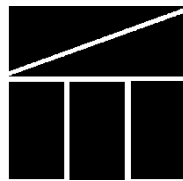


Governor Northam's Proposed Amendments to FY 2022 of the 2020-2022 Biennial Budget and the Proposed Biennial Budget for the 2022-2024 Biennium

*A briefing for the Joint Meeting of the Senate Finance and Appropriations Committee,
House Appropriations Committee, and the House Finance Committee*

December 16, 2021



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HB/SB 29 – The “Caboose” Budget

Overview of Available Resources
for FY 2022

The current budget, Chapter 552, included a planned carryover balance from FY 2021 to FY 2022 of \$1.89 billion, which is the starting point

Chapter 552, 2021 Acts of Assembly, Special Session I General Fund Only

	FY 2021	FY 2022
General Fund Resources		
Prior Year Balance	\$2,874.1	→ \$1,889.6
Adjustments to Balance	(1,278.6)	29.9
Revenue Forecast	22,320.8	22,899.1
Revenue Stabilization Fund	0.0	0.0
Transfers	695.5	682.4
Total GF Resources	\$24,611.8	\$25,501.0
General Fund Appropriations		
Operating	\$22,720.5	\$25,256.0
Capital	1.8	\$236.9
Total GF Appropriations	\$22,722.3	\$25,492.9
General Fund Balance at Year-End	\$1,889.6	\$8.1

*Amounts shown in millions

FY 2021 concluded with an unrestricted year-end balance of \$5.7 billion

- The unrestricted cash balance reported by the State Comptroller represents the cash after accounting for liabilities and setting aside the balances for the restricted funds, including the Revenue Stabilization Fund, the Lottery Proceeds Fund, and the Water Supply Assistance Grant Fund.
- This balance includes:
 - *a revenue and transfer surplus of \$2.6 billion*
 - *deposits to the revenue reserve fund of \$855.8 million*
 - *unexpended general fund operating appropriations of \$868.2 million*
 - *unexpended general fund capital appropriations of \$7.9 million*
 - *other cash on deposit in the Treasury that is counted as general fund cash according to GASB standards*
- This unrestricted general fund cash balance as of June 30, 2021, replaces the FY 2022 beginning balance of \$1.9 billion previously anticipated in CH 552 for an increase of approximately \$3.8 billion.

**The FY 2022
beginning
balance must be
adjusted before
determining the
amounts
available for
appropriation**

Current Adjustments per CH 552	\$29.9
<u>New Adjustments to Balance</u>	
Committed Fund Balance:	
Reappropriation of 2021 Unexpended Balances for Capital Outlay and Restoration Projects	(8.4)
Virginia Health Care Fund	(92.5)
Central Capital Planning Fund	(5.0)
Communication Sales and Use Tax	(28.9)
Commonwealth's Development Opportunity Fund	(58.8)
Natural Disaster Sum Sufficient	(14.2)
Amount Required for Mandatory Reappropriation	(525.9)
Virginia Water Quality Improvement Fund	(90.5)
Virginia Water Quality Improvement Fund - Part A 2021	(255.8)
Virginia Water Quality Improvement Fund - Part B 2020	(30.4)
Virginia Water Quality Improvement Fund - Part B 2021	(57.2)
Revenue Reserve Fund	(855.8)
Taxpayer Relief Fund	(0.1)
Local Government Fiscal Distress	(0.8)
Commonwealth Transportation Fund	(115.8)
Nonrecurring Expenditures	(57.9)
Other Committed Nongeneral Funds	(271.5)
Assigned Fund Balance:	
Amount Required for Discretionary Reappropriations	(341.6)
Amount for Potential Super Deposit to Revenue Stabilization Fund	(563.9)
Amount for Replace Public Sector Revenue	(221.6)
Amount to Continue ARPA Initiatives	(170.1)
Other Assigned Nongeneral Funds	(65.8)
Additional Adjustments:	
Revert FY 2021 Unexpended Discretionary Balances	256.8
Appropriate Voluntary Deposit to Revenue Reserve Fund	563.9
Appropriate Commonwealth Transportation Fund	115.8
Appropriate Nonrecurring Expenditures	57.9
Appropriate Dept of Corrections Agribusiness proceeds (Sec 4-1.04 b.)	(0.4)
Revert Criminal Fund Balances	33.0
Sum Sufficient for Local Distributions (DOA Transfer Payments)	(1.4)
Restore Amount to Continue ARPA Initiatives	170.1
Subtotal of New Adjustments	(\$2,636.5)
TOTAL Adjustments to Balance	(\$2,606.7)

*Amounts shown in millions

Total changes to resources provide a net increase of \$4.3 billion in new funds available for spending

<u>RESOURCES</u>	FY 2022
Revenue Forecast - CH 552, 2021 Acts of Assembly	
Prior Year Balance	\$1,889.6
Additions to Balance	29.9
Revenue Forecast	22,899.1
Revenue Stabilization Fund	0.0
Transfers	682.4
Total GF Resources	\$25,501.0
Revisions to Forecast	
Prior Year Balance	\$3,832.2
Additions to Balance	(2,636.5)
Revenue Forecast with policy adjustments	3,032.6
Revenue Stabilization Fund	0.0
Transfers	66.2
Total Revisions	\$4,294.4
Revised Revenue Forecast	
Prior Year Balance	\$5,721.8
Additions to Balance	(2,606.7)
Revenue Forecast	25,931.7
Revenue Stabilization Fund	0.0
Transfers	748.6
Total GF Resources	\$29,795.4

*Amounts shown in millions

HB/SB 29 – The “Caboose” Budget

Summary of Proposed
Spending Changes
for FY 2022

The proposed caboose budget contains 48 individual amendments that result in a net decrease in general fund spending of \$75.8 million in FY 2022

- 33 amendments increase general fund spending by \$1.1 billion
 - *Examples of the largest increases are:*
 - ❖ \$563.9 million for a voluntary deposit to the Revenue Reserve
 - ❖ \$150.0 million for the Virginia Business-Ready Sites Program
 - ❖ \$115.8 million from the year-end surpluses dedicated to transportation
 - ❖ \$91.3 million for increased sales tax revenue dedicated to public education
- 15 amendments decrease spending by \$1.2 billion
 - *Some of the largest decreases are in the Medicaid program:*
 - ❖ \$653.7 million for Medicaid utilization and inflation
 - ❖ \$132.8 million in Health Care Fund revenues that offset general fund Medicaid costs
- The result is a net decrease in operating spending of \$75.8 million compared to Chapter 552.

After adjusting for all resource and spending changes, the Caboose bill produces a \$4.2 billion balance that rolls to the 2022-2024 biennium

<u>Revised Resource Forecast</u>	FY 2022
Prior Year Balance	\$5,721.8
Additions to Balance	(2,606.7)
Revenue Forecast	25,931.7
Revenue Stabilization Fund	0.0
Transfers	748.6
Total GF Resources	<u>\$29,795.4</u>
<u>Expenditures</u>	
Current Operating	\$25,256.0
Current Capital	236.9
CH 552 Base	<u>\$25,492.9</u>
<u>Proposed New Spending</u>	
New Operating	(\$75.8)
New Capital	211.4
Subtotal of Proposed New Spending	<u>\$135.6</u>
Revised Spending Proposed in HB/SB 29	<u><u>\$25,628.5</u></u>
Unexpended Balance in HB/SB 29	\$4,166.9

*Amounts shown in millions

HB/SB 30
The 2022-2024
Biennial Budget

Overview of Available Resources

Virginia will have significant resources to address high priority spending requirements

