

SENATE OF VIRGINIA

# Senate Finance Committee

---

## Education Subcommittee

### Overview of SB 800

Proposed Amendments to  
Chapter 3, 2014-16 Budget

January 13, 2015

SFC Staff:  
Sarah Herzog  
April Kees



SENATE FINANCE COMMITTEE

# Direct Aid to Public Education

## Summary

---

- Proposed amendments primarily reflect additional NGF revenue from the Literary Fund and Lottery Proceeds and routine technical updates, including slower than projected enrollment growth, sales tax, and other participation data.
- Treasury estimates realization of \$250.0 million from the sale of unclaimed property stocks that can be made available for use in the Literary Fund.
  - One-time payment of \$150.0 million to VRS to help address the unfunded liability; and capture \$10.4 million GF savings by applying a lower teacher retirement employer contribution rate.
  - \$50.0 million for VPSA school construction loans, \$25.0 million for an “interest rate subsidy” buy-down in lieu of loans, and \$25.0 million to offset GF costs for SOQ retirement.
- Proposed policy changes include use of any unused but appropriated funds for the Virginia Preschool Initiative for at-risk four-year-olds to school divisions that are using all of their state-funded slots and that also have waiting lists (instead of sweeping end-of-year balances that may exist even after assumed non-participation); and allocating \$537,297 GF to support innovative methods of serving breakfast meals to students.
- In DOE, \$1.3 million GF related to under-performing schools and \$932,000 GF related to Standards of Learning (SOL) tests. Central Account reductions include eliminating the digital content contract, contract funding for the new Virginia Center for Excellence in Teaching at George Mason University, and Education Commission of the States dues.



