

# 2022 VASS/VASBO Winter Conference



## Opportunities in the 2022-2024 Biennium Budget How Should the State Allocate its Gusher of Revenues?



FISCAL ANALYTICS, LTD

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# How Is Virginia's Current Economy Compared to Pre-Pandemic?

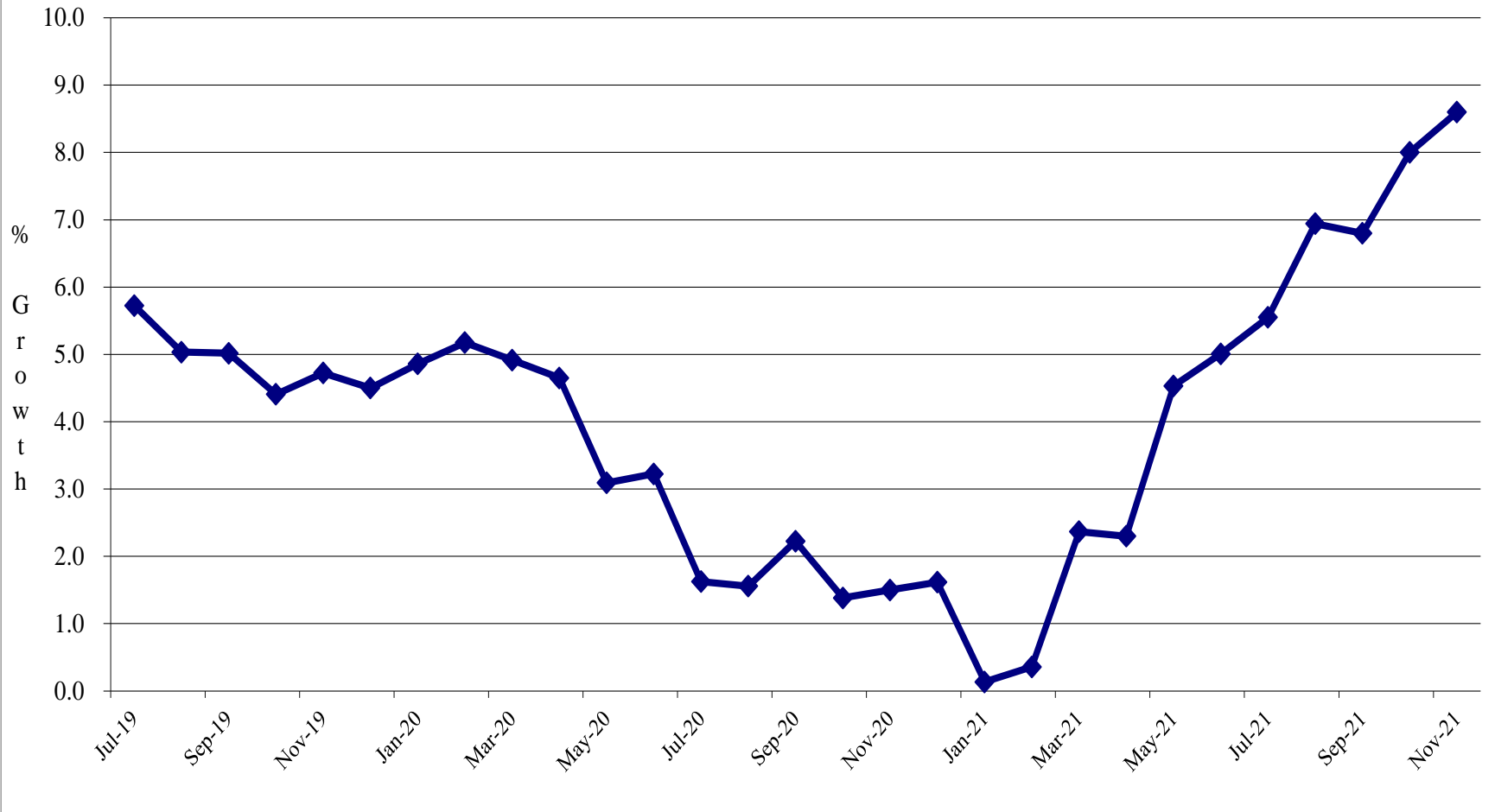


	<b><u>2019</u></b>	<b><u>2021</u></b>	<b><u>% Change</u></b>
Labor Force (Sept.)	4,420,479	4,244,196	-4.0%
Employment (Sept.)	4,064,200	3,929,000	-3.3%
Unemployment Rate (Sept.)	2.7%	3.8%	
Wages and Salaries (2nd Q )	\$260,152	\$281,987	8.4%
S&P 500 Index (Nov.1)	3,104.9	4,603.2	48.3%
Home Price Index (July)	226	272	20.4%

