

**WORKING DRAFT SUBJECT TO REVISION 02/24/10**

**Governor Kaine's 2010-2012 Introduced Budget**

**Total Proposed spending reductions for K-12 Public Education  
FY10 -\$249.2m FY11 -\$289.9m FY12 -\$103.1m Total -\$642.2m**

**Funding reductions due to Support Cap  
FY11 \$-376.1m FY12 -\$378.2m Total -\$754.3m**

**Major reduction strategies**

- **Retains support position funding funding cap (permanent formula change)**
- **Freezes local composite index update in FY11**
- **Eliminates re-benchmarking inflation updates (permanent formula change)**
- Eliminates VPSA technology grants
- Eliminates some benefit costs, non-facilities and non-technology capital costs, and "miscellaneous" costs from SOQ basic aid calculations (permanent formula change)
- **Funds health care costs based on linear weighted average participation, which will be below actual participation in many jurisdictions (permanent formula change)**
- **Reduces local flexibility over use of school nursing funding**

***Governor's Introduced Budget Total Reductions***

***(Governor's Proposed + Support Cap)***

***FY10 -\$249.2m FY11 -\$666.0m FY12 -\$481.3m Total -\$1,396.5m***

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### Proposed House Education Budget Amendments

#### **Total Proposed spending reductions K-12 Public Education**

**Additional Reductions: FY11 -\$290.8m FY12 -\$330.2m Total -\$621.0m**

***NOTE: It is not clear if the House proposal generates state revenue losses to school divisions due to VRS changes***

#### **Governor Kaine's Introduced Budget**

- Retains most of Governor Kaine's proposed K-12 funding reductions, including the support cap
- Most of the proposed changes reflect permanent formula changes

#### **Local Composite Index/Cost of Competing**

- **Undoes the proposed "freeze" in the LCI for FY11. (Item 0.9 #2h (#8), p.16)**
- Creates an 80% "hold harmless," for jurisdictions whose LCI has increased. (Item 0.9 #2h (#18), p.16)
- **Reduces the Cost of Competing factor for Planning District 8 (Northern Virginia) by 37% in FY11. (Item 0.9 #2h (#17), p. 15)**

#### **VPSA Technology Grants**

- Restores VPSA technology grants in FY12. Contingent language for restoration in FY11. (Item 132 #8h, p.50-53)

#### **Governor McDonnell's Recommendations**

- Extends the school bus replacement schedule to 15 years (permanent formula change) (Item 0.9 #2h (#13), p.15)
- Changes the calculation methodology (counting zero values) for the linear weighted average for non-personal support and transportation costs (permanent formula change) (Item 0.9 #2h (#12), p. 15)
- Eliminates staff travel costs and lease/rental costs from SOQ support services basic aid calculations (permanent formula change) (Item 0.9 #2h (#11) p.14, (#16), p.15)

#### **Major Policy/SOQ Changes**

- **Suspends SOQ standard regarding the provision of a secondary planning period (hopefully temporary change in SOQ standard) (Item 0.9 #2h (#14), p.15)**
- Transfers textbooks and remedial summer school out of Basic Aid to Lottery accounts (Item 0.9 #2h (#12), p. 18-19; Item 0.9 #2h (#15), p. 20). Also transfers School Lunch program to Lottery ((Item 132 #4h, p. 48-49)
- Eliminates specific Support for School Construction and Operating Costs and the Enrollment Loss hold harmless from the Lottery account (rolling them into the following block grant) (Item 0.9 #2h (#13), p.19; Item 132 #4h, p. 48-49)
- **Establishes a Lottery Proceeds Block Grant for At-Risk, Early Reading Intervention and pre-K programs, with the block grant allocated on an ADM per pupil amount.** Amount in block grant is less than the sum of the programs incorporated in the block. (permanent structural/distributional change) (Item 0.9 #2h (#14), p. 19-20; (also #16, #17, #18, #20)
- Eliminates Project Discovery funding (Item 0.9 #2 (#21), p.22)

