

## Public Education

<b>Adopted Adjustments</b>				
(\$ in millions)				
	FY 2015 Adopted		FY 2016 Adopted	
	<u>GF</u>	<u>NGF</u>	<u>GF</u>	<u>NGF</u>
2014-16 Base Budget, Ch. 806	\$5,342.5	\$1,472.4	\$5,342.5	\$1,472.4
Increases	424.6	88.0	467.6	48.0
Decreases	<u>(268.5)</u>	<u>(28.1)</u>	<u>(220.2)</u>	<u>(24.7)</u>
\$ Net Change	156.1	59.9	247.4	23.3
<b>Chapter 2 (HB 5002, as Adopted)</b>	<b>\$5,498.7</b>	<b>\$1,532.3</b>	<b>\$5,590.0</b>	<b>\$1,495.7</b>
% Change	2.9%	4.1%	4.6%	1.6%

- **Direct Aid to Public Education**

- *Listings, by locality, of the estimated funding for FY 2015 and FY 2016 Direct Aid to Public Education are included as Appendix A and B, respectively.*

**Summary of Actions for Direct Aid to Education**  
(GF \$ in millions)

	<u>FY 2015</u>	<u>FY 2016</u>	<u>Total</u>
<b><u>Rebenchmarking Updates:</u></b>			
VRS Retirement & OPEB Contribution Rates*	\$86.5	\$86.7	\$173.2
Funded Instructional Salaries and Positions	69.7	69.7	139.4
Federal Revenue Deduction	52.0	52.0	104.0
Inflation Factors for Non-personal Support Costs	37.7	37.9	75.6
Lottery-Funded Programs Transferred into GF	32.9	39.7	72.6
Base Year Expenditures for Non-personal Support	34.9	35.3	70.2
Health Care Premium	26.7	26.7	53.4
Re-set PreK Non-participation Estimate to 0%	23.4	23.4	46.8
Student Transportation	18.5	19.1	37.6
Local Composite Index	18.4	18.6	37.0
SOL Failure Rates and Free Lunch	17.8	18.0	35.8
Student Membership & Program Participation	5.6	26.5	32.1
Net Sales Tax Forecast & Basic Aid Offset	6.1	25.6	31.7
Textbooks	4.5	4.5	9.0
Incentive and Categorical Account Programs	(0.6)	(0.2)	(0.8)
Lottery Proceeds & GF Offset	(38.0)	(38.0)	(76.0)
Remove FY 2014 One-time Spending	(55.6)	(55.6)	(111.2)
Re-set Personal Support Costs Inflation Factors to 0% & Remove Compensation Supplement	<u>(70.4)</u>	<u>(70.4)</u>	<u>(140.8)</u>
<b>Subtotal for All Rebenchmarking Updates</b>	<b>\$270.1</b>	<b>\$319.5</b>	<b>\$589.6</b>
<b><u>Policy Changes:</u></b>			
Backfill Literary Fund Revenue	\$18.1	\$14.7	\$32.8
Instructional Specialists in Schools Not Accredited	1.8	1.8	3.6
National Board Certification Eligibility Update	0.6	0.6	1.2
Year-round and Extended-year Schools	1.6	3.0	4.6
PreK Initiative Hold Harmless Slots	1.0	3.6	4.6
Net Sales Tax & Basic Aid Offset – Adopted Legislation	1.9	2.3	4.2
Teach for America Grants	0.5	0.5	1.0
Expand Project Discovery	0.3	0.3	0.6
Expand Communities in Schools to Petersburg	0.3	0.3	0.6
Expand Positive Behavioral Intervention Supports	0.3	0.3	0.6
Achievable Dream – Middle / High School, Inc.	0.0	0.5	0.5
Expand VPSA e-Learning Backpack to High Schools: 33% ESL & 15% FL (1 <sup>st</sup> yr debt)	0.0	0.3	0.3
PreK & K Based STEM Model Program	0.0	0.3	0.3
Expand Jobs for Virginia Graduates	0.0	0.2	0.2
Expand Great Aspirations Scholarship Program	0.0	0.2	0.2

**Summary of Actions for Direct Aid to Education**  
(GF \$ in millions)

	<u>FY 2015</u>	<u>FY 2016</u>	<u>Total</u>
STEAM Academy	0.1	0.0	0.1
Juvenile Detention Centers	(0.3)	(0.3)	(0.6)
Adjust Retiree Health Care Credit & Group Life @ 90%	(4.9)	(4.8)	(9.7)
Use Three-year Average for K-3 Class Size Reduction	(5.2)	(5.2)	(10.4)
Eliminate Strategic Compensation Grants	(7.5)	(7.5)	(15.0)
Eliminate Support Cost of Competing Adjustment	(10.2)	(10.5)	(20.7)
Literary Fund – Revenue from Unclaimed Property Sale	(25.0)	0.0	(25.0)
Revised Lottery Revenue Estimates	(25.0)	(10.0)	(35.0)
Estimate Non-participation Savings for PreK @ 25.4%	(24.2)	(24.3)	(48.5)
Eliminate Inflation Update	<u>(38.1)</u>	<u>(38.3)</u>	<u>(76.4)</u>
<b>Subtotal for Policy Changes</b>	<b>(\$113.9)</b>	<b>(\$72.0)</b>	<b>(\$185.9)</b>
<b>Total</b>	<b>\$156.1</b>	<b>\$247.5</b>	<b>\$403.6</b>

