



**Report of the  
Subcommittee on Education**

**(Amendments to SB 750,  
as Introduced)**

**Senate Finance Committee  
Virginia General Assembly**

**February 4, 2007**

## 2007 REPORT OF THE EDUCATION SUBCOMMITTEE JOHN H. CHICHESTER, CHAIRMAN

Members of the Committee:

The members of the Education Subcommittee are pleased to present to you our budget recommendations. I would like to bring your attention first to Public Education.

### **Public Education**

As you well know, last biennium the General Assembly stepped up to the plate on Standards of Quality (SOQ) costs, with a strong commitment of state funds to the Commonwealth's funding partnership in Public Education.

Last session we provided another increase of \$1.5 billion for the current 2006-08 biennium, including:

- \$1.3 billion for the biennial re-benchmarking of formula-driven cost updates; and
- \$207 million for the state's share of a 4.0 percent "first year" teacher salary increase. (We had also set aside \$22 million towards a "second year" increase.)

As a result, the "short session" mid-biennium budget comes to us in very good shape, requiring relatively few adjustments at this juncture.

### Attracting and Retaining Highly Qualified Teachers

In the area of competitive compensation and benefits to help attract and retain highly qualified teachers:

- We propose an increase of \$11.9 million for the state's share of the enhanced Retiree Health Care Credit as reported by the Committee this week.
  - In addition to assuring current teachers of a more secure retirement, we hope this will bring meaningful relief to already retired teachers – to whom we are all grateful.
- We endorse the additional \$41.9 million in the introduced budget for the state's share of a 3.0 percent "second year" teacher salary increase.
- We propose \$250,000 for the Virginia Teaching Scholarship Loan Program to provide scholarships to top students in teacher education programs who will help in critical shortage areas.

### Investing in Early Childhood Education

The Subcommittee continues its long-standing support of the Virginia Preschool Initiative (VPI) for At-Risk Four-Year-Olds. The program reaches about 12,000 eligible four-year-olds, but we have another 6,000 whose localities need to be encouraged to join us in making this early investment.

Our recommendations endorse \$3.4 million of the funding proposed for pilots to expand preschool availability for those children who need it most. This will allow an additional 1,000 four-year-olds access to quality preschool.

In addition, I am pleased to report that through our good work last session in providing for start-up or expansion grants, we are expecting at least another 450 students across the state will have access to preschool next school year. Bristol, Chesterfield, Hanover, and Salem will have VPI programs for the first time.

The Subcommittee also endorses \$4.1 million in the introduced budget to provide Early Intervention Reading services to all 1<sup>st</sup> and 2<sup>nd</sup> graders who need it.

### *School Efficiency and Effectiveness*

Keeping our eyes ever on the horizon, the Subcommittee continues to be vigilant about promoting efficiency and effectiveness. With 20 school division reviews now complete, the School Efficiency Review Program has identified annual savings of \$19.2 million that can be redirected into the classroom.

In addition to this effort, we propose that a small joint subcommittee of legislators take a good look at the K-12 cost drivers and trends and report back to us this Fall. When we return to Richmond in a year, here is a sampling of the budget items we know will be before us:

- Over a billion dollars in 2008-10 re-benchmarking costs,
- Almost \$200 million per year in revisions to the SOQ proposed by the Board of Education, and
- Over \$100 million per year in Literary Fund revenues that are diverted from school construction loans to instead help the General Fund cover SOQ operating costs.

As daunting as these numbers seem, we are committed to maintaining an educational system Virginia can continue to be proud of, and one that will drive our future prosperity – collectively and individually. Our ultimate goal of course is nothing less than a quality educational system for all students, whether they happen to live in Petersburg or Southside or any other corner of the State.

### **Higher Education**

Turning to higher education, the Subcommittee's recommendations reflect our continued efforts to maintain funding centered on the core functions of our public colleges and universities. This includes their ability to serve our students and citizens with high quality programs while also embracing new roles that will stimulate Virginia's economic growth.

Last session we provided over \$450 million in new general fund support for higher education because we are committed to moving our institutions ahead in a number of areas. One of these areas is taking steps toward fully funding the “base adequacy” guidelines. We provided \$237.3 million over the biennium to move toward that effort and placed our institutions at an estimated average of 96 percent of the “base adequacy” guidelines.

We also increased funding for student financial aid programs at both public and private institutions. Another area where we were able to see improvement is the funding of faculty salaries. We provided on average a four percent increase for FY 2007 and a three percent increase was reserved for FY 2008.

But perhaps the most notable increase to those outside of the higher education community was the over \$76 million allocated to higher education research. These initiatives will allow our institutions to be more competitive nationally in research funding and provide some stimulation to economic development efforts.

So here again we can say that our actions last year leave the “short session” mid-biennium budget in very good shape, requiring few adjustments at this stage.

The Subcommittee embraced the \$15.3 million in the introduced budget for a one percent increase in the “base adequacy” guidelines for those institutions estimated to not

yet be at 100 percent of full funding. This moves us ever closer to achieving this goal. However, we recognize that this goal is a moving target based on changing enrollments and costs. This is why we intend to examine our methodologies and processes regarding “base adequacy” through the Joint Subcommittee on Higher Education Funding Policies this year.

