

Summary of Budget Amendments Adopted by the 2016 General Assembly to the 2016-2018 Biennial Budget as Introduced (HB 30) Affecting the Direct Aid to Public Education and Department of Education Central Office Budgets

This document provides a summary of amendments to the introduced 2016-2018 biennial budget (HB 30) that were adopted by the 2016 General Assembly on March 11, 2016. The amendments adopted by the General Assembly change the budget introduced by Governor McAuliffe in HB 30. The adopted changes affect fiscal years 2017 and 2018. Fiscal year 2017 begins on July 1, 2016, and ends on June 30, 2017. Fiscal year 2018 begins on July 1, 2017, and ends on June 30, 2018.

The budget actions proposed by Governor McAuliffe in HB 30 were communicated in Attachment A of [Superintendent's Memorandum No. 300-15](#) dated December 18, 2015. The budget amendments adopted separately by the House of Delegates and the Senate were communicated in Attachment B of [Superintendent's Memorandum No. 043-16](#) dated March 1, 2016. The original text of those attachments is repeated in this document for reference purposes. The subsequent budget actions adopted by the General Assembly are summarized in this document and are reflected in italicized text.

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

Section A. Direct Aid to Public Education Budget

1. Technical Updates to Existing Direct Aid Programs
2. Direct Aid Budget Policy Changes Included in HB 30 as Introduced
3. Direct Aid Budget Policy Changes Not Included in HB 30 as Introduced
4. Language-Only Amendments for Direct Aid Programs Included in HB 30 as Introduced
5. Language-Only Amendments for Direct Aid Programs Not Included in HB 30 as Introduced

Section B. Department of Education Central Office Budget

1. Central Office Policy Changes Impacting School Divisions Included in HB 30 as Introduced
2. Central Office Policy Changes Impacting School Divisions Not Included in HB 30 as Introduced

A. DIRECT AID TO PUBLIC EDUCATION

1. Technical Updates to Existing Direct Aid Programs

Rebenchmark Direct Aid Costs for 2016-2018 (as presented to the Board of Education in September 2015)

- **Governor** – The Governor’s introduced budget includes the state share of routine rebenchmarking of costs for all of the Standards of Quality and other Direct Aid programs. These technical adjustments include updates for factors such as funded salaries, Annual School Report data used to calculate prevailing costs, inflation factors, Standards of Learning test score updates, enrollment updates, and projected caseloads for incentive and categorical programs. The 2016-2018 Board of Education rebenchmarking presentation dated September 10, 2015, provides additional information about the details and source of the data used to make these technical updates. These adjustments reflect the cost of continuing current programs with the required biennial data updates used in the funding formulas, and do not reflect any changes in policy. For fiscal year 2017, routine rebasing of costs for the Standards of Quality and other Direct Aid programs results in an increase in state cost of \$178.7 million. For fiscal year 2018, the increase in state cost is \$209.1 million.
- **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.*

Technical Updates to Direct Aid Accounts for 2016-2018 Subsequent to the Rebenchmarking Budget Presented to the Board of Education in September 2015

- **Governor** – The Governor’s introduced budget includes the state share of cost for additional technical updates related to the rebenchmarking process that occurred after the Board of Education presentation in September 2015, due to the timing of data availability. These technical adjustments include updates to factors such as enrollment projections, inflation factors, Standards of Learning test failure rate data, updates for the most recent free lunch eligibility percentages, and caseloads for incentive and categorical programs. These adjustments reflect the cost of continuing current programs with the required data updates used in the funding formulas, and do not reflect any changes in policy. These updates decrease the state share of cost by \$16.8 million in fiscal year 2017 and increase the state share of cost by \$20,047 in fiscal year 2018.
- **Executive Amendment** – The Governor’s executive amendment includes several additional technical updates due to revised or corrected data inputs. The total impact of these updates is a decrease in projected state funding of \$9.9 million in fiscal year 2017 and \$9.7 million in fiscal year 2018. These technical updates include:
 - An update to projections for the Foster Care program decreased projected state funding by \$19,146 in fiscal year 2017 and by \$19,759 in fiscal year 2018;

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- An update to free lunch percentages for Community Eligibility Provision (CEP) program schools increased projected state allocations for the K-3 Primary Class Size Reduction program (update to the three-year free lunch average used in the formula) by \$505,660 in fiscal year 2017 and by \$509,480 in fiscal year 2018;
 - An update to projected payments for regional tuition for special education reduced projected state funding by \$2.9 million in fiscal year 2017 and by \$2.5 million in fiscal year 2018;
 - An update to Remedial Summer School projections based on corrections to fiscal year 2016 data increased projected state funding by \$14,582 in fiscal year 2017 and decreased state funding by \$18,666 in fiscal year 2018;
 - An update to Emporia's free lunch percentage reduced projected state funding by \$111,659 in fiscal year 2017 and by \$116,284 in fiscal year 2018;
 - A data update related to the SOQ Vocational Education program for the City of Manassas increased projected state funding by \$192,039 in fiscal year 2017 and by \$194,815 in fiscal year 2018; and,
 - A data correction related to the At-Risk program decreased projected state funding by \$7.6 million in fiscal year 2017 and by \$7.7 million in fiscal year 2018.
- **Senate** – Same as the Governor's introduced budget and the executive amendment.
 - **House** – Same as the Governor's introduced budget and the executive amendment.
 - ***Final General Assembly Action*** – *Same as the Governor's introduced budget and the executive amendment.*

Updates for Recalculation of Composite Index for 2016-2018

- **Governor** – The 2016-2018 composite index of local ability-to-pay was calculated using 2013 base-year data provided by the Department of Taxation for adjusted gross income, taxable retail sales, and true value of real property. The estimates of local population for 2013 are provided by the Weldon Cooper Center for Public Service at the University of Virginia, and the March 31, 2014, average daily membership is based on data reported by school divisions to the Department of Education. Updating Direct Aid accounts based on the recalculated 2016-2018 composite index increases the state share of Direct Aid funding by \$25.2 million in fiscal year 2017 and \$25.3 million in fiscal year 2018.
- **Executive Amendment** – The Governor's executive amendment restores Supplemental Basic Aid funding to Rappahannock County that was lost after the update was made to the local composite index and after rebenchmarking updates to Basic Aid were completed. The impact is a projected increase of \$27,918 in state funds to Rappahannock County in fiscal year 2017.
- **Senate** – Same as the Governor's introduced budget and the executive amendment.
- **House** – Same as the Governor's introduced budget and the executive amendment.

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- ***Final General Assembly Action*** – Same as the Governor’s introduced budget and the executive amendment.

Update Sales Tax Projections

Governor – The Governor’s introduced budget reflects the most recent estimates of sales tax revenue dedicated to public education for fiscal years 2017 and 2018, as computed by the Department of Taxation. The revised sales tax estimates include 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 entitlement contained in Attachment B and in the Excel calculation file reflects the revised estimates for these two sales tax sources combined 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 \$1,393,300,000 for fiscal year 2017 and \$1,443,300,000 for fiscal year 2018. These revised sales tax estimates are approximately \$71.0 million higher in fiscal year 2017 and \$121.0 million higher in fiscal year 2018 than the fiscal year 2016 estimate contained in Chapter 665. As required by the Basic Aid funding formula, estimated state Basic Aid payments have been 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 decreases approximately \$39.7 million in fiscal year 2017 and \$67.7 million in fiscal year 2018 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 \$31.3 million in fiscal year 2017 and an increase of \$53.3 million in fiscal year 2018.

- **Executive Amendment** – The Governor’s executive amendment proposes decreasing the sales tax revenue estimates by \$11.0 million to \$1,382,300,000 in fiscal year 2017 and by \$11.0 million in fiscal year 2018 to \$1,432,300,000.

The state share of Basic Aid increases approximately \$6.2 million in fiscal year 2017 and \$6.2 million in fiscal year 2018 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 \$4.8 million in fiscal year 2017 and a decrease of \$4.8 million in fiscal year 2018.

