

Report on Rebenchmarking the Direct Aid to Public Education Budget for the 2016-2018 Biennium

Presentation Summary to the Board of Education

September 10, 2015

**Kent C. Dickey
Deputy Superintendent for Finance and Operations**



Rebenchmarking Process

- **State funding for school divisions is provided through the Direct Aid to Public Education budget.**
- **In each odd-numbered year, the state cost of the Direct Aid budget is “rebenchmarked” for the next biennium to recognize changes in costs over the preceding biennium.**
- **The rebenchmarked budget represents the state cost of continuing the current Direct Aid programs into the next biennium with updates to input data used in the funding formulas.**
- **The rebenchmarking process is technical in nature and does not involve changes in funding policy or methodology or funding for new programs.**

Rebenchmarking Process

- **State costs are projected forward for changes in enrollment, salaries, inflation, support expenditures, and other factors.**
- **Since 90% of state Direct Aid funding is for the Standards of Quality (SOQ) programs, SOQ funding is most impacted by the process; however, Lottery, incentive, and categorical funding is also impacted.**
- **SOQ funding is driven primarily by the instructional staffing standards in the *Code of Va.* and the salary and fringe benefit costs for the required instructional positions. SOQ Basic Aid also includes funding for support positions and non-personal support costs on a “prevailing cost” basis.**

Rebenchmarking Process

- **The cost of the rebenchmarked budget is built off of the base Direct Aid budget from the previous biennium. The current FY16 budget (Chapter 665) is the starting base against which the rebenchmarking cost for each year of the 2016-2018 biennium (FY17 & FY18) is calculated.**
- **The state cost of SOQ and other Direct Aid accounts are updated step-by-step using the latest data inputs available, isolating the cost of each data update in incremental fashion. 25 separate steps are involved, each of which can increase or decrease state cost.**
- **Rebenchmarking also impacts the required local share that localities must fund for the SOQ and other Direct Aid programs with a local match.**

Rebenchmarking Updates

2016-2018 Direct Aid to Public Education Budget Summary of Major Data Inputs Used in 2016-2018 Rebenchmarking Calculations		
	FY 2016 Base	FY 2017 & FY 2018 Rebenchmarking
A. Student Enrollment Data		
Fall Membership	2012-2013	2014-2015
Special Education Child Count	December 1, 2012	December 1, 2014
Career & Technical Education Course Enrollment	2012-2013	2014-2015
SOL English & Math Tests % Score Failures (for SOQ Prevention, Intervention and Remediation)	Three-year average (2011-12; 2012-13; 2013-14)	Three-year average (2012-13; 2013-14; 2014-15*) <i>* 2014-15 available Fall 2015</i>
Free Lunch Eligibility Data (for SOQ Prevention, Intervention and Remediation & other accounts)	Three-year average (October 2010, 2011, 2012*) <i>*Oct. 2012 for other accounts</i>	Three-year average (October 2012, 2013, 2014*) <i>*Oct. 2014 for other accounts</i>
B. Base-year Expenditure & Revenue Data (funded salaries, support costs, federal revenues for support deduct)	2011-2012 Annual School Report	2013-2014 Annual School Report
C. Fringe Benefit Rates		
Instructional VRS Retirement (Including Retiree Health Care Credit)	15.12%	15.12% (updated fall 2015)
Non-instructional VRS Retirement	9.40%	9.40% (updated fall 2015)
Social Security/Medicare	7.65%	7.65%
Group Life Insurance	0.48%	0.48% (updated fall 2015)
Health Care Premium (<i>Funded per position amount with Inflation</i>)	\$4,188	\$4,595
D. Composite Index (<i>Base-Year Data</i>)	2011	2013
E. Funded Non-Personal Support Inflation Factors (<i>Unweighted average</i>)	0.00% <i>*(Inflation not funded in Chapter 665, 2015 Appropriation Act)</i>	2.26%
F. Textbooks (<i>Funded Per Pupil Amount with Inflation</i>)	\$96.22	\$110.05
G. Average Daily Membership Projections (<i>Initial Projections</i>)	1,246,919	1,254,762 (FY17), 1,262,979 (FY18)

State Cost to Date

- **The state cost (above the FY16 base) of the rebenchmarking updates completed to date is \$178.7 million in FY17 and \$209.1 million in FY18, for a 2016-2018 biennial total of \$387.8 million. (The state cost of the 2014-2016 rebenchmarking at this stage was \$350.6 million.)**
- **The cost of rebenchmarking can vary across biennia due to various factors such as rate of student enrollment change, change in specific student populations, expenditure levels of divisions, state and local salary increases that are picked-up, inflation factors, etc.**

State Cost of Each Rebenchmarking Update

(incremental state cost from FY16 base)

Update #	Rebenchmarking Update	FY 2017 State Cost	FY 2018 State Cost	2016-2018 Total State Cost
1	Remove Non-Participation Estimate for the Virginia Preschool Initiative	23,360,100	23,360,100	46,720,200
2	Remove FY 2016 One-Time Spending (Chesterfield/Petersburg Shared Services Agreement, Support for One-Time Teacher Retirement Payment, Virginia Preschool Initiative Hold Harmless Slots)	(4,107,842)	(4,107,842)	(8,215,684)
3	Reset Nonpersonal Support Costs Inflation Factors to 0% in SOQ Model (not funded in the FY 2016 base so no cost change)	0	0	0
4	Reset Personal Support Costs Inflation Factors to 0% from 1.83% in SOQ Model and Remove FY 2016 Compensation Supplement Funding	(62,183,784)	(62,183,784)	(124,367,568)
5	Update Fall Membership and Average Daily Membership Base-Year and Projected Enrollment Counts	888,391	21,120,973	22,009,364

State Cost of Each Rebenchmarking Update

(incremental state cost from FY16 base)

Update #	Rebenchmarking Update	FY 2017 State Cost	FY 2018 State Cost	2016-2018 Total State Cost
6	Update Special Education Child Count to December 1, 2014	5,081,287	5,050,850	10,132,137
7	Update Career & Technical Education Enrollment to School Year 2014-2015	(747,168)	(759,420)	(1,506,588)
8	Update SOL Failure Rate Data to School Year 2013-2014 and Free Lunch Percentages to School Year 2014-2015	10,611,066	10,682,638	21,293,704
9	Update SOQ Gifted, Support Technology, and Instructional Technology Positions for Enrollment	1,323,957	1,507,879	2,831,836
10	Update Base-Year of Prevailing SOQ Instructional Salaries to FY 2014	54,296,365	54,370,516	108,666,881
11	Update Base-Year of Annual School Report Expenditures for Support Positions Costs to FY 2014 (Prevailing Base-year Positions Per Pupil & Salaries)	31,201,838	31,288,253	62,490,091
12	Update Base-Year of Annual School Report Expenditures for Nonpersonal Support Costs to FY 2014	(37,600,572)	(37,205,431)	(74,806,003)



State Cost of Each Rebenchmarking Update

(incremental state cost from FY16 base)

Update #	Rebenchmarking Update	FY 2017 State Cost	FY 2018 State Cost	2016-2018 Total State Cost
13	Update Federal Revenue Deduct Per Pupil Amount	26,802,658	26,865,028	53,667,686
14	Update Support Positions Cap (Ratio of Instructional to Support Positions from 4.09 to 1 to 4.19 to 1)	(12,626,923)	(12,661,916)	(25,288,839)
15	Update Costs for Division Superintendents, School Boards, and School Nurses (without inflation)	5,512,136	5,496,396	11,008,532
16	Update Health Care Premium (without inflation)	21,212,909	21,347,125	42,560,034
17	Update Textbook Per Pupil Amount (without inflation)	7,668,659	7,700,740	15,369,399
18	Update Pupil Transportation Costs	4,384,435	3,966,270	8,350,705
19	Update Nonpersonal Support Cost Inflation Factors	17,603,545	17,579,153	35,182,698
20	Update Salary Inflation Factors (Instructional and Support) - recognize the 1.50% pay increase in FY 2016	58,990,248	59,316,880	118,307,128

State Cost of Each Rebenchmarking Update

(incremental state cost from FY16 base)

Update #	Rebenchmarking Update	FY 2017 State Cost	FY 2018 State Cost	2016-2018 Total State Cost
21	Update English as a Second Language Enrollment Projections	1,847,442	3,605,348	5,452,790
22	Update Remedial Summer School Per Pupil Amount and Enrollment Projections	2,936,280	4,898,972	7,835,252
23	Update Incentive Accounts (includes Academic Year Governor's School Enrollment and Per Pupil Amount)	979,933	986,301	1,966,234
24	Update Categorical Accounts (includes Special Education - Homebound, Jails, and State Operated Programs)	530,413	1,403,830	1,934,243
25	Update Lottery Accounts (includes VPI, Foster Care, K-3 Class Size Reduction, Special Education Regional Tuition)	20,778,895	25,502,641	46,281,536
Total State Rebenchmarking Cost for 2016-2018 (above FY16 Base) =		178,744,268	209,131,500	387,875,768

Impact of Data Updates on Cost

Updates that **Decreased** State Cost Below FY16 Base:

- CTE Course Enrollment
- Base-year Nonpersonal Support Costs
- Support to Instructional Position Ratio Cap (Increased)

Updates that **Increased** State Cost Above FY16 Base:

- Special Education Child Count
- Instructional & Support Salaries (prevailing FY14 higher & recognize FY16 1.50% salary increase)
- ADM/Fall Memb. Enrollment Projections
- Federal Revenue Deduct Per Pupil Amount
- Pupil Transportation Costs
- ESL/Remedial Summer School Enrollments
- Division SOL Math & English Failure Rates
- Free Lunch Eligibility Percentages
- Non-Salary Inflation Factors
- Health Care Premium per Position
- Textbook Per Pupil Amount
- Cost of Lottery Programs



