

Summary of Budget Amendments Adopted by the Senate and by the House of Delegates to the 2014-2016 Biennial Budget as Introduced (HB/SB 30) Affecting the Direct Aid to Public Education, Department of Education Central Office, and Related Budgets

This document provides a summary of amendments to the introduced 2014-2016 biennial budget (HB/SB 30) that were separately adopted by the House of Delegates and by the Senate on February 20, 2014. The respective amendments proposed by the Senate and by the House of Delegates change the budget introduced by Governor McDonnell in HB/SB 30. The adopted changes affect fiscal years 2015 and 2016. Fiscal year 2015 begins on July 1, 2014, and ends on June 30, 2015. Fiscal year 2016 begins on July 1, 2015, and ends on June 30, 2016.

The budget actions proposed by Governor McDonnell in HB/SB 30 were communicated in Attachment A of [Superintendent's Memorandum No. 327-13](#) dated December 16, 2013. The original text of that attachment is repeated in this document for reference purposes. The subsequent budget actions proposed by executive amendment, by the Senate, and by the House of Delegates are summarized in this document and are reflected in italicized text.

Information related to the Direct Aid to Public Education and the Department of Education Central Office budget amendments have been organized into the following sections:

Section A. Direct Aid to Public Education Budget

1. Technical Updates to Existing Direct Aid Programs
2. Direct Aid Budget Policy Changes Included in HB/SB 30
3. Direct Aid Budget Policy Changes Not Included in HB/SB 30
4. Language-Only Amendments for Direct Aid Programs Included in HB/SB 30
5. Language-Only Amendments for Direct Aid Programs Not Included in HB/SB 30

Section B. Department of Education Central Office Budget

1. Central Office Policy Changes Impacting School Divisions Included in HB/SB 30
2. Central Office Policy Changes Impacting School Divisions Not Included in HB/SB 30

Several budget amendments to the Secretary of Education and Opportunity Educational Institution budgets are also included at the end of this attachment.

A. DIRECT AID TO PUBLIC EDUCATION

1. Technical Updates to Existing Direct Aid Programs

Rebenchmark Direct Aid Costs for 2014-2016 (as presented to the Board of Education in September 2013)

- **Governor** – The Governor’s introduced budget includes the state share of routine rebenchmarking of costs for all of the Standards of Quality and other Direct Aid programs. These technical adjustments include updates for factors such as funded salaries, Annual School Report data used to calculate prevailing costs, Standards of Learning test score updates, enrollment updates, and projected caseloads for categorical programs. The 2014-2016 Board of Education rebenchmarking presentation dated September 26, 2013, provided as Attachment C to this memorandum, provides additional information about the details and source of the data used to make these technical updates. These adjustments reflect the cost of continuing current programs with the required biennial data updates used in the funding formulas, and do not reflect any changes in policy. For fiscal year 2015, routine rebasing of costs for the Standards of Quality and other Direct Aid programs results in an increase in state cost of \$165.5 million. For fiscal year 2016, the increase in state cost is \$185.2 million.
- **Senate** – *same as Governor’s introduced budget.*
- **House** – *same as Governor’s introduced budget.*

Technical Updates to Direct Aid Accounts for 2014-2016 Subsequent to the Rebenchmarking Budget Presented to the Board of Education in September 2013

- **Governor** – The Governor’s introduced budget includes the state share of cost for additional technical updates related to the rebenchmarking process that occurred after the Board of Education presentation in September 2013, due to the timing of data availability. These technical adjustments include updates to factors such as enrollment projections, Standards of Learning test failure rate data, and caseloads for incentive and categorical programs. These adjustments reflect the cost of continuing current programs with the required data updates used in the funding formulas, and do not reflect any changes in policy. These updates increase the state share of cost by \$42.0 million in fiscal year 2015 and \$51.7 million in fiscal year 2016.
- **Executive Amendment** – *The Governor’s executive amendment updates the per pupil amounts used to calculate K-3 Primary Class Size Reduction and Academic Year Governor’s School funding for fiscal year 2015 and fiscal year 2016 to reflect technical updates to fringe benefit employer contribution rates, non-personal inflation, and the support Cost of Competing Adjustment. Based on this action, the state share of K-3 Primary Class Size Reduction funding increases by approximately \$2.4 million in each year of the biennium. State funding for Academic Year Governor’s Schools decreases by \$129,974 in fiscal year 2015 and \$132,036 in fiscal year 2016.*

- **Senate** – same as Governor’s introduced budget and accepts the Governor’s executive amendment.
- **House** – same as Governor’s introduced budget and accepts the Governor’s executive amendment.

Update Fringe Benefit Employer Contribution Rates

- **Governor** – The Governor’s introduced budget adopts a higher employer contribution rate for instructional retirement benefits in 2014-2016 than was funded in Chapter 806 for fiscal year 2014 (11.66 percent to 14.50 percent). The rate recommended by the Governor is based on the same actuarial assumptions as the rate recommended by the VRS Board of Trustees. The prevailing non-professional VRS rate has been updated and is funded at 9.40 percent for both years of the biennium. This prevailing rate is used for state funding purposes only; the actual non-professional rate charged by VRS will vary by school division. For the retiree health care credit, the rate proposed for 2014-2016 reflects a rate increase from fiscal year 2014 (1.11 percent to 1.18 percent). For the group life contribution, the rate proposed for 2014-2016 reflects a rate increase from fiscal year 2014 (0.48 percent to 0.53 percent). All fringe benefit rates are proposed to be the same in fiscal years 2015 and 2016. These rate changes increase state funding by \$84.2 million in fiscal year 2015 and \$84.5 million in fiscal year 2016 (compared to costs based on fiscal year 2014 rates).

