

Summary of Budget Amendments Adopted by the 2015 General Assembly to the Amended 2014-2016 Biennial Budget as Introduced (HB 1400/SB 800) Affecting the Direct Aid to Public Education and Department of Education Central Office Budgets

This document provides a summary of amendments to the 2014-2016 biennial budget (HB 1400/SB 800) that was adopted by the 2015 General Assembly on February 26, 2015. The amendments proposed by the General Assembly change the budget introduced by Governor McAuliffe in HB 1400/SB 800 and amended by the Senate and House of Delegates separately on February 12, 2015. The adopted changes affect fiscal years 2015 and 2016. Fiscal year 2015 began on July 1, 2014, and ends on June 30, 2015. Fiscal year 2016 begins on July 1, 2015, and ends on June 30, 2016.

The budget actions proposed by Governor McAuliffe in HB 1400/SB 800 were communicated in [Attachment A of Superintendent's Memorandum No. 328-14](#) dated December 18, 2014. The amendments proposed by the Senate and House of Delegates were communicated in [Attachment A of Superintendent's Memorandum No. 034-15](#) dated February 13, 2015. The original text of these attachments is repeated in this document for reference purposes. The subsequent budget actions adopted by the 2015 General Assembly are summarized in this document and are reflected as "Final General Assembly Action" in *italicized* text.

NOTE: Final General Assembly actions are subject to review and approval by the Governor, who maintains line-item amendment or veto authority that can be invoked during the Veto Session, scheduled for April 15, 2015. This authority permits the Governor to amend or remove certain provisions of the budget – or line-items – without having to veto the entire budget bill.

Information related to the Direct Aid to Public Education and the Department of Education Central Office budget amendments is organized into the following three sections:

Section A: Amendments to the Direct Aid to Public Education Budget

1. Technical Updates to Existing Direct Aid Programs
2. Direct Aid Budget Policy Changes
3. Direct Aid Budget Policy Changes Not Included in HB 1400/SB 800 as Introduced
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Section B: Department of Education Central Office Budget

1. Amendments to Central Office Budget Included in HB 1400/SB 800 as Introduced Impacting School Divisions

2. Amendments to Central Office Budget Not Included in HB 1400/SB 800 as Introduced Impacting School Divisions
3. Language-Only Amendments to Central Office Budget Included in HB 1400/SB 800 as Introduced
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Section C: Virginia Commission on Intergovernmental Cooperation Budget

1. Amendments to Central Office Budget Not Included in HB 1400/SB 800 as Introduced Impacting School Divisions

SECTION A: AMENDMENTS TO THE DIRECT AID TO PUBLIC EDUCATION BUDGET

1. Technical Updates to Existing Direct Aid Programs

Update Average Daily Membership (ADM) and Fall Membership

- **Governor** – Projections of unadjusted and adjusted average daily membership (ADM) for fiscal years 2015 and 2016 are revised for each school division based on the latest actual ADM and fall membership data available. Projected ADM was originally forecast by the Department of Education based on actual data through September 30, 2013, fall membership. The most recent projections contained in the Governor's introduced budget amendments have been revised based on actual March 31, 2014, ADM and September 30, 2014, fall membership.

On a statewide basis, the revised unadjusted ADM projections are 1,741 students lower in fiscal year 2015 and 2,214 students lower in fiscal year 2016 than the original projections contained in Chapter 3. The ADM-based payments for fiscal years 2015 and 2016 have been 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 2015 and re-projected fall membership in fiscal year 2016. The ADM and fall membership updates result in an estimated decrease in Direct Aid payments on a statewide basis of \$6.6 million in fiscal year 2015 and \$8.3 million in fiscal year 2016.

- **Senate** – same as Governor's introduced budget
- **House** – same as Governor's introduced budget
- **Final General Assembly Action** – same as Governor's introduced budget

Update Sales Tax Projections and School-Age Population Estimate

- **Governor** – The Governor's amendments reflect the most recent estimate of sales tax revenue dedicated to public education for fiscal years 2015 and 2016, as calculated by the Department of Taxation. The revised estimate of sales tax revenues includes both the one percent portion and the one-eighth percent portion that are appropriated for distribution to school divisions based on school-age population. The projected sales tax payments 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 \$1,267.1 million for fiscal year 2015 and \$1,309.4 million for fiscal year 2016. These revised sales tax estimates are approximately \$5.5 million lower in fiscal year 2015 and \$8.2 million lower in fiscal year 2016 than the projections contained in Chapter 3. As required by the Basic Aid funding formula, estimated state Basic Aid payments have been adjusted to reflect the increased state share of cost resulting from the projected decrease in sales tax revenues. The amount of the Basic Aid offset depends on each division's composite index of local ability-to-pay. The state share of Basic Aid increases approximately \$3.1 million in fiscal year 2015 and \$4.6 million in fiscal year 2016 due to the revised sales tax estimates. The net change in state funding to school divisions (due to both the estimated sales tax revenue decrease and the Basic Aid offset) is a decrease of \$2.4 million in fiscal year 2015 and a decrease of \$3.6 million in fiscal year 2016.

The Governor's amendments also reflect the updated Weldon Cooper Center school-age population estimates used to distribute the sales tax revenue. The school-age population estimates are updated by the Weldon Cooper Center annually for the purpose of distributing sales tax revenues to school divisions on a budgeted and actual basis. July 1, 2012, school-age population estimates will be used to distribute fiscal year 2015 sales tax revenues. The fiscal year 2016 sales tax distribution was amended to reflect the July 1, 2013, school-age population estimates. The fiscal year 2015 school-age population estimates remain the same as in Chapter 3, and continue to use the July 1, 2012, estimate to distribute sales tax revenue in fiscal year 2015. This action does not change the total amount of sales tax distributed to divisions in fiscal year 2016, just the distribution to individual divisions.

- **Senate** – same as Governor's introduced budget
- **House** – same as Governor's introduced budget
- **Final General Assembly Action** – *The General Assembly proposes an amendment to the Governor's introduced budget by updating estimated sales tax receipts to \$1,274.5 million in fiscal year 2015 and \$1,322.3 million in fiscal year 2016. These updated estimates represent a \$7.4 million increase in fiscal year 2015 and \$12.9 million in fiscal year 2016 over the Governor's introduced budget. As required by the Basic Aid funding formula, estimated state Basic Aid payments were also adjusted to reflect the decreased state share of cost resulting from the projected increase in sales tax revenues. The amount of the Basic Aid offset depends on each division's composite index of local ability-to-pay. The state share of Basic Aid increases approximately \$4.2 million in fiscal year 2015 and \$7.2 million in fiscal*

year 2016 due to the revised sales tax estimates. The net change in state funding to school divisions (due to both the estimated sales tax revenue increase and the Basic Aid offset) is an increase of \$3.2 million in fiscal year 2015 and an increase of \$5.7 million in fiscal year 2016.

Update Lottery Revenue Estimate

- **Governor** – The Governor's amended budget increases the Lottery proceeds estimate by \$7.5 million to \$560.6 million in fiscal year 2015, as compared to the projection contained in Chapter 3. This increase includes a carry-over balance of approximately \$3.0 million from fiscal year 2014. The Governor's amended budget increases the Lottery proceeds estimate by \$21.7 million to \$531.7 million in fiscal year 2016, as compared to Chapter 3.
- **Senate** – same as Governor's introduced budget
- **House** – same as Governor's introduced budget
- **Final General Assembly Action** – same as Governor's introduced budget

Technical Updates to Standards of Quality (SOQ), Incentive, Categorical, and Lottery-Funded Accounts

- **Governor** – Various technical adjustments have been made to SOQ, incentive, categorical, and Lottery-funded accounts to reflect the latest information on special education student counts, PALS assessment data, and actual and updated projected participation in programs. State funding is reduced by approximately \$13.2 million in fiscal year 2015 and \$4.4 million in fiscal year 2016 based on these technical updates. Additional information regarding these adjustments is discussed in more detail in the following paragraphs.
 - **SOQ Technical Updates**
In addition to the SOQ updates based on ADM and Fall Membership mentioned above in the paragraph entitled "Update Average Daily Membership (ADM) and Fall Membership," the Governor's amended budget includes updates to the Remedial Summer School program in fiscal year 2015 and fiscal year 2016. Funding for the Remedial Summer School program is increased by \$156,483 in fiscal year 2015 and \$542,338 in fiscal year 2016, based on actual participation in the Remedial Summer School program in Summer 2014.
 - **Incentive Technical Updates**
The Governor's amended budget recognizes an increase to Incentive accounts of \$147,167 in fiscal year 2015 and a decrease of \$69,711 in fiscal year 2016. Funding for the Governor's School program is reduced by \$145,987 in fiscal year 2015 and \$69,711 in fiscal year 2016, based on actual enrollment in fiscal year 2015. Funding for Math and Reading Instructional Specialists is reduced by \$136,697 in fiscal year 2015, and funding for the Reading Specialists Initiative is reduced by \$239,067 in fiscal year 2015, based on actual schools participating in these programs. Fiscal year

2015 also includes \$668,918 in payments to certain school divisions which corrected reporting errors from fiscal year 2014. Finally, VPSA Educational Technology grants were updated for schools reporting fall membership for fiscal year 2015, and for 2014-2015 accreditation status for use in calculating grants under the e-Learning Backpack Initiative.

