March 14, 2016

The 2016 General Assembly concluded its work a day early, adjourning late Friday evening in advance of Saturday’s scheduled last day. Senior lawmakers crafting changes to the proposed two-year budget reached a compromise last Tuesday night and details were released late Wednesday, thus setting the stage for floor votes on the spending plan Friday night. Both the House and Senate voted overwhelmingly to approve the revised budget. If you have a question about a legislative issue during the session, contact David Blount, CEPI Policy Associate, at dcbblount2@vcu.edu.

The budget conference report provides a biennial, general fund spending plan totaling $40.6 billion for FY17/FY18, which is slightly less than the budget introduced by Governor McAuliffe in December. The approved spending for public education funnels an additional $892 million into K-12 above the FY16 levels.

**State Budget Update**

Following are highlights of conference committee amendments to the introduced budget affecting K-12 education:

- For SOQ-funded instructional and support positions, the budget includes the state share of a 2% salary incentive, effective December 1, contingent on actual FY16 general fund revenues being sufficient. The budget also provides nearly $57 million in FY18 for the state’s share of funding to advance the Virginia Retirement System (VRS) scheduled rates for the teacher pension plan to 100%. The plan swaps $10 million in the second year to backfill Literary Fund dollars used to pay a portion of those retirement costs, but over the course of the biennium, the plan transfers about $315 million in Literary Fund dollars to pay for teacher retirement.

- The spending plan re-establishes a previous General Assembly policy of sending lottery proceeds to local school divisions on a per pupil basis. Nearly $194 million of Lottery Proceeds Fund revenues will be sent to school divisions on a per pupil basis (using the composite index). The specific amounts are $36.6 million in FY17 ($52.42 per pupil) and $157.2 million in FY18 ($224.43 per pupil). Most of these dollars have been redirected from the introduced plan’s “new teacher” initiative and from an at-risk add on “range” increase. Up to 50% of this allocation can be used on any recurring expense and at least
50% must be used on non-recurring expenses (such as capital, equipment, school buses and maintenance). A maintenance of effort, but not a local match, is required.

- Additionally, the approved spending plan provides $5 million over the biennium for career and technical credentialing and equipment; this includes $2 million for equipment and $500,000 for tests and materials costs of earning industry certifications each year.

- It provides $4.6 million over the biennium for the Virginia Early Childhood Foundation, to include $3 million for a new pilot program to provide grants to incentivize additional public-private partnerships in preschool services. It also adds $2.9 million over the two years to increase the Virginia Preschool Initiative per pupil amount from $6,000 to $6,125.

- The spending plan provides $17 million in the first year and $17.4 million the second year to fund a Cost of Competing Adjustment (COCA) rate of 10.6% for K-12 support personnel in 18 primarily Northern Virginia localities. The introduced budget included $40.6 million in FY18 for this initiative.

- The budget includes $50,000 in FY17 for grants to school divisions of up to $5,000 each to explore alternative teacher compensation approaches that move away from tenure-based step increases and toward compensation based on teacher performance and student progress. Priority will be given to school divisions that have schools not achieving full accreditation or that have high numbers of at-risk students needing qualified teachers in hard-to-staff subjects. In FY18, just over $2 million will be available for the first year of five-year competitive grants to school divisions to implement such performance-based pay systems. Approved programs also are expected to provide teachers with incentives to take on additional training and responsibilities.

- A total of $500,000 in FY17 is included for a new pilot for an analytical model to measure student growth in schools; the introduced budget had proposed $150,000. The plan also provides $1 million over the biennium for computer science training for teachers.

- Separate amendments provide dollars for a pair of important studies. Included is $24,000 each year for HJ 112/ SJ 85, which establish a two-year joint subcommittee to study the need for revisions to, or reorganization of, Standards of Quality (SOQ) for public education. Also, $150,000 each year will support the Commission on Employee Retirement Security and Pension Reform, created pursuant to HB 665. The VRS also is getting $300,000 each year to support this study.

