

State Maintenance-of-Effort Submission
under the
Education Jobs Fund Program



U.S. Department of Education
Washington, D.C. 20202

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**Instructions for the State Maintenance-of-Effort Submission
under the Education Jobs Fund Program**

**U.S. Department of Education
September 8, 2010**

In its application for funding under the Education Jobs Fund (Ed Jobs) program, each State assured that it would comply with the maintenance-of-effort (MOE) requirements in section 101(10)(A) of Public Law 111-226. Each State also assured that, within 60 days of the date of the State's grant award, it would submit to the U.S. Department of Education (Department) the most current applicable MOE data available.

A State that receives Ed Jobs funds must maintain fiscal effort for education for fiscal year (FY) 2011 in one of four ways:

1. Maintain FY 2011 dollar levels of support at levels that are not less than FY 2009 levels;
2. Maintain FY 2011 percentages of support at percentages that are not less than FY 2010 percentages;
3. Maintain FY 2011 dollar levels of support at levels that are not less than FY 2006 levels; or
4. Maintain FY 2011 percentages of support at percentages that are not less than FY 2006 percentages.

Each method is described in detail in the attachments to these instructions. Using the applicable form in the attachments, each State must provide data only for the method by which the State intends to demonstrate that it will comply with the MOE requirements. A State must also provide source documentation substantiating the reported MOE data. Details on the source documentation are provided in the attachments.

Each State should submit its data and documentation to EducationJobsFund@ed.gov. The submission is due to the Department not later than 60 days after the date of the State's grant award under the Ed Jobs program. If you have any questions, please contact Jim Butler at 202-453-7500 or James.Butler@ed.gov.

**State Maintenance-of-Effort (MOE) Submission
under the Education Jobs Fund Program**

STATE: Commonwealth of Virginia

**MOE Method 3: Comparing Fiscal Year 2011 Dollar Levels of Support with
Fiscal Year 2006 Levels**

NOTE: This method is available only to States with State tax collections for calendar year 2009 that are less than State tax collections for calendar year 2006.

For State fiscal year (FY) 2011, the State will maintain State support for elementary and secondary education (*in the aggregate*) at not less than the level of such support for State FY 2006; and

For State FY 2011, the State will maintain State support for public institutions of higher education (IHEs) (not including support for capital projects or for research and development or tuition and fees paid by students) at not less than the level of such support for State FY 2006.

State Tax Collections Data

<u>\$18,274,814</u>	State tax collections for calendar year 2006.
<u>\$16,214,987</u>	State tax collections for calendar year 2009.

FY 2006 Baseline Data

\$5,124,756,097

The level of State support for elementary and secondary education (*in the aggregate*) for FY 2006.

\$1,477,539,912

The level of State support for public IHEs for FY 2006.

Projected FY 2011 Data

\$5,311,627,973

The level of State support for elementary and secondary education (*in the aggregate*) for FY 2011.

\$1,514,951,273

The level of State support for public IHEs for FY 2011.

Affirmation of MOE Data

To the best of my knowledge and belief, all of the data in this submission are true and correct and are substantiated by the accompanying documentation.

Robert F. McDonnell

Governor or Authorized Representative (Printed Name)



Signature of Governor or Authorized Representative

11-10-10
Date

MOE Method 3 Source Documentation

To document State tax collections for calendar years 2006 and 2009, a State may use the sum of the State quarterly tax collections data from the U.S. Census Bureau (Census), which are available at http://www.census.gov/govs/qtax/table_3.php. A State may provide revised State tax collection data if it has available more recent auditable data that differs from the information that was reported to Census. A State may, if it chooses, exclude from State tax collections those tax revenues that may not be used to provide support for elementary, secondary, or postsecondary education. For example, a State may exclude gasoline taxes that generate revenue that is available to support only transportation projects. If a State chooses to exclude dedicated taxes, it must do so for both calendar years 2006 and 2009. Furthermore, as part of its application, the State must identify the taxes excluded and the amounts of the State tax collections under such taxes.

For the FY 2006 baseline data, a State must provide documentation substantiating the State's final appropriations or expenditures for elementary and secondary education and for public IHEs. Such documentation may include tables or text from official State budget documents (*e.g.*, a State budget summary or table of expenditures from the State's accounting system).

For the projected FY 2011 data, a State must provide enacted or estimated appropriations levels. Such documentation may include a Governor's budget proposal, legislative budget proposals, or enacted appropriations.

Following the close of State FY 2011, the Department will be collecting final appropriations or expenditure data for that fiscal year to verify that the State met the statutory MOE requirements.

Education Jobs Fund Maintenance of Effort (MOE) Source Documentation

State Tax Collections for Calendar Years 2006 and 2009					
Source: US Census Bureau: Table3: State tax collections by state and type of Tax http://www.census.gov/govs/qtax/table_3.php					
2006	Jan-Mar	Apr-Jun	July-Sept	Oct-Dec	Total
	\$3,830,778	\$5,096,453	\$4,248,277	\$5,099,306	\$18,274,814
2009	Jan-Mar	Apr-Jun	July-Sept	Oct-Dec	Total
	\$3,254,546	\$4,748,221	\$4,051,381	\$4,160,839	\$16,214,987
Difference from 2006 & 2009					(\$2,059,827)

Elementary and Secondary Education				
Fiscal Year	Authorization	Appropriation	Adjustments	Total
2006	Chapter 2, 2006 Acts of Assembly	\$5,189,210,847	(\$64,454,750)	\$5,124,756,097
2011	Chapter 874, 2010 Acts of Assembly	\$5,319,260,434	(\$7,632,461)	\$5,311,627,973

Explanation
Appropriation amounts include state support for Direct Aid Programs from all funds except federal sources.

Adjustments to appropriations include the deduction of debt service payments in FY 2006 and support for supplemental programs which do not support all school divisions.

Institutions of Higher Education				
Fiscal Year	Authorization	Appropriation	Adjustments	Total
2006	Chapter 2, 2006 Acts of Assembly	\$1,448,574,736	\$28,965,176	\$1,477,539,912
2011	Chapter 874, 2010 Acts of Assembly	\$1,506,596,438	\$8,354,835	\$1,514,951,273

Explanation
Appropriation amounts include state support for educational and general and financial aid programs.

Adjustments to appropriations include the deduction of funds not considered to be in support of education and general programs and central account transactions. Central account actions are authorized in the Appropriation Act but are implemented on a state-wide basis. These actions are not reflected in agency specific appropriations. Examples of these actions include transfers related to fringe benefit changes.

In addition, please see attached PDF documents for applicable budget amounts for Chapter 2, 2006 Acts of Assembly (FY 2006) and Chapter 874, 2010 Acts of Assembly (FY 2011).

Education Jobs Fund Maintenance of Effort (MOE)

State Tax Collections for Calendar Years 2006 and 2009

Source: US Census Bureau: Table3: State tax collections by state and type of Tax
http://www.census.gov/govs/qtax/table_3.php

2006	Jan-Mar	Apr-Jun	July-Sept	Oct-Dec	Total
	\$3,830,778	\$5,096,453	\$4,248,277	\$5,099,306	\$18,274,814
2009	Jan-Mar	Apr-Jun	July-Sept	Oct-Dec	Total
	\$3,254,546	\$4,748,221	\$4,051,381	\$4,160,839	\$16,214,987
Difference from 2006 & 2009					(\$2,059,827)

Elementary and Secondary Education

Fiscal Year	Authorization	Appropriation	Adjustments	Total
2006	Chapter 2, 2006 Acts of Assembly	\$5,189,210,847	(\$64,454,750)	\$5,124,756,097
2011	Chapter 874, 2010 Acts of Assembly	\$5,319,260,434	(\$7,632,461)	\$5,311,627,973

Explanation

Appropriation amounts include state support for Direct Aid Programs from all funds except federal sources.

Adjustments to appropriations include the deduction of debt service payments in FY 2006 and support for supplemental programs.

Institutions of Higher Education

Fiscal Year	Authorization	Appropriation	Adjustments	Central Account Adjustments	Total
2006	Chapter 2, 2006 Acts of Assembly	\$1,448,574,736	(\$840,000)	\$29,805,176	\$1,477,539,912
2011	Chapter 874, 2010 Acts of Assembly	\$1,506,596,438	(\$50,000)	\$8,404,835	\$1,514,951,273

Explanation

Appropriation amounts include state support for educational and general and financial aid programs.

Adjustments to appropriations include the deduction of funds not considered to be in support of education and general programs and central account transactions.

Central account actions are authorized in the Appropriation Act but are implemented on a state-wide basis. These actions are not reflected in agency specific appropriations.

Examples of these actions include transfers related to fringe benefit changes.

Chapter 2, 2006 Acts of Assembly

FY 2006 Source Documentation

Direct Aid to Public Education

	Total for Direct Aid to Public Education	5,448,759,119	5,780,860,150 5,785,302,947
Fund Sources:	General	4,653,203,619	4,993,736,525 4,998,052,047
	Special	795,000	795,000
	Commonwealth Transportation	2,173,000	2,173,000
	Trust and Agency	196,495,400	188,063,525 188,190,800
	Federal Trust	596,092,100	596,092,100

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Direct Aid to Public Education (197)

144.	Financial Assistance for Public Education (Categorical) (17100)	484,226,127	498,008,268 496,334,642
	Financial Assistance for Instruction (17101)	148,284,699	148,284,699
	Financial Assistance for Special Education Instruction (17102)	207,690,580	215,289,207 215,372,417
	Financial Assistance for Vocational Education Instruction (17103)	31,798,829	33,198,829
	Financial Assistance for Adult Education Instruction (17104)	3,299,381	2,237,275
	Financial Assistance for General Education Instruction (17105)	71,001,003	73,745,008 71,988,937
	Financial Assistance for Cultural Transition (17106)	8,988,805	8,988,805
	Financial Assistance for Educational Telecommunications (17111)	2,289,158	2,256,908
	Financial Assistance From Federal Land Use (17113)	1,200,000	1,200,000
	Financial Assistance for Individual Student Alternative Education Program (17114)	300,765	2,548,346 2,547,581
	Financial Assistance for Foster Children Educational Payments (17115)	9,372,907	10,259,191
Fund Sources:	General	111,629,927	125,412,068 123,738,442
	Trust and Agency	129,100	129,100
	Federal Trust	372,467,100	372,467,100

Authority: Financial Assistance for Individual Student Alternative Education (1710100):

Discretionary Inclusion; P.L. 97-35, P.L. 98-211 and P.L. 100-297, Federal Code.

Financial Assistance for Special Education (1710200): §§ 22.1-213 through 22.1-222, Code of Virginia; P.L. 91-230, P.L. 98-199, P.L. 99-457, P.L. 101-476 and P.L. 102-119, Federal Code.

Financial Assistance for Vocational Education (1710300): § 22.1-227, Code of Virginia; P.L. 98-524, Federal Code.

Financial Assistance for Adult Education (1710400): §§ 22.1-223 through 22.1-226, Code of Virginia; P.L. 95-561 and P.L. 100-297, Federal Code.

Financial Assistance for General Education (1710500): Discretionary Inclusion; and P.L. 99-570, Federal Code.

Financial Assistance for Cultural Transition (1710600): Treaty of 1677 between Virginia and the Indians; P.L. 100-297, Federal Code.

Financial Assistance for Research and Testing (1710700): Discretionary Inclusion.

Financial Assistance for Educational Telecommunications (1711100): Discretionary Inclusion.

Financial Assistance from Federal Land Use (1711300): § 22.1-108, Code of Virginia; P.L. 94-588, Federal Code.

Financial Assistance for Individual Student Alternative Education (1711400): Discretionary Inclusion.

Financial Assistance for Foster Children Education Payments (1711500): § 22.1-101, Code of Virginia.

A. Instruction Payments

Aid to localities provided by the Federal Block Grant for Education is appropriated in this subprogram.

B. Special Education Instruction Payments

1. The Department of Education shall establish rates for all elements in this subprogram.
2. Out of the amounts for special education payments, the Department of Education shall make available, subject to implementation by the Superintendent of Public Instruction, an amount estimated at \$47,322,518 the first year and ~~\$52,550,159~~ \$52,633,369 the second year from the general fund for the purpose of the state's share of the tuition rates for approved public school regional programs. Notwithstanding any contrary provision of law, the state's share of the tuition rates shall be based on the composite index of local ability-to-pay.
3. Out of the amounts for Financial Assistance for Special Education, \$24,437,045 the first year and \$26,350,276 the second year from the general fund is appropriated to permit the Department of Education to contract with selected local school boards for the provision of educational services to children residing in certain hospitals, clinics, and detention homes by employees of the local school boards. The selection and employment of instructional and administrative personnel under such contracts will be the responsibility of the local school board in accordance with procedures as prescribed by the local school board.

C. Vocational Education Instruction Payments

1. It is the intention of the General Assembly that the Department of Education explore initiatives that will encourage greater cooperation between jurisdictions and the Virginia Community College System in meeting the needs of public school systems.
2. This appropriation includes \$700,000 the first year and \$1,500,000 the second year from the general fund for secondary vocational-technical equipment. A base allocation of \$1,000 the first year and \$2,000 the second year shall be available for all divisions, with the remainder of the funding distributed on the basis of student enrollment in secondary vocational-technical courses. State funds received for secondary vocational-technical equipment must be used to supplement, not supplant, any funds currently provided for secondary vocational-technical equipment within the locality.
3. Out of the amounts for Financial Assistance for Vocational Education Instruction, the Department of Education shall provide \$200,000 the first year and \$400,000 the second year from the general fund for the Jobs for Virginia Graduates initiative.
4. Out of this appropriation, \$400,000 in the second year from the general fund shall be allocated for the Career and Technical Education Resource Center to provide vocational curriculum and resource instructional materials free of charge to all school divisions.

D. Adult Education Payments

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

E. General Education Payments

- 1.a. Out of the amounts for Financial Assistance for General Education shall be paid \$800,000 the first year and \$800,000 the second year from the general fund for Project Discovery. These funds are to fund approximately one-half of the cost of the program in Abingdon, Accomack/Northampton, Alexandria, Amherst, Appomattox, Arlington, Bedford, Bland, Campbell, Charlottesville, Cumberland, Danville/Pittsylvania, Fairfax, Franklin/Patrick, Goochland/Powhatan, Lynchburg, Newport News, Norfolk, Richmond City, Roanoke City, Smyth, Surry/Sussex,

Tazewell, Williamsburg/James City, and Wythe and the salary of a fiscal officer for Project Discovery.

b. The Board of Education shall determine the Project Discovery funding distributions to each community action agency. The contract with Project Discovery, Inc. should specify the allocations to each local Project Discovery program. Allocations shall be on a per pupil basis for students enrolled in the program.

2. Out of the amounts for Financial Assistance for General Education, the Board of Education shall provide \$200,000 the first year and \$200,000 the second year from the general fund for the Southwest Virginia Public Education Consortium at the University of Virginia's College at Wise. From these funds, the Consortium shall provide \$97,750 the first year and \$97,750 the second year from the general fund to continue the Van Gogh Outreach program with Lee and Wise County Public Schools and expand the program to the twelve school divisions in Southwest Virginia.

3. The appropriation for Financial Assistance for General Education includes \$100,000 the first year and \$100,000 the second year from the general fund for the Southside Virginia Regional Technology Consortium to expand the research and development phase of a technology linkage.

4. The appropriation for Financial Assistance for General Education includes \$2,774,478 the first year and \$2,774,478 the second year from the general fund to support Project Graduation.

5.a.1. This appropriation includes \$2,664,375 the first year and \$6,593,854 the second year from the general fund for targeted education initiatives to improve student achievement and teacher quality, including a mentoring program for teachers with no experience working in schools that are at-risk of not meeting adequate yearly progress, a middle school math teacher initiative in at-risk schools, turnaround specialists to enhance the leadership in schools that have consistently failed to show improvement in student progress, virtual Advanced Placement courses, and GED tests as required by the No Child Left Behind Act.

2. In the event that existing funds are not available, additional nongeneral funds do not become available, and/or the contracts are not re-negotiated to lower amounts, the Department of Education is authorized to transfer up to \$150,890 the second year from the general fund appropriation for this item in E. 5. a. to Item 137 for the contract with the University of Virginia Partnership for Leaders in Education - The Darden School Foundation for the turnaround specialists program and up to \$500,000 the second year from the general fund appropriation for this item in E. 5. a. to Item 137 for the on-line career planning services. The potential transfer for the on-line career planning services existing or a re-negotiated contract shall be subordinate to the funding requirements that are necessary to fulfill the existing or a re-negotiated contract for the turnaround specialists program.

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

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

c. The Department of Education shall continue to work with the school divisions to estimate the cost impacts of the federal No Child Left Behind Act. The Superintendent of Public Instruction shall provide an update on the effort to determine expected local cost impacts, as well as state costs, to the Chairmen of the House Appropriations and Senate Finance Committees by July 31, 2004, and subsequent updates as needed.

I VETO THIS ITEM. /s/ Mark R. Warner (6/25/04) (Vetoed item is enclosed in brackets.)

[6. The appropriation for Financial Assistance for General Education includes \$250,000 the first year and \$250,000 the second year from the general fund for the Wolf Trap Institute for Early Learning Through the Arts to support

reading and other educational skills in pre-school children and to support professional development opportunities for educators.]

F. Educational Telecommunications Payments

1. Out of the amounts for Financial Assistance for Educational Telecommunications, the Board of Education shall provide assistance for electronic classrooms.
2. The local share of costs associated with operation of electronic classrooms shall be computed using the local composite index of ability-to-pay.

G. Individual Student Alternative Education Program

Out of this appropriation, \$2,247,581 the first year and \$2,247,581 in the second year from the general fund shall be provided for the secondary schools' Individual Student Alternative Education Program (ISAEP), pursuant to Chapter 488 and Chapter 552 of the 1999 Session of the General Assembly. The Department of Education shall report the status of this program along with any recommendations for determining the cost of this program to the Governor and the Chairmen of the Senate Finance, Senate Education and Health, House Appropriations, and House Education Committees and the Department of Planning and Budget no later than October 15 of each year.

H. Foster Children Education Payments

1. An additional state payment is provided from the general fund for the prior year's local operations costs, as determined by the Department of Education, for each pupil not a resident of the school division providing his education (a) who has been placed in foster care or other custodial care within the geographical boundaries of such school division by a Virginia agency, whether state or local, which is authorized under the laws of this Commonwealth to place children; (b) who has been placed in an orphanage or children's home which exercises legal guardianship rights; or (c) who is a resident of Virginia and has been placed, not solely for school purposes, in a child-caring institution or group home.
2. This appropriation also provides \$6,301,818 the first year and \$6,897,693 the second year from the general fund to support disabled children attending public school who have been placed in foster care or other such custodial care across jurisdictional lines, as provided by subsection B of § 22.1-101.1, Code of Virginia. To the extent these funds are not adequate to cover the full costs specified therein, the Department is authorized to expend unobligated balances in this Item and Item 146 for this support.

I. By June 30, 2006, the Director, Department of Planning and Budget, is directed to unallot \$937,721 from the general fund appropriations of the Department of Education, Central Office Operations and \$1,954,475 from the general fund appropriations of the Direct Aid to Public Education at the end of fiscal year 2005. Such amounts shall revert to the general fund.

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Direct Aid to Public Education (197)

145.	Financial Assistance for Public School Employee Benefits (17200)	239,231,241	288,220,569 287,798,528
	Financial Assistance for School Employee Retirement Contributions (17201)	109,149,216	139,000,765 138,796,911
	Financial Assistance for School Employee Social Security Contributions (17202)	130,082,025	149,219,804 149,001,617
Fund Sources:	General	107,376,541	162,365,869 161,943,828
	Trust and Agency	131,854,700	125,854,700

Authority: Title 51.1, Chapters 1, 5, 7 and 14, Code of Virginia.

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

1. General Conditions

a. The Standards of Quality cost for each of the three subprograms in this Item 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	\$37,534	\$37,534
Elementary Assistant Principals	\$52,546	\$52,546
Elementary Principals	\$64,562	\$64,562
Secondary Teachers	\$39,641	\$39,641
Secondary Assistant Principals	\$57,365	\$57,365
Secondary Principals	\$70,945	\$70,945
Aides	\$12,802	\$12,802

b.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.

c. Payments to school divisions from these subprograms shall be calculated using Average Daily Membership adjusted for half-day kindergarten programs.

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

2. School Employee Retirement Contributions

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

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

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

3. School Employee Social Security Contributions

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

4. School Employee Insurance Contributions

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

5. Literary Fund Payments

Appropriations for contributions in Paragraphs 2 and 3 above include payments from funds derived from the principal of the Literary Fund in accordance with Article VIII, Section 8, of the Constitution of Virginia. The amounts set aside from the Literary Fund for these purposes are approximately \$131,854,700 the first year and \$125,854,700 the second year.

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Direct Aid to Public Education (197)

146.	Financial Assistance for Public Education (Standards of Quality) (17500)	3,045,975,086	3,228,980,433 3,201,939,051
	Basic Aid Payments (17502)	2,297,083,213	2,409,399,319 2,396,256,046
	Education of the Gifted Payments (17505)	25,799,140	26,035,512 25,996,673
	Occupational-Vocational Education Payments (17509)	47,912,293	54,947,437 54,852,448
	Special Education Payments (17510)	299,550,627	342,529,983 341,372,146
	Enrollment Loss Payments (17513)	8,277,694	7,619,950 6,744,989
	Remedial Education Payments (17514)	123,617,880	129,511,618 126,487,082
	Primary Class Size Payments (17517)	65,893,705	66,232,129 67,224,911
	Educational Technology Payments (17518)	76,011,600	73,579,725 73,707,000
	At-Risk Four-Year-Olds Preschool Payments (17519)	34,884,685	46,639,520 38,518,874
	Early Intervention/Reading First Grants (17521)	10,926,314	11,082,541 11,028,354
	Standards of Learning Algebra Readiness (17525)	7,374,001	7,449,908 7,278,629
	School Construction Grant Program (17527)	27,500,008	27,499,997 27,500,001
	English As A Second Language (17531)	21,143,926	26,452,794 24,971,898
Fund Sources:	General	2,967,790,486	3,153,227,708 3,126,059,051
	Commonwealth Transportation	2,173,000	2,173,000
	Trust and Agency	64,511,600	62,079,725 62,207,000
	Federal Trust	11,500,000	11,500,000

Authority: Basic Aid Payments (1750200): Article VIII, Section 2, Constitution of Virginia; Chapter 667, Acts of Assembly, 1980; § 22.1-97, Code of Virginia; §§ 22.1-205, 46.1-357 and 46.1-380, Code of Virginia; Pupil Transportation, § 22.1-186, Code of Virginia.

Education of the Gifted (1750500): Discretionary Inclusion. Occupational-Vocational Education Payments (1750900): §§ 22.1-228 through 22.1-236, Code of Virginia.

Special Education Payments (1750100): §§ 22.1-213 through 22.1-222, Code of Virginia.

Remedial Education Payments (1751400): Article VIII, Section 2, Constitution of Virginia.

Educational Technology Payments (17518): The Goals 2000: Educate America Act, Public Law 103-227, Federal Code.

Educational Technology Payments (17518): Public Law 103-382, Federal Code.

A. Definitions

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

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

b. Except as otherwise provided herein, by statute, or by precedent, all subprograms throughout the appropriation to the Department of Education shall be calculated using ADM unadjusted for half-day kindergarten programs, estimated at 1,177,369 the first year and ~~1,190,713~~ 1,186,289 the second year.

c. ADM adjusted for half-day kindergarten at 85 percent of ADM, is estimated at 1,175,094 the first year and ~~1,188,358~~ 1,185,598 the second year.

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

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

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

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

b. Basic Aid funding attributable to school nurse funding, as calculated by the Department of Education, may be used by school divisions for the purchase of defibrillators at public high schools that offer interscholastic sports on campus.

4. "Composite Index of Local Ability-to-Pay" - An index figure computed for each locality. The composite index is the sum of 2/3 of the index of wealth per pupil in ADM (unadjusted for half-day kindergarten programs) reported for the first seven (7) months of the 2001-2002 school year and 1/3 of the index of wealth per capita (population estimates for 2001 as determined by the Center for Public Service of the University of Virginia) multiplied by the local nominal share of the costs of the Standards of Quality of 0.45 in each year. The indices of wealth are

determined by combining the following constituent index elements with the indicated weighting: (1) true values of real estate and public service corporations as reported by the State Department of Taxation for the calendar year 2001 - 50 percent; (2) adjusted gross income for the calendar year 2001 as reported by the State Department of Taxation - 40 percent; (3) the sales for the calendar year 2001 which are subject to the state general sales and use tax, as reported by the State Department of Taxation - 10 percent. Each constituent index element for a locality is its sum per ADM, or per capita, expressed as a percentage of the state average per ADM, or per capita, for the same element. A locality whose composite index exceeds 0.8000 shall be considered as having an index of 0.8000 for purposes of distributing all payments based on the composite index of local ability-to-pay. Each constituent index element for a locality used to determine the composite index of local ability-to-pay for the current biennium shall be the latest available data for the specified official base year provided to the Department of Education by the responsible source agencies no later than November 15, 2003.

a. 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, 2004. 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.

b.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 through the process for computing an index figure for each locality 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 b.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.

c. 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. No adjustment during the biennium will be made as a result of updating of data used in a constituent index element.

d. 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 Item 147, both of which are returned on the basis of the most recent census of school age population 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.

6. "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.

7. "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 Item 147, both of which are returned on the basis of the most recent census of school age population collected by the Department of Education and distributed to school divisions in the fiscal year in which the school year begins.

8. In the event that the appropriations in Items 144 through 152 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. 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.

2. In the event the statewide number of pupils in 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.

3. 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.

4. 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 Item 147 (returned on the basis of the latest triennial count 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.

5. 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.

6.a. Appropriations of state funds in this Item include for each subprogram the number of positions required by the Standards of Quality. This Item includes for such subprograms as Basic Aid Payments, 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 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. 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 (Senate Bill 479 and House Bill 1014): five elementary resource teachers per 1,000 students; one support technology position per 1,000 students the first year; one support technology position and one instructional technology position per 1,000 students the second year; one quarter of the daily planning period for teachers at the middle and high school level the first year and the full daily planning period for teachers at the middle and high school levels the second year in order to relieve the financial pressure these education programs place on local real estate taxes. Notwithstanding Chapters 939 and 955, of the Acts of Assembly of 2004, no school division shall be required to maintain instructional positions meeting the increased standards set forth in this paragraph until July 1, 2005.

7. 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 31st 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:

- a. 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.
- b. 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 latest triennial count of school age population) 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.
- c. 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 P.L. 95-561 [formerly P.L. 81-874 and P.L. 81-815], 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 year and any capital expenditures paid from federal funds will be added to the amount calculated in paragraph a. above.
- d. Tuition receipts and receipts from payments from other cities or counties will also be deducted from the amount calculated in paragraph a., then
- e. The final amount calculated as described above must be equal to or greater than the required local expenditure defined in paragraph A 5.
- f. The Department of Education shall collect the data necessary to perform the calculations of required local expenditure as required by this section.
- g. A locality whose expenditure in fact exceeds the required amount from local funds may not reduce its expenditures unless it first complies with all of the Standards of Quality.
- 8.a. Any sum which a locality, as of the end of a school year, has not expended, pursuant to paragraph B 7 above, for the Standards of Quality shall be paid by the locality into the general fund of the state treasury. Such payments shall be made not later than the end of the school year following that in which the under expenditure occurs.
- b. Whenever the Department of Education has recovered funds as defined in the preceding paragraph a, the Secretary of Education is authorized to repay to the locality affected by that action, seventy-five percent (75%) of those funds upon his determination that:
 - 1) The local school board agrees to include the funds in its June 30 ending balance for the year following that in which the under expenditure occurs;

- 2) The local governing body agrees to reappropriate the funds as a supplemental appropriation to the approved budget for the second year following that in which the under expenditure occurs, in an appropriate category as requested by the local school board, for the direct benefit of the students;
- 3) The local school board agrees to expend these funds, over and above the funds required to meet the required local expenditure for the second year following that in which the under expenditure occurs, for a special project, the details of which must be furnished to the Department of Education for review and approval;
- 4) The local school board agrees to submit periodic reports to the Department of Education on the use of funds provided through this project award; and
- 5) The local governing body and the local school board agree that the project award will be cancelled and the funds withdrawn if the above conditions have not been met as of June 30 of the second year following that in which the under expenditure occurs.

c. There is hereby appropriated, for the purposes of the foregoing repayment, a sum sufficient, not to exceed 75 percent of the funds deposited in the general fund pursuant to the preceding paragraph a.

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

10. Included in the amounts provided to update the Standards of Quality for the 2004-06 biennium, approximately \$350 million reflects growth in prevailing salaries and related fringe benefits. It is the desire of the General Assembly that on average local school divisions continue to improve the average salary for classroom teachers by at least three percent per year, the actual average annual rate increase in recent years.

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

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

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

C. Apportionment

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

2. Basic Aid Payments

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

- b.1) The state share for a locality shall be equal to the Basic Operation Cost for that locality less the locality's estimated revenues from the state sales and use tax (returned on the basis of the latest triennial count of school age population), in the fiscal year in which the school year begins and less the required local expenditure.
- 2) An amount estimated at \$270,393,824 the first year and ~~\$258,774,717~~ \$253,853,773 the second year of Financial Assistance for Lottery Proceeds Revenue Sharing appropriated in Item 147 of this act, together with funds appropriated in this Item for Basic Aid Payments, provide for the state share of the Basic Operations Cost as defined in paragraphs a and b1) above.
- c. For the purpose of this paragraph, the Department of Taxation's fiscal year sales and use tax estimates are as cited in Item 147 of this act.
- d.1) In accordance with the provisions of §§ 22.1-281 and 37.1-96, Code of Virginia, the Department of Education shall deduct the locality's share for the education of handicapped pupils residing in institutions within the Department of Mental Health, Mental Retardation and Substance Abuse Services from the locality's Basic Aid appropriation.
- 2) The amounts deducted from Basic Aid for the education of mentally retarded persons shall be transferred to the Department of Mental Health, Mental Retardation and Substance Abuse Services in support of the cost of educating such persons; the amount deducted from Basic Aid for the education of emotionally disturbed persons shall be transferred to the Program for Special Education (Item 144) for extraordinary expenses incurred in the education of such persons. The Department of Education shall establish guidelines to implement these provisions and shall provide for the periodic transfer of sums due from each local school division to the Department of Mental Health, Mental Retardation and Substance Abuse Services and the Program for Special Education (Item 144). The amount of the actual transfers will be based on data accumulated during the prior school year.
- e.1) The apportionment to localities of all driver education revenues received during the school year shall be made as an undesignated component of the state share of the basic operation cost in accordance with the provisions of this Item. Only school divisions complying with the standardized program established by the Board of Education shall be entitled to participate in the distribution of state funds appropriated for driver education. The Department of Education will deduct a designated amount per pupil from a school division's Basic Aid payment when the school division is not in compliance with § 22.1-205 C, Code of Virginia. Such amount will be computed by dividing the current appropriation for the Driver Education Fund by actual March 31 ADM.
- 2) Local school boards may charge a per pupil fee for behind-the-wheel driver education provided, however, that the fee charged plus the per pupil basic aid reimbursement for driver education shall not exceed the actual average per pupil cost. Such fees shall not be cause for a pro rata reduction in Basic Aid payments to school divisions.
- f. The one-cent state sales and use tax earmarked for education and the 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 Item 147 which are distributed to localities on the basis of the latest triennial count of school age population shall be reflected in each locality's annual budget for educational purposes as a separate revenue source for the then current fiscal year.
- g.1) The appropriations for basic aid include \$41,689,564 the first year and ~~\$42,083,311~~ \$42,022,674 the second year from the general fund as the state's share of the cost of textbooks based on a per pupil amount of \$63.12 the first year and \$63.12 the second year. The state's distributions for textbooks shall be based on adjusted ADM.
- 2) School divisions shall provide free textbooks to all students.
- 3) School divisions may use a portion of this funding to purchase Standards of Learning instructional materials.
- 4) Any funds provided to school divisions for textbook costs that are unexpended as of June 30, 2005, or June 30, 2006, shall be carried on the books of the locality to be appropriated to the school division the following year to be used for same purpose.

h. The appropriations for basic aid include the state share of \$451 per instructional position for teacher training in both years of the biennium. School divisions are encouraged to use these funds to provide teacher training in the core content areas of the Standards of Learning, including the use of technology in instruction.

i. Out of this appropriation, an estimated expenditure of \$3,464,996 the first year and \$3,659,715 the second year is provided to increase the cost of competing adjustment for Planning District Eight from 20.92 percent to 24.61 percent.

j. The appropriation for Basic Aid includes \$79,400,000 the first year and \$112,000,000 the second year out of the amounts transferred 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 funds are combined together with other appropriations from the general fund in this item to fund the state's share of the following revisions to the Standards of Quality pursuant to Chapters 939 and 955, of the Acts of Assembly of 2004: five elementary resource teachers per 1,000 students; one support technology position per 1,000 students the first year; one support technology position and one instructional technology position per 1,000 students the second year; one quarter of the daily planning period for teachers at the middle and high school level the first year and the full daily planning period for teachers at the middle and high school levels the second year in order to relieve the pressure on local real estate taxes and shall be taken into account by the governing body of the county, city, or town in setting real estate tax rates.

k. 1) The appropriations for Basic Aid include ~~\$54,828,112~~ \$54,686,405 the second year from the general fund for an equivalent payment for the following salary increase and related fringe benefit costs for public school employees including instructional and support staff:

a) For the second year, the state share of a payment equivalent to a 3.0 percent salary increase effective December 1, 2005.

b) It is the intent that the average classroom teacher salary be improved throughout the state by at least 3.0 percent the second year. Sufficient funds are appropriated in this act to finance, on a statewide basis, the state share of such a salary increase to school divisions which certify to the state Department of Education, no later than March 1, 2006, that equivalent increases have been granted in the second year.

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

3) This funding is not intended as a mandate to increase salaries.

3. Education of the Gifted Payments

a. An additional payment shall be disbursed by the Department of Education to local school divisions to support the state share of one full-time equivalent instructional position per 1,000 students in ADM (adjusted for half-day kindergarten).

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

4. Occupational-Vocational Education Payments

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

b. An amount estimated at \$90,045,543 the first year and \$90,900,507 the second year from the general fund included in Basic Aid Payments relates to vocational education programs in support of the Standards of Quality.

5. Special Education Payments

a. An additional payment shall be disbursed by the Department of Education to the local school divisions to support

the state share of the number of Special Education instructors required by the Standards of Quality. These funds shall be disbursed on the same basis as the payment is calculated.

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

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

6. Enrollment Loss/Small School Division Assistance.

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

Composite Index	Percentage
0.0000-0.1999	85%
0.2000-0.3499	70%
0.3500-0.4999	45%
0.5000 or more	30%

b. An additional state payment of \$400,000 the first year from the general fund is provided as equal Small School Division Assistance grants for the school divisions of Highland County and the City of Norton. An additional state payment of \$200,000 the second year from the general fund is provided as a Small School Division Assistance grant for the school division of the City of Norton. To receive these funds, each local school board shall certify to the Superintendent of Public Instruction that its division has entered into one or more educational, administrative or support service cost-sharing arrangements with another local school division.

7. Remedial Education Payments

a. An additional payment estimated at \$62,942,241 the first year and ~~\$63,372,640~~ \$63,624,498 the second year from the general fund shall be disbursed by the Department of Education to support the Board of Education's Standards of Quality prevention, intervention, and remediation program adopted in June 2003.

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

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

d. An amount estimated at \$19,300,670 the first year and ~~\$19,517,449~~ \$19,247,760 the second year shall be transferred from Financial Assistance for Lottery Proceeds Revenue Sharing appropriated in Item 147 of this act, to be added with funds appropriated in this Item, to provide for the state share of the Standards of Quality prevention, intervention, and remediation program.

e. An additional state payment estimated at \$53,009,625 the first year and ~~\$56,485,045~~ \$54,380,144 the second year from the general fund shall be disbursed based on the estimated number of federal Free Lunch participants, in support of programs for students who are educationally at risk. The additional payment shall be based on the state share of:

- 1) A minimum 2 percent add-on, as a percent of the per pupil basic aid cost, for each child who qualifies for the federal Free Lunch Program; and
- 2) An addition to the add-on, based on the concentration of children qualifying for the federal Free Lunch Program. Based on its percentage of Free Lunch participants, each school division will receive between 2 and 12 percent in additional basic aid per Free Lunch participant. These funds shall be matched by the local government, based on the composite index of local ability-to-pay.
- 3a) Local school divisions are required to spend the established at-risk payment (state and local share) on approved programs for students who are educationally at risk.
- b) To receive these funds, each school division shall certify to the Department of Education that the state and local shares of the at-risk payment will be used to support approved programs for students who are educationally at risk. These programs may include: Dropout Prevention, community and school-based truancy officer programs, Advancement Via Individual Determination (AVID), Project Discovery, Reading Recovery, programs for students who speak English as a second language, and programs related to increasing the success of disadvantaged students in completing a high school degree and providing opportunities to encourage further education and training.
- c) In the case of the City of Richmond, from the total state payment for this purpose, \$675,000 the second year from the general fund shall be used as a one-time requirement to establish a pilot project in the City of Richmond to increase the number of community and school-based truancy officers to work in collaboration with the secondary schools in the City of Richmond. The pilot project shall provide education, training, and support programming for students and their parents or guardians that will focus on and emphasize the importance of attending school regularly.

The Department of Education and the City of Richmond shall develop a plan that covers project implementation and objectives to be accomplished that shall include, but not be limited to, comprehensive statistical data to determine which secondary schools are to be targeted, and an action plan that details steps that will be taken to reduce the levels of truancy or absenteeism in those schools. This plan shall be provided to the Chairmen of the House Appropriations and Senate Finance Committees by June 1, 2005. In addition, the Department and the City of Richmond shall provide a project status report that includes an assessment of the results of the program to the Chairmen of the House Appropriations and Senate Finance Committees by December 1, 2005.

f.1) An additional state payment of \$5,463,139 the first year and ~~\$5,563,652~~ \$5,561,410 the second year from the general fund shall be disbursed for regional alternative education programs. Such programs shall be for the purpose of educating certain expelled students and, as appropriate, students who have received suspensions from public schools and students returned to the community from the Department of Juvenile Justice.

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

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

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

4) The Board of Education shall provide assistance for the state share of the incremental cost of regional alternative

education program operations based on the composite index of local ability-to-pay.

g.1) This appropriation includes \$21,972,266 the first year and ~~\$24,928,647~~ \$22,168,735 the second year from the general fund for the state's share of Remedial Summer School Programs. These funds are available to school divisions for the operation of programs designed to remediate students who are required to attend such programs during a summer school session or during an intersession in the case of year-round schools. These funds may be used in conjunction with other sources of state funding for remediation or intervention. School divisions shall have maximum flexibility with respect to the use of these funds and the types of remediation programs offered; however, in exercising this flexibility, students attending these programs shall not be charged tuition and no high school credit may be awarded to students who participate in this program. After actual enrollment in Remedial Summer School in fiscal year 2004 has been calculated, the Department of Education shall recalculate the amounts needed to fully fund the state share of Remedial Summer School obligations in fiscal year 2005 and fiscal year 2006.

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

8. Primary Class Size Payments

a. An additional payment estimated at \$65,893,705 the first year and ~~\$66,232,129~~ \$67,224,911 the second year from the general fund shall be disbursed by the Department of Education as an incentive payment for reducing class sizes in the primary grades.

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

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

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

Qualifying School Percentage of Students Approved Eligible for Free Lunch	Grades K-3 School Ratio	Maximum Individual Class Size
16% but less than 30%	20 to 1	25
30% but less than 45%	19 to 1	24
45% but less than 55%	18 to 1	23
55% but less than 65%	17 to 1	22
65% but less than 70%	16 to 1	21
70% but less than 75%	15 to 1	20
75% or more	14 to 1	19

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

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

g. The Superintendent of Public Instruction shall provide a report on the status of the reduction in primary class sizes to the Governor and the Chairmen of the House Appropriations, House Education, Senate Finance, and Senate Education and Health Committees annually, prior to the commencement of the General Assembly session.

9. 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 \$15,177,050 the first year from the Literary Fund to provide debt service payments for the education technology grant program through the Virginia Public School Authority in 2000. The 2000 program is focused on four major components: a) retrofitting and upgrading of existing school buildings to efficiently use educational technology; b) providing network-ready multimedia microcomputers for every classroom; c) providing a 5 to 1 ratio of pupils to network-ready microcomputers; and d) replacement of administrative and student management and information systems supporting data requirements associated with the Standards of Accreditation in school divisions lacking adequate systems.
- c. The Board of Education shall provide an amount estimated at \$12,377,900 the first year and \$12,379,500 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 2001.
- d.1) The Board of Education shall provide amounts estimated at \$12,091,250 the first year and \$12,089,000 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 2002.
- 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 2006-08 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 2007.
- e.1) The Board of Education shall provide amounts estimated at \$11,949,025 the first year and \$11,947,400 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.
- 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 2006-08 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 years 2007 and 2008.
- f.1) The Board of Education shall provide amounts estimated at \$12,916,375 the first year and ~~\$12,716,575~~ \$12,715,925 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 2006-08 and 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 years 2007, 2008, and 2009.
- 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 \$58,390,000 the spring of 2005 and ~~\$58,702,000~~ \$58,624,000 in the Spring of 2006. 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 \$13,075,175 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 2005.
- 3) 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 education technology grant programs in the spring of 2005 and in the spring of 2006. In developing the proposed 2006-08, 2008-10, and 2010-2012 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 these programs in fiscal years 2007, 2008, 2009, 2010, and 2011.