- Categorical Technical Updates

The Governor's amended budget recognizes savings to categorical accounts of approximately \$1.3 million in fiscal year 2015 and \$694,417 in fiscal year 2016 based on actual program participation. Funding for the Special Education Homebound program is reduced by \$183,176 in fiscal year 2015 and \$264,661 in fiscal year 2016 based on the actual state's share of local program costs in fiscal year 2015. Funding for the Special Education Jails account is reduced by \$59,419 in fiscal year 2015 and \$10,476 in fiscal year 2016 based on actual payments for fiscal year 2014 and estimated program participation in fiscal year 2015. Funding for the Special Education State Operated Programs account is reduced by approximately \$1.1 million in fiscal year 2015 and \$417,696 in fiscal year 2016 based on actual payments for fiscal year 2014 and estimated program participation in fiscal year 2015. The division distribution of state funds for the School Lunch program account for fiscal year 2015 and fiscal year 2016 was updated to reflect fiscal year 2014 actual payments. The total state funding for this program remains the same as in Chapter 3; only the distribution was updated.

- Lottery Technical Updates

The Governor's amended budget includes technical updates based on actual participation and revised estimates to Lottery-funded accounts. All of the changes listed in the following paragraph are based on updated participation factors as submitted by school divisions.

Funding for the Virginia Preschool Initiative is reduced by approximately \$3.7 million in fiscal year 2015 and \$63,034 in fiscal year 2016. Funding for Special Education – Regional Tuition is reduced by approximately \$3.5 million in fiscal year 2015 and \$3.5 million in fiscal year 2016. Funding for Alternative Education is reduced by \$9,954 in fiscal year 2015. Funding for K-3 Primary Class Size Reduction is reduced by approximately \$4.4 million in fiscal year 2015 and \$265,759 in fiscal year 2016. Funding for the Early Reading Intervention program is reduced by \$61,096 in fiscal year 2015 and \$62,991 in fiscal year 2016. Funding for School Breakfast is reduced by \$651,023 in fiscal year 2015 and \$716,160 in fiscal year 2016. Funding for Foster Care is reduced by \$656,469 in fiscal year 2015 and \$833,504 in fiscal year 2016. In addition, state funding for English as a Second Language is increased by \$765,931 in fiscal year 2015 and approximately \$1.3 million in fiscal year 2016 based on actual fiscal year 2015 enrollment.

After all actions, the portion of Remedial Summer School payments that will be funded by Lottery proceeds increases by approximately \$12.2 million in fiscal year 2015, compared to the portion of Remedial Summer School payments funded by Lottery proceeds in Chapter 3. The portion of Textbooks payments that will be

funded by Lottery proceeds increases by approximately \$4.1 million in fiscal year 2016, compared to the portion of Textbooks payments funded by Lottery proceeds in Chapter 3. This fund source change does not impact the overall per pupil amount for Textbooks or the projected payment amounts to divisions for Remedial Summer School or Textbooks.

- **Senate** – same as the Governor's introduced budget
- **House** – same as the Governor's introduced budget
- ***Final General Assembly Action*** – same as Governor's introduced budget. In addition to the technical updates included in the Governor's introduced budget for Incentive Programs, the General Assembly provides \$38,437 in fiscal year 2015 to fully fund A. Linwood Holton Governor's School based on an update from projected to actual spring enrollment.

2. Direct Aid Budget Policy Changes

Increase Literary Fund Support for Virginia Retirement System (VRS) Retirement Payments

- **Governor** – The Governor's amended budget increases the transfer from the Literary Fund to support the state's share of cost for teacher retirement by \$25.0 million in fiscal year 2015, from \$157.9 million to \$182.9 million. The increased transfer amount is offset by a corresponding state general fund decrease of \$25.0 million in fiscal year 2015. These changes do not affect division per pupil amounts or projected payments for VRS retirement in fiscal year 2015.
- **Senate** – same as the Governor's introduced budget. Also amends the fiscal year 2016 transfer from the Literary Fund to support the state's share of costs for teacher retirement by increasing the Literary Fund transfer by \$22.8 million in fiscal year 2016 from \$121.0 million to \$143.8 million. The increased transfer amount is offset by a corresponding state general fund decrease of \$22.8 million in fiscal year 2016. This change does not affect per pupil amounts or projected payments for VRS retirement in fiscal year 2016.
- **House** – same as the Governor's introduced budget. Also amends the fiscal year 2016 transfer from the Literary Fund to support the state's share of costs for teacher retirement by increasing the Literary Fund transfer by \$50.0 million in fiscal year 2016 from \$121.0 million to \$171.0 million. Twenty-five million dollars of the proposed \$50.0 million additional transfer is estimated new revenue available in the Literary Fund. The remaining \$25.0 million is redirected from the Virginia Public School Authority Interest Rate Subsidy Program proposed for fiscal year 2016. (see the section titled "Literary Fund Interest Rate Subsidy Grant Program"). This redirection of funds removes all funding for the proposed Loan Subsidy Program in fiscal year 2016. The total increased transfer amount of \$50.0 million is offset by a corresponding state general fund decrease of \$50.0 million in fiscal year 2016. This change does not affect per pupil amounts or projected payments for VRS retirement in fiscal year 2016.

- ***Final General Assembly Action*** – *The General Assembly proposes to amend the fiscal year 2016 transfer from the Literary Fund to support the state's share of costs for teacher retirement by increasing the Literary Fund transfer by \$44.2 million in fiscal year 2016 from \$121.0 million to \$165.2 million. Twenty-five million dollars of the proposed \$44.2 million additional transfer for teacher retirement payments is from estimated new revenue available in the Literary Fund from the sale of unclaimed stock. The remaining \$19.2 million is redirected from the Virginia Public School Authority Interest Rate Subsidy Grant Program proposed for fiscal year 2016. This redirection of funds, in conjunction with actions that will be detailed later in this attachment under "Literary Fund Interest Rate Subsidy Grant Program," "Provide School Construction Loans from Literary Fund," and "One-time Transfer from the Literary Fund for VRS and Reduce Funded Instructional VRS Employer Contribution Rate for Fiscal Year 2016," removes all funding for the proposed Interest Rate Subsidy Grant Program in fiscal year 2016 included in the Governor's introduced budget. The total increased transfer amount of \$44.2 million for teacher retirement is offset by a corresponding state general fund decrease of \$44.2 million in fiscal year 2016. This change does not affect per pupil amounts or projected payments to divisions for VRS in fiscal year 2016.*

One-time Transfer from the Literary Fund for VRS and Reduce Funded Instructional VRS Employer Contribution Rate for Fiscal Year 2016

- **Governor** – The Governor's amended budget utilizes a one-time transfer of \$150.0 million from the Literary Fund toward the payment of the outstanding ten-year deferred contribution balance in the teacher retirement fund of the Virginia Retirement System (VRS). The \$150.0 million in proceeds from the Literary Fund is from the sale of unclaimed stocks and bonds turned over to the state. The funds will be paid directly to VRS by the Department of Education in fiscal year 2016. The reduced deferred balance is then re-amortized over the remaining six-year amortization period, resulting in a lower VRS employer rate in fiscal year 2016 (14.50 percent in Chapter 3 to 14.15 percent in the Governor's proposed budget). The proposed budget does not change the employer contribution rate for instructional retirement benefits in fiscal year 2015. The funded rates for the retiree health care credit, group life contribution, and Social Security remain unchanged from Chapter 3 for fiscal years 2015 and 2016. This proposed rate change decreases state funding by approximately \$10.4 million in fiscal year 2016, and provides net local savings across all VRS covered employees. Additional information regarding the benefit rates included in the Governor's amended budget is provided in the table below.

