

Summary of Budget Amendments Adopted by the 2017 General Assembly to the 2016-2018 Biennial Budget as Amended by Governor McAuliffe (HB 1500/SB 900 as Introduced) Affecting the Direct Aid to Public Education and Department of Education Central Office Budgets

This document provides a summary of amendments to the amended 2016-2018 biennial budget (HB 1500/SB 900 as introduced) that were adopted by the 2017 General Assembly on February 25, 2017. The amendments adopted by the General Assembly change the budget proposed by Governor McAuliffe in HB 1500/SB 900 as introduced. The adopted changes affect fiscal years 2017 and 2018. Fiscal year 2017 began 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 1500/SB 900 were communicated in Attachment A of [Superintendent's Memorandum #312-16](#), dated December 16, 2016. The budget amendments adopted separately by the House of Delegates and the Senate were communicated in Attachment A of [Superintendent's Memorandum #040-17](#) dated February 10, 2017. The original text of those attachments is repeated in this document for reference purposes. The final budget actions adopted by the 2017 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 is organized in the following two sections:

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

1. Technical Updates to Existing Direct Aid Programs Included in HB 1500/SB 900 as Introduced
2. Direct Aid Budget Policy Changes Included in HB 1500/SB 900 as Introduced
3. Direct Aid Budget Policy Changes Not Included in HB 1500/SB 900 as Introduced
4. Direct Aid Budget Language Changes Included in HB 1500/SB 900 as Introduced
5. Direct Aid Budget Language Changes Not Included in HB 1500/SB 900 as Introduced

Section B: Amendments to the Department of Education Central Office Budget

1. Amendments to DOE Central Office Budget Included in HB 1500/SB 900 as Introduced
2. Amendments to DOE Central Office Budget Not Included in HB 1500/SB 900 as Introduced

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

1. Technical Updates to Existing Direct Aid Programs Included in HB 1500/SB 900 as Introduced

Update Average Daily Membership (ADM) and Fall Membership

- **Governor** - Projections of unadjusted and adjusted average daily membership (ADM) for fiscal years 2017 and 2018 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, 2015, fall membership. The most recent projections contained in the Governor's introduced budget amendments have been revised based on actual March 31, 2016, ADM and September 30, 2016, fall membership.

On a statewide basis, the revised unadjusted ADM projections are 2,610 students lower in fiscal year 2017 and 3,691 students lower in fiscal year 2018 than the original projections contained in Chapter 780. The ADM-based payments for fiscal years 2017 and 2018 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 2017 and re-projected fall membership in fiscal year 2018. The ADM and fall membership updates result in an estimated decrease in Direct Aid payments on a statewide basis of \$14.8 million in fiscal year 2017 and \$20.5 million in fiscal year 2018.

- **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.*

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 2017 and 2018, 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 \$1,347.4 million for fiscal year 2017 and \$1,377.1 million for fiscal year 2018. These revised sales tax estimates are approximately \$35.5 million lower in fiscal year 2017 and \$55.8 million lower in fiscal year 2018 than the projections

contained in Chapter 780. 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 \$20.0 million in fiscal year 2017 and \$33.3 million in fiscal year 2018. 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 \$15.6 million in fiscal year 2017 and a decrease of \$24.5 million in fiscal year 2018.

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. The July 1, 2014, school-age population estimates will be used to distribute fiscal year 2017 sales tax revenues. The fiscal year 2018 sales tax distribution was amended to reflect the July 1, 2015, school-age population estimates. The fiscal year 2017 school-age population estimates remain the same as in Chapter 780, and continue to use the July 1, 2014, estimate to distribute sales tax revenue in fiscal year 2017. This action does not change the total amount of sales tax distributed to divisions in fiscal year 2018, just the distribution to individual divisions. This action results in a \$1.9 million increase in the general fund appropriation for Basic Aid in fiscal year 2018.

- **Senate** – Proposes an \$842,000 increase in fiscal year 2018 sales tax distributions to school divisions due to a projected increase in collections of the cigarette tax. This increase is contingent on the passage of Senate Bill 1390. 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 by \$472,155 in fiscal year 2018. 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 \$369,845 in fiscal year 2018.
- **House** – Same as the Senate amendment. This increase is contingent on the passage of House Bill 1913.
- ***Final General Assembly Action*** – *Same as the Governor's introduced budget, as well as the Senate and House amendments. 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 by \$472,254 in fiscal year 2018. 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 \$369,848 in fiscal year 2018.*

