

**THE COMMONWEALTH EDUCATIONAL POLICY INSTITUTE**

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

2012 General Assembly Update**Week 8 Update—March 2, 2012****The 2012 General Assembly is now in session**

The 2012 General Assembly session began Wednesday, January 11, 2012. The session runs 60 days and is scheduled to end on March 10, 2012.

The House Education Committee meets on Mondays at 9:00 a.m. in House Room C and Wednesdays at 8:30 a.m. in the Appropriations Room. The Senate Education and Health Committee meets Thursdays at 8:30 a.m. in Senate Room B. Click [here](#) for the schedule of weekly meetings.

State Budget News

Late last week, as the House of Delegates was overwhelmingly approving its version of a state spending plan for the remainder of the currently biennium and for the next two years, the Senate on two occasions failed to garner the 21 votes needed to approve its version of the budget. The House-approved plan came up in the Senate Finance Committee (SFC) earlier in the week and promptly was amended to incorporate the changes the Committee previously endorsed. The next day, however, the House budget bill containing the Senate amendments was defeated on the floor of the Senate on a 20 to 19 vote. On Thursday, the House Appropriations Committee (HAC) chairman was granted unanimous consent to reintroduce the budget. That budget bill, having been amended by the HAC to incorporate the House's previous budget, was debated on the floor on Friday and then approved on a 75 to 22 vote. It will be heard in the Senate on Monday.

Earlier, the House moved forward with appointing members of a budget conference committee that would work with senior senators on any compromise budget. The House budget conferees who were appointed are Delegates Putney (Bedford), Cox (Colonial Heights), Sherwood (Winchester), Landes (Augusta), Jones (Suffolk) and Joannou (Portsmouth). According to the General Assembly's adopted procedures, the budget conference committee would have until midnight Tuesday to reach an agreement on a compromise budget.

Both the House-approved and the SFC-endorsed plans pump additional dollars into K-12 education, and while there are differences between the two plans, those differences do not present substantial stumbling blocks to agreement on K-12 funding. The House budget provides an additional \$136 million for K-12 above the amounts proposed by Governor McDonnell. The Senate budget proposes an additional \$165 million above the introduced plan. However, state general fund appropriations for education for FY14 would remain below FY07 levels.

Areas where there are differences between the two proposals include the following:

Retirement: The House appropriates \$30 million each year as a state payment of the state share of Virginia Retirement System (VRS) contributions for teacher retirement, to partially offset the portion of the unfunded liability not funded in the current biennium. This payment will go directly to the VRS, not to local school divisions. The rate charged to school boards from the 11.66% contained in the introduced budget to 10.23%; the state payment covers 1.13% of the 1.43% difference. The House also proposes that localities contribute to the VRS teacher costs based on an eight percent annualized return (rather than the seven percent recognized by the VRS Board), saving localities an estimated \$70 million in required contributions. A House language amendment gives localities and school boards the option of requiring their Plan 1 employees (pre-July, 2010) to pay a portion or all of the five percent employee contribution. Meanwhile, the Senate would provide \$45 million in FY13 to assist school divisions with funding the increased employer contribution rates proposed by the governor.

Cost of Competing: Both propose to partially restore the cost of competing adjustment for support personnel in primarily Northern Virginia school divisions, though they recommend different amounts. The SFC included \$30.1 million in FY13 and \$12.1 million in FY14, while the House provides \$12 million the first year and \$12.3 million the second year.

Inflation and Four Year Olds: The House restores \$106 million over the biennium for updating non personal inflation costs (support health insurance premiums, utilities, and gasoline costs for local school divisions), while the Senate does not. The Senate targets \$18.2 million for the Virginia Preschool Initiative for At-Risk Four-Year-Olds by updating the per pupil amount from \$6,000 to \$6,800 to reflect a more realistic current cost, which the House does not address.

