

Overview of Education Budget:  
SB 800 (Governor's Proposed Amendments  
to 2024-2026 Budget)

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January 14, 2025

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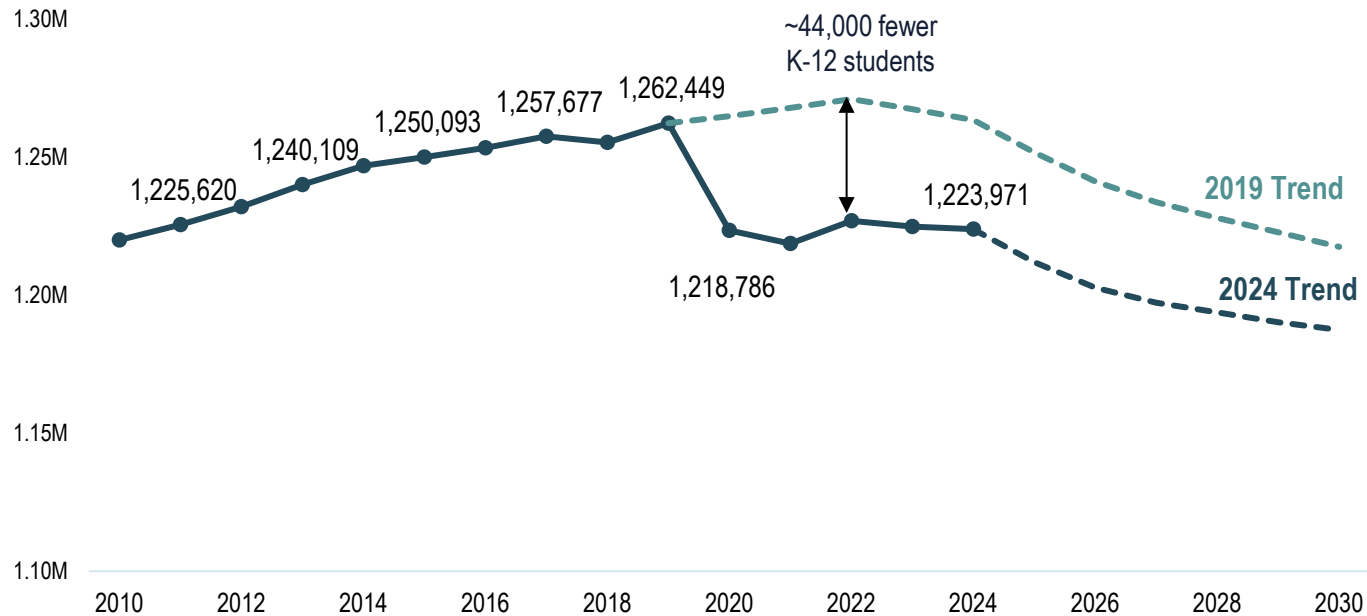
# K-12 Background

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# Average Daily Membership Numbers in SB 800 Indicate Higher Than Anticipated Enrollment, but Projected Enrollment Trends Show Decline Through Fall 2030

**K-12 enrollment drives underlying calculations of funding. Enrollments are projected to decline by 2.9% through fall 2030.**



- Some students who left public schools during the pandemic may continue to return, which can impact projected enrollments.
- The updated average daily membership (ADM) projections in the introduced budget indicate that enrollment may be higher than estimates used in Chapter 2 (+2,100 students in FY 2025 and +3,900 students in FY 2026).

Sources: VDOE Superintendent's Annual Reports Fall Membership data, UVA Weldon Cooper K-12 Enrollment Projections. Data accessed January 2025.

# Rebenchmarking Does Not Occur This Year, but Some Data Inputs are Updated Annually

## Updated for the Biennium

- Prevailing Non-Personnel Costs & Support Positions
- Salaries Update (2 Steps: “Prevailing” & “Funded”)
- Special Education Child Counts
- Fall Membership & Average Daily Membership (ADM) Projections used in SOQ Model
- CTE Course Enrollment
- Composite Index
- Head Start Enrollment (for VPI)
- Free Lunch Percentages
- SOL Test Scores
- Support Positions Cap & Federal Revenue Deduction
- Inflation Factors

## Updated Annually

These inputs were updated in the introduced budget for the 2025 Session.