	FY 2023	FY 2024
<u>BASE RESOURCES</u>		
Prior Year Balance	\$0.0	\$0.0
Additions to Balance	(0.5)	(0.5)
Revenue	22,899.1	22,899.1
Revenue Stabilization Fund	0.0	0.0
Transfers	682.4	682.4
Total GF Resources	<u>\$23,581.1</u>	<u>\$23,581.1</u>
Revisions - GACRE forecast plus policy changes		
Prior Year Balance	\$4,166.9	\$0.0
Additions to Balance (2021 Rev. Stab. Fund & Water Quality)	1,440.7	0.0
Revenue Forecast with policy adjustments	2,887.6	5,178.3
Revenue Stabilization Fund	0.0	0.0
Transfers	44.0	61.6
Total Revisions	<u>\$8,539.3</u>	<u>\$5,239.9</u>
<u>Revised Resource Forecast</u>		
Prior Year Balance	\$4,166.9	\$0.0
Additions to Balance	1,440.2	(0.5)
Revenue Forecast	25,786.7	28,077.4
Revenue Stabilization Fund	0.0	0.0
Transfers	726.4	744.0
Total GF Resources	<u>\$32,120.3</u>	<u>\$28,820.9</u>

*Amounts shown in millions

HB/SB 30
The 2022-2024
Biennial Budget

Summary of Proposed
Spending Changes

Key features of the introduced budget

- Strengthens fiscal integrity
 - *increases reserve balances*
 - two new deposits totaling \$1.7 billion
 - combined reserve balances will be nearly **\$3.9 billion by the end of FY 2023**
 - *maintains fiscal liquidity*
 - the unappropriated balance is \$4.2 billion in FY 2022, \$269.1 million in FY 2023, and \$149.4 million in FY 2024
 - puts “Tools-in-the-Toolbox” and provides multiple off-ramps to gain additional liquidity during course of biennium – e.g. cancel voluntary deposit to VRS system, revert capital projects from cash to bonds, swap general fund payments for teacher retirement to Literary Fund
 - *maintains structural balance*
 - revenue base exceeds expenditure base by \$690.3 million in FY 2024, the base going forward
- Invests in public workforce with broad compensation increases totaling more than \$1.9 billion
 - *five percent increase each year for all state and state-supported local employees including teachers*
 - *additional increases targeted at mental health and public safety positions*
- Funds mandates, commitments, and core services
 - *Continues investments in education, healthcare, mental health services, housing assistance, water quality, and outdoor recreation*

After adjusting for technical revisions to base appropriations, changes in operating costs increase net general fund spending by \$9.7 billion

- 610 amendments totaling \$10.5 billion increase general fund spending.
 - *Examples include:*
 - Compensation increases for teachers, state employees, and state-supported local employees
 - Deposits to the Revenue Stabilization Fund
 - Deposits to the Virginia Retirement System
 - Updates to K12 education for Standards of Quality re-benchmarking and enrollment increases
 - Updates to Medicaid utilization and inflation
 - School construction
 - Behavioral health and disabilities
 - Continued investments in higher education
- 32 amendments totaling \$850.6 million decrease general fund spending.
 - *Examples include:*
 - Adjustments to remove one-time spending items not previously removed as base adjustments
 - Savings in the general fund costs of Medicaid due to increased Health Care fund revenue
 - Savings in the general fund costs of K12 education due to increased Lottery Proceeds revenue

The net general fund impact is an overall increase in operating spending of \$9.7 billion for the biennium after adjusting the base.

The top 10 agencies receive 83.9 percent of the recommended new funding

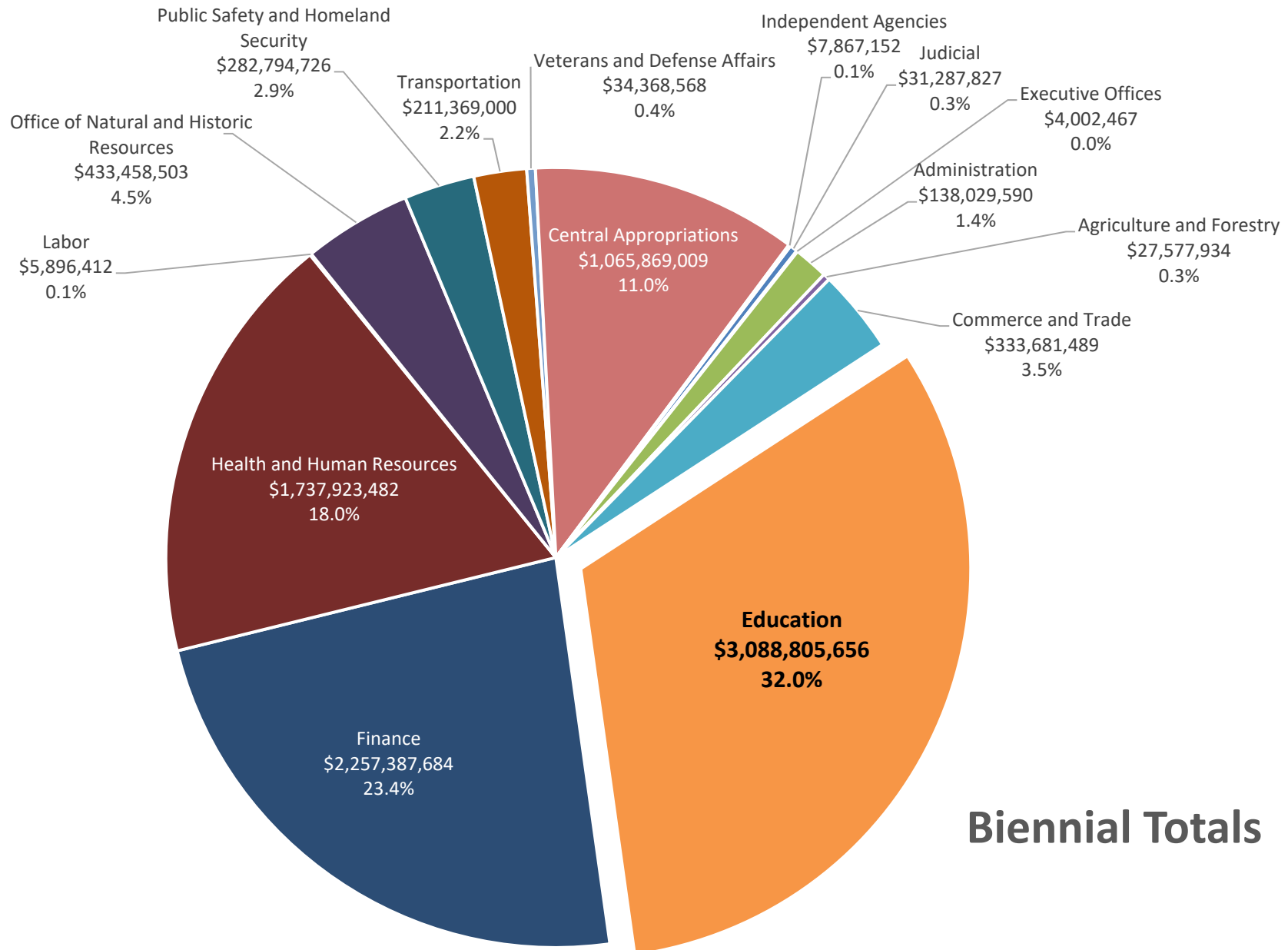
Agency Title	FY 2023	FY 2024	Biennial Total	% of Total
197: Direct Aid to Public Education	1,350,584,480	1,057,775,524	2,408,360,004	24.9%
162: Department of Accounts Transfer Payments	2,053,216,028	1,485,000	2,054,701,028	21.3%
602: Department of Medical Assistance Services	504,999,226	794,623,070	1,299,622,296	13.5%
995: Central Appropriations	333,325,892	732,543,117	1,065,869,009	11.0%
199: Department of Conservation and Recreation	359,459,884	31,317,827	390,777,711	4.0%
165: Department of Housing and Community Development	84,971,428	125,971,428	210,942,856	2.2%
501: Department of Transportation	207,369,000	-	207,369,000	2.1%
155: Treasury Board	59,990,289	131,348,506	191,338,795	2.0%
799: Department of Corrections	69,368,501	72,542,040	141,910,541	1.5%
260: Virginia Community College System	59,434,084	69,936,082	129,370,166	1.3%
Subtotal of Top 10 Agencies	5,082,718,812	3,017,542,594	8,100,261,406	83.9%
Subtotal of Remaining Agencies	688,605,932	871,452,161	1,560,058,093	16.1%
Grand Total of All Agencies	5,771,324,744	3,888,994,755	9,660,319,499	100.0%