*\*Includes VRS, Group Life, and Retiree Health Care Credit Rates.*

**Summary of Adopted Revenues for Direct Aid to Education**  
(\$ in millions)

	<u>FY 2015</u>	<u>FY 2016</u>	<u>Biennium</u>
General Fund	\$5,498.6	\$5,590.5	\$11,089.1
Special Fund	0.9	0.9	1.8
Commonwealth Transportation	2.2	2.2	4.4
Trust & Agency (Lottery & Literary)	658.3	621.6	1,279.9
Federal Trust	<u>870.9</u>	<u>870.9</u>	<u>1,741.8</u>
<b>Grand Total for all Revenue Sources</b>	<b>\$7,030.8</b>	<b>\$7,086.1</b>	<b>\$14,117.0</b>

- **State's Share of Biennial Rebenchmarking.** Preliminary rebenchmarking calculations by the Department of Education as of September 2013, were \$165.5 million GF in FY 2015 and \$185.2 million GF in FY 2016, which totaled \$350.6 million GF for the biennium.

The Governor's introduced budget for FY 2014-16 included updating the remaining rebenchmarking data steps, which added an additional net \$233.5 million GF over the two years, along with a number of proposed policy changes, which decreased total funding by a net \$83.8 million GF for the same period.

The final General Assembly action increased the rebenchmarking costs by \$5.5 million GF over the biennium due to several technical adjustments. Further, a number of additional policy changes decreased total GF funding by a net of \$102.1 million, of which \$60.0 million was offset by increases to NGF sources from Lottery and Literary Fund revenues.

- **Projected Enrollments.** Adds \$5.6 million GF the first year and \$26.5 million GF the second year to reflect the updated student enrollment projections that are estimated to total 1,238,271 in the unadjusted Average Daily Membership (ADM) in FY 2015, and 1,246,428 students in FY 2016, up from 1,228,510 for FY 2014 in Chapter 806 of the 2013 Acts of Assembly. Student membership has increased by approximately 1/2 percent each year for the last four years.
- **Funded Instructional Salaries and Positions.** Adds \$69.7 million GF each year to reflect the updated funded salary levels from FY 2012-14 to FY 2014-16 due to changes in the base year (FY 2012) prevailing state-wide average salaries reported and the state's 2 percent salary incentive for FY 2014. The following salary amounts are included in the SOQ funding model for FY 2014-16:

<b>Instructional Positions</b>	<b>2012-14</b>	<b>2014-16</b>	<b>Percent Change</b>
<b>Elementary Level:</b>			
Teachers	\$45,118	<b>\$45,822</b>	1.6%
Assistant Principals	63,824	<b>65,037</b>	1.9%
Principals	78,510	<b>79,796</b>	1.6%
<b>Secondary Level:</b>			
Teachers	\$47,267	<b>\$48,125</b>	1.8%
Assistant Principals	67,824	<b>68,863</b>	1.5%
Principals	86,464	<b>87,954</b>	1.7%
Instructional Aides	16,223	<b>16,613</b>	2.4%

- **VRS Retirement and OPEB Contribution Rates.** Adds \$86.5 million GF the first year and \$86.7 million GF the second year for the state’s share of the cost from increasing the professional “teacher” rate to 14.50 percent for the employer contribution, up from 11.66 percent; and lowering the non-professional rate to 9.40 percent from 10.23 percent. Further, the Other-Post Employment Benefit (OPEB) rate for Retiree Health Care Credit (RHCC) increases from 1.11 percent to 1.18 percent, while the rate for the employer’s share of Group Life (GL) increases from 0.48 percent to 0.53 percent. A separate policy action has reduced the RHCC rate to 1.06 percent and the GL rate to 0.48 percent to be consistent with actions taken for state employee rates, which are funded at 90 percent for the new biennium. This action does not adversely impact the six-year phase-in for the separate retirement rates.

The retirement rate of 14.5 percent reflects the six-year phase-in to full VRS Board-approved rates as required in Chapter 823 of the 2012 Acts of Assembly, reform legislation, and is shown in the table below. The rate also includes 1.38 percent for the payback over ten years due to the decision of the 2010 General Assembly to defer the portion of the contribution rate attributable to the unfunded liability. The 10-year repayment schedule will be completed in FY 2022.

