

VIRGINIA STATE BUDGET

2005 Session

Budget Bill - SB700 (Introduced)

Bill Order » Office of Education » Item 146

Direct Aid to Public Education

Item 146

First Year - FY2005

Second Year - FY2006

Item 146	First Year - FY2005	Second Year - FY2006
Financial Assistance for Public Education (Standards of Quality) (17500)	\$3,140,513,385 \$3,065,227,495	\$3,260,281,181 \$3,223,517,215
Basic Aid Payments (17502)	\$2,378,541,107 \$2,316,335,283	\$2,437,794,547 \$2,404,846,284
Education of the Gifted Payments (17505)	\$25,962,972 \$25,799,140	\$26,256,276 \$26,035,512
Occupational-Vocational Education Payments (17509)	\$47,510,277 \$47,912,293	\$54,616,000 \$55,228,004
Special Education Payments (17510)	\$295,831,228 \$299,550,627	\$339,293,915 \$343,717,450
Enrollment Loss Payments (17513)	\$5,671,297 \$8,278,033	\$5,359,473 \$7,608,230
Remedial Education Payments (17514)	\$127,754,954 \$123,617,880	\$130,380,960 \$127,940,344
Primary Class Size Payments (17517)	\$67,351,912 \$65,893,705	\$67,799,699 \$66,232,129
Educational Technology Payments (17518)	\$76,011,600	\$73,579,725
At-Risk Four-Year-Olds Preschool Payments (17519)	\$47,427,672 \$34,884,685	\$53,159,757 \$46,639,520
Early Intervention/Reading First Grants (17521)	\$11,295,451 \$10,926,314	\$11,282,985 \$11,082,541
Standards of Learning Algebra Readiness (17525)	\$7,532,380 \$7,374,001	\$7,554,420 \$7,449,143
School Construction Grant Program (17527)	\$27,500,010 \$27,500,008	\$27,500,001 \$27,499,997
English As A Second Language (17531)	\$22,122,525 \$21,143,926	\$25,703,423 \$25,658,336
Fund Sources:		
General	\$3,062,328,785 \$2,987,042,895	\$3,184,528,456 \$3,147,764,490
Commonwealth Transportation	\$2,173,000	\$2,173,000
Trust and Agency	\$64,511,600	\$62,079,725
Federal Trust	\$11,500,000	\$11,500,000

Authority: Basic Aid Payments (1750200): Article VIII, Section 2, Constitution of Virginia; Chapter 667, Acts of Assembly, 1980; § 22.1-97, Code of Virginia; §§ 22.1-205, 46.1-357 and 46.1-380, Code of Virginia; Pupil

Transportation, § 22.1-186, Code of Virginia.

Education of the Gifted (1750500): Discretionary Inclusion. Occupational-Vocational Education Payments (1750900): §§ 22.1-228 through 22.1-236, Code of Virginia.

Special Education Payments (1750100): §§ 22.1-213 through 22.1-222, Code of Virginia.

Remedial Education Payments (1751400): Article VIII, Section 2, Constitution of Virginia.

Educational Technology Payments (17518): The Goals 2000: Educate America Act, Public Law 103-227, Federal Code.

Educational Technology Payments (17518): Public Law 103-382, Federal Code.

A. Definitions

1. "Average Daily Membership," or "ADM" - The average daily membership for grades K-12 including (1) handicapped students ages 5-21 and (2) students for whom English is a second language who entered school for the first time after reaching their twelfth birthday, and who have not reached twenty-two years of age on or before August 1 of the school year, for the first seven (7) months (or equivalent period) of the school year in which state funds are distributed from this appropriation. Preschool and postgraduate students shall not be included in ADM.

a. School divisions shall take a count of September 30 fall membership and report this information to the Department of Education no later than October 15 of each year.

b. Except as otherwise provided herein, by statute, or by precedent, all subprograms throughout the appropriation to the Department of Education shall be calculated using ADM unadjusted for half-day kindergarten programs, estimated at ~~1,185,228~~ 1,177,369 the first year and ~~1,201,451~~ 1,190,713 the second year.

c. ADM adjusted for half-day kindergarten at 85 percent of ADM, is estimated at ~~1,182,965~~ 1,175,094 the first year and ~~1,199,108~~ 1,188,358 the second year.

d. Students who are either (i) enrolled in a nonpublic school or (ii) receiving home instruction pursuant to § 22.1-254.1 and who are enrolled in a public school on less than a full-time basis in any mathematics, science, English, history, social science, vocational education, health education or physical education, fine arts or foreign language course shall be counted in the ADM of the relevant school division. Each course shall be counted as 0.25, up to a cap of 0.5 of a student.

e. Students enrolled in an Individualized Student Alternative Education Program (ISAEP) pursuant to § 22.1-254D. shall be counted in the Average Daily Membership of the relevant school division. School divisions shall report these students separately in their March 31 reports of Average Daily Membership.

2. "Standards of Quality" - Operations standards for grades kindergarten through 12 as prescribed by the Board of Education subject to revision by the General Assembly.

3. "Basic Operation Cost" - The cost per pupil, including provision for the number of instructional personnel required by the Standards of Quality for each school division with a minimum ratio of 51 professional personnel for each 1,000 pupils or proportionate number thereof, in ADM for the same fiscal year for which the costs are computed, and including provision for driver, gifted, occupational-vocational, and special education, library materials and other teaching materials, teacher sick leave, general administration, division superintendents' salaries, free textbooks (including those for free and reduced price lunch pupils), school nurses, operation and maintenance of school plant, transportation of pupils, instructional television, professional and staff

improvement, remedial work, fixed charges and other costs in programs not funded by other state and/or federal aid.

