

Department of Planning and Budget
2026 General Assembly Session
State Fiscal Impact Statement

may be required to hold harmless the current funding for VSU and VT based on any reduction of federal funding or state matching funds for those institutions.

Fiscal Analysis: State funding for the land-grant activity of VT and VSU is appropriated to the Virginia Cooperative Extension and Agricultural Experiment Station (VT Extension), a separate state agency under VT, and to the Cooperative Extension Agricultural Research Services (VSU Extension), a separate state agency under VSU. The Governor's introduced budget for the 2026-2028 biennium, HB/SB30, 2026 General Assembly Session, appropriates \$96.3 million general fund each year to the VT Extension and \$9.6 million general fund each year to the VSU Extension to support state match requirements of federal land-grant funds and other state-supported initiatives. Any amount required to match federal land-grant awards to Hampton University is contingent upon federal award amounts and the match requirements of those awards.

In their capacity as land-grant institutions, VSU and VT receive federal funding from numerous United States Department of Agriculture (USDA) formula grants. These are recurring federal appropriations allocated to states according to federal statutory formulas with corresponding dollar-for-dollar state matching requirements. Paragraph D of the bill provides that designation of Hampton University as a land-grant institution shall not result in a reduction in any existing funding formula for VT or VSU. According to VSU and VT, however, the designation of an additional land-grant institution in Virginia will not automatically increase federal formula funding to the Commonwealth; current federal law directs that no state will receive an increase in funding as a result of the state's designation of additional eligible institutions. Absent action by the federal government to increase Virginia's formula funding allocations, designating an additional institution would dilute existing federal allocations to VSU and VT, directly reducing the funding that supports present research, extension, facilities, and outreach infrastructure at VSU and VT.

Any change to VSU or VT federal funds would also alter state match requirements. Based on the provision in paragraph D, it's presumed that additional state funds would be required to hold harmless any changes to existing federal and state land-grant funding provided to VSU and VT as a result of the Hampton University designation. Because the federal formula funds require a dollar-for-dollar state match, the Commonwealth may need to significantly increase its financial commitment to maintain current program capacity at VSU and VT in support of longstanding statewide programs.

In addition to the annual federal formula funding and state matching funds, these institutions are supported by competitive grants, scholarships, and leveraged funding streams that rely upon the existing land-grant designations. Any impact on these funds is indeterminate at this time.

Other: Article VIII, Section 10, Constitution of Virginia, prohibits appropriation of public funds to any school or institution of learning not owned or exclusively controlled by the state or some political subdivision thereof.

Article VIII, Section 11, Constitution of Virginia, authorizes the General Assembly to provide for the Commonwealth or any political subdivision thereof to contract with nonpublic higher education institutions for the provision of educational or other related services.