We were also glad to see that the Governor distributed the three percent increase for faculty salaries in the second year. This continues our progress toward meeting the “60<sup>th</sup> percentile” goal. The \$1.7 million GF proposed for a 10 percent increase for nursing faculty salaries was also embraced. Making progress toward addressing the nursing shortage is important as our population continues to age and demands continue to increase.

The Subcommittee also supported funding for several other initiatives. However, the Subcommittee felt it was necessary to redirect and defer some funding aimed at creating new programs or expanding existing programs, to enable us to focus our resources more precisely on some of those core areas that I mentioned earlier.

In the area of research, the Subcommittee recommends providing an additional \$1.0 million from the general fund on top of the \$2.5 million included in the introduced budget for higher education research initiatives.

The second area to which the Subcommittee recommended redirecting funding was student financial aid. Senator Stosch's bill will create the Community College Transfer Grant Program. We have directed \$1.8 million GF to this program to encourage Virginia students to complete a transferable, associate's degree at a Community College and then continue their education at a four-year institution in Virginia. The assistance provided to students meeting the aid requirements for this program will allow them to complete their education in an affordable manor.

The last item that I want to mention is legislation that builds on the additional autonomy we have already given our higher education institutions by providing them with a process to reach Level II autonomy in either information technology or procurement. This continues to move the restructuring process forward in the manner that it was intended.

In total, the Subcommittee's recommendations, coupled with the introduced budget, provides an additional \$67.6 million GF over what has already been provided during this biennium.

For details on these and other recommendations of the Subcommittee, summary tables and selected language amendments in Public Education, Other Education, and Higher Education are attached. We offer them to the Committee for its consideration.

Respectfully Submitted,

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The Honorable John H. Chichester, Chairman

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The Honorable Charles J. Colgan

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The Honorable Benjamin J. Lambert III

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The Honorable William C. Wampler, Jr.

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The Honorable R. Edward Houck

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The Honorable Charles R. Hawkins

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The Honorable Richard L. Saslaw

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The Honorable Thomas K. Norment, Jr.

# **Public Education and Other Education**

**Budget Recommendations  
and  
Related Language Amendments**

**Education Subcommittee, Senate Finance Committee**  
**Recommended GF Amendments to SB750, As Introduced**  
**PUBLIC EDUCATION AND OTHER EDUCATION**

	<u><b>FY 2007</b></u>	<u><b>FY 2008</b></u>	<u><b>Biennial Total</b></u>
<b>Direct Aid to Public Education</b>			
Teachers Retiree Health Care Credit from \$2.50 to \$4 per year of service (SB1218)	0	11,900,467	11,900,467
Reduce to \$3.4 million new funding for pilots to expand preschool availability	0	(1,203,750)	(1,203,750)
Adjust revised sales tax for education forecast based on food actuals year to date	0	1,524,785	1,524,785
Increase Project Discovery grant to \$1.2 million	0	400,000	400,000
Defer proposed expansion of Algebra Readiness program to 6th grade	0	(3,888,374)	(3,888,374)
Capture FY07 balances in Virginia Preschool Initiative funds	(670,000)	0	(670,000)
Capture FY07 balances in teacher mentoring; VPSA Debt Service correction	(408,379)	0	(408,379)
Capture FY07 balances in hard-to-staff schools teacher incentives (Franklin City)	(284,105)	0	(284,105)
Convert staff workgroup on SOQ costs to a joint subcommittee of six legislators	<u>0</u>	<u>Language</u>	<u>0</u>
<b>Subtotal, Direct Aid</b>	<b>(1,362,484)</b>	<b>8,733,128</b>	<b>7,370,644</b>
<b>Department of Education, Central Office</b>			
Increase Virginia Teaching Scholarship Loan Program	0	250,000	250,000
Provide \$100,000 to coordinate Start Strong Preschool Pilots	0	(100,000)	(100,000)
Capture anticipated FY07 turnover vacancy balances	(500,000)	0	(500,000)
Capture FY07 balances in National Board Certification program	<u>(240,000)</u>	<u>0</u>	<u>(240,000)</u>
<b>Subtotal, DOE</b>	<b>(740,000)</b>	<b>150,000</b>	<b>(590,000)</b>
<b>Virginia Schools for the Deaf and Blind</b>			
Defer 4 New FTE for dormitory and security staff pending consolidation plans	0	(229,254)	(229,254)
<b>Library of Virginia</b>			
Library internet filter software (SB1393)	0	190,000	190,000
<b>In Central Appropriations</b>			
Authorize the \$1.8 million in the introduced budget for security and other costs for the 2007 Jamestown celebration, including World Leaders Forum on Democracy	0	Language	Language

**Report of the Education Subcommittee of the Senate Finance Committee  
FY 2008 - Recommended Direct Aid Amendments to SB750, As Introduced**

