

SENATE OF VIRGINIA

Senate Finance Committee

Overview of Proposed Budget Amendments

SB 750, as Introduced

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**Education Subcommittee
January 11, 2007**

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 **increase of \$51.6 million GF** or a **1.4% increase** over the original appropriation.
 - **\$12.9 million GF** of this increase reflects the **transfer** of a **3% faculty salary increase** that was budgeted under Central Appropriations last year.
- The proposed budget provides about **\$38.8 million GF** in new higher education funding.
 - Taken with the increases from the 2006 Session, this results in an **increase of about 16%** over the previous biennium.

Summary of Proposed Amendments

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Major GF Increases for the 2006-08 Biennium - (\$ in millions)	
Base Adequacy	\$15.3
Undergraduate Student Financial Aid	13.7
Operation & Maintenance of New Facilities	3.3
Higher Education Research Supplement	2.5
10% Nursing Faculty Salary Increase in FY 2008	1.7
Southside VA Educational Expansion & Cooperation	1.5
Various Program Enhancements	1.4
VA Military Survivors & Dependents Program Reimbursements	1.0
VA Military Scholarship Program	0.5
Total	\$40.9

Base Adequacy

- The Governor’s amendments provide an additional \$15.3 million GF in the second year for a one percent increase to those institutions that have not yet reached 100% of the funding guidelines (as calculated by DPB).
- The General Assembly previously provided \$113.4 million GF in the first year and \$123.9 million GF in the second year (\$237.3 million GF over the biennium) to move average core funding for the institutions closer to the “base adequacy” funding guidelines.

Base Adequacy - \$ Increases	
Institution	FY 2008
CNU	\$299,323
GMU	2,480,795
ODU	1,171,935
RU	587,633
RBC	59,038
UVA	1,681,839
VCU	2,313,375
VCCS	4,531,724
VSU	244,790
VT	1,924,208
Total	\$15,294,660

Undergraduate Student Financial Aid

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- The amendments include \$13.7 million GF in the second year for need-based undergraduate student financial assistance for in-state students (see chart to the right).
 - Partnership model.
 - Provided to help address recent tuition and fee increases.
- During the 2006 Session, a \$21.7 million GF increase was provided for this type of aid.
 - An additional \$17.3 million GF was provided for tuition assistance grants for private college students.

CNU	\$319,867
CWM	215,481
GMU	1,418,382
JMU	630,754
LU	364,227
UMW	135,196
NSU	667,105
ODU	1,692,778
RU	723,669
RBC	13,621
UVA	290,163
UVA-Wise	221,751
VCU	2,056,744
VCCS	3,490,688
VMI	25,148
VSU	576,233
VT	903,989
Total	\$13,745,796

Nursing Faculty Salary Increase

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- The amendments provide \$1.7 million GF in the second year for a 10% salary increase for nursing faculty.
- The funding was allocated to address the nursing shortage by improving retention of faculty in nursing education programs.
- An additional \$200,000 is proposed for scholarships for nursing educators under the Department of Health (second year).

FY 2008 10% Salary Increase	
Institution	FY 2008
GMU	\$196,625
JMU	93,397
NSU	54,072
ODU	113,059
RU	113,059
UVA	255,613
VCU	98,313
VCCS	781,584
VSU	24,578
Total	\$1,730,300

Various Program Enhancements

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Agency	Program	FY 2008
VSU	Logistics Training Program Expansion	\$352,500
UVA-Wise	Technical Training Program	246,358
EVMS	Base Support for Graduate Programs	288,960
VIMS	Clean Marina and Blue Crab Monitoring	275,000
RU	Nursing Simulation Laboratories (technical)	100,001
VCU	Grace E. Harris Institute	100,000
Total		\$1,362,819

Other Initiatives

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- **Higher Education Research Initiative**
 - \$2.5 million GF in FY 2008 for technology and stem cell research.
 - \$2.0 million GF would go to the Commonwealth Technology Research Fund.
 - \$500,000 GF would go to the Christopher Reeves Stem Cell Research Fund.
- **Southside Virginia Educational Expansion and Cooperation**
 - \$1.5 million GF in FY 2008 in support of regional cooperation and expansion of programs (additional degree programs, community outreach, and staff availability).
 - \$500,000 each for the Institute for Advanced Learning and Research, New College Institute, and the Southern Virginia Higher Education Center.
- **Virginia Military Survivors and Dependents Program**
 - \$1.0 million GF in FY 2008 for financial assistance for room and board under this program.

