

**Summary of the Amended 2006-2008 Biennial Budget  
Adopted by the 2007 General Assembly Affecting the  
Direct Aid to Public Education and Department of  
Education Central Office Budgets**

This document provides a summary of amendments to the 2006-2008 biennial budget (HB 1650/SB 750 as introduced) that were adopted by the 2007 General Assembly on February 24, 2007.

For your reference, the budget amendments proposed by the Governor in HB 1650/SB 750 (as communicated in Attachment A of Informational Superintendent's Memorandum No. 262), 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. 039), are shown.

Following this information, a summary of the final changes to the Governor's amended 2006-2008 budget (HB 1650/SB 750) adopted by the General Assembly is shown. These changes are noted as "Final General Assembly Action" and are highlighted in bold italics. The adopted changes affect fiscal years 2007 and 2008. Fiscal year 2007 began on July 1, 2006, and ends on June 30, 2007. Fiscal year 2008 begins on July 1, 2007, and ends on June 30, 2008.

Please note that the amended 2006-2008 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.

Amendments to the Direct Aid to Public Education budget are described below; information about amendments to the DOE Central Office budget begins on page 15.

**Amendments to the Direct Aid to Public Education Budget**

**Technical Adjustments to Existing Direct Aid Programs**

**Update Average Daily Membership (ADM) and Fall Membership**

- **Governor** - The proposed budget reflects revised projections of March 31, 2007, and March 31, 2008, 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, 2005, fall membership. The most recent projections contained in the Governor's introduced budget have been revised based on actual March 31, 2006, ADM and September 30, 2006, fall membership.

On a statewide basis, the revised unadjusted ADM projections are 5,742 students lower in fiscal year 2007 and 8,448 students lower in fiscal year 2008 than the original projections contained in Chapter 10. The ADM-based entitlements for fiscal years 2007 and 2008 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 2007 and reprojected fall membership in fiscal year 2008. The ADM and fall membership updates result in an estimated decrease on a statewide basis in Direct Aid payments of \$20.4 million in fiscal year 2007 and \$35.8 million in fiscal year 2008.

- **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 2007 and 2008, as computed by the Department of Taxation. The revised estimate of sales tax revenues include both the one percent portion and the one-eighth percent portion that are appropriated for distribution to school divisions. The projected sales tax entitlements contained in Attachment B and in the Excel calculation file reflect the revised estimates for these two sales tax sources, which are shown in Attachment B and in the Excel file as a single revenue line-item.

The Department of Taxation's latest estimate of the one percent and one-eighth percent sales tax revenue is \$1,139,300,000 for fiscal year 2007 and \$1,198,700,000 for fiscal year 2008. These revised sales tax estimates are approximately \$2.7 million higher in fiscal year 2007 and \$6.1 million higher in fiscal year 2008 than the projections contained in Chapter 10. 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 to be distributed to divisions. 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 \$1.5 million in fiscal year 2007 and \$3.4 million in fiscal year 2008 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.

The fiscal year 2007 hold harmless sales tax payment included in Chapter 10 (and described in detail in [Regulatory Superintendent's Memorandum No. 009, dated October 6, 2006](#)), is reduced by \$1.2 million in the Governor's amended budget to account for the increased sales tax estimate in fiscal year 2007. The fiscal year 2007 hold harmless sales tax payment was provided in the adopted Chapter 10 budget in response to erroneous sales tax estimates that were adopted in the initial 2006-2008 budget (Chapter 3). The Governor's amended budget provides a total of \$55.5 million in fiscal year 2007 only for the sales tax hold harmless payment. The hold harmless payment will be made on a quarterly basis to divisions in order to maintain the same level of projected state funding in fiscal year 2007 as provided by the initial 2006-2008 budget (Chapter 3). Please note that the Governor's budget does not propose extending the sales tax hold harmless payment to fiscal year 2008; the Governor maintains the sales tax hold harmless payment for fiscal year 2007 only.

- **Senate** - The Senate budget increases the one percent sales tax estimate by \$3.4 million in fiscal year 2007 to \$1,142,665,205. The resulting Basic Aid offset from the increased sales tax estimate is a decrease of \$1.9 million in fiscal year 2007. In addition, the fiscal year 2007 hold harmless sales tax payment included in HB 1650/SB 750 (and described in detail in [Regulatory Superintendent's Memorandum No. 009, dated October 6, 2006](#)), is reduced by \$1.5 million to account for the increased sales tax estimate in fiscal year 2007. The Senate's proposed budget provides a total of \$54.0 million in fiscal year 2007 only for the sales tax hold harmless payment.

