



Overview of the Governor's Proposed Amendments to the 2020-22 Budget (SB 1100) for K-12 Education

January 21, 2021

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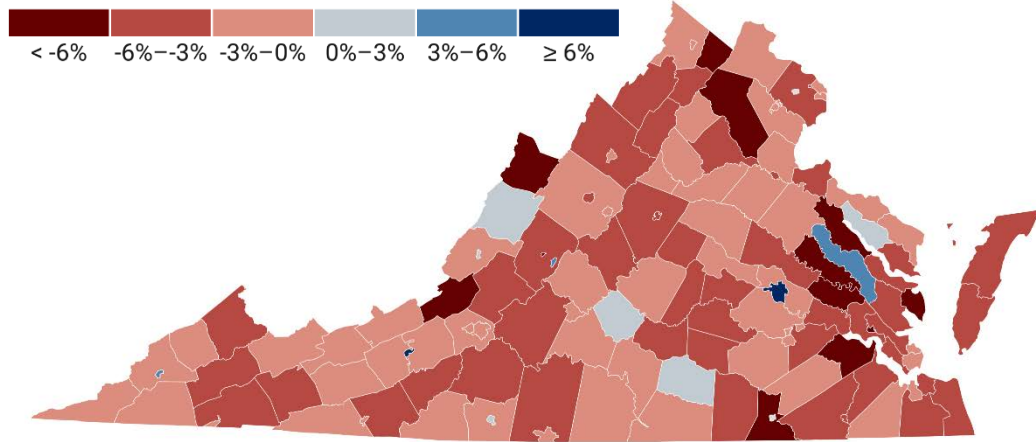
Federal Stimulus Funding Update



COVID-19 & Enrollment

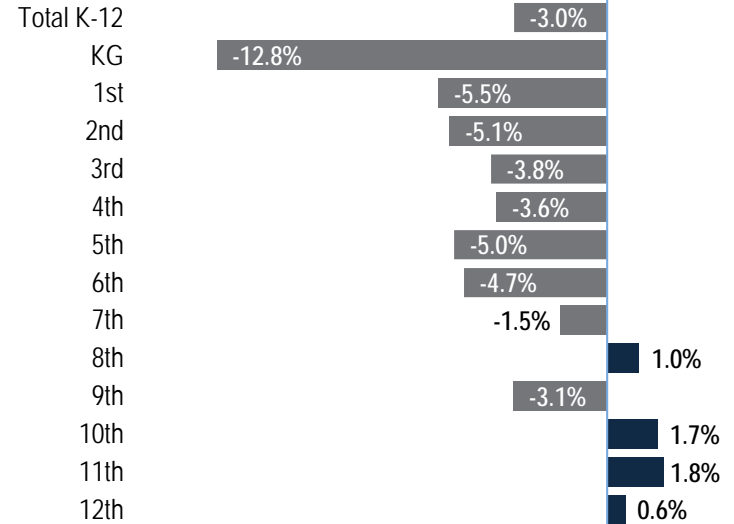
Statewide K-12 Enrollment Decreased Three Percent in Fall 2020, Compared to Fall 2019

K-12 Enrollment Change from Fall 2019 to Fall 2020 (%)



Enrollment Change	# students	% change
2019 Fall Enrollment	1,254,782	
Increase in Enrollment (12 divisions)	4,821	0.4%
Decrease in Enrollment (122 divisions)	(42,972)	(3.4%)
Net Change in K-12 Fall Enrollment, compared to 2019	(38,151)	(3.0%)
2020 Fall Enrollment	1,216,631	

Compared to 2019, Fall 2020 K-12 enrollment decreased 3 percent, or 38,151 students, with a 13 percent decrease in kindergarten enrollment.

