

## Public Education

<b>Governor's Proposed Amendments</b> (\$ in millions)				
	<b>FY 2013 Proposed</b>		<b>FY 2014 Proposed</b>	
	<u>GF</u>	<u>NGF</u>	<u>GF</u>	<u>NGF</u>
2012-14 Current Budget (Ch. 3, Special Session I)	\$5,240.6	\$1,425.9	\$5,268.3	\$1,430.3
Proposed Increases	4.0	81.0	93.7	36.8
Proposed Decreases	<u>(65.3)</u>	<u>(0.0)</u>	<u>(29.3)</u>	<u>(0.0)</u>
\$ Net Change	(61.3)	81.0	64.3	36.8
<b>HB 1500/SB 800, as Introduced</b>	<b>\$5,179.3</b>	<b>\$1,506.9</b>	<b>\$5,332.7</b>	<b>\$1,467.2</b>
% Change	(1.2%)	5.7%	1.2%	2.6%
FTEs	0.00	0.00	0.00	0.00
# Change	0.00	0.00	0.00	0.00

- **Direct Aid to Public Education**

- *Listings, by locality, of the estimated funding for FY 2013 and FY 2014 Direct Aid to Public Education are included as Appendix A and B, respectively.*

**Summary of Proposed Amendments for Direct Aid to Public Education**  
(GF \$ in millions)

	<u>FY 2013</u>	<u>FY 2014</u>	<u>Total</u>
2% Salary Increase for Funded SOQ Instructional Positions	\$0.0	\$58.7	\$58.7
Strategic Compensation Grants Initiative	0.0	15.0	15.0
Technical Update Sales Tax Forecast and School-Aged Population	4.0	5.7	9.7
Consolidation of Bedford School Divisions (Composite Index)	0.0	6.2	6.2
Funding for Blind/Visually Impaired Staffing	0.0	4.9	4.9
New Targeted Reading Specialists Initiative	0.0	1.4	1.4
Math/Science Recruitment & Retention Pilot Initiative	0.0	0.7	0.7
New Effective School-wide Discipline Initiative	0.0	0.3	0.3
Increase Funding for Pathway to Industry Certifications	0.0	0.3	0.3
New Summer Governor's School for Entrepreneurship	0.0	0.2	0.2
Second Year Funding for Charter Schools	0.0	0.1	0.1
Adjust Early Intervention Reading Funding Methodology	0.0	(0.4)	(0.4)
Reprogram VA Teaching Scholarship Loan Program	0.0	(0.7)	(0.7)
Technical Update for Incentive & Categorical Programs	(1.0)	(0.5)	(1.5)
Supplant GF with Additional Literary Fund Revenue	(9.0)	0.0	(9.0)
Eliminate Cost of Competing Adjustment for Support Positions	0.0	(12.2)	(12.2)
Technical Update for Lottery-Funded Program Participation and Projections	(11.2)	(4.8)	(16.0)
Technical Update for SOQ Programs (ADM & Fall Membership)	(8.9)	(10.7)	(19.5)
Fund GF Supported Programs with Additional Lottery Revenue	<u>(35.2)</u>	<u>0.0</u>	<u>(35.2)</u>
<b>Total Proposed Changes to 2012 Adopted Budget</b>	<b>(\$61.3)</b>	<b>\$64.3</b>	<b>\$3.0</b>

- *State's Share of 2 Percent Salary Increase for Funded SOQ Instructional Positions.* Recommends \$58.7 million GF the second year for the state's share of a 2 percent salary increase based on all funded SOQ instructional positions (teachers, principals, assistant principals, guidance counselors, librarians and instructional aides) effective July 1, 2013. The increase would be contingent on passage of the Governor's proposed Teaching Excellence Act (renamed the Educator Fairness Act) legislation. The new proposed act would reform areas such as teacher probationary status and the relationship between performance evaluations and contracts, and streamline the grievance process.
  
- *Strategic Compensation Grants (SCG) Initiative.* Proposes \$15.0 million GF the second year for competitive grants to school divisions which design and implement compensation systems that award incentive payments to teachers who meet eligibility criteria. Incentive awards would be based on and tailored to each participating school division's strategic goals and objectives. Localities would submit proposals to the Department of Education by July 15, 2013. Up to 3,000 teachers could receive the maximum \$5,000 award.