	<u>FY13-14</u>	<u>FY15-16</u>	<u>FY17-18</u>	<u>FY19-20</u>
Teacher Phase-in Rate	69.53%	79.69%	89.94%	100.00%

- **Health Care Premiums.** Adds \$26.7 million GF each year to reflect the updated prevailing state-wide average costs reported and used to determine the health care premium rate allotted for each funded position. The updated premium amount of \$4,188, which is 10.8 percent higher than the \$3,778 included in the FY 2014 budget (a separate policy action has eliminated the inflation update that would have increased the amount to \$4,340). The updated premium rate has been prorated to reflect the statewide average participation rate of about 67 percent in health care coverages provided to employees.
- **Base Year Expenditures.** Adds \$34.9 million GF the first year and \$35.3 million the second year to reflect the various adjustments including base year (FY 2012) expenditure data for non-personal support, updating of school-level enrollment configurations, and updated data for the federal revenue deduction.

- ***Student Transportation.*** Adds \$18.5 million GF the first year and \$19.1 million GF the second year to reflect the updated base year transportation cost data.
- ***Textbook Per Pupil Amount.*** Adds \$4.5 million GF each year to reflect the per pupil statewide prevailing textbook costs, reported by localities, of \$96.22, a 7.2 percent increase, compared with the funded amount of \$89.73 for FY 2014 in Chapter 806 of the 2013 Acts of Assembly (a separate policy action has eliminated the inflation update that would have increased the amount to \$99.42).
- ***Incentive, Categorical, and Lottery Accounts.*** Captures \$0.6 million GF the first year and \$0.2 million GF the second year to reflect the various adjustments to incentive, categorical, and Lottery-funded accounts that are linked to SOQ funding factors, such as ADM enrollment, Basic Aid per pupil cost, salaries and benefits, or student program participation totals.

In addition, reflects a projected increase in Lottery Proceeds of \$38.0 million NGF in FY 2015 and \$38.0 million NGF in FY 2016 for total proceeds of \$500.0 million NGF each year. The additional Lottery revenue is used to supplant a like amount of general fund revenues (a separate policy action increases the Lottery Proceeds estimate by \$25.0 million NGF the first year and \$10.0 million NGF the second year).

- ***Removal of FY 2014 One-Time Spending.*** Reflects a reduction of \$55.0 million GF each year from the FY 2014 base budget contained in Chapter 806. The language in Chapter 806 stipulated that \$55.0 million each year was provided to assist school divisions with any costs associated with inflation, retirement contribution rates, or any one-time costs associated with Virginia Preschool Initiative Programs. In addition, \$0.6 million GF for several other one-time costs are eliminated: 1) \$412,500 for Year-round planning grants; 2) \$129,500 for the PreK STEM model; and 3) \$87,500 for the College Readiness Center pilot in Henrico.
- ***Local Composite Index (LCI).*** Adds \$18.4 million GF the first year and \$19.1 million GF the second year a result of updating the local composite index. The elements used to calculate each school division's composite index of local ability-to-pay are updated from 2009 to 2011, which are the most current available at the time the LCI updates are calculated. The composite index measures local wealth through true value of real property (50 percent), adjusted gross income (40 percent) and retail sales tax collection (10 percent). The index is weighted two-thirds by ADM and one-third by population.

The revised LCI went up for 52 school divisions (i.e. the locality is responsible for a larger percentage of SOQ costs), and down for 74 school divisions (decreasing the locality's share of SOQ costs). The LCI was unchanged for the remaining eight divisions that are still capped at 0.8000.

- ***Projected Sales Tax Revenue.*** Reflects a net increase of \$6.1 million GF the first year and \$25.6 million GF the second year relative to the sales tax revenue forecast. The sales tax revenues from the one cent portion and the additional one-eighth cent sales tax from the Public Education SOQ/Real Estate Property Tax Relief Fund that are dedicated for public education and distributed based on school-aged population are projected to increase from \$1,257.5 million GF in Chapter 806 for FY 2014 to \$1,272.6 million GF in FY 2015 and \$1,317.6 million in FY 2016 (a separate policy action from adopted legislation increases this revenue source by \$4.2 million GF over the biennium).

