

# Common Ground for the **COMMONWEALTH**



## **Governor Youngkin's Proposed Amendments to the FY25-26 Budget**

**Governor Youngkin released today a package of budget amendments to find common ground with the General Assembly on a new, two-year budget.**

- The \$64 billion Common Ground Budget eliminates all proposed tax increases, invests a record \$21.3 billion in K-12 education, caps tuition increases at 3%, includes 3% pay raises for teachers and state employees in each year, and increases investments in health and human resources by \$3.2 billion over the biennium.
- Together, the 242 amendments to the budget offered by the Governor preserve the vast majority of spending priorities as passed by the General Assembly. It increased funding for Metro, toll relief in Hampton Roads, affordable access in Higher Education, and the Housing Trust Fund.
- The budget passed by the General Assembly eliminated over \$850 million of the Governor's priority spending items in the introduced budget; the Common Ground budget restores only \$230 million of those priorities.
- It's time to find common ground for the Commonwealth.

**Virginia is in a stronger financial position than ever before, with steadily rising revenues, record reserves, and a sterling AAA bond rating. The strength of our financial position is the foundation for our ability to make significant investments without raising taxes.**

- Virginia's revenues continue to rise steadily. Annual tax collections rose by +40% in the last five years, fueled by more jobs and economic growth.
- With the highest labor force in Virginia's history and with more job growth than 42 other states in the last two years, we know that revenues will remain strong even when viewed conservatively against economic uncertainty.
- Our reserve fund balances are among the best of any state in the nation. We have over \$4.6 billion in reserve funds representing 15% of our annual general fund spending.
- Revenue collections are running ahead of the revenue forecast by \$827 million year to date.
- Virginia can fund priorities and maintain our long-term structural balance without raising taxes.

**The Governor’s proposed package reflects the spirit of compromise, maintaining the vast majority of the spending priorities passed by the General Assembly – again, without raising taxes.**

- The Governor proposed \$1 billion in tax relief in his introduced budget, while the budget passed by the General Assembly included tax increases that would cost Virginians \$2.6 billion in total. Common Ground – and common sense – says we can write a clean budget without tax increases or tax decreases.
- The Common Ground budget maintains the vast majority of the spending priorities proposed by the General Assembly, including:
  - 3% Pay Raises for Teachers and State Employees Each Year
  - \$196 million in Additional Funding for At-Risk Students
  - Additional \$1 billion in Higher Education Funding
  - \$175 Million in Funding for the Housing Trust Fund
  - Toll Relief in Hampton Roads
  - Fully funding the state’s share of Metro’s short-term funding needs
  - \$70 million to expedite projects in the Interstate-81 corridor
- Of the over \$850 million in priority spending items introduced by the governor and cut by the General Assembly, the Common Ground budget restores only \$230 million.

**We can still make significant investments in collective priorities without raising taxes with savings resulting from final legislative actions, revisions to forecasts and estimated needs, and by utilizing existing resources differently – while maintaining long-term structural balance.**

- Makes available \$522 million in General Fund cash by bonding \$150 million in capital projects and capturing \$372 GF savings from capital adjustments.
- Captures \$150 million in General Fund savings by using unspent Literary Fund balances to support teacher retirement.
- Captures \$113 million in General Fund savings by using \$98 million of state funds paid in advance to NVTC for Metro and reflecting the most-up-to-date estimated shortfall needs from WMATA.
- Captures \$103 million in General Fund savings from final legislative actions, including vetoes and amendments.

- These actions preserve \$860 million for collective priorities, and when combined with balance adjustments and the elimination of tax relief, allow for \$2.4 billion in increased GF operating spending over the previous biennium while maintaining structural balance.