<b>School Division</b>	<b>Senate Bill 750 (Governor's Amended 2006-2008 Budget, Introduced Dec. 15, 2006)</b>	<b>Fund Retiree Health Care Credit at 1.16% in FY 2008 (SB 1218)</b>	<b>Defer Proposed SOL Algebra Readiness Grade 6 Expansion</b>	<b>Adjust Revised Sales Tax for Public Education Forecast</b>	<b>FY 2008, Estimated Distribution With Recommended Senate Amendments</b>
ACCOMACK	32,086,836	66,931	(37,042)	4,906	32,121,631
ALBEMARLE	46,290,201	79,454	(15,012)	21,988	46,376,631
ALLEGHANY	19,060,353	38,790	(14,564)	1,760	19,086,339
AMELIA	10,715,522	23,480	(7,215)	1,676	10,733,464
AMHERST	28,042,044	54,692	(23,495)	3,737	28,076,978
APPOMATTOX	13,804,985	27,106	(10,028)	1,635	13,823,697
ARLINGTON	46,261,311	77,764	(23,524)	41,171	46,356,721
AUGUSTA	60,830,027	118,969	(33,017)	10,982	60,926,961
BATH	2,117,681	2,716	(549)	1,768	2,121,616
BEDFORD	51,487,547	111,950	(31,475)	9,981	51,578,003
BLAND	5,793,788	12,378	(3,812)	725	5,803,079
BOTETOURT	25,453,063	47,682	(6,638)	5,804	25,499,911
BRUNSWICK	15,890,834	35,109	(20,485)	1,764	15,907,222
BUCHANAN	21,922,648	45,799	(29,853)	2,867	21,941,461
BUCKINGHAM	14,190,941	29,207	(14,241)	1,678	14,207,584
CAMPBELL	51,001,244	104,735	(36,516)	6,548	51,076,011
CAROLINE	23,444,728	48,610	(17,863)	4,822	23,480,297
CARROLL	24,820,560	49,191	(23,587)	3,323	24,849,487
CHARLES CITY	4,964,153	9,510	(3,225)	976	4,971,414
CHARLOTTE	14,594,493	33,338	(14,927)	1,219	14,614,123
CHESTERFIELD	293,857,024	614,409	(134,980)	55,059	294,391,512
CLARKE	9,273,921	17,285	(2,487)	3,387	9,292,106
CRAIG	4,747,422	9,457	(1,871)	715	4,755,723
CULPEPER	36,763,644	75,464	(21,197)	7,524	36,825,435
CUMBERLAND	9,394,628	19,491	(9,804)	1,228	9,405,543
DICKENSON	16,391,905	36,315	(16,818)	1,403	16,412,805
DINWIDDIE	28,306,399	66,988	(20,130)	3,098	28,356,355
ESSEX	9,499,622	19,789	(8,212)	1,861	9,513,060
FAIRFAX	456,661,852	760,484	(136,570)	353,024	457,638,790
FAUQUIER	39,112,626	69,939	(10,007)	22,070	39,194,629
FLOYD	12,165,866	25,515	(9,320)	1,909	12,183,970
FLUVANNA	19,806,001	40,221	(6,866)	3,468	19,842,825
FRANKLIN	40,088,417	80,036	(29,903)	8,692	40,147,242
FREDERICK	64,584,756	134,936	(21,686)	12,882	64,710,887
GILES	15,882,344	36,814	(7,958)	2,009	15,913,209
GLOUCESTER	32,505,083	64,439	(18,334)	5,994	32,557,182
GOOCHLAND	5,640,010	7,787	(1,647)	5,096	5,651,246
GRAYSON	13,644,629	28,024	(13,878)	1,729	13,660,505
GREENE	16,741,454	33,220	(7,322)	2,533	16,769,885
GREENSVILLE	11,518,326	24,897	(14,994)	938	11,529,167
HALIFAX	40,254,246	88,939	(46,033)	4,104	40,301,256
HANOVER	86,177,362	196,557	(21,713)	22,691	86,374,896
HENRICO	226,029,790	455,257	(124,462)	63,503	226,424,089
HENRY	49,013,764	101,264	(44,988)	6,173	49,076,213
HIGHLAND	1,969,018	2,794	(994)	284	1,971,102
ISLE OF WIGHT	29,210,491	56,294	(20,585)	6,248	29,252,448
JAMES CITY	37,613,930	67,362	(18,539)	14,449	37,677,201
KING GEORGE	19,210,841	36,533	(8,191)	3,637	19,242,820

