

Key Features – Proposed Amendments to Senate Bill 800
Senate Finance and Appropriations Committee
February 2, 2025

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Resources

- Net available GF resources total \$159.8 million GF, including:
 - An unappropriated balance of \$14.8 million GF as introduced;
 - An increase of \$46.1 million GF from removing assumed tax policy actions in the introduced forecast;
 - An increase of \$86.9 million GF from updated revenue forecasts and expiring income tax credits;
 - A net reduction of \$113.8 million GF for additional tax policy actions; and
 - An increase of \$125.9 million GF in various balances designated for reversion and transfer to the general fund.
- Tax policy actions reduce available GF resources by \$113.8 million and include:
 - A reduction of \$78.8 million GF to increase the standard deduction to \$8,750 for single filers and \$17,500 for joint filers, a respective increase of \$250 for single filers and \$500 for joint filers for tax year 2025 and 2026; and,
 - A reduction of \$35.0 million GF to increase the refundability of the earned income tax credit from 15.0 to 20.0 percent of the federal credit.
- Provides \$977.8 million GF for an income tax rebate of \$200 for single filers and \$400 for joint filers for working Virginians.
- Extends the expiration date of the standard deduction, earned income tax credit and pass-through elective tax through January 1, 2027, while the federal government considers extension of the 2017 Tax Cuts and Jobs Act.
 - The standard deduction is set to revert from \$8,500 to \$3,000 for single filers and from \$17,000 to \$6,000 for joint filers after December 31, 2025.

Commerce & Trade

- Includes an additional \$20.0 million for a biennial total of \$60.0 million GF over the biennium for business ready site development.
- Proposes an adjustment of the advanced payments for the economic development incentive grant payments for Amazon HQ2 to reflect the anticipated expenditures, resulting in savings of \$13.8 million GF over the biennium.
- Suggests \$10.0 million GF the first year for economic development infrastructure projects on the Eastern Shore, including natural gas distribution and channel dredging.
- Recommends \$10.0 million GF the first year for advanced laboratory space in Central Virginia to encourage life science business ecosystem growth.
- Proposes \$50.0 million GF the first year to provide disaster mitigation to qualified communities.
- Recommends replenishing the Community Development Financial Institutions fund through a \$5.0 million GF investment the first year.
- Recommends redirection of \$5.0 million GF provided for a sports tourism initiative to other budget priorities.
- Proposes support for targeted economic development marketing by \$2.5 million GF in FY 2025.

Labor

- Proposes \$2.5 million GF the second year to support the fiscal impact of legislation under consideration by the 2025 General Assembly.
- Recommends redirecting funding provided for agency administration to other budget priorities.

Public Education

- Provides \$222.9 million GF to raise the support cap to the prevailing ratio of 27.89 positions per 1,000 students beginning in FY 2026, based on the recommendation of the Joint Subcommittee on Elementary and Secondary Education Funding.
- Includes \$134.4 million GF the first year for a \$1,000 bonus for funded instructional and support positions, with no required local match.
- Provides \$52.8 million GF the second year to fund a special education add-on, based on the recommendation of the Joint Subcommittee on Elementary and Secondary Education Funding.
- Includes \$12.0 million GF the first year and \$1.0 million GF the second year to support gaps in learning through a mathematics initiative and grant program at the Department of Education.
- Provides \$25.0 million GF the first year for an employer cost-share pilot program to address early childhood needs and provide support for working families.
- Provides \$75,000 GF the second year to the Secretary of Education to review the feasibility of establishing a campus police department at the Virginia School for the Deaf and Blind.

Higher Education and Other Education

- Recommends \$55.0 million GF over the biennium in operational support to institutions to help mitigate the rising costs to get a degree and support institutional investment in programs with identified workforce shortages, such as nursing and healthcare.
 - These amounts include \$20.0 million to support innovative partnerships between public and private Historically Black Colleges and Universities (HBCUs) to continue to increase access and opportunity for students, develop

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minority small businesses, and improve health outcomes for marginalized populations.

