

**K-12 & Other Education
Summary of 2018-20
Governor's Proposed Budget
and FY 2018 Amendments**

January 11, 2018
Education Subcommittee

K-12 Education

Overview of SB 30, As Introduced

Direct Aid to Public Education

	FY 2019		FY 2020	
(\$ in millions)	GF	NGF	GF	NGF
<u>Total \$</u>				
Base (FY 18, Ch. 836)	\$6,030.0	\$1,618.6	\$6,030.0	\$1,618.6
Net Change	206.5	184.3	309.4	174.3
SB 30, As Proposed	\$6,236.5	\$1,802.9	\$6,339.4	\$1,792.9
% Change, Over Prior Year	3.4%	11.4	1.6%	(0.6%)
<u>\$ Per Pupil</u>				
SB 30, As Proposed	\$4,979	\$1,440	\$5,040	\$1,432
Net Change, Over Prior Year	\$151	\$144	\$61	(\$8)
% Change, Over Prior Year	3.1%	11.1%	1.2%	(0.6%)

2018 Session Proposed Direct Aid Budget, As Introduced

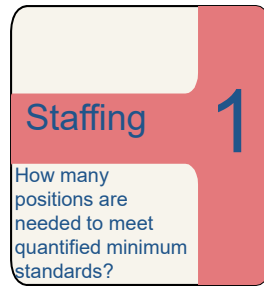
Major Proposed Spending (GF \$ in Millions)	FY 2019	FY 2020	Total
Re-benchmarking	\$216.5	\$264.5	\$481.0
State's Share of 2% Compensation Increase (Dec. 1, 2019)	0.0	51.3	51.3
FY 2019 "No Loss" Funding (compared to SB 29 as introduced)	11.5	0.0	11.5
State's Share for Full-Time Principal in Small Elementary Schools	0.0	7.7	7.7
Expand At-Risk Add-On Range to 14.0%	0.0	7.1	7.1
Extend FY18 Governor's School Funding Policy (2.5% PP, \$50/course)	1.3	1.3	2.6
Incr. Positive Behavior Intervention & Support (PBIS) to \$1.6M/yr.	0.5	0.5	1.0
Establish New Fund for Principal Recruitment & Retention	0.5	0.5	1.0
Cyber Security Two-Week Career Exploration/Skills Programs	0.5	0.5	1.0
Other Actions	(0.4)	(0.1)	(0.5)
Apply PreK Nonparticipation Rate (25.4%, same as Ch. 836)	<u>(23.9)</u>	<u>(24.0)</u>	<u>(47.9)</u>
Total	\$206.5	\$309.4	\$515.9

Re-benchmarking Updates

(\$ in Millions)	FY 2019	FY 2020	Total
Prevailing Salaries & Other Personnel Related	\$95.6	\$95.6	\$191.4
Non-personal (Textbooks, Transp., Inflation)	73.0	\$75.6	148.6
Student Enrollment Projections	27.6	37.8	65.4
Health Care Premium	29.0	29.0	58.0
All Other Updates	<u>9.8</u>	<u>18.5</u>	<u>28.3</u>
Subtotal, As of September Updates	\$235.0	\$256.8	\$491.8
Projected Sales Tax and School Aged Population	17.1	30.8	47.9
Local Composite Index	(0.8)	(0.9)	(1.7)
Proj. ADM Based on Fall Membership, Other Updates	(7.1)	(4.4)	(11.5)
VRS, RHCC, GL Rates	(22.5)	(22.6)	(45.1)
Lottery Revenue Forecast: \$586.7 million/year	(40.2)	(40.2)	(80.4)
Literary Fund Forecast and Backfill with GF	<u>35.0</u>	<u>45.0</u>	<u>80.0</u>
Revised Total	\$216.5	\$264.5	\$481.0

SOQ Funding Framework

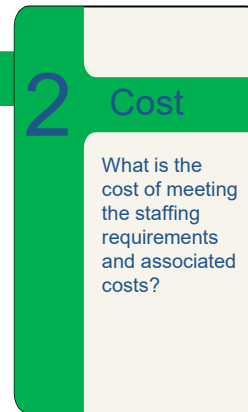
Based on the number of students enrolled by school by grade.



