

**City of Alexandria, Virginia
FY 2025 Proposed Operating Budget & CIP
Budget Questions & Answers**

March 29, 2024

Question:

What is the financial impact of the adopted state budget on the City and schools?

Response:

The biennial budget for the Commonwealth (HB 30) includes numerous items of interest and impact to localities across Virginia, including the City of Alexandria. The budget is currently before the Governor for his consideration, with a deadline of April 8 for his action.

A comprehensive accounting of these items was provided by the Virginia Association of Counties and is attached. Some items of particular interest and impact to the City include:.

WMATA Funding

Provides \$65 million in FY 2025 and \$84.5 million in FY 2026 for WMATA; suspends the statutory cap on growth in the annual Virginia operating assistance for WMATA; directs WMATA to complete a comparison of its total costs and overhead costs against the cost of similar transit systems. ([Item 433 #2c](#))

Provides \$25,000 in FY 2025 for a legislative joint subcommittee to study long-term, sustainable, dedicated funding and cost-containment controls and strategies to ensure WMATA and other Northern Virginia transit systems meet the growing needs of public transit in the region. ([Item 1 #6c](#))

Resilience and Climate Change

Retains \$100 million in FY 2025 in the introduced budget for the Community Flood Preparedness Fund.

Eliminates the additional \$25 million in FY 2025 for the Resilient Virginia Revolving Loan Fund proposed in the introduced budget. ([Item 359 #2c](#))

Provides \$10 million in FY 2025 to establish the Virginia Clean Energy Innovation Bank to finance climate initiatives. ([Item 471 #3c](#))

Requires the Commonwealth to rejoin the Regional Greenhouse Gas Initiative (RGGI). ([Item 381 #1c – \(caboose\)](#) and [Item 366 #1c](#))

Compensation Increases for K-12 Instructional and Support Positions

The Governor had proposed the state's share of a 1 percent bonus payment, effective July 1, 2024, and the state's share of a 2 percent salary increase, effective July 1, 2025. The conference report instead provides for the state's share of a 3 percent salary increase in each year for SOQ-recognized instructional and support positions, effective July 1, 2024, and July 1, 2025. A local match is required.

The state’s share will be pro-rated for divisions providing less than an average 3 percent increase, but in order to draw down the state funds, school divisions must provide at least an average 1.5 percent increase in the first year, and at least an additional average 1.5 percent increase in the second year. School divisions providing an average increase of more than 3 percent in the first year can credit the excess portion of the increase toward the second year. ([Item 125 #11c](#), [Item 125 #15c](#))

Compensation Increases for State-Supported Local Employees

The Governor had proposed a 1 percent bonus payment on December 1, 2024, a 1 percent salary increase on July 1, 2025, and another 1 percent bonus payment on December 1, 2025. The conference report instead provides for a 3 percent salary increase in each year of the biennium, effective July 1, 2024, and July 1, 2025. ([Item 469 #2c](#))

HB 30 includes language providing for a one-time bonus payment of 1.375 percent on December 1, 2025, for state and state-supported local employees, if the legislation increasing the minimum wage does not take effect. (If the legislation does take effect, this amendment provides funding for the Compensation Board to address impacts of the minimum wage increase on Constitutional offices, as well as funding for rate increases for certain Medicaid providers.) ([Item 469 #6c](#))

Listed below are the State compensation board payments included in the FY25 Proposed Budget. These amounts have been increased beyond the City’s FY 2025 proposed amount in the State budget. Those increases will be reflected in the FY 2025 March revenue re-estimate.

	FY 2023 Actual	FY 2024 Approved	FY 2025 Proposed	Difference
Commonwealth Attorney	1,248,299	1,297,800	1,400,000	102,200
Sheriff	5,686,425	5,974,000	6,280,000	306,000
Treasurer	1,161,128	597,400	1,095,000	497,600
Registrar Electoral Board	119,260	103,000	103,000	-
Clerk of Court	1,042,995	993,950	1,016,000	22,050
	9,258,107	8,966,150	9,894,000	927,850

Restoration of “Hold-Harmless” Funding Related to the Elimination of State Portion of Grocery Tax

When the state portion of the sales and use tax on groceries was eliminated in 2022, statutory language required funding to be provided to compensate school divisions for the lost revenue associated with the elimination of the portion of the grocery tax that was distributed to school divisions based on school-age population. The Governor’s introduced budget failed to include this funding; the compromise budget as reflected in the conference report includes \$243 million over the biennium to restore the hold-harmless payments. ([Item 125 #10c](#))

At-Risk Add-On Funding

HB 30 provides \$186.7 million in FY 2025 and \$184.6 million in FY 2026 to consolidate the SOQ Prevention, Intervention, and Remediation and At-Risk Add-On programs into one At-Risk Add-On program; use federal Identified Student Percentage rates rather than federal free-lunch rates to

estimate the number of At-Risk students (with a multiplier of 1.25, plus one-quarter of English learner students); distribute an 11 percent basic aid add-on per estimated at-risk student; and provide an add-on percentage ranging from 0 to 37 percent, depending on each school division's relative concentration of at-risk students.

This amendment is derived from JLARC's K-12 funding study. ([Item 125 #2c](#))

Support for English Language Learners

Provides \$37.9 million in FY 2025 and \$34.2 million in FY 2026 for the state's share of additional English Learner teachers, based on student proficiency. Language allows for staffing in the first year to equate to the number of teachers required during the 2023-2024 school year, plus one-half of the additional positions that would otherwise be required. ([Item 125 #3c](#))

State Aid to Localities with Police Departments ("HB 599")

Provides an increase of \$10 million per year for the HB 599 program. ([Item 396 #1c](#))

Gun Violence Prevention Funding

Reduces funding for the Operation Ceasefire Grant Fund by \$7.5 million per year (leaving \$10 million per year available for use); bars funding from being provided to state agencies and bars grant funding for law enforcement equipment, with the exception of forensic and analytical equipment. ([Item 394 #6c](#), [Item 394 #5c](#))

Funding to Support Crime Victims and Witnesses

Retains the additional \$7.2 million over the biennium provided for the Victim-Witness Grant Program in the introduced budget and provides an additional \$1.3 million per year. ([Item 394 #15c](#)) Retains the additional \$3.5 million in FY 2026 provided for sexual assault crisis centers and domestic violence programs in the introduced budget and provides an additional \$2.1 million per year to return grantees to FY 2023 levels. ([Item 394 #16c](#)). Provides \$1.5 million in FY 2025 and \$2.5 million in FY 2026 for the Victim Services Grant Program to offset expected declines in federal funding. ([Item 394 #17c](#))

Grants to Combat Hate Crimes

Retains the additional \$2 million in FY 2025 proposed in the introduced budget for grants to combat hate crimes; adds language directing DCJS to disseminate information to stakeholders about the grant opportunity and allowing localities in partnerships with institutions or nonprofits that have been targets of hate crimes, or are at risk of being targets, to be eligible to apply (the introduced budget language limited eligibility to these institutions or nonprofits). ([Item 394 #19c](#))

Affordable Housing

Deposits an additional \$12.5 million per year to the Virginia Housing Trust Fund (the introduced budget level funds the Trust Fund at \$75 million per year). ([Item 102 #3c](#))

Childcare

Retains actions in the introduced budget to maintain Child Care Subsidy and Mixed Delivery slots after the expiration of federal funding. Provides an additional \$116.7 million over the biennium beyond amounts in the introduced budget to maintain co-pay rates for the Child Care Subsidy Program and apply these rates to the Mixed Delivery Program; fund additional Child Care Subsidy Program slots; restore the traditional 20 percent nonparticipation rate for the Virginia Preschool Initiative; and maintain the 0.5000 cap on the Local Composite Index for the Virginia Preschool Initiative, for a total

increase of \$527.8 million in General Fund dollars over the biennium. Consolidates all early childhood programs into one Early Childhood Care and Education section in the budget. ([Item 117 #5c](#); [Item 124 #4c](#); [Item 125 #21c](#), [Item 125.10 #1c](#))