For fiscal year 2008, increases the one percent sales tax estimate by \$3.5 million to \$ 1,202,199,660. The resulting Basic Aid offset from the increased sales tax estimate is a decrease of \$2.0 million in fiscal year 2008, for a net state fund increase to school divisions of \$1.5 million in fiscal year 2008.

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

#### **Update Lottery Profits Forecast**

- **Governor** - The Governor's amended budget reflects a decrease of \$20.7 million in fiscal year 2007 (from \$442.6 million to \$421.9 million) and \$20.7 million in fiscal year 2008 (from \$426.1 million to \$405.4 million) in Lottery proceeds versus the lottery projections contained in Chapter 10. This adjustment is based on the revised estimated impact of the North Carolina lottery. 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 lottery revenue estimate for fiscal year 2007 includes \$16.5 million in carry-over lottery funds from fiscal year 2006. This carry-over amount has not changed from the Chapter 10 appropriation.

The total local share of Lottery proceeds that will be distributed directly to school divisions on a per pupil basis in fiscal year 2007 is \$155.3 million. Of this amount, \$148.9 million reflects the local share of the current year Lottery estimate and \$6.4 million reflects the local share of the \$16.5 million carry-over amount from fiscal year 2006. In fiscal year 2008, the total distribution to school divisions is estimated at \$148.9 million. The revised per pupil amounts used to distribute current year Lottery proceeds are \$222.24 in fiscal year 2007 and \$220.99 in fiscal year 2008 per pupil in adjusted ADM. The revised per pupil amount in fiscal year 2007 for the fiscal year 2006 carry-over Lottery proceeds is \$9.50 per pupil in adjusted ADM.

In addition, a recent audit of fiscal year 2005 lottery proceeds resulted in an additional \$351,586 in lottery proceeds from fiscal year 2005 that are available for public education in fiscal year 2007. These funds are directed to offset the cost of the hold harmless sales tax payment, discussed in the preceding section, in fiscal year 2007 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 Standards of Quality (SOQ) Accounts**

- **Governor** - The Governor's amended budget recognizes savings of \$2.0 million in fiscal year 2007 and \$3.1 million in fiscal year 2008 resulting from technical updates to two SOQ accounts. These updates include actual fiscal year 2007 student counts for the English as a Second Language (ESL) account, and the Remedial Summer School account. Revised projections for fiscal year 2008 for both accounts are based on the actual student counts from fiscal year 2007.
- **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 Incentive and Categorical Accounts**

- **Governor** - Various technical adjustments have been made to incentive and categorical accounts to reflect the latest information on special education student counts, PALS assessment data, actual and updated projected participation in programs, and Governor's Schools enrollment. Funding is reduced by \$10.2 million in fiscal year 2007 and by \$6.9 million in fiscal year 2008 for these technical updates. Significant budget adjustments contained in this particular amendment are discussed in more detail in the following paragraphs.
- **Senate** - Same as Governor's amended budget.
- **House** - Same as Governor's amended budget.
- **Final General Assembly Action** - *Same as Governor's amended budget.*

**School Breakfast Program**

- **Governor** - The Governor's amended budget includes full funding for actual participation in the School Breakfast program in fiscal year 2007, and additional funding in fiscal year 2008 for updated projected participation in this program. Chapter 10 assumed participation savings in both years of the biennium for this program; however, when actual reimbursement data from school year 2005-2006 was submitted by participating school divisions, the cost of actual participation exceeded the funding appropriated in Chapter 10. The Governor's amended

budget provides \$168,950 in fiscal year 2007 to reflect actual participation in the program, and provides \$472,121 in fiscal year 2008 for projected growth in School Breakfast program participation.

- **Senate** - Same as Governor's amended budget.
- **House** - The House budget reduces funding in fiscal year 2008 by \$303,171 to \$1,060,971, which level funds the program based on the fiscal year 2007 appropriation included in the Governor's amended budget.
- ***Final General Assembly Action - Adopts the House amendment.***

#### **At-risk Four-year-old Program**

- **Governor** - The Governor's amended budget includes full funding for actual participation in the At-risk Four-year-old program (a component of the Virginia Preschool Initiative) for fiscal year 2007. The Governor maintains \$2.0 million in unexpended balances in this account in fiscal year 2007 to provide grants to school divisions for one-time costs related to the start-up or expansion of At-risk Four-year-old programs. The Governor's amended budget continues to assume estimated participation savings for the At-risk Four-year-old program in fiscal year 2008. Funding was reduced by \$12.2 million in fiscal year 2008 in Chapter 10 for estimated non-participation in this program, and the Governor's budget continues this assumption. This action is intended to capture anticipated savings from projected non-participation in the At-risk Four-year-old program in fiscal year 2008; it is not intended to reduce actual entitlements in fiscal year 2008.

