

**Summary of the Amended 2004-2006 Biennial Budget Adopted by the
2005 General Assembly**

This document provides a summary of amendments to the 2004-2006 biennial budget (SB 700/HB 1500) that were adopted by the 2005 General Assembly on February 27, 2005.

For your reference, the budget amendments proposed by the Governor in SB 700/HB 1500 (as communicated in Attachment A of Informational Superintendent's Memorandum No. 255), and the respective budget amendments adopted by the full membership of the Senate and House of Delegates (as communicated in Attachment A of Informational Superintendent's Memorandum No. 038), are shown.

Following this information, a summary of the final changes to the Governor's amended 2004-2006 budget (SB 700/HB 1500) adopted by the General Assembly is shown. These changes are noted as "Final General Assembly Action" and are highlighted in bold italics.

Please note that the amended 2004-2006 budget adopted by the General Assembly now goes to the Governor for action. The Governor may propose amendments or vetoes to the budget, or he may sign it without proposing any changes. The budget is not final until signed into law by the Governor.

DIRECT AID TO PUBLIC EDUCATION

Technical Adjustments to Existing Programs

Update Average Daily Membership and Fall Membership

- **Governor** - The proposed budget reflects revised projections of March 31, 2005, and March 31, 2006, unadjusted and adjusted average daily membership (ADM) for each school division. Projected ADM was originally forecast by the Department of Education based on actual data through September 30, 2003, fall membership. The most recent projections contained in the Governor's introduced budget have been revised based on actual March 31, 2004, ADM and September 30, 2004, fall membership. While enrollment is still growing statewide, it is not growing as much as originally projected last year. On a statewide basis, the revised unadjusted ADM projections are 7,859 students lower in fiscal year 2005 and 10,738 students lower in fiscal year 2006 than the original projections contained in Chapter 4. The ADM-based entitlements for fiscal years 2005 and 2006 are recomputed based on these revised

projections. In addition, all accounts that are allocated on the basis of fall membership have been updated for actual fall membership in fiscal year 2005 and reprojected fall membership in fiscal year 2006. The ADM and fall membership updates result in an estimated decrease on a statewide basis in Direct Aid payments of \$24.3 million in fiscal year 2005 and \$35.4 million in fiscal year 2006.

- **Senate** - Same as Governor's amended budget.
- **House** - Same as Governor's amended budget.
- **Final General Assembly Action** - *Same as Governor's amended budget.*

Update Sales Tax Projections

- **Governor** - The Governor's amendments reflect the most recent estimate of sales tax revenue dedicated to public education for fiscal years 2005 and 2006, as computed by the Department of Taxation. The revised sales tax revenues include both the one percent portion and the one-eighth percent portion that are appropriated for distribution to school divisions.

The Department of Taxation's latest estimate of the one percent and one-eighth percent sales tax revenue is \$1,000,900,000 for fiscal year 2005 and \$1,089,400,000 for fiscal year 2006. These revised sales tax estimates are approximately \$5.3 million higher in fiscal year 2005 and \$24.4 million higher in fiscal year 2006 than the projections contained in Chapter 4. As required by the Basic Aid funding formula, state Basic Aid payments have been decreased to offset a portion of the increased sales tax revenues that are projected. The amount of the Basic Aid offset is determined by each division's composite index of local ability-to-pay. The state share of Basic Aid decreases approximately \$3.0 million in fiscal year 2005 and \$13.8 million in fiscal year 2006 due to the revised sales tax estimates. In addition, the local share of Basic Aid decreases in both years due to the increased sales tax estimates.

- **Senate** - The Senate budget reflects the Department of Taxation's latest estimate of sales tax revenues for fiscal years 2005 and 2006, which were released after SB 700/HB 1500 was introduced. This change was also submitted by

Governor Warner as an Executive Amendment to his introduced budget. The latest estimate of sales tax revenue is increased by \$400,000 in fiscal year 2005 to \$1,001,300,000; and increased by \$1,400,000 in fiscal year 2006 to \$1,090,800,000. The resulting Basic Aid offset from these increased estimates is a decrease of \$225,000 in fiscal year 2005 and a decrease of \$790,000 in fiscal year 2006, for a net increase of \$174,000 in fiscal year 2005 and \$610,000 in fiscal year 2006.

- **House** - The House budget reflects the Department of Taxation's latest estimate of sales tax revenues for fiscal years 2005 and 2006, which were released after SB 700/HB 1500 was introduced. This change was also submitted by Governor Warner as an Executive Amendment to his introduced budget. The latest estimate of sales tax revenue is increased by \$400,000 in fiscal year 2005 to \$1,001,300,000; and increased by \$1,400,000 in fiscal year 2006 to \$1,090,800,000. The resulting Basic Aid offset from these increased estimates is a decrease of \$225,199 in fiscal year 2005 and a decrease of \$789,513 in fiscal year 2006, for a net increase of \$174,000 in fiscal year 2005 and \$610,000 in fiscal year 2006.