Aid to Local Public Libraries

Provides an additional \$2.5 million per year to increase state aid to local public libraries, which would result in an additional \$66,346 for Alexandria's libraries. ([Item 227 #1c](#))

Tax Policy

Increases the individual taxpayer cap on the Historic Rehabilitation Tax Credit from \$5 million to \$7.5 million. ([Item 3-5.17 #1c](#))

Eliminates proposed increase to the Earned Income Tax Credit. ([Item 4-14 #1c](#))

Attachments

Attachment 1- Analysis of Conference Report

Attachment- Revised Budget Bills Head to the Governor after Approval by Legislature

The General Assembly approved revisions to the introduced budget bills prior to adjourning on Saturday, March 9. Conference committee members had agreed on a package of compromise amendments to HB 29, the “caboose” budget making appropriations for the remainder of FY 2024, and HB 30, the budget for the upcoming biennium, and released the text of these amendments on Thursday evening, in compliance with House rules requiring budget conference reports to be available for 48 hours prior to a floor vote. The conference report for HB 29 was approved in the House by a vote of 62-37, and in the Senate by a vote of 36-4. The floor vote for the conference report for HB 30 was the same in the House (62-37), but reflected a narrower margin in the Senate, passing by a vote of 24-14.

The Governor’s deadline for action on the budget bills and any other legislation that was sent to him after March 1 is midnight on April 8. The General Assembly will consider gubernatorial vetoes and amendments at the reconvened session on April 17. The Governor has signaled that he will be seeking substantial changes to the budget over concerns about the budget’s tax policy actions (specifically, the imposition of sales and use taxes on certain digital goods and services, including on certain transactions between businesses) and omission of provisions regarding the proposed sports arena in Alexandria.

Below is an outline of major areas of importance to local governments included in the conference report. A summary of the highlights of the budget prepared by money committee staff may be found at [this link](#). In addition, a memorandum from the Executive Secretary of the State Compensation Board is also included as an attachment to this email. Spreadsheets providing estimates for K-12 distributions to school divisions may be found at [this link](#).

K-12 Education: Restoration of Hold-Harmless for Elimination of State Portion of Grocery Tax

- When the state portion of the sales and use tax on groceries was eliminated in 2022, statutory language required funding to be provided to compensate school divisions for the lost revenue associated with the elimination of the portion of the grocery tax that was distributed to school divisions based on school-age population. The Governor’s introduced budget failed to include this funding; restoring the funding was VACo’s top budget priority. The conference report includes \$243 million over the biennium to restore the hold-harmless payments. ([Item 125 #10c](#))

K-12 Education: Support Cap

- Does not include full elimination of the support cap; retains current staffing standard of 24 support positions per 1,000 ADM, as funded in the budget approved in September 2023 (Chapter 1).

K-12 Education: Teacher Retirement

- Includes \$150 million from the General Fund (GF) in FY 2026 to reverse the proposed use of Literary Fund dollars for teacher retirement contributions in the introduced budget. ([Item 125 #13c](#))
- Eliminates the introduced budget’s proposed FY 2025 deposit of \$350 million (\$115 million GF and \$235 million from the Literary Fund) to the VRS teacher retirement fund. ([Item 125 #17c](#))

K-12 Education: School Capital

- Authorizes the Department of Education to offer up to \$250 million in school construction loans from the Literary Fund over the biennium. ([Item 125 #5c](#))
- Maintains introduced budget’s appropriation of \$80 million per year to the School Construction Assistance Program from casino gaming proceeds.

K-12 Education: At-Risk Add-On

- Provides \$186.7 million in FY 2025 and \$184.6 million in FY 2026 to consolidate the SOQ Prevention, Intervention, and Remediation and At-Risk Add-On programs into one At-Risk Add-On program; use federal Identified Student Percentage rates rather than federal free-lunch rates to estimate the number of At-Risk students (with a multiplier of 1.25, plus one-quarter of English learner students); distribute an 11 percent basic aid add-on per estimated at-risk student; and provide an add-on percentage ranging from 0 to 37 percent, depending on each school division's relative concentration of at-risk students. This amendment is derived from JLARC's K-12 funding study. ([Item 125 #2c](#))

K-12 Education: English Learners

- Provides \$37.9 million in FY 2025 and \$34.2 million in FY 2026 for the state's share of additional English Learner teachers, based on student proficiency. Language allows for staffing in the first year to equate to the number of teachers required during the 2023-2024 school year, plus one-half of the additional positions that would otherwise be required. ([Item 125 #3c](#))

K-12 Education: School-Based Mental Health

- Eliminates the \$7.2 million proposed in the introduced budget for the Department of Education to contract with a telehealth provider for mental health care services for students in grades 6-12; includes language directing the Superintendent of Public Instruction to enter into a statewide contract with one or more telehealth providers to provide mental health care to public school students and authorizing school divisions to purchase services from this contract. Also eliminates proposed funding (\$200,000 per year) for a new Chief School Mental Health Officer position. ([Item 117 #1c](#), [Item 123 #1c](#))
- Directs the Department of Education to work with DBHDS and the Department of Medical Assistance Services (DMAS) on a plan for a new program to deliver flexible mental health funding to school divisions. This amendment is a recommendation from the Behavioral Health Commission's study of school-based mental health services. ([Item 117 #2c](#))
- Specifies that the \$15 million per year in the introduced budget for technical assistance to school divisions for the implementation and expansion of school-based mental health services is to be used to provide grants to contract with federally qualified health centers or other health care organizations to establish school-based health clinics to provide mental health services and primary medical care to students and their families, as well as school staff. ([Item 295 #10c](#))

K-12: Additional Items

- Retains amounts for rebenchmarking and technical updates from the introduced budget; incorporates several smaller additional technical updates that total a reduction of \$1.9 million per year. Rebenchmarking costs total \$969 million over the biennium.
- Reflects an additional \$23.7 million in FY 2025 and \$59.2 million in FY 2026 (on top of the \$23.9 million in FY 2025 and \$61.8 million in FY 2026 in the introduced budget) for the net revenue impact for K-12 of the expansion of the sales tax base to certain digital products and services, as proposed in the introduced budget and expanded further in the conference report to apply to certain business-to-business transactions. ([Item 125 #9c](#))
- Recognizes an additional \$25 million in Lottery proceeds in FY 2025 (replacing a like amount of General Funds). ([Item 125 #22c](#))
- Retains the \$30 million in FY 2025 and \$30.1 million in FY 2026 included in the introduced budget for the state share of reading specialist positions in accordance with legislation passed in 2023. Provides an additional \$5.7 million in FY 2025 and \$3.7 million in FY 2026 in net increases for literacy screening, coaching, technical assistance, and professional development. ([Item 117 #6c](#))

- Provides \$100,000 in FY 2025 to the Commission on Youth for a review of the state’s special education dispute resolution system. ([Item 22 #1c](#))
- Eliminates proposed \$30 million per year for the College Partnership Lab Schools Fund and reinserts language defining a college partnership laboratory school as a public four-year institution; language in the caboose transfers \$85 million in unobligated balances from the College Partnership Lab Schools Fund to the General Fund. ([Item 125 #18c](#), [Item 3-1.01 #4c in the caboose](#))
- Eliminates the \$20 million per year proposed in the introduced budget for the new Diploma Plus program, which would provide grants to high school students to support attainment of high-demand industry-recognized credentials. ([Item 125 #16c](#))
- Eliminates \$1.7 million in FY 2025 and \$1.6 million in FY 2026 proposed in the introduced budget to eliminate the cap on supplemental basic aid payments. ([Item 125 #1c](#))
- Directs the Superintendent of Public Instruction to enter into a statewide contract for assistance to school divisions with outreach and support for disengaged, chronically absent, or struggling students. ([Item 117 #7c](#))
- Provides \$2.2 million per year for regional special education family support centers, professional development, and special education coaching. ([Item 118 #1c](#))
- Restores \$1.9 million per year that was proposed to be eliminated in the introduced budget for the Office of School Quality. ([Item 120 #1c](#))
- Provides \$300,000 per year to support the Joint Subcommittee on Elementary and Secondary Education Funding. ([Item 123 #3c](#))
- Provides an additional \$950,000 per year, in addition to the \$800,000 per year in the introduced budget, for supplemental support for Accomack and Northampton County school divisions for teacher recruitment and retention efforts. ([Item 125 #19c](#))

