

Capitol Contact

Virginia General Assembly

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Tuesday, February 20, 2024

“Money Committees” Report Budgets

The House Appropriations Committee and Senate Finance and Appropriations Committee advanced their respective versions of the caboose and biennial budgets on February 18. In keeping with “Budget Sunday” tradition, subcommittee chairs presented key elements of each committee’s proposal prior to the full committee voting to report its budget revisions to the full House or Senate. As announced on Sunday, both budgets retain the Governor’s proposed expansion of the sales tax base to encompass digital services and products, with both Committee chairs describing the proposal as a matter of modernization and fairness in the sales tax structure; Senate Finance and Appropriations Chair Lucas indicated that her Committee’s budget would also capture business-to-business transactions for these services and products.

Both budgets focus resources on compensation actions and K-12 investments. More detailed information, including the text of proposed amendments to the introduced budgets, is scheduled to be released this afternoon, and VACo will be providing a more thorough review of the budget proposals later this week. The full House and Senate will be voting on their respective proposals on Thursday; this action begins the process of placing the two budgets in conference.

As presented on Sunday, key elements of the two proposals include:

Compensation

House Appropriations

- For state employees and state-supported local employees, provides 3 percent salary increases in each year of the biennium (effective July 1, 2024, and July 1, 2025). (The Governor had proposed a 1 percent bonus payment on December 1,

2024, a 1 percent salary increase on July 1, 2025, and another 1 percent bonus payment on December 1, 2025.)

- For SOQ-recognized instructional and support positions, provides the state share of a 3.375 salary increase in each year of the biennium (effective July 1, 2024, and July 1, 2025). The state share is pro-rated for divisions providing smaller increases; however, to draw down the funds in FY 2025, a school division must provide at least an average 2 percent salary increase, and to draw down the funds in FY 2026, a school division must have provided at least an average 2 percent increase in FY 2025, as well as an additional average 2 percent increase in FY 2026. (The Governor had proposed the state's share of a 1 percent bonus payment, effective July 1, 2024, and the state's share of a 2 percent salary increase, effective July 1, 2025.)

Senate Finance and Appropriations

- For state employees and state-supported local employees, provides a 2.5 percent increase, effective September 30, 2024, and an additional 2.5 percent increase, effective July 1, 2025.
- For SOQ-recognized instructional and support positions, provides the state share of a 3 percent increase, effective October 1, 2024, as well as the state share of an additional 3 percent increase, effective July 1, 2025. The state share will be pro-rated for school divisions providing smaller increases; however, a school division must provide at least an average salary increase of 1.5 percent in order to access the funds.

K-12

House Appropriations

- Addresses several JLARC recommendations by providing \$196.3 million the first year and \$188.2 million the second year to consolidate SOQ Prevention, Intervention, and Remediation and At-Risk Add-On incentive funding into a single SOQ At-Risk Add-On funding program and to make several enhancements to the program.

Senate Finance and Appropriations

- Provides \$121.3 million in FY 2025 and \$121.8 million in FY 2026 to restore the hold-harmless payments provided in lieu of the distribution to K-12 from the state portion of the sales and use tax on groceries. When the state portion of the "grocery tax" was eliminated in 2022, statutory language required these payments to be made to compensate school divisions for the lost revenue, but the Governor's introduced budget failed to include this funding.
- Includes \$198.6 million in FY 2025 and \$202 million in FY 2026 to eliminate the cap on recognition of support positions in the Standards of Quality.

Transportation

House Appropriations

- Provides \$65 million in FY 2025 and \$84.5 million in FY 2026 in General Fund support for the Washington Metropolitan Area Transit Authority (WMATA), as well as a two-year suspension of the requirement that limits the annual Virginia operating assistance for WMATA to no more than three percent over the prior year's approved budget.
- Directs WMATA to complete a comparison of its total costs and overhead costs against the cost of similar transit systems.

Senate Finance and Appropriations

- VACo is awaiting further details in the text of budget amendments. Subcommittee Chairman McPike explained on Sunday that the Capital Outlay and Transportation Subcommittee recommended “continuing the conversations around the financing of the Washington Metropolitan Transportation Authority in accordance with post-pandemic commuting patterns” as well as “enhanced reporting and consultation requirements while temporarily lifting the cap on the allowed budget growth for the Metro system.”

Medicaid

House Appropriations

- Places \$100 million in FY 2025 in a reserve for use in meeting unanticipated expenditures in the Medicaid program after the official Medicaid forecast was completed in November 2023.

Senate Finance and Appropriations

- Sets aside \$150 million over the biennium as contingency funding to address a slower decline in Medicaid enrollment.

Sports/Entertainment Arena

House Appropriations

- Embeds legislation establishing the Virginia Sports and Entertainment Authority.

VACo Contact: [VACo Legislative Team](#)

Teacher Compensation Bills Advance with Differing Language

Dueling bills that would impact Standards of Quality-funded instructional and support positions are making their way through the General Assembly. [HB 187 \(Clark\)](#) and [SB 104 \(Lucas\)](#) as originally written both sought to codify a requirement that public school teachers be compensated at a minimum of, at, or above the national average teacher salary. In the bills' original forms, this would impose quite a heavy financial cost to both [state](#) and [local](#) governments as indicated by the bills fiscal impact statements. Since then, both bills have been modified. Of course, budget language would supersede any language in code.