- ***Technical Update to Sales Tax Reforecast.*** Adds a net \$4.0 million GF the first year and \$3.7 million GF the second year based on the latest sales tax revenue projections provided by the Department of Taxation in December, 2012. The official sales tax forecast increased by \$9.1 million GF the first year and \$8.4 million GF the second year for revised totals of \$1,211.6 million GF and \$1,257.5 million GF respectively. The sales tax increases are offset by decreases in SOQ Basic Aid payments of \$5.1 million GF the first year and \$4.7 million GF the second year.
- ***Revised School-aged Population.*** Adds \$2.0 million GF the second year in SOQ Basic Aid payments due to the updates for the latest yearly estimate of school-aged population by the Weldon Cooper Center for Public Education at UVA.
- ***Bedford School Divisions Consolidation.*** Adds \$6.2 million GF the second year due to the pending reversion of Bedford City to township status, and the consolidation of the City and County school divisions into a single division. Both actions will be effective July 1, 2013. Newly combined school divisions are entitled to use the lower composite index value of the previously separate school divisions for a period of 15 years. At the time of reversion and consolidation, Bedford City had the lower composite index.
- ***Blind or Visually Impaired Staffing Standard.*** Proposes \$4.9 million GF the second year to fund the State Board of Education’s recommended staffing standard for students who are blind or visually impaired. A companion amendment reflects a savings of \$502,662 GF in the Department for the Blind and Vision Impaired. This proposed amendment is a funding standard only, not a mandated staffing standard, which would require enacting a specific mandated staffing standard in the SOQ state code, the appropriation act, or Board of Education regulations.
- ***New Targeted Reading Specialists Initiative.*** Proposes \$1.4 million GF the second year for the state’s share of one reading specialist per elementary school that scored below 75 percent on the third grade reading Standards of Learning test.
- ***Math/Science Recruitment and Retention Initiative.*** Proposes adding \$708,000 GF in FY 2014 for the second year of the new Math and Science Teacher Recruitment and Retention Pilot Initiative. The pilot provides eligible new math, physics, or technology education teachers a \$5,000 initial incentive award and an additional \$1,000 award for up to three years.

The funding is proposed to be reprogrammed from the elimination of the Virginia Teaching Scholarship Loan Program.

- ***Expand Effective School-wide Discipline Initiative.*** Proposes adding \$341,040 GF the second year to expand to a total of 58 schools that have high suspension/expulsion rates to implement or expand “an effective school-wide classroom discipline system that reduces disruptive behavior in the classroom.” A

companion amendment in the Department of Education adds \$277,000 GF the second year for training related to this program.

- ***Increase Funding for Path to Industry Certifications.*** Proposes adding \$267,548 GF the second year to offset and address some of the increases in the cost of credentialing exam fees for industry certifications and the number of students taking the exam.
- ***New Summer Regional Governor’s School for Entrepreneurship.*** Proposes \$210,000 GF the second year for two-week summer regional programs for middle school students to solve problems through product innovation and to explore entrepreneurship in a global market. The curriculum would focus on entrepreneurship, globalization, team building, design thinking, project management, product design, and leadership within a culturally diverse environment.
- ***Second Year Charter School Supplemental Grants.*** Proposes \$100,000 GF the second year for the award of supplemental grants to charter schools by the Superintendent of Public Instruction. Funding is targeted for Patrick Henry Charter School to assist with lowering the class sizes for kindergarten through third grade.
- ***Adjust Early Intervention Reading Initiative Methodology.*** Proposes savings of \$425,331 GF the second year by adjusting the methodology for calculating the percentage of students funded for the Early Intervention Reading Initiative in the third grade. The number of eligible students is currently based on the percentage of students needing services as determined by the Phonological Awareness Literacy Screening (PALS) diagnostic test, which is calculated by dividing the number of students identified as needing intervention by the number students tested. The proposed amendment changes this percentage to be the total number of third grade students identified as needing intervention as determined by PALS divided by total third grade fall membership, which will be consistent with the methodology used for grades kindergarten through second grade.
- ***Reprogram the Virginia Teaching Scholarship Loan Program.*** Proposes savings of \$708,000 GF the second year by eliminating the Virginia Teaching Scholarship Loan Program, which provides scholarships of up to \$3,720 to students who are preparing, at one of the 37 colleges in Virginia with teacher preparation programs, to teach in one of Virginia’s critical shortage teaching areas. These funds are proposed to be reprogrammed to the continuing Math/Science Recruitment and Retention Pilot Initiative.
- ***Use Additional Literary Fund Revenue to Offset Teacher Retirement GF Costs.*** Proposes savings of \$9.0 million GF the first year by supplanting additional Literary Funds for teacher VRS payments. The additional Literary Funds were due to two divisions making early repayment of loans.

