

2006 SPECIAL SESSION I

SENATE SUBSTITUTE

067418712

HOUSE BILL NO. 5032 FLOOR AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by Senator Chichester
on September 28, 2006)

(Patron Prior to Substitute—Delegate Callahan)

A BILL to amend Chapter 3 of the 2006 Acts of Assembly, Special Session 1, 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 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 |
| 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 |
| Lottery Proceeds Fund | \$426,100,000 | \$426,100,000 | \$852,200,000 |
| 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 |

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.

§ 6. When used in this act the term:

A. "Current biennium" means the period from the first day of July two thousand six, through the

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- 47 thirtieth day of June two thousand eight, inclusive.
- 48 B. "Previous biennium" means the period from the first day of July two thousand four, through the
49 thirtieth day of June two thousand six, inclusive.
- 50 C. "Next biennium" means the period from the first day of July two thousand eight, through the
51 thirtieth day of June two thousand ten, inclusive.
- 52 D. "State agency" means a court, department, institution, office, board, council or other unit of state
53 government located in the legislative, judicial, or executive departments or group of independent
54 agencies, or central appropriations, as shown in this act, and which is designated in this act by title
55 and a three-digit agency code.
- 56 E. "Nonstate agency" means an organization or entity as defined in § 2.2-1505 C, Code of Virginia.
- 57 F. "Authority" sets forth the general enabling statute, either state or federal, for the operation of the
58 program for which appropriations are shown.
- 59 G. "Discretionary" means there is no continuing statutory authority which infers or requires state
60 funding for programs for which the appropriations are shown.
- 61 H. "Appropriation" shall include both the funds authorized for expenditure and the corresponding
62 level of full-time equivalent employment.
- 63 I. "Sum sufficient" identifies an appropriation for which the Governor is authorized to exceed the
64 amount shown in the Appropriation Act if required to carry out the purpose for which the
65 appropriation is made.
- 66 J. "Item Details" indicates that, except as provided in § 6 H above, the numbers shown under the
67 columns labeled Item Details are for information reference only.
- 68 K. Unless otherwise defined, terms used in this act dealing with budgeting, planning and related
69 management actions are defined in the instructions for preparation of the Executive Budget.

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

| 71 BIENNIUM 2006-08 | | | |
|----------------------|-----------------------------|------------------|-----------------------------|
| 72 | General Fund | Nongeneral Fund | Total |
| 73 OPERATING | | | |
| 74 EXPENSES | \$33,761,544,114 | \$36,893,215,804 | \$70,654,759,918 |
| 75 | \$33,695,469,760 | | \$70,588,685,564 |
| 76 LEGISLATIVE | | | |
| 77 DEPARTMENT | \$119,250,065 | \$6,617,524 | \$125,867,589 |
| 78 JUDICIAL | | | |
| 79 DEPARTMENT | \$696,499,354 | \$46,852,214 | \$743,371,568 |
| 80 | | | \$743,351,568 |
| 81 EXECUTIVE | | | |
| 82 DEPARTMENT | \$32,908,466,355 | \$36,175,799,547 | \$69,084,265,902 |
| 83 | \$32,842,392,001 | | \$69,018,191,548 |
| 84 INDEPENDENT | | | |
| 85 AGENCIES | \$613,570 | \$663,946,519 | \$664,560,089 |
| 86 STATE GRANTS TO | | | |
| 87 NONSTATE AGENCIES | \$36,714,770 | \$0 | \$36,714,770 |
| 88 CAPITAL OUTLAY | | | |
| 89 EXPENSES | \$1,020,708,398 | \$1,329,086,000 | \$2,349,794,398 |
| 90 TOTAL | \$34,782,252,512 | \$38,222,301,804 | \$73,004,554,316 |
| 91 | \$34,716,178,158 | | \$72,938,479,962 |

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

PART 1: OPERATING EXPENSES

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94 Items 1 through 3: Not Set Out

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Direct Aid to Public Education (197)

134. Not Set Out

Appropriations (\$)

| First Year | Second Year |
|------------|-------------|
| FY2007 | FY2008 |

135. State Education Assistance

Programs (17800).....

\$5,874,587,186 ~~\$6,040,403,6~~

\$5,974,329,288

Item Details (\$)

| First Year | Second Year |
|------------|-------------|
| FY2007 | FY2008 |

Standards of Quality for

Public Education (SOQ) (17801).. ~~\$4,874,555,768~~ ~~\$4,988,881,662~~

\$4,814,718,647 \$4,922,538,469

Financial Incentive Programs

for Public Education (17802).... ~~\$394,871,386~~ ~~\$458,507,392~~

\$454,708,507 \$458,776,231

Financial Assistance for

Categorical Programs (17803).... \$135,060,037 \$139,414,584

Financial Assistance for

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| | | | |
|-----|--------------------------------|-----------------|----------------------------|
| 142 | School Facilities (17804)..... | \$470,099,995 | \$453,600,004 |
| 143 | Fund | | |
| 144 | Sources: General..... | \$5,692,872,032 | \$5,857,392,925 |
| 145 | | | \$5,791,318,571 |
| 146 | Special..... | \$795,000 | \$795,000 |
| 147 | Commonwealth | | |
| 148 | Transportation..... | \$2,173,000 | \$2,173,000 |
| 149 | Trust and Agency..... | \$178,747,154 | \$180,042,717 |

150 Authority: Standards of Quality for Public Education (SOQ) (17801): Article VIII, Section 2,
 151 Constitution of Virginia; Chapter 667, Acts of Assembly, 1980; §§ 22.1-176 through 22.1-198,
 152 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
 153 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
 154 Virginia; P.L. 91-230, as amended; P.L. 93-380, as amended; P.L. 94-142, as amended; P.L. 98-524,
 155 as amended, Federal Code.

156 Financial Incentive Programs for Public Education (17802): §§ 22.1-24, 22.1-289.1 through 22.1-318,
 157 Code of Virginia; P.L. 79-396, as amended; P.L. 89-10, as amended; P.L. 89-642, as amended; P.L.
 158 108-265, as amended; Title II P.L. 99-159, as amended, Federal Code.

159 Financial Assistance for Categorical Programs (17803): Discretionary Inclusion; Treaty of 1677
 160 between Virginia and the Indians; §§ 22.1-3.4, 22.1-101, 22.1-108, 22.1-199 through 22.1-212.2:3,
 161 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
 162 amended; P.L. 91-230, as amended; P.L. 93-380, as amended; P.L. 94-142, as amended; P.L. 94-588;
 163 P.L. 95-561, as amended; P.L. 98-211, as amended; P.L. 98-524, as amended; P.L. 99-570; P.L.
 164 100-297, as amended; P.L. 102-73, as amended; P.L. 105-220, as amended, Federal Code.

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

167 **FY 2007 FY 2008**

168 Appropriation Detail of
 169 Education Assistance Programs

| | | | |
|-----|-------------------------------|----------------------------|----------------------------|
| 170 | | | |
| 171 | Standards of Quality | | |
| 172 | Basic Aid | \$2,640,297,191 | \$2,647,385,004 |
| 173 | | \$2,717,389,649 | \$2,732,531,811 |
| 174 | Sales Tax | \$1,266,460,000 | \$1,336,490,000 |
| 175 | | \$1,129,300,000 | \$1,185,000,000 |
| 176 | Textbooks | \$67,593,217 | \$68,134,752 |
| 177 | Vocational Education | \$60,840,443 | \$61,254,506 |
| 178 | Gifted Education | \$27,849,475 | \$28,076,756 |
| 179 | Special Education | \$339,870,343 | \$342,288,447 |
| 180 | Prevention, Intervention, and | | |
| 181 | Remediation | \$42,247,088 | \$42,269,828 |
| 182 | VRS Retirement | \$201,587,759 | \$226,274,179 |
| 183 | Social Security | \$159,166,915 | \$160,460,601 |
| 184 | Group Life | \$9,375,082 | \$9,448,789 |
| 185 | English as a Second Language | \$31,781,077 | \$38,469,856 |
| 186 | Remedial Summer School | \$24,659,975 | \$25,496,999 |
| 187 | Total | \$4,871,728,565 | \$4,986,049,717 |
| 188 | | \$4,811,661,023 | \$4,919,706,524 |
| 189 | Incentive Programs | | |
| 190 | Alternative Education | \$6,221,723 | \$6,504,714 |
| 191 | At-Risk | \$63,194,052 | \$63,097,129 |
| 192 | At-Risk Four Year Olds | \$49,576,541 | \$50,533,199 |
| 193 | Compensation Supplements | \$74,944,039 | \$129,855,748 |
| 194 | Early Reading Intervention | \$11,863,527 | \$11,965,287 |

| | | | |
|-----|---|--------------------------|--------------------------|
| 195 | Enrollment Loss | \$7,757,404 | \$7,945,316 |
| 196 | | \$7,977,424 | \$8,202,666 |
| 197 | Governor's School | \$12,344,132 | \$12,639,912 |
| 198 | ISAEP | \$2,247,581 | \$2,247,581 |
| 199 | Mentor Teacher | \$1,475,000 | \$1,475,000 |
| 200 | No Child Left Behind/ | | |
| 201 | Education for a Lifetime | \$8,155,889 | \$7,853,362 |
| 202 | K-3 Class Size Reduction | \$83,617,596 | \$84,407,590 |
| 203 | Project Graduation | \$2,774,478 | \$2,774,478 |
| 204 | School Breakfast | \$892,020 | \$892,020 |
| 205 | SOL Algebra Readiness | \$8,444,986 | \$8,476,044 |
| 206 | Special Education - Inservice | \$600,000 | \$600,000 |
| 207 | Special Education - | | |
| 208 | Regional Tuition | \$59,989,862 | \$66,397,321 |
| 209 | Special Education - Voc Ed | \$200,089 | \$200,089 |
| 210 | Supplemental Basic Aid | \$530,783 | \$528,746 |
| 211 | | \$541,184 | \$540,235 |
| 212 | Supplemental Sales Tax | \$59,837,121 | \$0 |
| 213 | Total | \$394,829,702 | \$458,393,536 |
| 214 | | \$454,897,244 | \$458,662,375 |
| 215 | | | |
| 216 | | | |
| 217 | Categorical Programs | | |
| 218 | Adult Education | \$1,051,800 | \$1,051,800 |
| 219 | Adult Literacy | \$2,655,000 | \$2,655,000 |
| 220 | Electronic Classroom | \$2,256,908 | \$2,256,908 |
| 221 | Foster Care | \$11,109,888 | \$12,047,112 |
| 222 | American Indian | | |
| 223 | Treaty Commitment | \$53,805 | \$53,805 |
| 224 | School Lunch | \$5,801,932 | \$5,801,932 |
| 225 | Special Education - Homebound | \$6,504,072 | \$7,171,223 |
| 226 | Special Education - Jails | \$2,868,499 | \$2,954,553 |
| 227 | Special Education - | | |
| 228 | State Operated Programs | \$29,593,951 | \$30,962,505 |
| 229 | Vocational Education - | | |
| 230 | Categorical | \$10,400,829 | \$10,400,829 |
| 231 | Debt Service on VPSA | | |
| 232 | Equipment Notes | \$62,763,354 | \$64,058,916 |
| 233 | Total | \$135,060,036 | \$139,414,583 |
| 234 | | | |
| 235 | | | |
| 236 | School Facilities | | |
| 237 | Lottery | \$442,600,000 | \$426,100,000 |
| 238 | School Construction | \$27,499,995 | \$27,500,004 |
| 239 | Total | \$470,099,995 | \$453,600,004 |
| 240 | | | |
| 241 | | | |
| 242 | Note: The above distributions do not include projected VPSA Technology Grants. | | |
| 243 | Payments out of the above amounts shall be subject to the following conditions: | | |
| 244 | A. Definitions | | |
| 245 | 1. "March 31 Average Daily Membership," or "March 31 ADM" - The responsible school division's | | |
| 246 | average daily membership for grades K-12 including (1) handicapped students ages 5-21 and (2) | | |
| 247 | students for whom English is a second language who entered school for the first time after reaching | | |
| 248 | their twelfth birthday, and who have not reached twenty-two years of age on or before August 1 of | | |

249 the school year, for the first seven (7) months (or equivalent period) of the school year through
250 March 31 in which state funds are distributed from this appropriation. Preschool and postgraduate
251 students shall not be included in March 31 ADM.

