsibilities. The report shall also provide a summary of organization changes implemented over the previous year. The report shall be made available on the department's website by August 15 of each year.

D. The Department of Medical Assistance Services shall, within 15 days of receiving a deferral of federal grant funds, or release of a deferral, or a disallowance letter, notify the Director, Department of Planning and Budget, and the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees of such deferral action or disallowance. The notice shall include the amount of the deferral or disallowance and a detailed explanation of the federal rationale for the action. Any federal documentation received by the department shall be attached to the notification.

E.1. It is the intent of the General Assembly that the Department of Medical Assistance Services provide data regarding Medicaid and other programs operated by the department on their public website. The department shall maintain a central website that consolidates data and statistical information to make the information readily available to the general public. At a minimum the information included on such website shall include (i) monthly enrollment data; (ii) expenditures by service (iii) policy changes authorized by the General Assembly in the prior fiscal year, including the amount appropriated to address the fiscal impact and a 6-year projection of costs; and (iv) a list of programmatic and policy changes, including but not limited to, state plan amendments, federal waiver renewals and amendments, regulatory changes, guidance document changes, provider manuals and memos, managed care contract changes, technical assistance manual changes, or any other communication of official policy proposed by DMAS. The list shall include a brief description of the change, the authority for the change, an assessment of potential costs or savings, and other relevant data.

2. The department shall make Medicaid and other agency data stored in the agency's data warehouse available through the department's website that includes, at a minimum, interactive tools for the user to select, display, manipulate and export requested data.

3. The Department of Medical Assistance Services shall post on its website the complete State Plan for Medical Assistance along with all amendments in an easily searchable format to be accessible to the public.

4. Within five days of any submission of a State Plan amendment to the Centers for Medicare and Medicaid Services, the Department of Medical Assistance Services shall post such submission on its website. The department shall also post any federal approval documents once the State Plan amendment is approved.

F. The Department of Medical Assistance Services shall notify the Director, Department of Planning and Budget, and the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees at least 30 days prior to any change in capitated rates for managed care companies. The notification shall include the amount of the rate increase or decrease, and the projected impact on the state budget.

G. The Department of Medical Assistance Services, to the extent permissible under federal law, shall enter into an agreement with the Department of Behavioral Health and Developmental Services to share Medicaid claims and expenditure data on all Medicaid-reimbursed mental health, intellectual disability and substance abuse services, and any new or expanded mental health, intellectual disability and substance abuse services that are covered by the State Plan for Medical Assistance. The information shall be used to increase the effective and efficient delivery of publicly funded mental health, intellectual disability and substance abuse services.

H. The Department of Medical Assistance Services (DMAS) shall collect and provide to the Office of Children's Services (OCS) all information and data necessary to ensure the continued collection of local matching dollars associated with payments for Medicaid eligible services provided to children through the Children's Services Act. This information and data shall be collected by DMAS and provided to OCS on a monthly basis.

I. The Department of Medical Assistance Services in cooperation with the State Executive Council, shall provide semi-annual training to local Children's Services Act teams on the

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procedures for use of Medicaid for residential treatment and treatment foster care services, including, but not limited to, procedures for determining eligibility, billing, reimbursement, and related reporting requirements. The department shall include in this training information on the proper utilization of inpatient and outpatient mental health services as covered by the Medicaid State Plan.

J. The Departments of Medical Assistance Services (DMAS) and Social Services (DSS) shall collaborate with the League of Social Services Executives, and other stakeholders to analyze and report data that demonstrates the accuracy, efficiency, compliance, quality of customer service, and timeliness of determining eligibility for the Medicaid and CHIP programs. Based on this collaboration, the departments shall develop meaningful performance metrics on data in agency systems that shall be used to monitor eligibility trends, address potential compliance problem areas and implement best practices. DMAS shall maintain on its website a public dashboard on eligibility performance that includes performance metrics developed through collaborative efforts as well as the performance of local departments of social services and any centralized eligibility-processing unit. Effective August 1, 2018 this dashboard shall be updated for the previous quarter and 30 days following the end of each quarter thereafter.

K. In addition to any regional offices that may be located across the Commonwealth, any statewide, centralized call center facility that operates in conjunction with a brokerage transportation program for persons enrolled in Medicaid or the Family Access to Medical Insurance Security plan shall be located in Norton, Virginia.

L. The Department of Medical Assistance Services, in collaboration with the Department of Social Services, shall require Medicaid eligibility workers to search for unreported assets at the time of initial eligibility determination and renewal, using all currently available sources of electronic data, including local real estate property databases and the Department of Motor Vehicles for all Medicaid applicants and recipients whose assets are subject to an asset limit under Medicaid eligibility requirements.

M.1. The Department of Medical Assistance Services shall require eligibility workers to verify income, using currently available Virginia Employment Commission data, for applicants and recipients who report no earned or unearned income. The Department shall require all Medicaid eligibility workers to apply the same protocols when verifying income for all applicants and recipients, including those who report no earned or unearned income.

2. The Department shall amend the Virginia Medicaid application, upon approval of the federal Centers for Medicare and Medicaid Services, to require a Medicaid applicant to opt out if such applicant does not want to grant permission to the state to use his federal tax returns for the purposes of renewing eligibility. The department shall implement the necessary regulatory changes and other necessary measures to be consistent with federal approval of any appropriate State Plan changes, and prior to the completion of any regulatory process undertaken in order to effect such change.

N.1. The Department of Medical Assistance Services shall report on the operations and costs of the Medicaid call center (also known as the Cover Virginia Call Center). This report shall include the number of calls received on a monthly basis, the purpose of the call, the number of applications for Medicaid submitted through the call center, and the costs of the contract. The department shall submit the report by August 15 of each year to the Director, Department of Planning and Budget and the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees.

2. Out of this appropriation, $3,889,800 the first year and $3,889,800 the second year from the general fund and $10,868,700 the first year and $10,868,700 the second year from nongeneral funds is provided for the enhanced operation of the Cover Virginia Call Center as a centralized eligibility processing unit (CPU) that shall be limited to processing Medicaid applications received from the Federally Facilitated Marketplace, telephonic applications through the call center, or electronically submitted Medicaid-only applications. The department shall report the number of applications processed on a monthly basis and payments made to the contractor to the Director, Department of Planning and Budget and the Chairman of the House Appropriations and Senate Finance and Appropriations Committees. The report shall be submitted no later than 60 days after

the end of each quarter of the fiscal year.

O. Out of this appropriation, $15,462,264 the first year and $15,462,264 the second year from the general fund and $62,407,632 the first year and $62,407,632 the second year from nongeneral funds shall be provided to maintain and operate the Medicaid Enterprise System.

P.1. Out of this appropriation, $6,035,000 the first year and $6,035,000 the second year from special funds is appropriated to the Department of Medical Assistance Services (DMAS) for the disbursement of civil money penalties (CMP) levied against and collected from Medicaid nursing facilities for violations of rules identified during survey and certification as required by federal law and regulation. Based on the nature and seriousness of the deficiency, the agency or the Centers for Medicare and Medicaid Services may impose a civil money penalty, consistent with the severity of the violations, for the number of days a facility is not in substantial compliance with the facility's Medicaid participation agreement. Civil money penalties collected by the Commonwealth must be applied to the protection of the health or property of residents of nursing facilities found to be deficient. Penalties collected are to be used for (1) the payment of costs incurred by the Commonwealth for relocating residents to other facilities; (2) payment of costs incurred by the Commonwealth related to operation of the facility pending correction of the deficiency or closure of the facility; and (3) reimbursement of residents for personal funds or property lost at a facility as a result of actions by the facility or individuals used by the facility to provide services to residents. These funds are to be administered in accordance with the revised federal regulations and law, 42 CFR 488.400 and the Social Security Act § 1919(h), for Enforcement of Compliance for Long-Term Care Facilities with Deficiencies. Any special fund revenue received for this purpose, but unexpended at the end of the fiscal year, shall remain in the fund for use in accordance with this provision.

2. Of the amounts appropriated in P.1. of this Item, up to $225,000 the first year and $225,000 the second year from special funds may be used for the costs associated with administering CMP funds.

3. Of the amounts appropriated in P.1. of this Item, up to $2,310,000 the first year and $2,310,000 the second year from the special funds may be used for special projects that benefit residents and improve the quality of nursing facilities.

4. Out of the amounts appropriated in P.1. of this Item, $3,500,000 the first year and $3,500,000 the second year from special funds shall be used for a quality improvement program addressing nursing facility capacity building. The program design may be based on the results of the Virginia Gold Quality Improvement Program pilot project, to include peer mentoring, job-related and interpersonal skills training, and work-related benefits. The Department of Medical Assistance Services shall seek approval from the Centers for Medicare & Medicaid Services (CMS) to implement the program.

5. By October 1 of each year, the department shall provide an annual report of the previous fiscal year that includes the amount of revenue collected and spending activities to the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees and the Director, Department of Planning and Budget.

6. No spending or activity authorized under the provisions of paragraph P. of this Item shall necessitate general fund spending or require future obligations to the Commonwealth.

7. The department shall maintain a CMP special fund balance of at least $1.0 million to address emergency situations in Virginia's nursing facilities.

8. The Department of Medical Assistance Services is authorized to administratively request up to $2,000,000 of additional special fund appropriation for special projects if 1) the appropriated amounts in P.3. are insufficient; and 2) such projects and costs are approved by the Centers for Medicare and Medicaid Services (CMS) for the Civil Money Penalty Reinvestment State Plan. The Department of Planning Budget shall approve such requests provided the required conditions are met.

Q. Out of this appropriation, $100,000 the first year and $100,000 the second year from the general fund shall be provided to contract with the Virginia Center for Health Innovation for research, development and tracking of innovative approaches to healthcare delivery.

R. The Department of Medical Assistance Services shall, prior to the end of each fiscal quarter, determine and properly reflect in the accounting system whether pharmacy rebates received in the quarter are related to fee-for-service or managed care expenditures and whether or not the rebates are prior year recoveries or expenditure refunds for the current year. The state share of pharmacy rebates for the quarter determined to be prior year revenue shall be deposited to the Virginia Health Care Fund before the end of the fiscal quarter. The department shall create and use a separate revenue source code to account for pharmacy rebates in the Virginia Health Care Fund.

S. Out of this appropriation, $87,500 the first year and $87,500 the second year from the general fund and $262,500 the first year and $262,500 second year from nongeneral funds shall be provided for support of the All Payer Claims Database operated by Virginia Health Information. This appropriation is contingent on federal approval of an Operational Advanced Planning Document.

T. Out of this appropriation, $875,000 the first year and $875,000 the second year from the general fund and $1,625,000 the first year and $1,625,000 the second year from nongeneral funds is provided for the Department of Medical Assistance Services to amend the State Plan and any waivers under Title XXI to fund $2,500,000 annually for two Poison Control centers serving Virginia as part of a Health Services Initiative. The department shall have the authority to promulgate emergency regulations to implement these amendments within 280 days or less from the enactment of this Act.

U. Notwithstanding any other provision of law, the Department of Medical Assistance Services (DMAS) shall have the authority to adjust the date of any agency payments should doing so allow the agency to maximize federal reimbursement. This language shall only apply to the extent that any impacted payments or reimbursements are allowable and appropriate under state and federal rules.

V. The Department of Medical Assistance Services shall amend regulations to clarify (i) the burden of proof in client appeals; (ii) the scope of review for de novo hearings in client appeals, and (iii) the timeframes for submission of documents and decision deadlines for de novo client hearings. The department shall have the authority to promulgate emergency regulations to implement these amendments within 280 days or less from the enactment of this Act.

W. Out of this appropriation, $447,700 the first year and $447,700 the second year from the general fund and $1,212,666 the first year and $1,212,666 the second year from nongeneral funds is provided to implement the Virginia Facilitated Enrollment Program.

X. Out of this appropriation, $1,319,515 the first year and $1,319,515 the second year from the general fund and $3,798,129 the first year and $3,798,129 the second year from federal funds is provided to support the Emergency Department Care Coordination Program (EDCC) as allowed by the Centers for Medicare and Medicaid Services. The Department of Medical Assistance Services, in cooperation with the Virginia Department of Health, shall establish a work group comprised of the EDCC contractor, the Virginia Health Information, Medicaid and commercial managed care organizations, health systems with emergency departments and emergency department physicians to optimize the use of the system and any enhancements to the system to facilitate communication and collaboration among physicians, other healthcare providers and other clinical and care management personnel about patients receiving services in hospital emergency departments for the purpose of improving the quality of care.

Y. Out of this appropriation, $90,000 the first year and $90,000 the second year from the general fund and $90,000 the first year and $90,000 the second year from federal funds shall be used by the agency to hire a full time employee in the provider reimbursement division. This employee shall have the actuarial and accounting experience necessary to provide ongoing expertise on nursing facility reimbursement and rate methodology issues.

Z. Out of this appropriation, $300,000 the first year and $300,000 the second year from the general fund and $300,000 the first year and $300,000 the second year from federal funds shall be used by the agency to hire five additional full-time employees to augment existing staff in the agency's finance division. Specifically, the Department of Medical Assistance Services shall hire three additional positions in the budget division, one additional position in the fiscal division and one additional position in the provider reimbursement division. The agency shall inform the Director, Department of Planning and Budget once these positions are hired. In addition, these positions shall be highlighted in the agency's annual organizational report.

AA. Out of this appropriation, $551,010 the first year and $551,010 the second year from the general fund and $1,530,583 the first year and $1,530,583 the second year from nongeneral funds is provided for 17 positions to improve Third-Party Liability (TPL) recoveries. These additional positions shall augment the existing 17 positions currently utilized by the Department of Medical Assistance Services to support TPL recovery efforts. DMAS shall utilize a minimum of 34 positions to perform TPL recoveries. DMAS shall make information related to TPL activities available on the agency website. This data should be updated quarterly and include, but not be limited to, state and federal compliance status, backlogs and amounts recovered.

BB. Out of this appropriation, $85,000 the first year and $85,000 the second year from the general fund and $85,000 the first year and $85,000 the second year from federal funds is provided for a position to support agency responsibilities associated with developmental disability waiver services. Effective July 1, 2023, the Department of Medical Assistance Services shall be fully responsible for all financial analysis, rates, and budget work associated with Virginia's developmental disability waiver services.

CC. Three positions are provided to replace contractual staff in the eligibility and enrollment unit. The department shall utilize a minimum of four classified positions to support this unit's activities.

DD. Out of this appropriation, $1,000,000 the first year and $2,200,00 the second year from the general fund and $8,000,000 the first year and $19,800,000 the second year from nongeneral funds is provided to replace the agency fiscal agent services system. The Director, Department of Planning and Budget, shall unallot this appropriation until the Department of Medical Assistance Services provides documentation of actual costs to replace the system and shall only allot the amounts needed for actual expenditures in each fiscal year.

EE. Out of this appropriation, $590,000 the first year and $590,000 the second year from the general fund shall be provided to enhance the oversight of the Cardinal Care Managed Care Contract. The department shall increase the staff support for managed care contract operations by three positions.

FF. The Department of Medical Assistance Services shall improve efforts to determine if individuals applying for and enrolled in the Medicaid and CHIP programs are eligible for alternative health care coverage. The department shall report on its efforts, as well as potential strategies to enhance coverage identifications, to the Chairmen of the House Appropriations and Senate Appropriations and Finance Committees and the Director, Department of Planning and Budget by October 1 of each year.

GG. The Department of Medical Assistance (DMAS) shall convene a workgroup to evaluate the criteria for hospitals to qualify for disproportionate share hospital (DSH) payments. The workgroup shall evaluate current DSH criteria, including the Medicaid inpatient utilization rate, to determine changes that are necessary to reflect the impact from the Commonwealth's expansion of Medicaid in 2019. The workgroup shall recommend a new Medicaid inpatient utilization threshold to qualify for DSH payments to ensure that those hospitals with the largest uncompensated care costs are receiving appropriate DSH payments. The workgroup shall include representatives from DMAS, the Department of Planning and Budget, and staff from the House Appropriations and Senate Finance and Appropriations Committees. The workgroup shall report its findings to the Governor and the Chairs of the House Appropriations and Senate Finance and Appropriations Committees by October 1, 2024.

HH. Out of this appropriation, $500,000 from the general fund and $500,000 from nongeneral funds the first year shall be provided to the Department of Medical Assistance Services (DMAS) to hire a consultant, with Medicaid-specific knowledge related to eligibility determination, process-design and information technology, to evaluate Medicaid eligibility determination in the Commonwealth. The consultant shall conduct a systematic review and evaluate all aspects of Medicaid eligibility determination as performed by DMAS and local departments of social services (LDSS). This review shall include, but not be limited to, the

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following: (i) evaluate the current information technology systems; (ii) measure the accuracy, processing times and efficiency of current eligibility determination processes; (iii) determine how well the current structure and systems handle high volumes; (iv) assess the current level of automation and determine processes that could be streamlined; (v) analyze the overall cost-effectiveness of how eligibility is conducted, considering staffing costs and ongoing operational expenses; (vi) examine best practices in other states; and (vii) develop cost-effective options for enhancing eligibility determination in the Commonwealth including alternative delivery models. DMAS, the Department of Social Services, and LDSS shall provide full cooperation with the consultant and provide the necessary assistance to conduct the required evaluation. The consultant shall be required to report their findings and recommendations directly to the Governor, Department of Planning and Budget, and Chairs of the House Appropriations and Senate Finance and Appropriations Committees by December 15, 2024. The Director, Department of Planning and Budget, shall unallot this appropriation until the Department of Medical Assistance Services provides documentation of the contract's cost, and shall only allot the amount needed for the contract.

II. Out of this appropriation, $162,825 the first year and $48,871 the second year from the general fund and $337,175 the first year and $48,871 the second year from nongeneral funds is provided to support the administrative cost of implementing an 1115 serious mental illness waiver. Any unexpended balance in this paragraph at the close of business on June 30, 2025 associated with unpaid implementation costs shall not revert to the general fund but shall be carried forward and reappropriated.

JJ. Out of this appropriation, $250,000 the first year from the general fund and $250,000 the first year from federal funds shall be provided to contract with the Virginia Task Force on Primary Care (VTFPC) to conduct research dedicated to guiding Medicaid policy as it relates to primary health care. By October 1, 2025, VTFPC shall provide an update to the Department of Medical Assistance Services (DMAS) on its research activities. DMAS shall provide this update to the Director, Department of Planning and Budget and the Chairs of the House Appropriations and Senate Finance and Appropriations Committees upon receipt.

KK. Out of this appropriation, $2,104,607 the first year and $4,065,218 the second year from the general fund and $4,611,459 the first year and $9,070,391 the second year from nongeneral funds is provided for the Department of Medical Assistance Services to contract with a vendor to handle all mail directed to local departments of social services associated with medical assistance services. Any unexpended balance in this paragraph at the close of business on June 30, 2025 associated with unpaid implementation costs shall not revert to the general fund but shall be carried forward and reappropriated.

LL. Out of this appropriation, $235,000 from the general fund and $235,000 from nongeneral funds the first year shall be provided to implement the provisions of House Bill 1804, as passed during the 2025 Regular Session. Any unexpended balances for the purposes specified in this paragraph which are unexpended on June 30, 2025, shall not revert to the general fund but shall be carried forward and reappropriated in fiscal year 2026.

MM.1. Out of this appropriation, $500,000 from the general fund and $500,000 from nongeneral funds the first year shall be provided to the Department of Medical Assistance Services (DMAS) to conduct a comprehensive evaluation of the potential benefits, cost savings, and implementation considerations associated with utilizing a single third-party administrator to serve as the pharmacy benefit manager (PBM) for all Medicaid pharmacy benefits. This evaluation shall include an analysis of financial efficiencies, improved transparency, and the impact on patient access to pharmacy services, including community critical access pharmacies, along with timelines and cost for both implementation and ongoing operation and maintenance. As part of this process, DMAS shall engage an independent consultant with direct experience: (i) advising Medicaid fraud control units; and (ii) working with states that have transitioned to a single PBM model, to assess best practices and provide guidance on structuring a model that maximizes cost savings and operational effectiveness. The consultant shall not be currently engaged by any managed care organization or by any PBM contracted with a managed care organization.

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2. The evaluation shall also include a detailed assessment of the implementation costs associated with transitioning to a single PBM model. Any such implementation costs shall be analyzed in comparison to the projected cost savings identified in the independent evaluation to ensure fiscal accountability. Additionally, the evaluation shall include a review of fee-for-service and managed care pharmacy dispensing fees and provide recommendations for adjustments necessary to maintain adequate pharmacy participation and patient access. DMAS shall report its findings, including projected implementation and ongoing costs, anticipated cost savings, recommended pharmacy dispensing fees, timeline for implementation, and any other recommendations for improving the administration of Medicaid pharmacy benefits, to the Governor and the General Assembly by December 1, 2025. Any unexpended balances for the purposes specified in paragraph MM.1. and MM.2. which are unexpended on June 30, 2025, shall not revert to the general fund but shall be carried forward and reappropriated in fiscal year 2026.

NN. No appropriation in this item shall be used to fund any study of medical assistance provider rates unless the General Assembly has provided specific authorization for such study. This provision shall not apply to routine rate work that is necessary to administer medical assistance programs under existing state and federal law.

OO. The Department of Medical Assistance Services is authorized to conduct a rate study of Developmental Disabilities Services required pursuant to the Permanent Injunction (Civil Action No. 3:12CV59-JAG). The department shall include stakeholders as part of the rate development process and consider their feedback in the process. The department shall submit a report with the recommended rates and associated fiscal impact to the Governor, the Director of the Department of Planning and Budget, and the Chairs of the House Appropriations and Senate Finance and Appropriations Committees by October 1, 2025.

PP. Out of this appropriation, $206,889 the first year and $3,094,795 the second year from the general fund and $2,832,111 the first year and $16,216,115 the second year from nongeneral funds shall be provided for the Department of Medical Assistance Services to contract with a vendor to implement identified solutions to assist in timely and accurate Medicaid eligibility determinations and redeterminations. Solutions may include additional data checks to verify financial eligibility, additional data matching capability, and a portal to receive and track coverage corrections for enrollment requests between the 120 local departments of social services. Funding may be used to make enhancements to the Medicaid Management Information System and the Virginia Case Management System to implement the identified solutions. The Director of the Department of Planning and Budget shall unallot this appropriation until the Department of Medical Assistance Services provides documentation of the contract's cost and shall only allot the amount contracted for with such vendor.

QQ. Effective upon enactment of this act, the Department of Medical Assistance Services, related to appeals administered by and for the department, shall have authority to amend regulations to require provider appeals to be filed only online through the department's appeal portal. Exceptions may be requested before a filing deadline by a provider for good cause for situations, such as lack of internet access in rural areas or other extenuating circumstances explained by the filing provider. The department shall have authority to promulgate regulations to implement these changes within 280 days or less from the enactment date of this act.

RR. The Department of Medical Assistance Services shall make efforts to ensure that pregnant women that apply for Medicaid coverage utilize the Cover Virginia call center, to the maximum extent possible, in order to reduce the processing time of the application and expedite the applicant into coverage. The department shall collaborate with the Department of Social Services to ensure that local departments of social services have in place procedures and processes to connect pregnant women to the Cover Virginia call center to apply for coverage, unless such person is required to apply through a local department due to eligibility for other benefits programs.

SS. The Department of Medical Assistance Services, in collaboration with the Department of Social Services, shall develop cost estimates for the options proposed in the "Evaluation of Medicaid Eligibility Determination" report to the General Assembly in December 2024 and report back to the Governor, the Director of the Department of Planning and Budget, and the Chairs of the House Appropriations and Senate Finance and Appropriations Committees by

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September 15, 2025.

TT. The Department of Medical Assistance Services (DMAS) and the Department of Social Services (DSS) shall design and institutionalize a joint Steering Committee on Medicaid Eligibility. The Steering Committee shall: (i) document the areas in which DMAS and DSS need to collaborate; (ii) develop and agree upon a charter for the committee that outlines the types of decision rights each agency has independently versus what the Steering Committee oversees, membership, meeting schedule, topics leadership needs routine visibility on, a process for escalating issues to the Steering Committee, a process for the staff to brief the Steering Committee, and a process for coordinating and briefing the Secretary of Health and Human Resources or other state leaders as needed; (iii) determine when special initiatives or task forces are required to ensure focused collaboration on key issues; (iv) have oversight over Medicaid eligibility improvement efforts; and (v) have the authority to establish a stakeholder advisory forum to inform improvement efforts.

UU.1. Out of this appropriation, $1,250,000 the second year from the general fund and $1,250,000 the second year from nongeneral funds shall be provided to the Department of Medical Assistance Services, in consultation with Virginia universities and private businesses, to create a pilot program for mobile clinics within maternal health deserts in Virginia, as well as funding for data collection to measure the effectiveness of the program.

2. The department shall evaluate the program's effectiveness and options for transitioning it to managed care organizations. This evaluation shall be provided to the to the Governor and Chairs of the House Appropriations and Senate Finance and Appropriations Committees by September 1, 2026.

Total for Department of Medical Assistance Services			**$26,272,790,627**	~~**$27,548,919,470**~~ ***$28,731,997,064***
General Fund Positions	274.02	276.52		
Nongeneral Fund Positions	292.98	295.48		
Position Level	567.00	572.00		
Fund Sources: General	$7,209,890,810	~~$7,622,621,275~~ *$8,038,519,706*		
Special	$7,329,800	$7,329,800		
Dedicated Special Revenue	$2,287,759,743	~~$2,319,107,795~~ *$2,698,055,045*		
Federal Trust	$16,767,810,274	~~$17,599,860,600~~ *$17,988,092,513*		

§ 1-14. DEPARTMENT OF BEHAVIORAL HEALTH AND DEVELOPMENTAL SERVICES (720)

293. Not set out.

294. Not set out.

295. Not set out.

296.	Central Office Managed Community and Individual Health Services (44400)			$178,884,498	$157,904,251
	Individual and Developmental Disability Services (44401)	$7,169,347	$10,320,331		
	Mental Health Services (44402)	$169,415,151	$145,283,920		
	Substance Abuse Services (44403)	$2,300,000	$2,300,000		
	Fund Sources: General	$177,900,843	$156,538,191		
	Special	$983,655	$983,655		
	Federal Trust	$0	$382,405		

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Authority: Title 16.1, Article 18, and Title 37.2, Chapters 2, 3, 4, 5, 6 and 7, and Title 2.2, Chapters 26 and 53 Code of Virginia; P.L. 102-119, Federal Code.

A. Out of this appropriation, $5,050,000 the first year and $5,050,000 the second year from the general fund shall be used for Developmental Disability Health Support Networks in regions served, or previously served, by Southside Virginia Training Center, Central Virginia Training Center, Northern Virginia Training Center, and Southwestern Virginia Training Center.

B. Out of this appropriation, $705,000 the first year and $705,000 the second year from the general fund shall be used to provide community-based services to individuals transitioning from state training centers to community settings who are not eligible for Medicaid.

C.1. Out of this appropriation, $27,722,785 the first year and $27,722,785 the second year from the general fund shall be used to address census issues at state facilities by providing community-based services for those individuals determined clinically ready for discharge or for the diversion of admissions to state facilities by purchasing acute inpatient or community-based psychiatric services.

2. Out of this appropriation, $2,500,000 the first year and $2,500,000 the second year from the general fund is provided for the development or acquisition of clinically appropriate housing options to provide comprehensive community-based care for individuals in state hospitals who have complex and resource-intensive needs who have been clinically determined able to move from a hospital to a more integrated setting. In addition to the funds in this Item, $250,000 the first year and $250,000 the second year from the general fund is provided in Item 295 of this Act for a community support team to assist housing providers in addressing the complex needs of residents who have been discharged from state facilities or individuals who are at risk of institutionalization.

D. Out of this appropriation, $770,000 the first year from the general fund is provided to improve clinical and financial tracking of Discharge Assistance Planning funds and Local Inpatient Purchase of Services funds through the purchase of an information technology solution.

E.1. Out of this appropriation, $14,522,552 the first year and $18,673,707 the second year from the general fund shall be provided for alternative transportation for adults and children under a temporary detention order or involuntary commitment order and for a program of alternative custody for individuals under an emergency custody order, temporary detention order, or involuntary commitment order who are awaiting evaluation or transport to an inpatient bed. The Department of Behavioral Health and Developmental Services, in consultation with local law enforcement, community services boards, and other stakeholders as appropriate, shall implement a plan to provide alternative custody options for individuals under temporary detention orders or involuntary commitment orders to reduce the length of time law enforcement resources are involved and improve patient outcomes. The department may contract with private contractors, enter into agreements with local law enforcement organizations, contract with Community Services Boards, or use other methods as necessary to implement the program. The department shall report to the Governor and Chairmen of the House Appropriations and Senate Finance and Appropriations Committees on the effectiveness and outcomes of the program funding by October 1 of each year.

2. Out of the amounts in E.1., up to $10,089,107 the second year from the general fund is provided for contracts with private hospitals or other qualified agencies to hire Special Conservators of the Peace, as defined in §§ 19.2-12 through 19.2-25, Code of Virginia, to provide capacity for emergency departments to maintain custody of individuals under emergency custody orders and/or temporary detention orders until the individual is ready for transport to the bed of temporary detention or released. The department shall prioritize this funding to fund contracts that provide coverage for all of Region Three and Region One and, to the extent that any funding is available after needs are met in Regions Three and One, the department may expand the program into Region Five. Notwithstanding any other provision of law, such contracts shall be exempt from competition as otherwise required by the Virginia Public Procurement Act, §§ 2.2-4300 through 2.2-4377, Code of Virginia.

F. Out of this appropriation, $1,150,000 the first year and $1,150,000 the second year from the general fund shall be provided for costs of transporting individuals from state behavioral health facilities to their homes after being discharged from such facility as a result from an admission under a temporary detention order.

G. Out of this appropriation, $14,785,488 the first year and $14,785,488 the second year from the general fund shall be provided to the Department of Behavioral Health and Developmental Services to contract with the Virginia Mental Health Access Program to develop integrated mental health services for children.

H. Out of this appropriation, $300,000 the first year and $300,000 the second year from the general fund shall be used to purchase and distribute additional REVIVE! kits.

I. Out of this appropriation, $7,600,000 in the first year and $7,600,000 the second year from the general fund shall be used to address census issues at state facilities by providing community-based services for children and adolescents determined clinically ready for discharge or for the diversion of admissions of children and adolescents to state facilities by purchasing acute inpatient services, step-down services, or community-based services as an alternative to inpatient care.

J. The Department of Behavioral Health and Developmental Services shall post its annual federal State Targeted Response Report and State Opioid Response (SOR) Report on its website no later than December 31 of each year. The report will describe the amount of any grants received from the Substance Abuse and Mental Health Services Administration as part of any State Opioid Response grant funding, and shall provide information on how the funds are distributed among programs, the number of individuals served if available, and any available outcome-based data specific to treatment engagement and impact on access.

K. Out of this appropriation, $89,396 the first year and $89,396 the second year from the general fund shall be provided to the Department of Behavioral Health and Developmental Services to contract with the Jewish Foundation for Group Homes to expand the Transitioning Youth program for individuals with developmental disability who are aging out and exiting the school system in Loudoun County.

L.1. Out of this appropriation, $1,950,000 the first year and $1,950,000 the second year is provided to make grants to recovery residences certified by the Department of Behavioral Health and Developmental Services for recovery support services. Grantees of these funds will comply in a timely manner with all requirements of the agreement entered into with the Department of Behavioral Health and Developmental Services as a result of this appropriation. Any violations of the agreement shall be reported to the Chairs of House Appropriations and Senate Finance and Appropriations Committees within thirty days of their occurrence. Grantees shall report monthly to the Department of Behavioral Health and Development Services providing financial and operational documentation for services provided. The Department of Behavioral Health and Developmental Services shall report annually to the Governor and the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees by August 1 on the distribution and use of the funds authorized in this paragraph.

2. The Department of Behavioral Health and Developmental Services shall monitor credentialed recovery homes for regulatory compliance and consult with credentialed entities designated in §37.2-431.1 to keep the agency's public website's list of credentialed recovery homes up to date.

3. The Department of Behavioral Health and Developmental Services may expand the buildout of recovery residences by initiating a bidding process by entity to ensure coverage across the Commonwealth for this support service.

M.1. Out of this appropriation, $3,547,000 the first year and $3,647,000 the second year from the general fund shall be used to support the diversion and discharge of individuals with a diagnosis of dementia. Priority shall be given to those individuals who would otherwise be served by state facilities.

2. Of the amounts in M.1., $2,820,000 the first year and $2,820,000 the second year shall be used to establish contracts to support the diversion and discharge into private settings of individuals with a diagnosis of dementia.

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3. Of the amounts in M.1., $727,000 the first year and $727,000 the second year shall be used for mobile crisis program targeted for individuals with a diagnosis of dementia.

N. Out of this appropriation, $1,650,000 the first year and $2,650,000 the second year from the general fund is provided for pilot programs for individuals with dementia or geriatric individuals who may otherwise be admitted to a state facility.

I VETO ITEM 296.N. ON PAGE 168 /s/ Glenn Youngkin 5-2-25

O. Out of this appropriation, $7,535,122 the first year and $7,535,122 the second year from the general fund is provided to divert admissions from state hospitals by purchasing acute inpatient or community-based psychiatric services at private facilities. This funding shall be allocated to Community Services Boards and a Behavioral Health Authority for such purpose in an efficient and effective manner so as not to disrupt local service contracts and to allow for expeditious reallocation of unspent funding between Community Services Boards and a Behavioral Health Authority.

P.1. Out of this appropriation, $13,500,000 the first year and $13,500,000 the second year from the general fund is provided for the Department of Behavioral Health and Developmental Services (DBHDS) to pursue alternative inpatient options to state behavioral health hospital care or to increase capacity in the community for patients on the Extraordinary Barriers List through projects that will reduce census pressures on state hospitals. Proposals shall be evaluated on: (i) the expected impact on state hospital bed use, including the impact on the extraordinary barrier list; (ii) the speed by which the project can become operational; (iii) the start-up and ongoing costs of the project; (iv) the sustainability of the project without the use of ongoing general funds; (v) the alignment between the project target population and the population currently being admitted to state hospitals; and (vi) the applicant's history of success in meeting the needs of the target population. No project shall be allocated more than $2,500,000 each year. Projects may include public-private partnerships, to include contracts with private entities. The department shall give preference to projects that serve individuals who would otherwise be admitted to a state hospital operated by DBHDS, that can be rapidly implemented, and provide the best long-term outcomes for patients. Consideration may be given to regional projects addressing comprehensive psychiatric emergency services, complex medical and neuro-developmental needs of children and adolescents receiving inpatient behavioral health services, and addressing complex medical needs of adults receiving inpatient behavioral health services.

2. Of the amounts in P.1., $1,500,000 the first year and $1,500,000 the second year may be utilized to pursue a pilot program to support the discharge of private hospital patients at risk of transfer to state mental health hospitals. The department shall prioritize assistance to patients who can be diverted from state hospital admission through discharge training, planning consultation, and/or one-time financial assistance. Financial assistance from this program shall only be provided as a method of last resort to assist in re-entry to the community.

3. Of the amounts in P.1., $5,000,000 the first year and $5,000,000 the second year may be used to pursue alternative options to state behavioral health hospital care for patients designated as forensic who are admitted to, or at risk of admission to, state hospitals to reduce census pressures on state hospitals.

4. Of the amounts in P.1., $6,000,000 the first year and $6,000,000 the second year shall be used for discharge assistance planning for individuals on the Extraordinary Barriers List to increase capacity in the community for such individuals. The department may, but is not limited to, pursue options such as placements in specialized group homes, assisted living facilities, and other models that provide support to an individual and stabilization in the community to help prevent rehospitalization.

Q. The Department of Behavioral Health and Developmental Services is authorized to enter into a contract for use of up to eight beds of a 20-bed acute, inpatient psychiatric unit at Chesapeake Regional Healthcare for state purposes to increase diversion from state mental health hospitals. The department shall begin developing the contract after Chesapeake Regional Healthcare starts construction of the 20-bed acute, inpatient psychiatric unit. As part of the contracting process, the department shall develop an estimate of the potential cost savings of diversion from state hospital beds that could occur with use of the eight beds and provide an estimated annual state contribution to support Chesapeake Regional Healthcare. The department shall execute the contract contingent on an appropriation by the General

Assembly. The department shall report to the Chairs of the House Appropriations and Senate Finance and Appropriations Committees by December 1 of each year on the status of the contract and any state contribution that has been estimated.

R. The Department of Behavioral Health and Developmental Services is authorized to accept unsolicited proposals from private providers to establish a pilot project for the purpose of acquiring clinically appropriate housing options for individuals on the Extraordinary Barriers List or to prevent unnecessary hospitalizations for appropriate individuals to address census issues at state facilities.

S. Out of this appropriation, $64,845,204 the first year and $42,448,718 the second year from the general fund shall be provided to expand and modernize the comprehensive crisis services system, including, but not limited to, investment in additional crisis receiving centers, crisis stabilization units, enhancements to existing sites, and pharmacy improvements. Out of this appropriation, the Department of Behavioral Health and Developmental Services shall award and provide $2,250,000 the first year and $2,250,000 the second year from the general fund to support the Prince William County Youth Crisis Receiving Center. Any amounts remaining unexpended at year end shall be reappropriated in the subsequent fiscal year for this purpose.

T. Out of this appropriation, $8,000,000 the first year and $8,000,000 the second year from the general fund is provided for supervised residential care for 100 individuals. The department shall give priority to projects that prioritize individuals on the state's extraordinary barriers list. Projects may include public-private partnerships, to include contracts with private entities. Notwithstanding any other provision of law, contracts entered into pursuant to this paragraph shall be exempt from competition as otherwise required by the Virginia Public Procurement Act, §§ 2.2-4300 through 2.2-4377, Code of Virginia. The Department shall report quarterly on projects awarded with details on each project and its projected impact on the state's extraordinary barriers list. The report shall be submitted to the Chairs of House Appropriations and Senate Finance and Appropriations Committee no later than 30 days after each quarter ends.

U. Out of this appropriation, $10,000,000 the first year from the general fund is provided for the one-time costs of establishing additional mobile crisis services in underserved areas.

V. Out of this appropriation, $250,000 the first year and $250,000 the second year from the general fund shall be provided for the Department of Behavioral Health and Developmental Services to contract with Specially Adapted Resources Clubs (SPARC) to support essential day programs for adults with profound disabilities.

W. Out of this appropriation, $100,000 the first year and $100,000 the second year from the general fund shall be provided for the Department of Behavioral Health and Developmental Services to contract with On Our Own, a peer recovery center and supportive community that serves the community at no charge.

X. Out of this appropriation, $300,000 the first year and $300,000 the second year from the general fund shall be provided to fund clients assigned to participate in the Bridge Behavioral Health program.

Y. Out of this appropriation, $2,284,100 the second year from the general fund is provided for the Department of Behavioral Health and Developmental Services to contract with the Medical Society of Virginia to maintain the Adult Psychiatric Access Line.

Z. Out of this appropriation, $1,500,000 the second year from the general fund is provided to reimburse Community Services Boards for the restoration of competency to stand trial evaluations, services, and supports in an outpatient setting and to provide training to clinicians.

AA. On or before June 30,2026, the Director, Department of Planning and Budget, shall authorize the reversion to the general fund of $23,064,259 from the unexpended balances of this program.

Total for Department of Behavioral Health and Developmental Services..			**$352,223,748**	**$339,817,218**

ITEM 296.		Item Details($) First Year FY2025	Item Details($) Second Year FY2026	Appropriations($) First Year FY2025	Appropriations($) Second Year FY2026
	General Fund Positions	521.50	562.50		
	Nongeneral Fund Positions	46.75	46.75		
	Position Level	568.25	609.25		
	Fund Sources: General	$294,357,872	$277,985,389		
	Special	$22,415,168	$22,415,168		
	Dedicated Special Revenue	$4,478,113	$6,439,394		
	Federal Trust	$30,972,595	$32,977,267		
297.	Not set out.				
298.	Not set out.				
299.	Not set out.				
300.	Not set out.				
301.	Not set out.				
302.	Not set out.				
303.	Not set out.				
304.	Not set out.				
305.	Not set out.				
306.	Not set out.				
307.	Not set out.				
308.	Not set out.				
309.	Not set out.				
310.	Not set out.				
311.	Not set out.				
312.	Not set out.				
313.	Not set out.				
	Grand Total for Department of Behavioral Health and Developmental Services			**$1,836,595,137**	**$1,845,176,854**
	General Fund Positions	5,888.00	5,929.00		
	Nongeneral Fund Positions	1,262.75	1,262.75		
	Position Level	7,150.75	7,191.75		
	Fund Sources: General	$1,576,672,559	$1,583,985,343		
	Special	$123,921,052	$123,921,052		
	Dedicated Special Revenue	$14,628,931	$13,893,192		
	Federal Trust	$121,372,595	$123,377,267		
314.	Not set out.				
315.	Not set out.				

ITEM 315.		Item Details($) First Year FY2025	Item Details($) Second Year FY2026	Appropriations($) First Year FY2025	Appropriations($) Second Year FY2026
316.	Not set out.				
317.	Not set out.				
318.	Not set out.				
319.	Not set out.				
320.	Not set out.				
321.	Not set out.				
322.	Not set out.				
323.	Not set out.				

§ 1-15. DEPARTMENT OF SOCIAL SERVICES (765)

324.	Not set out.				
325.	Financial Assistance for Self-Sufficiency Programs and Services (45200)			$150,040,168	~~$249,720,830~~ *$247,369,995*
	Temporary Assistance for Needy Families (TANF) Cash Assistance (45201)	$67,831,905	~~$57,186,832~~ *$57,904,956*		
	Temporary Assistance for Needy Families (TANF) Employment Services (45212)	$17,045,689	$17,045,689		
	Supplemental Nutrition Assistance Program Employment and Training (SNAPET) Services (45213)	$2,205,341	$2,205,341		
	Temporary Assistance for Needy Families (TANF) Child Care Subsidies (45214)	$45,060,443	~~$51,981,727~~ *$48,912,768*		
	At-Risk Child Care Subsidies (45215)	$2,864,671	$2,864,671		
	Unemployed Parents Cash Assistance (45216)	$15,032,119	$13,233,570		
	Summer Nutrition Benefit for Children (45221)	$0	$105,203,000		
	Fund Sources: General	$89,675,743	$87,877,194		
	Federal Trust	$60,364,425	~~$161,843,636~~ *$159,492,801*		

Authority: Title 2.2, Chapter 54; Title 63.2, Chapters 1 through 7, Code of Virginia; Title VI, Subtitle B, P.L. 97-35, as amended; P.L. 103-252, as amended; P.L. 104-193, as amended, Federal Code.

A. It is hereby acknowledged that as of June 30, 2024 there existed with the federal government an unexpended balance of $46,855,247 in federal Temporary Assistance for Needy Families (TANF) block grant funds which are available to the Commonwealth of Virginia to reimburse expenditures incurred in accordance with the adopted State Plan for the TANF program. Based on projected spending levels and appropriations in this Act, the Commonwealth's accumulated balance for authorized federal TANF block grant funds is estimated at $25,302,548 on June 30, 2025; ~~$21,828,551~~ *$28,371,637* on June 30, 2026; and ~~$18,354,554~~ *$21,122,560* on June 30, 2027.

B. No less than 30 days prior to submitting any amendment to the federal government related to the State Plan for the Temporary Assistance for Needy Families program, the Commissioner of the Department of Social Services shall provide the Chairmen of the House Appropriations and Senate Finance an Appropriations Committees as well as the Director, Department of Planning and Budget written documentation detailing the

ITEM 325.	Item Details($) First Year FY2025	Second Year FY2026	Appropriations($) First Year FY2025	Second Year FY2026

proposed policy changes. This documentation shall include an estimate of the fiscal impact of the proposed changes and information summarizing public comment that was received on the proposed changes.

C. Notwithstanding any other provision of state law, the Department of Social Services shall maintain a separate state program, as that term is defined by federal regulations governing the Temporary Assistance for Needy Families (TANF) program, 45 C.F.R. § 260.30, for the purpose of providing welfare cash assistance payments to able-bodied two-parent families. The separate state program shall be funded by state funds and operated outside of the TANF program. Able-bodied two-parent families shall not be eligible for TANF cash assistance as defined at 45 C.F.R. § 260.31 (a)(1), but shall receive benefits under the separate state program provided for in this paragraph. Although various conditions and eligibility requirements may be different under the separate state program, the basic benefit payment for which two-parent families are eligible under the separate state program shall not be less than what they would have received under TANF. The Department of Social Services shall establish regulations to govern this separate state program.

D. As a condition of this appropriation, the Department of Social Services shall disregard the value of one motor vehicle per assistance unit in determining eligibility for cash assistance in the Temporary Assistance for Needy Families (TANF) program and in the separate state program for able-bodied two-parent families.

E. The Department of Social Services, in collaboration with local departments of social services, shall maintain minimum performance standards for all local departments of social services participating in the Virginia Initiative for Education and Work (VIEW) program. The department shall allocate VIEW funds to local departments of social services based on these performance standards and VIEW caseloads. The allocation formula shall be developed and revised in cooperation with the local social services departments and the Department of Planning and Budget.

F. A participant whose Temporary Assistance for Needy Families (TANF) financial assistance is terminated due to the receipt of 24 months of assistance as specified in § 63.2-612, Code of Virginia, or due to the closure of the TANF case prior to the completion of 24 months of TANF assistance, excluding cases closed with a sanction for noncompliance with the Virginia Initiative for Education and Work program, shall be eligible to receive employment and training assistance for up to 12 months after termination, if needed, in addition to other transitional services provided pursuant to § 63.2-611, Code of Virginia.

G. Out of this appropriation, $2,647,305 the first year and $2,647,305 the second year from the general fund shall be provided to support state child care programs.

H. Out of this appropriation, the Department of Social Services shall use $4,800,000 the first year and $4,800,000 the second year from the federal Temporary Assistance to Needy Families (TANF) block grant to provide to each TANF recipient with two or more children in the assistance unit a monthly TANF supplement equal to the amount the Division of Child Support Enforcement collects up to $200, less the $100 disregard passed through to such recipient. The TANF child support supplement shall be paid within two months following collection of the child support payment or payments used to determine the amount of such supplement. For purposes of determining eligibility for medical assistance services, the TANF supplement described in this paragraph shall be disregarded. In the event there are sufficient federal TANF funds to provide all other assistance required by the TANF State Plan, the Commissioner may use unobligated federal TANF block grant funds in excess of this appropriation to provide the TANF supplement described in this paragraph.

I.1. The Department of Social Services (DSS) and the Department of Education (DOE) shall ensure that the Temporary Assistance for Needy Families (TANF) Virginia Initiative for Employment and Work (VIEW) mandated child care forecast is funded through a combination of general fund, TANF, and Child Care Development Fund (CCDF) grant dollars. The amount of needed CCDF dollars identified in the Memorandum of Agreement (MOA) between the agencies shall be transferred from DOE to DSS within the first thirty days of the fiscal year. DSS shall notify DOE of the required amount of the next fiscal year transfer upon the enrollment of the budget. This amount shall reflect the need identified in the official forecast as well as changes resulting from actions in the final budget.

ITEM 325.		Item Details($) First Year FY2025	Item Details($) Second Year FY2026	Appropriations($) First Year FY2025	Appropriations($) Second Year FY2026

2. The MOA shall reflect the full cost of the VIEW mandated child care program. From this amount, $45,060,443 the first year and ~~$51,981,727~~ *$48,912,768* the second year is appropriated at DSS and the balance shall be transferred from DOE from the CCDF grant to support the VIEW mandated child care program as specified in I.1.

J. Out of this appropriation, $2,120,420 the first year and $2,120,420 the second year from the Temporary Assistance to Needy Families (TANF) block grant shall be provided for the Department of Social Services to implement a program so that TANF-eligible individuals may save funds in an individual development account established for the purposes of home purchase, education, starting a business, transportation, or self-sufficiency. The TANF funds shall be deposited to the individual development accounts at a match rate determined by the department.

K. Out of this appropriation, $105,203,000 the second year from nongeneral funds shall be provided to the Department of Social Services for summer nutrition benefits for children.

Item		Item Details First Year FY2025	Item Details Second Year FY2026	Appropriations First Year FY2025	Appropriations Second Year FY2026
326.	Financial Assistance for Local Social Services Staff (46000)			$639,331,145	~~$662,264,872~~ *$694,061,090*
	Local Staff and Operations (46010)	$639,331,145	~~$662,264,872~~ *$694,061,090*		
	Fund Sources: General	$172,439,387	~~$186,277,343~~ *$186,877,343*		
	Dedicated Special Revenue	$10,315,556	~~$13,033,278~~ *$13,343,025*		
	Federal Trust	$456,576,202	~~$462,954,251~~ *$493,840,722*		

Authority: Title 63.2, Chapters 1 through 7 and 9 through 16, Code of Virginia; P.L. 104-193, Titles IV A, XIX, and XXI, Social Security Act, Federal Code, as amended.

A. The amounts in this Item shall be expended under regulations of the Board of Social Services to reimburse county and city welfare/social services boards pursuant to § 63.2-401, Code of Virginia, and subject to the same percentage limitations for other administrative services performed by county and city public welfare/social services boards and superintendents of public welfare/social services pursuant to other provisions of the Code of Virginia, as amended.

B. Pursuant to the provisions of §§ 63.2-403, 63.2-406, 63.2-407, 63.2-408, and 63.2-615 Code of Virginia, all moneys deducted from funds otherwise payable out of the state treasury to the counties and cities pursuant to the provisions of § 63.2-408, Code of Virginia, shall be credited to the applicable general fund account.

C. Included in this appropriation are funds to reimburse local social service agencies for eligibility workers who interview applicants to determine qualification for public assistance benefits which include but are not limited to: Temporary Assistance for Needy Families (TANF); Supplemental Nutrition Assistance Program (SNAP); and Medicaid.

D. Included in this appropriation are funds to reimburse local social service agencies for social workers who deliver program services which include but are not limited to: child and adult protective services complaint investigations; foster care and adoption services; and adult services.

E. Out of the federal fund appropriation for local social services staff, amounts estimated at $95,372,148 the first year and ~~$95,372,148~~ *$117,565,095* the second year shall be set aside for allowable local costs which exceed available general fund reimbursement and amounts estimated at $28,100,000 the first year and ~~$28,100,000~~ *$31,100,000* the second year shall be set aside to reimburse local governments for allowable costs incurred in administering public assistance programs.

F. Out of this appropriation, $712,062 the first year and $712,062 the second year from the general fund and $684,138 the first year and $684,138 the second year from nongeneral funds shall be provided to cover the cost of the health insurance credit for retired local social services employees.

ITEM 326.		Item Details($) First Year FY2025	Item Details($) Second Year FY2026	Appropriations($) First Year FY2025	Appropriations($) Second Year FY2026

G.1. Out of this appropriation, $4,527,969 the first year and $4,527,969 the second year from the general fund shall be available for the reinvestment of adoption general fund savings as authorized in Title IV, parts B and E of the federal Social Security Act (P.L. 110-351).

2. Of the amount in paragraph G.1. above, $1,333,031 the first year and $1,333,031 the second year from the general fund shall be used to provide Child Protective Services (CPS) assessments and investigations in response to all reports of children born exposed to controlled substances regardless of whether the substance had been prescribed to the mother when she has sought or gained substance abuse counseling or treatment.

H. Out of this appropriation, $594,713 the first year and $594,713 the second year from the general fund and $4,734,573 the first year and $4,734,573 the second year from nongeneral funds shall be provided to implement the Virginia Facilitated Enrollment Program.

I. Out of this appropriation, $360,000 the first year and $360,000 the second year from the general fund shall be used to provide a bonus payment to local departments of social services not to exceed $250 for each time a new child enters foster care and is placed with a kinship foster parent or for a child currently in foster care who transitions from a non-kinship placement to the care of a kinship foster parent. Payments provided under the provisions of this paragraph shall not exceed $360,000 per year, in aggregate.

J. Out of this appropriation, $7,310,288 the second year from the general fund and $6,482,709 the second year from nongeneral funds is provided to supplement existing support for employment and income verification services. The Department of Social Services shall investigate alternatives to its current employment and income verification services contract that may provide more cost-effective opportunities. This examination shall include, but not be limited to, an inventory of all potential providers of necessary data, the cost structure for obtaining data from potential providers, the feasibility of using data from potential providers, and the estimated cost of adding new providers to the agency's case management system as to prioritize free or low-cost providers. These alternatives shall be reported to the Chairs of the House Appropriations and Senate Finance and Appropriations Committees, and the Director, Department of Planning and Budget, in a report due by November 1, 2025. Funding provided in this paragraph shall be unallotted by the Department of Planning and Budget until such time as DSS provides documentation of biennial contract costs.

327. Not set out.

Item		First Year FY2025	Second Year FY2026	First Year FY2025	Second Year FY2026
328.	Adult Programs and Services (46800)			$62,727,762	$62,727,762
	Auxiliary Grants for the Aged, Blind, and Disabled (46801)	$40,898,009	$40,898,009		
	Adult In-Home and Supportive Services (46802)	$6,822,995	$6,822,995		
	Domestic Violence Prevention and Support Activities (46803)	$15,006,758	$15,006,758		
	Fund Sources: General	$45,522,734	$45,522,734		
	Federal Trust	$17,205,028	$17,205,028		

Authority: Title 63.2, Chapters 1, 16 and 22, Code of Virginia; Title XVI, federal Social Security Act, as amended.

A.1. Effective January 1, ~~2025~~ *2026*, the Department of Social Services, in collaboration with the Department for Aging and Rehabilitative Services, is authorized to base approved licensed assisted living facility rates for individual facilities on an occupancy rate of 85 percent of licensed capacity, not to exceed a maximum rate of ~~$2,103~~ *$2,130* per month, which rate is also applied to approved adult foster care homes, unless modified as indicated below. The department may add a 15 percent differential to the maximum amount for licensed assisted living facilities and adult foster care homes in Planning District Eight.

2. Effective January 1, 2024, the monthly personal care allowance for auxiliary grant recipients who reside in licensed assisted living facilities and approved adult foster care homes shall be $87 per month, unless modified as indicated below.

3. The Department of Social Services, in collaboration with the Department for Aging and Rehabilitative Services, is authorized to increase the assisted living facility and adult foster

ITEM 328.		Item Details($) First Year FY2025	Item Details($) Second Year FY2026	Appropriations($) First Year FY2025	Appropriations($) Second Year FY2026

care home rates and/or the personal care allowance cited above on January 1 of each year in which the federal government increases Supplemental Security Income or Social Security rates or at any other time that the department determines that an increase is necessary to ensure that the Commonwealth continues to meet federal requirements for continuing eligibility for federal financial participation in the Medicaid program. Any such increase is subject to the prior concurrence of the Department of Planning and Budget. Within thirty days after its effective date, the Department of Social Services shall report any such increase to the Governor and the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees with an explanation of the reasons for the increase.

B. Out of this appropriation, $4,185,189 the first year and $4,185,189 in the second year from the federal Social Services Block Grant shall be allocated to provide adult companion services for low-income elderly and disabled adults.

C. The toll-free telephone hotline operated by the Department of Social Services to receive child abuse and neglect complaints shall also be publicized and used by the department to receive complaints of adult abuse and neglect.

D.1. Out of this appropriation, $1,423,750 the first year and $1,423,750 the second year from the general fund and $4,246,792 the first year and $4,246,792 the second year from nongeneral funds shall be provided as a grant to local domestic violence programs.

2. Out of the amounts appropriated in D.1., $248,750 the first year and $248,750 the second year from the general fund and $1,346,792 the first year and $1,346,792 the second year from federal Temporary Assistance for Needy Families (TANF) funds shall be provided as a grant to local domestic violence programs for purchase of crisis and core services for victims of domestic violence, including 24-hour hotlines, emergency shelter, emergency transportation, and other crisis services as a first priority.

3. Out of the amounts appropriated in D.1., $1,100,000 the first year and $1,100,000 the second year from the general fund and $2,500,000 the first year and $2,500,000 the second year from federal Temporary Assistance to Needy Families (TANF) funds shall be provided as a grant to local domestic violence programs for services.

4. Out of the amounts appropriated in D.1., $75,000 the first year and $75,000 the second year from the general fund and $400,000 the first year and $400,000 the second year from nongeneral funds shall be provided for the purchase of services for victims of domestic violence as stated in § 63.2-1615, Code of Virginia, in accordance with regulations promulgated by the Board of Social Services.

E. Out of this appropriation, $2,650,000 the first year and $2,650,000 the second year from the general fund shall be transferred to the Virginia Sexual and Domestic Violence Prevention Fund. Notwithstanding § 63.2-2300 of the Code of Virginia, the Department of Social Services shall solicit applications for funding by August 1 of each year and shall award the funds by no later than October 1 of each year. Funding shall be awarded for evidence-based services. The department shall report on the allocation of these funds to the Chairs of the House Appropriations and Senate Finance and Appropriations Committees by December 1 of each year.

F. The Director, Department of Planning and Budget, shall, on or before June 30, 2025, unallot $1,000,000 from the general fund in this item, which reflects unused balances in the auxiliary grants program.

		Item Details($) First Year FY2025	Item Details($) Second Year FY2026	Appropriations($) First Year FY2025	Appropriations($) Second Year FY2026
329.	Child Welfare Services (46900)			$288,867,026	~~$293,334,091~~ *$284,614,005*
	Foster Care Payments (46901)	$39,235,246	~~$42,515,744~~ *$41,198,312*		
	Supplemental Child Welfare Activities (46902)	$65,037,928	$64,737,928		
	Adoption Subsidy Payments (46903)	$167,109,932	~~$168,596,499~~ *$161,193,845*		
	Prevention Services (46905)	$17,483,920	$17,483,920		
	Fund Sources: General	$147,004,071	~~$149,703,135~~ *$145,289,520*		

ITEM 329.	Item Details($) First Year FY2025	Item Details($) Second Year FY2026	Appropriations($) First Year FY2025	Appropriations($) Second Year FY2026
Special	$2,434,593	$2,434,593		
Dedicated Special Revenue	$585,265	$585,265		
Federal Trust	$138,843,097	~~$140,611,098~~ *$136,304,627*		

Authority: Title 63.2, Chapters 1, 2, 4 and 8 through 15, Code of Virginia; P.L. 100-294, P.L. 101-126, P.L. 101-226, P.L. 105-89, P.L. 110-351, P.L. 111-320, as amended, Federal Code.

A. Expenditures meeting the criteria of Title IV-E of the Social Security Act shall be fully reimbursed except that expenditures otherwise subject to a standard local matching share under applicable state policy, including local staffing, shall continue to require local match. The commissioner shall ensure that local social service boards obtain reimbursement for all children eligible for Title IV-E coverage.

B. The Commissioner, Department of Social Services, in cooperation with the Department of Planning and Budget, shall establish a reasonable, automatic adjustment for inflation each year to be applied to the room and board maximum rates paid to foster parents. However, this provision shall apply only in fiscal years following a fiscal year in which salary increases are provided for state employees.

C. Out of this appropriation, $500,000 the first year and $500,000 the second year from the general fund shall be provided for the purchase of services for victims child abuse and neglect prevention activities as stated in § 63.2-1502, Code of Virginia, in accordance with regulations promulgated by the Board of Social Services.

D. Out of this appropriation, $180,200 the first year and $180,200 the second year from the general fund and $99,800 the first year and $99,800 the second year from nongeneral funds shall be provided to continue respite care for foster parents.

E. Notwithstanding the provisions of §§ 63.2-1300 through 63.2-1303, Code of Virginia, adoption assistance subsidies and supportive services shall not be available for children adopted through parental placements, except parental placements where the legal guardian is a child placing agency at the time of the adoption. This restriction does not apply to existing adoption assistance agreements.

F.1. Out of this appropriation, $1,500,000 the first year and $1,500,000 the second year from the general fund shall be provided to implement pilot programs that increase the number of foster care children adopted.

2. Beginning July 1, 2017, the department shall provide an annual report, not later than 45 days after the end of the state fiscal year, on the use and effectiveness of this funding including, but not limited to, the additional number of special needs children adopted from foster care as a result of this effort and the types of ongoing supportive services provided, to the Governor, Chairmen of House Appropriations and Senate Finance and Appropriations Committees, and the Director, Department of Planning and Budget.

G. Out of this appropriation, $14,329,747 the first year and ~~$14,329,747~~ *$8,418,129* the second year from the general fund and $7,000,000 the first year and ~~$7,000,000~~ *$2,250,000* the second year from nongeneral funds shall be provided for special needs adoptions.

H. Out of this appropriation $72,805,584 the first year and ~~$72,894,825~~ *$73,281,428* the second year from the general fund and $75,929,011 the first year and ~~$75,839,770~~ *$74,881,589* the second year from nongeneral funds shall be provided for Title IV-E adoption subsidies.

I. The Commissioner, Department of Social Services, shall ensure that local departments that provide independent living services to persons between 18 and 21 years of age make certain information about and counseling regarding the availability of independent living services is provided to any person who chooses to leave foster care or who chooses to terminate independent living services before his twenty-first birthday. Information shall include the option for restoration of independent living services following termination of independent living services, and the processes whereby independent living services may be restored should he choose to seek restoration of such services in accordance with § 63.2-905.1 of the Code of Virginia.

J.1. Notwithstanding the provisions of § 63.2-1302, Code of Virginia, the Department of Social Services shall negotiate all adoption assistance agreements with both existing and prospective adoptive parents on behalf of local departments of social services. This provision shall not alter the legal responsibilities of the local departments of social services set out in Chapter 13 of Title 63.2, Code of Virginia, nor alter the rights of the adoptive parents to appeal.

2. Out of this appropriation, $342,414 the first year and $342,414 the second year from the general fund and $215,900 the first year and $215,900 the second year from nongeneral funds shall be provided for five positions to execute these negotiations.

K.1. Out of this appropriation, $10,017,668 the first year and $10,017,668 the second year from the general fund and $2,500,000 the first year and $2,500,000 the second year from nongeneral funds shall be available for the reinvestment of adoption general fund savings as authorized in title IV, parts B and E of the federal Social Security Act (P.L. 110-351).

2. Of the amounts in paragraph K.1. above, $3,078,595 the first year and $3,078,595 the second year from the general fund shall be used to develop a case management module for a comprehensive child welfare information system (CCWIS).

L.1. Out of this appropriation, $7,121,181 the first year and $7,121,181 the second year from the general fund and $7,121,181 the first year and $7,121,181 the second year from nongeneral funds shall be available for the development of a compliant comprehensive child welfare information system (CCWIS). Any unexpended balances in this paragraph at the close of business on June 30 each fiscal year shall not revert to the general fund, but shall be carried forward and reappropriated for this purpose.

2. In the development of the CCWIS, the department shall not create any future obligation that will require the appropriation of general fund in excess of that provided in this Item. Should additional appropriation, in excess of the amounts identified in paragraphs K.2. and L.1. above, be needed to complete development of this or any other module for the CCWIS, the department shall notify the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees, and Director, Department of Planning and Budget.

3. Beginning September 1, 2018, the department shall also provide semi-annual progress reports that includes current project summary, implementation status, accounting of project expenditures and future milestones. All reports shall be submitted to the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees, and Director, Department of Planning and Budget by February 1 and September 1 each year.

M.1. Out of this appropriation, $1,009,563 the first year and $1,009,563 the second year from nongeneral funds shall be used to fund 10 positions that support the child protective services hotline.

2. Out of this appropriation, $500,000 the first year from the general fund shall be provided to enhance the existing interactive voice response system that is utilized by the state child protective services hotline. Any unexpended balance in this paragraph at the close of business on June 30, 2025 associated with unpaid enhancement costs shall not revert to the general fund but shall be carried forward and reappropriated.

N. Out of this appropriation, $50,000 the first year and $50,000 the second year from the general fund and $50,000 the first year and $50,000 the second year from nongeneral funds shall be used to fund one position that supports Virginia Fosters.

O. Out of this appropriation, $851,000 the first year and $851,000 the second year from the general fund is provided for training, consultation and technical support, and licensing costs associated with establishing evidence-based programming as identified in the federal Family First Prevention Services Act (FFPSA) Evidence-Based Programs Clearinghouse.

P. The Department of Social Services shall develop a plan to provide access statewide to a Kinship Navigator Program which will provide services to kinship caregivers who are having trouble finding assistance for their unique needs and to help these caregivers navigate their locality's service system, as well as federal and state benefits. The plan shall be submitted to the Chairs of the House Appropriations and Senate Finance and

Appropriations Committees, and Director, Department of Planning and Budget by September 1, 2024.

Q. The Department of Social Services shall maintain an emergency approval process for kinship caregivers and develop foster home certification standards for kinship caregivers using as a guide the Model Family Foster Home Licensing Standards developed by the American Bar Association Center on Children and the Law, the Annie E. Casey Foundation, Generations United, and the National Association for Regulatory Administration. The adopted standards should align, as much as reasonably possible, to the Model Family Foster Home Licensing Standards, and should ensure that children in foster care: (i) live in safe and appropriate homes under local department of social services and court oversight; (ii) receive monthly financial assistance and supportive services to help meet their needs; and (iii) can access the permanency options offered by Virginia's Kinship Guardianship Assistance Program.

R.1. Out of this appropriation, $12,173,560 the first year and $12,173,560 the second year from the general fund is provided to make relative maintenance payments.

2. In order to ensure timely distribution of relative maintenance payments pursuant to legislation passed in the 2024 General Assembly and provisions thereto, the Department of Social Services shall have the authority to implement such changes effective upon passage of this act, and prior to the completion of any regulatory process undertaken in order to effect such changes.

S. Out of this appropriation, $564,000 the first year and $564,000 the second year from the general fund is provided for the department to meet the housing support provisions of §63.2-905.1:1, Code of Virginia.

T. Out of this appropriation, $246,548 the first year and $246,548 the second year from the general fund shall be provided to fund an increase in adult protective services calls to the child protective services hotline.

U. The department shall continue to apply for and utilize federal funding for kinship navigator programs until such time that all available funding has been exhausted.

V. Out of this appropriation, $310,000 the first year and $310,000 the second year from the general fund shall be provided to support the development and implementation of a statewide driver's licensing program to support foster care youth in obtaining a driver's license. Funding shall be made available to local departments of social services to reimburse foster care providers for increases to their existing motor vehicle insurance premiums that occur because a foster care youth in their care has been added to their insurance policy. The program may also reimburse foster care providers for additional coverage that provides liability protection should a foster care youth get into or cause a catastrophic accident. Additionally, funding shall be made available to foster care youth in Virginia's Fostering Futures Program to assist in covering the cost of obtaining motor vehicle insurance. The Department shall develop reimbursement policies for foster care providers and foster care youth. The Department shall coordinate and administer the driver's licensing program based on best practices from similar programs in other states, to include developing educational or training materials that educate foster parents, private providers, and foster youth about (i) liability issues, insurance laws, and common insurance practices (to include laws about renewal and cancellation, how long an accident can affect premiums, how to establish that a foster youth is no longer living in the residence, and other applicable topics); (ii) DMV requirements to obtain a learner's permit and driver's license; (iii) what funding and resources are available to assist in this process, to include, paying school lab fees for "Behind the Wheel" or paying a private driving education company; and (iv) why getting a driver's license on time is important for normalcy and a successful transition to adulthood. The Department shall provide information on how many foster care youth were supported by this program and any recommendations to improve the program to the Chairs of the House Appropriations and Senate Finance and Appropriations Committees annually on December 1.

W. The Department of Social Services, in consultation with stakeholders, shall develop a process for Virginia localities to enter into memorandums of understanding with localities in surrounding states for the purposes of kinship care.

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X. The Department of Social Services shall assess the feasibility of requiring local departments to apply for benefits administered by the Social Security Administration or the Department of Veterans Affairs on behalf of eligible children in foster care and require local departments that are representative payees for children in foster care to conserve such federal benefits in an appropriate trust instrument. The Department shall report its findings to the Chairs of the House Appropriations, House Finance, and Senate Finance and Appropriations Committees by November 1, 2025.

Y. Out of this appropriation, $300,000 the second year from the general fund is provided for the Department of Social Services to expand the existing program to find relative and fictive kin for youth in foster care. Any unexpended balance in this paragraph at the close of business on June 30, 2026, shall not revert back to the general fund but shall be carried forward and reappropriated for this purpose.

Z. On or before June 30, 2026, the Director, Department of Planning and Budget, shall authorize the reversion to the general fund of $7,121,181 from the unexpended balances of this program.

Item	Description	Item Details First Year FY2025	Item Details Second Year FY2026	Appropriations First Year FY2025	Appropriations Second Year FY2026
330.	Not set out.				
331.	Financial Assistance to Community Human Services Organizations (49200)			$72,865,691	$74,588,045
	Community Action Agencies (49201)	$23,213,048	$25,338,048		
	Volunteer Services (49202)	$3,866,340	$3,866,340		
	Other Payments to Human Services Organizations (49203)	$45,786,303	$45,383,657		
	Fund Sources: General	$12,639,402	$18,036,756		
	Federal Trust	$60,226,289	$56,551,289		

Authority: Title 2.2, Chapter 54; Title 63.2, Code of Virginia; Title VI, Subtitle B, P.L. 97-35, as amended; P.L. 103-252, as amended; P.L. 104-193, as amended, Federal Code.

A.1. All increased state or federal funds distributed to Community Action Agencies shall be distributed as follows: The funds shall be distributed to all local Community Action Agencies according to the Department of Social Services funding formula (75 percent based on low-income population, 20 percent based on number of jurisdictions served, and five percent based on square mileage served), adjusted to ensure that no agency receives less than 1.5 percent of any increase.

2. Out of this appropriation, $635,725 the first year and $635,725 the second year from the Temporary Assistance for Needy Families (TANF) block grant shall be provided to contract with the Virginia Community Action Partnership to provide outreach, education and tax preparation services via the Virginia Earned Income Tax Coalition and other community non-profit organizations to citizens who may be eligible for the federal Earned Income Tax Credit (EITC). The contract shall require the Virginia Community Action Partnership to report on its efforts to expand the number of Virginians who are able to claim the federal EITC, including the number of individuals identified who could benefit from the credit, the number of individuals counseled on the availability of federal EITC, and the number of individuals assisted with tax preparation to claim the federal EITC. The annual report from the Virginia Community Action Partnership shall also detail actual expenditures for the program including the sub-contractors that were utilized. This report shall be provided to the Governor and the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees by December 1 each year.

3. Out of this appropriation, $9,250,000 the first year and $11,250,000 the second year from the Temporary Assistance for Needy Families (TANF) block grant shall be provided to contract with local Community Action Agencies to provide an array of services designed to meet the needs of low-income individuals and families, including the elderly and migrant workers. Services may include, but are not limited to, child care, community and economic development, education, employment, health and nutrition, housing, and transportation.

4. Out of this appropriation, $1,125,000 the first year and $1,125,000 the second year from

the Temporary Assistance to Needy Families (TANF) block grant shall be provided for competitive grants to Community Action Agencies for a Two-Generation/Whole Family Pilot Project and for evaluation of the pilot project. Applicants selected for the pilot project shall provide a match of no less than 20 percent of the grant, including in-kind services. The Department of Social Services shall report to the General Assembly annually on the progress of the pilot project and shall complete a final report on the project no later than six years after the commencement of the project.

B. The department shall continue to fund from this Item all organizations recognized by the Commonwealth as community action agencies as defined in § 2.2-5400 et seq.

C. Out of this appropriation, $9,035,501 the first year and $9,035,501 the second year from the Temporary Assistance for Needy Families (TANF) block grant shall be provided to contract with programs that follow the evidence-based Healthy Families America home visiting model that promotes positive parenting, improves child health and development, and reduces child abuse and neglect. The Department of Social Services shall use a portion of the funds from this item to contract with the statewide office of Prevent Child Abuse Virginia for providing the coordination, technical support, quality assurance, training and evaluation of the Virginia Healthy Families programs.

D. Out of this appropriation, $100,000 the first year and $100,000 the second year from nongeneral funds shall be provided for Hugs & Kisses, a child abuse prevention play, administered by Virginia Repertory Theatre. The contract shall include production and live performances of the play that teach child safety awareness to prevent child abuse.

E. Out of this appropriation, $70,000 the first year and $70,000 the second year from the general fund shall be provided to contract with the Virginia Alzheimer's Association Chapters to provide dementia-specific training to long-term care workers in licensed nursing facilities, assisted living facilities and adult day care centers who deal with Alzheimer's disease and related disorders.

F.1. Out of this appropriation, $2,000,000 the first year and $2,125,000 the second year from the Temporary Assistance for Needy Families (TANF) block grant shall be provided to contract with Northern Virginia Family Services (NVFS) to provide supportive services that address the basic needs of families in crisis, including the provision of food, financial assistance to prevent homelessness, access to health services, and adult workforce development programs. The contract shall require NVFS to provide an intake process that identifies the needs and appropriate services for those in crisis. Outcomes will be measured utilizing surveys provided to those who receive services and NVFS will report quarterly on survey results.

2. In addition to the amounts in paragraph F. 1., $500,000 the first year and $500,000 the second year from the TANF block grant shall be provided out of the appropriation in this item to Northern Virginia Family Services to deploy a neighborhood-based, mobile service delivery and outreach program.

G. Out of this appropriation, $1,970,402 the first year and $4,317,756 the second year from the general fund and $2,136,500 the first year and $3,136,500 the second year from the Temporary Assistance for Needy Families (TANF) block grant shall be provided to contract with child advocacy centers (CAC) to provide a comprehensive, multidisciplinary team response to allegations of child abuse in a dedicated, child-friendly setting. The contracts shall require CACs to provide forensic interviews, victim support and advocacy services, medical evaluations, and mental health services to victims of child abuse and neglect with the expected outcome of reducing child abuse and neglect. The department shall allocate four percent to Children's Advocacy Centers of Virginia (CACVA), the recognized chapter of the National Children's Alliance for Virginia's Child Advocacy Centers, for the purpose of assisting and supporting the development, continuation, and sustainability of community-coordinated, child-focused services delivered by children's advocacy centers. Of the remaining 96 percent, (i) 65 percent shall be distributed to a baseline allocation determined by the accreditation status of the CAC: (a) developing and associate centers 100 percent of base; (b) accredited centers 150 percent of base; and (c) accredited centers with satellite facilities 175 percent of base; and (ii) 35 percent shall be allocated according to established criteria to include: (a) 25 percent determined by the rate of child abuse per 1,000; (b) 25 percent determined by child population; and (c) 50 percent determined by the number of counties and

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independent cities serviced.

H.1. Out of this appropriation, $1,250,000 the first year and $1,250,000 the second year from the Temporary Assistance for Needy Families (TANF) block grant shall be provided to contract with the Virginia Early Childhood Foundation (VECF) to support the health and school readiness of Virginia's young children prior to school entry. These funds shall be matched with local public and private resources with a goal of leveraging a dollar for each state dollar provided.

2. Of the amounts in paragraph H.1., $1,250,000 the first year and $1,250,000 the second year from the Temporary Assistance for Needy Families (TANF) block grant shall be used to provide information and assistance to parents and families and to facilitate partnerships with both public and private providers of early childhood services. VECF will track and report statewide and local progress on a biennial basis. The Foundation shall account for the expenditure of these funds by providing the Governor, Secretary of Health and Human Resources, and the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees with a certified audit and full report on Foundation initiatives and results not later than October 1 of each year for the preceding fiscal year ending June 30.

3. On or before October 1 of each year, the foundation shall submit to the Governor and the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees a report on the actual amount, by fiscal year, of private and local government funds received by the foundation.

I. Out of this appropriation $2,000,000 the first year and $2,000,000 the second year from the Temporary Assistance for Needy Families (TANF) block grant shall be provided to the Virginia Alliance of Boys and Girls Clubs to expand community-based prevention and mentoring programs.

J.1. Out of this appropriation, $7,250,000 the first year from the Temporary Assistance for Needy Families (TANF) block grant and $9,000,000 the second year from the general fund the shall be provided for competitive grants for community employment and training programs designed to move low-income individuals out of poverty through programs designed to assist TANF recipients in obtaining and retaining competitive employment with the prospect of a career path and wage growth and other supportive services designed to break the cycle of poverty and permanently move individuals out of poverty. The local match requirement shall be reduced to 10 percent, including in-kind services, for grant recipients located in Virginia counties or cities with high fiscal stress as defined by the Commission on Local Government fiscal stress index.

2. Of the amounts appropriated in J.1., $2,450,000 the first year from the Temporary Assistance for Needy Families block grant and $2,450,000 the second year from the general fund shall be provided for competitive grants provided through Employment Services Organizations (ESOs).

3. Of the amounts appropriated in J.1., at least $300,000 the first year from the Temporary Assistance for Needy Families block grant and $300,000 the second year from the general fund shall be provided through a contract with the City of Richmond, Office of Community Wealth for services provided through the Center for Workforce Innovation.

4. The Department of Social Services shall award grants to qualifying programs through a memorandum of understanding which articulates performance measures and outcomes including the number of individuals participating in services, number of individuals hired into employment, the number of unique employers hiring individuals through organizational programs and activities, the average starting wage of individuals hired, reductions in the rate of poverty, as well as process measures such as how the program targets improvement in poverty over a three to five year period and fits in with long term community goals for reducing poverty. Grants shall require local matching funds of at least 25 percent, including in-kind services.

5. Community employment and training programs and ESOs shall report on annual program performance and outcome measures contained in the memorandum of understanding with the Department of Social Services. The department shall report on the

implementation of the programs and any performance and outcome data collected through the memorandum of understanding by June 1 of each year.

K. Out of this appropriation, $200,000 the first year and $200,000 the second year from the general fund shall be provided to contract with Youth for Tomorrow (YFT) to provide comprehensive residential, education and counseling services to at-risk youth of the Commonwealth of Virginia who have been sexually exploited, including victims of sex trafficking. The contract shall require YFT to provide individual assessments/individual service planning; individual and group counseling; room and board; coordination of medical and mental health services and referrals; independent living services for youth transitioning out of foster care; active supervision; education; and family reunification services. Youth for Tomorrow shall submit monthly progress reports on activities conducted and progress achieved on outputs, outcomes and other functions/activities during the reporting period. On October 1 of each year, YFT shall provide an annual report to the Governor and the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees that details program services, outputs and outcomes.

L. Out of this appropriation, $150,000 the first year and $350,000 the second year from the federal Temporary Assistance for Needy Families block grant shall be provided to contract with Visions of Truth Community Development Corporation in Portsmouth, Virginia. The funding will support the Students Taking Responsibility in Valuing Education (STRIVE) suspension/dropout prevention program.

M. Out of this appropriation, $600,000 the first year and $600,000 the second year from the general fund shall be provided to contract with Early Impact Virginia to continue its work in support of Virginia's voluntary home visiting programs. These funds may be used to support three full-time staff, including a director and an evaluator, and to continue Early Impact Virginia's training partnerships. Early Impact Virginia shall have the authority and responsibility to determine, systematically track, and report annually on the key activities and outcomes of Virginia's home visiting programs; conduct systematic and statewide needs assessments for Virginia's home visiting programs at least once every three years; and to support continuous quality improvement, training, and coordination across Virginia's home visiting programs on an ongoing basis. Early Impact Virginia shall report on its findings to the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees by July 1 annually.

N. Out of this appropriation, $1,250,000 the first year and $1,250,000 the second year from the Temporary Assistance for Needy Families (TANF) block grant shall be provided to contract with the Laurel Center in Winchester to provide services to survivors of domestic abuse and sexual violence in Winchester, Frederick County, Clarke County, and Warren County.

O. Out of this appropriation, $50,000 the first year and $50,000 the second year from the general fund shall be provided for the Department of Social Services to contract with Adoption Share, Inc. for the purpose of a pilot program to operate the Family-Match application, which is an online matching tool for state case workers to use in matching foster care children with the best families.

P. Out of this appropriation, $350,000 the first year and $350,000 the second year from the Temporary Assistance for Needy Families (TANF) block grant shall be provided to FACETS to provide homeless assistance services in Northern Virginia.

Q. Out of this appropriation, $3,000,000 the first year and $3,000,000 the second year from the Temporary Assistance for Needy Families block grant shall be provided to contract with the Virginia Federation of Food Banks to provide child nutrition programs.

R. Out of this appropriation, $500,000 the first year and $500,000 the second year for the Temporary Assistance for Needy Families block grant shall be provided to the Virginia Transit Association to offer competitive grants for public transportation (as defined in Virginia Code §33.2-100) and public transportation demand management service fare passes. The Virginia Transit Association shall report on annual program performance and outcome measures contained in the memorandum of understanding with the Department of Social Services. The department shall report on any performance and outcome data collected through the memorandum of understanding by July 1 of each year. This report shall be provided to the

Governor, Director of the Department of Planning and Budget, and the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees, by September 1 each year.

S. Out of this appropriation, $1,200,000 the first year and $1,200,000 the second year from the Temporary Assistance for Needy Families block grant shall be provided to United Community to offer wrap-around services for low-income families. United Community shall report on annual program performance and outcome measures contained in the memorandum of understanding with the Department of Social Services. The department shall report on any performance and outcome data collected through the memorandum of understanding by July 1 of each year. This report shall be provided to the Governor, Director of the Department of Planning and Budget, and the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees, by September 1 each year.

T. Out of this appropriation, $500,000 the first year and $500,000 the second year from the Temporary Assistance for Needy Families (TANF) block grant shall be provided to the Lighthouse Community Center, a nonprofit organization in Planning District 11, to provide housing assistance and other eligible services for individuals served by the organization.

U. Out of this appropriation, $750,000 the first year and $1,000,000 the second year from the Temporary Assistance for Needy Families (TANF) block grant shall be provided to contract with Cornerstones to provide wrap-around services that solve urgent or on-going requirements for housing, childcare, food or financial assistance that address the needs of families. The contract shall require Cornerstones to report annually on outcomes.

V. Out of this appropriation, $200,000 the first year and $200,000 the second year from the federal Temporary Assistance to Needy Families block grant shall be provided to Good Shepherd Housing and Family Services for housing, emergency services, children's services, budgeting, counseling and other resources for low-income families.

W. Out of this appropriation, $500,000 the first year and $500,000 the second year from the general fund shall be provided to fund the Judge Swett Learning Center to promote vocational and educational classes for ex-offenders.

X. Out of this appropriation, $2,000,000 the first year from the general fund shall be provided to Prince William County to fund a healthcare worker training program for members of the immigrant community.

Y. Out of this appropriation, $2,000,000 the first year and $2,000,000 the second year from the general fund is provided for state agencies to facilitate and improve language access.

Z. Out of this appropriation, $400,000 the first year and $400,000 the second year from the general fund shall be provided to the City of Chesapeake to support Buffalow Family and Friends to provide access to food, clothing, and basic living essentials.

AA. Out of this appropriation, $250,000 the first year and $250,000 the second year from the general fund is provided to the City of Charlottesville in support of programming at the Tonsler League.

BB. Out of this appropriation, $250,000 the first year from the general fund is provided to Prince William County for the Nepali Community Center.

CC. Out of this appropriation, $150,000 the second year from the general fund is provided to Hanover County to develop and complete the Health and Human Services Master Plan to address the increasing need for long term planning and high-level human services policy setting in Hanover County and to serve as a resource to address human services needs for individuals in the community.

