

Summary of Budget Amendments Adopted by the Senate and by the House of Delegates to the 2018-2020 Biennial Budget as Introduced (HB/SB 30) Affecting the Direct Aid to Public Education and Department of Education Central Office Budgets

This document provides a summary of amendments to the introduced 2018-2020 biennial budget (HB/SB 30) that were adopted separately by the House of Delegates and by the Senate on February 22, 2018. The respective amendments proposed by the Senate and by the House of Delegates change the budget introduced by Governor McAuliffe in HB/SB 30. The adopted changes affect fiscal years 2019 and 2020. Fiscal year 2019 begins on July 1, 2018, and ends on June 30, 2019. Fiscal year 2020 begins on July 1, 2019, and ends on June 30, 2020.

The budget actions proposed by Governor McAuliffe in HB/SB 30 were communicated in Attachment A of [Superintendent's Memorandum No. 344-17](#) dated December 17, 2017. The original text of that attachment is repeated in this document for reference purposes. The subsequent budget actions proposed by the Senate and by the House of Delegates are summarized in this document and are reflected in italicized text.

Information related to the Direct Aid to Public Education and the Department of Education Central Office budget amendments have been organized into the following sections:

Section A. Direct Aid to Public Education Budget

1. Technical Updates to Existing Direct Aid Programs
2. Direct Aid Budget Policy Changes Included in HB/SB 30
3. Direct Aid Budget Policy Changes Not Included in HB/SB 30
4. Language-Only Amendments for Direct Aid Programs Included in HB/SB 30
5. Language-Only Amendments for Direct Aid Programs Not Included in HB/SB 30

Section B. Department of Education Central Office Budget

1. Central Office Policy Changes Impacting School Divisions Included in HB/SB 30
2. Central Office Policy Changes Impacting School Divisions Not Included in HB/SB 30

A. 2018-2020 DIRECT AID TO PUBLIC EDUCATION BUDGET

1. Technical Updates to Existing Direct Aid Programs

- **Rebenchmark Direct Aid Costs for 2018-2020 (as presented to the Board of Education in September 2017)**

Governor - The Governor's introduced budget includes the state share of routine rebenchmarking of costs for all of the Standards of Quality and other Direct Aid programs. These technical adjustments include updates for factors such as funded salaries, Annual School Report data used to calculate prevailing costs, inflation factors, Standards of Learning test score updates, enrollment updates, and projected caseloads for Lottery, incentive and categorical programs. The 2018-2020 Board of Education rebenchmarking presentation dated September 28, 2017, provided as Attachment C to this memorandum, provides additional information about the details and source of the data used to make these technical updates. These adjustments reflect the cost of continuing current programs with the required biennial data updates used in the funding formulas, and do not reflect any changes in policy. For fiscal year 2019, routine rebasing of costs for the Standards of Quality and other Direct Aid programs results in an increase in state cost of \$235.0 million. For fiscal year 2020, the increase in state cost is \$256.8 million.

Senate – Same as the Governor's introduced budget.

House – Same as the Governor's introduced budget.

- **Technical Updates to Direct Aid Accounts for 2018-2020 subsequent to the Rebenchmarking Budget Presented to the Board of Education in September 2017**

Governor - The Governor's introduced budget includes the state share of cost for additional technical updates related to the rebenchmarking process that occurred after the Board of Education presentation in September 2017, due to the timing of data availability. These technical adjustments include updates to factors such as enrollment projections, inflation factors, Standards of Learning test failure rate data, updates for the most recent free lunch eligibility percentages, and caseloads for Lottery, incentive and categorical programs. These adjustments reflect the cost of continuing current programs with the required data updates used in the funding formulas, and do not reflect any changes in policy. These updates decrease the state share of cost by \$4.8 million in fiscal year 2019 and by \$2.1 million in fiscal year 2020.

Senate – Same as the Governor's introduced budget.

House – Same as the Governor's introduced budget.

- **Updates for Recalculation of Composite Index for 2018-2020**

Governor - The 2018-2020 Composite Index of Local Ability-to-Pay was recalculated using 2015 base-year data provided by the Department of Taxation for adjusted gross income, taxable retail sales, and true value of real property. The estimates of local population for 2015 are provided by the Weldon Cooper Center for Public Service at the University of Virginia, and the March 31, 2016, average daily membership is based on data reported by school divisions to the Department of Education. Updating Direct Aid accounts based on the recalculated 2018-2020 composite index decreases the state share of Direct Aid funding by \$778,550 in fiscal year 2019 and \$908,847 in fiscal year 2020. The funding impact on school divisions varies depending on whether a school division's composite index increased or decreased compared to its 2016-2018 index.

Senate – Same as the Governor's introduced budget. In addition, a technical correction is included that reduces projected state payments for the Special Education – Regional Tuition Reimbursement program by \$1.9 million in fiscal year 2019 and by \$2.5 million in fiscal year 2020. The update was necessary due to a technical correction to composite index data used in the program cost projections.

House – Same as the Senate amendment.

- **Update Sales Tax Projections**

Governor - The Governor's introduced budget reflects the most recent estimates of sales tax revenue dedicated to public education for fiscal years 2019 and 2020, as computed by the Department of Taxation. The revised sales tax estimates include both the one percent portion and the one-eighth percent portion that are appropriated for distribution to school divisions based on school-age population. The projected sales tax entitlement contained in Attachment B and in the Excel calculation file reflects the revised estimates for these two sales tax sources combined as a single revenue line item.

The Department of Taxation's latest estimate of the one percent and one-eighth percent sales tax revenue is \$1,410,800,000 for fiscal year 2019 and \$1,441,800,000 for fiscal year 2020. These revised sales tax estimates are approximately \$32.9 million higher in fiscal year 2019 and \$63.9 million higher in fiscal year 2020 than the fiscal year 2018 estimate contained in Chapter 836. As required by the Basic Aid funding formula, estimated state Basic Aid payments have been adjusted to reflect the decreased state share of cost resulting from the projected increase in sales tax revenues.

