

Public Education

| Proposed Adjustments to Direct Aid as Introduced | | | | |
|---|-------------------------|------------------|-------------------------|------------------|
| (\$ in millions) | | | | |
| | FY 2017 Proposed | | FY 2018 Proposed | |
| | <u>GF</u> | <u>NGF</u> | <u>GF</u> | <u>NGF</u> |
| 2016-18 Base Budget, Ch. 665 | \$5,560.3 | \$1,778.9 | \$5,560.3 | \$1,778.9 |
| Proposed Increases | 348.8 | (0) | 664.8 | (30.0) |
| Proposed Decreases | <u>(76.7)</u> | <u>(183.3)</u> | <u>(82.1)</u> | <u>(183.3)</u> |
| \$ Net Change | 272.2 | (183.3) | 582.7 | (213.3) |
| HB/SB 30, as Introduced | \$5,832.4 | \$1,595.6 | \$6,143.0 | \$1,565.6 |
| % Change, Over Prior Year | 4.9% | (10.3)% | 10.5% | (12.0)% |

- **Direct Aid to Public Education**

- *A listing by locality of the estimated funding for FY 2017 and FY 2018 Direct Aid to Public Education is included as Appendix A and B, respectively.*
- *In addition, a separate Supplemental Table for FY 2017 and FY 2018, that reflects significant key rebenchmarking details, is also included as Appendix C and D, respectively.*

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

| | <u>FY 2017</u> | <u>FY 2018</u> | <u>Total</u> |
|--|----------------------|----------------------|----------------------|
| <u>Rebenchmarking Updates:</u> | | | |
| Update Prevailing Salaries & Other Personal-Related Data | \$97.3 | \$97.8 | \$195.1 |
| Update Federal Revenue Deduct Per Pupil Amount | 26.8 | 26.9 | 53.7 |
| Update Incentive, Categorical, and Lottery Accounts | 22.3 | 27.8 | 50.1 |
| Update Other Student Enrollment Projections | 11.3 | 35.4 | 46.7 |
| Update Health Care Premium Cost | 21.2 | 21.4 | 42.6 |
| Update SOL Failure Rates, Student Free Lunch Eligibility | 10.6 | 10.7 | 21.3 |
| Reset SOQ Model Base Data | 9.7 | 9.8 | 19.5 |
| Update Other Non-personal (Textbooks, Transp., Inflation) | (7.9) | (8.0) | (15.9) |
| Update Support Position Ratio | <u>(12.6)</u> | <u>(12.7)</u> | <u>(25.3)</u> |
| Subtotal (as of September 2015) | \$178.7 | \$209.1 | \$387.8 |
| Update Projected Sales Tax Revenue and School-aged Pop. | \$32.7 | \$54.7 | \$87.4 |
| Update Composite Index | 25.2 | 25.3 | 50.5 |
| Update VRS, RHCC, GL Rates (to 90%, per schedule) | 15.9 | 15.9 | 31.8 |
| Update CEP Schools for 2013 Free Lunch Percentages (policy change) | 8.4 | 8.5 | 16.9 |
| Update Prev, Interv, Remed for Revised SOL Failure Rates | 4.2 | 4.3 | 8.5 |
| Other Updates | 0.5 | 2.0 | 2.5 |
| Update Non-personal Supp. Inflation Factors to Oct 2015 | (4.6) | (4.7) | (9.3) |
| Update Lottery Rev Forecast & Funded Program Accts | (14.0) | (14.4) | (28.4) |
| Update for Pre-K Non-participation @ 25.43% (policy change)** | (24.3) | (24.4) | (48.7) |
| Update ADM Based on Fall Membership, and Revised ESL and Remedial Summer School Projections | (32.3) | (36.9) | (69.2) |
| Subtotal (Other Updates as of December 2015) | <u>\$11.7</u> | <u>\$30.3</u> | <u>\$42.0</u> |
| Subtotal for All Rebenchmarking Updates | \$190.4 | \$239.4 | \$429.8 |
| <u>Policy Changes:</u> | | | |
| Funding for Additional School Instructional Positions | \$42.7 | \$96.4 | \$139.1 |
| State's Share of 2% Compensation Increase (eff July 10, 2017) | 0.0 | 83.2 | 83.2 |
| Advance VRS Rates* to 100% of Board's Actuarial Rates | 0.0 | 55.1 | 55.1 |
| Enhance At-Risk Add-On, Board Authority to Withhold | 24.8 | 24.9 | 49.7 |
| Restore 24.61% Support Cost of Competing Adjustment | 0.0 | 40.6 | 40.6 |
| Reduce Literary Fund Revenue for Retirement Costs | 0.0 | 30.0 | 30.0 |
| Implement New Governor's Schools Formula | 1.9 | 3.7 | 5.6 |
| Career and Technical Credentialing and Equipment | 2.5 | 2.5 | 5.0 |
| VECF - Early Childhood Workforce Scholarships & Coursework | 1.6 | 2.3 | 3.9 |
| Provide "No Loss" Funding, Relative to CH665 FY 2016 | 3.8 | 0.0 | 3.8 |
| VECF - Early Childhood Pre-K Public-Private Partnerships | 1.5 | 1.5 | 3.0 |
| Increase Existing Initiatives (CIS, Project Discovery, HS Innov, Early Childhood STEM, Summer & CTE Gov Schools) | 1.4 | 1.4 | 2.8 |
| Virtual Virginia Math Outreach and F/T High School Pilot | 0.8 | 0.8 | 1.6 |
| Computer Science Training for Teachers | 0.5 | 0.5 | 1.1 |

