

JANUARY 14, 2026

HOUSE BILLS 29 AND 30, AS INTRODUCED

# An Overview of Virginia's Biennial Budget for FY 2026- 2028 and Proposed Changes to FY 2026



VIRGINIA HOUSE  
APPROPRIATIONS  
COMMITTEE

CHAIRMAN LUKE E. TORIAN

# INTRODUCTION

In even year legislative sessions, the General Assembly develops and approves a new 2-year budget for state government operations and capital outlay projects. This document, *Overview of Virginia's Budget for FY 2026 – FY 2028*, summarizes proposals from Governor Youngkin for spending in FY 2027 and FY 2028 contained in HB 30. It also adjusts spending for the current state fiscal year, FY 2026, in what is often referred to as the Caboose budget. That bill is HB 29. Members of the General Assembly as well as incoming Governor Spanberger will have the opportunity to amend these proposals during the 2026 General Assembly Session.

Members of the Virginia House of Delegates can submit their ideas for spending in the upcoming biennium through the member budget amendment process. All budget amendment requests are due by 5:00pm on January 16<sup>th</sup> via the budget amendment request form that can be found on the House Appropriations Committee's website. Members or their staff must turn in these forms to House Appropriations Committee staff on the 12<sup>th</sup> floor of the General Assembly building.

The recommendations offered in HB 29 are summarized prior to an Executive Summary of revenue and spending actions proposed in HB 30. Following the Executive Summary, details on HB 30 resources, spending, and savings proposals are discussed by budget area in individual Chapters.



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# HB 29: AMENDMENTS TO FY 2026

## Major Revenue Actions

HB 29, the “Caboose Bill,” typically has very few spending amendments, since Virginia is over halfway through the last fiscal year of the current biennium by the time the General Assembly Session convenes in January. Resource actions included the Caboose bill are important for the development of the new biennial budget. They offer a starting point for the resources available for spending in the next fiscal year. The major revenue actions for FY 2026 are summarized below with details following in the resources section.

- HB 29, the “Caboose Bill”, increases the Resources for FY 2026 by \$2.9 billion compared to the resources included in Chapter 725.
- Approximately \$1.75 billion of the increase comes from an increase in available balances driven by the reversion of amounts vetoed by the Governor and left unspent last year, the fiscal year 2025 revenue surplus as well as the reversion of unspent fiscal year 2025 appropriations.
- Additionally, the increased resources reflect a \$822.4 million increase in the general fund revenue forecast for fiscal year 2026.
- The introduced budget assumes an increase in transfers of \$363.7 million in FY 2026 based on the combined balances in the Revenue Stabilization Fund and the Revenue Reserve being above the 15% cap. Chapter 725 assumed a transfer from the revenue reserve of \$675.7 million in fiscal year 2026 to reduce the combined balances down to the 15% cap. HB 29 includes a mandatory deposit of \$312.3 million into the revenue reserve and then assumes \$363.7 million in additional transfer from the fund to offset the new mandatory deposit as well as the estimated interest earnings from the reserves which if not transferred would result in the balances exceeding the 15% cap.

## Resources

The proposed amendments included in HB 29 includes \$2.9 billion in general fund resources above those assumed in Chapter 725, the adopted budget for the 2024-26 biennium budget. This increase includes (1) a net increase in available balances of \$1.75 billion; (2) a \$822.4 million increase in the general fund revenue forecast in FY 2026; and (3) an increase in transfers to the general fund of \$363.7 million.



<b>General Fund Resources Available for Appropriation FY 2026</b>			
<b>(\$ in millions)</b>			
	<b>Chapter 725</b>	<b>HB 29</b>	<b>Difference</b>
Beginning Balance	\$0	\$12,488.0	\$12,488.0
Additions to the Balance	19,500.0	(10,719.0)	(10,738.5)
Official GF Revenue Estimate	31,360.4	32,182.8	822.4
Transfers	1,572.0	1,935.7	363.7
<b>GF Resources Available for Appropriation</b>	<b>\$32,952.0</b>	<b>\$35,887.6</b>	<b>\$2,935.7</b>
Unappropriated Balance (Chapter 721)			\$47.0
HB 29 GF Resources Available for Appropriation			\$2,982.7
HB 29 Net Spending Amendments			\$857.9
<b>Beginning Balance for the 2026-28 Biennium</b>			<b>\$2,124.8</b>

### **Available Balances**

The \$1.75 billion increase in available net balances is driven by (1) the \$572.0 million general fund revenue surplus in FY 2025 above the forecast in Chapter 725, (2) \$896.2 million in additions based on planned reversions and vetoes within Chapter 725, and (3) \$257.5 million in discretionary reversions from unspent agency's appropriations.

### **Changes in General Fund Revenues**

The FY 2025 general fund revenues exceeded the forecast from Chapter 725 forecast by \$572.0 million resulting in a higher revenue base heading into FY 2026. The higher base along with strong revenue growth through the first 5 months of FY 2026 results in a \$915.1 million increase in the base forecast for FY 2026.

The increase in the base forecast is partially offset by a policy adjustment which assumes a net reduction in revenues of \$101.6 from conforming Virginia's tax code to the majority of the federal provisions adopted in H.R. 1.

<b>Impact of Federal Tax Conformity Provisions in HB 29</b>	
<b>(\$ in millions)</b>	
<b>Conformity Provisions</b>	<b>FY 2026 Impact</b>
50% of special depreciation allowance for qualified property	(\$63.6)
Increases the business interest deduction	(\$33.6)
Increases section 179 expensing limit to \$2.5 million	(\$28.2)
New limit on the value of itemized deductions (repeal of Pease limit)	(\$10.2)
Restructure of opportunity zones program	\$10.9
0.5% floor on charitable contributions	\$15.8
1% floor on charitable contributions	\$4.3
Miscellaneous provisions	\$3.0
<b>Total</b>	<b>(\$101.6)</b>



A second policy adjustment reflects an increase in revenue of \$8.9 million from the sale of property related to a lien previously held by the Virginia Resources Authority.

The FY 2026 forecast included in the introduced budget, after adjustments, assumes 3.0% revenue growth for FY 2026 which is lower than the rate of growth through November which was 5.2%.

<b>HB 29 - FY 2026 Estimate of General Fund Revenues</b>			
<b>(\$ in Millions)</b>			
	<b>Forecast</b>	<b>Estimated % Growth</b>	<b>% Growth Through Nov.</b>
Withholding	\$18,450.3	5.1%	5.9%
Nonwithholding	7,670.6	2.0%	(4.3)
Refunds	(3,251.0)	2.0%	(23.7)
Net Individual	22,869.9	4.5%	7.1
Corporate	1,811.7	-3.6%	-20.6
Sales	4,967.6	3.2%	5.8
Insurance	536.9	-0.8%	0.0
Wills (Recordation)	474.1	0.6%	12.4
All Other Sources	1,522.6	-7.0%	(2.6)
<b>Total GF Revenues</b>	<b>\$32,182.8</b>	<b>3.0%</b>	<b>5.2%</b>

### ***Changes to Transfers***

The introduced budget assumes an increase in transfers of \$363.7 million in FY 2026 based on the combined balances in the Revenue Stabilization Fund and the Revenue Reserve being above the 15% cap. Chapter 725 assumed a transfer from the revenue reserve of \$675.7 million in fiscal year 2026 to reduce the combined balances down to the 15% cap. HB 29 includes a mandatory deposit of \$312.3 million into the revenue reserve and then assumes \$363.7 million in additional transfer from the fund to offset the new mandatory deposit as well as the estimated interest earnings from the reserves which if not transferred would result in the balances exceeding the 15% cap.

## **Major Spending and Savings Actions**

There are a total of 15 spending and 15 savings actions proposed in HB 29. There are a few significant spending items proposed in HB 29 including an additional \$410 million required in FY 2026 to meet the Medicaid forecast, \$312.3 million for deposit into the Revenue Reserve fund (offset by a \$323.4 million transfer from the fund based on the statutory cap), and \$231.1 million to provide a 2% bonus for state employees, state-supported local employees, and teachers. Details on the spending and savings actions included in HB 29, as introduced, are summarized below by budget area.



## Commerce and Trade

### *Virginia Economic Development Partnership*

- **Adjustments to Economic Development Incentives:** HB 29 shifts the appropriation of \$1.4 million in FY 2026 for the Wells Fargo economic development project in Roanoke, Virginia to FY 2027 to better correspond with the anticipated payment schedules for the project. It also captures \$400,000 in savings from the Virginia Investment Partnership Program to reflect a canceled project, and \$1.0 million provided for Commonwealth Fusion Systems, which received support through the Virginia Clean Energy Innovation Bank. Economic development projects are funded in the Economic Development Incentive Payments part of the budget, but are the responsibility of the Virginia Economic Development Partnership Authority.
- **Inland Port in Washington County:** Reverts \$9.8 million of unused funds included in FY 2025 for design and site readiness work to construct a new inland port in Washington County, Virginia. A companion amendment to House Bill 30 provides \$35.0 million in FY 2027 to support this project.
- **Enterprise Zone Grant Program:** Reverts \$9.0 million of unobligated funds from this economic development incentive program. In 2022, the program received increased annual funding of \$1.5 million, most of which has been underutilized.

### *Virginia Innovation Partnership Authority*

- **Manufacture Opioid Overdose Reversal Transfer:** Transfers \$16.0 million from the Department of Health to VIPA from opioid abatement funds to support manufacturing of a low-cost opioid overdose reversal agent. The budget language directs funds to research and development expenses and equipment purchases in contract with a private sector company.

## Early Childhood and K-12 Education

The proposed amendments reflect net technical reductions to Direct Aid funding of \$53.0 million. This reflects a net \$207.8 million GF in savings primarily from lower enrollment projections, offset by a \$48.3 million increase in expected lottery proceeds, and \$106.5 million GF in new spending for a proposed bonus for state-recognized instructional and support positions. Major contributing factors include:

### *Technical Updates*

- **Enrollment Projections.** The Average Daily Membership (ADM) forecast has been updated, taking into consideration actual Fall 2025 school enrollment counts. This reforecast anticipates 17,186, or 1.4% fewer, students in FY 2026 than projected in Chapter 725 resulting in \$111.8 million of GF savings.



- **Lottery Revenues.** The lottery proceeds forecast increased by \$48.3 million in FY 2025, reducing general funds needed for public education by a like amount.
- **Redirect Early Childhood Funds.** Redirects \$5.5 million GF from unutilized Virginia Preschool Initiative slots to reduce the waitlist for the Child Care Subsidy Program.
- **Other Program Data Updates.** Several data points used to calculate K-12 funding across various programs have been updated with current data, in aggregate saving \$47.7 million GF in FY 2026. Most significantly, English Learner screeners revealed improved proficiency, saving \$30.2 million, and lower than anticipated division participation in the K-3 Class Size Reduction Program saves \$11.4 million. In addition, updated results from the VALLS literacy screener increased Early Reading Intervention funds by about \$8.8 million.

### ***Policy Actions***

- **Two Percent Bonus for School Personnel.** Proposes \$106.5 million GF in FY 2026 for the state’s share of a one-time 2.0% bonus for state-recognized instructional and support staff. To access the funds, school divisions must provide an average 2.0% bonus or equivalent action for its employees during FY 2026.
- **Redirect Literary Fund.** Recommends reducing the maximum amount of Literary Fund school construction loans by \$172.0 million, from \$250.0 million to \$78.0 million over the biennium, reflecting the actual amount of loans provided to-date. Additional fund balances resulting from this action are proposed to be repurposed for school construction grants in House Bill 30.

## **Finance**

### ***DOA Transfer Payments***

- **Mandatory Revenue Reserve Deposit.** Makes the required deposit to the Revenue Reserve Fund of \$312.3 million based on the FY 2025 year-end general fund revenue surplus. An offsetting transfer action moves \$323.4 million from the Revenue Reserve Fund to the general fund based on the fund balances exceeding the Code-mandated 15% cap.

### ***Treasury Board***

- **Adjust Debt Service.** Reduces GF by \$18.7 million the second year to reflect updated debt service estimates owed on bond issuances.



## Health and Human Resources

### *Children's Services Act*

- **Fund Mandatory Caseload and Cost Increases in CSA Forecast.** Includes an additional \$20.7 million GF in FY 2026 to fund the projected costs of services provided through the Children's Services Act, bringing the FY 2026 non-Medicaid state pool allocation total to \$427.5 million GF. While caseload only increased by 1% in FY 2025, overall expenditures increased by 11% as the cost per child receiving services increased by 10%. Expenditures are expected to continue to increase by 8.1% in FY 2027 and 7.6% in FY 2028. Private day and community-based services are the largest drivers in the growth of overall CSA cost.

### *Department of Health*

- **Transfer Opioid Overdose Reversal Agent Program to the Virginia Innovation Partnership Authority (VIPA).** Proposes to transfer the Opioid Overdose Reversal Agent Program from the Department of Health to VIPA along with funding of \$16.0 million from the Commonwealth Opioid Abatement and Remediation Fund. The goal of the program is to provide a long-term, sustainable supply of opioid overdose reversal agent to help combat Virginia's opioid epidemic, provide pricing stability and increase access to this medication. VIPA would establish and execute a contract with the private sector to accomplish the goals of the program.
- **Restrict Funding for Abortion Services.** Proposes to modify language contained in Part 4 of the introduced budget to restrict funding for abortions covered pursuant to state statute, including those in which a pregnancy occurs as a result of rape or incest, and in certain cases of gross and totally incapacitating physical deformity or mental deficiency as certified by a physician, after appropriate tests have been performed.

### *Department of Medical Assistance Services (DMAS)*

- **Medicaid Utilization and Inflation.** The introduced budget includes an increase of \$410.3 million GF and \$758.1 million NGF in FY 2026 to fund the forecasted costs of utilization and inflation in the Medicaid program. Total expenditures for the base Medicaid program and Medicaid expansion are expected to grow by 15.0%, in contrast to the prior year forecasted growth of 4.5%. The growth rate reflects a combination of factors, including: increases in managed care rates driven by: enrollment growth of individuals with higher medical needs and higher utilization of services, particularly high cost services; fee-for-service inpatient hospital expenses; hospital expenses for graduate medical education, indirect medical education and disproportionate share payments; and one-time expenses for FY 2025 payments carried forward to FY 2026 for Medicare premiums, teaching hospital year-end payment settlements and non-emergency transportation.



- **Virginia Health Care Fund (VHCF).** The introduced budget includes \$4.6 million GF and reduces nongeneral funds by a like amount in FY 2026 to account for the latest revenue estimates in the Fund. Revenue from tobacco taxes and pharmacy rebates are projected to be lower than anticipated, thus requiring additional general fund to cover Medicaid program costs. Revenue in the VHCF is used as state match for the Medicaid program, consequently, decreases in revenue from nongeneral fund sources require additional general fund dollars.
- **Medicaid Children’s Health Insurance Program (M-CHIP) Utilization and Inflation.** Proposes a decrease of \$8.9 million GF and \$9.9 million NGF in FY 2026 to fund the utilization and inflation costs of the M-CHIP program. The number of children projected to enroll in the program is declining resulting in the lower amounts needed to fund the program. Enrollment rates for FY 2026 have dropped by 4.6% in the first six months and are expected to continue declining. It is possible that some of these children are gaining coverage in the FAMIS program as their family income increases. The M-CHIP program provides services for Medicaid-eligible low-income children, ages 0 to 18, living in families with incomes between 100% and 148% of the federal poverty level.
- **Family Access to Medical Insurance Security (FAMIS) Children’s Health Insurance Program.** Adds \$16.2 million GF and \$36.5 million NGF in FY 2026 to fund the utilization and inflation costs of the FAMIS program. Expenditures in the program are expected to increase by 17.2% in FY 2026, due to growing enrollment, managed care rate increases and increases in utilization of services. FAMIS covers children ages 0 to 18 living in families with incomes between 149% and 205% of the federal poverty level.
- **Fund Estimated Costs to Prepare to Implement New Federal Medicaid Provisions.** Proposes nongeneral fund spending of \$2.5 million in FY 2026 for preparations to implement new federal Medicaid provisions pursuant to H.R. 1, 119<sup>th</sup> Congress (2025-2026), effective December 31, 2026. The legislation requires (i) individuals applying for or enrolled in Medicaid Expansion to participate in a qualifying activity at least 80 hours per month to be eligible (work, community service, and/or education), and (ii) states to verify eligibility for Medicaid Expansion at application and every six months thereafter.
- **Achieve Saving by Removing Duplicative Individuals Enrolled in Other States.** The introduced budget assumes Medicaid savings of \$6.2 million GF and \$15.5 million NGF by ensuring DMAS is reviewing federal and state databases frequently to verify address information to identify and remove Virginia Medicaid enrollees who have coverage in other states. This activity is mandated for all states effective January 1, 2027, pursuant to provisions in H.R. 1, 119<sup>th</sup> Congress (2025-2026).

### ***Department of Behavioral Health and Developmental Services***

- **Capture Crisis Services Balances.** Reverts \$23.1 million GF in FY 2026 from one-time excess carryforward funds for crisis services. This action will right-size the current appropriation to



support developing crisis services sites and will not impact planned expenditures for crisis services.

### ***Department of Social Services***

- **Adjust the Child Welfare Forecast.** Redirects \$4.4 million GF and \$4.3 million NGF in FY 2026 from the cost of providing foster care and adoption subsidy payments based on recent expenditure trends.
- **Adjust the TANF and VIEW Childcare Forecast.** Reduces \$2.4 million NGF in FY 2026 from the federal TANF block grant funding to account for the forecast of TANF benefits and adjustments to the Unemployed Parents program.
- **Remove Carryforward Funding for the Comprehensive Child Welfare Information System.** Reverts \$7.1 million GF from funding carried forward from FY 2025 to FY 2026 for the development of the comprehensive child welfare information system due to a delay in the development process.

## **Natural and Historic Resources**

### ***Department of Conservation and Recreation***

- **Transfer Balances to General Fund.** Proposes the transfer of \$25 million to the general fund from the unobligated balances of the Soil and Water Conservation District Dam Maintenance, Repair, and Rehabilitation Fund.

### ***Department of Environmental Quality***

- **Water Quality Improvement Fund Reporting and Prioritization.** Proposes language directing the Department to report by October 1<sup>st</sup> each year the number and amount requested for eligible Water Quality Improvement Fund projects. The language further proposes to require the Department to establish a solicitation period for WQIF grants, in addition to criteria to prioritize eligible projects based upon quantifiable nutrient reduction impact. The language would require that grant agreements be fully executed before project construction costs are incurred, and that no amount shall be awarded for a grantee to backfill project costs met with any type of taxable debt. This proposed language is also included in HB 30 as introduced.



## Public Safety and Homeland Security

### *Department of Corrections*

- **Increased Inmate Medical Costs.** Proposes \$24.9 million GF in additional funding to reflect increased costs of providing medical care to inmates housed in state facilities.

### *Department of State Police*

- **Additional Operating Support.** Proposes \$50.3 million GF in additional support to reflect increased personnel, equipment, and information technology costs. According to the Department of Planning and Budget, the amount provided includes:
  - \$9.3 million GF in additional support for VITA transformation costs
  - \$11.5 million GF for the salary and fringe costs of the 144<sup>th</sup> Basic Trooper School
  - \$5.7 million GF for the salary and fringe costs of the 145<sup>th</sup> Basic Trooper School, prorated to six months
  - \$17.8 million GF for the vehicle and equipment costs for the 145<sup>th</sup> Basic Trooper School
  - \$6.0 million GF for unanticipated overtime costs

## Transportation

### *Department of Aviation*

- **Authorizes the Purchase of a Replacement Aircraft.** Includes language authorizing the Department of Aviation to purchase an aircraft to replace one of the two aircraft currently owned by the Department.

## Veterans and Defense Affairs

### *Department of Veterans Services*

- **Start-Up Support for Puller Veterans Care Center.** Proposes an additional \$1.8 million GF in support for the start-up costs associated with the phased opening of Puller Veterans Care Center in Fauquier County.

## Central Appropriations

General Fund appropriations within central appropriations reflect employee compensation and benefit changes, which are spread across the agencies in the out years, internal service fund costs spread across agencies, or for one-time expenditures.



Below is a summary of the major funding initiatives.

### ***Employee Compensation Actions***

- **2% Bonus for State Employees and State Supported Local Employees.** Provides \$124.7 million general fund in FY 2026 to provide a 2% bonus for state employees and state supported local employees. The amendment provides \$91.9 million for the state employee bonus on June 16, 2026, and \$32.7 million for the state supported local employees bonus on June 1, 2026.

### ***Employee Benefit Plan Funding Actions***

- **Adjust Funding for Line of Duty Act Premiums.** Includes \$0.5 million GF in FY 2026 to reflect higher than projected premium payments for the Line of Duty based on an increase of 300 currently active state employees who would qualify for the benefits.

### ***Miscellaneous Expenditure Initiatives***

- **Increase Appropriation for Higher Education Credit Card Rebates and Interest Earnings.** Provides an increase in FY 2026 of \$12.4 million GF and \$6.0 million NGF to amend the amount of funding that is returned to the Higher Education Institutions based on interest earnings on tuition and fees, and rebates from credit card charges made by the institutions. The proposal would increase the total fund transfers in FY 2026 from \$20.1 million to \$38.1 million.

### ***Miscellaneous Language Amendments***

- **Authorize the Reversion of Unexpended Balances.** Includes language which authorizes the reversion of \$4.6 million in unexpended balances under the central appropriations.

## **Independent Agencies**

### ***Alcoholic Beverage Control Authority***

- **Transfer of Net Profit from Store Operations.** Proposes increasing the FY 2026 net profit transfer to \$160.9 million, an increase of \$4.8 million above the \$156.1 million transfer assumed by Chapter 725 (2025 Session).

## **Part 3**

Part 3 of the budget contains miscellaneous actions that are not attached to a specific agency. It includes transfers from general to nongeneral funds, working capital and lines of credit, adjustments to tax collections and adjustments and modifications to fees.



## ***Interfund Transfers***

- **Changes to Interfund Transfers.** Propose the following changes from transfers to the general fund.
  - \$25.0 million from the Soil and Water Conservation District Dam Maintenance, Repair, and Rehabilitation Fund
  - \$10.0 million from the Virginia Growth and Opportunity Fund
  - \$2.2 million from the Virginia Clean Energy Innovation Bank, resulting from the sale of Renewable Energy Certificates
    - The Department of Planning and Budget captured \$7.7 million of GF previously provided for the bank during budget development.

## **Part 4**

Part 4 of the budget is referred to as the General Provisions, and it contains the “fine print,” or the rules governing Administration’s implementation of the appropriations adopted by the General Assembly. Also included in this section are provisions relating to treasury loans, capital projects, special restrictions on expenditures, positions and employment (including agency head salaries) and gubernatorial reporting requirements.

The final section of Part 4, often referred to as Part 5, are additional enactment clauses contained in the budget, including the effective dates of matters therein.

## ***Special Conditions and Restrictions on Expenditures***

- **Medical Services.** Proposes to modify language contained in the introduced budget to restrict funding for abortions covered pursuant to state statute, including those in which a pregnancy occurs because of rape or incest, and in certain cases of gross and totally incapacitating physical deformity or mental deficiency as certified by a physician, after appropriate tests have been performed.

## ***Additional Enactments***

- **Clarify Thresholds for Conformity to Federal Income Tax Laws.** The 12th enactment clause replaces language included in Chapter 725 which paused rolling tax conformity with provisions authorizing conforming Virginia’s tax code to most of the federal provisions adopted in H.R. 1. The revenues included in the introduced budget assumes a \$101.6 million reduction in revenues because of conformity



**Impact of Federal Tax Conformity Provisions in HB 29**  
(\$ in millions)

<b>Conformity Provisions</b>	<b>FY 2026 Impact</b>
50% of special depreciation allowance for qualified property	(\$63.6)
Increases the business interest deduction	(\$33.6)
Increases section 179 expensing limit to \$2.5 million	(\$28.2)
New limit on the value of itemized deductions (repeal of Pease limit)	(\$10.2)
Restructure of opportunity zones program	\$10.9
0.5% floor on charitable contributions	\$15.8
1% floor on charitable contributions	\$4.3
Miscellaneous provisions	<u>\$3.0</u>
<b>Total</b>	<b>(\$101.6)</b>



# HB 30: PROPOSED BUDGET FOR FY 2026 – FY 2028 BIENNIUM

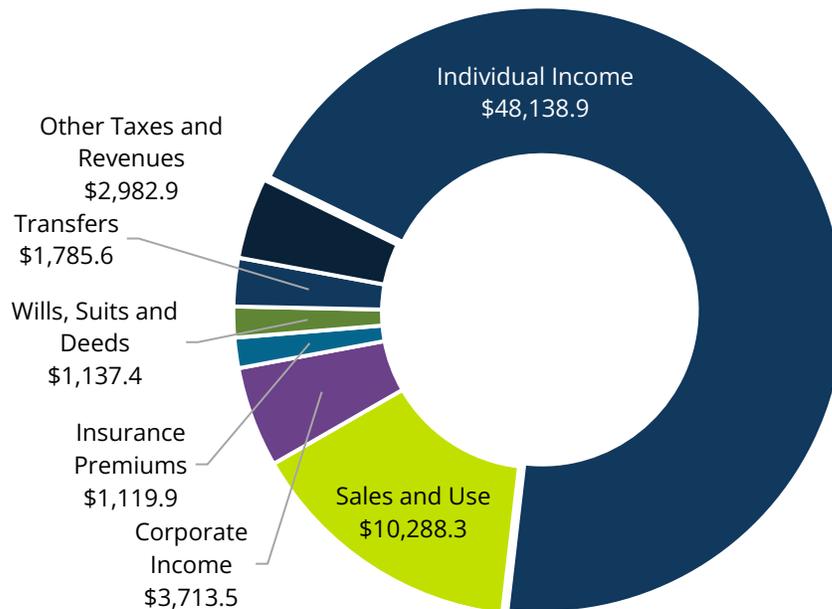
## Executive Summary

### Revenue Overview

The introduced budget for the 2026-28 biennium, HB 30, includes \$71.9 billion in general fund resources (including carryforward balances) available for appropriation. Resources include a beginning balance of \$2.1 billion. This balance is in addition to the \$68.0 billion in estimated revenues over the 2 years and \$1.8 billion in assumed transfers to the General Fund over the biennium. The chart below shows General Fund resources by source.

The revenue forecast used as the basis for the introduced budget is the GACRE forecast presented last month, which assumes 4.9% revenue growth in FY 2027 and 3.9% revenue growth in FY 2028, slightly adjusted downward for tax policy adjustments which decreased the forecast by \$242.5 million in FY 2027 and \$390.2 million in FY 2028.

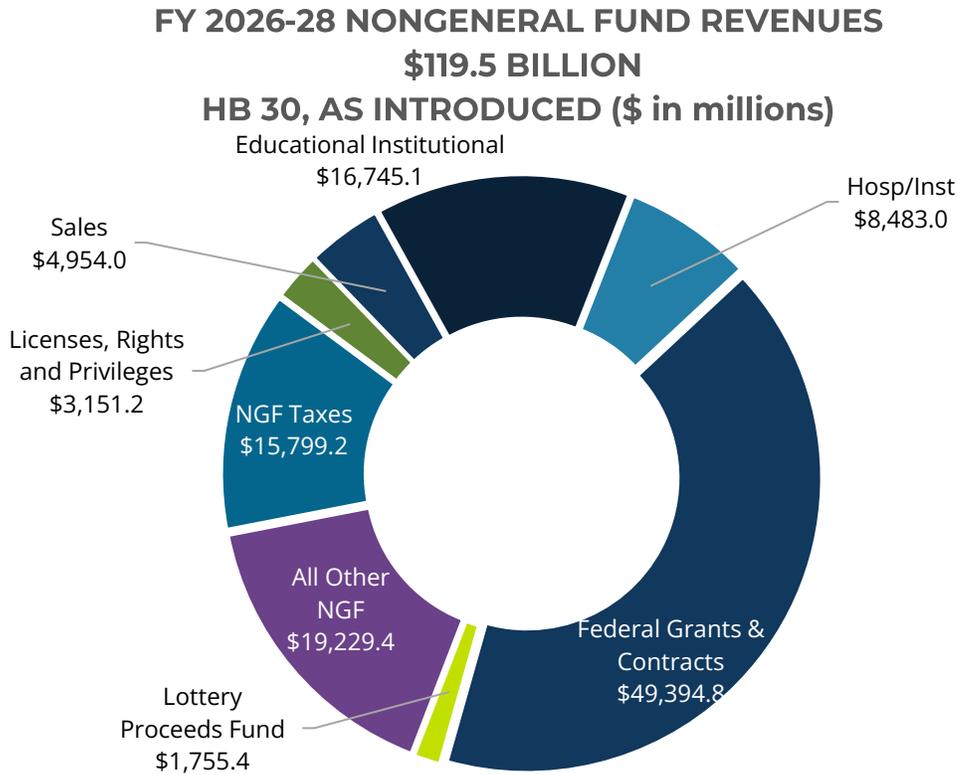
**FY 2026-28 GF REVENUES & TRANSFERS**  
**\$69.2 BILLION**  
**HB 30, AS INTRODUCED (\$ in millions)**



Total biennial revenues, including nongeneral funds, are \$188.7 billion. Consistent with recent biennia, the nongeneral fund revenues make up 2/3s of total resources. The chart on the next page includes a breakdown of nongeneral fund revenues.



The introduced budget includes \$71.3 billion in general fund resources and proposes \$71.0 billion in general fund expenditures leaving an unappropriated balance of \$305.4 million.



## Tax Policy Changes

### ***Conforming Virginia’s Tax Code to the Majority of the Federal Provisions Adopted in H.R. 1***

- The 7<sup>th</sup> enactment clause in House Bill 29 as introduced conforms the Virginia Tax Code to most of the provisions of HR 1 of 2025.
- House Bill 29 assumes a loss of \$101.6 million reduction in revenues based in FY 2026 from the conformity provisions.

### ***Proposal to Allow Income Tax Deductions for Overtime Pay, Tips, and Interest on Car Loan Payments***

- The 2nd enactment clause in HB 30 proposes to amend the tax code to allow deductions from income taxes for overtime income, tips and interest paid on car loans.



- The three proposed new deductions are all tied to new provisions of the federal tax code and would allow deductions up to 25% of the new federal limit in tax year 2026 and 50% of the federal limit starting in tax year 2027. The combined impact of the 3 proposals is a \$93.9 million reduction in revenues in FY 2027 and \$177.9 million in FY 2028.

### **Require Multi-State Corporations to Use Market-Based Sourcing**

- The 4th enactment clause in HB 30 requires corporations to use market-based sourcing for beginning in tax year 2027. Under market-based sourcing, income is credited based on the location of the customer as opposed to where services are performed. A reduction of revenues in FY 2028 of \$29.1 million is assumed in HB 30, but the transition is expected to be revenue neutral or result in an increase in revenue in the long-term. The language exempts defense and telecommunications industry companies from the proposal.

<b>Break Out of Tax Policy Adjustments in HB 30</b>		
<b>(\$ in millions)</b>		
	<b>FY 2027</b>	<b>FY 2028</b>
<b>Conformity Provisions</b>		
Domestic Research Deduction (Prospective Only)	(\$84.1)	(\$79.0)
50% of special depreciation allowance for qualified property	(86.8)	(90.8)
Increases the business interest deduction	(16.0)	(14.8)
Increases section 179 expensing limit to \$2.5 million	(19.3)	(16.1)
New limit on the value of itemized deductions (repeal of Pease limit)	(26.1)	(27.9)
Restructure of opportunity zones program	22.9	(27.0)
0.5% floor on charitable contributions	40.4	42.5
1% floor on charitable contributions	7.7	9.2
Miscellaneous provisions	<u>12.7</u>	<u>20.7</u>
<b>Total Impact From Conformity</b>	<b>(\$148.6)</b>	<b>(\$183.2)</b>
<b>Other Tax Policy Proposals</b>		
Partial Exemption Tax on Overtime	(60.6)	(104.4)
Partial Exemption Tax on Tips	(18.3)	(35.2)
Partial Exemption Tax on Car Loan Interest	(15.0)	(38.3)
Implement Market Based Sourcing for Corporations	<u>0.0</u>	<u>(29.1)</u>
<b>Total All Proposals</b>	<b>(\$242.5)</b>	<b>(\$390.2)</b>

**In combination with proposals in HB 29 to mirror the conformity provisions in HB 30, the total cost of proposed tax policy changes is \$734.3 million over the 3-year period.**



## Spending Overview

House Bill 30 includes general fund spending totaling \$70.1 billion over the biennium with operating expenditures of \$34.8 billion in FY 2027 and \$35.3 billion in FY 2026. Measured against Chapter 725 operating expenses, this represents an increase of \$2.5 billion over the biennium, reflecting reductions of \$168.2 million in the FY 2024 – 2026 biennium made by the Governor through the veto process, \$16.9 million of which the General Assembly did not recognize.