Of the recognized costs, average state share is 55 percent, based on the Composite Index.

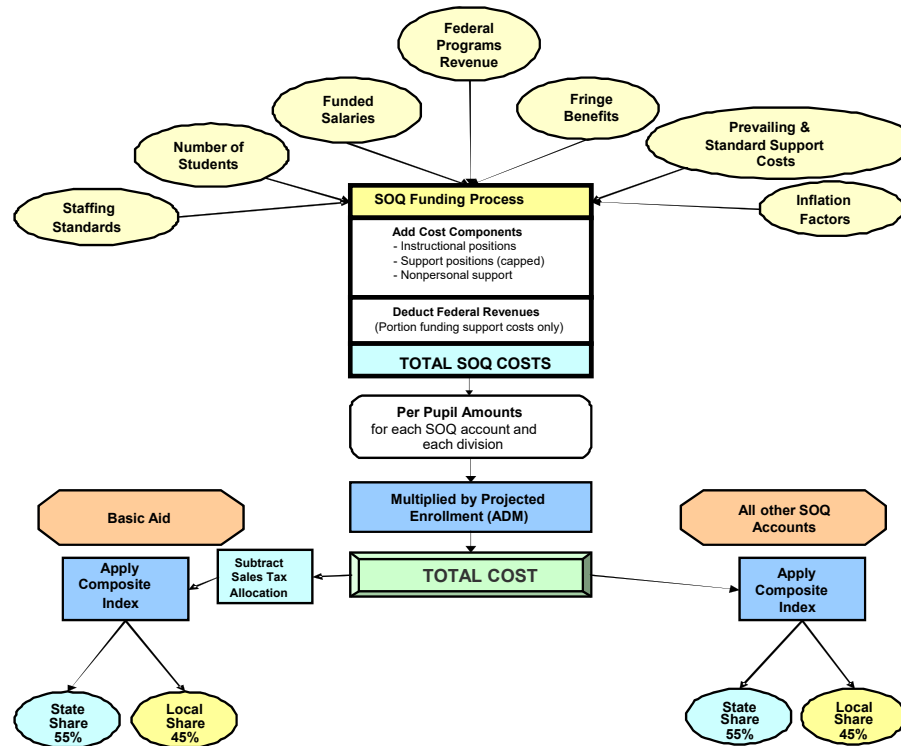


A key exception is the distribution of sales tax based only on school-aged population (NOT equalized through Composite Index).



Since spending in part reflects local decisions, rather than simply reimburse spending, the model is intended to recognize reasonable costs based on what most school divisions spend, with some adjustments.

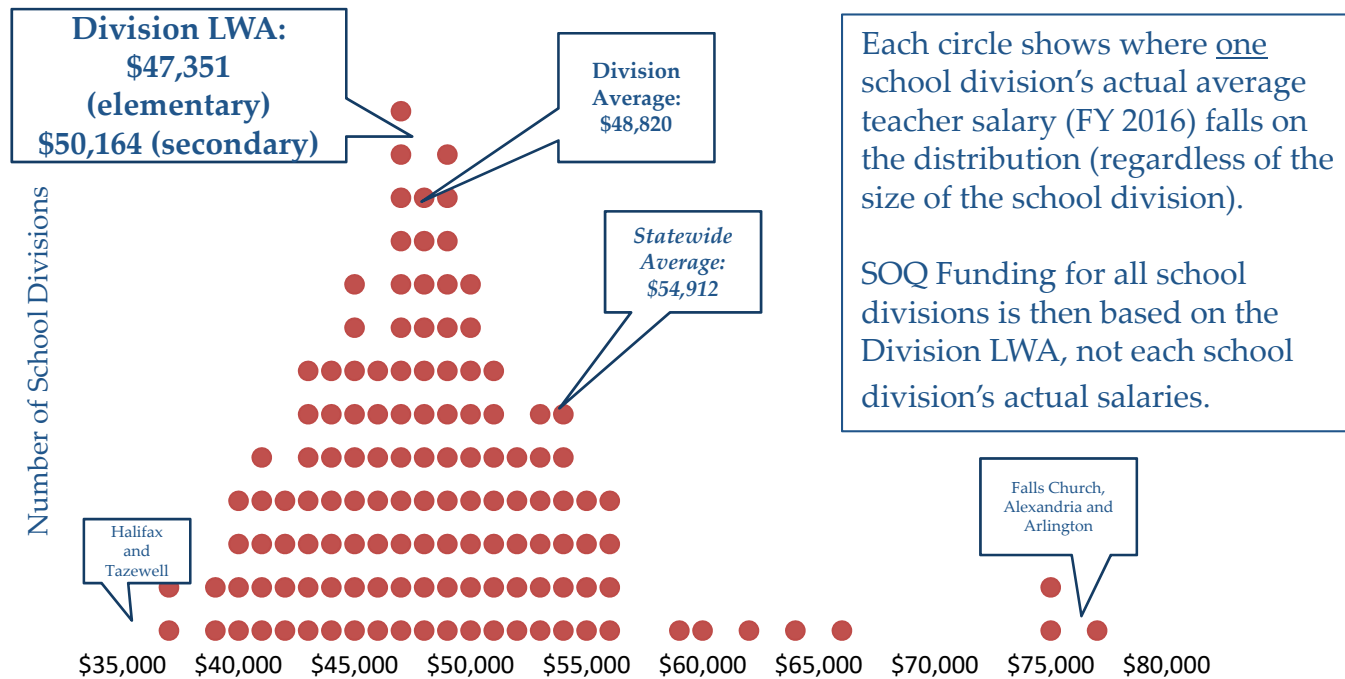
Other Cost Drivers in the SOQ Funding Equation



