Superintendent’s Memorandum #051-19

Attachment A

**Summary of Budget Amendments Adopted by the 2019 General Assembly to the 2018-2020 Biennial Budget as Amended by Governor Northam (HB 1700/SB 1100) Affecting the Direct Aid to Public Education and Department of Education Central Office Budgets**

This document summarizes the amendments to the amended 2018-2020 biennial budget (HB 1700/SB 1100 as introduced) that were adopted by the 2019 General Assembly on February 24, 2019. The amendments proposed by the General Assembly change the budget proposed by Governor Northam in HB 1700/SB 1100 as introduced. The adopted changes affect fiscal years 2019 and 2020. Fiscal year 2019 began on July 1, 2018, and ends on June 30, 2019. Fiscal year 2020 begins on July 1, 2019, and ends on June 30, 2020.

The budget actions proposed by Governor Northam in HB 1700/SB 1100 were communicated in Attachment A of [Superintendent’s Memorandum #342-18](http://www.doe.virginia.gov/administrators/superintendents_memos/2018/342-18a.docx), dated December 18, 2018. The budget amendments adopted separately by the House of Delegates and the Senate were communicated in Attachment A of [Superintendent’s Memorandum #039-19](http://www.doe.virginia.gov/administrators/superintendents_memos/2019/039-19.docx) dated February 8, 2019. The original text of those attachments is repeated in this document for reference purposes. The final budget actions adopted by the 2019 General Assembly are summarized in this document and are reflected in italicized text.

Information related to the Direct Aid to Public Education and the VDOE Central Office budget amendments is organized in the following two sections:

[**Section A: Amendments to the Direct Aid to Public Education Budget**](#Section_A)

1. [Technical Updates to Existing Direct Aid Programs Included in HB 1700/SB 1100](#Section_A1)

1. [Direct Aid Budget Policy Changes Included in HB 1700/SB 1100](#Section_A2)
2. [Direct Aid Budget Policy Changes Not Included in HB 1700/SB 1100](#Section_A3)
3. [Direct Aid Budget Language Changes Included in HB 1700/SB 1100](#Section_A4)
4. [Direct Aid Budget Language Changes Not Included in HB 1700/SB 1100](#Section_A5)

[**Section B: Amendments to the VDOE Central Office Budget**](#Section_B)

1. [Amendments to VDOE Central Office Budget Included in HB 1700/SB 1100](#Section_B1)
2. [Amendments to VDOE Central Office Budget Not Included in HB 1700/SB 1100](#Section_B2)

## A. 2018-2020 DIRECT AID TO PUBLIC EDUCATION BUDGET

### 1. Technical Updates to Existing Direct Aid Programs Included in HB 1700/SB 1100

#### Update Average Daily Membership (ADM) and Fall Membership

* **Governor** - Projections of unadjusted and adjusted average daily membership (ADM) for fiscal years 2019 and 2020 are revised for each school division based on the latest actual ADM and fall membership data available. Projected ADM was originally forecast by the VDOE based on actual data through September 30, 2017, fall membership. The most recent projections contained in the Governor’s introduced budget amendments have been revised based on actual March 31, 2018, ADM and September 30, 2018, fall membership.

On a statewide basis, the revised unadjusted ADM projections are 6,863 students lower in fiscal year 2019 and 9,607 students lower in fiscal year 2020 than the original projections contained in Chapter 2. The ADM-based payments for fiscal years 2019 and 2020 have been recomputed based on these revised projections. In addition, all accounts that are allocated on the basis of fall membership have been updated for actual fall membership in fiscal year 2019 and re-projected fall membership in fiscal year 2020. The ADM and fall membership updates result in an estimated decrease in Direct Aid payments on a statewide basis of $24.0 million in fiscal year 2019 and $37.0 million in fiscal year 2020.

* **Senate** – Same as the Governor’s introduced budget.
* **House** – Same as the Governor’s introduced budget.
* ***Final General Assembly Action*** *– Same as the Governor’s introduced budget.*

#### Update Sales Tax Projections and School-Age Population Estimate

* **Governor** - The Governor’s amendments reflect the most recent estimate of sales tax revenue dedicated to public education for fiscal years 2019 and 2020, as calculated by the Virginia Department of Taxation. The revised estimate of sales tax revenues includes both the one percent portion and the one-eighth percent portion that are appropriated for distribution to school divisions based on school-age population. The projected sales tax payments contained in the Excel calculation file reflect the revised estimates for these two sales tax sources, which are shown in the Excel file as a single revenue line-item.

The Virginia Department of Taxation’s latest estimate of the one percent and one-eighth percent sales tax revenue is $1,421.6 million for fiscal year 2019 and $1,486.3 million for fiscal year 2020. These revised sales tax estimates are approximately $10.8 million higher in fiscal year 2019 and $44.5 million higher in fiscal year 2020 than the projections contained in Chapter 2. As required by the Basic Aid funding formula, estimated state Basic Aid payments have been adjusted to reflect the decreased state share of cost resulting from the projected increase in sales tax revenues. The amount of the Basic Aid offset depends on each division’s composite index of local ability-to-pay. The state share of Basic Aid decreases approximately $6.0 million in fiscal year 2019 and $24.8 million in fiscal year 2020. The net change in state funding to school divisions (due to both the estimated sales tax revenue increase and the Basic Aid offset) is an increase of $4.8 million in fiscal year 2019 and an increase of $19.7 million in fiscal year 2020.

The Governor’s amendments also reflect the updated Weldon Cooper Center school-age population estimates used to distribute the sales tax revenue. The school-age population estimates are updated by the Weldon Cooper Center annually for the purpose of distributing sales tax revenues to school divisions on a budgeted and actual basis. The July 1, 2016, school-age population estimates will be used to distribute fiscal year 2019 sales tax revenues. The fiscal year 2020 sales tax distribution was amended to reflect the July 1, 2017, school-age population estimates. The fiscal year 2019 school-age population estimates remain the same as in Chapter 2, and continue to use the July 1, 2016, estimate to distribute sales tax revenue in fiscal year 2019. This action does not change the total amount of sales tax distributed to divisions in fiscal year 2020, just the distribution to individual divisions. This action results in a $0.3 million increase in the general fund appropriation for Basic Aid in fiscal year 2020.