- **Senate** – Same as the Governor’s introduced budget and executive amendment. Also proposes increasing the sales tax revenue estimates by \$628,676 to \$1,382,928,676 in fiscal year 2017 and by \$628,676 to \$1,432,928,676 in fiscal year 2018. The revised estimates reflect the expected impacts of Senate Bill 444, related to sales and use tax refunds.

Due to this additional change, estimated state Basic Aid payments are adjusted to reflect the decreased state share of costs 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-

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to-pay. The state share of Basic Aid decreases approximately \$353,488 in fiscal year 2017 and \$353,486 in fiscal year 2018 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 \$275,188 in fiscal year 2017 and an increase of \$275,190 in fiscal year 2018.

- **House** – Same as the Governor’s introduced budget and executive amendment.
- ***Final General Assembly Action*** – *Same as the Governor’s introduced budget, the executive amendment, and the Senate amendment.*

Update Lottery Proceeds

- **Governor** – Total Lottery proceeds are projected to increase by \$9.6 million to \$541.2 million in fiscal years 2017 and 2018, compared to the fiscal year 2016 Lottery estimate contained in Chapter 665. The total projected Lottery amounts in fiscal years 2017 and 2018 are being used to fund the state share of cost of various programs, such as the Virginia Preschool Initiative, Early Reading Intervention, K-3 Primary Class Size Reduction, and SOL Algebra Readiness. Please see the section labeled “Textbook Funding” below for updates to the Textbooks account.
- **Senate** – Same as the Governor’s introduced budget.
- **House** – Same as the Governor’s introduced budget. Also proposes increasing projected Lottery proceeds by \$20.3 million to \$561.5 million in fiscal year 2017 compared to the estimate contained in the Governor’s introduced budget. This projected increase reflects additional Lottery proceeds from fiscal year 2016 that are carried forward into fiscal year 2017. Please see the section labeled “Textbook Funding” below for updates to the Textbooks account.
- ***Final General Assembly Action*** – *Same as the Governor’s introduced budget and the House amendment.*

2. Direct Aid Budget Policy Changes Included in HB 30 as Introduced

Update Fringe Benefit Employer Contribution Rates for Virginia Retirement System (VRS) Fringe Benefits

- **Governor** – The Governor’s introduced budget adopts higher employer contribution rates for instructional retirement benefits in 2016-2018 than was funded in Chapter 665 for fiscal year 2016 (14.06 percent to 14.66 percent) for fiscal year 2017 and (14.06 percent to 16.32 percent) for fiscal year 2018. The rates recommended by the Governor are based on 90 percent of the 2016-2018 rates recommended by the VRS Board of Trustees in fiscal year 2017, and 100 percent of the rates recommended by VRS in fiscal year 2018. The prevailing non-professional VRS rate has been updated and is funded at 7.11 percent for both years of the biennium. This prevailing rate is used for state funding purposes only; the actual non-

professional rate charged by VRS will vary by school division. For the retiree health care credit, the rates proposed for 2016-2018 reflect a rate change from fiscal year 2016 (1.06 percent to 1.11 percent) for fiscal year 2017 and (1.06 percent to 1.23 percent) for fiscal year 2018. For the group life contribution, the rates proposed for 2016-2018 reflect a rate change from fiscal year 2016 (0.48 percent to 0.47 percent) in fiscal year 2017 and (0.48 percent to 0.52 percent) in fiscal year 2018. These rate changes increase state funding by \$15.9 million in fiscal year 2017 and \$71.0 million in fiscal year 2018 (compared to costs based on the fiscal year 2016 rates used in the Chapter 665 budget).

- **Senate** – Same as the Governor’s introduced budget. Also proposes an increase in the employer share of the Group Life rate to 0.52% in fiscal year 2017. The change in state funding to school divisions is an increase of \$1.7 million in fiscal year 2017.
- **House** – Same as the Governor’s introduced budget and the Senate’s amendment.
- **Final General Assembly Action** – Same as Governor’s introduced budget and the Senate amendment.

FUNDED FRINGE BENEFIT RATES:	FY 2016	FY 2017	FY 2018
Instructional & Professional Support VRS (Employer Share) (Does not include RHCC - see below)	14.06%	14.66%	16.32%
Instructional & Professional Support VRS (Employee Share)	5.00%	5.00%	5.00%
Total Instructional & Professional Support VRS Rate	19.06%	19.66%	21.32%
Group Life (Employer Share)	0.48%	0.52%	0.52%
Group Life (Employee Share)	0.71%	0.79%*	0.79%*
Total Group Life Rate	1.19%	1.31%	1.31%
Retiree Health Care Credit (Paid as part of the VRS Instructional retirement per pupil amount)	1.06%	1.11%	1.23%
Non-professional Support VRS	9.40%	7.11%	7.11%
Social Security	7.65%	7.65%	7.65%
Health Care Premium	\$4,188	\$4,604	\$4,604
Total Instructional Benefit Percent (Employer Share)	23.25%	23.89%	25.72%
Total Non-professional Support Benefit Percent (Employer Share)	17.53%	15.23%	15.28%

*Employee share of Group Life has been revised to reflect current data from VRS.

Fund the State’s Share of a Salary Increase for Funded SOQ Instructional and Support Positions

- **Governor** – The Governor’s introduced budget provides a 2.0 percent salary increase in fiscal year 2018 with an effective date of July 10, 2017, for funded SOQ instructional and

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support positions (as well as funded positions in Academic Year Governor's Schools as discussed below). Funding will be provided to school divisions which certify to the Department of Education by June 15, 2017, that salary increases of a minimum average of 2.0 percent have been provided in the second year by January 1, 2018, to instruction and support personnel. The state funds for which the division is eligible to receive must be matched by the local government, based on the composite index of local ability-to-pay. The required local match amount is calculated based on an effective date of January 1, 2018. This action results in an increase in state funding of \$83.3 million in fiscal year 2018. Funding is contingent on a stable revenue forecast for fiscal year 2018.

- **Senate** – Proposes moving up the effective date of the pay raise to December 1, 2016. This action results in an increase in proposed state funding of \$48.9 million in fiscal year 2017 and by \$2.1 million in fiscal year 2018. The date by which school divisions certify to the Department of Education is moved up from June 15, 2017 to October 1, 2016. School divisions will provide the required salary increase by December 1, 2016, which is moved up from January 1, 2018. Finally, the basis for the local match is moved up from January 1, 2018 to December 1, 2016.
- **House** – Same as the Governor's introduced budget. The House also adds language allowing divisions to apply salary increases given during fiscal year 2017 to count towards satisfying the minimum average salary increase of 2.0 percent by January 1, 2018.
- **Final General Assembly Action** – *Same as the Governor's introduced budget and the Senate amendment. The funding is contingent on a stable general fund revenue forecast for fiscal year 2016, such that a reforecast of general fund revenues for fiscal years 2017 and 2018 is not required.*

Include Cost of Competing Adjustment (COCA) for Funded SOQ Support Positions in Certain School Divisions

- **Governor** – The Governor's introduced budget includes the cost of competing adjustment (COCA) factor for funded SOQ Basic Aid support positions for school divisions in Planning District Eight and certain adjacent divisions (specified in the appropriation act) in fiscal year 2018. The Governor's introduced budget provides the state share of funding for both the full (24.61 percent) and partial (25 percent of full rate, or 6.15 percent) COCA rates for SOQ funded support positions for the nine Planning District Eight school divisions (full rate) and for nine adjacent divisions (partial rate). This action results in an increase in state funding of \$40.6 million in fiscal year 2018.
- **Senate** – Proposes funding COCA rates for support positions at 10.00 percent for fiscal year 2017 and fiscal year 2018. This change results in an increase in proposed state funding of \$15.9 million in fiscal year 2017 and a decrease in proposed state funding of \$24.2 million in fiscal year 2018.
- **House** – Same as the Governor's introduced budget.

- ***Final General Assembly Action*** – Funds the support COCA rate at 10.60 percent and the partial rate at 2.65 percent both years of the biennium. This action increases state funding by \$17.0 million in fiscal year 2017 and decreases state funding by \$23.2 million in fiscal year 2018.