The amount of the Basic Aid offset depends on each division's composite index of local ability-to-pay. The state share of Basic Aid decreases approximately \$18.3 million in fiscal year 2019 and \$35.7 million in fiscal year 2020 due to the revised sales tax estimates. The net change in state funding to school divisions (due to both the estimated sales tax revenue increase and the Basic Aid offset) is an increase of \$14.5 million in fiscal year 2019 and an increase of \$28.2 million in fiscal year 2020.

Senate – Same as the Governor’s introduced budget.

House – Same as the Governor’s introduced budget.

▪ **Update Driver’s Education Funding in Basic Aid**

Governor - The Governor’s amended budget decreases non-general fund revenues received from the Department of Motor Vehicles for driver’s education costs funded in the Basic Aid formula by \$285,000 in fiscal year 2019 and fiscal year 2020. These non-general fund revenue decreases are replaced by like amounts of general fund increases within the Basic Aid formula. This change does not affect the funded per pupil amounts for Basic Aid or projected payments for Basic Aid in fiscal years 2019 and 2020, but is only a fund source change within the Basic Aid formula.

Senate – Same as the Governor’s introduced budget.

House – Same as the Governor’s introduced budget.

▪ **Update Lottery Proceeds**

Governor - Total Lottery proceeds are projected to increase by \$40.2 million to \$586.7 million in fiscal years 2019 and 2020, compared to the fiscal year 2018 Lottery estimate contained in Chapter 836. The total projected Lottery amounts in fiscal years 2019 and 2020 are being used to fund the state share of cost of various programs, such as the Virginia Preschool Initiative, Early Reading Intervention, K-3 Primary Class Size Reduction, and SOL Algebra Readiness. The proposed per pupil funding amount for the Supplemental Lottery Per Pupil Allocation Payment is projected at \$273.92 for fiscal year 2019 and \$273.26 for fiscal year 2020; the total funding level each year for the per pupil allocations account is similar to the total funding level for fiscal year 2018 in the Chapter 836 budget.

Senate – Same as the Governor’s introduced budget. The Senate also proposes to add \$5.9 million in fiscal year 2019 and \$11.7 million in fiscal year 2020 to Lottery proceeds due to expected Lottery proceeds growth. This action provides additional Lottery funds for a general fund offset to existing programs and does not affect state distributions to school divisions.

House – Same as the Senate amendment; however, the House amendment uses the additional Lottery proceeds amounts above to fund an increase in the Supplemental Lottery Per Pupil Allocation payment, as discussed later in this attachment.

2. Direct Aid Budget Policy Changes Included in HB/SB 30

▪ **Update Employer Contribution Rates for Virginia Retirement System (VRS) Fringe Benefits**

Governor - The Governor’s introduced budget proposes lower employer contribution rates for instructional retirement benefits in 2018-2020 (15.68 percent for fiscal years 2019 and 2020) than was funded in Chapter 836 for fiscal year 2018 (16.32 percent). The prevailing non-professional VRS rate has been updated and is funded at 6.28 percent for both years of the biennium. This prevailing rate is used for state funding purposes only; the actual non-professional rate charged to school divisions by VRS will vary by school division. For the retiree health care credit, the rates proposed for 2018-2020 reflect a rate change from fiscal year 2018 for fiscal years 2019 and 2020 (1.23 percent to 1.20 percent). These rate changes decrease state funding by \$22.5 million in fiscal year 2019 and \$22.6 million in fiscal year 2020 compared to costs based on the fiscal year 2018 rates used in the Chapter 836 budget.

FUNDED FRINGE BENEFIT RATES:	FY 2018	Proposed FY 2019	Proposed FY 2020
Instructional & Professional Support VRS (<u>Employer Share</u>) (<i>Does not include RHCC - see below</i>)	16.32%	15.68%	15.68%
Instructional & Professional Support VRS (<u>Employee Share</u>)	5.00%	5.00%	5.00%
Total Instructional & Professional Support VRS Rate	21.32%	20.68%	20.68%
Group Life (<u>Employer Share</u>)	0.52%	0.52%	0.52%
Retiree Health Care Credit (<i>Paid as part of the VRS Instructional retirement per pupil amount</i>)	1.23%	1.20%	1.20%
Non-professional Support VRS	7.11%	6.28%	6.28%
Social Security	7.65%	7.65%	7.65%
Health Care Premium	\$4,604	\$5,086	\$5,086
Total Instructional Benefit Percent (<u>Employer Share</u>)	25.72%	25.05%	25.05%
Total Non-professional Support Benefit Percent (<u>Employer Share</u>)	15.28%	14.45%	14.45%

Senate – Same as the Governor’s introduced budget.

House – Same as the Governor’s introduced budget.

▪ **Fund the State’s Share of a Salary Increase for Funded SOQ Instructional and Support Positions in FY20**

Governor - The Governor’s introduced budget provides a 2.0 percent salary increase in fiscal year 2020 with an effective date of December 1, 2019, for funded SOQ instructional and support positions (as well as for Academic Year Governor’s Schools as discussed below). The state funding is calculated with an effective date of December 1, 2019, for funded SOQ instructional and support positions, for Academic Year Governor’s Schools, and for Regional Alternative Education Programs. Funded SOQ instructional positions include

teacher, guidance counselor, librarian, instructional aide, principal, and assistant principal positions funded through the SOQ staffing standards for each school division in the biennium. \$51.3 million is provided for the state share of a 2.0 percent salary increase effective December 1, 2019, to school divisions which certify to the Department of Education by June 1, 2019, that salary increases of a minimum average of 2.0 percent have been or will have been provided to instructional and support personnel during the 2018-2020 biennium, either in the first year or in the second year or through a combination of the two years. While the aforementioned minimum average 2.0 percent pay increase must be provided by school divisions in order to receive the state funds, a required local match based on the division composite index formerly required under the Compensation Supplement formula is not specifically required in fiscal year 2020 under this action.

Senate – The Senate proposes to remove the 2.0 percent Compensation Supplement in fiscal year 2020. This action would reduce state distributions to school divisions by \$51.3 million in fiscal year 2020.

House – The House proposes to accelerate the 2.0 percent Compensation Supplement in fiscal year 2020. The budget language provides funding for the Compensation Supplement for instructional and support positions beginning on July 1, 2019. This action increases state distributions to school divisions by \$36.3 million in fiscal year 2020.

