# Summary of Governor Youngkin’s Proposed 2022-2024 Biennium Budget Amendments Affecting PreK-12 Education

This document summarizes the budget amendments introduced by Governor Youngkin for the 2022-2024 biennium impacting the Direct Aid to Public Education and the Virginia Department of Education (VDOE) Central Office budgets. The proposed amended budget for the 2022-2024 biennium is introduced as House Bill (HB) 1400/Senate Bill (SB) 800. Recommended funding changes are made using the Chapter 2 budget, which was adopted at the 2022 Special Session I General Assembly session, as the base budget.

Information related to the Governor’s proposals for the Direct Aid to Public Education and the VDOE Central Office budgets for 2022-2024 is organized in the following sections:

[**Section A: Amendments to the Direct Aid to Public Education Budget**](#bookmark=id.1fob9te)

[Technical Updates to Existing Direct Aid Programs Included in HB 1400/SB 800](#bookmark=id.3znysh7)

[Direct Aid Budget Policy Changes Included in HB 1400/SB 800](#bookmark=id.2et92p0)

[Direct Aid Budget Language Changes Included in HB 1400/SB 800](#bookmark=id.1t3h5sf)

[**Section B: Amendments to the VDOE Central Office Budget**](#bookmark=id.4d34og8)

[Amendments to VDOE Central Office Budget Included in HB 1400/SB 800](#bookmark=id.2s8eyo1)

[VDOE Central Office Language Changes Included in HB 1400/SB 800](#_heading=h.17dp8vu)

## A. 2022-2024 DIRECT AID TO PUBLIC EDUCATION BUDGET

### 1. Technical Updates to Existing Direct Aid Programs Included in HB 1400/SB 800

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

**Governor** - Projections of unadjusted and adjusted average daily membership (ADM) for fiscal years (FY) 2023 and 2024 are revised for each school division based on the latest actual ADM and fall membership data available. Projected ADM was originally forecasted by the VDOE based on actual data through September 30, 2021, fall membership. The most recent projections contained in the Governor’s introduced budget amendments have been revised based on actual March 31, 2022, ADM and September 30, 2022, fall membership.

On a statewide basis, the revised unadjusted ADM projections are 5,299 students higher in FY 2023 and 7,354 students higher in FY 2024 than the original projections contained in Chapter 2, 2022 Special Session I Acts of Assembly. The ADM-based payments for FY 2023 and 2024 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 FY 2023 and re-projected fall membership in FY 2024. The ADM and fall membership updates result in an estimated increase in Direct Aid payments on a statewide basis of $28.5 million in FY 2023 and $43.0 million in FY 2024.

#### Update Sales Tax Projections

**Governor** - The introduced budget reflects the most recent estimates of sales tax revenue dedicated to public education for FY 2023 and 2024, 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 the Excel template 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 $1,943,600,000 for FY 2023 and $1,816,200,000 for FY 2024. These revised sales tax estimates are approximately $204.6 million higher in FY 2023 and $175.3 million higher in FY 2024 than the estimates in Chapter 2, 2022 Special Session I Acts of Assembly. As required by the Basic Aid funding formula, estimated payments have been adjusted to reflect the decrease in the state’s share of cost resulting from the projected increase in sales tax revenues.

The amount of the Basic Aid offset depends on each division’s local composite index (LCI). The state’s share of Basic Aid decreases approximately $114.1 million in FY 2023 and $97.8 million in FY 2024 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 $90.5 million in FY 2023 and an increase of $77.5 million in FY 2024.

#### Update Lottery Revenue Estimate

**Governor** - Total Lottery proceeds are projected to remain steady at $784.7 million in FY 2023 and increase by $4.3 million to $769.0 million in FY 2024, compared to the Lottery estimate in the Chapter 2 budget. The total projected Lottery amounts in FY 2023 and 2024 are being used to fund the state’s share of the cost of various programs, such as the Infrastructure and Operations Per Pupil Fund, Early Reading Intervention, K-3 Primary Class Size Reduction, Special Education Regional Tuition, and SOL Algebra Readiness.

