

Public Education

Governor's Proposed Amendments				
(\$ in millions)				
	FY 2017 Proposed		FY 2018 Proposed	
	<u>GF</u>	<u>NGF</u>	<u>GF</u>	<u>NGF</u>
2016-18 Current Budget (Ch. 780, 2016 Session)	\$5,838.9	\$1,617.0	\$6,131.9	\$1,586.7
Proposed Increases	0.1	73.6	61.5	31.8
Proposed Decreases	<u>(162.9)</u>	<u>0.0</u>	<u>(171.8)</u>	<u>0.0</u>
\$ Net Change	(162.8)	73.6	(110.4)	31.8
HB 1500/SB 900, as Introduced	\$5,676.1	\$1,690.6	\$6,021.5	\$1,618.5
% Change	(2.8%)	4.6%	(1.8%)	2.0%

Note: This table reflects Direct Aid to Public Education only. See the Appendix for Office of the Secretary of Education, DOE Central Office, and the Virginia School for the Deaf and Blind.

- **Direct Aid to Public Education**

- *Listings by locality of the estimated funding for FY 2017 and FY 2018 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 2017</u>	<u>FY 2018</u>	<u>Total</u>
<u>Technical Updates and Forecast Changes:</u>			
Reverse 2.0% December 1, 2016 Salary Increase	(\$49.3)	(\$86.0)	(\$135.3)
Supplant GF for Additional Lottery Revenue & Reforecast Estimate	(47.1)	(5.3)	(52.3)
Update Net Sales Tax Revenue Reforecast Estimate	(15.5)	(24.5)	(40.0)
Update Student Enrollment Projections	(14.7)	(19.9)	(34.6)
Update for Participation in Remedial Summer School and ESL	(2.8)	(3.5)	(6.3)
Update GF for Changes in Lottery-funded Programs	(4.9)	(0.2)	(5.1)
Supplant GF with Increased DMV Revenues for Driver Education	(1.5)	(1.6)	(3.1)
Update National Board Certification Levels	(0.9)	(0.8)	(1.7)
Update Categorical Programs	(0.4)	(0.1)	(0.5)
Update Incentive Programs	(0.3)	(0.0)	(0.3)
Update Governor's School Course Incentive & SW VA Gov School	(0.1)	(0.1)	(0.2)
Correct Data Submission Error (VPI)	0.1	0.0	0.1
Update Net Sales Tax Revenue Re-distributions from Census	<u>0.0</u>	<u>1.9</u>	<u>1.9</u>
Subtotal for All Technical Updates and Forecast Changes	(\$137.4)	(\$140.1)	(\$277.5)
<u>Policy Changes:</u>			
State's Share of 1.5% Bonus Dec. 1, 2017, No Required Local Match	0.0	55.5	55.5
Increase Teacher Residency Program	0.0	1.0	1.0
New Summer Cyber Camps	0.0	0.5	0.5
Eliminate Math & Science Initiative	(0.4)	(0.4)	(0.8)
Defer New Teacher Improvement Compensation Initiative	0.0	(2.0)	(2.0)
Increase Unclaimed Property Transfer to Literary Fund	<u>(25.0)</u>	<u>(25.0)</u>	<u>(50.0)</u>
Subtotal for All Policy Changes	(\$25.4)	\$29.6	\$4.2
Total for All Proposed Changes	(\$162.8)	(\$110.4)	(\$273.2)

Summary of Proposed Revenues for Direct Aid to Education		
(\$ in millions)		
	<u>FY 2017</u>	<u>FY 2018</u>
General Fund	\$5,676.1	\$6,021.5
Special Fund	0.9	0.9
Commonwealth Transportation	2.3	2.4
Trust & Agency (Lottery & Literary)	800.3	728.2
Lottery Fund	608.6	546.5
Literary Fund	191.7	181.7
Federal Trust	<u>887.1</u>	<u>887.1</u>
Grand Total for all Revenue Sources	\$7,366.7	\$7,640.1

Direct Aid to Public Education was exempted from the Governor’s 5 percent and 7.5 percent budget savings targets necessitated by the revenue reforecast. However, additional Lottery Proceeds and Literary Fund revenues result in \$47.1 million GF and \$25.0 million GF savings respectively in FY 2017, as well as the cancellation of the two-year compensation action that totaled \$135.3 million, which were included in the October 2016 Budget Savings Plan and are also reflected in the proposed budget.