Other Initiatives (continued)

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- **Higher Education Restructuring Financial Incentives**

- \$12.7 million GF in FY 2008 for estimated interest earnings from tuition and fees and other nongeneral fund E&G revenues and a rebate on certain credit card purchases.
- To be transferred from Central Appropriations.
 - An estimated \$11.0 million GF for interest earnings from tuition and fees and other nongeneral fund E&G revenues.
 - An estimated \$1.7 million GF to pay institutions a pro rata amount of the rebate paid to the Commonwealth for credit card purchases not exceeding \$5,000 during the previous fiscal year.

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 \$16.5 million GF** when compared to Chapter 10, Special Session I of 2006.
 - Includes the transfer to Direct Aid of \$22.0 million that had been set aside in Central Appropriations towards a second year teacher salary increase.
- \$83.7 million in new GF spending is offset by savings of \$100.2 million, primarily due to downward revisions to enrollment projections and estimated Lottery proceeds.

Summary of Proposed Amendments

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GF Amendments for the 2006-08 Biennium - (\$ in millions)	
3.0% Salary Increase, Dec. 1, 2007 (includes \$22M reserve transfer)	\$63.9
Pilots to Expand Preschool Availability	4.6
Retiree Health Care Credit (RHCC) & Group Life (GL) Rates (OPEB)	4.3
Expand Early Reading Intervention	4.1
Expand Algebra Readiness	3.9
Revised Sales Tax for Education Forecast	2.7
Transportation of Foster Children	<0.2
Revised ADM Forecast – Growth Slowing	(56.2)
Update for Other Child Counts, Participation, and Other Cost Factors	(22.2)
Revised Lottery Forecast – NC Effect	(16.0)
Transfer Ch. 10 RHCC and GL Savings to Direct Aid from C.A.	(5.8)
Total	(\$16.5)

Compensation Supplement

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- \$63.9 million GF for the state's share of a 3.0 percent salary increase for SOQ-funded teachers and support positions.
 - Effective December 1, 2007.
 - While a local match is required to access the state funds, participation by localities is not mandated.
 - This amount includes the transfer of \$22.0 million GF reserve for a second year salary increase.
- According to the 2006-07 salary survey (attached), the actual FY 2006 average teacher salary was \$47,248.
 - FY2006: Localities provided average increases of 4.12%.
 - FY2007: Localities budgeted for avg. increases of 4.24%.

Pilots to Expand Preschool Availability

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- \$4.6 million GF, plus \$200,000 for 2 FTE in DOE, Central Office.
 - Recommendations of the Governor’s Start Strong Council.
 - Based on about six pilots totaling 1,250 students, based on the state’s share of the current Virginia Preschool Initiative (VPI) per pupil funding amount of \$5,700, plus \$120,000 in start-up costs.
- **Proposed Budget Language:**

“...The pilot projects shall meet the following criteria: (1) providers must participate in the Quality Ratings System; (2) both public and private providers shall be eligible to participate in pilot projects; (3) pilot projects shall not be limited to at-risk students; (4) local match requirements for pilot projects may be waived.”

Early Intervention Reading Initiative

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- \$4.1 million GF to provide funding for all 1st and 2nd graders that require reading intervention services based on their performance on the Phonological Awareness Literacy Screening (PALS).
 - Funding is based on the state's share of 2.5 hours of additional instruction per week at a student to teacher ratio of five to one.
 - Intervention may include special reading teachers, trained aides, volunteer tutors under the supervision of a certified teacher, computer-based reading tutorial programs, etc.

