

## Budget Bill - Introduced

## Direct Aid to Public Education (197)

145.	Financial Assistance for Public Education (Categorical) (17100)	<del>450,120,970</del> <u>448,891,723</u>	<del>415,201,858</del> <u>430,859,009</u>
	Financial Assistance for Instruction (17101)	148,562,400	148,562,400
	Financial Assistance for Special Education Instruction (17102)	<del>203,477,212</del> <u>202,650,041</u>	<del>178,458,627</del> <u>178,395,759</u>
	Financial Assistance for Vocational Education Instruction (17103)	42,984,896	31,598,829
	Financial Assistance for Adult Education Instruction (17104)	3,299,381	3,299,381
	Financial Assistance for General Education Instruction (17105)	<del>17,121,039</del> <u>16,854,526</u>	<del>17,110,182</del> <u>31,945,298</u>
	Financial Assistance for Cultural Transition (17106)	<del>11,733,609</del> <u>11,598,046</u>	<del>13,339,718</del> <u>14,224,627</u>
	Financial Assistance for Educational Telecommunications (17111)	2,531,770	2,531,770
	Financial Assistance From Federal Land Use (17113)	1,200,000	1,200,000
	Financial Assistance for Dropout Prevention	10,203,025	10,093,313

(17114)

Financial Assistance for Foster Children	9,007,638	9,007,638
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Educational Payments (17115)

Fund Sources:	General	<del>411,994,506</del>	<del>415,855,658</del>
		<u>110,765,259</u>	<u>115,312,809</u>
	Trust and Agency	129,100	129,100
	Federal Trust	337,997,364	<del>299,217,100</del>
			<u>315,417,100</u>

Authority: Financial Assistance for Instruction (1710100): Discretionary Inclusion; P.L. 97-35, P.L. 98-211 and P.L. 100-297, Federal Code.  
 Financial Assistance for Special Education (1710200): §§ 22.1-213 through 22.1-222, Code of Virginia; P.L. 91-230, P.L. 98-199, P.L. 99-457, P.L. 101-476 and P.L. 102-119, Federal Code.  
 Financial Assistance for Vocational Education (1710300): § 22.1-227, Code of Virginia; P.L. 98-524, Federal Code.  
 Financial Assistance for Adult Education (1710400): §§ 22.1-223 through 22.1-226, Code of Virginia; P.L. 95-561 and P.L. 100-297, Federal Code.  
 Financial Assistance for General Education (1710500): Discretionary Inclusion; and P.L. 99-570, Federal Code.  
 Financial Assistance for Cultural Transition (1710600): Treaty of 1677 between Virginia and the Indians; P.L. 100-297, Federal Code.  
 Financial Assistance for Research and Testing (1710700): Discretionary Inclusion.  
 Financial Assistance for Educational Telecommunications (1711100): Discretionary Inclusion.  
 Financial Assistance from Federal Land Use (1711300): § 22.1-108, Code of Virginia; P.L. 94-588, Federal Code.  
 Financial Assistance for Dropout Prevention (1711400): Discretionary Inclusion.  
 Financial Assistance for Foster Children Education Payments (1711500): § 22.1-101, Code of Virginia.

A. Instruction Payments

1. Aid to localities provided by the Federal Block Grant for Education is appropriated in this subprogram.
2. This appropriation includes \$300,000 in each year from the general fund for Migrant Education.

B. Special Education Instruction Payments

1. The Department of Education shall establish rates for all elements in this subprogram.
2. Out of the amounts for special education payments, the Department of Education shall

make available, subject to implementation by the Superintendent of Public Instruction, an amount estimated at ~~\$36,024,033~~ \$36,174,033 the first year and ~~\$37,217,000~~ \$37,517,000 the second year from the general fund for the purpose of the state's share of the tuition rates for approved public school regional programs. Notwithstanding any contrary provision of law, the state's share of the tuition rates shall be based on the composite index of local ability-to-pay.

3. Out of the amounts for Financial Assistance for Special Education, ~~\$22,511,420~~ \$21,564,720 the first year and ~~\$23,561,448~~ \$23,198,581 the second year from the general fund is appropriated to permit the Department of Education to contract with selected local school boards for the provision of educational services to children residing in certain hospitals, clinics, and detention homes by employees of the local school boards. The selection and employment of instructional and administrative personnel under such contracts will be the responsibility of the local school board in accordance with procedures as prescribed by the local school board.

#### C. Vocational Education Instruction Payments

1. It is the intention of the General Assembly that the Department of Education explore initiatives that will encourage greater cooperation between jurisdictions and the Virginia Community College System in meeting the needs of public school systems.

2. An amount estimated at ~~\$11,401,817~~ \$11,386,067 the first year from nongeneral funds is appropriated pursuant to the School-to-Work Opportunities Act of 1994.

3. This appropriation includes \$700,000 the first year and \$700,000 the second year from the general fund for secondary vocational-technical equipment. A base allocation of \$1,000 the first year and \$1,000 the second year shall be available for all divisions, with the remainder of the funding distributed on the basis of student enrollment in secondary vocational-technical courses. State funds received for secondary vocational-technical equipment must be used to supplement, not supplant, any funds currently provided for secondary vocational-technical equipment within the locality.

#### D. Adult Education Payments

State funds shall be used to reimburse general adult education programs on a fixed cost per pupil or cost per class basis. No state funds shall be used to support vocational noncredit courses.

#### E. General Education Payments

1.a. Out of the amounts for Financial Assistance for General Education shall be paid ~~\$1,009,751~~ \$858,288 the first year and ~~\$998,894~~ \$849,060 the second year from the general fund for Project Discovery. These funds are to fund approximately one-half of the cost of the program in Abingdon, Accomack/Northampton, Alexandria, Amherst, Appomattox, Arlington, Bedford, Bland, Campbell, Charlottesville, Cumberland, Danville/Pittsylvania, Fairfax, Franklin/Patrick, Goochland/Powhatan, Lynchburg, Newport News, Norfolk, Richmond City, Roanoke City, Smyth, Surry/Sussex, Tazewell, Williamsburg/James City, and Wythe and the salary of a fiscal officer for Project Discovery.

b. The Board of Education shall determine the Project Discovery funding distributions to each community action agency. The contract with Project Discovery, Inc. should specify the allocations to each local Project Discovery program. Allocations shall be on a per pupil basis for students enrolled in the program.

2. Out of the amounts for Financial Assistance for General Education, the Board of

Education shall provide ~~\$477,000~~ \$307,700 the first year and ~~\$477,000~~ \$307,700 the second year from the general fund for the Southwest Virginia Public Education Consortium at the University of Virginia's College at Wise. The Consortium shall provide ~~\$115,000~~ \$97,750 the first year and ~~\$115,000~~ \$97,750 the second year from the general fund to continue the Van Gogh Outreach program with Lee and Wise County Public Schools and expand the program to the twelve school divisions in Southwest Virginia.

3. The appropriation for Financial Assistance for General Education includes ~~\$215,000~~ \$182,750 the first year and ~~\$215,000~~ \$182,750 the second year from the general fund for the Southside Virginia Regional Technology Consortium to expand the research and development phase of a technology linkage.

4. Out of the amounts for Financial Assistance for General Education, the Board of Education shall provide ~~\$75,000~~ \$63,750 the first year and ~~\$75,000~~ \$63,750 the second year from the general fund for the Western Virginia Public Education Consortium.

#### F. Cultural Transition Payments

A payment of ~~\$8,822,504~~ \$8,686,941 the first year and ~~\$10,428,613~~ \$10,213,516 the second year from the general fund shall be disbursed by the Department of Education to local school divisions to support the state share of ten professional instructional positions per 1,000 students for whom English is a second language.

#### G. Educational Telecommunications Payments

1. Out of the amounts for Financial Assistance for Educational Telecommunications, the Board of Education shall provide assistance for electronic classrooms.

2. The local share of costs associated with operation of electronic classrooms shall be computed using the local composite index of ability-to-pay.

#### H. Dropout Prevention Payments

1. Out of the amounts for Financial Assistance for Dropout Prevention shall be paid \$10,203,025 the first year and \$10,093,313 the second year from the general fund to support a statewide dropout prevention program. Such program shall include elements which are consistent with the following:

- a. An application process for localities that wish to participate in the program;
- b. Provisions for a local funding commitment of 40 percent, to match state grants of 60 percent; and
- c. Local program plans which include systematic identification of potential dropouts, assessment of individual student needs, and provision of coordinated alternative programs to meet such needs.

d. Notwithstanding any contrary provisions of law or of this act, the appropriation for Dropout Prevention in the second year shall be transferred to Item 147 of this act to be spent as a portion of the state's share of the Student Achievement Grants. These funds shall be distributed to school divisions in the same manner as they would have been distributed for the Dropout Prevention program. Effective July 1, 2003, these funds may not be used for Dropout Prevention unless otherwise permitted under the provisions of the Student Achievement Grants.

2. Out of this appropriation, \$2,247,581 the first year and \$2,247,581 in the second year from the general fund shall be provided for the secondary schools' Individual Student Alternative Education Program (ISAEP), pursuant to Chapter 488 and Chapter 552 of the 1999 Session of the General Assembly. The Department of Education shall report the status of this program along with any recommendations for determining the cost of this

program to the Governor and the Chairmen of the Senate Finance, Senate Education and Health, House Appropriations, and House Education Committees no later than September 1 of each year.

I. Foster Children Education Payments

1. An additional state payment is provided from the general fund for the prior year's local operations costs, as determined by the Department of Education, for each pupil not a resident of the school division providing his education (a) who has been placed in foster care or other custodial care within the geographical boundaries of such school division by a Virginia agency, whether state or local, which is authorized under the laws of this Commonwealth to place children; (b) who has been placed in an orphanage or children's home which exercises legal guardianship rights; or (c) who is a resident of Virginia and has been placed, not solely for school purposes, in a child-caring institution or group home.

2. This appropriation also provides \$5,504,589 the first year and \$5,504,589 the second year from the general fund to support handicapped children attending public school who have been placed in foster care or other such custodial care across jurisdictional lines, as provided by subsection B of § 22.1-101.1, Code of Virginia. To the extent these funds are not adequate to cover the full costs specified therein, the Department is authorized to expend unobligated balances in this Item and Item 147 for this support.