- Enrollment Projections – Fall Membership, ADM, English as Second Language, Remedial Summer School
- Reimbursement Account Projections
- Sales Tax (1.125%) and Lottery Revenue Estimates
- VRS Fringe Benefit Rates (subject to General Assembly Action)
- Supplemental General Fund Payment in Lieu of Sales Tax on Food and Personal Hygiene Products

# Recent Select K-12 Funding Actions Since FY 2023

New Investment (GF \$ in millions)	FY 2024	FY 2025	FY 2026	Total
<b>Teacher Salary Increases:</b> 5% FY 2024 & 2% Jan. 2024, 3% FY 2025, 3% FY 2026	\$335.4	\$179.5	\$367.1	\$882.1
<b>At-Risk/Prevention, Intervention, and Remediation (PIR):</b> Increase from 24% to 36% beginning in FY 2023, adjusted methodology for At-Risk Add-On calculation in addition to increased investment beginning in FY 2025	74.2	186.7	184.6	445.5
<b>Support Positions:</b> 24 per 1,000 in FY 2024 and ongoing (estimated prevailing ratio is 27.9 per 1,000)	205.2			205.2
<b>Reading Specialists - Virginia Literacy Act (VLA):</b> K-3 specialists beginning in FY 2023, 3-8 specialists beginning in FY 2025	31.7	30.5	30.7	92.9
<b>English Language Learners:</b> Implements staffing standards based on student proficiency		37.9	34.2	72.1
<b>Total</b>	<b>\$646.5</b>	<b>\$434.6</b>	<b>\$616.6</b>	<b>\$1,697.8</b>

Note: FY 2024 also included \$418.3 million GF for one-time flexible per pupil funding to address learning loss, the implementation of the VLA, and operational support. Some totals may not add due to rounding.

# Early Childhood Education

Chapter 2 actions from the 2024 Session invested an additional \$350.1 million GF in early childhood education. This investment maintained Child Care Subsidy Program (CCSP) slots previously funded with COVID relief funds and added 2,440 CCSP slots in FY 2026.

## Chapter 2 Investment in Slots

Program	FY 2025	FY 2026
Child Care Subsidy Program	42,719	45,159
Mixed Delivery	2,530	2,530

- Language established waitlist requirements, which have revealed unmet demand.
- Differences in regional availability of slots and family preferences indicate that additional funding for slots may reduce, but not fully eliminate, the waitlist.

# K-12 Introduced Budget Overview

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# Overview of Public Education in SB 800

The introduced budget proposes a net increase of \$286.5 million GF and \$1,081.9 million NGF over the biennium, including routine data updates. Proposed changes include:

- \$290.0 million NGF across the biennium to increase support for school construction;
- \$89.2 million GF over the biennium in routine updates to Direct Aid to Public Education;
- \$66.0 million GF over the biennium to support transitional one-time and ongoing costs for a new statewide assessment system;
- \$51.3 million GF in one-time and ongoing funds to establish a School Performance and Support Framework Resource Hub to support schools identified as Off Track or Needs Intensive Support;
- \$50.0 million GF the second year to establish the Virginia Opportunity Scholarship program to support low-income students in paying for up to \$5,000 in costs to attend an accredited Virginia private school; and
- \$25.0 million GF the first year to the College Partnership Laboratory Schools Fund to establish new lab school partnerships with Virginia's Historically Black Colleges and Universities (HBCUs).
- Program changes to early childhood education are proposed, which do not result in changes to general fund investment but could create approximately 3,600 new slots. Chapter 2 already contains an increase of 2,440 slots in the second year.

# Direct Aid: Summary of Routine Updates

General Fund Impact of Direct Aid Routine Updates			
(GF \$ in millions)	FY 2025	FY 2026	Biennium
Update Average Daily Membership Projections	\$13.3	\$20.5	\$33.8
Update English Language Learner Data*	48.8	61.9	110.7
Update Lottery Proceeds (Supplant with \$63.3 million NGF)	(40.9)	(22.4)	(63.3)
Update Sales Tax Revenue	20.0	18.4	38.4
Update Cost of Lottery Funded Programs	(13.3)	(8.9)	(22.2)
Update Cost of Incentive Programs	(4.5)	(0.4)	(4.9)
Update Remedial Summer School Participation	(2.9)	0.0	(2.9)
Update Sales Tax Distribution for School Age Population	0.0	(1.6)	(1.6)
Update Cost of Categorical Programs	0.3	0.3	0.6
Update Fall Membership in Direct Aid Program Formulas	<u>0.3</u>	<u>0.3</u>	<u>0.6</u>
<b>Total, Routine Updates, SB 800 as Introduced</b>	<b>\$21.0</b>	<b>\$68.1</b>	<b>\$89.2</b>

Note: May not sum due to rounding.