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

| | <u>FY 2017</u> | <u>FY 2018</u> | <u>Total</u> |
|---|----------------|----------------|----------------|
| Increase Breakfast After the Bell Initiative | 0.5 | 0.5 | 1.0 |
| Expand Positive Behavioral Intervention and Supports | 0.5 | 0.5 | 1.0 |
| Additional Teachers – Special Education SOP | 0.3 | 0.4 | 0.7 |
| New Initiatives: Jason Learning & Newport News Aviation Acad | 0.2 | 0.2 | 0.4 |
| Reductions (JVG, GRASP, Southside Va Tech) & Eliminations (Youth Dev., Va. Career Educ Found, STEAM, Gov Sch Plng) | <u>(1.2)</u> | <u>(1.2)</u> | <u>(2.4)</u> |
| Subtotal for Policy Changes | \$81.8 | \$343.3 | \$425.1 |
| Total | \$272.2 | \$582.7 | \$854.9 |

* Includes VRS, Group Life, and Retiree Health Care Credit Rates: see the Funded VRS Fringe Benefits Rates section for specific rate changes.

** Although the introduced budget reflected the Pre-K non-participation savings as a part of the rebenchmarking process, prior rebenchmarking cycles have reflected it as a policy decision.

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

| | <i>CH 665</i> | <i>HB/SB 30</i> | | |
|--|------------------|------------------|------------------|-------------------|
| | <u>FY 2016</u> | <u>FY 2017</u> | <u>FY 2018</u> | <u>Biennium</u> |
| General Fund | \$5,560.3 | \$5,832.4 | \$6,143.0 | \$11,975.4 |
| Special Fund | 0.9 | 0.9 | 0.9 | 1.8 |
| Commonwealth Transportation | 0.8 | 0.8 | 0.8 | 1.6 |
| Trust & Agency (Lottery & Literary) | | | | |
| Lottery Proceeds Fund | 531.7 | 541.2 | 541.2 | 1,082.4 |
| Literary Fund* | 358.5 | 165.6 | 135.6 | 301.2 |
| Federal Trust | <u>887.1</u> | <u>887.1</u> | <u>887.1</u> | <u>1,774.2</u> |
| Grand Total for all Revenue Sources | \$7,339.2 | \$7,428.1 | \$7,708.6 | \$15,136.7 |

*Reflects \$192.9 million NGF for the one-time VRS payment in FY 2016.

- **State's Share of Biennial Rebenchmarking.** Preliminary rebenchmarking calculations by the Department of Education as of September 2015 were \$178.7 million GF in FY 2017 and \$209.1 million GF in FY 2018, which totaled \$387.8 million for the biennium.

The Governor's introduced budget for FY 2016-18 included updating the remaining rebenchmarking data steps, which added an additional net \$42.0 million GF over the two years, for a total net rebenchmarking amount of \$429.8 million GF for the biennium.

- **Projected Enrollments.** Reflects student enrollment projections estimated to total 1,245,710 in the unadjusted ADM in FY 2017, and 1,252,626 students in FY 2018, up from 1,244,215 for FY 2016 in Chapter 665 of the 2015 Acts of Assembly (the updated projection for FY 2016 in the caboose bill (HB/SB 29) is now 1,239,594, which reflects a decrease of 4,621 students).
- **Funded Instructional Salaries.** Reflects updated funded salary levels from 2014-16 to 2016-18 due to base year (FY 2014) prevailing salaries adjustments and reflects the statewide prevailing average salaries and the state's 1.5 percent salary incentive supplement for FY 2016.

| Instructional Positions | 2014-16 Funded Salary | 2016-18 Funded Salary | Percent Change |
|--------------------------------|----------------------------------|----------------------------------|---------------------------|
| Teachers - Elementary | \$45,822 | \$47,822 | 3.0% |
| Teachers - Secondary | \$48,125 | \$49,744 | 3.4% |
| Asst. Principals – Elem. | \$65,037 | \$67,119 | 3.2% |
| Asst. Principals – Sec. | \$68,863 | \$72,057 | 4.6% |
| Principals – Elem. | \$79,796 | \$62,846 | 3.8% |
| Principals – Sec. | \$87,954 | \$92,041 | 4.6% |
| Instructional Aides | \$16,613 | \$17,108 | 3.0% |

- **Health Care Premiums.** Reflects prevailing costs associated with the health care premium rate of \$4,595 per funded position (adjusted for actual participation of 66.53 percent and inflation of 1.90 percent), up from \$4,188 per funded position in the current FY 2016 amount. Prior to adjustment for the true participation and then inflation, the health care premium rate is \$6,778, up from \$6,288 in the FY2014-16 biennial budget.
- **Funded VRS Fringe Benefit Rates.** As a technical adjustment, adjusts funding to 90 percent of the full VRS Board approved rate, in keeping with the six-year phase-in schedule as required in Chapter 823 of the 2012 Acts of Assembly,

reform legislation and shown in the table below. This update increases the employer rate changes for teacher retirement from 14.06 percent to 14.66 percent, retiree health care credit from 1.06 percent to 1.11 percent, and decreases the group life from 0.48 percent to 0.47 percent. This adjustment also includes a reduction from 9.40 percent to 7.11 percent in the employer rate for retirement contributions paid on behalf of non-professional support positions.