Fund the State's Share of Additional Instructional Positions

- **Governor** – The Governor's introduced budget provides the state share of funding over the biennium to increase the number of instructional personnel by approximately 2,500 positions statewide. \$42.7 million in state funding is provided in fiscal year 2017 and \$96.4 million in state funding is provided in fiscal year 2018 for this initiative. The funds will be distributed based on a formula of one position for each elementary school in fiscal years 2017 and 2018, and two positions for each middle school, high school, and combined school in fiscal year 2018. Please note that the number of funded positions per school is the basis of the funding formula for this initiative, and is not intended to be a fixed staffing requirement for each school. School divisions have flexibility as to how they use the funding under this initiative to hire the necessary number of qualifying instructional positions and at which schools they are assigned. For the purposes of this initiative, instructional positions include any position defined as an instructional position under the Standards of Quality (i.e., teacher, guidance counselor, librarian, instructional aide, principal, or assistant principal). The state share of funding provided to each school division is based on the composite index of each division, as well as the SOQ funded salary amounts for teachers, the instructional cost of competing adjustment where applicable, and funded fringe benefit rates. School divisions are not required to provide a local match in order to receive these state funds.

The Department of Education is required to inform each school division of its eligible funding and the number of instructional personnel that funding supports each year. For a division to receive its state share of funding, the division superintendent must certify to the Department of Education that the appropriate number of additional instructional personnel are employed based on the amount of eligible funding requested. A division may elect to receive a portion of its eligible funding each year according to the number of additional instructional personnel employed and certified. These funds must be used to hire additional instructional personnel and cannot be used to support existing instructional positions. Funds must support instructional personnel at the school level and may not support district-wide positions.

- **Executive Amendment** – The Governor's executive amendment makes a technical correction and adds P.B. Young, Sr. Elementary School in Norfolk as a school eligible to receive funding under this initiative in the 2016-2018 biennium. This change will increase proposed state funding by \$46,853 in fiscal year 2017 and by \$48,044 in fiscal year 2018.
- **Senate** – Proposes to remove all funding under this initiative and redirect the funds for other purposes as discussed later in this attachment.
- **House** – Same as the Senate amendment.

- ***Final General Assembly Action*** – Same as the Senate amendment.

Decrease Literary Fund Transfer for VRS Retirement (Replace with General Funds)

- **Governor** - The Governor's introduced budget decreases the transfer from the Literary Fund to support the state's share of cost for teacher retirement by \$30.0 million, from \$165.2 million to \$135.2 million, in fiscal year 2018. This action does not affect division per pupil amounts or projected entitlements for VRS retirement in fiscal year 2018.
- **Senate** – Same as the Governor's introduced budget.
- **House** – Proposes to restore \$20.0 million in Literary Fund transfers for VRS payments in fiscal year 2018, replacing general funds.
- ***Final General Assembly Action*** – Same as the Governor's introduced budget and the House amendment.

Virginia Preschool Initiative (VPI) Non-participation Rate and Hold Harmless

- **Governor** - In addition to the technical updates to the Virginia Preschool Initiative (VPI) funding formula, the Governor's introduced budget also maintains the projected VPI non-participation rate in fiscal year 2017 and fiscal year 2018 at the same 25.43 percent rate contained in Chapter 665 for fiscal year 2016. As a result, state funding for VPI is reduced by \$24.3 million in fiscal year 2017 and \$24.4 million in fiscal year 2018. This estimate of non-participation affects the state appropriation for the program but does not change the division-level allocation of student slots or entitlement amounts.

Where the actual fiscal year 2016 number of VPI student slots utilized by divisions is greater than the fiscal year 2017 and fiscal year 2018 formula slots provided, hold harmless funding is provided in both years. Affected divisions receive funding based on the actual number of fiscal year 2016 slots utilized in lieu of funding based on the number of slots generated by the fiscal year 2017 and fiscal year 2018 formula.

- **Senate** – The Senate maintains the non-participation rate of 25.43 percent used in the Governor's introduced budget. The Senate did not include the hold harmless provision for VPI slots. The Senate also proposes to increase the per pupil amount for the VPI program from \$6,000 per slot to \$6,250 per slot both years based on the rate of rebenchmarking growth in Basic Aid from fiscal year 2016 to fiscal year 2017 (approximately 4.2 percent). This amendment would increase proposed state funding by \$2.9 million in fiscal years 2017 and 2018.
- **House** – The House maintains the non-participation rate of 25.43 percent used in the Governor's introduced budget. The House did not include the hold harmless provision for VPI slots.
- ***Final General Assembly Action*** – Maintains the non-participation rate of 25.43 percent used in the Governor's introduced budget. Removes language related to the hold harmless

provision for VPI slots contained in the introduced budget. Increases the per pupil amount for the VPI program both years from \$6,000 per slot to \$6,125 per slot, which is a growth rate of 2.1 percent. This action increases state funding by \$1.4 million in both fiscal year 2017 and 2018.

Textbook Funding

- **Governor** – The Governor’s introduced budget proposes 100 percent of Textbooks payments be incurred by the general fund in fiscal years 2017 and 2018. This results in an increase in the general fund payments portion of \$54.7 million in fiscal year 2017 and \$55.0 million in fiscal year 2018, compared to the portion of Textbooks payments funded by the general fund in Chapter 665. The portion of Textbooks payments that will be funded by Lottery proceeds decreases by \$44.9 million in both fiscal year 2017 and 2018, compared to the portion of Textbooks payments funded by Lottery proceeds in Chapter 665. This funding source change does not impact the total per pupil funding amount for Textbooks or the projected payment amounts to divisions for Textbooks in fiscal years 2017 and 2018.
- **Senate** – Proposes several actions that affect programs that are funded by Lottery proceeds (please see sections labeled “Update Lottery Proceeds” and “Technical Updates to Direct Aid Accounts for 2016-2018 Subsequent to the Rebenchmarking Budget Presented to the Board of Education in September 2015” above for further details on these updates). After all actions, the portion of Textbooks payments that will be funded by Lottery proceeds increases by \$15.4 million in fiscal year 2017 and \$10.1 million in fiscal year 2018, compared to the portion of Textbooks payments funded by Lottery proceeds in the Governor’s introduced budget. This fund source change does not impact the funded per pupil amount or the projected payment amounts to divisions for Textbooks.
- **House** – Proposes several actions that affect programs that are funded by Lottery proceeds (please see sections labeled “Update Lottery Proceeds” and “Technical Updates to Direct Aid Accounts for 2016-2018 Subsequent to the Rebenchmarking Budget Presented to the Board of Education in September 2015” above for further details on these updates). After all actions, the portion of Textbooks payments that will be funded by Lottery proceeds increases by \$3.8 million in fiscal year 2017 compared to the portion of Textbooks payments funded by Lottery proceeds in the Governor’s introduced budget. This fund source change does not impact the funded per pupil amount or the projected payment amounts to divisions for Textbooks.
- **Final General Assembly Action** – *Adopts several actions that affect programs that are funded by Lottery proceeds (please see sections labeled “Update Lottery Proceeds” and “Technical Updates to Direct Aid Accounts for 2016-2018 Subsequent to the Rebenchmarking Budget Presented to the Board of Education in September 2015” above for further details on these updates). After all actions, the portion of Textbooks payments that will be funded by Lottery proceeds increases by \$63.9 million in fiscal year 2017 compared to the portion of Textbooks payments funded by Lottery proceeds in the Governor’s introduced budget. This fund source change does not impact the funded per pupil amount or the projected payment amounts to divisions for Textbooks in fiscal year 2017.*

Academic Year Governor's School (AYGS) Funding Formula Change

Governor – The Governor's introduced budget proposes a change to the Academic Year Governor's School funding formula. Funds will be provided on an instructional and support cost per pupil amount for each AYGS program. The instructional per pupil amount will be based on funding teacher positions in each program using the SOQ school-wide ratio of 21:1 for middle and high school. It will also fund Principal, Assistant Principal, Librarian, and Guidance Counselor positions according to the SOQ staffing standards for high schools. However, AYGS are not mandated to staff instructional personnel according to these SOQ instructional staffing standards. The support per pupil amount will be based on the linear weighted average per pupil cost of all recognized SOQ support costs; excluding the division superintendent, local school board and pupil transportation which are funded in the SOQ Basic Aid per pupil amount for each school division.