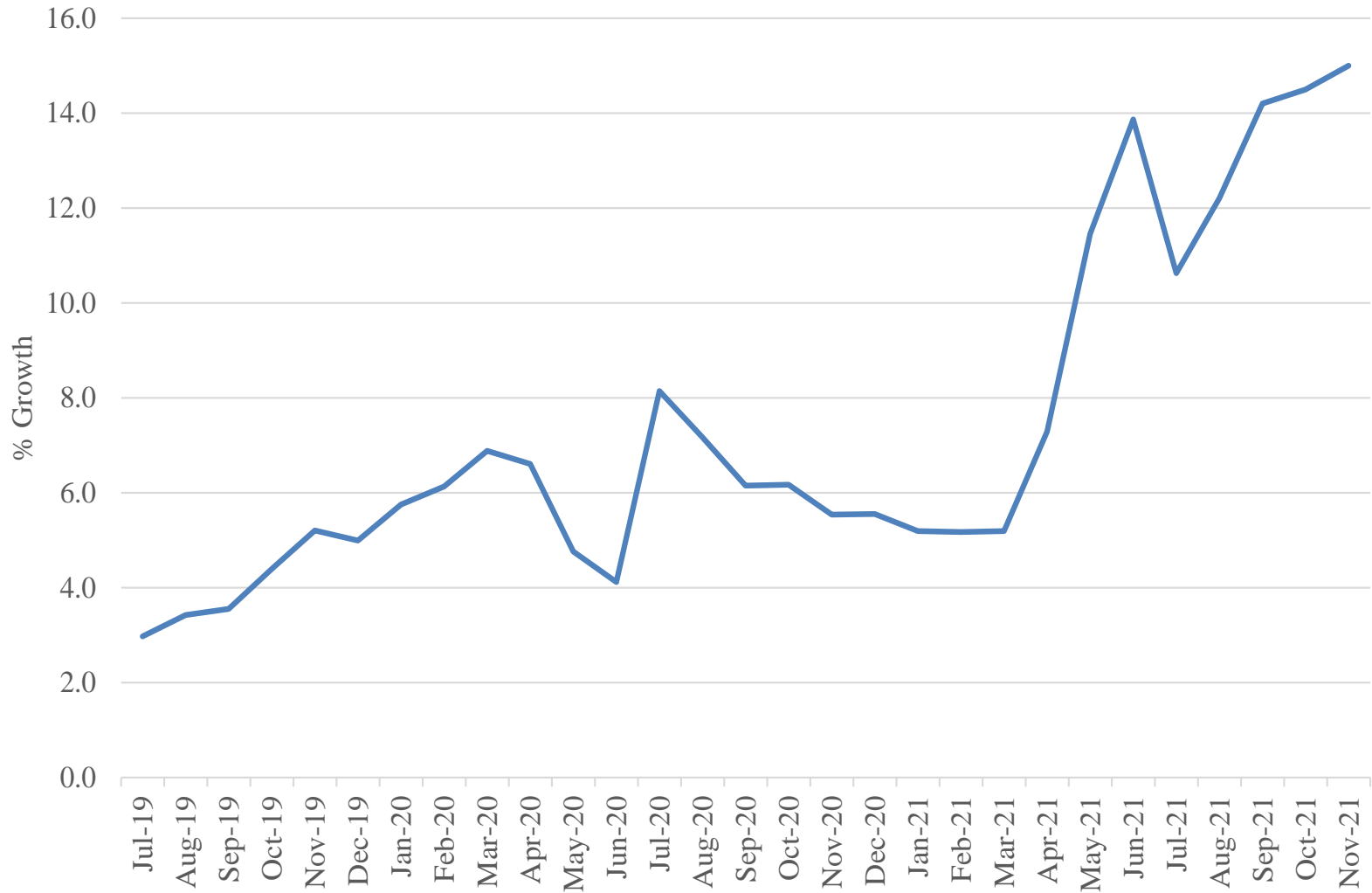
# FY 2021 Virginia Wages/Salaries and Personal Income Forecast Much Stronger Than Forecast *Healthy Economic Growth Expected in FY 2022*

	<b>FISCAL YEAR</b>				
	<b>2020 Actual</b>	<b>2021 Forecast</b>	<b>2022 Forecast</b>	<b>2023 Forecast</b>	<b>2024 Forecast</b>
Employment	-1.4	-2.5	2.8	1.1	0.8
Wages and Salaries	2.6	4.6	6.4	5.3	4.6
Personal Income (See Note)	4.5	6.2	4.6	3.9	4.3
<i>Note: Transfer payments such as unemployment insurance and stimulus checks up 47.5% in FY 21</i>					

# 12 Mo. Moving Avg Income Tax Withholding Growth Is Above Pre-Pandemic Levels



## 12 Mo. Moving Avg Sales Tax Growth Remains Elevated



# Why General Fund Revenues Have Been Much Stronger than Expected

- **Job losses were primarily in service-sector industries with lower average wages. Substantial wage increases have occurred** in remaining jobs.
  - Income tax filers earning under \$50,000 comprise about 56 percent of returns, while paying 10 percent of state income taxes.
- Service-sector spending was greatly curtailed in the pandemic, while **federal relief packages stimulated taxable goods purchases.**
- Federal Reserve **easy money policies increased asset values** and spurred large taxable capital gains.