Note: In a subsequent proposed amendment, additional funding is provided to advance the rates to 100 percent of the Board’s actuarial rates in FY 2018.

| | <u>FY13-14</u> | <u>FY15-16</u> | <u>FY17-18</u> | <u>FY19-20</u> |
|-----------------------|----------------|----------------|----------------|----------------|
| Teacher Phase-in Rate | 70% | 80% | 90% | 100% |

- **Base Year Expenditures.** Reflects various adjustments including base year (FY 2014) expenditure data; updating of school-level enrollment configurations; and updated data for the federal revenue deduction.
- **Transportation Costs.** Reflects updated base year transportation cost data.
- **Textbook Per Pupil Amount.** Reflects per pupil prevailing textbook costs, reported by localities, of \$110.05 (up from \$107.22 when adjusted for inflation), compared with the funded amount of \$96.22 for FY 2016 in Chapter 665.
- **Incentive, Categorical, and Lottery Accounts.** Reflects various adjustments to incentive, categorical, and Lottery-funded accounts that are linked to SOQ funding factors, such as ADM enrollment or Basic Aid per pupil cost and student program participation totals.

In addition, reflects a projected increase in Lottery Proceeds of \$9.6 million NGF each year for total proceeds of \$541.2 million NGF each year: saves a like amount of general funds each year.

Also captures savings of \$24.3 million NGF in FY 2017 and \$24.4 million NGF in FY 2018 in the Virginia Preschool Initiative based on a non-participation rate of 25.43 percent, the rate included in Chapter 665 for FY 2016: saves a like amount of general funds each year.

Note: In previous rebenchmarking cycles, the nonparticipation savings was considered a policy change. To be consistent, this action should be reflected as a

policy decision. Further note that, the proposed budget reflects an update and continuation of providing hold harmless slots at the FY 2016 total, however, no additional funding is provided. An estimated \$3.7 million in FY 2017 and \$3.9 million in FY 2018 is needed to fund the slots. The hold harmless slots and related funding were originally adopted in the FY 2012-14 budget (Chapter 3 of the 2012 Special Session I Acts of Assembly) and meant as a two-year temporary transitional funding to accompany the revised Pre-K funding formula.

- ***Update Composite Index of Local Ability to Pay (LCI).*** The elements used to calculate each school division's composite index of local ability-to-pay are updated from 2011 to 2013, 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 index rose for 36 school divisions (i.e. the locality is responsible for a larger percentage of SOQ costs), and declined for 89 school divisions (decreasing the locality's share of SOQ costs). The composite index was unchanged for eight divisions that are still capped at 0.8000 and two others.

- ***Projected Sales Tax Revenue.*** The sales tax revenues from the one cent portion along with 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 \$1,322.3 million GF in Chapter 665 for FY 2016 to \$1,393.3 million GF in FY 2017 and \$1,443.3 million in FY 2018. The sales tax revenue increases generate offsetting savings in the state's share of SOQ Basic Aid funding of \$39.7 million GF FY 2017 and \$67.7 million GF in FY 2018.
- ***Update Sales Tax Distribution for School Age Population.*** Adds \$1.4 million GF in both years to reflect the updates to the sales tax distribution to local school divisions which are now based on the July 1, 2014, estimate of school age population.
- ***Add New Free Lunch Percentage Calculation Methodology for Community Eligible Program (CEP) Schools and Divisions.*** Adds \$8.4 million GF in FY 2017 and \$8.5 million GF in FY 2018 for a new funding methodology for those schools and divisions that are choosing to participate in the federal CEP school breakfast and lunch reimbursement program.

Prior to school divisions electing to participate in this federal program, the rebenchmarking process used an average of the three most current years of free lunch percentages reported by the school divisions for a number of funding formula calculations.

Consequent to volunteering to participate in CEP, these schools and divisions are prohibited from collecting income eligibility data from families of students attending one of the participating schools and subsequently cannot accurately account for the true percentage of students that would be eligible for free or reduced meals. Due to the federal program's constraints, the participating CEP schools and divisions artificially report to DOE a free lunch eligibility percentage of 100 percent.

The federal CEP program provides 100 percent reimbursement for the cost of breakfast and lunch meals served to students. Currently, 26 out of the 135 divisions are participating in CEP. These schools and divisions are also receiving state reimbursement funding for those meals served.

