

2006 SPECIAL SESSION I

LEGISLATION NOT PREPARED BY DLS HOUSE SUBSTITUTE

069881260

HOUSE BILL NO. 5032

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the House Committee on Appropriations
on September 18, 2006)

(Patron Prior to Substitute—Delegate Callahan)

A BILL to amend Chapter 3 of the 2006 Acts of Assembly, Special Session I, relating to the appropriation of funds for the two years ending respectively on the thirtieth day of June 2007 and the thirtieth day of June 2008.

Be it enacted by the General Assembly of Virginia:

1. §1. That Items 3, 4, 135, § 3-4.02 and § 4-13.00 of Chapter 3 of the 2006 Acts of Assembly, Special Session I, be hereby amended and reenacted.

A. The balances of appropriations made by previous acts of the General Assembly which are recorded as unexpended, as of the close of business on the last day of the previous biennium, on the final records of the State Comptroller; and

B. The public taxes and arrears of taxes, as well as moneys derived from all other sources, which shall come into the state treasury prior to the close of business on the last day of the current biennium. The term "moneys" means nontax revenues of all kinds, including but not limited to fees, licenses, services and contract charges, gifts, grants, and donations, and projected revenues derived from proposed legislation contingent upon General Assembly passage.

§ 2. Such balances, public taxes, arrears of taxes, and monies derived from all other sources as are not segregated by law to other funds, which funds are defined by the State Comptroller, pursuant to § 2.2-803, Code of Virginia, shall establish and constitute the general fund of the state treasury.

§ 3. The appropriations made in this act from the general fund are based upon the following:

	First Year	Second Year	Total
Unreserved Balance,			
June 30, 2006	\$1,406,018,468	\$0	\$1,406,018,468
	\$1,410,039,790		\$1,410,039,790
Additions to Balance	\$134,002,852	\$47,000	\$134,049,852
Official Revenue Estimates	\$15,453,255,934	\$16,234,694,890	\$31,687,950,824
	\$15,460,555,934	\$16,242,294,890	\$31,702,850,824
Lottery Proceeds Fund	\$426,100,000	\$426,100,000	\$852,200,000
	\$427,031,308		\$853,131,308
Transfers	\$372,445,281	\$360,111,243	\$732,556,524
Total General Fund Resources			
Available for Appropriation	\$17,791,822,535	\$17,020,953,133	\$34,812,775,668
	\$17,804,075,165	\$17,028,553,133	\$34,832,628,298

The appropriations made in this act from nongeneral fund revenues are based upon the following:

	First Year	Second Year	Total
Balance, June 30, 2006	\$2,538,258,284	\$0	\$2,538,258,284
Official Revenue Estimates	\$18,153,574,015	\$18,594,216,663	\$36,747,790,678
Bond Proceeds	\$809,454,000	\$0	\$809,454,000
Total Nongeneral Fund Revenues			
Available for Appropriation	\$21,501,286,299	\$18,594,216,663	\$40,095,502,962
TOTAL PROJECTED REVENUES	\$39,293,108,834	\$35,615,169,796	\$74,908,278,630

§ 4. Nongeneral fund revenues which are not otherwise segregated pursuant to this act shall be segregated in accordance with the acts respectively establishing them.

§ 5. The sums herein appropriated are appropriated from the fund sources designated in the respective items of this act.

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49 § 6. When used in this act the term:

50 A. "Current biennium" means the period from the first day of July two thousand six, through the
51 thirtieth day of June two thousand eight, inclusive.

52 B. "Previous biennium" means the period from the first day of July two thousand four, through the
53 thirtieth day of June two thousand six, inclusive.

54 C. "Next biennium" means the period from the first day of July two thousand eight, through the
55 thirtieth day of June two thousand ten, inclusive.

56 D. "State agency" means a court, department, institution, office, board, council or other unit of state
57 government located in the legislative, judicial, or executive departments or group of independent
58 agencies, or central appropriations, as shown in this act, and which is designated in this act by title
59 and a three-digit agency code.

60 E. "Nonstate agency" means an organization or entity as defined in § 2.2-1505 C, Code of Virginia.

61 F. "Authority" sets forth the general enabling statute, either state or federal, for the operation of the
62 program for which appropriations are shown.

63 G. "Discretionary" means there is no continuing statutory authority which infers or requires state
64 funding for programs for which the appropriations are shown.

65 H. "Appropriation" shall include both the funds authorized for expenditure and the corresponding
66 level of full-time equivalent employment.

67 I. "Sum sufficient" identifies an appropriation for which the Governor is authorized to exceed the
68 amount shown in the Appropriation Act if required to carry out the purpose for which the
69 appropriation is made.

70 J. "Item Details" indicates that, except as provided in § 6 H above, the numbers shown under the
71 columns labeled Item Details are for information reference only.

72 K. Unless otherwise defined, terms used in this act dealing with budgeting, planning and related
73 management actions are defined in the instructions for preparation of the Executive Budget.

74 § 7. The total appropriations from all sources in this act have been allocated as follows:

BIENNIUM 2006-08			
	General Fund	Nongeneral Fund	Total
76 OPERATING			
77 EXPENSES	\$33,761,544,114	\$36,893,215,804	\$70,654,759,918
78	\$33,698,785,099		\$70,592,000,903
79			
80 LEGISLATIVE			
81 DEPARTMENT	\$119,250,065	\$6,617,524	\$125,867,589
82 JUDICIAL			
83 DEPARTMENT	\$696,499,354	\$46,852,214	\$743,371,568
84			\$743,351,568
85 EXECUTIVE			
86 DEPARTMENT	\$32,908,466,355	\$36,175,799,547	\$69,084,265,902
87	\$32,845,707,340		\$69,021,506,887
88 INDEPENDENT			
89 AGENCIES	\$613,570	\$663,946,519	\$664,560,089
90 STATE GRANTS TO			
91 NONSTATE AGENCIES	\$36,714,770	\$0	\$36,714,770
92 CAPITAL OUTLAY			
93 EXPENSES	\$1,020,708,398	\$1,329,086,000	\$2,349,794,398

94 TOTAL ~~\$34,782,252,512~~ \$38,222,301,804 ~~\$73,004,554,316~~
 95 ~~\$34,719,493,497~~ \$72,941,795,301

96 § 8. This chapter shall be known and may be cited as the "2006 Appropriation Act."

97 PART 1: OPERATING EXPENSES

98 Items 1 through 2: Not Set Out
 99 Commission on the Virginia Alcohol Safety Action Program (413)

		Appropriations (\$)	
		First Year	Second Year
		FY2007	FY2008
104	3. Ground Transportation System		
105	Safety Services (60500).....	\$1,898,722	\$1,898,7-
106	22		

		Item Details (\$)	
		First Year	Second Year
		FY2007	FY2008
110	Ground Transportation Safety		
111	Promotion (60503).....	\$1,898,722	1,898,722
112	Fund		
113	Sources: Special.....	\$1,398,722	\$1,398,722
114	Federal Trust.....	\$500,000	\$500,000

115 Authority: §§ 18.2-271.1 and 18.2-271.2, Code of Virginia.

116 Out of this appropriation shall be paid the salary of the Executive Director, ~~\$97,099~~ \$103,835 from
 117 July 1, 2006, to November 24, 2006, ~~\$100,983~~ \$106,950 from November 25, 2006, to November 24,
 118 2007, and ~~\$100,983~~ \$106,950 from November 25, 2007, to June 30, 2008.

		Appropriations (\$)	
		First Year	Second Year
		FY2007	FY2008
122	4. Administrative and Support		
123	Services (39900).....	\$6,877,649	\$7,039,8-
124	98		

		Item Details (\$)	
		First Year	Second Year
		FY2007	FY2008
128	Security Services (39923).....	\$6,877,649	\$7,039,898
129	Fund		
130	Sources: General.....	\$6,877,649	\$7,039,898

131 Authority: Title 30, Chapter 3.1, Code of Virginia.

132 A. Out of this appropriation shall be paid the annual salary of the Chief, Division of Capitol Police,
 133 ~~\$94,533~~ which shall be within the range of \$80,000 and \$100,000 from July 1, 2006, to November
 134 24, 2006, ~~\$98,314~~ \$83,200 to \$104,000 from November 25, 2006, to November 24, 2007, and
 135 ~~\$98,314~~ \$83,200 to \$104,000 from November 25, 2007, to June 30, 2008.

136 B. Included in this item is \$653,285 the first year and \$726,050 the second year, which shall be
 137 unallotted until such time as a staffing and compensation plan for the Division of Capitol Police is
 138 approved by the Joint Rules Committee.

139 C. Included in this appropriation is \$71,295 the first year and \$160,735 the second year from the
 140 general fund, which shall be unallotted until such time as an additional position class or other career
 141 development plan for the Division of Capitol Police shall be approved by the Committee on Joint
 142 Rules.

143 Items 5 through 133: Not Set Out

144 Direct Aid to Public Education (197)

145 134. Not Set Out

146		Appropriations (\$)	
147		First Year	Second Year
148		FY2007	FY2008
149	135. State Education Assistance		
150	Programs (17800).....	\$5,874,587,186	\$6,040,403,6-
151	42		
152			\$5,977,644,627

153		Item Details (\$)	
154		First Year	Second Year
155		FY2007	FY2008
156	Standards of Quality for		
157	Public Education (SOQ) (17801)..	\$4,874,555,768	\$4,988,881,662
158		\$4,817,685,174	\$4,925,866,802
159	Financial Incentive Programs		
160	for Public Education (17802)....	\$394,871,386	\$458,507,392
161		\$451,741,980	\$458,763,237
162	Financial Assistance for		
163	Categorical Programs (17803)....	\$135,060,037	\$139,414,584
164	Financial Assistance for		
165	School Facilities (17804).....	\$470,099,995	\$453,600,004
166	Fund		
167	Sources: General.....	\$5,692,872,032	\$5,857,392,925
168			\$5,794,633,910
169	Special.....	\$795,000	\$795,000
170	Commonwealth		
171	Transportation.....	\$2,173,000	\$2,173,000
172	Trust and Agency.....	\$178,747,154	\$180,042,717

173 Authority: Standards of Quality for Public Education (SOQ) (17801): Article VIII, Section 2,
 174 Constitution of Virginia; Chapter 667, Acts of Assembly, 1980; §§ 22.1-176 through 22.1-198,
 175 22.1-199.1, 22.1-199.2, 22.1-213 through 22.1-221, 22.1-227 through 22.1-237, 22.1-253.13:1 through
 176 22.1-253.13:8, 22.1-254.01, Code of Virginia; Title 51.1, Chapters 1, 5, 6.2, 7, and 14, Code of
 177 Virginia; P.L. 91-230, as amended; P.L. 93-380, as amended; P.L. 94-142, as amended; P.L. 98-524,
 178 as amended, Federal Code.

179 Financial Incentive Programs for Public Education (17802): §§ 22.1-24, 22.1-289.1 through 22.1-318,
 180 Code of Virginia; P.L. 79-396, as amended; P.L. 89-10, as amended; P.L. 89-642, as amended; P.L.
 181 108-265, as amended; Title II P.L. 99-159, as amended, Federal Code.

182 Financial Assistance for Categorical Programs (17803): Discretionary Inclusion; Treaty of 1677
 183 between Virginia and the Indians; §§ 22.1-3.4, 22.1-101, 22.1-108, 22.1-199 through 22.1-212.2:3,
 184 22.1-213 through 22.1-221, 22.1-223 through 22.1-237, 22.1-254, Code of Virginia; P.L. 89-10, as
 185 amended; P.L. 91-230, as amended; P.L. 93-380, as amended; P.L. 94-142, as amended; P.L. 94-588;
 186 P.L. 95-561, as amended; P.L. 98-211, as amended; P.L. 98-524, as amended; P.L. 99-570; P.L.
 187 100-297, as amended; P.L. 102-73, as amended; P.L. 105-220, as amended, Federal Code.