Pending Updates

- **The following updates will be completed this fall and included in the Governor's 2016-2018 introduced budget released in December:**
 - **Revised composite index for 2016-2018**
 - **Additional revisions to enrollment projections**
 - **Revised Sales Tax and Lottery revenue projections**
 - **Revised VRS rates**
 - **Establish free lunch percentage for divisions participating in Community Eligibility Program**

Pending Updates

- **The final amount of state funding provided for Direct Aid each biennium reflects the funded rebenchmarking costs and the funding policy changes adopted by the General Assembly and the Governor.**

Full Report Version to the Board of Education

September 10, 2015

Topics Covered

- **Overview of 2016-2018 Rebenchmarking Process**
- **2016-2018 Rebenchmarking Incremental Cost Detail**
- **Analysis of Key Data Inputs Impacting 2016-2018 Rebenchmarking Cost**
- **Appendix: State Cost of 2016-2018 Rebenchmarking by Direct Aid Line-item**

Rebenchmarking Process

- **State funding for school divisions is provided through the Direct Aid to Public Education budget. The General Assembly appropriates the funds.**

- **Direct Aid funding is appropriated in six budgetary categories:**
 - 1. Standards of Quality**
 - 2. Incentive Programs**
 - 3. Categorical Programs**
 - 4. Lottery Proceeds Fund**
 - 5. Supplemental Education Programs**
 - 6. Federal Funds**

- **In each odd-numbered year, the cost of the Direct Aid budget is “rebenchmarked” for the next biennium. The process applies to state Direct Aid programs in categories 1-4 above (involving 30 or more accounts).**

Rebenchmarking Process

- **The rebenchmarked budget represents the state cost of continuing the current Direct Aid programs into the next biennium with updates to input data used in the funding formulas that determine the cost of the programs.**
- **Input data used to cost out the Direct Aid accounts are updated every two years to recognize changes in costs that have occurred over the preceding biennium.**
- **The state cost of SOQ and other Direct Aid formulas are updated step-by-step using the latest data inputs available, isolating the cost of each data update in incremental fashion. 25 separate steps are involved, each of which can increase or decrease state cost.**

Rebenchmarking Process

- **The rebenchmarking process is technical in nature and does not involve changes in funding policy or methodology or funding for new programs.**
- **Costs are projected forward for changes in enrollment, salaries, inflation, support expenditures, and other factors.**
- **Since 90% of state Direct Aid funding is for the Standards of Quality (SOQ) programs, SOQ funding is most impacted by the process; however, Lottery, incentive, and categorical funding is also impacted.**
- **Because rebenchmarking impacts the total cost of the Direct Aid formulas, it impacts both state costs and the required local share of cost that localities must fund.**

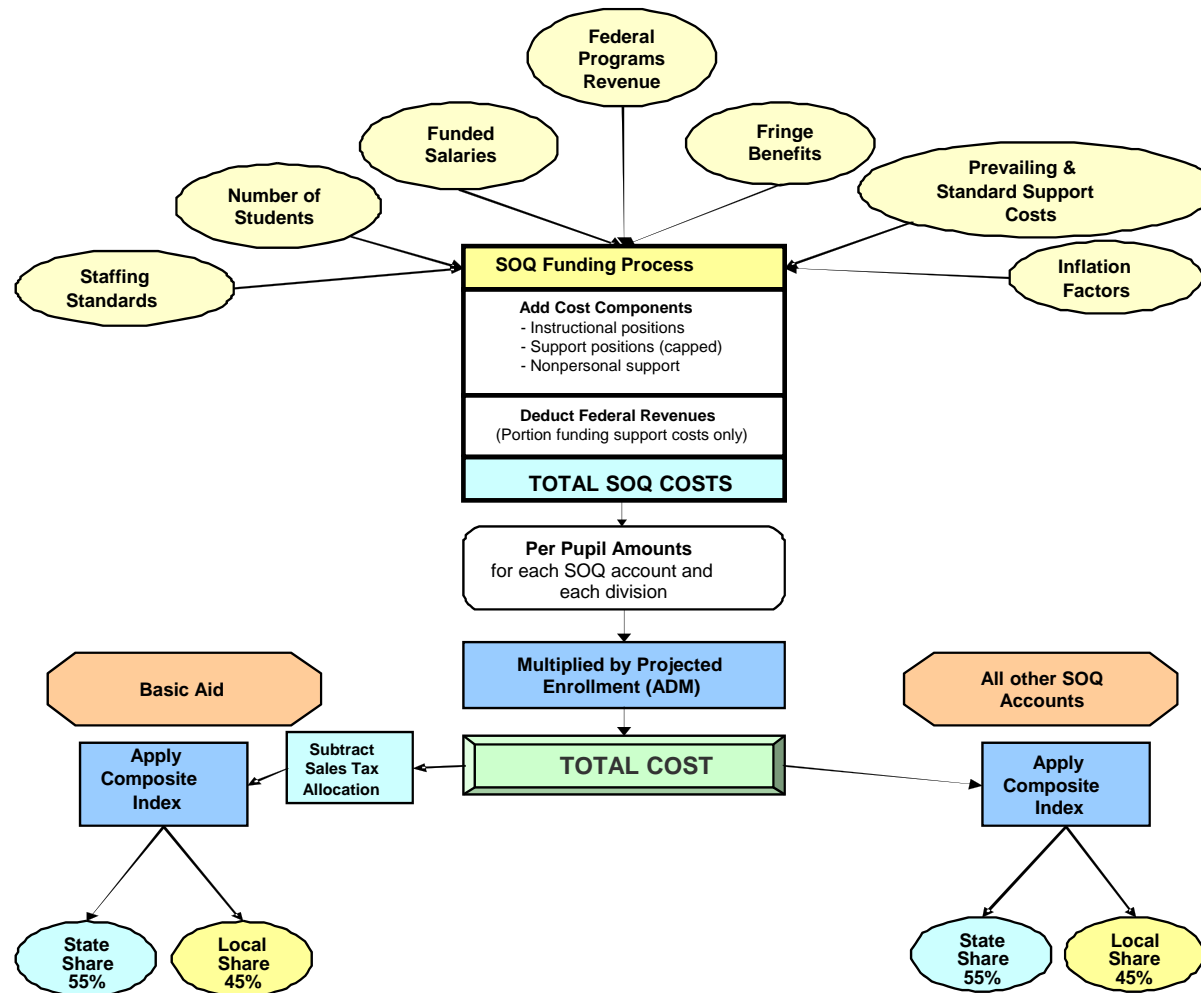


Rebenchmarking Process

- **SOQ funding is driven primarily by the instructional staffing standards in the *Code of Va.* and the salary and fringe benefit costs for the required instructional positions. SOQ Basic Aid also includes funding for support positions and non-personal support costs on a “prevailing cost” basis.**

- **Key components of the SOQ funding formula include:**
 1. **Student enrollment;**
 2. **Staffing standards for instructional positions;**
 3. **Salaries of instructional positions;**
 4. **Fringe benefit rates;**
 5. **Support costs (salary and non-salary);**
 6. **Inflation factors;**
 7. **Support costs adjusted for deducted federal revenues;**
 8. **Sales tax funding and division composite indices.**

SOQ Funding Model



Rebenchmarking Process

- **Key data inputs used in 2016-2018 rebenchmarking calculations (data is from FY14 & FY15):**
 - **Funded instructional and support salaries**
 - **Fall Membership and Average Daily Membership enrollment projections**
 - **Special education child count**
 - **Career & technical education course enrollment**
 - **SOL failure rates and free lunch eligibility %'s for SOQ remedial education and other at-risk accounts**
 - **Base-year expenditure data from 2013-2014 Annual School Report**



Rebenchmarking Process

- **Key data inputs (data from FY14 & FY15), (continued):**
 - **Health care premium expenditures**
 - **Non-personal cost inflation factors**
 - **Federal programs revenue (for the deduct from funded support costs)**
 - **Textbooks costs for prevailing textbook per pupil amount**
 - **Enrollment projections for remedial summer school and English as a Second Language programs**
 - **Updates to support costs including the division supt., school board, school nurse, and pupil transportation**

Rebenchmarking Process

Data Inputs that are Fixed for the Biennium:

- Funded Salaries
- Special Education Child Counts
- Initial Fall Membership & ADM Projections used in SOQ Model
- CTE Course Enrollment
- Composite Index
- Head Start Enrollment (for VPI)
- Free Lunch Eligibility Percentages
- SOL Test Scores (for SOQ Prevention, Intervention, & Remediation)
- Federal Programs Revenue (for deduct from support costs)

Data Inputs that are Updated Annually:

- Enrollment Projections
- Reimbursement Account Projections
- Lottery Revenue Estimates
- Sales Tax Revenue Estimates
- VRS Fringe Benefit Rates (subject to General Assembly action)
- Inflation Factors (subject to General Assembly action)

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State Cost to Date

- **The state cost (above the FY16 base) of the rebenchmarking updates completed to date is \$178.7 million in FY17 and \$209.1 million in FY18, for a 2016-2018 biennial total of \$387.8 million. (The state cost of the 2014-2016 rebenchmarking at this stage was \$350.6 million.)**
- **The cost of rebenchmarking can vary across biennia due to various factors such as rate of student enrollment change, change in specific student populations, expenditure levels of divisions, state and local salary increases that are picked-up, inflation factors, etc.**

State Cost to Date

- **The following four slides show the incremental state cost against the FY16 base of the 25 rebenchmarking steps completed to date.**

State Cost of Each Rebenchmarking Update

(incremental state cost from FY16 base)

