

Budget Language Amendments

The following are language amendments adopted by the General Assembly to the fiscal year 2002 and the 2002-2004 biennial budgets as introduced by former Governor Gilmore. Language amendments for the Secretary of Education, Department of Education Central Office, and Direct Aid to Public Education are listed. The item numbers shown correspond to the item numbers in the budgets as introduced. The full text of the introduced budgets is available at the following addresses:

<http://leg1.state.va.us/021/bud/TOCA103.HTM> (amended FY 2002)

<http://leg1.state.va.us/021/bud/TOC1103.HTM> (introduced 2002-2004)

The explanations provided below the language amendments are those supplied with the Conference Committee report.

FY 2002 (HB/SB 29)

Direct Aid To Public Education

Item 142 #1c

Page 120, after line 21, insert:

"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, Constitution of Virginia. The amounts set aside from the Literary Fund for these purposes are approximately \$53,000,000 the second year."

Explanation:

This amendment uses additional Literary Fund moneys to offset the general fund support of teacher retirement. These funds are available because several school divisions decided not to use these low-interest loans to finance their school construction activities.

Item 143 #5c

Page 140, line 25, strike "\$58,080,000" and insert "\$58,130,000".

Page 140, line 34, strike "\$58,080,000" and insert "\$58,130,000".

Page 141, after line 20, insert:

"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 they had prior to September 30, 2000."

Explanation:

This amendment clarifies that the technology funds are to be provided to school divisions pursuant to the provisions of § 15.2-1302, Code of Virginia, which states that any state funds that were distributed to a locality, including a local school board, in support of a governmental program or function prior to a consolidation of such program or function or the governmental consolidation of the entities providing such programs or functions, shall continue to be distributed to the entity or entities carrying out the program or function after consolidation. Further, it states that if the consolidation results in the consolidation of constitutional officers of the entities and the consolidation of school divisions and local school boards of the entities, the state funds shall not be reduced below the amounts that would have been received by each entity from the Commonwealth for the governmental program or function computed on the premise that no consolidation occurred, for a period of 15 fiscal years following the consolidation.

Item 143 #6c

Page 147, line 16, strike "adjust" and insert "adjusted".

Page 147, line 25, strike "." and insert:

"and adjusted in the following manner:

Kindergarten 100%

Grade 1 50%

Grade 2 50%

Grade 3 25%".

Explanation:

This amendment corrects an error in the Early Reading Intervention program in the introduced budget.

Item 145 #1c

Page 150, after line 44, insert:

"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 they had prior to September 30, 2000."

Explanation:

This amendment clarifies that School Construction Grants are to be provided to school divisions pursuant to the provisions of § 15.2-1302, Code of Virginia, which states that any state funds that were distributed to a locality, including a local school board, in support of a governmental program or function prior to a consolidation of such program or function or the governmental consolidation of the entities providing such programs or functions, shall continue to be distributed to the entity or entities carrying out the program or function after consolidation. Further, it states that if the consolidation results in the consolidation of constitutional officers of the entities and the consolidation

of school divisions and local school boards of the entities, the state funds shall not be reduced below the amounts that would have been received by each entity from the Commonwealth for the governmental program or function computed on the premise that no consolidation occurred, for a period of 15 fiscal years following the consolidation.

Item 154 #1c

Page 156, line 40, before "Payments", insert "A."

Page 156, after line 45, insert:

"B. Notwithstanding the provisions of § 22.1-100, Code of Virginia, any unexpended balances of state funds held by school divisions on June 30, 2002, that are not required to be spent for the state share of the Standards of Quality programs as specified in Item 143 A 7 may be carried on the books of the locality to be appropriated to the school division in the following fiscal year for any school purpose. Any such funds carried to the next fiscal year shall continue to be counted as state funds."

Item 154 #2c

Page 156, line 40, before "Payments", insert "A."

Page 156, after line 45, insert:

"B. In the event that the appropriations in Items 141 through 149 are not sufficient to meet the entitlements payable to school divisions pursuant to the provisions of each item, the Department of Education is authorized to transfer any available funds between these items to address such insufficiencies. If the total appropriations after such transfers remain insufficient to meet the entitlements of any program, the Department of Education is authorized to prorate such shortfall proportionately across all of the school divisions participating in the program where such shortfall occurred."

Explanation:

This authority protects school divisions from the proration of Basic Aid payments in the event that actual Literary Fund revenues do not meet the forecast.

