



2024 – 2026 PROPOSED BIENNIAL BUDGET

BUDGET OVERVIEW

January 5, 2024

Prepared for the:



OVERVIEW OF GOVERNOR YOUNGKIN'S "UNLEASHING OPPORTUNITY" PROPOSED BUDGET

On December 20, 2023, Governor Glenn Youngkin unveiled his budget proposal for the upcoming 2024-2026 biennium, accompanied by amendments to the existing budget. The outlined budget priorities and allocations offer a brief overview of the Governor's vision for the state's financial landscape. Key highlights from Governor Youngkin's proposed budget are provided below.

EDUCATION AND WORKFORCE DEVELOPMENT

- Includes \$160.6 million over the biennium for rebenchmarking of the Standards of Quality.
- Provides \$40 million over the biennium for the new Diploma Plus program, which would provide grants to high school students to support attainment of high-demand industry-recognized credentials.
- Deposits \$115 million in General Funds and \$235 million from the Literary Fund in FY 2025 to the VRS teacher retirement plan to address unfunded liabilities. Uses \$150 million per year from the Literary Fund (rather than the General Fund) for school employee retirement contributions.
- Provides \$61.2 million over the biennium for the state share of one reading specialist position per 550 students in grades 4-5 and one reading specialist position per 1,100 students in grades 6-8, in accordance with legislation passed in 2023.
- Appropriates \$80 million per year from casino gambling proceeds deposited into the School Construction Fund for the School Construction Assistance Program.
- \$30 million for College Partnership Laboratory Schools.
- \$40 million to develop a new state assessment system.
- Continue funding for the Virginia Talent and Opportunity Partnership to increase internships and other work-based learning opportunities.
- \$15 million for a new workforce recruitment program by the Virginia Economic Development Partnership.
- \$9.2 million additional funding for the Workforce Credential Grant Program, to ensure workforce training programs are more affordable to students.
- \$7.8 million for Virginia Community Colleges to establish regional career placement centers.

ECONOMIC DEVELOPMENT

- \$200 million for the Virginia Business Ready Sites Program and \$25 million for the Virginia Business Ready Sites Acquisition Program.
- \$100 million to establish the Virginia Biotechnology, Life Sciences, and Pharmaceutical Manufacturing Network. This network is a partnership involving the University of Virginia, Virginia Tech, and Virginia Commonwealth University.
- \$85 million over two years for the Major Headquarters Workforce Grant Fund.
- \$60 million over two years for GO Virginia, to encourage regional cooperation among business, education, and government on economic and workforce development.
- \$40 million for the Commonwealth's Development Opportunity Fund to incentivize economic development prospects to locate or expand in Virginia.
- \$15 million for the Virginia Economic Development Partnership to create a comprehensive marketing program to attract and retain the workforce in Virginia.

TAXES

- Reducing individual income tax rates in each tax bracket by 12 percent.
- Increasing the statewide sales tax rate from 4.3% to 5.2% (a 0.9% increase).
- Capturing certain digital products and services, such as digital downloads, website hosting and design, and streaming music and video, in the sales tax base.
- Expanding the Earned Income Tax Credit to 25 percent of the federal credit.

BROADBAND

- The Governor’s Budget reduces the appropriation for the Virginia Telecommunication Initiative by \$29.7 million in FY 2025 and by \$49.7 million in FY 2026, leaving an appropriation of \$20 million in FY 2025.

TRANSPORTATION INFRASTRUCTURE

- \$20 million to the Transportation Partnership Opportunity Fund to support infrastructure improvements necessary for major economic development projects.

HUMAN SERVICES

- Proposes a series of investments in the Governor’s Right Help, Right Now behavioral health initiative, including:
 - Funding for an additional 1,720 developmental disability waiver slots in the Medicaid program in each year of the biennium.
 - \$35.6 million over the biennium for additional crisis receiving centers or crisis stabilization units, enhancements to existing sites, and pharmacy improvements.
 - \$20.8 million over the biennium for salary increases for clinical staff and \$15.8 million over the biennium for salary increases for food and environmental services staff at state hospitals.
 - \$10 million in FY 2025 for comprehensive psychiatric emergency programs or similar models of care in emergency departments.
 - \$10 million over the biennium for the Virginia Behavioral Health Loan Repayment Program.
 - \$10 million in FY 2025 for one-time costs of establishing additional mobile crisis services in underserved areas.
 - \$9.5 million in additional funding for the alternative transportation and custody programs and expansion of the programs to serve individuals under involuntary commitment orders.

NATURAL RESOURCES

- Deposits \$138.1 million in FY 2025 into the Water Quality Improvement Fund for agricultural best management practices and nonpoint source pollution programs.
- Deposits \$100 million in FY 2025 into the Virginia Community Flood Preparedness Fund.
- Deposits \$25 million in FY 2025 into the Resilient Virginia Revolving Loan Fund.

To view the full proposed budget bill, click [here](#).
To view the Governor’s press release, click [here](#).

Provided by the team at Access Point Public Affairs:

*Mindy Carlin
President and Co-Founder
mindy.carlin@accesspointpa.com*

*Cassidy Taylor
Public Affairs Manager
cassidy.taylor@accesspointpa.com*

*Mike Carlin
CEO and Co-Founder
mcarlin@accesspointpa.com*

*Susan Rowland
Public Affairs Director
susan.rowland@accesspointpa.com*