Update Lottery Revenue Estimate

- **Governor** - The Governor's amended budget increases the Lottery proceeds estimate by \$47.1 million to \$608.6 million in fiscal year 2017, as compared to the projection contained in Chapter 780. This additional Lottery funding is used to replace a like amount of state general funds in certain Direct Aid accounts. The Governor's amended budget increases the Lottery proceeds estimate by \$5.3 million to \$546.5 million in fiscal year 2018, as compared to Chapter 780, and is likewise used to replace general fund costs in certain Direct Aid accounts.
- **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 Standards of Quality (SOQ), Incentive, Categorical, Lottery-funded, and Supplemental Education Accounts

- **Governor** - Various technical adjustments have been made to SOQ, Incentive, Categorical, Lottery-funded, and Supplemental Education 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 \$9.3 million in fiscal year 2017 and \$4.2 million in fiscal year 2018 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 2017 and fiscal year 2018. Funding for the Remedial Summer School program decreased by \$3.6 million in fiscal year 2017 and \$4.2 million in fiscal year 2018, based on actual participation in the Remedial Summer School program in Summer 2016. In addition, state funding for English as a Second Language is increased by \$690,144 in fiscal year 2018 based on actual fiscal year 2017 enrollment.
 - *Incentive Technical Updates*

Funding for the Governor's Schools program is reduced by \$559,259 in fiscal year 2017 and decreased \$786,409 in fiscal year 2018, based on actual enrollment in fiscal year 2017 and updated program course load data. These changes include reverting the Southwest Virginia Governor's School program length back to a 5/6th day program, a decrease of \$87,661 in fiscal year 2017 and \$91,793 in fiscal year 2018. Finally, VPSA Educational Technology Grants decreased by \$5.5 million in fiscal year 2017 and \$5.7 million in fiscal year 2018 based on updates for schools reporting fall membership for fiscal year 2017, and for 2016-2017 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 \$404,962 in fiscal year 2017 and \$138,801 in fiscal year 2018 based on actual program participation. Funding for the Special Education Homebound program is reduced by \$358,338 in fiscal year 2017 and \$365,504 in fiscal year 2018 based on the actual state's share of local program costs in fiscal year 2017. Funding for the Special Education Jails account is reduced by \$69,285 in fiscal year 2017 and \$132,037 in fiscal year 2018 based on actual payments for fiscal year 2016 and estimated program participation in fiscal year 2017. Funding for the Special Education State Operated Programs account increased by approximately \$32,295 in fiscal year 2017 and \$370,144 in fiscal year 2018 based on actual payments for fiscal year 2016 and estimated program participation in fiscal year 2017. The division distribution of state funds for the School Lunch program account for fiscal years 2017 and 2018 is updated to reflect fiscal year 2016 actual payments. The total state funding for this program remains the same as in Chapter 780; 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 decreased by approximately \$1.3 million in fiscal year 2017 and increased by \$37,575 in fiscal year 2018. Funding for Regional Alternative Education is reduced by \$95,540 in fiscal year 2017 and \$282,352 in fiscal year 2018. Funding for K-3 Primary Class Size Reduction is reduced by approximately \$6.5 million in fiscal year 2017 and \$3.2 million in fiscal year 2018. Funding for the Early Reading Intervention program is increased by \$1.9 million in fiscal year 2017 and \$1.9 million in fiscal year 2018. Funding for School Breakfast is increased by \$961,165 in fiscal year 2017 and \$1.3 million in fiscal year 2018. Funding for Foster Care is increased by \$1.3 million in fiscal year 2017 and \$1.7 million in fiscal year 2018. In addition, Special Education Regional Tuition is reduced by \$2.7 million in 2017 and \$3.3 million in 2018 based on actual costs in fiscal year 2016. Funding for English as a Second Language is increased by \$768,279 in fiscal year 2017 based on actual fiscal year 2017 enrollment.

- *Supplemental Education Service Area Updates*

Funding for the National Board Certification Bonus Program is reduced by \$870,000 in fiscal year 2017 and \$785,000 in fiscal year 2018 for the actual number of teachers who hold National Board Certification in fiscal year 2017 and for an updated projection of the number holding certification in fiscal year 2018.

- **Senate** – Same as the Governor's introduced budget. Also, proposes a technical amendment to update the free lunch percentage for Bailey's Upper Elementary School for the Arts and Sciences in Fairfax County from the division three-year average of 23.4 percent to 61.1 percent. This action would increase state funding to Fairfax County in

fiscal year 2017 by \$62,640 and in fiscal year 2018 by \$61,820 for the K-3 Class Size Reduction program. Also proposes a technical amendment to correct the calculation of a half-day slot in the Virginia Preschool Initiative. The change would decrease state costs by \$153 in fiscal year 2017.