* **Senate** – Same as the Governor’s introduced budget.
* **House** – Same as the Governor’s introduced budget.
* ***Final General Assembly Action*** *– Same as the Governor’s introduced budget.*

#### Update Lottery Revenue Estimate

* **Governor -** The Governor’s amended budget increases the Lottery proceeds estimate by $39.8 million to $632.4 million in fiscal year 2019 and by $30.4 million to $628.8 million in fiscal year 2020, as compared to the projections contained in Chapter 2. The Governor’s amended budget uses the increases in the Lottery proceeds estimate to provide additional funding for students that are educationally at-risk and for the Supplemental Lottery Per Pupil Amount, as described later in this document.
* **Senate** – Same as the Governor’s introduced budget.
* **House** – Same as the Governor’s introduced budget.
* ***Final General Assembly Action*** *– Same as the Governor’s introduced budget.*

#### Technical Updates to Standards of Quality (SOQ), Incentive, Categorical, Lottery-funded, and Supplemental Education Accounts

* **Governor** - Various technical adjustments have been made to SOQ, Incentive, Categorical, Lottery-funded, and Supplemental Education accounts to reflect the latest information on special education student counts, PALS assessment data, and actual and updated projected participation in programs. State funding is reduced by approximately $15.2 million in fiscal year 2019 and $8.2 million in fiscal year 2020 based on these technical updates. Additional information regarding these adjustments is discussed in more detail in the following paragraphs.
* SOQ Technical Updates

In addition to the SOQ updates based on ADM and fall membership mentioned above in the paragraph entitled "Update Average Daily Membership (ADM) and Fall Membership,” the Governor’s amended budget includes updates to the Remedial Summer School program in fiscal year 2019 and fiscal year 2020. Funding for the Remedial Summer School program decreased by $0.3 million in fiscal year 2019 and $0.6 million in fiscal year 2020, based on actual participation in the Remedial Summer School program in Summer 2018. In addition, state funding for English as a Second Language decreases by $2.3 million in fiscal year 2019 based on actual fall 2018 enrollment. The fiscal year 2020 projection for English as a Second Language also decreases by $3.0 million.

* Incentive Technical Updates

Funding for the Governor’s Schools program is reduced by $0.2 million in fiscal year 2019 and decreased $0.4 million in fiscal year 2020, based on actual enrollment in fiscal year 2019. Special Education Regional Tuition is reduced by $6.1 million in 2019 and $0.7 million in 2020 based on actual costs in fiscal year 2018. VPSA Educational Technology Grants decreased by $1.8 million in fiscal year 2019 and $1.9 million in fiscal year 2020 based on updates for schools reporting fall membership for fiscal year 2019, and for 2018-2019 accreditation status for use in calculating grants under the e-Learning Backpack Initiative.

* Categorical Technical Updates

The Governor’s amended budget recognizes savings to Categorical accounts of approximately $0.6 million in fiscal year 2019 and $0.7 million in fiscal year 2020 based on actual program participation. Funding for the Special Education Homebound program is reduced by $0.2 million in fiscal year 2019 and $0.2 million in fiscal year 2020 based on the actual state share of local program costs in fiscal year 2019. Funding for the Special Education State Operated Programs account increased by approximately $0.1 million in fiscal year 2020 based on estimated program participation in fiscal year 2019. Special revenues of $0.4 million in fiscal years 2019 and 2020 for the Virtual Virginia program were transferred to the VDOE Central Office budget to better reflect actual business practices.

* Lottery Technical Updates

The Governor’s amended budget includes technical updates based on actual participation and revised estimates to Lottery-funded accounts. All of the changes listed in the following paragraph are based on updated participation factors as submitted by school divisions.

Funding for the Virginia Preschool Initiative is decreased by approximately $2.2 million in fiscal year 2019 based on actual participation and increased by under $0.1 million in fiscal year 2020. The changes to VPI include a technical correction to add slots for Buena Vista City in both years of the biennium. Additionally, the $2.2 million reduction in VPI state funding for fiscal year 2019 has been identified for slot reallocation in fiscal year 2020. Funding for Regional Alternative Education is reduced by $11,361 in fiscal year 2019. Funding for K-3 Primary Class Size Reduction is reduced by approximately $5.4 million in fiscal year 2019 and $2.4 million in fiscal year 2020. Funding for the Early Reading Intervention program increases by $1.3 million in fiscal years 2019 and 2020. Funding for School Breakfast decreases by $0.4 million in fiscal year 2019 and $0.6 million in fiscal year 2020. Funding for Foster Care decreases by $1.4 million in fiscal year 2019 and $1.6 million in fiscal year 2020.

* Supplemental Education Service Area Updates

Funding for the National Board Certification Bonus Program is reduced by $41,787 in fiscal year 2019 and $0.1 million in fiscal year 2020 for the actual number of teachers who hold National Board Certification in fiscal year 2019 and for an updated projection of the number holding certification in fiscal year 2020. Funding for the CTE Regional Centers program decreased by $60,000 in fiscal years 2019 and 2020 because the Pruden Regional Technical Center is no longer eligible for funds.

* **Senate** – Same as the Governor’s introduced budget. Also proposes a technical amendment to change the distributions of state funds for the Individual Student Alternative Education Plan program in both years. The Senate also proposes to change the fiscal agent for Smyth County in the Regional Alternative Education program. Neither change produces a state fiscal impact.
* **House** – Same as the Senate amendments.
* ***Final General Assembly Action*** *– Same as the Senate amendments. Also updates spring enrollment for the A. Linwood Holton Governor’s School, which reduces state funding in fiscal year 2019 by $14,804.*

### 2. Direct Aid Budget Policy Changes Included in HB 1700/SB 1100

#### Increase the Compensation Supplement in Chapter 2 from 3.0 percent to 5.0 percent in FY20

* **Governor** - The Governor’s amended budget increases the state share of the Compensation Supplement for funded SOQ instructional and support personnel in fiscal year 2020 in Chapter 2 from 3.0 percent to 5.0 percent. The Compensation Supplement has an effective date of July 1, 2019, and provides the state share of a 5.0 percent Compensation Supplement for funded SOQ instructional positions and support personnel, Academic Year Governor’s Schools, and Regional Alternative Education Programs. Funded SOQ instructional positions include teacher, school counselor, librarian, instructional aide, principal, and assistant principal positions funded through the SOQ staffing standards for each school division in the biennium. $218.2 million is provided for the state share of a 5.0 percent salary increase effective July 1, 2019, to school divisions which certify to the VDOE by June 1, 2019, that salary increases of a minimum average of 5.0 percent have been or will have been provided to instructional and support personnel during the 2018-2020 biennium, either in the first year or in the second year or through a combination of the two years. While the aforementioned minimum average 5.0 percent pay increase must be provided by school divisions in order to receive the state funds, a required local match based on the division composite index formerly required under the Compensation Supplement formula is not specifically required in fiscal year 2020 under this action.