Under this new formula, fiscal year 2017 state funding is increased by \$1.9 million (50 percent of the formula is phased-in for fiscal year 2017). Fiscal year 2018 funding is increased by \$3.7 million (100 percent of the new formula is funded).

2.0 Percent Salary Increase – an increase of \$348,906 in fiscal year 2018 based on per pupil add-on (projected at \$118.53) for a 2.0 percent compensation incentive, effective July 10, 2017. In order to receive this state funding, AYGS must meet the same requirements as school divisions as outlined in the section above titled "Fund the State's Share of a Salary Increase for Funded SOQ Instructional and Support Positions."

- **Senate** – Same as Governor's introduced budget. In addition, the Senate proposes to increase the enrollment cap for the Thomas Jefferson Governor's School by 75 students. This change would increase proposed state funding to that school by \$138,712 in fiscal year 2017 and by \$156,446 in fiscal year 2018. It also proposes to add funding for the 2.0 percent salary increase effective December 1, 2016. This change would increase proposed state funding by \$103,933 in fiscal year 2017 and \$9,022 in fiscal year 2018 for the December 1, 2016 salary increase effective date.
- **House** – Proposes to revert back to the former Governor's Schools funding formula used in the rebenchmarking process. This amendment would reduce proposed state funding by \$1.9 million in fiscal year 2017 and by \$3.7 million in fiscal year 2018. The House also requires that DOE review the distribution methodology used to determine Governor's Schools tuition payments by November 4, 2016, and submit the findings of the review to the Chairmen of the House Appropriations and Senate Finance Committees. The review will include, but not be limited to, consideration of the length of the academic program day with the intent to determine and provide an equitable distribution of tuition payments based on the actual length of the academic program day, the appropriate state and local shares, and the academic model used by Governor's Schools in the configuration of the funding formula.
- **Final General Assembly Action** – *Maintains the current funding formula for academic year Governor's Schools but increases the rebenchmarked per pupil funding amount by 2.5*

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percent each year and adds a \$50 per course adjustment per student. These two adjustments are effective for fiscal year 2017 and fiscal year 2018 only and are not intended to imply a permanent funding change. DOE is also directed to review the tuition-based methodology such that the distributions are equitable based on the length of the academic program day, among other factors. A report of the review must be submitted by November 4, 2016 to the Chairmen of the House Appropriations and Senate Finance Committees. Also adopts language requiring the local funding contribution of each division at least meet the fiscal year 2016 contribution on a per pupil basis. Funding also incorporates a 2.0 percent salary increase effective December 1, 2016. The actions decrease state funding by \$0.5 million in fiscal year 2017 and by \$2.3 million in fiscal year 2018 when compared to the Governor's introduced budget. The General Assembly also adopts an increase in the enrollment cap to 1,800 students. This action affects the Thomas Jefferson Governor's School only and increases state funding by \$137,445 in fiscal year 2017 and \$141,762 in fiscal year 2018. The General Assembly also adopts a technical correction that provides for a full day calculation for the Southwest Virginia Governor's School in Pulaski County in fiscal year 2017. This action increases state funding by \$34,437 in fiscal year 2017.

Summer Residential Governor's Schools

- **Governor** – The Governor's introduced budget proposes an increase of \$100,000 in both years of the biennium to support increased operating costs of existing summer residential programs.
- **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.*

Summer Residential Governor's School for Career and Technical Education

- **Governor** – The Governor's introduced budget proposes an increase of \$93,000 in fiscal year 2017 and \$41,000 in fiscal year 2018 to support implementation of a summer residential CTE Governor's School model established under previous legislation.
- **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.*

Eliminate Governor's School Planning and Startup/Expansion Grants

- **Governor** – The Governor's introduced budget proposes to eliminate these grants. This action results in a decrease of \$100,000 in both years of biennium.
- **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.*

Increase Alternative School Breakfast Payment (Breakfast After the Bell)

- **Governor** – The Governor’s introduced budget proposes to increase funding for Breakfast After the Bell by \$536,703 in both years of the biennium to support state reimbursement of qualifying breakfast meals in additional schools implementing the program.
- **Senate** – Same as the Governor’s introduced budget.
- **House** – Same as the Governor’s introduced budget. In addition, the House adds language that clarifies that only elementary schools that have more than 45.0 percent of their students eligible for free or reduced priced lunch are eligible to request reimbursement funding of \$0.05 cents per breakfast meal served through an After-the-Bell breakfast model to their students, and that all schools that offer additional traditional breakfast meals may request state reimbursement funding of \$0.05 cents per additional breakfast meal served.
- **Final General Assembly Action** – *Same as the Governor’s introduced budget and the House amendment.*

Increase Funding for Career and Technical Education Equipment

- **Governor** – The Governor’s introduced budget proposes an additional \$2.0 million in both years of the biennium to update career and technical education equipment to industry standards providing students with classroom experience that translates to the workforce. \$1.4 million of the funding each year is provided for equipment in high-demand, high-skill, and fast-growth industry sectors as identified by the Virginia Board of Workforce Development. \$600,000 of the funding each year will be awarded based on competitive grants for high-demand and fast-growth industry sectors with priority given to state-identified challenged schools and Governor’s STEM and Health Sciences Academies.
- **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.*

Path to Industry Certification

- **Governor** – The Governor’s introduced budget proposes an additional \$500,000 in both years of the biennium to support credentialing testing materials for students and professional development for instructors in STEM career and technical education programs.
- **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.*

Expand Virtual Virginia Program

- **Governor** – The Governor’s introduced budget proposes an additional \$758,000 in fiscal year 2017 (\$498,000 to expand the full-time Virtual Virginia High School pilot from 90 to 200 students and \$260,000 to expand the virtual mathematics outreach pilot program to offer additional mathematics courses). In fiscal year 2018, the proposed additional funding is \$828,000 (\$498,000 to expand the full-time Virtual Virginia High School pilot from 90 to 200 students and \$330,000 to expand the virtual mathematics outreach pilot program).
- **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.*

Special Education-State Operated Programs

- **Governor** - The Governor’s introduced budget proposes an additional \$340,000 in fiscal year 2017 and fiscal year 2018 to support five additional special education teachers in local and regional detention homes’ education programs where an increase in special education student enrollment is projected.
- **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.*

Provide Additional Funding for At-Risk Add-on

- **Governor** - The Governor’s introduced budget proposes an additional \$24.8 million in fiscal year 2017 and \$24.9 million in fiscal year 2018 based on increasing the Basic Aid per pupil add-on range from a minimum of one percent to 2.5 percent and the maximum of the range from 12.0 percent to 14.0 percent.
- **Senate** – Proposes to reduce the minimum of the add-on range to 1.0 percent. This amendment would reduce proposed state funding by \$10.7 million in fiscal year 2017 and \$10.8 million in fiscal year 2018. The Senate also requires school divisions to report to the Department of Education the uses of (i) increased funds in fiscal year 2017 above levels received in fiscal year 2016 and (ii) the base level of funding. Responses will be compiled by DOE and reported to the Chairmen of the Senate Finance and House Appropriations Committees no later than the first day of the 2017 session of the General Assembly.

