

Overview of the Proposed Budget for All Education Agencies

SB 1100 (Amendments to 2018-20 Biennial Budget)

January 8, 2019

K-12 Education

Overview of Public Education

- Chapter 2 (2018 Special Session I) included an increase of \$664.4 million GF over Chapter 836 (2017 Session), including:
 - \$481.1 million GF for rebenchmarking updates,
 - \$131.5 million GF for the state's share of a 3% compensation supplement,
 - \$73.9 million GF to increase the Supplemental Lottery Per Pupil Amount.
- **SB 1100**: proposed amendments result in an increase of \$154.9 million GF over the biennium for Direct Aid to Public Education above Chapter 2, plus \$70.3 million NGF in additional Lottery Proceeds.
 - This net amount reflects \$55.2 million GF savings due to revised enrollment projections.

Public Education: Summary of Technical Amendments

- Chapter 2 (2018) re-benchmarking and other technical updates totaled a net \$481.1 million GF.

Actions for the 2018-20 Biennium (GF \$ in millions)	SB 1100 Prop. Amend.
Supplant GF for Additional Lottery Revenue & Reforecast Estimate	(\$70.3)
Update Net Sales Tax Revenue Reforecast Estimate	11.2
Update Student Enrollment Projections	(55.2)
Update GF for Changes in Lottery-Funded Programs	(11.7)
Update Categorical Programs	(0.5)
Update Incentive Programs	(0.5)
Update Special Education Regional Tuition	(12.5)
Other Updates	(3.9)
Transfer New VPI Items to VDOE Central Office Budget	(1.7)
Subtotal: Proposed Technical Amendments	(\$145.1)

Public Education: Summary of Proposed Amendments

- Chapter 2 (2018): Policy changes totaled \$187.1 million.

Actions for the 2018-20 Biennium (GF \$ in millions)	SB 1100 Prop. Amend.
State's Share of +2% Salary Increase (total = 5.0%) (+\$131.5M Ch. 2)	\$87.6
Literary Fund	80.0
School Counselors	36.0
At-Risk Add-On (+\$7.1 million in Ch. 2)	35.6
Lottery Supplemental Allocation (+\$73.9 million in Ch. 2)	34.7
Sales Tax (Internet Sales)	13.5
Continue Federal VPI-Plus Slots	9.7
Early Childhood – Curriculum and CLASS Observations (+\$1.8 million in Ch. 2)	1.7
Early Childhood – Reallocate New Funding for Provisionally-Licensed Teachers	(2.0)
Supp. Programs (Garden of Tomorrow, arts festival, autism, active learning, GRASP, GYO teachers)	3.3
Subtotal: Proposed Policy Changes	\$300.0

Proposed Key Actions

- **5% Teacher Salary Increase.** \$87.6 million GF for an additional 2.0% increase for funded Standards of Quality instructional and support positions, effective July 1, 2019, in addition to 3.0% provided in Ch. 2. Changes the certification date from April 1 to June 1, 2019.
- **Literary Fund.** \$80 million GF to support public school employee retirement contributions to free up \$80 million NGF from the Literary Fund for school construction loans.
- **School Counselors.** \$36.0 million GF for additional school counselors, by lowering the ratios in elementary school from 1:500 to 1:375, in middle school from 1:400 to 1:325, and in high school from 1:350 to 1:300, with the intent to phase-in over three years to a ratio of 1:250.

Proposed Key Actions (continued)

- **At-Risk Add-On.** \$21.0 million NGF in FY 2019 and \$14.4 million NGF in FY 2020 to increase the At-Risk Add-on percentage. The top-end of the add-on range increases from 13 percent in FY 2019 and from 14 percent in FY 2020 to 16 percent in both years. The add-on for each school division is determined by the percentage of students eligible for free lunch in each school division.
- **Lottery Supplemental.** \$18.5 million NGF in the first year and \$16.2 million NGF in the second year to increase the Supplemental Lottery Per Pupil Amount (PPA) from \$336.05 to \$364.15 and from \$341.96 to \$367.44 respectively.

Proposed Early Childhood Actions

- **VPI-Plus Slots.** \$9.7 million GF for the Virginia Preschool Initiative Plus (VPI+) program, currently supported by a federal Preschool Development Grant funds, which expires after FY 2019. The funding is allocated to the 13 school divisions (Brunswick, Chesterfield, Fairfax, Frederick, Giles, Henrico, Prince William, Sussex, Norfolk, Petersburg, Richmond City, Virginia Beach, and Winchester) currently participating in the federal grant (1,530 slots).
 - State would fund for 100% of the \$6,326 cost for each slot initially. Beginning in FY 2021, a local match will be phased-in at 10% per year until the division's LCI or the 0.5000 cap, whichever is lower.
- **Use of Balances.** Proposes using FY 2019 balances for start-up or expansion grants (estimated \$2.0 million). Remaining balances would be carried forward to FY 2020 for VPI 'Waiting List' slots.
- **Reallocate 2018 Special Session Funding.** For FY 2020, proposes reallocating \$2.0 million from the VPI Provisional Teacher Licensure allocation to competitive grants to school divisions and localities to purchase and effectively implement evidence-based curriculum (\$0.9 million) and for Classroom Assessment Scoring System (CLASS) observations by local observers (\$0.8 million).