▪ **Fund the State’s Share of a Full-Time Principal in all Elementary Schools in FY20**

Governor - The Governor’s introduced budget provides state funding for a full-time principal in every elementary school in fiscal year 2020. This funding supports an SOQ staffing recommendation of the Board of Education. In Chapter 836, state funding is provided for 0.5 of an elementary school principal in schools with enrollment under 300 students. This action will increase state funding by \$7.7 million in fiscal year 2020.

Senate – The Senate proposes to remove the additional funding for a full-time principal in elementary schools with less than 300 students in fiscal year 2020. This action reduces state payments to school divisions by \$7.8 million in fiscal year 2020.

House – Same as the Senate amendment.

▪ **Decrease Literary Fund Transfer for VRS Retirement (Replace with General Funds)**

Governor - The Governor’s introduced budget decreases the transfer from the Literary Fund to support the state’s share of cost for teacher retirement by \$35.0 million, from \$181.3 million to \$146.3 million, in fiscal year 2019, and by \$45.0 million, from \$181.3 million to \$136.3 million, in fiscal year 2020. This action does not affect division per pupil amounts or projected entitlements for VRS retirement in fiscal year 2019 or fiscal year 2020, but is only a change in the source of funding.

Senate – Same as the Governor’s introduced budget.

House – Same as the Governor’s introduced budget.

▪ **Virginia Preschool Initiative (VPI) Non-participation Rate**

Governor - In addition to the technical updates to the Virginia Preschool Initiative (VPI) funding formula, the Governor’s introduced budget also maintains the projected VPI non-participation rate in fiscal year 2019 and fiscal year 2020 at the same 25.43 percent rate contained in Chapter 836 for fiscal year 2018. As a result, state funding for VPI is reduced by \$24.0 million in fiscal year 2019 and \$24.0 million in fiscal year 2020 by applying the projected non-participation factor to the total funding. This estimate of non-participation affects the total state appropriation for the program but does not change the division-level allocation of student slots or projected entitlement amounts.

Senate – Same as the Governor’s introduced budget.

House – The House proposes to increase the non-participation rate for VPI to 25.69 percent for fiscal years 2019 and 2020. This action reduces projected total state costs by \$244,885 in fiscal year 2019 and \$244,923 in fiscal year 2020, but does not affect calculated VPI slots and funding allocations for school divisions. In the event that actual non-participation is lower than the 25.69 percent estimated in the House budget, state payments will be made subject to available funds.

▪ **Academic Year Governor’s Schools (AYGS) Funding Add-On**

Governor - The Governor’s introduced budget retains the Academic Year Governor’s Schools add-on funding as provided in fiscal year 2018 under the Chapter 836 budget. State funding includes a 2.5 percent increase to the base per-pupil amount and a \$50 per student per course add-on amount. By retaining these two funding components, state funding for fiscal years 2019 and 2020 increases by \$1.3 million each year over the program amounts calculated during rebenchmarking.

2.0 Percent Salary Increase for AYGS – an increase of \$221,903 in fiscal year 2020 is proposed based on a per pupil add-on (projected at \$72.20) for a 2.0 percent compensation incentive, effective December 1, 2019. In order to receive this state funding, AYGS must meet the same requirements as school divisions as outlined in the section above titled “Fund the State’s Share of a Salary Increase for Funded SOQ Instructional and Support Positions in FY20.”

Senate – The Senate budget includes the two funding add-ons from the Governor’s introduced budget, but removes the Compensation Supplement. Please see the Compensation Supplement section above for more information.

House – The House proposes to eliminate the two funding add-ons contained in the introduced budget. This action reduces state distributions by \$1.3 million in fiscal years 2019 and 2020. The House also proposes to move the effective date of the Compensation

Supplement from December 1, 2019, to July 1, 2019. Please see the Compensation Supplement section above for more information.

▪ **Provide Additional Funding for At-Risk Add-on in FY20**

Governor - The Governor's introduced budget proposes an additional \$7.1 million in fiscal year 2020 based on increasing the Basic Aid per pupil add-on range from a maximum of the range of 13.0 percent to 14.0 percent.

Senate – Same as the Governor's introduced budget.

House – The House proposes to return the maximum per pupil add-on to 13.0 percent in fiscal year 2020. This action reduces state payments to school divisions by \$7.1 million in fiscal year 2020.

▪ **No Loss Funding in FY19**

Governor - The Governor's introduced budget proposes an increase of \$11.5 million in fiscal year 2019 only to ensure that no division incurs a reduction in state funding in the first year of the new biennium, as compared to the fiscal year 2018 state funding received under the Governor's proposed Caboose Bill amendments to the Chapter 836 budget.

Senate – The Senate proposes to remove the No Loss funding from the Governor's introduced budget. This action reduces state payments to school divisions by \$11.5 million in fiscal year 2019.

House – Same as the Senate amendment.

CHANGES IN FUNDING FOR VARIOUS SUPPLEMENTAL EDUCATION ASSISTANCE PROGRAMS

The Governor's introduced budget includes changes in funding for the following programs for fiscal year 2019 and fiscal year 2020.

▪ **National Board Certification Bonuses**

Governor - \$110,038 in fiscal year 2019 and \$256,623 in fiscal year 2020 in additional state funding is provided for the National Board Certification Bonus program for projected increases in the cost of bonuses during the 2018-2020 biennium.

Senate – Same as the Governor's introduced budget. In addition, updates the program cost for a projected increase in certified teachers eligible for a bonus during the 2018-2020 biennium, based on data available after the Governor's budget was introduced. This action increases state funding for bonuses by \$81,749 in fiscal year 2019 and by \$140,735 in fiscal year 2020.

House – Same as the Senate amendment.

- **Cyber Camps**

Governor - The Governor's introduced budget includes \$480,000 of state support for Cyber Camps in fiscal years 2019 and 2020. The funding is intended to support two-week programs aimed at exposing high school students to careers in cyber security and providing foundational cyber security skills.

Senate – The Senate proposes to eliminate the state support for Cyber Camps contained in the introduced budget. This action results in a state savings of \$480,000 in fiscal years 2019 and 2020.

House – Same as the Senate amendment.

