

**THE COMMONWEALTH EDUCATIONAL POLICY INSTITUTE**

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**2016 General Assembly**  
**K-12 Education Update****January 8, 2016**

The 2016 General Assembly session gavels to order on Wednesday, January 13. The session runs 60 days and is scheduled to end on March 12. During the session, legislators will consider more than 2,500 bills and hundreds of resolutions. A two-year state budget for fiscal years 2017 and 2018 also will be developed. "Cross-over day," the last day for each house to act on its own bills, is February 16. House and Senate versions of the FY17/18 budget are slated to be released on February 21.

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 [2016 Session](#). If you have a question about a legislative issue during the session, contact David Blount, CEPI Policy Associate, at [dcblount2@vcu.edu](mailto:dcblount2@vcu.edu).

**The Proposed FY17/FY18 State Budget**

Governor McAuliffe submitted his proposed FY2017/2018 state budget to the General Assembly money committees in mid-December. The two-year plan exceeds \$100 billion (general and non-general funds) for the first time, with \$40.6 billion in general fund appropriations and \$68.6 billion non-general fund. The proposed general fund budget proposes an additional \$3.2 billion in spending over the current budget for FY16. The plan also anticipates revenue growth of three percent (3%) in FY17 and 4.5 percent in FY18.

In his remarks to the legislative budget writers, Governor McAuliffe stated, "I am confident that the investments that I will outline today are appropriate at this point in the economic cycle when we can see tangible improvements to our bottom line. These investments represent promising strategies to strengthen our future economic and fiscal position, and to make sure we are as prepared for prosperity as we have been for hardships."

New state funding for education (K-12 and higher education) totals over \$1 billion, with the bulk of that targeted for K-12. The governor's introduced budget adds nearly \$430 million to re-

benchmark Standards of Quality (SOQ) costs for the biennium, making technical adjustments to the cost of continuing current programs without policy changes. These changes also capture savings from non-participation in the Virginia Preschool Initiative (VPI) and from revised student enrollment projections, and add sales tax dollars and more funding due to changes in the local composite index figures.

### **Key K-12 Funding Proposals**

In addition to the re-benchmarking costs noted above, the plan also includes nearly \$83.2 million for the state share of a two-percent salary increase for state-recognized instructional and support positions, effective July 10, 2017. Nearly \$87 million is added as the state share of costs for teacher retirement rates based on 90% of the biennial rates recommended by the Virginia Retirement System (VRS) Board for FY17 and 100% of the recommended rates for FY18.

The employer rates for teacher retirement increases from the current, FY16 rates as follows:

- Teacher retirement: From 14.06 percent to 14.66 percent in FY17 and to 16.32 percent in FY18;
- Retiree health care credit: From 1.06 percent to 1.11 percent in FY17 and to 1.23 percent in FY18; and
- Group life insurance: From 0.48 percent to 0.47 percent in FY17 and to .52 percent in FY18. The prevailing non-professional VRS rate is set at 7.11 percent for both FY17 and FY18 (down from 9.40 percent in FY16). The budget also decreases the transfer from the Literary Fund to support the state's share of cost for teacher retirement by \$30.0 million, from \$165.2 million to \$135.2 million, in FY18.

The introduced budget also adds nearly \$139.1 million over the two years for local school divisions to hire additional instructional positions. The state share of funding would be distributed based on one position for each elementary school in both years, and two positions for each middle and high school in FY18. The funding must be used to hire additional personnel, not to support existing positions. It is not intended to set a fixed staffing requirement at each school and a local match is not required.

It proposes an additional \$49.7 million for at-risk programs, which provides funding as a percentage add-on to basic aid to support the additional costs of educating at-risk students, as a result of increasing the percentage of add-on funding from current ranges.

A pair of initiatives seizes upon the work of the Joint Subcommittee on the Virginia Preschool Initiative (VPI) this past year. Specifically, \$1.5 million is proposed each year for grants to incentivize local solutions for public-private delivery of pre-K services to at-risk children, and \$3.9 million is provided over the two years for a scholarship program to increase the skills of early childhood educators. In addition, new language would allow up to 15% of a division's VPI slots to be filled based on local eligibility criteria, in addition to those required by 2015 budget language. However, the budget reduces VPI funding by \$48.8 million to recover unclaimed funds from nonparticipating school divisions.

The spending plan also provides \$40.6 million in FY18 to support the cost of competing adjustment for support position salaries in primarily Northern Virginia school divisions.