DD. Out of this appropriation, $4,000,000 the first year from the general fund is provided to Prince William County to support the renovation of the Prince William Welcome Center and the Fairfax Welcome Center. Any unexpended balance in this paragraph at the close of business on June 30, 2025, shall not revert back to the general fund but shall be

**I VETO ITEM 331.DD.
ON PAGES 183-184
/s/ Glenn Youngkin
3-24-2025**

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carried forward and reappropriated for this purpose.

EE. Out of this appropriation, $300,000 the first year from the general fund shall be provided to ~~the City of Williamsburg for~~ *contract with* Latisha's House to provide long-term, transitional housing services for female survivors of sex trafficking. Any unexpended balances in this paragraph at the close of business on June 30, 2025, shall not revert to the general fund but shall be carried forward and reappropriated for this purpose.

FF. Out of this appropriation, $200,000 the second year from the general fund is provided to the city of Virginia Beach to develop a multipurpose sports court for residents of the Hallow by Samaritan House.

GG. Out of this appropriation, $50,000 the second year from the general fund is provided to Loudoun County for Anna Sudha Community Kitchens to address food insecurity.

HH. Out of this appropriation, $200,000 the second year from the general fund is provided to Fairfax County in support of Lorton Community Action Center.

332. Not set out.

333. Not set out.

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334.	Administrative and Support Services (49900)			$158,254,539	~~$157,829,417~~ *$157,839,877*
	General Management and Direction (49901)	$12,906,791	$16,906,791		
	Information Technology Services (49902)	$104,971,105	$97,914,235		
	Accounting and Budgeting Services (49903)	$10,658,162	$10,658,160		
	Human Resources Services (49914)	$6,967,605	$6,967,605		
	Planning and Evaluation Services (49916)	$6,651,686	$6,651,686		
	Procurement and Distribution Services (49918)	$4,912,719	~~$5,534,469~~ *$5,544,929*		
	Public Information Services (49919)	$4,196,529	$4,596,529		
	Financial and Operational Audits (49929)	$6,989,942	$8,599,942		
	Fund Sources: General	$63,474,170	~~$63,033,173~~ *$63,038,403*		
	Special	$975,000	$975,000		
	Dedicated Special Revenue	$2,000,000	$2,100,000		
	Federal Trust	$91,805,369	~~$91,721,244~~ *$91,726,474*		

Authority: Title 63.2, Chapter 1; § 2.2-4000 et seq., Code of Virginia; P.L. 98-502, P.L. 104-156, P.L. 104-193, P.L. 104-327, P.L. 105-33, as amended, P.L. 105-89, Federal Code; Titles IV-A, IV-B, IV-D, IV-E, XIX, XX, XXI of the federal Social Security Act, as amended.

A. The Department of Social Services shall require localities to report all expenditures on designated social services, regardless of reimbursement from state and federal sources. The Department of Social Services is authorized to include eligible costs in its claim for Temporary Assistance for Needy Families Maintenance of Effort requirements.

B. It is the intent of the General Assembly that the Commissioner, Department of Social Services shall work with localities that seek to voluntarily merge and consolidate their respective local departments of social services. No funds appropriated under this act shall be used to require a locality to merge or consolidate local departments of social services.

C.1. Out of this appropriation, $936,149 the first year and $936,149 the second year from the general fund and $1,331,847 the first year and $1,331,847 the second year from nongeneral funds shall be provided to support the statewide 2-1-1 Information and Referral System which provides resource and referral information on many of the specialized health and human resource services available in the Commonwealth, including child day care availability and providers in localities throughout the state, and publish consumer-oriented materials for those interested in learning the location of child day care providers.

2. Of the amounts appropriated in C.1., $100,000 the first year and $100,000 the second year

from the general fund is provided for the Department of Social Services to increase interpretation and translation services to help immigrants in Virginia access local resources through 2-1-1, including healthcare, housing, and other social services.

3. The Department of Social Services shall request that all state and local child-serving agencies within the Commonwealth be included in the Virginia Statewide Information and Referral System as well as any agency or entity that receives state general fund dollars and provides services to families and youth. The Secretary of Health and Human Resources, the Secretary of Education, and the Secretary of Public Safety and Homeland Security shall assist in this effort by requesting all affected agencies within their secretariats to submit information to the statewide Information and Referral System and ensure that such information is accurate and updated annually. Agencies shall also notify the Virginia Information and Referral System of any changes in services that may occur throughout the year.

4. The Department of Social Services shall communicate with child-serving agencies within the Commonwealth about the availability of the statewide Information and Referral System. This information shall also be communicated via the Department of Social Services' broadcast system on their agency-wide Intranet so that all local and regional offices can be better informed about the Statewide Information and Referral System. Information on the Statewide Information and Referral System shall also be included within the department's electronic mailings to all local and regional offices at least biannually.

5. Out of this appropriation, $500,000 the second year from the general fund and $500,000 the second year from nongeneral funds shall be used to support one-time costs associated with modernizing the statewide 2-1-1 Information and Referral System. As part of the required modernization, the Department of Social Services (DSS) shall integrate information that is required to be included in the Opioid Impact Reduction Registry at the Virginia Department of Health (VDH). VDH shall provide DSS with all necessary information and support to accomplish this integration.

D.1. Within 30 days of awarding or amending any contract related to the Virginia Case Management System (VaCMS), the Department of Social Services (DSS) shall provide the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees, and Director, Department of Planning and Budget with a copy of the contract, including any fiscal implications.

2. Prior to the award of any contract that will potentially obligate the Commonwealth to future unappropriated spending, the department shall receive prior written concurrence from Director, Department of Planning and Budget. Any approved increases in funding requests shall be reported by DSS to the Chairmen of House Appropriations and Senate Finance and Appropriations Committees within 30 days.

E. At least 60 days prior to the modification of any public guidance document, handbook, manual, or state plan, the Department of Social Services (DSS) shall provide written notification to the Governor and the Director of the Department of Planning and Budget as to the purpose of such change. This notice shall also assess whether the amendment may require any 1) future state regulatory action; 2) increase in local costs; and/or 3) any state expenditure beyond that which is appropriated in this Act. This notice does not exempt the agency from any requirements set forth within § 4-5.03 of this Act.

F. The Department of Social Services shall report a detailed accounting, annually, of the agency's organization and operations. This report shall include an organizational chart that shows all full- and part-time positions (by job title) employed by the agency as well as the current management structure and unit responsibilities. The report shall also provide a summary of organization changes implemented over the previous year. The report shall be made available on the department's website by August 15 of each year.

G. Out of this appropriation, $3,500,000 the first year and $350,000 the second year from the general fund and $3,500,000 the first year and $350,000 the second year from nongeneral funds shall be available for the development of an integrated benefits system and replacement for CommonHelp. Any unexpended balances in this paragraph at the close of business on June 30 of each fiscal year shall not revert to the general fund but

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shall be carried forward and reappropriated for this purpose.

H. Out of this appropriation, $805,000 the second year from the general fund and $805,000 the second year from nongeneral funds are provided to implement enhanced electronic identity validation services. The department shall report the impact of these services to the Director, Department of Planning and Budget and the Chairs of the House Appropriations and Senate Finance and Appropriations Committees by October 1 of each year.

I. Out of this appropriation, $400,000 the second year from the Commonwealth Opioid Abatement and Remediation Fund shall be provided to the Department of Social Services to create an Addiction Treatment Navigator that will allow members of the public seeking care to determine the proper level of care, access providers in their area, determine insurance coverage, and view provider quality metrics.

J. Out of this appropriation, $1,500,000 the second year from the general fund and $1,500,000 the second year from nongeneral funds shall be provided to transition electronic benefits transfer cards to chip cards to combat fraud.

335. Not set out.

336. Not set out.

		First Year FY2025	Second Year FY2026	First Year FY2025	Second Year FY2026
	Total for Department of Social Services			**$2,495,071,206**	**~~$2,605,105,570~~** ***$2,625,841,327***
	General Fund Positions	676.50	683.50		
	Nongeneral Fund Positions	1,080.00	1,082.00		
	Position Level	1,756.50	1,765.50		
	Fund Sources: General	$581,856,058	~~$604,002,217~~ *$600,193,832*		
	Special	$687,743,221	$681,198,662		
	Dedicated Special Revenue	$135,168,543	~~$135,568,543~~ *$135,878,290*		
	Federal Trust	$1,090,303,384	~~$1,184,336,148~~ *$1,208,570,543*		

337. Not set out.

338. Not set out.

339. Not set out.

340. Not set out.

341. Not set out.

342. Not set out.

343. Not set out.

344. Not set out.

345. Not set out.

346. Not set out.

347. Not set out.

ITEM 347.	Item Details($) First Year FY2025	Item Details($) Second Year FY2026	Appropriations($) First Year FY2025	Appropriations($) Second Year FY2026
TOTAL FOR OFFICE OF HEALTH AND HUMAN RESOURCES			**$32,681,296,278**	**~~$34,032,105,359~~** ***$35,248,649,890***
General Fund Positions	8,709.55	8,762.05		
Nongeneral Fund Positions	6,412.22	6,420.72		
Position Level	15,121.77	15,182.77		
Fund Sources: General	$10,208,761,254	~~$10,663,585,800~~ *$11,096,407,026*		
Special	$1,025,724,151	$1,022,430,726		
Enterprise	$60,018,966	$65,511,486		
Trust and Agency	$2,088,900	$2,088,900		
Dedicated Special Revenue	$2,616,454,285	~~$2,647,211,598~~ *$3,018,468,595*		
Federal Trust	$18,768,248,722	~~$19,631,276,849~~ *$20,043,743,157*		

ITEM 348.	Item Details($) First Year FY2025	Item Details($) Second Year FY2026	Appropriations($) First Year FY2025	Appropriations($) Second Year FY2026

OFFICE OF LABOR

348. Not set out.

349. Not set out.

350. Not set out.

351. Not set out.

352. Not set out.

353. Not set out.

354. Not set out.

355. Not set out.

356. Not set out.

357. Not set out.

	First Year FY2025	Second Year FY2026	First Year FY2025	Second Year FY2026
TOTAL FOR OFFICE OF LABOR			**$777,123,848**	**$788,068,834**
General Fund Positions	146.90	151.90		
Nongeneral Fund Positions	1,173.10	1,173.10		
Position Level	1,320.00	1,325.00		
Fund Sources: General	$20,187,554	$19,288,489		
Special	$13,920,984	$27,458,179		
Trust and Agency	$704,608,310	$704,070,672		
Dedicated Special Revenue	$31,556,123	$30,400,617		
Federal Trust	$6,850,877	$6,850,877		

ITEM 358.		Item Details($) First Year FY2025	Item Details($) Second Year FY2026	Appropriations($) First Year FY2025	Appropriations($) Second Year FY2026

NATURAL AND HISTORIC RESOURCES

358. Not set out.

359. Not set out.

360. Not set out.

361. Not set out.

§ 1-16. DEPARTMENT OF ENVIRONMENTAL QUALITY (440)

362. Not set out.

363. Not set out.

364. Not set out.

Item		Item Details First Year FY2025	Item Details Second Year FY2026	Appropriations First Year FY2025	Appropriations Second Year FY2026
365.	Environmental Financial Assistance (51500)			$216,763,554	$101,517,698
	Financial Assistance for Environmental Resources Management (51502)	$111,217,434	$13,453,684		
	Virginia Water Facilities Revolving Fund Loans and Grants (51503)	$74,086,863	$56,604,757		
	Financial Assistance for Coastal Resources Management (51507)	$1,924,500	$1,924,500		
	Litter Control and Recycling Grants (51509)	$4,200,000	$4,200,000		
	Petroleum Tank Reimbursement (51511)	$25,334,757	$25,334,757		
	Fund Sources: General	$155,813,055	$40,080,949		
	Trust and Agency	$25,334,757	$25,334,757		
	Dedicated Special Revenue	$28,355,097	$28,355,097		
	Federal Trust	$7,260,645	$7,746,895		

Authority: Title 10.1, Chapters 11.1, 14, 21.1, and 25 and Title 62.1, Chapters 3.1, 22, 23.2, and 24, Code of Virginia.

A. To the extent available, the authorization included in Chapter 781, 2009 Acts of Assembly, Item 368, paragraph E, is hereby continued for the Virginia Public Building Authority to issue revenue bonds in order to finance Virginia Water Quality Improvement Grants, pursuant to Chapter 851, 2007 Acts of Assembly.

B. To the extent available, the authorization included in Chapter 806, 2013 Acts of Assembly, Item C-39.40, is hereby continued for the Virginia Public Building Authority to issue revenue bonds in order to finance the Stormwater Local Assistance Fund, the Combined Sewer Overflow Matching Fund, Nutrient Removal Grants, and the Hopewell Regional Wastewater Treatment Authority. The administration of several of the water quality programs, including the Stormwater Local Assistance Fund, transferred to the Department of Environmental Quality per Chapter 756, 2013 Acts of Assembly.

C.1. The State Comptroller is authorized to continue the Stormwater Local Assistance Fund as established in Item 360, Chapter 806, 2013 Acts of Assembly. The fund shall consist of bond proceeds from bonds authorized by the General Assembly and issued pursuant to Item C-39.40 in Chapter 806, 2013 Acts of Assembly, Item C-43 of Chapter 665, 2015 Acts of Assembly, Chapter 759, 2016 Acts of Assembly, Item C-48.10 in Chapter 854, 2019 Acts of Assembly, Item C-70, Chapter 1289, 2020 Acts of Assembly, and Item C-80 in Chapter 2, 2022 Acts of Assembly, Special Session I; sums appropriated to it by the General Assembly; and other grants, gifts, and moneys as may be made available to it from any other source, public or private. Interest earned on the moneys in the Fund shall remain in the Fund and be credited to it. Any moneys remaining in the Fund, including interest thereon, at the end of each fiscal year shall not revert to the

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general fund but shall remain in the Fund.

2. The purpose of the Fund is to provide matching grants to local governments for the planning, design, and implementation of stormwater best management practices that address cost efficiency and commitments related to reducing water quality pollutant loads. Moneys in the Fund shall be used to meet: i) obligations related to the Chesapeake Bay total maximum daily load (TMDL) requirements; ii) requirements for local impaired stream TMDLs; iii) water quality requirements of the Chesapeake Bay Watershed Implementation Plan (WIP); and iv) water quality requirements related to the permitting of small municipal stormwater sewer systems. The grants shall be used only for the acquisition of certified nonpoint nutrient credits and capital projects meeting all pre-requirements for implementation, including but not limited to: i) new stormwater best management practices; ii) stormwater best management practice retrofits; iii) stream restoration; iv) low impact development projects; v) buffer restoration; vi) pond retrofits; and vii) wetlands restoration.

D. The grants shall be used only for the acquisition of certified nonpoint nutrient credits and capital projects meeting all pre-requirements for implementation, including but not limited to: i) new stormwater best management practices; ii) stormwater best management practice retrofits; iii) stream restoration; iv) low impact development projects; v) buffer restoration; vi) pond retrofits; and vii) wetlands restoration. Such grants shall be in accordance with eligibility determinations made by the State Water Control Board under the authority of the Department of Environmental Quality.

E. Out of such funds available in this Item, the Department shall provide funding to the Virginia Geographic Information Network in an amount necessary to implement statewide digital orthography to improve land coverage data necessary to assist localities in planning and implementing stormwater management programs. As part of this authorization, the Department shall also include data to update prior LIDAR surveys of elevations along coastal areas to support activities related to management of recurrent coastal flooding.

F. Out of the amounts appropriated for Financial Assistance for Environmental Resources Management, $3,292,479 the first year and $3,292,479 the second year from federal funds is provided to implement stormwater management activities.

G. The Auditor of Public Accounts shall include in the Specifications for Audits of Counties, Cities, and Towns regulations for all local governments establishing a utility or enacting a system of service charges to support a local stormwater management program pursuant to § 15.2-2114, Code of Virginia, a requirement to ensure that each impacted local government is in compliance with the provisions of § 15.2-2114 A., Code of Virginia. Any such adjustment to the Specifications for Audits of Counties, Cities, and Towns regulations shall be exempt from the Administrative Process Act and shall be required for all audits completed after July 1, 2014.

H. Out of the amounts in this Item, $8,015,880 the first year and $8,015,880 the second year from the general fund is provided for the Department to meet matching requirements corresponding to anticipated federal funding available through the Virginia Clean Water Revolving Loan Fund as a result of the Infrastructure Investment and Jobs Act.

I. Grantee owners of Enhanced Nutrient Removal Certainty (ENRC) Program and other Water Quality Improvement Fund projects subject to a grant agreement with the Department shall submit a forecast of projected quarterly grant disbursements covering each quarter of the current fiscal year and the next fiscal year thereafter. The Department shall compile the grantee-supplied forecasts of projected quarterly grant disbursements and compare expected disbursements to available appropriations to provide advance notice of any potential shortfall. The Department shall submit each forecast to the Chairs of the House Appropriations Committee and the Senate Finance and Appropriations Committee on a quarterly basis.

J.1.Out of the amounts in this Item, $26,500,000 the first year from the general fund is provided for the City of Bristol to address ongoing health, environmental, and quality of life issues with its landfill. Funding is contingent upon the execution of a memorandum of understanding between the locality and the Department. Any balances for the purposes specified in this paragraph which are unexpended on June 30, 2025, shall not revert to the general fund but shall be carried forward and reappropriated.

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2. The Department shall provide technical assistance to the City of Bristol in resolving ongoing health, environmental, and quality of life issues with its landfill and to facilitate a long-term plan for the operational status of the landfill following the completion of mitigation efforts.

K. Out of the amounts in this Item, $25,000,000 the first year and $25,000,000 the second year from the general fund is provided to the City of Richmond to pay a portion of the costs of its combined sewer overflow control project. Any balances for the purposes specified in this paragraph which are unexpended at year-end shall not revert to the general fund but shall be carried forward and reappropriated.

L. Out of the amounts in this item, $20,000,000 the first year from the general fund is provided for the establishment of a pay-for-outcomes pilot program in the Chesapeake Bay watershed. The Department shall issue requests for nonpoint source pollution reduction proposals, conduct a transparent proposal selection process based on project ranking criteria, execute contracts with selected entities, verify that the promised nonpoint source pollutant reductions are being achieved, and make payments when contractually defined terms are verified. The project ranking criteria shall include cost per pound of nutrients removed, the level of assurance that nutrient reductions shall be provided, habitat and resilience benefits, readiness to proceed, local government coordination, the provision of long-term maintenance and applicability to locally impaired waters. Any balances for the purposes specified in this paragraph which are unexpended at year-end shall not revert to the general fund but shall be carried forward and reappropriated.

M. Out of the amounts in this item, $91,506 the first year from the general fund is provided to the Town of Cleveland for wastewater treatment upgrades.

N.1. Notwithstanding § 10.1-2129 A., Code of Virginia, and any other provision of law, $17,390,600 the first year from the general fund shall be deposited into the Virginia Water Quality Improvement Fund. This amount is provided to reimburse eligible entities for costs incurred in implementing the Enhanced Nutrient Removal Certainty Program as provided for in § 62.1-44.19:14, Code of Virginia.

2. Notwithstanding § 10.1-2129 A., Code of Virginia, and any other provision of law, $50,000,000 the first year from the general fund is provided for the City of Richmond's Combined Sewer Overflow project. Any balances for the purposes specified in this paragraph which are unexpended at year-end shall not revert to the general fund but shall be carried forward and reappropriated.

3. The appropriations made in subparagraph N.1., N.2., and Item 359 meet the mandatory deposit requirements associated with the fiscal year 2024 excess general fund revenue collections and discretionary year-end general fund balances.

O. Out of the amounts in this item, $1,500,000 the first year from the general fund is provided to the Town of Richlands for water treatment plant upgrades.

P. Notwithstanding § 62.1-44.19:14 G. 1., Code of Virginia, the compliance schedule deadline for the Spotsylvania Co.-FMC WWTF and Spotsylvania Co.-Massaponax WWTF projects shall be January 1, 2027, and for the Fredericksburg WWTF project shall be January 1, 2030. For each compliance year from January 1, 2026, until such deadline that each project does not achieve the nutrient removal technology concentration specified in § 62.1-44.19:14 G. 1., Code of Virginia, the facility owner shall be responsible for acquiring sufficient point source credits to comply with its total nitrogen and total phosphorus waste load allocations applicable to that compliance year. In addition, for the Fredericksburg WWTF project, the City of Fredericksburg shall commence construction by July 1, 2025, report its progress to the Department on February 1 and August 1 each year until completion, and place nutrient removal technology in service as soon as practical prior to January 1, 2030. By July 1, 2025, or as soon as possible thereafter, the Department of Environmental Quality shall (a) modify the Virginia Pollutant Discharge Elimination System permits for each facility consistent with the deadlines and requirements of this paragraph and (b) amend any existing water quality improvement agreement pursuant to § 10.1-2131, Code of Virginia, for each project in a manner consistent with the requirements and deadlines of this paragraph.

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Q. Pending further action in subsequent General Assembly sessions and prior to public comment and approval of future Water Quality Improvement Fund (WQIF) eligible projects that exceed unobligated balances held by the Department, the Department shall report qualified WQIF projects to the Governor, the Chairs of the House Appropriations and Senate Finance and Appropriations Committees for funding consideration no later than October 1st annually. As such, the Department shall establish a WQIF solicitation period to determine project demand, as well as criteria to prioritize eligible projects based on quantifiable nutrient reduction impact, cost-effectiveness of the project, impact on cost shared projects with multiple funding sources, funding need of the requesting entity, and project readiness. Grant agreements for awarded projects shall be fully executed before project construction costs are incurred, and no amount shall be awarded for a grantee to backfill project costs met with any type of taxable debt.

R. All agencies or authorities of the Commonwealth with responsibilities identified in § 10.1-1330 of the Code of Virginia, shall take all actions necessary to rejoin the Regional Greenhouse Gas Initiative, as defined in § 10.1-1329 of the Code of Virginia, and resume participation therein. Such required actions include (i) repealing or otherwise nullifying the final regulation titled 9VAC5-140, Regulation for Emissions Trading Programs, published in the Virginia Register of Regulations on July 31, 2023, no later than 90 days from the effective date of this act; (ii) reissuing or otherwise reinstating the final regulation titled 9VAC5-140, Regulation for Emissions Trading Programs, published in the Virginia Register of Regulations on August 3, 2020, including any amendments necessary to account for the time such regulation was not in effect, no later than 90 days from the effective date of this act; (iii) no later than January 1, 2027, updating, amending, or revising the regulation to align with the latest Regional Greenhouse Gas Initiative program review and revised model rule; (iv) entering into a contractual agreement with the Regional Greenhouse Gas Initiative, Inc. to rejoin the program, which the Director shall sign, and selling the allowances generated by the reissued regulatory program through auctions run by the Regional Greenhouse Gas Initiative, Inc.; (v) transferring auction proceeds, and any interest thereon, in accordance with subsection B of § 10.1-1330 of Code of Virginia with the responsible agencies disbursing such funds as expeditiously as possible; and (vi) providing annual reporting in accordance with subsection C of § 10.1-1330 of Code of Virginia. Any regulatory actions necessary to effectuate the requirements of this item are hereby exempted from the provisions of the Administrative Process Act (§ 2.2-4000 et seq. of the Code of Virginia). The Department of Environmental Quality shall complete such regulatory actions without further action by the State Air Pollution Control Board.

366.	Not set out.				
	Total for Department of Environmental Quality			**$374,132,608**	**$256,093,294**
	General Fund Positions	422.50	423.50		
	Nongeneral Fund Positions	564.50	564.50		
	Position Level	987.00	988.00		
	Fund Sources: General	$215,505,704	$96,877,198		
	Special	$15,919,848	$15,919,848		
	Enterprise	$14,322,062	$14,322,062		
	Trust and Agency	$39,056,798	$39,056,798		
	Dedicated Special Revenue	$58,432,952	$58,432,952		
	Federal Trust	$30,895,244	$31,484,436		
367.	Not set out.				
368.	Not set out.				
369.	Not set out.				
370.	Not set out.				
371.	Not set out.				

ITEM 372.		Item Details($) First Year FY2025	Item Details($) Second Year FY2026	Appropriations($) First Year FY2025	Appropriations($) Second Year FY2026
372.	Not set out.				
373.	Not set out.				
374.	Not set out.				
375.	Not set out.				
376.	Not set out.				
	TOTAL FOR NATURAL AND HISTORIC RESOURCES			**$1,230,302,223**	**$647,356,338**
	General Fund Positions	1,125.50	1,130.50		
	Nongeneral Fund Positions	1,164.00	1,169.00		
	Position Level	2,289.50	2,299.50		
	Fund Sources: General	$757,915,669	$237,592,587		
	Special	$61,217,661	$61,307,732		
	Commonwealth Transportation	$590,550	$590,550		
	Enterprise	$14,322,062	$14,322,062		
	Trust and Agency	$107,056,798	$39,056,798		
	Dedicated Special Revenue	$220,306,675	$225,124,609		
	Federal Trust	$68,892,808	$69,362,000		

ITEM 377.		Item Details($) First Year FY2025	Item Details($) Second Year FY2026	Appropriations($) First Year FY2025	Appropriations($) Second Year FY2026

OFFICE OF PUBLIC SAFETY AND HOMELAND SECURITY

377. Not set out.

378. Not set out.

379. Not set out.

380. Not set out.

381. Not set out.

382. Not set out.

§ 1-17. DEPARTMENT OF CORRECTIONS (799)

383. Not set out.

384. Not set out.

385. Not set out.

386. Not set out.

387. Not set out.

388. Not set out.

Item		First Year FY2025	Second Year FY2026	First Year FY2025	Second Year FY2026
389.	Prison Medical and Clinical Services (39700)			$270,781,966	~~$275,309,979~~ *$300,215,537*
	Offsite Healthcare Costs (39702)	$67,011,171	~~$70,124,356~~ *$75,673,504*		
	Pharmaceutical Costs (39703)	$57,965,066	~~$58,899,969~~ *$63,096,241*		
	Department of Corrections-managed Facility Healthcare Costs (39704)	$145,805,729	~~$146,285,654~~ *$161,445,792*		
	Fund Sources: General	$267,915,789	~~$272,443,802~~ *$297,349,360*		
	Special	$566,137	$566,137		
	Federal Trust	$2,300,040	$2,300,040		

Authority: §§ 53.1-1, 53.1-5, 53.1-8, and 53.1-10, Code of Virginia.

A. Out of this appropriation, $2,300,040 the first year and $2,300,040 the second year from nongeneral funds is included for inmate medical costs. The source of the nongeneral funds is an award from the State Criminal Alien Assistance Program, administered by the U.S. Department of Justice.

B. The Department of Corrections shall continue to coordinate with the Department of Medical Assistance Services and the Department of Social Services to enroll eligible inmates in Medicaid. To the extent possible, the Department of Corrections shall work to identify potentially eligible inmates on a proactive basis, prior to the time inpatient hospitalization occurs. Procedures shall also include provisions for medical providers to bill the Department of Medical Assistance Services, rather than the Department of Corrections, for eligible inmate inpatient medical expenses. Due to the multiple payor sources associated with inpatient and outpatient health care services, the Department of Corrections and the Department of Medical Assistance Services shall consult with the applicable provider community to ensure that administrative burdens are minimized and payment for health care services is rendered in a

ITEM 389.	Item Details($) First Year FY2025	Item Details($) Second Year FY2026	Appropriations($) First Year FY2025	Appropriations($) Second Year FY2026

prompt manner.

C. Included in the appropriation for this item is funding for the first year and the second year from the general fund for six medical contract monitors. The persons filling these positions shall have the responsibility of closely monitoring the adequacy and quality of inmate medical services in Department of Corrections' facilities.

D. The workgroup convened pursuant to Item 390, Paragraph R of Chapter 854, 2019 Acts of Assembly, shall be continued. The workgroup shall annually report on the progress and outcomes of the university medical pilots authorized in this Item. The report shall be provided to the Chairs of the House Appropriations and Senate Finance and Appropriations Committees no later than October 15 of each year.

390. Not set out.

	First Year FY2025	Second Year FY2026	First Year FY2025	Second Year FY2026
Total for Department of Corrections			**$1,580,611,897**	**~~$1,563,330,896~~** ***$1,588,236,454***
General Fund Positions	13,132.00	13,132.00		
Nongeneral Fund Positions	218.50	218.50		
Position Level	13,350.50	13,350.50		
Fund Sources: General	$1,505,814,397	~~$1,487,533,396~~ *$1,512,438,954*		
Special	$67,469,797	$68,469,797		
Dedicated Special Revenue	$3,117,385	$3,117,385		
Federal Trust	$4,210,318	$4,210,318		

391. Not set out.

392. Not set out.

393. Not set out.

394. Not set out.

395. Not set out.

396. Not set out.

397. Not set out.

398. Not set out.

399. Not set out.

400. Not set out.

401. Not set out.

402. Not set out.

403. Not set out.

404. Not set out.

405. Not set out.

406. Not set out.

ITEM 407.		Item Details($) First Year FY2025	Item Details($) Second Year FY2026	Appropriations($) First Year FY2025	Appropriations($) Second Year FY2026
407.	Not set out.				
408.	Not set out.				
409.	Not set out.				
410.	Not set out.				
411.	Not set out.				
412.	Not set out.				
413.	Not set out.				
414.	Not set out.				

§ 1-18. DEPARTMENT OF STATE POLICE (156)

415.	Information Technology Systems, Telecommunications and Records Management (30200)			$122,064,016	~~$121,394,525~~ *$130,694,525*
	Information Technology Systems and Planning (30201)	$36,613,477	~~$36,613,477~~ *$45,913,477*		
	Criminal Justice Information Services (30203)	$33,707,537	$31,528,046		
	Telecommunications and Statewide Agencies Radio System (STARS) (30204)	$20,311,369	$20,311,369		
	Firearms Purchase Program (30206)	$3,165,823	$3,165,823		
	Sex Offender Registry Program (30207)	$14,512,896	$16,022,896		
	Concealed Weapons Program (30208)	$358,481	$358,481		
	Dispatch and Telecommunications Support (30209)	$13,394,433	$13,394,433		
	Fund Sources: General	$95,193,645	~~$93,872,914~~ *$103,172,914*		
	Special	$18,864,520	$21,290,760		
	Dedicated Special Revenue	$5,741,561	$3,716,561		
	Federal Trust	$2,264,290	$2,514,290		

Authority: §§ 18.2-308.2:2, 19.2-387, 19.2-388, 27-55, 52-4, 52-4.4, 52-8.5, 52-12, 52-13, 52-15, 52-16, 52-25 and 52-31 through 52-34, Code of Virginia.

A.1. It is the intent of the General Assembly that wireless 911 calls be delivered directly by the Commercial Mobile Radio Service (CMRS) provider to the local Public Safety Answering Point (PSAP), in order that such calls be answered by the local jurisdiction within which the call originates, thereby minimizing the need for call transfers whenever possible.

2. Notwithstanding the provisions of Article 7, Chapter 15, Title 56, Code of Virginia, $3,700,000 the first year and $3,700,000 the second year from the Wireless E-911 Fund is included in this appropriation for telecommunications to offset dispatch center operations and related costs incurred for answering wireless 911 telephone calls.

B. Out of the Motor Carrier Special Fund, $900,000 the first year and $900,000 the second year shall be disbursed on a quarterly basis to the Department of State Police.

C.1. This appropriation includes $9,175,535 the first year and $9,175,535 the second year from the general fund for maintaining the Statewide Agencies Radio System (STARS).

2. The Secretary of Public Safety and Homeland Security, in conjunction with the STARS Management Group and the Superintendent of State Police, shall provide a status report on (1) annual operating costs; (2) the status of site enhancements to support the system; (3) the project timelines for implementing the enhancements to the system; and (4) other matters as

the secretary may deem appropriate. This report shall be provided to the Governor and the Chairs of the House Appropriations and Senate Finance and Appropriations Committees no later than October 1 of each year.

3. Any bond proceeds authorized for the STARS project that remain after the full implementation of the STARS network shall be made available for the STARS equipment needs of the Department of Military Affairs.

4. Any general fund appropriation given for STARS operating and maintenance under the service area 30204, is designated for such purposes. If the Department of State Police cannot expend its STARS appropriation within a given fiscal year, there shall remain an appropriation balance at the end of the fiscal year. The Department may request a discretionary re-appropriation in the subsequent year as provided in § 4-1.05 of this act if necessary for the payment of preexisting obligations for the purchase of goods or services.

D. The department shall deposit to the general fund an amount estimated at $100,000 the first year and $100,000 the second year resulting from fees generated by additional criminal background checks of local job applicants and prospective licensees collected pursuant to § 15.2-1503.1 of the Code of Virginia.

E. Notwithstanding the provisions of §§ 19.2-386.14, 38.2-415, 46.2-1167 and 52-4.3, Code of Virginia, the Department of State Police may use revenue from the State Asset Forfeiture Fund, the Insurance Fraud Fund, the Drug Investigation Trust Account – State, and the Safety Fund to modify, enhance or procure automated systems that focus on the Commonwealth's law enforcement activities and information gathering processes.

F. The Superintendent of State Police is authorized to and shall establish a policy and reasonable fee to contract for the bulk transmission of public information from the Virginia Sex Offender Registry. Any fees collected shall be deposited in a special account to be used to offset the costs of administering the registry. The State Superintendent of State Police shall charge no fee for the transfer of any information from the Virginia Sex Offender Registry to the Statewide Automated Victim Notification (SAVIN) system.

G.1. The Virginia State Police shall, upon request, provide to the Department of Behavioral Health and Developmental Services any information it possesses as a result of carrying out the provisions of §§ 19.2-389, 37.2-819 and 64.2-2014, Code of Virginia, to enable the Department to make anonymous the data held pursuant to those provisions and link it with other relevant data held by the Commonwealth for the purpose of evaluating the impact of carrying out these provisions on the public health and safety, pursuant to a grant from the National Science Foundation to Duke University and a subcontract with the University of Virginia.

2. The Department of State Police shall, upon request, provide to the Department of Juvenile Justice any information it possesses as a result of carrying out the provisions of §§ 16.1-337.1, 19.2-389, 19.2-389.1, 37.2-819 and 64.2-2014, Code of Virginia, to enable the Department to link the data held pursuant to those provisions with other relevant data held by the Commonwealth, and then to de-identify it, for the purpose of evaluating the impact of carrying out these provisions on the public health and safety, pursuant to a research grant to Duke University and a subcontract with the University of Virginia.

3. The Department of State Police shall, upon request, provide to the Department of Health any information it possesses as a result of carrying out the provisions of §§ 16.1-337.1, 19.2-389, 19.2-389.1, 37.2-819, 19.2-182.2 and 64.2-2014, Code of Virginia, to enable the Department of Health to link the data held pursuant to those provisions with other relevant data held by the Commonwealth. Once received, the Department of Health will provide the linked data to the Department of Juvenile Justice for de-identification and for the purpose of evaluating the impact of carrying out these provisions on the public health and safety, pursuant to a research grant to Duke University and a subcontract with the University of Virginia.

H. Included within this appropriation is $350,200 the first year and $350,200 the second year from the general fund to support maintenance costs of the state's Commonwealth Link to Interoperable Communications (COMLINC) system.

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I. Included within this appropriation is $300,000 the first year and $300,000 the second year and four positions to support the COMLINC system.

J. Included within the amounts for this item is $211,947 the first year and $211,947 the second year and three positions from the general fund for the Department to address the recommendation of the Crime Commission to provide a reference to the "Hold File" for criminal history records checks.

K. Included in the amounts appropriated in this item is $1,479,302 the first year and $1,479,302 the second year from the general fund to comply with and implement the provisions of the Community Policing Act pursuant to House Bill 1250 of the 2020 Session of the General Assembly.

L. Included in the appropriation for this Item is $10,209,045 the first year and ~~$10,209,045~~ *$19,509,045* the second year from the general fund to implement Phase I and II transformation of select components of the department's information technology in order to comply with § 2.2-2011 of the Code of Virginia *and to cover costs arising as systems are brought into the network.*

M. Included in the appropriation for this item is $438,464 the first year and $438,464 the second year from the general fund and four positions for the ongoing costs of operating an automatic expungement process pursuant to legislation adopted by the 2021 Session of the General Assembly.

N. Out of this appropriation, $301,194 the first year and $301,194 the second year from the general fund is provided to the Department of State Police for three positions for cold case investigators to support efforts to resolve such cases.

O.1. The department shall coordinate monitoring and verification activities related to registry requirements with other state and local law enforcement agencies that have responsibility for monitoring or supervising individuals who are also required to comply with the requirements of the Sex Offender Registry.

2. The Secretary of Public Safety and Homeland Security, in conjunction with the Superintendent of State Police, shall report on the implementation of the monitoring of offenders required to comply with the Sex Offender Registry requirements. The report shall include at a minimum: (1) the number of verifications conducted; (2) the number of investigations of violations; (3) the status of coordination with other state and local law enforcement agencies activities to monitor Sex Offender Registry requirements; and (4) an update of the sex offender registration and monitoring section in the department's current "Manpower Augmentation Study." This report shall be provided to the Governor and the Chairs of the House Appropriations and Senate Finance and Appropriations Committees each year by January 1.

P. Effective July 1, 2015, the Superintendent of State Police shall provide training to all local law enforcement agencies on the proper method to register and re-register persons required to be registered with the Sex Offender and Crimes Against Minors Registry. Should the Superintendent have reason to believe that any local law enforcement agency is not registering sex offenders as required by § 9.1-903, Code of Virginia, the Superintendent shall notify the local law enforcement agency, as well as the Executive Secretary of the Compensation Board and the Director of the Department of Criminal Justice Services.

Q. Notwithstanding any other provision of law, $1,025,000 from the Insurance Fraud Fund and $1,000,000 from the HEAT Fund as one-time appropriation in the first year and $2,208,800 from the agency's nongeneral funds' cash balances in the second year shall be used for replacement and upgrades of the Virginia Criminal Information Network's (VCIN) server and software systems.

Item		Item Details First Year FY2025	Item Details Second Year FY2026	Appropriations First Year FY2025	Appropriations Second Year FY2026
416.	Law Enforcement and Highway Safety Services (31000)			$382,109,850	~~$390,097,528~~ *$431,061,964*
	Aviation Operations (31001)	$13,363,916	$12,343,827		
	Commercial Vehicle Enforcement (31002)	$5,934,588	$5,934,588		
	Counter-Terrorism (31003)	$7,993,452	$7,993,452		

ITEM 416.	Item Details($) First Year FY2025	Item Details($) Second Year FY2026	Appropriations($) First Year FY2025	Appropriations($) Second Year FY2026
Help Eliminate Auto Theft (HEAT) (31004)	$4,409,144	$4,409,144		
Drug Enforcement (31005)	$29,571,954	$29,571,954		
Crime Investigation and Intelligence Services (31006)	$51,111,170	$52,232,352		
Uniform Patrol Services (Highway Patrol) (31007)	$229,331,670	~~$233,368,255~~ *$274,332,691*		
Insurance Fraud Program (31009)	$9,592,637	$9,592,637		
Vehicle Safety Inspections (31010)	$30,801,319	$34,651,319		
Fund Sources: General	$297,318,180	~~$299,055,858~~ *$340,020,294*		
Special	$48,471,457	$49,221,457		
Commonwealth Transportation	$9,179,045	$9,179,045		
Dedicated Special Revenue	$17,250,677	$18,000,677		
Federal Trust	$9,890,491	$14,640,491		

Authority: §§ 27-56, 33.2-1726, 46.2-1157 through 46.2-1187, 52-1, 52-4, 52-4.2, 52-4.3, 52-8, 52-8.1, 52-8.2, 52-8.4 and 56-334, Code of Virginia.

A. Included in this appropriation is $810,687 the first year and $810,687 the second year from Commonwealth Transportation Funds for the personal and associated nonpersonal services costs for eight positions. These positions will be dedicated to patrolling the I-95/395/495 Interchange.

B. Included in this appropriation is $4,831,625 the first year and $4,831,625 the second year from the Commonwealth Transportation Fund to support enforcement operations at weigh stations statewide.

C. Included in this appropriation is $1,631,282 the first year and $1,631,282 the second year from Commonwealth Transportation Funds that shall be used to support the personal and associated nonpersonal services costs for trooper positions. These positions will be assigned to the “Highway Safety Corridors" and work to supplement the Department of State Police's enforcement efforts in those corridors.

D. The Department of State Police shall modify the implementation of the division of drug law enforcement established pursuant to § 52-8.1:1, Code of Virginia, and shall redirect, as may be necessary, resources heretofore provided for that purpose by the General Assembly for the purposes of homeland security, the gathering of intelligence on terrorist activities, the preparation for response to a terrorist attack and any other activity determined by the Governor to be crucial to strengthening the preparedness of the Commonwealth against the threat of natural disasters and emergencies. Nothing in this Item shall be construed to prohibit the Department of State Police from performing drug law enforcement or investigation as otherwise provided for by the Code of Virginia.

E. Included within this appropriation is $3,098,098 the first year and $3,098,098 the second year from the Rescue Squad Assistance Fund to support the department's aviation (med-flight) operations.

F. Included within this appropriation is $450,000 the first year and $450,000 the second year from the general fund, which shall be provided to the County of Chesterfield for use in funding the paramedics assigned to the Department of State Police for aviation (med-flight) operations, and for related med-flight expenses.

G. In the event that special fund revenues for this Item exceed expenditures, the balance of such revenues may be used for air medical evacuation equipment improvements, information technology upgrades or for motor vehicle replacement.

H. Included in this appropriation is $110,000 the first year and $110,000 the second year from the general fund to maintain increased traffic enforcement on Interstate 81. These funds shall be used to provide overtime payments for extended and additional work shifts so as to maintain the enhanced level of State Police patrols on this and other public highways in the Commonwealth.

I. Included within this appropriation is $23,000,000 the first year and $25,500,000 the second year from nongeneral funds to be used by the Department of State Police to record expenditures related to law enforcement activity that is performed for other entities and is billed and recorded as revenue, which may not be received until the following fiscal year.

J. Included within this appropriation is $100,000 the first year and $100,000 the second year from the general fund for the Department of State Police to enhance its capabilities in recruiting minority troopers. Funding is to support increased marketing and advertising efforts for recruiting minorities.

K. Included within this appropriation is $116,988 the first year and $116,988 the second year from the Department of Aviation's special fund to support the aviation operations of the Department of State Police.

L.1. Out of the amounts appropriated for this Item, $1,450,000 the first year and $1,450,000 the second year from nongeneral funds and $517,000 the first year and $517,000 the second year from the general fund shall be distributed to the department to expand the operations of the Northern Virginia Internet Crimes Against Children Task Force.

2. Pursuant to paragraph H.2 of Item 394, the Northern Virginia Internet Crimes Against Children Task Force shall provide a report on the actual expenditures and performance results achieved each year. Copies of this report shall be provided each year to the Secretary of Public Safety and Homeland Security and the Chairs of the House Appropriations and Senate Finance and Appropriations Committees by October 1.

M. Out of the appropriation for this Item, $3,609,365 the first year and $3,609,365 the second year from the general fund is continued for the ongoing financing costs of purchasing four helicopters through the state's master equipment lease purchase program.

N. Included in this appropriation for this item is $1,129,554 the first year and $1,129,554 the second year from the general fund to establish the second Special Operations Division, which shall serve the Sixth Division. Positions from the Sixth Division that are transferred into the Special Operations Sixth Division shall be backfilled in the Sixth Division.

O. Included in this appropriation is $103,470 the first year and $103,470 the second year from the general fund for the Department of State Police to hire an aviation mechanic for the Fourth Aviation Division in Abingdon.

P. Included in this appropriation is $7,177,484 the first year and $7,177,484 the second year from the general fund as supplemental funding to the base funding for patrol vehicle replacement due to the increased costs associated with new replacement vehicles.

Q. Included in this appropriation is $1,573,157 the first year and $1,573,157 the second year from the general fund to establish the Office of the Gaming Enforcement Coordinator and regional support consistent with the provisions of § 52-54 and § 18.2-340.35, Code of Virginia.

R. Included in this appropriation is $772,760 the first year and $772,760 the second year from the general fund and five positions to support a software database to address organized retail crime in the Commonwealth.

S. Out of the appropriation for this Item, $1,640,946 the first year and $1,620,857 the second year from the general fund for the ongoing financing costs of replacing three airplanes through the state's master equipment lease purchase program. The Department shall deposit 50 percent of the proceeds from the sale of the planes that are being replaced to the general fund.

T.1. Included within the appropriation for this item is $1,463,415 the first year and $1,500,000 the second year from the general fund to provide targeted salary increases to address salary compression among sworn positions. Also provided in this Item is $2,500,000 the second year from the general fund to provide a pay step increase for sworn positions.

2. The Department of State Police shall provide a report to the Director of the Department of Planning and Budget and the staff directors of the House Appropriations Committee and the Senate Finance & Appropriations Committee by September 15, 2025, on the amount of turnover and vacancy savings realized in fiscal years 2024 and 2025 as a result of sworn

ITEM 416.		Item Details($) First Year FY2025	Item Details($) Second Year FY2026	Appropriations($) First Year FY2025	Appropriations($) Second Year FY2026

officers separating from the Department and being replaced by officers at a lower pay step on the trooper pay plan.

U. Included within the appropriation for this item is $1,000,000 the first year from the general fund to support the replacement of unmanned aircraft systems manufactured or assembled by an entity, including its subsidiaries, affiliates, or partners, that is domiciled in a country defined as a foreign adversary pursuant to § 55.1-507, Code of Virginia, with unmanned aircraft systems that are not covered unmanned aircraft systems manufactured or assembled by a covered foreign entity as defined in § 1822 of the National Defense Authorization Act of 2024.

417. Not set out.

418. Not set out.

		Item Details First Year FY2025	Item Details Second Year FY2026	Appropriations First Year FY2025	Appropriations Second Year FY2026
	Total for Department of State Police			**$550,000,523**	**~~$557,968,710~~** ***$608,233,146***
	General Fund Positions	2,703.00	2,704.00		
	Nongeneral Fund Positions	397.00	409.00		
	Position Level	3,100.00	3,113.00		
	Fund Sources: General	$437,046,416	~~$437,463,363~~ *$487,727,799*		
	Special	$68,592,287	$72,418,527		
	Commonwealth Transportation	$9,179,045	$9,179,045		
	Dedicated Special Revenue	$23,027,994	$21,752,994		
	Federal Trust	$12,154,781	$17,154,781		
419.	Not set out.				
	TOTAL FOR OFFICE OF PUBLIC SAFETY AND HOMELAND SECURITY			**$3,127,089,694**	**~~$3,118,793,505~~** ***$3,193,963,499***
	General Fund Positions	18,557.10	18,568.10		
	Nongeneral Fund Positions	957.90	969.90		
	Position Level	19,515.00	19,538.00		
	Fund Sources: General	$2,663,764,737	~~$2,646,368,484~~ *$2,721,538,478*		
	Special	$219,162,567	$224,512,919		
	Commonwealth Transportation	$10,563,585	$10,588,297		
	Trust and Agency	$4,298,130	$4,298,130		
	Dedicated Special Revenue	$65,797,856	$64,522,856		
	Federal Trust	$163,502,819	$168,502,819		

ITEM 420.		Item Details($) First Year FY2025	Item Details($) Second Year FY2026	Appropriations($) First Year FY2025	Appropriations($) Second Year FY2026

OFFICE OF TRANSPORTATION

420. Not set out.

421. Not set out.

§ 1-19. DEPARTMENT OF AVIATION (841)

422. Not set out.

423. Not set out.

		First Year FY2025	Second Year FY2026	First Year FY2025	Second Year FY2026
424.	State Aircraft Flight Operations (65600)			$3,651,896	~~$3,745,024~~ *$14,745,024*
	State Aircraft Operations and Maintenance (65602)	$3,651,896	~~$3,745,024~~ *$14,745,024*		
	Fund Sources: General	$30,246	$30,246		
	Commonwealth Transportation	$3,621,650	~~$3,714,778~~ *$14,714,778*		

Authority: Title 5.1, Chapter 1, Code of Virginia.

A.1. The Department of Aviation is hereby authorized to purchase a comparable executive aircraft to replace one of the two 2007 King Air 350 planes currently owned by the department using available Aviation Special Funds. The department is directed to either trade-in or sell one of its King Air 350 aircraft that, in its sole discretion, warrants replacement. If sold, any proceeds shall be retained by the department and used toward the purchase of the replacement aircraft.

2. The Director of the Department of Planning and Budget is authorized to adjust the appropriation of this item up to the amount of the purchase price of the new executive aircraft, as supported by available Aviation Special Funds, and is authorized to carry forward the appropriation supporting this aircraft procurement authorization as needed.

425. Not set out.

		First Year FY2025	Second Year FY2026	First Year FY2025	Second Year FY2026
	Total for Department of Aviation			**$43,159,426**	**~~$43,478,829~~** ***$54,478,829***
	Nongeneral Fund Positions	37.00	37.00		
	Position Level	37.00	37.00		
	Fund Sources: General	$30,246	$30,246		
	Commonwealth Transportation	$42,423,625	~~$42,743,028~~ *$53,743,028*		
	Federal Trust	$705,555	$705,555		

426. Not set out.

427. Not set out.

428. Not set out.

429. Not set out.

430. Not set out.

431. Not set out.

432. Not set out.

ITEM 432.		Item Details($) First Year FY2025	Item Details($) Second Year FY2026	Appropriations($) First Year FY2025	Appropriations($) Second Year FY2026
433.	Not set out.				
434.	Not set out.				
435.	Not set out.				
436.	Not set out.				
437.	Not set out.				
438.	Not set out.				
439.	Not set out.				
440.	Not set out.				
441.	Not set out.				
442.	Not set out.				
443.	Not set out.				
444.	Not set out.				
445.	Not set out.				
446.	Not set out.				
447.	Not set out.				
448.	Not set out.				
449.	Not set out.				
450.	Not set out.				
451.	Not set out.				
452.	Not set out.				
	TOTAL FOR OFFICE OF TRANSPORTATION			**$11,780,043,563**	**~~$11,025,763,428~~** ***$11,036,763,428***
	Nongeneral Fund Positions	10,591.00	10,591.00		
	Position Level	10,591.00	10,591.00		
	Fund Sources: General	$468,630,246	$25,530,246		
	Special	$202,030,874	$530,710,080		
	Commonwealth Transportation	$9,216,735,596	~~$8,429,001,993~~ *$8,440,001,993*		
	Trust and Agency	$470,461,375	$457,233,329		
	Dedicated Special Revenue	$1,375,255,564	$1,536,357,872		
	Federal Trust	$46,929,908	$46,929,908		

ITEM 453.		Item Details($) First Year FY2025	Item Details($) Second Year FY2026	Appropriations($) First Year FY2025	Appropriations($) Second Year FY2026

OFFICE OF VETERANS AND DEFENSE AFFAIRS

453. Not set out.

454. Not set out.

§ 1-20. DEPARTMENT OF VETERANS SERVICES (912)

		First Year FY2025	Second Year FY2026	First Year FY2025	Second Year FY2026
455.	State Health Services (43000)			$122,727,122	~~$98,967,122~~ *$100,755,385*
	Veterans Care Center Operations (43013)	$122,727,122	~~$98,967,122~~ *$100,755,385*		
	Fund Sources: General	$20,810,000	~~$50,000~~ *$1,838,263*		
	Special	$55,411,901	$52,411,901		
	Federal Trust	$46,505,221	$46,505,221		

Authority: § Title 2.2, Chapters 20, 24, 26, and 27, Code of Virginia.

A. The Department of Veterans Services is authorized to transfer funds to the Department of Medical Assistance Services to fully fund the state share for the Medicaid supplemental payments made for state government owned nursing homes. The funds to be transferred must comply with 42 CFR 447.272.

B. Out of the appropriation in this Item, $20,760,000 the first year *and $1,788,263 the second year* from the general fund and $3,000,000 the first year from nongeneral funds in one-time support to operate the Puller and Jones & Cabacoy Veterans Care Centers. Of the amount provided in the first year, $3,000,000 shall be used to repay the Treasury Loan authorized in FY 2024 pursuant to Section 4-3.02 b, Chapter 1, 2023 Acts of Assembly, Special Session I, to address start-up and initial operating costs. Of the amount*s* provided ~~in the first year~~, any unexpended general fund balances shall not revert to the general fund but shall be carried forward and reappropriated.

C. The Department of Veterans Services shall provide to the Chairs of the House Appropriations and Senate Finance and Appropriations Committees: (i) quarterly reports detailing revenues and expenditures; and (ii) by September 1, 2024, a business plan that demonstrates how the veterans care centers will operate using solely nongeneral funds after start-up general fund moneys are exhausted.

456. Not set out.

457. Not set out.

458. Not set out.

		First Year FY2025	Second Year FY2026	First Year FY2025	Second Year FY2026
	Total for Department of Veterans Services			**$173,122,820**	**~~$148,295,140~~** ***$150,083,403***
	General Fund Positions	271.00	272.00		
	Nongeneral Fund Positions	1,111.00	1,117.00		
	Position Level	1,382.00	1,389.00		
	Fund Sources: General	$61,723,632	~~$39,895,952~~ *$41,684,215*		
	Special	$57,937,147	$54,937,147		
	Dedicated Special Revenue	$850,000	$850,000		
	Federal Trust	$52,612,041	$52,612,041		

459. Not set out.

460. Not set out.

ITEM 461.	Item Details($) First Year FY2025	Item Details($) Second Year FY2026	Appropriations($) First Year FY2025	Appropriations($) Second Year FY2026
461. Not set out.				
462. Not set out.				
463. Not set out.				
464. Not set out.				
465. Not set out.				
TOTAL FOR OFFICE OF VETERANS AND DEFENSE AFFAIRS			**$267,630,614**	**~~$239,489,094~~** ***$241,277,357***
General Fund Positions	364.47	365.47		
Nongeneral Fund Positions	1,432.03	1,438.03		
Position Level	1,796.50	1,803.50		
Fund Sources: General	$82,642,973	~~$57,397,493~~ *$59,185,756*		
Special	$59,722,074	$56,722,074		
Trust and Agency	$2,474,499	$2,474,499		
Dedicated Special Revenue	$5,916,215	$6,416,215		
Federal Trust	$116,874,853	$116,478,813		

ITEM 466.		Item Details($) First Year FY2025	Item Details($) Second Year FY2026	Appropriations($) First Year FY2025	Appropriations($) Second Year FY2026

CENTRAL APPROPRIATIONS

§ 1-21. CENTRAL APPROPRIATIONS (995)

466.	Higher Education Academic, Fiscal, and Facility Planning and Coordination (11100)			$42,041,701	~~$22,624,641~~ *$41,005,050*
	Interest Earned on Educational and General Programs Revenue (11106)	$42,041,701	~~$22,624,641~~ *$41,005,050*		
	Fund Sources: General	$20,510,044	~~$10,467,019~~ *$22,876,533*		
	Higher Education Operating	$21,531,657	~~$12,157,622~~ *$18,128,517*		

A. The standards upon which the public institutions of higher education are deemed certified to receive the payment of interest earnings from the tuition and fees and other nongeneral fund Educational and General revenues shall be based upon the standards provided in § 4-9.01 of this act, as approved by the General Assembly.

B. The estimated interest earnings and other revenues shall be distributed to those specific public institutions of higher education that have been certified by the State Council of Higher Education for Virginia as having met the standards provided in § 4-9.01 of this act, based on the distribution methodology developed pursuant to Chapter 933, Enactment 2, Acts of Assembly of 2005 and reported to the Chairmen of the House Appropriations Committee and Senate Finance and Appropriations Committee.

C. In accordance with § 23.1-1002, Code of Virginia, this Item provides $17,769,903 the first year and ~~$7,906,831~~ *$20,004,934* the second year from the general fund, and $21,531,657 from nongeneral funds in the first year and ~~$12,157,622~~ *$18,128,517* from nongeneral funds in the second year for the estimated total payment to individual institutions of higher education of the interest earned on tuition and fees and other nongeneral fund Education and General Revenues deposited to the state treasury. Upon certification by the State Council of Higher Education of Virginia that all available performance benchmarks have been successfully achieved by the individual institutions of higher education, the Director, Department of Planning and Budget, shall transfer the appropriation in this Item for such estimated interest earnings to the general fund appropriation of each institution's Educational and General program.

D. This Item also includes $2,740,141 in the first year and ~~$2,560,188~~ *$2,871,599* the second year from the general fund for the payment to individual institutions of higher education of a pro rata amount of the rebate paid to the State Commonwealth on credit card purchases not exceeding $5,000 during the previous fiscal year. The State Comptroller shall determine the amount owed to each certified institution, net of any payments due to the federal government, using a methodology that equates a pro rata share based upon the total transactions of $5,000 or less made by the institution using the state-approved credit card in comparison to all transactions of $5,000 or less using said approved credit card. By October 15, or as soon thereafter as deemed appropriate, following the year of certification, the Comptroller shall reimburse each institution its estimated pro rata share.

E. Once actual financial data from the year of certification are available, the State Comptroller and the Director, Department of Planning and Budget, shall compare the actual data with estimates used to determine the distribution of the interest earnings, nongeneral fund Educational and General revenues, and the pro rata amounts to the certified institutions of higher education. In those cases where variances exist, the Governor shall include in his next introduced budget bill recommended appropriations to make whatever adjustments to each institution's distributed amount to ensure that each institution's incentive payments are accurate based on actual financial data.

467. Not set out.

468. Not set out.

		Item Details($) First Year FY2025	Item Details($) Second Year FY2026	Appropriations($) First Year FY2025	Appropriations($) Second Year FY2026
469.	Compensation and Benefit Adjustments (75700)			$285,964,060	~~$435,995,325~~ *$554,066,332*
	Adjustments to Employee Compensation (75701)	$262,769,823	~~$371,788,796~~ *$489,361,187*		
	Adjustments to Employee Benefits (75702)	$23,194,237	~~$64,206,529~~ *$64,705,145*		
	Fund Sources: General	$285,964,060	~~$435,995,325~~ *$554,066,332*		

Authority: Discretionary Inclusion.

A. Transfers to or from this Item may be made to decrease or supplement general fund appropriations to state agencies for:

1. Adjustments to base rates of pay;

2. Adjustments to rates of pay for budgeted overtime of salaried employees;

3. Salary changes for positions with salaries listed elsewhere in this act;

4. Salary changes for locally elected constitutional officers and their employees;

5. Employer costs of employee benefit programs when required by salary-based pay adjustments;

6. Salary changes for local employees supported by the Commonwealth, other than those funded through appropriations to the Department of Education; and

7. Adjustments to the cost of employee benefits to include but not be limited to health insurance premiums and retirement and related contribution rates.

B. Transfers from this Item may be made when appropriations to the state agencies concerned are insufficient for the purposes stated in paragraph A of this Item, as determined by the Department of Planning and Budget, and subject to guidelines prescribed by the department. Further, the Department of Planning and Budget may transfer appropriations within this Item from the second year of the biennium to the first year, when necessary to accomplish the purposes stated in paragraph A of this Item.

C. Except as provided for elsewhere in this Item, agencies supported in whole or in part by nongeneral fund sources, shall pay the proportionate share of changes in salaries and benefits as required by this Item, subject to the rules and regulations prescribed by the appointing or governing authority of such agencies. Nongeneral fund revenues and balances required for this purpose are hereby appropriated.

D. Any supplemental salary payment to a state employee or class of state employees by a local governing body shall be governed by a written agreement between the agency head of the employee or class of employees receiving the supplement and the chief executive officer of the local governing body. Such agreement shall also be reviewed and approved by the Director of the State Department of Human Resource Management. At a minimum, the agreement shall specify the percent of state salary or fixed amount of the supplement, the resultant total salary of the employee or class of employees, the frequency and method of payment to the agency of the supplement, and whether or not such supplement shall be included in the employee's state benefit calculations. A copy of the agreement shall be made available annually to all employees receiving the supplement. The receipt of a local salary supplement shall not subject employees to any personnel or payroll rules and practices other than those promulgated by the State Department of Human Resource Management.

E. The Governor is hereby authorized to transfer funds from agency appropriations to the accounts of participating state employees in such amounts as may be necessary to match the contributions of the qualified participating employees, consistent with the requirements of the Code of Virginia governing the deferred compensation cash match program. Such transfers shall be made consistent with the following:

1. The maximum cash match provided to eligible employees shall not be less than $20.00

per pay period, or $40.00 per month, in each year of the biennium. The Governor may direct the agencies of the Commonwealth to utilize funds contained within their existing appropriations to meet these requirements.

2. The Governor may direct agencies supported in whole or in part with nongeneral funds to utilize existing agency appropriations to meet these requirements. Such nongeneral revenues and balances are hereby appropriated for this purpose, subject to the provisions of § 4-2.01 b of this act. The use of such nongeneral funds shall be consistent with any existing conditions and restrictions otherwise placed upon such nongeneral funds.

3. The procurement of services related to the implementation of this program shall be governed by standards set forth in § 51.1-124.30 C, Code of Virginia, and shall not be subject to the provisions of Chapter 7 (§ 11-35 et seq.), Title 11, Code of Virginia.

F. The Secretary of Administration, in conjunction with the Secretary of Finance, may establish a program that allows for the sharing of cost savings from improved productivity, efficiency, and performance with agencies and employees. Such gain sharing programs require a management philosophy of open communication encouraging employee participation; a system which seeks, evaluates and implements employee input on increasing productivity; and a formula for measuring productivity gains and sharing these gains between employees and the agency. The Department of Human Resource Management, in conjunction with the Department of Planning and Budget, shall develop specific gain sharing program guidelines for use by agencies. The Department of Human Resource Management shall provide to the Governor, the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees an annual report no later than October 1 of each year detailing identified savings and their usage.

G.1. Out of the appropriation for this Item, amounts estimated at $39,621,717 the first year and $80,484,610 the second year from the general fund shall be transferred to state agencies and institutions of higher education to support the general fund portion of costs associated with changes in the employer's share of premiums paid for the Commonwealth's health benefit plans.

2. Notwithstanding any contrary provision of law, the health benefit plans for state employees resulting from the additional funding in this Item shall allow for a portion of employee medical premiums to be charged to employees.

3. The Department of Human Resource Management shall explore options within the health insurance plan for state employees to promote value-based health choices aimed at creating greater employee satisfaction with lower overall health care costs. It is the General Assembly's intent that any savings associated with this employee health care initiative be retained and used towards funding state employee salary or fringe benefit cost increases.

4. Notwithstanding any other provision of law, it shall be the sole responsibility and authority of the Department of Human Resource Management to establish and enforce employer contribution rates for any health insurance plan established pursuant to § 2.2-2818, Code of Virginia.

5. The Department of Human Resource Management is prohibited from establishing a retail maintenance network for maintenance drugs that includes penalties for non-use of the retail maintenance network.

6. The Department of Human Resource Management shall not increase the annual out-of-pocket maximum included in the plans above the limits in effect for the plan year which began on July 1, 2014.

7. The Department of Human Resource Management shall include language in all contracts, signed on or after July 1, 2018, with third party administrators of the state employee health plan requiring the third party administrators to: 1) maintain policies and procedures for transparency in their pharmacy benefit administration programs; 2) transparently provide information to state employees through an explanation of benefits regarding the cost of drug reimbursement; dispensing fees; copayments; coinsurance; the amount paid to the dispensing pharmacy for the claim; the amount charged to the third party administrator for the claim by the third party administrator's pharmacy benefit manager; and the amount charged by the third

party administrator to the Commonwealth; and 3) provide a report to the Department of Human Resource Management of the aggregate difference in amounts between reimbursements made to pharmacies for claims covered by the state employee insurance plan, the amount charged to the third party administrator for the claim by the third party administrator's pharmacy benefit manager, and the amount charged by the third party administrator to the Commonwealth as well as an explanation for any difference.

8. Notwithstanding the provisions of § 38.2-3418.17 and any other provision of law, effective October 1, 2018, the Department of Human Resource Management shall provide coverage under the state employee health insurance program for the treatment of autism spectrum disorder through the age of eighteen.

H.1. Contribution rates paid to the Virginia Retirement System for the retirement benefits of public school teachers, state employees, state police officers, state judges, and state law enforcement officers eligible for the Virginia Law Officers Retirement System shall be based on a valuation of retirement assets and liabilities that are consistent with the provisions of Title 51.1, Code of Virginia.

2. Retirement defined benefit contribution rates, excluding the applicable employee contribution, shall be as set out below:

	FY 2025	**FY 2026**
Public school teachers	14.21%	14.21%
State employees	12.52%	12.52%
State Police Officers' Retirement System	31.32%	31.32%
Virginia Law Officers' Retirement System	24.60%	24.60%
Judicial Retirement System	30.67%	30.67%

3. Contribution rates for the defined contribution component of the hybrid retirement program shall be paid in accordance with §§ 51.1-145 and 51.1-169.

4. Payments of all required contributions and insurance premiums to the Virginia Retirement System and its third-party administrators, as applicable, shall be made no later than the tenth day following the close of each month of the fiscal year.

5.a. The Director, Planning and Budget, shall withhold and transfer to this Item amounts estimated at $8,299,411 the first year and $6,938,318 the second year, from the general fund from state agencies and institutions of higher education, to recognize the net general fund portion of savings associated with changes in employer contributions for state employee retirement as provided for in this paragraph.

b. The amounts provided in this paragraph take into account the estimated employer contributions to the defined benefit component of the retirement plans and the defined contribution component of the hybrid retirement plans.

6. The funding necessary to support the cost of reimbursements to Constitutional Officers for retirement contributions are appropriated elsewhere in this act under the Compensation Board.

7. The funding necessary to support the cost of the employer retirement contribution rate for public school teachers is appropriated elsewhere in this act under Direct Aid to Public Education.

I. Rates paid to the Virginia Retirement System on behalf of employees of participating (i) counties, (ii) cities, (iii) towns, (iv) local public school divisions (only to the extent that the employer contribution rate is not otherwise specified in this act), and (v) other political subdivisions shall be based on the employer contribution rates certified by the Virginia Retirement System Board of Trustees pursuant to § 51.1-145(I), Code of Virginia.

J.1. Contribution rates paid to the Virginia Retirement System for other employee benefits to include the public employee group life insurance program, the Virginia Sickness and Disability Program, the state employee retiree health insurance credit, and the public school teacher retiree health insurance credit, shall be based on a valuation of assets and liabilities that assume an investment return of 6.75 percent and an amortization period of 20 years.

2. Contribution rates paid on behalf of public employees for other programs administered by the Virginia Retirement System shall be:

	FY 2025	FY 2026
State employee retiree health insurance credit	1.12%	1.12%
Public school teacher retiree health insurance credit	1.21%	1.21%
State employee group life insurance program	1.18%	1.18%
Employer share of the public school teacher group life insurance program	0.47%	0.47%
Virginia Sickness and Disability Program	0.50%	0.50%
Constitutional Officers and employees retiree health insurance credit	0.36%	0.36%
General Registrar and employees retiree health insurance credit	0.32%	0.32%
Employees of local social services boards retiree health insurance credit	0.37%	0.37%

3. Funding for the Virginia Sickness and Disability Program is calculated on a rate of 0.46 percent of total payroll.

4. The Director, Department of Planning and Budget, shall withhold and transfer to this item amounts estimated at $8,197,309 the first year and $8,553,709 the second year, from the general fund from state agencies and institutions of higher education to recognize the net general fund portion of savings associated with changes in employer contributions for state employee benefits as provided in this paragraph.

5. The funding necessary to support the cost of reimbursements to Constitutional Officers for public employee group life insurance contributions is appropriated elsewhere in this act under the Compensation Board.

6. The funding necessary to support the cost of the employer public school teacher group life insurance and retiree health insurance credit rates is appropriated elsewhere in this act under Direct Aid to Public Education.

K.1. Notwithstanding the provisions of § 2.2-3205(A), Code of Virginia, the terminating agency shall not be required to pay the Virginia Retirement System the costs of enhanced retirement benefits provided for in § 2.2-3204(A), Code of Virginia for employees who are involuntarily separated from employment with the Commonwealth if the Director of the Department of Planning and Budget certifies that such action results from 1. budget reductions enacted in the Appropriation Act, 2. budget reductions executed in response to the withholding of appropriations by the Governor pursuant to §4-1.02 of the Act, 3. reorganization or reform actions taken by state agencies to increase efficiency of operations or improve service delivery provided such actions have been previously approved by the Governor, or 4. downsizing actions taken by state agencies as the result of the loss of federal or other grants, private donations, or other nongeneral fund revenue, and if the Director of the Department of Human Resource Management certifies that the action comports with personnel policy. Under these conditions, the entire cost of such benefits for involuntarily separated employees shall be factored into the employer contribution rates paid to the Virginia Retirement System.

2. Notwithstanding the provisions of § 2.2-3205(A), Code of Virginia, the terminating agency shall not be required to pay the Virginia Retirement System the costs of enhanced retirement benefits provided for in § 2.2-3204(A), Code of Virginia, for employees who are involuntarily separated from employment with the Commonwealth if the Speaker of the House of Delegates

and the Chairman of the Senate Committee on Rules have certified on or after July 1, 2016, that such action results from 1. budget reductions enacted in the Appropriation Act pertaining to the Legislative Department; 2. reorganization or reform actions taken by agencies in the legislative branch of state government to increase efficiency of operations or improve service delivery provided such actions have been approved by the Speaker of the House of Delegates and the Chairman of the Senate Committee on Rules; or 3. downsizing actions taken by agencies in the legislative branch of state government as the result of the loss of federal or other grants, private donations, or other nongeneral fund revenue and if the applicable agency certifies that the actions comport with the provisions of and related policies associated with the Workforce Transition Act. Under these conditions, the entire cost of such benefits for involuntarily separated employees shall be factored into the employer contribution rates paid to the Virginia Retirement System.

L. The purpose of this paragraph is to provide a transitional severance benefit, under the conditions specified, to eligible city, county, school division or other political subdivision employees who are involuntarily separated from employment with their employer.

1.a. "Involuntary separation" includes, but is not limited to, terminations and layoffs from employment with the employer, or being placed on leave without pay-layoff or equivalent status, due to budget reductions, employer reorganizations, workforce downsizings, or other causes not related to the job performance or misconduct of the employee, but shall not include voluntary resignations. As used in this paragraph, a "terminated employee" shall mean an employee who is involuntarily separated from employment with his employer.

b. The governing authority of a city, county, school division or other political subdivision electing to cover its employees under the provisions of this paragraph shall adopt a resolution, as prescribed by the Board of Trustees of the Virginia Retirement System, to that effect. An election by a school division shall be evidenced by a resolution approved by the Board of such school division and its local governing authority.

2.a. Any (i) “eligible employee” as defined in § 51.1-132, (ii) “teacher” as defined in § 51.1-124.3, and (iii) any “local officer” as defined in § 51.1.124.3 except for the treasurer, commissioner of the revenue, attorney for the Commonwealth, clerk of a circuit court, or sheriff of any county or city, and (a) for whom reemployment with his employer is not possible because there is no available position for which the employee is qualified or the position offered to the employee requires relocation or a reduction in salary and (b) whose involuntary separation was due to causes other than job performance or misconduct, shall be eligible, under the conditions specified, for the transitional severance benefit conferred by this paragraph. The date of involuntary separation shall mean the date an employee was terminated from employment or placed on leave without pay-layoff or equivalent status.

b. Eligibility shall commence on the date of involuntary separation.

3.a. On his date of involuntary separation, an eligible employee with (i) two years' service or less to the employer shall be entitled to receive a transitional severance benefit equivalent to four weeks of salary; (ii) three years through and including nine years of consecutive service to the employer shall be entitled to receive a transitional severance benefit equivalent to four weeks of salary plus one additional week of salary for every year of service over two years; (iii) ten years through and including fourteen years of consecutive service to the employer shall be entitled to receive a transitional severance benefit equivalent to twelve weeks of salary plus two additional weeks of salary for every year of service over nine years; or (iv) fifteen years or more of consecutive service to the employer shall be entitled to receive a transitional severance benefit equivalent to two weeks of salary for every year of service, not to exceed thirty-six weeks of salary.

b. Transitional severance benefits shall be computed by the terminating employer's payroll department. Partial years of service shall be rounded up to the next highest year of service.

c. Transitional severance benefits shall be paid by the employer in the same manner as normal salary. In accordance with § 60.2-229, transitional severance benefits shall be allocated to the date of involuntary separation. The right of any employee who receives a transitional severance benefit to also receive unemployment compensation pursuant to § 60.2-100 et seq. shall not be denied, abridged, or modified in any way due to receipt of the

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transitional severance benefit; however, any employee who is entitled to unemployment compensation shall have his transitional severance benefit reduced by the amount of such unemployment compensation. Any offset to a terminated employee's transitional severance benefit due to reductions for unemployment compensation shall be paid in one lump sum at the time the last transitional severance benefit payment is made.

d. For twelve months after the employee's date of involuntary separation, the employee shall continue to be covered under the (i) health insurance plan administered by the employer for its employees, if he participated in such plan prior to his date of involuntary separation, and (ii) group life insurance plan administered by the Virginia Retirement System pursuant to Chapter 5 (§ 51.1-500 et seq.) of Title 51.1, or such other group life insurance plan as may be administered by the employer. During such twelve months, the terminating employer shall continue to pay its share of the terminated employee's premiums. Upon expiration of such twelve month period, the terminated employee shall be eligible to purchase continuing health insurance coverage under COBRA.

e. Transitional severance benefit payments shall cease if a terminated employee is reemployed or hired in an individual capacity as an independent contractor or consultant by the employer during the time he is receiving such payments.

f. All transitional severance benefits payable pursuant to this section shall be subject to applicable federal laws and regulations.

4.a. In lieu of the transitional severance benefit provided in subparagraph 3 of this paragraph, any otherwise eligible employee who, on the date of involuntary separation, is also (i) a vested member of a defined benefit plan within the Virginia Retirement System, including the hybrid retirement program described in § 51.1-169, and including a member eligible for the benefits described in subsection B of § 51.1-138, and (ii) at least fifty years of age, may elect to have the employer purchase on his behalf years to be credited to either his age or creditable service or a combination of age and creditable service, except that any years of credit purchased on behalf of a member of the Virginia Retirement System, including a member eligible for the benefits described in subsection B of § 51.1-138, who is eligible for unreduced retirement shall be added to his creditable service and not his age. The cost of each year of age or creditable service purchased by the employer shall be equal to fifteen percent of the employee's present annual compensation. The number of years of age or creditable service to be purchased by the employer shall be equal to the quotient obtained by dividing (i) the cash value of the benefits to which the employee would be entitled under subparagraphs 3.a. and 3.d. of this paragraph by (ii) the cost of each year of age or creditable service. Partial years shall be rounded up to the next highest year. Deferred retirement under the provisions of subsection C of §§ 51.1-153 and disability retirement under the provisions of § 51.1-156 et seq., shall not be available under this paragraph.

b. In lieu of the (i) transitional severance benefit provided in subparagraph 3 of this paragraph and (ii) the retirement program provided in this subsection, any employee who is otherwise eligible may take immediate retirement pursuant to §§ 51.1-155.1 or 51.1-155.2.

c. The retirement allowance for any employee electing to retire under this paragraph who, by adding years to his age, is between ages fifty-five and sixty-five, shall be reduced on the actuarial basis provided in subdivision A. 2. of § 51.1-155.

d. The retirement program provided in this subparagraph shall be otherwise governed by policies and procedures developed by the Virginia Retirement System.

e. Costs associated with the provisions of this subparagraph shall be factored into the employer contribution rates paid to the Virginia Retirement System.

f. Notwithstanding the foregoing, the provisions of this paragraph L shall apply to an otherwise eligible employee who is a person who becomes a member on or after July 1, 2010, a person who does not have 60 months of creditable service as of January 1, 2013, or a person who is enrolled in the hybrid retirement program described in § 51.1-169, mutatis mutandis.

M.1. a. In order to address the potential for stranded liability in the Virginia Retirement System, notwithstanding any other contrary provisions of the Appropriation Act or of § 51.1-145, institutions of higher education that have established their own optional retirement plan

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under § 51.1-126(B) shall pay, effective July 1, 2019, contributions to the employer's retirement allowance account in an amount equal to that portion of the state employer contribution rate designated to pay down the total unfunded accrued liability, for any positions existing as of December 31, 2011 that are subsequently converted from non-Optional Retirement Plan for Higher Education (ORPHE) eligible positions to ORPHE-eligible positions on or after January 1, 2012 and that are filled by an employee who elects to participate in the ORPHE. In meeting this obligation, each institution shall provide to the Virginia Retirement System by April 1 of each year a list of all positions converted from non-ORPHE eligible positions to ORPHE-eligible positions since January 1, 2012, and whether current employees in such positions have elected ORPHE participation.

b. Such contributions shall not be required for any new position established by the institution after January 1, 2012, that may be eligible for participation in the Optional Retirement Plan for Higher Education.

2. Furthermore, the Department of Accounts, the Virginia Retirement System, and the universities of higher education shall work to develop a methodology to identify and report separately personnel services expenditures for university personnel in positions that use to be classified positions but have been transitioned to university staff positions.

N. The Director, Department of Planning and Budget, shall transfer from this Item general fund amounts estimated at $1,547,181 the first year and ~~$1,964,846~~ *$2,463,462* the second year to state agencies and institutions of higher education to support the general fund portion of costs of Line of Duty Act premiums based on the latest enrollment update from the Virginia Retirement System. The funding included in this item is based on the contribution rate of $1,015.00 per FTE.

O. The Director, Department of Planning and Budget, shall withhold and transfer to this Item, general fund amounts estimated at $1,477,941 the first year and $2,750,900 the second year from state agencies and institutions of higher education to recognize the general fund portion of savings associated with the latest workers' compensation premiums provided by the Department of Human Resource Management.

P. The following agency heads, at their discretion, may utilize agency funds to implement the provisions of new or existing performance-based pay plans:

1. The heads of agencies in the Legislative and Judicial Departments;

2. The Commissioners of the State Corporation Commission and the Virginia Workers' Compensation Commission;

3. The Attorney General;

4. The Director of the Virginia Retirement System;

5. The Executive Director of the Virginia Lottery;

6. The Director of the University of Virginia Medical Center;

7. The Chief Executive Officer of the Virginia College Savings Plan;

8. The Executive Director of the Virginia Port Authority; and

9. The Chief Executive Officer of the Virginia Alcoholic Beverage Control Authority.

Q. Out of the amounts included in this item, amounts estimated at $902,706 the first year and $3,069,713 the second year from the general fund is available for transfer to state agencies and institutions of higher education to fund the increases in the Virginia minimum wage scheduled for January 1, 2025 and January 1, 2026.

R.1. Out of the appropriation for this item, $134,502,004 the first year and $275,290,398 the second year from the general fund is provided to increase the base salary of the following employees by three percent on June 10, 2024 and an additional three percent on June 10, 2025:

a. Full-time and other classified employees of the Executive Department subject to the

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Virginia Personnel Act;

b. Full-time employees of the Executive Department not subject to the Virginia Personnel Act, except officials elected by popular vote;

c. Any official whose salary is listed in § 4-6.01 of this act, subject to the ranges specified in the agency head salary levels in § 4-6.01 c;

d. Full-time staff of the Governor's Office, the Lieutenant Governor's Office, the Attorney General's Office, Cabinet Secretaries' Offices, including the Deputy Secretaries, the Virginia Liaison Office, and the Secretary of the Commonwealth's Office;

e. Heads of agencies in the Legislative Department;

f. Full-time employees in the Legislative Department, other than officials elected by popular vote;

g. Legislative Assistants as provided for in Item 1 of this act;

h. Judges and Justices in the Judicial Department;

i. Heads of agencies in the Judicial Department;

j. Full-time employees in the Judicial Department;

k. Commissioners of the State Corporation Commission and the Virginia Workers' Compensation Commission, the Chief Executive Officers of the Virginia College Savings Plan, and the Virginia Alcoholic Beverage Control Authority, and the Directors of the Virginia Lottery, the Virginia Retirement System,the Virginia Cannabis Control Authority, and the Opioid Abatement Authority.

l. Full-time employees of the State Corporation Commission, the Virginia College Savings Plan, the Virginia Lottery, Virginia Workers' Compensation Commission, the Virginia Retirement System, the Virginia Alcoholic Beverage Control Authority, the Virginia Cannabis Control Authority, and the Opioid Abatement Authority.

2.a. Employees in the Executive Department subject to the Virginia Personnel Act shall receive the salary increases authorized in this paragraph only if they attained at least a rating of "Contributor" on their latest performance evaluation.

b. Salary increases authorized in this paragraph for employees in the Judicial and Legislative Departments, employees of Independent agencies, and employees of the Executive Department not subject to the Virginia Personnel Act shall be consistent with the provisions of this paragraph, as determined by the appointing or governing authority. However, notwithstanding anything herein to the contrary, the governing authorities of those state institutions of higher education with employees not subject to the Virginia Personnel Act may implement salary increases for such employees that may vary based on performance and other employment-related factors. The appointing or governing authority shall certify to the Department of Human Resource Management that employees receiving the awards are performing at levels at least comparable to the eligible employees as set out in subparagraph 2.a. of this paragraph.

3. The Department of Human Resource Management shall increase the minimum and maximum salary for each band within the Commonwealth's Classified Compensation Plan by three percent on June 10, 2024 and an additional three percent on June 10, 2025. No salary increase shall be granted to any employee as a result of this action. The department shall develop policies and procedures to be used in instances when employees fall below the entry level for a job classification due to poor performance. Movement through the revised pay band shall be based on employee performance.

4. The following agency heads, at their discretion, may utilize agency funds or the funds provided pursuant to this paragraph to implement the provisions of new or existing performance-based pay plans:

a. The heads of agencies in the Legislative and Judicial Departments;

b. The Commissioners of the State Corporation Commission and the Virginia Workers' Compensation Commission;

c. The Attorney General;

d. The Director of the Virginia Retirement System;

e. The Director of the Virginia Lottery;

f. The Director of the University of Virginia Medical Center;

g. The Chief Executive Officer of the Virginia College Savings Plan; and

h. The Executive Director of the Virginia Port Authority. and

i. The Chief Executive Officer of the Virginia Alcoholic Beverage Control Authority

5. The base rates of pay, and related employee benefits, for wage employees may be increased by up to three percent no earlier then June 10, 2024 and an additional three percent no earlier than June 10, 2025. The cost of such increases for wage employees shall be borne by existing funds appropriated to each agency.

6. The governing authorities of the state institutions of higher education may provide a salary adjustment based on performance and other employment-related factors, as long as the increases do not exceed the three percent increase on average for faculty and university staff.

S.1. The appropriations in this item include funds to increase the base salary of the following employees by three percent on July 1, 2024 and an additional three percent on July 1, 2025, provided that the governing authority of such employees use such funds to support salary increases for the following listed employees.

a. Locally-elected constitutional officers;

b. General Registrars and members of local electoral boards;

c. Full-time employees of locally-elected constitutional officers and,

d. Full-time employees of Community Services Boards, Centers for Independent Living, secure detention centers supported by Juvenile Block Grants, juvenile delinquency prevention and local court service units, local social services boards, local pretrial services act and Comprehensive Community Corrections Act employees, and local health departments where a memorandum of understanding exists with the Virginia Department of Health.

2. Out of the appropriation for Supplements to Employee Compensation is included $38,018,552 the first year and $80,663,893 the second year from the general fund to support the costs associated with the salary increases provided in this paragraph.

T. Included in the appropriation for this item is $4,455,837 the first year and $9,044,194 the second year from the general fund to provide a three percent increase in base pay effective June 10, 2024 and an additional three percent increase in base pay effective June 10, 2025, for adjunct faculty at Virginia two-year and four-year public colleges and higher education institutions.