House Bill 30 includes authorized new GF capital outlay spending totaling \$890.0 million over the biennium. Additionally, the proposals included in HB 30 authorize \$1.1 billion in state-supported debt for capital outlay construction projects. During the 2025 veto process, the Governor vetoed \$691.3 million of GF Capital Outlay spending. HB 30 restores the majority of the vetoed projects as well as adding other projects in the capital outlay pipeline that are ready for construction.

**New GF spending (operating and capital outlay) above Chapter 725 totals \$3.4 billion, with an additional \$300 million left unspent and available for future needs.**

New major spending initiatives for FY 2027 and FY 2028 include:

- \$2.8 billion to reflect the additional costs of the Medicaid program resulting from inflation and utilization. This does not include any additional costs to the program resulting from federal bill H.R. 1
- \$1.0 billion in compensation and benefits related actions including \$785.7 million to support a 2% raise for state employees, state-supported local employees, and teachers starting in FY 2027 and \$243.5 million to support the state's share of rising health insurance premiums for state employees
- \$449.5 million to reflect changes to state support for public school's resulting from the biennial rebenchmarking process

Major savings strategies proposed in HB 30 include:

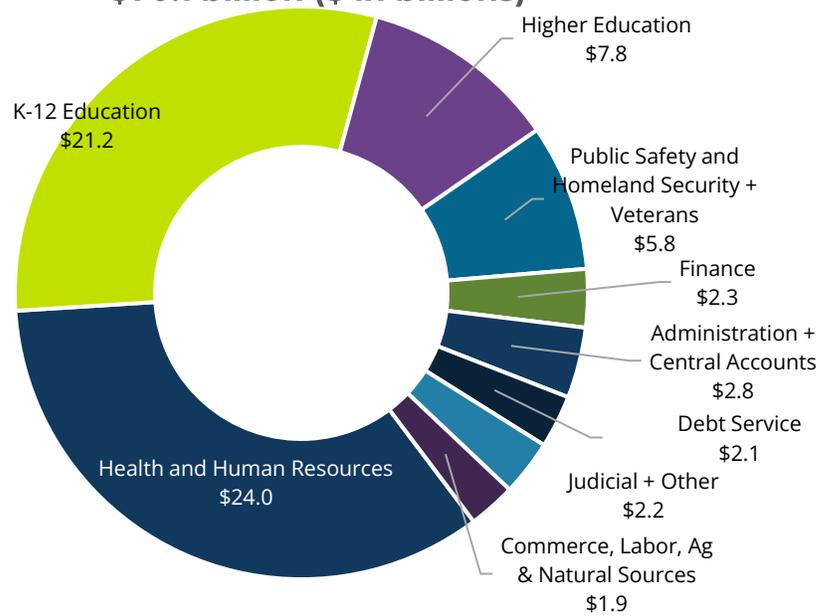
- \$309.4 million in adjustments to the employer contribution rate for teacher retirement plans certified by the Virginia Retirement System Board and adjustments to the employer contribution rate for state employees enrolled in the hybrid plan. These changes reflect the higher funded status of the plans based on recent market returns
- \$283.2 million in savings by removing the automatic inflation adjustments for FY 2027 and FY 2028 for hospitals and additional medical providers in the Medicaid program
- \$108.0 million in savings from changes to crisis services offered by Medicaid, which include limiting services to a four-hours, network changes for mobile crisis services and removing community stabilization as a covered service



Large one-time GF investments are concentrated in the Commerce, Agriculture and Natural Resources areas. Proposed one-time investments of more than \$10 million include:

- \$144.1 million for the Water Quality Improvement Fund and Agriculture Cost-Share program, \$107.9 million of which is mandatory based on the FY 2025 year-end GF surplus
- \$140.6 million to complete the Hampton Roads Sanitation District Boat Harbor Water Treatment Plant project through the Enhanced Nutrient Removal Certainty program
- \$43.5 million to support local stormwater improvement projects
- \$35.0 million for the Institute for Biotechnology at UVA
- \$35.0 million for design and site readiness work for the development of an inland port in Washington County
- \$10.0 million increase for the Virginia Business Ready Sites program

**FY 2026 - FY 2028 BIENNIAL GENERAL FUND SPENDING  
BY SECRETARIAL AREA, HB 30  
\$70.1 billion (\$ in billions)**

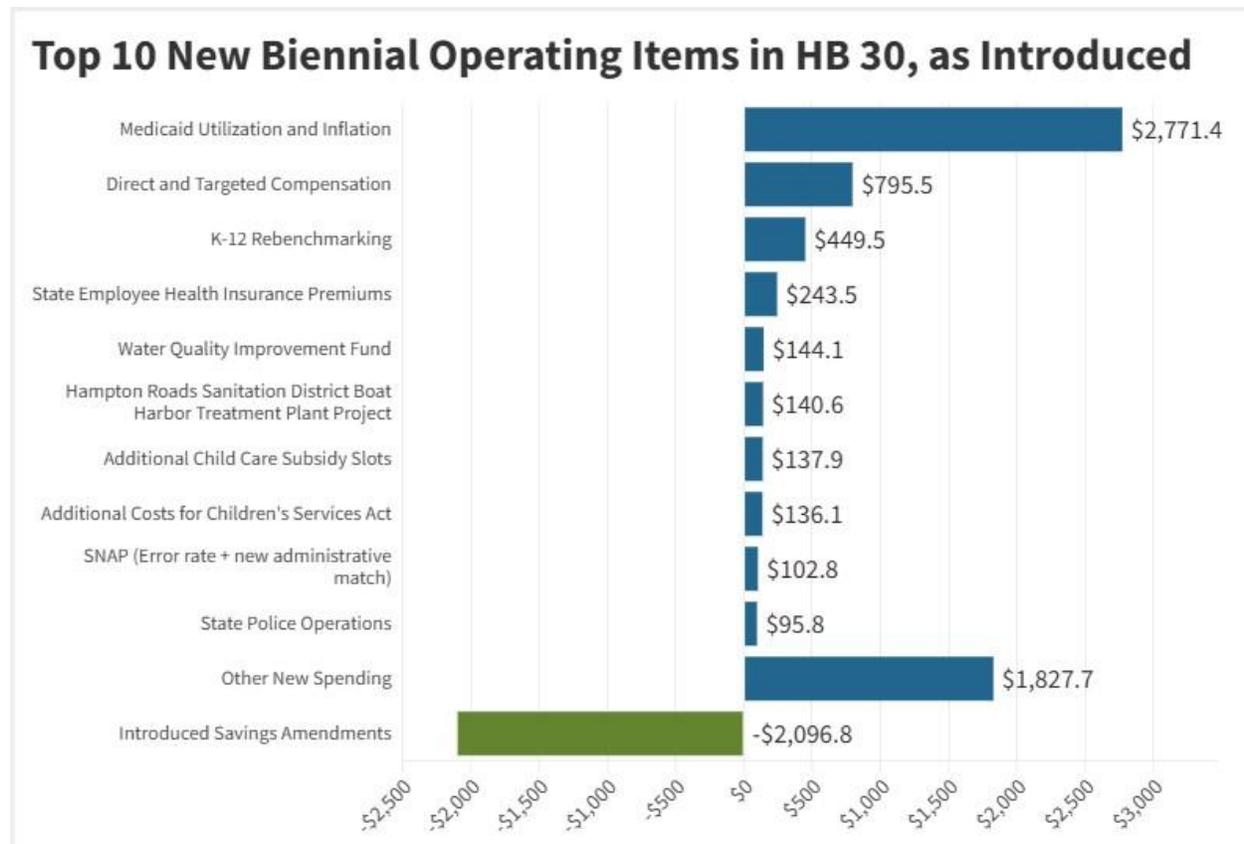


The chart above highlights biennial GF operating spending by secretarial area, which totals \$70.1 billion over the biennium. The state’s mandatory programs, K-12 Education and health and human services, continue to dominate total spending with 65% of spending directed to these areas of government.



## Top Spending Items:

The new operating spending featured in this section excludes agency base budgets and base budget adjustments, since these actions are more technical in nature. HB 30, as introduced, includes a **new amendments totaling a net of \$4.7 billion of funding increases over the biennium**. When new savings ideas are excluded, this number increases to \$6.8 billion with 10 items totaling \$5.0 billion over the biennium. The chart below provides a high-level overview of these items. Following this chart is a discussion of major proposed spending in each Secretarial area as well as an overview of proposed capital outlay spending which is excluded from the chart below.



## Health and Human Resources

- **Medicaid Forecast.** Proposes increases of \$1.1 billion in FY 2027 and \$1.7 billion in FY 2028 from the general fund for the forecast of utilization and inflation in the Medicaid program.
- **Virginia Health Care Fund.** Reflects an increase of \$41.5 million GF in FY 2027 and an increase of \$52.2 million GF in FY 2028 to offset the latest revenue estimates in the Fund. Revenue from tobacco taxes and pharmacy rebates are projected to be lower, thus requiring additional general fund to cover Medicaid program costs.

- **Children’s Health Insurance Programs.** Includes spending of \$29.6 million in FY 2027 and \$55.2 million in FY 2028 for the children’s health insurance programs (FAMIS and M-CHIP).
- **Medicaid Developmental Disability Waiver Rates.** Adds \$28.0 GF and \$31.5 million NGF the first year and \$31.2 million GF and \$35.0 million NGF the second year to increase rates for certain DD Waiver services that were included in a rate study of services required pursuant to the Permanent Injunction (Civil Action No. 3:12CV59-JAG).
- **Children’s Services Act (CSA) Forecast.** Includes \$49.6 million GF in FY 2027 and \$86.5 million GF in FY 2028 for estimated cost increases in CSA.
- **Department of Social Services.** Adds \$43.0 million GF in FY 2027 and \$57.4 million GF in FY 2028 to fund the new state share of SNAP administrative costs per H.R. 1.
- **Department of Social Services.** Provides \$14.6 million GF in FY 2027 and \$18.1 million GF in FY 2028 and 132 FTEs each year to create a centralized CPS intake system for reports of child abuse and neglect.

### **Compensation and Retirement**

- **State 2.0% Raises for State Employees and State Supported Local Employees.** Includes \$126.6 million general fund in FY 2027 and \$276.2 million general fund in FY 2028 to provide a 2.0% salary increase for state employees and state supported local employees at the beginning of each fiscal year.
- **State Employee Health Insurance Premiums.** Includes \$99.4 million GF in FY 2027 and \$144.1 million GF in FY 2028 to support a 13.0% increase in premiums for the state employee health insurance program effective July 1, 2026 and an additional increase of 5% effective July 1, 2027.

### **Early Childhood and K-12 Education**

- **State’s Share of Biennial Rebenchmarking.** Includes \$449.7 million GF over the biennium to address the projected costs of Standards of Quality and other programs in the new biennium. This includes about \$1.2 billion in additional costs, primarily from ancillary cost increases and students needing additional supports. These costs are offset by about \$790.0 million in cost decreases, mostly from enrollment declines and a reduction in teacher retirement contribution rates.
- **Two-percent Increases in FY 2027 and FY 2028.** Proposes \$127.2 million GF in FY 2027 and \$255.6 million GF in FY 2028 for the state’s share of a 2.0% salary increase each year. To access the funds, school divisions must provide an average 2.0% salary increase each year; however, divisions may provide a lower salary increase and receive a prorated portion of the state’s share of the 2.0% increase.



- **School Construction Assistance.** Recommends an additional \$274.0 million NGF in FY 2027 and \$25.0 million NGF in FY 2028 for school construction assistance grants, increasing the total grants available for the biennium from \$360.0 million to \$519.0 million. This increase is supported by appropriating \$77.4 million in excess School Construction Fund balances accumulated during FY 2026, a \$25.0 million increase in projected casino gaming revenues each year, and repurposing \$172.0 million in unutilized literacy fund loan authorizations from the 2024-2026 biennium, embodied in a corresponding amendment in HB 29.
- **Child Care Subsidy Program Slots.** Proposes \$71.0 million GF in FY 2027 and \$66.6 million GF in FY 2028 to support approximately 6,745 additional subsidy slots for eligible families with children from birth through age 5.

### **Higher Education**

- **Access and Affordability.** Proposes \$27.5 million GF in the first year only to maintain affordability and access goals at public colleges and universities allowing institutions to limit in-state undergraduate tuition increases.
- **Student Financial Assistance.** Proposes \$15.0 million GF in additional financial aid for Virginia undergraduates students at public colleges and universities.
- **State Council of Higher Education** Recommends \$17.7 million GF over the biennium primarily to support projected cost increases in the New Economy Workforce Credential Grant (\$13.6 million), projected cost increases in the VMSDEP stipend (\$2.5 million).

### **Natural and Historic Resources**

- **Water Quality Improvement Fund Deposit.** Proposes Water Quality Improvement Fund deposits totaling \$286 million in FY 2027. This amount includes:
  - \$107.9 million GF for the mandatory Part A and Part B deposits from agency balances and the general fund surplus
  - \$36.2 million GF as a supplemental deposit
  - \$58 million NGF from interest earnings accrued in the Natural Resources Commitment Fund, and
  - \$83.9 million NGF transfer from the Water Quality Improvement Reserve Fund.

A total of \$279.4 million is proposed for deposit in the Natural Resources Commitment Fund, including \$169.9 million for Ag BMP matching grants for lands within the Chesapeake Bay watershed, \$72.8 million for matching grants outside of the Chesapeake Bay watershed, and \$36.3 million to support technical assistance provided by Soil and Water Conservation District Offices.

- **Enhanced Nutrient Removal Certainty.** Proposes \$140.6 million in FY 2027 to provide the Commonwealth's share of support for the Hampton Roads Sanitation District (HRSD) Board



Harbor Treatment Project through the Enhanced Nutrient Removal Certainty program. HRSD has completed this eligible project using proceeds from bonds issued under its own authority, requiring the ENRC grant reimbursement to be provided using general fund resources.

- **Stormwater Local Assistance Fund.** Proposes \$43.5 million GF in FY 2027 for deposit in the Stormwater Local Assistance Fund to support grants to localities for improvements to their municipal separate storm sewer systems.
- **Lake Shenandoah Dam.** Proposes \$6.4 million GF in FY 2027 to rebuild Lake Shenandoah Dam to the level of functionality provided before its failure. The dam's emergency spillway was heavily damaged during a 2018 storm and has been operating at a substantially reduced capacity since that time.

### *Economic Development*

- **Custom Performance Grants for Economic Development Projects.** HB 30 includes \$46.9 million in additional resources to support major economic development projects that require review and approval by the MEI Commission.
- **Institute for Biotechnology at UVA.** Provides \$35.0 million in FY 2027 to support UVA's Institute for Biotechnology by using state funds to incentivize the recruitment of research faculty to the Commonwealth. The Commonwealth has supported this Institute with \$112.5 million of state general and nongeneral funds.
- **Virginia Business Ready Sites.** Provides an additional \$10.0 million in one-time support in FY 2027 for this economic development program, bringing total biennial support to \$50.0 million over the biennium.

### *Transportation*

- **Funding for Continued Development of Inland Port.** Includes \$35 million in General Fund support in FY 2027 under the Port of Virginia for the continued development of the new Inland Port in southwest Virginia.

### *Public Safety and Homeland Security*

- **Address Personnel and Equipment Costs.** Proposes an additional \$43.6 million GF in FY 2027 and \$52.2 million GF in FY 2028 to address increased personnel and operational costs within the Department of State Police. The caboose bill also proposes \$50.3 million GF in FY 2026 for increased personnel, equipment, and information technology costs at the Department.



- **Increased Inmate Medical Costs.** Proposes an additional \$28.9 million GF in FY 2027 and \$30.8 million GF in FY 2028 to reflect increased estimated costs of providing medical care to inmates housed in DOC facilities. These amounts are in addition to the \$24.9 million GF in additional funding for inmate medical care included in the caboose bill.
- **Cardinal Disaster Relief Fund.** Proposes the establishment of the Cardinal Disaster Relief Fund with the Department of Emergency Management, to be used for “efforts to address life, safety, and disaster-related response costs not covered by federal support.” An amendment proposed in the Department of Housing and Community Development directs the State Comptroller to transfer \$35 million from interest accrued in the Low-Income Energy Efficiency Program to capitalize the Cardinal Disaster Relief Fund.
- **VITA Transformation.** Proposes \$9.3 million GF each year to continue Phase 2 of the Department of State Police’s ongoing VITA transformation process.
- **Disaster Management Funding.** Proposes an additional \$5 million GF in FY 2027 and \$7 million GF in FY 2028 for emergency response and recovery services provided by the Department of Emergency Management.

### ***Veterans and Defense Affairs***

- **Puller Veterans Care Center Startup Costs.** Proposes \$7.5 million GF in FY 2027 and \$1.6 million GF in FY 2028 to reflect estimated startup costs at Puller Veterans Care Center in Fauquier County. This is in addition to \$1.8 million GF in startup support provided in House Bill 29 in FY 2026. It is expected that upon full operation Puller Veterans Care Center will be fully supported by nongeneral fund revenues.

### ***General Government***

- **Debt Service.** Includes \$67.9 million over the biennium to reflect updated debt service payments owed on bond issuances.
- **Criminal Fund.** Proposes \$40.8 million for the biennium for deposit to the Criminal Fund.
- **Staffing for Sheriffs’ Offices.** Provides \$9.2 million GF in the biennium to fund an additional 89 sheriff positions for statewide distribution.
- **Courts Information Technology.** Includes \$7.1 million GF over the biennium to sustain and advance digital services, expand judicial video conferencing infrastructure, and establish a security operations center in Virginia’s courts.
- **Guardian Ad Litem Rates.** Includes \$3.0 million over the biennium to increase guardian ad litem (GAL) rates to \$84.40 per hour in court and \$63.10 per hour out of court.



- **Use of VA529 Trust Fund Balances for Higher Education Waiver Programs.** Includes language authorizing transfer of Trust Fund balances to support higher education waiver program costs, as administered by SCHEV.

### **Capital Outlay**

- **Overall Capital Outlay.** HB 30 proposes a total of \$2.7 billion in capital outlay for over 50 projects, of which \$2.0 billion is supported by the general fund either in cash (\$890.0 million) or GF/tax-supported debt (\$1.1 billion).
- **Higher Education Projects.** Proposes \$74.9 million GF cash and \$1.1 billion in GF-supported debt for 19 projects at institutions of higher education, including restoration of the majority of projects vetoed by Governor Youngkin in Chapter 725. Also proposes funding for the first time for a handful of higher education projects that have progressed through the pipeline and are ready for construction funding, to include a new school of dentistry at VCU and an arts and engineering building at ODU.
- **State Agency Projects.** Includes \$403.2 million GF cash and \$11.3 million in GF-supported debt for projects at state agencies, with most of the funding proposed for the construction of replacement facility for the state Supreme Court and the Virginia Court of Appeals.



# Resources

The proposed budget for the 2026-28 biennium budget includes \$71.9 billion in general fund resources available for appropriation.

General Fund Resources Available for Appropriation in HB 30 as Introduced (2026-28 biennium, \$ in millions)	
Beginning Balance	\$2,124.7
Additions to the Balance	(1.0)
Official GF Revenue Estimate	68,013.7
Transfers	1,785.9
<b>GF Resources Available for Appropriation</b>	<b>\$71,923.3</b>

## Available Balances

HB 29 as introduced includes an unappropriated balance of \$2.1 billion which is carried over into HB 30 as the beginning balance. This larger than typical balance is the result of vetoed amounts in Chapter 725, and the FY 2025 revenue surplus and unexpended agency GF balances.

## Forecast of General Fund Revenues

The updated 2026-28 general fund revenue forecast assumes revenue growth of 3.0% in FY 2027 and 3.2% in FY 2028. These growth rates are calculated from a higher FY 2026 base compared to the forecast used in developing the revenue projections for Chapter 725, which is the starting point for building the base budget for the 2026-28 biennium. The underlining economic projections – prior to adjusting for tax policy changes – reflects assumed growth of 3.3% in FY 2026, 3.5% in FY 2027, and 3.6% in FY 2028.

The moderate growth over the biennium is driven by a forecast of continued strong growth in withholding tax collections with 5.0% growth in FY 2027 and 4.6% growth in FY 2028, which is offset by minimal growth in nonwithholding and sales tax revenue.

Forecast of General Fund Revenues, Projected Growth (\$ in millions)				
	FY 2027	% Growth	FY 2028	% Growth
Withholding	\$19,379.8	5.0%	\$20,272.5	4.6%
Nonwithholding	7,691.7	0.3	7,705.5	0.2
Refunds	(3,382.6)	4.0	(3,528.0)	4.3
Net Individual	23,688.9	3.6	24,450.0	3.2
Corporate	1,825.2	0.7	1,888.3	3.5
Sales	5,079.0	2.2	5,209.3	2.6
Insurance	549.1	2.3	570.8	4.0



Forecast of General Fund Revenues, Projected Growth				
(\$ in millions)				
Wills (Recordation)	528.2	11.4	609.2	15.3
All Other Sources	1,485.5	(2.4)	1,497.4	0.8
<b>Total GF Revenues</b>	<b>\$33,155.9</b>	<b>3.0%</b>	<b>\$34,225.0</b>	<b>3.2%</b>

## Policy Changes Reflected in Revenue Forecast

The policy adjustments included in the forecast reduce the forecast by \$242.5 million in FY 2027 and \$390.2 million in FY 2028.

### Enrolled Budget

- Conform Virginia's Tax Code to Most of the Federal Provisions Adopted in H.R. 1.** The 7th enactment clause in House Bill 29 as introduced conforms the Virginia Tax Code to most of the provisions of the federal H.R. 1 of 2025. The estimated net impact from these provisions is a decrease in revenue of \$148.6 million in FY 2027 and decrease of \$183.2 million in FY 2028.

Conformity Provisions (\$ in millions)		
	FY 2027	FY 2028
Domestic Research Deduction (Prospective Only)	(\$84.1)	(\$79.0)
50% of special depreciation allowance for qualified property	(86.8)	(90.8)
Increases the business interest deduction	(16.0)	(14.8)
Increases section 179 expensing limit to \$2.5 million	(19.3)	(16.1)
New limit on the value of itemized deductions (repeal of Pease limit)	(26.1)	(27.9)
Restructure of opportunity zones program	22.9	(27.0)
0.5% floor on charitable contributions	40.4	42.5
1% floor on charitable contributions	7.7	9.2
Miscellaneous provisions	12.7	20.7
<b>Total Impact from Conformity</b>	<b>(\$148.6)</b>	<b>(\$183.2)</b>

- Provide Income Tax Deduction for Overtime Pay.** Establishes an income tax deduction up to 25% of the new federal provision in Tax Year 2026 and 50% beginning in Tax Year 2027. The new federal provision allows a deduction of up to \$12,500/\$25,000 for overtime pay required under the Fair Labor Standards Act (FLSA) with phaseouts starting at \$150,000/\$300,000 AGI for joint filers. The federal provision is currently set to expire after Tax Year 2029. It is estimated the deduction will reduce revenues by \$60.6 million in FY 2027 and \$104.4 million in FY 2028.



- **Provide Income Tax Deduction for Tip Income.** Establishes an income tax deduction up to 25% of the new federal provision in Tax Year 2026 and 50% beginning in Tax Year 2027. The new federal provision allows a deduction of up to \$25,000 for tips received in occupations that traditionally and customarily receive tips, with phaseouts starting at \$150,000 single/\$300,000 AGI for joint filers. The federal provision is currently set to expire after Tax Year 2029. It is estimated the deduction will reduce revenues by \$18.3 million in FY 2027 and \$35.2 million in FY 2028.
- **Provide Income Tax Deduction for Interest Charges on Car Loans.** Establishes an income tax deduction up to 25% of the new federal provision in Tax Year 2026 and 50% beginning in Tax Year 2027. The new federal provision allows a deduction up to \$10,000, only for automobiles assembled in the United States, with phaseouts starting at \$100,000 single/\$200,000 joint filers' AGI. The federal provision is currently set to expire after Tax Year 2029. It is estimated the deduction will reduce revenues by \$15.0 million in FY 2027 and \$38.3 million in FY 2028.
- **Require Multi State Corporations to Use Market-Based Sourcing.** Requires corporations to use market based sourcing beginning in tax year 2027, which is consistent with the method required in the large majority of the states. Under market-based sourcing, income is credited based on the location of the customer as opposed to where services are performed. The transition is expected to result in reduced tax revenues in the short term due to a compliance lag but may result in an increase over the long term. A reduction of revenues in FY 2028 of \$29.1 million is assumed in HB 30. Language exempts defense and telecommunications industry companies from the proposal.

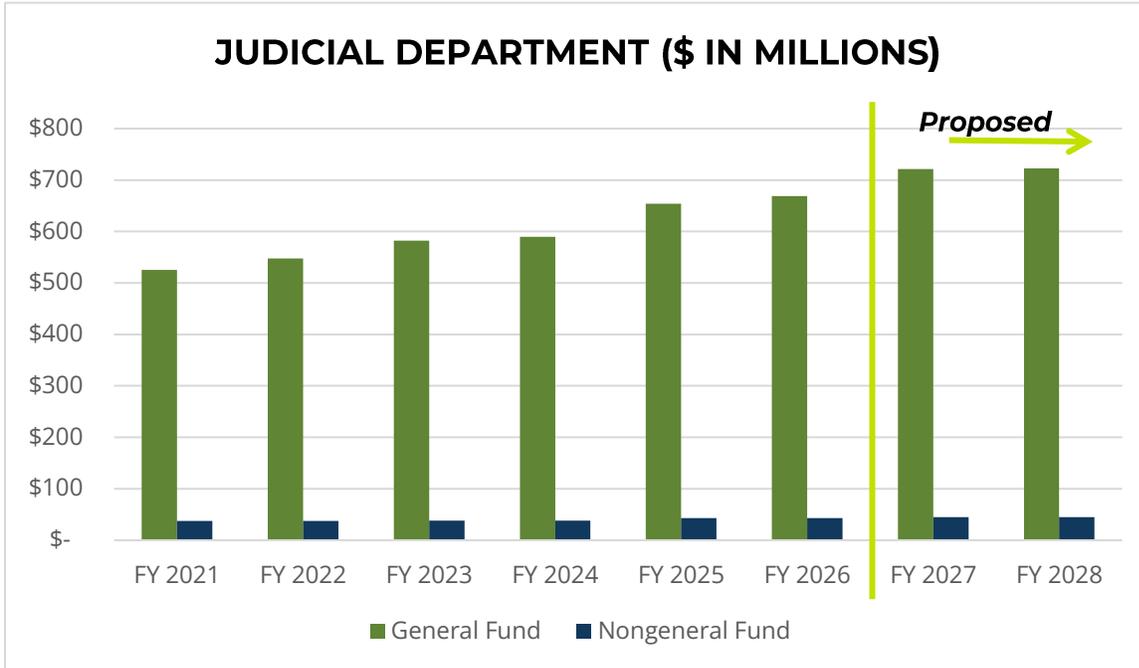
## General Fund Transfers

Assumed transfers to the general fund total \$1.8 billion over the biennium. Of this amount, \$1.3 billion represents the standard 0.375% sales tax transferred from the Local Real Estate/SOQ Fund for public education and \$279.6 million is related to profits from the Alcohol Beverage Control Authority.

<b>GF Transfers, Chapter 725 (2024-26 biennium, \$ in millions)</b>	
0.375% Sales Tax – Public Education	\$1,256.9
ABC Profits	279.6
ABC/Wine to DBHDS for Substance Abuse Treatment	149.0
Transfer of Racing Commission Revenue	62.0
Other Miscellaneous Transfers	38.1
<b>Total Net Transfers</b>	<b>\$1,785.6</b>



# Judicial



The Governor’s proposed amendments to the 2026-2028 budget for Judicial branch agencies increase the biennial general fund appropriation by 9% as compared to the current appropriation. Beyond base and technical adjustments, most of the increased spending is due to a proposed biennial increase of \$40.8 million GF to the Criminal Fund within the courts system. The Criminal Fund is the source from which the state reimburses such court services as court-appointed attorneys, mediators, court-appointed experts, guardians ad litem, interpreters, and jurors.

## Supreme Court

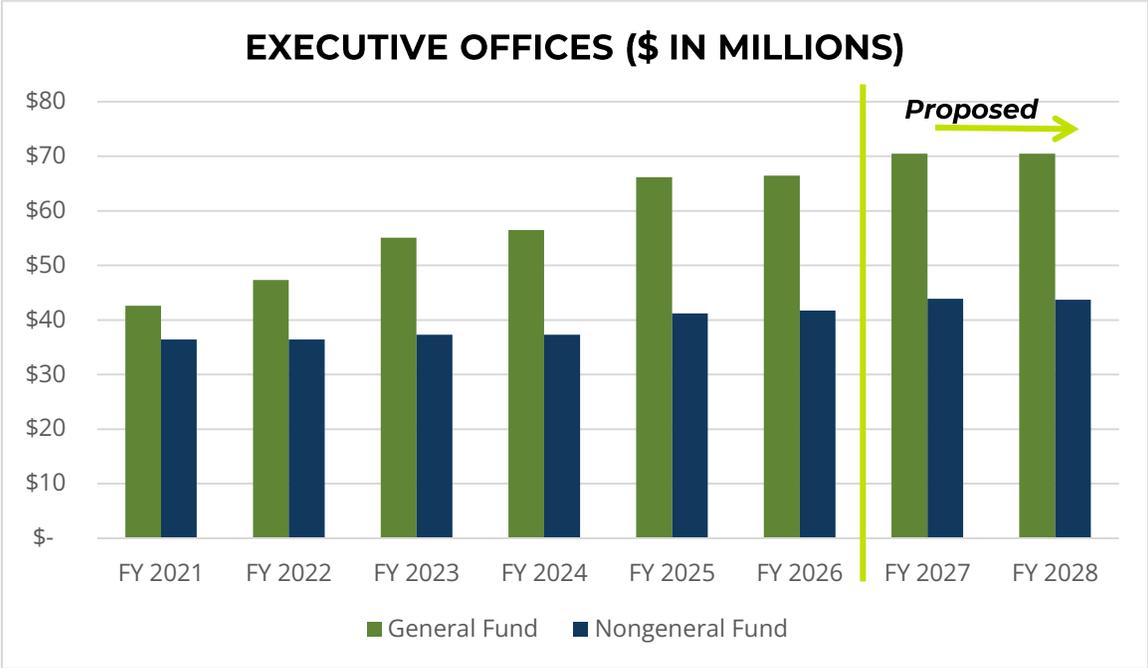
- **Enhance Agency Technology, Security, and Video Conferencing Infrastructure.** Includes \$2.8 million GF the first year and \$4.3 million GF the second year to sustain and advance digital services, expand judicial video conferencing infrastructure, and establish a security operations center.
- **Increase Guardian Ad Litem Rate.** Includes \$1.5 million GF each year and language increasing guardian ad litem (GAL) rates. GAL are currently paid \$78.75 per hour in court and \$57.50 per hour out of court; these rates increased on July 1, 2025, from the level set for the prior 23 years of \$75 and \$55, respectively. The funding proposed in HB 30 would increase the rates to \$84.40 per hour in court and \$63.10 per hour out of court.

## General District Courts

- **Criminal Fund.** Proposes \$20.4 million GF each year for deposit to the Criminal Fund.