146.	Financial Assistance for Public School	485,732,824	487,260,586
	Employee Benefits (17200)		
		<u>186,557,472</u>	<u>188,844,274</u>
	Financial Assistance for School Employee	68,272,532	68,930,336
	Retirement Contributions (17201)		
		<u>67,955,236</u>	<u>69,339,154</u>
	Financial Assistance for School Employee	447,460,289	448,330,246
	Social Security Contributions (17202)		
		<u>118,583,566</u>	<u>119,505,120</u>
	<u>Financial Assistance for School Employee</u>	<u>18,670</u>	<u>0</u>
	<u>Insurance Contributions (17203)</u>		
	Fund Sources: General	95,028,124	101,555,886
		<u>73,752,772</u>	<u>63,139,574</u>

Trust and Agency	<del>90,704,700</del>	<del>85,704,700</del>
	<u>112,804,700</u>	<u>125,704,700</u>

Authority: Title 51.1, Chapters 1, 5, 7 and 14, Code of Virginia.

Payments out of the above amounts shall be subject to the following conditions:

1. General Conditions

a. The Standards of Quality cost for each of the three subprograms in this Item shall be limited for instructional staff members to the employer's cost for a number not exceeding the number of instructional positions required by the Standards of Quality for each school division and for their salaries at the statewide prevailing salary levels as printed below. Fringe benefit payments related to salary increases above these prevailing salary levels are included in the appropriations for Basic Aid:

<b>Instructional Position</b>	<b>First Year Salary</b>	<b>Second Year Salary</b>
Elementary Teachers	\$35,384	\$35,384
Elementary Assistant Principals	\$48,811	\$48,811
Elementary Principals	\$60,330	\$60,330
Secondary Teachers	\$37,337	\$37,337
Secondary Assistant Principals	\$53,352	\$53,352
Secondary Principals	\$66,520	\$66,520
Aides	\$12,296	\$12,296

b.1) Payment by the state to a local school division shall be based on the state share of fringe benefit costs of 55 percent of the employer's cost distributed on the basis of the composite index.

2) A locality whose composite index exceeds 0.8000 shall be considered as having an index of 0.8000 for purposes of distributing fringe benefit funds under this provision.

3) The state payment to each school division for retirement, social security, and group life insurance costs for noninstructional personnel is included in and distributed through Basic Aid.

c. Payments to school divisions from these subprograms shall be calculated using Average Daily Membership adjusted for half-day kindergarten programs.

d. Payments for health insurance fringe benefits are included in and distributed through Basic Aid.

2. School Employee Retirement Contributions

a. This subprogram provides funds to each local school board for the state share of the employer's retirement cost incurred by it, on behalf of instructional personnel, for subsequent transfer to the retirement allowance account as provided by Title 51.1, Chapter 1, Code of Virginia.

b. Notwithstanding § 51.1-1401 of the Code of Virginia, the Commonwealth shall provide payments for only the state share of the Standards of Quality fringe benefit cost of the retiree health care credit, effective July 1, 2002. This item includes payments in both years based on the state share of fringe benefit costs of 55 percent of the employer's cost on funded Standards of Quality instructional and professional positions, distributed based on the composite index of the local ability-to-pay.

3. School Employee Social Security Contributions

This subprogram provides funds to each local school board for the state share of the employer's Social Security cost incurred by it, on behalf of the instructional personnel for subsequent transfer to the Contribution Fund pursuant to Title 51.1, Chapter 7, Code of Virginia.

4. School Employee Insurance Contributions

This subprogram provides funds to each local school board for the state share of the employer's Group Life Insurance cost incurred by it on behalf of instructional personnel who participate in group insurance under the provisions of Title 51.1, Chapter 5, Code of Virginia.

5. Literary Fund Payments

Appropriations for contributions in Paragraphs 2 and 3 above include payments from funds derived from the principal of the Literary Fund in accordance with Article VIII, Section 8, of the Constitution of Virginia. The amounts set aside from the Literary Fund for these purposes are approximately ~~\$90,704,700~~ \$112,804,700 the first year and ~~\$85,704,700~~ \$125,704,700 the second year.

6. Lottery Payments

Appropriations for contributions in paragraphs 2 and 3 above include payments from the Lottery Proceeds Fund in accordance with § 3-1.01 paragraphs G 2 and G 3 of this act. The amounts set aside from the Lottery Proceeds Fund for these purposes are approximately \$162,243 the first year and \$108,624 the second year.

147.	Financial Assistance for Public Education  (Standards of Quality) (17500)	<del>2,697,040,401</del>  <u>2,667,079,321</u>	<del>2,682,134,336</del>  <u>2,699,348,781</u>
	Basic Aid Payments (17502)	<del>1,979,358,866</del>  <u>1,954,889,370</u>	<del>2,041,298,896</del>  <u>2,058,887,606</u>
	Education of the Gifted Payments (17505)	<del>23,546,709</del>  <u>23,685,502</u>	<del>23,707,226</del>  <u>23,944,896</u>
	Occupational-Vocational Education Payments  (17509)	<del>41,865,002</del>	<del>41,889,804</del>

Attachment D to Inf. Supts. Memo No. 171

	<u>42,151,462</u>	<u>42,398,899</u>
Special Education Payments (17510)	<del>249,655,382</del>	<del>250,218,579</del>
	<u>251,345,207</u>	<u>252,941,396</u>
Enrollment Loss Payments (17513)	<del>7,426,274</del>	<del>7,531,068</del>
	<u>5,917,073</u>	<u>5,579,647</u>
Remedial Education Payments (17514)	<del>108,196,212</del>	<del>108,020,876</del>
	<u>107,569,583</u>	<u>109,014,377</u>
Primary Class Size Payments (17517)	<del>63,050,623</del>	<del>63,067,314</del>
	<u>62,552,437</u>	<u>62,889,937</u>
Educational Technology Payments (17518)	<del>64,632,414</del>	<del>56,028,788</del>
	<u>64,732,676</u>	<u>56,431,607</u>
At-Risk Four-Year-Olds Preschool Payments (17519)	<del>19,298,645</del>	<del>19,351,994</del>
	<u>18,076,008</u>	<u>18,929,717</u>
Early Intervention/Reading First Grants (17521)	<del>29,448,283</del>	<del>12,584,722</del>
	<u>26,032,064</u>	<u>10,226,887</u>
Standards of Learning Remediation (17523)	<del>15,213,094</del>	<del>15,201,626</del>
	<u>15,149,515</u>	<u>15,209,116</u>
School Health Incentive Payments (17524)	<del>1,734,390</del>	<del>1,731,759</del>
	<u>1,744,747</u>	<u>1,749,679</u>
Standards of Learning Algebra Readiness (17525)	<del>8,976,402</del>	<del>8,999,457</del>
	<u>8,525,677</u>	<u>8,572,926</u>
Technology Support Payments (17526)	<del>5,002,245</del>	<del>5,002,245</del>
	<u>5,072,127</u>	<u>5,072,127</u>
School Construction Grant Program (17527)	<del>27,500,000</del>	<del>27,500,000</del>
	<u>27,500,004</u>	<u>27,500,009</u>



Teacher Quality Grants (17528)		52,135,869	(
Fund Sources:	General	<del>2,561,182,979</del>	<del>2,623,932,544</del>
		<u>2,531,121,634</u>	<u>2,640,744,180</u>
	Commonwealth	2,173,000	2,173,000
	Transportation		
	Trust and Agency	<del>51,696,345</del>	<del>54,628,788</del>
		<u>51,796,610</u>	<u>55,031,607</u>
	Federal Trust	81,988,077	1,400,000

Authority: Basic Aid Payments (1750200): Article VIII, Section 2, Constitution of Virginia; Chapter 667, Acts of Assembly, 1980; § 22.1-97, Code of Virginia; §§ 22.1-205, 46.1-357 and 46.1-380, Code of Virginia; Pupil Transportation, § 22.1-186, Code of Virginia.

Education of the Gifted (1750500): Discretionary Inclusion. Occupational-Vocational Education Payments (1750900): §§ 22.1-228 through 22.1-236, Code of Virginia.

Special Education Payments (1750100): §§ 22.1-213 through 22.1-222, Code of Virginia.

Remedial Education Payments (1751400): Article VIII, Section 2, Constitution of Virginia.

Educational Technology Payments (17518): The Goals 2000: Educate America Act, Public Law 103-227, Federal Code.

Educational Technology Payments (17518): Public Law 103-382, Federal Code.

A. Definitions

1. "Average Daily Membership," or "ADM" - The average daily membership for grades K-12 including (1) handicapped students ages 5-21 and (2) students for whom English is a second language who entered school for the first time after reaching their twelfth birthday, and who have not reached twenty-two years of age on or before August 1 of the school year, for the first seven (7) months (or equivalent period) of the school year in which state funds are distributed from this appropriation. Preschool and postgraduate students shall not be included in ADM.

a. School divisions shall take a count of September 30 fall membership and report this information to the Department of Education no later than October 15 of each year.

b. Except as otherwise provided herein, by statute, or by precedent, all subprograms throughout the appropriation to the Department of Education shall be calculated using ADM unadjusted for half-day kindergarten programs, estimated at ~~1,153,140~~ 1,156,599 the first year and ~~1,163,318~~ 1,170,222 the second year.

c. ADM adjusted for half-day kindergarten at 85 percent of ADM, is estimated at ~~1,150,521~~ 1,154,383 the first year and ~~1,160,636~~ 1,167,938 the second year.

d. Students who are either (i) enrolled in a nonpublic school or (ii) receiving home

instruction pursuant to § 22.1-254.1 and who are enrolled in a public school on less than a full-time basis in any mathematics, science, English, history, social science, vocational education, health education or physical education, fine arts or foreign language course shall be counted in the ADM of the relevant school division. Each course shall be counted as 0.25, up to a cap of 0.5 of a student.

e. Students enrolled in an Individualized Student Alternative Education Program (ISAEP) pursuant to § 22.1-254D. shall be counted in the Average Daily Membership of the relevant school division. School divisions shall report these students separately in their March 31 reports of Average Daily Membership.

2. "Standards of Quality" - Operations standards for grades kindergarten through 12 as prescribed by the Board of Education subject to revision by the General Assembly.

3. "Basic Operation Cost" - The cost per pupil, including provision for the number of instructional personnel required by the Standards of Quality for each school division with a minimum ratio of 51 professional personnel for each 1,000 pupils or proportionate number thereof, in ADM for the same fiscal year for which the costs are computed, and including provision for driver, gifted, occupational-vocational, and special education, library materials and other teaching materials, teacher sick leave, general administration, division superintendents' salaries, free textbooks (including those for free and reduced price lunch pupils), school nurses, operation and maintenance of school plant, transportation of pupils, instructional television, professional and staff improvement, remedial work, fixed charges and other costs in programs not funded by other state and/or federal aid.

