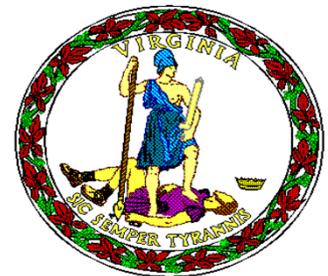


Public Education – Update: States' Actions During Tough Times

House Appropriations Committee Retreat
Susan Hogge, Staff
November 16, 2010





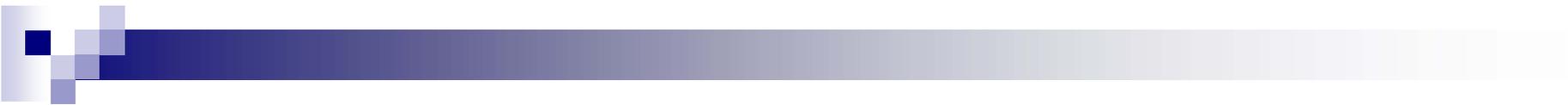
Presentation Outline

- National Perspective: review of the states' financial actions to balance their public education budgets
 - Historical summary of K-12 budgets
 - Summary of some of the major types of actions adopted during the last several years
- Virginia: review of the state's spending for public education
 - History of rebenchmarking costs
 - Specific actions & strategic policy changes adopted since 2004
- Virginia's School Divisions: highlights of actions adopted for their FY 2011 financial plans



Review of Public Education in Other States

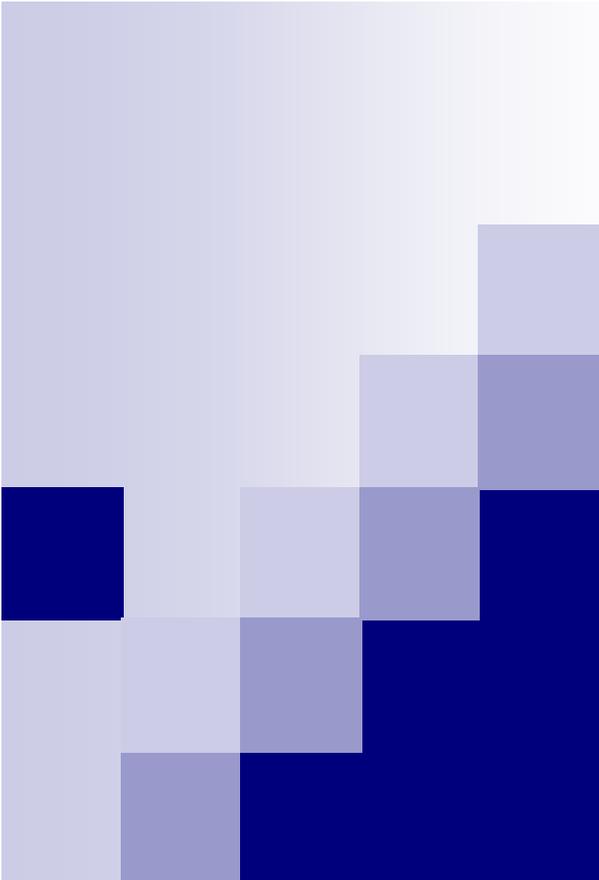
- During the recession, or depressed economy, many states struggled with ways to balance their budgets relative to providing mandatory services
- Over the last ten year period, how did states deal specifically with declining revenue growth relative to their public education budget?
 - What types of decisions did states make that resulted in changes in the ways school divisions have provided various mandatory and discretionary services



Funding Reductions Took Two Directions

- Temporary – implemented with the assumption that as the economy improves, increased revenues will allow funding to return to prior levels
 - Only one-time in nature, which may potentially lead the state back to similar situation during the next recessionary period

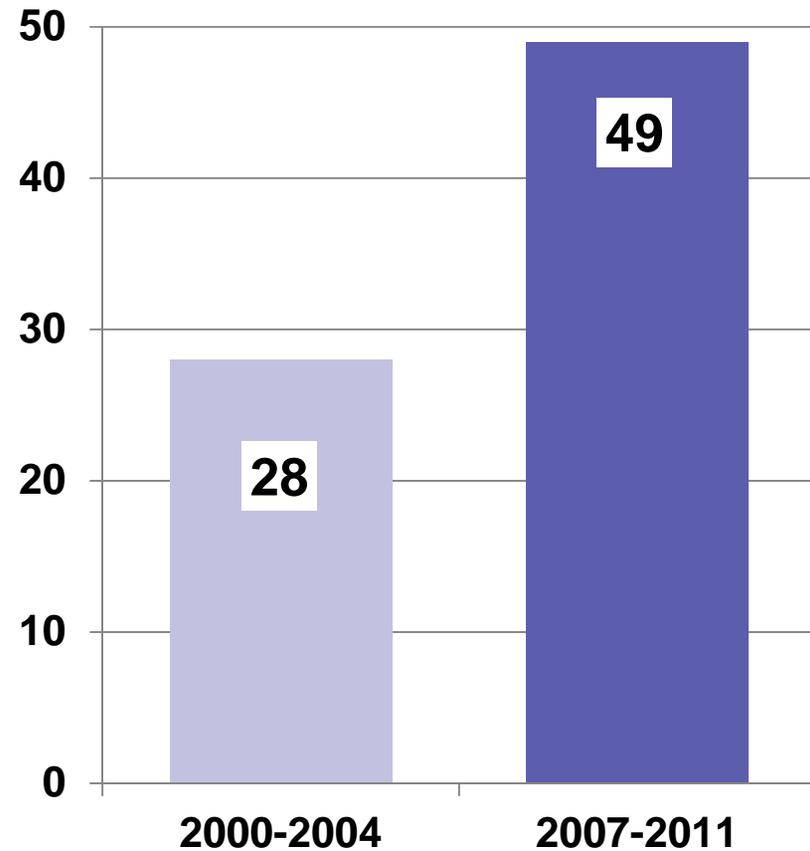
- Structural / ongoing -- changes are designed to structurally change funding allocations, and improve operational efficiencies that meet long-term budgetary constraints
 - Formula
 - Programmatic
 - Across-the-Board
 - Personnel

