



COMMONWEALTH of VIRGINIA
Department of Education

January 17, 2013

TO: Division Superintendents

FROM: Patricia I. Wright, Superintendent of Public Instruction

SUBJECT: Governor McDonnell's Proposed Executive Amendments to the 2012-2014 Biennial Budget (HB 1500/SB 800)

On January 16, 2013, Governor McDonnell proposed additional executive amendments to the 2012-2014 biennial budget, as amended (HB 1500/SB 800), for consideration at the 2013 General Assembly. Several of the executive amendments proposed affect Direct Aid to Public Education funding, and these amendments are discussed below.

Capture Savings from Performance Pay Pilot Initiative: The Governor's proposed executive amendment captures anticipated savings of \$452,327 in the Performance Pay Pilot Initiative based on final awards to qualifying teachers in fiscal year 2013.

Increase Lottery Proceeds Fund Appropriation: The Governor's proposed executive amendment increases the Lottery Proceeds estimate by \$7.0 million to \$499.5 million in fiscal year 2013, as compared to the projection in HB 1500/SB 800. The additional funding is used to supplant a portion of general fund support for the Remedial Summer School program. This fund source change does not impact the projected payment amounts to divisions for Remedial Summer School.

Increase Literary Fund Transfer for Teacher Retirement: The Governor's proposed executive amendment increases the transfer from the Literary Fund to support the state's share of cost for teacher retirement by \$374,018 in fiscal year 2014. This amount will be supplanted by a corresponding state general fund decrease of \$374,018 in fiscal year 2014. This fund source change does not affect division per pupil amounts or projected payments for VRS retirement in fiscal year 2014.

In addition, the Governor proposed the following language-only amendments that affect public education. Please review [Attachment A](#) to Superintendent's Memorandum #336-12, dated December 17, 2012, for additional information on HB 1500/SB 800.

DIRECT AID TO PUBLIC EDUCATION:

Clarify Implementation of Effective Schoolwide Discipline Initiative: The Governor's proposed executive amendment modifies budget language to provide additional details regarding the implementation of the Effective Schoolwide Discipline Initiative in fiscal year 2014. School divisions must submit a proposal defining student outcome objectives to the Department of Education. Priority for grant awards must be given to school divisions proposing to serve schools identified by the Department as having high suspension rates. School divisions currently implementing Effective Schoolwide Discipline in one or more schools are eligible to apply for grants

to support program expansion to additional schools; however, no funds awarded to a school division under this grant may be used to supplant funding for schools already implementing the program.

Redirect VPSA Technology Supplemental Grant Funds to Support Virginia e-Learning Backpack

Initiative: The Virginia e-Learning Backpack Initiative would reprogram existing funding for the Virginia Public School Authority (VPSA) Technology supplemental grants in fiscal year 2014 that provide \$26,000 each year for three years to eligible schools that are not fully accredited. In lieu of these supplemental grants, funding is provided to purchase tablet computers for ninth grade students in eligible high schools that are not fully accredited. High schools that administer SOL tests in Spring 2013 and that are not fully accredited based on school accreditation ratings in effect for fiscal year 2014 will qualify to participate in the Virginia e-Learning Backpack Initiative in fiscal year 2014 and receive: (1) a supplemental grant of \$400 per student reported in ninth grade fall membership in a qualifying school for the purchase of a tablet computer device for that student and (2) a supplemental grant of \$2,400 per qualifying school to purchase two content creation packages for teachers in qualifying schools.

Schools eligible to receive a Virginia e-Learning Backpack Initiative grant in fiscal year 2014 will continue to receive the grant for the number of subsequent years equaling the number of grades 9 through 12 in the qualifying school, up to a maximum of four years. Schools eligible to receive these grants for a period of up to four years beginning in fiscal year 2014 will not be eligible to receive a separate award in the future once the original award period has concluded. Schools that are fully accredited or that are new schools with conditional accreditation in their first year are not be eligible to receive this supplemental grant.

Please note there is no change to the existing \$26,000 grant per school and \$50,000 grant per division that support SOL online testing.

Expand Eligibility for Math and Science Teacher Recruitment and Retention Pilot Initiative: The Governor's proposed executive amendment expands for fiscal year 2014 the pool of teachers eligible to receive incentives under the Math and Science Teacher Recruitment and Retention Pilot Initiative to include teachers with up to three years of experience in grade- and subject-specific science, technology, engineering, or mathematics education. Specifically, this would include teachers with an endorsement in Middle Education 6-8: Mathematics, Mathematics-Algebra I, Mathematics, Middle Education 6-8: Science, Biology, Chemistry, Earth and Space Science, Physics, or Technology education. This amendment would also include qualified teachers in the above endorsement areas who are reassigned from a fully accredited school in a school division to a hard-to-staff school or a school that is not fully accredited. HB 1500/SB 800 provides \$500,000 in fiscal year 2013 and \$808,000 in fiscal year 2014 for this initiative.

Add Revenue Contingency to Salary Increase for Instructional Staff: The Governor's proposed executive amendment adds a revenue contingency to the funding proposed for a 2.0 percent salary increase for instructional staff on July 1, 2013, similar to the contingency already in place for the 2.0 percent salary increase for state employees in fiscal year 2014. This amendment proposes that the salary increase occur if the general fund revenue estimates prepared subsequent to the 2012 General Assembly session do not result in downward revisions and, if within five days of the preliminary close of the fiscal year ending June 30, 2013, the Comptroller's analysis does not determine that a revenue re-forecast is required.