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

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

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

259 d. Students who are either (i) enrolled in a nonpublic school or (ii) receiving home instruction
260 pursuant to § 22.1-254.1 and who are enrolled in a public school on less than a full-time basis in any
261 mathematics, science, English, history, social science, vocational education, health education or
262 physical education, fine arts or foreign language course shall be counted in the funded fall
263 membership and March 31 ADM of the relevant school division. Each course shall be counted as
264 0.25, up to a cap of 0.5 of a student.

265 e. Students enrolled in an Individualized Student Alternative Education Program (ISAEP) pursuant to
266 § 22.1-254D. shall be counted in the March 31 Average Daily Membership of the relevant school
267 division. School divisions shall report these students separately in their March 31 reports of Average
268 Daily Membership.

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

271 3.a. "Basic Operation Cost" - The cost per pupil, including provision for the number of instructional
272 personnel required by the Standards of Quality for each school division with a minimum ratio of 51
273 professional personnel for each 1,000 pupils or proportionate number thereof, in March 31 ADM for
274 the same fiscal year for which the costs are computed, and including provision for driver, gifted,
275 occupational-vocational, and special education, library materials and other teaching materials, teacher
276 sick leave, general administration, division superintendents' salaries, free textbooks (including those
277 for free and reduced price lunch pupils), school nurses, operation and maintenance of school plant,
278 transportation of pupils, instructional television, professional and staff improvement, remedial work,
279 fixed charges and other costs in programs not funded by other state and/or federal aid.

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

284 4.a. "Composite Index of Local Ability-to-Pay" - An index figure computed for each locality. The
285 composite index is the sum of 2/3 of the index of wealth per pupil in unadjusted March 31 ADM
286 reported for the first seven (7) months of the 2003-2004 school year and 1/3 of the index of wealth
287 per capita (population estimates for 2003 as determined by the Center for Public Service of the
288 University of Virginia) multiplied by the local nominal share of the costs of the Standards of Quality
289 of 0.45 in each year. The indices of wealth are determined by combining the following constituent
290 index elements with the indicated weighting: (1) true values of real estate and public service
291 corporations as reported by the State Department of Taxation for the calendar year 2003 - 50 percent;
292 (2) adjusted gross income for the calendar year 2003 as reported by the State Department of Taxation
293 - 40 percent; (3) the sales for the calendar year 2003 which are subject to the state general sales and
294 use tax, as reported by the State Department of Taxation - 10 percent. Each constituent index
295 element for a locality is its sum per March 31 ADM, or per capita, expressed as a percentage of the
296 state average per March 31 ADM, or per capita, for the same element. A locality whose composite
297 index exceeds 0.8000 shall be considered as having an index of 0.8000 for purposes of distributing
298 all payments based on the composite index of local ability-to-pay. Each constituent index element for
299 a locality used to determine the composite index of local ability-to-pay for the current biennium shall
300 be the latest available data for the specified official base year provided to the Department of
301 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 those years remaining to be paid.

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

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

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

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

7. "Planning District Eight"—The nine localities which comprise Planning District Eight are Arlington County, Fairfax County, Loudoun County, Prince William County, Alexandria City, Fairfax

City, Falls Church City, Manassas City, and Manassas Park City.

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

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

B. General Conditions

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

| Instructional Position | First Year Salary | Second Year Salary |
|---------------------------------|-------------------|--------------------|
| Elementary Teachers | \$39,681 | \$39,681 |
| Elementary Assistant Principals | \$55,827 | \$55,827 |
| Elementary Principals | \$68,822 | \$68,822 |
| Secondary Teachers | \$41,615 | \$41,615 |
| Secondary Assistant Principals | \$59,784 | \$59,784 |
| Secondary Principals | \$75,268 | \$75,268 |
| Aides | \$13,828 | \$13,828 |

a.1) Payment by the state to a local school division shall be based on the state share of fringe benefit costs of 55 percent of the employer's cost distributed on the basis of the composite index.

2) A locality whose composite index exceeds 0.8000 shall be considered as having an index of 0.8000 for purposes of distributing fringe benefit funds under this provision.

3) The state payment to each school division for retirement, social security, and group life insurance costs for noninstructional personnel is included in and distributed through Basic Aid.

b. Payments to school divisions from this item shall be calculated using March 31 Average Daily Membership adjusted for half-day kindergarten programs.

c. Payments for health insurance fringe benefits are included in and distributed through Basic Aid.

2. Each locality shall offer a school program for all its eligible pupils which is acceptable to the Department of Education as conforming to the Standards of Quality program requirements.

3. In the event the statewide number of pupils in March 31 ADM exceeds the number estimated as the basis for this appropriation, the locality's state share of the Basic Operation Cost and the required local share shall be reduced proportionately so that this appropriation will not be exceeded.

4. The Department of Education shall make equitable adjustments in the computation of indices of wealth and in other state-funded accounts for localities affected by annexation, unless a court of competent jurisdiction makes such adjustments. However, only the indices of wealth and other state-funded accounts of localities party to the annexation will be adjusted.

5. In the event that the actual revenues from the state sales and use tax dedicated to public education and those sales tax revenues transferred to the general fund from the Public Education Standards of Quality/Local Real Estate Property Tax Relief Fund and appropriated in this Item (both of which are returned on the basis of the 2005 triennial census of school age population) for sales in the fiscal year in which the school year begins are different from the number estimated as the basis for this appropriation, the estimated revenues shall not be adjusted.

6. This appropriation shall be apportioned to the public schools with guidelines established by the Department of Education consistent with legislative intent as expressed in this act.

7.a. Appropriations of state funds in this Item include the number of positions required by the Standards of Quality. This Item includes a minimum of 51 professional instructional positions and aide positions (C 2); Education of the Gifted, 1.0 professional instructional position (C 3); Occupational-Vocational Education Payments and Special Education Payments; a minimum of 6.0 professional instructional positions and aide positions (C 4 and C 5) for each 1,000 pupils in March 31 ADM each year in support of the current Standards of Quality. Funding in support of one hour of additional instruction per day based on the percent of students eligible for the federal free lunch program with a pupil-teacher ratio range of 18:1 to 10:1, depending upon a school division's combined failure rate on the English and Math Standards of Learning, is included in Remedial Education Payments (C8).

b. No actions provided in this section signify any intent of the General Assembly to mandate an increase in the number of instructional personnel per 1,000 students above the numbers explicitly stated in the preceding paragraph.

c. Appropriations in this item include programs supported in part by transfers to the general fund from the Public Education Standards of Quality/Local Real Estate Property Tax Relief Fund pursuant to Part 3 of this Act. These transfers combined together with other appropriations from the general fund in this item funds the state's share of the following revisions to the Standards of Quality pursuant to Chapters 939 & 955 of the Acts of Assembly of 2004: five elementary resource teachers per 1,000 students; one support technology position per 1,000 students; one instructional technology position per 1,000 students; and a full daily planning period for teachers at the middle and high school levels in order to relieve the financial pressure these education programs place on local real estate taxes.

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

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

c. The following state funds will be deducted from the amount calculated in paragraph a. above: 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) for sales in the fiscal year in which the school year begins; total receipts from state funds (except state funds for non-regular day school programs and state funds used for capital or debt service purposes); and the state share of any balances carried forward from the previous fiscal year. Any qualifying state funds that remain unspent at the end of the fiscal year will be added to the amount calculated in paragraph a. above.

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

- 455 year and any capital expenditures paid from federal funds will be added to the amount calculated in
456 paragraph a. above.
- 457 e. Tuition receipts and receipts from payments from other cities or counties will also be deducted
458 from the amount calculated in paragraph a., then
- 459 f. The final amount calculated as described above must be equal to or greater than the required local
460 expenditure defined in paragraph A. 5.
- 461 g. The Department of Education shall collect the data necessary to perform the calculations of
462 required local expenditure as required by this section.
- 463 h. A locality whose expenditure in fact exceeds the required amount from local funds may not reduce
464 its expenditures unless it first complies with all of the Standards of Quality.
- 465 9.a. Any sum which a locality, as of the end of a school year, has not expended, pursuant to this
466 Item, for the Standards of Quality shall be paid by the locality into the general fund of the state
467 treasury. Such payments shall be made not later than the end of the school year following that in
468 which the under expenditure occurs.
- 469 b. Whenever the Department of Education has recovered funds as defined in the preceding paragraph
470 a, the Secretary of Education is authorized to repay to the locality affected by that action,
471 seventy-five percent (75%) of those funds upon his determination that:
- 472 1) The local school board agrees to include the funds in its June 30 ending balance for the year
473 following that in which the under expenditure occurs;
- 474 2) The local governing body agrees to reappropriate the funds as a supplemental appropriation to the
475 approved budget for the second year following that in which the under expenditure occurs, in an
476 appropriate category as requested by the local school board, for the direct benefit of the students;
- 477 3) The local school board agrees to expend these funds, over and above the funds required to meet
478 the required local expenditure for the second year following that in which the under expenditure
479 occurs, for a special project, the details of which must be furnished to the Department of Education
480 for review and approval;
- 481 4) The local school board agrees to submit periodic reports to the Department of Education on the
482 use of funds provided through this project award; and
- 483 5) The local governing body and the local school board agree that the project award will be
484 cancelled and the funds withdrawn if the above conditions have not been met as of June 30 of the
485 second year following that in which the under expenditure occurs.
- 486 c. There is hereby appropriated, for the purposes of the foregoing repayment, a sum sufficient, not to
487 exceed 75 percent of the funds deposited in the general fund pursuant to the preceding paragraph a.
- 488 10. The Department of Education shall specify the manner for collecting the required information and
489 the method for determining if a school division has appropriated and expended the local funds
490 required to support the actual local match based on all School Facilities and Incentive programs in
491 which the school division has elected to participate. Unless specifically stated otherwise in this Item,
492 school divisions electing to participate in any School Facilities or Incentive program that requires a
493 local funding match in order to receive state funding, shall certify to the Department of Education its
494 intent to participate in each program by ~~September 4 of each fiscal year~~ *November 1 the first year*
495 *and October 1 the second year* in a manner prescribed by the Department of Education. Upon
496 receipt of the certifications, the Department of Education shall make calculations to ensure that
497 school divisions have appropriated adequate local funds, above the required local effort for the
498 Standards of Quality, to support the projected required local match based on the School Facilities and
499 Incentive programs in which the school division has elected to participate. If the Department of
500 Education's calculations indicate that insufficient local funds are appropriated to meet the required
501 local funding match for one or more programs, state funding for such program(s) shall not be made
502 until such time that the school division can certify that sufficient local funding has been appropriated
503 to meet required local match. The Department of Education shall also make calculations after the
504 close of the fiscal year to verify that the required local match was met based on the state funds that

505 were received.