– ***Policy Changes and Program / Initiative Changes***

- ***Sales Tax Revenue Legislation.*** Reflects an additional net increase of \$1.9 million GF the first year and \$2.3 million GF the second year as a result of the passage of Chapter 359 of the 2014 Acts of Assembly (SB 100) and adjustments to existing statute regarding on-line retail sales transactions.
- ***National Board Certification.*** Adds \$575,000 GF each year, for a total of \$5.9 million GF per year, to address growth in the number of teachers who receive bonus awards upon achieving National Board Certification to 260 teachers receiving an initial bonus and 1,834 teachers receiving a continuing bonus in FY 2015, providing level funding in FY 2016. Eligible teachers receive a \$5,000 bonus the first year and \$2,500 for each of the remaining nine years of the ten year certificate.
- ***Retiree Health Care Credit (RHCC) and Group Life (GL).*** Saves \$4.9 million GF the first year and \$4.8 million GF the second year by decreasing the rates to 90 percent of the rates included in rebenchmarking. The RHCC rate has been adjusted from 1.18 percent to 1.06 percent and the GL rate from 0.53 percent to 0.48 percent.
- ***Support Cost of Competing Adjustment (COCA).*** Saves \$10.2 million GF the first year and \$10.5 million GF the second year by eliminating the remaining cost of competing adjustment for SOQ funded support positions for the school divisions in Planning District Eight and certain adjacent divisions as specified in the Appropriation Act. The FY 2014 budget included a 6.98

percent adjustment to help offset the additional costs. The COCA supplement for instructional positions remains at 9.83 percent.

- ***Non-participation PreK Savings.*** Captures savings of \$24.2 million NGF in FY 2015 and \$24.3 million NGF in FY 2016 in the Virginia Preschool Initiative based on a non-participation rate of 25.4 percent, the rate included in Chapter 806 for FY 2014.
- ***Non-personal Inflation Update.*** Saves \$38.1 million GF the first year and \$38.3 million GF the second year by eliminating the update of the FY 2012 base year non-personal costs up to the beginning of FY 2015. The FY 2012-14 final rebenchmarking total costs also excluded the inflation adjustments.
- ***Lottery Proceeds.*** Reflects an additional \$25.0 million NGF the first year and \$10.0 million NGF the second year from Lottery Proceeds. This adjustment brings the revenue projection up to \$525.0 million NGF in FY 2015 and \$510.0 million NGF in FY 2016. The additional Lottery revenue is used to supplant a like amount of general fund revenues for teacher retirement payments. Furthermore, this fund swap does not change the total state funding amounts allocated to the school divisions.
- ***Literary Fund Support for School Employee Retirement Contributions.*** Reflects a net general fund savings of \$6.9 million the first year and an increase of \$14.7 million GF the second year as a result of several Literary Fund revenue adjustments.

The introduced budget increased the general fund allocation for teacher retirement costs by \$18.1 million GF the first year and \$14.7 million GF the second year to backfill the decrease in available revenues in the Literary Fund. The decline in the Literary Fund revenue came from a drop in the level of loan repayments due to early repayments and retirement of loan debt obligations, a decrease in the reserve amount, and increases in debt service costs for school security equipment grants and the e-Learning Backpack initiative.

During the 2014 Regular Session, the Department of Treasury updated its forecast to include an additional \$25.0 million NGF in the Literary Fund. The additional revenues will be realized as Treasury begins its final due diligence efforts to locate owners on the last group of accounts related to the large demutualization of insurance companies between 2003 and 2008. Treasury estimates that during FY 2015 it will be able to identify and liquidate sufficient shares of stock, together with the accrued dividends, to transfer \$25.0 million in unclaimed property proceeds to the Literary Fund, similar to



the transfers in 2009 and 2010 from the first deliveries of demutualization proceeds. The additional Literary Fund will be used for retirement payments and create a like amount of general fund savings.

<b>Revisions to Literary Fund Sources and Uses</b>			
(\$ in millions)			
	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>
<u>Revenue Sources:</u>			
Fines, Fees and Forfeitures	\$70.1	\$70.5	\$70.7
Interest Less Fees	0.7	0.7	0.7
Unclaimed Property	75.0	99.0	74.0
Interest on Unclaimed Property	0.8	0.8	0.8
Unclaimed Lottery Prizes	11.4	11.6	11.7
Loan Payments to the Literary Fund and Interest	25.9	26.0	25.3
VPSA Reserve	<u>4.8</u>	<u>0.5</u>	<u>0.5</u>
<b>Total</b>	<b>\$188.8</b>	<b>\$209.1</b>	<b>\$183.7</b>
<u>Expenditure Allocations:</u>			
Teacher Retirement / Social Security	\$144.4	\$142.9	\$121.2
Technology Equipment & "e-Learning Backpack"	60.1	60.9	62.5
Debt Service			
School Security Grants Debt Service	1.3	2.5	3.7
Interest Rate Subsidy	2.1	0.0	0.0
School Construction Loans	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
<b>Total</b>	<b>\$207.9</b>	<b>\$206.3</b>	<b>\$187.4</b>

- Virginia Preschool Initiative Hold Harmless Slots.** Adds \$1.0 million GF the first year and \$3.4 million GF the second year to extend the transition period another two years and partially fund Hold Harmless slots for the Pre-K initiative. Two years ago the adopted budget (Chapter 890) for FY 2013 and FY 2014, changed the funding calculation methodology for the estimate of four-year-olds from using an estimation from the Virginia Employment Commission to now using the projected number of projected kindergarten students in ADM as the proxy.