U. Included in the appropriation for this item is $1,832,807 the first year and $3,720,598 the second year from the general fund to provide a three percent increase in base pay effective June 10, 2024 and an additional three percent increase in base pay effective June 10, 2025, for graduate teaching assistants at Virginia two-year and four-year public colleges and higher education institutions.

V.1. Up to $61,990,939 the first year from the general fund appropriation of this item shall be used to provide all classified employees of the Executive Branch and other full-time employees of the Commonwealth, except elected officials, who were employed on or before February 25, 2025, and remained employed until at least May 25, 2025, a one-time bonus payment equal to 1.5 percent of their base pay on June 16, 2025.

2. Employees in the Executive Department subject to the Virginia Personnel Act shall receive the bonus payment authorized in this paragraph only if they have attained an equivalent rating of at least "Contributor" on their performance evaluation and have no active written notices under the Standards of Conduct within the preceding twelve-month period.

3. The governing authorities of the state institutions of higher education may provide the bonus for faculty and university staff based on performance and other employment-related factors, as long as the bonuses do not exceed what the average would have been based on the general methodology authorized in this paragraph.

W.1. Up to $21,066,978 from the general fund the first year is provided for a one-time bonus payment, equal to 1.5 percent of their base salary, on July 1, 2025 provided that the governing authority of such employees use such funds to support the provision of a bonus for the following listed employees:

a. Locally-elected constitutional officers;

b. General Registrars and members of local electoral boards;

c. Full-time employees of locally-elected constitutional officers; and,

d. Full-time employees of Community Services Boards, Centers for Independent Living, secure detention centers supported by Juvenile Block Grants, juvenile delinquency prevention and local court service units, local social services boards, local pretrial services act and Comprehensive Community Corrections Act employees, and local health departments where a memorandum of understanding exists with the Virginia Department of Health.

2. Any funds provided in this paragraph for state supported local employees where the state funding is provided on a reimbursement basis, that is not expended during fiscal year 2025, shall not revert to the general fund but shall be reappropriated for disbursements to reimburse for the cost of the bonus.

X.1. Up to $84,841,170 the second year from the general fund appropriation of this item shall be used to provide all classified employees of the Executive Branch and other full-time employees of the Commonwealth, except elected officials, who were employed on or before February 25, 2026, and remained employed until at least May 25, 2026, a one-time bonus payment equal to $1,500 on June 16, 2026.

2. Employees in the Executive Department subject to the Virginia Personnel Act shall receive the bonus payment authorized in this paragraph only if they have attained an equivalent rating of at least "Contributor" on their performance evaluation and have no active written notices under the Standards of Conduct within the preceding twelve-month period.

3. The governing authorities of the state institutions of higher education may provide the bonus for faculty and university staff based on performance and other employment-related factors, as long as the bonuses do not exceed what the average would have been based on the general methodology authorized in this paragraph.

4. Additionally, the governing authorities of the state institutions of higher education may elect to provide the one-time bonus at any point between June 16, 2026 and September 16, 2026. Any funds provided in this paragraph for employees at state institutions of higher education that have elected to provide the one-time bonus payment after June 30, 2026 shall not revert to the general fund but shall be reappropriated to support the cost of the bonus payment in fiscal year 2027.

Y.1. Up to $32,731,221 from the general fund the second year is provided for a one-time bonus payment, equal to two percent of their base salary, on June 1, 2026 provided that the governing authority of such employees use such funds to support the provision of a bonus for the following listed employees:

a. Locally-elected constitutional officers;

b. General Registrars and members of local electoral boards;

c. Full-time employees of locally-elected constitutional officers; and,

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d. Full-time employees of Community Services Boards, Centers for Independent Living, secure detention centers supported by Juvenile Block Grants, juvenile delinquency prevention and local court service units, local social services boards, local pretrial services act and Comprehensive Community Corrections Act employees, and local health departments where a memorandum of understanding exists with the Virginia Department of Health.

2. Any funds provided in this paragraph for state supported local employees where the state funding is provided on a reimbursement basis, that is not expended during fiscal year 2026, shall not revert to the general fund but shall be reappropriated the following year for disbursements to reimburse for the cost of the bonus.

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470.	Not set out.				
470.10	Not set out.				
471.	Payments for Special or Unanticipated Expenditures (75800)			$11,300,000	$3,265,382
	Miscellaneous Contingency Reserve Account (75801)	$1,300,000	$1,300,000		
	Undistributed Support for Designated State Agency Activities (75806)	$10,000,000	$1,965,382		
	Fund Sources: General	$11,300,000	$3,265,382		

Authority: Discretionary Inclusion.

A. The Governor is hereby authorized to allocate sums from this appropriation, in addition to an amount not to exceed $5,000,000 from the unappropriated balance derived by subtracting the general fund appropriations from the projected general fund revenues in this act, to provide for supplemental funds pursuant to paragraph D hereof. Transfers from this Item shall be made only when (1) sufficient funds are not available within the agency's appropriation and (2) additional funds must be provided prior to the end of the next General Assembly Session.

B.1. The Governor is authorized to allocate from the unappropriated general fund balance in this act such amounts as are necessary to provide for unbudgeted cost increases to state agencies incurred as a result of actions to enhance homeland security, combat terrorism, and to provide for costs associated with the payment of a salary supplement for state classified employees ordered to active duty as part of a reserve component of the Armed Forces of the United States or the Virginia National Guard. Any salary supplement provided to state classified employees ordered to active duty, shall apply only to employees who would otherwise earn less in salary and other cash allowances while on active duty as compared to their base salary as a state classified employee. Guidelines for such payments shall be developed by the Department of Human Resource Management in conjunction with the Departments of Accounts and Planning and Budget.

2. The Governor shall submit a report within thirty days to the Chairmen of House Appropriations and Senate Finance and Appropriations Committees which itemizes any disbursements made from this Item for such costs.

3. The governing authority of the agencies listed in this subparagraph may, at its discretion and from existing appropriations, provide such payments to their employees ordered to active duty as part of a reserve component of the Armed Forces of the United States or the Virginia National Guard, as are necessary to provide comparable pay supplements to its employees.

a. Agencies in the Legislative and Judicial Departments;

b. The State Corporation Commission, the Virginia Workers' Compensation Commission, the Virginia Retirement System, the Virginia Lottery, and the Virginia College Savings Plan;

c. The Office of the Attorney General and the Department of Law; and

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d. State-supported institutions of higher education.

C. The Governor is authorized to expend from the unappropriated general fund balance in this act such amounts as are necessary, up to $5,000,000, to provide for indemnity payments to growers, producers, and owners for losses sustained as a result of an infectious disease outbreak or natural disaster in livestock and poultry populations in the Commonwealth. Such payments shall be made in accordance with guidelines established by the Department of Agriculture and Consumer Services. In developing the guidelines to allocate payments, the Commissioner of the Department of Agriculture and Consumer Services shall consult the representatives of the affected industries.

D. Out of the appropriation for this item is included $1,000,000 the first year and $1,000,000 the second year from the general fund to be used by the Governor as he may determine to be needed for the following purposes:

1. To address the six conditions listed in § 4-1.03 c 5 of this act.

2. To provide for unbudgeted and unavoidable increases in costs to state agencies for essential commodities, services, and training which cannot be absorbed within agency appropriations including unbudgeted benefits associated with Workforce Transition Act requirements.

3. To secure federal funds in the event that additional matching funds are needed for Virginia to participate in the federal Superfund program.

4. To provide a payment of up to $100,000 to the Military Order of the Purple Heart, for the continued operation of the National Purple Heart Hall of Honor, provided that at least half of other states have made similar grants.

5. In addition, if the amounts appropriated in this Item are insufficient to meet the unanticipated events enumerated, the Governor may utilize up to $1,000,000 the first year and $1,000,000 the second year from the general fund amounts appropriated for the Commonwealth's Opportunity Fund for the unanticipated purposes set forth in paragraph D.1. through paragraph D.4. of this Item.

6. In addition, to provide for payment of monetary rewards to persons who have disclosed information of wrongdoing or abuse under the Fraud and Abuse Whistle Blower Protection Act.

7. The Department of Planning and Budget shall submit a quarterly report of any disbursements made from, commitments made against, and requests made for such sums authorized for allocation pursuant to this paragraph to the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees. This report shall identify each of the conditions specified in this paragraph for which the transfer is made.

E. Included in this appropriation is $300,000 the first year and $300,000 the second year from the general fund to pay for private legal services and the general fund share of unbudgeted costs for enforcement of the 1998 Tobacco Master Settlement Agreement. Transfers for private legal services shall be made by the Director, Department of Planning and Budget upon prior written authorization of the Governor or the Attorney General, pursuant to § 2.2-510, Code of Virginia or Item 49, Paragraph D of this act. Transfers for enforcement of the Master Settlement Agreement shall be made by the Director, Department of Planning and Budget at the request of the Attorney General, pursuant to Item 49, Paragraph B of this act.

F. Notwithstanding the provisions of § 58.1-608.3B.(v), Code of Virginia, any municipality which has issued bonds on or after July 1, 2001, but before July 1, 2006, to pay the cost, or portion thereof, of any public facility pursuant to § 58.1-608.3, Code of Virginia, shall be entitled to all sales tax revenues generated by transactions taking place in such public facility.

G. Any amounts appropriated in this item that remain unspent at the end of any fiscal year shall be reappropriated in the next fiscal year.

H.1. The balances of any amounts originally provided in Item 475, Chapter 2, 2018 Acts of Assembly Special Session I, Item 479, Chapter 552, 2021 Acts of Assembly, and Item 485, Chapter 2, 2022 Acts of Assembly, Special Session I are provided for the City of Richmond for the Slavery and Freedom Heritage Site in Richmond, Virginia. These balances remaining

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from the general fund originally intended to be provided to the City of Richmond for expenses incurred for the planning and development of the Slavery and Freedom Heritage Site in Richmond, including Lumpkin's Pavilion and Slave Trail improvements may be appropriated by the Director, Department of Planning and Budget, consistent with the provisions of this paragraph. Any unexpended general fund balances remaining from the appropriation in this paragraph shall not revert to the general fund at the end of the fiscal year, but shall be brought forward and reappropriated for its original purpose.

2. The City of Richmond shall provide documentation to the Department of General Services on the progress of this project and actual expenditures incurred for it in a form acceptable to the Secretaries of Finance and Administration.

3. The Department of General Services shall act as the fiscal agent for these funds. The director shall oversee the expenditure of state appropriations to ensure that payments to the City of Richmond are made consistent with the purposes set out in paragraphs and the Director, Department of Planning and Budget, is authorized to transfer these funds to the Department of General Services to implement this appropriation.

4. This appropriation shall be exempt from the disbursement procedures specified in § 4-5.05 of the act.

5. Any remaining funds contained in paragraph H.1. above for the purposes enumerated shall be made available to the City of Richmond upon the receipt of planning and development information by the Department of General Services. The Director of the Department of Planning and Budget shall provide the additional funds at the request of the Department of General Services as the fiscal agent for this project.

I.1. The Chief Transformation Officer shall provide quarterly program updates, to include the status of projects and amounts expended per project, to the Governor and the Chairs of the House Appropriations and Senate Finance and Appropriations Committees beginning October 1, 2022.

2. The Chief Transformation Officer, in consultation with the Virginia Information Technologies Agency, shall report on the use of consultants for transformation and reform initiatives since January 2022. The report shall be submitted by January 1, 2024, and then annually thereafter for each calendar year, to the Chairs of the House Appropriations and Senate Finance and Appropriations Committee and shall include for each instance that a consultant was used, the contract utilized, the amount, the purpose, and consultant name.

J.1. There is hereby created in the state treasury a special nonreverting fund to be known as the Mass Violence Care Fund (the Fund). The Fund shall be established on the books of the Comptroller. All moneys accruing to the Fund, including funds appropriated for such purpose and any gifts, donations, grants, bequests, and other funds received on its behalf, shall be paid into the state treasury and credited to the Fund. Interest earned on moneys in the Fund shall remain in the Fund and be credited to it. Any moneys remaining in the Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the Fund. Moneys in the Fund shall be used for the purpose of supporting out-of-pocket health expenses for victims of mass violence.

2. The Director, Department of Planning and Budget, shall transfer the balances of the funds originally provided for victims of mass violence pursuant to Item 485, Chapter 1, 2023 Acts of Assembly, Special Session I.

3. Amounts in the Mass Violence Care Fund shall not be transferred or expended unless and until the General Assembly has adopted a structure for administering the Fund.

K.1. Notwithstanding the provisions of § 2.2-115, Code of Virginia, $250,000 the first year shall be transferred from the amounts in Item 101, Paragraph A. of this act to the Virginia Employment Commission on or before July 15, 2024, for the purpose of updating the November 2021 Paid and Family Medical Leave study.

2. The Virginia Employment Commission (the Commission), in collaboration with the Department of Human Resource Management, the Compensation Board, the Virginia Department of Education, and the Department of Planning and Budget, shall update its November 2021 Virginia Paid Family and Medical Leave study, as authorized by Item

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111 of Chapter 1289 of the Acts of Assembly of 2020, to include an assessment of the budgetary impacts of extending application of paid family and medical leave benefits as contemplated in Senate Bill 373 of the 2024 General Assembly to exempt individuals, while maintaining the benefits provided in § 2.2-1210 of the Code of Virginia for state employees. Such assessment shall also examine (i) the number of exempt individuals that would receive expanded family and medical leave benefits; (ii) the budgetary impact and salary impact associated with providing each type of benefit to each class of employee described in clause (i); and (iii) the budgetary impact on state direct aid to public education. The Commission shall submit the updated study to the Chairs of the House Committee on Appropriations and the Senate Committee on Finance and Appropriations on or before December 1, 2024.

3. "Exempt individuals" for the purpose of this paragraph means a state employee, the treasurer, commissioner of the revenue, attorney for the Commonwealth, clerk of a circuit court, sheriff of any county or city, regional jail superintendent or regional jail officer, or local director of finance, or deputy or employee of any such officer, or an employee of a local school division.

4."State employee" means all persons employed by the Commonwealth or a public institution of higher education to provide services, including both salaried and wage employees, whether employed full time or part time.

~~L. Out of the amounts in this item, $10,000,000 the first year from the general fund shall be provided to establish the Virginia Clean Energy Innovation Bank to finance climate initiatives. Up to $2,000,000 of these amounts may be used for administration.~~

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M. Out of this appropriation, the Governor is authorized to expend additional amounts as necessary to support costs associated with the Presidential Debate hosted by Virginia State University in October 2024.

N.1. Included in this Item is $1,312,898 the second year from the general fund to support the transition offices established as a result of the 2025 elections for Governor, Lieutenant Governor, and Attorney General. Out of this amount, $1,149,898 shall be transferred, based on actual expenses, to the Department of General Services and $163,000 to the Division of Executive Administrative Services for the provision of facilities, equipment, services, and supplies required to support the transition activity.

2. The Commonwealth's financial support for the transition is to be allocated as follows:

Office of the Governor: $1,194,410
Office of the Lieutenant Governor: $69,327
Office of the Attorney General: $49,161

O. Included in this Item is $652,484 the second year from the general fund to be transferred, based on actual expenditures, to the Department of General Services to support anticipated costs for the inauguration in January 2026.

P. On or before June 30, 2025, the Director, Department of Planning and Budget, shall authorize the reversion to the general fund of $994,429 from the surplus balances of this program.

Q.1. On or before June 30, 2026, the Director, Department of Planning and Budget, shall authorize the reversion to the general fund of $4,641,415 from the surplus balances of this program.

2. In addition to this amount, the director shall also authorize the reversion of any additional balances remaining from appropriations provided in paragraph J, Item 485, Chapter 1, 2023 Acts of Assembly, Special Session I.

472. Not set out.

473. Not set out.

474. Not set out.

ITEM 474.	Item Details($) First Year FY2025	Item Details($) Second Year FY2026	Appropriations($) First Year FY2025	Appropriations($) Second Year FY2026
Total for Central Appropriations			**$406,596,076**	**~~$552,079,732~~** ***$688,531,148***
Fund Sources: General	$343,799,359	~~$498,657,050~~ *$629,137,571*		
Higher Education Operating	$21,531,657	~~$12,157,622~~ *$18,128,517*		
Trust and Agency	$41,265,060	$41,265,060		
TOTAL FOR CENTRAL APPROPRIATIONS			**$406,596,076**	**~~$552,079,732~~** ***$688,531,148***
Fund Sources: General	$343,799,359	~~$498,657,050~~ *$629,137,571*		
Higher Education Operating	$21,531,657	~~$12,157,622~~ *$18,128,517*		
Trust and Agency	$41,265,060	$41,265,060		
TOTAL FOR EXECUTIVE DEPARTMENT			**$89,145,234,584**	**~~$88,448,532,742~~** ***$90,175,480,268***
General Fund Positions	51,063.68	51,186.28		
Nongeneral Fund Positions	67,428.93	67,810.18		
Position Level	118,492.61	118,996.46		
Fund Sources: General	$33,938,830,888	~~$31,887,649,818~~ *$32,749,611,629*		
Special	$1,859,337,205	$2,189,556,952		
Higher Education Operating	$11,680,950,150	~~$12,444,772,284~~ *$12,450,743,179*		
Commonwealth Transportation	$9,234,126,476	~~$8,446,417,585~~ *$8,457,417,585*		
Enterprise	$717,857,719	$723,350,239		
Internal Service	$2,548,392,953	$2,661,451,414		
Trust and Agency	$2,639,107,883	~~$2,639,414,973~~ *$2,687,706,488*		
Debt Service	$308,781,595	$312,907,180		
Dedicated Special Revenue	$4,980,778,699	~~$5,087,660,748~~ *$5,474,917,745*		
Federal Trust	$21,237,071,016	~~$22,055,351,549~~ *$22,467,817,857*		

ITEM 475.		Item Details($) First Year FY2025	Item Details($) Second Year FY2026	Appropriations($) First Year FY2025	Appropriations($) Second Year FY2026

INDEPENDENT AGENCIES

475.	Not set out.				
476.	Not set out.				
477.	Not set out.				
478.	Not set out.				
479.	Not set out.				
480.	Not set out.				
481.	Not set out.				
482.	Not set out.				
483.	Not set out.				
484.	Not set out.				
485.	Not set out.				
486.	Not set out.				
487.	Not set out.				
488.	Not set out.				
489.	Not set out.				
489.10	Not set out.				
489.20	Not set out.				
489.30	Not set out.				

§ 1-22. OPIOID ABATEMENT AUTHORITY (856)

489.40	Financial Assistance for Individual and Family Services (49000)			$73,621,057	$77,828,565
	Financial Assistance to Abate and Remediate the Opioid Epidemic (49020)	$73,621,057	$77,828,565		
	Fund Sources: Special	$73,621,057	$77,828,565		

Authority: Title 2.2-2365 through 2.2-2376

A. The Opioid Abatement Authority shall abate and remediate the opioid epidemic in the Commonwealth through financial support from the Opioid Abatement Fund in accordance with § 2.2-2365 through § 2.2-376, Code of Virginia, in the form of grants, donations, or other assistance, for efforts to treat, prevent, and reduce opioid use disorder and the misuse of opioids in the Commonwealth.

B. To the extent necessary to fund the operations of the Opioid Abatement Authority, the Authority is authorized to request nongeneral fund appropriation increases in accordance with § 4-1.04 of the Appropriation Act.

ITEM 489.40.	Item Details($) First Year FY2025	Item Details($) Second Year FY2026	Appropriations($) First Year FY2025	Appropriations($) Second Year FY2026

C. The Opioid Abatement Authority shall include, as an addendum to its annual executive summary required pursuant to § 2.2-2373, Code of Virginia, an update on prior fiscal year activity related to the Commonwealth Opioid Abatement and Remediation Fund (the Fund), established pursuant to § 2.2-2377, Code of Virginia. Specifically, the addendum shall include an account of any deposits, designations, and expenditures made, along with corresponding performance measures, and other applicable data and information related to the use of the Fund settlement proceeds by state agencies.

D. Notwithstanding § 2.2-212, Code of Virginia, the Opioid Abatement Authority is an independent agency of the Commonwealth and is not subject to the provisions of that section.

E. The administrative budget for the Opioid Abatement Authority is estimated at $3,400,000 the first year and $2,400,000 the second year.

F. In awarding grants to state agencies, the Board of the Opioid Abatement Authority shall ensure that the grant funds are within the scope of the statutory authority of the respective agency to administer such grants. In addition, grant funds shall be considered one-time in nature and shall not create an on-going obligation for the Commonwealth.

G. Out of appropriations provided in this act, $19,419,145 the first year and $~~15,664,145~~*$24,164,145* the second year from nongeneral funds is for disbursement from the Commonwealth Opioid Abatement and Remediation Fund as follows:

Agency	**Purpose**	**FY 2025**	**FY 2026**
Department of Health (601)	Opioid Overdose Reversal Agent Program	$8,000,000	$*0*~~8,000,000~~
Department of Health (601)	Opioid Reversal Agents and Test Kits	$5,519,145	$5,464,145
Department of Health (601)	Fentanyl Waste Water Testing	$400,000	$0
Department of Health (601)	Naloxone for Public Schools	$0	$100,000
Department of Criminal Justice Services (140)	Jail-Based Substance Use Disorder Treatment and Transition Fund	$2,000,000	$0
VA Foundation for Healthy Youth (852)	Marketing Efforts for Opioid Crisis	$500,000	$500,000
Virginia Information Technologies Agency (136)	State Agency Opioid Data	$3,000,000	$1,000,000
Department of Health (601)	Opioid Impact Reduction Registry	$0	$100,000
Department of Health Professions (223)	Prescription Monitoring Program	$0	$600,000
Department of Social Services (765)	Addiction Treatment Navigator	$0	$400,000
Virginia Innovation Partnership Authority (309)	*Opioid Overdose Reversal Agent Program*		*$16,000,000*
Total		**$19,419,145**	~~**$16,164,145**~~ *$24,164,145*

	Item Details First Year FY2025	Item Details Second Year FY2026	Appropriations First Year FY2025	Appropriations Second Year FY2026
Total for Opioid Abatement Authority			**$73,621,057**	**$77,828,565**
Nongeneral Fund Positions	7.00	7.00		
Position Level	7.00	7.00		
Fund Sources: Special	$73,621,057	$77,828,565		
TOTAL FOR INDEPENDENT AGENCIES			**$2,779,869,030**	**$3,232,902,473**
General Fund Positions	17.00	17.00		
Nongeneral Fund Positions	3,858.00	3,862.00		
Position Level	3,875.00	3,879.00		

ITEM 489.40.		Item Details($) First Year FY2025	Item Details($) Second Year FY2026	Appropriations($) First Year FY2025	Appropriations($) Second Year FY2026
Fund Sources:	General	$11,231,579	$31,255,204		
	Special	$197,171,234	$206,438,172		
	Enterprise	$1,908,523,558	$2,181,070,901		
	Trust and Agency	$145,542,938	$143,498,490		
	Dedicated Special Revenue	$180,060,597	$183,236,274		
	Federal Trust	$337,339,124	$487,403,432		

ITEM 490.		Item Details($) First Year FY2025	Item Details($) Second Year FY2026	Appropriations($) First Year FY2025	Appropriations($) Second Year FY2026
	STATE GRANTS TO NONSTATE ENTITIES				
490.	Not set out.				
	TOTAL FOR STATE GRANTS TO NONSTATE ENTITIES			**$0**	**$0**
	TOTAL FOR PART 1: OPERATING EXPENSES			**$92,780,541,771**	**~~$92,529,007,142~~** ***$94,255,954,668***
	General Fund Positions	55,521.39	55,659.99		
	Nongeneral Fund Positions	71,429.43	71,814.68		
	Position Level	126,950.82	127,474.67		
	Fund Sources: General	$34,757,035,806	~~$32,718,285,329~~ *$33,580,247,140*		
	Special	$2,076,274,132	$2,415,487,619		
	Higher Education Operating	$11,680,950,150	~~$12,444,772,284~~ *$12,450,743,179*		
	Commonwealth Transportation	$9,234,126,476	~~$8,446,417,585~~ *$8,457,417,585*		
	Enterprise	$2,626,381,277	$2,904,421,140		
	Internal Service	$2,548,392,953	$2,661,451,414		
	Trust and Agency	$2,784,791,729	~~$2,783,054,371~~ *$2,831,345,886*		
	Debt Service	$308,781,595	$312,907,180		
	Dedicated Special Revenue	$5,187,945,255	~~$5,298,002,981~~ *$5,685,259,978*		
	Federal Trust	$21,575,862,398	~~$22,544,207,239~~ *$22,956,673,547*		

PART 2: CAPITAL PROJECT EXPENSES

§ 2-0. GENERAL CONDITIONS

A.1. The General Assembly hereby authorizes the capital projects listed in this act. The amounts hereinafter set forth are appropriated to the state agencies named for the indicated capital projects. Amounts so appropriated and amounts reappropriated pursuant to paragraph G. of this section shall be available for expenditure during the current biennium, subject to the conditions controlling the expenditures of capital project funds as provided by law. Reappropriated amounts, unless otherwise stated, are limited to the unexpended appropriation balances at the close of the previous biennium, as shown by the records of the Department of Accounts.

2. The Director, Department of Planning and Budget, may transfer appropriations listed in Part 2 of this act from the second year to the first year in accordance with § 4-1.03 c.5. of this act.

B. The five-digit number following the title of a project is the code identification number assigned for the life of the project.

C. Except as herein otherwise expressly provided, appropriations or reappropriations for structures may be used for the purchase of equipment to be used in the structures for which the funds are provided, subject to guidelines prescribed by the Governor.

D. Notwithstanding any other provisions of law, appropriations for capital projects shall be subject to the following:

1. Appropriations or reappropriations of funds made pursuant to this act for planning of capital projects shall not constitute implied approval of construction funds in a future biennium. Funds, other than the reappropriations referred to above, for the preparation of capital project proposals must come from the affected agency's existing resources.

2. No capital project for which appropriations for planning are contained in this act, nor any project for which appropriations for planning have been previously approved, shall be considered for construction funds until preliminary plans and cost estimates are reviewed by the Department of General Services. The purpose of this review is to avoid unnecessary expenditures for each project, in the interest of assuring the overall cost of the project is reasonable in relation to the purpose intended, regardless of discrete design choices.

E.1. Expenditures from Items in this act identified as "Maintenance Reserve" are to be made only for the maintenance of property, plant, and equipment as defined in § 4-4.01 c. of this act to the extent that funds included in the appropriation to the agency for this purpose in Part 1 of this act are insufficient.

2. Agencies and institutions of higher education can expend up to $2,000,000 for a single repair or project, and up to $4,000,000 for a roof replacement project, through the maintenance reserve appropriation. Such expenditures shall be subject to rules and regulations prescribed by the Governor. To the extent an agency or institution of higher education has identified a potential project that exceeds this threshold, the Director, Department of Planning and Budget, can provide exemptions to the threshold as long as the project still meets the definition of a maintenance reserve project as defined by the Department of Planning and Budget.

3. Only facilities supported wholly or in part by the general fund shall utilize general fund maintenance reserve appropriations. Facilities supported entirely by nongeneral funds shall accomplish maintenance through the use of nongeneral funds.

F. Conditions Applicable to Bond Projects

1. The capital projects listed in the 9(C) Revenue Bonds and 9(D) Revenue Bonds sections in Part 2 of this act for the indicated agencies and institutions of higher education are hereby authorized and sums from the sources and in the amount indicated are hereby appropriated and reappropriated. The issuance of bonds in a principal amount plus amounts needed to fund issuance costs, reserve funds, and other financing expenses, including capitalized interest for any project listed in the 9(C) Revenue Bonds and 9(D) Revenue Bonds sections in Part 2 of this act is hereby authorized.

2. The issuance of bonds for any project listed in the 9(C) Revenue Bonds section in Part 2 of this act is to be separately authorized pursuant to Article X, Section 9 (c), Constitution of Virginia.

3. The issuance of bonds for any project listed in the 9(C) Revenue Bonds or 9(D) Revenue Bonds sections in Part 2 of this act shall be authorized pursuant to § 23.1-1106, Code of Virginia.

4. In the event that the cost of any capital project listed in the 9(C) Revenue Bonds and 9(D) Revenue Bonds sections in Part 2 of this act shall exceed the amount appropriated therefore, the Director, Department of Planning and Budget, is hereby authorized, upon request of the affected institution, to approve an increase in appropriation authority of not more than ten percent of the amount designated in the 9(C) Revenue Bonds and 9(D) Revenue Bonds sections in part 2 of this act for such project, from any available nongeneral fund revenues, provided that such increase shall not constitute an increase in debt issuance authorization for such capital project. Furthermore, the Director, Department of Planning and Budget, is hereby authorized to approve the expenditure of all interest

earnings derived from the investment of bond proceeds in addition to the amount designated in the 9(C) Revenue Bonds and 9(D) Revenue Bonds sections in part 2 of this act for such capital project.

5. The interest on bonds to be issued for these projects may be subject to inclusion in gross income for federal income tax purposes.

6. Inclusion of a project in this act does not imply a commitment of state funds for temporary construction financing. In the absence of such commitment, the institution may be responsible for securing short-term financing and covering the costs from other sources of funds.

7. In the event that the Treasury Board determines not to finance all or any portion of any project listed in the 9(C) Revenue Bonds section in Part 2 of this act with the issuance of bonds pursuant to Article X, Section 9 (c), Constitution of Virginia, and notwithstanding any provision of law to the contrary, this act shall constitute the approval of the General Assembly to finance all or such portion of such project under the authorization of the 9(D) Revenue Bonds section in Part 2 of this act.

8. The General Assembly further declares and directs that, notwithstanding any other provision of law to the contrary, 50 percent of the proceeds from the sale of surplus real property pursuant to § 2.2-1147 et seq., Code of Virginia, which pertain to the general fund, and which were under the control of an institution of higher education prior to the sale, shall be deposited in a special fund set up on the books of the State Comptroller, which shall be known as the Higher Education Capital Projects Fund. Such sums shall be held in reserve, and may be used, upon appropriation, to pay debt service on bonds for the 21st Century College Program as authorized in Item C-7.10 of Chapter 924 of the Acts of Assembly of 1997.

9. Notwithstanding any other provision of law, a public institution of higher education may participate in the United States Department of Education Historically Black College and University Capital Financing Program (HBCU Program), and use federal grant and contract funds as permitted by the Program.

G. Upon certification by the Director, Department of Planning and Budget, there is hereby reappropriated the appropriations unexpended at the close of the previous biennium for all authorized capital projects which meet any of the following conditions:

1. Construction is in progress.

2. Equipment purchases have been authorized by the Governor but not received.

3. Plans and specifications have been authorized by the Governor but not completed.

4. Obligations were outstanding at the end of the previous biennium.

H. Alternative Financing

1. Any agency or institution of the Commonwealth that would construct, purchase, lease, or exchange a capital asset by means of an alternative financing mechanism, such as the Public Private Education Infrastructure Act, or similar statutory authority, shall provide a report to the Governor and the Chairs of the Senate Finance and Appropriations Committee and the and House Appropriations Committees no less than 30 days prior to entering into such alternative financing agreement. This report shall provide:

a. a description of the purpose to be achieved by the proposal;

b. a description of the financing options available, including the alternative financing, which will delineate the revenue streams or client populations pledged or encumbered by the alternative financing;

c. an analysis of the alternatives clearly setting out the advantages and disadvantages of each for the Commonwealth;

d. an analysis of the alternatives clearly setting out the advantages and disadvantages of each for the clients of the agency or institution; and

e. a recommendation and planned course of action based on this analysis.

I. Conditions Applicable to Alternative Financing

The following authorizations to construct, purchase, lease or exchange a capital asset by means of an alternative financing mechanism, such as the Public Private Education Infrastructure Act, or similar statutory authority, are continued until revoked. Projects in this section shall be consistent with the guidelines of the Department of General Services and comply with Treasury Board Guidelines issued pursuant to § 23.1-1106 C.1.d, Code of Virginia. Furthermore, projects in this section shall be submitted for comment to the Six-Year Capital Outlay Plan Advisory Committee, established under § 2.2-1516, Code of Virginia:

1. James Madison University

a. Subject to the provisions of this act, the General Assembly authorizes James Madison University, with the approval of the Governor, to explore and evaluate an alternative financing scenario to provide additional parking, student housing, and/or operational related facilities. The project shall be consistent with the guidelines of the Department of General Services and comply with Treasury Board Guidelines issued pursuant to § 23.1-1106 C.1.d, Code of Virginia.

b. The General Assembly authorizes James Madison University to enter into a written agreement with a public or private entity to design, construct, and finance a facility or facilities to provide additional parking, student housing, and/or operational related facilities. The facility or facilities may be located on property owned by the Commonwealth. All project proposals and approvals shall be in accordance with the guidelines cited in paragraph 1 of this item. James Madison University is also authorized to enter into a written agreement with the public or private entity to lease all or a portion of the facilities.

c. The General Assembly further authorizes James Madison University to enter into a written agreement with the public or private entity for the support of such parking, student housing, and/or operational related facilities by including the facilities in the University's facility inventory and managing their operation and maintenance; by assigning parking authorizations, students, and/or operations to the facility or facilities in preference to other University facilities; by restricting construction of competing projects; and by otherwise supporting the facilities consistent with law, provided that the University shall not be required to take any action that would constitute a breach of the University's obligations under any documents or other instruments constituting or securing bonds or other indebtedness of the University or the Commonwealth of Virginia.

d. James Madison University is further authorized to convey fee simple title in and to one or more parcels of land to James Madison University Foundation (JMUF), which will develop and use the land for the purpose of developing and establishing residential housing for students and/or faculty and staff, office, retail, athletics, dining, student services, and other auxiliary activities and commercial land use in accordance with the University's Master Plan.

2. Longwood University

a. Subject to the provisions of this act, the General Assembly authorizes Longwood University to enter into a written agreement or agreements with the Longwood University Real Estate Foundation (LUREF) for the development, design, construction and financing of student housing projects, a convocation center, parking, and operational and recreational facilities through alternative financing agreements including public-private partnerships. The facility or facilities may be located on property owned by the Commonwealth.

b. Longwood is further authorized to enter into a written agreement with the LUREF for the support of such student housing, convocation center, parking, and operational and recreational facilities by including the facilities in the University's facility inventory and managing their operation and maintenance; by assigning parking authorizations, students and/or operations to the facility or facilities in preference to other University facilities; by restricting construction of competing projects; and by otherwise supporting the facilities consistent with law, provided that the University shall not be required to take any action that would constitute a breach of the University's obligations under any documents or other instruments constituting or securing bonds or other indebtedness of the University or the Commonwealth of Virginia.

c. The General Assembly further authorizes Longwood University to enter into a written agreement with a public or private entity to plan, design, develop, construct, finance, manage and operate a facility or facilities to provide additional student housing and/or operational-related facilities. Longwood University is also authorized to enter into a written agreement with the public or private entity to lease all or a portion of the facilities. The State Treasurer is authorized to make Treasury loans to provide interim financing for planning, construction and other costs of any of the projects. Revenue bonds issued by or for the benefit of LUREF will provide construction and/or permanent financing.

d. Longwood University is further authorized to convey fee simple title in and to one or more parcels of land to LUREF, which will develop and use the land for the purpose of developing and establishing residential housing for students and/or faculty and staff, office, retail, athletics, dining, student services, and other auxiliary activities and commercial land use in accordance with the University's Master Plan.

3. Christopher Newport University

a. Subject to the provisions of this act, the General Assembly authorizes Christopher Newport University to enter into, continue, extend or amend written agreements with the Christopher Newport University Educational Foundation (CNUEF) or the Christopher Newport University Real Estate Foundation (CNUREF) in connection with the refinancing of certain housing and office space projects.

b. Christopher Newport University is further authorized to enter into, continue, extend or amend written agreements with CNUEF or CNUREF to support such facilities including agreements to (i) lease all or a portion of such facilities from CNUEF or CNUREF, (ii) include such facilities in the University's building inventory, (iii) manage the operation and maintenance of the facilities, including collection of any rental fees from University students in connection with the use of such facilities, and (iv) otherwise support the activities at such facilities consistent with law, provided that the University shall not be required to take any action that would constitute a breach of the University's obligation under any documents or instruments constituting or securing bonds or other indebtedness of the University or the Commonwealth of Virginia.

4. Radford University

a. Subject to the provisions of this act, the General Assembly authorizes Radford University, with the approval of the Governor, to explore and evaluate an alternative financing scenario to provide additional parking, student housing, and/or operational related facilities. The project shall be consistent with the guidelines of the Department of General Services and comply with Treasury Board Guidelines issued pursuant to § 23.1-1106 C.1.d, Code of Virginia.

b. The General Assembly authorizes Radford University to enter into a written agreement with a public or private entity to design, construct, and finance a facility or facilities to provide additional parking, student housing, and/or operational related facilities. The facility or facilities may be located on property owned by the Commonwealth. All project proposals and approvals shall be in accordance with the guidelines cited in paragraph 1 of this item. Radford University is also authorized to enter into a written agreement with the public or private entity to lease all or a portion of the facilities.

c. The General Assembly further authorizes Radford University to enter into a written agreement with the public or private entity for the support of such parking, student housing, and/or operational related facilities by including the facilities in the University's facility inventory and managing their operation and maintenance; by assigning parking authorizations, students, and/or operations to the facility or facilities in preference to other University facilities; by restricting construction of competing projects; and by otherwise supporting the facilities consistent with law, provided that the University shall not be required to take any action that would constitute a breach of the University's obligations under any documents or other instruments constituting or securing bonds or other indebtedness of the University or the Commonwealth of Virginia.

5. University of Mary Washington

a. Subject to the provisions of this act, the General Assembly authorizes the University of Mary Washington to enter into a written agreement or agreements with the University of Mary Washington Foundation (UMWF) to support student housing projects and/or operational-related or other facilities through alternative financing agreements including public-private partnerships and leasehold financing arrangements.

b. The University of Mary Washington is further authorized to enter into written agreements with UMWF to support such student housing facilities; the support may include agreements to (i) include the student housing facilities in the University's students housing inventory; (ii) manage the operation and maintenance of the facilities, including collection of rental fees as if those students occupied University-owned housing; (iii) assign students to the facilities in preference to other University-owned facilities; (iv) seek to obtain police power over the student housing as provided by law; and (v) otherwise support the students housing facilities consistent with law, provided that the University shall not be required to take any action that would constitute a breach of the University's obligation under any documents or other instruments constituting or securing bonds or other indebtedness of the University or the Commonwealth of Virginia.

c. The General Assembly further authorizes the University of Mary Washington to enter into a written agreement with a public or private entity to design, construct, and finance a facility or facilities to provide additional student housing and/or operational-related facilities. The facility or facilities may or may not be located on property owned by the Commonwealth. The University of Mary Washington is also authorized to enter into a written agreement with the public or private entity to lease all or a portion of the facilities. The State Treasurer is authorized to make Treasury loans to provide interim financing for planning, construction and other costs of any of the projects. Revenue bonds issued by or for UMWF will provide construction and/or permanent financing.

d. The University of Mary Washington is further authorized to convey fee simple title in and to one or more parcels of land to the University of Mary Washington Foundation (UMWF) which will develop and use the land for the purpose of developing and establishing residential housing for students, faculty, or staff, recreational, athletic, and/or operational related facilities including office, retail and commercial, student services, or other auxiliary activities.

6. Norfolk State University

a. Subject to the provisions of this act, the General Assembly authorizes Norfolk State University to enter into a written agreement or agreements with a Foundation of the University for the development of one or more student housing projects on or adjacent to campus, subject to the conditions outlined in the Public-Private Education Facilities Infrastructure Act of 2002.

b. Norfolk State University is further authorized to enter into written agreements with a Foundation of the University to support such student housing facilities; the support may include agreements to (i) include the student housing facilities in the University's student housing inventory; (ii) manage the operation and maintenance of the facilities, including collection of rental fees as if those students occupied University-owned housing; (iii) assign students to the facilities in preference to other University-owned facilities; (iv) restrict construction of competing student housing projects; (v) seek to obtain police power over the student housing as provided by law; and (vi) otherwise support the student housing facilities consistent with law, provided that the University shall not be required to take any action that would constitute a breach of the University's obligations under any documents or other instruments constituting or securing bonds or other indebtedness of the University or the Commonwealth of Virginia.

7. Northern Virginia Community College - Alexandria Campus

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The General Assembly authorizes Northern Virginia Community College, Alexandria Campus to enter into a written agreement either with its affiliated foundation or a private contractor to construct a facility to provide on-campus housing on College land to be leased to said foundation or private contractor for such purposes. Northern Virginia Community College, Alexandria Campus, is also authorized to enter into a written agreement with said foundation or private contractor for the support of such student housing facilities and management of the operation and maintenance of the same.

8. Virginia State University

a. Subject to the provisions of this act, the General Assembly authorizes Virginia State University (University) to enter into a written agreement or agreements with the Virginia State University Foundation (VSUF), Virginia State University Real Estate Foundation (VSUREF), and other entities owned or controlled by the university for the development, design, construction, financing, and management of a mixed-use economic development corridor comprising student housing, parking, and dining facilities through alternative financing agreements including public-private partnerships. The facility or facilities may be located on property owned by the Commonwealth.

b. Virginia State University is further authorized to enter into a written agreement with the VSUREF, VSUF, and other entities owned or controlled by the university for the support of such a mixed-use economic development corridor comprising student housing, parking, and dining facilities by including these projects in the university's facility inventory and managing their operation and maintenance; by assigning parking authorizations, students and/or operations to the facility or facilities in preference to other university facilities; by restricting construction of competing projects; and by otherwise supporting the facilities consistent with law, provided that the university shall not be required to take any action that would constitute a breach of the university's obligations under any documents or other instruments constituting or securing bonds or other indebtedness of the university or the Commonwealth of Virginia.

9. College of William and Mary

a. Subject to the provisions of this act, the General Assembly authorizes the College of William and Mary, with the approval of the Governor, to explore and evaluate alternative financing scenarios to provide additional parking, student or faculty/staff housing, recreational, athletic and/or operational related facilities. The project shall be consistent with the guidelines of the Department of General Services and comply with Treasury Board guidelines issued pursuant to § 23.1-1106 C.1. (d), Code of Virginia.

b. The General Assembly authorizes the College of William and Mary to enter into written agreements with public or private entities to design, construct, and finance a facility or facilities to provide additional parking, student or faculty/staff housing, recreational, athletic, and/or operational related facilities. The facility or facilities may be on property owned by the Commonwealth. All project proposals and approvals shall be in accordance with the guidelines cited in paragraph 1 of this item. The College of William and Mary is also authorized to enter into a written agreement with the public or private entity to lease all or a portion of the facility.

c. The General Assembly further authorizes the College of William and Mary to enter into written agreements with the public or private entities for the support and operation of such parking, student or faculty/staff housing, recreational, athletic, and /or operational related facilities by including the facilities in the College's facility inventory and managing their operation and maintenance including the assignment of parking authorizations, students, faculty or staff, and operations to the facility in preference to other university facilities, limiting construction of competing projects, and by otherwise supporting the facilities consistent with law, provided that the College shall not be required to take any action that would constitute a breach of the University's obligations under any documents or other instruments constituting or securing bonds or other indebtedness of the College or the Commonwealth of Virginia.

d. The College of William and Mary is further authorized to convey fee simple title in and to one or more parcels of land to the William and Mary Real Estate Foundation (WMREF) which will develop and use the land for the purpose of developing and establishing residential housing for students, faculty, or staff, recreational, athletic, and/or operational related facilities including office, retail and commercial, student services, or other auxiliary activities.

10. Richard Bland College

a. Subject to the provisions of this act, the General Assembly authorizes Richard Bland College to enter into a ground lease, of 186 acres adjacent to the main campus, with a Foundation of the College, which may include the Richard Bland College Foundation, for the purpose of economic development or the development of campus-needed facilities, including but not limited to office, student services, auxiliary activities, athletics, and residential housing.

b. Richard Bland College is further authorized to enter into written agreements with a Foundation of the College to support facilities development. The support may include agreements to: (i) manage the operation and maintenance of the developed facilities, including collection of rental fees for occupied College-owned real estate; (ii) restrict construction of competing projects; (iii) seek to obtain police power over the facilities as provided by law; and (iv) otherwise support the facilities consistent with law, provided that the College shall not be required to take any action that would constitute a breach of the College's obligations under any documents or other instruments constituting or securing bonds or other indebtedness of the College or the Commonwealth of Virginia.

11. The following individuals, and members of their immediate family, may not engage in an alternative financing arrangement with

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any agency or institution of the Commonwealth, where the potential for financial gain, or other factors may cause a conflict of interest:

a. A member of the agency or institution's governing body;

b. Any elected or appointed official of the Commonwealth or its agencies and institutions who has, or reasonably can be assumed to have, a direct influence on the approval of the alternative financing arrangement; or

c. Any elected or appointed official of a participating political subdivision, or authority who has, or reasonably can be assumed to have, a direct influence on the approval of the alternative financing arrangement.

J. 1. Appropriations contained in this act for capital project planning shall be used as specified for each capital project and construction funding for the project shall be considered by the General Assembly after determining that (1) project cost is reasonable; (2) the project remains a highly-ranked capital priority for the Commonwealth; and (3) the project is fully justified from a space and programmatic perspective.

2. Appropriations reappropriated for institutions of higher education, in accordance with § 23.1-1002, Code of Virginia, may be used to fund the detailed planning authorized for projects in this act and shall be reimbursed when the project is funded to move into the construction phase.

K. Any capital project that has received a supplemental appropriation due to cost overruns is expected to be completed within the revised budget provided. If a project requires an additional supplement, the Governor should also consider reduction in project scope or cancelling the project before requesting additional appropriations. Agencies and institutions with nongeneral funds may bear the costs of additional overruns from nongeneral funds.

L. The Governor shall consider the project life cycle cost that provides the best long-term benefit to the Commonwealth when conducting capital project reviews, design and construction decisions, and project scope changes.

M. No structure, improvement or renovation shall occur on the state property located at the Carillon in Byrd Park in the City of Richmond without the approval of the General Assembly.

N. All agencies of the Commonwealth and institutions of higher education shall provide information and/or use systems and processes in the method and format as directed by the Director, Department of General Services, on behalf of the Six-Year Capital Outlay Plan Advisory Committee, to provide necessary information for state-wide reporting. This requirement shall apply to all projects, including those funded from general and nongeneral fund sources.

O. The Director, Department of Planning and Budget, in consultation with the Six-Year Capital Outlay Plan Advisory Committee, is authorized to transfer unutilized bond authorizations and appropriations between and among the capital pool projects listed in the table below, in order to address any shortfall in authorization or appropriation in one or more of such projects. This transfer includes authorizing the financing in whole or in part through bonds of the Virginia College Building Authority pursuant to § 23.1-1200 et seq., Code of Virginia, or the Virginia Public Building Authority pursuant to § 2.2-2263 et seq., Code of Virginia. Bonds of the Virginia College Building Authority issued to finance these projects may be sold and issued under the 21st Century College Program at the same time with other obligations of the Authority as separate issues, or as a combined issue. The aggregate principal amounts authorized shall not exceed the aggregate remaining authorized but unissued amounts for the capital pool projects listed in the table below plus amounts needed to fund issuance costs, reserve funds, original issue discount, interest prior to and during the acquisition or construction and for one year after completion thereof, and other financing expenses, in accordance with § 23.1-1200 and § 2.2-2263, Code of Virginia, as applicable. The Director, Department of Planning and Budget, shall provide to the Chairmen of the Virginia College Building Authority and the Virginia Public Building Authority the specific projects, as well as the amounts for these projects, to be financed by each authority pursuant to this transfer of unutilized authorization and appropriation. Debt service on the projects contained in this Item shall be provided from appropriations to the Treasury Board.

Pool Project No.	Pool Project Title	Authorization
17775	Public Education Institutions Capital Account	Enactment Clause 2, § 4, Chapter 1, 2008 Acts of Assembly, Special Session I
17776	State Agency Capital Account	Enactment Clause 2, § 2, Chapter 1, 2008 Acts of Assembly, Special Session I; amended by Item C-178.05, Chapter 781, 2009 Acts of Assembly.
17861	Supplements for Previously Authorized Higher Education Capital Projects	Item C-85, Chapter 874, 2010 Acts of Assembly; amended by Item C-85, Chapter 890, 2011 Acts of Assembly
17862	Energy Conservation	Item C-86, Chapter 890, 2011 Acts of Assembly

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17967	Capital Outlay Project Pool	Item C-38.10, Chapter 3, 2012 Acts of Assembly, Special Session I; amended by: Item C-38.10, Chapter 806, 2013 Acts of Assembly; Item C-38.10, Chapter 1, 2014 Acts of Assembly, Special Session I; Item C-43, Chapter 2, 2014 Acts of Assembly, Special Session I; Item C-43, Chapter 665, 2015 Acts of Assembly; and Item 48.10, Chapter 836, 2017 Acts of Assembly; and Item C-44.10, Chapter 854, 2019 Acts of Assembly.
18049	Comprehensive Capital Outlay Program	Item C-39.40, Chapter 806, 2013 Acts of Assembly; amended by: Item C-39.40, Chapter 1, 2014 Acts of Assembly, Special Session I; Item C-46.10, Chapter 2, 2014 Acts of Assembly, Special Session I, Item 46.10, Chapter 665, 2015 Acts of Assembly, Item C-46, Chapter 2, 2018 Acts of Assembly, Special Session I, and Item C-77 of Chapter 1, 2023 Acts of Assembly, Special Session.
18196	Capital Outlay Renovation Pool	Item C-46.15, Chapter 665, 2015 Acts of Assembly; amended by: Item C-49.20, Chapter 836, 2017 Acts of Assembly; and Item C-46.10, Chapter 854, 2019 Acts of Assembly.
18300	2016 VPBA Capital Construction Pool	§ 1, Chapters 759 and 769, 2016 Acts of Assembly; amended by: Item C-47, Chapter 2, 2018 Acts of Assembly, Special Session I; and Item C-47 of Chapter 1283, 2020 Acts of Assembly.
18301	2016 VCBA Capital Construction Pool	§ 2, Chapters 759 and 769, 2016 Acts of Assembly; amended by: Item C-48, Chapter 2, 2018 Acts of Assembly, Special Session I and Item C-48 of Chapter 1283, 2020 Acts of Assembly.
17631	Supplant Capital Projects	Item C-52.40, Chapter 836, 2017 Acts of Assembly.
18371	2018 Capital Construction Pool	Item C-45, Chapter 2, 2018 Acts of Assembly, Special Session I; amended by: Item C-45, Chapter 854, 2019 Acts of Assembly.
18382	Supplemental funding: Capitol Complex Infrastructure and Security	Item C-51.50, Chapter 2, 2018 Acts of Assembly, Special Session I; amended by: Item C-51.50, Chapter 854, 2019 Acts of Assembly.
18408	2019 Capital Construction Pool	Item C-48.10, Chapter 854, 2019 Acts of Assembly.
18493	2020 VPBA Construction Pool	Item C-67 of Chapter 1289, 2020 Acts of Assembly; amended by Item C-78 of Chapter 1, 2023 Acts of Assembly, Special Session I, and C-53.60 of this act.
18494	2020 VCBA Constructions Pool	Item C-68 of Chapter 1289, 2020 Acts of Assembly; amended by Item C-68, Chapter 552, 2021 Acts of Assembly, Special Session I; C-78.50 of Chapter 1, 2023 Acts of Assembly, Special Session I, and C-53.70 of this act.
18145	Supplement Previously Authorized Capital	Item C-69 of Chapter 1289, 2020 Acts of

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	Project Construction Pools	Assembly; amended by: Item C-69, Chapter 552, 2021 Acts of Assembly, Special Session I, Item C-69 of the 2022 Amendments to the 2021 Appropriation Act.
18540	2021 Capital Construction Pool	Item C-68.50 of Chapter 552, 2021 Acts of Assembly, Special Session I.
18586	2022 Public Educational Institution Capital Account	Item C-75 of Chapter 1, 2023 Acts of Assembly, Special Session I.
18587	2022 State Agency Capital Account	Item C-76 of Chapter 1, 2023 Acts of Assembly, Special Session I; amended by Item C-52 of this act.
18717	2024 Public Educational Institution Capital Account	Item C-50 of this act.
18718	2024 State Agency Capital Account	Item C-51 of this act.
18763	2025 Public Educational Institution Capital Account	Item C-52.10 of this act.
18764	2025 State Agency Capital Account	Item C-52.20 of this act.
17954	Central Reserve for Capital Equipment Funding	Item C-47 of this act and as previously authorized.

P. Notwithstanding the second and third enactments of Chapter 294, 2023 Acts of Assembly, the tenth enactment of Chapters 759 and 769, 2016 Acts of Assembly, Item C-39.40 of Chapter 806, 2013 Acts of Assembly, § 2-0 P. of Chapter 552, 2021 Acts of Assembly, Special Session I, or any other provision of law, the Six-Year Capital Outlay Plan Advisory Committee shall review the progress of capital construction pools, including those with annual issuance limits, at least four times annually and may do so electronically.

Q. Notwithstanding § 2.2-1518 of the Code of Virginia or any other provision of law, the Commonwealth's capital outlay plan may be amended annually through the submission of a report to the General Assembly by the Six-Year Capital Outlay Plan Advisory Committee. The plan may reflect projects that have been authorized for planning only, in addition to any other obligations for authorized projects that the Six-Year Capital Outlay Plan Advisory Committee deems appropriate which have not yet been funded. Notwithstanding § 2.2-1515 et. seq. of the Code of Virginia, the Six-Year Capital Outlay Plan Advisory Committee is not required to make capital recommendations to the Governor or the Chairs of the House Appropriations and Senate Finance and Appropriations Committees.

R. Notwithstanding any other provision of law, any portion of written communications, including emails, or other documentation shared between Six-Year Capital Outlay Plan Advisory Committee (“Advisory Committee") members and their staff, relating to the availability of funding authorized in capital pools, estimated total capital outlay project costs, supplemental capital pool funding, project authorization, and the transfer of appropriation, including bond appropriation and bond proceeds, between and among any capital pool projects as authorized in the Appropriation Act shall be exempt from the provisions of the Virginia Freedom of Information Act § 2.2-3700 et seq.

EXECUTIVE DEPARTMENT

OFFICE OF ADMINISTRATION

C-1. Not set out.

C-2. Not set out.

C-3. Not set out.

C-3.50 Not set out.

C-3.60 Not set out.

	Item Details First Year FY2025	Item Details Second Year FY2026	Appropriations First Year FY2025	Appropriations Second Year FY2026
TOTAL FOR OFFICE OF ADMINISTRATION			**$99,500,000**	**$0**
Fund Sources: General	$99,500,000	$0		

ITEM C-3.60.	Item Details($) First Year FY2025	Item Details($) Second Year FY2026	Appropriations($) First Year FY2025	Appropriations($) Second Year FY2026

OFFICE OF EDUCATION

C-4. Not set out.

C-4.10 Not set out.

C-4.50 Not set out.

C-5. Not set out.

C-6. Not set out.

C-7. Not set out.

C-7.10 Not set out.

C-7.20 Not set out.

C-7.80 Not set out.

C-8. Not set out.

C-8.50 Not set out.

C-8.60 Not set out.

C-9. Not set out.

C-9.10 Not set out.

C-10. Not set out.

C-10.50 Not set out.

C-11. Not set out.

C-11.10 Not set out.

C-12. Not set out.

C-12.10 Not set out.

C-13. Not set out.

C-14. Not set out.

C-15. Not set out.

C-16. Not set out.

C-16.10 Not set out.

C-16.20 Not set out.

C-17. Not set out.

ITEM C-18.		Item Details($) First Year FY2025	Item Details($) Second Year FY2026	Appropriations($) First Year FY2025	Appropriations($) Second Year FY2026
C-18.	Not set out.				
C-19.	Not set out.				
C-20.	Not set out.				
C-21.	Not set out.				
C-21.50	Not set out.				
C-21.60	Not set out.				
C-22.	Not set out.				
C-22.20	Not set out.				
C-22.40	Not set out.				
C-22.50	Not set out.				
	TOTAL FOR OFFICE OF EDUCATION			**$396,839,031**	**$264,705,576**
	Fund Sources: General	$77,116,786	$0		
	Special	$0	$6,300,000		
	Higher Education Operating	$100,872,918	$52,320,333		
	Bond Proceeds	$218,849,327	$206,085,243		
	OFFICE OF HEALTH AND HUMAN RESOURCES				
C-23.	Not set out.				
C-24.	Not set out.				
	TOTAL FOR OFFICE OF HEALTH AND HUMAN RESOURCES			**$76,640,860**	**$0**
	Fund Sources: General	$32,300,000	$0		
	Bond Proceeds	$44,340,860	$0		
	NATURAL AND HISTORIC RESOURCES				
C-25.	Not set out.				
C-26.	Not set out.				
C-27.	Not set out.				
C-28.	Not set out.				
C-29.	Not set out.				
C-29.10	Not set out.				
C-29.20	Not set out.				
C-29.30	Not set out.				

ITEM C-30.		Item Details($) First Year FY2025	Item Details($) Second Year FY2026	Appropriations($) First Year FY2025	Appropriations($) Second Year FY2026
C-30.	Not set out.				
C-30.10	Not set out.				
	TOTAL FOR NATURAL AND HISTORIC RESOURCES			**$66,701,050**	**$31,499,475**
	Fund Sources: General	$20,750,000	$0		
	Special	$500,000	$7,759,475		
	Dedicated Special Revenue	$19,591,050	$17,600,000		
	Federal Trust	$5,860,000	$6,140,000		
	Bond Proceeds	$20,000,000	$0		
	OFFICE OF PUBLIC SAFETY AND HOMELAND SECURITY				
C-31.	Not set out.				
C-32.	Not set out.				
C-32.10	Not set out.				
	TOTAL FOR OFFICE OF PUBLIC SAFETY AND HOMELAND SECURITY			**$32,669,280**	**$0**
	Fund Sources: General	$25,000,000	$0		
	Bond Proceeds	$7,669,280	$0		
	OFFICE OF TRANSPORTATION				
	§ 2-1. DEPARTMENT OF MOTOR VEHICLES (154)				
C-33.	Not set out.				
C-34.	Improvements: Renovate DMV Headquarters (18712)			$14,844,060	$16,000,000
	Fund Sources: Commonwealth Transportation	$14,844,060	$16,000,000		
	Total for Department of Motor Vehicles			**$20,844,060**	**$27,500,000**
	Fund Sources: Commonwealth Transportation	$20,844,060	$27,500,000		
C-35.	Not set out.				
C-36.	Not set out.				
C-37.	Not set out.				
C-38.	Not set out.				
C-39.	Not set out.				
C-39.10	Not set out.				
	TOTAL FOR OFFICE OF TRANSPORTATION			**$276,844,060**	**$644,700,000**
	Fund Sources: Special	$200,000,000	$561,000,000		
	Commonwealth Transportation	$70,844,060	$77,500,000		
	Federal Trust	$6,000,000	$6,200,000		

ITEM C-39.10.		Item Details($) First Year FY2025	Item Details($) Second Year FY2026	Appropriations($) First Year FY2025	Appropriations($) Second Year FY2026

OFFICE OF VETERANS AND DEFENSE AFFAIRS

C-40. Not set out.

C-41. Not set out.

C-42. Not set out.

C-43. Not set out.

C-43.50 Not set out.

C-44. Not set out.

C-45. Not set out.

C-45.10 Not set out.

C-45.20 Not set out.

C-45.30 Not set out.

	TOTAL FOR OFFICE OF VETERANS AND DEFENSE AFFAIRS			**$72,210,235**	**$6,160,000**
	Fund Sources: General	$2,500,000	$0		
	Federal Trust	$66,710,235	$6,160,000		
	Bond Proceeds	$3,000,000	$0		

CENTRAL APPROPRIATIONS

§ 2-2. CENTRAL CAPITAL OUTLAY (949)

C-46. Not set out.

C-47. Not set out.

C-48. Not set out.

C-49. Not set out.

C-50. Not set out.

C-51. Not set out.

C-52. Not set out.

C-52.10 Not set out.

C-52.20 Not set out.

C-53. Not set out.

C-53.50 Not set out.

C-53.60 Not set out.

ITEM C-53.60.		Item Details($) First Year FY2025	Item Details($) Second Year FY2026	Appropriations($) First Year FY2025	Appropriations($) Second Year FY2026
C-53.70	Not set out.				
C-53.80	Not set out.				
C-54.	Authorization of Leases and Financed Purchase Agreements (18715)			$0	$0
	A. The Department of General Services is authorized to enter into leases or financed purchase agreements that may qualify as a capital project pursuant to § 4-3.03 of this Act as follows:				
	1 . On behalf of the Department of Motor Vehicles, to address lease space needs for a customer service center to replace or renew the lease for the existing facility in Arlington County, Fairfax County, Fauquier County, Russell County, Shenandoah County, Warren County, the City of Petersburg, and the City of Virginia Beach.				
	2. On behalf of the Department of Motor Vehicles, to address customer service needs in the City of Chesapeake by leasing space for an additional customer service center.				
	3. On behalf of the Department of Corrections, to address space needs for probation and parole offices in Alexandria, Arlington, Bedford, Bristol, Danville, Chesapeake, Farmville, the City of Franklin, Fredericksburg, Gloucester, Henrico, Harrisonburg, Leesburg, Lynchburg, Martinsville, Newport News, *Petersburg*, Prince George/Hopewell, Radford, Roanoke, South Boston, Staunton, Suffolk, Tazewell, Winchester, and Wytheville.				
	4. On behalf of the Department of Aging and Rehabilitative Services, to address lease space needs for its headquarters in the greater Richmond area.				
	5. On behalf of the Department of Health, to address lease space needs for local health departments, WIC offices, and other agency functions in Alexandria, Chesterfield, Colonial Heights, Hampton, Louisa, Newport News, Norfolk, Petersburg, the Rockbridge-Buena Vista-Lexington area, Virginia Beach, Waynesboro, and its Office of Vital Records in the greater Richmond area.				
	6. On behalf of the Virginia Department of Emergency Management, to address lease space needs for hazardous materials training classroom, storage, and administrative space in York County. Such needs may be met through the lease of modular buildings.				
	7. On behalf of the Virginia Department of Emergency Management, to address lease space needs for its disaster logistics warehouse in the greater Richmond area. Such needs may be met through the lease of privately-owned warehouse space only if the agency has sufficient existing funding to cover the annual cost of the private space and if the Department of General Services determines that existing state space is not adequate to meet the needs of the Virginia Department of Emergency Management.				
C-55.	Not set out.				
C-56.	Not set out.				
C-57.	Not set out.				
	Total for Central Capital Outlay			**$2,330,855,182**	**$400,000,000**
	Fund Sources: General	$1,537,744,707	$200,000,000		
	Higher Education Operating	$145,022,285	$0		
	Dedicated Special Revenue	$11,753,897	$0		
	Bond Proceeds	$636,334,293	$200,000,000		
C-58.	Not set out.				
C-59.	Not set out.				
	TOTAL FOR CENTRAL APPROPRIATIONS			**$2,330,855,182**	**$400,000,000**

ITEM C-59.	Item Details($) First Year FY2025	Item Details($) Second Year FY2026	Appropriations($) First Year FY2025	Appropriations($) Second Year FY2026
Fund Sources: General	$1,537,744,707	$200,000,000		
Higher Education Operating	$145,022,285	$0		
Dedicated Special Revenue	$11,753,897	$0		
Bond Proceeds	$636,334,293	$200,000,000		
TOTAL FOR PART 2: CAPITAL PROJECT EXPENSES			**$3,352,259,698**	**$1,347,065,051**
Fund Sources: General	$1,794,911,493	$200,000,000		
Special	$200,500,000	$575,059,475		
Higher Education Operating	$245,895,203	$52,320,333		
Commonwealth Transportation	$70,844,060	$77,500,000		
Dedicated Special Revenue	$31,344,947	$17,600,000		
Federal Trust	$78,570,235	$18,500,000		
Bond Proceeds	$930,193,760	$406,085,243		

PART 3: MISCELLANEOUS

§ 3-1.00 TRANSFERS

§ 3-1.01 INTERFUND TRANSFERS

A.1. In order to reimburse the general fund of the state treasury for expenses herein authorized to be paid therefrom on account of the activities listed below, the State Comptroller shall transfer the sums stated below to the general fund from the nongeneral funds specified, except as noted, on January 1 of each year of the current biennium. Transfers from the Alcoholic Beverage Control Enterprise Fund to the general fund shall be made four times a year, and such transfers shall be made within fifty (50) days of the close of the quarter. The payment for the fourth quarter of each fiscal year shall be made in the month of June.

	FY 2025	FY 2026
1. Alcoholic Beverage Control Enterprise Fund (§ 4.1-116, Code of Virginia)		
a) For expenses incurred for care, treatment, study and rehabilitation of alcoholics by the Department of Behavioral Health and Developmental Services and other state agencies (from Alcoholic Beverage Control gross profits)	$65,375,769	$65,375,769
b) For expenses incurred for care, treatment, study and rehabilitation of alcoholics by the Department of Behavioral Health and Developmental Services and other state agencies (from gross wine liter tax collections as specified in § 4.1-234, Code of Virginia)	$9,141,363	$9,141,363
2. Forest Products Tax Fund (§ 58.1-1609, Code of Virginia)	$23,613	$23,613
For collection by Department of Taxation		
3. Peanut Fund (§3.2-1906, Code of Virginia)	$2,419	$2,419
4. For collection by Department of Taxation		
a) Aircraft Sales & Use Tax (§ 58.1-1509, Code of Virginia)	$39,169	$39,169
b) Soft Drink Excise Tax	$1,596	$1,596
c) Virginia Litter Tax	$9,472	$9,472
5. Proceeds of the Tax on Motor Vehicle Fuels		
For inspection of gasoline, diesel fuel and motor oils	$97,586	$97,586
6. Virginia Retirement System (Trust and Agency)		
For postage by the Department of the Treasury	$34,500	$34,500
7. Alcoholic Beverage Control Authority (Enterprise)		
For services by the:		
a) Auditor of Public Accounts	$75,521	$75,521
b) Department of Accounts	$64,607	$64,607
c) Department of the Treasury	$47,628	$47,628
TOTAL	**$74,913,243**	**$74,913,243**

2.a. Transfers of net profits from the Alcoholic Beverage Control Enterprise Fund to the general fund shall be made four times a year, and such transfers shall be made within fifty (50) days of the close of each quarter. The transfer of fourth quarter profits shall be estimated and made in the month of June. In the event actual net profits are less than the estimate transferred in June, the difference shall be deducted from the net profits of the next quarter and the resulting sum transferred to the general fund. Distributions to localities shall be made within fifty (50) days of the close of each quarter. Net profits are estimated at $161,100,000 the first year and ~~$156,100,000~~*$160,900,000* the second year.

b. Notwithstanding the provisions of § 4.1-116 B, Code of Virginia, the Alcoholic Beverage Control Authority shall properly record the depreciation of all depreciable assets, including approved projects, property, plant and equipment. The State Comptroller shall be notified of the amount of depreciation costs recorded by the Alcoholic Beverage Control Authority. However, such depreciation costs shall not be the basis for reducing the quarterly transfers needed to meet the estimated profits contained in this act.

B.1. If any transfer to the general fund required by any subsections of §§ 3-1.01 through 3-6.04 is subsequently determined to be in violation of any federal statute or regulation, or Virginia constitutional requirement, the State Comptroller is hereby directed to reverse such transfer and to return such funds to the affected nongeneral fund account.

2. There is hereby appropriated from the applicable funds such amounts as are required to be refunded to the federal government for mutually agreeable resolution of internal service fund over-recoveries as identified by the U. S. Department of Health and Human Services' review of the annual Statewide Indirect Cost Allocation Plans.

C. In order to fund such projects for improvement of the Chesapeake Bay and its tributaries as provided in § 58.1-2289 D, Code of Virginia, there is hereby transferred to the general fund of the state treasury the amounts listed below. From these amounts $2,583,531 the first year and $2,583,531 the second year shall be deposited to the Virginia Water Quality Improvement Fund pursuant to § 10.1-2128.1, Code of Virginia, and designated for deposit to the reserve fund, for ongoing improvements of the Chesapeake Bay and its tributaries. The Department of Motor Vehicles shall be responsible for effecting the provisions of this paragraph. The amounts listed below shall be transferred on June 30 of each fiscal year.

154	Department of Motor Vehicles	$10,000,000	$10,000,000

D. The provisions of Chapter 6 of Title 58.1, Code of Virginia notwithstanding, the State Comptroller shall transfer to the general fund from the special fund titled "Collections of Local Sales Taxes" a proportionate share of the costs attributable to increased local sales and use tax compliance efforts, the Property Tax Unit, and State Land Evaluation Advisory Committee (SLEAC) services by the Department of Taxation estimated at $6,130,902 the first year and $6,086,141 the second year.

E. The State Comptroller shall transfer to the general fund from the Commonwealth Transportation Fund a proportionate share of the costs attributable to increased sales and use tax compliance efforts and revenue forecasting for the Commonwealth Transportation Fund by the Department of Taxation estimated at $2,975,828 the first year and $2,957,355 the second year.

F.1. On or before June 30 of each year, the State Comptroller shall transfer $14,588,386 the first year and $14,588,386 the second year to the general fund the following amounts from the agencies and fund sources listed below, for expenses incurred by central service agencies:

Agency Name	**Fund Group**	**FY 2025**	**FY 2026**
Administration of Health Insurance (149)	0500	$522,862	$522,862
Department of Forestry (411)	0200	$29,382	$29,382
Department of Forestry (411)	0900	$30,312	$30,312
Tobacco Region Revitalization Commission (851)	0900	$19,510	$19,510
New College Institute (938)	0200	$2,214	$2,214
Southwest Virginia Higher Education Center (948)	0200	$7,465	$7,465

The Science Museum of Virginia (146)	0200	$67,330	$67,330
Virginia Museum of Fine Arts (238)	0200	$16,503	$16,503
Virginia Museum of Fine Arts (238)	0500	$19,297	$19,297
Virginia Museum of Natural History (942)	0200	$1,556	$1,556
Board of Accountancy (226)	0900	$10,862	$10,862
Department for Aging and Rehabilitative Services (262)	0200	$32,494	$32,494
Department for the Blind & Vision Impaired (702)	0200	$464	$464
Department of Behavioral Health and Developmental Services (720)	0200	$26,659	$26,659
Department of Health (601)	0900	$159,373	$159,373
Department of Health Professions (223)	0900	$72,226	$72,226
Department of Social Services (765)	0900	$14,063	$14,063
Virginia Foundation for Healthy Youth (852)	0900	$18,604	$18,604
State Corporation Commission (171)	0200	$81,370	$81,370
State Corporation Commission (171)	0900	$30,495	$30,495
Virginia College Savings Plan (174)	0500	$308,984	$308,984
Virginia Lottery (172)	0900	$29,976	$29,976
Virginia Workers' Compensation Commission (191)	0900	$115,796	$115,796
Supreme Court (111)	0900	$275,111	$275,111
Department of Labor and Industry (181)	0200	$1,523	$1,523
Department of Professional and	0200	$5,530	$5,530

Occupational Regulations (222)			
Department of Professional and Occupational Regulations (222)	0900	$94,452	$94,452
Department of Conservation and Recreation (199)	0200	$108,760	$108,760
Department of Conservation and Recreation (199)	0900	$556,980	$556,980
Department of Wildlife Resources (403)	0900	$150,663	$150,663
Marine Resources Commission (402)	0200	$19,552	$19,552
Marine Resources Commission (402)	0900	$1,679	$1,679
Department of Criminal Justice Services (140)	0200	$53,581	$53,581
Department of Criminal Justice Services (140)	0900	$54,658	$54,658
Department of Emergency Management (127)	0900	$41,382	$41,382
Department of Fire Programs (960)	0200	$102,171	$102,171
Department of State Police (156)	0200	$225,651	$225,651
Department of Aviation (841)	0400	$64,504	$64,504
Department of Motor Vehicles (154)	0400	$3,643,692	$3,643,692
Department of Rail and Public Transportation (505)	0400	$785,053	$785,053
Department of Transportation (501)	0400	$6,462,324	$6,462,324
Motor Vehicle Dealer Board (506)	0200	$14,577	$14,577
Virginia Port Authority (407)	0200	$241,994	$241,994
Virginia Port Authority (407)	0400	$62,722	$62,722

Department of Military Affairs (123)	0900	$4,030	$4,030
		$14,588,386	**$14,588,386**

2. Following the transfers authorized in paragraph F.1. of this section, the State Comptroller shall transfer $2,787,795 each year back to the Department of Motor Vehicles to replace the anticipated loss of driving privilege reinstatement fee revenue.

G.1. The State Comptroller shall transfer to the Lottery Proceeds Fund established pursuant to § 58.1-4022.1, Code of Virginia, an amount estimated at $943,824,250 the first year and ~~$875,335,350~~*$923,626,865* the second year, from the Virginia Lottery Fund. The transfer each year shall be made in two parts: (1) on or before January 1 of each year, the State Comptroller shall transfer from the Virginia Lottery Fund the estimated profits generated for the first five months of the fiscal year and (2) thereafter, the transfer of estimated profits will be made on a monthly basis, or until the amount estimated at $943,824,250 the first year and ~~$875,335,350~~*$923,626,865* the second year has been transferred to the Lottery Proceeds Fund. The final annual transfer of profits necessary to reach the annual estimate noted in this section, not to exceed the amounts estimated in this paragraph, shall be initiated no later than June 20 of each year, so that the estimated profits can be transferred to the Lottery Proceeds Fund prior to June 22.

2. No later than 10 days after receipt of the annual audit report required by § 58.1-4022.1, Code of Virginia, the State Comptroller shall transfer to the Lottery Proceeds Fund the remaining audited balances of the Virginia Lottery Fund profits for the prior fiscal year. If such annual audit discloses that the actual revenue was less than the total transfer of estimated profits for the year, the State Comptroller shall adjust the next transfer from the Virginia Lottery Fund to account for the difference between the actual revenue and the estimate transferred to the Lottery Proceeds Fund. The State Comptroller shall take all actions necessary to effect the transfers required by this paragraph, notwithstanding the provisions of § 58.1-4022, Code of Virginia. In preparing the Comprehensive Annual Financial Report, the State Comptroller shall report the Lottery Proceeds Fund as specified in § 58.1-4022.1, Code of Virginia.

H.1. The State Treasurer is authorized to charge up to 20 basis points for each nongeneral fund account which he manages and which receives investment income. The assessed fees, which are estimated to generate $3,000,000 the first year and $3,000,000 the second year, will be based on a sliding fee structure as determined by the State Treasurer. The amounts shall be paid into the general fund of the state treasury.

2. The State Treasurer is authorized to charge institutions of higher education participating in the pooled bond program of the Virginia College Building Authority an administrative fee of up to 10 basis points of the amount financed for each project in addition to a share of direct costs of issuance as determined by the State Treasurer. Such amounts collected from the public institutions of higher education, which are estimated to generate $100,000 the first year and $100,000 the second year, shall be paid into the general fund of the state treasury.

3. The State Treasurer is authorized to charge agencies, institutions and all other entities that utilize alternative financing structures and require Treasury Board approval, including capital lease arrangements, up to 10 basis points of the amount financed in addition to a share of direct costs of issuance as determined by the State Treasurer. Such amounts collected shall be paid into the general fund of the state treasury.

4. The State Treasurer is authorized to charge projects financed under Article X, Section 9(c) of the Constitution of Virginia, an administrative fee of up to 10 basis points of the amount financed for each project in addition to a share of direct costs of issuance as determined by the State Treasurer. Such amounts collected are estimated to generate $50,000 the first year and $50,000 the second year, and shall be paid into the general fund of the state treasury.

I. The State Comptroller shall transfer to the general fund of the state treasury 50 percent of the annual reimbursement received from the Manville Property Damage Settlement Trust for the cost of asbestos abatement at state-owned facilities. The balance of the reimbursement shall be transferred to the state agencies that incurred the expense of the asbestos abatement.

J.1. The State Comptroller shall transfer to the general fund from the Revenue Stabilization Fund in the state treasury any amounts in excess of the limitation specified in § 2.2-1829, Code of Virginia, if applicable.

2.a. The State Comptroller shall transfer to the general fund from the Revenue Reserve Fund in the state treasury any amounts in excess of the limitations specified in §§ 2.2-1829 and 2.2-1831.3, Code of Virginia, if applicable.

b. If a transfer is required pursuant to this subparagraph and the Revenue Stabilization Fund is not in excess of the limitation set by Article X, Section 8, of the Constitution of Virginia, the State Comptroller shall first transfer funds from the Revenue Reserve Fund until the requirement of §§ 2.2-1829 and 2.2-1831.3, Code of Virginia, are met.

3. Notwithstanding any provision of law or J.1. or J.2. of this item, the State Comptroller shall transfer to the general fund $332,312,066 the first year and ~~$675,684,930~~*$999,077,930* the second year from the Revenue Reserve Fund. Notwithstanding the provisions of subsection ~~E~~*D* of § 2.2-1829 and subsection F of § 2.2-1831.3, Code of Virginia, the combined amount in the Revenue Stabilization Fund and the Revenue Reserve Fund shall not exceed 17.53 percent the first year and 15 percent the second year, of the

Commonwealth's average annual tax revenues derived from taxes on income and retail sales, as certified by the Auditor of Public Accounts for the three fiscal years immediately preceding.

K.1. Not later than 30 days after the close of each quarter during the biennium, the State Comptroller shall transfer, notwithstanding the allotment specified in § 58.1-1410, Code of Virginia, funds collected pursuant to § 58.1-1402, Code of Virginia, from the general fund to the Game Protection Fund. This transfer shall not exceed $7,300,000 the first year and $7,300,000 the second year.

2. Notwithstanding the provisions of subparagraph K.1. above, the Governor may, at his discretion, direct the State Comptroller to transfer to the Game Protection Fund, any funds collected pursuant to § 58.1-1402, Code of Virginia, that are in excess of the official revenue forecast for such collections.

L.1. On or before June 30 each year, the State Comptroller shall transfer from the general fund to the Family Access to Medical Insurance Security Plan Trust Fund the amount required by § 32.1-352, Code of Virginia. This transfer shall not exceed $14,065,627 the first year and $14,065,627 the second year. The State Comptroller shall transfer 90 percent of the yearly estimated amounts to the Trust Fund on July 15 of each year.

2. Notwithstanding any other provision of law, interest earnings shall not be allocated to the Family Access to Medical Insurance Security Plan Trust Fund (agency code 602, fund detail 0903) in either the first year or the second year of the biennium.

M. Not later than thirty days after the close of each quarter during the biennium, the State Comptroller shall transfer to the Game Protection Fund the general fund revenues collected pursuant to § 58.1-638 E, Code of Virginia. Notwithstanding § 58.1-638 E, this transfer shall not exceed $12,973,600 the first year and $12,184,600 the second year. Notwithstanding § 58.1-638 E, on or before June 30 of the first year and June 30 of the second year, the State Comptroller shall transfer to the Virginia Port Authority $4,000,000 on or before June 30 of the first year and transfer to the Virginia Marine Resources Commission $4,000,000 on or before June 30 of the second year of the general fund revenues collected pursuant to § 58.1-638 E, Code of Virginia, to enhance and improve recreation opportunities for boaters, including but not limited to land acquisition, capital projects, maintenance, and facilities for boating access to the waters of the Commonwealth pursuant to the provisions of §§ 62.1-132.3:3 and 62.1-132.3:4.

N.1. On or before June 30 each year, the State Comptroller shall transfer from the Tobacco Indemnification and Community Revitalization Fund to the general fund an amount estimated at $244,268 the first year and $244,268 the second year. This amount represents the Tobacco Region Revitalization Commission's 50 percent proportional share of the Office of the Attorney General's expenses related to the enforcement of the 1998 Tobacco Master Settlement Agreement and § 3.2-4201, Code of Virginia.

2. On or before June 30 each year, the State Comptroller shall transfer from the Tobacco Settlement Fund to the general fund an amount estimated at $48,854 the first year and $48,854 the second year. This amount represents the Tobacco Settlement Foundation's ten percent proportional share of the Office of the Attorney General's expenses related to the enforcement of the 1998 Tobacco Master Settlement Agreement and § 3.2-4201, Code of Virginia.

O. On or before June 30 each year, the State Comptroller shall transfer to the general fund $3,400,000 the first year and $2,400,000 the second year from the Court Debt Collection Program Fund at the Department of Taxation.

P. On or before June 30 each year, the State Comptroller shall transfer to the general fund $7,400,000 the first year and $7,400,000 the second year from the Department of Motor Vehicles' Uninsured Motorists Fund. These amounts shall be from the share that would otherwise have been transferred to the State Corporation Commission.

Q. On or before June 30 each year, the State Comptroller shall transfer an amount estimated at $5,000,000 the first year and an amount estimated at $5,000,000 the second year to the general fund from the Intensified Drug Enforcement Jurisdictions Fund at the Department of Criminal Justice Services.

R. On or before June 30 each year, the State Comptroller shall transfer to the general fund $3,864,585 the first year and $3,864,585 the second year from operating efficiencies to be implemented by the Alcoholic Beverage Control Authority.

S. On or before June 30 each year, the State Comptroller shall transfer $466,600 the first year and $466,600 the second year to the general fund from the Land Preservation Fund (Fund 0216) at the Department of Taxation.

T. Unless prohibited by federal law or regulation or by the Constitution of Virginia and notwithstanding any contrary provision of state law, on June 30 of each fiscal year, the State Comptroller shall transfer to the general fund of the state treasury the cash balance from any nongeneral fund account that has a cash balance of less than $100. This provision shall not apply to institutions of higher education, bond proceeds, or trust accounts. The State Comptroller shall consult with the Director of the Department of Planning and Budget in implementing this provision and, for just cause, shall have discretion to exclude certain balances from this transfer or to restore certain balances that have been transferred.

U.1. The Brunswick Correctional Center operated by the Department of Corrections shall be sold. The Commonwealth may enter into negotiations with (1) the Virginia Tobacco Region Revitalization Commission, (2) regional local governments, and (3) regional industrial development authorities for the purchase of this property as an economic development site.

2. Notwithstanding the provisions of § 2.2-1156, Code of Virginia or any other provisions of law, the proceeds of the sale of the Brunswick Correctional Center shall be paid into the general fund.

V. On a monthly basis, in the month subsequent to collection, the State Comptroller shall transfer all amounts collected for the fund created pursuant to § 17.1-275.12 of the Code of Virginia, to Items 329, 394, and 416 of this act, for the purposes enumerated in Section 17.1-275.12.

W. On or before June 30, the State Comptroller shall transfer $12,518,587 the second year to the general fund from the $2.00 increase in the annual vehicle registration fee from the special emergency medical services fund contained in the Department of Health's Emergency Medical Services Program (40200).

X. The provisions of Chapter 6.2, Title 58.1, Code of Virginia, notwithstanding, on or before June 30 each year the State Comptroller shall transfer to the general fund from the proceeds of the Virginia Communications Sales and Use Tax (fund 0926), the Department of Taxation's indirect costs of administering this tax estimated at $90,780 the first year and $90,780 the second year.

Y. Any amount designated by the State Comptroller from the June 30, 2024, or June 30, 2025, general fund balance for transportation pursuant to § 2.2-1514B., Code of Virginia, is hereby appropriated.