4. "Composite Index of Local Ability-to-Pay" - An index figure computed for each locality. The composite index is the sum of 2/3 of the index of wealth per pupil in ADM (unadjusted for half-day kindergarten programs) reported for the first seven (7) months of the 2001-2002 school year and 1/3 of the index of wealth per capita (population estimates for 2001 as determined by the Center for Public Service of the University of Virginia) multiplied by the local nominal share of the costs of the Standards of Quality of 0.45 in each year. The indices of wealth are determined by combining the following constituent index elements with the indicated weighting: (1) true values of real estate and public service corporations as reported by the State Department of Taxation for the calendar year 2001 - 50 percent; (2) adjusted gross income for the calendar year 2001 as reported by the State Department of Taxation - 40 percent; (3) the sales for the calendar year 2001 which are subject to the state general sales and use tax, as reported by the State Department of Taxation - 10 percent. Each constituent index element for a locality is its sum per ADM, or per capita, expressed as a percentage of the state average per ADM, or per capita, for the same element. A locality whose composite index exceeds 0.8000 shall be considered as having an index of 0.8000 for purposes of distributing all payments based on the composite index of local ability-to-pay. Each constituent index element for a locality used to determine the composite index of local ability-to-pay for the current biennium shall be the latest available data for the specified official base year provided to the Department of Education by the responsible source agencies no later than November 15, 2003.

a. Each locality whose total Virginia Adjusted Gross Income is comprised of at least 3 percent or more which is accounted for by nonresidents of Virginia may elect at its option to exclude such nonresident income in computing the composite index of ability-to-pay. Each locality which elects this option must have certified its intention to do so to the Department of Education on or before January 1, 2004. The Department of Education shall compute the composite index for such localities by using adjusted gross income data which exclude nonresident income, but shall not adjust the composite index of any other localities. The Department of Taxation shall furnish to the Department of Education such data as are necessary to implement this provision.

b.1) Pursuant to § 15.2-1302, Code of Virginia, and in the event that two or more school divisions become one school division, whether by consolidation of only the school divisions or by consolidation of the local governments, such resulting division shall be paid Standard of Quality payments for all pupils in the combined division on the basis of a composite index determined by the Board of Education, which shall not be less than the lowest nor higher than the highest composite index of any of the individual school divisions involved in such consolidation. In the event of a consolidation of local governments, this index shall remain in effect for a period of fifteen years, unless a lower composite index is calculated through the process for computing an index figure for each locality as set forth above. The Governor shall approve the composite index determined by the Board of Education prior to disbursement of funds under such index. The Department shall annually report to the Chairmen of the House Appropriations and Senate Finance Committees the composite indices approved by the Governor and the Board under this provision.

2) *In the case of the consolidation of Clifton Forge and Alleghany County school divisions, the fifteen year period for the application of a new composite index pursuant to paragraph b.1) above shall apply beginning with the fiscal year that starts on July 1, 2004.*

3) Pursuant to paragraph b.1) above, if the composite index of a consolidated school division is reduced during the course of the fifteen year period to a level that would entitle the school division to a lower interest rate for a Literary Fund loan than it received when the loan was originally released, the Board of Education shall reduce the interest rate of such loan for the remainder of the period of the loan. Such reduction shall be based on the interest rate that would apply at the time of such adjustment. This rate shall remain in effect for the duration of the loan and shall apply only to those years remaining to be paid.

c. When it is determined that a substantial error exists in a constituent index element, the Department of

Education will make adjustments in funding for the current school year. No adjustment during the biennium will be made as a result of updating of data used in a constituent index element.

d. In the event that any school division consolidates two or more small schools, the division shall continue to receive Standards of Quality funding and provide for the required local expenditure for a period of five years as if the schools had not been consolidated. Small schools are defined as any elementary, middle, or high school with enrollment below 200, 300 and 400 students, respectively.

5. "Required Local Expenditure for the Standards of Quality" - The locality's share based on the composite index of local ability-to-pay of the cost required by all the Standards of Quality minus its estimated revenues from the state sales and use tax dedicated to public education and those sales tax revenues transferred to the general fund from the Public Education Standards of Quality/Local Real Estate Property Tax Relief Fund and appropriated in Item 147, both of which are returned on the basis of the most recent census of school age population collected by the Department of Education and distributed to school divisions in the fiscal year in which the school year begins and less the required local expenditure.

6. "Planning District Eight" --The nine localities which comprise Planning District Eight are Arlington County, Fairfax County, Loudoun County, Prince William County, Alexandria City, Fairfax City, Falls Church City, Manassas City, and Manassas Park City.

7. "State Share for the Standards of Quality" - The state share for a locality shall be equal to the cost for that locality less the locality's estimated revenues from the state sales and use tax dedicated to public education and those sales tax revenues transferred to the general fund from the Public Education Standards of Quality/Local Real Estate Property Tax Relief Fund and appropriated in Item 147, both of which are returned on the basis of the most recent census of school age population collected by the Department of Education and distributed to school divisions in the fiscal year in which the school year begins.

8. In the event that the appropriations in Items 144 through 152 are not sufficient to meet the entitlements payable to school divisions pursuant to the provisions of each item, the Department of Education is authorized to transfer any available funds between these items to address such insufficiencies. If the total appropriations after such transfers remain insufficient to meet the entitlements of any program, the Department of Education is authorized to prorate such shortfall proportionately across all of the school divisions participating in the program where such shortfall occurred.

B. General Conditions

1. Each locality shall offer a school program for all its eligible pupils which is acceptable to the Department of Education as conforming to the Standards of Quality program requirements.

2. In the event the statewide number of pupils in ADM exceeds the number estimated as the basis for this appropriation, the locality's state share of the Basic Operation Cost and the required local share shall be reduced proportionately so that this appropriation will not be exceeded.

3. The Department of Education shall make equitable adjustments in the computation of indices of wealth and in other state-funded accounts for localities affected by annexation, unless a court of competent jurisdiction makes such adjustments. However, only the indices of wealth and other state-funded accounts of localities party to the annexation will be adjusted.

4. In the event that the actual revenues from the state sales and use tax dedicated to public education and those sales tax revenues transferred to the general fund from the Public Education Standards of Quality/Local Real Estate Property Tax Relief Fund and appropriated in Item 147 (returned on the basis of the latest triennial count of school age population) for sales in the fiscal year in which the school year begins are different from the number estimated

as the basis for this appropriation, the estimated revenues shall not be adjusted.

5. This appropriation shall be apportioned to the public schools with guidelines established by the Department of Education consistent with legislative intent as expressed in this act.

6.a. Appropriations of state funds in this Item include for each subprogram the number of positions required by the Standards of Quality. This Item includes for such subprograms as Basic Aid Payments, a minimum of 51 professional instructional positions and aide positions (C 2); Education of the Gifted, 1.0 professional instructional position (C 3); Occupational-Vocational Education Payments and Special Education Payments; a minimum of 6.0 professional instructional positions and aide positions (C 4 and C 5) for each 1,000 pupils in ADM each year in support of the current Standards of Quality. Funding in support of one hour of additional instruction per day based on the percent of students eligible for the federal free lunch program with a pupil-teacher ratio range of 18: 1 to 10:1, depending upon a school division's combined failure rate on the English and Math Standards of Learning, is included in Remedial Education Payments (C8).

b. Appropriations in this item include programs supported in part by transfers to the general fund from the Public Education Standards of Quality/Local Real Estate Property Tax Relief Fund pursuant to Part 3 of this Act. These transfers combined together with other appropriations from the general fund in this item funds the state's share of the following revisions to the Standards of Quality pursuant to Chapters 939 & 955 of the Acts of Assembly of 2004 (Senate Bill 479 and House Bill 1014): five elementary resource teachers per 1,000 students; one support technology position per 1,000 students the first year; one support technology position and one instructional technology position per 1,000 students the second year; one quarter of the daily planning period for teachers at the middle and high school level *the first year* and the full daily planning period for teachers at the middle and high school levels the second year in order to relieve the financial pressure these education programs place on local real estate taxes. Notwithstanding Chapters 939 and 955, of the Acts of Assembly of 2004, no school division shall be required to maintain instructional positions meeting the increased standards set forth in this paragraph until July 1, 2005.

