



FACT SHEET: Governor Youngkin's Prudent Final Budget Actions Maintain Strong and Dynamic Financial Position for Virginia

"I am optimistic about Virginia's longer-term prospects for FY27-28, and beyond, but there are some short-term risks as President Trump resets both fiscal spending in Washington and trade policies that require us to be prudent and not spend all of the projected surplus before we get it."

– Governor Glenn Youngkin

KEY POINTS

The budget signed by Governor Youngkin today takes the projected \$3.2 billion surplus, and:

1. Provides **\$1.3 billion in incremental GF investments** in shared priorities – a **\$67 billion two-year GF budget**.
2. Returns **nearly a billion in tax relief** - \$400/joint filers–total of **\$9 billion over 4 years** to Virginians and extends and increases the standard deduction.
3. **Fully funds Medicaid** and Children's Services Act– additional \$825.9 million over the biennium.
4. Makes \$784.7 million incremental investment under direct aid to public education for a total of over \$22.4 billion.
5. Retains **\$900 million portion of the projected surplus** to create prudent, responsible cushion to meet financial forecast.
6. Delivers strong fiscal management which will support Virginia's continue AAA bond ratings, while Maryland and D.C. are seeing rating pressure.

GOVERNOR'S ITEM VETOES SHOW PRUDENT FISCAL MANAGEMENT

- The 37 item vetoes result retaining \$900.5 million of the projected \$3.25 billion surplus as cushion. Of these amounts, \$691.3 million (77 percent) is from one-time capital outlay appropriations in FY 25 and the remaining \$209.4 million (23 percent) is from operating appropriations across both years of the biennium.

Capital Outlay Spending – Total \$691.3 million

- The Commonwealth currently has 547 active capital outlay projects authorized statewide, totaling over \$9.3 billion.
- Currently, there is \$3.2 billion worth of capital projects appropriated for projects at institutions of higher education, but only approximately \$551 million has been drawn down for those projects.
- 10 projects in the proposed Higher Education Capital Outlay Pool totaling over \$626 million have been postponed via line item veto to be taken up in the next General Assembly session either through cash or bonding.
- All are good projects, but none are ready to start construction and all but one are in the pre-planning or planning phases of the project. This is simply a six month pause in the process as adding to the undrawn balances is not prudent financially at this time.

Operating Spending - \$209.4 million

- Eliminates discretionary Commerce and Trade and Natural and Historic Resources initiatives.
- Eliminates additional funding for the Commission on Electric Utility Regulation.
- Removes certain projects where existing alternative dedicated funding streams can be utilized.
- Restores controls on weight loss drugs.
- Removes additional funding for programs with unspent balances.

BUDGET MAINTAINS SHARED PRIORITIES

The budget delivers a total of \$4.2 billion in incremental investments – \$2.9 billion in carryforward from the previous biennium and \$1.3 billion from the projected surplus to increase the Commonwealth's commitment in our shared priorities.

Investments in Public Education

- The approved budget amendments provide \$784.7 million general fund and state nongeneral funds across the biennium over Chapter 2, including:
- \$222.9 million to fully funding the increased support cap
- \$134.4 million for a \$1,000 bonus in June 2025 for funded instructional support personnel with no local match required
- \$110.7 million for English Language Learners;
- \$52.8 million for enhanced special education;
- \$25.8 million for maintaining testing contract;
- 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 \$253 million over the biennium.
- \$140 million GF over the biennium for VMSDEP.
- \$80.5 million for affordable access and financial aid.
- \$15 million in IT Infrastructure.
- \$40 million for special projects and security initiatives at various institutions.

Employee Compensation

- Provides \$83.1 million for a 1.5 percent bonus for state and state supported local employees. State employees will receive their bonus in June and state-supported locals will receive their bonuses in July. This is in addition to the already approved 3 percent raise included in Chapter 2.

Health & Human Resources

- Provides an additional \$825.9 million in GF and NGF 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.
- \$25 million for drinking water infrastructure grants at the Virginia Department of Health.
- Removes most proposed rate increases for expansion of Medicaid services which should be taken up at the next General Assembly session.

Public Safety and Homeland Security

- 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.
- 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. Total base funding for alternative transportation is \$18.7 million.
- Includes \$1 million to replace Chinese manufactured drones at Virginia State Police.
- Includes \$2.5 million for step-increases at Virginia State Police.
- Provides \$1.0 million for a 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.

Commerce & Trade

- Provides \$14.0 million 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 Economic Development Partnership.
 - Includes \$500,000 for enhancements to Virginia Has Jobs.
 - Provides \$8 million investment in dredging at Wallops Island to support the commercial space industry.
 - Adds \$20 million in new one-time Business Ready Sites funding and establishes a base annual funding of \$20 million.

Natural & Historic Resources

- Includes \$50 million NGF to Community Flood Protection Fund.
- Provides \$50 million GF for Richmond Combined Sewer Overflow project. x
- Provides \$8 million for flood protection measures at Jamestown.