4) Grant funds from the issuance of \$58,390,000 in fiscal year 2005 and ~~\$58,702,000~~ \$58,624,000 in fiscal year 2006 in equipment notes are based on a grant of \$26,000 per school and \$50,000 per school division. For purposes of this grant program, eligible schools shall include those reporting membership in grades K through 12 as of September 30, 2004, for the Spring 2005 issuance, and September 30, 2005, for the Spring 2006 issuance as well as district and regional centers including vocational centers, special education centers, alternative education centers, regular school year Governor's Schools, and the Schools for the Deaf and the Blind. Schools and district centers that serve only pre-kindergarten students shall not be eligible for this grant.

5) Localities are required to provide a match for these funds equal to 20 percent of the grant amount. At least 25 percent of the local match shall be used for teacher training in the use of technology. The Superintendent of Public Instruction is authorized to reduce the required local match for school divisions with a composite index of local ability-to-pay below 0.2000. The Schools for the Deaf and the Blind are exempt from the match requirement.

6) The goal of the program is to improve the instructional, remedial and testing capabilities of the Standards of Learning for local school divisions.

7) Funds shall be used in the following manner:

a) Each division shall use funds to reach a goal, in each high school, of: (1) a 5-to-1 student to computer ratio; (2) an Internet-ready local area network (LAN) capability; and (3) high speed access to the Internet. School connectivity (computers, LANs and network access) shall include sufficient download/upload capability to ensure that each student will have adequate access to Internet-based instructional, remedial and assessment programs.

b) When each high school in a division meets the goals established in paragraph a) above, the remaining funds shall be used to develop similar capability in first the middle schools and then the elementary schools.

c) Pursuant to § 15.2-1302, Code of Virginia, and in the event that two or more school divisions became one school division, whether by consolidation of only the school divisions or by consolidation of the local governments, such resulting division shall be provided funding through this program on the basis of having the same number of school divisions as existed prior to September 30, 2000.

8) Local school divisions shall maximize the use of available federal funds, including E-Rate Funds, and to the extent possible, use such funds to supplement the program and meet the goals of this program.

h. The Department of Education shall maintain criteria to determine if high schools, middle schools, or elementary schools have the capacity to meet the goals of this initiative. The Department of Education shall be responsible for the project management of this program. The Department of Education shall report on the implementation of this program to the Chairmen of the Senate Finance and House Appropriations Committees by September 1 of each year.

i.1) In the event that, on any scheduled payment date of bonds or notes of the Virginia Public School Authority (VPSA) issued for the purpose described in § 22.1-166.2, Code of Virginia, and not benefiting from the provisions of either § 22.1-168 (iii), (iv) and (v), Code of Virginia, or § 22.1-168.1, Code of Virginia, the available moneys in the Literary Fund are less than the appropriations for debt service due on such bonds or notes of the VPSA on such date, there is hereby appropriated to the VPSA from the general fund a sum equal to such deficiency.

2) 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 and notes of the VPSA issued and projected to be issued during such biennium pursuant to the resolution referred to in paragraph 1) above. The Governor's budget submission each year shall include provisions for the payment of debt service pursuant to paragraph 1) above.

j. Unspent proceeds of the notes, including investment income derived from the proceeds of the notes may be used to pay interest on, or to defease principal of the notes.

k.1) For the purposes of § 56-232, Code of Virginia, "Contracts of Telephone Companies with State Government" and for the purposes of § 56-234 "Contracts for Service Rendered by a Telephone Company for the State Government" shall be deemed to include communications lines into public schools which are used for educational technology. The rate structure for such lines shall be negotiated by the Superintendent of Public Instruction and the Director of the Department of Technology Planning. Further, the Superintendent and Director are authorized to encourage the development of "by-pass" infrastructure in localities where it fails to obtain competitive prices or prices consistent with the best rates obtained in other parts of the state.

2) The State Corporation Commission, in its consideration of the discount for services provided to elementary schools, secondary schools, and libraries and the universal service funding mechanisms as provided under § 254 of the Telecommunications Act of 1996, is hereby encouraged to make the discounts for intrastate services provided to elementary schools, secondary schools, and libraries for educational purposes as large as is prudently possible and to fund such discounts through the universal fund as provided in § 254. The Commission shall proceed as expeditiously as possible in implementing these discounts and the funding mechanism for intrastate services, consistent with the rules of the Federal Communications Commission aimed at the preservation and advancement of universal service.

10. At-Risk Four-Year-Olds Preschool Payments

a.1) It is the intent of the General Assembly that an additional state payment shall be disbursed by the Department of Education to schools and community-based organizations to provide quality preschool programs for at-risk four-year-olds unserved by Head Start program funding.

2) These grants shall be used to provide programs for at-risk four-year-old children which include quality preschool education, health services, social services, parental involvement and transportation. Programs must provide full-day or half-day and, at least, school-year services.

3) The Department of Education, in cooperation with the Council on Child Day Care and Early Childhood Programs, shall establish academic standards that are in accordance with appropriate preparation for students to be ready to successfully enter into kindergarten. These standards shall be established in such a manner as to be measurable for student achievement and success. Students shall be required to be evaluated at specified times as determined appropriate by the Department of Education. Superintendents, or their designee, of each participating school division must certify that the At-Risk Four-Year-Old program follows the established standards in order to receive the funding for quality preschool education and criteria for the service components. Such guidelines shall be consistent with the findings of the November 1993 study by the Board of Education, the Department of Education, and the Council on Child Day Care and Early Childhood Programs.

4)a) Grants shall be distributed based on an allocation formula providing the state share of a \$5,400 grant for 90 percent the first year and 100 percent the second year of the unserved at-risk four-year-olds in each locality for a full-day program. Programs operating half-day shall receive state funds based on a fractional basis determined by the pro-rata portion of a full-day, school year program provided.

b) For new programs in the first year of implementation only, programs operating less than a full school year shall receive state funds on a fractional basis determined by the pro-rata portion of a school year program provided. In determining the prorated state funds to be received, a school year shall be 180 days.

1) Any locality which desires to participate in this grants program must submit a proposal through its chief administrator (county administrator or city manager) by June 30 the first year and May 15 the second year. The chief administrator, in conjunction with the school superintendent, shall identify a lead agency for this program within the locality. The lead agency shall be responsible for developing a local plan for the delivery of quality preschool services to at-risk children which demonstrates the coordination of resources and the combination of funding streams in an effort to serve the greatest number of at-risk four-year-old children.

2) The proposal must demonstrate coordination with all parties necessary for the successful delivery of comprehensive services, including the schools, child care providers, local social services agency, Head Start, local health department and other groups identified by the lead agency.

3) A local match, based on the composite index of local ability-to-pay shall be required. For purposes of meeting the local match, localities may use local expenditures for existing qualifying programs. Localities shall also continue to pursue and coordinate other funding sources, including child care subsidies. Funds received through this program must be used to supplement, not supplant, any funds currently provided for programs within the locality. However, in the event a locality is prohibited from continuing the previous level of support to programs for at-risk four-year-olds from Title 1 of the Elementary and Secondary Education Act (ESEA), the state and local funds provided in this grants program may be used to continue services to these Title I students. Such prohibition may occur due to amendments to the allocation formula in the reauthorization of ESEA as the No Child Left Behind Act of 2001 or due to a percentage reduction in a locality's Title I allocation in 2004-2005 or 2005-2006. Any locality so affected shall provide written evidence to the Superintendent of Public Instruction and request his approval to continue the services to Title I students.

c. Local plans must provide clear methods of service coordination for the purpose of reducing the per child cost for the service, increasing the number of at-risk children served and/or extending services for the entire year. Examples of these include:

- 1) "Wraparound Services" -- methods for combining funds such as child care subsidy dollars administered by local social service agencies with dollars for quality preschool education programs.
- 2) "Wrapout Services" -- methods for using grant funds to purchase quality preschool services to at-risk four-year-old children through an existing child care setting by purchasing comprehensive services within a setting which currently provides quality preschool education.
- 3) "Expansion of Service" -- methods for using grant funds to purchase slots within existing programs, such as Head Start, which provide comprehensive services to at-risk four-year-old children.

Local plans must indicate the number of at-risk four-year-old children to be served, and the criteria by which they will be determined to be at risk.

d.1) The Department of Education and the Council on Child Day Care and Early Childhood Programs shall provide technical assistance for the administration of this grant program to provide assistance to localities in developing a comprehensive, coordinated, quality preschool program for serving at-risk four-year-old children.

2) A pre-application session shall be provided by the Department and the Council on Child Day Care and Early Childhood Programs prior to the proposal deadline. The Department shall provide interested localities with information on models for service delivery, methods of coordinating funding streams, such as funds to match federal IV-A child care dollars, to maximize funding without supplanting existing sources of funding for the provision of services to at-risk four-year-old children. A priority for technical assistance in the design of programs shall be given to localities where the majority of the at-risk four-year-old population is currently unserved.

e. The Department of Education is authorized to expend unobligated balances in this Item and Item 144 if participation in the At-Risk Four-Year-Olds Preschool program is greater than projected.

11. Early Reading Intervention

a. An additional incentive payment of \$10,926,314 the first year and ~~\$11,082,541~~ \$11,028,354 the second year from the general fund shall be disbursed by the Department of Education to local school divisions for the purposes of providing early reading intervention services to students in grades kindergarten through 3 who demonstrate deficiencies based on their individual performance on diagnostic tests which have been approved by the Department of Education. The Department of Education shall review the tests of any local school board which requests authority to use a test other than the state-provided test to ensure that such local test uses criteria for the early diagnosis of reading deficiencies which are similar to those criteria used in the state-provided test. The Department of Education

shall make the state-provided diagnostic test used in this program available to local school divisions. School divisions shall report the results of the diagnostic tests to the Department of Education on an annual basis at a time to be determined by the Superintendent of Public Instruction.

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

Kindergarten	100%
Grade 1	50%
Grade 2	50%
Grade 3	25%

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

12. Standards of Learning Algebra Readiness

a. An additional incentive payment of \$7,374,001 the first year and ~~\$7,449,908~~ \$7,278,629 the second year from the general fund shall be disbursed by the Department of Education to local school divisions for the purposes of providing math intervention services to students in grades 6, 7, 8 and 9 who are at-risk of failing the Algebra 1 end-of-course test, as demonstrated by their individual performance on diagnostic tests which have been approved by the Department of Education. The Department of Education shall review the tests to ensure that such local test uses state-provided criteria for diagnosis of math deficiencies which are similar to those criteria used in the state-provided test. The Department of Education shall make the state-provided diagnostic test used in this program available to local school divisions. School divisions shall report the results of the diagnostic tests to the Department of Education on an annual basis at a time to be determined by the Superintendent of Public Instruction.

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

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

d. Any funds provided to school divisions for the Standards of Learning Algebra Readiness Program that are unexpended as of June 30, 2005, and June 30, 2006, shall be carried on the books of the locality to be appropriated to the school division in the following year for use in the same program.

13. School Construction Grants Program

a. This appropriation includes an amount estimated at \$27,500,008 the first year and ~~\$27,499,997~~ \$28,500,001 the

second year from the general fund to provide grants to school divisions for nonrecurring expenditures by the relevant school division. Nonrecurring costs shall include school construction, additions, infrastructure, site acquisition, renovations, technology, and other expenditures related to modernizing classroom equipment, payments to escrow accounts pursuant to Chapter 391, Acts of Assembly of 1999, school safety equipment or school safety renovations, and debt service payments on school projects completed during the last ten years.

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

c. Any funds provided to school divisions for school construction that are unexpended as of June 30, 2005, and June 30, 2006, shall be carried on the books of the locality to be appropriated to the school division the following year for use for the same purpose.

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

15. English as a Second Language Payments

A payment of \$21,143,926 the first year and ~~\$26,452,794~~ \$24,971,898 the second year from the general fund shall be disbursed by the Department of Education to local school divisions to support the state share of 17 professional instructional positions per 1,000 students for whom English is a second language. Local school divisions shall provide a local match based on the composite index of local ability-to-pay.

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Direct Aid to Public Education (197)

147.	Financial Assistance for Special State Revenue Sharing (17700)	1,447,500,774	1,532,831,692 1,566,840,000
	Financial Assistance for Sales Tax Revenue Sharing, A Sum Sufficient, Estimated at (17701)	1,001,300,000	1,091,031,692 1,133,340,000
	Financial Assistance for Lottery Proceeds Revenue Sharing (17702)	446,200,774	441,800,000 433,500,000
Fund Sources:	General	1,447,500,774	1,532,831,692 1,566,840,000

Authority: §§ 58.1-638, 58.1-4023, Code of Virginia.

A.1. This appropriation is for distribution to counties, cities and towns a portion of net revenue from the state sales and use tax, in support of the Standards of Quality (Title 22.1, Chapter 13.2, Code of Virginia) (See the Attorney General's opinion of August 3, 1982).

2. Certification of payments and distribution of this appropriation shall be made by the State Comptroller.

3. The distribution of the Special State Revenue Sharing (Sales Tax) funds shall be made in equal bimonthly payments at the middle and end of each month.

B.1. This appropriation includes \$446,200,774 the first year and ~~\$441,800,000~~ \$433,500,000 the second year from the general fund as the state payment for the lottery profits, to be deposited into the general fund pursuant to § 3-1.01 G of this act.

2. Out of this appropriation, an amount estimated at \$19,300,670 the first year and ~~\$19,517,449~~ \$19,247,760 the second year shall be transferred to Item 146 to fund a portion of the state's share of the Standards of Quality prevention, intervention, and remediation program in Item 146 C 7.

3. Out of this appropriation, \$270,393,824 the first year and ~~\$258,774,717~~ \$253,853,773 the second year shall be used, together with funds appropriated in Item 146, to fund the state's share of Basic Aid Payments as determined in Item 146 C 2.

4. Out of this appropriation, an amount estimated at \$156,506,280 the first year and ~~\$163,507,784~~ \$160,398,467 the second year shall be disbursed by the Department of Education to local school divisions to support the state share of an estimated \$236.95 per pupil the first year and ~~\$245.24~~ \$240.92 per pupil the second year in adjusted average daily membership. These funds shall be matched by the local government, based on the composite index of local ability-to-pay. Further, in order to receive this funding, the locality in which the school division is located shall appropriate these funds solely for educational purposes and shall not use such funds to reduce total local operating expenditures for public education below the amount expended by the locality for such purposes in the year upon which the 2004-06 biennial Standards of Quality expenditure data were based; provided however, that no locality shall be required to maintain a per pupil expenditure which is greater than the per pupil amount expended by the locality for such purposes in the year upon which the 2004-06 biennial Standards of Quality expenditure data were based.

5. Of the amounts listed in B 4 above, no more than 50 percent shall be used for recurring costs and at least 50 percent shall be spent on nonrecurring expenditures by the relevant school divisions. Nonrecurring costs shall include school construction, additions, infrastructure, site acquisition, renovations, technology, and other expenditures related to modernizing classroom equipment, and debt service payments on school projects completed

during the last 10 years.

6. Any lottery funds provided to school divisions from this Item that are unexpended as of June 30, 2005, and June 30, 2006, shall be carried on the books of the locality to be appropriated to the school division in the following year.

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Direct Aid to Public Education (197)

148.	Adult Literacy Services (19200)	12,705,000	12,705,000
	Financial Assistance for Adult Literacy Services (19202)	12,705,000	12,705,000
Fund Sources:	General	2,580,000	2,580,000
	Federal Trust	10,125,000	10,125,000

Authority: Discretionary Inclusion; P.L. 95-561, Federal Code.

A. This appropriation includes \$125,000 the first year and \$125,000 the second year from the general fund for the ongoing literacy programs conducted by Mountain Empire Community College, and \$125,000 the first year and \$125,000 the second year from the general fund for a workplace literacy program to support the Communities for Opportunity Initiative in the Department of Housing and Community Development.

B. Out of the amounts for Financial Assistance for Adult Literacy Services, the Board of Education shall provide \$100,000 the first year and \$100,000 the second year from the general fund to match the Virginia Literacy Foundation grants to volunteer literacy groups providing services for adults with 0-4th grade reading skills.

C. Out of the amounts for Financial Assistance for Adult Literacy Services, the Board of Education shall provide \$50,000 the first year and \$50,000 the second year from the general fund to the Virginia Educational Technology Alliance to provide teacher training opportunities in the effective use of educational technologies to full-time, part-time and volunteer teachers involved in adult education and literacy programs in the Commonwealth.

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Direct Aid to Public Education (197)

149.	Instruction (19700)	12,343,959	13,287,256 12,858,794
	Governor's School Payments (19705)	9,843,959	10,787,256 10,358,794
	Charter Schools (19707)	2,500,000	2,500,000
Fund Sources:	General	9,048,959	9,992,256 9,563,794
	Special	795,000	795,000
	Federal Trust	2,500,000	2,500,000

Authority: Discretionary Inclusion.

A.1. Out of the amounts for Governor's School Payments, the Board of Education shall provide assistance for the state share of the incremental cost of regular school year Governor's Schools based on each participating locality's composite index of local ability-to-pay. Participating school divisions must certify that no tuition is assessed students for participation in this program.

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

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

C. The Board of Education shall not take any action that would increase the state's share of costs associated with the Governor's Schools. This provision shall not prohibit the Board of Education from submitting requests for the increased costs of existing programs.

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

2. Funding for the Academic Year Governor's Schools will be adjusted based upon actual September 30, 2004, and September 30, 2005, fall membership data ~~not to exceed the enrollments by school division within each Academic Year Governor's School used to establish the initial appropriation for the 2004-2006 biennium~~ or equivalent enrollment for students that attend these programs during the year based on alternative course schedules such as semester block schedules.

3. Fairfax County Public Schools shall not reduce local per pupil funding for the Thomas Jefferson Governor's

School below the amounts appropriated for the 2003-2004 school year.

E. Out of the appropriation for Charter Schools, \$2,500,000 the first year and \$2,500,000 the second year is provided from federal funds.

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Direct Aid to Public Education (197)

150.	Nutritional Services (45700)	145,801,932	145,801,932
	School Food Payments (45707)	145,801,932	145,801,932
Fund Sources:	General	5,801,932	5,801,932
	Federal Trust	140,000,000	140,000,000

Authority: [§22.1-285](#), Code of Virginia; P.L. 99-591, P.L. 100-71 and P.L. 100-202, Federal Code.

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

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Direct Aid to Public Education (197)

151.	Employment Assistance Services (46200)	2,700,000	2,750,000
	Employment Services Payments (46207)	2,700,000	2,750,000
Fund Sources:	General	0	50,000
	Federal Trust	2,700,000	2,700,000

Authority: P.L. 90-77, P.L. 91-291, P.L. 93-203, P.L. 95-524, and P.L. 97-300, Federal Code.

This appropriation includes \$50,000 the second year from the general fund for the Virginia Career Education Foundation.

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Direct Aid to Public Education (197)

152.	Regulation of Professions and Occupations (56000)	58,275,000 58,275,000
	Financial Assistance for Regulating Elementary and Secondary Teachers, Counselors and Administrators (56045)	58,275,000 58,275,000
Fund Sources:	General	1,475,000 1,475,000
	Federal Trust	56,800,000 56,800,000

Authority: §§ 22.1-290.1, 22.1-298, and 22.1-299 Code of Virginia; Title II P.L. 99-159, Federal Code.

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

1. An application process for localities and school/higher education partnerships that wish to participate in the programs;
2. Provisions for a local funding or institutional commitment of 50 percent, to match state grants of 50 percent;
3. Program plans which include a description of the criteria for selection of clinical faculty and mentor teachers, training, support, and compensation for clinical faculty and mentor teachers, collaboration between the school division and institutions of higher education, the clinical faculty and mentor teacher assignment process, and a process for evaluation of the programs;
4. The Department of Education shall allow flexibility to local school divisions and higher education institutions regarding compensation for clinical faculty and mentor teachers consistent with these elements of the programs; and
5. It is the intent of the General Assembly that no preference between preservice or beginning teacher programs be construed by the language in this Item. School divisions operating beginning teacher mentor programs shall receive equal consideration for funding.

B. This appropriation includes \$100,000 the first year and \$100,000 the second year from the general fund to provide grants to school divisions that employ mentor teachers for new teachers entering the profession through the alternative route to licensure as prescribed by the Board of Education.

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Christopher Newport University (242)

168.	Educational and General Programs (10000)	37,614,034	41,268,537
	Higher Education Instruction (100101)	21,625,453	24,719,227
	Higher Education Public Services (100103)	8,299	8,299
	Higher Education Academic Support (100104)	4,769,422	4,769,422
	Higher Education Student Services (100105)	3,192,644	3,192,644
	Higher Education Institutional Support (100106)	4,206,004	4,206,004
	Operation and Maintenance of Plant (100107)	3,812,212	4,372,941
Fund Sources:	General	22,071,183	24,153,234
	Higher Education Operating	15,542,851	17,115,303

Authority: Title 23, Chapter 5.3, Code of Virginia.

A. Out of this appropriation, \$159,840 the first year and \$159,840 the second year from the general fund is designated for the costs to lease and equip space for activities related to technology transfer, research, and graduate work.

B. Christopher Newport University shall report to the State Council of Higher Education for Virginia no later than May 1 of each year its tuition, fee, and all other nongeneral fund revenues, in a manner as prescribed by the State Council of Higher Education for Virginia. The report shall include revenues from the current fiscal year and a projection of anticipated revenues for the next fiscal year.

C. Out of this appropriation, \$1,987,073 the first year and \$3,269,605 the second year from the general fund is provided to address base funding needs identified by the Joint Subcommittee Studying Higher Education Funding Policies and to mitigate the pressure on student tuition and fees. These amounts reflect a portion of the additional general fund support needed to provide adequate base support of the institution's core academic function. These additional funds will allow the institution to serve more students; retain existing students more effectively; increase the number of students receiving a degree or certificate, particularly in fields where the Commonwealth faces critical workforce shortages; and enhance the quality and rigor of its academic programs. The Secretary of Education shall monitor the institution's efforts to meet these objectives and other statewide needs.

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Christopher Newport University (242)

169.	Higher Education Student Financial Assistance (10800)	2,806,498	3,042,752
	Scholarships (10810)	2,806,498	3,042,752
Fund Sources:	General	2,806,498	3,042,752

Authority: Title 23, Chapter 5.3, Code of Virginia.

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The College of William and Mary in Virginia (204)

172.	Educational and General Programs (10000)	104,181,401	109,693,964
	Higher Education Instruction (100101)	61,874,685	67,413,043
	Higher Education Research (100102)	1,239,212	1,564,012
	Higher Education Public Services (100103)	8,298	8,298
	Higher Education Academic Support (100104)	17,544,577	17,544,577
	Higher Education Student Services (100105)	4,236,235	4,236,235
	Higher Education Institutional Support (100106)	10,606,780	10,203,530
	Operation and Maintenance of Plant (100107)	8,671,614	8,724,269
Fund Sources:	General	39,224,721	41,292,423
	Higher Education Operating	64,714,661	68,150,322
	Debt Service	242,019	251,219

Authority: Title 23, Chapter 5, Code of Virginia.

A. Out of the amounts for Higher Education Research, \$342,201 the first year and \$342,201 the second year from the general fund shall be made available as administrative support for the operation of the Thomas Jefferson National Accelerator Facility (Jefferson Lab).

B. Out of this appropriation, \$279,072 the first year and \$279,072 the second year from the general fund is designated for the costs to lease and equip space for activities related to technology transfer, research, and graduate work.

C. The College of William and Mary shall report to the State Council of Higher Education for Virginia no later than May 1 of each year its tuition, fee, and all other nongeneral fund revenues, in a manner as prescribed by the State Council of Higher Education for Virginia. The report shall include revenues from the current fiscal year and a projection of anticipated revenues for the next fiscal year.

D. Out of this appropriation, \$1,336,583 the first year and \$2,096,289 the second year from the general fund is provided to address base funding needs identified by the Joint Subcommittee Studying Higher Education Funding Policies and to mitigate the pressure on student tuition and fees. These amounts reflect a portion of the additional general fund support needed to provide adequate base support of the institution's core academic function. These additional funds will allow the institution to serve more students retain existing students more effectively increase the number of students receiving a degree or certificate, particularly in fields where the Commonwealth faces critical workforce shortages; and enhance the quality and rigor of its academic programs. The Secretary of Education shall monitor the institution's efforts to meet these objectives and other statewide needs.

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The College of William and Mary in Virginia (204)

173.	Higher Education Student Financial Assistance (10800)	4,936,697	5,157,943
	Scholarships (10810)	4,087,063	4,235,097
	Fellowships (10820)	849,634	922,846
Fund Sources:	General	2,664,410	2,885,656
	Higher Education Operating	2,272,287	2,272,287

Authority: Title 23, Chapter 5, Code of Virginia.

A. This appropriation includes \$62,885 the first year and \$83,527 the second year from the general fund for financial assistance for students at the Virginia Institute for Marine Science.

B. Higher education operating funds appropriated in this program may be allocated for need-based aid to Virginia undergraduate students to enhance the quality and diversity of the student body.

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Richard Bland College (241)

176.	Educational and General Programs (10000)	6,995,857	7,297,563
	Higher Education Instruction (100101)	3,124,440	3,507,635
	Higher Education Public Services (100103)	3,000	3,000
	Higher Education Academic Support (100104)	342,000	342,000
	Higher Education Student Services (100105)	656,000	656,000
	Higher Education Institutional Support (100106)	1,809,917	1,809,917
	Operation and Maintenance of Plant (100107)	1,060,500	979,011
Fund Sources:	General	4,576,758	4,638,537
	Higher Education Operating	2,419,099	2,659,026

Authority: Title 23, Chapter 5, Code of Virginia.

A. Richard Bland College shall report to the State Council of Higher Education for Virginia no later than May 1 of each year its tuition, fee, and all other nongeneral fund revenues, in a manner as prescribed by the State Council of Higher Education for Virginia. The report shall include revenues from the current fiscal year and a projection of anticipated revenues for the next fiscal year.

B. Out of this appropriation, \$63,000 the first year and \$80,400 the second year from the general fund is provided to address base funding needs identified by the Joint Subcommittee Studying Higher Education Funding Policies and to mitigate the pressure on student tuition and fees. These amounts reflect a portion of the additional general fund support needed to provide adequate base support of the institution's core academic function. These additional funds will allow the institution to serve more students, retain existing students more effectively, increase the number of students receiving a degree or certificate, and enhance the quality and rigor of its academic programs. The Secretary of Education shall monitor the institution's efforts to meet these objectives and other statewide needs.

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Richard Bland College (241)

177.	Higher Education Student Financial Assistance (10800)	226,709	242,579
	Scholarships (10810)	226,709	242,579
Fund Sources:	General	226,709	242,579

Authority: Title 23, Chapter 5, Code of Virginia.

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Virginia Institute of Marine Science (268)

180.	Educational and General Programs (10000)	17,946,389	19,018,692
	Higher Education Instruction (100101)	2,222,910	2,850,212
	Higher Education Research (100102)	8,570,779	8,926,029
	Higher Education Academic Support (100104)	3,097,877	3,097,877
	Higher Education Institutional Support (100106)	2,204,458	2,204,458
	Operation and Maintenance of Plant (100107)	1,850,365	1,940,116
Fund Sources:	General	16,443,300	17,550,793
	Higher Education Operating	1,503,089	1,467,899

Authority: § 23-49.1:1, Title 23, Chapter 5, and Title 28.2, Chapter 11, Code of Virginia.

A. If sufficient appropriations are not made available by the Commonwealth, it shall not be necessary for the Virginia Institute of Marine Science to reallocate funds from existing research projects to provide the funding for research mandated in the Code of Virginia or in the Appropriation Act.

B. Out of this appropriation, \$280,000 and 4.0 positions the first year and \$280,000 and 4.0 positions the second year from the general fund is designated to support an Aquaculture Genetics and Breeding Technology Center at the Virginia Institute of Marine Science. The center shall coordinate its efforts with the repletion program of the Virginia Marine Resources Commission.

C. It is the intent of the General Assembly that the development of a disease resistant native oyster remain a high priority for oyster-related research activities at the Virginia Institute of Marine Science.

D. Out of this appropriation, \$660,544 the first year and \$660,544 the second year from the general fund is provided to address base funding needs and to mitigate the pressure on student tuition and fees. These additional funds will allow the institution to serve more students, retain existing students more effectively, increase the number of students receiving a degree or certificate, and enhance the quality and rigor of its academic programs. The Secretary of Education shall monitor the institution's efforts to meet these objectives and other statewide needs.

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George Mason University (247)

182.	Educational and General Programs (10000)	240,380,244	261,968,479
	Higher Education Instruction (100101)	154,523,531	174,998,273
	Higher Education Research (100102)	394,659	1,280,534
	Higher Education Public Services (100103)	1,378,595	1,378,595
	Higher Education Academic Support (100104)	28,978,484	28,978,484
	Higher Education Student Services (100105)	12,018,569	12,018,569
	Higher Education Institutional Support (100106)	24,919,131	24,546,443
	Operation and Maintenance of Plant (100107)	18,167,275	18,767,581
Fund Sources:	General	98,247,636	108,808,305
	Higher Education Operating	142,132,608	153,160,174

Authority: Title 23, Chapter 9.1, Code of Virginia.

A. Out of this appropriation, an amount estimated at \$289,614 from the general fund and \$124,120 from nongeneral funds the first year and \$289,614 from the general fund and \$124,120 from nongeneral funds the second year is designated for the educational telecommunications project to provide graduate engineering education, subject to a plan approved by the State Council of Higher Education for Virginia.

B. Out of this appropriation, \$334,125 the first year and \$334,125 the second year from the general fund is designated for the Center for Conflict Resolution at George Mason University.

C. Out of this appropriation, \$810,000 the first year and \$810,000 the second year from the general fund is designated for the George Mason University School of Law. This appropriation includes funding for the National Center for Technology and the Law within the School of Law, instructional programs within the proposed Juris Master program, and expansion of School of Law activities.

D. George Mason University shall report to the State Council of Higher Education for Virginia no later than May 1 of each year its tuition, fee, and all other nongeneral fund revenues, in a manner as prescribed by the State Council of Higher Education for Virginia. The report shall include revenues from the current fiscal year and a projection of anticipated revenues for the next fiscal year.

E. Out of this appropriation, \$4,500,914 the first year and \$11,580,984 the second year from the general fund is provided fund to address base funding needs identified by the Joint Subcommittee Studying Higher Education Funding Policies and to mitigate the pressure on student tuition and fees. These amounts reflect a portion of the additional general fund support needed to provide adequate base support of the institution's core academic function. These additional funds will allow the institution to serve more students; retain existing students more effectively; increase the number of students receiving a degree or certificate, particularly in fields where the Commonwealth faces critical workforce shortages; and enhance the quality and rigor of its academic programs. The Secretary of Education shall monitor the institution's efforts to meet these objectives and other statewide needs.

F. Out of this appropriation, \$125,000 the second year from the general fund is provided for operating support for the Institute for Conflict Analysis and Resolution.

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George Mason University (247)

183.	Higher Education Student Financial Assistance (10800)	9,588,495	10,181,393
	Scholarships (10810)	8,439,137	8,960,675
	Fellowships (10820)	1,149,358	1,220,718
Fund Sources:	General	8,388,495	8,981,393
	Higher Education Operating	1,200,000	1,200,000

Authority: Title 23, Chapter 9.1, Code of Virginia.

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James Madison University (216)

186.	Educational and General Programs (10000)	141,759,819	161,811,766
	Higher Education Instruction (100101)	82,495,065	97,889,471
	Higher Education Research (100102)	313,714	618,214
	Higher Education Public Services (100103)	377,519	377,519
	Higher Education Academic Support (100104)	18,352,101	18,959,221
	Higher Education Student Services (100105)	6,611,152	7,405,334
	Higher Education Institutional Support (100106)	19,988,542	21,388,551
	Operation and Maintenance of Plant (100107)	13,621,726	15,173,456
Fund Sources:	General	57,931,606	64,077,290
	Higher Education Operating	83,828,213	97,434,476
	Debt Service	0	300,000

Authority: Title 23, Chapter 12.1, Code of Virginia.

A. The University is authorized to continue offering its existing doctoral degree in psychology and a limited number of other doctoral programs in specialized areas with approval from the State Council of Higher Education for Virginia. These doctoral programs are niche programs, consistent with the comprehensive mission of the University, and are targeted to meet critical needs in the Commonwealth.

B. James Madison University shall report to the State Council of Higher Education for Virginia no later than May 1 of each year its tuition, fee, and all other nongeneral fund revenues, in a manner as prescribed by the State Council of Higher Education for Virginia. The report shall include revenues from the current fiscal year and a projection of anticipated revenues for the next fiscal year.

C. Out of this appropriation, \$3,543,604 the first year and \$7,553,980 the second year from the general fund is provided to address base funding needs identified by the Joint Subcommittee Studying Higher Education Funding Policies and to mitigate the pressure on student tuition and fees. These amounts reflect a portion of the additional general fund support needed to provide adequate base support of the institution's core academic function. These additional funds will allow the institution to serve more students, retain existing students more effectively, increase the number of students receiving a degree or certificate, and enhance the quality and rigor of its academic programs. The Secretary of Education shall monitor the institution's efforts to meet these objectives and other statewide needs.

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James Madison University (216)

187.	Higher Education Student Financial Assistance (10800)	5,286,949	6,069,891
	Scholarships (10810)	4,896,727	5,679,669
	Fellowships (10820)	390,222	390,222
Fund Sources:	General	4,736,949	5,041,220
	Higher Education Operating	550,000	1,028,671

Authority: Title 23, Chapter 12.1, Code of Virginia.

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Longwood University (214)

190.	Educational and General Programs (10000)	34,280,235	39,154,523
	Higher Education Instruction (100101)	19,148,552	23,642,816
	Higher Education Public Services (100103)	364,575	364,575
	Higher Education Academic Support (100104)	5,314,569	5,314,569
	Higher Education Student Services (100105)	1,849,405	1,849,405
	Higher Education Institutional Support (100106)	4,516,805	4,516,805
	Operation and Maintenance of Plant (100107)	3,086,329	3,466,353
Fund Sources:	General	18,928,470	22,003,587
	Higher Education Operating	15,351,765	17,150,936

Authority: Title 23, Chapter 15, Code of Virginia.

A.1. Out of this appropriation, \$443,855 and 7.0 positions the first year from the general fund is provided for the Halifax/South Boston Continuing Education Center and \$216,313 and 2.0 positions the first year from the general fund is provided for the Longwood Institute for Teaching Through Technology and Innovative Practices.

2. Out of this appropriation, \$216,313 and 2.0 positions the second year from the general fund is provided for the Institute for Teaching Through Technology and Innovative Practices.

3. In order to implement this change, Longwood University, in cooperation with the Virginia Community College System and the Halifax/South Boston Continuing Education Center, shall develop a plan to integrate the functions of the Longwood Institute for Teaching Through Technology and Innovative Practices into the Halifax/South Boston Continuing Education Center and shall report its plan to the Chairman of the House Appropriations and Senate Finance Committees by October 1, 2004.

B. Out of this appropriation shall be expended an amount estimated at \$29,050 from the general fund and \$12,450 from nongeneral funds the first year, and \$29,050 from the general fund and \$12,450 from nongeneral funds the second year for the educational telecommunications project to provide graduate engineering education, subject to a plan approved by the State Council of Higher Education for Virginia.

C. Out of this appropriation, \$34,929 the first year from the general fund shall be allocated for the Small Business Development Center.

D. Longwood University shall report to the State Council of Higher Education for Virginia no later than May 1 of each year its tuition, fee, and all other nongeneral fund revenues, in a manner as prescribed by the State Council of Higher Education for Virginia. The report shall include revenues from the current fiscal year and a projection of anticipated revenues for the next fiscal year.

E. Out of this appropriation, \$1,969,647 the first year and \$4,902,758 the second year from the general fund is provided to address base funding needs identified by the Joint Subcommittee Studying Higher Education Funding Policies and to mitigate the pressure on student tuition and fees. These amounts reflect a portion of the additional general fund support needed to provide adequate base support of the institution's core academic function. These additional funds will allow the institution to serve more students; retain existing students more effectively; increase the number of students receiving a degree or certificate, particularly in fields where the Commonwealth faces critical workforce shortages; and enhance the quality and rigor of its academic programs. The Secretary of Education shall monitor the institution's efforts to meet these objectives and other statewide needs.

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Longwood University (214)

191.	Higher Education Student Financial Assistance (10800)	2,354,110	2,531,748
	Scholarships (10810)	2,354,110	2,531,748
Fund Sources:	General	2,354,110	2,531,748

Authority: Title 23, Chapter 15, Code of Virginia.

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University of Mary Washington (215)

194.	Educational and General Programs (10000)	40,567,629	44,487,809
	Higher Education Instruction (100101)	24,141,919	27,909,449
	Higher Education Research (100102)	175,000	175,000
	Higher Education Public Services (100103)	191,500	191,500
	Higher Education Academic Support (100104)	3,733,886	3,733,886
	Higher Education Student Services (100105)	2,660,005	2,660,005
	Higher Education Institutional Support (100106)	5,196,559	5,196,559
	Operation and Maintenance of Plant (100107)	4,468,760	4,621,410
Fund Sources:	General	15,005,461	16,091,475
	Higher Education Operating	25,562,168	28,396,334

Authority: Title 23, Chapter 9.2, Code of Virginia.

A. Out of this appropriation shall be expended an amount estimated at \$80,483 from the general fund and \$36,130 from nongeneral funds the first year and \$80,483 from the general fund and \$36,130 from nongeneral funds the second year for the educational telecommunications project to provide graduate engineering education, subject to a plan approved by the State Council of Higher Education for Virginia.

B. The University of Mary Washington shall report to the State Council of Higher Education for Virginia no later than May 1 of each year its tuition, fee, and all other nongeneral fund revenues, in a manner as prescribed by the State Council of Higher Education for Virginia. The report shall include revenues from the current fiscal year and a projection of anticipated revenues for the next fiscal year.

C. Out of this appropriation, \$688,201 the first year and \$1,311,663 the second year from the general fund is provided to address base funding needs identified by the Joint Subcommittee Studying Higher Education Funding Policies and to mitigate the pressure on student tuition and fees. These amounts reflect a portion of the additional general fund support needed to provide adequate base support of the institution's core academic function. These additional funds will allow the institution to serve more students; retain existing students more effectively; increase the number of students receiving a degree or certificate, particularly in fields where the Commonwealth faces critical workforce shortages; and enhance the quality and rigor of its academic programs. The Secretary of Education shall monitor the institution's efforts to meet these objectives and other statewide needs.

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University of Mary Washington (215)

195.	Higher Education Student Financial Assistance (10800)	1,016,397	1,087,545
	Scholarships (10810)	1,016,397	1,087,545
Fund Sources:	General	1,016,397	1,087,545

Authority: Title 23, Chapter 9.2, Code of Virginia.

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Norfolk State University (213)

200.	Educational and General Programs (10000)	70,904,413	74,706,741
	Higher Education Instruction (100101)	34,438,282	37,210,349
	Higher Education Research (100102)	196,673	196,673
	Higher Education Public Services (100103)	541,605	541,605
	Higher Education Academic Support (100104)	6,878,081	6,878,081
	Higher Education Student Services (100105)	5,309,320	5,309,320
	Higher Education Institutional Support (100106)	14,334,436	14,334,436
	Operation and Maintenance of Plant (100107)	9,206,016	10,236,277
Fund Sources:	General	40,179,036	41,967,061
	Higher Education Operating	30,725,377	32,739,680

Authority: Title 23, Chapter 13.1, Code of Virginia.

A.1. Out of this appropriation, \$4,914,878 the first year and \$5,350,128 the second year from the general fund is designated for the newly initiated Bachelor of Science academic programs in Electronics Engineering and Optical Engineering and new Master of Science academic programs in Electronics Engineering, Optical Engineering, Computer Science, and Criminal Justice.

2. Out of the amounts for programs listed in paragraph A 1 above, shall be provided \$273,486 the first year and \$273,486 the second year from the general fund for lease payments through the Master Equipment Leasing Program for educational and general equipment.

3. Out of the amounts for Educational and General Programs, \$37,500 is provided to serve in lieu of endowment income for the Eminent Scholars Program.

4. In conjunction with the Secretary of Education, Norfolk State University shall develop the following:

a. a timetable for implementing the new academic programs funded in A 1 above, including a plan for recruiting faculty, staff, and students;

b. a means by which to assess the effectiveness toward meeting the goals of the new programs; and

c. periodic reports on the expenditures of the funds provided.

B.1. Out of the amounts for Educational and General Programs, a maximum of \$70,000 the first year and \$70,000 the second year from the general fund is designated for the Dozoretz National Institute for Minorities in Applied Sciences. No allotment of these funds shall be made until Norfolk State University has certified to the Secretary of Education that funds, in cash, are available to match all or any part of the amount herein made available from the general fund.

2. Any unexpended balances in paragraphs A 1, A 2, A 3 and B 1 in this item at the close of business on June 30, 2004, June 30, 2005, and June 30, 2006 shall not revert to the surplus of the general fund but shall be carried forward on the books of the State Comptroller and reappropriated in the succeeding year.

C. Out of this appropriation, \$94,222 the first year and \$94,222 the second year from the general fund is designated to assist the University in improving graduation and retention rates.

D. Out of this appropriation, \$78,200 the first year and \$78,200 the second year from the general fund is designated to maintain an enrollment management plan.

E. Out of this appropriation, \$11,756 the first year and \$11,756 the second year from the general fund is designated for the costs to lease and equip space for activities related to technology transfer, research, and graduate work.