188 Financial Assistance for School Facilities (17804): §§ 58.1-638, 58.1-638.1, and 58.1-4022, Code of
 189 Virginia.

190 FY 2007 FY 2008

191 Appropriation Detail of

192 Education Assistance Programs

193			
194	Standards of Quality		
195	Basic Aid	\$2,640,297,191	\$2,647,385,004
196		\$2,713,286,597	\$2,728,260,144
197	Sales Tax	\$1,266,460,000	\$1,336,490,000
198		\$1,136,600,000	\$1,192,600,000
199	Textbooks	\$67,593,217	\$68,134,752
200	Vocational Education	\$60,840,443	\$61,254,506
201	Gifted Education	\$27,849,475	\$28,076,756
202	Special Education	\$339,870,343	\$342,288,447
203	Prevention, Intervention, and		
204	Remediation	\$42,247,088	\$42,269,828
205	VRS Retirement	\$201,587,759	\$226,274,179
206	Social Security	\$159,166,915	\$160,460,601
207	Group Life	\$9,375,082	\$9,448,789
208	English as a Second Language	\$31,781,077	\$38,469,856
209	Remedial Summer School	\$24,659,975	\$25,496,999
210	Total	\$4,871,728,565	\$4,986,049,717
211		\$4,814,857,971	\$4,923,034,857
212	Incentive Programs		
213	Alternative Education	\$6,221,723	\$6,504,714
214	At-Risk	\$63,194,052	\$63,097,129
215	At-Risk Four Year Olds	\$49,576,541	\$50,533,199
216	Compensation Supplements	\$74,944,039	\$129,855,748
217	Early Reading Intervention	\$11,863,527	\$11,965,287
218	Enrollment Loss	\$7,757,404	\$7,945,316
219		\$7,965,964	\$8,190,249
220	Governor's School	\$12,344,132	\$12,639,912
221	ISAEF	\$2,247,581	\$2,247,581
222	Mentor Teacher	\$1,475,000	\$1,475,000
223	No Child Left Behind/		
224	Education for a Lifetime	\$8,155,889	\$7,853,362
225	K-3 Class Size Reduction	\$83,617,596	\$84,407,590
226	Project Graduation	\$2,774,478	\$2,774,478
227	School Breakfast	\$892,020	\$892,020
228	SOL Algebra Readiness	\$8,444,986	\$8,476,044
229	Special Education - Inservice	\$600,000	\$600,000
230	Special Education -		
231	Regional Tuition	\$59,989,862	\$66,397,321
232	Special Education - Voc Ed	\$200,089	\$200,089
233	Supplemental Basic Aid	\$530,783	\$528,746
234		\$540,631	\$539,658
235	Hold Harmless Sales Tax	\$56,652,186	\$0
236	Total	\$394,829,702	\$458,393,536
237		\$451,700,296	\$458,649,381
238			
239			
240	Categorical Programs		
241	Adult Education	\$1,051,800	\$1,051,800
242	Adult Literacy	\$2,655,000	\$2,655,000
243	Electronic Classroom	\$2,256,908	\$2,256,908
244	Foster Care	\$11,109,888	\$12,047,112
245	American Indian		
246	Treaty Commitment	\$53,805	\$53,805
247	School Lunch	\$5,801,932	\$5,801,932
248	Special Education - Homebound	\$6,504,072	\$7,171,223

249	Special Education - Jails	\$2,868,499	\$2,954,553
250	Special Education -		
251	State Operated Programs	\$29,593,951	\$30,962,505
252	Vocational Education -		
253	Categorical	\$10,400,829	\$10,400,829
254	Debt Service on VPSA		
255	Equipment Notes	\$62,763,354	\$64,058,916
256	Total	\$135,060,036	\$139,414,583
257			
258			
259	School Facilities		
260	Lottery	\$442,600,000	\$426,100,000
261	School Construction	\$27,499,995	\$27,500,004
262	Total	\$470,099,995	\$453,600,004
263			
264			

265 Note: The above distributions do not include projected VPSA Technology Grants.

266 Payments out of the above amounts shall be subject to the following conditions:

267 A. Definitions

268 1. "March 31 Average Daily Membership," or "March 31 ADM" - The responsible school division's
 269 average daily membership for grades K-12 including (1) handicapped students ages 5-21 and (2)
 270 students for whom English is a second language who entered school for the first time after reaching
 271 their twelfth birthday, and who have not reached twenty-two years of age on or before August 1 of
 272 the school year, for the first seven (7) months (or equivalent period) of the school year through
 273 March 31 in which state funds are distributed from this appropriation. Preschool and postgraduate
 274 students shall not be included in March 31 ADM.

275 a. School divisions shall take a count of September 30 fall membership and report this information to
 276 the Department of Education no later than October 15 of each year.

277 b. Except as otherwise provided herein, by statute, or by precedent, all appropriations to the
 278 Department of Education shall be calculated using March 31 ADM unadjusted for half-day
 279 kindergarten programs, estimated at 1,196,914 the first year and 1,208,149 the second year.

280 c. March 31 ADM adjusted for half-day kindergarten at 85 percent of March 31 ADM, is estimated
 281 at 1,196,176 the first year and 1,207,361 the second year.

282 d. Students who are either (i) enrolled in a nonpublic school or (ii) receiving home instruction
 283 pursuant to § 22.1-254.1 and who are enrolled in a public school on less than a full-time basis in any
 284 mathematics, science, English, history, social science, vocational education, health education or
 285 physical education, fine arts or foreign language course shall be counted in the funded fall
 286 membership and March 31 ADM of the relevant school division. Each course shall be counted as
 287 0.25, up to a cap of 0.5 of a student.

288 e. Students enrolled in an Individualized Student Alternative Education Program (ISAEP) pursuant to
 289 § 22.1-254D. shall be counted in the March 31 Average Daily Membership of the relevant school
 290 division. School divisions shall report these students separately in their March 31 reports of Average
 291 Daily Membership.

292 2. "Standards of Quality" - Operations standards for grades kindergarten through 12 as prescribed by
 293 the Board of Education subject to revision by the General Assembly.

294 3.a. "Basic Operation Cost" - The cost per pupil, including provision for the number of instructional
 295 personnel required by the Standards of Quality for each school division with a minimum ratio of 51
 296 professional personnel for each 1,000 pupils or proportionate number thereof, in March 31 ADM for
 297 the same fiscal year for which the costs are computed, and including provision for driver, gifted,
 298 occupational-vocational, and special education, library materials and other teaching materials, teacher

sick leave, general administration, division superintendents' salaries, free textbooks (including those for free and reduced price lunch pupils), school nurses, operation and maintenance of school plant, transportation of pupils, instructional television, professional and staff improvement, remedial work, fixed charges and other costs in programs not funded by other state and/or federal aid.

b. The amount resulting from the support cost calculation for school nurses shall be specifically identified as such and reported to school divisions annually. School divisions will allocate these funds for school nurse positions or for contracted services of health professionals providing health services.

4.a. "Composite Index of Local Ability-to-Pay" - An index figure computed for each locality. The composite index is the sum of 2/3 of the index of wealth per pupil in unadjusted March 31 ADM reported for the first seven (7) months of the 2003-2004 school year and 1/3 of the index of wealth per capita (population estimates for 2003 as determined by the Center for Public Service of the University of Virginia) multiplied by the local nominal share of the costs of the Standards of Quality of 0.45 in each year. The indices of wealth are determined by combining the following constituent index elements with the indicated weighting: (1) true values of real estate and public service corporations as reported by the State Department of Taxation for the calendar year 2003 - 50 percent; (2) adjusted gross income for the calendar year 2003 as reported by the State Department of Taxation - 40 percent; (3) the sales for the calendar year 2003 which are subject to the state general sales and use tax, as reported by the State Department of Taxation - 10 percent. Each constituent index element for a locality is its sum per March 31 ADM, or per capita, expressed as a percentage of the state average per March 31 ADM, or per capita, for the same element. A locality whose composite index exceeds 0.8000 shall be considered as having an index of 0.8000 for purposes of distributing all payments based on the composite index of local ability-to-pay. Each constituent index element for a locality used to determine the composite index of local ability-to-pay for the current biennium shall be the latest available data for the specified official base year provided to the Department of Education by the responsible source agencies no later than November 15, 2005.

b. Each locality whose total Virginia Adjusted Gross Income is comprised of at least 3 percent or more which is accounted for by nonresidents of Virginia may elect at its option to exclude such nonresident income in computing the composite index of ability-to-pay. Each locality which elects this option must have certified its intention to do so to the Department of Education on or before January 1, 2006. The Department of Education shall compute the composite index for such localities by using adjusted gross income data which exclude nonresident income, but shall not adjust the composite index of any other localities. The Department of Taxation shall furnish to the Department of Education such data as are necessary to implement this provision.

c.1) Pursuant to § 15.2-1302, Code of Virginia, and in the event that two or more school divisions become one school division, whether by consolidation of only the school divisions or by consolidation of the local governments, such resulting division shall be paid Standard of Quality payments for all pupils in the combined division on the basis of a composite index determined by the Board of Education, which shall not be less than the lowest nor higher than the highest composite index of any of the individual school divisions involved in such consolidation. In the event of a consolidation of local governments, this index shall remain in effect for a period of fifteen years, unless a lower composite index is calculated for the combined division through the process for computing an index figure as set forth above. The Governor shall approve the composite index determined by the Board of Education prior to disbursement of funds under such index. The Department shall annually report to the Chairmen of the House Appropriations and Senate Finance Committees the composite indices approved by the Governor and the Board under this provision.

2) In the case of the consolidation of Clifton Forge and Alleghany County school divisions, the fifteen year period for the application of a new composite index pursuant to paragraph b.1) above shall apply beginning with the fiscal year that starts on July 1, 2004.

3) Pursuant to paragraph c.1) above, if the composite index of a consolidated school division is reduced during the course of the fifteen year period to a level that would entitle the school division to a lower interest rate for a Literary Fund loan than it received when the loan was originally released, the Board of Education shall reduce the interest rate of such loan for the remainder of the period of the loan. Such reduction shall be based on the interest rate that would apply at the time of such adjustment. This rate shall remain in effect for the duration of the loan and shall apply only to

354 those years remaining to be paid.

355 d. When it is determined that a substantial error exists in a constituent index element, the Department
 356 of Education will make adjustments in funding for the current school year only in the division where
 357 the error occurred. The composite index of any other locality shall not be changed as a result of the
 358 adjustment. No adjustment during the biennium will be made as a result of updating of data used in
 359 a constituent index element.

360 e. In the event that any school division consolidates two or more small schools, the division shall
 361 continue to receive Standards of Quality funding and provide for the required local expenditure for a
 362 period of five years as if the schools had not been consolidated. Small schools are defined as any
 363 elementary, middle, or high school with enrollment below 200, 300 and 400 students, respectively.

364 5. "Required Local Expenditure for the Standards of Quality" - The locality's share based on the
 365 composite index of local ability-to-pay of the cost required by all the Standards of Quality minus its
 366 estimated revenues from the state sales and use tax dedicated to public education and those sales tax
 367 revenues transferred to the general fund from the Public Education Standards of Quality/Local Real
 368 Estate Property Tax Relief Fund and appropriated in this Item, both of which are returned on the
 369 basis of the triennial census of school age population, as specified in this item, collected by the
 370 Department of Education and distributed to school divisions in the fiscal year in which the school
 371 year begins.

372 6. "Required Local Match" - The locality's required share of program cost based on the composite
 373 index of local ability-to-pay for all School Facilities and Incentive programs, where required, in
 374 which the school division has elected to participate in a fiscal year.

375 7. "Planning District Eight"—The nine localities which comprise Planning District Eight are
 376 Arlington County, Fairfax County, Loudoun County, Prince William County, Alexandria City, Fairfax
 377 City, Falls Church City, Manassas City, and Manassas Park City.

378 8. "State Share for the Standards of Quality" - The state share for a locality shall be equal to the cost
 379 for that locality less the locality's estimated revenues from the state sales and use tax dedicated to
 380 public education and those sales tax revenues transferred to the general fund from the Public
 381 Education Standards of Quality/Local Real Estate Property Tax Relief Fund and appropriated in this
 382 Item, both of which are returned on the basis of the triennial census of school age population, as
 383 specified in this item, collected by the Department of Education and distributed to school divisions in
 384 the fiscal year in which the school year begins and less the required local expenditure.
 385

386 9. In the event that the appropriations in Item 134 and Item 135 are not sufficient to meet the
 387 entitlements payable to school divisions pursuant to the provisions of each item, the Department of
 388 Education is authorized to transfer any available funds between these items to address such
 389 insufficiencies. If the total appropriations after such transfers remain insufficient to meet the
 390 entitlements of any program, the Department of Education is authorized to prorate such shortfall
 391 proportionately across all of the school divisions participating in the program where such shortfall
 392 occurred.

393 B. General Conditions

394 1. The Standards of Quality cost in this Item related to fringe benefits shall be limited for
 395 instructional staff members to the employer's cost for a number not exceeding the number of
 396 instructional positions required by the Standards of Quality for each school division and for their
 397 salaries at the statewide prevailing salary levels as printed below.

