



## **Governor's Budget Amendments: Strong. Dynamic. Winning. Together.**

***"We are strong. Because of that strength we can be dynamic. And by being dynamic, we will continue winning, together."***

***–Governor Glenn Youngkin, March 24, 2025***

### **KEY POINTS**

- The budget presented by Governor Youngkin today:
  - ✓ Provides \$1.1 billion in tax relief – total of \$9 billion over 4 years
  - ✓ \$300 million in new revenue reserve deposit – total biennial deposit of \$594.5 million
  - ✓ \$5 billion in total revenue reserves
  - ✓ Makes critical strategic investments in shared priority areas
  - ✓ Creates an incremental \$360 million in fiscal years 2027 and 2028 for revenue reserves or tax relief

### **VIRGINIA IS STRONG**

- Jobs continue to grow and current financial results continue to exceed forecast.
- Economic development in Virginia has great momentum, \$102 billion of capital investment and 70,000 jobs of the future are expected from secured commitments.
- Well positioned to capture future reshoring of strategic opportunities – 259,000 open positions as of January.
- \$3.2 billion in surplus revenues on top of \$7.8 billion of revenues ahead of forecast in fiscal years 2022, 2023, and 2024.
- \$9 billion in tax relief over the administration's term.
- Rainy-day reserves are now \$5 billion, 17% of defined revenues.

### **VIRGINIA IS DYNAMIC**

- Potential risks are well-understood, and Virginia is well-positioned to respond to near-term uncertainty as necessary reforms to the federal government restore fiscal sanity in Washington.
- Given the \$3.2 billion surplus over Chapter 2 and carryover balances, we can continue to invest in shared priorities...

- ...While providing new tax relief (\$1.1 billion) and further building rainy day reserves (\$600 million) to enhance our cushion for potential changes in the economic landscape.

## **VIRGINIA IS WINNING**

- We are now effectively competing with our competitor states for job growth.
- More people are moving to Virginia from the other 49 states than leaving, reversing a decade of losing.
- We have built a strong financial profile that will maintain our triple-AAA rating for the future.

## **Governor's Amendments to HB 1600**

- Include 8 item vetoes and 205 amendments to the Conference Report on HB 1600.
- Deposits \$594.5 million into the Revenue Reserve Fund over the biennium.
- No new debt beyond what's included in the law.

## **Tax Relief for All Virginians**

- Nearly \$1.1 billion in additional tax relief to all Virginia families. \$200 tax rebate for individuals and \$400 tax rebate for joint filers to be issued on October 15, 2025.
- Makes increased standard deduction and earned income tax credits permanent AND increases standard deduction to \$8,750 / \$17,500 and refundability of the Earned Income Tax Credit to 20 percent of the federal level.
- Extends the sunset on pro-growth tax incentives.

## **Investments in Public Education**

- Governor's amendments provide \$166.1 million more than introduced HB 1600 and \$452.6 million over Chapter 2, including:
  - \$193.4 million in required technical updates;
  - \$110.7 million for English Language Learners;
  - \$84.7 million to increase the support cap to 25.5 positions per 1,000 students;
  - \$52.8 million for enhanced special education;
  - \$25.8 million for maintaining testing contract;
  - \$25 million in Virginia Opportunity Scholarships;
  - \$25 million in School Performance & Support Framework resources; and,
  - \$15 million for College Partnership Lab Schools.
- Increases ongoing investments in early childhood programs by \$7.5 million (included above) and makes policy changes that increase available slots by 7,000 slots and reduce waiting lists, ensures high-quality early childhood learning to over 52,000 children across Virginia.
- Provides \$134.4 million for a \$1,000 bonus in June 2025 for funded instructional support personnel with no local match required (included above).

- Amendments include an additional \$50 million for school construction grants and loans bringing the total to \$610 million.

### **Higher Education**

- Builds on \$1 billion in new investment from Chapter 2 by providing an additional \$235 million over the biennium.
  - \$90 million GF for VMSDEP
  - \$55 million in Affordability
  - \$15 million in Financial Aid
  - \$15 million in IT Infrastructure
- Fully funds VMSDEP costs with ongoing \$60 million NGF annual contribution from \$1 billion actuarial surplus of the Commonwealth Savers Plan.
- Directs colleges to not increase tuition by more than 2.5% or inflation.
- Significant Higher Education Capital Outlay investments of more than \$820 million. Retains funding for UVA Center for the Arts. Restores funding for VMI Center for Leadership & Ethics.

### **Employee Compensation**

- Provides \$83.1 million for a 1.5 percent bonus for state and state supported local employee. State employees will receive their bonus in June and state-supported locals will receive their bonuses in July.
- Includes \$2.5 million for step-increases at Virginia State Police.
- Provides \$1.0 million for a \$2,231 salary increase for security positions at the Department of Juvenile Justice.
- Includes \$0.9 million for a 6 percent salary adjustment for Sheriff Office's E-911 dispatchers.

### **Health & Human Resources**

- Provides an additional \$824.5 million for Health & Human Resources over the biennium.
- Includes an incremental \$686.1 million GF over the biennium to fully fund the Medicaid and children's health forecasts.
- Provides \$100.3 million for Children's Services Act caseload and cost increases.
- Removes most proposed rate increases for expansion of Medicaid services to ensure adequate revenue reserves and future cost avoidance.
- Adds \$15 million for drinking water grants at VDH.

- Provides \$1.7 million for hard to serve pharmacies in rural areas.
- Includes \$1.5 million to initiate transition of EBT cards to chip cards to reduce potential benefit fraud.

### **Public Safety**

- Includes \$50 million for Disaster Response and Relief in southwest Virginia.
  - expands to recent storms in addition to Hurricane Helene
  - allows a portion of funding to be used by local governments to cover required federal match for FEMA programs
  - authorizes \$2.5 million to be utilized for improvements to public safety communications infrastructure.
- Provides an additional \$5.3 million for School Resource Officer incentive grants.
- Provides \$4.2 million to expand the ability for SCOPS to help individuals under a temporary detention order waiting for an available hospital bed and an additional \$2.0 million is provided for reimbursement of local law enforcement transportation of individuals emergency custody or temporary detention orders.
- Requires local law enforcement agencies to cooperate with ICE.

### **Commerce & Trade**

- Adds \$20 million in new Business Ready Sites funding to establish a base annual funding of \$40 million.
- Provides \$14.0 for investments in utility infrastructure for targeted business investment opportunities.
  - \$7.5 million for natural gas and utilities in Pulaski
  - \$6.5 million for natural gas expansion in Accomack
- Realigns Virginia's internship program with Virginia Works.
- Includes \$480,000 for enhancements to Virginia Has Jobs.
- Retains \$8 million for transformative energy investments through Virginia's Clean Energy Innovation Bank.
- Provides \$8 million investment in dredging at Wallops Island to support the commercial space industry.
- Authorizes \$20 million line of credit to support runway modifications at Roanoke-Blacksburg Regional Airport.

### **Natural & Historic Resources**

- Includes \$50 million NGF to Community Flood Protection Fund.
- Provides \$50 million GF for Richmond CSO project.

- Provides \$8 million for flood protection measures at Jamestown.
- Authorizes \$5 million for Colonial Williamsburg transit center improvements as part of the semiquincentennial celebration.
- Language authorizes consideration of the acquisition of Oak Hill State Park.