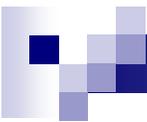


Actions Taken By States in the Current Recession

States That Reduced Public Education Funding During Each Recession

- The table shows the number of states that reduced funding to K-12 via year-to-year comparisons over the last decade
- The number of states that reduced their funding for public education more than doubled from the 2001 recession to the 2007 recession
 - Indication of how much more severe the 2007 recession was than the 2001 recession
 - Wyoming was only state without a reduction





Actions Taken By Other States in FY 2010 and FY 2011

- **Temporary Changes – Furloughs:**
 - Hawaii-17 instruc. days, Utah-up to 5 instruc. days; Idaho & Georgia-3 instruc. days, Maryland-1 non-instruc. day; California-language allowed but didn't require school districts to reduce up to 5 instruc. days; IL, KS, VT– individual districts used furlough days
- **Structural Changes for Personnel Expenditures -**
 - Reduced personnel through layoffs: California, North Carolina, DC, Minnesota, Idaho, Missouri, Utah
 - Reduced payroll, benefits and other types of compensation:
 - **Salary reductions:**
 - Idaho: 4% teacher & classified, and 6.5% administration
 - New Mexico: 1.5% and redirected funding into teacher retirement system as additional employee contributions
 - North Carolina: cut \$2.4 million from salary and benefits of central office staff
 - **Other Compensation Supplements:**
 - National Board Certification bonuses – Louisiana cut \$16 million; Georgia cut \$7.2 million; South Carolina reduced bonus amount from \$7,500 to \$5,000
 - South Dakota: eliminated teacher compensation assistance program by \$4.0 million
 - Alabama: passed on additional health care costs to personnel
 - Oklahoma: suspended teachers' professional development programs



Across-the-Board Reductions

- In July, NCSL reported that 13 states enacted across-the-board percentage cuts to their K-12 budgets – ranging from \$10 million reduction in Maine to as much as \$2.4 billion in California:
 - California: cut \$2.4 billion from public education programs
 - New Jersey: cut \$820 million from public education
 - Georgia: cut \$676 million from public education
 - Arizona: delayed payment \$300 million to public schools
 - Colorado: cut \$260 million, about 6.4% from K-12 education
 - New Mexico: cut \$155 million, about 3.2 %
 - Hawaii: cut \$141 million from state and district-level operational offices
 - Washington: cut \$73 million from K-12 education
 - Nebraska: cut \$31 million in public education
 - Maine: cut K-12 education funding by \$10 million
 - Massachusetts: cut school aid by 3%
 - Oklahoma: cut funding to K-12 education by 2.9%
 - Ohio: cut biennial budget for education by 2.0%



States' Basic Aid PPA Reductions

- Reductions to the state's basic aid per pupil funding formula amount: ranging from \$35 in Hawaii to as much as \$400 in Nevada – some other state examples are:
 - Rhode Island: reduced K-12 funding to localities and school districts by \$150 million
 - Michigan: reduced the per-pupil foundation allowance by \$59 per student, about \$164 million
 - Pennsylvania: post-enactment of the budget, governor proposed reducing public education by \$50 million (pending adoption)
 - South Dakota: cut \$3.1 million from changing the state's basic aid funding formula
 - Georgia: adopted legislation that allows districts to expand class sizes over next three years as a cost savings measure



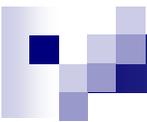
Specific Program Initiatives Reductions

- Various states made cuts to programs such as adult education, at-risk related programs, Pre-K, gifted, special education, ESL, career and technical, after-school, and summer enrichment classes - for example:
 - Arizona: eliminated full-day kindergarten – saved \$218 million
 - Illinois: reduced a total of \$155 million from reading improvement block grants, hold harmless subsidies for declining enrollments and support for other grant programs
 - North Carolina: cut \$9.2 million from local mentoring programs and \$4 million from ESL
 - Louisiana: cut \$2 million from school voucher program
 - South Carolina: cut \$1.4 million from high school dropout initiative and student career guidance program
 - Maine: reduced funding for after school and summer school by 34%
 - Arkansas: cut distance learning education by \$4 million
 - Missouri: reduced 'Parents as Teachers' program
 - Oklahoma: suspended several school initiatives



Other Instructional Related Reductions

- Textbooks and instructional materials, student transportation, capital projects (renovations and new construction), health clinics in schools:
 - Arizona: reduced funding for soft capital (textbooks, technology & other teaching tools) by 80%
 - Illinois: reduced transportation by \$84 million
 - Missouri: reduced transportation subsidies by 30% - \$70 million
 - North Carolina: \$11.9 million saved from a one year moratorium on school bus replacement, and \$10 million from school-related transportation costs related to personnel costs and bus maintenance
 - Montana: cut \$4 million from school building projects and block grants
 - North Carolina: cut \$3.3 million from allocation of school supplies
 - Delaware: saved of over \$3.0 million from reduction in fuel costs and projected new bus routes



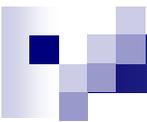
Other Budget Reduction Actions

- Additional Types of Budgetary Adjustments -
 - Transfer of second year school aid payments to first year:
 - Minnesota shifted \$1.4 billion from FY 2012 back into its' FY 2011 budget and subsequently created a liability in FY 2012
 - Adjustments to taxing authority related to public education funding:
 - Minnesota also changed school district property tax revenue collections – saved \$576 million – comparable to adjustments in the composite index
 - Fewer instructional days and/or shorter work week:
 - Illinois has pending legislation to allow districts to move to a four day week
 - Kentucky: required local school district to pay for one instructional day
 - Mississippi: push back start date of schools by 5 days to reduce personnel and operating costs
- Increase efficiencies for administrative office related functions:
 - Delaware: required school districts to seek efficiencies and anticipates saving of \$20.8 million
 - North Carolina: cut \$2.0 million from the Department of Public Instruction