- ***Eliminate the Cost of Competing Adjustment (COCA) for Support Positions.*** Saves \$12.2 million GF the second year by proposing to eliminate the Cost of Competing Adjustment (COCA) for funded support positions. Chapter 3 of the 2012 Acts of Assembly, Special Session I funded the support COCA at \$27.8 million GF for the first year and \$12.2 million GF the second year.
- ***Update SOQ, Categorical, Incentive, and National Board Certification.*** Reflects savings of \$8.9 million GF the first year and \$10.7 million GF the second year due to student enrollment projections estimated to total 1,221,486 students in the unadjusted ADM in FY 2013 and 1,228,510 students in FY 2014, which reflects a decrease in the growth projected in Chapter 3 of 1,183 and 1,290 students, respectively. Also reflects savings of \$1.0 million GF the first year and \$560,205 GF the second year in the costs of current Incentive and Categorical programs with the required updated data revisions.

Also proposes savings of \$85,000 GF the first year and adds \$125,000 GF the second year based on the most recent actual number of teachers eligible for National Board Certification awards.

- ***Update Lottery Funded Programs for Participation and Updated Projections.*** Proposes savings of \$11.3 million GF the first year and \$4.9 million GF the second year to reflect updates in Lottery funded programs that are based on actual participation enrollments in 2013 and updated projections for 2014.
- ***Use Additional Lottery Proceeds.*** Adds \$35.2 million NGF the first year to reflect \$23.0 million from FY 2012 balances and \$12.2 million in residual unspent balances that have accumulated.
- ***Update NGF to Reflect Expected Federal Funds.*** Adds \$36.8 million NGF each year to align the official appropriation amounts with the anticipated federal grant awards, based on the level of administrative transfers in recent years to school divisions.
- ***Proposed Language Amendment Adjustments.***
  - ***School Nurse Funding Methodology for 2014-16 Biennium.*** Specifies that the funding standard for rebenchmarking the 2014-16 biennium will be based on one nurse per school with fall membership of less than 1,500 students and two nurses per school with a fall membership of 1,500 students or more. New budget language also encourages the Board of Education to consider adopting a staffing standard for school nurses in the SOQ that is consistent with the proposed funding methodology. Additional changes to existing language removes the mandated requirement that school divisions spend 100 percent of budgeted allocations related to health services beginning in FY 2015, which would be consistent with current practice of all other funding allocations to school divisions.

- ***Reduces Required Local Effort Data Reporting Requirements.*** In lieu of reporting budgeted expenditure data annually, proposed language specifies that school division superintendents will be able to certify at the beginning of each school year that sufficient local funds have been budgeted to meet all required local effort and applicable required match amounts. No change is proposed to the reporting of actual required local effort.
- ***Reporting Due Dates for National Board Certification and K-3 Class Size Reduction.*** Changes the deadline from September 30<sup>th</sup> to October 15<sup>th</sup> each year for school divisions to report the number of teachers eligible for bonus payments for achieving national board certification.

Also establishes a deadline of December 1<sup>st</sup> each year for school divisions to confirm compliance with staffing and class size requirements to participate in the K-3 Class Size Reduction program.

- ***Workplace Readiness Skills Assessment Flexibility.*** Modifies language for the Workplace Readiness Skills Assessment to permit the funding to be used for the Path to Industry Certification initiative. School divisions would also be able to use the funding for any other industry credentialing exam costs or related preparations that help students meet the new standard diploma requirements.