- **Fund for Principal Retention and Recruitment Incentives**

Governor - The Governor's introduced budget includes \$500,000 in each year of the biennium to provide a fund for principal recruitment and retention incentives in school divisions that have a memorandum of understanding with the Virginia Board of Education. The funds will be awarded to eligible school divisions to support the recruitment and retention of high-quality principals based on proposals submitted to the Department of Education using criteria established by the Department.

Senate - The Senate proposes to reduce the state support for Principal Retention and Recruitment Incentives contained in the introduced budget. This action reduces state payments by \$200,000 in fiscal years 2019 and 2020, maintaining \$300,000 in funding each year of the biennium.

House - The House proposes to eliminate the state support for Principal Retention and Recruitment Incentives contained in the introduced budget. This action results in a state savings of \$500,000 in fiscal years 2019 and 2020.

- **Increase the Positive Behavioral Interventions and Supports Program**

Governor - The Governor's introduced budget provides an additional \$500,000 in each year of the biennium to expand the number of schools implementing the Positive Behavioral Interventions and Supports (PBIS) program, which provides researched-based models for schools that have significant rates of suspension or expulsion to improve school climate and reduce disruptive classroom behavior in support of the Classrooms Not Courtrooms initiative.

Senate – The Senate proposes to eliminate the additional funding for PBIS contained in the introduced budget. This action reduces state funding by \$500,000 in fiscal years 2019 and 2020.

House – Same as the Governor’s introduced budget.

▪ **Praxis Assistance for Provisionally Licensed Minority Teachers**

Governor - The Governor’s introduced budget includes \$50,000 in each year of the biennium to provide Praxis assistance for provisionally licensed minority teachers. This new funding will support test fees and tutoring for provisionally licensed minority teachers seeking full licensure in Virginia. Through a request for proposal process, grants of up to \$10,000 will be awarded to school divisions, teacher preparation programs, or nonprofit institutions in Northern Virginia, Central Virginia, and Hampton Roads.

Senate – The Senate proposes to remove the new funding for Praxis assistance contained in the introduced budget. This action results in a state savings of \$50,000 in fiscal years 2019 and 2020.

House – Same as the Governor’s introduced budget.

▪ **Expand Project Discovery**

Governor - Funding for Project Discovery (post-secondary access program) is increased \$100,000 in each year of the biennium.

Senate – Same as the Governor’s introduced budget. In addition, the Senate proposes to increase program funding by \$200,000 in fiscal years 2019 and 2020 for existing supported programs and those not previously receiving state support. Budget language requiring an evaluation report that was completed in 2016 is eliminated.

House – The House proposes to remove the additional funding for Project Discovery contained in the introduced budget. This action would reduce state payments by \$100,000 in fiscal years 2019 and 2020.

▪ **Expand the Virginia Reading Corps Program**

Governor - Funding for the Virginia Reading Corps program is increased \$300,000 in fiscal year 2020.

Senate – The Senate proposes to move the increase in funding from fiscal year 2020 to fiscal year 2019. This action would increase state funding by \$300,000 in fiscal year 2019, but decrease state funding by a like amount in fiscal year 2020. Budget language is added that allows the implementation partner to determine and select partner school divisions and that requires an annual report to the school divisions and the Department of Education on the outcomes of the program.

House – Same as the Governor’s introduced budget.

- **Transfer Funding for Teacher Computer Science Training to VCCS**

Governor - To align to legislation passed at the 2017 General Assembly Session, funding for this program transfers to the Virginia Community College System (VCCS), which is now responsible for operating the training, and removes \$550,000 from Supplemental Education Assistance in Direct Aid.

Senate – Same as the Governor’s introduced budget.

House – Same as the Governor’s introduced budget.

- 3. **Direct Aid Budget Policy Changes Not Included in HB/SB 30**

- **Small School Division Enrollment Loss Funding**

Senate – The Senate proposes \$5.0 million in additional funding from the general fund for Small School Division Enrollment Loss Funding in fiscal year 2019. To be eligible for funding, a school division would need to (i) have a March 31, 2017 ADM of 10,000 students or less, and (ii) experience a 10.0 percent or greater decline in its ADM from March 31, 2008 to March 31, 2017. Eligible school divisions would receive a minimum \$75,000 distribution from this program. Distributions are calculated as 8.0 percent of the product of (i) the division’s SOQ funded per pupil amount, adjusted by the local composite index, and (ii) the net difference between March 31, 2008 ADM and March 31, 2017 ADM.

House – The House proposes \$6.1 million in additional funding from the general fund for Small School Division Enrollment Loss Funding in fiscal year 2019. To be eligible for funding, a school division would need to (i) have a March 31, 2018 ADM of 10,000 students or less, and (ii) experience a 5.0 percent or greater decline in its ADM from March 31, 2013 to March 31, 2018. Eligible school divisions would receive a minimum \$75,000 distribution from this program. Distributions are calculated as 5.0 percent of the product of (i) the division’s SOQ funded per pupil amount, adjusted by the local composite index, and (ii) the net difference between March 31, 2013 ADM and March 31, 2018 ADM.

- **Change Base Year in School Breakfast Incentive Funding Calculation**

Senate – The Senate proposes to change the base year in the School Breakfast Incentive funding calculation from fiscal year 2004 to fiscal year 2009. The state reimbursement payment provides up to \$0.22 per meal to school divisions based upon the increase in meals served above the base year. This action reduces state payments to school divisions by \$2.5 million in fiscal years 2019 and 2020.

House – No action.

- **Remove Local School Board Costs from the Standards of Quality**

Senate – The Senate proposes to remove funded costs for local school board members from the Standards of Quality Basic Aid funding formula. This action reduces state funding for school divisions by \$2.5 million in fiscal years 2019 and 2020.

House – No action.

- **Reduction and Elimination of Funding for Project Graduation**

Senate – The Senate proposes to reduce funding for Project Graduation in fiscal year 2019 by 50.0 percent and to eliminate the program in fiscal year 2020. This action would reduce state payments by \$693,614 in fiscal year 2019 and by \$1.4 million in fiscal year 2020.

House – No action.