The top 10 spending amendments account for 64.4 percent of the total increased cost

Agency	Title	FY 2023	FY 2024	Biennial Total	% of Total
162: Department of Accounts Transfer Payments	Appropriate mandatory Revenue Stabilization Fund deposit	\$1,127,733,028	\$0	\$1,127,733,028	11.7%
162: Department of Accounts Transfer Payments	Provide a payment to the Virginia Retirement System to reduce unfunded liabilities	\$923,998,000	\$0	\$923,998,000	9.6%
602: Department of Medical Assistance Services	Fund Medicaid utilization and inflation	\$291,278,394	\$529,911,804	\$821,190,198	8.5%
995: Central Appropriations	Increase salaries for state employees and state-supported local employees	\$264,528,636	\$542,265,797	\$806,794,433	8.4%
197: Direct Aid to Public Education	Increase salaries for funded Standards of Quality instructional and support positions	\$245,546,121	\$505,476,568	\$751,022,689	7.8%
197: Direct Aid to Public Education	Fund school construction and modernization	\$500,000,000	\$0	\$500,000,000	5.2%
197: Direct Aid to Public Education	Hold school divisions harmless for rebenchmarking data affected by COVID-19	\$177,079,892	\$177,441,317	\$354,521,209	3.7%
197: Direct Aid to Public Education	Rebenchmark the cost of Direct Aid to Public Education	\$154,096,013	\$177,527,685	\$331,623,698	3.4%
199: Department of Conservation and Recreation	Appropriate the Water Quality Improvement Fund mandatory deposit	\$313,013,000	\$0	\$313,013,000	3.2%
602: Department of Medical Assistance Services	Increase reimbursement rates for developmental disability waiver services	\$137,130,639	\$157,076,913	\$294,207,552	3.0%
Subtotal of Top 10 Spending Amendments		\$4,134,403,723	\$2,089,700,084	\$6,224,103,807	64.4%
Subtotal of Remaining Spending Amendments		\$1,636,921,021	\$1,799,294,671	\$3,436,215,692	35.6%
Grand Total of All Policy-Based Spending Amendments		\$5,771,324,744	\$3,888,994,755	\$9,660,319,499	100%

NOTE: Unless noted, these amendments reflect discrete changes and may need to be read with other amendments to obtain a comprehensive result.

Education dominates new spending at 32.0% of total



Education – a net general fund increase of \$3.1 billion for the biennium, 32.0% of the total net new spending

- \$2.43 billion in additional support for preK-12 education in Virginia.
 - \$2.4 billion for Direct Aid to Public Education
 - \$25.5 million for the Department of Education, Central Office
 - \$0.6 million for the Virginia School for the Deaf and the Blind
- \$638.7 million in additional support for higher education in Virginia, including funding for the State Council of Higher Education for Virginia, higher education centers, and Eastern Virginia Medical School.
- \$15.6 million in additional support for other education in Virginia.

preK-12 Public Education – a net general fund increase of \$2.4 billion for the biennium

The top 5 amendments total \$2.2 billion for the biennium or 90.8% of the total net new spending in preK-12 public education:

- \$751.0 million to provide a 5.0% salary increase in FY 2023 and an additional 5.0% salary increase in FY 2024 for funded SOQ instructional and support positions.
- \$500.0 million to support school construction, renovations, and modernization.
- \$354.5 million to provide hold harmless payments to school divisions for base year rebenchmarking data affected by COVID-19.
- \$331.6 million to update the state cost of rebenchmarking Direct Aid to Public Education for the 2022-2024 biennium.
- \$273.3 million to update sales tax revenues for public education based on the Department of Taxation's latest forecast.

The remaining amendments in preK-12 public education total \$224.0 million.

Higher Education programs – a net general fund increase of \$638.7 million for the biennium

The top 5 amendments, including some that provide across-the-board funding, total \$459.9 million for the biennium or 72.0% of the total net new spending in higher education:

- \$194.0 million to continue and increase funding for affordable access at public institutions.
- \$166.8 million for undergraduate student financial assistance at public institutions.
- \$39.7 million to increase state funding for ultrasound and cancer research at public institutions.
- \$38.0 million to increase the capacity, quality, and responsiveness of G3 programs at community colleges.
- \$21.4 million to increase the Tuition Assistance Grant to \$5,000 by FY2024 for students pursuing undergraduate degrees on campus at private institutions of higher education.

The remaining amendments in higher education provide a total increase in spending of \$178.8 million.

Administration – a net general fund increase of \$138.0 million for the biennium, 1.4% of the total net new spending

The top 5 amendments total \$137.6 million for the biennium or 99.7% of the total net new spending in Administration:

- \$74.0 million to raise the entry level salary to \$42,000 for sworn sheriffs' deputies and regional jail officers.
- \$37.7 million to fund 249 behavioral health case managers in jails to provide baseline staffing for mental and behavioral health services to meet the new standards set by the Board of Local and Regional Jails. Includes funding for 253 partially-funded medical and treatment positions under the Compensation Board staffing standards.
- \$15.5 million to provide a \$100 salary compression increase for each full year of service for sworn personnel funded through the Compensation Board who have three or more years of continuous public service, up to thirty years.
- \$5.7 million to annualize the five percent salary increase for state-supported local employees that was approved by the 2021 General Assembly, Special Session I.
- \$4.7 million for seven new scientists to expand bioinformatics and sequencing support and capabilities for pathogen surveillance in the Department of General Services.

The remaining amendments in Administration total \$380,961.

Agricultural and Forestry – a net general fund increase of \$27.6 million for the biennium, 0.3% of the total net new spending

The top 5 amendments total \$19.1 million for the biennium or 69.2% of the total net new spending in Agricultural and Forestry:

- \$6.0 million to provide and administer grant funds for tree planting in support of WIP III goals.
- \$5.0 million to support one staff position and additional grants from the Farmland Preservation Fund.
- \$3.2 million to reopen the New Kent nursery.
- \$2.9 million to support a staff position and additional grants from the Agriculture and Forestry Industries Development Fund.
- \$1.9 million to capitalize the Virginia Spirits Promotion Fund contingent on legislation to be considered by the 2022 General Assembly.

The remaining amendments in Agricultural and Forestry total \$8.5 million.

Central Appropriations – a net general fund increase of \$1.1 billion for the biennium, 11.0% of the total net new spending

The top 5 amendments total \$1.0 billion for the biennium or 97.1% of the total net new spending in Central Appropriations:

- \$806.8 million for a five percent salary increase in each year for state employees, state-supported local employees, and adjunct faculty and graduate teaching assistants at public institutions of higher education.
- \$100.0 million to implement recommendations from a proposed study of the behavioral health system.
- \$60.7 million to fund changes in the general fund share of costs for information technology and telecommunications usage by state agencies.
- \$40.7 million for the employer share of state employee health insurance premiums.
- \$27.0 million to fund an increase in the required employer contribution rates certified by the Virginia Retirement System Board for the Judicial Retirement System, State Police Officers' Retirement System, and Virginia Law Officers' Retirement System based on the June 30, 2021, Virginia Retirement System valuation for 2023 and 2024. All other state employee and public teacher rates are maintained at current levels.

The remaining amendments in Central Appropriations total \$30.6 million.

Commerce and Trade – a net general fund increase of \$333.7 million for the biennium, 3.5% of the total net new spending

The top 5 new spending amendments total \$322.9 million for the biennium or 96.8% of the total net new spending in Commerce and Trade:

- \$190.0 million to support the Housing Trust Fund.
- \$85.0 million to support anticipated payments from Major Headquarters Workforce Grant Fund.
- \$30.0 million to capitalize the Low-to-Moderate Income Solar Loan Rebate and Rebate Pilot Program.
- \$10.5 million to support initiatives outlined in the Virginia International Trade Plan.
- \$7.4 million to support one position and additional grants from the Enterprise Zone Program.

The remaining amendments in Commerce and Trade total \$10.8 million.