Compensation: K-12 Instructional and Support Positions

- The Governor had proposed the state’s share of a 1 percent bonus payment, effective July 1, 2024, and the state’s share of a 2 percent salary increase, effective July 1, 2025. The conference report instead provides for the state’s share of a 3 percent salary increase in each year for SOQ-recognized instructional and support positions, effective July 1, 2024, and July 1, 2025. A local match is required. The state’s share will be pro-rated for divisions providing less than an average 3 percent increase, but in order to draw down the state funds, school divisions must provide at least an average 1.5 percent increase in the first year, and at least an additional average 1.5 percent increase in the second year. School divisions providing an average increase of more than 3 percent in the first year can credit the excess portion of the increase toward the second year. ([Item 125 #11c](#), [Item 125 #15c](#))
- Eliminates language in the introduced budget that directed the Secretary of Education to convene a stakeholder workgroup to make recommendations on the implementation of a teacher compensation model based on the Competitive Teacher Pay Report from 2023. ([Item 116 #2c](#))

Compensation: State and State-Supported Local Employees

- The Governor had proposed a 1 percent bonus payment on December 1, 2024, a 1 percent salary increase on July 1, 2025, and another 1 percent bonus payment on December 1, 2025. The conference report instead provides for a 3 percent salary increase in each year of the biennium, effective July 1, 2024, and July 1, 2025. ([Item 469 #2c](#))
- Includes language providing for a one-time bonus payment of 1.375 percent on December 1, 2025, for state and state-supported local employees, if the legislation increasing the minimum wage does not take effect. (If the legislation does take effect, this amendment provides funding for the Compensation Board to address impacts of the minimum wage increase on Constitutional offices, as well as funding for rate increases for certain Medicaid providers.) ([Item 469 #6c](#))

Judiciary/Public Safety: Compensation for Court-Appointed Counsel

- Provides \$6.5 million in FY 2025 and \$13 million in FY 2026 to increase compensation for court-appointed counsel in accordance with legislation passed in 2024 ([HB 102 \(Reaser\)](#) and [SB 356 \(Perry\)](#)) ([Item 33 #3c](#))

Judiciary/Public Safety: Aid to Localities with Police Departments (“HB 599”)

- Provides an increase of \$10 million per year for the HB 599 program. ([Item 396 #1c](#))

Judiciary/Public Safety – Fire and EMS Funding

- Directs the Secretary of Public Safety and Homeland Security to assess the sufficiency of fire and emergency medical services funding in the Commonwealth. VACo is named as a participant in the stakeholder group that is directed to be convened as part of the review. Provides \$150,000 in FY 2025 for procurement of technical expertise to complete the review. ([Item 377 #1c](#))

Judiciary/Public Safety – Juvenile Justice

- Retains the provision in the introduced budget to extend the moratorium on additional state funds for construction or renovation of local or regional detention centers, group homes, or related facilities (with exceptions for emergency maintenance projects) until June 30, 2026.
- Directs the Department of Juvenile Justice (DJJ) to evaluate its rehabilitative programming to ensure programs align with evidence-based practices and that the Department has sufficient staffing to support this programming. ([Item 414 #1c](#))
- Directs the Virginia State Crime Commission to study juvenile restitution practices in Virginia. ([Item 23 #1c](#)).

Judiciary/Public Safety – Other Items

- Directs the Secretary of Public Safety to evaluate the establishment of statutory authority for local civilian-led units to handle calls for services related to minor traffic accidents and other duties as assigned. Budget language calls for VACo’s assistance in developing the report, along with the participation of VML, the Virginia Sheriffs’ Association, the Virginia Association of Chiefs of Police, and other appropriate stakeholders. ([Item 377 #2c](#))
- Authorizes the Virginia State Crime Commission to access records and facilities of state entities and political subdivisions in order to carry out its duties. ([Item 23 #3c](#))
- Provides \$46,000 in FY 2025 for the Office of the Executive Secretary of the Supreme Court to contract with the National Center for State Courts and collaborate with the Department of Behavioral Health and Developmental Services (DBHDS) to study existing statewide jail diversion programs and initiatives for individuals with a serious mental illness, and the feasibility of implementing an expedited process to divert individuals with a serious mental illness to court-supervised mental health treatment. ([Item 31 #2c](#))
- Reduces the proposed increase for specialty dockets in the introduced budget by \$750,000 in FY 2026 (leaving an increase of \$750,000 per year). ([Item 31 #3c](#))
- Captures savings from proposed closures of Department of Corrections facilities, as proposed in the introduced budget; also includes language directing the Department of Corrections to assess its use of staffing posts and facility space in light of lower inmate populations. ([Item 390 #7c](#))
- Eliminates the \$500,000 that was included in the introduced budget for Sussex County to offset costs of providing emergency medical transport for inmates at Sussex State Prison. ([Item 390 #1c](#))
- Directs the Department of Criminal Justice Services (DCJS) to convene a workgroup to make recommendations on requiring a local court-appointed special advocate program to be available in every judicial district. ([Item 394 #2c](#))

- Reduces funding for the Operation Ceasefire Grant Fund by \$7.5 million per year (leaving \$10 million per year available for use); bars funding from being provided to state agencies and bars grant funding for law enforcement equipment, with the exception of forensic and analytical equipment. ([Item 394 #6c](#), [Item 394 #5c](#))
- Reduces funding for School Resource Officer Incentive Grants by \$4.1 million in FY 2025 and \$6.8 million in FY 2026 (the introduced budget included funding levels of \$27.2 million per year for the program). Eliminates language that would have waived matching requirements in FY 2025. Explanatory information provided with the amendment indicates that this action would leave \$4.7 million available for new grants each year, as well as reflecting ongoing grant obligations, and would align with FY 2024 spending. ([Item 394 #13c](#))
- Eliminates the \$18 million in the introduced budget that was proposed as a one-time appropriation to support efforts to fill persistent vacancies in law enforcement agencies. ([Item 396 #2c](#))
- Retains the additional \$7.2 million over the biennium provided for the Victim-Witness Grant Program in the introduced budget and provides an additional \$1.3 million per year. ([Item 394 #15c](#)) Retains the additional \$3.5 million in FY 2026 provided for sexual assault crisis centers and domestic violence programs in the introduced budget and provides an additional \$2.1 million per year to return grantees to FY 2023 levels. ([Item 394 #16c](#)). Provides \$1.5 million in FY 2025 and \$2.5 million in FY 2026 for the Victim Services Grant Program to offset expected declines in federal funding. ([Item 394 #17c](#))
- Retains the additional \$2 million in FY 2025 proposed in the introduced budget for grants to combat hate crimes; adds language directing DCJS to disseminate information to stakeholders about the grant opportunity and allowing localities in partnerships with institutions or nonprofits that have been targets of hate crimes, or are at risk of being targets, to be eligible to apply (the introduced budget language limits eligibility to these institutions or nonprofits). ([Item 394 #19c](#))