7. The Department of Education shall make calculations at the start of the school year to ensure that school divisions have appropriated adequate funds to support their estimated required local expenditure. The Department of Education shall also make calculations after the close of the school year to verify that the required local effort level, based on actual March 31st Average Daily Membership, was met. The Department of Education shall specify the calculations to determine if a school division has appropriated and expended its required local expenditure for the Standards of Quality. This calculation may include but is not limited to the following calculations:

a. The total expenditures for operation, defined as total expenditures less all capital outlays, expenditures for debt service, facilities, non-regular day school programs (such as adult education, preschool, and non-local education programs), and any transfers to regional programs or escrow accounts will be calculated.

b. The following state funds will be deducted from the amount calculated in paragraph a. above: revenues from the state sales and use tax (returned on the basis of the latest triennial count of school age population) for sales in the fiscal year in which the school year begins; total receipts from state funds (except state funds for non-regular day school programs and state funds used for capital or debt service purposes); and the state share of any balances carried forward from the previous fiscal year. Any qualifying state funds that remain unspent at the end of the fiscal year will be added to the amount calculated in paragraph a. above.

c. The following federal funds will also be deducted from the amount calculated in paragraph a. above: total receipts from federal funds (except federal funds for non-regular school programs, Impact Aid funds P.L. 95-561 [formerly P.L. 81-874 and P.L. 81-815], and Forest Reserve,) and any federal funds carried forward from the previous fiscal year. Any federal funds that remain unspent at the end of the fiscal year and any capital expenditures paid from federal funds will be added to the amount calculated in paragraph a. above.

d. Tuition receipts and receipts from payments from other cities or counties will also be deducted from the amount calculated in paragraph a., then

e. The final amount calculated as described above must be equal to or greater than the required local expenditure defined in paragraph A 5.

f. The Department of Education shall collect the data necessary to perform the calculations of required local expenditure as required by this section.

g. A locality whose expenditure in fact exceeds the required amount from local funds may not reduce its expenditures unless it first complies with all of the Standards of Quality.

8.a. Any sum which a locality, as of the end of a school year, has not expended, pursuant to paragraph B 7 above, for the Standards of Quality shall be paid by the locality into the general fund of the state treasury. Such payments shall be made not later than the end of the school year following that in which the under expenditure occurs.

b. Whenever the Department of Education has recovered funds as defined in the preceding paragraph a, the Secretary of Education is authorized to repay to the locality affected by that action, seventy-five percent (75%) of those funds upon his determination that:

1) The local school board agrees to include the funds in its June 30 ending balance for the year following that in which the under expenditure occurs;

2) The local governing body agrees to reappropriate the funds as a supplemental appropriation to the approved budget for the second year following that in which the under expenditure occurs, in an appropriate category as requested by the local school board, for the direct benefit of the students;

3) The local school board agrees to expend these funds, over and above the funds required to meet the required local expenditure for the second year following that in which the under expenditure occurs, for a special project, the details of which must be furnished to the Department of Education for review and approval;

4) The local school board agrees to submit periodic reports to the Department of Education on the use of funds provided through this project award; and

5) The local governing body and the local school board agree that the project award will be cancelled and the funds withdrawn if the above conditions have not been met as of June 30 of the second year following that in which the under expenditure occurs.

c. There is hereby appropriated, for the purposes of the foregoing repayment, a sum sufficient, not to exceed 75 percent of the funds deposited in the general fund pursuant to the preceding paragraph a.

9. The Superintendent of Public Instruction shall provide a report on the status of teacher salaries, by local school division, to the Governor and the Chairmen of the Senate Finance and House Appropriations Committees by December 1 of each year of the biennium.

10. Included in the amounts provided to update the Standards of Quality for the 2004-06 biennium, approximately \$350 million reflects growth in prevailing salaries and related fringe benefits. It is the desire of the General Assembly that on average local school divisions continue to improve the average salary for classroom teachers by at least three percent per year, the actual average annual rate increase in recent years.

11. All local matching funds required by the programs in this Item shall be appropriated to the budget of the local school board.

12. By November 15 of each year, the Department of Planning and Budget, in cooperation with the Department of Education, shall prepare and submit a preliminary forecast of Standards of Quality expenditures, based upon the most current data available, to the Chairmen of the House Appropriations and Senate Finance Committees. In odd-numbered years, the forecast for the current and subsequent two fiscal years shall be provided. In even-numbered years, the forecast for the current and subsequent fiscal year shall be provided. The forecast shall detail the projected Average Daily Membership and the resulting impact on the education budget.

13. School divisions may choose to use state payments provided for Standards of Quality *prevention, intervention, and remediation in both years* and *for Standards of Learning remediation in the first year* as a block grant for remediation purposes, without restrictions or reporting requirements, other than reporting necessary as a basis for determining funding for the program.

C. Apportionment

1. Subject to the conditions stated in this paragraph and in paragraph B of this Item, each locality shall receive sums as listed above for subprograms within this program for the basic operation cost and payments in addition to that cost. The apportionment herein directed shall be inclusive of, and without further payment by reason of, state funds for library and other teaching materials.

2. Basic Aid Payments

a. A state share of the Basic Operation Cost, which cost per pupil in ADM is established individually for each local school division based on the number of instructional personnel required by the Standards of Quality and the statewide prevailing salary levels (adjusted in Planning District Eight for the cost of competing) as well as recognized support costs calculated on a prevailing basis for an estimated ADM (adjusted for half-day kindergarten programs).

b.1) The state share for a locality shall be equal to the Basic Operation Cost for that locality less the locality's estimated revenues from the state sales and use tax (returned on the basis of the latest triennial count of school age population), in the fiscal year in which the school year begins and less the required local expenditure.