FUNDED FRINGE BENEFIT RATES:	FY 2014	FY 2015	FY 2016
Instructional & Professional Support VRS (<u>Employer Share</u>) (Does not include RHCC - see below)	11.66%	14.50%	14.50%
Instructional & Professional Support VRS (<u>Employee Share</u>)	5.00%	5.00%	5.00%
Total Instructional & Professional Support VRS Rate	16.66%	19.50%	19.50%
Group Life (<u>Employer Share</u>)	0.48%	0.53%	0.53%
Group Life (<u>Employee Share</u>)	0.71%	0.79%*	0.79%*
Total Group Life Rate	1.19%	1.32%	1.32%
Retiree Health Care Credit (<i>Paid as part of the VRS Instructional retirement per pupil amount</i>)	1.11%	1.18%	1.18%
Non-professional Support VRS	10.23%	9.40%	9.40%
Social Security	7.65%	7.65%	7.65%
Health Care Premium	\$3,778	\$4,188	\$4,188
Total Instructional Benefit Percent (<u>Employer Share</u>)	20.90%	23.86%	23.86%
Total Non-professional Support Benefit Percent (<u>Employer Share</u>)	18.36%	17.58%	17.58%

*Employee share of Group Life has been revised to reflect current data from VRS.

- **Senate** – same as Governor’s introduced budget.
- **House** – same as Governor’s introduced budget.

Updates for Recalculation of Composite Index for 2014-2016

- **Governor** – The 2014-2016 composite index of local ability-to-pay was calculated using 2011 base-year data provided by the Department of Taxation for adjusted gross income,

taxable retail sales, and true value of real property. The estimates of local population for 2011 are provided by the Weldon Cooper Center for Public Service at the University of Virginia, and the March 31, 2012, average daily membership is based on data reported by school divisions to the Department of Education. Updating Direct Aid accounts based on the recalculated 2014-2016 composite index increases the state share of Direct Aid funding by \$18.3 million in fiscal year 2015 and \$18.5 million in fiscal year 2016.

- **Senate** – same as Governor’s introduced budget. Also proposes recalculating the 2014-2016 composite index of local ability-to-pay to reflect corrected True Value of Property data recently reported to the Department of Taxation by Charlotte County, Richmond County, and Hampton City. The revised True Value data changes the final composite index values for all school divisions and results in an increase to the state share of Direct Aid funding of \$81,436 in fiscal year 2015 and \$49,789 in fiscal year 2016.
- **House** – same as Senate’s amendment.

Update Sales Tax Projections

- **Governor** – The Governor’s introduced budget reflects the most recent estimates of sales tax revenue dedicated to public education for fiscal years 2015 and 2016, as computed by the Department of Taxation. The revised sales tax estimates include 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 entitlement contained in Attachment B and in the Excel calculation file reflects the revised estimates for these two sales tax sources combined as a single revenue line item.

The Department of Taxation’s latest estimate of the one percent and one-eighth percent sales tax revenue is \$1,268,100,000 for fiscal year 2015 and \$1,312,500,000 for fiscal year 2016. These revised sales tax estimates are approximately \$10.6 million higher in fiscal year 2015 and \$55.0 million higher in fiscal year 2016 than the fiscal year 2014 estimate contained in Chapter 806. 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 \$5.9 million in fiscal year 2015 and \$30.8 million in fiscal year 2016 due to the revised sales tax estimates. 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 \$4.7 million in fiscal year 2015 and an increase of \$24.2 million in fiscal year 2016.

- **Senate** – same as Governor’s introduced budget. Also proposes increasing the sales tax revenue estimates by \$6.8 million to \$1,274,900,000 in fiscal year 2015 and by \$7.4 million to \$1,319,900,000 in fiscal year 2016. The revised estimates reflect the expected impacts of 1) Senate Bill 100, related to satellite television equipment; 2) an adjustment to the expected

impact of the “Amazon” sales tax bill; and 3) Senate Bill 611, related to the possession or transfer of automated sales suppression devices.

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 \$3.8 million in fiscal year 2015 and \$4.2 million in fiscal year 2016 due to the revised sales tax estimates. 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 \$3.0 million in fiscal year 2015 and an increase of \$3.2 million in fiscal year 2016.

- *House – same as Governor’s introduced budget.*

Update Lottery Proceeds

- **Governor** – Total Lottery proceeds are projected to increase by \$38.0 million to \$500.0 million in fiscal years 2015 and 2016, compared to the fiscal year 2014 Lottery estimate contained in Chapter 806. The total projected Lottery amounts in fiscal years 2015 and 2016 are being used to fund the state share of the cost of various programs, such as the Virginia Preschool Initiative, Early Reading Intervention, K-3 Primary Class Size Reduction, and SOL Algebra Readiness. Please see the section labeled “Textbook Funding” below for updates to the Textbooks account.
- **Senate** – *same as Governor’s introduced budget. Also proposes increasing projected Lottery proceeds by \$10.0 million to \$510.0 million in each year of the biennium, compared to the estimate contained in the Governor’s introduced budget. This projected increase reflects an adjustment to the Lottery revenue forecast. Please see the section labeled “Textbook Funding” below for updates to the Textbooks account.*
- **House** – *same as Senate’s amendment.*

Increase Funding for National Board Certification Bonuses

- **Governor** – The Governor’s introduced budget includes an additional \$575,000 in fiscal year 2015 and \$575,000 in fiscal year 2016 for bonuses provided by the state to support the projected number of classroom teachers who are certified by the National Board of Professional Teaching Standards.
- **Senate** – *same as Governor’s introduced budget.*
- **House** – *same as Governor’s introduced budget.*

Update Pupil Transportation Cost for Radford City Data Revisions

- **Senate** – *Proposes increasing the state share of Basic Aid funding for revised pupil transportation cost data from Radford City Public Schools that were previously unavailable. This action increases the state share of Basic Aid funding by \$278,570 in fiscal year 2015 and \$285,029 in fiscal year 2016.*
- **House** – *same as the Senate’s amendment.*