The increase in the Compensation Supplement provides an additional $87.6 million (of which $0.4 million is attributable to Academic Year Governor’s Schools and $0.3 million is attributable to Regional Alternative Education Programs) in state funding to school divisions in fiscal year 2020.

* **Senate** – Same as the Governor’s introduced budget. The Senate also provides flexibility language that provides partial state funding for school divisions that provide more than an average 3.0 percent salary increase during the 2018-2020 biennium, but less than an average 5.0 percent increase. School divisions must provide at least a 3.0 percent increase over the biennium to be eligible for a 3.0 percent payment. This action does not change projected state funding in fiscal year 2020 for the program.
* **House** – Proposes to return to the original compensation supplement in Chapter 2, which includes a July 1, 2019, effective date for a 3.0 percent Compensation Supplement. The House also proposes an additional 2.0 percent compensation supplement for SOQ funded instructional and support positions effective January 1, 2020. Only a maximum of a 3.0 percent salary increase provided by local school divisions in fiscal year 2019 will be credited towards eligibility to receive the 5.0 percent Compensation Supplement. Additionally, only salary increases provided in fiscal year 2020 up to 2.0 percent by January 1, 2020, can be credited towards eligibility to receive the additional 2.0 percent Compensation Supplement effective January 1, 2020. This action reduces state payments for the Compensation Supplement by $43.7 million in fiscal year 2020.

***Final General Assembly Action*** *– Returns to the original Compensation Supplement in Chapter 2, which includes a July 1, 2019, effective date for a 3.0 percent Compensation Supplement. The General Assembly also funds an additional 2.0 percent Compensation Supplement for SOQ funded instructional and support positions effective September 1, 2019. Only a maximum 3.0 percent salary increase provided by local school divisions in fiscal year 2019 will be credited towards eligibility to receive the 3.0 percent Compensation Supplement in fiscal year 2020. Additionally, only salary increases provided in fiscal year 2020 up to 2.0 percent by September 1, 2019, can be credited towards eligibility to receive the additional 2.0 percent Compensation Supplement effective September 1, 2019. School divisions providing less than a 2.0 percent local salary increase by September 1, 2019, would be eligible for partial state funding from the 2.0 percent portion of the Compensation Supplement in fiscal year 2020. This action reduces state payments for the Compensation Supplement by $14.4 million in fiscal year 2020.*

#### Increase Funding in the Standards of Quality (SOQ) for School Counselors in FY20

* **Governor** - The Governor’s amended budget increases state funding in the Standards of Quality for school counselors in fiscal year 2020. The staffing standards for school counselors in Chapter 2 are 500-to-1 in elementary schools, 400-to-1 in middle schools, and 350-to-1 in high schools. This action reduces the staffing ratios to 375-to-1 in elementary schools, 325-to-1 in middle schools, and 300-to-1 in high schools. This amendment provides an additional $36.0 million in state funding to school divisions in fiscal year 2020.

This amendment is the first in a three-year phase-in to reduce the staffing standard for school counselors to 250-to-1 in all schools by fiscal year 2022.

* **Senate** – Proposes staffing standards for school counselors of 455-to-1 in elementary schools, 370-to-1 in middle schools, and 325-to-1 in high schools in fiscal year 2020. This action reduces state funding for the initiative by $23.8 million in fiscal year 2020.
* **House** – Same as the Governor’s introduced budget.
* ***Final General Assembly Action*** *– Same as the Senate amendment.*

#### Decrease Literary Fund Transfer for VRS Retirement (Replace with General Funds)

* **Governor** - The Governor’s amended budget decreases the transfer from the Literary Fund to support the state’s share of cost for teacher retirement by $80.0 million in fiscal year 2019, from $146.3 million to $66.3 million. The $80.0 million in Literary Funds is reserved to provide loans to school divisions on the First Priority Waiting List for school construction loans. This action does not affect division per pupil amounts or projected entitlements for VRS retirement in fiscal year 2019, but is only a change in the source of funding.
* **Senate** – Proposes to increase the Literary Fund contribution to support the state’s share of teacher retirement by $10.0 million in fiscal year 2019. This is a fund switch and does not affect distributions to school divisions. This action maintains $70.0 million in the Literary Fund for school construction support. Of the $70.0 million reserved for this purpose, $32.5 million will be used for Literary Fund loans for projects on the First Priority Waiting List. Another $32.5 million will be used for an interest rate subsidy program for projects on the First Priority Waiting List, and $5.0 million will be used for an interest rate subsidy program based upon the provisions in SB 1093. SB 1093 offers a 100.0 percent interest rate subsidy for school divisions with a Composite Index of 0.2500 or below, and a 50.0 percent interest rate subsidy for school divisions with a Composite Index greater than 0.2500 but less than 0.4000.
* **House** – Proposes to reverse the actions taken in the Governor’s budget and increase Literary Fund support for the state’s share of teacher retirement by $80.0 million in fiscal year 2019. This is a fund switch and does not affect distributions to school divisions.
* ***Final General Assembly Action*** *– Increases the Literary Fund contribution to support the state’s share of teacher retirement by $45.0 million in fiscal year 2019. This is a fund switch and does not affect distributions to school divisions. This action maintains $35.0 million in the Literary Fund for school construction support. Of the $35.0 million reserved for this purpose, $30.0 million will be used for Literary Fund loans for projects on the First Priority Waiting List that will revolve back to the Literary Fund. The remaining $5.0 million will be used for an interest rate subsidy program based upon the provisions of Senate Bill 1093. The interest rate subsidy program under SB 1093 offers a 100.0 percent subsidy for school divisions with a Composite Index of 0.2500 or below, and a 50.0 percent subsidy for school divisions with a Composite Index greater than 0.2500 but less than 0.4000.*

