

2022 House Budget Proposal

Main Budget Highlights

- The House of Delegates passed “our” version of the state budget on Friday with a strong bi-partisan vote of 74-25. The State Senate also passed their version of the budget, and then our House and Senate Budget “conferees” will hammer out a compromise State Budget. The Budget will then go to Governor Youngkin for approval. The Governor can offer amendments and can also veto budget items. The House and State Senate will meet in the April “Veto” Session to consider the Governor’s actions on the budget bill, as well as the other House and State Senate bills.

I have included some important House budget highlights below. I would welcome your comments or questions about any of these items, so please let me know if you have any questions.

- This budget includes \$5.3 billion in tax relief for Virginians over the biennium, including tax rebates, doubling the standard income tax deduction, ending the grocery tax, and suspending the most recent 5 cents per gallon gas tax hike.
- K-12 Public Education gets a massive boost, with spending increased by \$2.3 billion, a 15 percent increase over the previous budget. This is the largest education budget in Virginia history, and it includes two 4 percent raises for teachers and other public employees, as well as 1 percent bonuses in each year of the biennium.
- The House budget includes a \$2 billion **loan fund** to help school divisions repair and replace crumbling schools. This has been a Republican priority for years that was blocked by Democrats until now.
- Schools also get additional funding to hire reading specialists, \$51.6 million to hire resource officers for every school, all while fully funding the latest re-benchmarking of the Standards of Quality.
- Our budget includes \$150 million for “laboratory schools” to be created in cooperation with our colleges and universities to find new and better ways to teach our students.
- Public Safety employees, including the Virginia State Police, Sheriffs’ Deputies, Correctional Staff, and Regional Jail Employees all receive

significant salary adjustments to help departments recruit and retain employees.

- Local governments are held harmless not only for the end of the grocery tax, but also for changes in enrollment in schools due to COVID.
- The House budget also looks to the future, raising the Rainy-Day fund to its highest level ever, and it makes a \$500 million payment to the Virginia Retirement System to bring the system ever closer to self-sufficiency.
- This is a forward-looking budget that meets the needs of families, schools, public safety, and higher education while providing significant tax relief.
- The House budget will head to the floor this week. We will consider floor amendments and vote on specific items before taking a final vote on the budget later this week. After the House and Senate pass their proposals, we will negotiate the final

Key Budget Highlights

- This budget provides \$5.3 billion in tax relief in the form of the grocery tax repeal, tax rebates, doubling the standard deduction, and other initiatives.
- The House budget is the single largest appropriation for K-12 in Virginia history, more than \$17 billion and an increase of more than \$2 billion over last budget.
- The introduced budget (HB30) includes \$49,725,000 in the first year, and \$49,725,000 in the second year of the budget for the expansion of Broadband through the Virginia Telecommunications Initiative (VATI).
- Public employees, especially public safety employees, will see significant raises in this budget.
- This budget continues our tradition of fighting for affordable college, allowing institutions to limit in-state undergraduate tuition increases to no more than 3 percent in FY23
- Adds \$101 million to improve care at our nursing homes for seniors, and \$251 million to boost Medicaid provider compensation.

Tax Relief for Hard-Working Families

- Our budget provides more than \$5 billion in tax relief for hard working Virginians, starting with rebate checks of \$300 for every filer and \$600 for joint filers.
- The House also doubles the standard deduction for our state income tax filers, putting more money back into paychecks, much needed relief at a time when inflation is higher than it has been in 40 years.
- This budget also repeals the grocery tax, saving families 2.5 percent every time they go to the grocery store. We also hold local governments harmless, replacing the grocery tax with a sustainable, growing revenue stream from the Commonwealth.
- In addition, the budget includes a suspension of the most recent 5 cents per gallon gas tax hike – while still increasing transportation funding by more than \$1 billion.
- The House budget excludes the first \$40,000 in veterans’ pension income from taxation.
- Our budget also includes a new \$500 income tax deduction to reward educators for their hard work molding the next generation.

K-12 Public Education

- The House budget makes the single largest K-12 investment in Virginia history at nearly \$17 billion over the biennium, an increase of more than \$2 billion over the last budget.
- This budget provides for two 4 percent raises, one in each fiscal year, plus two 1 percent bonuses to increase average teacher salaries closer to the national average.
- This budget also funds much needed positions in our schools, including reading specialists to help our students make up for learning lost to pandemic days and virtual education, \$170 million.
- Our budget sets aside funding to support \$2 billion in loans that will allow our hard-pressed school districts to begin the process of rebuilding crumbling schools and replacing those that cannot be effectively repaired.
- We also set aside \$150 million to develop laboratory schools with our colleges and universities that will develop new and better ways to educate students and give them the head start in life they need.

- The House repeals the local grocery tax, but replaces it with a sustainable stream of funding from state coffers that will grow over time – holding local districts harmless while families get much needed tax relief.
- This budget also funds the Virginia Literacy Act and provides significant new support for turnaround schools.

Our Long History of Supporting K-12 Education

- The House of Delegates has provided six teacher pay raises since 2013. Our budgets included teacher pay raises in 2013, 2014, 2016, 2017, 2018, and 2022.
- This budget contains the single largest K-12 budget in Virginia history at over \$17 billion over the biennium.
- The House led the effort to return money to schools with no strings attached, restoring the “Lottery Distribution” mechanism. Our budget once again returns 40% of lottery proceeds to local schools with complete flexibility.