Finance – a net general fund increase of \$2.3 billion for the biennium, 23.4% of the total net new spending

The top 5 amendments total \$2.3 billion for the biennium or 99.8% of the total net new spending in Finance:

- \$1.1 billion for a mandatory deposit to the Revenue Stabilization Fund.
- \$924.0 million for a one-time deposit to the Virginia Retirement System to reduce unfunded liabilities, contingent on meeting the revenue forecast for fiscal year 2022.
- \$191.3 million for increased debt service on bonds issued by the Virginia Public Building Authority and the Virginia College Building Authority.
- \$6.5 million for the relief of three wrongfully incarcerated individuals, contingent on the passage of the appropriate relief bills.
- \$3.0 million to update projected tax revenue distributions to localities.

The remaining amendments in Finance total \$4.9 million.

Health and Human Resources – a net general fund increase of \$1.7 billion for the biennium, 18.0% of the total net new spending

The top 5 amendments total \$1.3 billion for the biennium or 73.9% of the total net new spending in Health and Human Resources:

- \$821.2 million to cover the cost of Medicaid utilization and inflation as estimated in the most recent expenditure forecast. \$1.4 billion of nongeneral fund appropriation is also provided.
- \$294.2 million to increase Medicaid reimbursement rates for developmental disability waiver services.
- \$71.5 million for salary increases for direct care staff at state behavioral health facilities. In addition, \$68.1 million from the distribution of revenues from the federal American Rescue Plan Act of 2021 is provided for this in the first year.
- \$50.5 million for the implementation of the final three services required by the STEP-VA legislation and the corresponding infrastructure costs to be incurred by local Community Services Boards.
- \$46.9 million to account for Medicare premium rates that were published after the official Medicaid forecast was completed.

The remaining amendments in Health and Human Resources total \$453.6 million.

Judicial – a net general fund increase of \$31.3 million for the biennium, 0.3% of the total net new spending

The top 5 amendments total \$30.4 million for the biennium or 97.3% of the total net new spending in the Judicial Branch:

- \$15.7 million to fund 120 district court clerk positions to help address the workload demands in district court clerk offices. This is the second phase of this initiative.
- \$8.0 million to raise the base salary for current magistrates to \$54,000 a year and to provide salary enhancements based on length of service to address recruitment and retention challenges in the magistrate system.
- \$4.0 million to provide salary enhancements to help retain legal aid positions to assist low income Virginians.
- \$2.0 million for visual and spoken language interpreters to provide uniform, statewide interpreter services throughout the court system.
- \$0.8 million to fund four human resource positions to meet the hiring, training, and employee relations needs of the court system.

The remaining amendments in the Judicial Branch total \$841,811.

Labor – a net general fund increase of \$5.9 million for the biennium, 0.1% of the total net new spending

3 amendments total \$5.9 million for the biennium for 100.0% of the total net new spending in Labor:

- \$3.7 million to bring information and technology systems into security compliance and allow for the integration of modernized reporting modules.
- \$1.6 million to establish a new monthly payroll certification initiative for contracting employers.
- \$0.6 million to enhance the Department of Labor and Industry's information technology capacity.

Natural Resources – a net general fund increase of \$433.5 million for the biennium, 4.5% of the total net new spending

The top 5 amendments total \$389.1 million for the biennium or 89.8% of the total net new spending in Natural Resources:

- \$313.0 million to fulfill the mandatory deposit to the Water Quality Improvement Fund.
- \$26.5 million to provide a supplemental deposit to the Virginia Natural Resources Commitment Fund.
- \$20.0 million to support the Dam Safety, Flood Prevention, and Protection Assistance Fund.
- \$17.6 million to meet the anticipated increase in Virginia Clean Water Revolving Loan Fund match amounts as a result of the Infrastructure Investment and Jobs Act.
- \$12.0 million to support conservation efforts of Tribal land throughout the Commonwealth.

The remaining amendments in Natural Resources total \$44.3 million.

Public Safety and Homeland Security – a net general fund increase of \$282.8 million for the biennium, 2.9% of the total net new spending

The top 5 amendments total \$215.2 million for the biennium or 76.1% of the net new spending in Public Safety and Homeland Security:

- \$85.2 million to increase minimum salaries (starting salary moves from \$35,064 to \$44,000) and address compression issues for correctional officers and supervisory staff in state correctional facilities.
- \$48.4 million to support a compensation plan for the State Police's sworn positions. This plan will address pay compression by rank and years of service, and increase the starting salary for newly hired troopers from \$47,843 to \$51,500 to enhance recruitment and retention efforts.
- \$33.6 million to cover anticipated staffing and operational costs of the Virginia Cannabis Control Authority.
- \$27.4 million and 13 positions to establish the Virginia Center for Firearm Violence Intervention and Prevention to support legislation that will be introduced in the 2022 General Assembly.
- \$20.6 million to cover updated projections for offender medical care costs and positions to support the transition of medical service delivery to a state-managed model.

The remaining amendments in Public Safety and Homeland Security total \$67.6 million.

Transportation – a net general fund increase of \$211.4 million for the biennium, 2.2% of the total net new spending

3 amendments total \$211.4 million for the biennium for 100.0% of the total net new spending in Transportation:

- \$207.2 million for the Virginia Department of Transportation to support the statewide planning, development, and construction of multi-use trails.
- \$4.0 million to support grants to be used to assist companies that locate a new operation or expand an existing operation within the Commonwealth of Virginia in order to encourage and facilitate the growth of The Port of Virginia.
- \$0.2 million to renovate the playground of the child care facility located in VDOT's building located in the Capitol Complex.

Veterans and Defense Affairs – a net general fund increase of \$34.4 million for the biennium, 0.4% of the total net new spending

The top 5 amendments total \$25.1 million for the biennium or 73.0% of the net new spending in Veterans and Defense Affairs:

- \$10.0 million in the first year to establish the State Military Community Infrastructure Program that may be adopted by the 2022 General Assembly to provide state matching dollars for localities to receive grant funding from the federal government supporting local economies, funding infrastructure projects, and strengthening Virginia's military bases.
- \$10.0 million to create a program to prevent suicide and opiate use by veterans in the Commonwealth.
- \$2.0 million over the biennium in additional funding for the National Guard Tuition Assistance Program.
- \$1.8 million over the biennium to convert nongeneral funded positions to general fund-supported positions.
- \$1.3 million to support three positions and a user application portal for the Virginia Military Survivors and Dependents Education Program (VMSDEP).

The remaining amendments in Veterans and Defense Affairs total \$9.3 million.

Executive Offices – a net general fund increase of \$4.0 million for the biennium, 0.04% of the total net new spending

The top 5 amendments total \$3.8 million for the biennium or 93.8% of the net new spending in Executive Offices:

- \$1.1 million to support four positions in the Office of Diversity, Equity, and Inclusion to support immigrant integration, access and functional needs for people with disabilities, and two American Sign Language interpreters.
- \$0.9 million to support four positions in the Office of the Attorney General to investigate complaints against the Consumer Data Protection Act, and to provide training and outreach.
- \$0.7 million to fund two positions to provide staff support to the Cannabis Equity Re-investment Board.
- \$0.7 million for dues payments to the Southeast Crescent Regional Commission.
- \$0.4 million to support two additional positions for the Office of the Children's Ombudsman.

The remaining amendments in Executive Offices total \$247,226.

Independent Agencies – a net general fund increase of \$7.9 million for the biennium, 0.1% of the total net new spending

1 amendment totaling \$7.9 million for the biennium for 100.0% of the total net new spending in Independent agencies:

- \$7.9 million the Virginia Workers' Compensation Commission for the forensic evidence collection and medical care of sexual assault victims.

