



VIRGINIA HOUSE  
APPROPRIATIONS  
COMMITTEE

CHAIRMAN LUKE E. TORIAN

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# HB 30 CONFERENCE REPORT

PREPARED BY

House Appropriations Committee Staff

# RESOURCES

# FY 2026 RESOURCES

- As passed by the House, HB 29, or the “Caboose Bill,” increased General Fund Resources for FY 2026 by \$3.1 billion, driven by an increase in available balances of \$1.75 billion. The increase in the available net balances is the result of:
  - \$572.0 million GF revenue surplus in FY 2025
  - \$896.2 million in balances based on Governor’s vetoes to items in Chapter 725
  - \$257.5 million of reversions from unspent GF agency appropriations
- The increase also included a \$1.024 billion increase in the FY 2026 GF revenue forecast (driven by the higher FY 2025 base) and an increase in transfers of \$363.7 million
- The net result of additional resources, and spending and savings changes leaves \$2.3 billion to flow into the FY 2026-28 biennium

# OVERVIEW OF HB 30 RESOURCES

- HB 30 as introduced included \$71.5 billion in total general fund resources
  - This amount included \$67.8 billion from revenue collections during the biennium and \$1.8 billion from transfers into the general fund during the two years, for a total of \$69.6 billion
  - The remaining \$2.3 billion represented the carryforward balances from FY 2026
  - The base forecast closely mirrored the GACRE forecast presented in November which assumed modest economic growth through the next biennium
- Because forecasted revenue collections were well ahead of forecasted growth through the first 10 months of the fiscal year, the Governor issued a revised forecast for FY 2026 through FY 2028
  - Generates an additional \$585.5 million in FY 2026
  - Adds \$582.4 million in FY 2027, and \$340.2 million in FY 2028
  - Out-year is lower based on caution – forecast will be updated twice more prior to start of FY 2028

# ENERGY CONSUMPTION FEE FOR DATA CENTERS

- Conference Report includes Part 3 language – applicable for this biennium only – establishing a rate of \$0.011/kWh of all electricity consumed at each data center per month
- Annual revenue collections are capped at \$600 million per year
  - If overages are collected, these amounts would be refunded on a pro-rata basis to each payer after the close of the fiscal year
- Definition of data center is drawn to exclude any impact on the telecommunications industry

# INCREASE STANDARD DEDUCTION

- Reflects revenue reduction of \$51.0 million in the first year and \$120.0 million in the second year to reflect increasing the standard deduction
- Currently \$8,750 for single filers and \$17,500 for joint filers
- Increases to \$9,200 and \$18,400 for taxable year 2027
- Increases again to \$9,300 and \$18,600 for taxable year 2028 and beyond
- Change is included in “Part 5” of the budget to ensure that it is on-going

# CONFERENCE RESOURCE AND SPENDING ADJUSTMENTS

Revenue and Resource Changes	FY 2027	FY 2028	Biennial
<b>Additions to Balance</b>			
FY 2026 Gov. Reforecast	585,500,000	0	585,500,000
Legislative Carryforward Balances	2,402,250	0	2,402,250
Auxiliary Grant Balances	2,000,000	0	2,000,000
VDH Workforce Balances	5,000,000	0	5,000,000
<b>Subtotal-Balances</b>	<b>594,902,250</b>	<b>0</b>	<b>594,902,250</b>
<b>Revenues</b>			
Reflect Tax Legislation (Conformity etc.)	398,600,000	508,500,000	907,100,000
Cannabis Sales and Excise Tax	0	35,000,000	35,000,000
Sports Betting Forecast Adjustment	10,000,000	15,000,000	25,000,000
Data Center Electric Consumption Fee	600,000,000	600,000,000	1,200,000,000
Increase Standard Deduction	-51,000,000	-120,000,000	-171,000,000
FY 2027/2028 Gov Reforecast	582,400,000	340,200,000	922,600,000
Sale of State Property	0	44,780,000	44,780,000
<b>Subtotal - Revenues</b>	<b>1,545,000,000</b>	<b>1,423,480,000</b>	<b>2,968,480,000</b>

# CONFERENCE RESOURCE AND SPENDING ADJUSTMENTS

Revenue and Resource Changes	FY 2027	FY 2028	Biennial
<b>Transfers</b>			
OAG: Consumer Affairs Revolving Fund	4,116,585	0	4,116,585
EDIP: Site Acquisition Fund	80,775,153	0	80,775,153
DCJS: SRO Balances	10,000,000	0	10,000,000
DOE: Lab School Balances	10,670,000	0	10,670,000
Racing Commission Forecast	3,545,715	3,545,715	7,091,430
SCHEV Balances	5,000,000	0	5,000,000
DWR Transfer Adjustment	-1,193,696	-1,193,696	-2,387,392
Property Analytics Fund Interest	1,839,993	0	1,839,993
K-12 Sales Tax Adjustment from Reforecast	7,393,225	5,683,579	13,076,804
Rebate Fund Balance Reversion	99,500,000	0	99,500,000
Cannabis Profits Transfer	0	16,100,000	16,100,000
Cannabis K-12 Sales Tax Transfer	0	1,900,000	1,900,000
<b>Subtotal - Transfers</b>	<b>221,646,975</b>	<b>26,035,598</b>	<b>247,682,573</b>

# CONFERENCE RESOURCE AND SPENDING ADJUSTMENTS

Revenue and Resource Changes	FY 2027	FY 2028	Biennial
Carryforward Balance (HB 29)	2,316,398,593		
Unappropriated Balance - Introduced	721,045,559	-415,695,398	305,350,161
Changes to Resources	2,356,549,225	1,449,515,598	3,806,064,823
HAC Changes to Spending	3,111,681,542	1,011,548,038	4,123,229,580
<b>Conference Unappropriated Balance</b>	<b>157,577,935</b>	<b>22,272,162</b>	<b>179,850,097</b>