Due to Midyear Shortfalls in Revenue Collections 5 States Had to Make Additional Reductions

- Maryland: cut an additional \$565 million from mandated K-12 expenditures and debt service
- Missouri: cut an additional \$380 million from their K-12 foundation formula and higher education institutions
- Washington: cut \$130 million from their K-12 basic education funding, debt service and retirement contributions
- Utah: cut an additional \$39 million from public education
- New Hampshire: cut \$25 million from their state's Adequacy Funding formula for education



Like Virginia, 2 Other States Make Policy Changes that Increased Flexibility

■ California:

- In February 2009, the state essentially consolidated approximately 40 state-funded categorical programs and allowed districts to use associated funding for any education purpose. This flexibility will remain effective through FY 2013
- Also allowed districts to use “restricted ending balances” for any educational purposes, essentially freeing up some one-time moneys
- Further, allowed districts to set aside less for maintenance, to suspend instructional material purchases, and to shorten the length of the school by as many as five days
- In essence, the state coupled funding reductions with increases operating flexibility for school districts

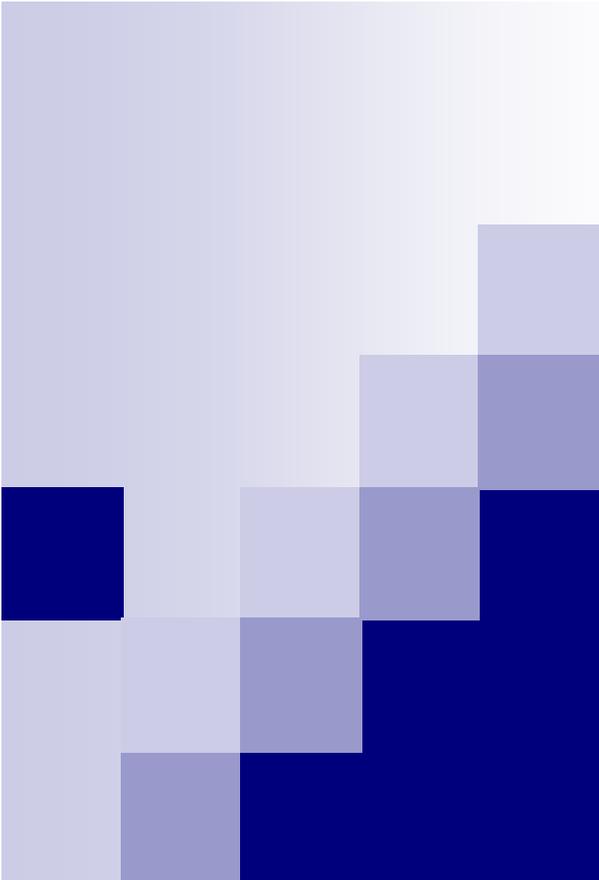
■ Florida:

- Law changes to emphasize school district spending flexibility and transfer of authorized local millage for school districts from construction to instruction



Conclusions

- Overall, relative to the actions taken by states to balance their FY 2010 public education budgets, more states have elected to make long term structural adjustments, rather than temporary reductions in FY 2011



How Did Virginia Manage
the K-12 Budget During
the 2007 Recession?



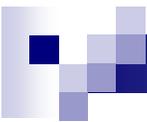
Virginia's Spending for Public Education

- Public Education is the single largest component of the GF operating budget
 - In the current FY 2010-2012 biennial budget, about 34% is dedicated to K-12
- Recent budget actions taken in education reflect adjustments driven by:
 - Rebenchmarking and technical updates
 - Compensation and benefit adjustments
 - Programmatic changes
 - Structural on-going changes
 - And providing additional local flexibility that generate savings to both the state and localities
 - Targeted K-12 reductions achieved by implementing one-time saving actions

From 1996 to 2004, Rebenchmarking Increases Were Fairly Predictable and Averaged About \$420 Million Per Biennium

- Following that period, in preparation of the 2004 session, as Virginia's economy was recovering from the 2001 recession, the cost of rebenchmarking increased nearly 3-fold to almost \$1.2 billion
- This explosion was driven primarily by local spending increases from: 6% salary growth for instructional positions and 8% for support; 20% health care; and 12% non-personnel support cost
- That led Governor Warner to examine strategic policy changes that could abate a portion of the surge in rebenchmarking expenses
 - This trend continued under Governor Kaine

Rebenchmarking Costs	
Biennium	Amount
1996-98	\$408.8
1998-00	\$372.4
2000-02	\$514.6
2002-04	\$387.2
2004-06	\$1,183.0



Since 2004 Policy Changes Were Sought to Align K-12 Funding With Revenue Growth

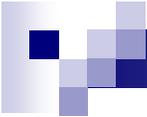
- The majority of the policy changes were implemented to align the state's K-12 funding within the long-term general fund revenues
- Previous rebenchmarking methodology did not reflect:
 - All federal and local revenue sources available to support K-12
 - Funding ratios between support and instructional personnel
 - Actual participation rates for certain personnel related costs
 - Any form of a cap on non-personnel inflation rates
 - Exclusion of certain non-instructional costs



Policy Changes Adopted Since 2004

- First, the federal revenue deduct eliminated the ‘double counting’ of about 38% of the federal money received:
 - Previously, the process allowed school divisions to receive the federal dollars and then those same revenue dollars would be included in the rebenchmarking funding formula - which erroneously increased and over inflated the state and locality costs