2. Direct Aid Budget Policy Changes Included in HB/SB 30

Remove Non-personal Inflation Funding for the 2014-2016 Biennium

- **Governor** – The Governor’s introduced budget proposes eliminating funded inflation factors from the non-personal component of Basic Aid for the 2014-2016 biennium. Typically, as part of the biennial rebenchmarking process, the Department of Education updates non-personal inflation factors to adjust base year non-personal expenditures for inflation up to the start of the new biennium. By removing this update from the process, the state share of Basic Aid funding is reduced by \$47.4 million in fiscal year 2015 and \$47.6 million in fiscal year 2016
- **Senate** – *proposes restoring funding for non-personal inflation at 75 percent of the rates that were included in the biennial rebenchmarking calculations for 2014-2016. This action results in an increase in state funding of \$28.7 million in fiscal year 2015 and \$29.0 million in fiscal year 2016.*
- **House** – *same as the Governor’s introduced budget.*

Remove the Cost of Competing Adjustment (COCA) from the Support Position Portion of State SOQ Basic Aid Funding

- **Governor** – The Governor’s introduced budget eliminates the cost of competing adjustment (COCA) factor for funded SOQ Basic Aid support positions for school divisions in Planning District Eight and certain adjacent school divisions (specified in the appropriation act) in fiscal years 2015 and 2016. Chapter 806 provides the state share of funding in fiscal year 2014 for a COCA rate of 6.98 percent for SOQ funded support positions for the Planning District Eight school divisions and a partial rate of 1.75 percent for certain adjacent divisions. The Governor’s introduced budget proposes the elimination of state funding for both the 6.98 percent and the partial 1.75 percent COCA factors for SOQ funded support positions in fiscal years 2015 and 2016. This action results in a decrease in state funding of \$10.2 million in fiscal year 2015 and \$10.5 million in fiscal year 2016. No changes are proposed to the COCA factors applied to SOQ funded instructional positions.
- **Executive Amendment** – *The Governor’s executive amendment provides approximately \$5.4 million in fiscal year 2015 to replace half of the support COCA amount that was removed in the Governor’s introduced budget. This action increases funding for Planning District Eight*

school divisions and certain adjacent school divisions that are currently eligible for support COCA funding and does not reduce funding for any other school divisions.

- **Senate** – *proposes the restoration of half of the support COCA factor for funded SOQ Basic Aid support positions for school divisions in Planning District Eight and certain adjacent school divisions (specified in the appropriation act) in fiscal year 2015 that was removed in the Governor’s introduced budget. The Senate’s proposed amendment provides the state share of funding for a support COCA rate of 3.49 percent for SOQ funded support positions for the Planning District Eight school divisions and a partial rate of 0.87 percent for certain adjacent divisions. This action results in an increase in state funding of approximately \$5.0 million in fiscal year 2015.*
- **House** – *accepts the Governor’s executive amendment. The House further stipulates that there is no local match requirement to receive these funds.*

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

- **Governor** – The Governor’s introduced budget decreases the transfer from the Literary Fund to support the state share of cost for teacher retirement by \$28.1 million, from \$136.0 million to \$107.9 million, in fiscal year 2015 compared to the fiscal year 2014 transfer amount designated in Chapter 806. In fiscal year 2016, the Literary Fund transfer amount decreases by \$24.7 million, from \$136.0 million to \$111.2 million, compared to the fiscal year 2014 transfer amount designated in Chapter 806. Of the amounts reduced from the transfer, \$10.0 million in fiscal year 2015 and \$10.0 million in fiscal year 2016 is designated to provide school construction loans for school divisions through the Literary Fund. These actions do not affect division per pupil amounts or projected entitlements for VRS retirement in fiscal year 2015 or fiscal year 2016.
- **Executive Amendment** – *The Governor’s executive amendment recognizes an anticipated \$25.0 million in additional Literary Fund revenues in fiscal year 2015 from the sale of unclaimed property. With these additional revenues, the amendment proposes increasing the funds designated to provide school construction loans for school divisions through the Literary Fund by \$15.0 million from \$10.0 million in fiscal year 2015 to \$25.0 million. The remaining \$10.0 million in anticipated revenues would increase the transfer from the Literary Fund to support the state share of cost for teacher retirement in fiscal year 2015 from \$107.9 million to \$117.9 million. These actions do not affect division per pupil amounts or projected entitlements for VRS retirement in fiscal year 2015.*
- **Senate** – *accepts the Governor’s executive amendment but increases the transfer from the Literary Fund to support the state share of cost for teacher retirement in fiscal year 2015 from \$117.9 million in the executive amendment to \$135.4 million. The Senate also increases this transfer in fiscal year 2016 from \$111.2 million in the Governor’s introduced budget to \$121.0 million. This increase in the fiscal year 2016 transfer includes a reduction of \$250,000 to cover the cost of debt service on grants for schools added to the Virginia e-Learning Backpack Initiative (please see the section labeled “Virginia e-Learning Backpack Initiative” below for further details on this update). As a result, the total amount designated*

to provide school construction loans for school divisions through the Literary Fund is \$7.5 million in fiscal year 2015 and is eliminated (from \$10.0 million in the introduced budget) in fiscal year 2016.

