



THE COMMONWEALTH EDUCATIONAL POLICY INSTITUTE

CENTER FOR PUBLIC POLICY - L. DOUGLAS WILDER SCHOOL OF GOVERNMENT AND PUBLIC AFFAIRS

2014 General Assembly Update

January 10, 2014

The 2014 General Assembly session began Wednesday, January 8, 2014. The session runs 60 days and is scheduled to end on March 8. "Cross-over day," the last day for each house to act on its own bills, is February 11. House and Senate versions of the two-year budget for fiscal years 2015 and 2016 will be released on February 16.

The House Education Committee is scheduled to meet on Mondays and Wednesdays at 8:30 a.m. in House Room D. Delegate Steve Landes is the new chairman of the Committee this year. The Senate Education and Health Committee will meet on Thursdays at 8:30 a.m. in Senate Room B. Sub-committees will meet periodically throughout the session. Click [here](#) for the schedule of weekly meetings.

State Budget--Overview

Governor McDonnell submitted his proposed state budget for FY15 and FY16 to the General Assembly money committees in mid-December. The plan totals over \$95.9 billion, including \$37.7 billion in general fund spending and \$58.2 billion in non-general fund appropriations. The proposed budget includes nearly \$960 million in state savings/reductions or cost avoidances, which are offset by \$2.6 billion in additional spending. Thus, it is about \$1.7 billion higher than the current, two-year state budget. The plan also anticipates revenue growth of 4.2% in FY15 and 3.9% in FY16 and leaves more than \$50 million unappropriated.

In remarks to the legislative budget writers about the plan, Governor McDonnell noted that, "The major spending recommendations focus on the core public services which lead to prosperity. They also decrease our reliance on budgetary gimmicks that helped in the past but run counter to structural balance and sound financial judgment."

Funding for the Virginia Retirement System (VRS) is a significant budget driver of interest to school divisions and local governments. Overall, the governor has proposed an additional \$315.3 million over the two years to fund VRS rates for state employees and teachers phased-in at 80% of the full VRS Board-certified rates. The funding assumes a 7% investment rate of return (same as the VRS rate), a 2.5% rate of inflation, and a 30-year closed amortization. Nearly \$67 million each year represents the payback of deferred contributions.

Lawmakers now have their say in shaping the spending plan, with a compromise budget to be produced by House and Senate leaders due out the second week in March.

State Budget—Aid to Public Education

The proposed budget for direct aid to public education is increased by \$582.6 million over the biennium. Of this amount, \$277.3 million in FY15 and \$297.9 million in FY16 reflect the state's contributions as a result of "re-benchmarking" state and local education costs for the next biennium. An additional \$38 million in lottery profits each year is anticipated.

The proposed spending plan does not address the state's portion of the unfunded liability for teacher pensions. Under a coming GASB rules change, liability would be apportioned to the employer paying the bill, which in the case of teachers, is the locality/local school division. Currently, localities receive payment from the state Department of Education for the state portion of teacher retirement, rather than the state paying VRS directly.

The proposal eliminates the use of non-personal inflation factors (things such as rent, utilities, insurance, etc.) used to calculate costs during the re-benchmarking, saving the state over \$76 million. This means that the state will not be sharing in the increased costs of these items for the next two years. Another \$48.5 million is saved by reducing participation rates to levels experienced in recent years in the Virginia Preschool Initiative (VPI); it maintains the projected VPI non-participation rate in both years at the same 25.43% rate contained the current fiscal year.

The proposed spending plan reduces transfers from the Literary Fund (for teacher retirement) in both years and designate \$10 million each year for school construction loans for school divisions through the Literary Fund. It also proposes \$600,000 each year for the Opportunity Educational Institution; the FY14 budget contained \$150,000 for the controversial new institute approved last year to supervise and operate local public schools that have been denied accreditation.

The proposal builds on a 2013 initiative that targeted funding for reading specialists in schools performing poorly on the third grade reading Standards of Learning (SOL) test. It includes \$1.8 million each year for the state share of a reading or math specialist for schools that have been denied accreditation or have been accredited with warning for three consecutive years.

The proposal also provides an additional \$1.5 million over the two years for School Resource and School Safety Officers (in the Criminal Justice Services portion of the budget), bringing state funding to \$2.45 million each year.

It eliminates \$20.7 million over the two years for a cost of competing adjustment of 24% for support salaries in primarily Northern Virginia school divisions.

Changes in the recalculated 2014-2016 local composite index figures drive an increase in the state share of funding by nearly \$37 million over the two years.

The proposed budget also contains the following:

- An additional \$575,000 each year is proposed for bonuses for teachers who are certified by the National Board of Professional Teaching Standards.
- Just over \$613,000 for grants to school divisions is included for preschool programs; extended day or year schedules or year-round schools; or for assistance to establish charter, college laboratory (separate funding for these is eliminated in FY16), virtual schools, or other instructional delivery or school governance models. Planning or start-up grants for extended learning time models could not exceed \$25,000.

- \$500,000 each year is offered to provide grants to reimburse school divisions who have hired teachers through the Teach for America program for the \$5,000 fee per teacher. Last year, legislation was approved to provide for the operation of Teach for America in Virginia, creating a two-year provisional license for participants in the program that recruits and trains the recent, top college graduates from various disciplines to accept full-time teaching assignments in hard-to-staff schools.
- An increase in state funding of \$310,000 each year is proposed for additional academic reviews the Department of Education is required to conduct on under-performing schools.
- An additional \$257,000 each year is included to expand the number of schools implementing the Positive Behavioral Interventions and Support program (formerly the Effective Schoolwide Discipline Initiative), which provides models for schools that have significant rates of suspension or expulsion.
- \$1 million is included in the Department of Social Services part of the budget for the Early Childhood Foundation to implement kindergarten readiness assessment programs.
- Nearly \$81 million each year is included to fund state retirement contribution rates for SOQ-related position. This change includes a reduction from the employer rate change from 10.23 percent to 9.40 percent for the state share of contributions paid on behalf of non-professional support positions for retirement. It also adds \$3.5 million each year for rate changes related to the retired teacher health care credit (from 1.11% to 1.18%) and group life insurance (0.48% to 0.53%).