# Executive Offices



The Governor’s proposed amendments to the 2026-2028 budget for Executive Offices reflect an approximate 6% increase in total GF appropriation for the biennium; nearly all of which is due to base and technical adjustments. Executive Offices include the statewide offices of the Governor, Lieutenant Governor, and Attorney General; the Office of the State Inspector General; and the Secretary of the Commonwealth. New GF spending proposed for this area of the budget is limited to an increase of two positions in the Office of the Children’s Ombudsman within the Governor’s Office.

## Office of the Governor

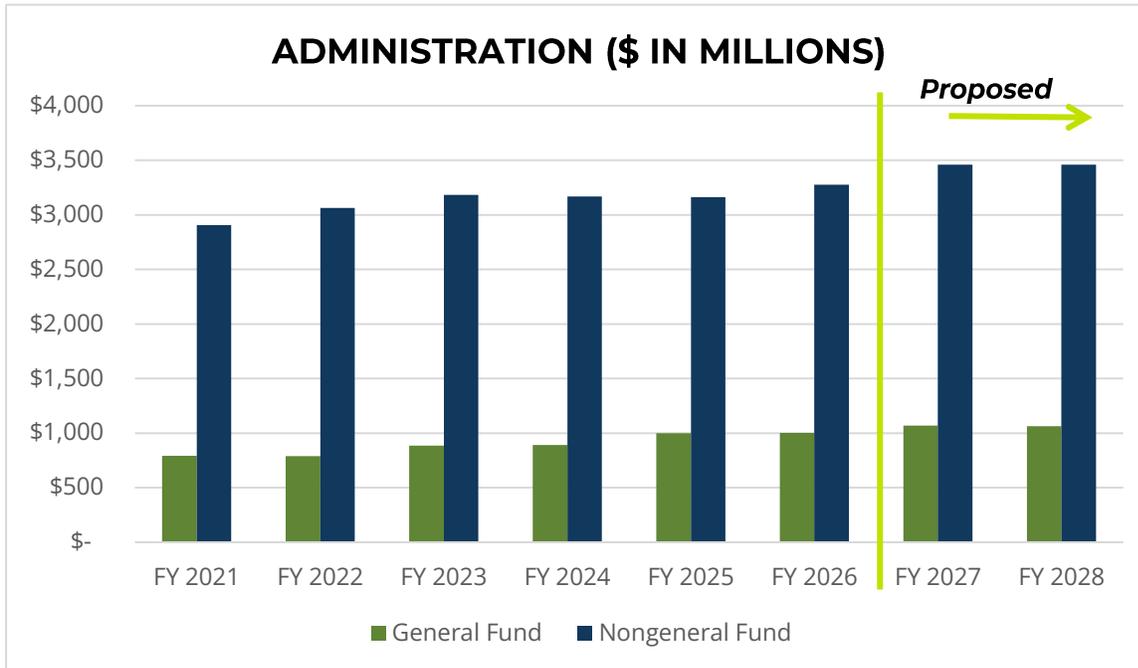
- **Office of the Children’s Ombudsman.** Proposes \$300,750 GF each year and two positions to hire a data analyst and a deputy director for the Office of the Children's Ombudsman.

## Attorney General and Department of Law

- **Increase Position Level to Reflect Current Employment Levels.** Proposes an increase of 50 positions for the Office of the Attorney General to reflect actual agency employment levels; no funding is associated with this action.



# Administration



The Governor’s proposed amendments to the 2026-2028 budget for the Administration secretariat increase overall GF spending for the biennium by 6.5% as compared to the current budget. The measurable nongeneral fund appropriation for this secretariat is largely due to the operations of the Virginia IT Agency (VITA), which provides IT infrastructure, security, and support in exchange for service charges paid by participating state agencies.

Notable GF spending proposals in HB 30 for this secretariat include \$9.2 million over the biennium to increase the statewide allocation of sheriffs’ office staffing by 89 positions, and \$3.3 million the first year for the implementation of the new campaign finance system administered by the Department of Elections.

## Compensation Board

- **Increase Staffing for Sheriffs’ Offices.** Provides \$4.6 million GF each year to fund an additional 89 sheriff positions statewide; 18 administrative positions and 71 deputy sheriff positions.

## Department of General Services

- **Adjust Internal Service Funds for Actual Costs.** Includes \$18.6 million NGF the first year and \$18.9 million NGF the second year to adjust five of the agency’s internal service funds to reflect anticipated expenditures. Note that HB 30 does not propose changes to DGS’ rent



plan rate, only to the internal service fund appropriation level to reflect expenditures. Agency relocations out of the Monroe Building and corresponding impacts to the rent plan are anticipated to continue through mid-2026.

- **Extend Line of Credit and Treasury Loan Authority for Agency Operations.** Includes language that authorizes the agency to utilize both a treasury loan and line of credit to assist with uncertain timing of receipt of rent payments and federal cash drawdowns, respectively.

## Department of Human Resource Management

- **Fund New Commonwealth Leadership Academy.** Includes \$200,000 GF the first year for a new cabinet nomination-based executive development program. This program would be in addition to leadership trainings currently available to state employees.
- **Expand Agency Participation in the Human Resource Shared Service Center.** Proposes \$268,280 NGF the first year and \$284,920 NGF the second year and two positions to support increased operations of the agency's HR shared service center. These positions would be needed to support workload associated with a plan to require additional state agencies to join the shared service center. Revenue to support these positions would come from fees paid by the newly participating agencies.
- **Enhance Agency Information Technology Capabilities.** Proposes \$596,765 GF the first year and \$104,075 GF the second year to enhance data warehousing, improve reporting capabilities, migrate fully to cloud storage, and subscribe to disaster recovery services.

## Department of Elections

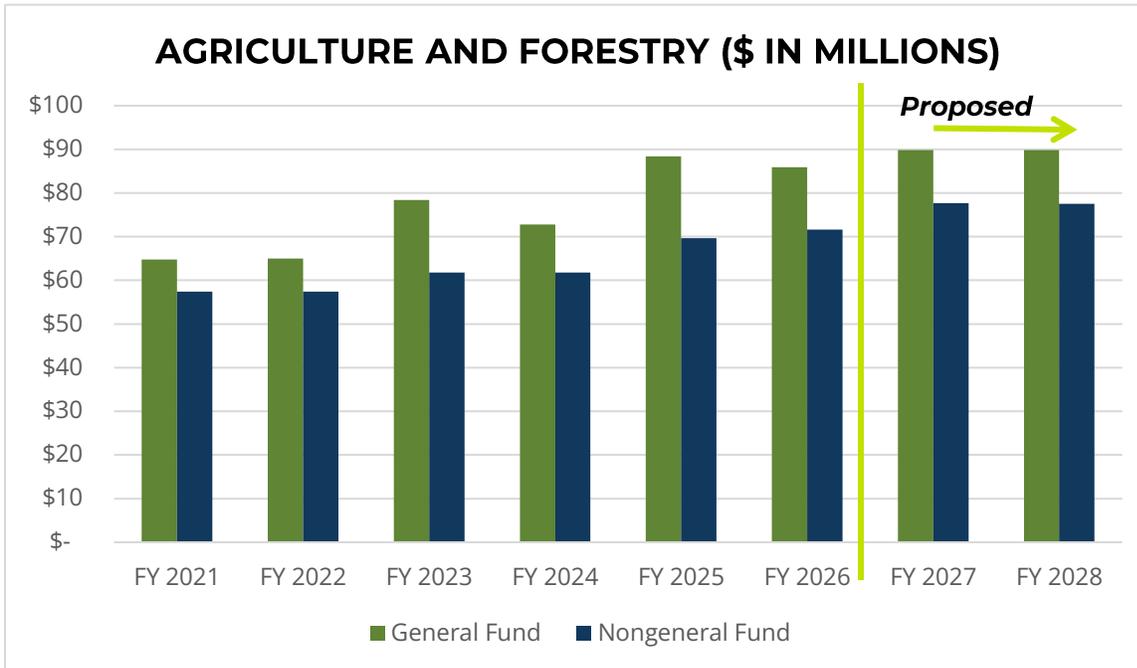
- **Replace Campaign Finance System.** Adds \$3.3 million in FY 2027 to replace the Electronic Tracking Committee (COMET) and Campaign Finance Management (CFM) systems through a partnership with VITA.

## Virginia Information Technologies Agency (VITA)

- **Update NGF Appropriations for Increased Services.** Includes \$13.3 million NGF each year to reflect the latest agency usage projections. Revenue to support this appropriation comes from service charges paid by participating state agencies.
- **Continue Substance Use Disorder Abatement Data Analytics Platform.** Proposes \$340,053 NGF the first year and \$407,055 NGF the second year to continue support and capabilities for the Substance Use Disorder Abatement Data Analytics platform, administered by the agency in coordination with the Opioid Abatement Authority and other impacted state entities.



# Agriculture and Forestry



The proposed budget includes a modest increase in general fund spending for the Agriculture and Forestry Secretariat, totaling 4.6% growth in FY 2027. The largest new general fund spending items are \$200,000 each year for the purchase of wildfire response vehicles and equipment at the Department of Forestry, and \$193,000 each year to support ongoing activities in the metrology laboratory at VDACS.

## Department of Agriculture and Consumer Services

- **Increase Hemp Enforcement Activity.** Proposes \$870,000 each year and 4 positions from nongeneral funds to expand hemp enforcement activities, including inspection, compliance, sampling, and coordinating with law enforcement agencies to investigate and prosecute violations of hemp-related Virginia laws.
- **Grain Inspection Capacity.** Proposes \$564,000 each year and 7 positions from nongeneral funds to support grain inspection for expanded grain operations in Portsmouth.
- **Address Metrology Laboratory Funding.** Provides \$193,000 GF each year to support two existing positions in the Office of Weights and Measures that are not reliably supported by usage fees.

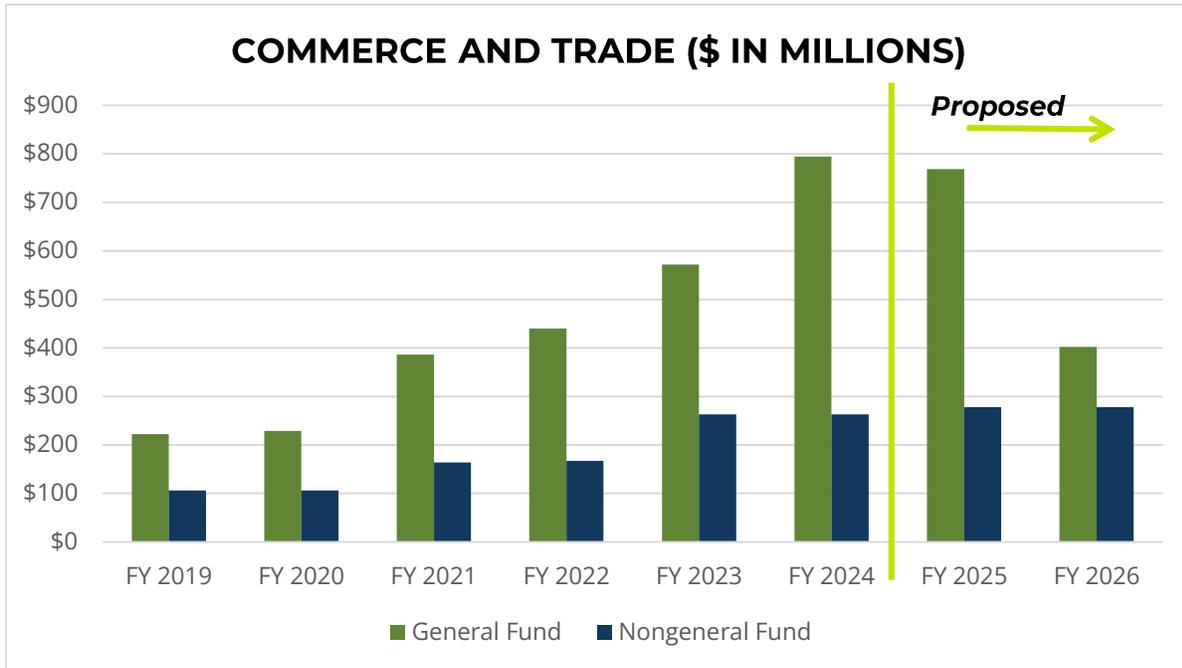


## Department of Forestry

- **Cooperative Agreement with U.S. Forest Service.** Proposes \$425,000 in FY 2027 and \$290,000 in FY 2028 from nongeneral funds and 3 positions to support participation in a ten-year cooperative agreement with the U.S. Forest Service for activities such as trail maintenance, arborist work, and infrastructure work across state parks and adjacent federal lands.
- **Firefighting Equipment.** Proposes \$200,000 GF each year for the purchases of wildfire response vehicles and equipment through the Master Equipment Lease Program.



## Commerce and Trade



Most of the funding provided through the Commerce and Trade Secretariat is discretionary in nature with initiatives designed to drive state revenues through job growth or visitation, or develop community infrastructure and assets, such as housing and broadband. Spending growth in this area tends to correspond with state revenue growth since initiatives like the Virginia Business Ready Sites program, the Virginia Housing Trust Fund, and the Virginia Telecommunications Initiative can easily be scaled to accommodate one-time infusions of cash. For example, FY 2023 through FY 2025 included a \$234 million investment in the Virginia Business Ready Sites program, \$75.0 million for the state to acquire an economic development site, and \$127.7 million for life sciences related initiatives, causing record levels of general fund spending in this area.

## Virginia Economic Development Partnership

- Custom Performance Grants.** HB 30 includes \$46.9 million in additional resources to support major economic development projects that have been reviewed and approved by the MEI Commission. These projects are paid for over several years with constant adjustments to the funding provided in the budget to correspond with company performance. The table below shows required spending on these projects in each year of the biennium.

Economic Development Project (\$ in Millions)	FY 2027	FY 2028
<b>AWS:</b> Cloud Computing Cluster Infrastructure Grant Fund	\$0.0	\$7.7
<b>Wells Fargo:</b> Financial Services Expansion Grant Fund	1.4	1.5



Economic Development Project (\$ in Millions)	FY 2027	FY 2028
<b>Micron:</b> Current and Mature Semiconductor Technology Grant Fund	1.4	4.5
<b>Microporous:</b> Lithium-Ion Battery Separator Manufacturing Grant Fund	0.7	0.9
<b>Lego:</b> Precision Plastics Manufacturing Grant Fund	5.9	7.5
<b>Eli Lilly:</b> Legislation Approving Project to be considered in 2026 Session, MEI approved	0.5	2.6
<b>Hitachi:</b> Legislation Approving Project to be considered in 2026 Session, MEI approved	0.3	3.7
<b>AstraZenca:</b> Legislation Approving Project to be considered in 2026 Session, MEI approved	2.8	10.0
<b>Project Jolt:</b> Pending MEI Approval		4.1
<b>Project Volare:</b> Pending MEI Approval		2.3
<b>Total</b>	<b>\$13.0</b>	<b>\$44.8</b>

These projects are funded in Economic Development Incentive Payments and are administered by the Virginia Economic Development Partnership Authority.

- **Virginia Business Ready Sites.** Provides an additional \$10.0 million in one-time support in FY 2027 for this economic development program, bringing total biennial support to \$50.0 million. This program is funded in Economic Development Incentive Payments and the responsibility of the Virginia Economic Development Partnership Authority.
- **Capture Interest Earnings.** Reduces VEDP's base budget by \$1.6 million over the biennium to reflect interest earned on state general funds. All Authorities manage monthly general fund disbursements separately from state bank accounts and as a result receive the benefit of accruing interest on state resources. All Commerce Authorities receive similar treatment in HB 30, as introduced.

## Department of Housing and Community Development

- **Enterprise Zone Grant Program.** Adjusts funding for the Enterprise Zone Grant Program to \$14.3 million in each year of the biennium to reflect program utilization. A companion amendment to HB 29 reverts approximately \$9 million of unobligated funds from this economic development incentive program.
- **GO Virginia Program.** Adjusts funding for the GO Virginia program's competitive grant award to \$6.2 million in each year of the biennium from \$10.9 million. This budget amendment does not affect the per capita funding allocated to each GO Virginia region. A



companion amendment to HB 29 reverts approximately \$10.0 million of unobligated funds from this economic development program. Previous budgets have reverted unobligated GO Virginia funding, totaling \$68.2 million.

- **Virginia Main Street program.** Adds \$1.0 million over the biennium for the Virginia Main Street program which currently has a base budget of \$500,000 each year.
- **Cardinal Disaster Relief Fund.** Redirects \$35.0 million of accrued interest from the Low-Income Energy Efficiency Program Fund (LIEEPF) to a new disaster relief fund managed by the Virginia Department of Emergency Management. The LIEEPF received funding from Virginia's former participation in the Regional Greenhouse Gas Initiative to support energy efficiency construction in low-income housing projects and home improvement projects to allow for applicants to qualify for the federal weatherization program.

## Virginia Tourism Authority

- **Virginia Sports Tourism Grant Program.** Provides \$5.0 million in FY 2027 to support this program designed to recruit sports tournaments to host their events in Virginia. A bill to create this program passed in the 2025 General Assembly Session.
- **Governor's New Airline Service Fund.** Provides \$200,000 in each year of the biennium to support this economic development grant program designed to increase passenger service at small Virginia airports. This is a change from previous annual funding of \$825,000. This program is funded in Economic Development Incentive Payments and the responsibility of the Virginia Tourism Authority. There is approximately \$3.6 million available for this program from previous appropriations.
- **Capture Interest Earnings.** Reduces Virginia Tourism's base budget by \$700,000 over the biennium to reflect interest earned on state general funds. All Authorities manage monthly general fund disbursements separately from state bank accounts and as a result receive the benefit of accruing interest on state resources. All Commerce Authorities receive similar treatment in HB 30, as introduced.

## Fort Monroe Authority

- **Capture Interest Earnings.** Reduces Fort Monroe's base budget by \$200,000 over the biennium to reflect interest earned on state general funds. All Authorities manage monthly general fund disbursements separately from state bank accounts and as a result receive the benefit of accruing interest on state resources. All Commerce Authorities receive similar treatment in HB 30, as introduced.

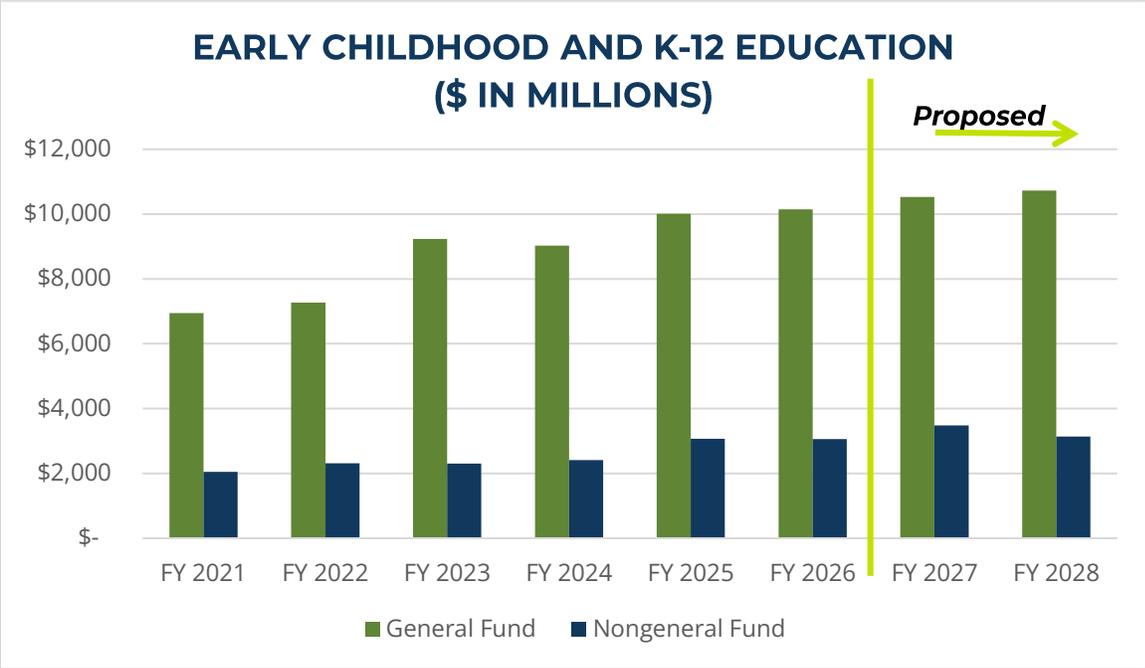


## Virginia Innovation Partnership Authority

- **UVA's Institute for Biotechnology.** Provides \$35.0 million in FY 2027 to support UVA's Institute for Biotechnology by using state funds to incentivize the recruitment of research faculty to the Commonwealth. The Commonwealth has supported this Institute with \$112.5 million of state general and nongeneral funds.
- **Capture Interest Earnings.** Reduces VIPA's base budget by \$1.4 million over the biennium to reflect interest earned on state general funds. All Authorities manage monthly general fund disbursements separately from state bank accounts and as a result receive the benefit of accruing interest on state resources. All Commerce Authorities receive similar treatment in HB 30, as introduced.
- **AI Institute.** Authorizes VIPA to use up to \$500,000 from its existing budget to develop and plan the Virginia Artificial Intelligence Institute for higher education.



# Early Childhood and K-12 Education



General fund spending on Early Childhood and K-12 Education has grown an average of 8.4% annually between FY 2021 and FY 2026. This area now encompasses 31.0% of all state general fund operating expenditures, based on the FY 2026 appropriation.

The Governor’s proposed 2026-28 budget for Early Childhood and K-12 Education results in a net increase of \$695.1 million GF, when compared to the Chapter 725 appropriation, an average 2.8% annual increase throughout the upcoming biennium. In addition, the proposed budget adds \$574.6 million in nongeneral funds above the current appropriation. Including both general and nongeneral funds, the total increase proposed is \$1.3 billion.

Technical updates, including 2026-28 rebenchmarking, increase spending by \$455.2 million GF over the biennium. Proposed policy changes increase spending by \$239.9 GF and \$592 million NGF, for a total of \$831.9 million in new spending from all sources. Major policy proposals include \$382.8 million GF for compensation increases, \$137.6 million GF for additional childcare subsidy slots, and \$284 million NGF in additional school construction funds.

## State’s Share of Biennial Rebenchmarking

As part of the biennial budget development process, the Department of Education updates, or rebenchmarks, the total cost of maintaining a public education system to meet the Standards of Quality and costs for other K-12 programs. These updates are based primarily on student enrollment projections and historic cost data reported by school divisions. Sales tax and lottery



projections also impact rebenchmarking, as those revenues are used to offset a portion of the total costs.

These costs are shared between the state and localities, based on the Local Composite Index of Ability to Pay, or LCI, which is also updated during the rebenchmarking process.

Overall, 2026-2028 biennial rebenchmarking costs result in a net increase of \$449.7 million GF. For comparison, the impacts of the last three biennial rebenchmarking updates were \$969.0 million GF for 2024-26, \$29.1 million GF for 2022-24, and \$851.8 million for 2020-22. Details can be found in the following chart.

### **Cost Increases**

Rebenchmarking estimates reveal about \$1.2 billion in additional Direct Aid costs during the 2026-28 biennium. Drivers contributing to these additional costs include:

- **Update Ancillary SOQ Costs.** A \$530.7 million increase over the biennium to update expenditures reported by school divisions from FY 2022 to FY 2024 for non-personnel support costs such as supplies, equipment, maintenance and operations, and utilities. Ancillary cost areas experiencing the greatest cost increases include classroom instruction, utilities, and maintenance.
- **Students Requiring Additional Support.** A \$228.9 million increase over the biennium to update costs across several programs supporting students with specific needs, including students with disabilities, English Learners, and lower income students, which are becoming a larger proportion of the student population. Of note, about one-third of this increase is associated with updated costs of the At-Risk Add on, which is funded in part based on data used to estimate the percentage of lower-income students in each school division.
- **Update SOQ Transportation Costs.** A \$135.0 million increase over the biennium to update the state's share of student transportation costs.
- **Update SOQ Health Care Costs.** A \$105.3 million increase over the biennium, reflecting the state's share of health care premium increases.

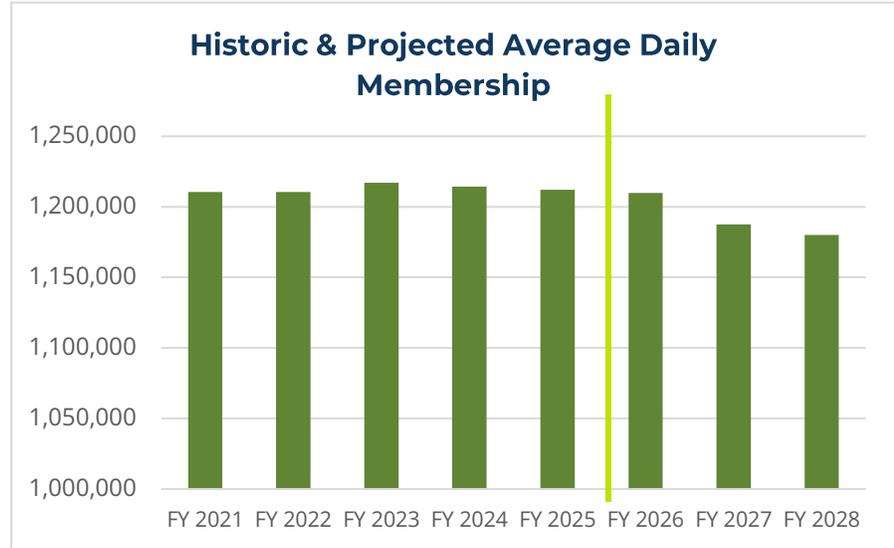
### **Cost Decreases**

About \$774.0 million in offsetting savings are anticipated in the 2026-2028 biennium. Major factors decreasing projected rebenchmarking costs include:



- **Enrollment Projections.**

Includes a reduction of \$393.0 million over the biennium, reflecting student enrollment projections estimated to total 1,187,485 in FY 2027 and 1,180,137 in FY



2028. This is a decline of 26,161 students in FY 2027 and 33,509 in FY 2028 from the projection used in the FY 2026 Chapter 725 base of 1,213,646. A corresponding amendment to HB 29 revises the FY 2026 Chapter 725 projection downward by 17,186 students to 1,196,460. Based on this revised FY 2026 projection, the anticipated total expected student loss over the next biennium is 16,323 students, or 1.4%.

- **VRS Rates.** Saves \$219.7 over the biennium, reflecting a change in the employer contribution rate for teacher retirement from 14.21% to 12.20% and for retirement health insurance credits from 1.21% to 0.88%.

2026-28 Funded Instructional Position Salaries			
Position	2024-26	2026-28	% Change
Instructional Aides	\$24,673	\$27,513	11.5%
<b>Elementary</b>			
Teacher	61,514	64,762	5.3%
Assistant Principal	84,990	89,240	5.0%
Principal	105,277	110,059	4.5%
<b>Secondary</b>			
Teacher	65,655	68,417	4.2%
Assistant Principal	91,978	95,663	4.0%
Principal	115,271	118,441	2.8%



- **Salaries.** Decreases costs by \$6.9 million. This captures the change in statewide prevailing salaries between FY 2022 and FY 2024, and recognizes the 6.09% in compounded salary increase incentives offered during the 2024-26 biennium. The table on the previous page demonstrates that prevailing salaries for most positions did not increase by the 6.09% salary increase. This is because a portion of the salary increases provided in FY 2024 became effective mid-year, meaning FY 2024 prevailing salaries year only reflected a portion of that salary increase.

<b>2024-2026 Rebenchmarking Updates (\$ in millions GF)</b>	<b>FY 2027</b>	<b>FY 2028</b>
<b>Ch. 725 FY 2026 Direct Aid Appropriation</b>	<b>\$10,123.5</b>	<b>\$10,123.5</b>
<b>Update Student and Specialized Program Enrollment</b>		
Update Non-SOQ Programs	120.6	108.3
Special Education	39.4	39.4
CTE Enrollment	6.7	6.6
Remedial Summer School	(4.2)	(3.6)
English Learners Enrollment	(12.3)	(19.6)
<b>Subtotal</b>	<b>(68.5)</b>	<b>(43.2)</b>
<b>Update Prevailing Costs</b>		
Ancillary Costs	259.7	270.9
Transportation	65.8	69.2
Health Care Premiums	52.6	52.7
VPI Per Pupil Amount	16.1	16.1
Salaries	(4.1)	(2.9)
Apply Federal Revenue Deduct	(22.7)	(23.0)
Update VRS and Group Life Rates	(109.9)	(109.8)
<b>Subtotal</b>	<b>257.6</b>	<b>273.2</b>
<b>Other Updates</b>		
Update Sales Tax	39.0	17.4
Update Lottery Proceeds	21.6	21.6
Update LCI	(34.1)	(34.8)
<b>Subtotal</b>	<b>26.5</b>	<b>4.2</b>
<b>Total Technical and Rebenchmarking</b>	<b>215.6</b>	<b>234.2</b>
<b>HB 30 2026-2028 Rebenchmarked Cost</b>	<b>\$10,339.1</b>	<b>\$10,357.7</b>



## Policy Actions

- **Two-percent Increases in FY 2027 and FY 2028.** Proposes \$127.2 million GF in FY 2027 and \$255.6 million GF in FY 2028 for the state's share of a 2.0% salary increase each year. To access the funds, school divisions must provide an average 2.0% salary increase each year; however, divisions may provide a lower salary increase and receive a prorated portion of the state's share of the 2.0% increase.
- **School Construction Assistance.** Recommends an additional \$274.0 million NGF in FY 2027 and \$25.0 million NGF in FY 2028 for school construction assistance grants, increasing the total grants available from \$110.0 million in FY 2026 to \$384.0 million in FY 2027 and \$135 million in FY 2028. This increase is supported by appropriating \$77.4 million in excess School Construction Fund balances accumulated during FY 2026, a \$25.0 million increase in projected casino gaming revenues each year and repurposing \$172.0 million in unutilized literary fund loan authorizations from the 2024-2026 biennium, embodied in a corresponding amendment in HB 29.
- **Literary Fund.** The proposed budget includes a total of \$807.0 million in literary fund expenditures over the 2026-2028 biennium, compared to the \$475.0 million authorized in Chapter 725 for the 2024-2026 biennium. These actions include:
  - *Increasing Literary Fund resources used to offset GF Teacher Retirement Costs* - Proposes the amount of this offset to increase by \$185.0 million in FY 2027 and \$100.0 million in FY 2028, reducing the GF amounts required by a like amount. This increases the total amount of this offset from \$175.0 million in the 2024-2026 biennium to \$635 million in the 2026-2028 biennium.
  - *Redirecting \$172.0 million in unutilized 2024-2026 Literary Fund Loan amounts to School Construction Assistance* - As discussed above.
- **Capture Lottery Proceeds Fund Balances.** Recommends appropriating \$8.0 million from accumulated Lottery Proceeds Fund balances in FY 2027 to offset general fund public education costs.

## Early Childhood Care and Education

- **Child Care Subsidy Program Slots.** Proposes \$71.0 million GF in FY 2027 and \$66.6 million GF in FY 2028 to support approximately 6,745 additional subsidy slots for eligible families with children from birth through age 5.
- **Child Care Account Platform and Employer Contribution Incentive.** Proposes \$1.0 million GF in FY 2027 in one-to-one matching funds to incentivize employer contributions to support the costs of their employee's childcare. The state match is limited to \$1,000 per-child or \$2,500 per-family. Additionally, \$500,000 is provided in each year to support the platform used to manage the associated accounts for each family.



## Department of Education

- **Standards of Learning Assessment Contract.** Proposes a \$2.4 million GF increase in FY 2027 only to support additional costs associated with funding the existing statewide assessment system contract through December 31, 2027. These funds are in addition to the \$19.5 million that was added for the same purpose in Chapter 725. Language provides that in the first year, \$21.9 million of the \$47.3 million appropriation shall be unallotted, and in the second year, all the \$44.9 million appropriation shall be unallotted until the Department identifies the general fund amounts needed to support the contract extension and for the new contract.
- **Virginia Individualized Education Program (IEP) System.** Recommends \$1.0 million GF each year to provide ongoing funding to support enhancements to the online Virginia IEP System. One-time funding supported these enhancements in FY 2025 and FY 2026.

