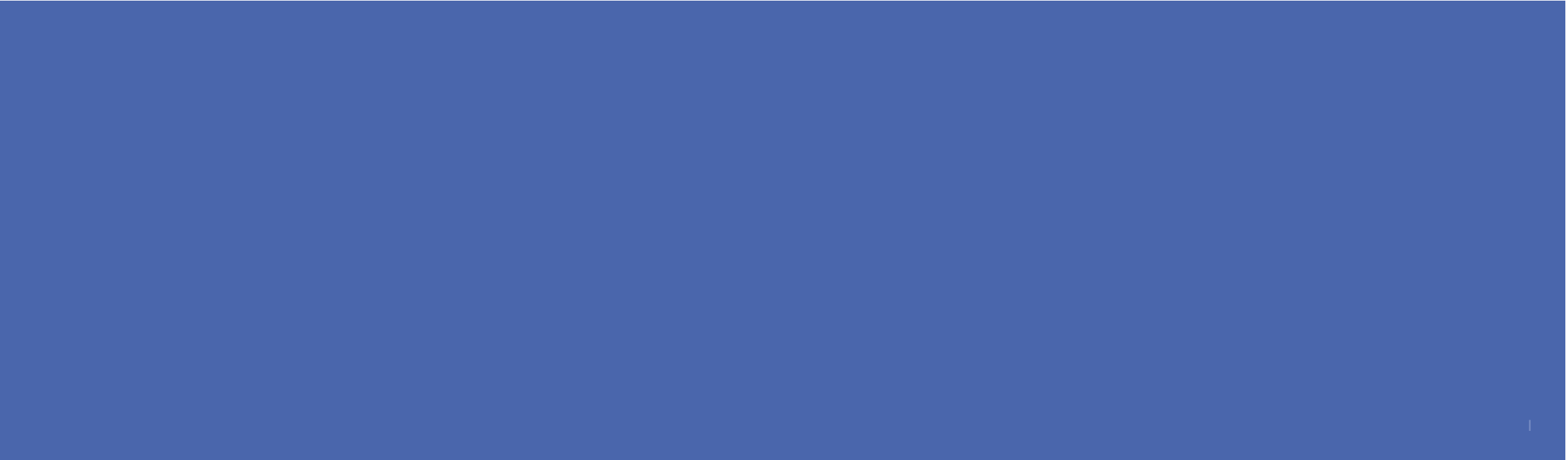




# 2023 GENERAL ASSEMBLY SESSION RECAP

VIRGINIA ASSOCIATION OF LOCAL HUMAN SERVICES OFFICIALS – MARCH 2, 2023



# MAJOR ISSUES FOR LOCAL GOVERNMENTS

- Protecting authority to raise needed revenues
- Protecting land use and other authority to protect public health and safety
- Strengthening state-local funding partnership
  - Key budget requests:
    - K-12: correction of 2022 calculation tool error
    - K-12: elimination of cap on recognition of support positions in school funding formula
    - K-12: flexibility in use of school capital funding approved in 2022 and additional investments in school capital needs
    - K-12: instructional aides
    - Staffing for sheriffs' departments to meet statutory staffing ratios for law enforcement deputies
    - Increase in jail per diems
    - Increase in aid to localities with police departments
    - Additional reimbursement for Presidential primary to reflect increases in registered voters, inflation, complexity of election administration
  - And support for items in the introduced budget (such as assistance with Medicaid unwinding and behavioral health investments) and requests made by partners (such as Constitutional officer staffing, Stormwater Local Assistance Fund, Child Welfare Stipend Program)