506 11. Beginning in fiscal year 2008, any sum which a locality has not expended as of the end of a
507 fiscal year in support of the required local match pursuant to this Item shall be paid by the locality
508 into the general fund of the state treasury unless the carryover of those unspent funds is specifically
509 permitted by other provisions of this act. Such payments shall be made no later than the end of the
510 school year following that in which the under expenditure occurred.

511 12. The Superintendent of Public Instruction shall provide a report on the status of teacher salaries,
512 by local school division, to the Governor and the Chairmen of the Senate Finance and House
513 Appropriations Committees by December 1 of each year of the biennium.

514 13. All local matching funds required by the programs in this Item shall be appropriated to the
515 budget of the local school board.

516 14. By November 15 of each year, the Department of Planning and Budget, in cooperation with the
517 Department of Education, shall prepare and submit a preliminary forecast of Standards of Quality
518 expenditures, based upon the most current data available, to the Chairmen of the House
519 Appropriations and Senate Finance Committees. In odd-numbered years, the forecast for the current
520 and subsequent two fiscal years shall be provided. In even-numbered years, the forecast for the
521 current and subsequent fiscal year shall be provided. The forecast shall detail the projected March 31
522 Average Daily Membership and the resulting impact on the education budget.

523 15. School divisions may choose to use state payments provided for Standards of Quality prevention,
524 intervention, and remediation in both years as a block grant for remediation purposes, without
525 restrictions or reporting requirements, other than reporting necessary as a basis for determining
526 funding for the program.

527 16. Except as otherwise provided in this act, the Superintendent of Public Instruction shall provide
528 guidelines for the distribution and expenditure of general fund appropriations and such additional
529 federal, private and other funds as may be made available to aid in the establishment and
530 maintenance of the public schools.

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

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

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

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

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

547 21. The Department of Education shall convene a technical work group to include appropriate staff
548 of the Department of Planning and Budget, the Senate Finance and House Appropriations
549 Committees, and the Joint Legislative and Audit Review Commission. The group shall: 1) study
550 re-benchmarking cost trends and drivers; 2) review existing Standards of Quality (SOQ), incentive,
551 categorical, and school facilities funding streams within Direct Aid to Public Education, as well as
552 the Literary Fund, and identify options for efficiencies and cost savings and for greater funding
553 flexibility, especially to better prepare the state and localities for future economic downturns; 3)

554 consider alternatives to across-the-board compensation supplements to better target state funds; 4)
555 review funding streams for programs for students at-risk of academic failure, and assess whether such
556 programs should be incorporated into the SOQ; and 5) examine special education funding issues.

557 The technical work group shall provide to the Governor and the Chairmen of the House
558 Appropriations and Senate Finance Committees: a) a detailed project workplan no later than August
559 1, 2006, and b) a summary of their work by September 15, 2007.

560 C. Apportionment

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

565 2. School Employee Retirement Contributions

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

569 b. Notwithstanding § 51.1-1401 of the Code of Virginia, the Commonwealth shall provide payments
570 for only the state share of the Standards of Quality fringe benefit cost of the retiree health care
571 credit. This item includes payments in both years based on the state share of fringe benefit costs of
572 55 percent of the employer's cost on funded Standards of Quality instructional positions, distributed
573 based on the composite index of the local ability-to-pay.

574 c. As a part of the review of the Virginia Retirement System pursuant to House Joint Resolution No.
575 34 the joint subcommittee shall review: 1) the Commonwealth's responsibilities for funding the
576 teacher retirement system beyond the actuarial normal rate and 2) the Commonwealth's appropriate
577 share for retirement payments by school divisions. In making this review, the joint subcommittee
578 shall review the impact of the blended retirement rates on the retirement system, school divisions,
579 and the Commonwealth.

580 d. Appropriations for contributions in Paragraphs 2 and 3 include payments from funds derived from
581 the principal of the Literary Fund in accordance with Article VIII, Section 8, of the Constitution of
582 Virginia. The amounts set aside from the Literary Fund for these purposes are approximately
583 \$115,854,700 the first year and \$115,854,700 the second year.

584 3. School Employee Social Security Contributions

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

588 4. School Employee Insurance Contributions

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

592 5. Basic Aid Payments

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

598 2) This appropriation includes funding to recognize the common labor market in the Washington DC
599 Metropolitan Statistical Area. Standards of Quality salary payments for instructional and support
600 positions in school divisions of the localities set out below have been adjusted for the equivalent

- 601 portion of the Cost of Competing Adjustment (COCA) rates that are paid to local school divisions in
 602 Planning District 8. For the counties of Stafford, Fauquier, Spotsylvania, Clarke, and Warren and the
 603 City of Fredericksburg the SOQ payments have been increased by 10 percent the first year and 25
 604 percent the second year of the COCA rates paid to school divisions in Planning District 8.
- 605 b.1) The state share for a locality shall be equal to the Basic Operation Cost for that locality less the
 606 locality's estimated revenues from the state sales and use tax (returned on the basis of the 2005
 607 triennial census of school age population as specified in this item), in the fiscal year in which the
 608 school year begins and less the required local expenditure.
- 609 2) In addition to this appropriation, \$249,641,656 the first year and \$249,641,656 the second year are
 610 transferred from Lottery Funds appropriated in this Item pursuant to paragraph 28.b.1) to Basic Aid
 611 Payments to provide for the state share of the Basic Operations Cost as defined in paragraphs a. and
 612 b.1) above.
- 613 3) In addition, \$10,131,000 the first year is transferred from Lottery Funds to Basic Aid Payments
 614 from the fiscal year 2006 Lottery profits that are appropriated in this Item pursuant to paragraph
 615 28.b.2).
- 616 c. For the purpose of this paragraph, the Department of Taxation's fiscal year sales and use tax
 617 estimates are as cited in this Item.
- 618 d.1) In accordance with the provisions of §§ 22.1-281 and 37.1-96, Code of Virginia, the Department
 619 of Education shall deduct the locality's share for the education of handicapped pupils residing in
 620 institutions within the Department of Mental Health, Mental Retardation and Substance Abuse
 621 Services from the locality's Basic Aid appropriation.
- 622 2) The amounts deducted from Basic Aid for the education of mentally retarded persons shall be
 623 transferred to the Department of Mental Health, Mental Retardation and Substance Abuse Services in
 624 support of the cost of educating such persons; the amount deducted from Basic Aid for the education
 625 of emotionally disturbed persons shall be used to cover extraordinary expenses incurred in the
 626 education of such persons. The Department of Education shall establish guidelines to implement
 627 these provisions and shall provide for the periodic transfer of sums due from each local school
 628 division to the Department of Mental Health, Mental Retardation and Substance Abuse Services and
 629 for Special Education categorical payments. The amount of the actual transfers will be based on data
 630 accumulated during the prior school year.
- 631 e.1) The apportionment to localities of all driver education revenues received during the school year
 632 shall be made as an undesignated component of the state share of the basic operation cost in
 633 accordance with the provisions of this Item. Only school divisions complying with the standardized
 634 program established by the Board of Education shall be entitled to participate in the distribution of
 635 state funds appropriated for driver education. The Department of Education will deduct a designated
 636 amount per pupil from a school division's Basic Aid payment when the school division is not in
 637 compliance with § 22.1-205 C, Code of Virginia. Such amount will be computed by dividing the
 638 current appropriation for the Driver Education Fund by actual March 31 ADM.
- 639 2) Local school boards may charge a per pupil fee for behind-the-wheel driver education provided,
 640 however, that the fee charged plus the per pupil basic aid reimbursement for driver education shall
 641 not exceed the actual average per pupil cost. Such fees shall not be cause for a pro rata reduction in
 642 Basic Aid payments to school divisions.
- 643 f. Textbooks
- 644 1) The appropriations for basic aid include \$ 67,593,217 the first year and \$ 68,134,752 the second
 645 year from the general fund as the state's share of the cost of textbooks based on a per pupil amount
 646 of \$100.28 the first year and \$100.28 the second year. The state's distributions for textbooks shall be
 647 based on adjusted March 31 ADM.
- 648 2) School divisions shall provide free textbooks to all students.
- 649 3) School divisions may use a portion of this funding to purchase Standards of Learning instructional

650 materials.

651 4) Any funds provided to school divisions for textbook costs that are unexpended as of June 30,
652 2007, or June 30, 2008, shall be carried on the books of the locality to be appropriated to the school
653 division the following year to be used for same purpose.

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

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

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

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

679 6. Compensation Supplements

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

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

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

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

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

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

700 7. Education of the Gifted Payments

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

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

707 8. Occupational-Vocational Education Payments

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

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

714 9. Special Education Payments

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

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

720 c. In recalculating the cost of the Standards of Quality effective with the 2006-2008 biennium, the
721 Department of Education shall calculate the cost of instructional positions for special education based
722 on the aggregate sum of students by disability category by school for the disability categories listed
723 in the special education caseloads adopted by the Board of Education.

724 10. Enrollment Loss

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

| 728 | Composite Index | Percentage |
|-----|-----------------|------------|
| 729 | 0.0000-0.1999 | 85% |
| 730 | 0.2000-0.3499 | 70% |
| 731 | 0.3500-0.4999 | 45% |
| 732 | 0.5000 or more | 30% |

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735 11. Remedial Education Payments

736 a. An additional payment estimated at \$ 61,744,796 the first year and \$ 61,744,937 the second year
737 from the general fund shall be disbursed by the Department of Education to support the Board of
738 Education's Standards of Quality prevention, intervention, and remediation program adopted in June
739 2003.

740 b. The payment shall be calculated based on one hour of additional instruction per day for identified
741 students, using the three year average percent of students eligible for the federal Free Lunch program
742 as a proxy for students needing such services. Fall membership shall be multiplied by the three year
743 average division-level Free Lunch eligibility percentage to determine the estimated number of
744 students eligible for services. Pupil-teacher ratios shall be applied to the estimated number of eligible
745 students to determine the number of instructional positions needed for each school division. The

746 pupil-teacher ratio applied for each school division shall range from 10:1 for those divisions with the
747 most severe combined three year average failure rates for English and math Standards of Learning
748 test scores to 18:1 for those divisions with the lowest combined three year average failure rates for
749 English and math Standards of Learning test scores.

