

Description of Budget Amendments Enacted at the 2024 Special Session I General Assembly Affecting Direct Aid to Public Education and Department of Education Central Office Budgets

This document describes the budget changes contained in the final budgets enacted on May 13, 2024, at Special Session I. These actions amend the FY 2024 and 2024-2026 biennial budgets adopted by the General Assembly at its Regular Session on March 9, 2024, and described in [Newsletter Article 2024-13-117](#) dated March 28, 2024. Those budgets served as the starting base budgets against which amendments were made at Special Session I.

The budgets containing the amendments at Special Session I were approved by the Senate and the House of Delegates on May 13, 2024, and signed into law the same day by Governor Youngkin. The FY 2024 amended budget was enacted as Chapter 1 and the 2024-2026 biennial budget was enacted as Chapter 2. The enacted budget changes affect fiscal years (FY) 2024, 2025, and 2026.

FY 2024 Budget Amendments (*enacted in the Chapter 1 Caboose Budget*)

Amendments to the Direct Aid to Public Education Budget

Technical Updates to Direct Aid Programs

Increases general fund support to school divisions by \$5.9 million in FY 2024. This action updates state Compensation Supplement payments based on updated eligibility certifications by school divisions. This action also updates payments to the A. Linwood Holton Governor's School based on actual spring enrollment.

College Partnership Laboratory Schools

Includes language requiring the State Comptroller to transfer \$25.0 million from the College Partnership Laboratory School Fund to the general fund at the end of FY 2024, leaving \$75.0 million in the Fund.

In addition, several language changes impacting college partnership laboratory schools were enacted in the Chapter 1 budget, including: 1) a requirement that college partnership laboratory schools reach financial sustainability by the end of their initial approval period so that no additional state funds are required to support their ongoing operations, except for transfers of state funds from participating school divisions; 2) a requirement that college partnership laboratory schools submit supporting information to the Board of Education demonstrating progress toward financial sustainability, with the Board reporting such information annually to the Governor and General Assembly; and 3) a requirement that nonpublic and public two-year institutions of higher education that wish to form a college partnership laboratory school and access funding from the College Partnership Laboratory School Fund partner with a public four-year institution of higher education to do so and for the public four-year institution to serve as the

fiscal agent for the established lab school. The public four-year institution must have an approved college partnership laboratory school application to serve as the fiscal agent and partner by June 30, 2024. VDOE must require resubmission of contracts to meet the fiscal agent and partnership requirements and report such information to the General Assembly. Similar language is also contained in the Chapter 2 budget for 2024-2026 as indicated below.

2024-2026 Biennial Budget Amendments (*enacted in the Chapter 2 Budget*)

Amendments to the Direct Aid to Public Education Budget

Non-Participation in Virginia Preschool Initiative

Increases the non-participation rate in the Virginia Preschool Initiative (VPI) from 20.0 percent to 32.5 percent in FY 2025 and to 33.0 percent in FY 2026. The change in the non-participation rate is applied to the appropriations for the VPI formula and VPI expansion programs. The change in the non-participation rates is based on historical participation rates in the VPI programs. This action reduces appropriated state funding for the VPI programs by \$35.1 million in FY 2025 and by \$35.9 million in FY 2026. It does not change the formula methodology for determining VPI student slots but reduces the funds appropriated based on historical non-participation in that program.

Updates to Sales Tax Projections

Removes the sales tax base expansion proposals in the 2024 General Assembly's adopted 2024-2026 biennial budget. This action reduces estimated sales tax distributions to school divisions by \$106.9 million in FY 2025 and by \$271.9 million in FY 2026. The reduction in sales tax distributions generates a corresponding increase in the state share of Basic Aid by \$59.3 million in FY 2025 and \$150.8 million in FY 2026. The net effect of this action is a decrease in state funding to school divisions of \$47.6 million in FY 2025 and \$121.1 million in FY 2026.

Lottery Proceeds

Increases Lottery proceeds by \$25.0 million in FY 2025. This action also reduces general funds needed for Direct Aid to Public Education by \$25.0 million in FY 2025. This action has no impact on the amount of state funding received by school divisions.

Infrastructure and Operations Per Pupil Fund

Increases the state appropriation from Lottery funds for the Infrastructure and Operations Per Pupil Fund by \$25.0 million in FY 2025. This action increases the funded per pupil amount to \$446.67 and the total amount of funding distributed to school divisions by \$25.0 million in FY 2025.

Literary Funds for Teacher Retirement

Switches the \$150.0 million Literary Fund appropriation for teacher retirement payments from FY 2025 to FY 2026. This action does not affect state distributions to school divisions in FY 2025 or FY 2026. It only shifts Literary Funds as a fund source for teacher retirement payments to school divisions from FY 2025 to FY 2026.

College Partnership Laboratory Schools

Several language changes impacting college partnership laboratory schools were enacted in the Chapter 2 budget, including: 1) a requirement that college partnership laboratory schools reach financial sustainability by the end of their initial approval period so that no additional state funds are required to support their ongoing operations, except for transfers of state funds from participating school divisions; 2) a requirement that college partnership laboratory schools submit supporting information to the Board of Education demonstrating progress toward financial sustainability, with the Board reporting such information annually to the Governor and General Assembly; and 3) a requirement that nonpublic and public two-year institutions of higher education that wish to form a college partnership laboratory school and access funding from the College Partnership Laboratory School Fund partner with a public four-year institution of higher education to do so and for the public four-year institution to serve as the fiscal agent for the established lab school. The public four-year institution must have an approved college partnership laboratory school application to serve as the fiscal agent and partner by June 30, 2024. VDOE must require resubmission of contracts to meet the fiscal agent and partnership requirements and report such information to the General Assembly.

ARPA Ventilation/HVAC Grants

Advances the obligation deadline for the ARPA School Ventilation/HVAC Grants from December 31, 2024, to July 1, 2024. School divisions must have all of these previously awarded grant funds fully obligated for expenditure by July 1, 2024.

At-Risk Add-on Program

The 2024 General Assembly adopted HB 624 and SB 105, which moved the At-Risk Add-on program to the Standards of Quality (SOQ). These bills were vetoed by Governor Youngkin on May 17, 2024. The veto actions remove the At-Risk Add-on program from required local effort for the SOQ and maintain it as an optional program as part of required local match. School divisions will be able to opt in or out of the At-Risk Add-on program in FY 2025 and FY 2026.

Supplemental Assistance for Public Education Programs

The Chapter 2 budget makes the following amendments to supplemental education programs:

- Virginia Reading Corps - Removes \$600,000 in state funding in FY 2025 and FY 2026
- Literacy Lab - Removes \$700,000 in state funding in FY 2025 and FY 2026
- Black History Museum - Provides \$700,000 in FY 2025 and FY 2026 to the Black History and Cultural Center of Virginia
- Connect Plus - St. Luke's Community - Provides \$600,000 in FY 2025 and FY 2026 for Connect Plus - St. Luke's Community

Amendments to the Department of Education Central Office Budget

Virginia Literacy Act

Reduces the general fund appropriation for the Virginia Literacy Act by \$1.5 million in FY 2025 and FY 2026 by updating funding designated to develop and implement a statewide literacy screener.