Additionally, as a result of the House passage of House Bill 2762, the House budget includes an additional \$231,692 in sales tax revenue for distribution to school divisions in fiscal year 2006. (House Bill 2762 removes the state tax exemption of car paint used in auto body shops.) The resulting Basic Aid offset is a decrease of \$130,651 in fiscal year 2006 for a net increase in funding of \$101,041 in fiscal year 2006.

- ***Final General Assembly Action - Adopts the House amendment with the latest, increased sales tax revenue estimate and the inclusion of additional sales tax revenue as a result of the passage of House Bill 2762. The Senate passed House Bill 2762 on February 11, 2005.***

Update Lottery Profits Forecast

- **Governor** - The Governor's amended budget provides an additional \$51.2 million in fiscal year 2005 (from \$395.0 million to \$446.2 million) and \$39.8 million in fiscal year 2006 (from \$402.0 million to \$441.8 million) in Lottery proceeds over the projections contained in Chapter 4. These amounts include a portion used to offset the state share of cost for the SOQ Prevention, Intervention, and

Remediation program and for Basic Aid, as well as the local portion distributed to divisions on a per pupil basis. The additional Lottery proceeds projected for fiscal year 2005 are based on carry-over funds from fiscal year 2004 and additional Lottery revenues projected for fiscal year 2005. The additional Lottery proceeds for fiscal year 2006 reflect additional revenues projected for that year.

Statewide, the share of these additional Lottery proceeds distributed to divisions on a per pupil basis totals \$19.8 million in fiscal year 2005 and \$15.6 million in fiscal year 2006. The total local share of Lottery proceeds that will be distributed directly to school divisions on a per pupil basis in fiscal year 2005 is \$165.3 million. In fiscal year 2006, the total distribution to school divisions is estimated at \$163.5 million.

- **Senate** - The Senate budget includes the Governor's Executive Amendment for Lottery for fiscal year 2005. The Executive Amendment provides language corrections based on the required funding for the Lottery distribution. In addition, the Senate budget redirects \$22.7 million in excess fiscal year 2004 Lottery carryover proceeds to the state share of Basic Aid in fiscal year 2005.

The net result of these actions is an \$8.8 million decrease in the local Lottery distribution to school divisions in fiscal year 2005. The transfer of Lottery funds to localities is \$156,500,000 in fiscal year 2005. This local distribution of Lottery proceeds is projected based on an estimated state share of \$236.95 per pupil in adjusted ADM in fiscal year 2005.

The transfer of Lottery funds to localities is \$163,500,000 in fiscal year 2006. This local distribution of Lottery proceeds is projected based on an estimated state share of \$245.24 per pupil in adjusted ADM in fiscal year 2006.

- **House** - The House language corrections based on the required funding for the Lottery distribution results in an estimated \$277,000 decrease in the local distribution of Lottery funds (to \$163,400,000) in fiscal year 2006. This local distribution of Lottery proceeds is projected based on an estimated state share of \$245.12 per pupil in adjusted ADM in fiscal year 2006.

- ***Final General Assembly Action - Adopts the Senate amendment to provide language corrections based on the required funding for the Lottery distribution, and to redirect fiscal year 2004 Lottery carryover proceeds to the state share of Basic Aid in fiscal year 2005.***

Technical Adjustments to At-Risk Four-Year-Old Program

- **Governor** - The Governor's amended budget assumes estimated participation savings for the At-risk Four-year-old program in fiscal year 2006. Funding is reduced by \$6.5 million in fiscal year 2006 for estimated non-participation in this program. Please note that the school division entitlement sheets shown in Attachment B and the Excel calculation file reflect the full formula-based entitlements for the At-risk Four-year-old program in fiscal year 2006. This action is intended to capture anticipated savings from projected non-participation in the At-risk Four-year-old program in fiscal year 2006; it is not intended to reduce actual entitlements in fiscal year 2006. In the event that entitlements from actual participation exceed the available appropriation, payments to school divisions for the At-risk Four-year-old program in fiscal year 2006 may have to be prorated on a statewide basis if supplemental funding to recognize actual participation is not provided through amendments to the budget in the 2006 session of the General Assembly.
- **Senate** - Same as Governor's amended budget.
- **House** - Same as Governor's amended budget.
- ***Final General Assembly Action - Same as Governor's amended budget.***

Technical Adjustments to Early Reading Intervention Program

- **Governor** - As required by the current appropriation act, the estimated number of students eligible for the Early Reading Intervention program in fiscal years 2005 and 2006 is recalculated based on updated assessment data from the Phonological Awareness and Literacy Screening (PALS) for the 2003-2004 school year. The funding for the Early Reading Intervention program is reduced by \$351,124 in fiscal year 2005 as a result of updating PALS data in the funding formula as well as non-participation in the program. Funding is reduced by \$150,285 in fiscal year 2006 due to updated PALS data only.

- **Senate** - Same as Governor's amended budget.
- **House** - Same as Governor's amended budget.
- **Final General Assembly Action** - Same as Governor's amended budget.