- Second, the establishment of a funding cap ratio for support positions that would be consistent with the number instructional positions calculated in the SOQ funding formula
 - Based on the ratio of 1 support position per 4 instructional-based SOQ positions



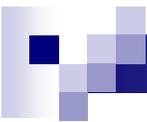
Policy Changes Adopted Since 2004

- Third, changed the funding methodology for the health care premiums so that they would be based on the statewide prevailing average of actual participation rates
 - Previously, school divisions received funding for all SOQ positions regardless of the number of people that actual used the health care plan
- Fourth, the non-personnel inflation rate adjustments for related expenses were phased out:
 - Initially, a 'soft' funding cap was established to be consistent with the ratio used for the Cost of Living Adjustment (COCA) that is applied to retirees' annual income relative to § 51.1-166 in the state code: funded at 100% up to 5% of inflation and then at 35% per percent up over the 5%
 - Next, a hard cap at 5% was implemented and the additional 35% funding portion over the 5% level was eliminated
 - Finally, the inflation rate was completely phased out and eliminated from SOQ funding formula calculation



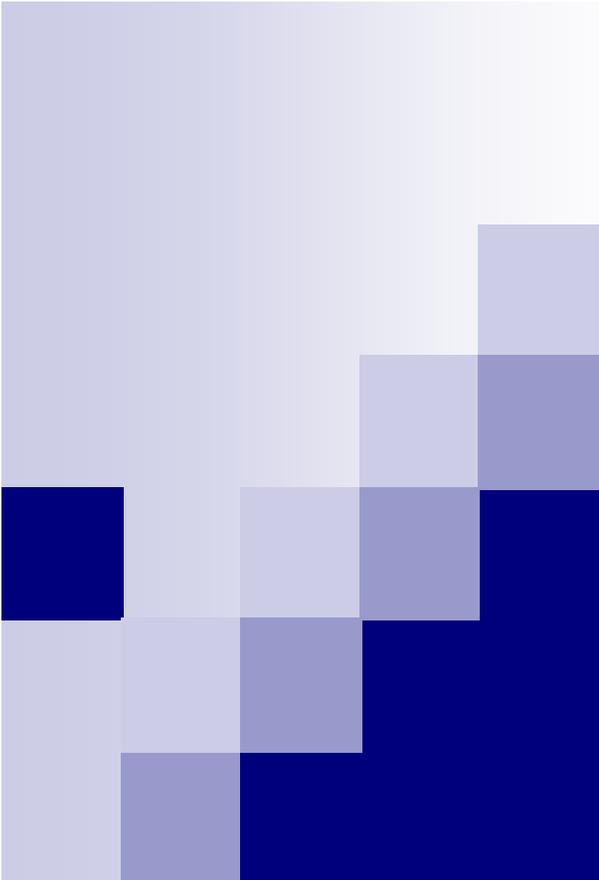
Policy Changes Adopted Since 2004

- Fifth, adjustments and elimination of certain school expenditures from the SOQ basic aid funding model:
 - Benefit related costs for sick & annual leave payments, pension/retirement plans & contract buy-outs
 - Certain capital outlay replacement such as machinery, equipment, furniture, fixtures, communications equipment, motor vehicles that are capitalized and cost more than \$5,000
 - Travel, Leases/rental and facilities non-personnel costs
 - Include zero values in the LWA calculation for support costs for non-personnel expenditures
 - Extended the bus replacement cycle by 3 years
 - Miscellaneous expenditures
- All of these strategic policy changes have helped address the long term structural adjustments needed in order to keep the total general fund revenue growth in balance with its expenditure growths



Other Major Policy Adjustments That Increased the Cost of Education

- In 2004, the General Assembly adopted significant policy changes that expanded the types of positions that would be recognized in the Standard of Quality funding formula:
 - Planning period for secondary teachers
 - Added a full daily planning period for middle & high school teachers
 - Elementary resource teachers
 - Added 5 positions per 1,000 students
 - Instructional technology position
 - Added 1 positions per 1,000 students
 - Support technology position
 - Added 1 positions per 1,000 students
 - Additional ESL teachers
 - Added 7 positions per 1,000 students