Technical Updates and Forecast Changes

- ***Reverse Funding for December 1, 2016, 2 Percent Salary Increase.*** Proposes removing \$49.3 million GF in FY 2017 (as reflected in the October 2016 Governor’s Budget Savings Plan) and \$86.0 million GF in FY 2018 that had been provided for the state's share of a 2 percent salary increase for funded instructional and support positions recognized by the Standards of Quality (SOQ), which would have been effective December 1, 2016. Pursuant to Item 475 P.2., Chapter 780 of the 2016 Acts of Assembly, these amounts were to be unallotted if a revenue reforecast was required. *See below for a separate action that provides funding for a 1.5 percent bonus on December 1, 2017.*
- ***Recognize Increases in Lottery Proceeds NGF Forecast.*** Proposes to adjust funding to reflect an increase in the estimate of Lottery proceeds by \$47.1 million NGF in FY 2017 (as reflected in the October 2016 Governor’s Budget Savings Plan) and \$5.3 million NGF in 2018, offset by a like amount decrease from the General Fund (the amounts in the Supplemental Lottery Per Pupil Allocation, which was re-established in Chapter 780, would remain at \$36.6 million in FY 2017 and \$157.2

million in FY 2018). The FY 2017 total increase reflects (1) \$33.2 million from additional Lottery revenues collected in FY 2016 that were above the amount reflected in the adopted budget, (2) \$8.6 million shown as cash on the balance sheet for the Lottery Proceeds Fund and (3) \$5.3 million has been projected as additional Lottery revenues. The FY 2018 Lottery revenue is also projected to increase by \$5.3 million. The introduced budget reflects a new total lottery revenue of \$608.6 million in FY 2017 and \$546.5 million in FY 2018.

- **Update Sales Tax.** Proposes reducing a net \$15.5 million GF in FY 2017 (as updated from the October 2016 Governor’s Budget Savings Plan that reflected a net savings of \$12.0 million GF in FY 2017) and \$24.5 million GF in FY 2018 due to the cumulative impact of May and October reductions to the forecast that were slightly offset by a December forecast improvement from October. *See below for a table that reflects the details of the sales tax revenue estimates and basic aid impact.*

The sales tax revenue from the one cent portion and the additional one-eighth cent from the Public Education SOQ/Real Estate Property Tax Relief Fund that are dedicated for public education is distributed to school divisions based on school - aged population and is allocated to total SOQ cost prior to allocating the remaining SOQ cost between the state and local shares based on Composite Index of local ability-to-pay. These amounts represent the net change in state funding, as required by the Basic Aid funding formula. The revised estimates for the education component of sales tax equal \$1,347.4 million in FY 2017 and \$1,377.1 million in FY 2018, which reflect decreases of \$35.5 million and \$55.8 million respectively, compared to Chapter 780. Consequently, the decreased sales tax revenues have to be backfilled with additional general fund revenues for the state’s share of the SOQ Basic Aid payments. *See below for a separate action that updates the sales tax distribution based on the latest yearly estimate of school aged population.*

Sales Tax Revenue Projected Estimates			
(\$ in millions)			
	<u>FY 2017</u>	<u>FY 2018</u>	<u>Biennium</u>
<u>Chapter 780 Sales Tax Total</u>	<u>\$1,382.9</u>	<u>\$1,432.9</u>	<u>\$2,815.9</u>
Net Total Forecast Changes from Ch. 780	(\$35.5)	(\$55.8)	(\$91.4)
Basic Aid Offset Adjustment	<u>20.0</u>	<u>31.4</u>	<u>51.3</u>
Net Total Funding Impact	(\$15.5)	(\$24.5)	(\$40.0)
HB 1500/SB 900 Sales Tax Estimates	\$1,347.4	\$1,377.1	\$2,724.5

