

**Public Education:
Virginia Preschool Initiative for
At-Risk Four-Years-Olds**

**Senate Finance Committee
November 15-16, 2007**

Virginia's Preschool Initiative (VPI) for At-Risk Four-Year-Olds began a decade ago

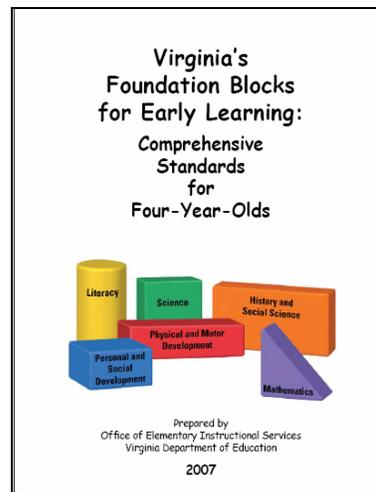
- In 1993, the General Assembly required a study of early childhood programs for at-risk children in Virginia.
- In 1994, the legislative Commission on Equity in Public Education recommended the establishment of state funded, quality preschool programs for at-risk four-year-olds unserved by other programs.
- A program was designed to:
 - Increase school readiness and reduce disparities among young children upon kindergarten entry, and
 - Reduce or eliminate risk factors that lead to early academic failure.
- State funding for the program began in FY 1996.
- Today, state funding supports voluntary preschool education programs in local public schools and in community-based organizations for at-risk four-year-olds who are unserved by federal Head Start programs.

State requirements for local VPI programs

Key VPI program requirements

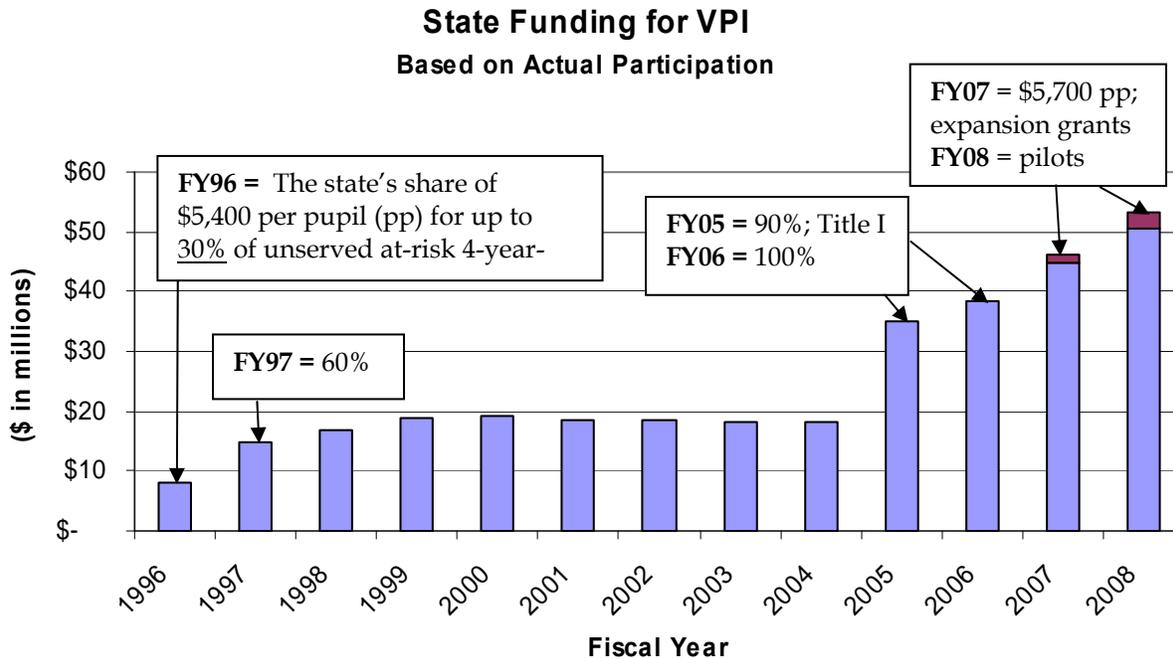
- Minimum of half-day, school year program
- Group size limit of 18, child/staff ratio of 9:1
- Develop and utilize selection criteria based on the community's definition of at-risk
- No participation fees may be charged

- Align curriculum with Virginia Department of Education standards



- Assessment: Screen each fall and spring
- Coordinate comprehensive services (health services, transportation, etc.) through a local steering committee
- Plan for parental involvement
- If not located in a public school, comply with *Standards for Licensed Child Day Centers*

State funding of VPI began in FY 1996



- 1995 Session** - State funding for the VPI program began in FY 1996 to provide the state's share of \$5,400 per pupil for **up to 30 percent of at-risk children** unserved by federal Head Start or Title I programs.

Funding was increased in FY 1997 to increase the percentage served to **up to 60 percent of unserved at-risk children**.

- FY 1998 to FY 2004** - No formula changes were made. Local participation levels increased in FY 1998 and FY 1999, and then leveled off for the next five years.

State VPI funding has increased since 2004

- **2002** - JLARC suggested options for VPI: 1) cover 100 percent of at-risk children, 2) end the “penalty” for those school divisions with existing Title I programs, and 3) increase the per pupil amount to current dollars.
- **2004 Session** - The General Assembly provided funding for **up to 90 percent of unserved at-risk children**. Also ended the Title I “penalty” as of FY 2005.

Funded **up to 100 percent of at-risk children** unserved by Head Start in FY 2006.

The Virginia Foundation Blocks for Early Learning: Comprehensive Standards for Four-Year-Olds were updated and expanded from literacy and math to include science and history and social science.

- **2006 Session** - Increased per pupil funding from the state’s share of \$5,400 to **\$5,700** in FY 2007.

Authorized one-time **start-up or expansion grants** to increase local participation levels.