- **House** – *accepts the Governor’s executive amendment but increases the transfer from the Literary Fund to support the state share of cost for teacher retirement in fiscal year 2015 from \$117.9 million in the executive amendment to \$127.9 million. As a result, the total amount designated to provide school construction loans for school divisions through the Literary Fund is increased in fiscal year 2015 from \$10.0 million in the introduced budget to \$15.0 million.*

Virginia Preschool Initiative (VPI) Non-participation Rate

- **Governor** – In addition to the technical updates to the Virginia Preschool Initiative (VPI) funding formula, the Governor’s introduced budget also maintains the projected VPI non-participation rate in both fiscal year 2015 and fiscal year 2016 at the same 25.43 percent rate contained in Chapter 806 for fiscal year 2014. As a result, state funding for VPI is reduced by \$24.2 million in fiscal year 2015 and \$24.3 million in fiscal year 2016. This estimate of non-participation affects the state appropriation for the program but does not change the division-level allocation of student slots or entitlement amounts.
- **Senate** – *same as the Governor’s introduced budget. In addition, the Senate proposes funding VPI slots at the greater of the values in the Governor’s introduced budget or actual slots used by division in fiscal year 2014. The Senate’s proposed amendment also includes an increase to the funded per pupil amount for full-time VPI students from \$6,000 in the Governor’s introduced budget to \$6,098 in fiscal year 2016. These actions increase state funding for VPI by approximately \$3.6 million in fiscal year 2015 and \$5.0 million in fiscal year 2016.*

In addition, the Senate’s proposed amendment directs the Department of Education to update Head Start count data used for calculating funded VPI slots annually, instead of the current practice of updating this data biennially. Calculation of funded slots includes deducting the number of four-year-olds served in Head Start from the estimated number of at-risk four-year-olds for each division. The number of funded slots per division in the introduced budget is based on Head Start count data from the 2012-2013 school year for each year of the biennium. The Senate’s proposed amendment directs the Department of Education to collect updated Head Start count data for the 2013-2014 school year, for use in calculating the number of funded VPI slots in fiscal year 2016.

- **House** – *same as the Governor’s introduced budget.*

Textbook Funding

- **Governor** – The Governor’s introduced budget proposes several actions that affect programs that are funded by Lottery proceeds (please see sections labeled “Update Lottery Proceeds” and “Virginia Preschool Initiative (VPI)” above for further details on these updates.) After

all actions, the portion of Textbooks payments that will be funded by Lottery proceeds decreases by \$2.3 million in fiscal year 2015 and \$10.1 million in fiscal year 2016, compared to the portion of Textbooks payments funded by Lottery proceeds in Chapter 806. This fund source change does not impact the projected payment amounts to divisions for textbooks.

- *Senate* – proposes several actions that affect programs that are funded by Lottery proceeds (please see sections labeled “Update Lottery Proceeds” and “Technical Updates to Direct Aid Accounts for 2014-2016 Subsequent to the Rebenchmarking Budget Presented to the Board of Education in September 2013” above for further details on these updates). After all actions, the portion of Textbooks payments that will be funded by Lottery proceeds increases by \$8.1 million in fiscal year 2015 and \$6.9 million in fiscal year 2016, compared to the portion of Textbooks payments funded by Lottery proceeds in the Governor’s introduced budget. This fund source change does not impact the funded per pupil amount or the projected payment amounts to divisions for textbooks.
- *House* – proposes several actions that affect programs that are funded by Lottery proceeds (please see sections labeled “Update Lottery Proceeds” and “Technical Updates to Direct Aid Accounts for 2014-2016 Subsequent to the Rebenchmarking Budget Presented to the Board of Education in September 2013” above for further details on these updates). After all actions, the portion of Textbooks payments that will be funded by Lottery proceeds increases by \$7.7 million in fiscal year 2015 and \$7.8 million in fiscal year 2016, compared to the portion of Textbooks payments funded by Lottery proceeds in the Governor’s introduced budget. This fund source change does not impact the funded per pupil amount or the projected payment amounts to divisions for textbooks.

Provide Funding for Extended Learning Time Models, Preschool, and Alternative Instructional Delivery or School Governance Models

- **Governor** – The Governor’s introduced budget proposes continuing state funding of \$412,500, plus an additional \$200,812 transferred from the Department of Education Central Office budget, for a total of \$613,312 in each year of the biennium. These funds would provide grants to school divisions for preschool programs; extended day or year schedules or year-round schools; or for assistance to establish charter, college laboratory, or virtual schools, or other instructional delivery or school governance models. Planning or start-up grants for extended learning time models could not exceed \$25,000. School divisions would be required to submit their applications to the Department of Education by August 1 preceding the school year in which the grant would be expended. Applications for planning grants must include evidence of commitment to pursue implementation in the school year immediately following the school year in which the planning grant is expended. School divisions with existing extended learning time programs would be eligible to apply for any balances that exist from funds provided. The Department of Education must give school divisions containing at-risk schools (i.e., accredited with warning) priority when considering applications, and may otherwise use competitive criteria in reviewing applications for funding.

- **Senate** – *adopts the same funding level as the Governor’s introduced budget for planning grants (\$613,312), but proposes language limiting this funding to planning grants for divisions pursuing year-round school programs. The language increases the cap on planning grants from \$25,000 to \$50,000 and removes language from the Governor’s introduced budget referring to planning grants for preschool, assistance to establish charter, college laboratory, or virtual schools, or for other instructional delivery or school governance models. Divisions would apply to DOE by August 1 each year, and priority would be given to schools based on state accreditation ratings or federal accountability designations. Also proposes increasing state funding by \$2.4 million in each year of the biennium to provide start-up grants of up to \$300,000 per school per year, depending on the extended school year model adopted. Grants would be awarded giving first priority to school divisions awarded planning grants in fiscal year 2014 and the College Readiness Center pilot, and second priority to schools based on state accreditation ratings or federal accountability designations. Finally, requires the Department of Education to account for extended school year models in the rebenchmarking of the Standards of Quality costs, beginning in the 2016-2018 biennium, by providing the state share for the additional days of instruction provided.*
- **House** – *same as the Governor’s introduced budget.*

Provide Funding for a Targeted Instructional Specialists Initiative

- **Governor** – *The Governor’s introduced budget proposes providing \$1.8 million in each year of the biennium to provide the state share of the cost for one reading or math instructional specialist in underperforming schools. Eligible schools will include those that have been denied accreditation or were accredited with warning for the third consecutive year. In addition, the Department must identify up to 20 additional schools for funding from those that were accredited with warning for the second consecutive year that have shown little or no improvement in student achievement in the past year.*

School divisions with eligible schools will be required to certify to the Department that the division has hired a reading or math instructional specialist. School divisions receiving these funds are required to match the funding based on their composite index of local ability-to-pay.