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Pending Updates

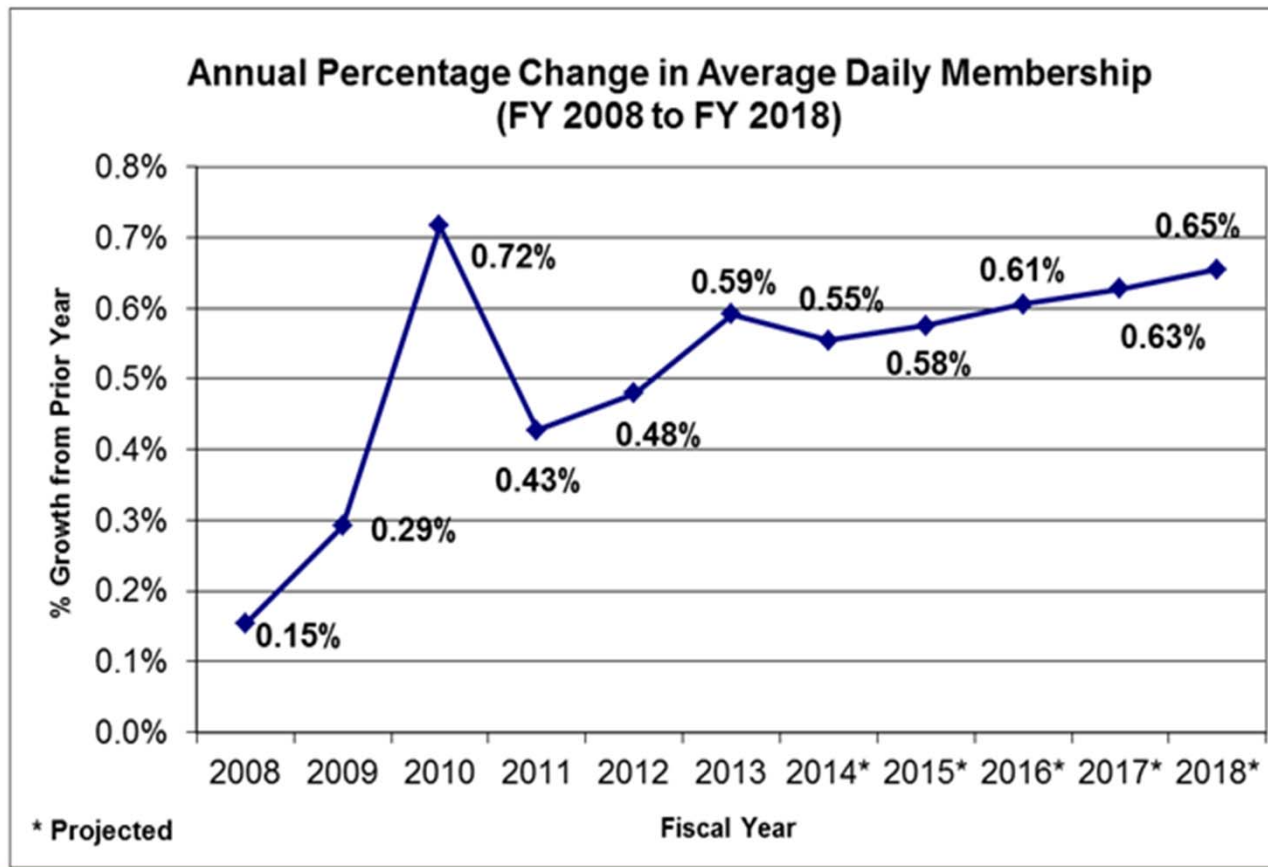
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 - **Revised VRS rates**
 - **Establish free lunch percentage for divisions participating in Community Eligibility Program**

Impact of Data Updates on Rebenchmarking Cost

- **Slides 34-49 contain graphs/tables showing the impact of the following data inputs on rebenchmarking costs:**
 - **Student Enrollment**
 - **Special Education Child Count**
 - **Career & Technical Education Enrollment**
 - **SOL Failure Rates**
 - **Free Lunch Eligibility Percentages**
 - **Base-year & Funded Salaries**
 - **Non-personal Support Costs**
 - **Federal Revenue Deduct from Support Costs**
 - **Support Positions Cap**
 - **Health Care Premium**
 - **Textbook Per Pupil Amount**
 - **Inflation Factors**

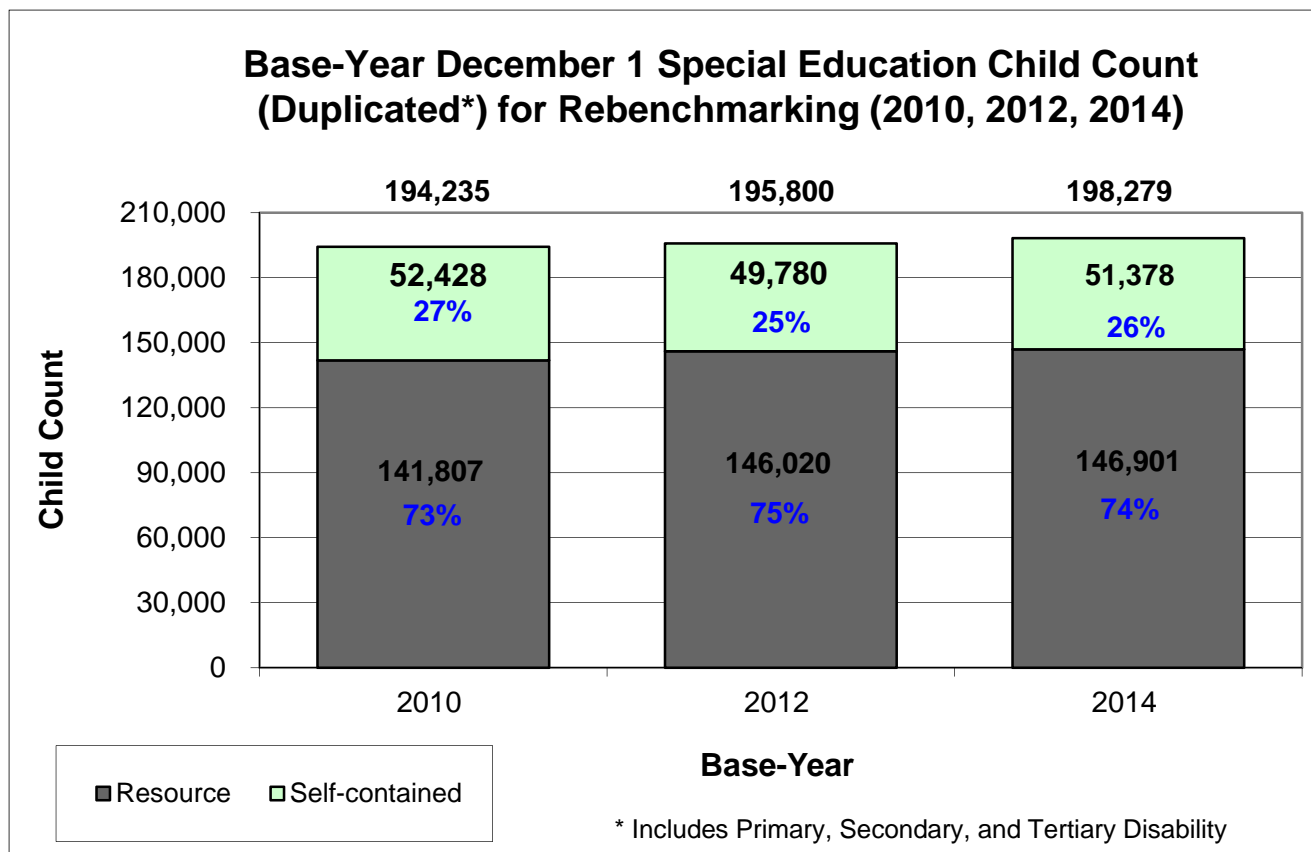
Student Enrollment

Update #	Update	FY 2017 State Cost	FY 2018 State Cost	2016-2018 Total
5	Update Fall Membership and Average Daily Membership Base-Year and Projected Enrollment Counts	888,391	21,120,973	22,009,364