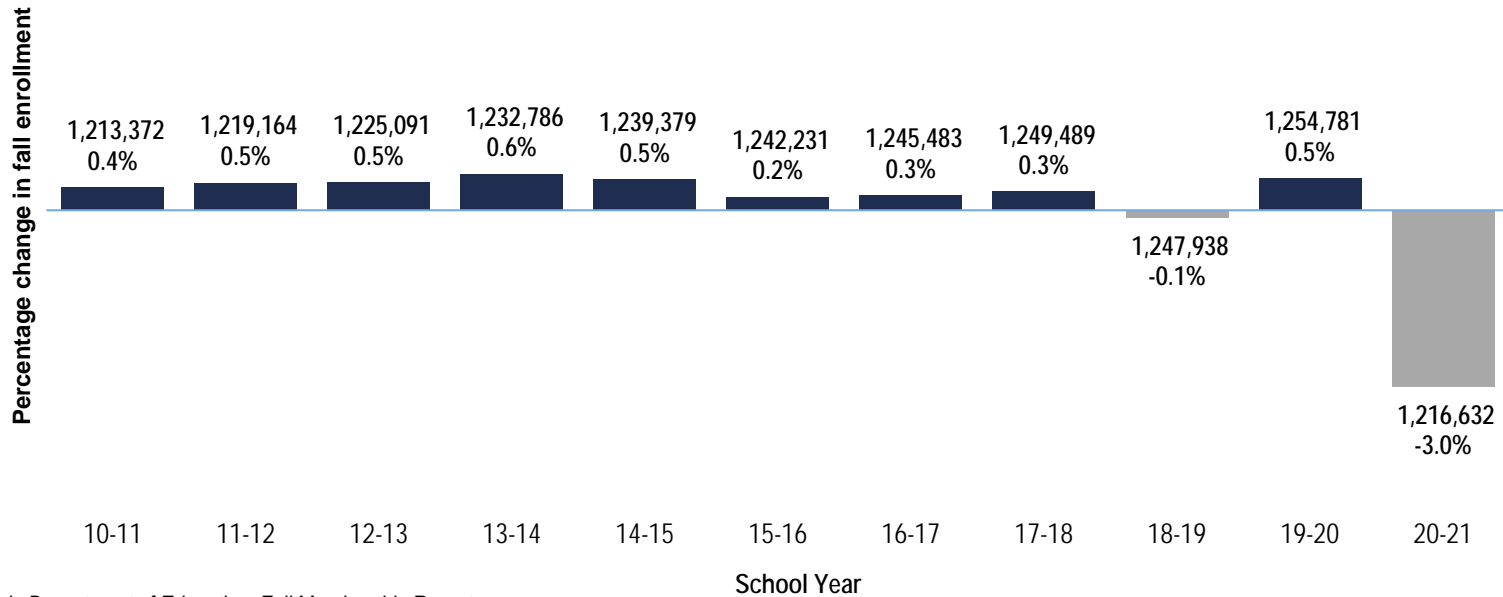


Percentage change in enrollment by grade

Source: Virginia Department of Education, 2020 Fall Membership, November 12, 2020.

Prior to Fall 2020, K-12 Fall Enrollment Increased 0.4 Percent on Average

K-12 membership has been relatively flat from FY 2011 to FY 2020, on average growing 0.4 percent prior to fall 2020.