**Appropriation Summary for the Education Assistance Programs**  
(\$ in millions)

	<u>FY 2013</u>	<u>FY 2014</u>
<b>Standards of Quality Programs</b>		
Basic Aid	\$2,922.9	\$2,889.2
Sales Tax	1,211.6	1,257.5
Textbooks (Split Funded with Lottery Proceeds)	0.1	45.8
Vocational Education	53.8	53.8
Gifted Education	32.1	32.2
Special Education	362.2	366.8
Prevention, Intervention, and Remediation	85.1	85.3
Remedial Summer School	21.8	23.4
VRS Retirement	302.5	304.3
Social Security	181.2	182.3
Group Life	<u>11.4</u>	<u>11.5</u>
<b>Total</b>	<b>\$5,184.8</b>	<b>\$5,252.0</b>
<b>Incentive Programs</b>		
Governor's School - Academic & Summer	\$14.4	\$15.1
Governor's School - Planning & Start-up / Expansion	0.1	0.1
Governor's School - Hampton Roads Planning Site	0.1	0.0
Clinical Faculty	0.3	0.3
Career Switcher Mentoring Grants	0.3	0.3
Special Education - Endorsement Program	0.6	0.6
Special Education - Vocational Education	0.2	0.2
Virginia Workplace Readiness Skills Assessment	0.3	0.3
EpiPen Grants	0.2	0.0
Additional Assistance with Retirement, Inflation, and Preschool Costs	55.0	55.0
Performance Pay Initiative	1.1	0.0
Compensation Supplement	0.0	58.5
Early Reading Specialists Initiative	0.0	1.4
Strategic Compensation Grants Initiative	<u>0.0</u>	<u>15.0</u>
<b>Total</b>	<b>\$72.5</b>	<b>\$146.9</b>
<b>Categorical Programs</b>		
Adult Education	\$1.1	\$1.1
Adult Literacy	2.5	2.5
Virtual Virginia	4.3	4.3

**Appropriation Summary for the Education Assistance Programs**  
(\$ in millions)

	<u>FY 2013</u>	<u>FY 2014</u>
American Indian Treaty Commitment	0.1	0.1
School Lunch	5.8	5.8
Special Education – Homebound	5.2	5.6
Special Education – Jails	3.5	3.8
Special Education - State Operated Programs	<u>33.0</u>	<u>35.2</u>
<b>Total</b>	<b>\$55.5</b>	<b>\$58.3</b>
<b>Lottery Funded Programs</b>		
Foster Care	\$9.0	\$9.4
At-Risk	78.7	78.5
Virginia Preschool Initiative	64.9	68.6
Early Intervention Reading	15.3	15.0
Mentor Teacher	1.0	1.0
K-3 Primary Class Size Reduction	102.7	106.4
School Breakfast Program	3.3	3.8
SOL Algebra Readiness	11.2	11.4
Regional Alternative Education	7.8	8.0
Individual Student Alternative Education Plan	2.2	2.2
Special Education – Regional Tuition	72.4	77.7
Career & Technical Education – Categorical	10.4	10.4
Project Graduation	2.8	2.8
Virginia Teacher Corps (NCLB/EFAL)	0.4	0.4
Race to GED (NCLB/EFAL)	2.5	2.4
Path to Industry Certification (NCLB/EFAL)	1.1	1.3
Supplemental Basic Aid	0.9	0.9
English as a Second Language	44.7	45.9
Textbooks (Split Funded with GF)	<u>61.1</u>	<u>15.8</u>
<b>Total</b>	<b>\$492.5</b>	<b>\$462.0</b>
<b>Technology - VPSA</b>	<b>\$59.8</b>	<b>\$59.6</b>
<b>Supplemental Assistance Programs</b>	<b>\$10.0</b>	<b>\$9.1</b>
(See the following table for individual allocations.)		