- ***Update Enrollments, Lottery-Funded, Categorical, and Incentive Programs.*** Proposes capturing \$14.7 million GF in FY 2017 and \$19.9 million GF in FY 2018 due to the update of Standards of Quality accounts based on slower than projected growth in fall membership and March 31st average daily membership. On a statewide basis, the revised ADM projections are 2,610 students lower the first year and 3,691 lower the second year, compared to the projections included in Chapter 780, for revised totals of 1,243,100 students the first year and 1,248,936 the second year. Compared to the final FY 2016 count of 1,239,816 students, this represents an expected statewide increase in enrollment of 0.26 percent in FY 2017 and 0.47 percent increase in FY 2018.

In addition, the proposed budget reflects net savings of \$2.8 million GF in FY 2017 and \$3.5 million GF in FY 2018 from updated actual enrollment data for Remedial Summer School and English as a Second Language. The Remedial Summer School Program costs are estimated to decrease by \$3.6 million in FY 2017 and by \$4.2 million in FY 2018. The ESL program account is estimated to increase by \$768,279 in FY 2017 and by \$690,144 in FY 2018. These two programs' funding updates are offset by Textbooks allocations that are adjusted between general fund and lottery revenues.

The biennial costs for Lottery-Funded, Categorical, and Incentive program accounts reflect net savings due to technical updates for student participation or other data:

- **Lottery-Funded Programs.** Early Intervention Reading (increase of \$3.8 million); Foster Care (increase of \$2.9 million); School Breakfast (increase of \$2.2 million); Supplemental Basic Aid (increase of \$147,226); SOL Algebra Readiness (increase of \$67,036); Virginia Preschool Initiative (decrease of \$1.2 million); Regional Alternative Education (decrease of \$377,892); Regional Special Education (decrease of \$6.0 million); and K-3 Primary Class Size Reduction (decrease of \$9.7 million). Net savings in Lottery-funded programs are used to fund an additional \$437,274 in SOQ textbook costs in FY 2017; a net additional \$6.8 million in At-Risk Add-on costs; and to fund the \$53.3 million in English-as-a-Second Language costs in FY 2017.
- **Categorical Programs.** Special Education State Operated Programs (increase of \$402,439), Special Education Homebound (decrease of \$723,842) based on the state's actual share of local program costs in FY 2017, and Special Education Jails (decrease of \$201,322) based on actual payments from FY 2016 and estimated for FY 2017, and American Indian Treaty Commitment (decrease of \$21,038). Although the introduced budget did not reflect a change in the allocation for the School Lunch Program, the total

estimated distribution to the school divisions has decreased by \$500,883 GF over the biennium.