## Virginia School for the Deaf and Blind

- **Funding adjustments to support enrollment growth.** Proposes a \$2.2 million GF increase each year to accommodate actual and projected growth in the number of students.



# Higher Education

The Governor's proposed 2026-28 budget includes a net biennial increase of \$80.4 million in new GF spending. Technical adjustments to the biennial budget total about \$321.0 million mostly distribution of central account funding already contained in Chapter 725, primarily for salary increases and annualization of costs that were previously authorized.

## Major New Higher Education Funding

- **Access and Affordability.** Proposes \$27.5 million GF in the first year only to maintain affordability and access goals at public colleges and universities allowing institutions to limit in-state undergraduate tuition increases.
  - This is 50% of the amounts included in Chapter 725 but does not include funding for the ongoing HBCU collaboration that includes Norfolk State University, Virginia State University, Hampton University, Virginia Union University and localities.
- **Student Financial Assistance.** Provides \$15.0 million GF in the first year only for undergraduate financial aid.
  - No additional funding is provided for the Virginia Tuition Assistance Grant (VTAG) to maintain the \$5,250 FY 2026 award level.
- **Health Professions Enrollment.** Provides \$7.6 million GF the first year and \$3.8 million the second year to support increasing the number of doctors and nursing graduates.
- **State Council of Higher Education** Recommends \$17.7 million GF over the biennium for the following:
  - \$13.6 million GF in the second year for projected cost increases in the New Economy Workforce Credential Grant
  - \$2.5 million GF in the second year for projected cost increases in the VMSDEP stipend
  - \$1.1 million GF over the biennium for the Virtual Library of Virginia (VIVA) to maintain access to online databases and journals for Virginia public and private colleges and universities
  - \$0.5 million GF over the biennium to expand the mental health workforce program
- **Use of Virginia College Savings Plan Fund Balances.** Proposes to override *Code of Virginia* requirements and transfer \$75.0 million NGF each year from surplus amounts in the 529 Programs to SCHEV for use in offsetting the impact of waiver costs on public colleges and universities. It is unclear if standalone legislation is forthcoming.



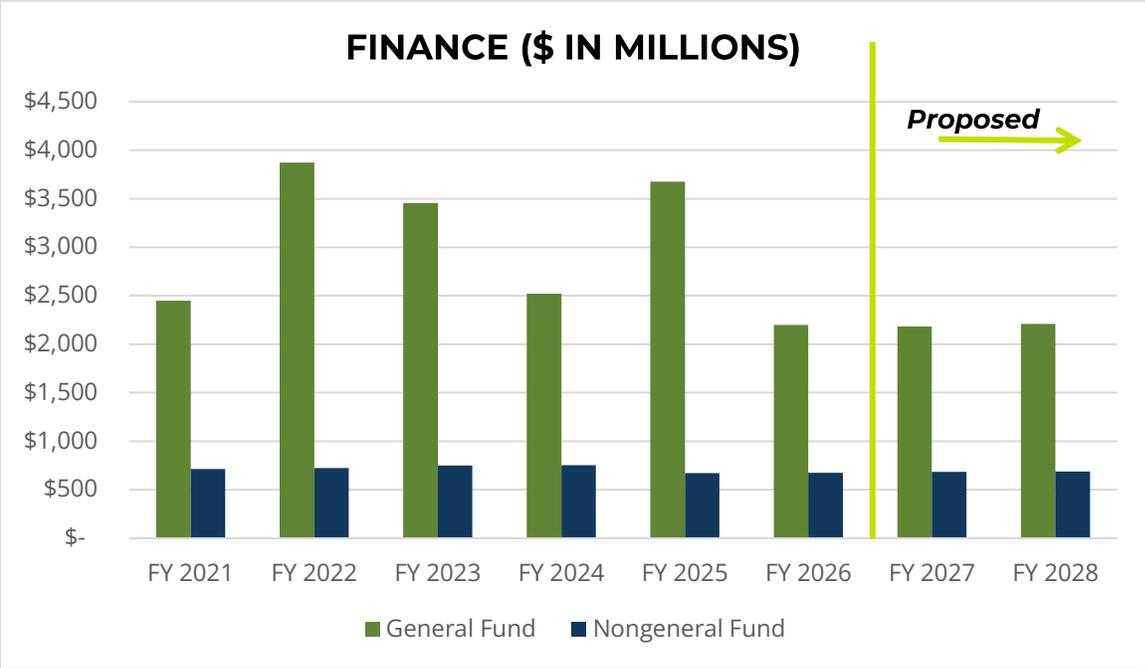
- **Use of VCCS E & G Balances.** Proposes to transfer up to \$13.6 million the first year in VCCS program balances to SCHEV for the Workforce Credential Grant program.
- **Institute for Advance Learning and Research (IALR).** Recommends \$9.3 million GF over the biennium or a nearly 60% increase in state funding for administrative costs associated with the Great Opportunities in Technology and Engineering Careers (GOTEC) initiative.

## Higher Education Policy Proposals

- **Tuition Freeze and Cap.** Proposes a 2.5% cap on tuition increases for both years of the biennium while providing funding to maintain affordability in only the first year.
- **New College Institute (NCI).** Eliminates \$3.2 million GF in the second year and requires the development of a sustainability study for the New College Institute by August 2026 to include options for continued operation as an independent public entity, partnering with another public or private entity, merging with another entity, or closure. Language further stipulates that no funding shall be provided for the New College Institute for the continued operation of the NCI in the second year.



# Finance



The Governor’s proposed 2026-28 budget for the Finance Secretariat reflects a biennial GF decrease of 25%, largely attributable to a one-time GF tax rebate provided in FY 2025. Such GF fluctuations in the Finance Secretariat are common and can be seen in the GF trajectory since FY 2021 due to other historic one-time actions, such as the FY 2025 tax rebate initiative, or statutory deposits to and/or distributions from one of the state’s revenue reserve funds.

Significant GF funding proposals in the Finance secretariat in HB 30 include \$67.9 million GF over the biennium in debt service owed on bond issuances to reflect updated payment schedules, and additional information technology capabilities for the Departments of Accounts, Taxation, and Treasury.

## Department of Accounts

- **Provide Funding for IT Enhancements.** Includes \$1.3 million GF the first year and \$148,000 GF the second year to replace IT programs and expand annual reporting automation for the Annual Comprehensive Financial Report (ACFR).
- **Adjust NGF Internal Service Fund Appropriations for Statewide Services.** Proposes \$8.3 million NGF the first year and \$10.8 million NGF the second year for increased internal service fund expenditures anticipated for Cardinal Financials, Cardinal Human Capital Management, and the Performance Budgeting System. HB 30 also proposes accompanying general fund spending in Central Accounts to cover the GF share of rate increases charged to participating agencies for these programs.



## Department of Taxation

- **Improve Agency Security and Outreach.** Includes \$911,274 GF the first year and \$691,274 GF the second year for in-house cybersecurity initiatives and to develop and administer a technology platform to streamline communications between the Department and localities.

## Department of Treasury

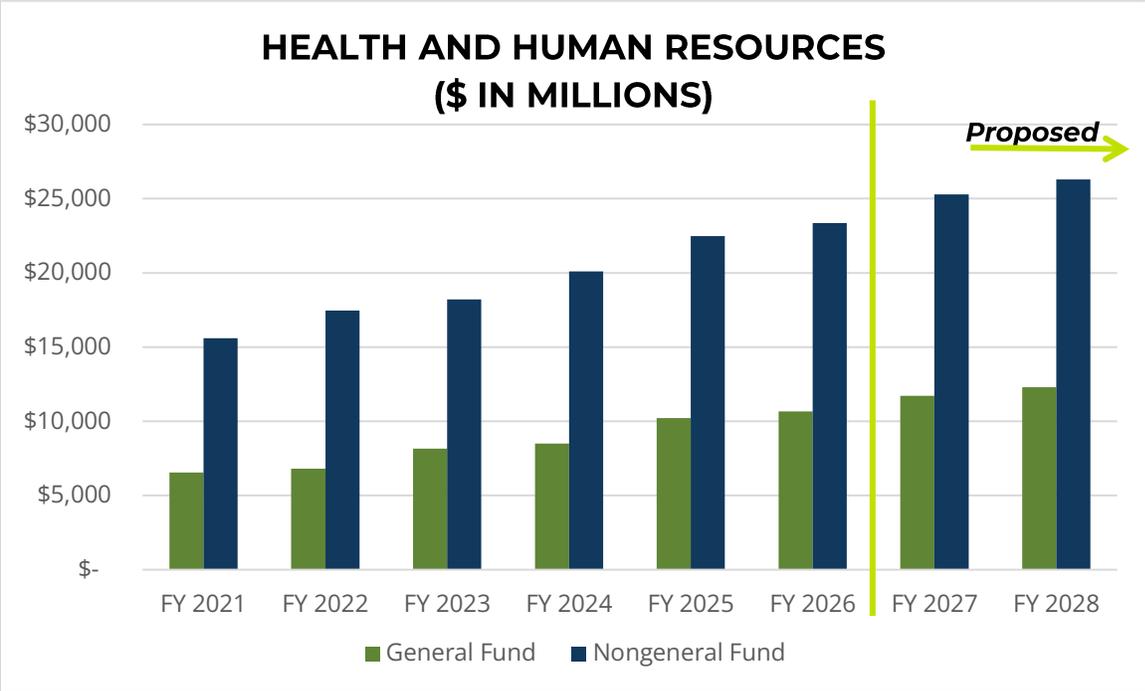
- **Enhance Agency IT and Cybersecurity.** Includes \$650,368 GF each year, \$797,192 NGF each year, and five positions to build IT tools and security software to improve the agency's cyber position.

## Treasury Board

- **Increase Allocation for Mandatory Debt Service.** Proposes \$20.0 million GF the first year and \$47.9 million GF the second year to reflect updated debt service payments owed on bond issuances.



# Health and Human Resources



The introduced budget includes a net increase of almost \$2.7 billion GF and \$4.9 billion NGF for the 2026-28 biennial budget for Health and Human Resources (HHR). Most of the general fund increases are due to revised expenditure forecasts for mandatory programs such as Medicaid, the children’s health insurance programs, and the Children’s Services Act (CSA).

Major spending actions contained in the proposed budget include:

HHR Major Spending Proposed (GF \$ in millions)		
Description	FY 2027	FY 2028
Medicaid utilization and inflation forecast	\$1,073.6	\$1,697.8
CSA caseload and cost increases	49.6	86.5
SNAP Administrative Costs	43.0	57.4
Virginia Health Care Fund Offset (in Medicaid program)	41.5	52.2
Children’s Health Insurance forecasts (M-CHIP and FAMIS)	29.6	55.2
Medicaid Developmental Disability Waiver Rate Increase	28.0	31.5
DSS Centralized CPS Intake System	14.6	18.1
<b>Total</b>	<b>\$1,279.9</b>	<b>\$1,998.7</b>

## Children’s Services Act

- **Fund the Children’s Services Act Forecast.** Provides \$49.6 million GF and \$14.0 million NGF in FY 2027 and \$86.5 million GF and \$16.0 million NGF in FY 2028 to fund the projected



growth in services provided through the Children's Services Act. This addition brings the FY 2027 total to \$440.9 million GF and \$475.4 million GF in FY 2028. While caseload only increased by 1% in FY 2025, overall expenditures increased by 11% as the cost per child receiving services increased by 10%. Expenditures are expected to continue to increase by 8.1% in FY 2027 and 7.6% in FY 2028. Private day and community-based services are the largest drivers in the growth of overall CSA cost.

- **Reduce Community-Based Services Match Rate.** Removes \$10.8 million GF in FY 2027 and \$11.8 million GF in FY 2028 by reducing the average state match rate for community-based services provided through the Children's Services Act from 81% to 71% beginning in FY 2027.
- **Limit Private Day Services Growth Rate to 2.5%.** Removes \$3.4 million GF in FY 2027 and \$3.7 million GF in FY 2028 by limiting the increase in state reimbursement for the cost of private day services to no more than 2.5% beginning in FY 2027 to help contain unprecedented expenditure growth in the program.
- **Eliminates Automatic Inflationary Adjustments for Residential Treatment Providers.** Removes \$1.3 million GF and \$2.3 million NGF in FY 2027 and \$2.4 million GF and \$4.3 million NGF in FY 2028 to reflect the proposed elimination of automatic inflationary adjustments in the state Medicaid rates for private residential treatment facilities.

## Department of the Deaf and Hard-of-Hearing

- **Add Sign Language Interpreter.** Proposes one position to hire a full-time sign language interpreter using existing general fund appropriation.
- **Convert Two Vacant Wage Positions to a Full-time Position.** Proposes converting two vacant regional specialist wage positions serving Central Virginia to one full-time position to strengthen recruitment and retention for this role.

## Department of Health

- **Fund Electronic Health Records System.** The introduced budget includes \$8.2 million in FY 2027 and \$6.8 million GF in FY 2028 to complete and sustain the ongoing operation and maintenance costs of an electronic health record (EHR) system. The first year cost will provide functionality across all 34 local health districts and pay for testing, training, data migration, project management, system security, and support 18 positions. Full implementation is projected to be complete by February 28, 2027. The second year funding will cover ongoing costs for positions, software licenses, equipment and other costs.
- **Reflect Rent Increases at Local Health Department Facilities.** Proposes \$655,913 GF and \$423,335 NGF each year of the biennium to support local health districts that are expecting significant cost increases due to moving to new facilities or rent increases in existing facilities. The funding would cover increases for the following local health departments:



Cities of Alexandria, Richmond, Roanoke, and Virginia Beach; and the following health districts: West Piedmont, Eastern Shore, New River, Lord Fairfax, Central Shenandoah, Prince William, Chickahominy, Henrico, Piedmont, Mount Rogers, and Southside.

- **Add Medical Facility Inspectors.** Proposes \$291,627 GF each year to support two additional medical facility inspectors to address the backlog of complaints against nursing homes.
- **Extend Northern Virginia Firefighter Occupational Cancer Screening Pilot Program.** Proposes a one-year extension and an additional \$70,000 GF in FY 2027 for the Northern Virginia Firefighter Occupational Cancer Screening Pilot program, bringing the total annual funding to \$500,000. The introduced budget reduces funding of \$430,000 GF in FY 2028 due to the expected completion of the pilot program.
- **Reduce Excess General Fund Match for Drinking Water Projects.** Proposes to reduce \$4.5 million GF in FY 2028 in the Virginia Department of Health as the state match for the federal Drinking Water State Revolving Fund program. The introduced budget proposal explains that the required state match for the federal funds will be met with the existing appropriation for the program, which will also provide support for the Office of Drinking Water operations. However, the agency budget submission requested that the state match be redirected to provide an additional \$3.5 million GF each year for the Office of Drinking Water to sustain loans, monitor, and oversee the Commonwealth's aging drinking water infrastructure, as recommended from a 2022 report to the Virginia General Assembly, authored by the Department of Planning and Budget (DPB) and the Virginia Department of Health (VDH).
- **Transfer Opioid Overdose Reversal Agent Program to the Virginia Innovation Partnership Authority (VIPA).** Proposes to transfer the Opioid Overdose Reversal Agent Program from the Department of Health to VIPA along with funding of \$8.0 million each year from the Commonwealth Opioid Abatement and Remediation Fund. The goal of the program is to provide a long-term, sustainable supply of opioid overdose reversal agent to help combat Virginia's opioid epidemic, provide pricing stability and increase access to this medication. VIPA would establish and execute a contract with the private sector to accomplish the goals of the program.
- **Supplant General Fund Support for Several Programs with Funding from the Temporary Assistance to Needy Families (TANF) Block Grant.** Proposes supplanting \$7.4 million GF each year of the biennium with a like amount of federal TANF funding. The following programs will be affected:
  - \$1.0 million each year for the Resource Mothers program
  - \$2.4 million each year for Families Forward
  - \$4.0 million each year to maintain access to long-acting reversible contraceptives



- **Adjust Nongeneral Fund Appropriation to Reflect Agency Operational Funding.** Proposes to reduce the agency's nongeneral fund appropriation by \$80.1 million the first year and \$91.5 million the second year to reflect reduced federal funding for agency operations.
- **Eliminate Carryforward Language for the Office of the Chief Medical Examiner.** Proposes to remove language allowing the Office of the Chief Medical Examiner to carryforward general fund appropriation for salaries or unfilled positions.
- **Restrict Funding for Abortion Services.** Proposes to modify language contained in Part 4 of the introduced budget to restrict funding for abortions covered pursuant to state statute, including those in which a pregnancy occurs as a result of rape or incest, and in certain cases of gross and totally incapacitating physical deformity or mental deficiency as certified by a physician, after appropriate tests have been performed.

## Department of Health Professions

- **Provide Nongeneral Funds to Establish the Virginia Center for Nursing Workforce.** The introduced budget proposes \$153,850 NGF the first year and \$176,620 the second year from nongeneral funds and one position to establish the Virginia Center for Nursing Workforce, a state-level center which would address the nursing workforce issues in coordination with the Board of Nursing, the health regulatory board responsible for approving and overseeing pre-licensure education programs. The Secretaries of Education, Health and Human Resources and Labor considered the Department of Health Professions (DHP) to be the best location for the Center, despite the fact that the Virginia Health Workforce Development Authority established a Virginia Nursing Workforce Center earlier in 2025.
- **Prescription Monitoring Program Systems Changes.** Proposes \$400,000 each year of the biennium from the Commonwealth Opioid Abatement and Remediation (COAR) opioid settlement funds for ongoing support and maintenance costs of the Prescription Monitoring Program

## Department of Medical Assistance Services (DMAS)

### *Forecast Impacts*

- **Medicaid Utilization and Inflation.** The introduced budget includes an increase of almost \$1.1 billion GF and \$2.3 billion NGF the first year and \$1.7 billion GF and \$3.6 billion NGF the second year to fund the forecasted costs of utilization and inflation in the Medicaid program. Total expenditures for the base Medicaid program and Medicaid expansion are expected to grow by 7.9% in FY 2027 and 6.6% in FY 2028. The growth rates reflect a combination of factors, including increases in managed care rates; enrollment growth of individuals with higher medical needs; higher utilization of services, particularly high cost services; Medicare



premium increases paid on behalf of dually eligible Medicaid and Medicare enrollees; fee-for-service inpatient hospital expenses; and hospital payments for graduate medical education, indirect medical education and disproportionate share payments.

- **Virginia Health Care Fund (VHCF).** The introduced budget includes \$41.5 million GF in FY 2027 and \$52.2 million GF in FY 2028 and reduces nongeneral funds by a like amount each year to account for the latest revenue estimates in the Fund. Revenue from tobacco taxes and pharmacy rebates are projected to be lower in FY 2027, thus requiring additional general fund to cover Medicaid program costs. Revenue in the VHCF is used as state match for the Medicaid program, consequently, increases in revenue offset general fund support for Medicaid and decreases require additional general fund dollars.
- **Medicaid Children’s Health Insurance Program (M-CHIP) Utilization and Inflation.** Proposes a decrease of \$2.0 million GF and \$5.1 million NGF the first year and an increase of \$6.7 million GF and \$10.5 million NGF the second year to fund the utilization and inflation costs of the M-CHIP program. While program costs are projected to increase by 3.7% in FY2027 and 7.4% in FY 2028, the number of children projected to enroll in the program is declining by 4.6% in the first six months of FY 2026 and are expected to continue declining. It appears that some of these children are gaining coverage in the FAMIS program as their family income increases. The M-CHIP program provides services for Medicaid-eligible low-income children, ages 0 to 18, living in families with incomes between 100% and 148% of the federal poverty level.
- **Family Access to Medical Insurance Security (FAMIS) Children’s Health Insurance Program.** Adds \$31.6 million GF and \$55.6 million NGF the first year and \$48.6 million GF and \$86.4 million NGF the second year to fund the utilization and inflation costs of the FAMIS program. Expenditures in the program are expected to increase by 6.5% in FY 2027 and 8.6% in FY 2028 due to growing enrollment, managed care rate increases and increases in utilization of services. FAMIS covers children ages 0 to 18 living in families with incomes between 149% and 205% of the federal poverty level.
- **Involuntary Mental Commitments.** Reduces \$1.1 million GF the first year and \$2.1 million GF the second year to reflect the expenditure forecast for the cost of hospital and physician services for persons subject to an involuntary mental commitment.

### ***GF Spending Increases***

- **Increase Developmental Disability Waiver Rates.** Adds \$28.0 GF and \$31.5 million NGF the first year and \$31.2 million GF and \$35.0 million NGF the second year to increase rates for certain DD Waiver services that were included in a rate study of services required pursuant to the Permanent Injunction (Civil Action No. 3:12CV59-JAG). Proposed funding covers seven of the 11 services included in the rate study: community coaching, community engagement, companion care, independent living supports, in-home support services,



therapeutic consultation and workplace assistance. Proposed funding does not cover rate increases for private duty nursing, skilled nursing, personal assistance or respite care.

- **Increase Funding for Centralized Call Center and Eligibility Operations.** Proposes \$2.3 million GF and \$16.6 million NGF each year to cover projected costs of the CoverVA call center and the attendant centralized eligibility processing units. Nongeneral funds are composed of \$1.7 million each year from the hospital assessment for the Medicaid expansion costs and \$14.9 million each year in federal matching funds.

### ***Nongeneral Fund Spending Increases and Language***

- **Fund Estimate Costs to Implement Federal H.R. 1 Medicaid Provisions.** Proposes nongeneral fund spending of \$69.2 million the first year and \$65.2 million the second year, and 9 positions in the first year with an additional 3 positions in the second year to implement provisions of the federal H.R. 1, 119<sup>th</sup> Congress (2025-2026), effective December 31, 2026. The legislation requires (i) individuals applying for or enrolled in Medicaid Expansion to participate in a qualifying work, community service, and/or education activity at least 80 hours per month to be eligible, and (ii) states to verify eligibility for Medicaid at application and every six months thereafter.
- **Provide Nongeneral Funds for Private Hospital Physician Supplemental Payments.** Proposes \$35.6 million NGF each year for the estimated cost of private hospital physician supplemental payments and agency administrative costs. Language in the Appropriation Act authorizes DMAS to make these supplemental payments to private hospitals and related health systems that execute affiliation agreements with public entities that can transfer funds to DMAS for the purpose of covering the non-federal share of the authorized payments. This funding will support three such agreements resulting in supplemental payments for the following health systems, pursuant to federal approval: Valley Health, Riverside Hospital and Sentara.
- **Supplemental Payments for Ballad Health:** The introduced budget authorizes supplemental payments to Ballad Health by adjusting the indirect medical education reimbursement formula, pursuant to affiliation agreements with public entities which would transfer funds to DMAS for the non-federal share. Language requires adherence to federal regulations and specifies that participating public entities will fund the relevant DMAS administrative costs.
- **Require Hospitals Receiving Enhanced Payments to Retain Labor and Delivery Units.** The introduced budget proposes language to eliminate private hospital enhanced payments, authorized in Part 3 of the Appropriation Act, to any hospital that shuts down a labor and delivery unit after January 1, 2026.



- **Provide Nongeneral Support for the federal Rural Health Transformation Grant Program.** Proposes \$200.0 million nongeneral funds and 13 positions each year to support the anticipated receipt of the federal Rural Health Transformation Grant. The grant proposal submitted for Virginia includes initiatives to (i) use technology to increase provider efficiency and achieve measurable health outcomes, (ii) increase the health care workforce in rural Virginia, (iii) provide flexible and sustainable care to rural communities to promote access and reduce Emergency Department admissions, and (iv) expand prevention efforts and decrease rates of chronic disease indicators by promoting healthier lifestyles. The funds cannot be used to create any current or future obligation of state funding or state-supported services.
- **Nursing Home Civil Money Penalty Funds to Participate in Federal Nursing Home Staffing Campaign.** Proposes using \$4.1 million from the nursing home civil money penalty program to participate in the federal Nursing Home Staffing Campaign. Funding will provide up to 35% of the full amount allocated to Virginia. This campaign will provide financial incentives such as tuition reimbursement and stipends, for registered nurses and licensed nurse practitioners to work in nursing homes and state agencies. Further, the Centers for Medicare and Medicaid will work with states to make it easier for individuals to enroll in free, state-approved certified nurse aide (CNA) training programs and make resources available to help CNAs pursue career progression in nursing.
- **Delay Implementation of a Single Pharmacy Benefit Manager (PBM) System.** Proposes language to delay contracting with a third-party administrator to serve as the single PBM for all Medicaid pharmacy benefits from July 1, 2026 to January 1, 2027. This would allow time for the provision of additional authority and general fund support necessary to implement program. This action provides six months for implementation, far short of the 18 months recommended in a recent consultant report required by the 2025 General Assembly. That report also determined that successful implementation would take additional resources, which were not provided in the introduced budget.
- **Delay Implementation of the Redesign of Legacy Behavioral Health Services.** Proposes language to delay the redesign of legacy behavioral health services from July 1, 2026 to January 1, 2027. The redesign of these “legacy” services would represent the final phase of behavioral health redesign that was begun in 2019 to (i) replace community based supports for youth with behavioral health disorders and their families with those appropriate for delivery in homes and schools, (ii) redesign services for adults with Serious Mental Illness (SMI), to include community-based and center-based services such as independent living and resiliency supports, community support teams, and psychosocial rehabilitation services, and (iii) replace two legacy services, Targeted Case Management-SMI and Targeted Case Management-Serious Emotional Disturbance, with tiered Case Management Services. New



and modified services are to be evidence based and trauma informed and implemented in a budget neutral manner.

- **Modify Nursing Facility Value Based Purchasing Program.** Proposes language to modify the nursing facility value-based purchasing program to ensure payments are only provided to facilities that demonstrate a sufficiently high quality of care through the use of metrics, threshold determinations and minimum eligibility requirements for earning program payments.
- **Improve Long-Term Services and Supports Screening for Children.** Proposes language to require DMAS and the Virginia Department of Health (VDH) to create a statewide assessment tool to ensure consistent screening of children under the age of 18 for long-term services and supports. Language clarifies that the assessments cannot be conducted more frequently than once every six months unless a major life change occurs. Language requires VDH to implement this tool on or before January 1, 2027.
- **Require Hospitals Receiving Enhanced Medicaid Payments to Contract with Medicaid Managed Care Organizations (MCOs).** Proposes language to require hospitals that receive enhanced payments authorized in Part 3 of the Appropriation Act to contract with each Medicaid managed care network to ensure sufficient access to care for all Medicaid members.
- **Update Graduate Medical Education Residencies to Reflect New Cohort.** Proposes language providing the agency with authorization for 21 graduate medical education residency slots that will begin in July 2026. The slots will be funded within the existing appropriation.

### ***Cost Containment Measures***

- **Eliminate Biennial Inflation for Medicaid Providers.** Proposes a reduction of \$74.0 million GF and \$145.2 million NGF the first year and \$164.1 million GF and \$320.8 million NGF the second year to eliminate biennial inflation for Medicaid providers in FY 2027 and FY 2028. This would impact hospitals, freestanding psychiatric facilities, disproportionate share hospital payments, graduate medical education payments, nursing facilities, hospice and home health agencies. Language is added excluding the value of the withheld inflation adjustments from future inflation adjustments and rebasing of hospital and nursing facility rates.
- **Add Limits to Mobile Crisis Services and Eliminates Community Stabilization Services.** Proposes reducing Medicaid funding by \$49.7 million GF and \$212.1 million NGF the first year and \$58.9 million GF and \$253.8 million the second year for two actions to address



inappropriate utilization of crisis services. Language limits reimbursement for mobile crisis services to four hours per incident and eliminates community stabilization services effective July 1, 2026. Community stabilization services offer short-term in-community support for behavioral health crises. Services often involve crisis intervention, care coordination and linking resources to prevent hospitalizations or stabilize an individual released from short-term hospitalizations. DMAS identified misuse in the utilization of these services when they were first implemented in 2022 as part of the behavioral health redesign.

- **Establish Utilization Control for Applied Behavioral Analysis (ABA) Services.** Proposes a reduction of \$30.8 million GF and \$32.8 million NGF the first year and \$36.8 million GF and \$39.0 million NGF the second year by requiring a diagnosis of autism spectrum disorder in order for a Medicaid enrollee to receive ABA services and limiting services. Proposed language requires DMAS to set a cumulative 20 hours per week limit on services provided under ABA services.
- **Ensure Cost Efficient Payment of Managed Care Organization Administrative Costs.** The introduced budget reduces spending by \$22.0 million GF and \$46.8 million NGF the first year and \$23.8 million GF and \$50.4 million NGF the second year by requiring DMAS to ensure cost efficient payment of Medicaid managed care organization (MCO) administrative costs. Language requires the DMAS to ensure its contracted actuary reviews each MCO's administrative expenses to ensure reported expenses are reasonable and benchmarked for competitiveness and efficiencies. Language requires that adjustments be made in the capitation rate development calculation based on the results of this review to ensure efficient use of capitation payments by the MCOs and that these adjustments be reflected in capitation rates effective July 1, 2026.
- **Make Hourly Limits on Personal Care/Assistance Standard Across All Home and Community-Based Waivers.** Proposes a reduction of \$21.0 million GF and \$22.9 million NGF the first year and \$23.8 million GF and \$25.8 million NGF the second year to ensure that the hourly limit on personal care/assistance services provided through the developmental disability (DD) waivers mirror those provided through the Commonwealth Coordinated Care Plus waiver. Currently, personal care/assistance hours are limited to 56 hours per week in the CCC Plus waiver, however, additional hours may be authorized based on individual needs.
- **Limit Maternity Services to Emergency Medicaid for Individuals Not Qualified for Medicaid Based on Citizenship Status.** Proposes a reduction of \$13.2 million GF and \$21.4 million NGF the first year and \$16.3 million GF and \$26.2 million NGF the second year by limiting maternity services for individuals not qualified for Medicaid based on their citizenship status, to emergency services only. Services such as prenatal care will no longer be available to these individuals. Maternity services were expanded to this population beginning in FY 2022.



- **Impose Limit on Medicaid Adult Dental Benefit.** Proposes to reduce spending on Medicaid adult dental services by \$9.9 million GF and \$41.9 million NGF the first year and \$13.7 million GF and \$58.1 million NGF the second year by capping annual spending per recipient at \$2,000. This change would more closely align the benefit with those provided in other states and the state employee health plan.
- **Capture Savings from a Preferred Rebate on GLP-1 Drugs Provided through Medicaid.** Proposes to capture Medicaid savings of \$6.5 million GF and \$31.5 million NGF the first year and \$19.4 million GF and \$94.1 million NGF the second year from actions to leverage a direct agreement for pricing and drug rebates between the Commonwealth and the manufacturers of GLP-1 receptor agonist medications used to treat individuals with diabetes and those who fit medical criteria for assistance with weight loss. It is expected that the cost per unit for these drugs will be \$245.
- **Achieve Savings by Removing Duplicative Individuals Enrolled in Other States.** The introduced budget assumes Medicaid savings of \$7.0 million GF and \$17.4 million NGF the first year and \$4.5 million GF and \$11.2 million NGF the second year by ensuring DMAS is reviewing federal and state databases frequently to verify address information to identify and remove Virginia Medicaid enrollees who have coverage in other states. This activity is mandated for all states effective January 1, 2027, pursuant to provisions in H.R. 1, 119<sup>th</sup> Congress (2025-2026).
- **Capture Savings from Projected Supplemental Rebates for Continuous Glucose Monitors and Related Supplies.** Proposes a net savings of \$2.4 million GF each year and \$8.2 million NGF the first year and \$8.1 million NGF the second year by expanding the supplemental rebate program to include continuous glucose monitors and certain diabetic supplies. Net savings includes costs of \$100,000 each year to support the administrative contract for this action.
- **Modify Service Facilitation Services in the Developmental Disability Waiver.** Proposes to achieve savings of \$2.1 million GF and \$2.2 million NGF the first year and \$2.2 million GF and \$2.3 million NGF the second year by incorporating service facilitation into a statewide service broker model and eliminating service facilitation as a standalone service.