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KING & QUEEN	4,865,244	8,633	(4,883)	1,046	4,870,041
KING WILLIAM	12,620,761	28,412	(7,395)	1,830	12,643,608
LANCASTER	4,770,184	7,295	(3,467)	2,764	4,776,777
LEE	27,995,394	62,118	(29,382)	1,793	28,029,923
LOUDOUN	161,078,262	282,709	(34,648)	96,795	161,423,118
LOUISA	18,491,093	35,150	(12,242)	7,388	18,521,389
LUNENBURG	11,686,750	23,462	(14,610)	1,215	11,696,817
MADISON	9,667,461	20,081	(3,096)	2,465	9,686,911
MATHEWS	6,205,916	13,252	(2,911)	1,563	6,217,820
MECKLENBURG	28,855,820	57,594	(32,414)	3,605	28,884,604
MIDDLESEX	5,431,488	9,529	(3,359)	2,231	5,439,890
MONTGOMERY	52,267,821	113,332	(32,676)	11,443	52,359,920
NELSON	10,183,116	18,055	(7,038)	3,162	10,197,295
NEW KENT	13,497,026	27,683	(3,271)	3,188	13,524,626
NORTHAMPTON	11,514,513	22,837	(13,345)	2,119	11,526,124
NORTHUMBERLAND	5,844,062	9,575	(4,782)	2,834	5,851,689
NOTTOWAY	15,405,240	34,174	(14,553)	1,480	15,426,341
ORANGE	25,055,880	51,412	(14,030)	5,631	25,098,893
PAGE	21,354,447	44,564	(17,590)	2,715	21,384,136
PATRICK	16,650,160	35,841	(18,307)	1,897	16,669,590
PITTSYLVANIA	56,848,369	119,911	(44,867)	6,786	56,930,199
POWHATAN	22,479,433	48,094	(5,172)	4,364	22,526,719
PRINCE EDWARD	17,734,956	34,487	(21,820)	2,483	17,750,106
PRINCE GEORGE	37,427,263	75,703	(21,132)	3,920	37,485,754
PRINCE WILLIAM	373,894,253	781,864	(175,744)	82,194	374,582,567
PULASKI	29,272,104	64,370	(23,082)	4,185	29,317,577
RAPPAHANNOCK	3,255,567	4,713	(697)	2,512	3,262,096
RICHMOND	6,864,807	12,755	(5,278)	1,130	6,873,414
ROANOKE	75,491,404	160,013	(22,286)	16,440	75,645,571
ROCKBRIDGE	13,067,450	25,266	(7,489)	3,740	13,088,967
ROCKINGHAM	63,691,195	129,812	(34,961)	11,627	63,797,674
RUSSELL	27,527,081	57,321	(29,632)	2,727	27,557,497
SCOTT	27,631,831	60,822	(26,486)	1,974	27,668,141
SHENANDOAH	33,444,541	66,761	(16,263)	5,727	33,500,766
SMYTH	34,610,239	72,907	(30,047)	2,767	34,655,866
SOUTHAMPTON	18,287,530	33,862	(14,087)	2,578	18,309,883
SPOTSYLVANIA	128,914,725	244,290	(53,400)	23,107	129,128,722
STAFFORD	134,875,405	283,340	(40,213)	26,087	135,144,618
SURRY	2,954,453	4,092	(1,778)	2,430	2,959,197
SUSSEX	9,483,074	19,940	(11,677)	1,156	9,492,493
TAZEWELL	41,902,860	89,989	(45,307)	4,921	41,952,463
WARREN	27,295,539	56,741	(15,304)	6,281	27,343,258
WASHINGTON	40,223,360	85,446	(31,037)	6,770	40,284,540
WESTMORELAND	10,093,940	18,728	(8,133)	2,051	10,106,586
WISE	43,813,293	91,321	(45,923)	3,734	43,862,425
WYTHE	24,636,053	49,925	(18,985)	3,686	24,670,679
YORK	60,857,372	128,021	(13,731)	12,483	60,984,145
ALEXANDRIA	28,796,833	44,324	(17,492)	26,075	28,849,740

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BRISTOL	14,824,242	29,176	(14,573)	2,296	14,841,140
BUENA VISTA	8,151,655	18,761	(4,299)	622	8,166,739
CHARLOTTESVILLE	19,821,282	29,498	(12,979)	9,048	19,846,850
COLONIAL HEIGHTS	13,281,761	26,065	(5,970)	3,661	13,305,517
COVINGTON	5,883,397	12,989	(3,890)	521	5,893,017
DANVILLE	41,477,151	84,909	(52,438)	5,173	41,514,795
FALLS CHURCH	4,755,380	7,256	(603)	4,346	4,766,379
FREDERICKSBURG	7,395,848	13,097	(5,541)	5,520	7,408,925
GALAX	7,503,751	15,756	(9,688)	883	7,510,702
HAMPTON	137,944,525	271,951	(135,470)	16,377	138,097,383
HARRISONBURG	23,164,616	50,720	(21,678)	4,823	23,198,481
HOPEWELL	24,754,725	58,003	(28,774)	2,533	24,786,487
LYNCHBURG	49,977,269	106,644	(51,760)	9,474	50,041,627
MARTINSVILLE	15,263,383	33,483	(18,609)	1,798	15,280,055
NEWPORT NEWS	190,703,023	375,231	(183,445)	24,902	190,919,711
NORFOLK	211,168,625	433,079	(250,804)	25,512	211,376,413
NORTON	4,284,927	8,788	(3,680)	656	4,290,691
PETERSBURG	33,474,167	70,789	(42,902)	2,561	33,504,616
PORTSMOUTH	98,778,157	216,680	(115,880)	7,825	98,886,783
RADFORD	8,444,750	18,398	(5,810)	1,060	8,458,398
RICHMOND CITY	136,708,787	275,653	(154,162)	34,976	136,865,254
ROANOKE CITY	77,287,401	150,874	(85,631)	13,938	77,366,582
STAUNTON	18,082,942	31,189	(11,676)	4,294	18,106,749
SUFFOLK	78,978,266	157,593	(69,058)	13,113	79,079,914
VIRGINIA BEACH	378,419,318	700,642	(191,213)	76,002	379,004,750
WAYNESBORO	16,732,129	34,021	(15,025)	2,927	16,754,052
WILLIAMSBURG	3,302,552	2,270	(549)	1,749	3,306,022
WINCHESTER	15,797,065	29,962	(10,868)	5,866	15,822,025
FAIRFAX CITY	7,000,456	10,705	(1,810)	6,568	7,015,919
FRANKLIN CITY	9,582,594	18,496	(11,981)	951	9,590,060
CHESAPEAKE CITY	221,842,512	433,320	(114,135)	38,848	222,200,545
LEXINGTON	3,206,632	6,542	(1,652)	623	3,212,144
EMPORIA	6,350,494	13,623	(7,869)	784	6,357,032
SALEM	19,449,347	40,977	(8,556)	3,745	19,485,513
BEDFORD CITY	4,971,826	10,559	(1,952)	604	4,981,037
POQUOSON	12,940,009	27,696	(1,840)	2,199	12,968,064
MANASSAS CITY	33,791,425	66,437	(13,668)	8,825	33,853,020
MANASSAS PARK	14,659,313	32,494	(9,576)	2,177	14,684,408
COLONIAL BEACH	3,637,528	7,652	(3,772)	391	3,641,798
WEST POINT	4,888,016	10,042	(2,009)	472	4,896,521
<b>TOTAL:</b>	<b>5,986,335,148</b>	<b>11,900,467</b>	<b>(3,888,374)</b>	<b>1,524,785</b>	<b>5,995,872,026</b>