- **House** – Same as the Senate amendment.
- ***Final General Assembly Action*** – *Same as the Senate and House amendments. In addition to adopting the various technical updates in the Governor's introduced budget, this action will increase state funding to Fairfax County in fiscal year 2017 by \$60,614 and in fiscal year 2018 by \$61,831 for the K-3 Class Size Reduction program. The correction to half-day slots in the Virginia Preschool Initiative will decrease state costs by \$153 in fiscal year 2017.*

Update Driver's Education Funding in Basic Aid

- **Governor** - The Governor's amended budget increases non-general fund revenues received from the Department of Motor Vehicles for driver's education costs funded in the Basic Aid formula by approximately \$1.5 million in fiscal year 2017 and \$1.6 million in fiscal year 2018. These non-general fund revenue increases supplant like amounts of general funds within the Basic Aid formula. The non-general fund revenue for driver's education increased due to the eight-year driver's license renewal cycle, which became effective in fiscal year 2014, now being fully phased in as of fiscal year 2017. This change does not affect the funded per pupil amounts for Basic Aid or projected payments for Basic Aid in fiscal years 2017 and 2018, but is only a fund source change within the Basic Aid formula.
- **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.*

Include Project Graduation Distribution Formula

- **Governor** - As previously announced in Superintendent's Memo # 133-16 dated May 27, 2016, a distribution formula has been implemented in the Governor's amended budget for Project Graduation that will impact division funding for fiscal years 2017 and 2018. The new distribution formula uses the number of failures on SOL end-of-course assessments in a division and compares that figure to the statewide total number of failures. The amounts are adjusted based upon the composite index. The total state funding available to divisions for fiscal year 2017 and 2018 is unchanged from that provided in the Chapter 780 budget.
- **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.

2. Direct Aid Budget Policy Changes Included in HB 1500/SB 900 as Introduced

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 years 2017 and 2018, from \$166.3 million to \$191.3 million in fiscal year 2017, and from \$156.3 million to \$181.3 million in fiscal year 2018. The increased transfer amount is offset by a corresponding state general fund decrease of \$25.0 million in fiscal years 2017 and 2018. These fund source changes do not affect division per pupil amounts or projected payments for VRS retirement in fiscal years 2017 or 2018.

Note: The Governor's amended budget does not change any of the fringe benefit rates for fiscal years 2017 or 2018 that were adopted last session in the Chapter 780 budget; all rates remain the same as adopted last session. The fringe benefit rates included in the Governor's amended budget are listed in the table below for your information.

HB 1500/SB 900 As Introduced Funded Fringe Benefit Rates:	FY 2017	FY 2018
Instructional & Professional Support VRS (<u>Employer</u> Share) (<i>Does not include RHCC - see below</i>)	14.66%	16.32%
Group Life (<u>Employer</u> Share)	0.52%	0.52%
Retiree Health Care Credit (RHCC) (<i>Paid as part of the VRS Instructional retirement per pupil amount</i>)	1.11%	1.23%
Non-professional Support VRS	7.11%	7.11%
Social Security	7.65%	7.65%
Health Care Premium	\$4,604	\$4,604
Total Instructional Benefit Percent (<u>Employer</u> Share)	23.94%	25.72%
Total Non-professional Support Benefit Percent (<u>Employer</u> Share)	15.28%	15.28%

- **Senate** – Same as the Governor's introduced budget. The Senate also proposes to increase the transfer from the Literary Fund by an additional \$8.0 million in fiscal year 2017 for VRS payments to school divisions. The increased transfer is offset by a corresponding decrease in general funds of \$8.0 million in fiscal year 2017.
- **House** – Same as the Governor's introduced budget.

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

Remove the State's Share of a 2.0 Percent Salary Increase (i.e., Compensation Supplement) for Funded SOQ Instructional and Support Positions and Academic Year Governor's Schools; Reinstate 2.0 Percent Compensation Supplement in FY 2018