Virginia's School Divisions: Budget Actions for FY 2011

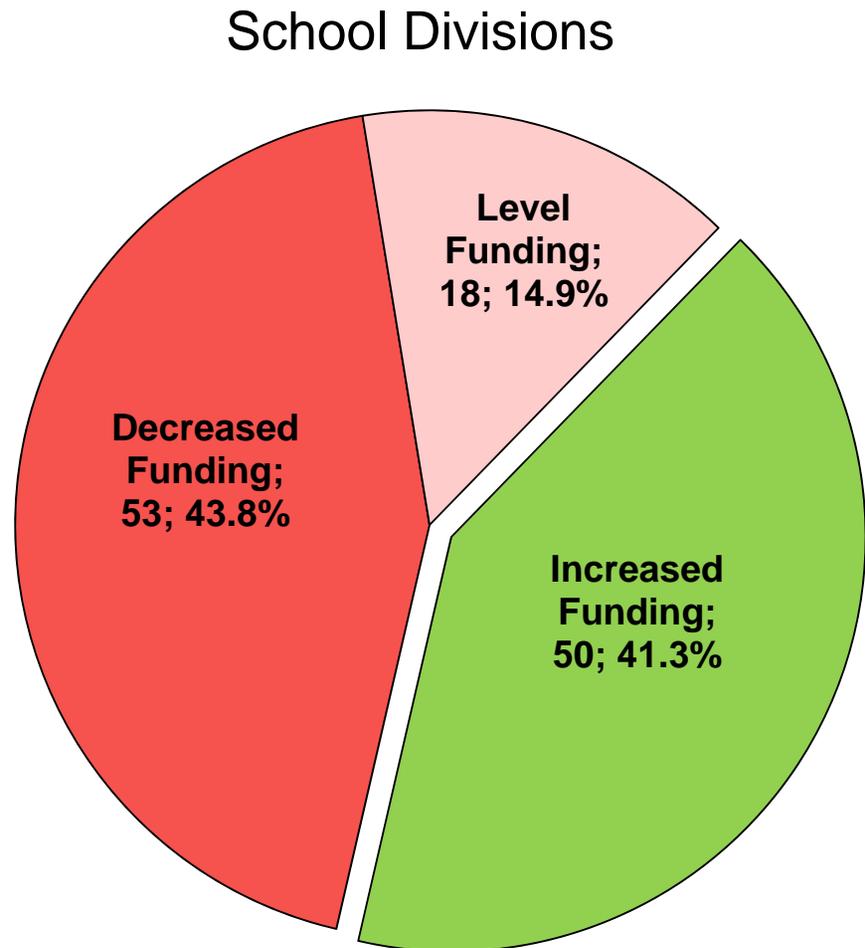


Virginia's School Divisions Have Adopted Differing Strategies to Manage Their Reduced Budgets

- At the beginning of this school year, all 136 school division superintendents were asked to complete a survey that asked a series of financial questions regarding each school division's FY 2010 and FY 2011 budgets -- 121 responded, 89% participation rate
 - The survey specifically looked:
 - Local funding support
 - Actions taken to balance their FY 2011 budgets

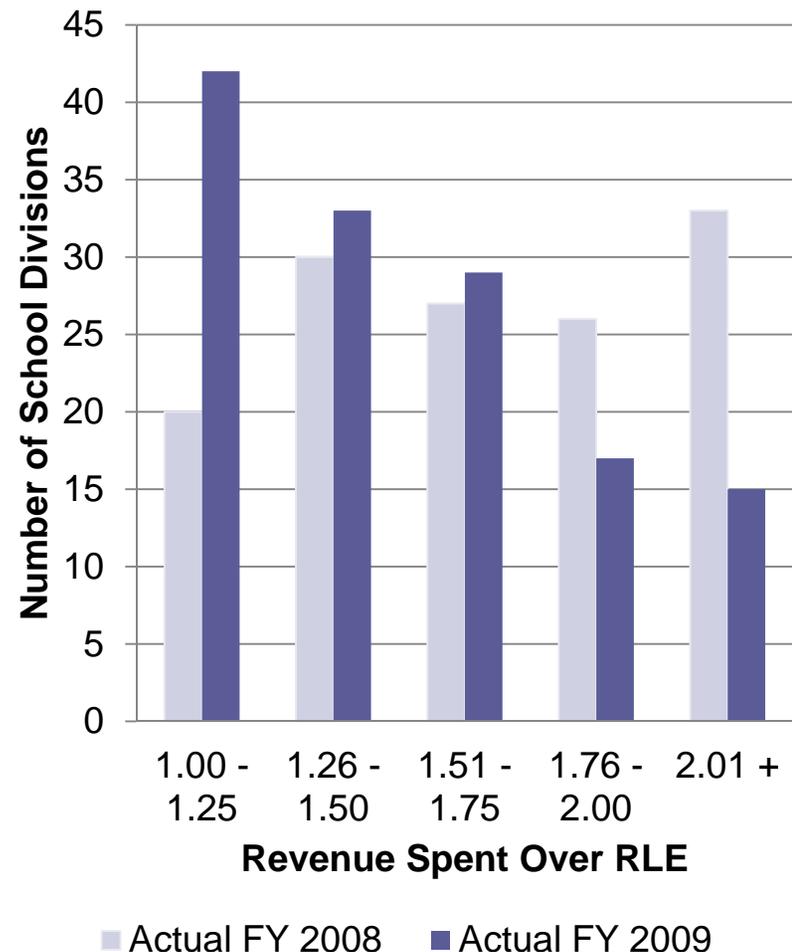
Nearly 44% of School Divisions Reported Reduced Local Funding in FY 2011

- Out of the 121 localities that responded to the survey:
 - Almost 60% reported that they received either a cut or no increase:
 - 53 divisions, or 43.8%, received less local funding
 - 18 divisions, or 14.9%, received level funding
 - The remaining 50 divisions, about 40%, indicated that they received an increase in their local revenue funding



Over Last 2 Years – the Trend for Local Revenues Spent in Excess of RLE Has Been Decreasing

- For the last three years, the trend for local revenues spent for SOQ programs has decreased:
 - For example – In 2008, 33 divisions spent over 100% of their RLE, in 2009 only 15 divisions spent over 100%
 - 18 fewer divisions are spending over the 100% range
 - During those same time periods -- 20 divisions exceeded their RLE by 0% - 25%, but in 2009 there were 42 divisions that fell into that range of spending
 - 22 more divisions are spending in the bottom funding range of 0%-25%



Compensation and Related Personnel Actions

Categories of Compensation Actions	Yes	No	No Response
Provide a Salary Increase?	10	110	1
Implement an Across-the-Board Salary / Wage Reductions?	8	107	6
Adopt any Furlough Day(s) for Instructional or Support Staff?	7	107	7
Implement any Layoffs or Reduction in Force (RIF)?	69	49	3
Institute a Hiring Freeze During the Year?	54	64	3
Use Part-Time Personnel in lieu of Hiring Full-Time Personnel?	56	62	3
Reduce or Eliminate Overtime Pay?	66	54	1
Reduce Pay Supplements for Optional Extra-Curricular Activities?	50	69	2
Eliminate Pay Supplement for Optional Extra-Curricular Activities?	47	71	3

A Number of School Divisions Eliminated Vacant Positions From Budgets

Type of Position	Total # of Statewide Positions ¹	# of Eliminated Vacant Positions	% of Eliminated to Total Positions
Instructional-based	131,776	1,950	1.5%
Support-based	51,342	1,349	2.6%
Central Office / Administrative-based	8,268	379	4.6%