HB 187, which passed the House on a vote of 74-24 and has been referred to the Senate Education and Health Committee, now requires the Governor's introduced budget bills for 2025, 2026, and 2027 to propose funding, and require state to provide the Commonwealth's share of compensation supplement incentives for Standards of Quality-funded instructional and support positions sufficient to increase the average teacher salary in the Commonwealth to at least the national average teacher salary by the end of the 2026–2028 biennium. Furthermore, the minimum compensation supplement that shall be proposed in the Governor's introduced budget bills and provided pursuant to the general appropriation act as described in § 1 of the bill shall be structured as follows: (i) such supplement for the 2025 session shall provide at least one-third of the increase required pursuant to § 1 for FY 2026, (ii) such supplement for the 2026 session shall provide at least one-half of the increase required pursuant to § 1 for FY 2027, and (iii) such supplement for the 2027 session shall provide the remaining increase required pursuant to § 1 for FY 2028. Such a requirement would also impose a significant [fiscal impact](#) to state and local governments.

SB 104 was amended to keep the original aspirational language in § 22.1-289.1 of the Code of Virginia that maintains it is a goal of the Commonwealth to compensate teachers at or above the national average. The only change would be to require the Department of Education to conduct an annual, instead of biennial, review of the compensation of teachers and shall consider the Commonwealth's compensation for teachers relative to the national average teacher salary. The bill with this language passed the Senate unanimously and was referred to the House Education Committee, which voted 14-8 to conform the bill to the language of HB 187 and report from the Committee.

VACo supports voluntary incentives that encourage localities to increase teacher salaries to reflect the national average in compensation if this is done without a required minimum local match. The state share of compensation for the base rate of salaries should reflect the actual average salary as determined by prevailing local practice.

VACo Contact: [Jeremy R. Bennett](#)

Photo Speed Enforcement Bill Amended

[SB 336 \(Roem\)](#) as introduced, would permit a state or local law enforcement agency to place and operate a photo speed monitoring device at a “high-risk intersection,” as defined in the bill, located within the locality. Before operation of the photo speed camera, the state or local law enforcement agency must certify that a traffic fatality occurred in the “high risk intersection” since January 1, 2014.

SB 336 reported out of the Senate by a vote of [22-18](#). During the bills hearing in the House Transportation Committee’s Innovations Subcommittee, the bill was amended. The [amended version](#) contains much of the same language as the introduced but makes the bill narrower in its application. The current version of SB 336 defines a “high-risk intersection segment,” as, “... any highway or portion thereof located not more than 1,000 feet from the limits of the property of a school...,” and a traffic fatality must have occurred since January 1, 2014. The amended version adds language stating that any civil penalties collected in the high-risk intersection segment shall be paid to the Commonwealth Transportation Board and used for the Virginia Highway Safety Improvement Program.

This new language DOES NOT interfere with the current code language and process for operating and enforcing photo speed cameras in school and work zones. SB 336 passed out of the Innovations Subcommittee by a vote of [5-3](#) and will be heard in the full House Transportation Committee shortly.

VACo will continue to provide updates on SB 336 as the bill progresses through the legislative process.

VACo Contact: [James Hutzler](#)

VACo Seeks Input for Water Withdrawal Permitting Prioritization Bill

[SB 673 \(Stuart\)](#) directs the Department of Environmental Quality and the State Water Control Board to prioritize the preservation of water for human consumption and food production in all permitting and regulatory processes related to groundwater and surface water resources. VACo seeks member input on how, if adopted, SB 673 would impact your locality.

VACo has relayed concerns to the patron about the potential impacts regarding language in the bill, which could have adverse economic development impacts.

Water withdrawal permits are used by a variety of customers outside of human consumption (the priority before this bill) and food production (an equal priority with human consumption under this bill). Examples include any water uses – fire

protection and other government operations, various manufacturing and commercial businesses, vehicle washing, aquatics centers, amusement parks, and other entities that depend on water throughout the course of a day. VACo seeks local guidance on how, "... [prioritizing] the preservation of water for human consumption and food production," could impact these other uses of water.

There was a similar bill that Delegate Carr brought forth in the 2018 General Assembly Session. **HB 1186 (Carr)** sought to make human consumption the priority use as it relates to water withdrawal permits. The workgroup in 2018 determined that prioritizing human consumption was not necessary for a **variety of reasons**, including that **human consumption is already the priority**, which can also be found in VA Code [§ 62.1-10](#), [§ 62.1-11](#) and [§ 62.1-44.36](#).

Please share how, if adopted, SB 673 would impact your locality. Contact jhutzler@vaco.org.

VACo Contact: [James Hutzler](#)

Key Dates for the 2024 General Assembly

As part of its organizational work on the first day of the 2024 session, the General Assembly adopted a procedural resolution on January 10 that sets out important dates and deadlines for the 2024 legislative session.

- **January 10:** General Assembly convened at noon. Bills that were “prefiled” were due to be submitted by 10:00 a.m. Bills affecting the Virginia Retirement System, or creating or continuing a study, were required to be filed by adjournment of the floor session.
- **January 12:** Deadline for submission of member budget amendments.
- **January 19:** 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 13:** “Crossover” deadline for each chamber to complete work on legislation originating in that chamber (except for the budget bill).
- **February 18:** “Budget Sunday,” the deadline for the “money committees” to report their respective budgets by midnight.
- **February 22:** Deadline for each chamber to complete consideration of its budget bill.

- **February 28:** Deadline for each chamber to complete consideration of the other chamber's budget bill and revenue bills.
- **March 4:** Deadline for committee consideration of legislation, by midnight.
- **March 9:** Scheduled adjournment *sine die*.
- **April 17:** Reconvened session for consideration of Governor's amendments and vetoes.

VACo Contact: [Katie Boyle](#)