# MAJOR TAX PROPOSALS IN INTRODUCED BUDGET

- Allow a qualified business income deduction of up to 50 percent of the deduction allowed under the Internal Revenue Code (excluding qualified Real Estate Investment Trust dividends). [\$162.1 million over biennium]
- Reduce the top individual income tax rate to 5.5 percent from 5.75 percent for taxable years beginning January 1, 2024, contingent on FY 2023 revenues meeting the official General Fund revenue forecast. [\$333.3 million over biennium]
- Increase the standard deduction to \$9000 for individuals and \$18,000 for married persons for taxable years beginning January 1, 2024, and before January 1, 2026. [\$94.9 million over biennium]
- Increase the amount of business interest that is disallowed as a deduction under the Internal Revenue Code but deductible from Virginia Adjusted Gross Income from 30 percent to 50 percent of the disallowed business interest (for taxable years beginning on and after January 1, 2024). [\$10.3 million over biennium]
- Eliminate the age restriction on the income tax subtraction for military retirement income that was enacted during Special Session I of the 2022 General Assembly, beginning January 1, 2023. [\$37.8 million over biennium]
- Reduce the corporate income tax rate from 6 percent to 5 percent for taxable years beginning January 1, 2023. [\$362.1 million over biennium]
- Tax proposals included in House budget but not Senate budget

## FEBRUARY 25 “SKINNY BUDGET”

- Captures K-12 technical adjustments related to Average Daily Membership, sales tax revenue forecast, and program participation (\$115.9 million in FY 2023 and \$125.8 million in FY 2024) and provides \$16.8 million in FY 2023 to address June 2022 calculation tool error
- Appropriates mandatory Revenue Stabilization Fund (“Rainy Day Fund”) deposit for FY 2024 (total of \$904.6 million)
- Appropriates \$250 million in FY 2023 to Virginia Retirement System to address unfunded liabilities (this amount was included in the June 2022 budget as a contingent appropriation)
- Provides \$100 million in FY 2023 for cost overruns on previously authorized capital projects (this amount was included in the June 2022 budget as a contingent appropriation)
- Characterized as stopgap measure
- Media reports indicate that budget negotiators intend to continue working on broader array of issues under discussion in conference. Timeline for a potential special session is unknown.

## NEXT STEPS

- Potential special session - TBD
- Reconvened session to consider Governor's amendments and vetoes – April 12
- Workgroups and study commissions
- General Assembly primaries – June 20
  - Significant turnover expected due to retirements, primaries



# CHILDREN'S SERVICES ACT



# CSA LEGISLATION

- HB 1945 (Durant) eliminates requirements for CPMTs and CSBs to report information to DBHDS regarding unsuccessful admissions to acute care psychiatric or residential treatment facilities for children/youth (*passed General Assembly, awaiting gubernatorial action*)
- SB 1513 (Mason) adds the Commissioner of the Department for Aging and Rehabilitative Services to the State Executive Council for Children's Services and adds a representative from DARS to the State and Local Advisory Team. (*passed General Assembly, awaiting gubernatorial action*)
- *Failed:* HB 2018 (Adams, L.) would have allowed FAPT's and CPMTs to share information with local law enforcement or threat assessment teams if the team determines from such information that the child poses a threat of violence or physical harm to self or others
- *Failed:* SB 1023 (Stuart) would have allowed students transferring from an approved private special education program to a public program in Planning District 16 to be eligible for CSA funding under certain circumstances

# CSA BUDGET PROPOSALS

	Introduced	House	Senate
<b>Technical adjustments</b>	Reduces appropriation by \$6.9 million in FY 2023 to reflect projected program spending level	No change	No change
<b>Private special education day placements</b>	N/A	Eliminates requirement for OCS to implement rate-setting for private special education day placements. Redirects \$100,000 included for a contract to assist in rate-setting implementation to provide technical assistance to localities with private day placement above the statewide average.	Same as House; adds language directing OCS to report certain information annually on its website regarding usage of private day placements.
<b>Workgroup on inclusion of residential services in Medicaid managed care</b>	Directs DMAS to convene a workgroup to examine the impact of including psychiatric residential treatment services in the managed care program.	Revises language; specifies that workgroup is to examine impact of including all children’s residential services (such as psychiatric residential treatment services and group home services) in managed care. Modifies language to include representatives of public and private providers as workgroup members.	No change





# EARLY CHILDHOOD



# EARLY CHILDHOOD LEGISLATION

- HB 1423 (Coyner)/SB 1404 (Barker) renames the School Readiness Committee as the Commission on Early Childhood Care and Education and makes several changes to the Commission. Specifies that the Commission's purpose is to provide recommendations for and to track progress toward the financing of a comprehensive birth-to-five early childhood care and education system that supports school readiness and workforce participation. Adjusts the membership of the Commission and specifies certain powers and duties, including expanding access to and the quality of child care in all regions of the Commonwealth; analyzing existing and potential new opportunities for financing early childhood care and education programs; gathering and analyzing data on availability, cost, quality, and affordability of early childhood care and education; reporting on specific expenditures, outcomes, and impact; and supporting the development of an integrated early childhood longitudinal data process. *(passed General Assembly, awaiting gubernatorial action)*