F. Out of this appropriation, \$250,000 the first year from nongeneral funds is designated to support the development of a SkillTek unit designed to familiarize and attract at-risk youth into construction industry jobs. Norfolk State University is authorized to seek Federal Surface Transportation Funds from the Virginia Department of Transportation subject to the conditions outlined in federal law (23 USC 140(b)) for use in this program.

G. Norfolk State University shall report to the State Council of Higher Education for Virginia no later than May 1 of each year its tuition, fee, and all other nongeneral fund revenues, in a manner as prescribed by the State Council of Higher Education for Virginia. The report shall include revenues from the current fiscal year and a projection of anticipated revenues for the next fiscal year.

H. Out of this appropriation, \$125,000 the first year and \$421,817 the second year from the general fund is provided to address base funding needs and to mitigate the pressure on student tuition and fees. These additional funds will allow the institution to serve more students, retain existing students more effectively, increase the number of students receiving a degree or certificate, and enhance the quality and rigor of its academic programs. The Secretary of Education shall monitor the institution's efforts to meet these objectives and other statewide needs.

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Norfolk State University (213)

201.	Higher Education Student Financial Assistance (10800)	7,758,468	8,039,710
	Scholarships (10810)	7,417,741	7,698,983
	Fellowships (10820)	340,727	340,727
Fund Sources:	General	4,358,468	4,639,710
	Higher Education Operating	3,400,000	3,400,000

Authority: Title 23, Chapter 13.1, Code of Virginia.

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Old Dominion University (221)

204.	Educational and General Programs (10000)	151,053,200	162,822,013
	Higher Education Instruction (100101)	90,994,588	102,681,005
	Higher Education Research (100102)	524,825	930,825
	Higher Education Public Services (100103)	393,270	393,270
	Higher Education Academic Support (100104)	26,617,143	26,617,143
	Higher Education Student Services (100105)	6,188,943	6,188,943
	Higher Education Institutional Support (100106)	15,444,469	15,044,215
	Operation and Maintenance of Plant (100107)	10,889,962	10,966,612
Fund Sources:	General	77,735,768	85,633,059
	Higher Education Operating	73,317,432	77,188,954

Authority: Title 23, Chapter 5.2, Code of Virginia.

A. Out of this appropriation shall be expended an amount estimated at \$431,013 from the general fund and \$198,244 from nongeneral funds the first year and \$431,013 from the general fund and \$198,244 from nongeneral funds the second year for the educational telecommunications project to provide graduate engineering education, subject to a plan approved by the State Council of Higher Education for Virginia.

B. Out of this appropriation \$4,726,361 and 41.88 positions the first year from the general fund and \$1,440,000 and 12.62 positions the first year from nongeneral funds and \$4,726,361 and 41.88 positions the second year from the general fund and \$1,440,000 and 12.62 positions the second year from nongeneral funds is designated for the TELETECHNET program at 22 community college sites.

C.1. Out of this appropriation, \$425,088 the first year and \$425,088 the second year from the general fund is designated for the costs to lease and equip space for activities related to technology transfer, research, and graduate work.

2. The lease agreement shall be approved by the Governor, pursuant to § 2.2-1149, Code of Virginia and the agreement shall provide for a long term lease to support the work associated with the activities referred to in C 1.

D. Out of this appropriation, \$22,500 and 1.00 position the first year from the general fund is designated to support an International Maritime, Ports, and Logistics Management Institute.

E.1. Out of this appropriation, \$2,610,000 from the general fund and \$2,610,000 from nongeneral funds the first year and \$2,610,000 from the general fund and \$2,610,000 from nongeneral funds the second year are provided for the development and support of a Technology Workforce Training Center designed to train workers in the field of information technology.

2. Out of this appropriation, \$2,015,280 and 10 positions the first year and \$2,015,280 and 10 positions the second year from the general fund is provided to support workforce development in engineering and computer science. The University shall actively promote and recruit high school and community college students to consider engineering and computer science programs for their college careers. In carrying out the workforce development program, the University shall take into consideration that the General Assembly will be studying the advantages and disadvantages of incentive scholarships and their role in the Commonwealth's financial aid program.

F. Out of this appropriation, \$1,165,196 and 2.00 positions the first year and \$1,165,196 and 2.00 positions the second year from the general fund is designated to enhance the use of instructional technology in the classroom.

G. Out of this appropriation, \$800,000 the first year and \$800,000 the second year from the general fund shall be provided to finance a TELETECHNET site in Northern Virginia in the Route 29 business district.

H. Notwithstanding § 55-297, Code of Virginia, Old Dominion University is hereby designated as the administrative agency for the Virginia Coordinate System.

I. Old Dominion University shall report to the State Council of Higher Education for Virginia no later than May 1 of each year its tuition, fee, and all other nongeneral fund revenues, in a manner as prescribed by the State Council of Higher Education for Virginia. The report shall include revenues from the current fiscal year and a projection of anticipated revenues for the next fiscal year.

J.1. Out of this appropriation, \$7,073,235 the first year and \$13,187,785 the second year from the general fund is provided to address base funding needs identified by the Joint Subcommittee Studying Higher Education Funding Policies and to mitigate the pressure on student tuition and fees. These amounts reflect a portion of the additional general fund support needed to provide adequate base support of the institution's core academic function. These additional funds will allow the institution to serve more students; retain existing students more effectively; increase the number of students receiving a degree or certificate, particularly in fields where the Commonwealth faces critical workforce shortages; and enhance the quality and rigor of its academic programs. The Secretary of Education shall monitor the institution's efforts to meet these objectives and other statewide needs.

2. Out of this appropriation, the University may allocate funds to expand enrollment capacity through expansion of distance learning, Teletechnet and summer school.

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Old Dominion University (221)

205.	Higher Education Student Financial Assistance (10800)	9,598,779	10,199,222
	Scholarships (10810)	7,810,929	8,357,694
	Fellowships (10820)	1,787,850	1,841,528
Fund Sources:	General	9,598,779	10,199,222

Authority: Title 23, Chapter 5.2, Code of Virginia.

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Radford University (217)

208.	Educational and General Programs (10000)	68,287,154	77,771,402
	Higher Education Instruction (100101)	44,213,237	53,079,133
	Higher Education Public Services (100103)	218,420	193,420
	Higher Education Academic Support (100104)	6,415,169	6,567,677
	Higher Education Student Services (100105)	3,010,790	3,121,603
	Higher Education Institutional Support (100106)	7,347,607	7,658,912
	Operation and Maintenance of Plant (100107)	7,081,931	7,150,657
Fund Sources:	General	36,540,490	39,450,688
	Higher Education Operating	31,746,664	38,320,714

Authority: Title 23, Chapter 11.1, Code of Virginia.

A. Out of this appropriation, \$257,500 the first year and \$257,500 the second year in nongeneral funds is designated to support technology education initiatives, including information technology degree programs and technology training for faculty and students.

B. Radford University shall report to the State Council of Higher Education for Virginia no later than May 1 of each year its tuition, fee, and all other nongeneral fund revenues, in a manner as prescribed by the State Council of Higher Education for Virginia. The report shall include revenues from the current fiscal year and a projection of anticipated revenues for the next fiscal year.

C. Out of this appropriation, \$2,997,573 the first year and \$5,243,123 the second year from the general fund is provided to address base funding needs identified by the Joint Subcommittee Studying Higher Education Funding Policies and to mitigate the pressure on student tuition and fees. These amounts reflect a portion of the additional general fund support needed to provide adequate base support of the institution's core academic function. These additional funds will allow the institution to serve more students; retain existing students more effectively; increase the number of students receiving a degree or certificate, particularly in fields where the Commonwealth faces critical workforce shortages; and enhance the quality and rigor of its academic programs. The Secretary of Education shall monitor the institution's efforts to meet these objectives and other statewide needs.

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Radford University (217)

209.	Higher Education Student Financial Assistance (10800)	4,707,401	4,996,991
	Scholarships (10810)	4,137,001	4,426,591
	Fellowships (10820)	570,400	570,400
Fund Sources:	General	4,707,401	4,996,991

Authority: Title 23, Chapter 11.1, Code of Virginia.

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University of Virginia (207)

213.	Educational and General Programs (10000)	364,244,271	390,600,373
	Higher Education Instruction (100101)	195,904,724	214,887,291
	Higher Education Research (100102)	7,467,124	9,471,749
	Higher Education Public Services (100103)	2,293,158	2,743,158
	Higher Education Academic Support (100104)	64,157,571	66,609,703
	Higher Education Student Services (100105)	16,052,864	16,052,864
	Higher Education Institutional Support (100106)	30,838,643	32,982,691
	Operation and Maintenance of Plant (100107)	47,530,187	47,852,917
Fund Sources:	General	119,801,166	130,424,366
	Higher Education Operating	244,109,105	259,842,007
	Debt Service	334,000	334,000

Authority: Title 23, Chapter 9, Code of Virginia.

A.1. This appropriation includes an amount not to exceed \$1,945,869 the first year and \$1,945,869 the second year from the general fund for the operation of the Family Practice Residency Program and Family Practice medical student programs. This appropriation for Family Practice programs, whether ultimately implemented by contract, agreement or other means, is considered to be a grant.

2. The University shall report by July 1 annually to the Department of Planning and Budget an operating plan for the Family Practice Residency Program.

3. The University of Virginia, in cooperation with the Virginia Commonwealth University Health System Authority, shall establish elective Family Practice Medicine experiences in Southwest Virginia for both students and residents.

B. Out of this appropriation, \$931,320 the first year and \$1,281,320 the second year from the general fund is designated for the Virginia Foundation for Humanities and Public Policy. Pursuant to House Joint Resolution 762, 1999 Session of the General Assembly, funds in this Item begin to address the objective of appropriating one dollar per capita for the support of the Foundation.

C. Out of this appropriation shall be expended an amount estimated at \$625,197 from the general fund and at least \$318,850 from nongeneral funds the first year and \$625,197 from the general fund and at least \$318,850 from nongeneral funds the second year, for the educational telecommunications project to provide graduate engineering education, subject to a plan approved by the State Council of Higher Education for Virginia.

D. Out of this appropriation, \$283,500 the first year and \$283,500 the second year from the general fund, and at least \$283,500 the first year and at least \$283,500 the second year from nongeneral funds is designated for the independent Virginia Institute of Government at the University of Virginia Center for Public Service.

E. Out of this appropriation, \$91,530 the first year and \$91,530 the second year from the general fund is designated for the Virginia State Climatologist Office.

F.1. Out of this appropriation, \$505,210 from the general fund and at least \$314,447 in nongeneral funds the first year and \$505,210 from the general fund and at least \$314,447 in nongeneral funds the second year is designated for the "generalist initiative" to sustain the successful increases in generalist output for Virginia medical schools and generalist residency training programs. The University of Virginia, in conjunction with the Eastern Virginia Medical School and Virginia Commonwealth University, shall jointly collect and report the yearly outcomes of the Virginia Generalist Initiative to the Secretary of Education and the State Council of Higher Education biennially by October 1. The State Council shall report on the status of the Generalist Initiative to the House Appropriations and Senate

Finance Committees at their regularly scheduled meetings in November.

2. The amounts appropriated shall be used for recruitment and admissions, curriculum enhancement and graduate medical education.

3. It is the intent of the General Assembly that the goals of the Virginia Generalist Initiative shall be as follows:

a. Based on a three year average, at least 50 percent of Virginia medical school graduates shall enter generalist residency programs;

b. Based on a three year average, at least 50 percent of Virginia generalist residency graduates shall enter generalist practice upon completion of residency training and at least 50 percent of those graduates shall practice in Virginia.

4. Further, it is the intent of the General Assembly that:

a. Generalist initiative recruitment and admissions programs shall be designed to actively recruit and retain Virginia medical students with an interest in generalist medicine from medically underserved areas of the Commonwealth; and

b. Generalist initiative education programs shall be designed to sustain educational experiences in community settings in general, and in medically underserved communities in particular, for both medical students and generalists.

c. In addition to the statistical goals specified above, the Virginia Generalist Initiative program shall be evaluated for its quality based on: 1) Virginia graduates' responses to the annual survey of the Association of American Medical Colleges (AAMC); 2) Student evaluation of the program conducted by the individual institution; and 3) Faculty and community preceptors' evaluation of the student learning and skills.

G. It is the intent of the General Assembly to assist the three Virginia medical schools as they respond to changes in the need for delivery and financing of medical education, both undergraduate and graduate.

H. Out of this appropriation, at least \$196,263 the first year and \$196,263 the second year from the general fund shall be provided in support of diabetes education and public service at the Virginia Center for Diabetes Professional Education at the University of Virginia.

I. Out of this appropriation, \$368,000 the first year and \$468,000 the second year from the general fund shall be provided for the Center for Politics at the University of Virginia to conduct and preserve oral histories with senior public officials, to conduct the Virginia Youth Leadership Initiative which educates students in Virginia's secondary schools in the democratic process, and to develop programs that foster increased public awareness of the electoral system.

J. Out of this appropriation, \$276,000 the first year and \$276,000 the second year from the general fund is provided in recognition of unreimbursed indigent care provided by medical school faculty separate from the care provided by the medical center. These funds are in partial support of the direct cost of the first-professional medical education program for Virginia students. The cost study policies established in Item 218 shall apply to these patients and financial transactions. The annual report required in Item 218 of this act on financial activities and the qualification of patients shall be reported to the State Council of Higher Education for Virginia and the Department of Planning and Budget.

K. Out of this appropriation, \$210,000 the first year and \$210,000 the second year from the general fund shall be provided to the University of Virginia to establish the Fishery Resource Grant Fund and Program authorized in Chapter 719, Acts of Assembly of 1999. Expenditures and disbursements from the Fund shall be made by the State Treasurer on warrants issued by the Comptroller upon written request of the Chairman of the Graduate Marine Science Consortium at the University of Virginia.

L.1. In order to appropriately plan and reserve for future major maintenance and repair work that will be required for

Educational and General (E&G) facilities constructed with nongeneral funds and for which general fund maintenance reserves may be inadequate, the University of Virginia may establish, fund, and maintain reserves for major repairs, renewal, replacement and renovation to be funded from tuition or other nongeneral fund revenues. Annual contributions to such reserve funds shall not exceed three percent of the asset value of the educational and general buildings constructed with nongeneral fund revenues for which such reserves are established.

2. Any unexpended balances in such reserves at the close of business on June 30 of each year shall not revert to the surplus of the general fund but shall automatically be carried forward on the books of the State Comptroller and reappropriated for expenditure in the succeeding year.

3. The Comptroller of Virginia shall establish a special revenue account fund detail for nongeneral fund balances to support the above reserve fund.

4. On a monthly basis, the Comptroller of Virginia shall credit to the special reserve account fund detail for such reserve funds, the imputed interest earned by the investment of such reserve balances on deposit with the State Treasurer.

M. Out of this appropriation, \$69,000 is provided each year from the general fund and \$53,189 is provided each year from nongeneral funds in support of the State Arboretum at Blandy Farm.

N. The University of Virginia shall report to the State Council of Higher Education for Virginia no later than May 1 of each year its tuition, fee, and all other nongeneral fund revenues, in a manner as prescribed by the State Council of Higher Education for Virginia. The report shall include revenues from the current fiscal year and a projection of anticipated revenues for the next fiscal year.

O.1. Out of this appropriation, \$3,843,157 the first year and \$7,700,980 the second year from the general fund is provided to address base funding needs identified by the Joint Subcommittee Studying Higher Education Funding Policies and to mitigate the pressure on student tuition and fees. These amounts reflect a portion of the additional general fund support needed to provide adequate base support of the institution's core academic function. These additional funds will allow the institution to serve more students; retain existing students more effectively; increase the number of students receiving a degree or certificate, particularly in fields where the Commonwealth faces critical workforce shortages; and enhance the quality and rigor of its academic programs. The Secretary of Education shall monitor the institution's efforts to meet these objectives and other statewide needs.

2. Out of this appropriation, the University may allocate funds to attract and retain distinguished faculty clinicians associated with the School of Medicine and the University's related health professional programs.

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University of Virginia (207)

214.	Higher Education Student Financial Assistance (10800)	38,778,848	41,249,766
	Scholarships (10810)	16,585,347	17,710,483
	Fellowships (10820)	22,193,501	23,539,283
Fund Sources:	General	6,149,848	6,770,766
	Higher Education Operating	32,629,000	34,479,000

Authority: Other Scholarships and Fellowships: §§ 23-62 through 23-85, Code of Virginia.

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University of Virginia's College at Wise (246)

221.	Educational and General Programs (10000)	14,663,506	16,393,194
	Higher Education Instruction (100101)	6,509,248	8,241,715
	Higher Education Academic Support (100104)	2,708,696	2,708,696
	Higher Education Student Services (100105)	1,312,062	1,312,062
	Higher Education Institutional Support (100106)	2,359,344	2,356,565
	Operation and Maintenance of Plant (100107)	1,774,156	1,774,156
Fund Sources:	General	9,664,070	10,957,074
	Higher Education Operating	4,999,436	5,436,120

Authority: §§ 23-91.20 through 23-91.23, Code of Virginia.

A. The University of Virginia's College at Wise shall report to the State Council of Higher Education for Virginia no later than May 1 of each year its tuition, fee, and all other nongeneral fund revenues, in a manner as prescribed by the State Council of Higher Education for Virginia. The report shall include revenues from the current fiscal year and a projection of anticipated revenues for the next fiscal year.

B.1. Out of this appropriation, \$465,000 the first year and \$1,601,330 the second year from the general fund is provided to address base funding needs identified by the Joint Subcommittee Studying Higher Education Funding Policies and to mitigate the pressure on student tuition and fees. These amounts reflect a portion of the additional general fund support needed to provide adequate base support of the institution's core academic function. These additional funds will allow the institution to serve more students; retain existing students more effectively; increase the number of students receiving a degree or certificate, particularly in fields where the Commonwealth faces critical workforce shortages; and enhance the quality and rigor of its academic programs. The Secretary of Education shall monitor the institution's efforts to meet these objectives and other statewide needs.

2. At the discretion of the board of visitors, the institution may develop, and submit to the State Council of Higher Education for Virginia for its approval, academic program(s) to address the need for computer science and engineering professionals in the region.

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University of Virginia's College at Wise (246)

222.	Higher Education Student Financial Assistance (10800)	1,099,910	1,206,530
	Scholarships (10810)	1,099,910	1,206,530
Fund Sources:	General	1,099,910	1,206,530

Authority: §§[23-91.20](#) through 23-91.23, Code of Virginia.

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Virginia Commonwealth University (236)

225.	Educational and General Programs (10000)	321,596,273	370,022,433
	Higher Education Instruction (100101)	207,319,356	251,154,771
	Higher Education Research (100102)	4,407,842	7,340,910
	Higher Education Public Services (100103)	1,962,349	2,226,290
	Higher Education Academic Support (100104)	40,567,847	41,083,952
	Higher Education Student Services (100105)	8,635,505	8,644,727
	Higher Education Institutional Support (100106)	29,610,561	30,052,878
	Operation and Maintenance of Plant (100107)	29,092,813	29,518,905
Fund Sources:	General	147,746,765	162,415,547
	Higher Education Operating	173,849,508	207,606,886

Authority: Title 23, Chapter 6.1, Code of Virginia.

A.1. Out of this appropriation, \$5,682,518 the first year and \$5,882,215 the second year from the general fund is provided for the operation of the Family Practice Residency Program and Family Practice medical student programs. In allocating these funds, priority shall be given to providing full funding to the Shenandoah family practice program. This appropriation for Family Practice programs, whether ultimately implemented by contract, agreement or other means, is considered to be a grant.

2. The University shall report by July 1 annually to the Department of Planning and Budget an operating plan for the Family Practice Residency Program.

3. The University, in cooperation with the University of Virginia, shall establish elective Family Practice Medicine experiences in Southwest Virginia for both students and residents.

4. In the event the Governor imposes across-the-board general fund reductions, pursuant to his executive authority in § 4-1.04 of this act, the general fund appropriation for the Family Practice programs shall be exempt from any reductions, provided the general fund appropriation for the family practice program is excluded from the total general fund appropriation for Virginia Commonwealth University for purposes of determining the University's portion of the statewide general fund reduction requirement.

B. Out of this appropriation, an amount not to exceed \$500,000 the first year and \$500,000 the second year is designated from the general fund for outreach and continuing education programs of the Massey Cancer Center.

C. Out of this appropriation an amount estimated at \$388,468 from the general fund and \$168,533 from nongeneral funds the first year and \$388,468 from the general fund and \$168,533 from nongeneral funds the second year is designated for the educational telecommunications project to provide graduate engineering education, subject to a plan approved by the State Council of Higher Education for Virginia.

D. Out of this appropriation, \$30,000 the first year and \$30,000 the second year shall be expended from the general fund to provide financial support to Virginia resident students during the medical school phase of their MD/PhD program.

E. Out of this appropriation, not less than \$262,500 from the general fund the first year and \$342,500 from the general fund the second year is designated for the Virginia Center on Aging. This includes \$160,000 in the second year for the Alzheimer's and Related Diseases Research Award Fund.

F.1. Out of this appropriation, \$798,919 from the general fund and at least \$352,269 from nongeneral funds the first year and \$798,919 from the general fund and at least \$352,269 from nongeneral funds the second year is designated for the "generalist initiative" to sustain the successful increase in generalist output from Virginia medical schools

and generalist residency training programs. Virginia Commonwealth University, in conjunction with the University of Virginia and Eastern Virginia Medical School, shall jointly collect and report the yearly outcomes of the Virginia Generalist Initiative to the Secretary of Education and the State Council of Higher Education biennially by October 1. The State Council shall report on the status of the Generalist Initiative to the House Appropriations and Senate Finance Committees at their regularly scheduled meetings in November.

2. The amounts appropriated shall be used for recruitment and admissions, curriculum enhancement and graduate medical education.

3. It is the intent of the General Assembly that the goals of the Virginia Generalist Initiative shall be as follows:

a. Based on a three year average, at least 50 percent of Virginia medical school graduates shall enter generalist residency programs.

b. Based on a three year average, at least 50 percent of Virginia generalist residency graduates shall enter generalist practice upon completion of residency training and at least 50 percent of those graduates shall practice in Virginia.

4. Further, it is the intent of the General Assembly that:

a. Generalist initiative recruitment and admissions programs shall be designed to actively recruit and retain Virginia medical students with an interest in generalist medicine from medically underserved areas of the Commonwealth; and

b. Generalist initiative education programs shall be designed to sustain educational experiences in community settings in general, and in medically underserved communities in particular, for both medical students and generalists.

c. In addition to the statistical goals specified above, the Virginia Generalist Initiative program shall be evaluated for its quality based on: 1) Virginia graduates' responses to the annual survey of the Association of American Medical Colleges (AAMC); 2) Student evaluation of the program conducted by the individual institution; and 3) Faculty and community preceptors' evaluation of the student learning and skills.

G.1. Out of this appropriation, \$2,850,000 from the general fund and at least \$2,755,500 from nongeneral funds the first year and \$2,850,000 from the general fund and at least \$2,755,500 from nongeneral funds the second year is designated for operating and undergraduate program support for the School of Engineering.

2. All costs for maintenance and operation of the physical plant of the new engineering school and future renovations, repairs, and improvements as they become necessary shall be financed from nongeneral funds.

H. Out of this appropriation, \$449,850 the first year and \$590,000 the second year from the general fund is provided for the continued operation and expansion of the Autism Program of Virginia. The Commonwealth Institute for Child and Family Studies shall have oversight responsibility for the program and shall retain five percent each year for administration. The balance each year shall be provided to the Autism Program of Virginia for operation and expansion of the program.

I. It is the intent of the General Assembly to assist the three Virginia medical schools as they respond to changes in the need for delivery and financing of medical education, both undergraduate and graduate.

J. Out of this appropriation, \$400,000 the first year and \$400,000 the second year from the general fund is provided in recognition of unreimbursed indigent care provided by medical school faculty separate from the care provided by the Medical College of Virginia Hospitals. These funds are in partial support of the direct cost of the first-professional medical education program for Virginia students. Cost study policies similar to those established in Item 218 of this act shall apply to these patients and financial transactions. The annual report required in Item 218 on financial activities and the qualification of patients shall be reported to the State Council of Higher Education and the Department of Planning and Budget.

K. Out of this appropriation, \$225,000 the first year and \$225,000 the second year from the general fund is designated for support of the Council on Economic Education.

L. Out of this appropriation, \$67,500 the first year and \$48,500 the second year from the general fund is designated for support of the Education Policy Institute.

M.1. Out of this appropriation, \$6,500,000 the first year and \$15,500,000 the second year from nongeneral funds is designated to support the University's branch campus in Qatar.

2. Notwithstanding § 2.2-1802 of the Code of Virginia, Virginia Commonwealth University is authorized to maintain a local bank account in Qatar for the purpose of receiving funds directly from sources within Qatar and other University accounts for expenditure within Qatar in connection with the VCU Qatar Campus. The local bank account is exempt from the Virginia Security for Public Deposits Act, Title 2.2, Chapter 44 of the Code of Virginia.

3. Expenditures from the local bank account will be recorded in the Commonwealth Accounting and Reporting System by Agency Transaction Vouchers, as appropriated herewith with revenue recognized as equal to the expenditures.

4. Procurements within Qatar and the surrounding Arab states may be modified to comply with local custom, laws and regulations established for the Qatar Campus. Further, Qatar citizens and other residents who are employed solely to support the Qatar Campus are not to be considered employees of the Commonwealth of Virginia. Employees hired in faculty positions and issued a contract are considered employees of the Commonwealth. The Board of Visitors of Virginia Commonwealth University is authorized to approve the specific policies and procedures related to these activities for the Qatar Campus. Prior to such approval, the University is to seek the guidance and recommendations of the Secretaries of Finance, Administration and Education.

N.1. Notwithstanding any other provisions of law, Virginia Commonwealth University is authorized to remit tuition and fees for merit scholarships for students of high academic achievement subject to the following limitations and restrictions:

2. The number of such scholarships annually awarded to undergraduate Virginia students shall not exceed twenty percent of the fall headcount enrollment of Virginia students in undergraduate studies in the institution from the preceding academic year. The total value of such merit scholarships annually awarded shall not exceed in any year the amount arrived at by multiplying the applicable figure for undergraduate tuition and required fees by twenty percent of the headcount enrollment of Virginia students in undergraduate studies in the institution for the fall semester from the preceding academic year.

3. The number of such scholarships annually awarded to undergraduate non-Virginia students shall not exceed twenty percent of the fall headcount enrollment of non-Virginia students in undergraduate studies in the institution from the preceding academic year. The total value of such merit scholarships annually awarded shall not exceed in any year the amount arrived at by multiplying the applicable figure for undergraduate tuition and required fees by twenty percent of the fall headcount enrollment of non-Virginia students in undergraduate studies in the institution during the preceding academic year.

4. A scholarship awarded under this program shall entitle the holder to receive an annual remission of an amount not to exceed the cost of tuition and required fees to be paid by the student.

O. Virginia Commonwealth University shall report to the State Council of Higher Education for Virginia no later than May 1 of each year its tuition, fee, and all other nongeneral fund revenues, in a manner as prescribed by the State Council of Higher Education for Virginia. The report shall include revenues from the current fiscal year and a projection of anticipated revenues for the next fiscal year.

P. Out of this appropriation, \$7,202,141 the first year and \$15,411,178 the second year from the general fund is provided to address base funding needs identified by the Joint Subcommittee Studying Higher Education Funding Policies and to mitigate the pressure on student tuition and fees. These amounts reflect a portion of the additional general fund support needed to provide adequate base support of the institution's core academic function. These

additional funds will allow the institution to serve more students; retain existing students more effectively; increase the number of students receiving a degree or certificate, particularly in fields where the Commonwealth faces critical workforce shortages; and enhance the quality and rigor of its academic programs. The Secretary of Education shall monitor the institution's efforts to meet these objectives and other statewide needs.

Q. Out of this appropriation, \$150,000 is provided from the general fund in the second year for the Medical College of Virginia Palliative Care Partnership.

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Virginia Commonwealth University (236)

226.	Higher Education Student Financial Assistance (10800)	11,599,345	12,508,500
	Scholarships (10810)	10,111,465	10,819,268
	Fellowships (10820)	1,487,880	1,689,232
Fund Sources:	General	11,599,345	12,508,500

Authority: Scholarships and Fellowships: Title 23, Chapter 6.1, Code of Virginia.

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Virginia Community College System (260)

230.	Educational and General Programs (10000)	531,669,081	573,864,158
	Higher Education Instruction (100101)	280,500,401	321,219,806
	Higher Education Public Services (100103)	5,751,953	6,145,953
	Higher Education Academic Support (100104)	55,793,423	55,793,423
	Higher Education Student Services (100105)	38,307,754	38,307,754
	Higher Education Institutional Support (100106)	109,591,491	109,591,491
	Operation and Maintenance of Plant (100107)	41,724,059	42,805,731
Fund Sources:	General	301,931,027	327,718,818
	Higher Education Operating	229,738,054	246,145,340

Authority: Title 23, Chapter 16, Code of Virginia.

A. It is the objective of the Commonwealth that a standard of 70 percent full-time faculty be established for the Virginia Community College System.

B. It is the intent of the General Assembly that funds available to the Virginia Community College System be reallocated to accommodate changes in enrollment and other cost factors at each of the community colleges.

C. Tuition and fee revenues from out-of-state students taking distance education courses through the Virginia Community College System must exceed all direct and indirect costs of providing instruction to those students. Tuition and fee rates to meet this requirement shall be established by the State Board for Community Colleges.

D. The State Board for Community Colleges is authorized to establish procedures whereby community college foundations will be eligible to create endowments for which the investment earnings on qualified gifts by donors would be eligible for up to a 100 percent match by the state, if such endowments are created for the purpose of enhancing selected academic offerings to provide education and training for high cost or demand occupations identified as critical to the economic vitality of the Commonwealth.

E. Out of this appropriation, \$110,097 and one position the first year and \$110,097 and one position the second year from the general fund is designated to enhance the skills of the interpreters for the deaf and hard-of-hearing and to enable them to achieve higher levels of expertise.

F. Out of this appropriation, amounts for the following special programs are designated: at J. Sargeant Reynolds Community College, the Program for the Deaf, \$84,097 and 4.0 positions the first year and \$84,097 and 4.0 positions the second year from the general fund and the Program for the Mentally Retarded, \$118,566 and 4.0 positions the first year and \$118,566 and 4.0 positions the second year from the general fund; and, at New River Community College, the Program for the Deaf, \$102,051 and 4.0 positions the first year and \$102,051 and 4.0 positions \$90,788 and 4.5 positions the first year and \$90,788 and 4.5 positions the second year from the general fund; and, at Danville Community College, the Program for the Deaf, \$46,580 and 1.0 position the first year and \$46,580 and 1.0 position the second year.

G. Out of this appropriation, \$50,814 the first year and \$50,814 the second year from the general fund is designated to support the Southwest Virginia Telecommunications Network.

H.1. Out of this appropriation, \$211,725 the first year and \$211,725 the second year from the general fund is designated for the A. L. Philpott Manufacturing Extension Partnership at Patrick Henry Community College.

2. Out of this appropriation, \$296,415 the first year and \$296,415 the second year from the general fund is designated for the A. L. Philpott Manufacturing Extension Partnership at Patrick Henry Community College for an ongoing match for a grant from the U.S. Department of Commerce to develop a manufacturer's assistance program

covering most of Virginia.

3. Out of this appropriation, \$394,000 the second year from the general fund is designated for the A.L. Philpott Manufacturing Extension Partnership (VPMEP) at Patrick Henry Community College to support the creation of the Virginia Small Manufacturing Assistance Program (VSMAP). VPMEP will be the lead fiscal agent for VSMAP, and the program will be a joint effort and jointly managed by VPMEP, the Center for High Performance Manufacturing at Virginia Tech, and the Business Technology Center at Virginia Tech, to provide targeted assistance to the startup of new, and the expansion of existing, small advanced manufacturing businesses in rural Virginia.

I. Out of this appropriation, \$340,533 and 4.0 positions the first year and \$340,533 and 4.0 positions the second year from the general fund is provided to support Virginia Western Community College's participation in the Roanoke Higher Education Center and the Botetourt County Education and Training Center at Greenfield.

J. Out of this appropriation, \$169,380 the first year and \$169,380 the second year from the general fund is designated to support the Southwestern Virginia Advanced Manufacturing Technology Center at Wytheville Community College.

K. It is the intent of the General Assembly that noncredit business and industry work-related training courses and programs offered by community colleges be funded at a ratio of 30 percent from the general fund and 70 percent from nongeneral funds. Out of this appropriation, \$846,900 in the first year and \$846,900 in the second year from the general fund is designated for this purpose. These funds may be combined with funds of \$317,588 the first year and \$317,588 the second year already included in the Virginia Community College System budget for the "Virginia Works" program. The funds will be allocated by formula to all colleges based on the number of individuals served by non-credit activities.

L.1. As recommended by House Joint Resolution No. 622 (1997), the Joint Subcommittee to Study Noncredit Education for Workforce Training in the Commonwealth, the Virginia Community College System is directed to establish one or more Institutes of Excellence responsible for development of statewide training programs to meet current, high demand workforce needs of the Commonwealth. Out of this appropriation, at least \$846,900 the first year and \$846,900 the second year from the general fund is available to support the Institutes of Excellence.

2. Under the guidance of the Virginia Workforce Council, authorized in Title 2.2, Chapter 26, Article 25, Code of Virginia, the Virginia Community College System shall submit to the Chairmen of the Senate Finance and House Appropriations Committees by November 4 of each year a report detailing the financing, activities, accomplishments and plans for the Institutes of Excellence and the four workforce development centers, and outcomes of the appropriations for 23 workforce coordinators and for non-credit training. The report shall include, but not be limited to:

a. performance measures to be used to evaluate the effectiveness of the workforce coordinators at all 23 colleges;

b. detailed information on number of students trained, employers served and courses offered; the types of certifications awarded; and the participation by local governments and the public or private sector, and other data relevant to the activities of the four regional workforce development centers;

c. the number of students trained, employers served and courses offered through noncredit instruction, and the amounts of local government, public or private sector funding used to match this appropriation; and

d. the amount or percentage of private and public funding contributed for the institutes' programming and operating needs; the number of private and public partnerships involved in the institutes' programming; the number of faculty and colleges affected by the institutes' programming; and performance measures to be used to evaluate the sharing or broadcasting of information and new/improved/updated curricula to other Virginia Community College campuses.

M. Out of this appropriation, \$1,291,523 and 23 positions the first year and \$1,291,523 and 23 positions the second year from the general fund is provided for staff who will be responsible for coordinating workforce training in the

campus service area. The staff will work with local business and industry to determine training needs, coordinate with local economic development personnel, the local workforce training council, and other providers. It is the General Assembly's intent that the Virginia Community College System maximize these positions by encouraging funding matches at the local level.

N. Out of this appropriation, \$508,140 and four positions the first year and \$508,140 and four positions the second year from the general fund is provided for four workforce training centers: the Peninsula Workforce Development Center (Thomas Nelson Community College), \$84,690 and 1.0 position the first year and \$84,690 and 1.0 position the second year; the Regional Center for Applied Technology Training (Danville Community College), \$169,380 and 1.0 position the first year and \$169,380 and 1.0 position the second year; a Workforce Development Center at Paul D. Camp Community College, \$169,380 and 1.0 position the first year and \$169,380 and 1.0 position the second year; and the Central Virginia Manufacturing Technology Training Center in the Lynchburg area, \$84,690 and 1.0 position the first year and \$84,690 and 1.0 position the second year. Each center shall provide a 25 percent match prior to the release of state funding.

O.1. Out of this appropriation, \$345,000 the first year and \$345,000 the second year from the general fund is provided for the annual lease or rental costs of space in the Botetourt County Education and Training Center at Greenfield.

2. The general fund amounts provided for in this paragraph for workforce training, retraining, programming, and community education facilities at the Botetourt County Education and Training Center shall be matched by local or private sources in a ratio of two-thirds state funds to at least one-third local or private funds, as approved by the State Board for Community Colleges.

3. This appropriation includes \$288,000 the first year and \$77,718 the second year from the general fund for the sixth and seventh (and final) payments for the lease-purchase of furnishings and equipment totaling \$1,240,000 for the Botetourt County Education and Training Center at Greenfield.

P.1. Out of this appropriation, \$330,000 the first year and \$330,000 the second year from the general fund is provided for the annual lease or rental costs of space in the Virginia Peninsula Workforce Development Center.

2. The general fund amounts provided for in this Item for workforce training, retraining, programming, and community education facilities at the Virginia Peninsula Workforce Development Center shall be matched by local or private sources in a ratio of two-thirds state funds to at least one-third local or private funds, as approved by the State Board for Community Colleges.

Q. This appropriation includes \$904,189 the first year and \$904,189 the second year from the general fund for the fourth and fifth of eight annual payments for the lease-purchase of furnishings and equipment totaling \$4,500,000 for the Medical Education Campus of Northern Virginia Community College, the Advanced Technology Building of Tidewater Community College, and the Virginia Peninsula Workforce Development Center of Thomas Nelson Community College. Annual payments in years six and seven are expected to be \$869,576 and \$367,232 respectively, with a final payment in year eight of \$25,954.

S. The Virginia Community College System shall report to the State Council of Higher Education for Virginia no later than May 1 of each year its tuition, fee, and all other nongeneral fund revenues, in a manner as prescribed by the State Council of Higher Education for Virginia. The report shall include revenues from the current fiscal year and a projection of anticipated revenues for the next fiscal year.

T.1. Out of this appropriation, \$22,000,205 the first year and \$38,039,186 the second year from the general fund is provided to address base funding needs identified by the Joint Subcommittee Studying Higher Education Funding Policies and to mitigate the pressure on student tuition and fees. These amounts reflect a portion of the additional general fund support needed to provide adequate base support of the institution's core academic function. These additional funds will allow the institution to serve more students; retain existing students more effectively; increase the number of students receiving a degree or certificate, particularly in fields where the Commonwealth faces critical workforce shortages; and enhance the quality and rigor of its academic programs. The Secretary of Education shall monitor the institution's efforts to meet these objectives and other statewide needs.

2. Out of this appropriation, the Virginia Community College System shall allocate funds to support increased lease costs at Northern Virginia Community College. The Virginia Community College System may also use a portion of these funds to support the expansion of three Middle College sites.

U. Out of this appropriation, \$379,000 the second year from the general fund is designated for Dabney Lancaster Community College to complete development of a new advanced manufacturing/packing program at Dabney Lancaster Community College.

V.1. Out of this appropriation, \$150,000 the second year from the general fund is designated for Tidewater Community College to support an apprenticeship program for Virginia's shipyard workers.

2. All general fund amounts appropriated for this apprenticeship program shall be used to provide scholarships to shipyard workers enrolled in the program. The conditions for receiving a scholarship shall be those conditions described in § 23-220.01, Code of Virginia.

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Virginia Community College System (260)

231.	Higher Education Student Financial Assistance (10800)	71,754,976	118,798,682
	Scholarships (10810)	71,754,976	118,798,682
Fund Sources:	General	13,254,976	15,298,682
	Higher Education Operating	58,500,000	103,500,000

Authority: Title 23, Chapter 16, Code of Virginia.

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Virginia Military Institute (211)

237.	Educational and General Programs (10000)	24,677,131	25,687,406
	Higher Education Instruction (100101)	13,187,901	14,105,450
	Higher Education Public Services (100103)	53,950	53,950
	Higher Education Academic Support (100104)	3,925,253	3,925,253
	Higher Education Student Services (100105)	1,712,326	1,712,326
	Higher Education Institutional Support (100106)	2,813,651	2,815,377
	Operation and Maintenance of Plant (100107)	2,984,050	3,075,050
Fund Sources:	General	8,957,303	9,130,970
	Higher Education Operating	15,489,828	16,326,436
	Debt Service	230,000	230,000

Authority: Title 23, Chapter 10, Code of Virginia.

A. Virginia Military Institute shall report to the State Council of Higher Education for Virginia no later than May 1 of each year its tuition, fee, and all other nongeneral fund revenues, in a manner as prescribed by the State Council of Higher Education for Virginia. The report shall include revenues from the current fiscal year and a projection of anticipated revenues for the next fiscal year.

B. Out of this appropriation, \$350,000 the first year and \$350,000 the second year from the general fund is provided to address base funding needs and to mitigate the pressure on student tuition and fees. These additional funds will allow the institution to serve more students; retain existing students more effectively; increase the number of students receiving a degree or certificate, particularly in fields where the Commonwealth faces critical workforce shortages; and enhance the quality and rigor of its academic programs. The Secretary of Education shall monitor the institution's efforts to meet these objectives and other statewide needs.

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Virginia Military Institute (211)

238.	Higher Education Student Financial Assistance (10800)	798,494	840,389
	Scholarships (10810)	798,494	840,389
Fund Sources:	General	598,494	640,389
	Higher Education Operating	200,000	200,000

Authority: Title 23, Chapter 10, [§23-105](#), Code of Virginia.

Out of the amounts for Scholarships and Loans, the Institute shall provide for State Cadetships and for discretionary student aid.

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Virginia Polytechnic Institute and State University (208)

242.	Educational and General Programs (10000)	364,809,052	401,527,365
	Higher Education Instruction (100101)	214,498,571	244,093,847
	Higher Education Research (100102)	14,219,648	16,446,308
	Higher Education Public Services (100103)	9,048,233	11,120,092
	Higher Education Academic Support (100104)	44,838,390	45,845,942
	Higher Education Student Services (100105)	11,268,563	11,421,526
	Higher Education Institutional Support (100106)	35,319,782	34,909,443
	Operation and Maintenance of Plant (100107)	35,615,865	37,690,207
Fund Sources:	General	145,043,495	155,031,868
	Higher Education Operating	219,765,557	246,495,497

Authority: §§23-114 through 23-131, Code of Virginia and Chapter 440, Acts of Assembly of 1991.