Please note that the school division entitlement sheets shown in Attachment B and in the Excel calculation file reflect the full formula-based entitlements for the At-risk Four-year-old program in fiscal year 2008. 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 2008 may have to be prorated on a statewide basis if supplemental funding to recognize actual participation is not provided through amendments to the budget during the 2008 session of the General Assembly.

- **Senate** - The Senate budget reduces the \$2.0 million included in the Governor's amended budget to provide grants to school divisions for one-time costs related to the start-up or expansion of Virginia Preschool Initiative programs by

\$670,000 in fiscal year 2007 based on actual division participation in the start-up/expansion component of the VPI program.

- **House** - Same as Governor's amended budget.
- ***Final General Assembly Action - Reduces the \$2.0 million included in the Governor's amended budget to provide grants to school divisions for one-time costs related to the start-up or expansion of Virginia Preschool Initiative programs by \$500,000 in fiscal year 2007 based on actual division participation in the start-up/expansion component of the VPI program.***

**Early Reading Intervention Program (technical updates to formula)**

- **Governor** - As required by the current appropriation act, the estimated number of students eligible for the Early Reading Intervention program in fiscal years 2007 and 2008 is recalculated based on updated assessment data from the Phonological Awareness and Literacy Screening (PALS) for the 2005-2006 school year. The funding for the Early Reading Intervention program is reduced by \$1.7 million in both fiscal years as a result of updating PALS data in the funding formula.
- **Senate** - Same as Governor's amended budget.
- **House** - Same as Governor's amended budget.
- ***Final General Assembly Action - Same as Governor's amended budget.***

**Special Education Incentive and Categorical Accounts**

- **Governor** - Several updates are made to the special education categorical programs. Funding for regional special education program tuition is decreased by \$3.2 million in fiscal year 2007 and by \$3.5 million in fiscal year 2008 for projected cost decreases across regional programs. In addition, funding for the provision of education services for homebound students is reduced by \$1.6 million in fiscal year 2007 based upon actual costs, and reduced by a projected \$1.5 million in fiscal year 2008.
- **Senate** - Same as Governor's amended budget.

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

**Academic Year Governor's Schools**

- **Governor** - Funding for the academic year Governor's Schools programs is adjusted to reflect actual enrollment as of September 30, 2006. Based on actual fall 2006 enrollment data received and revised projections of second semester enrollment in fiscal year 2007 and fiscal year 2008 enrollment, a cost savings of \$785,714 in fiscal year 2007 and of \$382,199 in fiscal year 2008 is recognized.
- **Senate** - Same as Governor's amended budget.
- **House** - The House budget provides an additional \$48,080 in fiscal year 2007 to fund Grayson County and Galax City school divisions for students attending A. Linwood Holton Governor's School.
- ***Final General Assembly Action - Adopts the House amendment but reduces the additional funding to \$29,204 based on actual fiscal year 2007 enrollment for Grayson County and Galax City school divisions at the A. Linwood Holton Governor's School.***

**SOL Web-based Technology Initiative**

- **Governor** - Based on September 30, 2006, 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 \$234,000 in fiscal year 2007 and by \$234,000 in fiscal year 2008 based on a reduction in the number of schools reported in 2006 fall membership.
- **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 New or Expanded Programs in the Direct Aid Budget**