Note: For 2016-18, for CEP divisions and schools, the latest available actual free lunch eligible percentages were used. Although DOE has included this calculation in the rebenchmarking process, the change merits consideration as a policy change decision because it is not a part of the regular routine and process for rebenchmarking.

- ***Remove Funding for One-Time VRS Payment.*** This technical rebenchmarking adjustment removes \$192.9 million NGF from the appropriation which supported a one-time payment to the Virginia Retirement System. The payment reduced the outstanding deferred contribution balance for Virginia's teachers from \$506.1 million to \$313.2 million. The Deferred Contribution Payback Schedule for the teacher plan is scheduled to repay the remaining balance by June 30, 2021.

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

- ***Fund Additional School Instructional Positions.*** Proposes \$42.7 million GF in FY 2017 and \$96.4 million GF in FY 2018 for local school divisions to hire additional instructional positions. Funding is based on the funded Standards of Quality (SOQ) salaries and revised benefit rates for elementary and secondary teachers, including full and partial cost of competing adjustment (COCA). Provides funding based on one position per elementary school in FY 2017 plus 2 positions for each middle, high and combined school in FY 2018. This proposed amendment provides enough state share of funding to add approximately 2,470 instructional positions statewide by FY 2018. In

order to receive funding, the local superintendent must certify that an appropriate number of additional instructional personnel are employed based on the amount of eligible funding requested. Funds cannot be used to support existing positions. Further, school divisions are not required to provide a local match in order to receive the state funding.

- ***New Funding for State's Share of 2 Percent Salary Increase.*** Provides \$83.2 million GF in FY 2018 for the state's share of a 2 percent salary increase for instructional and support positions recognized and funded by the Standards of Quality (SOQ) funding model. The funding is calculated based on an effective July 10, 2017, but school divisions may provide the increases as late as January 1, 2018. School divisions' local match is based on a pay increase date of January 1, 2018. School divisions may not use the additional funding to offset the cost of any remaining required VRS rate contributions transferred to employees.
- ***New Funding to Advance Teacher Retirement, Retiree Health Care Credit, and Group Life Employer Contribution to 100 Percent of Board's Actuarial Rates.*** Adds \$55.1 million GF in FY 2018 to support increasing the employer rate changes for teacher retirement from 14.66 percent to 16.32 percent, retiree health care credit from 1.11 percent to 1.23 percent, and group life from 0.47 percent to 0.52 percent. These rates are 100 percent of the board certified full employer contribution rates.

Note: This action is separate from the 10-year deferred contribution payback schedule that has an outstanding balance of \$313.2 million and scheduled to be paid off by FY 2021.

- ***Enhance At-risk Add-On Funding, Board Authority to Withhold.*** Proposes additional funding of \$24.8 million GF in FY 2017 and \$24.9 million GF in FY 2018 for the At-Risk program, which provides funding as a percentage add-on to basic aid to support additional costs of educating at-risk students. The range of the add-on as a percentage of Basic Aid is increased from 1-12 percent to 2.5-14 percent, based on the percentage of students eligible for free lunch in the school division. For example, Petersburg, with 77.7 percent of students eligible for free lunch would receive the maximum add-on percent of 14 percent of additional SOQ Basic Aid funding for those students, with each of the other school divisions falling between the minimum and maximum add-on percentages.

New language specifies that the Board of Education may withhold payment of some or all of these funds in a division that has been determined to have

failed to meet its obligations for progress in implementing corrective action plans.

- ***Restore Cost of Competing Adjustment (COCA) for Support Positions.*** Provides \$40.6 million GF funding in FY 2018 to support the cost of competing adjustment for support salaries in Virginia school divisions located within the common labor market of the Washington-Baltimore-Northern Virginia, DC-MD-VA-WV Combined Statistical Area. Funding is based on the state's share of 24.61 percent COCA rate for SOQ funded support positions. There are nine divisions eligible for full rate funding and 9 divisions for partial rate (25 percent of the full rate, or 6.15 percent) funding.
- ***New Funding for a "No Loss" Hold Harmless Allocation.*** Proposes a one-time allocation of \$3.8 million GF in FY 2017 to 13 school divisions to ensure no locality receives less public education funding as compared to the FY 2016 budgeted amounts reflected in Chapter 665.
- ***Proposed New Funding Formula for Academic Year Governor's Schools.*** Phases in the cost of the new formula at \$1.9 million GF, or 50 percent, in FY 2017 and \$3.7 million GF, 100 percent, in FY 2018. Funding will be based on the calculated instructional and support cost per pupil amount for each Academic Year Governor School (AYGS) program. The instructional per pupil amount will be based on funding teacher positions in each program using the SOQ school-wide ratio of 21:1 for middle and high school. Additionally, the funding will include an allocation amount for Principal, Assistant Principal, Librarian, and Guidance Counselor positions according to the SOQ staffing standards for high schools. However, AYGS are not mandated to staff instructional personnel according to these SOQ instructional staffing standards. Further, the support per pupil amount will be based on the linear weighted average per pupil cost of all recognized SOQ support costs. Governor's Schools are not required to staff instructional personnel according to the SOQ instructional staffing standards that regular schools are mandated to meet. The proposed formula change is based on one (#2) of the nine options reflected in the October 1, 2014, report requested by the General Assembly. Lastly, the introduced budget also reflects an increase of \$349,906 GF in FY 2018 based on per pupil add-on (projected at \$118.53) for a 2 percent salary incentive increase, effective July 10, 2017.
- ***Increase Funding for Career and Technical Education Credentialing and Equipment.*** Proposes additional funding of \$2.5 million GF in FY 2017 and \$2.5 million GF in FY 2018. Funding includes: \$1.4 million each year is provided for equipment in high-demand, high-skill, and fast-growth industry sectors as identified by the Virginia Board of Workforce