Summary of Proposed Capital

Capital Outlay – 2020-22 Caboose and 2022-24 Biennium

<p>Fund Maintenance Reserve <i>Addresses maintenance needs that are critical to continued use of buildings, systems, or equipment. Includes \$4.0 million for Fort Monroe Authority.</i></p>	<p>\$354.0 million GF</p>
<p>Fund 33 infrastructure projects at: <i>VSDB, CWM, GMU, JMU, ODU, RU, UMW, VMI, VPI, VSU, JYF, VMFA, RHEA, DBHDS, DCR, and DOC</i></p>	<p>\$382.0 million GF/\$29.0 million NGF</p>
<p>Provide supplemental funding for previously authorized capital project construction pools to address any shortfalls in these pools.</p>	<p>\$303.0 million GF/\$9 million NGF</p>
<p>Fund high priority projects for construction/renovation: <i>Higher education and related entities: \$1.0 billion GF</i> <i>Non-higher education agencies: \$398.5 million GF</i></p>	<p>\$1.4 billion GF/\$207.7 million NGF</p>
<p>Fund programs providing funding for local water-related infrastructure projects.</p>	<p>\$100.0 million GF</p>
<p>Fund public-private partnership (Siemens Gamesa offshore wind lease at Portsmouth Marine Terminal).</p>	<p>\$17.0 million GF</p>
<p>Fund planning for 27 new projects and supplement planning funding for 6 existing projects.</p>	<p>\$78.8 million GF/\$29.6 million NGF</p>
<p>Fund equipment for 7 previously authorized projects being completed in the 2022-2024 biennium and for the Tech Talent Investment Program (TTIP).</p>	<p>\$97.1 million GF</p>
<p>Provide authorization for 20 projects fully funded with NGF at: <i>VPA, VDS, DOF, JMU, VPI, DWR, DMV, VDOT, VWCC, and CWM</i></p>	<p>\$876.9 million NGF</p>
<p>Fund 5 projects at institutions of higher education with revenue bonds <i>(amounts included in other NGF totals).</i></p>	<p>\$100.9 million 9(C) \$56.4 million 9(D)</p>

Minimal new state debt authorization proposed

Address Equipment Needs	
Higher Education Equipment Trust Fund	\$168.3 million
Other Actions Impacting Debt Capacity	
Department of the Treasury – Support Local Jails (Fairfax County)	\$14.5 million
GRAND TOTAL IMPACTING DEBT CAPACITY	\$182.8 million

The proposed budget contains general fund spending changes to operating and capital for a net overall spending increase of \$10.3 billion in the new biennium

New General Fund Appropriations

	FY 2023	FY 2024
New Operating		
Base Budget Adjustments	(\$959.2)	(\$966.0)
Technical Adjustments	0.0	0.0
Policy-Based Decision Packages	5,771.3	3,889.0
Total Operating	<u>\$4,812.1</u>	<u>\$2,923.0</u>
	Biennial Operating Total	\$7,735.1
New Capital		
Maintenance Reserve	\$177.0	\$177.0
Capital Projects	1,606.0	584.7
Total Capital	<u>1,783.0</u>	<u>761.7</u>
	Biennial Capital Total	\$2,544.7
Total New Appropriations	<u>6,595.2</u>	<u>3,684.6</u>
	Total New Biennial Appropriations Above Base	\$10,279.8

*Amounts shown in millions

The introduced budget combines new revenues and spending to yield an unappropriated general fund balance of \$149.4 million

General Fund (GF) Only			
	FY 2023	FY 2024	Biennial Total
Revised GF Resources			
Prior Year Balance	\$4,166.9	\$0.0	\$4,166.9
Additions to Balance	1,440.2	(0.5)	1,439.7
Revenue Forecast	25,786.7	28,077.4	53,864.2
Revenue Stabilization Fund	0.0	0.0	
Transfers	726.4	744.0	1,470.4
Total GF Resources	<u>\$32,120.3</u>	<u>\$28,820.9</u>	<u>\$60,941.3</u>
Proposed Expenditures			
Chapter 552 Base			
Operating	\$25,256.0	\$25,256.0	\$50,512.0
Capital	\$0.0	\$0.0	\$0.0
CH 854 Base	<u>\$25,256.0</u>	<u>\$25,256.0</u>	<u>\$50,512.0</u>
Proposed Amendments			
Base Adjustments	(\$959.2)	(\$966.0)	(\$1,925.2)
New Operating	\$5,771.3	\$3,889.0	\$9,660.3
New Capital	\$1,783.0	\$761.7	\$2,544.7
Subtotal Proposed New Spending	<u>\$6,595.2</u>	<u>\$3,684.6</u>	<u>\$10,279.8</u>
Total of All Proposed GF Spending	\$31,851.2	\$28,940.6	\$60,791.8
Unexpended Balance in HB/SB 30	\$269.1	(\$119.7)	\$149.4

*Amounts shown in millions

Structural balance is achieved in FY 2024, providing a sound financial base going forward

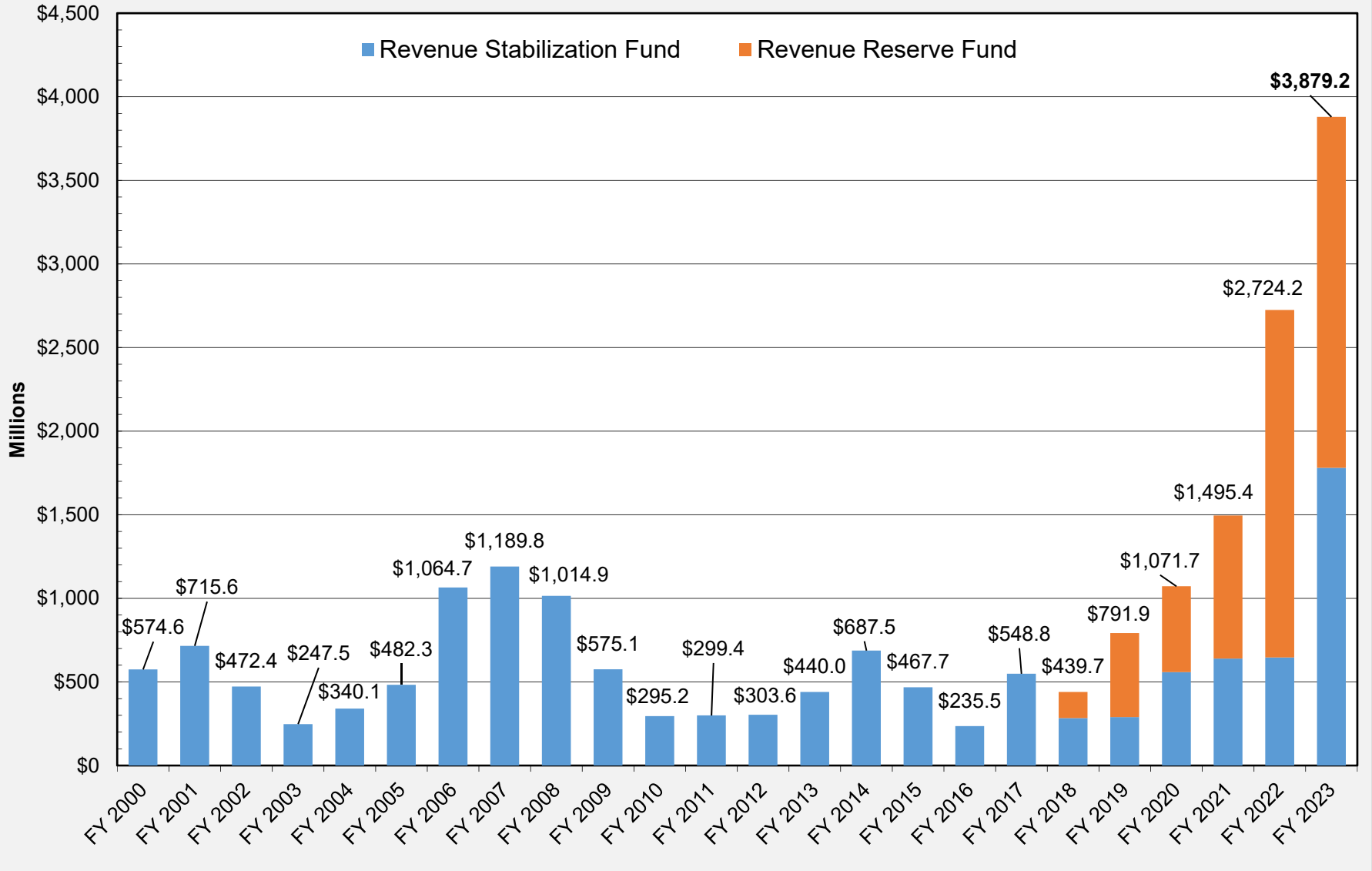
FY 2024 Base Adjustments - General Fund Only