¹ Statewide Positions as reported on the 2009 ASR – Tables 18 & 19

- 92 divisions, 76% eliminated vacant positions within their budgets
- 87 divisions, 72%, consolidated duties for their central office staff

Majority of School Divisions Continue to Pay Employee VRS Contribution Rates

Adjustments Relative to the VRS 5% Employee Share	# of Schools	# of New Hires
<u>Did Not Require</u> new hires to pay any of the 5% employee share	124	5,338
<u>Required</u> new hires to pay all of the 5% employee share	6	292
<u>Required</u> new hires to pay 3% of the 5% employee share	1	16

- The adoption of HB 1189 required that all new employees hired on or after July 1, 2010 would pay for the employee 5% share of the VRS rate cost
- The code gave local school divisions the flexibility to continue pay all or part of the VRS employee's share of the costs of all new employees
- The school divisions that did not require its' new hires to pay the 5% VRS rate incurred an estimated \$9.5 million in related costs

Other Benefit Related Actions

Other Benefit Related Actions	# of Divisions		
	Yes	No	No Response
Reduced in Health Care Benefit Coverage?	25	92	4
Increased Health Care Premium Costs to Employees?	54	67	0
Offered Some Type of Financial Incentive to Employees to Retire Early?	50	70	1
Reduced in Reimbursements for Job Related Education or Training Expenses?	56	63	2
Other Types of Personnel Adjustments?	42	79	0



42 School Divisions Undertook Other Types of Personnel Actions

- Across-the-Board reduction of personnel costs in all non-school departments
- Extended number of teaching periods at middle & high schools
- Reduced contract lengths from 12 to 11 or 10 months – typically are non-instructional
- Reduced teacher & paraprofessional contract length by 2 days
- Reduced or eliminated extended contracts
- Reduced sick leave payouts
- Reduced funding for substitutes
- Eliminated bus driver retention bonuses
- Reduced hourly personnel and supplemental stipends for additional degrees
- Transferred workers compensation insurance premium cost for cafeteria workers from the general fund to cafeteria fund account

Summary of Non-Personnel Actions

Categories of Non-Personnel Actions	# of Divisions		
	Yes	No	No Response
Targeted Cuts to Instructional-based Programs?	71	49	1
Reduced or Eliminated Elective Programs?	59	61	1
Delayed Starting New Instructional or Elective program(s)?	49	71	1
Delayed Textbook Replacements?	67	53	1
Delayed or Eliminated Computer/ Technology Related Equipment?	59	60	2
Delayed or Eliminated New or Replacement Furniture?	63	57	1
Delayed or Eliminated New or Replacement Vehicles (other than school buses)?	69	50	2
Delayed or Eliminated All Other Types of New or Replacement Equipment?	55	61	5



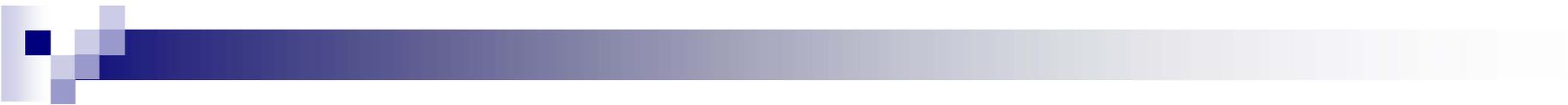
71 Divisions Adopted Targeted cuts to Specific Instructional-based Programs

- Instructional Supplies
- Remediation / After School Tutoring / Alternative Ed.
- Summer School
- Gifted & Talented / Career & Technical – Voc. Ed.
- Virtual Virginia / AP / Governor's School
- Increases to Class Sizes
- Closed / Consolidated School Buildings
- Pre-K
- Other Programs: PE, Art, Music, ESL, Special Ed
- Field Trips



59 Divisions Made Reductions or Eliminations to Variety of Existing Elective-based Initiatives

- Resource Type (Art, Music, P.E.)
- AP / Advanced / Gifted
- CTE-based (Auto Service, Plumbing, HVAC)
- Foreign Language – Latin, Elementary Level Immersion
- Exploratory (Project Adventure, Discovery Camp, Marine Ecology)
- Field Trips / Athletics
- After school activities (after school tutoring, Saturday school, Dreamkeepers)
- Driver Education



49 Divisions Delayed Implementing New Instructional-based Program Initiatives

- Personnel Finances / Economics
 - School divisions were able to delay starting these additional courses because of the passage of HB 196
- Foreign Language at Elementary Level
- Pre-K expansions
- Career and Technical / Vocational Education expansions
- Full-day Kindergarten



67 Divisions Reduced or Eliminated the Purchase of Textbook Replacements

- History / Social Studies
- All Curriculum Areas
- Mathematics
- English
- AP / Trade / Consumables
- Science



Budget Decisions for Equipment

- 59 divisions elected to delay or eliminate computer/ technology equipment purchases:
 - All Types of Computer Related Equipment
 - Telephone System Upgrades / Wireless Systems
 - Classroom Replacements / Smartboards
 - Central Office / Administrative-based
 - Mobile Computer Labs
 - LCD Projectors / Sound Systems
 - Teacher Upgrades / Replacements

- 63 divisions delayed or eliminated any new or replacement furniture purchases:
 - Across-the-Board Elimination – no budget
 - Classroom Replacements
 - Administrative Offices / Libraries / Cafeteria



Budget Decisions for Equipment

- 69 divisions delayed or eliminated any new / replacements of vehicles:
 - Extended Bus Replacement Cycle
 - Cars in Fleet & Driver's Education Cars
 - Maintenance-based Trucks
 - Across-the-Board Reductions – Extended Replacement Cycle