#### Provide Additional Funding for At-Risk Add-on in FY19 and FY20

* **Governor** - The Governor’s amended budget proposes an additional $21.1 million in fiscal year 2019 and $14.3 million in fiscal year 2020. The amendment is based on increasing the Basic Aid per pupil add-on range from a maximum of the range of 13.0 percent to 16.0 percent in fiscal year 2019 and from 14.0 percent to 16.0 percent in fiscal year 2020. The increase to the estimate for Lottery proceeds in fiscal years 2019 and 2020 funds the increase in the maximum add-on ranges.
* **Senate** – Proposes to reduce the maximum per-pupil add-on to 14.5 percent in fiscal year 2019 and to 15.5 percent in fiscal year 2020. This action reduces state funding for the At-Risk Add-on by $10.7 million in fiscal year 2019 and by $3.6 million in fiscal year 2020.
* **House** – Proposes to reduce the maximum per-pupil add-on to the amounts in Chapter 2, which are 13.0 percent in fiscal year 2019 and 14.0 percent in fiscal year 2020. This action reduces state funding for the At-Risk Add-on by $21.4 million in fiscal year 2019 and by $14.3 million in fiscal year 2020.
* ***Final General Assembly Action*** *– Reduces the maximum add-on to 14.5 percent in fiscal year 2019 and adopts the 16.0 percent maximum add-on in fiscal year 2020 proposed in the Governor’s introduced budget. This action reduces state funding by $10.7 million in fiscal year 2019.*

#### Increase State Funding for the Supplemental Lottery Per Pupil Amount

* **Governor** - The Governor’s amended budget proposes an increase to the Supplemental Lottery Per Pupil Amount in fiscal years 2019 and 2020, from $336.08 per pupil to $364.15 per pupil in fiscal year 2019, and from $341.96 per pupil to $367.44 per pupil in fiscal year 2020. This action increases state funding to school divisions by $18.5 million in fiscal year 2019 and by $16.2 million in fiscal year 2020. The increase to the estimate for Lottery proceeds in fiscal years 2019 and 2020 funds the increases to the per pupil amounts.
* **Senate** – Proposes to reduce the Supplemental Lottery Per Pupil Amount in fiscal year 2019 to $337.52 and in fiscal year 2020 to $344.18. This action reduces state funding for the program by $18.5 million in fiscal year 2019 and by $16.2 million in fiscal year 2020.
* **House** – Proposes to increase the Supplemental Lottery Per Pupil Amount in fiscal year 2020 to $406.90. This action increases state funding for the program by $27.4 million in fiscal year 2020.
* ***Final General Assembly Action*** *– Same as the Governor’s introduced budget.*

#### Funding Actions Related to Preschool Education

* **Governor** - The Governor’s amended budget takes several actions related to preschool education. These actions are listed below.
* **Provide State Funding to Continue Support for the Federal Virginia Preschool Initiative Plus (VPI+) Program in FY20**

The Governor’s amended budget provides $9.7 million in state funding in fiscal year 2020 to continue support for students enrolled in the federal Virginia Preschool Initiative Plus (VPI+) program, which expires after fiscal year 2019. Eligibility for state funds is restricted to school divisions that participate in VPI+ in fiscal year 2019. School divisions are responsible for ensuring that students funded by slots in this program meet the expectations provided in VDOE’s November 2018 Plan to Ensure High-Quality Instruction in All Virginia Preschool Initiative Classrooms.

In fiscal year 2020 only, school divisions will not be required to provide a local match to receive state funds. Beginning in fiscal year 2021, a local match will be phased-in at 10.0 percent per year until the local match is equal to the division’s composite index or 0.5000, whichever is lower.

**Senate** – Proposes to implement a local match capped at 25.0 percent in fiscal year 2020. This action reduces state funding for the program by $2.4 million in fiscal year 2020.

**House** – Proposes to eliminate proposed state funding for the VPI+ program. This action reduces state funding by $9.7 million in fiscal year 2020.

***Final General Assembly Action*** *– Reduces state funding for the initiative by $3.5 million in fiscal year 2020 by requiring a local match based upon the local composite index that is capped at 0.4000. In fiscal year 2021, the required local match cap would increase to 0.5000.*

* **Reduce State Funding for Professional Development for Virginia Preschool Initiative Provisionally Licensed Teachers**

To align the funding level to actual need for funding, the Governor’s amended budget reduces state funding for teacher incentive grants to support coursework and professional development for provisionally licensed teachers that serve Virginia Preschool Initiative students in fiscal year 2020 by $2.0 million and redirects the funds for other purposes.

Remaining fiscal year 2019 balances of grant funds for teacher coursework and professional development of provisionally licensed teachers in VPI classrooms will first be used to provide supplemental grants for VPI start-up or expansion programs. After all supplemental grants have been awarded to school divisions, any remaining balances will be added to the pool of funds for VPI slot reallocation in fiscal year 2020.

**Senate** – Same as the Governor’s introduced budget.

**House** – Same as the Governor’s introduced budget. The House also proposes to redirect the available balances from this program in fiscal year 2019 by moving additional Direct Aid funding from general funds to Lottery funds.

***Final General Assembly Action*** *– Same as the Governor’s introduced budget and the House amendment.*

* **Transfer Funding for Virginia Preschool Initiative Classroom Observations to VDOE’s Central Office Budget**

The Governor’s amended budget transfers $350,000 in fiscal years 2019 and 2020 from the Direct Aid budget to the VDOE Central Office budget to properly align administration of the program.

**Senate** – Same as the Governor’s introduced budget.

**House** – Same as the Governor’s introduced budget.

***Final General Assembly Action*** *– Same as the Governor’s introduced budget.*

* **Transfer Funding for Professional Development of Virginia Preschool Initiative Teachers to VDOE’s Central Office Budget**

The Governor’s amended budget transfers $0.3 million in fiscal year 2019 and $0.7 million in fiscal year 2020 from the Direct Aid budget to the VDOE Central Office budget to properly align administration of the program.