- **Incentive Programs.** Governor's Schools (decrease of \$1.1 million) based on actual and updated projections for enrollments, updated course loads and Southwest Virginia Governor's School reverting back to 5/6 from full-day in FY 2017.
- ***Supplant GF for Drivers' Education Revenue from DMV Registrations.*** Proposes adding \$1.5 million NGF in FY 2017 and \$1.6 million NGF in FY 2018 as a result of completing the rollout of the Department of Motor Vehicles policy change that extended the driver license renewal period from five to eight years. A portion of the fee (\$1.50 per license) from either new or renewed driver's licenses is earmarked to support a portion of the Basic Aid cost of driver education programs for those divisions that offer it, and is used to offset a like amount of general fund revenue.
- ***National Board Certification.*** Proposes capturing \$870,000 GF in FY 2017 and \$785,000 GF in FY 2018 from updates to the cost of bonus payments under the National Board Certification Program based on the actual number of classroom teachers in Virginia's public schools who hold certification from the National Board of Professional Teaching Standards.
- ***Correct Data Submission Error.*** Proposes adding \$55,678 GF in FY 2017 and \$37,572 GF in FY 2018 to correct for erroneous Head Start data that had been submitted for the VPI calculations for the City of Buena Vista (submitted total child count that reflected both three and four-year olds instead of just four-year olds).
- ***Update Sales Tax Distribution Based on Latest School Age Population Estimate.*** Proposes adding \$1.9 million GF in FY 2018 due to the updates based on the latest yearly estimate of school-age population, July 1, 2015, provided by the Weldon Cooper Center for Public Service at the University of Virginia. These changes in sales tax revenue distributions, in turn, impact the remaining balance of the SOQ costs that are split between the state and divisions.
- ***Virginia Public School Authority (VPSA) Grants.*** Proposes capturing \$5.5 million NGF in FY 2017 and \$5.7 million NGF in FY 2018 based on updates for schools reporting fall 2016 membership and for the FY 2017 accreditation status used for calculating grants under the e-Learning Backpack Initiative.

Proposed Policy Changes

- ***Funding for the State’s Share of a 1.5 Percent Bonus.*** Proposes adding \$55.3 million GF in FY 2018 based on the state’s share of a one-time 1.5 percent bonus for instructional and support positions’ base pay recognized by the Standards of Quality (SOQ) funding model and \$234,386 GF for the Academic Year Governor's Schools, on December 1, 2017. There is no mention of certification to provide an employee bonus or any required local match in the language.
- ***Project Graduation Distribution Funding Formula Change.*** Proposes changing the funding methodology from an application based to a formula-based allocation using the number of failures on SOL end-of-course assessments in a division and comparing that figure to the statewide total number of failures. The amounts are adjusted based on the composite index. Although the budgeted allocation of \$2.7 million each year did not change from the current adopted budget amount, it is not known how the proposed formula change will impact future funding.

Furthermore, even though the General Assembly has not provided any authorization to do so, the Department of Education has already issued two State Superintendent memos (#133-16 and #202-16, dated May 27, 2016 and August 19, 2016, respectively) indicating that the formula has changed beginning FY 2017. Based on the distributions reflected in the Superintendent’s memo and the introduced budget, 52 divisions will receive less funding, 69 divisions will receive more funding and the remaining 14 divisions will realize no change.
- ***Teacher Residency.*** Proposes adding \$1.0 million GF in FY 2018 for additional funding to support the effort of attracting, training, paying and retaining quality teachers in hard-to-staff schools. The funding is earmarked for teacher residency partnerships between university teacher preparation programs and Petersburg, Norfolk and Richmond City school divisions.
- ***Supplemental Lottery Per Pupil Amount.*** Proposes changing the Per Pupil Amount (PPA) from \$52.42 to \$52.56 in FY 2017 and from \$224.43 to \$225.25 in FY 2018 in order to maintain the total amount allocated in the current adopted budget, Chapter 780. If the per pupil amounts were not increased, the supplemental total allocation would decrease by \$97,438 NGF in FY 2017 and by \$572,162 NGF in FY 2018.
- ***Summer Cyber Camps.*** Proposes adding \$480,000 GF in FY 2018 to fund the new summer cyber camps. These camps were funded in the summer of 2016 using funding from the Targeted Extended School Year grants program.