Administration: Compensation Board - Constitutional Officers

- Directs the Compensation Board to report on the allocation and effectiveness of funds from 2022 to increase compensation for sworn officers in sheriffs' offices, as well as on retention for deputies with law enforcement duties compared to deputies without law enforcement duties, including information on local salary supplements. ([Item 60 #1c](#))
- Provides \$752,147 in FY 2025 and \$828,042 in FY 2026 for 18 paralegal positions in Commonwealth's Attorneys' offices. ([Item 64 #1c](#))
- Allows the Compensation Board to take into account the staffing capacity of a circuit court clerk's office when determining whether or not to withhold statewide salary increases from Circuit Court Clerks who fail to take corrective action for any internal control matters identified by the Auditor of Public Accounts. Under current budget language, the Compensation Board must withhold salary increases from a Clerk in these circumstances. ([Item 65 #1c](#))
- Extends the validity of subdivision plats that were unable to be recorded prior to the commencement of the 2020 judicial emergency to December 31, 2024. ([Item 65 #2c](#))
- Directs a study of staffing standards for Circuit Court Clerks and provides \$400,000 in FY 2025 for a contract with the National Center for State Courts for a time study as to Clerks' duties. ([Item 67 #1c](#))
- Retains provisions in the introduced budget moving \$9.4 million in projected vacancy savings in FY 2025 to a reserve fund to be used in FY 2026 to reimburse expenses incurred within established budgets for Constitutional officers if vacancy levels are reduced and vacant positions are filled.
- Retains provisions in the introduced budget providing \$159,889 per year to adjust the salaries of Constitutional officers whose localities met a population-based threshold.
- Provides \$185,234 in FY 2025 and \$1 million in FY 2026 to account for the impact of increases to the minimum wage provided in legislation that has passed the General Assembly, contingent on the legislation taking effect. Contingency language in Central Appropriations discussed in the Compensation

section above provides for bonuses for state employees and state-supported local employees in the event the minimum wage increases do not take effect. ([Item 469 #6c](#))

Administration: Compensation Board – Jails

- Transfers proposed \$500,000 in FY 2025 from opioid settlement funding for jail-based substance use treatment from the Compensation Board into the Jail-Based Substance Use Disorder Treatment and Transition Fund, which is administered by the Department of Criminal Justice Services, and increases the funding level to \$2 million. VACo supported the creation of this Fund in 2023. ([Item 60 #3c](#) and [Item 394 #11c](#))
- Retains provisions in the introduced budget capturing \$15 million per year (in FY 2024, FY 2025, and FY 2026) in per diem payment savings based on inmate population reductions and projected growth in jail populations over the next biennium.
- Retains \$32,401 in FY 2025 in the introduced budget for the state’s share of improvements to the Franklin County jail; adds language revising the process for review of local or regional jail capital projects to which the state provides funding. ([Item 385 #1c](#))

Administration: Elections

- Redirects \$2.8 million in ARPA funds to the Department of Elections to assist localities in implementing electronic pollbooks and ballot-on-demand systems. These funds were originally provided to the Department of Social Services for Medicaid eligibility redeterminations. ([Item 486 #4c in the caboose](#))
- Provides three additional days for local electoral boards to certify election results after the November 2024 election and provides that a risk-limiting audit for the Presidential election will not be conducted. ([Item 77 #2c](#))
- Provides \$200,000 in FY 2025 for the costs of a required mailing to eligible but unregistered voters, which would enable Virginia to rejoin the Electronic Registration Information Center, as required by companion bills passed this session. The Governor has vetoed one of these bills. ([Item 77 #3c](#))
- Retains proposed funding in the introduced budget for a list maintenance position (\$148,991 in FY 2025 and \$161,397 in FY 2026).

Agriculture and Forestry

- Retains proposed \$437,500 reduction to the deposit to the Farmland Preservation Fund in each year, as included in the introduced budget. Transfers the Office of Farmland Preservation from the Virginia Department of Agriculture and Consumer Services (VDACS) to the Department of Forestry. ([Item 86 #1c](#) and [Item 96 #4c](#))
- Provides for a deposit of \$1 million to the Agriculture and Forestry Industries Development Fund in FY 2025 (rather than \$2 million, as proposed in the introduced budget). ([Item 87 #1c](#))
- Eliminates the \$2 million in FY 2025 in the introduced budget that was proposed for a competitive grant program for agricultural technology research projects. ([Item 87 #2c](#))
- Provides \$250,000 in FY 2026 for the Blue Catfish Processing, Flash Freezing, and Infrastructure Grant Program to level-fund the program in the second year. ([Item 87 #3c](#))
- Provides \$292,525 per year for the cooperative agreement between VDACS and the U.S. Department of Agriculture for technical assistance to landowners with wildlife depredation under the Wildlife Damage Cooperative Program. ([Item 88 #2c](#))
- Retains the \$266,130 per year from the General Fund, along with matching non-general funds, included in the introduced budget for inspectors at slaughter and meat processing facilities. Also provides \$25,000 per year for the Virginia Verified Meat certification process established in 2024 legislation. ([Item 86 #2c](#))
- Provides \$2.5 million in FY 2025 for the Forest Sustainability Fund. ([Item 96 #5c](#))

Agriculture and Forestry/Natural and Historic Resources – Invasive Species Management

- Includes a series of amendments providing funding for invasive species management: \$485,000 per year for VDACS ([Item 88 #1c](#)); \$940,000/year for the Department of Forestry ([Item 96 #2c](#)); \$250,000 per year for the Department of Conservation and Recreation ([Item 360 #1c](#)); and \$775,000 per year for the Department of Wildlife Resources. ([Item 367 #1c](#))
- Provides \$500,000 in FY 2025 for cyanobacteria mitigation and remediation at Lake Anna and \$150,000 in FY 2025 for the Department of Environmental Quality to conduct a study of harmful algal blooms at Smith Mountain Lake. ([Item 359 #5c](#) and [Item 363 #7c](#))

Economic Development: Business Sites

- Reduces funding levels for the Virginia Business Ready Sites Program from \$150 million in FY 2025 and \$50 million in FY 2026, as proposed in the introduced budget, to \$20 million per year. ([Item 101 #1c](#))
- Adjusts eligibility criteria for the Virginia Business Ready Sites Program to allow sites of at least 50 acres to qualify (current budget language allows these sites to qualify only in certain regions), as well as sites that may be bisected by a roadway or other utility related infrastructure. ([Item 101 #8c](#) and [Item 101 #10c](#))
- Eliminates proposed \$25 million for the Business Ready Sites Acquisition Fund in FY 2025 included in the introduced budget. ([Item 101 #3c](#))

Economic Development: Inland Port

- Eliminates the proposed \$10 million in FY 2025 in the introduced budget for the development of an inland port in the Mount Rogers Planning District; provides \$2.5 million in FY 2026. ([Item 101 #11c](#))

Broadband

- Directs the Department of Housing and Community Development (DHCD) to add layers to the state's broadband map to reflect broadband availability on prime farmland and in rural areas. ([Item 103 #1c](#))
- Includes language requiring DHCD to provide a reason for a project's delay when reporting on Virginia Telecommunications Initiative (VATI) projects at risk for incompleteness or underperformance; requires quarterly (rather than annual) performance reports on VATI grant projects. ([Item 103 #8c](#))
- Provides \$10 million per year for VATI (the introduced budget proposes \$20 million in FY 2025 and no appropriation in FY 2026). ([Item 103 #12c](#))
- Provides \$30 million in FY 2025 to supplement current VATI grant projects for "make ready" costs, with funding to be awarded on a competitive basis to projects that are at risk of incompleteness by December 31, 2026. ([Item 103 #13c](#))
- Outlines a process for ARPA-funded projects that are determined by DHCD to be at risk of incompleteness; allows units of government to surrender projects, transfer projects, or redesign projects, among other options, in order to ensure that locations are available for the Broadband Equity, Access, and Deployment (BEAD) subgrantee selection process. ([Item 115 #1c in the caboose](#) and [Item 103 #14c](#))
- Outlines uses for BEAD funds. ([Item 103 #9c](#))