| HB 1400/ SB 800 As Introduced Funded Fringe Benefit Rates: | FY 2015 | FY 2016 |
|---|---------------|---------------|
| Instructional & Professional Support VRS (<u>Employer Share</u>) (Does not include RHCC - see below) | 14.50% | 14.15% |
| Group Life (<u>Employer Share</u>) | 0.48% | 0.48% |
| Retiree Health Care Credit (RHCC) (Paid as part of the VRS Instructional retirement per pupil amount) | 1.06% | 1.06% |
| Non-professional Support VRS | 9.40% | 9.40% |
| Social Security | 7.65% | 7.65% |
| Health Care Premium | \$4,188 | \$4,188 |
| Total Instructional Benefit Percent (<u>Employer Share</u>) | 23.69% | 23.34% |
| Total Non-professional Support Benefit Percent (<u>Employer Share</u>) | 17.53% | 17.53% |

- Senate** – same as the Governor’s introduced budget. Also proposes adding an additional \$37.2 million as a one-time transfer from the Literary Fund toward the payment of the outstanding ten-year deferred contribution balance in the teacher retirement fund of the Virginia Retirement System (VRS). The additional \$37.2 million consists of \$15.5 million of already sold unclaimed stocks and bonds that have been turned over to the state. The remaining \$21.7 million is an estimate of securities that will be sold during the fiscal year. These funds, amended to total \$187.2 million, will be paid directly to VRS by the Department of Education in fiscal year 2016. The reduced deferred balance is then re-amortized over the remaining six-year amortization period, resulting in a lower VRS employer rate in fiscal year 2016 (14.50 percent in Chapter 3; 14.15 percent in the Governor’s proposed budget; 14.07 percent in the Senate’s proposed budget). The proposed budget does not change the employer contribution rate for instructional retirement benefits in fiscal year 2015. The funded employer rates for the retiree health care credit, group life contribution, and Social Security remain unchanged from Chapter 3 for fiscal years 2015 and 2016. This proposed rate change further decreases state funding by approximately \$2.4 million in fiscal year 2016, and provides net local savings across all VRS covered employees. Additional information regarding the benefit rates included in the Senate’s amended budget is provided in the table below the section on the House amendment.
- House** – same as the Governor’s introduced budget. Also proposes adding an additional \$40.0 million as a one-time transfer from the Literary Fund toward the payment of the outstanding ten-year deferred contribution balance in the teacher retirement fund of the Virginia Retirement System (VRS). These funds, amended to total \$190.0 million, will be paid directly to VRS by the Department of Education in fiscal year 2016. The reduced deferred balance is then re-amortized over the remaining six-year amortization period, resulting in a lower VRS employer rate in fiscal year 2016 (14.50 percent in Chapter 3; 14.15 percent in the Governor’s proposed budget; 14.07 percent in the House’s proposed budget). The proposed budget does not change the employer contribution rate for instructional retirement benefits in fiscal year 2015. The funded employer rates for the retiree health care credit, group life contribution, and Social Security remain unchanged from Chapter 3 for

fiscal years 2015 and 2016. This proposed rate change further decreases state funding by approximately \$2.4 million in fiscal year 2016, and provides net local savings across all VRS covered employees. Additional information regarding the benefit rates included in the House's amended budget is provided in the table below.

| HB 1400/ SB 800 As AMENDED (both <u>House</u> and <u>Senate</u> Amendments; Crossover Budgets) Funded Fringe Benefit Rates: | FY 2015 | FY 2016 |
|---|----------------|----------------|
| Instructional & Professional Support VRS (<u>Employer</u> Share) (Does not include RHCC - see below) | 14.50% | 14.07% |
| Group Life (<u>Employer</u> Share) | 0.48% | 0.48% |
| Retiree Health Care Credit (RHCC) (Paid as part of the VRS Instructional retirement per pupil amount) | 1.06% | 1.06% |
| Non-professional Support VRS | 9.40% | 9.40% |
| Social Security | 7.65% | 7.65% |
| Health Care Premium | \$4,188 | \$4,188 |
| Total Instructional Benefit Percent (<u>Employer</u> Share) | 23.69% | 23.26% |
| Total Non-professional Support Benefit Percent (<u>Employer</u> Share) | 17.53% | 17.53% |

- Final General Assembly Action** – same as the Governor's introduced budget. The General Assembly also proposes adding an additional \$42.9 million in fiscal year 2016 as a one-time transfer from the Literary Fund toward the payment of the outstanding ten-year deferred contribution balance in the teacher retirement fund of the Virginia Retirement System (VRS). These funds, amended to total \$192.9 million, will be paid directly to VRS by the Department of Education in fiscal year 2016. The reduced deferred balance will then be re-amortized over the remaining six-year amortization period, resulting in a lower VRS employer rate in fiscal year 2016 (14.50 percent in Chapter 3; 14.15 percent in the Governor's introduced budget; 14.06 percent in the General Assembly's adopted budget). The adopted budget does not change the employer contribution rate for instructional retirement benefits in fiscal year 2015. The funded employer rates for the retiree health care credit, group life contribution, and Social Security remain unchanged from the current Chapter 3 budget for fiscal years 2015 and 2016. This proposed rate change further decreases state general fund funding by approximately \$2.7 million in fiscal year 2016, and provides net local savings across all VRS covered employees. Additional information regarding the benefit rates included in the General Assembly's adopted budget is provided in the table below.

| HB 1400/ SB 800 As AMENDED by the General Assembly Funded Fringe Benefit Rates: | FY 2015 | FY 2016 |
|---|----------------|----------------|
| Instructional & Professional Support VRS (Employer Share) (Does not include RHCC - see below) | 14.50% | 14.06% |
| Group Life (Employer Share) | 0.48% | 0.48% |
| Retiree Health Care Credit (RHCC) (Paid as part of the VRS Instructional retirement per pupil amount) | 1.06% | 1.06% |
| Non-professional Support VRS | 9.40% | 9.40% |
| Social Security | 7.65% | 7.65% |
| Health Care Premium | \$4,188 | \$4,188 |
| Total Instructional Benefit Percent (Employer Share) | 23.69% | 23.25% |
| Total Non-professional Support Benefit Percent (Employer Share) | 17.53% | 17.53% |

Provide Incentive Funding for “Breakfast After the Bell” Initiative

- **Governor** – The Governor’s amended budget proposes providing \$537,297 in general funds in fiscal year 2016 to support increasing the number of school breakfasts served to unserved or underserved students after the first bell of the school day. The Department of Education is required to communicate to school divisions the types of innovative breakfast serving models and the criteria that will meet the requirements for this reimbursement, which may include, but are not limited to, breakfast in the classroom, grab and go breakfast, or breakfast after first period. School divisions may determine the breakfast serving model that best applies to its students, so long as it occurs after the instructional day has begun. These funds will be used to make monthly payments to divisions at a reimbursement rate of \$0.05 per breakfast meal served that meets the established criteria in fiscal year 2016.
- **Senate** – same as the Governor’s introduced budget. In addition, the Senate adds language that limits the payments of “Breakfast After the Bell” models to elementary schools that have student free or reduced lunch eligibility greater than 45.0 percent during the 2015-16 school year. The amendment further requires the Department of Education to provide an application process by July 1, 2015, for school divisions with eligible schools. The number of approved applications will be based on the estimated number of pilot sites that can be supported with the available funds. The amendment further stipulates reporting requirements of school divisions for prior school years and for the pilot to include student attendance and tardy arrivals, office discipline referrals, student achievement measures, teachers’ responses to the impact of the program before and after implementation, and the financial impact on the division’s school food program. The Department must collect and compile the results of the data no later than August 1, 2016, and submit the report to the Governor and the Chairmen of the Senate Finance and House Appropriations Committees.
- **House** – same as the Governor’s introduced budget. In addition, the House added language to provide flexibility to school divisions allowing divisions to pilot a new “Breakfast After

the Bell” model for elementary students only or to have the option to continue to expand the existing school breakfast program to offer additional meals to students at all grade levels.