A. Out of this appropriation shall be expended an amount estimated at \$869,882 from the general fund and \$436,357 from nongeneral funds the first year and \$869,882 from the general fund and \$436,357 from nongeneral funds the second year for the educational telecommunications project to provide graduate engineering education, subject to a plan approved by the State Council of Higher Education for Virginia.

B. Out of this appropriation, \$161,761 from the general fund and \$250,813 from nongeneral funds the first year and \$161,761 from the general fund and \$250,813 from nongeneral funds the second year is designated to support the Educational and General portion of the debt service for the coal-fired facility, as approved in Item D-6.1, Chapter 459, Acts of Assembly of 1991.

C. Out of this appropriation, \$450,000 the first year and \$450,000 the second year from the general fund is designated to support the Marion duPont Scott Equine Center of the Virginia-Maryland Regional College of Veterinary Medicine.

D. Out of this appropriation, \$141,750 and one position the first year and \$141,750 and one position the second year from the general fund is designated for the Virginia Center for Coal and Energy Research.

E. Out of this appropriation, \$15,000 the first year and \$15,000 the second year from the general fund is designated to support continuing education activities at the Reynolds Homestead.

F. Out of this appropriation, \$84,375 the first year and \$84,375 the second year from the general fund is designated to support the research activities of the Virginia Water Resources Center.

G. Out of this appropriation, \$427,013 the first year and \$337,013 the second year from the general fund is designated to support one position for tobacco research for medicinal purposes. Of this amount, \$100,000 and two positions in each year will be used to support field tests at sites in Blackstone and Abingdon.

H. Virginia Polytechnic Institute and State University shall report to the State Council of Higher Education for Virginia no later than May 1 of each year its tuition, fee, and all other nongeneral fund revenues, in a manner as prescribed by the State Council of Higher Education for Virginia. The report shall include revenues from the current fiscal year and a projection of anticipated revenues for the next fiscal year.

I.1. Out of this appropriation, \$4,182,727 the first year and \$9,128,590 the second year from the general fund is provided to address base funding needs identified by the Joint Subcommittee Studying Higher Education Funding Policies and to mitigate the pressure on student tuition and fees. These amounts reflect a portion of the additional general fund support needed to provide adequate base support of the institution's core academic function. These additional funds will allow the institution to serve more students; retain existing students more effectively; increase

the number of students receiving a degree or certificate, particularly in fields where the Commonwealth faces critical workforce shortages; The Secretary of Education shall monitor the institution's efforts to meet these objectives and other statewide needs.

2. Out of this appropriation, the University may allocate funds to support the mobile chemistry laboratory program.

J. Out of this appropriation, \$100,000 the second year from the general fund is designated to support the Sloan Foundation Forestry Industries Center at Virginia Tech.

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Virginia Polytechnic Institute and State University (208)

243.	Higher Education Student Financial Assistance (10800)	12,273,022	13,398,273
	Scholarships (10810)	9,917,470	10,604,693
	Fellowships (10820)	2,355,552	2,793,580
Fund Sources:	General	12,273,022	13,398,273

Authority: Soil Scientist Scholarships: § 23-38.3, Code of Virginia; Other Scholarships: §§ 23-114 through 23-131, Code of Virginia.

Out of the amount for Scholarships and Loans, the following sums shall be made available from the general fund for:

1. Soil Scientist Scholarships, \$11,000 the first year and \$11,000 the second year.
2. Scholarships, internships, and graduate assistantships administered by the Multicultural Academic Opportunities Program at the university, \$307,500 the first year and \$307,500 the second year from the general fund. Eligible students must have financial need and participate in an academic support program.

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Virginia Cooperative Extension and Agricultural Experiment Station (229)

246.	Educational and General Programs (10000)	73,067,238	76,148,821
	Higher Education Research (100102)	33,199,260	35,688,712
	Higher Education Public Services (100103)	38,938,243	38,938,243
	Higher Education Academic Support (100104)	929,735	929,735
	Operation and Maintenance of Plant (100107)	0	592,131
Fund Sources:	General	55,586,242	58,356,956
	Higher Education Operating	17,480,996	17,791,865

Authority: § 23-132.1, Code of Virginia.

A. Appropriations for this agency shall include operating expenses for research and investigations, and the several regional and county agricultural experiment stations under its control, in accordance with law.

B.1. It is the intent of the General Assembly that the Cooperative Extension Service give highest priority to programs and services which comprised the original mission of the Extension Service, especially agricultural programs at the local level. The University shall ensure that the service utilizes information technology to the extent possible in the delivery of programs.

2. The budget of this agency shall include and separately account for local payments. Virginia Polytechnic Institute and State University, in conjunction with Virginia State University, shall report, by fund source, actual expenditures for each program area and total actual expenditures for the agency, annually, by September 1, to the Department of Planning and Budget and the House Appropriations and Senate Finance Committees. The report shall include all expenditures from local support funds.

C. The Virginia Cooperative Extension and Agricultural Experiment Station shall not charge a fee for testing the soil on property used for commercial farming.

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Virginia State University (212)

247.	Educational and General Programs (10000)	47,653,156	50,667,711 51,017,711
	Higher Education Instruction (100101)	25,557,681	28,385,236
	Higher Education Research (100102)	789,114	789,114
	Higher Education Public Services (100103)	112,328	112,328
	Higher Education Academic Support (100104)	4,537,844	4,537,844
	Higher Education Student Services (100105)	2,987,432	2,987,432
	Higher Education Institutional Support (100106)	7,896,838	8,083,838
	Operation and Maintenance of Plant (100107)	5,771,919	5,771,919 6,121,919
Fund Sources:	General	26,855,354	28,148,500
	Higher Education Operating	20,797,802	22,519,211 22,869,211

Authority: Title 23, Chapter 13, Code of Virginia.

A.1. Out of this appropriation, \$2,790,402 the first year and \$2,880,862 the second year from the general fund is designated for continued enhancement of the existing Bachelor of Science academic programs in Computer Science, Manufacturing Engineering, Computer Engineering, Mass Communications and Criminal Justice, and the new Doctoral program in Education.

2. Out of the amounts for programs listed in paragraph A 1 of this Item shall be provided \$909,777 the first year and \$909,777 the second year from the general fund for lease payments through the Master Equipment Leasing Program for educational and general equipment.

3. Out of the amounts for Educational and General Programs, \$37,500 is provided to serve in lieu of endowment income for the Eminent Scholars Program.

4. In conjunction with the Secretary of Education, Virginia State University shall develop the following:

- a. a timetable for implementing the new academic programs funded in A.1. above, including a plan for recruiting faculty, staff, and students;
- b. a means by which to assess the effectiveness toward meeting the goals of the new programs; and
- c. periodic reports on the expenditures of the funds provided.

5. Any unexpended balances in paragraphs A 1, A 2 and A 3 in this Item at the close of business on June 30, 2004, June 30, 2005, and June 30, 2006, shall not revert to the surplus of the general fund but shall be carried forward on the books of the State Comptroller and reappropriated in the succeeding year.

B. This appropriation includes \$200,000 the first year and \$200,000 the second year from the general fund to increase the number of faculty with terminal degrees to at least 85 percent of the total teaching faculty.

C. Out of this appropriation, Virginia State University is authorized to use up to \$600,000 the first year and \$600,000 the second year to address extremely critical deferred maintenance deficiencies in its facilities, including residence halls and dining facilities.

D. Virginia State University shall report to the State Council of Higher Education for Virginia no later than May 1 of

each year its tuition, fee, and all other nongeneral fund revenues, in a manner as prescribed by the State Council of Higher Education for Virginia. The report shall include revenues from the current fiscal year and a projection of anticipated revenues for the next fiscal year.

E. Out of this appropriation, \$358,078 the first year and \$659,396 the second year from the general fund is provided to address base funding needs identified by the Joint Subcommittee Studying Higher Education Funding Policies and to mitigate the pressure on student tuition and fees. These amounts reflect a portion of the additional general fund support needed to provide adequate base support of the institution's core academic function. These additional funds will allow the institution to serve more students; retain existing students more effectively; increase the number of students receiving a degree or certificate, particularly in fields where the Commonwealth faces critical workforce shortages; and enhance the quality and rigor of its academic programs. The Secretary of Education shall monitor the institution's efforts to meet these objectives and other statewide needs.

F. The Director, Department of Planning and Budget, may transfer general fund appropriations from Items C-125.07 and C-125.09 to Item 247 as deemed appropriate to finance the upgrading of the university's campus network infrastructure and related administrative software to current information technology standards. Furthermore, the Director, Department of Planning and Budget, may increase the nongeneral fund appropriation in Item C-125.07 as necessary to offset the reduced general fund appropriation.

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Virginia State University (212)

248.	Higher Education Student Financial Assistance (10800)	3,266,327	3,506,907 3,656,907
	Scholarships (10810)	3,046,439	3,287,019 3,437,019
	Fellowships (10820)	219,888	219,888
Fund Sources:	General	2,868,327	3,108,907
	Higher Education Operating	398,000	398,000 548,000

Authority: Title 23, Chapter 13, Code of Virginia.

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Cooperative Extension and Agricultural Research Services (234)

251.	Educational and General Programs (10000)	7,295,716	8,164,154
	Higher Education Research (100102)	2,940,590	3,121,233
	Higher Education Public Services (100103)	3,805,610	4,493,405
	Higher Education Institutional Support (100106)	190,000	190,000
	Operation and Maintenance of Plant (100107)	359,516	359,516
Fund Sources:	General	3,390,285	4,143,322
	Higher Education Operating	3,905,431	4,020,832

A. Out of the amounts for Educational and General Programs, \$392,107 the first year and \$392,107 the second year from the general fund is designated for support of research and extension activities aimed at the production of hybrid striped bass in Virginia farm ponds. No expenditures will be made from these funds for other purposes without the prior written permission of the Secretary of Education. Also included in this appropriation is \$115,637 the first year and \$115,637 the second year for general operating support for cooperative extension and agriculture research programs.

B. The Extension Division Budgets shall include and separately account for local payments. Virginia State University, in conjunction with Virginia Polytechnic Institute and State University, shall report, by fund source, actual expenditures for each program area and total actual expenditures for the Extension Division, annually, by September 1, to the Department of Planning and Budget and the House Appropriations and Senate Finance Committees. The report shall include all expenditures from local support funds.

C. Out of this appropriation, \$394,000 the first year and \$394,000 the second year from the general fund is designated for the Small-Farmer Outreach Training and Technical Assistance Program to provide outreach and business management education to small farmers.

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Central Appropriations (995)

499.	Reversion Clearing Account - Miscellaneous (22600)	-29,293,796	-32,567,468 1
Fund Sources:	General	-29,293,796	-32,567,468

Authority: Discretionary Inclusion.

A. In the case of an agency or institution which is not executing the majority of its procurements utilizing the electronic procurement system, the Director, Department of Planning and Budget, may withhold from such agency or institution's general fund appropriations each year, a pro rata charge for its share of maintaining the statewide system. Any such assessment shall be transferred to this Item and then subsequently transferred as needed with the approval of the Director, Department of Planning and Budget to the electronic procurement account established by the Department of General Services.

B.1. The Director, Department of Planning and Budget, shall withhold from agency general fund appropriations and transfer to this Item an amount estimated at \$13,138,901 the first year and \$13,710,169 the second year, representing the savings from a continued premium holiday on employer contributions for the group life program for state employees.

2. The State Comptroller shall transfer nongeneral fund amounts estimated at \$10,396,608 the first year and \$10,848,630 the second year to the general fund pursuant to § 3-1.01 of this act, representing the savings from a continued premium holiday on employer contributions for the group life program for state employees.

C. The Director, Department of Planning and Budget, shall withhold from agency general fund appropriations and transfer to this Item an amount estimated at \$13,362,885 the first year and \$13,943,882 the second year, representing savings from the utilization of a 30-year amortization period for the valuation of Virginia Retirement System assets and liabilities in determining employer retirement contribution rates.

D.1. The Director, Department of Planning and Budget, shall withhold from agency general fund appropriations and transfer to this Item an amount estimated at \$2,792,010 the first year and \$2,913,417 the second year, representing the savings from an adjustment in the contribution rates paid by state agencies on behalf of their employees for the retiree healthcare credit program.

2. The State Comptroller shall transfer nongeneral fund amounts estimated at \$2,503,872 the first year and \$2,612,882 the second year to the general fund pursuant to § 3-1.01 of this act, representing the savings from an adjustment in the contribution rates paid by state agencies on behalf of their employees for the retiree healthcare credit program.

E. The Director, Department of Planning and Budget, in consultation with the State Treasurer, shall withhold \$2,000,000 in fiscal year 2006 from the Treasury Board as the result of favorable interest rates and lower than anticipated debt service for previously issued bonds of the Virginia Public Building Authority and Virginia College Building Authority.

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Central Appropriations (995)

500.	Personnel Management Services (70400)	32,321,564	64,942,256
	Medical/Hospitalization Benefits - State (70406)	32,321,564	64,942,256
Fund Sources:	General	32,321,564	64,942,256

Authority: [§2.2-2818](#), Code of Virginia.

A.1. Out of the amounts for Personnel Management Services, \$32,321,564 the first year and \$63,536,974 the second year shall be transferred to state agencies and institutions of higher education to effect changes in the employer's share of premiums paid for the Commonwealth's health benefit plans.

2. Notwithstanding any contrary provision of law, the health benefit plans for state employees resulting from the additional funding in this Item shall allow for a portion of employee medical premiums to be charged to employees.

B. Except as provided for in paragraph 1 above, agencies supported in whole or in part by nongeneral funds shall pay the proportionate share of the increase in the employer's share of the premiums, subject to the rules and regulations prescribed by the appointing or governing authority. Such nongeneral fund revenues and balances are hereby appropriated for this purpose, subject to the provisions of § 4-2.01 b of this act.

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Central Appropriations (995)

505.	Compensation Supplements (State) (75700)	56,253,066	151,154,479 151,677,611 i
Fund Sources:	General	56,253,066	151,154,479 151,677,611

Authority: Discretionary Inclusion.

A. Transfers from this Item may be made to supplement general fund appropriations to state agencies for:

1. Adjustments to base rates of pay;
2. Adjustments to rates of pay for budgeted overtime of salaried employees;
3. Salary increases for positions with salaries listed elsewhere in this act;
4. Salary increases for locally elected constitutional officers and their employees;
5. In-band salary adjustments for employees subject to the Virginia Personnel Act to recognize changes in duties or professional skill development, establish internal alignment (equitable salary relationships), or respond to labor market conditions (retention).
6. Employer costs of employee benefit programs when required by salary-based pay adjustments; and
7. Salary increases for local employees supported by the Commonwealth, other than those funded through appropriations to the Department of Education.

This appropriation provides for the compensation adjustments described in paragraphs F, G, H, I, O and P of this Item, subject to conditions stated in this Item.

B. Transfers from this Item may be made when appropriations to the state agencies concerned are insufficient for the purposes stated in paragraph A of this Item, as determined by the Department of Planning and Budget, and subject to guidelines prescribed by the department. Further, the Department of Planning and Budget may transfer appropriations within this Item from the second year of the biennium to the first year, when necessary to accomplish the purposes stated in paragraph A of this Item.

C.1. The Department of Human Resource Management may approve pilot compensation programs within agencies that support the redesigned classified compensation plan. Such pilot programs approved by the Department shall have clearly defined objectives, specified time frames, and shall be restricted to no more than two years. Such pilot programs shall be funded from existing agency appropriations or from funds provided for increases specified in paragraph I of this Item, or a combination of both. A report on such pilot programs shall be made to the Governor and the Chairmen of the House Appropriations and Senate Finance Committees by October 1, 2005. The Secretary of Administration shall approve any change in compensation plans based on pilot programs, prior to their implementation.

2. Any pilot programs or alternative pay plans authorized under the provisions of this paragraph, shall provide for average annual salary increases that are no greater than those authorized in this Item for classified state employees.

D. The Governor is hereby authorized to transfer funds from agency appropriations to the accounts of participating state employees such amounts as may be necessary to match the contributions of the qualified participating employees, consistent with the requirements of the Code of Virginia governing the deferred compensation cash match program. Such transfers shall be made consistent with the following:

1. The maximum cash match provided to eligible employees shall not be less than \$20.00 per pay period, or \$40.00 per month. The Governor may direct the agencies of the Commonwealth to utilize funds contained within their existing appropriations to meet these requirements.

2. The Governor may direct agencies supported in whole or in part with nongeneral funds to utilize existing agency appropriations to meet these requirements. Such nongeneral revenues and balances are hereby appropriated for this purpose, subject to the provisions of § 4-2.01 b of this act. The use of such nongeneral funds shall be consistent with any existing conditions and restrictions otherwise placed upon such nongeneral funds.

3. Employees who are otherwise eligible but whose 403 (b) provider does not participate in the cash match program by establishing a 401 (a) account are ineligible to receive a cash match.

4. The procurement of services related to the implementation of this program shall be governed by standards set forth in § 51.1-124.30 C, Code of Virginia, and shall not be subject to the provisions of Chapter 7 (§ 11-35 et seq.), Title 11, Code of Virginia.

E. Included in this appropriation is \$8,465,663 the first year and \$8,833,735 the second year for an increase in the employer contribution rate for the Virginia Sickness and Disability Program, resulting from an update of the valuation of program assets and liabilities, and the pooling of law enforcement and non-law enforcement positions for the purposes of calculating program contributions.

F. In lieu of the salary increases authorized in paragraphs I to N of this item, each sworn officer of the Virginia Department of State Police shall receive an increase in base salary and related employee benefits of \$1,491 on November 25, 2004. This increase is sufficient, when combined with actions provided for elsewhere in this act, to bring the starting salary for State Troopers to \$32,500 per year.

G. Included in the amounts for Compensation Supplements is \$3,183,148 the first year and \$4,538,250 the second year to address salary compression issues for sworn officers of the Virginia Department of State Police effective October 1, 2004.

H. In lieu of the salary increases authorized in paragraphs I to N of this Item, sheriffs, deputy sheriffs and regional jail officers shall receive an increase in base salary and related employee benefits equal to 4.82 percent on December 1, 2004.

I.1. The base salary of employees listed in this paragraph shall be increased by three percent on November 25, 2004, for those employees set out in subparagraphs 2 a through 2 d of this paragraph. The base salary of employees set out in subparagraph 2 e of this paragraph shall be increased by three percent on December 1, 2004. This appropriation includes the following estimated amounts for these purposes:

Employee Group	FY 2005	FY 2006
State Employees	\$26,472,159	\$48,871,664
State Supported Local Employees	\$7,309,808	\$12,531,099

2. Transfers from this item shall be used to effect this increase and related increases in employee benefits for:

a. Executive Department

1. Full-time employees of the Executive Department subject to the Virginia Personnel Act;

2. Full-time employees of the Executive Department not subject to the Virginia Personnel Act, except officials elected by popular vote;

3. Any official whose salary is listed in § 4-6.01 c and d of this act, subject to the ranges specified in the agency head salary levels in § 4-6.01 c; and

4. Full-time professional staff of the Governor's Office, the Lieutenant Governor's Office, the Attorney General's Office, Cabinet Secretaries Offices, including the Deputy Secretaries, the Virginia Liaison Office, and the Secretary of the Commonwealth's Office.

b. Legislative Department

1. Heads of agencies in the Legislative Department;
2. Full-time employees in the Legislative Department, other than officials elected by popular vote; and
3. Secretaries and administrative assistants as provided for in Item 1 of this act.

c. Judicial Department

1. Judges and Justices in the Judicial Department;
2. Heads of agencies in the Judicial Department; and,
3. Full-time employees in the Judicial Department.

d. Independent Agencies

1. Commissioners of the State Corporation Commission and the Virginia Workers' Compensation Commission, the Executive Directors of the Virginia College Savings Plan and the Virginia Office for Protection and Advocacy, and the Directors of the State Lottery Department, and the Virginia Retirement System;
2. Full-time employees of the State Corporation Commission, the Virginia College Savings Plan, the State Lottery Department, Virginia Workers' Compensation Commission, the Virginia Retirement System, and Virginia Office for Protection and Advocacy.

e. State-Supported Local Employees

1. Locally elected constitutional officers, except as provided in paragraph H of this item;
2. General Registrars and members of local electoral boards;
3. Full-time employees of locally elected constitutional officers, except as provided in paragraph H of this item; and,
4. Full-time employees of Community Services Boards, Centers for Independent Living, secure detention centers supported by Juvenile Block Grants, juvenile delinquency prevention and local court service units, local social services boards, and local health departments where a memorandum of understanding exists with the Virginia Department of Health.

3.a. Employees in the Executive Department subject to the Virginia Personnel Act shall receive the three percent base salary increase authorized in this paragraph only if they attained at least a rating of "Contributor" on their latest performance evaluation.

b. Salary increases for employees listed in paragraphs I 2 a 2 through I 2 a 4 and paragraphs I 2 c through I 2 d shall be consistent with the provisions of this paragraph, as determined by the appointing or governing authority. The appointing or governing authority shall certify that employees receiving the awards are performing at levels at least comparable to the eligible employees as set out in the preceding paragraph 3 a.

J.1. To ensure fair and equitable performance reviews, the Department of Human Resource Management is directed to provide performance management training to agencies and institutions of higher education with classified employees.

2. Agency heads in the Executive Department are directed to require appropriate performance management training for all agency supervisors and managers.

K. The Department of Human Resource Management shall increase the minimum and maximum salary for each band within the Commonwealth's Classified Compensation Plan by three percent on November 25, 2004. No salary increase shall be granted to any employee as a result of this action. The Department shall develop policies and procedures to be used in instances where employees fall below the entry level for a job classification due to poor performance. Movement through the revised pay band shall be based on employee performance.

L. The agency heads listed in this paragraph may, at their discretion, utilize the funds provided pursuant to paragraphs I and Q of this item to implement the provisions of existing pay plans.

1. The heads of agencies in the Legislative and Judicial Departments;
2. The Commissioners of the State Corporation Commission and the Virginia Workers' Compensation Commission;
3. The Attorney General;
4. The Director of the Virginia Retirement System;
5. The Director of the State Lottery Department;
6. The Director of the University of Virginia Medical Center;
7. The Executive Director of the Virginia College Savings Plan;
8. The Executive Director of the Virginia Port Authority; and
9. The Executive Director of the Virginia Office for Protection and Advocacy.

M. The base rates of pay, and related employee benefits, for wage employees may be increased by up to three percent on November 25, 2004. The cost of such increases for wage employees shall be borne by funds appropriated to each agency.

N. Agencies supported in whole or in part by nongeneral funds shall pay the proportionate share of costs, from nongeneral fund revenues, of wages, salaries, and employee benefits as stated in this item, subject to rules and regulations prescribed by the Governing Authority.

O. Included in the amounts for Compensation Supplements is \$215,520 the first year and \$397,883 the second year to address salary compression issues for sworn officers and communications operators of the Division of Capitol Police, effective November 25, 2004. The Chief of the Capitol Police shall report to the Committee on Joint Rules prior to November 25, 2004, regarding the Division's plan to address salary compression and entry level salary issues for sworn officers and communications operators.

P. Out of the amount appropriated for this item, \$752,935 the first year and \$1,390,036 the second year is included for a 2.1 percent competitive salary adjustment effective November 25, 2004, for Justices of the Supreme Court of Virginia and Judges of the Court of Appeals of Virginia, Circuit Courts, General District Courts, Juvenile and Domestic Relations District Courts, Combined District Courts, Commissioners of the State Corporation Commission and Commissioners of the Workers Compensation Commission.

Q.

Included in the amounts for Compensation supplements is \$57,362,126 which shall be used to provide the following salary increases for public employees in the 2005-2006 fiscal year:

1. 3.00 percent salary increase:

a. The base salary and related employee benefits of employees listed in subparagraphs 5.a. through 5.d. of this paragraph shall be increased by 3.00 percent on November 25, 2005.

b. The base salary and related employee benefits of employees listed in subparagraph 5.e. of this paragraph shall be increased by 3.00 percent on December 1, 2005.

2. 4.40 percent salary increase:

a. The base salary and related employee benefits of employees listed in subparagraphs 6.a. through 6.d. of this paragraph shall be increased by 4.40 percent on November 25, 2005.

b. The base salary and related employee benefits of employees listed in subparagraph 6.e. of this paragraph shall be increased by 4.40 percent on December 1, 2005.

3. The base salary and related employee benefits of employees listed in subparagraphs 7.a. through 7.d. of this paragraph who have five years or more of continuous state service shall be increased by \$50 for each full year of service effective November 25, 2005. The Department of Human Resource Management shall develop guidelines and procedures for implementation of this compensation adjustment.

4. This appropriation includes the following estimated amounts for these purposes:

Employee Group	FY 2006
State Employees	\$41,345,780
State-Supported Local Employees	\$16,017,172

5. Transfers from this item shall be used to effect an increase of 3.00 percent and related increases in employee benefits for:

a. Executive Department

- 1) Any official whose salary is listed in § 4-6.01 b, c and d of this act, who received an increase as provided for in Item 505.G. of this act, subject to the ranges specified in the agency head salary levels in § 4-6.01 c;
- 2) Full-time and other classified employees of the Executive Department subject to the Virginia Personnel Act;
- 3) Full-time employees of the Executive Department not subject to the Virginia Personnel Act, except officials elected by popular vote; and
- 4) Full-time professional staff of the Governor's Office, the Lieutenant Governor's Office, the Attorney General's Office, Cabinet Secretaries Offices, including the Deputy Secretaries, the Virginia Liaison Office, and the Secretary of the Commonwealth's Office.

b. Legislative Department

- 1) Heads of agencies in the Legislative Department who received an increase as provided for in Item 505.O. of this act; and
- 2) Full-time employees in the Legislative Department, other than officials elected by popular vote.

c. Judicial Department

- 1) Full-time employees in the Judicial Department.

d. Independent Agencies

1) Full-time employees of the State Corporation Commission, the Virginia College Savings Plan, the State Lottery Department, the Virginia Workers' Compensation Commission, the Virginia Retirement System, and the Virginia Office for Protection and Advocacy.

e. State-Supported Local Employees

1) Locally elected constitutional officers who received an increase as provided for in Item 505.H. of this act; and

2) Full-time employees of elected constitutional officers who received an increase as provided for in Item 505 H. of this act.

6. Transfers from this item shall be used to effect an increase of 4.40 percent and related increases in employee benefits for:

a. Executive Department

1) Any official whose salary is listed in § 4-6.01 b, c and d of this act, except those who received an increase as provided for in Item 505.G. of this act, subject to the ranges specified in the agency head salary levels in § 4-6.01 c.

b. Legislative Department

1) Heads of agencies in the Legislative Department, except those who received an increase as provided for in Item 505.O. of this act; and

2) Secretaries and administrative assistants as provided for in Item 1 of this act.

c. Judicial Department

1) Judges and Justices in the Judicial Department; and

2) Heads of agencies in the Judicial Department.

d. Independent Agencies

1) Commissioners of the State Corporation Commission and the Virginia Workers' Compensation Commission, the Executive Directors of the Virginia College Savings Plan and the Virginia Office for Protection and Advocacy, and the Directors of the State Lottery Department and the Virginia Retirement System.

e. State-Supported Local Employees

1) Locally elected constitutional officers, except those who received an increase as provided for in Item 505.H. of this act;

2) Full-time employees of locally elected constitutional officers, except those who received an increase as provided for in Item 505 H. of this act;

3) General Registrars and members of local electoral boards; and

4) Full-time employees of Community Services Boards, Centers for Independent Living, secure detention centers supported by Juvenile Block Grants, juvenile delinquency prevention and local court service units, local social services boards, and local health departments where a memorandum of understanding exists with the Virginia Department of Health.

7. Transfers from this item shall be used to effect an increase of \$50 for each full year of continuous service and related increases in employee benefits, effective November 25, 2005, for the following employees who have five years or more of continuous state service:

a. Executive Department

- 1) Full-time and other classified employees of the Executive Department subject to the Virginia Personnel Act except those employees listed in subparagraphs 5.a.1) and 6 of this paragraph, and paragraph G. of this Item;
- 2) Full-time employees of the Executive Department not subject to the Virginia Personnel Act, except officials elected by popular vote and any official whose salary is listed in § 4-6.01 b, c and d of this act; and
- 3) Full-time professional staff of the Governor's Office, the Lieutenant Governor's Office, the Attorney General's Office, Cabinet Secretaries Offices, including the Deputy Secretaries, the Virginia Liaison Office, and the Secretary of the Commonwealth's Office.

b. Legislative Department

- 1) Full-time employees in the Legislative Department, other than officials elected by popular vote and employees listed in subparagraphs 5.b.1) and 6 of this paragraph, and paragraph O. of this Item.

c. Judicial Department

- 1) Full-time employees in the Judicial Department, other than employees listed in subparagraph 6 of this paragraph.

d. Independent Agencies

- 1) Full-time employees of the State Corporation Commission, the Virginia College Savings Plan, the State Lottery Department, the Virginia Workers' Compensation Commission, the Virginia Retirement System, and the Virginia Office for Protection and Advocacy.

8.a. Employees in the Executive Department subject to the Virginia Personnel Act shall receive the salary increases authorized in this paragraph only if they attained at least a rating of "Contributor" on their latest performance evaluation.

b. Salary increases for employees listed in subparagraphs 5.a.2) through 5.a.4), 5.c.1), 6.a.1), 6.c.1), 6.c.2), 7.a.2), 7.a.3), and 7.c.1) of this paragraph shall be consistent with the provisions of this paragraph, as determined by the appointing or governing authority. The appointing or governing authority shall certify to the Department of Human Resource Management that employees receiving the awards are performing at levels at least comparable to the eligible employees as set out in subparagraph 8.a. of this paragraph.

R. The Department of Human Resource Management shall increase the minimum and maximum salary for each band within the Commonwealth's Classified Compensation Plan by 3.00 percent on November 25, 2005. No salary increase shall be granted to any employee as a result of this action. The department shall develop policies and procedures to be used in instances where employees fall below the entry level for a job classification due to poor performance. Movement through the revised pay band shall be based on employee performance.

S. The base rates of pay, and related employee benefits, for wage employees may be increased by up to 3.00 percent on November 25, 2005. The cost of such increases for wage employees shall be borne by funds appropriated to each agency.

T. Out of this appropriation an amount estimated at \$523,132 the second year from the general fund shall be transferred to affected state agency budgets to cover the general fund portion of the cost of the November 25, 2005, statewide salary adjustments made for Virginia Information Technologies Agency employees assigned to those agencies.

Chapter 874, 2010 Acts of Assembly

FY 2011 Source Documentation

Direct Aid to Public Education

	Total for Direct Aid to Public Education	6,279,724,961	6,303,673,706 1
Fund Sources:	General	4,739,288,334	4,903,098,078
	Special	795,000	795,000
	Commonwealth Transportation	2,173,000	2,173,000
	Trust and Agency	577,004,100	563,515,528
	Federal Trust	960,464,527	834,092,100

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Direct Aid to Public Education (197)

131.	Financial Assistance for Educational, Cultural, Community, and Artistic Affairs (14300)	7,632,461	7,632,461
	Financial Assistance for Supplemental Education (14304)	7,632,461	7,632,461
Fund	General		
Sources:		7,632,461	7,632,461

Authority: Discretionary Inclusion.

A. Out of this appropriation, the Department of Education shall provide \$373,776 the first year and \$373,776 the second year from the general fund for the Jobs for Virginia Graduates initiative.

B.1. Out of this appropriation, the Department of Education shall provide \$688,500 the first year and \$688,500 the second year from the general fund for Project Discovery. These funds are to fund approximately one-half of the cost of the program in Abingdon, Accomack/Northampton, Alexandria, Amherst, Appomattox, Arlington, Bedford, Bland, Campbell, Charlottesville, Cumberland, Danville/Pittsylvania, Fairfax, Franklin/Patrick, Goochland/Powhatan, Lynchburg, Newport News, Norfolk, Richmond City, Roanoke City, Smyth, Surry/Sussex, Tazewell, Williamsburg/James City, and Wythe and the salary of a fiscal officer for Project Discovery.

2. The Department of Education shall determine the Project Discovery funding distributions to each community action agency. The contract with Project Discovery, Inc. should specify the allocations to each local Project Discovery program. Allocations shall be on a per pupil basis for students enrolled in the program.

C. Out of this appropriation, the Department of Education shall provide \$124,011 the first year and \$124,011 the second year from the general fund for the Southwest Virginia Public Education Consortium at the University of Virginia's College at Wise. An additional \$71,849 the first year and \$71,849 the second year from the general fund is provided to the Consortium to continue the Van Gogh Outreach program with Lee and Wise County Public Schools and expand the program to the twelve school divisions in Southwest Virginia.

D. This appropriation includes \$58,905 the first year and \$58,905 the second year from the general fund for the Southside Virginia Regional Technology Consortium to expand the research and development phase of a technology linkage.

E. An additional state payment of \$145,896 the first year and \$145,896 the second year from the general fund is provided as a Small School Division Assistance grant for the City of Norton. To receive these funds, the local school board shall certify to the Superintendent of Public Instruction that its division has entered into one or more educational, administrative or support service cost-sharing arrangements with another local school division.

F. Out of this appropriation, \$248,021 the first year and \$248,021 the second year from the general fund shall be allocated for the Career and Technical Education Resource Center to provide vocational curriculum and resource instructional materials free of charge to all school divisions.

G. It is the intent of the General Assembly that the Department of Education provide bonuses from state funds to classroom teachers in Virginia's public schools who hold certification from the National Board of Professional Teaching Standards. Such bonuses shall be \$5,000 the first year of the certificate and \$2,500 annually thereafter for the life of the certificate. This appropriation includes an amount estimated at \$4,970,000 the first year and \$4,970,000 the second year from the general fund for the purpose of paying these bonuses. By September 30 of each year, school divisions shall notify the Department of Education of the number of classroom teachers under contract for that school year that hold such certification.

H.1. This appropriation includes \$708,000 the first year and \$708,000 the second year from the general fund for the Virginia Teaching Scholarship Loan Program. These scholarships shall be for undergraduate students at or beyond

the sophomore year in college with a cumulative grade point average of at least 2.7 who are nominated by their college and students at the graduate level and who meet the criteria and qualifications, pursuant to § 22.1-290.01, Code of Virginia. Awards shall be made to students who are enrolled full-time or part-time in approved undergraduate or graduate teacher education programs for (i) critical teacher shortage disciplines, such as special education, chemistry, physics, earth and space science, foreign languages, or technology education or (ii) as students meeting the qualifications in § 22.1-290.01, Code of Virginia, who have been identified by a local school board to teach in any discipline or at any grade level in which the school board has determined that a shortage of teachers exists; however, such persons shall meet the qualifications for awards granted pursuant to this item; or (iii) those students seeking degrees in Career and Technical education. Minority students may be enrolled in any content area for teacher preparation and male students may be enrolled in any approved elementary or middle school teacher preparation program; therefore, this provision shall satisfy the requirements for the Diversity in Teaching Initiative and Fund, pursuant to Chapters 570, 597, 623, 645, and 719 of the Acts of Assembly of 2000. Scholarship recipients may fulfill the teaching obligation by accepting a teaching position (i) in one of the critical teacher shortage disciplines; or (ii) regardless of teaching discipline, in a school with a high concentration of students eligible for free or reduced price lunch; or (iii) in any discipline or at grade levels with a shortage of teachers; or (iv) in a rural or urban region of the state with a teacher shortage. For the purposes of this item, "critical teacher shortage area and discipline" means subject areas and grade levels identified by the Board of Education in which the demand for classroom teachers exceeds the supply of teachers, as defined in the Board of Education's Regulations Governing the Determination of Critical Teacher Shortage Areas. Scholarship amounts are based on \$3,720 per year for full-time students, and shall be prorated for part-time students based on the number of credit hours. The Board of Education is authorized to recover total funds awarded as scholarships or the appropriate proportion thereof in the event that scholarship recipients fail to honor the stipulated teaching obligation. The Department of Education shall report annually on the critical shortage teaching areas in Virginia.

2. The Department of Education shall make payments on behalf of the scholarship recipients directly to the Virginia institution of higher education where the scholarship recipient is enrolled full-time or part-time in an approved undergraduate or graduate teacher education program.

3. The Board of Education is authorized to recover total funds awarded as scholarships, or the appropriate portion thereof, in the event that scholarship recipients fail to honor the stipulated teaching obligation. Any funds collected by the Board on behalf of this program shall revert to the general fund on June 30 each year. Such reversion shall be the net of any administrative or legal fees associated with the collection of these funds.

I. Out of the amounts for this Item, shall be provided \$31,003 the first year and \$31,003 the second year from the general fund for the Virginia Career Education Foundation.

J. Out of this appropriation, \$212,500 the first year and \$212,500 the second year from the general fund shall be distributed to the Greater Richmond Area Scholarship Program, Incorporated (GRASP) to provide students and families in need access to financial aid, scholarships, and counseling to maximize educational opportunities for students.

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Direct Aid to Public Education (197)

132.	State Education Assistance Programs (17800)	5,311,627,973	5,461,949,145
	Standards of Quality for Public Education (SOQ) (17801)	4,688,915,193	4,895,123,602
	Financial Incentive Programs for Public Education (17802)	132,083,545	73,694,968
	Financial Assistance for Categorical Programs (17803)	55,429,235	57,930,575
	Distribution of Lottery Funds (17805)	435,200,000	435,200,000
Fund Sources:	General	4,731,655,873	4,895,465,617
	Special	795,000	795,000
	Commonwealth Transportation	2,173,000	2,173,000
	Trust and Agency	577,004,100	563,515,528

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

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

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

Distribution of Lottery Funds (17805): §§ 58.1-4022.1 and 58.1-4022, Code of Virginia

**Appropriation Detail of
Education Assistance Programs (17800)**

Standards of Quality (17801)	FY 2011	FY 2012
Basic Aid (excluding State Fiscal Stabilization Funds)	\$2,782,127,827	\$2,911,472,497
Sales Tax	\$1,078,800,000	\$1,114,700,000
Textbooks (split funded)	\$10,659,046	\$20,067,585
Vocational Education	\$66,262,297	\$66,403,848
Gifted Education	\$31,066,860	\$31,245,002
Special Education	\$363,191,210	\$364,584,045
Prevention, Intervention, and Remediation	\$69,584,496	\$69,579,517
VRS Retirement	\$104,436,895	\$133,424,839
Social Security	\$176,302,533	\$177,130,406
Group Life	\$6,484,029	\$6,515,863
Subtotal SOQ (In this Item)	\$4,688,915,193	\$4,895,123,602
SOQ Funded from State Fiscal Stabilization Funds, Item 133	\$126,372,427	\$0
Total	\$4,815,287,620	\$4,895,123,602

Incentive Programs (17802)

Governor's School	\$14,207,194	\$14,696,365
Clinical Faculty	\$318,750	\$318,750
Career Switcher Mentoring Grants	\$279,983	\$279,983
Special Education Endorsement Program	\$600,000	\$600,000
Special Education - Vocational Education	\$200,089	\$200,089
Composite Index Hold Harmless	\$116,477,529	\$57,599,781
Total	\$132,083,545	\$73,694,968

Categorical Programs (17803)

Adult Education	\$1,051,800	\$1,051,800
Adult Literacy	\$2,645,375	\$2,645,375
Virtual Virginia	\$2,356,908	\$2,356,908
American Indian Treaty Commitment	\$75,669	\$77,348
School Lunch	\$5,801,932	\$5,801,932
Special Education - Homebound	\$5,628,891	\$5,938,390
Special Education - Jails	\$3,698,491	\$4,065,031
Special Education - State Operated Programs	\$34,170,169	\$35,993,791
Total	\$55,429,235	\$57,930,575

Lottery (17805)

Foster Care	\$12,896,417	\$13,605,123
At-Risk	\$63,801,568	\$63,651,543
Virginia Preschool Initiative	\$67,607,769	\$68,300,290
Early Reading Intervention	\$14,720,585	\$14,787,821
Mentor Teacher	\$1,000,000	\$1,000,000
K-3 Primary Class Size Reduction	\$73,229,929	\$73,817,468
School Breakfast Program	\$2,687,265	\$3,185,437
SOL Algebra Readiness	\$9,018,272	\$9,006,959
Regional Alternative Education	\$6,729,485	\$6,845,417
ISAEP	\$2,247,581	\$2,247,581
Special Education – Regional Tuition	\$75,141,153	\$82,400,653
Career and Technical Education – Categorical	\$10,400,829	\$10,400,829
No Child Left Behind/ Education for a Lifetime	\$4,749,675	\$4,749,675
Project Graduation	\$2,774,478	\$2,774,478
Supplemental Basic Aid	\$938,311	\$912,538
Remedial Summer School	\$25,064,692	\$25,514,519
English as a Second Language	\$37,272,009	\$39,141,229
Textbooks (split funded)	\$24,919,982	\$12,858,440
Total	\$435,200,000	\$435,200,000
Technology – VPSA	\$57,610,000	\$57,792,000

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

A. Definitions

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

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

b. Except as otherwise provided herein, by statute, or by precedent, all appropriations to the Department of Education shall be calculated using March 31 ADM unadjusted for half-day kindergarten programs, estimated at 1,214,132.52 the first year and 1,223,597.22 the second year.

c. March 31 ADM adjusted for half-day kindergarten at 85 percent of March 31 ADM, is estimated at 1,213,543.49 the first year and 1,222,975.61 the second year.

