

Amendments to HB/SB 29 (Fiscal Year 2002) - Direct Aid to Public Education Budget

- **Update the K-3 Primary Class Size Reduction Program** - Updates the K-3 program cost for September 30, 2001, fall membership, program participation, and an employer retirement rate of 3.6 percent for instructional and professional positions. These updates were not originally included in the introduced budget bill. State funding to school divisions for fiscal year 2002 is reduced by \$2.4 million as a result of the updates.
- **Update Lottery Proceeds Estimate** - The Lottery proceeds estimate is increased by \$6.0 million for fiscal year 2002. The increase in the Additional Lottery payment to school divisions based on these additional proceeds is approximately \$2.4 million for fiscal year 2002. Due to the increased distribution, the Lottery Hold Harmless payment is offset by a reduction of \$453,839 in funding.
- **Use Literary Fund Revenues for Teacher Retirement** - Uses an additional \$53.0 million in Literary Funds to offset general fund support of teacher retirement in fiscal year 2002. HB/SB 29, as introduced, proposed using \$57.0 million of Literary Fund revenue for this purpose. This amendment increases the total transfer for teacher retirement to \$110.0 million in fiscal year 2002. This transfer eliminates the balance of revenues available for loans; therefore, no loans will be issued in fiscal year 2002. This proposed change in the fund source for teacher retirement does not affect school division entitlements for teacher retirement.

Amendments to HB/SB 29 (2002) - DOE Central Office Budget

- **National Board of Professional Teaching Standards Bonuses** Provides an additional \$325,000 in fiscal year 2002 to fully fund bonuses awarded to teachers achieving national board certification. The additional funding would fully fund initial bonuses of \$5,000 for 70 teachers and continuing bonuses of \$2,500 for 53 teachers in fiscal year 2002.

Amendments to HB/SB 30 (2002-2004 Biennium) - Direct Aid to Public Education Budget

- **Update the K-3 Primary Class Size Reduction Program** - Updates the K-3 program cost in both fiscal years for revised projections of fall membership, the 2002-2004 composite index, 2000-2001 free lunch eligibility, and the employer retirement rate of 4.44 percent for instructional and professional positions. These updates were not included in the introduced budget bill. State funding to school divisions is increased by \$669,065 in fiscal year 2003 and \$514,581 in fiscal year 2004 as a result of the updates.
- **Update Lottery Proceeds Estimate** - The Lottery proceeds estimate is increased by \$9.0 million for fiscal year 2003 and \$5.5 million for fiscal year 2004. The increase in the per pupil payment to school divisions based on these additional proceeds is \$3.6 million for fiscal year 2003 and \$2.2 million for fiscal year 2004. There is no offset to the Lottery Hold Harmless account since that account is eliminated for 2002-2004.
- **Reduce the Employer Rate for VRS Group Life** - Reduces the employer rate for group life insurance from 0.40 percent to 0.13 percent in both fiscal years. This revised rate is based on funding the group life program only for active employees, and not retirees. This change in the rate does not affect the group life benefits of eligible retirees. This amendment reduces state funding to school divisions by \$5.1 million in fiscal year 2003 and \$5.6 million in fiscal year 2004. This action reduces state funding for Basic Aid, Group Life, and other accounts affected by fringe benefit changes.
- **Establish the Virginia Career Education Foundation** - Provides \$624,000 in fiscal year 2003 and \$735,000 in fiscal year 2004 for this new program. The purpose of the foundation is to expand career and technical training in school divisions.
- **Restore Half of School Construction Grant Program Funding** Restores half (\$27.5 million) of the school construction grant program funding in both fiscal years. This funding was eliminated in the introduced budget bill (HB/SB 30). This amendment restores \$100,000 of the \$200,000 floor

funding received by each division and approximately half of the funds distributed based on weighted average daily membership.

- **Increase Literary Fund Revenue Designated for Interest Rate Subsidies** - Reduces the use of Literary Fund revenue for teacher retirement by \$10.0 million in fiscal year 2004 and designates these Literary Fund revenues for use in the interest rate subsidy program. This proposed amendment increases the authorization for the interest rate subsidy program from \$20.0 to \$30.0 million in the fall of 2003.
- **Update Inflation Factors in the SOQ Funding Formula** - Changes the inflation factors used in the SOQ funding formula to recognize reductions in projected inflation as a result of updating the projections from first quarter 2001 to third quarter 2001. State funding for school divisions is reduced by \$22.2 million in fiscal year 2003 and \$22.3 million in fiscal year 2004. This action reduces state funding for Basic Aid, Textbooks, and other accounts whose funding is derived from Basic Aid.
- **Apply a Participation Rate Savings to the At-risk Four-year-old Program** - Reduces the fiscal year 2004 appropriation by \$1.5 million based on historical participation levels in the At-risk Four-year-old Program. The introduced budget reduced fiscal year 2003 funding by \$1.5 million as well. School division entitlements will still be calculated according to a fully funded formula. In the event that entitlements from actual participation exceed the available appropriation, payments to school divisions will be prorated on a statewide basis.
- **Eliminate Salary Supplement** - Eliminates the salary supplement funding in both fiscal years. The funding included in the introduced budget was intended to provide a two percent salary increase for funded SOQ instructional and support positions effective December 1, 2002. State funding to school divisions is reduced by \$28.4 million in fiscal year 2003 and \$49.0 million in fiscal year 2004. This action also reduces state funding for Direct Aid accounts that include the salary supplement in the funding formula, such as Additional Teachers.

- **Eliminate SOL Instructional Materials Funding** - The introduced budget proposed reducing funding for this program by 50 percent each fiscal year. This amendment eliminates the remaining funds for SOL instructional materials each year. State funding for school divisions is reduced by \$3.2 million in both fiscal years.

Amendments to HB/SB 30 (2002-2004 Biennium) - DOE Central Office Budget

- **National Board of Professional Teaching Standards Bonuses** Provides an additional \$875,000 in fiscal year 2003 and \$1.5 million in fiscal year 2004 to fully fund bonuses for the number of teachers expected to be eligible in 2002-2004. In fiscal year 2003, 138 teachers are projected to be eligible for the initial bonus of \$5,000 and 137 teachers are projected to be eligible for the continuing bonus of \$2,500. In fiscal year 2004, 198 teachers are projected to be eligible for the initial bonus of \$5,000 and 275 teachers are projected to be eligible for the continuing bonus of \$2,500.
- **Defer Statewide Implementation of the SOL Web-based Technology Initiative** - Defers the statewide implementation of the Web-based testing program for one year. This would allow the department an additional year to identify and accommodate technical and implementation issues through further pilot testing and development. In addition, school divisions are provided additional time to have their infrastructure fully operational and ready for on-line testing at the high school level in fiscal year 2004. Base funding is still available in 2002-2004 for the continued development of the program. This amendment does not affect the proposed funding for school divisions that is provided from VPSA equipment note proceeds.
- **Consolidate the Best Practice Centers** - Consolidates the regional best practice centers from eight centers statewide to four centers, effective at the end of the 2001-2002 school year (June 30, 2002). If this amendment is enacted, it is anticipated that services will continue on a statewide basis through the remaining centers, but at reduced levels.
- **Reduce Academic Review Team Funding** - Reduces funding for the academic review teams based on the recent reductions

in the number of schools accredited with warning. Fewer reviews are anticipated due to improvements in student scores on the Standards of Learning tests and also due to the implementation of the Board of Education's provisional accreditation benchmarks that will be in effect during 2002-2004.