Currently, service facilitation is provided to individuals participating in the DD Waiver program who choose to participate in consumer directed services. Service facilitators work with the individual and family to help them create a personalized service plan; become the "Employer of Record" to hire and manage their personal care assistants; an offer ongoing assistance with administrative tasks, paperwork, and understanding their employer responsibilities. The service facilitator conducts regular visits to assess the person's needs, ensure services are delivered appropriately, check for changes in status, and submits service authorization requests and reports changes to Medicaid (DMAS).



- **Capture Savings from Changes in the Medicaid Preferred Drug List.** The introduced budget proposes annual savings of \$1.6 million GF and \$8.2 million NGF over the biennium from changes to the Medicaid preferred drug list made by the Pharmacy and Therapeutics Committee. A portion of the savings comes from greater use of generic drugs which may be less costly than the brand name drug.
- **Achieve Savings by Requiring Electronic Visit Verification for Live-In Caregivers.** Proposes savings of \$1.1 million GF and \$1.1 million NGF each year of the biennium by removing the exemption for live-in caregivers from using electronic visit verification to document time spent delivering personal care, respite, or companion care to individuals receiving consumer-directed DD Waiver services. Savings are projected from additional oversight to ensure services are delivered and appropriate service restrictions are applied.
- **Eliminate Future Automatic Inflation and Rebasing of Rates for Psychiatric Residential Treatment Facilities (PRTFs) and Qualifying Addiction and Recovery Treatment Services.** Proposes savings of \$669,055 GF and \$4.1 million NGF the first year and \$1.3 million GF and \$7.6 million GF the second year by eliminating future automatic inflation and rebasing of rates for PRTFs and recovery treatment services providers. Savings are also proposed in the Children’s Services Act from this action. Inflation and rebasing were only recently implemented for these providers beginning in FY 2024.

## Department of Behavioral Health and Developmental Services

- **Expand Problem Gambling Support Services.** Proposes \$1.0 million NGF in FY 2027 and FY 2028 from the Problem Gambling Treatment and Support Fund to expand problem gambling treatment, recovery, and prevention services.

## Department for Aging and Rehabilitative Services

- **Increase State Match for federal Vocational Rehabilitation Block Grant.** Proposes \$1.0 million GF to match \$3.7 million NGF from the federal Vocational Rehabilitation Block Grant annually over the biennium and updates funding levels referenced in the budget. Of the general fund amount, \$300,000 each year is derived surplus funding in the agency’s Disability Determination Service Division.
- **Increase Support for Long Term Care Ombudsman Program.** Proposes \$375,000 GF annually over the biennium to increase funding for 20 Long Term Care Ombudsman units at local Area Agencies on Aging, which has not been increased since the 1980s. Funding will be used to mitigate staff turnover, improve recruitment, and strengthen oversight over long term care facilities.



- **Align Personal Care/Assistance Rates with Medicaid Rates.** Proposes \$49,848 GF each year of the biennium to ensure that agency rates for consumer-directed personal assistance services mirror Medicaid rates for similar services. The agency's program serves individuals who have the most severe physical disabilities, require assistance in performing activities of daily living, and are ineligible for comparable benefits through Medicaid or private insurance.
- **Increase Federal Appropriation to Reflect Current Funding for the Disability Determination Services Grant.** Proposes \$9.8 million NGF each year of the biennium to reflect the increase in the federal appropriation for disability determination services.
- **Update Administrative Costs for Long Term Employment Support Services (LTESS) and Extended Employment Services (EES).** Proposes to increase the percentage applied to the appropriation for LTESS and ESS for recovery of administrative costs from 1.2% to 1.61% annually. This reflects the current costs to employ one position to provide administrative support for these programs.
- **Update Centers for Independent Living (CILs) Budget Language to Reflect Appropriation Amount.** Proposes to update the minimum general fund allocation for CILS to reflect the actual amount of general fund provided for the centers. There is no change to the actual amount of general fund support for these entities.

## Department of Social Services

- **Fund Increase in State Share of SNAP Admin Costs.** Includes \$43.0 million GF in FY 2027 and \$57.4 million GF in FY 2028 to fund the new state share match rate of SNAP administrative costs. H.R. 1 reduced the federal match rate states receive to administer the SNAP program, requiring states to now pay 75% of admin costs instead of 50%. The department requested \$65.5 million GF in FY 2027 and \$87.3 million in FY 2028 for this purpose.
- **Create Centralized Child Protective Services Intake System.** Proposes \$14.6 million GF in FY 2027 and \$18.1 million GF in FY 2028 and 132 FTEs each year to develop a centralized system to collect child abuse and neglect reports at a state level. The state system would receive all reports, triage the situations, and then coordinate with the appropriate local department of social services for a response and investigation.
- **Increase Salaries for Local Departments of Social Services Family Services Employees.** Provides \$3.5 million GF and \$1.5 million NGF each year to increase the salaries of family service employees at local departments of social services. The current minimum salary for family services employees is approximately \$35,000 and this funding will raise the salary minimum to \$55,000 annually.
- **Fund SNAP Quality Assurance Team.** Proposes \$1.1 million GF and \$520,865 NGF in FY 2027 and \$1.3 million GF and \$416,692 NGF in FY 2028 and 14 FTEs each year to create a



SNAP quality assurance team to find and correct SNAP payment errors before they can negatively impact Virginia's SNAP error rate.

- **Support State Oversight of Local Departments of Social Services.** Includes \$656,842 GF and \$218,946 NGF in FY 2027 and \$2.7 million GF and \$898,744 NGF in FY 2028 and 6 FTEs the first year and 26 FTES the second year to allow DSS to issue corrective action plans and proceed with state takeover of local departments of social services if they are not adequately performing their duties.
- **Fund SNAP Quality Control Reviewer Salaries.** Proposes \$555,096 GF and \$252,316 NGF in FY 2027 and \$605,559 GF and \$201,853 NGF in FY 2028 to increase SNAP control reviewer staff salaries to be in line with other comparable positions within DSS.
- **Provide Overtime for CPS Priority Response for Children Under Three.** Includes \$212,046 GF each year to provide CPS workers overtime to respond to abuse and neglect complaints for children under the age of three as a priority one category response.
- **Capture Savings from the Relative Maintenance Payment Program.** Redirects \$6.0 million GF each year from underutilization of the relative maintenance payment program. This action still leaves \$6.2 million GF each year within the program.
- **Adjust the Child Welfare Forecast.** Reduces \$2.8 million GF and \$3.5 million NGF in FY 2027 and \$2.9 million GF and \$1.4 million NGF in FY 2028 from the cost of providing foster care and adoption subsidy payments based on recent expenditure trends.
- **Adjust TANF and VIEW Childcare Forecast.** Reduces \$992,889 GF and includes \$1.3 million NGF each year from the federal TANF block grant funding for the forecast of TANF benefits and adjustments to the Unemployed Parents program.
- **Supplant GF with TANF Funding.** Removes \$2.2 million GF each year and includes \$1.1 million NGF each year from the federal TANF block grant to supplant funding for Early Impact and Child Advocacy Centers. TANF funding is also removed for the Two Family/Whole Generation pilot program.

TANF BLOCK GRANT FUNDING		
Included Funding (Changes in Italics)	FY 2027	FY 2028
<b>TANF Resources</b>		
Annual TANF Block Grant Award	\$157,762,831	\$157,762,831
Carry-Forward from Prior Fiscal Year	28,371,637	21,122,560
<b>Total TANF Resources Available</b>	<b>\$186,134,468</b>	<b>\$178,885,391</b>
<b>TANF Mandated Services</b>		
<i>TANF Income Benefits</i>	\$13,239,085	\$13,239,085
VIEW Employment Services	9,000,000	9,000,000
VIEW Child Care Services	2,659,033	2,659,033
TANF Caseload Reserve	1,000,000	1,000,000

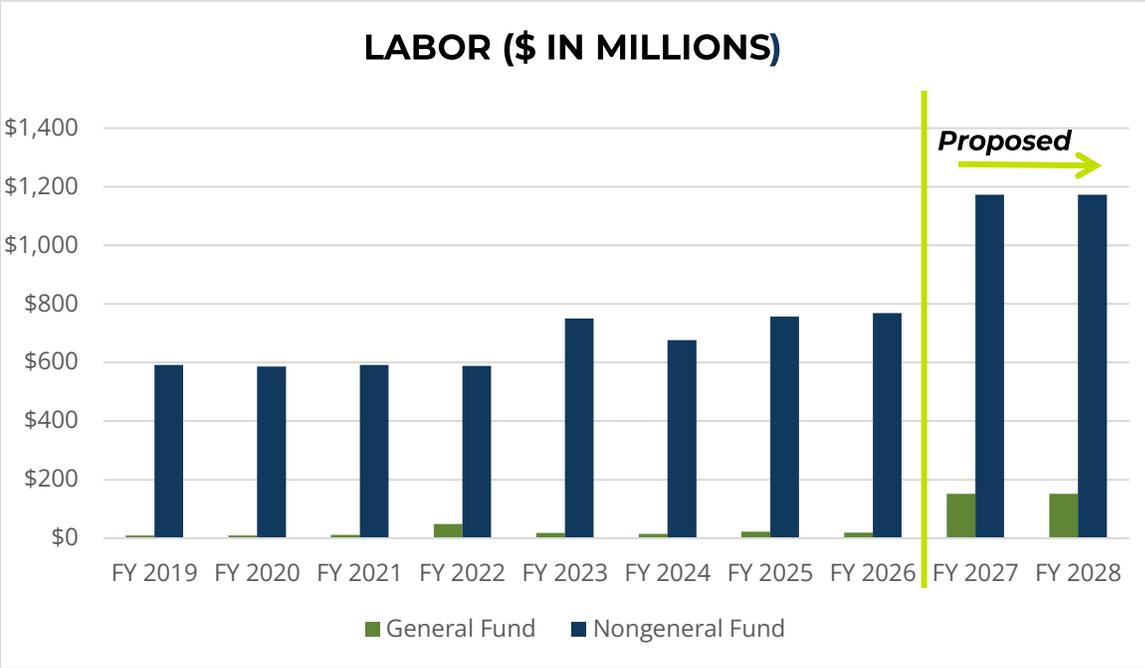


**TANF BLOCK GRANT FUNDING**

Included Funding (Changes in Italics)	FY 2027	FY 2028
TANF State/Local Operations (cost allocated activities)	71,258,772	71,258,772
<b>Subtotal VIP/VIEW Benefits and Services</b>	<b>\$97,156,890</b>	<b>\$97,156,890</b>
<b>TANF Programming</b>		
Healthy Families/Healthy Start	\$9,035,501	\$9,035,501
Community Action Agencies (CAAs)	11,250,000	11,250,000
<i>CAA Two Generation/Whole Family Pilot</i>	0	0
Earned Income Tax Credit (EITC) Grants	635,725	635,725
Local Domestic Violence Prevention Grants	3,846,792	3,846,792
<i>Long-Acting Reversible Contraceptives</i>	4,000,000	4,000,000
Federation of Virginia Food Banks	3,000,000	3,000,000
Virginia Early Childhood Foundation	1,250,000	1,250,000
Boys and Girls Clubs	2,000,000	2,000,000
<i>Child Advocacy Centers</i>	4,736,500	4,736,500
Northern Virginia Family Services	2,125,000	2,125,000
Northern Virginia Family Services Mobile Service & Outreach	500,000	500,000
Laurel Center	1,250,000	1,250,000
FACETS	350,000	350,000
Visions of Truth STRIVE Program	350,000	350,000
Transit Passes	500,000	500,000
United Community	1,200,000	1,200,000
Good Shepard Housing and Family Services	200,000	200,000
Lighthouse Community Center	500,000	500,000
Cornerstones	1,000,000	1,000,000
<i>Comprehensive Health Investment Project/Families Forward</i>	2,400,000	2,400,000
<i>Resource Mothers</i>	1,000,000	1,000,000
<i>Early Impact Virginia</i>	600,000	600,000
<i>Youth for Tomorrow</i>	300,000	300,000
<b>Subtotal TANF Programming</b>	<b>\$52,029,518</b>	<b>\$52,029,518</b>
<b>Other Spending (Cost Avoidance)</b>		
Local Staff Support	\$6,405,502	\$6,405,502
Children's Services Act Transfer	9,419,998	9,419,998
<b>Subtotal Other Spending (Cost Avoidance)</b>	<b>\$15,825,500</b>	<b>\$15,825,500</b>
<b>Total TANF Expenditures and Transfers</b>	<b>\$165,011,908</b>	<b>\$165,011,908</b>



# Labor



Agencies in the Labor Secretariat are primarily funded with nongeneral funds generated through licensing fees or provided by the federal government. There tends to be less demand for general fund resources from the four agencies within this Secretariat. The Virginia Employment Commission and the Department of Professional Occupation Regulation are supported exclusively with nongeneral funds. The Department of Workforce Development and Advancement and the Department of Labor and Industry manage some general fund supported initiatives, such as the state’s registered apprenticeship program and wage enforcement activities.

## Department of Professional and Occupational Regulation

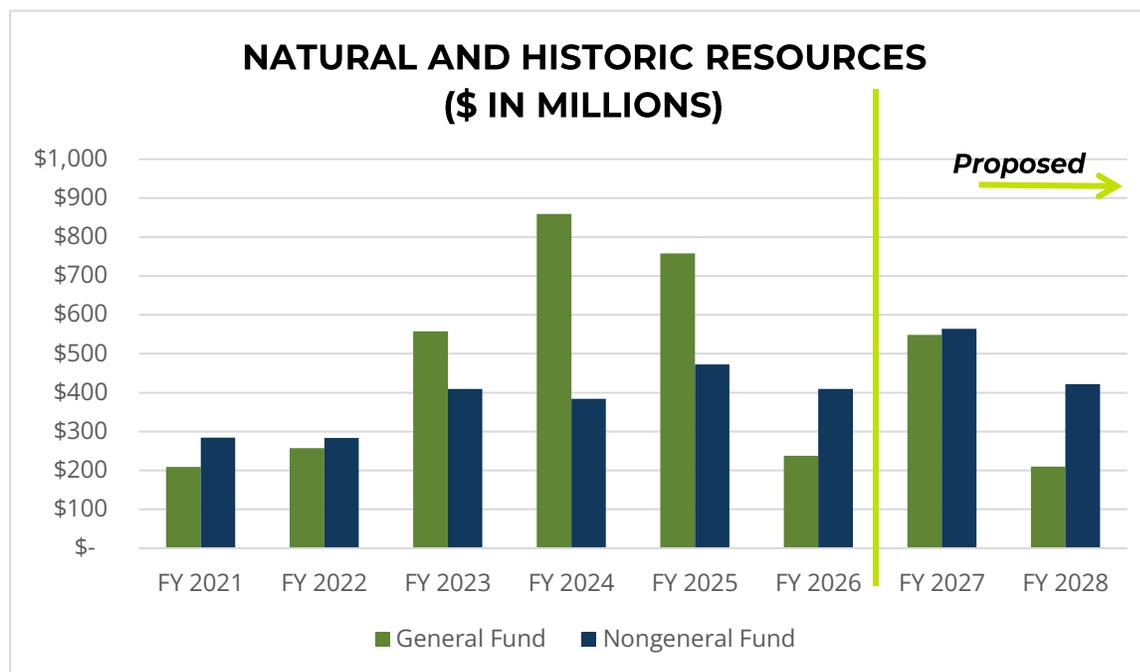
- Authorizes Technology Fee.** Authorizes DPOR to collect a technology fee of \$7.25 with every application for licensure until June 30, 2030. This fee will cover the cost of replacing the agency’s outdated software system with an anticipated cost of \$9.0 million. The agency will utilize a VITA contractor for this project.

## Department of Labor and Industry

- Office of Whistleblower Protection.** Adds \$350,000 and 2 positions in each year to address a substantial backlog in the agency’s Division of Hearing and Legal Services.



## Natural and Historic Resources



Overall, general fund spending within the Natural and Historic Resources secretariat varies greatly from year to year, largely depending upon the size of the required deposit in the Water Quality Improvement Fund. The largest single spending item proposed in the introduced budget provides a total of \$286 million for agricultural best management practices at DCR; this includes \$141.1 million GF and \$141.8 million from nongeneral fund sources.

## Department of Conservation and Recreation

- **Water Quality Improvement Fund Deposit.** Proposes Water Quality Improvement Fund deposits totaling \$286 million in FY 2027. This amount includes:
  - \$107.9 million GF for the mandatory Part A and Part B deposits from agency balances and the general fund surplus
  - \$36.2 million GF as a supplemental deposit
  - \$58 million NGF from interest earnings accrued in the Natural Resources Commitment Fund, and
  - \$83.9 million NGF transfer from the Water Quality Improvement Reserve Fund

A total of \$279.4 million is proposed for deposit in the Natural Resources Commitment Fund, including \$169.9 million for Ag BMP matching grants for lands within the Chesapeake Bay watershed, \$72.8 million for matching grants outside of the Chesapeake Bay watershed, and \$36.3 million to support technical assistance provided by Soil and Water Conservation District Offices.



Of the remaining amounts, \$6 million is proposed for poultry litter transportation, nonpoint source projects, and resource management plans; \$700,000 to support the Conservation Application Suite; and \$250,000 for the Commonwealth's match for participation in the Conservation Reserve Enhancement Program.

- **Interest Earnings on WQIF Reserve Fund.** Proposes language directing the transfer of interest accrued in the Natural Resources Commitment fund to the Water Quality Improvement Reserve Fund unless the balance of the Reserve Fund is greater than \$70 million. After accounting for the proposed \$83.9 million transfer from the Reserve Fund previously discussed, the expected balance of the Reserve Fund is \$50 million.
- **Dam Safety, Flood Prevention, and Protection Assistance Fund.** Proposes \$1 million GF in FY 2027 for the Dam Safety, Flood Prevention, and Protection Assistance Fund. The Fund is used to provide grants to public and private owners of dams of regulatory size to reduce the risk of dam failures.
- **Lake Anna Algal Bloom Remediation.** Proposes \$750,000 GF in FY 2027 to support harmful algal bloom mitigation and remediation efforts at Lake Anna.
- **Cooperative Agreement with U.S. Forest Service.** Proposes \$1.5 million in FY 2027 and \$1.6 million in FY 2028 from nongeneral funds and 13 positions to support participation in a ten-year cooperative agreement with the U.S. Forest Service for activities such as trail maintenance, arborist work, and infrastructure work across state parks and adjacent federal lands.
- **Acquisition of Oak Hill Property.** Proposes language in Part 2 of the budget authorizing the Department to acquire 1,250 acres of property in Loudoun County to establish Oak Hill State Park. The authorization is contingent upon the written approval of the Secretary of Finance and the Chairs of the House Appropriations and Senate Finance and Appropriations Committees. The language includes a number of additional contingencies to be fulfilled before approval, including submission of a comprehensive funding plan confirming the availability of \$52 million in nongeneral fund resources to support acquisition, subsequent development, and operation of the state park.

## Department of Environmental Quality

- **Enhanced Nutrient Removal Certainty.** Proposes \$140.6 million in FY 2027 to provide the Commonwealth's share of support for the Hampton Roads Sanitation District (HRSD) Board Harbor Treatment Project through the Enhanced Nutrient Removal Certainty program. HRSD has completed this eligible project using proceeds from bonds issued under its own authority, requiring the ENRC grant reimbursement to be provided using general fund resources.



- **Stormwater Local Assistance Fund.** Proposes \$43.5 million GF in FY 2027 for deposit in the Stormwater Local Assistance Fund to support grants to localities for improvements to their municipal separate storm sewer systems.
- **Equipment Funding for Air and Water Monitoring.** Proposes a reduction of \$2 million GF each year in base funding for air and water monitoring equipment to reflect the one-time cost of equipment purchases that are no longer necessary.
- **Water Quality Improvement Fund Reporting and Prioritization.** Proposes language directing the Department to report by October 1<sup>st</sup> each year the number and amount requested for eligible Water Quality Improvement Fund projects. The language further proposes to require the Department to establish a solicitation period for WQIF grants, in addition to criteria to prioritize eligible projects based upon quantifiable nutrient reduction impact. The language would require that grant agreements be fully executed before project construction costs are incurred, and that no amount shall be awarded for a grantee to backfill project costs met with any type of taxable debt. This proposed language is also included in the caboose bill as introduced.

## Department of Wildlife Resources

- **Lake Shenandoah Dam.** Proposes \$6.4 million GF in FY 2027 to rebuild Lake Shenandoah Dam to the level of functionality provided before its failure. The dam's emergency spillway was heavily damaged during a 2018 storm and has been operating at a substantially reduced capacity since that time. The Dam previously received a \$3 million appropriation to cover response efforts ensuring compliance with dam safety standards but did not return the dam to its previous levels of functionality.
- **Law Enforcement Dispatch System.** Proposes \$414,000 NGF in FY 2027 for one-time costs related to replacement of obsolete telephone systems in the Department's emergency communications center.
- **Land Acquisition.** Part 2 amendment proposes \$5 million NGF each year from federal and other existing revenue sources for land conservation and public recreation projects.
- **Maintenance Reserve.** Part 2 amendment proposes increasing the appropriation for maintenance reserve projects by \$1.3 million NGF in FY 2027.

## Department of Historic Resources

- **Increase Easement Program Staff.** Proposes \$230,000 GF each year and two positions to begin addressing the Department's growing easement backlog.
- **Chereonhaka (Nottoway) Walkway.** Proposes \$160,000 GF in FY 2027 to support construction of a walkway by the Chereonhaka (Nottoway) tribe in Southampton County.

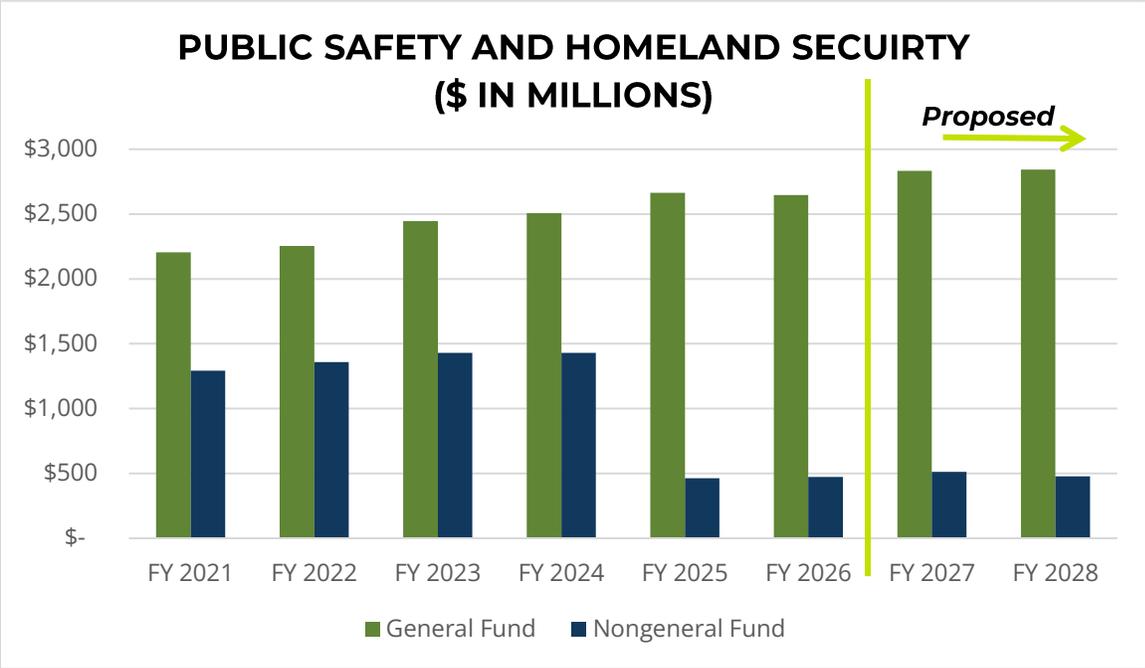


## Marine Resources Commission

- **Jamestown-Yorktown Foundation Dredging.** Proposes that \$600,000 from the Virginia Waterway Maintenance Fund be provided for a channel dredging project undertaken by the Jamestown-Yorktown Foundation. The Fund has an ongoing appropriation of \$4 million each year.



# Public Safety and Homeland Security



The proposed budget for Public Safety and Homeland Security includes general fund spending amounts, reflecting a 7.0% increase in general fund spending in FY 2027 and a 7.4% increase in FY 2028. For the Department of State Police, a total of \$95.8 million GF is proposed over the biennium to support increased operating and personnel costs, in addition to \$50.3 million GF provided for this purpose in the caboose bill. The Governor also proposes a total of \$18.6 million GF for the Department of State Police for IT system replacements and operations related to its ongoing VITA transformation process. At the Department of Corrections, the largest single proposed spending it is \$59.7 million GF in additional support for inmate medical care, in addition to \$24.9 million GF in new spending proposed for this purpose in the caboose bill. The introduced budget also proposes to use \$35 million from the interest earnings of the Low-Income Energy Efficiency Program to establish the Cardinal Disaster Relief Fund at the Department of Emergency Management. The Governor also proposes in additional \$12 million GF over the biennium to support emergency management response and recovery activities at the Department of Emergency Management.

## Department of Corrections

- Increased Inmate Medical Costs.** Proposes an additional \$28.9 million GF in FY 2027 and \$30.8 million GF in FY 2028 to reflect increased estimated costs of providing medical care to inmates housed in DOC facilities. Factors identified as driving this increase included increased compensation for medical staff directly employed by DOC, increased costs for contract medical personnel, and increased spending for off-site medical care. These



amounts are in addition to the \$24.9 million GF in additional funding for inmate medical care included in the caboose bill.

- **Jail Project Reimbursements.** Proposes funding for the 25% state share of costs for two jail capital projects: \$280,000 for an upgrade project at Piedmont Regional Jail, and \$5,000 for reimbursement of a renovation project at Roanoke County Jail.
- **Correctional Officer Career Pipeline Pilot.** Proposes removing \$250,000 GF each year from the Department's base budget previously including for the Correctional Officer Career Pipeline Pilot program. According to DOC, only \$27,581 of previously provided amounts were expended for the program.

## Department of Criminal Justice Services

- **TDO/ECO Transportation.** Proposes \$2.0 million GF in FY 2027 as one-time funding to reimburse local law enforcement agencies for time spent transporting individuals under TDOs and ECOs. The language prioritizes reimbursement for law enforcement agencies within Department of State Police Divisions III, IV, and VI, and localities "whose agencies must travel far distances to transport an individual to a state facility."
- **Sunset Pilot Program.** Proposes one additional year of funding to continue the Safe Harbor Domestic Minor Sex Trafficked Youth pilot program in FY 2027 and removes \$400,000 GF in FY 2028 to reflect sunseting the program.

## Department of Emergency Management

- **Cardinal Disaster Relief Fund.** Proposes the establishment of the Cardinal Disaster Relief Fund, to be used for "efforts to address life, safety, and disaster-related response costs not covered by federal support." An amendment proposed in the Department of Housing and Community Development directs the State Comptroller to transfer \$35 million from interest accrued in the Low-Income Energy Efficiency Program to capitalize the Cardinal Disaster Relief Fund.
  - On January 24, 2025, President Trump established the FEMA Review Council to consider reforms to the Federal Emergency Management Agency. While publication of the Review Council's report has been delayed, it is expected to contain recommendations to substantially reduce the size and scope of FEMA operations and responsibilities and to presume greater responsibility for disaster planning and response from state-level authorities.
- **Disaster Management Funding.** Proposes an additional \$5 million GF in FY 2027 and \$7 million GF in FY 2028 for emergency response and recovery services provided by the Department.



- **Emergency Communications in Rural Areas.** Proposes \$424,000 GF in FY 2027 and \$288,000 GF in FY 2028 to support emergency communications technologies in rural areas. Language included in the introduced budget directs the Department to issue a request for proposals from providers of wireless services that utilize satellites to provide communications capabilities for local first responders in rural areas where other communication sources fail.

## Department of Juvenile Justice

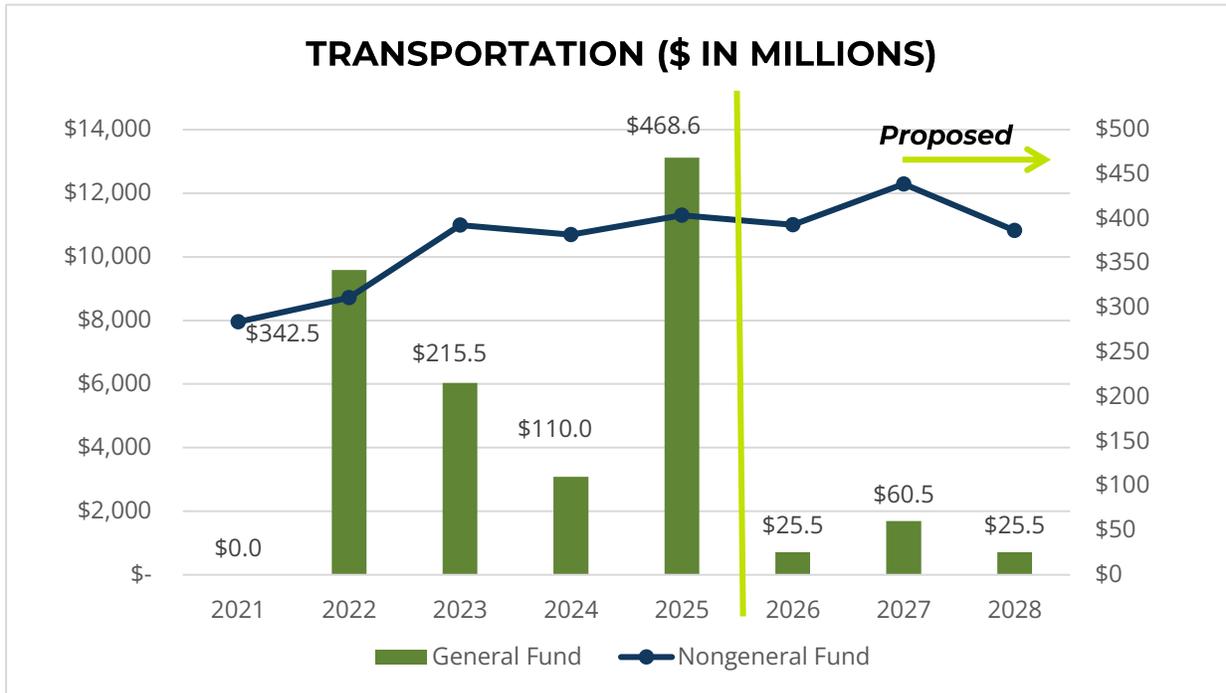
- **Costs of Intake Process.** Proposes \$1.8 million GF each year to reflect increased costs of central admissions and placements, and to increase the provision of services during the intake process.
- **Community Placement Programs.** Proposes \$942,000 GF each year to reflect increased costs of operating the Department's community placement programs.

## Department of State Police

- **Address Personnel and Equipment Costs.** Proposes an additional \$43.6 million GF in FY 2027 and \$52.2 million GF in FY 2028 to address increased personnel and operational costs within the Department. In 2025, the Department made the decision to increase the size of its trooper classes but do to this and other personnel decisions and lower than expected vacancy savings, the Department lacks sufficient base appropriations to accommodate the costs of these trooper classes. According to the Department of Planning and Budget, these proposed amounts include:
  - \$11.5 million GF each year for the ongoing salary and fringe costs of the 144<sup>th</sup> Basic Trooper School
  - \$11.5 million GF each year for the ongoing salary and fringe costs of the 145<sup>th</sup> Basic Trooper School
  - \$2.9 million GF in FY 2027 and \$11.5 million GF in FY 2028 for the ongoing salary and fringe costs of the 146<sup>th</sup> Basic Trooper School
  - \$17.8 million GF each year for the ongoing vehicle and equipment costs for the 146<sup>th</sup> Basic Trooper School
  - The caboose bill also proposes \$50.3 million GF in FY 2026 for increased personnel, equipment, and information technology costs at the Department.
- **VITA Transformation.** Proposes \$9.3 million GF each year to continue Phase 2 of the Department's ongoing VITA transformation process. The transformation process began in 2021, as the Department was one of the last agencies not integrated into VITA's shared services model, and required expansive IT updates to replace end-of-life hardware and software, and to address several audit findings.