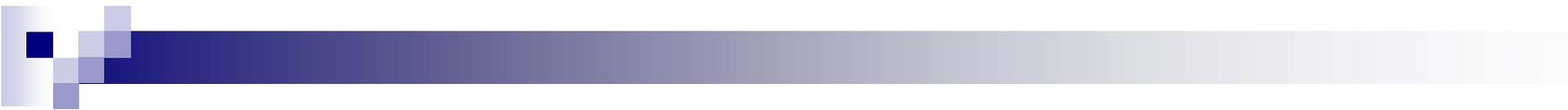
- 55 divisions delayed or eliminated all other types of equipment procurement:
 - System-wide Across-the-Board Budget Reductions
 - Maintenance / Facilities / HVAC / Boilers
 - Central Office Copiers
 - Cafeteria / Custodial



Pupil Transportation & Other Operational Efficiencies

- Pupil Transportation Cost Saving Measures:
 - During the 2010 session, General Assembly extended the bus replacement cycle as a long term saving measure related to rebenchmarking
 - 87 divisions elected to adopt a longer replacement cycle
 - 70 divisions extended the length of the regular bus routes
 - Less than 10% of the 121 divisions elected to extend the student walk zones

- Improved Operational Efficiencies and Effectiveness?
 - 107, or almost 90% of the reporting divisions indicated that they had implemented some type of strategies to improve their operational efficiencies and effectiveness for the delivery of services



Increase Class Sizes? Which Grade Level(s)?

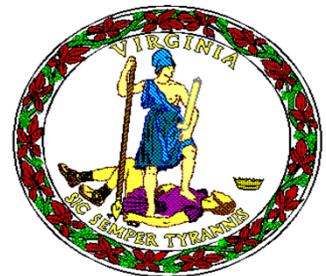
- As another direct cost saving strategy for school divisions, the General Assembly adopted permissive language that allowed schools to increase the class size by 1 student
- However, only 78, about 65%, of the reporting divisions chose to increase any of their size sizes
 - Half of those divisions elected to increase their class size for all grade levels (K-12)
 - The other half implemented class size increases that focused on increased class sizes primarily in high school grade levels (9-12)
- In addition to increasing regular class sizes across grade levels, 48 divisions opted to consolidate some of their advanced level classes that had small enrollments

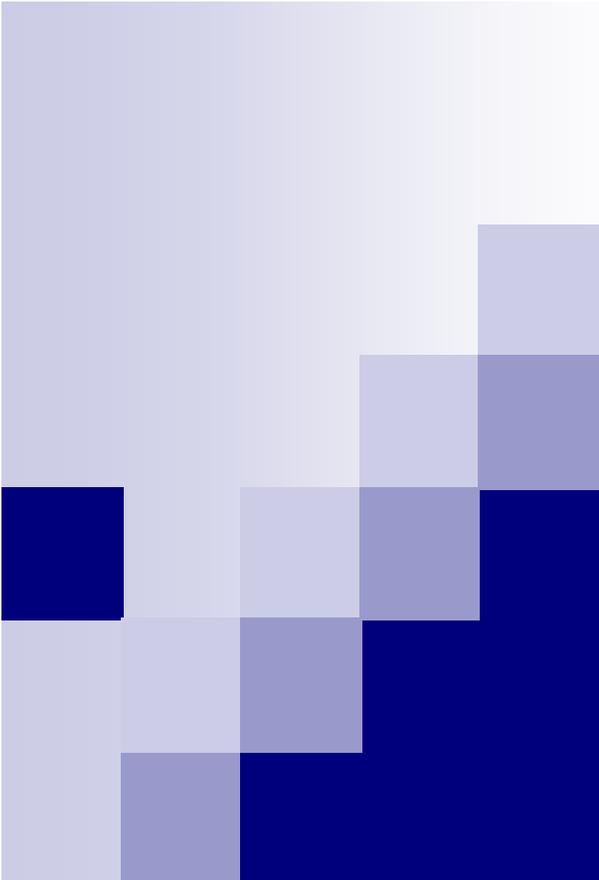
Other Types of Budget Actions

Other Non-Personnel Budgetary Budgets	Yes	No	No Response
Reduced / Eliminated Use of Outside Consultants?	56	61	3
Use of Fund Balance Reserve?	36	81	3
Refinanced Debt Payment Terms?	6	111	3
Increased Student Fees? (<i>athletics, parking</i>)	30	88	2
Increased Breakfast / Lunch Meal Prices for School Staff? Amount(s)? (<i>increases ranged from \$0.05 to \$0.50 / meal</i>)	27	92	1
Increased Breakfast / Lunch Meal Prices for Students? Amount(s)? (<i>increases ranged from \$0.05 to \$0.25 / meal</i>)	24	95	1

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November 16, 2010





APPENDIX:
Summary of Major Policy
Changes & Rebenchmarking/
Technical Costs from
FY 2004 – FY 2012

Re-Structuring Policy Changes / On-going

Description	Session	Biennium	GF Amount (\$ in millions)
Addtl SOQ Standards: Elem Res Tchr, Sec Plng, Tech: Instruc & Sup	2004	2004-06	326.0
Expand SOQ Remediation & Eliminate SOL Remediation Incentive prog	2004	2004-06	7.0
Expand ESL Program from 10 to 17 Teachers per 1000 Students	2004	2004-06	19.7
Complete Phase-in of Admin FTE in Support Costs	2004	2004-06	45.6
Increase Sales Tax: ¼ Cent & Eliminate Certain Exemptions	2004	2004-06	109.4
Reduce Primary K-3 Class Size & Algebra Readiness Programs	2004	2004-06	(14.2)
Transfer SOQ Technology Costs to Equipment Note Issuance	2004	2004-06	(109.7)
Implement Federal Revenue Deduct @ 29%	2004	2004-06	(90.1)
Eliminate Student Achievement Block Grant	2004	2004-06	(20.2)
Increase PreK Funding from 60% to 90% 1 st yr. to 100% 2 nd yr.	2004	2004-06	55.1
3.0% Teacher Salary Increase Incentive	2005	2004-06	54.8
Restore Partial funding for At-Risk Add-on Remediation	2005	2004-06	2.3