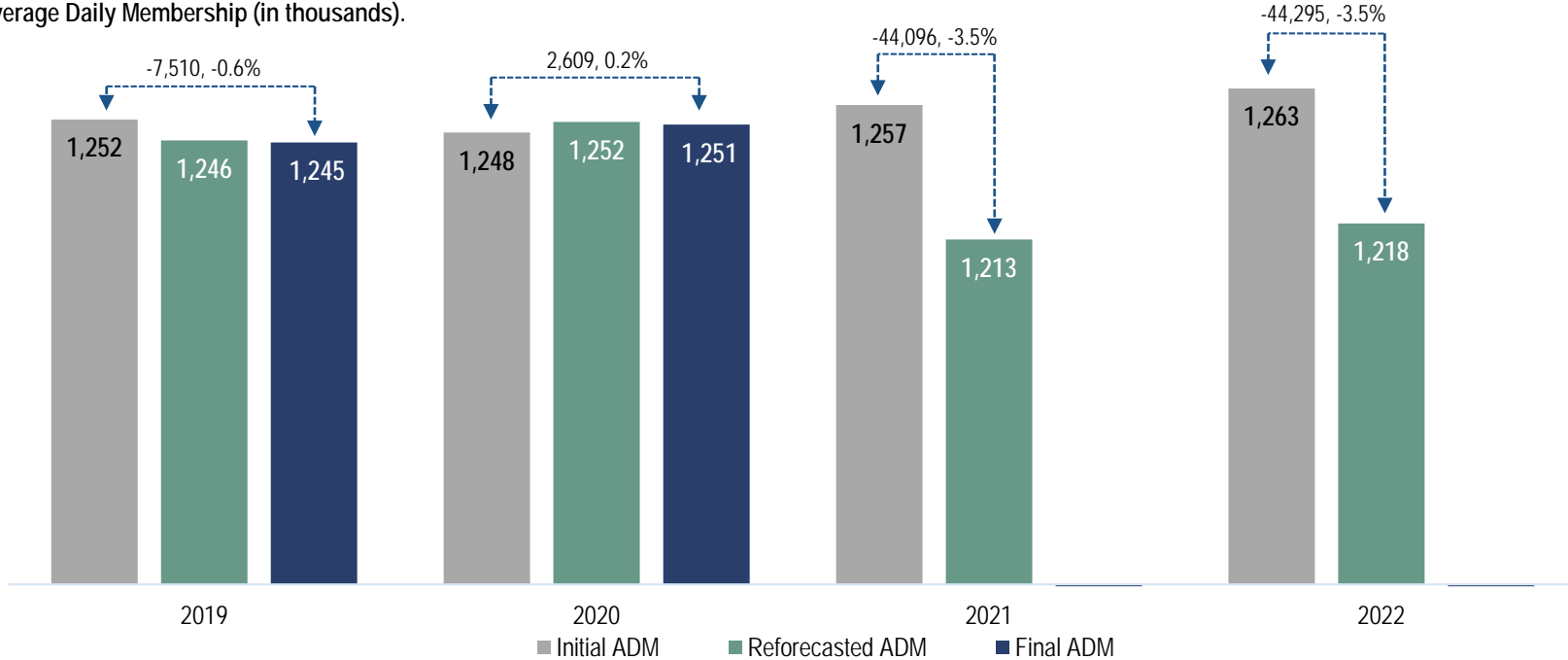


Source: Virginia Department of Education, Fall Membership Reports.


Lower Enrollment Resulted in Average Daily Membership Decreasing 3.5 Percent Each Fiscal Year

In the 2018-20 biennium, projected ADM varied roughly +/- 1 percent from the final ADM. In SB 1100, reforecasted ADM decreased 3.5 percent each fiscal year.

Average Daily Membership (in thousands).



Source: Appropriation Acts, Virginia Department of Education Direct Payment Calculations.



Governor's Proposed Amendments, SB 1100

Overview of Direct Aid in SB 1100

(\$ in millions)	FY 2021 GF	FY 2021 NGF	FY 2022 GF	FY 2022 NGF
Chapter 56	\$6,938.5	\$2,001.3	\$7,215.9	\$1,818.0
Proposed Increases	398.9	27.0	395.7	24.8
Proposed Decreases	(441.7)	(95.2)	(486.1)	0.0
Net Change	<u>(42.8)</u>	<u>(68.2)</u>	<u>(90.4)</u>	<u>24.8</u>
SB 1100, as Introduced	\$6,895.7	\$1,933.1	\$7,125.4	\$1,842.8
% Change over Chapter 56	(0.6%)	(3.4%)	(1.3%)	1.4%
\$ Per Pupil	\$5,864	\$1,594	\$5,849	\$1,513

Overview of Direct Aid

- Proposed amendments result in a net decrease of \$42.8 million GF the first year and \$90.4 million GF the second year, compared with Ch. 56.
 - Reflects reductions of \$433.0 million GF from technical updates and other cost participation updates, mainly from lower student enrollment.
 - Reflects \$704.9 million GF in new spending, which includes \$18.3 million GF in restorations.
 - Distributes the Ch. 56 budget reductions from Central Appropriations, reducing funding by \$405.1 million GF.
 - Ch. 1289 unallotted \$490.3 million GF provided during the 2020 Session.
 - Ch. 56 then restored \$86.7 million GF in unallotments, including \$37.3 million for early childhood expansion and \$35.2 million for at-risk students.