# EARLY CHILDHOOD BUDGET PROPOSALS

	Introduced	House	Senate
<b>Staffing flexibility</b>	<p>Allows flexibility in staff-to-child ratios and group sizes for licensed child day centers and child day centers that participate in the Child Care Subsidy Program.</p> <p>Language allows community-based providers receiving grants through Virginia Preschool Initiative add-on partnerships to be exempt from regulatory and statutory provisions regarding teacher licensure.</p>	No change	No change
<b>Funding for mixed-delivery programs</b>	\$20 million in FY 2024 for a pilot program for public-private delivery of preschool services for at-risk children in the Lenowisco and Crater Planning Districts.	No change	Provides an additional \$20 million to support early childhood mixed delivery programs and allows funds to be used statewide.
<b>Workforce</b>		Directs Commission on Early Childhood Care and Education to evaluate future of child care workforce	
<b>Head Start</b>		Directs Commission to develop recommendations to prevent the loss of federally funded Head Start classrooms across the state	
<b>Provider subsidies</b>			Contingent on revenues, would provide \$80 million in child care provider subsidies from FY 2023 unobligated year-end balances.



# HEALTH



# HEALTH LEGISLATION

- HB 1817 (Avoli) permits seizure of a decedent's nonprobate assets to cover the costs of disposition of such decedent's unclaimed body. Currently, seizure is limited to estate assets out of which disposition costs may be paid. (*passed General Assembly, awaiting gubernatorial action*)
- *Failed*: SB 1474 (Obenshain) would have directed the Department of Health to amend its regulations and each local health department and health district to amend its regulations and guidance documents to allow up to 20 percent of the sanitation and food preparation activities of a mobile food unit to take place within a 50-foot radius of the mobile food unit.

# HEALTH BUDGET PROPOSALS

	Introduced	House	Senate
<b>Rent for local health departments</b>	\$943,856 GF and \$698,322 NGF in FY 2024	No change	Additional \$140,000 in FY 2024 for City of Hampton
<b>State match for Drinking Water State Revolving Fund</b>	\$3.4 million in FY 2024	No change	No change
<b>Earn to Learn Nursing Education Acceleration Program</b>	\$30 million in FY 2024	Reduces by \$5.4 million; language change to allow implementation through contracts with private as well as public higher ed institutions	Reduces by \$10 million; transfers funding to higher education institutions to increase nursing faculty salaries
<b>Loan repayments</b>	\$5 million in FY 2024 for psychiatric RNs and NPs who work in Virginia for four years  Additional \$1 million for existing nursing scholarship and loan repayment programs	No change	Consolidates into existing Behavioral Health Loan Repayment program.  Designates \$150,000 per year from scholarship funds to help school-employed LPNs become RNs
<b>Nursing Preceptor Incentive Program</b>	\$10 million to increase awards and expand eligibility to include LPNs and RNs	No change	No change
<b>Additional health care workforce items</b>	\$250,000 in FY 2024 for consultant costs to develop strategic plan	No change to proposed funding for consultant.  Adds funding for four positions at VDH to administer health care workforce programs.  \$1.5 million for Virginia First-Year Nurse Residency Collaborative to support health care providers in increasing retention of first-year RNs.	Eliminates proposed funding for consultant.  Adds funding for two positions at VDH to administer health care workforce programs.  Directs Joint Commission on Health Care to conduct ongoing review/evaluation of health care workforce development programs.