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

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

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

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

b. The state and local shares of funding resulting from the support cost calculation for school nurses shall be specifically identified as such and reported to school divisions annually. School divisions shall spend these funds for licensed school nurse positions employed by the school division or for licensed nurses contracted by the local school division to provide school health services.

4.a. "Composite Index of Local Ability-to-Pay" - An index figure computed for each locality. The composite index is the sum of 2/3 of the index of wealth per pupil in unadjusted March 31 ADM reported for the first seven (7) months of the 2007-2008 school year and 1/3 of the index of wealth per capita (population estimates for 2007 as determined by the Weldon Cooper Center for Public Service of the University of Virginia) multiplied by the local nominal share of the costs of the Standards of Quality of 0.45 in each year. The indices of wealth are determined by combining the following constituent index elements with the indicated weighting: (1) true values of real estate and public service corporations as reported by the State Department of Taxation for the calendar year 2007 - 50 percent; (2) adjusted gross income for the calendar year 2007 as reported by the State Department of Taxation - 40 percent;

(3) the sales for the calendar year 2007 which are subject to the state general sales and use tax, as reported by the State Department of Taxation - 10 percent. Each constituent index element for a locality is its sum per March 31 ADM, or per capita, expressed as a percentage of the state average per March 31 ADM, or per capita, for the same element. A locality whose composite index exceeds 0.8000 shall be considered as having an index of 0.8000 for purposes of distributing all payments based on the composite index of local ability-to-pay. Each constituent index element for a locality used to determine the composite index of local ability-to-pay for the current biennium shall be the latest available data for the specified official base year provided to the Department of Education by the responsible source agencies no later than November 15, 2009.

b. For any locality whose total calendar year 2007 Virginia Adjusted Gross Income is comprised of at least 3 percent or more by nonresidents of Virginia, such nonresident income shall be excluded in computing the composite index of ability-to-pay. 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) 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 established by the Board of Education, which shall equal the lowest composite index of any of the individual school divisions involved in such consolidation. In the event of a consolidation of local governments which shall include the transition of a city to town status, 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 report to the Chairmen of the House Appropriations and Senate Finance Committees the composite indices approved by the Governor and the Board in the event this provision is implemented.

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 c.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 Lottery 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 general fund appropriations in Item 131 and Item 132 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 general fund 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.
10. The Department of Education is directed to apply a cap on inflation rates in the same manner prescribed in § 51.1-166.B, Code of Virginia, when updating funding to school divisions during the biennial rebenchmarking process.
11. Notwithstanding any other provision in statute or in this Item, the Department of Education is directed to combine the end-of-year average daily membership (ADM) for those school divisions who have partnered together as a fiscal agent division and a contractual division for the purposes of calculating prevailing costs included in the Standards of Quality (SOQ) basic aid costs for support services through the rebenchmarking process.
12. Notwithstanding any other provision in statute or in this item, the Department of Education is directed to include zeros in the linear weighted average calculation of support non-personal costs for the purposes of rebenchmarking and allocating funding to localities.
13. Notwithstanding any other provision in statute or in this item, the Department of Education is directed to eliminate the corresponding and appropriate object code(s) related to reported travel expenditures included the linear weighted average non-personal cost calculations for the purposes of calculating Standards of Quality (SOQ) basic aid costs for support services through the rebenchmarking process.
14. Notwithstanding any other provision in statute or in this item, the Department of Education is directed to eliminate the corresponding and appropriate object code(s) related to reported leases and rental and facility expenditures included the linear weighted average non-personal cost calculations for the purposes of calculating Standards of Quality (SOQ) basic aid costs for support services through the rebenchmarking process.
15. Notwithstanding any other provision in statute or in this item, the Department of Education is directed to fund transportation costs using a 15 year replacement schedule, which is the national standard guideline, for school bus replacement schedule for the purposes of rebenchmarking.
16. To provide temporary flexibility, notwithstanding any other provision in statute or in this Item, school divisions may elect to increase the teacher to pupil staffing ratios in kindergarten through grade 7 and English classes for grades 6 through twelve by one additional student; the teacher to pupil staffing ratio requirements for Elementary Resource teachers, Prevention, Intervention and Remediation, English as a Second Language, Gifted and Talented, Career and Technical funded programs are waived; and the instructional and support technology positions, librarians and guidance counselors staffing ratios for new hires are waived.

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	\$43,904	\$43,904
Elementary Assistant Principals	\$62,383	\$62,383
Elementary Principals	\$76,766	\$76,766
Secondary Teachers	\$46,090	\$46,090
Secondary Assistant Principals	\$66,658	\$66,658
Secondary Principals	\$84,564	\$84,564
Instructional Aides	\$16,104	\$16,104

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 non-instructional 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 2008 triennial census of school age population in the first year and the 2008 triennial census in the second year) 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 state sales and use tax 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.

d. To provide flexibility, school divisions may use the state and local funds for instructional technology resource teachers required by the Standards of Quality to employ a data coordinator position, an instructional technology resource teacher position, or a data coordinator/instructional resource teacher blended position. The data coordinator position is intended to serve as a resource to principals and classroom teachers in the area of data analysis and interpretation for instructional and school improvement purposes, as well as for overall data management and administration of state assessments. School divisions using these SOQ funds in this manner shall only employ instructional personnel licensed by the Board of Education.

e. To provide flexibility in the provision of reading intervention services, school divisions may use the state Early Reading Intervention initiative funding provided from the Lottery Proceeds Fund and the required local matching funds to employ reading specialists to provide the required reading intervention services. School divisions using the Early Reading Intervention Initiative funds in this manner shall only employ instructional personnel licensed by the Board of Education.

f. To provide flexibility in the provision of mathematics intervention services, school divisions may use the state Standards of Learning Algebra Readiness initiative funding provided from the Lottery Proceeds Fund and the required local matching funds to employ mathematics teacher specialists to provide the required mathematics intervention services. School divisions using the Standards of Learning Algebra Readiness initiative funding in this manner shall only employ instructional personnel licensed by the Board of Education.

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 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 2008 triennial census of school age population in the first year and the 2008 triennial census in the second year, 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. Federal funds, and any federal funds carried forward from the previous fiscal year, will also be deducted from the amount calculated in paragraph a above. Any federal funds that remain unspent at the end of the fiscal year and any capital expenditures paid from federal funds will be added to the amount calculated in paragraph a. above.

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

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

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

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

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

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

- 1) The local school board agrees to include the funds in its June 30 ending balance for the year following that in which the under expenditure occurs;
- 2) The local governing body agrees to reappropriate the funds as a supplemental appropriation to the approved budget for the second year following that in which the under expenditure occurs, in an appropriate category as requested by the local school board, for the direct benefit of the students;
- 3) The local school board agrees to expend these funds, over and above the funds required to meet the required local expenditure for the second year following that in which the under expenditure occurs, for a special project, the details of which must be furnished to the Department of Education for review and approval;
- 4) The local school board agrees to submit quarterly reports to the Department of Education on the use of funds provided through this project award; and
- 5) The local governing body and the local school board agree that the project award will be cancelled and the funds withdrawn if the above conditions have not been met as of June 30 of the second year following that in which the under expenditure occurs.

c. There is hereby appropriated, for the purposes of the foregoing repayment, a sum sufficient, not to exceed 75 percent of the funds deposited in the general fund pursuant to the preceding paragraph a.

10. The Department of Education shall specify the manner for collecting the required information and the method for determining if a school division has appropriated and expended the local funds required to support the actual local match based on all Lottery and Incentive programs in which the school division has elected to participate.

Unless specifically stated otherwise in this Item, school divisions electing to participate in any Lottery or Incentive program that requires a local funding match in order to receive state funding, shall certify to the Department of Education its intent to participate in each program by October 1 each fiscal year in a manner prescribed by the Department of Education. Upon receipt of the certifications, the Department of Education shall make calculations to ensure that school divisions have appropriated adequate local funds, above the required local effort for the Standards of Quality, to support the projected required local match based on the Lottery and Incentive programs in which the school division has elected to participate. If the Department of Education's calculations indicate that insufficient local funds are appropriated to meet the required local funding match for one or more programs, state funding for

such program(s) shall not be made until such time that the school division can certify that sufficient local funding has been appropriated to meet required local match. The Department of Education shall also make calculations after the close of the fiscal year to verify that the required local match was met based on the state funds that were received.

11. Any sum of local matching funds for Lottery and Incentive program which a locality has not expended as of the end of a fiscal year in support of the required local match pursuant to this Item shall be paid by the locality into the general fund of the state treasury unless the carryover of those unspent funds is specifically permitted by other provisions of this act. Such payments shall be made no later than the end of the school year following that in which the under expenditure occurred.

12. The Superintendent of Public Instruction shall provide a report annually on the status of teacher salaries, by local school division, to the Governor and the Chairmen of the Senate Finance and House Appropriations Committees. In addition to information on average salaries by school division and statewide comparisons with other states, the report shall also include information on starting salaries by school division and average teacher salaries by school.

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

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

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

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

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

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

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

20. The Department of Education shall, for purposes of calculating the state and local shares of the Standards of Quality, apportion 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 based on the 2008 triennial census of school age population in the first year and the 2008 triennial census in the second year of the biennium.

The State Comptroller shall distribute the state sales and use tax revenues 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 based on the 2008 triennial census of school age population in the first year and the 2008 triennial census in the second year of the biennium.

21. The school divisions within the Tobacco Region, as defined by the Tobacco Indemnification and Community

Revitalization Commission, shall jointly explore ways to maximize their collective expenditure reimbursement totals for all eligible E-Rate funding.

22. This item includes appropriations totaling an estimated \$435,200,000 the first year and \$435,200,000 the second year from the revenues deposited to the Lottery Proceeds Fund. These amounts are appropriated for distribution to counties, cities, and towns to support public education programs pursuant to Article X, section 7-A Constitution of Virginia. Any county, city, or town which accepts a distribution from this Fund shall provide its portion of the cost of maintaining an educational program meeting the Standards of Quality pursuant to Section 2 of Article VIII of the Constitution without the use of distributions from the Fund.

23. For reporting purposes, the Department of Education shall include Lottery Proceeds Funds as state funds.

24. Any locality that has met its required local effort for the Standards of Quality accounts for fiscal year 2011 or that has met its required local match for incentive or Lottery-funded programs in which the locality elected to participate in fiscal year 2011 may carry over into fiscal year 2012 any remaining state Direct Aid to Public Education fund balances available to help minimize any fiscal year 2012 revenue adjustments that may occur in state funding to that locality.

25. Localities are encouraged to allow school boards to carry over any unspent local allocations into the next fiscal year. Localities are also encouraged to provide increased flexibility to school boards by appropriating state and local funds for public education in a lump sum.

26. The Department of Education shall allocate an additional \$126,372,427 from the State Fiscal Stabilization Fund, American Recovery and Reinvestment Act of 2009, appropriated in Item 133 in the first year to the local school divisions to pay a portion of the state's share of Basic Aid. The allocations shall be based on the proportion that each school division represents to the statewide total of Basic Aid amount in this Item as introduced in House Bill 30/ Senate Bill 30. The amounts appropriated are an estimate, and may be modified by the Director, Department of Planning and Budget depending on final budget reduction actions taken to the final budget bill enacted for the 2008-10 biennium.

C. Apportionment

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

2. School Employee Retirement Contributions

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

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

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

3. School Employee Social Security Contributions

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

3.1 Appropriations for contributions in paragraphs 2 and 3 above include payments from funds derived from the principal of the Literary Fund in accordance with Article III, Section 8, of the Constitution of Virginia. The amounts set aside from the Literary Fund for these purposes shall not exceed \$141,575,000 the first year and \$128,086,428 the second year.

4. School Employee Insurance Contributions

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

5. Basic Aid Payments

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

2) This appropriation includes funding to recognize the common labor market in the Washington -Baltimore-Northern Virginia, DC-MD-VA-WV Combined Statistical Area. Standards of Quality salary payments for instructional and support positions in school divisions of the localities set out below have been adjusted for the equivalent portion of the Cost of Competing Adjustment (COCA) rates that are paid to local school divisions in Planning District 8. For the counties of Stafford, Fauquier, Spotsylvania, Clarke, Warren, Frederick, and Culpeper and the Cities of Fredericksburg and Winchester, the SOQ payments have been increased by 25 percent each year of the COCA rates paid to school divisions in Planning District 8.

b. The state share for a locality shall be equal to the Basic Operation Cost for that locality less the locality's estimated revenues from the state sales and use tax (returned on the basis of the 2008 triennial census of school age population in the first year and the 2008 triennial census in the second year, as specified in this Item), in the fiscal year in which the school year begins and less the required local expenditure.

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

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

2) The amounts deducted from Basic Aid for the education of intellectually disabled persons shall be transferred to the Department of Behavioral Health and Developmental Services in support of the cost of educating such persons; the amount deducted from Basic Aid for the education of emotionally disturbed persons shall be used to cover extraordinary expenses incurred in the education of such persons. The Department of Education shall establish guidelines to implement these provisions and shall provide for the periodic transfer of sums due from each local school division to the Department of Behavioral Health and Developmental Services and for Special Education categorical payments. The amount of the actual transfers will be based on data accumulated during the prior school year.

e. 1) The apportionment to localities of all driver education revenues received during the school year shall be made as an undesignated component of the state share of the basic operation cost in accordance with the provisions of this Item. Only school divisions complying with the standardized program established by the Board of Education shall be entitled to participate in the distribution of state funds appropriated for driver education. The Department of

Education will deduct a designated amount per pupil from a school division's Basic Aid payment when the school division is not in compliance with § 22.1-205 C, Code of Virginia. Such amount will be computed by dividing the current appropriation for the Driver Education Fund by actual March 31 ADM.

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

f. Textbooks

1) The appropriation in this Item includes \$10,659,046 the first year and \$20,067,585 the second year from the general fund and \$24,919,982 the first year and \$12,858,440 the second year from the Lottery Proceeds Fund as the state's share of the cost of textbooks based on a per pupil amount of \$52.54 the first year and \$48.38 the second year. The state's share of textbooks will be fund split between the general fund and Lottery Proceeds Fund. A school division shall appropriate these funds for textbooks or any other public education instructional expenditure by the school division. The state's distributions for textbooks shall be based on adjusted March 31 ADM. These funds shall be matched by the local government, based on the composite index of local ability-to-pay.

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

3) School divisions may use a portion of this funding to purchase Standards of Learning instructional materials. School divisions may also use these funds to purchase electronic textbooks or other electronic media resources integral to the curriculum and classroom instruction and the technical equipment required to read and access the electronic textbooks and electronic curriculum materials.

4) Any funds provided to school divisions for textbook costs that are unexpended as of June 30, 2011, or June 30, 2012, shall be carried on the books of the locality to be appropriated to the school division the following year to be used for same purpose.

5) For purposes of calculating rebenchmarking costs for textbooks for the 2012-2014 biennium, the Department of Education shall include the higher of the fiscal year 2009 or fiscal year 2010 division-level textbook per pupil amount in calculating the base year statewide prevailing per pupil amount. For this one year calculation, the Department of Education shall adjust, with one additional year of inflation, any fiscal year 2009 division-level per pupil textbook expenditure data used in calculating the base year statewide prevailing per pupil amount.

g. The one-cent state sales and use tax earmarked for education and the 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 which are distributed to localities on the basis of the 2008 triennial census of school age population in the first year and the 2008 triennial census in the second year as specified in this Item shall be reflected in each locality's annual budget for educational purposes as a separate revenue source for the then current fiscal year.

h. The appropriation for the Standards of Quality for Public Education (SOQ) includes amounts estimated at \$208,900,000 the first year and \$215,800,000 the second year from the amounts transferred 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 which are derived from the 1/4 cent increase in the state sales and use tax levied pursuant to Chapter 3, 2004 Special Session I. These additional funds are provided to local school divisions and local governments in order to relieve the financial pressure education programs place on local real estate taxes.

i. From the total amounts in paragraph h. above, an amount estimated at \$104,300,000 the first year and \$107,700,000 the second year (approximately 1/8 cent of sales and use tax) is appropriated to support a portion of the cost of 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 and one instructional technology position per 1,000 students; a full daily planning period for teachers at the middle and high school levels in order to relieve the pressure on local real estate taxes and shall be taken into account by the governing body of the county, city, or town in setting real estate tax rates.

j. From the total amounts in paragraph h. above, an amount estimated at \$104,600,000 the first year and \$108,100,000 the second year (approximately 1/8 cent of sales and use tax) is appropriated in this Item to distribute the remainder of the revenues collected and deposited into the Public Education Standards of Quality/ Local Real Estate Property Tax Relief Fund on the basis of the 2008 triennial census of school age population in the first year and the 2008 triennial census in the second year as specified in this Item.

k. For the purposes of funding certain support positions in Basic Aid a funding ratio methodology is used based upon the prevailing ratio of support positions to SOQ funded instructional positions as established in Chapter 781, 2009 Acts of Assembly. For the purposes of making the required spending adjustments, the appropriation and distribution of Basic Aid shall reflect this methodology. Local school divisions shall have the discretion as to where the adjustment may be made, consistent with the Standards of Quality funded in this Act.

6. Education of the Gifted Payments

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

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

7. Occupational-Vocational Education Payments

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

b. An amount estimated at \$107,216,580 the first year and \$107,704,301 the second year from the general fund included in Basic Aid Payments relates to vocational education programs in support of the Standards of Quality.

8. Special Education Payments

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

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

9. Remedial Education Payments

a. An additional payment estimated at \$69,584,496 the first year and \$69,579,517 the second year from the general fund shall be disbursed by the Department of Education to support the Board of Education's Standards of Quality Prevention, Intervention, and Remediation program adopted in June 2003.

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

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

d. To provide flexibility in the instruction of English Language Learners who have limited English proficiency and who are at risk of not meeting state accountability standards, school divisions may use state and local funds from the SOQ Prevention, Intervention, and Remediation account to employ additional English Language Learner teachers to provide instruction to identified limited English proficiency students. Using these funds in this manner is intended to supplement the instructional services provided through the SOQ staffing standard of 17 instructional positions per 1,000 limited English proficiency students. School divisions using the SOQ Prevention, Intervention, and Remediation funds in this manner shall only employ instructional personnel licensed by the Board of Education.

e. An additional state payment estimated at \$63,801,568 the first year and \$63,651,543 the second year from the Lottery Proceeds Fund shall be disbursed based on the estimated number of federal Free Lunch participants, in support of programs for students who are educationally at risk. The additional payment shall be based on the state share of:

- 1) A minimum one percent add-on, as a percent of the per pupil basic aid cost, for each child who qualifies for the federal Free Lunch Program; and
- 2) An addition to the add-on, based on the concentration of children qualifying for the federal Free Lunch Program. Based on its percentage of Free Lunch participants, each school division will receive between 1 and 12 percent in additional basic aid per Free Lunch participant. These funds shall be matched by the local government, based on the composite index of local ability-to-pay.
- 3a) Local school divisions are required to spend the established at-risk payment (state and local share) on approved programs for students who are educationally at risk.
- b) To receive these funds, each school division shall certify to the Department of Education that the state and local share of the at-risk payment will be used to support approved programs for students who are educationally at risk. These programs may include: Dropout Prevention, community and school-based truancy officer programs, Advancement Via Individual Determination (AVID), Project Discovery, Reading Recovery, programs for students who speak English as a second language, or programs related to increasing the success of disadvantaged students in completing a high school degree and providing opportunities to encourage further education and training. Further, any new funds a school division receives in excess of the amounts received in fiscal year 2008 may be used first to provide data coordinators or to purchase similar services for schools that have not met Adequate Yearly Progress (AYP) under the federal No Child Left Behind Act or are not fully accredited under the Standards of Accreditation. The data coordinator position is intended to provide schools with needed support in the area of data analysis and interpretation for instructional purposes, as well as overall data management and the administration of state assessments. The position would primarily focus on data related to instruction and school improvement, including: student assessment, student attendance, student/teacher engagement, behavior referrals, suspensions, retention, and graduation rates.

f. Regional Alternative Education Programs

- 1) An additional state payment of \$6,729,485 the first year and \$6,845,417 the second year from the Lottery Proceeds Fund shall be disbursed for Regional Alternative Education programs. Such programs shall be for the purpose of educating certain expelled students and, as appropriate, students who have received suspensions from public schools and students returned to the community from the Department of Juvenile Justice.
- 2) Each regional program shall have a small student/staff ratio. Such staff shall include, but not be limited to education, mental health, health, and law enforcement professionals, who will collaborate to provide for the academic, psychological, and social needs of the students. Each program shall be designed to ensure that students make the transition back into the "mainstream" within their local school division.
- 3) a) Regional alternative education programs are funded through this Item based on the state's share of the incremental per pupil cost for providing such programs. This incremental per pupil payment shall be adjusted for the composite index of local ability-to-pay of the school division that counts such students attending such program in its March 31 Average Daily Membership. It is the intent of the General Assembly that this incremental per pupil amount be in addition to the basic aid per pupil funding provided to the affected school division for such students.

Therefore, local school divisions are encouraged to provide the appropriate portion of the basic aid per pupil funding to the regional programs for students attending these programs, adjusted for costs incurred by the school division for transportation, administration, and any portion of the school day or school year that the student does not attend such program.

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

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

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

3. The Department of Education shall provide assistance for the state share of the incremental cost of Regional Alternative Education program operations based on the composite index of local ability-to-pay.

g. Remedial Summer School

1) This appropriation includes \$25,064,692 the first year and \$25,514,519 the second year from the Lottery Proceeds Fund for the state's share of Remedial Summer School Programs. These funds are available to school divisions for the operation of programs designed to remediate students who are required to attend such programs during a summer school session or during an intersession in the case of year-round schools. These funds may be used in conjunction with other sources of state funding for remediation or intervention. School divisions shall have maximum flexibility with respect to the use of these funds and the types of remediation programs offered; however, in exercising this flexibility, students attending these programs shall not be charged tuition and no high school credit may be awarded to students who participate in this program.

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

10. K-3 Primary Class Size Reduction Payments

a. An additional payment estimated at \$73,229,929 the first year and \$73,817,468 the second year from the Lottery Proceeds Fund shall be disbursed by the Department of Education as an incentive for reducing class sizes in the primary grades.

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

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

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

Qualifying School Percentage of Students Approved

Qualifying School Percentage of Students Approved	Grades K-3 School Ratio	Maximum Individual K-3 Class Size
Eligible for Free Lunch		
30% but less than 45%	19 to 1	24
45% but less than 55%	18 to 1	23

55% but less than 65%	17 to 1	22
65% but less than 70%	16 to 1	21
70% but less than 75%	15 to 1	20
75% or more	14 to 1	19

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

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

11. Literary Fund Subsidy Program Payments

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

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

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

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

d. The chairman of the Board of Commissioners of the VPSA shall, on or before November 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 a above. The Governor's budget submission each year shall include provisions for the payment of debt service pursuant to paragraph 1) above.

12. 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 authorize amounts estimated at \$12,825,750 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 2006.

c. The Board of Education shall authorize amounts estimated at \$12,981,750 the first year and \$12,978,000 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 2007.

d.1) The Board of Education shall authorize amounts estimated at \$12,606,750 the first year and \$12,607,250 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 2008.

2) It is the intent of the General Assembly to authorize sufficient appropriate Literary Fund revenues to pay debt service on the Virginia Public School Authority bonds or notes authorized for this program. In developing the proposed 2012-14 biennial budget for public education, the Board of Education shall include a recommendation to the Governor to authorize sufficient Literary Fund revenues to make debt service payments for this program in fiscal year 2013.

e. 1) The Board of Education shall authorize amounts estimated at \$12,155,750 the first year and \$12,151,000 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 2009.

2) It is the intent of the General Assembly to authorize sufficient Literary Fund revenues to pay debt service on the Virginia Public School Authority bonds or notes authorized for this program. In developing the proposed 2012-14 biennial budget for public education, the Board of Education shall include a recommendation to the Governor to authorize sufficient Literary Fund revenues to make debt service payments for this program in fiscal year 2013 and fiscal year 2014.

f.1) The Board of Education shall authorize amounts estimated at \$13,054,638 the first year and \$13,055,000 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 2010.

2) It is the intent of the General Assembly to authorize sufficient Literary Fund revenues to pay debt service on the Virginia Public School Authority bonds or notes authorized for this program. In developing the proposed 2012-14 and 2014-16 biennial budgets for public education, the Board of Education shall include a recommendation to the Governor to authorize sufficient Literary Fund revenues to make debt service payments for this program in fiscal years 2013, 2014, and 2015.

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 \$57,610,000 in fiscal year 2011 and \$57,792,000 in fiscal year 2012. 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. By fiscal year 2011, high schools within the division shall administer 100 percent of SOL tests online; by fiscal year 2012, middle and high schools shall administer 100 percent of SOL tests online; and by fiscal year 2013, elementary, middle, and high schools shall administer 100 percent of SOL tests online. School divisions shall use these funds first to develop and maintain the capability to support the administration of online SOL testing for all students with the exception of students with a documented need for a paper SOL test.

2) The Board of Education shall authorize amounts estimated at \$13,488,572 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 fiscal year 2011.

3) It is the intent of the General Assembly to authorize sufficient Literary Fund revenues to pay debt service on the

Virginia Public School Authority bonds or notes authorized for education technology grant programs in fiscal year 2011 and in fiscal year 2012. In developing the proposed 2012-14, 2014-2016, and 2016-2018 biennial budgets for public education, the Board of Education shall include a recommendation to the Governor to authorize sufficient Literary Fund revenues to make debt service payments for these programs in fiscal years 2013, 2014, 2015, 2016, and 2017.

4) Grant funds from the issuance of \$57,610,000 in fiscal year 2011 and \$57,792,000 in fiscal year 2012 in equipment notes are based on a grant of \$26,000 per school and \$50,000 per school division. For purposes of this grant program, eligible schools shall include schools that are subject to state accreditation and reporting membership in grades K through 12 as of September 30, 2010, for the fiscal year 2011 issuance, and September 30, 2011, for the fiscal year 2012 issuance, as well as regional vocational centers, special education centers, alternative education centers, regular school year Governor's Schools, and the School for the Deaf and the Blind. Schools that serve only pre-kindergarten students shall not be eligible for this grant.

5) Supplemental grants shall be allocated to eligible divisions to support schools that are not fully accredited in accordance with this paragraph. Schools that administer SOL tests in Spring 2010 and that are not fully accredited based on school accreditation ratings in effect for fiscal year 2011 will qualify for a supplemental grant of \$26,000 per school in fiscal years 2011, 2012, and 2013. Schools that administer SOL tests in Spring 2011 and that are not fully accredited based on school accreditation ratings in effect for fiscal year 2012 will qualify for a supplemental grant of \$26,000 per school in fiscal years 2012, 2013, and 2014. Schools eligible to receive these three-year supplemental grants shall only receive them one time.

6) Required local match:

a) Localities are required to provide a match for these funds equal to 20 percent of the grant amount, including the supplemental grants provided pursuant to paragraph g. 5). At least 25 percent of the local match shall be used for teacher training in the use of instructional technology. The Superintendent of Public Instruction is authorized to reduce the required local match for school divisions with a composite index of local ability-to-pay below 0.2000. The School for the Deaf and the Blind is exempt from the match requirement.

b) School divisions that administer 100 percent of SOL tests online in all elementary, middle, and high schools may use up to 75 percent of their required local match to purchase targeted technology-based interventions. Such interventions may include the necessary technology and software to support online learning, technology-based content systems, content management systems, technology equipment systems, information and data management systems, and other appropriate technologies that support the individual needs of learners. School divisions that receive supplemental grants of \$26,000 per school pursuant to paragraph g. 5) and where 100 percent of SOL tests are administered online in the schools receiving the supplemental grants shall give first priority to purchasing these technology-based interventions as well as teacher training in the use of the interventions from their required local match.

7) The goal of the education technology grant program is to improve the instructional, remedial, and testing capabilities of the Standards of Learning for local school divisions and to increase the number of schools achieving full accreditation.

8) Funds shall be used in the following manner:

a) Each division shall use funds to reach a goal, in each high school, of: (1) a 5-to-1 student to computer ratio; (2) an Internet-ready local area network (LAN) capability; and (3) high speed access to the Internet. School connectivity (computers, LANs and network access) shall include sufficient download/upload capability to ensure that each student will have adequate access to Internet-based instructional, remedial and assessment programs.

b) When each high school in a division meets the goals established in paragraph a) above, the remaining funds shall be used to develop similar capability in first the middle schools and then the elementary schools.

c) For purposes of establishing or enhancing a computer-based instructional program supporting the Standards of Learning pursuant to paragraph g. 1) above, school divisions may use these grant funds to purchase handheld

multifunctional computing devices that support a broad range of applications and that are controlled by operating systems providing full multimedia support and mobile Internet connectivity. School divisions that elect to use these grant funds to purchase such qualifying handheld devices must continue to meet the on-line testing requirements stated in paragraph g. 1) above.

d) School divisions shall be eligible to apply for and receive supplemental grants of \$26,000 per qualifying school pursuant to paragraph g. 5). These supplemental grants shall be used first for the purpose of developing and maintaining capacity to support 100 percent online SOL testing of all students in qualifying schools and helping the schools achieve full accreditation with the assistance of targeted technology-based interventions. Any purchase of technology-based interventions as described in paragraph g. 6) b) with supplemental grant funds must be qualifying expenses under the technology notes program. Eligibility for these funds requires divisions to submit an application and plan that includes goals, objectives, strategies, and a timeline for implementation. Division plans will be reviewed and approved by the Superintendent of Public Instruction prior to disbursement of the supplemental grant funds.

e) Pursuant to § 15.2-1302, Code of Virginia, and in the event that two or more school divisions became one school division, whether by consolidation of only the school divisions or by consolidation of the local governments, such resulting division shall be provided funding through this program on the basis of having the same number of school divisions as existed prior to September 30, 2000.

9) Local school divisions shall maximize the use of available federal funds, including E-Rate Funds, and to the extent possible, use such funds to supplement the program and meet the goals of this program.

h. The Department of Education shall maintain criteria to determine if high schools, middle schools, or elementary schools have the capacity to meet the goals of this initiative. The Department of Education shall be responsible for the project management of this program.

i.1) In the event that, on any scheduled payment date of bonds or notes of the Virginia Public School Authority (VPSA) issued for the purpose described in § 22.1-166.2, Code of Virginia, and not benefiting from the provisions of either § 22.1-168 (iii), (iv) and (v), Code of Virginia, or § 22.1-168.1, Code of Virginia, the available moneys in the Literary Fund are less than the amounts authorized for debt service due on such bonds or notes of the VPSA on such date, there is hereby appropriated to the VPSA from the general fund a sum equal to such deficiency.

2) The Chairman of the Board of Commissioners of the VPSA shall, on or before November 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 and notes of the VPSA issued and projected to be issued during such biennium pursuant to the resolution referred to in paragraph 1) above. The Governor's budget submission each year shall include provisions for the payment of debt service pursuant to paragraph 1) above.

j. Unspent proceeds of the notes, including investment income derived from the proceeds of the notes may be used to pay interest on, or to decrease principal of the notes.

k.1) For the purposes of § 56-232, Code of Virginia, "Contracts of Telephone Companies with State Government" and for the purposes of § 56-234 "Contracts for Service Rendered by a Telephone Company for the State Government" shall be deemed to include communications lines into public schools which are used for educational technology. The rate structure for such lines shall be negotiated by the Superintendent of Public Instruction and the Chief Information Officer of the Virginia Information Technologies Agency. Further, the Superintendent and Director are authorized to encourage the development of "by-pass" infrastructure in localities where it fails to obtain competitive prices or prices consistent with the best rates obtained in other parts of the state.

2) The State Corporation Commission, in its consideration of the discount for services provided to elementary schools, secondary schools, and libraries and the universal service funding mechanisms as provided under § 254 of the Telecommunications Act of 1996, is hereby encouraged to make the discounts for intrastate services provided to elementary schools, secondary schools, and libraries for educational purposes as large as is prudently possible and to fund such discounts through the universal fund as provided in § 254. The Commission shall proceed as expeditiously as possible in implementing these discounts and the funding mechanism for intrastate services,

consistent with the rules of the Federal Communications Commission aimed at the preservation and advancement of universal service.

13. Virginia Preschool Initiative Payments

- a.1) It is the intent of the General Assembly that a payment estimated at \$67,607,769 the first year and \$68,300,290 the second year from the Lottery Proceeds Fund shall be disbursed by the Department of Education to schools and community-based organizations to provide quality preschool programs for at-risk four-year-olds unserved by Head Start program funding. In no event shall distributions from the Lottery Proceeds Fund be made directly to community-based or private providers.
- 2) These grants shall be used to provide programs for at-risk four-year-old children which include quality preschool education, health services, social services, parental involvement and transportation. Programs must provide full-day or half-day and, at least, school-year services.
- 3) The Department of Education, in cooperation with the Council on Child Day Care and Early Childhood Programs, shall establish academic standards that are in accordance with appropriate preparation for students to be ready to successfully enter kindergarten. These standards shall be established in such a manner as to be measurable for student achievement and success. Students shall be required to be evaluated in the fall and in the spring by each participating school division and the school divisions must certify that the Virginia Preschool Initiative program follows the established standards in order to receive the funding for quality preschool education and criteria for the service components. Such guidelines shall be consistent with the findings of the November 1993 study by the Board of Education, the Department of Education, and the Council on Child Day Care and Early Childhood Programs.
- 4)a) Grants shall be distributed based on an allocation formula providing the state share of a \$6,000 grant for 100 percent of the unserved at-risk four-year-olds in each locality for a full-day program. Programs operating half-day shall receive state funds based on a fractional basis determined by the pro-rata portion of a full-day, school year program provided. Half-day programs shall operate for a minimum of three hours of classroom instructional time per day, excluding breaks for lunch or recess, and grants to half-day programs shall be funded based on the state share of \$3,000 per unserved at-risk four-year-old in each locality. Full-day programs shall operate for a minimum of five and one-half instructional hours, excluding breaks for meals and recess. No additional state funding is provided for programs operating greater than three hours per day but less than five and one-half hours per day. In determining the state and local shares of funding, the composite index of local ability-to-pay is capped at 0.5000.
- b) For new programs in the first year of implementation only, programs operating less than a full school year shall receive state funds on a fractional basis determined by the pro-rata portion of a school year program provided. In determining the prorated state funds to be received, a school year shall be 180 days.
- b.1) Any locality which desires to participate in this grant program must submit a proposal through its chief administrator (county administrator or city manager) by May 15 of each year. The chief administrator, in conjunction with the school superintendent, shall identify a lead agency for this program within the locality. The lead agency shall be responsible for developing a local plan for the delivery of quality preschool services to at-risk children which demonstrates the coordination of resources and the combination of funding streams in an effort to serve the greatest number of at-risk four-year-old children.
- 2) The proposal must demonstrate coordination with all parties necessary for the successful delivery of comprehensive services, including the schools, child care providers, local social services agency, Head Start, local health department, and other groups identified by the lead agency.
- 3) A local match, based on the composite index of local ability-to-pay, shall be required. For purposes of meeting the local match, localities may use local expenditures for existing qualifying programs, however, at least seventy-five percent of the local match will be cash and no more than twenty-five percent will be in-kind. In-kind contributions are defined as cash outlays that are made by the locality that benefit the program but are not directly charged to the program. The value of fixed assets cannot be considered as an in-kind contribution. Localities shall also continue to pursue and coordinate other funding sources, including child care subsidies. Funds received through this program must be used to supplement, not supplant, any funds currently provided for programs within

the locality. However, in the event a locality is prohibited from continuing the previous level of support to programs for at-risk four-year-olds from Title I of the federal Elementary and Secondary Education Act (ESEA), the state and local funds provided in this grants program may be used to continue services to these Title I students. Such prohibition may occur due to amendments to the allocation formula in the reauthorization of ESEA as the No Child Left Behind Act of 2001 or due to a percentage reduction in a locality's Title I allocation in 2009-2010 or 2010-2011. Any locality so affected shall provide written evidence to the Superintendent of Public Instruction and request his approval to continue the services to Title I students.

c. Local plans must provide clear methods of service coordination for the purpose of reducing the per child cost for the service, increasing the number of at-risk children served and/or extending services for the entire year. Examples of these include:

- 1) "Wraparound Services" -- methods for combining funds such as child care subsidy dollars administered by local social service agencies with dollars for quality preschool education programs.
- 2) "Wrapout Services" -- methods for using grant funds to purchase quality preschool services to at-risk four-year-old children through an existing child care setting by purchasing comprehensive services within a setting which currently provides quality preschool education.
- 3) "Expansion of Service" -- methods for using grant funds to purchase slots within existing programs, such as Head Start, which provide comprehensive services to at-risk four-year-old children.

Local plans must indicate the number of at-risk four-year-old children to be served, and the criteria by which they will be determined to be at risk.

d.1) The Department of Education and the Council on Child Day Care and Early Childhood Programs shall provide technical assistance for the administration of this grant program to provide assistance to localities in developing a comprehensive, coordinated, quality preschool program for serving at-risk four-year-old children.

2) A pre-application session shall be provided by the Department and the Council on Child Day Care and Early Childhood Programs prior to the proposal deadline. The Department shall provide interested localities with information on models for service delivery, methods of coordinating funding streams, such as funds to match federal IV-A child care dollars, to maximize funding without supplanting existing sources of funding for the provision of services to at-risk four-year-old children. A priority for technical assistance in the design of programs shall be given to localities where the majority of the at-risk four-year-old population is currently unserved.

e. The Department of Education is authorized to expend unobligated balances in this program's adopted budget allocations for grants to qualifying school divisions for one-time expenses, other than capital, related to start-up or expansion of programs.

14. Early Reading Intervention Payments

a. An additional payment of \$14,720,585 the first year and \$14,787,821 the second year from the Lottery Proceeds Fund shall be disbursed by the Department of Education to local school divisions for the purposes of providing early reading intervention services to students in grades kindergarten through 3 who demonstrate deficiencies based on their individual performance on diagnostic tests which have been approved by the Department of Education. The Department of Education shall review the tests of any local school board which requests authority to use a test other than the state-provided test to ensure that such local test uses criteria for the early diagnosis of reading deficiencies which are similar to those criteria used in the state-provided test. The Department of Education shall make the state-provided diagnostic test used in this program available to local school divisions. School divisions shall report the results of the diagnostic tests to the Department of Education on an annual basis at a time to be determined by the Superintendent of Public Instruction.

b. These payments shall be based on the state's share of the cost of providing two and one-half hours of additional instruction each week for an estimated number of students in each school division at a student to teacher ratio of five to one. The estimated number of students in each school division in each year shall be determined by multiplying

the projected number of students reported in each school division's fall membership in grades kindergarten, 1, 2, and 3 by the percent of students who are determined to need services based on diagnostic tests administered in the previous year in that school division and adjusted in the following manner:

	Year 1	Year 2
Kindergarten	100%	100%
Grade 1	100%	100%
Grade 2	100%	100%
Grade 3	25%	25%

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

15. Standards of Learning Algebra Readiness Payments

a. An additional payment of \$9,018,272 the first year and \$9,006,959 the second year from the Lottery Proceeds Fund shall be disbursed by the Department of Education to local school divisions for the purposes of providing math intervention services to students in grades 6, 7, 8 and 9 who are at-risk of failing the Algebra I end-of-course test, as demonstrated by their individual performance on diagnostic tests which have been approved by the Department of Education. The Department of Education shall review the tests to ensure that such local test uses state-provided criteria for diagnosis of math deficiencies which are similar to those criteria used in the state-provided test. The Department of Education shall make the state-provided diagnostic test used in this program available to local school divisions. School divisions shall report the results of the diagnostic tests to the Department of Education on an annual basis at a time to be determined by the Superintendent of Public Instruction.

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

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

16. School Construction Grants Program Payments

Notwithstanding the requirements of Section 22.1-175.5 of the Code of Virginia, school divisions are permitted to withdraw funds from local escrow accounts established pursuant to Section 22.1-175.5 to pay for recurring operational expenses incurred by the school division. Localities are not required to provide a local match of the withdrawn funds.

17. English as a Second Language Payments

A payment of \$37,272,009 the first year and \$39,141,229 the second year from the Lottery Proceeds Fund shall be disbursed by the Department of Education to local school divisions to support the state share of 17 professional instructional positions per 1,000 students for whom English is a second language. Local school divisions shall provide a local match based on the composite index of local ability-to-pay.

18. Special Education Instruction Payments

- a. The Department of Education shall establish rates for all elements of Special Education Instruction Payments.
- b. Out of the appropriations in this Item, the Department of Education shall make available, subject to implementation by the Superintendent of Public Instruction, an amount estimated at \$75,141,153 the first year and \$82,400,653 the second year from the Lottery Proceeds Fund for the purpose of the state's share of the tuition rates for approved public school regional programs. Notwithstanding any contrary provision of law, the state's share of the tuition rates shall be based on the composite index of local ability-to-pay.
- c. Out of the amounts for Financial Assistance for Categorical Programs, \$34,170,169 the first year and \$35,993,791 the second year from the general fund is appropriated to permit the Department of Education to enter into agreements with selected local school boards for the provision of educational services to children residing in certain hospitals, clinics, and detention homes by employees of the local school boards. The selection and employment of instructional and administrative personnel under such agreements will be the responsibility of the local school board in accordance with procedures as prescribed by the local school board. State payments for the first year to the local school boards operating these programs will be based on certified expenditures from the fourth quarter of fiscal year 2010 and the first three quarters of fiscal year 2011. State payments for the second year to the local school boards operating these programs will be based on certified expenditures from the fourth quarter of fiscal year 2011 and the first three quarters of fiscal year 2012.

