

**SENATE OF VIRGINIA**

# **Senate Finance Committee**

## **Overview of Proposed Budget Amendments**

**SB 850, as Introduced**

**April Kees**

**Education Subcommittee**

**January 20, 2009**

# Presentation Outline

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- *Higher Education Overview*
- K-12 Overview
- Other Education Overview

# Overview of Higher Education

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- Governor's proposed amendments result in a net **decrease of \$309.7 million GF**, or a **8.0% decrease** over the original appropriation.
  - **An additional net decrease of \$22.4 million GF** is budgeted under Central Appropriations.
- Higher education institutions received reductions of \$86.1 million GF in FY 2009 and \$210.1 million GF in FY 2010.
  - Reductions ranged from 5 to 7 % in FY 2009 and were 15% for 4-year institutions and 10% for 2-year institutions in FY 2010.

# Summary of Proposed Amendments

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<b>Major GF Actions for the 2008-10 Biennium - (\$ in millions)</b>	
Across-the-Board Reductions to Colleges and Universities	(\$296.3)
Elimination of Tuition Moderation Incentive Funding	(18.8)
Across-the-Board Reductions to Affiliated Institutions	(14.6)
Elimination of Eminent Scholars Program	(6.0)
Elimination of Pay Practice Funding	(2.2)
Phase-out TAG Support for Graduate Programs	(2.1)
Transfer Autism Program at VCU to HHR	(0.9)
Undergraduate Student Financial Aid	25.9
Various Program Enhancements	5.2
<b>Total</b>	<b>(\$309.7)</b>

# Higher Education Institutions

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## Public Colleges and Universities FY 2008-10 Across-the-Board Reductions

<u>Institution</u>	<u>FY 2009</u>	<u>FY 2009 Percent Reduction</u>	<u>FY 2010</u>	<u>FY 2010 Percent Reduction</u>
Christopher Newport University	(\$1,430,977)	5.0%	(\$4,292,932)	15.0%
College of William and Mary	(3,426,462)	7.0%	(7,342,419)	15.0%
George Mason University	(9,799,203)	7.0%	(20,998,292)	15.0%
James Madison University	(5,447,520)	7.0%	(11,673,257)	15.0%
Longwood University	(1,356,876)	5.0%	(4,070,629)	15.0%
University of Mary Washington	(1,656,014)	7.0%	(3,548,600)	15.0%
Norfolk State University	(2,044,145)	4.4%	(6,132,434)	13.0%
Old Dominion University	(5,645,898)	5.0%	(16,487,695)	15.0%
Radford University	(2,496,321)	5.0%	(7,488,962)	15.0%
University of Virginia	(10,619,554)	7.0%	(22,756,186)	15.0%
University of Virginia at Wise	(754,459)	5.0%	(2,263,377)	15.0%
Virginia Commonwealth University	(10,136,449)	5.0%	(30,100,797)	15.0%
Virginia Military Institute	(982,653)	7.0%	(2,105,684)	15.0%
Virginia State University	(1,261,557)	3.8%	(3,784,670)	11.3%
Virginia Tech	(8,888,823)	5.0%	(26,666,470)	15.0%
Richard Bland College	(295,397)	5.0%	(590,794)	10.0%
Virginia Community Colleges	<u>(19,874,910)</u>	5.0%	<u>(39,745,194)</u>	10.0%
<b>Total</b>	<b>(\$86,117,218)</b>		<b>(\$210,048,392)</b>	

# Affiliated Higher Education

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- Affiliated higher education agencies received reductions of \$7.6 million GF in FY 2009 and \$7.0 million GF in FY 2010.