Z. On or before June 30, of each fiscal year, the State Comptroller shall transfer to the State Health Insurance Fund (Fund 06200) the balance from the Administration of Health Benefits Services Fund (Fund 06220) at the Department of Human Resource Management.

AA. The Department of General Services is authorized to dispose of the following property currently owned by the Department of Corrections in the manner it deems to be in the best interests of the Commonwealth: Pulaski Correctional Center and White Post Detention and Diversion Center. Such disposal may include sale or transfer to other agencies or to local government entities. Notwithstanding the provisions of § 2.2-1156, Code of Virginia, the proceeds from the sale of all or any part of the properties shall be deposited into the general fund.

BB. The State Comptroller shall transfer all revenues collected each year to the general fund from the Firearms Transaction, Concealed Weapons Permit, and Conservator of the Peace Programs at the Department of State Police.

CC. On or before June 30, of each fiscal year, the State Comptroller shall transfer to the Health Insurance Fund - Local (Fund 05200) at the Administration of Health Insurance the balance from the Administration of Local Benefits Services Fund (Fund 05220) at the Department of Human Resource Management.

DD. On or before June 30, of each fiscal year, the State Comptroller shall transfer to the Line of Duty Death and Health Benefits Trust Fund (Fund 07420) at the Administration of Health Insurance the balance from the Administration of Health Benefits Payment - LODA Fund (Fund 07422) at the Department of Human Resource Management.

EE. On or before June 30, of each fiscal year, the State Comptroller shall transfer $154,743 from Special Funds of the Department of Behavioral Health and Developmental Services (720) to Special Funds at the Office of the State Inspector General (147).

FF. On or before June 30 of each fiscal year, the State Comptroller shall transfer to the general fund the portion of the balance of the Disaster Recovery Fund (Fund 02460) at the Virginia Department of Emergency Management that was received as a federal cost recovery. The amount transferred represents repayment of the sum sufficient fund originally appropriated for federally-declared emergencies. The Department of Emergency Management shall report to the State Comptroller the amount of the balance to be transferred by June 1 of each year.

GG. Notwithstanding the provisions of subsection A of § 58.1-662, Code of Virginia, and in addition to clause (i) and (ii) of that subsection, monies in the Communications Sales and Use Tax Trust Fund shall not be allocated to the Commonwealth's counties, cities, and towns until after an amount equal to $2,000,000 the first year is allocated to the general fund. The State Comptroller shall deposit to the general fund $2,000,000 on or before June 30, the first year and an additional $2,000,000 on or before June 30, the second year from the revenues received from the Communications Sales and Use Tax.

HH. The transfer of excess amounts in the Regulatory, Consumer Advocacy, Litigation, and Enforcement Revolving Trust Fund to the general fund pursuant to Item 51 of this act is estimated at $5,907,294 the first year and $500,000 the second year.

II. The Virginia Department of Agriculture and Consumer Services (VDACS) is authorized to transfer the Eastern Shore Farmers Market, including the Market Office Building at 18491 Garey Road and the Produce Warehouse at 18513 Garey Road, Melfa, Virginia 23410, and the Seafood Market Building located at 18555 Garey Road, Melfa, Virginia 23410 for no consideration to the Industrial Authority of Accomack County (IAAC) subject to an appropriation being made satisfactory to the Virginia Department of Treasury for the remediation of tax-advantaged bonds that financed the construction, improvement and equipping of such facilities. VDACS is further authorized to grant any and all easements necessary to complete the conveyance. IAAC will be responsible for all transaction expenses associated with the transfer.

JJ.1. Following the completion of capital project "18686: Improve and Convey Property in Clarke County", the Department of General Services shall convey parcel 27-A-10-A in Clarke County to the county at fair market value.

2. Notwithstanding the provisions of § 2.2-1156 or any other provision of law, the proceeds from the conveyance of this property shall be deposited in the general fund of the state treasury.

KK. The Culpeper Correctional Center operated by the Department of Corrections shall be sold. Notwithstanding the provisions of § 2.2-1156, Code of Virginia or any other provisions of law, the proceeds of the sale of the Culpeper Correctional Center shall be paid into the general fund.

LL. On or before June 30 the first year, the State Comptroller shall transfer to the general fund $2,500,000 from the VDACS Special Revenue Fund.

MM. On or before June 30 the first year, the State Comptroller shall transfer to the general fund $28,000,000 from the Virginia Growth & Opportunity Fund.

NN. On or before June 30 the first year, the State Comptroller shall transfer all remaining balances from the Edvantage Reserve Fund to the general fund estimated at $271,903.

OO. On or before June 30 the first year, the State Comptroller shall transfer all remaining balances from the DOA Transfer Payments Trust and Agency Fund to the general fund estimated at $189,961.

PP. On or before June 30 the first year, the State Comptroller shall transfer $115,000,000 from the Unclaimed Property Fund at Department of the Treasury to the general fund to be appropriated in Direct Aid to Public Education.

QQ. On or before June 30 the first year, the State Comptroller shall transfer $30,000,000 from the Dominion Energy Offshore Wind Easement Fund at the Department of Military Affairs to the general fund.

SS. As required by § 4-1.05 b. of Chapter 2, 2024 Acts of Assembly, Special Session I, $94,290 in various inactive nongeneral fund accounts were reverted by the State Comptroller to the general fund in the first year *and $227,948 in the second year*.

TT. On or before June 30, the State Comptroller shall transfer $5,532,568 the first year to the general fund from the 2021 Triennial Review Fund (Fund 02027) at the Department of Energy (409).

UU. On or before June 30, the State Comptroller shall transfer an estimated $4,760,334 the first year to the general fund from the remaining cash balances in the Truck Manufacturing Grant Fund (Fund 02009), Semiconductor Manufacturing Grant Fund (Fund 09045), Special Workforce Grant Fund (Fund 09057), Major Eligible Employer Grant Fund (Fund 09141), and Advanced Shipbuilding Production Facility Grant Fund (Fund 09159) at the Secretary of Commerce and Trade (192).

VV. On or before June 30, 2025, the State Comptroller shall transfer an estimated $1,987,000 from the Virginia Economic Development Partnership Authority to the general fund.

WW. On or before June 30, the State Comptroller shall transfer an estimated $29,000,000 the first year and $31,000,000 the second year to the general fund from the State Racing Operations Fund (02280) at the Virginia Racing Commission (405) in accordance with the provisions in Item 99 of this act and § 59.1-392.

XX. On or before June 30 the second year, the State Comptroller shall transfer to the general fund $10,000,000 from the Virginia Growth & Opportunity Fund (Fund 09272) at the Department of Housing and Community Development (165).

YY. On or before June 30 the second year, the State Comptroller shall transfer $25,000,000 to the general fund from the Soil and Water Conservation District Dam Maintenance, Repair, and Rehabilitation Fund (Fund 09254) at the Department of Conservation and Recreation (199).

ZZ. On or before June 30 the second year, the State Comptroller shall transfer $2,234,476 to the general fund from the Virginia Clean Energy Innovation Bank (Fund 09078) at the Department of Energy (409).

§ 3-1.02 INTERAGENCY TRANSFERS

The Virginia Department of Transportation shall transfer, from motor fuel tax revenues, $388,254 the first year and $388,254 the second year to the Department of General Services for motor fuels testing.

§ 3-1.03 SHORT-TERM ADVANCE TO THE GENERAL FUND FROM NONGENERAL FUNDS

A. To meet the occasional short-term cash needs of the general fund during the course of the year when cumulative year-to-date disbursements exceed temporarily cumulative year-to-date revenue collections, the State Comptroller is authorized to draw cash temporarily from nongeneral fund cash balances deemed to be available, although special dedicated funds related to commodity boards are exempt from this provision. Such cash drawdowns shall be limited to the amounts immediately required by the general fund to meet disbursements made in pursuance of an authorized appropriation. However, the amount of the cash drawdown from any particular nongeneral fund shall be limited to the excess of the cash balance of such fund over the amount otherwise necessary to meet the short-term disbursement requirements of that nongeneral fund. The State Comptroller will ensure that those funds will be replenished in the normal course of business.

B. In the event that nongeneral funds are not sufficient to compensate for the operating cash needs of the general fund, the State Treasurer is authorized to borrow, temporarily, required funds from cash balances within the Commonwealth Transportation Fund, where such trust fund balances, based upon assessments provided by the Commonwealth Transportation Commissioner, are not otherwise needed to meet the short-term disbursement needs of the Commonwealth Transportation Fund, including any debt service and debt coverage needs, over the life of the borrowing. In addition, the State Treasurer shall ensure that such borrowings are consistent with the terms and conditions of all bond documents, if any, that are relevant to the Commonwealth Transportation Fund.

C. The Secretary of Finance, the State Treasurer and the Commonwealth Transportation Commissioner shall jointly agree on the amounts of such interfund borrowings. Such borrowed amounts shall be repaid to the Commonwealth Transportation Fund at the earliest practical time when they are no longer needed to meet short-term cash needs of the general fund, provided, however, that such borrowed amounts shall be repaid within the biennium in which they are borrowed. Interest shall accrue daily at the rate per annum equal to the then current one-year United States Treasury Obligation Note rate.

D. Any temporary loan shall be evidenced by a loan certificate duly executed by the State Treasurer and the Commonwealth Transportation Commissioner specifying the maturity date of such loan and the annual rate of interest. Prepayment of temporary loans shall be without penalty and with interest calculated to such prepayment date. The State Treasurer is authorized to make, at least monthly, interest payments to the Commonwealth Transportation Fund.

§ 3-2.00 WORKING CAPITAL FUNDS AND LINES OF CREDIT

§ 3-2.01 ADVANCES TO WORKING CAPITAL FUNDS

The State Comptroller shall make available to the Virginia Racing Commission, on July 1 of each year, the amount of $125,000 from the general fund as a temporary cash flow advance, to be repaid by December 30 of each year.

§ 3-2.02 CHARGES AGAINST WORKING CAPITAL FUNDS

The State Comptroller may periodically charge the appropriation of any state agency for the expenses incurred for services received from any program financed and accounted for by working capital funds. Such charge may be made upon receipt of such documentation as in the opinion of the State Comptroller provides satisfactory evidence of a claim, charge or demand against the appropriations made to any agency. The amounts so charged shall be recorded to the credit of the appropriate working capital fund accounts. In the event any portion of the charge so made shall be disputed, the amount in dispute may be restored to the agency appropriation by direction of the Governor.

§ 3-2.03 LINES OF CREDIT

a. The State Comptroller shall provide lines of credit to the following agencies, not to exceed the amounts shown:

Administration of Health Insurance, Health Benefits Services	$75,000,000
Administration of Health Insurance, Line of Duty Act	$10,000,000
Department of Accounts, for the Payroll Service Bureau	$400,000
Department of Accounts, Transfer Payments	$5,250,000
Alcoholic Beverage Control Authority	$80,000,000
Department of Corrections, for Virginia Correctional Enterprises	$1,000,000
Department of Corrections, for Federal Grant Processing	$1,000,000
Department of Emergency Management, for Hazardous Material Incident Response	$150,000
Department of Emergency Management, for Federal Grant Processing	$500,000
Department of Emergency Management, for Next Generation 911 service	$15,000,000
Department of Environmental Quality	$5,000,000
Department of Human Resource Management, for the Workers' Compensation Self Insurance Trust Fund	$10,000,000
Department of Behavioral Health and Developmental Services	$30,000,000
Department of Medical Assistance Services, for the Virginia Health Care Fund	$12,000,000
Department of Motor Vehicles	$30,600,000
Department of the Treasury, for the Unclaimed Property Trust	$5,000,000

Fund	
Department of the Treasury, for the State Insurance Reserve Trust Fund	$25,000,000
Virginia Lottery	$56,000,000
Virginia Information Technologies Agency	$165,000,000
Virginia Tobacco Settlement Foundation	$3,000,000
Department of Historic Resources	$600,000
Department of Fire Programs	$30,000,000
Compensation Board	$8,000,000
Department of Conservation and Recreation	$4,000,000
Department of Military Affairs, for State Active Duty	$5,000,000
Department of Military Affairs, for Federal Cooperative Agreements	$30,000,000
Virginia Parole Board	$50,000
Commonwealth's Attorneys' Services Council	$200,000
Department of State Police, for the Internet Crimes Against Children Grant	$3,700,000
Department of State Police, for Federal Grant Processing	$1,500,000
Department of Social Services, for timing issues related to the receipt of federal grants and other payments	$17,000,000
Virginia Employment Commission	$30,000,000

b. The State Comptroller shall execute an agreement with each agency documenting the procedures for the line of credit, including, but not limited to, applicable interest and the method for the drawdown of funds. The provisions of § 4-3.02 b of this act shall not apply to these lines of credit.

c. The State Comptroller, in conjunction with the Departments of General Services and Planning and Budget, shall establish guidelines for agencies and institutions to utilize a line of credit to support fixed and one-time costs associated with implementation of office space consolidation, relocation and/or office space co-location strategies, where such line of credit shall be repaid by the agency or institution based on the cost savings and efficiencies realized by the agency or institution resulting from the consolidation and/or relocation. In such cases the terms of office space consolidation or co-location strategies shall be approved by the Secretary of Administration, in consultation with the Secretary of Finance, as demonstrating cost benefit to the Commonwealth. In no case shall the advances to an agency or institution exceed $1,000,000 nor the repayment begin more than one year following the implementation or extend beyond a repayment period of seven years.

d. The State Comptroller is hereby authorized to provide lines of credit of up to $2,500,000 to the Department of Motor Vehicles and up to $2,500,000 to the Department of State Police to be repaid from revenues provided under the federal government's establishment of Uniform Carrier Registration.

e. The Virginia Lottery is hereby authorized to use its line of credit to meet cash flow needs for operations at any time during the year and to provide cash to the Virginia Lottery Fund to meet the required transfer of estimated lottery profits to the Lottery Proceeds Fund, as specified in provisions of § 3-1.01G. of this act. The Virginia Lottery shall repay the line of credit as actual cash flows become available. The Secretary of Finance is authorized to increase the line of credit to the Virginia Lottery if necessary to meet operating needs.

f. The State Comptroller is hereby authorized to provide a line of credit of up to $5,000,000 to the Department of Military Affairs to cover the actual costs of responding to State Active Duty. The line of credit will be repaid as the Department of Military Affairs is reimbursed from federal or other funds, other than Department of Military Affairs funds.

g. The Department of Conservation and Recreation may utilize the line of credit authorized in paragraph a. to continue the development of the coastal master plan, including use of a consultant to assist in the plan's development. Any funds spent from the line of credit for this purpose shall be repaid from revenues generated by the Commonwealth's participation in the sale of allowances through the Regional Greenhouse Gas Initiative and deposited to the Virginia Community Flood Preparedness Fund pursuant to § 10.1-603.25, Code of Virginia.

h. The line of credit authorized in paragraph a. for the Virginia Department of Emergency Management, for Next Generation 911 service shall be provided to the 911 Services Board as a temporary cash flow advance. Funds received from the line of credit shall be used only to support implementation of next generation 911 service and shall be distributed in a manner consistent with § 56-484.17 (D), Code of Virginia. The request for the line of credit shall be prepared in the formats as approved by the Secretary of Finance and the Secretary of Public Safety and Homeland Security. The Secretary of Finance and the Secretary of Public Safety and Homeland Security shall approve drawdowns from the Virginia Department of Emergency

Management's Next Generation 911 line of credit prior to the expenditure of funds.

i. The Virginia Employment Commission may use the line of credit authorized in paragraph a. with approval from the Secretary of Labor, in consultation with the Secretary of Finance, for operational costs of the administration of Unemployment Compensation programs in times of significant increases in unemployment. For the purposes of this paragraph, significant increases in unemployment shall mean the unemployment rate is five percent or higher and is one-hundred and twenty percent of the average unemployment rate for the same 13-week period in the two previous years.

§ 3-3.00 GENERAL FUND DEPOSITS

§ 3-3.01 PAYMENT BY THE STATE TREASURER

The state Treasurer shall transfer an amount estimated at $50,000 on or before June 30, 2025 and an amount estimated at $50,000 on or before June 30, 2026, to the general fund from excess 9(c) sinking fund balances.

§ 3-4.00 AUXILIARY ENTERPRISES AND SPONSORED PROGRAMS IN INSTITUTIONS OF HIGHER EDUCATION

§ 3-4.01 AUXILIARY ENTERPRISE INVESTMENT YIELDS

A. 1. The educational and general programs in institutions of higher education shall recover the full indirect cost of auxiliary enterprise programs as certified by institutions of higher education to the Comptroller subject to annual audit by the Auditor of Public Accounts. The State Comptroller shall credit those institutions meeting the requirement with the interest earned by the investment of funds of their auxiliary enterprise programs.

2. The University of Virginia's College at Wise is authorized to suspend the transfer of the recovery of the full indirect cost of auxiliary enterprise programs to the educational and general program for the 2024-2026 biennium.

B. No interest shall be credited for that portion of the fund's cash balance that represents any outstanding loans due from the State Treasurer. The provisions of this section shall not apply to the capital projects authorized under Items C-36.21 and C-36.40 of Chapter 924, 1997 Acts of Assembly.

§ 3-5.00 ADJUSTMENTS AND MODIFICATIONS TO TAX COLLECTIONS

§ 3-5.01 RETALIATORY COSTS TO OTHER STATES TAX CREDIT

Notwithstanding any other provision of law, the amount deposited to the Commonwealth Transportation Fund pursuant to § 58.1-2531 shall not be reduced by more than $266,667 by any refund of the Tax Credit for Retaliatory Costs to Other States available under § 58.1-2510.

§3-5.02 PAYMENT OF AUTO RENTAL TAX TO THE GENERAL FUND

Notwithstanding the provisions of § 58.1-1741, Code of Virginia, or any other provision of law, all revenues resulting from the fee imposed under subdivision A3 of § 58.1-1736, Code of Virginia, shall be deposited into the general fund after the direct costs of administering the fee are recovered by the Department of Taxation.

§ 3-5.03 IMPLEMENTATION OF CHAPTER 3, ACTS OF ASSEMBLY OF 2004, SPECIAL SESSION I

A. Revenues deposited into the Public Education Standards of Quality/Local Real Estate Property Tax Relief Fund established under § 58.1-638.1 of the Code of Virginia pursuant to enactments of the 2004 Special Session of the General Assembly shall be transferred to the general fund and used to meet the Commonwealth's responsibilities for the Standards of Quality prescribed pursuant to Article VIII, Section 2, of the Constitution of Virginia. The Comptroller shall take all actions necessary to effect such transfers monthly, no later than 10 days following the deposit to the Fund. The amounts transferred shall be distributed to localities as specified in Direct Aid to Public Education's (197), State Education Assistance Programs (17800) of this Act. The estimated amount of such transfers are $585,967,459 the first year and ~~$608,851,761~~*$606,851,761* the second year.

B. Staff from the Department of Planning and Budget, Department of Taxation, House Appropriations Committee, and Senate Finance and Appropriations Committee shall collaborate to propose statutory amendments and budget language amendments for the 2026-2028 biennial budget as needed to allow the sales tax revenues collected pursuant to § 58.1-638 F to be deposited directly to the general fund for public education purposes in lieu of the current requirement that these funds be first deposited into the fund established in § 58.1-638.1.

§ 3-5.05 DISPOSITION OF EXCESS FEES COLLECTED BY CLERKS OF THE CIRCUIT COURTS

Notwithstanding §§ 15.2-540, 15.2-639, 15.2-848, 17.1-285, and any other provision of law general or special, effective July 1, 2009, the Commonwealth shall be entitled to two-thirds of the excess fees collected by the clerks of the circuit courts as required to be reported under § 17.1-283.

§ 3-5.06 DISCOUNTS AND ALLOWANCES

A. Notwithstanding any other provision of law, effective beginning with the return for June 2010, due July 2010, the compensation allowed under § 58.1-622, Code of Virginia, shall be suspended for any dealer required to remit the tax levied under §§ 58.1-603 and 58.1-604, Code of Virginia, by electronic funds transfer pursuant to § 58.1-202.1, Code of Virginia, and the compensation available to all other dealers shall be limited to the following percentages of the first three percent of the tax levied under §§ 58.1-603 and 58.1-604, Code of Virginia:

Monthly Taxable Sales	Percentage
$0 to $62,500	1.6%
$62,501 to $208,000	1.2%
$208,001 and above	0.8%

B. Notwithstanding any other provision of law, effective beginning with the return for June 2010, due July 2010, the compensation available under §§ 58.1-642, 58.1-656, 58.1-1021.03, and 58.1-1730, Code of Virginia, shall be suspended.

C. Beginning with the return for June 2011, due July 2011, the compensation under § 58.1-1021.03 shall be reinstated.

§ 3-5.07 SALES TAX COMMITMENT TO HIGHWAY MAINTENANCE AND OPERATING FUND

The sales and use tax revenue for distribution to the Highway Maintenance and Operating Fund shall be consistent with Chapter 766, 2013 Acts of Assembly.

§ 3-5.08 INTANGIBLE HOLDING COMPANY ADDBACK

Notwithstanding the provisions of § 58.1-402(B)(8), Code of Virginia, for taxable years beginning on and after January 1, 2004:

(i) The exception in § 58.1-402(B)(8)(a)(1) for income that is subject to a tax based on or measured by net income or capital imposed by Virginia, another state, or a foreign government shall be limited to and apply only to the portion of such income received by the related member that owns the intangible property, which portion is attributed to a state or foreign government in which such related member has sufficient nexus to be itself subject to such taxes; and

(ii) The exception in § 58.1-402(B)(8)(a)(2) for a related member deriving at least one-third of its gross revenues from licensing to unrelated parties shall be limited and apply to the portion of such income received by the related member that owns the intangible property and derived from licensing agreements for which the rates and terms are comparable to the rates and terms of agreements that such related member has entered into with unrelated entities.

§ 3-5.09 REGIONAL FUELS TAX

Funds collected pursuant to § 58.1-2291 et seq., Code of Virginia, from the additional sales tax on fuel in certain transportation districts under § 58.1-2291 et seq., Code of Virginia, shall be returned to the respective commissions in amounts equivalent to the shares collected in the respective member jurisdictions. However, no funds shall be collected pursuant to § 58.1-2291 et seq., Code of Virginia, from levying the additional sales tax on aviation fuel as that term is defined in § 58.1-2201, Code of Virginia.

§ 3-5.10 DEDUCTION FOR ABLE ACT CONTRIBUTIONS

A. Effective for taxable years beginning on or after January 1, 2016, an individual shall be allowed a deduction from Virginia adjusted gross income as defined in § 58.1-321, Code of Virginia, for the amount contributed during the taxable year to an ABLE savings trust account entered into with the Virginia College Savings Plan pursuant to Chapter 7 (§ 23.1-700 et seq.) of Title 23.1, Code of Virginia. The amount deducted on any individual income tax return in any taxable year shall be limited to $2,000 per ABLE savings trust account. No deduction shall be allowed pursuant to this section if such contributions are deducted on the contributor's federal income tax return. If the contribution to an ABLE savings trust account exceeds $2,000 the remainder may be carried forward and subtracted in future taxable years until the ABLE savings trust contribution has been fully deducted; however, in no event shall the amount deducted in any taxable year exceed $2,000 per ABLE savings trust account.

B. Notwithstanding the statute of limitations on assessments contained in § 58.1-312, Code of Virginia, any deduction taken hereunder shall be subject to recapture in the taxable year or years in which distributions or refunds are made for any reason other than (i) to pay qualified disability expenses, as defined in § 529A of the Internal Revenue Code; or (ii) the beneficiary's death.

C. A contributor to an ABLE savings trust account who has attained age 70 shall not be subject to the limitation that the amount of the deduction not exceed $2,000 per ABLE savings trust account in any taxable year. Such taxpayer shall be allowed a deduction for the full amount contributed to an ABLE savings trust account, less any amounts previously deducted.

D. The Tax Commissioner shall develop guidelines implementing the provisions of this section, including but not limited to the computation, carryover, and recapture of the deduction provided under this section. Such guidelines shall be exempt from the provisions of the Administrative Process Act (§ 2.2-4000 et seq., Code of Virginia).

§ 3-5.11 RETAIL SALES AND USE TAX EXEMPTION FOR RESEARCH FOR FEDERALLY FUNDED RESEARCH AND DEVELOPMENT CENTERS

A. Notwithstanding any other provision of law or regulation, and beginning July 1, 2016 and ending June 30, 2018, the retail sales and use tax exemption provided for in subdivision 5 of § 58.1-609.3 of the Code of Virginia, applicable to tangible personal property purchased or leased for use or consumption directly and exclusively in basic research or research and development in the experimental or laboratory sense, shall apply to such property used in a federally funded research and development center, regardless of whether such property is used by the purchaser, lessee, or another person or entity.

B. Notwithstanding any other provision of law, beginning July 1, 2018, tangible personal property purchased by a federally funded research and development center sponsored by the U.S. Department of Energy shall be exempt from the retail sales and use tax.

C. Nothing in this section shall be construed to relieve any federally funded research and development center of any liability for retail sales and use tax due for the purchase of tangible personal property pursuant to the law in effect at the time of the purchase.

§ 3-5.12 ADMISSIONS TAX

Notwithstanding the provisions of § 58.1-3818.02, Code of Virginia, or any other provision of law, subject to the execution of a memorandum of understanding between an entertainment venue and the County of Stafford, Stafford County is authorized to impose a tax on admissions to an entertainment venue located in the county that (i) is licensed to do business in the county for the first time on or after July 1, 2015, and (ii) requires at last 75 acres of land for its operations, and (iii) such land is purchased or leased by the entertainment venue owner on or after June 1, 2015. The tax shall not exceed 10 percent of the amount of charge for admission to any such venue. The provisions of this section shall expire on July 1, 2019 if no entertainment venue exists in Stafford County upon which the tax authorized is imposed.

§ 3-5.13 SUNSET DATES FOR INCOME TAX CREDITS AND SALES AND USE TAX EXEMPTIONS

A. Notwithstanding any other provision of law the General Assembly shall not advance the sunset date on any existing sales tax exemption or tax credit beyond June 30, 2030. Any new sales tax exemption or tax credit enacted by the General Assembly after the 2019 regular legislative session, but prior to the 2029 regular legislative session, shall have a sunset date of not later than June 30, 2030. However, this requirement shall not apply to tax exemptions administered by the Department of Taxation under § 58.1-609.11, relating to exemptions for nonprofit entities nor shall it apply to exemptions or tax credits with sunset dates after June 30, 2022, enacted or advanced during the 2016 Session of the General Assembly to the Virginia housing opportunity tax credit under Article 13.4 (§ 58.1-439.29 et seq.) of Chapter 3 of Title 58.1 of the Code of Virginia, or to the Motion Picture Production Tax Credit under § 58.1-439.12:03, Code of Virginia.

B. The Department shall provide an updated revenue impact report no later than November 1, 2025, and every five years thereafter, for sales tax exemptions and tax credits set to expire within two years following the date of the report. Such reports shall be distributed to every member of the General Assembly and to the Joint Subcommittee to Evaluate Tax Preferences.

§ 3-5.14 PROVIDER COVERAGE ASSESSMENT

A. The Department of Medical Assistance Services (DMAS) is authorized to levy an assessment upon private acute care hospitals operating in Virginia in accordance with this Item. Private acute care hospitals operating in Virginia shall pay a coverage assessment beginning on or after October 1, 2018. For the purposes of this coverage assessment, the definition of private acute care hospitals shall exclude public hospitals, freestanding psychiatric and rehabilitation hospitals, children's hospitals, long stay hospitals, long-term acute care hospitals and critical access hospitals.

B.1. The coverage assessment shall be used only to cover the non-federal share of the “full cost of expanded Medicaid coverage" for newly eligible individuals pursuant to 42 U.S.C. § 1396d(y)(1)[2010] of the Patient Protection and Affordable Care Act, including the administrative costs of collecting the coverage assessment and implementing and operating the coverage for newly eligible adults which includes the costs of administering the provisions of the Section 1115 waiver.

2.a. The “full cost of expanded Medicaid coverage" shall include: 1) any and all Medicaid expenditures related to individuals eligible for Medicaid pursuant to 42 U.S.C. § 1396d(y)(1)[2010] of the Patient Protection and Affordable Care Act, including any federal actions or repayments; and, 2) all administrative costs associated with providing coverage, which includes the costs of administering the provisions of the Section 1115 waiver, and collecting the coverage assessment.

b. The “full cost of expanded Medicaid coverage” shall be updated: 1) on November 1 of each year based on the official Medicaid forecast and latest administrative cost estimates developed by DMAS; 2) no more than 30 days after the enactment of this Act to reflect policy changes adopted by the latest session of the General Assembly; and 3) on March 1 of any year in which DMAS estimates that the most recent non-federal share of the “full cost of expanded Medicaid coverage” times 1.08 will be insufficient to pay all expenses in 2.a. for that year.

C.1. The “coverage assessment amount" shall equal the non-federal share of the “full cost of expanded Medicaid coverage" times 1.02.

2. The “coverage assessment percentage" shall be calculated quarterly by dividing (i) the “coverage assessment amount" by (ii) the total “net patient service revenue" for hospitals subject to the assessment. The coverage assessment amount used in the quarterly calculation of the “coverage assessment percentage” shall include a reconciliation of the Health Care Coverage Assessment Fund prescribed in D.1 and subtract all prior quarterly assessments paid for that fiscal year before dividing the remainder by the remaining quarters in the fiscal year.

3. Each hospital's “net patient service revenue” equals the amount reported in the most recent Virginia Health Information (VHI) “Hospital Detail Report.” Hospitals shall certify that the net patient service revenue is hospital revenue and this amount shall be the assessment basis for the following fiscal year.

4. Each hospital's coverage assessment amount shall be calculated by multiplying the quarterly “coverage assessment percentage” times each hospital's net patient service revenue.

D.1. DMAS shall, at a minimum, update the “coverage assessment amount” whenever the “full cost of expanded Medicaid coverage” is updated in section B.2.b or to ensure amounts are sufficient to cover the full cost of expanded Medicaid coverage based on the latest estimate. Hospitals shall be given no less than 15 days' notice prior to the beginning of the quarter with associated calculations supporting the change in its coverage assessment amount. Prior to any change to the coverage assessment amount, DMAS shall perform and incorporate a reconciliation of the Health Care Coverage Assessment Fund through the most recent complete quarter. Any estimated excess or shortfall of revenue shall be deducted from or added to the "coverage assessment amount."

2. DMAS shall be responsible for collecting the coverage assessment amount. Hospitals subject to the coverage assessment shall make quarterly payments due no later than July 1, October 1, January 1 and April 1 of each state fiscal year.

3. Hospitals that fail to make the coverage assessment payments within 30 days of the due date shall incur a five percent penalty that shall be deposited in the Virginia Health Care Fund. Any unpaid coverage assessment or penalty will be considered a debt to the Commonwealth and DMAS is authorized to recover it as such.

E. DMAS shall submit a report, due September 1 of each year, to the Director, Department of Planning and Budget and Chairs of the House Appropriations and Senate Finance and Appropriations Committees, and the Virginia Hospital and Healthcare Association. The report shall include, for the most recently completed fiscal year, the revenue collected from the coverage assessment, expenditures for purposes authorized by this Item, and the year-end coverage assessment balance in the Health Care Coverage Assessment Fund. The report shall also include a complete and itemized listing of all administrative costs included in the coverage assessment.

F. All revenue from the coverage assessment excluding penalties, shall be deposited into the Health Care Coverage Assessment Fund. Proceeds from the coverage assessment, excluding penalties, shall not be used for any other purpose than to cover the non-federal share of the full cost of expanded Medicaid coverage. Notwithstanding any other provision of law, the net state share of any prior year recovery of Medicaid expansion costs that were paid with coverage assessment revenue shall be deposited into the Health Care Coverage Assessment Fund.

G. Any provision of this Item is contingent upon approval by the Centers for Medicare and Medicaid Services if necessary.

H. The Hospital Payment Policy Advisory Council shall meet to consider the implementation and provisions of the Provider Coverage and Payment Rate Assessments in order to consider and make recommendations to ensure the collection and use of such funds are appropriate and consistent with the intent of the General Assembly. Specifically, the Council shall consider the level of detail and format necessary to develop the report pursuant to paragraph E. The Council shall recommend a format and associated level of detail, to be included in the report to the Joint Subcommittee for Health and Human Resources Oversight. The Joint Subcommittee shall approve the final format and associated level of detail of the report to be submitted by the Department of Medical Assistance Services.

§ 3-5.15 PROVIDER PAYMENT RATE ASSESSMENT

A. The Department of Medical Assistance Services (DMAS) is hereby authorized to levy a payment rate assessment upon private hospitals operating in Virginia in accordance with this item. Private hospitals operating in Virginia shall pay a payment rate assessment beginning on or after October 1, 2018 when all necessary state plan amendments are approved by the Centers for Medicare and Medicaid Services (CMS). For purposes of this assessment, the definition of private hospitals shall include acute care hospitals and critical access hospitals and shall exclude public hospitals, freestanding psychiatric and rehabilitation hospitals, children's hospitals, long stay hospitals, and long-term acute care hospitals.

B. Proceeds from the payment rate assessment shall be used to (i) fund an increase in inpatient and outpatient payment rates paid to private hospitals operating in Virginia up to the “upper payment limit gap"; and (ii) fill the “managed care organization hospital payment gap" for care provided to recipients of medical assistance services. Payments made under the provisions i and ii of this paragraph shall be referred to as “private hospital enhanced payments".

C.1. The Department of Medical Assistance Services (DMAS) shall calculate each hospital's “payment rate assessment amount” by multiplying the “payment rate assessment percentage" times “net patient service revenue" as defined below.

2. The “payment rate assessment percentage" for hospitals shall be calculated as (i) the non-federal share of funding the “private hospital enhanced payments" divided by (ii) the total “net patient service revenue" for hospitals subject to the assessment.

3. Each hospital's “net patient service revenue" equals the amount reported in the most recent Virginia Health Information (VHI) “Hospital Detail Report." Hospitals shall certify that the net patient service revenue is hospital revenue and this amount shall be the assessment basis for the following fiscal year.

4. DMAS is authorized to define hospital classes and set variable assessment rates for different hospital classes in accordance with CMS regulations.

D. DMAS is authorized to update the payment rate assessment amount and payment rate assessment percentage on a quarterly basis to ensure amounts are sufficient to cover the non-federal share of the full cost of the private hospital enhanced payments based on the department's quarterly claims and encounter data. Hospitals shall be given no less than 15 days prior notice of the new assessment amount and be provided with calculations. Prior to any change to the payment rate assessment amount, DMAS shall perform and incorporate a reconciliation of the Health Care Provider Payment Rate Assessment Fund. Any estimated excess or shortfall of revenue since the previous reconciliation shall be deducted from or added to the calculation of the private hospital enhanced payments.

E.1. The "upper payment limit" means the limit on payment for inpatient services for recipients of medical assistance established in accordance with 42 C.F.R. § 447.272 and outpatient services for recipients of medical assistance pursuant to 42 C.F.R. § 447.321 for private hospitals. DMAS shall complete a calculation of the “upper payment limit" for each state fiscal year with a detailed analysis of how it was determined. The "upper payment limit payment gap" means the difference between the amount of the private hospital upper payment limit and the amount otherwise paid pursuant to the state plan for inpatient and outpatient services. The "managed care organization hospital payment gap" means the difference between the amount included in the capitation rates for inpatient and outpatient services based on historical paid claims and the amount that would be included when the projected hospital services furnished by private hospitals operating in Virginia are priced for the contract year equivalent to the maximum managed care directed payment amount as allowed by CMS subject to CMS approval under 42 C.F.R. section 438.6(c). As part of the development of the managed care capitation rates, the DMAS shall calculate a “Medicaid managed care organization (MCO) supplemental hospital capitation payment adjustment". This is a distinct additional amount that shall be added to Medicaid MCO capitation rates to fund supplemental payments under this section to private hospitals operating in Virginia for services to Medicaid recipients.

2. DMAS shall contractually direct Medicaid MCOs to disburse supplemental hospital capitation payment funds consistent with this section and 42 C.F.R. § 438.6(c), to ensure that all such funds are disbursed to private hospitals operating in Virginia. In addition, DMAS shall contractually prohibit MCOs from making reductions to or supplanting hospital payments otherwise paid by MCOs.

3. DMAS shall make available quarterly a report of the additional capitation payments that are made to each MCO pursuant to this item. Further, DMAS shall consider recommendations of the Medicaid Hospital Payment Policy and Advisory Council in designing and implementing the specific elements of the payment rate assessment and private hospital supplemental payment program authorized by this item.

F.1. DMAS shall be responsible for collecting the payment rate assessment amount. Hospitals subject to the payment rate assessment shall make quarterly payments due no later than August 15, November 15, February 15 and May 15 of each state fiscal year.

2. Hospitals that fail to make the payment rate assessment payments on or before the due date in subsection F.1. shall incur a five percent penalty that shall be deposited in the Virginia Health Care Fund. Any unpaid payment assessment or penalty will be considered a debt to the Commonwealth and DMAS is authorized to recover it as such.

G. DMAS shall submit a report due September 1 of each year to the Director, Department of Planning and Budget and Chairs of the House Appropriations and Senate Finance and Appropriations Committees. The report shall include, for the most recently completed fiscal year, the revenue collected from the payment rate assessment, expenditures for purposes authorized by this item, and the year-end assessment balance in the Health Care Provider Payment Rate Assessment Fund.

H. All revenue from the payment rate assessment shall be deposited into the Health Care Provider Payment Rate Assessment Fund, a special non-reverting fund in the state treasury. Proceeds from the payment rate assessment, excluding penalties, shall not be used for any other purpose than to fund (i) an increase in inpatient and outpatient payment rates paid to private hospitals operating in Virginia up to the private hospital “upper payment limit" and “managed care organization hospital payment gap" for care provided to recipients of medical assistance services, and (ii) the administrative costs of collecting the assessment and of implementing and operating the associated payment rate actions.

I. The department shall have the authority to submit a State Plan amendment and preprint to the Centers for Medicare and Medicaid Services (CMS) to revise the “net patient service revenue" calculation for the state in accordance with CMS regulations to include currently excluded providers to attain the maximum assessment allowed under federal law as the upper limit of total assessments. The department shall have the authority to implement this change effective July 1, 2024, and prior to the completion of any regulatory process undertaken in order to effect such change.

J. Any provision of this Section is contingent upon approval by the Centers for Medicare and Medicaid Services if necessary.

§ 3-5.16 TOBACCO TAX STUDY

§3-5.17 HISTORIC PRESERVATION TAX CREDIT

A. Notwithstanding § 58.1-339.2 or any other provision of law, effective for taxable years beginning on and after January 1, 2017, but before January 1, 2025, the amount of the Historic Rehabilitation Tax Credit that may be claimed by each taxpayer, including amounts carried over from prior taxable years, shall not exceed $5 million for any taxable year.

B. Notwithstanding § 58.1-339.2 or any other provision of law, effective for taxable years beginning on and after January 1, 2025, the amount of the Historic Rehabilitation Tax Credit that may be claimed by each taxpayer, including amounts carried over from prior taxable years, shall not exceed $7.5 million for any taxable year.

§ 3-5.18 NEIGHBORHOOD ASSISTANCE ACT TAX CREDIT

A. Notwithstanding § 58.1-439.20 or any other provision of law, for fiscal Year 2025 and fiscal year 2026, the amount of the Neighborhood Assistance Act Tax Credit available under § 58.1-439.18 et seq., Code of Virginia, shall be limited to $20 million allocated as follows: $12.0 million for education proposals for approval by the Superintendent of Public Instruction and $8.0 million for all other proposals for approval by the Commissioner of the State Department of Social Services. In making such equitable allocation of credits, the Commissioner of Social Services and the Superintendent of Public Instruction shall consider the portion of a neighborhood organization's revenues and expenses that are used to serve low-income persons and shall not rely solely on the amount of credits allocated to the neighborhood organization in the prior year in allocating available credits.

B. For purposes of this section, the term "individual" means the same as that term is defined in § 58.1-302, but excluding any individual included in the definition of a "business firm" as such term is defined in § 58.1-439.18.

C. Notwithstanding any other provision of law or regulation, in order to be eligible to receive an allocation of credits pursuant to § 58.1-439.20:1, Code of Virginia, at least 50 percent of the persons served by the neighborhood organization, either directly by the neighborhood organization or through the provision of revenues to other organizations or groups serving such persons, shall be low-income persons or eligible students with disabilities and at least 50 percent of the neighborhood organization's revenues shall be used to provide services to low-income persons or to eligible students with disabilities, either directly by the neighborhood organization or through the provision of revenues to other organizations or groups providing such services. A tax credit shall be issued by the Superintendent of Public Instruction or the Commissioner of Social Services to an individual only upon receipt of a certification made by a neighborhood organization to whom tax credits were allocated for an approved program pursuant to § 58.1-439.20, § 58.1-439.20:1 or this language.

§ 3-5.19 CIGARETTE TAX, TOBACCO PRODUCTS TAX AND TAX ON LIQUID NICOTINE

A.1. Notwithstanding any other provision of law except as provided in subdivision 2, the cigarette tax imposed under subsection A1 of § 58.1-1001 of the Code of Virginia shall be 3.0 cents on each cigarette sold, stored or received on and after July 1, 2020.

2. Notwithstanding any other provision of law, the excise tax imposed under subsection A2 of § 58.1-1001 of the Code of Virginia shall be 2.25 cents per stick on each cigarette intended to be heated, as defined in § 58.1-1000 of the Code of Virginia, sold, stored or received on and after July 1, 2024. No cigarettes intended to be heated shall be certified in accordance with § 3.2-4205 of the Code of Virginia until the Department of Taxation has developed a stamp for purposes of the tax levied on cigarettes intended to be heated.

B.1. Notwithstanding any other provision of law, the rates of the tobacco products tax imposed under § 58.1-1021.02 of the Code of Virginia in effect on June 30, 2020 shall be doubled beginning July 1, 2020 for taxable sales or purchases occurring on and after such date.

2. Notwithstanding any other provision of law, the tobacco products tax imposed under § 58.1-1021.02 of the Code of Virginia shall be imposed on any heated tobacco product at the rate of 2.25 cents per stick beginning January 1, 2021 for taxable sales or purchases occurring on and after such date, until July 1, 2024 for taxable sales or purchases occurring before such date.

C.1. Notwithstanding any other provision of law, the tobacco products tax imposed under § 58.1-1021.02 of the Code of Virginia shall be imposed on liquid nicotine, as defined in § 58.1-1021.01 of the Code of Virginia, at the rate of $0.066 per milliliter beginning July 1, 2020 for taxable sales or purchases occurring on and after such date, until July 1, 2024 for taxable sales occurring before such date.

2. Notwithstanding any other provision of law, the tobacco products tax imposed under § 58.1-1021.02 of the Code of Virginia shall be imposed on liquid nicotine, as defined in § 58.1-1021.01 of the Code of Virginia, at the rate of $0.11 per milliliter beginning July 1, 2024 for taxable sales or purchases occurring on and after such date.

D. Notwithstanding any other provision of law, the tobacco products tax imposed under § 58.1-1021.02 of the Code of Virginia shall be imposed on any heated tobacco product, as defined in § 58.1-1021.01 of the Code of Virginia, at the rate of 20 percent of the wholesale price beginning July 1, 2024, for taxable sales or purchases occurring on and after such date.

E. The Tax Commissioner shall establish guidelines and rules for (i) transitional procedures in regard to the increase in the cigarette tax, (ii) implementation of the increased tobacco products tax rates, and (iii) implementation of the tobacco products tax on liquid nicotine pursuant to the provisions of this act. The development of such guidelines and rules by the Tax Commissioner shall be exempt from the provisions of the Administrative Process Act (Code of Virginia § 2.2-4000 et seq.)

F. Notwithstanding any other provision of law, beginning January 1, 2021, for the purposes of the Tobacco Products Tax, a Distributor, as defined in § 58.1-1021.01, shall be deemed to have sufficient activity within the Commonwealth to require registration under § 58.1-1021.04:1, if such distributor:

1. Receives more than $100,000 in gross revenue, or other minimum amount as may be required by federal law, from sales of tobacco products in the Commonwealth in the previous or current calendar year, provided that in determining the amount of a dealer's gross revenues, the sales made by all commonly controlled persons as defined in subsection D of § 58.1-612 shall be aggregated; or

2. Engages in 200 or more separate tobacco products sales transactions, or other minimum amount as may be required by federal law, in the Commonwealth in the previous or current calendar year, provided that in determining the total number of a dealer's retail sales transactions, the sales made by all commonly controlled persons as defined in subsection D of § 58.1-612 shall be aggregated.

§ 3-5.20 SALES AND USE TAX HOLIDAY FOR CERTAIN SCHOOL SUPPLIES, HURRICANE PREPAREDNESS EQUIPMENT, AND ENERGY SAVINGS EQUIPMENT

Notwithstanding any other provision of law or regulation, the retail sales and use tax exemption holidays authorized in subdivision 18 of § 58.1-609.1, § 58.1-611.2 and § 58.1-611.3 of the Code of Virginia, applicable to Energy Star or Watersense qualified products, school supplies, clothing and footwear, and certain hurricane preparedness equipment shall remain in effect through July 1, 2025.

§ 3-5.21 REAL PROPERTY TAX

A. Virginia Code § 58.1-3295.3 requires fixtures in a data center, when classified as real estate, to be valued by a locality based on the cost approach (cost less depreciation) rather than the income generated. Fixtures in a data center, when classified as real estate, shall be assessed at one-hundred percent fair market value as determined by the cost approach and consistent with § 58.1-3201.

§ 3-5.22 LAND PRESERVATION TAX CREDIT CLAIMED

A. Notwithstanding § 58.1-512 or any other provision of law, effective for the taxable year beginning on and after January 1, 2017, but before January 1, 2023, the amount of the Land Preservation Tax credit that may be claimed by each taxpayer, including amounts carried over from prior taxable years, shall not exceed $20,000.

B. Notwithstanding § 58.1-512 or any other provision of law, effective for the taxable year beginning on and after January 1, 2024, the amount of the Land Preservation Tax Credit that may be claimed by each taxpayer, including amounts carried over from prior taxable years, shall not exceed $20,000.

§3-5.23 RETAIL SALES AND USE TAX EXEMPTION FOR CERTAIN DRILLING EQUIPMENT

Notwithstanding any other provision of law or regulation, the retail sales and use tax exemption provided for in subdivision 12 of § 58.1-609.3 of the Code of Virginia, applicable to raw materials, fuel, power, energy, supplies, machinery or tools or repair parts therefor or replacements thereof, used directly in the drilling, extraction, or processing of natural gas or oil and the reclamation of the well area shall remain in effect through July 1, 2026.

§3-5.24 ENTITLEMENT TO CERTAIN SALES TAX REVENUES

Notwithstanding § 58.1-608.3 or any other provision of law and for purposes of a municipality entitled to certain sales tax revenues pursuant to § 58.1-608.3, "sales tax revenues" means the revenue generated by the 2.025 percent unrestricted sales and use tax under the Virginia Retail Sales and Use Tax Act (§ 58.1-600 et seq.).

§3-5.25 RETAIL SALES AND USE TAX EXEMPTION FOR BULLION AND LEGAL TENDER COINS

Notwithstanding any other provision of law or regulation, the retail sales and use tax exemption provided for in subdivision 19 of § 58.1-609.1 of the Code of Virginia, applicable to gold, silver, or platinum bullion or legal tender coins shall remain in effect through July 1, 2026.

§ 3-5.26 RECYCLABLE MATERIALS PROCESSING EQUIPMENT TAX CREDIT

Notwithstanding any other provision of law or regulation, the tax credit authorized in § 58.1-439.7 of the Code of Virginia for the purchase of machinery and equipment used for advanced recycling and processing recyclable materials shall remain in effect through taxable years beginning before January 1, 2027.

§ 3-6.00 ADJUSTMENTS AND MODIFICATIONS TO FEES

§ 3-6.01 RECORDATION TAX FEE

There is hereby assessed a twenty dollar fee on (i) every deed for which the state recordation tax is collected pursuant to §§ 58.1-801 A and 58.1-803, Code of Virginia; and (ii) every certificate of satisfaction admitted under § 55.1-345, Code of Virginia. The revenue generated from fifty percent of such fee shall be deposited to the general fund. The revenue generated from the other fifty percent of such fee shall be deposited to the Virginia Natural Resources Commitment Fund, a subfund of the Virginia Water Quality Improvement Fund, as established in § 10.1-2128.1, Code of Virginia. The funds deposited to this subfund shall be disbursed for the agricultural best management practices cost share program, pursuant to § 10.1-2128.1, Code of Virginia.

§ 3-6.02 ANNUAL VEHICLE REGISTRATION FEE ($6.25 FOR LIFE)

Notwithstanding § 46.2-694 paragraph 13 of the Code of Virginia, the additional fee that shall be charged and collected at the time of registration of each pickup or panel truck and each motor vehicle shall be $6.25.

§ 3-6.03 DRIVERS LICENSE REINSTATEMENT FEE

A. Notwithstanding § 46.2-411 of the Code of Virginia, the drivers license reinstatement fee payable to the Trauma Center Fund shall be $100.

B. Notwithstanding the provisions of § 46.2-395 of the Code of Virginia, no court shall suspend any person's privilege to drive a motor vehicle solely for failure to pay any fines, court costs, forfeitures, restitution, or penalties assessed against such person. The Commissioner of the Department of Motor Vehicles shall reinstate a person's privilege to drive a motor vehicle that was suspended prior to July 1, 2019, solely pursuant to § 46.2-395 of the Code of Virginia and shall waive all fees relating to reinstating such person's driving privileges including those paid to the Trauma Center Fund. Nothing herein shall require the Commissioner to reinstate a person's driving privileges if such privileges have been otherwise lawfully suspended or revoked or if such person is otherwise ineligible for a driver's license.

§ 3-6.04 ASSESSMENT OF ELECTRONIC SUMMONS FEE BY LOCALITIES

Nothing in § 17.1-279.1 of the Code of Virginia shall be construed to authorize any county, city, or town to assess the sum set forth therein upon any summons issued by a law-enforcement agency of the Commonwealth.

§ 3-6.05 PROCEDURES FOR PREPAYMENT OF CIVIL PENALTIES IN AN EXECUTIVE ORDER

Any civil penalty under § 44-146.17(1) shall be prepayable in the amount set by executive order and in accordance with § 16.1-69.40:2 B of the Code of Virginia. Any civil penalty amount set by executive order shall not be construed or interpreted so as to limit the discretion of any trial judge trying individual cases at the time fixed for trial.

PART 4: GENERAL PROVISIONS

§ 4-0.00 OPERATING POLICIES

§ 4-0.01 OPERATING POLICIES

a. Each appropriating act of the General Assembly shall be subject to the following provisions and conditions, unless specifically exempt elsewhere in this act.

b. All appropriations contained in this act, or in any other appropriating act of the General Assembly, are declared to be maximum appropriations and conditional on receipt of revenue.

c. The Governor, as chief budget officer of the state, shall ensure that the provisions and conditions as set forth in this section are strictly observed.

d. Public higher education institutions are not subject to the provisions of § 2.2-4800, Code of Virginia, or the provisions of the Department of Accounts' Commonwealth Accounting Policies and Procedures manual (CAPP) topic 20505 with regard to students who are veterans of the United States armed services and National Guard and are in receipt of federal educational benefits under the G.I. Bill. Public higher education shall establish internal procedures for the continued enrollment of such students to include resolution of outstanding accounts receivable.

e. The provisions of the Virginia Public Procurement Act (§ 2.2-4300 et seq. of the Code of Virginia) shall not apply to grants made in support of the 2019 Commemoration to non-profit entities organized under § 501 (c)(3) of the Internal Revenue Code.

f. 1. The State Council of Higher Education for Virginia shall establish a policy for granting undergraduate course credit to entering freshman students who have taken one or more Advanced Placement, Cambridge Advanced (A/AS), College-Level Examination Program (CLEP), or International Baccalaureate examinations by August 1, 2017. The policy shall:

a) Outline the conditions necessary for each public institution of higher education to grant course credit, including the minimum required scores on such examinations;

b) Identify the course credit or other academic requirements of each public institution of higher education that the student satisfies by achieving the minimum required scores on such examinations; and

c) Ensure, to the extent possible, that the grant of course credit is consistent across each public institution of higher education and each such examination.

2. The Council and each public institution of higher education shall make the policy available to the public on its website.

g. 1. Notwithstanding any other provision of law, any public body, including any state, local, regional, or regulatory body, or a governing board as defined in § 54.1-2345 of the Code of Virginia, or any joint meeting of such entities, may meet by electronic communication means without a quorum of the public body or any member of the governing board physically assembled at one location when the Governor has declared a state of emergency in accordance with § 44-146.17, provided that (i) the nature of the declared emergency makes it impracticable or unsafe for the public body or governing board to assemble in a single location; (ii) the purpose of meeting is to discuss or transact the business statutorily required or necessary to continue operations of the public body or common interest community association as defined in § 54.1-2345 of the Code of Virginia and the discharge of its lawful purposes, duties, and responsibilities; (iii) a public body shall make available a recording or transcript of the meeting on its website in accordance with the timeframes established in §§ 2.2-3707 and 2.2-3707.1 of the Code of Virginia; and (iv) the governing board shall distribute minutes of a meeting held pursuant to this subdivision to common interest community association members by the same method used to provide notice of the meeting.

2. A public body or governing board convening a meeting in accordance with this subdivision shall:

a) Give notice to the public or common interest community association members using the best available method given the nature of the emergency, which notice shall be given contemporaneously with the notice provided to members of the public body or governing board conducting the meeting;

b) Make arrangements for public access or common interest community association members access to such meeting through electronic means including, to the extent practicable, videoconferencing technology. If the means of communication allows, provide the public or common interest community association members with an opportunity to comment; and

3. Public bodies must otherwise comply with the provisions of § 2.2-3708.2 of the Code of Virginia. The nature of the emergency, the fact that the meeting was held by electronic communication means, and the type of electronic communication means by which the meeting was held shall be stated in the minutes of the public body or governing board.

h. To the extent that a public institution of higher education maintains and operates university housing during scheduled intercessions, the institution shall provide access to housing for students eligible under § 23.1-601, Code of Virginia at no cost to the student provided that the student (i) is a registered student for the immediate following term and (ii) meets the definitions and conditions of the federal McKinney-Vento Homeless Assistance Act.

§ 4-1.00 APPROPRIATIONS

§ 4-1.01 PREREQUISITES FOR PAYMENT

a. The State Comptroller shall not pay any money out of the state treasury except pursuant to appropriations in this act or in any other act of the General Assembly making an appropriation during the current biennium.

b. Moneys shall be spent solely for the purposes for which they were appropriated by the General Assembly, except as specifically provided otherwise by § 4-1.03 Appropriation Transfers, § 4-4.01 Capital Projects, or § 4-5.01 a. Settlement of Claims with Individuals. Should the Governor find that moneys are not being spent in accordance with provisions of the act appropriating them, he shall restrain the State Comptroller from making further disbursements, in whole or in part, from said appropriations. Further, should the Auditor of Public Accounts determine that a state or other agency is not spending moneys in accordance with provisions of the act appropriating them, he shall so advise the Governor or other governing authority, the State Comptroller, the Chairman of the Joint Legislative Audit and Review Commission, and Chairmen of the Senate Finance and Appropriations and House Appropriations Committees.

c. Exclusive of revenues paid into the general fund of the state treasury, all revenues earned or collected by an agency, and contained in an appropriation item to the agency shall be expended first during the fiscal year, prior to the expenditure of any general fund appropriation within that appropriation item, unless prohibited by statute or by the terms and conditions of any gift, grant or donation.

I VETO ITEM 4-1.02 ON PAGES 259-262
/s/Glenn Youngkin
5-2-25

§ 4-1.02 WITHHOLDING OF SPENDING AUTHORITY

a. For purposes of this subsection, withholding of spending authority is defined as any action pursuant to a budget reduction plan approved by the Governor to address a declared shortfall in budgeted revenue that impedes or limits the ability to spend appropriated moneys, regardless of the mechanism used to effect such withholding.

b.1. Changed Expenditure Factors: The Governor is authorized to reduce spending authority, by withholding allotments of appropriations, when expenditure factors, such as enrollments or population in institutions, are smaller than the estimates upon which the appropriation was based. Moneys generated from the withholding action shall not be reallocated for any other purpose, provided the withholding of allotments of appropriations under this provision shall not occur until at least 15 days after the Governor has transmitted a statement of changed factors and intent to withhold moneys to the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees.

2. Moneys shall not be withheld on the basis of reorganization plans or program evaluations until such plans or evaluations have been specifically presented in writing to the General Assembly at its next regularly scheduled session.

c. Increased Nongeneral Fund Revenue:

1. General fund appropriations to any state agency for operating expenses are supplemental to nongeneral fund revenues collected by the agency. To the extent that nongeneral fund revenues collected in a fiscal year exceed the estimate on which the operating budget was based, the Governor is authorized to withhold general fund spending authority, by withholding allotments of appropriations, in an equivalent amount. However, this limitation shall not apply to (a) restricted excess tuition and fees for educational and general programs in the institutions of higher education, as defined in § 4-2.01 c of this act; (b) appropriations to institutions of higher education designated for fellowships, scholarships and loans; (c) gifts or grants which are made to any state agency for the direct costs of a stipulated project; (d) appropriations to institutions for the mentally ill or intellectually disabled payable from the Behavioral Health and Developmental Services Revenue Fund; and (e) general fund appropriations for highway construction and mass transit. Moneys unallotted under this provision shall not be reallocated for any other purpose.

2. To the degree that new or additional grant funds become available to supplement general fund appropriations for a program, following enactment of an appropriation act, the Governor is authorized to withhold general fund spending authority, by withholding allotments of appropriations, in an amount equivalent to that provided from grant funds, unless such action is prohibited by the original provider of the grant funds. The withholding action shall not include general fund appropriations, which are required to match grant funds. Moneys unallotted under this provision shall not be reallocated for any other purpose.

d. Reduced General Fund Resources:

1. The term “general fund resources” as applied in this subsection includes revenues collected and paid into the general fund of the state treasury during the current biennium, transfers to the general fund of the state treasury during the current biennium, and all unexpended balances brought forward from the previous biennium.

2. In the event that general fund resources are estimated by the Governor to be insufficient to pay in full all general fund appropriations authorized by the General Assembly, the Governor shall, subject to the qualifications herein contained, withhold general fund spending authority, by withholding allotments of appropriations, to prevent any expenditure in excess of the estimated general fund resources available.

3. In making this determination, the Governor shall take into account actual general fund revenue collections for the current fiscal year and the results of a formal written re-estimate of general fund revenues for the current and next biennium, prepared within the previous 90 days, in accordance with the process specified in § 2.2-1503, Code of Virginia. Said re-estimate of general fund revenues shall be communicated to the Chairmen of the Senate Finance and Appropriations, House Appropriations and House Finance Committees, prior to taking action to reduce general fund allotments of appropriations on account of reduced resources.

4.a) In addition to monthly reports on the status of revenue collections relative to the current fiscal year's estimate, the Governor shall provide a written quarterly assessment of the current economic outlook for the remainder of the fiscal year to the Chairmen of the House Appropriations, House Finance, and Senate Finance and Appropriations Committees.

b) Within five business days after the preliminary close of the state accounts at the end of the fiscal year, the State Comptroller shall provide the Governor with the actual total of (1) individual income taxes, (2) corporate income taxes, and (3) sales taxes for the just-completed fiscal year, with a comparison of such actual totals with the total of such taxes in the official budget estimate for that fiscal year. If that comparison indicates that the total of (1) individual income taxes, (2) corporate income taxes, and (3) sales taxes, as shown on the preliminary close, was one percent or more below the amount of such taxes in the official budget estimate for the just-completed fiscal year, the Governor shall prepare a written re-estimate of general fund revenues for the current biennium and the next biennium in accordance with § 2.2-1503, Code of Virginia, to be reported to the Chairmen of the Senate Finance and Appropriations, House Finance and House Appropriations Committees, not later than September 1 following the close of the fiscal year.

c) 1. Within 30 business days after the enactment of amendments to federal income taxes, the Department of Taxation shall provide the estimated fiscal impacts to general fund revenue from such amendments to federal income tax law to the Governor and the Chairs of the House Appropriations and Senate Finance and Appropriations Committees.

2. Within 20 business days of receiving the estimated fiscal impacts from the Department of Taxation in subsection c) 1., the Governor shall submit a budget bill in accordance with § 2.2-1509, notwithstanding any conflicting requirements in § 2.2-1509, if the cumulative projected impact of such amendments, except any amendment to federal income tax law that is a federal tax extender as defined under subdivision B 11 of § 58.1-301, would decrease general fund revenues by more than $100.0 million in the fiscal year in which the amendments were enacted or the succeeding fiscal year.

3. Notwithstanding c) 2., if the requirements in subsection c) 1., are met on or after November 1 but before the date on which the Governor submits a budget bill in accordance with § 2.2-1509, the Governor shall not be required to submit a budget within 20 business days but instead shall include the estimated fiscal impacts in the budget bill introduced in accordance with § 2.2-1509. If the requirements in subsection c) 2. are met on or after the date on which the Governor submits a budget bill in accordance with § 2.2-1509 but before the adjournment of a regular session of the General Assembly in the following year, the Governor shall not be required to submit a budget within 20 business days.

5.a) The Governor shall take no action to withhold allotments until a written plan detailing specific reduction actions approved by the Governor, identified by program and appropriation item, has been presented to the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees. Subsequent modifications to the approved reduction plan also must be submitted to the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees, prior to withholding allotments of appropriations.

b) In addition to the budget reduction plan approved by the Governor, all budget reduction proposals submitted by state agencies to the Governor or the Governor's staff, including but not limited to the Department of Planning and Budget, the Governor's Cabinet secretaries, or the Chief of Staff, whether submitted electronically or otherwise, shall be made available via electronic means to the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees concurrently with that budget reduction plan.

6. In effecting the reduction of expenditures, the Governor shall not withhold allotments of appropriations for:

a) More than 15 percent cumulatively of the annual general fund appropriation contained in this act for operating expenses of any one state or nonstate agency or institution designated in this act by title, and the exact amount withheld, by state or nonstate agency or institution, shall be reported within five calendar days to the Chairmen of the Senate Finance and Appropriations and House Appropriations Committees. State agencies providing funds directly to grantees named in this act shall not apportion a larger cut to the grantee than the proportional cut apportioned to the agency. Without regard to § 4-5.05 b.4. of this act, the remaining appropriation to the grantee which is not subject to the cut, equal to at least 85 percent of the annual appropriation, shall be made by July 31, or in two equal installments, one payable by July 31 and the other payable by December 31, if the remaining appropriation is less than or equal to $500,000, except in cases where the normal conditions of the grant dictate a different payment schedule.

b) The payment of principal and interest on the bonded debt or other bonded obligations of the Commonwealth, its agencies and its authorities, or for payment of a legally authorized deficit.

c) The payments for care of graves of Confederate and historical African American dead.

d) The employer contributions, and employer-paid member contributions, to the Social Security System, Virginia Retirement System, Judicial Retirement System, State Police Officers Retirement System, Virginia Law Officers Retirement System, Optional Retirement Plan for College and University Faculty, Optional Retirement Plan for Political Appointees, Optional Retirement Plan for Superintendents, the Volunteer Service Award Program, the Virginia Retirement System's group life insurance, sickness and disability, and retiree health care credit programs for state employees, state-supported local employees and teachers. If the Virginia Retirement System Board of Trustees approves a contribution rate for a fiscal year that is lower than the rate on which the appropriation was based, or if the United States government approves a Social Security rate that is lower than that in effect for the current budget, the Governor may withhold excess contributions. However, employer and employee paid rates or contributions for health insurance and matching deferred compensation for state employees, state-supported local employees and teachers may not be increased or decreased beyond the amounts approved by the General Assembly. Payments for the employee benefit programs listed in this paragraph may not be delayed beyond the customary billing cycles that have been established by law or policy by the governing board.

e) The payments in fulfillment of any contract awarded for the design, construction and furnishing of any state building.

f) The salary of any state officer for whom the Constitution of Virginia prohibits a change in salary.

g) The salary of any officer or employee in the Executive Department by more than two percent (irrespective of the fund source for payment of salaries and wages); however, the percentage of reduction shall be uniformly applied to all employees within the Executive Department.

h) The appropriation supported by the State Bar Fund, as authorized by § 54.1-3913, Code of Virginia, unless the supporting revenues for such appropriation are estimated to be insufficient to pay the appropriation.

7. The Governor is authorized to withhold specific allotments of appropriations by a uniform percentage, a graduated reduction or on an individual basis, or apply a combination of these actions, in effecting the authorized reduction of expenditures, up to the maximum of 15 percent, as prescribed in subdivision 6a of this subsection.

8. Each nongeneral fund appropriation shall be payable in full only to the extent the nongeneral fund revenues from which the appropriation is payable are estimated to be sufficient. The Governor is authorized to reduce allotments of nongeneral fund appropriations by the amount necessary to ensure that expenditures do not exceed the supporting revenues for such appropriations; however, the Governor shall take no action to reduce allotments of appropriations for major nongeneral fund sources on account of reduced revenues until such time as a formal written re-estimate of revenues for the current and next biennium, prepared in accordance with the process specified in § 2.2-1503, Code of Virginia, has been reported to the Chairmen of the Senate Finance and Appropriations, House Finance, and House Appropriations Committees. For purposes of this subsection, major nongeneral fund sources are defined as Highway Maintenance and Operating Fund and Transportation Trust Fund.

9. Notwithstanding any contrary provisions of law, the Governor is authorized to transfer to the general fund on June 30 of each year of the biennium, or within 20 days from that date, any available unexpended balances in other funds in the state treasury, subject to the following:

a) The Governor shall declare in writing to the Chairmen of the Senate Finance and Appropriations and House Appropriations Committees that a fiscal emergency exists which warrants the transfer of nongeneral funds to the general fund and reports the exact amount of such transfer within five calendar days of the transfer;

b) No such transfer may be made from retirement or other trust accounts, the State Bar Fund as authorized by § 54.1-3913, Code of Virginia, debt service funds, or federal funds; and

c) The Governor shall include for informative purposes, in the first biennial budget he submits subsequent to the transfer, the amount transferred from each account or fund and recommendations for restoring such amounts.

10. The Director, Department of Planning and Budget, shall make available via electronic means a report of spending authority withheld under the provisions of this subsection to the Chairmen of the Senate Finance and Appropriations and House Appropriations Committees within five calendar days of the action to withhold. Said report shall include the amount withheld by agency and appropriation item.

11. If action to withhold allotments of appropriation under this provision is inadequate to eliminate the imbalance between projected general fund resources and appropriations, the Speaker of the House of Delegates and the President pro tempore of the Senate shall be advised in writing by the Governor, so that they may consider requesting a special session of the General Assembly.

e. Reduced Federal Grant Revenue:

1. Within 30 business days after the enactment of federal changes that impact federal grant revenue to the Commonwealth by at least $100 million in the fiscal year in which the federal changes occur or the succeeding fiscal year, whether by an Act of Congress or by executive action, the Department of Planning and Budget shall provide the estimated fiscal impact from such federal changes to the Governor and the Chairs of the Senate Finance and Appropriations and the House Appropriations Committees.

2. Federal grants shall be payable in full only to the extent the nongeneral fund revenues from which the federal grant is payable are estimated to be sufficient. The Governor is authorized to reduce allotments for the impacted federal grants by the amount necessary to ensure that expenditures do not exceed the supporting revenues for such appropriation.

3. If federal grant reductions result in additional general fund expenditures being required (i.e. mandatory programs) that exceed one percent of the general fund operating budget in the fiscal year in which the federal changes occur or the succeeding fiscal year, the Governor shall consult with the leadership of the General Assembly regarding the need to call the General Assembly into special session for budgetary purposes to respond to the impact from reductions in federal grant revenue.

4. These provisions shall not apply to major nongeneral fund sources as defined as Highway Maintenance and Operating Fund and Transportation Trust Fund.

§ 4-1.03 APPROPRIATION TRANSFERS

GENERAL

a. During any fiscal year, the Director, Department of Planning and Budget, may transfer appropriation authority from one state or other agency to another, to effect the following:

1) distribution of amounts budgeted in the central appropriation to agencies, or withdrawal of budgeted amounts from agencies in accordance with specific language in the central appropriation establishing reversion clearing accounts;

2) distribution of pass-through grants or other funds held by an agency as fiscal agent;

3) correction of errors within this act, where such errors have been identified in writing by the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees;

4) proper accounting between fund sources 0100 and 0300 in higher education institutions;

5) transfers specifically authorized elsewhere in this act or as specified in the Code of Virginia;

6) to supplement capital projects in order to realize efficiencies or provide for cost overruns unrelated to changes in size or scope; or

7) to administer a program for another agency or to effect budgeted program purposes approved by the General Assembly, pursuant to a signed agreement between the respective agencies.

b. During any fiscal year, the Director, Department of Planning and Budget, may transfer appropriation authority within an agency to effect proper accounting between fund sources and to effect program purposes approved by the General Assembly, unless specifically provided otherwise in this act or as specified in the Code of Virginia. However, appropriation authority for local aid programs and aid to individuals, with the exception of student financial aid, shall not be transferred elsewhere without advance notice to the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees. Further, any transfers between capital projects shall be made only to realize efficiencies or provide for cost overruns unrelated to changes in size or scope.

c.1. In addition to authority granted elsewhere in this act, the Director, Department of Planning and Budget, may transfer operating appropriations authority among sub-agencies within the Judicial System, the Department of Corrections, and the Department of Behavioral Health and Developmental Services to effect changes in operating expense requirements which may occur during the biennium.

2. The Director, Department of Planning and Budget, may transfer appropriations from the Department of Behavioral Health and Developmental Services to the Department of Medical Assistance Services, consisting of the general fund amounts required to match federal funds for reimbursement of services provided by its institutions and Community Services Boards.

3. The Director, Department of Planning and Budget, may transfer appropriations from the Office of Comprehensive Services to the Department of Medical Assistance Services, consisting of the general fund amounts required to match federal funds for reimbursement of services provided to eligible children.

4. The Director, Department of Planning and Budget, may transfer an appropriation or portion thereof within a state or other agency, or from one such agency to another, to support changes in agency organization, program or responsibility enacted by the General Assembly to be effective during the current biennium.

5. The Director, Department of Planning and Budget, may transfer appropriations from the second year to the first year, with said transfer to be reported in writing to the Chairmen of the Senate Finance and Appropriations and House Appropriations Committees

within five calendar days of the transfer, when the expenditure of such funds is required to:

a) address a threat to life, safety, health or property, or

b) provide for unbudgeted cost increases for statutorily required services or federally mandated services, in order to continue those services at the present level, or

c) provide for payment of overtime salaries and wages, when the obligations for payment of such overtime were incurred during a situation deemed threatening to life, safety, health, or property, or

d) provide for payments to the beneficiaries of certain public safety officers killed in the line of duty, as authorized in Title 2.2, Chapter 4, Code of Virginia and for payments to the beneficiaries of certain members of the National Guard and United States military reserves killed in action in any armed conflict on or after October 7, 2001, as authorized in § 44-93.1 B., Code of Virginia, or

e) continue a program at the present level of service or at an increased level of service when required to address unanticipated increases in workload such as enrollment, caseload or like factors, or unanticipated costs, or

f) to address unanticipated business or industrial development opportunities which will benefit the state's economy, provided that any such appropriations be used in a manner consistent with the purposes of the program as originally appropriated.

6. An appropriation transfer shall not occur except through properly executed appropriation transfer documents designed specifically for that purpose, and all transactions effecting appropriation transfers shall be entered in the state's computerized budgeting and accounting systems.

7. The Director, Department of Planning and Budget, may transfer from any other agency, appropriations to supplement any project of the Virginia Public Building Authority authorized by the General Assembly and approved by the Governor. Such capital project shall be transferred to the state agency designated as the managing agency for the Virginia Public Building Authority.

8. In the event of the transition of a city to town status pursuant to the provisions of Chapter 41 of Title 15.2 of the Code of Virginia (§ 15.2-4100 et seq.) or the consolidation of a city and a county into a single city pursuant to the provisions of Chapter 35 of Title 15.2, Code of Virginia (§ 15.2-3500 et seq.) subsequent to July 1, 1999, the provisions of § 15.2-1302 shall govern distributions from state agencies to the county in which the town is situated or to the consolidated city, and the Director, Department of Planning and Budget, is authorized to transfer appropriations or portions thereof within a state agency, or from one such agency to another, if necessary to fulfill the requirements of § 15.2-1302.

§ 4-1.04 APPROPRIATION INCREASES

a. UNAPPROPRIATED NONGENERAL FUNDS:

1. Sale of Surplus Materials:

The Director, Department of Planning and Budget, is hereby authorized to increase the appropriations to any state agency by the amount of credit resulting from the sale of surplus materials under the provisions of § 2.2-1125, Code of Virginia.

2. Insurance Recovery:

The Director, Department of Planning and Budget, shall increase the appropriation authority for any state agency by the amount of the proceeds of an insurance policy or from the State Insurance Reserve Trust Fund, for expenditures as far as may be necessary, to pay for the repair or replacement of lost, damaged or destroyed property, plant or equipment.

3. Gifts, Grants and Other Nongeneral Funds:

a) Subject to § 4-1.02 c, Increased Nongeneral Fund Revenue, and the conditions stated in this section, the Director, Department of Planning and Budget, is hereby authorized to increase the appropriations to any state agency by the amount of the proceeds of donations, gifts, grants or other nongeneral funds paid into the state treasury in excess of such appropriations during a fiscal year. Such appropriations shall be increased only when the expenditure of moneys is authorized elsewhere in this act or is required to:

1) address a threat to life, safety, health or property or

2) provide for unbudgeted increases in costs for services required by statute or services mandated by the federal government, in order to continue those services at the present level or implement compensation adjustments approved by the General Assembly, or

3) provide for payment of overtime salaries and wages, when the obligations for payment of such overtime were incurred during a situation deemed threatening to life, safety, health, or property, or

4) continue a program at the present level of service or at an increased level of service when required to address unanticipated increases in noncredit instruction at institutions of higher education or business and industrial development opportunities which will benefit the state's economy, or

5) participate in a federal or sponsored program provided that the provisions of § 4-5.03 shall also apply to increases in appropriations for additional gifts, grants, and other nongeneral fund revenue which require a general fund match as a condition of their acceptance; or

6) realize cost savings in excess of the additional funds provided, or

7) permit a state agency or institution to use a donation, gift or grant for the purpose intended by the donor, or

8) provide for cost overruns on capital projects and for capital projects authorized under § 4-4.01 l of this act, or

9) address caseload or workload changes in programs approved by the General Assembly.

b) The above conditions shall not apply to donations and gifts to the endowment funds of institutions of higher education.

c) Each state agency and institution shall ensure that its budget estimates include a reasonable estimate of receipts from donations, gifts or other nongeneral fund revenue. The Department of Planning and Budget shall review such estimates and verify their accuracy, as part of the budget planning and review process.

d) No obligation or expenditure shall be made from such funds until a revised operating budget request is approved by the Director, Department of Planning and Budget. Expenditures from any gift, grant or donation shall be in accordance with the purpose for which it was made; however, expenditures for property, plant or equipment, irrespective of fund source, are subject to the provisions of §§ 4-2.03 Indirect Costs, 4-4.01 Capital Projects General, and 4-5.03 b Services and Clients-New Services, of this act.

e) Nothing in this section shall exempt agencies from complying with § 4-2.01 a Solicitation and Acceptance of Donations, Gifts, Grants, and Contracts of this act.

4. Any nongeneral fund cash balance recorded on the books of the Department of Accounts as unexpended on the last day of the fiscal year may be appropriated for use in the succeeding fiscal year with the prior written approval of the Director, Department of Planning and Budget, unless the General Assembly shall have specifically provided otherwise. Revenues deposited to the Virginia Health Care Fund shall be used only as the state share of Medicaid, unless the General Assembly specifically authorizes an alternate use. With regard to the appropriation of other nongeneral fund cash balances, the Director shall make a listing of such transactions available to the public via electronic means no less than ten business days following the approval of the appropriation of any such balance.

5. Reporting:

The Director, Department of Planning and Budget, shall make available via electronic means a report on increases in unappropriated nongeneral funds in accordance with § 4-8.00, Reporting Requirements, or as modified by specific provisions in this subsection.

b. AGRIBUSINESS EQUIPMENT FOR THE DEPARTMENT OF CORRECTIONS

The Director of the Department of Planning and Budget may increase the Department of Corrections appropriation for the purchase of agribusiness equipment or the repair or construction of agribusiness facilities by an amount equal to fifty percent of any annual amounts in excess of fiscal year 1992 deposits to the general fund from agribusiness operations. It is the intent of the General Assembly that appropriation increases for the purposes specified shall not be used to reduce the general fund appropriations for the Department of Corrections.

§ 4-1.05 REVERSION OF APPROPRIATIONS AND REAPPROPRIATIONS

a. GENERAL FUND OPERATING EXPENSE:

1.a) General fund appropriations which remain unexpended on (i) the last day of the previous biennium or (ii) the last day of the first year of the current biennium, shall be reappropriated and allotted for expenditure where required by the Code of Virginia, where necessary for the payment of preexisting obligations for the purchase of goods or services, or where desirable, in the determination of the Governor, to address any of the six conditions listed in § 4-1.03 c.5 of this act or to provide financial incentives to reduce spending to effect current or future cost savings. With the exception of the unexpended general fund appropriations of agencies in the Legislative Department, the Judicial Department, the Independent Agencies, or institutions of higher education, all other such unexpended general fund appropriations unexpended on the last day of the previous biennium or the last day of the first year of the current biennium shall revert to the general fund.

b) General fund appropriations for agencies in the Legislative Department, the Judicial Department, and the Independent Agencies shall be reappropriated, except as may be specifically provided otherwise by the General Assembly. General fund appropriations shall also be reappropriated for institutions of higher education, subject to § 23.1-1002, Code of Virginia.

c) To improve the stability in institutional planning and predictability for students and families to prepare for the cost of higher education, public higher education institutions are encouraged to employ the financial management strategy of establishing an institutional reserve fund supported by any unexpended education and general appropriations of the institution at the end of the fiscal year. The establishment of such a fund is designed to foster more long-term planning, promote efficient resource utilization and reduce the need for substantial year-to-year increases in tuition, thereby increasing affordability for Virginians. Independent of the provisions of § 23.1-1001, institutions are authorized to carry over education and general unexpended balances to establish and maintain a reserve fund in an amount not to exceed six percent of their general fund appropriation for educational and general programs in the most recently-completed fiscal year. Any use of the reserve fund shall be approved by the Board of Visitors of the affected institution, and the institution shall immediately report the details of the approved plan for use of the reserve fund to the Governor, the Secretary of Education, the Secretary of Finance and the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees. Any reserve fund shall be subject to the provisions of § 23.1-1303.B.11.

2. a. The Governor shall report within five calendar days after completing the reappropriation process to the Chairmen of the Senate Finance and Appropriations and House Appropriations Committees on the reappropriated amounts for each state agency in the Executive Department. He shall provide a preliminary report of reappropriation actions on or before November 1 and a final report on or before December 20 to the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees.

b. The Director, Department of Planning and Budget, may transfer reappropriated amounts within an agency to cover nonrecurring costs.

3. Pursuant to subsection E of § 2.2-1125, Code of Virginia, the determination of compliance by an agency or institution with management standards prescribed by the Governor shall be made by the Secretary of Finance and the Secretary having jurisdiction over the agency or institution, acting jointly.

4. The general fund resources available for appropriation in the first enactment of this act include the reversion of certain unexpended balances in operating appropriations as of June 30 of the prior fiscal year, which were otherwise required to be reappropriated by language in the Appropriation Act.

5. Upon request, the Director, Department of Planning and Budget, shall provide a report to the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees showing the amount reverted for each agency and the total amount of such reversions.

b. NONGENERAL FUND OPERATING EXPENSE:

Based on analysis by the State Comptroller, when any nongeneral fund has had no increases or decreases in fund balances for a period of 24 months, the State Comptroller shall promptly transfer and pay the balance into the fund balance of the general fund. If it is subsequently determined that an appropriate need warrants repayment of all or a portion of the amount transferred, the Director, Department of Planning and Budget shall include repayment in the next budget bill submitted to the General Assembly. This provision does not apply to funds held in trust by the Commonwealth.

c. CAPITAL PROJECTS:

1. Upon certification by the Director, Department of Planning and Budget, the State Comptroller is hereby authorized to revert to the fund balance of the general fund any portion of the unexpended general fund cash balance and corresponding appropriation or reappropriation for a capital project when the Director determines that such portion is not needed for completion of the project. The State Comptroller may similarly return to the appropriate fund source any part of the unexpended nongeneral fund cash balance and reduce any appropriation or reappropriation which the Director determines is not needed to complete the project.

2. The unexpended general fund cash balance and corresponding appropriation or reappropriation for capital projects shall revert to and become part of the fund balance of the general fund during the current biennium as of the date the Director, Department of Planning and Budget, certifies to the State Comptroller that the project has been completed in accordance with the intent of the appropriation or reappropriation and there are no known unpaid obligations related to the project. The State Comptroller shall return the unexpended nongeneral fund cash balance, if there be any, for such completed project to the source from which said nongeneral funds were obtained. Likewise, he shall revert an equivalent portion of the appropriation or reappropriation of said nongeneral funds.

3. The Director, Department of Planning and Budget, may direct the restoration of any portion of the reverted amount if he shall subsequently verify an unpaid obligation or requirement for completion of the project. In the case of a capital project for which an unexpended cash balance was returned and appropriation or reappropriation was reverted in the prior biennium, he may likewise restore any portion of such amount under the same conditions.

§ 4-1.06 LIMITED ADJUSTMENTS OF APPROPRIATIONS

a. LIMITED CONTINUATION OF APPROPRIATIONS.

Notwithstanding any contrary provision of law, any unexpended balances on the books of the State Comptroller as of the last day of the previous biennium shall be continued in force for such period, not exceeding 10 days from such date, as may be necessary in order to permit payment of any claims, demands or liabilities incurred prior to such date and unpaid at the close of business on such date, and shown by audit in the Department of Accounts to be a just and legal charge, for values received as of the last day of the previous biennium, against such unexpended balances.

b. LIMITATIONS ON CASH DISBURSEMENTS.

Notwithstanding any contrary provision of law, the State Comptroller may begin preparing the accounts of the Commonwealth for each subsequent fiscal year on or about 10 days before the start of such fiscal year. The books will be open only to enter budgetary transactions and transactions that will not require the receipt or disbursement of funds until after June 30. Should an emergency arise, or in years in which July 1 falls on a weekend requiring the processing of transactions on or before June 30, the State Comptroller may, with notification to the Auditor of Public Accounts, authorize the disbursement of funds drawn against appropriations of the subsequent fiscal year, not to exceed the sum of three million dollars ($3,000,000) from the general fund. This provision does not apply to debt service payments on bonds of the Commonwealth which shall be made in accordance with bond documents, trust indentures, and/or escrow agreements.

§ 4-1.07 ALLOTMENTS

Except when otherwise directed by the Governor within the limits prescribed in §§ 4-1.02 Withholding of Spending Authority, 4-1.03 Appropriation Transfers, and 4-1.04 Appropriation Increases of this act, the Director, Department of Planning and Budget, shall prepare and act upon the allotment of appropriations required by this act, and by § 2.2-1819, Code of Virginia, and the authorizations for rates of pay required by this act. Such allotments and authorizations shall have the same effect as if the personal signature of the Governor were subscribed thereto. This section shall not be construed to prohibit an appeal by the head of any state agency to the Governor for reconsideration of any action taken by the Director, Department of Planning and Budget, under this section.