- ***Final General Assembly Action*** – *The General Assembly provides the same level of funding for fiscal year 2016, \$537,297, as the Governor’s introduced budget. The General Assembly also adds language to provide flexibility to school divisions allowing them to participate on a voluntary basis during the 2015-2016 school year in a one-year ‘Breakfast After the Bell’ pilot program for their elementary schools where student eligibility for free or reduced lunch is greater than 45.0 percent. School divisions also have the option to continue to expand the existing traditional school breakfast program to receive additional reimbursement for meals to all grade level students. Participation in the pilot or in the traditional school breakfast program will be reimbursed at the same \$.05 per meal as proposed in the introduced budget. Eligible elementary schools participating in the pilot must evaluate the educational impact of the models implemented and submit a report that includes certain itemized components to the Department of Education by June 30, 2016. The Department must compile the aggregated results of the pilot and submit a report to the Governor and the Chairmen of the Senate Finance and House Appropriations Committees by August 1, 2016. The Department must make the application process for the pilot available to school divisions by July 1, 2015, including program guidelines and reporting requirements.*

Update Driver’s Education Funding

- **Governor** – The Governor’s amended budget increases general funds for Driver’s Education costs funded in Basic Aid by approximately \$1.3 million in fiscal year 2015 and \$1.4 million in fiscal year 2016. These increases offset with the reduction of non-general fund revenue associated with the change in the Driver’s License renewal cycle from 5 to 8 years, which became effective in fiscal year 2014. This change does not affect projected payments for Basic Aid in fiscal year 2016, but is only a fund source change.
- **Senate** – same as the Governor’s introduced budget
- **House** – same as the Governor’s introduced budget
- ***Final General Assembly Action*** – *same as Governor’s introduced budget*

Literary Fund Interest Rate Subsidy Grant Program

- **Governor** – The Governor’s amended budget proposes providing \$25.0 million from the Literary Fund to support the Interest Rate Subsidy Grant Program. This program is used to provide interest rate subsidy grants through the Virginia Public School Authority (VPSA) for projects on the Board of Education’s First Priority Waiting List for a Literary Fund loan. Projects on the Literary Fund Second Priority Waiting List may participate in the program if an unused subsidy appropriation remains once the participation of projects on the First Priority Waiting List is confirmed. The total cost of the subsidy grants cannot exceed \$25.0 million in fiscal year 2016. The subsidy grants are used to provide school divisions participating in the VPSA Pooled School Construction Bond Program debt service payments

equivalent to what they would pay on a Literary Fund loan by reducing the principal amount financed under the pooled bond portion of the program.

- **Senate** – same as the Governor's introduced budget
- **House** – The House proposes eliminating the \$25.0 million included in the Governor's introduced budget for an Interest Rate Subsidy Grant Program in fiscal year 2016 and redirecting those funds in fiscal year 2016 to pay for the state's share of VRS teacher retirement payments. This is the same action that is discussed on page 5 in the section titled "Increase Literary Fund Support for Virginia Retirement System (VRS) Retirement Payments."
- **Final General Assembly Action** – *The General Assembly proposes to redirect the \$25.0 million in Literary Funds in fiscal year 2016 proposed for the Interest Rate Subsidy Grant Program by adding \$19.2 million for teacher retirement costs (see "Increase Literary Fund Support for Virginia Retirement System (VRS) Retirement Payments"), adding \$2.9 million for additional Literary Fund school construction loans (see "Provide School Construction Loans from Literary Fund"), and adding \$2.9 million to pay down a portion of the remaining outstanding balance of the deferred contribution of the unfunded liability for teacher retirement (see "One-time Transfer from the Literary Fund for VRS and Reduce Funded Instructional VRS Employer Contribution Rate for Fiscal Year 2016").*

Provide School Construction Loans from Literary Fund

- **Governor** – The Governor's amended budget proposes providing \$50.0 million from the Literary Fund in fiscal year 2016 to support direct loans for school construction projects on Waiting Lists. Issuing new loans will increase the asset base of the Literary Fund, which must be at least \$80.0 million. Outstanding loan balances from newly issued loans count towards the \$80.0 million minimum asset base, beyond which funds from the Literary Fund may be disbursed for loans and other permitted uses.

Information on the Literary Fund, including the current Waiting Lists, is available at:
http://www.doe.virginia.gov/support/facility_construction/literary_fund_loans/index.shtml.

- **Senate** – same as the Governor's introduced budget
- **House** – same as the Governor's introduced budget
- **Final General Assembly Action** – *same as the Governor's introduced budget. The General Assembly also proposes to provide \$2.9 million for additional school construction loans for a total of \$52.9 million (see item above).*

3. Direct Aid Budget Policy Changes Not Included in HB 1400/SB 800 as Introduced

Provide Compensation Supplement for SOQ Funded Instructional and Support Positions

- **Senate** – The Senate proposes providing \$50.4 million in fiscal year 2016 for a 1.5 percent salary incentive increase effective September 1, 2015, for all funded SOQ instructional and support positions. The \$50.4 million includes \$208,725 in funding for academic year Governor's Schools to support a 1.50 percent salary increase by including an additional \$71.50 per pupil to the existing Academic Year Governor's School funding per pupil amount (prior to being adjusted for program length and the composite index). School divisions must certify by June 15, 2015, that salary increases of a minimum of 1.50 percent will be provided in the first or second year by January 1, 2016, to instructional and support personnel. In certifying that the salary increases have been provided, school divisions may not include any salary increases that were provided in the second year solely to offset the cost of required member contributions to the Virginia Retirement System under § 51.1-144, Code of Virginia. The state funds for which the division is eligible to receive shall be matched by the local government, based on the composite index of local ability-to-pay, which shall be calculated using an effective date of January 1, 2016, as the basis for the local match requirement for both funded SOQ instructional and support positions. This funding is not intended as a mandate to increase salaries. The proposed pay increase is contingent on fiscal year 2015 revenues being met or exceeded.

In addition, another Senate amendment prioritizes use of any additional revenues that may become available for appropriation in fiscal year 2016 under conditions set out in the amendment. The total amount of any fiscal year 2016 general fund revenue re-estimate that exceeds the fiscal year 2016 revenue estimate contained in SB 800 of the 2015 session, as adopted by the Senate on February 12, 2015, is contingently appropriated to provide additional funds for a teacher salary increase above the 1.50 percent increase as provided above; one-time payments to the Virginia Retirement System for the reduction in the unfunded liability for the state employee retirement system; and/or for supplanting with general funds those capital outlay projects funded with state-backed general fund debt.

- **House** – The House proposes providing \$55.0 million in fiscal year 2016 for a 1.50 percent salary incentive increase effective August 1, 2015, for all funded SOQ instructional and support positions. School divisions must certify by June 15, 2015, that salary increases of a minimum average of 1.50 percent will have to be provided in the second year by January 1, 2016, to instructional and support personnel. In certifying that the salary increases have been provided, school divisions may not include any salary increases that were provided in the second year solely to offset the cost of required member contributions to the Virginia Retirement System under § 51.1-144, Code of Virginia. The state funds for which the division is eligible to receive shall be matched by the local government, based on the composite index of local ability-to-pay, which shall be calculated using an effective date of January 1, 2016, as the basis for the local match requirement for both funded SOQ instructional and support positions. This funding is not intended as a mandate to increase salaries. The pay increase is contingent on the Commonwealth's revenues meeting the fiscal year 2015 revenue forecast that is adopted by the General Assembly. The State Comptroller has five days after the close of fiscal year 2015 to determine if revenues are sufficient to meet this requirement.
- **Final General Assembly Action** – *The General Assembly proposes providing \$52.7 million in fiscal year 2016 for a 1.50 percent salary incentive increase effective August 16, 2015, for*

all funded SOQ instructional and support positions. The \$52.7 million includes \$218,854 in funding for academic year Governor's Schools to support a 1.50 percent salary increase by including an additional \$74.97 per pupil to the existing academic year Governor's School funding per pupil amount (prior to being adjusted for program length and the composite index). School divisions must certify by June 15, 2015 (including academic year governor's schools), that salary increases of a minimum average of 1.50 percent will be provided in the second year by January 1, 2016, to instructional and support personnel. In certifying that the salary increases have been provided, school divisions may not include any salary increases that were provided in the second year solely to offset the cost of required member contributions to the Virginia Retirement System under § 51.1-144, Code of Virginia. The state funds a division is eligible to receive must be matched by the local government, based on the composite index of local ability-to-pay, which shall be calculated using an effective date of January 1, 2016, as the basis for the local match requirement for both funded SOQ instructional and support positions. This funding is not intended as a mandate to increase salaries. The pay increase is contingent on the Commonwealth's revenues meeting the fiscal year 2015 revenue forecast that is adopted by the 2015 General Assembly. The State Comptroller has five days after the close of fiscal year 2015 to determine if revenues are sufficient to meet this requirement.

