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SENATE BILL NO. 559

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the Senate Committee on Finance
on February 5, 2008)

(Patron Prior to Substitute—Senator Obenshain)

A *BILL to amend and reenact § 22.1-98.2 of the Code of Virginia, relating to adjusting the state share for basic aid.*

Be it enacted by the General Assembly of Virginia:**1. That § 22.1-98.2 of the Code of Virginia is amended and reenacted as follows:**

§ 22.1-98.2. Certain agreements; adjustment of state share for basic aid.

A. Any school board of a school division in which fewer than ~~350~~ 1,100 students were included in average daily membership for the preceding school year, *in a locality that has a local composite index of .6000 or greater, and has 65 percent or more of its local taxes coming from real estate taxes, as calculated by the Auditor of Public Accounts*, upon entering into certain cost-savings agreements with a contiguous school division for the consolidation or sharing of educational, administrative, or support services, shall receive the state share for basic aid computed on the basis of the composite index of local ability-to-pay of the contiguous school division, calculated annually, for a period of 15 years.

The Board of Education shall develop eligibility criteria for such cost-savings and service-sharing agreements and for the adjustment of the state share for basic aid, consistent with the appropriation act.

The Governor shall approve the adjustment to the state share prior to the disbursement of funds. The Department of Education shall annually report to the Chairmen of the House Appropriations and Senate Finance Committees the cost-savings agreements made and the adjusted state shares so approved.

B. The local school board receiving the adjusted state share shall not use the additional funds received to supplant local funds appropriated for education. The adjusted state share shall be used solely for educational purposes and shall not be used to reduce local operating expenditures for public education from the prior fiscal year. However, no school division shall be required to maintain a per pupil expenditure for operations that exceeds the per pupil expenditure in the prior fiscal year. The superintendent of the school division shall inform the Superintendent of Public Instruction of the public education purpose for which these local funds shall be used.

C. This section shall not prohibit the Commonwealth from terminating or modifying any program or function under which distribution to a local school board has been made, and if so terminated or modified all obligations hereunder shall cease or be reduced in proportion with such modifications, as the case may be.

D. If any such contractual agreements between the relevant school divisions terminate prior to the end of the applicable period set forth above, the Commonwealth's obligation under this section shall cease.

E. This agreement and adjusted state payment shall be in lieu of any existing funds a locality receives from a Small School Division Assistance grant.

F. Any standard of quality set forth in this act that is not required as of June 30, 2004, and for which additional state funding is required, shall not take effect unless the state's share of funding that standard is included in the general appropriation act for the period July 1, 2004, through June 30, 2006, passed during the 2004 Session of the General Assembly and signed into law by the Governor.

2. Nothing in this act shall affect the eligibility of any school board that is receiving additional funds pursuant to § 22.1-98.2 of the Code of Virginia on the effective date of this act, to continue receiving such funds.**3. That additional funds to a school board as a result of this Act shall not be paid unless there is a specific appropriation for such additional funds in the appropriation act at the time payment is proposed, and in no event shall any payments be made prior to July 1, 2009.**