Development, and \$600,000 each year will be awarded based on competitive grants for high-demand and fast growth industry sectors with priority given to state-identified challenged schools and Governor's STEM and Health Sciences Academies. The remaining \$500,000 each year is proposed to support the cost of tests and materials for CTE credentialing for students and professional development for instructors in STEM career and technical education programs funded through the Path to Industry Certification initiative.

- ***New Funding for Early Childhood Workforce Scholarships and Coursework.*** Proposes \$1.6 million GF in FY 2017 and \$2.3 million GF in FY 2018 for the Virginia Early Childhood Foundation to operate a scholarship grant program to increase the skills of Virginia's early education workforce through scholarships and support for completion of high-quality coursework through community colleges.
- ***New Funding for Early Childhood Pre-K Public-Private Partnerships.*** Proposes additional funding of \$1.5 million GF each year for a new pilot program that the Virginia Early Childhood Foundation would provide grants to incentivize local solutions for public-private delivery of Pre-Kindergarten services to at-risk children and communities.
- ***Expand Virtual Virginia Full-Time High School and New Math Outreach Program.*** Proposes \$498,000 GF in FY 2017 and \$498,000 GF in FY 2018 to expand the Virtual Virginia full-time high school pilot program from 90 to 200 students starting in academic year 2016-17. In addition, proposes adding \$260,000 GF in FY 2017 and \$330,000 GF in FY 2018 to expand the virtual math outreach pilot program by enhancing support for Algebra I and funding support for additional math courses.
- ***New Funding for Computer Science Training to Teachers.*** Proposes \$550,000 GF in FY 2017 and \$550,000 GF in FY 2018 to train teachers in computer science, a critical pathway to cyber security and other 21st century technology careers. Training will include elementary through high school advanced placement level computer science instruction.
- ***Increase School Breakfast Program Incentive Funding.*** Proposes \$536,703 GF in FY 2017 and \$536,703 GF in FY 2018 to increase funding to school divisions for additional meals served through either the traditional breakfast program or the Breakfast after the Bell program, which encourages innovative methods of serving breakfast to unserved or underserved children in elementary schools that have at least 45 percent of students

eligible for free or reduced lunch. Participating divisions receive an additional \$0.05 per breakfast meal served.

- ***Expand Initiatives Providing Effective Discipline and Alternatives to Suspension.*** Proposes \$500,000 GF in FY 2017 and \$500,000 GF in FY 2018 to expand the Virginia Tiered Systems of Support - Positive Behavioral Intervention and Supports (VTSS - PBIS) initiative to additional school divisions with high rates of disciplinary offenses.
- ***Expand the Communities in Schools Program.*** Proposes adding a total of \$450,000 GF in both years to provide \$265,000 each year for expansion of the Communities in Schools (CIS) program to all Petersburg schools. The remaining \$185,000 each year is proposed for a parent engagement program in two additional Richmond City elementary schools.
- ***Provide Additional Special Education Teachers in State-Operated Detention Homes.*** Proposes adding \$340,000 GF in FY 2017 and \$340,000 GF in FY 2018 to support five additional special education teachers in state-operated detention homes based on the increase in special education student population. The increased enrollment (estimated at 20 students) is projected from a Department of Juvenile Justice initiative that would transfer school-aged students from the juvenile population at the state level facilities to the state-operated detention homes across the state.
- ***Increase Funding for Early Learning of STEM Through the Arts.*** Proposes adding an additional \$275,000 GF each year in additional funding to expand the science, technology, engineering, and mathematics (STEM) through the arts program for kindergarten and preschool students in Accomack, Arlington, Chesterfield, Fairfax, Loudoun, Norfolk, Petersburg, Richmond City, and Wythe public schools.
- ***Increase Funding for High School Innovation Grants.*** Proposes adding an additional \$250,000 GF each year for grants that encourage high schools to implement innovative approaches that engage and motivate students through personalized learning and instruction, leading to demonstrated mastery of content, as well as skills development for career readiness.
- ***Increase Funding for Project Discovery.*** Proposes adding an additional \$250,000 GF each year for Project Discovery, a college access program targeted to low-income, first generation college students. Funding will increase participation by approximately 500 students.
- ***Increase Funding for Summer Residential Governor's Schools.*** Proposes a total of \$193,000 GF in FY 2017 and \$141,000 GF in FY 2018 to support

Summer Residential Governor's Schools. The first portion of funding, \$100,000, is to cover the actual costs incurred by host universities, and the second portion, \$93,000 (which reflects both the state and local share of costs) in FY 2017 and \$41,000 (reflects only the state share) in FY 2018 for support of the new Hanover Regional Summer Governor's School for Career and Technical Advancement.