<b>Affiliated Higher Education Institutions – FY 2010 Reductions</b>		
<b>Institution</b>	<b>FY 2010 \$ Reduction</b>	<b>FY 2010 % Reduction</b>
VA Inst. Of Marine Science	(\$2,242,975)	10.6%
VA Tech Extension	(2,307,994)	3.4%
VA State Extension	(26,542)	0.6%
Southwest VA Higher Ed. Center	(215,499)	10.0%
Southern VA Higher Ed. Center	(215,166)	10.0%
Roanoke Higher Ed. Center	(131,839)	10.0%
Inst. For Adv. Learning and Res.	(656,060)	10.0%
New College Institute	(111,000)	6.4%
Jefferson Labs	(225,469)	15%
State Council for Higher Ed. In VA	(373,858)	8.5%
Eastern VA Medical School	(500,000)	2.9%
<b>Total</b>	<b>(\$7,006,402)</b>	

# Various Program Enhancements

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<b>Agency</b>	<b>Program</b>	<b>FY 2008</b>
ODU	Continue Modeling & Simulation Funding	\$2,099,838
VSU	Manufacturing & Logistics Program Increase	1,500,000
UVA	Fund Health Insurance Premium Increase	1,132,304
VCCS	Fund New Equipment Lease	271,932
LU	Create Nursing Program	240,442
<b>Total</b>		<b>\$5,244,516</b>

# Other Actions

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<b>Higher Education Actions in Central Accounts - (\$ in millions)</b>	
Elimination of Faculty Salary pay raise in FY 2009 and FY 2010	(\$37.0)
Provide funding for higher education restructuring incentives in FY 2010	13.3
Increase funding for the Two-Year College Transfer grant	1.3
<b>Total</b>	<b>(\$22.4)</b>

- **Restructuring Language**

- Proposes several changes to the annual assessment of institutional performance required under the Higher Education Restructuring Act.
  - Requiring both annual and biennial performance measures,
  - revising affordability measures around graduation rates and financial aid, and,
  - redefining the administrative and financial measures depending upon the level of autonomy in which each institution operates.

# Presentation Outline

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Higher Education Overview

*K-12 Overview*

Other Education Overview

# Overview of Public Education

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- Governor's proposed amendments to Direct Aid to Public Education result in a net **decrease of \$691.9 million GF** when compared to Chapter 879, 2008 regular session.
- The majority of GF savings occur in FY 2010.
- Of this amount, \$145.8 million GF of the decrease relates to technical adjustments and \$340.9 million GF reflects a policy change regarding a funding cap for support positions.

# Summary of K-12 Proposed Amendments 11

<b>GF Amendments for the 2008-10 Biennium - (\$ in millions)</b>	
<i>Correction of Spec. Ed. Child Count and 2008 Triennial Census Data</i>	\$11.5
<i>Revised Sales Tax Revenue Estimates</i>	(74.2)
<i>Adjust Programs for Enrollment, Participation, and Other Cost Factors</i>	(83.1)
Sales Tax Revenue from Proposed Tax Policy Change	9.2
Reduce Supplemental Assistance Programs	(0.4)
Closure of State-Operated Facilities	(1.9)
Retiree Health Care Credit (RHCC) & Group Life (GL) Rates (OPEB)	(2.7)
Eliminate School Construction Grants	(27.5)
Adjust Literary Fund Transfers for VRS	(54.4)
Reassign Programs Funded by Lottery Proceeds Fund	(55.8)
Eliminate 2.0% Salary Increase	(71.6)
Implement Funding Cap for Support Positions	(340.9)
<b>Total</b>	<b>(\$691.8)</b>