- **Senate** – *same as the Governor’s introduced budget.*
- **House** – *same as the Governor’s introduced budget. The House also proposes a requirement that school divisions report annually to the Department of Education the academic math or reading progress of those students who received services from a Math or Reading Instructional Specialist hired as a result of this initiative. The report must include, but not be limited to, the eligible schools’ accreditation status before and after such an instructional specialist was hired by the school division to provide direct services to students. The House further requires that the Department of Education develop guidelines and reporting criteria for such annual reports and submit the consolidated school divisions data to the Chairmen of the House Appropriations and Senate Finance Committees no later than September 30.*

Expand Communities in Schools

- **Governor** – The Governor’s introduced budget includes an increase of \$269,400 in each year of the biennium for the expansion of the Communities in Schools of Virginia (CIS) program into Petersburg.
- *Senate* – same as the Governor’s introduced budget.
- *House* – same as the Governor’s introduced budget.

Expand the Great Aspirations Scholarship Program

- **Governor** – The Governor’s introduced budget includes an increase of \$187,500 in each year of the biennium for the expansion of the Great Aspirations Scholarship Program (GRASP).
- *Senate* – same as the Governor’s introduced budget.
- *House* – proposes funding GRASP at the level contained in Chapter 806 for fiscal year 2014. This action results in a state savings of \$187,500 in each year of the biennium compared to the introduced budget.

Expand PluggedInVA

- **Governor** – The Governor’s introduced budget includes an increase of \$235,125 in each year of the biennium to fund 20 additional PluggedInVA grants to increase adult education opportunities.
- *Senate* – same as the Governor’s introduced budget.
- *House* – proposes funding PluggedInVA at the level contained in Chapter 806 for fiscal year 2014. This action results in a state savings of \$235,125 in each year of the biennium compared to the introduced budget.

Expand the Positive Behavioral Interventions and Support Program

- **Governor** – The Governor’s introduced budget provides an additional \$256,960 in each year of the biennium to expand the number of schools implementing the Positive Behavioral Interventions and Support program (formerly known as the Effective Schoolwide Discipline Initiative), which provides models for schools that have significant rates of suspension or expulsion to improve school climate and reduce disruptive classroom behavior. An associated increase in funding to expand statewide training for the program is proposed in the Department of Education Central Office budget; please see the section below labeled “Expand the Positive Behavioral Interventions and Support Program” for further details.
- *Senate* – same as the Governor’s introduced budget.

- **House** – *proposes funding the Direct Aid portion of the Positive Behavioral Interventions and Support program at the level contained in Chapter 806 for fiscal year 2014. This action results in a state savings of \$256,960 in each year of the biennium compared to the introduced budget.*

Provide Grants for Teach for America

- **Governor** – The Governor’s introduced budget includes \$500,000 in each year of the biennium to provide grants reimbursing school divisions who have hired teachers through the Teach for America program for the \$5,000 fee per teacher. State funds would be paid to school divisions that certify to the Department of Education the number of teachers hired through the Teach for America program. The Opportunity Educational Institution would evaluate each application and provide the Department of Education the final grant allocations.
- **Senate** – *same as the Governor’s introduced budget, except proposes that the Department of Education evaluate school division applications for grants associated with Teach for America hiring fees, rather than the Opportunity Educational Institution. The Senate’s proposed amendment is a change to language only and does not affect the amount available for these grants.*
- **House** – *same as the Governor’s introduced budget.*

Reading Specialists Initiative

- **Governor** – The Governor’s introduced budget continues funding for school divisions with schools that participated in the program in fiscal year 2014. Funding will be provided at 100 percent of the state share in fiscal year 2015 and at 50 percent of the state share for the same schools in fiscal year 2016; these schools are also granted a one-year extension of the two-year waiver for the administration of third grade SOL assessments in science or history that was originally granted in fiscal year 2014. The Department of Education is authorized to disburse additional payments to divisions from any remaining funds each year to support additional qualifying schools and shall give priority to schools with the lowest SOL pass rates for reading or the greatest number of years accredited with warning in English. Payments to school divisions in support of such additional qualifying schools each year shall be based on 100 percent of the state share of the cost.
- **Senate** – *same as the Governor’s introduced budget.*
- **House** – *Accepts the Governor’s amendment and proposes a requirement that school divisions report annually to the Department of Education the academic reading progress of those students who received services from a Reading Specialist hired under the Reading Specialists Initiative. The report must include, but not be limited to, the school-wide pass rate on the reading Standards of Learning (SOL) assessments and any appropriate grade-level SOL pass rates before and after such a specialist was hired by the school division to*

provide direct services to those students reading below grade level in the school in order to improve their reading achievement. The House further requires that the Department of Education develop guidelines and reporting criteria for such annual reports and submit the consolidated school divisions data to the Chairmen of the House Appropriations and Senate Finance Committees no later than September 30.