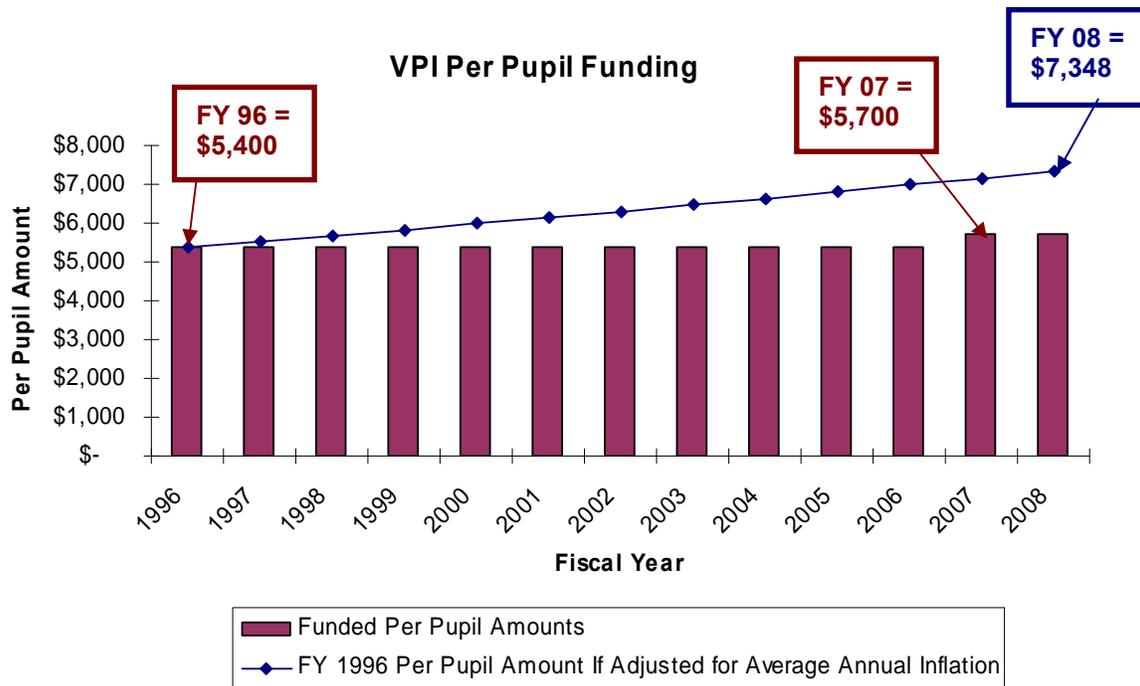
- **2007 Session** - Approved up to \$2.6 million for FY 2008 to implement preschool **pilot projects** targeting unserved at-risk students in localities with existing public-private partnerships.

The state spent \$45 million in FY 2007 for preschool for 12,500 at-risk four-year-olds

<u>Current Funding Formula</u>	<u>Statewide FY 2007</u>
1. The estimated number of four-year-olds is calculated as one-fifth of the projected number of children under five.	99,101
2. That number is multiplied by the percent of students eligible for free lunch (<i>proxy for at-risk</i>).	<u>31%</u>
	26,061
3. The number of four-year-olds served by Head Start is subtracted.	<u>(7,381)</u>
4. Up to a maximum number of eligible slots ,	18,730
the level of actual local participation	12,501
is multiplied by the per pupil dollar amount .	X \$5,700 (\$2,850 for half-day programs)
5. Each locality's composite index is applied to determine the state share and the required local match.	X On average about 55% = (i.e. 55% state share, 45% local share)
6. State share	\$44.7 million

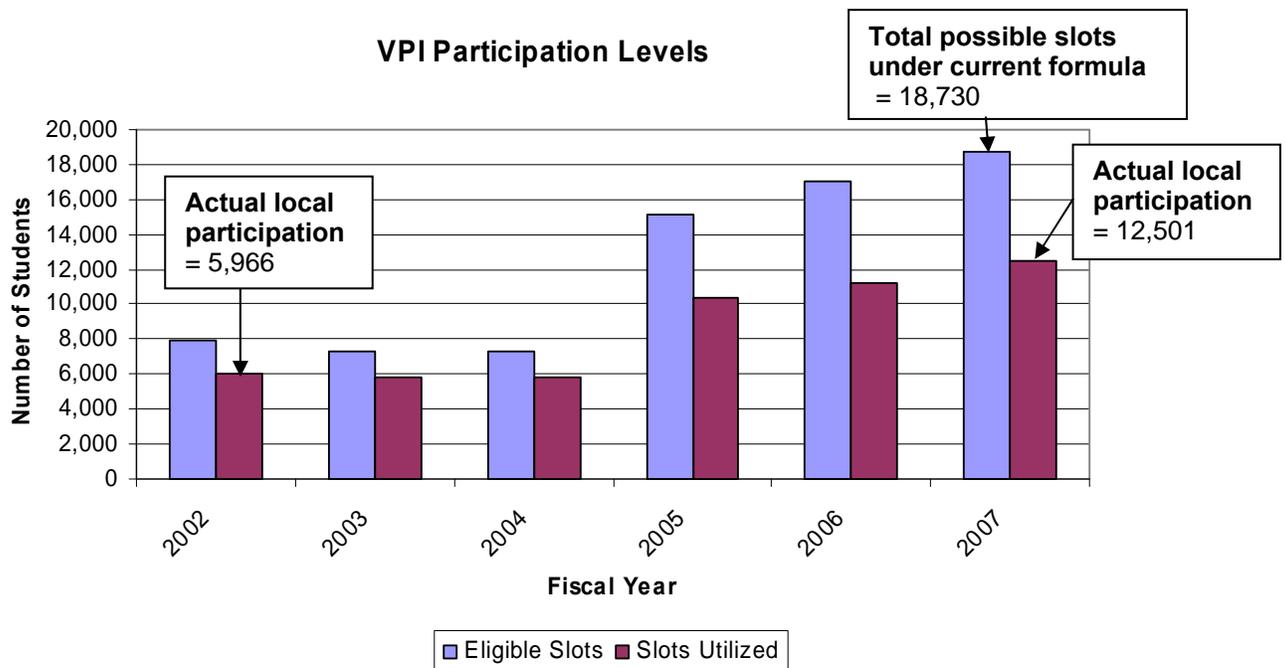
Appendix A shows VPI funding by locality.

Per pupil funding for VPI



- Unlike most other education costs, the VPI per pupil amount is not routinely updated through the re-benchmarking process.
 - Currently at \$5,700 per pupil, it has been increased 5.6 percent since FY 1996.
 - Adjusting the original FY 1996 per pupil amount based on an average *annual* inflation rate of 2.6 percent would yield an FY 2008 per pupil amount of \$7,348.
 - Other possible approaches include comparison with K-12 per pupil funding or actual total costs for quality programs.

Local participation has increased, but 1/3 of available state-supported slots are not used



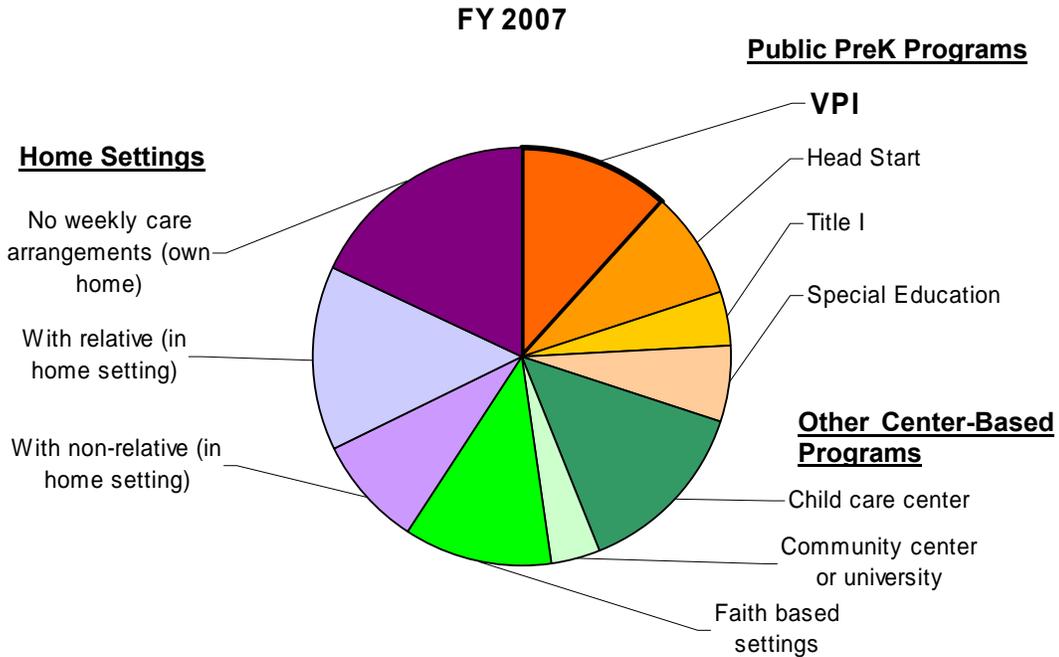
- **In FY 2002:** 5,966 students were served in VPI programs.
 - 75 out of 100 eligible school divisions participated.
- **By FY 2007:** 12,501 students were served out of 18,730 eligible state-supported slots under the formula.
 - 101 out of 122 eligible school divisions participated (another 14 localities remain ineligible to receive VPI funding due to existing Head Start programs).
- **Reasons cited for not participating include the recurring local share costs, start-up costs, and space.**