# LOCAL OPTION SALES TAX ENABLING LEGISLATION

- Includes legislation in Part 5 of the budget authorizing all localities to hold referenda regarding an additional 1% sales tax for school construction
  - In PDC 8, funds could also be used for public transportation (WMATA)
- Language ensures that referenda could take place as soon as the November 2026 election
- Revenues can be used only for new projects and associated financing – not to pay down previously issued bonds

# INVESTMENTS TO HEDGE AGAINST FEDERAL/ECONOMIC UNCERTAINTY

- Conference Report focuses substantial resources totaling almost \$1.0 billion to respond to potential state and identified federal revenue reductions
- **Federal Contingency Fund:** \$225 million in the first year to address federal HR 1 and future costs of federal retrenchment
- **Health Insurance Fund:** \$200 million in the first year to replenish the state's self-funded health insurance fund
  - Balances at close of current fiscal year have required the use of \$35 million from DHRM's line of credit
- **Medicaid Reserve Fund:** Includes \$350 million in the first year to support Medicaid forecast revisions and allow the state to prepare for out-year costs resulting from HR 1
- **ACA Premium Assistance:** \$150 million is provided to support premium reductions of about 70% for those between 138% and 250% of the FPL who buy insurance on the state's exchange

# CANNABIS RETAIL MARKET

- Includes a Part 5 amendment establishing a regulated, adult-use retail cannabis market
- Represents negotiated position addressing House, Senate and Governor's positions
- In addition to the state sales tax and a local option tax of 3.5%, excise tax rate set at 6% in the current biennium, rising to 8% in FY 2029
- Number of stores is capped at 350 with sales beginning July 1, 2027



# PUBLIC EDUCATION

# ELEMENTARY AND SECONDARY EDUCATION

## \$2.0 billion in new spending:

\$437.8 million for technical updates, including rebenchmarking

\$1.4 billion in K-12 policy actions

\$162.6 million in Early Childhood policy actions

**About \$720.1 million GF above HB 30 Introduced**

(Biennial \$ in millions)	GF	NGF	Total
<b>Rebenchmarking &amp; Tech.</b>	<b>\$455.2</b>	<b>(\$17.4)</b>	<b>\$437.8</b>
Two 4% Salary Increases	770.8	0	382.9
School Construction Grants	0	299.0	299.0
Special Ed Add-On & SISNA	158.4	0	158.4
Infrastructure & Ops Per Pupil	60.0	0	60.0
At-Risk Add-On	28.9	0	28.9
Sales Tax	20.1	0	20.1
School Breakfast	17.6	0	17.6
Literary & Literary Fund Offset	(303.0)	303.0	0.0
Other Actions	44.6	0	44.6
Add'l Child Care Subsidy Slots	137.6	0	137.6
Public Private Child Care	25.0	0	25.0
<b>Subtotal Policy</b>	<b>960.0</b>	<b>602.0</b>	<b>1,562.0</b>
<b>Total Proposed Changes</b>	<b>\$1,415.2</b>	<b>\$584.6</b>	<b>\$1,999.8</b>

# COMPENSATION

## **4.0% Salary Increases in FY 2027 and FY 2028**

- Includes \$254.5 million in FY 2027 and \$516.3 million in FY 2028 for the state's share of a 4.0% salary increase for state-recognized SOQ instructional and support positions
- Effective July 1, 2026 and 2027
- Participating school divisions may provide an average increase smaller than 4.0% and receive a prorated portion of funds

# OTHER MAJOR K-12 ACTIONS

## **School Construction:**

- \$519.0 million in grants over the biennium; \$159.0 million more than the current biennium
- Includes legislation authorizing 1% local option sales tax to support school construction, upon referendum

## **Special Education:**

- \$148.4 million over the biennium to increase the Special Education Add-On rate from 4.75% to 9.25% and from 5.25% to 17.5% for students with more acute disabilities
- \$10.0 million to expand funds for the Students with Intense Needs Application (SISNA) program to fund disability categories currently ineligible to access these funds, with a goal of reducing CSA private day placements

# OTHER MAJOR K-12 ACTIONS

- **At-Risk Add-On:** \$28.9 million over the biennium to increase the maximum At-Risk Add-On rate from 48% to 48.85%
- **Infrastructure and Operations Per Pupil Funds:** \$60.0 million increase in flexible fund appropriation for FY 2027
- **Additional Dedicated K-12 Sales Tax Revenues:** \$20.1 million over the biennium resulting from reforecast and anticipated retail cannabis sales tax revenue and resulting basic aid offset
- **School Breakfast:** \$17.8 million over biennium to increase reimbursement rates from \$0.28 to \$0.50 per meal served
- **Joint Subcommittee to Review K-12 Funding:** \$1.3 million for consultant to support K-12 formula redesign

# EARLY CHILDHOOD CARE AND EDUCATION

## **Child Care Subsidy Program (CCSP):** \$137.0 million increase over biennium

- Additional slots for families making up to 85% of state median income
- Language allows FY 2027 funds to carryforward to address any waitlist in FY 2028; without increasing program cost for next biennium

## **Employee Child Care Assistance Program:** \$25.0 million, one-time

- Implements legislation establishing a child-care cost-sharing initiative among families, state, and employers, through FY 2030
- Family eligibility: Up to 100% of state median income, with allowance for adjustments in areas with higher costs of living
- Cost sharing: Family copayments – between 5% & 7% of family income; remaining cost shared between state (40%) and employer (60%)