# Virginia Will Receive \$13.8 Billion in Direct Program Aid from ARPA, Much Still Unspent

	<b>\$ Mil.</b>
State Recovery Funds	\$4,293.7
Local Recovery Funds	\$2,910.0
Elementary and Secondary Relief Fund	\$2,123.3
Higher Education Emergency Relief Fund	\$843.9
Child Care Grants	\$823.3
Public Transit Formula Assistance	\$800.1
Emergency Rental Assistance	\$450.7
Homeowner Assistance Fund	\$258.4
Epidemiology and Lab Capacity for School Testing	\$257.1
Capital Projects Fund	\$221.7
State Small Business Credit Initiative	\$188.4
Vaccine Preparedness & Community Health Centers	\$162.6
HUD HOME Investment Partnerships	\$97.0
Low-Income Energy Assistance	\$90.2
Human Services Assistance Programs	\$86.6
IDEA Grants to States, Preschool, Infants	\$73.3
Mental Health and Substance Abuse Block Grants	\$69.5
Emergency Assistance to Non-Public Schools	\$46.3
All Other	\$12.4
<b>Total ARPA Direct Aid to Virginia</b>	<b>\$13,808.5</b>

# The State GF Budget is in Great Shape for Priority Investments

- GF revenue surplus of \$2.6 bil. for FY 2021, reflecting growth of 14.5% over FY 2020 – compared to 2.6% expected in the April adopted budget. Income tax non-withholding was responsible for \$1.2 bil. of surplus revenues.
  - \$1.1 bil. of surplus reserved for mandatory Rainy Day Fund deposit and \$313 mil. for WQIF deposit.
  - Other GF reserves from GF surplus included \$564 mil. for “super deposit” reserve, \$222 mil. to cover possible disallowed ARPA allocations, and \$170 mil. to continue ARPA initiatives. These “reserved” funding items are discretionary.
- Commonwealth Transportation Fund revenues also had a \$372 mil. FY 21 surplus, primarily due to motor vehicle and general sales taxes.
- With additional required deposits, GF revenue reserves will now exceed \$3.3 billion by FY 2023, which include voluntary cash reserves of over \$1.5 billion. This is about 13% of annual GF revenues.
- FY 2022 GF revenues now forecast to exceed last year’s adopted budget by over \$3 bil. Higher FY 2022 revenues will also raise the 2022-24 forecast.
- 2020-22 biennium Lottery revenues are \$150 mil. higher than forecast last year.
- Approximately \$1.1 billion in state ARPA funding remains to be allocated. Governor proposed allocating an additional \$700 mil. in the introduced budget. New federal infrastructure bill to start flowing in FY 2023.



# Continued Growth Leads to Much Higher GF Revenues than Assumed in the Ch. 552 Adopted FY 22 Budget (\$ Mil.)

	<b>Actual FY21 Revenue</b>	<b>Ch. 552 FY22 Revenue Est.</b>	<b>Introduced FY22 Rev Forecast (1)</b>	<b>Introduced FY22 Rev Growth Est.</b>	<b>Nov YTD % Growth</b>
<i>Withholding</i>	14,012.9	14,246.9	14,838.7	5.9%	10.0%
<i>Estimated Pay/Tax Dues</i>	5,217.0	3,890.5	5,206.2	-0.2%	-3.3%
<i>Refunds</i>	<u>(1,926.2)</u>	<u>(2,145.0)</u>	<u>(2,125.2)</u>	<u>10.3%</u>	<u>-29.2%</u>
Net Individual Income	17,303.7	15,991.4	17,919.7	3.6%	10.1%
Sales Taxes	4,166.2	3,992.2	4,427.8	6.3%	14.4%
Corporate Income	1,515.7	1,271.6	1,721.5	13.6%	55.1%
Recordation	679.7	467.0	593.7	-12.6%	3.3%
All Other	<u>1,213.2</u>	<u>1,176.9</u>	<u>1,269.0</u>	<u>4.6%</u>	<u>n/a</u>
<b>Total GF Revenue</b>	<b>24,878.5</b>	<b>22,899.1</b>	<b>25,931.7</b>	<b>4.2%</b>	<b>12.7%</b>
ABC Profits	177.9	130.2	161.4	-9.3%	
Sales Tax (0.375%)	458.4	433.8	487.3	6.3%	
Other Transfers	122.3	118.4	99.9	-18.3%	
<b>Total Transfers to GF</b>	<b>758.6</b>	<b>682.4</b>	<b>748.6</b>	<b>-1.3%</b>	
<b>Total General Funds</b>	<b>25,637.1</b>	<b>23,581.5</b>	<b>26,680.3</b>	<b>4.1%</b>	
<b>Lottery Revenues</b>	<b>708.2</b>	<b>690.9</b>	<b>843.4</b>	<b>19.1%</b>	<b>41.5%</b>

Note: FY 22 introduced forecast includes a \$158.6 mil. "tax conformity" revenue reduction

# Available FY 2022 GF Resources for New Spending/Tax Cuts Exceed \$4 Billion

- Reversing reserves from FY 2021 surplus:
  - \$564 mil. for *voluntary* “super deposit” not needed
  - \$222 mil. to cover possible disallowed ARPA allocations?
  - \$170 mil. in GF revenues to continue ARPA initiatives?
- FY 2021 discretionary balances reversion - \$300 mil.
- Over \$3 bil. in GF and lottery revenues (\$150 mil.) above the FY 2022 forecast in the previous adopted budget.
- FY 2022 forecast Medicaid savings of \$654 mil.
- Other FY 2022 Health Care Fund savings of \$100 mil.
- Generally, FY 2022 new spending decisions are discretionary, such as ARPA tax conformity, Accelerated Sales Tax removal, economic development, and other agency requests.