4. "Composite Index of Local Ability-to-Pay" - An index figure computed for each locality. The composite index is the sum of 2/3 of the index of wealth per pupil in ADM (unadjusted for half-day kindergarten programs) reported for the first seven (7) months of the 1999-2000 school year and 1/3 of the index of wealth per capita (population estimates for 1999 as determined by the Center for Public Service of the University of Virginia) multiplied by the local nominal share of the costs of the Standards of Quality of 0.45 in each year. The indices of wealth are determined by combining the following constituent index elements with the indicated weighting: (1) true values of real estate and public service corporations as reported by the State Department of Taxation for the calendar year 1999 - 50 percent; (2) adjusted gross income for the calendar year 1999 as reported by the State Department of Taxation - 40 percent; (3) the sales for the calendar year 1999 which are subject to the state general sales and use tax, as reported by the State Department of Taxation - 10 percent. Each constituent index element for a locality is its sum per ADM, or per capita, expressed as a percentage of the state average per ADM, or per capita, for the same element. A locality whose composite index exceeds 0.8000 shall be considered as having an index of 0.8000 for purposes of distributing all payments based on the composite index of local ability-to-pay. Each constituent index element for a locality used to determine the composite index of local ability-to-pay for the current biennium shall be the latest available data for the specified official base year provided to the Department of Education by the responsible source agencies no later than December 15, 2001.

a. Each locality whose total Virginia Adjusted Gross Income is comprised of at least 3 percent or more which is accounted for by nonresidents of Virginia may elect at its option to exclude such nonresident income in computing the composite index of ability-to-pay.

Each locality which elects this option must have certified its intention to do so to the Department of Education on or before January 1, 2002. The Department of Education shall compute the composite index for such localities by using adjusted gross income data which exclude nonresident income, but shall not adjust the composite index of any other localities. The Department of Taxation shall furnish to the Department of Education such data as are necessary to implement this provision.

b.1) Pursuant to § 15.2-1302, Code of Virginia, and in the event that two or more school divisions become one school division, whether by consolidation of only the school divisions or by consolidation of the local governments, such resulting division shall be paid Standard of Quality payments for all pupils in the combined division on the basis of a composite index determined by the Board of Education, which shall not be less than the lowest nor higher than the highest composite index of any of the individual school divisions involved in such consolidation. In the event of a consolidation of local governments, this index shall remain in effect for a period of fifteen years, unless a lower composite index is calculated through the process for computing an index figure for each locality as set forth above. The Governor shall approve the composite index determined by the Board of Education prior to disbursement of funds under such index. The Department shall annually report to the Chairmen of the House Appropriations and Senate Finance Committees the composite indices approved by the Governor and the Board under this provision.

2) Pursuant to paragraph b.1) above, if the composite index of a consolidated school division is reduced during the course of the fifteen year period to a level that would entitle the school division to a lower interest rate for a Literary Fund loan than it received when the loan was originally released, the Board of Education shall reduce the interest rate of such loan for the remainder of the period of the loan. Such reduction shall be based on the interest rate that would apply at the time of such adjustment. This rate shall remain in effect for the duration of the loan and shall apply only to those years remaining to be paid.

c. When it is determined that a substantial error exists in a constituent index element, the Department of Education will make adjustments in funding for the current school year. No adjustment during the biennium will be made as a result of updating of data used in a constituent index element.

d. In the event that any school division consolidates two or more small schools, the division shall continue to receive Standards of Quality funding and provide for the required local expenditure for a period of five years as if the schools had not been consolidated. Small schools are defined as any elementary, middle, or high school with enrollment below 200, 300 and 400 students, respectively.

5. "Required Local Expenditure for the Standards of Quality" - The locality's share based on the composite index of local ability-to-pay of the cost required by all the Standards of Quality minus its estimated revenues from the state sales and use tax (returned on the basis of school age population) in the fiscal year in which the school year begins.

6. "Planning District Eight"--The nine localities which comprise Planning District Eight are Arlington County, Fairfax County, Loudoun County, Prince William County, Alexandria City, Fairfax City, Falls Church City, Manassas City, and Manassas Park City.

7. "State Share for the Standards of Quality" - The state share for a locality shall be equal

to the cost for that locality less the locality's estimated revenues from the state sales and use tax (returned on the basis of school age population), in the fiscal year in which the school year begins and less the required local expenditure.

B. General Conditions

1. Each locality shall offer a school program for all its eligible pupils which is acceptable to the Department of Education as conforming to the Standards of Quality program requirements.
2. In the event the statewide number of pupils in ADM exceeds the number estimated as the basis for this appropriation, the locality's state share of the Basic Operation Cost and the required local share shall be reduced proportionately so that this appropriation will not be exceeded.
3. The Department of Education shall make equitable adjustments in the computation of indices of wealth and in other state-funded accounts for localities affected by annexation, unless a court of competent jurisdiction makes such adjustments. However, only the indices of wealth and other state-funded accounts of localities party to the annexation will be adjusted.
4. In the event that the actual revenues from the state sales and use tax returned (on the basis of the latest triennial count of school age population) for sales in the fiscal year in which the school year begins are different from the number estimated as the basis for this appropriation, the estimated revenues shall not be adjusted.
5. This appropriation shall be apportioned to the public schools with guidelines established by the Department of Education consistent with legislative intent as expressed in this act.
6. Appropriations of state funds in this Item include for each subprogram the number of positions required by the Standards of Quality. This Item includes for such subprograms as Basic Aid Payments, a minimum of 51 professional instructional positions and aide positions (C 2); Education of the Gifted, 1.0 professional instructional position (C 3); Occupational-Vocational Education Payments and Special Education Payments; a minimum of 6.0 professional instructional positions and aide positions (C 4 and C 5) for each 1,000 pupils in ADM each year in support of the current Standards of Quality. Funding in support of an additional 9.0 professional instructional positions per 1,000 pupils who score in the bottom national quartile of the Virginia State Assessment Program tests is included in Remedial Education Payments (C 8).
7. The Department of Education shall make calculations at the start of the school year to ensure that an operational school division has appropriated adequate funds to support its estimated required local expenditure. The Department of Education shall also make calculations after the close of the school year to verify that the required local effort level, based on actual March 31st Average Daily Membership, was met. To determine if an operational school division has appropriated and expended its required local expenditure for the Standards of Quality, the Department of Education shall make the following calculations:
  - a. The total cost of operation less all capital outlays, debt service expenditures and refunds of state or federal revenue (prior periods), will be calculated; then
  - b. From this amount calculated in paragraph a will be deducted receipts from state funds (other than for capital outlays and refunds of revenue from prior periods), receipts from federal funds other than for capital outlays and P.L. 95-561 (formerly P.L. 81-874 and

P.L. 81-815), Forest Reserve receipts, tuition from another county or city, and payments from other state agencies and others, all as stipulated by the Superintendent of Public Instruction; then

c. From this amount calculated in paragraph b will be deducted the estimated revenues from the state sales and use tax (returned on the basis of the latest triennial count of school age population) for sales in the fiscal year in which the school year begins.

d. The amount calculated in paragraph c must be equal to or greater than the required local expenditure defined in paragraph A 5.

e. The Department of Education shall collect the data necessary to perform the calculations of required local expenditure as required by this section.

f. A locality whose expenditure in fact exceeds the required amount from local funds may not reduce its expenditures unless it first complies with all of the Standards of Quality.

8.a. Any sum which a locality, as of the end of a school year, has not expended, pursuant to paragraph B 7 above, for the Standards of Quality shall be paid by the locality into the general fund of the state treasury. Such payments shall be made not later than the end of the school year following that in which the under expenditure occurs.

b. Whenever the Department of Education has recovered funds as defined in the preceding paragraph a, the Secretary of Education is authorized to repay to the locality affected by that action, seventy-five percent (75%) of those funds upon his determination that:

1) The local school board agrees to include the funds in its June 30 ending balance for the year following that in which the under expenditure occurs;

2) The local governing body agrees to reappropriate the funds as a supplemental appropriation to the approved budget for the second year following that in which the under expenditure occurs, in an appropriate category as requested by the local school board, for the direct benefit of the students;

3) The local school board agrees to expend these funds, over and above the funds required to meet the required local expenditure for the second year following that in which the under expenditure occurs, for a special project, the details of which must be furnished to the Department of Education for review and approval;

4) The local school board agrees to submit periodic reports to the Department of Education on the use of funds provided through this project award; and

5) The local governing body and the local school board agree that the project award will be cancelled and the funds withdrawn if the above conditions have not been met as of June 30 of the second year following that in which the under expenditure occurs.

c. There is hereby appropriated, for the purposes of the foregoing repayment, a sum sufficient, not to exceed 75 percent of the funds deposited in the general fund pursuant to the preceding paragraph a.

9. The Superintendent of Public Instruction shall provide a report on the status of teacher salaries, by local school division, to the Governor and the Chairmen of the Senate Finance and House Appropriations Committees ~~by December 1 of each year of the biennium~~ annually, prior to the commencement of the General Assembly.

10. All local matching funds required by the programs in this Item shall be appropriated to the budget of the local school board.

11. School divisions may choose to use state payments provided for Standards of Quality

remediation and Standards of Learning remediation as a block grant for remediation purposes, without restrictions or reporting requirements, other than reporting necessary as a basis for determining funding for the program.

C. Apportionment

1. Subject to the conditions stated in this paragraph and in paragraph B of this Item, each locality shall receive sums as listed above for subprograms within this program for the basic operation cost and payments in addition to that cost. The apportionment herein directed shall be inclusive of, and without further payment by reason of, state funds for library and other teaching materials.

2. Basic Aid Payments

a. A state share of the Basic Operation Cost, which cost per pupil in ADM is established individually for each local school division based on the number of instructional personnel required by the Standards of Quality and the statewide prevailing salary levels (adjusted in Planning District Eight for the cost of competing) as well as recognized support costs calculated on a prevailing basis for an estimated ADM (adjusted for half-day kindergarten programs).

b.1) The state share for a locality shall be equal to the Basic Operation Cost for that locality less the locality's estimated revenues from the state sales and use tax (returned on the basis of the latest triennial count of school age population), in the fiscal year in which the school year begins and less the required local expenditure.