2) An amount estimated at ~~\$229,862,963~~ \$261,853,355 the first year and ~~\$233,990,041~~ \$259,094,351 the second year of Financial Assistance for Lottery Proceeds Revenue Sharing appropriated in Item 147 of this act, together with funds appropriated in this Item for Basic Aid Payments, provide for the state share of the Basic Operations Cost as defined in paragraphs a and b1) above.

c. For the purpose of this paragraph, the Department of Taxation's fiscal year sales and use tax estimates are as cited in Item 147 of this act.

d.1) In accordance with the provisions of §§ [22.1-281](#) and 37.1-96, Code of Virginia, the Department of Education shall deduct the locality's share for the education of handicapped pupils residing in institutions within the Department of Mental Health, Mental Retardation and Substance Abuse Services from the locality's Basic Aid appropriation.

2) The amounts deducted from Basic Aid for the education of mentally retarded persons shall be transferred to the Department of Mental Health, Mental Retardation and Substance Abuse Services in support of the cost of educating such persons; the amount deducted from Basic Aid for the education of emotionally disturbed persons shall be transferred to the Program for Special Education (Item 144) for extraordinary expenses incurred in the education of such persons. The Department of Education shall establish guidelines to implement these provisions and shall provide for the periodic transfer of sums due from each local school division to the Department of Mental Health, Mental Retardation and Substance Abuse Services and the Program for Special Education (Item 144). The

amount of the actual transfers will be based on data accumulated during the prior school year.

e.1) The apportionment to localities of all driver education revenues received during the school year shall be made as an undesignated component of the state share of the basic operation cost in accordance with the provisions of this Item. Only school divisions complying with the standardized program established by the Board of Education shall be entitled to participate in the distribution of state funds appropriated for driver education. The Department of Education will deduct a designated amount per pupil from a school division's Basic Aid payment when the school division is not in compliance with § 22.1-205 C, Code of Virginia. Such amount will be computed by dividing the current appropriation for the Driver Education Fund by actual March 31 ADM.

2) Local school boards may charge a per pupil fee for behind-the-wheel driver education provided, however, that the fee charged plus the per pupil basic aid reimbursement for driver education shall not exceed the actual average per pupil cost. Such fees shall not be cause for a pro rata reduction in Basic Aid payments to school divisions.

f. The one-cent state sales and use tax earmarked for education and *the sales tax revenues transferred to the general fund from the Public Education Standards of Quality/Local Real Estate Property Tax Relief Fund and appropriated in Item 147 which are* distributed to localities on the basis of the latest triennial count of school age population shall be reflected in each locality's annual budget for educational purposes as a separate revenue source for the then current fiscal year.

g.1) The appropriations for basic aid include ~~\$41,953,947~~ \$41,689,564 the first year and ~~\$42,438,033~~ \$42,083,311 the second year from the general fund as the state's share of the cost of textbooks based on a per pupil amount of \$63.12 the first year and \$63.12 the second year. The state's distributions for textbooks shall be based on adjusted ADM.

2) School divisions shall provide free textbooks to all students.

3) School divisions may use a portion of this funding to purchase Standards of Learning instructional materials.

4) Any funds provided to school divisions for textbook costs that are unexpended as of June 30, 2005, or June 30, 2006, shall be carried on the books of the locality to be appropriated to the school division the following year to be used for same purpose.

h. The appropriations for basic aid include the state share of \$451 per instructional position for teacher training in both years of the biennium. School divisions are encouraged to use these funds to provide teacher training in the core content areas of the Standards of Learning, including the use of technology in instruction.

i. Out of this appropriation, ~~the~~ *an estimated* expenditure of \$3,464,996 the first year and \$3,659,715 the second year is provided to increase the cost of competing adjustment for Planning District Eight from 20.92 percent to 24.61 percent.

j. The appropriation for Basic Aid includes ~~\$83,500,000~~ \$79,100,000 the first year and ~~\$105,350,000~~ \$110,700,000 the second year out of the amounts transferred to the general fund from the Public Education Standards of Quality/Local Real Estate Property Tax Relief Fund pursuant to Part 3 of this Act. These funds are combined together with other appropriations from the general fund in this item to fund the state's share of the following revisions to the Standards of Quality pursuant to Chapters 939 and 955, of the Acts of Assembly of 2004: five elementary resource teachers per 1,000 students; one support technology position per 1,000 students the first year; one support technology position and one instructional technology position per 1,000 students the second year; one quarter of the daily planning period for teachers at the middle and high school level *the first year* and the full daily planning period for teachers at the middle and high school levels the second year in order to relieve the pressure on local real estate taxes and shall be taken into account by the governing body of the county, city, or town in setting real estate tax rates.

k. 1) The appropriations for Basic Aid include \$54,828,112 the second year from the general fund for an equivalent payment for the following salary increase and related fringe benefit costs for public school employees including instructional and support staff:

a) For the second year, the state share of a payment equivalent to a 3.0 percent salary increase effective December 1, 2005.

b) It is the intent that the average classroom teacher salary be improved throughout the state by at least 3.0 percent the second year. Sufficient funds are appropriated in this act to finance, on a statewide basis, the state share of such a salary increase to school divisions which certify to the state Department of Education, no later than March 1, 2006, that equivalent increases have been granted in the second year.

2) These funds shall be matched by the local government, based on the composite index of local ability-to-pay.

3) This funding is not intended as a mandate to increase salaries.

3. Education of the Gifted Payments

a. An additional payment shall be disbursed by the Department of Education to local school divisions to support the state share of one full-time equivalent instructional position per 1,000 students in ADM (adjusted for half-day kindergarten).

b. Local school divisions are required to spend, as part of the required local expenditure for the Standards of Quality the established per pupil cost for gifted education (state and local share) on approved programs for the gifted.

4. Occupational-Vocational Education Payments

a. An additional payment shall be disbursed by the Department of Education to the local school divisions to support the state share of the number of Vocational Education instructors required by the Standards of Quality. These funds shall be disbursed on the same basis as the payment is calculated.

b. An amount estimated at \$90,045,543 the first year and \$90,900,507 the second year from the general fund included in Basic Aid Payments relates to vocational education programs in support of the Standards of Quality.

5. Special Education Payments

a. An additional payment shall be disbursed by the Department of Education to the local school divisions to support the state share of the number of Special Education instructors required by the Standards of Quality. These funds shall be disbursed on the same basis as the payment is calculated.

b. Out of the amounts for special education payments, general fund support is provided to fund the caseload standards for speech pathologists at 68 students for each year of the biennium.

c. In recalculating the cost of the Standards of Quality for the 2006-2008 biennium, the Department of Education shall calculate the cost of instructional positions for special education based on the aggregate sum of students by disability category by school for the disability categories listed in the special education caseloads adopted by the Board of Education.

6. Enrollment Loss/Small School Division Assistance.

a. An additional state payment in each year equal to the state share per pupil of Basic Aid for each locality, for a percentage of the enrollment loss (as determined below) in ADM from the prior year.