- **Governor** - The Governor's amended budget removes the state share of funding in fiscal year 2017 and 2018 for the 2.0 percent Compensation Supplement that was to be effective December 1, 2016, for funded SOQ instructional and support positions and for Academic Year Governor's Schools. This action results in a decrease in state funding of \$49.3 million in 2017 and \$86.0 million in fiscal year 2018.
- **Senate** – Same as the Governor's introduced budget. The Senate also proposes to reinstate the 2.0 percent Compensation Supplement in fiscal year 2018. The funding is calculated with an effective date of July 10, 2017, for funded SOQ instructional and support positions and for Academic Year Governor's Schools. Funded SOQ instructional positions include teacher, guidance counselor, librarian, instructional aide, principal, and assistant principal positions funded through the SOQ staffing standards for each school division in the biennium. \$83.2 million is provided for the state share of a 2.0 percent salary increase effective July 10, 2017 to school divisions which certify to the Department of Education, by June 1, 2017, that salary increases of a minimum average of 2.0 percent have been or will have been provided to instructional and support personnel during the 2016-2018 biennium, either in fiscal year 2017, fiscal year 2018, or through a combination of the two years. While the aforementioned minimum average 2.0 percent pay increase must be provided by school divisions in order to receive the state funds, a required local match based on the division composite index typically required for Compensation Supplement funding is not specifically required under the current Senate proposal.
- **House** – Same as the Governor's introduced budget.
- ***Final General Assembly Action*** – *Same as the Governor's introduced budget. The General Assembly also reinstates the 2.0 percent Compensation Supplement in fiscal year 2018. The state funding is calculated with an effective date of February 15, 2018, for funded SOQ instructional and support positions and for Academic Year Governor's Schools. Funded SOQ instructional positions include teacher, guidance counselor, librarian, instructional aide, principal, and assistant principal positions funded through the SOQ staffing standards for each school division in the biennium. \$32.0 million is provided for the state share of a 2.0 percent salary increase effective February 15, 2018 to school divisions which certify to the Department of Education, by June 1, 2017, that salary increases of a minimum average of 2.0 percent have been or will have been provided to instructional and support personnel during the 2016-2018 biennium, either in fiscal year 2017, fiscal year 2018, or through a combination of the two years. While the aforementioned minimum average 2.0 percent pay increase must be provided by school divisions in order to receive the state funds, a required local match based on the division*

composite index typically required under the Compensation Supplement formula is not specifically required in fiscal year 2018 under the final General Assembly action.

Add One-Time Bonus for SOQ-funded Instructional and Support Personnel and Academic Year Governor's Schools

- **Governor** - The Governor's amended budget includes funding for a one-time bonus payment effective December 1, 2017, equal to 1.5 percent of the funded salaries for funded SOQ instructional and support positions and Academic Year Governor's Schools. No local match of funds is required. Funded SOQ instructional positions include the teacher, guidance counselor, librarian, instructional aide, principal, and assistant principal positions funded through the SOQ staffing standards for each school division in the biennium. This action results in a \$55.5 million increase in state general funds in fiscal year 2018. It is anticipated, as a form of one-time compensation, the state bonus funding will be paid to school divisions on December 1, 2017.
- **Senate** – Proposes to remove all funding for the bonus and redirect the funds for a 2.0 percent Compensation Supplement in fiscal year 2018 as discussed in the section above.
- **House** – Proposes to remove all funding for the bonus and redirect the funds to support an increase in the Supplemental Lottery per pupil funding in fiscal year 2018 as discussed in the next section.
- **Final General Assembly Action** – *Removes all funding for the fiscal year 2018 bonus and redirects the funds for a 2.0 percent Compensation Supplement in fiscal year 2018 as discussed in the section above and increases the Supplemental Lottery per pupil funding in fiscal year 2018 as discussed in the next section.*

Update Supplemental Lottery Per Pupil Amount

- **Governor** - The Governor's amended budget includes an increase in the per pupil amount for the Supplemental Lottery allocation from \$52.42 per pupil to \$52.56 per pupil in fiscal year 2017 and from \$224.43 per pupil to \$225.25 per pupil in fiscal year 2018. This action increases statewide allocations by \$97,438 in fiscal year 2017 and \$572,162 in fiscal year 2018.
- **Senate** – Proposes to reduce statewide funding for the Supplemental Lottery Per Pupil Amount by \$27.8 million in fiscal year 2018 and to repurpose the funding to support the reinstatement of the 2.0 percent Compensation Supplement in fiscal year 2018. This action would reduce the Supplemental Lottery per pupil amount in fiscal year 2018 from \$224.43 to \$185.58.
- **House** – Proposes to increase statewide funding for the Supplemental Lottery Per Pupil Amount by \$61.6 million in fiscal year 2018. Included in this amount are the \$55.5 million one-time bonus payment from the introduced budget that is being repurposed by the House and an additional \$6.1 million from the general fund. The House also inserted language that states that a school division is permitted to spend the funds on both

recurring and nonrecurring expenses in a manner that best supports its needs, which alters the provisions set forth in Chapter 780 of the 2016 General Assembly and in the introduced budget. This action would increase the Supplemental Lottery per pupil amount in fiscal year 2018 from \$224.43 to \$313.50, with approximately 40.0 percent of fiscal year 2018 Lottery revenues going towards the per pupil payment. The House maintains language not requiring a local match of funds.