# Outlook for 2022-24 Revenue Growth

- Higher than expected FY 2022 base provides structural stability.
- Historic household savings (\$3.5 trillion) ensure near-term high levels of consumer spending.
- Low inventories and strong consumer spending keep factories and services humming.
- Large numbers of unfilled jobs portend job growth and wage increases from inflation as well.
- **The introduced budget forecasted very large available revenues above the spending base due to the higher revenue base – even with a slowdown in growth.**
- **Risks to growth include:**
- Tougher revenue growth comparisons next biennium – particularly in non-withholding income tax revenues.
- High inflation and monetary tightening/slowing fiscal stimulus (congressional stalemate?) becoming an economic headwind.
- Continued supply chain disruptions.
- Continued low labor participation rates and employers having a difficult time filling positions.
- **State tax cuts are likely with next administration.**
- Black swan event occurring, e.g., Covid resurgence, invasion of Taiwan disrupting semiconductor chip supply

# Introduced 2022-24 Available GF Resources Above the Base Budget Are Substantial



<b>Introduced 2022-24 Available GF Revenues</b>			
	<b><u>FY 2022</u></b>	<b><u>FY 2023</u></b>	<b><u>FY 2024</u></b>
<i>GACRE Revenue Forecast</i>	\$26,090.3	\$27,339.6	\$28,496.7
<i>GACRE Revenue Growth</i>	4.9%	4.8%	4.2%
Introduced Tax Policy Changes	-\$158.6	-\$1,552.9	-\$419.3
Introduced GF Resources	\$25,931.7	\$25,768.7	\$28,077.4
Introduced GF Revenue Growth	4.2%	-0.6%	9.0%

# New Spending and Tax Policy Changes Total Over \$12 Billion GF



## Introduced 2022-24 GF Budget

	<b><u>FY 2022</u></b>	<b><u>FY 2023</u></b>	<b><u>FY 2024</u></b>
Balances	\$3,115.1	\$5,607.1	\$269.0
Revenues	\$25,931.7	\$25,786.7	\$28,077.4
Transfers	\$748.6	\$726.4	\$744.0
<b>Total GF Resources</b>	<b>\$29,795.4</b>	<b>\$32,120.2</b>	<b>\$29,090.4</b>
Base Budget	\$25,492.9	\$25,256.0	\$25,256.0
<b>Spending Proposals</b>	<b>\$135.6</b>	<b>\$6,595.2</b>	<b>\$3,684.6</b>
Ending balance	\$4,166.9	\$269.0	\$149.8

*Note: \$1440.7 in additions to balances in FY 23 are from FY 2021 RDF and WQIF reserves*

# “Bills in the Drawer” Are Lower Than Usual

- **K12 re-benchmarking was basically flat**, not including increased lottery and sales tax distributions.
  - Prevailing cost increases much lower than normal. Enrollment changes (including special ed and gifted counts) lower than usual.
- Expect **\$654 mil. in Medicaid savings in FY 2022**, due an additional quarter of enhanced FMAP, and lower utilization and managed care rates during Covid. While growth is expected to resume in the **2022-24 biennium, the new forecast calls for \$820 mil.** above the base budget, which is **lower expected growth than usual.**
  - Beginning in 2022, enrollment eligibility will be re-evaluated due to emergency regulations ending.
  - Managed care rates are expected to grow in the 3-4% range, lower than usual.
- Health and Human Service programs should take center stage during the 2022 Session.
  - Behavioral/mental health programs, such as STEP-VA, staffing issues at mental health treatment centers, universal home visiting programs, and continuous Medicaid eligibility for children.
- Other issues include law enforcement pay compression issues, employee minimum wage increases and salary/construction cost increases due to inflation.
- ARPA funding commitments that require continuing general fund, such as mental health and law enforcement pay increases.

# SOQ Prevailing Salaries Have Increased Under 2% per Year Over Last 10 Years

	Biennium			<i>Since 2020-22</i>	<i>Since 2012-14</i>
	<u>2012-14</u>	<u>2020-22</u>	<u>2022-24</u>	<u>% Increase</u>	<u>% Increase</u>
Elementary Teachers	\$45,118	\$51,371	\$53,996	5.1%	19.7%
Elementary Assistant Principals	\$63,824	\$71,532	\$75,435	5.5%	18.2%
Elementary Principals	\$78,510	\$89,378	\$93,869	5.0%	19.6%
Secondary Teachers	\$47,267	\$53,777	\$56,977	6.0%	20.5%
Secondary Assistant Principals	\$67,824	\$77,181	\$81,093	5.1%	19.6%
Secondary Principals	\$86,464	\$99,215	\$102,844	3.7%	18.9%
Instructional Aides	\$16,223	\$18,995	\$21,304	12.2%	31.3%

# K12 Construction and Renovation Funding Needs

- More than half of all school buildings are greater than 50 years old.
- Replacement costs for school buildings over 50 years old total nearly \$25 billion.
- Since July 2010, divisions reported constructing 118 new schools at a total cost of \$4.184 billion and completing 544 addition/renovation projects at a total cost of \$3.191 billion.
- The largest share of CIP estimated costs are for new schools and renovations. 81 new schools planned for a total cost of \$3.8 bil. 566 renovations planned for a total cost of \$3.3 bil.
- Introduced budget proposed \$500 million for school modernization. While no formula prescribed, it is assumed that funds be distributed with percent of ADM adjusted by the LCI.
- No Literary funds used for teacher retirement in the introduced budget.
- School Modernization Committee also proposed 1) allowing all localities to raise sales tax by 1% following referendum and 2) unspent year end school district funding be carried over to the next fiscal year for school modernization.