Click [here](#) for additional information about Governor McDonnell's proposed changes to the public education budget for the remainder of FY14; and [here](#) for the proposed FY15/FY16 education budget.

Education Legislation

In October, House Republicans laid out their K-12 education platform for the 2014 session, dubbed “A Path for Every Child.” The plan focuses on reforming the Standards of Learning (SOL) assessments to increase emphasis on problem solving, critical thinking and analytical skills; using technology to offer more courses and more subjects through blended learning and virtual classrooms; and establishing career ladders” for teachers that promote professional growth and economic advancement.

With the final deadline for bill introduction a week away, many education-related bills already have been introduced. Though not specifically listed below, there are numerous bills that have been submitted to allow local school boards, in one fashion or another, to be responsible for setting the school calendar and determining the opening of the school year. There also have been many bills introduced related to the administration and retaking of Standards of Learning tests and the A to F school grading system. There also are numerous bills, some of which are noted below, that would impose additional requirements on local school boards of school divisions.

Below is a list of some of the key education legislation introduced so far; additional bills will be listed in next week's report.

[HB 21](#) requires every school board to designate at least one qualified person in each of its schools to carry a concealed handgun on school property. Such person would have to be trained in the storage, use, and handling of a concealed handgun.

[HB 63](#) prohibits public schools from joining the Virginia High School League, which does not allow participation by qualifying home school students in interscholastic activities.

[HB 66](#) requires a school resource officer in each public elementary and secondary school; the costs of this requirement would be paid with Literary Fund dollars.

[HB 113](#) would abolish the Opportunity Educational Institution.

[HB 239](#) creates an individual income tax credit for amounts paid by a parent for home instruction-related materials and services used in the home instruction.

[HB 342](#) requires each school division in which all elementary and secondary schools are fully accredited to offer its online courses and virtual school programs tuition-free or at a lower tuition rate to students who do not reside within the school division and who attend public schools that are not fully accredited.

[HB 382](#) requires local school boards to provide per pupil funding to charter schools by lump sum payment and not on a categorical basis.

[HB 410](#), [SB 160](#) and [SB 172](#) require non-interscholastic youth sports programs utilizing public school property to (i) establish policies and procedures regarding identifying and handling suspected concussions in participants, or (ii) follow the local school division's policies and procedures regarding such.

[HB 462](#) requires daily kindergarten programs in each school division to average at least 5.5 hours; current law allows for half-day kindergarten programs.

[HB 472](#) authorizes principals to request that parents meet with the principal or his designee to receive training in bullying prevention; also authorizes the relevant juvenile and domestic relations court, upon petition from the local school board, to order the parent to meet to receive such training.

[HB 493](#) requires school division policies that permit a student speaker to express a religious viewpoint at all school events at which a student is permitted to publicly speak.

[HB 613](#) provides that parents or guardians who violate certain compulsory school attendance laws may be found guilty of a misdemeanor and may be confined not more than 30 days or fined not more than \$500 or both.

[HB 659](#) requires each community services board and each behavioral health authority to annually make a presentation to the local school board regarding services available to students with emotional disability, intellectual disability, or mental illness upon transition into the community after graduation from high school. It also requires school officials to annually make a presentation about services available through the community services board or the behavioral

health authority to high school students with emotional disability, intellectual disability, mental illness, or any combination thereof and their parents.

[HB 677](#) requires each local school board to annually host a workforce summit.

[HB 720](#) requires local school boards to adopt a policy to set aside, in each school, a non-restroom location shielded from public view to be designated as an area in which any mother employed by the school division may take breaks of reasonable length during the school day to express milk to feed her child, until the child reaches the age of one.

[HB 726](#) requires students suspended or expelled from school to be allowed to continue to progress in the school division curriculum during the suspension or expulsion.

[HB 758](#) requires every teacher seeking licensure with an endorsement in career and technical education to have an industry certification credential in the subject area in which the teacher seeks endorsement.

[HB 781](#) provides for the mandatory appointment of students to local school boards, with the governor authorized to appoint one student who currently attends high school in the school division to each local school board for a term of two years.

[SB 107](#) establishes a tax credit beginning in tax year 2014 through tax year 2018 for donations made to STEM organizations.

[SB 155](#) requires at least 30 minutes of physical activity per day for students in grades kindergarten through eight, effective with the 2016-2017 school year.

[SB 236](#) codifies the right of students to voluntarily pray, engage in or organize religious activities or religious expression before, during, and after the school day in the same manner and to the same extent that students may engage in nonreligious activities or expression.

[SB 270](#) directs the Board of Education to require only math and English reading Standards of Learning assessments for third graders.

[SB 309](#) provides a procedure for appealing the computation of the composite index of local ability-to-pay before a state review committee.

[SB 372](#) requires, by July 1, 2019, all school divisions to offer early childhood education programs for four-year-olds and five-year-olds who are not eligible to attend kindergarten or at-risk early childhood education programs.

E-mail Response

Questions or seeking more information? Please [contact CEPI](#) if you have any questions or need additional information about the 2014 General Assembly.