2) An amount estimated at ~~\$199,982,822~~ \$243,527,213 the first year and ~~\$200,063,499~~ \$225,090,164 the second year of Financial Assistance for Lottery Proceeds Revenue Sharing appropriated in Item 148 of this act, together with funds appropriated in this Item for Basic Aid Payments, provide for the state share of the Basic Operations Cost as defined in paragraphs a and b1) above.

c. For the purpose of this paragraph, the Department of Taxation's fiscal year sales and use tax estimates are as cited in Item 148 of this act.

d.1) In accordance with the provisions of §§ 22.1-281 and 37.1-96, Code of Virginia, the Department of Education shall deduct the locality's share for the education of handicapped pupils residing in institutions within the Department of Mental Health, Mental Retardation and Substance Abuse Services from the locality's Basic Aid appropriation.

2) The amounts deducted from Basic Aid for the education of mentally retarded persons shall be transferred to the Department of Mental Health, Mental Retardation and Substance Abuse Services in support of the cost of educating such persons; the amount deducted from Basic Aid for the education of emotionally disturbed persons shall be transferred to the Program for Special Education (Item 145) for extraordinary expenses incurred in the education of such persons. The Department of Education shall establish guidelines to implement these provisions and shall provide for the periodic transfer of sums due from each local school division to the Department of Mental Health, Mental Retardation and Substance Abuse Services and the Program for Special Education (Item 145). The amount of the actual transfers will be based on data accumulated during the prior school year.

e.1) The apportionment to localities of all driver education revenues received during the school year shall be made as an undesignated component of the state share of the basic operation cost in accordance with the provisions of this Item. Only school divisions

complying with the standardized program established by the Board of Education shall be entitled to participate in the distribution of state funds appropriated for driver education. The Department of Education will deduct a designated amount per pupil from a school division's Basic Aid payment when the school division is not in compliance with § 22.1-205 C, Code of Virginia. Such amount will be computed by dividing the current appropriation for the Driver Education Fund by actual March 31 ADM.

2) Local school boards may charge a per pupil fee for behind-the-wheel driver education provided, however, that the fee charged plus the per pupil basic aid reimbursement for driver education shall not exceed the actual average per pupil cost. Such fees shall not be cause for a pro rata reduction in Basic Aid payments to school divisions.

f. The one-cent state sales and use tax earmarked for education and distributed to localities on the basis of the latest triennial count of school age population shall be reflected in each locality's annual budget for educational purposes as a separate revenue source for the then current fiscal year.

g.1) The appropriations for basic aid include ~~\$48,421,765~~ \$48,651,713 the first year and ~~\$48,704,153~~ \$49,142,124 the second year from the general fund as the state's share of the cost of textbooks based on a per pupil amount of \$75.36 the first year and \$75.36 the second year. The state's distributions for textbooks shall be based on adjusted ADM.

2) School divisions shall provide free textbooks to all students.

3) School divisions may use a portion of this funding to purchase Standards of Learning instructional materials.

h.1) The appropriations for Basic Aid include the state share of an average per pupil amount estimated at \$89 the first year and \$89 the second year to pay for the costs of administration.

2) The appropriations for Basic Aid include an additional payment of ~~\$4,122,252~~ \$4,070,381 the first year and ~~\$54,155,292~~ \$53,689,680 the second year from the general fund to pay for the state share of recognizing the prevailing number of administrative positions in local school divisions. The amounts provided would fund 5.8 percent of the state share of these costs in the first year and 72 percent of the state share of these costs in the second year.

i. The appropriations for basic aid include the state share of approximately ~~\$39.4~~ \$36.5 million or ~~\$490~~ \$462 per instructional position for teacher training the first year and ~~\$39.4~~ \$36.8 million or ~~\$490~~ \$462 per instructional position for teacher training in the second year. School divisions are encouraged to use these funds to provide teacher training in the core content areas of the Standards of Learning, including the use of technology in instruction.

j. In the calculation of basic aid costs, locally generated revenues shall be deducted by only 50 percent of the prevailing value in the first year. No deduction shall be made in the second year. The appropriations for basic aid therefore include ~~\$24,850,161~~ \$24,532,449 the first year and ~~\$49,985,523~~ \$49,559,465 the second year from the general fund for this purpose.

### 3. Education of the Gifted Payments

a. An additional payment shall be disbursed by the Department of Education to local school divisions to support the state share of one full-time equivalent instructional position per 1,000 students in ADM (adjusted for half-day kindergarten).

b. Local school divisions are required to spend, as part of the required local expenditure

for the Standards of Quality the established per pupil cost for gifted education (state and local share) on approved programs for the gifted.

4. Occupational-Vocational Education Payments

a. An additional payment shall be disbursed by the Department of Education to the local school divisions to support the state share of the number of Vocational Education instructors required by the Standards of Quality. These funds shall be disbursed on the same basis as the payment is calculated.

b. An amount estimated at \$82,544,032 the first year and \$82,912,281 the second year from the general fund included in Basic Aid Payments relates to vocational education programs in support of the Standards of Quality.

5. Special Education Payments

a. An additional payment shall be disbursed by the Department of Education to the local school divisions to support the state share of the number of Special Education instructors required by the Standards of Quality. These funds shall be disbursed on the same basis as the payment is calculated.

b. Out of the amounts for special education payments, general fund support is provided to fund the caseload standards for speech pathologists at 68 students for each year of the biennium.

6. Enrollment Loss/Small School Division Assistance.

a. An additional state payment in each year equal to the state share per pupil of Basic Aid for each locality, for a percentage of the enrollment loss (as determined below) in ADM from the prior year.

<b>Composite Index</b>	<b>Percentage</b>
0.0000-0.1999	85%
0.2000-0.3499	70%
0.3500-0.4999	45%
0.5000 or more	30%

b. An additional state payment of \$400,000 the first year and \$400,000 the second year from the general fund is provided as equal Small School Division Assistance grants for the school divisions of Highland County and the City of Norton.

7. Remedial Education Payments

a. An additional state payment shall be disbursed by the Department of Education to the local school divisions to support the state share of nine professional instructional positions per 1,000 students who score in the bottom national quartile on Virginia State Assessment Program Tests.

b. An additional state payment estimated at ~~\$41,710,870~~ \$41,845,653 the first year and ~~\$40,906,390~~ \$42,468,183 the second year from the general fund shall be disbursed based on the estimated number of federal Free Lunch participants, in support of programs for students who are educationally at risk. The additional payment shall be based on the state share of:

1) A minimum 2 percent add-on, as a percent of the per pupil basic aid cost, for each



child who qualifies for the federal Free Lunch Program; and

2) An addition to the add-on, based on the concentration of children qualifying for the federal Free Lunch Program. Based on its percentage of Free Lunch participants, each school division will receive between 2 and 12 percent in additional basic aid per Free Lunch participant. These funds shall be matched by the local government, based on the composite index of local ability-to-pay.

3a) Local school divisions are required to spend the established at-risk payment (state and local share) on approved programs for students who are educationally at risk.

b) To receive these funds, each school division shall certify to the Department of Education that the state and local shares of the at-risk payment will be used to support approved programs for students who are educationally at risk. These programs may include: Dropout Prevention, Advancement Via Individual Determination (AVID), Project Discovery, Reading Recovery, programs for students who speak English as a second language, and programs related to increasing the success of disadvantaged students in completing a high school degree and providing opportunities to encourage further education and training.

c.1) An additional state payment of ~~\$5,386,590~~ \$5,343,713 the first year and ~~\$5,386,270~~ \$5,210,891 the second year from the general fund shall be disbursed for regional alternative education programs. Such programs shall be for the purpose of educating certain expelled students and, as appropriate, students who have received suspensions from public schools and students returned to the community from the Department of Juvenile Justice.

2) Each regional program shall have a small student/staff ratio. Such staff shall include, but not be limited to education, mental health, health, and law enforcement professionals, who will collaborate to provide for the academic, psychological and social needs of the students. Each program shall be designed to ensure that students make the transition back into the "mainstream" within their local school division.

3) Regional alternative education programs are funded through this Item based on the state's share of the incremental per pupil cost for providing such programs. This incremental per pupil payment shall be adjusted for the composite index of local ability-to-pay of the school division that counts such students attending such program in its Average Daily Membership. It is the intent of the General Assembly that this incremental per pupil amount be in addition to the basic aid per pupil funding provided to the affected school division for such students. Therefore, local school divisions are encouraged to provide the appropriate portion of the basic aid per pupil funding to the regional programs for students attending these programs, adjusted for costs incurred by the school division for transportation, administration, and any portion of the school day or school year that the student does not attend such program.

4) The Board of Education shall provide assistance for the state share of the incremental cost of regional alternative education program operations based on the composite index of local ability-to-pay.

d.1) This appropriation includes ~~\$20,863,560~~ \$20,114,777 the first year and ~~\$21,370,916~~ \$20,864,410 the second year from the general fund for the state's share of Remedial Summer School Programs. These funds are available to school divisions for the operation of programs designed to remediate students who are required to attend such programs during a summer school session or during an intersession in the case of year-

round schools. These funds may be used in conjunction with other sources of state funding for remediation or intervention. School divisions shall have maximum flexibility with respect to the use of these funds and the types of remediation programs offered; however, in exercising this flexibility, students attending these programs shall not be charged tuition and no high school credit may be awarded to students who participate in this program. After actual enrollment in Remedial Summer School in fiscal year 2002 has been calculated, the Department of Education shall recalculate the amounts needed to fully fund the state share of Remedial Summer School obligations in fiscal year 2003 and fiscal year 2004.

2) For school divisions charging students tuition for summer high school credit courses, consideration shall be given to students from households with extenuating financial circumstances who are repeating a class in order to graduate.