Housing

- Deposits an additional \$12.5 million per year to the Virginia Housing Trust Fund (the introduced budget level funds the Trust Fund at \$75 million per year). ([Item 102 #3c](#))
- Directs \$5 million in Regional Greenhouse Gas Initiative (RGGI) balances to a pilot DHCD program to assist residents of manufactured home parks or nonprofits to acquire the manufactured home parks. ([Item 102 #1c](#))

- Directs \$5 million from RGGI balances for a pilot program to provide down payment assistance. ([Item 102 #6c](#))
- Provides an additional \$150,000 per year for the Virginia Eviction Reduction Program, which provides grant funding to local and regional eviction prevention programs. ([Item 102 #4c](#))
- Provides \$675,000 per year in formula grants to Continuum of Care lead agencies to enhance capacity to serve Virginians at risk of or experiencing homelessness. ([Item 102 #7c](#))

Community Development

- Provides an additional \$525,000 per year for planning district commission operations (to provide each PDC an additional \$25,000 per year.) ([Item 103 #2c](#))
- Provides an additional \$125,000 in FY 2026 to the Virginia Coalfield Economic Development Authority for telehealth and telemedicine needs in Planning Districts 1 and 2; this action partially restores the introduced budget's action to reduce supplemental funding for the Lenowisco Planning District Commission and Cumberland Plateau Planning District Commission and redirect funds to the Virginia Coalfields Expressway Authority. ([Item 103 #4c](#))
- Maintains the introduced budget's addition of \$350,000 per year for the Center for Rural Virginia and provides an additional \$25,000 per year. ([Item 103 #6c](#))
- Requires DHCD to develop a public-facing performance dashboard for GO Virginia projects. ([Item 103 #7c](#))
- Restores \$1 million in FY 2025 to the Enterprise Zone grant program (the introduced budget proposed to reduce funding by \$1.5 million per year); adds language allowing enterprise zone real property investment grants to be used to support the inclusion of rooftop solar or solar canopies for parking lots as a component of a real property project. ([Item 104 #1c](#))
- Includes \$4 million in FY 2025 in the introduced budget for industrial site revitalization and adds \$4 million in FY 2026; earmarks \$1.5 million in FY 2025 for a project in Charles City County and \$2 million in FY 2026 for a project in the City of Danville. Authorizes funds to be used to support the inclusion of solar panels or solar canopies on parking lots as a component of a real property project. ([Item 103 #10c](#))
- Eliminates the proposed \$6 million in FY 2025 in the introduced budget for the Virginia Power Innovation Fund. ([Item 110 #1c](#))
- Directs the Department of Energy to pursue federal or other non-general funds for waste coal and garbage of bituminous coal remediation. ([Item 108 #1c](#))

Child Care/Early Childhood

- Eliminates \$24 million of the proposed \$25 million included in the introduced budget for an early learning capital incentives fund. Uses the remaining \$1 million for DHCD to enter into an MOU with Reynolds Community College to establish a child care facility for state employees. ([Item 103 #11c](#))
- Eliminates proposed digital wallet platform, capturing the associated \$1 million in funding for this initiative. ([Item 117 #4c](#))
- Retains actions in the introduced budget to maintain Child Care Subsidy and Mixed Delivery slots after the expiration of federal funding. Provides an additional \$116.7 million over the biennium beyond amounts in the introduced budget to maintain co-pay rates for the Child Care Subsidy Program and apply these rates to the Mixed Delivery Program; fund additional Child Care Subsidy Program slots; restore the traditional 20 percent nonparticipation rate for the Virginia Preschool Initiative; and maintain the 0.5000 cap on the Local Composite Index for the Virginia Preschool Initiative, for a total increase of \$527.8 million in General Fund dollars over the biennium. Consolidates all early childhood programs into one Early Childhood Care and Education section in the budget. ([Item 117 #5c](#); [Item 124 #4c](#); [Item 125 #21c](#), [Item 125.10 #1c](#))

- Specifies that any unobligated ARPA State and Local Fiscal Recovery Fund dollars as of June 30, 2024, are to be redistributed, with up to \$170 million to be used to offset General Fund support for the Child Care Subsidy Program. Requires school boards to obligate any ARPA-funded ventilation improvement grants by July 1, 2024. ([Item 472 #1c](#))

Aid to Local Public Libraries

- Provides an additional \$2.5 million per year to increase state aid to local public libraries. ([Item 227 #1c](#))

Finance – Bank Franchise Tax Electronic Filing System

- Provides \$546,540 in FY 2024 ([Item 274 #1c in the caboose](#)), \$488,494 in FY 2025, and \$76,348 in FY 2026 for the Department of Taxation to implement electronic filing for bank franchise tax returns, as required by legislation passed in 2023 ([Item 258 #3c](#)).

Finance: Local Audits

- Directs the Auditor of Public Accounts to include review of use of opioid settlement funds and compliance with Opioid Abatement Authority guidelines, procedures, and criteria as part of annual local audit specifications for local auditors. ([Item 2 #1c in the caboose](#); [Item 2 #2c in biennium](#))
- Eliminates current language requiring each locality establishing a utility or enacting a system of service charges to support a local stormwater management program to report to the Auditor of Public Accounts annually on each program funded by the fees and the expected nutrient and sediment reductions for each program. ([Item 2 #3c](#))

HHR: Children’s Services Act

- Maintains funding in the introduced budget for the Children’s Services Act forecast (\$48.5 million per year), as well as \$1.2 million per year in anticipated costs of services provided to children served through the kinship care and parental agreement program established in 2024 legislation.

HHR: Health

- Retains provisions in the introduced budget exempting the Office of Emergency Medical Services from making an otherwise required transfer of \$12.5 million to the General Fund in FY 2024 or FY 2025.
- Extends the Joint Subcommittee to Examine the Commonwealth’s Pandemic Response until December 1, 2024. ([Item 6 #1c](#))
- Provides \$405,260 per year to create a statewide registry of sickle cell disease patients in accordance with 2024 legislation ([Item 277 #1c](#)); provides \$145,000 per year to increase access to pediatric treatment for sickle cell disease ([Item 277 #2c](#)); and provides \$75,000 per year to increase access to treatment for adults with sickle cell disease, with this funding intended to allow expansion of services in the Tidewater area. ([Item 277 #3c](#))
- Includes \$3.2 million per year to support Community Health Worker positions in local health districts, with priority to be given to districts serving localities with the highest rates of maternal mortality. ([Item 278 #1c](#))
- Provides an additional \$171,120 per year for rent costs for increases in rent costs for local health departments. ([Item 278 #2c](#))
- Provides an additional \$1.3 million per year for the Virginia Health Workforce Development Authority to support the Area Health Education Center Programs and health workforce responsibilities of the Authority, pursuant to legislation passed by the 2024 General Assembly. ([Item 279 #5c](#))
- Includes \$500,000 for the Virginia Department of Health (VDH) to conduct a cost analysis of implementing pending federal Per- and Polyfluorinated Substances (PFAS) regulations for Virginia local

water systems pending federal Environmental Protection Agency Copper Rules for water system lead service lines. ([Item 280 #1c](#))

- Directs VDH to review the financial and operational status of each program area within the agency, to include budget, fiscal, procurement, human resources, and grant management functions, and directs a quarterly review of each program area to ensure that projected spending is in line with appropriations. ([Item 283 #1c](#)) Also directs VDH to inventory all fees collected by the agency and report on whether the fee is sufficient to cover the costs of the activity for which it is collected and recommend an appropriate fee amount. ([Item 283 #2c](#))
- Includes \$303,650 in FY 2025 and \$648,000 in FY 2026 for costs associated with establishing the Prescription Drug Affordability Board in accordance with legislation passed by the legislature this session. ([Item 283.10 #1c](#))

HHR: Behavioral Health – Community Services Board (CSB) Oversight and Compensation