Virtual Schools: The House includes language to establish a methodology for virtual schools, effective July 1, 2013. It provides that any school division offering a full-time virtual school program may require students residing within the division who choose to enroll on a full-time basis in a virtual school program, to enroll in such program offered by the school division. For any student who resides in a school division that does not offer such program, a student may choose to enroll on a full-time basis in any virtual school program served by an approved, multidivision online provider. The state and local shares of Standards of Quality funding for any such student are to be provided to the enrolling school division. The Senate provides an additional \$1 million each year for virtual schools.

Click [here](#) for additional information about the proposed House and Senate amendments concerning public education.

Education Legislation

The money committees both have taken action to incorporate VRS changes previously endorsed, into the bills of the opposite chamber. The competing measures likely will be placed in a committee of conference early next week. The SFC included provisions of its previously-approved hybrid plan (defined contribution and defined benefit) into [HB 1130](#). The Senate plan requires, effective January 1, 2014, that new state employees and teachers enter this program rather than the existing defined benefits program, and it lays out future state retirement contribution rates through 2018. Meanwhile, the HAC amended [SB 497](#) to allow localities and school boards to require Plan I employees to pay up to a five percent member contribution, if it also does the same for Plan 2 employees. There is no requirement for a corresponding five percent salary increase. It also amended [SB 498](#) to include revisions to the current defined benefits program and an optional defined contribution program, both previously endorsed by the House. Absent from all bills at this point is language,

previously endorsed by the Senate, that would have required all local employees and teacher to pay the 5% member contribution, and to receive a corresponding 5% pay increase.

The General Assembly has approved legislation to allow businesses to claim a credit against the corporate income tax for contributions to approved foundations that provide scholarships to low income or disabled students to attend private schools. Under [HB 321](#) and [SB 131](#), which both have passed, the \$25 million tax credit will begin in tax year 2013 and would equal 70% of the donation; the tax credit would be under the Neighborhood Assistance Act program and is due to expire in 2017. Under the bills, low income is defined as "an individual whose family's annual household income is not in excess of 300% of the current poverty guidelines," meaning that a child in a single-parent family with an income of \$44,130 would be eligible. The income level if the student is disabled for that two-person family would be \$58,840. The House of Delegates has passed similar legislation for several years, but the measure had always died in the Senate. This year's bills squeaked through the Senate, with the Lieutenant Governor breaking a 20-20 tie.

In the Senate Education and Health Committee this past week, the committee defeated two hotly-contested bills that drew large crowds and lengthy debate. The tourism industry and the fear of dollars lost squared off again against school interests and potential increased instructional time on [HB 1063](#) to repeal the post-Labor Day school opening requirement, which had passed the House handily. As it had done earlier in the session, the committee defeated the bill on a 9 to 6 vote. The committee also shot down the so-called "Tebow" bill on an 8 to 7 vote. Tim Tebow is a former homeschooler who played college football at the University of Florida before starring this past year with the Denver Broncos. [HB 947](#) would have allowed homeschool student participation in public school interscholastic activities. The bill's patron noted that the number of homeschool students in the state has increased tenfold the last 20 years and that such students are no longer isolated from their peers. The bill would have established academic and other standards that homeschool students would have to meet and would have allowed school divisions to charge fees for participation. Both homeschool students and public school student athletes testified on the bill. All seven Democrats on the committee, along with one Republican, voted against the measure.

The HAC approved a revised bill regulating attendance in virtual (online) schools. [SB 598](#) provides that, effective July 1, 2013, any school division that offers a full-time virtual school program would be able to require students who live within its jurisdiction and want to attend a virtual school to enroll in the one offered by the school division. The school division could offer the virtual school itself, contract with another division for its operation, or contract with a private provider that offers such a program. If a school division does not offer a full-time virtual school, students in that division could try to enroll in any virtual school program in the state. State and local funding would be as provided in the Appropriation Act.

The House and Senate have approved identical measures related to possession and administration of auto-injectable epinephrine. [HB 1107](#) and [SB 656](#) require local school boards to adopt and implement policies for such possession and administration in schools. A school nurse or properly authorized and trained school board employee may administer the epinephrine to any student believed to be having an anaphylactic reaction. The bill also requires the Department of Health to develop and implement policies for the recognition and treatment of anaphylaxis in school settings.

E-mail Response

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