*Note: This analysis includes state funds for the Standards of Quality, Incentive, Categorical, and School Facilities service areas. Federal funds are not included in this analysis.*

February 4, 2007

**Education: Elementary &  
Secondary****FY 06-07****FY 07-08**Department Of Education, Central  
Office Operations\$0  
0.00(\$100,000) GF  
-2.00 FTE**Language:**

Page 128, line 38, strike "\$17,898,889" and insert "\$17,798,889".

**Explanation:**

(This amendment provides \$100,000, rather than \$200,000 as proposed in the introduced budget, in the Department of Education, Central Office to support the coordination of preschool pilot projects. In addition, the amendment removes the proposed new 2.0 FTEs for the pilot program.)

**Education: Elementary &  
Secondary****FY 06-07****FY 07-08**

Direct Aid To Public Education

\$0 (\$1,203,750) GF

**Language:**

Page 131, line 19, strike "\$6,004,522,879" and insert "\$6,003,319,129".

Page 157, strike line 45.

Page 160, strike line 9.

Page 160, line 10, strike "a." and insert "f. In addition,".

Page 160, line 10, strike "\$4,638,750" and insert "\$3,435,000 the second year from the general fund".

Page 160, line 12, after "programs" insert " for eligible at-risk students not currently being served. The purpose of the pilot projects is to serve as a feasibility study for models of high quality preschool network delivery. As such, no later than October 30, 2007, the Secretary of Education and the Secretary of Health and Human Resources shall make recommendations to the Senate Finance Committee and House Appropriations Committee on suggested improvements to the Virginia Preschool Initiative for At-Risk Four-Year-Olds".

Page 160, line 13, strike "b.".

Page 160, line 16, strike ": (3) pilot".

Page 160, strike lines 17 through 19.

**Explanation:**

(This amendment reduces by \$1.2 million new funding proposed in the introduced budget for preschool pilot projects in FY 2008. Remaining new funding of \$3.4 million would provide the state's share of the Virginia Preschool Initiative per pupil amount of \$5,700 for an additional 1,000 students, plus \$300,000 for start-up funding.)

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Education Subcommittee

Item 135 #7s

**Education: Elementary &  
Secondary**

**FY 06-07**

**FY 07-08**

Direct Aid To Public Education

\$0

\$1,524,785 GF

**Language:**

Page 131, line 19, strike "\$6,004,522,879" and insert "\$6,006,047,664".

Page 132, line 13, strike "\$1,139,300,000" and insert "\$1,142,665,205".

Page 132, line 13, strike "\$1,198,700,000" and insert "\$1,202,199,660".

Page 166, line 18, strike "\$55,477,477" and insert "\$52,112,272".

Page 166, line 19, strike "\$50,173,231" and insert "\$46,808,026".

**Explanation:**

(This amendment increases the forecast for sales tax for public education by \$3.4 million in FY07 and \$3.5 million in FY08, based on year-to-date food actuals. The FY07 amount is allocated towards reducing the one-time hold harmless amount provided in September 2006. For FY08, the increase results in an offsetting reduction in the state's share of Basic Aid of \$1.9 million, for a net increased distribution to local school divisions of \$1.5 million.)

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Education Subcommittee

Item 135 #8s

**Education: Elementary &  
Secondary**

Direct Aid To Public Education

Language

**Language:**

Page 142, strike lines 49 through 56.

Page 143, strike lines 1 through 16.

Page 8, after line 56, insert:

"H. 1. The Chairmen of the House Appropriations and Senate Finance Committees shall each appoint three members from their respective committees to a joint subcommittee to provide on-going direction and oversight of Standards of Quality funding cost policies and to make recommendations to their respective committees.