\* This is a result of improved reporting of English Language Learner screening requirements.

# Direct Aid: Summary of Proposed Policy Actions

General Fund Impact of Proposed Direct Aid Policy Actions			
(GF \$ in millions)	FY 2025	FY 2026	Biennium
Virginia Opportunity Scholarships Program*	\$0.0	\$50.0	\$50.0
Lab School Partnerships with HBCUs	25.0	0.0	25.0
Vision Screening Grants	0.0	0.2	0.2
Savings from CTE Center Consolidation	( <u>&lt;0.1</u> )	( <u>&lt;0.1</u> )	( <u>0.1</u> )
<b>Total, Proposed Direct Aid Policy Actions, SB 800 as introduced</b>	<b>\$24.9</b>	<b>\$50.1</b>	<b>\$75.1</b>

\*In addition, proposes up to \$5.0 million of working capital for the Department of the Treasury to support start-up costs for the Program.

## School Construction

- Proposes an increase of \$270.0 million NGF the first year and \$20.0 million NGF the second year to support school construction, including:
  - \$120.0 million the first year and \$20.0 million the second year from casino tax revenue deposited to the School Construction Fund; and
  - \$150.0 million the first year from the Literary Fund to be transferred into the School Construction Fund.
  - Proposed changes would bring the total funding for school construction to \$350.0 million the first year and \$100.0 million the second year.

# Public Education

## Department of Education

### General Fund Impact of Proposed Department of Education (DOE) Actions

(GF \$ in millions)	FY 2025	FY 2026	Biennium
State Assessment Contract	\$61.0	\$5.0	\$66.0
School Performance and Support Framework Resource Hub	50.3	1.0	51.3
Virginia's Visualization and Analytics Solution	<u>1.9</u>	<u>3.1</u>	<u>5.0</u>
<b>Total, Proposed DOE Actions, SB 800 as introduced</b>	<b>\$113.2</b>	<b>\$9.1</b>	<b>\$122.3</b>

Note: May not sum due to rounding.

- Within the School Performance and Support Framework Resource Hub, recommends \$250,000 GF in FY 2025 and \$1.0 million GF in FY 2026 to support regional support specialists in math, literacy, and science.
- Proposes \$500,000 NGF the second year from the Opioid Abatement and Remediation Fund for the Life Changing Experiences Program.

# Early Childhood Education

The introduced budget proposes changes to the Child Care Subsidy Program (CCSP), Mixed Delivery (MD), and the Virginia Preschool Initiative (VPI) in FY 2026. The proposed actions result in no additional spending but create savings which are redirected to fund additional slots. When combined, proposed actions result in approximately 3,600 new slots in CCSP and MD. Chapter 2 added 2,440 CCSP slots in FY 2026.

Proposed Change	Programs Impacted	Slot Increase
Change family copayment rates to up to 7.0 percent of annual income for some qualified families.	CCSP, MD	2,900
Update parental work requirements to limit job search to 90 days.	CCSP, MD	Could move up to 100 children off waitlists. No new slots.
Restrict CCSP enrollment to birth-to-five students and study other options for school-aged children.	CCSP	No new slots.
Remove the local composite index cap on VPI and direct state savings (\$7.8 million) to CCSP slots.	VPI, CCSP	687

- Language directs the Department of Education to revise the attendance requirements for each program to ensure maximization of benefit for participating children and utilization of resources.
- In addition, the budget also proposes \$15.0 million GF the first year to the Department of Housing and Community Development to support an early learning and supply-building fund (additional details are provided under the Higher Education slides).