Source: [http://leg5.state.va.us/User\\_db/frnView.aspx?ViewId=5809&s=34](http://leg5.state.va.us/User_db/frnView.aspx?ViewId=5809&s=34)



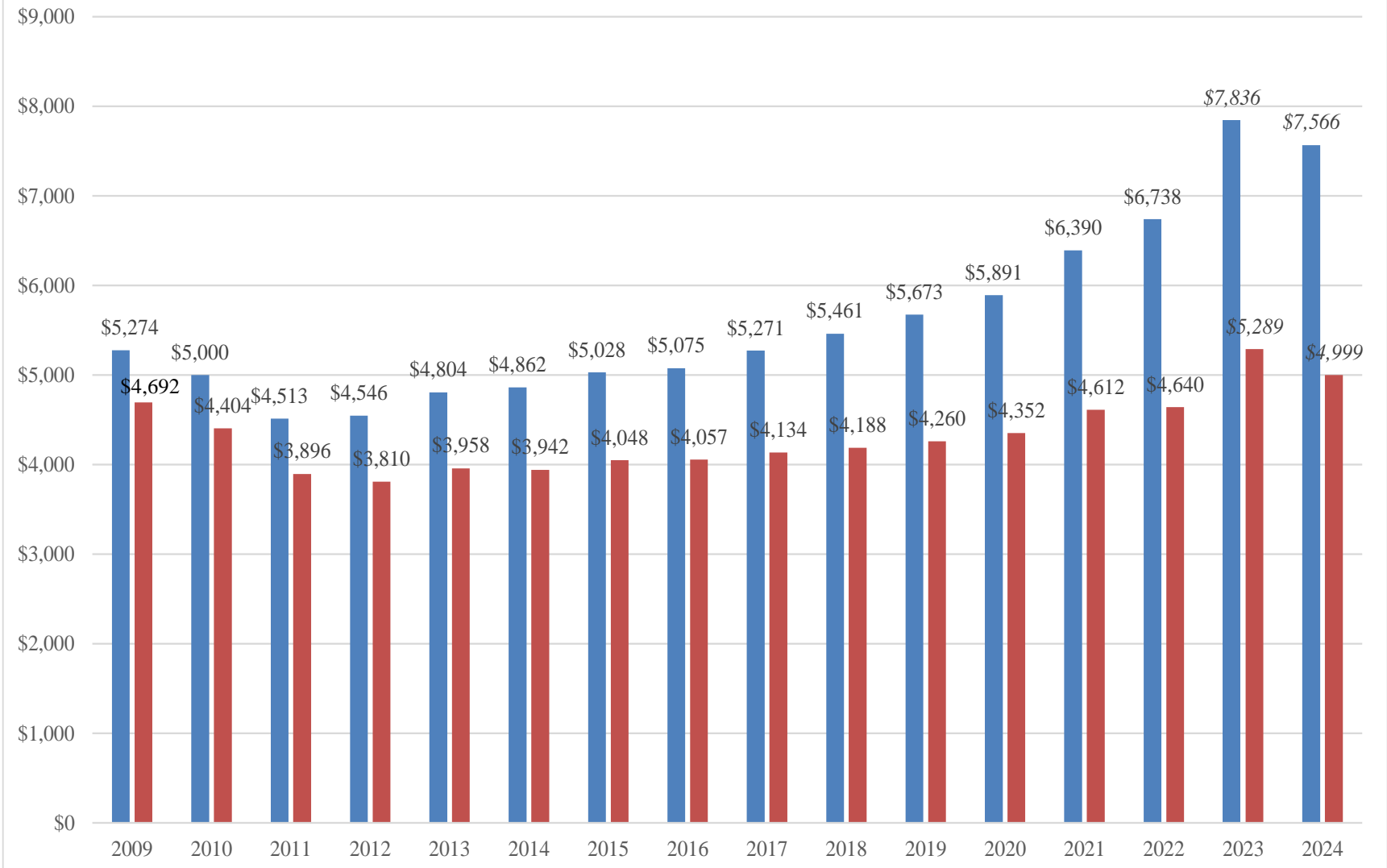
# 2022-24 Introduced Budget

## Major New GF K-12 Spending Proposals



- 5 percent salary increase each year - \$751.0 mil.
  - Localities will be required to match with approx. \$1 billion or 56 percent of total funding.
- School modernization/construction funding - \$500 mil.
  - No formula provided in intro budget, but intended to allocate based on ADM and LCI.
- Hold harmless payments for base year re-benchmarking data affected by Covid-19 - \$354.5 mil.
  - Adjusted data for: special ed child counts, pupil transportation, and non-personal support costs
- At-Risk Add-on increase to 49.5% in FY 2023 and 36% in FY 2024 - \$268.4 mil.
- Grocery tax reduction hold harmless - \$158 mil.
  - A long-term alternative to offset the grocery tax reduction would be to increase the school-age population distribution from 1.125% to 1.375%
- Expands the Early Reading Initiative to grades 4 and 5 - \$63 mil.
- Expands the VPI program per pupil grant from \$7,655 to \$8,359 - \$27.4 mil.
- *Uses \$166 mil. in Literary Funds for school construction loans rather than teacher retirement.*
- *Did not adopt VRS Board recommended teacher rate reduction of 2% which would save significant local government funding.*
- *Lottery proceeds increased by \$74 mil. each year, reducing GF appropriations by a like amount.*

## 2022 Introduced Budget State Per Pupil K-12 Direct Aid Funding Nominal and Inflation-Adjusted (CPI \$2005)



# Other Major GF Spending Proposals



- \$821 mil. for increases in Medicaid utilization and inflation
- \$294 mil to increase Medicaid reimbursement rates for developmentally disabled waivers
- \$806.8 mil. - 5% each year increase in state and state supported local employee salaries
- \$564 mil. – “super” deposit to voluntary reserve fund
- \$924 mil. to reduce VRS unfunded liability
- \$207.2 mil. to develop multi-use trails
- \$190 mil. – Housing Trust Fund
- \$100 mil to implement behavioral health recommendations
- \$85 mil. for Major Headquarters Workforce Grant Fund
- \$71.5 mil. for salary increases for direct care staff at state behavioral health facilities.
- \$60.7 mil. for information technology improvements.
- \$40.7 mil. for state employee health insurance premiums.