**Update Fringe Benefit Rates in Fiscal Year 2008**

- **Governor** - The Governor's amended budget proposes updated fringe benefit rates for group life and the retiree health care credit in fiscal year 2008. For the group life contribution, the employer rate proposed for fiscal year 2008 reflects a rate decrease from Chapter 10 (from 0.45 percent to 0.40 percent). The group life employee rate for fiscal year 2008 changes from 0.68 percent to 0.60 percent. For the retiree health care credit, the rate proposed for fiscal year 2008 reflects a rate increase from Chapter 10 (from 0.49 percent to 0.70 percent). These employer rate changes increase funding by \$4.3 million in fiscal year 2008.
- **Senate** - Accepts the Governor's recommended group life rates and provides \$11.9 million in fiscal year 2008 to increase the retiree health care credit for teachers from \$2.50 to \$4.00 per month per year of credible VRS service and remove the cap of 30 years of service as provided in SB 1218/HB 2370, effective July 1, 2007. If adopted, the retiree health care credit employer rate would increase from 0.70 percent as proposed in the introduced budget to 1.16 percent, effective July 1, 2007.
- **House** - Accepts the Governor's recommended group life rates and provides \$5.7 million in fiscal year 2008 to increase the retiree health care credit for teachers from \$2.50 to \$4.00 per month per year of service as provided in HB 2370, effective January 1, 2008. If adopted, the retiree health care credit employer rate would increase from 0.70 percent as proposed in the introduced budget to 1.13 percent, effective January 1, 2008, for purposes of division payments to VRS. For state funding purposes, the retiree health care credit rate is calculated based on 24 payments over the twelve month fiscal year. Consequently, under the House budget, the rate used for state funding in fiscal year 2008 will be 0.92 percent beginning July 1, 2007, with state funding for the retiree health care credit paid as part of the VRS payment.
- ***Final General Assembly Action - Adopts the Senate amendment.***

**Include Sixth-Grade Students in the Standards of Learning (SOL) Algebra Readiness Program in Fiscal Year 2008**

- **Governor** - Funding is provided in fiscal year 2008 to include sixth-grade students reported in fall membership in the funding formula for the SOL Algebra Readiness program.

Chapter 10 included funding for grades seven and eight only. The SOL Algebra Readiness program is an incentive program which provides additional instruction to identified students who are at-risk of failing the Algebra I end-of-course test. Including sixth-grade students in the program increases funding by \$3.9 million in fiscal year 2008, and provides additional resources to prepare middle school students to take Algebra I.

- **Senate** - Eliminates the \$3.9 million in fiscal year 2008 proposed in the Governor's amended budget to include sixth-grade students reported in fall membership in the funding formula for the SOL Algebra Readiness program.
- **House** - Same as the Senate budget.
- ***Final General Assembly Action - Adopts the Senate and House amendments to eliminate the proposed new funding.***

**Fund 100 Percent of First- and Second-Grade Students Eligible for the Early Reading Intervention Program in Fiscal Year 2008**

- **Governor** - The Governor's amended budget includes \$4.1 million in fiscal year 2008 to expand the Early Reading Intervention program to fund 100 percent of eligible students in grades one and two. Chapter 10 included funding for 50 percent of eligible students in grades one and two. No formula changes are proposed for Kindergarten or third grade. The Early Reading Intervention program is designed to reduce the number of students needing remedial reading services.
- **Senate** - Same as Governor's amended budget.
- **House** - Eliminates the \$4.1 million in fiscal year 2008 proposed in the Governor's amended budget to expand the Early Reading Intervention program to fund 100 percent of eligible students in grades one and two.
- ***Final General Assembly Action - Same as Governor's amended budget.***

**Provide Additional Transportation Funding in Fiscal Year 2008 for Foster Care Students**

- **Governor** - \$150,000 in fiscal year 2008 is provided to reimburse school divisions for transportation costs incurred in the previous fiscal year resulting from the provision of transportation that permitted students placed in foster care

or other custodial placement to continue their education at the same school they attended before the placement. The budget also includes additional language authorizing the use of any unobligated balances for Foster Children Education Payments to reimburse school divisions for any costs associated with such transportation.

- **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 Summer Residential Governor's School and Foreign Language Academy Budgets to Reflect Reimbursement Costs in Fiscal Years 2007 and 2008**

- **Governor** - An additional \$25,000 in fiscal years 2007 and 2008 is included in the Governor's amended budget to update the state share of funding for the Summer Residential Governor's Schools and Foreign Language Academies program costs that have increased due to increases in instructional salaries and benefits, pupil transportation, room and board, and other operational costs of these programs.
- **Senate** - Same as Governor's amended budget.
- **House** - Same as Governor's amended budget.
- ***Final General Assembly Action - Same as Governor's amended budget.***