- Proposes additional funding to support financial aid programs, including:
 - \$15.0 million GF the second year in need-based undergraduate financial aid.
 - \$15.0 million GF the first year to support training for industry-based credentials in high demand occupations through the New Economy Workforce Credential Grant program (branded as FastForward with the community college system).
 - \$9.0 million GF the second year for the tuition assistance grant (TAG) program to meet expected growth.
 - \$30.0 million GF the first year for tuition waiver assistance, including the Virginia Military Survivors and Dependents Education Program (VMSDEP) versus the alternative proposed in the introduced budget. (Makes no changes to tuition waiver eligibility.)
- Proposes \$15.0 million GF the second year to support IT infrastructure and upgrades through a collaborative institutional partnership.
- Recommends additional investments to support a Hunger-Free Campus Grant program, a study of water quality, a community law clinic, state aid to local libraries, and grants to arts organization.

Health and Human Resources

- Adopts \$632.2 million GF over the biennium to fund the costs of the Medicaid program and includes budget language to strengthen both internal and external processes to improve financial oversight of the program.
- Proposes \$25.0 million GF the first year for the Department of Health to provide grants to localities for critical drinking water projects.
- Recommends \$10.0 million GF the second year to the Department of Medical Assistance Services to increase Medicaid rates for nursing homes.

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- Proposes \$7.8 million GF the second year to the Department of Behavioral Health and Developmental Services to fully fund crisis co-response programs.
- Recommends \$5.9 million GF over the biennium for maternal health initiatives, including:
 - \$2.5 million GF the second year to the Department of Health for maternal mobile health clinics;
 - \$2.1 million GF the second year to the Department Medical Assistance Services to expand remote patient monitoring to pregnant women;
 - \$553,200 GF the second year to the Department of Health for an awareness and education campaign on postpartum and perinatal depression;
 - \$550,322 GF the second year to the Department Medical Assistance Services for midwife parity in Medicaid reimbursements;
 - \$159,600 GF the second year to the Department of Health for a pregnancy mobile application to promote awareness of state government infant health programs and information; and
 - \$4,960 GF the second year to provide Medicaid coverage for postpartum doula visits.
- Proposes \$2.2 million GF the second year to the Department of Medical Assistance Services to increase Medicaid rates for substance use disorder services.
- Includes \$1.8 million GF the second year to the Department of Medical Assistance Services to fund services for individuals with brain injuries.
- Includes \$1.3 million GF the second year to the Department of Health to improve emergency response in Greensville County.
- Recommends \$1.1 million GF the second year to the Department of Behavioral Health and Developmental Services to increase the number of licensed therapists in Virginia.
- Includes \$1.0 million GF the second year to the Department of Behavioral Health and Developmental Services to expand the Adult Psychiatric Access Line.

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- Proposes \$4.3 million NGF the second year to the Department of Social Services to increase funding for Community Action Agencies.
- Recommends \$3.0 million NGF the second year to the Department of Social Services to increase funding for Child Advocacy Centers.
- Removes language preventing expenditures from general or nongeneral fund sources to be used for providing abortion services, except as otherwise required by federal law. (Restores the reference to state statute.)

Natural Resources, Agriculture and Forestry

- Proposes an additional deposit of \$50.0 million GF in FY 2025 to the Community Flood Prevention Fund for community-scale flood protection and weather resilience.
- Recommends redirecting \$50.0 million GF the first year proposed for the Richmond Combined Sewer Overflow Project to other budget priorities.
- Proposes \$2.3 million GF the first year to conduct groundwater research.
- Proposes \$2.5 million GF the first year for the care of African American cemeteries and graves, including \$500,000 GF for the restoration of Douglass Cemetery in Alexandria, Virginia.
- Includes \$450,000 GF the first year to establish a Large Animal Veterinary Care Incentive Grant Program to encourage practitioners in Virginia.

Public Safety & Veterans Affairs

- Proposes \$8.5 million over the biennium to support local criminal justice agencies, including:

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- \$3.5 million GF the first year to reimburse local law enforcement agencies for time spent transporting individuals under temporary detention and emergency custody orders;
- \$3.0 million GF the first year to assist with the costs of replacing unmanned aircraft systems to support compliance with federal rules;
- \$1.5 million GF the first year to assist with the costs of upgrading electronic fingerprinting machines; and
- \$450,000 GF the first year to provide certification testing software to the local and regional criminal justice academies.
- Recommends \$7.0 million GF over the biennium to expand community violence reduction grants to additional localities, including:
 - \$5.0 million GF the second year to expand the Safer Communities Program to Hampton and Norfolk; and
 - \$2.0 million GF the first year for a grant for Chesapeake through the Firearm Violence Intervention and Prevention Fund.
- Redirects \$6.8 million GF the first year in the introduced budget for the School Resource Officer Incentive Grants Fund, given significant cash balances.
 - Directs a portion of the Fund's cash balances to a digital mapping program for public colleges and universities, as well as one-time continuation grants for school resource officer grants who are past the four-year grant period.
- Maintains \$5.0 million GF for grants for firefighter protective equipment but adjusts the appropriation from the second year to the first year.
- Increases by \$2.0 million GF the second year for grants for victim services agencies, including \$1.0 million for sexual and domestic violence agencies and \$968,188 for the Victim Witness Grant Program.
- Removes language proposed by the Governor that would withhold funding from local law enforcement agencies if they do not comply with new requirements related to federal immigration enforcement.