### **Department of Education Provisions**

In the Department of Education (DOE) budget, an additional \$255,000 is earmarked for the school performance report card redesign, to include a second phase redesign to incorporate additional functionality and data points.

Also included is \$5 million over the two years in one-time funding to transition the grades three-through five mathematics tests and grades three-through-eight reading tests to a computer adaptive testing (CAT) format.

The plan also adds just over \$1 million each year to support eight positions to better enable DOE to assist local school divisions and state-operated programs, ensure compliance with external regulations and state mandates, and implement recommendations of the 2015 JLARC report on K-12 spending. Specifically, this would include two positions each in the professional development and school improvement areas, as well as provide an early childhood specialist, an E-rate coordinator, a state-operated programs specialist and a position in the facilities and pupil transportation division.

The Governor's introduced budget also provides an additional \$400,000 in each year of the biennium to restore funding for Statewide Digital Content Online Learning Development to the FY15 level. This funding supports the development of digital content for online learning for use by school divisions. It provides \$150,000 in FY17 for a pilot program to deliver personalized instructional and academic planning for students, facilitate data driven school improvement efforts, and support the state's accountability and accreditation systems.

In the Secretary of Education's budget, \$8.1 million over the two years is included to create the Virginia Degree Completion Network, initially a collaborative between ODU and GMU, to provide a flexible online degree completion program targeted toward adult learners and nontraditional students.

### **Other Education-related Provisions**

- \$500,000 each year is included to support the cost of tests and materials for career and technical education (CTE) credentialing and \$2 million each year for localities to purchase CTE equipment (\$1.4 million of this amount each year is for equipment in high-demand, fast-growth industry sectors).
- A \$250,000 increase in funding each year is provided for grants that encourage high schools to implement innovative approaches that engage and motivate students through personalized learning and instruction.
- The plan proposes \$500,000 each year to expand the Virginia Tiered Systems of Support - Positive Behavioral Intervention and Supports (VTSS - PBIS) initiative to additional school divisions with high rates of disciplinary offenses.
- The budget provides an additional \$1.1 million for school divisions for the Breakfast after the Bell program, which was adopted this past year, to fund meals in additional schools.
- The proposed budget would increase the Virtual Virginia full-time high school pilot program from 90 to 200 students starting in the 2016-2017 school year and the virtual math outreach pilot program to offer additional math courses (\$1.6 million).
- The budget provides \$1.1 million over the biennium to train teachers in computer science for elementary through high school advanced placement level computer science instruction.

- Nearly \$5.6 million is included to implement a new formula to fund Academic Year Governor's Schools in a manner that aligns with the formulas used by the SOQ. The new formula is phased in at 50 percent in 2017 and 100 percent in 2018.
- It provides an additional \$250,000 each year to Project Discovery, a college access program targeted to low-income, first generation college students. This funding would increase participation by approximately 500 students.
- The spending plan targets \$2.75 million each year for broadband efforts through the Virginia Telecommunication Initiative. Each year, \$250,000 would be available for broadband planning grants and \$2.5 million would be designated for broadband implementation grants. A separate, language amendment requires local school divisions to report annually to the DOE on the status of broadband connectivity capability of schools in the division.
- While not impacting the total amount of funding, the budget proposes that the state share of textbook costs be paid for with general funds rather than with lottery funds.
- The proposed spending plan provides nearly \$36.2 million more over the biennium for anticipated caseload and expenditure growth for Children's Services Act (CSA) services. After years of declining/flat program costs, FY15 costs were unusually high, driving the proposed increases.
- The proposal provides an additional \$4.2 million over the two years for anticipated caseload growth in the Early Intervention Part-C program (the average growth over the last four years was 4.9 percent).
- It increases non-general fund support by \$1 million each year for the Comprehensive Health Investment Project (CHIP) of Virginia to provide comprehensive care coordination, family support, and preventative medical and dental services to low income, at-risk children.
- An appropriation of \$107,000 each year would support a Virginia Grown Foods Ambassador to raise the profile of state agricultural products and foods to increase use in restaurants, schools and institutions.

As noted above, legislators will craft their own changes to this proposed plan during the upcoming 60-day legislative session. Approval of the budget typically is one of the final acts taken by the legislature at the end of the session. Click [here](#) for additional information about Governor McAuliffe's proposed FY17/18 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.