2006 General Assembly helped jumpstart participation levels

- A total of \$1.5 million in one-time start-up and expansion grants were awarded in FY 2007, resulting in the equivalent of 32 new VPI classrooms, or over 500 more students.

Number of New VPI Classrooms: 2007-08	
Start-up	
Bristol City	1
Chesterfield County	8
Hanover County	1
Expansion	
Albemarle County	2
Arlington County	2
Augusta County	2
Chesapeake City	4
Henrico County	2
Lynchburg City	1
Manassas Park City	1
Montgomery County	1
Northumberland County	1
Pittsylvania County	1
Roanoke City	1
Shenandoah County	1
Staunton City	1
Williamsburg/James City County	1
Wise County	<u>1</u>
Total	32

VPI programs served about 1 in 8 Virginia four-year-olds in FY 2007



- Using a combination of national and Virginia-specific data, it can be estimated that of all four-year-olds in Virginia in FY 2007:
 - About 30 percent participated in publicly funded pre-kindergarten programs;
 - About 30 percent attended other programs; and
 - About 40 percent were in a home setting only.

- A recent study by the Weldon Cooper Center found that preschool enrollment is highest among children in families at more than three times the poverty threshold.

VPI literacy skill development

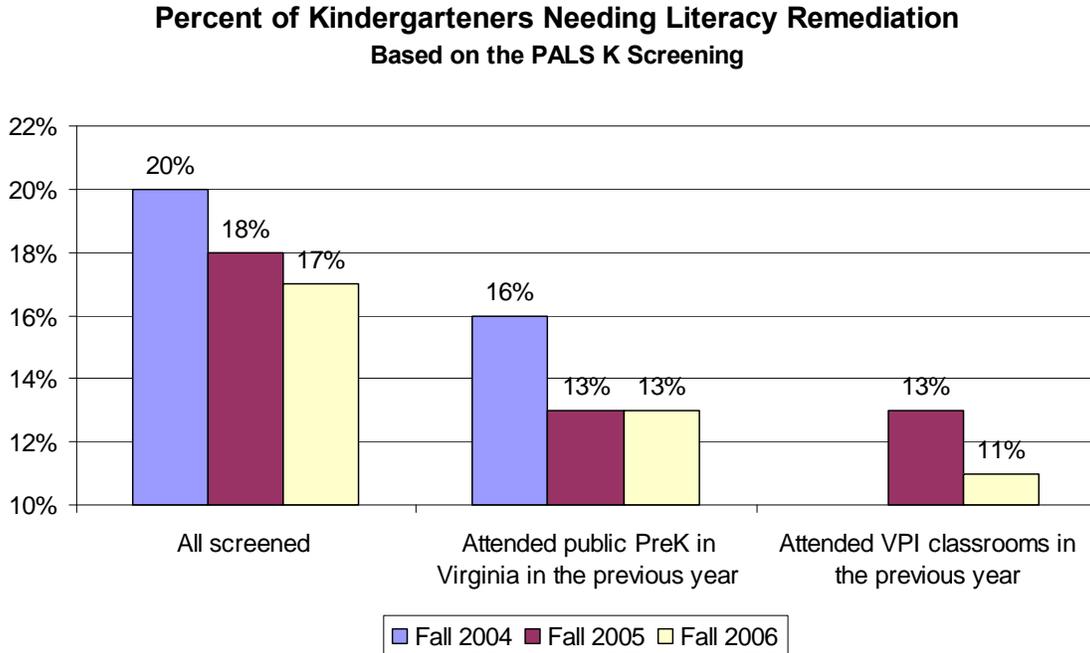
- The Phonological Awareness Literacy Screening (PALS) was developed at the University of Virginia in 1997.
 - Fall to spring for 2005-06, average PALS PreK scores of VPI students went from 32 to 60.
 - The PALS office has established ranges for key components of literacy development that are predictive of successful reading later.

**Percent of students who met or exceeded
PALS PreK developmental ranges (Spring)**

	<u>2005-06</u>
Name writing	92%
Alphabet recognition	86%
Beginning sound awareness	88%
Print and word awareness	83%
Rhyme	85%

- Other indicators of school readiness, such as physical and motor development and personal and social development, are not systematically assessed statewide.

Kindergarten readiness of VPI students

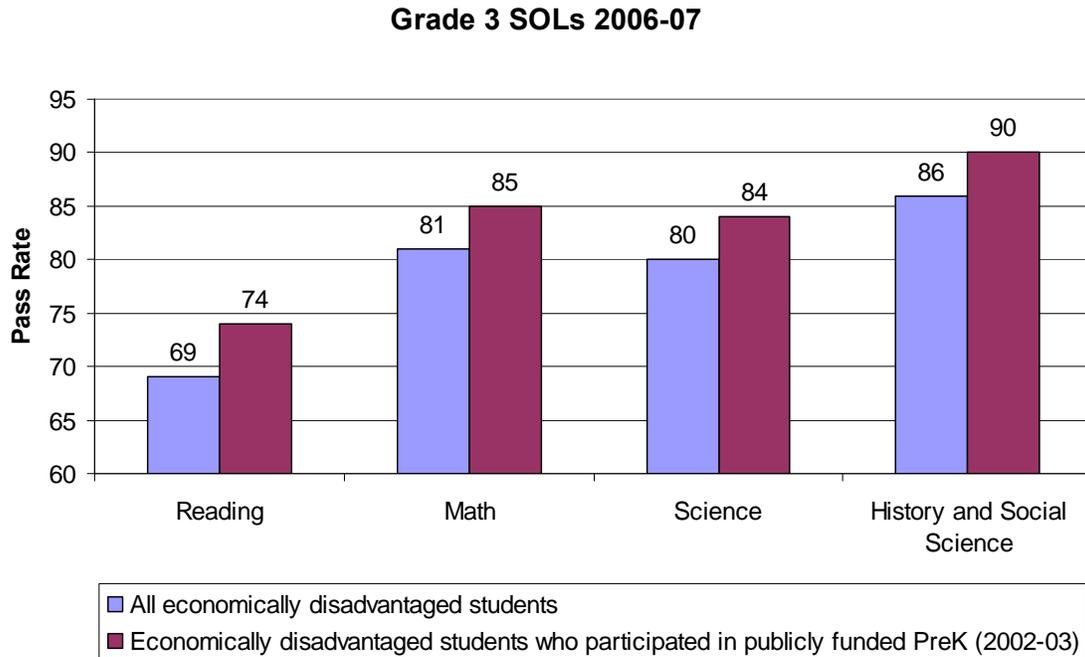


- In the Fall of 2006, 17 percent of all kindergarteners were identified as needing literacy remediation compared with 11 percent of kindergarteners who attended VPI.
 - Based on the PALS K assessment given to kindergarteners.
 - In the absence of VPI, it is expected that at-risk students would need more remediation.