§ 4-2.00 REVENUES

§ 4-2.01 NONGENERAL FUND REVENUES

a. SOLICITATION AND ACCEPTANCE OF DONATIONS, GIFTS, GRANTS, AND CONTRACTS:

1. a) No state agency shall solicit or accept any donation, gift, grant, or contract without the written approval of the Governor except under written guidelines issued by the Governor which provide for the solicitation and acceptance of nongeneral funds, except that donations or gifts to the Virginia War Memorial Foundation that are small in size and number and valued at less than $5,000, such as library items or small display items, may be approved by the Executive Director of the Virginia War Memorial in consultation with the Secretary of Veterans Affairs and Homeland Security. All other gifts and donations to the Virginia War Memorial Foundation must receive written approval from the Secretary of Veterans Affairs and Homeland Security.

b) The limits on solicitation and acceptance of donations, gifts, grants, and contracts stated in paragraph 1.a) above shall not apply to donations, gifts, grants, and contracts associated with support and/or response to the needs and impacts of the COVID-19 pandemic provided that acceptance of such does not create any ongoing commitments against general or nongeneral fund resources of the Commonwealth.

2. The Governor may issue policies in writing for procedures which allow state agencies to solicit and accept nonmonetary donations, gifts, grants, or contracts except that donations, gifts and grants of real property shall be subject to § 4-4.00 of this act and § 2.2-1149, Code of Virginia. This provision shall apply to donations, gifts and grants of real property to endowment funds of institutions of higher education, when such endowment funds are held by the institution in its own name and not by a separately incorporated foundation or corporation.

3. The preceding subdivisions shall not apply to property and equipment acquired and used by a state agency or institution through a lease purchase agreement and subsequently donated to the state agency or institution during or at the expiration of the lease purchase agreement, provided that the lessor is the Virginia College Building Authority.

4.The use of endowment funds for property, plant or equipment for state-owned facilities is subject to §§ 4-2.03 Indirect Costs, 4-4.01 Capital Projects-General and 4-5.03 Services and Clients of this act.

5. Notwithstanding any other provision of law, public institutions of higher education may enter into agreements or contracts with nonprofit organizations that provide funding for research or other mission related activities and require use of binding arbitration or application of the laws of another jurisdiction, upon approval of the Office of the Attorney General.

b. HIGHER EDUCATION TUITION AND FEES

1. Except as provided in Chapters 933 and 943 of the 2006 Acts of Assembly, Chapters 594 and 616 of the 2008 Acts of Assembly, and Chapters 675 and 685 of the 2009 Acts of Assembly, all nongeneral fund collections by public institutions of higher education,

including collections from the sale of dairy and farm products, shall be deposited in the state treasury in accordance with § 2.2-1802, Code of Virginia, and expended by the institutions of higher education in accordance with the appropriations and provisions of this act, provided, however, that this requirement shall not apply to private gifts, endowment funds, or income derived from endowments and gifts.

2. a) The Boards of Visitors or other governing bodies of institutions of higher education may set tuition and fee charges at levels they deem to be appropriate for all resident student groups based on, but not limited to, competitive market rates, provided that the total revenue generated by the collection of tuition and fees from all students is within the nongeneral fund appropriation for educational and general programs provided in this act.

b) The Boards of Visitors or other governing bodies of institutions of higher education may set tuition and fee charges at levels they deem to be appropriate for all nonresident student groups based on, but not limited to, competitive market rates, provided that: i) the tuition and mandatory educational and general fee rates for nonresident undergraduate and graduate students cover at least 100 percent of the average cost of their education, as calculated through base adequacy guidelines adopted, and periodically amended, by the Joint Subcommittee Studying Higher Education Funding Policies, and ii) the total revenue generated by the collection of tuition and fees from all students is within the nongeneral fund appropriation for educational and general programs provided in this act.

c) For institutions charging nonresident students less than 100 percent of the cost of education, the State Council of Higher Education for Virginia may authorize a phased approach to meeting this requirement, when in its judgment, it would result in annual tuition and fee increases for nonresident students that would discourage their enrollment.

d) The Boards of Visitors or other governing bodies of institutions of higher education shall not increase the current proportion of nonresident undergraduate students if the institution's nonresident undergraduate enrollment exceeds 25 percent, unless: i) such enrollment is intended to support workforce development needs within the Commonwealth of Virginia as identified in consultation with the Virginia Economic Development Partnership, and ii) the number of in-state undergraduate students does not drop below fall 2018 full-time equivalent census levels as certified by the State Council of Higher Education for Virginia. Norfolk State University, Virginia Military Institute, Virginia State University, and two-year public institutions are exempt from this restriction. Any such increases shall be limited to no more than a one percentage point increase over the prior year.

3. a) In setting the nongeneral fund appropriation for educational and general programs at the institutions of higher education, the General Assembly shall take into consideration the appropriate student share of costs associated with providing full funding of the base adequacy guidelines referenced in subparagraph 2. b), raising average salaries for teaching and research faculty to the 60th percentile of peer institutions, and other priorities set forth in this act.

b) In determining the appropriate state share of educational costs for resident students, the General Assembly shall seek to cover at least 67 percent of educational costs associated with providing full funding of the base adequacy guidelines referenced in subparagraph 2. b), raising average salaries for teaching and research faculty to the 60th percentile of peer institutions, and other priorities set forth in this act.

4. a) Each institution and the State Council of Higher Education for Virginia shall monitor tuition, fees, and other charges, as well as the mix of resident and nonresident students, to ensure that the primary mission of providing educational opportunities to citizens of Virginia is served, while recognizing the material contributions provided by the presence of nonresident students. The State Council of Higher Education for Virginia shall also develop and enforce uniform guidelines for reporting student enrollments and the domiciliary status of students.

b) The State Council of Higher Education for Virginia shall report to the Governor and the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees no later than August 1 of each year the annual change in total charges for tuition and all required fees approved and allotted by the Board of Visitors. As it deems appropriate, the State Council of Higher Education for Virginia shall provide comparative national, peer, and market data with respect to charges assessed students for tuition and required fees at institutions outside of the Commonwealth.

c) Institutions of higher education are hereby authorized to make the technology service fee authorized in Chapter 1042, 2003 Acts of Assembly, part of ongoing tuition revenue. Such revenues shall continue to be used to supplement technology resources at the institutions of higher education.

d) Except for those public institutions of higher education that have a Management Agreement with the Commonwealth of Virginia pursuant to the Restructured Higher Education Financial and Administrative Operations Act, each institution shall work with the State Council of Higher Education for Virginia and the Virginia College Savings Plan to determine appropriate tuition and fee estimates for tuition savings plans.

5. It is the intent of the General Assembly that each institution's combined general and nongeneral fund appropriation within its educational and general program closely approximate the anticipated annual budget each fiscal year.

6. Nonresident graduate students employed by an institution as teaching assistants, research assistants, or graduate assistants and paid at an annual contract rate of $4,000 or more may be considered resident students for the purposes of charging tuition

and fees.

7. The fund source "Higher Education Operating" within educational and general programs for institutions of higher education includes tuition and fee revenues from nonresident students to pay their proportionate share of the amortized cost of the construction of buildings approved by the Commonwealth of Virginia Educational Institutions Bond Act of 1992 and the Commonwealth of Virginia Educational Facilities Bond Act of 2002.

8. a) Except for those public institutions of higher education that have a Management Agreement with the Commonwealth of Virginia pursuant to the Restructured Higher Education Financial and Administrative Operations Act, mandatory fees for purposes other than educational and general programs shall not be increased for Virginia undergraduates beyond three percent annually, excluding requirements for wage, salary, and fringe benefit increases, authorized by the General Assembly. Fee increases required to carry out actions that respond to mandates of federal agencies are also exempt from this provision, provided that a report on the purposes of the amount of the fee increase is submitted to the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees by the institution of higher education at least 30 days prior to the effective date of the fee increase.

b) This restriction shall not apply in the following instances: fee increases directly related to capital projects authorized by the General Assembly; fee increases to support student health services; and other fee increases specifically authorized by the General Assembly.

c) Due to the small mandatory non-educational and general program fees currently assessed students in the Virginia Community College System, increases in any one year of no more than $15 shall be allowed on a cost-justified case-by-case basis, subject to approval by the State Board for Community Colleges.

9. Any institution of higher education granting new tuition waivers to resident or nonresident students not authorized by the Code of Virginia must absorb the cost of any discretionary waivers.

10. Tuition and fee revenues from nonresident students taking courses through Virginia institutions from the Southern Regional Education Board's Southern Regional Electronic Campus must exceed all direct and indirect costs of providing instruction to those students. Tuition and fee rates to meet this requirement shall be established by the Board of Visitors of the institution.

c. HIGHER EDUCATION PLANNED EXCESS REVENUES:

An institution of higher education, except for those public institutions of higher education that have a Management Agreement with the Commonwealth of Virginia pursuant to the Restructured Higher Education Financial and Administrative Operations Act, may generate and retain tuition and fee revenues in excess of those provided in § 4-2.01 b Higher Education Tuition and Fees, subject to the following:

1. Such revenues are identified by language in the appropriations in this act to any such institution.

2. The use of such moneys is fully documented by the institution to the Governor prior to each fiscal year and prior to allotment.

3. The moneys are supplemental to, and not a part of, ongoing expenditure levels for educational and general programs used as the basis for funding in subsequent biennia.

4. The receipt and expenditure of these moneys shall be recorded as restricted funds on the books of the Department of Accounts and shall not revert to the surplus of the general fund at the end of the biennium.

5. Tuition and fee revenues generated by the institution other than as provided herein shall be subject to the provisions of § 4-1.04 a.3 Gifts, Grants, and Other Nongeneral Funds of this act.

§ 4-2.02 GENERAL FUND REVENUE

a. STATE AGENCY PAYMENTS INTO GENERAL FUND:

1. Except as provided in § 4-2.02 a.2., all moneys, fees, taxes, charges and revenues received at any time by the following agencies from the sources indicated shall be paid immediately into the general fund of the state treasury:

a) Marine Resources Commission, from all sources, except:

1) Revenues payable to the Public Oyster Rocks Replenishment Fund established by § 28.2-542, Code of Virginia.

2) Revenue payable to the Virginia Marine Products Fund established by § 3.2-2705, Code of Virginia.

3) Revenue payable to the Virginia Saltwater Recreational Fishing Development Fund established by § 28.2-302.3, Code of Virginia.

4) Revenue payable to the Marine Fishing Improvement Fund established by § 28.2-208, Code of Virginia.

5) Revenue payable to the Marine Habitat and Waterways Improvement Fund established by § 28.2-1206, Code of Virginia.

6) Revenue payable to the Oyster Leasing Conservation and Replenishment Programs Fund.

b1) Department of Labor and Industry, or any other agency, for the administration of the state labor and employment laws under Title 40.1, Code of Virginia.

2) Department of Labor and Industry, from boiler and pressure vessel inspection certificate fees, pursuant to § 40.1-51.15, Code of Virginia.

c) All state institutions for the mentally ill or intellectually disabled, from fees or per diem paid employees for the performance of services for which such payment is made, except for a fee or per diem allowed by statute to a superintendent or staff member of any such institution when summoned as a witness in any court.

d) Secretary of the Commonwealth, from all sources.

e) The Departments of Corrections and Juvenile Justice, as required by law, including revenues from sales of dairy and other farm products.

f) Auditor of Public Accounts, from charges for audits or examinations when the law requires that such costs be borne by the county, city, town, regional government or political subdivision of such governments audited or examined.

g) Department of Education, from repayment of student scholarships and loans, except for the cost of such collections.

h) Department of the Treasury, from the following source:

Fees collected for handling cash and securities deposited with the State Treasurer pursuant to § 46.2-454, Code of Virginia.

i) Attorney General, from recoveries of attorneys' fees and costs of litigation.

j) Department of Social Services, from net revenues received from child support collections after all disbursements are made in accordance with state and federal statutes and regulations, and the state's share of the cost of administering the programs is paid.

k) Department of General Services, from net revenues received from refunds of overpayments of utilities charges in prior fiscal years, after deduction of the cost of collection and any refunds due to the federal government.

l) Without regard to paragraph e) above, the following revenues shall be excluded from the requirement for deposit to the general fund and shall be deposited as follows: (1) payments to Virginia Correctional Enterprises shall be deposited into the Virginia Correctional Enterprises Fund; (2) payments to the Departments of Corrections and Juvenile Justice for work performed by inmates, work release prisoners, probationers or wards, which are intended to cover the expenses of these inmates, work release prisoners, probationers, or wards, shall be retained by the respective agencies for their use; and (3) payments to the Departments of Corrections and Juvenile Justice for work performed by inmates in educational programs shall be retained by the agency to increase vocational training activities and to purchase work tools and work clothes for inmates, upon release.

2. The provisions of § 4-2.02 a.1. State Agency Payments into General Fund shall not apply to proceeds from the sale of surplus materials pursuant to § 2.2-1125, Code of Virginia. However, the State Comptroller is authorized to transfer to the general fund of the state treasury, out of the credits under § 4-1.04 a.1 Unappropriated Nongeneral Funds – Sale of Surplus Materials of this act, sums derived from the sale of materials originally purchased with general fund appropriations. The State Comptroller may authorize similar transfers of the proceeds from the sale of property not subject to § 2.2-1124, Code of Virginia, if said property was originally acquired with general fund appropriations, unless the General Assembly provides otherwise.

a. Without regard to § 4-2.02 a.1 above, payments to the Treasurer of Virginia assessed to insurance companies for the safekeeping and handling of securities or surety bonds deposited as insurance collateral shall be deposited into the Insurance Collateral Assessment Fund to defray such safekeeping and handling expenses.

b. DEFINITION OF GENERAL FUND REVENUE FOR PERSONAL PROPERTY RELIEF ACT

Notwithstanding any contrary provision of law, for purposes of subsection C of § 58.1-3524 and subsection B of § 58.1-3536, Code of Virginia, the term general fund revenues, excluding transfers, is defined as (i) all state taxes, including penalties and interest, required and/or authorized to be collected and paid into the general fund of the state treasury pursuant to Title 58.1, Code of Virginia; (ii) permits, fees, licenses, fines, forfeitures, charges for services, and revenue from the use of money and property required and/or authorized to be paid into the general fund of the treasury; and (iii) amounts required to be deposited to the general fund of the state treasury pursuant to § 4-2.02 a.1., of this act. However, in no case shall (i) lump-sum payments, (ii) one-time payments not generated from the normal operation of state government, or (iii) proceeds from the sale of state property or assets be included in the general fund revenue calculations for purposes of subsection C of § 58.1-3524 and subsection B of § 58.1-3536, Code of Virginia.

c. DATE OF RECEIPT OF REVENUES:

All June general fund collections received under Subtitle I of Title 58.1, Code of Virginia, bearing a postmark date or electronic transactions with a settlement or notification date on or before the first business day in July, when June 30 falls on a Saturday or Sunday, shall be considered as June revenue and recorded under guidelines established annually by the Department of Accounts.

d. RECOVERIES BY THE OFFICE OF THE ATTORNEY GENERAL

1. As a condition of the appropriation for Item 49 of this Act, there is hereby created the Disbursement Review Committee (the "Committee"), the members of which are the Attorney General, who shall serve as chairman; two members of the House of Delegates appointed by the Speaker of the House; two members of the Senate appointed by the Chairman of the Senate Committee on Rules; and two members appointed by the Governor.

2. Whenever forfeitures are available for distribution by the Attorney General through programs overseen by either the U.S. Department of Justice Asset Forfeiture Program or the U.S. Treasury Executive Office for Asset Forfeiture, by virtue of the Attorney General's participation on behalf of the Commonwealth or on behalf of an agency of the Commonwealth, the Attorney General shall seek input from the Committee, to the extent permissible under applicable federal law and guidelines, for the preparation of a proposed Distribution Plan (the "Plan") regarding the distribution and use of money or property, or both. If a federal entity must approve the Plan for such distribution or use, or both, and does not approve the Plan submitted by the Attorney General, the Plan may be revised if deemed appropriate and resubmitted to the federal entity for approval following notification of the Committee. If the federal entity approves the original Plan or a revised Plan, the Attorney General shall inform the Committee, and ensure that such money or property, or both, is distributed or used, or both, in a manner that is consistent with the Plan approved by the federal entity. The distribution of any money or property, or both, shall be done in a manner as prescribed by the State Comptroller and consistent with any federal authorization in order to ensure proper accounting on the books of the Commonwealth.

§ 4-2.03 INDIRECT COSTS

a. INDIRECT COST RECOVERIES FROM GRANTS AND CONTRACTS:

Each state agency, including institutions of higher education, which accepts a grant or contract shall recover full statewide and agency indirect costs unless prohibited by the grantor agency or exempted by provisions of this act.

b. AGENCIES OTHER THAN INSTITUTIONS OF HIGHER EDUCATION:

The following conditions shall apply to indirect cost recoveries received by all agencies other than institutions of higher education:

1. The Governor shall include in the recommended nongeneral fund appropriation for each agency in this act the amount which the agency includes in its revenue estimate as an indirect cost recovery. The recommended nongeneral fund appropriations shall reflect the indirect costs in the program incurring the costs.

2. If actual agency indirect cost recoveries exceed the nongeneral fund amount appropriated in this act, the Director, Department of Planning and Budget, is authorized to increase the nongeneral fund appropriation to the agency by the amount of such excess indirect cost recovery. Such increase shall be made in the program incurring the costs.

3. Statewide indirect cost recoveries shall be paid into the general fund of the state treasury, unless the agency is specifically exempted from this requirement by language in this act. Any statewide indirect cost recoveries received by the agency in excess of the exempted sum shall be deposited to the general fund of the state treasury.

c. INSTITUTIONS OF HIGHER EDUCATION:

The following conditions shall apply to indirect cost recoveries received by institutions of higher education:

1. Seventy percent shall be retained by the institution as an appropriation of moneys for the conduct and enhancement of research and research-related requirements. Such moneys may be used for payment of principal of and interest on bonds issued by or for the institution pursuant to § 23.1-1106, Code of Virginia, for any appropriate purpose of the institution, including, but not limited to, the conduct and enhancement of research and research-related requirements.

2. Thirty percent of the indirect cost recoveries for the level of sponsored programs authorized in the appropriations in Part 1 of Chapter 1042 of the Acts of Assembly of 2003, shall be included in the educational and general revenues of the institution to meet administrative costs.

3. Institutions of higher education may retain 100 percent of the indirect cost recoveries related to research grant and contract levels in excess of the levels authorized in Chapter 1042 of the Acts of Assembly of 2003. This provision is included as an additional incentive for increasing externally funded research activities.

d. REPORTS

The Director, Department of Planning and Budget, shall make available via electronic means a report to the Chairmen of the Senate Finance and Appropriations and House Appropriations Committees and the public no later than September 1 of each year on the indirect cost recovery moneys administratively appropriated.

e. REGULATIONS:

The State Comptroller is hereby authorized to issue regulations to carry out the provisions of this subsection, including the establishment of criteria to certify that an agency is in compliance with the provisions of this subsection.

§ 4-3.00 DEFICIT AUTHORIZATION AND TREASURY LOANS

§ 4-3.01 DEFICITS

a. GENERAL:

1. Except as provided in this section no state agency shall incur a deficit. No state agency receiving general fund appropriations under the provisions of this act shall obligate or expend moneys in excess of its general fund appropriations, nor shall it obligate or expend moneys in excess of nongeneral fund revenues that are collected and appropriated.

2. The Governor is authorized to approve deficit funding for a state agency under the following conditions:

a) an unanticipated federal or judicial mandate has been imposed,

b) insufficient moneys are available in the first year of the biennium for start-up of General Assembly-approved action, or

c) delay pending action by the General Assembly at its next legislative session will result in the curtailment of services required by statute or those required by federal mandate or will produce a threat to life, safety, health or property.

d) Such approval by the Governor shall be in writing under the conditions described in § 4-3.02 a Authorized Deficit Loans of this act and shall be promptly communicated to the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees within five calendar days of deficit approval.

3. Deficits shall not be authorized for capital projects.

4. The Department of Transportation may obligate funds in excess of the current biennium appropriation for projects of a capital nature not covered by § 4-4.00 Capital Projects, of this act provided such projects a) are delineated in the Virginia Transportation Six-Year Improvement Program, as approved by the Commonwealth Transportation Board; and b) have sufficient cash allocated to each such project to cover projected costs in each year of the Program; and provided that c) sufficient revenues are projected to meet all cash obligations for such projects as well as all other commitments and appropriations approved by the General Assembly in the biennial budget.

b. UNAUTHORIZED DEFICITS: If any agency contravenes any of the prohibitions stated above, thereby incurring an unauthorized deficit, the Governor is hereby directed to withhold approval of such excess obligation or expenditure. Further, there shall be no reimbursement of said excess, nor shall there be any liability or obligation upon the state to make any appropriation hereafter to meet such unauthorized deficit. Further, those members of the governing board of any such agency who shall have voted therefor, or its head if there be no governing board, making any such excess obligation or expenditure shall be personally liable for the full amount of such unauthorized deficit and, at the discretion of the Governor, shall be deemed guilty of neglect of official duty and be subject to removal therefor. Further, the State Comptroller is hereby directed to make public any such unauthorized deficit, and the Director, Department of Planning and Budget, is hereby directed to set out such unauthorized deficits in the next biennium budget. In addition, the Governor is directed to bring this provision of this act to the attention of the members of the governing board of each state agency, or its head if there be no governing board, within two weeks of the date that this act becomes effective. The governing board or the agency head shall execute and return to the Governor a signed acknowledgment of such notification.

c. TOTAL AUTHORIZED DEFICITS: The amount which the Governor may authorize, under the provisions of this section during the current biennium, to be expended from loans repayable out of the general fund of the state treasury, for all state agencies, or other agencies combined, in excess of general fund appropriations for the current biennium, shall not exceed one and one-half percent (1 1/2%) of the revenues collected and paid into the general fund of the state treasury as defined in § 4-2.02 b. of this act during the last year of the previous biennium and the first year of the current biennium.

d. The Governor shall report any such authorized and unauthorized deficits to the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees within five calendar days of deficit approval. By August 15 of each year, the Governor shall provide a comprehensive report to the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees detailing all such deficits.

§ 4-3.02 TREASURY LOANS

a. AUTHORIZED DEFICIT LOANS: A state agency requesting authorization for deficit spending shall prepare a plan for the

Governor's review and approval, specifying appropriate financial, administrative and management actions necessary to eliminate the deficit and to prevent future deficits. If the Governor approves the plan and authorizes a state agency to incur a deficit under the provisions of this section, the amount authorized shall be obtained by the agency by borrowing the authorized amount on such terms and from such sources as may be approved by the Governor. At the close of business on the last day of the current biennium, any unexpended balance of such loan shall be applied toward repayment of the loan, unless such action is contrary to the conditions of the loan approval. The Director, Department of Planning and Budget, shall set forth in the next biennial budget all such loans which require an appropriation for repayment. A copy of the approved plan to eliminate the deficit shall be transmitted to the Chairmen of the House Appropriations and the Senate Finance and Appropriations Committees within five calendar days of approval.

b. ANTICIPATION LOANS: Authorization for anticipation loans are limited to the provisions below.

1.a) When the payment of authorized obligations for operating expenses is required prior to the collection of nongeneral fund revenues, any state agency may borrow from the state treasury the required sums with the prior written approval of the Secretary of Finance or his designee as to the amount, terms and sources of such funds; such loans shall not exceed the amount of the anticipated collections of such revenues and shall be repaid only from such revenues when collected.

b) When the payment of authorized obligations for capital expenses is required prior to the collection of nongeneral fund revenues or proceeds from authorized debt, any state agency or body corporate and politic, constituting a public corporation and government instrumentality, may borrow from the state treasury the required sums with the prior written approval of the Secretary of Finance or his designee as to the amount, terms and sources of such funds; such loans in anticipation of bond proceeds shall not exceed the amount of the anticipated proceeds from debt authorized by the General Assembly and shall be repaid only from such proceeds when collected.

2. Anticipation loans for operating expenses shall be in amounts not greater than the sum identified by the agency as the minimum amount required to meet the projected expenditures. The term of any anticipation loans granted for operating expenses shall not exceed twelve months.

3. Before an anticipation loan for a capital project is authorized, the agency shall develop a plan for financing such capital project; approval of the State Treasurer shall be obtained for all plans to incur authorized debt.

4. Anticipation loans for capital projects shall be in amounts not greater than the sum identified by the agency as required to meet the projected expenditures for the project within the current biennium.

5. To ensure that such loans are repaid as soon as practical and economical, the Department of Planning and Budget shall monitor the construction and expenditure schedules of all approved capital projects that will be paid for with proceeds from authorized debt and have anticipation loans.

6. Unless otherwise prohibited by federal or state law, the State Treasurer shall charge current market interest rates on anticipation loans made for operating purposes and capital projects subject to the following:

a) Anticipation loans for capital projects for which debt service will be paid with general fund appropriations shall be exempt from interest payments on borrowed balances.

b) Interest payments on anticipation loans for nongeneral fund capital projects or nongeneral fund operating expenses shall be made from appropriated nongeneral fund revenues. Such interest shall not be paid with the funds from the anticipation loan or from the proceeds of authorized debt without the approval of the State Treasurer.

c) REPORTING: All outstanding loans shall be reported by the Governor to the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees by August 15 of each year. The report shall include a status of the repayment schedule for each loan.

c. ANTICIPATION LOANS FOR PROJECTS NOT INCLUDED IN THIS ACT OR FOR PROJECTS AUTHORIZED UNDER § 4-4.01 L: Authorization for anticipation loans for projects not included in this act or for projects authorized under § 4-4.01 l are limited to the provisions below:

1. Such loans are limited to those projects that shall be repaid from revenues derived from nongeneral fund sources.

2.a) When the payment of authorized obligations for operating expenses is required prior to the collection of nongeneral fund revenues, any state agency may borrow from the state treasury the required sum with the prior written approval of the Secretary of Finance or his designee as to the amount, terms, and sources of such funds. Such loans shall not exceed the amount of the anticipated collections of such nongeneral fund revenues and shall be repaid only from such nongeneral fund revenues when collected.

b) When the payment of obligations for capital expenses for projects authorized under § 4-4.01 l is required prior to the collection of nongeneral fund revenues, any state agency or body corporate and politic, constituting a public corporation and government instrumentality, may borrow from the state treasury the required sums with the prior written approval of the Secretary of Finance or his designee as to the amount, terms and sources of such funds. Such loans shall be repaid only from nongeneral fund revenues associated with the project.

3. Anticipation loans for operating expenses shall be in amounts not greater than the sum identified by the agency as the minimum amount required to meet projected expenditures. The term of any anticipation loans granted for operating expenses shall not exceed 12 months.

4. Before an anticipation loan is provided for a capital project authorized under § 4-4.01 l, the agency shall develop a plan for repayment of such loan and approval of the Director of the Department of Planning and Budget shall be obtained for all such plans and reported to the Chairman of the House Appropriations and Senate Finance and Appropriations Committees.

5. Anticipation loans for capital projects authorized under § 4-4.01 l shall be in amounts not greater than the sum identified by the agency as required to meet the projected expenditures for the project within the current biennium. Such loans shall be repaid only from nongeneral fund revenues associated with the project.

6. The State Treasurer shall charge current market interest rates on anticipation loans made for capital projects authorized under § 4-4.01 l. Interest payments on anticipation loans for nongeneral fund capital projects authorized under § 4-4.01 l shall be made from appropriated nongeneral fund revenues. Such interest shall not be paid with the funds from the anticipation loan without the approval of the Director of the Department of Planning and Budget.

a) REPORTING: All outstanding loans shall be reported by the Governor to the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees by August 15 of each year. The report shall include a status of the repayment schedule for each loan.

§ 4-3.03 LONG-TERM LEASES

a. GENERAL:

1. As part of their capital budget submission, all agencies and institutions of the Commonwealth proposing building projects that may qualify as long-term lease agreements, as defined in Generally Accepted Accounting Principles (GAAP), and that may be supported in whole, or in part, from appropriations provided for in this act, shall submit copies of such proposals to the Directors of the Departments of Planning and Budget and General Services, the State Comptroller, and the State Treasurer based on guidelines promulgated by the Secretary of Finance. In addition, the Secretary of Finance may promulgate guidelines for the review and approval of such requests.

2. The proposals shall be submitted in such form as the Secretary of Finance may prescribe. The Comptroller and the Director of the Department of General Services shall be responsible for evaluating the proposals to determine if they qualify as long-term lease agreements. The State Treasurer shall be responsible for incorporating existing and authorized long-term lease agreements meeting the approved parameters into the annual Debt Capacity Advisory Committee reports.

b. APPROVAL OF FINANCINGS:

1. For any project which qualifies as a long-term lease, as defined in the preceding subdivisions a. 1 and 2, and which is financed through the issuance of securities, the Treasury Board shall approve the terms and structure of such financing pursuant to § 2.2-2416, Code of Virginia.

2. For any project for which costs will exceed $5,000,000 and which is financed through a long-term lease transaction, the Treasury Board shall approve the financing terms and structure of such long-term lease in addition to such other reviews and approvals as may be required by law. Prior to consideration by the Treasury Board, the Department of Accounts shall notify the Treasury Board of any transaction determined to be a long-term lease. Additionally, the Departments of General Services and Planning and Budget shall notify the Treasury Board upon their approval of any transaction which qualifies as a long-term lease under the terms of this section. The State Treasurer shall notify the Chairs of the House Appropriations and Senate Finance and Appropriations Committees of the action of the Treasury Board as it regards this subdivision within five calendar days of its action.

c. REPORTS: Not later than December 20 of each year, the Secretary of Finance and the Secretary of Administration shall jointly be responsible for providing the Chairs of the House Appropriations and Senate Finance and Appropriations Committees with recommendations involving proposed long-term lease agreements.

d. This section shall not apply to long-term leases that are funded entirely with nongeneral fund revenues and are entered into by public institutions of higher education governed by Chapters 933 and 943 of the 2006 Acts of Assembly. Furthermore, the Department of General Services is authorized to enter into long-term leases for executive branch agencies provided that the resulting long-term lease is funded entirely with nongeneral funds, is approved based on the requirements of § 4-3.03 b.1 and 2 above, and would not be considered tax supported debt of the Commonwealth.

§ 4-4.00 CAPITAL PROJECTS

§ 4-4.01 GENERAL

a. Definition:

1. Unless defined otherwise, when used in this section, "capital project" or "project" means acquisition of property and new construction and improvements related to state-owned property, plant or equipment (including plans therefor), as the terms "acquisition", "new construction", and "improvements" are defined in the instructions for the preparation of the Executive Budget. "Capital project" or "project" shall also mean any improvements to property leased for use by a state agency, and not owned by the state, when such improvements are financed by public funds, except as hereinafter provided in subdivisions 3 and 4 of this subsection.

2. The provisions of this section are applicable equally to acquisition of property and plant by purchase, gift, or any other means, including the acquisition of property through a lease/purchase contract, regardless of the method of financing or the source of funds. Acquisition of property by lease shall be subject to § 4-3.03 of this act.

3. The provisions of this section shall not apply to property or equipment acquired by lease or improvements to leased property and equipment when the improvements are provided by the lessor pursuant to the terms of the lease and upon expiration of the lease remain the property of the lessor.

4. The provisions of this section shall not apply to property leased by state agencies for the purposes described in §§ 2.2-1151 C and 33.2-1010, Code of Virginia.

b. Notwithstanding any other provisions of law, requests for appropriations for capital projects shall be subject to the following:

1. The agency shall submit a capital project proposal for all requested capital projects. Such proposals shall be submitted to the Director, Department of Planning and Budget, for review and approval in accordance with guidelines prescribed by the director. Projects shall be developed to meet agency functional and space requirements within a cost range comparable to similar public and private sector projects.

2. Except for institutions of higher education that have a Management Agreement with the Commonwealth of Virginia pursuant to the Restructured Higher Education Financial and Administrative Operations Act, financings for capital projects shall comply, where applicable, with the Treasury Board Guidelines issued pursuant to § 2.2-2416, Code of Virginia, and any subsequent amendments thereto.

3. As part of any request for appropriations for an armory, the Department of Military Affairs shall obtain a written commitment from the host locality to share in the operating expense of the armory.

c. Each agency head shall provide annually to the Director, Department of Planning and Budget, a report on the use of the maintenance reserve appropriation of the agency in Part 2 of this act. In the use of its maintenance reserve appropriation, an agency shall give first priority to the repair or replacement of roof on buildings under control of the agency. The agency head shall certify in the agency's annual maintenance reserve report that to the best of his or her knowledge, all necessary roof repairs have been accomplished or are in the process of being accomplished. Such roof repairs and replacements shall be in accord with the technical requirements of the Commonwealth's Construction and Professional Services Manual.

d. The Department of Planning and Budget shall review its approach to capital outlay planning and budgeting from time to time and make available via electronic means a report of any proposed change to the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees and the public prior to its implementation. Such report shall include an analysis of the impact of the suggested change on affected agencies and institutions.

e. Nothing in §§ 2-0 and 4-4.00 of this act shall be deemed to override the provisions of §§ 2.2-1132 and 62.1-132.6, Code of Virginia, amended by Chapter 488, 1997 Acts of Assembly, relating to Virginia Port Authority capital projects and procurement activities.

f. Legislative Approval: It is the intent of the General Assembly that, with the exceptions noted in this paragraph and paragraph m, all capital projects to be undertaken by agencies of the Commonwealth, including institutions of higher education, shall be pursuant to approvals by the General Assembly as provided in the Six-Year Capital Outlay Plan established pursuant to § 2.2-1515, et seq., Code of Virginia. Otherwise, the consideration of capital projects shall be limited to:

1. Supplementing projects which have been bid and determined to have insufficient funding to be placed under contract, and

2. Projects declared by the Governor or the General Assembly to be of an emergency nature, which may avoid an increase in cost or otherwise result in a measurable benefit to the state, and/or which are required for the continued use of existing facilities.

3. This paragraph does not prohibit the initiation of projects authorized by § 4-4.01 l hereof, or projects included under the central appropriations for capital project expenses in this act.

g. Preliminary Requirements: In regard to each capital project for which appropriation or reappropriation is made pursuant to this act, or which is hereafter considered by the Governor for inclusion in the Executive Budget, or which is offered as a gift or is considered for purchase, the Governor is hereby required: (1) to determine the urgency of its need, as compared with the need for other capital projects as herein authorized, or hereafter considered; (2) to determine whether the proposed plans and specifications for each capital project are suitable and adequate, and whether they involve expenditures which are excessive for the purposes intended; (3) to determine whether labor, materials, and other requirements, if any, needed for the acquisition or construction of such project can and will be obtained at reasonable cost; and (4) to determine whether or not the project conforms to a site or master plan approved by the agency head or board of visitors of an institution of higher education for a program approved by the General Assembly.

h. Initiation Generally:

1. No architectural or engineering planning for, or construction of, or purchase of any capital project shall be commenced or revised without the prior written approval of the Governor or his designee.

2. The requirements of § 10.1-1190, Code of Virginia, shall be met prior to the release of funds for a major state project, provided, however, that the Governor or his designee is authorized to release from any appropriation for a major state project made pursuant to this act such sum or sums as may be necessary to pay for the preparation of the environmental impact report required by § 10.1-1188, Code of Virginia.

3. The Governor, at his discretion, or his designee may release from any capital project appropriation or reappropriation made pursuant to this act such sum (or sums) as may be necessary to pay for the preparation of plans and specifications by architects and engineers, provided that the estimated cost of the construction covered by such drawings and specifications does not exceed the appropriation therefor; provided, further, however, that the architectural and engineering fees paid on completion of the preliminary design for any such project may be based on such estimated costs as may be approved by the Governor in writing, where it is shown to the satisfaction of the Governor that higher costs of labor or material, or both, or other unforeseen conditions, have made the appropriation inadequate for the completion of the project for which the appropriation was made, and where in the judgment of the Governor such changed conditions justify the payment of architectural or engineering fees based on costs exceeding the appropriation.

4. Architectural or engineering contracts shall not be awarded in perpetuity for capital projects at any state institution, agency or activity.

i. Capital Projects Financed with Bonds: Capital projects proposed to be financed with (i) 9 (c) general obligation bonds or (ii) 9(d) obligations where debt service is expected to be paid from project revenues or revenues of the agency or institution, shall be reviewed as follows:

1. By August 15 of each year, requests for inclusion in the Executive Budget of capital projects to be financed with 9(c) general obligation bonds shall be submitted to the State Treasurer for evaluation of financial feasibility. Submission shall be in accordance with the instructions prescribed by the State Treasurer. The State Treasurer shall distribute copies of financial feasibility studies to the Director, Department of Planning and Budget, the Secretary for the submitting agency or institution, the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees, and the Director, State Council of Higher Education for Virginia, if the project is requested by an institution of higher education.

2. By August 15 of each year, institutions shall also prepare and submit copies of financial feasibility studies to the State Council of Higher Education for Virginia for 9(d) obligations where debt service is expected to be paid from project revenues or revenues of the institution. The State Council of Higher Education for Virginia shall identify the impact of all projects requested by the institutions of higher education, and as described in § 4-4.01 j.1. of this act, on the current and projected cost to students in institutions of higher education and the impact of the project on the institution's need for student financial assistance. The State Council of Higher Education for Virginia shall report such information to the Secretary of Finance and the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees no later than October 1 of each year.

3. Prior to the issuance of debt for 9(c) general obligation projects, when more than one year has elapsed since the review of financial feasibility specified in § 4-4.01 j 1 above, an updated feasibility study shall be prepared by the agency and reviewed by the State Treasurer prior to requesting the Governor's Opinion of Financial Feasibility required under Article X, Section 9 (c), of the Constitution of Virginia.

j. Transfers to supplement capital projects from nongeneral funds may be made under the conditions set forth in §§ 4-1.03 a, 4-1.04 a.3, and 4-4.01 l of this act.

k.1. Change in Size and Scope: Unless otherwise provided by law, the scope, which is the function or intended use, of any capital project may not be substantively changed, nor its size increased or decreased by more than five percent in size beyond the plans and justification which were the basis for the appropriation or reappropriation in this act or for the Governor's authorization pursuant to § 4-4.01 l of this act. However, this prohibition is not applicable to changes in size and scope required because of circumstances determined by the Governor to be an emergency, or requirements imposed by the federal government when such capital project is for armories or other defense-related installations and is funded in whole or in part by federal funds. Furthermore, this prohibition shall not apply to minor increases, beyond five percent, in square footage determined by the Director, Department of General Services, to be reasonable and appropriate based on a written justification submitted by the agency stating the reason for the increase, with the provision that such increase will not increase the cost of the project beyond the amount appropriated; nor to decreases in size beyond five percent to offset unbudgeted costs when such costs are determined by the Director, Department of Planning and Budget, to be reasonable based on a written justification submitted by the agency specifying the amount and nature of the unbudgeted costs and the types of actions that will be taken to decrease the size of the project. The written justification shall also include a certification, signed by the agency head, that the resulting project will be consistent with the original programmatic intent of the appropriations.

2. If space planning, energy conservation, and environmental standards guides for any type of construction have been approved by the Governor or the General Assembly, the Governor shall require capital projects to conform to such planning guides.

l. Projects Not Included In This Act:

1. Authorization by Governor:

a) The Governor may authorize initiation of, planning for, construction of or acquisition of a nongeneral fund capital project not specifically included in this act or provided for a program approved by the General Assembly through appropriations, under one or more of the following conditions:

1) The project is required to meet an emergency situation.

2) The project is to be operated as an auxiliary enterprise or sponsored program in an institution of higher education and will be fully funded by revenues of auxiliary enterprises or sponsored programs.

3) The project is to be operated as an educational and general program in an institution of higher education and will be fully funded by nongeneral fund revenues of educational and general programs or from private gifts and indirect cost recoveries.

4) The project consists of plant or property which has become available or has been received as a gift.

5) The project has been recommended for funding by the Tobacco Indemnification and Community Revitalization Commission or the Virginia Tobacco Settlement Foundation.

b) The foregoing conditions are subject to the following criteria:

1) Funds are available within the appropriations made by this act (including those subject to §§ 4-1.03 a, 4-1.04 a.3, and 4-2.03) without adverse effect on other projects or programs, or from unappropriated nongeneral fund revenues or balances.

2) In the Governor's opinion such action may avoid an increase in cost or otherwise result in a measurable benefit to the state.

3) The authorization includes a detailed description of the project, the project need, the total project cost, the estimated operating costs, and the fund sources for the project and its operating costs.

4) The Chairmen of the House Appropriations and Senate Finance and Appropriations Committees shall be notified by the Governor prior to the authorization of any capital project under the provisions of this subsection.

5) Permanent funding for any project initiated under this section shall only be from nongeneral fund sources.

2. Authorization by Director, Department of Planning and Budget:

a) The Director, Department of Planning and Budget, may authorize initiation of a capital project not included in this act, if the General Assembly has enacted legislation to fund the project from bonds of the Virginia Public Building Authority, Virginia College Building Authority, or from reserves created by refunding of bonds issued by those Authorities.

3. Delegated authorization by Boards of Visitors, Public Institutions of Higher Education:

a) In accordance with § 4-5.06 of this act, the board of visitors of any public institution of higher education that: i) has met the eligibility criteria set forth in Chapters 933 and 945 of the 2005 Acts of Assembly for additional operational and administrative autonomy, including having entered into a memorandum of understanding with the Secretary of Administration for delegated authority of nongeneral fund capital outlay projects, and ii) has received a sum sufficient nongeneral fund appropriation for emergency projects as set out in Part 2: Capital Project Expenses of this act, may authorize the initiation of any capital project that is not specifically set forth in this act provided that the project meets at least one of the conditions and criteria identified in § 4-4.01 l 1 of this act.

b) At least 30 days prior to the initiation of a project under this provision, the board of visitors must notify the Governor and Chairmen of the House Appropriations and Senate Finance and Appropriations Committees and must provide a life-cycle budget analysis of the project. Such analysis shall be in a form to be prescribed by the Auditor of Public Accounts.

c) The Commonwealth of Virginia shall have no general fund obligation for the construction, operation, insurance, routine maintenance, or long-term maintenance of any project authorized by the board of visitors of a public institution of higher education in accordance with this provision.

m. Acquisition, maintenance, and operation of buildings and nonbuilding facilities in colleges and universities shall be subject to the following policies:

1. The anticipated program use of the building or nonbuilding facility should determine the funding source for expenditures for acquisition, construction, maintenance, operation, and repairs.

2. For new campuses to be established within the Virginia Community College System, expenditures for land acquisition, site preparation beyond five feet from a building, and the construction of additional outdoor lighting, sidewalks, outdoor athletic and recreational facilities, and parking lots in the Virginia Community College System shall be made only from appropriated federal funds, Trust and Agency funds, including local government allocations or appropriations, or the proceeds of indebtedness authorized by the General Assembly.

3. The general policy of the Commonwealth shall be that parking services are to be operated as an auxiliary enterprise by all colleges and universities. Institutions should develop sufficient reserves for ongoing maintenance and replacement of parking facilities.

4. Except as provided in paragraph 2 above, expenditures for maintenance, replacement, and repair of outdoor lighting, sidewalks, and other infrastructure facilities may be made from any appropriated funds.

5. Expenditures for operations, maintenance, and repair of athletic, recreational, and public service facilities, both indoor and outdoor, should be from nongeneral funds. However, this condition shall not apply to any indoor recreational facility existing on a community college campus as of July 1, 1988.

6.a.1. At institutions of higher education that have met the eligibility criteria for additional operational and administrative authority as set forth in Chapters 933 and 945 of the 2005 Acts of Assembly or Chapters 824 and 829 of the 2008 Acts of Assembly, any repair, renovation, or new construction project costing up to $3,000,000 shall be exempt from the capital outlay review and approval process. For purposes of this paragraph, projects shall not include any subset of a series of projects, which in combination would exceed the $3,000,000 maximum.

2. All state agencies and institutions of higher education shall be exempt from the capital review and approval process for repair, renovation, or new construction projects costing up to $3,000,000.

b. Blanket authorizations funded entirely by nongeneral funds may be used for 1) renovation and infrastructure projects costing up to $3,000,000 and 2) the planning of nongeneral fund new construction and renovation projects through bidding, with bid award made after receipt of a construction authorization. The Director, Department of Planning and Budget, may provide exemptions to the threshold.

7. It is the policy of the Commonwealth that the institutions of higher education shall treat the maintenance of their facilities as a priority for the allocation of resources. No appropriations shall be transferred from the "Operation and Maintenance of Plant" subprogram except for closely and definitely related purposes, as approved by the Director, Department of Planning and Budget, or his designee. A report providing the rationale for each approved transfer shall be made to the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees.

n. Legislative Intent and Reporting: Appropriations for capital projects shall be deemed to have been made for purposes which require their expenditure, or being placed under contract for expenditure, during the current biennium. Agencies to which such appropriations are made in this act or any other act are required to report progress as specified by the Governor. If, in the opinion of the Governor, these reports do not indicate satisfactory progress, he is authorized to take such actions as in his judgment may be necessary to meet legislative intent as herein defined. Reporting on the progress of capital projects shall be in accordance with § 4-8.00, Reporting Requirements.

o. No expenditure from a general fund appropriation in this act shall be made to expand or enhance a capital outlay project beyond that anticipated when the project was initially approved by the General Assembly except to comply with requirements imposed by the federal government when such capital project is for armories or other defense-related installations and is funded in whole or in part by federal funds. General fund appropriations in excess of those necessary to complete the project shall not be reallocated to expand or enhance the project, or be reallocated to a different project. The prohibitions in this subsection shall not apply to transfers from projects for which reappropriations have been authorized.

p. Local or private funds to be used for the acquisition, construction or improvement of capital projects for state agency use as owner or lessee shall be deposited into the state treasury for appropriation prior to their expenditure for such projects.

q. State-owned Registered Historic Landmarks: To guarantee that the historical and/or architectural integrity of any state-owned properties listed on the Virginia Landmarks Register and the knowledge to be gained from archaeological sites will not be adversely affected because of inappropriate changes, the heads of those agencies in charge of such properties are directed to submit all plans for significant alterations, remodeling, redecoration, restoration or repairs that may basically alter the appearance of the structure, landscaping, or demolition to the Department of Historic Resources. Such plans shall be reviewed within thirty days and the comments of that department shall be submitted to the Governor through the Department of General

Services for use in making a final determination.

r.1. The Governor may authorize the conveyance of any interest in property or improvements thereon held by the Commonwealth to the educational or real estate foundation of any institution of higher education where he finds that such property was acquired with local or private funds or by gift or grant to or for the use of the institution, and not with funds appropriated to the institution by the General Assembly. Any approved conveyance shall be exempt from § 2.2-1156, Code of Virginia, and any other statute concerning conveyance, transfer or sale of state property. If the foundation conveys any interest in the property or any improvements thereon, such conveyance shall likewise be exempt from compliance with any statute concerning disposition of state property. Any income or proceeds from the conveyance of any interest in the property shall be deemed to be local or private funds and may be used by the foundation for any foundation purpose.

2. This section shall not apply to public institutions of higher education that have a Management Agreement with the Commonwealth of Virginia pursuant to the Restructured Higher Education Financial and Administrative Operations Act.

s.1. Facility Lease Agreements Involving Institutions of Higher Education: In the case of any lease agreement involving state-owned property controlled by an institution of higher education, where the lease has been entered into consistent with the provisions of § 2.2-1155, Code of Virginia, the Governor may amend, adjust or waive any project review and reporting procedures of Executive agencies as may reasonably be required to promote the property improvement goals for which the lease agreement was developed.

2. This section shall not apply to public institutions of higher education that have a Management Agreement with the Commonwealth of Virginia pursuant to the Restructured Higher Education Financial and Administrative Operations Act.

t. Energy-efficiency Projects: Improvements to state-owned properties for the purpose of energy-efficiency shall be treated as follows:

1. Such improvements shall be considered an operating expense, provided that:

a) the scope of the project meets or exceeds the applicable energy-efficiency standards set forth in the American Society of Heating, Refrigerating, and Air Conditioning Engineers (ASHRAE), the Illuminating Engineering Society (IES) standard 90.1-1989 and is limited to measures listed in guidelines issued by the Department of General Services;

b) the project is financed consistent with the provisions of § 2.2-2417, Code of Virginia, which requires Treasury Board approval and is executed through a nonprofessional services contract with a vendor approved by the Department of General Services;

c) the scope of work has been reviewed and recommended by the Department of Energy;

d) the total cost does not exceed $3,000,000; and

e) if the total cost exceeds $3,000,000, but does not exceed $7,000,000, the energy savings from the project offset the total cost of the project, including debt service and interest payments.

2. If (a) the total cost of the improvement exceeds $7,000,000 or (b) the total cost exceeds $3,000,000, but does not exceed $7,000,000, and the energy savings from the project do not fully offset the total cost of the project, including debt services and interest payments, the improvement shall be considered a capital expense regardless of the type of improvement and the following conditions must be met:

a) the scope of the project meets or exceeds the applicable energy-efficiency standards set forth in the American Society of Heating, Refrigerating, and Air Conditioning Engineers (ASHRAE), the Illuminating Engineering Society (IES) standard 90.1-1989 and is limited to measures listed in guidelines issued by the Department of General Services;

b) the project is financed consistent with the provisions of § 2.2-2417, Code of Virginia, which requires Treasury Board approval and is executed through a nonprofessional services contract with a vendor approved by the Department of General Services;

c) the scope of work has been reviewed and recommended by the Department of Energy;

d) the project has been reviewed by the Department of Planning and Budget; and

e) the project has been approved by the Governor.

3. If the total project exceeds $250,000, the agency director will submit written notification to the Director, Department of Planning and Budget, verifying that the project meets all of the conditions in subparagraph 1 above.

The provisions of §§ 2.0 and 4-4.01 of this act and the provisions of § 2.2-1132, Code of Virginia, shall not apply to energy conservation projects that qualify as capital expenses.

4. As used in this paragraph, “improvement” does not include (a) constructing, enlarging, altering, repairing or demolishing a building or structure, (b) changing the use of a building either within the same use group or to a different use group when the new use requires greater degrees of structural strength, fire protection, exit facilities or sanitary provisions, or (c) removing or disturbing

any asbestos-containing materials during demolition, alteration, renovation of or additions to building or structures, If the projected scope of an energy-efficiency project includes any of these elements, it shall be subject to the capital outlay process as set out in this section.

5. The Director, Department of Planning and Budget, shall notify the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees upon the initiation of any energy-efficiency projects under the provisions of this paragraph.

u. No expenditures shall be authorized for the purchase of fee simple title to any real property to be used for a correctional facility or for the actual construction of a correctional facility provided for in this act, or by reference hereto, that involves acquisition or new construction of youth or adult correctional facilities on real property which was not owned by the Commonwealth on January 1, 1995, until the governing body of the county, city or town wherein the project is to be located has adopted a resolution supporting the location of such project within the boundaries of the affected jurisdiction. The foregoing does not prohibit expenditures for site studies, real estate options, correctional facility design and related expenditures.

v. Except for institutions of higher education that have a Management Agreement with the Commonwealth of Virginia pursuant to the Restructured Higher Education Financial and Administrative Operations Act, any alternative financing agreement entered into between a state agency or institution of higher education and a private entity or affiliated foundation must be reviewed and approved by the Treasury Board.

w. Prior to requesting authorization for new dormitory capital projects, institutions of higher education shall conduct a cost study to determine whether an alternative financing arrangement or public-private transaction would provide a more effective option for the construction of the proposed facility. This study shall be submitted to the Department of Planning and Budget as part of the budget development process and shall be evaluated by the Governor prior to submitting his proposed budget.

x. Construction or improvement projects of the Department of Military Affairs are not exempt from the capital outlay review process when the state procurement process is utilized, except for those projects with both an estimated cost of $3,000,000 or less and are 100 percent federally reimbursed. The Department of Military Affairs shall submit by July 30 of each year to the Department of Planning and Budget a list of such projects that were funded pursuant to this exemption in the previous fiscal year and any projects that would be eligible for such funding in future fiscal years.

§ 4-4.02 PLANNING AND BUDGETING

a. It shall be the intent of the General Assembly to make biennial appropriations for a capital improvements program sufficient to address the program needs of the Commonwealth. The capital improvements program shall include maintenance and deferred maintenance of the Commonwealth's existing facilities, and of the facility requirements necessary to deliver the programs of state agencies and institutions.

b. In effecting these policies, the Governor shall establish a capital budget plan to address the renewal and replacement of the Commonwealth's physical plant, using such guidelines as recommended by industry or government to maintain the Commonwealth's investment in its property and plant.

§ 4-5.00 SPECIAL CONDITIONS AND RESTRICTIONS ON EXPENDITURES

§ 4-5.01 TRANSACTIONS WITH INDIVIDUALS

a. SETTLEMENT OF CLAIMS: Whenever a dispute, claim or controversy involving the interest of the Commonwealth is settled pursuant to § 2.2-514, Code of Virginia, payment may be made out of any appropriations, designated by the Governor, to the state agency(ies) which is (are) party to the settlement.

b. STUDENT FINANCIAL ASSISTANCE FOR HIGHER EDUCATION:

1. General:

a) The appropriations made in this act to state institutions of higher education within the Items for student financial assistance may be expended for any one, all, or any combination of the following purposes: grants to undergraduate students enrolled at least one-half time in a degree, certificate, industry-based certification and related programs that do not qualify for other sources of student financial assistance or diploma program; grants to full-time graduate students; graduate assistantships: grants to students enrolled full-time in a dual or concurrent undergraduate and graduate program. The institutions may also use these appropriations for the purpose of supporting work study programs. The institution is required to transfer to educational and general appropriations all funds used for work study or to pay graduate assistantships. Institutions may also contribute to federal or private student grant aid programs requiring matching funds by the institution, except for programs requiring work. The State Council of Higher Education for Virginia shall annually review each institution's plan for the expenditures of its general fund appropriation for undergraduate student financial assistance prior to the start of the fall term to determine program compliance. The institution's plan shall include the institution's assumptions and calculations for determining the cost of attendance, student financial need, and student remaining need as well as an award schedule or description of how funds are awarded. For the purposes of the proposed plan, each community college shall be considered independently. No limitations shall be placed on the awarding of nongeneral fund appropriations made in this act to state institutions of higher education within the Items for student financial assistance other than those found previously in this paragraph and as follows: (i) funds derived from in-state student tuition will not subsidize out-of-state students, (ii) students receiving these funds must be making satisfactory academic progress, (iii) awards made to students should be based primarily on financial need, and (iv) institutions should make larger grant and scholarship awards to students taking the number of credit hours necessary to complete a degree in a timely manner.

b) All awards made to undergraduate students from such Items shall be for Virginia students only and such awards shall offset all, or portions of, the costs of tuition and required fees, and, in the case of students qualifying under subdivision b 2 c)1) hereof, the cost of books. All undergraduate financial aid award amounts funded by this appropriation shall be proportionate to the remaining need of individual students, with students with higher levels of remaining need receiving grants before other students. No criteria other than the need of the student shall be used to determine the award amount. Because of the low cost of attendance and recognizing that federal grants provide a much higher portion of cost than at other institutions, a modified approach and minimum award amount for the neediest VGAP student should be implemented for community college and Richard Bland College students based on remaining need and the combination of federal and grant state aid. Student financial need shall be determined by a need-analysis system approved by the Council.

c)1) All need-based awards made to graduate students shall be determined by the use of a need-analysis system approved by the Council.

2) As part of the six-year financial plans required in the provisions of Chapters 933 and 945 of the 2005 Acts of Assembly, each institution of higher education shall report the extent to which tuition and fee revenues are used to support graduate student aid and graduate compensation and how the use of these funds impacts planned increases in student tuition and fees.

d) A student who receives a grant under such Items and who, during a semester, withdraws from the institution which made the award must surrender the unearned portion. The institution shall calculate the unearned portion of the award based on the percentage used for federal Return to Title IV program purposes.

e) An award made under such Items to assist a student in attending an institution's summer session shall be prorated according to the size of comparable awards made in that institution's regular session.

f) The provisions of this act under the heading "Student Financial Assistance for Higher Education" shall not apply to (1) the soil scientist scholarships authorized under § 23.1-615, Code of Virginia and (2) need-based financial aid programs for industry-based certification and related programs that do not qualify for other sources of student financial assistance, which will be subject to guidelines developed by the State Council of Higher Education for Virginia.

g) Unless noted elsewhere in this act, general fund awards shall be named "Commonwealth" grants.

h) Unless otherwise provided by statute, undergraduate awards shall not be made to students seeking a second or additional baccalaureate degree until the financial aid needs of first-degree seeking students are fully met.

i) In determining financial need for student financial assistance, the institution shall recognize the federal Student Aid Index at no less than zero.

j) Students receiving student financial assistance in 2023-2024 may be considered for Virginia Student Financial Assistance Program awards based on the Expected Family Contribution demonstrated in 2023-2024, or appropriately adjusted need as determined by the institution, for as long as the student maintains continuous enrollment, unless granted an exception for cause by the State Council of Higher Education for Virginia, until current degree completion or current degree program eligibility limits have otherwise expired, whichever comes first.

k) Notwithstanding any other provision of law to the contrary, the Student Aid Index as calculated according to federal Title IV financial aid methodology shall be deemed an approved replacement of any mention or use of the precedent federal Expected Family Contribution for purposes of administrating state higher education financial aid programs.

l) Notwithstanding any other provision of law to the contrary, private institutions admitted on or after January 1, 2024 in any state program of higher education financial assistance shall (i) be a nonprofit private institution of higher education whose primary purpose is to provide collegiate, graduate, or professional education and not to provide religious training or theological education; (ii) be formed, chartered, established, or incorporated within the Commonwealth; (iii) have their principal place of business within the Commonwealth; (iv) conduct their primary educational activity within the Commonwealth; and (v) be accredited by a nationally recognized regional institutional accrediting agency.

2. Grants To Undergraduate Students:

a) Each institution which makes undergraduate grants paid from its appropriation for student financial assistance shall expend such sums as approved for that purpose by the Council.

b) A student receiving an award must be duly admitted and enrolled in a degree, certificate or diploma program at the institution making the award, and shall be making satisfactory academic progress as defined by the institution for the purposes of eligibility under Title IV of the federal Higher Education Act, as amended.

c)1) It is the intent of the General Assembly that students eligible under the Virginia Guaranteed Assistance Program (VGAP) authorized in Title 23.1, Chapter 4.4:2, Code of Virginia, shall receive grants before all other students at the same institution with equivalent remaining need from the appropriations for undergraduate student financial assistance found in Part 1 of this act (service area 1081000 - Scholarships). In each instance, VGAP eligible students shall receive awards greater than other students with equivalent remaining need.

2) The amount of each VGAP grant shall vary according to each student's remaining need and the total of tuition, all required fees and the cost of books at the institution the student will attend upon acceptance for admission. The actual amount of the VGAP award will be determined by the proportionate award schedule adopted by each institution; however, those students with the greatest financial need shall be guaranteed an award at least equal to tuition.

3) It is the intent of the General Assembly that the Virginia Guaranteed Assistance Program serve as an incentive to financially needy students now attending elementary and secondary school in Virginia to raise their expectations and their academic performance and to consider higher education an achievable objective in their futures.

4) Students may not receive a VGAP and a Commonwealth grant in the same semester.

d) Of the amount allocated for undergraduate need-based financial aid, up to one percent may be used for emergency assistance programs for students facing a financial emergency that puts them at risk of dropping out. The Council shall establish reporting guidelines and approve criteria for making student awards.

3. Grants To Graduate Students:

a) An individual award may be based on financial need but may, in addition to or instead of, be based on other criteria determined by the institution making the award. The amount of an award shall be determined by the institution making the award; however, the Council shall annually be notified as to the maximum size of a graduate award that is paid from funds in the appropriation.

b) A student receiving a graduate award paid from the appropriation must be duly admitted into a graduate degree program at the institution making the award.

c) Not more than 50 percent of the funds designated by an institution as graduate grants from the appropriation, and approved as such by the Council, shall be awarded to persons not eligible to be classified as Virginia domiciliary resident students except in cases where the persons meet the criteria outlined in § 4-2.01b.6.

4. Matching Funds: Any institution of higher education may, with the approval of the Council, use funds from its appropriation for fellowships and scholarships to provide the institutional contribution to any student financial aid program established by the federal government or private sources which requires the matching of the contribution by institutional funds, except for programs requiring work.

5. Discontinued Loan Program:

a) If any federal student loan program for which the institutional contribution was appropriated by the General Assembly is discontinued, the institutional share of the discontinued loan program shall be repaid to the fund from which the institutional share was derived unless other arrangements for the use of the funds are recommended by the Council and approved by the Department of Planning and Budget. Should the institution be permitted to retain the federal contributions to the program, the funds shall be used according to arrangements authorized by the Council and approved by the Department of Planning and Budget.

b)1) An institution of higher education may discontinue its student loan fund established pursuant to Title 23.1, Chapter 4.01, Code of Virginia. The full amount of cash in such discontinued loan fund shall be paid into the state treasury into a nonrevertible nongeneral fund account. Prior to such payment, the State Comptroller shall verify its accuracy, including the fact that the cash held by the institution in the loan fund will be fully depleted by such payment. The loan fund shall not be reestablished thereafter for that institution.

2) The cash so paid into the state treasury shall be used only for grants to undergraduate and graduate students in the Higher Education Student Financial Assistance program according to arrangements authorized by the Council and approved by the Department of Planning and Budget.

3) Payments on principal and interest of any promissory notes held by the discontinued loan fund shall continue to be received by the institution, which shall deposit such payments in the state treasury to the nonrevertible nongeneral fund account specified in subdivision (1) preceding, to be used for grants as specified in subdivision (2) preceding.

6. Reporting: The Council shall collect student-specific information for undergraduate students as is necessary for the operation

of the Student Financial Assistance Program. The Council shall maintain regulations governing the operation of the Student Financial Assistance Program based on the provisions outlined in this section, the Code of Virginia, and State Council policy.

c. PAYMENTS TO CITIZEN MEMBERS OF NONLEGISLATIVE BODIES:

Notwithstanding any other provision of law, executive branch agencies shall not pay compensation to citizen members of boards, commissions, authorities, councils, or other bodies from any fund for the performance of such members' duties in the work of the board, commission, authority, council, or other body.

d. VIRGINIA BIRTH-RELATED NEUROLOGICAL INJURY COMPENSATION PROGRAM

Notwithstanding any other provision of law, the Virginia Birth-Related Neurological Injury Compensation Program is authorized to require each admitted claimant's parent or legal guardian to purchase private health insurance (the "primary payer") to provide coverage for the actual medically necessary and reasonable expenses as described in Virginia Code § 38.2-5009(A)(1) that were, or are, incurred as a result of the admitted claimant's birth-related neurological injury and for the admitted claimant's benefit. Provided, however, that the Program shall reimburse, upon receipt of proof of payment, solely the portion of the premiums that is attributable to the admitted claimant's post-admission coverage from the effective date of this provision forward and paid for by the admitted claimant's parent or legal guardian.

§ 4-5.02 THIRD PARTY TRANSACTIONS

a. EMPLOYMENT OF ATTORNEYS:

1.a) All attorneys authorized by this act to be employed by any state agency and all attorneys compensated out of any moneys appropriated in this session of the General Assembly shall be appointed by the Attorney General and be in all respects subject to the provisions of Title 2.2, Chapter 5, Code of Virginia, to the extent not to conflict with Title 12.1, Chapter 4, Code of Virginia; provided, however, that if the Governor certifies the need for independent legal counsel for any Executive Department agency, such agency shall be free to act independently of the Office of the Attorney General in regard to selection, and provided, further, that compensation of such independent legal counsel shall be paid from the moneys appropriated to such Executive Department agency or from the moneys appropriated to the Office of the Attorney General.

b) For purposes of this act, "attorney" shall be defined as an employee or contractor who represents an agency before a court, board or agency of the Commonwealth of Virginia or political subdivision thereof. This term shall not include members of the bar employed by an agency who perform in a capacity that does not require a license to practice law, including but not limited to, instructing, managing, supervising or performing normal or customary duties of that agency.

2. This section does not apply to attorneys employed by state agencies in the Legislative Department, Judicial Department or Independent Agencies.

3. Reporting on employment of attorneys shall be in accordance with § 4-8.00, Reporting Requirements.

4. Notwithstanding § 2.2-510.1 of the Code of Virginia and any other conflicting provision of law, the Virginia Retirement System may enter into agreements to seek i) recovery of investment losses in foreign jurisdictions, and ii) legal advice related to its investments. Any such agreements shall be reported to the Office of the Attorney General as soon as practicable.

b. STUDIES AND CONSULTATIVE SERVICES REQUIRED BY GENERAL ASSEMBLY: No expenditure for payments on third party nongovernmental contracts for studies or consultative services shall be made out of any appropriation to the General Assembly or to any study group created by the General Assembly, nor shall any such expenditure for third party nongovernmental contracts be made by any Executive Department agency in response to a legislative request for a study, without the prior approval of two of the following persons: the Chairman of the House Appropriations Committee; the Chairman of the Senate Finance and Appropriations Committee; the Speaker of the House of Delegates; the President pro tempore of the Senate. All such expenditures shall be made only in accordance with the terms of a written contract approved as to form by the Attorney General.

c. USE OF CONSULTING SERVICES: All state agencies and institutions of higher education shall make a determination of "return on investment" as part of the criteria for awarding contracts for consulting services.

d. DEBT COLLECTION SERVICES:

1. Notwithstanding any provision of the Code of Virginia or this act to the contrary, the Virginia Commonwealth University Health System Authority shall have the option to participate in the Office of the Attorney General's debt collection process. Should the Authority choose not to participate, the Authority shall have the authority to collect its accounts receivable by engaging private collection agents and attorneys to pursue collection actions, and to independently compromise, settle, and discharge accounts receivable claims.

2. Notwithstanding any provision of the Code of Virginia or this act to the contrary, the University of Virginia Medical Center shall have the authority to collect its accounts receivable by engaging private collection agents and attorneys to pursue collection actions, and to independently compromise, settle, and discharge accounts receivable claims, provided that the University of Virginia

demonstrates to the Secretary of Finance that debt collection by an agent other than the Office of the Attorney General is anticipated to be more cost effective. Nothing in this paragraph is intended to limit the ability of the University of Virginia Medical Center from voluntarily contracting with the Office of the Attorney General's Division of Debt Collection in cases where the Center would benefit from the expertise of legal counsel and collection services offered by the Office of the Attorney General.

3. Notwithstanding any provision of the Code of Virginia or this act to the contrary, the Department of Taxation shall be exempt from participating in the debt collection process of the Office of the Attorney General.

§ 4-5.03 SERVICES AND CLIENTS

a. CHANGED COST FACTORS:

1.a) No state agency, or its governing body, shall alter factors (e.g., qualification level for receipt of payment or service) which may increase the number of eligible recipients for its authorized services or payments, or alter factors which may increase the unit cost of benefit payments within its authorized services, unless the General Assembly has made an appropriation for the cost of such change.

b) The limits on altering or changing cost factors stated in paragraph 1.a) above shall not apply to changes associated with implementing and/or altering services in response to COVID-19 when funding is provided from a nongeneral fund source dedicated to addressing the impact of COVID-19 or from any source when specifically approved by the Governor in response to the COVID-19 pandemic.

2. Notwithstanding any other provision of law, the Department of Planning and Budget, with assistance from agencies that operate internal service funds as requested, shall establish policies and procedures for annually reviewing and approving internal service fund overhead surcharge rates and working capital reserves.

3. By September 1 each year, state agencies that operate an internal service fund, pursuant to §§ 2.2-803, 2.2-1101, and 2.2-2013, Code of Virginia, that have an impact on agency expenditures, shall submit a report to the Department of Planning and Budget to include all information as required by the Department of Planning and Budget to conduct a thorough review of overhead surcharge rates, revenues, expenditures, full-time positions, and working capital reserves for each internal service fund. The report shall include any proposed modifications in rates to be charged by internal service funds for review and approval by the Department of Planning and Budget. In its review, the Department of Planning and Budget shall determine whether the requested rate modifications are consistent with budget assumptions. The format by which agencies submit the operating plan for each internal service fund shall be determined by the Department of Planning and Budget with assistance from agencies that operate internal service funds as requested.

4. State agencies that operate internal service funds may not change a billable overhead surcharge rate to another state agency unless the resulting change is provided in the final General Assembly enacted budget.

5. State agencies that operate more than one internal service fund shall comply with the review and approval requirements detailed in this Item for each internal service fund.

6. As determined by the Director, Department of Planning and Budget, state agencies that operate select programs where an agency provides a service to and bills other agencies shall be subject to the annual review of the agency's internal service funds consistent with the provisions of this Item, unless such payment for services is pursuant to a memorandum of understanding authorized by § 4-1.03 a. 7 of this act.

7. The Governor is authorized to change internal service fund overhead surcharge rates, including the creation of new rates, beyond the rates enacted in the budget in the event of an emergency or to implement actions approved by the General Assembly, upon prior notice to the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees. Such prior notice shall be no less than five days prior to enactment of a revised or new rate and shall include the basis of the rate change and the impact on state agencies.

8. Notwithstanding any other provision of law, the Commonwealth's statewide electronic procurement system and program known as eVA shall have all rates and working capital reserves reviewed and approved by the Department of Planning and Budget consistent with the provisions of this Item.

9. State agencies that are partially or fully funded with nongeneral funds and are billed for services provided by another state agency shall pay the nongeneral fund cost for the service from the agency's applicable nongeneral fund revenue source consistent with an appropriation proration of such expenses.

b. NEW SERVICES:

1.a) No state agency shall begin any new service that will call for future additional property, plant or equipment or that will require an increase in subsequent general or nongeneral fund operating expenses without first obtaining the authorization of the General Assembly.

b) The limits on establishing new services stated in paragraph 1.a) above shall not apply to new services established to respond to COVID-19 when funding is provided from a nongeneral fund source dedicated to addressing the impact of COVID-19 or from any source when specifically approved by the Governor in response to the COVID-19 pandemic.

2. Pursuant to the policies and procedures of the State Council of Higher Education regarding approval of academic programs and the concomitant enrollment, no state institution of higher education shall operate any academic program with funds in this act unless approved by the Council and included in the Executive Budget, or approved by the General Assembly. The Council may grant exemptions to this policy in exceptional circumstances.

3. a) The General Assembly is supportive of the increasing commitment by both Virginia Tech and the Carilion Clinic to the success of the programs at the Virginia Tech/Carilion School of Medicine and the Virginia Tech/Carilion Research Institute, and encourages these two institutions to pursue further developments in their partnership. Therefore, notwithstanding § 4-5.03 c. of the Appropriation Act, if through the efforts of these institutions to further strengthen the partnership, Virginia Tech acquires the Virginia Tech Carilion School of Medicine during the current biennium, the General Assembly approves the creation and establishment of the Virginia Tech/Carilion School of Medicine within the institution notwithstanding § 23.1-203 Code of Virginia. No additional funds are required to implement establishment of the Virginia Tech/Carilion School of Medicine within the institution.

b) Virginia Tech Carilion School of Medicine is hereby authorized to transfer funds to the Department of Medical Assistance Services to fully fund the state share for Medicaid supplemental payments to the teaching hospital affiliated with the Virginia Tech Carilion School of Medicine. These Medicaid supplemental fee-for-service and/or capitation payments to managed care organizations are for the purpose of securing access to Medicaid hospital services in Western Virginia. The funds to be transferred must comply with 42 CFR 433.51.

4. Reporting on all new services shall be in accordance with § 4-8.00, Reporting Requirements.

c. OFF-CAMPUS SITES OF INSTITUTIONS OF HIGHER EDUCATION:

No moneys appropriated by this act shall be used for off-campus sites unless as provided for in this section.

1. A public college or university seeking to create, establish, or operate an off-campus instructional site, funded directly or indirectly from the general fund or with revenue from tuition and mandatory educational and general fees generated from credit course offerings, shall first refer the matter to the State Council of Higher Education for Virginia for its consideration and approval. The State Council of Higher Education for Virginia may provide institutions with conditional approval to operate the site for up to one year, after which time the college or university must receive approval from the Governor and General Assembly, through legislation or appropriation, to continue operating the site.

2. For the colleges of the Virginia Community College System, the State Board for Community Colleges shall be responsible for approving off-campus locations. Sites governed by this requirement are those at any locations not contiguous to the main campus of the institution, including locations outside Virginia.

3. a) The provisions herein shall not apply to credit offerings on the site of a public or private entity if the offerings are supported entirely with private, local, or federal funds or revenue from tuition and mandatory educational and general fees generated entirely by course offerings at the site.

b) Offerings at previously approved off-campus locations shall also not be subject to these provisions.

c) Further, the provisions herein do not govern the establishment and operations of campus sites with a primary function of carrying out grant and contract research where direct and indirect costs from such research are covered through external funding sources. Such locations may offer limited graduate education as appropriate to support the research mission of the site.

d) Nothing herein shall prohibit an institution from offering non-credit continuing education programs at sites away from the main campus of a college or university.

4. The State Council of Higher Education shall establish guidelines to implement this provision.

d. PERFORMANCE MEASUREMENT

1. In accordance with § 2.2-1501, Code of Virginia, the Department of Planning and Budget shall develop a programmatic budget and accounting structure for all new programs and activities to ensure that it provides the appropriate financial and performance measures to determine if programs achieve desired results and outcomes. The Department of Accounts shall provide assistance as requested by the Department of Planning and Budget. The Department of Planning and Budget shall provide this information each year when the Governor submits the budget in accordance with § 2.2-1509, Code of Virginia, to the Chairmen of the House Appropriations, House Finance, and Senate Finance and Appropriations Committees.

2.a) Within thirty days of the enactment of this act, the Director, Department of Planning and Budget, shall make available via electronic means to the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees and the public a list of the new initiatives for which appropriations are provided in this act.

b) Not later than ninety days after the end of the first year of the biennium, the Director, Department of Planning and Budget, shall make available via electronic means a report on the performance of each new initiative contained in the list, to be submitted to the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees and the public. The report shall compare the actual results, including expenditures, of the initiative with the anticipated results and the appropriation for the initiative. This information shall be used to determine whether the initiative should be extended beyond the beginning period. In the preparation of this report, all state agencies shall provide assistance as requested by the Department of Planning and Budget.

§ 4-5.04 GOODS AND SERVICES

a. STUDENT ATTENDANCE AT INSTITUTIONS OF HIGHER EDUCATION:

1. Public Information Encouraged: Each public institution of higher education is expected and encouraged to provide prospective students with accurate and objective information about its programs and services. The institution may use public funds under the control of the institution's Board of Visitors for the development, preparation and dissemination of factual information about the following subjects: academic programs; special programs for minorities; dates, times and procedures for registration; dates and times of course offerings; admission requirements; financial aid; tuition and fee schedules; and other information normally distributed through the college catalog. This information may be presented in any and all media, such as newspapers, magazines, television or radio where the information may be in the form of news, public service announcements or advertisements. Other forms of acceptable presentation would include brochures, pamphlets, posters, notices, bulletins, official catalogs, flyers available at public places and formal or informal meetings with prospective students.

2. Excessive Promotion Prohibited: Each public institution of higher education is prohibited from using public funds under the control of the institution's Board of Visitors for the development, preparation, dissemination or presentation of any material intended or designed to induce students to attend by exaggerating or extolling the institution's virtues, faculty, students, facilities or programs through the use of hyperbole. Artwork and photographs which exaggerate or extol rather than supplement or complement permissible information are prohibited. Mass mailings are generally prohibited; however, either mass mailings or newspaper inserts, but not both, may be used if other methods of distributing permissible information are not economically feasible in the institution's local service area.

3. Remedial Education: Senior institutions of higher education shall make arrangements with community colleges for the remediation of students accepted for admission by the senior institutions.

4. Compliance: The president or chancellor of each institution of higher education is responsible for the institution's compliance with this subsection.

b. INFORMATION TECHNOLOGY FACILITIES AND SERVICES:

1.a) The Virginia Information Technologies Agency shall procure information technology and telecommunications goods and services of every description for its own benefit or on behalf of other state executive branch agencies and institutions, or authorize other state executive branch agencies or institutions to undertake such procurements on their own. For the purposes of § 4-5.04 of this act, “executive branch agency” means the same as that term is defined in § 2.2-2006, Code of Virginia.

b) Except for research projects, research initiatives, or instructional programs at public institutions of higher education, or any non-major information technology project request from the Virginia Community College System, Longwood University, or from an institution of higher education which is a member of the Virginia Association of State Colleges and University Purchasing Professionals (VASCUPP) as of July 1, 2003, or any procurement of information technology and telecommunications goods and services by public institutions of higher education governed by some combination of Chapters 933 and 945 of the 2005 Acts of Assembly, Chapters 824 and 829 of the 2008 Acts of Assembly, and those public institutions of higher education that have a Management Agreement with the Commonwealth of Virginia pursuant to the Restructured Higher Education Financial and Administrative Operations Act, requests for authorization from state agencies and institutions to procure information technology and telecommunications goods and services on their own behalf shall be made in writing to the Chief Information Officer or his designee. Members of VASCUPP as of July 1, 2003, are hereby recognized as: The College of William and Mary, George Mason University, James Madison University, Old Dominion University, Radford University, Virginia Commonwealth University, Virginia Military Institute, Virginia Polytechnic Institute and State University, and the University of Virginia.

c) The Chief Information Officer or his designee may grant the authorization upon a written determination that the request conforms to the statewide information technology plan and the individual information technology plan of the requesting agency or institution.

d) Any procurement authorized by the Chief Information Officer or his designee for information technology and telecommunications goods and services, including geographic information systems, shall be issued by the requesting state agency or institution in accordance with the regulations, policies, procedures, standards, and guidelines of the Virginia Information Technologies Agency.

e) Nothing in this subsection shall prevent public institutions of higher education or the Virginia Community College System from using the services of Network Virginia.

f) To ensure that the Commonwealth's research universities maintain a competitive position with access to the national optical research network infrastructure including the National LambdaRail and Internet2, the Network Virginia Contract Administrator is hereby authorized to renegotiate the term of the existing contracts. Additionally, the contract administrator is authorized to competitively negotiate additional agreements in accordance with the Code of Virginia and all applicable regulations, as required, to establish and maintain research network infrastructure.

2. If the billing rates and associated systems for computer, telecommunications and systems development services to state agencies are altered, the Director, Department of Planning and Budget, may transfer appropriations from the general fund between programs affected. These transfers are limited to actions needed to adjust for overfunding or underfunding the program appropriations affected by the altered billing systems.

3. The provisions of this subsection shall not in any way affect the duties and responsibilities of the State Comptroller under the provisions of § 2.2-803, Code of Virginia.

4. It is the intent of the General Assembly that information technology (IT) systems, products, data, and service costs, including geographic information systems (GIS), be contained through the shared use of existing or planned equipment, data, or services which may be available or soon made available for use by state agencies, institutions, authorities, and other public bodies. State agencies, institutions, and authorities shall cooperate with the Virginia Information Technologies Agency in identifying the development and operational requirements for proposed IT and GIS systems, products, data, and services, including the proposed use, functionality, capacity and the total cost of acquisition, operation and maintenance.

5. This section shall not apply to public institutions of higher education governed by some combination of Chapters 933 and 945 of the 2005 Acts of Assembly, Chapters 824 and 829 of the 2008 Acts of Assembly, those public institutions of higher education that have a Management Agreement with the Commonwealth of Virginia pursuant to the Restructured Higher Education Financial and Administrative Operations Act, or to the Virginia Alcoholic Beverage Control Authority.

6. Notwithstanding any other provision of law, state agencies that do not receive computer services from the Virginia Information Technologies Agency may develop their own policies and procedures governing the sale of surplus computers and laptops to their employees or officials. Any proceeds from the sale of surplus computers or laptops shall be deposited into the appropriate fund or funds used to purchase the equipment.

c. MOTOR VEHICLES AND AIRCRAFT:

1. No motor vehicles shall be purchased or leased with public funds by the state or any officer or employee on behalf of the state without the prior written approval of the Director, Department of General Services.

2. The institutions of higher education and the Alcoholic Beverage Control Authority shall be exempt from this provision but shall be required to report their entire inventory of purchased and leased vehicles including the cost of such to the Director of the Department of General Services by June 30 of each year. The Director of the Department of General Services shall compare the cost of vehicles acquired by institutions of higher education and the Authority to like vehicles under the state contract. If the comparison demonstrates for a given institution or the Authority that the cost to the Commonwealth is greater for like vehicles than would be the case based on a contract of statewide applicability, the Governor or his designee may suspend the exemption granted to the institution or the Authority pursuant to this subparagraph c.

3. The Director, Department of General Services, is hereby authorized to transfer surplus motor vehicles among the state agencies, and determine the value of such surplus equipment for the purpose of maintaining the financial accounts of the state agencies affected by such transfers.

d. MOTION PICTURE, TELEVISION AND RADIO SERVICES PRODUCTION: Except for public institutions of higher education that have a Management Agreement with the Commonwealth of Virginia pursuant to the Restructured Higher Education Financial and Administrative Operations Act, no state Executive Department agency or the Virginia Lottery Department shall expend any public funds for the production of motion picture films or of programs for television transmission, or for the operation of television or radio transmission facilities, without the prior written approval of the Governor or as otherwise provided in this act, except for educational television programs produced for elementary-secondary education by authority of the Virginia Information Technologies Agency. The Joint Subcommittee on Rules is authorized to provide the approval of such expenditures for legislative agencies. For judicial agencies and independent agencies, other than the Virginia Lottery Department, prior approval action rests with the supervisory bodies of these entities. With respect to television programs which are so approved and other programs which are otherwise authorized or are not produced for television transmission, state agencies may enter into contracts without competitive sealed bidding, or competitive negotiation, for program production and transmission services which are performed by public telecommunications entities, as defined in § 2.2-2006, Code of Virginia.

e. TRAVEL: Reimbursement for the cost of travel on official business of the state government is authorized to be paid pursuant to law and regulations issued by the State Comptroller to implement such law. Notwithstanding any contrary provisions of law:

1. For the use of personal automobiles in the discharge of official duties outside the continental limits of the United States, the State Comptroller may authorize an allowance not exceeding the actual cost of operation of such automobiles;

2. The first 15,000 miles of use during each fiscal year of personal automobiles in the discharge of official duties within the continental limits of the United States shall be reimbursed at an amount equal to the most recent business standard mileage rate as established by the Internal Revenue Service for employees or self-employed individuals to use in computing their income tax deductible costs for operating passenger vehicles owned or leased by them for business purposes, or in the instance of a state employee, at the lesser of (a) the IRS rate or (b) the lowest combined capital and operational trip pool rate charged by the Department of General Services, Office of Fleet Management Services (OFMS), posted on the OFMS website at time of travel, for the use of a compact state-owned vehicle. If the head of the state agency concerned certifies that a state-owned vehicle was not available, or if, according to regulations issued by the State Comptroller, the use of a personal automobile in lieu of a state-owned automobile is considered to be an advantage to the state, the reimbursement shall be at the rate of the IRS rate. For such use in excess of 15,000 miles in each fiscal year, the reimbursement shall be at a rate of 13.0 cents per mile, unless a state-owned vehicle is not available; then the rate shall be the IRS rate;

3. The State Comptroller may authorize exemptions to restrictions upon use of common carrier accommodations;

4. The State Comptroller may authorize reimbursement by per diem in lieu of actual costs of meals and any other expense category deemed necessary for the efficient and effective operation of state government;

5. State employees traveling on official business of state government shall be reimbursed for their travel costs using the same bank account authorized by the employee in which their net pay is direct deposited; and

6. This section shall not apply to members and employees of public school boards.

f. SMALL PURCHASE CHARGE CARD, ELECTRONIC DATA INTERCHANGE, DIRECT DEPOSIT, AND PAYLINE OPT OUT: The State Comptroller is hereby authorized to charge state agencies a fee of $5 per check or earnings notice when, in his judgment, agencies have failed to comply with the Commonwealth's electronic commerce initiatives to reduce unnecessary administrative costs for the printing and mailing of state checks and earning notices. The fee shall be collected by the Department of Accounts through accounting entries.

g. PURCHASES OF APPLIANCES AND EQUIPMENT: State agencies and institutions shall purchase Energy Star rated appliances and equipment in all cases where such appliances and equipment are available.

h. ELECTRONIC PAYMENTS: Any recipient of payments from the State Treasury who receives six or more payments per year issued by the State Treasurer shall receive such payments electronically. The State Treasurer shall decide the appropriate method of electronic payment and, through his warrant issuance authority, the State Comptroller shall enforce the provisions of this section. The State Comptroller is authorized to grant administrative relief to this requirement when circumstances justify non-electronic payment.

i. LOCAL AND NON-STATE SAVINGS AND EFFICIENCIES: It is the intent of the General Assembly that State agencies shall encourage and assist local governments, school divisions, and other non-state governmental entities in their efforts to achieve cost savings and efficiencies in the provision of mandated functions and services including but not limited to finance, procurement, social services programs, and facilities management.

j. TELECOMMUNICATION SERVICES AND DEVICES:

1. The Chief Information Officer and the State Comptroller shall develop statewide requirements for the use of cellular telephones and other telecommunication devices by executive branch agencies, addressing the assignment, evaluation of need, safeguarding, monitoring, and usage of these telecommunication devices. The requirements shall include an acceptable use agreement template clearly defining an employee's responsibility when they receive and use a telecommunication device. Statewide requirements shall require some form of identification on a device in case it is lost or stolen and procedures to wipe the device clean of all sensitive information when it is no longer in use.