- **Virginia Preschool Initiative**

Senate – The Senate proposes to increase the per pupil amount for the Virginia Preschool Initiative (VPI) from \$6,125 to \$6,500 for full-day programs and from \$3,062.50 to \$3,250 for half-day programs. The Senate also proposes to allocate a floor of nine slots per school division. The \$375 increase per student for full-day programs proposed by the Senate is intended for research-based curriculum or related professional development. This action increases state funding to school divisions by \$4.6 million in fiscal years 2019 and 2020.

House – No action.

- **Virginia Preschool Initiative (VPI) – Classroom Observation**

Senate – The Senate proposes \$250,000 in new funding in fiscal years 2019 and 2020 for VPI classroom observation. The Department of Education must ensure that all VPI classrooms are observed to assess the quality of teacher-child interactions once every two years using a research-based observation instrument, and that all classrooms are observed by June 30, 2020. The Department must establish a minimum quality threshold for teacher-child interactions in VPI classrooms by the beginning of the 2018-2019 school year and must provide additional technical assistance for classrooms assessed below the minimum quality threshold.

House – The House proposes \$350,000 in new funding in fiscal years 2019 and 2020 for VPI classroom observation. The Department of Education and the University of Virginia (UVA) must ensure that all VPI classroom programs have the quality of their teacher-child interactions assessed once every two years using the research-based CLASS observational instrument, and that all classrooms are observed by June 30, 2020. The Department and UVA must establish a minimum quality threshold for teacher-child interactions in VPI classrooms by the beginning of the 2018-2019 school year and must provide additional technical assistance for classrooms assessed below the minimum quality threshold. The UVA

Center for Advanced Study of Teaching and Learning must submit a progress report on the classroom observations by June 30, 2019, and annually thereafter.

▪ **Increase in Supplemental Lottery Per Pupil Amount Funding**

Senate – No action.

House – The House proposes to increase the Supplemental Lottery Per Pupil Amount to \$336.08 in fiscal year 2019 and \$341.96 in fiscal year 2020. This action increases state payments to school divisions by \$43.4 million in fiscal year 2019 and \$48.1 million in fiscal year 2020. To provide the additional Lottery funds for this increase, the House amendment shifts Lottery program costs to the general fund each year, redirects the introduced fiscal year 2019 No Loss payment of \$11.5 million towards this increase, and uses projected increases in Lottery Proceeds of \$5.8 million in fiscal year 2019 and \$11.7 million in fiscal year 2020.

▪ **Virginia Preschool Initiative (VPI) – Classroom Assessment Plan**

Senate – No action.

House – The House proposes \$75,000 in state funding in fiscal year 2019 for the Department of Education to develop a plan to ensure that high quality is provided in individual VPI classrooms. The plan must address how the Department will assess the quality of each VPI classroom at least once every two years, ensure the use of evidence-based curricula in each VPI classroom, provide professional development to VPI classroom teachers, and provide information on effective funding strategies for VPI programs. The plan must also identify resources needed to implement the plan. The plan must be submitted to the Chairmen of House Appropriations and Senate Finance Committees by October 1, 2018.

▪ **Virginia Preschool Initiative – Professional Development and Training**

Senate – No action.

House – The House proposes \$300,000 in fiscal year 2019 and \$700,000 in fiscal year 2020 to the University of Virginia's Center for Advanced Study of Teaching and Learning to provide individualized professional development training to VPI classroom teachers. Assistance through the program would be prioritized for teachers with Classroom Assessment Scoring System (CLASS) observation scores that did not meet the statewide minimum threshold standard.

▪ **Virginia Public School Authority Technology Grant Funds for CodeRVA Regional High School**

Senate – No action.

House – The House proposes to include CodeRVA Regional High School in receiving the \$26,000 grant under the Virginia Public School Authority (VPSA) Educational Technology Grants Program.

▪ **Power Scholars Academy**

Senate – No action.

House – The House proposes an additional \$250,000 in funding for fiscal years 2019 and 2020 for the Power Scholars Academy to expand the number of areas and students served by the program.

PROPOSED SUPPLEMENTAL EDUCATION ASSISTANCE ACTIONS

▪ **Richmond City Public Schools Apprenticeship Pilot Grant**

Senate – The Senate proposes \$125,000 in state funding in fiscal years 2019 and 2020 for a pilot program to assign up to 25 students in Richmond City Public Schools as apprentices in certain fields. Businesses would apply to the Richmond City division superintendent to host an apprentice and be eligible to receive a grant of up to \$2,500 per student. The grants are provided in lieu of the tax credits proposed in SB 937. The division superintendent of Richmond City Public Schools is required to report annually on the status of the program to the Governor and the Chairmen of the House Appropriations and Senate Finance Committees by January 1.

House – No action.

▪ **New Funding for Career and Technical Education Centers**

Senate – The Senate proposes \$720,000 in state funding in fiscal years 2019 and 2020 for Career and Technical Education Centers. The initiative provides \$60,000 per year to the ten regional centers statewide and to Winchester Public Schools for its Innovation Center and for the Norfolk Technical Center to expand workforce readiness education and industry-based skills.

House – No action.

▪ **State Match for the Winchester Innovation School**

Senate – The Senate proposes \$250,000 in state funding in fiscal years 2019 and 2020 to match private support for the renovation of the John Kerr Elementary School, which is the future site of the Emil and Grace Shihadeh Innovation Center, which will be a new CTE center in Winchester.

House – No action.

- **Wolf Trap Early Childhood STEM Training**

Senate – The Senate proposes an additional \$125,000 in state funding in fiscal years 2019 and 2020 for the Wolf Trap Early Childhood STEM Training program. The language adds Albemarle County, Henrico County, and the City of Suffolk as eligible participants.

House – Through a language amendment, the House adds Albemarle County, Henrico County, and the City of Suffolk as eligible participants in this program.

- **Teacher Residency Program**

Senate – The Senate proposes an additional \$1.0 million in fiscal year 2019 and \$500,000 in fiscal year 2020 to expand teacher residency programs to school divisions and Virginia colleges and universities that credential teachers. Presently, the participating school divisions are Richmond City, Norfolk, and Petersburg.

House – No action.