# Decreases – Technical Updates

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- **Revised ADM Enrollment Forecast/Actual Fall 2008 Membership**
  - **FY 09: Net savings of \$31.2 million; 4,717 fewer students than projected in Ch. 879**
  - **FY 10: Net savings of \$42.0 million; 4,154 fewer student than in Ch. 879**
- **Update for Other Child Counts, Participation, & Other Factors**
  - Savings of \$4.5 million the first year and \$5.4 million the second year across programs such as ESL, Summer School, Special Education, School Breakfast, and Governor's Schools.
- **Revised Sales Tax for Education Forecast (includes tax policy changes)**
  - **FY 09 = \$1,126.2 million: -\$68.5 million in sales tax for education increases Basic Aid \$38.5 million, for a net decrease to localities of \$30.0 million.**
  - **FY 10 = \$1,175.1 million for FY08: -\$80.1 million results in a Basic Aid increase of \$45.1 million, for a net decrease of \$35.0 million.**
- **Revised Lottery Forecast**
  - In October the Lottery Board adopted a revised forecast of \$430.5 million in the first year and \$430.2 the second year, a decrease of \$30.5 million the first year and \$30.8 million the second year.

# Policy Changes: Support Position Funding Cap

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- Proposed policy change will reduce funding \$340.9 GF million in FY 2010.
  - Some of the deduction is mitigated by a \$60.9 million Funding Loss Supplement.
- Establishes a funding cap based on the ratio of the total number of funded SOQ support positions relative to the number of funded instructional-based SOQ positions.
  - The cap is based on the ratio of one support position per 4.03 SOQ funded instructional positions.
  - This ratio is based on a linear weighted average of the latest three fiscal years of SOQ recognized instructional and support positions.
  - By applying the 1 to 4.03 ratio, funding is provided for the affected support positions at a rate of 18.71 positions per 1,000 students in ADM.
    - This position funding level was determined by applying the one support position to a 4.03 instructional position ratio to the estimated 75.39 SOQ instructional positions per 1,000 students in FY 2010.
  - The funding cap is not applied to the following support positions: division superintendent, school board members, school nurses, or school bus drivers.

# Policy Changes: Lottery Funded Programs

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- Currently, Lottery funds are distributed directly to school divisions for 10 programs:
  - Remedial Summer School, Foster Care, Enrollment Loss, At-Risk, VPI, Early Reading Intervention, Mentor Teacher, K-3 Class Size Reduction, School Breakfast, and SOL Algebra Readiness.
- After the state's share of these programs is funded, the balance is distributed based on a per pupil basis via the Additional Support for School Construction and Operating Costs account.
- The budget proposes two policy changes for FY 2010 that reallocate all of the Lottery funds in the Additional Support for School Construction and Operating Costs Account.
  - Reassigns six program accounts previously funded with general funds: Alternative Education, ISAEP, Special Education - Regional Tuition, Vocational Education - Categorical, NCLB/ EFAL, and Project Graduation.
    - Moves Remedial Summer School and Enrollment Loss accounts back into the general fund.
    - The net effect of this proposal is a \$55.8 million GF savings the second year.
  - Redirects the remaining \$60.9 million for a one-time Funding Loss Supplement as part of the Governor's proposal to cap the cost of support positions.
    - The payment would limit the per pupil reduction to a maximum of \$403.90 per pupil in FY 2010.

# Language Amendments

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- ***Proposed Language Changes.***
  - Provides school divisions with flexibility to hire full-time specialists and additional teachers using Instructional Technology, Early Reading Intervention, SOL Algebra Readiness, and SOQ Prevention, Intervention, and Remediation funds for related supplemental curriculum assistance to students during the regular school day.
- ***Allow Remaining Funds from FY 2009 to Carry Over to FY 2010.***
  - Allows any division that has met its FY 2009 required local effort for the SOQ or required local match for incentive, school construction, or Lottery-funded programs to carry over into FY 2010 any unused state funds.
- ***Provide Flexibility for Use of Lottery and School Construction Escrow Funds in FY 2010.***
  - Proposes flexibility for divisions to withdraw funds from local escrow accounts to pay for recurring operational expenses incurred by the division in FY 2010. Localities are not required to provide a local match of the withdrawn funds.
- ***Local Distribution of Remaining Balance, if Any, in the Lottery Proceeds Fund in FY 2010.***
  - Proposes to distribute to divisions any balance remaining in the Lottery Proceeds Fund after all accounts that are supported by Lottery funds in FY 2010 have been fully funded. These payments would be calculated based on the state share of the per pupil amount in adjusted March 31 ADM and the FY 2010 balance in the Lottery Proceeds Fund. In order to receive this funding, the local governing body is required to appropriate these funds for expenditures of the school division. Localities are not required to provide a local match to receive these state funds.