Composite Index	Percentage	MsoNormal	MsoNormal	MsoNormal
0.0000-0.1999	85%	MsoNormal	MsoNormal	MsoNormal
0.2000-0.3499	70%	MsoNormal	MsoNormal	MsoNormal
0.3500-0.4999	45%	MsoNormal	MsoNormal	MsoNormal
0.5000 or more	30%	MsoNormal	MsoNormal	MsoNormal

b. An additional state payment of \$400,000 the first year from the general fund is provided as equal Small School Division Assistance grants for the school divisions of Highland County and the City of Norton. An additional state payment of \$200,000 the second year from the general fund is provided as a Small School Division Assistance grant for the school division of the City of Norton. To receive these funds, each local school board shall certify to the Superintendent of Public Instruction that its division has entered into one or more educational, administrative or support service cost-sharing arrangements with another local school division.

7. Remedial Education Payments

a. An additional payment estimated at ~~\$63,822,650~~ \$62,942,241 the first year and ~~\$64,414,539~~ \$63,372,640 the second year from the general fund shall be disbursed by the Department of Education to support the Board of Education's Standards of Quality prevention, intervention, and remediation program adopted in June 2003.

b. The payment shall be calculated based on one hour of additional instruction per day for identified students, using the percent of students eligible for the federal Free Lunch program as a proxy for students needing such services. Fall membership shall be multiplied by the division-level Free Lunch eligibility percentage to determine the estimated number of students eligible for services. Pupil-teacher ratios shall be applied to the estimated number of eligible students to determine the number of instructional positions needed for each school division. The pupil-teacher ratio applied for each school division shall range from 10:1 for those divisions with the most severe combined failure rates for English and math Standards of Learning test scores to 18:1 for those divisions with the lowest combined failure rates for English and math Standards of Learning test scores.

c. Funding shall be matched by the local government based on the composite index of local ability-to-pay.

d. An amount estimated at ~~\$20,519,407~~ \$18,894,385 the first year and ~~\$20,648,826~~ \$18,995,902 the second year shall be transferred from Financial Assistance for Lottery Proceeds Revenue Sharing appropriated in Item 147 of this act, to be added with funds appropriated in this Item, to provide for the state share of the Standards of Quality prevention, intervention, and remediation program.

e. An additional state payment estimated at ~~\$48,580,294~~ \$53,009,625 the first year and ~~\$48,600,954~~ \$54,208,178 the second year from the general fund shall be disbursed based on the estimated number of federal Free Lunch participants, in support of programs for students who are educationally at risk. The additional payment shall be based on the state share of:

- 1) A minimum 2 percent add-on, as a percent of the per pupil basic aid cost, for each child who qualifies for the federal Free Lunch Program; and
- 2) An addition to the add-on, based on the concentration of children qualifying for the federal Free Lunch Program.

Based on its percentage of Free Lunch participants, each school division will receive between 2 and 12 percent in additional basic aid per Free Lunch participant. These funds shall be matched by the local government, based on the composite index of local ability-to-pay.

3a) Local school divisions are required to spend the established at-risk payment (state and local share) on approved programs for students who are educationally at risk.

b) To receive these funds, each school division shall certify to the Department of Education that the state and local shares of the at-risk payment will be used to support approved programs for students who are educationally at risk. These programs may include: Dropout Prevention, Advancement Via Individual Determination (AVID), Project Discovery, Reading Recovery, programs for students who speak English as a second language, and programs related to increasing the success of disadvantaged students in completing a high school degree and providing opportunities to encourage further education and training.

f.1) An additional state payment of ~~\$6,137,449~~ \$5,463,139 the first year and ~~\$6,108,427~~ \$5,563,652 the second year from the general fund shall be disbursed for regional alternative education programs. Such programs shall be for the purpose of educating certain expelled students and, as appropriate, students who have received suspensions from public schools and students returned to the community from the Department of Juvenile Justice.

2) Each regional program shall have a small student/staff ratio. Such staff shall include, but not be limited to education, mental health, health, and law enforcement professionals, who will collaborate to provide for the academic, psychological and social needs of the students. Each program shall be designed to ensure that students make the transition back into the "mainstream" within their local school division.

3a) Regional alternative education programs are funded through this Item based on the state's share of the incremental per pupil cost for providing such programs. This incremental per pupil payment shall be adjusted for the composite index of local ability-to-pay of the school division that counts such students attending such program in its Average Daily Membership. It is the intent of the General Assembly that this incremental per pupil amount be in addition to the basic aid per pupil funding provided to the affected school division for such students. Therefore, local school divisions are encouraged to provide the appropriate portion of the basic aid per pupil funding to the regional programs for students attending these programs, adjusted for costs incurred by the school division for transportation, administration, and any portion of the school day or school year that the student does not attend such program.

b) In the event a school division does not use all of the student slots it is allocated under this program, the unused slots shall not be reallocated or transferred to another school division.

4) The Board of Education shall provide assistance for the state share of the incremental cost of regional alternative education program operations based on the composite index of local ability-to-pay.

g.1) This appropriation includes ~~\$24,589,935~~ \$21,972,266 the first year and ~~\$25,933,208~~ \$24,928,647 the second year from the general fund for the state's share of Remedial Summer School Programs. These funds are available to school divisions for the operation of programs designed to remediate students who are required to attend such programs during a summer school session or during an intersession in the case of year-round schools. These funds may be used in conjunction with other sources of state funding for remediation or intervention. School divisions shall have maximum flexibility with respect to the use of these funds and the types of remediation programs offered; however, in exercising this flexibility, students attending these programs shall not be charged tuition and no high school credit may be awarded to students who participate in this program. After actual enrollment in Remedial Summer School in fiscal year 2004 has been calculated, the Department of Education shall recalculate the amounts needed to fully fund the state share of Remedial Summer School obligations in fiscal year 2005 and fiscal year 2006.

2) For school divisions charging students tuition for summer high school credit courses, consideration shall be given to students from households with extenuating financial circumstances who are repeating a class in order to graduate.