**Pilot Projects for Pre-Kindergarten Programs in Fiscal Year 2008**

- **Governor** - The Governor's amended budget includes \$4.6 million to fund pilot projects to expand the availability of high-quality pre-kindergarten programs. Selected pilot projects shall meet the following criteria: providers must participate in the Quality Rating System; both public and private providers shall be eligible to participate in pilot projects; pilot projects shall not be limited to at-risk students; and local match requirements for pilot projects may be waived.
- **Senate** - Reduces the funding proposed in the Governor's amended budget by \$1.2 million to \$3.4 million total in fiscal year 2008 and specifies that the pilot projects serve at-risk students not currently being served by a pre-kindergarten

program. The \$3.4 million proposed by the Senate budget provides the state share of \$5,700 for an additional 1,000 at-risk students and \$300,000 total for start-up funding. A companion amendment removes \$100,000 and two positions for this initiative in the Department of Education's Central Office budget.

- **House** - Eliminates the \$4.6 million in fiscal year 2008 proposed in the Governor's amended budget to fund pilot projects to expand the availability of high-quality pre-kindergarten programs. A companion amendment removes \$200,000 and two positions for this initiative in the Department of Education's Central Office budget.
- **Final General Assembly Action - Reduces the funding proposed in the Governor's amended budget by \$2.1 million to \$2.5 million total in fiscal year 2008 and specifies that eligibility for the pilot program is limited to school divisions that have existing partnerships with private and/or non-profit providers as of the 2006-2007 school year. School divisions that elect to participate under this pilot must use the funding to expand the availability of early childhood education programs for at-risk students not served in those school divisions. Participating school divisions will be required to evaluate the providers using the Quality Standards checklist recommended by the National Institute for Early Education Research. The Department of Education is required to compile and submit an interim report by December 1, 2007, to the Governor, and the Chairmen of House Committee on Appropriations, House Committee on Education, Senate Committee on Finance and Senate Committee on Health and Education that includes, but is not limited to, the number of school divisions participating, number of students served, and the benchmarks used to evaluate the pilot. Final evaluation information must be submitted within ninety days after the completion of the 2007-2008 school year. A companion amendment removes \$200,000 and two positions for this initiative in the Department of Education's Central Office budget.**

**Note: Additional information regarding the fiscal year 2008 pilot projects for pre-Kindergarten programs will be communicated to school divisions in a future communication.**

**Provide a Compensation Supplement in Fiscal Year 2008**

- **Governor** - \$63.9 million in fiscal year 2008 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, 2007, 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; this local match requirement requires certification on the department's yearly "Required Local Match" data collection.

If appropriated, the state funds would be paid to school divisions that certify to the Department of Education that equivalent salary increases have been granted locally in fiscal year 2008. 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.

<b>Local Salary Increase Start Date</b>	<b>Required Equivalent Percentage Salary Increase in FY 2008</b>
July 1, 2007	1.75
August 1, 2007	1.91
September 1, 2007	2.10
October 1, 2007	2.33
November 1, 2007	2.63
December 1, 2007	3.00

- **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 Budget Language Changes Proposed in the Direct Aid Budget that Affect School Divisions**

**Flexibility in Seasonality Requirements of the Literary Fund Interest Rate Subsidy Program**

- **Governor** - This language amendment eliminates the seasonality requirements for the interest rate subsidy sale and allows for a fall and spring subsidy sale. The change allows a second interest rate subsidy sale in the spring to utilize any balance in the annual subsidy appropriation remaining after

the fall subsidy sale. This change would help optimize the use of the interest rate subsidy appropriation allowing more projects on the Literary Fund First Priority Waiting List to receive loans for school construction.

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

**Allow Participation of Literary Fund Second Priority Waiting List Projects in the Literary Fund Interest Rate Subsidy Program**

- **Governor** - The Governor's amended budget includes a language amendment that would allow projects on the Literary Fund Second Priority Waiting List to participate in the Literary Fund Interest Rate Subsidy Program if unused subsidy appropriation remains once the participation of projects on the Literary Fund First Priority Waiting List is confirmed.
- **Senate** - Same as Governor's amended budget.
- **House** - Same as Governor's amended budget.
- ***Final General Assembly Action - Same as Governor's amended budget.***

**Authorize Virginia Tech as the Fiscal Agent for the Virginia Educational Technology Alliance**

- **Governor** - Language is included in the Governor's amended budget that authorizes the Department of Education to pay Virginia Tech as the fiscal agent for the Virginia Educational Technology Alliance.
- **Senate** - Same as Governor's amended budget.
- **House** - Same as Governor's amended budget.
- ***Final General Assembly Action - Same as Governor's amended budget.***

**Counting of Students Participating in Academic Year Governor's School Programs**

- **Governor** - The Governor's amended budget clarifies that students attending a revolving Academic Year Governor's School

program for only one semester of the school year should be counted as 0.50 of a full-time equivalent student and should be funded for 50 percent of the full-year funded per pupil amount. This amendment clarifies the Department of Education's current payment procedure for students attending only one semester in revolving Governor's School programs.