Compliance with VPI program requirements and quality of classroom experiences

- A JLARC study of VPI, per HJR 729 (2007), was presented on November 13, 2007.
- In addition to looking at pre-kindergarten and kindergarten literacy results, JLARC also reviewed compliance with program requirements, conducted classroom observations, and surveyed teachers and principals.
- Key findings:
 - Virginia lacks a common definition of school readiness to assist in evaluation.
 - State administrative support and oversight is limited, but may be adequate for the existing program.
 - Classrooms appear to provide a positive environment balancing intentional instruction with developmental play, but consistency could be improved.
 - VPI students gain in literacy skills during the preK year and outperform other kindergarteners, but more work is needed to assess longer term outcomes.

Pass rates in Grade 3 for at-risk students who had attended public pre-kindergarten



- Third grade Standards of Learning (SOL) pass rates in all subject areas were higher for economically disadvantaged students *who participated in publicly-funded preschool programs* than for all economically disadvantaged students.
 - Based on 3,466 students tested in 2006-07 documented as participating in public preK.
- Since schools are now required to track pre-kindergarten experience, longitudinal students of VPI student outcomes should be possible going forward.

Long-term cost-benefit analysis of early childhood education

- Although longer term statewide results specific to VPI are not available, there is research on the effects of early childhood education using follow-up into adulthood.
 - According to JLARC, while there is some debate over longer term effects, the weight of the evidence from key studies indicates long-term positive effects.
 - Since the content of programs vary, it can be difficult to generalize about the results. However, the effects appear to be consistent with the research on brain development.
 - The Federal Reserve Bank of Minneapolis and others have used these studies to identify high economic returns from subsequent educational attainment and lower rates of social problems.
 - The high rates of return are described as the effect of “compound interest” by starting early.
 - Even though the IQ effects of the Michigan study did not appear to persist beyond the school years, significant economic and other effects did. The explanation offered was that **motivation, perseverance and tenacity** affect performance, including on achievement tests.

Virginia is #1 in the nation in “chance-for-success”

- This year *Education Week* ranked Virginia first nationwide in a new index of 13 indicators called the “chance-for-success” index incorporating family characteristics and opportunities beyond the school years.
 - No points were awarded for preschool enrollment indicator. (While Virginia’s preschool enrollment is above the national average, it was not considered statistically significant.)

Primarily based on 2005 Data	VA Avg.	Points Awarded	Nat'l Avg.
1. Family income	69.7	+2	59.8
2. Parent education	50.6	+2	42.5
3. Parental employment	76.2	+2	70.6
4. Linguistic integration	90.5	+2	84.3
5. Preschool enrollment (3- and 4-year-olds)	46.5	0	44.8
6. Kindergarten enrollment	74.3	0	75.3
7. Elementary reading	36.9	+2	29.8
8. Middle school math	33.4	+2	28.5
9. High school graduation	74.9	+2	69.6
10. Postsecondary participation	50.2	+2	47.8
11. Adult educational attainment	42.6	+2	37.4
12. Annual income	56.6	+2	50.0
13. Steady employment	72.2	+2	67.2

- *Appendix B summarizes state preK in other states.*

Expansion of VPI?

10 pilots in 2007-08 school year test delivery models

- In the 2007 budget, up to \$2.6 million was provided for pilots to test delivery strategies.
 - Limited to programs with existing partnerships.
 - Must serve additional at-risk children.
 - Interim report by December 1.

- As of August, the pilots sites were planning to:
 - Deliver services in religious facilities, a military setting, a university child care center, and private centers
 - Partner with a proprietary and non-profit center
 - Test a home-based model
 - Integrate VPI and Head Start in the same classroom
 - Use a sliding scale to incorporate parent tuition
 - Participate in a Quality Ratings System pilot

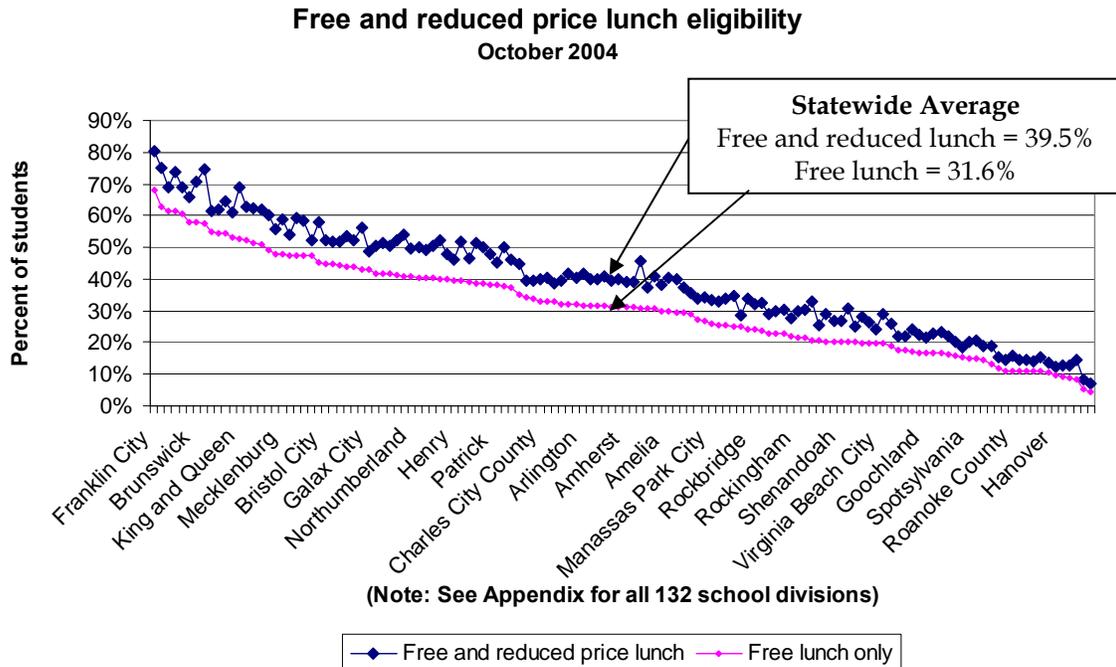
- *Under the current VPI program, locals may contract with community providers, but in practice, not many do.*

Expansion of VPI?