- ***New Funding for JASON Learning Program.*** Provides \$100,000 GF in FY 2017 and \$100,000 GF in FY 2018 to support JASON Learning's online platform for students in Richmond, Petersburg, and Norfolk and provide training to approximately 125 teachers in these divisions. JASON Learning provides technologically intensive, inquiry-based curricula in science, technology, engineering, and mathematics (STEM).
- ***New Funding for the Newport News Aviation Academy.*** Provides \$100,000 GF in FY 2017 and \$100,000 GF in FY 2018 to support the Newport News Aviation Academy, a four-year science, technology, engineering, and mathematics (STEM) program in cooperation with Denbigh High School that focuses on piloting, aircraft maintenance, engineering, computers, and electronics.
- ***Consolidate Teacher Recruitment and Retention Grant Programs.*** Proposes to consolidate four grant programs focused on attracting, recruiting, and retaining high-quality teachers in Virginia's public schools. The consolidated initiatives are: i) Teacher Recruitment & Retention of Math and Science Teacher Recruitment Initiative, \$808,000 each year; ii) Teacher Recruitment Preparation Initiative, \$400,000 each year; iii) Virginia Teacher Scholarship Loan Program, \$708,000 each year; and Virginia Teacher Corps, \$415,000 each year.
- ***Eliminate Youth Development Academies.*** Captures savings of \$543,176 GF each year by eliminating funding for the Governor's Youth Development Academies in each of the eight superintendents' planning regions. The academies are designed for rising 9th-graders and 10th-graders either during the school year or as a summer program – including students at risk of disengagement and dropping out – with a focus on civics education, financial literacy, community service, preventive health, personal character development and leadership.
- ***Reduce Jobs for Virginia Graduates.*** Proposes to reduce funding by \$200,000 GF each year, down to the FY 2015 level of \$373,776 per year.

- ***Reduce Great Aspirations Scholarship Program (GRASP).*** Proposes to reduce funding by \$187,500 GF each year, down to the FY 2015 level of \$212,500 per year.
- ***Eliminates STEAM Academy and Other Governor's School Start Up or Expansion Grants.*** Captures savings of \$100,000 GF each year from STEAM Academy planning and \$100,000 GF from Governor's School start-up or expansion grants.
- ***Reduce Southside Virginia Regional Technology Consortium.*** Reduces funding by \$50,000 GF each year, down to the FY 2015 level of \$58,905 per year.
- ***Eliminates Support for Virginia Career Education Foundation.*** Captures savings of \$31,003 GF each year by eliminating support for the Virginia Career Education Foundation.
- ***Literary Fund Support for School Employee Retirement Contributions.*** Adds \$30.0 million GF in FY 2018 to backfill Literary Fund revenues that previously had been used to pay for teacher retirement costs and the freed-up Literary Fund revenues may be programmed for direct loans for school construction to eligible school divisions. Issuing new construction loans will help address the concerns from the Department of Treasury regarding the required asset value of a minimum value \$80.0 million in the Literary Fund that is prescribed by the Constitution.

Proposed Revisions to Literary Fund Sources and Uses
(\$ in millions)

| | <u>FY 2016</u> | <u>FY 2017</u> | <u>FY 2018</u> |
|---|----------------|----------------|----------------|
| Revenue Sources: | | | |
| Fines, Fees and Forfeitures | \$64.4 | \$70.2 | \$70.8 |
| Interest Less Fees | 0.5 | 0.8 | 0.8 |
| Unclaimed Property | 250.3 | 117.0 | 110.0 |
| Interest on UCP | 0.5 | 0.6 | 0.7 |
| Unclaimed Lottery Prizes | 9.1 | 10.0 | 10.5 |
| Loan Payments to the Literary Fund and Interest | 21.8 | 20.2 | 19.2 |
| VPSA Reserve | <u>0.0</u> | <u>0.0</u> | <u>0.0</u> |
| Total | \$346.7 | \$218.9 | \$212.0 |
| Expenditure Allocations:: | | | |
| Teacher Retirement/Social Security | \$165.2 | \$165.2 | \$135.2 |
| Technology Equipment & "Backpack" Debt Service | 62.5 | 65.8 | 69.2 |
| School Security Grants Debt Service | 3.7 | 4.9 | 6.2 |
| Interest Rate Subsidy | 1.2 | 0.0 | 0.0 |
| School Construction Loans | <u>52.9</u> | <u>0.0</u> | <u>0.0</u> |
| Total | \$285.6 | \$236.1 | \$210.7 |

