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2017 General Assembly K-12 Education Update

January 6, 2017

The 2017 General Assembly session gavel to order on Wednesday, January 11. The session runs 46 days and is scheduled to end on February 25. During the course of the session, legislators likely will consider more than 1,500 bills and hundreds of resolutions. Amendments to the current two-year state budget also will be crafted. “Cross-over day,” the last day for each house to act on its own bills, is February 7. House and Senate amendments to the budget for fiscal years 2017 and 2018 will be released on February 5.

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 plans to meet on Thursdays at 8:00 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 [here](#). If you have a question about a legislative issue during the session, please contact David Blount, CEPI Policy Associate, at dcblount2@vcu.edu.

Overview of Proposed Amendments to the 2016-2018 State Budget

Governor McAuliffe submitted proposed amendments to the 2016-2018 state budget to the General Assembly money committees in mid-December. As noted above, legislators will craft their own amendments to the current spending plan during the upcoming legislative session. Approval of the budget typically is one of the final acts taken by the legislature at the end of the session.

Current year state revenue collections are running well ahead of the interim (August) forecast of 1.7% growth for FY17. As a result, the governor’s introduced budget amendments increase the anticipated revenue growth rate to 3% percent for FY17, and propose a 3.2% percent hike for FY18, to yield an additional \$451 million above the interim projections.

The governor’s proposal implements reductions revealed in October for the current fiscal year and incorporates more than one-half billion dollars in savings, the biggest chunk of that coming from what would have been the state’s FY18 costs of scuttled employee pay raises. The plan also

contains another \$103 million in targeted state agency reductions, pulls back about \$76 million from state colleges and universities, and includes several proposed revenue enhancers that would yield more than \$110 million for the state.

Key Public Education Items

While the Administration has indicated the governor's budget proposal contains no program reductions to K-12 education, it does reduce state spending in this area because of technical, formula-driven and (lower) enrollment changes, or those related to revenues dedicated to public education, such as the sales tax, lottery funds, and the Literary Fund. Thus, the budget proposes about \$270 million less in direct aid to public education for the biennium than the current budget.

The McAuliffe proposal includes \$55.5 million in FY18 for the state's share of a one-time, 1½ percent bonus for instructional and support positions recognized by the Standards of Quality, effective December 1, 2017. No local match funds are required. Removing the scheduled December 1, 2016 salary supplement due to underperforming revenues meant a decrease in state funding of \$49.3 million in FY17 and \$86 million in FY18 (total of \$135.3 million). The Governor's amended budget does not change any of the fringe benefit rates adopted in the current budget.

The introduced budget projects 6,300 fewer students than the current plan, lessening state basic aid payments by \$35 million over the remainder of the biennium. Estimates of the amount of sales tax targeted for public education are lowered by \$91 million, and when offset by a corresponding increase in basic aid, the net change in state funding to school divisions (due to both the estimated sales tax revenue decrease and the Basic Aid offset) is a decrease of about \$40 million over the two years.

Various technical changes to categorical, incentive and lottery-funded programs are largely due to participation rates. They include the following: Remedial summer school (\$7.8 million reduction over the biennium); K-3 Primary Class Size reduction program (\$9.7 million reduction); Early Reading Intervention program (\$3.8 million increase); School Breakfast Program (\$2.3 million increase); Foster care (\$3 million increase); and Regional Special Education (\$6 million reduction). Estimates of lottery proceeds dollars targeted for K-12 education have been increasing, resulting in an additional \$52 million to replace general funds in certain direct aid accounts.

The Governor's amended budget supplants K-12 general fund dollars with an additional \$25 million transfer each year from the Literary Fund to support the state's share of costs for teacher retirement. As a result, more than \$372 million in Literary Fund dollars now are targeted for teacher retirement in the current biennium. The proposal also supplants general fund support with increased levels of DMV non-general fund revenues (\$3.1 million over the biennium) for state support of driver education.

In addition, the proposal adds nearly \$500,000 to support summer cyber camps, and increases FY18 funding from \$500,000 to \$1.5 million for teacher residency partnerships in several urban school divisions. It also would provide \$1.2 million over the biennium for "traineeships" for persons interested in working in the special education arena. The introduced budget also proposes to eliminate just over \$2 million in FY18 that was to be targeted for the first year of competitive grants for implementing performance-based teacher compensation systems. Finally, it should be noted that expenses for the Children's Services Act (CSA) are on the rise, with \$85.7 million in additional

spending targeted for anticipated caseload and expenditure growth for CSA services for the mandated populations of special education and foster care.

Department of Education (DOE) Items

In the DOE budget, the following are proposed:

- A \$1.6 million increase in FY18 to support statewide access to the DOE's Instructional Improvement System at no cost to local school divisions.
- Repurposing \$400,000 from Teacher Recruitment and Retention (specifically, the Math/Science Teacher Recruitment pilot program) to fund administration of the Algebra Readiness Diagnostic Test, which will allow the state to continue offering a required algebra diagnostic test at no cost to localities.
- Adding \$500,000 in FY18 to continue a student growth model pilot program begun this year to provide personalized instructional and academic planning for students and to facilitate data-driven school improvement efforts.

October Reductions

Recall that reductions in the K-12 arena that were announced in October as part of the budget savings plan included the following:

- A \$150,000 reduction each year for 1) principal professional development in under-performing schools, given fewer principals left to train; and 2) local school divisions requesting teacher and principal professional development on issues related to high-needs students.
- A \$100,000 reduction in the new funding provided for eMediaVA, the platform used by the DOE to offer online courses. The DOE will modify its eMediaVA contract to reduce deliverables commensurate with the reduction in funding.
- A reduction of \$150,000 in the DOE school performance report card appropriation, from \$250,000 to \$100,000. DOE's development of the school quality profile, an enhancement of the school performance report card, will occur over several years at a slower rate or with a more limited scope.

Click [here](#) for additional information about Governor McAuliffe's proposed changes to the FY17/FY18 education budget.

E-mail Response

Questions or seeking more information? Please [contact CEPI](#) if you have any questions or need additional information about the 2017 General Assembly.