398	Instructional Position	First Year Salary	Second Year Salary
399	Elementary Teachers	\$39,681	\$39,681
400	Elementary Assistant Principals	\$55,827	\$55,827
401	Elementary Principals	\$68,822	\$68,822
402	Secondary Teachers	\$41,615	\$41,615
403	Secondary Assistant Principals	\$59,784	\$59,784
404	Secondary Principals	\$75,268	\$75,268

405	Aides	\$13,828	\$13,828
406			
407			
408	a.1) Payment by the state to a local school division shall be based on the state share of fringe benefit		
409	costs of 55 percent of the employer's cost distributed on the basis of the composite index.		
410	2) A locality whose composite index exceeds 0.8000 shall be considered as having an index of		
411	0.8000 for purposes of distributing fringe benefit funds under this provision.		
412	3) The state payment to each school division for retirement, social security, and group life insurance		
413	costs for noninstructional personnel is included in and distributed through Basic Aid.		
414	b. Payments to school divisions from this item shall be calculated using March 31 Average Daily		
415	Membership adjusted for half-day kindergarten programs.		
416	c. Payments for health insurance fringe benefits are included in and distributed through Basic Aid.		
417	2. Each locality shall offer a school program for all its eligible pupils which is acceptable to the		
418	Department of Education as conforming to the Standards of Quality program requirements.		
419	3. In the event the statewide number of pupils in March 31 ADM exceeds the number estimated as		
420	the basis for this appropriation, the locality's state share of the Basic Operation Cost and the required		
421	local share shall be reduced proportionately so that this appropriation will not be exceeded.		
422	4. The Department of Education shall make equitable adjustments in the computation of indices of		
423	wealth and in other state-funded accounts for localities affected by annexation, unless a court of		
424	competent jurisdiction makes such adjustments. However, only the indices of wealth and other		
425	state-funded accounts of localities party to the annexation will be adjusted.		
426	5. In the event that the actual revenues from the state sales and use tax dedicated to public education		
427	and those sales tax revenues transferred to the general fund from the Public Education Standards of		
428	Quality/Local Real Estate Property Tax Relief Fund and appropriated in this Item (both of which are		
429	returned on the basis of the 2005 triennial census of school age population) for sales in the fiscal		
430	year in which the school year begins are different from the number estimated as the basis for this		
431	appropriation, the estimated revenues shall not be adjusted.		
432	6. This appropriation shall be apportioned to the public schools with guidelines established by the		
433	Department of Education consistent with legislative intent as expressed in this act.		
434	7.a. Appropriations of state funds in this Item include the number of positions required by the		
435	Standards of Quality. This Item includes a minimum of 51 professional instructional positions and		
436	aide positions (C 2); Education of the Gifted, 1.0 professional instructional position (C 3);		
437	Occupational-Vocational Education Payments and Special Education Payments; a minimum of 6.0		
438	professional instructional positions and aide positions (C 4 and C 5) for each 1,000 pupils in March		
439	31 ADM each year in support of the current Standards of Quality. Funding in support of one hour of		
440	additional instruction per day based on the percent of students eligible for the federal free lunch		
441	program with a pupil-teacher ratio range of 18:1 to 10:1, depending upon a school division's		
442	combined failure rate on the English and Math Standards of Learning, is included in Remedial		
443	Education Payments (C8).		
444	b. No actions provided in this section signify any intent of the General Assembly to mandate an		
445	increase in the number of instructional personnel per 1,000 students above the numbers explicitly		
446	stated in the preceding paragraph.		
447	c. Appropriations in this item include programs supported in part by transfers to the general fund		
448	from the Public Education Standards of Quality/Local Real Estate Property Tax Relief Fund pursuant		
449	to Part 3 of this Act. These transfers combined together with other appropriations from the general		
450	fund in this item funds the state's share of the following revisions to the Standards of Quality		
451	pursuant to Chapters 939 & 955 of the Acts of Assembly of 2004: five elementary resource teachers		
452	per 1,000 students; one support technology position per 1,000 students; one instructional technology		
453	position per 1,000 students; and a full daily planning period for teachers at the middle and high		

454 school levels in order to relieve the financial pressure these education programs place on local real
455 estate taxes.

456 8.a. The Department of Education shall make calculations at the start of the school year to ensure
457 that school divisions have appropriated adequate funds to support their estimated required local
458 expenditure. The Department of Education shall also make calculations after the close of the school
459 year to verify that the required local effort level, based on actual March 31 Average Daily
460 Membership, was met. The Department of Education shall specify the calculations to determine if a
461 school division has appropriated and expended its required local expenditure for the Standards of
462 Quality. This calculation may include but is not limited to the following calculations:

463 b. The total expenditures for operation, defined as total expenditures less all capital outlays,
464 expenditures for debt service, facilities, non-regular day school programs (such as adult education,
465 preschool, and non-local education programs), and any transfers to regional programs or escrow
466 accounts will be calculated.

467 c. The following state funds will be deducted from the amount calculated in paragraph a. above:
468 revenues from the state sales and use tax (returned on the basis of the 2005 triennial census of
469 school age population as specified in this item) for sales in the fiscal year in which the school year
470 begins; total receipts from state funds (except state funds for non-regular day school programs and
471 state funds used for capital or debt service purposes); and the state share of any balances carried
472 forward from the previous fiscal year. Any qualifying state funds that remain unspent at the end of
473 the fiscal year will be added to the amount calculated in paragraph a. above.

474 d. The following federal funds will also be deducted from the amount calculated in paragraph a.
475 above: total receipts from federal funds (except federal funds for non-regular school programs,
476 Impact Aid funds CFDA 84.040 and 84.041 and Forest Reserve,) and any federal funds carried
477 forward from the previous fiscal year. Any federal funds that remain unspent at the end of the fiscal
478 year and any capital expenditures paid from federal funds will be added to the amount calculated in
479 paragraph a. above.

480 e. Tuition receipts and receipts from payments from other cities or counties will also be deducted
481 from the amount calculated in paragraph a., then

482 f. The final amount calculated as described above must be equal to or greater than the required local
483 expenditure defined in paragraph A. 5.

484 g. The Department of Education shall collect the data necessary to perform the calculations of
485 required local expenditure as required by this section.

486 h. A locality whose expenditure in fact exceeds the required amount from local funds may not reduce
487 its expenditures unless it first complies with all of the Standards of Quality.

488 9.a. Any sum which a locality, as of the end of a school year, has not expended, pursuant to this
489 Item, for the Standards of Quality shall be paid by the locality into the general fund of the state
490 treasury. Such payments shall be made not later than the end of the school year following that in
491 which the under expenditure occurs.

492 b. Whenever the Department of Education has recovered funds as defined in the preceding paragraph
493 a, the Secretary of Education is authorized to repay to the locality affected by that action,
494 seventy-five percent (75%) of those funds upon his determination that:

495 1) The local school board agrees to include the funds in its June 30 ending balance for the year
496 following that in which the under expenditure occurs;

497 2) The local governing body agrees to reappropriate the funds as a supplemental appropriation to the
498 approved budget for the second year following that in which the under expenditure occurs, in an
499 appropriate category as requested by the local school board, for the direct benefit of the students;

500 3) The local school board agrees to expend these funds, over and above the funds required to meet
501 the required local expenditure for the second year following that in which the under expenditure
502 occurs, for a special project, the details of which must be furnished to the Department of Education

- 503 for review and approval;
- 504 4) The local school board agrees to submit periodic reports to the Department of Education on the
505 use of funds provided through this project award; and
- 506 5) The local governing body and the local school board agree that the project award will be
507 cancelled and the funds withdrawn if the above conditions have not been met as of June 30 of the
508 second year following that in which the under expenditure occurs.
- 509 c. There is hereby appropriated, for the purposes of the foregoing repayment, a sum sufficient, not to
510 exceed 75 percent of the funds deposited in the general fund pursuant to the preceding paragraph a.
- 511 10. The Department of Education shall specify the manner for collecting the required information and
512 the method for determining if a school division has appropriated and expended the local funds
513 required to support the actual local match based on all School Facilities and Incentive programs in
514 which the school division has elected to participate. Unless specifically stated otherwise in this Item,
515 school divisions electing to participate in any School Facilities or Incentive program that requires a
516 local funding match in order to receive state funding, shall certify to the Department of Education its
517 intent to participate in each program by ~~September 1~~ of each fiscal year *November 1 the first year*
518 *and October 1 the second year* in a manner prescribed by the Department of Education. Upon
519 receipt of the certifications, the Department of Education shall make calculations to ensure that
520 school divisions have appropriated adequate local funds, above the required local effort for the
521 Standards of Quality, to support the projected required local match based on the School Facilities and
522 Incentive programs in which the school division has elected to participate. If the Department of
523 Education's calculations indicate that insufficient local funds are appropriated to meet the required
524 local funding match for one or more programs, state funding for such program(s) shall not be made
525 until such time that the school division can certify that sufficient local funding has been appropriated
526 to meet required local match. The Department of Education shall also make calculations after the
527 close of the fiscal year to verify that the required local match was met based on the state funds that
528 were received.
- 529 11. Beginning in fiscal year 2008, any sum which a locality has not expended as of the end of a
530 fiscal year in support of the required local match pursuant to this Item shall be paid by the locality
531 into the general fund of the state treasury unless the carryover of those unspent funds is specifically
532 permitted by other provisions of this act. Such payments shall be made no later than the end of the
533 school year following that in which the under expenditure occurred.
- 534 12. The Superintendent of Public Instruction shall provide a report on the status of teacher salaries,
535 by local school division, to the Governor and the Chairmen of the Senate Finance and House
536 Appropriations Committees by December 1 of each year of the biennium.
- 537 13. All local matching funds required by the programs in this Item shall be appropriated to the
538 budget of the local school board.
- 539 14. By November 15 of each year, the Department of Planning and Budget, in cooperation with the
540 Department of Education, shall prepare and submit a preliminary forecast of Standards of Quality
541 expenditures, based upon the most current data available, to the Chairmen of the House
542 Appropriations and Senate Finance Committees. In odd-numbered years, the forecast for the current
543 and subsequent two fiscal years shall be provided. In even-numbered years, the forecast for the
544 current and subsequent fiscal year shall be provided. The forecast shall detail the projected March 31
545 Average Daily Membership and the resulting impact on the education budget.
- 546 15. School divisions may choose to use state payments provided for Standards of Quality prevention,
547 intervention, and remediation in both years as a block grant for remediation purposes, without
548 restrictions or reporting requirements, other than reporting necessary as a basis for determining
549 funding for the program.
- 550 16. Except as otherwise provided in this act, the Superintendent of Public Instruction shall provide
551 guidelines for the distribution and expenditure of general fund appropriations and such additional
552 federal, private and other funds as may be made available to aid in the establishment and
553 maintenance of the public schools.

554 17. At the Department of Education's option, fees for audio-visual services may be deducted from
555 state aid payments for individual local school divisions.

556 18. For distributions not otherwise specified, the Department of Education, at its option, may use
557 prior year data to calculate actual disbursements to individual localities.

558 19. Payments for accounts related to the Standards of Quality made to localities for public education
559 from the general fund, as provided herein, shall be payable in twenty-four approximately equal
560 bimonthly installments at the middle and end of each month.

561 20. The Department of Education shall, for purposes of calculating the state and local shares of the
562 Standards of Quality, apportion state sales and use tax dedicated to public education and those sales
563 tax revenues transferred to the general fund from the Public Education Standards of Quality/Local
564 Real Estate Property Tax Relief Fund based on the 2005 triennial census of school age population in
565 each year of the biennium.

566 The State Comptroller shall distribute the state sales and use tax revenues dedicated to public
567 education and those sales tax revenues transferred to the general fund from the Public Education
568 Standards of Quality/Local Real Estate Property Tax Relief Fund based on the 2005 triennial census
569 of school age population in each year of the biennium.

570 21. The Department of Education shall convene a technical work group to include appropriate staff
571 of the Department of Planning and Budget, the Senate Finance and House Appropriations
572 Committees, and the Joint Legislative and Audit Review Commission. The group shall: 1) study
573 re-benchmarking cost trends and drivers; 2) review existing Standards of Quality (SOQ), incentive,
574 categorical, and school facilities funding streams within Direct Aid to Public Education, as well as
575 the Literary Fund, and identify options for efficiencies and cost savings and for greater funding
576 flexibility, especially to better prepare the state and localities for future economic downturns; 3)
577 consider alternatives to across-the-board compensation supplements to better target state funds; 4)
578 review funding streams for programs for students at-risk of academic failure, and assess whether such
579 programs should be incorporated into the SOQ; and 5) examine special education funding issues.

580 The technical work group shall provide to the Governor and the Chairmen of the House
581 Appropriations and Senate Finance Committees: a) a detailed project workplan no later than August
582 1, 2006, and b) a summary of their work by September 15, 2007.

583 C. Apportionment

584 1. Subject to the conditions stated in this paragraph and in paragraph B of this Item, each locality
585 shall receive sums as listed above within this program for the basic operation cost and payments in
586 addition to that cost. The apportionment herein directed shall be inclusive of, and without further
587 payment by reason of, state funds for library and other teaching materials.

588 2. School Employee Retirement Contributions

589 a. This Item provides funds to each local school board for the state share of the employer's
590 retirement cost incurred by it, on behalf of instructional personnel, for subsequent transfer to the
591 retirement allowance account as provided by Title 51.1, Chapter 1, Code of Virginia.

592 b. Notwithstanding § 51.1-1401 of the Code of Virginia, the Commonwealth shall provide payments
593 for only the state share of the Standards of Quality fringe benefit cost of the retiree health care
594 credit. This item includes payments in both years based on the state share of fringe benefit costs of
595 55 percent of the employer's cost on funded Standards of Quality instructional positions, distributed
596 based on the composite index of the local ability-to-pay.

597 c. As a part of the review of the Virginia Retirement System pursuant to House Joint Resolution No.
598 34 the joint subcommittee shall review: 1) the Commonwealth's responsibilities for funding the
599 teacher retirement system beyond the actuarial normal rate and 2) the Commonwealth's appropriate
600 share for retirement payments by school divisions. In making this review, the joint subcommittee
601 shall review the impact of the blended retirement rates on the retirement system, school divisions,
602 and the Commonwealth.

d. Appropriations for contributions in Paragraphs 2 and 3 include payments from funds derived from the principal of the Literary Fund in accordance with Article VIII, Section 8, of the Constitution of Virginia. The amounts set aside from the Literary Fund for these purposes are approximately \$115,854,700 the first year and \$115,854,700 the second year.

3. School Employee Social Security Contributions

This Item provides funds to each local school board for the state share of the employer's Social Security cost incurred by it, on behalf of the instructional personnel for subsequent transfer to the Contribution Fund pursuant to Title 51.1, Chapter 7, Code of Virginia.

4. School Employee Insurance Contributions

This Item provides funds to each local school board for the state share of the employer's Group Life Insurance cost incurred by it on behalf of instructional personnel who participate in group insurance under the provisions of Title 51.1, Chapter 5, Code of Virginia.