Source: VDOE

Funded Salaries, and Other Costs, are Based on Prevailing Cost

- Since the mid-1980s, the SOQ funding framework has relied on a Linear Weighted Average (LWA), with the division as the unit of analysis, as the best measure of “expenditure levels around which most school divisions tend to cluster.”



Base Year Prevailing Salaries are Adjusted for State-supported Compensation Supplements, If Any

Elementary Teachers*	2016-18	2018-20	Percent Increase
Prevailing Salary	\$46,488 (FY 2014)	\$47,351 (FY 2016)	1.9%
Compensation Supplements FY 15 = 0% FY 16 = 1.5% FY 17 = 0% FY 18 = 2% (Feb.)	+1.5%	+2.0%	
Funded Salary	\$47,185	\$48,298	2.4%
<p>*Note: Separate funded salary amounts are calculated for: elementary teacher, elementary assistant principal, elementary principal, secondary teacher, secondary assistant principal, secondary principal, and instructional aide.</p>			

← Updating all instructional and support positions (to FY 16) costs \$84.6 million over the biennium.

← Updating instructional and support positions (continuation cost of FY 18 2.0%) costs \$164.6 million over the biennium.

Literary Fund

- Adds \$35 million GF the first year and \$45 million GF the second year, to better align annual expenditures with forecast revenue, as well as maintain required Constitutional balance of over \$80 million in cash or outstanding loans.
 - Literary Fund revenues come from fines, fees, and forfeitures; unclaimed property; unclaimed Lottery prizes, and school constructions loan repayments.

Expenditure Allocations (\$ in Millions)	FY 2018	FY 2019	FY 2020
Teacher Retirement/Social Security (SOQ)	\$181.3	\$146.3	\$136.3
Technology Equipment & Backpack Debt Service	66.9	67.4	66.8
School Security Grants Debt Service	6.2	6.3	6.3
Interest Rate Subsidy	1.1	0.0	0.0
School Construction Loans	<u>21.3</u>	<u>0.0</u>	<u>0.0</u>
Total	\$276.8	\$220.1	\$209.6