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

**Flexibility in Seasonality Requirements for VPSA Educational Technology Notes Program**

- **Governor** - This language change for VPSA technology notes would allow for a fall or spring Educational Technology Notes issue. Chapter 10 currently limits the time frame in which technology notes can be offered, and when notes can be issued. This language change would allow the Department of the Treasury flexibility in the time of year that the equipment notes are issued in order to take advantage of favorable interest rate environments.
- **Senate** - Same as Governor's amended budget.
- **House** - Same as Governor's amended budget.
- ***Final General Assembly Action - Same as Governor's amended budget.***

**Amendments to the Department of Education Central Office Budget that Affect School Divisions**

**Funding for two additional positions to manage the Pre-Kindergarten Pilot Programs**

- **Governor** - The Governor's amended budget includes an additional \$200,000 in fiscal year 2008 for salaries, benefits, and support costs for two positions in the DOE Central Office. These positions would manage the pre-kindergarten pilot program grants described above that are funded in the Direct Aid budget.

- **Senate** - The Senate budget removes \$100,000 and two positions for this initiative in the Department of Education's Central Office budget. A companion amendment reduces the associated funding for this initiative in the Direct Aid budget from \$4.6 million to \$3.4 million.
- **House** - The House budget removes the \$200,000 and two positions for this initiative in the Department of Education's Central Office budget. A companion amendment removes the associated funding of \$4.6 million for this initiative in the Direct Aid budget.
- ***Final General Assembly Action - Eliminates the \$200,000 and two full-time positions in the Department of Education's Central Office budget. A companion amendment reduces the associated funding for this initiative in the Direct Aid budget from \$4.6 million to \$2.5 million.***

**Other Funding Amendments for New or Expanded Direct Aid Programs Not in HB 1650/SB 750 as Introduced**

**Increase Funding for Project Discovery**

- **Senate** - The Senate budget provides an additional \$400,000 in fiscal year 2008 for Project Discovery.
- **House** - No action taken.
- ***Final General Assembly Action - Provides an additional \$100,000 in fiscal year 2008 for Project Discovery.***

**Correct Fund Source for VPSA Debt Service and Capture Savings in Mentor Teacher Program**

- **Executive Amendment** - Increases the Literary Fund transfer that partially funds VRS retirement costs for SOQ positions by \$423,494 for the biennium to replace general fund dollars that will be used to correct the fund source for VPSA debt service savings assumed in the introduced budget. The executive amendment also reduces the Mentor Teacher in Hard-to-Staff Schools program by \$408,379 in fiscal year 2007 based on the actual eligible number of beginning teachers in the program.
- **Senate** - Same as Governor Kaine's Executive Amendment.
- **House** - Same as Governor Kaine's Executive Amendment.

- ***Final General Assembly Action - Same as Governor Kaine's Executive Amendment.***

**Capture Savings in the Incentives for Hard-to-Staff Schools Program**

- **Senate** - Reduces funding for the Teacher Incentives in Hard-to-Staff Schools program by \$284,105 in fiscal year 2007 based on non-participation savings.
- **House** - No action taken.
- ***Final General Assembly Action - Adopts the Senate amendment.***

**Reduce Funding for At-Risk Program**

- **Senate** - No action taken.
- **House** - The House budget reduces funding for the At-Risk incentive program by \$4.7 million in fiscal year 2008. Six companion amendments referenced below individually reprogram the \$4.7 million from the At-Risk program to fund an increase for Jobs for Virginia Graduates (\$100,000), fund Project WORD (\$300,000), fund mathematics specialists in five school divisions (\$300,000), provide additional funding for career and technical education equipment (\$500,000), fund a Center for Teacher Quality and Educational Leadership (\$500,000), and fund three grants for academic programs in career and technical education (\$3,000,000).
- ***Final General Assembly Action - Reduces state funding by \$2.6 million in fiscal year 2008 as the net result of two actions: 1) reduced the At-Risk add-on minimum percentage from two percent to one percent, and 2) eliminated the four percent proration by funding the program at 100 percent; up from 96 percent in the Governor's amended budget. The net savings is redirected to eligible school divisions that elect to participate in the pilot projects for pre-kindergarten programs in fiscal year 2008. In addition, in fiscal year 2008, as part of the certification process, school divisions must provide information on planned uses of the At-Risk funds in a format prescribed by the Department of Education. The department is required to submit this information to the Senate Finance and House Appropriations Committees by November 15, 2007.***

**Increase Funding for Jobs for Virginia Graduates**

- **Senate** - No action taken.