8. Primary Class Size Payments

a. An additional payment estimated at ~~\$63,050,623~~ \$62,552,437 the first year and ~~\$63,067,314~~ \$62,889,931 the second year from the general fund shall be disbursed by the Department of Education as an incentive payment for reducing class sizes in the primary grades.

b. The Department of Education shall calculate the payment based on the incremental cost of providing the lower class sizes based on the greater of the division average per pupil cost of all divisions or the actual division per pupil cost.

c. Localities are required to provide a match for these funds based on the composite index of local ability-to-pay.

d. By November 1 of each year school divisions must provide data to the Department of Education that each participating school has a September 30 pupil/teacher ratio in grades K through 3 that meet the following criteria:

<b>Qualifying School Percentage of Students Approved Eligible for Free Lunch</b>	<b>Grades K-3 School Ratio</b>	<b>Maximum Individual Class Size</b>
16% but less than 30%	20 to 1	25
30% but less than 45%	19 to 1	24
45% but less than 55%	18 to 1	23
55% but less than 65%	17 to 1	22
65% but less than 70%	16 to 1	21
70% but less than 75%	15 to 1	20
75% or more	14 to 1	19

e. School divisions may elect to have eligible schools participate at a higher ratio, or only

in a portion of grades kindergarten through three, with a commensurate reduction of state and required local funds, if local conditions do not permit participation at the established ratio and/or maximum individual class size. Special education teachers shall not be counted towards meeting these required pupil/teacher ratios in grades kindergarten through three.

f. The Superintendent of Public Instruction may grant waivers to school divisions for the class size requirement in schools that have only one class in an affected grade level in a primary school.

g. The Superintendent of Public Instruction shall provide a report on the status of the reduction in primary class sizes to the Governor and the Chairmen of the House Appropriations, House Education, Senate Finance, and Senate Education and Health Committees by December 1 of each year annually, prior to the commencement of the General Assembly session.

#### 9. Educational Technology Payments

a. Any unobligated amounts transferred to the educational technology fund shall be disbursed on a pro rata basis to localities. The additional funds shall be used for technology needs identified in the division's technology plan approved by the Department of Education.

b.1) The Board of Education shall provide amounts estimated at \$10,550,395 the first year from the Literary Fund to provide debt service payments for the education technology grant program conducted through the Virginia Public School Authority in 1998. Proceeds from the 1998 issuance continue the implementation of the Board of Education's Six-Year Educational Technology Plan for Virginia, including: a) retrofitting and upgrading of existing school buildings to efficiently use educational technology, b) providing network-ready multimedia microcomputers for every classroom, and c) providing a 5-to-1 ratio of pupils to network-ready microcomputers.

2) It is the intent of the General Assembly to appropriate Literary Fund revenues sufficient to pay debt service on the Virginia Public School Authority bonds authorized for this program. In developing the proposed 2002-04 biennial budget for public education, the Board of Education shall include a recommendation to the Governor to appropriate Literary Fund revenues sufficient to make the debt service payments for this program in fiscal year 2003.

c.1) The Board of Education shall provide amounts estimated at \$15,178,450 the first year and \$15,180,200 the second year from the Literary Fund to provide debt service payments for the education technology grant program through the Virginia Public School Authority in 2000. The 2000 program is focused on four major components: a) retrofitting and upgrading of existing school buildings to efficiently use educational technology; b) providing network-ready multimedia microcomputers for every classroom; c) providing a 5 to 1 ratio of pupils to network-ready microcomputers; and d) replacement of administrative and student management and information systems supporting data requirements associated with the Standards of Accreditation in school divisions lacking adequate systems.

2) It is the intent of the General Assembly to appropriate Literary Fund revenues sufficient to pay debt service on the Virginia Public School Authority bonds authorized for this program. In developing the proposed 2004-06 biennial budget for public education, the Board of Education shall include a recommendation to the Governor to

appropriate Literary Fund revenues sufficient to make the debt service payments for this program in fiscal year 2005.

d.1) The Board of Education shall provide an amount estimated at \$12,378,100 the first year and \$12,382,900 the second year from the Literary Fund to provide debt service payments for the education technology grant program conducted through the Virginia Public School Authority in 2001.

2) It is the intent of the General Assembly to appropriate Literary Fund revenues sufficient to pay debt service on the Virginia Public School Authority bonds or notes authorized for this program. In developing the proposed 2004-06 biennial budget for public education, the Board of Education shall include a recommendation to the Governor to appropriate Literary Fund revenues sufficient to make debt service payments for this program in fiscal years 2005 and 2006.

e.1) The Board of Education shall provide amounts estimated at ~~\$13,689,400~~ \$13,689,135 the first year and ~~\$13,483,688~~ \$13,480,875 the second year from the Literary Fund to provide debt service payments for the education technology grant program conducted through the Virginia Public School Authority in 2002.

2) It is the intent of the General Assembly to appropriate Literary Fund revenues sufficient to pay debt service on the Virginia Public School Authority bonds or notes authorized for this program. In developing the proposed 2004-06 and 2006-08 biennial budgets for public education, the Board of Education shall include a recommendation to the Governor to appropriate Literary Fund revenues sufficient to make debt service payments for this program in fiscal years 2005, 2006, and 2007.

f.1) An education technology grant program shall be conducted through the Virginia Public School Authority, through the issuance of equipment notes in an amount estimated at ~~\$58,658,000~~ \$58,416,000 in the spring of 2003 and ~~\$58,658,000~~ \$58,598,000 in the spring of 2004. Proceeds of the notes will be used to establish a computer-based instructional and testing system for the Standards of Learning (SOL) and connecting high schools (and middle and elementary schools as appropriate) to the Internet at high access speeds.

2) The Board of Education shall provide amounts estimated at \$13,982,000 the second year from the Literary Fund to provide debt service payments for the education technology grant program conducted through the Virginia Public School Authority in 2003.

3) It is the intent of the General Assembly to appropriate Literary Fund revenues sufficient to pay debt service on the Virginia Public School Authority bonds or notes authorized for education technology grant programs in the spring of 2003 and in the spring of 2004. In developing the proposed 2004-06, 2006-08 and 2008-10 biennial budgets for public education, the Board of Education shall include a recommendation to the Governor to appropriate Literary Fund revenues sufficient to make debt service payments for these programs in fiscal years 2005, 2006, 2007, 2008 and 2009.

4) Grant funds from the issuance of ~~\$58,658,000~~ \$58,416,000 the first year and \$58,598,000 the second year in equipment notes ~~in each year~~ are based on a grant of \$26,000 per school and \$50,000 per school division. For purposes of this grant program, eligible schools shall include those reporting membership as of September 30, 2002 and 2003, respectively, as well as district and regional centers including vocational centers, special education centers, alternative education centers, regular school year Governor's

Schools, and the Schools for the Deaf and the Blind.

5) Localities are required to provide a match for these funds equal to 20 percent of the grant amount. At least 25 percent of the local match shall be used for teacher training in the use of technology. The Superintendent of Public Instruction is authorized to reduce the required local match for school divisions with a composite index of local ability-to-pay below 0.2000. The Schools for the Deaf and the Blind are exempt from the match requirement.

6) The goal of the program is to improve the instructional, remedial and testing capabilities of the Standards of Learning for local school divisions.

7) Funds shall be used in the following manner:

a) Each division shall use funds to reach a goal, in each high school, of: (1) a 5-to-1 student to computer ratio; (2) an Internet-ready local area network (LAN) capability; and (3) high speed access to the Internet. School connectivity (computers, LANs and network access) shall include sufficient download/upload capability to ensure that each student will have adequate access to Internet-based instructional, remedial and assessment programs.

b) When each high school in a division meets the goals established in paragraph a) above, the remaining funds shall be used to develop similar capability in first the middle schools and then the elementary schools.

~~c) For purposes of this program, a high school shall be defined as any school providing instruction in grades 9 through 12 as well as district and regional centers including vocational centers, special education centers, alternative education centers regular school year Governor's Schools, and the Schools for the Deaf and the Blind.~~

d) Pursuant to § 15.2-1302, Code of Virginia, and in the event that two or more school divisions became one school division, whether by consolidation of only the school divisions or by consolidation of the local governments, such resulting division shall be provided funding through this program on the basis of having the same number of school divisions as existed prior to September 30, 2000.

8) Local school divisions shall maximize the use of available federal funds, including E-Rate Funds, and to the extent possible, use such funds to supplement the program and meet the goals of this program.

g. The Department of Education, with the assistance of the Department of Technology Planning, shall develop criteria to determine if high schools, middle schools, or elementary schools have the capacity to meet the goals of this initiative. The Department of Education shall be responsible for the project management of this program. The Department of Education, with the assistance of the Department of Technology Planning, shall report on the implementation of this program to the Chairmen of the Senate Finance and House Appropriations Committees by September 1 of each year.

h.1) In the event that, on any scheduled payment date of bonds or notes of the Virginia Public School Authority (VPSA) issued for the purpose described in § 22.1-166.2, Code of Virginia, and not benefiting from the provisions of either § 22.1-168 (iii), (iv) and (v), Code of Virginia, or § 22.1-168.1, Code of Virginia, the available moneys in the Literary Fund are less than the appropriations for debt service due on such bonds or notes of the VPSA on such date, there is hereby appropriated to the VPSA from the general fund a sum equal to such deficiency.

2) The Chairman of the Board of Commissioners of the VPSA shall, on or before

December 1 of each year, make and deliver to the Governor and the Secretary of Finance a certificate setting forth his estimate of total debt service during each fiscal year of the biennium on bonds and notes of the VPSA issued and projected to be issued during such biennium pursuant to the resolution referred to in paragraph 1) above. The Governor's budget submission each year shall include provisions for the payment of debt service pursuant to paragraph 1) above.

i. Unspent proceeds of the notes, including investment income derived from the proceeds of the notes may be used to pay interest on, or to defease principal of the notes.

j.1) For the purposes of § 56-232, Code of Virginia, "Contracts of Telephone Companies with State Government" and for the purposes of § 56-234 "Contracts for Service Rendered by a Telephone Company for the State Government" shall be deemed to include communications lines into public schools which are used for educational technology. The rate structure for such lines shall be negotiated by the Superintendent of Public Instruction and the Director of the Department of Technology Planning. Further, the Superintendent and Director are authorized to encourage the development of "bypass" infrastructure in localities where it fails to obtain competitive prices or prices consistent with the best rates obtained in other parts of the state.

2) The State Corporation Commission, in its consideration of the discount for services provided to elementary schools, secondary schools, and libraries and the universal service funding mechanisms as provided under § 254 of the Telecommunications Act of 1996, is hereby encouraged to make the discounts for intrastate services provided to elementary schools, secondary schools, and libraries for educational purposes as large as is prudently possible and to fund such discounts through the universal fund as provided in § 254. The Commission shall proceed as expeditiously as possible in implementing these discounts and the funding mechanism for intrastate services, consistent with the rules of the Federal Communications Commission aimed at the preservation and advancement of universal service.

k. An amount estimated at \$8,684,679 the first year from federal funds is appropriated pursuant to the Goals 2000: Educate America Act.

l. An amount estimated at \$2,851,387 the first year from federal funds is appropriated from the federal Technology Literacy Challenge Fund.