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

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

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

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

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

766 3a) Local school divisions are required to spend the established at-risk payment (state and local
767 share) on approved programs for students who are educationally at risk.

768 b) To receive these funds, each school division shall certify to the Department of Education that the
769 state and local shares of the at-risk payment will be used to support approved programs for students
770 who are educationally at risk. These programs may include: Dropout Prevention, community and
771 school-based truancy officer programs, Advancement Via Individual Determination (AVID), Project
772 Discovery, Reading Recovery, programs for students who speak English as a second language, and
773 programs related to increasing the success of disadvantaged students in completing a high school
774 degree and providing opportunities to encourage further education and training.

775 f. Regional Alternative Education Programs

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

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

786 3a) Regional alternative education programs are funded through this Item based on the state's share
787 of the incremental per pupil cost for providing such programs. This incremental per pupil payment
788 shall be adjusted for the composite index of local ability-to-pay of the school division that counts
789 such students attending such program in its March 31 Average Daily Membership. It is the intent of
790 the General Assembly that this incremental per pupil amount be in addition to the basic aid per pupil
791 funding provided to the affected school division for such students. Therefore, local school divisions
792 are encouraged to provide the appropriate portion of the basic aid per pupil funding to the regional
793 programs for students attending these programs, adjusted for costs incurred by the school division for
794 transportation, administration, and any portion of the school day or school year that the student does
795 not attend such program.

- 796 b) In the event a school division does not use all of the student slots it is allocated under this
797 program, the unused slots may be reallocated or transferred to another school division.
- 798 1. A school division must request from the Department of Education the availability and possible use
799 of any unused student slots. If any unused slots are available and if the requesting school division
800 chooses to utilize any of the unused slots, the requesting school division shall only receive the state's
801 share of tuition for the unused slot that was allocated in this Item for the originally designated school
802 division.
- 803 2. However, no requesting school division shall receive more tuition funding from the state for any
804 requested unused slot than what would have been the calculated amount for the requesting school
805 division had the unused slot been allocated to the requesting school division in the original budget.
806 Furthermore, the requesting school division shall pay for any remaining tuition payment necessary for
807 using a previously unused slot.
- 808 3. The Department of Education shall report by June 30 each year, to the Chairmen of the House
809 Appropriations and Senate Finance Committees, the number of available student slots, students
810 placed, the request of unused slots, and the number of unused slots subsequently used by each school
811 division for each Regional Alternative Education program.
- 812 4) The Board of Education shall provide assistance for the state share of the incremental cost of
813 regional alternative education program operations based on the composite index of local
814 ability-to-pay.
- 815 g. Remedial Summer School
- 816 1) This appropriation includes \$24,659,975 the first year and \$25,496,999 the second year from the
817 general fund for the state's share of Remedial Summer School Programs. These funds are available to
818 school divisions for the operation of programs designed to remediate students who are required to
819 attend such programs during a summer school session or during an intersession in the case of
820 year-round schools. These funds may be used in conjunction with other sources of state funding for
821 remediation or intervention. School divisions shall have maximum flexibility with respect to the use
822 of these funds and the types of remediation programs offered; however, in exercising this flexibility,
823 students attending these programs shall not be charged tuition and no high school credit may be
824 awarded to students who participate in this program. After actual enrollment in Remedial Summer
825 School in fiscal year 2006 has been calculated, the Department of Education shall recalculate the
826 amounts needed to fully fund the state share of Remedial Summer School obligations in fiscal year
827 2007 and fiscal year 2008.
- 828 2) For school divisions charging students tuition for summer high school credit courses, consideration
829 shall be given to students from households with extenuating financial circumstances who are
830 repeating a class in order to graduate.
- 831 12. Primary Class Size Payments
- 832 a. An additional payment estimated at \$83,617,596 the first year and \$84,407,590 the second year
833 from the general fund shall be disbursed by the Department of Education as an incentive payment for
834 reducing class sizes in the primary grades.
- 835 b. The Department of Education shall calculate the payment based on the incremental cost of
836 providing the lower class sizes based on the lower of the division average per pupil cost of all
837 divisions or the actual division per pupil cost.
- 838 c. Localities are required to provide a match for these funds based on the composite index of local
839 ability-to-pay.
- 840 d. By October 15 of each year school divisions must provide data to the Department of Education
841 that each participating school has a September 30 pupil/teacher ratio in grades K through 3 that meet
842 the following criteria:

| | | | |
|-----|---------------------------------|--------------|--------------------|
| 843 | Qualifying School Percentage of | | |
| 844 | Students Approved | | |
| 845 | | Grades K-3 | Maximum Individual |
| 846 | Eligible for Free Lunch | School Ratio | Class Size |
| 847 | 16% but less than 30% | 20 to 1 | 25 |
| 848 | 30% but less than 45% | 19 to 1 | 24 |
| 849 | 45% but less than 55% | 18 to 1 | 23 |
| 850 | 55% but less than 65% | 17 to 1 | 22 |
| 851 | 65% but less than 70% | 16 to 1 | 21 |
| 852 | 70% but less than 75% | 15 to 1 | 20 |
| 853 | 75% or more | 14 to 1 | 19 |
| 854 | | | |

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

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

862 13. Literary Fund Subsidy Program

863 a. The Board of Education and the Virginia Public School Authority (VPSA) shall provide a program
 864 of funding for school construction and renovation through the Literary Fund and through VPSA bond
 865 sales. The program shall be used to provide funds, through Literary Fund loans and subsidies, and
 866 through VPSA bond sales, to fund a portion of the projects on the Literary Fund waiting list, or
 867 other critical projects which may receive priority placement on the waiting list by the Board of
 868 Education. Interest rate subsidies will provide school divisions with the present value difference in
 869 debt service between a Literary Fund loan and a borrowing through the VPSA. To qualify for an
 870 interest rate subsidy, the school division's project must be eligible for a Literary Fund loan and shall
 871 be subject to the same restrictions. The VPSA shall work with the Board of Education in selecting
 872 those projects to be funded through the interest rate subsidy/bond financing program, so as to ensure
 873 the maximum leverage of Literary Fund moneys and a minimum impact on the VPSA Bond Pool.

874 b. The Virginia Public School Authority shall provide an interest rate subsidy program in the fall of
 875 2006 and the fall of 2007 for projects that are on the Board of Education's First Priority Waiting
 876 List. However, the cost of the subsidy shall not exceed \$15,000,000 in the first year and \$20,000,000
 877 in the second year including the subsidy payments and related issuance costs.

878 c. The Board of Education may offer Literary Fund loans from the uncommitted balances of the
 879 Literary Fund after meeting the obligations of the interest rate subsidy sales and the amounts set
 880 aside from the Literary Fund for Debt Service Payments for Education Technology in this item.

881 d.1) In the event that on any scheduled payment date of bonds of the Virginia Public School
 882 Authority (VPSA) authorized under the provisions of a bond resolution adopted subsequent to June
 883 30, 1997, issued subsequent to June 30, 1997, and not benefiting from the provisions of either
 884 § 22.1-168 (iii), (iv), and (v), Code of Virginia, or § 22.1-168.1, Code of Virginia, the sum of (i) the
 885 payments on general obligation school bonds of cities, counties, and towns (localities) paid to the
 886 VPSA and (ii) the proceeds derived from the application of the provisions of § 15.2-2659, Code of
 887 Virginia, to such bonds of localities, is less than the debt service due on such bonds of the VPSA on
 888 such date, there is hereby appropriated to the VPSA, first, from available moneys of the Literary
 889 Fund and, second, from the general fund a sum equal to such deficiency.

890 2) The Commonwealth shall be subrogated to the VPSA to the extent of any such appropriation paid
 891 to the VPSA and shall be entitled to enforce the VPSA's remedies with respect to the defaulting
 892 locality and to full recovery of the amount of such deficiency, together with interest at the rate of the
 893 defaulting locality's bonds.

894 e. The chairman of the Board of Commissioners of the VPSA shall, on or before December 1 of

each year, make and deliver to the Governor and the Secretary of Finance a certificate setting forth his estimate of total debt service during each fiscal year of the biennium on bonds of the VPSA issued and projected to be issued during such biennium pursuant to the bond resolution referred to in paragraph 1a above. The Governor's budget submission each year shall include provisions for the payment of debt service pursuant to paragraph 1 above.

14. Educational Technology Payments

a. Any unobligated amounts transferred to the educational technology fund shall be disbursed on a pro rata basis to localities. The additional funds shall be used for technology needs identified in the division's technology plan approved by the Department of Education.

b. The Board of Education shall provide amounts estimated at \$12,090,750 the first year from the Literary Fund to provide debt service payments for the education technology grant program conducted through the Virginia Public School Authority in 2002.

c. The Board of Education shall provide amounts estimated at \$11,949,600 the first year and \$11,949,600 the second year from the Literary Fund to provide debt service payments for the education technology grant program conducted through the Virginia Public School Authority in 2003.

d.1) The Board of Education shall provide amounts estimated at \$12,657,050 the first year and \$12,654,800 the second year from the Literary Fund to provide debt service payments for the education technology grant program conducted through the Virginia Public School Authority in 2004.

2) It is the intent of the General Assembly to appropriate Literary Fund revenues sufficient to pay debt service on the Virginia Public School Authority bonds or notes authorized for this program. In developing the proposed 2008-10 biennial budgets for public education, the Board of Education shall include a recommendation to the Governor to appropriate Literary Fund revenues sufficient to make debt service payments for this program in fiscal year 2009.

e.1) The Board of Education shall provide amounts estimated at \$12,635,250 the first year and \$12,635,500 the second year from the Literary Fund to provide debt service payments for the education technology grant program conducted through the Virginia Public School Authority in 2005.

2) It is the intent of the General Assembly to appropriate Literary Fund revenues sufficient to pay debt service on the Virginia Public School Authority bonds or notes authorized for this program. In developing the proposed 2008-10 biennial budget for public education, the Board of Education shall include a recommendation to the Governor to appropriate Literary Fund revenues sufficient to make debt service payments for this program in fiscal year 2009 and fiscal year 2010.

f.1) The Board of Education shall provide amounts estimated at \$13,430,704 the first year and \$13,228,104 the second year from the Literary Fund to provide debt service payments for the education technology grant program conducted through the Virginia Public School Authority in 2006.

2) It is the intent of the General Assembly to appropriate Literary Fund revenues sufficient to pay debt service on the Virginia Public School Authority bonds or notes authorized for this program. In developing the proposed 2008-10 and 2010-12 biennial budgets for public education, the Board of Education shall include a recommendation to the Governor to appropriate Literary Fund revenues sufficient to make debt service payments for this program in fiscal years 2009, 2010, and 2011.

g.1) An education technology grant program shall be conducted through the Virginia Public School Authority, through the issuance of equipment notes in an amount estimated at \$58,936,000 the spring of 2007 and \$59,248,000 in the Spring of 2008. Proceeds of the notes will be used to establish a computer-based instructional and testing system for the Standards of Learning (SOL) and to develop the capability for high speed Internet connectivity at high schools followed by middle schools followed by elementary schools.