FY 2024 Resources in HB/SB 30	\$28,820.9
Adjustments to Resources (assumes no revenue growth)	
	Subtotal of Adjustments <u>0.0</u>
	Base Resources Going Forward <u>\$28,820.9</u>

Total FY 2024 Expenditures in HB/SB 30	\$28,940.6
Adjustments to Expenditures	
Less capital	(\$761.7)
Less one-time payments to reserves	0.0
Less other one-time expenses	(48.3)
	Subtotal of Adjustments <u>(810.0)</u>
	Base Expenditures Going Forward <u>\$28,130.7</u>
Balance of Uncommitted Base Resources	\$690.3

*Amounts shown in millions

Total of All Reserves



For More Details About Governor Northam's Introduced Budget

including specific language amendments, please
refer to the Department of Planning and Budget's
Website at:

<http://dpb.virginia.gov/>

Appendix

Summary of Proposed
Spending from the State and
Local Recovery Fund of the
American Rescue Plan Act

The introduced budgets propose to spend an additional \$690.3 million from the State and Local Recovery Fund of the American Rescue Plan Act, leaving an unobligated balance of \$424.2 million

State and Local Recovery Fund

	Total Funds Available			\$4,293,727,162
<u>Appropriations</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>TOTAL</u>
Chapter 1, 2021 Acts of Assembly, Special Session II	\$3,179,200,801			\$3,179,200,801
<u>Proposed New Spending</u>				
HB/SB 29	\$1,540,000			\$1,540,000
HB/SB 30 - continuation of Chapter 1 ¹		\$253,157,513	\$85,290,500	\$338,448,013
HB/SB 30 - new initiatives		\$349,855,000	\$500,000	\$350,355,000
Proposed New Spending	\$1,540,000	\$603,012,513	\$85,790,500	\$690,343,013
Total Approved and Proposed Spending	\$3,180,740,801	\$603,012,513	\$85,790,500	\$3,869,543,814
			Balance Remaining	\$424,183,348

¹ NOTE: Chapter 1 authorized up to \$353,871,958 to be included in the Governor's introduced budget for specified items.

Summary of Changes by Secretarial Area

While education leads the pack in new operating spending, most secretarial areas will experience a net increase in general fund appropriations

	General Operating Base Budget (Equivalent to CH 552, FY 2022)			HB/SB 30 Introduced Total Includes Base Adjustments & New Spending Recommendations			Proposed General Fund Changes					
	FY 2023	FY 2024	Biennial Total	FY 2023	FY 2024	Biennial Total	FY 2023		FY 2024		Biennial Total	
Legislative Department	\$107.8	\$107.8	\$215.6	\$111.6	\$111.6	\$223.1	\$3.8	3.5%	\$3.8	3.5%	\$7.5	3.5%
Judicial Department	547.1	547.1	1,094.2	576.0	576.2	1,152.3	28.9	5.3%	29.1	5.33%	58.1	5.3%
Executive Offices	47.0	47.0	94.0	50.5	51.0	101.6	3.5	7.5%	4.0	8.56%	7.5	8.0%
Administration	789.0	789.0	1,578.1	885.9	891.7	1,777.7	96.9	12.3%	102.7	13.01%	199.6	12.6%
Agriculture & Forestry	65.0	65.0	130.0	83.9	75.8	159.6	18.8	29.0%	10.8	16.54%	29.6	22.8%
Commerce & Trade	413.7	413.7	827.4	555.3	569.6	1,124.9	141.6	34.2%	155.9	37.68%	297.5	35.9%
Education	9,965.4	9,965.4	19,930.8	11,660.7	11,487.6	23,148.3	1,695.3	17.0%	1,522.2	15.27%	3,217.5	16.1%
Finance	2,630.9	2,630.9	5,261.8	4,105.7	2,115.7	6,221.3	1,474.7	56.1%	(515.2)	-19.58%	959.5	18.2%
Health & Human Resources	7,692.3	7,692.3	15,384.6	8,389.1	8,806.4	17,195.5	696.8	9.1%	1,114.1	14.48%	1,810.8	11.8%
Labor	48.8	48.8	97.7	19.4	15.3	34.7	(29.4)	-60.3%	(33.5)	-68.62%	(63.0)	-64.5%
Natural Resources	257.1	257.1	514.2	538.8	199.7	738.5	281.7	109.6%	(57.4)	-22.32%	224.3	43.6%
Public Safety & Homeland Security	2,254.8	2,254.8	4,509.7	2,433.4	2,441.1	4,874.5	178.5	7.9%	186.3	8.26%	364.8	8.1%
Transportation	55.0	55.0	110.1	209.4	2.0	211.4	154.4	280.5%	(53.0)	-96.31%	101.4	92.1%
Veterans & Defense Affairs	42.1	42.1	84.3	61.4	48.8	110.2	19.3	45.7%	6.6	15.73%	25.9	30.7%
Central Appropriations	336.9	336.9	673.8	380.4	779.7	1,160.1	43.5	12.9%	442.7	131.41%	486.2	72.2%
Total Executive Department	24,598.3	24,598.3	49,196.6	29,373.8	27,484.4	56,858.2	4,775.5	19.4%	2,886.1	11.73%	7,661.6	15.6%
Independent Agencies	2.8	2.8	5.7	6.8	6.8	13.6	3.9	138.5%	3.9	138.5%	7.9	138.5%
Total Operating Appropriations	\$25,256.0	\$25,256.0	\$50,512.0	\$30,068.1	\$28,179.0	\$58,247.1	\$4,812.1	19.1%	\$2,923.0	11.57%	\$7,735.1	15.31%

*Amounts shown in millions

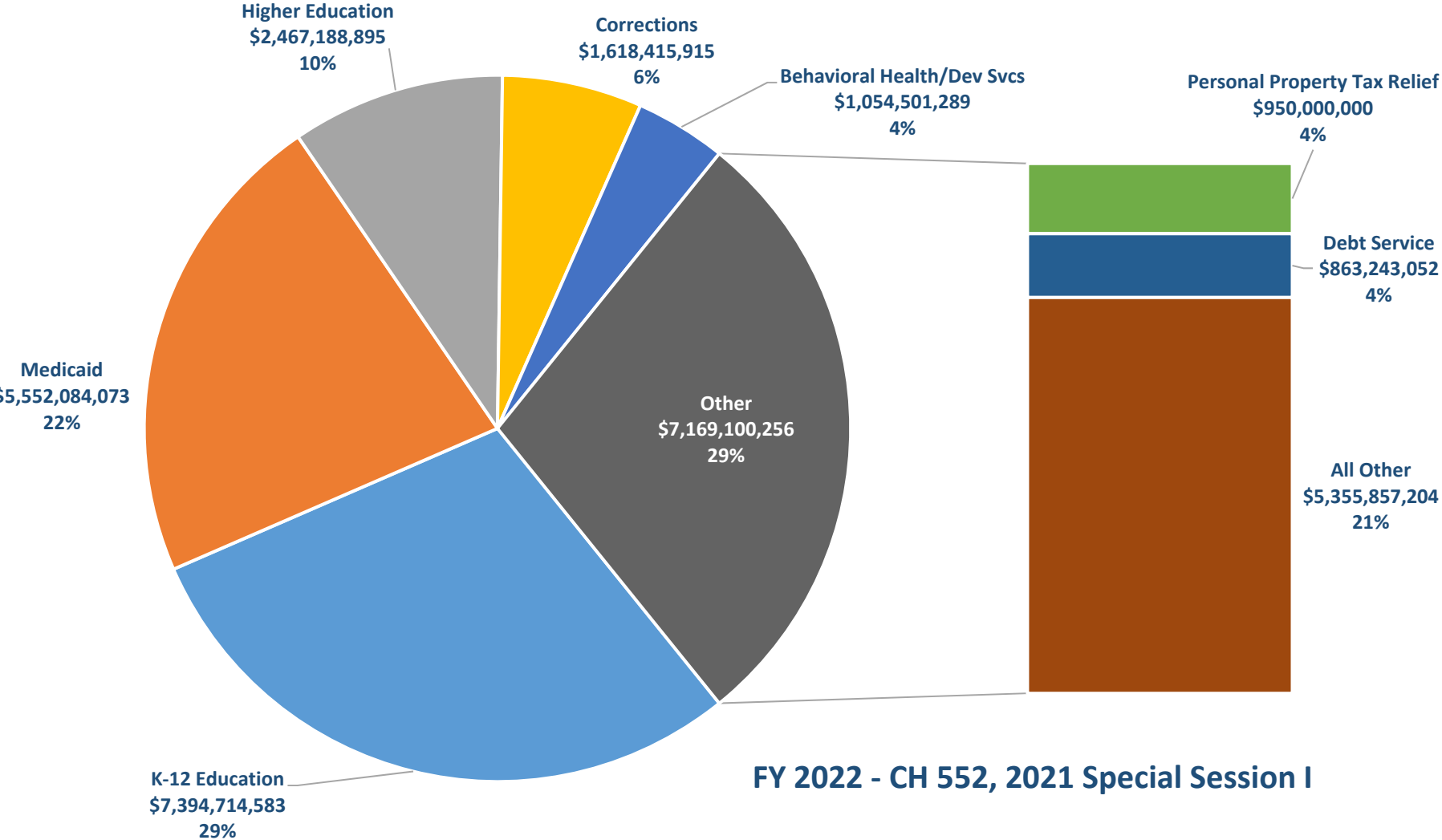
The Public Safety and Homeland Security Secretariat accounts for the majority of the increase in position levels in the proposed budget for FY 2024