2018 Session Proposed Direct Aid Budget, As Introduced

Major Proposed Spending (GF \$ in Millions)	FY 2019	FY 2020	Total
Re-benchmarking	\$216.5	\$264.5	\$481.0
State's Share of 2% Compensation Increase (Dec. 1, 2019)	0.0	51.3	51.3
FY 19 "No Loss" Funding (compared to SB 29 as introduced)	11.5	0.0	11.5
State's Share for Full-Time Principal in Small Elem. Schools	0.0	7.7	7.7
Expand At-Risk Add-On Range to 14.0%	0.0	7.1	7.1
Extend FY18 Gov.'s School Funding Policy (2.5% PP, \$50/course)	1.3	1.3	2.6
Incr. Positive Behavior Intervention & Support (PBIS) to \$1.6M/yr.	0.5	0.5	1.0
Establish New Fund for Principal Recruitment & Retention	0.5	0.5	1.0
Cyber Security Two-Week Career Exploration/Skills Programs	0.5	0.5	1.0
Other Actions	(0.4)	(0.1)	(0.5)
Apply PreK Nonparticipation Rate (25.4%, same as Ch. 836)	(23.9)	(24.0)	(47.9)
Total	\$206.5	\$309.4	\$515.9

FY 20: State Share of 2% Compensation Supplement

- Includes flexibility similar to the parameters for the FY 2018 compensation supplement in Chapter 836 (FY 2018), funding of \$51.3 million is based on an effective date of Dec. 1, 2019 for funded SOQ instructional and support positions.
- **Instructional positions includes teachers, guidance counselors, librarians, instructional aides, principals and assistant principals.**
- **Funding is available for school divisions that certify by June 1, 2019 that salary increases of a minimum average of 2.0 percent have been given or will be provided during the 2018-20 biennium, either in the first year or in the second year, or a combination of the two years.**
- **Local match is not specifically required.**

FY 19: No Loss Funding

- Proposes a one-time allocation of \$11.5 million GF in the first year to 32 school divisions, intended to ensure no locality receives less funding in FY 2019 as compared to the FY 2018 proposed amounts in SB 29 (caboose bill) as introduced.
 - Larger than 5% impact for Charles City (i.e. \$329,461 out of \$3.8 million total), Lancaster, Emporia, Rappahannock, Westmoreland, and Greenville.

LCI Increased	Enrollment Decreased	Both LCI Increased and Enrollment Decreased			
Albemarle Fauquier Powhatan Madison Warren	Hampton Greensville Buchanan* Northampton*	Westmoreland* Emporia Brunswick* Mecklenburg* Prince Edward* Hanover	Charlottesville Charles City* Lancaster* Grayson* Pittsylvania Petersburg*	Rappahannock* Clarke Caroline Franklin City* Surry* Highland*	Bath* Nottoway Page* Sussex* Bland*

**These 18 divisions were also among the 42 that received Small School Division Enrollment Loss funding in FY 2017.*

FY 20: Fund Full-Time Principal

- Proposes \$7.7 million GF in second year to provide state's share of funding for a full-time principal for all elementary schools.
 - Current Standards of Quality statute allows a part-time principal for elementary schools that are smaller than 300 students.
 - Introduced budget does not include language requiring school divisions to provide a full-time principal.
 - There are 187 schools with fewer than 300 students.
 - There are 12 schools that, in practice, actually locally operate with a only part-time, rather than full-time, principal.

Board of Education SOQ Revisions

- Fall 2016, the State Board of Education approved the staffing recommendations shown on the right, totaling **\$253.8 million** (FY 2018 estimate).
- Also recommended eliminating the support position cap, and returning to the funding methodology used before 2009 at an annual cost of about **\$340 million**.

Staffing Recommendations

Recommended Changes	FY 2018 Fiscal Impact
Assistant Principal: One per 400 students	\$71.4 million
Principal: One full-time in each elementary school	\$6.8 million
School Counselor: One per 250 students	\$82.4 million
School Psychologist: One per 1,000 students	\$42.7 million
School Social Worker: One per 1,000 students	\$48.7 million
School Nurse: One per 550 students	\$1.8 million

FY 20: At-Risk Add-On

- Proposes \$7.1 million GF in second year to increase the upper end of the Basic Aid add-on percentage from 13 percent to 14 percent.
 - October 2016 Free Lunch (or most recent available) ranges from 6.3% (Falls Church) to 77.9% (Petersburg).
 - For illustrative purposes, Petersburg's additional allocation is \$121,479, Richmond City's is \$456,385, while Loudoun's is \$30,147 and Poquoson's is \$794.