# HEALTH AND HUMAN RESOURCES

# DEPARTMENT OF SOCIAL SERVICES: SNAP

- \$135 million GF in FY 2028 to fund the new cost share in SNAP benefits, assuming our state error rate will be from 8 – 9.99%
- \$1.5 million GF each year to connect individuals subject to the new SNAP and Medicaid work requirements to qualifying employment or volunteer activities and resources
- \$1 million GF and NGF each year for DSS to contract with a vendor to assist in SNAP error rate reductions
- \$1.1 million GF in FY 2027 and \$1.3 million GF in FY 2028 and 14 FTEs each year to fund a SNAP quality assurance team to find and correct SNAP payment errors before it can negatively impact the state's error rate
- \$555,096 in FY 2027 GF and \$605,559 GF in FY 2028 to increase salaries for SNAP quality control staff to be in line with other comparable positions within DSS

# BEHAVIORAL HEALTH AND DEVELOPMENTAL SERVICES

- \$3.6 million in FY 2027 and \$7.8 million in FY 2028 to fund the statewide implementation of Marcus Alert
- \$2.5 million in FY 2027 to support comprehensive psychiatric emergency programs in private hospitals
- \$1.5 million each year to help private hospitals support patients with significant discharge planning needs
- \$1 million each year to increase funding for the State Rental Assistance Program to provide housing for individuals with intellectual or developmental disabilities

# CHILDREN'S SERVICES ACT

- \$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 CSA forecast due to an increase in service cost and caseload

## **Cost Containment Strategies**

- Savings of \$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 from 81% to 71%
- Savings of \$3.4 million GF in FY 2027 and \$3.7 million GF in FY 2028 by limiting the private day services growth rate to 2.5%
- Savings of \$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 by eliminating the automatic inflationary adjustments for residential treatment providers

# MITIGATE FEDERAL AND PROPOSED STATE REDUCTIONS

- Reserves \$350.0 million in a Medicaid contingency fund to address federal changes and impacts on the Medicaid forecast
- Provides \$150.0 million in premium assistance to those purchasing health insurance on the state's health insurance exchange losing premium tax credits
  - Targeted at those with incomes between 138% and 250% of the federal poverty level
  - Will buy down premiums by 70% on average
- \$39.1 million GF and \$57.6 million NGF to partially restore proposed cuts to Medicaid & FAMIS
  - \$29.5 million GF and \$47.6 million NGF to restore FAMIS prenatal program (full restoration)
  - \$9.6 million GF and \$10.0 million NGF for Applied Behavior Analysis (ABA) services for children age 5 and younger
- Provides \$45.1 million for core public health services in the Virginia Dept. of Health (VDH)
  - Communicable Disease Prevention and Control, Epidemiology, and systems improvements
  - Fully funds the nursing home strike force with 8 complaint investigators
  - Ryan White Act Part B Program for HIV medications and services (\$13.2 million over the biennium)
- Restores \$8.0 million GF for contraceptive services

# CONTINUE PROGRESS ON HEALTH CARE PRIORITIES

## **DMAS/Medicaid**

- \$81.8 million GF and \$89.0 million NGF for DD Waiver Rates over biennium
- \$44.3 million GF and \$49.6 million NGF for personal care rates in FY 2028
- \$35.0 million GF and \$35.0 million NGF for nursing home rates in FY 2027

## **Virginia Department of Health (VDH)**

- \$11.3 million GF and \$7.8 million NGF for Sickle Cell Disease initiatives
  - \$7.0 million GF and \$7.8 million NGF for Medicaid coverage of cell and gene therapy treatment
  - \$4.3 million GF for bills and existing programs for Sickle Cell Disease
- \$10.0 million GF for Free Clinics & \$5.0 million for Federally Qualified Health Ctrs.
- \$4.3 million GF and \$3.6 million NGF for maternal and child health programs (in addition to restoring FAMIS prenatal care)
  - Maternal Infant Early Childhood Home Visiting Program
  - HB 1403 Severe Maternal Morbidity Surveillance & Review Program
  - Continuation of the Perinatal Health Hub Pilot Program

# OTHER INITIATIVES

## Virginia Department of Health (VDH)

- \$50.0 million GF for grants for drinking water projects
- \$8.2 million GF in FY 2027 and \$6.8 million GF in FY 2028 to complete and maintain electronic health records for local health departments

## Dept. for Aging & Rehab. Svs./Dept. for Blind & Vision Impaired

- \$5.0 million GF for services provided by Area Agencies on Aging
- \$3.0 million GF for community brain injury services and workforce retention
- \$3.0 million GF for vocational rehabilitation services at DARS and DBVI
  - Matches \$11.1 million in federal funding

# OTHER MEDICAID ITEMS

- \$2.2 million to implement a single Pharmacy Benefit Manager for the Medicaid program
  - Reflects start up costs to develop and issue a request for proposals and to conduct a detailed analysis of the proposals
  - Requires the RFP to be issued by Jan. 1, 2027 and contract awarded by July 1, 2027 with full implementation by January 1, 2028
- Captures savings of \$30.3 million over the biennium by returning to 2025 managed care profit caps and underwriting gains
- Does not include any savings from hospital 340(b) program

# LANGUAGE ITEMS

- Creates a Medicaid Financial Sustainability Workgroup to analyze expenditure trends and identify strategies to moderate the rate of spending growth while preserving access to quality care
- Establishes a workgroup to evaluate utilization and best practices to control costs of Medicaid funded Applied Behavioral Analysis services
- Adds reporting requirements for each 340B covered entity that dispenses 340B drugs to Medicaid enrollees for program integrity, rebate administration and policy evaluation purposes
- Extends authority for pharmacists to administer influenza or COVID-19 vaccines through June 30, 2027
- Authorizes Treasury Loan for the Department of Health Professions to cover the increased cost of operations and mitigate the impact of health regulatory fee increases until a plan to adjust fees can be implemented



# COMMERCE, AGRICULTURE AND NATURAL RESOURCES

# HOUSING AFFORDABILITY AND HOMELESSNESS REDUCTION: \$92.3 MILLION OVER BIENNIUM

**DHCD:** Directs the use of \$25.0 million in RGGI balances to implement the recommendations of the Income-Qualified Energy Efficiency and Weatherization Task Force