19. Vocational Education Instruction Payments

- a. It is the intention of the General Assembly that the Department of Education explore initiatives that will encourage greater cooperation between jurisdictions and the Virginia Community College System in meeting the needs of public school systems.
- b. This appropriation includes \$1,800,000 the first year from the Lottery Proceeds Fund and \$1,800,000 the second year from the Lottery Proceeds Fund for secondary vocational-technical equipment. A base allocation of \$2,000 each year shall be available for all divisions, with the remainder of the funding distributed on the basis of student enrollment in secondary vocational-technical courses. State funds received for secondary vocational-technical equipment must be used to supplement, not supplant, any funds currently provided for secondary vocational-technical equipment within the locality. Local school divisions are not required to provide a local match in order to receive these state funds.

20. Adult Education Payments

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

21. General Education Payments

- a. This appropriation includes \$4,749,675 the first year from the Lottery Proceeds Fund and \$4,749,675 the second year from the Lottery Proceeds Fund for targeted education initiatives to improve student achievement and teacher quality, including a mentoring program for teachers with no experience working in schools that are at-risk of not meeting adequate yearly progress, a middle school math teacher initiative in at-risk schools, virtual Advanced Placement courses, student acquisition of industry certifications and GED tests as required by the No Child Left Behind Act.
- b. This appropriation includes \$2,774,478 the first year from the general fund and \$2,774,478 the second year from the Lottery Proceeds Fund to support Project Graduation and any associated administrative and contractual service expenditures related to this initiative.

22. Virtual Virginia Payments

- a. From appropriations in this Item, the Department of Education shall provide assistance for the Virtual Virginia

program.

b. The local share of costs associated with the operation of the Virtual Virginia program shall be computed using the composite index of local ability-to-pay.

23. Individual Student Alternative Education Program (ISAEP) Payments

Out of this appropriation, \$2,247,581 the first year from the Lottery Proceeds Fund and \$2,247,581 in the second year from the Lottery Proceeds Fund shall be provided for the secondary schools' Individual Student Alternative Education Program (ISAEP), pursuant to Chapter 488 and Chapter 552 of the 1999 Session of the General Assembly.

24. Foster Children Education Payments

a. An additional state payment is provided from the Lottery Proceeds Fund for the prior year's local operations costs, as determined by the Department of Education, for each pupil of school age as defined in § 22.1-1, Code of Virginia, not a resident of the school division providing his education (a) who has been placed in foster care or other custodial care within the geographical boundaries of such school division by a Virginia agency, whether state or local, which is authorized under the laws of this Commonwealth to place children; (b) who has been placed in an orphanage or children's home which exercises legal guardianship rights; or (c) who is a resident of Virginia and has been placed, not solely for school purposes, in a child-caring institution or group home.

b. This appropriation provides \$12,896,417 the first year and \$13,605,123 the second year from the Lottery Proceeds Fund to support children attending public school who have been placed in foster care or other such custodial care across jurisdictional lines, as provided by subsections A and B of § 22.1-101.1, Code of Virginia. To the extent these funds are not adequate to cover the full costs specified therein, the department is authorized to expend unobligated balances in this Item for this support.

25. Sales Tax Payments

a. This is a sum-sufficient appropriation for distribution to counties, cities and towns a portion of net revenue from the state sales and use tax, in support of the Standards of Quality (Title 22.1, Chapter 13.2, Code of Virginia) (See the Attorney General's opinion of August 3, 1982).

b. Certification of payments and distribution of this appropriation shall be made by the State Comptroller.

c. The distribution of state sales tax funds shall be made in equal bimonthly payments at the middle and end of each month.

26. Adult Literacy Payments

a. Appropriations in this Item include \$125,000 the first year and \$125,000 the second year from the general fund for the ongoing literacy programs conducted by Mountain Empire Community College, and \$125,000 the first year and \$125,000 the second year from the general fund will be transferred to the Department of Housing and Community Development to support workforce literacy and training.

b. Out of this appropriation, the Department of Education shall provide \$100,000 the first year and \$100,000 the second year from the general fund for the Virginia Literacy Foundation grants to support programs for adult literacy including those delivered by community-based organizations and school divisions providing services for adults with 0-9th grade reading skills.

c. Out of this appropriation, the Department of Education shall provide \$40,375 the first year and \$40,375 the second year from the general fund to Virginia Tech as the fiscal agent for the Virginia Educational Technology Alliance to provide teacher training opportunities in the effective use of educational technologies to full-time, part-time and volunteer teachers involved in adult education and literacy programs in the Commonwealth.

27. Governor's School Payments

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

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

c. For the Summer Governor's Schools and Foreign Language Academies programs, the Superintendent of Public Instruction is authorized to adjust the tuition rates, types of programs offered, length of programs, and the number of students enrolled in order to maintain costs within the available state and local funds for these programs.

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

e. The Board of Education shall not take any action that would increase the state's share of costs associated with the Governor's Schools as set forth in this Item. This provision shall not prohibit the Department of Education from submitting requests for the increased costs of existing programs resulting from updates to student enrollment for school divisions currently participating in existing programs or for school divisions that begin participation in existing programs.

f.1) Regular school year Governor's Schools are funded through this Item based on the state's share of the incremental per pupil cost for providing such programs for each student attending a Governor's School up to a cap of 1,600 students per Governor's School. This incremental per pupil payment shall be adjusted for the composite index of the school division that counts such students attending an academic year Governor's School in their March 31 Average Daily Membership. It is the intent of the General Assembly that this incremental per pupil amount be in addition to the basic aid per pupil funding provided to the affected school division for such students. Therefore, local school divisions are encouraged to provide the appropriate portion of the basic aid per pupil funding to the Governor's Schools for students attending these programs, adjusted for costs incurred by the school division for transportation, administration, and any portion of the day that the student does not attend a Governor's School.

2) Students attending a revolving Academic Year Governor's School program for only one semester shall be counted as 0.50 of a full-time equivalent student and will be funded for only fifty percent of the full-year funded per pupil amount. Funding for students attending a revolving Academic Year program will be adjusted based upon actual September 30th and January 30th enrollment each fiscal year. For purposes of this Item, revolving programs shall mean Academic Year Governor's School programs that admit students on a semester basis.

3) Students attending a continuous, non-revolving Academic Year Governor's School program shall be counted as a full-time equivalent student and will be funded for the full-year funded per pupil amount. Funding for students attending a continuous, non-revolving Academic Year Governor's School program will be adjusted based upon actual September 30th student enrollment each fiscal year. For purposes of this Item, continuous, non-revolving programs shall mean Academic Year Governor's School programs that only admit students at the beginning of the school year. Fairfax County Public Schools shall not reduce local per pupil funding for the Thomas Jefferson Governor's School below the amounts appropriated for the 2003-2004 school year.

28. School Nutrition Payments

It is provided that, subject to implementation by the Superintendent of Public Instruction, no disbursement shall be

made out of the appropriation for school nutrition to any locality in which the schools permit the sale of competitive foods in food service facilities or areas during the time of service of food funded pursuant to this Item.

29. School Breakfast Payments

a. Out of this appropriation, \$2,687,265 the first year and \$3,185,437 the second year from the Lottery Proceeds Fund is included for the purpose of establishing a state funded incentive program to maximize federal school nutrition revenues and increase student participation in the school breakfast program. These funds are available to any school division as a reimbursement for breakfast meals served that are in excess of the baseline established by the Department of Education. The per meal reimbursement shall be \$0.22; however, the department is authorized, but not required to reduce this amount proportionately in the event that the actual number of meals to be reimbursed exceeds the number on which this appropriation is based so that this appropriation is not exceeded.

b. In order to receive these funds, school divisions must certify that these funds will be used to supplement existing funds provided by the local governing body and that local funds derived from sources that are not generated by the school nutrition programs have not been reduced or eliminated. The funds shall be used to improve student participation in the school breakfast program. These efforts may include, but are not limited to, reducing the per meal price paid by students, reducing competitive food sales in order to improve the quality of nutritional offerings in schools, increasing access to the school breakfast program, or providing programs to increase parent and student knowledge of good nutritional practices. In no event shall these funds be used to reduce local tax revenues below the level appropriated to school nutrition programs in the prior year. Further, these funds must be provided to the school nutrition programs and may not be used for any other school purpose.

30. Clinical Faculty and Mentor Teacher Program Payments

This appropriation includes \$1,000,000 the first year and \$1,000,000 the second year from the Lottery Proceeds Fund to be paid to local school divisions for statewide Mentor Teacher Programs to assist pre-service teachers and beginning teachers to make a successful transition into full-time teaching. This appropriation also includes \$318,750 the first year and \$318,750 the second year from the general fund for Clinical Faculty programs to assist pre-service teachers and beginning teachers to make a successful transition into full-time teaching. Such programs shall include elements which are consistent with the following:

a. An application process for localities and school/higher education partnerships that wish to participate in the programs;

b. For Clinical Faculty programs only, provisions for a local funding or institutional commitment of 50 percent, to match state grants of 50 percent;

c. Program plans which include a description of the criteria for selection of clinical faculty and mentor teachers, training, support, and compensation for clinical faculty and mentor teachers, collaboration between the school division and institutions of higher education, the clinical faculty and mentor teacher assignment process, and a process for evaluation of the programs;

d. The Department of Education shall allow flexibility to local school divisions and higher education institutions regarding compensation for clinical faculty and mentor teachers consistent with these elements of the programs; and

e. It is the intent of the General Assembly that no preference between pre-service or beginning teacher programs be construed by the language in this Item. School divisions operating beginning teacher mentor programs shall receive equal consideration for funding.

31. Career Switcher/Alternative Licensure Payments

Appropriations in this Item include \$279,983 the first year and \$279,983 the second year from the general fund to provide grants to school divisions that employ mentor teachers for new teachers entering the profession through the alternative route to licensure as prescribed by the Board of Education.

32. Composite Index Hold Harmless

Out of this appropriation, \$116,477,529 the first year from the general fund and \$57,599,781 the second year from the general fund shall be used to provide hold harmless grants, for the loss in House Bill 30 (2010 Session) as introduced related to the change in the 2010-12 Composite Index of Local Ability-to-Pay, to the following school divisions as specified below.

Division	FY 2011	FY 2012
Albemarle	\$5,228,328	\$2,626,949
Amelia	\$322,339	\$158,514
Amherst	\$36,741	\$18,139
Appomattox	\$466,192	\$232,739
Augusta	\$699,708	\$343,568
Bedford	\$3,464,291	\$1,707,192
Bland	\$66,093	\$32,902
Botetourt	\$208,454	\$104,748
Brunswick	\$184,116	\$90,608
Buchanan	\$37,417	\$18,528
Buckingham	\$469,200	\$230,713
Campbell	\$743,808	\$367,065
Carroll	\$246,592	\$121,808
Charles City	\$23,966	\$11,761
Charlotte	\$413,981	\$207,512
Chesterfield	\$3,400,940	\$1,705,038
Craig	\$53,515	\$26,593
Cumberland	\$200,712	\$99,304
Dinwiddie	\$302,930	\$157,410
Essex	\$990,753	\$491,799
Floyd	\$322,395	\$161,109
Fluvanna	\$432,740	\$219,760
Franklin	\$592,335	\$294,788
Giles	\$118,743	\$58,814
Gloucester	\$873,212	\$436,210
Grayson	\$812,527	\$391,079
Greene	\$579,568	\$285,417
Greensville	\$107,609	\$52,989
Halifax	\$1,487,093	\$732,631
Hanover	\$742,523	\$365,475
Henrico	\$1,364,288	\$682,415
Henry	\$6,339	\$3,217
Highland	\$104,845	\$49,814
Isle Of Wight	\$774,454	\$387,384
James City	\$2,341,737	\$1,189,424
King & Queen	\$306,206	\$146,893
King William	\$537,170	\$269,093
Lancaster	\$152,426	\$74,963
Lee	\$361,360	\$177,576

Lunenburg	\$190,732	\$92,823
Madison	\$394,686	\$195,682
Mathews	\$440,622	\$215,119
Mecklenburg	\$1,516,329	\$748,244
Middlesex	\$509,519	\$245,392
Montgomery	\$279,563	\$139,096
Nelson	\$25,073	\$12,095
New Kent	\$419,908	\$212,176
Northumberland	\$623,215	\$300,899
Nottoway	\$518,117	\$256,257
Patrick	\$63,166	\$31,071
Pittsylvania	\$896,895	\$447,702
Powhatan	\$460,520	\$230,578
Prince Edward	\$552,142	\$270,735
Prince George	\$654,594	\$346,255
Pulaski	\$401,954	\$194,420
Richmond	\$141,519	\$70,873
Roanoke	\$879,525	\$432,294
Rockbridge	\$534,184	\$257,184
Rockingham	\$1,951,995	\$973,225
Russell	\$75,886	\$37,619
Smyth	\$228,332	\$112,025
Southampton	\$638,140	\$319,913
Surry	\$214,805	\$103,957
Sussex	\$402,924	\$195,156
Tazewell	\$689,505	\$340,850
Wise	\$317,125	\$157,509
Wythe	\$544,678	\$268,290
York	\$635,502	\$314,220
Charlottesville	\$1,255,254	\$613,531
Colonial Heights	\$234,137	\$114,867
Danville	\$299,297	\$147,436
Galax	\$59,429	\$30,080
Hampton	\$4,487,996	\$2,211,614
Harrisonburg	\$90,053	\$45,832
Hopewell	\$111,285	\$56,600
Lynchburg	\$1,744,519	\$862,753
Martinsville	\$5,092	\$2,497
Newport News	\$4,653,892	\$2,287,189
Norfolk	\$8,941,063	\$4,374,811
Petersburg	\$728,893	\$352,291
Portsmouth	\$3,855,777	\$1,909,629
Radford	\$397,675	\$197,086
Richmond City	\$11,172,537	\$5,456,849
Roanoke City	\$1,417,437	\$706,676
Staunton	\$297,398	\$147,971

Suffolk	\$4,167,227	\$2,100,636
Virginia Beach	\$14,923,023	\$7,347,886
Waynesboro	\$498,989	\$248,109
Franklin City	\$337,534	\$166,283
Chesapeake	\$11,086,597	\$5,506,327
Lexington	\$219,866	\$109,480
Emporia	\$14,337	\$7,337
Bedford City	\$79,741	\$38,151
Poquoson	\$494,990	\$240,514
West Point	\$124,690	\$63,768
Total Hold Harmless	\$116,477,529	\$57,599,781

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Christopher Newport University (242)

142.	Educational and General Programs (10000)	54,715,754	48,781,666
	Higher Education Instruction (100101)	30,112,708	23,900,804
	Higher Education Research (100102)	1,961,180	1,961,180
	Higher Education Academic Support (100104)	6,325,080	6,325,080
	Higher Education Student Services (100105)	4,161,041	4,161,041
	Higher Education Institutional Support (100106)	5,908,806	5,908,806
	Operation and Maintenance of Plant (100107)	6,246,939	6,524,755
Fund Sources:	General	23,381,851	20,646,134
	Higher Education Operating	31,333,903	28,135,532

Authority: Title 23, Chapter 5.3, Code of Virginia.

A. This item includes general and nongeneral fund appropriations to support institutional initiatives that help meet statewide goals described in the Restructured Higher Education Financial and Administrative Operations Act of 2005 (Chapters 933 and 945, 2005 Acts of Assembly).

B. Out of this appropriation, \$159,840 the first year and \$159,840 the second year from the general fund is designated for the costs to lease and equip space for activities related to technology transfer, research, and graduate work.

C. As Virginia’s public colleges and universities approach full funding of the base adequacy guidelines and as the General Assembly strives to fully fund the general fund share of the base adequacy guidelines, these funds are provided with the intent that, in exercising their authority to set tuition and fees, the Board of Visitors shall take into consideration the impact of escalating college costs for Virginia students and families. In accordance with the cost-sharing goals set forth in § 4-2.01 b. of this act, the Board of Visitors is encouraged to limit increases on tuition and mandatory educational and general fees for in-state, undergraduate students to the extent possible.

D. Out of this appropriation, \$3,505,271 the first year from nongeneral funds is provided to support educational and general programs and student financial assistance. The source of the nongeneral funds is the State Fiscal Stabilization Fund from the American Recovery and Reinvestment Act of 2009. This funding is intended to moderate the general fund reductions to the institution, as well as moderate the need for tuition and fee increases and increase student access. The institution is authorized to spend this funding in either the first year or the first quarter of the second year. Prior to release of this funding, the institution shall provide a plan to the Governor delineating the respective portion of this funding to be used for educational and general program funding and financial assistance, and the year it will be spent. In addition, the plan shall include anticipated tuition and fee increases for the first and second year of the biennium. The amounts appropriated are an estimate, and may be modified by the Director, Department of Planning and Budget, depending on final budget reduction actions taken to higher education and public education in the final budget bill enacted for the 2008-10 biennium.

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Christopher Newport University (242)

143.	Higher Education Student Financial Assistance (10800)	4,114,950	4,114,950
	Scholarships (10810)	4,114,950	4,114,950
Fund Sources:	General	3,924,950	3,924,950
	Higher Education Operating	190,000	190,000

Authority: Title 23, Chapter 5.3, Code of Virginia.

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The College of William and Mary in Virginia (204)

146.	Educational and General Programs (10000)	140,915,608	129,576,192
	Higher Education Instruction (100101)	80,695,634	69,174,951
	Higher Education Research (100102)	1,250,498	1,250,498
	Higher Education Public Services (100103)	8,169	8,169
	Higher Education Academic Support (100104)	19,053,547	19,053,547
	Higher Education Student Services (100105)	6,493,582	6,493,582
	Higher Education Institutional Support (100106)	14,078,675	14,078,675
	Operation and Maintenance of Plant (100107)	19,335,503	19,516,770
Fund Sources:	General	39,291,864	34,655,223
	Higher Education Operating	97,982,019	91,279,244
	Debt Service	3,641,725	3,641,725

Authority: Title 23, Chapter 5, Code of Virginia.

A. This Item includes general and nongeneral fund appropriations to support institutional initiatives that help meet statewide goals described in the Restructured Higher Education Financial and Administrative Operations Act of 2005 (Chapters 933 and 945, 2005 Acts of Assembly).

B. Out of this appropriation, \$212,201 the first year and \$212,201 the second year from the general fund is designated for the costs to lease and equip space for activities related to technology transfer, research, and graduate work.

C. As Virginia's public colleges and universities approach full funding of the base adequacy guidelines and as the General Assembly strives to fully fund the general fund share of the base adequacy guidelines, these funds are provided with the intent that, in exercising their authority to set tuition and fees, the Board of Visitors shall take into consideration the impact of escalating college costs for Virginia students and families. In accordance with the cost-sharing goals set forth in § 4-2.01 b. of this act, the Board of Visitors is encouraged to limit increases on tuition and mandatory educational and general fees for in-state, undergraduate students to the extent possible.

D. Out of this appropriation, \$6,884,042 the first year from nongeneral funds is provided to support educational and general programs and student financial assistance. The source of the nongeneral funds is the State Fiscal Stabilization Fund from the American Recovery and Reinvestment Act of 2009. This funding is intended to moderate the general fund reductions to the institution, as well as moderate the need for tuition and fee increases and increase student access. The institution is authorized to spend this funding in either the first year or the first quarter of the second year. Prior to release of this funding, the institution shall provide a plan to the Governor delineating the respective portion of this funding to be used for educational and general program funding and financial assistance, and the year it will be spent. In addition, the plan shall include anticipated tuition and fee increases for the first and second year of the biennium. The amounts appropriated are an estimate, and may be modified by the Director, Department of Planning and Budget, depending on final budget reduction actions taken to higher education and public education in the final budget bill enacted for the 2008-2010 biennium.

E. The appropriation for the fund source Higher Education Operating in this Item shall be considered a sum sufficient appropriation, which is an estimate of the amount of revenues to be collected for the educational and general program under the terms of the management agreement between the College of William and Mary and the Commonwealth, as set forth in Chapters 933 and 943 of the 2006 Acts of Assembly.

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The College of William and Mary in Virginia (204)

147.	Higher Education Student Financial Assistance (10800)	9,654,786	9,654,786
	Scholarships (10810)	7,705,621	7,705,621
	Fellowships (10820)	1,949,165	1,949,165
Fund Sources:	General	3,527,029	3,527,029
	Higher Education Operating	6,127,757	6,127,757

Authority: Title 23, Chapter 5, Code of Virginia.

Higher education operating funds appropriated in this program may be allocated for need-based aid to Virginia undergraduate students to enhance the quality and diversity of the student body.

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Richard Bland College (241)

150.	Educational and General Programs (10000)	9,459,284	8,075,054
	Higher Education Instruction (100101)	4,135,542	2,882,325
	Higher Education Public Services (100103)	4,500	4,500
	Higher Education Academic Support (100104)	460,222	460,222
	Higher Education Student Services (100105)	982,818	982,818
	Higher Education Institutional Support (100106)	2,623,076	2,489,764
	Operation and Maintenance of Plant (100107)	1,253,126	1,255,425
Fund Sources:	General	5,234,621	4,603,884
	Higher Education Operating	4,224,663	3,471,170

Authority: Title 23, Chapter 5, Code of Virginia.

A. This Item includes general and nongeneral fund appropriations to support institutional initiatives that help meet statewide goals described in the Restructured Higher Education Financial and Administrative Operations Act of 2005 (Chapters 933 and 945, 2005 Acts of Assembly).

B. Out of this appropriation, \$109,256 from the general fund and \$54,056 from nongeneral funds the first year is provided for the final payment for the procurement of several information technology support items totaling \$720,000.

C. As Virginia's public colleges and universities approach full funding of the base adequacy guidelines and as the General Assembly strives to fully fund the general fund share of the base adequacy guidelines, these funds are provided with the intent that, in exercising their authority to set tuition and fees, the Board of Visitors shall take into consideration the impact of escalating college costs for Virginia students and families. In accordance with the cost-sharing goals set forth in Section 4-2.01 b. of this act, the Board of Visitors is encouraged to limit increases on tuition and mandatory educational and general fees for in-state, undergraduate students to the extent possible.

D. Out of this appropriation, \$701,736 the first year from nongeneral funds is provided to support educational and general programs and student financial assistance. The source of the nongeneral funds is the State Fiscal Stabilization Fund from the American Recovery and Reinvestment Act of 2009. This funding is intended to moderate the general fund reductions to the institution, as well as moderate the need for tuition and fee increases and increase student access. The institution is authorized to spend this funding in either the first year or the first quarter of the second year. Prior to release of this funding, the institution shall provide a plan to the Governor delineating the respective portion of this funding to be used for educational and general program funding and financial assistance, and the year it will be spent. In addition, the plan shall include anticipated tuition and fee increases for the first and second year of the biennium. The amounts appropriated are an estimate, and may be modified by the Director, Department of Planning and Budget, depending on final budget reduction actions taken to higher education and public education in the final budget bill enacted for the 2008-2010 biennium.

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Richard Bland College (241)

151.	Higher Education Student Financial Assistance (10800)	313,819	313,819
	Scholarships (10810)	313,819	313,819
Fund Sources:	General	313,819	313,819

Authority: Title 23, Chapter 5, Code of Virginia.

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Virginia Institute of Marine Science (268)

154.	Educational and General Programs (10000)	22,788,496	17,582,788
	Higher Education Instruction (100101)	4,982,029	1,905,686
	Higher Education Research (100102)	8,129,006	5,999,641
	Higher Education Academic Support (100104)	4,088,460	4,088,460
	Higher Education Institutional Support (100106)	2,049,005	2,049,005
	Operation and Maintenance of Plant (100107)	3,539,996	3,539,996
Fund Sources:	General	17,950,965	15,821,600
	Higher Education Operating	4,837,531	1,761,188

Authority: Title 23, Chapter 5, and Title 28.2, Chapter 11, Code of Virginia.

A. This Item includes general and nongeneral fund appropriations to support institutional initiatives that help meet statewide goals described in the Restructured Higher Education Financial and Administrative Operations Act of 2005 (Chapters 933 and 945, 2005 Acts of Assembly).

B. If sufficient appropriations are not made available by the Commonwealth, it shall not be necessary for the Virginia Institute of Marine Science to reallocate funds from existing research projects to provide the funding for research mandated in the Code of Virginia or in the Appropriation Act.

C. Out of this appropriation, \$212,772 and four positions the first year and \$212,772 and four positions the second year from the general fund is designated to support an Aquaculture Genetics and Breeding Technology Center at the Virginia Institute of Marine Science. The center shall coordinate its efforts with the repletion program of the Virginia Marine Resources Commission.

D. It is the intent of the General Assembly that the development of a disease resistant native oyster remains a high priority for oyster-related research activities at the Virginia Institute of Marine Science.

E. Out of this appropriation, \$68,391 the first year and \$68,391 the second year from the general fund is provided for the continuation of the Clean Marina Program. This additional funding will allow the Virginia Institute of Marine Science to provide education, outreach, and technical assistance to the Commonwealth's marinas in an effort to improve water quality.

F. Out of this appropriation, \$140,582 the first year and \$140,582 the second year from the general fund is designated for the monitoring of the Chesapeake Bay's blue crab population. This additional support will permit the Virginia Institute of Marine Science to generate the data necessary to develop fishery management plans, determine in-danger habitats, and project the annual blue crab catch.

G. Notwithstanding Chapter 719, 1999 Acts of Assembly, out of this appropriation, \$159,579 the first year and \$159,579 the second year from the general fund shall be provided to the Virginia Institute of Marine Science to support the Fishery Resource Grant Fund and Program. Expenditures and disbursements from the Fund shall be made by the State Treasurer on warrants issued by the Comptroller upon written request of the President of the College of William and Mary.

H. Out of this appropriation, \$3,076,343 the first year from nongeneral funds is provided to support educational and general programs and student financial assistance. The source of the nongeneral funds is the State Fiscal Stabilization Fund from the American Recovery and Reinvestment Act of 2009. This funding is intended to moderate the general fund reductions to the institution, as well as moderate the need for tuition and fee increases and increase student access. The institution is authorized to spend this funding in either the first year or the first quarter of the second year. Prior to release of this funding, the institution shall provide a plan to the Governor delineating the respective portion of this funding to be used for educational and general program funding and financial

assistance, and the year it will be spent. In addition, the plan shall include anticipated tuition and fee increases for the first and second year of the biennium. The amounts appropriated are an estimate, and may be modified by the Director, Department of Planning and Budget, depending on final budget reduction actions taken to higher education and public education in the final budget bill enacted for the 2008-2010 biennium.

I. The appropriation for the fund source Higher Education Operating in this Item shall be considered a sum sufficient appropriation, which is an estimate of the amount of revenues to be collected for the educational and general program under the terms of the management agreement between the College of William and Mary and the Commonwealth, as set forth in Chapters 933 and 943 of the 2006 Acts of Assembly.

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Virginia Institute of Marine Science (268)

155.	Higher Education Student Financial Assistance (10800)	238,527	238,527
	Fellowships (10820)	238,527	238,527
Fund Sources:	General	238,527	238,527

Authority: Title 23, Chapter 5, Code of Virginia.

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George Mason University (247)

157.	Educational and General Programs (10000)	358,780,728	325,483,153
	Higher Education Instruction (100101)	212,618,491	179,320,916
	Higher Education Research (100102)	7,813,573	7,813,573
	Higher Education Public Services (100103)	1,302,378	1,302,378
	Higher Education Academic Support (100104)	50,533,786	50,533,786
	Higher Education Student Services (100105)	15,223,118	15,223,118
	Higher Education Institutional Support (100106)	39,404,818	39,404,818
	Operation and Maintenance of Plant (100107)	31,884,564	31,884,564
Fund Sources:	General	111,733,347	98,330,415
	Higher Education Operating	247,047,381	227,152,738

Authority: Title 23, Chapter 9.1, Code of Virginia.

A. This Item includes general and nongeneral fund appropriations to support institutional initiatives that help meet statewide goals as described in the Restructured Higher Education Financial and Administrative Operations Act of 2005 (Chapters 933 and 945, 2005 Acts of Assembly).

B. Out of this appropriation, an amount estimated at \$289,614 from the general fund and \$124,120 from nongeneral funds the first year and \$289,614 from the general fund and \$124,120 from nongeneral funds the second year is designated for the educational telecommunications project to provide graduate engineering education, subject to a plan approved by the State Council of Higher Education for Virginia.

C. Out of this appropriation, \$459,125 the first year and \$459,125 the second year from the general fund is designated for the Institute for Conflict Analysis.

D. As Virginia's public colleges and universities approach full funding of the base adequacy guidelines and as the General Assembly strives to fully fund the general fund share of the base adequacy guidelines, these funds are provided with the intent that, in exercising their authority to set tuition and fees, the Board of Visitors shall take into consideration the impact of escalating college costs for Virginia students and families. In accordance with the cost-sharing goals set forth in § 4-2.01 b. of this act, the Board of Visitors is encouraged to limit increases on tuition and mandatory educational and general fees for in-state, undergraduate students to the extent possible.

E. Out of this appropriation, \$50,000 the first year and \$50,000 the second year from the general fund shall be provided to support the Potomac Bay Science Center.

F. Out of this appropriation, \$19,894,643 the first year from nongeneral funds is provided to support educational and general programs and student financial assistance. The source of the nongeneral funds is the State Fiscal Stabilization Fund from the American Recovery and Reinvestment Act of 2009. This funding is intended to moderate the general fund reductions to the institution, as well as moderate the need for tuition and fee increases and increase student access. The institution is authorized to spend this funding in either the first year or the first quarter of the second year. Prior to release of this funding, the institution shall provide a plan to the Governor delineating the respective portion of this funding to be used for educational and general program funding and financial assistance, and the year it will be spent. In addition, the plan shall include anticipated tuition and fee increases for the first and second year of the biennium. The amounts appropriated are an estimate, and may be modified by the Director, Department of Planning and Budget, depending on final budget reduction actions taken to higher education and public education in the final budget bill enacted for the 2008-2010 biennium.

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George Mason University (247)

158.	Higher Education Student Financial Assistance (10800)	19,386,136	20,086,136
	Scholarships (10810)	15,465,418	15,915,418
	Fellowships (10820)	3,920,718	4,170,718
Fund Sources:	General	14,284,136	14,284,136
	Higher Education Operating	5,102,000	5,802,000

Authority: Title 23, Chapter 9.1, Code of Virginia.

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James Madison University (216)

161.	Educational and General Programs (10000)	219,033,975	200,199,495
	Higher Education Instruction (100101)	121,640,704	102,806,224
	Higher Education Research (100102)	898,761	898,761
	Higher Education Public Services (100103)	1,143,944	1,143,944
	Higher Education Academic Support (100104)	27,303,330	27,303,330
	Higher Education Student Services (100105)	12,526,357	12,526,357
	Higher Education Institutional Support (100106)	31,787,593	31,787,593
	Operation and Maintenance of Plant (100107)	23,733,286	23,733,286
Fund Sources:	General	63,577,853	56,036,172
	Higher Education Operating	154,206,692	142,913,893
	Debt Service	1,249,430	1,249,430

Authority: Title 23, Chapter 12.1, Code of Virginia.

A. This Item includes general and nongeneral fund appropriations to support institutional initiatives that help meet statewide goals described in the Restructured Higher Education Financial and Administrative Operations Act of 2005 (Chapters 933 and 945, 2005 Acts of Assembly).

B. The University is authorized to continue offering its existing doctoral degree in psychology and a limited number of other doctoral programs in specialized areas with approval from the State Council of Higher Education for Virginia. These doctoral programs are niche programs, consistent with the comprehensive mission of the University, and are targeted to meet critical needs in the Commonwealth.

C. As Virginia's public colleges and universities approach full funding of the base adequacy guidelines and as the General Assembly strives to fully fund the general fund share of the base adequacy guidelines, these funds are provided with the intent that, in exercising their authority to set tuition and fees, the Board of Visitors shall take into consideration the impact of escalating college costs for Virginia students and families. In accordance with the cost-sharing goals set forth in § 4-2.01 b. of this act, the Board of Visitors is encouraged to limit increases on tuition and mandatory educational and general fees for in-state, undergraduate students to the extent possible.

D. Out of this appropriation, \$11,292,799 the first year from nongeneral funds is provided to support educational and general programs and student financial assistance. The source of the nongeneral funds is the State Fiscal Stabilization Fund from the American Recovery and Reinvestment Act of 2009. This funding is intended to moderate the general fund reductions to the institution, as well as moderate the need for tuition and fee increases and increase student access. The institution is authorized to spend this funding in either the first year or the first quarter of the second year. Prior to release of this funding, the institution shall provide a plan to the Governor delineating the respective portion of this funding to be used for educational and general program funding and financial assistance, and the year it will be spent. In addition, the plan shall include anticipated tuition and fee increases for the first and second year of the biennium. The amounts appropriated are an estimate, and may be modified by the Director, Department of Planning and Budget, depending on final budget reduction actions taken to higher education and public education in the final budget bill enacted for the 2008-10 biennium.

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James Madison University (216)

162.	Higher Education Student Financial Assistance (10800)	9,566,308	9,566,308
	Scholarships (10810)	9,176,086	9,176,086
	Fellowships (10820)	390,222	390,222
Fund Sources:	General	6,724,848	6,724,848
	Higher Education Operating	2,841,460	2,841,460

Authority: Title 23, Chapter 12.1, Code of Virginia.

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Longwood University (214)

165.	Educational and General Programs (10000)	52,331,783	45,512,525
	Higher Education Instruction (100101)	25,212,280	19,462,947
	Higher Education Public Services (100103)	619,982	619,982
	Higher Education Academic Support (100104)	7,002,547	7,002,547
	Higher Education Student Services (100105)	3,844,242	3,844,242
	Higher Education Institutional Support (100106)	9,905,418	8,835,493
	Operation and Maintenance of Plant (100107)	5,747,314	5,747,314
Fund Sources:	General	23,855,610	20,272,085
	Higher Education Operating	28,476,173	25,240,440

Authority: Title 23, Chapter 15, Code of Virginia.

A. This Item includes general and nongeneral fund appropriations to support institutional initiatives that help meet statewide goals described in the Restructured Higher Education Financial and Administrative Operations Act of 2005 (Chapters 933 and 945, 2005 Acts of Assembly).

B. Out of this appropriation, \$999,000 the first year from the general fund and \$70,925 the first year from nongeneral funds is provided to assist with the final annual payment for the purchase and installation of the university's administrative information system.

C. As Virginia's public colleges and universities approach full funding of the base adequacy guidelines and as the General Assembly strives to fully fund the general fund share of the base adequacy guidelines, these funds are provided with the intent that, in exercising their authority to set tuition and fees, the Board of Visitors shall take into consideration the impact of escalating college costs for Virginia students and families. In accordance with the cost-sharing goals set forth in Section 4-2.01 b. of this Act, the Board of Visitors is encouraged to limit increases on tuition and mandatory educational and general fees for in-state, undergraduate students to the extent possible.

D. Out of this appropriation, \$185,673 and one position from the general fund and \$55,000 from nongeneral funds the first year, and \$289,991 and three positions from the general fund, and \$195,400 and two positions the second year to continue the implementation of the Bachelor of Science in nursing program.

E. Out of this appropriation, \$3,305,208 the first year from nongeneral funds is provided to support educational and general programs and student financial assistance. The source of the nongeneral funds is the State Fiscal Stabilization Fund from the American Recovery and Reinvestment Act of 2009. This funding is intended to moderate the general fund reductions to the institution, as well as moderate the need for tuition and fee increases and increase student access. The institution is authorized to spend this funding in either the first year or the first quarter of the second year. Prior to release of this funding, the institution shall provide a plan to the Governor delineating the respective portion of this funding to be used for educational and general program funding and financial assistance, and the year it will be spent. In addition, the plan shall include anticipated tuition and fee increases for the first and second year of the biennium. The amounts appropriated are an estimate, and may be modified by the Director, Department of Planning and Budget, depending on final budget reduction actions taken to higher education and public education in the final budget bill enacted for the 2008-10 biennium.

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Longwood University (214)

166.	Higher Education Student Financial Assistance (10800)	3,523,147	3,523,147
	Scholarships (10810)	3,523,147	3,523,147
Fund Sources:	General	3,523,147	3,523,147

Authority: Title 23, Chapter 15, Code of Virginia.

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Norfolk State University (213)

169.	Educational and General Programs (10000)	76,910,510	69,250,291
	Higher Education Instruction (100101)	36,830,128	28,923,818
	Higher Education Research (100102)	196,504	196,504
	Higher Education Public Services (100103)	734,591	734,591
	Higher Education Academic Support (100104)	9,031,473	9,148,690
	Higher Education Student Services (100105)	4,912,679	4,912,679
	Higher Education Institutional Support (100106)	14,518,200	14,531,910
	Operation and Maintenance of Plant (100107)	10,686,935	10,802,099
Fund Sources:	General	39,807,466	35,816,791
	Higher Education Operating	37,103,044	33,433,500

Authority: Title 23, Chapter 13.1, Code of Virginia.

A. This Item includes general and nongeneral fund appropriations to support institutional initiatives that help meet statewide goals described in the Restructured Higher Education Financial and Administrative Operations Act of 2005 (Chapters 933 and 945, 2005 Acts of Assembly).

B.1. Out of this appropriation, \$5,350,128 the first year and \$5,350,128 the second year from the general fund is designated for the recently initiated Bachelor of Science academic programs in Electronics Engineering and Optical Engineering and Master of Science academic programs in Electronics Engineering, Optical Engineering, Computer Science, and Criminal Justice.

2. Out of the amounts for programs listed in paragraph B.1. above, shall be provided \$273,486 the first year and \$273,486 the second year from the general fund for lease payments through the Master Equipment Leasing Program for educational and general equipment.

3. Out of the amounts for Educational and General Programs, \$37,500 the first year and \$37,500 the second year from the general fund is provided to serve in lieu of endowment income for the Eminent Scholars Program.

C.1. Out of the amounts for Educational and General Programs, a maximum of \$70,000 the first year and \$70,000 the second year from the general fund is designated for the Dozoretz National Institute for Minorities in Applied Sciences. No allotment of these funds shall be made until Norfolk State University has certified to the Secretary of Education that funds, in cash, are available to match all or any part of the amount herein made available from the general fund.

2. Any unexpended balances in paragraphs B.1., B.2., B.3., and C.1. in this Item at the close of business on June 30, 2010 and June 30, 2011 shall not revert to the surplus of the general fund, but shall be carried forward on the books of the State Comptroller and reappropriated in the succeeding year.

D. Out of this appropriation, \$94,222 the first year and \$94,222 the second year from the general fund is designated to assist the university in improving graduation and retention rates.

E. Out of this appropriation, \$78,200 the first year and \$78,200 the second year from the general fund is designated to maintain an enrollment management plan.

F. Out of this appropriation, \$11,756 the first year and \$11,756 the second year from the general fund is designated for the costs to lease and equip space for activities related to technology transfer, research, and graduate work.

G. As Virginia's public colleges and universities approach full funding of the base adequacy guidelines and as the General Assembly strives to fully fund the general fund share of the base adequacy guidelines, these funds are

provided with the intent that, in exercising their authority to set tuition and fees, the Board of Visitors shall take into consideration the impact of escalating college costs for Virginia students and families. In accordance with the cost-sharing goals set forth in § 4-2.01 b. of this act, the Board of Visitors is encouraged to limit increases on tuition and mandatory educational and general fees for in-state, undergraduate students to the extent possible.

H. Out of this appropriation, \$3,915,635 the first year from nongeneral funds is provided to support educational and general programs and student financial assistance. The source of the nongeneral funds is the State Fiscal Stabilization Fund from the American Recovery and Reinvestment Act of 2009. This funding is intended to moderate the general fund reductions to the institution, as well as moderate the need for tuition and fee increases and increase student access. The institution is authorized to spend this funding in either the first year or the first quarter of the second year. Prior to release of this funding, the institution shall provide a plan to the Governor delineating the respective portion of this funding to be used for educational and general program funding and financial assistance, and the year it will be spent. In addition, the plan shall include anticipated tuition and fee increases for the first and second year of the biennium. The amounts appropriated are an estimate, and may be modified by the Director, Department of Planning and Budget, depending on final budget reduction actions taken to higher education and public education in the final budget bill enacted for the 2008-2010 biennium.

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Norfolk State University (213)

170.	Higher Education Student Financial Assistance (10800)	11,654,328	11,654,328
	Scholarships (10810)	11,654,328	11,654,328
Fund Sources:	General	6,754,328	6,754,328
	Higher Education Operating	4,900,000	4,900,000

Authority: Title 23, Chapter 13.1, Code of Virginia.

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Old Dominion University (221)

173.	Educational and General Programs (10000)	217,827,427	201,550,248
	Higher Education Instruction (100101)	120,528,697	103,771,069
	Higher Education Research (100102)	4,721,987	4,721,987
	Higher Education Public Services (100103)	254,489	254,489
	Higher Education Academic Support (100104)	39,671,798	39,671,798
	Higher Education Student Services (100105)	10,460,045	10,460,045
	Higher Education Institutional Support (100106)	24,411,195	24,411,195
	Operation and Maintenance of Plant (100107)	17,779,216	18,259,665
Fund Sources:	General	89,771,848	78,924,343
	Higher Education Operating	128,055,579	122,625,905

Authority: Title 23, Chapter 5.2, Code of Virginia.

A.1. This Item includes general and nongeneral fund appropriations to support institutional initiatives that help meet statewide goals described in the Restructured Higher Education Financial and Administrative Operations Act of 2005 (Chapters 933 and 945, 2005 Acts of Assembly).

2. Out of this appropriation, the University may allocate funds to expand enrollment capacity through expansion of distance learning, TELETECHNET and summer school.