5. Basic Aid Payments

a.1) A state share of the Basic Operation Cost, which cost per pupil in March 31 ADM is established individually for each local school division based on the number of instructional personnel required by the Standards of Quality and the statewide prevailing salary levels (adjusted in Planning District Eight for the cost of competing) as well as recognized support costs calculated on a prevailing basis for an estimated March 31 ADM (adjusted for half-day kindergarten programs).

2) This appropriation includes funding to recognize the common labor market in the Washington DC Metropolitan Statistical Area. Standards of Quality salary payments for instructional and support positions in school divisions of the localities set out below have been adjusted for the equivalent portion of the Cost of Competing Adjustment (COCA) rates that are paid to local school divisions in Planning District 8. For the counties of Stafford, Fauquier, Spotsylvania, Clarke, and Warren and the City of Fredericksburg the SOQ payments have been increased by 10 percent the first year and 25 percent the second year of the COCA rates paid to school divisions in Planning District 8.

b.1) The state share for a locality shall be equal to the Basic Operation Cost for that locality less the locality's estimated revenues from the state sales and use tax (returned on the basis of the 2005 triennial census of school age population as specified in this item), in the fiscal year in which the school year begins and less the required local expenditure.

2) In addition to this appropriation, \$249,641,656 the first year and \$249,641,656 the second year are transferred from Lottery Funds appropriated in this Item pursuant to paragraph 28.b.1) to Basic Aid Payments to provide for the state share of the Basic Operations Cost as defined in paragraphs a. and b.1) above.

3) In addition, \$10,131,000 the first year is transferred from Lottery Funds to Basic Aid Payments from the fiscal year 2006 Lottery profits that are appropriated in this Item pursuant to paragraph 28.b.2).

c. For the purpose of this paragraph, the Department of Taxation's fiscal year sales and use tax estimates are as cited in this Item.

d.1) In accordance with the provisions of §§ 22.1-281 and 37.1-96, Code of Virginia, the Department of Education shall deduct the locality's share for the education of handicapped pupils residing in institutions within the Department of Mental Health, Mental Retardation and Substance Abuse Services from the locality's Basic Aid appropriation.

2) The amounts deducted from Basic Aid for the education of mentally retarded persons shall be transferred to the Department of Mental Health, Mental Retardation and Substance Abuse Services in support of the cost of educating such persons; the amount deducted from Basic Aid for the education of emotionally disturbed persons shall be used to cover extraordinary expenses incurred in the education of such persons. The Department of Education shall establish guidelines to implement these provisions and shall provide for the periodic transfer of sums due from each local school

651 division to the Department of Mental Health, Mental Retardation and Substance Abuse Services and
652 for Special Education categorical payments. The amount of the actual transfers will be based on data
653 accumulated during the prior school year.

654 e.1) The apportionment to localities of all driver education revenues received during the school year
655 shall be made as an undesignated component of the state share of the basic operation cost in
656 accordance with the provisions of this Item. Only school divisions complying with the standardized
657 program established by the Board of Education shall be entitled to participate in the distribution of
658 state funds appropriated for driver education. The Department of Education will deduct a designated
659 amount per pupil from a school division's Basic Aid payment when the school division is not in
660 compliance with § 22.1-205 C, Code of Virginia. Such amount will be computed by dividing the
661 current appropriation for the Driver Education Fund by actual March 31 ADM.

662 2) Local school boards may charge a per pupil fee for behind-the-wheel driver education provided,
663 however, that the fee charged plus the per pupil basic aid reimbursement for driver education shall
664 not exceed the actual average per pupil cost. Such fees shall not be cause for a pro rata reduction in
665 Basic Aid payments to school divisions.

666 f. Textbooks

667 1) The appropriations for basic aid include \$ 67,593,217 the first year and \$ 68,134,752 the second
668 year from the general fund as the state's share of the cost of textbooks based on a per pupil amount
669 of \$100.28 the first year and \$100.28 the second year. The state's distributions for textbooks shall be
670 based on adjusted March 31 ADM.

671 2) School divisions shall provide free textbooks to all students.

672 3) School divisions may use a portion of this funding to purchase Standards of Learning instructional
673 materials.

674 4) Any funds provided to school divisions for textbook costs that are unexpended as of June 30,
675 2007, or June 30, 2008, shall be carried on the books of the locality to be appropriated to the school
676 division the following year to be used for same purpose.

677 g. The one-cent state sales and use tax earmarked for education and the sales tax revenues transferred
678 to the general fund from the Public Education Standards of Quality/Local Real Estate Property Tax
679 Relief Fund and appropriated in this item which are distributed to localities on the basis of the 2005
680 triennial census of school age population as specified in this item shall be reflected in each locality's
681 annual budget for educational purposes as a separate revenue source for the then current fiscal year.

682 h. The appropriation for the Standards of Quality for Public Education (SOQ) includes amounts
683 estimated at ~~\$254,800,000~~ *\$226,500,000* the first year and ~~\$269,100,000~~ *\$237,650,000* the second
684 year from the amounts transferred to the general fund from the Public Education Standards of
685 Quality/Local Real Estate Property Tax Relief Fund pursuant to Part 3 of this Act which are derived
686 from the 1/4 cent increase in the state sales and use tax levied pursuant to Chapter 3, 2004 Special
687 Session I. These additional funds are provided to local school divisions and local governments in
688 order to relieve the financial pressure education programs place on local real estate taxes.

689 i. From the total amounts in paragraph h. above, an amount estimated at ~~\$127,400,000~~ *\$114,300,000*
690 the first year and ~~\$134,500,000~~ *\$119,950,000* the second year (approximately 1/8 cent of sales and
691 use tax) is appropriated to support a portion of the cost of the state's share of the following revisions
692 to the Standards of Quality pursuant to Chapters 939 & 955 of the Acts of Assembly of 2004: five
693 elementary resource teachers per 1,000 students; one support and one instructional technology
694 position per 1,000 students; a full daily planning period for teachers at the middle and high school
695 levels in order to relieve the pressure on local real estate taxes and shall be taken into account by the
696 governing body of the county, city, or town in setting real estate tax rates.

697 j. From the total amounts in paragraph h. above, an amount estimated at ~~\$127,400,000~~ *\$112,200,000*
698 the first year and ~~\$134,500,000~~ *\$117,700,000* the second year (approximately 1/8 cent of sales and
699 use tax) is appropriated in this Item to distribute the remainder of the revenues collected and
700 deposited into the Public Education Standards of Quality/Local Real Estate Property Tax Relief Fund
701 on the basis of the 2005 triennial census of school age population as specified in this item.

702 6. Compensation Supplements

703 a. The appropriation in this item includes \$74,944,039 the first year and \$129,855,748 the second
704 year from the general fund for an equivalent payment for the following salary increase and related
705 fringe benefit costs for funded SOQ instructional and support positions and other funded incentive
706 program positions:

707 1) For the first year, the state share of a payment equivalent to a 3.0 percent salary increase effective
708 December 1, 2006, for all funded positions.

709 2) For the first year, the state share of a payment equivalent to an additional 1.0 percent salary
710 increase effective December 1, 2006, for funded SOQ instructional positions only. Funded SOQ
711 instructional positions shall include the teacher, guidance counselor, librarian, instructional aide,
712 principal, and assistant principal positions funded through the SOQ staffing standards for each school
713 division in both years of the biennium.

714 3) It is the intent of the General Assembly that the average instructional position salaries be
715 improved throughout the state by at least 4.0 percent the first year. Sufficient funds are appropriated
716 in this act to finance, on a statewide basis, the state share of a 3.0 percent salary increase for all
717 funded positions and an additional 1.0 percent for funded SOQ instructional positions effective
718 December 1, 2006, to school divisions which certify to the state Department of Education, no later
719 than March 1, 2007, that equivalent increases have been granted in the first year.

720 b. These funds shall be matched by the local government, based on the composite index of local
721 ability-to-pay.

722 c. This funding is not intended as a mandate to increase salaries.

723 7. Education of the Gifted Payments

724 a. An additional payment shall be disbursed by the Department of Education to local school divisions
725 to support the state share of one full-time equivalent instructional position per 1,000 students in
726 adjusted March 31 ADM.

727 b. Local school divisions are required to spend, as part of the required local expenditure for the
728 Standards of Quality the established per pupil cost for gifted education (state and local share) on
729 approved programs for the gifted.

730 8. Occupational-Vocational Education Payments

731 a. An additional payment shall be disbursed by the Department of Education to the local school
732 divisions to support the state share of the number of Vocational Education instructors required by the
733 Standards of Quality. These funds shall be disbursed on the same basis as the payment is calculated.

734 b. An amount estimated at \$97,297,766 the first year and \$98,162,242 the second year from the
735 general fund included in Basic Aid Payments relates to vocational education programs in support of
736 the Standards of Quality.

737 9. Special Education Payments

738 a. An additional payment shall be disbursed by the Department of Education to the local school
739 divisions to support the state share of the number of Special Education instructors required by the
740 Standards of Quality. These funds shall be disbursed on the same basis as the payment is calculated.

741 b. Out of the amounts for special education payments, general fund support is provided to fund the
742 caseload standards for speech pathologists at 68 students for each year of the biennium.

743 c. In recalculating the cost of the Standards of Quality effective with the 2006-2008 biennium, the
744 Department of Education shall calculate the cost of instructional positions for special education based
745 on the aggregate sum of students by disability category by school for the disability categories listed

746 in the special education caseloads adopted by the Board of Education.

747 10. Enrollment Loss

748 An additional state payment in each year equal to the state share per pupil of Basic Aid for each
749 locality, for a percentage of the enrollment loss (as determined below) in March 31 ADM from the
750 prior year.

751	Composite Index	Percentage
752	0.0000-0.1999	85%
753	0.2000-0.3499	70%
754	0.3500-0.4999	45%
755	0.5000 or more	30%

756

757

758 11. Remedial Education Payments

759 a. An additional payment estimated at \$ 61,744,796 the first year and \$ 61,744,937 the second year
760 from the general fund shall be disbursed by the Department of Education to support the Board of
761 Education's Standards of Quality prevention, intervention, and remediation program adopted in June
762 2003.

763 b. The payment shall be calculated based on one hour of additional instruction per day for identified
764 students, using the three year average percent of students eligible for the federal Free Lunch program
765 as a proxy for students needing such services. Fall membership shall be multiplied by the three year
766 average division-level Free Lunch eligibility percentage to determine the estimated number of
767 students eligible for services. Pupil-teacher ratios shall be applied to the estimated number of eligible
768 students to determine the number of instructional positions needed for each school division. The
769 pupil-teacher ratio applied for each school division shall range from 10:1 for those divisions with the
770 most severe combined three year average failure rates for English and math Standards of Learning
771 test scores to 18:1 for those divisions with the lowest combined three year average failure rates for
772 English and math Standards of Learning test scores.

773 c. Funding shall be matched by the local government based on the composite index of local
774 ability-to-pay.

775 d. An amount estimated at \$19,517,499 the first year and \$19,517,499 the second year for Lottery
776 Proceeds Revenue Sharing appropriated in this act shall be added to general funds appropriated in
777 this Item, to provide for the state share of the Standards of Quality prevention, intervention, and
778 remediation program.

779 e. An additional state payment estimated at \$63,194,052 the first year and \$63,097,129 the second
780 year from the general fund shall be disbursed based on the estimated number of federal Free Lunch
781 participants, in support of programs for students who are educationally at risk. The additional
782 payment shall be based on the state share of:

783 1) A minimum two percent add-on, as a percent of the per pupil basic aid cost, for each child who
784 qualifies for the federal Free Lunch Program; and

785 2) An addition to the add-on, based on the concentration of children qualifying for the federal Free
786 Lunch Program. Based on its percentage of Free Lunch participants, each school division will receive
787 between 2 and 12 percent in additional basic aid per Free Lunch participant. These funds shall be
788 matched by the local government, based on the composite index of local ability-to-pay.

789 3a) Local school divisions are required to spend the established at-risk payment (state and local
790 share) on approved programs for students who are educationally at risk.

791 b) To receive these funds, each school division shall certify to the Department of Education that the
792 state and local shares of the at-risk payment will be used to support approved programs for students
793 who are educationally at risk. These programs may include: Dropout Prevention, community and
794 school-based truancy officer programs, Advancement Via Individual Determination (AVID), Project

795 Discovery, Reading Recovery, programs for students who speak English as a second language, and
796 programs related to increasing the success of disadvantaged students in completing a high school
797 degree and providing opportunities to encourage further education and training.

798 f. Regional Alternative Education Programs

799 1) An additional state payment of \$6,156,107 the first year and \$6,301,359 the second year from the
800 general fund shall be disbursed for regional alternative education programs. Such programs shall be
801 for the purpose of educating certain expelled students and, as appropriate, students who have received
802 suspensions from public schools and students returned to the community from the Department of
803 Juvenile Justice.

804 2) Each regional program shall have a small student/staff ratio. Such staff shall include, but not be
805 limited to education, mental health, health, and law enforcement professionals, who will collaborate
806 to provide for the academic, psychological and social needs of the students. Each program shall be
807 designed to ensure that students make the transition back into the "mainstream" within their local
808 school division.

809 3)a) Regional alternative education programs are funded through this Item based on the state's share
810 of the incremental per pupil cost for providing such programs. This incremental per pupil payment
811 shall be adjusted for the composite index of local ability-to-pay of the school division that counts
812 such students attending such program in its March 31 Average Daily Membership. It is the intent of
813 the General Assembly that this incremental per pupil amount be in addition to the basic aid per pupil
814 funding provided to the affected school division for such students. Therefore, local school divisions
815 are encouraged to provide the appropriate portion of the basic aid per pupil funding to the regional
816 programs for students attending these programs, adjusted for costs incurred by the school division for
817 transportation, administration, and any portion of the school day or school year that the student does
818 not attend such program.