Secretarial Area	FY 2022 FTE (Chapter 552)	FY 2024 FTE (HB/SB 30 Introduced)	Proposed Net Changes FY 2024
Legislative Department	655.00	655.00	0.00
Judicial Department	3,711.71	3,847.71	136.00
Executive Offices	638.50	651.50	13.00
Office of Administration	1,141.40	1,250.40	109.00
Office of Agriculture and Forestry	861.00	866.00	5.00
Office of Commerce and Trade	477.00	562.00	85.00
Office of Education	61,492.01	62,207.59	715.58
Office of Finance	1,342.00	1,354.00	12.00
Office of Health & Human Resources	14,775.77	15,044.77	269.00
Office of Labor	1,286.00	1,286.00	0.00
Office of Natural & Historic Resources	2,193.50	2,219.50	26.00
Office of Public Safety and Homeland Security	20,276.00	21,241.00	965.00
Office of Transportation	10,357.00	10,370.00	13.00
Office of Veterans and Defense Affairs	1,717.50	1,772.50	55.00
Independent Agencies	1,944.00	1,988.00	44.00
Grand Total	122,868.39	125,315.97	2,447.58

- Large Increase in Public Safety and Homeland Security due primarily to opening of new ABC stores and other ABC increases, establishment of positions for the Virginia Cannabis Control Authority, and Department of Corrections initiatives.
- Large increase in Education Secretariat primarily due to technical adjustments for various higher education institutions.
- Increase in Health & Human Resources primarily due to initiatives in the Departments of Health and Behavioral Health and Developmental Services.
- Increase in the Judicial Department primarily due to additional district court clerk positions.

Summary of Changes in Budget Drivers

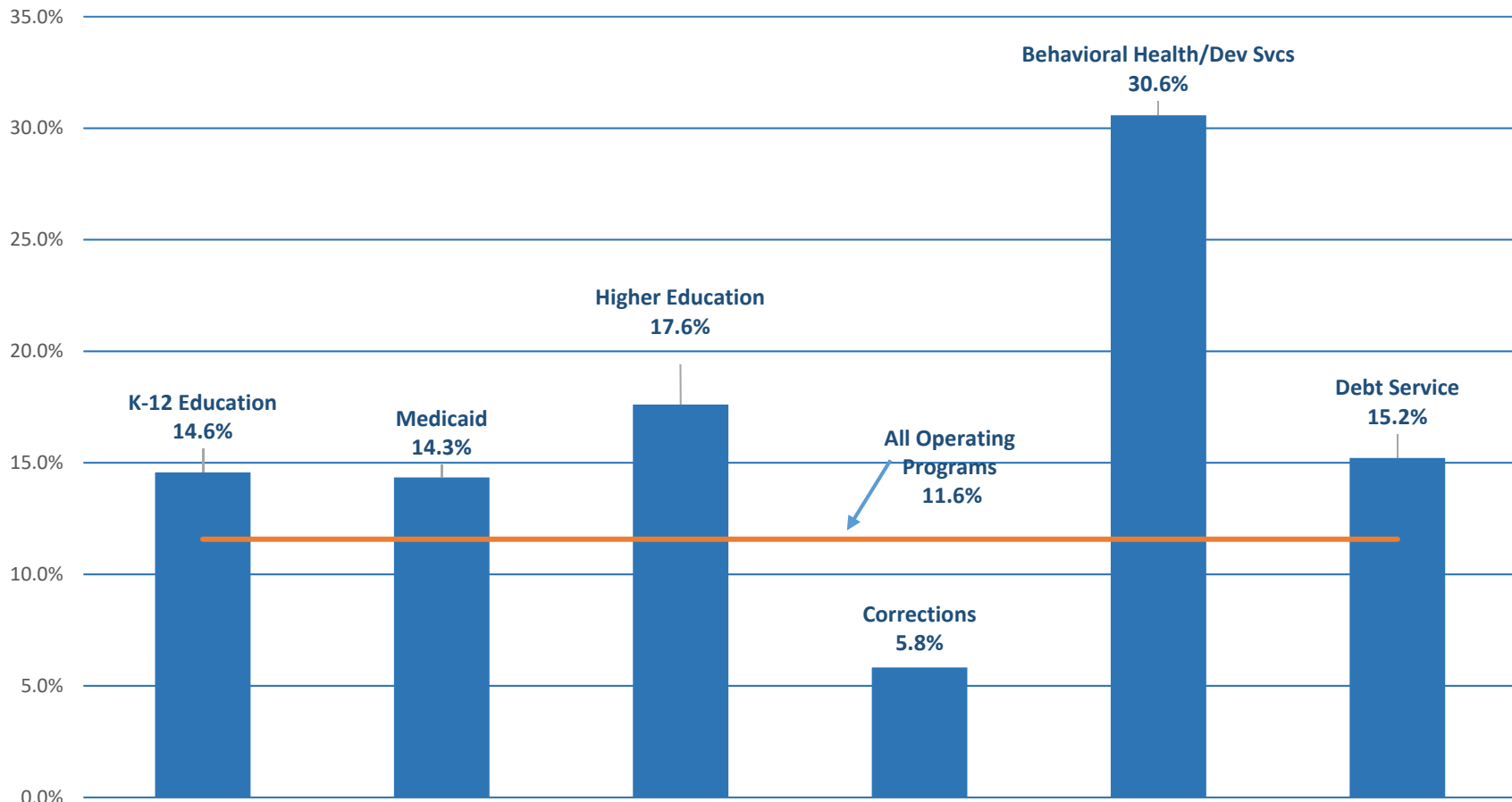
Five budget drivers make up 71.6 percent of the FY 2022 general fund budget in Chapter 552



FY 2022 - CH 552, 2021 Special Session I

Percentage growth from the FY 2022 base to FY 2024 is led by amounts required for Behavioral Health & Developmental Services