2) The Board of Education shall provide amounts estimated at \$13,590,913 the second year from the Literary Fund to provide debt service payments for the education technology grant program conducted through the Virginia Public School Authority in the Spring of 2007.

- 943 3) It is the intent of the General Assembly to appropriate Literary Fund revenues sufficient to pay
944 debt service on the Virginia Public School Authority bonds or notes authorized for education
945 technology grant programs in the spring of 2007 and in the spring of 2008. In developing the
946 proposed 2008-10, 2010-2012, and 2012-2014 biennial budgets for public education, the Board of
947 Education shall include a recommendation to the Governor to appropriate Literary Fund revenues
948 sufficient to make debt service payments for these programs in fiscal years 2009, 2010, 2011, 2012,
949 and 2013.
- 950 4) Grant funds from the issuance of \$58,936,000 in fiscal year 2007 and \$59,248,000 in fiscal year
951 2008 in equipment notes are based on a grant of \$26,000 per school and \$50,000 per school division.
952 For purposes of this grant program, eligible schools shall include those reporting membership in
953 grades K through 12 as of September 30, 2006, for the Spring 2007 issuance, and September 30,
954 2007, for the Spring 2008 issuance as well as district and regional centers including vocational
955 centers, special education centers, alternative education centers, regular school year Governor's
956 Schools, and the Schools for the Deaf and the Blind. Schools and district centers that serve only
957 pre-kindergarten students shall not be eligible for this grant.
- 958 5) Localities are required to provide a match for these funds equal to 20 percent of the grant amount.
959 At least 25 percent of the local match shall be used for teacher training in the use of technology. The
960 Superintendent of Public Instruction is authorized to reduce the required local match for school
961 divisions with a composite index of local ability-to-pay below 0.2000. The Schools for the Deaf and
962 the Blind are exempt from the match requirement.
- 963 6) The goal of the program is to improve the instructional, remedial and testing capabilities of the
964 Standards of Learning for local school divisions.
- 965 7) Funds shall be used in the following manner:
- 966 a) Each division shall use funds to reach a goal, in each high school, of: (1) a 5-to-1 student to
967 computer ratio; (2) an Internet-ready local area network (LAN) capability; and (3) high speed access
968 to the Internet. School connectivity (computers, LANs and network access) shall include sufficient
969 download/upload capability to ensure that each student will have adequate access to Internet-based
970 instructional, remedial and assessment programs.
- 971 b) When each high school in a division meets the goals established in paragraph a) above, the
972 remaining funds shall be used to develop similar capability in first the middle schools and then the
973 elementary schools.
- 974 c) Pursuant to § 15.2-1302, Code of Virginia, and in the event that two or more school divisions
975 became one school division, whether by consolidation of only the school divisions or by
976 consolidation of the local governments, such resulting division shall be provided funding through this
977 program on the basis of having the same number of school divisions as existed prior to September
978 30, 2000.
- 979 8) Local school divisions shall maximize the use of available federal funds, including E-Rate Funds,
980 and to the extent possible, use such funds to supplement the program and meet the goals of this
981 program.
- 982 h. The Department of Education shall maintain criteria to determine if high schools, middle schools,
983 or elementary schools have the capacity to meet the goals of this initiative. The Department of
984 Education shall be responsible for the project management of this program. The Department of
985 Education shall report on the implementation of this program to the Chairmen of the Senate Finance
986 and House Appropriations Committees by September 1 of each year.
- 987 i.1) In the event that, on any scheduled payment date of bonds or notes of the Virginia Public School
988 Authority (VPSA) issued for the purpose described in § 22.1-166.2, Code of Virginia, and not
989 benefiting from the provisions of either § 22.1-168 (iii), (iv) and (v), Code of Virginia, or
990 § 22.1-168.1, Code of Virginia, the available moneys in the Literary Fund are less than the
991 appropriations for debt service due on such bonds or notes of the VPSA on such date, there is
992 hereby appropriated to the VPSA from the general fund a sum equal to such deficiency.
- 993 2) The Chairman of the Board of Commissioners of the VPSA shall, on or before December 1 of

- 994 each year, make and deliver to the Governor and the Secretary of Finance a certificate setting forth
 995 his estimate of total debt service during each fiscal year of the biennium on bonds and notes of the
 996 VPSA issued and projected to be issued during such biennium pursuant to the resolution referred to
 997 in paragraph 1) above. The Governor's budget submission each year shall include provisions for the
 998 payment of debt service pursuant to paragraph 1) above.
- 999 j. Unspent proceeds of the notes, including investment income derived from the proceeds of the notes
 1000 may be used to pay interest on, or to decrease principal of the notes.
- 1001 k.1) For the purposes of § 56-232, Code of Virginia, "Contracts of Telephone Companies with State
 1002 Government" and for the purposes of § 56-234 "Contracts for Service Rendered by a Telephone
 1003 Company for the State Government" shall be deemed to include communications lines into public
 1004 schools which are used for educational technology. The rate structure for such lines shall be
 1005 negotiated by the Superintendent of Public Instruction and the Chief Information Officer of the
 1006 Virginia Information Technologies Agency. Further, the Superintendent and Director are authorized to
 1007 encourage the development of "by-pass" infrastructure in localities where it fails to obtain
 1008 competitive prices or prices consistent with the best rates obtained in other parts of the state.
- 1009 2) The State Corporation Commission, in its consideration of the discount for services provided to
 1010 elementary schools, secondary schools, and libraries and the universal service funding mechanisms as
 1011 provided under § 254 of the Telecommunications Act of 1996, is hereby encouraged to make the
 1012 discounts for intrastate services provided to elementary schools, secondary schools, and libraries for
 1013 educational purposes as large as is prudently possible and to fund such discounts through the
 1014 universal fund as provided in § 254. The Commission shall proceed as expeditiously as possible in
 1015 implementing these discounts and the funding mechanism for intrastate services, consistent with the
 1016 rules of the Federal Communications Commission aimed at the preservation and advancement of
 1017 universal service.
- 1018 15. At-Risk Four-Year-Olds Preschool Payments
- 1019 a.1) It is the intent of the General Assembly that an additional state payment shall be disbursed by
 1020 the Department of Education to schools and community-based organizations to provide quality
 1021 preschool programs for at-risk four-year-olds unserved by Head Start program funding.
- 1022 2) These grants shall be used to provide programs for at-risk four-year-old children which include
 1023 quality preschool education, health services, social services, parental involvement and transportation.
 1024 Programs must provide full-day or half-day and, at least, school-year services.
- 1025 3) The Department of Education, in cooperation with the Council on Child Day Care and Early
 1026 Childhood Programs, shall establish academic standards that are in accordance with appropriate
 1027 preparation for students to be ready to successfully enter into kindergarten. These standards shall be
 1028 established in such a manner as to be measurable for student achievement and success. Students shall
 1029 be required to be evaluated at specified times as determined appropriate by the Department of
 1030 Education. Superintendents, or their designee, of each participating school division must certify that
 1031 the At-Risk Four-Year-Old program follows the established standards in order to receive the funding
 1032 for quality preschool education and criteria for the service components. Such guidelines shall be
 1033 consistent with the findings of the November 1993 study by the Board of Education, the Department
 1034 of Education, and the Council on Child Day Care and Early Childhood Programs.
- 1035 4)a) Grants shall be distributed based on an allocation formula providing the state share of a \$5,700
 1036 grant for 100 percent of the unserved at-risk four-year-olds in each locality for a full-day program.
 1037 Programs operating half-day shall receive state funds based on a fractional basis determined by the
 1038 pro-rata portion of a full-day, school year program provided.
- 1039 b) For new programs in the first year of implementation only, programs operating less than a full
 1040 school year shall receive state funds on a fractional basis determined by the pro-rata portion of a
 1041 school year program provided. In determining the prorated state funds to be received, a school year
 1042 shall be 180 days.
- 1043 b.1) Any locality which desires to participate in this grants program must submit a proposal through
 1044 its chief administrator (county administrator or city manager) by May 15 of each year. The chief

- 1045 administrator, in conjunction with the school superintendent, shall identify a lead agency for this
1046 program within the locality. The lead agency shall be responsible for developing a local plan for the
1047 delivery of quality preschool services to at-risk children which demonstrates the coordination of
1048 resources and the combination of funding streams in an effort to serve the greatest number of at-risk
1049 four-year-old children.
- 1050 2) The proposal must demonstrate coordination with all parties necessary for the successful delivery
1051 of comprehensive services, including the schools, child care providers, local social services agency,
1052 Head Start, local health department and other groups identified by the lead agency.
- 1053 3) A local match, based on the composite index of local ability-to-pay shall be required. For
1054 purposes of meeting the local match, localities may use local expenditures for existing qualifying
1055 programs. Localities shall also continue to pursue and coordinate other funding sources, including
1056 child care subsidies. Funds received through this program must be used to supplement, not supplant,
1057 any funds currently provided for programs within the locality. However, in the event a locality is
1058 prohibited from continuing the previous level of support to programs for at-risk four-year-olds from
1059 Title 1 of the Elementary and Secondary Education Act (ESEA), the state and local funds provided
1060 in this grants program may be used to continue services to these Title I students. Such prohibition
1061 may occur due to amendments to the allocation formula in the reauthorization of ESEA as the No
1062 Child Left Behind Act of 2001 or due to a percentage reduction in a locality's Title I allocation in
1063 2006-2007 or 2007-2008. Any locality so affected shall provide written evidence to the
1064 Superintendent of Public Instruction and request his approval to continue the services to Title I
1065 students.
- 1066 c. Local plans must provide clear methods of service coordination for the purpose of reducing the per
1067 child cost for the service, increasing the number of at-risk children served and/or extending services
1068 for the entire year. Examples of these include:
- 1069 1) "Wraparound Services" — methods for combining funds such as child care subsidy dollars
1070 administered by local social service agencies with dollars for quality preschool education programs.
- 1071 2) "Wrapout Services" — methods for using grant funds to purchase quality preschool services to
1072 at-risk four-year-old children through an existing child care setting by purchasing comprehensive
1073 services within a setting which currently provides quality preschool education.
- 1074 3) "Expansion of Service" — methods for using grant funds to purchase slots within existing
1075 programs, such as Head Start, which provide comprehensive services to at-risk four-year-old children.
- 1076 Local plans must indicate the number of at-risk four-year-old children to be served, and the criteria
1077 by which they will be determined to be at risk.
- 1078 d.1) The Department of Education and the Council on Child Day Care and Early Childhood
1079 Programs shall provide technical assistance for the administration of this grant program to provide
1080 assistance to localities in developing a comprehensive, coordinated, quality preschool program for
1081 serving at-risk four-year-old children.
- 1082 2) A pre-application session shall be provided by the Department and the Council on Child Day Care
1083 and Early Childhood Programs prior to the proposal deadline. The Department shall provide
1084 interested localities with information on models for service delivery, methods of coordinating funding
1085 streams, such as funds to match federal IV-A child care dollars, to maximize funding without
1086 supplanting existing sources of funding for the provision of services to at-risk four-year-old children.
1087 A priority for technical assistance in the design of programs shall be given to localities where the
1088 majority of the at-risk four-year-old population is currently unserved.
- 1089 e. The Department of Education is authorized to expend unobligated balances in this item if
1090 participation in the At-Risk Four-Year-Olds Preschool program is greater than projected. The
1091 Department is also authorized to expend unobligated balances in this program for grants to qualifying
1092 schools and community-based groups for one-time expenses, other than capital, related to start-up or
1093 expansion of programs.
- 1094 16. Early Reading Intervention

1095 a. An additional incentive payment of \$11,863,527 the first year and \$11,965,287 the second year
 1096 from the general fund shall be disbursed by the Department of Education to local school divisions
 1097 for the purposes of providing early reading intervention services to students in grades kindergarten
 1098 through 3 who demonstrate deficiencies based on their individual performance on diagnostic tests
 1099 which have been approved by the Department of Education. The Department of Education shall
 1100 review the tests of any local school board which requests authority to use a test other than the
 1101 state-provided test to ensure that such local test uses criteria for the early diagnosis of reading
 1102 deficiencies which are similar to those criteria used in the state-provided test. The Department of
 1103 Education shall make the state-provided diagnostic test used in this program available to local school
 1104 divisions. School divisions shall report the results of the diagnostic tests to the Department of
 1105 Education on an annual basis at a time to be determined by the Superintendent of Public Instruction.