# Introduced One-Time Revenue Proposals

## *Strengthens the State's Financial Position*

- Cash infusions into the VRS Trust Funds that will lower unfunded liabilities and future contribution rates.
  - Introduced budget proposed \$924 mil. GF cash deposit to VRS.
  - Each \$12 million infusion to teacher fund theoretically lowers rates by a basis point or about \$900,000 annually.
- Cash for capital projects instead of debt.
  - Introduced budget proposes \$2,544.7 mil. in GF capital project spending – mostly for Higher Ed.
- Create a Local School Modernization Fund
  - Introduced budget proposes \$500 mil. GF and no diversion of Literary Funds for teacher retirement.
- Increase voluntary reserves
  - Currently, RDF and voluntary reserves exceed \$3.3 billion, much higher than the 8% cushion rating agencies like for a AAA credit rating.
  - \$564 million “Super Deposit” reserve from FY 2021 is voluntary, not required by the state constitution, but proposed in introduced budget.

# Tax Refunds/Reform?



- One-time refunds?
- Eliminating the 2.5% “food for home consumption” tax would reduce revenues about \$700 mil annually.
  - \$250-300 mil. each for **the 1% local option sales tax and 1% school-age population distribution** and \$125 mil. for the 0.5% transportation allocation.
  - *To offset local revenue loss – each 20% increase in school age population and local option sales tax distribution from remaining sales tax base costs about \$320 mil. for each offset.*
- Doubling the standard (currently \$4,500 single, \$9,000 married) deduction would reduce GF revenues about \$650 mil annually (first fiscal year higher due to timing).
  - In 2018, 3,245,602 returns claimed standard deductions worth \$12.8 bil., while 745,221 claimed itemized deductions worth \$38.6 bil.

# Introduced GF Appropriations Growth

## 2022 Session Introduced GF Budget (\$ Mil.)

		Introduced	Annual	Introduced	Annual	Introduced	Annual	Biennium	Biennium
	<u>FY 2021</u>	<u>FY 2022</u>	<u>Change</u>	<u>FY 2023</u>	<u>Change</u>	<u>FY 2024</u>	<u>\$ Change</u>	<u>\$ Change</u>	<u>% Change</u>
Legislative and Executive	\$149.1	\$154.8	\$5.7	\$162.1	\$7.3	\$162.6	\$0.5	\$20.8	6.8%
Judicial Dept.	\$525.4	\$547.1	\$21.7	\$576.0	\$28.9	\$576.2	\$0.2	\$79.7	7.4%
Administration/Comp Board	\$792.3	\$789.2	(\$3.1)	\$885.9	\$96.7	\$891.7	\$5.8	\$196.1	12.4%
Treasury Board Debt Service	\$815.6	\$853.5	\$37.9	\$923.2	\$69.7	\$994.6	\$71.4	\$248.7	14.9%
Other Finance	\$167.2	\$168.3	\$1.1	\$180.8	\$12.5	\$171.1	(\$9.7)	\$16.4	4.9%
Rainy Day Fund Deposit	\$77.4	\$0.0	(\$77.4)	\$1,127.7	\$1,127.7	\$0.0	(\$1,127.7)	\$1,050.3	1357.0%
Non-Recurring VRS Deposit	\$100.0	\$0.0	(\$100.0)	\$924.0	\$924.0	\$0.0	(\$924.0)	\$824.0	824.0%
Cash Reserve	\$339.0	\$1,213.9	\$874.9	\$0.0	(\$1,213.9)	\$0.0	\$0.0	-\$1,552.9	-100.0%
Car Tax Reimbursement	\$950.0	\$950.0	\$0.0	\$950.0	\$0.0	\$950.0	\$0.0	\$0.0	0.0%
Commerce and Trade/Labor	\$398.1	\$616.2	\$218.1	\$574.7	(\$41.5)	\$584.9	\$10.2	\$145.3	14.3%
Agriculture / Nat. Resources	\$274.1	\$322.6	\$48.5	\$622.7	\$300.1	\$275.5	(\$347.2)	\$301.5	50.5%
<b>K-12 Education/DOE</b>	<b>\$6,932.8</b>	<b>\$7,235.2</b>	<b>\$302.4</b>	<b>\$8,739.9</b>	<b>\$1,504.7</b>	<b>\$8,459.8</b>	<b>(\$280.1)</b>	<b>\$3,031.7</b>	<b>21.4%</b>
Higher & Other Education	\$2,408.4	\$2,582.1	\$173.7	\$2,920.8	\$338.7	\$3,027.8	\$107.0	\$958.1	19.2%
DMAS Medicaid	\$4,344.0	\$4,525.7	\$181.7	\$5,778.9	\$1,253.2	\$6,056.5	\$277.6	\$2,965.7	33.4%
Other Health & HS	\$2,211.6	\$2,408.1	\$196.5	\$2,610.2	\$202.1	\$2,749.9	\$139.7	\$740.4	16.0%
Public Safety/Veterans & HS	\$2,242.0	\$2,303.8	\$61.8	\$2,494.8	\$191.0	\$2,489.9	(\$4.9)	\$438.9	9.7%
Transportation	\$0.0	\$170.8	\$170.8	\$209.4	\$38.6	\$2.0	(\$207.4)	\$40.6	23.8%
Central Appropriations	(\$9.0)	\$336.2	\$345.2	\$380.4	\$44.2	\$779.7	\$399.3	\$832.9	254.6%
Capital/Ind. Agencies	\$4.2	\$451.1	\$446.9	\$1,789.8	\$1,338.7	\$768.5	(\$1,021.3)	\$2,103.0	461.9%
<b>Total GF Appropriations</b>	<b>\$22,722.2</b>	<b>\$25,628.6</b>	<b>\$2,906.4</b>	<b>\$31,851.3</b>	<b>\$6,222.7</b>	<b>\$28,940.7</b>	<b>(\$2,910.6)</b>	<b>\$12,441.2</b>	<b>25.7%</b>