# JUVENILE JUSTICE



# JUVENILE JUSTICE BUDGET PROPOSALS

	Introduced	House	Senate
<b>Additional capacity for DJJ</b>	\$2.9 million GF in FY 2024 for DJJ to enter into lease agreements and operate three local juvenile detention centers to house juveniles who have been committed to the Department. Also provides \$764,839 GF in FY 2024 to increase capacity at the Bon Air Juvenile Correctional Center.	Removes \$2.9 million GF in FY 2024. Language directs DJJ to assess the impacts of revisions to its length of stay guidelines, to include assessing future bed space capacity needs and alternative approaches to meeting its anticipated operating needs.	Removes proposed \$3.7 million GF in FY 2024 for additional capacity at the Bon Air Juvenile Correctional Center and at local detention centers. Directs DJJ to pause implementation of the Department’s plan to increase the average length of stay for juveniles in state custody.
<b>Study of juvenile detention center cost savings</b>	N/A	N/A	Directs the Secretary of Public Safety and Homeland Security, in collaboration with the Secretary of Education and the Secretary of Health and Human Resources, with the cooperation and assistance of the Department of Planning and Budget, VACo, and VML, to submit a report on juvenile detention center cost savings strategies, which is required to include a proposal to reduce state juvenile detention center block grant funding in order to incentivize consolidation of juvenile detention centers.
<b>Virginia Delinquency Prevention and Youth Development Act</b>			\$3 million in FY 2024 for Virginia Delinquency Prevention and Youth Development Act funding (\$2.8 million for grants to local prevention programs and \$200,000 for administration by DJJ)





# WORKFORCE



# WORKFORCE LEGISLATION

- HB 2195 (Byron)/SB 1470 (Ruff) create a new Department of Workforce Development and Advancement (which would report to the Secretary of Labor) and consolidate several existing workforce programs under the new Department, and provide for statewide workforce program evaluation and data sharing under the Department, with protections against improper disclosure of data. The new Department is charged with developing a strategy to coordinate the workforce development programs offered by the Department, identify labor market needs, and ensure that the Department's offerings are aligned with employer needs and the needs of the Commonwealth. The new Department is also required to develop a tool or process for uniform tracking of successful job placement and job retention outcomes of workforce development program participants. *(passed General Assembly, awaiting gubernatorial action)*

# WORKFORCE BUDGET PROPOSALS

	Introduced	House	Senate
<b>Go Virginia Talent Pathways</b>	\$24.5 million in FY 2024 for the talent pathways planning grant program established in the June 2022 “caboose” budget. (\$4.5 million to support organizational and capacity-building activities; \$20 million for talent pathways development collaborations developed by regional councils.)	Reduces funding; provides \$3.5 million for organizational and capacity building activities, and \$17.5 million for talent pathways development collaborations.	Retains \$24.5 million for talent pathways.
<b>Go Virginia regional workforce initiatives</b>	Provides \$10 million in FY 2024 through the Go Virginia program for workforce development initiatives for certain industries in specified regions.	Reduces funding; provides \$8.5 million in FY 2024 for workforce development initiatives for certain industries in specified regions.	Redirects the \$10 million to a grant program administered by SCHEV for initiatives in high demand areas
<b>Agricultural technology workforce</b>	Provides \$1.3 million GF in FY 2024 through the Go Virginia program for regional councils to address workforce needs in agricultural technology industries.	No change	Reduces by \$650,000
<b>New Economy Workforce Credential Program</b>	Increases the maximum reimbursement amount for eligible institutions participating in the New Economy Workforce Credential Grant Program from \$3000 to \$4000 per eligible student.	Eliminates language increasing amount, as stand-alone legislation effecting this change passed.	\$2 million in FY 2024 to support enrollment <sup>19</sup> growth and increase in maximum reimbursement amount.

# WORKFORCE BUDGET PROPOSALS (CONTINUED)

	Introduced	House	Senate
<b>Community college partnerships with local school divisions</b>	Provides \$15 million GF in FY 2024 to establish five accelerator programs that partner community colleges with local school divisions to teach courses that lead to attainment of certifications or credentials in demand by regional employers.	Reduces by \$5 million; removes language specifying the establishment of five programs	Removes funding
<b>G3/Fast Forward marketing</b>	Provides \$3 million GF in FY 2024 to promote awareness of the G3 and Fast Forward programs at the Virginia Community College System.	Removes funding	No change to introduced
<b>SCHEV – Innovative Internships</b>	Provides an additional \$5 million GF in FY 2024 to the State Council for Higher Education of Virginia for workforce development training.	No change	No change
<b>VCCS – workforce development</b>			\$25 million in FY 2024 to support workforce initiatives in Virginia Community College System