2. The Joint Subcommittee on Elementary and Secondary Education Funding shall: 1) study re-benchmarking cost trends and drivers, 2) review existing Standards of Quality (SOQ), incentive, categorical, and school facilities funding streams within Direct Aid to Public Education, as well as the Literary Fund, and identify options for efficiencies and cost savings and for greater funding flexibility, especially to better prepare the state and localities for future economic downturns; 3) consider alternatives to across-the-board compensation supplements to better target state funds; 4) review funding streams for students at-risk of academic failure, and assess whether such programs should be incorporated into the SOQ; and 5) examine special education funding issues.

3. The school divisions, the staff of the Virginia Department of Education, and staff of the Joint Legislative Audit and Review Commission, are directed to provide technical assistance, as required, to the joint subcommittee. At its discretion, the Joint Subcommittee may contract for consulting services. The Joint Subcommittee shall publish a preliminary report by September 15, 2007.

**Explanation:**

(This amendment moves language adopted in the 2006 session creating a staff workgroup to study Standards of Quality re-benchmarking cost trends and drivers from the Department of Education to a joint subcommittee consisting of three Senate and three House budget committee members.)

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Education Subcommittee

Item 141 #1s

**Education: Elementary &  
Secondary**

**FY 06-07**

**FY 07-08**

Virginia School For The Deaf And  
The Blind At Staunton

\$0  
0.00

(\$229,254) GF  
-4.00 FTE

**Language:**

Page 173, line 10, strike "\$3,816,214" and insert "\$3,586,960".

**Explanation:**

(This amendment removes new funding and positions at the Virginia School for the Deaf and Blind at Staunton until staffing needs are fully assessed based on the consolidation of the two statewide schools for the deaf, blind and multi-disabled.)

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Education Subcommittee

Item 462 #7s

**Central Appropriations**

Central Appropriations

Language

**Language:**

Page 504, after line 59, insert:

“S. Out of the appropriation for this Item, \$1,800,000 the second year from the general fund shall be available for additional security and other costs associated with the Jamestown 2007 celebration, including for the World Forum on the Future of Democracy event and certain commemorative operations costs, not currently budgeted.”

**Explanation:**

(This amendment specifies that \$1.8 million included in the budget as introduced may be used for additional security costs, the World Forum on the Future of Democracy, and other one-time commemorative operations.)

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# Higher Education

Budget Recommendations  
and  
Related Language Amendments

**Education Subcommittee, Senate Finance Committee**  
**Recommended Amendments to SB 750, As Introduced - HIGHER EDUCATION**

<b>Agency</b>	<b>Amendment</b>	<b>FY 2008 GF</b>	<b>FY 2008 NGF</b>	<b>FY 2008 FTE</b>
Legislative	Joint Subcommittee on Hi. Ed. Funding Policies- <u>Language</u>	-	-	-
SCHEV	Optometry Contract Slots - <u>Language</u>	-	-	-
SCHEV	Transfer Grant - (VCCS)	1,754,485	-	-
CNU	Faculty Salaries - Executive Amendment	13,744	-	-
CWM	Eliminate O&M for William.Comm. Hospital	(342,000)	-	-
CWM	Faculty Salaries - Executive Amendment	(218,153)	-	-
RBC	Faculty Salaries - Executive Amendment	6,655	-	-
VIMS	Faculty Salaries - Executive Amendment	31,526	-	-
GMU	Faculty Salaries - Executive Amendment	105,102	-	-
GMU	Nursing Faculty Salaries - Executive Amendment	9,831	-	-
JMU	Faculty Salaries - Executive Amendment	(186,084)	-	-
LU	Faculty Salaries - Executive Amendment	13,844	-	-
NSU	Faculty Salaries - Executive Amendment	(57,207)	-	-
NSU	Nursing Faculty Salaries - Executive Amendment	4,916	-	-
ODU	Faculty Salaries - Executive Amendment	16,009	-	-
ODU	Nursing Faculty Salaries - Executive Amendment	19,663	-	-
RU	Faculty Salaries - Executive Amendment	45,074	-	-
UMW	Faculty Salaries - Executive Amendment	6,444	-	-
UVA	Faculty Salaries - Executive Amendment	(638,367)	-	-
UVA	O&M - Adv Research & Technology Building	98,700	382,600	-
UVA-Wise	Faculty Salaries - Executive Amendment	26,429	-	-
UVA-Wise	Nursing Faculty Salaries - Executive Amendment	24,578	-	-
VCU	Defer - Grace E. Harris Institute Funding	(100,000)	-	-
VCU	Faculty Salaries - Executive Amendment	(151,409)	-	-

**Education Subcommittee, Senate Finance Committee**  
**Recommended Amendments to SB 750, As Introduced - HIGHER EDUCATION**