8. Primary Class Size Payments

a. An additional payment estimated at ~~\$67,351,912~~ \$65,893,705 the first year and ~~\$67,799,699~~ \$66,232,129 the second year from the general fund shall be disbursed by the Department of Education as an incentive payment for reducing class sizes in the primary grades.

b. The Department of Education shall calculate the payment based on the incremental cost of providing the lower class sizes based on the lower of the division average per pupil cost of all divisions or the actual division per pupil cost.

c. Localities are required to provide a match for these funds based on the composite index of local ability-to-pay.

d. By October 15 of each year school divisions must provide data to the Department of Education that each participating school has a September 30 pupil/teacher ratio in grades K through 3 that meet the following criteria:

Qualifying School Percentage of Students Approved Grades K-3 School Ratio Eligible for Free Lunch	School Ratio	Maximum Individual Class Size
16% but less than 30%	20 to 1	25
30% but less than 45%	19 to 1	24
45% but less than 55%	18 to 1	23
55% but less than 65%	17 to 1	22
65% but less than 70%	16 to 1	21
70% but less than 75%	15 to 1	20
75% or more	14 to 1	19

e. School divisions may elect to have eligible schools participate at a higher ratio, or only in a portion of grades kindergarten through three, with a commensurate reduction of state and required local funds, if local conditions do not permit participation at the established ratio and/or maximum individual class size. Special education teachers shall not be counted towards meeting these required pupil/teacher ratios in grades kindergarten through three.

f. The Superintendent of Public Instruction may grant waivers to school divisions for the class size requirement in schools that have only one class in an affected grade level in a primary school.

g. The Superintendent of Public Instruction shall provide a report on the status of the reduction in primary class sizes to the Governor and the Chairmen of the House Appropriations, House Education, Senate Finance, and Senate Education and Health Committees annually, prior to the commencement of the General Assembly session.

9. Educational Technology Payments

a. Any unobligated amounts transferred to the educational technology fund shall be disbursed on a pro rata basis to localities. The additional funds shall be used for technology needs identified in the division's technology plan approved by the Department of Education.

b. The Board of Education shall provide amounts estimated at \$15,177,050 the first year from the Literary Fund to provide debt service payments for the education technology grant program through the Virginia Public School Authority in 2000. The 2000 program is focused on four major components: a) retrofitting and upgrading of existing school buildings to efficiently use educational technology; b) providing network-ready multimedia microcomputers for every classroom; c) providing a 5 to 1 ratio of pupils to network-ready microcomputers; and d) replacement of administrative and student management and information systems supporting data requirements associated with the Standards of Accreditation in school divisions lacking adequate systems.

c. The Board of Education shall provide an amount estimated at \$12,377,900 the first year and \$12,379,500 the second year from the Literary Fund to provide debt service payments for the education technology grant program conducted through the Virginia Public School Authority in 2001.

d.1) The Board of Education shall provide amounts estimated at \$12,091,250 the first year and \$12,089,000 the second year from the Literary Fund to provide debt service payments for the education technology grant program conducted through the Virginia Public School Authority in 2002.

2) It is the intent of the General Assembly to appropriate Literary Fund revenues sufficient to pay debt service on the Virginia Public School Authority bonds or notes authorized for this program. In developing the proposed 2006-08 biennial budget for public education, the Board of Education shall include a recommendation to the Governor to appropriate Literary Fund revenues sufficient to make debt service payments for this program in fiscal year 2007.

e.1) The Board of Education shall provide amounts estimated at \$11,949,025 the first year and \$11,947,400 the second year from the Literary Fund to provide debt service payments for the education technology grant program conducted through the Virginia Public School Authority in 2003.

2) It is the intent of the General Assembly to appropriate Literary Fund revenues sufficient to pay debt service on the Virginia Public School Authority bonds or notes authorized for this program. In developing the proposed 2006-08 biennial budget for public education, the Board of Education shall include a recommendation to the Governor to appropriate Literary Fund revenues sufficient to make debt service payments for this program in fiscal years 2007 and 2008.

f.1) The Board of Education shall provide amounts estimated at \$12,916,375 the first year and \$12,716,575 the second year from the Literary Fund to provide debt service payments for the education technology grant program conducted through the Virginia Public School Authority in 2004.

2) It is the intent of the General Assembly to appropriate Literary Fund revenues sufficient to pay debt service on the Virginia Public School Authority bonds or notes authorized for this program. In developing the proposed 2006-08 and 2008-10 biennial budgets for public education, the Board of Education shall include a recommendation to the Governor to appropriate Literary Fund revenues sufficient to make debt service payments for this program in fiscal years 2007, 2008, and 2009.

g.1) An education technology grant program shall be conducted through the Virginia Public School Authority, through the issuance of equipment notes in an amount estimated at ~~\$59,070,000~~ \$58,780,000 the spring of 2005 and ~~\$59,380,000~~ \$59,092,000 in the Spring of 2006. Proceeds of the notes will be used to establish a computer-based instructional and testing system for the Standards of Learning (SOL) and to develop the capability for high speed Internet connectivity at high schools followed by middle schools followed by elementary schools.

2) The Board of Education shall provide amounts estimated at \$13,075,175 the second year from the Literary Fund to provide debt service payments for the education technology grant program conducted through the Virginia Public School Authority in the Spring of 2005.

3) It is the intent of the General Assembly to appropriate Literary Fund revenues sufficient to pay debt service on the Virginia Public School Authority bonds or notes authorized for education technology grant programs in the spring of 2005 and in the spring of 2006. In developing the proposed 2006-08, 2008-10, and 2010-2012 biennial budgets for public education, the Board of Education shall include a recommendation to the Governor to appropriate Literary Fund revenues sufficient to make debt service payments for these programs in fiscal years 2007, 2008, 2009, 2010, and 2011.

4) Grant funds from the issuance of ~~\$59,070,000~~ \$58,780,000 in fiscal year 2005 and ~~\$59,380,000~~ \$59,092,000 in fiscal year 2006 in equipment notes are based on a grant of \$26,000 per school and \$50,000 per school division. For purposes of this grant program, eligible schools shall include those reporting membership in grades K through 12 as of September 30, 2004, for the Spring 2005 issuance, and September 30, 2005, for the Spring 2006 issuance as well as district and regional centers including vocational centers, special education centers, alternative education centers, regular school year Governor's Schools, and the Schools for the Deaf and the Blind. Schools and district centers that serve only pre-kindergarten students shall not be eligible for this grant.

5) Localities are required to provide a match for these funds equal to 20 percent of the grant amount. At least 25 percent of the local match shall be used for teacher training in the use of technology. The Superintendent of Public Instruction is authorized to reduce the required local match for school divisions with a composite index of local ability-to-pay below 0.2000. The Schools for the Deaf and the Blind are exempt from the match requirement.

6) The goal of the program is to improve the instructional, remedial and testing capabilities of the Standards of Learning for local school divisions.

