

Public Education

The approved FY 2002 budget for Direct Aid to Public Education contains a net decrease of \$129.6 million GF. This total reflects additional funds of \$15.3 million for increased Lottery profits and \$144.9 million in general fund savings from using Literary Funds for teacher retirement, updating various accounts, and using revised Virginia Retirement System rates.

The Department of Education budget was increased by \$0.3 million to fully fund teacher certification bonuses. However, the Department's budget will be reduced by \$2.9 million from Executive Order 74 savings and from a 3 percent across-the-board reduction, both of 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 funds and to report findings to the Governor and General Assembly by November 1, 2002.
- ***Across-the-Board Reductions.*** Includes a \$19,192 GF cut in Central Appropriations for FY 2002, as part of a 3 percent across-the-board reduction. Actions for achieving these savings are not specified in the budget.
- ***Tuition and Fee Plans for Colleges and Universities.*** See higher education section for an explanation of the approved language.

- **Department of Education**

- ***National Certification Bonuses for Teachers.*** Includes \$325,000 GF to fully fund bonuses for the additional Virginia teachers who have become certified by the National Board for Professional Teaching Standards.
- ***Across-the-Board Reductions.*** Includes a \$787,450 GF cut in Central Appropriations for FY 2002, as part of a 3 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 \$22.7 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 provided 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 \$15.3 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 \$18.7 million. The additional \$51.0 million in proceeds are first distributed between Basic Aid (\$30.6 million) and an offset of the Lottery Hold Harmless account (\$5.1 million), and then a net increase of \$15.3 million will be distributed to school divisions on a per pupil basis.

- ***Literary Fund Diversion for Teacher Retirement.*** Approves supplanting \$110.0 million GF with Literary Fund revenues to help offset the cost of teacher retirement. In the 2002-04 biennium, the adopted budget approves using \$176.4 million in Literary Fund revenues to fund teacher retirement and social security costs.

- ***Apply VRS Rate Retroactively.*** Increases the \$56.9 million in VRS savings for FY 2002, based on VRS Board-approved rates set in November 2000, by \$11.6 million to reflect a June 30, 2001, asset valuation and application of the new rate retroactively to July 1.

- **Group Life Premium Holiday.** Provides \$0.6 million savings from a group life premium holiday for May and June, resulting from administrative action to start the premium holiday approved for the 2002-04 biennium earlier than originally projected.
- **Carryforward Authority.** Adopts language allowing local school divisions to carry forward state funding to FY 2003. Previously, this authority had been limited to selected programs that required summer expenditures.
- **Transfer Authority.** Adds language allowing the Department of Education to transfer funding among all accounts, including Direct Aid, as needed to fully fund payments to local school divisions.
- **Consolidated Divisions.** Adds language clarifying that when school divisions consolidate, the payments for school construction grants and technology grants will continue to be distributed as though the divisions were separate for a period of 15 years, consistent with provisions of the Code of Virginia.

A listing by locality of estimated funding for FY 2002 Direct Aid to Public Education is included as Appendix A.