- **House** - The House budget provides an additional \$100,000 in fiscal year 2008 for Jobs for Virginia Graduates.
- ***Final General Assembly Action - Adopts the House amendment.***

**Funding for Career and Technical Education Equipment**

- **Senate** - No action taken.
- **House** - Provides \$500,000 in fiscal year 2008 for increased payments to school divisions for career and technical education equipment. The base allocation increases from \$2,000 to \$3,000 per division with the remaining additional funding distributed on the basis of career and technical course enrollment in each division.
- ***Final General Assembly Action - Adopts the House amendment.***

**Funding for Math Specialists in Five School Divisions**

- **Senate** - No action taken.
- **House** - Provides a one-time allocation of \$300,000 in fiscal year 2008 to pay a portion of the salaries for 12 mathematics specialists (\$25,000 is provided for each position) that have been placed in five school divisions (Portsmouth - 2 positions, Richmond City - 4 positions, Stafford - 3 positions, Spotsylvania - 1 position, and Virginia Beach - 2 positions) through the National Science Foundation federal grant, "Mathematics Specialists in K-5 Schools: Research and Policy Pilot Study."
- ***Final General Assembly Action - Provides a one-time allocation of \$150,000 in fiscal year 2008 to pay a portion of the salaries for 12 mathematics specialists (\$12,500 is provided for each position) that have been placed in five school divisions (Portsmouth - 2 positions, Richmond City - 4 positions, Stafford - 3 positions, Spotsylvania - 1 position, and Virginia Beach - 2 positions) through the National Science Foundation federal grant, "Mathematics Specialists in K-5 Schools: Research and Policy Pilot Study."***

**Funding for Project WORD**

- **Senate** - No action taken.
- **House** - Provides a one-time allocation of \$300,000 in fiscal year 2008 to the Norfolk City school division for an

alternative education program entitled Project WORD (Winning Options in Responding to Discipline). The program focus is on improvements in student learning.

- ***Final General Assembly Action - Adopts the House amendment. The adopted budget includes language requiring the Norfolk City school division to develop an initial report that includes, but is not limited to, specific goals and student performance measures that will be used in the final report to evaluate the effectiveness of this initiative. The initial report must be completed and submitted to the Board of Education prior to September 1, 2007. Furthermore, the school division must complete and submit a final report, based on the initiative's goals and performance measures, to the Board of Education within three months after the end of the 2007-2008 school year that reflects outcomes for the academic improvements and successes of those students who participated in the initiative.***

**Funding for a Center for Teacher Quality and Educational Leadership**

- **Senate** - No action taken.
- **House** - Provides \$500,000 in fiscal year 2008 for the creation of a Center for Teacher Quality and Educational Leadership. The center would serve as a professional development center focusing on improving teacher quality and educational leadership for public schools throughout the Commonwealth. The primary focus would be to provide intensive, research-based, professional development to teachers and administrators in schools and school divisions not meeting all state accreditation standards and requirements of the federal No Child Left Behind Act. The professional development training would include direct instruction from university and other professional staff in a school-based setting where the strategies and techniques are being successfully implemented. The school-based setting would involve an existing public school or schools that meet the following criteria: a) full state accreditation; b) at least 90 percent free or reduced lunch students; c) an achievement gap of less than 10 points for minority students compared to the state average for Caucasian students on the appropriate Standards of Learning assessments; and d) an expanded school day or school year program. The center would be a collaborative partnership between a public institution of higher education, a local public school division(s), and other appropriate private entities to provide the training, appropriate ongoing follow-

up to monitor the actual implementation of the training, and evaluation of the training based on school improvement in accordance with state accreditation and No Child Left Behind requirements.

