



THE COMMONWEALTH EDUCATIONAL POLICY INSTITUTE

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2017 General Assembly K-12 Education Update

February 27, 2017

The 2017 General Assembly finished its work on time Saturday, with the final acts being action on 26 outstanding bills and approving changes to the current biennial budget for FY17 and FY18.

State Budget

Both the House and Senate approved dozens of changes, which are highlighted below, to the budget plan that Governor McAuliffe introduced in December. In the Senate, the plan was approved unanimously, while the House passed the plan on a 99 to 1 vote.

Recall that although direct aid to public education was exempted from budget cuts last October, technical updates and the use of non-general fund revenues in the introduced budget decreased state funding for K-12 by more than \$270 from the FY16 levels. The approved budget adds back more than \$15 million above the levels in the introduced budget.

Major provisions of the approved budget conference report include the following:

- The spending plan redirects funding included in the introduced budget for a 1.5% bonus to provide just under \$32 million for the state's share of a 2% compensation supplement for Standards of Quality (SOQ) instructional and support positions, calculated based on an effective date of February 15, 2018. School divisions will have the flexibility to qualify for the funds if they certify that they have provided or will provide an increase of at least 2% at some point during the 2016-18 biennium.
- State dollars for lottery per pupil allocations are increased by \$34.1 million to \$191.3 million in FY18, which amounts to an increase from \$225.25 to \$274.12 per student. As a result, 35% of all lottery proceeds now are funneled back to school divisions without any required local match or restrictions on uses of those funds (the budget removes a current restriction that equal amounts be spent for recurring and nonrecurring expenses).
- Nearly \$7.3 million in FY17 is provided for a Small School Division Enrollment Loss Fund to provide additional dollars for 42 smaller school divisions (fewer than 10,000 students) that have realized a five percent or more decline in student enrollment over the past five years. A minimum dollar amount of \$75,000 for eligible school divisions is provided.

- The approved budget uses an additional \$8 million in FY17 from the Literary Fund to pay state costs for teacher retirement, upping the total amount for the year to just under \$200 million.
- The budget establishes a revenue cash reserve in FY18, estimated at \$35 million, from additional tax amnesty collections above the amounts assumed in the introduced budget. A second amendment establishes a revenue reserve fund from any excess revenues generated above the official FY17 revenue forecast.

Following are highlights of additional provisions related to public education that are contained in the budget conference report:

- The budget adds \$50,000 to existing FY18 funding for Project Discovery to provide \$662,500 in support of this program that encourages students to finish high school. Meanwhile, the plan reduces funding in FY18 from \$2.8 million to \$1.4 million for Project Graduation, which assists school divisions with instructional support for students who received a passing grade for a standard credit-bearing course but failed the required Standards of Learning (SOL) assessment needed to earn verified credit for the course required for graduation.
- The compromise budget reduces a planned increase for teacher residency partnerships in several urban school divisions, providing a \$500,000 increase instead of the \$1 million bump in new funding that was proposed.
- The budget cuts just over \$200,000 of the \$1.2 million budgeted over the biennium for “traineeships” for persons interested in working in the special education arena. New language would also allow for program operating grants for higher education institutions preparing special educators.
- The budget eliminates summer cyber camp funding of \$480,000 in FY18.

The following provisions are included in the Department of Education (DOE) portion of the budget:

- \$50,000 is included for a one-time file review of teachers who have been convicted of child abuse to make certain that the teacher's license has been revoked.
- \$380,000 is earmarked for start-up costs for developing necessary policies, processes and procedures for administering the Parental Choice Education Accounts program (see HB 1605 below), should it be enacted. Otherwise, these funds will be allotted to the student growth model pilot for providing personalized instructional and academic planning for students and to facilitate data-driven school improvement efforts.
- \$150,000 each year is shifted from principal training to assistance for teacher professional development on the subject of issues related to high-needs students.

Budget language amendments in the education arena include the following:

- Budget language directs the General Assembly's money committee staff to facilitate a workgroup to examine options and determine actions necessary to better manage the quality and costs of private day educational programs currently funded through the Children's Services Act.

- Language directs the DOE, along with the community college and higher education systems, to recommend various alignments and improvements to high school dual enrollment financing.
- Budget language expands tuition eligibility such that graduating high school students can apply for and receive an annual tuition scholarship of up to \$10,000 for pursuing a teaching license for certain critical teacher shortage disciplines or for career and technical education.
- Language is removed that penalizes successful transition to an extended school year schedule during the start-up period. Initial grant awards may be up to \$300,000 per school for up to two years after the initial implementation period, or \$400,000 in the case of schools that have a “denied accreditation” status.
- Finally, budget language establishes a system to monitor potential fiscal distress among local governments and provides a mechanism for potential state and private sector assistance, including funding resources, to be coordinated by the legislative and executive branches and managed by the governor’s office. Additional language establishes an 11-member Joint Subcommittee on Fiscal Stress to review (i) savings opportunities from increased regional cooperation and consolidation of services, along with potential financial incentives and reforms to encourage increased cooperation; (ii) local responsibilities for service delivery of state-mandated or high-priority programs; (iii) causes of fiscal stress among local governments; and (iv) the differing taxing authorities of cities and counties.