3. Direct Aid Budget Policy Changes Not Included in HB/SB 30

Expand Jobs for Virginia Graduates

- **Executive Amendment** – *The Governor’s executive amendment provides an additional \$373,776 in each year of the biennium to increase state support of the Jobs for Virginia Graduates (JVG) initiative.*
- **Senate** – *no action taken.*
- **House** – *no action taken.*

Provide Partial Hold Harmless Funding for School Divisions in Fiscal Year 2015

- **Executive Amendment** – *The Governor’s executive amendment provides approximately \$4.6 million in fiscal year 2015 to increase state funding for the Standards of Quality to school divisions which experienced a reduction in Direct Aid state funding in fiscal year 2015 as compared to fiscal year 2014. The proposed payment represents one-half of each division’s reduction.*
- **Senate** – *no action taken.*
- **House** – *no action taken.*

Provide Additional Funding for Full-Day Academic Year Governor’s Schools

- **Senate** – *The Senate proposes providing \$302,700 in fiscal year 2015 as “bridge funding” for the three full-day academic year Governor’s Schools (currently Thomas Jefferson School for Science and Technology, Maggie L. Walker Governor’s School, and Appomattox Regional Governor’s School for the Arts and Technology). This funding represents an increase to the funded per pupil amount for full-day Governor’s Schools from \$2,312 per semester in the Governor’s introduced budget to \$2,430 per semester in fiscal year 2015.*

In addition, the Senate’s proposed budget adds a due date of October 1, 2014, to language requiring that the Secretary of Education, with the support of the Department of Education, conduct a study of the formula used to determine governor’s school payments. The study must include, but not be limited to, consideration of the length of the program, appropriate state and local shares, and the academic model used by governor’s schools in the configuration of the funding formula.

- **House** – *The House adds a due date of October 1, 2015, to the language under the Secretary of Education requiring a study of the formula used to determine Governor’s School payments. The House further directs that the Secretary report the findings to the Chairmen of the House Appropriations and Senate Finance Committees no later than October 1, 2015.*

Increase the Enrollment Cap for Governor’s Schools

- **Senate** – *The Senate’s proposed budget increases the funded enrollment cap on Governor’s Schools by 98 students, from 1,725 students to 1,823 students, in fiscal year 2015, and by 195 students, from 1,725 students to 1,920 students, in fiscal year 2016. This amendment impacts the funding for the Thomas Jefferson High School for Science and Technology, which has a projected enrollment of 1,837 students in both the 2014-2015 and 2015-2016 school years. This action increases the state share of Governor’s School funding by \$153,443 in fiscal year 2015 and \$175,304 in fiscal year 2016.*
- **House** – *no action taken.*

Revise Free Lunch Eligibility Data Used for K-3 Primary Class Size Reduction Funding

- **Senate** – *The Senate proposes revising the free lunch eligibility data used in the calculation of state funding for the K-3 Primary Class Size Reduction program to use a three-year average of free lunch eligibility, rather than a single year value that is used currently. The proposed methodology is consistent with the methodology used to calculate Standards of Quality funding for Prevention, Intervention, and Remediation. This action decreases state funding for the K-3 Primary Class Size Reduction program by approximately \$5.2 million in each year of the biennium.*
- **House** – *no action taken.*

Increase Funding for Virtual Virginia

- **Senate** – *The Senate’s proposed budget increases state funding by \$200,000 in each year of the biennium to support course development for the Virtual Virginia program.*
- **House** – *no action taken.*

Increase Funding for Virginia STAR Program

- **Senate** – *The Senate’s proposed budget includes an additional \$50,000 in each year of the biennium to the Virginia Student Training and Refurbishment program (Virginia STAR).*
- **House** – *no action taken.*

Reduce Funding for Strategic Compensation Grants Initiative

- **Senate** – reduces state funding for the Strategic Compensation Grants Initiative by \$3.0 million in fiscal year 2015 and eliminates funding (\$7.5 million) in fiscal year 2016. The Senate’s proposed amendment also specifies that priority for grants in fiscal year 2015 be given to divisions that did not apply for grants in fiscal year 2014 and adds a local match requirement based on the school divisions’ composite index of local ability-to-pay. If not enough applications are submitted for fiscal year 2015 grants, this amendment allows the Department of Education to offer funding, up to the amounts allocated in fiscal year 2014, for those school divisions that did not provide the 2 percent salary increase in fiscal year 2014.
- **House** – reduces state funding for the Strategic Compensation Grants Initiative by \$1.5 million in fiscal year 2016.

Reduce Funding for State Operated Programs

- **Senate** – reduces state funding for the State Operated Programs by \$250,000 in each year of the biennium. This reduction represents approximately one percent for teacher staffing in the state-operated education programs of the 23 local or regional juvenile detention centers. In addition, the Senate proposes requiring the Department of Education to report to the General Assembly, by October 15, 2014, on options for increasing pupil-teacher ratios or other savings and a review of how other states provide education in juvenile detention centers.
- **House** – no action taken.

Funding for Project Discovery

- **Senate** – The Senate’s proposed budget includes an additional \$1.0 million of state funding in each year of the biennium to support Project Discovery of Virginia.
- **House** – The House’s proposed budget eliminates state funding for Project Discovery, resulting in a savings of \$425,000 in each year of the biennium. The fiscal year 2015 savings is redirected to support new state funding for An Achievable Dream Academy in fiscal year 2015, as described below.

Fund An Achievable Dream Academy

- **Senate** – The Senate’s proposed budget includes \$1.0 million in each year of the biennium to support the Achievable Dream program operated in partnership with Newport News Public Schools, in lieu of state assistance currently being provided via tax credits for donations. Should the direct appropriation of funds for this purpose ever be discontinued, eligibility for the tax credits would resume at the previous level.
- **House** – The House’s proposed budget includes \$554,000 in fiscal year 2015 for a new An Achievable Dream Academy for students in kindergarten through grade twelve within the Virginia Beach Public School system.