# Recent K-12 Budget Enhancements

## **2020 General Assembly:**

- Amended ratio of EL teachers to 20 FTE per 1,000 students; amended ratio of school counselors 1 FTE per 325 students; expanded the range of at-risk add-on funding amounts up to 26 percent of basic aid per free lunch student.

## **2021 General Assembly:**

- Created specialized student support personnel position and set ratio at 3 FTE per 1,000 students. Appropriation Act removed flexibility of SOQ staffing ratios in the second year.
- Provided July 1, 2021, 5 percent salary increases for teachers and state employees, and allowed school divisions to access prorated funds if the division provides an increase between two percent and five percent.
- Provided “no loss” payments for the average 3.5 percent 2020-21 ADM losses.
- Increased VA Preschool Initiative per pupil payments from \$6,326 in FY 2021 to \$7,655 in FY 2022.
- Included a \$61 mil. one-time payment to the VRS to reduce the unfunded liability in the teacher plan.

# General Assembly *Could* Have the Resources to Prioritize Board of Education SOQ Enhancement Recommendations

1. **Enhanced At-Risk Add-On or At-Risk Add-on combined with Prevention, Intervention, Remediation Program (annual cost = \$74m)**
2. **Teacher Leader/Principal Mentor Programs (annual cost = \$116m)**
3. **Increase staffing ratios for ESL Teachers (annual cost = \$15m)**
4. **Increase Specialized Student Support Personnel (annual cost = \$ 49m)**
5. **Increase Reading Specialists (annual cost = \$38m)**
6. **Increase School Counselors staffing standards (annual cost = \$52m)**
7. **Increase Elementary Principal staffing standards (annual cost = \$8m)**
8. **Increase Assistant Principals staffing standards (annual cost = \$77m)**
9. **Work-Based Learning Coordinators (annual cost = \$8 mil.)**

*Board of Education has not formally proposed:  
Eliminating the Recession-Era Support Position Cap (annual cost = \$374m)*

*For more information: <https://www.doe.virginia.gov/boe/quality/index.shtml>*





Appendix:

2021 Special Session State ARPA Allocations

# Summary of ARPA ESSER III Allowed Uses

Provides \$2,123.3 billion in aid to Virginia K12 schools, 90 percent of which is sent directly to school divisions **under the same formula as in the CARES Act.**

## **Authorized uses include:**

Activities authorized under federal programs like ESEA, IDEA, Perkins & McKinney-Vento;

Developing and implementing procedures and systems to improve Division preparedness and response efforts;

Cleaning, sanitizing, and associated training and planning;

Educational technology;

Mental health services and supports;

Planning and implementing activities to address the unique needs of low-income children or students, children with disabilities, English learners, racial and ethnic minorities, students experiencing homelessness, and foster care youth;

Eligible uses to include school re-construction projects, facility repairs, and air quality upgrades **directly related to the COVID-19 pandemic.**

# Special Session ARPA SLRF Allocations

- General Assembly allocated \$3.2 bil. of the \$4.3 bil. in ARPA state relief funds (SLRF).
- The Governor was also directed to include an additional \$354 mil. of SLRF spending in his introduced budget.
- Finally, all \$221.7 mil. in discretionary ARPA “Capital Project Funds” were allocated for broadband improvement projects.

# Special Session SLRF Allocations

- **Unemployment Assistance:** \$862 mil. for the Unemployment Trust Fund and \$72 mil. for VEC system improvements.
- **Broadband:** \$479 mil. to support broadband access and \$8 mil. to extend existing broadband to low income households. (Plus \$221.7 mil. in Capital Projects Fund allocations.)
- **Small Business:** \$250 mil. for Rebuild VA; \$22.5 mil. for the Industrial Revitalization Fund; and \$4 mil. for the Main Street Program.
- **K-12 Education:** \$250 mil. for qualifying public school ventilation improvement projects allocated based on FY 2022 projected March 31 ADM, with a minimum allocation of \$200,000 per division, to be paid to school divisions on a reimbursement basis, with a local match required. Plus \$7 mil. for Virginia Museum of Fine Arts and Jamestown-Yorktown Foundation and \$2 mil. for four individual projects.
- **Higher Education:** \$150 mil. for need-based financial aid for in-state undergraduate students from low- and moderate-income households, \$11 mil. for TAG, \$80 mil. for NVCC capital projects and trades and medical programs programs, and \$10 mil. for the Online Virginia Network Authority.