Funding for Senate Bill 1305 – Unclaimed Property in the Literary Fund

- **Senate** – SB 1305 proposes requiring insurance companies to perform a semiannual comparison of their in-force policies, annuities, and retained asset accounts issued in the Commonwealth after January 1, 2016, against the U.S. Social Security Administration Death Master File or its equivalent to identify potential Death Master File matches. Insurance companies would then be required to contact beneficiaries of the policy as soon as possible, as practical. This has an estimated impact on the Literary Fund of reducing revenue. Therefore, the amendment reduces the amount of funding available from the Literary Fund in fiscal year 2016 to pay for teacher retirement by \$12.0 million and replaces that amount of funding with \$12.0 million in general funds.
- **House** – no action taken
- *Final General Assembly Action – no action taken*

Update the Projected Kindergarten Enrollment Used in the Virginia Preschool Initiative (VPI) Funding Formula for Fiscal Year 2016 by Using Actual Fiscal Year 2015 Enrollment in the Projection

- **Senate** – no action taken
- **House** – The House proposes updating the projected kindergarten enrollment used in the VPI funding formula for fiscal year 2016 by updating the actual kindergarten enrollment data used in the projection from September 30, 2013, to September 30, 2014. This change in projected enrollment results in a general fund savings of \$2.8 million in fiscal year 2016.

- ***Final General Assembly Action*** – same as House amendment

Remove Funding for the Hold Harmless Slots in Fiscal Year 2016 in the Virginia Preschool Initiative (VPI)

- **Senate** – no action taken
- **House** – The Governor's introduced budget contained \$3.5 million in fiscal year 2016 for hold harmless slots in the VPI program. The hold harmless slots guaranteed divisions had at least the number of slots that were actually filled in fiscal year 2014. The House proposes eliminating \$3.5 million that funded these slots.
- ***Final General Assembly Action*** – no action taken

Extended School Year Start-Up Grants

- **Senate** – The Senate proposes adding \$7.7 million in fiscal year 2016 to fund targeted extended school year start-up grants prioritizing participation by school divisions that may benefit the most by having at least 20 additional instructional days. Funding is based on grants of up to \$300,000 per school for a three year period and up to \$400,000 per school for a three year period for schools denied accreditation. Full funding would be provided where at least 20 additional instructional days are added. The state's share of ongoing funding after the third year would be provided if certain conditions are met as stated in the assessment.
- **House** –The House proposes two language amendments related to this program:
 - Proposes that school divisions that have received an Extended School Year Start-Up Grant, a Year-Round Program Start-Up Grant, or an Extended School Year Planning Grant from the Department of Education may utilize the grants over two consecutive fiscal years.
 - Schools applying for a year round school start-up or planning grant that are not classified as Denied Accreditation must provide a 20 percent local match in fiscal year 2016
- ***Final General Assembly Action*** – *The General Assembly proposes adding \$4.8 million in fiscal year 2016 to increase the state's allocation from \$2.4 million to \$7.2 million in funding for a targeted extended school year incentive. Funding is based on start-up grants of up to \$300,000 per school up to a total of three years. The grant award may be up to \$400,000 in the case of schools that are in Denied Accreditation status. Except for any school that has a Denied Accreditation status, all other participating schools shall be required to provide a 20 percent local funding match, including planning grants in fiscal year 2016. Planning and start-up grants awarded in either fiscal year 2015 or 2016 may be spent over two consecutive fiscal years. After the third year of successful participation, the cost of an eligible school's start-up grant will be shared between the state and the participating school division based on the division's composite index. All participating schools shall be required*

to submit an evaluation assessment report of the planning and progress of the extended year or year-round model implemented no later than August 1 each year to the Department of Education. The Department will develop the appropriate and effective evaluation matrix for school divisions to use. In addition, the Department will also submit the evaluation reports from the participating school divisions to the Chairmen of the House Appropriations and Senate Finance Committees no later than October 1 each year.

Virtual Virginia Program Expansion

- **Senate** – no action taken
- **House** – The House proposes an additional \$300,000 for the Virtual Virginia program. The Virtual Virginia program offers pre-Advanced Placement (AP), honors and AP classes as well as academic electives and world languages. The program is designed to meet the needs of students who otherwise would not be able to take these courses due to a lack of availability or scheduling conflicts within their school. Eligible students enroll in Virtual Virginia through their local schools.
- ***Final General Assembly Action*** – *The General Assembly proposes an additional \$250,000 in fiscal year 2016 for the Virtual Virginia program.*

Provide Funding for a Career Counselor at the Northern Neck Technical Center

- **Senate** – no action taken
- **House** – The Northern Neck Technical Center serves the counties of Essex, Lancaster, Northumberland, Rappahannock and Westmoreland, as well as the town of Colonial Beach. The House proposes to provide \$60,300 to fund a full-time career counselor position at the Center.
- ***Final General Assembly Action*** – *same as House amendment*

Kindergarten Readiness Program

- **Senate** – no action taken
- **House** – The House proposes providing \$1.0 million in fiscal year 2016 to support the costs associated with the Virginia Kindergarten Readiness Program which will be administered by the University of Virginia. The program will focus on assessing kindergarteners in the fall to determine their social skills and self-regulation as well as math and literacy skills which are currently assessed using the existing Phonological Awareness Literacy Screening (PALS) tests.
- ***Final General Assembly Action*** – *same as House amendment and funding moved to DOE Central Office budget*

High School Program Innovation Grants (previously in Central Office Budget)

- ***Senate*** – no action taken
- ***House*** – *The House proposes \$200,000 in fiscal year 2016 to support five competitive grants, not to exceed \$40,000 each, for planning the implementation of systemic High School Program Innovation by either individual school divisions or consortiums of school divisions. The local applicant(s) selected to conduct this systemic approach to high school reform, in consultation with the Department of Education, will develop and plan innovative approaches to engage and to motivate students through personalized learning and instruction leading to demonstrated mastery of content, as well as skills development for career readiness. Individual school divisions or consortiums will be invited to apply on a competitive basis by submitting a grant application that includes descriptions of key elements of innovations, a detailed budget, expectations for outcomes and student achievement benefits, evaluation methods, and plans for sustainability. The Department of Education will make the final determination of which school divisions or consortia of divisions will receive the year-long planning grant. Any school division or consortium of divisions which desires to apply for this competitive grant must submit a proposal to the Department of Education by June 1 preceding the school year in which the planning for systemic high school innovation is to take place.*
- ***Final General Assembly Action*** – *The General Assembly proposes \$250,000 in fiscal year 2016 to support five competitive grants, not to exceed \$50,000 each, for planning the implementation of systemic High School Program Innovation by either individual school divisions or a consortium of school divisions. The local applicant(s) selected to conduct this systemic approach to high school reform, in consultation with the Department of Education, will develop and plan innovative approaches to engage and to motivate students through personalized learning and instruction leading to demonstrated mastery of content, as well as skills development of career readiness. Essential elements of high school innovation include: (1) student centered learning, with progress based on student demonstrated proficiency; (2) 'real-world' connections that promote alignment with community work force needs and emphasize transition to college and/or career; and (3) varying models for educator supports and staffing. Individual school divisions or consortia will be invited to apply on a competitive basis by submitting a grant application that includes descriptions of key elements of innovations, a detailed budget, expectations for outcomes and student achievement benefits, evaluation methods, and plans for sustainability. The Department of Education will make the final determination of which school divisions or consortia of divisions will receive the yearlong planning grant for High School Innovation. Any school division or consortium of divisions which desires to apply for this competitive grant must submit a proposal to the Department of Education by June 1 preceding the school year in which the planning for systemic high school innovation is to take place. This funding was also moved to the Direct Aid budget from the Department of Education's Central Office Budget.*

National Board Certified Teacher Bonuses

- **Senate** – The Senate proposes reducing the National Board Certified Teacher bonuses by \$150,000 in fiscal year 2015. This reduction is based on the balance in the program after all bonus payments have been made to divisions. There is no fiscal impact to school divisions.
- **House** – no action taken
- *Final General Assembly Action – same as Senate amendment*