Additional information on the adopted budget will be forthcoming via a Superintendent’s Memo posted [here](#).

Education Legislation

The General Assembly went down to the wire in its consideration of a foursome of bills limiting suspensions of school students, and in the end, all the bills failed to pass. After being passed by on the Senate floor for several days, [HB 1534](#) finally was sent back to Committee and not reconsidered. The bill would have limited suspensions to 60 days, with provisions to extend longer in cases involving criminal activity. [HB 1536](#) was assigned to a conference committee to resolve differences, but the group of six legislators was unable to reach an agreement and the bill died. It would have prohibited preK-3 students from being long-term suspended or expelled unless their conduct involved weapons, drugs, inappropriate sexual behavior, or serious bodily injury. The Senate versions of the bills, [SB 995](#) and [SB 997](#), were defeated in the House on bipartisan votes earlier last week, with those opposing the bills saying that such decisions should be left to local school boards, rather than being dictated by lawmakers in Richmond. Some form of these bills likely will be introduced at the General Assembly again next year.

The legislature approved bills that would allow for regional charter school divisions to be created. Such divisions would consist of two to three existing local school divisions, each of which must have over 3,000 students and with one or more schools having been denied accreditation for two of the past three years. The Senate narrowly passed [HB 2342](#) on a 21 to 19 vote, while the House endorsed [SB 1283](#) by a 54 to 43 count. Charter applicants would submit their application to the Board of Education (BOE), which would review and forward it to the regional school board with its recommendation. State SOQ and sales tax funding would follow students to the charter school. The decision of the regional school board to grant or deny an application would be final.

Virtual schools legislation has passed the General Assembly again, but faces an uncertain future with the governor, who has vetoed previous, identical legislation. [HB 1400](#) passed the Senate 22-18, while the House approved the Senate version, [SB 1240](#), by a 59 to 37 count.

While the Senate defeated its version of the Parental Choice Education Savings Account legislation ([SB 1243](#)) during the first half of the session, with the Lieutenant Governor breaking a tie vote on the floor, the House version of the bill, [HB 1605](#), has been narrowly approved. During the session's last week, the House voted 50 to 49 to accept Senate changes to the bill. The Senate revised the measure to apply only to families at 300% of the federal poverty limit or less in annual income and with a special needs child. The Senate also added a re-enactment clause to make the bill effective only if passed again in the 2018 session. The savings account would consist of 10% of state per pupil and sales tax funds applicable to the student, for use at a private or religious school or for various other education expenses.

The Senate approved [HB 2191](#) on a 22 to 18 vote. The legislation requires local school boards to have policies for notifying parents of materials with sexually explicit content (defined as any criminal sexual assault or crime against nature), and for providing replacement materials to students of parents who so request.

[HB 1490](#), as introduced, allowed a school board member who cannot serve due to being called for military service to designate someone to perform the duties of the office during the time of the member's military service. The approved version of the bill allows such member to submit suggested replacements to the school board, and if the school board does not appoint someone from the submitted list, it must notify the member of its rationale. Opponents argued that the bill was unnecessary and that it would set the stage for other elected governing boards to seek a similar exception.

[HB 1578](#), the "Tebow bill" has been vetoed by the governor for the third straight year. His veto explanation largely mirrors the one submitted last year. The bill would allow homeschool students to play public school interscholastic sports. The House will take up the veto at the reconvened session of the General Assembly in April.

[HB 2174](#) requires school boards to annually report to the public the actual pupil/teacher ratios in middle school and high school, by school, for the current school year; currently, such a report is required only for elementary schools.

[HB 2218](#) passed the Senate 21 to 19. It permits the BOE to communicate any Board finding about the rationale for a local school board's denial of a charter school application, based on documentation submitted by the school board, in any school division in which at least half of the schools receive federal Title I funding.

Session Schedule and General Links

The General Assembly will reconvene on April 5 to consider amendments and vetoes to bills and the budget that will be proposed by the governor. Specific information about the General Assembly session and legislators can be found [here](#).

E-mail Response

If you have a question about a legislative issue during the session, please contact David Blount, CEPI Policy Associate, at dcbblount2@vcu.edu.