10 Divisions with <u>Lowest</u> Free Lunch %				10 Divisions with <u>Highest</u> Free Lunch %			
Falls Church	6.3	Hanover	15.7	Petersburg	77.9	Danville	70.1
Poquoson	12.3	Clarke	16.1	Sussex	75.6	Franklin City	69.9
Loudoun	13.2	New Kent	18.1	Brunswick	72.2	Roanoke City	68.0
Powhatan	13.2	Botetourt	18.7	Martinsville	71.6	Hopewell	66.2
York	13.9	Roanoke Co.	20.2	Richmond City	70.8	Northampton	64.3

FY19 and FY20: Governor's School Funding Policy

- **2016 Conference Report:** Provided “state's share of a 2.5 percent increase in the tuition amount, and the state's share of \$50.00 per course per student adjustment added after the 2.5 percent increase. The 2.5 percent increase and the \$50.00 per course adjustment shall only be effective for fiscal year 2017 and fiscal year 2018.”
 - Program weights of full-time (1.0), 5/6, or ½ were maintained in the formula.
 - Total funding for the 19 academic year regional Governor's Schools is \$16.6 million in FY 2019 and \$17.1 million in FY 2020, with projected enrollments totaling 6,797 and 6,909, respectively.
- SB30 as introduced proposes continuing the funding methodology included in Chapter 836.

2018 Session Proposed Direct Aid Budget, As Introduced

Other Actions	FY 2019	FY 2020	Total
Double Virginia Reading Corps Literacy Lab	\$0	\$300,000	\$300,000
Expand Project Discovery (to \$762,500/year) Post-Secondary Access Program	100,000	100,000	200,000
Projected National Board Certification Bonuses (\$5.4M in FY20)	110,038	256,623	366,661
New Praxis Assist. for Provisionally Licensed Minority Teachers	50,000	50,000	100,000
Transfer Funding for Teacher Computer Science Training to VCCS	(550,000)	(550,000)	(1,100,000)

Proposed Language Changes

- **Free Lunch Eligibility Data for Schools in Community Eligibility Provision Program.** For formulas that use three-year average, use most recent actual data. *Some school divisions no longer have actual data after Oct. 2013. There are currently 38 school divisions participating in CEP.*
- **Virginia Preschool Initiative.** Allow end of year balances (after already budgeted non-participation savings) to be used by school divisions using 100% of their allocated slots.
- **Breakfast after the Bell.** Allows middle and high schools to also participate. Sets middle and high school rate at 10 cents per breakfast, which is double the amount for elementary meals.
- **Extended School Year.** Allows more flexibility in program design by changing the program to also include “Enriched School Year” in addition to Year Round designs.
- **Virginia Teaching Scholarship Loan Program.** Makes several changes, including increasing the amount from \$10,000 to \$20,000 if teach two years in a top five critical shortage area and in a school with greater than 50 percent free or reduced lunch eligibility.
- **Math/Reading Specialists.** Changes eligibility from accreditation to SOL math or reading levels.

Virginia Preschool Initiative

School Division Participation Rates

Virginia Department of Education
Virginia Preschool Initiative
Actual State Report (Actual School Year 2017-2018)