2. Executive branch agencies providing employees with telecommunication devices shall develop agency-specific policies, incorporating the guidance provided in § 4-5.04 k. 1. of this act and shall maintain a cost justification for the assignment or a public health, welfare and safety need.

3. The Chief Information Officer shall determine the optimal number of telecommunication vendors and plans necessary to meet the needs of executive branch agency personnel. The Chief Information Officer shall regularly procure these services and provide statewide contracts for use by all such agencies. These contracts shall require the vendors to provide detailed usage information in a useable electronic format to enable the executive branch agencies to properly monitor usage to make informed purchasing decisions and minimize costs.

4. The Chief Information Officer shall examine the feasibility of providing tools for executive branch agencies to analyze usage and cost data to assist in determining the most cost effective plan combinations for the entity as a whole and individual users.

k. ALTERNATIVE PROCUREMENT: If any payment is declared unconstitutional for any reason or if the Attorney General finds in a formal, written, legal opinion that a payment is unconstitutional, in circumstances where a good or service can constitutionally be the subject of a purchase, the administering agency of such payment is authorized to use the affected appropriation to procure, by means of the Commonwealth's Procurement Act, goods and services, which are similar to those sought by such payment in order to accomplish the original legislative intent.

l. MEDICAL SERVICES: No expenditures from general or nongeneral fund sources may be made out of any appropriation by the General Assembly for providing abortion services, except otherwise as required by federal law or state statute.

m. In an effort to expand cooperative procurement efforts, all public institutions of higher education in the Commonwealth of Virginia may access the Virginia Association of State Colleges and University Purchasing Professionals (VASCUPP) contracts regardless of their level of purchasing delegated authority, non-VASCUPP institutions shall amend terms and conditions of VASCUPP contracts to incorporate Virginia Public Procurement Act, and Commonwealth of Virginia Agency Procurement and Surplus Property Manual.

§ 4-5.05 NONSTATE AGENCIES, INTERSTATE COMPACTS AND ORGANIZATIONAL MEMBERSHIPS

a. The accounts of any agency, however titled, which receives funds from this or any other appropriating act, and is not owned or controlled by the Commonwealth of Virginia, shall be subject to audit or shall present an audit acceptable to the Auditor of Public Accounts when so directed by the Governor or the Joint Legislative Audit and Review Commission.

b.1. For purposes of this subsection, the definition of "nonstate agency" is that contained in § 2.2-1505, Code of Virginia.

2. Allotment of appropriations to nonstate agencies shall be subject to the following criteria:

a) Such agency is located in and operates in Virginia.

b) The agency must be open to the public or otherwise engaged in activity of public interest, with expenditures having actually been incurred for its operation.

3. No allotment of appropriations shall be made to a nonstate agency until such agency has certified to the Secretary of Finance that cash or in-kind contributions are on hand and available to match equally all or any part of an appropriation which may be provided by the General Assembly, unless the organization is specifically exempted from this requirement by language in this act. Such matching funds shall not have been previously used to meet the match requirement in any prior appropriation act.

4. Operating appropriations for nonstate agencies equal to or in excess of $150,000 shall be disbursed to nonstate agencies in twelve or fewer equal monthly installments depending on when the first payment is made within the fiscal year. Operating appropriations for nonstate agencies of less than $150,000 shall be disbursed in one payment once the nonstate agency has successfully met applicable match and application requirements.

5. The provisions of § 2.2-4343 A 14, Code of Virginia shall apply to any expenditure of state appropriations by a nonstate agency.

c.1. Each interstate compact commission and each organization in which the Commonwealth of Virginia or a state agency thereof holds membership, and the dues for which are provided in this act or any other appropriating act, shall submit its biennial budget request to the state agency under which such commission or organization is listed in this act. The state agency shall include the request of such commission or organization within its own request, but identified separately. Requests by the commission or organization for disbursements from appropriations shall be submitted to the designated state agency.

2. Each state agency shall submit by November 1 each year, a report to the Director, Department of Planning and Budget, listing the name and purpose for organizational memberships held by that agency with annual dues of $5,000 or more. The institutions of higher education shall be exempt from this reporting requirement.

§ 4-5.06 DELEGATION OF AUTHORITY

a. The designation in this act of an officer or agency head to perform a specified duty shall not be deemed to supersede the authority of the Governor to delegate powers under the provisions of § 2.2-104 , Code of Virginia.

b. The nongeneral fund capital outlay decentralization programs initiated pursuant to § 4-5.08b of Chapter 912, 1996 Acts of Assembly as continued in subsequent appropriation acts are hereby made permanent. Decentralization programs for which institutions have executed memoranda of understanding with the Secretary of Administration pursuant to the provisions of § 4-5.08b of Chapter 912, 1996 Acts of Assembly shall no longer be considered pilot projects, and shall remain in effect until revoked.

c. Institutions wishing to participate in a nongeneral fund capital outlay decentralization program for the first time shall submit a letter of interest to the appropriate Cabinet Secretary. Within 90 calendar days of the receipt of the institution's request to participate, the responsible Cabinet Secretary shall determine whether the institution meets the eligibility criteria and, if appropriate, establish a decentralization program at the institution. The Cabinet Secretary shall report to the Governor and Chairmen of the Senate Finance and Appropriations and House Appropriations Committees by December 1 of each year all institutions that have applied for inclusion in a decentralization program and whether the institutions have been granted authority to participate in the decentralization program.

d. The provisions identified in § 4-5.08 f and § 4-5.08 h of Chapter 1042 of the Acts of Assembly of 2003 pertaining to pilot programs for selected capital outlay projects and memoranda of understanding in institutions of higher education are hereby continued. Notwithstanding these provisions, those projects shall be insured through the state's risk management liability program.

e. If during an independent audit conducted by the Auditor of Public Accounts, the audit discloses that an institution is not performing within the terms of the memoranda of understanding or their addenda, the Auditor shall report this information to the Governor, the responsible Cabinet Secretary, and the Chairmen of the Senate Finance and Appropriations and House Appropriations Committees.

f. Institutions that have executed memoranda of understanding with the Secretary of Administration for nongeneral fund capital outlay decentralization programs are hereby granted a waiver from the provisions of § 2.2-4301, Competitive Negotiation, subdivision 3a, Code of Virginia, regarding the not to exceed amount of $100,000 for a single project, the not to exceed sum of $500,000 for all projects performed, and the option to renew for two additional one-year terms.

g. Notwithstanding any contrary provision of law or this act, delegations of authority in this act to the Governor shall apply only to agencies and personnel within the Executive Department, unless specifically stated otherwise.

h. This section shall not apply to public institutions of higher education that have a Management Agreement with the Commonwealth of Virginia pursuant to the Restructured Higher Education Financial and Administrative Operations Act.

§ 4-5.07 LEASE, LICENSE OR USE AGREEMENTS

a. Agencies shall not acquire or occupy real property through lease, license or use agreement until the agency certifies to the Director, Department of General Services, that (i) funds are available within the agency's appropriations made by this act for the cost of the lease, license or use agreement and (ii) except for good cause as determined by the Department of General Services, the volume of such space conforms with the space planning procedures for leased facilities developed by the Department of General Services and approved by the Governor. The Department of General Services shall acquire and hold such space for use by state departments, agencies and institutions within the Executive Branch and may utilize brokerage services, portfolio management strategies, strategic planning, transaction management, project and construction management, and lease administration strategies consistent with industry best practices as adopted by the Department from time to time. These provisions may be waived in writing by the Director, Department of General Services. However, these provisions shall not apply to institutions of higher education that have met the conditions prescribed in subsection B of § 23.1-1006, Code of Virginia.

b. Agencies acquiring personal property in accordance with § 2.2-2417, Code of Virginia, shall certify to the State Treasurer that funds are available within the agency's appropriations made by this act for the cost of the lease.

c. The Governor is authorized to enter into a Memorandum of Understanding with the United States Department of Agriculture, United States Forest Service (“USFS"), in a form approved by the Office of the Attorney General, regarding a template for use by any agency of the Commonwealth of Virginia (the “Commonwealth") of USFS land by lease, license, or permit. The template may allocate liability, including indemnification, for the use of USFS land between the USFS and the Commonwealth, which liability shall be secured by, and at the discretion of, the Division of Risk Management, Department of the Treasury, pursuant to the provisions of Virginia Code § 2.2-1837(A)(2), through either 1) the Virginia Risk Management Liability Plan (“the Plan"), or 2) a separate insurance policy procured by the Division of Risk Management, the cost of which shall be charged to the agencies using USFS lands.

§ 4-5.09 DISPOSITION OF SURPLUS REAL PROPERTY

a. Notwithstanding the provisions of § 2.2-1156, Code of Virginia, the departments, divisions, institutions, or agencies of the Commonwealth, or the Governor, shall sell or lease surplus real property only under the following circumstances:

1. Any emergency declared in accordance with §§ 44-146.18:2 or § 44-146.28, Code of Virginia, or

2. Not less than thirty days after the Governor notifies, in writing, the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees regarding the planned conveyance, including a statement of the proceeds to be derived from such conveyance and the individual or entity taking title to such property.

3. Surplus property valued at less than $5,000,000 that is possessed and controlled by a public institution of higher education, pursuant to §§ 2.2-1149 and 2.2-1153, Code of Virginia.

b. In any circumstance provided for in subsection a of this section, the cognizant board or governing body of the agency or institution holding title or otherwise controlling the state-owned property shall approve, in writing, the proposed conveyance of the property.

c. Notwithstanding the provisions of § 2.2-1156, Code of Virginia, if tax-exempt bonds were issued by the Commonwealth or its related authorities, boards or institutions to finance the acquisition, construction, improvement or equipping of real property, proceeds from the sale or disposition of such property and any improvements may first be applied toward remediation options available under federal law to maintain the tax-exempt status of such bonds.

§ 4-5.10 SURPLUS PROPERTY TRANSFERS FOR ECONOMIC DEVELOPMENT

a. The Commonwealth shall receive the fair market value of surplus state property which is designated by the Governor for economic development purposes, and for any properties owned by an Industrial Development Authority in any county where the Commonwealth has a continuing interest based on the deferred portion of the purchase price, which shall be assessed by more than one independent appraiser certified as a Licensed General Appraiser. Such property shall not be disposed of for less than its fair market value as determined by the assessments.

b. Recognizing the commercial, business and industrial development potential of certain lands declared surplus, and for any properties owned by an Industrial Development Authority in any county where the Commonwealth has a continuing interest based on the deferred portion of the purchase price, the Governor shall be authorized to utilize funds available in the Governor's discretion, to meet the requirements of the preceding subsection a. Sale proceeds, together with the money from the Commonwealth's Development Opportunity Fund, shall be deposited as provided in § 2.2-1156 I, Code of Virginia.

c. Within thirty days of closing on the sale of surplus property designated for economic development, the Governor or his designee shall report to the Chairmen of the Senate Finance and Appropriations and House Appropriations Committees. The report shall include information on the number of acres sold, sales price, amount of proceeds deposited to the general fund and Conservation Resources Fund, and the fair market value of the sold property.

d. Except for subaqueous lands that have been filled prior to January 1, 2006, the Governor shall not sell or convey those subaqueous lands identified by metes and bounds in Chapter 884 of the Acts of the Assembly of 2006.

e. There is hereby created in the state treasury a special subfund of the Virginia Business Ready Sites Program Fund, known as the Site Replacement Fund. The Site Replacement Fund shall be established on the books of the Comptroller. Any gifts, donations, grants, bequests, and other funds received on its behalf shall be paid into the state treasury and credited to the Site Replacement Fund. Interest earned on moneys in the Site Replacement Fund shall remain in the Site Replacement Fund and be credited to it. In addition, notwithstanding the provisions of the preceding subsection b, with respect to sales of property in Henrico County where the Commonwealth has a continuing interest pursuant to that certain Real Estate Purchase Agreement dated May 20, 1996, and any amendments thereto, sales proceeds received by the Commonwealth in excess of the fair market value, as defined in such Real Estate Purchase Agreement, as amended, shall be deposited to the Site Replacement Fund. Moneys in the Site Replacement Fund shall be used in accordance with Section § 2.2-2240.2:1, Code of Virginia and the guidelines established by the Virginia Economic Development Partnership Authority for the Virginia Business Ready Sites Program Fund, except that moneys, and any interest thereon, deposited into the Site Replacement Fund pursuant to sales of the aforementioned property in Henrico County shall be maintained for and made available only to the Economic Development Authority of Henrico County, Virginia. Any grant made from the Site Replacement Fund to such Economic Development Authority shall only be from moneys, and any interest thereon, deposited into the Site Replacement Fund pursuant to sales of the aforementioned property in Henrico County. Moneys remaining in the Site Replacement Fund at the end of each fiscal year, including interest, shall not revert to the general fund, but shall revert to the general fund at the end of the fiscal year after the fifth anniversary of the deposit of such moneys in the Site Replacement Fund.

§ 4-5.11 SEAT OF GOVERNMENT TRAFFIC AND PEDESTRIAN SAFETY

a. To implement and maintain traffic and pedestrian operational safety and security enhancements and secure the seat of government, and pursuant to the responsibilities of the Department of General Services (DGS) (§ 2.2-1129) and the Division of Capitol Police (DCP) (§ 30-34.2:1), DGS and DCP shall control rights-of-way and pedestrian and vehicular traffic that are in the state's primary highway system located in the capitol complex.

b. All property controlled by the Department of General Services shall require a permit for use by persons, organizations, or groups for events. Such events are eligible for a permit when the use will not interfere with or disrupt a function sponsored by the Commonwealth of Virginia government entity in support of an agency's mission. The Department shall prepare and publish on its website the requirements for the submission, processing, review, and disposition of permit applications for events on property controlled by the Department to ensure the health, safety, and welfare of the public; coordinate multiple uses of the property; preserve the rights of individuals to free expression; and to protect the Commonwealth from financial and property losses.

For the purposes of this subsection, an “event” means the assemblage on property controlled by the Department of ten (10) or more persons for any demonstration, rally, march, performance, picketing, speechmaking, holding of vigils, sit-ins, or other activities that involve the communication or expression of views or ideas having the effect, intent, or propensity to draw a crowd or onlookers. An “event” does not include casual use of the property by visitors or tourists.

All existing regulations for the use of property controlled by the Department shall remain in effect unless amended or rescinded. The Virginia Division of Capitol Police and other law enforcement entities having jurisdiction shall enforce the Department's property use requirements.

§ 4-6.00 POSITIONS AND EMPLOYMENT

§ 4-6.01 EMPLOYEE COMPENSATION

a. The compensation of all kinds and from all sources of each appointee of the Governor and of each officer and employee in the Executive Department who enters the service of the Commonwealth or who is promoted to a vacant position shall be fixed at such rate as shall be approved by the Governor in writing or as is in accordance with rules and regulations established by the Governor. No increase shall be made in such compensation except with the Governor's written approval first obtained or in accordance with the rules and regulations established by the Governor. In all cases where any appointee, officer or employee is employed or promoted to fill a vacancy in a position for which a salary is specified by this act, the Governor may fix the salary of such officer or employee at a lower rate or amount within the respective level than is specified. In those instances where a position is created by an act of the General Assembly but not specified by this act, the Governor may fix the salary of such position in accordance with the provisions of this subsection.

b. Annual salaries of persons appointed to positions by the General Assembly, pursuant to the provisions of §§ 2.2-200 and 2.2-400, Code of Virginia, shall be paid in the amounts shown. However, if an incumbent is reappointed, his or her salary may be as high as his or her prior salary.

	July 1, 2024 to June 10, 2025	**June 11, 2025 to June 30, 2026**
Chief of Staff	$223,610	$230,318
Secretary of Administration	$214,939	$221,387
Secretary of Agriculture and Forestry	$219,775	$226,368
Secretary of Commerce and Trade	$214,939	$221,387
Secretary of the Commonwealth	$219,775	$226,368
Secretary of Education	$214,939	$221,387
Secretary of Finance	$224,861	$231,607
Secretary of Health and Human Resources	$214,939	$221,387
Secretary of Labor	$214,939	$221,387
Secretary of Natural and Historic Resources	$214,939	$221,387
Secretary of Public Safety and Homeland Security	$222,207	$228,873
Secretary of Transportation	$214,939	$221,387
Secretary of Veterans and Defense Affairs	$219,774	$226,367

c.1.a) Annual salaries of persons appointed to positions listed in subdivision c 6 hereof shall be paid in the amounts shown for the current biennium, unless changed in accordance with conditions stated in subdivisions c 2 through c 5 hereof.

b) The starting salary of a new appointee shall not exceed the midpoint of the range, except where the midpoint salary is less than a ten percent increase from an appointee's preappointment compensation. In such cases, an appointee's starting salary may be set at a rate which is ten percent higher than the preappointment compensation, provided that the maximum of the range is not exceeded. However, in instances where an appointee's preappointment compensation exceeded the maximum of the respective salary range, then the salary for that appointee may be set at the maximum salary for the respective salary range except if the new hire was employed in a state classified position, then the Governor may exceed the maximum salary for the position and set the salary for the employee at a salary level not to exceed the employee's salary at their prior state position.

c) Nothing in subdivision c 1 shall be interpreted to supersede the provisions of § 4-6.01 e, f, g, h, i, j, k, l, and m of this act.

d) For new appointees to positions listed in § 4-6.01c.6., the Governor is authorized to provide for fringe benefits in addition to those otherwise provided by law, including post retirement health care and other non-salaried benefits provided to similar positions in the public sector.

2.a)1) The Governor may increase or decrease the annual salary for incumbents of positions listed in subdivision c 6 below at a rate of up to 10 percent in any single fiscal year between the minimum and the maximum of the respective salary range in accordance with an assessment of performance and service to the Commonwealth.

2) The governing boards of the independent agencies may increase or decrease the annual salary for incumbents of positions listed in subdivision c.7. below at a rate of up to 10 percent in any fiscal year between the minimum and maximum of the respective salary range, in accordance with an assessment of performance and service to the Commonwealth.

b)1) The appointing or governing authority may grant performance bonuses of 0-5 percent for positions whose salaries are listed in §§ 1-1 through 1-9, and 4-6.01 b, c, and d of this act, based on an annual assessment of performance, in accordance with policies and procedures established by such appointing or governing authority. Such performance bonuses shall be over and above the salaries listed in this act, and shall not become part of the base rate of pay.

2) The appointing or governing authority shall report performance bonuses which are granted to executive branch employees to the Department of Human Resource Management for retention in its records.

3. From the effective date of the Executive Pay Plan set forth in Chapter 601, Acts of Assembly of 1981, all incumbents holding positions listed in this § 4-6.01 shall be eligible for all fringe benefits provided to full-time classified state employees and, notwithstanding any provision to the contrary, the annual salary paid pursuant to this § 4-6.01 shall be included as creditable compensation for the calculation of such benefits.

4. Notwithstanding § 4-6.01.c.2.b)1) of this Act, the Board of Commissioners of the Virginia Port Authority may supplement the salary of its Executive Director, with the prior approval of the Governor. The Board should be guided by criteria which provide a reasonable limit on the total additional income of the Executive Director. The criteria should include, without limitation, a consideration of the salaries paid to similar officials at comparable ports of other states. The Board shall report approved supplements to the Department of Human Resource Management for retention in its records.

5.a. With the written approval of the Governor, the Board of Trustees of the Virginia Museum of Fine Arts, the Science Museum of Virginia, the Virginia Museum of Natural History, Gunston Hall, and the Library Board may supplement the salary of the Director of each museum, and the Librarian of Virginia from nonstate funds. In approving a supplement, the Governor should be guided by criteria which provide a reasonable limit on the total additional income and the criteria should include, without limitation, a consideration of the salaries paid to similar officials at comparable museums and libraries of other states. The respective Boards shall report approved supplements to the Department of Human Resource Management for retention in its records.

b) The Board of Trustees of the Jamestown-Yorktown Foundation may supplement, using nonstate funds, the salary of the Executive Director of the Foundation. In approving the supplement the Board should be guided by criteria which provides a reasonable limit on the total additional income and the criteria should include, without limitation, a consideration of the salaries paid to similar officials at comparable Foundations in other states. The Board shall report approved supplements to the Department of Human Resource Management for retention in its records.

6.a) The following salaries shall be paid for the current biennium in the amounts shown, however, all salary changes shall be subject to subdivisions c 2 through c 5 above.

	July 1, 2024 to June 10, 2025	**June 11, 2025 to June 30, 2026**
Level I Range	**$215,000 - $293,667**	**$221,450 - $302,477**
Midpoint	**$254,334**	**$261,964**
Chief Information Officer, Virginia Information Technologies Agency	$258,298	$266,047
Commissioner, Department of Motor Vehicles	$215,373	$221,834
Commissioner, Department of Social	$226,000	$232,780

Services		
Commissioner, Department of Behavioral Health and Developmental Services	$293,667	$302,477
Commonwealth Transportation Commissioner	$265,750	$273,723
Director, Department of Corrections	$216,424	$222,917
Director, Department of Environmental Quality	$249,711	$257,202
Director, Department of Medical Assistance Services	$252,849	$260,434
Director, Department of Planning and Budget	$220,626	$227,245
State Health Commissioner	$262,650	$270,530
State Tax Commissioner	$215,000	$221,450
Superintendent of Public Instruction	$262,650	$270,530
Superintendent of State Police	$236,010	$243,090

	July 1, 2024 to June 10, 2025	**June 11, 2025 to June 30, 2026**
Level II Range	**$146,088 - $215,000**	**$150,471 - $221,450**
Midpoint	**$180,544**	**$185,961**
Commissioner, Department for Aging and Rehabilitative Services	$199,198	$205,174
Commissioner, Department of Agriculture and Consumer Services	$186,435	$192,028
Commissioner, Department of Veterans Services	$186,435	$192,028
Commissioner, Virginia Employment Commission	$199,614	$205,602
Executive Director, Department of Wildlife Resources	$175,638	$180,907
Commissioner, Marine Resources Commission	$168,096	$173,139
Director, Department of Forensic Science	$214,110	$220,533
Director, Department of General Services	$215,000	$221,450
Director, Department of Human Resource Management	$193,310	$199,109

Director, Department of Juvenile Justice	$199,614	$205,602
Director, Department of Energy	$182,016	$187,476
Director, Department of Rail and Public Transportation	$215,000	$221,450
Director, Department of Small Business and Supplier Diversity	$193,048	$198,839
Executive Director, Motor Vehicle Dealer Board	$146,088	$150,471
Executive Director, Virginia Port Authority	$180,551	$185,968
State Comptroller	$215,000	$221,450
State Treasurer	$193,048	$198,839
Executive Director, Board of Accountancy	$181,199	$186,635
Director, Department of Workforce Development and Advancement	$190,000	$195,700

	July 1, 2024 to June 10, 2025	**June 11, 2025 to June 30, 2026**
Level III Range	**$144,745 - $204,867**	**$149,087 - $211,013**
Midpoint	**$174,806**	**$180,050**
Adjutant General	$204,867	$211,013
Chairman, Virginia Parole Board	$200,663	$206,683
Vice Chairman, Virginia Parole Board	$147,084	$151,497
Member, Virginia Parole Board	$144,745	$149,087
Commissioner, Department of Labor and Industry	$179,535	$184,921
Coordinator, Department of Emergency Management	$170,496	$175,611
Director, Department of Aviation	$187,447	$193,070
Director, Department of Conservation and Recreation	$196,246	$202,133
Director, Department of Criminal Justice Services	$167,445	$172,468
Director, Department of Health Professions	$172,703	$177,884
Director, Department of Historic Resources	$161,665	$166,515
Director, Department of Housing and Community Development	$193,800	$199,614

Director, Department of Professional and Occupational Regulation	$168,000	$173,040
Director, The Science Museum of Virginia	$177,352	$182,673
Director, Virginia Museum of Fine Arts	$188,089	$193,732
Director, Virginia Museum of Natural History	$151,390	$155,932
Executive Director, Jamestown-Yorktown Foundation	$169,419	$174,502
Executive Secretary, Virginia Racing Commission	$154,600	$159,238
Librarian of Virginia	$194,818	$200,663
State Forester, Department of Forestry	$180,296	$185,705
	July 1, 2024 to June 10, 2025	**June11, 2025 to June 30, 2026**
Level IV Range	**$115,687 - $150,578**	**$119,158 - $155,095**
Midpoint	**$133,133**	**$137,127**
Administrator, Commonwealth's Attorneys' Services Council	$137,693	$141,824
Commissioner, Virginia Department for the Blind and Vision Impaired	$150,578	$155,095
Executive Director, Frontier Culture Museum of Virginia	$128,714	$132,575
Commissioner, Department of Elections	$146,716	$151,117
Director, Gunston Hall	$115,687	$119,158
Executive Director, Department of Fire Programs	$125,958	$129,737
	July 1, 2024 to June 10, 2025	**June 11, 2025 to June 30, 2026**
Level V Range	**$29,386 - $128,000**	**$30,267 - $131,840**
Midpoint	**$78,963**	**$81,054**
Director, Virginia Department for the Deaf and Hard-of-Hearing	$125,958	$129,737
Executive Director, Virginia Commission for the Arts	$128,000	$131,840
Chairman, Compensation Board	$29,386	$30,267

7. Annual salaries of the directors of the independent agencies, as listed in this subdivision, shall be paid in the amounts shown. All salary changes shall be subject to subdivisions c 1, c 2, and c 3 above.

	July 1, 2024 to June 10, 2025	**June 11, 2025 to June 30, 2026**
Independent Range	**$182,016 - $293,550**	**$187,476 - $302,357**
Midpoint	**$237,783**	**$244,917**
Executive Director, Virginia Lottery	$225,000	$231,750
Director, Virginia Retirement System	$232,273	$239,241
Chief Executive Officer, Commonwealth Savers Plan	$213,946	$220,364
Chief Executive Officer, Virginia Alcoholic Beverage Control Authority	$293,550	$302,357
Chief Executive Officer, Virginia Cannabis Control Authority	$182,016	$187,476

8. Notwithstanding any provision of this Act, the Board of Trustees of the Virginia Retirement System may supplement the salary of its Director. The Board should be guided by criteria, which provide a reasonable limit on the total additional income of the Director. The criteria should include, without limitation, a consideration of the salaries paid to similar officials in comparable public pension plans. The Board shall report such criteria and potential supplement level to the Chairmen of the Senate Finance and Appropriations and House Appropriations Committees at least 60 days prior to the effectuation of the compensation action. The Board shall report approved supplements to the Department of Human Resource Management for retention in its records.

9. Notwithstanding any provision of this Act, the Board of the Virginia College Savings Plan may supplement the compensation of its Chief Executive Officer. The Board should be guided by criteria which provide a reasonable limit on the total additional income of the Chief Executive Officer. The criteria should include, without limitation, a consideration of compensation paid to similar officials in comparable qualified tuition programs, independent public agencies or other entities with similar responsibilities and size. The Board shall report such criteria and potential supplement level to the Chairmen of the Senate Finance and Appropriations and House Appropriations Committees at least 60 days prior to the effectuation of the compensation action. The Board shall report approved supplements to the Department of Human Resource Management for retention in its records.

10. Notwithstanding any provision of this act, the Board of the Virginia Alcoholic Beverage Control Authority may supplement the salary of its Chief Executive Officer in accordance with § 4.1-101.02. The Board should be guided by criteria, which provide a reasonable limit on the total additional income of the Chief Executive Officer. The criteria should include, without limitation, a consideration of the salaries paid to similar officials in comparable independent agencies. The Board shall report such criteria and potential supplement level to the Chairs of the House Appropriations and Senate Finance and Appropriations Committees at least 60 days prior to the effectuation of the compensation action. The Board shall report approved supplements to the Department of Human Resource Management for retention in its record.

d.1. Annual salaries of the presidents of the senior institutions of higher education, the President of Richard Bland College, the Chancellor of the University of Virginia's College at Wise, the Superintendent of the Virginia Military Institute, the Director of the State Council of Higher Education, the Director of the Southern Virginia Higher Education Center, the Director of the Southwest Virginia Higher Education Center and the Chancellor of Community Colleges, as listed in this paragraph, shall be paid in the amounts shown. The annual salaries of the presidents of the community colleges shall be fixed by the State Board for Community Colleges within a salary structure submitted to the Governor prior to June 1 each year for approval.

2.a) The board of visitors of each institution of higher education or the boards of directors for Southern Virginia Higher Education Center, Southwest Virginia Higher Education Center, and the New College Institute may annually supplement the salary of a president or director from private gifts, endowment funds, foundation funds, or income from endowments and gifts. Supplements paid from other than the cited sources prior to June 30, 1997, may continue to be paid. In approving a supplement, the board of visitors or board of directors should be guided by criteria which provide a reasonable limit on the total additional income of a president or director. The criteria should include a consideration of additional income from outside sources including, but not being limited to, service on boards of directors or other such services. The board of visitors or board of directors shall report approved supplements to the Department of Human Resource Management for retention in its records.

b) The State Board for Community Colleges may annually supplement the salary of the Chancellor from any available appropriations of the Virginia Community College System. In approving a supplement, the State Board for Community Colleges should be guided by criteria which provide a reasonable limit on the total additional income of the Chancellor. The criteria should include consideration of additional income from outside sources including, but not being limited to, service on boards of directors or other such services. The Board shall report approved supplements to the Department of Human Resource Management for retention in its records.

c) Norfolk State University is authorized to supplement the salary of its president from educational and general funds up to $17,000.

d) Should a vacancy occur for the Director of the State Council of Higher Education on or after the date of enactment of this act, the salary for the new director shall be established by the State Council of Higher Education based on the salary range for Level I agency heads. Furthermore, the state council may provide a bonus of up to five percent of the annual salary for the new director.

	July 1, 2024 to June 10, 2025	**June 11, 2025 to June 30, 2026**
NEW COLLEGE INSTITUTE		
Executive Director, New College Institute	$180,401	$185,813
STATE COUNCIL OF HIGHER EDUCATION FOR VIRGINIA		
Director, State Council of Higher Education for Virginia	$284,000	$292,520
SOUTHERN VIRGINIA HIGHER EDUCATION CENTER		
Director, Southern Virginia Higher Education Center	$180,401	$185,813
SOUTHWEST VIRGINIA HIGHER EDUCATION CENTER		
Director, Southwest Virginia Higher Education Center	$180,401	$185,813
VIRGINIA COMMUNITY COLLEGE SYSTEM		
Chancellor of Community Colleges	$231,244	$238,181
SENIOR COLLEGE PRESIDENTS' SALARIES		
Chancellor, University of Virginia's College at Wise	$150,306	$154,815
President, Christopher Newport University	$182,220	$187,687
President, The College of William and Mary in Virginia	$210,578	$216,895
President, George Mason University	$196,674	$202,574
President, James Madison University	$215,502	$221,967
President, Longwood University	$196,595	$202,493

President, Norfolk State University	$229,268	$236,146
President, Old Dominion University	$217,103	$223,616
President, Radford University	$203,168	$209,623
President, Richard Bland College	$173,468	$178,672
President, University of Mary Washington	$189,202	$194,878
President, University of Virginia	$234,221	$241,248
President, Virginia Commonwealth University	$226,689	$233,490
President, Virginia Polytechnic Institute and State University	$247,762	$255,195
President, Virginia State University	$191,021	$196,752
Superintendent, Virginia Military Institute	$193,427	$199,230

e. 1. Salaries for newly employed or promoted employees shall be established consistent with the compensation and classification plans established by the Governor.

2. The State Comptroller is hereby authorized to require payment of wages or salaries to state employees by direct deposit or by credit to a prepaid debit card or card account from which the employee is able to withdraw or transfer funds.

f. The provisions of this section, requiring prior written approval of the Governor relative to compensation, shall apply also to any system of incentive award payments which may be adopted and implemented by the Governor. The cost of implementing any such system shall be paid from any funds appropriated to the affected agencies.

g. No lump sum appropriation for personal service shall be regarded as advisory or suggestive of individual salary rates or of salary schedules to be fixed under law by the Governor payable from the lump sum appropriation.

h. Subject to approval by the Governor of a plan for a statewide employee meritorious service awards program, as provided for in § 2.2-1201, Code of Virginia, the costs for such awards shall be paid from any operating funds appropriated to the affected agencies.

i. The General Assembly hereby affirms and ratifies the Governor's existing authority and the established practice of this body to provide for pay differentials or to supplement base rates of pay for employees in specific job classifications in particular geographic and/or functional areas where, in the Governor's discretion, they are needed for the purpose of maintaining salaries which enable the Commonwealth to maintain a competitive position in the relevant labor market.

j.1. If at any time the Administrator of the Commonwealth's Attorneys' Services Council serves on the faculty of a state-supported institution of higher education, the faculty appointment must be approved by the Council. Such institution shall pay one-half of the salary listed in § 4-6.01 c 6 of this act. Further, such institution may provide compensation in addition to that listed in § 4-6.01 c 6; provided, however, that such additional compensation must be approved by the Council.

2. If the Administrator ceases to be a member of the faculty of a state-supported institution of higher education, the total salary listed in § 4-6.01 c 6 shall be paid from the Council's appropriation.

k.1.a. Except as otherwise provided for in this subdivision, any increases in the salary band assignment of any job role contained in the compensation and classification plans approved by the Governor shall be effective beginning with the first pay period, defined as the pay period from June 25 through July 9, of the fiscal year if: (1) the agency certifies to the Secretary of Finance that funds are available within the agency's appropriation to cover the cost of the increase for the remainder of the current biennium and presents a plan for covering the costs next biennium and the Secretary concurs, or (2) such funds are appropriated by the General Assembly. If at any time the Secretary of Administration shall certify that such change in the salary band assignment for a job role is of an emergency nature and the Secretary of Finance shall certify that funds are available to cover the cost of the increase for the remainder of the biennium within the agency's appropriation, such change in compensation may be effective on a date agreed upon by these two Secretaries. The Secretary of Administration shall provide a monthly report of all such emergency changes in accordance with § 4-8.00, Reporting Requirements.

b. Notwithstanding any other provision of law, state employees will be paid on the first workday of July for the work period June 10 to June 24 in any calendar year in which July 1 falls on a weekend.

2. Salary adjustments for any employee through a promotion, role change, exceptional recruitment and retention incentive options, or in-range adjustment shall occur only if: a) the agency has sufficient funds within its appropriation to cover the cost of the salary adjustment for the remainder of the current biennium or b) such funds are appropriated by the General Assembly.

3. No changes in salary band assignments affecting classified employees of more than one agency shall become effective unless the Secretary of Finance certifies that sufficient funds are available to provide such increase or plan to all affected employees supported from the general fund.

l. Full-time employees of the Commonwealth, including faculty members of state institutions of higher education, who are appointed to a state-level board, council, commission or similar collegial body shall not receive any such compensation for their services as members or chairmen except for reimbursement of reasonable and necessary expenses. The foregoing provision shall likewise apply to the Compensation Board, pursuant to § 15.2-1636.5, Code of Virginia.

m.1. Notwithstanding any other provision of law, the board of visitors or other governing body of any public institution of higher education is authorized to establish age and service eligibility criteria for faculty participating in voluntary early retirement incentive plans for their respective institutions pursuant to § 23.1-1302 B and the cash payment offered under such compensation plans pursuant to § 23.1-1302 D, Code of Virginia. Notwithstanding the limitations in § 23.1-1302 D, the total cost in any fiscal year for any such compensation plan , shall be set forth by the governing body in the compensation plan for approval by the Governor and review for legal sufficiency by the Office of the Attorney General.

2. Notwithstanding any other provision of law, employees holding full-time, academic-year classified positions at public institutions of higher education shall be considered "state employees" as defined in § 51.1-124.3, Code of Virginia, and shall be considered for medical/hospitalization, retirement service credit, and other benefits on the same basis as those individuals appointed to full-time, 12-month classified positions.

n. Notwithstanding the Department of Human Resource Management Policies and Procedures, payment to employees with five or more years of continuous service who either terminate or retire from service shall be paid in one sum for twenty-five percent of their sick leave balance, provided, however, that the total amount paid for sick leave shall not exceed $5,000 and the remaining seventy-five percent of their sick leave shall lapse. This provision shall not apply to employees who are covered by the Virginia Sickness and Disability Program as defined in § 51.1-1100, Code of Virginia. Such employees shall not be paid for their sick leave balances. However, they will be paid, if eligible as described above, for any disability leave credits they have at separation or retirement or may convert disability credits to service credit under the Virginia Retirement System pursuant to § 51.1-1103 (F), Code of Virginia.

o. It is the intent of the General Assembly that calculation of the faculty salary benchmark goal for the Virginia Community College System shall be done in a manner consistent with that used for four-year institutions, taking into consideration the number of faculty at each of the community colleges. In addition, calculation of the salary target shall reflect an eight percent salary differential in a manner consistent with other public four-year institutions and for faculty at Northern Virginia Community College.

p. Any public institution of higher education that has met the eligibility criteria set out in Chapters 933 and 945 of the 2005 Acts of Assembly may supplement annual salaries for classified employees from private gifts, endowment funds, or income from endowments and gifts, subject to policies approved by the board of visitors. The Commonwealth shall have no general fund obligations for the continuation of such salary supplements.

q. The Governor, or any other appropriate Board or Public Body, is authorized to adjust the salaries of employees specified in this item, and other items in the Act, to reflect the compensation adjustments authorized in this Act.

r. Any public institution of higher education shall not provide general fund monies above $100,000 for any individual athletic coaching salaries after July 1, 2013. Athletic coaching salaries with general fund monies above this amount shall be phased-down over a five-year period at 20 percent per year until reaching the cap of $100,000.

§ 4-6.02 EMPLOYEE TRAINING AND STUDY

Subject to uniform rules and regulations established by the Governor, the head of any state agency may authorize, from any funds appropriated to such department, institution or other agency in this act or subsequently made available for the purpose, compensation or expenses or both compensation and expenses for employees pursuing approved training courses or academic studies for the purpose of becoming better equipped for their employment in the state service. The rules and regulations shall include reasonable provision for the return of any employee receiving such benefits for a reasonable period of duty, or for reimbursement to the state for expenditures incurred on behalf of the employee should he not return to state service.

§ 4-6.03 EMPLOYEE BENEFITS

a. Any medical/hospitalization benefit program provided for state employees shall include the following provision: any state employee, as defined in § 2.2-2818, Code of Virginia, shall have the option to accept or reject coverage.

b. Except as provided for sworn personnel of the Department of State Police, no payment of, or reimbursement for, the employer paid contribution to the State Police Officers' Retirement System, or any system offering like benefits, shall be made by the Compensation Board of the Commonwealth at a rate greater than the employer rate established for the general classified workforce of the Commonwealth covered under the Virginia Retirement System. Any cost for benefits exceeding such general rate shall be borne by the employee or, in the case of a political subdivision, by the employer.

c. Each agency may, within the funds appropriated by this act, implement a transit and ridesharing incentive program for its employees. With such programs, agencies may reimburse employees for all or a portion of the costs incurred from using public transit, car pools, or van pools. The Secretary of Transportation shall develop guidelines for the implementation of such programs and any agency program must be developed in accordance with such guidelines. The guidelines shall be in accordance with the federal National Energy Policy Act of 1992 (P.L. 102-486), and no program shall provide an incentive that exceeds the actual costs incurred by the employee.

d. Any hospital that serves as the primary medical facility for state employees may be allowed to participate in the State Employee Health Insurance Program pursuant to § 2.2-2818, Code of Virginia, provided that (1) such hospital is not a participating provider in the network, contracted by the Department of Human Resource Management, that serves state employees and (2) such hospital enters into a written agreement with the Department of Human Resource Management as to the rates of reimbursement. The department shall accept the lowest rates offered by the hospital from among the rates charged by the hospital to (1) its largest purchaser of care, (2) any state or federal public program, or (3) any special rate developed by the hospital for the state employee health benefits program which is lower than either of the rates above. If the department and the hospital cannot come to an agreement, the department shall reimburse the hospital at the rates contained in its final offer to the hospital until the dispute is resolved. Any dispute shall be resolved through arbitration or through the procedures established by the Administrative Process Act, as the hospital may decide, without impairment of any residual right to judicial review.

e. Any classified employee of the Commonwealth and any person similarly employed in the legislative, judicial and independent agencies who (i) is compensated on a salaried basis and (ii) works at least twenty hours per week shall be considered a full-time employee for the purposes of participation in the Virginia Retirement System's group life insurance and retirement programs. Any part-time magistrate hired prior to July 1, 1999, shall have the option of participating in the programs under this provision.

f.1. Any member of the Virginia Retirement System who is retired under the provisions of § 51.1-155.1, Code of Virginia who: 1) returns to work in a position that is covered by the provisions of § 51.1-155.1, Code of Virginia after a break of not less than four years, 2) receives no other compensation for service to a public employer than that provided for the position covered by § 51.1-155.1, Code of Virginia during such period of reemployment, 3) retires within one year of commencing such period of reemployment, and 4) retires directly from service at the end of such period of reemployment may either:

a) Revert to the previous retirement benefit received under the provisions of § 51.1-155.1, Code of Virginia, including any annual cost of living adjustments granted thereon. This benefit may be adjusted upward to reflect the effect of such additional months of service and compensation received during the period of reemployment, or

b) Retire under the provisions of Title 51.1 in effect at the termination of his or her period of reemployment, including any purchase of service that may be eligible for purchase under the provisions of § 51.1-142.2, Code of Virginia.

2. The Virginia Retirement System shall establish procedures for verification by the employer of eligibility for the benefits provided for in this paragraph.

g. Notwithstanding any other provision of law, no agency head compensated by funds appropriated in this act may be a member of the Virginia Law Officers' Retirement System created under Title 51.1, Chapter 2.1, Code of Virginia. The provisions of this paragraph are effective on July 1, 2002, and shall not apply to the Chief of the Capitol Police.

h. Full-time employees appointed by the Governor who, except for meeting the minimum service requirements, would be eligible for the provisions of § 51.1-155.1, Code of Virginia, may, upon termination of service, use any severance allowance payment to purchase service to meet, but not exceed, the minimum service requirements of § 51.1-155.1, Code of Virginia. Such service purchase shall be at the rate of 15 percent of the employee's final creditable compensation or average final compensation, whichever is greater, and shall be completed within 90 days of separation of service.

i. When calculating the retirement benefits payable under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), the Virginia Law-enforcement Officers' Retirement System (VaLORS), or the Judicial Retirement System (JRS) to any employee of the Commonwealth or its political subdivisions who is called to active duty with the armed forces of the United States, including the United States Coast Guard, the Virginia Retirement System shall:

1) utilize the pre-deployment salary, or the actual salary paid by the Commonwealth or the political subdivision, whichever is higher, when calculating average compensation, and

2) include those months after September 1, 2001 during which the employee was serving on active duty with the armed forces of the United States in the calculation of creditable service.

j. The provisions in § 51.1-144, Code of Virginia, that require a member to contribute five percent of his creditable compensation for each pay period for which he receives compensation on a salary reduction basis, shall not apply to any (i) "state employee," as defined in § 51.1-124.3, Code of Virginia, who is an elected official, or (ii) member of the Judicial Retirement System under Chapter 3 of Title 51.1 (§ 51.1-300 et seq.), who is not a "person who becomes a member on or after July 1, 2010," as defined in § 51.1-124.3, Code of Virginia.

k. Notwithstanding the provisions of subsection G of § 51.1-156, any employee of a school division who completed a period of 24 months of leave of absence without pay during October 2013 and who had previously submitted an application for disability retirement to VRS in 2011 may submit an application for disability retirement under the provisions of § 51.1-156. Such application shall be received by the Virginia Retirement System no later than October 1, 2014. This provision shall not be construed to grant relief in any case for which a court of competent jurisdiction has already rendered a decision, as contemplated by Article II, Section 14 of the Constitution of Virginia.

§ 4-6.04 CHARGES

a. FOOD SERVICES: Except as exempted by the prior written approval of the Director, Department of Human Resource Management, and the provisions of § 2.2-3605, Code of Virginia, state employees shall be charged for meals served in state facilities. Charges for meals will be determined by the agency. Such charges shall be not less than the value of raw food and the cost of direct labor and utilities incidental to preparation and service. Each agency shall maintain records as to the calculation of meal charges and revenues collected. Except where appropriations for operation of the food service are from nongeneral funds, all revenues received from such charges shall be paid directly and promptly into the general fund. The provisions of this paragraph shall not apply to on-duty employees assigned to correctional facilities operated by the Departments of Corrections and Juvenile Justice.

b. HOUSING SERVICES:

1. Each agency will collect a fee from state employees who occupy state-owned or leased housing, subject to guidelines provided by the Director, Department of General Services. Each agency head is responsible for establishing a fee for state-owned or leased housing and for documenting in writing why the rate established was selected. In exceptional circumstances, which shall be documented as being in the best interest of the Commonwealth by the agency requesting an exception, the Director, Department of General Services may waive the requirement for collection of fees.

2. All revenues received from housing fees shall be promptly deposited in the state treasury. For housing for which operating expenses or rent are financed by general fund appropriations, such revenues shall be deposited to the credit of the general fund. For housing for which operating expenses or rent are financed by nongeneral fund appropriations, such revenues shall be deposited to the credit of the nongeneral fund. Agencies which provide housing for which operating expenses or rent are financed from both general fund and nongeneral fund appropriations shall allocate such revenues, when deposited in the state treasury, to the appropriate fund sources in the same proportion as the appropriations. However, without exception, any portion of a housing fee attributable to depreciation for housing which was constructed with general fund appropriations shall be paid into the general fund.

c. BUILDING AND PARKING SERVICES:

1. State-owned parking facilities

Agencies with parking space for employees in state-owned facilities shall, when required by the Director, Department of General Services, charge employees for such space on a basis approved by the Governor. All revenues received from such charges shall be paid directly and promptly into a special fund in the state treasury to be used, as determined by the Governor, for payment of costs for the provision of vehicle parking spaces. Interest shall be added to the fund as earned.

2. Leased parking facilities in metropolitan Richmond area

Agencies occupying private sector leased or rental space in the metropolitan Richmond area, not including institutions of higher education, shall be required to charge a fee to employees for vehicle parking spaces that are assigned to them or are otherwise available either incidental to the lease or rental agreement or pursuant to a separate lease agreement for private parking space. In such cases, the individual employee parking fee shall not be less than that paid by employees parking in Department of General Services parking facilities at the Seat of Government. The Director, Department of General Services may amend or waive the fee requirement for good cause. Revenues derived from employees paying for parking spaces in leased facilities will be retained by the leasing agency to be used to offset the cost of the lease to which it pertains. Any lease for private parking space must be approved by the Director, Department of General Services.

3. The parking facility and office space at the corner of 9th and Broad Streets in the City of Richmond, shall be under the control of, and administered by, the Clerk of the House and the Clerk of the Senate. Such parking spaces shall be subject to the provisions of paragraph 1 of this item. The occupancy of Old City Hall shall be under the control of, and administered by, the Clerk of the House and the Clerk of the Senate. The Clerk of the House and the Clerk of the Senate shall have, and be solely responsible for, security access control to the parking facility and office space at the corner of 9th and Broad Streets and Old City Hall. No access to such facilities shall be granted unless approved by the Clerk of the House or the Clerk of the

Senate. The Clerk of the House and the Clerk of the Senate and/or any affected legislative agency may enter into a memorandum of agreement with the Department of General Services for operations and maintenance of these facilities.

§ 4-6.05 SELECTION OF APPLICANTS FOR CLASSIFIED POSITIONS

It is the responsibility of state agency heads to ensure that all provisions outlined in Title 2.2, Chapter 29, Code of Virginia (the Virginia Personnel Act), and executive orders that govern the practice of selecting applicants for classified positions are strictly observed. The Governor's Secretaries shall ensure this provision is faithfully enforced.

§ 4-6.06 POSITIONS GOVERNED BY MANAGEMENT AGREEMENTS WITH THE COMMONWEALTH OF VIRGINIA

Except as provided in subsection A of § 23.1-1020 of the Code of Virginia, § 4-6.00 shall not apply to public institutions of higher education that have a Management Agreement with the Commonwealth of Virginia pursuant to the Restructured Higher Education Financial and Administrative Operations Act, with regard to their participating covered employees, as that term is defined in those Management Agreements, except to the extent a specific appropriation or language in this act addresses such an employee.

§ 4-7.00 STATEWIDE PLANS

§ 4-7.01 MANPOWER CONTROL PROGRAM

a.1. The term Position Level is defined as the number of full-time equivalent (FTE) salaried employees assigned to an agency in this act. Except as provided in § 4-7.01 b, the Position Level number stipulated in an agency's appropriation is the upper limit for agency employment (the maximum employment level) which cannot be exceeded during the fiscal year without approval from the Director, Department of Planning and Budget for Executive Department agencies, approval from the Joint Committee on Rules for Legislative Department agencies or approval from the appropriate governing authority for the independent agencies. The Director, Department of Human Resource Management, shall review the number of full-time filled positions on a monthly basis to determine if the agency has exceeded its Position Level. In any month that an agency or agencies exceed their Position Level, the Director, Department of Human Resource Management, shall notify the Governor, the Director, Department of Planning and Budget, and the Chairs of the House Appropriations and Senate Finance and Appropriations Committees indicating which agency or agencies exceeded their Position Level for that month, including the number of positions in excess. Any state agency that exceeds its Position Level shall seek approval for a temporary Position Level increase or develop a plan through attrition to reduce their number to be at or below their Position Level.

2. Any approval granted under this subsection shall be reported in writing to the Chairmen of the House Appropriations Committee and the Senate Finance and Appropriations Committee, the Governor and the Directors of the Department of Planning and Budget and Department of Human Resource Management within ten days of such approval. Approvals for executive department agencies shall be based on threats to life, safety, health, or property, or compliance with judicial orders or federal mandates, to support federal grants or private donations, to administer a program for another agency or to address an immediate increase in workload or responsibility or when to delay approval of increased positions would result in a curtailment of services prior to the next legislative session. Any such position level increases pursuant to this provision may not be approved for more than one year.

b. The Position Levels stipulated for the individual agencies within the Department of Behavioral Health and Developmental Services and the Department of Corrections are for reference only and are subject to changes by the applicable Department, provided that such changes do not result in exceeding the Position Level for that department.

c.1. The Governor shall implement such policies and procedures as are necessary to ensure that the number of employees in the Executive Department, excluding institutions of higher education and the State Council of Higher Education, may be further restricted to the number required for efficient operation of those programs approved by the General Assembly. Such policies and procedures shall include periodic review and analysis of the staffing requirements of all Executive Department agencies by the Department of Planning and Budget with the object of eliminating through attrition positions not necessary for the efficient operation of programs.

2. The institutions of higher education and the State Council of Higher Education are hereby authorized to fill all positions authorized in this act. This provision shall be waived only upon the Governor's official declaration that a fiscal emergency exists requiring a change in the official estimate of general fund revenues available for appropriation.

d.1. Position Levels are for reference only and are not binding on agencies in the legislative department, independent agencies, the Executive Offices other than the offices of the Governor's Secretaries, and the judicial department.

2. Positions assigned to programs supported by internal service funds are for reference only and may fluctuate depending upon workload and funding availability.

3. Positions assigned to sponsored programs, auxiliary enterprises, continuing education, and teaching hospitals in the institutions of higher education are for reference only and may fluctuate depending upon workload and funding availability. Positions assigned to Item Detail 43012, State Health Services Technical Support and Administration, at Virginia Commonwealth University are for reference only and may fluctuate depending upon workload and funding availability.

4. Positions assigned to educational and general programs in the institutions of higher education are for reference only and may fluctuate depending upon workload and funding availability. However, total general fund positions filled by an institution of higher education may not exceed 105 percent of the general fund positions appropriated without prior approval from the Director, Department of Planning and Budget.

5. Positions assigned to Item Details 47001, Job Placement Services; 47002, Unemployment Insurance Services; 47003, Workforce Development Services; and 53402, Economic Information Services, at the Virginia Employment Commission are for reference only and may fluctuate depending upon workload and funding availability. Unless otherwise required by the funding source, after enactment of this act, any new positions hired using this provision shall not be subject to transitional severance benefit provisions of the Workforce Transition Act of 1995, Title 2.2, Chapter 32, Code of Virginia.

6. Positions assigned to the Virginia Management Fellows Program Administration are for reference only and may fluctuate depending on funding availability.

e. Prior to implementing any Executive Department hiring freeze, the Governor shall consider the needs of the Commonwealth in regards to the safe and efficient operation of state facilities and performance of essential services to include the exemption of certain positions assigned to agencies and institutions that provide services pertaining to public safety and public health from such hiring freezes.

f.1. Full-time, part-time, wage or contractual state employees assigned to the Governor's Cabinet Secretaries from agencies and institutions under their control for the purpose of carrying out temporary assignments or projects may not be so assigned for a period exceeding 180 days in any calendar year. The permanent transfer of positions from an agency or institution to the Offices of the Secretaries, or the temporary assignment of agency or institutional employees to the Offices of the Secretaries for periods exceeding 180 days in any calendar year regardless of the separate or discrete nature of the projects, is prohibited without the prior approval of the General Assembly.

2. Not more than three positions in total, as described in subsection 1 hereof, may be assigned at any time to the Office of any Cabinet Secretary, unless specifically approved in writing by the Governor. The Governor shall notify the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees in the case of any such approvals.

g. All state employees, including those in the legislative, judicial, and executive branches and the independent agencies of the Commonwealth, who are not eligible for benefits under a health care plan established and administered by the Department of Human Resource Management (DHRM) pursuant to Va. Code § 2.2-2818, or by an agency administering its own health care plan, may not work more than 29 hours per week on average over a twelve month period. Adjunct faculty at institutions of higher education may not work more than 29 hours per week on average over a twelve month period, including classroom or other instructional time plus additional hours determined by the institution as necessary to perform the adjunct faculty's duties. DHRM shall provide relevant program requirements to agencies and employees, including, but not limited to, information on wage, variable and seasonal employees. All state agencies/employers in all branches of government shall provide information requested by DHRM concerning hours worked by employees as needed to comply with the Affordable Care Act (the “Act”) and this provision. State agencies/employers are accountable for compliance with this provision, and are responsible for any costs associated with maintaining compliance with it and for any costs or penalties associated with any violations of the Act or regulations thereunder and any such costs shall be borne by the agency from existing appropriations. The provisions of this paragraph shall not apply to employees of state teaching hospitals that have their own health insurance plan; however, the state teaching hospitals are accountable for compliance with, and are responsible for any costs associated with maintaining compliance with the Act and for any costs or penalties associated with any violations of the Act or regulations thereunder and any such costs shall be borne by the agency from existing appropriations. Subject to approval of the Governor, DHRM shall modify this provision consistent with any updates or changes to federal law and regulations.

§ 4-8.00 REPORTING REQUIREMENTS

§ 4-8.01 GOVERNOR

a. General:

1. The Governor shall submit the information specified in this section to the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees on a monthly basis, or at such intervals as may be directed by said Chairmen, or as specified elsewhere in this act. The information on agency operating plans and expenditures as well as agency budget requests shall be submitted in such form, and by such method, including electronically, as may be mutually agreed upon. Such information shall be preserved for public inspection in the Department of Planning and Budget.

2. The Governor shall make available annually to the Chairmen of the Senate Finance and Appropriations, House Finance, and House Appropriations Committees a report concerning the receipt of any nongeneral funds above the amount(s) specifically appropriated, their sources, and the amounts for each agency affected.

3. a) It is the intent of the General Assembly that reporting requirements affecting state institutions of higher education be reduced or consolidated where appropriate. State institutions of higher education, working with the Secretary of Education and

Workforce, Secretary of Finance, and the Director, Department of Planning and Budget, shall continue to identify specific reporting requirements that the Governor may consider suspending.

b) Reporting generally should be limited to instances where (1) there is a compelling state interest for state agencies to collect, use, and maintain the information collected; (2) substantial risk to the public welfare or safety would result from failing to collect the information; or (3) the information collected is central to an essential state process mandated by the Code of Virginia.

c) Upon the effective date of this act, and until its expiration date, the following reporting requirements are hereby suspended or modified as specified below:

Agency	Report Title of Descriptor	Authority	Action
Department of Accounts	Prompt Pay Summary Report	Agency Directive	Change reporting from monthly to quarterly.
Department of General Services	Usage of State-Assigned and State-Owned Vehicles Report	Agency Directive -- Executive Order 89 (2005)	Suspend reporting.
Department of General Services	Gas Report/Repair Charge	Agency Directive--Executive Order 89 (2005)	Suspend reporting.
Department of Human Resource Management	Report of Personnel Development Service	Agency Directive	Suspend reporting.
Department of Human Resource Management	Human Capital Report (Full-Time, Part-Time, Temporary, Contractual employees funded by the Commonwealth)	Code of Virginia § 2.2-1201. A. 14.	Change reporting from annually to monthly.
Department of Human Resource Management State Employee Workers' Compensation Program	Work-related injuries and illnesses report -- goals, strategies, and results	Agency Directive -- Executive Order 94 (2005)	Suspend reporting.
Governor's Office	Small, Women-and Minority-owned Businesses (SWaM)	Executive Directive	Change reporting from weekly to monthly.
Secretary of Commerce and Trade	Recruitment of National and Regional Conferences Report	Agency Directive -- Executive Order 14 (2006)	Suspend reporting.

d) The Department of Planning and Budget (DPB) and the State Council of Higher Education for Virginia (SCHEV) shall work jointly to attempt to consolidate various reporting requirements pertaining to the estimates and projections of nongeneral fund revenues in institutions of higher education. The purpose of this effort shall be aimed at developing a common form for use in collecting nongeneral fund data for DPB's six-year nongeneral fund revenue estimate submission and SCHEV's annual survey of nongeneral fund revenue from institutions of higher education.

e) For reporting on fiscal year 2023 and beyond, reporting requirements on intercollegiate athletic revenues and expenses, specifically related to the share of athletic revenues from school funds and student fees, as set out in § 23.1-1309, Code of Virginia, fiscal years 2020, 2021, and 2022 shall be excluded from the calculated five-year rolling average of the change in generated revenue and student fees also outlined in § 23.1-1309, Code of Virginia.

b. Operating Appropriations Reports:

1. Status of Adjustments to Appropriations. Such information must include increases and decreases of appropriations or allotments, transfers and additional revenues. A report of appropriation transfers from one agency to another made pursuant to § 4-1.03 of this act shall be made available via electronic means to the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees, and the public by the tenth day of the month following that in which such transfer occurs, unless otherwise specified in § 4-1.03.

2. Status of each sum sufficient appropriation. The information must include the amount of expenditures for the period just completed and the revised estimates of expenditures for the remaining period of the current biennium, as well as an explanation of differences between the amount of the actual appropriation and actual and/or projected appropriations for each year of the current biennium.

3. Status of Economic Contingency Appropriation. The information must include actions taken related to the appropriation for economic contingency.

4. Status of Withholding Appropriations. The information must include amounts withheld and the agencies affected.

5. Status of reductions occurring in general and nongeneral fund revenues in relation to appropriations.

6. Status of approvals of deficits.

c. Employment Reports:

1. Status of changes in positions and employment of state agencies affected. The information must include the number of positions and the agencies affected.

2. Status of the employment by the Attorney General of special counsel in certain highway proceedings brought pursuant to Chapter 10 of Title 33.2, Code of Virginia, on behalf of the Commissioner of Highways, as authorized by § 2.2-510, Code of Virginia. This report shall include fees for special counsel for the respective county or city for which the expenditure is made and shall be submitted within 60 days of the close of the fiscal year (see § 4-5.02 a.3).

3. Changes in the level of compensation authorized pursuant to § 4-6.01 k, Employee Compensation. Such report shall include a list of the positions changed, the number of employees affected, the source and amount of funds, and the nature of the emergency.

4. Pursuant to requirements of § 2.2-203.1, Code of Virginia, the Secretary of Administration shall provide a report describing the Commonwealth's telecommuting policies, which state agencies and localities have adopted telecommuting policies, the number of state employees who telecommute, the frequency with which state employees telecommute by locality, and the efficacy of telecommuting policies in accomplishing the provision of state services and completing state functions. This report shall be provided to the Chairmen of the House Committee on Appropriations, the House Committee on Science and Technology, the Senate Committee on Finance, and the Senate Committee on General Laws and Technology each year by October 1.

d. Capital Appropriations Reports:

1. Status of progress of capital projects on an annual basis (see § 4-4.01 o).

2. Notice of all capital projects authorized under § 4-4.01 l (see § 4-4.01 l. 1. b) 4)).

e. Utilization of State Owned and Leased Real Property:

1. By November 15 of each year, the Department of General Services (DGS) shall consolidate the reporting requirements of § 2.2-1131.1 and § 2.2-1153 of the Code of Virginia into a single report eliminating the individual reports required by § 2.2-1131.1 and § 2.2-1153 of the Code of Virginia. This report shall be submitted to the Governor and the General Assembly and include (i) information on the implementation and effectiveness of the program established pursuant to subsection A of § 2.2-1131.1, (ii) a listing of real property leases that are in effect for the current year, the agency executing the lease, the amount of space leased, the population of each leased facility, and the annual cost of the lease; and, (iii) a report on DGS's findings and recommendations under the provisions of § 2.2-1153, and recommendations for any actions that may be required by the Governor and the General Assembly to identify and dispose of property not being efficiently and effectively utilized.

2. By October 1 of each year, each agency that controls leased property, where such leased property is not under the DGS lease administration program, shall provide a report on each leased facility or portion thereof to DGS in a manner and form prescribed by DGS. Specific data included in the report shall identify at a minimum, the number of square feet occupied, the number of employees and contractors working in the leased space, if applicable, and the cost of the lease.

f. Services Reports:

Status of any exemptions by the State Council of Higher Education to policy which prohibits use of funds in this act for the operation of any academic program by any state institution of higher education, unless approved by the Council and included in the Governor's recommended budget, or approved by the General Assembly (see § 4-5.05 b 2).

g. Standard State Agency Abbreviations:

The Department of Planning and Budget shall be responsible for maintaining a list of standard abbreviations of the names of state agencies. The Department shall make a listing of agency standard abbreviations available via electronic means on a continuous basis to the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees, the State Comptroller, the Director, Department of Human Resource Management and the Chief Information Officer, Virginia Information Technologies Agency, and the public.

h. Educational and General Program Nongeneral Fund Administrative Appropriations Approved by the Department of Planning and Budget:

The Secretary of Finance and Secretary of Education, in collaboration with the Director, Department of Planning and Budget, shall report in December and June of each year to the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees on adjustments made to higher education operating funds in the Educational and General Programs (10000) items for each public college and university contained in this budget. The report shall include actual or projected adjustments which increase nongeneral funds or actual or projected adjustments that transfer nongeneral funds to other items within the institution. The report shall provide the justification for the increase or transfer and the relative impact on student groups.

§ 4-8.02 STATE AGENCIES

a. As received, all state agencies shall forward copies of each federal audit performed on agency or institution programs or activities to the Auditor of Public Accounts and to the State Comptroller. Upon request, all state agencies shall provide copies of all internal audit reports and access to all working papers prepared by such auditors to the Auditor of Public Accounts and to the State Comptroller.

b. Annually: Within five calendar days after state agencies submit their budget requests, amendment briefs, or requests for amendments to the Department of Planning and Budget, the Director, Department of Planning and Budget shall submit, electronically if available, copies to the Chairmen of the Senate Finance and Appropriations and House Appropriations Committees.

c. By September 1 of each year, state agencies receiving any asset as the result of a law-enforcement seizure and subsequent forfeiture by either a state or federal court, shall submit a report identifying all such assets received during the prior fiscal year and their estimated net worth, to the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees.

d. Any state agency that is required to return federal grant funding as a result of not fulfilling the specifications of a grant, shall, as soon as practicable but no later than November 1st, report to the Chairmen of the Senate Finance and Appropriations and House Appropriations Committees of such forfeiting of federal grant funding.

e.1) Any entity specifically identified in this Act as a recipient of state funds that is not a political subdivision of the Commonwealth of Virginia shall annually provide a report delineating the use of the funds, as well as the outcomes generated because of the funds. The report will be due by September 15 each year and shall be submitted to the state agency distributing the funding. The report will be used to help determine whether future funding should be provided by the state to the reporting entity.

2) For an entity providing services or programs on behalf of the Commonwealth, at a minimum the entity's report shall provide a description of the programs or services being provided, the number of individuals served or treated, and any outcomes from the program or services that demonstrate their success or benefits to individuals or families in Virginia.

3) For an entity receiving state funds for the improvement of facilities, at a minimum the entity's report shall provide a description of the improvements, any increase in visitors or patrons served by the facility or programs held at the facility due to the improvements, and any economic benefits to the Commonwealth resulting from these expenditures.

4) The provisions of this paragraph shall not apply to any entity that has an existing reporting requirement in this act or the Code of Virginia for the use of state funds.

§ 4-8.03 LOCAL GOVERNMENTS

a.1. The Auditor of Public Accounts shall establish a workgroup to develop criteria for a preliminary determination that a local government may be in fiscal distress. Such criteria shall be based upon information regularly collected by the Commonwealth or otherwise regularly made public by the local government. This information includes expenditure reports submitted to the Auditor, budget information posted on local government websites, and reports prepared by the Commission on Local Government on revenue fiscal stress. Information provided by the Virginia Retirement System, the Virginia Resources Authority, the Virginia Public Building Authority, and other state and regional authorities concerning late or missed debt service payments shall be shared with the Auditor. Fiscal distress as used in this context shall mean a situation whereby the provision and sustainability of public services is threatened by various administrative and financial shortcomings including but not limited to cash flow issues; inability to pay expenses; revenue shortfalls; deficit spending; structurally imbalanced budgets; billing and revenue collection inadequacies and discrepancies; debt overload; failure to meet obligations to authorities, school divisions, or political subdivisions of the Commonwealth; and/or lack of trained and qualified staff to process administrative and financial transactions. Fiscal distress may be caused by factors internal to the unit of government or external to the unit of government and in various degrees such conditions may or may not be controllable by management, or the local governing body, or its constitutional officers.

2. Based upon the criteria established by the workgroup and using information identified above, the Auditor of Public Accounts shall establish a prioritized early warning system. Under the prioritized early warning system, the Auditor of Public Accounts shall establish a regular process whereby it reviews data on at least an annual basis to make a preliminary determination that a local government is in fiscal distress.

3. For local governments where the Auditor of Public Accounts has made a preliminary determination of fiscal distress based upon the early warning system criteria, the Auditor of Public Accounts shall notify the local governing body of its preliminary

determination that it may meet the criteria for fiscal distress. Based upon the request of the local governing body or chief executive officer, the Auditor of Public Accounts may conduct a review and request documents and data from the local government. Such review shall consider factors including, but not limited to, budget processes, debt, borrowing, expenses and payables, revenues and receivables, and other areas including staffing, and the identification of external variables contributing to a locality's financial position, and if so, the scope of the issues involved. Any local governing body that receives requests for information from the Auditor of Public Accounts pursuant to such preliminary determination based on the above described threshold levels shall acknowledge receipt of such a request and shall ensure that a response is provided within the time frames specified by the Auditor of Public Accounts. After such review, if the Auditor of Public Accounts is of the opinion that state assistance, oversight, or targeted intervention is needed, either to further assess, help stabilize, or remediate the situation, the Auditor shall notify the Governor and the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees, and the governing body of the local government in writing outlining specific issues or actions that need to be addressed by state intervention.

4. The notification issued by the Auditor of Public Accounts pursuant to paragraph 3 above shall satisfy the notification requirement necessary to effectuate the provisions of this act in paragraph b.3 below.

b.1. The Director of the Department of Planning and Budget shall identify any amounts remaining unexpended from general fund appropriations in this Act as of June 30 of each year, which constitute state aid to local governments. The Director shall provide a listing of such amounts designated by item number and by program on or before August 15 of each year, to the Governor and the Chairmen of the House Appropriations Committee and the Senate Finance and Appropriations Committee.

2. From such unexpended balances identified by the Director of the Department of Planning and Budget, the Governor may reappropriate up to $750,000 from amounts which would otherwise revert to the balance of the general fund and transfer such amounts as necessary to establish a component of fund balance which may be used for the purpose of providing technical assistance and intervention actions for local governments deemed to be fiscally distressed and in need of intervention to address such distress. Any such reappropriation approved by the Governor, shall be separately identified in the commitments specified on the balance sheet and financial statements of the State Comptroller for the close of each fiscal year, to the extent that such reserve is not used or added to by future appropriation actions.

3. Prior to any expenditure of the reappropriated reserve, the Governor and the Chairmen of the House Appropriations Committee and the Senate Finance and Appropriations Committee must receive a notification from the Auditor of Public Accounts that a specific locality is in need of intervention because of a worsening financial situation. The Auditor of Public Accounts may issue such a notification upon receipt of audited financial statement or other information that indicates the existence of fiscal distress. But, no such notification shall be made until appropriate follow up and correspondence ascertains that, in the opinion of the Auditor of Public Accounts, such fiscal distress indeed exists. Such notification may also be issued by the Auditor of Public Accounts if written concerns raised about fiscal distress are not adequately addressed by the locality in question.

4. Once the Governor has received a notification from the Auditor of Public Accounts indicating fiscal distress in a specific local government, the Governor shall consult with the Chairmen of the House Appropriations Committee and the Senate Finance and Appropriations Committee about a plan for state intervention prior to any expenditure of funds from the cash reserve. Any plan approved by the Governor for intervention should, at a minimum, specify the purpose of such intervention, the estimated duration of the intervention, and the anticipated resources (dollars and personnel) directed toward such effort. The staffing necessary to carry out the intervention plan may be assembled from either public agencies or private entities or both and, notwithstanding any other provisions of law, the Governor may use an expedited method of procurement to secure such staffing when, in his judgment, the need for intervention is of an emergency nature such that action must be taken in a timely manner to avoid or address unacceptable financial risks to the Commonwealth.

5. The governing body and the elected constitutional officers of a locality subject to an intervention plan approved by the Governor shall assist all state appointed staff conducting the intervention regardless of whether such staff are from public agencies or private entities. Intervention staff shall provide periodic reports in writing to the Governor and the Chairmen of the House Appropriations Committee and the Senate Finance and Appropriations Committee outlining the scope of issues discovered and any recommendations made to remediate such issues, and the progress that is made on such recommendations or other remediation efforts. These periodic reports shall specifically address the degree of cooperation the intervention team is receiving from locally elected officials, including constitutional officers, city, county, or town managers and other local personnel in regards to their intervention work.

6. The Department of General Services is hereby encouraged to develop a master contract of qualified private sector turnaround specialists with expertise in local government intervention that the Governor can use to procure intervention services in an expeditious manner when he determines that state intervention is warranted in situations of local fiscal distress.

§ 4-9.00 HIGHER EDUCATION RESTRUCTURING

§ 4-9.01 ASSESSMENT OF INSTITUTIONAL PERFORMANCE

Consistent with § 23.1-206, Code of Virginia, the following education-related and financial and administrative management measures shall be the basis on which the State Council of Higher Education shall bienially assess and certify institutional performance. Such certification shall be completed and forwarded in writing to the Governor and the General Assembly no later than October 1 of each even-numbered year. Institutional performance on measures set forth in paragraph D of this section shall be evaluated year-to-date by the Secretaries of Finance and Administration as appropriate, and communicated to the State Council of Higher Education before October 1 of each even-numbered year. Financial benefits provided to each institution in accordance with § 23.1-1002 will be evaluated in light of that institution's performance.

In general, institutions are expected to achieve all performance measures in order to be certified by SCHEV, but it is understood that there can be circumstances beyond an institution's control that may prevent achieving one or more performance measures. The Council shall consider, in consultation with each institution, such factors in its review: (1) institutions meeting all performance measures will be certified by the Council and recommended to receive the financial benefits, (2) institutions that do not meet all performance measures will be evaluated by the Council and the Council may take one or more of the following actions: (a) request the institution provide a remediation plan and recommend that the Governor withhold release of financial benefits until Council review of the remediation plan or (b) recommend that the Governor withhold all or part of financial benefits.

Further, the State Council shall have broad authority to certify institutions as having met the standards on education-related measures. The State Council shall likewise have the authority to exempt institutions from certification on education-related measures that the State Council deems unrelated to an institution's mission or unnecessary given the institution's level of performance.

The State Council may develop, adopt, and publish standards for granting exemptions and ongoing modifications to the certification process.

a. BIENNIAL ASSESSMENTS

1. Institution meets at least 95 percent of its State Council-approved biennial projections for in-state undergraduate headcount enrollment.

2. Institution meets at least 95 percent of its State Council-approved biennial projections for the number of in-state associate and bachelor degree awards.

3. Institution meets at least 95 percent of its State Council-approved biennial projections for the number of in-state STEM-H (Science, Technology, Engineering, Mathematics, and Health professions) associate and bachelor degree awards.

4. Institution meets at least 95 percent of its State Council-approved biennial projections for the number of in-state, upper level - sophomore level for two-year institutions and junior and senior level for four-year institutions - program-placed, full-time equivalent students.

5. Maintain or increase the number of in-state associate and bachelor degrees awarded to students from under-represented populations.

6. Maintain or increase the number of in-state two-year transfers to four-year institutions.

b. Elementary and Secondary Education

1. The Virginia Department of Education shall share data on teachers, including identifying information, with the State Council of Higher Education for Virginia in order to evaluate the efficacy of approved programs of teacher education, the production and retention of teachers, and the exiting of teachers from the teaching profession.

2. a) The Virginia Department of Education and the State Council of Higher Education for Virginia shall share personally identifiable information from education records in order to evaluate and study student preparation for and enrollment and performance at state institutions of higher education in order to improve educational policy and instruction in the Commonwealth. However, such study shall be conducted in such a manner as to not permit the personal identification of students by persons other than representatives of the Department of Education or the State Council for Higher Education for Virginia, and such shared information shall be destroyed when no longer needed for purposes of the study.

b) Notwithstanding § 2.2-3800 of the Code of Virginia, the Virginia Department of Education, State Council of Higher Education for Virginia, Virginia Community College System, and the Virginia Employment Commission may collect, use, share, and maintain de-identified student data to improve student and program performance including those for career readiness.

3. Institutions of higher education shall disclose information from a pupil's scholastic record to the Superintendent of Public Instruction or his designee for the purpose of studying student preparation as it relates to the content and rigor of the Standards of Learning. Furthermore, the superintendent of each school division shall disclose information from a pupil's scholastic record to the Superintendent of Public Instruction or his designee for the same purpose. All information provided to the Superintendent or his designee for this purpose shall be used solely for the purpose of evaluating the Standards of Learning and shall not be redisclosed, except as provided under federal law. All information shall be destroyed when no longer needed for the purposes of studying the content and rigor of the Standards of Learning.

c. SIX-YEAR PLAN

Institution prepares six-year financial plan consistent with § 23.1-907.

d. FINANCIAL AND ADMINISTRATIVE STANDARDS

The financial and administrative standards apply to all institutions except those institutions that have a Management Agreement with the Commonwealth of Virginia pursuant to the Restructured Higher Education Financial and Administrative Operations Act.

1. As specified in § 2.2-5004, Code of Virginia, institution takes all appropriate actions to meet the following financial and administrative standards:

a) An unqualified opinion from the Auditor of Public Accounts upon the audit of the public institution's financial statements;

b) No significant audit deficiencies attested to by the Auditor of Public Accounts;

c) Substantial compliance with all financial reporting standards approved by the State Comptroller;

d) Substantial attainment of accounts receivable standards approved by the State Comptroller, including but not limited to, any standards for outstanding receivables and bad debts; and

e) Substantial attainment of accounts payable standards approved by the State Comptroller including, but not limited to, any standards for accounts payable past due.

2. Institution complies with a debt management policy approved by its governing board that defines the maximum percent of institutional resources that can be used to pay debt service in a fiscal year, and the maximum amount of debt that can be prudently issued within a specified period.

3. The institution will achieve the classified staff turnover rate goal established by the institution; however, a variance of 15 percent from the established goal will be acceptable.

4. The institution will substantially comply with its annual approved Small, Women and Minority (SWAM) plan as submitted to the Department of Small Business and Supplier Diversity; however, a variance of 15 percent from its SWAM purchase goal, as stated in the plan, will be acceptable.

The institution will make no less than 75 percent of dollar purchases through the Commonwealth's enterprise-wide internet procurement system (eVA) from vendor locations registered in eVA.

5. The institution will complete capital projects (with an individual cost of over $1,000,000) within the budget originally approved by the institution's governing board for projects initiated under delegated authority, or the budget set out in the Appropriation Act or other Acts of Assembly. If the institution exceeds the budget for any such project, the Secretaries of Administration and Finance shall review the circumstances causing the cost overrun and the manner in which the institution responded and determine whether the institution shall be considered in compliance with the measure despite the cost overrun.

6. The institution will complete major information technology projects (with an individual cost of over $1,000,000) within the budgets and schedules originally approved by the institution's governing board. If the institution exceeds the budget and/or time schedule for any such project, the Secretary of Administration shall review the circumstances causing the cost overrun and/or delay and the manner in which the institution responded and determine whether the institution appropriately adhered to Project Management Institute's best management practices and, therefore, shall be considered in compliance with the measure despite the cost overrun and/or delay.

e. FINANCIAL AND ADMINISTRATIVE STANDARDS

The financial and administrative standards apply to institutions that have a Management Agreement with the Commonwealth of Virginia pursuant to the Restructured Higher Education Financial and Administrative Operations Act. They shall be measured by the administrative standards outlined in the Management Agreements and § 4-9.02.d.4. of this act. However, the Governor may supplement or replace those administrative performance measures with the administrative performance measures listed in this paragraph. Effective July 1, 2009, the following administrative and financial measures shall be used for the assessment of institutional performance for institutions of higher education that have a Management Agreement with the Commonwealth of Virginia pursuant to the Restructured Higher Education Financial and Administrative Operations Act.

1. Financial

a) An unqualified opinion from the Auditor of Public Accounts upon the audit of the public institution's financial statements;

b) No significant audit deficiencies attested to by the Auditor of Public Accounts;

c) Substantial compliance with all financial reporting standards approved by the State Comptroller;

d) Substantial attainment of accounts receivable standards approved by the State Comptroller, including but not limited to, any standards for outstanding receivables and bad debts; and

e) Substantial attainment of accounts payable standards approved by the State Comptroller including, but not limited to, any standards for accounts payable past due.

2. Debt Management

a) The institution shall maintain a bond rating of AA- or better;

b) The institution achieves a three-year average rate of return at least equal to the imoney.net money market index fund; and

c) The institution maintains a debt burden ratio equal to or less than the level approved by the Board of Visitors in its debt management policy.

3. Human Resources

a) The institution's voluntary turnover rate for classified plus university/college employees will meet the voluntary turnover rate for state classified employees within a variance of 15 percent; and

b) The institution achieves a rate of internal progression within a range of 40 to 60 percent of the total salaried staff hires for the fiscal year.

4. Procurement

a) The institution will substantially comply with its annual approved Small, Women and Minority (SWAM) procurement plan as submitted to the Department of Small Business and Supplier Diversity; however, a variance of 15 percent from its SWAM purchase goal, as stated in the plan, will be acceptable; and

b) The institution will make no less than 80 percent of purchase transactions through the Commonwealth's enterprise-wide internet procurement system (eVA) with no less than 75 percent of dollars to vendor locations in eVA.

5. Capital Outlay

a) The institution will complete capital projects (with an individual cost of over $1,000,000) within the budget originally approved by the institution's governing board at the preliminary design state for projects initiated under delegated authority, or the budget set out in the Appropriation Act or other Acts of Assembly which provides construction funding for the project at the preliminary design state. If the institution exceeds the budget for any such project, the Secretaries of Administration and Finance shall review the circumstances causing the cost overrun and the manner in which the institution responded and determine whether the institution shall be considered in compliance with the measure despite the cost overrun;

b) The institution shall complete capital projects with the dollar amount of owner requested change orders not more than 2 percent of the guaranteed maximum price (GMP) or construction price; and

c) The institution shall pay competitive rates for leased office space – the average cost per square foot for office space leased by the institution is within 5 percent of the average commercial business district lease rate for similar quality space within reasonable proximity to the institution's campus.

6. Information Technology

a) The institution will complete major information technology projects (with an individual cost of over $1,000,000) on time and on budget against their managed project baseline. If the institution exceeds the budget and/or time schedule for any such project, the Secretary of Technology shall review the circumstances causing the cost overrun and/or delay and the manner in which the institution responded and determine whether the institution appropriately adhered to Project Management Institute's best management practices and, therefore, shall be considered in compliance with the measure despite the cost overrun and/or delay; and

b) The institution will maintain compliance with institutional security standards as evaluated in internal and external audits. The institution will have no significant audit deficiencies unresolved beyond one year.

f. REPORTING

The Director, Department of Planning and Budget, with cooperation from the Comptroller and institutions of higher education governed under Management Agreements, shall develop uniform reporting requirements and formats for revenue and expenditure data.

g. EXEMPTION

The requirements of this section shall not be in effect if they conflict with § 23.1-206.D. of Chapters 828 and 869 of the Acts of Assembly of 2011.