#### Update School-Age Population Estimate

**Governor** - The Governor’s amendments reflect the updated Weldon Cooper Center school-age population estimates used to distribute the state 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, 2020, school-age population estimates will be used to distribute FY 2023 sales tax revenues. The FY 2024 sales tax distribution was amended to reflect the July 1, 2021, school-age population estimates. The FY 2023 school-age population estimates remain the same as in Chapter 2, and continue to use the July 1, 2020, estimate to distribute sales tax revenue in FY 2023. This action does not change the total amount of sales tax distributed to divisions in FY 2024, only the distribution to individual divisions. This action results in a $0.1 million decrease in the general fund appropriation for Basic Aid in fiscal year 2024, due to the impact of the revised school-age population estimates on the Basic Aid offset calculation for each division.

#### 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 data elements, and actual and updated projected participation in programs. State funding reduces by approximately $4.2 million in FY 2023 and increases by $8.6 million in FY 2024 based on these technical updates. Additional information regarding these adjustments is discussed in more detail in the following paragraphs.

##### SOQ Program 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 FY 2023 and 2024. Funding for the Remedial Summer School program increases by $9.1 million in FY 2023, based on actual participation in the Remedial Summer School program in summer 2022. Projected state funding for FY 2024 also increases by $9.1 million. In addition, state funding for English as a Second Language (ESL) increases by $2.1 million in FY 2023 based on actual fall 2022 enrollment. The FY 2024 projection for ESL increases by $4.6 million.

##### Incentive Program Technical Updates

Funding for the At-Risk Add-on decreases by $1.7 million in FY 2023 based on actual participation by school divisions. Funding for the Governor’s Schools program reduces by $0.2 million in FY 2023 and by $0.3 million in FY 2024, based on actual enrollment in FY 2023. State funding for the Compensation Supplement decreases by $0.5 million in FY 2023 based on actual participation by school divisions. Funding for the Math/Reading Specialist program decreases by $0.1 million based on participation by school divisions. Funding for the Early Reading Specialist program decreases by $0.1 million in FY 2023 based on actual participation. VPSA Educational Technology Grants decreases by $0.1 million in FY 2023 and $0.1 million in FY 2024 based on updates for schools reporting fall membership for FY 2023, and for 2022-2023 accreditation status for use in calculating grants under the e-Learning Backpack Initiative. Funding for the Virginia Preschool Initiative decrease by $0.3 million in FY 2023 based on actual participation reported by school divisions to-date.

##### Categorical Program Technical Updates

The Governor’s amended budget recognizes additional costs to Categorical accounts of approximately $1.2 million in FY 2023 and $1.2 million in FY 2024 based on actual program participation. Nearly all of the decrease is attributable to the Special Education Homebound program based on the actual state share of local program costs in FY 2023.

##### Lottery Program 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. State funding for the Early Reading Initiative decreases by $8.2 million in FY 2023 and by $8.2 million in FY 2024 due to updated PALS data. Funding for Special Education Regional Tuition program reduces by $0.8 million in FY 2023 and FY 2024 based on actual participation in spring 2022. Funding for Regional Alternative Education reduces by $0.1 million in FY 2023. Funding for K-3 Primary Class Size Reduction reduces by approximately $4.0 million in FY 2023 and increases by $1.2 million in FY 2024 due to program participation and enrollment trends in grades K-3 fall membership. Funding for School Breakfast increases by $1.1 million in FY 2023 and $1.6 million in FY 2024 based on actual meals served in the 2021-2022 school year. Funding for Foster Care decreases by $1.2 million in FY 2023. Funding for the Infrastructure and Operations Per Pupil Fund decreases by $0.3 million in FY 2023.

##### Supplemental Education Assistance Program Updates

Funding for the National Board Certification (NBC) Bonus Program decreases by $0.3 million in FY 2023 for the actual number of teachers who hold a NBC in FY 2023.