During the first transition period, FY 2013 and FY 2014, the number of slots funded in each school division was the higher of either 1) the calculated slots

based on projected kindergarten enrollment or 2) the lesser of either the calculated slots using projections of four-year-olds from the Virginia Employment Commission (VEC) or the actual number of utilized slots in FY 2012. After that, beginning with FY 2015, the number of funded slots would be based on projected kindergarten enrollment in lieu of a VEC projected number of four-year-olds. While the adjustment resulted in fewer total slots than a VEC estimate, it was more in line with the actual number of total slots used and the anticipated number of rising kindergarten students.

Now for the second transition period, FY 2015 and FY 2016, the prorated number of slots for both years is based on the greater of either the actual slots used in FY 2014 or the slots included in the introduced budget.

- ***Instructional Specialists.*** Adds \$1.8 million GF each year for the state's share of a reading or math specialist for underperforming schools that have been denied accreditation or have been accredited with warning for three consecutive years, plus the Department of Education must identify up to 20 additional schools for funding accredited with warning for two years that have shown little or no improvement in student achievement in the past year.
- ***Teach For America (TFA).*** Adds \$500,000 GF each year for grants to help offset the \$5,000 per teacher hiring fee charged to school divisions that have signed contracts with Teach For America. TFA recruits from diverse groups that have records of achievement, highly motivated and who want to work toward expanding educational opportunity for all students. TFA members begin their career by starting to teach for two years in a low-income community.
- ***Communities in Schools (CIS) to Petersburg.*** Adds \$269,400 GF each year to establish a Communities in Schools affiliate in the Petersburg school division. CIS is the nation's fifth-largest youth-serving organization and the leading dropout prevention organization in the country. The program uses evidence-based practices to identify risk factors or conditions that significantly increase the likelihood of students dropping out of school. It provides a tailored plan that addresses the needs of each student and is focused on keeping them in school and graduate. This additional allocation will increase the total funding for the CIS to \$794,400 GF each year.
- ***Project Discovery.*** Adds \$275,000 GF each year for Project Discovery that will offset a portion of the federal funding that was either reduced or eliminated in recent years, including a loss of \$435,000 from the federal College Access Challenge Grant as Virginia did not meet the maintenance of effort requirement. The program is support to help at-risk students stay in

high school and possibly enter college. Project Discovery alumni graduate from high school and attend college at higher rates than their socioeconomic peers.

- ***Positive Behavioral Intervention Supports.*** Adds \$256,960 GF each year to expand the number of schools participating in training in reducing disruptive behavior in the classroom. This brings the total under Direct Aid to \$598,000 GF per year. There is also a companion budget allocation in the Department of Education for \$402,000 GF each year for training, technical assistance and on-site coaching of teachers and administrators on the implementation of the program (previously, this initiative was referred to as the Effective School-Wide Discipline System).
- ***Achievable Dream Middle/High School.*** Provides \$500,000 GF the second year for the Achievable Dream Middle/High program operated in partnership with Newport News Public Schools, in lieu of a like amount of tax credits from the Neighborhood Assistance Program.
- ***Early Childhood STEM Model Program.*** Provides \$325,000 GF the second year for Accomack, Fairfax, Loudoun, Petersburg, and Wythe Public Schools to support implementation of a Wolf Trap like model for Science, Technology, Engineering and Mathematics (STEM) education program for preschool and kindergarten enrolled students.
- ***e-Learning Backpack Initiative.*** Adds \$250,000 GF the second year to pay the first of five years of debt service costs related to purchasing tablets for the first cohort of 9<sup>th</sup> grade students who are enrolled in high schools that have at least thirty-three percent of its students eligible for free lunch and also have at least fifteen percent English-as-a-Second Language (ESL) students. Initially, this will add 12 high schools from eight school divisions (Accomack, Arlington, Fairfax, Galax, Prince William, Alexandria, Harrisonburg, Winchester) to the Virginia e-Learning Backpack Initiative beginning in FY 2015. The expansion will provide \$400 per ninth grade student and \$2,400 per eligible school to purchase two content creation packages for teachers.
- ***Jobs for Virginia Graduates.*** Provides an additional \$200,000 GF the second year for Jobs for Virginia Graduates statewide program for at-risk youth who seek to make the most of their high school education and pursue career and post-secondary educational interests.
- ***Great Aspirations Scholarship Program (GRASP).*** Adds \$187,500 GF the second year, for a total of \$400,000 GF the second year, for GRASP to provide

students and families in need access to financial aid, scholarships, and counseling.

