



VIRGINIA: STRONG, DYNAMIC, WINNING

Governor Youngkin's Proposed Amendments
to HB 1600, as Enrolled

Stephen E. Cummings
Secretary of Finance
Commonwealth of Virginia
www.finance.virginia.gov

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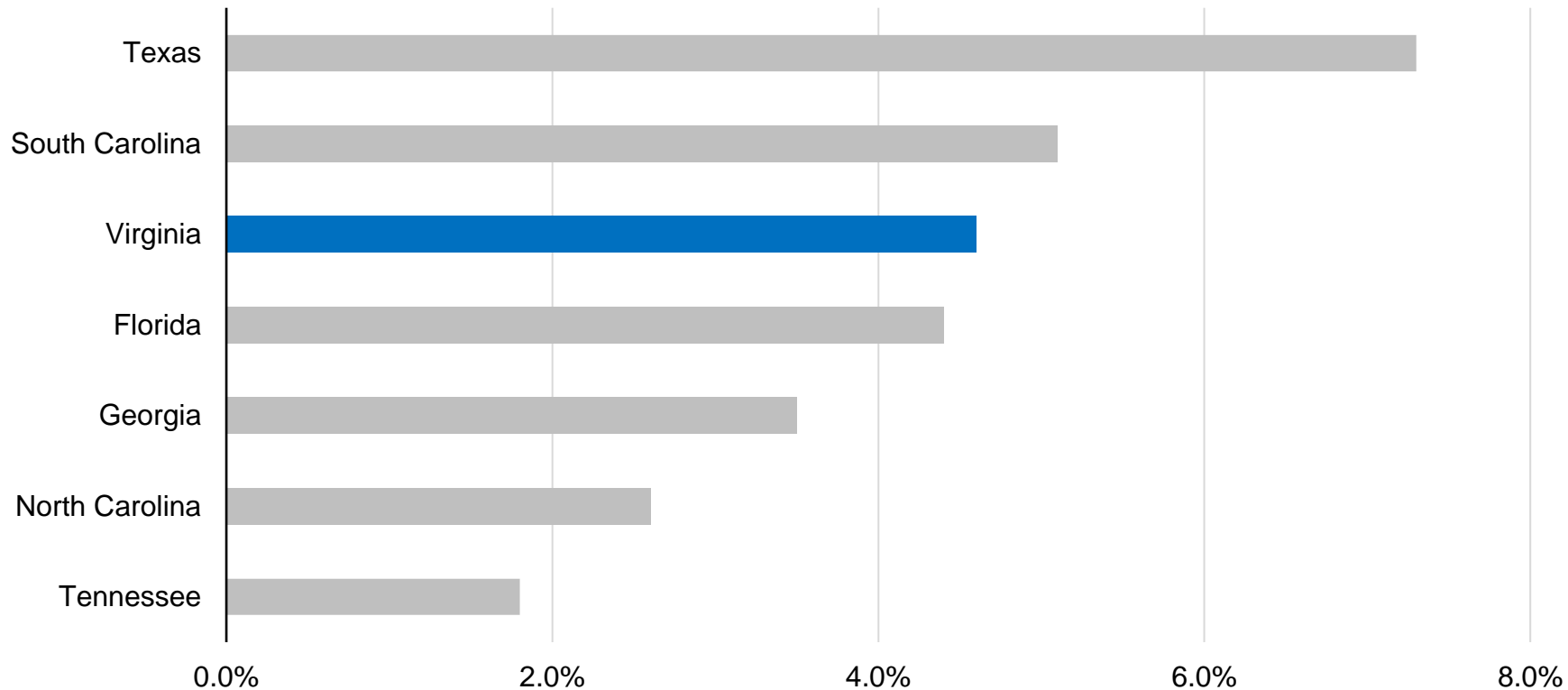
SUMMARY

- Virginia is winning.
 - 276,400 jobs added since January 2022; largest workforce in Commonwealth history.
 - #1 state for business. Since 2022, \$102.3 billion in announced new investment, more than 70,000 future hires expected based upon company announcements.
 - After a decade of losing, more working families are moving to Virginia than leaving.
- The Commonwealth has never been in better financial condition.
 - GF revenues consistently exceed prudent forecasts.
 - Rainy-day reserves are at unprecedented levels. Combined balances at 17% of revenues.
 - Virginia is one of the best-positioned Triple-AAA rated states.
- Strong year-to-date results support achievement of the FY 2025 forecast.
- The Governor's amendments to HB 1600 provide a prudent and responsible approach to addressing immediate costs of shared priorities – including Medicaid, K-12 education, higher education, public safety and economic development -- while increasing revenue reserve funding to approximately \$5 billion.

VIRGINIA HAS ADDED 276,400 JOBS SINCE JANUARY 2022

EFFECTIVELY COMPETING AGAINST PRIMARY COMPETITOR STATES

January 2022 onward employment change
%, Jan '22 to Dec '24, seasonally adjusted



Source: Bureau of Labor Statistics, Local Area Unemployment Statistics (seasonally adjusted); VEDP calculations. 276,400 is difference between Jan 2025 and Jan 2022 Virginia nonfarm payrolls (U.S. Bureau of Labor Statistics).

VIRGINIA IS THE #1 STATE FOR BUSINESS

- Virginia is CNBC's 2024 Top State for Business.
- Virginia ranked #1 for Education.
- Virginia ranked #3 for Infrastructure, the most heavily-weighted category.