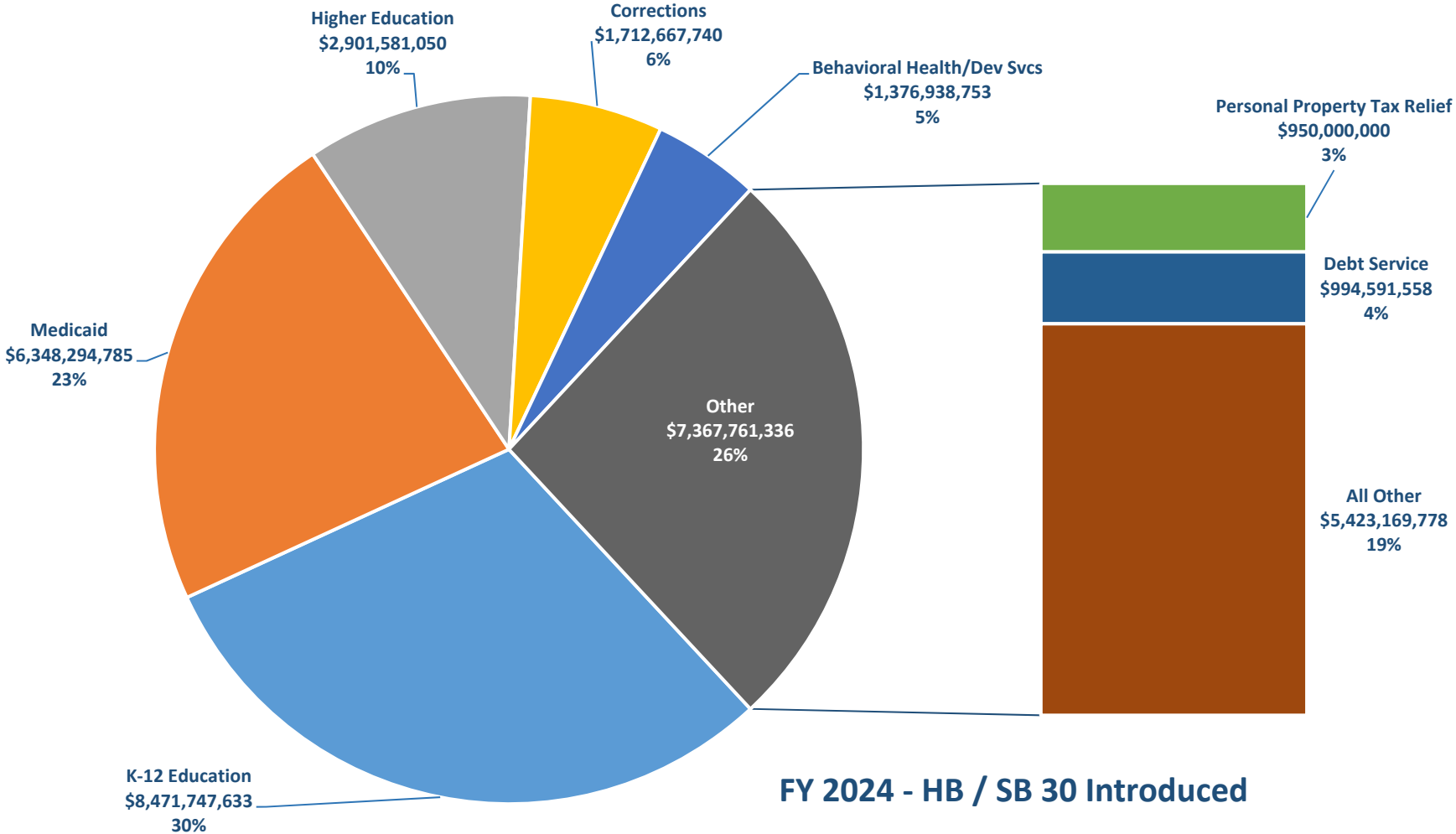
Percentage Growth Over Current Base



CH 552 is the FY 2022 base from which growth is measured.

*Behavioral Health/Dev Svcs includes \$100 million funded in Central Appropriations.

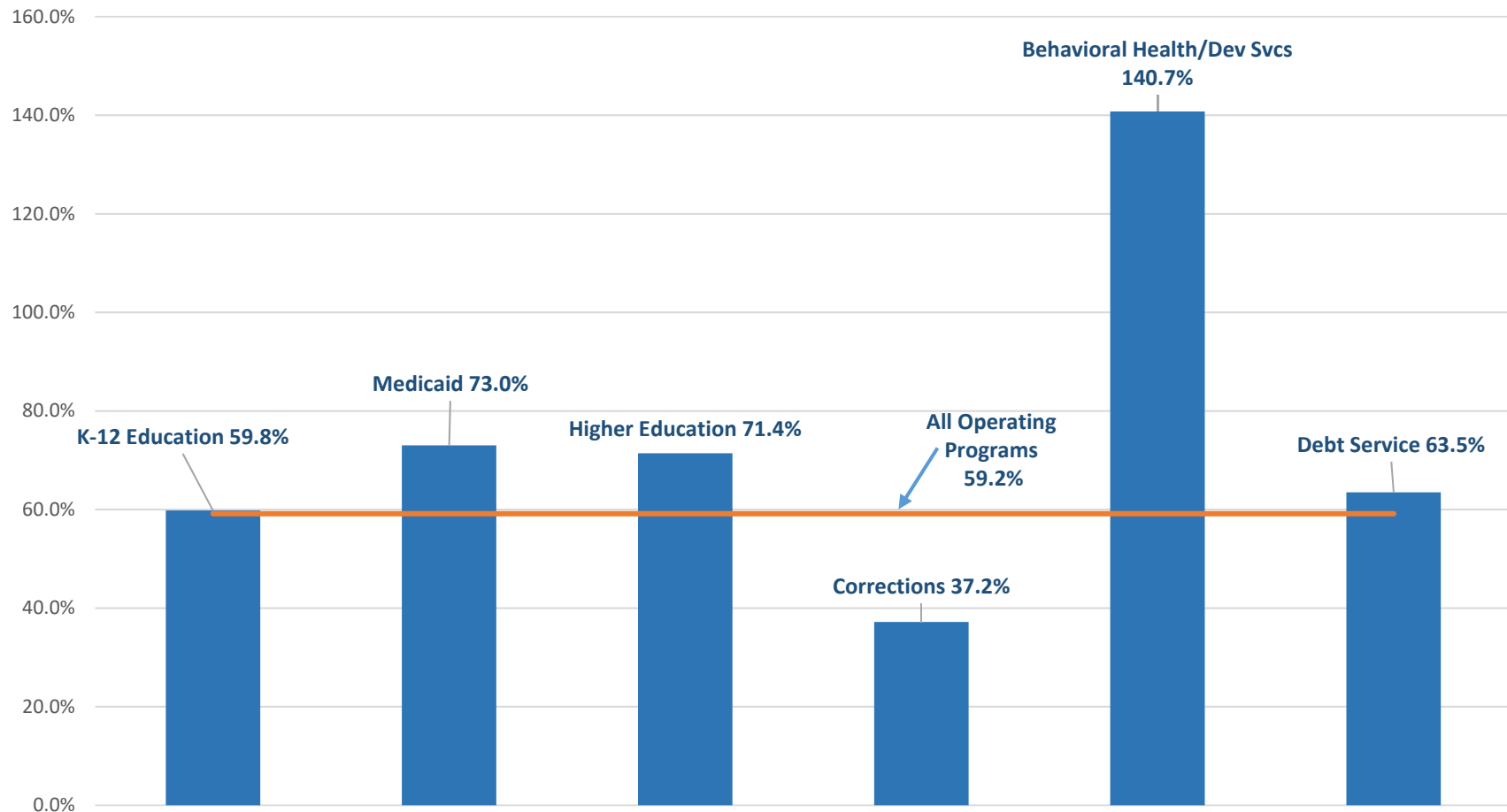
In FY 2024, the five budget drivers make up 73.9 percent of the general fund in HB/SB 30 (introduced)



*Behavioral Health/Dev Svcs includes \$100 million funded in Central Appropriations.

From FY 2014 to FY 2024, growth in general fund spending on budget drivers ranges from 37.2 percent in Corrections to 140.7 percent in Behavioral Health & Developmental Services

Ten-Year Growth Rates



*Behavioral Health/Dev Svcs includes \$100 million funded in Central Appropriations.