819 b) In the event a school division does not use all of the student slots it is allocated under this
820 program, the unused slots may be reallocated or transferred to another school division.

821 1. A school division must request from the Department of Education the availability and possible use
822 of any unused student slots. If any unused slots are available and if the requesting school division
823 chooses to utilize any of the unused slots, the requesting school division shall only receive the state's
824 share of tuition for the unused slot that was allocated in this Item for the originally designated school
825 division.

826 2. However, no requesting school division shall receive more tuition funding from the state for any
827 requested unused slot than what would have been the calculated amount for the requesting school
828 division had the unused slot been allocated to the requesting school division in the original budget.
829 Furthermore, the requesting school division shall pay for any remaining tuition payment necessary for
830 using a previously unused slot.

831 3. The Department of Education shall report by June 30 each year, to the Chairmen of the House
832 Appropriations and Senate Finance Committees, the number of available student slots, students
833 placed, the request of unused slots, and the number of unused slots subsequently used by each school
834 division for each Regional Alternative Education program.

835 4) The Board of Education shall provide assistance for the state share of the incremental cost of
836 regional alternative education program operations based on the composite index of local
837 ability-to-pay.

838 g. Remedial Summer School

839 1) This appropriation includes \$24,659,975 the first year and \$25,496,999 the second year from the
840 general fund for the state's share of Remedial Summer School Programs. These funds are available to
841 school divisions for the operation of programs designed to remediate students who are required to
842 attend such programs during a summer school session or during an intersession in the case of
843 year-round schools. These funds may be used in conjunction with other sources of state funding for
844 remediation or intervention. School divisions shall have maximum flexibility with respect to the use

845 of these funds and the types of remediation programs offered; however, in exercising this flexibility,
 846 students attending these programs shall not be charged tuition and no high school credit may be
 847 awarded to students who participate in this program. After actual enrollment in Remedial Summer
 848 School in fiscal year 2006 has been calculated, the Department of Education shall recalculate the
 849 amounts needed to fully fund the state share of Remedial Summer School obligations in fiscal year
 850 2007 and fiscal year 2008.

851 2) For school divisions charging students tuition for summer high school credit courses, consideration
 852 shall be given to students from households with extenuating financial circumstances who are
 853 repeating a class in order to graduate.

854 12. Primary Class Size Payments

855 a. An additional payment estimated at \$83,617,596 the first year and \$84,407,590 the second year
 856 from the general fund shall be disbursed by the Department of Education as an incentive payment for
 857 reducing class sizes in the primary grades.

858 b. The Department of Education shall calculate the payment based on the incremental cost of
 859 providing the lower class sizes based on the lower of the division average per pupil cost of all
 860 divisions or the actual division per pupil cost.

861 c. Localities are required to provide a match for these funds based on the composite index of local
 862 ability-to-pay.

863 d. By October 15 of each year school divisions must provide data to the Department of Education
 864 that each participating school has a September 30 pupil/teacher ratio in grades K through 3 that meet
 865 the following criteria:

866 Qualifying School Percentage of
 867 Students Approved

868	869	Grades K-3		Maximum Individual
		Eligible for Free Lunch	School Ratio	
870	16% but less than 30%		20 to 1	25
871	30% but less than 45%		19 to 1	24
872	45% but less than 55%		18 to 1	23
873	55% but less than 65%		17 to 1	22
874	65% but less than 70%		16 to 1	21
875	70% but less than 75%		15 to 1	20
876	75% or more		14 to 1	19
877				

878 e. School divisions may elect to have eligible schools participate at a higher ratio, or only in a
 879 portion of grades kindergarten through three, with a commensurate reduction of state and required
 880 local funds, if local conditions do not permit participation at the established ratio and/or maximum
 881 individual class size. Special education teachers shall not be counted towards meeting these required
 882 pupil/teacher ratios in grades kindergarten through three.

883 f. The Superintendent of Public Instruction may grant waivers to school divisions for the class size
 884 requirement in eligible schools that have only one class in an affected grade level in the school.

885 13. Literary Fund Subsidy Program

886 a. The Board of Education and the Virginia Public School Authority (VPSA) shall provide a program
 887 of funding for school construction and renovation through the Literary Fund and through VPSA bond
 888 sales. The program shall be used to provide funds, through Literary Fund loans and subsidies, and
 889 through VPSA bond sales, to fund a portion of the projects on the Literary Fund waiting list, or
 890 other critical projects which may receive priority placement on the waiting list by the Board of
 891 Education. Interest rate subsidies will provide school divisions with the present value difference in
 892 debt service between a Literary Fund loan and a borrowing through the VPSA. To qualify for an
 893 interest rate subsidy, the school division's project must be eligible for a Literary Fund loan and shall

- 894 be subject to the same restrictions. The VPSA shall work with the Board of Education in selecting
 895 those projects to be funded through the interest rate subsidy/bond financing program, so as to ensure
 896 the maximum leverage of Literary Fund moneys and a minimum impact on the VPSA Bond Pool.
- 897 b. The Virginia Public School Authority shall provide an interest rate subsidy program in the fall of
 898 2006 and the fall of 2007 for projects that are on the Board of Education's First Priority Waiting
 899 List. However, the cost of the subsidy shall not exceed \$15,000,000 in the first year and \$20,000,000
 900 in the second year including the subsidy payments and related issuance costs.
- 901 c. The Board of Education may offer Literary Fund loans from the uncommitted balances of the
 902 Literary Fund after meeting the obligations of the interest rate subsidy sales and the amounts set
 903 aside from the Literary Fund for Debt Service Payments for Education Technology in this item.
- 904 d.1) In the event that on any scheduled payment date of bonds of the Virginia Public School
 905 Authority (VPSA) authorized under the provisions of a bond resolution adopted subsequent to June
 906 30, 1997, issued subsequent to June 30, 1997, and not benefiting from the provisions of either
 907 § 22.1-168 (iii), (iv), and (v), Code of Virginia, or § 22.1-168.1, Code of Virginia, the sum of (i) the
 908 payments on general obligation school bonds of cities, counties, and towns (localities) paid to the
 909 VPSA and (ii) the proceeds derived from the application of the provisions of § 15.2-2659, Code of
 910 Virginia, to such bonds of localities, is less than the debt service due on such bonds of the VPSA on
 911 such date, there is hereby appropriated to the VPSA, first, from available moneys of the Literary
 912 Fund and, second, from the general fund a sum equal to such deficiency.
- 913 2) The Commonwealth shall be subrogated to the VPSA to the extent of any such appropriation paid
 914 to the VPSA and shall be entitled to enforce the VPSA's remedies with respect to the defaulting
 915 locality and to full recovery of the amount of such deficiency, together with interest at the rate of the
 916 defaulting locality's bonds.
- 917 e. The chairman of the Board of Commissioners of the VPSA shall, on or before December 1 of
 918 each year, make and deliver to the Governor and the Secretary of Finance a certificate setting forth
 919 his estimate of total debt service during each fiscal year of the biennium on bonds of the VPSA
 920 issued and projected to be issued during such biennium pursuant to the bond resolution referred to in
 921 paragraph 1a above. The Governor's budget submission each year shall include provisions for the
 922 payment of debt service pursuant to paragraph 1 above.
- 923 14. Educational Technology Payments
- 924 a. Any unobligated amounts transferred to the educational technology fund shall be disbursed on a
 925 pro rata basis to localities. The additional funds shall be used for technology needs identified in the
 926 division's technology plan approved by the Department of Education.
- 927 b. The Board of Education shall provide amounts estimated at \$12,090,750 the first year from the
 928 Literary Fund to provide debt service payments for the education technology grant program
 929 conducted through the Virginia Public School Authority in 2002.
- 930 c. The Board of Education shall provide amounts estimated at \$11,949,600 the first year and
 931 \$11,949,600 the second year from the Literary Fund to provide debt service payments for the
 932 education technology grant program conducted through the Virginia Public School Authority in 2003.
- 933 d.1) The Board of Education shall provide amounts estimated at \$12,657,050 the first year and
 934 \$12,654,800 the second year from the Literary Fund to provide debt service payments for the
 935 education technology grant program conducted through the Virginia Public School Authority in 2004.
- 936 2) It is the intent of the General Assembly to appropriate Literary Fund revenues sufficient to pay
 937 debt service on the Virginia Public School Authority bonds or notes authorized for this program. In
 938 developing the proposed 2008-10 biennial budgets for public education, the Board of Education shall
 939 include a recommendation to the Governor to appropriate Literary Fund revenues sufficient to make
 940 debt service payments for this program in fiscal year 2009.
- 941 e.1) The Board of Education shall provide amounts estimated at \$12,635,250 the first year and
 942 \$12,635,500 the second year from the Literary Fund to provide debt service payments for the

- 943 education technology grant program conducted through the Virginia Public School Authority in 2005.
- 944 2) It is the intent of the General Assembly to appropriate Literary Fund revenues sufficient to pay
945 debt service on the Virginia Public School Authority bonds or notes authorized for this program. In
946 developing the proposed 2008-10 biennial budget for public education, the Board of Education shall
947 include a recommendation to the Governor to appropriate Literary Fund revenues sufficient to make
948 debt service payments for this program in fiscal year 2009 and fiscal year 2010.
- 949 f.1) The Board of Education shall provide amounts estimated at \$13,430,704 the first year and
950 \$13,228,104 the second year from the Literary Fund to provide debt service payments for the
951 education technology grant program conducted through the Virginia Public School Authority in 2006.
- 952 2) It is the intent of the General Assembly to appropriate Literary Fund revenues sufficient to pay
953 debt service on the Virginia Public School Authority bonds or notes authorized for this program. In
954 developing the proposed 2008-10 and 2010-12 biennial budgets for public education, the Board of
955 Education shall include a recommendation to the Governor to appropriate Literary Fund revenues
956 sufficient to make debt service payments for this program in fiscal years 2009, 2010, and 2011.
- 957 g.1) An education technology grant program shall be conducted through the Virginia Public School
958 Authority, through the issuance of equipment notes in an amount estimated at \$58,936,000 the spring
959 of 2007 and \$59,248,000 in the Spring of 2008. Proceeds of the notes will be used to establish a
960 computer-based instructional and testing system for the Standards of Learning (SOL) and to develop
961 the capability for high speed Internet connectivity at high schools followed by middle schools
962 followed by elementary schools.
- 963 2) The Board of Education shall provide amounts estimated at \$13,590,913 the second year from the
964 Literary Fund to provide debt service payments for the education technology grant program
965 conducted through the Virginia Public School Authority in the Spring of 2007.
- 966 3) It is the intent of the General Assembly to appropriate Literary Fund revenues sufficient to pay
967 debt service on the Virginia Public School Authority bonds or notes authorized for education
968 technology grant programs in the spring of 2007 and in the spring of 2008. In developing the
969 proposed 2008-10, 2010-2012, and 2012-2014 biennial budgets for public education, the Board of
970 Education shall include a recommendation to the Governor to appropriate Literary Fund revenues
971 sufficient to make debt service payments for these programs in fiscal years 2009, 2010, 2011, 2012,
972 and 2013.
- 973 4) Grant funds from the issuance of \$58,936,000 in fiscal year 2007 and \$59,248,000 in fiscal year
974 2008 in equipment notes are based on a grant of \$26,000 per school and \$50,000 per school division.
975 For purposes of this grant program, eligible schools shall include those reporting membership in
976 grades K through 12 as of September 30, 2006, for the Spring 2007 issuance, and September 30,
977 2007, for the Spring 2008 issuance as well as district and regional centers including vocational
978 centers, special education centers, alternative education centers, regular school year Governor's
979 Schools, and the Schools for the Deaf and the Blind. Schools and district centers that serve only
980 pre-kindergarten students shall not be eligible for this grant.
- 981 5) Localities are required to provide a match for these funds equal to 20 percent of the grant amount.
982 At least 25 percent of the local match shall be used for teacher training in the use of technology. The
983 Superintendent of Public Instruction is authorized to reduce the required local match for school
984 divisions with a composite index of local ability-to-pay below 0.2000. The Schools for the Deaf and
985 the Blind are exempt from the match requirement.
- 986 6) The goal of the program is to improve the instructional, remedial and testing capabilities of the
987 Standards of Learning for local school divisions.
- 988 7) Funds shall be used in the following manner:
- 989 a) Each division shall use funds to reach a goal, in each high school, of: (1) a 5-to-1 student to
990 computer ratio; (2) an Internet-ready local area network (LAN) capability; and (3) high speed access
991 to the Internet. School connectivity (computers, LANs and network access) shall include sufficient
992 download/upload capability to ensure that each student will have adequate access to Internet-based
993 instructional, remedial and assessment programs.