Direct Aid: Summary of Proposed Amendments

GF Actions for 2020-22 Biennium (\$ in millions)	FY 2021	FY 2022	Total
Technical Adjustments (Ch. 56 Reductions in Central Appr.)	(\$176.3)	(\$228.8)	(\$405.1)
Routine Updates & Forecast Changes	(223.0)	(210.0)	(433.0)
No Loss Payments to Divisions for Enrollment Changes	299.4	214.2	513.6
2% Bonus for SOQ Instructional & Support positions	0.0	80.1	80.1
Supplant COVID-19 Relief Funds ("Grey Machine") with GF	52.9	0.0	52.9
Fund School Counselors at 1:325 in FY 22	0.0	26.6	26.6
<u>Restore:</u> VPI PPA Increase from \$6,959 to \$7,655	0.0	11.1	11.1
Utilize Presumptive English Learner in ESL Program	4.2	6.5	10.7
Cost of Competing Adjustment for Accomack and Northampton	0.0	2.7	2.7
<u>Restore:</u> Early Childhood Educator Incentive Program	0.0	5.0	5.0
<u>Restore:</u> Jobs for Virginia Graduates	0.0	1.7	1.7
<u>Restore:</u> Power Scholars Academy - YMCA BELL	0.0	0.5	0.5
Total Proposed GF Changes	(\$42.8)	(\$90.4)	(\$133.2)

Sales Tax Estimate Revisions

- Sales tax dedicated to K-12 increases by \$200.9 million over the biennium, resulting in net increases to divisions of \$42.3 million GF in FY 2021 and \$46.6 million GF the second year.
- The sales tax revisions result in a decrease of \$42.3 million NGF the first year for the COVID-19 Local Relief Payments (included in Ch. 56 to cover the increased local SOQ costs from the downward revision of the sales tax estimate as adopted).

(\$ in millions)	FY 2021	FY 2022	Biennium
Ch. 56 Sales Tax Estimate	\$1,326.4	\$1,354.6	\$2,681.0
Forecast Change	<u>95.7</u>	<u>105.2</u>	<u>200.9</u>
SB 1100 Sales Tax Estimate	\$1,422.1	\$1,459.8	\$2,881.9
Basic Aid Offset Adjustment	<u>(53.4)</u>	<u>(58.6)</u>	<u>(112.0)</u>
Net Impact of Sales Tax Changes	\$42.3	\$46.6	\$88.9
COVID-19 Local Relief Payments, Ch. 56	\$95.2	\$0.0	\$95.2
Reduction due to Net Impact of Sales Tax Changes	<u>(42.3)</u>	<u>0.0</u>	<u>(42.3)</u>
COVID-19 Local Relief Payments, SB 1100	\$52.9	\$0.0	\$52.9

COVID-19 Local Relief: Supplant NGF for GF

- Recommends supplanting NGF COVID-19 Relief Funds, or “grey machine revenue”, with \$52.9 million GF the first year to support the remaining COVID-19 Local Relief Payments.
- Ch. 56 included these payments to eliminate the increase in the locality’s share of SOQ costs resulting from the net reduction of sales tax revenue in FY 2021.

FY 2021 (\$ in millions)	NGF	GF
COVID-19 Local Relief Payments, Ch.56	\$95.2	\$0.0
Reduction due to Net Impact of Sales Tax Changes	<u>(42.3)</u>	<u>0.0</u>
Net Impact, Remaining Payments	\$52.9	0.0
Supplant NGF for GF	<u>(52.9)</u>	<u>52.9</u>
COVID-19 Local Relief Payments, SB 1100	\$0.0	\$52.9

Lottery Proceeds Forecast Increases

2020-22 Biennium (\$ in millions)	FY 2021	FY 2022	Total
Total Lottery Proceeds Ch. 56	\$658.0	\$666.1	\$1,324.1
Residual FY 2020 Profit	8.8	0.0	8.8
Lottery Revenue Update	<u>18.3</u>	<u>24.8</u>	<u>43.1</u>
Revised Lottery Proceeds, SB 1100	\$685.0	\$690.9	\$1,375.9
Net Increases to Lottery Proceeds	\$27.1	\$24.8	\$51.9

No Loss Payments

- Proposes \$299.4 million GF in FY 2021 and \$214.2 million GF in FY 2022 to ensure that no school division receives less funding in the 2020-22 biennium as compared to the division's calculated distributions in both fiscal years in Ch. 56. No local match is required.
- These payments account for the declines in Fall Membership and projected Average Daily Membership as well as declines in enrollment or participation data in other Direct Aid programs during the 2020 calendar year due to the COVID-19 pandemic.