**Senate** – Same as the Governor’s introduced budget.

**House** – Same as the Governor’s introduced budget.

***Final General Assembly Action*** *– Same as the Governor’s introduced budget.*

* **Provide Funding for Virginia Preschool Initiative Evidence-Based Curriculum Grant**

The Governor’s amended budget provides $0.9 million in fiscal year 2020 for school divisions and localities to purchase and implement vetted, evidence-based curriculum in Virginia Preschool Initiative classrooms. Funds will be awarded by VDOE through a competitive grant process. School divisions and localities will submit a plan to implement approved curriculum and to support teachers to use the curriculum with fidelity to promote learning and development.

**Senate** – Proposes to eliminate this program. This action would reduce state funding by $0.9 million in fiscal year 2020.

**House** – Same as the Senate amendment.

***Final General Assembly Action*** *– Same as the Senate amendment.*

* **Provide Funding for Local Observations of Virginia Preschool Initiative Classrooms**

The Governor’s amended budget provides $0.8 million in fiscal year 2020 to allow school divisions and localities to conduct Virginia Preschool Initiative classroom observations using the Classroom Assessment Scoring System (CLASS). Funds will be awarded by VDOE through a competitive grant process. Localities will submit the results of the classroom observations to VDOE.

**Senate** - Proposes to eliminate this program. This action would reduce state funding by $0.8 million in fiscal year 2020.

**House** – Same as the Senate amendment.

***Final General Assembly Action*** *– Same as the Senate amendment.*

#### New Supplemental Education Assistance Programs

The Governor’s amended budget includes new Supplemental Education Assistance Programs in fiscal year 2019 and fiscal year 2020.

#### Grow Your Own Teacher Pilot

* **Governor** - The Governor’s amended budget provides $0.2 million in fiscal year 2020 for the Grow Your Own Teacher pilot program. VDOE will provide scholarships no greater than $7,500 to high school graduates that attend a Virginia state institution of higher learning and subsequently teach in a high-need public school within their division of residence. School divisions apply for funds on behalf of students who: 1) graduated from a public high school in the local school division; 2) was eligible for free or reduced price lunch throughout the applicant’s attendance at a public high school in the local school division; and 3) commits to teach, within three years of graduating from a Virginia state institution of higher learning, in the school division at a public high school where at least 50.0 percent of students qualify for free or reduced price lunch at the time of application, for a period of at least four years. Payments will be made to the Virginia institution of higher learning by VDOE on behalf of the student. VDOE may recover all or part of the funds awarded if the student does not satisfy the teaching obligation.
* **Senate** – Proposes to eliminate this program. This action would reduce state funding by $0.2 million in fiscal year 2020.
* **House** – Same as the Senate amendment but proposes to transfer this funding to the State Council for Higher Education in Virginia (SCHEV).
* ***Final General Assembly Action*** *– Same as the House amendment.*

#### Pre-K through Second Grade Active Learning Pilot

* **Governor** - The Governor’s amended budget provides $250,000 in fiscal year 2020 to encourage active learning for students in pre-kindergarten through second grade. Funds will be awarded to school division on a competitive basis. School divisions that wish to participate in the program will apply to VDOE. Applications will indicate the number of students that will be served and the intended uses of funds. School divisions may use the funds to purchase a platform that features on-demand adventures that transform math and language content from the Standards of Learning (SOLs) into movement-rich activities for students in pre-kindergarten through second grade. Funds may also be used for staff to provide active learning curriculum and to conduct activities aligned with the SOLs. All activities must correlate to the Standards of Learning.
* **Senate** – Same as the Governor’s introduced budget.
* **House** – Proposes to remove funding for this program. This action would reduce state funding by $250,000 in fiscal year 2020.
* ***Final General Assembly Action*** *– Same as the House amendment.*

#### Robots4Autism Pilot

* **Governor** - The Governor’s amended budget provides $250,000 in fiscal year 2020 to encourage the use of robots in the education of students with autism. Funds will be awarded to school divisions on a competitive basis. Grant proposals from school divisions will outline the intended uses of funds and identify the number of students served. School divisions may use funds to purchase robotic devices with proven effectiveness for aiding in the academic and social-emotional learning of students on the autism spectrum.
* **Senate** – Same as the Governor’s introduced budget.
* **House** – Proposes to remove funding for this program. This action would reduce state funding by $250,000 in fiscal year 2020.
* ***Final General Assembly Action*** *– Reduces state funding for the initiative by $50,000 in fiscal year 2020. The program will retain $200,000 in state funding in fiscal year 2020.*

#### Virginia Arts Festival World Class Education Program

* **Governor** - The Governor’s amended budget provides $0.4 million in fiscal year 2020 to support the Virginia Arts Festival World Class Education Program. Funds will be used to develop partnerships with local school divisions to ensure widespread student participation, financial assistance for students that participate in the program, residencies and master classes that include extended and concentrated instruction for student participants, and arts education opportunities that support the Standards of Learning.
* **Senate** – Proposes to remove funding for this program. This action would reduce state funding by $0.4 million in fiscal year 2019.
* **House** – Same as the Senate amendment.
* ***Final General Assembly Action*** *– Same as the Senate amendment.*

#### “The Garden of Tomorrow” Project

* **Governor** - The Governor’s amended budget provides $2.0 million in fiscal year 2019 as a one-time appropriation to the Norfolk Botanical Garden’s “The Garden of Tomorrow” project to enhance environmental education.
* **Senate** – Proposes to remove funding for this program. This action would reduce state funding by $2.0 million in fiscal year 2019.
* **House** – Same as the Senate amendment.
* ***Final General Assembly Action*** *– Same as the Senate amendment.*

#### Changes in Funding for Various Supplemental Education Assistance Programs

The Governor’s amended budget includes changes in funding for the following programs for fiscal year 2019 and fiscal year 2020.