- 994 b) When each high school in a division meets the goals established in paragraph a) above, the
 995 remaining funds shall be used to develop similar capability in first the middle schools and then the
 996 elementary schools.
- 997 c) Pursuant to § 15.2-1302, Code of Virginia, and in the event that two or more school divisions
 998 became one school division, whether by consolidation of only the school divisions or by
 999 consolidation of the local governments, such resulting division shall be provided funding through this
 1000 program on the basis of having the same number of school divisions as existed prior to September
 1001 30, 2000.
- 1002 8) Local school divisions shall maximize the use of available federal funds, including E-Rate Funds,
 1003 and to the extent possible, use such funds to supplement the program and meet the goals of this
 1004 program.
- 1005 h. The Department of Education shall maintain criteria to determine if high schools, middle schools,
 1006 or elementary schools have the capacity to meet the goals of this initiative. The Department of
 1007 Education shall be responsible for the project management of this program. The Department of
 1008 Education shall report on the implementation of this program to the Chairmen of the Senate Finance
 1009 and House Appropriations Committees by September 1 of each year.
- 1010 i.1) In the event that, on any scheduled payment date of bonds or notes of the Virginia Public School
 1011 Authority (VPSA) issued for the purpose described in § 22.1-166.2, Code of Virginia, and not
 1012 benefiting from the provisions of either § 22.1-168 (iii), (iv) and (v), Code of Virginia, or
 1013 § 22.1-168.1, Code of Virginia, the available moneys in the Literary Fund are less than the
 1014 appropriations for debt service due on such bonds or notes of the VPSA on such date, there is
 1015 hereby appropriated to the VPSA from the general fund a sum equal to such deficiency.
- 1016 2) The Chairman of the Board of Commissioners of the VPSA shall, on or before December 1 of
 1017 each year, make and deliver to the Governor and the Secretary of Finance a certificate setting forth
 1018 his estimate of total debt service during each fiscal year of the biennium on bonds and notes of the
 1019 VPSA issued and projected to be issued during such biennium pursuant to the resolution referred to
 1020 in paragraph 1) above. The Governor's budget submission each year shall include provisions for the
 1021 payment of debt service pursuant to paragraph 1) above.
- 1022 j. Unspent proceeds of the notes, including investment income derived from the proceeds of the notes
 1023 may be used to pay interest on, or to decrease principal of the notes.
- 1024 k.1) For the purposes of § 56-232, Code of Virginia, "Contracts of Telephone Companies with State
 1025 Government" and for the purposes of § 56-234 "Contracts for Service Rendered by a Telephone
 1026 Company for the State Government" shall be deemed to include communications lines into public
 1027 schools which are used for educational technology. The rate structure for such lines shall be
 1028 negotiated by the Superintendent of Public Instruction and the Chief Information Officer of the
 1029 Virginia Information Technologies Agency. Further, the Superintendent and Director are authorized to
 1030 encourage the development of "by-pass" infrastructure in localities where it fails to obtain
 1031 competitive prices or prices consistent with the best rates obtained in other parts of the state.
- 1032 2) The State Corporation Commission, in its consideration of the discount for services provided to
 1033 elementary schools, secondary schools, and libraries and the universal service funding mechanisms as
 1034 provided under § 254 of the Telecommunications Act of 1996, is hereby encouraged to make the
 1035 discounts for intrastate services provided to elementary schools, secondary schools, and libraries for
 1036 educational purposes as large as is prudently possible and to fund such discounts through the
 1037 universal fund as provided in § 254. The Commission shall proceed as expeditiously as possible in
 1038 implementing these discounts and the funding mechanism for intrastate services, consistent with the
 1039 rules of the Federal Communications Commission aimed at the preservation and advancement of
 1040 universal service.
- 1041 15. At-Risk Four-Year-Olds Preschool Payments
- 1042 a.1) It is the intent of the General Assembly that an additional state payment shall be disbursed by
 1043 the Department of Education to schools and community-based organizations to provide quality

- 1044 preschool programs for at-risk four-year-olds unserved by Head Start program funding.
- 1045 2) These grants shall be used to provide programs for at-risk four-year-old children which include
1046 quality preschool education, health services, social services, parental involvement and transportation.
1047 Programs must provide full-day or half-day and, at least, school-year services.
- 1048 3) The Department of Education, in cooperation with the Council on Child Day Care and Early
1049 Childhood Programs, shall establish academic standards that are in accordance with appropriate
1050 preparation for students to be ready to successfully enter into kindergarten. These standards shall be
1051 established in such a manner as to be measurable for student achievement and success. Students shall
1052 be required to be evaluated at specified times as determined appropriate by the Department of
1053 Education. Superintendents, or their designee, of each participating school division must certify that
1054 the At-Risk Four-Year-Old program follows the established standards in order to receive the funding
1055 for quality preschool education and criteria for the service components. Such guidelines shall be
1056 consistent with the findings of the November 1993 study by the Board of Education, the Department
1057 of Education, and the Council on Child Day Care and Early Childhood Programs.
- 1058 4)a) Grants shall be distributed based on an allocation formula providing the state share of a \$5,700
1059 grant for 100 percent of the unserved at-risk four-year-olds in each locality for a full-day program.
1060 Programs operating half-day shall receive state funds based on a fractional basis determined by the
1061 pro-rata portion of a full-day, school year program provided.
- 1062 b) For new programs in the first year of implementation only, programs operating less than a full
1063 school year shall receive state funds on a fractional basis determined by the pro-rata portion of a
1064 school year program provided. In determining the prorated state funds to be received, a school year
1065 shall be 180 days.
- 1066 b.1) Any locality which desires to participate in this grants program must submit a proposal through
1067 its chief administrator (county administrator or city manager) by May 15 of each year. The chief
1068 administrator, in conjunction with the school superintendent, shall identify a lead agency for this
1069 program within the locality. The lead agency shall be responsible for developing a local plan for the
1070 delivery of quality preschool services to at-risk children which demonstrates the coordination of
1071 resources and the combination of funding streams in an effort to serve the greatest number of at-risk
1072 four-year-old children.
- 1073 2) The proposal must demonstrate coordination with all parties necessary for the successful delivery
1074 of comprehensive services, including the schools, child care providers, local social services agency,
1075 Head Start, local health department and other groups identified by the lead agency.
- 1076 3) A local match, based on the composite index of local ability-to-pay shall be required. For
1077 purposes of meeting the local match, localities may use local expenditures for existing qualifying
1078 programs. Localities shall also continue to pursue and coordinate other funding sources, including
1079 child care subsidies. Funds received through this program must be used to supplement, not supplant,
1080 any funds currently provided for programs within the locality. However, in the event a locality is
1081 prohibited from continuing the previous level of support to programs for at-risk four-year-olds from
1082 Title 1 of the Elementary and Secondary Education Act (ESEA), the state and local funds provided
1083 in this grants program may be used to continue services to these Title I students. Such prohibition
1084 may occur due to amendments to the allocation formula in the reauthorization of ESEA as the No
1085 Child Left Behind Act of 2001 or due to a percentage reduction in a locality's Title I allocation in
1086 2006-2007 or 2007-2008. Any locality so affected shall provide written evidence to the
1087 Superintendent of Public Instruction and request his approval to continue the services to Title I
1088 students.
- 1089 c. Local plans must provide clear methods of service coordination for the purpose of reducing the per
1090 child cost for the service, increasing the number of at-risk children served and/or extending services
1091 for the entire year. Examples of these include:
- 1092 1) "Wraparound Services" — methods for combining funds such as child care subsidy dollars
1093 administered by local social service agencies with dollars for quality preschool education programs.
- 1094 2) "Wrapout Services" — methods for using grant funds to purchase quality preschool services to
1095 at-risk four-year-old children through an existing child care setting by purchasing comprehensive

- 1096 services within a setting which currently provides quality preschool education.
- 1097 3) "Expansion of Service" — methods for using grant funds to purchase slots within existing
1098 programs, such as Head Start, which provide comprehensive services to at-risk four-year-old children.
- 1099 Local plans must indicate the number of at-risk four-year-old children to be served, and the criteria
1100 by which they will be determined to be at risk.
- 1101 d.1) The Department of Education and the Council on Child Day Care and Early Childhood
1102 Programs shall provide technical assistance for the administration of this grant program to provide
1103 assistance to localities in developing a comprehensive, coordinated, quality preschool program for
1104 serving at-risk four-year-old children.
- 1105 2) A pre-application session shall be provided by the Department and the Council on Child Day Care
1106 and Early Childhood Programs prior to the proposal deadline. The Department shall provide
1107 interested localities with information on models for service delivery, methods of coordinating funding
1108 streams, such as funds to match federal IV-A child care dollars, to maximize funding without
1109 supplanting existing sources of funding for the provision of services to at-risk four-year-old children.
1110 A priority for technical assistance in the design of programs shall be given to localities where the
1111 majority of the at-risk four-year-old population is currently unserved.
- 1112 e. The Department of Education is authorized to expend unobligated balances in this item if
1113 participation in the At-Risk Four-Year-Olds Preschool program is greater than projected. The
1114 Department is also authorized to expend unobligated balances in this program for grants to qualifying
1115 schools and community-based groups for one-time expenses, other than capital, related to start-up or
1116 expansion of programs.
- 1117 16. Early Reading Intervention
- 1118 a. An additional incentive payment of \$11,863,527 the first year and \$11,965,287 the second year
1119 from the general fund shall be disbursed by the Department of Education to local school divisions
1120 for the purposes of providing early reading intervention services to students in grades kindergarten
1121 through 3 who demonstrate deficiencies based on their individual performance on diagnostic tests
1122 which have been approved by the Department of Education. The Department of Education shall
1123 review the tests of any local school board which requests authority to use a test other than the
1124 state-provided test to ensure that such local test uses criteria for the early diagnosis of reading
1125 deficiencies which are similar to those criteria used in the state-provided test. The Department of
1126 Education shall make the state-provided diagnostic test used in this program available to local school
1127 divisions. School divisions shall report the results of the diagnostic tests to the Department of
1128 Education on an annual basis at a time to be determined by the Superintendent of Public Instruction.
- 1129 b. These incentive payments shall be based on the state's share of the cost of providing two and
1130 one-half hours of additional instruction each week for an estimated number of students in each
1131 school division at a student to teacher ratio of five to one. The estimated number of students in each
1132 school division in each year shall be determined by multiplying the projected number of students
1133 reported in each school division's fall membership in grades kindergarten, 1, 2, and 3 by the percent
1134 of students who are determined to need services based on diagnostic tests administered in the
1135 previous year in that school division and adjusted in the following manner:
- | | | |
|------|--------------|------|
| 1136 | Kindergarten | 100% |
| 1137 | Grade 1 | 50% |
| 1138 | Grade 2 | 50% |
| 1139 | Grade 3 | 25% |
- 1140 c. These incentive payments are available to any school division that certifies to the Department of
1141 Education that an intervention program will be offered to such students and that each student who
1142 receives an intervention will be assessed again at the end of that school year. Such intervention
1143 programs, at the discretion of the local school division, may include, but not be limited to, the use
1144 of: special reading teachers; trained aides; volunteer tutors under the supervision of a certified
1145 teacher; computer-based reading tutorial programs; aides to instruct in-class groups while the teacher
1146 provides direct instruction to the students who need extra assistance; or extended instructional time in
1147 the school day or year for these students. Localities receiving these incentive payments are required

1148 to match these funds based on the composite index of local ability-to-pay.

1149 17. Standards of Learning Algebra Readiness

1150 a. An additional incentive payment of \$8,444,986 the first year and \$8,476,044 the second year from
1151 the general fund shall be disbursed by the Department of Education to local school divisions for the
1152 purposes of providing math intervention services to students in grades 6, 7, 8 and 9 who are at-risk
1153 of failing the Algebra 1 end-of-course test, as demonstrated by their individual performance on
1154 diagnostic tests which have been approved by the Department of Education. The Department of
1155 Education shall review the tests to ensure that such local test uses state-provided criteria for
1156 diagnosis of math deficiencies which are similar to those criteria used in the state-provided test. The
1157 Department of Education shall make the state-provided diagnostic test used in this program available
1158 to local school divisions. School divisions shall report the results of the diagnostic tests to the
1159 Department of Education on an annual basis at a time to be determined by the Superintendent of
1160 Public Instruction.

1161 b. These incentive payments shall be based on the state's share of the cost of providing two and
1162 one-half hours of additional instruction each week for an estimated number of students in each
1163 school division at a student to teacher ratio of ten to one. The estimate number of students in each
1164 school division shall be determined by multiplying the projected number of students reported in each
1165 school division's fall membership by the percent of students that qualify for the federal Free Lunch
1166 Program.

1167 c. These incentive payments are available to any school division that certifies to the Department of
1168 Education that an intervention program will be offered to such students and that each student who
1169 receives an intervention will be assessed again at the end of that school year. Localities receiving
1170 these incentive payments are required to match these funds based on the composite index of local
1171 ability-to-pay.

1172 d. Any funds provided to school divisions for the Standards of Learning Algebra Readiness Program
1173 that are unexpended as of June 30, 2007, and June 30, 2008, shall be carried on the books of the
1174 locality to be appropriated to the school division in the following year for use in the same program.

1175 18. School Construction Grants Program

1176 a. This appropriation includes an amount estimated at \$27,499,995 the first year and \$27,500,004 the
1177 second year from the general fund to provide grants to school divisions for nonrecurring expenditures
1178 by the relevant school division. Nonrecurring costs shall include school construction, additions,
1179 infrastructure, site acquisition, renovations, technology, and other expenditures related to modernizing
1180 classroom equipment, payments to escrow accounts pursuant to Chapter 391, Acts of Assembly of
1181 1999, school safety equipment or school safety renovations, and debt service payments on school
1182 projects completed during the last ten years.

1183 b. School divisions are encouraged to utilize value engineering in school construction projects funded
1184 with these grant proceeds.