- **Direct Choice Assessment Program**

Senate – The Senate proposes \$100,000 in fiscal year 2019 for a pilot program to provide school divisions with the option of offering a college or career readiness assessment to 11th grade students. The new state funding is intended to increase the number of students taking any college or career assessment by providing greater access and equity to school divisions serving students and families that find it difficult to pay for these assessments independently. Covered assessments would include the ACT test, the SAT, and Work Keys.

House – No action.

- **Vision Screening Grants**

Senate – No action.

House – The House proposes \$391,000 in state funding in fiscal years 2019 and 2020 to pay for a portion of the vision screening of students in kindergarten, second or third grade, seventh grade, and tenth grade. Eligible divisions would receive the state portion of \$7.00 for a vision screening of students in the grades described above. Payments are subject to available funds and reimbursements may be prorated so that appropriation is not exceeded. This funding would support the vision screening requirements contained in Section 22.1-273 of the Code of Virginia.

4. Language-Only Amendments for Direct Aid Programs Included in HB/SB 30

▪ Early Reading Specialists Initiative

Governor - The Governor's introduced budget proposes changes to the eligibility criteria for the Early Reading Specialist Initiative. Schools with a third grade that rank lowest on the reading Standards of Learning assessments will be given priority for the state share of funding for a reading specialist in such schools. Schools receiving state funds in fiscal year 2018 under this initiative are no longer automatically eligible to receive funding in fiscal year 2019 or fiscal year 2020. The new language also allows DOE to award any unallocated funds from this initiative to schools eligible for funding under the Math/Reading Instructional Specialists Initiative. This action distributes state funds to school divisions in a different manner in the 2018-2020 biennium than in fiscal year 2018, but total state funding for the program remains constant.

Senate – Same as the Governor's introduced budget.

House – Same as the Governor's introduced budget.

▪ Math/Reading Instructional Specialists Initiative

Governor - The Governor's introduced budget proposes changes to the eligibility criteria for the Math/Reading Specialist Initiative. The Chapter 836 language uses accreditation as the mechanism for determining program eligibility. The proposed language assigns eligibility based upon the schools that rank lowest on the Spring 2017 SOL math or reading assessment. The state share of funding for a reading or math specialist is available to eligible schools for both years of the biennium. The new language also allows DOE to award any unallocated funds from this initiative to schools eligible for funding under the Early Reading Specialists Initiative. This action distributes state funds to school divisions in a different manner in the 2018-2020 biennium than in fiscal year 2018, but total state funding for the program remains constant.

Senate – Same as the Governor's introduced budget.

House – Same as the Governor's introduced budget.

▪ Reallocation of Virginia Preschool Initiative Slots

Governor - The Governor's introduced budget includes new language allowing, subject to available funds each year, allocation of additional VPI slots to school divisions that have utilized 100 percent of their calculated slots the previous year and have a waiting list of unserved children as certified on the Department of Education's October 1 Fall Verification Report in the previous year. Funding for the reallocation is based on the difference between the slots in the calculation for the current program appropriation and the slots reported in the May 15 annual grant proposals from school divisions. Only school divisions that report

using 100 percent of the upcoming school year slot allocation in the May 15 grant proposal are eligible for slot reallocation funding.

Additional language changes are intended for clarification and to align language to current practices in operating the program.

Senate – Same as the Governor’s introduced budget.

House – Proposes to remove language in the introduced budget (referenced above) providing a process for allocating additional VPI slots to school divisions. The House proposes new language that, beginning in fiscal year 2020, would provide one-time waiting list slots, subject to available funds, to divisions that utilized 100 percent of their slots and reported a waiting list of eligible children in the previous school year, and that report using 100 percent of the upcoming school year slot allocation in the May 15 grant proposal and using 100 percent of the school year slot allocation on the October 1 fall verification report submitted to the Department of Education for the school year that waiting list slots are provided. If a school division's October 1 verification report does not certify that 100 percent of the school year calculated slot allocation is used, then the Department must withdraw the number of granted waiting list slots and funding equaling the number of school year calculated slots not used.

The funding source for any one-time waiting list slots provided each year would be from any prior fiscal year fund balance in the VPI program. Award of existing start-up/expansion grants would take priority over award of any waiting list slots from these funds.

The Department of Education would be required to submit an annual report on the use of waiting list slots to the Chairmen of the House Appropriations and Senate Finance Committees.

▪ **Breakfast After-the-Bell**

Governor - The Governor’s introduced budget makes several language changes to the Breakfast After-the-Bell program. The introduced language increases program eligibility by allowing middle and high schools to volunteer for participation. The required annual report on the educational impact of the program is due from school divisions to DOE by August 31st instead of June 30th; other language changes clarify the types of data that school divisions must submit in the annual report to DOE and that divisions are not eligible for funding in the following year if the August 31st reporting deadline is missed. The elementary reimbursement rate is held at \$0.05 per meal, but the established rate for middle and high schools is \$0.10. State funding for the program remains unchanged. Lastly, DOE is required to establish criteria for funding priority if the number of applications from eligible schools exceeds the available funding.

Senate – Same as the Governor’s introduced budget.

House – Same as the Governor’s introduced budget.

▪ **Free Lunch Percentage for Schools Enrolled in the Community Eligibility Provision Program**

Governor - New language is proposed, for the purpose of funding entitlements that are based on school-level or division-level free lunch eligibility percentages, that indicates that the free lunch rate for schools that participate in the Community Eligibility Provision (CEP) program be based upon the most recent data available prior to that school’s enrollment in the program.

Three-year average division-level free lunch rates used in the Prevention, Intervention, and Remediation Program and school-level free lunch rates used in the K-3 Primary Class Size Reduction Program vary depending on when the division or individual school entered the CEP program. See the chart below to see which rates are substituted in each year of the three-year average free lunch rate computation for CEP schools and divisions.

	Formula Oct. '14 Value	Formula Oct. '15 Value	Formula Oct. '16 Value	
Entered CEP Fall 2014	Oct. '13 Value	Oct. '13 Value	Oct. '13 Value	
Entered CEP Fall 2015	Oct. '14 Value	Oct. '14 Value	Oct. '14 Value	
Entered CEP Fall 2016	Oct. '14 Value	Oct. '15 Value	Oct. '15 Value	
Entered CEP Fall 2017	Oct. '14 Value	Oct. '15 Value	Oct. '16 Value	<i>Same as Non-CEP Schools</i>

Senate – Same as the Governor’s introduced budget.