**EDIP:** Authorizes a treasury loan for Newport News to develop housing around the shipyard

**DHCD:** Allows due diligence work to be funded from the Manufactured Home Park Acquisitions Pilot

Program (\$ in millions)	FY 2027	FY 2028
<b>DHCD:</b> Support for the Virginia Housing Trust Fund and a new mixed-income housing pilot program	\$60.0	-
<b>DHCD:</b> Increase homelessness services funding (currently \$1.8 million/year and \$7.0 million directed to a transitional facility in Charlottesville)	14.0	-
<b>DHCD:</b> Increase support for Virginia Eviction Reduction Program (currently \$3.5 million/year)	11.5	-
<b>DHCD:</b> Support for Local Housing Efforts in Fairfax and Prince William Counties and Fair Housing Enforcement through HOME Virginia	5.5	-
<b>DHCD:</b> Funds for Income-Qualified Energy Efficiency and Weatherization Task Force, Manufactured Home Park Registry, Housing Opportunities Made Equal, Housing Development Database	0.9	0.4
<b>Total</b>	<b>\$91.9</b>	<b>\$0.4</b>

# WORKER PROTECTIONS, WAGES AND BENEFITS

## Raising the Minimum Wage

- Provides \$47.7 million over the biennium to raise the minimum wage for state employees, constitutional officers, and home health care workers
- Majority of new money is directed to increase the personal care rates for consumer and agency directed personnel and provides the Northern Virginia differential

## Increase Capacity at DOLI for Expanded Labor Laws

- Adds \$6.5 million in fiscal year 2027 and \$3.6 million in fiscal year 2028 to increase labor law enforcement activities at Department of Labor and Industry (DOLI), allowing the agency to hire 25 new positions

## Paid Family and Medical Leave Start-up Costs

- Authorizes a treasury loan for the Virginia Employment Commission to establish a Paid Family and Medical Leave program
- Start-up costs estimated at \$116.5 million over two years

# ECONOMIC DEVELOPMENT AND BUSINESS SUPPORT

**DHCD:** Includes \$15 million for City of Richmond to demolish the Richmond Coliseum

**VEDP:** Adds \$10 million to Virginia Business Ready Sites Program

**DHCD:** \$7 million for the City of Portsmouth for water main improvements

**DHCD:** \$7 million for Main Street Projects in Dumfries

**EDIP:** Includes \$5 million for Virginia Beach for the Atlantic Park Development

**DHCD:** Uses \$1.4 million in RGGI balances for Biscuit Run development in Albemarle County

**VTA:** Increases the maximum grant awards from the Governor's New Airline Service Fund

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
<b>Micron:</b> Current and Mature Semiconductor Technology Grant Fund	1.4	4.5
<b>Microporous:</b> Lithium-Ion Battery Separator Manufacturing Fund	0.7	0.9
<b>Lego:</b> Precision Plastics Manufacturing Grant Fund	5.9	7.5
<b>Eli Lilly:</b> Legislation Approved in 2026 Session, MEI approved (HB 800   SB 404)	0.5	2.6
<b>Hitachi:</b> Legislation Approved in 2026 Session, MEI approved (HB 799   SB 403)	0.3	3.7
<b>AstraZeneca:</b> Legislation Approved in 2026 Session, MEI approved (HB 1076   SB 527)	2.8	10.0
<b>Project Volare:</b> Legislation Approved	-	2.3
<b>Total</b>	<b>\$13.0</b>	<b>\$40.7</b>
<i>Virginia Investment Partnership Grant</i>	<i>\$0.3</i>	<i>\$4.3</i>
<i>Virginia Economic Development Incentive Grant</i>	<i>\$2.9</i>	<i>\$1.8</i>

# LIFE SCIENCES RESEARCH EFFORTS

## Virginia Institute for Biotechnology at UVA

- Provides an additional \$3.0 million for the development of the Virginia Institute for Biotechnology at UVA - total GF resources committed to the project = \$85.5 million
- Adds language allowing existing and new resources to be used to complete the building

## Virginia Tech Patient Research Center

- Provides an additional \$6.0 million for the development of the Virginia Tech Patient Research Center – total GF resources committed to the project = \$32.5 million

## VCU's Medicines for All Institute

- Provides an additional \$3.0 million for the development of VCU's Medicines for All Institute – total GF resources committed to the project = \$16.0 million

## Development of a Fast-Acting Insulin

- Provides an additional \$1.5 million for a non-profit company to develop a fast-acting insulin - total GF resources committed the project = \$4.5 million

# TOURISM AND ENERGY

## Tourism Promotion

- Provides \$5.0 million in fiscal year 2027 for the Sports Tourism Program authorized by the General Assembly last year with \$3.5 million directed to support two golf tournaments
- Provides \$1.5 million in each year for the Virginia Tourism Authority to launch a media campaign targeted to recruiting travelers to the state from Black, Indigenous, and Hispanic communities
- Supports local tourism attractions: \$1.0 million for the Museum of Black Women Innovators, \$200,000 for the Virginia Sports Hall of Fame, and \$100,000 for the Blue Highway Festival

## Funds Costs Associated with Energy Related Legislation

- Provides \$2.0 million for the Solar Interconnection Grant Program
- Provides \$10.0 million for the Clean Energy Innovation Bank
- Provides \$1.9 million over the biennium to support bill related costs for: Offshore Wind workforce development, Smart Solar Permitting Platform, the Distributed Energy Resources Task Force, Energy Storage Development, and demand response systems evaluation

# TALENT DEVELOPMENT EFFORTS

## Internships

- Adds \$500,000 in each year to support the InternshipsVA initiative at VEDP
- Adds \$175,224 in each year for DHRM to hire an internship coordinator position

## Talent Capital Initiative

- Provides \$200,000 in fiscal year 2027 for Virginia's share to continue the build out of the Talent Capital Initiative by the Metropolitan Washington Council of Governments that helps connect displaced federal workers to jobs