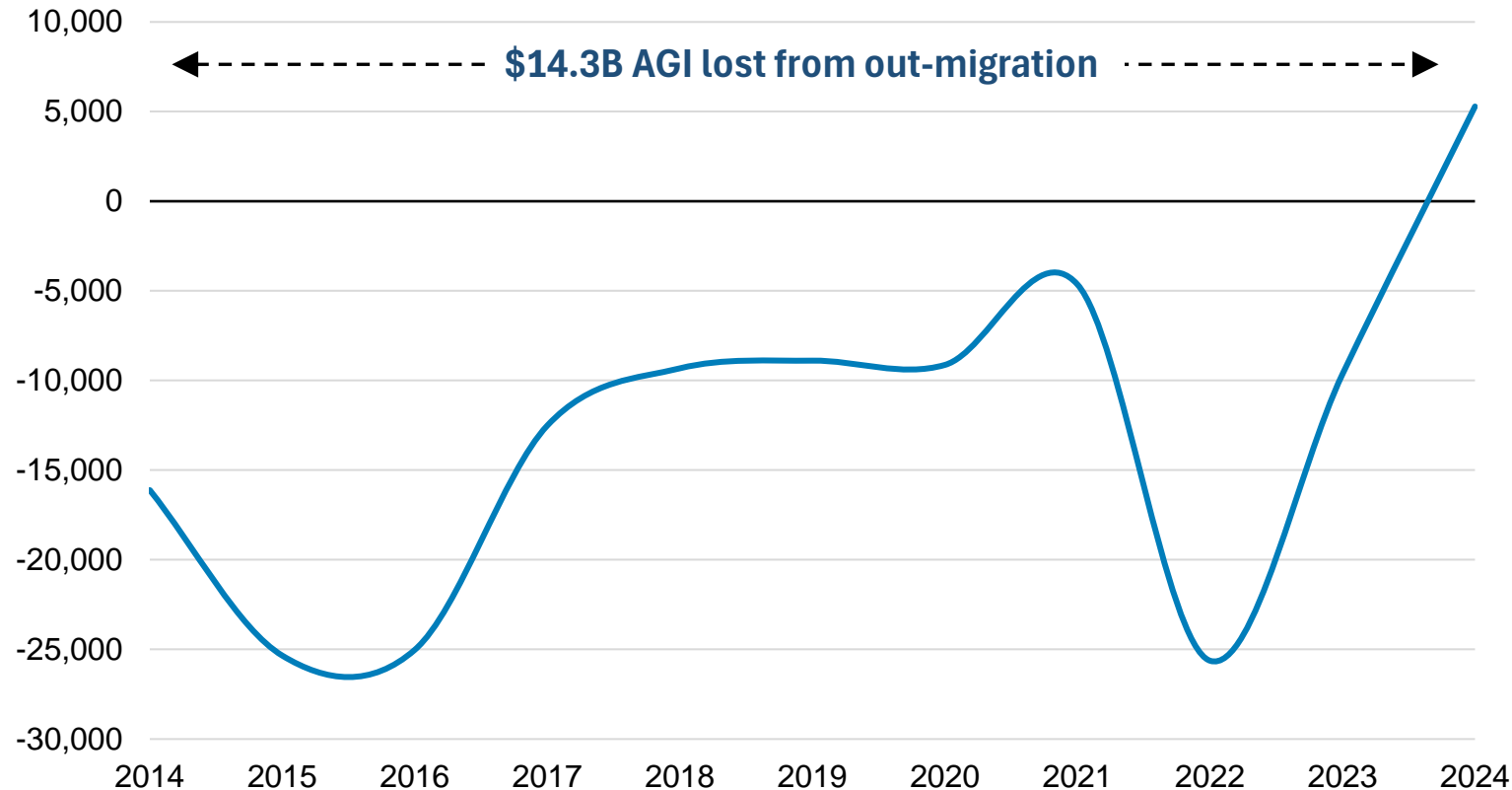
**VIRGINIA IS
BUSINESS
FACILITIES'
2024 STATE
OF THE YEAR**



Source: CNBC America's Top States for Business 2024.

2024 WAS THE FIRST YEAR OF POSITIVE NET DOMESTIC IN-MIGRATION IN MORE THAN A DECADE

Virginia net domestic in-migration
Net domestic migration, 2014 – 2024



Key stats

140K

Net outflow of residents from Virginia (2014 – 2024)

12,800

Average annual net outflow of residents (2014 – 2024)

\$1.6B / year

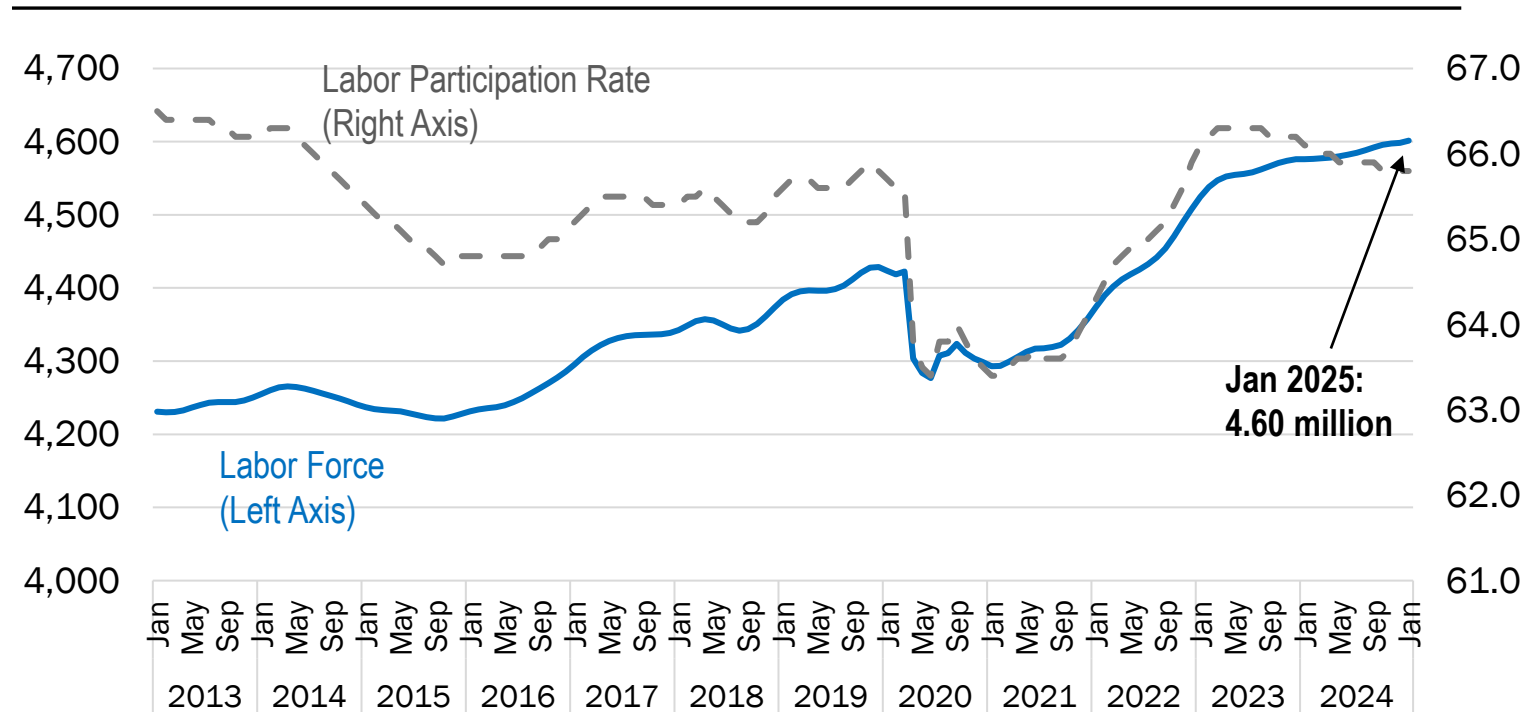
Average AGI outflow (2014 – 2024)