Special Education Child Count

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CTE Course Enrollment

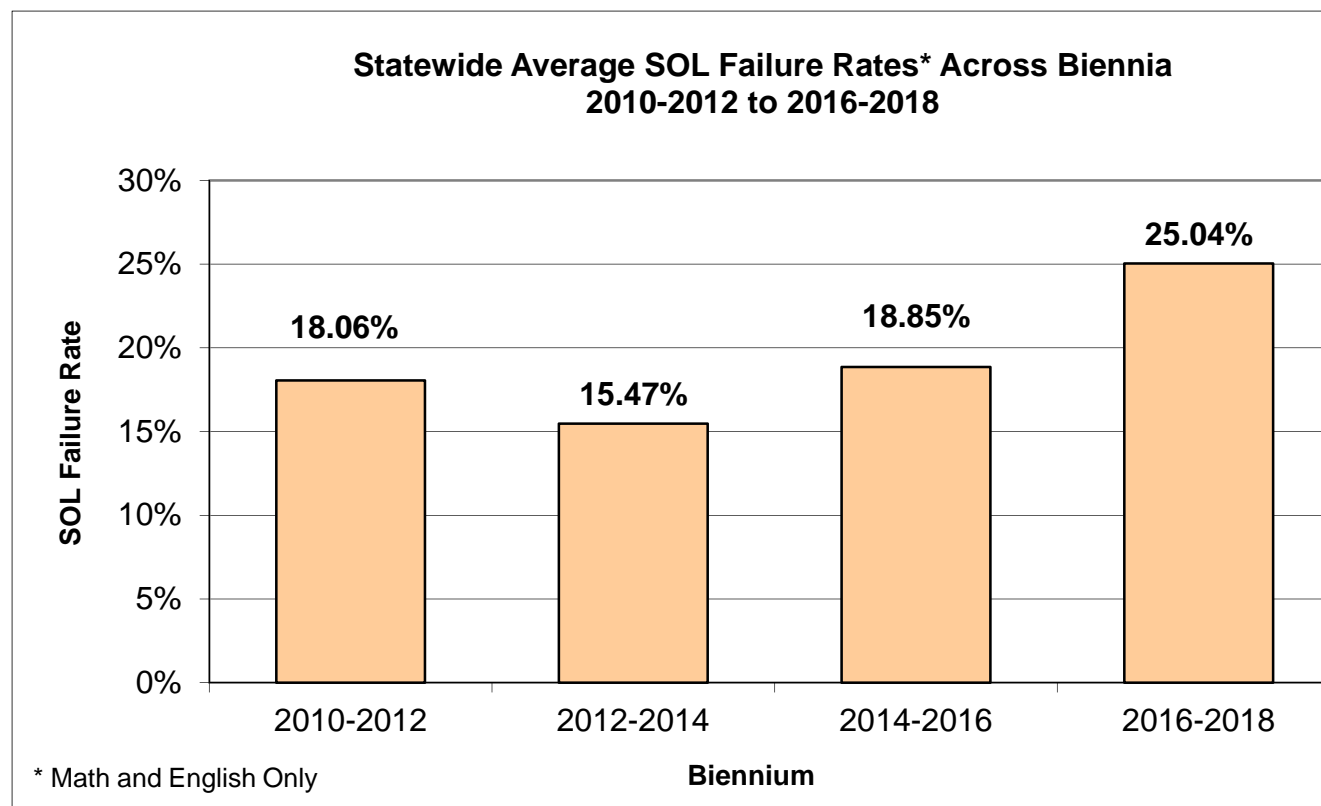
Update #	Update	FY 2017 State Cost	FY 2018 State Cost	2016-2018 Total
7	Update Career & Technical Education Enrollment to School Year 2014-2015	(747,168)	(759,420)	(1,506,588)

Comparison of Career and Technical Education Enrollment, Number of Courses, and Total Sections Across Base-Years

	Base-Year 2012 (2014-2016 Biennium)	Base-Year 2014 (2016-2018 Biennium)	Percent Variance
Career and Technical Education Enrollment (Duplicated Enrollment)	571,367	580,140	1.5%
Number of Distinct Courses	6,262	5,756	(8.1%)
Total Course Sections	31,731	35,869	13.0%

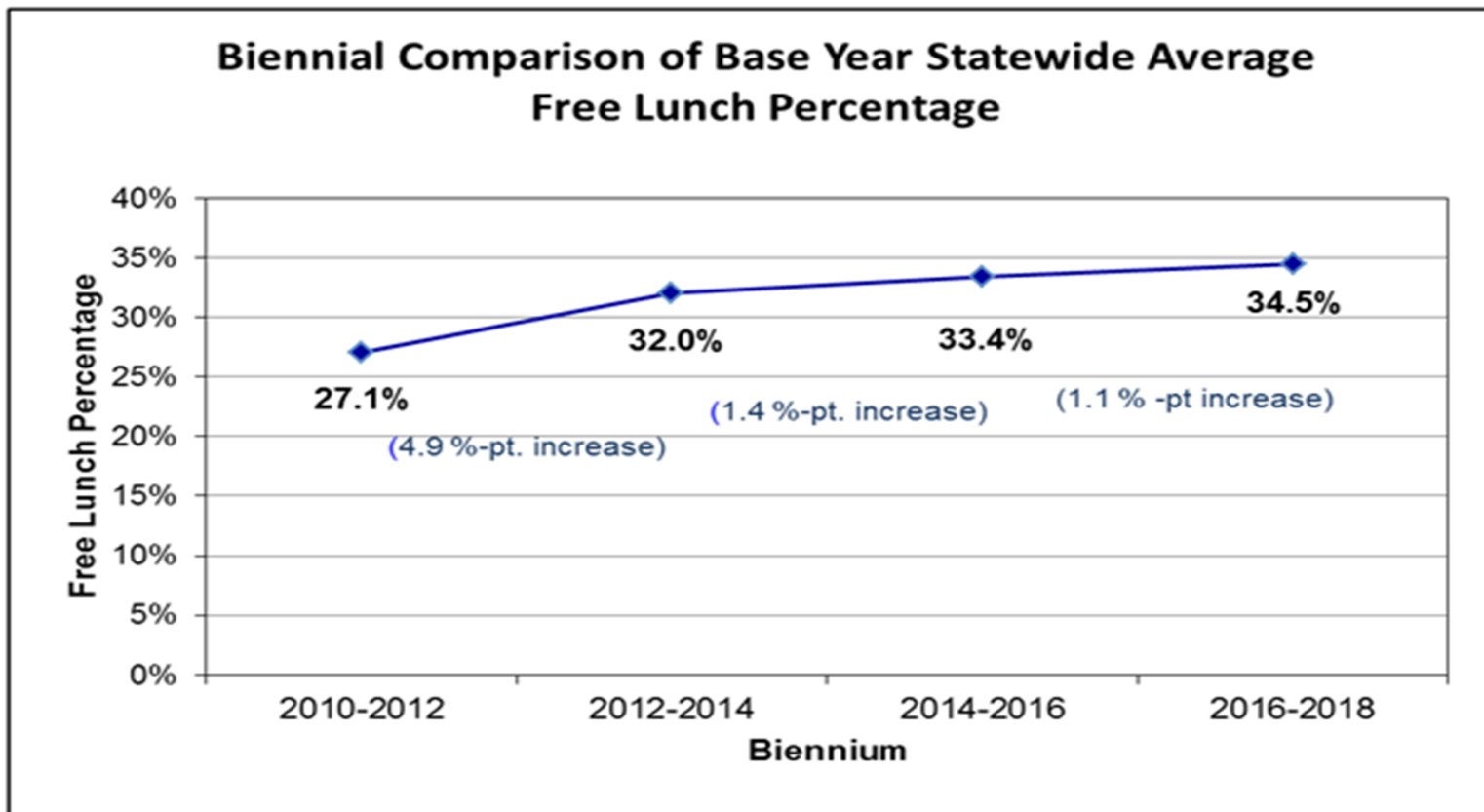
SOL Failure Rates

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8	Update SOL Failure Rate Data to School Year 2013-2014 and Free Lunch Percentages to School Year 2014-2015	10,611,066	10,682,638	21,293,704



Free Lunch Eligibility

Update #	Update	FY 2017 State Cost	FY 2018 State Cost	2016-2018 Total
8	Update SOL Failure Rate Data to School Year 2013-2014 and Free Lunch Percentages to School Year 2014-2015	10,611,066	10,682,638	21,293,704



Base-year Instructional Salaries

Update #	Update	FY 2017 State Cost	FY 2018 State Cost	2016-2018 Total
10	Update Base-Year Prevailing SOQ Instructional Salaries to FY 2014	54,296,365	54,370,516	108,666,881

Comparison of Base-Year <u>Prevailing</u> SOQ Instructional Salaries Across Biennia 2012-2014 to 2016-2018 (No Adjustment for State Funded Increases)						
Instructional Position	2012-2014 Prevailing Salary (FY10 Base-year Data)	2014-2016 Prevailing Salary (FY12 Base-year Data)	Percent Variance	2014-2016 Prevailing Salary (FY12 Base-year Data)	2016-2018 Prevailing Salary (FY14 Base-year Data)	Percent Variance
Elementary Teachers	\$45,118	\$44,998	(0.3%)	\$44,998	\$46,488	3.3%
Elementary Asst. Principals	\$63,824	\$63,868	0.1%	\$63,868	\$66,128	3.5%
Elementary Principals	\$78,510	\$78,362	(0.2%)	\$78,362	\$81,622	4.2%
Secondary Teachers	\$47,267	\$47,260	(0.0%)	\$47,260	\$49,008	3.7%
Secondary Asst. Principals	\$67,824	\$67,626	(0.3%)	\$67,626	\$70,992	5.0%
Secondary Principals	\$86,464	\$86,374	(0.1%)	\$86,374	\$90,681	5.0%
Instructional Aides	\$16,223	\$16,315	0.6%	\$16,315	\$16,855	3.3%

Base-year Support Salaries

Update #	Update	FY 2017 State Cost	FY 2018 State Cost	2016-2018 Total
11	Update Base-Year of Annual School Report Expenditures for Support Positions Costs to FY 2014 (Prevailing Base-year Positions Per Pupil & Salaries)	31,201,838	31,288,253	62,490,091

Comparison of Base Year Prevailing SOQ Support Salaries Across Biennia 2012-2014 to 2016-2018 (No Adjustment for State Funded Increases)

Support Position	2012-2014 Prevailing Salary	2014-2016 Prevailing Salary	Percent Increase	2014-2016 Prevailing Salary	2016-2018 Prevailing Salary	Percent Increase
Superintendent	\$136,376	\$135,841	(0.39%)	\$135,841	\$145,417	7.05%
Assistant Superintendent	\$109,678	\$111,260	1.44%	\$111,260	\$117,924	5.99%
School Nurse	\$34,647	\$34,827	0.52%	\$34,827	\$35,687	2.47%
Instructional Professional	\$66,473	\$66,112	(0.54%)	\$66,112	\$69,116	4.54%
Instructional Technical/Clerical	\$28,926	\$28,990	0.22%	\$28,990	\$30,468	5.10%
Attendance & Health Administrative	\$55,477	\$55,952	0.86%	\$55,952	\$59,034	5.51%
Attendance & Health Technical//Clerical	\$25,861	\$26,463	2.33%	\$26,463	\$27,396	3.52%
Operations & Maintenance Professional	\$71,950	\$71,468	(0.67%)	\$71,468	\$74,857	4.74%
Operations & Maintenance Technical/Clerical	\$27,419	\$27,647	0.83%	\$27,647	\$28,803	4.18%
School Board Member	\$4,992	\$4,931	(1.21%)	\$4,931	\$5,057	2.55%
Administration Administrative	\$74,874	\$74,688	(0.25%)	\$74,688	\$77,182	3.34%
Administration Technical/Clerical	\$37,754	\$38,378	1.65%	\$38,378	\$40,531	5.61%
Technology Professional	\$71,305	\$71,144	(0.23%)	\$71,144	\$76,590	7.66%
Technology Technical/Clerical	\$32,563	\$33,295	2.25%	\$33,295	\$34,969	5.03%
Technology Support Standard	\$41,813	\$42,369	1.33%	\$42,369	\$46,324	9.33%
School Based Clerical	\$27,917	\$27,963	0.17%	\$27,963	\$29,262	4.65%

