

**THE COMMONWEALTH EDUCATIONAL POLICY INSTITUTE**

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

**2012 General Assembly Update****Week 6 Update—February 17, 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**

With the clock ticking for General Assembly money committees to release their proposed amendments to Governor McDonnell's introduced budget, the House Appropriations and Senate Finance committees have been busy figuring out ways to pay for the spending plans they'll propose. The committees will announce their recommendations this coming Sunday; line item amendments should be available by Tuesday and floor votes on the respective plans is expected next Thursday.

House leaders previewed their coming budget announcement on the House floor late this past week. Specifically, they offered that they will increase public school funding by an additional \$140 million over the amounts recommended by the governor and that they will provide funds to expand the Early Reading Intervention Initiative for the 3rd graders, by adding \$6.2 million to increase the portion funded from 25% to 62% in the first year, and then fully fund 100% of the initiative in the second year. They also indicated that they will offer amendments to further offset the reduction in aid to localities that has been part of the budget the past several years. These reductions have put great stress on many aspects of local budget development, including local dollars for education. The governor's introduced budget proposed knocking \$25 million off the \$120 million reduction over the biennium.

In the past, additional revenue has sometimes become available to budget writers for developing their amendments, due to a revenue reforecast by the governor that reflects holiday sales and the most up-to-date information on individual income taxes. A report issued early in the week revealed that January revenue collections rose 3.4% over the prior year. On a year-to-date basis, total revenue collections have risen 4%, slightly behind the revised annual forecast of 4.6% growth for FY12. As a result, Governor McDonnell has

chosen not revise the revenue forecast, stating “Virginia’s economy remains subject to many unstable factors including the fragile national economy, persistent uncertainty in federal funding, and world and national events.

These prompt us to take a conservative fiscal approach to spending in this budget and to leave our revenue forecast unchanged as we develop our biennial budget.”

Legislators also will “find” some dollars in the governor’s plan to pay for their own initiatives. For example, this will be the case for the aforementioned additional education funding to be proposed by the House Appropriations Committee. As another example, the Senate Finance Committee's actions to revamp the governor's transportation package and reject the transfer of additional sales tax money for road maintenance will "free up" \$110 million.

Recall that changes to the Virginia Retirement System (VRS) will look much different in the two bodies and may be woven into the two budgets. The House proposes its primary changes in [HB 1129](#) , while the Senate will require local governments and school divisions, through [SB 497](#), to give 5 percent pay raises to their employees to offset a requirement that workers contribute 5 percent of their pay toward their pensions.

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

In action from the House and Senate floors this past week, the two chambers approved legislation to allow businesses to claim a credit against the corporate income tax for contributions to approved foundations that provide scholarships to needy students, with the intent to reduce state expenditures required for K-12 education. The House approved [HB 321](#) on a 64 to 35 vote on Tuesday. It has passed similar legislation the past several years, only to see it fail in the Senate. Today, the Senate approved [SB 131](#) on a 20-20, straight party-line vote, with Republican Lieutenant Governor Bill Bolling breaking the tie by voting for the bill. The total amount of credits available in any given fiscal year would be capped at \$10 million in the House bill and \$25 million in the Senate bill, with the credit due to expire in 2017.

The House approved [HB 576](#) on a 55 to 43 vote. The bill would establish three-year term contracts for teachers who have not achieved continuing contract status. Such teachers will be formally evaluated in the third year of the contract and informally during the first two years. Teachers receiving continuing contract prior to the 2013-14 school year will be allowed to retain such contracts. The teacher probationary period is increased from three years to five years before a teacher can be awarded a three year term contract; however, a teacher who has attained a continuing contract may be required to serve a probationary period in another school division, if such probationary period is made part of the employment contract. However, after narrow approval in committee, the similar Senate version of the bill, [SB 438](#) at first won passage on the Senate floor, before being defeated on a 20 to 18 on a second vote. The House version of the bill now awaits consideration in the Senate Education and Health Committee.

The House also approved [HB 325](#), which requires school boards to ensure that aides assigned to work with a teacher who has primary oversight of students with autism spectrum disorder demonstrate competency in student behavioral management within 60 days of assignment to such responsibility.

### E-mail Response

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