# Transportation



The Nongeneral Fund appropriations within the Transportation Secretariat remains relatively level after the significant increases which occurred driven largely by the policy changes adopted in legislation by the 2020 General Assembly. The total NGF appropriation for the Secretariat in FY 2027 is approximately \$12.3 billion with the appropriation decreasing to \$10.8 billion in FY 2028.

The proposed General Fund appropriation within secretariat is significantly lower than in the previous 2 biennium's, totaling \$86.0 million over the 2 years.

Below is a summary of the major funding and policy initiatives.

## Virginia Commercial Space Flight Authority

- **Update Appropriation Based on Updated Revenue Projections.** Provides \$1.3 million NGF in FY 2027 and \$1.6 million NGF in FY 2028 to reflect the authority's allocation of the updated Commonwealth Transportation Fund revenue forecast.
- **Transfer Language from Port to Virginia Space.** Introduced budget transfers language included in Chapter 725 under the Port of Virginia to the Virginia Commercial Space Flight Authority that is related to the ground lease for the Assembly Integration and Testing Facility with Rocket Lab.



## Department of Aviation

- **Remove Language Updating Commonwealth Aviation Fund Allocation Formula.** Introduced budget does not include language included in Chapter 725 changing the allocation amounts allowed from the Commonwealth Aviation Fund.

## Department of Motor Vehicles

- **Adjust Appropriation for Federal Grant Funds Increase.** Increases the Department's NGF appropriation by \$11.0 million each year to reflect an increase in federal highway safety and open container grant fund expenditures.

## Virginia Passenger Rail Authority

- **Adjust Appropriation Based on New Revenue Estimates.** Includes an adjustment increasing the Authority's appropriation increasing the appropriation by \$478.9 million NGF in FY 2027 and decreasing the appropriation by \$139.3 million NGF in FY 2028. This increase reflects the timing of revenues from the I-66 toll financing.

## Department of Rail and Public Transportation

- **Adjust Funding to Reflect Transfer from VDOT of I-495 Toll Funding Collections.** Increases DRPT 's appropriation by \$2.3 million NGF each year to reflect the transfer from VDOT of I-495 toll funding collected by the Virginia Department of Transportation (VDOT) from the concessionaire and transferred to the Department of Rail and Public Transportation. This funding is available to fund transit corridor projects to address congestion in the area, pursuant to an agreement with VDOT.

## Department of Transportation

- **Update Appropriation Based on Updated Revenue Projections and Financial Plan.** Reflects an NGF increase of \$1 billion in FY 2027 and \$116.8 million in FY 2028 for the Department based on the updated 6-year plan and revenue projections.
- **Provide Funding and Staffing for the Hampton Roads Bridge Tunnel (HRBT) Expansion.** Includes \$29.8 million NGF in FY 2027 and \$30.9 million NGF in FY 2028, as well as 24 additional FTEs, to support increased operating expenses at the new Hampton Roads Bridge Tunnel.



## Department of Transportation Transfer Payments

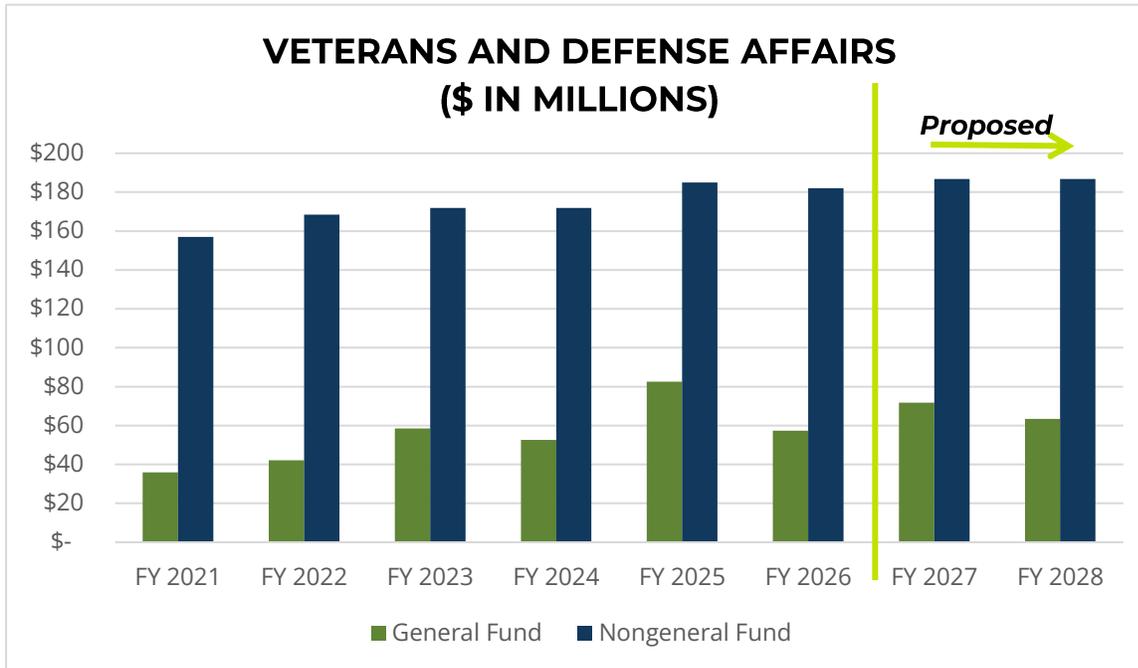
- **Update Appropriation Based on Updated Revenue Projections and Financial Plan.** Reflects an NGF increase of \$8.4 million in FY 2027 and \$47.7 million in FY 2028 in transfer payments to regional transportation programs based on updated financial plans and revenue projections.

## Virginia Port Authority

- **Provide Funding for Development of Inland Port.** Includes \$35.0 million from the general fund in FY 2027 to support the design, development, and necessary site improvements for an inland port at the Oak Park Center for Business and Industry in Washington County, Virginia. A front page adjustment in HB 29 reverts \$9.75 million in balances appropriated within Commerce and Trade for the development of the Inland Port.
- **Provide Funding to Reflect Changes in Lease Payments for the Virginia International Gateway.** Provides a \$6.5 million NGF increase in FY 2028 to reflect increased lease charges for the Virginia International Gateway Terminal.
- **Support Increased Safety and Security of Terminals.** Provides \$2.0 million NGF each year for safety and security improvements at the port.
- **Reduced Appropriation to Reflect Updated Debt Service Requirements.** Reduces the Ports appropriation for debt service payments by \$311.8 million NGF in FY 2027 and \$312.5 million NGF in FY 2028 to reflect current debt service obligations.



# Veterans and Defense Affairs



The budget increases general fund spending for the Veterans and Defense Affairs secretariat by \$15 million in FY 2027. The bulk of this amount is comprised of the request to increase general fund start-up support for the Puller Veterans Care Center, which totals \$9.1 million over the biennium.

## Secretary of Veterans and Defense Affairs

- **Virginia Military Infrastructure Grant Program.** Proposes \$2.0 million GF in FY 2027 for the Virginia Military Infrastructure Grant Program. The Program is used to provide competitive matching grants to localities to aid in the planning and design, construction, or completion of infrastructure projects that enhance military readiness, installation resiliency, or quality of life for military communities. The Program received a previous one-time appropriation of \$5 million GF in FY 2023.
- **Encroachment Grant Funding Eligibility.** Proposes a language amendment that would authorize proposals affecting Marine Corps Base Quantico to be eligible for encroachment grant funding. The encroachment grant program is supported by nongeneral funds, and used to prevent incompatible development through property purchase, conservation easements, or land use changes on a competitive matching basis. Currently, projects are eligible if near Naval Auxiliary Field Fentress, Joint Base Langley Eustis, and Naval Air Station Oceana.



## Department of Veterans Services

- **Puller Veterans Care Center Startup Costs.** Proposes \$7.5 million GF in FY 2027 and \$1.6 million GF in FY 2028 to reflect estimated startup costs at Puller Veterans Care Center in Fauquier County. This is in addition to \$1.8 million GF in startup support provided in House Bill 29 in FY 2026. It is expected that upon full operation Puller Veterans Care Center will be fully supported by nongeneral fund revenues.
- **Operation of Veterans Care Centers as System.** Proposed language directs the Department to operate all Veterans Care Centers as a system, and to share nongeneral fund revenues between them to support operating expenses. Currently, the four Veterans Care Centers as are operated as individual entities without shared revenues.
- **National Center for Healthy Veterans.** Proposes \$300,000 GF each year to support the National Center for Health Veterans at Valor Farms in Campbell County. The National Center for Healthy Veterans provides a nine-month faith-based residential program providing resilience, trauma recovery, and career preparation programs.

## Department of Military Affairs

- **Address Increased Personnel Costs.** Proposes \$500,000 GF each year to support increased personnel costs.
- **Fort Pickett Fire Department.** Proposes \$481,000 GF each year and four positions to hire additional fire and emergency medical services personnel for the Fort Pickett Fire Department.
- **Security Services Contracts.** Proposes \$250,000 GF each year to reflect increased costs of contracted security services for national guard bases.



# Central Appropriations

General Fund appropriations within central appropriations reflect employee compensation and benefit changes, which are spread across the agencies in the out years, internal service fund costs spread across agencies, or for one-time expenditures.

Below is a summary of the major funding initiatives.

## Employee Compensation Actions

- **2% Salary Increase for State Employees and State Supported Local Employees in Each Year of the Biennium.** Includes \$126.6 million general fund in FY 2027 and \$276.2 million general fund in FY 2028 to provide a 2.0% salary increase for state employees and state supported local employees at the beginning of each fiscal year.
  - The amendment provides \$96.2 million in FY 2027 and \$212.0 million in FY 2028 for the state employee salary increases effective on July 10, 2026, and June 10, 2027.
  - Also provides \$30.4 million in FY 2027 and \$64.2 million in FY 2028 for the state supported local employee's salary increases effective July 1 each year.

## Employee Benefit Plan Funding Actions

- **Adjust Funding for State Employee Health Plan Premiums.** Includes \$99.4 million GF in FY 2027 and \$144.1 million GF in FY 2028 to support a 12.96% increase in premiums for the state employee health insurance program effective July 1, 2026, and an additional increase of 5% effective July 1, 2027. The most recent actuarial analysis estimated an increase in costs of 19.2% in FY 2027 however several design plan changes have been proposed to reduce the amount of increase. These plan design changes include:
  - Implementing a \$150 pharmacy deductible (savings of -0.54%)
  - A requirement for certain prescriptions to use available biosimilars (-0.10%), and
  - A reduction in the cost paid for certain diabetic and weight loss medications (-5.60%)
- **Capture Savings from Reduction in VRS Retirement Contributions.** Captures savings of \$46.7 million GF in FY 2027 and \$48.8 million GF in FY 2028 from a reduction in contribution payments to the state employee retirement plans based on the 2025 actuarial valuation.
  - Savings of \$106.9 million GF in FY 2027 and \$107.0 million GF in FY 2028 is captured with the SOQ funding formula related to savings from changes in retirement contributions and other post-employment benefits rate contributions for SOQ funded positions
- **Capture Savings from Reduction in Contributions for VRS Administered Other Post Employment Benefits.** Captures savings of \$24.3 million GF in FY 2027 and \$25.4 million GF in FY 2028 from a reduction in contribution rates for the state employee sickness and



disability, group life insurance, and retiree health insurance credit programs and the state supported employee retiree health insurance credit.

<b>Contribution Rate for VRS Administered Programs</b>		
	<b>Chapter 725</b>	<b>HB 30</b>
<b>Retirement Programs</b>	<b>FY 26</b>	<b>FY 27 &amp; 28</b>
State Employees Retirement System	12.52%	11.07%
State Police Officers' Retirement System	31.32%	31.67%
Virginia Law Officers' Retirement System	24.60%	22.60%
Judicial Retirement System	30.67%	30.49%
Teachers Retirement System	14.21%	12.20%
<b>Other Post Employment Benefits</b>		
State Employee - Retiree Health Insurance Credit	1.12%	0.70%
Public School Teacher - Retiree Health Insurance Credit	1.21%	0.88%
State Employee - Group Life Insurance Program	1.18%	1.06%
Employer Share of the Public School Teacher Group Life Insurance Program	0.47%	0.42%
Virginia Sickness and Disability Program	0.50%	0.42%
Constitutional Officers and Employees Retiree Health Insurance Credit	0.36%	0.27%
General Registrar and Employees Retiree Health Insurance Credit	0.32%	0.13%
Employees of Local Social Services Boards Retiree Health Insurance Credit	0.37%	0.20%

## Miscellaneous Expenditure Initiatives

- Appropriation for Higher Education Credit Card Rebates and Interest Earnings.**  
 Provides \$12.4 million GF and \$6.0 million NGF each year in funding that is returned to the Higher Education Institutions based on interest earnings on tuition and fees, and rebates from credit card charges made by the institutions.

## Adjustments to Agency Distributions

<b>Other 2024-26 Central Budget Adjustments for Agency Distributions</b>		
<b>(GF \$ in millions)</b>		
Program	FY 2027	FY 2028
<b>Compensation and Benefits</b>		
Line of Duty Act Premiums	\$4.1	\$4.1
State Employee Workers' Compensation Premiums	4.6	4.8
Adjust Funding for Minimum Wage Increase	0.4	1.3
<b>Agency Operations</b>		
Funding for Agency Information Technology Costs	14.6	14.6
Funding for Premiums from Division of Risk Management	2.9	3.4

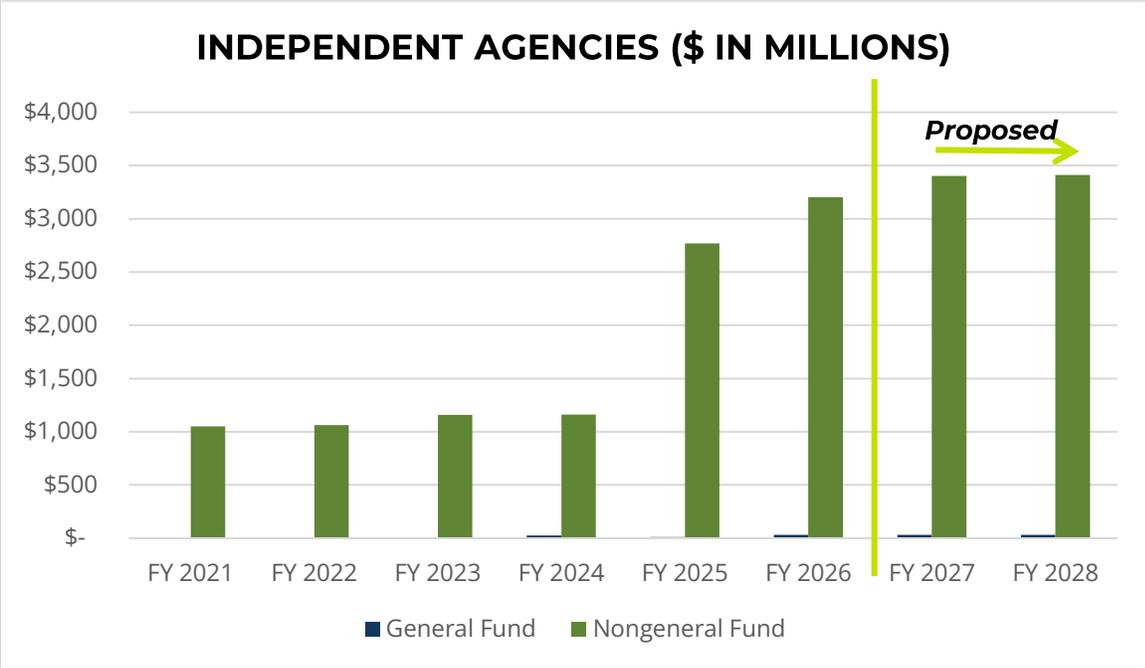


**Other 2024-26 Central Budget Adjustments for Agency Distributions**  
**(GF \$ in millions)**

Funding for Agency Rent Cost	2.4	2.4
Funding for Cardinal Human Resource Management	0.6	1.5
Funding for Performance Budgeting System	(0.1)	(0.1)
Funding for Cardinal Financial Systems	<u>(1.5)</u>	<u>(1.2)</u>
<b>Total</b>	<b>\$28.0</b>	<b>\$30.8</b>



# Independent Agencies



Independent agencies are funded almost entirely by nongeneral fund revenue collected through fines, fees, charges, and other non-GF income associated with their respective lines of business. The eight independent agencies do not report through any of the three branches of state government but do receive their spending authority through the Appropriation Act. The significant increase (158%) in nongeneral fund appropriation starting with the 2024-2026 biennium reflects the conversion of the Alcohol Beverage Control Authority (ABC) and Opioid Abatement Authority (OAA) to independent status, effective FY 2025.

HB 30 as proposed contains only minimal additional GF spending for independent agencies, namely \$215,000 in the first year for the Virginia Retirement System to administer the Virginia Volunteers' Service Award Program. Other measurable GF appropriations within the base of independent agencies include the state share of the Commonwealth Health Reinsurance Program within the State Corporation Commission, and funding for the Workers' Compensation Commission to administer the Sexual Assault Forensic Exam (SAFE) Payment program.

## State Corporation Commission

- Reflect Operational Increases.** Includes \$9.1 million NGF the first year and \$8.5 million NGF the second year and 25 positions to reflect proposed expenditures for IT modernization, to implement programs in response to legislative directives, and to convert positions from contract to in-house.



## Virginia Lottery

- **Reflect Increased Operational and Distribution Costs.** Includes \$124.5 million NGF the first year and \$133.3 million NGF the second year to reflect increased payout distributions for online lottery winnings and casino payments to localities, and increased operational costs related to the sale of lottery products.

## Commonwealth Savers Plan

- **Direct Transfer of Surplus for Higher Education Waiver Programs.** Proposes language directing transfer of \$75.0 million each year from available surpluses in the agency's defined benefit account, to the State Council for Higher Education (SCHEV), for use to offset the cost of waiver programs. A companion amendment under SCHEV provides for the allocation and distribution of these funds.
- **Increase Agency Operations.** Proposes \$3.5 million NGF each year and 10 positions to reflect new information technology, professional services, administrative, and marketing positions.

## Virginia Retirement System

- **Provide GF to Administer the Virginia Volunteers' Service Award Program.** Proposes \$215,000 GF the first year and \$15,000 GF the second year for the agency to repay the fund for where expenses have exceeded appropriation in previous years.
- **Reflect Increased Operational Costs.** Includes \$15.2 million NGF the first year and \$16.1 million NGF the second year and 24 positions for the agency to improve customer-facing operations, enhance data quality and security, improve business systems and service delivery, and increase organizational infrastructure and talent.
- **Increase Investment Asset Management.** Provides \$13.4 million NGF the first year and \$17.4 million NGF the second year and 15 positions to augment the agency's investment staffing and technological capabilities.

## Alcoholic Beverage Control Authority

- **Transfer of Net Profit from Store Operations.** Proposes net profit transfers from the Alcoholic Beverage Control Enterprise Fund totaling \$146.3 million in FY 2027 and \$133.3 million in FY 2028. Both of these amounts represent a substantial reduction in the assumed profit transfers during the 2026-28 biennium when compared to the \$160.9 million transfer proposed for FY 2026 in the caboose bill as introduced, as well as the \$156.1 million transfer in FY 2026 assumed by Chapter 725 (2025 Session). The Authority has assumed no growth in sales in FY 2026, and 1% reductions in revenue growth in FYs 2027 and 2028. The Authority



further assumes continued inflation, growth in salaries and wages, need for additional investments in IT systems, and limited ability to further reduce costs in the short-term.

## Opioid Abatement Authority

- **Increase Appropriation for Anticipated Settlement.** Includes \$5.9 million NGF in FY 2027 and \$1.8 million NGF in FY 2028 to account for anticipated settlement awards from the Opioid Abatement Fund.



# Capital Outlay

HB 30 proposes a total of \$2.7 billion in capital outlay for over 50 projects, of which \$2.0 billion is from the GF either as cash (\$890.0 million) or GF/tax-supported debt (\$1.1 billion). The remaining \$662.3 million proposed for capital outlay is supported by NGF sources, including \$123.6 million in NGF 9(d) debt. HB 30 does not propose the authorization of any 9(c) debt.

Capital Outlay Funding Type for FY 2026-2028 (\$ in millions)	
General Fund Cash	\$ 890.0
General Fund Debt	1,110.0
Nongeneral Fund Cash	538.7
9(d) NGF Revenue Bonds	123.6
<b>Total</b>	<b>\$2,662.3</b>

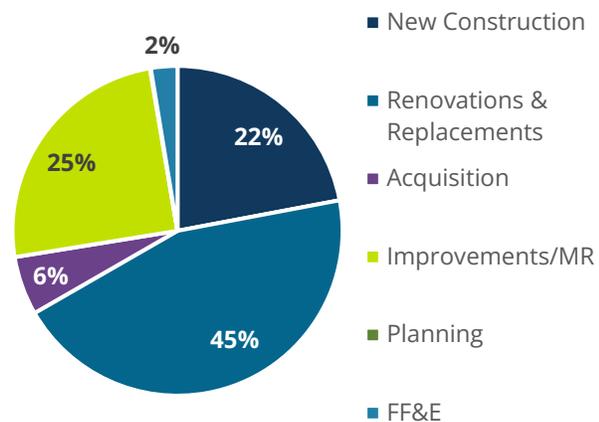
## Capital Funding Allocations by Category

The \$2.0 billion in GF support proposed for capital outlay can be categorized in four ways:

1. The project type;
2. The point in the process to which the project is authorized to proceed;
3. The project's position in the capital pipeline; and
4. The owner of the projects: split between projects for state agencies and those for institutions of higher education

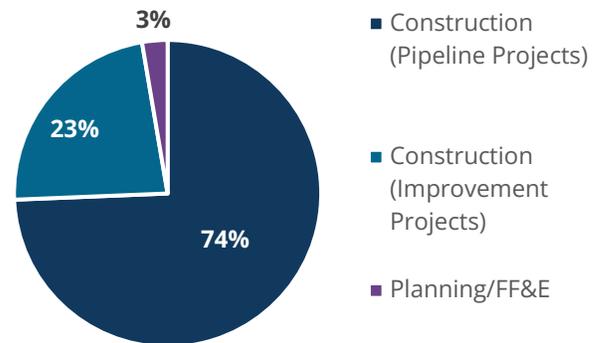
- 1- Project Type:** Of the total \$2.0 billion GF support proposed for capital in HB 30, the majority is targeted to address outmoded state facilities through renovation or wholesale replacement (\$893.1 million), or improvements/ maintenance (\$497.6 million). Additionally, \$555.7 million is proposed for new construction or acquisition projects, \$51.9 million for furniture, fixtures, and equipment (FF&E) for projects nearing completion, and only \$1.6 million to plan new projects.

**HB 30: 1-Allocation by Project Type**

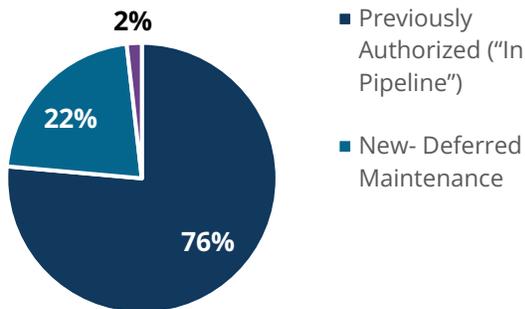


- 2- Authorized Step:** All but \$53.4 million of the total \$2.0 billion in proposed GF resources for capital outlay are for projects cleared to move to the construction phase. This is due to process timing whereby a handful of large projects have moved through the pipeline and are now ready to be built—five projects alone count for \$1.2 billion of the total—and because a large quantity of improvement and maintenance projects proposed in HB 30 would be allocated full project authorization granted up front due to their smaller nature.

**HB 30: 2-Allocation by Authorized Step**



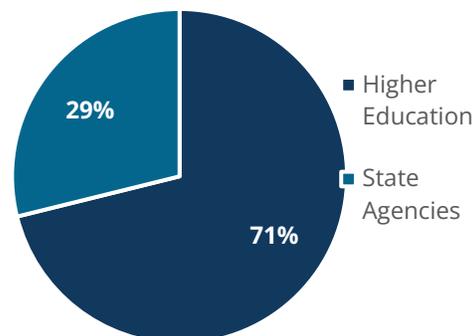
**HB 30: 3-Allocation by Pipeline Status**



- 3- Pipeline Status:** \$1.5 billion of the total \$2.0 billion in GF supported capital—including all \$1.1 billion of the GF-supported debt—is for projects that are already in the pipeline. An additional \$435.8 million is for projects that address deferred maintenance at existing facilities (these are typically fully authorized outside of the pipeline process), and only \$35.9 million is for projects new to the pipeline.

- 4- Project Owner:** Of the total \$2.0 billion in GF resources for capital projects in HB 30, over 70% – \$1.4 billion – is for projects at institutions of higher education; this includes their allocation of the \$400.0 million proposed in HB 30 for maintenance reserve distributions. The remaining \$577.2 million is proposed for state agencies (again including their portion of the \$400.0 million in maintenance reserve).

**HB 30: 4-Allocation by Project Owner**



## Construction of Replacement Facilities/Renovations

At a proposed total of \$893.1 million GF support (\$324.2 million GF cash and \$568.9 million GF debt), the largest category of project type in HB 30 is the renovation or wholesale replacement of existing state facilities. Of the total for this category, two-thirds is for five projects at institutions of higher education and one-third is for a replacement facility for the state Supreme Court and Court of Appeals. Projects in this category are funded in a construction pool so individual costs are not included to protect the state’s bidding position. See below for a full list of projects in this category:

GF-Supported Replacement/Renovation Projects			
Owner	Project Name	Owner	Project Name
DGS	Commonwealth Courts Building	VCU	Construct New School for Dentistry
JMU	Renovate Johnston Hall	VSU	Renovate Virginia Hall
VIMS	Construct Marine Operations Administration Complex	VCCS	Renovate Amherst/Campbell Hall, Central Virginia

## New Construction/Acquisition

HB 30 proposes \$555.8 million in GF resources (\$29.6 million GF cash and \$526.1 million GF debt) to execute the construction or acquisition of five projects that expand operations at institutions of higher education. All five projects are proposed via a single construction pool and all but one have progressed through the pipeline to be ready for construction (the exception is the proposed purchase of the Altria Building for VCU as it is an acquisition):

GF-Supported New Construction/Acquisition Projects			
Owner	Project Name	Owner	Project Name
VT	Expand VT-Carilion School of Medicine & Fralin Biomedical Research Institute	ODU	Construct Engineering & Arts Building
VMI	Construct Center for Leadership & Ethics Facility Phase II, & Parking	IALR	Expand Center for Manufacturing Advancement
VCU	Acquire Altria Building		

## Existing Facility Improvements/MR

HB 30 proposes \$497.6 million in GF resources for existing facility improvements; this includes \$400.0 million in GF cash for statewide maintenance reserve allocations, and nearly \$100M in cash and debt for 21 additional improvement projects: \$56.7 million for six projects at state agencies and \$41.0 million for five projects at institutions of higher education. Projects in this category are smaller than full-scale renovations and are usually structured as “umbrella projects,” or singular projects that encompass a series of similar tasks to address deficiencies in life safety, accessibility, systems, or security. HB 30 proposes a mix of stand-alone and pool authorizations for these projects.



## Planning

HB 30 allocates \$1.6 million GF cash and \$12.4 million NGF in a planning pool for five projects:

- UVA: Construct Engineering Building (NGF appropriation for UVA to use its resources)
- DGS: Construct New Pharmacy Office & Cold Storage
- W&M: Construct Sunken Garden Geothermal Field, and Renovate Sunken Garden District
- DJJ: Modernize Utility Systems at Bon Air Juvenile Correction Center

## Other Capital Proposals

- **Provide Equipment Funding.** Proposes \$51.9 million in GF cash for furniture, fixtures, and equipment (FF&E). Of the total, \$39.9 million is in a pool for eight projects nearing completion, and the remaining \$12.0 million is for equipment related to workforce development.
- **Appropriate NGF Debt & Cash for Capital:** Includes \$123.6 million in NGF 9(d) debt and \$538.7 million in NGF cash for a variety of state and higher education projects, including \$217.3 million for the Virginia Port Authority to continue work on its cargo handling facilities and empty yards, \$94.0 million (\$37.5 million in 9(d) debt) to construct a new business building, \$84.3 million (\$48.8 million in 9(d) debt) for various auxiliary projects at JMU, and \$46.6 million in NGF appropriation for VCCS to use its balances for targeted facility improvements.
- **Project Scope Changes:**
  - Amends the scope of three VSP area headquarters projects to facilitate efforts to select the most cost-effective option of buying/building/leasing new facilities
  - Authorizes DMV to sell its headquarters and purchase and/or renovation alternate site(s); DMV must notify 6-PAC of most cost beneficial option
  - Amends a project for the SCC to utilize balances to renovate its headquarters
- **Capital Policy Proposals:**
  - Increases the MR project cost threshold from \$2.0 to \$3.0 million (and from \$4.0 to \$5.0 million for roof projects), and authorizes DOC to utilize maintenance reserve for capital infrastructure projects
  - Requires Tier III institutions of higher education to notify the 6-PAC prior to initiating NGF capital projects that have E&G components (Section 4-4.01)
- **Additional Capital Actions Proposed:**
  - Authorizes the acceptance of Oak Hill in Loudoun County and corresponding NGF capital and operating appropriation upon completion of certain due diligence requirements
  - Transfers the historic Fort Whitworth at Central State Hospital to the Petersburg Battlefield Foundation
  - Authorizes new capital leases for DOC Probation and Parole offices in Chesterfield, Petersburg, and Charlottesville
  - Transfers unutilized capital appropriations between projects



## Vetoed Capital Projects

HB 30 proposes restoration of many of the capital projects vetoed in the current Appropriation Act. See below for a full comparison of projects that were vetoed and re-proposed for inclusion in HB 30:

Capital Projects Vetoed by Governor Youngkin in Chapter 725		
Agency	Project	In HB 30?
DCR	Parks Deferred Maintenance	X
DOC	HVAC Improvements	X
W&M	Replace Law School Central Utility Plant	X
GMU	Address Priority Facility Improvements	✓
IALR	Expand Center for Manufacturing Advancement	✓
JMU	Renovate Johnston Hall	✓
LU	Replace Roof, Windows, and External Doors Lankford Hall	✓
UVA	Construct Center for the Arts	X
VCCS	Renovate Amherst/Campbell Hall, Central Virginia	✓
VCU	Acquire Altria Building	✓
VIMS	Construct Marine Operations Administration Complex	✓
VSU	Renovate Virginia Hall	✓
VT	Expand VT-Carilion School of Med. & Fralin Biomed. Research Inst.	✓



## Part 3

Part 3 of the budget contains miscellaneous actions that are not attached to a specific agency. It includes transfers from general to nongeneral funds, working capital and lines of credit, adjustments to tax collections and adjustments and modifications to fees.

### Transfers

- **Lottery Proceeds Fund.** Transfers \$877.7 million each year to the Lottery Proceeds Fund.
- **Convey Parcel.** Proposes conveyance of approximately three acres of the Central State Hospital campus to the Petersburg Battlefields Foundation.
- **State Racing Commission.** Recommends \$31.0 million each year from the State Racing Operations Fund.

### Working Capital Funds and Lines of Credit

- **Department of Workforce Development and Advancement.** Proposes a \$5.0 million line of credit for the Department of Workforce Development and Advancement when federal funding is delayed at least one pay period.

### Adjustments and Modifications to Tax Collections

- **Require Hospitals Receiving Enhanced Payments to Retain Labor and Delivery Units.** The introduced budget proposes language to eliminate private hospital enhanced payments, authorized in Part 3 of the Appropriation Act to any hospital that shuts down a labor and delivery unit after January 1, 2026.



## Part 4

Part 4 of the budget is referred to as the General Provisions, and it contains the “fine print,” or the rules governing Administration’s implementation of the appropriations adopted by the General Assembly. Also included in this section are provisions relating to treasury loans, capital projects, special restrictions on expenditures, positions and employment (including agency head salaries) and gubernatorial reporting requirements.