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- **House** – Proposes to remove the funding from this initiative and revert the add-on range back to 1.0 to 12.0 percent. This amendment would reduce proposed state funding by \$24.7 million in fiscal year 2017 and by \$24.9 million in fiscal year 2018.
- ***Final General Assembly Action*** – *Changes the add-on range to a minimum of 1.0 percent and a maximum of 13.0 percent. This action reduces state payments for this program by \$17.7 million in fiscal year 2017 and \$17.8 million in fiscal year 2018. Also includes the reporting requirement described above in the Senate amendment.*

No Loss Funding

- **Governor** - The Governor's introduced budget proposes an increase of \$3.8 million in fiscal year 2017 to ensure that no division incurs a reduction in state funding in the first year of the new biennium, as compared to the fiscal year 2016 state funding received under the Chapter 665 budget.
- **Senate** – Same as the Governor's introduced budget. In addition, the Senate proposes language that clarifies that the No Loss Funding would not be continued in fiscal year 2018.
- **House** – Proposes to eliminate the No Loss Funding in fiscal year 2017, reducing state funding by \$3.8 million.
- ***Final General Assembly Action*** – *Same as the House amendment.*

Regional Alternative Education

- **Governor** - The Governor's introduced budget eliminates the assigned regional alternative education program slots for the City of Bedford (16) and the City of Harrisonburg (8) for both years of the biennium for a decrease of \$116,803 in fiscal year 2017 and \$120,486 in fiscal year 2018. These divisions will not participate in a regional alternative education program in the 2016-2018 biennium.
- **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.*

CHANGES IN FUNDING FOR VARIOUS SUPPLEMENTAL EDUCATION ASSISTANCE PROGRAMS

The Governor's introduced budget includes changes in funding for the following programs for fiscal year 2017 and fiscal year 2018:

Computer Science Training for Teachers

- **Governor** - The Governor's introduced budget includes \$550,000 in each year of the biennium to provide computer science training for new teachers and to develop an in-state infrastructure for training existing teachers to teach computer science curricula.
- **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.

JASON Learning STEM Program

- **Governor** - The Governor's introduced budget includes \$100,000 in each year of the biennium to provide funding to support this online platform for students in Richmond, Petersburg and Norfolk; and provide training for 125 teachers in these divisions. JASON Learning links students to science and scientists through technology intensive inquiry-based curricula in science, technology, engineering and mathematics.
- **Senate** – Proposes to remove funding for this initiative.
- **House** – Same as the Senate amendment.
- *Final General Assembly Action* – Same as the Senate amendment.

Newport News Aviation Academy STEM Program

- **Governor** - The Governor's introduced budget includes \$100,000 in each year of the biennium to provide funding to support a four-year high school science, technology, engineering and mathematics program in cooperation with Denbigh High School that focuses on piloting, aircraft maintenance, engineering, computers and electronics.
- **Senate** – Proposes to fund this initiative at \$50,000 in fiscal year 2017 only. This amendment would reduce proposed state funding by \$50,000 in fiscal year 2017 and by \$100,000 in fiscal year 2018.
- **House** – Same as the Governor's introduced budget.
- *Final General Assembly Action* – Same as the Governor's introduced budget.

Expand the Positive Behavioral Interventions and Supports Program

- **Governor** - The Governor's introduced budget provides an additional \$500,000 in each year of the biennium to expand the number of schools implementing the Positive Behavioral Interventions and Supports program, which provides researched-based models for schools

that have significant rates of suspension or expulsion to improve school climate and reduce disruptive classroom behavior in support of the Classrooms Not Courtrooms initiative.

- **Senate** – Same as the Governor’s introduced budget.
- **House** – Proposes to eliminate the increase in funding proposed in the Governor’s introduced budget.
- ***Final General Assembly Action*** – *Same as the Governor’s introduced budget.*

Expand Virginia Early Childhood Foundation Grants

- **Governor** - The Governor’s introduced budget includes an additional \$1.5 million in each year of the biennium to pilot public-private partnerships for the delivery of pre-kindergarten services to high-risk children and communities. In addition, the Governor also includes an additional \$1.6 million in fiscal year 2017 and \$2.3 million in fiscal year 2018 to operate a scholarship program to increase the skills of Virginia’s early education workforce.
- **Senate** – Same as the Governor’s introduced budget.
- **House** – Proposes to remove a portion of the increase in funding proposed in the Governor’s introduced budget. The House amendment would reduce funding under this initiative by \$1.0 million in fiscal year 2017 and by \$1.3 million in fiscal year 2018. The proposed reduction in funding is to the scholarship program portion.
- ***Final General Assembly Action*** – *Same as the Governor’s introduced budget and the House amendment.*

Expand Project Discovery

- **Governor** – The Governor’s introduced budget includes an increase of \$250,000 in each year of the biennium.
- **Senate** – Same as the Governor’s introduced budget.
- **House** – Proposes to eliminate the increase in funding proposed in the Governor’s introduced budget.
- ***Final General Assembly Action*** – *Reduces the introduced level of by \$250,000 in fiscal year 2017 and by \$62,500 in fiscal year 2018. Also requires a comprehensive evaluation of performance metrics by October 1, 2016.*

Expand Communities in Schools (CIS)

- **Governor** – The Governor’s introduced budget includes an increase of \$450,000 in each year of the biennium for the expansion of the program in Richmond and Petersburg.

- **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.

Expand High School Innovation Grants

- **Governor** – The Governor’s introduced budget includes an increase of \$250,000 in each year of the biennium for planning and start-up/implementation.
- **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.

Expand Wolf Trap Institute STEM program

- **Governor** – The Governor’s introduced budget includes an increase of \$275,000 in each year of the biennium to support expansion of the STEM model program for kindergarten and preschool students in certain school divisions by enhancing children’s learning experiences through the arts.
- **Senate** – Same as the Governor’s introduced budget.
- **House** – Proposes to eliminate the increase in funding proposed in the Governor’s introduced budget.
- *Final General Assembly Action* – Same as the Governor’s introduced budget.

Reduce Funding for the Great Aspirations Scholarship Program (GRASP)

- **Governor** – The Governor’s introduced budget includes a decrease of \$187,500 in each year of the biennium.
- **Senate** – Proposes to restore the funding that was reduced in the Governor’s introduced budget.
- **House** – Same as the Governor’s introduced budget.
- *Final General Assembly Action* – Same as the Senate amendment.

Reduce Funding for Southside Virginia Regional Technology Consortium

- **Governor** – The Governor’s introduced budget includes a decrease of \$50,000 in each year of the biennium.

- **Senate** – Proposes to restore the funding that was reduced in the Governor’s introduced budget.
- **House** – Same as the Governor’s introduced budget.
- *Final General Assembly Action* – Same as the Senate amendment.

Reduce Funding for Jobs for Virginia Graduates Program

- **Governor** – The Governor’s introduced budget includes a decrease of \$200,000 in each year of the biennium.
- **Senate** – Proposes to restore the funding that was reduced in the Governor’s introduced budget.
- **House** – Same as the Senate amendment.
- *Final General Assembly Action* – Same as the Senate amendment.

Eliminate Funding for STEAM Academy

- **Governor** – The Governor’s introduced budget eliminates \$100,000 in each year of the biennium.
- **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.

Eliminate Funding for Youth Development Academies

- **Governor** – The Governor’s introduced budget eliminates \$543,176 in each year of the biennium.
- **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.

Eliminate Funding for Virginia Career Education Foundation

- **Governor** – The Governor’s introduced budget eliminates \$31,003 in each year of the biennium.
- **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.

3. Direct Aid Budget Policy Changes Not Included in HB 30 as Introduced

Additional Support for Classroom Needs (Half Non-Recurring Expenses)

- **Senate** – Proposes additional funding in fiscal year 2018 to support classroom needs of school divisions. The amount of funding per school division is calculated in the same manner as proposed in the introduced budget for the state’s share of one instructional position per elementary school and two instructional positions per middle and high school. School divisions are not required to hire additional positions with this funding but the funds must be used at the school level. Funds may not be used for central office purposes and at least half must be used for non-recurring expenses. Local school divisions are not required to provide local matching funds. This amendment would increase proposed state funding by \$96.4 million in fiscal year 2018.
- **House** – No action.
- *Final General Assembly Action* – No action.