#### Greater Richmond Area Scholarship Program

* **Governor** - The Governor’s amended budget provides an additional $0.2 million in fiscal year 2020 for the Greater Richmond Area Scholarship Program (GRASP). GRASP provides financial aid, scholarships, and counseling to students and families in need.
* **Senate** – Same as the Governor’s introduced budget.
* **House** – Proposes to remove the additional $0.2 million in funding for this program in fiscal year 2020.
* ***Final General Assembly Action*** *– Reduces state funding for the initiative by $100,000 in fiscal year 2020. The program will retain $500,000 in state funding in fiscal year 2020.*

### 3. Direct Aid Budget Policy Changes Not Included in HB 1700/SB 1100

#### State Operated Programs

* **Senate** – Proposes to increase state funding for State Operated Programs by $480,000 in fiscal year 2020 to ensure that any child admitted to a state hospital or state mental health facility for inpatient treatment will participate in any education and training program in such facility, unless excused from attendance. This funding is contingent upon the passage of SB 1314.
* **House** – No action.
* ***Final General Assembly Action*** *– No action.*

#### Teacher Residency

* **Senate** – Proposes to increase funding for the Teacher Residency program in fiscal year 2020 by $0.5 million. These grants fund partnerships between university teacher preparation programs and the Petersburg, Norfolk, and Richmond City school divisions to help improve new teacher training and retention in hard-to-staff schools.
* **House** – No action.
* ***Final General Assembly Action*** *– Increases funding for the initiative by $250,000 in fiscal year 2020.*

#### CodeVA

* **Senate** – Proposes to add $550,000 in fiscal years 2019 and 2020 for CodeVA for the development, marketing, and implementation of high-quality, and effective computer science training and professional development activities for public school teachers.
* **House** – Same as the Senate amendment.
* ***Final General Assembly Action*** *– Same as the Senate amendment.*

#### High School Apprenticeship Pilot Program

* **Senate** – Proposes to add $125,000 in fiscal years 2020 and 2021 for a Richmond City Public Schools pilot apprenticeship program. Local businesses will apply to the Superintendent of Richmond City Public Schools to host an apprentice in exchange for a maximum grant award of $2,500.
* **House** – No action.
* ***Final General Assembly Action*** *– No action.*

#### School Security Equipment Grants

* **Senate** – No action.
* **House** – Proposes to increase the annual allocation for the VPSA School Security Equipment Grant from $6.0 million in fiscal year 2020 to $12.0 million.
* ***Final General Assembly Action*** *– Same as the House amendment.*

#### Increase Virginia Preschool Initiative Per-Pupil Amount

* **Senate** – No action.
* **House** – Proposes to increase the per-pupil amount for the Virginia Preschool Initiative from $6,326 to $6,350 in fiscal year 2020. This action increases state funding for VPI by $0.3 million in fiscal year 2020.
* ***Final General Assembly Action*** *– No action.*

#### Remove Unspent Balances for the Virginia Preschool Initiative

* **Senate** – No action.
* **House** – Proposes to remove unspent balances from the Virginia Preschool Initiative in fiscal year 2019 that was reserved for VPI slot reallocation in fiscal year 2020. This action reduces state funding in fiscal year 2019 by $2.2 million.
* ***Final General Assembly Action*** *– Same as the House amendment.*

#### Increase Funding for Virtual Virginia

* **Senate** – No action.
* **House** – No action.
* ***Final General Assembly Action*** *– Increases funding for Virtual Virginia by $150,000 in fiscal year 2020 to expand school division access to digital resources and professional development. Additional requirements related to a per-student fee structure are discussed later in this attachment.*

#### School Consolidation Study

* **Senate** – No action.
* **House** – Proposes a $772,251 payment to Alleghany County in fiscal year 2020 to study a school division consolidation with Covington City. Funds can be used for legal fees, studies, and other expenses associated with the planning of a joint school system.
* ***Final General Assembly Action*** *– Provides $400,000 in fiscal year 2020 for Alleghany County and Covington City to study a school division consolidation.*

#### Increase Funded Retiree Health Care Credit

* **Senate** – No action.
* **House** – Proposes to increase the retiree health care credit employer contribution rate funded in the SOQ model from 1.20 percent to 1.34 percent in fiscal year 2020. This action increases state funding to school divisions by $4.3 million in fiscal year 2020.
* ***Final General Assembly Action*** *– No action.*

#### Dual Enrollment Faculty Credential Tuition Grant Program

* **Senate** – No action.
* **House** – Proposes to create a grant program for licensed public school teachers to acquire additional credentials to be qualified to teach dual enrollment courses in their local school division. The maximum lifetime grant to be awarded to an eligible teacher is $7,500. School divisions will submit applications to the Virginia Department of Education on behalf of the teacher. The program will begin in fiscal year 2020 and will provide $250,000 in state funding.
* ***Final General Assembly Action*** *– Same as the House amendment.*

#### Academies of Hampton

* **Senate** – No action.
* **House** – Proposes $500,763 in state funding in fiscal year 2020 to support Hampton City Public Schools Academies of Hampton initiative. This action provides one-time funding to pay for courses focused on the workforce needs of employers within Hampton Roads, and materials and equipment needed to implement career and college academies in each of the high schools.
* ***Final General Assembly Action*** *– Same as the House amendment.*

### 4. Language-Only Amendments for Direct Aid Programs Included in HB 1700/SB 1100

#### Virginia Preschool Initiative - Fiscal Year 2019 Participation and Carry-forward

* **Governor** - Based on actual participation in the Virginia Preschool Initiative (VPI) for fiscal year 2019, there is a balance of state funding of $2.2 million compared to the current fiscal year 2019 appropriation in Chapter 2. The remaining $2.2 million balance will first be used to offer supplemental grants in fiscal year 2019 for VPI start-up or expansion programs. After all supplemental grants have been awarded in fiscal year 2019, all remaining balances will be carried-over to fiscal year 2020 to fund slot reallocation to school divisions that report 100.0 percent VPI slot utilization in fiscal year 2019, request 100.0 percent of VPI slot utilization in their spring 2019 grant proposal for fiscal year 2020, and have a waiting list for VPI slots in fiscal year 2020 (same slot reallocation provisions as in the Chapter 2 budget).

Remaining fiscal year 2019 balances of grant funds for teacher coursework and professional development of provisionally licensed teachers in VPI classrooms will first be used to provide supplemental grants for VPI start-up or expansion programs. After all supplemental grants have been awarded to school divisions, any remaining balances will be added to the pool of funds for VPI slot reallocation in fiscal year 2020.