- Includes \$7.5 million per year for CSB workforce initiatives, such as paid internships, scholarships, clinical supervision hours, or loan repayment. ([Item 295 #2c](#))
- Requires the Department of Behavioral Health and Developmental Services (DBHDS) to report annually on CSBs' performance in improving consumer functioning levels. Directs DBHDS to identify documentation/reporting requirements and eliminate duplicative/conflicting ones. Directs DBHDS to review performance measures in performance contracts with CSBs and ensure they are designed to measure outcomes for each service. Stipulates that performance contracts shall also require that any funding appropriated by the General Assembly to CSBs for staff compensation shall only be used for staff compensation, and that CSBs report annually to DBHDS on any staff compensation actions taken during the prior fiscal year. Directs DMAS to review the extent to which CSBs are billing for Medicaid-eligible services and determine if technical assistance is needed. Directs DBHDS to report annually on salaries and vacancy rates across CSBs. ([Item 295 #9c](#))
- Directs the Secretary of Health and Human Resources to report on plans to implement the Certified Community Behavioral Health Clinic model in the Commonwealth. ([Item 267 #3c](#))

HHR: Behavioral Health – STEP-VA

- Directs DBHDS to report on changes to STEP-VA performance measures and benchmarks expected to be included in CSB performance contracts that will take effect July 1, 2025. ([Item 295 #3c](#))
- Directs DBHDS to conduct a needs assessment for each component of STEP-VA and estimate costs for meeting the unmet needs. ([Item 295 #6c](#))
- Provides \$4.5 million each year in additional funding for STEP-VA to address inflation and other needs. ([Item 297 #2c](#))

HHR – Behavioral Health - Crisis Services, Temporary Detention Orders, and State Facilities

- Directs the Secretary of Health and Human Resources to report on how funds appropriated during the 2023 and 2024 sessions will be expended to expand and modernize the crisis services system. ([Item 267 #2c](#))
- Eliminates proposed \$10 million in FY 2025 for comprehensive psychiatric emergency programs. ([Item 295 #1c](#))
- Retains the proposed \$10 million in FY 2025 in the introduced budget for mobile crisis teams. Also retains the proposed \$3.6 million in FY 2025 and \$4.2 million in FY 2026 proposed for crisis co-responder programs.
- Retains the proposed \$4.7 million per year in the introduced budget to expand alternative transportation and custody to individuals under involuntary commitment orders and the introduced budget's language combining funding for alternative transportation and alternative custody.

- Retains the introduced budget's proposed \$2.6 million per year for crisis training for first responders and hospital personnel.
- Reduces the \$33 million proposed in the introduced budget for crisis services by \$8 million in FY 2025 (retains the proposed \$2.6 million in FY 2026); earmarks \$2.3 million per year for the Prince William County Youth Crisis Receiving Center. [\(Item 296 #1c\)](#) Provides an additional \$2.5 million per year for CSBs to hire additional staff for crisis stabilization units with underutilized bed capacity. [\(Item 297 #5c\)](#)
- Provides an additional \$6 million per year for discharge assistance planning to increase community capacity to serve individuals on the Extraordinary Barriers List. [\(Item 296 #2c\)](#)
- Retains the provision in the introduced budget earmarking \$1.5 million per year of the existing funding for alternative options to state hospital care for a pilot program to support the discharge of private hospital patients at risk of transfer to state hospitals, as well as provisions earmarking \$5 million per year for alternative options for forensic patients.
- Retains language in the introduced budget broadening the use of funds previously provided for dementia behavioral specialists to be used for geriatric behavioral specialists, as well as provisions in the caboose and biennium budgets broadening language associated with pilot programs for individuals with dementia who may otherwise be admitted to a state facility to allow this funding to be used for geriatric individuals.
- Retains \$7.9 million per year proposed in the introduced budget for salary increases for food and environmental services staff at state hospitals, as well as \$10.4 million per year for clinical staff.
- Retains approximately \$1.5 million over the biennium in the introduced budget for partnerships between academic institutions and state hospitals and \$715,301 in FY 2025 for workforce development at state hospitals.
- Directs DBHDS to identify and develop alternative placements for youth who would otherwise be admitted to the Commonwealth Center for Children and Adolescents. This is a recommendation from JLARC's 2023 study of state psychiatric hospitals. [\(Item 301 #1c\)](#)
- Restores \$500,000 in FY 2025 for maintenance of the Central Virginia Training Center property (the introduced budget reduces funding by \$1 million per year). [\(Item 304 #1c\)](#). Allows the \$6 million appropriated in FY 2024 as an incentive for the sale of the CVTC property to be carried forward and reappropriated [\(Item 113 #3c in the caboose\)](#); provides \$200,000 in FY 2025 for a cost study of building a connector road from CVTC to Route 210. [\(Item 444 #1c\)](#)

HHR - Additional Behavioral Health Items

- Retains additional \$2.6 million per year for Early Intervention/Part C in the introduced budget.
- Provides an additional \$3 million per year for permanent supportive housing. [\(Item 297 #1c\)](#)
- Increases funding for children's mental health services by \$1.2 million per year and provides more flexibility in use of the funds. [\(Item 297 #3c\)](#)
- Provides additional \$1 million per year for the State Rental Assistance Program (which helps individuals with intellectual or developmental disabilities to live independently in the community). [\(Item 297 #4c\)](#)
- Directs \$500,000 per year in state opioid settlement funding to the Virginia Foundation for Healthy Youth for a comprehensive youth opioid prevention effort (the introduced budget provided \$4 million per year for DBHDS for this purpose). [\(Item 49 #5c\)](#)
- Directs the Secretary of Administration to conduct a needs assessment of implementing an opioid data analytics platform, to include a review of existing state software and data sets. If it is determined that such a platform is necessary and cost-effective, VITA and the Office of Data Governance and Analytics are authorized to pursue funding from the Opioid Abatement Authority. [\(Item 79 #1c\)](#)
- Retains \$1.1 million in FY 2025 and \$210,000 in FY 2026 in the introduced budget for high-intensity inpatient services for youth and adolescents with serious mental illness or substance use disorder who may otherwise require inpatient hospitalization, as well as \$400,000 in FY 2026 for clinical support to the

Chesterfield Recovery Academy. Provides \$1 million in FY 2025 and \$500,000 in FY 2026 to support recovery high schools in Loudoun County and Virginia Beach. ([Item 124 #13c](#))

- Retains proposal in the introduced budget to allocate \$5.5 million in state opioid settlement funding for the purchase and distribution of opioid reversal agents and test kits and for tracking software, and earmarks \$1 million per year of these funds for the purchase and distribution of 8 milligram naloxone nasal spray; also retains the proposed \$400,000 in state opioid settlement funding for VDH to conduct a one-year demonstration project for wastewater surveillance for fentanyl and norfentanyl in up to three geographically diverse localities. Provides \$100,000 in opioid settlement funding in FY 2026 for VDH to purchase and distribute opioid reversal agent to local school divisions. ([Item 275 #2c](#)) Dedicates \$8 million per year in state opioid settlement funding to establish a public-private partnership to manufacture opioid reversal nasal spray. ([Item 275 #3c](#))
- Provides an additional \$250,000 per year for grants to members of the Virginia Association of Recovery Residences; requires the Association to comply with agreements with DBHDS and authorizes DBHDS to initiate a bidding process to expand the buildout of recovery residences statewide. ([Item 296 #3c](#))
- Reduces the proposed expansion of the Behavioral Health Loan Repayment Program by \$750,000 per year (leaving an increase of \$4.25 million per year); eliminates proposed language earmarking \$1 million per year for school-based providers; restores language requiring a two-year commitment (rather than three years, as proposed in the introduced budget); adds child and adolescent psychiatry fellows to the list of eligible practitioners, as well as certain other behavioral health providers; and adds academic medical centers as an eligible practice site. ([Item 271 #1c](#))