The final section of Part 4, often referred to as Part 5, are additional enactment clauses contained in the budget, including the effective dates of matter therein.

### Capital Projects

- **Override Higher Education Level III Management Agreements.** Proposes requirement that institutions must first notify the Capital Outlay Advisory Committee prior to initiating a capital project planned for use for education and general (E & G) purposes. This likely impacts only two institutions, UVA and Virginia Tech.

### Special Conditions and Restrictions on Expenditures

- **Medical Services.** Proposes to modify language contained in the introduced budget to restrict funding for abortions covered pursuant to state statute, including those in which a pregnancy occurs as a result of rape or incest, and in certain cases of gross and totally incapacitating physical deformity or mental deficiency as certified by a physician, after appropriate tests have been performed.

### Positions and Employment

- **Employee Compensation Tables.** Includes updates to the salary range tables for Level I, Level II, and Level V agency heads. In addition, salary ranges are adjusted for the directors of the New College Institute and SCHEV.

### Additional Enactments

- **Budget.** The 1<sup>st</sup> enactment clause is the overall budget with an effective date of July 1, 2026
- **Create Income Tax Deductions.** The 2<sup>nd</sup> enactment clause authorizes income tax deductions related to income on tips, income on overtime and interest payments on car loans for cars assembled in the United States.
- **Extend Current Tax Policies.** The 3<sup>rd</sup> enactment clause makes permanent the increase in the permanent the increased Virginia standard deduction of \$8,750/\$17,500, the 20% refundable Virginia earned income tax credit, and the provision that allows a pass-through



entity the option to pay taxes at the entity level. The enactment also extends the sales and use tax exemption for data centers from 2035 to 2050.

- **Market-Based Sourcing.** The 4<sup>th</sup> enactment clause requires multi-state corporations to use “Market-Based Sourcing” for allocating their state income tax filings, as opposed to the “Cost of Performance” method, beginning in Tax Year 2027 (The current method is based on where services are performed while Market-Based sourcing is based on customer location).
- **Effective Date for the 4<sup>th</sup> Enactment.** The 5<sup>th</sup> enactment clause states that the effective date for the 4<sup>th</sup> enactment clause related to Market-Based Sourcing is January 1, 2027.
- **Repeal Provisions Related to Limited Market-Based Sourcing.** The 6<sup>th</sup> enactment clause repeals Chapter 256 and 257 of the Acts of the Assembly 2022 effective January 1, 2027. These Chapters allowed property information and analytics firms that meet certain job creation and investment criteria to use market-based sourcing.
- **Authorize the Tax Commissioner to Develop Guidelines for Market-Based Sourcing.** The 7<sup>th</sup> enactment clause authorizes the Tax Commissioner to establish guidelines for implementing the new Market-Based Sourcing methodology and grants an exemption from the provisions of the Administrative Process Act.
- **Expiration Date for the Budget.** The 8<sup>th</sup> enactment clause states that the 1<sup>st</sup> enactment clause, the budget, expires June 30, 2028.
- **No Expiration Date for Other Enactments.** The 9<sup>th</sup> enactment clause states that the 2<sup>nd</sup> enactment (Create Income Tax Deductions), 3<sup>rd</sup> enactment (Extend Current Tax Policies), and 4<sup>th</sup> enactment (Market-Based Sourcing) have no expiration date.



# Appendix A

HB 29, As Introduced: 2024-2026 Direct Aid to Public Education Estimated Distribution - FY 2026										
School Division	Key Data Elements		FY 2026 Approp. (Ch.725)	Technical Changes Only				Update Sales Tax	Proposed Policy Action 2% Bonus	FY 2026 Estimated Distribution (HB 29)
	24-26 Comp. Index	FY 2026 Projected ADM		Update Enrollment Estimates	Update English Learner Data	Update Non SOQ Programs	Update VPI Participation			
ACCOMACK	.3487	4,357	\$51,552,945	(\$794,442)	(\$372,630)	(\$136,579)	(\$113,028)	(\$6,185)	\$475,647	\$50,605,728
ALBEMARLE	.6904	13,436	75,662,746	(1,707,718)	(237,953)	164,088	(269,226)	(41,178)	644,397	74,215,156
ALLEGHANY HL	.2737	2,542	33,797,994	(288,848)	(8,377)	(325,204)	(188,233)	(3,021)	322,741	33,307,052
AMELIA	.3758	1,477	15,664,881	(331,444)	(4,517)	78,897	6,222	(2,670)	143,306	15,554,675
AMHERST	.3015	3,645	41,989,823	306,088	(34,377)	200,799	(104,440)	(4,935)	418,216	42,771,174
APPOMATTOX	.2822	2,278	25,672,719	(656,310)	(12,484)	410,881	(114,481)	(2,678)	248,388	25,546,035
ARLINGTON	.8000	26,584	121,993,551	(2,479,997)	(504,783)	(266,485)	(388,019)	(90,298)	951,640	119,215,608
AUGUSTA	.3888	9,463	92,406,284	(1,163,952)	(131,706)	(369,431)	356,957	(15,517)	895,672	91,978,307
BATH	.8000	485	2,714,723	44,334	362	2,998	14,952	(1,481)	20,766	2,796,654
BEDFORD	.3132	8,300	84,347,442	(966,814)	(57,973)	54,645	(223,044)	(13,714)	848,032	83,988,573
BLAND	.3046	753	9,187,342	(800,876)	(4,110)	57,359	(20,795)	(765)	86,360	8,504,516
BOTETOURT	.4068	4,243	37,995,657	469,187	(47,204)	180,416	257,394	(7,132)	394,026	39,242,344
BRUNSWICK	.4379	1,381	17,602,607	980,855	(6,100)	(3,293,164)	17,818	(2,785)	149,817	15,449,049
BUCHANAN	.2557	2,143	27,327,464	139,025	(4,694)	28,457	14,838	(2,284)	268,488	27,771,293
BUCKINGHAM	.3379	1,618	19,657,884	(609,120)	18,434	96,686	131,997	(2,680)	171,797	19,464,998
CAMPBELL	.2877	7,199	77,923,843	(1,591,947)	(37,659)	83,575	78,102	(8,539)	773,453	77,220,828
CAROLINE	.3501	4,211	43,790,769	(716,927)	(122,174)	(153,836)	293,073	(7,028)	406,281	43,490,158
CARROLL	.2804	3,175	38,371,083	(626,480)	(42,492)	(55,789)	243,881	(3,859)	382,702	38,269,046
CHARLES CITY	.6669	481	4,199,766	120,140	3,080	(59,846)	(14,652)	(1,696)	32,945	4,279,736
CHARLOTTE	.2470	1,579	20,012,653	(374,224)	4,087	4,212	15,012	(1,639)	202,851	19,862,952
CHESTERFIELD	.3563	62,188	574,735,441	(1,173,029)	(2,491,864)	661,460	(5,233,090)	(87,984)	5,909,779	572,320,713
CLARKE	.6032	1,814	11,939,652	119,020	(36,995)	11,950	(47,609)	(5,048)	115,437	12,096,406
CRAIG	.3629	458	5,585,663	56,392	0	15,483	107,961	(850)	56,026	5,820,674
CULPEPER	.3617	8,102	82,049,140	(1,054,272)	(631,226)	457,458	(725,691)	(13,233)	833,736	80,915,913
CUMBERLAND	.3323	1,137	15,877,767	(428,394)	(40,285)	(198,987)	0	(1,725)	148,732	15,357,108
DICKENSON	.2157	1,639	21,633,699	102,232	(710)	(64,518)	93,816	(1,560)	216,146	21,979,105
DINWIDDIE	.2978	3,851	45,811,022	(1,327,261)	(63,802)	(109,181)	21,838	(4,663)	430,088	44,758,042
ESSEX	.4189	1,046	10,454,937	536,160	14,671	(151,693)	33,073	(2,059)	100,818	10,985,907
FAIRFAX	.6579	167,978	1,077,647,238	(15,980,358)	(3,823,134)	(2,945,813)	(1,508,994)	(457,515)	10,459,186	1,063,390,611
FAUQUIER	.6006	10,385	73,655,278	(1,698,399)	(392,634)	(344,036)	(174,952)	(28,089)	684,907	71,702,076
FLOYD	.4056	1,590	15,268,547	162,394	(1,709)	(35,272)	0	(3,165)	155,373	15,546,168



## HB 29, As Introduced: 2024-2026 Direct Aid to Public Education Estimated Distribution - FY 2026

School Division	Key Data Elements		FY 2026 Approp. (Ch.725)	Technical Changes Only					Proposed Policy Action 2% Bonus	FY 2026 Estimated Distribution (HB 29)
	24-26 Comp. Index	FY 2026 Projected ADM		Update Enrollment Estimates	Update English Learner Data	Update Non SOQ Programs	Update VPI Participation	Update Sales Tax		
FLUVANNA	.3934	3,201	30,747,400	215,194	(36,310)	107,928	(181,398)	(5,824)	327,001	31,173,991
FRANKLIN	.4596	5,676	50,068,540	(193,333)	(33,572)	(242,815)	129,281	(12,421)	473,564	50,189,245
FREDERICK	.4151	14,133	129,736,790	(1,695,880)	(201,598)	159,303	(1,314,226)	(24,368)	1,272,680	127,932,702
GILES	.2117	4,123	37,982,948	5,963,204	(17,970)	(62,589)	(180,257)	(1,895)	482,044	44,165,485
GLOUCESTER	.3999	4,573	43,230,144	(974,327)	(31,697)	52,342	(49,948)	(8,502)	418,988	42,637,001
GOOCHLAND	.8000	2,574	11,398,690	(7,502)	(6,150)	43,830	(14,653)	(9,660)	80,686	11,485,242
GRAYSON	.3196	1,463	18,222,543	(21,622)	(76,049)	(6,362)	(88,169)	(2,216)	173,740	18,201,865
GREENE	.3411	2,726	28,605,735	865,513	12,081	31,220	(3,086)	(4,462)	301,240	29,808,241
GREENSVILLE	.3898	951	11,239,089	(625,704)	(29,959)	31,266	97,016	(1,803)	94,200	10,804,106
HALIFAX	.3012	3,991	50,123,286	(539,898)	(36,877)	(7,632)	752,290	(5,497)	479,926	50,765,598
HANOVER	.4894	16,035	120,499,778	(1,232,325)	(86,363)	81,132	(15,268)	(32,847)	1,218,352	120,432,459
HENRICO	.4273	49,023	456,167,539	(6,484,248)	(1,909,651)	(1,025,006)	(1,096,065)	(83,568)	4,333,710	449,902,710
HENRY	.2247	6,342	85,184,420	(1,775,659)	(271,732)	131,975	432,392	(5,875)	803,805	84,499,325
HIGHLAND	.8000	205	2,329,631	258,638	0	(295,050)	0	(326)	11,706	2,304,599
ISLE OF WIGHT	.3704	5,272	48,230,625	411,311	28,013	149,537	(169,448)	(8,784)	497,464	49,138,717
JAMES CITY	.5403	9,959	72,039,778	(1,246,722)	(194,955)	481,505	(105,810)	(23,276)	701,196	71,651,716
KING GEORGE	.3633	4,229	40,026,453	(1,966,039)	(26,389)	79,669	(246,376)	(6,706)	401,242	38,261,853
KING QUEEN	.3998	523	6,103,501	167,566	(34,969)	68,437	39,068	(1,185)	55,961	6,398,379
KING WILLIAM	.3146	2,034	21,321,883	(275,906)	(29,929)	27,556	54,657	(2,574)	240,821	21,336,507
LANCASTER	.8000	912	5,123,867	(77,894)	(731)	(30,922)	109,648	(3,592)	33,310	5,153,686
LEE	.1712	2,659	43,994,045	(1,581,559)	5,879	(3,393,980)	0	(1,899)	434,273	39,456,759
LOUDOUN	.5518	79,739	567,721,854	(5,810,606)	(3,656,708)	672,054	(3,515,279)	(171,897)	5,854,381	561,093,799
LOUISA	.5041	5,132	41,508,543	59,758	(87,813)	19,200	(189,093)	(10,612)	380,273	41,680,257
LUNENBURG	.2614	1,479	20,177,907	(95,070)	(52,106)	1,665	0	(1,695)	191,809	20,222,510
MADISON	.4746	1,507	12,486,347	85,129	5,229	(45,709)	2,776	(3,508)	122,476	12,652,740
MATHEWS	.5904	733	5,879,980	199,313	(649)	43,146	(66,237)	(2,113)	54,375	6,107,815
MECKLENBURG	.3893	3,551	36,011,501	(848,028)	22,550	46,753	(310,460)	(5,677)	333,268	35,249,907
MIDDLESEX	.6389	1,123	9,036,867	(352,758)	(16,614)	(3,954)	69,776	(2,954)	79,665	8,810,028
MONTGOMERY	.4041	9,038	82,576,569	(566,276)	(25,931)	51,945	(2,079)	(17,052)	825,615	82,842,791
NELSON	.6645	1,383	9,954,125	(131,074)	(26,919)	26,770	(49,840)	(4,491)	81,679	9,850,249
NEW KENT	.4391	3,550	27,795,641	526,439	28,215	216,063	48,027	(5,687)	284,563	28,893,260
NORTHAMPTON	.5253	1,217	12,513,909	355,159	(13,427)	72,590	(7,326)	(3,205)	110,928	13,028,628
NORTHUMBERLAND	.7672	1,094	5,970,435	(26,392)	(7,953)	(177,747)	4,984	(3,316)	41,565	5,801,576
NOTTOWAY	.2696	1,656	20,761,756	(47,660)	(7,965)	96,026	(3,422)	(2,152)	199,726	20,996,308
ORANGE	.4382	4,650	43,228,327	(1,242,230)	(103,316)	282,907	(117,601)	(9,271)	394,699	42,433,515
PAGE	.3356	2,776	28,932,311	659,527	(645)	(165,322)	160,138	(4,109)	287,473	29,869,372



## HB 29, As Introduced: 2024-2026 Direct Aid to Public Education Estimated Distribution - FY 2026

School Division	Key Data Elements		FY 2026 Approp. (Ch.725)	Technical Changes Only					Proposed Policy Action 2% Bonus	FY 2026 Estimated Distribution (HB 29)
	24-26 Comp. Index	FY 2026 Projected ADM		Update Enrollment Estimates	Update English Learner Data	Update Non SOQ Programs	Update VPI Participation	Update Sales Tax		
PATRICK	.2475	1,879	25,545,532	(2,376,070)	(54,048)	(128,534)	66,233	(2,065)	227,436	23,278,484
PITTSYLVANIA	.2642	7,176	84,055,546	(1,979,314)	(171,728)	(16,349)	809,944	(7,777)	817,529	83,507,851
POWHATAN	.4704	3,772	30,313,537	(459,579)	(9,085)	(10,014)	0	(7,947)	304,291	30,131,203
PRINCE EDWARD	.3776	1,751	18,523,874	313,564	9,506	31,258	310,204	(3,423)	172,829	19,357,812
PRINCE GEORGE	.2321	5,939	66,053,730	(68,304)	(32,684)	331,529	(231,852)	(5,216)	679,065	66,726,267
PRINCE WILLIAM	.3631	86,612	886,808,336	(9,636,383)	(2,518,436)	646,149	(6,675,750)	(125,354)	9,454,512	877,953,074
PULASKI	.3303	4,003	44,503,070	(1,574,488)	(8,634)	(282,523)	(413,885)	(5,227)	415,637	42,633,950
RAPPAHANNOCK	.8000	737	3,725,826	2,094	(125)	11,798	(21,979)	(2,675)	25,958	3,740,896
RICHMOND	.3110	1,344	14,522,875	(170,451)	(36,461)	53,037	41,208	(1,358)	143,050	14,551,900
ROANOKE	.3635	13,050	121,352,007	(719,618)	(144,590)	6,786	(183,994)	(19,208)	1,284,298	121,575,681
ROCKBRIDGE	.4847	2,166	20,272,838	(491,078)	(108,109)	18,893	259,858	(5,251)	187,419	20,134,570
ROCKINGHAM	.4349	11,214	99,084,930	(782,462)	(205,186)	(148,691)	148,146	(21,944)	991,246	99,066,038
RUSSELL	.2265	3,034	37,883,036	536,499	1,189	86,469	239,017	(2,892)	393,886	39,137,204
SCOTT	.1872	4,021	55,047,382	3,313,828	(24,215)	(171,019)	341,257	(2,067)	664,645	59,169,811
SHENANDOAH	.4248	5,410	52,834,034	(577,993)	(24,494)	(297,904)	90,075	(10,578)	492,723	52,505,863
SMYTH	.2225	3,628	52,423,803	(4,309,242)	(54,525)	3,803	135,859	(3,386)	480,823	48,677,134
SOUTHAMPTON	.2987	2,213	25,250,576	1,032,153	41,197	(264,319)	39,497	(2,736)	245,379	26,341,748
SPOTSYLVANIA	.3702	23,276	229,889,370	(1,478,601)	(676,558)	812,121	(1,735,726)	(36,387)	2,284,857	229,059,075
STAFFORD	.3312	31,071	302,785,831	(1,868,193)	(448,466)	537,965	(2,574,521)	(39,424)	3,254,419	301,647,611
SURRY	.8000	656	3,808,206	44,332	3,433	39,752	0	(2,280)	27,032	3,920,476
SUSSEX	.3434	1,012	13,797,786	(213,186)	8,015	(8,310)	(3,077)	(1,473)	110,902	13,690,657
TAZEWELL	.2461	4,841	57,570,401	1,285,859	(977)	(77,604)	(551,667)	(5,202)	573,285	58,794,095
WARREN	.4517	4,718	42,385,329	(424,178)	(94,325)	(113,363)	(50,092)	(10,560)	398,839	42,091,649
WASHINGTON	.3459	6,591	75,271,218	(5,440,004)	(140,509)	250,393	(31,426)	(8,969)	716,492	70,617,196
WESTMORELAND	.5065	1,499	17,110,616	188,284	(39,241)	(27,556)	(74,760)	(3,474)	130,079	17,283,948
WISE	.2020	5,237	65,102,379	(930,193)	(5,521)	(42,670)	620,449	(3,732)	645,221	65,385,933
WYTHE	.3243	3,514	38,446,084	409,194	28,824	109,401	(53,883)	(4,788)	376,414	39,311,246
YORK	.3554	13,018	114,963,904	(2,665,857)	(31,316)	(156,095)	(615,551)	(16,281)	1,214,072	112,692,876
ALEXANDRIA	.8000	15,472	77,222,070	(1,914,557)	(518,484)	(1,161,110)	(492,399)	(52,344)	549,023	73,632,198
BRISTOL	.2977	1,983	27,480,749	(331,809)	(31,205)	163,195	28,003	(2,635)	251,316	27,557,614
BUENA VISTA	.1803	818	12,540,237	(73,492)	28,560	23,847	(98,050)	(651)	133,438	12,553,890
CHARLOTTESVILLE	.7702	4,081	24,354,210	(298,078)	(81,862)	(45,046)	264,202	(15,451)	148,503	24,326,478
COLONIAL HEIGHTS	.4026	2,870	28,016,373	(251,291)	(44,638)	407,502	(183,172)	(4,598)	267,549	28,207,725
DANVILLE	.2411	5,084	72,725,420	(931,285)	(209,309)	(260,080)	372,637	(5,944)	616,231	72,307,670
FALLS CHURCH	.8000	2,594	11,452,142	(104,218)	(19,423)	89,840	58,856	(8,479)	88,428	11,557,146
FREDERICKSBURG	.6163	3,360	25,751,891	(590,477)	(218,063)	112,046	(43,547)	(8,702)	211,384	25,214,532



## HB 29, As Introduced: 2024-2026 Direct Aid to Public Education Estimated Distribution - FY 2026

School Division	Key Data Elements		FY 2026 Approp. (Ch.725)	Technical Changes Only					Proposed Policy Action 2% Bonus	FY 2026 Estimated Distribution (HB 29)
	24-26 Comp. Index	FY 2026 Projected ADM		Update Enrollment Estimates	Update English Learner Data	Update Non SOQ Programs	Update VPI Participation	Update Sales Tax		
<b>GALAX</b>	.2661	1,303	<b>15,896,875</b>	(518,011)	(21,726)	(5,937)	(51,209)	(1,151)	149,983	<b>15,448,824</b>
<b>HAMPTON</b>	.2579	18,541	<b>207,154,723</b>	1,936,649	(152,192)	525,249	(733,881)	(19,575)	2,040,333	<b>210,751,307</b>
<b>HARRISONBURG</b>	.3335	6,394	<b>71,176,746</b>	(1,452,024)	(337,285)	(295,218)	(265,747)	(8,009)	692,812	<b>69,511,275</b>
<b>HOPEWELL</b>	.1870	3,487	<b>47,529,671</b>	(1,209,417)	24,422	125,011	429,592	(2,773)	432,825	<b>47,329,331</b>
<b>LYNCHBURG</b>	.3872	7,132	<b>77,997,496</b>	131,513	(136,769)	(480,754)	(58,823)	(14,784)	682,717	<b>78,120,596</b>
<b>MARTINSVILLE</b>	.2229	1,591	<b>22,748,339</b>	(752,754)	(88,325)	86,511	306,669	(1,790)	194,928	<b>22,493,578</b>
<b>NEWPORT NEWS</b>	.2729	23,822	<b>283,931,378</b>	(2,784,703)	(1,094,888)	(759,253)	(382,826)	(28,731)	2,654,100	<b>281,535,077</b>
<b>NORFOLK</b>	.3212	24,495	<b>279,840,513</b>	(2,130,729)	(959,715)	718,790	215,169	(37,172)	2,563,912	<b>280,210,767</b>
<b>NORTON</b>	.2412	788	<b>9,957,342</b>	(215,046)	1,888	195,757	109,900	(575)	95,437	<b>10,144,704</b>
<b>PETERSBURG</b>	.2075	4,055	<b>57,357,241</b>	(2,069,643)	(193,145)	(2,169,579)	636,000	(3,691)	482,085	<b>54,039,267</b>
<b>PORTSMOUTH</b>	.2369	11,829	<b>152,927,911</b>	(2,554,294)	(136,113)	374,473	(372,722)	(12,844)	1,344,889	<b>151,571,301</b>
<b>RADFORD</b>	.1658	2,930	<b>36,812,321</b>	(1,605,017)	(144,801)	35,890	58,207	(926)	391,439	<b>35,547,114</b>
<b>RICHMOND CITY</b>	.5740	20,197	<b>187,370,412</b>	360,637	(436,717)	197,191	(1,124,141)	(53,093)	1,463,540	<b>187,777,829</b>
<b>ROANOKE CITY</b>	.3388	12,545	<b>160,126,906</b>	(5,090,691)	(1,015,151)	(871,892)	(531,880)	(19,131)	1,346,684	<b>153,944,845</b>
<b>STAUNTON</b>	.3767	2,549	<b>27,848,786</b>	602,091	7,893	614,883	178,005	(4,774)	232,573	<b>29,479,456</b>
<b>SUFFOLK</b>	.3493	13,985	<b>134,381,378</b>	(76,345)	37,952	14,927	484,583	(21,579)	1,320,990	<b>136,141,906</b>
<b>VIRGINIA BEACH</b>	.4138	61,799	<b>518,776,896</b>	(4,796,635)	(685,628)	(473,934)	(4,329,842)	(107,103)	5,262,731	<b>513,646,485</b>
<b>WAYNESBORO</b>	.3633	2,722	<b>29,711,869</b>	(597,347)	(194,589)	525,321	475,997	(4,733)	274,314	<b>30,190,832</b>
<b>WILLIAMSBURG</b>	.7426	1,067	<b>8,353,392</b>	(503,026)	(101,390)	7,925	(36,333)	(3,535)	46,249	<b>7,763,283</b>
<b>WINCHESTER</b>	.4151	4,058	<b>42,180,673</b>	(990,667)	(340,308)	15,249	(656,549)	(6,786)	389,391	<b>40,591,003</b>
<b>FAIRFAX CITY</b>	.8000	2,880	<b>13,721,756</b>	(759,223)	(33,548)	(35,990)	(30,247)	(10,200)	105,400	<b>12,957,948</b>
<b>FRANKLIN CITY</b>	.2884	1,000	<b>15,370,482</b>	(1,369,752)	(10,524)	(123,588)	16,457	(1,464)	119,197	<b>14,000,808</b>
<b>CHESAPEAKE CITY</b>	.3273	39,063	<b>394,865,277</b>	(8,030,811)	(786,451)	(3,044,984)	(2,715,716)	(53,285)	3,914,625	<b>384,148,655</b>
<b>LEXINGTON</b>	.3987	652	<b>5,644,639</b>	(255,002)	(15,085)	4,934	(77,919)	(903)	59,390	<b>5,360,054</b>
<b>EMPORIA</b>	.2340	840	<b>12,288,683</b>	(654,024)	(123,956)	7,062	(169,279)	(886)	106,161	<b>11,453,761</b>
<b>SALEM</b>	.3632	4,041	<b>35,080,896</b>	2,664,571	448	(56,569)	(15,297)	(4,652)	388,192	<b>38,057,588</b>
<b>POQUOSON</b>	.3466	2,044	<b>17,824,356</b>	499,755	15,778	80,516	(136,775)	(2,809)	203,782	<b>18,484,604</b>
<b>MANASSAS CITY</b>	.3371	7,859	<b>85,135,799</b>	5,128,310	(834,543)	11,228	(914,660)	(9,718)	926,556	<b>89,442,972</b>
<b>MANASSAS PARK</b>	.2716	3,013	<b>43,108,932</b>	(1,653,864)	(589,968)	(334,932)	45,910	(3,037)	413,655	<b>40,986,696</b>
<b>COLONIAL BEACH</b>	.3675	544	<b>6,727,092</b>	(126,523)	(10,125)	47,833	(44,134)	(748)	66,879	<b>6,660,274</b>
<b>WEST POINT</b>	.2489	827	<b>8,232,101</b>	416,729	15,068	36,094	56,827	(655)	94,173	<b>8,850,337</b>
<b>TOTAL:</b>		<b>1,196,460</b>	<b>\$10,902,419,344</b>	<b>(\$111,776,833)</b>	<b>(\$30,164,924)</b>	<b>(\$12,985,926)</b>	<b>(\$33,109,858)</b>	<b>(\$2,222,583)</b>	<b>\$106,464,309</b>	<b>\$10,818,623,530</b>



# Appendix B

HB 30, As Introduced: Direct Aid to Public Education Estimated Distribution - FY 2027							
School Division	Key Data Elements		FY 2026 Appropriation (Ch. 725)	Technical & Rebenchmarking Costs	Proposed Policy Actions		FY 2027 Estimated Distribution (HB 30)
	2026-28 Comp. Index	FY 2027 Projected ADM			2% Compensation Increase Supplement	Governor's School Expansions	
ACCOMACK	.3548	4,279	\$51,552,946	(\$103,281)	\$550,146	\$0	\$51,999,811
ALBEMARLE	.6429	13,353	75,662,746	9,900,441	884,264	0	86,447,451
ALLEGHANY HIGHLANDS	.2849	2,488	33,797,994	(2,663,727)	365,083	0	31,499,351
AMELIA	.3978	1,461	15,664,881	(567,654)	165,841	0	15,263,068
AMHERST	.3128	3,602	41,989,823	106,181	483,570	0	42,579,574
APPOMATTOX	.3043	2,267	25,672,720	619,559	295,948	0	26,588,227
ARLINGTON	.8000	26,674	121,993,551	1,463,261	1,118,374	0	124,575,186
AUGUSTA	.4040	9,365	92,406,284	(59,718)	1,055,588	0	93,402,155
BATH	.8000	490	2,714,723	149,848	23,182	0	2,887,754
BEDFORD	.3132	8,124	84,347,442	1,509,415	1,006,625	0	86,863,482
BLAND	.2671	738	9,187,342	8,257	110,675	0	9,306,274
BOTETOURT	.4192	4,218	37,995,658	1,251,889	471,362	0	39,718,909
BRUNSWICK	.4665	1,392	17,602,607	(363,888)	171,997	0	17,410,716
BUCHANAN	.2718	2,122	27,327,464	1,494,194	332,806	0	29,154,463
BUCKINGHAM	.3569	1,544	19,657,884	(470,971)	202,254	0	19,389,167
CAMPBELL	.3094	7,139	77,923,844	1,968,200	901,237	0	80,793,281
CAROLINE	.3478	4,192	43,790,769	1,159,038	510,047	0	45,459,854
CARROLL	.2964	3,123	38,371,084	(991,546)	436,606	0	37,816,145
CHARLES CITY	.7206	503	4,199,767	(105,133)	36,702	0	4,131,336
CHARLOTTE	.2420	1,524	20,012,653	(127,178)	232,113	0	20,117,588
CHESTERFIELD	.3564	62,086	574,735,442	24,360,685	7,148,978	0	606,245,105
CLARKE	.5542	1,799	11,939,653	1,508,537	155,606	0	13,603,795
CRAIG	.3987	459	5,585,664	15,464	63,033	0	5,664,161
CULPEPER	.3616	8,067	82,049,141	3,439,768	1,005,413	0	86,494,322
CUMBERLAND	.3367	1,132	15,877,768	(565,809)	172,585	0	15,484,544
DICKENSON	.2289	1,599	21,633,699	199,549	247,254	0	22,080,503
DINWIDDIE	.3186	3,777	45,811,023	126,715	507,336	0	46,445,075
ESSEX	.5294	1,040	10,454,937	(943,494)	94,492	0	9,605,935
FAIRFAX	.6381	166,701	1,077,647,238	57,573,228	13,124,941	0	1,148,345,407
FAUQUIER	.5778	10,319	73,655,279	2,903,041	878,925	0	77,437,245
FLOYD	.4272	1,591	15,268,547	1,139,714	183,621	0	16,591,882
FLUVANNA	.4180	3,198	30,747,401	2,824,858	443,924	0	34,016,183



## HB 30, As Introduced: Direct Aid to Public Education Estimated Distribution - FY 2027

School Division	Key Data Elements		FY 2026 Appropriation (Ch. 725)	Technical & Rebenchmarking Costs	Proposed Policy Actions		FY 2027 Estimated Distribution (HB 30)
	2026-28 Comp. Index	FY 2027 Projected ADM			2% Compensation Increase Supplement	Governor's School Expansions	
FRANKLIN	.4829	5,567	50,068,541	75,128	543,759	0	50,687,428
FREDERICK	.4204	14,156	129,736,790	814,149	1,529,578	0	132,080,517
GILES	.2184	4,127	37,982,949	8,180,718	578,335	0	46,742,003
GLOUCESTER	.4070	4,454	43,230,144	(1,334,135)	483,572	0	42,379,582
GOOCHLAND	.8000	2,601	11,398,691	293,358	94,840	0	11,786,890
GRAYSON	.3380	1,442	18,222,543	12,260	205,466	0	18,440,269
GREENE	.3703	2,718	28,605,736	(1,220,812)	319,090	0	27,704,014
GREENSVILLE	.3921	900	11,239,089	(290,232)	108,862	0	11,057,719
HALIFAX	.3177	3,910	50,123,286	(971,621)	530,952	0	49,682,617
HANOVER	.5099	15,817	120,499,778	(236,938)	1,394,568	0	121,657,408
HENRICO	.4334	48,825	456,167,539	(12,779,494)	5,030,953	0	448,418,998
HENRY	.2388	6,237	85,184,420	(2,718,135)	901,373	0	83,367,657
HIGHLAND	.7408	211	2,329,632	562,584	19,735	0	2,911,951
ISLE OF WIGHT	.3808	5,211	48,230,625	1,879,864	582,337	0	50,692,826
JAMES CITY	.5319	9,894	72,039,779	3,504,902	856,173	0	76,400,854
KING GEORGE	.3641	4,177	40,026,454	(42,021)	482,252	0	40,466,685
KING QUEEN	.4184	490	6,103,502	220,127	67,599	0	6,391,228
KING WILLIAM	.3273	2,035	21,321,883	129,581	266,224	0	21,717,687
LANCASTER	.8000	899	5,123,868	(124,846)	35,756	0	5,034,778
LEE	.1821	2,638	43,994,045	(1,409,267)	488,826	0	43,073,604
LOUDOUN	.5728	79,189	567,721,854	(11,334,399)	6,593,249	0	562,980,704
LOUISA	.5222	5,191	41,508,544	(84,411)	449,676	0	41,873,809
LUNENBURG	.2413	1,461	20,177,907	699,162	235,709	0	21,112,778
MADISON	.4873	1,481	12,486,348	902,436	149,115	0	13,537,900
MATHEWS	.6637	724	5,879,980	(123,650)	55,472	0	5,811,803
MECKLENBURG	.5018	3,507	36,011,501	(5,012,483)	322,681	0	31,321,699
MIDDLESEX	.6207	1,099	9,036,867	177,545	99,515	0	9,313,927
MONTGOMERY	.4054	8,898	82,576,569	1,561,270	999,082	0	85,136,920
NELSON	.7269	1,362	9,954,125	(1,165,406)	77,450	0	8,866,169
NEW KENT	.4550	3,625	27,795,641	1,665,903	359,297	0	29,820,841
NORTHAMPTON	.5719	1,201	12,513,910	(277,199)	114,637	0	12,351,349
NORTHUMBERLAND	.7375	1,085	5,970,435	542,536	58,000	0	6,570,971
NOTTOWAY	.2820	1,639	20,761,756	1,469,654	242,686	0	22,474,096
ORANGE	.4317	4,582	43,228,327	725,007	492,514	0	44,445,848
PAGE	.3610	2,756	28,932,312	1,361,827	340,485	0	30,634,624