- ***STEAM Academy.*** Provides \$100,000 GF the first year to implement the strategic plan to establish and validate the Virginia STEAM Academy, which would be a residential facility designed to foster the educational development of Virginia high school students who are academically talented in the areas of science, technology, engineering, and applied mathematics. It would also serve all schools in the Commonwealth through research and outreach. Specifically, the funding will be used to establish the leadership team, carry out annual summer residential academies for middle school students, and continue with the buildings and grounds architectural design work.
- ***Virginia STAR II.*** Adds \$25,000 GF in additional funding the second year for the Virginia Student Training and Refurbishment Program, a collaborative effort to introduce students to the field of information technology, with the goal of creating a sustainable educational program that takes surplus hardware from state agencies or private companies to offer students IT repair certification training. Once refurbished, the computers are available for school use or other community needs.
- ***Career and Technical Education Governor's School.*** Reprograms \$100,000 GF the first year from the Governor's School Planning and Start-up/Expansion Grant allocation to support the development of a model Career and Technical Education (CTE) theme-based Governor's School, pursuant to Chapter 425 of the 2014 Acts of Assembly (HB 887). Language also directs the Department of Education to develop the CTE model.
- ***Year Round School Grants.*** Adds \$1.0 million GF the first year and \$2.4 million GF the second year to provide start-up grants of up to \$300,000 per school division per year, depending on the extended school year model adopted by a school. First priority is given to school divisions that previously have been awarded a planning grant and to the College Readiness Center in Henrico. Next priority is given to school divisions based on need, relative to the most current state accreditation. Any division that applies for a grant and has any school that has been denied accreditation must consult with the Superintendent of Public Instruction regarding the development of a model before submitting the application to the local school board for approval.

In addition, new language directs the Department of Education to account for extended school year models in the rebenchmarking of the SOQ in 2016-2018 biennium by providing the state's share for the additional days of

instruction provided. JLARC has reported that additional costs associated with extended year models could cost three percent more, on average, in Basic Aid expenses. On a statewide basis for FY 2015, that would equate to \$93.0 million GF in additional state SOQ costs.

- ***Extended Year Planning Grants.*** Reflects \$613,312 GF each year for extended school year planning grants. The grants will be given for year-round school models to directly support the four key findings in the 2012 JLARC study on year round schooling: 1) SOL test scores of the general student population were similar at year-round schools and traditional calendar schools, which suggests that a year-round calendar does not necessarily improve the test scores of all students; 2) SOL test scores of certain student sub-groups, in particular black students, were more likely to increase at a faster rate at year-round schools over the nine-year period; 3) Year-round calendars increased annual school expenditures, by about three percent on average, but does not include additional services such as transportation and food service costs; 4) Certain school divisions, particularly those with high percentages of student sub-groups that appear to benefit from year-round schools, may want to consider implementing year-round calendars as a method to improve student performance. Additional action eliminates previous budget language that would have permitted start-up grants for extended learning time, preschool, virtual schools, alternative instructional delivery or school governance models.
- ***Strategic Compensation Grants.*** Saves \$7.5 million GF each year by deferring funding for the Strategic Compensation Grants Initiative. Thirteen school divisions applied for and were awarded grants totaling \$4.5 million in FY 2014.
- ***K-3 Class Size Reduction Formula.*** Reflects savings of \$5.2 million GF each year by using a three-year average of free lunch eligibility rather than a one-year snapshot of free lunch eligibility in the calculation of the K-3 Class Size Reduction program. Required K-3 school ratios for the program range from 19-to-1 for schools with 30 percent to 45 percent of students eligible for free lunch to 14-to-1 for schools with 75 percent of more students eligible for free lunch.
- ***Juvenile Detention Centers.*** Saves \$250,000 GF each year, by further reducing funding by about 1 percent for teacher staffing in the state operated juvenile detention centers across the state. There was an average of 334 students in the 23 centers in 2012-13. New language also requires the Department of Education to submit a report to the Chairmen of the House

Appropriations and Senate Finance Committees by October 31, 2014 on recommendations for alternative teacher staffing.