Source: U.S. Census; Internal Revenue Service, Statistics of Income Migration Data; VEDP analysis.

LARGEST WORKFORCE IN VIRGINIA'S HISTORY

Virginia Labor Force and Labor Participation Rate

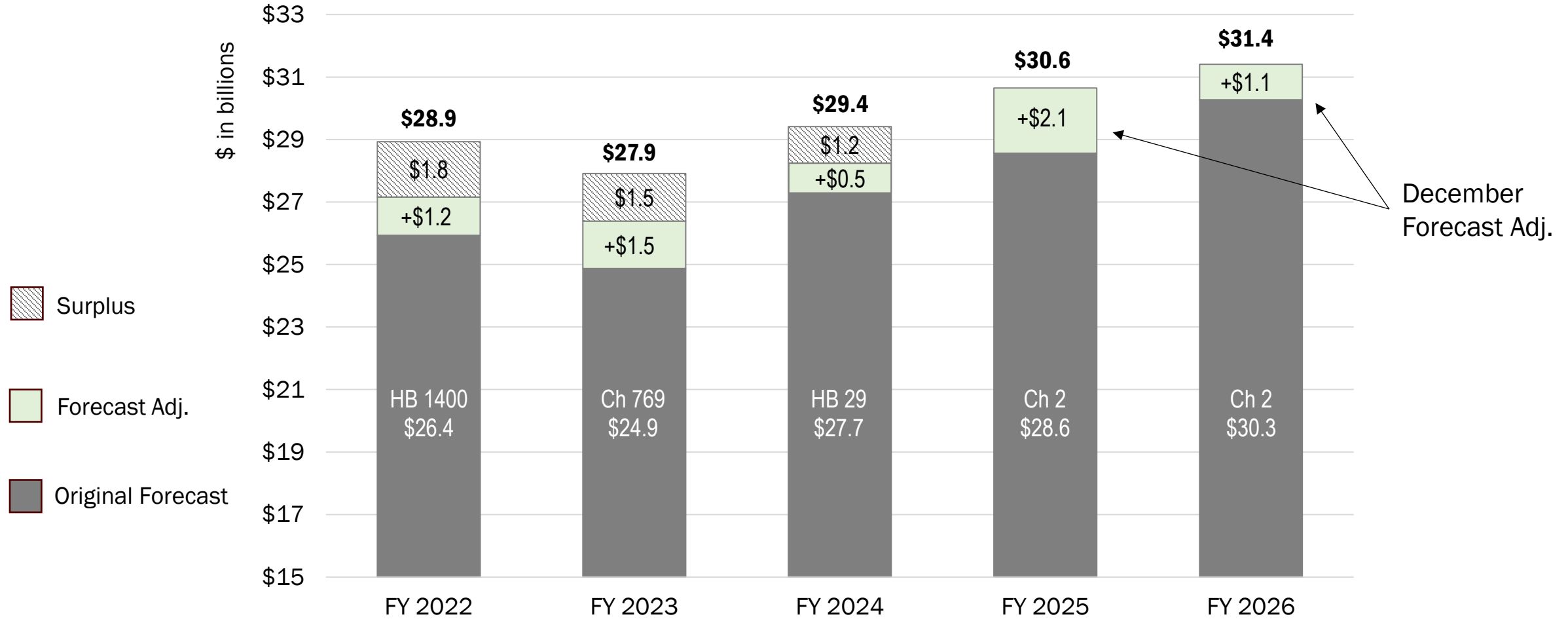
Labor Force in thousands, Participation Rate in %, seasonally adjusted



Source: Federal Reserve Bank of St. Louis.