Other Language

- ***Division Cap on School Security Equipment Grants.*** Proposes increasing the division cap for school security equipment grants from \$100,000 to \$250,000.
- ***Achievable Dream Program.*** Removes language stipulating that the \$500,000 GF for the Achievable Dream partnership with Newport News school division is in lieu of a like amount from the Neighborhood Assistance Program (NAP) Tax Credits. Achievable Dream may now be eligible to also receive donations from the NAP in addition to the general fund allocation.
- ***Provisionally Licensed Minority Teachers.*** Proposes adding the Virginia Communication and Literacy Assessment to the allowable tests for which grants may be awarded to school divisions, teacher preparation programs, or nonprofit organizations in the Northern Virginia, Central Virginia, and Hampton Roads regions to subsidize test fees and the cost of tutoring for provisionally licensed minority teachers seeking full licensure in Virginia.
- ***Authority to Withhold At-Risk Add-on Funds.*** Modifies budget language regarding the withholding of At-Risk Add-On funds to align with the Board of Education's revised Standards of Accreditation.
- ***Targeted Extended/Enriched School Year and Year-Round School Grants.*** Amends eligibility provisions of the Targeted Extended School Year grant program in order to align with the newly approved Standards of Accreditation.

DOE Central Office Actions

Proposed Increases (Biennial, GF)	2018-20
New grants management system to replace the OMEGA system	\$600,000
Statewide computer science education and training	\$553,000
Automate the teacher license application system	\$552,500
Positions to address APA issues in finance, risk management, and information technology security	\$549,573
Update certain social studies Standards of Learning tests	\$500,000
Seclusion and Restraint training and assistance	\$492,755
Early Childhood Education positions to provide individualized professional development and support local evidence- based curriculum and classroom observations	\$300,320

Other Education

Other Education Agencies

- **Commission for the Arts.** Proposes additional \$250,000 GF for grants to local arts organizations. Also proposes \$7,928 GF each year to cover the salary of the new agency director.
- **Virginia Museum of Fine Arts.** Proposes \$377,403 GF and 8.0 FTE to support Evans 360, a multidimensional learning experience that provides interactive ways for people across the Commonwealth to engage with the museum. Also proposes an exemption to the Virginia Public Procurement Act to allow VMFA to continue to outsource specific items for resale in the gift shop and restaurant operations.
- **Frontier Culture Museum.** Proposes \$15,000 GF to purchase defibrillators and mass casualty response kits for placement at strategic locations around the museum and to provide employees first aid and emergency training.

Higher Education

Related Independent Agencies

- **College Savings Plan.**
 - Proposes \$974,000 NGF the first year and \$604,500 NGF the second year to enhance cyber security and support software upgrades, including cyber security/data breach insurance and a systems engineer.
 - Recommends \$427,500 NGF the first year and \$402,500 NGF the second year to fund and fill the position of Investment Director, required pursuant to Item 485 E., Chapter 2. Funding would also support adding a Lead Financial Reporting Accountant position to oversee daily financial operations.
 - Proposes \$130,018 NGF the first year and \$50,235 NGF the second year to reflect a new lease agreement and one-time construction costs in the first year to ensure federal Americans with Disabilities Act requirements.
- **State Corporation Commission – Education Loan Servicer.** Proposes \$65,100 NGF and 1.0 FTE to assist in providing oversight of qualified education loan servicers.

Overview of Higher Education

- Chapter 2 (2018 Special Session I) included an increase of \$120.6 million GF over Chapter 836 (2017 Session) (not including Central Accounts, mostly technical actions of \$139.8 million).
- **SB 1100**: proposed amendments result in an increase of about \$37.7 million over the biennium (closer to \$69.5 million including Central Accounts), including:
 - **\$15.5 million GF** in FY 2020 to support undergraduate need-based aid.
 - **\$4.0 million GF** in the second year to support an additional 1,800 students under the New Economy Workforce Credential Grant.
 - **\$8.3 million GF** in FY 2020 under Central Accounts to increase computer science degrees.
 - **\$8.0 million GF** in the first year under Central Accounts to develop a workforce case management system across state agencies.