Teach for America

- **Senate** – The Senate proposes eliminating unused funding for the Teach for America program in fiscal year 2015. Five hundred thousand dollars was appropriated for the program in fiscal year 2015 and no divisions were ready to fully implement the program in fiscal year 2015. This action does not impact the fiscal year 2016 appropriation.
- **House** – The House proposes that any unspent available balance in each fiscal year for the Teach for America program be carried over to the next fiscal year for the same purpose.
- *Final General Assembly Action – same as House amendment*

Richmond Teacher Residency Program

- **Senate** – The Senate proposes adding \$1.0 million in fiscal year 2016 to expand the Richmond Teacher Residency program, which is a partnership between Virginia Commonwealth University and Richmond City Public Schools that provides school-based teacher preparation training. The funding will expand the number of teachers in the program and provide planning grants for similar programs between universities and other hard to staff schools. A 2014 JLARC report recommended such expansion.
- **House** – no action taken
- *Final General Assembly Action – The General Assembly proposes adding \$500,000 in fiscal year 2016 for grants to eligible Virginia universities' education schools and Petersburg and Norfolk school divisions to begin a Teacher Residency program. These two new programs will be modeled after the one currently in place between VCU and Richmond City school division, which has been in existence since 2010, and is an intensive, school-based teacher preparation training program.*

Virginia STEAM Academy

- **Senate** – The Senate proposes adding \$100,000 in fiscal year 2016 for summer enrichment academies and the continued development of the Virginia STEAM Academy boarding high

school. These funds are intended to leverage private sector investments in the program development.

- **House** – no action taken
- ***Final General Assembly Action*** – same as Senate amendment

Virginia Center for Excellence in Teaching

- **Senate** – The Senate proposes adding \$220,191 in fiscal year 2016 to restore funding for the Virginia Center for Excellence in Teaching. Funds will be used for the Center's summer leadership program for teachers from all of the Superintendent's regions.
- **House** – no action taken
- ***Final General Assembly Action*** – no action taken

School Efficiency Reviews

- **Senate** – The Senate proposes adding \$150,000 in fiscal year 2016 for additional grants available to school divisions for participation in the school efficiency review program administered by the Department of Planning and Budget.
- **House** – no action taken
- ***Final General Assembly Action*** – *The General Assembly proposes that the Department of Planning and Budgeting develop a matrix of best practices and common recommendations previously reported in School Efficiency Reviews allowing school divisions to use the model as a guideline for self-directed improvements toward better financial management and use of school division resources.*

Southside Virginia Regional Technology Consortium

- **Senate** – The Senate proposes adding \$50,000 in fiscal year 2016 to restore funding to the Southside Virginia Regional Technology Consortium that was reduced in previous budgets.
- **House** – no action taken
- ***Final General Assembly Action*** – same as Senate amendment

Federal Preschool Expansion Grant Funding

- **Senate** – The Senate proposes increasing the fiscal year 2015 federal appropriation in Direct Aid by \$500,000 and the fiscal year 2016 federal appropriation by \$16.1 million to support federal expenditures from the federal VPI + Grant. This coincides with the federal grant awards that have already been made to school divisions.

- **House** – no action taken
- *Final General Assembly Action* – same as Senate amendment

Reduce Funding for Project Discovery

- **Senate** – no action taken
- **House** – The House proposes to reduce funding in fiscal year 2016 by \$275,000 for Project Discovery.
- *Final General Assembly Action* – same as House amendment

Funding for the Virginia Early Childhood Foundation

- **Senate** – no action taken
- **House** – The House proposes to provide \$250,000 in fiscal year 2016 to the Virginia Early Childhood Foundation.
- *Final General Assembly Action* – same as House amendment

Funding to Adjust for School Aged Population Estimate

- *Senate* – no action taken
- *House* – no action taken
- *Final General Assembly Action* – The General Assembly proposes providing \$123,000 in fiscal year 2015 to Norton City Public Schools as a technical adjustment based on the school-aged population estimate provided by Weldon Cooper.

4. Language-Only Amendments for Direct Aid Programs Included in HB 1400/SB 800 as Introduced

Virginia Preschool Initiative (VPI) Reallocation for Wait List Slots

- **Governor** – The Governor's amended budget proposes providing additional slots in fiscal year 2016, subject to available funds, to school divisions that utilize 100 percent of their available slots in fiscal year 2015 and have a waiting list for additional, unserved eligible children, as certified on the October 1 VPI Fall Verification Report submitted to the Department of Education in fiscal year 2015. The number of slots allocated under this provision will be determined using the balance of the number of slots estimated to calculate the fiscal year 2016 appropriation and the number of actual slots to be used for fiscal year 2016 as reported on the May 15 VPI grant proposals submitted by school divisions. The

number of eligible children participating in the program, as certified in the May 15 grant proposals, will be the maximum number of funded slots for the school division for the fiscal year certified (i.e., fiscal year 2016). The due date of the annual VPI grant proposals submitted by divisions to the Department of Education is moved from June 15 to May 15. The proposed language in the Governor's amended budget states:

In the second year only, additional slots shall, subject to available funds, be provided to school divisions that have utilized 100 percent of their calculated slots in the first year and have a waiting list for additional, unserved eligible children as certified by such school divisions on the October 1 Virginia Preschool Initiative Fall Verification Report submitted to the Department of Education in the first year. The amount of funding available to provide additional waiting list slots to school divisions in the second year shall be determined by the balance of the number of slots estimated to calculate the dollar amount in paragraph 14.a.1) of this Item and the number of slots reported in the May 15 grant proposed as outlined in paragraph 14.b.1) of this Item.

The number of eligible children participating in the program, as certified in this submission, shall equate to the maximum number of funded slots for the school division for the fiscal year certified.

- **Senate** – The Senate proposes eliminating the introduced language discussed above and proposes an expansion of existing language that allows unobligated VPI balances to be used for grants to divisions that can be used for one-time expenses, other than capital, related to the start-up or expansion of programs, with priority given to proposals that expand the use of partnerships with non-profit or for-profit providers.
- **House** – No action taken regarding the use of year end balances. However, the House proposes an amendment stating that student eligibility for participation in the VPI program must be consistent with student eligibility for a free meal under the National School Lunch Program.
- **Final General Assembly Action** – *The General Assembly did not adopt the language proposed in the introduced budget that would allow the reallocation of VPI funding balances for waiting list slots in divisions using 100 percent of their formula slots, and instead adopts two amendments similar to those proposed earlier in the respective Senate and House budgets. One amendment expands existing budget language related to start-up/expansion grants from available balances and the other addresses participation eligibility in the VPI program.*
 - *Start-up/Expansion Grants from Available Balances* – *The General Assembly's proposal is similar to the Senate's amendment. The Department of Education will offer any unobligated balances for supplemental grants for one-time expenses, excluding capital, related to start-up or expansion of programs, with priority given to proposals for expanding the use of partnerships with either nonprofit or for-profit providers. Furthermore, the Department is mandated to communicate to all eligible school divisions the remaining available balances in the program's adopted budget, after the fall participation reports have been submitted and finalized, for such grants.*

- *Participation Eligibility - The General Assembly proposes language that states local VPI plans must indicate the number of at-risk four-year-old children to be served. The eligibility criteria for participation in the VPI program shall be consistent with the economic and educational risk factors stated in the 2014-2015 VPI guidelines that are specific to: (i) family income at or below 200 percent of poverty, (ii) homelessness, (iii) student's parents or guardians are school dropouts, or (iv) family income is less than 350 percent of federal poverty guidelines in the case of students with special needs or disabilities. The Department of Education will compile from each school division the aggregated information of the number of enrolled students whose families are (i) at or below 130 percent of poverty, and (ii) above 130 percent but below 200 percent of poverty. The Department shall report this information annually, after the application and fall participation reports are submitted to the Department from the school divisions, to the Chairmen of House Appropriations and Senate Finance Committees. In addition, the Department will post and maintain the summary information by division on the Department's website in keeping with current student privacy policies.*

Expanded Use of Funds from Year-Round School Grants

- **Governor** – The Governor's amended budget provides flexibility to the Department of Education for grant funding that is not awarded to school divisions for year-round schools. In fiscal year 2016, the Department may award grants to school divisions to support innovative approaches to instructional delivery or school governance models from balance not used for year-round school grants.
- **Senate** – *same as the Governor's introduced budget*
- **House** – *same as the Governor's introduced budget*
- **Final General Assembly Action** – *same as the Governor's introduced budget*

5. Language-Only Amendments for Direct Aid Programs Not Included in HB 1400/SB 800 as Introduced

Study on School Division Consolidations

- **Senate** – The Senate proposes eliminating current references to additional state funding for future school division consolidations based on the composite index pending further analysis. This has no impact on the current funding status of previous consolidations. A related amendment to the Department of Housing and Community Development's budget directs the Commission on Local Government to develop a process to determine an appropriate calculation for additional state funds for any future division consolidations. The recommendations must be presented to the Governor and the Chairmen of the Senate Finance

and House Appropriation Committees by December 1, 2015. The process shall be coordinated with the Department of Education and the Board of Education.