HHR – Medicaid

- Maintains the approximately \$745 million over the biennium required to fund the Medicaid and children's health insurance forecast. Provides approximately \$484 million over the biennium for the Virginia Health Care Fund (which is used as part of the state's Medicaid match) to offset revenue declines; this funding includes \$24.2 million in newly-recognized revenue from an increase to the tax on liquid nicotine in the conference report ([Item 288 #8c](#)). Sets aside \$150 million in FY 2025 as contingency funding for higher-than-expected enrollment in Medicaid ([Item 288 #13c](#))
- Phases in the additional Medicaid waiver slots proposed in the introduced budget on a quarterly basis, and provides a 3 percent rate increase in each year for certain developmental disability waiver services. ([Item 288 #14c](#))
- Directs DMAS to inventory all proposed changes to the state's managed care contract to be included in the procurement, to include any fiscal impact, and report to the money committee chairs, among others, by June 1, 2024. ([Item 304 #1c in the caboose](#)). Modifies language in the introduced budget setting out certain requirements for the procured managed care contracts to require legislative approval of certain initiatives. ([Item 288 #10c](#))
- Adds language defining public entities that are able to transfer funds to DMAS to cover the non-federal share of Medicaid matching dollars for supplemental payments to private acute care hospitals; this definition includes local governments. ([Item 288 #2c](#))
- Provides \$1.9 million GF per year to allow local government-owned nursing facilities to draw down additional Medicaid payments. ([Item 288 #17c](#))
- Sets out the methodology for inflation adjustments for Psychiatric Residential Treatment Facilities ([Item 288 #18c](#)).
- Provides \$206,889 GF in FY 2025 and \$3.1 million GF in FY 2026 for DMAS to contract with a vendor to assist in timely and accurate Medicaid eligibility determinations and redeterminations ([Item 292 #5c](#)). Provides \$500,000 GF in FY 2025 for a consultant to evaluate the Medicaid eligibility determination process in Virginia. ([Item 292 #7c](#)) Extends the deadline for the Department of Social Services to expend ARPA funds for redetermination efforts from 12 to 17 months following the end of the federal continuous coverage requirement ([Item 486.10 #1c –caboose](#)).

- Provides \$2.1 million GF in FY 2025 and \$4.1 million GF in FY 2026 for DMAS to contract with a vendor to handle incoming mail directed to local departments of social services, including Medicaid benefit applications and renewal notices. ([Item 292 #6c](#))

HHR – Social Services

- Clarifies that local administrative costs for the Percentage of Income Payment Program (PIPP) are to be reimbursed from the PIPP Fund; VACo worked with advocacy partners to request this clarification so that a local match would not be required for this program, which is funded by utility ratepayers ([Item 340 #1c in the caboose](#) and [Item 324 #5c](#)).
- Provides \$844, 524 GF in FY 2025 and \$2.2 million GF in FY 2026 for a centralized training academy model for local departments of social services ([Item 324 #2c](#)).
- Provides \$3.5 million in FY 2025 and \$350,000 in FY 2026 to replace CommonHelp and VaCMS (the state’s public-facing and internal systems used for benefits eligibility) ([Item 334 #2c](#)).
- Retains several actions in the introduced budget to address concerns about structural balance in the state’s Temporary Assistance to Needy Families (TANF) block grant, including replacing \$4 million in TANF dollars with a like amount from the general fund for long-acting reversible contraceptives in FY 2026; replacing \$2.4 million per year in TANF dollars for Families Forward with a like amount from the general fund; replacing \$1 million per year in TANF dollars for Resource Mothers with a like amount from the general fund; replacing \$600,000 per year in TANF support for Early Impact Virginia with a like amount of General Fund support; replacing \$9 million from TANF for Community Employment and Training programs with a like amount of General Fund support in FY 2026, and removing TANF support for three nonprofits (Family Restoration Services in Hampton, Portsmouth Volunteers for the Homeless, and Menchville House). The conference report provides an additional \$1.1 million in TANF funding for the Two-Generation/whole Family Pilot Project in FY 2026 (the introduced budget proposed to end the program after FY 2025) ([Item 331 #8c](#)).
- Adjusts funding provided in the introduced budget for kinship care initiatives based on the provisions of the legislation that passed in 2024 and provides an additional \$1 million per year for relative maintenance payments, for a total of \$8.5 million in FY 2025 and \$8.4 million in FY 2026. ([Item 324 #3c](#), [Item 324 #4c](#), and [Item 329 #1c](#))
- Retains the \$5.4 million over the biennium included in the introduced budget for administrative costs for the new permanent summer Electronic Benefits Transfer program for children.
- Retains funding in the introduced budget to provide background checks for all local departments of social services employees, contractors, and candidates for employment so that the federal Income Eligibility Verification System can be used to determine Temporary Assistance for Needy Families program eligibility.

Labor – Virginia Employment Commission (VEC)

- Revises language in the introduced budget directing the VEC to promulgate regulations to establish an administrative fee to instead set an administrative fee of .05 percent of taxable wages and reduce employer tax rates accordingly. ([Item 356 #3c](#))
- Authorizes a Treasury loan for the VEC for the start-up costs associated with the implementation of a paid family and medical leave program as contemplated in legislation that has passed the General Assembly. ([Item 356 #4c](#)) Directs the VEC to update its 2021 study on paid family and medical leave to assess the budgetary impacts of expanding benefits to state employees, Constitutional officers and their employees, and school division employees ([Item 471 #1c](#))

Labor – Workers Compensation

- Directs the Department of Human Resource Management to gather data from localities concerning Workers Compensation claims regarding post-traumatic stress disorder, anxiety disorder, or depressive disorder incurred by law-enforcement officers and firefighters ([Item 74 #1c](#)).

Natural and Historic Resources – Water Quality

- Retains \$201 million deposit to the Water Quality Improvement Fund for nonpoint source pollution programs, including Agriculture BMPs and related technical assistance, in the introduced budget.
- Provides \$200 million GF in FY 2025 and \$200 million in bond proceeds in FY 2026 to advance mandated and other water treatment facility projects in support of the Virginia Watershed Implementation Plan (Phase III) and 2025 Chesapeake Bay TMDL goals. This funding was a top budget priority for VACo. ([Item C-53.50 #1c](#))
- Stipulates that any ARPA State and Local Fiscal Recovery Fund dollars returned after the first \$170 million (which is to be used to supplement Child Care Subsidy Funding), and any amounts returned from broadband deployment projects funded by the ARPA Capital Projects Fund, are to be used to offset the FY 2026 bond authorization. ([Item 486 #2c – caboose](#) and [Item 472 #1c](#))
- Allows flexibility in the use of ARPA funding for wastewater projects so that funds provided to individual facilities listed in the Enhanced Nutrient Removal Certainty Program may be used to reimburse such facilities for costs incurred for nutrient removal and other wastewater treatment facility improvements approved by the Department of Environmental Quality as within the allowed scope of wastewater infrastructure projects ([Item 486 #3c - caboose](#)).
- Eliminates language in the introduced budget which would have removed the requirement that 15 percent of mandatory Water Quality Improvement Fund (WQIF) deposits be directed to the WQIF Reserve if the balance of the Reserve exceeds \$100.0 million. Conference report language would require the deposit to be made unless otherwise specified. ([Item 358 #1c](#))
- Restores the \$1 million per year proposed to be reduced in the introduced budget for the WQIF Reserve from watercraft fuel sales taxes. ([Item 359 #14c](#))
- Provides \$20 million in FY 2025 for a pay-for-outcomes pilot program for nonpoint source pollution reduction in the Chesapeake Bay watershed. ([Item 365 #1c](#))
- Provides \$380,160 per year for PFAS monitoring and reporting. ([Item 363 #4c](#))