## Health and Biomedical Sciences Workforce Development

- Provides \$500,000 in fiscal year 2027 for workforce development programming in the Roanoke Valley and Alleghany Highlands in health care and biomedical sciences fields

## Virginia Health Care Career and Technical Training and Education Fund

- Capitalizes the Virginia Health Care Career and Technical Training and Education Fund with \$1.0 million to be used as matching funds for the dental hygienists funding pool

# WATER QUALITY

- Deposits \$294.6 million from all funds into the Water Quality Improvement Fund in FY 2027. Deposit comprised of:
  - \$107.9 million GF for mandatory Part A and Part B deposit based on FY 2025 year-end
  - \$44.8 million GF for a supplemental deposit
  - \$58.0 million NGF from accrued NRCF interest earnings
  - \$83.9 million NGF from balances of WQIF Reserve
  - Fully funds Ag BMPs needs assessment for FY 2027
- \$4.0 million in FY 2027 for the Virginia Conservation Assistance Program (VCAP)
- \$1.0 million in FY 2027 for Virginia Trees for Clean Water and Forestry water quality grants

# WATER QUALITY

- \$329.5 million in FY 2027 is deposited for the state share of wastewater treatment plant improvements
- \$50.0 million in FY 2027 to support the ongoing costs of the Richmond Combined Sewer Overflow Project
- \$43.5 million in FY 2027 for the Stormwater Local Assistance Fund to support grants to localities for municipal separate storm sewer system (MS4) improvements

# DEPARTMENT OF ENVIRONMENTAL QUALITY

- \$10.6 million to support response and remediation activities at Shoosmith Landfill in Chesterfield County
- \$3.5 million to support wastewater improvements in King George County
- \$2.8 million over the biennium for PFAS monitoring
- \$600,000 for costs related to the hazardous substance storage tanks program
- \$500,000 to support a PFAS disposal alternatives analysis
- Language amendments authorize Department to develop data center noise regulations and to identify cooling water scarcity areas

# DEPARTMENT OF CONSERVATION AND RECREATION

- \$25.0 million in FY 2027 to restore funding for Soil and Water Conservation District dam maintenance and repair
- \$1.5 million to support the Lake Barcroft Dam Flood Mitigation Project
- \$1.3 million over the biennium for cyanobacteria remediation efforts at Lake Anna
- \$305,000 in additional support for Breaks Interstate Park
- \$300,000 for pond remediation at Caledon State Park

# OTHER SPENDING ACTIONS

## **Secretary of Natural and Historic Resources**

- \$1.5 million in FY 2027 for the nonfederal match of U.S. Army Corps study of Chincoteague Inlet erosion and widening issues

## **Department of Historic Resources**

- \$7.5 million in FY 2027 to support 12 Virginia historic and cultural attractions
- \$2.0 million in FY 2027 provided for the Black, Indigenous, and People of Color (BIPOC) Historic Preservation Grant Program

## **Ag & Forestry**

- At VDACS, \$4 million in FY 2027 to support the Virginia Agricultural Food Assistance Program and Virginia Fresh Match
- At the Racing Commission, \$2.0 million GF to support the Shenandoah Agricultural Foundation and Great Meadow Foundation



# HIGHER EDUCATION

# COLLEGES AND UNIVERSITIES

## *\$349.7 MILLION INCREASE OVER THE BIENNIUM*

- Affordable Access and Operating Support - \$148.3 million
- Workforce Development / Healthcare - \$74.4 million
  - VCCS - \$49.4 million (focus on healthcare & high demand trades)
  - Nursing at JMU, UMW & Radford - \$7.6 million
  - VT Med School - \$13.0 million
  - VCU & UMW - \$4.4 million
- HBCU Partnership - \$50.0 million
- Undergraduate Financial Aid - \$65.0 million
- Academic, Administrative & Financial Systems - \$6.0 million
- Institution-specific initiatives - \$6.1 million

# VIMS, EXTENSION & CENTERS

## *\$8.5 MILLION OVER THE BIENNIUM*

- VIMS - \$1.4 million
  - Sea Grant - \$0.5 million
  - Operating Support - \$0.9 million
- VT Extension - \$1.6 million operating support
- VSU Extension – \$1.0 million operating support and small farm outreach
- New College Institute
  - Name change to West Piedmont HEC
  - Restores \$3.2 million 2<sup>nd</sup> year funding
- Roanoke HEC - \$440,000
- Southern Va HEC - \$500,000
- Southwest Va HEC - \$400,000

# SCHEV

*\$20.9 MILLION OVER THE BIENNIUM*

- Maintain VTAG Award at \$5,250 - \$15.4 Million
- VTAG Supplement for Hispanic Serving Inst - \$3.6 million
- VMSDEP Stipends - \$2.5 million in FY 28
- Student grants Virginia University – Lynchburg - \$0.5 million
- Virtual Library (VIVA) - \$1.1 million
- Space Grant - \$0.2 million
- Balances internship funding to support Internship Virginia
  - \$2.0 million transfer to VEDP
  - \$0.4 million transfer to DHRM for internship coordinator (HB 54)

# MAJOR LANGUAGE ITEMS

- GMU-Averett Partnership
- GMU State Climatologist
- UMW Partnership with Mary Washington Healthcare
- Technical clarifications for foster student grants
- Review of international student enrollment



# TRANSPORTATION AND PUBLIC SAFETY

# DRPT SPENDING AMENDMENTS

## **General Fund**

- Includes \$153.0 million in operating support for the Washington Metropolitan Area Transit Authority in FY 2027
  - Half the funding would be carried forward for support in FY 2028
- Provides \$19.0 million in one-time funding to support transit capital costs
- \$300,000 in FY 2027 to support joint subcommittee study concerning public transit in Hampton Roads (HJ 28)