<b>Agency</b>	<b>Amendment</b>	<b>FY 2008 GF</b>	<b>FY 2008 NGF</b>	<b>FY 2008 FTE</b>
VCU	Nursing Faculty Salaries - Executive Amendment	29,494	-	-
VCCS	Faculty Salaries - Executive Amendment	1,581,439	-	-
VMI	Defer - Virginia Military Scholarship Program for Uniforms	(448,000)	-	-
VMI	Emergency Uniforms	330,000	-	-
VMI	Faculty Salaries - Executive Amendment	(30,135)	-	-
VT	Faculty Salaries - Executive Amendment	(766,314)	-	-
VT-Ext	Commonwealth Staffing Initiative	552,000	-	8.0
VT-Ext	Faculty Salaries - Executive Amendment	261,794	-	-
VSU	Faculty Salaries - Executive Amendment	(63,875)	-	-
VSU-Ext	Faculty Salaries - Executive Amendment	3,484	-	-
EVMS	Defer - Base Support for Graduate Programs	(288,960)	-	-
NCI	Defer - Southside VA Educ. Expansion/Cooperation	(500,000)	-	-
IALR	Defer - Southside VA Educ. Expansion/Cooperation	(500,000)	-	-
SVHEC	Defer - Southside VA Educ. Expansion/Cooperation	(500,000)	-	-
SWVHEC	Restore - Southside Tobacco Loan Program	-	2,800,000	-
Jeff. Lab	Provide Initial Funding for Upgrade - Research	500,000	-	-
HiEd Research	VA Coastal Energy Research Consortium	500,000	-	-
Level IIIs	HE Restructuring Technical Corrections - <u>Language</u> (multiple)	-	-	-
Level IIs	Level II Restructuring - <u>Language</u>	-	-	-
<b>TOTAL</b>		<b>1,144,707</b>	<b>3,182,600</b>	<b>8.0</b>

Education Subcommittee

Item 1 #5s

**Legislative Department**

General Assembly Of Virginia

Language

**Language:**

Page 8, after line 47, insert:

"7. The Joint Subcommittee shall meet during 2007 to provide direction and oversight in regards to funding guideline methodology and processes. The Joint Subcommittee shall review factors impacting the methodology and processes and shall provide recommendations on their findings to the Governor and the State Council of Higher Education for Virginia by September 1, 2007."

**Explanation:**

(This amendment provides language to have the Joint Subcommittee on Higher Education Funding Policies meet during 2007 to make recommendations on funding guideline methodologies and processes.)

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Education Subcommittee

Item 4-2.01 #3s

**Revenues**

Nongeneral Fund Revenues

Language

**Language:**

Page 625, line 51, after "d)", strike "Each" and insert:

"Except as provided in Chapters 933 and 943 of the 2006 Acts of Assembly, each".

**Explanation:**

(This amendment is one of a series of technical amendments that clarifies legislative intent with regard to the management agreements approved by the 2006 Session of the General Assembly and contained in Chapters 933 and 943 of the 2006 Acts of Assembly.)

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Education Subcommittee

Item 4-2.01 #4s

**Revenues**

Nongeneral Fund Revenues

Language

**Language:**

Page 626, line 20, after "a)", strike "Mandatory" and insert:

"Except as provided in Chapters 933 and 943 of the 2006 Acts of Assembly, mandatory".

**Explanation:**

(This amendment is one of a series of technical amendments that clarifies legislative intent with regard to the management agreements approved by the 2006 Session of the General Assembly and contained in Chapters 933 and 943 of the 2006 Acts of Assembly.)

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Education Subcommittee

Item 4-5.04 #4s

**Special Conditions and Restrictions on Expenditures**

Good and Services

Language

**Language:**

Page 642, after line 14, insert:

"5. Nothing in this subsection shall limit any authority specifically granted by Chapters 933 and 943 of the 2006 Acts of Assembly subject to the limitations and conditions set forth in Chapters 933 and 943 of the 2006 Acts of Assembly."

**Explanation:**

(This amendment is one of a series of technical amendments that clarifies legislative intent with regard to the management agreements approved by the 2006 Session of the General Assembly and contained in Chapters 933 and 943 of the 2006 Acts of Assembly.)

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Education Subcommittee

Item 4-5.04 #5s

**Special Conditions and Restrictions on Expenditures**

Good and Services

Language

**Language:**

Page 642, line 31, after "PRODUCTION:", strike "No" and insert:

"Except for public institutions of higher education governed by Chapters 933 and 943 of the 2006 Acts of Assembly, no".

**Explanation:**

(This amendment is one of a series of technical amendments that clarifies legislative intent with regard to the management agreements approved by the 2006 Session of the General Assembly and contained in Chapters 933 and 943 of the 2006 Acts of Assembly.)

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Education Subcommittee

Item 4-9.01 #1s

**Higher Education Restructuring**

Approval of Management Agreement for Virginia  
Polytechnic Institute and State University

Language

**Language:**

page 659, strike lines 42 through 45; page 660, strike lines 1 through 16; page 660, before line 17 insert:

"§4-9.01 DELEGATED FUNCTIONAL AUTHORITY AND MEMORANDA OF  
UNDERSTANDING

A. Pursuant to Subchapter 2 (§ 23-38.90) of the Restructured Higher Education Financial and Administrative Operations Act of 2005, Chapters 933 and 945 of the 2005 Acts of Assembly, as amended by the 2007 Session of the General Assembly in House Bill No. 2306 and Senate Bill No. 1342, public institutions of higher education in the Commonwealth that are certified by the State Council of Higher Education for Virginia pursuant to subsection C of § 23-9.6:1.01 as having met the requirements of subsection B of § 23-38.88 are hereby eligible as follows to elect to be granted the functional authority in the operational areas of either (i) information technology or (ii) procurement as set forth in §§ 2.0 and 3.0 of House Bill No. 2306 and Senate Bill No. 1342; and that (ii) the governing body of each such institution shall make its election

by a resolution adopted by the governing body and submitted to the Governor, with copies to the Chairmen of the House Committee on Appropriations and the Senate Committee on Finance:

1. Information technology:

- a. George Mason University, James Madison University, Longwood University, Old Dominion University, Radford University, Virginia Commonwealth University, Virginia Military Institute, and the Virginia Community College System may elect to be granted the information technology functional authority in a memorandum of understanding that is substantially identical to § 2.0 of House Bill No. 2306 and Senate Bill No. 1342, subject to the approval of the appropriate cabinet official as designated by the Governor and approval by the Governor or his designee. The appropriate cabinet official as designated by the Governor shall receive input from the Information Technology Investment Board prior to granting approval of the memorandum of understanding. The Information Technology Investment Board will have 15 calendar days to comment upon receipt of the request from the Governor's designee. The appropriate cabinet official as designated by the Governor shall have 90 calendar days to determine whether or not to enter into a memorandum of understanding for the additional functional authority. The appropriate cabinet official shall notify the Chairmen of the House Committee on Appropriations and the Senate Committee on Finance of the decision regarding the request and provide a copy of any executed memorandums of understanding.
- b. Any other public institution of higher education may submit a request to the Governor to receive decentralized authority in the area of information technology based on the process that is currently available. Any other public institution of higher education must prove able to

successfully manage the decentralized authority in information technology prior to being considered for the functional authority granted in § 2.0 of House Bill No. 2306 and Senate Bill No. 1342.

2. Procurement:

a. George Mason University, James Madison University, Old Dominion University, Radford University, Virginia Commonwealth University, Virginia Military Institute, Longwood University and the Virginia Community College System may elect to be granted the procurement functional authority in a memorandum of understanding that is substantially identical to § 3.0 of House Bill No. 2306 and Senate Bill No. 1342, subject to the approval of the appropriate cabinet officials as identified by the Governor and approval by the Governor or his designee. The appropriate cabinet officials as designated by the Governor shall have 90 calendar days to determine whether or not to enter into a memorandum of understanding for the additional functional authority. The appropriate cabinet officials shall notify the Chairmen of the House Committee on Appropriations and the Senate Committee on Finance of the decision regarding the request and provide a copy of any executed memorandums of understanding.

b. Any other public institution of higher education may submit a request to the Governor to receive decentralized authority in the area of procurement based on the process that is currently available. Any other public institution of higher education must prove able to successfully manage the decentralized authority in procurement prior to being considered for the functional authority granted in § 3.0 of House Bill No. 2306 and Senate Bill No. 1342.

B. A public institution of higher education that is granted approval for additional authority

under §§ 2.0 and 3.0 of House Bill No. 2306 and Senate Bill No. 1342 shall be subject to this section and its implementation of the functional authority granted by this section shall be subject to the reviews, assessments, and audits as may be conducted periodically by the appropriate Cabinet Secretary or Secretaries, as designated by the Governor, or as otherwise may be required by this act or by other law.

C. If the Governor makes a written determination that a public institution of higher education that has been designated or approved pursuant to subsection A of this section to enter into a memorandum of understanding for additional functional authority set forth in §§ 2.0 and 3.0 of House Bill No. 2306 and Senate Bill No. 1342, is not in substantial compliance with the additional functional authority that has been granted to that institution by this act or a separate act, or that an institution that has entered into a memorandum of understanding with the Commonwealth pursuant to subsection A of this section is not in substantial compliance with the terms of that memorandum of understanding, (i) the Governor shall provide a copy of that written determination to the chairman of the governing body of the institution and to the Chairmen of the House Committee on Appropriations and the Senate Committee on Finance, and (ii) such memorandum of understanding may be revoked by the Governor or at the Governor's option the institution shall develop and implement a plan of corrective action, satisfactory to the Governor, for purposes of coming into substantial compliance, within a timeframe set by the Governor and shall provide a copy of such corrective action plan to the Chairmen of the House Committee on Appropriations and the Senate Committee on Finance. If the Governor determines that the institution is not yet in substantial compliance after reviewing the corrective action plan, the Governor may void the additional functional authority granted

pursuant to subsection A of this section. Upon such action by the Governor to revoke or void a memorandum of understanding, the affected public institution of higher education shall not exercise any additional functional authority granted pursuant to subsection A of this section unless and until (i) such action is reversed by an act of the General Assembly or (ii) the General Assembly re-designates the institution, or the institution enters into a subsequent memorandum of understanding with the Commonwealth, under subsection A of this section."

**Explanation:**

(This amendment provides a process for additional operational authority for Level II Restructuring in the areas of procurement or information technology.)

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Education Subcommittee

Item 4-9.03 #1s

**Higher Education Restructuring**

Resolution of Conflict with Enacted Management  
Agreements

Language

**Language:**

Page 663, strike lines 27 through 36

**Explanation:**

(This amendment strikes the introduced language clarifying legislative intent with regard to the management agreements approved by the 2006 Session of the General Assembly and contained in Chapters 933 and 943 of the 2006 Acts of Assembly. Language addressing these conflicts was moved to multiple locations.)

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