Governor's proposal for FY 2009 to FY 2012

- The Start Strong Council, established by Executive Order in January 2006, studied expansion of access to quality pre-kindergarten for four-year-olds.
- On August 16, 2007, Governor Kaine announced the framework for his proposal to further expand VPI and improve pre-kindergarten quality at an identified additional cost of \$75 million by FY 2012.
- Expand access:
 - Change eligibility from “free lunch” to “free and reduced lunch”
 - Partner with private providers (child care and religious facility settings)
 - Serve an additional 17,000 students annually, for a new total of about 29,500 VPI students, by FY 2012
- Improve quality:
 - Voluntary quality ratings system
 - Technical assistance and incentives
 - Programs in community colleges and universities
 - Scholarships, training, and mentoring
 - Creation of a single office of school readiness

Changing to “free & reduced-price lunch” would expand the pool by about 25 percent



- Statewide average **free lunch** eligibility was 31.6 percent of all students (based on 130% of poverty).
 - For the 2006-08 biennium, October 2004 free lunch data was used in the VPI formula.
- The statewide average **free and reduced-price lunch** eligibility was 39.5 percent (based on 185% of poverty).
- Statewide about $\frac{1}{4}$ more students are eligible for free and reduced lunch than for free lunch.

What other program formulas are based on free lunch now?

- Other than the VPI, four other Direct Aid education funding programs use free lunch eligibility (as a proxy for family poverty) as a component of the formula:

		FY 2008 \$ in millions
K-3 Primary Class Size Reduction	Smaller class sizes in schools with higher poverty	\$84.6
SOQ Prevention, Intervention & Remediation	Funding based on additional instructional time; based on SOL failure rates and poverty	\$61.4
K-12 At-Risk Add-On	Between 1 and 12 percent additional basic funding per pupil, with higher per pupil amounts to divisions with the highest concentrations of poverty	\$60.3
Algebra Readiness	7 th and 8 th graders at-risk of failing end-of-course Algebra I test	\$8.2

- Four other “at-risk” programs are based on students identified based on actual performance rather than on poverty (**Remedial Summer School: \$25.2 million; Early Intervention Reading: \$14.3 million; Education for a Lifetime programs: \$3.8 million; Project Graduation: \$2.8 million**).
 - These costs *decrease* as achievement improves.

Other policy options for expanding VPI

- Regarding the Governor's proposal to expand access, JLARC concluded:
 - It is positive in that it continues the state's targeted focus on at-risk children.
 - It seems unlikely that local programs could achieve full participation *and* expand, as is apparently assumed in the Governor's proposal, more than doubling in size over four years.
 - Despite plans to address space issues through partnerships with private providers, per pupil funding is a key obstacle for achieving greater local participation.
- JLARC described policy options addressing the potential for expanding VPI into a universal program:
 - Alternative revenue sources, such as parent fees;
 - Half-day programs;
 - Five-week summer programs; and
 - Requiring all local school divisions to participate to address equity concerns.

Outlook for the 2008-10 biennial budget

- What is the outlook for FY 2009 and FY 2010 given the current revenue forecast?
- SOQ re-benchmarking is generally considered a non-discretionary historical funding commitment.
 - Re-benchmarking is expected to again cost about \$1.2 billion more for the 2008-10 biennium.
- Re-directing existing “non-SOQ” K-12 programs may be viewed differently to the extent they are seen as discretionary.
 - “Non-SOQ” Direct Aid to Public Education funding includes: Incentive, School Facilities, Categorical, and Supplemental programs (*Appendix C lists all Direct Aid programs.*).
 - Remedial or “at-risk” funding has been a budget conference issue for the last several years.

At-risk funding: 5.9 percent of Direct Aid

- In June, the Education Subcommittee of Senate Finance was briefed on *Funding for Programs Targeted for Students “At-Risk” of Academic Failure*:
 - State funding for the 11 prevention, intervention, and remediation-related programs (both SOQ and non-SOQ, including VPI) totaled \$354 million in FY 2008, or 5.9 percent of Direct Aid.

- In October, the Senate Finance Committee received a briefing by the State Superintendent of Public Instruction on *The Role of At-Risk Funding in Improving Achievement and Opportunity*:
 - The educational context in Virginia is one of “rising expectations, changing demographics, and continued improvement.”
 - Students most at-risk of not meeting higher expectations are those who are economically disadvantaged, have a history of poor performance, come from non-English speaking homes, or have other life circumstances.
 - The programs comprise an integrated statewide system of support to help equalize disparity, assist students who need additional instructional support, and continue school improvement.

School divisions use K-12 At-Risk Add-On incentive dollars for many different programs

- Most of the remedial or at-risk programs have specific programmatic requirements.
- However, for the At-Risk Add-On program, there is wide “block grant” type flexibility in the use of the funds for programs for students who are educationally at risk.
 - The program was begun in FY 1993 to address disparity concerns by targeting more funds to school divisions with the highest concentrations of students in poverty.

<u>Sample of At-Risk Add-On Funding Uses</u>	<u>No. of School Divisions*</u>
SOL Remediation	116
Dropout Prevention	95
English as a Second Language	85
Class Size Reduction Beyond SOQ (grades 4-12)	77
Computer Programs for Remediation	77
Tutoring Services	70
Reading Resource Teachers	69
Truancy Officer Programs	69
Early Reading Intervention	59
Virginia Preschool Initiative	51
Math Resource Teachers	46
<i>*Preliminary data based on 93% of school division responses in (Final Report Due Nov. 15, 2007)</i>	

Some options

- While the uses are varied, the existing At-Risk Add-On dollars are essentially built into the base budgets for local school divisions.

However, the state could choose to be more prescriptive, requiring the funds to be used for specific uses while still distributing them to areas of high need.

- There are potential priorities *other than VPI* that also have a nexus to the purpose of the funds.
Example: K-12 reading and math specialists *targeted to high need schools* (the State Board of Education proposed the specialists in *all* schools). (*Appendix D - Board's proposed SOQ revisions.*)
- Similarly, the state does not mandate the specific educational uses of the "per pupil" Lottery proceeds (except to require that at least half be used for non-recurring purposes, like school construction).
 - The Lottery has added new features to make up for lost revenue due to North Carolina's lottery. As a result, additional revenue was realized for FY 2007, and is anticipated going forward.
- Other education budget issues – such as teacher salary increases for FY 2009 and FY 2010 (*Appendix E*) and restoring funds for school construction (*Appendix F*) -- will vie for any available dollars.

Summary

- State funding for the Virginia Preschool Initiative has increased significantly since the program began in FY 1996, especially since 2004.
- However, the per pupil funding amount has increased just 5.6 percent since FY 1996.
- **About one-third of possible state-supported slots are not utilized.**
- The Governor has indicated he will propose a significant expansion of VPI access, along with renewed quality efforts.
- Other possible approaches to expansion exist.
- The current state revenue and budget outlook raises the question of how to prioritize existing education aid with this and other potential budget priorities.