- ***Final General Assembly Action*** – *Increases statewide funding for the Supplemental Lottery Per Pupil Amount by \$34.1 million in fiscal year 2018. The General Assembly struck language requiring that at least 50.0 percent of this funding be used for nonrecurring expenditures, and inserted language that states that a school division is permitted to spend the funds on both recurring and nonrecurring expenses in a manner that best supports its needs, which alters the provisions set forth in Chapter 780 of the 2016 General Assembly and in the introduced budget. This action increases the Supplemental Lottery per pupil amount in fiscal year 2018 from \$224.43 to \$274.12, with approximately 35.0 percent of fiscal year 2018 Lottery revenues going towards the per pupil payment. The General Assembly maintains language not requiring a local match of funds.*

Add a Summer Governor's School for Entrepreneurial Leadership Planning Grant

- **Governor** - The Governor's amended budget includes \$32,292 in fiscal year 2018 for a planning grant to establish a summer Governor's School for Entrepreneurial Leadership.
- **Senate** – Same as the Governor's introduced budget.
- **House** – Proposes to remove the \$32,292 in fiscal year 2018 funding proposed in the Governor's introduced budget.
- ***Final General Assembly Action*** – *Same as the House amendment.*

Teacher Improvement Fund

- **Governor** - The Governor's amended budget includes a \$2.0 million decrease to the Teacher Improvement Fund in fiscal year 2018. \$50,000 is maintained in fiscal year 2018 for additional planning grants.
- **Senate** – Same as the Governor's introduced budget and proposes to capture the savings from this initiative in fiscal year 2017 based upon the volume of planning grants awarded. This action reduces the general fund allocation by \$35,000.
- **House** – Same as the Governor's introduced budget and proposes an additional decrease of \$35,000 in both fiscal years 2017 and 2018. This change would leave a \$15,000 allocation in the Teacher Improvement Fund in both fiscal years for planning grants.
- ***Final General Assembly Action*** – *Same as the House amendment.*

Summer Cyber Camp

- **Governor** - The Governor's amended budget includes \$480,000 to continue state support for Summer Cyber Camps in fiscal year 2018 (for summer 2017 operation).
- **Senate** – Proposes to remove \$240,000 of the fiscal year 2018 funding for Summer Cyber Camps contained in the introduced budget.
- **House** – Proposes to remove the \$480,000 in fiscal year 2018 funding proposed in the introduced budget.
- ***Final General Assembly Action*** – *Same as the House amendment.*

Teacher Residency Program

- **Governor** - The Governor's amended budget includes a \$1.0 million increase to the Teacher Residency Program in fiscal year 2018.
- **Senate** – Same as the Governor's introduced budget.
- **House** – Proposes to remove the \$1.0 million in additional fiscal year 2018 funding proposed in the introduced budget.
- ***Final General Assembly Action*** – *Reduces new funding that was proposed in the introduced budget in fiscal year 2018 by \$500,000.*

Teacher Recruitment and Retention

- **Governor** - The Governor's amended budget reduces funding for Teacher Recruitment and Retention (specifically, the Math/Science Teacher Recruitment Initiative Pilot component) by \$400,000 in fiscal years 2017 and 2018. In fiscal year 2018, this funding is redirected to the DOE Central Office budget to help fund the cost of the required Algebra Readiness Diagnostic Test (ARDT) provided at no cost to school divisions.
- **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 1500/SB 900 as Introduced

Enrollment Loss Relief

- **Senate** – Proposes \$7.0 million in additional funding from the general fund for Enrollment Loss Relief in fiscal year 2017. To be eligible for funding, a school division would need to experience a 1.5 percent or greater reduction in March 31, 2017 ADM as

compared to March 31, 2016 ADM. Distributions are calculated as 50.0 percent of the product of (i) the division's SOQ funded per pupil amount, adjusted by the local composite index, and (ii) the net difference between March 31, 2016 ADM and March 31, 2017 ADM.

- **House** – Proposes \$9.0 million in additional funding from the general fund for Small School Division Maintenance Funding in fiscal year 2018. To be eligible for funding, a school division would need to (i) have a March 31, 2016 ADM of 10,000 students or less, and (ii) experience a 10.0 percent or greater decline in its ADM from March 31, 2006 to March 31, 2016. Eligible school divisions would receive a minimum \$75,000 distribution from this program. Distributions are calculated as 15.0 percent of the product of (i) the division's SOQ funded per pupil amount, adjusted by the local composite index, and (ii) the net difference between March 31, 2006 ADM and March 31, 2016 ADM.
- **Final General Assembly Action** – *Distributes \$7.3 million in fiscal year 2017 to school divisions that (i) have a March 31, 2016 ADM of 10,000 students or less, and (ii) experienced a 5.0 percent or greater decline in ADM from March 31, 2011 to March 31, 2016. Eligible school divisions will receive a minimum \$75,000 distribution from this program. Distributions are calculated as 20.0 percent of the product of (i) the division's SOQ funded per pupil amount, adjusted by the local composite index, and (ii) the net difference between March 31, 2011 ADM and March 31, 2016 ADM. No local match is required. The program is titled "Small School Division Enrollment Loss Fund."*