Non-personal Support Costs

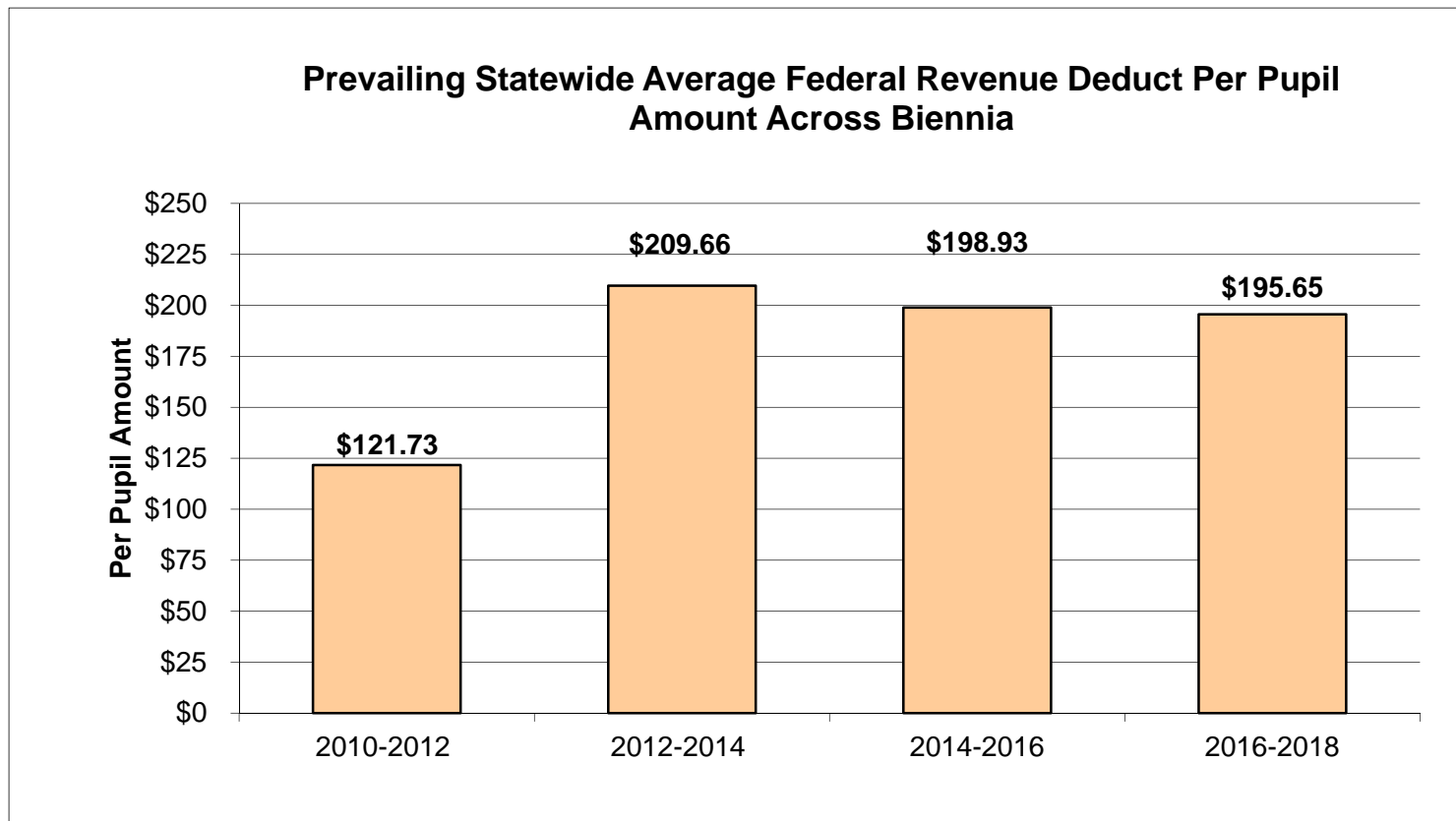
Update #	Update	FY 2017 State Cost	FY 2018 State Cost	2016-2018 Total
12	Update Base-Year of Annual School Report Expenditures for Nonpersonal Support Costs to FY 2014	(37,600,572)	(37,205,431)	(74,806,003)

Comparison of *Prevailing* Nonpersonal Support Per Pupil Amounts Across Biennia: 2014-2016 to 2016-2018 (without inflation)

Nonpersonal Support Category	2014-2016 Per Pupil Amount	2016-2018 Per Pupil Amount	Percent Variance	Nonpersonal Support Category	2014-2016 Per Pupil Amount	2016-2018 Per Pupil Amount	Percent Variance
Instructional Classroom	\$327.00	\$252.95	(22.6%)	Facilities	\$1.26	\$1.38	9.9%
Instructional Support	\$18.59	\$15.13	(18.6%)	Unemployment Insurance	\$7.02	\$5.39	(23.3%)
Principal's Office	\$7.91	\$7.42	(6.2%)	Worker's Compensation	\$24.31	\$22.99	(5.4%)
Administration	\$40.74	\$41.32	1.4%	Disability Insurance	\$0.85	\$0.79	(7.1%)
Attendance & Health	\$17.68	\$17.22	(2.6%)	Substitute Teachers	\$1,111.09	\$1,059.16	(4.7%)
Utilities	\$285.01	\$303.47	6.5%	Improvement	\$413.44	\$406.25	(1.7%)
Communication	\$30.69	\$28.63	(6.7%)	Technology	\$180.67	\$192.39	6.5%
Other Operations & Maintenance	\$208.94	\$215.55	3.2%	Insurance	\$27.59	\$29.13	5.6%
				Contingency Reserve	\$0.56	\$0.00	(100.0%)

Federal Revenue Deduct

Update #	Update	FY 2017 State Cost	FY 2018 State Cost	2016-2018 Total
13	Update Federal Revenue Deduct Per Pupil Amount (deducted from support costs)	26,802,658	26,865,028	53,667,686



Support Positions Cap

Update #	Update	FY 2017 State Cost	FY 2018 State Cost	2016-2018 Total
14	Update Support Positions Cap (Ratio of Instructional to Support Positions from 4.09 to 1 to 4.19 to 1)	(12,626,923)	(12,661,916)	(25,288,839)

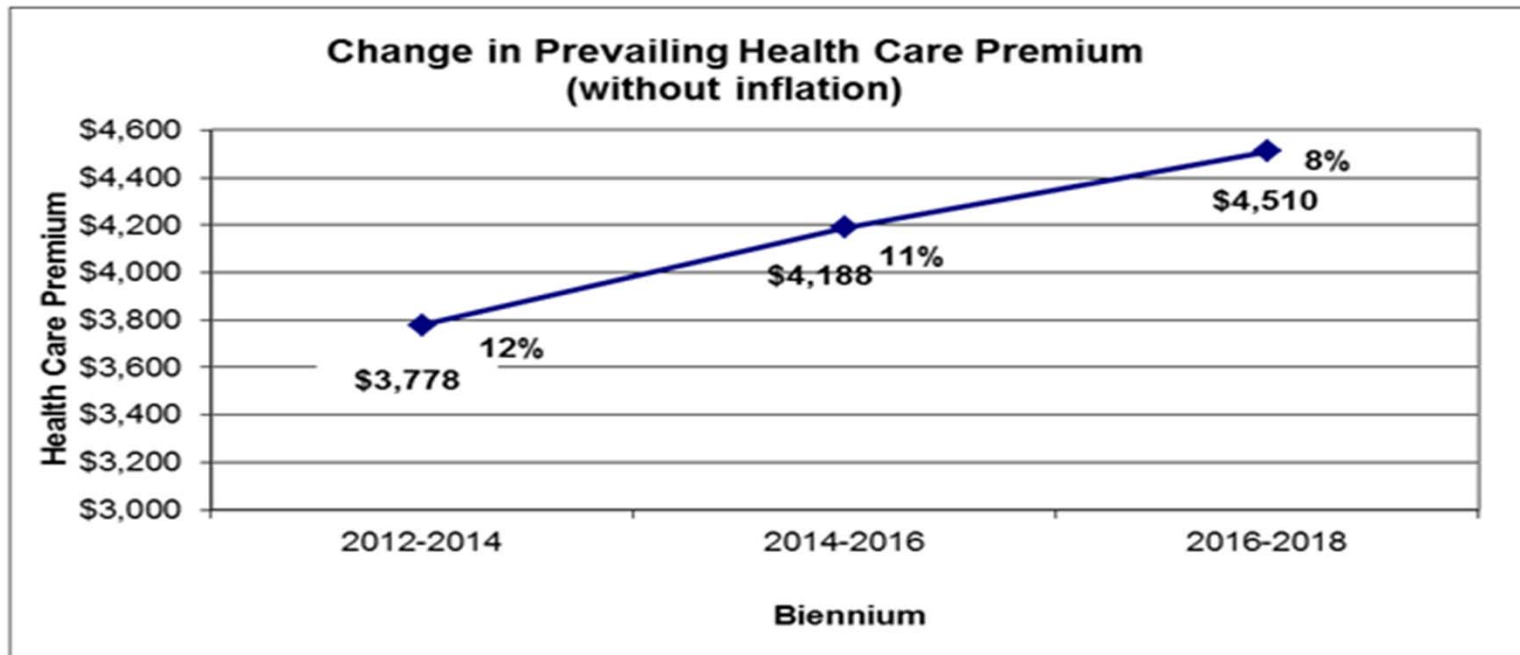
	CAPPED FY 2016 @ 4.09 to 1	CAPPED FY 2017 @ 4.19 to 1	CAPPED FY 2018 @ 4.19 to 1
Funded SOQ Support Positions			
Assistant Superintendent	167	175	176
Instructional Professional	2,191	2,187	2,201
Instructional Technical/Clerical	1,802	1,689	1,700
Attendance & Health Administrative	923	837	843
Attendance & Health Technical/Clerical	473	424	427
Operation & Maintenance Professional	280	277	278
Operation & Maintenance Technical/Clerical	8,649	8,526	8,581
Administration	624	656	660
Administration Technical/Clerical	1,471	1,449	1,458
Technology Professional	410	447	450
Technology Technical/Clerical	172	188	189
Technology Support Standard	1,242	1,250	1,258
School Based Clerical	3,953	3,934	3,959
Total Funded SOQ Support Positions	22,357	22,037	22,181

