



VCU

Make it real.

THE COMMONWEALTH EDUCATIONAL POLICY INSTITUTE

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

2012 General Assembly Update

May 1, 2012

Budget Approved!

It took the General Assembly more than five weeks from the time it convened in a special session to approve a budget. And when the final vote was cast, it caught many by surprise. In mid-April, the Virginia Senate approved a budget conference report for FY13/14 on a narrow 21-19 vote, with one Democratic senator joining all Republicans in voting for the plan. The House of Delegates had approved the report the previous day. (Also approved were a handful of changes to the current, FY12 state budget). The budget bills have been communicated to Governor McDonnell, who has seven days in which to act on the budget (e.g. propose any amendments or sign the budget bill). This timeframe is dictated by the fact that the General Assembly remains in its special session. The legislature is planning to return to Richmond on May 14 to consider any amendments to the spending plan that may be proposed by the governor.

Concerning the budget for K-12 education, the approved spending plan includes \$214.7 million more for the biennium than the governor's introduced plan, which had proposed an increase of \$438 million from FY12 amounts (driven largely by higher retirement, group life and health insurance rates for teachers and other school personnel).

Major education-related provisions of the FY13/FY14 biennial budget:

- The budget provides \$55 million each year as a one-time, block grant allocation to school divisions to assist with the increase from 6.33% to 11.66% in the teacher retirement employer contribution rates funded in the budget as introduced (the budget also set employer contribution rates of .48% for life insurance and 1.11% for the retiree health care credit); 2) non-personal inflation costs; and 3) any one-time costs associated with local Virginia Preschool Initiative programs due to a change in funding methodology. Allocated amounts are based on weighting of 20% for the costs of retirement contribution rates, 65% for the reduction due to the budget not funding inflation costs and 15% based on the Virginia Preschool Initiative program reductions calculated in the governor's introduced budget. Each school division may decide how much to allocate to each of these three purposes and no local match is required. Recall that the introduced spending plan eliminated the inflation factor in calculating the state share of the cost of non personal support items (reducing state costs by \$109 million). The introduced and final budgets also saved \$108 million by revising the federal revenue deduction to include a portion of federal stimulus funds, which are no longer available.
- The plan includes \$23.5 million each year for the state share of costs for updating free lunch eligibility data used in the K-3 Primary Class Size Reduction program. The data is updated from base year 2008 to 2010. This amendment also provides additional flexibility to school divisions to increase K-3 class size ratios by three students in both FY13 and FY14; however, maximum class size caps remain unchanged.

- The budget restores \$40 million over the biennium (\$27.8 million the first year and \$12.1 million the second year) for a cost-of-competing supplement for support personnel in primarily Northern Virginia school divisions; the introduced budget proposed to eliminate this \$64 million payment.
- It provides \$2.1 million in FY13 and \$4.1 million in FY14 to expand Early Intervention Reading Initiative funding from 25% to 62.5% in the first year and from 25% to 100% in the second year for eligible third-grade students. This amendment supports the changes contained in [HB 1181](#).
- The plan provides an additional \$3.7 million in FY13 and \$3.2 million in FY14 to fund instructional positions at regional vocational education programs. The additional funds are not a required pass-through to the regional program, as they represent the state share of the responsible school division's instructional positions serving at the regional center.
- It includes language that any school division that was granted a waiver regarding the opening date of the school year for the 2011-12 school year under current "good cause" requirements shall continue to be granted a waiver for the 2012-13 school year.
- The budget provides \$350,000 each year for Project Discovery; the introduced plan had eliminated \$619,650 each year for the program.

New Initiatives:

- The budget provides \$500,000 in FY13 and \$100,000 in FY14 to fund the Math & Science Teacher Recruitment Pilot Initiative included in the governor's introduced budget, to attract, recruit and retain individuals to teach science, technology, engineering or mathematics in middle and high schools.
- The plan provides \$80,000 in FY13 for one-time planning and implementation grants to support the establishment of Governor's Health Science Academies. The Department of Education (DOE) will award eight planning grants of \$5,000 each to support the program development process, and then eight implementation grants of \$5,000 to each of the academies approved by the Board of Education (BOE).
- The budget includes more than \$535,000 each year to implement a Youth Development Academy pilot program in each of the eight superintendents' regions in FY14.
- It provides \$350,000 each year for Communities in Schools of Virginia to support dropout prevention activities. The funding will be divided equally between CIS and specific localities throughout the state with underperforming schools.