### 2. Direct Aid Budget Policy Changes Included in HB 1400/SB 800

#### Fund the State’s Share of a One-Time Retention Bonus Payment for Funded SOQ Instructional and Support Positions and those in Governor’s Schools and Regional Alternative Education Programs in FY 2024

**Governor** - The amended budget provides $45.2 million in general and Lottery funds for a one-time, one percent retention bonus payment in FY 2024 for funded SOQ instructional and support positions and for instructional and support positions in Academic Year Governor’s Schools and Regional Alternative Education Programs on September 1, 2023. 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. School divisions are required to provide local matching funds based on the division composite index. Local staff eligible for the bonus payment can be hired at any point during FY 2023 but must also remain employed with the same school division in FY 2024. School divisions may supplement the state funds with additional available funds to provide retention bonuses paid to other eligible instructional and support positions. While state funding is calculated based on the state share of a one percent bonus for funded SOQ instructional and support positions, school divisions have authority to adjust the bonus paid per employee to promote retention among all instructional and support staff they employ and so as to not require additional funding beyond the state funds and the required local match.

#### Technical Update to Academic Year Governor’s School Per Pupil Funding

**Governor** - The amended budget increases state funding to Academic Year Governor’s Schools by $1.1 million in FY 2023 and FY 2024. This is a technical update to per pupil funding to recognize the 5.0 percent compensation supplement funded in FY 2022 by Chapter 1, 2022 Special Session I Acts of Assembly.

#### State Funding for Math Specialist Initiative

**Governor** - The amended budget provides state funds for math instructional specialists at underperforming schools. Schools that enroll students in grades kindergarten through eight that performed in the bottom 10.0 percent statewide on the Standards of Learning (SOL) math assessment in Spring 2021 are eligible for the state share of a math instructional specialist in FY 2024. Local school divisions may use the funds to hire a math instructional specialist or for tuition support for college courses and instruction for currently employed personnel to meet licensure requirements as a math instructional specialist. School divisions that opt to use state funds for tuition support must provide documented costs and receive the lesser of the tuition payments or the state share of costs for a math instructional specialist. School divisions that hire a math instructional specialist in the middle of the school year are eligible to receive a prorated state payment. This action increases state funding to school divisions by $7.2 million in FY 2024.

#### Increase State Funding for Reading Specialists

**Governor** - Chapter 2, 2022 Special Session I Acts of Assembly provided state funding for one reading specialist per 550 students in grades kindergarten through three. The amended budget increases funding by expanding the grade levels funded to the fourth and fifth grades in FY 2024. This action increases state funding to school divisions by $16.9 million in FY 2024. As of December 15, 2022, the SOQ staffing requirement remains at one reading specialist per 550 students in grades kindergarten through three beginning in FY 2025, pending any legislative change to the SOQ.

#### Additional Funds for College Partnership Laboratory Schools

**Governor -** Chapter 2, 2022 Special Session I Acts of Assembly provided $100.0 million in FY 2023 in support of College Partnership Laboratory Schools. The amended budget provides an additional $50.0 million in FY 2023 to support this initiative, with the additional funding intended to support per-pupil costs for approved college partnership laboratory schools.

#### Supplemental Education Assistance Programs

**Governor** - The amended budget includes new Supplemental Education Assistance Programs in FY 2024 and amendments to existing programs.

##### Teacher Pay for Performance Initiative

The amended budget provides $50.0 million from the general fund in FY 2024 for one-time teacher performance bonuses. VDOE will establish criteria for the award of $5,000 bonus payments per teacher. Bonuses will be paid to top performing teachers identified by VDOE and local school divisions based on student academic growth as demonstrated on assessments provided in the 2023-2024 school year, including the Standards of Learning assessments, through-year growth assessments, or other metrics as determined by VDOE.