Provide Funding to Support a School Services Agreement and Tuition Contract Between Petersburg Public Schools and Chesterfield County Public Schools

- *Senate* – proposes state funding of approximately \$1.1 million in fiscal year 2015 and \$600,000 in fiscal year 2016 to support transitional incentive costs of a mutually beneficial School Services Agreement and Tuition Contract between Petersburg Public Schools and Chesterfield County Public Schools. These funds are intended to provide a portion of the difference in per pupil spending between the school divisions, upon completion of an agreement that would allow Chesterfield County Public Schools to manage and operate certain Petersburg City schools in lieu of transferring them to the Opportunity Educational Institution.
- *House* – no action taken.

Provide Funding for STEM Model Programs for Kindergarten and Preschool Students

- *Senate* – proposes state funding of \$325,000 in each year of the biennium to support implementation of Wolf Trap’s model STEM education program for kindergarten and preschool students in Loudoun, Fairfax, Petersburg, Wythe, and Accomack Public Schools.
- *House* – no action taken.

Provide Funding for the Virginia STEAM Academy

- *Senate* – proposes state funding of \$300,000 in fiscal year 2015 to establish the leadership team, carry out annual summer residential academies for middle school students, and continue with the buildings and grounds architectural design work for the Virginia STEAM Academy. The Academy would be a residential facility designed to foster the educational development of Virginia high school students who are academically talented in the areas of science, technology, engineering, and applied mathematics.
- *House* – no action taken.

Increase Funding for the Virginia Teaching Scholarship Loan Program

- *Senate* – proposes increasing state funding by \$292,000 in each year of the biennium for the Virginia Teaching Scholarship Loan Program. Also adds language allowing higher education institutions to use alternative selection criteria other than high school class rank in nominating candidates to receive scholarships.
- *House* – no action taken.

Fund Partnership with the Western Virginia Public Education Consortium

- *Senate* – proposes state funding of \$50,000 in fiscal year 2015 to provide support to the Western Virginia Public Education Consortium (WVPEC), allowing WVPEC to partner with 20 school divisions in southwestern Virginia.
- *House* – no action taken.

Reprogram Funding for Governor’s School Planning and Start-Up/Expansion Grants

- *Senate* – no action taken.
- *House* – The House’s proposed amendment removes \$100,000 of state funds in fiscal year 2015 from the Governor’s School Planning and Start-up/Expansion Grants and reprograms it to support the Department of Education in the development of a model proposal for establishing a joint school for a Career and Technical Education theme-based Governor’s School, pursuant to HB 887.

4. Language-Only Amendments for Direct Aid Programs Included in HB 30/SB 30

VPSA Security Equipment Grants for Consolidated Divisions

- **Governor** – The Governor’s amended budget proposes to change the date used to determine eligibility for division-level grants for each division involved in a consolidation available as part of the VPSA Security Equipment grant program. The date would be changed from September 30, 2012 to September 30, 2000, so that school divisions that have consolidated continue to be entitled to the division-level grant for the number of school divisions that existed prior to September 30, 2000. This date would be consistent with the date used for the VPSA Educational Technology grant program.
- *Senate* – same as the Governor’s introduced budget.
- *House* – same as the Governor’s introduced budget.

Clarify STEM Teacher Bonus Program Language

- **Governor** – The Governor’s introduced budget adds clarifying language regarding the STEM Teacher Bonus Program. The proposed language clarifies that teachers are eligible for the initial \$5,000 incentive when, in addition to meeting the other eligibility criteria, they have signed a contract *in the same school division* for the following school year.
- *Senate* – same as the Governor’s introduced budget.
- *House* – same as the Governor’s introduced budget.

Clarify Language on State Operated Programs

- **Governor** – The Governor’s proposed budget includes language clarifying that state funding provided for the education programs in the juvenile detention component of the State Operated Programs account will be based only on students detained in such facilities through a court order issued by a Virginia court. The proposed language specifies that, “The portion of these funds provided for educational services to children residing in local or regional detention homes shall only be determined on the basis of children detained in such facilities through a court order issued by a court of the Commonwealth.”
- **Senate** – same as the Governor’s introduced budget.
- **House** – same as the Governor’s introduced budget.

VPSA Educational Technology Grants

- **Governor** – The Governor’s introduced budget updates language for the VPSA Educational Technology Grants program to allow the use of unobligated notes proceeds to fund a portion of other technology grants that have been authorized by the General Assembly, in addition to the grants that were originally authorized.
- **Senate** – same as the Governor’s introduced budget.
- **House** – same as the Governor’s introduced budget.

Virginia e-Learning Backpack Initiative

- **Governor** – The Governor’s introduced budget proposes changes to the structure of the Virginia e-Learning Backpack Initiative, modifying the criteria for determining eligible schools to include only those not fully accredited for the second consecutive year. This change is effective beginning with the spring 2015 grants. In addition, for schools that do not have grades 10, 11, or 12, the grants may transition with the students to the primary receiving school for all years subsequent to grade 9. Schools that receive the grant in fiscal year 2014 will receive funding based on the criteria and structure in place in fiscal year 2014 under the Chapter 806 budget.
- **Senate** – same as the Governor’s introduced budget. In addition, the Senate proposes expanding the criteria for determining eligible schools to address the additional technology needs of high schools where fewer students have their own technology devices to bring to school. The expanded criteria add 12 additional high schools in 8 school divisions where the divisions have over 15 percent of their students in the English as a Second Language count and the free lunch eligibility for the school exceeds one-third of its total students. The Senate proposes \$250,000 in state funding in fiscal year 2016 for debt service for the additional grants for these schools.
- **House** – same as the Governor’s introduced budget.