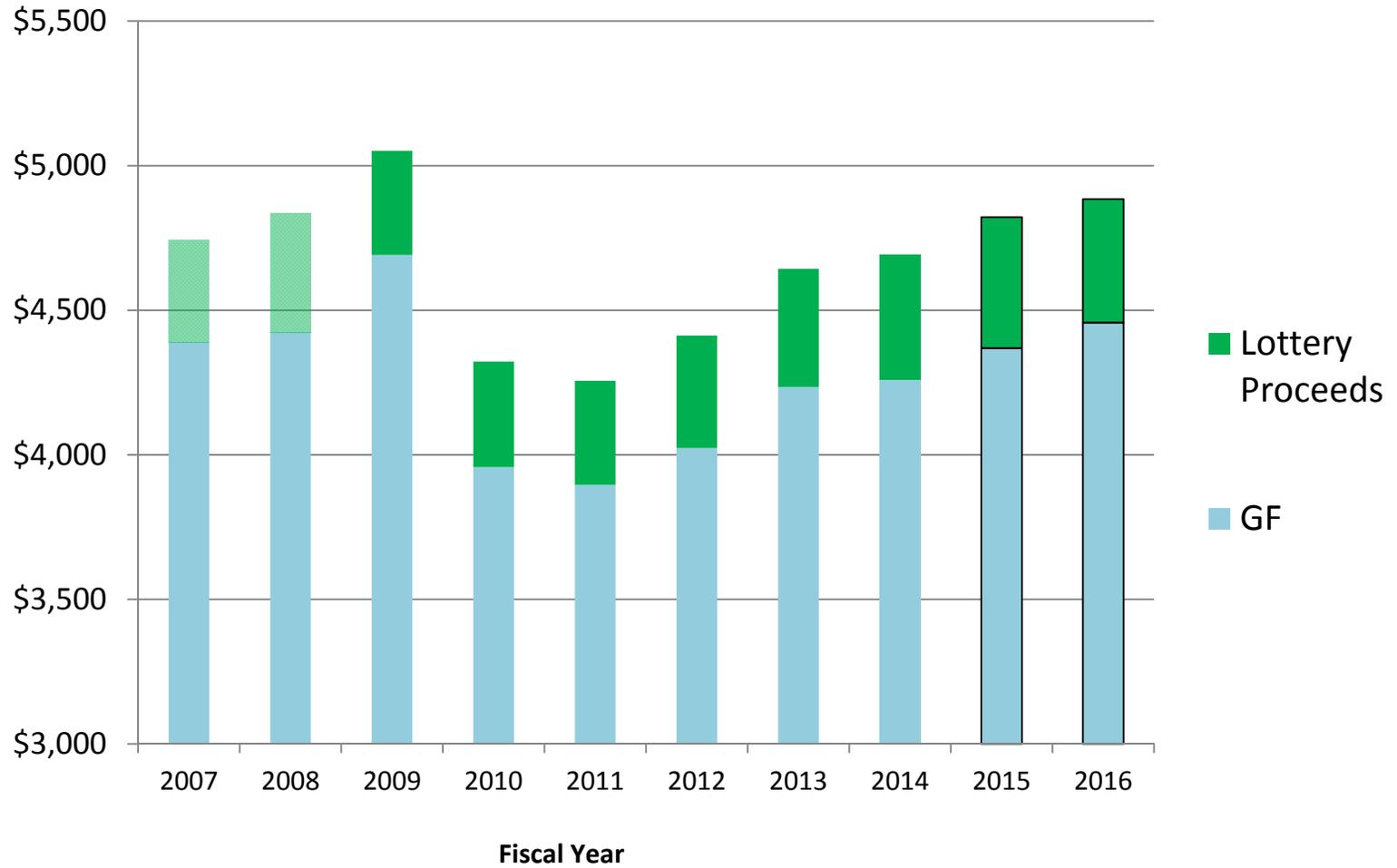
# Overview

## Direct Aid to Localities for Public Education

	FY 2015		FY 2016	
	GF	NGF	GF	NGF
<u>Total \$ (in Millions)</u>				
Base Budget (Ch. 3)	\$5,498.6	\$1,532.2	\$5,590.5	\$1,495.6
Net Change, As Introduced	(96.4)	84.2	(44.8)	180.1
SB 800, As Introduced	\$5,402.2	\$1,616.5	\$5,545.7	1,675.7
% Change	(1.8%)	5.5%	(0.8%)	12.0%
<u>\$ Per Pupil (Unadj. ADM)</u>				
SB 800, As Introduced	\$4,369	\$1,307	\$4,457	\$1,347
Net Change	(\$78)	\$68	(\$36)	\$145
% Change	(1.8%)	5.2%	(0.8%)	10.7%



# Per Pupil State Funds for Direct Aid to Public Education



## From FY 2009 to FY 2013, Local Funds Have Made Up for Part of the Decrease in State Funds

5

Per Pupil	FY 2007	FY 2009	FY 2011	FY 2013
State	\$3,770	\$4,175	\$3,375	\$3,652
State Sales Tax	955	907	928	954
Local	5,145	5,504	5,371	5,777
Federal	<u>714</u>	<u>729</u>	<u>1,119</u>	<u>875</u>
Total	\$10,584	\$11,316	\$10,793	\$11,257

Source: Table 15, Superintendent's Annual Report, Virginia Department of Education



<b>Proposed Actions for Direct Aid (\$ in Millions)</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>Total</b>
Update Net Sales Tax Redistribution	\$0.0	\$1.6	<b>\$1.6</b>
Correct Data	0.7	0.0	<b>0.7</b>
Update Incentive and Categorical Programs	(1.8)	(0.8)	<b>(2.6)</b>
Update Net Sales Tax Revenue Reforecast	(2.4)	(3.6)	<b>(6.0)</b>
Update Student Enrollments	(6.4)	(7.8)	<b>(14.2)</b>
Update GF for Lottery-Funded Programs	(12.2)	(4.1)	<b>(16.3)</b>
Update GF for Lottery Forecast	(7.5)	(21.6)	<b>(29.1)</b>
<u>Transfer \$250M in Unclaimed Property to Lit. Fund:</u>			
Re-calculate VRs	0.0	(10.4)	<b>(10.4)</b>
Offset GF	(25.0)	0.0	<b>(25.0)</b>
Allocate \$50 Million to School Construction Loans	NGF	NGF	<b>NGF</b>
Allocate \$25M to Interest Rate Subsidy Grants	NGF	NGF	<b>NGF</b>
New School Breakfast After the Bell Initiative	0.0	0.5	<b>0.5</b>
Backfill Drivers' Ed. Rev. from Decreased DMV Fees	1.3	1.4	<b>2.7</b>

# Department of Education

<b>Introduced Budget Increases</b>	<b>FY 2015</b>	<b>FY 2016</b>
Principal training for under-performing schools	\$0	\$713,000
Expedited retakes in grades 3 thru 8	0	200,000
Computer Adaptive Testing – grade 7 and 8 math	0	732,000
Five positions to support academically struggling divisions	0	572,976
<b>Central Account Reductions</b>	<b>FY 2015</b>	<b>FY 2016</b>
Apply FY 2014 pledged balance	(1,200,000)	0
Eliminate digital content contract	0	(500,000)
Eliminate Center for Excellence in Teaching	0	(220,191)
Education Commission of the States Dues	0	(91,800)
Other	0	(373,834)



# Other Education Agencies

---

- ***Jamestown-Yorktown.*** In Central Appropriations Reversion, reductions of 5 percent and 7 percent, respectively, and results in 1.0 layoff.

Proposes adding \$369,776 GF the second year for operational expenses associated with the new Yorktown Museum and Exhibit Center.