House – Same as the Governor’s introduced budget.

▪ **Virginia Teacher Scholarship Loan Program**

Governor - The Governor’s introduced budget makes language changes to the Virginia Teacher Scholarship Loan Program to incentivize students in teacher education programs to fill vacancies in high-need schools. Students with an undergraduate grade point average of at least 2.7 will be eligible for up to a \$20,000 scholarship if they teach for two years in a top five critical shortage subject and in a school with a free and reduced lunch population of 50.0 percent or greater. Minority students may be enrolled in any content area for teacher preparation. Recipients who only complete one year of the two-year teaching obligation will be forgiven for one-half of the scholarship loan amount.

Senate – The Senate proposes to maintain the existing scholarship value of \$10,000.

House – Same as the Governor’s introduced budget.

▪ **STEM Teacher Recruitment and Retention Incentive**

Governor - The Governor’s introduced budget makes changes to the STEM recruitment and retention program to attract qualified teachers to middle and high schools experiencing difficulty in recruitment and retention. Teachers employed full-time in a STEM subject area in a hard-to-staff school are eligible for a \$5,000 incentive per year for up to three years. The criterion limiting teacher eligibility to those with up to three years of teaching experience is

eliminated. Eligibility for incentive payments will be based on an application process managed by the Department of Education. Language directs DOE to prioritize distributions based on school divisions experiencing the most acute difficulties in recruiting qualified teachers.

Senate – The Senate proposes to increase funding for STEM teacher incentives by \$192,000 in fiscal year 2019 to expand the program to more hard-to-staff schools. Eligible teachers can receive a \$5,000 incentive award for up to three years.

House – Same as the Governor’s introduced budget.

5. Language-Only Amendments for Direct Aid Programs Not Included in HB/SB 30

▪ Expanded Use of At-Risk Add-On Funding

Senate – The Senate proposes to expand the eligible uses of At-Risk Add-On funding to teacher recruitment programs and incentives.

House – The House proposes to expand the eligible uses of At-Risk Add-On funding to hiring additional school counselors. School divisions will be required to report how At-Risk Add-On funds are spent each year to the Department of Education, with the Department required to provide a report of the information to the Chairmen of the House Appropriations and Senate Finance Committees.

▪ Virginia Preschool Initiative – Teacher Qualifications Language

Senate – The Senate proposes language that provides provisional licensure granted by the Department of Education to lead teachers in Virginia Preschool Initiative classrooms that do not hold a baccalaureate degree and teacher licensure. School divisions granted such waivers must ensure that provisionally licensed teachers are actively engaged in coursework and professional development toward achieving a degree and teacher licensure within five years.

House – No action.

▪ Virginia Preschool Initiative – Local Match Language

Senate – The Senate proposes language that clarifies that philanthropic or other private support can satisfy the required local match for the VPI program when this support is appropriated through the local budget.

House – No action.

- **School Division Consolidation Plan**

Senate – The Senate budget adds language that directs the Commission on the Future of Elementary and Secondary Education to examine how local school divisions can jointly operate or contract for educational services or to fully consolidate. The Commission would also consider possible disincentives to be imposed on struggling smaller school divisions that do not create efficiencies by sharing services or consolidating with a neighboring division. A preliminary report will be issued by December 1, 2018, and a final report by November 1, 2019.

House – No action.

- **Communities in Schools**

Senate – No action.

House – The House adds language to the Communities in Schools program that directs Communities in Schools to assist the Community School organization with developing opportunities for interested school divisions to establish a Community School program.

- **Public-Private Mixed Delivery Pre-K Grant**

Senate – No action.

House – The House proposes language that directs the Virginia Early Childhood Foundation to offer an award to a private provider to partner with Richmond City for a mixed delivery pre-kindergarten program when the provider application is of high quality and competitive with other submitted applications.

B. 2018-2020 DEPARTMENT OF EDUCATION CENTRAL OFFICE BUDGET

1. Central Office Policy Changes Impacting School Divisions Included in HB/SB 30

- **Technology Application to Automate the Teacher Licensure Approval Process**

Governor - The Governor's introduced budget provides funding to DOE to automate the teacher licensure approval process. The introduced budget provides \$552,500 in both years of the biennium to procure an automated, web-based front-end licensure intake system.

Senate – The Senate proposes to shift \$552,500 in state funding in fiscal year 2020 to fiscal year 2019. It also proposes to capture \$75,000 in efficiency savings from fiscal year 2020.

House – The House proposes to eliminate the funding contained in the introduced budget for the automated teacher license approval process. This action results in a state savings of \$552,500 in fiscal years 2019 and 2020.

- **Reduce Funding for Computer Adaptive Test Revisions**

Governor - The Governor's introduced budget provides removes a portion of the funding provided to DOE in the 2016-2018 biennium to transition Standards of Learning tests to a computer adaptive test format. The proposed reductions are \$780,584 in both years of the biennium. The remaining appropriation will support revisions to the current computer adaptive tests to incorporate the Board of Education's revisions to the mathematics and English Standards of Learning.

Senate – Same as the Governor's introduced budget.

House – Same as the Governor's introduced budget.

- **School Performance Report Card**

Governor - The Governor's introduced budget provides funding to DOE to update the School Performance Report Card to reflect revisions to the Standards of Accreditation and to meet reporting requirements of the Every Student Succeeds Act of 2015. State funding for this initiative is \$150,000 in both years of the biennium.

Senate – No action.

House – The House proposes to eliminate the funding contained in the introduced budget. This action results in a state savings of \$150,000 in fiscal years 2019 and 2020.

- **Virginia Kindergarten Readiness Program**

Governor - The Governor's introduced budget increases funding to DOE for the Virginia Kindergarten Readiness Program (VKRP) to develop and implement a post-kindergarten assessment that will measure student growth at the conclusion of kindergarten. The increase in state funding is \$275,000 in both years of the biennium.

Senate – Same as the Governor's introduced budget. The Senate also adds language that specifically says a portion of Virginia Kindergarten Readiness Program funding be used to develop a post-kindergarten assessment.