## **Non-General Fund**

- Includes language providing \$10.0 million from the Transportation Partnership Opportunity Fund for the demolition of a parking garage at the Huntington Metrorail Station
  - Funding contingent on the commitment of local or regional resources sufficient to complete the demolition

# GENERAL FUND SPENDING

## VDOT

- Includes \$24.0 million in FY 2028 for additional toll relief in Hampton Roads
  - Language requires VDOT to provide an analysis updating the projected long-term cost and cash flow for the program
- Provides \$7.0 million GF in FY 2027 to support improvements for Route 460 as part of the Virginia Coalfields Expressway Project

## Port

- Includes \$20.0 million GF in FY 2027 to complete the project design and begin development of the proposed inland port in Washington County

## Department of Aviation

- Authorizes the transfer of \$500,000 in FY 2027 from the Commonwealth Development Opportunity Fund to support the continued development of Advanced Air Aviation Test Sites

# LANGUAGE AMENDMENTS

- **Secretary of Transportation**

- Evaluate Options to Accelerate I-81 Projects; including tolling options as long as there are 2 toll-free lanes in each direction
- Work with Maryland and DC to evaluate reciprocity related to tickets and registering vehicles

- **VDOT**

- Amends language requiring MEI Commission approval prior to the release of TPOF funds for certain projects

- **DRPT**

- Evaluate the feasibility of consolidating various bus systems in Northern Virginia into one system

# DEPARTMENT OF CORRECTIONS

- \$28.9 million in FY 2027 and \$30.8 million in FY 2028 for increased costs of inmate medical services
- \$7.8 million to support a \$1,000 bonus for correctional facility staff
- \$2.8 million over the biennium for full rollout of body-worn cameras at high security correctional facilities
- \$1.5 million to support 4 jail renovation and upgrade projects
- \$1.1 million for deposit in the Corrections Special Reserve Fund to reflect sentencing impacts of House & Senate bills

# VIRGINIA STATE POLICE

- \$75 million over the biennium to address operational and personnel costs
- Language establishes financial reporting requirements for the Department
  - Goal is to ensure base appropriation in future years fully meet the Department's operating needs
  - Language requires a comprehensive financial audit, establishes a process for requesting approval for changes in the agency's compensation structure, and delays the commencement of the 146<sup>th</sup> Basic Session
- \$9.3 million GF each year for Phase 2 of the Department's ongoing VITA transformation process

# DEPARTMENT OF CRIMINAL JUSTICE SERVICES

- \$8.0 million increase each year for the Safer Communities Program
  - Expands program to the Cities of Danville, Hampton, Hopewell, Newport News, and Petersburg
  - The Cities of Norfolk, Portsmouth, Roanoke, and Richmond already are eligible
  - With the expansion, the nine localities with the highest levels of gun violence in the Commonwealth will be eligible for the program
- \$7.0 million increase each year for the Firearm Violence Intervention and Prevention Program
- Eliminates language establishing the Operation Ceasefire Grant Program and associated funding
  - Language specifies that existing Operation Ceasefire grant recipients be provided sufficient funding to complete their current grant cycle
- \$3.0 million each year to backfill reductions in federal support for Sexual and Domestic Violence Victim Programs
- \$5.8 million over the biennium to increase support for the Court Appointed Special Advocates program for the first time since FY 2008
- \$4.1 million over the biennium for targeted community violence reduction grants

# CAPITAL OUTLAY AND GENERAL GOVERNMENT

# \$2.5 BILLION GF FOR CAPITAL PRIORITIES

Capital Outlay Funding (\$ in millions)	
General Fund Cash	\$1,467.1
General Fund Bonds	1,056.1
Nongeneral Fund Cash	739.8
9(d) Nongeneral Fund Bonds	112.5
<b>Total</b>	<b>\$3,375.5</b>

- Over \$2.5 billion funded with GF support (cash or tax-supported debt)
- Dedicates nearly \$1.5 billion in one-time GF cash to one-time capital needs