- ***Governor’s School for Entrepreneurial Leadership.*** Proposes adding \$32,292 GF the second year to plan for a new summer Governor’s School for Entrepreneurial Leadership.
- ***Remove Math and Science Teacher Recruitment Initiative Pilot.*** Proposes eliminating the program and the \$400,000 GF each year from the Math and Science Teacher Recruitment Initiative.
- ***Reduces Teacher Improvement Compensation Initiative.*** Proposes capturing \$2.0 million GF the second year from the new teacher improvement initiative appropriation for the first of five annual competitive grants to school divisions. Three \$5,000 planning grants had been awarded in FY 2017 to explore alternative teacher compensation approaches that move away from tenure-based step increases towards compensation systems based on teacher performance and student progress. A total of \$50,000 remains for additional planning grants to be awarded in FY 2018.
- ***Use Increases of Literary Fund to Supplant GF.*** Proposes \$25.0 million GF savings in FY 2017 (as reflected in the October 2016 Governor’s Budget Savings Plan) and \$25.0 million GF in FY 2018 which is offset by a like amount increase in nongeneral funds each year, based on Treasury Department’s latest estimates, primarily related to sale of old unclaimed property stocks that can be made available for the use of the Literary Fund, along with its other routine revenue sources. These additional revenues, \$191.3 million in FY 2017 and \$181.3 million in FY 2018, are proposed to be allocated to support a portion of the state’s share of public school employee retirement contribution costs.

According to Treasury’s November forecast letter, the transfers of unclaimed property balances (UCP) are projected to be \$142.0 million for FY 2017, \$154.0 million for FY 2018, then could drop to \$75.0 million for FY 2019 after the “catch-up period” for the stock liquidation policy adopted in FY 2015, completion of audits for unreported death benefits, and no new additional property types will be available to generate larger than usual unclaimed property. In FY 2018, stock from only one year (stock received in FY 2014) will be sold.

In addition, according to the Treasury Department, if DOE loans to localities the remaining \$21.2 million of the \$52.9 million for school construction projects that was appropriated in FY 2016, the asset base for the Literary Fund will remain above the constitutionally required level of \$80.0 million until FY 2021. At that point (the 2020-22 biennial budget cycle), the available Literary Fund revenue balance will not be able to fund debt service and the teacher retirement payments at the current level which is reflected in the introduced budget. Additional general fund revenue will be needed to backfill Literary Fund revenue used for

debt service and teacher retirement. See below for a summary table of the estimated Literary Fund revenues and expenditures.

Revisions to Literary Fund Sources and Uses				
(\$ in millions)				
	Chapter 780		Department of Treasury Estimates	
	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2017</u>	<u>FY 2018</u>
Revenue Sources:				
Fines, Fees and Forfeitures	\$70.2	\$70.8	\$54.8	\$61.8
Interest Less Fees	0.8	0.8	0.4	0.9
Unclaimed Property	117.0	110.0	142.0	154.0
Interest on UCP	0.6	0.7	0.4	0.5
Unclaimed Lottery Prizes	10.0	10.5	7.8	8.7
School Division Loan Payments and Interest	20.2	19.2	21.2	20.7
VPSA Reserve	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total	\$218.9	\$212.0	\$226.6	\$246.6
Expenditure Allocations:			HB1500/SB900	
Teacher Retirement/Social Security	\$165.2	\$155.2	\$191.3	\$181.3
Technology Equip. & "Backpack" Debt Service	64.7	68.1	67.1	69.2
School Security Grants Debt Service	4.9	6.2	4.9	6.2
Interest Rate Subsidy	0.0	0.0	0.0	0.0
School Construction Loans*	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total	\$234.8	\$229.5	\$263.3	\$256.7
<i>*DOE has budget authority to issues loans from any available balances.</i>				

Proposed Language Changes

- ***Special Education Personnel Traineeship.*** Proposes allowing full expenditure of the current Special Education Endorsement Program appropriation of \$600,000 GF each year by more accurately reflecting actual student workload and current higher education tuition rates. Proposed budget language would increase the grant awards to \$600 with a minimum of three semester hours, overriding the \$450 amount and six semester hour minimum that is currently set out in current statute, §22.1-290.02, *Code of Virginia*. In recent years, there have been unspent balances in this program under the current statutory requirements: FY 2016 \$162,814, FY 2015 \$60,926, and FY 2014 \$33,610.
- ***Use Uncommitted Teach for America Appropriation for Teacher Residency Program.*** Proposes allowing any unobligated balance in the Teach for America (TFA) appropriation to be redirected to the Teacher Residency program in anticipation that TFA will not expand into Virginia during the 2016-2018 biennium appropriation timeframe. Additional action strikes current language that permits fifty percent of any carry-forward balance to be spent by the Teacher Residency program.
- ***Technical Language Amendment to COCA Rates.*** Proposes to modify language to properly reflect that the Cost of Competing Adjustment (COCA) for support positions is funded in both years of the 2016- 2018 biennium.