Appendix A

State VPI funding by locality FY 2007

State Virginia Preschool Initiative (VPI) Funding Based on Actual Local Participation (FY 2007)

School Division	2006-08 Composite Index	FY 2007 Projected Four-Yr-Olds	Oct. 2004 Percent Free Lunch	Estimate of Four-Yr-Olds At Risk	Head Start Four-Yr-Olds	100% Unserved Four-Yr-Olds	Based on final participation data.				Total State Share Based on Actual Participation	
							FINAL FULL-TIME		FINAL HALF-TIME			Total State Share Based on Actual Participation
							\$ 5,700		\$ 2,850			
							Four-Yr-Olds Served	FINAL State Share	Four-Yr-Olds Served	FINAL State Share		
Accomack	0.3255	504	53%	268	98	170	80	\$ 307,572	-	-	\$ 307,572	
Albemarle	0.6095	1219	16%	190	43	147	112	249,295	-	-	249,295	
Alleghany	0.2423	202	29%	59	27	32	18	77,740	-	-	77,740	
Amelia	0.3431	143	30%	43	36	7	7	26,210	-	-	26,210	
Amherst	0.2870	430	31%	133	58	75	72	292,615	-	-	292,615	
Appomattox	0.2696	174	31%	53	23	30	30	124,898	-	-	124,898	
Arlington	0.8000	2362	32%	751	123	628	380	433,200	-	-	433,200	
Augusta	0.3320	901	20%	184	54	130	68	258,917	-	-	258,917	
Bath	0.8000	64	21%	13	7	6	3	3,420	-	-	3,420	
Bedford County	0.3632	757	23%	172	74	98	98	355,716	-	-	355,716	
Bland	0.3059	77	25%	19	17	2	-	-	-	-	-	
Botetourt	0.3957	322	11%	35	7	28	12	41,334	-	-	41,334	
Brunswick	0.2540	180	58%	105	43	62	62	263,636	-	-	263,636	
Buchanan	0.3205	263	58%	151	87	64	63	244,008	-	-	244,008	
Buckingham	0.2591	176	43%	76	22	54	54	228,049	-	-	228,049	
Campbell	0.2612	754	25%	192	17	175	175	736,953	-	-	736,953	
Caroline	0.3495	285	31%	90	60	30	30	111,236	-	-	111,236	
Carroll	0.2842	382	39%	147	54	93	90	367,205	-	-	367,205	
Charles City	0.4128	76	33%	25	13	12	12	40,164	-	-	40,164	
Charlotte	0.2234	150	40%	60	37	23	23	101,812	-	-	101,812	
Chesterfield	0.3616	3728	17%	629	145	484	-	-	-	-	-	
Clarke	0.5580	143	11%	16	8	8	8	20,155	-	-	20,155	
Craig	0.3184	56	20%	11	19	-	-	-	-	-	-	
Culpeper	0.4062	506	24%	121	82	39	39	132,002	-	-	132,002	
Cumberland	0.2859	116	47%	55	9	46	46	187,237	-	-	187,237	
Dickenson	0.2344	169	45%	77	70	7	7	24,438	-	-	24,438	
Dinwiddie	0.2669	293	30%	88	44	44	32	133,717	-	-	133,717	
Essex	0.4019	122	38%	46	28	18	18	61,365	-	-	61,365	
Fairfax County	0.7456	14519	15%	2,159	401	1,758	711	1,031,007	-	-	1,031,007	
Fauquier	0.6443	814	12%	95	77	18	18	36,495	-	-	36,495	
Floyd	0.3212	163	25%	41	16	25	18	69,645	-	-	69,645	
Fluvanna	0.3749	313	14%	45	14	31	31	110,455	-	-	110,455	
Franklin County	0.3950	598	31%	186	53	133	133	458,651	-	-	458,651	
Frederick	0.3925	908	13%	121	47	74	-	-	-	-	-	
Giles	0.2755	196	24%	48	50	-	-	-	-	-	-	
Gloucester	0.3323	407	20%	83	65	18	-	-	-	-	-	
Goochland	0.8000	181	17%	31	15	16	8	9,120	-	-	9,120	
Grayson	0.2780	173	41%	70	30	40	35	144,039	-	-	144,039	
*Greene	0.3334	261	20%	51	26	25	25	94,991	-	-	94,991	
Greensville	0.2199	100	51%	51	-	51	51	226,775	-	-	226,775	
Halifax	0.2380	446	47%	211	62	149	149	647,167	-	-	647,167	
Hanover	0.4352	1367	10%	131	75	56	-	-	-	-	-	
Henrico	0.4604	4124	22%	911	136	775	75	230,679	24	36,909	267,588	
Henry	0.2553	574	40%	227	20	207	198	840,468	-	-	840,468	
Highland	0.6380	20	31%	6	4	2	2	4,127	-	-	4,127	
Isle of Wight	0.3753	327	27%	89	18	71	71	252,816	-	-	252,816	
James City	0.5499	682	21%	140	75	65	28	71,836	37	47,463	119,299	
King George	0.4034	236	17%	41	32	9	-	-	-	-	-	
King & Queen	0.4073	82	53%	43	2	41	36	121,622	-	-	121,622	
King William	0.3267	180	23%	41	11	30	18	69,081	-	-	69,081	
Lancaster	0.6844	119	42%	50	10	40	32	57,565	-	-	57,565	