– *Proposed Language Changes.*

- *Student Eligibility Criteria for Virginia Preschool Initiative.* Allows for up to 15 percent of Virginia Preschool Initiative slots to be filled based on locally-established eligibility criteria for at-risk rather than on an income-only criteria.
- *Clarify Support Position Funding Methodology.* Clarifies the explanation of the funding methodology for the support cap first adopted in the 2009 Session. The ratio of actual instructional positions relative to the number of actual support positions is applied to the estimated number of SOQ funded instructional positions per 1,000 students to determine the capped ratio number of funded support positions.
- *Teach for America Funds.* Provides flexibility to use the \$500,000 per year Teach for America appropriation for additional grants associated with hiring teachers in challenged schools.
- *Report on Broadband Connectivity.* Requires local school divisions to report annually to the Department of Education the status of broadband connectivity capability of schools in the division

- *Reading Specialists Initiative/Math/Reading Instructional Specialist Initiative.* Provides flexibility to allow funding to be used for tuition costs for current instructional school personnel to earn the credentials necessary to meet licensure requirements to be endorsed as a reading or instructional specialist.
- *Early Reading Intervention Initiative.* Allows school divisions to use allocated funding for full-time early literacy tutors.

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

| | <u>FY 2017</u> | <u>FY 2018</u> |
|--|------------------|------------------|
| Standards of Quality Programs | | |
| Basic Aid | \$3,153.2 | \$3,089.3 |
| Sales Tax | 1,393.3 | 1,312.5 |
| Textbooks | 76.6 | 60.8 |
| Vocational Education | 52.2 | 51.1 |
| Gifted Education | 34.4 | 33.4 |
| Special Education | 383.0 | 370.0 |
| Prevention, Intervention, and Remediation | 114.1 | 101.0 |
| VRS Retirement | 402.2 | 385.2 |
| Social Security | 195.1 | 187.2 |
| Group Life | 12.1 | 13.0 |
| Remedial Summer School | <u>28.3</u> | <u>26.6</u> |
| Total | \$5,844.3 | \$5,630.8 |
| Incentive Programs | | |
| Compensation Supplement | \$0.0 | \$83.3 |
| Governor's Schools | 18.7 | 20.1 |
| Additional Instructional Positions | 42.7 | 96.4 |
| At-Risk Add-On (split funded) | 2.0 | 8.0 |
| 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 |
| Early Reading Specialists | 1.5 | 1.5 |
| Math/Reading Instructional Specialists | 1.8 | 1.8 |
| Breakfast After the Bell | <u>1.1</u> | <u>1.1</u> |
| Total | \$69.5 | \$214.9 |
| Categorical Programs | | |
| Adult Education | \$1.1 | \$1.1 |
| Adult Literacy | 2.5 | 2.5 |
| Virtual Virginia | 5.4 | 5.4 |
| American Indian Treaty Commitment | 0.1 | 0.1 |
| School Lunch Program | 5.8 | 5.8 |

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

| | <u>FY 2017</u> | <u>FY 2018</u> |
|--|-------------------|-------------------|
| Special Education – Homebound | 5.5 | 5.6 |
| Special Education – Jails | 3.5 | 3.6 |
| Special Education - State Operated Programs | <u>34.9</u> | <u>35.2</u> |
| Total | \$58.6 | \$59.2 |
| Lottery Funded Programs | | |
| Foster Care | \$8.0 | \$8.0 |
| At-Risk | 121.5 | 116.4 |
| Virginia Preschool Initiative | 69.2 | 69.5 |
| Early Intervention Reading | 18.0 | 18.2 |
| Mentor Teacher | 1.0 | 1.0 |
| K-3 Primary Class Size Reduction | 129.2 | 131.2 |
| School Breakfast Program | 3.9 | 4.2 |
| SOL Algebra Readiness | 12.9 | 13.0 |
| Regional Alternative Education | 8.5 | 8.9 |
| Individual Student Alternative Education Plan | 2.2 | 2.2 |
| Special Education – Regional Tuition | 90.2 | 93.5 |
| Career & Technical Education – Categorical | 12.4 | 12.4 |
| Race to GED (NCLB/EFAL) | 2.4 | 2.4 |
| Path to Industry Certification (NCLB/EFAL) | 1.8 | 1.8 |
| Project Graduation | 2.8 | 2.8 |
| Supplemental Basic Aid | 0.7 | 0.8 |
| English as a Second Language | 52.5 | 54.9 |
| No Loss Funding | <u>3.8</u> | <u>0.0</u> |
| Total | \$541.2 | \$541.2 |
| Technology – VPSA | \$72.6 | \$74.8 |
| Security Equipment – VPSA | 6.0 | 6.0 |
| Supplemental Assistance Programs | \$27.4 | \$28.1 |
| (See following table below for individual allocations) | | |