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

	<u>FY 2017</u>	<u>FY 2018</u>
Standards of Quality Programs		
Basic Aid	\$3,186.1	\$3,188.1
Sales Tax	1,347.4	1,377.1
Textbooks <i>(split funded)</i>	12.1	76.6
Vocational Education	52.3	52.2
Gifted Education	34.3	34.4
Special Education	382.1	382.9
Prevention, Intervention, and Remediation	113.8	113.8
English as a Second Language <i>(split funded)</i>	0.0	55.6
Remedial Summer School	24.7	25.8
VRS Retirement	401.2	447.6
Social Security	194.6	195.0
Group Life	<u>13.3</u>	<u>13.2</u>
Total	\$5,761.8	\$5,962.4
Incentive Programs		
Compensation Supplement	\$0.0	\$0.0
Bonus Payment	0.0	55.2
Governor's School - Academic & Summer	17.9	18.6
Governor's School - Planning - CTE	0.1	0.0
At-Risk Add-On <i>(split funded)</i>	0.0	76.2
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
Math/Reading Instructional Specialists	1.8	1.8
Early Reading Specialists Initiative	1.5	1.5
"Breakfast After the Bell" Incentive	<u>1.1</u>	<u>1.1</u>
Total	\$24.1	\$156.1
Categorical Programs		
Adult Education	\$1.1	\$1.1
Adult Literacy	2.5	2.5

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

	<u>FY 2017</u>	<u>FY 2018</u>
Virtual Virginia	5.4	5.4
American Indian Treaty Commitment	0.1	0.1
School Lunch	5.8	5.8
Special Education – Homebound	5.1	5.2
Special Education – Jails	3.4	3.5
Special Education – State Operated Programs	<u>34.9</u>	<u>35.6</u>
Total	\$58.2	\$59.1
Lottery Funded Programs		
Foster Care	\$9.2	\$9.6
At-Risk Add-On (<i>split funded</i>)	98.0	21.9
Virginia Preschool Initiative	69.4	71.0
Early Intervention Reading	20.1	20.1
Mentor Teacher	1.0	1.0
K-3 Primary Class Size Reduction	123.3	128.5
School Breakfast Program	4.9	5.5
SOL Algebra Readiness	13.0	13.0
Regional Alternative Education	8.5	8.6
Individual Student Alternative Education Plan	2.2	2.2
Special Education – Regional Tuition	84.7	87.6
Career & Technical Education – Categorical	12.4	12.4
Project Graduation	2.8	2.8
Race to GED (NCLB/EFAL)	2.4	2.4
Path to Industry Certification (NCLB/EFAL)	1.8	1.8
Supplemental Basic Aid	0.8	0.9
Textbooks (<i>split funded</i>)	64.3	0.0
English as a Second Language	<u>53.3</u>	<u>0.0</u>
Total	\$608.6	\$546.5
Technology - VPSA	\$67.0	\$69.2
Security Equipment - VPSA	6.0	6.0
Supplemental Assistance Programs		
(See the following table for individual allocations.)	\$26.9	\$29.0

