**Highlights of Governor Northam’s Introduced 2022-2024 Biennial Budget (HB30/SB30)**

**Direct Aid Budget Proposals:**

* Rebenchmarking Process - Funds $331M in Direct Aid Rebenchmarking costs as presented to the BOE in October, which included maintaining the $164M Hold Harmless funding in the base in case projected enrollment or other data impacted by the pandemic decreased rebenchmarking costs.
  + Also funds subsequent rebenchmarking technical updates made after the Oct. Board presentation
* Employer VRS Rates – Maintains the same Instructional VRS employer rates (retirement, retiree health credit, and GL) used in the FY22 budget. Does not use the lower base Instructional retirement rate of 14.76% recommended by VRS Board in Oct. (instead maintains FY22 rate of 16.62%).
* Compensation Supplements – Provides $761.7M over the biennium for 5% salary increases for SOQ-funded instructional and support positions effective July 1 both years of the biennium (10.25% compounded increase over the biennium).
  + divisions may receive a prorated payment if a minimum local increase of 2.5% is provided each year. To receive the FY24 funding, divisions must have provided the min. 2.5% increase in both FY23 and FY24.
* English as a Second Language – Provides $9.7M in FY23 and $10.5M in FY24 to increase the staffing ratio for SOQ English as a Second Language from 20 positions per 1,000 students in FY22 to 22 per 1,000 students in FY23 and FY24. No differentiation in the staffing standard for the proficiency level of ELL students.
* VPI/Early Childhood
  + $13.7M each year for a VPI per pupil amount that uses the VPI ratios and cost components tied to SOQ rebenchmarking process; increases the per pupil amount from $7,655 in FY22 to $8,359 in FY23/24. Divisions eligible for full and partial cost-of-competing adjustment will receive $8,989 per pupil and $8,516 per pupil, respectively
  + $3.5M in FY24 to fund higher Mixed-Delivery Add-on grants based on DOE cost study and $19.6M over the biennium to expand the At-risk Three-yr.-old initiative
  + $5M per year to expand the EC Educator Incentive; $6.7M over the biennium to expand the Mixed-Delivery initiative with VECF; $1.1M per year to create an EC Grow-Your-Own Teacher Grants program
* At-Risk Funding – Provides an additional $194.2M in FY23 and $74.2M in FY24 to increase the Basic Aid per pupil add-on range, from one to 26.0 percent in FY22 to one to 49.5 percent in FY23 and one to 36.0 percent in FY24. Important to note the lower amount of funding in FY24 if divisions would use these funds for staffing.
* Early Reading Intervention – Provides approx. $32M each year to expand ERI from grades K-3 to K-5 in FY23 and FY24. 3rd grade PALS data is used to estimate eligible students in grades K-5.
* Grocery Tax Hold Harmless – provides $45.5M and $112.5M to hold divisions harmless for the increase in Basic Aid local share from the elimination of 1.5% state grocery tax effective Jan. 1, 2023, 1% of which is dedicated to public education and flows through the Basic Aid formula. Distributed as a separate line-item. Distributions are not subject to subsequent technical updates.
* School Construction Grants Program – provides $500M GF in FY23 only for grants for non-recurring construction, renovation, technology, and debt service costs. Minimum $1M allocation per division, with the remainder distributed on Weighted ADM (ADM adjusted for the LCI). Actual March 31, 2022 (from FY 2022) is the enrollment metric used. No local match required. Has carryover provision of unspent funds to FY24 and FY25.
* Rebenchmarking Hold Harmless – Removes the FY22 No Loss funding from the base and instead provides $177M per year as a separate account to restore funding for certain Rebenchmarking data inputs (i.e., support non-personal costs, pupil transportation, and special education child counts) significantly impacted by the pandemic, causing funding to decrease. These data were adjusted by using previous years, adjusting to full year cost basis, or making additional inflation adjustments to restore the funding. Local match required, and the funds can be used on any eligible costs within Standards of Quality Basic Aid and Special Education. Distributions are not subject to subsequent technical updates.
* Literary Fund – Includes various changes aligned to joint recommendations made by DOE and Va. Treasury to increase availability of LFs for school construction loans:
  + reduces use of Literary Funds for teacher retirement by $83.0M in FY23 and FY24 (to increase available funding for loans)
  + eliminates the LF Waiting Lists for an annual application process for loans, prioritized based on the LCI
  + increases the maximum loan from $7.5M to $25.0M
  + requires loan interest rates to be benchmarked against market rates, but to not exceed 2.0 percent for school divisions with an LCI less than 0.3000
  + provides an add-on loan for projects that will result in school consolidation and the net reduction of an existing school, up to $5.0M
  + provides $25,000 incentive grants for loan closing costs, not to exceed $250,000 statewide per year
  + allows the BOE to award up to $200,000,000 each year of the biennium for loans or subsidy grants, subject to available funds

**Select Amendments of New DOE Central Office Funding/Positions (descriptions of all Central Office amendments available in Attachment A of the Supts. Memo):**

* Expand Office of School Quality to establish a regional continuous improvement model for school divisions not meeting state accreditation standards and federal accountability standards – $9.9M over the biennium and DOE positions.
* On-going support for Statewide Learning Management System – $5.1M in FY24.
* On-going support for through-year student growth assessments – 5.0M in FY24
* State Employee Salary Increase - provides funding for a 5% salary increase for state employees effective June 10, 2022 and an additional 5% salary increase effective June 10, 2023. These salary increases would appear in employees' July 1 paychecks.