Higher Education: Summary of Proposed Amendments

Actions for the 2018-20 Biennium (GF \$ in millions)	Chap. 2 Increase	SB 1100 Prop. Amend.	Ch. 2 Increase + SB 1100 Prop. Amend.
Undergraduate Need-Based Aid	\$29.3	\$15.5	\$44.8
Degree Production	28.4	-	28.4
New Economy Workforce Credential Grant Program	4.0	4.0	8.0
Tuition Assistance Grant (Increase awards by \$50 to \$3,400 in the second year)	1.6	5.2	6.8
VCCS – Advising & Online Apprenticeship Curriculum	-	5.6	5.6
UVA-Wise – Enhance Academic Programs & Program Planning (backfills money moved from the second year to the first year)	1.8	2.6	4.4
Radford University – Jefferson College Acquisition	-	1.7	1.7
Other: (UVA VFH, UVA Focused Ultrasound Center, VIMS Bay Monitoring, VA Ext. Station, VSU Graduate Engineering, & Jefferson Lab)	2.5	3.1	5.6
Other Chap. 2 Items	53.0	-	53.0
HE Initiative Spending Total	\$120.6	\$37.7	\$158.3
Degree Production - Computer Science (in Central Accounts)	-	8.3	8.3
Workforce Case Management System (in Central Accounts)	-	8.0	8.0
Restoration of Restructuring Benefits (CC Rebate & Interest Earnings)	13.0	1.4	14.4

Higher Education: Summary of Proposed Amendments under \$1.0 million GF

Actions for the 2018-20 Biennium (GF \$ in millions)	Chap. 2 Increase	SB 1100 Prop.Amend.	Ch. 2 Increase + SB 1100 Prop.Amend.
UVA Focused Ultrasound Center	\$1.0	\$1.0	\$2.0
VA Institute of Marine Science – Chesapeake Bay Monitoring	0.9	0.4	1.3
Jefferson Lab	0.5	0.5	1.0
VA Cooperative Extension and Agriculture Experiment Station—Fund Split	-	0.7	0.7
UVA Foundation for Humanities	0.1	0.2	0.3
VSU Commonwealth Graduate Engineering Program	-	0.3	0.3

Need-Based Undergraduate Financial Aid

Institution (2018-20 biennium, GF)	Chap. 2 Increase	SB 1100 Prop. Amend.	Ch. 2 Increase + SB 1100 Prop. Amend.
Christopher Newport University	\$514,454	\$664,882	\$1,179,336
College of William & Mary	485,029	38,885	523,914
George Mason University	9,468,603	2,920,393	12,388,996
James Madison University	2,413,203	1,173,512	3,586,715
Longwood University	961,341	535,893	1,497,234
Mary Washington University	309,082	134,119	443,201
Norfolk State University	770,148	907,275	1,677,423
Old Dominion University	1,507,130	597,234	2,104,364
Radford University	1,404,951	628,345	2,033,296
University of Virginia	752,009	67,384	819,393
University of Virginia at Wise	380,684	398,527	779,211
VA Commonwealth University	4,642,353	2,204,146	6,846,499
Virginia Military Institute	111,347	11,071	122,418
Virginia State University	570,205	480,861	1,051,066
Virginia Tech	1,316,682	991,397	2,308,079
Richard Bland College	780,685	238,536	1,019,221
Virginia Community College System	2,907,503	3,474,453	6,381,956
Total	\$29,295,409	\$15,466,883	\$44,762,322

Other Higher Education Actions

- **Classified Staff and Faculty Salary Bonus.** One percent salary bonus in December of FY 2020, for classified staff and faculty is approximately \$12.6 million GF (in Central Appropriations).
- **Nongeneral Revenue Univ. of Mary Washington.** Language allowing Mary Washington to exceed the three percent cap on mandatory fees in auxiliary programs.
- **Virginia College Affordability Network Initiative.** Language requiring NSU, UVA-Wise, and VSU to develop a framework and funding recommendations to enhance access for students with high financial needs.
- **JMU Level III Authority.** Recommends approval for JMU to pursue Level III designation.
- **Six-Year Financial Plan Language.** Language (see next slide) requiring higher education institutions to submit a tuition and fee transparency and predictability plan for in-state undergraduate students as part of the six-year plan. The plans would cover a period of three years, include a percentage and dollar increase or decrease of tuition during the plan's duration, and indicate a range of tuitions based upon available state resources, but must contain a scenario that includes the assumption of no new state general fund support.

Six-Year Financial Plan Language

Item 143, paragraph P.

- As part of the biennial six-year financial plan required in the provisions of § [23.1-306](#), Code of Virginia, each public four-year institution of higher education, Richard Bland College, and the Virginia Community College System shall include in its six-year plan submitted to the State Council of Higher Education for Virginia (SCHEV) a tuition and fee transparency and predictability plan for in-state undergraduate students. Such tuition and fee predictability plans shall be for a period of not less than three years and must cover at least tuition and mandatory educational and general fees. Plans shall include a percentage and dollar increase or decrease of any size the institution determines to be appropriate from one year to the next or for the entire duration covered by the plan. Plans shall indicate a range of tuitions based upon available state resources, but must contain a scenario that includes the assumption of no new state general fund support. SCHEV shall develop instructions related to the submission of such plans in conjunction with the six-year financial plans as required by § [23.1-306](#), Code of Virginia.

Appendix

- Overview of Virginia Higher Education Restructuring (May 2017)