# Special Session SLRF Allocations

- **CSO, Wastewater and Drinking Water:** to DEQ - \$100 mil. to reimburse eligible entities as provided for in the Enhanced Nutrient Removal Certainty (ENRC) Program, \$75 mil. for septic, straight pipe, and sewer collection system repairs, and \$125 mil. to the cities of Alexandria, Lynchburg, and Richmond to pay a portion of the costs of combined sewer overflow control projects.  
Dept. of Health - \$50 mil. to support equal access to drinking water at small and disadvantaged community waterworks and \$5.75 mil. to provide improvement funds for well and septic systems for low-income homeowners.
- **Utility Assistance:** \$120 mil. for utility assistance
- **Tourism:** \$50 mil. for the Virginia Tourism Authority; \$7.25 mil. for a monument to commemorate the 400-year anniversary of the First Landing of Africans at Point Comfort in Fort Monroe, a Virginia African American Cultural Center in Virginia Beach, and development of a Museum of African- American History and Culture in Harrisonburg.
- **Food Access:** \$14.6 mil. to the Department of Agriculture and Consumer Services for food assistance programs.
- **Parks:** \$26 mil. for outdoor recreation and maintenance needs

# Special Session SLRF Allocations

- **Public Safety and Addressing Community Violence:**

\$33.2 mil. for a one-time hazard pay bonus of \$3,000 for state-supported sworn officers of Sheriff's Departments and Regional Jails;

\$23.6 mil. to support a one-time hazard pay bonus of \$3,000 for corrections and law enforcement staff; \$20 mil. to provide one-time bonuses to State Police law enforcement personnel;

\$31.5 mil. to the Department of Corrections for COVID-19 testing/vaccinations/health issues in correctional facilities;

\$19 mil. for various DCJS/Attorney General programs to address community violence.

- **Elections:** \$4 mil for voter education efforts and expansion of early voting

# Special Session SLRF Allocations

- **Mental Health:**

- \$50.0 mil. for the renovation or replacement of ventilation and water or sewer systems at state behavioral health and development facilities;

- \$45.0 mil. for bonuses to direct care staff at state facilities;

- \$10.0 mil. for the continued expansion of community-based crisis services;

- \$5.0 mil. for permanent supportive housing in Northern Virginia;

- \$1.2 mil. for the purchase of personal protective equipment at state facilities; \$1.65 mil. to expand a pilot program to serve approximately 60 additional individuals with a primary diagnosis of dementia who are ready for discharge;

- \$1.0 mil. to DCJS to provide resources for crisis intervention team training to law-enforcement officers and dispatchers, and one position to provide technical assistance in support of the mental health awareness response and community understanding services (Marcus) alert system.

- **Substance Abuse:** \$10.0 mil. to make grants to members of the Virginia Association of Recovery Residences for recovery support services; \$5.0 mil. to the Department of Health for substance misuse and suicide prevention efforts; \$5.0 mil. to expand community-based substance use disorder treatment services.

# Special Session SLRF Allocations

- **Public Health:**

**Dept. of Veteran Services** - \$10,270,354 to address revenue shortfalls resulting from reduced census at Sitter & Barfoot Veterans Care Center and Virginia Veterans Care Center caused by COVID-19, and to provide support for temporary additional staff at state veterans cemeteries.

**Dept. of General Services** - \$2,285,000 for Consolidated Labs to include courier/dropbox enhancements, customer support upgrades, and Laboratory Information Management System (LIMS) infrastructure, development, and improvement.

**Dept. of Housing and Community Development** - \$3,750,000 for a dedicated lead rehabilitation program to address childhood lead poisoning in residential properties.

**Virginia State Bar** - \$2,500,000 for legal aid funding for legal representation in eviction cases.

Department for Aging and Rehabilitative Services - \$528,300 to fund HVAC/air quality systems and physical plant improvements in assisted living facilities that serve a disproportionate share of auxiliary grant residents.

**Dept. of Social Services** - \$1,000,000 for the Virginia Trauma-Informed Community Network (TICN) to provide a community awareness campaign, education, professional development, mini grants, and other initiatives to support existing networks.

**Dept. of Emergency Management** - \$1,393,085 to the for Virginia Emergency Support Team (VEST) COVID-19 recovery activities and four support staff.



## Priorities for Additional \$354 mil. of SLRF Spending (GA Directed Governor to Include in Introduced Budget)

*Out of the approximately \$1.1 billion in remaining ARPA SLRF funding, the Special Session directed \$354 mil. to be included in the Governor's 2022-24 introduced budget, including:*

- **Mental health/substance abuse initiatives**, including salary adjustments for direct care staff and further expansion of community-based crisis services - \$113 mil.
- Public health initiatives including modernization of health record systems - \$97 mil.
- Public safety and community violence prevention initiatives, including a new compensation system for state police - \$24 mil.
- VEC modernization projects - \$17.6 mil.
- Broadband support funding for legal and real estate transactions and the extension of existing broadband networks to low/moderate income residents - \$9.5 mil.
- Industrial Revitalization Fund - \$22.5 mil.
- Virginia Main Street Program - \$4 mil.
- Food Access - \$11 mil.
- Small and disadvantaged community waterworks improvements - \$50 mil.
- Low income well and septic system improvements - \$5.8 mil.