GF REVENUES HAVE CONSISTENTLY EXCEEDED PRUDENT FORECASTS

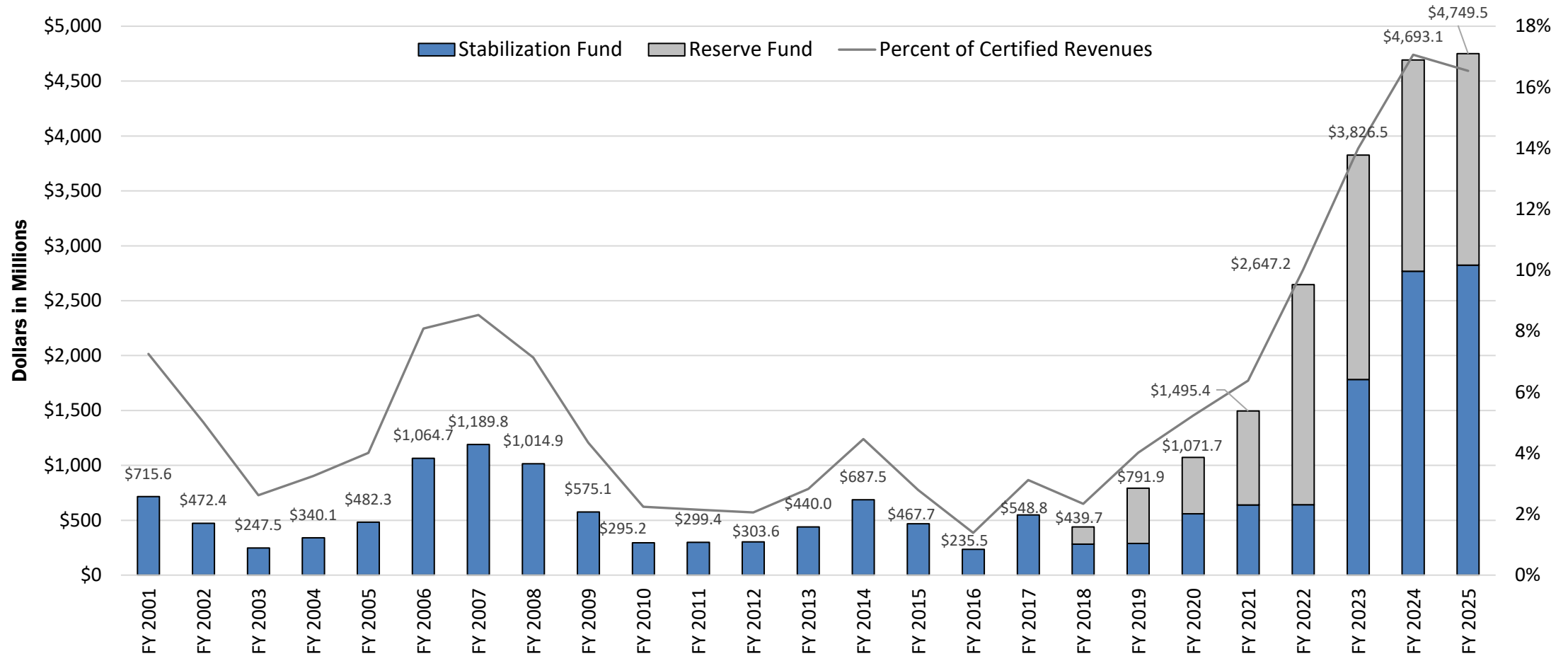
FY 2025-26 BIENNIAL BUDGET ADDED \$3.2 BILLION OVER CHAPTER 2 FORECAST



***Revenue totals reflect approximately \$5 billion in tax relief from tax cuts and rebates FY 2022-24.**

RECORD RESERVE FUND BALANCES

Total of All Reserves



VIRGINIA IS ONE OF THE BEST-POSITIONED TRIPLE-AAA RATED STATES

Rainy Day Funds as Percent of GF Expenditures

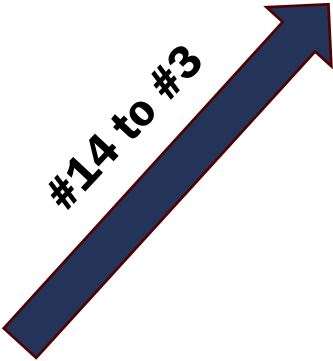
AAA States, FY 2019

Texas	21%
Georgia	10%
South Dakota	10%
Iowa	9%
Indiana	9%
Minnesota	9%
North Carolina	8%
Utah	7%
South Carolina	7%
Tennessee	6%
Delaware	5%
Maryland	5%
Florida	5%
Virginia	4%
Missouri	3%

AAA States, FY 2024

Texas	22%
North Carolina	16%
Virginia*	15%
South Dakota	15%
Iowa	11%
Ohio	11%
Maryland	9%
Indiana	9%
Minnesota	9%
Utah	8%
Tennessee	8%
Florida	7%
Missouri	6%
Delaware	6%
Georgia	N/A

Currently 17%



Source: National Association of State Budget Officers "The Fiscal Survey of States"

YEAR-TO-DATE RESULTS SUPPORT CONFIDENCE IN OF THE FISCAL YEAR 2025 FORECAST

- Total general fund revenues continue to exceed forecast through February.
- Year-to-date revenues are \$1,166.3 million (6.6%) ahead of last year and \$187.2 million (1.0%) ahead of forecast.
- February revenues were \$208.6 million (12.6%) ahead of last year and \$72.3 million (4.0%) ahead of forecast.
- Payroll withholding, the single largest source in the general fund, is 7.1 percent ahead of last year and 1.4 percent ahead of forecast.
- Year-to-date sales and use tax revenues are 2.5 percent ahead of last year and 0.6 percent ahead of projections.
- The strong performance of revenues in February and year-to-date, particularly in payroll withholding, provides confidence in meeting the forecast included in the Governor's proposed budget.