7) Funds shall be used in the following manner:

a) Each division shall use funds to reach a goal, in each high school, of: (1) a 5-to-1 student to computer ratio; (2) an Internet-ready local area network (LAN) capability; and (3) high speed access to the Internet. School connectivity (computers, LANs and network access) shall include sufficient download/upload capability to ensure that each student will have adequate access to Internet-based instructional, remedial and assessment programs.

b) When each high school in a division meets the goals established in paragraph a) above, the remaining funds shall be used to develop similar capability in first the middle schools and then the elementary schools.

c) Pursuant to § 15.2-1302, Code of Virginia, and in the event that two or more school divisions became one school division, whether by consolidation of only the school divisions or by consolidation of the local governments, such resulting division shall be provided funding through this program on the basis of having the same number of school divisions as existed prior to September 30, 2000.

8) Local school divisions shall maximize the use of available federal funds, including E-Rate Funds, and to the extent possible, use such funds to supplement the program and meet the goals of this program.

h. The Department of Education shall maintain criteria to determine if high schools, middle schools, or elementary schools have the capacity to meet the goals of this initiative. The Department of Education shall be responsible for the project management of this program. The Department of Education shall report on the implementation of this program to the Chairmen of the Senate Finance and House Appropriations Committees by September 1 of each year.

i.1) In the event that, on any scheduled payment date of bonds or notes of the Virginia Public School Authority (VPSA) issued for the purpose described in § 22.1-166.2, Code of Virginia, and not benefiting from the provisions of either § 22.1-168 (iii), (iv) and (v), Code of Virginia, or § 22.1-168.1, Code of Virginia, the available moneys in the Literary Fund are less than the appropriations for debt service due on such bonds or notes of the VPSA on such date, there is hereby appropriated to the VPSA from the general fund a sum equal to such deficiency.

2) The Chairman of the Board of Commissioners of the VPSA shall, on or before December 1 of each year, make and deliver to the Governor and the Secretary of Finance a certificate setting forth his estimate of total debt service during each fiscal year of the biennium on bonds and notes of the VPSA issued and projected to be issued during such biennium pursuant to the resolution referred to in paragraph 1) above. The Governor's budget submission each year shall include provisions for the payment of debt service pursuant to paragraph 1) above.

j. Unspent proceeds of the notes, including investment income derived from the proceeds of the notes may be used to pay interest on, or to defease principal of the notes.

k.1) For the purposes of § 56-232, Code of Virginia, "Contracts of Telephone Companies with State Government" and for the purposes of § 56-234 "Contracts for Service Rendered by a Telephone Company for the State Government" shall be deemed to include communications lines into public schools which are used for educational technology. The rate structure for such lines shall be negotiated by the Superintendent of Public Instruction and the Director of the Department of Technology Planning. Further, the Superintendent and Director are authorized to encourage the development of "by-pass" infrastructure in localities where it fails to obtain competitive prices or prices consistent with the best rates obtained in other parts of the state.

2) The State Corporation Commission, in its consideration of the discount for services provided to elementary schools, secondary schools, and libraries and the universal service funding mechanisms as provided under § 254 of the Telecommunications Act of 1996, is hereby encouraged to make the discounts for intrastate services provided to elementary schools, secondary schools, and libraries for educational purposes as large as is prudently possible and to fund such discounts through the universal fund as provided in § 254. The Commission shall proceed as expeditiously as possible in implementing these discounts and the funding mechanism for intrastate services, consistent with the rules of the Federal Communications Commission aimed at the preservation and advancement of universal service.

10. At-Risk Four-Year-Olds Preschool Payments

a.1) It is the intent of the General Assembly that an additional state payment shall be disbursed by the Department of Education to schools and community-based organizations to provide quality preschool programs for at-risk four-year-olds unserved by Head Start program funding.

2) These grants shall be used to provide programs for at-risk four-year-old children which include quality preschool education, health services, social services, parental involvement and transportation. Programs must provide full-day or half-day and, at least, school-year services.

3) The Department of Education, in cooperation with the Council on Child Day Care and Early Childhood Programs, shall establish academic standards that are in accordance with appropriate preparation for students to be ready to successfully enter into kindergarten. These standards shall be established in such a manner as to be measurable for student achievement and success. Students shall be required to be evaluated at specified times as determined appropriate by the Department of Education. Superintendents, or their designee, of each participating school division must certify that the At-Risk Four-Year-Old program follows the established standards in order to receive the funding for quality preschool education and criteria for the service components. Such guidelines shall be consistent with the findings of the November 1993 study by the Board of Education, the Department of Education, and the Council on Child Day Care and Early Childhood Programs.

4)a) Grants shall be distributed based on an allocation formula providing the state share of a \$5,400 grant for 90 percent the first year and 100 percent the second year of the unserved at-risk four-year-olds in each locality for a full-day program. Programs operating half-day shall receive state funds based on a fractional basis determined by the pro-rata portion of a full-day, school year program provided.

b) For new programs in the first year of implementation only, programs operating less than a full school year shall receive state funds on a fractional basis determined by the pro-rata portion of a school year program provided. In determining the prorated state funds to be received, a school year shall be 180 days.

1) Any locality which desires to participate in this grants program must submit a proposal through its chief administrator (county administrator or city manager) by June 30 the first year and May 15 the second year. The chief administrator, in conjunction with the school superintendent, shall identify a lead agency for this program within the locality. The lead agency shall be responsible for developing a local plan for the delivery of quality preschool services to at-risk children which demonstrates the coordination of resources and the combination of funding streams in an effort to serve the greatest number of at-risk four-year-old children.

2) The proposal must demonstrate coordination with all parties necessary for the successful delivery of comprehensive services, including the schools, child care providers, local social services agency, Head Start, local health department and other groups identified by the lead agency.

3) A local match, based on the composite index of local ability-to-pay shall be required. For purposes of meeting the local match, localities may use local expenditures for existing qualifying programs. Localities shall also continue to pursue and coordinate other funding sources, including child care subsidies. Funds received through this program must be used to supplement, not supplant, any funds currently provided for programs within the locality. However, in the event a locality is prohibited from continuing the previous level of support to programs for at-risk four-year-olds from Title 1 of the Elementary and Secondary Education Act (ESEA), the state and local funds provided in this grants program may be used to continue services to these Title I students. Such prohibition may occur due to amendments to the allocation formula in the reauthorization of ESEA ~~approved as a part of the Improving America's Schools Act of 1994~~ as the *No Child Left Behind Act of 2001* or due to a percentage reduction in a locality's Title I allocation in ~~2002-03~~ *2004-2005* or ~~2003-04~~ *2005-2006*. Any locality so affected shall provide written evidence to the Superintendent of Public Instruction and request his approval to continue the services to Title I students.

c. Local plans must provide clear methods of service coordination for the purpose of reducing the per child cost for the service, increasing the number of at-risk children served and/or extending services for the entire year.