Additional Support for Classroom Needs (One-Time Funding)

- **Senate** - Proposes additional one-time funding in fiscal year 2018 to support classroom needs of school divisions. The proposed funding would be distributed to school divisions based on the state’s share of a per pupil amount and must be used at the school level. Funds may not be used for central office purposes and must be used for non-recurring expenses. Local school divisions are not required to provide local matching funds. This amendment would increase proposed state funding by \$24.2 million in fiscal year 2018. The projected total per pupil funding amount used in the formula (before adjustment for the composite index) is \$34.58.
- **House** – No action.
- *Final General Assembly Action* – No action.

Incentives for Joint Contracting for Educational Services

- **Senate** – Proposes funding in fiscal year 2018 to provide incentive funding for school divisions that enter into new contractual relationships for all educational services. This amendment would increase proposed state funding by \$1.0 million in fiscal year 2018. The school divisions must be adjacent to one another and at least one of the parties must serve 4,000 pupils or fewer. The amount of the incentive payment must be determined based on the Basic Aid account for the contracting school division with the smaller average daily membership (ADM), using a composite index established by the Board of Education, less the current Basic Aid entitlement for such contracting school division. The Board of Education

must use a composite index equal to the composite index of the contracting school division with the smaller ADM less the lower of 0.0500 or the difference between the higher composite index of the contracting school divisions. The incentive payment is authorized until termination of the contract. These incentive payments would be issued by the Department of Education on a first-come, first-served basis subject to the following conditions:

- 1) Total incentive payments issued during a fiscal year must not exceed \$2.0 million.
- 2) The number of contracts under which school divisions are eligible for such incentive payment must not exceed seven.

- **House** – No action.
- ***Final General Assembly Action*** – *Adopted language requiring the development of an approach to incentivize joint contracting by a school division with an adjacent school division. The approaches will consider all available educational services and require at least one of the contracting school divisions to enroll 4,000 or fewer students. This language is contained in the budget of the Secretary of Education. A report on the approaches considered will be submitted to the Chairmen of the Senate Finance and House Appropriations Committees by October 15, 2016.*

STEM Program/Research Study (Virginia Air & Space Center)

- **Senate** – Proposes funding to provide one-to-one state matching funds for a multi-platform STEM education management program and research study, consisting of 1,000 4th-7th grade students across Hampton Roads to participate in a two-year fully immersive educational engagement program, via the Virginia Air & Space Center. The amendment increases proposed state funding by \$870,625 in fiscal year 2017 and by \$681,975 in fiscal year 2018.
- **House** – No action.
- ***Final General Assembly Action*** – *Same as the Senate amendment.*

Petersburg Executive Leadership Recruitment Incentives

- **Senate** – Proposes funding to Petersburg City Public Schools to strengthen the impact of division and school level executive leadership on student achievement in the school division. Incentives may include supplements to locally funded salaries, deferred salary compensation, bonuses, housing and commuting supplements, and professional development supplements. This amendment would increase proposed state funding to Petersburg City Public Schools, contingent on qualifying for this incentive payment, by \$350,000 in both years of the biennium.
- **House** – No action.
- ***Final General Assembly Action*** – *Same as the Senate amendment.*

Virginia Reading Corps Pilot

- **Senate** – Proposes funding for school divisions to partner with the Virginia Reading Corps program. This amendment would increase proposed state funding by \$300,000 in both years of the biennium.
- **House** – No action.
- *Final General Assembly Action* – Same as the Senate amendment.

PreK-3 At-Risk Literacy Technology Pilot

- **Senate** – Proposes funding for a pilot related to acquiring language and literacy instructional technology for educationally at-risk students in grades Pre-K through 3 to supplement traditional teaching methods. This amendment would increase proposed state funding by \$300,000 in fiscal year 2017.
- **House** – No action.
- *Final General Assembly Action* – No action.

Teacher Improvement Fund

- **Senate** – Proposes funding for the Teacher Improvement Fund. The Senate proposes \$100,000 in fiscal year 2017 to provide grants to schools to explore alternative teacher compensation approaches that emphasize teacher performance and student progress. Grants shall not exceed \$5,000 each. In fiscal year 2018, the Senate proposes \$4.2 million in funding for the first year of five-year competitive grants to school divisions to implement performance-based teacher compensation systems. Priority for grants will be given to school divisions with high numbers of at-risk students needing qualified teachers in hard-to-staff subjects, hard-to-staff schools, and schools not achieving full accreditation.
- **House** – No action.
- *Final General Assembly Action* - Adds funding for the Teacher Improvement Fund. The General Assembly provides \$50,000 in fiscal year 2017 for grants to schools to explore alternative teacher compensation approaches that emphasize teacher performance and student progress. Grants shall not exceed \$5,000 each. In fiscal year 2018, the General Assembly provides \$2.1 million in funding for the first year of five-year competitive grants to school divisions to implement performance-based teacher compensation systems. Priority for grants will be given to school divisions with high numbers of at-risk students needing qualified teachers in hard-to-staff subjects, hard-to-staff schools, and schools not achieving full accreditation.

STEM Robotics Grant Fund

- **Senate** – Proposes funding for grants not to exceed \$5,000 each for STEM competition teams at qualified schools, pursuant to Senate Bill 246. This amendment would increase proposed state funding by \$100,000 in fiscal year 2017 and by \$200,000 in fiscal year 2018.
- **House** – No action.
- *Final General Assembly Action* – Same as the Senate amendment.

Virginia Student Training and Refurbishment

- **Senate** – No action.
- **House** – Proposes to increase funding for the Virginia Student Training and Refurbishment (VA STAR) Program. VA STAR is an initiative to introduce students to information technology. This amendment would increase state funding for the program by \$50,000 in both years of the biennium.
- *Final General Assembly Action* – Same as the House amendment.

Regional CTE Center Planning Start-up Funding

- **Senate** – No action
- **House** – Proposes to provide one-time planning funding for the development of a regional CTE Governor’s School Center in the Roanoke Valley area. The amendment would add \$100,000 of proposed state funding in fiscal year 2017.
- *Final General Assembly Action* – Same as the House amendment.

Lottery Proceeds Fund Per Pupil Allocations

- **Senate** – No action.
- **House** – Proposes to distribute funding to school divisions through Lottery proceeds to support the state share of an estimated \$151.18 per pupil in fiscal year 2017 and \$238.73 per pupil in fiscal year 2018. The per pupil amounts are subject to change based upon actual March 31 ADM collected each year. No more than 50.0 percent of funds can be used for recurring costs and at least 50.0 percent must be spent on non-recurring expenses. Non-recurring costs can include school construction, additions, infrastructure, site acquisition, renovations, technology, and other expenditures related to modernizing classroom equipment, and debt service payments on school projects completed during the previous 10 years. This amendment would provide redirected state funding of \$85.2 million in fiscal year 2017 and \$157.2 million in fiscal year 2018 for purposes of the per pupil payment. Other amendments provide additional revenue so that in total the estimated state share per pupil payment equals \$105.5 million in fiscal year 2017 and \$167.2 million in fiscal year 2018.

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School divisions are not required to provide local matching funds and unexpended funds may be carried over to the next fiscal year. A local funding maintenance of effort provision is included requiring that local per pupil funding in fiscal years 2017 and 2018 meet the per pupil level expended in fiscal year 2014.