Technical Adjustments to Special Education Categorical Programs

- **Governor** - Several updates are made to the special education categorical programs. Funding for regional special education program tuition is increased by \$2.6 million in fiscal year 2005 and by \$4.3 million in fiscal year 2006 for projected cost increases across programs and for increased services provided by the SECEP regional program in Norfolk. In addition, funding for the provision of education services in state-operated programs is reduced by \$261,110 in fiscal year 2005 based upon actual contracted costs. Actual payments for the homebound program in fiscal year 2005 were less than what was budgeted in Chapter 4, resulting in a savings of \$148,203.
- **Senate** - Same as Governor's amended budget.
- **House** - Same as Governor's amended budget.
- **Final General Assembly Action** - Same as Governor's amended budget.

Technical Adjustments to Governor's School Program

- **Governor** - Funding for the academic year Governor's Schools programs is adjusted to reflect actual enrollment as of September 30, 2004, but with division enrollment in each program capped at the levels funded in the 2004 Budget (Chapter 4 - as required by budget language in Chapter 4). This action results in a reduction of state funding in fiscal year 2005 of \$771,019. Funding for fiscal year 2006 did not change. Please note, the Governor proposed a second amendment affecting Governor's Schools. A language amendment is proposed that eliminates the requirement that enrollments by division for each academic year Governor's School be capped at the level used to establish the initial 2004-2006 appropriation in Chapter 4. An additional \$273,546 is provided in fiscal year 2005 to support this proposed language change. Funding for fiscal year 2006 is not affected at this time.

- **Senate** - The Senate budget reduces funding by an additional \$119,041 in fiscal year 2005 and by \$57,752 in fiscal year 2006 as a result of the postponed opening of the Massanutten Governor's School until fiscal year 2006 and a decrease in the number of divisions participating in the Blue Ridge Governor's School in fiscal year 2006. This information was not available until after SB 700/HB 1500 was introduced.
- **House** - Same as Senate actions.
- **Final General Assembly Action - Adopts the Senate and House amendments.**

K-3 Primary Class Size Reduction Program

- **Governor** - The K-3 Primary Class Size Reduction Program has been updated for fall membership and program participation. The funding for fiscal year 2005 is updated to reflect actual September 30, 2004, fall membership and approved participation levels for each school in the program. These actions result in a reduction of \$1.5 million in fiscal year 2005. The funding for fiscal year 2006 reflects an updated projection of fall membership, which results in a reduction of \$1.6 million.
- **Senate** - Same as Governor's amended budget.
- **House** - Same as Governor's amended budget. (Note: In another amendment, the House proposes to increase the retiree health care credit rate in fiscal year 2006 from 0.55 percent to 0.90 percent. The entitlement for the K-3 Class Size Reduction Program shown in Attachment C and in the Excel calculation file based on the House proposed budget does not reflect the higher retiree health care credit rate. In the event this higher rate is adopted in the final budget approved by the General Assembly, a revised cost for the K-3 program will be calculated based on the higher rate.)
- **Final General Assembly Action - Same as Governor's amended budget.**

Technical Corrections

- **Governor** - Provides \$10.2 million in fiscal year 2005 and \$9.4 million in fiscal year 2006 to make technical

corrections affecting various Direct Aid accounts. These corrections include: updating student counts for the English as a Second Language (ESL) account; correcting the special education child count for certain divisions; funding the latest non-professional VRS retirement contribution rate; and funding instructional positions based on corrected school level enrollment.

- **Senate** - The Senate adopted the Governor's Executive Amendment for fiscal year 2005, which fully funds the amount necessary in fiscal year 2005 to make the technical corrections to various Direct Aid accounts mentioned in the preceding paragraph. The Senate budget provides \$1.4 million in additional funding for technical corrections in fiscal year 2005, as proposed by the Governor. The Senate also provides \$4.45 million in fiscal year 2006 to fully fund technical corrections in that year. The combined actions of the Governor's amendments and the Senate's amendments fully fund the technical corrections in fiscal years 2005 and 2006.
- **House** - The House did not adopt the Governor's Executive Amendment for fiscal year 2005 and it eliminated \$10.2 million in fiscal year 2005 that was included in SB 700/HB 1500, as introduced. The House did provide \$3.8 million in fiscal year 2006 for technical corrections. This results in a projected shortfall of \$11.7 million in fiscal year 2005 and a projected shortfall of \$659,000 in fiscal year 2006; this shortfall affects the appropriations in several Direct Aid accounts.
- ***Final General Assembly Action - Adopts the House amendment for fiscal year 2005 and the Senate amendment for fiscal year 2006. Based on these actions, there is a projected shortfall of \$11.7 million in Basic Aid funding in fiscal year 2005. The amendment in fiscal year 2006 fully funds the technical corrections, resulting in no projected shortfall for fiscal year 2006.***

***Please note:** The amended 2004-2006 budget adopted by the 2005 General Assembly does not include sufficient funding to support the technical corrections in fiscal year 2005. Consequently, sufficient state appropriations may not be available to pay full entitlement amounts to each school division in fiscal year 2005. If sufficient savings in actual costs are not obtained or if additional funds are not made available, Basic Aid payments may have to be

reduced or prorated among all school divisions in fiscal year 2005. It is currently estimated that the appropriation is underfunded by \$11.7 million in fiscal year 2005, or approximately 0.5 percent of the total Basic Aid entitlement. The division entitlements presented in Attachment B and in the Excel calculation file reflect full funding for these technical corrections in both years with no reductions or prorations based on the General Assembly's intent that funding be based on the corrected per pupil amounts. Since the actual amount of reduction required for fiscal year 2005 will not be known until final enrollment is reported, the projected entitlements shown in Attachment B and the Excel calculation file for fiscal year 2005 have not been adjusted.