1185 c. Any funds provided to school divisions for school construction that are unexpended as of June 30,
1186 2007, and June 30, 2008, shall be carried on the books of the locality to be appropriated to the
1187 school division the following year for use for the same purpose.

1188 d. Pursuant to § 15.2-1302, Code of Virginia, and in the event that two or more school divisions
1189 became one school division, whether by consolidation of only the school divisions or by
1190 consolidation of the local governments, such resulting division shall be paid School Construction
1191 Grant payments on the basis of having the same number of school divisions as existed prior to
1192 September 30, 2000.

1193 19. English as a Second Language Payments

1194 A payment of \$31,781,077 the first year and \$38,469,856 the second year from the general fund
1195 shall be disbursed by the Department of Education to local school divisions to support the state share
1196 of 17 professional instructional positions per 1,000 students for whom English is a second language.
1197 Local school divisions shall provide a local match based on the composite index of local

1198 ability-to-pay.

1199 20. Special Education Instruction Payments

1200 a. The Department of Education shall establish rates for all elements of Special Education Instruction
1201 Payments.

1202 b. Out of the amounts for special education payments, the Department of Education shall make
1203 available, subject to implementation by the Superintendent of Public Instruction, an amount estimated
1204 at \$59,989,862 the first year and \$66,397,321 the second year from the general fund for the purpose
1205 of the state's share of the tuition rates for approved public school regional programs. Notwithstanding
1206 any contrary provision of law, the state's share of the tuition rates shall be based on the composite
1207 index of local ability-to-pay.

1208 c. Out of the amounts for Financial Assistance for Categorical Programs, \$29,593,951 the first year
1209 and \$30,962,505 the second year from the general fund is appropriated to permit the Department of
1210 Education to contract with selected local school boards for the provision of educational services to
1211 children residing in certain hospitals, clinics, and detention homes by employees of the local school
1212 boards. The selection and employment of instructional and administrative personnel under such
1213 contracts will be the responsibility of the local school board in accordance with procedures as
1214 prescribed by the local school board.

1215 21. Vocational Education Instruction Payments

1216 a. It is the intention of the General Assembly that the Department of Education explore initiatives
1217 that will encourage greater cooperation between jurisdictions and the Virginia Community College
1218 System in meeting the needs of public school systems.

1219 b. This appropriation includes \$1,800,000 the first year and \$1,800,000 the second year from the
1220 general fund for secondary vocational-technical equipment. A base allocation of \$2,000 the first year
1221 and \$2,000 the second year shall be available for all divisions, with the remainder of the funding
1222 distributed on the basis of student enrollment in secondary vocational-technical courses. State funds
1223 received for secondary vocational-technical equipment must be used to supplement, not supplant, any
1224 funds currently provided for secondary vocational-technical equipment within the locality.

1225 22. Adult Education Payments

1226 State funds shall be used to reimburse general adult education programs on a fixed cost per pupil or
1227 cost per class basis. No state funds shall be used to support vocational noncredit courses.

1228 23. General Education Payments

1229 a.1) This appropriation includes \$8,155,889 the first year and \$7,853,362 the second year from the
1230 general fund for targeted education initiatives to improve student achievement and teacher quality,
1231 including a mentoring program for teachers with no experience working in schools that are at-risk of
1232 not meeting adequate yearly progress, a middle school math teacher initiative in at-risk schools,
1233 turnaround specialists to enhance the leadership in schools that have consistently failed to show
1234 improvement in student progress, virtual Advanced Placement courses, and GED tests as required by
1235 the No Child Left Behind Act.

1236 2) In the event that existing funds are not available, additional nongeneral funds do not become
1237 available, and/or the contracts are not renegotiated to lower amounts, the Department of Education is
1238 authorized to transfer up to \$150,890 the first year and up to \$150,890 the second year from the
1239 general fund appropriation for this Item in C. 23. a. to Item 127 for the contract with the University
1240 of Virginia Partnership for Leaders in Education - The Darden School Foundation for the turnaround
1241 specialists program. In the event that existing funds are not available, additional nongeneral funds do
1242 not become available, and/or the contracts are not re-negotiated to lower amounts, the Department is
1243 also authorized to transfer up to \$487,200 the first year and up to \$487,200 the second year from the
1244 general fund appropriation for this Item in C. 23. a. to Item 127 for the contract for the on-line
1245 student career planning program.

- 1246 b.1) In addition, the appropriation includes \$500,000 the first year and \$500,000 the second year
1247 from the general fund for competitive grants of \$100,000 each to be awarded to school divisions
1248 which demonstrate a partnership agreement with a Virginia institution of higher learning and/or other
1249 entity for a defined leadership development training program that addresses the leadership standards
1250 established for such training as defined by the Board of Education. Such competitive grants may be
1251 awarded to the existing leadership development training programs. The Department of Education
1252 shall establish the guidelines for school divisions to apply for these grants. These grants shall be
1253 allocated over the biennium.
- 1254 2) School divisions that are awarded a competitive leadership grant in either fiscal year shall be
1255 allowed to retain any unspent balances at the end of that fiscal year in which the grant was awarded
1256 and shall be permitted to spend any remaining balances for the intended purposes during the ensuing
1257 two fiscal years.
- 1258 c. This appropriation includes \$2,774,478 the first year and \$2,774,478 the second year from the
1259 general fund to support Project Graduation.
- 1260 d. The Department of Education shall develop a report specific to the first cohort of the three school
1261 divisions participating in the Hard-to-Staff School pilot program. The report shall address, but not be
1262 limited to, any measurable improvements in student achievement that can be linked to the recruitment
1263 and retention of highly qualified teachers; fewer teachers with provisional or conditional licenses;
1264 demonstrated improvements in the general teaching environment within the participating schools; any
1265 other comparable retention statistics relative to pre- and post- participation in the Hard-to-Staff
1266 Schools pilot program. The Department of Education shall submit, upon completion of the
1267 participation cycle of the first cohort of school divisions, but not later than September 1, 2007, the
1268 comprehensive report to the Chairmen of the House Appropriations and Senate Finance Committees.
1269 The report will be used as an evaluation tool to determine the pilot program's merits and whether it
1270 should be implemented in other school divisions.
- 1271 24. Educational Telecommunications Payments
- 1272 a. Out of the amounts for Financial Assistance for Categorical Programs, the Board of Education
1273 shall provide assistance for electronic classrooms.
- 1274 b. The local share of costs associated with operation of electronic classrooms shall be computed
1275 using the local composite index of ability-to-pay.
- 1276 25. Individual Student Alternative Education Program
- 1277 Out of this appropriation, \$2,247,581 the first year and \$2,247,581 in the second year from the
1278 general fund shall be provided for the secondary schools' Individual Student Alternative Education
1279 Program (ISAE), pursuant to Chapter 488 and Chapter 552 of the 1999 Session of the General
1280 Assembly. The Department of Education shall report the status of this program along with any
1281 recommendations for determining the cost of this program to the Governor and the Chairmen of the
1282 Senate Finance, Senate Education and Health, House Appropriations, and House Education
1283 Committees and the Department of Planning and Budget no later than October 15 of each year.
- 1284 26. Foster Children Education Payments
- 1285 a. An additional state payment is provided from the general fund for the prior year's local operations
1286 costs, as determined by the Department of Education, for each pupil not a resident of the school
1287 division providing his education (a) who has been placed in foster care or other custodial care within
1288 the geographical boundaries of such school division by a Virginia agency, whether state or local,
1289 which is authorized under the laws of this Commonwealth to place children; (b) who has been placed
1290 in an orphanage or children's home which exercises legal guardianship rights; or (c) who is a resident
1291 of Virginia and has been placed, not solely for school purposes, in a child-caring institution or group
1292 home.
- 1293 b. This appropriation provides \$11,109,888 the first year and \$12,047,112 the second year from the
1294 general fund to support children attending public school who have been placed in foster care or other
1295 such custodial care across jurisdictional lines, as provided by subsections A and B of § 22.1-101.1,
1296 Code of Virginia. To the extent these funds are not adequate to cover the full costs specified therein,

- 1297 the Department is authorized to expend unobligated balances in this Item and Item 134 for this
1298 support.
- 1299 27. Sales Tax
- 1300 a. This is a sum-sufficient appropriation for distribution to counties, cities and towns a portion of net
1301 revenue from the state sales and use tax, in support of the Standards of Quality (Title 22.1, Chapter
1302 13.2, Code of Virginia) (See the Attorney General's opinion of August 3, 1982).
- 1303 b. Certification of payments and distribution of this appropriation shall be made by the State
1304 Comptroller.
- 1305 c. The distribution of state sales tax funds shall be made in equal bimonthly payments at the middle
1306 and end of each month.
- 1307 *d. 1) This item includes an appropriation estimated at \$56,652,186 in the first year, \$51,699,556*
1308 *from the general fund and \$4,952,630 from the transfer of excess lottery funds identified in this Item,*
1309 *to be paid to local school divisions as a hold harmless sales tax payment dedicated to public*
1310 *education. As such, local governing bodies shall appropriate these funds to the local school division.*
- 1311 *2) The hold harmless sales tax payment is in addition to the one and 1/8 cents sales tax estimated by*
1312 *the Department of Taxation and included in this Item.*
- 1313 *3) For the purposes of calculating Required Local Expenditure as defined in this Item, this hold*
1314 *harmless sales tax payment will be counted as a credit toward the local share of the costs of the*
1315 *Standards of Quality in the first year. Further, additional payments from Enrollment Loss and*
1316 *Supplemental Basic Aid, as identified by the Department of Education, resulting from the Department*
1317 *of Taxation's correction of the sales tax estimates and resulting in this hold harmless sales tax*
1318 *payment may also be counted as a credit toward the local share of the costs of the Standards of*
1319 *Quality in the first year.*
- 1320 *4) The Department of Education is authorized to distribute the hold harmless sales tax payment to*
1321 *school divisions in quarterly installments. The Department is further authorized to make adjustments*
1322 *in these quarterly supplemental payments to reflect the difference between the actual sales tax*
1323 *payments distributed to school divisions to date and an estimate of the payment that would have*
1324 *been paid to date based on the percentage of the total distribution paid in the prior fiscal year to*
1325 *date multiplied by the total amount of sales tax distribution included in this Item. The amount paid*
1326 *as hold harmless sales tax payments shall not exceed the amounts listed in paragraph d.1) above.*
- 1327 *5) It is the intent of the General Assembly to update this hold harmless sales tax payment based on*
1328 *any subsequent increases to the Sales Tax estimates approved by the General Assembly and included*
1329 *in this Item.*
- 1330 28. Lottery
- 1331 a.1) This appropriation includes \$426,100,000 the first year and \$426,100,000 the second year from
1332 the general fund as the state payment for the lottery profits, to be deposited into the general fund
1333 pursuant to § 3-1.01 G of this act.
- 1334 2) This appropriation includes \$16,500,000 in the first year as an additional appropriation of Lottery
1335 profits that were earned in fiscal year 2006 as excess revenue that was not appropriated for public
1336 education.
- 1337 *3) This appropriation includes \$4,952,630 in the first year as an additional appropriation of Lottery*
1338 *profits that were earned in fiscal year 2006 as excess revenue that was not appropriated for public*
1339 *education.*
- 1340 b.1) Out of this appropriation, \$249,641,656 the first year and \$249,641,656 the second year shall be
1341 transferred and used to fund the state's share of Basic Aid Payments as defined in paragraph 5.b.2)
1342 above.