– *Language Changes.*

- *Virginia e-Learning Backpack Initiative.* Changes the structure of the Virginia e-Learning Backpack Initiative by modifying the criteria for determining eligible schools to include only those not fully accredited for the second consecutive year. This change would be effective beginning with the spring 2015 grants. In addition, for schools that do not have grades 10, 11, or 12, the grants may transition with the students to the primary receiving school for all years subsequent to grade 9.
- *Virginia Public School Authority (VPSA).* Corrects the date used to determine eligibility for division-level grants for each school division involved in a consolidation available as part of the VPSA Security Equipment Grant program from September 20, 2012 to September 30, 2000. This date change would be consistent with the date used for the VPSA Educational Technology grant program.
- *Special Education – State Operated Programs (SOP).* Adds language specifying that state funding provided for educational programs in local or regional detention homes (in the SOP account) will be based only on students detained in these facilities through a court order issued by a Virginia court.
- *Reading Specialists.* Adds language changes to the new reading specialists program that would “step down” funding by half for schools participating in this program in FY 2014 by their third year. Also, the language authorizes DOE to disburse the remaining funds with priority to schools with the lowest pass rates or greater numbers of years accredited with warning.
- *Project Discovery.* Provides flexibility to distribute funding to community action agencies based on performance measures established by the Board of Directors of Project Discovery.
- *JLARC Review of Virtual Education.* As a component of the review for efficiency and effectiveness of public education spending in Virginia, pursuant to Senate Joint Resolution 328 of the 2013 Session of the General Assembly, directs JLARC to examine and include virtual instruction. JLARC’s review of virtual instruction and spending may include, but not be limited: 1) virtual options used in Virginia and other states and the rate of growth of the virtual school populations; 2) the cost of virtual K-12 schooling for part-time and full-time enrollments, particularly in relation to the cost of conventional ‘brick-and-mortar’ education; and, 3) the effectiveness of

virtual schooling in terms of student academic achievement outcomes on assessment tests and course completion or graduation rates.

- **Virginia Teaching Scholarship Loan Program.** Allows alternative measures other than class rank as selected by the institution for eligibility for the Virginia Teaching Scholarship Loan Program.

<b>Appropriation Summary for the Education Assistance Programs</b>		
(\$ in millions)		
	<u>FY 2015</u>	<u>FY 2016</u>
<b>Standards of Quality Programs</b>		
Basic Aid	\$3,095.6	\$3,086.0
Sales Tax	1,272.6	1,317.6
Textbooks (split funded w/ Lottery)	26.2	51.3
Vocational Education	51.0	51.1
Gifted Education	33.2	33.4
Special Education	368.7	370.0
Prevention, Intervention, and Remediation	100.8	101.0
VRS Retirement	380.8	382.3
Social Security	187.2	187.9
Group Life	11.8	11.8
Remedial Summer School	<u>25.1</u>	<u>26.6</u>
<b>Total</b>	<b>\$5,553.1</b>	<b>\$5,619.1</b>
<b>Incentive Programs</b>		
Governor's Schools	\$15.8	\$16.1
Governor's Schools Planning (CTE) Expansion	0.1	0.0
Governor's Schools Start-up Grants	0.0	0.1
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
Early Reading Specialists	1.5	1.5
Math/Reading Instructional Specialists	<u>1.8</u>	<u>1.8</u>
<b>Total</b>	<b>\$20.8</b>	<b>\$21.0</b>
<b>Categorical Programs</b>		
Adult Education	\$1.1	\$1.1
Adult Literacy	2.5	2.5

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

	<u>FY 2015</u>	<u>FY 2016</u>
Virtual Virginia	4.3	4.3
American Indian Treaty Commitment	0.1	0.1
School Lunch Program	5.8	5.8
Special Education – Homebound	5.6	5.8
Special Education – Jails	3.6	3.7
Special Education - State Operated Programs	<u>33.8</u>	<u>34.2</u>
<b>Total</b>	<b>\$56.7</b>	<b>\$57.3</b>
<b>Lottery Funded Programs</b>		
Foster Care	\$9.3	\$9.7
At-Risk Add-On	89.7	89.7
Virginia Preschool Initiative	72.0	74.9
Early Intervention Reading	17.9	17.9
Mentor Teacher	1.0	1.0
K-3 Primary Class Size Reduction	118.1	118.3
School Breakfast Program	4.1	4.7
SOL Algebra Readiness	12.3	12.3
Regional Alternative Education	8.1	8.1
Individual Student Alternative Education Plan (ISAEP)	2.2	2.2
Special Education – Regional Tuition	83.0	87.7
Career & Technical Education – Categorical	10.4	10.4
Virginia Teacher Corps	0.4	0.4
Race to GED	2.4	2.4
Path to Industry Certification	1.3	1.3
Project Graduation	2.8	2.8
Supplemental Basic Aid	0.9	0.9
English as a Second Language	48.6	49.6
Textbooks (split funded w/ GF)	<u>40.5</u>	<u>15.6</u>
<b>Total</b>	<b>\$525.0</b>	<b>\$510.0</b>
<b>Technology – VPSA</b>	<b>\$70.7</b>	<b>\$72.9</b>
<b>Security Equipment – VPSA</b>	<b>6.0</b>	<b>6.0</b>
<b>Supplemental Assistance Programs</b>	<b>\$14.3</b>	<b>\$16.8</b>
(See following table below for individual allocations)		