YEAR-OVER-YEAR GROWTH WAS STRONG IN FEBRUARY

SOURCE, \$ Mil	February				FYTD			
	FY 24	FY 25	Change \$	Change %	FY 24	FY 25	Change \$	Change %
Withholding	\$1,370.4	\$1,565.0	\$194.6	14.2%	\$10,936.0	\$11,712.0	\$776.0	7.1%
Non-withholding	196.0	146.8	(49.2)	-25.1%	2,885.6	3,200.1	314.5	10.9%
IIT Refunds	(484.2)	(505.6)	(21.4)	4.4%	(1,675.5)	(1,736.2)	(60.7)	3.6%
Net Individual Income	\$1,082.3	\$1,206.2	\$124.0	11.5%	\$12,146.0	\$13,175.8	\$1,029.8	8.5%
Sales & Use Tax	328.8	349.3	20.4	6.2%	3,154.9	3,232.5	77.6	2.5%
Corporate Gross	36.3	12.4	(23.9)	-65.8%	1,301.5	1,244.2	(57.2)	-4.4%
Corporate Refunds	(73.6)	(23.9)	49.7	-67.5%	(275.1)	(298.0)	(22.9)	8.3%
Net Corporate Income Tax	(37.3)	(11.5)	25.8	-69.2%	1,026.4	946.2	(80.1)	-7.8%
Insurance	24.8	49.0	24.2	97.3%	128.3	183.5	55.3	43.1%
Wills, Suits, Deeds	29.2	29.5	0.2	0.8%	252.4	300.9	48.5	19.2%
Interest Income	108.5	113.5	4.9	4.5%	553.2	538.8	(14.4)	-2.6%
All Other	114.1	122.7	8.6	7.5%	525.4	575.1	49.7	9.5%
Total GF Revenues	\$1,650.4	\$1,858.6	\$208.2	12.6%	\$17,786.6	\$18,952.9	\$1,166.3	6.6%

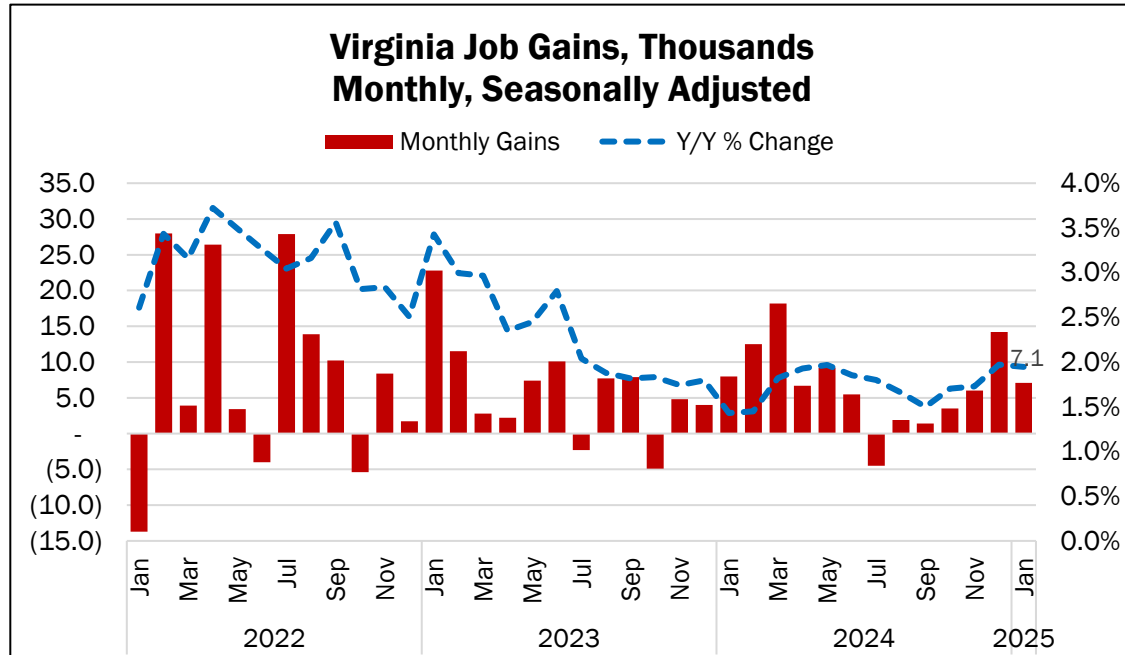
- Year-to-date revenues have grown 6.6 percent (\$1.17B).
- Year-to-date withholding and sales and use taxes have grown 7.1 percent and 2.5 percent, indicating a strong economy to date.
- Revenues for the remainder of the year need only grow by 0.3 percent to achieve forecast.