Note: The instructional to support position ratio used for the support position funding cap was rebenchmarked for the 2016-2018 biennium. The ratio changed from 4.09 to 1 for FY 2016 to 4.19 to 1 for the 2016-2018 biennium. The ratio is calculated by taking a three-year average of divisions' ASR instructional positions divided by ASR support positions and then calculating a statewide linear weighted average (LWA) ratio from the division ratios. The LWA ratio is then applied to the generated number of support positions to cap them at the instructional to support ratio. This represents the rebenchmarked cost update and not a permanent change in policy.



Health Care Premium

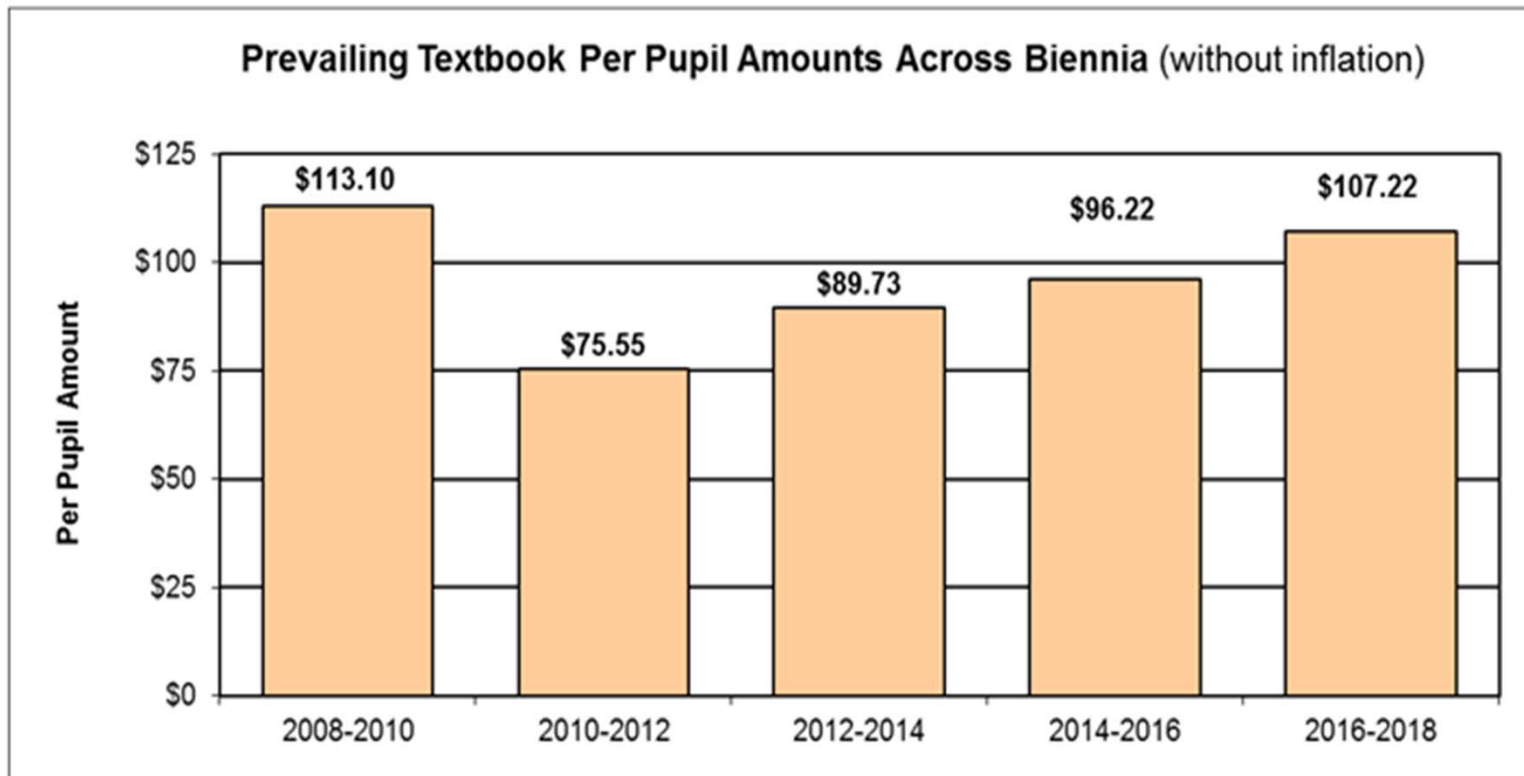
Update #	Update	FY 2017 State Cost	FY 2018 State Cost	2016-2018 Total
16	Update Prevailing Health Care Premium Per Position (without inflation)	21,212,909	21,347,125	42,560,034



Note: The 2009 General Assembly changed the methodology for calculating the funded health care premium, beginning with the 2010-2012 biennium, by weighting each division's annual employer-share health care premium used in the prevailing cost calculation according to the actual percentage of employees participating in each of the three plan categories (employee, employee plus one, and family) and for actual overall employee participation.

Textbook Per Pupil

Update #	Update	FY 2017 State Cost	FY 2018 State Cost	2016-2018 Total
17	Update Prevailing Textbook Per Pupil Amount (without inflation)	7,668,659	7,700,740	15,369,399



Inflation Factors

Update #	Update	FY 2017 State Cost	FY 2018 State Cost	2016-2018 Total
19	Update Nonpersonal Support Cost Inflation Factors	17,603,545	17,579,153	35,182,698

2016-2018 Inflation Factors

Applied to Nonpersonal Support Costs in SOQ Model for the 2016-2018 Biennium

Inflation Factor	2014-2016 Rates	2016-2018 Rates	Percentage Point Variance	Inflation Factor	2014-2016 Rates	2016-2018 Rates	Percentage Point Variance
Instructional:				Operation & Maintenance:			
Classroom Instruction	1.03%	2.56%	1.53%	Utilities	1.05%	(3.33%)	(4.38%)
Instructional Support	1.03%	2.53%	1.50%	Communications	1.03%	3.15%	2.12%
Improvement	1.03%	2.44%	1.40%	Insurance	1.03%	2.64%	1.61%
Principal's Office	1.03%	2.51%	1.48%	Other	1.03%	2.64%	1.61%
Miscellaneous:				Fixed Charges:			
Administration	1.03%	2.49%	1.46%	Unemployment	1.03%	2.64%	1.61%
Attendance & Health	1.03%	2.57%	1.54%	Workers Comp.	1.03%	2.64%	1.61%
Facilities	1.03%	3.28%	2.25%	Disability Insurance	1.03%	2.64%	1.61%
Textbooks	1.02%	2.64%	1.62%	Other Benefits	1.03%	2.64%	1.61%
Pupil Transportation	1.03%	1.25%	0.22%	Health Care Premium	0.00%	1.90%	1.90%
				Contingency Reserve	1.03%	2.64%	1.61%

Funded Instructional Salaries

Update #	Update	FY 2017 State Cost	FY 2018 State Cost	2016-2018 Total
20	Update Salary Inflation Factors (Instructional and Support) – recognize the 1.50% pay increase in FY 2016	58,990,248	59,316,880,	118,307,128

<i>Comparison of Funded SOQ Instructional Salaries Across Biennia 2010-2012 to 2016-2018 (Adjusted for Applicable State Funded Increases)</i>									
Instructional Position	2010-2012 Funded Salary	2012-2014 Funded Salary	Percent Variance	2012-2014 Funded Salary	2014-2016 Funded Salary	Percent Variance	2014-2016 Funded Salary	2016-2018 Funded Salary	Percent Variance
Elementary Teachers	\$43,904	\$45,118	2.8%	\$45,118	\$45,822	1.6%	\$45,822	\$47,185	3.0%
Elementary Asst. Principals	\$62,383	\$63,824	2.3%	\$63,824	\$65,037	1.9%	\$65,037	\$67,119	3.2%
Elementary Principals	\$76,766	\$78,510	2.3%	\$78,510	\$79,796	1.6%	\$79,796	\$82,846	3.8%
Secondary Teachers	\$46,090	\$47,267	2.6%	\$47,267	\$48,125	1.8%	\$48,125	\$49,744	3.4%
Secondary Asst. Principals	\$66,658	\$67,824	1.7%	\$67,824	\$68,863	1.5%	\$68,863	\$72,057	4.6%
Secondary Principals	\$84,564	\$86,464	2.2%	\$86,464	\$87,954	1.7%	\$87,954	\$92,041	4.6%
Instructional Aides	\$16,104	\$16,223	0.7%	\$16,223	\$16,613	2.4%	\$16,613	\$17,108	3.0%