- ***Final General Assembly Action - No action taken in the Direct Aid budget; however, an amendment was adopted in the budget of Old Dominion University that provides \$500,000 in fiscal year 2008 for a Center for Teacher Quality and Educational Leadership at Old Dominion University. The Center will serve as a professional development facility that focuses on improving teacher quality and educational leadership through intensive, research-based, professional development for teachers and administrators in school divisions that have not met all of the standards for state accreditation and the requirements of the federal No Child Left Behind Act.***

#### **Grants for Academic Programs in Career and Technical Education**

- **Senate** - No action taken.
- **House** - Provides \$3.0 million in fiscal year 2008 to provide three \$1.0 million grants to innovative public school programs, to be identified by the Department of Education, at secondary schools (grades 6-12) that address the needs of at-risk students through academic programs that stress high academics and career and technical education. The full-day schools must demonstrate a working partnership with at least one Virginia college or university, including community colleges, and at least one private sector business partner. Matching private funds must be provided.
- ***Final General Assembly Action - No action taken.***

#### **Cost of Competing Adjustment for Additional Divisions**

- **Senate** - No action taken.
- **House** - Provides approximately \$1.6 million in fiscal year 2008 to extend the cost of competing adjustment to Frederick County and Winchester City based on 25.0 percent of the full cost of competing differential (9.83 percent for instructional positions; 24.61 percent for support positions) for SOQ positions.
- ***Final General Assembly Action - Provides \$2.4 million in fiscal year 2008 to extend the cost of competing adjustment to Frederick County, Culpeper County, and Winchester City based***

*on 25.0 percent of the full cost of competing differential (9.83 percent for instructional positions; 24.61 percent for support positions) for SOQ positions.*

**Other Amendments for the Department of Education  
Central Office Budget that Affect School Divisions Not  
in HB 1650/SB 750 as Introduced**

**Increase Funding for the Virginia Teaching Scholarship Loan Program**

- **Senate** - Provides an additional \$250,000 in fiscal year 2008 for the Virginia Teaching Scholarship Loan program to allow an additional 67 full-time scholarship awards of up to \$3,720 each in order to increase the number of teacher candidates pursuing careers in critical teacher shortage areas.
- **House** - No action taken.
- **Final General Assembly Action** - *Provides an additional \$150,000 in fiscal year 2008 for the Virginia Teaching Scholarship Loan program to allow an additional 40 full-time scholarship awards of up to \$3,720 each in order to increase the number of teacher candidates pursuing careers in critical teacher shortage areas.*

**Capture Savings in the National Board Certification Program**

- **Senate** - Reduces funding for the National Board Certification bonus program by \$240,000 in fiscal year 2007 based on balances remaining after bonus payments were completed for the year.
- **House** - No action taken.
- **Final General Assembly Action** - *Adopts the Senate amendment.*

**Proposed Budget Language Changes in the Direct Aid  
Budget Affecting School Divisions not in HB 1650/SB 750  
as Introduced**

**Joint Subcommittee to Study Public Education Funding**

- **Senate** - Modifies language adopted by the 2006 General Assembly requiring the Department of Education to convene a technical work group to study Standards of Quality rebenchmarking cost trends and drivers from the Department of

Education to a joint subcommittee consisting of three Senate and three House budget committee members. The joint subcommittee will: 1) study rebenchmarking cost trends and drivers; 2) review Standards of Quality (SOQ), incentive, and categorical funding streams within Direct Aid to Public Education, as well as the Literary Fund, and identify options for efficiencies and cost savings and for greater funding flexibility, especially to better prepare the state and localities for future economic downturns; 3) consider alternatives to across-the-board compensation supplements to better target state funds; 4) review funding streams for programs for students at-risk of academic failure, and assess whether such programs should be incorporated into the SOQ; and 5) examine special education funding issues. The joint subcommittee is required to publish a preliminary report by September 15, 2007.

- **House** - No action taken.
- ***Final General Assembly Action - Adopts the Senate amendment but changes the joint subcommittee to consist of one Senate and one House budget committee member.***

#### **Partnership for E-Rate Reimbursements**

- **Senate** - No action taken.
- **House** - Includes language for fiscal year 2008 that requires specific school divisions within the Tobacco Region, as defined by the Tobacco Indemnification and Community Revitalization Commission, to partner and pursue opportunities for maximizing their expenditure reimbursements from the E-Rate Fund which is administered by the Federal Communications Commission. The FCC's Universal Service Fund: School and Library program makes discounts available to eligible schools and libraries for telecommunication services, Internet access, and internal connections.
- ***Final General Assembly Action - Adopts the House amendment.***