1106 b. These incentive payments shall be based on the state's share of the cost of providing two and
 1107 one-half hours of additional instruction each week for an estimated number of students in each
 1108 school division at a student to teacher ratio of five to one. The estimated number of students in each
 1109 school division in each year shall be determined by multiplying the projected number of students
 1110 reported in each school division's fall membership in grades kindergarten, 1, 2, and 3 by the percent
 1111 of students who are determined to need services based on diagnostic tests administered in the
 1112 previous year in that school division and adjusted in the following manner:

| | | |
|------|--------------|------|
| 1113 | Kindergarten | 100% |
| 1114 | Grade 1 | 50% |
| 1115 | Grade 2 | 50% |
| 1116 | Grade 3 | 25% |

1117 c. These incentive payments are available to any school division that certifies to the Department of
 1118 Education that an intervention program will be offered to such students and that each student who
 1119 receives an intervention will be assessed again at the end of that school year. Such intervention
 1120 programs, at the discretion of the local school division, may include, but not be limited to, the use
 1121 of: special reading teachers; trained aides; volunteer tutors under the supervision of a certified
 1122 teacher; computer-based reading tutorial programs; aides to instruct in-class groups while the teacher
 1123 provides direct instruction to the students who need extra assistance; or extended instructional time in
 1124 the school day or year for these students. Localities receiving these incentive payments are required
 1125 to match these funds based on the composite index of local ability-to-pay.

1126 17. Standards of Learning Algebra Readiness

1127 a. An additional incentive payment of \$8,444,986 the first year and \$8,476,044 the second year from
 1128 the general fund shall be disbursed by the Department of Education to local school divisions for the
 1129 purposes of providing math intervention services to students in grades 6, 7, 8 and 9 who are at-risk
 1130 of failing the Algebra 1 end-of-course test, as demonstrated by their individual performance on
 1131 diagnostic tests which have been approved by the Department of Education. The Department of
 1132 Education shall review the tests to ensure that such local test uses state-provided criteria for
 1133 diagnosis of math deficiencies which are similar to those criteria used in the state-provided test. The
 1134 Department of Education shall make the state-provided diagnostic test used in this program available
 1135 to local school divisions. School divisions shall report the results of the diagnostic tests to the
 1136 Department of Education on an annual basis at a time to be determined by the Superintendent of
 1137 Public Instruction.

1138 b. These incentive payments shall be based on the state's share of the cost of providing two and
 1139 one-half hours of additional instruction each week for an estimated number of students in each
 1140 school division at a student to teacher ratio of ten to one. The estimate number of students in each
 1141 school division shall be determined by multiplying the projected number of students reported in each
 1142 school division's fall membership by the percent of students that qualify for the federal Free Lunch
 1143 Program.

1144 c. These incentive payments are available to any school division that certifies to the Department of
 1145 Education that an intervention program will be offered to such students and that each student who
 1146 receives an intervention will be assessed again at the end of that school year. Localities receiving
 1147 these incentive payments are required to match these funds based on the composite index of local
 1148 ability-to-pay.

1149 d. Any funds provided to school divisions for the Standards of Learning Algebra Readiness Program
1150 that are unexpended as of June 30, 2007, and June 30, 2008, shall be carried on the books of the
1151 locality to be appropriated to the school division in the following year for use in the same program.

1152 18. School Construction Grants Program

1153 a. This appropriation includes an amount estimated at \$27,499,995 the first year and \$27,500,004 the
1154 second year from the general fund to provide grants to school divisions for nonrecurring expenditures
1155 by the relevant school division. Nonrecurring costs shall include school construction, additions,
1156 infrastructure, site acquisition, renovations, technology, and other expenditures related to modernizing
1157 classroom equipment, payments to escrow accounts pursuant to Chapter 391, Acts of Assembly of
1158 1999, school safety equipment or school safety renovations, and debt service payments on school
1159 projects completed during the last ten years.

1160 b. School divisions are encouraged to utilize value engineering in school construction projects funded
1161 with these grant proceeds.

1162 c. Any funds provided to school divisions for school construction that are unexpended as of June 30,
1163 2007, and June 30, 2008, shall be carried on the books of the locality to be appropriated to the
1164 school division the following year for use for the same purpose.

1165 d. Pursuant to § 15.2-1302, Code of Virginia, and in the event that two or more school divisions
1166 became one school division, whether by consolidation of only the school divisions or by
1167 consolidation of the local governments, such resulting division shall be paid School Construction
1168 Grant payments on the basis of having the same number of school divisions as existed prior to
1169 September 30, 2000.

1170 19. English as a Second Language Payments

1171 A payment of \$31,781,077 the first year and \$38,469,856 the second year from the general fund
1172 shall be disbursed by the Department of Education to local school divisions to support the state share
1173 of 17 professional instructional positions per 1,000 students for whom English is a second language.
1174 Local school divisions shall provide a local match based on the composite index of local
1175 ability-to-pay.

1176 20. Special Education Instruction Payments

1177 a. The Department of Education shall establish rates for all elements of Special Education Instruction
1178 Payments.

1179 b. Out of the amounts for special education payments, the Department of Education shall make
1180 available, subject to implementation by the Superintendent of Public Instruction, an amount estimated
1181 at \$59,989,862 the first year and \$66,397,321 the second year from the general fund for the purpose
1182 of the state's share of the tuition rates for approved public school regional programs. Notwithstanding
1183 any contrary provision of law, the state's share of the tuition rates shall be based on the composite
1184 index of local ability-to-pay.

1185 c. Out of the amounts for Financial Assistance for Categorical Programs, \$29,593,951 the first year
1186 and \$30,962,505 the second year from the general fund is appropriated to permit the Department of
1187 Education to contract with selected local school boards for the provision of educational services to
1188 children residing in certain hospitals, clinics, and detention homes by employees of the local school
1189 boards. The selection and employment of instructional and administrative personnel under such
1190 contracts will be the responsibility of the local school board in accordance with procedures as
1191 prescribed by the local school board.

1192 21. Vocational Education Instruction Payments

1193 a. It is the intention of the General Assembly that the Department of Education explore initiatives
1194 that will encourage greater cooperation between jurisdictions and the Virginia Community College
1195 System in meeting the needs of public school systems.

1196 b. This appropriation includes \$1,800,000 the first year and \$1,800,000 the second year from the

1197 general fund for secondary vocational-technical equipment. A base allocation of \$2,000 the first year
 1198 and \$2,000 the second year shall be available for all divisions, with the remainder of the funding
 1199 distributed on the basis of student enrollment in secondary vocational-technical courses. State funds
 1200 received for secondary vocational-technical equipment must be used to supplement, not supplant, any
 1201 funds currently provided for secondary vocational-technical equipment within the locality.

1202 22. Adult Education Payments

1203 State funds shall be used to reimburse general adult education programs on a fixed cost per pupil or
 1204 cost per class basis. No state funds shall be used to support vocational noncredit courses.

1205 23. General Education Payments

1206 a.1) This appropriation includes \$8,155,889 the first year and \$7,853,362 the second year from the
 1207 general fund for targeted education initiatives to improve student achievement and teacher quality,
 1208 including a mentoring program for teachers with no experience working in schools that are at-risk of
 1209 not meeting adequate yearly progress, a middle school math teacher initiative in at-risk schools,
 1210 turnaround specialists to enhance the leadership in schools that have consistently failed to show
 1211 improvement in student progress, virtual Advanced Placement courses, and GED tests as required by
 1212 the No Child Left Behind Act.

1213 2) In the event that existing funds are not available, additional nongeneral funds do not become
 1214 available, and/or the contracts are not renegotiated to lower amounts, the Department of Education is
 1215 authorized to transfer up to \$150,890 the first year and up to \$150,890 the second year from the
 1216 general fund appropriation for this Item in C. 23. a. to Item 127 for the contract with the University
 1217 of Virginia Partnership for Leaders in Education - The Darden School Foundation for the turnaround
 1218 specialists program. In the event that existing funds are not available, additional nongeneral funds do
 1219 not become available, and/or the contracts are not re-negotiated to lower amounts, the Department is
 1220 also authorized to transfer up to \$487,200 the first year and up to \$487,200 the second year from the
 1221 general fund appropriation for this Item in C. 23. a. to Item 127 for the contract for the on-line
 1222 student career planning program.

1223 b.1) In addition, the appropriation includes \$500,000 the first year and \$500,000 the second year
 1224 from the general fund for competitive grants of \$100,000 each to be awarded to school divisions
 1225 which demonstrate a partnership agreement with a Virginia institution of higher learning and/or other
 1226 entity for a defined leadership development training program that addresses the leadership standards
 1227 established for such training as defined by the Board of Education. Such competitive grants may be
 1228 awarded to the existing leadership development training programs. The Department of Education
 1229 shall establish the guidelines for school divisions to apply for these grants. These grants shall be
 1230 allocated over the biennium.

1231 2) School divisions that are awarded a competitive leadership grant in either fiscal year shall be
 1232 allowed to retain any unspent balances at the end of that fiscal year in which the grant was awarded
 1233 and shall be permitted to spend any remaining balances for the intended purposes during the ensuing
 1234 two fiscal years.

1235 c. This appropriation includes \$2,774,478 the first year and \$2,774,478 the second year from the
 1236 general fund to support Project Graduation.

1237 d. The Department of Education shall develop a report specific to the first cohort of the three school
 1238 divisions participating in the Hard-to-Staff School pilot program. The report shall address, but not be
 1239 limited to, any measurable improvements in student achievement that can be linked to the recruitment
 1240 and retention of highly qualified teachers; fewer teachers with provisional or conditional licenses;
 1241 demonstrated improvements in the general teaching environment within the participating schools; any
 1242 other comparable retention statistics relative to pre- and post- participation in the Hard-to-Staff
 1243 Schools pilot program. The Department of Education shall submit, upon completion of the
 1244 participation cycle of the first cohort of school divisions, but not later than September 1, 2007, the
 1245 comprehensive report to the Chairmen of the House Appropriations and Senate Finance Committees.
 1246 The report will be used as an evaluation tool to determine the pilot program's merits and whether it
 1247 should be implemented in other school divisions.