## Supplemental Education Assistance Programs

	<u>FY 2015</u>	<u>FY 2016</u>
<b>Supplemental Education Assistance Programs</b>		
Achievable Dream	\$0	\$500,000
Career and Technical Education Resource Center	298,021	298,021
Charter School Assistance	100,000	100,000
Communities in Schools	794,400	794,400
Year-round Models	613,312	613,312
Great Aspirations Scholarship Program	212,500	400,000
Jobs for Virginia Graduates	373,776	573,776
National Board Certification Program	5,885,000	5,885,000
Positive Behavioral Interventions and Support	598,000	598,000
Project Discovery	700,000	700,000
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
STEAM Academy – Planning Grant	100,000	0
Teach For America	500,000	500,000
Teacher Recruitment: Preparation STEM Initiative	808,000	808,000
Teacher Recruitment & Retention: Math & Science Teacher Recruitment Pilot Initiative	400,000	400,000
Van Gogh Outreach Program	71,849	71,849
Virginia Career Education Foundation	31,003	31,003
Virginia Student Training and Refurbishment Program	225,000	250,000
Virginia Teacher Scholarship Loan Program	708,000	708,000
Wolf Trap Model Early Childhood STEM Program	0	325,000
Extended School Year Model	<u>1,000,000</u>	<u>2,400,000</u>
<b>Total</b>	<b>\$14,290,849</b>	<b>\$16,828,349</b>

- **Department of Education**

- *Academic Reviews.* Adds \$309,680 GF each year for academic reviews of schools that are not fully accredited. Based on 2012-13 test results which included new, more rigorous tests in math and English, 399 out of 1,827 schools are not fully

accredited, up from 103 a year earlier. This brings the total budget to \$1.1 million GF each year.

- ***Positive Behavioral Interventions and Supports (PBIS)***. Adds \$125,000 GF each year for statewide training for public school teachers and administrators on PBIS to reduce disruptive behavior in the classroom. This brings the total under DOE to \$402,000 GF per year. There is also a companion budget allocation in Direct Aid for \$598,000 GF each year to expand the number of schools participating in training in reducing disruptive behavior in the classroom (previously, this initiative was referred to as the Effective School-Wide Discipline System).
- ***“PALS” Early Reading Diagnostic***. Adds \$104,752 GF the first year and \$89,652 GF the second year to align the Phonological Awareness Literacy Screening (PALS) with revisions to the English Standards of Learning assessment and support teachers in coordinating assessment results with lesson plans.
- ***Education Commission of the States Dues***. Restores \$91,800 GF each year to the Department's budget to pay Virginia's dues as a member of the Education Commission of the States.
- ***Sale of Educational Resources***. Amends language that authorized the Department to collect proceeds from the sale of educational resources to discontinue the requirement that general fund costs must first be recovered.
- ***SOL Testing Savings***. Captures anticipated savings of \$2.9 million GF each year in test costs pursuant to Chapter 585 (HB 930) and Chapter 622 (SB 306) of the 2014 Acts of Assembly, which reduces the Standards of Learning assessments by five tests: third grade history and science; fifth grade writing; and content specific history for U.S. History I & II.

- **Secretary of Education (SOE)**

- ***End College Partnership Laboratory Schools Grants***. Eliminates \$600,000 GF each year for planning and development of innovative educational programs pursuant to Chapter 871 of the 2010 Acts of Assembly
- ***Study Governor's School Funding Formula***. Adopts language directing the Secretary of Education to conduct a study of the formula used to determine governor's schools payments, to include consideration of the length of the program, appropriate state and local shares, and the academic model used by the schools. Language also requires the SOE to report the findings to the Chairmen of the House Appropriations and Senate Finance Committees by October 1, 2014.

- *Program of International Student Assessment.* Directs the Secretary of Education, in consultation with the Board of Education, to review and assess the value of obtaining state-level results from the Program for International Student Assessment (PISA). The data would potentially enable Virginia to compare its students against those of other countries on recognized international benchmarks, such as those included in the PISA. Language also requires the SOE to report the findings to the Chairmen of the House Appropriations and Senate Finance Committees by July 15, 2015.

- **Opportunity Educational Institution (OEI)**

- *Eliminates Funding.* Final adopted action from the General Assembly removes the proposed direct appropriation of \$600,059 GF and 7.0 FTEs to the Opportunity Educational Institution and new language further states that notwithstanding Title 22.1, Chapter 4.1, *Code of Virginia*, no schools shall be transferred to the supervision of the Opportunity Educational Institution nor shall any funds be transferred to the Institution.

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

- *No Amendments other than the Distribution of Technical Adjustments.* No amendments other than those technical adjustments distributed to agencies.