§ 4-9.02 LEVEL II AUTHORITY

a. Notwithstanding the provisions of § 5 of Chapter 824 and 829 of the 2008 Acts of Assembly, institutions of higher education that have met the eligibility criteria for additional operational and administrative authority set forth in Chapters 824 and 829 of the 2008 Acts of Assembly shall be allowed to enter into separate negotiations for additional operational authority for a third and separate functional area listed in Chapter 824 and 829 of the 2008 Acts of Assembly, provided they have:

1. successfully completed at least three years of effectiveness and efficiencies operating under such additional authority granted by an original memorandum of understanding;

2. successfully renewed an additional memoranda of understanding for a five year term for each of the original two areas.

The institutions shall meet all criteria and follow policies for negotiating and establishing a memorandum of understanding with the Commonwealth of Virginia as provided in § 2.0 (Information Technology), § 3.0 (Procurement), and § 4.0 (Capital Outlay) of Chapter 824 and 829 of the 2008 Acts of Assembly.

b. As part of the memorandum of understanding, each institution shall be required to adopt at least one new education-related measure for the new area of operational authority. Each education-related measure and its respective target shall be developed in consultation with the Secretary of Finance, Secretary of Education, the appropriate Cabinet Secretary, and the State Council of Higher Education for Virginia. Each education-related measure and its respective target must be approved by the State Council of Higher Education for Virginia. The development and administration of education-related measures described in paragraph b. and in § 23.1-1003 A.3. are suspended through 2024-2026.

c. Subject to review of its Shared Services Center by the Department of General Services, and approval to proceed with decentralized procurement of authority by the Department of General Services, the Virginia Community College System (VCCS) is authorized, for a period of five years, to exercise additional financial and administrative authority as set out in each of the three functional areas of information technology, procurement and capital projects as set forth and subject to all the conditions in §§ 2.0, 3.0 and 4.0 of the second enactment of Chapter 824 and 829 of the Acts of Assembly of 2008 except that (i) any effective dates contained in Chapter 824 and 829 of the Acts of Assembly of 2008 are superseded by the provisions of this item. The State Board for Community Colleges may request any subsequent delegation of procurement authority after consultation with and positive recommendation by the Department of General Services.

d. Notwithstanding the small purchase thresholds set forth in the Rules Governing Procurement for institutions of higher education that have operational authority in the area of procurement, the small purchases thresholds shall be the same thresholds set forth in the Virginia Public Procurement Act (§ 2.2- 4300 et seq). Where small purchase thresholds in the Rules Governing Procurement for such institutions exceed those in 2.2-4300 et seq, the Rules Governing Procurement shall be the authorized procurement threshold.

e. Consistent with the 2019 updates to the Virginia Public Procurement Act, institutions of higher education that have operational authority in the area of procurement are permitted to conform their Request for Proposal advertising rules to that of § 2.2-4302.2.A.2.

f. As part of a five-year pilot program, Virginia State University is authorized, for a period of five years, to exercise additional financial and administrative authority as set out in each of the two functional areas of information technology and procurement as set forth and subject to all the conditions in §§ 2.0 and 3.0 of the second enactment of Chapter 824 and 829 of the Acts of Assembly of 2008 except that any effective dates contained in Chapter 824 and 829 of the Acts of Assembly of 2008 are superseded by the provisions of this item.

§ 4-9.03 LEVEL III AUTHORITY

a. The Management Agreements negotiated by the institutions contained in Chapters 675 and 685 of the 2009 Acts of Assembly shall continue in effect unless the Governor, the General Assembly, or the institutions determine that the Management Agreements need to be renegotiated or revised.

b. Notwithstanding the small purchase thresholds set forth in the Rules Governing Procurement the small purchases thresholds for Level III institutions shall be the small purchase thresholds set forth in the Virginia Public Procurement Act (§ 2.2-4300 et seq). Where small purchase thresholds under Rules Governing Procurement for Level III institutions exceed those in 2.2-4300 et seq, the Rules Governing Procurement shall be the authorized procurement threshold.

c. Consistent with the 2019 updates to the Virginia Public Procurement Act, institutions of higher education that have Management Agreements are permitted to conform their Request for Proposal advertising rules to that of § 2.2-4302.2.A.2

d. References in this act to public institutions of higher education that have a Management Agreement with the Commonwealth of Virginia pursuant to the Restructured Higher Education Financial and Administrative Operations Act shall include those governed by Chapters 933 and 943 of the 2006 Acts of Assembly, Chapters 594 and 616 of the 2008 Acts of Assembly, Chapters 675 and 685 of the 2009 Acts of Assembly, Chapters 124 and 125 of the 2019 Acts of Assembly, and Chapters 76 and 77 of the 2021 Acts of Assembly, Special Session I.

§ 4-9.04 IMPLEMENT JLARC RECOMMENDATIONS

a. The Boards of Visitors at each Virginia public four-year higher education institution, to the extent practicable, shall:

1. require their institutions to clearly list the amount of the athletic fee on their website's tuition and fees information page. The page should include a link to the State Council of Higher Education for Virginia's tuition and fee information. The boards should consider requiring institutions to list the major components of all mandatory fees, including the portion attributable to athletics, on a separate page attached to student invoices;

2. assess the feasibility and impact of raising additional revenue through campus recreation and fitness enterprises to reduce reliance on mandatory student fees. The assessments should address the feasibility and impact of raising additional revenue through charging for specialized programs and services, expanding membership, and/or charging all users of recreation facilities;

3. direct staff to perform a comprehensive review of the institution's organizational structure, including an analysis of spans of control and a review of staff activities and workload, and identify opportunities to streamline the organizational structure. Boards should further direct staff to implement the recommendations of the review to streamline their organizational structures where possible;

4. require periodic reports on average and median spans of control and the number of supervisors with six or fewer direct reports;

5. direct staff to revise human resource policies to eliminate unnecessary supervisory positions by developing standards that establish and promote broader spans of control. The new policies and standards should (i) set an overall target span of control for the institution, (ii) set a minimum number of direct reports per supervisor, with guidelines for exceptions, (iii) define the circumstances that necessitate the use of a supervisory position, (iv) prohibit the establishment of supervisory positions for the purpose of recruiting or retaining employees, and (v) establish a periodic review of departments where spans of control are unusually narrow; and,

6. direct institution staff to set and enforce policies to maximize standardization of purchases of commonly procured goods, including use of institution-wide contracts;

7. consider directing institution staff to provide an annual report on all institutional purchases, including small purchases, that are exceptions to the institutional policies for standardizing purchases;

8. participate in national faculty teaching load assessments by discipline and faculty type.

b. The State Council on Higher Education for Virginia, to the extent practicable, shall:

1. convene a working group of institution financial officers, with input from the Department of Accounts, the Department of Planning and Budget, and the Auditor of Public Accounts, to create a standard way of calculating and publishing mandatory non-E&G fees, including for intercollegiate athletics;

2. update the state's Chart of Accounts for higher education in order to improve comparability and transparency of mandatory non-E&G fees, with input from the Department of Accounts, the Department of Planning and Budget, the Auditor of Public Accounts, and institutional staff. This process should be coordinated with the standardization of tuition and fee reporting;

3. convene a working group of institutional staff to develop instructional and research space guidelines that adequately measure current use of space and plans for future use of space at Virginia's public higher education institutions;

4. coordinate a committee of institutional representatives, such as the previously authorized Learning Technology Advisory Committee. In addition to the objectives set out in the Appropriation Act for the Learning Technology Advisory Committee, the committee should identify instructional technology initiatives and best practices for directly or indirectly lowering institutions' instructional expenditures per student while maintaining or enhancing student learning;

5. include factors such as discipline, faculty rank, cost of living, and regional comparisons in developing faculty salary goals;

6. identify instructional technology best practices that directly or indirectly lower student cost while maintaining or enhancing learning.

c. Notwithstanding the provisions of § 23.1-1304, the State Council of Higher Education for Virginia shall annually train boards of visitors members on the types of information members should request from institutions to inform decision making, such as performance measures, benchmarking data, the impact of financial decisions on student costs, and past and projected cost trends. Boards of Visitors members serving on finance and facilities subcommittees should, at a minimum, participate in the training within their first year of membership on the subcommittee. SCHEV should obtain assistance in developing or delivering the training from relevant agencies such as the Department of General Services and past or present finance officers at Virginia's public four-year institutions, as appropriate.

d. The Department of Planning and Budget shall revise the formula used to make allocation recommendations for the state's maintenance reserve funding to account for higher maintenance needs resulting from poor facility condition, aging of facilities, and differences in facility use.

e. The Six-Year Capital Outlay Plan Advisory Committee, the Department of Planning and Budget, and others as appropriate shall use the results of the prioritization process established by the State Council of Higher Education for Virginia in determining which capital projects should receive funding.

f. Beginning with fiscal year 2016, the Auditor of Public Accounts shall include in its audit plan for each public institution of higher education a review of progress in implementing the JLARC recommendations contained in paragraph § 4-9.04 a.

§ 4-11.00 STATEMENT OF FINANCIAL CONDITION

Each agency head handling any state funds shall, at least once each year, upon request of the Auditor of Public Accounts, make a detailed statement, under oath, of the financial condition of his office as of the date of such call, to the Auditor of Public Accounts, and upon such forms as shall be prescribed by the Auditor of Public Accounts.

§ 4-12.00 SEVERABILITY

If any part, section, subsection, paragraph, sentence, clause, phrase, or item of this act or the application thereof to any person or circumstance is for any reason declared unconstitutional, such decisions shall not affect the validity of the remaining portions of this act which shall remain in force as if such act had been passed with the unconstitutional part, section, subsection, paragraph, sentence, clause, phrase, item or such application thereof eliminated; and the General Assembly hereby declares that it would have passed this act if such unconstitutional part, section, subsection, paragraph, sentence, clause, phrase, or item had not been included herein, or if such application had not been made.

§ 4-13.00 CONFLICT WITH OTHER LAWS

Notwithstanding any other provision of law, and until June 30, 2026, the provisions of this act shall prevail over any conflicting provision of any other law, without regard to whether such other law is enacted before or after this act; however, a conflicting provision of another law enacted after this act shall prevail over a conflicting provision of this act if the General Assembly has clearly evidenced its intent that the conflicting provision of such other law shall prevail, which intent shall be evident only if such other law (i) identifies the specific provision(s) of this act over which the conflicting provision of such other law is intended to prevail and (ii) specifically states that the terms of this section are not applicable with respect to the conflict between the provision(s) of this act and the provision of such other law.

§ 4-14.00 EFFECTIVE DATE

This act is effective on its passage as provided in § 1-214, Code of Virginia.

ADDITIONAL ENACTMENTS

3. That the provisions of the first enactment of 2019 Acts of Assembly, Chapter 808, shall apply to taxable years beginning on and after January 1, 2019, but before January 1, 2028, notwithstanding the second enactment of such act or any provision of law or regulation to the contrary.

4. That § 58.1-1802.1 of the Code of Virginia is amended and reenacted as follows:

§ 58.1-1802.1. Period of limitations on collection; accrual of interest and penalty.

A. Where the assessment of any tax imposed by this subtitle has been made within the period of limitation properly applicable thereto, such tax may be collected by levy, by a proceeding in court, or by any other means available to the Tax Commissioner under the laws of the Commonwealth, but only if such collection effort is made or instituted within seven years from the date of the assessment of such tax. Except as otherwise provided in this section, effective for assessments made on and after July 1, 2016, all collection efforts shall cease after such seven-year period even if initiated during the seven-year period. Prior to the expiration of any period for collection, the period may be extended by a written agreement between the Tax Commissioner and the taxpayer, and subsequent written agreements may likewise extend the period previously agreed upon. The period of limitations provided in this subsection during which a tax may be collected shall not apply to executions, levy or other actions to enforce a lien created before the expiration of the period of limitations by the docketing of a judgment or the filing of a memorandum of lien pursuant to § 58.1-1805; nor shall the period of limitations apply to the provisions of §§ 8.01-251 and 8.01-458.

B. The running of the period of limitations on collection shall be suspended for (i) the period the assessment is the subject of a proceeding pursuant to § 58.1-1807, 58.1-1821, 58.1-1825, or 58.1-1828; (ii) the period the assets of the taxpayer are in the control or custody of any state or federal court, including the United States Bankruptcy Court; or (iii) the period that an installment agreement entered into by the taxpayer pursuant to § 58.1-1817 is in effect.

C. If the Department of Taxation has no contact with the delinquent taxpayer for a period of six years and no memorandum of lien has been appropriately filed in a jurisdiction in which such taxpayer owns real estate, interest and penalty shall no longer be added to the delinquent tax liability. The mailing of notices by the Department to the taxpayer's last known address shall constitute contact with the taxpayer.

D. For purposes of this section, the "last known address" of the taxpayer means the address shown on the most recent return filed by or on behalf of the taxpayer or the address provided in correspondence by or on behalf of the taxpayer indicating that it is a change of the taxpayer's address.

E. In any pending or future administrative or judicial proceeding in which the validity of a tax assessment is an issue, the participation of the Department of Taxation in any capacity shall be considered a collection effort for purposes of this section.

5. That § 58.1-492 of the Code of Virginia is amended and reenacted as follows:

§ 58.1-492. Failure by individual, trust or estate to pay estimated tax.

A. In the case of any underpayment of estimated tax by an individual, trust or estate, except as provided in subsection C, there shall be added to the tax under this chapter for the taxable year an amount determined at the rate established for interest, under § 58.1-15, upon the amount of the underpayment (determined below), for the period of the underpayment (determined under subsection B). The amount of such addition to the tax shall be reported and paid at the time of filing the individual income tax return or the fiduciary income tax return for the taxable year.
The amount of the underpayment shall be the excess of:

1. The amount of the installment which would be required to be paid if the estimated tax were equal to ninety percent (sixty-six and two-thirds percent in the case of an individual referred to in § 58.1-490 F, relating to income from farming) of the tax shown on the return for the taxable year, or if no return was filed, ninety percent (sixty-six and two-thirds percent in the case of individuals referred to in § 58.1-490 F, relating to income from farming) of the tax for such year; or 100 percent of the tax shown on the return of the taxpayer for the preceding taxable year, whichever is less, over

2. The amount, if any, of the installment paid on or before the last date prescribed for such payment.

B. The period of the underpayment shall run from the date the installment was required to be paid to whichever of the following dates is the earlier:

1. May 1, if a calendar year, or the fifteenth day of the fourth month following the close of the taxable year, if a fiscal year.

2. With respect to any portion of the underpayment, the date on which such portion is paid. For purposes of this subdivision a payment of estimated tax on any installment date shall be considered a payment of any previous underpayment only to the extent such payment exceeds the amount of the installment determined under subdivision A 1 for such installment date.

C. Notwithstanding the provisions of subsections A and B, the addition to the tax with respect to any underpayment of any installment shall not be imposed if the total amount of all payments of estimated tax made on or before the last date prescribed for the payment of such installment equals or exceeds whichever of the following is the lesser:

1. The amount which would have been required to be paid on or before such date if estimated tax were whichever of the following is the least:

a. The tax shown on the return of the individual, trust or estate for the preceding taxable year, if a return showing a liability for tax was filed by the individual, trust or estate for the preceding taxable year and such preceding year was a taxable year of twelve months;

b. An amount equal to the tax computed, at the rates applicable to the taxable year, on the basis of the taxpayer's status with respect to personal exemptions for the taxable year, otherwise on the basis of the facts shown on his return for, and the law applicable to, the preceding year; or

c. An amount equal to ninety percent (sixty-six and two-thirds percent in the case of individuals referred to in § 58.1-490 F, relating to income from farming) of the tax for the taxable year computed by placing on an annualized basis the taxable income for the months in the taxable year ending before the month in which the installment is required to be paid. For purposes of this paragraph the taxable income shall be placed on an annualized basis by:

(i) Multiplying by twelve (or, in the case of a taxable year of less than twelve months, the number of months in the taxable year) the taxable income (computed without deduction of personal exemptions) for the months in the taxable year ending before the month in which the installment is required to be paid, or, for a trust or estate, the months in the taxable year ending before the date that is one month before the month in which the installment is required to be paid;

(ii) Dividing the resulting amount by the number of months in the taxable year ending before the month in which such installment date falls, or, for a trust or estate, the months in the taxable year ending before the date that is one month before the month in which the installment is required to be paid; and

(iii) Deducting from such amount the deductions for personal exemptions allowable for the taxable year (such personal exemptions being determined as of the last date prescribed for payment of the installment); or

2. An amount equal to ninety percent of the tax computed, at the rates applicable to the taxable year, on the basis of the actual taxable income for the months in the taxable year ending before the month in which the installment is required to be paid.

D. For purposes of applying this section:

1. The estimated tax shall be computed without any reduction for the amount which the individual estimates as his credit under § 58.1-480 (relating to tax withheld at source on wages);

2. The amount of the credit allowed under § 58.1-480 for the taxable year shall be deemed a payment of estimated tax, and an equal part of such amount shall be deemed paid on each installment date (determined under § 58.1-491) for such taxable year, unless the taxpayer establishes the dates on which all amounts were actually withheld, in which case the amounts so withheld shall be deemed payments of estimated tax on the dates on which such amounts were actually withheld; and

3. There shall be no addition to tax imposed for underpayment of estimated tax of ~~$150~~*$1,000* or less for the taxable year.

E. The application of this section to taxable years of less than twelve months shall be in accordance with regulations prescribed by the Tax Commissioner.

6. That the provisions of the fifth enactment of this act shall apply to taxable years beginning on and after January 1, 2026.

7. That §§ 59.1-376 and 59.1-392 of the Code of Virginia are amended and reenacted as follows:

§ 59.1-376. Limited licenses; transfer of meet; taxation; authority to issue; limitations.

A. Notwithstanding the provisions of § 59.1-375 or § 59.1-378 but subject to such regulations and criteria as it may prescribe, the Commission is authorized to issue limited licenses, provided such licenses shall permit any holder to conduct a race meeting or meetings for a period not to exceed 14 days in any calendar year, or in the case of a significant infrastructure limited licensee, 75 days in any calendar year.

B. The Commission may at any time, in its discretion, authorize any organization or association licensed under this section to transfer its race meeting or meetings from its own track or place for holding races, to the track or place for holding races of any other organization or association licensed under this chapter upon the payment of any and all appropriate license fees. No such authority to transfer shall be granted without the express consent of the organization or association owning or leasing the track to which such transfer is made.

C. For any such meeting the licensee shall retain and pay from the pool the tax as provided in § 59.1-392.

D. No person to whom a limited license has been issued nor any officer, director, partner, or spouse or immediate family member thereof shall make any contribution to any candidate for public office or public office holder at the local or state level.

E. On and after July 1, 2026, in addition to all other taxes and fees imposed by law, there is hereby levied a significant infrastructure facility limited license tax upon any significant infrastructure limited licensee. Any such licensee shall pay to the locality in which a significant infrastructure facility for such licensee is located $110,000 for each live racing day at such facility.

§ 59.1-392. Percentage retained; tax.

A. Any person holding an operator's license to operate a horse racetrack or satellite facility in the Commonwealth pursuant to this chapter shall be authorized to conduct pari-mutuel wagering on horse racing subject to the provisions of this chapter and the conditions and regulations of the Commission.

B. On pari-mutuel pools generated by wagering at the racetrack on live horse racing conducted within the Commonwealth, involving win, place, and show wagering, the licensee shall retain a percentage amount approved by the Commission as jointly requested by a recognized majority horsemen's group and a licensee and the legitimate breakage, out of which shall be paid 1.25 percent to be distributed as follows: 1.0 percent to the Commonwealth as a license tax and 0.25 percent to the locality in which the racetrack is located. The remainder of the retainage shall be paid as provided in subsection D, provided, however, that if the percentage amount approved by the Commission is other than percent, the amounts provided in subdivisions D 1, 2, and 3 shall be adjusted by the proportion that the approved percentage amount bears to 18 percent.

C. On pari-mutuel pools generated by wagering at each Virginia satellite facility on live horse racing conducted within the Commonwealth, involving win, place, and show wagering, the licensee shall retain a percentage amount approved by the Commission as jointly requested by a recognized majority horsemen's group and a licensee and the legitimate breakage, out of which shall be paid 1.25 percent to be distributed as follows: 0.75 percent to the Commonwealth as a license tax, 0.25 percent to the locality in which the satellite facility is located, and 0.25 percent to the locality in which the racetrack is located. The remainder of the retainage shall be paid as provided in subsection D, provided, however, that if the 25 percentage amount approved by the Commission is other than 18 percent, the amounts provided in subdivisions D 1, 2, and 3 shall be adjusted by the proportion that the approved percentage amount bears to 18 percent.

D. On pari-mutuel pools generated by wagering at the racetrack and each Virginia satellite facility on live horse racing conducted within the Commonwealth, involving win, place, and show wagering, the licensee shall retain a percentage amount approved by the Commission as jointly requested by a recognized majority horsemen's group and a licensee and the legitimate breakage, out of which shall be paid:

1. Eight percent as purses or prizes to the participants in such race meeting;

2. Seven and one-half percent and all of the breakage and the proceeds of pari-mutuel tickets unredeemed 180 days from the date on which the race was conducted, to the operator;

3. One percent to the Virginia Breeders Fund;

4. Fifteen one-hundredths percent to the Virginia-Maryland Regional College of Veterinary Medicine;

5. Five one-hundredths percent to the Virginia Horse Center Foundation;

6. Five one-hundredths percent to the Virginia Horse Industry Board; and

7. The remainder of the retainage shall be paid as appropriate under subsection B or C.

E. On pari-mutuel pools generated by wagering at the racetrack on live horse racing conducted within the Commonwealth involving wagering other than win, place, and show wagering, the licensee shall retain a percentage amount approved by the Commission as jointly requested by a recognized majority horsemen's group and a licensee and the legitimate breakage, out of which shall be paid 2.75 percent to be distributed as follows: 2.25 percent to the Commonwealth as a license tax, and 0.5 percent to the locality in which the racetrack is located. The remainder of the retainage shall be paid as provided in subsection G, provided, however, that if the percentage amount approved by the Commission is other than 22 percent, the amounts provided in subdivisions G 1, 2, and 3 shall be adjusted by the proportion that the approved percentage amount bears to 22 percent.

F. On pari-mutuel pools generated by wagering at each Virginia satellite facility on live horse racing conducted within the Commonwealth involving wagering other than win, place, and show wagering, the licensee shall retain a percentage amount approved by the Commission as jointly requested by a recognized majority horsemen's group and a licensee and the legitimate breakage, out of which shall be paid 2.75 percent to be distributed as follows: 1.75 percent to the Commonwealth as a license tax, 0.5 percent to the locality in which the satellite facility is located, and 0.5 percent to the locality in which the racetrack is located. The remainder of the retainage shall be paid as provided in subsection G, provided, however, that if the percentage amount approved by the Commission is other than 22 percent, the amounts provided in subdivisions G 1, 2, and 3 shall be adjusted by the proportion that the approved percentage amount bears to 22 percent.

G. On pari-mutuel pools generated by wagering at the racetrack and each Virginia satellite facility on live horse racing conducted within the Commonwealth involving wagering other than win, place, and show wagering, the licensee shall retain a percentage amount approved by the Commission as jointly requested by a recognized majority horsemen's group and a licensee and the legitimate breakage, out of which shall be paid:

1. Nine percent as purses or prizes to the participants in such race meeting;

2. Nine percent and the proceeds of the pari-mutuel tickets unredeemed 180 days from the date on which the race was conducted, to the operator;

3. One percent to the Virginia Breeders Fund;

4. Fifteen one-hundredths percent to the Virginia-Maryland Regional College of Veterinary Medicine;

5. Five one-hundredths percent to the Virginia Horse Center Foundation;

6. Five one-hundredths percent to the Virginia Horse Industry Board; and

7. The remainder of the retainage shall be paid as appropriate under subsection E or F.

H. On pari-mutuel wagering generated by simulcast horse racing transmitted from jurisdictions outside the Commonwealth, the licensee may, with the approval of the Commission, commingle pools with the racetrack where the transmission emanates or establish separate pools for wagering within the Commonwealth. All simulcast horse racing in this subsection must comply with the Interstate Horse Racing Act of 1978 (15 U.S.C. § 3001 et seq.).

I. On pari-mutuel pools generated by wagering at the racetrack on simulcast horse racing transmitted from jurisdictions outside the Commonwealth, involving win, place, and show wagering, the licensee shall retain 1.25 percent of such pool to be distributed as follows: 0.75 percent to the Commonwealth as a license tax, and 0.5 percent to the Virginia locality in which the racetrack is located.

J. On pari-mutuel pools generated by wagering at each Virginia satellite facility on simulcast horse racing transmitted from jurisdictions outside the Commonwealth, involving win, place, and show wagering, the licensee shall retain 1.25 percent of such pool to be distributed as follows: 0.75 percent to the Commonwealth as a license tax, 0.25 percent to the locality in which the satellite facility is located, and 0.25 percent to the Virginia locality in which the racetrack is located.

K. On pari-mutuel pools generated by wagering at the racetrack and each Virginia satellite facility on simulcast horse racing transmitted from jurisdictions outside the Commonwealth, involving win, place, and show wagering, the licensee shall retain 1.3 percent of such pool to be distributed as follows:

1. One percent of the pool to the Virginia Breeders Fund;

2. Fifteen one-hundredths percent to the Virginia-Maryland Regional College of Veterinary Medicine;

3. Five one-hundredths percent to the Virginia Horse Center Foundation;

4. Five one-hundredths percent to the Virginia Horse Industry Board; and

5. Five one-hundredths percent to the Virginia Thoroughbred Association for the promotion of breeding in the Commonwealth.

L. On pari-mutuel pools generated by wagering at the racetrack on simulcast horse racing transmitted from jurisdictions outside the Commonwealth, involving wagering other than win, place, and show wagering, the licensee shall retain 2.75 percent of such pool to be distributed as follows: 1.75 percent to the Commonwealth as a license tax, and 1.0 percent to the Virginia locality in which the racetrack is located.

M. On pari-mutuel pools generated by wagering at each Virginia satellite facility on simulcast horse racing transmitted from jurisdictions outside the Commonwealth, involving wagering other than win, place, and show wagering, the licensee shall retain 2.75 percent of such pool to be distributed as follows: 1.75 percent to the Commonwealth as a license tax, 0.5 percent to the locality in which the satellite facility is located, and 0.5 percent to the Virginia locality in which the racetrack is located.

N. On pari-mutuel pools generated by wagering at the racetrack and each Virginia satellite facility on simulcast horse racing transmitted from jurisdictions outside the Commonwealth, involving wagering other than win, place, and show wagering, the licensee shall retain 1.3 percent of such pool to be distributed as follows:

1. One percent of the pool to the Virginia Breeders Fund;

2. Fifteen one-hundredths percent to the Virginia-Maryland Regional College of Veterinary Medicine;

3. Five one-hundredths percent to the Virginia Horse Center Foundation;

4. Five one-hundredths percent to the Virginia Horse Industry Board; and

5. Five one-hundredths percent to the Virginia Thoroughbred Association for the promotion of breeding in the Commonwealth.

O. Moneys payable to the Commonwealth shall be deposited in the general fund. Gross receipts for license tax purposes under Chapter 37 (§ 58.1-3700 et seq.) of Title 58.1 shall not include pari-mutuel wagering pools and license taxes authorized by this section.

P. All payments by the licensee to the Commonwealth or any locality shall be made within five days from the date on which such wagers are received by the licensee. All payments by the licensee to the Virginia Breeders Fund shall be made to the Commission within five days from the date on which such wagers are received by the licensee. All payments by the licensee to the Virginia-Maryland Regional College of Veterinary Medicine, the Virginia Horse Center Foundation, the Virginia Horse Industry Board, and the Virginia Thoroughbred Association shall be made by the first day of each quarter of the calendar year. All payments made under this section shall be used in support of the policy of the Commonwealth to sustain and promote the growth of a native industry.

Q. If a satellite facility is located in more than one locality, any amount a licensee is required to pay under this section to the locality in which the satellite facility is located shall be prorated in equal shares among those localities.

R. Any contractual agreement between a licensee and other entities concerning the distribution of the remaining portion of the retainage under subsections I through N and subsections U and V shall be subject to the approval of the Commission.

S. The recognized majority horsemen's group racing at a licensed race meeting may, subject to the approval of the Commission, withdraw for administrative costs associated with serving the interests of the horsemen an amount not to exceed two percent of the amount in the horsemen's account.

T. The legitimate breakage from each pari-mutuel pool for live, historical, and simulcast horse racing shall be distributed as follows:

1. Seventy percent to be retained by the licensee to be used for capital improvements that are subject to approval of the

Commission; and

2. Thirty percent to be deposited in the Racing Benevolence Fund, administered jointly by the licensee and the recognized majority horsemen's group racing at a licensed race meeting, to be disbursed with the approval of the Commission for gambling addiction and substance abuse counseling, recreational, educational, or other related programs.

U. On pari-mutuel pools generated by wagering on historical horse racing ~~on the first 3,000 terminals authorized~~, the licensee shall retain ~~1.25~~ *1.30* percent of such pool to be distributed as follows:

1. a. If generated at a racetrack, ~~0.5~~ *0.56* percent to the locality in which the racetrack is located; or

b. If generated at a satellite facility *before July 1, 2026*, ~~0.25~~ *0.28* percent to the locality in which the satellite facility is located and ~~0.25~~ *0.28* percent to the Virginia locality in which the racetrack is located. *If generated at a satellite facility on and after July 1, 2026, 0.56 percent to the locality in which the satellite facility is located*;

2. To the Problem Gambling Treatment and Support Fund established pursuant to § 37.2-314.2, 0.01 percent;

3. To the (i) Virginia Breeders Fund, (ii) Virginia-Maryland Regional College of Veterinary Medicine for its equine programs, (iii) Virginia Horse Center Foundation, and (iv) Virginia Horse Industry Board, 0.025 percent each; and

4. The remainder to the Commonwealth as a license tax.

~~V. On pari-mutuel pools generated by wagering on historical horse racing on the 2,000 terminals authorized by the seventh enactment of Chapters 1197 and 1248 of the Acts of Assembly of 2020, the licensee shall retain 1.6 percent of such pool to be distributed as follows:~~

~~1. a. If generated at a racetrack, 0.64 percent to the locality in which the racetrack is located; or~~

~~b. If generated at a satellite facility, 0.32 percent to the locality in which the satellite facility is located and 0.32 percent to the Virginia locality in which the racetrack is located;~~

~~2. To the Problem Gambling Treatment and Support Fund established pursuant to § 37.2-314.2, 0.01 percent;~~

~~3. To the (i) Virginia Breeders Fund, (ii) Virginia-Maryland Regional College of Veterinary Medicine for its equine programs, (iii) Virginia Horse Center Foundation, and (iv) Virginia Horse Industry Board, 0.025 percent each; and~~

~~4. The remainder to the Commonwealth as a license tax~~".

I VETO THIS ITEM, ENACTMENT 8
ON PAGES 318-320
/s/ Glenn Youngkin
3-24-2025

8. That § 59.1-391 of the Code of Virginia is amended and reenacted as follows:

§ 59.1-391. Local referendum required.

~~The~~ *A. Except as provided in subsection B, the* Commission shall not grant any initial license to construct, establish, operate or own a racetrack or satellite facility until a referendum approving the question is held in each county, city, or town in which such track or satellite facility is to be located, in the following manner:

1. A petition, signed by five percent of the qualified voters of such county, city, or town shall be filed with the circuit court of such county, city, or town asking that a referendum be held on the question, "Shall pari-mutuel wagering be permitted at a licensed racetrack in (name of such county, city, or town) on live horse racing at, and on simulcast horse racing transmitted from another jurisdiction to, the licensed racetrack on such days as may be approved by the Virginia Racing Commission in accordance with Chapter 29 (§ 59.1-364 et seq.) of Title 59.1 of the Code of Virginia?" In addition, or in the alternative, such petition may ask that a referendum be held on the question, "Shall pari-mutuel wagering be permitted in _______________ (the name of such county, city, or town) at satellite facilities in accordance with Chapter 29 (§ 59.1-364 et seq.) of Title 59.1 of the Code of Virginia?"

2. Following the filing of such petition, the court shall, by order of record entered in accordance with § 24.2-684.1, require the regular election officers of such city, county, or town to cause a special election to be held to take the sense of the qualified voters on the question. Such election shall be on a day designated by order of such court, but shall not be later than the next general election unless such general election is within 60 days of the date of the entry of such order, nor shall it be held on a date designated as a primary election.

3. The clerk of such court of record of such city, county, or town shall publish notice of such election in a newspaper of general circulation in such city, county, or town once a week for three consecutive weeks prior to such election.

4. The regular election officers of such city or county shall open the polls at the various voting places in such city or county on the date specified in such order and conduct such election in the manner provided by law. The election shall be by ballot which shall be prepared by the electoral board of the city, county, or town and on which shall be printed either or both of the following questions:

"Shall pari-mutuel wagering be permitted at a licensed racetrack in _______________ on live horse racing at, and on simulcast horse racing transmitted from another jurisdiction to, the licensed racetrack on such days as may be approved by the Virginia Racing Commission in accordance with Chapter 29 (§ 59.1-364 et seq.) of Title 59.1 of the Code of Virginia?

[ ] Yes

[ ] No"

"Shall pari-mutuel wagering be permitted in _______________ at satellite facilities in accordance with Chapter 29 (§ 59.1-364 et seq.) of Title 59.1 of the Code of Virginia?

[ ] Yes

[ ] No"

In the blank shall be inserted the name of the city, county, or town in which such election is held. Any voter desiring to vote "Yes" shall mark a check (*v*) mark or a cross (*v* or) mark or a line (-) in the square provided for such purpose immediately preceding the word "Yes," leaving the square immediately preceding the word "No" unmarked. Any voter desiring to vote "No" shall mark a check (*v*) mark or a cross (*v* or) mark or a line (-) in the square provided for such purpose immediately preceding the word "No," leaving the square immediately preceding the word "Yes" unmarked.

The ballots shall be counted, returns made and canvassed as in other elections, and the results certified by the electoral board to the court ordering such election. Thereupon, such court shall enter an order proclaiming the results of such election and a duly certified copy of such order shall be transmitted to the Commission and to the governing body of such city, county, or town.

No such referendum as described above shall be held more often than every three years in the same county, city, or town.

A subsequent local referendum shall be required if a license has not been granted by the Commission within five years of the court order proclaiming the results of the election. Town, for purposes of this section, means any town with a population of 5,000 or more.

B. Notwithstanding subsection A and any provision of law or regulation to the contrary, for any city, county, or town (i) that has not passed a referendum authorizing pari-mutuel wagering pursuant to subsection A on or after July 1, 2018, and (ii) in which no pari-mutuel wagering at satellite facilities on historical horse racing was authorized by the Commission on or before January 1, 2025, the Commission shall not authorize a licensee to construct, establish, operate, or own a satellite facility until a referendum approving the question is held on or after July 1, 2025, in such county, city, or town in which such satellite facility is to be located, in the following manner:

1. A petition, signed by five percent of the qualified voters of such county, city, or town shall be filed with the circuit court of such county, city, or town asking that a referendum be held on the question, "Shall pari-mutuel wagering on historical horse racing be permitted in _______________ (the name of such county, city, or town) at satellite facilities in accordance with Chapter 29 (§ 59.1-364 et seq.) of Title 59.1 of the Code of Virginia?"

2. Following the filing of such petition, the court shall, by order of record entered in accordance with § 24.2-684.1, require the regular election officers of such city, county, or town to cause a special election to be held to take the sense of the qualified voters on the question. Such election shall be on a day designated by order of such court, but shall not be later than the next general election unless such general election is within 60 days of the date of the entry of such order, nor shall it be held on a date designated as a primary election.

3. The clerk of such court of record of such city, county, or town shall publish notice of such election in a newspaper of general circulation in such city, county, or town once a week for three consecutive weeks prior to such election.

4. The regular election officers of such city or county shall open the polls at the various voting places in such city or county on the date specified in such order and conduct such election in the manner provided by law. The election shall be by ballot which shall be prepared by the electoral board of the city, county, or town and on which shall be printed either or both of the following questions:

"Shall pari-mutuel wagering on historical horse racing be permitted in _______________ at satellite facilities in accordance with Chapter 29 (§ 59.1-364 et seq.) of Title 59.1 of the Code of Virginia?

[ ] Yes

[ ] No"

In the blank shall be inserted the name of the city, county, or town in which such election is held. Any voter desiring to vote "Yes" shall mark a check (v) mark or a cross (v or) mark or a line (-) in the square provided for such purpose immediately preceding the word "Yes," leaving the square immediately preceding the word "No" unmarked. Any voter desiring to vote "No" shall mark a check (v) mark or a cross (v or) mark or a line (-) in the square provided for such purpose immediately preceding the word "No," leaving the square immediately preceding the word "Yes" unmarked.vThe ballots shall be counted, returns made and canvassed as *in other elections, and the results certified by the electoral board to the court ordering such election. Thereupon, such court shall enter an order proclaiming the results of such election and a duly certified copy of such order shall be transmitted to the Commission and to the governing body of such city, county, or town.*

No such referendum as described in this subsection shall be held more often than every five years in the same county, city, or town.

The provisions of this subsection shall not apply to the City of Emporia, City of Hampton, City of Richmond, the County of New Kent, the Town of Collinsville, Town of Dumfries, or the Town of Vinton.

9. That §§ 58.1-439.29 and 58.1-439.30 of the Code of Virginia are amended and reenacted as follows:

§ 58.1-439.29. Definitions.

As used in this article, unless the context requires a different meaning:

"Authority" means the Virginia Housing Development Authority, or its successor agency.

"Balance of State Pool" means the pool defined within the Qualified Allocation Plan promulgated by the Authority pursuant to § 42 of the Internal Revenue Code, as amended.

"Credit period" means the credit period as defined in § 42(f)(1) of the Internal Revenue Code, as amended.

"Eligibility certificate" means a certificate issued by the Authority to the owner of a qualified project certifying that such project qualifies for the Virginia housing opportunity tax credit authorized by this article, and specifying the amount of housing opportunity tax credits that the owner of such qualified project may claim in each year of the credit period. The Authority shall issue an eligibility certificate to a qualified project upon the Authority's approval of a final cost certification that complies with the Authority's requirements.

"Federal low-income housing tax credit" means the federal tax credit as provided in § 42 of the Internal Revenue Code, as amended.

"Housing opportunity tax credit" or "tax credit" means the tax credit created by this article.

"Qualified project" means a qualified low-income building, as defined in § 42(c) of the Internal Revenue Code, as amended, that is located in Virginia, is placed in service on or after January 1, 2021, and is issued an eligibility certificate.

"Qualified taxpayer" means a taxpayer owning an interest, direct or indirect, through one or more pass-through entities, in a qualified project at any time prior to filing a tax return claiming a housing opportunity tax credit.

"Taxpayer" means an individual, corporation, S corporation, partnership, limited partnership, limited liability partnership, limited liability company, joint venture, or nonprofit organization.

"Virginia tax liability" means the income taxes imposed by Articles 2 (§ 58.1-320 et seq.), 6 (§ 58.1-360 et seq.), and 10 (§ 58.1-400 et seq.) of this chapter, Chapter 12 (§ 58.1-1200 et seq.), Article 1 (§ 58.1-2500 et seq.) of Chapter 25, and Article 2 (§ 58.1-2620 et seq.) of Chapter 26. An insurance company claiming a housing opportunity tax credit against the taxes, licenses, and other fees, fines, and penalties imposed by Article 1 of Chapter 25, including any retaliatory tax imposed on insurance companies by the Code of Virginia, shall not be required to pay any additional tax as a result of claiming the housing opportunity tax credit. The housing opportunity tax credit may fully offset any retaliatory tax imposed by the Code of Virginia.

§ 58.1-439.30. Virginia housing opportunity tax credit.

A. Subject to the provisions of subsection H, a housing opportunity tax credit ~~shall~~ *may* be allowed for each qualified project for each year of the credit period, in an amount up to the amount of federal low-income housing tax credit allocated or allowed by the Authority to such qualified project. The credit shall be allowed ratably for each qualified project, with one-tenth of the *total* credit amount allowed annually for 10 years over the credit period, except that there shall be a reduction in the tax credit allowable in the first year of the credit period due to the calculation in 26 U.S.C. § 42(f)(2) and any reduction by reason of 26 U.S.C. § 42(f)(2) in the credit allowable for the first taxable year of the credit period shall be allowable for the first taxable year following the credit period.

B. 1. For taxable years beginning on and after January 1, 2021, but before January 1, ~~2026~~*2031*, a qualified taxpayer may claim a housing opportunity tax credit against its Virginia tax liability prior to reduction by any other credits allowed the taxpayer. The housing opportunity tax credit may be allocated by pass-through entities to some or all of its partners, members, or shareholders in any manner agreed to by such persons, regardless of whether or not any such person is allocated or allowed any portion of any federal low-income housing tax credit with respect to the qualified project, whether or not the allocation of the housing opportunity tax credit under the terms of the agreement has substantial economic effect within the meaning of § 704(b) of the Internal Revenue Code, and whether any such person is deemed a partner for federal income tax purposes as long as the partner or member would be considered a partner or member as defined under applicable state law, and has been admitted as a partner or member on or prior to the date for filing the qualified taxpayer's tax return, including any amendments thereto, with respect to the year of the housing opportunity tax credit. Such pass-through entities or qualified taxpayer may assign all or any part of its interest, including its interest in the tax credits, to one or more pass-through entities or qualified taxpayers, and the qualified taxpayer shall be able to claim the housing opportunity tax credit so long as its interest is acquired prior to the filing of its tax return claiming the housing opportunity tax credit.

2. If a housing opportunity tax credit has been awarded according to the terms of subsection G prior to January 1, ~~2026~~*2031*, such credit may continue to be claimed on a return for taxable years on and after January 1, ~~2026~~*2031*, but only pursuant to the applicable credit period specified in § 58.1-439.29.

C. The housing opportunity tax credit authorized by this article shall not be refundable. Any housing opportunity tax credit not used in a taxable year may be carried forward by a qualified taxpayer for the succeeding five years.

D. A qualified taxpayer claiming a housing opportunity tax credit shall submit a copy of the eligibility certificate at the time of filing its tax return with the Department. If the owner of the qualified project has applied to the Authority for the eligibility certificate but the Authority has not yet issued the eligibility certificate at the time the qualified taxpayer files its original tax return claiming the housing opportunity tax credit, the taxpayer may claim the housing opportunity tax credit based upon the amount of tax credit set forth in the award letter issued by the Authority for the housing opportunity tax credit issued to the qualified project and shall amend its tax return to include the eligibility certificate upon its receipt. If the amount of tax credit in the eligibility certificate is different than the amount of tax credit previously claimed, the taxpayer shall adjust the tax credit amount claimed on the amended tax return.

E. If under § 42 of the Internal Revenue Code, as amended, a portion of any federal low-income housing credits taken on a qualified project is required to be recaptured or is otherwise disallowed during the credit period, the taxpayer claiming housing opportunity tax credits with respect to such project shall also be required to recapture a portion of any tax credits authorized by this article. The percentage of housing opportunity tax credits subject to recapture shall be equal to the percentage of federal low-income housing credits subject to recapture or otherwise disallowed during such period. Any tax credits recaptured or disallowed shall increase the income tax liability of the qualified taxpayer who claimed the tax credits in a like amount and shall be included on the tax return of the qualified taxpayer submitted for the taxable year in which the recapture or disallowance event is identified. The balance of any tax credits recaptured or disallowed shall be allocated by the Authority for any qualified project in accordance with subsection G.

F. The Authority shall administer the housing opportunity tax credit program and shall be authorized to promulgate the regulations and guidelines necessary to implement and administer this article. Such regulations and guidelines may include the imposition of application, allocation, certification, and monitoring fees designed to recoup the costs of the Authority in administering the housing opportunity tax credit program.

G. 1. Any housing opportunity tax credit amounts authorized in a calendar year that are subsequently (i) canceled and returned to the Authority or (ii) recaptured or disallowed pursuant to subsection E may be awarded in the following calendar year, but no later than December 31, ~~2025~~*2030*. If the amount of housing opportunity tax credits authorized in a calendar year for qualified projects is less than the total amount of credits available for qualified projects under subdivision H 2, the balance of such credits, in an amount not greater than 15 percent of the amount of credits available for qualified projects under subdivision H 2, (a) shall be allocated by the Authority for any qualified project in the following calendar year, (b) shall not be allocated at any time after such following calendar year, and (c) shall be allocated no later than December 31, ~~2025~~*2030*.

2. Such housing opportunity tax credits issued pursuant to this subsection shall be allowed ratably, with one-tenth of the total amount of credits allowed annually for 10 years over the credit period, except that there shall be a reduction in the tax credit allowable in the first year of the credit period due to the calculation in 26 U.S.C. § 42(f)(2) and any reduction by reason of 26 U.S.C. § 42(f)(2) in the credit allowable for the first taxable year of the credit period shall be allowable for the first taxable year following the credit period.

H.1. *Notwithstanding any other provision of law to the contrary, the aggregate amount of housing opportunity tax credits authorized for all qualified projects under this article shall not exceed $575 million across all calendar years.*

2. The total amount of housing opportunity tax credits authorized for qualified projects under this article shall not exceed $15 million for calendar year 2021.

~~2.~~ *3.* For calendar years 2022 through 2025, the total amount of housing opportunity tax credits authorized for qualified projects under this article shall not exceed $60 million per calendar year. ~~Such credits issued each calendar year shall be allowed ratably, with one-tenth of the total amount of credits allowed annually for 10 years over the credit period, except that there shall be a reduction in the tax credit allowable in the first year of the credit period due to the calculation in 26 U.S.C. § 42(f)(2) and any reduction by reason of 26 U.S.C. § 42(f)(2) in the credit allowable for the first taxable year of the credit period shall be allowable for the first taxable year following the credit period.~~

~~3. Notwithstanding any other provision of law to the contrary, the aggregate amount of housing opportunity tax credits authorized for all qualified projects under this article shall not exceed $255 million across all calendar years.~~

4. For calendar years 2026 through 2030, the total amount of housing opportunity tax credits authorized for qualified projects under this article shall not exceed $64 million per calendar year.

5. *Such credits issued on and after January 1, 2022, shall be allowed ratably, with one-tenth of the total amount of credits allowed annually for 10 years over the credit period, except that there shall be a reduction in the tax credit allowable in the first year of the credit period due to the calculation in 26 U.S.C. § 42(f)(2) and any reduction by reason of 26 U.S.C. § 42(f)(2) in the credit allowable for the first taxable year of the credit period shall be allowable for the first taxable year following the credit period.*

I. Notwithstanding any provision of law or regulation to the contrary, only Virginia housing opportunity tax credits awarded in calendar year 2021, up to a maximum of $15 million total for all taxpayers in all taxable years, may be claimed pursuant to the provisions of this section as set forth in Chapter 495 of the Acts of Assembly of 2021, Special Session I, prior to its amendment by the ninth enactment of Chapter 2 of the Acts of Assembly of 2022, Special Session I.

J. The Authority shall, upon request from the Chairs of the House Committee on Appropriations, the House Committee on Finance, and the Senate Committee on Finance and Appropriations, provide information, data, and any other requested advisement on the potential structure and cost of a separately authorized certificated Virginia housing opportunity tax credit program that would allow a qualified project to sell all or any portion of its Virginia housing opportunity tax credits, to one or more unrelated taxpayers based on findings in the report of the Department of Housing and Community Development and the Authority stakeholder advisory group submitted pursuant to Chapter 517 of the Acts of Assembly of 2020.

K. *1.* Of the $60 million of Virginia housing opportunity tax credits authorized per calendar year from 2022 through 2025 for qualified projects by the Authority pursuant to this article, $20 million of such credits shall be first allocated exclusively for qualified projects located in a locality with a population no greater than 35,000 as determined by the most recent United States census.

2. Of the $64 million of Virginia housing opportunity tax credits authorized per calendar year from 2026 through 2030 for qualified projects by the Authority pursuant to this article, $20 million of such credits shall be reserved for qualified projects located in a geographic area within the Balance of State Pool. The Authority shall notify the Virginia Housing Commission upon any change to the Balance of State Pool.

3. Such allocation of Virginia housing opportunity tax credits shall constitute the minimum amount of such tax credits to be allocated for qualified projects in such localities. However, if the amount of such tax credits requested for qualified projects in such localities is less than the total amount of such credits available for qualified projects in such localities, the balance of such credits shall be allocated for any qualified project, regardless of location. In allocating or allowing such credits to qualified projects in such localities, the Authority ~~shall~~ *may* give equal consideration to qualified projects allocated or allowed a federal low-income housing credit in an amount equal to the 10-year present value calculation of the percentages prescribed under 26 U.S.C. §§ 42(b)(1)(B)(i) and 42(b)(1)(B)(ii).

10. That § 65.2-107 of the Code of Virginia is amended and reenacted as follows:

§ 65.2-107. Post-traumatic stress disorder, anxiety disorder, or depressive disorder incurred by law-enforcement officers and firefighters.

A. As used in this section:

"Anxiety disorder" means a disorder that meets the diagnostic criteria for one or more of the anxiety disorders specified in the most recent edition of the Diagnostic and Statistical Manual of Mental Disorders published by the American Psychiatric Association.

"Depressive disorder" means a disorder that meets the diagnostic criteria for one or more of the depressive disorders specified in the most recent edition of the Diagnostic and Statistical Manual of Mental Disorders published by the American Psychiatric Association.

"Firefighter" means any (i) salaried firefighter, including special forest wardens designated pursuant to § 10.1-1135, emergency medical services personnel, and local or state fire scene investigator and (ii) volunteer firefighter and volunteer emergency medical services personnel.

"In the line of duty" means any action that a law-enforcement officer or firefighter was obligated or authorized to perform by rule, regulation, written condition of employment service, or law.

"Law-enforcement officer" means any (i) member of the State Police Officers' Retirement System; (ii) member of a county, city, or town police department; (iii) sheriff or deputy sheriff; (iv) Department of Emergency Management hazardous materials officer; (v) city sergeant or deputy city sergeant of the City of Richmond; (vi) Virginia Marine Police officer; (vii) conservation police officer who is a full-time sworn member of the enforcement division of the Department of Wildlife Resources; (viii) Capitol Police officer; (ix) special agent of the Virginia Alcoholic Beverage Control Authority appointed under the provisions of Chapter 1 (§ 4.1-100 et seq.) of Title 4.1; (x) for such period that the Metropolitan Washington Airports Authority voluntarily subjects itself to the provisions of this chapter as provided in § 65.2-305, officer of the police force established and maintained by the Metropolitan Washington Airports Authority; (xi) officer of the police force established and maintained by the Norfolk Airport Authority; (xii) sworn officer of the police force established and maintained by the Virginia Port Authority; or (xiii) campus police officer appointed under Article 3 (§ 23.1-809 et seq.) of Chapter 8 of Title 23.1 and employed by any public institution of higher education.

"Mental health professional" means a board-certified psychiatrist or a psychologist licensed pursuant to Title 54.1 who has experience diagnosing and treating post-traumatic stress disorder.

"Post-traumatic stress disorder" means a disorder that meets the diagnostic criteria for post-traumatic stress disorder as specified in the most recent edition of the Diagnostic and Statistical Manual of Mental Disorders published by the American Psychiatric Association.

"Qualifying event" means an incident or exposure occurring in the line of duty on or after July 1, 2020, for post-traumatic stress disorder, and for purposes of subdivisions 1 through 4 of this definition, on or after July 1, 2023, for anxiety disorder or depressive disorder:

1. Resulting in serious bodily injury or death to any person or persons;

2. Involving a minor who has been injured, killed, abused, or exploited;

3. Involving an immediate threat to life of the claimant or another individual;

4. Involving mass casualties; or

5. Responding to crime scenes for investigation.

B. Post-traumatic stress disorder, anxiety disorder, or depressive disorder incurred by a law-enforcement officer or firefighter is compensable under this title if:

1. A mental health professional examines a law-enforcement officer or firefighter and diagnoses the law-enforcement officer or firefighter as suffering from post-traumatic stress disorder, anxiety disorder, or depressive disorder as a result of the individual's undergoing a qualifying event;

2. The post-traumatic stress disorder, anxiety disorder, or depressive disorder resulted from the law-enforcement officer's or firefighter's acting in the line of duty and, in the case of a firefighter, such firefighter complied with federal Occupational Safety and Health Act standards adopted pursuant to 29 C.F.R. 1910.134 and 29 C.F.R. 1910.156;

3. The law-enforcement officer's or firefighter's undergoing a qualifying event was a substantial factor in causing his post-traumatic stress disorder, anxiety disorder, or depressive disorder;

4. Such qualifying event, and not another event or source of stress, was the primary cause of the post-traumatic stress disorder, anxiety disorder, or depressive disorder; and

5. The post-traumatic stress disorder, anxiety disorder, or depressive disorder did not result from any disciplinary action, work evaluation, job transfer, layoff, demotion, promotion, termination, retirement, or similar action of the law-enforcement officer or firefighter.

Any such mental health professional shall comply with any workers' compensation guidelines for approved medical providers, including guidelines on release of past or contemporaneous medical records.

C. Notwithstanding any provision of this title, workers' compensation benefits for any law-enforcement officer or firefighter payable pursuant to this section shall (i) include any combination of medical treatment prescribed by a board-certified psychiatrist or a licensed psychologist, temporary total incapacity benefits under § 65.2-500, and temporary partial incapacity benefits under § 65.2-502 and (ii) be provided for a maximum of ~~52~~ *104* weeks from the date of diagnosis. No medical treatment, temporary total incapacity benefits under § 65.2-500, or temporary partial incapacity benefits under § 65.2-502 shall be awarded beyond four years from the date of the qualifying event that formed the basis for the claim for benefits under this section. The weekly benefits received by a law-enforcement officer or a firefighter pursuant to § 65.2-500 or 65.2-502, when combined with other benefits, including contributory and noncontributory retirement benefits, Social Security benefits, and benefits under a long-term or short-term disability plan, but not including payments for medical care, shall not exceed the average weekly wage paid to such law-enforcement officer or firefighter.

D. No later than January 1, 2021, each employer of law-enforcement officers or firefighters shall (i) make peer support available to such law-enforcement officers and firefighters and (ii) refer a law-enforcement officer or firefighter seeking mental health care services to a mental health professional.

E. Each fire basic training program conducted or administered by the Department of Fire Programs or a municipal fire department in the Commonwealth shall provide, in consultation with the Department of Behavioral Health and Developmental Services, resilience and self-care technique training for any individual who begins basic training as a firefighter on or after July 1, 2021.

11. That §§ 58.1-322.03, 58.1-339.8, and 58.1-390.3 of the Code of Virginia are amended and reenacted as follows:

§58.1-322.03. Virginia taxable income; deductions.

In computing Virginia taxable income pursuant to § 58.1-322, there shall be deducted from Virginia adjusted gross income as defined in § 58.1-321:

1. a. The amount allowable for itemized deductions for federal income tax purposes where the taxpayer has elected for the taxable year to itemize deductions on his federal return, but reduced by the amount of income taxes imposed by the Commonwealth or any other taxing jurisdiction and deducted on such federal return and increased by an amount that, when added to the amount deducted under § 170 of the Internal Revenue Code for mileage, results in a mileage deduction at the state level for such purposes at a rate of 18 cents per mile; or

b. Provided that the taxpayer has not itemized deductions for the taxable year on his federal income tax return: (i) for taxable years beginning before January 1, 2019, and on and after January 1, ~~2026~~*2027* $3,000 for single individuals and $6,000 for married persons (one-half of such amounts in the case of a married individual filing a separate return); (ii) for taxable years beginning on and after January 1, 2019, but before January 1, 2022, $4,500 for single individuals and $9,000 for married persons (one-half of such amounts in the case of a married individual filing a separate return); (iii) for taxable years beginning on and after January 1, 2022, but before January 1, 2024, $8,000 for single individuals and $16,000 for married persons (one-half of such amounts in the case of a married individual filing a separate return); ~~and~~ (iv) for taxable years beginning on and after January 1, 2024, but before January 1, ~~2026~~*2025*, $8,500 for single individuals and $17,000 for married persons (one-half of such amounts in the case of a married individual filing a separate return)*; and (v) for taxable years beginning on and after January 1, 2025, but before January 1, 2027, $8,750 for single individuals and $17,500 for married persons (one-half of such amounts in the case of a married individual filing a separate return)*. For purposes of this section, any person who may be claimed as a dependent on another taxpayer's return for the taxable year may compute the deduction only with respect to earned income.

2. a. A deduction in the amount of $930 for each personal exemption allowable to the taxpayer for federal income tax purposes.

b. Each blind or aged taxpayer as defined under § 63(f) of the Internal Revenue Code shall be entitled to an additional personal exemption in the amount of $800.

The additional deduction for blind or aged taxpayers allowed under this subdivision shall be allowable regardless of whether the taxpayer itemizes deductions for the taxable year for federal income tax purposes.

3. A deduction equal to the amount of employment-related expenses upon which the federal credit is based under § 21 of the Internal Revenue Code for expenses for household and dependent care services necessary for gainful employment.

4. An additional $1,000 deduction for each child residing for the entire taxable year in a home under permanent foster care placement as defined in § 63.2-908, provided that the taxpayer can also claim the child as a personal exemption under § 151 of the Internal Revenue Code.

5. a. A deduction in the amount of $12,000 for individuals born on or before January 1, 1939.

b. A deduction in the amount of $12,000 for individuals born after January 1, 1939, who have attained the age of 65. This deduction shall be reduced by $1 for every $1 that the taxpayer's adjusted federal adjusted gross income exceeds $50,000 for single taxpayers or $75,000 for married taxpayers. For married taxpayers filing separately, the deduction shall be reduced by $1 for every $1 that the total combined adjusted federal adjusted gross income of both spouses exceeds $75,000.

For the purposes of this subdivision, "adjusted federal adjusted gross income" means federal adjusted gross income minus any benefits received under Title II of the Social Security Act and other benefits subject to federal income taxation solely pursuant to § 86 of the Internal Revenue Code, as amended.

6. The amount an individual pays as a fee for an initial screening to become a possible bone marrow donor, if (i) the individual is not reimbursed for such fee or (ii) the individual has not claimed a deduction for the payment of such fee on his federal income tax return.

7. a. A deduction shall be allowed to the purchaser or contributor for the amount paid or contributed during the taxable year for a prepaid tuition contract or college savings trust account entered into with the Commonwealth Savers Plan, pursuant to Chapter 7 (§ 23.1-700 et seq.) of Title 23.1. Except as provided in subdivision b, the amount deducted on any individual income tax return in any taxable year shall be limited to $4,000 per prepaid tuition contract or college savings trust account. No deduction shall be allowed pursuant to this subdivision 7 if such payments or contributions are deducted on the purchaser's or contributor's federal income tax return. If the purchase price or annual contribution to a college savings trust account exceeds $4,000, the remainder may be carried forward and subtracted in future taxable years until the purchase price or college savings trust contribution has been fully deducted; however, except as provided in subdivision b, in no event shall the amount deducted in any taxable year exceed $4,000 per contract or college savings trust account. Notwithstanding the statute of limitations on assessments contained in § 58.1-312, any deduction taken hereunder shall be subject to recapture in the taxable year or years in which distributions or refunds are made for any reason other than (i) to pay qualified higher education expenses, as defined in § 529 of the Internal Revenue Code or (ii) the beneficiary's death, disability, or receipt of a scholarship. For the purposes of this subdivision, "purchaser" or "contributor" means the person shown as such on the records of the Commonwealth Savers Plan as of December 31 of the taxable year. In the case of a transfer of ownership of a prepaid tuition contract or college savings trust account, the transferee shall succeed to the transferor's tax attributes associated with a prepaid tuition contract or college savings trust account, including, but not limited to, carryover and recapture of deductions.

b. A purchaser of a prepaid tuition contract or contributor to a college savings trust account who has attained age 70 shall not be subject to the limitation that the amount of the deduction not exceed $4,000 per prepaid tuition contract or college savings trust account in any taxable year. Such taxpayer shall be allowed a deduction for the full amount paid for the contract or contributed to a college savings trust account, less any amounts previously deducted.

8. The total amount an individual actually contributed in funds to the Virginia Public School Construction Grants Program and Fund, established in Chapter 11.1 (§ 22.1-175.1 et seq.) of Title 22.1, provided that the individual has not claimed a deduction for such amount on his federal income tax return.

9. An amount equal to 20 percent of the tuition costs incurred by an individual employed as a primary or secondary school teacher licensed pursuant to Chapter 15 (§ 22.1-289.1 et seq.) of Title 22.1 to attend continuing teacher education courses that are required as a condition of employment; however, the deduction provided by this subdivision shall be available only if (i) the individual is not reimbursed for such tuition costs and (ii) the individual has not claimed a deduction for the payment of such tuition costs on his federal income tax return.

10. The amount an individual pays annually in premiums for long-term health care insurance, provided that the individual has not claimed a deduction for federal income tax purposes, or, for taxable years beginning before January 1, 2014, a credit under § 58.1-339.11. For taxable years beginning on and after January 1, 2014, no such deduction for long-term health care insurance premiums paid by the individual during the taxable year shall be allowed if the individual has claimed a federal income tax deduction for such taxable year for long-term health care insurance premiums paid by him.

11. Contract payments to a producer of quota tobacco or a tobacco quota holder, or their spouses, as provided under the American Jobs Creation Act of 2004 (P.L. 108-357), but only to the extent that such payments have not been subtracted pursuant to subsection D of § 58.1-402, as follows:

a. If the payment is received in installment payments, then the recognized gain may be subtracted in the taxable year immediately following the year in which the installment payment is received.

b. If the payment is received in a single payment, then 10 percent of the recognized gain may be subtracted in the taxable year immediately following the year in which the single payment is received. The taxpayer may then deduct an equal amount in each of the nine succeeding taxable years.

12. An amount equal to 20 percent of the sum paid by an individual pursuant to Chapter 6 (§ 58.1-600 et seq.), not to exceed $500 in each taxable year, in purchasing for his own use the following items of tangible personal property: (i) any clothes washers, room air conditioners, dishwashers, and standard size refrigerators that meet or exceed the applicable energy star efficiency requirements developed by the U.S. Environmental Protection Agency and the U.S. Department of Energy; (ii) any fuel cell that (a) generates electricity using an electrochemical process, (b) has an electricity-only generation efficiency greater than 35 percent, and (c) has a generating capacity of at least two kilowatts; (iii) any gas heat pump that has a coefficient of performance of at least 1.25 for heating and at least 0.70 for cooling; (iv) any electric heat pump hot water heater that yields an energy factor of at least 1.7; (v) any electric heat pump that has a heating system performance factor of at least 8.0 and a cooling seasonal energy efficiency ratio of at least 13.0; (vi) any central air conditioner that has a cooling seasonal energy efficiency ratio of at least 13.5; (vii) any advanced gas or oil water heater that has an energy factor of at least 0.65; (viii) any advanced oil-fired boiler with a minimum annual fuel-utilization rating of 85; (ix) any advanced oil-fired furnace with a minimum annual fuel-utilization rating of 85; and (x) programmable thermostats.

13. The lesser of $5,000 or the amount actually paid by a living donor of an organ or other living tissue for unreimbursed out-of-pocket expenses directly related to the donation that arose within 12 months of such donation, provided that the donor has not taken a medical deduction in accordance with the provisions of § 213 of the Internal Revenue Code for such expenses. The deduction may be taken in the taxable year in which the donation is made or the taxable year in which the 12-month period expires.

14. For taxable years beginning on and after January 1, 2013, the amount an individual age 66 or older with earned income of at least $20,000 for the year and federal adjusted gross income not in excess of $30,000 for the year pays annually in premiums for (i) a prepaid funeral insurance policy covering the individual or (ii) medical or dental insurance for any person for whom individual tax filers may claim a deduction for such premiums under federal income tax laws. As used in this subdivision, "earned income" means the same as that term is defined in § 32(c) of the Internal Revenue Code. The deduction shall not be allowed for any portion of such premiums paid for which the individual has (a) been reimbursed, (b) claimed a deduction for federal income tax purposes, (c) claimed a deduction or subtraction under another provision of this section, or (d) claimed a federal income tax credit or any income tax credit pursuant to this chapter.

15. Business interest disallowed as a deduction pursuant to § 163(j) of the Internal Revenue Code:

a. For taxable years beginning on and after January 1, 2018, but before January 1, 2022, 20 percent of such disallowed business interest;

b. For taxable years beginning on and after January 1, 2022, but before January 1, 2024, 30 percent of such disallowed business interest;

c. For taxable years beginning on and after January 2, 2024, 50 percent of such disallowed business interest.

For purposes of subdivision 15, "business interest" means the same as that term is defined under § 163(j) of the Internal Revenue Code.

16. For taxable years beginning on and after January 1, 2019, the actual amount of real and personal property taxes imposed by the Commonwealth or any other taxing jurisdiction not otherwise deducted solely on account of the dollar limitation imposed on individual deductions by § 164(b)(6)(B) of the Internal Revenue Code.

17. For taxable years beginning before January 1, 2021, up to $100,000 of the amount that is not deductible when computing federal adjusted gross income solely on account of the portion of subdivision B 10 of § 58.1-301 related to Paycheck Protection Program loans.

18. For taxable years beginning on and after January 1, 2022, but before January 1, 2025, the lesser of $500 or the actual amount paid or incurred for eligible educator qualifying expenses. For purposes of this subdivision, "eligible educator" means an individual who for at least 900 hours during the taxable year in which the credit under this section is claimed served as a teacher licensed pursuant to Chapter 15 (§ 22.1-289.1 et seq.) of Title 22.1, instructor, student counselor, principal, special needs personnel, or student aide serving accredited public or private primary and secondary school students in Virginia, and "qualifying expenses" means 100 percent of the amount paid or incurred by an eligible educator during the taxable year for participation in professional development courses and the purchase of books, supplies, computer equipment (including related software and services), other educational and teaching equipment, and supplementary materials used directly in that individual's service to students as an eligible educator, provided that such purchases were neither reimbursed nor claimed as a deduction on the eligible educator's federal income tax return for such taxable year.

§ 58.1-339.8. Income tax credit for low-income taxpayers.

A. ~~As used in~~ *For purposes of* this section, ~~unless the context requires otherwise~~:

"Family Virginia adjusted gross income" means the combined Virginia adjusted gross income of an individual, the individual's spouse, and any person claimed as a dependent on the individual's or his spouse's income tax return for the taxable year.

"Household" means an individual, or in the case of married ~~persons~~ *individuals*, an individual and his spouse, regardless of whether or not the individual and his spouse file combined or separate Virginia individual income tax returns.

"Poverty guidelines" means the poverty guidelines for the 48 contiguous states and the District of Columbia updated annually in the Federal Register by the U.S. Department of Health and Human Services under the authority of § 673(2) of the Omnibus Budget Reconciliation Act of 1981.

"Virginia adjusted gross income" has the same meaning as the term is defined in § 58.1-321.

B. 1. For taxable years beginning on and after January 1, 2000, any individual or ~~persons filing a joint return~~ *married individuals filing jointly* whose family Virginia adjusted gross income does not exceed 100 percent of the poverty guideline amount corresponding to a household of an equal number of persons as listed in the poverty guidelines published during such taxable year, shall be allowed a nonrefundable credit against the tax levied pursuant to § 58.1-320 in an amount equal to $300 each for the individual, the individual's spouse, and any person claimed as a dependent on the individual's or married individuals' income tax return for the taxable year. For any taxable year in which married individuals file separate Virginia income tax returns, the credit provided under this section shall be allowed against the tax for only one of such two tax returns. Additionally, the credit provided under this section shall not be allowed against such tax of a dependent of the individual or of married individuals.

2. For taxable years beginning on and after January 1, 2006, any individual or married individuals *filing jointly*, eligible for a tax credit pursuant to § 32 of the Internal Revenue Code, may for the taxable year, in lieu of the credit authorized under subdivision 1, claim a nonrefundable credit against the tax imposed pursuant to § 58.1-320 in an amount equal to 20 percent of the credit claimed by the individual or married individuals for federal individual income taxes pursuant to § 32 of the Internal Revenue Code for the taxable year. In no case shall a household be allowed a credit pursuant to this subdivision and subdivision 1 or 3 for the same taxable year.

3. *a.* For taxable years beginning on and after January 1, 2022, but before January 1, ~~2026~~*2025* any individual or married ~~persons~~ *individuals filing jointly*, eligible for a tax credit pursuant to § 32 of the Internal Revenue Code, may for the taxable year, in lieu of the credit authorized under subdivision 1 or 2, claim a refundable credit against the tax imposed pursuant to § 58.1-320 in an amount equal to 15 percent of the credit claimed by the individual or married ~~persons~~ *individuals* for federal individual income taxes pursuant to § 32 of the Internal Revenue Code for the taxable year.

b. For taxable years beginning on and after January 1, 2025 but before January 1, 2027, any individual or married individuals filing jointly may, for the taxable year, in lieu of the credit authorized under subdivision 1 or 2, claim a refundable credit against the tax imposed pursuant to § 58.1-320 in an amount equal to 20 percent of the credit claimed by the individual or married individuals for federal individual income taxes pursuant to § 32 of the Internal Revenue Code for the taxable year.

c. The refundable credit *claimed pursuant to this subdivision 3* shall be claimed on the Virginia income tax return and redeemed by the Tax Commissioner. In no case shall a household be allowed a credit pursuant to this subdivision *3* and subdivision 1 or 2 for the same taxable year.

C. The amount of the credit claimed pursuant to subdivision B 1 and B 2, or in the case of a nonresident or a person to which § 58.1-303 applies, subdivision B 3, for any taxable year shall not exceed the individual's or married individuals' Virginia income tax liability.

D. Notwithstanding any other provision of this section, no credit shall be allowed pursuant to subsection B in any taxable year in which the individual, the individual's spouse, or both, or any person claimed as a dependent on such individual's or married individuals' income tax return, claims one or any combination of the following on his or their income tax return for such taxable year:

1. The subtraction under subdivision 8 of § 58.1-322.02;

2. The subtraction under subdivision 15 of § 58.1-322.02;

3. The subtraction under subdivision 16 of § 58.1-322.02;

4. The deduction for the additional personal exemption for blind or aged taxpayers under subdivision 2 b of § 58.1-322.03; or

5. The deduction under subdivision 5 of § 58.1-322.03.

§ 58.1-390.3. Elective income tax on pass-through entities.

A. 1. For taxable years beginning on and after January 1, 2021, but before January 1, 2022, a pass-through entity may make an election, in a format and according to such requirements and procedures to be established by the Department, to pay the tax levied by this section at the entity level for the taxable year. Such election shall be made on or before a date to be determined by the Department, which shall be set no earlier than one year after the extended due date for filing the applicable return. Notwithstanding §§ 58.1-1812 and 58.1-1833, no interest shall accrue on underpayments or overpayments solely attributable to such election.

2. For taxable years beginning on and after January 1, 2022, but before January 1, ~~2026~~*2027*, a pass-through entity may make an annual election, on its timely filed return pursuant to § 58.1-392, to pay the tax levied by this section at the entity level for the taxable period covered by such return. Such election shall be made on or before the due date for filing the applicable return, including any extensions that have been granted.

B. A tax at the rate of 5.75 percent is hereby annually imposed on the Virginia taxable income, as calculated pursuant to § 58.1-391 but taking into account only the pro rata or distributive share of each item of income, gain, loss, or deduction attributable to eligible owners, for each taxable year of every pass-through entity that makes the election provided under subsection A.

C. In computing the tax imposed by this section, the pro rata or distributive share of the Virginia taxable income of each nonresident eligible owner shall be limited to income that is attributable to Virginia sources and shall be subject to the modifications to income as described in §§ 58.1-322.01 through 58.1-322.04.

D. A pass-through entity that elects to pay the tax levied by subsection B shall be eligible for all credits, deductions, or other adjustments to taxable income under § 58.1-391, provided that a pass-through entity's taxable income shall be adjusted to eliminate any federal deduction for state and local income taxes.

E. Any person that is subject to the tax imposed under § 58.1-320 or 58.1-360 and is an eligible owner of a pass-through entity making the election pursuant to this section shall be entitled to a credit against the tax imposed, provided that taxable income has been adjusted to add back any deduction for state and local income taxes paid by the pass-through entity. Such credit shall be in an amount equal to such person's pro rata share of the tax paid under this section by any pass-through entity of which such person is an owner. If the amount of the credit allowed pursuant to this subsection exceeds such person's tax liability for the tax imposed under § 58.1-320 or 58.1-360, as applicable, such excess shall be treated as an overpayment and refundable pursuant to § 58.1-499.

F. If any pass-through entity makes an election pursuant to this section, the Department shall assess and collect tax, interest, and penalties as if such tax is a corporate income tax imposed pursuant to the provisions of Article 10 (§ 58.1-400 et seq.).

G. The Department shall develop and make publicly available guidelines implementing the provisions of this section and the credit authorized by subdivision C 2 of § 58.1-332.

12. ~~That the second enactment of Chapter 763 of the Acts of Assembly of 2023 and the second enactment of Chapter 791 of the Acts of Assembly of 2023 are amended and reenacted as follows:~~

~~2. That the provisions of this act shall apply to taxable years beginning on and after January 1,2023. Notwithstanding subdivision B 11 of § 58.1-301, as amended by this or any other act, Virginia shall not conform to (i) any amendment enacted on or after January 1, 2025, but before January 1, 2027, with a projected impact that would increase or decrease general fund revenues by any amount in the fiscal year in which the amendment was enacted or any of the succeeding four fiscal years and (ii) all amendments enacted on or after January 1, 2025, but before January 1, 2027, if the cumulative~~

~~**projected impact of such amendments would increase or decrease general fund revenues by any amount in the fiscal year in which the amendments were enacted or any of the succeeding four fiscal years. The provisions of this enactment shall not apply to any amendment to federal income tax law that is either subsequently adopted by the General Assembly or a federal tax extender as defined under subdivision B 11 of § 58.1-301, as created by this act.**~~

13. That §§ 58.1-301, 58.1-322.03, 58.1-332, 58.1-390.3, and 58.1-402 of the Code of Virginia are amended and reenacted as follows:

§ 58.1-301. Conformity to Internal Revenue Code.

A. Any term used in this chapter shall have the same meaning as when used in a comparable context in the laws of the United States relating to federal income taxes, unless a different meaning is clearly required.

B. Any reference in this chapter to the laws of the United States relating to federal income taxes shall mean the provisions of the Internal Revenue Code of 1954, and amendments thereto, and other provisions of the laws of the United States relating to federal income taxes *as they existed on December 31, 2025, and any amendment thereafter that extends the expiration date of a federal tax provision to which Virginia conforms or has previously conformed*, except for:

1. The special depreciation allowance for certain property provided for under §§ 168(k), 168(l), 168(m), *168(n),* 1400L, and 1400N of the Internal Revenue Code;

2. The carry-back of certain net operating losses for five years under § 172(b)(1)(H) of the Internal Revenue Code;

3. The original issue discount on applicable high yield discount obligations under § 163(e)(5)(F) of the Internal Revenue Code;

4. The deferral of certain income under § 108(i) of the Internal Revenue Code. For Virginia income tax purposes, income from the discharge of indebtedness in connection with the reacquisition of an "applicable debt instrument" (as defined under § 108(i) of the Internal Revenue Code) reacquired in the taxable year shall be fully included in the taxpayer's Virginia taxable income for the taxable year, unless the taxpayer elects to include such income in the taxpayer's Virginia taxable income ratably over a three-taxable-year period beginning with taxable year 2009 for transactions completed in taxable year 2009, or over a three-taxable-year period beginning with taxable year 2010 for transactions completed in taxable year 2010 on or before April 21, 2010. For purposes of such election, all other provisions of § 108(i) of the Internal Revenue Code shall apply mutatis mutandis. No other deferral shall be allowed for income from the discharge of indebtedness in connection with the reacquisition of an "applicable debt instrument";

5. ~~For taxable years beginning on and after January 1, 2019, the suspension of the overall limitation on itemized deductions under § 68(f) of the Internal Revenue Code~~*The limitation on itemized deductions, which shall be the limitation contained in § 68 of the Internal Revenue Code as it existed before the passage of the federal Budget Reconciliation Act, P.L. 119-21 (2025), and without regard to § 68(f) of the Internal Revenue Code*;

6. For taxable years beginning on and after January 1, 2017, but before January 1, 2018, and for taxable years beginning on and after January 1, 2019, the 7.5 percent of federal adjusted gross income threshold set forth in § 213(a) of the Internal Revenue Code that is used for purposes of computing the deduction allowed for expenses for medical care pursuant to § 213 of the Internal Revenue Code. For such taxable years, the threshold utilized for Virginia income tax purposes to compute the deduction allowed for expenses for medical care pursuant to § 213 of the Internal Revenue Code shall be 10 percent of federal adjusted gross income;

7. The provisions of §§ 2303(a) and 2303(b) of the federal Coronavirus Aid, Relief, and Economic Security Act, P.L. 116-136 (2020), related to the net operating loss limitation and carryback;

8. The provisions of § 2304(a) of the federal Coronavirus Aid, Relief, and Economic Security Act, P.L. 116-136 (2020), related to a loss limitation applicable to taxpayers other than corporations;

9. The provisions of § 2306 of the federal Coronavirus Aid, Relief, and Economic Security Act, P.L. 116-136 (2020), related to the limitation on business interest;

10. For taxable years beginning before January 1, 2021, the provisions of §§ 276(a), 276(b)(2), 276(b)(3), 278(a)(2), 278(a)(3), 278(b)(2), 278(b)(3), 278(c)(2), 278(c)(3), 278(d)(2), and 278(d)(3) of the federal Consolidated Appropriations Act, P.L. 116-260 (2020), and §§ 9672(2), 9672(3), 9673(2), and 9673(3) of the federal American Rescue Plan Act, P.L. 117-2 (2021) related to deductions, tax attributes, and basis increases for certain loan forgiveness and other business financial assistance;~~ and~~

11.~~a. (1) Any amendment enacted on or after January 1, 2023, with a projected impact that would increase or decrease general fund revenues by greater than $15 million in the fiscal year in which the amendment was enacted or any of the succeeding four fiscal years. The provisions of this subdivision shall not apply to any amendment to federal income tax law that is either subsequently adopted by the General Assembly or a federal tax extender as defined in subdivision b.~~

~~(2) All amendments enacted on or after January 1, 2023, and occurring between adjournment sine die of the previous regular session of the General Assembly and the first day of the subsequent regular session of the General Assembly if the cumulative projected impact of such amendments would increase or decrease general fund revenues by greater than $75 million in the fiscal year in which the~~

~~amendments were enacted or any of the succeeding four fiscal years. The provisions of this subdivision shall not apply to any amendment to federal income tax law that is (i) subsequently adopted by the General Assembly, (ii) a federal tax extender as defined in subdivision b, or (iii) enacted before the date on which the cumulative projected impact is met. However, any amendment conformed to pursuant to clause (iii) shall be included in the calculation of the $75 million threshold for purposes of determining whether such threshold has been met.~~

~~(3) Beginning January 1, 2024, the threshold provided by subdivision (1) shall be adjusted annually based on the preceding change in the Chained Consumer Price Index for All Urban Consumers (C-CPI-U), as published by the Bureau of Labor Statistics for the U.S. Department of Labor or any successor index for the previous year.~~

~~b. For purposes of this subdivision 11, "amendment" means a single amendment to federal income tax law or a group of such amendments enacted in the same act of Congress that collectively surpass the threshold impact, and "federal tax extender" means an amendment to federal tax law that extends the expiration date of a federal tax provision to which Virginia conforms or has previously conformed.~~

~~c. The Secretary of Finance, in consultation with the Chairmen of the Senate Committee on Finance and Appropriations and the House Committees on Appropriations and Finance, shall be responsible for determining whether the criteria of subdivision a are met.~~

~~d. The Secretary of Finance shall annually provide a report on or before November 15 of each year on the fiscal impact of amendments to federal income tax law occurring since the adjournment sine die of the preceding regular session of the General Assembly to the Chairmen of the Senate Committee on Finance and Appropriations and the House Committees on Appropriations and Finance. The Secretary of Finance shall also provide updates to the same Chairmen on any further amendments to federal income tax law occurring between submission of the required report and the first day of the subsequent regular session of the General Assembly.~~ *The provisions of § 70302 of the federal Budget Reconciliation Act, P.L. 119-21 (2025), relating to the expensing and amortization of research and experimental expenditures. Such research and experimental expenditures shall continue to be subject to the applicable amortization period; and*

12. The provisions of § 70306 of the federal Budget Reconciliation Act, P.L. 119-21 (2025), relating to the increased dollar limitations for expensing of certain depreciable business assets.

C. The Department of Taxation is hereby authorized to develop procedures or guidelines for implementation of the provisions of this section, which procedures or guidelines shall be exempt from the provisions of the Administrative Process Act (§ 2.2-4000 et seq.).

§ 58.1-322.03. Virginia taxable income; deductions.

In computing Virginia taxable income pursuant to § 58.1-322, there shall be deducted from Virginia adjusted gross income as defined in § 58.1-321:

1. a. The amount allowable for itemized deductions for federal income tax purposes where the taxpayer has elected for the taxable year to itemize deductions on his federal return, but reduced by the amount of income taxes imposed by the Commonwealth or any other taxing jurisdiction and deducted on such federal return and increased by an amount that, when added to the amount deducted under § 170 of the Internal Revenue Code for mileage, results in a mileage deduction at the state level for such purposes at a rate of 18 cents per mile; or

b. Provided that the taxpayer has not itemized deductions for the taxable year on his federal income tax return: (i) for taxable years beginning before January 1, 2019, and on and after January 1, 2027, $3,000 for single individuals and $6,000 for married persons (one-half of such amounts in the case of a married individual filing a separate return); (ii) for taxable years beginning on and after January 1, 2019, but before January 1, 2022, $4,500 for single individuals and $9,000 for married persons (one-half of such amounts in the case of a married individual filing a separate return); (iii) for taxable years beginning on and after January 1, 2022, but before January 1, 2024, $8,000 for single individuals and $16,000 for married persons (one-half of such amounts in the case of a married individual filing a separate return); (iv) for taxable years beginning on and after January 1, 2024, but before January 1, 2025, $8,500 for single individuals and $17,000 for married persons (one-half of such amounts in the case of a married individual filing a separate return); and (v) for taxable years beginning on and after January 1, 2025, but before January 1, 2027, $8,750 for single individuals and $17,500 for married persons (one-half of such amounts in the case of a married individual filing a separate return). For purposes of this section, any person who may be claimed as a dependent on another taxpayer's return for the taxable year may compute the deduction only with respect to earned income.

2. a. A deduction in the amount of $930 for each personal exemption allowable to the taxpayer for federal income tax purposes.

b. Each blind or aged taxpayer as defined under § 63(f) of the Internal Revenue Code shall be entitled to an additional personal exemption in the amount of $800.

The additional deduction for blind or aged taxpayers allowed under this subdivision shall be allowable regardless of whether the taxpayer itemizes deductions for the taxable year for federal income tax purposes.

3. A deduction equal to the amount of employment-related expenses upon which the federal credit is based under § 21 of the Internal Revenue Code for expenses for household and dependent care services necessary for gainful employment.

4. An additional $1,000 deduction for each child residing for the entire taxable year in a home under permanent foster care placement as defined in § 63.2-908, provided that the taxpayer can also claim the child as a personal exemption under § 151 of the Internal Revenue Code.