Natural and Historic Resources – Other Items

- Retains \$100 million in FY 2025 in the introduced budget for the Community Flood Preparedness Fund.
- Eliminates the additional \$25 million in FY 2025 for the Resilient Virginia Revolving Loan Fund proposed in the introduced budget. ([Item 359 #2c](#))
- Provides \$750,000 per year to establish a mitigation trading platform and wetland in-lieu fee mitigation program. ([Item 363 #2c](#))
- Provides \$10 million in FY 2025 to establish the Virginia Clean Energy Innovation Bank to finance climate initiatives. ([Item 471 #3c](#))
- Reduces proposed support for the Coastal Storm Risk Management Project in the City of Norfolk by \$48.9 million (leaving a balance of \$25 million to support the project). Captures \$8.5 million in FY 2025 from the proposed Bristol landfill remediation project (leaving \$26.5 million). ([Item 359 #6c](#) and [Item 365 #3c](#))
- Requires the Commonwealth to rejoin the Regional Greenhouse Gas Initiative (RGGI). ([Item 381 #1c – caboose](#)) and [Item 366 #1c](#))
- Reduces proposed grant program for capital improvements at historic sites for the semiquincentennial celebration by \$15 million (leaving \$20 million for the program). ([Item 371 #14c](#))

Transportation – Washington Metropolitan Area Transit Authority (WMATA)

- Provides \$65 million in FY 2025 and \$84.5 million in FY 2026 for WMATA; suspends the statutory cap on growth in the annual Virginia operating assistance for WMATA; directs WMATA to complete a comparison of its total costs and overhead costs against the cost of similar transit systems. ([Item 433 #2c](#))
- Provides \$25,000 in FY 2025 for a legislative joint subcommittee to study long-term, sustainable, dedicated funding and cost-containment controls and strategies to ensure WMATA and other Northern Virginia transit systems meet the growing needs of public transit in the region. ([Item 1 #6c](#))

Transportation – I-81

- Modifies language in the introduced budget related to the \$70 million GF proposed for the I-81 Corridor Improvement program to allow for the widening of both the northbound and southbound lanes to happen concurrently. ([Item 438 #4c](#))
- Allows projects in the I-81 Corridor Improvement Program to move forward even if all of the funding is not included for the completion of the project in the six-year improvement plan. ([Item 438 #3c](#))
- Earmarks up to an additional \$175 million from revenue surpluses in FY 2024, FY 2025, and FY 2026 for the I-81 Corridor Improvement Program (after deposits to the Rainy Day Fund and Water Quality Improvement Fund). ([Item 470 #1c](#))

Transportation – Other Items

- Authorizes the Potomac and Rappahannock Transportation District Commission to enter into contracts and agreements with adjacent localities and planning districts to promote commuter transit services within the region. ([Item 433 #1c](#))
- Eliminates proposed \$20 million GF deposit into the Transportation Partnership Opportunity Fund (TPOF) in FY 2025. ([Item 438 #1c](#))
- Revises proposed deposit of at least \$200 million to TPOF in the next Six-Year Financial Plan to allow instead up to \$90 million to be provided, with no more than \$15 million in any individual year, and requiring approval from the Major Employment and Investment Project Approval Commission for use of TPOF in excess of \$20 million for any one project or \$50 million in cumulative use over the biennium. ([Item 438 #2c](#))
- Provides \$77 million in FY 2025 and \$24 million in FY 2026 from the general fund for additional toll relief to eligible drivers in certain localities who earn less than \$50,000 per year. ([Item 441 #1c](#))
- Provides \$7.5 million in FY 2025 for certain municipal dredging projects and modifies language specifying eligibility for funding from the Virginia Waterway Maintenance Fund. ([Item 451 #2c](#) and [Item 451 #1c](#))
- Retains \$350,000 included in the introduced budget to study the implementation of emerging technologies in aviation, and provides \$1 million from the Commonwealth's Development Opportunity Fund in FY 2025 to support an Advanced Air Aviation Test Site. ([Item 422 #1c](#))

Arena

- Removes language in the introduced caboose bill creating the Virginia Sports and Entertainment Authority. ([Item 4-14 #1c in the caboose](#))
- Eliminates proposed \$500,000 in FY 2025 for developing relevant capabilities, conducting planning, and evaluating potential economic incentives for attracting sports teams to the state. ([Item 471 #9c](#))

Tax policy

- Clarifies that the Virginia Housing Opportunity Tax Credit expires at the end of 2025. ([Item 3-5.14 #1c in the caboose](#) and [Item 3-5.13 #1c](#))

- Eliminates proposal to double the dealer discount for merchants collecting and remitting sales and use taxes. ([Item 3-5.06 #1c](#))
- Increases the individual taxpayer cap on the Historic Rehabilitation Tax Credit from \$5 million to \$7.5 million. ([Item 3-5.17 #1c](#))
- Increases the tobacco products tax on liquid nicotine from \$0.066 per milliliter to \$0.11 per milliliter and incorporates language defining certain heated tobacco products as cigarettes to parallel legislation passed this session. ([Item 3-5.9 #1c](#)) The conference report also provides \$403,000 in FY 2025 and \$297,000 in FY 2026 for the Department of Taxation to implement the heated tobacco products legislation. ([Item 258 #5c](#))
- Restores the per-taxpayer cap of \$20,000 for the Land Preservation Tax Credit. ([Item 3-5.22 #1c](#))
- Extends the sunset date for the sales and use tax exemption for certain equipment used for the extraction and processing of natural gas or oil until July 1, 2025. ([Item 3-5.22 #1c](#))
- Retains language extending provisions of 2019 legislation increasing Education Improvement Scholarship amounts for certain students and broadening the definition of disability to January 1, 2028.
- Eliminates proposal to increase the cap on the Education Improvement Scholarship Tax Credit from \$25 to \$30 million. ([Item 4-14 #1c](#))
- Retains language stating that in any pending or future administrative or judicial proceeding in which the validity of a tax assessment is an issue, the participation of the Department of Taxation is to be considered a collection effort; also retains language stipulating that this provision is declarative of existing law.
- Eliminates proposed reduction to income tax rates. ([Item 4-14 #1c](#))
- Eliminates proposed increase to sales tax rate. ([Item 4-14 #1c](#))
- Revises the proposed sales tax base expansion to digital goods and services to include certain business-to-business transactions and to stipulate the tax treatment of bundled transactions. Amends the Communications Sales and Use Tax statute to address bundled transactions as well. ([Item 4-14 #1c](#))
- Eliminates proposed increase to the Earned Income Tax Credit. ([Item 4-14 #1c](#))

Reserves

- Transfers the same total amount of funds from the Revenue Reserve Fund over the biennium, but divides the withdrawal more evenly between the two years (the conference report provides for a withdrawal of \$405 million in FY 2025 and \$400 million in FY 2026; the introduced budget proposes to transfer \$712.2 million in FY 2025 and \$92.8 million in FY 2026). The conference report increases the combined limit on balances in the state's reserves from 15 percent (as in statute) to 16.5 percent in FY 2025 and 15.5 percent in FY 2026. ([Item 3-1.01 #4c](#))

Establishment of Independent Agencies

- Establishes the Department of General Services as an independent agency. ([Item 68 #1c](#), [Item 69 #1c](#), [Item 70 #2c](#), [Item 71 #1c](#), [Item 72 #1c](#), [Item 73 #1c](#) and [Item 474.30 #1c](#), [Item 474.70 #1](#), [Item 474.50 #1c](#), [Item 474.60 #1c](#), [Item 474.70 #1c](#), [Item 474.80 #1c](#))
- Establishes the Alcoholic Beverage Control Authority as an independent agency. ([Item 380 #1c](#), [Item 381 #1c](#), and [Item 489.10 #1c](#), [Item 489.10 #2c](#))
- Establishes the Opioid Abatement Authority as an independent agency. ([Item 489.10 #4c](#))
- Establishes the Cannabis Control Authority as an independent agency. ([Item 382 #1c](#) and [Item 489.10 #3c](#))