Project Graduation

- **Senate** – Proposes to reduce funding for Project Gradation by \$1.4 million in fiscal year 2018. This action would reduce the statewide program allocations to school divisions by 50.0 percent.
- **House** – No action.
- **Final General Assembly Action** – *Same as the Senate amendment.*

SOL Algebra Readiness

- **Senate** – Proposes to use \$400,000 of the SOL Algebra Readiness program funding to school divisions in fiscal year 2018 to fund the increased cost of the Algebra Readiness Diagnostic Test. This action would proportionally reduce statewide payments to school divisions in fiscal year 2018.
- **House** – No action.
- **Final General Assembly Action** - *Uses \$200,000 of the SOL Algebra Readiness program funding to school divisions in fiscal year 2018 to fund the increased cost of the Algebra Readiness Diagnostic Test. This action would proportionally reduce statewide payments to school divisions in fiscal year 2018.*

Optional Vision Screening Pilot

- **Senate** – No action.
- **House** – Proposes \$300,000 in funding in fiscal year 2018 for five pilot school divisions to perform optional vision screenings. This increase is contingent on the passage of House Bill 1408.
- *Final General Assembly Action* – No action.

College Partnership Lab School

- **Senate** – No action.
- **House** – Proposes \$50,000 in fiscal year 2018 for a partnership between Virginia State University and Chesterfield County for the College Partnership Lab School in support of Ettrick Elementary School.
- *Final General Assembly Action* – Same as the House amendment.

SPARKS Summer Program

- **Senate** – No action.
- **House** – Proposes \$200,000 in fiscal year 2018 for Newport News to administer the SPARKS summer program for at-risk youth. The program provides a safe environment for children during the summer with meaningful instruction. As a condition for receiving this allocation, the program is required to meet a maintenance of effort obligation for fiscal year 2018.
- *Final General Assembly Action* – No action.

Vocational Lab Pilot

- **Senate** – No action.
- **House** – Proposes \$175,000 in fiscal year 2018 for a Vocational Lab Pilot in Newport News that focuses on an advanced, augmented, and virtual reality related education experience.
- *Final General Assembly Action* – Same as the House amendment.

Project Discovery

- **Senate** – Proposes to increase funding for Project Discovery in fiscal year 2018 by \$237,500. The total allocation for the program would increase to \$850,000.

- **House** – Proposes to reduce funding for Project Discovery in fiscal year 2018 by \$187,500. The total allocation for the program would be reduced to \$425,000, which matches the fiscal year 2017 funding level.
- **Final General Assembly Action** – *Increases funding for Project Discovery in fiscal year 2018 by \$50,000. The total allocation for the program increases to \$662,500 in fiscal year 2018.*

4. Direct Aid Budget Language Changes Included in HB 1500/SB 900 as Introduced

Technical Amendment to COCA Rates Language

- **Governor** - Amends budget language to properly reflect that the Cost of Competing Adjustment (COCA) for support positions is funded in both years of 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.*

Add Language to Expand the Use of Traineeships in the Special Education Endorsement Program

- **Governor** - Adds budget language to allow full expenditure of the current Special Education Endorsement Program appropriation by more accurately reflecting actual student workload and current higher education tuition rates.
- **Senate** – Proposes to remove the new language contained in the introduced budget that would have overridden statutory provisions in §22.1-290.02.
- **House** – Same as the Governor's introduced budget.
- **Final General Assembly Action** – *Same as the Senate amendment. Also inserts additional language that refines how the program will operate. State funding can be used for traineeships and program operation grants to Virginia public institutions of higher education to prepare persons employed in public schools, state operated programs, or regional special education centers as special educators with a provisional license and enrolled either part-time or full-time in programs for the education of children with disabilities. Applicants must be graduates of a regionally accredited college or university and are eligible for a single award of up to \$600 for a minimum of three semester hours of course work in areas required for the special education endorsements to be taken during a single semester or summer session.*

Special Education Endorsement Program Funding

- **Senate** – Proposes to capture anticipated savings in this program in fiscal years 2017 and 2018. This would reduce general funding for the program by \$50,000 in fiscal year 2017 and by \$162,814 in fiscal year 2018.
- **House** – No action.
- ***Final General Assembly Action*** – *Same as the Senate amendment.*

Add Language to Redirect Uncommitted Teach for America Appropriation to the Teacher Residency Program