Supplemental Assistance Programs

	<u>FY 2017</u>	<u>FY 2018</u>
Supplemental Assistance Programs		
Achievable Dream	\$500,000	\$500,000
Career and Technical Education Resource Center	298,021	298,021
Career Council at Northern Neck CT Center	60,300	60,300
Charter School Grants	100,000	100,000
Communities in Schools	1,244,400	1,244,400
Computer Science Training for Teachers	550,000	550,000
Great Aspirations Scholarship Program	400,000	400,000
High School Program Innovation	500,000	500,000
Jobs for Virginia Graduates	573,776	573,776
National Board Certification Teacher Bonuses	5,015,000	5,100,000
Newport News Aviation Academy – STEM Program	100,000	100,000
Petersburg Executive Leadership Recruitment	350,000	350,000
Positive Behavior Intervention	1,098,000	1,098,000
Project Discovery	425,000	612,500
Small School Division Assistance	145,896	145,896
Southside Virginia Technology Consortium	108,905	108,905
Southwest Virginia Public Education Consortium	124,011	124,011
STEM Program/Research Study (VA Air & Space)	870,625	681,975
STEM Competition Team Grants	100,000	200,000
Summer Cyber Camps	0	480,000
Targeted Extended School Year Grants	7,763,312	7,763,312
Teach for America	500,000	500,000
Teacher Improvement Funding Initiative	50,000	50,000
Teacher Recruitment & Retention	1,931,000	1,931,000
Teacher Residency Program	500,000	1,500,000
Van Gogh Outreach Program	71,849	71,849
Virginia Early Childhood Foundation	2,350,000	2,750,000
Virginia Reading Corps Pilot	300,000	300,000
Virginia Student Training & Refurbishment Program	300,000	300,000
Wolf Trap Model Early Childhood STEM Program	<u>600,000</u>	<u>600,000</u>
Total	\$26,930,095	\$28,993,945

- **Department of Education**

Proposed Spending:

- *Transfer Food Programs.* Proposes transferring administration of federal food programs from the Department of Health to the Department of Education. The transfer includes \$57.7 million NGF and 20.0 FTE the second year from administration of the Summer Food Service Program and the Child and Adult Care Food Program from the Virginia Department of Health to the Virginia Department of Education.

During the 2016 Session, the introduced budget proposed transferring all related food programs in Direct Aid and the Health Department to the Virginia Department of Health, and Agriculture and Consumer Services (VDACS).

Further, the 2016 adopted budget, Chapter 780, directed DOE, VDACS and the Department of Health to develop a proposal to transfer the National School Breakfast and Lunch programs, Fresh Fruits and Vegetables, and Special Milk programs from the Direct Aid to Public Education budget and the Summer Food Service and the Child and Adult Care Food programs from the Health Department budget to VDACS. In addition, the three agencies were directed to submit a review plan to the Chairmen of House Appropriations and Senate Finance Committees and the Governor by November 15, 2016.

- *Instructional Improvement System.* Proposes adding \$1.6 million the second year to increase funding for Instructional Improvement System (formerly Educational Information Management System) to provide additional funding to support statewide access to the Department of Education's Instructional Improvement System at no cost to local school divisions.
- *Student Growth Model.* Proposes adding \$500,000 GF in FY 2018 for a second year of funding to continue a student growth model pilot program that provides personalized instructional and academic planning for students, facilitates data-driven school improvement efforts, and supports the state's accountability and accreditation systems.
- *Algebra Readiness Diagnostic Test.* Proposes adding \$400,000 GF the second year to fund increased contract costs of the Algebra Readiness Diagnostic Test (ARDT), which will allow the state to continue offering a required algebra diagnostic test at no cost to localities.

Proposed Savings:

- ***October 2016 Governor’s Budget Savings.*** Proposes reductions totaling \$763,125 GF in FY 2017 by reducing: (1) \$150,000 for principal training in under-performing schools and the one position responsible for the training and \$150,000 for principal and teacher training related to high-needs students; (2) supplanting \$128,500 with federal funds for new dyslexia training (this one GF reduction was not continued in FY 2018); (3) \$100,000 from Information Technology Academy funding; (4) \$100,000 from eMedia funding; (5) \$100,000 from kindergarten readiness assessment funding; and (6) \$34,625, from the performance evaluation training of teachers, principals, superintendents and other affected school divisions personnel in support of the transition from continuing employment contracts to annual contracts for teachers and principals

- ***Principal Professional Development in Under-Performing Schools.*** Proposes reducing funding by \$150,000 GF in FY 2018 given fewer principals left to train in under performing schools. Also reduces \$150,000 GF allocated to establish criteria for local school divisions requesting teacher and principal professional development for issues related to high-needs students. This is centralized, Department of Education-coordinated training, with assistance from higher education providers.