Participation Summary			
124 (91%) School Divisions Eligible And Participating			
72 (58%) Using 100% of Available VPI Slots:			
Albemarle County	Culpeper County	Henry County	Radford City
Amelia County	Cumberland County	Lancaster County	Richmond County
Amherst County	Danville City	Lee County	Roanoke County
Arlington County	Dickenson County	Lynchburg City	Rockingham County
Augusta County	Emporia	Madison County	Russell County
Bedford County	Essex County	Martinsville City	Scott County
Bland County	Fauquier County	Nelson County	Shenandoah County
Bristol City	Floyd County	Newport News City	Smyth County
Brunswick County	Fluvanna County	Norfolk City	Southampton County
Buchanan County	Franklin City	Northampton County	Suffolk County
Buckingham County	Franklin County	Northumberland County	Surry County
Buena Vista City	Giles County	Norton City	Tazewell County
Campbell County	Goochland County	Nottoway County	Warren County
Carroll County	Grayson County	Page County	Washington County
Charles City County	Greene County	Pittsylvania County	Waynesboro City
Charlotte County	Greensville County	Portsmouth City	Westmoreland County
Clarke County	Halifax County	Prince Edward County	Wise County
Covington City	Hampton City	Pulaski County	Wythe County
20 (16%) Using 76% to 99% of Available VPI Slots:			
Alleghany County	Gloucester County	Lunenburg County	Powhatan County
Appomattox County	Hopewell City	Manassas City	Prince George County
Charlottesville City	Isle Of Wight County	Mecklenburg County	Roanoke City
Colonial Beach	James City County	Montgomery County	Salem City
Falls Church City	Louisa County	Petersburg City	York County
16 (12%) Using 50% to 75% of Available VPI Slots:			
Accomack County	Chesapeake City	Harrisonburg City	Richmond City
Alexandria City	Fairfax County	King And Queen County	Rockbridge County
Botetourt County	Fredericksburg City	Orange County	Staunton City
Caroline County	Galax City	Patrick County	Virginia Beach City
16 (13%) Using 49% or Less Available VPI Slots:			
Chesterfield County	Hanover County	Loudoun County	Prince William County
Colonial Heights City	Henrico County	Manassas Park City	Spotsylvania County
Dinwiddie County	Highland County	New Kent County	Stafford County
Fairfax City	King George County	Poquoson City	Winchester City
4 (3%) School Divisions Eligible But Not Participating			
Frederick County	King William County	Mathews County	Middlesex County
7 (6%) School Divisions Not Eligible For Funding			
Bath County	Lexington City	Sussex County	Williamsburg-James City County
Craig County	Rappahannock County	West Point	

SB 29, As Introduced

Direct Aid to Public Education

- **Decreases GF amount by a net of \$57.3 million while increasing NGF by \$51.7 million, primarily reflecting additional Lottery Proceeds, savings from lower than projected enrollment, and other technical updates.**
- ***Adds \$384,476 GF to adjust for an update to the erroneous source data for Charlottesville used to calculate the city's 2016-18 biennium composite index.***
- ***A similar error that would have resulted in a *reduction* of \$883,331 for Roanoke County was also discovered. The introduced budget proposes new language for a hold harmless provision and proposes not capturing the savings by reducing Roanoke's FY 2018 funding by this amount.***

Department of Education

	FY 2019	FY 2020
Automate Teacher Licensure Process	\$552,500	\$552,500
eMedia Statewide Digital Content	0	400,000
UVA - Va. Kindergarten Readiness (VKRP) – Develop Post-K Test	275,000	275,000
Environmental Education	250,000	250,000
School Performance Report Card	150,000	150,000
Teacher Misconduct Clearinghouse Subscription	78,084	78,084
Advisory Council for Digital Citizenship, Internet Safety, and Media Literacy	75,000	75,000
Va. Preschool Initiative – VDOE Site Visits to Classrooms	50,000	50,000
Allocate Existing \$500,000 Per Year to Student Growth Model		
Capture Savings from Computer Adaptive Test Revisions	(780,584)	(780,584)

Other Education Agencies

SB 30: Other Education

- **Adds \$1.5 million GF in the first year and \$2.8 million GF in the second year, other than technical adjustments.**
 - **Virginia Commission for the Arts:** \$250,000 GF the first year and \$1.5 million GF the second year for additional grants to arts organizations, a 40 percent increase in the second year over the \$3.7 million in FY 2018 in Chapter 836.
 - **Library of Virginia:** \$1.2 million GF over the biennium to replace outdated electronic records systems.
 - **Eastern Shore Library Construction:** \$500,000 GF each year for construction of a new public library.
 - **Virginia Museum of Fine Arts.** \$433,061 GF over the biennium for renovated Robinson House O&M.
 - **Capital Outlay:** \$1.5 million from Carpenter Shop project to Mellon Galleries deteriorating fire retardant plywood replacement. Also, in C-45 2018 Pool, roof and drains at Pauley Center and replace air handling units.
 - **Frontier Culture English Barn.**
 - **Capital Outlay:** \$629,000 NGF to construct a recreation of a 17th century English Barn.
 - **Jamestown-Yorktown Commemorations.** *Proposes continuation of the FY 2018 reduction of \$785,532, which is about 11 percent of the Commemorations budget.*