- 1248 24. Educational Telecommunications Payments
- 1249 a. Out of the amounts for Financial Assistance for Categorical Programs, the Board of Education
1250 shall provide assistance for electronic classrooms.
- 1251 b. The local share of costs associated with operation of electronic classrooms shall be computed
1252 using the local composite index of ability-to-pay.
- 1253 25. Individual Student Alternative Education Program
- 1254 Out of this appropriation, \$2,247,581 the first year and \$2,247,581 in the second year from the
1255 general fund shall be provided for the secondary schools' Individual Student Alternative Education
1256 Program (ISAE), pursuant to Chapter 488 and Chapter 552 of the 1999 Session of the General
1257 Assembly. The Department of Education shall report the status of this program along with any
1258 recommendations for determining the cost of this program to the Governor and the Chairmen of the
1259 Senate Finance, Senate Education and Health, House Appropriations, and House Education
1260 Committees and the Department of Planning and Budget no later than October 15 of each year.
- 1261 26. Foster Children Education Payments
- 1262 a. An additional state payment is provided from the general fund for the prior year's local operations
1263 costs, as determined by the Department of Education, for each pupil not a resident of the school
1264 division providing his education (a) who has been placed in foster care or other custodial care within
1265 the geographical boundaries of such school division by a Virginia agency, whether state or local,
1266 which is authorized under the laws of this Commonwealth to place children; (b) who has been placed
1267 in an orphanage or children's home which exercises legal guardianship rights; or (c) who is a resident
1268 of Virginia and has been placed, not solely for school purposes, in a child-caring institution or group
1269 home.
- 1270 b. This appropriation provides \$11,109,888 the first year and \$12,047,112 the second year from the
1271 general fund to support children attending public school who have been placed in foster care or other
1272 such custodial care across jurisdictional lines, as provided by subsections A and B of § 22.1-101.1,
1273 Code of Virginia. To the extent these funds are not adequate to cover the full costs specified therein,
1274 the Department is authorized to expend unobligated balances in this Item and Item 134 for this
1275 support.
- 1276 27. Sales Tax
- 1277 a. This is a sum-sufficient appropriation for distribution to counties, cities and towns a portion of net
1278 revenue from the state sales and use tax, in support of the Standards of Quality (Title 22.1, Chapter
1279 13.2, Code of Virginia) (See the Attorney General's opinion of August 3, 1982).
- 1280 b. Certification of payments and distribution of this appropriation shall be made by the State
1281 Comptroller.
- 1282 c. The distribution of state sales tax funds shall be made in equal bimonthly payments at the middle
1283 and end of each month.
- 1284 *d. 1) This Item includes an appropriation estimated at \$59,837,121 from the general fund in the first*
1285 *year to be paid to local school divisions as a supplemental sales tax payment dedicated to public*
1286 *education. As such, local governing bodies shall appropriate these funds to the local school division.*
- 1287 *2) The supplemental sales tax payment is in addition to the one and 1/8 cents sales tax estimated by*
1288 *the Department of Taxation and included in this Item.*
- 1289 *3) For the purposes of calculating Required Local Expenditure as defined in this Item, this*
1290 *supplemental sales tax payment will be counted as a credit toward the local share of the costs of the*
1291 *Standards of Quality in the first year. Further, additional payments from Enrollment Loss and*
1292 *Supplemental Basic Aid, as identified by the Department of Education, resulting from the Department*
1293 *of Taxation's correction of the sales tax estimates and resulting in this supplemental sales tax*
1294 *payment may also be counted as a credit toward the local share of the costs of the Standards of*
1295 *Quality in the first year.*

1296 4) *The Department of Education is authorized to distribute the supplemental sales tax payment to*
 1297 *school divisions in quarterly installments. The Department is further authorized to make adjustments*
 1298 *in these quarterly supplemental payments to reflect the difference between the actual sales tax*
 1299 *payments distributed to school divisions to date and an estimate of the payment that would have*
 1300 *been paid to date based on the percentage of the total distribution paid in the prior fiscal year to*
 1301 *date multiplied by the total amount of sales tax distribution included in this Item. The amount paid*
 1302 *as supplemental sales tax payments shall not exceed the amounts listed in paragraph d.1) above.*

1303 5) *It is the intent of the General Assembly to update this supplemental sales tax payment based on*
 1304 *any subsequent increases to the Sales Tax estimates approved by the General Assembly and included*
 1305 *in this Item.*

1306 28. Lottery

1307 a.1) This appropriation includes \$426,100,000 the first year and \$426,100,000 the second year from
 1308 the general fund as the state payment for the lottery profits, to be deposited into the general fund
 1309 pursuant to § 3-1.01 G of this act.

1310 2) This appropriation includes \$16,500,000 in the first year as an additional appropriation of Lottery
 1311 profits that were earned in fiscal year 2006 as excess revenue that was not appropriated for public
 1312 education.

1313 b.1) Out of this appropriation, \$249,641,656 the first year and \$249,641,656 the second year shall be
 1314 transferred and used to fund the state's share of Basic Aid Payments as defined in paragraph 5.b.2)
 1315 above.

1316 2) Out of this appropriation, \$10,131,000 the first year shall be transferred from the additional
 1317 appropriation in paragraph 28.a.2) above and used to fund the state's share of Basic Aid Payments as
 1318 defined in paragraph 5.b.3) above.

1319 c. \$19,517,499 the first year and \$19,517,499 the second year in Lottery proceeds appropriated in
 1320 this Item shall be added to general funds appropriated in this Item, to provide for the state share of
 1321 cost of the Standards of Quality prevention, intervention, and remediation program.

1322 d.1) Out of this appropriation, an amount estimated at \$156,940,845 the first year and \$156,940,845
 1323 the second year shall be disbursed by the Department of Education to local school divisions to
 1324 support the state share of an estimated \$232.83 per pupil the first year and \$230.98 per pupil the
 1325 second year in adjusted March 31 average daily membership. These per pupil amounts are subject to
 1326 change for the purpose of payment to school divisions based on the actual March 31 ADM collected
 1327 each year. These funds shall be matched by the local government, based on the composite index of
 1328 local ability-to-pay. Further, in order to receive this funding, the locality in which the school division
 1329 is located shall appropriate these funds solely for educational purposes and shall not use such funds
 1330 to reduce total local operating expenditures for public education below the amount expended by the
 1331 locality for such purposes in the year upon which the 2006-08 biennial Standards of Quality
 1332 expenditure data were based; provided however, that no locality shall be required to maintain a per
 1333 pupil expenditure which is greater than the per pupil amount expended by the locality for such
 1334 purposes in the year upon which the 2006-08 biennial Standards of Quality expenditure data were
 1335 based.

1336 2) Out of this appropriation, an amount estimated at \$6,369,000 the first year in additional Lottery
 1337 proceeds shall be disbursed by the Department of Education to local school divisions to support the
 1338 state share of an estimated \$9.45 per pupil the first year in adjusted daily membership. These per
 1339 pupil amounts are subject to change for the purpose of payment to school divisions based on the
 1340 actual March 31 ADM collected. These funds shall be matched by the local government, based on
 1341 the composite index of local ability-to-pay, and shall be subject to the same terms and conditions as
 1342 other Lottery proceeds appropriated in this Item.

1343 e. Of the amounts listed above, no more than 50 percent shall be used for recurring costs and at least
 1344 50 percent shall be spent on nonrecurring expenditures by the relevant school divisions. Nonrecurring
 1345 costs shall include school construction, additions, infrastructure, site acquisition, renovations,

- 1346 technology, and other expenditures related to modernizing classroom equipment, and debt service
1347 payments on school projects completed during the last 10 years.
- 1348 f. Any lottery funds provided to school divisions from this Item that are unexpended as of June 30,
1349 2007, and June 30, 2008, shall be carried on the books of the locality to be appropriated to the
1350 school division in the following year.
- 1351 29. Adult Literacy
- 1352 a. The appropriation for Financial Assistance for Categorical Programs includes \$125,000 the first
1353 year and \$125,000 the second year from the general fund for the ongoing literacy programs
1354 conducted by Mountain Empire Community College, and \$125,000 the first year and \$125,000 the
1355 second year from the general fund will be transferred to the Department of Housing and Community
1356 Development to support workforce literacy and training.
- 1357 b. Out of this appropriation, the Board of Education shall provide \$100,000 the first year and
1358 \$100,000 the second year from the general fund for the Virginia Literacy Foundation grants to
1359 support programs for adult literacy including those delivered by community-based organizations and
1360 school divisions providing services for adults with 0-9th grade reading skills.
- 1361 c. Out of this appropriation, the Board of Education shall provide \$50,000 the first year and \$50,000
1362 the second year from the general fund to the Virginia Educational Technology Alliance to provide
1363 teacher training opportunities in the effective use of educational technologies to full-time, part-time
1364 and volunteer teachers involved in adult education and literacy programs in the Commonwealth.
- 1365 30. Governor's School Payments
- 1366 a. Out of the amounts for Governor's School Payments, the Board of Education shall provide
1367 assistance for the state share of the incremental cost of regular school year Governor's Schools based
1368 on each participating locality's composite index of local ability-to-pay. Participating school divisions
1369 must certify that no tuition is assessed students for participation in this program.
- 1370 b. Out of the amounts for Governor's School Payments, the Board of Education shall provide
1371 assistance for the state share of the incremental cost of summer residential Governor's Schools and
1372 Foreign Language Academies to be based on the greater of the state's share of the composite index
1373 of local ability-to-pay or 50 percent. Participating school divisions must certify that no tuition is
1374 assessed students for participation in this program if they are enrolled in a public school.
- 1375 c. It shall be the policy of the Commonwealth that state general fund appropriations not be used for
1376 capital outlay, structural improvements, renovations, or fixed equipment costs associated with
1377 initiation of existing or proposed Governor's schools. State general fund appropriations may be used
1378 for the purchase of instructional equipment for such schools, subject to certification by the
1379 Superintendent of Public Instruction that at least an equal amount of funds has been committed by
1380 participating school divisions to such purchases.
- 1381 d. The Board of Education shall not take any action that would increase the state's share of costs
1382 associated with the Governor's Schools as set forth in paragraph C. 26. of this Item. This provision
1383 shall not prohibit the Board of Education from submitting requests for the increased costs of existing
1384 programs resulting from updates to September 30 fall membership for school divisions currently
1385 participating in existing programs or for school divisions that begin participation in existing
1386 programs.
- 1387 e.1) Regular school year Governor's Schools are funded through this Item based on the state's share
1388 of the incremental per pupil cost for providing such programs for each student attending a Governor's
1389 School up to a cap of 1,500 students per Governor's School. This incremental per pupil payment
1390 shall be adjusted for the composite index of the school division that counts such students attending
1391 an academic year Governor's School in their March 31 Average Daily Membership. It is the intent of
1392 the General Assembly that this incremental per pupil amount be in addition to the basic aid per pupil
1393 funding provided to the affected school division for such students. Therefore, local school divisions
1394 are encouraged to provide the appropriate portion of the basic aid per pupil funding to the Governor's
1395 Schools for students attending these programs, adjusted for costs incurred by the school division for
1396 transportation, administration, and any portion of the day that the student does not attend a