Standards of Learning Technology Initiative

- **Governor** - Based on September 30, 2004, fall membership data, the number of schools eligible for funding under the Virginia Public School Authority (VPSA) technology grants (supporting the SOL Web-based Technology Initiative) has been updated. Funding for the VPSA technology grant program has been reduced by \$290,000 in fiscal year 2005 and by \$288,000 in fiscal year 2006 based on a reduction in the number of schools reported in fall membership.
- **Senate** - The Senate budget includes an additional technical reduction of \$390,000 in fiscal years 2005 and 2006. This reduction in funding for the VPSA technology grant program is the result of correcting the number of schools qualifying for VPSA technology grants.
- **House** - Same as Senate actions.
- ***Final General Assembly Action - Adopts the Senate and House amendments.***

Funding for New or Expanded Direct Aid Programs

Compensation Supplement in Fiscal Year 2006

- **Governor** - \$54.8 million in fiscal year 2006 is provided for the state's share of a compensation supplement (including related fringe benefit costs) equivalent to a three percent salary increase effective December 1, 2005, for instructional and support positions funded through the SOQ and other state-funded accounts. These Compensation Supplement funds are intended to be incentive funds, and would not be included as

part of required local effort; however, in order to receive the state funds, a local match would have to be provided based on the composite index.

If appropriated, the state funds would be paid to school divisions that certify to the Department of Education, no later than March 1, 2006, that equivalent salary increases have been granted locally in fiscal year 2006. The table below provides the equivalent salary increases for different start dates. Please note that the equivalent salary increases are based on a twelve-month year.

Local Salary Increase Start Date	Required Equivalent Percentage Salary Increase in FY 2006
July 1, 2005	1.75
August 1, 2005	1.91
September 1, 2005	2.10
October 1, 2005	2.33
November 1, 2005	2.63
December 1, 2005	3.00

- **Senate** - Moves the effective date of the salary increase to January 1, 2006, for a reduction of \$7.7 million from the Governor's proposed increase. The Senate action would reduce the projected state compensation supplement payment to divisions to \$47.1 million in fiscal year 2006.
- **House** - Reduces the proposed salary increase to 2.5 percent effective December 1, 2005 for a reduction of \$9.1 million from the Governor's proposed increase. The House action would reduce the projected state compensation supplement payment to divisions to \$45.7 million in fiscal year 2006.
- **Final General Assembly Action - Same as Governor's amended budget.**

Funding for the School Breakfast Program

- **Governor** - Provides \$1.6 million in fiscal year 2006 for a state supplement to the school breakfast program. This funding is part of the Governor's "Healthy Virginians"

initiative. The funding is provided based on a \$0.05 reimbursement for every breakfast meal sold. The state funds are intended to leverage additional federal funds by expanding participation in the school breakfast program.

- **Senate** - Eliminates proposed funding for the School Breakfast Program in fiscal year 2006.
- **House** - Same as Senate action.
- ***Final General Assembly Action - Adopts the Senate and House amendments to eliminate the proposed new funding.***

Expansion of Race to GED Program

- **Governor** - Provides \$2.4 million in fiscal year 2006 for approved GED testing centers to increase the frequency of testing, and to increase access to testing throughout the Commonwealth.
- **Senate** - Same as Governor's amended budget.
- **House** - Eliminates the proposed \$2.4 million in funding for the Race to GED Program in fiscal year 2006.
- ***Final General Assembly Action - Reduces new funding by \$1.2 million in fiscal year 2006, or approximately half, the amount proposed by the Governor in the introduced budget for the "Race to GED" Program. The adopted budget provides \$1.2 million for this program in fiscal year 2006.***

Funding for Allegheny County Composite Index Adjustment

- **Governor** - Provides an additional appropriation of \$342,053 in fiscal year 2005 and \$362,227 in fiscal year 2006 for an adjustment to the composite index for Allegheny County due to the consolidation of Clifton Forge City school division into Allegheny County school division. Based on the recommendation of the Board of Education and the approval of the Governor, the composite index for Allegheny County for the 2004-2006 biennium is adjusted from 0.2683 to 0.2423. The reduced index for Allegheny County results in a larger state share of cost for those Direct Aid accounts that use the composite index in computing state funding. Related budget language makes this composite index adjustment effective the fiscal year beginning July 1, 2004 (i.e., fiscal year 2005).