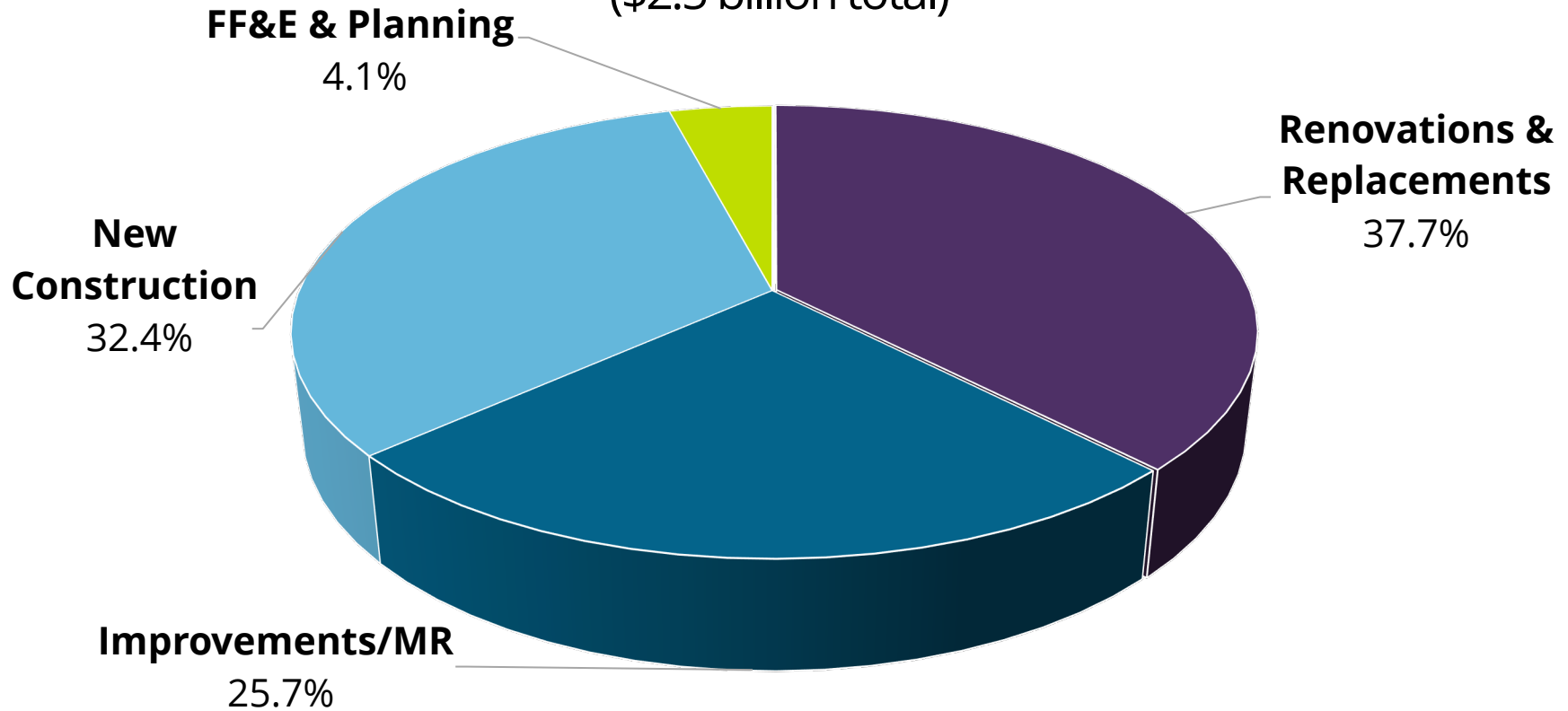
# GF CAPITAL HIGHLIGHTS

- \$1.8 billion for a construction pool of 19 projects
  - 16 are for institutions of higher education
- \$410.0 million for maintenance reserve (MR)
- \$255.2 million for 15 stand alone projects, largely addressing deferred maintenance
- Overall, this budget makes significant progress moving projects through the pipeline
  - \$1.8 billion in GF resources are for projects that were already in the pipeline

# 2/3 OF GF SPEND IMPROVES CURRENT FACILITIES

## General Fund Capital Project Categories

(\$2.5 billion total)



# GF PROJECT HIGHLIGHTS- HIGHER EDUCATION

- **CNU:** Deferred Maintenance
- **GMU:** Deferred Maintenance
- **IALR:** Expand Center for Manufacturing Advancement
- **JMU:** Expand College of Health & Behavioral Studies
- **JMU:** Renovate Johnston Hall
- **NSU:** FF&E for New Science Building
- **ODU:** Construct Engineering & Arts Building
- **RHEA:** Replace Windows
- **UMW:** Deferred Maintenance (inc. Simpson Library)
- **UVA:** Construct Center for the Arts
- **UVA-Wise:** Renovate Darden
- **VCCS:** Amherst/Campbell Hall, Central VA
- **VCU:** Acquire Altria Building
- **VCU:** New School of Dentistry
- **VIMS:** Marine Operations Administrative Complex
- **VSU:** Renovate Virginia Hall
- **VT:** Expand VT-Carilion School of Medicine & Fralin Biomedical Research Institute
- **VT:** Renovate Derring Hall
- **W&M:** Planning for Sunken Garden Projects

# GF PROJECT HIGHLIGHTS- STATE AGENCIES

- **DBHDS:** Renovate, Repair, & Upgrade State-Operated Facilities
- **DCR:** Parks Deferred Maintenance
- **DGS:** New State Agency Building and Childcare Center
- **DGS:** Commonwealth Courts Building
- **DGS/FMA:** Inner Fort Monroe Utility Master Plan Improvements
- **DGS/FMA:** African Landing Memorial Visitor Amenities & Landscape Plan (at Fort Monroe)
- **DGS:** Parking Maintenance
- **DGS:** Central State Training Center Demolition
- **DMA:** Improve Readiness Centers
- **DOC:** Provide HVAC in State Prisons
- **DVS:** Address Maintenance Needs at State Veterans Care Centers
- **DWR:** Repair & Upgrade Lake Shenandoah Dam
- **JYF:** Improvements: Address Deferred Maintenance
- **VSDB:** Upgrade Mass Comms System

# OTHER NOTABLE CAPITAL ITEMS

- **Planning pool:** \$7.8 million GF for seven projects
  - Five at institutions of higher education: W&M, UVA, UVA-W, VIMS
- **FF&E:** \$61.3 million GF in a pool for 7 projects nearing completion and \$12.0 million for workforce development equipment
- **NGF capital:** \$850.4 million; includes improvements at the Virginia Port Authority, a new business building at VT, various auxiliary projects at JMU, and VCCS facility upgrades
  - Of the total NGF, \$112.4 million is NGF-supported 9(d) bonds
- **Other:**
  - Increases MR threshold and reallocates distribution to General Assembly priorities
  - Requires Tier III higher ed to notify the Six-PAC of NGF E&G projects

# GENERAL GOVERNMENT GF HIGHLIGHTS

- **Debt Service Payments:** \$67.9 million
- **Judicial:** \$80.1 million
  - \$46.7 million: Criminal Fund; includes raising Guardian Ad Litem fees
  - \$16.1 million: IT, including upgrading the Court of Appeals Case Management System & Court Reminder Program
  - \$9.9 million: 10 judges: 6 District/Circuit, 4 Court of Appeals
  - \$7.4 million: Additional paralegals to support public defenders' offices
- **Constitutional Officers:** \$6.7 million
  - Funding for Sheriffs', Commonwealth Attorneys', and Circuit Court Clerks' staff
- **Statewide Executive Offices:**
  - \$11.3 million for the OAG to supplement staff, address legislation and salary compression, and \$2.4 million for Governor's office staff