- **Governor** - Adds budget language to redirect any uncommitted Teach for America (TFA) appropriation to the Teacher Residency Program in anticipation that the TFA program will not use the full 2016-2018 biennium appropriation. Any commitments to TFA would take precedence over redirection of funds to the Teacher Residency 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.*

5. Direct Aid Budget Language Changes Not Included in HB 1500/SB 900 as Introduced

Extended School Year Grants

- **Senate** – Removes language currently requiring that a school's Extended School Year Grant be adjusted for the state share based on the associated division composite index in the fourth year of implementation.
- **House** – No action.
- ***Final General Assembly Action*** – *Allows schools to be eligible for grants up to \$400,000 if they had a Denied Accreditation status at the time the initial application was made for a start-up grant.*

e-Learning Backpack Initiative

- **Senate** – Clarifies that e-Learning Backpack grants allocated to school divisions prior to 2017 can be used to purchase laptops or tablets.
- **House** – No action.
- ***Final General Assembly Action*** – *Same as the Senate amendment.*

Pre-K Mixed Delivery Pilot Exemption

- **Senate** – No action.
- **House** – Provides maximum flexibility that may be needed in order to implement a successful, high quality mixed delivery preschool program for at-risk four-year old children to any division that receives a Mixed Delivery Preschool grant, by providing flexibility on provisions contained in §22.1-199.6 and §22.1-299 of the *Code of Virginia*.
- **Final General Assembly Action** – *Same as the House amendment.*

Computer Science Teacher Training

- **Senate** – No action.
- **House** – Directs Northern Virginia Community College, in consultation with DOE, to contract with a nonprofit organization to develop, market, and implement high-quality and effective computer science training and professional development activities for public school teachers. This action is pursuant to House Bill 1663, which passed the General Assembly.
- **Final General Assembly Action** – *Same as the House amendment.*

Expand Tuition Eligibility for College Students in the Virginia Teaching Scholarship Loan Program

- **Senate** – No action.
- **House** – Changes tuition scholarship eligibility for college students by beginning eligibility in the freshman year, changes the grade point average eligibility to at least a 2.5 grade point average in high school, and eliminates the top 10 percent of the high school class eligibility criterion.
- **Final General Assembly Action** - *Changes tuition scholarship eligibility for college students by beginning eligibility in the freshman year and changes the grade point average eligibility to at least a 2.7 grade point average in high school.*

Dual Enrollment Policy

- **Senate** – No action.
- **House** – Proposes to allow local school divisions, VCCS community colleges, and other two-year colleges to negotiate individual credit hour rates for dual enrollment courses taught at the community colleges or at any other two-year college campus.
- **Final General Assembly Action** – *No action.*

Power Scholars Academy

- **Senate** – No action.
- **House** – Appropriates \$300,000 in fiscal year 2018 from the amounts provided for Remedial Summer School to support a pilot public-private partnership between the Richmond City, Amherst, and Lynchburg school divisions and the Virginia Alliance of YMCAs to enhance summer school learning and retention by expanding their programs with the YMCA. Reimbursements to school divisions for Remedial Summer School would have to be prorated if appropriated funding is not sufficient to pay the cost of this appropriation and school division Remedial Summer School reimbursements.
- **Final General Assembly Action** – *Same as the House amendment.*

Federal Grant Programs List in Appropriation Act

- **Senate** – No action.
- **House** – Proposes to insert language into Item 140 of the Appropriation Act listing the federal grant programs funding and their amounts in fiscal years 2017 and 2018.
- **Final General Assembly Action** – *Same as the House amendment. Also directs the Department of Education to update the estimated federal program grant fund amounts provided for informational purposes on a periodic basis throughout the biennium.*

SECTION B. AMENDMENTS TO THE DEPARTMENT OF EDUCATION CENTRAL OFFICE BUDGET

1. Amendments to DOE Central Office Budget Included in HB 1500/SB 900 as Introduced

Increase Funding for Instructional Improvement System

- **Governor** - Provides an additional \$1.6 million in fiscal year 2018 to support projected statewide access to the Department of Education's Instructional Improvement System at no cost to local school divisions.
- **Senate** – Proposes to reduce funding for the Instructional Improvement System by \$800,000 in fiscal year 2018.
- **House** – Proposes to remove all of the additional funding for this initiative contained in the introduced budget.
- **Final General Assembly Action** – *Removes \$1.3 million of the additional funding in fiscal year 2018 contained in the introduced budget. \$300,000 in additional funding for this initiative remains in fiscal year 2018.*

Increase Funding for the Algebra Readiness Diagnostic Test (ARDT)

- **Governor** - Redirects \$400,000 in fiscal year 2018 from the Math/Science Teacher Recruitment Initiative Pilot in the Direct Aid budget to help fund the cost of the required Algebra Readiness Diagnostic Test (ARDT) provided at no cost to school divisions.
- **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.*