- **Senate** - Same as Governor's amended budget.
- **House** - Same as Governor's amended budget.
- **Final General Assembly Action** - Same as Governor's amended budget.

Funding for Academic Year Governor's School Actual Enrollment

- **Governor** - A language amendment is proposed which eliminates the requirement that enrollments by division for each academic year Governor's School be capped at the level used to establish the initial 2004-2006 appropriation in Chapter 4. An additional \$273,546 is provided in fiscal year 2005 to support this proposed language change. Funding for fiscal year 2006 is not affected at this time.
- **Senate** - Same as Governor's amended budget.
- **House** - Same as Governor's amended budget.
- **Final General Assembly Action** - Same as Governor's amended budget.

Increase Interest Rate Subsidy Program in Fall 2005

- **Governor** - The Governor's amendments propose \$20.0 million in additional interest rate subsidy funding from the Literary Fund in fiscal year 2006, bringing the total available in fiscal year 2006 to \$25.0 million. The subsidy program in fiscal year 2006 will be conducted in the fall of 2005. The interest rate subsidy program is used to provide interest rate subsidy funding through the Virginia Public School Authority for projects on the Board of Education's First Priority Waiting List for a Literary Fund loan.
- **Senate** - Same as Governor's amended budget.
- **House** - Same as Governor's amended budget.
- **Final General Assembly Action** - Same as Governor's amended budget.

Funding for Virginia Career Education Foundation

- **Governor** - Provides \$150,000 in fiscal year 2006 for the Virginia Career Education Foundation.

- **Senate** - Reduces funding to the Virginia Career Education Foundation by \$100,000 (to \$50,000) in fiscal year 2006.
- **House** - Eliminates the proposed funding for the Virginia Career Education Foundation in fiscal year 2006.
- ***Final General Assembly Action - Adopts the Senate amendment.***

Matching Funds for Virginia Literacy Foundation Grants

- **Governor** - Provides \$100,000 in fiscal year 2006 as matching funds for Virginia Literacy Foundation grants.
- **Senate** - Same as Governor's amended budget.
- **House** - Eliminates the additional funding proposed for Virginia Literacy Foundation matching grants in fiscal year 2006.
- ***Final General Assembly Action - Adopts the House amendment.***

Support for Reimbursement of Special Education Medical Services

- **Governor** - Provides \$3.6 million in fiscal year 2006 for the Department of Education to make payment of the federal share for special education medical services provided by school divisions to Medicaid eligible children. The Department of Medical Assistance Services (DMAS) currently makes these payments to school divisions; if approved, effective July 1, 2005, these payments would be made by DMAS to the Department of Education. The Department of Education would then make the payments to school divisions. Due to changes in federal rules, this change in payment procedures is necessary to preserve the structure of Medicaid reimbursements received by school divisions for providing special education medical services. Language added to the Direct Aid budget as well as a corresponding amendment in the Department of Medical Assistance Services' budget provides authority for this change.
- **Senate** - Same as Governor's amended budget.
- **House** - Same as Governor's amended budget.

- *Final General Assembly Action - Removes \$3.6 million in fiscal year 2006 and the proposed language that would change the current methodology for reimbursing school districts for medical service costs under the Medicaid program. Requires that the current Medicaid reimbursement system remain unchanged pending further negotiations with the federal Centers for Medicare and Medicaid Services (CMS). (Note: This change was required as a result of additional information received from CMS.)*

Other Funding for New or Expanded Direct Aid Programs Not in SB 700/HB 1500 as Introduced

Provision of Governor's School Planning Grant in Fiscal Year 2006

- **Senate** - Provides \$100,000 in fiscal year 2006 for a planning grant to establish a regional academic year Governor's School for the Clarke, Culpeper, Fauquier, Frederick, Rappahannock, Warren, and Winchester school divisions.
- **House** - Same as Senate action.
- **Final General Assembly Action - Adopts the Senate and House amendments.**

Restore Full Funding for At-Risk Program in Fiscal Year 2006

- **Senate** - Provides \$4.6 million in fiscal year 2006 to restore the eight percent reduction to the At-Risk Add-On payments that began in fiscal year 2003. The Senate also amended the At-Risk Program language description to include truancy programs to the list of programs that may be supported with this funding.
- **House** - No action.
- **Final General Assembly Action - Adds \$2.3 million in fiscal year 2006 to restore half of the eight percent reduction to the At-Risk Add-On payments that began in fiscal year 2003. Adds truancy prevention to the list of programs that may be supported with At-Risk Program funding. Also, requires that of the total At-Risk Program funding provided for the City of Richmond, \$675,000 must be directed to a pilot truancy program.**

Support a Portion of SOQ Retirement Costs with General Funds

- **Senate** - Adds \$15.0 million in general fund support for teacher retirement to reduce the transfer required from the Literary Fund. The restored Literary Fund proceeds will be used for direct loans for school construction projects on the First Priority Waiting List.
- **House** - No action.
- **Final General Assembly Action** - ***Adds \$10.0 million in general fund support in fiscal year 2006 for teacher retirement to reduce the transfer required from the Literary Fund. The restored Literary Fund proceeds will be used for direct loans for school construction projects on the First Priority Waiting List.***