# Higher Education Background

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# Recent Budget Actions – Additional Funding

(\$ in millions)	2022-24 Biennium	2024-26 Biennium
Affordable Access: Operational Support	\$361.0	\$205.4
Undergraduate Need-Based Financial Aid	212.5	37.0
State Share of Salary Increases (figures are based on technical budget adjustments)	164.0	386.6
Pell/Low-Income Recruitment and Retention Initiative	37.8	-
Tuition Assistance Grants (regular award: \$4,500 FY 2023; \$5,000 FY 2024; \$5,125 FY 2025; and \$5,250 FY 2026. An additional award for students at private HBCUs of \$7,500 was added in FY 2023)	32.0	4.0
Eastern Virginia Medical School (EVMS) Support and Merger with ODU	23.4	37.0
Student Support at NSU and VSU	35.0	-
Virginia Military Survivors and Dependents Education Program – Waiver Support		40.0*
Innovative Internship Program	13.0	2.5
Workforce Credential Grant (FastForward)	5.0	9.2
Other (includes additional research and institutional support, other initiatives, and technical adjustments excluding the state share of salary increases)	<u>158.9</u>	<u>153.7</u>
<b>Total Higher Education Actions</b>	<b>\$1,042.6</b>	<b>\$875.4</b>

\*An additional \$45.0 million each year is reserved from FY 2024 surplus. SB 800 as introduced, recommends appropriating these amounts.

# Other Recent Actions

## Commissions and Subcommittees:

- **Joint Subcommittee on Higher Education Funding Policies: Established to review funding models.**
  - Tasked with reviewing funding related to operations and financial aid and will convene after December 1, 2024, with an initial report due no later than September 15, 2025.
- **Intercollegiate Athletics Review Commission:** Established under § 30-359, Code of Virginia, in 2015. Required to meet based on Chapter 837, 2024 Acts of Assembly. Note: January 7<sup>th</sup> meeting was cancelled due to building closure and needs to be rescheduled.

## 2024 Legislation:

- **Required reporting:** College and Career Ready (Chapters 647 and 684); Longitudinal Data System Workgroup (Chapter 410); and On-Campus Food Insecurity (Chapter 644).
- **Use of VA529 Surplus Funds:** SB 501 continued with SFAC Workgroup.

## Recent JLARC Reviews Related to Higher Education:

- Spending and Efficiency; Institutional Viability; and Virginia Military Survivors and Dependents Program (2024);
- VA529 Defined Benefits Surplus Funds (2023); Dual Enrollment (2022); and Financial Aid Grant Programs and Awards (2022).
- Note: Reports planned for 2025 on public two-year institutions/community colleges and state capital outlay process.



# Higher Education & Other Education Introduced Budget Overview

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# Overview of Higher Education

The introduced budget proposes a net increase of \$143.6 million GF and \$538.1 million NGF to higher education. Major systemwide investments include:

- \$90.0 million GF and \$120.0 million NGF over the biennium for tuition waivers associated with the Virginia Military Survivors and Dependents Education Program (VMSDEP);
  - GF amounts were contingently reserved in Chapters 3 and 4, 2024 Special Session 1 from FY 2024 excess revenues for VMSDEP. NGF amounts are proposed through VA529 Defined Benefit surplus funds.
- \$15.0 million GF to support the College and Career Ready Virginia Fund through the Virginia Community College System (VCCS). (An additional \$20.0 million is provided from VCCS G3 surplus amounts.);
- \$12.0 million GF to provide nursing grants to public institutions;
- \$9.4 million GF to meet expected growth of the VMSDEP stipends provided to students;
- \$3.5 million GF to support non-credit, industry-based credential training provided through the Workforce Credential Grant Program; and
- \$1.5 million to provide up to \$2,500 in additional assistance to nursing students attending private, nonprofit colleges that are designated by the U.S. Department of Education as a Hispanic Serving Institutions. (Currently, Marymount is the only designated institution.)