**The Common Ground Budget continues to build on the bipartisan commitment to funding a high-quality education, setting a new two-year record for K-12 education funding and increasing higher education funding by \$1 billion.**

- A record \$21.3 billion in K-12 funding, an increase of \$1.2 billion over the previous biennium.
- Includes a 3% teacher pay raise in each year, on top of 12% teacher pay raises adopted in the last two budget cycles. These 18% teacher pay raises is projected to raise average teacher pay in Virginia above the national average by nearly \$3,500 a year.
- Invests over \$800 million for early childhood care and education to support 68,000 early learners previously supported by federal dollars and increase the number of early childhood slots.
- Restores lab school funding to support the 21 lab schools being built across 60+ school divisions, which would serve an estimated 5,000 students when fully-implemented.
- Increases funding for higher education by \$1 billion, including over \$150 million for affordable access to cap tuition increases at 3%.
- Includes \$75 million to support PELL grant recipients, \$33 million for financial aid, and \$24 million to support veterans and their families.

**The Common Ground Budget reflects the collective commitment to health and human resources, including our ongoing transformation of Virginia’s behavioral health system.**

- Includes a total \$3.2 billion increase in health and human resources funding over the previous biennium.
- Invests \$895 million to fully fund Medicaid and Children’s Health Insurance, including a \$150 million reserve fund for enrollment uncertainty.
- Provides \$169 million in additional investments in behavioral health for the next phase of Virginia’s Right Help, Right Now Transformation.
- Preserves \$516 million in Total Funds for 3,440 additional development disability waiver slots and services.

**The Common Ground Budget also recognizes the need to create jobs, make our communities safer, connect Virginians, and preserve our natural resources.**

- The Common Ground Budget preserves the progress from the two bipartisan budgets previously passed by the General Assembly and signed by the Governor.

Public Safety

- Provides a total investment of \$72.5 million GF over the biennium for community violence intervention programs
  - \$20 million to support Operation Ceasefire
  - Dedication of \$2.6 million in support to the Office of the Attorney General for Operation Ceasefire efforts
  - \$25.0 million for the Safer Communities Program
  - \$6.9 million for youth community violence reduction programs
  - \$18.0 million for the Community Violence intervention program
- Provides \$49.0 million GF for the School Resource Officer Incentive Grant Fund
- Provides \$20 million in additional support to local police departments
- Provides \$3.0 million for law enforcement officer wellness programs
- Includes \$41.2 to transition Lawrenceville Correctional Center to state management
- Includes \$13.2 million for DOC to establish a career progression plan for correctional officers
- Provides \$19.1 million for start-up operations for Jones & Cabacoy / Puller Veterans Care centers
- Includes \$3.8 million for six new judgeships
- Provides \$4.7 million GF for increases in Commonwealth Attorney and paralegal positions to address workload needs

Economic Development

- Accelerates the Commonwealth's investment in workforce and economic development
- Provides \$175 million over the biennium for the Virginia Housing Trust Fund
- Provides \$90 million over the biennium for site development
  - One-time investment of \$50 million

- Maintains commitments to funding economic development investments
  - Reserves \$42.5 million over the biennium for anticipated payments
- Invests \$114 million investments in biotechnology and life science commercialization.
- Includes \$30.0 million to help with costs related to “make ready work” for broadband infrastructure projects.
- Authorizes a \$40.0 million treasury loan to the City of Newport News to help secure a federal investment of up to \$400 million from the U.S. Navy to build housing infrastructure for sailors while stationed at the shipyard.

### Natural Resources

- Continues progress towards meeting state water quality goals by investing over \$350 million investments in nutrient reduction projects, including:
  - \$138.1 million GF and \$63.0 million NGF in funding from the Monsanto Settlement Agreement for Agricultural Best Management Practices;
  - \$100 million in bond proceeds to supplement investments in wastewater treatment plants;
  - \$50 million to the City of Richmond for combined sewer overflow program; and
  - Provides \$5 million for a nonpoint source pollution pay-for-performance outcomes project.
- Provides \$100.0 million GF in FY 2025 for the Community Flood Preparedness Fund
- Includes \$26.5 million to assist the City of Bristol with landfill remediation efforts
- Provides \$25.0 million to the City of Norfolk for Coastal Storm Risk management Projects
- Includes \$20.0 million GF in FY 2025 for capital improvements at historic sites and museums in anticipation of the America 250 semiquincentennial celebrations
- Includes over \$15 million in priority investments in historic sites and battlefields
- Governor’s amendments largely reflect changes related to legislation that was vetoed
- Removes language mandating Virginia rejoin the Regional Greenhouse Gas Initiative