FEBRUARY COLLECTIONS EXCEED PROJECTIONS; YEAR-TO-DATE REVENUES REMAIN ON TARGET

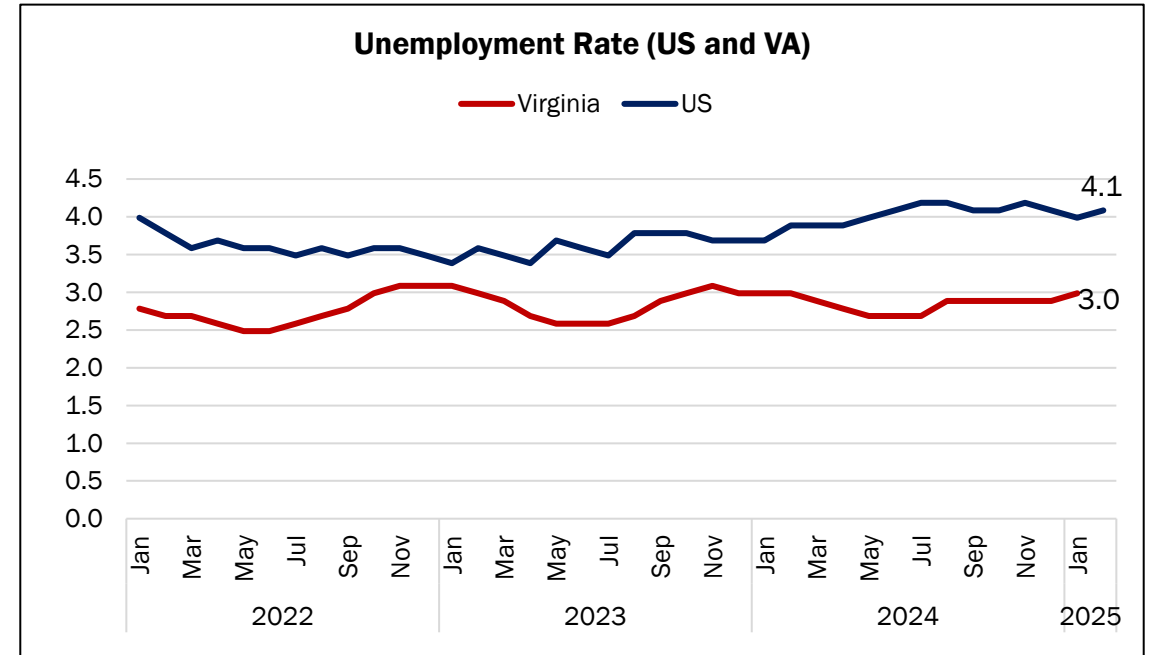
SOURCE, \$ Mil	February				FYTD			
	Actuals	Projected	Variance \$	Variance %	Actuals	Projected	Variance \$	Variance %
Withholding	\$1,565.0	\$1,414.9	\$150.2	10.6%	\$11,712.0	\$11,555.3	\$156.7	1.4%
Non-withholding	146.8	193.7	(46.8)	-24.2%	3,200.1	3,144.2	55.8	1.8%
IIT Refunds	(505.6)	(425.8)	(79.8)	18.7%	(1,736.2)	(1,540.4)	(195.9)	12.7%
Net Individual Income	\$1,206.2	\$1,182.7	\$23.5	2.0%	\$13,175.8	\$13,159.2	\$16.6	0.1%
Sales & Use Tax	349.3	335.4	13.9	4.1%	3,232.5	3,212.5	20.1	0.6%
Corporate Income Tax	(11.5)	(0.3)	(11.2)	***	946.2	956.3	(10.1)	-1.1%
Insurance	49.0	16.4	32.6	199.3%	183.5	105.0	78.5	74.7%
Wills, Suits, Deeds	29.5	31.3	(1.9)	-6.0%	300.9	279.4	21.5	7.7%
Interest Income	113.5	102.9	10.6	10.3%	538.8	514.3	24.6	4.8%
All Other	122.7	118.0	4.7	4.0%	575.1	539.0	36.0	6.7%
Total GF Revenues	\$1,858.6	\$1,786.3	\$72.3	4.0%	\$18,952.9	\$18,765.7	\$187.2	1.0%
Total, Excl. NWH and Refunds	\$2,217.4	\$2,018.4	\$199.0	9.9%	\$17,489.1	\$17,161.8	\$327.3	1.9%

- Compared to the forecast assumed in the Governor’s introduced budget, revenues exceeded projections for the month by 4.0% (\$72.3 million).
- Year-to-date, revenues are ahead of projections by 1.0 percent (\$187.3 million).

VIRGINIA EMPLOYMENT CONSISTENTLY GROWING AT 1.5 TO 2.0 PERCENT YEAR-OVER-YEAR, UNEMPLOYMENT WELL BELOW THE U.S.