New proposals not funded:

- The budget eliminates \$913,000 each year proposed in the governor's introduced budget targeted to pay PSAT testing fees for 10th graders.
- It eliminates \$700,000 over the two years proposed in the governor's introduced budget for the Preparation Pilot Initiative to recruit students to major in the fields of mathematics and science to help alleviate the shortage of qualified teachers in these fields.
- The plan eliminates an additional \$250,000 each year for the Jobs for Virginia Graduates program that was included in the governor's introduced budget; state funding reverts back to the \$373,776 funded in FY12.

Other:

- The spending plan provides nearly \$500,000 in FY13 for academic reviews, anticipating an increase in the

number of schools not fully accredited due to implementation of more rigorous Standards of Learning assessments in mathematics and increasing graduation and completion index benchmarks impacting high schools.

- The spending plan provides \$200,000 in FY13 for grants to school divisions for the purchase of EpiPens; grant allocations are to be based on approximately \$100 per school and no local match is required to receive the state funds.
- The budget provides an additional \$385,000 in FY13 and \$310,000 in FY14 to address an increase in GED testing costs at the local level.
- It includes \$277,000 in FY13 and \$138,500 in FY14 to support DOE training sessions in each of the eight superintendents' regions on implementing new performance evaluation models for teachers and principals.
- The budget includes over \$465,000 each year to expand the PluggedInVA initiative, an integrated adult education and work force training, to all eight superintendents' regions across the state.
- The plan includes over \$308,000 each year for the new Virginia workplace readiness skills assessment and other Board-approved industry certifications to cover the cost of the assessment for 40% of the students who graduate from Virginia public schools each year.
- It provides \$1.5 million each year for ongoing program support for the Information Technology Academy, whose curriculum will prepare participating students to pass industry certification exams and will be made available to students and teachers in over 30 targeted career and technical education courses.
- The budget shifts funds for the Hard-to-Staff Schools mentoring program to help provide additional dollars for the Race to the GED program; to boost dollars for Summer Residential Governor's Schools and Foreign Language Academies; to expand the Virtual Virginia program to support statewide implementation and operation of the required Economics and Personal Finance course and to support additional course offerings; and to provide \$100,000 in FY13 for charter school grants.
- It includes just over \$100,000 each year to establish an Innovative Education Technical Advisory Group to review and give guidance to potential applicants during the planning process for charter schools, college partnership laboratory schools and virtual schools.
- The plan provides nearly \$5.2 million in both years to support the projected number of eligible teachers qualifying for National Board certification bonuses awarded by the state.
- The budget includes \$100,000 in FY13 for studying the feasibility of expanding or merging Governor's schools in order to provide full-day programs at these schools. It also provides \$100,000 in FY14 as one-time start-up funding for such expansions.
- The plan restores first year funding of \$80,000 for the Chesapeake Bay Foundation to support Chesapeake Bay educational field studies providing public school students with meaningful Bay or stream outdoor experiences.

Technical changes:

- The budget updates state funding costs based on recalculated 2012-2014 composite index figures, increasing the state share of funding by \$42.7 million in FY13 and \$45 million in FY14.

- Lottery proceeds are projected to increase by \$14.4 million to \$450.3 million in FY13 and by \$19.1 million to \$455 million in FY14, compared to FY12 estimates.
- The plan increases the transfer from the Literary Fund to support the state share of cost for teacher retirement by \$1 million each year, to roughly \$131 million each year.

Language amendments:

- Budget language requires the DOE to include in the annual School Performance Report Card the percentage of each division's annual operating budget allocated to instructional costs. The DOE must establish a methodology for allocating expenditures to instructional and non-instructional costs in a manner consistent with Standards of Quality funding, and also may report on other methods of measuring instructional spending, such as those used by the U.S. Census Bureau and the U.S. Department of Education.
- Budget language requests school superintendents to submit to the DOE a brief description of the range of online learning opportunities underway in the school division and any being planned or considered for the future.
- Budget language sets out which school age population estimate will be used for distributing state sales tax revenues to school divisions. The Weldon Cooper Center for Public Service estimate of school age population based on July 1, 2010, will be the basis for distributing state sales tax revenues in FY13, while the estimate based on July 1, 2011, will be the basis for distributing state sales tax revenues in FY14.
- Budget language changes the local share of costs for school efficiency reviews from 37.5% to 50%.

E-mail Response

Questions or More Information? Please [contact CEPI](#) if you have any questions or need additional information about the 2012 General Assembly.