Beginning in fiscal year 2020, remaining balances based on actual participation in VPI will first be used to fund supplemental grants for VPI start-up or expansion programs. After all funds for supplemental grants have been awarded, remaining balances will be carried-forward to fiscal year 2021 for VPI slot reallocation.

* **Senate** – Same as the Governor’s introduced budget.
* **House** – Same as the Governor’s introduced budget.
* ***Final General Assembly Action*** *– Same as the Governor’s introduced budget.*

#### Virginia Preschool Initiative - Recess

* **Governor** - The Governor’s amended budget inserts language that allows for recess to be included as instructional time for students enrolled in the Virginia Preschool Initiative (VPI) program. This action is consistent with legislation passed in the 2018 General Assembly to amend §22.1-98 of the Code of Virginia, which allows for unstructured recreational time in elementary schools to count as required instructional time. Consistency is necessary because VPI programs are typically housed in elementary schools, which use the same activity and bus schedules for all students, including those enrolled in preschool.
* **Senate** – Same as the Governor’s introduced budget.
* **House** – Same as the Governor’s introduced budget.
* ***Final General Assembly Action*** *– Same as the Governor’s introduced budget.*

#### At-Risk Add-on - Withholding of State Funds

* **Governor** - The Governor’s amended budget includes clarifying language that allows the Board of Education to withhold state At-Risk Add-on funding from a school division in the event that it does not take corrective actions as part of a memorandum of understanding between the local school board and the Board of Education. This amendment properly aligns the corrective action to the newly adopted Standards of Accreditation.
* **Senate** – Same as the Governor’s introduced budget.
* **House** – Same as the Governor’s introduced budget.
* ***Final General Assembly Action*** *– Same as the Governor’s introduced budget.*

#### Targeted Extended School Year Grants - Eligibility

* **Governor** - The Governor’s amended budget makes changes to the eligibility provisions of the Targeted Extended School Year grant program in order to properly align with the newly approved Standards of Accreditation. Eligibility for the maximum grant amount of $400,000 and a waiver of the local match requirement changes from Denied Accreditation status to Accredited with Conditions status and rated at Level Three in two or more Academic Achievement for All Students school quality indicators.
* **Senate** – Same as the Governor’s introduced budget.
* **House** – Same as the Governor’s introduced budget.
* ***Final General Assembly Action*** *– Same as the Governor’s introduced budget.*

#### School Security Equipment Grants - Increase Cap

* **Governor** - The Governor’s amended budget increases the cap for school security equipment grants from $100,000 to $250,000. This is a recommendation of the Children’s Cabinet Student Safety Workgroup.
* **Senate** – Same as the Governor’s introduced budget.
* **House** – Same as the Governor’s introduced budget.
* ***Final General Assembly Action*** *– Same as the Governor’s introduced budget.*

#### Achievable Dream - Tax Credits

* **Governor** - The Governor’s amended budget removes language from Chapter 2 stipulating that funding for the Achievable Dream partnership with Newport News Public Schools is in lieu of a like amount from the Neighborhood Assistance Program Tax Credits.
* **Senate** – Same as the Governor’s introduced budget.
* **House** – Same as the Governor’s introduced budget.
* ***Final General Assembly Action*** *– Same as the Governor’s introduced budget.*

#### Support for Provisionally Licensed Minority Teachers

* **Governor** - The Governor’s amended budget adds the Virginia Communication and Literacy Assessment to the allowable tests for which grants may be awarded to school divisions, teacher preparation programs, or nonprofit organizations in the Northern Virginia, Central Virginia, and Hampton Roads regions to subsidize test fees and the cost of tutoring for provisionally licensed minority teachers seeking full licensure in Virginia.
* **Senate** – Same as the Governor’s introduced budget.
* **House** – Same as the Governor’s introduced budget. The House also proposes to expand eligibility to all regions of the state.
* ***Final General Assembly Action*** *– Same as the Governor’s introduced budget and the House amendment.*

### 5. Language-Only Amendments for Direct Aid Programs Not Included in HB 1700/SB 1100

#### Virtual Virginia

* **Senate** – Proposes the Virginia Department of Education establish a per-course and per-student fee schedule for local school divisions that participate in the Virtual Virginia program. The fee schedule will include an allotment of slots per school division that are offered free of charge and a fee for slots used by school divisions beyond the free slots. VDOE may consider the local composite index when establishing the fee schedule.
* **House** – No action.
* ***Final General Assembly Action*** *– Requires that the Virginia Department of Education establish a per-course and per-student fee schedule for local school divisions that participate in the Virtual Virginia program. The fee schedule will include an allotment of slots per school division that are offered free of charge and a fee for slots used by school divisions beyond the free slots. VDOE may consider the local composite index when establishing the fee schedule. The plan will also include the total number of students enrolled in each Virtual Virginia course by grade level and indicate the number of students charged a fee and how the fee is paid in each participating school division. The fee schedule and data collection plan would be submitted to the Chairmen of the House Appropriations and Senate Finance committees upon completion.*

#### Land Use Values in the Computation of the Local Composite Index

* **Senate** – Proposes that, beginning with the 2020-2022 biennium, that for the true value of property indicator, the local composite index calculation will incorporate land-use assessment values.
* **House** – No action.
* ***Final General Assembly Action*** *– No action.*

#### Best Practices for Community Schools

* **Senate** – No action.
* **House** – Proposes that the Virginia Department of Education distribute best practices to local school divisions with guidance for existing schools to make a transition to community schools.
* ***Final General Assembly Action*** *– Same as the House amendment.*

#### At-Risk Add-on Funds – Testing Coordinators and Behavior Analysts

* **Senate** – No action.
* **House** – Proposes flexibility language that allows local school divisions to use At-Risk Add-on funds to hire testing coordinators and licensed behavior analysts.
* ***Final General Assembly Action*** *– Same as the House amendment.*