Increase Retiree Health Care Credit from \$2.50 to \$4.00 per Month in Fiscal Year 2006

- **Senate** - No action.
- **House** - Provides \$8.3 million in fiscal year 2006 to increase the retiree health care supplement from \$2.50 to \$4.00 per month, effective July 1, 2005. If adopted, the retiree health care credit rate would increase from 0.55 to 0.90 percent, effective July 1, 2005.
- **Final General Assembly Action** - ***No action.***

Provide Grant Funding for Defibrillators in High Schools

- **Senate** - No action.
- **House** - Provides \$150,000 in fiscal year 2006 for incentives to school divisions to provide access to defibrillators in public high schools that offer interscholastic sports on campus. School divisions must request funding based on \$1,000 per qualifying high school, up to a maximum share of \$10,000 per school division.
- **Final General Assembly Action** - ***Adopts a language-only amendment allowing Basic Aid funding attributable to school nurse funding to be used by school divisions for the purchase of defibrillators at public high schools that offer interscholastic sports. No additional funding is provided for incentives to school divisions to provide access to defibrillators.***

Increase Career and Technical Education Equipment Funding in Fiscal Year 2006

- **Senate** - No action.
- **House** - Provides an additional \$800,000 in fiscal year 2006 for vocational education equipment for a revised total of \$1.5 million. This budget amendment increases the base division allocation to \$2,000 with the remainder of funding distributed on the basis of student enrollment in secondary career and technical courses. State funds received for secondary career and technical equipment must be used to supplement, not supplant, any funds currently provided for secondary career and technical equipment within a locality.
- ***Final General Assembly Action - Adopts the House amendment.***

Addition of Page County Students to Massanutten Governor's School

- **Senate** - No action.
- **House** - Provides \$17,239 in fiscal year 2006 to add slots for eight students from Page County Public Schools in the newly created Massanutten Governor's School.
- ***Final General Assembly Action - Adopts the House amendment.***

Jobs for Virginia Graduates

- **Senate** - No action.
- **House** - Provides \$200,000 in fiscal year 2006 for the Jobs for Virginia Graduates program, which is a school-to-graduation-to-work program that places Career Specialists in schools as partners with the local school divisions.
- ***Final General Assembly Action - Adopts the House amendment.***

Career and Technical Education Resource Center

- **Senate** - No action.
- **House** - Provides \$400,000 in fiscal year 2006 for the regional Career and Technical Education Resource Center in Henrico County to provide vocational curriculum and resource instructional materials to school divisions throughout the state at no charge.

- ***Final General Assembly Action - Adopts the House amendment.***

Turnaround Specialist Program

- **Senate** - Reduces uncommitted reserve funding in Direct Aid for the turnaround specialist program in fiscal year 2005 by \$49,110.
- **House** - No action.
- ***Final General Assembly Action - Adopts the Senate amendment.***

Proposed Budget Language Changes Affecting School Divisions

Calculation of SOQ Special Education Costs in the 2006-2008 Biennium

- **Governor** - In recalculating the cost of the Standards of Quality for the 2006-2008 biennium, the Department of Education would be required to calculate the cost of school level instructional positions for special education based on the number of students in the disability categories listed in the special education caseloads adopted by the Board of Education. This consolidates the different levels of the mental retardation category into a single category.
- **Senate** - Same as Governor's amended budget.
- **House** - Same as Governor's amended budget.
- ***Final General Assembly Action - Same as Governor's amended budget.***

Allowance of Part-Year At-Risk Four-Year-Old Programs in First Year of Implementation

- **Governor** - Adds budget language allowing At-risk Four-year-old programs that are in the first year of implementation and that operate less than the full school year to receive state funds on a prorated basis determined by the portion of the school year that the programs operated. Currently, At-risk Four-year-old programs must operate for the full school year in order to receive state funds.
- **Senate** - Same as Governor's amended budget.
- **House** - Same as Governor's amended budget.

- ***Final General Assembly Action - Same as Governor's amended budget.***

Unused Student Slots in Regional Alternative Education Programs

- **Governor** - Adds language that in the event a school division does not use all of the student slots it is allocated under the regional alternative education program, the unused slots could not be reallocated or transferred to another school division.
- **Senate** - Same as Governor's amended budget.
- **House** - Same as Governor's amended budget.
- ***Final General Assembly Action - Same as Governor's amended budget.***

Other Proposed Budget Language Changes Affecting School Divisions Not In SB 700/HB 1500 as Introduced

Online Career Planning Services and Turnaround Specialist Program

- **Senate** - Authorizes the Department of Education to transfer up to \$500,000 in fiscal year 2006 from general fund appropriations in the Direct Aid budget to the Central Office budget for the contract for online career planning services and up to \$460,000 in fiscal year 2006 for the contract for the turnaround specialist program.
- **House** - No action.
- ***Final General Assembly Action - Authorizes the Department of Education to transfer up to \$500,000 in fiscal year 2006 from general fund appropriations in the Direct Aid budget to the Central Office budget for the contract for online career planning services and up to \$150,890 in fiscal year 2006 for the contract for the turnaround specialist program.***

Unspent Balances for Competitive Leadership Grants

- **Senate** - No action.
- **House** - Adds language stating that school divisions that are awarded a competitive leadership grant in either fiscal year shall be allowed to retain any unspent balances at the end of the initial fiscal year in which the grant was

awarded and be permitted to spend any remaining balances for the intended purposes during the next two fiscal years.