House – Same as the Governor's introduced budget. The House adds an additional \$275,000 of state funding per year for the implementation of a statewide assessment of all kindergarten students using the VKRP assessment model and to provide annual professional development to kindergarten teachers. All school divisions are required to participate in the annual assessment beginning in the 2018-2019 school year. The Department of Education would be required to report annually, beginning by October 1, 2019, on the results of the assessments and the impact of the Virginia Preschool Initiative on promoting readiness in the developmental domains assessed to the Chairmen of the House Appropriations and Senate Finance Committees.

- **Advisory Council for Digital Citizenship, Internet Safety, and Media Literacy**

Governor - The Governor's introduced budget provides \$75,000 in each year of the biennium to DOE to establish and support an advisory council to provide recommendations regarding best practices for instruction in digital citizenship, internet safety, and medial literacy and methods of instructing students safely, ethically, responsibly, and effectively using media and technology resources.

Senate – *The Senate proposes to eliminate this funding contained in the introduced budget. This action results in a state savings of \$75,000 in fiscal years 2019 and 2020. The associated legislation, HB 199, was not approved at the 2018 Session.*

House – *Same as the Senate amendment.*

- **Environmental Education Positions**

Governor - The Governor's introduced budget provides funding and positions to DOE to coordinate environmental education efforts in Virginia. This initiative will provide \$250,000 to DOE in both years of the biennium.

Senate – *The Senate proposes to eliminate the funding and positions contained in the introduced budget. This action results in a state savings of \$250,000 and two positions in fiscal years 2019 and 2020.*

House – *Same as the Senate amendment.*

- **Funding to Research Educator Misconduct**

Governor - The Governor's introduced budget provides \$78,084 in both years of the biennium to DOE to support local school division access to the National Association of State Directors of Teacher Education and Certification (NASDTEC) Clearinghouse to research teacher misconduct.

Senate – *The Senate proposes an additional \$15,000 in state funding per year for the revised statewide subscription cost to the NASDTEC Clearinghouse.*

House – *Same as the Governor's introduced budget.*

- **Virginia Preschool Initiative Site Visits**

Governor - The Governor's introduced budget provides \$50,000 in both years of the biennium for DOE to resume site visits to Virginia Preschool Initiative (VPI) programs. Site visits will help ensure compliance with state guidelines and provide technical assistance to localities for best practices for implementing high-quality preschool programs. These funds will provide increased technical assistance and professional development opportunities for VPI local coordinators through regional annual VPI coordinator meetings.

Senate – Same as the Governor’s introduced budget.

House – Same as the Governor’s introduced budget.

▪ **Enhance eMediaVA Funding**

Governor - The Governor’s introduced budget provides \$400,000 in fiscal year 2020 to DOE for statewide digital content development, online learning, and related support services through eMediaVA.

Senate – The Senate proposes to shift \$200,000 in state funding from fiscal year 2020 in the introduced budget to fiscal year 2019 to meet current and future program needs.

House – The House proposes to eliminate the additional funding contained in the introduced budget. This action results in a state savings of \$400,000 in fiscal year 2020.

▪ **Student Growth Model Development**

Governor - The Governor’s introduced budget modifies language to direct the Department of Education to develop a growth scale for the existing Standards of Learning mathematics and reading assessments, which facilitate data-driven school improvement efforts and support the state’s accountability and accreditation systems.

Senate – The Senate removes introduced language related to the development of growth scales for the Standards of Learning mathematics and reading assessments. The Senate proposes new language that requires the Department of Education, prior to selecting an approach and committing or expending first year funds, to report to the Commission on the Future of Elementary and Secondary Education its comprehensive evaluation of all possible options for a student growth model.

House – No action.

2. Central Office Policy Changes Impacting School Divisions Not Included in HB/SB 30

▪ **Workgroup on Integrated Early Childhood Fund**

Senate – The Senate proposes that the Department of Education, in cooperation with other state agencies, form a workgroup to examine opportunities to leverage currently underutilized funds targeted to early childhood development with the goal of identifying strategies and mechanisms for developing an integrated early childhood fund. The Virginia Early Childhood Foundation would facilitate the workgroup. The findings of the workgroup must be reported to the Joint Subcommittee on the Virginia Preschool Initiative by September 15, 2018.

House – No action.

▪ **Multisensory Structured Literacy Teacher Training**

Senate – The Senate proposes \$290,000 in state funding and \$290,000 in federal funding in fiscal years 2019 and 2020 to increase the number of teachers from 90 to 270 that can be served annually by the literacy teacher professional development in the Orton-Gillingham instructional method. The training is designed to address the needs of struggling readers who have difficulty with reading, spelling, and writing, including those with a specific learning disability such as dyslexia.

House – No action.

▪ **Social Studies Test Development and Administration**

Senate – The Senate proposes \$300,000 in state funding in fiscal years 2019 and 2020 for a verified credit in high school history and social science. Language states that in establishing graduation requirements, the Board of Education must require students to earn one verified credit in history and social science. The language provides three ways in which a student can earn this verified credit: (i) by successfully completing a Board-developed end-of-course Standards of Learning assessment, (ii) by achieving a passing score on a Board-approved standardized test that measures content that incorporates or exceeds the Standards of Learning content in the course for which the verified credit is given, or (iii) by achievement of criteria for the receipt of a locally awarded verified credit from the local school board in accordance with criteria established in Board guidelines when the student has not passed a corresponding Standards of Learning assessment. Such end-of-course Standards of Learning assessment cannot be a performance-based assessment.

House – No action.

▪ **School Personnel Survey**

Senate – The Senate proposes language that requires the Department of Education to develop and administer a biennial survey of licensed school personnel with existing resources. The survey will evaluate school-teaching conditions and the impact such conditions have on teacher retention and student achievement. The survey results will be reported annually to the House Committees on Appropriations and Education and to the Senate Committees on Finance and Education and Health.

House – No action.

▪ **Virginia’s Tiered Systems of Support/PBIS**

Senate – No action.

House – The House proposes \$250,000 in state funding in fiscal years 2019 and 2020 to support Title I and Accreditation Denied schools with training, technical assistance, and on-

site coaching for teachers and administrators on the implementation of a positive behavioral interventions and supports (PBIS) program.