## B. 2018-2020 VDOE CENTRAL OFFICE BUDGET

### 1. Amendments to VDOE Central Office Budget Included in HB 1700/SB 1100

#### Early Childhood Office

* **Governor** - The Governor’s amended budget proposes additional funding in fiscal year 2020 for two positions within VDOE’s Early Childhood Office to provide individualized professional development and to support local implementation of evidence-based curriculum and classroom observations in Virginia Preschool Initiative programs. These positions would support implementation of VDOE’s November 2018 Plan to Ensure High-Quality Instruction in All Virginia preschool Initiative Classrooms.
* **Senate** – Proposes to remove one position from the Governor’s budget. This action would reduce state costs by $137,733 in fiscal year 2020.
* **House** – Proposes to eliminate state funding for both positions in the Governor’s budget. This action would reduce state costs by $300,320 in fiscal year 2020.
* ***Final General Assembly Action*** *– Same as the Senate amendment.*

#### Technology Application to Automate the Teacher Licensure Approval Process

* **Governor** - The Governor’s amended budget provides funding to VDOE to automate the teacher licensure approval process. The introduced budget provides $552,500 in fiscal year 2020 to procure an automated, web-based front-end licensure intake system.
* **Senate** – Realizes an efficiency savings for teacher licensure due to automating the teacher licensure in-take process. This action creates a state savings of $97,500 in fiscal year 2020.
* **House** – Proposes to remove the state funding in the Governor’s budget for the teacher licensure application. This action generates a state savings of $552,500 in fiscal year 2020.
* ***Final General Assembly Action*** *– Provides $348,500 in fiscal year 2020 for the development of an online teacher licensure application system.*

#### Replace Online Management of Education Grant Awards (OMEGA) System

* **Governor** - The Governor’s amended budget proposes $600,000 in fiscal year 2020 to support a new grants management system to replace OMEGA. This new application is necessary to take advantage of recent technological enhancements while continuing to provide an efficient web-based portal for school divisions, higher education institutions, and non-profit organizations to submit grant applications and reimbursement claims for timely payment.
* **Senate** – Proposes to reduce funding for this initiative by $150,000 in fiscal year 2020.
* **House** – Proposes to eliminate funding for this initiative. This action generates a state savings of $600,000 in fiscal year 2020.
* ***Final General Assembly Action*** *– Same as the House amendment.*

#### Support Computer Science Education and Training Needs

* **Governor** - The Governor’s amended budget proposes $553,000 in fiscal year 2020 to support statewide computer science education and training needs through a contract between VDOE and the University of Virginia.
* **Senate** – Same as the Governor’s introduced budget.
* **House** – Proposes to eliminate funding for this initiative. This action generates a state savings of $553,000 in fiscal year 2020.
* ***Final General Assembly Action*** *– Same as the House amendment.*

#### Support Local Implementation of Seclusion and Restraint Regulations

* **Governor** - The Governor’s amended budget proposes $492,755 in fiscal year 2020 to support statewide training and assistance for local school divisions to implement the Board of Education’s Regulations Governing the Use of Seclusion and Restraint in Public Elementary and Secondary Schools in Virginia. The funding supports training of a single employee per school division and the necessary resources for VDOE to implement the regulation and provide ongoing assistance.
* **Senate** – Same as the Governor’s introduced budget.
* **House** – Same as the Governor’s introduced budget.
* ***Final General Assembly Action*** *– Same as the Governor’s introduced budget.*

#### Update the Virginia Studies and the Civics and Economics Standards of Learning Tests

* **Governor** - The Governor’s amended budget proposes $500,000 in fiscal year 2020 to update the Virginia Studies and the Civics and Economics Standards of Learning tests to measure the revised History standards adopted by the Board of Education in 2015.
* **Senate** – Same as the Governor’s introduced budget.
* **House** – Same as the Governor’s introduced budget.
* ***Final General Assembly Action*** *– Same as the Governor’s introduced budget.*

### 2. Amendments to VDOE Central Office Budget Not Included in HB 1700/SB 1100

#### Energy Career Cluster

* **Senate** – Proposes that VDOE develop an energy career cluster in consultation with pertinent industries. The knowledge and skill sets will be based on the energy industry competency and credential models developed by the Center for Energy Workforce Development. This action increases state funding by $80,000 in fiscal year 2020.
* **House** – Same as the Senate amendment.
* ***Final General Assembly Action*** *– Same as the Senate amendment.*

#### Pilot Program for Special Education Students to Make a Transition to a Public School Setting

* **Senate** – Proposes a pilot program to study the resources and feasibility for special education students to make the transition from a private school setting to a public school setting. This proposal increases state funding by $20,000 in fiscal year 2020.
* **House** – No action.
* ***Final General Assembly Action*** *– No action.*

#### Redirect Funding for History and Social Science Assessment Development

* **Senate** – Proposes to redirect $300,000 in fiscal year 2020 for the development of an assessment for high school history and social science to an update of the Virginia Studies Standard of Learning assessment and the Civics and Economics Standards of Learning Assessment. This action is contingent upon the passage of SB 1218.
* **House –** No action.
* ***Final General Assembly Action*** *– No action.*

#### Support Services for Special Education Students

* **Senate** – No action.
* **House** – Proposes that VDOE collect and report data that measures the progress and outcomes of students placed in private-provider settings by such student’s school division of residence or have been placed by other legal means. The data collection will begin with fiscal year 2020 data.
* ***Final General Assembly Action*** *– Same as the House amendment.*

#### Verified Credits for History and Social Science

* **Senate** – No action.
* **House** – Proposes budget language that allows the use of state-approved performance-based assessments in School Divisions of Innovation for high school history and social science courses.
* ***Final General Assembly Action* –** *No action.*

#### High School Student Survey

* **Senate** – No action.
* **House** – Proposes $20,000 in additional funding in fiscal year 2020 for VDOE to conduct a survey of approximately 500 high school students.
* ***Final General Assembly Action*** *– Same as the House amendment. Language is added in the amendment adopted by the General Assembly that states that VDOE will work with a partner organization in conducting the survey and that the survey is related to civics education.*

#### Establish a Committee to Develop a Microcredentialing Program

* **Senate** – No action.
* **House** – Proposes $10,000 in additional funding in fiscal year 2020 for VDOE to convene stakeholders to develop a microcredentialing program. This action is contingent upon the passage of HB 2217.
* ***Final General Assembly Action*** *– Same as the House amendment.*