Higher Education

- This budget continues the House tradition of working to make higher education more affordable for Virginia students.
- This budget allocates \$240.3 million for increased access and affordability in our schools, and it allows higher ed institutions to limit tuition hikes to no more than 3 percent in FY 23
- The House budget includes \$6.0 million for increased advising capacity at the Virginia Community College Systems, helping our students find the right educational and career path for them.
- Our budget includes an additional \$61.8 million in financial aid for in-state undergraduates.
- In addition, the budget provides larger Tuition Assistance Grants, \$4,500 for the first year, and \$5,000 for the second year, a total of \$25.8 million.
- The House provides an additional \$92.7 million to increase research efforts in our colleges and universities, including an additional \$39.2 million for increased cancer research at VCU and UVA.

- It also includes \$57.7 million in institution-specific initiatives to include \$11.5 million at UVA-Wise for rural economic development, \$15.6 million at VSU and \$9.7 million at NSU for initiatives designed to support student access and success
- Provides for continued support of online degree programs and benchmarks those awards to 50 percent of the regular award
- The House budget also provides for a supplemental TAG award equal to 50 percent of the full award for eligible students at Hampton and Virginia Union Universities.

Growing Our Economy

- This budget puts \$180 million in Federal American Rescue Plan Act funds into the Unemployment Insurance Trust Fund, ensuring that Virginia businesses won't be hit with a tax hike to rebuild the fund following the surge in applications during COVID.
- Our budget ensures that no employer has a higher unemployment insurance tax burden higher than their 2021 rate until pandemic related claims are no longer a factor.
- The House budget provides an additional \$160.0 million in non-general fund revenue to support all remaining eligible Rebuild Virginia applications.
- The budget also provides \$3.0 million in General Fund resources for the Regional Innovation Fund managed by the Virginia Innovation Partnership Authority.
- The budget directs \$11.4 million from the Regional Greenhouse Gas Initiative proceeds to provide flood relief to the residents of Hurley, stepping in to help our neighbors in need while the Federal Government has not.

Hardworking State Employees

- The House budget gives two across-the-board raises to state employees, 4 percent each fiscal year of the biennium, along with two 1 percent bonuses each fiscal year. This extends to teachers as well.
- Our plan also includes \$500 million in additional payments to the Virginia Retirement System, bringing the fund ever closer to being able to meet 100 percent of its future obligations to our retirees.

Public Safety

- Our budget invests in the brave men and women of law enforcement, continuing our commitment to keeping our communities safe.
- This budget provides targeted salary improvements for the Virginia State Police, bringing starting pay up to \$51,500 per year. The budget also provides adjustments to reward longevity on the force and minimize compression.
- Pay for our Correctional Officers, Sheriffs' Deputies, and regional jail officers will rise up to \$42,000 per year for those starting out, with additional raises for those who have been working longer to avoid salary compression.
- This budget also funds \$5 million over two years for Operation Ceasefire, a grant fund program that will help address gun violence in our cities without infringing on Second Amendment rights.

Agriculture & the Environment

- This budget includes a \$313 million General Fund first-year deposit in the Water Quality Improvement Fund, providing much needed resources to aid our commitment to restoring the Chesapeake Bay.
- The House fully funds the needs assessment agricultural best management practices for the 2022-24 biennium, including \$164.7 million for projects inside the Bay watershed, and \$70.6 million for projects outside.
- The budget also provides an additional \$21.2 million for technical assistance into our soil and water conservation districts.
- Our budget provides an additional \$62.5 million in non-General Fund revenues from the American Rescue Plan Act for grants to the Cities of Lynchburg and Richmond for their combined sewer overflow control projects.
- Other water quality improvement projects funded include:
 - \$27.0 million to the City of Fredericksburg
 - \$17.0 million to the Town of Quantico

- \$16.0 million to the King George County Service Authority
- \$4.5 million to the Town of Accomac
- \$3.5 million to the Town of Exmore
- \$2.4 million to the Town of Wachapreague
- \$1.5 million to the Town of Parksley

Cybersecurity

- Our budget adds nearly \$150 million in funding for new cybersecurity initiatives, including:
 - \$48.0 million for new staffing and operational support at VITA.
 - \$48.5 million in targeted state agency initiatives.
 - \$26.3 million for a new State and Local Cybersecurity Program
 - \$4.9 million general fund as state match to \$21.4 million in federal grants, with 80 percent of funding to go to local governments
 - \$20.0 million general fund in Central Accounts for the Secretary of Administration to oversee statewide cybersecurity initiatives.
 - \$3.8 million for the General Assembly to strengthen oversight of Virginia's cybersecurity infrastructure.

Transportation

- This budget makes major new commitments to transportation, increasing VDOT's funding by \$741.2 million in the first year and \$1.0 billion in the

second year.

- Other major initiatives in the House budget include funding for the new Virginia Passenger Rail Authority, which begins with \$343.1 million in the first year and another \$278.7 million in the second year.
- Other projects funded by the House include:
 - Mid-Atlantic Regional Spaceport, \$30 million
 - Air Terminal Interchange Navy Base, \$20 million
 - Improve I-64 between exits 205 & 234, \$50 million
 - Nimmo Pkwy Project, \$10 million
 - Repair McMullen Bridge in Smyth County, \$5 million
 - Purchase right of way in Shenandoah Valley, \$30 million
 - Fall Line Trail, \$15 million
 - Craig Valley Railbed Trail, \$12.5 million