- 1343 2) Out of this appropriation, \$10,131,000 the first year shall be transferred from the additional
1344 appropriation in paragraph 28.a.2) above and used to fund the state's share of Basic Aid Payments as
1345 defined in paragraph 5.b.3) above.
- 1346 3) *Out of this appropriation, \$4,952,630 the first year shall be transferred from the additional*
1347 *appropriation in paragraph 28.a.3) above and used to fund the hold harmless sales tax payments*
1348 *defined in paragraph 27.d.1) above.*
- 1349 c. \$19,517,499 the first year and \$19,517,499 the second year in Lottery proceeds appropriated in
1350 this Item shall be added to general funds appropriated in this Item, to provide for the state share of
1351 cost of the Standards of Quality prevention, intervention, and remediation program.
- 1352 d.1) Out of this appropriation, an amount estimated at \$156,940,845 the first year and \$156,940,845
1353 the second year shall be disbursed by the Department of Education to local school divisions to
1354 support the state share of an estimated \$232.83 per pupil the first year and \$230.98 per pupil the
1355 second year in adjusted March 31 average daily membership. These per pupil amounts are subject to
1356 change for the purpose of payment to school divisions based on the actual March 31 ADM collected
1357 each year. These funds shall be matched by the local government, based on the composite index of
1358 local ability-to-pay. Further, in order to receive this funding, the locality in which the school division
1359 is located shall appropriate these funds solely for educational purposes and shall not use such funds
1360 to reduce total local operating expenditures for public education below the amount expended by the
1361 locality for such purposes in the year upon which the 2006-08 biennial Standards of Quality
1362 expenditure data were based; provided however, that no locality shall be required to maintain a per
1363 pupil expenditure which is greater than the per pupil amount expended by the locality for such
1364 purposes in the year upon which the 2006-08 biennial Standards of Quality expenditure data were
1365 based.
- 1366 2) Out of this appropriation, an amount estimated at \$6,369,000 the first year in additional Lottery
1367 proceeds shall be disbursed by the Department of Education to local school divisions to support the
1368 state share of an estimated \$9.45 per pupil the first year in adjusted daily membership. These per
1369 pupil amounts are subject to change for the purpose of payment to school divisions based on the
1370 actual March 31 ADM collected. These funds shall be matched by the local government, based on
1371 the composite index of local ability-to-pay, and shall be subject to the same terms and conditions as
1372 other Lottery proceeds appropriated in this Item.
- 1373 e. Of the amounts listed above, no more than 50 percent shall be used for recurring costs and at least
1374 50 percent shall be spent on nonrecurring expenditures by the relevant school divisions. Nonrecurring
1375 costs shall include school construction, additions, infrastructure, site acquisition, renovations,
1376 technology, and other expenditures related to modernizing classroom equipment, and debt service
1377 payments on school projects completed during the last 10 years.
- 1378 f. Any lottery funds provided to school divisions from this Item that are unexpended as of June 30,
1379 2007, and June 30, 2008, shall be carried on the books of the locality to be appropriated to the
1380 school division in the following year.
- 1381 29. Adult Literacy
- 1382 a. The appropriation for Financial Assistance for Categorical Programs includes \$125,000 the first
1383 year and \$125,000 the second year from the general fund for the ongoing literacy programs
1384 conducted by Mountain Empire Community College, and \$125,000 the first year and \$125,000 the
1385 second year from the general fund will be transferred to the Department of Housing and Community
1386 Development to support workforce literacy and training.
- 1387 b. Out of this appropriation, the Board of Education shall provide \$100,000 the first year and
1388 \$100,000 the second year from the general fund for the Virginia Literacy Foundation grants to
1389 support programs for adult literacy including those delivered by community-based organizations and
1390 school divisions providing services for adults with 0-9th grade reading skills.
- 1391 c. Out of this appropriation, the Board of Education shall provide \$50,000 the first year and \$50,000
1392 the second year from the general fund to the Virginia Educational Technology Alliance to provide
1393 teacher training opportunities in the effective use of educational technologies to full-time, part-time
1394 and volunteer teachers involved in adult education and literacy programs in the Commonwealth.

1395 30. Governor's School Payments

1396 a. Out of the amounts for Governor's School Payments, the Board of Education shall provide
1397 assistance for the state share of the incremental cost of regular school year Governor's Schools based
1398 on each participating locality's composite index of local ability-to-pay. Participating school divisions
1399 must certify that no tuition is assessed students for participation in this program.

1400 b. Out of the amounts for Governor's School Payments, the Board of Education shall provide
1401 assistance for the state share of the incremental cost of summer residential Governor's Schools and
1402 Foreign Language Academies to be based on the greater of the state's share of the composite index
1403 of local ability-to-pay or 50 percent. Participating school divisions must certify that no tuition is
1404 assessed students for participation in this program if they are enrolled in a public school.

1405 c. It shall be the policy of the Commonwealth that state general fund appropriations not be used for
1406 capital outlay, structural improvements, renovations, or fixed equipment costs associated with
1407 initiation of existing or proposed Governor's schools. State general fund appropriations may be used
1408 for the purchase of instructional equipment for such schools, subject to certification by the
1409 Superintendent of Public Instruction that at least an equal amount of funds has been committed by
1410 participating school divisions to such purchases.

1411 d. The Board of Education shall not take any action that would increase the state's share of costs
1412 associated with the Governor's Schools as set forth in paragraph C. 26. of this Item. This provision
1413 shall not prohibit the Board of Education from submitting requests for the increased costs of existing
1414 programs resulting from updates to September 30 fall membership for school divisions currently
1415 participating in existing programs or for school divisions that begin participation in existing
1416 programs.

1417 e.1) Regular school year Governor's Schools are funded through this Item based on the state's share
1418 of the incremental per pupil cost for providing such programs for each student attending a Governor's
1419 School up to a cap of 1,500 students per Governor's School. This incremental per pupil payment
1420 shall be adjusted for the composite index of the school division that counts such students attending
1421 an academic year Governor's School in their March 31 Average Daily Membership. It is the intent of
1422 the General Assembly that this incremental per pupil amount be in addition to the basic aid per pupil
1423 funding provided to the affected school division for such students. Therefore, local school divisions
1424 are encouraged to provide the appropriate portion of the basic aid per pupil funding to the Governor's
1425 Schools for students attending these programs, adjusted for costs incurred by the school division for
1426 transportation, administration, and any portion of the day that the student does not attend a
1427 Governor's School.

1428 2) Funding for the Academic Year Governor's Schools will be adjusted based upon actual September
1429 30, 2006, and September 30, 2007, fall membership data or equivalent enrollment for students that
1430 attend these programs during the year based on alternative course schedules such as semester block
1431 schedules.

1432 3) Fairfax County Public Schools shall not reduce local per pupil funding for the Thomas Jefferson
1433 Governor's School below the amounts appropriated for the 2003-2004 school year.

1434 31. School Nutrition

1435 It is provided that, subject to implementation by the Superintendent of Public Instruction, no
1436 disbursement shall be made out of the appropriation for school nutrition to any locality in which the
1437 schools permit the sale of competitive foods in food service facilities or areas during the time of
1438 service of food funded pursuant to this Item.

1439 32. Clinical Faculty and Mentor Teacher Programs

1440 This appropriation includes \$1,375,000 the first year and \$1,375,000 the second year from the
1441 general fund for statewide Clinical Faculty and Mentor Teacher Programs to assist preservice
1442 teachers and beginning teachers to make a successful transition into full-time teaching. Such
1443 programs shall include elements which are consistent with the following:

- 1444 a. An application process for localities and school/higher education partnerships that wish to
1445 participate in the programs;
- 1446 b. Provisions for a local funding or institutional commitment of 50 percent, to match state grants of
1447 50 percent;
- 1448 c. Program plans which include a description of the criteria for selection of clinical faculty and
1449 mentor teachers, training, support, and compensation for clinical faculty and mentor teachers,
1450 collaboration between the school division and institutions of higher education, the clinical faculty and
1451 mentor teacher assignment process, and a process for evaluation of the programs;
- 1452 d. The Department of Education shall allow flexibility to local school divisions and higher education
1453 institutions regarding compensation for clinical faculty and mentor teachers consistent with these
1454 elements of the programs; and
- 1455 e. It is the intent of the General Assembly that no preference between preservice or beginning
1456 teacher programs be construed by the language in this Item. School divisions operating beginning
1457 teacher mentor programs shall receive equal consideration for funding.
- 1458 33. This appropriation includes \$100,000 the first year and \$100,000 the second year from the
1459 general fund to provide grants to school divisions that employ mentor teachers for new teachers
1460 entering the profession through the alternative route to licensure as prescribed by the Board of
1461 Education.

1462 136. Not Set Out

1463	Total for Direct Aid to			
1464	Public Education		\$6,611,427,036	\$6,776,943,492
1465				\$6,714,184,477
1466	Fund Sources:			
1467	General	\$5,695,619,782	\$5,859,840,675	
1468			\$5,797,081,660	
1469	Special	\$795,000	\$795,000	
1470	Commonwealth			
1471	Transportation	\$2,173,000	\$2,173,000	
1472	Trust and Agency	\$178,747,154	\$180,042,717	
1473	Federal Trust	\$734,092,100	\$734,092,100	

1474 Items 137 through 142: Not Set Out

1475	Grand Total for			
1476	Department of Education,			
1477	Central Office Operations		\$6,749,479,949	\$6,913,943,931
1478				\$6,851,184,916
1479	General Fund Positions	439.50	441.50	
1480	Nongeneral Fund Positions	168.50	168.50	
1481	Position Level	608.00	610.00	
1482	Fund Sources:			
1483	General	\$5,770,433,215	\$5,933,601,634	
1484			\$5,870,842,619	
1485	Special	\$7,227,051	\$7,227,051	
1486	Commonwealth			
1487	Transportation	\$2,399,983	\$2,399,983	
1488	Trust and Agency	\$179,026,817	\$180,322,380	
1489	Federal Trust	\$790,392,883	\$790,392,883	

1490 Items 143 through 251: Not Set Out

1491	TOTAL FOR			
1492	OFFICE OF EDUCATION		\$13,683,664,968	\$14,104,353,715
1493				\$14,041,594,700
1494	General Fund			
1495	Positions	18,871.30	18,888.90	
1496	Nongeneral Fund			
1497	Positions	32,721.50	33,053.52	
1498	Position Level	51,592.80	51,942.32	
1499	Fund Sources:			
1500	General	\$7,635,423,686	\$7,830,163,853	
1501			\$7,767,404,838	
1502	Special	\$73,114,351	\$76,903,093	
1503	Higher Education			
1504	Operating	\$4,826,813,350	\$5,045,323,246	
1505	Commonwealth			
1506	Transportation	\$2,399,983	\$2,399,983	
1507	Trust and Agency	\$179,326,817	\$180,622,380	
1508	Debt Service	\$152,094,141	\$154,440,844	
1509	Dedicated Special			
1510	Revenue	\$12,630,885	\$12,630,885	
1511	Federal Trust	\$801,861,755	\$801,869,431	
1512	Items 252 through 463: Not Set Out			
1513	TOTAL FOR			
1514	EXECUTIVE DEPARTMENT		\$34,110,180,671	\$34,974,085,231
1515				\$34,911,326,216
1516	General Fund Positions	52,207.39	52,219.69	
1517	Nongeneral Fund			
1518	Positions	59,306.84	59,690.06	
1519	Position Level	111,514.23	111,909.75	
1520	Fund Sources:			
1521	General	\$16,334,550,917	\$16,573,915,438	
1522			\$16,511,156,423	
1523	Special	\$1,483,763,434	\$1,621,624,211	
1524	Higher Education			
1525	Operating	\$4,833,655,952	\$5,052,165,848	
1526	Commonwealth			
1527	Transportation	\$4,065,286,028	\$4,120,333,115	
1528	Enterprise	\$654,307,800	\$653,674,588	
1529	Trust and Agency	\$1,047,785,366	\$1,062,109,450	
1530	Debt Service	\$204,399,236	\$206,745,939	
1531	Dedicated Special			
1532	Revenue	\$625,504,579	\$631,750,197	
1533	Federal Trust	\$4,860,927,359	\$5,051,766,445	
1534	Items 464 through 481: Not Set Out			
1535	TOTAL FOR PART 1:			
1536	OPERATING EXPENSES		\$34,904,269,286	\$35,750,490,632
1537				\$35,687,731,617
1538	General Fund			
1539	Positions	55,904.48	55,916.78	
1540	Nongeneral Fund			
1541	Positions	60,967.46	64,350.68	
1542	Position Level	116,871.94	117,267.46	
1543	Fund Sources:			

1544	General	\$16,779,048,401	\$16,982,495,713
1545			\$16,919,736,698
1546	Special	\$1,582,139,532	\$1,722,709,724
1547	Higher Education		
1548	Operating	\$4,833,655,952	\$5,052,165,848
1549	Commonwealth		
1550	Transportation	\$4,065,286,028	\$4,120,333,115
1551	Enterprise	\$822,233,996	\$837,099,712
1552	Trust and Agency	\$1,091,584,780	\$1,105,769,295
1553	Debt Service	\$204,399,236	\$206,745,939
1554	Dedicated Special		
1555	Revenue	\$660,473,168	\$666,884,007
1556	Federal Trust	\$4,865,448,193	\$5,056,287,279

1557 PART 2: CAPITAL PROJECT EXPENSES

1558 § 2-0 General Conditions: Not Set Out

1559 Items C-1 through C-328: Not Set Out

1560 PART 3: MISCELLANEOUS

1561 § 3-1.01 through § 3-3.03: Not Set Out

1562 §3-4.00 AUXILIARY ENTERPRISES AND SPONSORED PROGRAMS IN INSTITUTIONS OF
1563 HIGHER EDUCATION

1564 § 3-4.01 AUXILIARY ENTERPRISE INVESTMENT YIELDS

1565 A. The educational and general programs in institutions of higher education shall recover the full
1566 indirect cost of auxiliary enterprise programs as determined by the State Council of Higher
1567 Education. The State Comptroller shall credit those institutions meeting this requirement with the
1568 interest earned by the investment of the funds of their auxiliary enterprise programs.

1569 B. No interest shall be credited for that portion of the fund's cash balance that represents any
1570 outstanding loans due from the State Treasurer. The provisions of this section shall not apply to the
1571 capital projects authorized under Items C-36.21 and C-36.40 of Chapter 924, 1997 Acts of Assembly.

1572 ~~§3-4.02 SPONSORED PROGRAM INVESTMENT YIELDS~~

1573 ~~Interest on extramural contracts and grants and indirect cost recoveries shall be regarded as~~
1574 ~~nongeneral fund revenue.— The State Comptroller shall credit public institutions of higher education~~
1575 ~~quarterly with the interest earned by the investment of the funds of their sponsored programs and~~
1576 ~~indirect cost recoveries.~~

1577 § 3-5.01 through § 3-6.02: Not Set Out

1578 PART 4: GENERAL PROVISIONS

1579 § 4-0.01 through § 4-12.00: Not Set Out

1580 § 4-13.00 EFFECTIVE DATE

1581 ~~This act is effective on July 1, 2006.~~ This act is effective on its passage as provided in §1-12c, Code of
1582 Virginia.

1583 PART 5: ENACTMENT NUMBERS 2 THROUGH 5

1584 Enactment 2: Not Set Out