Add Language for Reading Specialists Initiative: The Governor's proposed amendment provides additional language regarding state funds that will be provided in fiscal year 2014 to support reading specialists for any school that has a schoolwide pass rate of less than 75 percent on the third grade reading Standards of Learning (SOL) assessments. Payments would be based on the state's share of the cost of providing one reading specialist per qualifying school based on the 2011-2012 SOL pass rates for reading and would be available to any school division with a qualifying school that (1) certifies to the Department of Education that the division has hired a reading specialist to provide the appropriate services to children and (2) applies and receives a waiver for up to two years from the Board of Education for the administration of third grade SOL assessments in science, history, and social science for the purpose of creating additional instructional time for reading specialists to work with students reading below grade level to improve reading achievement. HB 1500/SB 800 includes \$1.4 million in fiscal year 2014 for this program.

School Opening Date Waivers: The Governor's proposed executive amendment includes language that extends existing school opening date waivers by an additional year to the 2013-2014 school year. School divisions that were granted a waiver for the opening date of the 2011-2012 school year will continue to be granted a school opening date waiver for the 2012-2013 school year and the 2013-2014 school year.

DEPARTMENT OF EDUCATION CENTRAL OFFICE:

Opportunity Educational Institution: The Governor's proposed executive amendment provides detail of the Opportunity Educational Institution, as proposed by House Bill 2096. The Institution will provide an appropriate education for children attending any public elementary or secondary school that has been denied accreditation for the previous two school years and is, consequently, transferred to the Institution. The amendment language below provides detail of the Institution, its purpose, and its governance. HB 1500/SB 800 includes \$600,926 for fiscal year 2014 in the Department of Education Central Office budget for this program.

Item 134.

"C.1. Out of this appropriation, \$600,926 the second year from the general fund is provided to the Department of Education to support implementation of the Opportunity Educational Institution. The Institution shall be established to provide an appropriate education for children attending any public elementary or secondary school that has been transferred to the Institution pursuant to §22.1-27.2, Code of Virginia. The Institution shall be administered and supervised by the Opportunity Educational Institution Board, as established in §22.1-27.1, Code of Virginia. The Board, in administering and supervising the Institution, shall be vested with all of the powers and duties of a local school board that are set forth in the Constitution of Virginia and Code of Virginia.

2. Any school that has been denied accreditation for the previous two school years shall be transferred to the Opportunity Educational Institution.

3. The Board shall supervise and operate schools in the Opportunity Educational Institution in whatever manner that it determines to be most likely to achieve full accreditation for each school in the Institution, including the utilization of charter schools and college partnership laboratory schools.

4. Each school transferred to the Opportunity Educational Institution shall be eligible to return to the local school division upon achieving full accreditation.

5. At the end of each school year, the Board shall make a report to the Governor and the General Assembly setting forth the status of each school in the Institution, the nature of its faculty and administration, the size of its student body, its organizational and management structure, and the levels of improvement in student academic performance.

6. No later than six months prior to the expiration of a school's fifth year in the Institution, the Board shall decide whether to retain the school in the Institution for a specified number of additional school years or transfer the school back to its previous local school division.

7. Each student enrolled in a school in the Institution shall have his state and local share of Standards of Quality per pupil funding transferred from the previous local school division of residence to the Institution. The per pupil funding transferred shall consist of (i) the Standards of Quality per pupil amounts of the previous local school division of residence that are distributed on the basis of March 31 average daily membership, (ii) all federal funds as set forth in § 22.1-88 directly associated with any student enrolled in a school in the Institution and apportioned to the previous local school division of residence, and (iii) all funds sufficient for the reasonable special expenses directly related to the individual educational plan of any special education student, which may be assessed from the previous local school division of residence and transferred to the Institution. No other state funds or local share of funds from the local school division of residence shall be provided to the Institution. The state share per pupil portion transferred shall be based on the previous local school division of residence's composite index and shall include the per child share of state sales tax funding in basic aid. The local share per pupil portion transferred shall be based on the previous local school division of residence's composite index.

8. *Students enrolled in a school transferred to the Institution shall not be counted in the March 31 average daily membership or fall membership of the previous local school division of residence. Such students shall not be counted in the required local effort of the local school division of residence required to meet actual need.*

9. *The state and local share Standards of Quality per pupil funding transferred from the previous local school division of residence shall be provided for eligible students based on their March 31 average daily membership in the school transferred to the Institution. The Department of Education shall pay the state share per pupil funding directly to the Institution semimonthly. Such state share per pupil funding shall be based on the Standards of Quality per pupil funding enacted in the current appropriation act. The Board shall certify on a monthly basis each school year the number of students enrolled in each school in the Institution. Based upon such monthly certification, the Board shall invoice the affected local school divisions of residence on a monthly basis in order for a one-month portion of the local share per pupil amount to be transferred from the local school division of residence to the Institution. The local school division of residence shall transfer the certified monthly local share per pupil payment to the Institution within 30 calendar days of the receipt of the monthly invoice from the Institution. Such monthly local share per pupil funding shall be based on the Standards of Quality per pupil funding enacted in the current appropriation act.”*

DEPARTMENT OF HUMAN RESOURCE MANAGEMENT:

Study of Adding Public School Divisions to the State Health Plan: The Governor’s proposed executive amendment provides language directing the Department of Human Resource Management (DHRM) to conduct a study that will examine the feasibility of including local school divisions in the state employee health insurance program. School divisions would be given an irrevocable one-time option to be excluded from this program; otherwise, all employees of local school divisions as well as local school division retirees will be enrolled in the plan. If a school division elects to participate, it may not offer any health benefits coverage other than that offered through the state employee health benefits plan. The study shall assume that local school divisions will pay the employer share of premiums, and school division employees will pay the employee share. The proposed amendment also includes language to allow for the execution of the program if the study results in no adverse impact to the state health plan.

Questions regarding the Governor’s proposed executive amendments may be directed to Kent Dickey, Deputy Superintendent for Finance and Operations, or budget office staff at (804) 225-2025.

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