5. Language-Only Amendments for Direct Aid Programs Not Included in HB 30/SB 30

Expand Allowable Equipment Purchases under the Virginia e-Learning Backpack Initiative

- *Senate – no action taken.*
- *House – The House’s proposed amendment expands the type of equipment that school divisions can purchase with grants under the Virginia e-Learning Backpack Initiative from just “tablets” to any “handheld computing device.”*

B. DEPARTMENT OF EDUCATION CENTRAL OFFICE

1. Central Office Policy Changes Impacting School Divisions Included in HB/SB 30

Expand the Positive Behavioral Interventions and Support Program

- **Governor** – The Governor’s introduced budget provides an additional \$125,000 in each year of the biennium to support the expansion of the Positive Behavioral Interventions and Support program (formerly known as the Effective Schoolwide Discipline Initiative), for statewide training, technical assistance, and on-site coaching. An associated increase in funding to expand this program is proposed in the Direct Aid to Public Education budget; please see the section above labeled “Expand the Positive Behavioral Interventions and Support Program” for further details.
- *Senate – same as the Governor’s introduced budget.*
- *House – The House’s proposed amendment funds the Positive Behavioral Intervention program at the level contained in Chapter 806 for fiscal year 2014. This action results in a state savings of \$125,000 in each year of the biennium compared to the introduced budget.*

Transfer Funding from Innovative Education Technical Advisory Group in Central Office to Direct Aid to Support Extended Learning Time Models and Other Uses

- **Governor** – The Governor’s introduced budget combines grant programs to provide a single source for grants for extended learning time models as well as alternative instructional delivery or school governance models and preschool. This action transfers the existing funding (\$200,812) for the Innovative Education Technical Advisory Group from the Central Office to the Direct Aid budget for this purpose. A companion action is included in the Direct Aid budget. Please see the section above labeled “Provide Funding for Extended Learning Time Models, Preschool, and Alternative Instructional Delivery or School Governance Models” for further details.
- *Senate – Same as the Governor’s introduced budget for the Central Office transfer. Please see section above labeled “Provide Funding for Extended Learning Time Models, Preschool, and Alternative Instructional Delivery or School Governance Models” for further details.*

- **House** – Same as the Governor’s introduced budget for the Central Office transfer. Please see section above labeled “Provide Funding for Extended Learning Time Models, Preschool, and Alternative Instructional Delivery or School Governance Models” for further details.

Provide Funding to Support the Virginia Center for Excellence in Teaching

- **Governor** – The Governor’s introduced budget proposes providing \$315,923 in fiscal year 2015 and \$330,137 in fiscal year 2016 to support the full annual cost of the Virginia Center for Excellence in Teaching’s residential summer professional development academies for exemplary teachers at George Mason University.
- **Senate** – same as the Governor’s introduced budget.
- **House** – The House’s proposed amendment funds the Virginia Center for Excellence in Teaching at the level contained in Chapter 806 for fiscal year 2014. This action results in a state savings of \$315,923 in fiscal year 2015 and \$330,137 in fiscal year 2016 compared to the introduced budget.

Increase Funding for Academic Reviews on Under-Performing Schools

- **Governor** – The Governor’s introduced budget proposes increasing state funding by \$309,680 in each year of the biennium to support additional academic reviews the Department is required to conduct on under-performing schools that are not fully accredited. The cost for such reviews has increased with an increase in the number of schools that are accredited with warning or provisionally accredited.
- **Senate** – same as the Governor’s introduced budget.
- **House** – same as the Governor’s introduced budget.

Increase Funding for Early Reading Intervention Diagnostic (PALS)

- **Governor** – The Governor’s introduced budget proposes providing \$104,752 in fiscal year 2015 and \$89,652 in fiscal year 2016 to align the PALS literacy assessment diagnostic tool with revisions to the English Standards of Learning. The additional funding would also provide support to teachers on how to coordinate assessment results with lesson plans.
- **Senate** – same as the Governor’s introduced budget.
- **House** – same as the Governor’s introduced budget.

2. Central Office Policy Changes Impacting School Divisions Not Included in HB/SB 30

Decrease Funding for Standards of Learning (SOL) Testing

- *Senate* – The Senate proposes eliminating the science and history SOL assessments that are currently required for third grade students, pursuant to SB 270. This action reduces the Department of Education’s funding for the SOL testing program by \$889,000 in each year of the biennium.
- *House* – The House proposes reducing the total number of SOL tests administered from 34 to 29, pursuant to HB 930-H1. This action reduces the Department of Education’s funding for the SOL testing program by \$3.0 million in each year of the biennium.

Funding for Statewide IEP Data System

- *Senate* – Increases funding by \$150,000 in fiscal year 2015 to support development of a comprehensive data system compliant with federal Individual Education Plan (IEP) requirements. The system will be designed in collaboration with local school systems to be compatible with systems already operating in the local schools and is intended to strengthen case management strategies for IEP students and enhance the state’s ability to draw down Medicaid and other federal dollars.
- *House* – no action taken.

C. SECRETARY OF EDUCATION

College Partnership Laboratory Schools Initiative

- *Senate* – Eliminates the remaining \$600,000 in fiscal year 2015 funding. The introduced budget included no funding for fiscal year 2016.
- *House* – same as the Senate’s amendment.

Programme for International Student Assessment (PISA)

- *Senate* – no action taken.
- *House* – Directs the Secretary of Education, in consultation with the Board of Education, to review and assess the value of obtaining state-level results from the PISA assessment.

D. OPPORTUNITY EDUCATIONAL INSTITUTION

Opportunity Educational Institution (OEI) Funding

- *Senate* – Eliminates \$600,059 and 7 FTEs from the OEI budget in each year of the biennium and directs that no schools be transferred to the supervision of the OEI and that no funds be transferred to it.
- *House* – Removes \$450,000 and 6 FTEs from the OEI budget in each year of the biennium.