B. Out of this appropriation shall be expended an amount estimated at \$431,013 from the general fund and \$198,244 from nongeneral funds the first year and \$431,013 from the general fund and \$198,244 from nongeneral funds the second year for the educational telecommunications project to provide graduate engineering education, subject to a plan approved by the State Council of Higher Education for Virginia.

C. Out of this appropriation \$4,017,308 and 23.88 positions the first year from the general fund and \$1,440,000 and 12.62 positions the first year from nongeneral funds and \$4,017,308 and 23.88 positions the second year from the general fund and \$1,440,000 and 12.62 positions the second year from nongeneral funds is designated to operate distance learning sites across the Commonwealth.

D.1. Out of this appropriation, \$425,088 the first year and \$425,088 the second year from the general fund is designated for the costs to lease and equip space for activities related to technology transfer, research, and graduate work.

2. The lease agreement shall be approved by the Governor, pursuant to § 2.2-1149, Code of Virginia and the agreement shall provide for a long-term lease to support the work associated with the activities referred to in D.1.

E. Notwithstanding § 55-297, Code of Virginia, Old Dominion University is hereby designated as the administrative agency for the Virginia Coordinate System.

F. Notwithstanding § 23-7.4:2, Code of Virginia, the governing board of Old Dominion University may charge reduced tuition to any person enrolled in one of Old Dominion University's TELETECHNET sites or higher education centers who lives within a 50-mile radius of the site/center, is domiciled in, and is entitled to in-state tuition charges in the institutions of higher learning in any state, or the District of Columbia, which is contiguous to Virginia and which has similar reciprocal provisions for persons domiciled in Virginia.

G. As Virginia's public colleges and universities approach full funding of the base adequacy guidelines and as the General Assembly strives to fully fund the general fund share of the base adequacy guidelines, these funds are provided with the intent that, in exercising their authority to set tuition and fees, the Board of Visitors shall take into consideration the impact of escalating college costs for Virginia students and families. In accordance with the cost-

sharing goals set forth in § 4-2.01 b. of this act, the Board of Visitors is encouraged to limit increases on tuition and mandatory educational and general fees for in-state, undergraduate students to the extent possible.

H. Out of this appropriation, \$500,000 the first year and \$500,000 the second year from the general fund is provided for a Center for Teacher Quality and Educational Leadership at Old Dominion University. The center will serve as a professional development facility that focuses on improving teacher quality and educational leadership through intensive, research-based, professional development for teachers and administrators in school divisions that have not met all of the standards for Virginia Standards of Learning accreditation and the requirements of the No Child Left Behind Act.

I. Old Dominion University shall collaborate with the Virginia Maritime Foundation in support of its maritime and sailing programs in the College of Arts and Letters, the College of Science and the Athletics Department. To that end, the General Assembly authorizes Old Dominion University to accept and utilize assets of the Virginia Maritime Foundation.

J. Out of this appropriation, \$12,664,227 the first year from nongeneral funds is provided to support educational and general programs and student financial assistance. The source of the nongeneral funds is the State Fiscal Stabilization Fund from the American Recovery and Reinvestment Act of 2009. This funding is intended to moderate the general fund reductions to the institution, as well as moderate the need for tuition and fee increases and increase student access. The institution is authorized to spend this funding in either the first year or the first quarter of the second year. Prior to release of this funding, the institution shall provide a plan to the Governor delineating the respective portion of this funding to be used for educational and general program funding and financial assistance, and the year it will be spent. In addition, the plan shall include anticipated tuition and fee increases for the first and second year of the biennium. The amounts appropriated are an estimate, and may be modified by the Director, Department of Planning and Budget, depending on final budget reduction actions taken to higher education and public education in the final budget bill enacted for the 2008-2010 biennium.

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Old Dominion University (221)

174.	Higher Education Student Financial Assistance (10800)	15,772,117	15,772,117
	Scholarships (10810)	13,750,589	13,750,589
	Fellowships (10820)	2,021,528	2,021,528
Fund Sources:	General	15,772,117	15,772,117

Authority: Title 23, Chapter 5.2, Code of Virginia.

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Radford University (217)

177.	Educational and General Programs (10000)	95,996,874	83,125,116
	Higher Education Instruction (100101)	53,957,070	42,468,176
	Higher Education Public Services (100103)	600,538	600,538
	Higher Education Academic Support (100104)	9,447,686	9,447,686
	Higher Education Student Services (100105)	4,477,224	4,477,224
	Higher Education Institutional Support (100106)	17,129,701	15,746,837
	Operation and Maintenance of Plant (100107)	10,384,655	10,384,655
Fund Sources:	General	42,386,924	36,328,928
	Higher Education Operating	53,609,950	46,796,188

Authority: Title 23, Chapter 11.1, Code of Virginia.

A. This Item includes general and nongeneral fund appropriations to support institutional initiatives that help meet statewide goals described in the Restructured Higher Education Financial and Administrative Operations Act of 2005 (Chapters 933 and 945, 2005 Acts of Assembly).

B. Out of this appropriation, \$840,781 the first year from the general fund and \$542,083 the first year from nongeneral funds is provided to assist with the final payment for the purchase and installation of the university's administrative information system.

C. Out of this appropriation \$327,852 the first year from the general fund and \$211,379 the first year from nongeneral funds is to assist with the final annual payment for the purchase of nursing education equipment for the laboratories. The total cost of the equipment is \$2,421,000.

D. As Virginia's public colleges and universities approach full funding of the base adequacy guidelines and as the General Assembly strives to fully fund the general fund share of the base adequacy guidelines, these funds are provided with the intent that, in exercising their authority to set tuition and fees, the Board of Visitors shall take into consideration the impact of escalating college costs for Virginia students and families. In accordance with the cost-sharing goals set forth in § 4-2.01 b. of this act, the Board of Visitors is encouraged to limit increases on tuition and mandatory educational and general fees for in-state, undergraduate students to the extent possible.

E. Out of this appropriation, \$6,060,300 the first year from nongeneral funds is provided to support educational and general programs and student financial assistance. The source of the nongeneral funds is the State Fiscal Stabilization Fund from the American Recovery and Reinvestment Act of 2009. This funding is intended to moderate the general fund reductions to the institution, as well as moderate the need for tuition and fee increases and increase student access. The institution is authorized to spend this funding in either the first year or the first quarter of the second year. Prior to release of this funding, the institution shall provide a plan to the Governor delineating the respective portion of this funding to be used for educational and general program funding and financial assistance, and the year it will be spent. In addition, the plan shall include anticipated tuition and fee increases for the first and second year of the biennium. The amounts appropriated are an estimate, and may be modified by the Director, Department of Planning and Budget, depending on final budget reduction actions taken to higher education and public education in the final budget bill enacted for the 2008-10 biennium.

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Radford University (217)

178.	Higher Education Student Financial Assistance (10800)	8,379,084	8,379,084
	Scholarships (10810)	7,808,684	7,808,684
	Fellowships (10820)	570,400	570,400
Fund Sources:	General	7,013,650	7,013,650
	Higher Education Operating	1,365,434	1,365,434

Authority: Title 23, Chapter 11.1, Code of Virginia.

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University of Mary Washington (215)

181.	Educational and General Programs (10000)	58,182,849	53,163,772
	Higher Education Instruction (100101)	33,336,037	27,431,769
	Higher Education Research (100102)	418,561	418,561
	Higher Education Public Services (100103)	268,236	268,236
	Higher Education Academic Support (100104)	5,793,606	5,793,606
	Higher Education Student Services (100105)	4,116,963	4,116,963
	Higher Education Institutional Support (100106)	7,765,710	8,650,901
	Operation and Maintenance of Plant (100107)	6,483,736	6,483,736
Fund Sources:	General	18,987,067	16,738,956
	Higher Education Operating	39,195,782	36,424,816

Authority: Title 23, Chapter 9.2, Code of Virginia.

A. This Item includes general and nongeneral fund appropriations to support institutional initiatives that help meet statewide goals described in the Restructured Higher Education Financial and Administrative Operations Act of 2005 (Chapters 933 and 945, 2005 Acts of Assembly).

B. Out of this appropriation shall be expended an amount estimated at \$80,483 from the general fund and \$36,130 from nongeneral funds the first year and \$80,483 from the general fund and \$36,130 from nongeneral funds the second year for the educational telecommunications project to provide graduate engineering education, subject to a plan approved by the State Council of Higher Education for Virginia.

C. As Virginia's public colleges and universities approach full funding of the base adequacy guidelines and as the General Assembly strives to fully fund the general fund share of the base adequacy guidelines, these funds are provided with the intent that, in exercising their authority to set tuition and fees, the Board of Visitors shall take into consideration the impact of escalating college costs for Virginia students and families. In accordance with the cost-sharing goals set forth in § 4-2.01 b. of this act, the Board of Visitors is encouraged to limit increases on tuition and mandatory educational and general fees for in-state, undergraduate students to the extent possible.

D. Out of this appropriation, \$3,406,157 the first year from nongeneral funds is provided to support educational and general programs and student financial assistance. The source of the nongeneral funds is the State Fiscal Stabilization Fund from the American Recovery and Reinvestment Act of 2009. This funding is intended to moderate the general fund reductions to the institution, as well as moderate the need for tuition and fee increases and increase student access. The institution is authorized to spend this funding in either the first year or the first quarter of the second year. Prior to release of this funding, the institution shall provide a plan to the Governor delineating the respective portion of this funding to be used for educational and general program funding and financial assistance, and the year it will be spent. In addition, the plan shall include anticipated tuition and fee increases for the first and second year of the biennium. The amounts appropriated are an estimate, and may be modified by the Director, Department of Planning and Budget, depending on final budget reduction actions taken to higher education and public education in the final budget bill enacted for the 2008-10 biennium.

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University of Mary Washington (215)

182.	Higher Education Student Financial Assistance (10800)	1,468,704	1,468,704
	Scholarships (10810)	1,468,704	1,468,704
Fund Sources:	General	1,468,704	1,468,704

Authority: Title 23, Chapter 9.2, Code of Virginia.

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University of Virginia (207)

187.	Educational and General Programs (10000)	498,044,623	461,809,231
	Higher Education Instruction (100101)	263,431,347	227,195,955
	Higher Education Research (100102)	9,419,000	9,419,000
	Higher Education Public Services (100103)	4,290,000	4,290,000
	Higher Education Academic Support (100104)	86,132,000	86,132,000
	Higher Education Student Services (100105)	24,080,000	24,080,000
	Higher Education Institutional Support (100106)	31,520,171	31,520,171
	Operation and Maintenance of Plant (100107)	79,172,105	79,172,105
Fund Sources:	General	120,946,433	106,603,758
	Higher Education Operating	374,432,190	352,539,473
	Debt Service	2,666,000	2,666,000

Authority: Title 23, Chapter 9, Code of Virginia.

A. This Item includes general and nongeneral fund appropriations to support institutional initiatives that help meet statewide goals described in the Restructured Higher Education Financial and Administrative Operations Act of 2005 (Chapters 933 and 945, 2005 Acts of Assembly).

B.1. This appropriation includes an amount not to exceed \$1,580,364 the first year and \$1,580,364 the second year from the general fund for the operation of the Family Practice Residency Program and Family Practice medical student programs. This appropriation for Family Practice programs, whether ultimately implemented by contract, agreement or other means, is considered to be a grant.

2. The University shall report by July 1 annually to the Department of Planning and Budget an operating plan for the Family Practice Residency Program.

3. The University of Virginia, in cooperation with the Virginia Commonwealth University Health System Authority, shall establish elective Family Practice Medicine experiences in Southwest Virginia for both students and residents.

4. In the event the Governor imposes across-the-board general fund reductions, pursuant to his executive authority in §4-1.02 of this act, the general fund appropriation for the Family Practice programs shall be exempt from any reductions, provided the general fund appropriation for the family practice program is excluded from the total general fund appropriation for the University of Virginia for purposes of determining the university's portion of the statewide general fund reduction requirement.

C. Out of this appropriation, \$1,140,583 the first year and \$1,140,583 the second year from the general fund is designated for the Virginia Foundation for Humanities and Public Policy. Pursuant to House Joint Resolution 762, 1999 Session of the General Assembly, funds in this Item begin to address the objective of appropriating one dollar per capita for the support of the Foundation.

D. Out of this appropriation shall be expended an amount estimated at \$617,735 from the general fund and at least \$468,850 from nongeneral funds the first year and \$617,735 from the general fund and at least \$468,850 from nongeneral funds the second year, for the educational telecommunications project to provide graduate engineering education, subject to a plan approved by the State Council of Higher Education for Virginia.

E. Out of this appropriation, \$225,914 the first year and \$225,914 the second year from the general fund, and at least \$283,500 the first year and at least \$283,500 the second year from nongeneral funds is designated for the independent Virginia Institute of Government at the University of Virginia Center for Public Service.

F. It is the intent of the General Assembly that the University of Virginia, in conjunction with the Eastern Virginia Medical School and Virginia Commonwealth University, maintain its efforts to educate and train sufficient generalist physicians to meet the needs of the Commonwealth, recognizing the Commonwealth's need for generalist physicians in medically underserved regions of the state. Further, it is the intent that the university support medical education and training in the principles of generalist medicine for all undergraduate medical students, regardless of their chosen specialty or field of study.

G. It is the intent of the General Assembly to assist the three Virginia medical schools as they respond to changes in the need for delivery and financing of medical education, both undergraduate and graduate.

H. Out of this appropriation, at least \$156,397 the first year and \$156,397 the second year from the general fund shall be provided in support of diabetes education and public service at the Virginia Center for Diabetes Professional Education at the University of Virginia.

I.1. Out of this appropriation, \$522,271 the first year and \$522,271 the second year from the general fund shall be provided for the Center for Politics at the University of Virginia to conduct and preserve oral histories with senior public officials, to conduct the Virginia Youth Leadership Initiative which educates students in Virginia's secondary schools in the democratic process, and to develop programs that foster increased public awareness of the electoral system.

2. Out of this appropriation, \$103,594 the first year and \$103,594 the second year from the general fund is provided to the Center of Politics to provide civic education resources to all public elementary and secondary schools in the Commonwealth.

J. Out of this appropriation, \$294,046 from the general fund and \$53,189 in nongeneral funds in the first year and \$294,046 from the general fund and \$53,189 in nongeneral funds in the second year is provided in support of the State Arboretum at Bland Farm.

K. As Virginia's public colleges and universities approach full funding of the base adequacy guidelines and as the General Assembly strives to fully fund the general fund share of the base adequacy guidelines, these funds are provided with the intent that, in exercising their authority to set tuition and fees, the Board of Visitors shall take into consideration the impact of escalating college costs for Virginia students and families. In accordance with the cost-sharing goals set forth in § 4-2.01 b. of this act, the Board of Visitors is encouraged to limit increases on tuition and mandatory educational and general fees for in-state, undergraduate students to the extent possible.

L. The appropriation for the fund source Higher Education Operating in this Item shall be considered a sum sufficient appropriation, which is an estimate of the amount of revenues to be collected for the educational and general program under the terms of the management agreement between the University of Virginia and the Commonwealth, as set forth in Chapters 933 and 943, of the 2006 Acts of Assembly.

M. Out of this appropriation, \$21,892,717 the first year from nongeneral funds is provided to support educational and general programs and student financial assistance. The source of the nongeneral funds is the State Fiscal Stabilization Fund from the American Recovery and Reinvestment Act of 2009. This funding is intended to moderate the general fund reductions to the institution, as well as moderate the need for tuition and fee increases and increase student access. The institution is authorized to spend this funding in either the first year or the first quarter of the second year. Prior to release of this funding, the institution shall provide a plan to the Governor delineating the respective portion of this funding to be used for educational and general program funding and financial assistance, and the year it will be spent. In addition, the plan shall include anticipated tuition and fee increases for the first and second year of the biennium. The amounts appropriated are an estimate, and may be modified by the Director, Department of Planning and Budget, depending on final budget reduction actions taken to higher education and public education in the final budget enacted for the 2008-2010 biennium.

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University of Virginia (207)

188.	Higher Education Student Financial Assistance (10800)	59,513,569	59,513,569
	Scholarships (10810)	9,910,929	9,910,929
	Fellowships (10820)	49,602,640	49,602,640
Fund Sources:	General	9,513,569	9,513,569
	Higher Education Operating	50,000,000	50,000,000

Authority: Title 23, Chapter 9, Code of Virginia.

A. The appropriation for the fund source Higher Education Operating in this Item shall be considered a sum sufficient appropriation, which is an estimate of the revenue collected to meet student financial aid needs, under the terms of the management agreement between the university and the Commonwealth as set forth in Chapters 933 and 943 of the 2006 Acts of Assembly.

B. Out of this appropriation, \$250,000 the first year and \$250,000 the second year from the general fund, shall be provided to support public-private sector partnerships in order to maximize the number of newly licensed nurses and increase the supply of nursing faculty.

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University of Virginia's College at Wise (246)

194.	Educational and General Programs (10000)	21,320,526	17,960,019
	Higher Education Instruction (100101)	9,667,886	6,485,660
	Higher Education Public Services (100103)	29,950	29,950
	Higher Education Academic Support (100104)	4,196,039	4,196,039
	Higher Education Student Services (100105)	1,946,217	1,946,217
	Higher Education Institutional Support (100106)	3,396,963	3,396,963
	Operation and Maintenance of Plant (100107)	2,083,471	1,905,190
Fund Sources:	General	11,829,222	10,349,852
	Higher Education Operating	9,491,304	7,610,167

Authority: §§ 23-91.20 through 23-91.23, Code of Virginia.

A. This Item includes general and nongeneral fund appropriations to support institutional initiatives that help meet statewide goals described in the Restructured Higher Education Financial and Administrative Operations Act of 2005 (Chapters 933 and 945, 2005 Acts of Assembly).

B. The software engineering curriculum being established to insure success of recent economic development projects in Southwest Virginia, shall be considered on its merits by the State Council of Higher Education for Virginia and shall not be dependent on funding by the Commonwealth.

C. As Virginia's public colleges and universities approach full funding of the base adequacy guidelines and as the General Assembly strives to fully fund the general fund share of the base adequacy guidelines, these funds are provided with the intent that, in exercising their authority to set tuition and fees, the Board of Visitors shall take into consideration the impact of escalating college costs for Virginia students and families. In accordance with the cost-sharing goals set forth in § 4-2.01 b. of this act, the Board of Visitors is encouraged to limit increases on tuition and mandatory educational and general fees for in-state, undergraduate students to the extent possible.

D. Out of this appropriation, \$233,358 from the general fund and \$138,577 from nongeneral funds the first year and \$233,358 from the general fund and \$138,577 from nongeneral funds the second year is designated to facilitate the technical training programs for the Northrop Grumman state backup data center.

E. The appropriation for the fund source Higher Education Operating in this Item shall be considered a sum sufficient appropriation, which is an estimate of the amount of revenues to be collected for the educational and general program under the terms of the management agreement between the University of Virginia and the Commonwealth, as set forth in Chapters 933 and 943, of the 2006 Acts of Assembly.

F. Out of this appropriation, \$1,702,856 the first year from nongeneral funds is provided to support educational and general programs and student financial assistance. The source of the nongeneral funds is the State Fiscal Stabilization Fund from the American Recovery and Reinvestment Act of 2009. This funding is intended to moderate the general fund reductions to the institution, as well as moderate the need for tuition and fee increases and increase student access. The institution is authorized to spend this funding in either the first year or the first quarter of the second year. Prior to release of this funding, the institution shall provide a plan to the Governor delineating the respective portion of this funding to be used for educational and general program funding and financial assistance, and the year it will be spent. In addition, the plan shall include anticipated tuition and fee increases for the first and second year of the biennium. The amounts appropriated are an estimate, and may be modified by the Director, Department of Planning and Budget, depending on final budget reduction actions taken to higher education and public education in the final budget bill enacted for the 2008-2010 biennium.

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University of Virginia's College at Wise (246)

195.	Higher Education Student Financial Assistance (10800)	1,762,472	1,762,472
	Scholarships (10810)	1,762,472	1,762,472
Fund Sources:	General	1,762,472	1,762,472

Authority: §§[23-91.20](#) through 23-91.23, Code of Virginia.

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Virginia Commonwealth University (236)

198.	Educational and General Programs (10000)	482,709,706	440,355,760
	Higher Education Instruction (100101)	309,806,612	267,452,666
	Higher Education Research (100102)	11,011,452	11,011,452
	Higher Education Public Services (100103)	3,479,428	3,479,428
	Higher Education Academic Support (100104)	59,628,307	59,628,307
	Higher Education Student Services (100105)	15,006,316	15,006,316
	Higher Education Institutional Support (100106)	44,439,702	44,439,702
	Operation and Maintenance of Plant (100107)	39,337,889	39,337,889
Fund Sources:	General	159,638,456	140,445,431
	Higher Education Operating	323,071,250	299,910,329

Authority: Title 23, Chapter 6.1, Code of Virginia.

A. This Item includes general and nongeneral fund appropriations to support institutional initiatives that help meet statewide goals described in the Restructured Higher Education Financial and Administrative Operations Act of 2005 (Chapters 933 and 945, 2005 Acts of Assembly).

B.1. Out of this appropriation, \$5,072,520 the first year and \$5,072,520 the second year from the general fund is provided for the operation of the Family Practice Residency Program and Family Practice medical student programs. This appropriation for Family Practice programs, whether ultimately implemented by contract, agreement or other means, is considered to be a grant.

2. The university shall report by July 1 annually to the Department of Planning and Budget an operating plan for the Family Practice Residency Program.

3. The university, in cooperation with the University of Virginia, shall establish elective Family Practice Medicine experiences in Southwest Virginia for both students and residents.

4. In the event the Governor imposes across-the-board general fund reductions, pursuant to his executive authority in § 4-1.02 of this act, the general fund appropriation for the Family Practice programs shall be exempt from any reductions, provided the general fund appropriation for the family practice program is excluded from the total general fund appropriation for Virginia Commonwealth University for purposes of determining the University's portion of the statewide general fund reduction requirement.

C. Out of this appropriation an amount estimated at \$332,140 from the general fund and \$168,533 from nongeneral funds the first year and \$332,140 from the general fund and \$168,533 from nongeneral funds the second year is designated for the educational telecommunications project to provide graduate engineering education, subject to a plan approved by the State Council of Higher Education for Virginia.

D.1. Out of this appropriation, not less than \$314,747 the first year and \$314,747 the second year from the general fund is designated for the Virginia Center on Aging. This includes \$194,750 in each year for the Alzheimer's and Related Diseases Research Award Fund.

2. Out of this appropriation \$304,594 from the general fund and \$356,250 from nongeneral funds the first year and \$304,594 from the general fund and \$356,250 from nongeneral funds the second year is designated for the operation of the Virginia Geriatric Education Center and the Geriatric Academic Career Awards Program, both to be administered by the Virginia Center on Aging.

E. It is the intent of the General Assembly that Virginia Commonwealth University, in conjunction with the University of Virginia and Eastern Virginia Medical School, maintain its efforts to educate and train sufficient

generalist physicians to meet the needs of the Commonwealth, recognizing the Commonwealth's need for generalist physicians in medically underserved regions of the state. Further, it is the intent that the University support medical education and training in the principles of generalist medicine for all undergraduate medical students, regardless of their chosen specialty or field of study.

F. All costs for maintenance and operation of the physical plant of the School of Engineering, Phase I and future renovations, repairs, and improvements as they become necessary shall be financed from nongeneral funds.

G. It is the intent of the General Assembly to assist the three Virginia medical schools as they respond to changes in the need for delivery and financing of medical education, both undergraduate and graduate.

H. Out of this appropriation, \$243,675 the first year and \$243,675 the second year from the general fund is designated for support of the Council on Economic Education.

I. Out of this appropriation, \$39,394 the first year and \$39,394 the second year from the general fund is designated for support of the Education Policy Institute.

J.1. Out of this appropriation, \$44,500,000 the first year and \$44,500,000 the second year from nongeneral funds is designated to support the university's branch campus in Qatar.

2. Notwithstanding § 2.2-1802 of the Code of Virginia, Virginia Commonwealth University is authorized to maintain a local bank account in Qatar and non-U.S. countries to facilitate business operations the VCU Qatar Campus. These accounts are exempt from the Securities for Public Deposits Act, Title 2.2, Chapter 44 of the Code of Virginia.

3. Procurements and expenditures from the local bank account(s) are not subject to the Virginia Public Procurement Act and the Commonwealth Accounting Policies and Procedures (CAPP) Manual. Virginia Commonwealth University will institute procurement policies based on competitive procurement principles, except as otherwise stated within these policies. Expenditures from the local bank account will be recorded in the Commonwealth Accounting and Reporting System by Agency Transaction Vouchers, as appropriated herewith with revenue recognized as equal to the expenditures.

4. Notwithstanding Section 2.2-1149 of the Code of Virginia, Virginia Commonwealth University is authorized to approve operating, income and capital leases in Qatar under policies and procedures developed by the University.

5. Virginia Commonwealth University is authorized to establish and hire staff (non-faculty) positions in Qatar under policies and procedures developed by the University. These employees, who are employed solely to support the Qatar Campus are not considered employees of the Commonwealth of Virginia and are not subject to the Virginia Personnel Act.

6. The Board of Visitors of Virginia Commonwealth University is authorized to establish policies for the Qatar Campus.

K1. Notwithstanding any other provisions of law, Virginia Commonwealth University is authorized to remit tuition and fees for merit scholarships for students of high academic achievement subject to the following limitations and restrictions:

2. The number of such scholarships annually awarded to undergraduate Virginia students shall not exceed twenty percent of the fall headcount enrollment of Virginia students in undergraduate studies in the institution from the preceding academic year. The total value of such merit scholarships annually awarded shall not exceed in any year the amount arrived at by multiplying the applicable figure for undergraduate tuition and required fees by twenty percent of the headcount enrollment of Virginia students in undergraduate studies in the institution for the fall semester from the preceding academic year.

3. The number of such scholarships annually awarded to undergraduate non-Virginia students shall not exceed twenty percent of the fall headcount enrollment of non-Virginia students in undergraduate studies in the institution

from the preceding academic year. The total value of such merit scholarships annually awarded shall not exceed in any year the amount arrived at by multiplying the applicable figure for undergraduate tuition and required fees by twenty percent of the fall headcount enrollment of non-Virginia students in undergraduate studies in the institution during the preceding academic year.

4. A scholarship awarded under this program shall entitle the holder to receive an annual remission of an amount not to exceed the cost of tuition and required fees to be paid by the student.

L. Out of this appropriation, \$243,675 the first year and \$243,675 the second year from the general fund is provided for the Medical College of Virginia Palliative Care Partnership.

M. As Virginia's public colleges and universities approach full funding of the base adequacy guidelines and as the General Assembly strives to fully fund the general fund share of the base adequacy guidelines, these funds are provided with the intent that, in exercising their authority to set tuition and fees, the Board of Visitors shall take into consideration the impact of escalating college costs for Virginia students and families. In accordance with the cost-sharing goals set forth in § 4-2.01 b. of this act, the Board of Visitors is encouraged to limit increases on tuition and mandatory educational and general fees for in-state, undergraduate students to the extent possible.

N. The appropriation for the fund source Higher Education Operating in this item shall be considered a sum sufficient appropriation, which is an estimate of the amount of revenues to be collected for the educational and general program under the terms of the management agreement between Virginia Commonwealth University and the Commonwealth, as set forth in Chapters 594 and 616, of the 2008 Acts of Assembly.

O. Out of this appropriation, \$23,160,921 the first year from nongeneral funds is provided to support educational and general programs and student financial assistance. The source of the nongeneral funds is the State Fiscal Stabilization Fund from the American Recovery and Reinvestment Act of 2009. This funding is intended to moderate the general fund reductions to the institution, as well as moderate the need for tuition and fee increases and increase student access. The institution is authorized to spend this funding in either the first year or the first quarter of the second year. Prior to release of this funding, the institution shall provide a plan to the Governor delineating the respective portion of this funding to be used for educational and general program funding and financial assistance, and the year it will be spent. In addition, the plan shall include anticipated tuition and fee increases for the first and second year of the biennium. The amounts appropriated are an estimate, and may be modified by the Director, Department of Planning and Budget, depending on final budget reduction actions taken to higher education and public education in the final budget bill enacted for the 2008-2010 biennium.

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Virginia Commonwealth University (236)

199.	Higher Education Student Financial Assistance (10800)	23,900,022	23,900,022
	Scholarships (10810)	21,264,774	21,264,774
	Fellowships (10820)	2,635,248	2,635,248
Fund Sources:	General	20,150,022	20,150,022
	Higher Education Operating	3,750,000	3,750,000

Authority: Title 23, Chapter 6.1, Code of Virginia.

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Virginia Community College System (260)

203.	Educational and General Programs (10000)	772,159,826	691,855,743
	Higher Education Instruction (100101)	398,700,640	318,003,953
	Higher Education Public Services (100103)	5,578,145	5,578,145
	Higher Education Academic Support (100104)	74,527,540	74,527,540
	Higher Education Student Services (100105)	54,111,450	54,111,450
	Higher Education Institutional Support (100106)	161,699,270	161,199,270
	Operation and Maintenance of Plant (100107)	77,542,781	78,435,385
Fund Sources:	General	341,647,732	306,247,245
	Special	5,000	5,000
	Higher Education Operating	430,507,094	385,603,498

Authority: Title 23, Chapter 16, Code of Virginia.

A. This Item includes general and nongeneral fund appropriations to support institutional initiatives that help meet statewide goals described in the Restructured Higher Education Financial and Administrative Operations Act of 2005 (Chapters 933 and 945, 2005 Acts of Assembly).

B. It is the objective of the Commonwealth that a standard of 70 percent full-time faculty be established for the Virginia Community College System. Consistent with higher education funding guidelines, it is expected that the Virginia Community College System will utilize the funds provided for base operating support to achieve this objective. In addition, the first priority for new funding provided to the community college system shall be for operating support at individual community colleges. Thirty days prior to the beginning of each fiscal year, the Virginia Community College System shall report to the Chairmen of the House Appropriations and Senate Finance Committees on the allocation of all new general funds and nongeneral funds in this item and any cost recovery plans between the individual community colleges and the system office.

C. It is the intent of the General Assembly that funds available to the Virginia Community College System be reallocated to accommodate changes in enrollment and other cost factors at each of the community colleges.

D. Tuition and fee revenues from out-of-state students taking distance education courses through the Virginia Community College System must exceed all direct and indirect costs of providing instruction to those students. Tuition and fee rates to meet this requirement shall be established by the State Board for Community Colleges.

E. Out of this appropriation, \$110,097 and one position the first year and \$110,097 and one position the second year from the general fund is designated to enhance the skills of the interpreters for the deaf and hard-of-hearing and to enable them to achieve higher levels of expertise.

F. Out of this appropriation, amounts for the following special programs are designated: at J. Sargeant Reynolds Community College, the Program for the Deaf, \$84,097 and four positions the first year and \$84,097 and four positions the second year from the general fund and the Program for the Intellectually Disabled, \$118,566 and four positions the first year and \$118,566 and four positions the second year from the general fund; and, at New River Community College, the Program for the Deaf, \$102,051 and four positions the first year and \$102,051 and four positions the second year from the general fund, and the Program for the Intellectually Disabled, \$90,788 and 4.5 positions the first year and \$90,788 and 4.5 positions the second year from the general fund; and, at Danville Community College, the Program for the Deaf, \$46,580 and one position the first year and \$46,580 and one position the second year from the general fund.

G. Out of this appropriation, \$50,814 the first year and \$50,814 the second year from the general fund is designated to support the Southwest Virginia Telecommunications Network.

H.1. Out of this appropriation, \$211,725 the first year and \$211,725 the second year from the general fund is designated for the A. L. Philpott Manufacturing Extension Partnership at Patrick Henry Community College.

2. Out of this appropriation, \$296,415 the first year and \$296,415 the second year from the general fund is designated for the A. L. Philpott Manufacturing Extension Partnership at Patrick Henry Community College for an ongoing match for a grant from the U.S. Department of Commerce to develop a manufacturer assistance program covering most of Virginia.

I. Out of this appropriation, \$340,533 and four positions the first year and \$340,533 and four positions the second year from the general fund is provided to support Virginia Western Community College's participation in the Roanoke Higher Education Center and the Botetourt County Education and Training Center at Greenfield.

J. Out of this appropriation, \$169,380 the first year and \$169,380 the second year from the general fund is designated to support the Southwestern Virginia Advanced Manufacturing Technology Center at Wytheville Community College.

K. It is the intent of the General Assembly that noncredit business and industry work-related training courses and programs offered by community colleges be funded at a ratio of 30 percent from the general fund and 70 percent from nongeneral funds. Out of this appropriation, \$846,900 in the first year and \$846,900 in the second year from the general fund is designated for this purpose. These funds may be combined with funds of \$317,588 the first year and \$317,588 the second year already included in the Virginia Community College System budget for the "Virginia Works" program. The funds will be allocated by formula to all colleges based on the number of individuals served by non-credit activities.

L.1. As recommended by House Joint Resolution No. 622 (1997), the Joint Subcommittee to Study Noncredit Education for Workforce Training in the Commonwealth, the Virginia Community College System is directed to establish one or more Institutes of Excellence responsible for development of statewide training programs to meet current, high demand workforce needs of the Commonwealth. Out of this appropriation, at least \$846,900 the first year and \$846,900 the second year from the general fund is available to support the Institutes of Excellence.

2. Under the guidance of the Virginia Workforce Council, authorized in Title 2.2, Chapter 26, Article 25, Code of Virginia, the Virginia Community College System shall submit to the Chairmen of the Senate Finance and House Appropriations Committees by November 4 of each year a report detailing the financing, activities, accomplishments and plans for the Institutes of Excellence and the four workforce development centers, and outcomes of the appropriations for 23 workforce coordinators and for non-credit training. The report shall include, but not be limited to:

a. performance measures to be used to evaluate the effectiveness of the workforce coordinators at all 23 colleges;

b. detailed information on number of students trained, employers served and courses offered; the types of certifications awarded; and the participation by local governments and the public or private sector, and other data relevant to the activities of the four regional workforce development centers;

c. the number of students trained, employers served and courses offered through noncredit instruction, and the amounts of local government, public or private sector funding used to match this appropriation; and

d. the amount or percentage of private and public funding contributed for the institutes' programming and operating needs; the number of private and public partnerships involved in the institutes' programming; the number of faculty and colleges affected by the institutes' programming; and performance measures to be used to evaluate the sharing or broadcasting of information and new/improved/updated curricula to other Virginia Community College campuses.

M. Out of this appropriation, \$1,291,523 and 23 positions the first year and \$1,291,523 and 23 positions the second year from the general fund is provided for staff who will be responsible for coordinating workforce training in the campus service area. The staff will work with local business and industry to determine training needs, coordinate with local economic development personnel, the local workforce training council, and other providers. It is the

General Assembly's intent that the Virginia Community College System maximize these positions by encouraging funding matches at the local level.

N. Out of this appropriation, \$508,140 and four positions the first year and \$508,140 and four positions the second year from the general fund is provided for four workforce training centers: the Peninsula Workforce Development Center (Thomas Nelson Community College), \$84,690 and one position the first year and \$84,690 and one position the second year; the Regional Center for Applied Technology Training (Danville Community College), \$169,380 and one position the first year and \$169,380 and one position the second year; a Workforce Development Center at Paul D. Camp Community College, \$169,380 and one position the first year and \$169,380 and one position the second year; and the Central Virginia Manufacturing Technology Training Center in the Lynchburg area, \$84,690 and one position the first year and \$84,690 and one position the second year. Each center shall provide a 25 percent match prior to the release of state funding.

O.1. Out of this appropriation, \$345,000 the first year and \$345,000 the second year from the general fund is provided for the annual lease or rental costs of space in the Botetourt County Education and Training Center at Greenfield.

2. The general fund amounts provided for in this paragraph for workforce training, retraining, programming, and community education facilities at the Botetourt County Education and Training Center shall be matched by local or private sources in a ratio of two-thirds state funds to at least one-third local or private funds, as approved by the State Board for Community Colleges.

P.1. Out of this appropriation, \$330,000 the first year and \$330,000 the second year from the general fund is provided for the annual lease or rental costs of space in the Virginia Peninsula Workforce Development Center.

2. The general fund amounts provided for in this Item for workforce training, retraining, programming, and community education facilities at the Virginia Peninsula Workforce Development Center shall be matched by local or private sources in a ratio of two-thirds state funds to at least one-third local or private funds, as approved by the State Board for Community Colleges.

Q. Out of this appropriation, \$100,000 from the general fund and \$100,000 from nongeneral funds the first year and \$100,000 from the general fund and \$100,000 from nongeneral funds the second year is provided for the Heavy Equipment Operator program at Southside Virginia Community College.

R. Out of this appropriation, \$150,000 the first year and \$150,000 the second year from the general fund is provided for the Mecklenburg County Job Retraining Center.

S. As Virginia's public colleges and universities approach full funding of the base adequacy guidelines and as the General Assembly strives to fully fund the general fund share of the base adequacy guidelines, these funds are provided with the intent that, in exercising their authority to set tuition and fees, the Board of Visitors shall take into consideration the impact of escalating college costs for Virginia students and families. In accordance with the cost-sharing goals set forth in § 4-2.01 b. of this act, the Board of Visitors is encouraged to limit increases on tuition and mandatory educational and general fees for in-state, undergraduate students to the extent possible.

T. Out of this appropriation, \$250,000 each year from the general fund shall be provided to Northern Virginia Community College to support public-private sector partnerships in order to maximize the number of newly licensed nurses and increase the supply of nursing faculty.

U. Out of this appropriation, \$45,796,200 the first year from nongeneral funds is provided to support educational and general programs and student financial assistance. The source of the nongeneral funds is the State Fiscal Stabilization Fund from the American Recovery and Reinvestment Act of 2009. This funding is intended to moderate the general fund reductions to the institution, as well as moderate the need for tuition and fee increases and increase student access. The institution is authorized to spend this funding in either the first year or the first quarter of the second year. Prior to release of this funding, the institution shall provide a plan to the Governor delineating the respective portion of this funding to be used for educational and general program funding and financial assistance, and the year it will be spent. In addition, the plan shall include anticipated tuition and fee increases for

the first and second year of the biennium. The amounts appropriated are an estimate, and may be modified by the Director, Department of Planning and Budget, depending on final budget reduction actions taken to higher education and public education in the final budget bill enacted for the 2008-10 biennium.

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Virginia Community College System (260)

204.	Higher Education Student Financial Assistance (10800)	316,625,660	316,625,660
	Scholarships (10810)	316,625,660	316,625,660
Fund Sources:	General	27,267,308	27,267,308
	Higher Education Operating	289,358,352	289,358,352

Authority: Title 23, Chapter 16, Code of Virginia.

A.1. Out of this appropriation, \$150,000 the first year and \$150,000 the second year from the general fund is designated for Tidewater Community College to support an apprenticeship program for Virginia's shipyard workers.

2. All general fund amounts appropriated for this apprenticeship program shall be used to provide scholarships to shipyard workers enrolled in the program. The conditions for receiving a scholarship shall be those conditions described in § 23-220.01, Code of Virginia.

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Virginia Military Institute (211)

209.	Educational and General Programs (10000)	30,547,225	27,248,700
	Higher Education Instruction (100101)	14,669,878	11,371,353
	Higher Education Public Services (100103)	64,717	64,717
	Higher Education Academic Support (100104)	4,703,863	4,703,863
	Higher Education Student Services (100105)	2,127,100	2,127,100
	Higher Education Institutional Support (100106)	3,565,675	3,565,675
	Operation and Maintenance of Plant (100107)	5,415,992	5,415,992
Fund Sources:	General	8,306,364	6,948,594
	Higher Education Operating	21,840,861	19,900,106
	Debt Service	400,000	400,000

Authority: Title 23, Chapter 10, Code of Virginia.

A. This Item includes general and nongeneral fund appropriations to support institutional initiatives that help meet statewide goals as described in the Restructured Higher Education Financial and Administrative Operations Act of 2005 (Chapters 933 and 945, 2005 Acts of Assembly).

B. As Virginia's public colleges and universities approach full funding of the base adequacy guidelines and as the General Assembly strives to fully fund the general fund share of the base adequacy guidelines, these funds are provided with the intent that, in exercising their authority to set tuition and fees, the Board of Visitors shall take into consideration the impact of escalating college costs for Virginia students and families. In accordance with the cost-sharing goals set forth in § 4-2.01 b. of this act, the Board of Visitors is encouraged to limit increases on tuition and mandatory educational and general fees for in-state, undergraduate students to the extent possible.

C. Out of this appropriation, \$1,940,755 the first year from nongeneral funds is provided to support educational and general programs and student financial assistance. The source of the nongeneral funds is the State Fiscal Stabilization Fund from the American Recovery and Reinvestment Act of 2009. This funding is intended to moderate the general fund reductions to the institution, as well as moderate the need for tuition and fee increases and increase student access. The institution is authorized to spend this funding in either the first year or the first quarter of the second year. Prior to release of this funding, the institution shall provide a plan to the Governor delineating the respective portion of this funding to be used for educational and general program funding and financial assistance, and the year it will be spent. In addition, the plan shall include anticipated tuition and fee increases for the first and second year of the biennium. The amounts appropriated are an estimate, and may be modified by the Director, Department of Planning and Budget, depending on final budget reduction actions taken to higher education and public education in the final budget bill enacted for the 2008-10 biennium.

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Virginia Military Institute (211)

210.	Higher Education Student Financial Assistance (10800)	1,300,632	1,300,632
	Scholarships (10810)	1,300,632	1,300,632
Fund Sources:	General	750,632	750,632
	Higher Education Operating	550,000	550,000

Authority: Title 23, Chapter 10, [§23-105](#), Code of Virginia.