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							\$ 5,700		\$ 2,850			
							Four-Yr-Olds Served	FINAL State Share	Four-Yr-Olds Served	FINAL State Share		
Lee	0.1769	264	54%	143	147	-	-	-	-	-	-	
Loudoun	0.6895	3334	9%	296	84	212	-	-	-	-	-	
Louisa	0.5542	315	31%	96	17	79	69	175,333	20	25,411	200,744	
Lunenburg	0.2399	123	51%	63	25	38	38	164,638	-	-	164,638	
*Madison	0.4362	161	18%	28	25	3	-	-	-	-	-	
Mathews	0.4701	81	17%	14	17	-	-	-	-	-	-	
Mecklenburg	0.3056	321	48%	153	28	125	98	387,892	-	-	387,892	
Middlesex	0.5923	86	29%	25	19	6	-	-	-	-	-	
Montgomery	0.3737	831	27%	223	64	159	144	514,067	-	-	514,067	
Nelson	0.4874	160	29%	47	29	18	17	49,671	-	-	49,671	
New Kent	0.4044	171	11%	19	13	6	-	-	-	-	-	
Northampton	0.3925	149	58%	87	32	55	51	176,600	-	-	176,600	
Northumberland	0.6517	126	41%	51	10	41	-	-	23	22,831	22,831	
Nottoway	0.2429	183	44%	81	27	54	54	233,035	-	-	233,035	
Orange	0.4323	323	23%	74	83	-	-	-	-	-	-	
Page	0.2882	280	31%	87	11	76	76	308,352	-	-	308,352	
Patrick	0.2592	207	38%	79	42	37	33	139,344	-	-	139,344	
Pittsylvania	0.2573	676	32%	214	84	130	112	474,140	-	-	474,140	
Powhatan	0.3722	298	9%	28	24	4	-	-	-	-	-	
Prince Edward	0.2776	219	63%	138	29	109	109	448,827	-	-	448,827	
Prince George	0.2304	457	20%	92	-	92	85	372,871	-	-	372,871	
Prince William	0.4287	5028	19%	944	221	723	-	-	36	58,615	58,615	
Pulaski	0.2995	347	32%	110	56	54	54	215,614	-	-	215,614	
Rappahannock	0.7463	77	11%	9	9	-	-	-	-	-	-	
Richmond County	0.3593	93	33%	30	16	14	14	51,128	-	-	51,128	
Roanoke County	0.3757	1084	11%	120	3	117	76	270,447	-	-	270,447	
Rockbridge	0.4546	262	24%	63	27	36	36	111,916	-	-	111,916	
Rockingham	0.3299	865	22%	188	13	175	175	668,425	-	-	668,425	
Russell	0.2292	310	40%	125	62	63	63	276,794	-	-	276,794	
Scott	0.1962	255	39%	99	99	-	-	-	-	-	-	
Shenandoah	0.3419	427	20%	87	20	67	56	210,066	-	-	210,066	
Smyth	0.2184	373	37%	139	68	71	71	316,314	-	-	316,314	
Southampton	0.2671	177	34%	60	29	31	31	129,503	-	-	129,503	
Spotsylvania	0.3455	1806	15%	270	121	149	90	335,759	-	-	335,759	
Stafford	0.3503	1556	10%	161	165	-	-	-	-	-	-	
Surry	0.7842	70	40%	28	13	15	15	18,451	-	-	18,451	
Sussex	0.2912	105	61%	65	62	3	-	-	-	-	-	
Tazewell	0.2500	484	40%	196	62	134	134	572,850	-	-	572,850	
Warren	0.3956	435	20%	86	27	59	34	117,133	-	-	117,133	
Washington	0.3351	559	32%	178	96	82	82	310,774	-	-	310,774	
Westmoreland	0.4076	201	44%	89	10	79	15	50,650	-	-	50,650	
Wise	0.2036	551	42%	229	108	121	64	290,527	-	-	290,527	
Wythe	0.3086	345	31%	108	57	51	51	200,990	-	-	200,990	
York	0.3749	815	8%	68	69	-	-	-	-	-	-	
Alexandria	0.8000	1870	41%	774	-	774	189	215,460	-	-	215,460	
Bristol	0.3366	183	45%	82	34	48	-	-	-	-	-	
Buena Vista	0.2172	70	21%	15	22	-	-	-	-	-	-	
Charlottesville	0.6061	357	45%	160	20	140	80	179,618	-	-	179,618	
Colonial Heights	0.4565	187	17%	32	-	32	-	-	-	-	-	
Covington	0.2918	76	34%	26	-	26	16	64,588	18	36,331	100,919	
Danville	0.2655	516	55%	282	163	119	119	498,211	-	-	498,211	

State Virginia Preschool Initiative (VPI) Funding Based on Actual Local Participation (FY 2007)

School Division	2006-08 Composite Index	FY 2007 Projected Four-Yr-Olds	Oct. 2004 Percent Free Lunch	Estimate of Four-Yr-Olds At Risk	Head Start Four-Yr-Olds	100% Unserved Four-Yr-Olds	Based on final participation data.				Total State Share Based on Actual Participation	
							FINAL FULL-TIME		FINAL HALF-TIME			Total State Share Based on Actual Participation
							\$ 5,700		\$ 2,850			
							Four-Yr-Olds Served	FINAL State Share	Four-Yr-Olds Served	FINAL State Share		
Falls Church	0.8000	117	5%	6	-	6	-	-	-	-	-	
Fredericksburg	0.7538	232	44%	102	72	30	18	25,260	-	-	25,260	
Galax	0.2944	91	43%	39	22	17	-	-	-	-	-	
Hampton	0.2410	1833	35%	640	150	490	490	2,119,887	-	-	2,119,887	
Harrisonburg	0.4361	461	42%	193	44	149	57	183,211	-	-	183,211	
Hopewell	0.2515	348	52%	181	98	83	83	354,115	-	-	354,115	
Lynchburg	0.3500	894	47%	422	122	300	266	985,530	-	-	985,530	
Martinsville	0.2470	154	48%	73	44	29	29	124,471	-	-	124,471	
Newport News	0.2577	2846	40%	1,151	120	1,031	972	4,112,639	118	249,635	4,362,274	
Norfolk	0.2693	3330	49%	1,635	148	1,487	1,487	6,193,340	-	-	6,193,340	
Norton	0.3299	44	40%	18	26	-	-	-	-	-	-	
Petersburg	0.2188	398	61%	241	91	150	150	667,926	-	-	667,926	
Portsmouth	0.2185	1417	48%	679	116	563	563	2,507,912	-	-	2,507,912	
Radford	0.2947	111	25%	28	29	-	-	-	-	-	-	
Richmond City	0.4329	2370	62%	1,460	488	972	845	2,731,437	-	-	2,731,437	
Roanoke City	0.3763	1318	55%	721	204	517	396	1,407,816	-	-	1,407,816	
Staunton	0.3925	283	33%	93	37	56	43	148,898	1	1,731	150,630	
Suffolk	0.3014	932	32%	300	102	198	198	788,440	-	-	788,440	
Virginia Beach	0.3492	6602	20%	1,295	102	1,193	704	2,611,530	-	-	2,611,530	
Waynesboro	0.3160	251	38%	96	32	64	36	140,357	-	-	140,357	
Williamsburg	0.8000	72	21%	15	11	4	4	4,560	-	-	4,560	
Winchester	0.5602	300	32%	96	41	55	55	137,877	-	-	137,877	
Fairfax City	0.8000	258	15%	38	-	38	-	-	-	-	-	
Franklin City	0.2728	85	68%	58	35	23	23	95,336	-	-	95,336	
Chesapeake	0.3186	3279	20%	655	98	557	240	932,155	-	-	932,155	
Lexington	0.3982	45	15%	7	9	-	-	-	-	-	-	
Emporia	0.2836	67	51%	34	35	-	-	-	-	-	-	
Salem	0.3768	279	16%	45	19	26	-	-	-	-	-	
Bedford City	0.2889	72	23%	16	-	16	16	37,831	-	-	37,831	
Poquoson	0.3299	115	5%	5	-	5	-	-	-	-	-	
Manassas City	0.4335	607	17%	101	51	50	-	-	-	-	-	
Manassas Park	0.3650	223	26%	58	17	41	16	57,912	-	-	57,912	
Colonial Beach	0.3131	38	39%	15	12	3	-	-	-	-	-	
West Point	0.2683	36	11%	4	-	4	4	16,683	-	-	16,683	
Subtotal		99,101		26,061	7,381	18,730	12,224	\$ 44,234,546	277	\$ 478,926	\$ 44,713,471	

Appendix B – Other states

- According to *The State of Preschool 2006* by the National Institute of Early Education Research supported by the Pew Charitable Trusts and Rutgers University, for the 2005-06 school year:
 - 38 states funded some kind of pre-kindergarten programs.
 - The 12 states that did NOT: Idaho, Montana, Wyoming, Utah and North and South Dakota; also Alaska, Hawaii, Mississippi, Indiana, Rhode Island, and New Hampshire
 - States offering pre-kindergarten enrolled 20 percent of the nation's four-year-olds, up from 14 percent in 2001-02.
 - 27 programs have an income requirement.
 - Half of states did not require a bachelor's degree or higher for lead teachers.
- A few states have a "universal" approach: Illinois, West Virginia, Florida, Georgia, and Oklahoma.