Supplemental Education Assistance Programs

| | <u>FY 2017</u> | <u>FY 2018</u> |
|---|---------------------|---------------------|
| Supplemental Education Assistance Programs | | |
| Achievable Dream | \$500,000 | \$500,000 |
| Career and Technical Education Resource Center | 298,021 | 298,021 |
| Charter School Assistance | 100,000 | 100,000 |
| Communities in Schools | 1,244,400 | 1,244,400 |
| Computer Science Training | 550,000 | 550,000 |
| Early Childhood STEM | 600,000 | 600,000 |
| Extended School Year | 7,150,000 | 7,150,000 |
| Greater Richmond Area Scholarship Program | 212,500 | 212,500 |
| High School Innovation | 500,000 | 500,000 |
| JASON Learning Program On-Line STEM | 100,000 | 100,000 |
| Jobs for Virginia Graduates | 373,776 | 373,776 |
| National Board Certification Program | 5,885,000 | 5,885,000 |
| Newport News Aviation Academy | 100,000 | 100,000 |
| Northern Neck Regional Technical Center | 60,300 | 60,300 |
| Positive Behavioral Interventions and Supports | 1,098,000 | 1,098,000 |
| Project Discovery | 675,000 | 675,000 |
| 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 |
| Teach For America | 500,000 | 500,000 |
| Teacher Recruitment Programs | 2,331,000 | 2,331,000 |
| Teacher Residency | 500,000 | 500,000 |
| Van Gogh Outreach Program | 71,849 | 71,849 |
| Virginia Career Education Foundation | 0 | 0 |
| Virginia Early Childhood Foundation | 3,350,000 | 4,050,000 |
| Virginia Student Training and Refurbishment | <u>250,000</u> | <u>250,000</u> |
| Total | \$27,391,970 | \$28,091,970 |

- **Department of Education**

- *Adjust Appropriation for the Costs of the Cardinal Financial System.* Reflects additional increase of \$70,165 in FY 2017 and \$75,048 GF in FY 2018 as the agency's share of the costs of the new Cardinal accounting system. The Department of

Accounts allocates the yearly cost of the system to agencies based upon the number of transactions the agency completed in the previous fiscal year.

- ***Adjust Appropriation to Support Workers' Compensation Premiums.*** Supports the agency's workers' compensation premiums based on the allocation of program costs provided by the Department of Human Resource Management. The allocation is based on the historical experience of the agency and reflects the current policy of providing agencies with 50 percent of any increased costs and allowing agencies to retain 50 percent of any reduced costs.
- ***Add 8 Positions to Strengthen Agency Assistance to School Divisions.*** Adds \$1.0 million GF each year for 8 positions to strengthen the department's assistance to local school divisions and state-operated programs, ensure compliance with external regulations and General Assembly mandates, and implement recommendations of the 2015 Joint Legislative Audit and Review Commission (JLARC) report on the Efficiency and Effectiveness of K-12 Spending. The proposed positions are allocated as follows: two in professional development, two in school improvement, one e-rate coordinator, one in state operated programs, one efficiency position, and one in early childhood.
- ***Expand Computer Adaptive Testing.*** Provides one-time funding of \$3.4 million GF the first year and \$1.6 million GF the second year to transition the grades three-through-five mathematics tests and grades three-through-eight reading tests to a computer adaptive testing (CAT) format that adapts to the student's ability level, shortens the length of tests, and provides more flexible test administration.
- ***New Funding for eMediaVA.*** Provides \$400,000 GF each year to support the department's share of the contract with WHRO for the eMediaVA initiative. eMediaVA is the digital content development and online learning portal for Virtual Virginia.
- ***Provide Funding for Pre-Kindergarten Literacy Screening.*** Adds \$197,000 GF each year for the Phonological Awareness Literacy Screening (PALS) Pre-Kindergarten contract, which was previously supported by federal funds. These screenings support the required student evaluations that local school divisions must perform to receive Virginia Preschool Initiative (VPI) funding.
- ***Expands School Performance Report Card Redesign.*** Adds \$30,000 GF the first year and \$225,000 GF the second year, for new totals of \$105,000 the first year and \$300,000 the second year, for the school performance report card redesign, required by Chapters 367 and 368 of the 2015 Acts of Assembly, and a second phase redesign to incorporate additional functionality and data points.

- ***Support Education Data Initiative.*** Provides \$150,000 GF the first year for a pilot program to deliver personalized instructional and academic planning for students, facilitate data driven school improvement efforts, and support the state's accountability and accreditation systems.
- ***Plan to Transfer Nutrition Programs to VDACS.*** Proposes directing the Departments of Education, Health, and Agriculture and Consumer Services to develop a plan to transfer the Summer Food Services Program and the Child and Adult Care Feeding Program (from the Department of Health), and the Fresh Fruit and Vegetable Program, National School Lunch Program, School Breakfast Program, and Special Milk Program (from the Department of Education) to the Department of Agriculture and Consumer Services. This is a language-only amendment.

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

- ***Adjust Appropriation for the Costs of the Cardinal Financial System.*** Reflects the agency's share of the costs of the new Cardinal accounting system. The Department of Accounts allocates the yearly cost of the system to agencies based upon the number of transactions the agency completed in the previous fiscal year.
- ***Adjust Appropriation to Support Workers' Compensation Premiums.*** Supports the agency's workers' compensation premiums based on the allocation of program costs provided by the Department of Human Resource Management. The allocation is based on the historical experience of the agency and reflects the current policy of providing agencies with 50 percent of any increased costs and allowing agencies to retain 50 percent of any reduced costs.
- ***Change Faculty and Staff Contract Year.*** Provides one-time funding of \$326,757 GF the first year to facilitate a change in the faculty and staff contract year as a result of adjusting the academic year to align with surrounding localities, starting in school year 2016-17.