- ***Final General Assembly Action*** - *Distributes funding to school divisions through Lottery proceeds to support the state share of an estimated \$52.42 per pupil in fiscal year 2017 and \$224.43 per pupil in fiscal year 2018. The per pupil amounts are subject to change based upon actual March 31 ADM collected each year. No more than 50.0 percent of funds can be used for recurring costs and at least 50.0 percent must be spent on non-recurring expenses. Non-recurring costs can include school construction, additions, infrastructure, site acquisition, renovations, technology, school buses, and other expenditures related to modernizing classroom equipment, and debt service payments on school projects completed during the previous 10 years. This amendment would provide redirected state funding of \$16.3 million in fiscal year 2017 and \$147.2 million in fiscal year 2018 for purposes of the per pupil payment. Other amendments provide additional revenue so that in total the estimated state share per pupil payment equals \$36.6 million in fiscal year 2017 and \$157.2 million in fiscal year 2018. School divisions are not required to provide local matching funds and unexpended funds may be carried over to the next fiscal year. Funds unexpended from this item as of June 30, 2017 and June 30, 2018 will be carried on the books of the locality to be appropriated to the school division in the following year. Includes a local funding maintenance of effort requirement such that local expenditures per pupil each year of the biennium can be no less than the per pupil amount spent in fiscal year 2014.*

Additional General Fund Revenue for Lottery Per Pupil Payment

- **Senate** – No action.
- **House** – Proposes an additional \$10.0 million from the general fund in fiscal year 2018 to support the reinstatement of the policy that allocates a portion of Lottery Proceeds revenues to distribute to school divisions on a per pupil amount basis.
- ***Final General Assembly Action*** – *Same as the House amendment.*

4. Language-Only Amendments for Direct Aid Programs Included in HB 30 as Introduced

Combine Existing Programs for Teacher Recruitment and Retention

- **Governor** – The Governor’s introduced budget proposes combining the following grant, scholarship, and incentive payments to attract, recruit, and retain high-quality teachers and fill critical teacher shortage disciplines into one program; however, there is no change in total state funding across these programs or in the program requirements specific to each program component.

The total for the new combined program is \$2,331,000 for fiscal year 2017 and fiscal year 2018 as follows:

- 1) Virginia Teaching Scholarship Loan Program - \$708,000 each year.

- 2) Teacher Recruitment and Retention: Math & Science Teacher Recruitment Initiative - \$808,000 each year.
- 3) Teacher Recruitment: Preparation Initiative - \$400,000 each year.
- 4) Virginia Teacher Corps (NCLB/EFAL) - \$415,000 (from Lottery to general fund) each year.

- **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.*

Virginia Preschool Initiative

- **Governor** – New language is proposed allowing up to 15 percent of a division’s VPI slots to be filled based on locally established eligibility criteria, in addition to the required VPI eligibility criteria established at the 2015 General Assembly Session.
- **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.*

Reading Specialists Initiative / Math/Reading Instructional Specialist Initiative

- **Governor** – The Governor’s introduced budget proposes allowing funding to be used for this tuition for currently employed instructional school personnel to earn the credentials necessary to meet licensure requirements to be endorsed as a reading or instructional specialist.
- **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.*

Early Reading Intervention

- **Governor** – The Governor’s introduced budget includes new language allowing divisions to use this funding for full-time early literacy tutors.
- **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.*

Conditions Under Which At-Risk Add-on Funds May Be Withheld from a School Division

- **Governor** – “If the Board of Education has required a local school board to submit a corrective action plan pursuant to § 22.1-253.13:3, Code of Virginia, either for the school division pursuant to a division level review, or for any schools within its division that have been designated as not meeting the standards as approved by the Board of Education, the Superintendent of Public Instruction shall determine and report to the Board of Education whether each such local school board has met its obligation to develop and submit such corrective action plan(s) and is making adequate and timely progress in implementing the plan(s). Additionally, if an academic review process undertaken pursuant to § 22.1-253.13:3, Code of Virginia, has identified actions for a local school board to implement, the Superintendent of Public Instruction shall determine and report to the Board of Education whether the local school board has implemented required actions. If the Superintendent certifies that a local school board has failed or refused to meet any of those obligations, the Board of Education may, in its discretion, withhold payment of some or all At-Risk Add-On funds otherwise allocated to the affected division pursuant to this allocation for the pending fiscal year. In determining the amount of At-Risk Add-On funds to be withheld, the Board of Education shall take into consideration the extent to which such funds have already been expended or contractually obligated. The local school board shall be given an opportunity to correct its failure and, if successful in a timely manner, may have some or all of its At-Risk Add-On funds restored at the Board of Education's discretion.”
- **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 but replaces “...Board of Education may, in its discretion, withhold payment...” with “...shall withhold....”*

Broadband Capability Reporting Requirement

- **Governor** - “By November 1 each year, school divisions shall report to the Department of Education the status of broadband connectivity capability of schools in the division on a form to be provided by the Department. Such report shall include school-level information on the method of Internet service delivery, the level of bandwidth capacity and the degree such capacity is sufficient for delivery of school wide digital resources and instruction, degree of internet connectivity via Wi-Fi, cost information related to Internet connectivity, data security, and such other pertinent information as determined by the Department of Education. The Department shall provide a summary of the division responses in a report to be made available on its agency Web site.”
- **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 30 as Introduced

Clarify Achievable Dream Eligibility for Neighborhood Assistance Program

- **Senate** – Proposes an amendment to clarify the amount of adjustment to the Neighborhood Assistance Program Tax Credits amount for Achievable Dream schools.
- **House** – No action.
- *Final General Assembly Action* – No action.

Add Listing of Supplemental Education Programs

- **Senate** – No action.
- **House** – Adds a table to display all supplemental education assistance programs funded in Direct Aid to Public Education in Item 138.
- *Final General Assembly Action* – Same as the House amendment.

Teach for America

- **Senate** – No action.
- **House** – Clarifies language that the funding included in the budget will only spent for the Teach for America program.
- *Final General Assembly Action* – Adopted language clarifying that the annual appropriation is to be used within the fiscal year it is appropriated for the Teach for America program, but that up to 50 percent of any carried-over balances from a prior year may be used for the Teacher Residency program.

Parental Choice Education Savings Account

- **Senate** – No action
- **House** – Directs a resident school division to deposit the appropriate state share of SOQ per pupil funding, sales tax per pupil funding, and any applicable special education funding received from the Department of Education for a qualifying student into an approved and established Parental Choice Education Savings account. Other language is included in the amendment that sets out other administrative functions to be carried out related to these accounts by school divisions, DOE, and the Virginia College Savings Plan. This language amendment relates to the provisions of House Bill 389.
- *Final General Assembly Action* – No action.

Free Lunch Date Reference

- **Senate** – No action.
- **House** – Corrects a date reference for free lunch data and clarifies that October 2013 free lunch data will be used for schools that participate in the Community Eligibility Provision program.
- **Final General Assembly Action** – *Similar to the House amendment, but clarifies for non-Community Eligibility Provision schools and divisions that the most recent free lunch eligibility data available as of the 2016-2018 biennial rebenchmarking process be used (i.e., October 2014 data).*

Dual Enrollment for Home-school Students

- **Senate** – No action.
- **House** – Adds language to ensure that the same policy regarding dual enrollment tuition-free waiver option is applied in the same manner for students enrolled in the public education system and students that are home-schooled.
- **Final General Assembly Action** – *Adds language to ensure that the same policies regarding the cost for dual enrollment courses held at a community college are consistently applied to public school students and home-schooled students. These policies will address school division contributions and any student charges for dual enrollment courses.*

Virginia Virtual School – Transfer of Statewide Average SOQ Per Pupil Amount

- **Senate** – No action.
- **House** – Inserts language that requires the Department of Education to transfer on a semi-monthly basis the average state share of Standards of Quality per pupil funding and the state's sales tax per pupil amount of funding to the Virginia Virtual School for each student that is enrolled in the school and who was previously enrolled in public school. Transfer payments are limited to 5,000 students per school year.
- **Final General Assembly Action** – *Same as the House amendment and adds that the per pupil funding transfer begin with the 2018-2019 school year and is contingent on the passage and enactment of House Bill 8.*

Virginia Preschool Initiative – Clarifying Language

- **Senate** – No action.
- **House** – Proposes clarifying language that specifies that state funding provided for the Virginia Preschool Initiative (VPI) is for at-risk four-year-olds who reside in-state and

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removes language in the introduced budget related to the VPI hold harmless provision for fiscal years 2017 and 2018 since funding was not appropriated in the introduced budget.

- ***Final General Assembly Action*** – Same as the House amendment and modifies language indicating VPI funding is for at-risk four-year-olds “who are residents of Virginia...”

Work Group to Review Use of Tablets

- **Senate** – No action.
- **House** – Inserts language that directs the Department of Education to establish a workgroup to review the transition from the use of computer labs in schools to the use of Chromebook tablets and similar laptop devices in classrooms.
- ***Final General Assembly Action*** - Inserts language that directs the Department of Education to establish a workgroup to review the transition from the use of computer labs in schools to the use of tablets and similar laptop devices in classrooms.