## Supplemental Assistance Programs

	<u>FY 2013</u>	<u>FY 2014</u>
<b>Supplemental Assistance Programs</b>		
Career and Technical Education Resource Center	\$298,021	\$298,021
Charter School Applicants' Assistance Grants	100,000	100,000
College Readiness Center Pilot	175,000	0
Communities in Schools	525,000	525,000
Effective School-wide Discipline	0	341,040
Governor's Health Sciences Academies	80,000	0
Greater Richmond Area Scholarship Program	212,500	212,500
Jobs for Virginia Graduates	373,776	373,776
National Board Certification Teacher Bonuses	5,100,000	5,310,000
Project Discovery	350,000	350,000
Small School Division Assistance	145,896	145,896
Southside Virginia Technology Consortium	58,905	58,905
Southwest Virginia Public Education Consortium	124,011	124,011
Teacher Recruitment & Retention: Math/Science	500,000	808,000
Teacher Recruitment: Preparation Initiative Pilot	300,000	400,000
Van Gogh Outreach Program	71,849	71,849
Virginia Career Education Foundation	31,003	31,003
Virginia STEAM Feasibility Planning Grant	200,000	0
Virginia Student Training & Refurbishment Program	425,000	0
Virginia Teacher Scholarship Loan Program	708,000	0
Youth Development Academies	<u>203,691</u>	<u>543,176</u>
<b>Total</b>	<b>\$9,982,652</b>	<b>\$9,693,177</b>

- **Department of Education**

- *Establish "Virginia Opportunity School District"*. Proposes \$600,926 GF the second year for an item called "Virginia Opportunity School District."

No additional information was provided with the introduced budget.

- *Academic Reviews*. Adds \$500,000 GF the second year for academic reviews of schools that are not fully accredited. For the 2011-12 school year, 70 out of 1,838 schools, about 4 percent, were not fully accredited, up from 36 schools the previous year.

- *Develop an Effective Schoolwide Discipline System.* Proposes \$277,000 GF the second year to help develop and conduct training for teachers and administrators on implementation of “an effective school-wide discipline system that reduces disruptive behavior in the classroom.” A companion amendment in Direct Aid also adds \$341,040 GF the second year to expand the number of schools implementing an effective school-wide discipline system.
- *New Virginia Center for Excellence in Teaching.* Proposes \$220,191 GF the second year to establish a new Virginia Center for Excellence in Teaching. The Virginia Department of Education would solicit competitive proposals from institutions of higher education to create and operate the center, which will operate a series of residential summer professional development academies for exemplary teachers who hold a Virginia teaching license, have a minimum of five successful years of teaching, a consistent record of effective instruction, and have a demonstrated leadership ability.
- *Administration of New Tax Credit Program.* Adds \$178,806 GF the second year to support implementation of the Education Improvement Scholarships Tax Credits program and expansion of the Neighborhood Assistance Tax Credits program.
- *Statewide Virginia Longitudinal Data Systems (VLDS).* Adds \$156,060 GF the second year for operation of the VLDS. DOE, in partnership with the Office of the Governor, the State Council of Higher Education for Virginia (SCHEV), the Virginia Community College System (VCCS), the Virginia Information Technologies Agency (VITA), and Virginia’s workforce agencies’ are expanding the development and improvements made to the SLDS.
- *Phonological Awareness Literacy Screening (PALS) Contract with UVA.* Proposes adding an additional \$104,783 GF the second year to develop online professional development materials, contract for professional data management services, and recognize increasing operational costs for the PALS office at UVA.
- *Innovative Education Technical Advisory Group.* Proposes \$100,000 GF the second year, for a revised total of \$200,000, for the new Innovative Education Technical Advisory Group to assist new applicants seeking to establish charter, college laboratory, or virtual schools. Also amends the purposes to include “other instructional delivery or school governance models.”

- **Secretary of Education**

- *College Partnership Lab Schools.* Proposes \$600,000 GF the second year, which would mark the third year of such an appropriation for college partnership lab schools, and allows the funds to be used for implementation in addition to development. costs With the adoption of Chapters 176 and 580 of the 2012 Acts of Assembly, private institutions of higher education that operate a teacher education program approved by the Board of Education are now permitted to

apply for a grant to develop and operate a college partnership laboratory school in addition to the public institutions.

- **Virginia School for the Deaf and Blind**

- *Security Staff.* Proposes \$168,355 GF the second year and adds 4.0 FTE positions to increase security personnel.
- *School Bus Financing.* Proposes \$17,481 GF the second year for debt service on a new school bus purchased through the Commonwealth's Master Equipment Lease Program. The estimated \$115,000 purchase price of the bus will be financed over a seven year period.