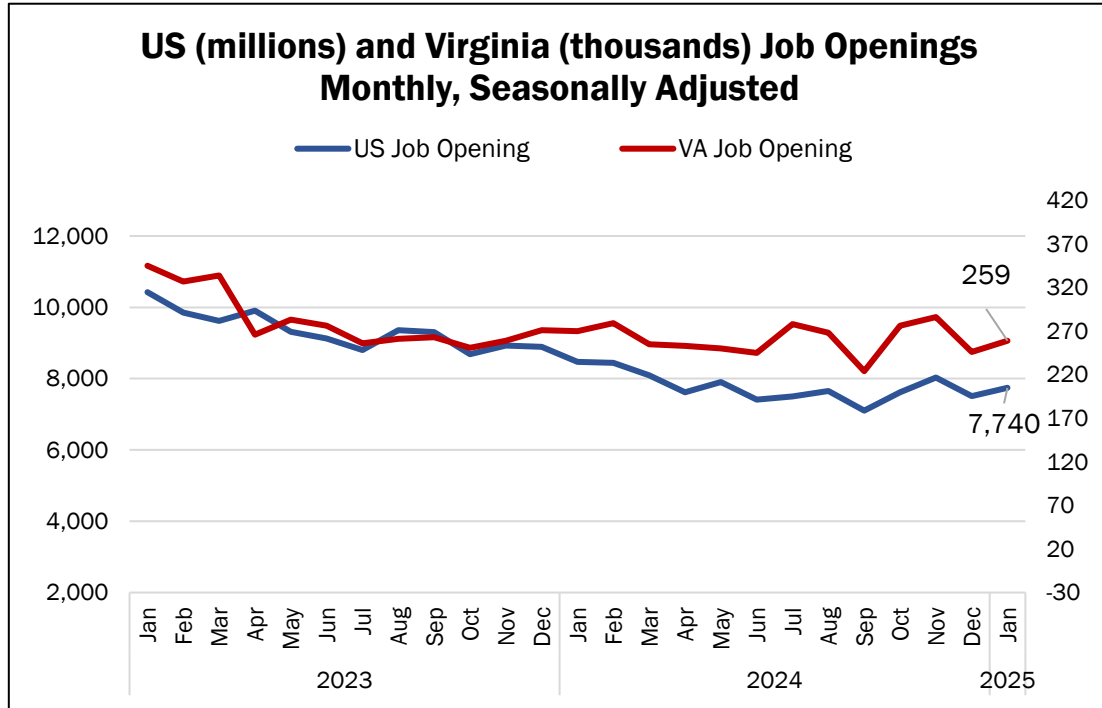
Source: US Bureau of Labor Statistics



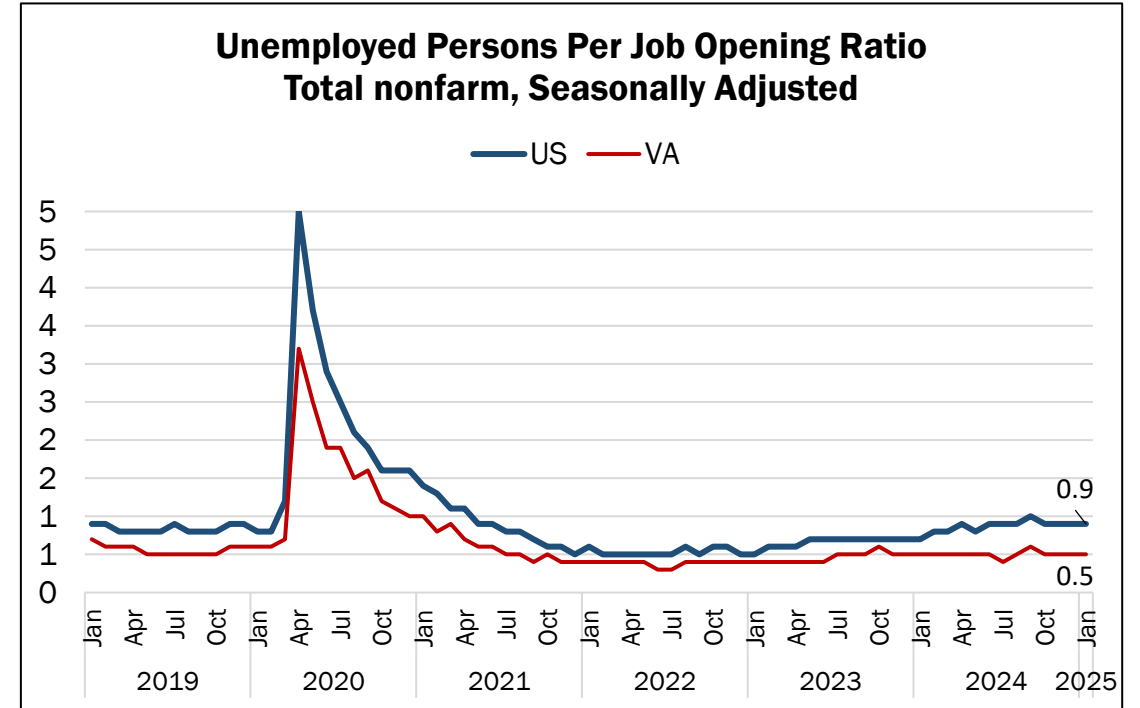
Source: US Bureau of Labor Statistics

- Virginia added 7,100 jobs in January. Over the past six months the Commonwealth has added more than 40,000 jobs.
- The most recent readings of unemployment confirmed Virginia’s strong labor market with over a full point lower unemployment than the national average.

TWO OPEN JOBS FOR EVERY PERSON UNEMPLOYED



Source: US Bureau of Labor Statistics, JOLTS



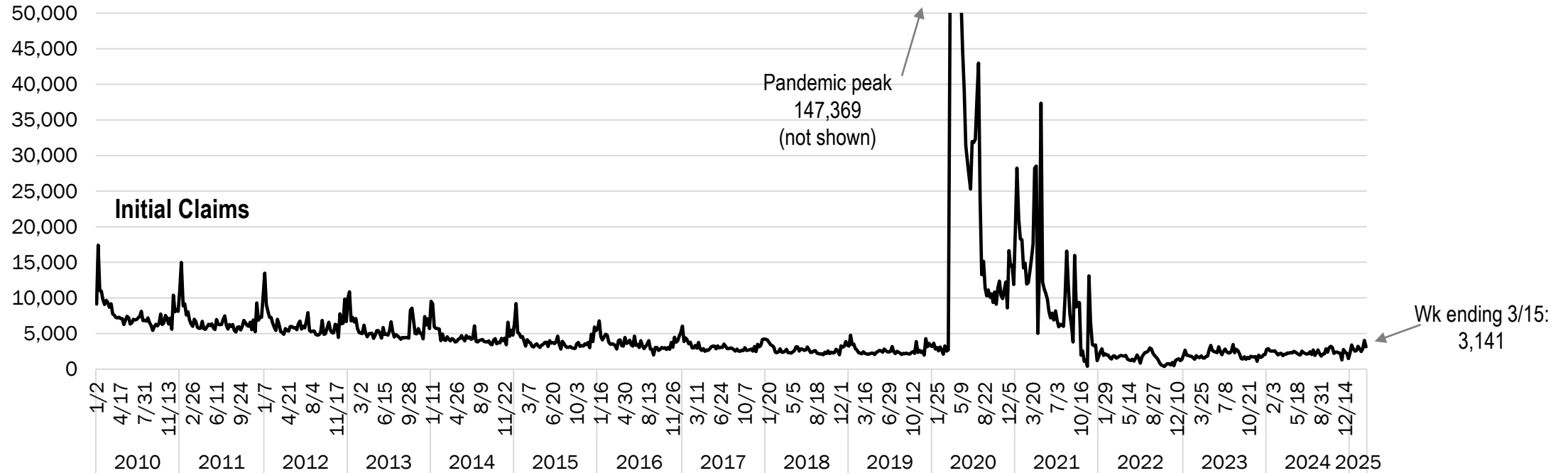
Source: US Bureau of Labor Statistics, JOLTS

- At the close of January, the last available data point, Virginia had 259,000 job openings available.
- Virginia has consistently had a stronger job market relative to the nation as a whole. Nationally there are approximately 0.9 unemployed persons per job opening. Virginia's sits at just 0.5.

