Money Committees Report Budgets

The House Appropriations and Senate Finance and Appropriations Committees met on Sunday, February 20, and reported their respective amendments to the introduced budget. Preliminary information on the proposed amendments was made available to the public on Sunday, with the actual text of budget amendments to be unveiled on Tuesday, February 22. The full House and Senate will vote on the proposed budgets on Thursday, February 24.

The two budgets differ significantly in their available revenues, as the House budget includes several tax proposals that the Senate has opted to defer or to advance in scaled-back form, such as elimination of the grocery tax (the Senate retains the 1 percent local option), doubling of the standard deduction (the Senate carried over its version for study), and an income tax subtraction for military retirement (the Senate’s legislation would allow a smaller subtraction). House Appropriations Committee Chairman Barry Knight outlined the priorities for the House budget in his opening remarks, including enhancing reserves and ensuring structural integrity for the budget, providing tax relief, assisting localities with K-12 needs and school improvements, supporting strategic investments in health and human services, improving college affordability, and providing employee compensation increases. Senate Finance and Appropriations Chair Janet Howell emphasized the Senate budget’s focus on meeting previously-deferred spending commitments and obligations, citing the budget’s investments in education, natural resources, public safety, and human services.

VACo staff will be reviewing the full text of budget amendments when they are released on Tuesday. A preliminary overview of the key features of the two committee budgets, based on information provided on Sunday, follows below.
**House Appropriations**

- Sets up a School Construction Loan Rebate Program with $291.7 million GF and $250 million from the Literary Fund.
- Provides funding for the state share of one full-time principal position for each elementary school.
- Provides funding for the state share of one assistant principal position per every 500 students.
- Repurposes proposed funding in the introduced budget to expand Early Reading Intervention to additional grades to instead provide one reading specialist for every 550 students in kindergarten through third grade.
- Provides $150 million GF in FY 2023 to support College Partnership Laboratory Schools.

**Senate Finance and Appropriations**

- Retains $500 million school construction and modernization appropriation in introduced budget. Information provided Sunday indicates that each division would receive a base allocation of $1 million, with the remaining funds allocated based on average daily membership, weighted by the Local Composite Index.
- Increases state funding for support positions from its current level of 17.75 support positions per 1000 students to 20 positions in the first year and 21 positions in the second year.
- Funds one reading specialist per every 550 students.
- Uses $15 million in ARPA funds for teacher recruitment incentive payments.

**Compensation**

**House Appropriations**

- Instead of the 5 percent salary increase proposed in the introduced budget in each year of the biennium for funded SOQ instructional and support positions, proposes a 4 percent increase in each year of the biennium, along with a 1 percent bonus in each year of the biennium.
- Instead of the 5 percent salary increase proposed in the introduced budget in each year of the biennium for Constitutional officers and state-supported local employees, provides a 4 percent increase in each year of the biennium. Also proposes a 1 percent bonus in each year of the biennium for Constitutional officers and state-supported local employees. Employees receiving targeted salary increases in excess of 7.5 percent in FY 2023 are excluded from the first year salary increase and bonus.
Senate Finance and Appropriations
- Retains salary increase proposal for funded SOQ instructional and support staff from the introduced budget. Uses $137 million in American Rescue Plan Act funding to provide instructional and support staff with a bonus of approximately $1000 in June, with no local match required.

- Retains salary increase proposal for state employees and state-supported local employees. Includes a $1000 bonus for state employees.

Public Safety
House Appropriations
- Directs $100 million in ARPA funds for one-time grants to state and local law enforcement agencies for training and equipment.

Senate Finance and Appropriations
- Provides $2.3 million in FY 2022 and approximately $47 million over the biennium for aid to local police departments (“HB 599”).

Jails
House Appropriations
- Increases per diem payments for state-responsible inmates by $4 (from $12 to $16).

Senate Finance and Appropriations
- Increases per diem payments for local-responsible inmates by $1 (from $4 to $5) and for state-responsible inmates by $2 (from $12 to $14 per day).

Economic Development/Workforce
House Appropriations
- Deposits $180 million in ARPA funds in the Unemployment Insurance Trust Fund in the caboose budget and sets the fund building rate for employers for calendar year 2023 at the rate in effect for calendar year 2024.

Senate Finance and Appropriations
- Deposits $110 million in ARPA funds in the Unemployment Trust Fund and includes similar language regarding the fund building rate for employers.

Virginia Retirement System
House Appropriations
- Instead of the introduced budget’s proposed $923 million deposit to the Virginia Retirement System in FY 2023, makes a $500 million deposit in FY 2022.

Senate Finance and Appropriations
- Retains the introduced budget’s proposed $923 million deposit to the Virginia Retirement System and adds $76 million in FY 2023.
Further analysis will be provided in Capitol Contact later this week once the full versions of the committee proposals are available.

**VACo Contact:** VACo Legislative Team

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**Key Dates for the 2022 General Assembly**

As part of its organizational work on the first day of the 2022 session, the General Assembly adopted a procedural resolution on January 12 that sets out important dates and deadlines for the 2022 legislative session.

**Key dates for the 2022 Session**

- **January 12:** General Assembly convened at noon. Bills that were “prefiled” were due to be submitted by 10 a.m. All bills and regulations affecting the Virginia Retirement System or creating or continuing a study were required to be filed before adjournment. Governor Northam delivered the State of the Commonwealth address at 7 p.m.

- **January 14:** Deadline for submission of budget amendments

- **January 15:** Joint Assembly for inaugural ceremonies

- **January 17:** Joint Assembly for address by Governor Youngkin

- **January 21:** Deadline for all bills or joint resolutions to be filed by 3 p.m. (with some exceptions, such as legislation introduced at the request of the Governor or legislation allowed to be introduced after deadlines by unanimous consent)

- **February 15:** “Crossover” deadline for each chamber to complete work on legislation originating in that chamber (except for the budget bill)

- **February 20:** Money committees report budgets by midnight

- **February 22:** Money committee budget proposals available by noon

- **February 24:** Houses of introduction must complete work on budget
• **March 2:** Deadline for each chamber to complete work on other chamber’s budget proposal and revenue bills and appoint conferees

• **March 7:** Deadline for committee action on legislation by midnight

• **March 12:** Scheduled adjournment *sine die*

• **April 27:** Reconvened session for consideration of Governor’s amendments and vetoes

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