- **House** – no action taken
- ***Final General Assembly Action*** – same as Senate amendment

Virginia Preschool Initiative Reform Joint Subcommittee

- **Senate** – The Senate proposes establishing a temporary Joint Subcommittee on Virginia Preschool Initiative Reform to establish a competency based professional development for early learning practitioners. The joint subcommittee will be facilitated by the subcommittees of the Senate Finance Committee and the House Appropriations Committee and supported administratively by the Virginia Early Childhood Foundation. A report of recommendations will be presented to the full House Appropriations Committee and Senate Finance Committee by November 1, 2015.
- **House** – same as Senate amendment
- ***Final General Assembly Action*** – *The General Assembly proposes establishing Joint Subcommittee on Virginia Preschool Initiative Reform to provide recommendations for reforming the VPI program. The joint subcommittee will be facilitated by the subcommittees of the Senate Finance Committee and the House Appropriations Committee and supported administratively by the Virginia Early Childhood Foundation and the Department of Education. The committee's goals and objectives are to consider increasing accountability, flexibility, innovation, clarification of the state's role and policy relating to providing a preschool for economically disadvantaged children, and to further develop the facilitation of partnerships between school divisions and private providers for VPI. A report of recommendations will be presented to the Chairmen of the House Appropriations Committee and Senate Finance Committee by November 1, 2015.*

Update Virginia Preschool Initiative Per Pupil Amount for the 2016-2018 Biennium

- **Senate** – The Senate directs the Department of Education to update the per pupil amount used in the VPI funding formula (currently \$6,000) in the next biennial rebenchmarking process. The per pupil amount shall be adjusted by the same percentage as Basic Aid.
- **House** – no action taken
- ***Final General Assembly Action*** – no action taken

Virginia Public School Authority Educational Technology Supplemental Grants (e-Learning Backpack Initiative)

- **Senate** – The Senate proposes changing “tablet computer” to “hand held computing.” This expands the type of equipment that school divisions can purchase with the supplemental

educational technology funds from just tablets to any hand held computing device, such as Chromebooks and other devices.

- **House** – The House proposes changing “a tablet computer device” to “laptops and tablets”. This expands the type of equipment that school divisions can purchase with the supplemental educational technology funds from just tablets to any hand held computing device, such as Chromebooks and other devices. The House also proposes an amendment authorizing the Department of Education to work with local school divisions to provide guidance to school divisions and regional programs in determining eligible capital equipment purchases that are permitted within this initiative and ensure maximum flexibility of purchases made with Educational Technology Grant funds.
- **Final General Assembly Action** – *The General Assembly proposes changing “a tablet computer device” to “laptops and tablets.” This expands the type of equipment that school divisions can purchase with their supplemental grants under the e-Learning Backpack Initiative from just tablets to any laptops and tablets, such as Chromebooks and other devices.*

Virginia Public School Authority Educational Technology Grants Survey

- **Senate** – The Senate directs the Department of Education to conduct a survey in fiscal year 2016 to assess the interest of school divisions to lease technology equipment with VPSA grants instead of purchasing the equipment, if such an option was available. School divisions shall respond by September 1, 2015, and the Department of Education shall provide a summary of the survey to the Governor and the Chairmen of the Senate Finance and House Appropriations Committees by October 15, 2015.
- **House** – no action taken
- **Final General Assembly Action** – *same as Senate amendment*

Federal Funded Grants for Public Education

- **Senate** – no action taken
- **House** – The House proposes an amendment stating that the intent of the General Assembly that in any fiscal year when revenues received or budgeted by the Commonwealth, applicable to any public education program, which were derived from a federally funded grant or program and subsequently realize a decrease in such funding levels, that the Commonwealth will not supplant any of the decreased federal funding received or budgeted with any revenues from the Commonwealth.
- **Final General Assembly Action** – *same as House amendment*

SECTION B: DEPARTMENT OF EDUCATION CENTRAL OFFICE BUDGET

1. Amendments to Central Office Budget Included in HB 1400/SB 800 as Introduced Impacting School Divisions

Expand Computer Adaptive Testing

- **Governor** – The Governor's amended budget proposes providing \$732,000 in fiscal year 2016 only (one-time funding) to transition the grade 7 and grade 8 Standards of Learning (SOL) mathematics tests to a computer adaptive testing (CAT) format. Transitioning to CAT will provide opportunities for students to test when they are ready, rather than waiting for a specified testing window, and may support efforts to close the achievement gap by improving the information provided about the skills and concepts that each student has mastered and those where more instruction is needed. Currently, only the grade 6 SOL mathematics test is available in CAT format.
- **Senate** – same as Governor's introduced budget
- **House** – same as Governor's introduced budget
- ***Final General Assembly Action*** – same as Governor's introduced budget

Provide Funding for Expedited Retake of SOL Tests

- **Governor** – The Governor's amended budget proposes providing \$200,000 in fiscal year 2016 to permit students who have failed an SOL test at grades 3-8 by a narrow margin to take the test again during the same test administration. Currently, only students who fail an end-of-course SOL test needed for graduation are permitted to immediately retake the test. Expanding this opportunity to grades 3-8 could reduce remediation costs and positively impact school accreditation ratings if the retakes result in higher pass rates.
- **Senate** – same as Governor's introduced budget
- **House** – same as Governor's introduced budget
- ***Final General Assembly Action*** – same as Governor's introduced budget

Improve Principal Quality in Under-Performing Schools

- **Governor** – The Governor's amended budget proposes providing \$713,000 in fiscal year 2016 to establish a program of professional development to increase the capacity of principals in under-performing schools. The proposed funding will provide training,

materials, and travel costs for 40 principals in underperforming schools not meeting accreditation standards who will be selected for participation through an application process.

- **Senate** – same as Governor's introduced budget
- **House** – same as Governor's introduced budget
- *Final General Assembly Action* – same as Governor's introduced budget

Fund Additional Positions in DOE to Increase Capacity

- **Governor** – The Governor's amended budget proposes providing \$572,976 in fiscal year 2016 to fund five full-time classified positions in the Department of Education, in order to strengthen staffing capacity in key areas of the agency and to increase the level of services to under-performing schools and school divisions. The positions are primarily School-Improvement and Curricular Specialists and would be assigned primarily to the Office of School Improvement and in instructional units.
- **Senate** – This amendment removes two of the proposed five new positions in the introduced budget in the Department of Education. The amendment reflects the removal of funding for two content specialists, offset by the inclusion of a previously requested information security officer position. The amendment does not affect the data analyst/researcher and two school improvement specialist positions. The amendments reduce net funding and positions in fiscal year 2016 by \$97,392 and 2 FTEs (the information technology security position will utilize an existing, unfunded FTE in the Department's budget).
- **House** – no action taken
- *Final General Assembly Action* – Same as Governor's introduced budget. The General Assembly also proposes to include funding in fiscal year 2016 for an information security specialist position in DOE. This dedicated position will develop, manage and maintain DOE's information technology security program in accordance with the Commonwealth's information technology security policies and standards.

2. Amendments to Central Office Budget Not Included in HB 1400/SB 800 as Introduced Impacting School Divisions

Appropriation of Federal Preschool Expansion Grant Award

- **Senate** – The Department of Education was awarded a Federal Preschool Expansion Grant (VPI + Grant) that serves four-year-old children at or below 200 percent of the federal poverty level. The Senate proposes to appropriate the Federal Preschool Expansion Grant to the Department's budget to support the administrative costs associated with grant implementation. The amendment adds federal appropriation of \$100,000 in fiscal year 2015 and \$738,103 in fiscal year 2016.