- The spending plan includes various amendments related to the Virtual School Program. It provides $1.6 million to expand the full-time pilot initiative from 90 to 200 students and for a new Virtual Virginia Math Outreach Algebra I pilot. One-time start-up funding for personnel costs for the Virginia Virtual School also is included; four full-time staff should be hired by January 1, 2018, in order to be ready for the opening of the school for the 2018-19 school year. Additionally, language is included directing the DOE to transfer the average state share of SOQ per pupil funding and the state's sales tax per pupil amount to the program for each student that is enrolled in the school and who was previously enrolled in public school, pursuant to HB 8 (a compromise bill was approved on the session's last day).
The approved budget decreases by $250,000 the first year and $62,500 the second year the proposed increases in introduced budget for Project Discovery. In addition, a comprehensive evaluation of program metrics is required by October 1.

The approved spending plan includes $100,000 the first year and $200,000 the second year for grants for science, technology, engineering and mathematics education competition teams at qualified schools, pursuant to SB 246.

The budget also includes $414,000 over the biennium and one position to administer statewide dyslexia training to teachers seeking an initial licensure or a renewal, pursuant to HB 842.

A number of budget language amendments also were included in the plan, as follows:
- The Department of Education (DOE) is directed to convene an interagency workgroup to assess the barriers to serving students with disabilities in their local public schools.
- A language amendment eliminates the proposed transfer of the School Breakfast and Lunch programs' state funding and personnel to the Department of Agriculture and Consumer Services.
- The DOE will develop a model exit questionnaire that school divisions may administer to exiting teachers, in an effort to increase the understanding of trends in Virginia's teaching work force, teacher turnover rates and the market for teachers.
- The DOE is directed to review the statewide use of technology in the classroom and all sources of digital content development, as well as online learning, such as virtual courses and innovative blended learning language and literacy technology options. A report is due by December 1.
- Language directs the DOE to collaborate with the Virginia Community College System to ensure that the same policies regarding the cost for dual enrollment courses held at a community college are consistently applied to both public school and home-schooled students.
- Budget language also establishes a workgroup to review the transition from the use of computer labs in schools to the use of technology devices such as tablets and similar laptop devices in classrooms.

For additional information about the approved budget conference report, please click here.

Education Legislation
During the session’s final days, the General Assembly dealt with a number of K-12 education issues; here are the highlights:

- The House failed to override the governor’s veto of HB 259, which would have prohibited the Board of Education (BOE) from replacing the Standards of Learning (SOL) with Common Core State Standards without approval of the General Assembly.
- A compromise version of HB 895 and SB 336 was approved on the final day. The bills require the BOE to utilize stakeholders in developing and implementing a “Profile of a Virginia Graduate” that identifies the knowledge and skills that students should attain during high school, giving due consideration to critical and creative thinking, collaboration, communication and citizenship. Such a profile also will emphasize the
development of core skill sets in the early years of high school and establish multiple paths toward college and career readiness for students in the later years of high school. Each pathway shall include opportunities for internships, externships, and credentialing.

- A conference committee also reached a compromise on the session’s final day on HB 894. The approved bill revises the membership of the SOL Innovation Committee to add one more member of the Senate to the group, and to include at least one representative of a four-year public institution of higher education and at least one representative of a two-year public institution of higher education. It also provides that an affirmative vote by a majority of the legislative and non-legislative members in attendance at a meeting shall be required for the Committee to adopt any recommendations.

- Both chambers passed SB 734 on largely party-line votes. The bill makes several changes to the existing charter school law, including providing greater specificity regarding (i) the applicability of various laws, regulations, policies and procedures to public charter schools; (ii) the contents of charter applications; and (iii) the procedure for executing charter contracts and the contents of such contracts.

- Also on the final day of the session, the legislature fine-tuned language to a pair of bills (HB 168 and SB 120) that authorize the mailing of summons to persons who are caught on camera passing a stopped school bus. Current law requires such a summons to be personally served by a law enforcement officer.

- HB 389 would have to be approved again next year in order to take effect. The Senate, on a party-line vote, approved the bill with the addition of a re-enactment clause. The measure permits the parents of certain disabled students to apply to their resident school division for a “Parental Choice Education Savings Account,” to consist of state education funds that could be used for certain private school expenses.

- HB 241 received unanimous approval by the House and Senate. It directs the BOE to consider assessments aligned to the SOL that are structured and formatted in a way that measures the content knowledge of students who are English language learners.

- Finally, the governor signed SB 564, which excludes records of an application for licensure or renewal of a license for teachers and other school personnel, including transcripts or other documents submitted in support of an application, from the provisions of the Freedom of Information Act.

**E-mail Response**

Questions or seeking more information? Please contact CEPI if you have any questions or need additional information about the 2016 General Assembly.