- 1397 Governor's School.
- 1398 2) Funding for the Academic Year Governor's Schools will be adjusted based upon actual September
1399 30, 2006, and September 30, 2007, fall membership data or equivalent enrollment for students that
1400 attend these programs during the year based on alternative course schedules such as semester block
1401 schedules.
- 1402 3) Fairfax County Public Schools shall not reduce local per pupil funding for the Thomas Jefferson
1403 Governor's School below the amounts appropriated for the 2003-2004 school year.
- 1404 31. School Nutrition
- 1405 It is provided that, subject to implementation by the Superintendent of Public Instruction, no
1406 disbursement shall be made out of the appropriation for school nutrition to any locality in which the
1407 schools permit the sale of competitive foods in food service facilities or areas during the time of
1408 service of food funded pursuant to this Item.
- 1409 32. Clinical Faculty and Mentor Teacher Programs
- 1410 This appropriation includes \$1,375,000 the first year and \$1,375,000 the second year from the
1411 general fund for statewide Clinical Faculty and Mentor Teacher Programs to assist preservice
1412 teachers and beginning teachers to make a successful transition into full-time teaching. Such
1413 programs shall include elements which are consistent with the following:
- 1414 a. An application process for localities and school/higher education partnerships that wish to
1415 participate in the programs;
- 1416 b. Provisions for a local funding or institutional commitment of 50 percent, to match state grants of
1417 50 percent;
- 1418 c. Program plans which include a description of the criteria for selection of clinical faculty and
1419 mentor teachers, training, support, and compensation for clinical faculty and mentor teachers,
1420 collaboration between the school division and institutions of higher education, the clinical faculty and
1421 mentor teacher assignment process, and a process for evaluation of the programs;
- 1422 d. The Department of Education shall allow flexibility to local school divisions and higher education
1423 institutions regarding compensation for clinical faculty and mentor teachers consistent with these
1424 elements of the programs; and
- 1425 e. It is the intent of the General Assembly that no preference between preservice or beginning
1426 teacher programs be construed by the language in this Item. School divisions operating beginning
1427 teacher mentor programs shall receive equal consideration for funding.
- 1428 33. This appropriation includes \$100,000 the first year and \$100,000 the second year from the
1429 general fund to provide grants to school divisions that employ mentor teachers for new teachers
1430 entering the profession through the alternative route to licensure as prescribed by the Board of
1431 Education.
- 1432 136. Not Set Out
- 1433 Total for Direct Aid to
1434 Public Education \$6,611,427,036 ~~\$6,776,943,492~~
1435 ~~\$6,710,869,138~~
- 1436 Fund Sources:
- | | | |
|-----------------------|-----------------|----------------------------|
| 1437 General | \$5,695,619,782 | \$5,859,840,675 |
| 1438 | | \$5,793,766,321 |
| 1439 Special | \$795,000 | \$795,000 |
| 1440 Commonwealth | | |
| 1441 Transportation | \$2,173,000 | \$2,173,000 |
| 1442 Trust and Agency | \$178,747,154 | \$180,042,717 |

| | | | | |
|-------------|------------------------------------|------------------|-----------------------------|-----------------------------|
| 1443 | Federal Trust | \$734,092,100 | \$734,092,100 | |
| 1444 | Items 137 through 142: Not Set Out | | | |
| 1445 | Grand Total for | | | |
| 1446 | Department of Education, | | | |
| 1447 | Central Office Operations | | \$6,749,479,949 | \$6,913,943,931 |
| 1448 | | | | \$6,847,869,577 |
| 1449 | General Fund Positions | 439.50 | 441.50 | |
| 1450 | Nongeneral Fund Positions | 168.50 | 168.50 | |
| 1451 | Position Level | 608.00 | 610.00 | |
| 1452 | Fund Sources: | | | |
| 1453 | General | \$5,770,433,215 | \$5,933,601,634 | |
| 1454 | | | \$5,867,527,280 | |
| 1455 | Special | \$7,227,051 | \$7,227,051 | |
| 1456 | Commonwealth | | | |
| 1457 | Transportation | \$2,399,983 | \$2,399,983 | |
| 1458 | Trust and Agency | \$179,026,817 | \$180,322,380 | |
| 1459 | Federal Trust | \$790,392,883 | \$790,392,883 | |
| 1460 | Items 143 through 251: Not Set Out | | | |
| 1461 | TOTAL FOR | | | |
| 1462 | OFFICE OF EDUCATION | | \$13,683,664,968 | \$14,104,353,715 |
| 1463 | | | | \$14,038,279,361 |
| 1464 | General Fund | | | |
| 1465 | Positions | 18,871.30 | 18,888.90 | |
| 1466 | Nongeneral Fund | | | |
| 1467 | Positions | 32,721.50 | 33,053.52 | |
| 1468 | Position Level | 51,592.80 | 51,942.32 | |
| 1469 | Fund Sources: | | | |
| 1470 | General | \$7,635,423,686 | \$7,830,163,853 | |
| 1471 | | | \$7,764,089,499 | |
| 1472 | Special | \$73,114,351 | \$76,903,093 | |
| 1473 | Higher Education | | | |
| 1474 | Operating | \$4,826,813,350 | \$5,045,323,246 | |
| 1475 | Commonwealth | | | |
| 1476 | Transportation | \$2,399,983 | \$2,399,983 | |
| 1477 | Trust and Agency | \$179,326,817 | \$180,622,380 | |
| 1478 | Debt Service | \$152,094,141 | \$154,440,844 | |
| 1479 | Dedicated Special | | | |
| 1480 | Revenue | \$12,630,885 | \$12,630,885 | |
| 1481 | Federal Trust | \$801,861,755 | \$801,869,431 | |
| 1482 | Items 252 through 463: Not Set Out | | | |
| 1483 | TOTAL FOR | | | |
| 1484 | EXECUTIVE DEPARTMENT | | \$34,110,180,671 | \$34,974,085,231 |
| 1485 | | | | \$34,908,010,877 |
| 1486 | General Fund Positions | | | |
| 1487 | Nongeneral Fund | | | |
| 1488 | Positions | 59,306.84 | 59,690.06 | |
| 1489 | Position Level | 111,514.23 | 111,909.75 | |
| 1490 | Fund Sources: | | | |
| 1491 | General | \$16,334,550,917 | \$16,573,915,438 | |
| 1492 | | | \$16,507,841,084 | |
| 1493 | Special | \$1,483,763,434 | \$1,621,624,211 | |

| | | | |
|------|-------------------|-----------------|-----------------|
| 1494 | Higher Education | | |
| 1495 | Operating | \$4,833,655,952 | \$5,052,165,848 |
| 1496 | Commonwealth | | |
| 1497 | Transportation | \$4,065,286,028 | \$4,120,333,115 |
| 1498 | Enterprise | \$654,307,800 | \$653,674,588 |
| 1499 | Trust and Agency | \$1,047,785,366 | \$1,062,109,450 |
| 1500 | Debt Service | \$204,399,236 | \$206,745,939 |
| 1501 | Dedicated Special | | |
| 1502 | Revenue | \$625,504,579 | \$631,750,197 |
| 1503 | Federal Trust | \$4,860,927,359 | \$5,051,766,445 |

1504 Items 464 through 481: Not Set Out

1505 TOTAL FOR PART 1:

| | | | | |
|------|--------------------|------------------|-----------------------------|-----------------------------|
| 1506 | OPERATING EXPENSES | | \$34,904,269,286 | \$35,750,490,632 |
| 1507 | | | | \$35,684,416,278 |
| 1508 | General Fund | | | |
| 1509 | Positions | 55,904.48 | 55,916.78 | |
| 1510 | Nongeneral Fund | | | |
| 1511 | Positions | 60,967.46 | 64,350.68 | |
| 1512 | Position Level | 116,871.94 | 117,267.46 | |
| 1513 | Fund Sources: | | | |
| 1514 | General | \$16,779,048,401 | \$16,982,495,713 | |
| 1515 | | | \$16,916,421,359 | |
| 1516 | Special | \$1,582,139,532 | \$1,722,709,724 | |
| 1517 | Higher Education | | | |
| 1518 | Operating | \$4,833,655,952 | \$5,052,165,848 | |
| 1519 | Commonwealth | | | |
| 1520 | Transportation | \$4,065,286,028 | \$4,120,333,115 | |
| 1521 | Enterprise | \$822,233,996 | \$837,099,712 | |
| 1522 | Trust and Agency | \$1,091,584,780 | \$1,105,769,295 | |
| 1523 | Debt Service | \$204,399,236 | \$206,745,939 | |
| 1524 | Dedicated Special | | | |
| 1525 | Revenue | \$660,473,168 | \$666,884,007 | |
| 1526 | Federal Trust | \$4,865,448,193 | \$5,056,287,279 | |

1527 PART 2: CAPITAL PROJECT EXPENSES

1528 § 2-0 General Conditions: Not Set Out

1529 Items C-1 through C-328: Not Set Out

1530 PART 3: MISCELLANEOUS

1531 § 3-1.01 through § 3-3.03: Not Set Out

1532 §3-4.00 AUXILIARY ENTERPRISES AND SPONSORED PROGRAMS IN INSTITUTIONS OF
1533 HIGHER EDUCATION

1534 § 3-4.01 AUXILIARY ENTERPRISE INVESTMENT YIELDS

1535 A. The educational and general programs in institutions of higher education shall recover the full
1536 indirect cost of auxiliary enterprise programs as determined by the State Council of Higher
1537 Education. The State Comptroller shall credit those institutions meeting this requirement with the
1538 interest earned by the investment of the funds of their auxiliary enterprise programs.

1539 B. No interest shall be credited for that portion of the fund's cash balance that represents any
1540 outstanding loans due from the State Treasurer. The provisions of this section shall not apply to the
1541 capital projects authorized under Items C-36.21 and C-36.40 of Chapter 924, 1997 Acts of Assembly.

1542 ~~§ 3-4.02 SPONSORED PROGRAM INVESTMENT YIELDS~~

1543 Interest on extramural contracts and grants and indirect cost recoveries shall be regarded as
1544 nongeneral fund revenue.— The State Comptroller shall credit public institutions of higher education
1545 quarterly with the interest earned by the investment of the funds of their sponsored programs and
1546 indirect cost recoveries.

1547 § 3-5.01 through § 3-6.02: Not Set Out

1548

1549 PART 4: GENERAL PROVISIONS

1550 § 4-0.01 through § 4-12.00: Not Set Out

1551 § 4-13.00 EFFECTIVE DATE

1552 This act is effective on July 1, 2006. This act is effective on its passage as provided in §1-12c, Code of
1553 Virginia.

1554 PART 5: ENACTMENT NUMBERS 2 THROUGH 5

1555 Enactment 2: Not Set Out