- **Library of Virginia.** In Central Appropriations Reversion, reductions of 2.4 percent and 3 percent, respectively, after exempting aid to public libraries which was not reduced, and results in 6.0 layoffs.
- **Science Museum of Virginia.** In Central Appropriations Reversion, reductions of 5 percent and 7 percent, respectively, and results in 3.0 layoffs.
- **Virginia Museum of Fine Arts, Commission for the Arts, Frontier Culture Museum, and Gunston Hall.** In Central Appropriations Reversion, reductions of 5 percent and 7 percent, respectively.



---

# Higher Education



# Overview of Higher Education

---

- Proposed amendments for the 2014-2016 biennium include **increases of about \$10.1 million GF** as compared to Chapter 3.
  - Proposes **\$3.5 million GF** in FY 2016 for additional need-based undergraduate financial aid.
  - Recommends **\$2.3 million GF** in FY 2016 for base adequacy.
  - Proposes **\$4.2 million GF** in the second year for funding for the Jefferson Lab to compete for a \$618 million electron ion collider project with the United States Department of Energy (USDOE).
  - **No additional reductions were recommended.** However, the reductions of \$45.0 million GF per year for the higher education institutions have been distributed by agency and the other higher education agencies received reductions in Chapter 3 of 5% in FY 2015 and 7% in FY 2016 (except for the extensions and VIMS).



# Overview of Higher Education (continued)

---

- For the proposed additional funding of \$3.5 million GF in FY 2016 for undergraduate need-based financial aid:
  - The allocations bring four-year institutions up to 30% under the partnership model (University of Mary Washington and George Mason University).
  - Under the proposed actions, all four-year institutions and Richard Bland College would receive \$100,000 GF and the Virginia Community College System (VCCS) would receive \$200,000 GF.
  - In addition, it is recommended that the VCCS receive \$1.0 million GF for need-based aid for individuals seeking selected industry-based certifications.
- For the recommended additional \$2.3 million GF in FY 2016 for base adequacy:
  - Institutions under 99% of the funding guideline are eligible for a 0.5% increase.
  - Includes Old Dominion University (ODU), Norfolk State University (NSU), Virginia State University (VSU), and the University of Virginia-Wise (UVA-Wise).
  - NSU and VSU are permitted to use the amounts for financial aid.



# Financial Aid Details

Institution	Base Funds FY 2016	% of need FY 2016	New \$ FY 2016	New Total FY 2016	New % of need
CNU	\$4,577,403	37.13%	\$100,000	\$4,677,403	37.94%
CWM	3,235,804	54.08%	100,000	3,335,804	55.76%
GMU	15,536,039	29.43%	303,231	15,839,270	30.00%
JMU	7,419,088	35.37%	100,000	7,519,088	35.85%
LU	4,176,583	32.77%	100,000	4,276,583	33.56%
NSU	7,813,592	34.81%	100,000	7,913,592	35.25%
ODU	16,693,350	32.07%	100,000	16,793,350	32.26%
RU	7,416,618	34.39%	100,000	7,516,618	34.85%
UMW	1,821,686	22.78%	577,380	2,399,066	30.00%
UVA	5,776,211	73.88%	100,000	5,876,211	75.16%
UVA-Wise	2,099,938	40.85%	100,000	2,199,938	42.80%
VCU	21,170,891	31.18%	100,000	21,270,891	31.33%
VMI	870,928	44.39%	100,000	970,928	49.49%
VSU	6,006,890	33.25%	100,000	6,106,890	33.81%
VT	15,117,631	39.97%	100,000	15,217,631	40.23%
RBC	454,107	16.46%	100,000	554,107	20.09%
VCCS	37,891,836	20.07%	200,000	38,091,836	20.18%
VCCS-Ind.	-	-	1,000,000	1,000,000	-



# Other Actions

---

- Recommends an additional allocation of \$10.0 million GF in the second year under the Higher Education Equipment Trust Fund (HEETF). (Note: The FY 2015 HEETF allocation has been delayed.)
- Proposes eliminating the language restricting tuition increases to cover the higher education reductions as contained in Chapter 3.
- Other proposed language changes include allowing carry-over balances in the Tuition Assistance Grant (TAG) program and permitting need-based financial aid to be used for selected industry-based certifications.