5. a. A deduction in the amount of $12,000 for individuals born on or before January 1, 1939.

b. A deduction in the amount of $12,000 for individuals born after January 1, 1939, who have attained the age of 65. This deduction shall be reduced by $1 for every $1 that the taxpayer's adjusted federal adjusted gross income exceeds $50,000 for single taxpayers or $75,000 for married taxpayers. For married taxpayers filing separately, the deduction shall be reduced by $1 for every $1 that the total combined adjusted federal adjusted gross income of both spouses exceeds $75,000.

For the purposes of this subdivision, "adjusted federal adjusted gross income" means federal adjusted gross income minus any benefits received under Title II of the Social Security Act and other benefits subject to federal income taxation solely pursuant to § 86 of the Internal Revenue Code, as amended.

6. The amount an individual pays as a fee for an initial screening to become a possible bone marrow donor, if (i) the individual is not reimbursed for such fee or (ii) the individual has not claimed a deduction for the payment of such fee on his federal income tax return.

7. a. A deduction shall be allowed to the purchaser or contributor for the amount paid or contributed during the taxable year for a prepaid tuition contract or college savings trust account entered into with the Commonwealth Savers Plan, pursuant to Chapter 7 (§ 23.1-700 et seq.) of Title 23.1. Except as provided in subdivision b, the amount deducted on any individual income tax return in any taxable year shall be limited to $4,000 per prepaid tuition contract or college savings trust account. No deduction shall be allowed pursuant to this subdivision 7 if such payments or contributions are deducted on the purchaser's or contributor's federal income tax return. If the purchase price or annual contribution to a college savings trust account exceeds $4,000, the remainder may be carried forward and subtracted in future taxable years until the purchase price or college savings trust contribution has been fully deducted; however, except as provided in subdivision b, in no event shall the amount deducted in any taxable year exceed $4,000 per contract or college savings trust account. Notwithstanding the statute of limitations on assessments contained in § 58.1-312, any deduction taken hereunder shall be subject to recapture in the taxable year or years in which distributions or refunds are made for any reason other than (i) to pay qualified higher education expenses, as defined in § 529 of the Internal Revenue Code or (ii) the beneficiary's death, disability, or receipt of a scholarship. For the purposes of this subdivision, "purchaser" or "contributor" means the person shown as such on the records of the Commonwealth Savers Plan as of December 31 of the taxable year. In the case of a transfer of ownership of a prepaid tuition contract or college savings trust account, the transferee shall succeed to the transferor's tax attributes associated with a prepaid tuition contract or college savings trust account, including, but not limited to, carryover and recapture of deductions.

b. A purchaser of a prepaid tuition contract or contributor to a college savings trust account who has attained age 70 shall not be subject to the limitation that the amount of the deduction not exceed $4,000 per prepaid tuition contract or college savings trust account in any taxable year. Such taxpayer shall be allowed a deduction for the full amount paid for the contract or contributed to a college savings trust account, less any amounts previously deducted.

8. The total amount an individual actually contributed in funds to the Virginia Public School Construction Grants Program and Fund, established in Chapter 11.1 (§ 22.1-175.1 et seq.) of Title 22.1, provided that the individual has not claimed a deduction for such amount on his federal income tax return.

9. An amount equal to 20 percent of the tuition costs incurred by an individual employed as a primary or secondary school teacher licensed pursuant to Chapter 15 (§ 22.1-289.1 et seq.) of Title 22.1 to attend continuing teacher education courses that are required as a condition of employment; however, the deduction provided by this subdivision shall be available only if (i) the individual is not reimbursed for such tuition costs and (ii) the individual has not claimed a deduction for the payment of such tuition costs on his federal income tax return.

10. The amount an individual pays annually in premiums for long-term health care insurance, provided that the individual has not claimed a deduction for federal income tax purposes, or, for taxable years beginning before January 1, 2014, a credit under § 58.1-339.11. For taxable years beginning on and after January 1, 2014, no such deduction for long-term health care insurance premiums paid by the individual during the taxable year shall be allowed if the individual has claimed a federal income tax deduction for such taxable year for long-term health care insurance premiums paid by him.

11. Contract payments to a producer of quota tobacco or a tobacco quota holder, or their spouses, as provided under the American Jobs Creation Act of 2004 (P.L. 108-357), but only to the extent that such payments have not been subtracted pursuant to subsection D of § 58.1-402, as follows:

a. If the payment is received in installment payments, then the recognized gain may be subtracted in the taxable year immediately following the year in which the installment payment is received.

b. If the payment is received in a single payment, then 10 percent of the recognized gain may be subtracted in the taxable year immediately following the year in which the single payment is received. The taxpayer may then deduct an equal amount in each of the nine succeeding taxable years.

12. An amount equal to 20 percent of the sum paid by an individual pursuant to Chapter 6 (§ 58.1-600 et seq.), not to exceed $500 in each taxable year, in purchasing for his own use the following items of tangible personal property: (i) any clothes washers, room air conditioners, dishwashers, and standard size refrigerators that meet or exceed the applicable energy star efficiency requirements developed by the U.S. Environmental Protection Agency and the U.S. Department of Energy; (ii) any fuel cell that (a) generates electricity using an electrochemical process, (b) has an electricity-only generation efficiency greater than 35 percent, and (c) has a generating capacity of at least two kilowatts; (iii) any gas heat pump that has a coefficient of performance of at least 1.25 for heating and at least 0.70 for cooling; (iv) any electric heat pump hot water heater that yields an energy factor of at least 1.7; (v) any electric heat pump that has a heating system performance factor of at least 8.0 and a cooling seasonal energy efficiency ratio of at least 13.0; (vi) any central air conditioner that has a cooling seasonal energy efficiency ratio of at least 13.5; (vii) any advanced gas or oil water heater that has an energy factor of at least 0.65; (viii) any advanced oil-fired boiler with a minimum annual fuel-utilization rating of 85; (ix) any advanced oil-fired furnace with a minimum annual fuel-utilization rating of 85; and (x) programmable thermostats.

13. The lesser of $5,000 or the amount actually paid by a living donor of an organ or other living tissue for unreimbursed out-of-pocket expenses directly related to the donation that arose within 12 months of such donation, provided that the donor has not taken a medical deduction in accordance with the provisions of § 213 of the Internal Revenue Code for such expenses. The deduction may be taken in the taxable year in which the donation is made or the taxable year in which the 12-month period expires.

14. For taxable years beginning on and after January 1, 2013, the amount an individual age 66 or older with earned income of at least $20,000 for the year and federal adjusted gross income not in excess of $30,000 for the year pays annually in premiums for (i) a prepaid funeral insurance policy covering the individual or (ii) medical or dental insurance for any person for whom individual tax filers may claim a deduction for such premiums under federal income tax laws. As used in this subdivision, "earned income" means the same as that term is defined in § 32(c) of the Internal Revenue Code. The deduction shall not be allowed for any portion of such premiums paid for which the individual has (a) been reimbursed, (b) claimed a deduction for federal income tax purposes, (c) claimed a deduction or subtraction under another provision of this section, or (d) claimed a federal income tax credit or any income tax credit pursuant to this chapter.

15. Business interest disallowed as a deduction pursuant to § 163(j) of the Internal Revenue Code:

a. For taxable years beginning on and after January 1, 2018, but before January 1, 2022, 20 percent of such disallowed business interest;

b. For taxable years beginning on and after January 1, 2022, but before January 1, 2024, 30 percent of such disallowed business interest;

c. For taxable years beginning on and after January ~~2~~*1*, 2024, *but before January 1, 2025,* 50 percent of such disallowed business interest*; and*

d. For taxable years beginning on and after January 1, 2025, 20 percent of such disallowed business interest.

For purposes of subdivision 15, "business interest" means the same as that term is defined under § 163(j) of the Internal Revenue Code.

16. For taxable years beginning on and after January 1, 2019, the actual amount of real and personal property taxes imposed by the Commonwealth or any other taxing jurisdiction not otherwise deducted solely on account of the dollar limitation imposed on individual deductions by § 164(b)(6)(B) of the Internal Revenue Code.

17. For taxable years beginning before January 1, 2021, up to $100,000 of the amount that is not deductible when computing federal adjusted gross income solely on account of the portion of subdivision B 10 of § 58.1-301 related to Paycheck Protection Program loans.

18. For taxable years beginning on and after January 1, 2022, but before January 1, 2025, *and for taxable years beginning on and after January 1, 2026,* the lesser of $500 or the actual amount paid or incurred for eligible educator qualifying expenses. For purposes of this subdivision, "eligible educator" means an individual who for at least 900 hours during the taxable year in which the credit under this section is claimed served as a teacher licensed pursuant to Chapter 15 (§ 22.1-289.1 et seq.) of Title 22.1, instructor, student counselor, principal, special needs personnel, or student aide serving accredited public or private primary and secondary school students in Virginia, and "qualifying expenses" means 100 percent of the amount paid or incurred by an eligible educator during the taxable year for participation in professional development courses and the purchase of books, supplies, computer equipment (including related software and services), other educational and teaching equipment, and supplementary materials used directly in that individual's service to students as an eligible educator, provided that such purchases were neither reimbursed nor claimed as a deduction on the eligible educator's federal income tax return for such taxable year.

19. For taxable years beginning on and after January 1, 2026, the amount paid or cost incurred for installing a qualifying upgrade required to interconnect a triggering project. No deduction shall be allowed under this section for a taxpayer who has claimed a deduction under subsection I of § 58.1-402 for the same amount paid or cost incurred to install such qualifying upgrade.

For purposes of this subdivision, "qualifying upgrade" and "triggering project" have the same meanings as provided for those terms in § 56-596.5.

§ 58.1-332. Credits for taxes paid other states.

A. Whenever a Virginia resident has become liable to another state for income tax on any earned or business income or any gain on the sale of a capital asset (within the meaning of § 1221 of the Internal Revenue Code), not including an asset used in a trade or business, to the extent that such gain is included in federal adjusted gross income, for the taxable year, derived from sources outside the Commonwealth and subject to taxation under this chapter, the amount of such tax payable by him shall, upon proof of such payment, be credited on the taxpayer's return with the income tax so paid to the other state.

However, no franchise tax, license tax, excise tax, unincorporated business tax, occupation tax or any tax characterized as such by the taxing jurisdiction, although applied to earned or business income, shall qualify for a credit under this section, nor shall any tax which, if characterized as an income tax or a commuter tax, would be illegal and unauthorized under such other state's controlling or enabling legislation qualify for a credit under this section.

The credit allowable under this section shall not exceed: (i) such proportion of the income tax otherwise payable by him under this chapter as his income upon which the tax imposed by the other state was computed bears to his Virginia taxable income upon which the tax imposed by this Commonwealth was computed or (ii) the income tax otherwise payable under this chapter in the event that the income upon which the tax imposed by the other state is computed is less than the Virginia taxable income upon which the tax imposed by this Commonwealth is computed and all income derived from sources outside the Commonwealth and subject to taxation under this chapter is earned income or business income reported on federal form Schedule C from a single state contiguous to Virginia. The credit provided for by this section shall not be granted to a resident individual when the laws of another state, under which the income in question is subject to tax assessment, provide a credit to such resident individual substantially similar to that granted by subsection B of this section.

B. Whenever a nonresident individual of this Commonwealth has become liable to the state where he resides for income tax upon his Virginia taxable income for the taxable year, derived from Virginia sources and subject to taxation under this chapter, the amount of such tax payable under this chapter shall be credited with such proportion of the tax so payable by him to the state where he resides, upon proof of such payment, as his income subject to taxation under this chapter bears to his entire income upon which the tax so payable to such other state was imposed. The credit, however, shall be allowed only if the laws of such state: (i) grant a substantially similar credit to residents of Virginia subject to income tax under such laws or (ii) impose a tax upon the income of its residents derived from Virginia sources and exempt from taxation the income of residents of this Commonwealth. No credit shall be allowed against the amount of the tax on any income taxable under this chapter which is exempt from taxation under the laws of such other state.

C. 1. For purposes of this section, the amount of any state income tax paid by an electing small business corporation (S corporation) shall be deemed to have been paid by its individual shareholders in proportion to their ownership of the stock of such corporation.

2. For taxable years beginning on and after January 1, 2021, ~~but before January 1, 2026,~~ for purposes of this section, the amount of any state income tax paid by a pass-through entity under a law of another state substantially similar to § 58.1-390.3 shall be deemed to have been paid by its individual owners in proportion to their ownership.

§ 58.1-390.3. Elective income tax on pass-through entities.

A. 1. For taxable years beginning on and after January 1, 2021, but before January 1, 2022, a pass-through entity may make an election, in a format and according to such requirements and procedures to be established by the Department, to pay the tax levied by this section at the entity level for the taxable year. Such election shall be made on or before a date to be determined by the Department, which shall be set no earlier than one year after the extended due date for filing the applicable return. Notwithstanding §§ 58.1-1812 and 58.1-1833, no interest shall accrue on underpayments or overpayments solely attributable to such election.

2. For taxable years beginning on and after January 1, 2022, ~~but before January 1, 2027,~~ a pass-through entity may make an annual election, on its timely filed return pursuant to § 58.1-392, to pay the tax levied by this section at the entity level for the taxable period covered by such return. Such election shall be made on or before the due date for filing the applicable return, including any extensions that have been granted.

B. A tax at the rate of 5.75 percent is hereby annually imposed on the Virginia taxable income, as calculated pursuant to § 58.1-391 but taking into account only the pro rata or distributive share of each item of income, gain, loss, or deduction attributable to eligible owners, for each taxable year of every pass-through entity that makes the election provided under subsection A.

C. In computing the tax imposed by this section, the pro rata or distributive share of the Virginia taxable income of each nonresident eligible owner shall be limited to income that is attributable to Virginia sources and shall be subject to the modifications to income as described in §§ 58.1-322.01 through 58.1-322.04.

D. A pass-through entity that elects to pay the tax levied by subsection B shall be eligible for all credits, deductions, or other adjustments to taxable income under § 58.1-391, provided that a pass-through entity's taxable income shall be adjusted to eliminate any federal deduction for state and local income taxes.

E. Any person that is subject to the tax imposed under § 58.1-320 or 58.1-360 and is an eligible owner of a pass-through entity making the election pursuant to this section shall be entitled to a credit against the tax imposed, provided that taxable income has been adjusted to add back any deduction for state and local income taxes paid by the pass-through entity. Such credit shall be in an amount equal to such person's pro rata share of the tax paid under this section by any pass-through entity of which such person is an owner. If the amount of the credit allowed pursuant to this subsection exceeds such person's tax liability for the tax imposed under § 58.1-320 or 58.1-360, as applicable, such excess shall be treated as an overpayment and refundable pursuant to § 58.1-499.

F. If any pass-through entity makes an election pursuant to this section, the Department shall assess and collect tax, interest, and penalties as if such tax is a corporate income tax imposed pursuant to the provisions of Article 10 (§ 58.1-400 et seq.).

G. The Department shall develop and make publicly available guidelines implementing the provisions of this section and the credit authorized by subdivision C 2 of § 58.1-332.

§ 58.1-402. Virginia taxable income.

A. For purposes of this article, Virginia taxable income for a taxable year means the federal taxable income and any other income taxable to the corporation under federal law for such year of a corporation adjusted as provided in subsections B, C, D, E, G, H, and I.

For a regulated investment company and a real estate investment trust, such term means the "investment company taxable income" and "real estate investment trust taxable income," respectively, to which shall be added in each case any amount of capital gains and any other income taxable to the corporation under federal law which shall be further adjusted as provided in subsections B, C, D, E, G, H, and I.

B. There shall be added to the extent excluded from federal taxable income:

1. Interest, less related expenses to the extent not deducted in determining federal taxable income, on obligations of any state other than Virginia, or of a political subdivision of any such other state unless created by compact or agreement to which the Commonwealth is a party;

2. Interest or dividends, less related expenses to the extent not deducted in determining federal taxable income, on obligations or securities of any authority, commission or instrumentality of the United States, which the laws of the United States exempt from federal income tax but not from state income taxes;

3. [Repealed.]

4. The amount of any net income taxes and other taxes, including franchise and excise taxes, which are based on, measured by, or computed with reference to net income, imposed by the Commonwealth or any other taxing jurisdiction, to the extent deducted in determining federal taxable income;

5. Unrelated business taxable income as defined by § 512 of the Internal Revenue Code;

6. [Repealed.]

7. The amount required to be included in income for the purpose of computing the partial tax on an accumulation distribution pursuant to § 667 of the Internal Revenue Code;

8. a. For taxable years beginning on and after January 1, 2004, the amount of any intangible expenses and costs directly or indirectly paid, accrued, or incurred to, or in connection directly or indirectly with one or more direct or indirect transactions with one or more related members to the extent such expenses and costs were deductible or deducted in computing federal taxable income for Virginia purposes. This addition shall not be required for any portion of the intangible expenses and costs if one of the following applies:

(1) The corresponding item of income received by the related member is subject to a tax based on or measured by net income or capital imposed by Virginia, another state, or a foreign government that has entered into a comprehensive tax treaty with the United States government;

(2) The related member derives at least one-third of its gross revenues from the licensing of intangible property to parties who are not related members, and the transaction giving rise to the expenses and costs between the corporation and the related member was made at rates and terms comparable to the rates and terms of agreements that the related member has entered into with parties who are not related members for the licensing of intangible property; or

(3) The corporation can establish to the satisfaction of the Tax Commissioner that the intangible expenses and costs meet both of

the following: (i) the related member during the same taxable year directly or indirectly paid, accrued or incurred such portion to a person who is not a related member, and (ii) the transaction giving rise to the intangible expenses and costs between the corporation and the related member did not have as a principal purpose the avoidance of any portion of the tax due under this chapter.

b. A corporation required to add to its federal taxable income intangible expenses and costs pursuant to subdivision a may petition the Tax Commissioner, after filing the related income tax return for the taxable year and remitting to the Tax Commissioner all taxes, penalties, and interest due under this article for such taxable year including tax upon any amount of intangible expenses and costs required to be added to federal taxable income pursuant to subdivision a, to consider evidence relating to the transaction or transactions between the corporation and a related member or members that resulted in the corporation's taxable income being increased, as required under subdivision a, for such intangible expenses and costs.

If the corporation can demonstrate to the Tax Commissioner's sole satisfaction, by clear and convincing evidence, that the transaction or transactions between the corporation and a related member or members resulting in such increase in taxable income pursuant to subdivision a had a valid business purpose other than the avoidance or reduction of the tax due under this chapter, the Tax Commissioner shall permit the corporation to file an amended return. For purposes of such amended return, the requirements of subdivision a shall not apply to any transaction for which the Tax Commissioner is satisfied (and has identified) that the transaction had a valid business purpose other than the avoidance or reduction of the tax due under this chapter. Such amended return shall be filed by the corporation within one year of the written permission granted by the Tax Commissioner and any refund of the tax imposed under this article shall include interest at a rate equal to the rate of interest established under § 58.1-15 and such interest shall accrue as provided under § 58.1-1833. However, upon the filing of such amended return, any related member of the corporation that subtracted from taxable income amounts received pursuant to subdivision C 21 shall be subject to the tax imposed under this article on that portion of such amounts for which the corporation has filed an amended return pursuant to this subdivision. In addition, for such transactions identified by the Tax Commissioner herein by which he has been satisfied by clear and convincing evidence, the Tax Commissioner may permit the corporation in filing income tax returns for subsequent taxable years to deduct the related intangible expenses and costs without making the adjustment under subdivision a.

The Tax Commissioner may charge a fee for all direct and indirect costs relating to the review of any petition pursuant to this subdivision, to include costs necessary to secure outside experts in evaluating the petition. The Tax Commissioner may condition the review of any petition pursuant to this subdivision upon payment of such fee.

No suit for the purpose of contesting any action of the Tax Commissioner under this subdivision shall be maintained in any court of this Commonwealth.

c. Nothing in subdivision B 8 shall be construed to limit or negate the Department's authority under § 58.1-446;

9. a. For taxable years beginning on and after January 1, 2004, the amount of any interest expenses and costs directly or indirectly paid, accrued, or incurred to, or in connection directly or indirectly with one or more direct or indirect transactions with one or more related members to the extent such expenses and costs were deductible or deducted in computing federal taxable income for Virginia purposes. This addition shall not be required for any portion of the interest expenses and costs, if:

(1) The related member has substantial business operations relating to interest-generating activities, in which the related member pays expenses for at least five full-time employees who maintain, manage, defend or are otherwise responsible for operations or administration relating to the interest-generating activities; and

(2) The interest expenses and costs are not directly or indirectly for, related to or in connection with the direct or indirect acquisition, maintenance, management, sale, exchange, or disposition of intangible property; and

(3) The transaction giving rise to the expenses and costs between the corporation and the related member has a valid business purpose other than the avoidance or reduction of taxation and payments between the parties are made at arm's length rates and terms; and

(4) One of the following applies:

(i) The corresponding item of income received by the related member is subject to a tax based on or measured by net income or capital imposed by Virginia, another state, or a foreign government that has entered into a comprehensive tax treaty with the United States government;

(ii) Payments arise pursuant to a pre-existing contract entered into when the parties were not related members provided the payments continue to be made at arm's length rates and terms;

(iii) The related member engages in transactions with parties other than related members that generate revenue in excess of $2 million annually; or

(iv) The transaction giving rise to the interest payments between the corporation and a related member was done at arm's length rates and terms and meets any of the following: (a) the related member uses funds that are borrowed from a party other than a related member or that are paid, incurred or passed-through to a person who is not a related member; (b) the debt is part of a regular and systematic funds management or portfolio investment activity conducted by the related member, whereby the funds of two or more related members are aggregated for the purpose of achieving economies of scale, the internal financing of the active business operations of members, or the benefit of centralized management of funds; (c) financing the expansion of the business operations; or (d) restructuring the debt of related members, or the pass-through of acquisition-related indebtedness to related members.

b. A corporation required to add to its federal taxable income interest expenses and costs pursuant to subdivision a may petition the Tax Commissioner, after filing the related income tax return for the taxable year and remitting to the Tax Commissioner all taxes, penalties, and interest due under this article for such taxable year including tax upon any amount of interest expenses and costs required to be added to federal taxable income pursuant to subdivision a, to consider evidence relating to the transaction or transactions between the corporation and a related member or members that resulted in the corporation's taxable income being increased, as required under subdivision a, for such interest expenses and costs.

If the corporation can demonstrate to the Tax Commissioner's sole satisfaction, by clear and convincing evidence, that the transaction or transactions between the corporation and a related member or members resulting in such increase in taxable income pursuant to subdivision a had a valid business purpose other than the avoidance or reduction of the tax due under this chapter and that the related payments between the parties were made at arm's length rates and terms, the Tax Commissioner shall permit the corporation to file an amended return. For purposes of such amended return, the requirements of subdivision a shall not apply to any transaction for which the Tax Commissioner is satisfied (and has identified) that the transaction had a valid business purpose other than the avoidance or reduction of the tax due under this chapter and that the related payments between the parties were made at arm's length rates and terms. Such amended return shall be filed by the corporation within one year of the written permission granted by the Tax Commissioner and any refund of the tax imposed under this article shall include interest at a rate equal to the rate of interest established under § 58.1-15 and such interest shall accrue as provided under § 58.1-1833. However, upon the filing of such amended return, any related member of the corporation that subtracted from taxable income amounts received pursuant to subdivision C 21 shall be subject to the tax imposed under this article on that portion of such amounts for which the corporation has filed an amended return pursuant to this subdivision. In addition, for such transactions identified by the Tax Commissioner herein by which he has been satisfied by clear and convincing evidence, the Tax Commissioner may permit the corporation in filing income tax returns for subsequent taxable years to deduct the related interest expenses and costs without making the adjustment under subdivision a.

The Tax Commissioner may charge a fee for all direct and indirect costs relating to the review of any petition pursuant to this subdivision, to include costs necessary to secure outside experts in evaluating the petition. The Tax Commissioner may condition the review of any petition pursuant to this subdivision upon payment of such fee.

No suit for the purpose of contesting any action of the Tax Commissioner under this subdivision shall be maintained in any court of this Commonwealth.

c. Nothing in subdivision B 9 shall be construed to limit or negate the Department's authority under § 58.1-446.

d. For purposes of subdivision B 9:

"Arm's-length rates and terms" means that (i) two or more related members enter into a written agreement for the transaction, (ii) such agreement is of a duration and contains payment terms substantially similar to those that the related member would be able to obtain from an unrelated entity, (iii) the interest is at or below the applicable federal rate compounded annually for debt instruments under § 1274(d) of the Internal Revenue Code that was in effect at the time of the agreement, and (iv) the borrower or payor adheres to the payment terms of the agreement governing the transaction or any amendments thereto.

"Valid business purpose" means one or more business purposes that alone or in combination constitute the motivation for some business activity or transaction, which activity or transaction improves, apart from tax effects, the economic position of the taxpayer, as further defined by regulation.

10. a. For taxable years beginning on and after January 1, 2009, the amount of dividends deductible under §§ 561 and 857 of the Internal Revenue Code by a Captive Real Estate Investment Trust (REIT). For purposes of this subdivision, a REIT is a Captive REIT if:

(1) It is not regularly traded on an established securities market;

(2) More than 50 percent of the voting power or value of beneficial interests or shares of which, at any time during the last half of the taxable year, is owned or controlled, directly or indirectly, by a single entity that is (i) a corporation or an association taxable as a corporation under the Internal Revenue Code; and (ii) not exempt from federal income tax pursuant to § 501(a) of the Internal Revenue Code; and

(3) More than 25 percent of its income consists of rents from real property as defined in § 856(d) of the Internal Revenue Code.

b. For purposes of applying the ownership test of subdivision 10 a (2), the following entities shall not be considered a corporation or an association taxable as a corporation:

(1) Any REIT that is not treated as a Captive REIT;

(2) Any REIT subsidiary under § 856 of the Internal Revenue Code other than a qualified REIT subsidiary of a Captive REIT;

(3) Any Listed Australian Property Trust, or an entity organized as a trust, provided that a Listed Australian Property Trust owns or controls, directly or indirectly, 75 percent or more of the voting or value of the beneficial interests or shares of such trust; and

(4) Any Qualified Foreign Entity.

c. For purposes of subdivision B 10, the constructive ownership rules prescribed under § 318(a) of the Internal Revenue Code, as modified by § 856(d)(5) of the Internal Revenue Code, shall apply in determining the ownership of stock, assets, or net profits of any person.

d. For purposes of subdivision B 10:

"Listed Australian Property Trust" means an Australian unit trust registered as a Management Investment Scheme, pursuant to the Australian Corporations Act, in which the principal class of units is listed on a recognized stock exchange in Australia and is regularly traded on an established securities market.

"Qualified Foreign Entity" means a corporation, trust, association or partnership organized outside the laws of the United States and that satisfies all of the following criteria:

(1) At least 75 percent of the entity's total asset value at the close of its taxable year is represented by real estate assets, as defined in § 856(c)(5)(B) of the Internal Revenue Code, thereby including shares or certificates of beneficial interest in any REIT, cash and cash equivalents, and U.S. Government securities;

(2) The entity is not subject to a tax on amounts distributed to its beneficial owners, or is exempt from entity level tax;

(3) The entity distributes, on an annual basis, at least 85 percent of its taxable income, as computed in the jurisdiction in which it is organized, to the holders of its shares or certificates of beneficial interest;

(4) The shares or certificates of beneficial interest of such entity are regularly traded on an established securities market or, if not so traded, not more than 10 percent of the voting power or value in such entity is held directly, indirectly, or constructively by a single entity or individual; and

(5) The entity is organized in a country that has a tax treaty with the United States.

e. For taxable years beginning on or after January 1, 2016, for purposes of subdivision B 10, any voting power or value of the beneficial interests or shares in a REIT that is held in a segregated asset account of a life insurance corporation as described in § 817 of the Internal Revenue Code shall not be taken into consideration when determining if such REIT is a Captive REIT.

11. For taxable years beginning on or after January 1, 2016, to the extent that tax credit is allowed for the same donation pursuant to § 58.1-439.12:12, any amount claimed as a federal income tax deduction for such donation under § 170 of the Internal Revenue Code, as amended or renumbered.

C. There shall be subtracted to the extent included in and not otherwise subtracted from federal taxable income:

1. Income derived from obligations, or on the sale or exchange of obligations, of the United States and on obligations or securities of any authority, commission or instrumentality of the United States to the extent exempt from state income taxes under the laws of the United States including, but not limited to, stocks, bonds, treasury bills, and treasury notes, but not including interest on refunds of federal taxes, interest on equipment purchase contracts, or interest on other normal business transactions.

2. Income derived from obligations, or on the sale or exchange of obligations of this Commonwealth or of any political subdivision or instrumentality of this Commonwealth.

3. Dividends upon stock in any domestic international sales corporation, as defined by § 992 of the Internal Revenue Code, 50 percent or more of the income of which was assessable for the preceding year, or the last year in which such corporation has income, under the provisions of the income tax laws of the Commonwealth.

4. The amount of any refund or credit for overpayment of income taxes imposed by this Commonwealth or any other taxing jurisdiction.

5. Any amount included therein by the operation of the provisions of § 78 of the Internal Revenue Code (foreign dividend gross-up).

6. The amount of wages or salaries eligible for the federal Targeted Jobs Credit which was not deducted for federal purposes on account of the provisions of § 280C(a) of the Internal Revenue Code.

7. Any amount included therein by the operation of § 951 of the Internal Revenue Code (subpart F income) or, for taxable years beginning on and after January 1, 2018, § 951A of the Internal Revenue Code (~~Global~~ ~~Intangible~~ ~~Low-Taxed~~*Net Controlled Foreign Corporation Tested* Income).

8. Any amount included therein which is foreign source income as defined in § 58.1-302.

9. [Repealed.]

10. The amount of any dividends received from corporations in which the taxpaying corporation owns 50 percent or more of the voting stock.

11. [Repealed.]

12, 13. [Expired.]

14. For taxable years beginning on or after January 1, 1995, the amount for "qualified research expenses" or "basic research expenses" eligible for deduction for federal purposes, but which were not deducted, on account of the provisions of § 280C(c) of the Internal Revenue Code.

15. For taxable years beginning on or after January 1, 2000, the total amount actually contributed in funds to the Virginia Public School Construction Grants Program and Fund established in Chapter 11.1 (§ 22.1-175.1 et seq.) of Title 22.1.

16. For taxable years beginning on or after January 1, 2000, but before January 1, 2015, the gain derived from the sale or exchange of real property or the sale or exchange of an easement to real property which results in the real property or the easement thereto being devoted to open-space use, as that term is defined in § 58.1-3230, for a period of time not less than 30 years. To the extent a subtraction is taken in accordance with this subdivision, no tax credit under this chapter for donating land for its preservation shall be allowed for three years following the year in which the subtraction is taken.

17. For taxable years beginning on and after January 1, 2001, any amount included therein with respect to § 58.1-440.1.

18. For taxable years beginning on and after January 1, 1999, income received as a result of (i) the "Master Settlement Agreement," as defined in § 3.2-3100; and (ii) the National Tobacco Grower Settlement Trust dated July 19, 1999, by (a) tobacco farming businesses; (b) any business holding a tobacco marketing quota, or tobacco farm acreage allotment, under the Agricultural Adjustment Act of 1938; or (c) any business having the right to grow tobacco pursuant to such a quota allotment.

19, 20. [Repealed.]

21. For taxable years beginning on and after January 1, 2004, any amount of intangible expenses and costs or interest expenses and costs added to the federal taxable income of a corporation pursuant to subdivision B 8 or B 9 shall be subtracted from the federal taxable income of the related member that received such amount if such related member is subject to Virginia income tax on the same amount.

22. For taxable years beginning on and after January 1, 2009, any gain recognized from the sale of launch services to space flight participants, as defined in 49 U.S.C. § 70102, or launch services intended to provide individuals the training or experience of a launch, without performing an actual launch. To qualify for a deduction under this subdivision, launch services must be performed in Virginia or originate from an airport or spaceport in Virginia.

23. For taxable years beginning on and after January 1, 2009, any gain recognized as a result of resupply services contracts for delivering payload, as defined in 49 U.S.C. § 70102, entered into with the Commercial Orbital Transportation Services division of the National Aeronautics and Space Administration or other space flight entity, as defined in § 8.01-227.8, and launched from an airport or spaceport in Virginia.

24. For taxable years beginning on or after January 1, 2011, any income taxed as a long-term capital gain for federal income tax purposes, or any income taxed as investment services partnership interest income (otherwise known as investment partnership carried interest income) for federal income tax purposes. To qualify for a subtraction under this subdivision, such income must be attributable to an investment in a "qualified business," as defined in § 58.1-339.4, or in any other technology business approved by the Secretary of Administration, provided the business has its principal office or facility in the Commonwealth and less than $3 million in annual revenues in the fiscal year prior to the investment. To qualify for a subtraction under this subdivision, the investment must be made between the dates of April 1, 2010, and June 30, 2020. No taxpayer who has claimed a tax credit for an investment in a "qualified business" under § 58.1-339.4 shall be eligible for the subtraction under this subdivision for an investment in the same business.

25. a. Income, including investment services partnership interest income (otherwise known as investment partnership carried interest income), attributable to an investment in a Virginia venture capital account. To qualify for a subtraction under this subdivision, the investment shall be made on or after January 1, 2018, but before December 31, 2023. No subtraction shall be allowed under this subdivision for an investment in a company that is owned or operated by an affiliate of the taxpayer. No subtraction shall be allowed under this subdivision for a taxpayer who has claimed a subtraction under subdivision C 24 for the same investment.

b. As used in this subdivision 25:

"Qualified portfolio company" means a company that (i) has its principal place of business in the Commonwealth; (ii) has a primary purpose of production, sale, research, or development of a product or service other than the management or investment of capital; and (iii) provides equity in the company to the Virginia venture capital account in exchange for a capital investment. "Qualified portfolio company" does not include a company that is an individual or sole proprietorship.

"Virginia venture capital account" means an investment fund that has been certified by the Department as a Virginia venture capital account. In order to be certified as a Virginia venture capital account, the operator of the investment fund shall register the investment fund with the Department prior to December 31, 2023, (i) indicating that it intends to invest at least 50 percent of the capital committed to its fund in qualified portfolio companies and (ii) providing documentation that it employs at least one investor who has at least four years of professional experience in venture capital investment or substantially equivalent experience. "Substantially equivalent experience" includes, but is not limited to, an undergraduate degree from an accredited college or university in economics, finance, or a similar field of study. The Department may require an investment fund to provide documentation of the investor's training, education, or experience as deemed necessary by the Department to determine substantial equivalency. If the Department determines that the investment fund employs at least one investor with the experience set forth herein, the Department shall certify the investment fund as a Virginia venture capital account at such time as the investment fund actually invests at least 50 percent of the capital committed to its fund in qualified portfolio companies.

26. a. Income attributable to an investment in a Virginia real estate investment trust. To qualify for a subtraction under this subdivision, the investment shall be made on or after January 1, 2019, but before December 31, 2024. No subtraction shall be allowed for an investment in a trust that is managed by an affiliate of the taxpayer. No subtraction shall be allowed under this subdivision for a taxpayer who has claimed a subtraction under subdivision C 24 or 25 for the same investment.

b. As used in this subdivision 26:

"Distressed" means satisfying the criteria applicable to a locality described in subdivision E 2 of § 2.2-115.

"Double distressed" means satisfying the criteria applicable to a locality described in subdivision E 3 of § 2.2-115.

"Virginia real estate investment trust" means a real estate investment trust, as defined in 26 U.S.C. § 856, that has been certified by the Department as a Virginia real estate investment trust. In order to be certified as a Virginia real estate investment trust, the trustee shall register the trust with the Department prior to December 31, 2024, indicating that it intends to invest at least 90 percent of trust funds in Virginia and at least 40 percent of trust funds in real estate in localities that are distressed or double distressed. If the Department determines that the trust satisfies the preceding criteria, the Department shall certify the trust as a Virginia real estate investment trust at such time as the trust actually invests at least 90 percent of trust funds in Virginia and at least 40 percent of trust funds in real estate in localities that are distressed or double distressed.

27. For taxable years beginning on and after January 1, 2019, any gain recognized from the taking of real property by condemnation proceedings.

28. For taxable years beginning before January 1, 2021, up to $100,000 of all grant funds received by the taxpayer under the Rebuild Virginia program established by the Governor and administered by the Department of Small Business and Supplier Diversity.

D. For taxable years beginning on and after January 1, 2006, there shall be subtracted from federal taxable income contract payments to a producer of quota tobacco or a tobacco quota holder as provided under the American Jobs Creation Act of 2004 (P.L. 108-357) as follows:

1. If the payment is received in installment payments, then the recognized gain, including any gain recognized in taxable year 2005, may be subtracted in the taxable year immediately following the year in which the installment payment is received.

2. If the payment is received in a single payment, then 10 percent of the recognized gain may be subtracted in the taxable year immediately following the year in which the single payment is received. The taxpayer may then deduct an equal amount in each of the nine succeeding taxable years.

E. Adjustments to federal taxable income shall be made to reflect the transitional modifications provided in § 58.1-315.

F. Notwithstanding any other provision of law, the income from any disposition of real property which is held by the taxpayer for sale to customers in the ordinary course of the taxpayer's trade or business, as defined in § 453(l)(1)(B) of the Internal Revenue Code, of property made on or after January 1, 2009, may, at the election of the taxpayer, be recognized under the installment method described under § 453 of the Internal Revenue Code, provided that (i) the election relating to the dealer disposition of the property has been made on or before the due date prescribed by law (including extensions) for filing the taxpayer's return of the tax imposed under this chapter for the taxable year in which the disposition occurs, and (ii) the dealer disposition is in accordance with restrictions or conditions established by the Department, which shall be set forth in guidelines developed by the Department. Along with such restrictions or conditions, the guidelines shall also address the recapture of such income under certain circumstances. The development of the guidelines shall be exempt from the Administrative Process Act (§ 2.2-4000 et seq.).

G. There shall be deducted to the extent included in and not otherwise subtracted from federal taxable income a percentage of the business interest disallowed as a deduction pursuant to § 163(j) of the Internal Revenue Code in the amount of:

1. ~~20~~*Twenty* percent for taxable years beginning on and after January 1, 2018, but before January 1, 2022;

2. ~~30~~*Thirty* percent for taxable years beginning on and after January 1, 2022, but before January 1, 2024; ~~and~~

3. ~~50~~*Fifty* percent for taxable years beginning on and after January 1, 2024 *, but before January 1, 2025; and*

4. Twenty percent for taxable years beginning on and after January 1, 2025.

For purposes of subsection G, "business interest" means the same as that term is defined under § 163(j) of the Internal Revenue Code.

H. For taxable years beginning before January 1, 2021, there shall be deducted to the extent not otherwise subtracted from federal taxable income up to $100,000 of the amount that is not deductible when computing federal taxable income solely on account of the portion of subdivision B 10 of § 58.1-301 related to Paycheck Protection Program loans.

I. For taxable years beginning on and after January 1, 2026, there shall be deducted the amount paid or cost incurred for installing a qualifying upgrade required to interconnect a triggering project. No deduction shall be allowed under this section for a taxpayer who has claimed a deduction under subdivision 19 of § 58.1-322.03 for the same amount paid or cost incurred to install such qualifying upgrade.

For purposes of this subsection, "qualifying upgrade" and "triggering project" have the same meanings as provided for those terms in § 56-596.5.

~~13.~~*14.* That, notwithstanding any other provision of law to the contrary, the Virginia Commonwealth University Health System Authority (the Authority) shall not be required to remit any payment to the City of Richmond pursuant to (i) the Delegation and Assumption Agreement for Guaranteed Obligations (the Delegation) entered into June 15, 2021, by the Authority in the City of Richmond or (ii) any other contract, agreement or instrument related to obligations of the Authority pursuant to the Delegation, unless and until the General Assembly provides explicit authorization therefor.

15. That the provisions of the thirteenth enactment shall prevail over any conflicting provisions of the eleventh and twelfth enactments of Chapter 725 of the Acts of Assembly of 2025 notwithstanding § 4-13.00 of Chapter 725 of the Acts of Assembly of 2025, which shall not be applicable with respect to any such conflict.

***16.* 1.** § 1. The redistricting map for Virginia's representatives to the United States House of Representatives, established by the Supreme Court of Virginia (*In re: Decennial Redistricting Pursuant to The Constitution of Virginia, art. II, §§ 6 to 6-A, and Virginia Code § 30-399*, order (Va. 12/28/2021)) following the 2020 decennial census is hereby repealed and any further use of the voting districts constituting such redistricting map is prohibited.

§ 2. In accordance with § 24.2-304.05 of the Code of Virginia, the district numbers and boundaries of the 11 congressional districts as set out in the fourth enactment are those designated in the block equivalency files and resulting shapefile that is the electronic version of the districts, and those block equivalency files and shapefile shall be controlling in any legal determination of the boundary of such district.

§ 3. All references in the fourth enactment to boundaries of counties and cities and of precincts shall be interpreted to refer to those in existence on April 1, 2021, and as reported by the United States Bureau of the Census in the 2020 Census reports provided pursuant to United States P.L. 94-171, notwithstanding any subsequent changes to the boundaries of those counties, cities, or precincts.

In implementing the congressional districts as set forth in the shapefiles and block equivalency files, the Department of Elections shall be authorized to adjust one or more district boundaries for the purpose of reconciling discrepancies between a locality boundary as represented in the shapefiles and as it is represented in the data provided to the Department of Elections by the localities for legally established precincts. Any reconciliation for such purpose shall be consistent with the written description of the districts set forth in the fourth enactment.

§ 4. The 11 congressional districts are:

First. All of King William County, Spotsylvania County, and the City of Fredericksburg; part of Fairfax County comprised of the Bush Hill Voting District, Forestdale Voting District, Franconia Voting District, Hayfield Voting District, Rose Hill Voting District, Virginia Hills Voting District, Garfield Voting District, Lane Voting District, Villages Voting District, Kingstowne Voting District, Van Dorn Voting District, Clermont Voting District, Huntley Voting District, Island Creek Voting District, Belvedere Voting District, Lincolnia Voting District, Plaza Voting District, Parklawn Voting District, Crossroads Voting District, Weyanoke Voting District, Skyline Voting District, Bren Mar Voting District, Newington Voting District, Belvoir Voting District, Lorton Station Voting District, Alban Voting District, Saratoga Voting District, Woodlawn Voting District, and Army Voting

District, and parts of the Baileys Voting District, Edsall Voting District, Laurel Hill Voting District, Lorton Voting District, Pinewood Voting District, Pioneer Voting District, Poe Voting District, South County Voting District, and Sydenstricker Voting District; part of Hanover County comprised of the Ashland Voting District, Sliding Hill Voting District, Berkley Voting District, Kersey Creek Voting District, Chickahominy Voting District, Beaverdam Voting District, Blunts Voting District, Wilmington Parish Voting District, Courthouse Voting District, Oak Knoll Voting District, West Hanover Voting District, Oak Hill Voting District, Clay Voting District, Shady Grove Voting District, Atlee Voting District, Cool Spring Voting District, Battlefield Voting District, Cold Harbor Voting District, Black Creek Voting District, Pebble Creek Voting District, Beaverdam Creek Voting District, Rural Point Voting District, Newman Voting District, Studley Voting District, Totopotomoy Voting District, Georgetown Voting District, Laurel Meadow Voting District, Village Voting District, Lee Davis Voting District, Mechanicsville Voting District, Hanover Grove Voting District, Montpelier Voting District, Elmont Voting District, and South Anna Voting District; part of Prince William County comprised of the Saunders Voting District, Marshall Voting District, Coles Voting District, Spriggs Voting District, Hylton Voting District, Penn Voting District, Saratoga Voting District, Rosa Parks Voting District, Pattie Voting District, Washington Reid Voting District, Henderson Voting District, Montclair Voting District, Ashland Voting District, Cardinal Voting District, Cabin Branch Voting District, Lake Ridge Voting District, Occoquan Voting District, Old Bridge Voting District, Rockledge Voting District, Mohican Voting District, Bethel Voting District, Chinn Voting District, Springwoods Voting District, Mc Coart Voting District, Westridge Voting District, York Voting District, Lynnwood Voting District, Antietam Voting District, Dale Voting District, Beville Voting District, Hampton Voting District, Gideon Voting District, Minnieville Voting District, Bel Air Voting District, Kerrydale Voting District, Enterprise Voting District, King Voting District, Fitzgerald Voting District, and Neabsco Voting District, and parts of the Forest Park Voting District, Graham Park Voting District, and Quantico Voting District precincts; and part of Stafford County comprised of the Hartwood Voting District, Rocky Run Voting District, College Voting District, Rock Hill Voting District, Roseville Voting District, Ruby Voting District, Stefaniga Voting District, Griffis Voting District, Barrett Voting District, Grafton Voting District, Falmouth Voting District, Drew Voting District, Gayle Voting District, Ferry Farm Voting District, Chatham Voting District, England Run Voting District, Woodlands Voting District, Whitson Voting District, and Hampton Voting District, and parts of the Courthouse Voting District, Simpson Voting District, and White Oak Voting District precincts.

Second. All of Accomack County, Isle of Wight County, and Northampton County, and the Cities of Suffolk and Virginia Beach; part of the City of Chesapeake comprised of the Bethel Voting District, Camelot Voting District, Churchland Voting District, Crestwood Voting District, Deep Creek Voting District, South Norfolk Recreation Voting District, Oscar Smith Voting District, Georgetown Voting District, B M Williams Voting District, Hickory Grove Voting District, Indian Creek Voting District, Indian River Voting District, Jolliff Voting District, E W Chittum Voting District, Fellowship Voting District, Oaklette Voting District, Johnson Park Voting District, Silverwood Voting District, Sunray I Voting District, South Norfolk Voting District, Carver School Voting District, Providence Voting District, Westover Voting District, Taylor Road Voting District, Bailey Creek Voting District, John T West Voting District, Parkways Voting District, Nansemond Voting District, Sunray II Voting District, Jolliff Middle School Voting District, Fairways Voting District, Pughsville Voting District, Georgetown East Voting District, Cypress Voting District, Deep Creek II Voting District, and parts of the Waterway Voting District precinct; and part of Franklin City comprised of Precinct 1-1, Precinct 2-1, and Precinct 6-1, and parts of the Precinct 3-1, Precinct 4-1, and Precinct 5-1 precincts.

Third. All of the Cities of Hampton, Newport News, Norfolk, Poquoson, and Portsmouth; and part of the City of Chesapeake comprised of the Great Bridge Voting District, Greenbrier Voting District, Bells Mill Voting District, Geneva Park Voting District, Gilmerton Voting District, Grassfield Voting District, Norfolk Highlands Voting District, Oak Grove Voting District, St. Julians Voting District, Tanglewood Voting District, Hickory Middle School Voting District, Great Bridge Baptist Church Voting District, Bridgetown Voting District, Lake Drummond Voting District, Pleasant Crossing Voting District, Bells Mill II Voting District, River Walk Voting District, Cooper's Way Voting District, Shipyard Road Voting District, Green Tree Voting District, Expressway Voting District, Clearfield Voting District, Parker Road Voting District, Centerville Voting District, Fentress Voting District, Poplar Branch Voting District, Waterway II Voting District, and parts of the Waterway Voting District precinct.

Fourth. All of Brunswick County, Charles City County, Dinwiddie County, Greensville County, Halifax County, Mecklenburg County, Pittsylvania County, Prince George County, Southampton County, Surry County, and Sussex County, and the Cities of Colonial Heights, Danville, Emporia, Hopewell, Petersburg, and Williamsburg; part of Chesterfield County comprised of the Bellwood Voting District, South Chester Voting District, Enon Voting District, North Chester Voting District, Drewrys Bluff Voting District, Harrowgate Voting District, Wells Voting District, Elizabeth Scott Voting District, Dutch Gap Voting District, Carver Voting District, Ettrick Voting District, Matoaca Voting District, and Longhouse Voting District, and parts of the Iron Bridge Voting District precinct; part of Franklin City comprised of parts of the Precinct 3-1, Precinct 4-1, and Precinct 5-1 precincts; part of Henrico County comprised of the Adams Voting District, Central Gardens Voting District, Fairfield Voting District, Glen Lea Voting District, Maplewood Voting District, Ratcliffe Voting District, Antioch Voting District, Cedar Fork Voting District, Chickahominy Voting District, Donahoe Voting District, Dorey Voting District, Eanes Voting District, Elko Voting District, Highland Springs Voting District, Laburnum Voting District, Mehfoud Voting District, Montrose Voting District, Nine Mile Voting District, Pleasants Voting District, Rolfe Voting District, Sandston Voting District, Sullivans Voting District, Town Hall Voting District, and Whitlocks Voting District; part of James City County comprised of the Berkeley A Voting District, Berkeley B Voting District, Berkeley C Voting District, Jamestown A Voting District, Jamestown B Voting District, Jamestown C Voting District, Jamestown D Voting District, Powhatan A Voting District, Powhatan B Voting District, Powhatan C Voting District, Powhatan D Voting District, Roberts A Voting District, Roberts B

Voting District, Roberts C Voting District, Roberts D Voting District, Berkeley D Part 1 Voting District, and Berkeley D Part 2 Voting District, and parts of the Stonehouse A Voting District, Stonehouse B Voting District, and Stonehouse C Voting District precincts; and part of the City of Richmond comprised of the 206, 207, 208, 213, 214, 305, 306, 310, 402, 413, 501, 503, 504, 505, 508, 509, 510, 602, 604, 607, 609, 610, 701, 702, 703, 705, 706, 707, 708, 802, 806, 810, 811, 812, 814, 902, 903, and 910 precincts, and parts of the 204, 215, 404, and 603 precincts.

Fifth. All of Amelia County, Appomattox County, Campbell County, Charlotte County, Lunenburg County, Nottoway County, and Prince Edward County; part of Buckingham County comprised of the Georgia Creek Voting District, White Hall Voting District, Curdsville Voting District, New Store Voting District, Maysville Voting District, and Wrights Voting District, and parts of the Glenmore Voting District, Gold Hill Voting District, New Canton Voting District, and Slate River Voting District precincts; part of Chesterfield County comprised of the Ecoff Voting District, Iron Bridge North Voting District, Gates Voting District, Beulah Voting District, Bird Voting District, Jacobs Voting District, Falling Creek Voting District, Belmont Voting District, Chippenham Voting District, Meadowbrook Voting District, Salem Church Voting District, Five Forks Voting District, Nash Voting District, St. Lukes Voting District, Southside Voting District, Hopkins Voting District, North Bird Voting District, Ridgedale Voting District, Deer Run Voting District, Winfrees Store Voting District, Beach Voting District, Winterpock Voting District, Cosby Voting District, South Manchester Voting District, Skinquarter Voting District, Tomahawk Voting District, Woolridge Voting District, Bailey Bridge Voting District, Spring Run Voting District, Birkdale Voting District, West Beach Voting District, Magnolia Voting District, Harbour Pointe Voting District, Genito Voting District, Brandermill Voting District, Providence Voting District, La Prade Voting District, Smoketree Voting District, Monacan Voting District, Reams Voting District, Manchester Voting District, Wagstaff Voting District, Swift Creek Voting District, Clover Hill Voting District, Shenandoah Voting District, Crenshaw Voting District, Evergreen Voting District, Evergreen West Voting District, Edgewater Voting District, Huguenot Voting District, Crestwood Voting District, Midlothian Voting District, Robious Voting District, Bon Air Voting District, Greenfield Voting District, Salisbury Voting District, Belgrade Voting District, Cranbeck Voting District, Sycamore Voting District, Black Heath Voting District, Beaufont Voting District, Watkins Voting District, Davis Voting District, Pocoshock Voting District, Roseland Voting District, and Midlothian North Voting District precincts, and part of the Iron Bridge Voting District precinct; part of Cumberland County comprised of the Precinct 2, Precinct 3, Precinct 4, and Precinct 5 precincts; part of Hanover County comprised of the Farrington Voting District and Rockville Voting District; part of Henrico County comprised of the Coalpit Voting District, Dumbarton Voting District, Glen Allen Voting District, Greendale Voting District, Hermitage Voting District, Hungary Creek Voting District, Hunton Voting District, Johnson Voting District, Lakeside Voting District, Longan Voting District, Maude Trevvett Voting District, Monument Hills Voting District, Staples Mill Voting District, Westwood Voting District, Azalea Voting District, Belmont Voting District, Brookland Voting District, Canterbury Voting District, Chamberlayne Voting District, Greenwood Voting District, Highland Gardens Voting District, Hollybrook Voting District, Hungary Voting District, Longdale Voting District, Moody Voting District, Mountain Voting District, Oakview Voting District, Randolph Voting District, Stratford Hall Voting District, Wilder Voting District, Yellow Tavern Voting District, Essex Village Voting District, Causeway Voting District, Cedarfield Voting District, Innsbrook Voting District, Jackson Davis Voting District, Nuckols Farm Voting District, Pocahontas Voting District, Ridge Voting District, Rivers Edge Voting District, Sadler Voting District, Shady Grove Voting District, Short Pump Voting District, Springfield Voting District, Stoney Run Voting District, Three Chopt Voting District, Tucker Voting District, Colonial Trail Voting District, Quioccasin Voting District, Crestview Voting District, Derbyshire Voting District, Freeman Voting District, Gayton Voting District, Godwin Voting District, Lakewood Voting District, Lauderdale Voting District, Maybeury Voting District, Mooreland Voting District, Pemberton Voting District, Pinchbeck Voting District, Ridgefield Voting District, Rollingwood Voting District, Skipwith Voting District, Spottswood Voting District, Tuckahoe Voting District, Welborne Voting District, and West End Voting District; and part of the City of Richmond comprised of the 101, 102, 104, 105, 106, 111, 112, 113, 114, 115, 203, 301, 302, 303, 304, 307, 308, 309, 409, 410, 412, 414, 415, 606, 908, 909, and 911 precincts, and parts of the 204, 215, 404, and 603 precincts.

Sixth. All of Albemarle County, Amherst County, Fluvanna County, and Nelson County, and the Cities of Charlottesville, Harrisonburg, Lynchburg, Radford, Roanoke, Salem, Staunton, and Waynesboro; part of Augusta County comprised of the Crimora Voting District, New Hope Voting District, Weyers Cave Voting District, and Dooms Voting District, and parts of the Verona Voting District and Wilson Voting District precincts; part of Bedford County comprised of the Goodview Elementary School Voting District, Hardy Volunteer Fire Company Voting District, Stewartsville Rescue Squad Voting District, Bedford Christian Church Voting District, Bedford Regional Water Authority Voting District, Riverside Church Voting District, Forest Elementary School Voting District, Thomas Jefferson Elementary School Voting District, Knights of Columbus Building Voting District, Forest Recreation Center Voting District, Big Island Elementary School Voting District, Sedalia Center Voting District, Suck Spring Baptist Church Voting District, Boonsboro Elementary School Voting District, Boonsboro Ruritan Club Voting District, Montvale Elementary School Voting District, Shady Grove Fire Department Voting District, Thaxton Baptist Church #1 Voting District, Bedford Welcome Center Voting District, Goode Volunteer Rescue Squad Voting District, Liberty High School Voting District, Thaxton Baptist Church #2 Voting District, and Bedford Central Library Voting District, and parts of the Bethesda United Methodist Church Voting District, Chamblissburg Baptist Church Voting District, Quaker Baptist Church Voting District, and Staunton River High School Voting District precincts; part of Botetourt County comprised of the Rainbow Forest Voting District and parts of the Blue Ridge Voting District precinct; part of Buckingham County comprised of parts of the Glenmore Voting District and Slate River Voting District precincts; part of Montgomery County comprised of the Precinct A-1, Precinct A-2, Precinct A-3, Precinct B-4, Precinct E-1, Precinct E-3, Precinct F-1, Precinct F-2, Precinct F-3, Precinct G-1, Precinct G-2, Precinct B-3 Part 1, Precinct B-3 part 2, and Precinct D-3 part 2, and parts of the Precinct B-1, Precinct B-2, Precinct C-1, Precinct C-4, Precinct D-3 part 1, Precinct D-5, and Precinct E-2 precincts; part of Roanoke County comprised of the Catawba Voting District, Mason Valley Voting District, Northside Voting District, Peters Creek Voting District, Bennett Springs Voting District, Wildwood Voting District, Plantation Voting District, Burlington Voting District, Mountain View Voting District, Botetourt Springs Voting District, Orchards Voting District, Hollins Voting District, Windsor Hills Voting District, Garst Mill Voting District, Bonsack Voting District, North Lindenwood Voting District, Penn Forest Voting District, Cave Spring Voting District, Ogden Voting District, and Mount Vernon Voting District, and parts of the Castle Rock Voting District, Glenvar Voting District, Green Hill Voting District, Hunting Hills Voting District, and South Vinton Voting District precincts; and part of Rockingham County comprised of the Port Republic Voting District, Grottoes Voting District, Massanetta Springs Voting District, Cross Keys Voting District, and Crossroads Voting District.

Seventh. All of Culpeper County, Goochland County, Greene County, Louisa County, Madison County, Orange County, and Powhatan County, and the City of Falls Church; part of Arlington County comprised of the Ashton Heights Voting District, Ballston Voting District, Cherrydale Voting District, Wilson Voting District, East Falls Church Voting District, Clarendon Voting District, Lyon Park Voting District, Lyon Village Voting District, Overlee Knolls Voting District, Park Lane Voting District, Rosslyn Voting District, Thrifton Voting District, Westover Voting District, Woodlawn Voting District, Arlington Forest Voting District, Fillmore Voting District, Dominion Hills Voting District, Lexington Voting District, Rock Spring Voting District, Yorktown Voting District, Madison Voting District, Marshall Voting District, Nottingham Voting District, Arlington View Voting District, Ashlawn Voting District, Virginia Square Voting District, Navy League Voting District, Dawson Terrace Voting District, Buckingham Voting District, Central Voting District, AUSA Voting District, Monroe Voting District, Taylor Voting District, and Garfield Park Voting District; part of Augusta County comprised of the Jolivue Voting District, Fort Defiance Voting District, North River Voting District, Mount Solon Voting District, Churchville Fire Station Voting District, Buffalo Gap Voting District, Churchville Elementary Voting District, Craigsville Voting District, Deerfield Voting District, Cedar Green Voting District, and Middlebrook Voting District, and parts of the Greenville Voting District, Stuarts Draft Elementary Voting District, and Verona Voting District precincts; part of Buckingham County comprised of parts of the Gold Hill Voting District and New Canton Voting District precincts; part of Cumberland County comprised of parts of Precinct 1; part of Fairfax County comprised of the Fairview Voting District, Heritage Voting District, Kings Park Voting District, North Springfield Voting District, Ravensworth Voting District, Lake Braddock Voting District, Laurel Voting District, Sideburn Voting District, Signal Hill Voting District, Bonnie Brae Voting District, Burke Centre Voting District, Cardinal Voting District, Keene Mill Voting District, Terra Centre Voting District, Danbury Voting District, Crestwood Voting District, Lynbrook Voting District, Greenspring Voting District, Barcroft Voting District, Bristow Voting District, Glen Forest Voting District, Holmes #1 Voting District, Masonville Voting District, Ravenwood Voting District, Sleepy Hollow Voting District, Saint Albans Voting District, Westlawn Voting District, Willston Voting District, Columbia Voting District, Hummer Voting District, Brook Hill Voting District, Walnut Hill Voting District, Holmes #2 Voting District, Fort Buffalo Voting District, Graham-Greenway Voting District, Marshall Voting District, Pine Spring Voting District, Shreve Voting District, Timber Lane Voting District, Burke Voting District, Colchester Voting District, Fairfax Station Voting District, Hunt Valley Voting District, Pohick Voting District, Valley Voting District, Woodyard Voting District, Orange Voting District, Cherry Run Voting District, Irving Voting District, White Oaks Voting District, Sangster Voting District, Silverbrook Voting District, West Springfield Voting District, Popes Head Voting District, Parkway Voting District, Fountainhead Voting District, and South Run Voting District, and parts of the Camelot Voting District, Chapel Voting District, Edsall Voting District, Gallows East Voting District, Haycock Voting District, Kilmer Voting District, Pimmit Voting District, Pioneer Voting District, Poe Voting District, Sydenstricker Voting District, Thoreau Voting District, Westhampton Voting District, and Woodburn Voting District precincts; part of Fauquier County comprised of the Catlett Voting District, Lois Voting District, Opal Voting District, Morrisville Voting District, Remington Voting District, Bealeton Voting District, and Springs Valley Voting District; part of Prince William County comprised of the Brentsville Voting District, Buckhall Voting District, Independent Hill Voting District, and Yates Ford Voting District, and parts of the Bennett Voting District, Forest Park Voting District, Lucasville Voting District, and Signal Hill Voting District precincts; and part of Rockingham County comprised of the Singers Glen Voting District, Edom Voting District, Dayton Voting District, Mt Clinton Voting District, Silver Lake Voting District, Keezletown Voting District, Melrose Voting District, West Bridgewater Voting District, Montezuma Voting District, Mt Crawford Voting District, North River Voting District, Ottobine Voting District, East Bridgewater Voting District, Elkton Voting District, Swift Run Voting District, McGaheysville Voting District, South Fork Voting District, and Stony Run Voting District.

Eighth. All of Caroline County, Essex County, Gloucester County, King and Queen County, King George County, Lancaster County, Mathews County, Middlesex County, New Kent County, Northumberland County, Richmond County, Westmoreland County, and York County, and the City of Alexandria; part of Arlington County comprised of the Arlington Voting District, Aurora Hills Voting District, Barcroft Voting District, Crystal City Voting District, Hume Voting District, Columbia Voting District, Fairlington Voting District, Glen Carlyn Voting District, Virginia Highlands Voting District, Abingdon Voting District, Jefferson Voting District, Wakefield Voting District, Glebe Voting District, Oakridge Voting District, Shirlington Voting District, Campbell Voting District, Four Mile Run Voting District, Crystal Plaza Voting District, Gunston Voting District, and Met Park Voting District; part of Fairfax County comprised of the Cameron Voting District, Groveton Voting District, Mount Eagle Voting District, Fairfield Voting District, Hybla Valley Voting District, Belle Haven Voting District, Belleview Voting District, Bucknell Voting District, Fort Hunt Voting District, Hollin Hall Voting District, Huntington Voting District, Kirkside Voting District, Marlan Voting District, Sherwood Voting District, Stratford Voting District, Waynewood Voting District, Westgate Voting District, Riverside Voting District, Woodley Voting District, Gunston Voting District, and Grosvenor Voting District, and parts of the Baileys Voting District, Laurel Hill Voting District, Lorton Voting District, Pinewood Voting District, and South County Voting District precincts; part of James City County comprised of parts of the Stonehouse A Voting District, Stonehouse B Voting District, and Stonehouse C Voting District precincts; part of Prince William County comprised of the Dumfries Voting District, Potomac Voting District, Swans Creek Voting District, Triangle Voting District, Williams Voting District, Belmont Voting District, Library Voting District, Lynn Voting District, Porter Voting District, Potomac View Voting District, Rippon Voting District, Kilby Voting District, River Oaks Voting District, Freedom Voting District, Powells Creek Voting District, Grayson Voting District, and Leesylvania Voting District, and parts of the Graham Park Voting District and Quantico Voting District precincts; and part of Stafford County comprised of the Widewater Voting District, Harbour Voting District, Aquia Voting District, Brooke Voting District, and Government Island Voting District, and parts of the Courthouse Voting District, Simpson Voting District, and White Oak Voting District precincts. Ninth. All of Alleghany County, Bath County, Bland County, Buchanan County, Carroll County, Craig County, Dickenson County, Floyd County, Franklin County, Giles County, Grayson County, Henry County, Highland County, Lee County, Patrick County, Pulaski County, Rockbridge County, Russell County, Scott County, Smyth County, Tazewell County, Washington County, Wise County, Wythe County, and the Cities of Bristol, Buena Vista, Covington, Galax, Lexington, Martinsville, and Norton; part of Augusta County comprised of the Spottswood Voting District, White Hill Voting District, Sherando Voting District, Ridgeview Voting District, Lyndhurst Voting District, and Fishersville Voting District, and parts of the Greenville Voting District, Stuarts Draft Elementary Voting District, and Wilson Voting District precincts; part of Bedford County comprised of the Moneta Elementary School Voting District, Saunders Volunteer Fire Company Voting District, New London Academy Voting District, Huddleston Elementary School Voting District, and Forest Fire Station #2 Voting District, and parts of the Bethesda United Methodist Church Voting District, Chamblissburg Baptist Church Voting District, Quaker Baptist Church Voting District, and Staunton River High School Voting District precincts; part of Botetourt County comprised of the Daleville Voting District, Greenfield Voting District, Buchanan Voting District, Mill Creek Voting District, Eagle Rock Voting District, Fincastle Voting District, Troutville Voting District, and Cloverdale Voting District, and parts of the Blue Ridge Voting District precinct; part of Montgomery County comprised of the Precinct C-2, Precinct C-3, Precinct D-1, Precinct D-2, and Precinct D-4, and parts of the Precinct B-1, Precinct B-2, Precinct C-1, Precinct C-4, Precinct D-3 part 1, Precinct D-5, and Precinct E-2 precincts; and part of Roanoke County comprised of the Bent Mountain Voting District, Poages Mill Voting District, Oak Grove Voting District, South Lindenwood Voting District, North Vinton Voting District, Mount Pleasant Voting District, Cotton Hill Voting District, and Clearbrook Voting District, and parts of the Castle Rock Voting District, Glenvar Voting District, Green Hill Voting District, Hunting Hills Voting District, and South Vinton Voting District precincts.

Tenth. All of Clarke County, Frederick County, and Loudoun County, and the City of Winchester; parts of Fairfax County comprised of the Floris Voting District, Fox Mill Voting District, Frying Pan Voting District, McNair Voting District, Herndon #1 Voting District, Herndon #2 Voting District, Clearview Voting District, Herndon #3 Voting District, Hutchison Voting District, Sugarland Voting District, Coates Voting District, Cedar Lake Voting District, Fair Lakes Voting District, Centerpointe Voting District, Greenbriar East Voting District, Greenbriar West Voting District, Brookfield Voting District, Cub Run Voting District, Stonecroft Voting District, Franklin Voting District, Hidden Meadow Voting District, Oak Hill Voting District, London Towne Voting District, Navy Voting District, Rocky Run Voting District, Virginia Run Voting District, Waples Mill Voting District, Stone North Voting District, Chantilly Voting District, Deer Park Voting District, Bull Run Voting District, Armfield Voting District, Poplar Tree Voting District, Lees Corner Voting District, Carson Voting District, and Stone South Voting District, and parts of the Fair Oaks Voting District, Old Mill Voting District, Penderbrook Voting District, Powell Voting District, Spindle Voting District, and Stuart Voting District precincts; and part of Prince William County comprised of the Battlefield Voting District, Bull Run Voting District, Heritage Hunt Voting District, Mountain View Voting District, and Catharpin Voting District, and parts of the Alvey Voting District, Evergreen Voting District, Reagan Voting District, Stonewall Voting District, and Tyler Voting District precincts.

Eleventh. All of Page County, Rappahannock County, Shenandoah County, and Warren County, and the Cities of Fairfax, Manassas, and Manassas Park; part of Fairfax County comprised of the Little Run Voting District, Canterbury Voting District, Olde Creek Voting District, Wakefield Voting District, Woodson Voting District, Villa Voting District, Robinson Voting District, Eagle View Voting District, Monument Voting District, University Voting District, Armstrong Voting District, Flint Hill Voting District, Madison Voting District, Reston #1 Voting District, Reston #2 Voting District, Vienna #1 Voting District, Vienna #2 Voting District, Vienna #4 Voting District, Vienna #6 Voting District, Westbriar Voting District, Dogwood Voting District, Hunters Woods Voting District, Reston #3 Voting District, Glade Voting District, South Lakes Voting District, Hughes Voting District, Wolftrap Voting District, Sunrise Valley Voting District, North Point Voting District, Aldrin Voting District, Cameron Glen Voting District, Colvin Voting District, Chain Bridge Voting District, Chesterbrook Voting District, Churchill Voting District, Cooper Voting District, El Nido Voting District, Great Falls Voting District, Kenmore Voting District, Kirby Voting District, Langley Voting District, Longfellow Voting District, McLean Voting District, Salona #1 Voting District, Westmoreland Voting District, Forestville Voting District, Shouse Voting District, Hickory Voting District, Seneca Voting District, Spring Hill Voting District, Salona #2 Voting District, Ridgelea Voting District, Fairfax Court Voting District, Blake Voting District, Freedom Hill Voting District, Mantua Voting District, Mosby Voting District, Price Voting District, Walker Voting District, Pine Ridge Voting District, Merrifield Voting District, Magarity Voting District, Oakton Voting District, Nottoway Voting District, Tysons Voting District, Oak Marr Voting District, Hunters Branch Voting District, Rotonda Voting District, Newgate Voting District, Willow Springs Voting District, Centre Ridge Voting District, Vale Voting District, Centreville Voting District, Green Trails Voting District, Difficult Run Voting District, and Compton Voting District, and parts of the Camelot Voting District, Chapel Voting District, Clifton Voting District, Fair Oaks Voting District, Gallows East Voting District, Haycock Voting District, Kilmer Voting District, Old Mill Voting District, Penderbrook Voting District, Pimmit Voting District, Powell Voting District, Spindle Voting District, Stuart Voting District, Thoreau Voting District, Westhampton Voting District, and Woodburn Voting District precincts; part of Fauquier County comprised of the Kettle Run Voting District, Casanova Voting District, Baldwin Ridge Voting District, Courthouse Voting District, Airlie Voting District, Warrenton Voting District, Marshall Voting District, Leeds Voting District, Waterloo Voting District, The Plains Voting District, New Baltimore Voting District, Broad Run Voting District, and Vint Hill Voting District; part of Prince William County comprised of the Cedar Point Voting District, Glenkirk Voting District, Nokesville Voting District, Limestone Voting District, Marsteller Voting District, Victory Voting District, Chris Yung Voting District, Buckland Mills Voting District, Bristow Run Voting District, Burke-Nickens Voting District, Piney Branch Voting District, Ellis Voting District, Yorkshire Voting District, Ben Lomond Voting District, Sudley Voting District, Mullen Voting District, Westgate Part 1 Voting District, and Westgate Part 2 Voting District, and parts of the Alvey Voting District, Bennett Voting District, Evergreen Voting District, Lucasville Voting District, Reagan Voting District, Signal Hill Voting District, Stonewall Voting District, and Tyler Voting District precincts; and part of Rockingham County comprised of the Broadway Voting District, Timberville Voting District, Fulks Run Voting District, Bergton Voting District, Lacey Spring Voting District, Tenth Legion Voting District, Plains Voting District, and Little North Mountain Voting District.

§ 5. The State Board of Elections and the Department of Elections shall immediately implement the voting districts established herein to ensure that the 2026 Congressional elections proceed as scheduled.

2. § 1. The provisions of this act shall apply to the November 3, 2026, general elections for a member of the United States Senate, for members of the United States House of Representatives, for constitutional offices, for members of county and municipal governing bodies and school boards, for mayors, for soil and water conservation directors, for town recorders, and for town treasurers.

§ 2.The date for the primary election to set candidates for the November 3, 2026, general elections shall be Tuesday, August 4, 2026, and not Tuesday, June 16, 2026. There shall be no primary election for the offices specified in § 1 on June 16, 2026.

§ 3. For purposes of § 24.2-516 of the Code of Virginia, the State Board of Elections (the Board) shall inquire of each state party chairman by Monday, February 2, 2026, as to whether a direct primary has been adopted, and the Board must receive notification as provided in § 24.2-516 of the Code of Virginia not later than Tuesday, March 3, 2026.

§ 4. For purposes of § 24.2-522 of the Code of Virginia, candidates for nominations shall file the declaration of candidacy required pursuant to § 24.2-520 of the Code of Virginia, the petitions of qualified voters required pursuant to § 24.2-521 of the Code of Virginia, and receipts indicating the payment of filing fees as required by § 24.2-523 of the Code of Virginia not earlier than noon on March 16, 2026, and not later than 5:00 p.m. on April 2, 2026. For purposes of this section, a candidate for nomination required by law to collect signatures from one or more congressional districts shall collect such signatures from the congressional districts as the districts were constituted as of January 1, 2026.

§ 5. Notwithstanding the provisions of § 4, candidates for nomination for the United States House of Representatives shall file the declaration of candidacy required pursuant to § 24.2-520 of the Code of Virginia, the petitions of qualified voters required pursuant to § 24.2-521 of the Code of Virginia, and receipts indicating the payment of filing fees as required by § 24.2-523 of the Code of Virginia not earlier than noon on May 1, 2026, and not later than 5:00 p.m. on May 25, 2026. For purposes of this section, a signature collected prior to the date that the results of the April 21, 2026, special election are certified shall be accepted and be counted towards the required number of signatures if it is the signature of a qualified voter of the Commonwealth.

§ 6. For purposes of § 24.2-503 of the Code of Virginia, candidates for nominations shall file the statement of qualification required pursuant to § 24.2-501 of the Code of Virginia and the statement of economic interests required pursuant to § 24.2-502 of the Code of Virginia not later than 5:00 p.m. on April 2, 2026. Any extension of a deadline requested pursuant to § 24.2-503 of the Code of Virginia shall be requested no later than 11:59 p.m. on April 2, 2026, and, if granted, shall be for a period of no more than 48 hours.

§ 7. Notwithstanding the provisions of § 6, candidates for nomination for the United States House of Representatives shall file the statement of qualification required pursuant to § 24.2-501 of the Code of Virginia and the statement of economic interests required pursuant to § 24.2-502 of the Code of Virginia not later than 5:00 p.m. on May 25, 2026. Any extension of a deadline requested pursuant to § 24.2-503 of the Code of Virginia shall be requested no later than 11:59 p.m. on May 25, 2026, and, if granted, shall be for a period of no more than 48 hours.

§ 8. For purposes of § 24.2-527 of the Code of Virginia, any chairman required to furnish names of candidates for a primary election shall do so no later than April 7, 2026, except that the names of candidates for the primary election for the United States House of

Representatives shall be furnished no later than May 27, 2026.

§ 9. For purposes of § 24.2-612 of the Code of Virginia, printed ballots for the August 4, 2026, primary election shall be delivered to the general registrar on or before Thursday, June 18, 2026, and shall be made available for absentee voting on or before Friday, June 19, 2026. For purposes of § 24.2-701.1 of the Code of Virginia, absentee voting in person for the primary election shall be available beginning on Friday, June 19, 2026, and shall continue until 5:00 p.m. on Saturday, August 1, 2026. The deadlines in this section may be extended at the discretion of the Commissioner of Elections.

§ 10. Pursuant to § 24.2-518 of the Code of Virginia, the costs of the primary election held on August 4, 2026, shall be paid for by the treasurer on behalf of the county or city in which such election is held.

§ 11. With respect to candidates nominated by a political party by a method other than a direct primary election, the provisions of Title 24.2 of the Code of Virginia shall be applicable except that (i) the political party nominating such candidate shall do so only within the period beginning April 30, 2026, and ending at 7:00 p.m. on June 16, 2026; (ii) the certification of such candidates required by § 24.2-511 of the Code of Virginia shall be done so not later than Friday, June 19, 2026; and (iii) for purposes of § 24.2-503 of the Code of Virginia, such candidates shall file the statement of qualification required pursuant to § 24.2-501 of the Code of Virginia and the statement of economic interests required pursuant to § 24.2-502 not later than 7:00 p.m. on Tuesday, June 16 , 2026.

§ 12. Notwithstanding the provisions of § 11, with respect to candidates for the United States House of Representatives nominated by a political party by a method other than a direct primary election, the provisions of Title 24.2 of the Code of Virginia shall be applicable except that (i) the political party nominating such candidate shall do so only within the period beginning June 12, 2026, and ending at 7:00 p.m. on August 4, 2026; (ii) the certification of such candidates required by § 24.2-511 of the Code of Virginia shall be done so not later than Friday, August 7, 2026; and (iii) for purposes of § 24.2-503 of the Code of Virginia, such candidates shall file the statement of qualification required pursuant to § 24.2-501 of the Code of Virginia and the statement of economic interests required pursuant to § 24.2-502 not later than 7:00 p.m. on Tuesday, August 4, 2026.

§ 13. With respect to independent candidates, the provisions of Title 24.2 of the Code of Virginia shall be applicable except that (i) for purposes of § 24.2-503 of the Code of Virginia, such candidates shall file the statement of qualification required pursuant to § 24.2-501 of the Code of Virginia not later than 7:00 p.m. on Tuesday, June 16, 2026, and (ii) for purposes of § 24.2-507 of the Code of Virginia, such candidates shall file the declaration of candidacy required pursuant to § 24.2-505 of the Code of Virginia and petition of qualified voters required pursuant to § 24.2-506 of the Code of Virginia not later than 7:00 p.m. on Tuesday, June 16, 2026. For purposes of this section, independent candidates required by law to collect signatures from one or more congressional districts shall collect such signatures from the congressional districts as the districts were constituted as of January 1, 2026.

§ 14. Notwithstanding the provisions of § 13, with respect to independent candidates for the United States House of Representatives, the provisions of Title 24.2 of the Code of Virginia shall be applicable except that (i) for purposes of § 24.2-503 of the Code of Virginia, such candidates shall file the statement of qualification required pursuant to § 24.2-501 of the Code of Virginia not later than 7:00 p.m. on Tuesday, August 4, 2026, and (ii) for purposes of § 24.2-507 of the Code of Virginia, such candidates shall file the declaration of candidacy required pursuant to § 24.2-505 of the Code of Virginia and petition of qualified voters required pursuant to § 24.2-506 of the Code of Virginia not later than 7:00 p.m. on Tuesday, August 4, 2026. For purposes of this section, a signature collected prior to the date that the results of the April 21, 2026, special election are certified shall be accepted and be counted towards the required number of signatures if it is the signature of a qualified voter of the Commonwealth.

§ 15. For purposes of § 24.2-612 of the Code of Virginia, printed ballots for the November 3, 2026, general election shall be delivered to the general registrar on or before Thursday, September 17, 2026, and shall be made available for absentee voting on or before Friday, September 18, 2026, and shall continue until 5:00 p.m. on Saturday, October 31, 2026. The deadlines in this section may be extended at the discretion of the Commissioner of Elections.

§ 16. The Department of Elections shall develop instructions to implement the provisions of this act.

3. That §§ 24.2-304.05 and 24.2-309.2 of the Code of Virginia are amended and reenacted as follows:

§ 24.2-304.05. Legal boundaries of congressional and state legislative districts.

A. There shall be 11 Virginia members of the United States House of Representatives elected from 11 congressional districts, and each district is entitled to one representative. The district numbers and boundaries of the 11 congressional districts shall be those designated in the block equivalency file and resulting shapefile that is the electronic version of the districts established *(i)* pursuant to Article II, § 6-A of the Constitution of Virginia and Chapter 62 (§ 30-391 et seq.) of Title 30 or *(ii) by the General Assembly between January 1, 2025, and October 31, 2030, pursuant to Article II, § 6 of the Constitution of Virginia.*

B. There shall be 40 members of the Senate of Virginia elected from 40 senate districts, and each district is entitled to representation by one senator. The district numbers and boundaries of the 40 senate districts shall be those designated in the block equivalency file and resulting shapefile that is the electronic version of the districts established pursuant to Article II, § 6-A of the Constitution of Virginia and Chapter 62 (§ 30-391 et seq.) of Title 30.

C. There shall be 100 members of the House of Delegates elected from 100 House of Delegates districts and each district is entitled to representation by one delegate. The district numbers and boundaries of the 100 House of Delegates districts shall be those designated in the block equivalency file and resulting shapefile that is the electronic version of the districts established pursuant to Article II, § 6-A of the Constitution of Virginia and Chapter 62 (§ 30-391 et seq.) of Title 30.

D. The block equivalency files and shapefiles for a congressional, senate, or House of Delegates district shall be controlling in any legal determination of the boundary of such district.

§ 24.2-309.2. Election precincts; prohibiting precinct changes for specified period of time.

No county, city, or town shall create, divide, abolish, or consolidate any precincts, or otherwise change the boundaries of any precinct, effective during the period from February 1, ~~2019~~*2026*, to ~~May 15, 2021~~*June 19, 2026*, except as (i) provided by law upon a change in the boundaries of the county, city, or town, (ii) the result of a court order, (iii) the result of a change in the form of government, or (iv) the result of an increase or decrease in the number of local election districts other than at-large districts. Any ordinance required to comply with the requirements of § 24.2-307 shall be adopted on or before February 1, ~~2019~~*2026*.

If a change in the boundaries of a precinct is required pursuant to clause (i), (ii), (iii), or (iv), the county, city, or town shall comply with the applicable requirements of law, including §§ 24.2-304.3 and 30-395, and send copies of the ordered or enacted changes to the State Board of Elections and the Division of Legislative Services.

This section shall not prohibit any county, city, or town from adopting an ordinance revising precinct boundaries after January 1, ~~2021~~*2026*. However, no revisions in precinct boundaries shall be implemented in the conduct of elections prior to ~~May 15, 2021~~*June 19, 2026*.

4. That the provisions of § 24.2-304.04 of the Code of Virginia shall not be applicable to any congressional district established by the General Assembly between January 1, 2025, and October 31, 2030, pursuant to Article II, Section 6 of the Constitution of Virginia.

5. That the whole number of persons reported in the 2020 federal decennial census by the United States Bureau of the Census, as adjusted to reallocate prison populations in accordance with § 24.2-314 of the Code of Virginia, shall be the basis for determining district populations for any congressional district established by the General Assembly between January 1, 2025, and October 31, 2030, pursuant to Article II, Section 6 of the Constitution of Virginia.

6. That for purposes of complying with § 24.2-307 of the Code of Virginia and the requirement that each precinct be wholly contained within a single congressional district, the governing body of each county and city shall amend its precinct boundaries to be consistent with the congressional districts modified pursuant to Article II, Section 6 of the Constitution of Virginia no later than April 1, 2027.

7. That the provisions of Chapter 62 (§ 30-391 et seq.) of Title 30 of the Code of Virginia shall not be applicable to any congressional district established between January 1, 2025, and October 31, 2030, in accordance with Article II, Section 6 of the Constitution of Virginia.

8. That, notwithstanding any provision of law, special or general, no special election shall be ordered by any authority to be held in any locality between April 22, 2026, and June 10, 2026.

9. That, if amendments to the Constitution of Virginia authorizing the General Assembly to modify congressional districts by amending Section 6 of Article II and amending the Schedule by adding a section numbered 6 are approved by a majority of those voting on the amendments at the special election on April 21, 2026, the provisions of the first, fourth, fifth, sixth, and seventh enactments and the provisions of § 24.2-304.05 of the Code of Virginia, as amended by the third enactment of this act, shall become effective immediately upon the certification of the results of such special election by the State Board of Elections.

10. That the provisions of the second and eighth enactments and the provisions of § 24.2-309.2 of the Code of Virginia, as amended by the third enactment of this act, shall have no expiration date.

11. That this act is effective on its passage as provided in § 1-214 of the Code of Virginia

~~14~~*17*. That the provisions of the first and second enactments of this act shall expire at midnight on June 30, 2026.

~~15~~*18*. That the provisions of the third, fifth, sixth, seventh, eighth, ninth, tenth, eleventh, twelfth, thirteenth, fourteenth, fifteenth and sixteenth enactments of this act shall have no expiration date.

~~16~~*19*. That the provisions of the fourth enactment of this act are declarative of existing law and shall have no expiration date.

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