2002-2004 (HB/SB 30)

Secretary Of Education

Item 136 #3c

Page 91, after line 8, insert:

"D. The Secretary of Education is hereby authorized to make allocations of the portion of the tax-exempt private activity bond limitation amount to be allocated annually to the Commonwealth of Virginia pursuant to the Economic Growth and Tax Relief Reconciliation Act of 2001 (P.L. 107-16)(Section 142(k)(5) of the Internal Revenue Code of 1986, as amended) for the development of education facilities using public-private partnerships, and to provide for carryovers of any unused limitation amount. In making such allocations, the Secretary is directed to give priority to public-private partnership

proposals that will serve as demonstration projects concerning the leveraging of private sector contributions and resources, the achievement of economies or efficiencies associated with private sector innovation, and other benefits that are or may be derived from public-private partnerships in contrast to more traditional approaches to public school construction and renovation. The Secretary is directed to report annually not later than August 31 (commencing August 31, 2002) to the Chairmen of the Senate Finance and House Appropriations Committees regarding any guidelines implemented and any allocations made pursuant to this paragraph."

Explanation:

This amendment allows the Secretary of Education to authorize the use of a new allocation of the Commonwealth's portion of tax-exempt private activity bond authority which has been made available under federal law. This allocation is available only for educational facilities and will not affect the allocation otherwise available to the Commonwealth and localities.

Department of Education, Central Office Operations

Item 138 #1c

Page 94, after line 30, insert:

"P. The Department of Education shall develop recommendations for a school food allergy program, to include recommendations for the provision of educational materials for school principals, nurses, teachers, and food service staff in creating a safe school environment for food-allergic children. In developing these program recommendations the Department shall seek the input and guidance of the United States Departments of Education and Agriculture, the Food Allergy & Anaphylaxis Network, and representatives of local school divisions around the Commonwealth. Further, the Department shall provide a report on its recommendations and its estimate of the state and local cost of any such recommendations to the Chairmen of the Senate Finance, Senate Education and Health, House Appropriations and House Education Committees by November 15, 2002."

Item 138 #6c

Page 91, line 45, strike "\$40,512,060" and insert "\$39,860,623".

Page 93, line 16, after "H." insert "1."

Page 93, line 18, after "year" strike "and".

Page 93, line 19, strike "\$651,437 the second year".

Page 93, after line 21, insert:

"2. Notwithstanding the provisions of § 22.1-253.13, Code of Virginia, and notwithstanding the provisions of the Board of Education's Regulations Establishing Standards for Accrediting Public Schools in Virginia, the Literacy Passport Test will not be available after July 1, 2003. Further, effective July 1, 2003, passage of the Literacy Passport Test will no longer be required for receipt of a high school diploma."

Item 138 #9c

Page 91, line 45, strike "\$39,444,561" and insert "\$47,346,840".

Page 93, line 3, after "F.", insert "1."

Page 93, after line 7, insert:

"2. The appropriation for State Education Services includes an amount estimated at \$7,902,279 the first year from federal funds to begin development of assessments required under the reauthorized Elementary and Secondary Education Act."

Explanation:

This amendment appropriates Virginia's estimated share of assessment funding provided to begin complying with the new federal legislation, No Child Left Behind.

Item 138 #10c

Page 94, after line 30, insert:

"P. The Board of Education and the Superintendent of Public Instruction shall prepare a plan for consolidating services for the deaf and/or blind students at the Virginia School for the Deaf and the Blind at Staunton to include: transfer of funds, future funding requirements, staffing requirements, facilities requirements, student transportation requirements, future use of the Hampton facility, and any other requirements needed to accommodate the transfer of the deaf and/or blind students from the Virginia School for the Deaf, Blind, and the Multi-Disabled at Hampton to the Virginia School for the Deaf, Blind, and the Multi-Disabled at Staunton. This plan shall also identify the arrangements that are necessary for transferring the multi-disabled students from the Virginia School for the Deaf, Blind, and the Multi-Disabled at Hampton to another state-operated facility that is qualified to deliver the required services or to private facilities so qualified. This plan shall be presented to the Governor and the Chairmen of the House Education, House Appropriations, Senate Education and Health, and Senate Finance Committees no later than December 1, 2002."