- ***Final General Assembly Action - Adopts the House amendment.***

Basic Aid Funding for School Nurse Services

- **Senate** - No action.
- **House** - Adds language stating that basic aid funding attributable to school nurse funding as calculated by the Department of Education shall be used only for the purpose of funding school nursing services.
- ***Final General Assembly Action - No action.***

DEPARTMENT OF EDUCATION CENTRAL OFFICE BUDGET

Update Academic Review Process Costs

- **Governor** - Provides an additional \$183,107 in fiscal year 2006 for the projected cost of conducting academic reviews of schools "Accredited with Warning." The number of schools requiring academic reviews has increased due to the phase-out of provisional accreditation.
- **Senate** - Same as Governor's amended budget.
- **House** - Same as Governor's amended budget.
- ***Final General Assembly Action - Same as Governor's amended budget.***

Update National Board Certification Bonus Costs

- **Governor** - Revises the funding for teacher certification bonuses to reflect the latest estimate of initial and continuing awards. For 2005, a reduction of \$182,500. For 2006, an additional \$197,500.
- **Senate** - The Senate budget further reduces the funding for bonuses to teachers based on an updated count of teachers qualified to receive bonuses. Funding is reduced by \$27,500 in fiscal year 2005 and by \$80,000 in fiscal year 2006.
- **House** - Same as Governor's amended budget.

- ***Final General Assembly Action - Adopts both the Governor's amendment and the additional amendment proposed by the Senate.***

Expand the Race to GED program

- **Governor** - Provides \$643,200 in fiscal year 2006 for approved GED testing centers to increase the frequency of testing and access to testing locations throughout the Commonwealth. A companion amendment is proposed in the Direct Aid budget.
- **Senate** - The Senate budget reduces the proposed additional funding by \$300,000, leaving \$343,200 in fiscal year 2006 for the Race to GED program.
- **House** - Eliminates the additional funding proposed for the Race to GED program in fiscal year 2006.
- ***Final General Assembly Action - Adopts the House amendment.***

Update Funding for Education for a Lifetime Programs

- **Governor** - Adjusts funding for components of the Education for a Lifetime initiative to support the cost of the training program for turnaround specialists and to provide access to career assessment and planning as part of the state's workforce training activities. For 2005, an additional \$249,886. For 2006, an additional \$959,811.
- **Senate** - The Senate budget eliminates the additional funding proposed for the statewide online career planning system and the turnaround specialist credential program in fiscal year 2006. The Senate budget does include language in a companion amendment stating that in the event existing Department of Education funds are not sufficient to cover the cost of the contracts, or the contracts are not negotiated to a lower amount, the Department of Education is authorized to transfer up to \$500,000 in general fund appropriations from the Direct Aid budget for the online career planning system, and up to \$460,000 for the turnaround specialist program.
- **House** - Eliminates the additional funding proposed for the Education for a Lifetime programs in fiscal year 2006.

- ***Final General Assembly Action - Eliminates the additional funding of \$500,000 proposed for the statewide online career planning system and \$150,890 of the additional funding proposed for the turnaround specialist credential program in fiscal year 2006. The adopted budget includes language in a companion amendment stating that in the event existing Department of Education funds are not sufficient to cover the cost of the contracts, or the contracts are not negotiated to a lower amount, the Department of Education is authorized to transfer up to \$500,000 in general fund appropriations from the Direct Aid budget for the online career planning system, and up to \$150,890 for the turnaround specialist program.***

Enhance the Partnership for Achieving Successful Schools (PASS)

- **Governor** - Provides \$200,000 in fiscal year 2006 for a leadership development component in the PASS program, to be conducted in partnership with the Virginia School Boards Association. This component is intended to provide local school board members with strategies to address low student performance on a division-wide basis.
- **Senate** - Same as Governor's amended budget.
- **House** - Eliminates the additional funding proposed for the leadership development component in the PASS program in fiscal year 2006.
- ***Final General Assembly Action - Adopts the House amendment.***

Increase Positions for the Testing Program

- **Governor** - Adds two positions in fiscal year 2005 and an additional two positions in fiscal year 2006 to support the on-going requirements of the department's Standards of Learning testing program.
- **Senate** - Same as Governor's amended budget.
- **House** - Same as Governor's amended budget.
- ***Final General Assembly Action - Same as Governor's amended budget.***

Increase Positions to Support the No Child Left Behind Act Requirements

- **Governor** - Twenty-three additional non-general fund positions are provided in fiscal year 2006 to support the ongoing requirements of the federal No Child Left Behind Act.
- **Senate** - Same as Governor's amended budget
- **House** - Same as Governor's amended budget.
- **Final General Assembly Action** - Same as Governor's amended budget.

