

**THE COMMONWEALTH EDUCATIONAL POLICY INSTITUTE**

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2015 General Assembly
K-12 Education Update**January 9, 2015**

The 2015 General Assembly session gavel to order on Wednesday, January 14. The session runs 46 days and is scheduled to end on February 28. During the course of the session, legislators will consider more than 1,500 bills and hundreds of resolutions. Amendments to current two-year state budget also will be crafted. “Cross-over day,” the last day for each house to act on its own bills, is February 10. House and Senate amendments to the budget for fiscal years 2015 and 2016 will be released on February 8.

The House Education Committee is scheduled to meet on Mondays and Wednesdays during the session at 8:30 a.m. in House Room D. 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.

During the course of the session, legislative updates will be available weekly on the CEPI website at [General Assembly Updates](#). Specific information about the General Assembly session, action on bills and resolutions, committee and subcommittee meetings, and information about legislators can be found at [2015 session](#). If you have a question about a legislative issue during the session, contact David Blount, CEPI Policy Associate, at dcbount2@vcu.edu.

Overview of Proposed Amendments to the 2014-2016 State Budget

Governor McAuliffe submitted his proposed amendments to the 2014-2016 state budget to the General Assembly money committees in mid-December. As noted above, legislators will craft their own amendments to the current spending plan during the upcoming 46-day legislative session. Approval of the budget typically is one of the final acts taken by the legislature at the end of the session.

In his speech to the committee members, Governor McAuliffe stated that “Virginia stands at an economic crossroads. We are still creating new jobs, but they can’t compensate for the loss of high-paying federal government-related jobs over the past three years, especially in Northern Virginia and Hampton Roads. A direct result of the deep cuts in federal spending, Virginia’s general fund revenue collections remain abnormally sluggish.” The governor’s proposed budget leaves in place the current revenue forecast of 2.8 percent growth for the remainder of FY15 and 2.6% growth for FY16.

The budget proposes savings/cost avoidance actions that exceed the amount required by the budget (Chapter 3) approved this fall; that is, more money was “found” than directed by the budget. More savings than anticipated were found in the Medicaid program and slower growth in K-12 student enrollment also produced state savings. The budget funds new expenditures with the balance from those adjustments and by reducing tax preferences by over \$114 million in FY16. The budget also proposes \$9 million in new and increased fees.

Aid to Public Education

The governor’s budget proposal contains no policy reductions to state funding for K-12 education. However, due largely to technical adjustments and anticipated fewer students, the state general fund contribution to K-12 education would decrease in FY16 from \$5.590 billion (approved Chapter 3) to \$5.545 billion under the proposed budget, a decrease of nearly \$45 million. In the most recent 11 fiscal years, FY06 to FY16, K-12 education funding has increased just 11%, while Medicaid spending over the same period has jumped over 90%. Under the proposed spending plan, statewide student enrollment is estimated to be 1,236,529 students in FY15 and 1,244,214 students in FY16, down about 3,950 students from current projections.

The budget anticipates that a proposed sale of unclaimed property (selling off stock and other financial accounts unclaimed for over five years) will generate \$250 million in FY16 for deposit into the Literary Fund. Of that amount, a one-time payment by the Department of Education (DOE) of \$150 million would be made to the Virginia Retirement System (VRS) for the outstanding 10-year deferred contribution balance in the teacher pension fund. Amortizing the remaining balance over six years would reduce the teacher retirement contribution rate from 14.50% to 14.15% in FY16, thus saving money for localities and school divisions. Of the remaining \$100 million, \$75 million would be used for school construction, with \$50 to go toward direct loans and \$25 million for an interest rate subsidy for 39 projects (totaling \$192 million) on the Literary Fund’s first priority waiting list. The final \$25 million would go directly to teacher retirement, thus increasing the FY15 transfer from the Literary Fund to be used for teacher retirement to nearly \$183 million.

The following are proposed under the DOE portion of the budget for FY16:

- \$713,000 to establish a program of professional development to increase the capacity of principals in under-performing schools; this would cover training for 40 principals at schools which have failed to meet accreditation standards.
- \$732,000 to transition the grade seven and eight Standards of Learning (SOL) mathematics tests to a computer adaptive testing (CAT) format; currently, only the grade six math assessment is available in a CAT format.
- \$200,000 to enable students who have failed an SOL test in grades three through eight by a narrow margin, to take the test again during the same testing window; currently, such expedited retakes are only allowed for end-of- course SOL tests required for graduation.
- Nearly \$573,000 is provided for five additional positions at the DOE to hire school improvement and curriculum specialists to assist struggling school divisions.

The budget plan also proposes an additional \$537,000 to enhance the school breakfast program in FY16, by providing an additional five cents per meal in reimbursements for qualifying programs that increase the number of breakfasts served to students after the start of the instructional day. It eliminates a \$200,000 general fund appropriation each year for school efficiency reviews conducted by the Department of Planning and Budget. The proposal provides \$1.3 million each year to support driver education in order to compensate for a decline in driver's license renewal fees (which fund the program) due to the extension of the validity of a license to eight years.

Finally, proposed budget language authorizes the transfer of allocated preschool slots that have not been used by school divisions to other divisions that have fully utilized their slots. Language also allows any leftover grant funds for year-round schools to be distributed for innovative approaches to instructional delivery or school governance models.

Click [here](#) for additional information about Governor McAuliffe's proposed changes to the FY15/FY16 education budget.

E-mail Response

Questions or seeking more information? Please [contact CEPI](#) if you have any questions or need additional information about the 2015 General Assembly.