Item 138 #11c

Page 94, after line 30, insert:

"P. The Department of Education shall work with the Department of Medical Assistance Services to expand the services covered under the special education billing program, generating additional federal Medicaid funds for local school divisions, and provide a report on the results to the Chairmen of the Senate Finance and House Appropriations Committees by December 1, 2002."

Item 142 #11c

Page 95, line 15, after "for", insert "undergraduate".

Page 95, line 16, after "a", insert "cumulative".

Page 95, line 17, after "college", insert:

"and students at the graduate level, who are nominated by their college and who meet the criteria and qualifications, pursuant to § 22.1-290.01, Code of Virginia".

Page 95, line 18, strike "Students" and insert "Awards".

Page 95, line 18, after "be", insert "made to students who are".

Page 95, line 19, strike "preparation" and insert "education".

Page 95, line 20, after "for", insert "(i)".

Page 95, line 23, after "education", insert:

"or (ii) as students meeting the qualifications in § 22.1-290.01, Code of Virginia, who have been identified by a local school board to teach in any discipline or at any grade level in which the school board has determined that a shortage of teachers exists; however, such persons shall meet the qualifications for awards granted pursuant to this item".

Page 95, line 35, after "(iii)", insert "in any discipline or".

Page 95, line 37, after "shortage.", insert:

"For the purposes of this item, "critical teacher shortage area and discipline" means subject areas and grade levels identified by the Board of Education in which the demand for classroom teachers exceeds the supply of teachers, as defined in the Board of Education's Regulations Governing the Determination of Critical Teacher Shortage Areas."

Explanation:

This amendment helps conform the budget language for the Virginia Teaching Scholarship Loan program to changes made to the Code of Virginia.

Direct Aid To Public Education

Item 147 #2c

Page 121, line 18, strike "\$57,890,000" and insert \$57,940,000".

Page 122, after line 4, insert:

"d) Pursuant to Section 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 they had prior to September 30, 2000."

Explanation:

This amendment clarifies that the technology funds are to be provided to school divisions pursuant to the provisions of Section 15.2-1302, Code of Virginia, which states that any state funds that were distributed to a locality, including a local school board, in support of

a governmental program or function prior to a consolidation of such program or function or the governmental consolidation of the entities providing such programs or functions, shall continue to be distributed to the entity or entities carrying out the program or function after consolidation. Further, it states that if the consolidation results in the consolidation of constitutional officers of the entities and the consolidation of school divisions and local school boards of the entities, the state funds shall not be reduced below the amounts that would have been received by each entity from the Commonwealth for the governmental program or function computed on the premise that no consolidation occurred for a period of fifteen fiscal years following the consolidation.

Item 147 #5c

Page 107, line 43, after "b." insert "1)".

Page 108, after line 2, insert:

"b. 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."

Item 147 #12c

Page 110, after line 46, insert:

"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."

Page 118, line 3, after "session", strike the rest of line and insert:

"or during an intercession 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".

Explanation:

This amendment restores language providing for flexibility in use of several remedial funding streams. This language was omitted from the introduced budget.

Item 147 #51c

Page 127, line 2, strike "the first" and insert "each".

Page 127, line 8, strike "adjust" and insert "adjusted".

Explanation:

This amendment corrects an error in the early reading intervention program in the introduced budget.

Item 147 #57c

Page 120, line 34, strike "\$13,589,400" and insert "\$13,689,400".

Page 120, line 34, strike "\$13,383,688" and insert "\$13,483,688".

Page 120, line 52, strike "\$57,890,000" and insert "\$58,658,000".

Page 120, line 53, strike "\$57,890,000" and insert "\$58,658,000".

Page 121, line 2, strike "\$13,682,000" and insert "\$13,982,000".

Page 121, line 18, strike "\$57,890,000" and insert "\$58,658,000".

Page 122, line 22, after "(VPSA)" insert "issued".

Page 122, line 23, strike "issued subsequent to".

Page 122, line 24, strike "June 30, 2000,".

Explanation:

This amendment corrects references in the introduced budget in the VPSA Equipment Note program.

Item 147 #58c

Page 105, line 2, strike "\$2,706,307,904" and insert "\$2,733,807,904".

Page 105, line 2, strike "\$2,720,585,511" and insert "\$2,748,085,511".

Page 105, after line 20, insert:

"School Construction Grant Program (17527) \$27,500,000 \$27,500,000".