# Virginia Schools for the Deaf and Blind

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- ***Three Personnel Adjustments:***

- 1) eliminates five vacant academic support general fund positions for a savings of \$310,426 GF;
  - 2) reduces residential and maintenance staff contract periods from 12 to 9.5 months to save \$40,000 GF the second year; and
  - 3) removes the one-half percent pay practices funding granted to Executive branch agencies in the prior biennium which saves \$22,767 GF the second year.
- Supplant general fund allocations with annual tuition reimbursements from local school divisions for two support staff positions which saves \$125,916 GF the second year.
  - Increase nongeneral fund appropriation by \$100,000 NGF the second year from a federal special education grant.
  - Increase submission of federal funds for Medicaid reimbursements to defray the costs of psychology and audiology services, a savings of \$50,000 GF in FY 2010.
  - Reduce utilities and insurance with the planned demolition of the Carter Hall dormitory, increase campus wide energy efficiencies, and close the unoccupied superintendent residence, a savings of \$137,116 GF in FY 2010.
  - Consolidate 2 NOVA bus routes into 1 route, a savings of \$54,770 GF in FY 2010.
  - Freeze student enrollment at 132 students, a savings of \$15,746 GF in FY 2010.

# Department of Education

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- ***Eliminates Civic Education:*** a savings of \$81,000 GF each year.
- ***Reduces Partnership for Achieving Success Schools (PASS):*** a savings of \$65,000 GF each year.
- ***Reduces VITA Funding:*** a savings of \$497,273 in FY 2009 due to pre-payment made in FY 2008 and a savings of \$25,000 in FY 2009 and \$50,000 in FY 2010 from decreasing the number of agency computers.
- ***Supplant General Funds with Federal Funds:*** a number of actions use a total of \$1.4 million in FY 2009 and \$1.1 million in FY 2010 of federal dollars to supplant general fund allocations.
- ***Variety of Personnel Actions:*** the proposed budget includes a number of personnel reduction actions that saves \$2.2 million GF in FY 2009 and \$2.6 million GF in FY 2010. Examples include:
  - Eliminate 12 vacant education specialists general fund positions for a savings of \$1.2 million each year.
  - Layoff 11 general fund classified positions for a savings of \$417,083 in FY 2009 and \$935,000 in FY 2010.
  - Reduces funding for wage positions by eliminating positions and reducing hours which saves \$400,000 each year.
  - Reduce the administrative funding by 50 percent for Governor's Schools, foreign language academies, and SOL revisions process which saves \$63,388 each year.

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# Overview of Other Education

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## FY 2008-10 Across-the-Board Reductions

Agency	FY 2009	FY 2009 % Reduction	FY 2010	FY 2010 % Reduction
Frontier Culture Museum	(\$271,751)	15.0%	(\$271,751)	15.0%
Gunston Hall	(96,838)	15.0%	(96,838)	15.0%
Jamestown-Yorktown Found.	(1,319,027)	15.0%	(1,319,027)	15.0%
Library of Virginia	(600,000)	2%	(900,000)	3.0%
Science Museum of Virginia	(365,520)	6.5%	(276,850)	5.0%
VA Commission for the Arts	(928,725)	15.0%	(930,039)	15.0%
VA Fine Arts Museum	(1,539,000)	15.0%	(1,614,000)	15.0%
<b>Total</b>	<b>(\$5,120,861)</b>		<b>(\$5,408,580)</b>	

- Virginia Museum of Fine Arts:
  - \$2 million GF and 12 FTE are provided in FY 2010 for additional staff and program support for new gallery space.