Funded Support Salaries

Update #	Update	FY 2017 State Cost	FY 2018 State Cost	2016-2018 Total
20	Update Salary Inflation Factors (Instructional and Support) – recognize the 1.50% pay increase in FY 2016	58,990,248	59,316,880	118,307,128

<i>Comparison of Funded SOQ Support Salaries Across Biennia 2012-2014 to 2016-2018 (Adjusted for Applicable State Funded Increases)</i>						
Support Position	2012-2014 Funded Salary	2014-2016 Funded Salary	Percent Variance	2014-2016 Funded Salary	2016-2018 Funded Salary	Percent Variance
Superintendent	\$136,376	\$138,327	1.43%	\$138,327	\$148,078	7.05%
Assistant Superintendent	\$109,678	\$113,296	3.30%	\$113,296	\$120,082	5.99%
School Nurse	\$34,647	\$35,465	2.36%	\$35,465	\$36,340	2.47%
Instructional Professional	\$66,473	\$67,321	1.28%	\$67,321	\$70,381	4.54%
Instructional Technical/Clerical	\$28,926	\$29,520	2.05%	\$29,520	\$31,025	5.10%
Attendance & Health Administrative	\$55,477	\$56,976	2.70%	\$56,976	\$60,114	5.51%
Attendance & Health Technical//Clerical	\$25,861	\$26,948	4.20%	\$26,948	\$27,897	3.52%
Operations & Maintenance Professional	\$71,950	\$72,776	1.15%	\$72,776	\$76,227	4.74%
Operations & Maintenance Technical/Clerical	\$27,419	\$28,153	2.68%	\$28,153	\$29,330	4.18%
School Board Member	\$4,992	\$5,021	0.59%	\$5,021	\$5,149	2.55%
Administration Administrative	\$74,874	\$76,054	1.58%	\$76,054	\$78,594	3.34%
Administration Technical/Clerical	\$37,754	\$39,081	3.51%	\$39,081	\$41,273	5.61%
Technology Professional	\$71,305	\$72,445	1.60%	\$72,445	\$77,992	7.66%
Technology Technical/Clerical	\$32,563	\$33,904	4.12%	\$33,904	\$35,609	5.03%
Technology Support Standard	\$41,813	\$43,144	3.18%	\$43,144	\$47,172	9.33%
School Based Clerical	\$27,917	\$28,475	2.00%	\$28,475	\$29,798	4.65%

Impact of Data Updates on Cost

Updates that **Decreased** State Cost Below FY16 Base:

- CTE Course Enrollment
- Base-year Nonpersonal Support Costs
- Support to Instructional Position Ratio Cap (Increased)

Updates that **Increased** State Cost Above FY16 Base:

- Special Education Child Count
- Instructional & Support Salaries (prevailing FY14 higher & recognize FY16 1.50% salary increase)
- ADM/Fall Memb. Enrollment Projections
- Federal Revenue Deduct Per Pupil Amount
- Pupil Transportation Costs
- ESL/Remedial Summer School Enrollments
- Division SOL Math & English Failure Rates
- Free Lunch Eligibility Percentages
- Non-Salary Inflation Factors
- Health Care Premium per Position
- Textbook Per Pupil Amount
- Cost of Lottery Programs



Appendix:

State Cost of 2016-2018 Rebenchmarking by Direct Aid Line- item as of September 10, 2015

Standards of Quality Accounts

Standards of Quality Accounts	FY 2016 Base State Cost (Chapter 665)	FY 2017 Updated State Cost	FY 2016 to FY 2017 Variance	FY 2016 Base State Cost (Chapter 665)	FY 2018 Updated State Cost	FY 2016 to FY 2018 Variance	2016-2018 Biennium Variance
Basic Aid	\$3,077,198,033	\$3,196,901,751	\$119,703,718	\$3,077,198,033	\$3,213,118,901	\$135,920,868	\$255,624,586
Sales Tax	\$1,322,300,000	\$1,322,300,000	\$0	\$1,322,300,000	\$1,322,300,000	\$0	\$0
Textbooks (General Fund)	\$21,908,342	\$76,721,480	\$54,813,138	\$21,908,342	\$77,042,395	\$55,134,053	\$109,947,191
Vocational Education	\$50,846,321	\$51,955,588	\$1,109,267	\$50,846,321	\$51,912,507	\$1,066,186	\$2,175,453
Gifted Education	\$33,345,916	\$34,378,915	\$1,032,999	\$33,345,916	\$34,541,448	\$1,195,532	\$2,228,531
Special Education	\$369,516,783	\$383,226,603	\$13,709,820	\$369,516,783	\$384,708,060	\$15,191,277	\$28,901,097
Prevention, Intervention and Remediation	\$100,910,614	\$111,967,369	\$11,056,755	\$100,910,614	\$112,234,640	\$11,324,026	\$22,380,781
VRS Retirement	\$370,821,518	\$384,983,750	\$14,162,232	\$370,821,518	\$386,561,145	\$15,739,627	\$29,901,859
Social Security	\$187,635,124	\$194,761,179	\$7,126,055	\$187,635,124	\$195,561,521	\$7,926,397	\$15,052,452
Group Life	\$11,812,797	\$12,195,438	\$382,641	\$11,812,797	\$12,242,563	\$429,766	\$812,407
Remedial Summer School	\$27,118,392	\$30,054,672	\$2,936,280	\$27,118,392	\$32,017,364	\$4,898,972	\$7,835,252
Standards of Quality SUB-TOTAL:	\$5,573,413,840	\$5,799,446,745	\$226,032,905	\$5,573,413,840	\$5,822,240,544	\$248,826,704	\$474,859,609

Incentive Accounts

Incentive Accounts	FY 2016 Base State Cost (Chapter 665)	FY 2017 Updated State Cost	FY 2016 to FY 2017 Variance	FY 2016 Base State Cost (Chapter 665)	FY 2018 Updated State Cost	FY 2016 to FY 2018 Variance	2016-2018 Biennium Variance
Compensation Supplement	\$52,431,889	\$0	(\$52,431,889)	\$52,431,889	\$0	(\$52,431,889)	(\$104,863,778)
Governor's Schools	\$16,065,691	\$16,826,914	\$761,223	\$16,065,691	\$16,833,282	\$767,591	1,528,814
Petersburg Shared Services Agreement	\$600,000	\$0	(\$600,000)	\$600,000	\$0	(\$600,000)	(\$1,200,000)
Clinical Faculty	\$318,750	\$318,750	\$0	\$318,750	\$318,750	\$0	\$0
Career Switcher Mentoring Grants	\$279,983	\$279,983	\$0	\$279,983	\$279,983	\$0	\$0
Governor's Schools Planning Grants, Startup/Expansion Grants	\$100,000	\$100,000	\$0	\$100,000	\$100,000	\$0	\$0
Special Education Endorsement Program	\$600,000	\$600,000	\$0	\$600,000	\$600,000	\$0	\$0
Math/Reading Instructional Specialist	\$1,834,538	\$1,834,538	\$0	\$1,834,538	\$1,834,538	\$0	\$0
Special Education - Vocational Education / Special Education	\$200,089	\$200,089	\$0	\$200,089	\$200,089	\$0	\$0
VA Workplace Readiness Skills Assessment	\$308,655	\$308,655	\$0	\$308,655	\$308,655	\$0	\$0
Early Reading Specialists Initiative	\$1,476,790	\$1,476,790	\$0	\$1,476,790	\$1,476,790	\$0	\$0
At-Risk (General Fund)	\$0	\$4,451,616	\$4,451,616	\$0	\$11,165,264	\$11,165,264	\$15,616,880
School Breakfast Incentive Payment	\$537,297	\$537,297	\$0	\$537,297	\$537,297	\$0	\$0
Incentive SUB-TOTAL:	\$74,753,682	\$26,934,632	(\$47,819,050)	\$74,753,682	\$33,654,648	(\$41,099,034)	(\$88,918,084)

Categorical Accounts

Categorical Accounts	FY 2016 Base State Cost (Chapter 665)	FY 2017 Updated State Cost	FY 2016 to FY 2017 Variance	FY 2016 Base State Cost (Chapter 665)	FY 2018 Updated State Cost	FY 2016 to FY 2018 Variance	2016-2018 Biennium Variance
Adult Education	\$1,051,800	\$1,051,800	\$0	\$1,051,800	\$1,051,800	\$0	\$0
Adult Literacy	\$2,480,000	\$2,480,000	\$0	\$2,480,000	\$2,480,000	\$0	\$0
Virtual Virginia	\$4,597,808	\$4,597,808	\$0	\$4,597,808	\$4,597,808	\$0	\$0
Indian Children (King William Co.)	\$59,062	\$47,915	(\$11,147)	\$59,062	\$49,094	(\$9,968)	(\$21,115)
School Lunch	\$5,801,932	\$5,801,932	\$0	\$5,801,932	\$5,801,932	\$0	\$0
Special Education – Homebound	\$5,488,057	\$5,597,765	\$109,708	\$5,488,057	\$5,709,717	\$221,660	\$331,368
Special Education – Jails	\$3,688,850	\$3,432,799	(\$256,051)	\$3,688,850	\$3,504,569	(\$184,281)	(\$440,332)
Special Education - State Operated Programs	\$33,737,931	\$34,425,834	\$687,903	\$33,737,931	\$35,114,350	\$1,376,419	\$2,064,322
Categorical SUB-TOTAL:	\$56,905,440	\$57,435,854	\$530,413	\$56,905,440	\$58,309,270	\$1,403,830	\$1,934,243

Lottery Funded Accounts (page 1 of 2)