Page 130, after line 18, insert:

"20. School Construction Grants Program

a. This appropriation includes \$27,500,000 the first year and \$27,500,000 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 Section 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 they had prior to September 30, 2000."

Explanation:

This amendment restores half of the general fund support for school construction grants which was eliminated in the introduced budget.

Item 147 #60c

Page 105, line 2, strike "\$2,706,307,904" and insert "\$2,723,224,046".

Page 105, line 15, after "Intervention", insert "/Reading First Grants".

Page 105, line 15, strike "12,532,141" and insert "29,448,283".

Page 127, after line 30, insert:

"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."

Explanation:

This amendment appropriates Virginia's estimated share of Reading First Grants from the new federal legislation, No Child Left Behind.

Item 147 #61c

Page 105, line 2, strike "\$2,706,307,904" and insert "\$2,758,443,773".

Page 105, after line 20, insert:

"Teacher Quality Grants (17527)..... \$52,135,869 \$0".

Page 130, after line 18, insert:

"20. 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."

Explanation:

This amendment appropriates Virginia's estimated share of Teacher Quality Grants funding from the new federal legislation, No Child Left Behind.

Item 147 #64c

Page 109, line 26, after "7.", insert:

"The Department of Education shall make calculations at the start of the school year to ensure than 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."

Page 109, line 27, strike "met" and insert "appropriated and expended".

Page 109, line 28, after "Quality," insert "the Department of Education shall make".

Page 109, line 28, strike "will be made".

Page 109, line 30, after "of", insert "state or federal".
Page 109, line 34, after "outlays", insert "and refunds of revenue from prior periods".
Page 109, line 37, strike "receipts for gasoline tax refunds,".
Page 109, line 38, strike "other payments from another county or".
Page 109, line 39, strike "city,".
Page 109, line 43, strike "the state share of the Standards of Quality".
Page 109, line 44, strike "Cost and".
Page 109, after line 50, insert:
"e. The Department of Education shall collect the data necessary to perform the calculations of required local expenditure as required by this section."
Page 109, line 51, strike "e" and insert "f".

Explanation:

This amendment implements the recommendation from the JLARC report, Review of Elementary and Secondary School Funding, regarding the Department of Education's responsibility to determine if localities are meeting required local effort provisions.

Item 147 #66c

Page 105, line 2, strike "\$2,706,307,904" and insert "\$2,731,158,065".
Page 105, line 2, strike "\$2,720,585,511" and insert "\$2,770,571,034".
Page 113, after line 46, insert:
"1. 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 the first year and \$49,985,523 the second year from the general fund for this purpose."

Explanation:

This amendment reflects the cost of phasing out the current practice of deducting prevailing locally generated revenues from Standards of Quality (SOQ) cost calculations. By no longer deducting these prevailing revenues from SOQ costs, the state share of SOQ costs will increase by almost \$50.0 million in the second year. In the first year, the deduction is limited to 50 percent and the state share of SOQ costs will increase by approximately \$24.9 million as a result. This is one of two amendments to implement Tier 1 recommendations from the Joint Legislative Audit and Review Commission Report, Review of Elementary and Secondary School Funding.

Item 147 #67c

Page 105, line 2, strike "\$2,706,307,904" and insert "\$2,710,430,156".
Page 105, line 2, strike "\$2,720,585,511" and insert "\$2,774,740,803".
Page 112, line 43, after "h.", insert "1".
Page 112, after line 46, insert:
"2. The appropriations for Basic Aid include an additional payment of \$4,122,252 the first year and \$54,155,292 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."

Explanation:

This amendment provides school divisions with a portion of the state share of the prevailing cost of administration, consistent with the Tier 1 findings of the 2001 Joint Legislative Audit and Review Commission report, Review of Elementary and Secondary School Funding. The report found that certain administrative support personnel costs were dropped from the Standards of Quality cost estimates and state funding amounts beginning with fiscal year 1993. These costs previously had been captured and funded through the support cost portion of the funding model, based upon prevailing school division practice. In the first year, state funding is provided to pay for the state share for 5.8 percent of these costs and in the second year state funding is provided to pay for 72 percent of these costs. The costs partially restored are for positions under the categories of board services, executive administration services, information services, personnel services, planning services, fiscal services, purchasing services, reprographics (graphics, printing, photocopying), and data processing services. As a result of the amendment, the state share of SOQ costs will increase by \$4.1 million the first year and \$54.2 million the second year.