	Current/FY 2007	Proposed for FY2008
Kindergarten	100%	100%
Grade 1	50%	100%
Grade 2	50%	100%
Grade 3	25%	25%

Algebra Readiness

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- \$3.9 million GF in the second year for additional math instruction for 6th graders, in addition to 7th and 8th graders, that are at-risk of failing the Algebra I end-of-course test.
 - Free lunch eligibility is used as a proxy for calculating the number of students at-risk of failing the test.
 - Funding is based on 2.5 hours of additional instruction per week at a student to teacher ratio of ten to one.
 - Increase is in response to recent SOL results on the new 6th and 7th grade math SOLs required by NCLB.
 - Grade 6 2005-06 Pass Rate: 51%
 - Grade 7 2005-06 Pass Rate: 44%
 - Grade 8 2005-06 Pass Rate: 76%

Other Increases

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- **Retiree Health Care Credit (RHCC) & Group Life (GL) Rates**
 - \$4.3 million GF for phased rate changes recommended by the VRS Board to address new Other Post-Employment Benefits (OPEB) reporting requirements.
 - Transfers from C.A. existing savings of \$2.9 million GF each year.
- **Revised Sales Tax for Education Forecast**
 - **\$1,139.3 million for FY07:** +\$2.7 million in sales tax for education results in a Basic Aid reduction of \$1.5 million, for a net increase to localities of \$1.2 million. Offsetting reduction in the one-time hold harmless correction, set out in Ch. 10, results in **no net changes**.
 - **\$1,198.7 million for FY08:** +\$6.1 million results in a Basic Aid reduction of \$3.4 million, for a **net increase of \$2.7 million**.
- **Transportation of Foster Children**
 - \$150,000 GF for a new program to reimburse school divisions for costs for children who have been relocated outside the normal boundaries of the school which they attended.

Decreases – Technical Updates

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- **Revised ADM Enrollment Forecast – Growth Slowing**
 - **FY2007: Net savings of \$20.4 million;** 5,742 fewer students than projected in Ch. 10
 - **FY2008: Net savings of \$35.8 million;** 8,448 fewer than in Ch. 10
- **Update for Other Child Counts, Participation, & Other Factors**
 - Savings of \$12.2 million the first year and \$10.0 million the second year across programs such as ESL, Summer School, Special Education, School Breakfast, and Governor’s Schools.
- **Revised Lottery Forecast – NC Effect**
 - In October the Lottery Board adopted a revised forecast of \$405.4 million each year, a decrease of \$20.7 million each year, based on the expected impact of North Carolina’s lottery.
 - Based on an approximately 60-40 split, \$12.7 million less each year will be transferred to support a portion of Basic Aid and \$8.0 million less each year will be distributed to localities.

Language Amendments

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- **Literary Fund**

- Removes the “seasonality” requirements that currently restrict the VPSA interest rate subsidy sale to the Fall only and the technology notes sales to the Spring only.
- Allows projects on the Literary Fund Second Priority Waiting List to participate in the interest rate subsidy program if unused subsidy appropriation remains once the participation of projects on the First Priority Waiting List is confirmed.

Virginia Schools for the Deaf and Blind

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- **Dormitory and Security Staff**
 - \$229,254 GF and 4.0 FTE for additional staff in Staunton to help address the dorm waiting list.
- **New Handicapped-Accessible School Bus**
 - \$98,041 NGF for a new full-size school bus.
- **Consolidation of the Two Statewide Schools**
 - In the capital budget, \$3.5 million GF to continue planning for consolidation of the two existing statewide schools at the Staunton campus, and to facilitate future use of the Hampton campus.
 - Authorizes a conventional design contract and a construction manager at-risk contract, or an interim public-private partnership agreement.

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Summary of Proposed Amendments

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Other Education: GF Amendments for the 2006-08 Biennium	
VMFA – Update IT Infrastructure	\$335,000
LOV – FindIt Virginia Electronic Database	100,000
LOV – DGS Rent Charge Overage	(611,006)
SMV – Two Finance Office Positions to Address Audit	125,884
FCM – One Interpreter and One Fiscal Technician Position	106,023
Gunston Hall – New IT System, Security System, & Tractor	95,000
Total	\$150,991

- Amendments that affect Jamestown:
 - **In DMV:** Continues to direct a portion of the \$1/yr. motor vehicle registration fees to the VA 400th Anniversary Fund for use by JYF.
 - **In Central Appropriations:** \$1.8 million GF for security and other costs not currently budgeted for the Jamestown 2007 celebration.