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**Flexibility**

- Temporary flexibility to increase average class sizes by one student in grades K-12.
- Temporarily waives staffing ratio requirements for: (Item 0.9 #2h (#15), p. 15)
  - Prevention, Intervention, & Remediation programs
  - Limited English Proficiency
  - Elementary Resource
  - Gifted and Talented
  - Career and Technical
- Temporary waiver of ratio requirements for filling vacancies in: (Item 0.9 #2h (#15), p. 15)
  - Instructional & Support Technology
  - Librarians
  - Guidance Counselors

**VRS**

- **Reduces the VRS retirement and retiree health care credit contribution rates (Item 132 #9h, p. 53-55)**
- Results in state revenue loss to school divisions. Also generates local savings through lower contribution rates.
- Grants school boards and localities the option to require current employees to pay a portion of the 5% employee retirement contribution. (Item 469 #1h, p. 95-96)
- Grants school boards and localities the flexible option of offering an early retirement program. An employer would be able to purchase years of service credit for an employee at 15% of current salary per year of service. (Item 469 #4h, #4a, p.103)

***House Total Reductions  
(Governor's Proposed + Support Cap + House Recommendations)  
FY10 -\$249.2m FY11 -\$956.8m FY12 -\$811.5m Total -\$2,017.5m***

## WORKING DRAFT SUBJECT TO REVISION 02/24/10

### Proposed Senate Education Budget Amendments

**Total Proposed Spending Reductions K-12 Public Education**  
**Additional Reductions: FY11 -\$189.7m FY12 -\$228.7m Total -\$418.4m**  
**NOTE: This does NOT reflect state revenue losses to school divisions due to VRS changes.**  
**(FY11 -\$159.4M FY12 -171.3M)**

#### **Governor Kaine's Introduced Budget**

- Retains most of Governor Kaine's proposed K-12 funding reductions, including the support cap
- Reflects most of the proposed **permanent formula changes**
- **Reinstates the re-benchmarking update for inflation costs (undoes formula change) (132 #15s)**
- Requires VDOE to calculate the cost of re-benchmarking the FY2012-2014 biennial budget both with and without the support cap (132 #6s)

#### **Local Composite Index**

- **Undoes proposed freeze in the LCI (132 #8s)**
- Creates a 100% "hold harmless" in both years for those jurisdictions whose LCI has increased (132 #7s)

#### **VPSA Technology Grants**

- Restores funding for VPSA technology grants in FY11 and FY12 (132 #9s)

#### **Governor McDonnell Recommendations**

- Changes the calculation methodology (counting zero values) for the linear weighted average for non-personal support and transportation costs (permanent formula change) (132 #22s)
- Temporarily eliminates staff travel costs and lease/rental costs from SOQ support services basic aid calculations (temporary formula change) (132 #21s)

#### **Major Policy Changes**

- **Defers funding for Textbooks in FY 2012 (temporary - will not affect future re-benchmark) (132 #23s)**
- Reduces support for school construction and operating costs in the Lottery fund (132 #14s)
- Increases school breakfast reimbursement by 10% to 22 Cents (132 #14s)
- Incorporates VBOE definitions of support positions (132 #6s)
- Requires a report recommended by JLARC in its June 2009 study on services for children with autism spectrum disorders (125 #1s)

#### **Flexibility**

- **Provides temporary flexibility to increase average class sizes by one student in grades K-12 (132 #3s)**
- **Asks DOE to recommend the elimination of any testing that is not required under federal accountability or required for a student's verified credit (126 #1s)**
- Includes schools and local governments in a planned JLARC study of regional cooperation to find models of successful consolidated services arrangements. (132 #4s)

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**VRS**

- **Reduces the contribution rates required by school divisions for VRS retirement (5.32%) (469 #14s)**
- **Group life premium holiday for FY11 and FY12 (469 #12s???)**

<p><b><i>Senate Total Reductions</i></b> <b><i>(Governor's Proposed + Support Cap + Senate Recommendations)</i></b> <b><i>FY10 -\$249.2m FY11 -\$855.7m FY12 -\$710.0m Total -\$1,814.9m</i></b></p>
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