Manassas City SOQ Vocational Education Funding

- ***Final General Assembly Action*** – Adopts a technical correction to the vocational education allocation for Manassas City based on a data correction. This action increases the state payment to Manassas City by \$201,016 in fiscal year 2017 and \$211,867 in fiscal year 2018.

B. DEPARTMENT OF EDUCATION CENTRAL OFFICE

1. Central Office Policy Changes Impacting School Divisions Included in HB 30 as Introduced

Expand Computer Adaptive Testing (CAT) to Additional Grades

- **Governor** – The Governor’s introduced budget provides an additional \$3.4 million in fiscal year 2017 and \$1.6 million in fiscal year 2018 to support one-time costs to expand computer adaptive testing to additional grades; specifically, grades 3-5 for mathematics and grades 3-8 for reading. Objectives in converting to the CAT format include shortening SOL testing duration in these subject areas/grades and providing data that can be used for the development of student growth measures.
- **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.

Redesign of School Performance Report Card

- **Governor** – The Governor’s introduced budget provides an additional \$30,000 in fiscal year 2017 and \$225,000 in fiscal year 2018 to continue the redesign of the school performance report card.
- **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. Also moves \$50,000 from fiscal year 2018 to fiscal year 2017 to match the vendor billing schedule.*

Increase Virginia Department of Education Staffing Capacity

- **Governor** – The Governor’s introduced budget provides \$1.0 million in additional funding each year of the biennium to fund eight additional positions to meet critical agency staffing needs as follows:
 1. Early Childhood Specialist (1 position)
 2. Professional Development (2 positions) – Mathematics and Science Specialist and English and History and Social Science Specialist
 3. School Improvement (2 positions) – School Improvement Coordinator and School Improvement Specialist
 4. E-Rate Coordinator (1 position)
 5. Efficiency (1 position) – Facilities and Pupil Transportation (per JLARC study), and
 6. State Operated Programs Specialist (1 position)
- **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.*

Restore Funding for Statewide Digital Content Online Learning Development

- **Governor** – The Governor’s introduced budget provides an additional \$400,000 in each year of the biennium to restore funding for this purpose to the fiscal year 2015 level. This funding supports the development of digital content for online learning to be made available for use by school divisions. These services are currently provided by eMediaVA.
- **Senate** – Same as the Governor’s introduced budget. The Senate also proposes additional funding to support technology services provided by eMediaVA for competency-based, personalized learning opportunities. The additional funds would be used to increase teacher training and awareness statewide, including implementation of a single log-on, development of customizable curriculum resources and additional infrastructure to distribute materials. The amendment would increase state funding by \$200,000 in both years of the biennium.

- **House** – Same as the Governor’s introduced budget.
- ***Final General Assembly Action*** – *Same as the Governor’s introduced budget. The General Assembly adds an additional \$500,000 for these services in both years of the biennium.*

Fund Phonological Awareness Literacy Screening (PALS) Pre-K Contract

- **Governor** – The Governor’s introduced budget provides an additional \$197,000 in each year of the biennium to fund a contract with the University of Virginia to collect data, provide analysis, and report scores for the Pre-K PALS diagnostic.
- **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.*

Student Assessment Growth Model

- **Governor** - The Governor’s introduced budget provides an additional \$150,000 in fiscal year 2017 for a pilot program to deliver personalized instructional and academic planning for students, facilitate data driven school improvement efforts, and support the stat’s accountability and accreditation systems.
- **Senate** – Proposes to increase the funding for this initiative to a total of \$300,000. This amendment would increase proposed state funding for the initiative by \$150,000 in fiscal year 2017 compared to the introduced budget. Also includes a requirement to present preliminary results to the Board of Education and the Chairmen of the Senate Finance and House Appropriations Committees.
- **House** - Proposes to eliminate the \$150,000 in fiscal year 2017 funding proposed in the Governor’s introduced budget.
- ***Final General Assembly Action*** – *Increases the funding under this initiative by \$350,000 in fiscal year 2017 compared to the introduced budget. Requires preliminary results to be provided to the President of the State Board of Education and the Chairmen of the Senate Finance and House Appropriations Committees to determine whether a statewide approach should be implemented.*

2. Central Office Policy Changes Impacting School Divisions Not Included in HB 30 as Introduced

Workgroup on Serving Students with Disabilities

- **Senate** – Proposes a workgroup to be formed by the Department of Education to assess the barriers to serving students with disabilities in their local public schools. Topics to be

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considered by the workgroup include program requirements, funding formulae and factors, and policies for students to make a transition back to public school. Composition of the workgroup will include state and local leaders as well as members of the General Assembly and several stakeholder groups. Recommendations will be made to the Commission on Youth prior to the 2017 session of the General Assembly. The workgroup is based upon issues presented in a report to the Commission on Youth in December 2015.

- **House** – No action.
- *Final General Assembly Action* – Same as the Senate amendment.

Develop Model Exit Questionnaire for Teachers

- **Senate** – Proposes the development of a model exit questionnaire by the Department of Education that school divisions may administer to exiting teachers. Development of the questionnaire should consider best practices within the human resources field as well as stakeholder input from Virginia’s school divisions. DOE will report to the Senate Finance Committee by November 1, 2016 (i) a model questionnaire; (ii) steps that have been taken to improve teacher turnover; and (iii) analysis of available turnover rates by region. The exit survey is a recommendation of the January 2016 Feasibility Study on the Implementation of a Program to Track Teacher Turnover in the Commonwealth.
- **House** – No action.
- *Final General Assembly Action* – Adopts language that requires DOE to develop a model questionnaire that school divisions may administer to exiting teachers.

Dyslexia Training

- **Senate** – No action.
- **House** – Proposes to provide funding for the Department of Education to develop and implement training on indicators of dyslexia and the evidence-based interventions and accommodations for dyslexia for teachers who are seeking initial licensure or renewal of a license. This amendment proposes to provide \$257,000 in fiscal year 2017 and \$157,000 in fiscal year 2018 to the Department of Education, including one staff position. This item is in accordance with House Bill 842.
- *Final General Assembly Action* – Same as the House amendment.

Review of Classroom Technology and Digital Content Development

- **Senate** – No action.
- **House** – Proposes to provide \$127,420 in both years of the biennium to the Department of Education to hire a new position that will be dedicated to the review of the use of technology and digital content or on-line based curriculum. This item also requires DOE to report its

preliminary findings to the Chairmen of the House Appropriations and Senate Finance Committees by November 1, 2017.

- ***Final General Assembly Action*** – *Adopts a language-only amendment directing DOE to review the use of technology and digital content or online based curriculum and report its preliminary findings to the Chairmen of the House Appropriations and Senate Finance Committees by November 1, 2017.*

Virginia Virtual School – Start-up Costs

- **Senate** – No action.
- **House** – Proposes a \$275,000 appropriation in fiscal year 2017 for the Department of Education from the general fund for a one-time start-up payment and \$550,000 in fiscal year 2018 from non-general funds, which would be generated from payments from the multidivision online providers to DOE, for the Virginia Virtual School. The \$275,000 would cover the cost of 4 full-time employees employed by the Virginia Virtual School and Virginia Virtual School Board members costs during the first year start-up. Staff would be hired by January 1, 2017 in order to be ready for the opening of the school in fiscal year 2018. Once students have enrolled in the Virginia Virtual School in the fall of 2017, the costs of the administration of the School will be provided for by the multidivision online providers that contract to provide full-time virtual school programs with the School. The funding is contingent on the passage of House Bill 8.
- ***Final General Assembly Action*** – *Allocates \$275,000 in fiscal year 2018 to the Department of Education as one-time startup funding for the Virginia Virtual School. This allocation will cover the cost of four full-time employees employed by the Virginia Virtual School and the Virginia Virtual School Board members' costs. The funding is contingent on the passage and enactment of House Bill 8.*