## HB 30, As Introduced: Direct Aid to Public Education Estimated Distribution - FY 2027

School Division	Key Data Elements		FY 2026 Appropriation (Ch. 725)	Technical & Rebenchmarking Costs	Proposed Policy Actions		FY 2027 Estimated Distribution (HB 30)
	2026-28 Comp. Index	FY 2027 Projected ADM			2% Compensation Increase Supplement	Governor's School Expansions	
PATRICK	.2715	1,747	25,545,532	(3,440,958)	253,302	0	22,357,876
PITTSYLVANIA	.2715	7,069	84,055,547	(453,702)	1,007,927	0	84,609,771
POWHATAN	.5061	3,643	30,313,538	(2,537,823)	327,392	0	28,103,107
PRINCE EDWARD	.4022	1,775	18,523,874	1,320,698	197,775	0	20,042,347
PRINCE GEORGE	.2286	5,864	66,053,731	2,256,839	799,412	0	69,109,982
PRINCE WILLIAM	.3767	85,992	886,808,337	23,843,971	11,255,969	0	921,908,277
PULASKI	.3187	3,928	44,503,070	(1,645,639)	498,689	127,406	43,483,527
RAPPAHANNOCK	.8000	749	3,725,826	291,895	31,761	0	4,049,482
RICHMOND	.3251	1,349	14,522,875	277,207	167,061	0	14,967,143
ROANOKE	.3472	12,924	121,352,007	6,445,903	1,553,688	0	129,351,598
ROCKBRIDGE	.4829	2,135	20,272,838	(460,303)	218,781	0	20,031,315
ROCKINGHAM	.3851	11,268	99,084,931	12,170,727	1,290,820	0	112,546,477
RUSSELL	.2388	2,998	37,883,036	1,447,336	473,370	0	39,803,742
SCOTT	.1877	4,035	55,047,382	1,991,247	721,933	0	57,760,563
SHENANDOAH	.4042	5,395	52,834,034	2,251,472	620,336	0	55,705,842
SMYTH	.2422	3,478	52,423,804	(4,792,187)	535,138	0	48,166,755
SOUTHAMPTON	.3214	2,184	25,250,577	1,149,704	291,478	0	26,691,759
SPOTSYLVANIA	.3783	23,184	229,889,371	8,744,707	2,785,407	0	241,419,485
STAFFORD	.3263	31,128	302,785,832	21,805,256	4,019,301	0	328,610,389
SURRY	.8000	664	3,808,206	286,463	32,820	0	4,127,489
SUSSEX	.3945	1,036	13,797,787	588,435	139,300	0	14,525,522
TAZEWELL	.2717	4,769	57,570,401	(331,175)	669,473	0	57,908,699
WARREN	.4482	4,595	42,385,330	833,855	481,414	0	43,700,598
WASHINGTON	.3681	6,461	75,271,218	(7,488,309)	825,054	46,538	68,654,501
WESTMORELAND	.5181	1,512	17,110,616	(131,042)	173,401	0	17,152,974
WISE	.1997	5,160	65,102,379	1,569,588	773,824	0	67,445,790
WYTHE	.3349	3,421	38,446,085	(828,384)	441,806	0	38,059,507
YORK	.3518	13,000	114,963,904	2,698,359	1,486,790	0	119,149,053
ALEXANDRIA	.8000	15,294	77,222,070	2,169,105	668,143	0	80,059,318
BRISTOL	.3321	1,955	27,480,749	(433,560)	279,176	0	27,326,365
BUENA VISTA	.2058	814	12,540,237	(1,145,728)	138,664	0	11,533,172
CHARLOTTESVILLE	.7666	4,041	24,354,211	(464,183)	174,735	0	24,064,763
COLONIAL HEIGHTS	.3824	2,889	28,016,374	3,701,522	345,675	0	32,063,571
DANVILLE	.2430	5,001	72,725,420	238,265	713,577	0	73,677,263
FALLS CHURCH	.8000	2,595	11,452,143	(277,422)	105,205	0	11,279,926



### HB 30, As Introduced: Direct Aid to Public Education Estimated Distribution - FY 2027

School Division	Key Data Elements		FY 2026 Appropriation (Ch. 725)	Technical & Rebenchmarking Costs	Proposed Policy Actions		FY 2027 Estimated Distribution (HB 30)
	2026-28 Comp. Index	FY 2027 Projected ADM			2% Compensation Increase Supplement	Governor's School Expansions	
FREDERICKSBURG	.6033	3,322	25,751,892	2,568,134	279,308	0	28,599,334
GALAX	.2660	1,297	15,896,875	297,076	187,074	0	16,381,025
HAMPTON	.2525	18,432	207,154,723	9,940,743	2,449,483	0	219,544,949
HARRISONBURG	.3031	6,375	71,176,747	4,474,736	859,383	0	76,510,866
HOPEWELL	.2055	3,419	47,529,671	2,081,040	519,629	0	50,130,339
LYNCHBURG	.3974	7,094	77,997,496	3,433,411	826,184	0	82,257,091
MARTINSVILLE	.2162	1,558	22,748,339	529,112	240,626	0	23,518,077
NEWPORT NEWS	.2826	23,383	283,931,379	4,717,678	3,109,360	0	291,758,417
NORFOLK	.3393	24,181	279,840,514	5,097,539	2,921,696	0	287,859,749
NORTON	.2702	786	9,957,342	606,890	122,908	0	10,687,141
PETERSBURG	.2152	3,908	57,357,241	(2,016,147)	554,149	0	55,895,242
PORTSMOUTH	.2439	11,538	152,927,912	(2,597,067)	1,597,193	0	151,928,038
RADFORD	.1573	2,853	36,812,322	(2,900,084)	413,599	0	34,325,837
RICHMOND CITY	.5756	20,318	187,370,413	10,970,848	1,795,028	0	200,136,289
ROANOKE CITY	.3503	12,340	160,126,906	(2,462,115)	1,610,476	0	159,275,267
STAUNTON	.3999	2,577	27,848,786	1,470,359	285,400	0	29,604,545
SUFFOLK	.3639	14,044	134,381,378	442,421	1,574,658	0	136,398,457
VIRGINIA BEACH	.4172	61,299	518,776,897	12,573,821	6,260,258	0	537,610,976
WAYNESBORO	.3809	2,705	29,711,870	1,778,537	327,929	0	31,818,336
WILLIAMSBURG	.7264	1,051	8,353,393	(397,915)	55,327	0	8,010,805
WINCHESTER	.4121	4,017	42,180,674	(712,946)	466,364	0	41,934,093
FAIRFAX CITY	.8000	2,824	13,721,756	(625,628)	123,240	0	13,219,368
FRANKLIN CITY	.2986	980	15,370,483	(1,943,649)	135,546	0	13,562,380
CHESAPEAKE CITY	.3209	38,953	394,865,278	1,230,775	4,830,405	0	400,926,458
LEXINGTON	.4196	645	5,644,639	(396,479)	65,828	0	5,313,987
EMPORIA	.2534	845	12,288,683	(28,204)	130,442	0	12,390,921
SALEM	.3503	3,995	35,080,896	4,387,351	468,503	0	39,936,750
POQUOSON	.3806	2,047	17,824,356	370,631	224,650	0	18,419,637
MANASSAS CITY	.3285	7,865	85,135,799	9,434,390	1,122,922	0	95,693,111
MANASSAS PARK	.2790	2,947	43,108,932	(2,756,604)	477,044	0	40,829,372
COLONIAL BEACH	.3805	531	6,727,092	(812,752)	68,187	0	5,982,526
WEST POINT	.2524	834	8,232,101	704,303	113,364	0	9,049,768
<b>TOTAL:</b>		1,187,485	\$10,902,419,399	\$223,524,754	\$127,205,106	\$173,944	\$11,253,323,203



# Appendix C

## HB 30, As Introduced: Direct Aid to Public Education Estimated Distribution - FY 2028

School Division	Key Data Elements		FY 2026 Appropriation (Ch. 725)	Technical & Rebenchmarking Costs (HB 30)	Technical Updates		FY 2028 Estimated Distribution (HB 30)
	2026-28 Comp. Index	FY 2028 Projected ADM			2% Compensation Increase Supplement	Governor's School Expansions	
ACCOMACK	.3548	4,192	\$51,552,946	(\$994,211)	\$1,088,628	\$0	\$51,647,364
ALBEMARLE	.6429	13,303	75,662,746	10,266,499	1,784,498	0	87,713,743
ALLEGHANY HIGHLANDS	.2849	2,437	33,797,994	(3,212,114)	722,464	0	31,308,344
AMELIA	.3978	1,444	15,664,881	(643,890)	331,737	0	15,352,728
AMHERST	.3128	3,563	41,989,823	(177,122)	967,641	0	42,780,342
APPOMATTOX	.3043	2,262	25,672,720	621,509	596,733	0	26,890,962
ARLINGTON	.8000	26,520	121,993,551	1,966,543	2,268,346	0	126,228,440
AUGUSTA	.4040	9,269	92,406,284	(638,743)	2,113,142	0	93,880,683
BATH	.8000	496	2,714,723	185,346	47,358	0	2,947,427
BEDFORD	.3132	7,950	84,347,442	9,909	1,990,226	0	86,347,577
BLAND	.2671	729	9,187,342	(51,049)	221,821	0	9,358,114
BOTETOURT	.4192	4,190	37,995,658	1,124,950	946,220	0	40,066,829
BRUNSWICK	.4665	1,407	17,602,607	(152,968)	350,936	0	17,800,576
BUCHANAN	.2718	2,123	27,327,464	1,504,394	672,637	0	29,504,495
BUCKINGHAM	.3569	1,496	19,657,884	(969,533)	396,107	0	19,084,458
CAMPBELL	.3094	7,055	77,923,844	1,353,140	1,801,586	0	81,078,570
CAROLINE	.3478	4,172	43,790,769	1,047,727	1,026,437	0	45,864,933
CARROLL	.2964	3,076	38,371,084	(1,432,564)	870,283	0	37,808,803
CHARLES CITY	.7206	509	4,199,767	(55,331)	75,029	0	4,219,465
CHARLOTTE	.2420	1,484	20,012,653	(599,192)	456,780	0	19,870,241
CHESTERFIELD	.3564	62,049	574,735,442	25,824,290	14,452,072	0	615,011,804
CLARKE	.5542	1,798	11,939,653	1,554,749	314,340	0	13,808,741
CRAIG	.3987	461	5,585,664	38,365	127,691	0	5,751,720
CULPEPER	.3616	8,030	82,049,141	3,449,793	2,028,756	0	87,527,690
CUMBERLAND	.3367	1,126	15,877,768	(616,001)	347,082	0	15,608,848
DICKENSON	.2289	1,576	21,633,699	(67,071)	492,407	0	22,059,035
DINWIDDIE	.3186	3,692	45,811,023	(716,781)	1,003,436	0	46,097,678
ESSEX	.5294	1,030	10,454,937	(990,416)	189,203	0	9,653,724
FAIRFAX	.6381	165,418	1,077,647,238	54,284,910	26,289,968	0	1,158,222,116
FAUQUIER	.5778	10,243	73,655,279	2,797,402	1,765,252	0	78,217,933
FLOYD	.4272	1,584	15,268,547	1,122,284	369,674	0	16,760,505
FLUVANNA	.4180	3,186	30,747,401	2,895,835	897,558	0	34,540,794
FRANKLIN	.4829	5,442	50,068,541	(759,429)	1,074,282	0	50,383,395
FREDERICK	.4204	14,211	129,736,790	2,067,392	3,113,604	0	134,917,786
GILES	.2184	4,263	37,982,949	9,625,886	1,205,167	0	48,814,003



## HB 30, As Introduced: Direct Aid to Public Education Estimated Distribution - FY 2028

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	2026-28 Comp. Index	FY 2028 Projected ADM			2% Compensation Increase Supplement	Governor's School Expansions	
GLOUCESTER	.4070	4,361	43,230,144	(2,002,017)	957,017	0	42,185,144
GOOCHLAND	.8000	2,607	11,398,691	420,332	192,333	0	12,011,357
GRAYSON	.3380	1,422	18,222,543	(175,555)	409,394	0	18,456,382
GREENE	.3703	2,709	28,605,736	(1,207,869)	643,731	0	28,041,598
GREENSVILLE	.3921	888	11,239,089	(414,038)	216,985	0	11,042,036
HALIFAX	.3177	3,830	50,123,286	(1,752,702)	1,051,699	0	49,422,283
HANOVER	.5099	15,613	120,499,778	(1,122,246)	2,782,495	0	122,160,027
HENRICO	.4334	48,688	456,167,539	(11,581,963)	10,115,426	0	454,701,002
HENRY	.2388	6,127	85,184,420	(3,890,335)	1,792,485	0	83,086,570
HIGHLAND	.7408	218	2,329,632	643,244	41,146	0	3,014,022
ISLE OF WIGHT	.3808	5,147	48,230,625	1,448,719	1,162,305	0	50,841,648
JAMES CITY	.5319	9,812	72,039,779	3,469,713	1,721,401	0	77,230,893
KING GEORGE	.3641	4,123	40,026,454	(434,317)	962,132	0	40,554,269
KING QUEEN	.4184	458	6,103,502	(95,476)	128,163	0	6,136,189
KING WILLIAM	.3273	2,034	21,321,883	156,469	537,646	0	22,015,997
LANCASTER	.8000	885	5,123,868	(127,145)	71,221	0	5,067,944
LEE	.1821	2,608	43,994,045	(1,799,504)	976,922	0	43,171,463
LOUDOUN	.5728	79,292	567,721,854	(8,829,623)	13,374,359	0	572,266,590
LOUISA	.5222	5,260	41,508,544	475,524	920,050	0	42,904,118
LUNENBURG	.2413	1,437	20,177,907	434,902	469,679	0	21,082,488
MADISON	.4873	1,448	12,486,348	719,589	295,153	0	13,501,090
MATHEWS	.6637	710	5,879,980	(175,219)	110,065	0	5,814,826
MECKLENBURG	.5018	3,462	36,011,501	(5,236,158)	644,460	0	31,419,803
MIDDLESEX	.6207	1,079	9,036,867	94,872	198,212	0	9,329,951
MONTGOMERY	.4054	8,787	82,576,569	938,874	1,996,387	0	85,511,830
NELSON	.7269	1,342	9,954,125	(1,199,988)	154,336	0	8,908,473
NEW KENT	.4550	3,695	27,795,641	2,252,702	740,410	0	30,788,753
NORTHAMPTON	.5719	1,182	12,513,910	(367,027)	228,658	0	12,375,541
NORTHUMBERLAND	.7375	1,071	5,970,435	527,054	116,002	0	6,613,491
NOTTOWAY	.2820	1,627	20,761,756	1,392,673	487,485	0	22,641,914
ORANGE	.4317	4,513	43,228,327	317,091	980,857	0	44,526,275
PAGE	.3610	2,731	28,932,312	1,141,469	681,491	0	30,755,271
PATRICK	.2715	1,725	25,545,532	(3,643,023)	505,757	0	22,408,266
PITTSYLVANIA	.2715	7,051	84,055,547	(508,030)	2,032,504	0	85,580,021
POWHATAN	.5061	3,518	30,313,538	(3,245,769)	639,492	0	27,707,261
PRINCE EDWARD	.4022	1,793	18,523,874	1,573,582	404,254	0	20,501,710
PRINCE GEORGE	.2286	5,760	66,053,731	1,762,433	1,588,877	0	69,405,040
PRINCE WILLIAM	.3767	85,296	886,808,337	18,913,172	22,562,690	0	928,284,200



## HB 30, As Introduced: Direct Aid to Public Education Estimated Distribution - FY 2028

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	2026-28 Comp. Index	FY 2028 Projected ADM			2% Compensation Increase Supplement	Governor's School Expansions	
PULASKI	.3187	3,853	44,503,070	(2,365,763)	993,404	240,911	43,371,623
RAPPAHANNOCK	.8000	766	3,725,826	373,736	65,460	0	4,165,021
RICHMOND	.3251	1,357	14,522,875	364,724	338,824	0	15,226,423
ROANOKE	.3472	12,792	121,352,007	5,592,215	3,110,640	0	130,054,862
ROCKBRIDGE	.4829	2,106	20,272,838	(609,383)	436,786	0	20,100,241
ROCKINGHAM	.3851	11,330	99,084,931	13,382,970	2,631,420	0	115,099,321
RUSSELL	.2388	2,957	37,883,036	1,036,496	944,299	0	39,863,831
SCOTT	.1877	4,052	55,047,382	2,284,822	1,464,233	0	58,796,437
SHENANDOAH	.4042	5,381	52,834,034	2,279,826	1,251,359	0	56,365,219
SMYTH	.2422	3,418	52,423,804	(5,485,076)	1,062,988	0	48,001,716
SOUTHAMPTON	.3214	2,146	25,250,577	716,085	578,066	0	26,544,728
SPOTSYLVANIA	.3783	23,112	229,889,371	8,906,288	5,621,126	0	244,416,785
STAFFORD	.3263	31,085	302,785,832	22,546,680	8,129,802	0	333,462,314
SURRY	.8000	670	3,808,206	335,339	66,976	0	4,210,521
SUSSEX	.3945	1,044	13,797,787	722,155	283,773	0	14,803,716
TAZEWELL	.2717	4,701	57,570,401	(1,136,223)	1,330,382	0	57,764,560
WARREN	.4482	4,479	42,385,330	47,618	949,574	0	43,382,522
WASHINGTON	.3681	6,405	75,271,218	(7,673,244)	1,657,921	46,548	69,302,443
WESTMORELAND	.5181	1,523	17,110,616	(8,915)	352,373	0	17,454,074
WISE	.1997	5,078	65,102,379	566,641	1,538,384	0	67,207,404
WYTHE	.3349	3,320	38,446,085	(1,712,103)	867,408	0	37,601,390
YORK	.3518	13,012	114,963,904	3,014,305	3,008,168	0	120,986,377
ALEXANDRIA	.8000	15,140	77,222,070	2,336,538	1,339,517	0	80,898,125
BRISTOL	.3321	1,914	27,480,749	(798,805)	553,315	0	27,235,259
BUENA VISTA	.2058	817	12,540,237	(1,083,661)	281,297	0	11,737,873
CHARLOTTESVILLE	.7666	4,002	24,354,211	(326,680)	350,145	0	24,377,676
COLONIAL HEIGHTS	.3824	2,914	28,016,374	4,071,396	705,621	0	32,793,392
DANVILLE	.2430	4,959	72,725,420	(151,461)	1,431,974	0	74,005,933
FALLS CHURCH	.8000	2,607	11,452,143	(156,033)	213,617	0	11,509,727
FREDERICKSBURG	.6033	3,249	25,751,892	2,297,433	555,089	0	28,604,414
GALAX	.2660	1,287	15,896,875	197,648	375,335	0	16,469,858
HAMPTON	.2525	18,300	207,154,723	9,051,769	4,915,686	0	221,122,178
HARRISONBURG	.3031	6,358	71,176,747	4,425,240	1,733,311	0	77,335,298
HOPEWELL	.2055	3,360	47,529,671	1,417,511	1,034,500	0	49,981,682
LYNCHBURG	.3974	7,047	77,997,496	3,319,824	1,661,820	0	82,979,140
MARTINSVILLE	.2162	1,522	22,748,339	124,751	475,749	0	23,348,839
NEWPORT NEWS	.2826	22,939	283,931,379	206,127	6,170,668	0	290,308,173
NORFOLK	.3393	23,878	279,840,514	2,903,771	5,900,752	0	288,645,037



## HB 30, As Introduced: Direct Aid to Public Education Estimated Distribution - FY 2028

School Division	Key Data Elements		FY 2026 Appropriation (Ch. 725)	Technical & Rebenchmarking Costs (HB 30)	Technical Updates		FY 2028 Estimated Distribution (HB 30)
	2026-28 Comp. Index	FY 2028 Projected ADM			2% Compensation Increase Supplement	Governor's School Expansions	
NORTON	.2702	788	9,957,342	651,354	249,220	0	10,857,916
PETERSBURG	.2152	3,867	57,357,241	(2,292,096)	1,114,384	0	56,179,528
PORTSMOUTH	.2439	11,263	152,927,912	(5,305,244)	3,158,560	0	150,781,229
RADFORD	.1573	2,779	36,812,322	(3,663,073)	814,857	0	33,964,106
RICHMOND CITY	.5756	20,391	187,370,413	12,573,412	3,643,966	0	203,587,790
ROANOKE CITY	.3503	12,167	160,126,906	(3,686,363)	3,224,815	0	159,665,358
STAUNTON	.3999	2,605	27,848,786	1,936,074	583,138	0	30,367,998
SUFFOLK	.3639	14,102	134,381,378	1,304,836	3,198,382	0	138,884,596
VIRGINIA BEACH	.4172	61,133	518,776,897	12,902,011	12,620,058	0	544,298,966
WAYNESBORO	.3809	2,685	29,711,870	1,778,856	660,411	0	32,151,137
WILLIAMSBURG	.7264	1,043	8,353,393	(317,279)	111,290	0	8,147,404
WINCHESTER	.4121	3,997	42,180,674	(718,652)	938,988	0	42,401,010
FAIRFAX CITY	.8000	2,782	13,721,756	(635,888)	246,142	0	13,332,010
FRANKLIN CITY	.2986	974	15,370,483	(1,945,059)	273,456	0	13,698,880
CHESAPEAKE CITY	.3209	38,893	394,865,278	1,296,944	9,741,844	0	405,904,067
LEXINGTON	.4196	642	5,644,639	(424,598)	131,825	0	5,351,866
EMPORIA	.2534	849	12,288,683	47,108	265,194	0	12,600,985
SALEM	.3503	3,951	35,080,896	4,089,510	937,570	0	40,107,976
POQUOSON	.3806	2,057	17,824,356	478,775	455,917	0	18,759,048
MANASSAS CITY	.3285	7,970	85,135,799	10,737,605	2,296,360	0	98,169,764
MANASSAS PARK	.2790	2,871	43,108,932	(3,597,388)	942,456	0	40,453,999
COLONIAL BEACH	.3805	518	6,727,092	(938,334)	134,307	0	5,923,064
WEST POINT	.2524	842	8,232,101	817,055	231,624	0	9,280,780
<b>TOTAL:</b>		<b>1,180,137</b>	<b>\$10,902,419,399</b>	<b>\$194,643,042</b>	<b>\$255,649,306</b>	<b>\$287,459</b>	<b>\$11,352,999,207</b>



# Appendix D

HB 30: DETAIL OF CAPITAL OUTLAY: TOTAL PROPOSED FOR THE 2026-2028 BIENNIUM					
Title	General Fund	General Fund Bonds	Nongeneral Fund Cash	Nongeneral Fund Bonds	Total
<b>GENERAL CONDITIONS</b>					
--Increase MR Threshold from \$2M to \$3M (\$4M to \$5M for roof projects)					Language
--Amend Transfer Authorization Between Capital Pools					
<b>EDUCATION</b>					
<b>Christopher Newport University</b> – Address Deferred Maintenance	\$4,457,922				<b>\$4,457,922</b>
<b>George Mason University</b> – Address Deferred Maintenance	20,250,000				<b>20,250,000</b>
<b>James Madison University</b> -- Construct Student Housing					
--Blanket Property Acquisition			3,000,000		<b>3,000,000</b>
--Renovate & Expand East Campus Dining Hall			14,170,000		<b>14,170,000</b>
--Construct New Parking Deck			18,260,000	20,000,000	<b>38,260,000</b>
--Renovate & Expand Festival Conference & Student Center				28,840,000	<b>28,840,000</b>
<b>University of Mary Washington</b> -- Address Deferred Maintenance	7,385,714				<b>7,385,714</b>
<b>Virginia Community College System</b>					
--Nongeneral Fund Capital Outlay Blanket Authorization			12,500,000		<b>12,500,000</b>
--Improve Life Safety & Security Systemwide, Phase I			7,480,000		<b>7,480,000</b>
--Repair/Replace Mech. Sysys, NOVA, New River & Mountain Empire			20,400,000		<b>20,400,000</b>
--Re-roof and Replace HVAC - Multiple Buildings			6,200,000		<b>6,200,000</b>
<b>Virginia Tech</b> -- Construct New Business Building			56,500,000	37,500,000	<b>94,000,000</b>
<b>Total: Education</b>	<b>32,093,636</b>		<b>138,510,000</b>	<b>86,340,000</b>	<b>256,943,636</b>
<b>HEALTH &amp; HUMAN RESOURCES</b>					
<b>Dept of Beh. Health &amp; Dev. Svcs</b> - Renovate, Repair, & Upgrade Facilities	33,015,494				<b>33,015,494</b>
<b>Total: Health and Human Resources</b>	<b>33,015,494</b>				<b>33,015,494</b>
<b>NATURAL RESOURCES</b>					
<b>Dept of Conservation &amp; Recreation</b>					
--Acquire Land for Natural Area Preserves			10,200,000		<b>10,200,000</b>



**HB 30: DETAIL OF CAPITAL OUTLAY: TOTAL PROPOSED FOR THE 2026-2028 BIENNIUM**

--Accept Oak Hill Property (upon completion of due diligence efforts)			Language	Language
<b>Dept of Wildlife Resources</b>				
-- Maintenance Reserve			1,250,000	1,250,000
--Acquire Land and Property			10,000,000	10,000,000
-- Repair and Upgrade Lake Shenandoah Dam	6,385,000			6,385,000
<b>Total: Natural Resources</b>	<b>6,385,000</b>		<b>21,450,000</b>	<b>27,835,000</b>
<b>TRANSPORTATION</b>				
<b>Department of Motor Vehicles</b>				
--Maintenance Reserve			14,243,400	14,243,400
--Renovate DMV Headquarters			Language	Language
<b>Department of Transportation</b>				
--Maintenance Reserve			10,000,000	10,000,000
--Acquire, Design, Construct & Renovate Agency Facilities			76,000,000	76,000,000
<b>Virginia Port Authority</b>				
--Cargo Handling Facilities			87,500,000	87,500,000
--Expand Empty Yard			129,800,000	129,800,000
<b>Total: Transportation</b>			<b>317,543,400</b>	<b>317,543,400</b>
<b>VETERANS &amp; DEFENSE AFFAIRS</b>				
<b>Department of Military Affairs</b> -- Improve Readiness Centers	2,800,000			2,800,000
<b>Department of Veterans Services</b> -- Maintenance Needs at State VCCs	2,208,000			2,208,000
<b>Total: Veterans Affairs &amp; Homeland Security</b>	<b>5,008,000</b>			<b>5,008,000</b>
<b>CENTRAL APPROPRIATIONS – Central Capital Outlay</b>				
--Maintenance Reserve (MR) Allocations	400,000,000			400,000,000
<b>--Maintenance Reserve Policy</b>				
--Agencies must prioritize roof projects				
--DOC use of MR for larger infrastructure projects				
--MR authorizations removed for specific agencies				
-- <b>Equipment Pool</b> – 6 projects:	39,893,000			39,893,000
-- SMV: Construct Regional Science Center in NOVA				
-- VSU: Construct Admissions Building				
-- JMU: Renovate Johnston Hall				



**HB 30: DETAIL OF CAPITAL OUTLAY: TOTAL PROPOSED FOR THE 2026-2028 BIENNIUM**

-- ODU: Construct a New Biology Building					
-- VSU Co-op Ext: Renovate Summerseat for Urban Ag. Center					
-- VCU: New Arts and Innovation Building					
<b>-- Planning Pool -- 5 projects:</b>	<b>1,555,050</b>		<b>12,434,511</b>		<b>13,989,561</b>
--DGS: Construct New Pharmacy Office and Cold Storage					
-- W&M: Construct Sunken Garden Geothermal Field					
-- W&M: Renovate Sunken Garden District (HEO)					
-- DJJ: Modernize Utility Systems at Bon Air Juvenile Corr Ctr					
--UVA: Construct Engineering Building (HEO)					
<b>--2026 Construction Pool – 15 projects:</b>	<b>360,061,238</b>	<b>1,109,976,618</b>	<b>48,800,000</b>	<b>37,256,678</b>	<b>1,556,094,534</b>
-- DGS: Commonwealth Courts Building					
-- VT: Expand Virginia Tech-Carilion School of Medicine and Fralin Biomedical Research Institute					
-- VMI: Construct Center for Leadership and Ethics Facility, Phase II, and Parking Structure					
-- VSU: Renovate Virginia Hall					
-- LU: Replace Roof, Windows, and External Doors at Lankford Hall					
-- LU: Improve Public Safety, External ADA Access, and Campus Infrastructure Efficiency					
-- JMU: Renovate Johnston Hall					
-- VSDB: Upgrade Mass Communication System					
-- ODU: Construct Engineering and Arts Building					
-- VCU: Acquire Altria Building					
-- VCU: Construct New School of Dentistry					
-- VCCS: Renovate Amherst/Campbell Hall, Central Virginia					
-- VIMS: Construct Marine Operations Administration Complex					
-- DJJ: Replace Emergency Back-up Generator at Bon Air Juvenile Correctional Center Cottages					
-- IALR: Expand Center for Manufacturing Advancement					
<b>-- Capital Supplement Pool</b>					<b>Language</b>
<b>-- VSP Area 13 Barracks Project Scope Change (2018 Pool)</b>					<b>Language</b>
<b>-- DGS LVA Records Scope Change (2020 VPBA Pool)</b>					<b>Language</b>
<b>-- VSP Area 5 &amp; 11 Office Project Scope Changes (2022 Pool)</b>					<b>Language</b>
<b>-- VSP Acquire Division 6 Headquarters Scope Change (2025 Pool)</b>					<b>Language</b>
<b>--Workforce Development Projects</b>	<b>12,020,120</b>				<b>12,020,120</b>
<b>-- Capital Lease Authorizations</b>					<b>Language</b>



**HB 30: DETAIL OF CAPITAL OUTLAY: TOTAL PROPOSED FOR THE 2026-2028 BIENNIUM**

-- Capital Project Balance Transfers					Language
-- 9(d) Revenue Bond Authorizations					Language
<b>Total: Central Appropriations</b>	<b>813,529,408</b>	<b>1,109,976,618</b>	<b>61,234,511</b>	<b>37,256,678</b>	<b>2,021,997,215</b>
<b>State Corp. Commission – Scope Change for Headquarters Renovation</b>					Language
<b>Total: Capital Outlay HB 1600</b>	<b>\$890,031,538</b>	<b>\$1,109,976,618</b>	<b>\$538,737,911</b>	<b>\$123,596,678</b>	<b>\$2,662,342,745</b>