#### 10. At-Risk Four-Year-Olds Preschool Payments

a.1) It is the intent of the General Assembly that an additional state payment shall be disbursed by the Department of Education to schools and community-based organizations to provide quality preschool programs for at-risk four-year-olds unserved by another program.

2) These grants shall be used to provide programs for at-risk four-year-old children which include quality preschool education, health services, social services, parental involvement and transportation. Programs must provide full-day and, at least, school-year services.

3) The Department of Education, in cooperation with the Council on Child Day Care and Early Childhood Programs, shall establish guidelines for quality preschool education and criteria for the service components. Such guidelines shall be consistent with the findings of the November 1993 study by the Board of Education, the Department of Education, and the Council on Child Day Care and Early Childhood Programs.

4) Grants shall be distributed based on an allocation formula providing the state share of

a \$5,400 grant for sixty percent of the unserved at-risk four-year-olds in each locality.

b.1) Any locality which desires to participate in this grants program must submit a proposal through its chief administrator (county administrator or city manager) by May 15 of each year. The chief administrator, in conjunction with the school superintendent, shall identify a lead agency for this program within the locality. The lead agency shall be responsible for developing a local plan for the delivery of quality preschool services to at-risk children which demonstrates the coordination of resources and the combination of funding streams in an effort to serve the greatest number of at-risk four-year-old children.

2) The proposal must demonstrate coordination with all parties necessary for the successful delivery of comprehensive services, including the schools, child care providers, local social services agency, Head Start, local health department and other groups identified by the lead agency.

3) A local match, based on the composite index of local ability-to-pay shall be required. For purposes of meeting the local match, localities may use local expenditures for existing qualifying programs. Localities shall also continue to pursue and coordinate other funding sources, including child care subsidies. Funds received through this program must be used to supplement, not supplant, any funds currently provided for preschool programs within the locality. However, in the event a locality is prohibited from continuing the previous level of support to programs for at-risk four-year-olds from Title 1 of the Elementary and Secondary Education Act (ESEA), the state and local funds provided in this grants program may be used to continue services to these Title I students. Such prohibition may occur due to amendments to the allocation formula in the reauthorization of ESEA approved as a part of the Improving America's Schools Act of 1994 or due to a percentage reduction in a locality's Title I allocation in 2002-03 or 2003-04. Any locality so affected shall provide written evidence to the Superintendent of Public Instruction and request his approval to continue the services to Title I students.

c. Local plans must provide clear methods of service coordination for the purpose of reducing the per child cost for the service, increasing the number of at-risk children served and/or extending services for the entire year. Examples of these include:

1) "Wraparound Services" -- methods for combining funds such as child care subsidy dollars administered by local social service agencies with dollars for quality preschool education programs.

2) "Wrapout Services" -- methods for using grant funds to purchase quality preschool services to at-risk four-year-old children through an existing child care setting by purchasing comprehensive services within a setting which currently provides quality preschool education.

3) "Expansion of Service" -- methods for using grant funds to purchase slots within existing programs, such as Head Start, which provide comprehensive services to at-risk four-year-old children.

Local plans must indicate the number of at-risk four-year-old children to be served, and the criteria by which they will be determined to be at risk.

d.1) The Department of Education and the Council on Child Day Care and Early Childhood Programs shall provide technical assistance for the administration of this grant program to provide assistance to localities in developing a comprehensive, coordinated, quality preschool program for serving at-risk four-year-old children.

2) A pre-application session shall be provided by the Department and the Council on

Child Day Care and Early Childhood Programs prior to the proposal deadline. The Department shall provide interested localities with information on models for service delivery, methods of coordinating funding streams, such as funds to match federal IV-A child care dollars, to maximize funding without supplanting existing sources of funding for the provision of services to at-risk four-year-old children. A priority for technical assistance in the design of programs shall be given to localities where the majority of the at-risk four-year-old population is currently unserved.

e. The Department of Education is authorized to expend unobligated balances in this Item and Item 145 if participation in the At-Risk Four-Year-Olds Preschool program is greater than projected.

11. Early Reading Intervention

a. An additional incentive payment of ~~\$12,532,141~~ \$9,115,922 the first year and ~~\$12,584,722~~ \$10,226,881 the second year from the general fund shall be disbursed by the Department of Education to local school divisions for the purposes of providing early reading intervention services to students in grades kindergarten through 3 who demonstrate deficiencies based on their individual performance on diagnostic tests which have been approved by the Department of Education. The Department of Education shall review the tests of any local school board which requests authority to use a test other than the state-provided test to ensure that such local test uses criteria for the early diagnosis of reading deficiencies which are similar to those criteria used in the state-provided test. The Department of Education shall make the state-provided diagnostic test used in this program available to local school divisions. School divisions shall report the results of the diagnostic tests to the Department of Education on an annual basis at a time to be determined by the Superintendent of Public Instruction.

b. These incentive payments shall be based on the state's share of the cost of providing two and one-half hours of additional instruction each week for an estimated number of students in each school division at a student to teacher ratio of five to one. The estimated number of students in each school division in each year shall be determined by multiplying the projected number of students reported in each school division's fall membership in grades kindergarten, 1, 2, and 3 by the percent of students who are determined to need services based on diagnostic tests administered in the previous year in that school division and adjusted in the following manner:

Kindergarten	100%
Grade 1	50%
Grade 2	50%
Grade 3	25%

c. These incentive payments are available to any school division that certifies to the Department of Education that an intervention program will be offered to such students and that each student who receives an intervention will be assessed again at the end of that school year. Such intervention programs, at the discretion of the local school division, may include, but not be limited to, the use of: special reading teachers; trained aides; volunteer tutors under the supervision of a certified teacher; computer-based



reading tutorial programs; aides to instruct in-class groups while the teacher provides direct instruction to the students who need extra assistance; or extended instructional time in the school day or year for these students. Localities receiving these incentive payments are required to match these funds based on the composite index of local ability-to-pay.

d. The appropriation for Early Reading Intervention includes an amount estimated at \$16,916,142 the first year from federal funds for Reading First Grants under the reauthorized Elementary and Secondary Education Act.

#### 12. Standards of Learning Remediation

a. An additional payment of ~~\$15,213,094~~ \$15,149,515 the first year and ~~\$15,201,626~~ \$15,209,116 the second year from the general fund shall be disbursed by the Department of Education to local school divisions as an incentive payment for a program for students who are determined to require remediation based on their performance on the Standard of Learning assessments. School divisions may also use this funding for students who may require remediation to perform adequately on the Standards of Learning assessments.

b. These incentive payments shall be based on the state share of the cost of providing an additional two and one-half hours of instruction each week for an estimated number of students in each school division at a student to teacher ratio of ten to one. The number of students shall be based on multiplying the projected number of students in grades 4, 6, 9 and 11 by the estimated percentage of students eligible for the federal Free Lunch program for each school division. Funding is also provided for training in remediation techniques for those teachers who will deliver the additional instruction at \$500 per teacher.

c. These incentive payments are available to any school division that certifies that a remediation program will be offered to students. Localities receiving these payments are required to match these funds based on the composite index of local ability-to-pay.

d. Any funds provided to school divisions in the first year for the Standards of Learning Remediation Program that are unexpended as of June 30, 2003, shall be carried on the books of the locality to be appropriated to the school division in the second year for use in the same program.

#### 13. School Health Incentive Payments

a. An additional payment of ~~\$1,734,390~~ \$1,744,747 the first year and ~~\$1,731,753~~ \$1,749,673 the second year from the general fund shall be disbursed by the Department of Education to local school divisions as incentive payments for the provision of nursing services to students in public elementary and secondary schools.

b. These incentive payments shall be based on a state share of an additional 0.637 hour of nursing services per child eligible for the Federal Free Lunch program for each school division.

c. To receive funding, each school division must submit a grant application, reviewed by its School Health Advisory Board, describing how the funds are to be used. Local school divisions are encouraged to consider collaborative, innovative, and nontraditional approaches to funding and service configuration such as public/private partnerships.

d. In order to receive the state allocation in the first year, the local school division must have utilized its funding under the Standards of Quality for the provision of nursing services in fiscal year 2001 or must have provided the equivalent level of services through some other arrangement in fiscal year 2001. If any school division does not meet this standard, then the amount of incentive funds for which it is eligible in the first year

will be reduced to the same percentage of the Standards of Quality funding as was used for nursing services in fiscal year 2001.

e. Local school divisions shall provide a local match based on the composite index of local ability-to-pay.

f. If local school divisions employ licensed practical nurses or unlicensed assistive personnel using this funding, those persons must be supervised and trained by a registered nurse or someone licensed at a higher level than registered nurse.

g. Notwithstanding any contrary provisions of law or of this act, the appropriation for School Health Incentive Payments in the second year shall be transferred within this Item to be spent as a portion of the state's share of the Student Achievement Grants. These funds shall be distributed to school divisions in the same manner as they would have been distributed for the School Health Incentive Payments program. Effective July 1, 2003, these funds may not be used for School Health Incentive Payments unless otherwise permitted under the provisions of the Student Achievement Grants.

#### 14. Standards of Learning Algebra Readiness

a. An additional incentive payment of ~~\$8,976,402~~ \$8,525,677 the first year and ~~\$8,999,451~~ \$8,572,920 the second year from the general fund shall be disbursed by the Department of Education to local school divisions for the purposes of providing math intervention services to students in grades 6, 7, 8 and 9 who are at-risk of failing the Algebra 1 end-of-course test, ~~as demonstrated by their individual performance on diagnostic tests which have been approved by the Department of Education. The Department of Education shall review the tests to ensure that such local test uses state-provided criteria for diagnosis of math deficiencies which are similar to those criteria used in the state provided test. The Department of Education shall make the state-provided diagnostic test used in this program available to local school divisions. School divisions shall report the results of the diagnostic tests to the Department of Education on an annual basis at a time to be determined by the Superintendent of Public Instruction.~~

b. These incentive payments shall be based on the state's share of the cost providing two and one-half hours of additional instruction each week for an estimated number of students in each school division at a student to teacher ratio of ten to one. The estimate number of students in each school division shall be determined by multiplying the projected number of students reported in each school division's fall membership by the percent of students that failed the 8th grade math SOL.

c. These incentive payments are available to any school division that certifies to the Department of Education that an intervention program will be offered ~~to such students and that each student who receives an intervention will be assessed again at the end of that school year.~~ Localities receiving these incentive payments are required to match these funds based on the composite index of local ability-to-pay.

d. Any funds provided to school divisions in the ~~second~~ first year for the Standards of Learning Algebra Readiness Program that are unexpended as of June 30, 2003, shall be carried on the books of the locality to be appropriated to the school division in the following year for use in the same program.