- ***Reduce Information Technology Academy.*** Proposes reducing \$200,000 GF in FY 2018 from the Information Technology Academy appropriation to \$1.3 million GF by reducing the professional development component for teachers and certain instructional materials for students, but retaining full credentialing services to students. DOE will offset the reduction where possible with existing agency resources.

- ***Reduce eMediaVA Funding.*** Proposes reducing funding by \$100,000 GF in FY 2018 to \$800,000 GF for eMediaVA. The Department is to modify its contract with WHRO to reduce deliverables commensurate with the reduction. The eMedia initiative was created to be a repository of audio, video, and interactive multimedia learning resources and is free to all public, private and homeschool educators and students. eMedia also provides the digital content development and online learning portal for Virtual Virginia.

- ***Reduces New Kindergarten Readiness Assessment Tool.*** Proposes reducing \$100,000 GF in FY 2018 to \$900,000 GF funding for the new kindergarten readiness assessment tool. The Department of Education is to modify its agreement with the University of Virginia to reduce the scope of services commensurate with the reduction in funding.

- ***Eliminate Two New But Not Yet Filled Positions.*** Saves \$121,182 GF the second year by eliminating one of two professional development FTEs funded in Chapter 780. Also saves \$121,181 GF by eliminating one of two school improvement FTEs funded in Chapter 780. These positions are not yet filled.
- ***Eliminates New Facilities and Pupil Transportation Efficiency Position.*** Saves \$63,710 GF the second year by eliminating 1.0 FTE and retaining the remaining half of the funding to use instead for a wage pupil transportation efficiency position.
- ***Eliminate Technology Position.*** Saves \$148,000 GF and 1.0 FTE the second year by combining the responsibilities of Technology Innovation and Information Technology Management into one position by eliminating a vacant position.
- ***Supplants GF for Two Positions.*** Saves \$73,908 GF the second year by changing the support for a finance position from general fund to nongeneral funds. Also saves \$121,182 GF by changing the support of a State Operated Programs position from general fund to nongeneral funds.
- ***School Quality Performance Report Card.*** Saves \$150,000 GF the second year by reducing the school performance report card appropriation from \$250,000 to \$100,000. DOE's development of the school quality profile, an enhancement of the school performance report card, will occur over several years at a slower rate or with a more limited scope.
- ***Reduce Teacher Evaluation Training Funding.*** Saves \$34,625 GF the second year, by removing half of the Department of Education's appropriation to provide performance evaluation training to teachers, principals, division superintendents, and other affected school division personnel in support of the transition from continuing employment contracts to annual employment contracts for teachers and principals. This program has been in effect for several years, and funding for the program has declined over the years given a reduced need for services.

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

- ***Transfer Federal Funds Between Programs.*** Shifts \$133,493 NGF each year from Residential Services to the following programs: Classroom Instruction (\$70,000), Food and Dietary Services (\$33,493), and General Management and Direction (\$30,000).
- ***Capital Outlay Project Pool.*** Proposes funding reflected in the Capital Project Expenses section (Part 2, Item C-48.10) of the introduced budget that provides a portion of \$17.0 million in the second year to be designated for construction authorization for repairs to the exterior of Main Hall. New language requires

VSDB to submit a formal plan to the Secretary of Education to address the school's declining enrollment and the current and future uses of Main Hall. Further, the plan must be approved by the Governor before any funding for the Main Hall project is released.