- **House** – no action taken
- ***Final General Assembly Action*** – same as Senate amendment

Funding for Dyslexia Training

- **Senate** – The Senate proposes adding \$10,000 in fiscal year 2016 to provide continuing education training for K-12 teachers to improve instruction to students with dyslexia.
- **House** – no action taken
- ***Final General Assembly Action*** – no action taken

Teacher Turnover Study

- **Senate** – SJ218 requests the Department of Education to study the feasibility of implementing a program in the Commonwealth to track teacher turnover through exit questionnaires and other means, and to analyze the cost of teacher turnover. The Senate proposes adding \$23,000 to the Department's budget in fiscal year 2016 to fund this feasibility study.
- **House** – no action taken
- ***Final General Assembly Action*** – same as Senate amendment

Local School Board Member Professional Development

- **Senate** – no action taken
- **House** – The House amendment provides \$100,000 in fiscal year 2016 to the Department of Education to establish criteria, in conjunction with the Virginia School Board Association, for professional development and training of local school board members. This funding is pursuant to the passage of House Bill 1962.
- ***Final General Assembly Action*** – no action taken

Kindergarten Readiness Program (previously in Direct Aid Budget)

- ***Senate*** – no action taken
- ***House*** – The House proposes providing \$1.0 million in fiscal year 2016 to support the costs associated with the Virginia Kindergarten Readiness Program which will be administered by the University of Virginia. The program will focus on assessing kindergarteners in the fall to determine their social skills and self-regulation as well as math and literacy skills which are currently assessed using the existing Phonological Awareness Literacy Screening (PALS) tests.

- ***Final General Assembly Action*** – same as House amendment and funding moved to DOE Central Office budget

High School Program Innovation Grants

- **Senate** – no action taken
- **House** – The House proposes \$200,000 in fiscal year 2016 to support five competitive grants, not to exceed \$40,000 each, for planning the implementation of systemic High School Program Innovation by either individual school divisions or consortiums of school divisions. The local applicant(s) selected to conduct this systemic approach to high school reform, in consultation with the Department of Education, will develop and plan innovative approaches to engage and to motivate students through personalized learning and instruction leading to demonstrated mastery of content, as well as skills development for career readiness. Individual school divisions or consortiums will be invited to apply on a competitive basis by submitting a grant application that includes descriptions of key elements of innovations, a detailed budget, expectations for outcomes and student achievement benefits, evaluation methods, and plans for sustainability. The Department of Education will make the final determination of which school divisions or consortiums of divisions will receive the year-long planning grant. Any school division or consortium of divisions which desires to apply for this competitive grant must submit a proposal to the Department of Education by June 1 preceding the school-year in which the planning for systemic high school innovation is to take place.
- ***Final General Assembly Action*** – *The General Assembly proposes \$250,000 in fiscal year 2016 to support five competitive grants, not to exceed \$50,000 each, for planning the implementation of systemic High School Program Innovation by either individual school divisions or a consortium of school divisions. The local applicant(s) selected to conduct this systemic approach to high school reform, in consultation with the Department of Education, will develop and plan innovative approaches to engage and to motivate students through personalized learning and instruction leading to demonstrated mastery of content, as well as skills development of career readiness. Essential elements of high school innovation include: (1) student centered learning, with progress based on student demonstrated proficiency; (2) 'real-world' connections that promote alignment with community work-force needs and emphasize transition to college and/or career; and (3) varying models for educator supports and staffing. Individual school divisions or consortia will be invited to apply on a competitive basis by submitting a grant application that includes descriptions of key elements of innovations, a detailed budget, expectations for outcomes and student achievement benefits, evaluation methods, and plans for sustainability. The Department of Education will make the final determination of which school divisions or consortia of divisions will receive the year-long planning grant for High School Innovation. Any school division or consortium of divisions which desires to apply for this competitive grant must submit a proposal to the Department of Education by June 1 preceding the school year in which the planning for systemic high school innovation is to take place. This funding was also moved to the Direct Aid budget from the Department of Education's Central Office Budget.*

Local School Division Professional Development for High Needs Students

- **Senate** – no action taken
- **House** – The House proposes \$366,000 in fiscal year 2016 to the Department of Education to assist local school divisions, as needed, to establish criteria for the professional development of teachers and principals on the subject of high needs students.
- *Final General Assembly Action – same as House amendment*

Funding for the Southern Regional Education Board

- **Senate** – no action taken
- **House** – The House proposes eliminating funding supporting the state's membership in the Southern Regional Education Board. This would reduce state funding by \$14,000 in fiscal year 2016.
- *Final General Assembly Action – no action taken*

Redesign the School Performance Report Card

- **Senate** – no action taken
- **House** – The House proposes providing \$75,000 in fiscal year 2016 to the Department of Education to redesign, in consultation with the Standards of Learning Committee, the School Performance Report Card so that it is easier for parents and the public to understand the accreditation status and academic achievements of schools and school divisions. The Board of Education must submit the new design to the Chairmen of the House Education and Senate Education and Health Committees for final approval by July 1, 2016. Funding is contingent on the passage of House Bill 1672.
- *Final General Assembly Action – same as House amendment*

3. Language-Only Amendments to Central Office Budget Included in HB 1400/SB 800 as Introduced

Expand Uses of Information Technology Academy Funding

- **Governor** – The Governor's proposed budget expands the scope of existing information technology academy funding by authorizing its use for additional information technology credentials.

- **Senate** – same as Governor's introduced budget
 - **House** – same as Governor's introduced budget
 - *Final General Assembly Action* – same as Governor's introduced budget
4. **Language-Only Amendments to Central Office Budget Not Included in HB 1400/SB 800 as Introduced**

Low Achieving Schools Turnaround Partners

- **Senate** – The Senate proposes that the Department of Education reconsider the planned cycle for the issuance of the next Request for Proposals that solicits additional sealed proposals from qualified sources to serve as Low Achieving Schools Turnaround Partners on an as needed, where needed basis. This amendment is intended to provide more options to school divisions.
- **House** – no action taken
- *Final General Assembly Action* – no action taken

Affirming State Support for the Standards of Learning

- **Senate** – no action taken
- **House** – The House proposes an amendment stating that it is the intent of the General Assembly to continue its commitment to support the Standards of Learning goals and objectives toward providing the highest educational environment of learning that improves the academic performance of students such that each student can reach their individual education goals.
- *Final General Assembly Action* – no action taken

SECTION C: VIRGINIA COMMISSION ON INTERGOVERNMENTAL COOPERATION BUDGET (Item #31C)

Restore Funding for Education Commission of the States

- **Governor** – The Governor's introduced budget proposes eliminating \$91,800 in fiscal year 2016 supporting Virginia's membership dues in the Education Commission of the States. This reduction was a strategy in the Department of Education's approved agency budget reduction plan for fiscal year 2016.

- **Senate** – The Senate proposes restoring \$91,800 in fiscal year 2016 for Virginia's dues in the Education Commission of the States, and places the funding in the Virginia Commission on Intergovernmental Cooperation budget (Item 31).
- **House** – same as Governor's introduced budget
- **Final General Assembly Action** – same as Senate amendment

SECTION D: DEPARTMENT OF HUMAN RESOURCE MANAGEMENT BUDGET (ITEM 82 #1C)

Review of Public Employee Health Plans

- **Senate** – *no action taken*
- **House** – *no action taken*
- **Final General Assembly Action** – *The General Assembly provides language directing the Department of Human Resource Management (DHRM) to conduct a study that will examine the feasibility of including local school divisions in the state employee health insurance program. As part of the review, the DHRM must conduct an actuarial review of the impact on the state, the school boards, and other political subdivisions, from including the employees, and their dependents, of local governments including local school divisions in the state employee health program or in one statewide pooled plan for employees of political subdivisions. Local school boards and localities shall provide information to DHRM as requested for the actuarial analysis. The review shall also include an examination of the Local Choice program's policies, including its pooling and rating methodology, to determine whether overall improvements may be made to the program, with a specific goal of trying to increase The Local Choice program's appeal among rural school divisions and local governments. During this effort, DHRM shall hold a series of meetings with stakeholders to educate them about The Local Choice program and solicit their feedback. The Director of the Department of Planning and Budget is authorized to transfer up to \$250,000 general fund from program 757 (agency 995, Central Appropriations) from unobligated balances from prior year appropriation to the Department of Human Resources Management as needed to fund the review and outreach efforts.*