March 31st ADM	FY 2021	FY 2022
Ch. 56 ADM Proj.	1,257,189	1,262,627
SB 1100 ADM Proj.	<u>1,213,093</u>	<u>1,218,331</u>
Net Change	(44,096)	(44,296)

Provides a 2 Percent Bonus for Teachers

- Proposes \$80.1 million GF the second year for the state's share of a 2 percent bonus for SOQ instructional and support positions.
 - No local match required.
 - Language requires the bonus to be unallotted if general funds do not meet or exceed the forecast in FY 2021.
- Converting the 2 percent bonus to a 2 percent salary increase requires an additional \$12.6 million GF.

Funds School Counselors at 1:325 in FY 2022

- Proposes \$26.6 million GF the second year to fund the statutory school counselors ratio of 1:325 in all public schools (§ 22.1-253.13:2, H.4.).
 - In FY 2021, the funded student to school counselor staffing ratios are 1:455 in elementary schools, 1:370 in middle schools, and 1:325 in high schools.
- Chapters 953 and 952 (2020 Session) lowered the staffing ratios for school counselors in both years.
 - In response to the financial difficulties anticipated from the COVID-19 pandemic, during the 2020 Reconvened Session, the General Assembly adopted the Governor's recommendation to supersede the ratios in Chapters 953 and 952, holding the ratios at the same levels required during FY 2020 in Chapter 56.

Presumptive English Language Learner

- Proposes \$4.3 million GF in the first year and \$6.5 million to include presumptive English language learners in the English as a Second Language Program for FY 2021.
- Due to the COVID-19 pandemic, the diagnostic test normally used by school divisions to identify new English language learners was not performed and English language learner fall enrollment declined.

ESL Program Changes (\$ in millions)	FY 2021	FY 2022
Technical: Update ESL Fall Enrollment	(\$11.8)	(\$19.0)
Policy: Include Presumptive ELL	<u>4.3</u>	<u>6.5</u>
Net Change	(\$7.6)	(\$12.6)

Early Childhood Actions

- **Restore VPI PPA Increase.** Proposes \$11.1 million GF the second year to increase the VPI per pupil amount from \$6,959 to \$7,655.
 - Ch. 56 restored only one 10 percent increase to the per pupil amount in the second year, increasing the per pupil amount from \$6,326 in FY 2021 to \$6,959 in FY 2022. This restores the full early childhood education initiative funds unallotted in Ch. 1289.
- **Restore Early Childhood Incentive Payments.** Proposes \$5.0 million GF the second year to provide incentive payments supporting recruitment and retention of early childhood educators.
 - Ch. 56 restored \$3.0 million GF the first year for this initiative.

Cost of Competing Adjustment: Accomack and Northampton

- Proposes \$2.7 million GF in FY 2022 to provide the full cost of competing adjustment (COCA) to Accomack and Northampton counties.
- Increases the funded salaries by 10.6 percent for SOQ-funded support positions and 9.83 percent for SOQ-instructional positions.

Localities Receiving: Cost of Competing Adjustment	
Full COCA	Partial COCA
Alexandria, Arlington, Fairfax, Fairfax City, Falls Church, Loudon, Manassas, Manassas Park, and Prince William	Stafford, Fauquier, Spotsylvania, Clarke, Warren, Frederick, Culpeper, Fredericksburg, and Winchester

COCA is additional state funds provided to recognize the higher labor cost that school divisions incur because they compete for staff in the more competitive Northern Virginia labor market.

Proposed Language: Direct Aid

- **Market Competitiveness of Literary Fund Loans School Construction.** Requires DOE and Treasury to develop recommendations to make Literary Fund loans a more competitive and attractive option for school construction projects.
- **Special Education Inclusion Targets for VPI.** Requires local VPI programs to enroll special education students at 10 percent of total enrollment or higher.
- **Eligibility for Provisionally Licensed Preschool Teachers.** Expands eligibility in the Provisionally Licensed Preschool Teacher Grants program to include provisionally licensed teachers in other publicly-funded preschool programs operated by a school division.
- **Flexibility for Early Childhood Funds.** Allows any funds appropriated for VPI payments that are not awarded may be used as flexible funding to supplement any other early childhood initiatives.
- **Eligibility for Foster Care Payments.** Amends eligibility for Foster Care payments to include any student who was in care upon reaching 18 years of age but has not reached 22 years, consistent with changes from 2020 session.