Out of the amounts for Scholarships and Loans, the Institute shall provide for State Cadetships and for discretionary student aid.

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Virginia Polytechnic Institute and State University (208)

214.	Educational and General Programs (10000)	489,362,401	452,088,539
	Higher Education Instruction (100101)	286,657,026	249,103,018
	Higher Education Research (100102)	21,471,261	21,471,261
	Higher Education Public Services (100103)	14,112,365	14,112,365
	Higher Education Academic Support (100104)	58,681,992	58,681,992
	Higher Education Student Services (100105)	14,766,557	14,766,557
	Higher Education Institutional Support (100106)	42,282,300	42,282,300
	Operation and Maintenance of Plant (100107)	51,390,900	51,671,046
Fund Sources:	General	144,789,971	128,128,499
	Higher Education Operating	344,572,430	323,960,040

Authority: Title 23, Chapter 11, Code of Virginia.

A. This Item includes general and nongeneral fund appropriations to support institutional initiatives that help meet statewide goals described in the Restructured Higher Education Financial and Administrative Operations Act of 2005 (Chapters 933 and 945, 2005 Acts of Assembly).

B. Out of this appropriation shall be expended an amount estimated at \$869,882 from the general fund and \$436,357 from nongeneral funds the first year and \$869,882 from the general fund and \$436,357 from nongeneral funds the second year for the educational telecommunications project to provide graduate engineering education, subject to a plan approved by the State Council of Higher Education for Virginia.

C. Out of this appropriation, \$128,903 from the general fund and \$250,813 from nongeneral funds the first year and \$128,903 from the general fund and \$250,813 from nongeneral funds the second year is designated to support the Educational and General portion of the debt service for the coal-fired facility, as approved in Item D-6.1, Chapter 459, Acts of Assembly of 1991.

D. Out of this appropriation, \$358,594 the first year and \$358,594 the second year from the general fund is designated to support the Marion duPont Scott Equine Center of the Virginia-Maryland Regional College of Veterinary Medicine.

E. Out of this appropriation, \$112,956 and one position the first year and \$112,956 and one position the second year from the general fund is designated for the Virginia Center for Coal and Energy Research.

F. Out of this appropriation, \$11,953 the first year and \$11,953 the second year from the general fund is designated to support continuing education activities at the Reynolds Homestead.

G. Out of this appropriation, \$67,236 the first year and \$67,236 the second year from the general fund is designated to support the research activities of the Virginia Water Resources Center.

H. Out of this appropriation, \$268,557 the first year and \$268,557 the second year from the general fund is designated to support tobacco research for medicinal purposes and field tests at sites in Blackstone and Abingdon.

I. As Virginia's public colleges and universities approach full funding of the base adequacy guidelines and as the General Assembly strives to fully fund the general fund share of the base adequacy guidelines, these funds are provided with the intent that, in exercising their authority to set tuition and fees, the Board of Visitors shall take into consideration the impact of escalating college costs for Virginia students and families. In accordance with the cost-sharing goals set forth in § 4-2.01 b. of this act, the Board of Visitors is encouraged to limit increases on tuition and mandatory educational and general fees for in-state, undergraduate students to the extent possible.

J. The appropriation for the fund source Higher Education Operating in this Item shall be considered a sum sufficient appropriation, which is an estimate of the amount of revenues to be collected for the educational and general program under the terms of the management agreement between Virginia Polytechnic Institute and State University and the Commonwealth, as set forth in Chapters 933 and 943, of the 2006 Acts of Assembly.

K. Out of this appropriation, \$20,892,536 the first year from nongeneral funds is provided to support educational and general programs and student financial assistance. The source of the nongeneral funds is the State Fiscal Stabilization Fund from the American Recovery and Reinvestment Act of 2009. This funding is intended to moderate the general fund reductions to the institution, as well as moderate the need for tuition and fee increases and increase student access. The institution is authorized to spend this funding in either the first year or the first quarter of the second year. Prior to release of this funding, the institution shall provide a plan to the Governor delineating the respective portion of this funding to be used for educational and general program funding and financial assistance, and the year it will be spent. In addition, the plan shall include anticipated tuition and fee increases for the first and second year of the biennium. The amounts appropriated are an estimate, and may be modified by the Director, Department of Planning and Budget, depending on final budget reduction actions taken to higher education and public education in the final budget bill enacted for the 2008-10 biennium.

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Virginia Polytechnic Institute and State University (208)

215.	Higher Education Student Financial Assistance (10800)	17,661,198	17,661,198
	Scholarships (10810)	13,267,618	13,267,618
	Fellowships (10820)	4,393,580	4,393,580
Fund Sources:	General	17,661,198	17,661,198

Authority: Soil Scientist Scholarships: § 23-38.3, Code of Virginia; Other Scholarships: §§ 23-114 through 23-131, Code of Virginia.

Out of the amount for Scholarships and Loans, the following sums shall be made available from the general fund for:

1. Soil Scientist Scholarships, \$11,000 the first year and \$11,000 the second year.
2. Scholarships, internships, and graduate assistantships administered by the Multicultural Academic Opportunities Program at the university, \$307,500 the first year and \$307,500 the second year. Eligible students must have financial need and participate in an academic support program.

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Virginia Cooperative Extension and Agricultural Experiment Station (229)

219.	Educational and General Programs (10000)	85,794,415	76,584,016
	Higher Education Research (100102)	41,067,112	32,856,713
	Higher Education Public Services (100103)	43,396,026	42,396,026
	Higher Education Academic Support (100104)	766,427	766,427
	Operation and Maintenance of Plant (100107)	564,850	564,850
Fund Sources:	General	62,497,469	58,043,444
	Higher Education Operating	23,296,946	18,540,572

Authority: § 23-132.1 through § 23-132.11, Code of Virginia.

A. Appropriations for this agency shall include operating expenses for research and investigations, and the several regional and county agricultural experiment stations under its control, in accordance with law.

B.1. It is the intent of the General Assembly that the Cooperative Extension Service give highest priority to programs and services which comprised the original mission of the Extension Service, especially agricultural programs at the local level. The University shall ensure that the service utilizes information technology to the extent possible in the delivery of programs.

2. The budget of this agency shall include and separately account for local payments. Virginia Polytechnic Institute and State University, in conjunction with Virginia State University, shall report, by fund source, actual expenditures for each program area and total actual expenditures for the agency, annually, by September 1, to the Department of Planning and Budget and the House Appropriations and Senate Finance Committees. The report shall include all expenditures from local support funds.

C. The Virginia Cooperative Extension and Agricultural Experiment Station shall not charge a fee for testing the soil on property used for commercial farming.

D. The appropriation for the fund source Higher Education Operating in this Item shall be considered a sum sufficient appropriation, which is an estimate of the amount of revenues to be collected for the educational and general program under the terms of the management agreement between Virginia Polytechnic Institute and State University and the Commonwealth, as set forth in Chapters 933 and 943, of the 2006 Acts of Assembly.

E. Out of this appropriation, \$4,756,374 the first year from nongeneral funds is provided to support educational and general programs. The source of the nongeneral funds is the State Fiscal Stabilization Fund from the American Recovery and Reinvestment Act of 2009. This funding is intended to moderate the general fund reductions to the institution. The institution is authorized to spend this funding in either the first year or the first quarter of the second year. Prior to release of this funding, the institution shall provide a plan to the Governor delineating the use of this funding to be used for educational and general program funding and the year it will be spent. In addition, the plan shall include anticipated tuition and fee increases for the first and second year of the biennium. The amounts appropriated are an estimate, and may be modified by the Director, Department of Planning and Budget, depending on final budget reduction actions taken to higher education and public education in the final budget bill enacted for the 2008-10 biennium.

F. Virginia Cooperative Extension shall report to the Chairmen of the House Appropriations and Senate Finance Committees, Chairmen of the Agriculture and Natural Resource Committees of the House and Senate, the Secretary of Agriculture and Forestry and to the Secretary of Education on the results of its strategic planning process that is based on consultation with relevant industries and organizations, and that (1) places priority on the historic mission of extension to fulfill the land-grant mission in partnership with the United States Department of Agriculture, (2) defines programming, locations, and funding sources, (3) addresses potential duplication of effort with state and local agencies, (4) eliminates low-priority programs, and (5) seeks to restructure and consolidate local offices in a

manner that is financially and logistically beneficial while preserving delivery of critical programs in high priority areas.

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Virginia State University (212)

220.	Educational and General Programs (10000)	65,509,665	59,625,086
	Higher Education Instruction (100101)	38,743,404	32,858,825
	Higher Education Research (100102)	2,110,453	2,110,453
	Higher Education Public Services (100103)	120,448	120,448
	Higher Education Academic Support (100104)	5,910,648	5,910,648
	Higher Education Student Services (100105)	4,335,982	4,335,982
	Higher Education Institutional Support (100106)	7,561,849	7,561,849
	Operation and Maintenance of Plant (100107)	6,726,881	6,726,881
Fund Sources:	General	30,129,353	27,559,170
	Higher Education Operating	35,380,312	32,065,916

Authority: Title 23, Chapter 13, Code of Virginia.

A. This Item includes general and nongeneral fund appropriations to support institutional initiatives that help meet statewide goals described in the Restructured Higher Education Financial and Administrative Operations Act of 2005 (Chapters 933 and 945, 2005 Acts of Assembly).

B.1. Out of this appropriation, \$3,790,639 the first year and \$3,790,639 the second year from the general fund is designated for continued enhancement of the existing Bachelor of Science academic programs in Computer Science, Manufacturing Engineering, Computer Engineering, Mass Communications and Criminal Justice, and the doctoral program in Education.

2. Out of the amounts for Educational and General Programs, \$37,500 the first year and \$37,500 the second year from the general fund is provided to serve in lieu of endowment income for the Eminent Scholars Program.

3. Any unexpended balances in paragraphs B.1., and B.2. in this Item at the close of business on June 30, 2010, and June 30, 2011, shall not revert to the surplus of the general fund but shall be carried forward on the books of the State Comptroller and reappropriated in the succeeding year.

C. This appropriation includes \$200,000 the first year and \$200,000 the second year from the general fund to increase the number of faculty with terminal degrees to at least 85 percent of the total teaching faculty.

D. Out of this appropriation, Virginia State University is authorized to use up to \$600,000 the first year and \$600,000 the second year to address extremely critical deferred maintenance deficiencies in its facilities, including residence halls and dining facilities.

E. As Virginia's public colleges and universities approach full funding of the base adequacy guidelines and as the General Assembly strives to fully fund the general fund share of the base adequacy guidelines, these funds are provided with the intent that, in exercising their authority to set tuition and fees, the Board of Visitors shall take into consideration the impact of escalating college costs for Virginia students and families. In accordance with the cost-sharing goals set forth in § 4-2.01 b. of this act, the Board of Visitors is encouraged to limit increases on tuition and mandatory educational and general fees for in-state, undergraduate students to the extent possible.

F. Out of this appropriation, \$1,300,000 the first year and \$1,300,000 the second year from the general fund is designated to support the Manufacturing Engineering and Logistics Technology program.

G. Out of this appropriation, \$3,314,396 the first year from nongeneral funds is provided to support educational and general programs and student financial assistance. The source of the nongeneral funds is the State Fiscal Stabilization Fund from the American Recovery and Reinvestment Act of 2009. This funding is intended to moderate the general fund reductions to the institution, as well as moderate the need for tuition and fee increases and

increase student access. The institution is authorized to spend this funding in either the first year or the first quarter of the second year. Prior to release of this funding, the institution shall provide a plan to the Governor delineating the respective portion of this funding to be used for educational and general program funding and financial assistance, and the year it will be spent. In addition, the plan shall include anticipated tuition and fee increases for the first and second year of the biennium. The amounts appropriated are an estimate, and may be modified by the Director, Department of Planning and Budget, depending on final budget reduction actions taken to higher education and public education in the final budget bill enacted for the 2008-2010 biennium.

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Virginia State University (212)

221.	Higher Education Student Financial Assistance (10800)	6,412,775	6,412,775
	Scholarships (10810)	6,152,887	6,152,887
	Fellowships (10820)	259,888	259,888
Fund Sources:	General	5,077,406	5,077,406
	Higher Education Operating	1,335,369	1,335,369

Authority: Title 23, Chapter 13, Code of Virginia.

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Cooperative Extension and Agricultural Research Services (234)

224.	Educational and General Programs (10000)	10,308,460	9,644,766
	Higher Education Research (100102)	4,500,860	4,500,860
	Higher Education Public Services (100103)	5,191,768	4,528,074
	Higher Education Institutional Support (100106)	190,000	190,000
	Operation and Maintenance of Plant (100107)	425,832	425,832
Fund Sources:	General	5,104,160	4,580,671
	Higher Education Operating	5,204,300	5,064,095

Authority: Title 23, Chapter 11, and § 23-165.11, Title 23, Chapter 13, Code of Virginia.

A. Out of the amounts for Educational and General Programs, \$392,107 the first year and \$392,107 the second year from the general fund is designated for support of research and extension activities aimed at the production of hybrid striped bass in Virginia farm ponds. No expenditures will be made from these funds for other purposes without the prior written permission of the Secretary of Education and Workforce.

B. The Extension Division Budgets shall include and separately account for local payments. Virginia State University, in conjunction with Virginia Polytechnic Institute and State University, shall report, by fund source, actual expenditures for each program area and total actual expenditures for the Extension Division, annually, by September 1, to the Department of Planning and Budget and the House Appropriations and Senate Finance Committees. The report shall include all expenditures from local support funds.

C. Out of this appropriation, \$394,000 the first year and \$394,000 the second year from the general fund is designated for the Small-Farmer Outreach Training and Technical Assistance Program to provide outreach and business management education to small farmers.

D. Out of this appropriation, \$140,205 the first year from nongeneral funds is provided to support educational and general programs. The source of the nongeneral funds is the State Fiscal Stabilization Fund from the American Recovery and Reinvestment Act of 2009. This funding is intended to moderate the general fund reductions to the institution. The institution is authorized to spend this funding in either the first year or the first quarter of the second year. Prior to release of this funding, the institution shall provide a plan to the Governor delineating the use of the funding to be used for educational and general program funding and the year it will be spent. The amounts appropriated are an estimate, and may be modified by the Director, Department of Planning and Budget, depending on final budget reduction actions taken to higher education and public education in the final budget bill enacted for the 2008-2010 biennium.

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Virginia Information Technologies Agency (136)

430.	Executive Management (71300)	-2,430,610	-2,430,610
	Savings From Management Actions (71301)	-2,430,610	-2,430,610
Fund Sources:	General	-2,430,610	-2,430,610

Authority: Discretionary Inclusion

This appropriation reflects savings resulting from information technology and telecommunications operating efficiencies achieved by the Virginia Information Technologies Agency through renegotiated service rates and reduced overhead costs for services provided to customers. The Department of Planning and Budget is hereby authorized to reduce the general fund appropriation of each agency and institution in the Executive Department, as contained in Part 1 of this act, by an amount determined by the Virginia Information Technologies Agency to be each agency's share of these savings. The general fund amount, estimated at \$2,430,610 the first year and \$2,430,610 the second year, shall be transferred to this Item. The nongeneral fund amount, estimated at \$953,423 the first year and \$953,423 the second year, shall be transferred to the general fund by the State Comptroller pursuant to the provisions of § 3-1.01 of this act. The Department of Planning and Budget shall provide to the State Comptroller the agency-specific detail necessary to effect these transfers.

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Central Appropriations (995)

465.	Higher Education Academic, Fiscal, and Facility Planning and Coordination (11100)	10,531,880 0
	Interest Earned on Educational and General Programs Revenue (11106)	10,531,880 0
Fund Sources:	General	8,413,337 0
	Higher Education Operating	2,118,543 0

Authority: Discretionary Inclusion.

A. The standards upon which the public institutions of higher education are deemed certified to receive the payment of interest earnings from the tuition and fees and other nongeneral fund Educational and General revenues shall be based upon the standards provided in § 4-9.02 of this act, as approved by the General Assembly.

B. The estimated interest earnings and other revenues shall be distributed to those specific public institutions of higher education that have been certified by the State Council of Higher Education for Virginia as having met the standards provided in § 4-9.02 of this act, based on the distribution methodology developed pursuant to Chapter 933, Enactment 2, Acts of Assembly of 2005 and reported to the Chairmen of the House Appropriations Committee and Senate Finance Committee.

C. In accordance with § 2.2-5004 and 5005, Code of Virginia, this Item provides \$7,296,755 from the general fund and \$2,118,543 from nongeneral funds in the first year for the estimated total payment to individual institutions of higher education of the interest earned on tuition and fees and other nongeneral fund Education and General Revenues deposited to the state treasury. Upon certification by the State Council of Higher Education of Virginia that all available performance benchmarks have been successfully achieved by the individual institutions of higher education, the Director, Department of Planning and Budget, shall transfer the appropriation in this Item for such estimated interest earnings to the general fund appropriation of each institution's Educational and General program.

D. This Item also includes \$1,116,582 in the first year from the general fund for the payment to individual institutions of higher education of a pro rata amount of the rebate paid to the State Commonwealth on credit card purchases not exceeding \$5,000 during the previous fiscal year. The State Comptroller shall determine the amount owed to each certified institution, net of any payments due to the federal government, using a methodology that equates a pro rata share based upon the total transactions of \$5,000 or less made by the institution using the state-approved credit card in comparison to all transactions of \$5,000 or less using said approved credit card. By October 15, or as soon thereafter as deemed appropriate, following the year of certification, the Comptroller shall reimburse each institution its estimated pro rata share.

E. Once actual financial data from the year of certification are available, the State Comptroller and the Director, Department of Planning and Budget, shall compare the actual data with estimates used to determine the distribution of the interest earnings, nongeneral fund Educational and General revenues, and the pro rata amounts to the certified institutions of higher education. In those cases where variances exist, the Governor shall include in his next introduced budget bill recommended appropriations to make whatever adjustments to each institution's distributed amount to ensure that each institution's incentive payments are accurate based on actual financial data.

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Central Appropriations (995)

469.	Compensation and Benefit Adjustments (75700)	-4,680,268	12,411,455
	Adjustments to Employee Compensation (75701)	-5,927,794	0
	Adjustments to Employee Benefits (75702)	1,247,526	12,411,455
Fund Sources:	General	-4,680,268	12,411,455

Authority: Discretionary Inclusion.

A. Transfers to or from this Item may be made to decrease or supplement general fund appropriations to state agencies for:

1. Adjustments to base rates of pay;
2. Adjustments to rates of pay for budgeted overtime of salaried employees;
3. Salary changes for positions with salaries listed elsewhere in this act;
4. Salary changes for locally elected constitutional officers and their employees;
5. In-band salary adjustments for employees subject to the Virginia Personnel Act to recognize changes in duties or professional skill development, establish internal alignment (equitable salary relationships), or respond to labor market conditions (retention);
6. Employer costs of employee benefit programs when required by salary-based pay adjustments;
7. Salary changes for local employees supported by the Commonwealth, other than those funded through appropriations to the Department of Education; and
8. Adjustments to the cost of employee benefits to include but not limited to health insurance premiums and retirement and related contribution rates.

B. Transfers from this Item may be made when appropriations to the state agencies concerned are insufficient for the purposes stated in paragraph A of this Item, as determined by the Department of Planning and Budget, and subject to guidelines prescribed by the department. Further, the Department of Planning and Budget may transfer appropriations within this Item from the second year of the biennium to the first year, when necessary to accomplish the purposes stated in paragraph A of this Item.

C. Except as provided for elsewhere in this Item, agencies supported in whole or in part by nongeneral fund sources, shall pay the proportionate share of changes in salaries and benefits as required by this Item, subject to the rules and regulations prescribed by the appointing or governing authority of such agencies. Nongeneral fund revenues and balances required for this purpose are hereby appropriated.

D. The Governor is hereby authorized to transfer funds from agency appropriations to the accounts of participating state employees in such amounts as may be necessary to match the contributions of the qualified participating employees, consistent with the requirements of the Code of Virginia governing the deferred compensation cash match program. Such transfers shall be made consistent with the following:

1. The maximum cash match provided to eligible employees shall not be less than \$10.00 per pay period, or \$20.00 per month in the first year, and \$20.00 per pay period, or \$40.00 per month in the second year. The Governor may direct the agencies of the Commonwealth to utilize funds contained within their existing appropriations to meet these requirements.

2. The Governor may direct agencies supported in whole or in part with nongeneral funds to utilize existing agency appropriations to meet these requirements. Such nongeneral revenues and balances are hereby appropriated for this purpose, subject to the provisions of § 4-2.01 b of this act. The use of such nongeneral funds shall be consistent with any existing conditions and restrictions otherwise placed upon such nongeneral funds.

3. Employees who are otherwise eligible but whose 403 (b) provider does not participate in the cash match program by establishing a 401 (a) account are ineligible to receive a cash match.

4. The procurement of services related to the implementation of this program shall be governed by standards set forth in § 51.1-124.30 C, Code of Virginia, and shall not be subject to the provisions of Chapter 7 (§ 11-35 et seq.), Title 11, Code of Virginia.

5. Pursuant to § 3-1.01 of this act, amounts estimated at \$3,491,632 the first year shall be transferred from eligible nongeneral fund accounts to the general fund, representing nongeneral fund savings associated with a reduction in the level of state match, from \$20 per pay period to \$10 per pay period, in the first year.

E. The Secretary of Administration, in conjunction with the Secretary of Finance, may establish a program that allows for the sharing of cost savings from improved productivity and performance with agencies and employees. Such gain sharing programs require a management philosophy of open communication encouraging employee participation; a system which seeks, evaluates and implements employee input on increasing productivity; and a formula for measuring productivity gains and sharing these gains between employees and the agency. The Department of Human Resource Management, in conjunction with the Department of Planning and Budget, shall develop specific gain sharing program guidelines for use by agencies. The Department of Human Resource Management shall provide to the Governor, the Chairmen of the House Appropriations and Senate Finance Committees an annual report no later than October 1 of each year detailing identified savings and their usage.

F.1. Out of the appropriation for this Item, amounts estimated at \$11,376,638 the first year and \$11,817,009 the second year from the general fund shall be transferred to state agencies and institutions of higher education to support the general fund portion of costs associated with changes in the employer's share of premiums paid for the Commonwealth's health benefit plans.

2. Notwithstanding any contrary provision of law, the health benefit plans for state employees resulting from the additional funding in this Item shall allow for a portion of employee medical premiums to be charged to employees.

3. The Department of Human Resources Management shall explore options within the health insurance plan for state employees to promote value-based health choices aimed at creating greater employee satisfaction with lower overall health care costs. It is the General Assembly's intent that any savings associated with this employee health care initiative be retained and used towards funding state employee salary or fringe benefit cost increases.

4. Notwithstanding any provision of law, effective July 1, 2009, coverage for lap band and gastric bypass surgery under the state employee health insurance program shall be conditional on the successful participation in a progressive weight management program to be developed by the Department of Human Resource Management.

5. Notwithstanding any provision of law, the funding included in this Item pursuant to this Paragraph for state employee health insurance assumes the cessation of coverage for non-sedating antihistamines and erectile dysfunction drugs.

G. Out of the general fund appropriation for this Item is included \$3,077,123 the first year and \$3,692,986 the second year to support the general fund portion of the costs associated with changes in premiums paid by state agencies on behalf of their employees for workers compensation coverage. The Director, Department of Planning and Budget, is authorized to transfer these funds to the impacted state agencies based upon new workers compensation premiums as provided by the Department of Human Resource Management. Also, the Director, Department of Planning and Budget, is authorized to transfer funds between agencies based on these new premiums.

H.1. On July 1, 2010, the State Comptroller shall establish a fund on the books of the Commonwealth to be known as the Virginia Retirement System Suspense Payment Fund. For the purposes of the provisions of § 2.2-813, Code

of Virginia, this fund shall be considered part of the general fund and shall contain all payments made to it by agencies of the Commonwealth and any appropriations or other deposits directed to be made to it by the General Assembly. Within this fund, the State Comptroller shall establish separate fund details for each of the programs (retirement, group life insurance, retiree health care credit, and the Virginia Sickness and Disability Program) for which payment is required to be made to the Virginia Retirement System (VRS). All funds remaining in this fund at the close of any fiscal year shall become part of the general fund balance.

2. Effective July 1, 2010, any agency that participates in a program sponsored by VRS shall make its contribution payment for each program to the Department of Accounts for deposit into the Virginia Retirement System Suspense Payment Fund. Such payments may be made either by payment through the state's payroll system or by direct payment from the agency. Payments made to the Department of Accounts shall be based upon the funded rates which are set out below:

Retirement	FY 2011	FY 2012
Regular VRS	6.58%	6.58%
SPORS	21.16%	21.16%
VaLORS	13.09%	13.09%
JRS	42.58%	42.58%
Other Post Employment Benefits		
Group Life	1.02%	1.02%
Retiree Health Care Credit	0.99%	0.99%
Virginia Sickness and Disability Program	0.66%	0.66%

3. Out of the general fund appropriation for this item is included \$6,839,113 the first year and \$7,136,455 the second year from the general fund to support the general fund portion of the net costs resulting from changes in employer contributions for state employee retirement as provided in the above table.

4. Pursuant to § 3-1.01 of this act, amounts estimated at \$258,636 the first year and \$269,882 the second year shall be transferred from eligible nongeneral fund accounts to the general fund, representing nongeneral fund savings associated with reductions in employer contributions for the Virginia Law Officers Retirement System as provided in the above table.

5. The Director, Department of Planning and Budget, shall withhold and transfer to this item, amounts estimated at \$983,313 the first year and \$1,026,049 the second year from the general fund appropriations of state agencies and institutions of higher education, representing the net savings resulting from changes in contribution rates for state employee Other Post Employment Benefits as provided in the above table.

6. Pursuant to § 3-1.01 of this act, amounts estimated at \$4,855,893 the first year and \$5,066,977 the second year shall be transferred from eligible nongeneral fund accounts to the general fund, representing nongeneral fund savings associated with savings resulting from changes in contribution rates for state employee Other Post Employment Benefits as provided in the above table.

I. The payments prescribed in paragraph H.2. above shall be made according to a schedule approved by the State Comptroller for each agency.

1. From these funds, the State Comptroller shall make payment to VRS for all programs in accordance with the rates approved by the General Assembly and set out below:

Retirement	FY 2011	FY 2012
Regular VRS	2.13%	2.08%
SPORS	7.76%	7.73%

VaLORS	5.12%	5.07%
JRS	28.81%	28.65%

Other Post Employment Benefits

Group Life	0.28%	0.28%
Retiree Health Care Credit	0.10%	0.10%
Virginia Sickness and Disability Program	0.00%	0.00%

Such payment shall be made after the tenth day following the close of each quarter of the fiscal year.

2. The State Comptroller shall transfer any excess balances paid into the fund that are not needed to make the payments set out in paragraph 1 above and that are attributable to federal trust funds, transportation funds from the Virginia Department of Transportation, bond funded capital projects, and the appropriate federal portion of Internal Service funds to the agencies and fund sources from which they were derived.

3. Notwithstanding any contrary provision of law, on or before June 30 of each fiscal year, the State Comptroller shall deposit to the general fund all excess balances in the fund, less any amounts needed to make payments pursuant to paragraphs 3 and 4 above. Such deposits are estimated at \$245,727,423 the first year and \$258,333,980 the second year. These amounts represent the savings associated with reduced employer contribution rates for retirement, group life insurance, retiree health care credit, and the Virginia Sickness and Disability Program for these fiscal years.

4. Notwithstanding any contrary provision of law, the State Comptroller shall have broad authority to establish the policies and procedures needed to execute the provisions of this section in order to maintain its intended objective and to comply with any accounting standards or requirements of federal law.

5. The Virginia Retirement System Board of Trustees shall account for the employer retirement contribution payments deferred for the 2010-2012 biennium based on limiting employer retirement contributions to the Virginia Retirement System to the actuarial normal cost. In setting the employer retirement contribution rates for the 2012-2014 biennium, and subsequent biennia, the Board shall calculate a separate, supplemental employer contribution rate that will amortize such deferred payments over a period of ten years using the Board's assumed long-term rate of return. The Governor shall include funds to support payment of such Board-approved, supplemental employer contribution rates in the budget submitted to the General Assembly.

J.1 Retirement contribution rates paid for public school teachers, excluding the five percent employee portion, shall be 3.93 percent in the first year and 5.16 percent in the second year.

2. Contribution rates paid for public school teachers for the retiree health care credit shall be 0.60 percent in the first and the second year.

K.1 Pursuant to the enactment of House Bill 1189, 2010 Session of the General Assembly, the Director, Department of Planning and Budget, shall withhold and transfer to this item, amounts estimated at \$4,283,243 the first year and \$11,491,947 the second year, from the general fund appropriations of state agencies and institutions of higher education, representing savings from the provision requiring employees hired on or after July 1, 2010, with no prior service, to pay the five percent employee contribution for their retirement benefit.

2. Pursuant to § 3-1.01 of this act, amounts estimated at \$2,890,092 the first year and \$8,370,859 the second year shall be transferred from eligible nongeneral fund accounts to the general fund, representing nongeneral fund savings associated with the requirement for new employees to pay the 5 percent employee contribution.

L.1 Pursuant to the enactment of House Bill 1189 of the 2010 General Assembly Session, the Director of Department of Planning and Budget shall withhold and transfer to this item, amounts estimated at \$379,321 the first year and \$716,999 the second year, from the general fund appropriations of state agencies and institutions of higher education, representing savings from the provision decreasing the state's contribution into the optional retirement plans for employees hired on or after July 1, 2010, with no prior service.

2. Pursuant to § 3-1.01 of this act, amounts estimated at \$414,365 the first year and \$793,825 the second year shall be transferred from eligible nongeneral fund accounts to the general fund, representing nongeneral fund savings associated with the decrease in the contribution rates into the optional retirement plans for employees hired on or after July 1, 2010, with no prior service.

M.1 Notwithstanding any provision to the contrary, any references to a period of 14 days or a period of 28 days in §§ 51.1-1111, -1112, -1122, and -1123 of the Virginia Sickness and Disability Program (VSDP) are hereby changed to a period of 45 days. Moreover, the period of 45 days shall be consecutive days that the participating employee is (i) actively at work and (ii) fully released to return to work full time, full duty. The Virginia Retirement System shall develop policies and procedures to administer the effects of the 45-day period in connection with participants who are deemed to have a major chronic condition.

2. Notwithstanding any provision to the contrary, any eligible employee commencing employment or re-employment on or after July 1, 2009, shall not be entitled to receive Virginia Sickness and Disability Program benefits under Article 3, Chapter 11, Title 51.1, Code of Virginia, (Nonwork Related Disability Benefits) until the employee completes one continuous year of active employment or re-employment.

3. Notwithstanding any provision to the contrary, for all eligible employees commencing employment or re-employment on or after July 1, 2009, short-term disability coverage under the Virginia Sickness and Disability Program shall provide income replacement for no more than 60 percent of a participating employee's creditable compensation for the first 60 months of continuous state service after employment or re-employment.

N. Notwithstanding the provisions of § 2.2-3205(A), Code of Virginia, the terminating agency shall not be required to pay the Virginia Retirement System the costs of enhanced retirement benefits provided for in § 2.2-3204(A), Code of Virginia. Instead, the entire cost of such benefits for involuntarily separated employees shall be factored into the employer contribution rates paid to the Virginia Retirement System beginning with the June 30, 2011, actuarial valuation.

O. Notwithstanding any other provisions of law, the State Comptroller shall delay the transfer of all employer-paid retirement contributions under all defined benefit plans administered by VRS for the final five paydays of fiscal years 2011 and 2012 to fiscal years 2012 and 2013 respectively. The applicable transfers shall occur no later than July 10, 2011, and July 10, 2012, respectively.

2. The Director, Department of Planning and Budget, shall withhold and transfer to this item amounts estimated at \$14,399,470 the first year from the general fund appropriations of state agencies and institutions of higher education, representing savings from the delay in payments provided for in this paragraph.

P. The election of a Virginia Retirement System employer to pay, for any employee who was a Virginia Retirement System member on or before June 30, 2010, an equivalent amount in lieu of all member contributions under the provisions of § 51.1-144F is irrevocable. The provisions of this paragraph are declaratory of existing public policy and law.

Q. The purpose of this paragraph is to provide a transitional severance benefit, under the conditions specified, to eligible city, county, school division or other political subdivision employees who are involuntarily separated from employment with their employer.

1.a. "Involuntary separation" includes, but is not limited to, terminations and layoffs from employment with the employer, or being placed on leave without pay-layoff or equivalent status, due to budget reductions, employer reorganizations, workforce downsizings, or other causes not related to the job performance or misconduct of the employee, but shall not include voluntary resignations. As used in this paragraph, a "terminated employee" shall mean an employee who is involuntarily separated from employment with his employer.

b. The governing authority of a city, county, school division or other political subdivision electing to cover its employees under the provisions of this paragraph shall adopt a resolution, as prescribed by the Board of Trustees of the Virginia Retirement System, to that effect. An election by a school division shall be evidenced by a resolution approved by the Board of such school division and its local governing authority.

2.a. Any (i) "eligible employee" as defined in § 51.1-132, (ii) "teacher" as defined in § 51.1-124.3, and (iii) any "local officer" as defined in § 51.1-124.3 except for the treasurer, commissioner of the revenue, attorney for the Commonwealth, clerk of a circuit court, or sheriff of any county or city, and (a) for whom reemployment with his employer is not possible because there is no available position for which the employee is qualified or the position offered to the employee requires relocation or a reduction in salary and (b) whose involuntary separation was due to causes other than job performance or misconduct, shall be eligible, under the conditions specified, for the transitional severance benefit conferred by this paragraph. The date of involuntary separation shall mean the date an employee was terminated from employment or placed on leave without pay-layoff or equivalent status.

b. Eligibility shall commence on the date of involuntary separation.

3.a. On his date of involuntary separation, an eligible employee with (i) two years' service or less to the employer shall be entitled to receive a transitional severance benefit equivalent to four weeks of salary; (ii) three years through and including nine years of consecutive service to the employer shall be entitled to receive a transitional severance benefit equivalent to four weeks of salary plus one additional week of salary for every year of service over two years; (iii) ten years through and including fourteen years of consecutive service to the employer shall be entitled to receive a transitional severance benefit equivalent to twelve weeks of salary plus two additional weeks of salary for every year of service over nine years; or (iv) fifteen years or more of consecutive service to the employer shall be entitled to receive a transitional severance benefit equivalent to two weeks of salary for every year of service, not to exceed thirty-six weeks of salary.

b. Transitional severance benefits shall be computed by the terminating employer's payroll department. Partial years of service shall be rounded up to the next highest year of service.

c. Transitional severance benefits shall be paid by the employer in the same manner as normal salary. In accordance with § 60.2-229, transitional severance benefits shall be allocated to the date of involuntary separation. The right of any employee who receives a transitional severance benefit to also receive unemployment compensation pursuant to § 60.2-100 et seq. shall not be denied, abridged, or modified in any way due to receipt of the transitional severance benefit; however, any employee who is entitled to unemployment compensation shall have his transitional severance benefit reduced by the amount of such unemployment compensation. Any offset to a terminated employee's transitional severance benefit due to reductions for unemployment compensation shall be paid in one lump sum at the time the last transitional severance benefit payment is made.

d. For twelve months after the employee's date of involuntary separation, the employee shall continue to be covered under the (i) health insurance plan administered by the employer for its employees, if he participated in such plan prior to his date of involuntary separation, and (ii) group life insurance plan administered by the Virginia Retirement System pursuant to Chapter 5 (§ 51.1-500 et seq.) of Title 51.1, or such other group life insurance plan as may be administered by the employer. During such twelve months, the terminating employer shall continue to pay its share of the terminated employee's premiums. Upon expiration of such twelve month period, the terminated employee shall be eligible to purchase continuing health insurance coverage under COBRA.

e. Transitional severance benefit payments shall cease if a terminated employee is reemployed or hired in an individual capacity as an independent contractor or consultant by the employer during the time he is receiving such payments.

f. All transitional severance benefits payable pursuant to this section shall be subject to applicable federal laws and regulations.

4.a. In lieu of the transitional severance benefit provided in subparagraph 3 of this paragraph, any otherwise eligible employee who, on the date of involuntary separation, is also (i) a vested member of the Virginia Retirement System, including a member eligible for the benefits described in subsection B of § 51.1-138, and (ii) at least fifty years of age, may elect to have the employer purchase on his behalf years to be credited to either his age or creditable service or a combination of age and creditable service, except that any years of credit purchased on behalf of a member of the Virginia Retirement System, including a member eligible for the benefits described in subsection B of § 51.1-138, who is eligible for unreduced retirement shall be added to his creditable service and not his age. The cost of each year of age or creditable service purchased by the employer shall be equal to fifteen percent of the employee's

present annual compensation. The number of years of age or creditable service to be purchased by the employer shall be equal to the quotient obtained by dividing (i) the cash value of the benefits to which the employee would be entitled under subparagraphs 3.a. and 3.d. of this paragraph by (ii) the cost of each year of age or creditable service. Partial years shall be rounded up to the next highest year. Deferred retirement under the provisions of subsection C of §§ 51.1-153 and 51.1-205, and disability retirement under the provisions of § 51.1-156 et seq., shall not be available under this paragraph.

b. In lieu of the (i) transitional severance benefit provided in subparagraph 3 of this paragraph and (ii) the retirement program provided in this subsection, any employee who is otherwise eligible may take immediate retirement pursuant to §§ 51.1-155.1 or 51.1-155.2.

c. The retirement allowance for any employee electing to retire under this paragraph who, by adding years to his age, is between ages fifty-five and sixty-five, shall be reduced on the actuarial basis provided in subdivision A. 2. of § 51.1-155.

d. The retirement program provided in this subparagraph shall be otherwise governed by policies and procedures developed by the Virginia Retirement System.

e. Costs associated with the provisions of this subparagraph shall be factored into the employer contribution rates paid to the Virginia Retirement System beginning with the June 30, 2011 actuarial evaluation.

R. Out of the general fund appropriation for this Item, \$3,000,000 in the second year shall be transferred to state agencies and institutions of higher education to support the general fund portion of costs associated with benefits provided pursuant to the Line of Duty Act.

S.1. All classified employees of the Executive branch and other full-time employees of the Commonwealth, except elected officials, who were employed on June 30, 2010 and remain employed until at least December 1, 2010, shall receive a one-time bonus payment equal to three percent of base pay on December 1, 2010, contingent upon additional general fund resources equaling or exceeding \$82,200,000 from the combination of actual general fund revenue collections for FY 2010 exceeding the official FY 2010 revenue estimate contained in the first enactment of HB 29 of the 2010 session of the General Assembly, and by any discretionary unspent general fund appropriations recommended by the Governor for reversion at the end of FY 2010. If the combination of additional general fund revenue collections and year-end general fund balances recommended for reversion by the Governor for FY 2010 exceed the official revenue estimate by less than \$82,200,000, the one-time bonus payment shall be prorated to a percent of base pay for the general fund payroll that equates to the amount of excess resources collected.

2. For purposes of paying the general fund share of the December 1, 2010, one-time bonus, the State Comptroller shall reserve \$82,200,000 on the balance sheet for the general fund attributable to FY 2010 general fund revenue collections in excess of the official revenue estimate and discretionary general fund balances recommended for reversion by the Governor.

3. The Director of the Department of Planning and Budget shall administratively increase nongeneral fund appropriations as required to implement the one-time bonus payment.

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Central Appropriations (995)

473.	Miscellaneous Reversion Clearing Account (22600)	-1,005,788	-672,710
	Designated Reversions From Agency Appropriations (22601)	-1,005,788	-672,710
Fund Sources:	General	-1,005,788	-672,710

Authority: Discretionary Inclusion.

A. The Director, Department of Planning and Budget shall withhold and transfer to this Item, amounts estimated at \$80,632 the first year and \$80,632 the second year, from the general fund appropriations of state agencies and institutions of higher education, representing savings resulting from reductions in rates charged to agencies serviced under the Master Lease plan administered by the Division of Real Estate Services of the Department of General Services.

B.1. The Director, Department of Planning and Budget shall withhold and transfer to this Item, amounts estimated at \$186,355 the first year and \$186,355 the second year, from the general fund appropriations of state agencies and institutions of higher education, representing savings resulting from a reduction in the rate charged to agencies for purchases made under the statewide purchase and supply system administered by the Department of General Services.

2. Pursuant to § 3-1.01 of this act, amounts estimated at \$164,885 the first year and \$164,885 the second year shall be transferred from eligible nongeneral fund accounts to the general fund, representing nongeneral fund savings associated with the reduction in the rate charged to agencies for purchases made under the statewide purchase and supply system administered by the Department of General Services.

C. The Director, Department of Planning and Budget shall withhold and transfer to this Item amounts estimated at \$187,500 the first year and \$187,500 the second year from the general fund appropriations of state agencies and institutions of higher education, representing savings resulting from reductions in printing costs.

D.1. The Director, Department of Planning and Budget shall transfer to this Item, amounts estimated at \$551,301 the first year and \$218,223 the second year, from the general fund appropriations of state agencies, representing savings resulting from a reduction in the rate charged to agencies by Virginia Dominion Power.

2. Pursuant to § 3-1.01 of this act, amounts estimated at \$523,843 the first year and \$207,355 the second year shall be transferred from eligible nongeneral fund accounts to the general fund, representing nongeneral fund savings associated with the reduction in the rate charged to state agencies by Virginia Dominion Power. Of this amount, \$149,982 the first year and \$59,368 the second year is reserved for federal reversion upon request, to be transferred by the State Comptroller.

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