#### 15. Technology Support Payments

a. An additional incentive payment of ~~\$5,002,245~~ \$5,072,127 the first year and ~~\$5,002,245~~ \$5,072,127 the second year from the general fund shall be disbursed by the Department of Education to local school divisions for the purpose of providing on-site

support for the Standards of Learning Technology initiative. School divisions may directly employ technology resource assistants to provide this support or contract for on-site technology support services.

b. These incentive payments shall be based on the state share of a grant of \$26,000 for every high school. For purposes of this program, a high school shall be defined as any school providing instruction in grades nine through 12, ~~which includes regional vocational centers, regional special education centers, regular school year regional Governor's Schools, and the Schools for the Deaf and the Blind~~ as reported in September 30 fall membership.

c. These incentive payments are available to any school division that certifies to the Department of Education that on-site support will be available in each of the schools receiving funds. Localities receiving these incentive payments are required to match these funds based on the composite index of local ability-to-pay.

d. Notwithstanding any contrary provisions of law or of this act, the appropriation for Technology Support Payments in the second year shall be transferred within this Item to be spent as a portion of the state's share of the Student Achievement Grants. These funds shall be distributed to school divisions in the same manner as they would have been distributed for the Technology Support Payments program. Effective July 1, 2003, these funds may not be used for Technology Support Payments unless otherwise permitted under the provisions of the Student Achievement Grants.

#### 16. School Construction Grants Program

a. This appropriation includes ~~\$27,500,000~~ \$27,500,004 the first year and ~~\$27,500,000~~ \$27,500,003 the second year from the general fund to provide grants to school divisions for nonrecurring expenditures by the relevant school division. Nonrecurring costs shall include school construction, additions, infrastructure, site acquisition, renovations, technology, and other expenditures related to modernizing classroom equipment, payments to escrow accounts pursuant to Chapter 391, Acts of Assembly of 1999, school safety equipment or school safety renovations, and debt service payments on school projects completed during the last ten years.

b. School divisions are encouraged to utilize value engineering in school construction projects funded with these grant proceeds.

c. Any funds provided to school divisions the first year for school construction that are unexpended as of June 30, 2003, shall be carried on the books of the locality to be appropriated to the school division the second year for use for the same purpose.

d. Pursuant to § 15.2-1302, Code of Virginia, and in the event that two or more school divisions became one school division, whether by consolidation of only the school divisions or by consolidation of the local governments, such resulting division shall be paid School Construction Grant payments on the basis of having the same number of school divisions as existed prior to September 30, 2000.

#### 17. Teacher Quality Grants

This appropriation includes \$52,135,869 the first year from federal funds for Teacher Quality Grants under the reauthorized Elementary and Secondary Education Act.

#### 18. Student Achievement Grants

a. From the amounts transferred to this Item from the Dropout Prevention program, the School Health Incentive Payments program, and the Technology Support Payments program, a total estimated at \$16,915,113 in the second year shall be disbursed to school

divisions in the same manner as it would have been paid to school divisions under each of the originating programs. These payments to school divisions shall constitute the state's share of funding for a Student Achievement Grants program.

b. Funds received by school divisions under this program shall be designated for expansion of programs that are known to assist with closing the achievement gap and improving the academic success of students. Funds received by school divisions shall be used at the discretion of the local school division for one or more of the following purposes:

- 1) reducing class sizes in grades kindergarten through three;
- 2) increasing services in the Early Reading Intervention program;
- 3) serving at-risk four-year-old students including those served by Title I programs;
- 4) providing additional remediation to students who have failed or who are at risk of failing the Standards of Learning tests.

c. School divisions receiving these funds shall report annually to the Department of Education which of the above stated programs were supplemented by these funds.

d. Any school division that desires to continue using these funds for one or more of the originating programs shall submit a written request for a waiver to the Superintendent of Public Instruction. This request shall include a statement of how the funds will be spent, the type of students that will be served, the expected outcomes of the services provided, the means by which the effectiveness of the program will be measured, and evidence of the success achieved in the program in prior years.

e. Local governments shall match these funds based on the composite index of local ability-to-pay.

148.	Financial Assistance for Special State Revenue	4,129,691,427	4,180,618,773
	Sharing (17700)		
		<u>1,191,729,184</u>	<u>1,195,910,149</u>
	Financial Assistance for Sales Tax Revenue	799,800,000	850,600,000
	Sharing, A Sum Sufficient, Estimated at (17701)		
		<u>790,000,000</u>	<u>824,600,000</u>
	Financial Assistance for Lottery Proceeds	329,891,427	330,018,773
	Revenue Sharing (17702)		
		<u>401,729,184</u>	<u>371,310,149</u>
	Fund Sources: General	4,129,691,427	4,180,618,773

1,191,729,1841,195,910,149

Authority: §§ 58.1-638, 58.1-4023, Code of Virginia.

A.1. This appropriation is for distribution to counties, cities and towns a portion of net revenue from the state sales and use tax, in support of the Standards of Quality (Title 22.1, Chapter 13.2, Code of Virginia) (See the Attorney General's opinion of August 3, 1982).

2. Certification of payments and distribution of this appropriation shall be made by the State Comptroller.

3. The distribution of the Special State Revenue Sharing (Sales Tax) funds shall be made in equal bimonthly payments at the middle and end of each month.

B.1. This appropriation includes ~~\$329,891,427~~ \$401,729,184 the first year and ~~\$330,018,773~~ \$371,310,149 the second year from the general fund as the state payment for the lottery profits, to be deposited into the general fund pursuant to § 3-1.01 G of this act.

2. Out of this appropriation, ~~\$199,982,822~~ \$243,527,213 the first year and ~~\$200,063,499~~ \$225,090,164 the second year shall be used, together with funds appropriated in Item 147, to fund the state's share of Basic Aid Payments as determined in Item 147 C 2.

3.a) Out of this appropriation, an amount estimated at ~~\$129,908,605~~ \$143,159,712 the first year and ~~\$129,955,274~~ \$146,219,985 the second year shall be disbursed by the Department of Education to local school divisions to support the state share of an estimated ~~\$202.18~~ \$221.75 per pupil the first year and ~~\$201.08~~ \$224.23 per pupil the second year in adjusted average daily membership. These funds shall be matched by the local government, based on the composite index of local ability-to-pay. Further, in order to receive this funding, the locality in which the school division is located shall appropriate these funds solely for educational purposes and shall not use such funds to reduce total local operating expenditures for public education below the amount expended by the locality for such purposes in the year upon which the 2002-04 biennial Standards of Quality expenditure data were based; provided however, that no locality shall be required to maintain a per pupil expenditure which is greater than the per pupil amount expended by the locality for such purposes in the year upon which the 2002-04 biennial Standards of Quality expenditure data were based.

b.1) Out of this appropriation, an amount estimated at \$15,042,259 the first year in additional lottery proceeds shall be disbursed by the Department of Education to local school divisions to support the state share of an estimated \$23.30 per pupil the first year in adjusted daily membership. These funds shall be matched by the local government, based on the composite index of local ability-to-pay.

2) Further, in order to receive the funding, the locality in which the school division is located shall appropriate these funds solely for educational purposes and shall not use such funds to reduce total local operating expenditures for public education below the amount expended by the locality for purposes in the year upon which the 2002-2004 biennial Standards of Quality expenditure data were based; provided however, that no locality shall be required to maintain a per pupil expenditure which is greater than the per pupil amount expended by the locality for such purposes in the year upon which the 2002-2004 biennial Standards of Quality expenditure data were based.

4. Of the amounts listed in B 3 above, no more than 50 percent shall be used for recurring costs and at least 50 percent shall be spent on nonrecurring expenditures by the relevant school divisions. Nonrecurring costs shall include school construction, additions, infrastructure, site acquisition, renovations, technology, and other expenditures related to modernizing classroom equipment, and debt service payments on school projects completed during the last 10 years.

5. Any funds provided to school divisions in the first year from this Item that are unexpended as of June 30, 2003, shall be carried on the books of the locality to be appropriated to the school division in the second year.

149.	Adult Literacy Services (19200)	12,705,000	12,705,000
	Financial Assistance for Adult Literacy Services (19202)	12,705,000	12,705,000
	Fund Sources:     General	2,580,000	2,580,000
	Federal Trust	10,125,000	10,125,000

Authority: Discretionary Inclusion; P.L. 95-561, Federal Code.

A. This appropriation includes \$125,000 the first year and \$125,000 the second year from the general fund for the ongoing literacy programs conducted by Mountain Empire Community College, and \$125,000 the first year and \$125,000 the second year from the general fund for a workplace literacy program to support the Communities for Opportunity Initiative in the Department of Housing and Community Development.

B. Out of the amounts for Financial Assistance for Adult Literacy Services, the Board of Education shall provide \$100,000 the first year and \$100,000 the second year from the general fund to match the Virginia Literacy Foundation grants to volunteer literacy groups providing services for adults with 0-4th grade reading skills.

C. Out of the amounts for Financial Assistance for Adult Literacy Services, the Board of Education shall provide \$50,000 the first year and \$50,000 the second year from the general fund to the Virginia Educational Technology Alliance to provide teacher training opportunities in the effective use of educational technologies to full-time, part-time and volunteer teachers involved in adult education and literacy programs in the Commonwealth. In the first year, the Department of Education and the Virginia Educational Technology Alliance shall develop a plan for providing the training opportunities in the second year.

150.	Instruction (19700)	11,600,039	11,846,271
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		<u>11,102,408</u>	<u>11,852,830</u>
Governor's School Payments (19705)		<del>9,100,039</del>	<del>9,346,279</del>
		<u>8,602,408</u>	<u>9,352,830</u>
Charter Schools (19707)		2,500,000	2,500,000
Fund Sources:	General	<del>8,555,039</del>	<del>8,801,279</del>
		<u>8,057,408</u>	<u>8,807,830</u>
	Special	545,000	545,000
	Federal Trust	2,500,000	2,500,000

Authority: Discretionary Inclusion.