Department of Education (DOE)

GF Actions for 2020-22 Biennium (\$ in millions)	FY 2021	FY 2022
Technical Adjustments (Ch. 56 Reductions)	(\$0.9)	(\$8.0)
Repayment of Treasury Loan	1.9	0.0
Cultural Proficiency Coordinator and Professional Development	0.0	0.4
Expand VKRP Assessment to Four-Year Olds	0.0	0.3
Support Deputy Superintendent of Early Childhood	0.0	0.2
Transfer Appropriation for Licensure System Automation	(0.1)	0.1
State Match for the Head Start Grant	0.05	0.05

Proposed Language: DOE

- **Review Family Life Education.** Requires DOE to conduct a review of Family Life Education, including an examination of Youth Risk Behavior Survey data for correlation between student behaviors and local practices.
- **Early Childhood Classroom Observations and Professional Development.** Expands the scope of the Childhood Assessment Scoring System observations and professional development to include all publicly-funded early childhood programs. Currently, funds are restricted to school-based programs, such as VPI.

Other Education Agencies

GF Actions for 2020-22 Biennium (\$ in millions)	FY 2021	FY 2022	Total
VMFA: Plan for Monument Avenue's Future (2 FTEs)	\$0.0	\$10.8	\$10.8
VMFA: Temporary Wage Positions for COVID-19	0.01	0.1	0.1
FC: Access to VITA's Network	0.0	0.07	0.07
LOV: Restore Gubernatorial Records	0.0	0.4	0.4
JYF: American Revolution 250	0.0	0.2	0.2



Federal Stimulus Update

Federal K-12 Relief Funds are 4x the CARES Act Amount

The Consolidated Appropriations Act included an additional \$54.3 billion in Elementary and Secondary School Emergency Relief, which is four times the CARES Act amount (\$13.2 billion).

Virginia's K-12 Federal Allocations (\$ in millions)	CARES Act	CRRSA Act
Elementary & Secondary School Emergency Relief	\$238.6	\$939.3
Governor's Emergency Education Relief Fund	66.8	30.0
Governor's Emergency Education Relief Fund – Assistance to Non-Public Schools	<u>0.0</u>	<u>46.6</u>
Total	\$305.4	\$1,015.4

Source: United States Department of Education, Coronavirus Response and Relief Supplemental Appropriations Act, 2021.

Virginia's Divisions Estimated to Receive \$845 million in ESSER Funds

- 90% allocated to local divisions based on Title I of the Every Student Succeeds Act.
 - Divisions given wide latitude in spending allocations (e.g. **addressing learning loss, improvements to school facilities**, distance learning, cleaning schools, summer learning, special education, meal distribution or continuity of services).
- 10% reserved by VDOE for statewide efforts to address issues from COVID-19.
- **“Maintenance of Effort”** required in FY22 at least at the proportional levels of the state’s support for elementary and secondary education and for higher education relative to the state’s overall spending, averaged over FY17, FY18, and FY19.

Virginia's ESSER Allocations (\$ in millions)	
Local School Divisions	\$845.4
VDOE, Statewide Efforts	<u>93.9</u>
Total ESSER	\$939.3

Governor's Emergency Education Relief Funds

Virginia is projected to receive \$76.1 million in GEER funding with 60 percent required to support non-public schools.

Emergency Grants

Flexible emergency grants for school divisions and institutions of higher education.

Virginia's projected allocation is \$30.0 million.

Assistance for Non-Public Schools

Emergency assistance for non-public K-12 schools.

Funds remain at VDOE and non-public schools apply for the funding.

- Funds cannot be used to support education vouchers, tuition tax credit programs, education savings accounts, scholarships or tuition assistance.

Virginia's projected allocation is \$46.6 million.

Other Education Related Stimulus

- **Child Care and Development Block Grant.** \$201.5 million estimated to provide assistance to Virginia's childcare providers.
- **Head Start.** \$4.0 million for Head Start in Virginia.
- **Emergency Broadband Benefit Program.** Funds to reimburse internet service providers for providing discounted broadband service to households (targeted based on income, participating in free and reduced-price lunch, current Pell student or suffered loss of income).

Source: Federal Funds Information for States, and Southern Regional Education Board.