Provide Funding for Planning and Site Selection for the Schools for the Deaf and the Blind

- **Governor** - \$49,550 is provided in fiscal year 2005 and \$148,650 in fiscal year 2006 in the Secretary of Education's budget for campus planning and site selection for the schools for the deaf and the blind.
- **Senate** - Includes an amendment requiring consolidation of the Virginia School for the Deaf and the Blind at Staunton and the Virginia School for the Deaf, Blind, and the Multi-Disabled at Hampton at a new facility to be co-located with the state's Woodrow Wilson Rehabilitation Center in Fishersville. A companion amendment affecting the Secretary of Education's budget removes the funding (\$49,550 in fiscal year 2005; \$148,650 in fiscal year 2006) for campus planning and site selection for the schools for the deaf and blind. Two million dollars to the Department of General Services is provided for project planning.
- **House** - Directs the Secretary of Education to work with the Board of Education to consider Public-Private Education Act (PPEA) proposals to consolidate the Virginia School for the Deaf and the Blind at Staunton and the Virginia School for the Deaf, the Blind, and the Multi-Disabled at Hampton into a single campus. Further, the House directs the Director of Planning and Budget, at the direction of the Secretary and Board of Education, to transfer general and non-general fund appropriations from the two schools for the purpose of consolidating the schools by the beginning of the 2005-2006 school year.

- *Final General Assembly Action - Provides \$49,550 in fiscal year 2005 and \$148,650 in fiscal year 2006 in the Department of Education Central Office budget for campus planning and site selection for the schools for the deaf and the blind. The amendment requires consolidation of the Virginia School for the Deaf and the Blind at Staunton and the Virginia School for the Deaf, Blind and Multi-disabled at Hampton at a new facility to be identified in a final consolidation and site selection plan as adopted by the State Board of Education.*

Also includes language directing the State Board of Education to consider Public-Private Education Act (PPEA) proposals to consolidate the Virginia School for the Deaf and the Blind at Staunton and the Virginia School for the Deaf, the Blind, and the Multi-Disabled at Hampton into a single campus. The location of the single campus shall be incorporated into the PPEA proposal or conventional capital construction project proposal that shall be accepted, reviewed and adopted by the Board of Education no later than July 31, 2005. Further specifies that if the Board of Education selects a PPEA proposal, the Department of General Services is authorized to enter into an agreement for construction of the new school at a total cost not to exceed \$61.5 million.

Provide Incentive Funds for Reimbursement of Testing Fees

- **Senate** - No action.
- **House** - Provides \$100,000 in fiscal year 2005 and \$250,000 in fiscal year 2006 for the establishment of incentives to reimburse a portion of testing fees incurred by school divisions that offer industry certification tests and state licensure examinations taken by enrolled students who may select one of these types of tests to satisfy the verified credit requirements for high school graduation.
- **Final General Assembly Action** - No action.

Provide Funding for the Establishment of the Commission on Civics Education

- **Senate** - No action.
- **House** - Provides \$81,000 in fiscal year 2006 for the establishment of the Commission on Civics Education.

- ***Final General Assembly Action - Adopts the House amendment.***

Other Budget Language Changes Affecting School Divisions

***Provide Additional Funding for the School Efficiency Reviews
(Project SERVE)***

- **Governor** - The Governor's proposed budget includes \$1.4 million for additional contracted school efficiency reviews conducted as part of the Project SERVE initiative and one position to monitor the contracts. This funding would be provided to the Department of Planning and Budget.
- **Senate** - Same as Governor's amended budget.
- **House** - The House budget reduces funding by \$399,000 in fiscal year 2006 for the School Efficiency Review program.

Please note the provisions of House Bill 1967, which passed the House of Delegates: "School divisions shall pay 25 percent of the cost of the school efficiency review in the fiscal year immediately following the completion of the final school efficiency review report. Commencing with reviews completed in fiscal year 2006, partial recovery of the cost of individual reviews may be made in the fiscal year beginning not less than 12 months and not more than 24 months following the release of a final efficiency review report for an individual school division. Such recovery may occur if the affected school division superintendent or superintendent's designee has not certified that at least half the recommendations have been implemented or at least half of the equivalent savings of such efficiency review have been realized. Lacking such certification the school division shall reimburse the state for 25 percent of the cost of the school efficiency review. Such reimbursement shall be paid into the general fund of the state treasury. The Department of Planning and Budget shall provide the format for such certification."

- ***Final General Assembly Action - Reduces the funding proposed in the introduced budget by \$200,000 to provide \$1.2 million for the Project SERVE initiative in fiscal year 2006. This funding would be provided to the Department of Planning and Budget. The Senate passed House Bill 1967 on February 21, 2005 (See House actions for a summary of House Bill 1967).***