Appendix C – Direct Aid to Public Education

- Beginning with the 2006-08 biennium, the following service area structure for Direct Aid was established:
 - SOQ
 - Incentive Programs
 - Categorical Programs
 - School Facilities
 - Supplemental Programs
- This appendix reflects Chapter 847, Act of Assembly 2007.
- **SOQ.** The 12 SOQ accounts, shown in the table below, together represent the state’s share of instructional costs based on the required number of positions and salaries funded, plus support costs.

SOQ (\$ in millions)	FY08 \$ in millions
Basic Aid	\$2,710.9
Sales Tax	1,202.2
VRS Retirement	238.7
Social Security	159.3
Group Life	8.3
Textbooks	67.6
Gifted Education	27.9
Vocational Education	60.9
Special Education	339.9
English as a Second Language	36.5
Prevention, Intervention, & Remediation*	41.9
Remedial Summer School	25.2
Total	\$4,919.3

* Per the introduced budget for the 2004 session, \$19.5 million from Lottery proceeds also supports SOQ prevention, intervention, and remediation for a total of \$61.4 million.

Appendix C – Direct Aid (continued)

- Incentive Programs.** Incentive-based programs are voluntary on the part of local school divisions, but in order to receive the state funds, the school divisions must agree to meet some additional requirements, such as certifying they will offer the specific program and providing the match.

Incentive	FY08 \$ in millions
K-3 Class Size Reduction	\$84.6
At-Risk Add-On	60.3
Special Ed – Regional Tuition (in lieu of SOQ per pupil funding)	62.9
Compensation Supplement	192.2
At-Risk Four-Year-Olds	53.1
Early Reading Intervention	14.3
Governor’s Schools – Year and Summer	12.3
SOL Algebra Readiness	8.2
Enrollment Loss	10.1
“Education For a Lifetime”	7.9
Alternative Education (Per pupil based on a staffing model and fixed slots)	6.8
Project Graduation	2.8
ISAEF (Reimbursed up to Appropriation)	2.2
Mentor Teacher Program	1.5
School Breakfast	1.1
Special Ed – Inservice	0.6
Special Ed – Voc Ed	0.2
Supplemental Basic Aid	0.5
Total	\$521.4

Appendix C – Direct Aid (continued)

- School Facilities.** Although Lottery and School Construction grants are existing accounts, they have not previously been grouped under the heading of “School Facilities” until now.

School Facilities	FY08 \$ in millions
Lottery*	\$405.4
School Construction	27.5
Total	\$432.9

* As shown below, per the introduced budget for the 2004 session, part of the lottery proceeds come “off the top” to fund SOQ prevention, intervention, and remediation before being split between Basic Aid and the Lottery distribution per pupil amounts.

	FY08 \$ in millions
Total Lottery Proceeds	\$405.4
Less: Amount Taken “Off the Top” to Support Part of the revised (2004) SOQ Prevention, Intervention, & Remediation Methodology	19.5
Amount Shared Between State & Local	\$385.9
State Share (Supports Basic Aid)	235.9
Local Share (Lottery)	150.0

* This includes \$21.5 million from profits earned in FY2006.

Appendix C – Direct Aid (continued)

- **Categorical Programs.** These are usually targeted to the particular student population needs and mandated by state or federal requirements.

Categorical	FY08 \$ in millions
VPSA Notes (Debt Service Paid by Lit. Fund)	\$63.8
Special Ed – State Operated Programs (Hospitals, Clinics, Detention Homes)	31.0
Foster Care (non-division residents)	12.2
Voc Ed – Cat	10.4
School Lunch (Maintenance of Effort)	5.8
Special Ed – Homebound (Reimbursement)	7.2
Special Ed – In Jails (Reimbursement)	3.0
Adult Literacy	2.7
Electronic Classroom	2.3
Adult Education (60% of fixed cost)	1.1
Indian Children	0.1
Total	\$137.8

- **Supplemental Programs.**

Supplemental	FY08 \$ in millions
Project Discovery	\$0.9
Jobs for Virginia Graduates	0.5
Career & Technical Ed. Resource Center	0.4
Project WORD (Norfolk)	0.3
Small School Divisions Assistance	0.2
Southwest Education Consortium	0.2
Planning for Regional Career & Voc. Ed Center (Middle Peninsula)	0.2
Mathematics Specialists	0.2
Southside VA Regional Tech. Consort.	0.1
William King Regional Arts Center	0.1
VA Career Education Foundation	>0.1
Total	\$3.1

Appendix D – Update on State Board of Education proposed SOQ revisions

	(\$ in millions)
<u>Adopted/funded in the 2004 Session</u>	<u>FY 2006</u>
Secondary school teacher planning period	129
Elementary resource teachers	76
Technology positions	16
Revised prevention, intervention, and remediation methodology	<u>21</u>
Total	\$241
<u>Proposed but not adopted/funded</u>	<u>FY 2009</u>
Reading specialists	42
Math specialists (K-8)	28
Data managers or test coordinators	42
Assistant principals (for every 400 students)	58
Full-time elementary principal per school	7
Speech language pathologist caseloads	4
Staff for blind and vision impaired	<u>3</u>
Total	\$184

Appendix E – Update on teacher salaries

- The state’s recent practice has been to provide funding to support local teacher salary increases as incentive funding, based on a mid-fiscal year effective date.

Teacher Salary Increases	
As Provided in the Appropriation Acts	
2004	2.25
2005	0.00
2006	3.00
2007	4.00
2008	3.00

- Based on the December 1, 2006 salary survey report by the Virginia Department of Education:

Average Classroom Teacher Salaries Statewide		
FY 2005 (Actual)	\$45,377	
FY 2006 (Actual)	\$47,248	4.12%
FY 2007 (Budgeted)	\$49,252	4.24%

- For 2005-06, Virginia ranked 28th, with average salaries \$4,900 below the national average.
 - Among the 16 Southern Regional Education Board (SREB) states, Virginia is behind Maryland, Delaware, Georgia, and North Carolina.

Appendix F – Update on the Literary Fund

- Literary Fund revenue sources include criminal fines, fees, and forfeitures, unclaimed and escheated property, repayments of prior Literary Fund loans, and unclaimed lottery winnings.

Uses of Literary Fund Revenue and Balances, FY 2008	
Transferred to support SOQ retirement costs	\$116.1 million
Debt service on technology equipment bonds	\$63.8 million
School construction loans & interest rate subsidies	<u>\$35.0 million</u>
	\$214.9 million

- Current law and regulation provide that low interest Literary Fund loans may be made for school construction:
 - Maximum amount for a single project: \$7.5 million
 - Interest rate is based on the school division's composite index of local ability-to-pay
 - Applications are placed on a Literary Fund Waiting List in priority order
- Other state support of local school construction includes \$27.5 million statewide for grants; at least half of lottery proceeds distributed to school divisions on a per pupil basis (about \$75 million in FY 2008), and the pooled bond program operated by the Virginia Public School Authority.