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- Removes proposed language that limits eligibility for enhanced earned sentence credits for inmates with consecutive and concurrent sentences.
- Recommends reducing by \$3.0 million GF and increasing by \$3.0 million NGF proposed funding subsidizing new veterans care centers in order to account for cash balances.
 - Maintains \$1.7 million GF proposed in the introduced budget, but unallots the funding until the Department of Veterans Services provides the business plan required by the 2024 adopted budget.
 - Funding is in addition to \$19.1 million GF the first year previously provided in the 2024 adopted budget.

Transportation

- Proposes \$3.3 million GF the first year for the Washington Metropolitan Area Transit Authority to reflect the updated subsidy amount paid by Virginia.
- Recommends language for an updated allocation formula from the Commonwealth Aviation Fund.

General Government

State Employee Compensation

- Recommends \$83.1 million GF the first year for a 1.5 percent bonus in the June 16, 2025, paychecks for state employees and state-supported local employees.

Technology

- Adopts \$131.0 million GF for replacement of the Department of Taxation's revenue management system, which will allow the option for electronic filing for all Virginia taxpayers.

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Judicial Department

- Recommends \$936,606 GF the second year for three judgeships in the Second, Ninth, and Thirty-First Judicial Districts.
- Adopts \$3.0 million GF the second year for implementation of current law related to expanded eligibility for sealing of criminal history records.
 - Adds \$600,561 GF the first year for additional systems changes related to Senate Bill 1466, which amends some of the criteria for sealing.
- Proposes \$1.0 million GF the second year to increase the hourly payment rate for guardians ad litem.

Other General Government

- Recommends \$1.1 million GF to fund legislation that passed the Senate to create a new Office of Medicaid Financial Oversight to enhance financial management of the Medicaid program.
- Capture savings of \$45.0 million GF the first year and \$47.0 million GF the second year from the Commonwealth Health Reinsurance Program.
 - Larger than projected federal funding awards have reduced the need for any state funding of the program in this biennium.
- Proposes \$3.1 million GF the second year for additional positions to address anticipated workload increases for circuit court clerk employees and Assistant Commonwealth's Attorneys in light of upcoming expanded eligibility for criminal history record sealing.
 - Funding is prorated for a March 1, 2026, start date, in order to align with the July 1, 2026, effective date in SB 1466 as it passed the Senate Finance and Appropriations Committee.

Capital Outlay

- Provides a net \$1.4 billion increase from all fund sources for capital outlay, including \$1.3 billion GF, rescindment of \$400.0 million in tax-supported bonds,

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\$241.0 million NGF, \$206.1 million in 9(c) revenue bonds, and \$31.5 million in 9(d) revenue bonds; including:

- \$400.0 million GF for local wastewater treatment projects from reserved excess 2024 general fund revenue and rescinds \$400.0 million in tax-supported bonds;
- \$563.4 million GF for ten higher education projects and \$101.9 million GF for eight state agency projects;
- \$62.4 million GF to supplement previously authorized capital projects;
- \$10.0 million GF for umbrella projects at Southwestern Virginia Mental Health Institute;
- \$19.1 million GF for 10 planning projects, including detailed planning to replace the Consolidated State Laboratory;
- \$35.0 million GF for renovation of state space for Monroe Building tenants, authorizes planning and defines the scope for a new State Office Building at the VDOT Annex with existing funds, and authorizes the sale of the 7th and Main St. property;
- \$38.7 million for five higher education projects focused on deferred maintenance, security, life safety, and IT network and security improvements;
- \$14.5 million to continue planning and demolition for the new Commonwealth Courts Building;
- \$14.5 million for the fixtures, furnishings, and equipment pool; and
- Authorizes detailed planning for the replacement of the State Police Training Academy.