Examples of these include:

1) "Wraparound Services" -- methods for combining funds such as child care subsidy dollars administered by local social service agencies with dollars for quality preschool education programs.

2) "Wrapout Services" -- methods for using grant funds to purchase quality preschool services to at-risk four-year-old children through an existing child care setting by purchasing comprehensive services within a setting which currently provides quality preschool education.

3) "Expansion of Service" -- methods for using grant funds to purchase slots within existing programs, such as Head Start, which provide comprehensive services to at-risk four-year-old children.

Local plans must indicate the number of at-risk four-year-old children to be served, and the criteria by which they will be determined to be at risk.

d.1) The Department of Education and the Council on Child Day Care and Early Childhood Programs shall provide technical assistance for the administration of this grant program to provide assistance to localities in developing a comprehensive, coordinated, quality preschool program for serving at-risk four-year-old children.

2) A pre-application session shall be provided by the Department and the Council on Child Day Care and Early Childhood Programs prior to the proposal deadline. The Department shall provide interested localities with information on models for service delivery, methods of coordinating funding streams, such as funds to match

federal IV-A child care dollars, to maximize funding without supplanting existing sources of funding for the provision of services to at-risk four-year-old children. A priority for technical assistance in the design of programs shall be given to localities where the majority of the at-risk four-year-old population is currently unserved.

e. The Department of Education is authorized to expend unobligated balances in this Item and Item 144 if participation in the At-Risk Four-Year-Olds Preschool program is greater than projected.

11. Early Reading Intervention

a. An additional incentive payment of ~~\$11,295,451~~ \$10,926,314 the first year and ~~\$11,282,295~~ \$11,082,541 the second year from the general fund shall be disbursed by the Department of Education to local school divisions for the purposes of providing early reading intervention services to students in grades kindergarten through 3 who demonstrate deficiencies based on their individual performance on diagnostic tests which have been approved by the Department of Education. The Department of Education shall review the tests of any local school board which requests authority to use a test other than the state-provided test to ensure that such local test uses criteria for the early diagnosis of reading deficiencies which are similar to those criteria used in the state-provided test. The Department of Education shall make the state-provided diagnostic test used in this program available to local school divisions. School divisions shall report the results of the diagnostic tests to the Department of Education on an annual basis at a time to be determined by the Superintendent of Public Instruction.

b. These incentive payments shall be based on the state's share of the cost of providing two and one-half hours of additional instruction each week for an estimated number of students in each school division at a student to teacher ratio of five to one. The estimated number of students in each school division in each year shall be determined by multiplying the projected number of students reported in each school division's fall membership in grades kindergarten, 1, 2, and 3 by the percent of students who are determined to need services based on diagnostic tests administered in the previous year in that school division and adjusted in the following manner:

Kindergarten	100%
Grade 1	50%
Grade 2	50%
Grade 3	25%

c. These incentive payments are available to any school division that certifies to the Department of Education that an intervention program will be offered to such students and that each student who receives an intervention will be assessed again at the end of that school year. Such intervention programs, at the discretion of the local school division, may include, but not be limited to, the use of: special reading teachers; trained aides; volunteer tutors under the supervision of a certified teacher; computer-based reading tutorial programs; aides to instruct in-class groups while the teacher provides direct instruction to the students who need extra assistance; or extended instructional time in the school day or year for these students. Localities receiving these incentive payments are required to match these funds based on the composite index of local ability-to-pay.

12. Standards of Learning Algebra Readiness

a. An additional incentive payment of ~~\$7,532,380~~ \$7,374,001 the first year and ~~\$7,554,420~~ \$7,449,143 the second year from the general fund shall be disbursed by the Department of Education to local school divisions for the purposes of providing math intervention services to students in grades 6, 7, 8 and 9 who are at-risk of failing the Algebra 1 end-of-course test, as demonstrated by their individual performance on diagnostic tests which have been approved by the Department of Education. The Department of Education shall review the tests to ensure that such

local test uses state-provided criteria for diagnosis of math deficiencies which are similar to those criteria used in the state-provided test. The Department of Education shall make the state-provided diagnostic test used in this program available to local school divisions. School divisions shall report the results of the diagnostic tests to the Department of Education on an annual basis at a time to be determined by the Superintendent of Public Instruction.

b. These incentive payments shall be based on the state's share of the cost providing two and one-half hours of additional instruction each week for an estimated number of students in each school division at a student to teacher ratio of ten to one. The estimate number of students in each school division shall be determined by multiplying the projected number of students reported in each school division's fall membership by the percent of students that qualify for the federal Free Lunch Program.

c. These incentive payments are available to any school division that certifies to the Department of Education that an intervention program will be offered to such students and that each student who receives an intervention will be assessed again at the end of that school year. Localities receiving these incentive payments are required to match these funds based on the composite index of local ability-to-pay.

d. Any funds provided to school divisions for the Standards of Learning Algebra Readiness Program that are unexpended as of June 30, 2005, and June 30, 2006, shall be carried on the books of the locality to be appropriated to the school division in the following year for use in the same program.

13. School Construction Grants Program

a. This appropriation includes an amount estimated at ~~\$27,500,000~~ \$27,500,008 the first year and ~~\$27,500,000~~ \$27,499,997 the second year from the general fund to provide grants to school divisions for nonrecurring expenditures by the relevant school division. Nonrecurring costs shall include school construction, additions, infrastructure, site acquisition, renovations, technology, and other expenditures related to modernizing classroom equipment, payments to escrow accounts pursuant to Chapter 391, Acts of Assembly of 1999, school safety equipment or school safety renovations, and debt service payments on school projects completed during the last ten years.

b. School divisions are encouraged to utilize value engineering in school construction projects funded with these grant proceeds.

c. Any funds provided to school divisions ~~the first year~~ for school construction that are unexpended as of June 30, 2005, and June 30, 2006, shall be carried on the books of the locality to be appropriated to the school division the following year for use for the same purpose.

d. Pursuant to § 15.2-1302, Code of Virginia, and in the event that two or more school divisions became one school division, whether by consolidation of only the school divisions or by consolidation of the local governments, such resulting division shall be paid School Construction Grant payments on the basis of having the same number of school divisions as existed prior to September 30, 2000.

15. English as a Second Language Payments

A payment of ~~\$22,122,525~~ \$21,143,926 the first year and ~~\$25,703,423~~ \$25,658,336 the second year from the general fund shall be disbursed by the Department of Education to local school divisions to support the state share of 17 professional instructional positions per 1,000 students for whom English is a second language. Local school divisions shall provide a local match based on the composite index of local ability-to-pay.