# Higher Education

## GF Actions for the 2024-26 Biennium

(\$ in millions)	FY 2025	FY 2026	Biennium
SCHEV - VMSDEP Waiver*	\$45.0	\$45.0	\$90.0
VCCS - College and Career Ready Virginia**	0.0	15.0	15.0
SCHEV - Nursing Grant Program	0.0	12.0	12.0
SCHEV - VMSDEP Stipend	2.3	7.1	9.4
ODU - Student Lifecycle Pathways Initiative	5.0	0.0	5.0
VCU - Massey Cancer Research	4.0	0.0	4.0
SCHEV – Workforce Credential Grant (FastForward)	0.0	3.5	3.5
SCHEV - Hispanic Serving Institution Tuition Assistance (up to \$2,500 for nursing students)	0.0	1.5	1.5
Virginia Tech – Ext. – Agricultural Equipment	\$0.8	\$0.0	\$0.8

\*This amount was included in Chapter 2, 2024 Special Session I from excess general fund revenue. An additional \$60.0 million NGF per year is proposed from VA529 Defined Benefit Surplus funds managed by Commonwealth Savers Plan (formerly VA529). When combined with the amounts authorized in Chapter 2 of \$20.0 million, the total waiver support per year is \$125.0 million.

\*\*An additional \$20.0 million is provided from VCCS surplus G3 funds.

# Higher Education (continued)

## GF Actions for the 2024-26 Biennium

(\$ in millions)	FY 2025	FY 2026	Biennium
SCHEV - Data Analysis and Visualization	\$0.0	\$0.2	\$0.2
SCHEV - VLDS System Costs	0.0	0.5	0.5
VIMS - Advance Breeding Program for Shellfish	0.0	0.4	0.4
VIMS - Coastal Resilience Forecasting	0.0	0.5	0.5
RHEC - IT Enhancements	0.4	0.0	0.4
SVHEC - Regional Allied Health Simulation Lab	<u>\$0.2</u>	<u>\$0.2</u>	<u>\$0.4</u>
<b>Total Higher Education</b>	<b>\$57.7</b>	<b>\$85.9</b>	<b>\$143.6</b>

### Additional Amendments:

- Proposes a tuition freeze for public institutions in FY 2026 and an ongoing limit on tuition increases thereafter to the lower of inflation (CPI-U) or 2.5 percent.
- Recommends that the New College Institute Board develop a sustainability plan and states that no funding shall be provided for the 2026-2028 biennium.
- Proposes additional NGF adjustments to reflect anticipated revenues.

# Higher Education: Other

- **Virginia Innovation Partnership Authority:**

- Proposes shifting \$69.1 million GF from the second year to the first year for initiatives at UVA's Institute for Biotechnology, VT's Patient Research Center, VCU's Medicines for All Institute, and ODU's Digital Patient Model.
- Recommends the development of a taskforce to review and recommend investments in regional initiatives related to biotechnology, life sciences, and pharmaceutical manufacturing.
  - Includes an additional \$35.0 million GF the first year for the taskforce to evaluate projects, including \$12.5 million to UVA for advanced laboratory space to scale-up fast-growing life sciences companies and \$12.5 million to VSU to support construction of an advanced life sciences training center.

- **Department of Housing and Community Development:**

- Recommends \$14.0 million GF the first year and redirects \$1.0 million GF previously provided for a childcare center in the Capitol area to create an early learning and capital supply-building fund. Local government and public higher educations are eligible to compete for projects that prioritize increasing capacity in areas of greatest need for early learning centers. Requires DHCD, SCHEV, and DOE to develop guidelines.

# Higher Education: Other (continued)

- **Central Appropriations:**

- **Credit Rebates:** Recommends \$10.0 million GF and \$9.4 million NGF the first year to reflect amounts needed in FY 2025 to pay rebates and interest earned on credit cards. These funds are returned to institutions if they meet certain performance criteria.
- **Health Insurance Premiums and Other Costs:** Includes funding for the state share of health insurance premium costs (institutions will need to fund their share of costs based on a fund split calculated by SCHEV). Also adjusts costs to Line of Duty, VITA costs, Worker's Compensation Premiums, and Property Insurance that may apply to institutions.

- **Capital Outlay:**

- Additional funding is proposed to support projects at institutions and will be reviewed in the Capital Outlay and Transportation Subcommittee.

# Other Education

GF Actions for the 2024-26 Biennium			
(\$ in millions)	FY 2025	FY 2026	Biennium
Library of Virginia – Print Collections Inventory Control Project	\$5.2	\$0.0	\$5.2
VMFA – Digital Education and Collection Resources	0.2	0.0	0.2
<b>Total Other Education</b>	<b>\$5.4</b>	<b>\$0.0</b>	<b>\$5.4</b>