# HE Institution Reductions

## (originally in Chapter 3)

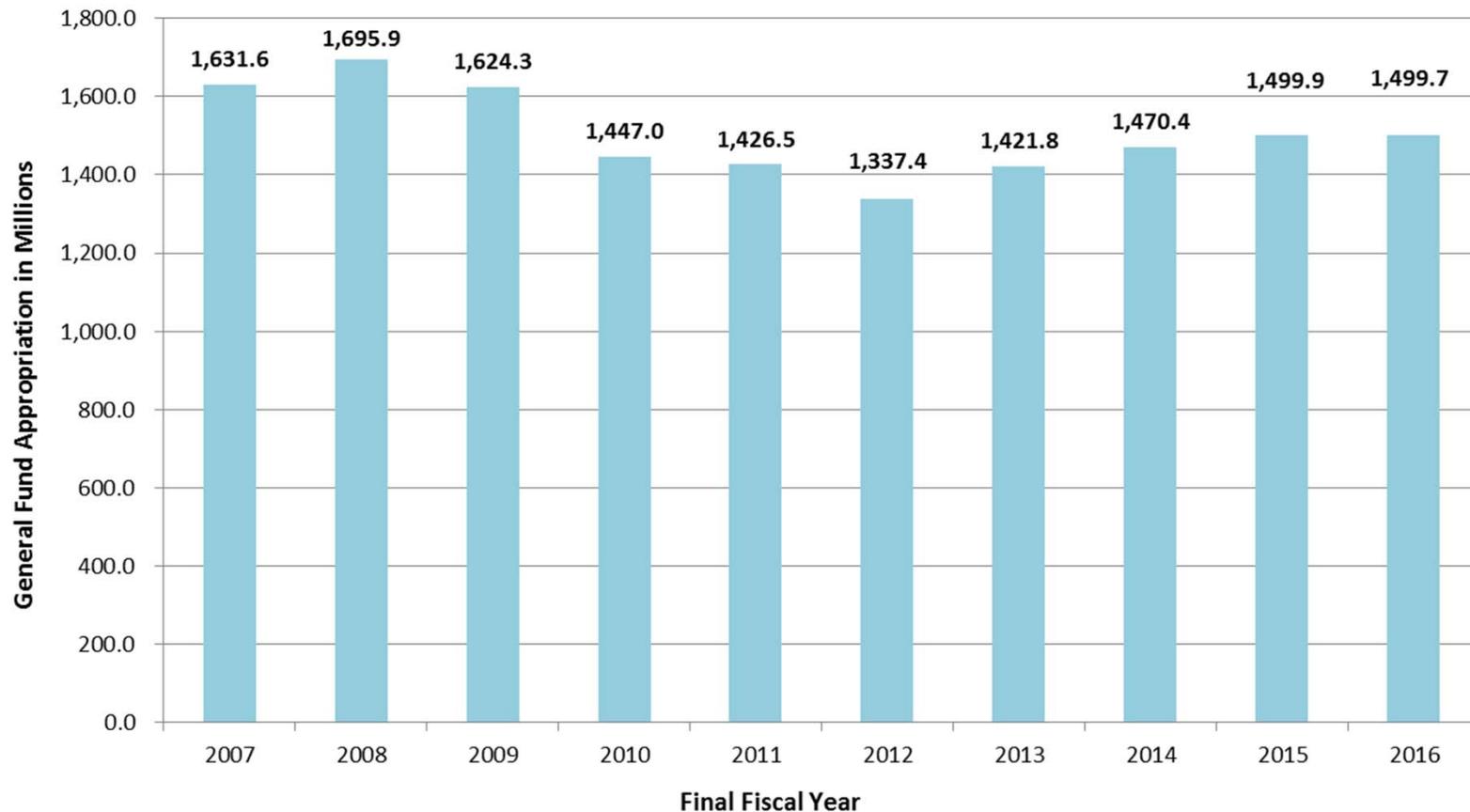
- Total reductions of \$45 million per year were included for the public colleges and universities, they are on Educational and General Programs only.
  - Exempts research and financial aid.
- Reduction targets were based on each institution's in-state/out-of-state mix and revenue capacity (equivalent GF cuts range from 0.9% to 6.6%).

Institution	Reduction per Year	% Reduction
CNU	\$601,975	2.3%
CWM	2,338,873	5.7%
GMU	4,705,571	3.9%
JMU	3,113,308	4.2%
LU	542,707	2.2%
NSU	550,089	1.3%
ODU	2,230,669	2.1%
RU	1,113,249	2.4%
UMW	635,447	3.0%
UVA	8,160,065	6.6%
UVA-Wise	126,330	0.9%
VCU	5,377,759	3.3%
VMI	441,825	4.9%
VSU	637,174	2.0%
VT	6,133,525	4.0%
RBC	64,754	1.1%
VCCS	8,226,680	2.3%



# Higher Education Appropriations - Final FY 2007 to FY 2016

## Higher Education Operating General Fund Appropriations



Note: FY 2015 and FY 2016 include \$45 million GF reductions per year. This does not include GF student financial aid.

