

Public Education

The Governor's proposed FY 2002 amendments for Public Education result in a net decrease of \$71.9 million GF. This total reflects additional funds of \$13.3 million for increased Lottery profits and \$85.2 million in general fund savings from using Literary Funds for teacher retirement, updating various accounts, and using revised Virginia Retirement System rates. The total does not include \$2.9 million in Executive Order 74 savings and 2 percent across-the-board reductions outlined below, which are reflected in a central account.

- **Secretary of Education**

- ***Early Childhood Reading Study.*** Directs a multi-agency review of opportunities for receiving federal grants and other funds related to early childhood reading initiatives and the Commonwealth's use of such funds. Language directs the Secretary of Education to maximize the use of such funds and to report findings to the Governor and General Assembly by November 1, 2002.
- ***Across-the-Board Reductions.*** Includes a \$12,795 GF cut in Central Appropriations for FY 2002, as part of a 2 percent across-the-board reduction. Actions for achieving these savings are not specified in the budget.
- ***Tuition and Fee Plans for Colleges and Universities.*** Directs higher education institutions to submit a 2002-04 tuition and fee plan to the Governor for approval, with the stipulation that proposed tuition and fee increases for in-state undergraduates cannot exceed \$200 per year, including the summer session.

- **Department of Education**

- ***Across-the-Board Reductions.*** Includes a \$524,967 GF cut in Central Appropriations for FY 2002, as part of a 2 percent across-the-board reduction. Actions for achieving these savings are not specified in the budget

- **Direct Aid to Public Education**

- ***Technical Changes to Direct Aid Funding.*** Reduces Direct Aid to Public Education by a net \$17.4 million GF to reflect technical adjustments in Standards of Quality, categorical, and incentive-based funding due to the following:

- Updated Enrollment. FY 2002 enrollment has been adjusted upward from Chapter 1073 by 2,424 students, based on a September 30, 2001 child count. In addition to general enrollment changes across the state, Fairfax County is moving from half to full-day kindergarten.
- Revised Sales Tax Revenue Projections. The FY 2002 estimate of sales tax revenues returned for public education (one cent) has been reduced by \$64.2 million from the amount contained in Chapter 1073. An additional \$35.9 million GF is proposed to cover the state's share of this shortfall.
- Updated Participation Rates. Funding for incentive-based and categorical programs is adjusted to reflect actual participation in FY 2002.
- ***Distribute Additional Lottery Funds.*** Increases Direct Aid funding by a net \$13.3 million GF to reflect updated estimates of Lottery proceeds for fiscal years 2000, 2001, and 2002. Lottery proceeds exceeded the official estimate by \$13.2 million in FY 2000, \$19.1 million in FY 2001, and are projected to exceed the estimate contained in Chapter 1073 for FY 2002 by \$12.7 million. The additional \$45.0 million in proceeds are first distributed between Basic Aid (\$27.0 million) and an offset of the Lottery Hold Harmless account (\$4.7 million), then a net increase of \$13.3 million will be distributed to school divisions on a per pupil basis.
- ***Literary Fund Diversion for Teacher Retirement.*** Proposes supplanting \$57.0 million GF with Literary Fund revenues to help offset the cost of teacher retirement. In the 2002-04 biennium, HB/SB 30 proposes using \$167.0 million in Literary Fund revenues to fund teacher retirement and social security costs.
- ***Apply VRS Rate Retroactively.*** Increases the \$56.9 million in FY 2002 VRS savings based on VRS Board-approved rates in November 2000, by \$10.8 million to reflect a June 30, 2001, asset valuation and applies the new rate retroactively to July 1.