

**THE COMMONWEALTH EDUCATIONAL POLICY INSTITUTE**

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

**2012 General Assembly Update****Week 4 Update—February 3, 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. “Cross-over day,” the last day for each house to act on its own bills, is February 14. House and Senate versions of the two-year budget for fiscal years 2013 and 2014 will be released on February 19.

The House Education Committee is scheduled to meet 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 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.

**State Budget News**

The House and Senate money committees are working on their respective versions of the budget. Subcommittees will be developing their amendments over the next two weeks, with report out of the respective budgets by the full committees scheduled for February 19.

House Appropriations subcommittees have been hearing presentations of member budget requests and examining the amount of money available for their program areas. Meanwhile, the Senate Finance Committee, which has a new chairman, five new members and all new subcommittee chairmen, has been educating its members on various funding schemes currently in place. Prior to the budget report out date, the committees also may receive an updated state revenue forecast based on state tax collections for the first seven months of the current fiscal year, which would provide the most up-to-date figures for expected revenues on which to build the budget.

Both committees will be taking a serious look at the Virginia Retirement System (VRS) bills before them and the direction they wish to take in funding and reforming the state pension system. It appears, from the differences in the VRS bills submitted in each body, that the House and Senate will approach changes to the pension system in vastly different ways. The Senate Finance Committee has appointed a special subcommittee to examine proposed retirement legislation submitted in the Senate.

Each year, the General Assembly considers various bills that would alter the composite index of local ability to pay (the “LCI”). In many cases, these bills have been introduced by legislators from Northern Virginia, where the LCI is usually higher, thus requiring more local dollars to be put toward K-12 education. This past week in the House Appropriations Subcommittee on Elementary and Secondary Education, the panel examined several bills related to the LCI. Their review of this type of legislation was more extensive than had been done

in the past, this time including a presentation by the Department of Education (DOE) on the implications of each bill

and their associated costs savings to the state. However, in the end, each bill was defeated. Here's a rundown of the major provisions of each proposal:

[HB 421](#) would have established a new methodology for calculating the LCI using five “wealth” indicators—personal property tax relief reimbursement, value of real estate, local 1% sales tax revenue, value of personal property and revenue collected from lodging, cigarette and meals taxes.

[HB 468](#) used the same three wealth indicators recognized by the current LCI formula (true value of property, adjusted gross income and taxable retail sales). However, it proposed using a five-year average of each wealth indicator, rather than one year of data. It also would reduce the current LCI cap of 0.8000 by 0.0200 each fiscal year, until a new cap of 0.6000 is reached. It was noted in the DOE report that the use of multiple years' worth of data could mitigate the fluctuations that arise from using one year of data.

[HB 873](#) would have lowered the maximum composite index from 0.8000 to 0.5000 over the course of six biennia in 0.0500 increments, beginning in the 2014-2016 biennium, while not increasing the current minimum LCI of 0.2000.

Click [here](#) for additional information about Governor McDonnell's proposed changes to the public education budget for FY12; and [here](#) for the proposed FY13/FY14 education budget.

### Education Legislation

The House and Senate appear to be taking different tracks when it comes to relaxation of the post-Labor Day school opening law. The House Education Committee on Monday approved [HB 1063](#) (sponsored by the committee chairman) on a 17 to 4 vote. The approval came just one week after the Senate Education and Health Committee, struck down the perennial legislation to allow school boards to set the school calendar. HB 1063 subsequently was approved by the full House later in the week, on a vote of 76 to 23.

The House and Senate are on track to advance bills that direct the Board of Education (BOE) to modify the credits necessary for a student to earn a standard or an advanced studies diploma, which shall be the recommended diploma. The standard diploma shall include a concentration in career and technical education and a requirement to earn a career and technical education credential. The full House has approved [HB 1061](#) on a 67 to 32 vote, while the Senate Education and Health Committee approved [SB 489](#) by a 9 to 6 count.

In action from the House Education Committee, recall that last week's update highlighted bills introduced in the House to prohibit public schools from joining the Virginia High School League, which does not allow participation by qualifying home school students in interscholastic activities. The House Education Committee approved one of them, [HB 947](#), on a 14 to 8 vote earlier this week, setting the stage for a floor discussion and vote early next week. The Committee also reported [HB 250](#), which required local school boards to report annually to the BOE on the percentage of its operating budget allocated to instructional costs for each fiscal year. Such information is to be included in the annual School Performance Report Card. The bill directs the Superintendent of Public Instruction to establish a methodology for allocating each school division's expenditures to instructional and non-instructional costs. The full House later passed the measure, 85 to 14.

In action from the Senate Education and Health Committee, the panel reported [SB 440](#), which provides that local school boards may elect whether charter school personnel are employees of the charter school or of the

local school division; and that the amount of funds provided to the charter school by the local school board not be less than 90% of the school division's state and local share of the Standards of Quality per pupil funding. The bill was approved on a party-line 8 to 7 vote. The committee unanimously endorsed [SB 471](#) to direct the BOE to promulgate regulations governing physical education requirements, to be effective beginning with the 2015-2016 school year. Finally, the Senate Finance Committee defeated [SB 198](#), which stipulated that the health insurance credit provided to retired teachers be provided to all retired employees of the local school division, at the option of the local school board and as a cost borne by the local government.

### **E-mail Response**

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