# COMPENSATION AND RETIREMENT

# ACROSS THE BOARD SALARY INCREASES IN BOTH YEARS

- Budget includes almost \$1.5 billion GF for salary increase in both years of the biennium for all employee groups
  - 4% each year for SOQ funded positions
  - 3.5% each year for state employees and state-supported locals

(\$ in millions)	FY 2027	FY 2028
State Employees	\$163.8	\$361.1
Adjunct Faculty and Teaching Assistants	6.8	15.2
State Supported Local Employees	52.0	115.0
SOQ Funded Positions	<u>253.5</u>	<u>514.3</u>
<b>Total</b>	<b>\$476.1</b>	<b>\$1,000.6</b>

# EMPLOYEE BENEFIT PROGRAMS

- Includes \$200.0 million GF in FY 2027 for a lump sum deposit to replenish the State Employee Health Insurance Fund
- Provides \$120.9 million GF in FY 2027 and \$167.8 million GF in FY 2028 to support a 17% increase in premiums for the state employee health insurance program effective July 1, 2026 and an additional increase of 5% effective July 1, 2027
- Includes \$93.6 million GF in FY 2027 for a lump sum payment to the state employee retiree health credit program to address the unfunded liability
  - Represents approximately 15% of the plan's unfunded liability as June 30, 2025

# OTHER COMPENSATION ACTIONS

(\$ in Millions)	FY 2027	FY 2028	Total
OAG Compression Adjustments	\$3.5	\$3.5	\$7.0
Commonwealth's Attorneys Paralegals Salary Increase	1.6	1.7	3.3
Deputy Circuit Court Clerks Career Development	0.5	0.5	1.0
DOC Retention Bonus (\$1,000)	7.8	0.0	7.8
DJJ Retention Bonus (\$1,000)	0.4	0.0	0.4
Increase Compensation for Legislators	0.0	2.1	2.1
Include IALR and RHEA in the State Salary Increase	0.2	0.3	0.5
VDH Increased Funding for Firefighter Cancer Screening	0.5	0.0	0.5
DHRM Employee Classification Review	<u>0.3</u>	<u>0.0</u>	<u>0.3</u>
<b>Total</b>	<b>\$14.8</b>	<b>\$8.1</b>	<b>\$22.9</b>

# NEW ITEMS IN CONFERENCE REPORT

# ITEMS NOT INCLUDED IN HOUSE OR SENATE BUDGETS

Item	Amendment Description
0 #1c	\$5.0 million of balances from VDH workforce programs
1 #8c	Joint Subcommittee on Tax Policy to study data centers
44 #1c	\$1.2 million each year for 10 additional positions at the Governor's Office
101 #2c	Remove funding in introduced bill for cancelled economic development – sited in AL
102 #14c	Funding of weatherization initiatives from RGGI balances
103 #9c	\$15 million for the demolition of the Richmond Coliseum
113 #2c	VEDP reporting language on new non-stock corporation
114 #2c	\$200,000 for the Virginia Sports Hall of Fame in FY 2027
114 #4c	\$1.0 million for the Museum of Black Women Innovators
123 #5c	Updated funding for Interstate Compact for Military Children (\$118,162 over biennium)
124 #15c	\$300,000 for Wolf Trap STEM program
188 #1c	\$500,000 for AI Institute at UVA
209 #2	\$500,000 each year for increased O and M at VMI

# ITEMS NOT INCLUDED IN HOUSE OR SENATE BUDGETS

Item	Amendment Description
226 #1c	Gunston Hall wireless communication infrastructure revenue language
243 #3c	\$20.0 million to address enrollment shortfalls at higher education institutions
274 #2c	Capture BH loan repayment balances totaling \$5.0 m in the first year
278 #5c	Clarifying language allowing pharmacists to administer new flu/COVID vaccines
282 #4c	\$5 million in the first year for federally qualified health centers (FQHCs)
286 #2c	Health Department regulations for certain out of state food preparation
288 #5c	Treasury loan to minimize Health Regulatory Board fee increases
291 #21c	340b Medicaid reporting requirements language
295 #5c	DMAS emergency authority for HR 1 implementation (e.g. waivers etc.)
306 #1c	Preservation of historic documents at Central State Hospital
328 #3c	\$1.5 million each year for employment supports relating to work requirements
328 #4c	DSS training academy reporting language
330 #3c	HB 1414 – late FIS relating to mandatory child abuse reporting

# ITEMS NOT INCLUDED IN HOUSE OR SENATE BUDGETS

Item	Amendment Description
330 #4c	Report on funding for Social Services
331 #4c	DSS reporting on child support enforcement system
335 #14c	Remove funding of \$100,000 each year for Hugs and Kisses
338 #1c	Language clarifying CommonHelp IT portal funding
362 #1c	Provides \$1.0 million for Forestry BMPs
365 #1c	Solid waste disposal facility regulations relating to surety bonds etc.
366 #7c	Data center cooling water scarcity regulations
367 #2c	Data center noise regulation language
368 #8c	\$10.6 million in first year for Chesterfield county landfill remediation (Shoosmith)
374 #15c	\$100,000 for Roanoke commemoration activities
415 #6c	\$218k over biennium for late FIS for HB 438/SB 70 – juvenile delinquency petitions
469 #7c	Lump sum payment of \$93.6 million for unfunded liability retiree health care credit

# ITEMS NOT INCLUDED IN HOUSE OR SENATE BUDGETS

Item	Amendment Description
471 #2c	\$100 million in the first year for environmental impact monitoring
475 #2c	Language directing a Phase 2 utility to consider economic benefits for communities when assigning a connection date to large load customers
477 #1c	Language directing SCC to collect data relating to data center electric service agreements, water usage, and permitting for generators
3-5.24 #1c	Data Center Electricity Consumption Fee – generates \$600 million each year (capped)
4-14 #3c	Technical adjustments to HB 1393/SB 253 relating to undergrounding and weatherization legislation
4-14 #4c	Cannabis retail market legislation