Transfer Administration of Certain Federal Child Nutrition Programs from the Department of Health to the Department of Education

- **Governor** - In fiscal year 2018, transfers administration of the Summer Food Service Program and the Child and Adult Care Food Program from the Virginia Department of Health to the Virginia Department of Education. \$57.7 million in non-general funds and 20.0 positions would be transferred for these programs from Health to Education.
- **Senate** – Same as the Governor's introduced budget.
- **House** – Eliminates the proposed transfer of the two Department of Health programs to the Department of Education; administration of the two programs would remain at the Department of Health.
- ***Final General Assembly Action*** – *Same as the House amendment.*

Student Growth Model

- **Governor** - Continues \$500,000 in funding in fiscal year 2018 for a student growth model pilot program to provide personalized instructional and academic planning for students, facilitate data driven school improvement efforts, and support the state's accountability and accreditation systems.
- **Senate** – Same as the Governor's introduced budget.
- **House** – Proposes to remove all fiscal year 2018 funding under this initiative.
- ***Final General Assembly Action*** – *Removes \$380,000 of the funding contained in the introduced budget in fiscal year 2018. Contains a contingency that restores this funding in the event that House Bill 1605 is not enacted into law.*

Reflect Fiscal Year 2017 Savings from October 2016 Savings Plan

- **Governor** - Reflects fiscal year 2017 general fund savings of \$763,125 included in the Governor's October 2016 Savings Plan for approved reduction strategies in the DOE

Central Office budget. Some of the specific funding reductions include: teacher and principal professional development (\$300,000); eMedia (\$100,000); IT Academy (\$100,000); Kindergarten Readiness Assessment (\$100,000); and teacher evaluation training (\$34,625).

- **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.*

Reflect Savings in DOE Budget from Fiscal Year 2018 Reduction Strategies

- **Governor** - Reflects general fund savings in fiscal year 2018 of \$1.53 million from reduction strategies in the DOE Central Office budget. The specific funding reductions include: eliminate general funds for 6.0 positions (\$649,163); teacher and principal professional development (\$300,000); IT Academy (\$200,000); School Quality Profile (\$150,000); eMedia (\$100,000); Kindergarten Readiness Assessment (\$100,000); and teacher evaluation training (\$34,625).
- **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.*

2. Amendments to DOE Central Office Budget Not Included in HB 1500/SB 900 as Introduced

ROI Training

- **Senate** – Directs DOE to enhance the training it provides to school division personnel for the academic and career plans to include information on college debt and return on investment of various post-secondary paths.
- **House** – No action.
- ***Final General Assembly Action*** – *No action.*

Teacher and Principal Training

- **Senate** – Proposes language changes restoring the funding level for professional development of teachers and principals on issues related to high-need students in fiscal year 2018 to the level established in Chapter 780 of the 2016 General Assembly. To accomplish this action, \$150,000 in funding for professional development of principals in under-performing schools would be shifted into this program under revised language.

This action does not require the use of additional state funds, as it is a language change only, and better aligns available funding across these two programs.

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

Teacher License Revocation Review

- **Senate** – Proposes \$50,000 in funding for a one-time review of teachers who have been convicted of child abuse to make certain that their teacher's license has been revoked.
- **House** – No action.
- ***Final General Assembly Action*** – *Same as the Senate amendment.*

Dual Enrollment Study

- **Senate** – Proposes that DOE, in conjunction with VCCS and SCHEV, recommend changes to the structure of dual enrollment. Dual enrollment is delivered primarily at the high school by a faculty member who is verified by the college as qualified to teach college-level courses.
- **House** – No action.
- ***Final General Assembly Action*** – *No action.*

Long-Range Statewide Inclusion Plan

- **Senate** – No action.
- **House** – Proposes \$23,092 in fiscal year 2018 from the general fund for DOE to develop a long-range statewide Inclusion Implementation Plan for children with developmental disabilities to ensure those with the most significant disabilities are given access to the curriculum and opportunities offered to their non-disabled peers. The Department would consult with local school divisions that have already implemented successful inclusive education systems in developing the plan.
- ***Final General Assembly Action*** – *No action.*

Parental Choice Education Savings Account Program

- **Senate** – No action.
- **House** – Provides three positions for the DOE Central Office in fiscal year 2018 to manage the Parental Choice Education Savings Account program. The amendment also

provides \$50,000 in program startup costs in fiscal year 2018. This action is contingent on the enactment of House Bill 1605.

- ***Final General Assembly Action*** – *Same as the House amendment. Also contains a contingency for the funding in the event that House Bill 1605 is not enacted into law, in which case the funding would be redirected to the Student Growth Model project.*