Lottery Funded Accounts	FY 2016 Base State Cost (Chapter 665)	FY 2017 Updated State Cost	FY 2016 to FY 2017 Variance	FY 2016 Base State Cost (Chapter 665)	FY 2018 Updated State Cost	FY 2016 to FY 2018 Variance	2016-2018 Biennium Variance
Foster Care	\$8,824,359	\$9,122,599	\$298,240	\$8,824,359	\$9,467,922	\$643,563	\$941,803
At-Risk	\$89,641,183	\$80,611,938	(\$9,029,245)	\$89,641,183	\$74,038,913	(\$15,602,270)	(\$24,631,515)
Virginia Preschool Initiative	\$71,996,399	\$100,004,504	\$28,008,105	\$71,996,399	\$100,478,531	\$28,482,132	\$56,490,237
Early Reading Intervention	\$17,778,143	\$18,400,928	\$622,785	\$17,778,143	\$18,474,729	\$696,586	\$1,319,371
Mentor Teacher	\$1,000,000	\$1,000,000	\$0	\$1,000,000	\$1,000,000	\$0	\$0
K-3 Primary Class Size Reduction	\$117,634,756	\$132,451,842	\$14,817,086	\$117,634,756	\$132,787,970	\$15,153,214	\$29,970,300
School Breakfast	\$3,948,823	\$4,120,611	\$171,788	\$3,948,823	\$4,512,142	\$563,319	\$735,107
SOL Algebra Readiness	\$12,159,318	\$13,300,006	\$1,140,688	\$12,159,318	\$13,342,799	\$1,183,481	\$2,324,169
Alternative Education	\$8,219,783	\$8,428,164	\$208,381	\$8,219,783	\$8,429,011	\$209,228	\$417,609
ISAEP	\$2,247,581	\$2,247,581	\$0	\$2,247,581	\$2,247,581	\$0	\$0

Lottery Funded Accounts (page 2 of 2)

Lottery Funded Accounts	FY 2016 Base State Cost (Chapter 665)	FY 2017 Updated State Cost	FY 2016 to FY 2017 Variance	FY 2016 Base State Cost (Chapter 665)	FY 2018 Updated State Cost	FY 2016 to FY 2018 Variance	2016-2018 Biennium Variance
Special Education - Regional Tuition	\$84,204,352	\$89,300,490	\$5,096,138	\$84,204,352	\$92,455,174	\$8,250,822	\$13,346,960
Vocational Education - Categorical	\$10,400,829	\$10,400,829	\$0	\$10,400,829	\$10,400,829	\$0	\$0
Project Graduation	\$2,774,478	\$2,774,478	\$0	\$2,774,478	\$2,774,478	\$0	\$0
Unallocated Lottery Balance	\$2,945	\$86	(\$2,859)	\$2,945	\$91	(\$2,854)	(\$5,713)
Supplemental Basic Aid	\$932,161	\$852,967	(\$79,194)	\$932,161	\$851,814	(\$80,347)	(\$159,541)
English as a Second Language	\$50,817,295	\$54,493,450	\$3,676,155	\$50,817,295	\$56,248,489	\$5,431,194	\$9,107,349
Textbooks (Lottery)	\$44,928,068	\$0	(\$44,928,068)	\$44,928,068	\$0	(\$44,928,068)	(\$89,856,136)
Virginia Teacher Corps (NCLB/EFAL)	\$415,000	\$415,000	\$0	\$415,000	\$415,000	\$0	\$0
Race to GED (NCLB/EFAL)	\$2,410,988	\$2,410,988	\$0	\$2,410,988	\$2,410,988	\$0	\$0
Path to Industry Certification (NCLB/EFAL)	\$1,331,464	\$1,331,464	\$0	\$1,331,464	\$1,331,464	\$0	\$0
Lottery SUB-TOTAL:	\$531,667,925	\$531,667,925	\$0	\$531,667,925	\$531,667,925	\$0	\$0

Supplemental Education Accounts (page 1 of 3)

Supplemental Education Accounts	FY 2016 Base State Cost (Chapter 665)	FY 2017 Updated State Cost	FY 2016 to FY 2017 Variance	FY 2016 Base State Cost (Chapter 665)	FY 2018 Updated State Cost	FY 2016 to FY 2018 Variance	2016-2018 Biennium Variance
Career and Technical Education Resource Center	\$298,021	\$298,021	\$0	\$298,021	\$298,021	\$0	\$0
Jobs for Virginia Graduates	\$573,776	\$573,776	\$0	\$573,776	\$573,776	\$0	\$0
Project Discovery	\$425,000	\$425,000	\$0	\$425,000	\$425,000	\$0	\$0
Small School Division Assistance	\$145,896	\$145,896	\$0	\$145,896	\$145,896	\$0	\$0
Southside Virginia Technology Consortium	\$108,905	\$108,905	\$0	\$108,905	\$108,905	\$0	\$0
Southwest Virginia Public Education Consortium	\$124,011	\$124,011	\$0	\$124,011	\$124,011	\$0	\$0
Virginia Career Education Foundation	\$31,003	\$31,003	\$0	\$31,003	\$31,003	\$0	\$0
Van Gogh Outreach Program	\$71,849	\$71,849	\$0	\$71,849	\$71,849	\$0	\$0
Charter School Supplement	\$100,000	\$100,000	\$0	\$100,000	\$100,000	\$0	\$0
Virginia STAR IT Initiative	\$250,000	\$250,000	\$0	\$250,000	\$250,000	\$0	\$0
VA Teacher Scholarship Loan Program	\$708,000	\$708,000	\$0	\$708,000	\$708,000	\$0	\$0

Supplemental Education Accounts (page 2 of 2)

Supplemental Education Accounts	FY 2016 Base State Cost (Chapter 665)	FY 2017 Updated State Cost	FY 2016 to FY 2017 Variance	FY 2016 Base State Cost (Chapter 665)	FY 2018 Updated State Cost	FY 2016 to FY 2018 Variance	2016-2018 Biennium Variance
National Board Certification Program	\$5,885,000	\$5,885,000	\$0	\$5,885,000	\$5,885,000	\$0	\$0
Greater Richmond Area Scholarship Program	\$400,000	\$400,000	\$0	\$400,000	\$400,000	\$0	\$0
Teacher Recruitment: Preparation Pilot Initiative	\$400,000	\$400,000	\$0	\$400,000	\$400,000	\$0	\$0
Teacher Recruitment & Retention Incentive: Math & Science	\$808,000	\$808,000	\$0	\$808,000	\$808,000	\$0	\$0
Youth Development Academy	\$543,176	\$543,176	\$0	\$543,176	\$543,176	\$0	\$0
Communities in Schools	\$794,400	\$794,400	\$0	\$794,400	\$794,400	\$0	\$0
STEAM Academy	\$100,000	\$100,000	\$0	\$100,000	\$100,000	\$0	\$0
Positive Behavioral Interventions & Support	\$598,000	\$598,000	\$0	\$598,000	\$598,000	\$0	\$0
Year-Round Schools Planning Grants	\$7,763,312	\$7,763,312	\$0	\$7,763,312	\$7,763,312	\$0	\$0
Teach for America	\$500,000	\$500,000	\$0	\$500,000	\$500,000	\$0	\$0

Supplemental Education Accounts

(page 3 of 3)

Supplemental Education Accounts	FY 2016 Base State Cost (Chapter 665)	FY 2017 Updated State Cost	FY 2016 to FY 2017 Variance	FY 2016 Base State Cost (Chapter 665)	FY 2018 Updated State Cost	FY 2016 to FY 2018 Variance	2016-2018 Biennium Variance
Wolf Trap Model STEM Program	\$325,000	\$325,000	\$0	\$325,000	\$325,000	\$0	\$0
Achievable Dream	\$500,000	\$500,000	\$0	\$500,000	\$500,000	\$0	\$0
Teacher Residency Program	\$500,000	\$500,000	\$0	\$500,000	\$500,000	\$0	\$0
Virginia Early Childhood Foundation	\$250,000	\$250,000	\$0	\$250,000	\$250,000	\$0	\$0
Career Counselor at Northern Neck Career & Technical Center	\$60,300	\$60,300	\$0	\$60,300	\$60,300	\$0	\$0
High School Program Innovation Grants	\$250,000	\$250,000	\$0	\$250,000	\$250,000	\$0	\$0
Supplemental Education SUB-TOTAL:	\$22,513,649	\$22,513,649	\$0	\$22,513,649	\$22,513,649	\$0	\$0

Summary Totals – By Direct Aid Category

State Direct Aid Account Category	FY 2016 Base State Cost (Chapter 665)	FY 2017 Updated State Cost	FY 2016 to FY 2017 Variance	FY 2016 Base State Cost (Chapter 665)	FY 2018 Updated State Cost	FY 2016 to FY 2018 Variance	2016-2018 Biennium Variance
Standards of Quality	\$5,573,413,840	\$5,799,446,745	\$226,032,905	\$5,573,413,840	\$5,822,240,544	\$248,826,704	\$474,859,609
Incentive	\$74,753,683	\$26,934,632	(\$47,819,050)	\$74,753,682	\$33,654,648	(\$41,099,034)	(\$88,918,084)
Categorical	\$56,905,441	\$57,435,854	\$530,413	\$56,905,440	\$58,309,270	\$1,403,830	\$1,934,243
Lottery	\$531,667,925	\$531,667,925	\$0	\$531,667,925	\$531,667,925	\$0	\$0
Supplemental Education	\$22,513,649	\$22,513,649	\$0	\$22,513,649	\$22,513,649	\$0	\$0
Direct Aid TOTAL COST :	\$6,259,254,537	\$6,437,998,805	\$178,744,268	\$6,259,254,537	\$6,468,386,037	\$209,131,500	\$387,875,768