##### Teacher Recruitment Incentive

The amended budget provides $10.0 million in state general funds in FY 2024 for a teacher recruitment incentive payment in hard-to-fill positions or hard-to-staff schools, as defined by VDOE, between July 1, 2023, and September 30, 2023. Participating school divisions must report vacant instructional positions as of July 1, 2023, to VDOE by July 15, 2023. VDOE will communicate each school division’s available allocation for this program based on the vacancy data. Payments will be based on $5,000 per position. VDOE will distribute 50.0 percent of the incentives no earlier than January 1, 2024, and the remainder no earlier than May 1, 2024, pursuant to a satisfactory performance evaluation and written commitment from the individual to return to the same school in FY 2025. Individuals that transfer from a non-hard-to-staff school to a hard-to-staff school within the same school division are eligible for the incentive. School divisions must also report the eligible instructional hires to VDOE by October 15, 2023. VDOE must provide a report on the program to the Secretary of Education and the House Appropriations and Senate Finance and Appropriations Committees by November 15, 2023.

##### VECF Mixed-Delivery Pilot Program

The amended budget provides $20.0 million from the general fund in FY 2024 to support a pilot program for public-private delivery of preschool services for at-risk children in the Lenowisco (counties of Lee, Scott, Wise and the city of Norton) and Crater (counties of Charles City, Chesterfield, Dinwiddie, Greensville, Prince George, Surry, and Sussex, and the cities of Emporia, Colonial Heights, Hopewell, and Petersburg ) Planning Districts. The pilots will be administered by the Virginia Early Childhood Foundation. The funds will be administered as a formula grant based on unmet family demand. The pilot program sites must provide high quality, full-day, full-year preschool services.

* **Increase Support for Communities in Schools**

The amended budget provides an additional $1.0 million in FY 2023 for one-time support for Communities in Schools to expand programs in Petersburg and rural communities, including Southside and Southwest Virginia.

### 3. Language-Only Amendments for Direct Aid Programs Included in HB 1400/SB 800

#### Program Administration for College Partnership Laboratory Schools

**Governor** - The Governor’s amended budget authorizes VDOE to use a portion of remaining amounts from the College Partnership Laboratory School Fund to support program administration. This action does not affect state funding for College Partnership Laboratory Schools.

#### Community-Based/Private Providers of Mixed-Delivery Preschool

**Governor** - The amended budget exempts community-based or private providers of mixed-delivery preschool that receive state VPI add-on grant funds from all regulatory and statutory provisions related to teacher licensure requirements. The exemption requires that such community-based or private providers meet the expectations of the statewide measurement and improvement system.

#### Expand Dual Enrollment Tuition Support Funding to Include Industry Credentials Needed to Teach Industry Credential CTE Courses

**Governor** - The amended budget adds language so that the existing $250,000 appropriation used to support high school teachers taking courses necessary to teach dual enrollment courses to also be used for the cost of high school teachers to obtain industry credentials through training or coursework that then allows them to teach career and technical education courses leading to regionally in-demand industry credentials. VDOE will collaborate with the Virginia Office of Education Economics to determine in-demand industry credentials. The lifetime maximum industry credential tuition/training award an individual high school teacher can receive would be $12,000. The school division application process for the industry credential tuition/training awards would be developed by VDOE. Applying school divisions would be required to indicate why a reimbursement award is warranted, the course offerings that would be made available upon a teacher’s successful acquisition of the industry credential, and the projected student enrollment in the awardee’s employing public high school career and technical courses. The lifetime maximum award for the existing dual enrollment tuition awards are increased from $7,500 to $12,000.

## B. 2022-2024 VDOE CENTRAL OFFICE BUDGET

### 1. Amendments to VDOE Central Office Budget Included in HB 1400/SB 800

**Maintain Teacher Licensure Application System**

**Governor** - Provides $0.4 million in FY 2024 to further automate and maintain VDOE’s online teacher licensure application system.

### 2. Language-Only Amendments to VDOE Central Office Budget Included in HB 1400/SB 800

#### Flexibility for Child Care Staff Ratios and Group Sizes

**Governor** - The amended budget provides authority for the Superintendent of Public Instruction to alter staff-to-child ratios and group sizes in licensed child day centers and child day centers that participate in the Child Care Subsidy program through June 30, 2024. The ratio can increase by one child for groups of children from birth to eligibility to attend public school, and by two children for groups of children of eligibility to attend public school through age 12. Child day centers that take advantage of this flexibility must notify families in writing of the temporary increase in ratios and group size.