VIRGINIA UNEMPLOYMENT CLAIMS

Recent rise in claims is predominantly attributable to private sector companies unrelated to federal spending.

Initial Unemployment Insurance (UI) claims in Virginia
Weekly claims, Jan '10 – Mar '25, not seasonally adjusted



Virginia Population (in millions)	2010 8.024	2015 8.367	2020 8.638	2024 8.811
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Source: Federal Reserve Bank of St. Louis, Virginia Works.

VIRGINIA IS IN POSITION OF GREAT FINANCIAL STRENGTH

- Three years of strong revenues and prudent budgeting have supported:
 - Unprecedented investments in critical priorities.
 - Building a rainy-day reserve of \$5 billion, 17% of latest year revenues, up from 9% at the end of FY 22.
 - Tax relief and rebates of \$9 billion over the term of Governor Youngkin.
- Virginia is winning the war for economic growth.
 - 276,400 new jobs added since January 2022.
 - Currently ranked #1 State for Business and #1 for Sites.
 - Since 2022, \$102.3 billion in announced new investment and 70,000 new direct jobs expected based upon company announcements.
 - After more than a decade of 140,000 domestic residents moving out of Virginia than moving to Virginia, the trend has reversed in 2024.
 - 6th lowest unemployment rate in the U.S. and 259,000 open positions.

VIRGINIA: STRONG, DYNAMIC AND WINNING

Perceived Risks

Mitigants

Potential risk to FY 2025 revenues

- Year-to-date revenues are up 6.6% over prior year with strong February results, particularly in withholding and sales taxes.
- Year-to-date revenues exceed forecast by \$187.2 million
- Revenues for the remainder of the year need only grow at 0.3% to achieve forecast
- Strong reserve position

Potential federal workforce and contractor job losses

- While job losses are anticipated, “Virginia Has Jobs” is activated and there is ample financial support:
 - 3.0% unemployment, 6th lowest in the U.S.
 - 259,000 open positions, 70,000 new jobs in economic development pipeline
 - \$1.5 billion in Unemployment Insurance Trust Fund, Federal Government reimburses for federal employees

Financial risks associated with potential future economic dislocation

- Existing commitments of companies bringing \$102.3 billion in new capital and 70,000 new jobs are in industries for the future
- The continued strong execution by VEDP and ongoing investments in sites and infrastructure ensure that Virginia will be well-positioned to capture future reshoring, which has already begun.
- Prudent budgeting provides cushion for potential reduced revenues
 - Reducing near term spend and adding discretionary FY 2025 \$300 million deposit to the FY2024 deposit of \$294.5 million to the Revenue Reserve Fund, total of almost \$600 million added.
 - Total of \$5.0 billion in rainy-day reserve balance, \$2.3 billion is in the more flexible Revenue Reserve Fund
 - Reduce recurring spending to provide additional available resources in following biennia.
 - No new debt issuance

Governor's Amendments to HB 1600

- Includes 8 vetoes and 205 amendments to the Conference Report on HB 1600.
 - Primary focus is reducing ongoing spending to recognize General Assembly concerns over potential downside risk to general fund revenues from necessary reductions in federal spending.
- Deposits \$594.5 million into the Revenue Reserve Fund over the biennium.
 - Supplemental deposit of \$300 million from Governor's identified spending reductions, in addition to \$294.5 million from FY2024 surplus revenues.
 - Total combined "rainy-day" reserves of approximately \$5.0 billion.
- No incremental debt beyond Chapter 2 levels.
 - Directs any surplus revenues above current FY25 forecast be dedicated to deobligation of existing \$400 million authorization approved in Chapter 2.

Governor's Tax Policy Amendments

- 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.
 - Standard deduction increased to \$8,750 / \$17,500
 - Increases refundability of the Earned Income Tax Credit to 20 percent of the federal level
- Extends the sunset on business-friendly tax incentives.
 - Data Center Sales & Use Tax exemption extended to 2050
 - Research & Development Tax Credits extended to 2027
 - Major Business Facilities Jobs Tax Credit extended to 2027
- Will provide approximately \$9 billion in tax relief to Virginians over the FY22 to FY26 time period.

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;
 - Current cap is 24:1,000
 - \$52.8 million for enhanced special education;
 - \$25.8 million for maintaining testing contract;
 - \$25 million in Opportunity Scholarships;
 - \$25 million in School Performance & Supports, and
 - \$15 million for College Partnership Lab Schools.
- Provides \$134.4 million for a \$1,000 bonus in June 2025 for funded instructional support personnel with no local match required.
- Increases ongoing investments in early childhood programs by \$7.5 million 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.

Higher Education

- Builds on \$1 billion in new investment from Chapter 2 by providing an additional \$235 million over the biennium.
 - \$90 million 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 \$1b actuarial surplus of the Commonwealth Savers Plan
- Directs colleges 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 \$686.1 million GF over the biennium for 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.
 - Includes \$1.1 million to increase Medicaid rates for substance use disorder services by 6.5 percent
- 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 Investments

- Includes \$50 million for Disaster Response and Relief in southwest Virginia.
 - Expands to recent rain events 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 Special Conservator's of the Peace to help individuals under a temporary detention order waiting for an available hospital bed.
 - 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.
- Extends worker's compensation benefits for post-traumatic stress, anxiety, and depressive disorders for two years for law enforcement personnel and firefighters.

Investments in 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.

Investments in Natural & Historic Resources

- Includes \$50 million NGF to Community Flood Preparedness 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.

VIRGINIA: STRONG, DYNAMIC, WINNING

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.
- Significant investments have been made in shared priorities while returning \$9 billion in tax relief over the term of Governor Youngkin.
- 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 should anything arise.
- Given the \$3.2 billion surplus over Chapter 2 and carryover balances, we can continue to invest in shared priorities...
- While providing 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 than leaving, reversing a decade of losing.
- We have invested to build a financial profile that will maintain our triple-AAA rating for the future.