A.1. Out of the amounts for Governor's School Payments, the Board of Education shall provide assistance for the state share of the incremental cost of regular school year Governor's Schools based on each participating locality's composite index of local ~~ability to pay~~ ability-to-pay. Participating school divisions must certify that no tuition is assessed students for participation in this program.

2. Out of the amounts for Governor's School Payments, the Board of Education shall provide assistance for the state share of the incremental cost of summer residential Governor's Schools and Foreign Language Academies to be based on the greater of the state's share of the composite index of local ability-to-pay or 50 percent. Participating school divisions must certify that no tuition is assessed students for participation in this program if they are enrolled in a public school.

3. Out of the amounts for Governor's School Payments, the Board of Education shall provide state assistance for the state share of the incremental cost to be based on the greater of the composite index or 50 percent of a summer residential Governor's School for Agriculture. The Board of Education shall use the established process for requesting proposals for summer residential Governor's Schools to determine the location of the school. Participating school divisions must certify that no tuition is assessed students for participation in this program if they are enrolled in a public school.

B. It shall be the policy of the Commonwealth that state general fund appropriations not be used for capital outlay, structural improvements, renovations, or fixed equipment costs associated with initiation of existing or proposed Governor's schools. State general fund appropriations may be used for the purchase of instructional equipment for such schools, subject to certification by the Superintendent of Public Instruction that at least an equal amount of funds has been committed by participating school divisions to such purchases.

C. The Board of Education shall not take any action that would increase the state's share of costs associated with the Governor's Schools. This provision shall not prohibit the

Board of Education from submitting requests for the increased costs of existing programs.

D. Regular school year Governor's Schools are funded through this Item based on the state's share of the incremental per pupil cost for providing such programs for each student attending a Governor's School, up to a cap of 1,275 students per Governor's School. This incremental per pupil payment shall be adjusted for the composite index of the school division that counts such students attending an academic year Governor's School in their Average Daily Membership. It is the intent of the General Assembly that this incremental per pupil amount be in addition to the basic aid per pupil funding provided to the affected school division for such students. Therefore, local school divisions are encouraged to provide the appropriate portion of the basic aid per pupil funding to the Governor's Schools for students attending these programs, adjusted for costs incurred by the school division for transportation, administration, and any portion of the day that the student does not attend a Governor's School.

E. Out of the appropriation for Charter Schools, \$2,500,000 the first year and \$2,500,000 the second year is provided from federal funds.

151.	Nutritional Services (45700)	140,801,932	140,801,932
			<u>140,801,932</u>
	School Food Payments (45707)	140,801,932	140,801,932
			<u>140,801,932</u>
	Fund Sources:		
	General	5,801,932	5,801,932
	Federal Trust	135,000,000	135,000,000
			<u>140,801,932</u>



152.	Employment Assistance Services (46200)	2,904,774	2,700,000
		<u>2,892,808</u>	
	Employment Services Payments (46207)	2,904,774	2,700,000
		<u>2,892,808</u>	
	Fund Sources:     General	204,774	0
		<u>192,808</u>	
	Federal Trust	2,700,000	2,700,000

Authority: § 22.1-285, Code of Virginia; P.L. 99-591, P.L. 100-71 and P.L. 100-202, Federal Code.

It is provided that, subject to implementation by the Superintendent of Public Instruction, no disbursement shall be made out of this appropriation to any locality in which the schools permit the sale of competitive foods in food service facilities or areas during the time of service of food funded pursuant to this Item.

Authority: P.L. 90-77, P.L. 91-291, P.L. 93-203, P.L. 95-524, and P.L. 97-300, Federal Code.

A. This appropriation includes \$125,000 the first year from the general fund for An Achievable Dream, Inc.

B. This appropriation includes ~~\$79,774~~ \$67,808 the first year from the general fund for the Virginia Career Education Foundation.

153.	Regulation of Professions and Occupations (56000)	7,075,000	<del>7,075,000</del>
			<u>8,075,000</u>
	Financial Assistance for Regulating Elementary and Secondary Teachers, Counselors and	7,075,000	<del>7,075,000</del>

Administrators (56045)

			<u>8,075,000</u>
Fund Sources:	General	1,475,000	1,475,000
	Federal Trust	5,600,000	<del>5,600,000</del>
			<u>6,600,000</u>

Authority: §§ 22.1-290.1, 22.1-298, and 22.1-299 Code of Virginia; Title II P.L. 99-159, Federal Code.

A. This appropriation includes \$1,375,000 the first year and \$1,375,000 the second year from the general fund for statewide Clinical Faculty and Mentor Teacher Programs to assist preservice teachers and beginning teachers to make a successful transition into full-time teaching. Such programs shall include elements which are consistent with the following:

1. An application process for localities and school/higher education partnerships that wish to participate in the programs;
2. Provisions for a local funding or institutional commitment of 50 percent, to match state grants of 50 percent;
3. Program plans which include a description of the criteria for selection of clinical faculty and mentor teachers, training, support, and compensation for clinical faculty and mentor teachers, collaboration between the school division and institutions of higher education, the clinical faculty and mentor teacher assignment process, and a process for evaluation of the programs;
4. The Department of Education shall allow flexibility to local school divisions and higher education institutions regarding compensation for clinical faculty and mentor teachers consistent with these elements of the programs; and
5. It is the intent of the General Assembly that no preference between preservice or beginning teacher programs be construed by the language in this Item. School divisions operating beginning teacher mentor programs shall receive equal consideration for funding.

B. This appropriation includes \$100,000 the first year and \$100,000 the second year from the general fund to provide grants to school divisions that employ mentor teachers for new teachers entering the profession through the alternative route to licensure as prescribed by the Board of Education.

154 (language only)

The Superintendent of Public Instruction shall provide guidelines for the distribution and expenditure of general fund appropriations and such additional federal, private and other funds as may be made available to aid in the establishment and maintenance of the public schools.

155 (language only)

At the Department of Education's option, fees for audio-visual services may be deducted from state aid payments for individual local school divisions.

156 (language only)

A. Each school division shall employ with state and local Basic Aid, Education of the Gifted, Special Education, and Occupational-Vocational Education funds a minimum number of instructional positions (full-time equivalent) for each 1,000 students in average daily membership in each year of the biennium as required by the Standards of Quality; a minimum of fifty-one of such full-time equivalent instructional positions in each year shall be funded from Basic Aid and a minimum of an additional six positions of such positions in each year shall be funded by Occupational-Vocational Education Payments and Special Education Payments.

B. No actions provided in this section signify any intent of the General Assembly to mandate an increase in the number of instructional personnel per 1,000 students above the numbers explicitly stated in the preceding paragraph.

157 (language only)

For subprograms not otherwise specified, the Department of Education, at its option, may use prior year data to calculate actual disbursements to individual localities.

158 (language only)

Payments for accounts related to the Standards of Quality made to localities for public education from the general fund, as provided herein, shall be payable in twenty-four approximately equal bimonthly installments at the middle and end of each month. This provision shall not apply to the June fringe benefit payment made to localities in a special July payment.

159 (language only)

A. The Board of Education and the Virginia Public School Authority (VPSA) shall provide a program of funding for school construction and renovation through the Literary Fund and through VPSA bond sales. The program shall be used to provide funds, through Literary Fund loans and subsidies, and through VPSA bond sales, to fund a portion of the projects on the Literary Fund waiting list, or other critical projects which may receive priority placement on the waiting list by the Board of Education. Interest rate subsidies will provide school divisions with the present value difference in debt service between a Literary Fund loan and a borrowing through the VPSA. To qualify for an interest rate subsidy, the school division's project must be eligible for a Literary Fund loan and shall be subject to the same restrictions. The VPSA shall work with the Board of Education in selecting those projects to be funded through the interest rate subsidy/bond financing program, so as to ensure the maximum leverage of Literary Fund moneys and a minimum impact on the VPSA Bond Pool.

B. The Virginia Public School Authority shall provide an interest rate subsidy program in the fall of 2002 and the fall of 2003 for projects that are on the Board of Education's First Priority Waiting List. However, the cost of the subsidy shall not exceed \$5,000,000 in the first year ~~and \$20,000,000 in the second year~~ including the subsidy payments and related issuance costs.

C. The Board of Education may offer Literary Fund loans from the uncommitted balances of the Literary Fund after meeting the obligations of the interest rate subsidy

sales and the amounts set aside from the Literary Fund for Debt Service Payments for Education Technology in Item 147.

D.1.a. In the event that on any scheduled payment date of bonds of the Virginia Public School Authority (VPSA) authorized under the provisions of a bond resolution adopted subsequent to June 30, 1997, issued subsequent to June 30, 1997, and not benefiting from the provisions of either § 22.1-168 (iii), (iv), and (v), Code of Virginia, or § 22.1-168.1, Code of Virginia, the sum of (i) the payments on general obligation school bonds of cities, counties, and towns (localities) paid to the VPSA and (ii) the proceeds derived from the application of the provisions of § 15.2-2659, Code of Virginia, to such bonds of localities, is less than the debt service due on such bonds of the VPSA on such date, there is hereby appropriated to the VPSA, first, from available moneys of the Literary Fund and, second, from the general fund a sum equal to such deficiency.

b. The Commonwealth shall be subrogated to the VPSA to the extent of any such appropriation paid to the VPSA and shall be entitled to enforce the VPSA's remedies with respect to the defaulting locality and to full recovery of the amount of such deficiency, together with interest at the rate of the defaulting locality's bonds.

2. The chairman of the Board of Commissioners of the VPSA shall, on or before December 1 of each year, make and deliver to the Governor and the Secretary of Finance a certificate setting forth his estimate of total debt service during each fiscal year of the biennium on bonds of the VPSA issued and projected to be issued during such biennium pursuant to the bond resolution referred to in paragraph 1a above. The Governor's budget submission each year shall include provisions for the payment of debt service pursuant to paragraph 1 above.

Total for Direct Aid to Public Education		4,637,672,364	4,640,343,756
		<u>4,668,834,848</u>	<u>4,696,096,976</u>
Fund Sources:	General	3,916,513,778	4,040,621,067
		<u>3,925,475,997</u>	<u>4,033,771,474</u>
	Special	545,000	545,000
	Commonwealth	2,173,000	2,173,000
	Transportation		
	Trust and Agency	142,530,145	140,462,586
		<u>164,730,410</u>	<u>180,865,407</u>
	Federal Trust	575,910,441	456,542,100
			<u>478,742,100</u>