Re-Structuring Policy Changes / On-going

Description	Session	Biennium	GF Amount (\$ in millions)
Expand COCA: 25% for 6 School Divisions	2006	2004-06	9.6
Increase PreK Program PPA from \$5400 to \$5700	2006	2004-06	6.6
Adjustment from HB5032 for Basic Aid & Sales Tax	2006	2004-06	(62.8)
Implement Soft Cap Inflation Adjustment: 100% up to 5%, 35% over 5%	2006	2004-06	(33.7)
Retiree Health Care Credit (RHCC) from \$2.50 to \$4.00/mo./yr. of serv.	2007	2006-08	11.9
3.0% Teacher Pay Incentive	2007	2006-08	63.9
Expand Early Reading Intervention from 50% to 100% for 1 st & 2 nd grds	2007	2006-08	4.1
Additional Divisions Eligible for COCA @ 25%	2007	2006-08	2.4
PreK Per Pupil Amount - from \$5,700 to \$6,000 & CI cap @ 0.5000	2008	2008-10	30.2
Inflation Rate – Hard cap @ 5.0%: eliminate the additional 35% over 5%	2008	2008-10	(20.8)

Re-Structuring Policy Changes / On-going

Description	Session	Biennium	GF Amount (\$ in millions)
Sales Tax Change for Dealer Discount, Cigarettes, Energy Efficiency	2009	2008-10	9.2
Supplement GF Basic Aid Payment with ARRA	2009	2008-10	365.2
Establish Support Position Funding Cap Ratio Relative to funded SOQ Instructional Positions	2009	2008-10	(340.9)
Transfer Programs – from GF to Lottery Fund	2009	2008-10	(58.9)
Eliminate School Construction Grant Program	2009	2008-10	(27.5)
Supplant GF Basic Aid Payment with ARRA	2010	2008-10	(219.0)
Transfer Academic Gov's School to Lottery & Sch Breakfast to GF for FY10	2010	2008-10	(9.9)
VRS Rate – Normal in FY11 & Normal + 20% UFL in FY12	2010	2010-12	(345.8)
Transfer Programs – from GF to Lottery Funds	2010	2010-12	(164.8)
Supplant GF Basic Aid Payment with ARRA	2010	2010-12	(126.4)
Eliminate VPSA Grants & Use Literary Fund to Supplant GF VRS Payments	2010	2010-12	(17.0)
Dedicate Revenue from Speeding Violations to Literary Fund & Use to Supplant GF VRS Payments	2010	2010-12	(7.2)

Re-Structuring Policy Changes / On-going

Description	Session	Biennium	GF Amount (\$ in millions)
SOQ Model - Base Health Care Costs on Actual Plan Participation	2010	2010-12	(269.2)
SOQ Model - Eliminate Certain Nonpersonnel & Capital Expenses	2010	2010-12	(174.3)
SOQ Model - Include Reported Zero Values for Nonpersonnel & Transp. for Linear Weighted Average (LWA) in Support Costs	2010	2010-12	(78.7)
SOQ Model – Eliminate Leases, Rental & Facility Costs	2010	2010-12	(40.4)
SOQ Model – Adjust Federal Revenue Deduct for Actual Percent of Funded Support Costs	2010	2010-12	(34.0)
SOQ Model – Eliminate Staff Travel Costs	2010	2010-12	(29.0)
SOQ Model – Update School Bus Replacement Cycle	2010	2010-12	(19.4)
SOQ Model – Eliminate Nonpersonnel Inflation Factors	2010	2010-12	(9.4)

Re-Structuring Policy / Flexibility Language

Flexibility Language Description	Session
No Local Match on Textbooks in FY10	2009
No Match Requirement for FY10 Lottery Balances	2009
Allow Withdrawal from Local Escrow Accounts for Operational Expenditures in FY10	2009
Allow Instructional Technology Resource Funding for Data Coordinator Positions	2009
Allow SOQ Prevention, Intervention & Remediation Funding for ESL Teachers	2009
Allow SOL Algebra Readiness Funding for Math Specialists	2009
Allow Early Reading Intervention Funding for Reading Specialists	2009
Adjust Staffing Based on Increasing Class size by 1 Student	2010
Waive Staffing Requirements for Selected Programs	2010
Waive Staffing Requirements for Filling Selected Non-Teaching Vacancies	2010

Rebenchmarking & Technical Updates and Other Program Adjustments

Description	Session	Biennium	GF Amount (\$ in millions)
Technical: Sales Tax Reforecast update	2004	2002-04	(10.7)
Rebenchmarking: SOQ Basic Aid, ADM, Comp Index	2004	2004-06	1,000.0
Rebenchmarking: Sales Tax updates	2004	2004-06	66.2
Rebenchmarking: Incentive & Categorical Programs	2004	2004-06	83.0
Technical: SOQ Basic Aid & ADM	2005	2004-06	(61.3)
Technical: Incentive & Categorical Programs	2005	2004-06	(18.2)
Technical: Fund FY06 Shortfall from 2004 Session	2005	2004-06	13.9
Technical: Replace Literary Funds with GF for VRS Payments	2005	2004-06	10.0
Technical: SOQ Basic Aid & ADM	2006	2004-06	(11.9)
Technical: Sales Tax Reforecast update	2006	2004-06	20.1
Technical: Incentive & Categorical Programs	2006	2004-06	(12.7)
Rebenchmarking: SOQ Basic Aid, ADM, Comp Index	2006	2006-08	1,178.9
Rebenchmarking: Sales Tax updates	2006	2006-08	192.8
Rebenchmarking: Incentive & Categorical Programs	2006	2006-08	(12.1)
Technical: Lottery updates & NC impact	2006	2006-08	(5.8)

Rebenchmarking & Technical Updates and Other Program Adjustments

Description	Session	Biennium	GF Amount (\$ in millions)
Technical: SOQ Basic Aid & ADM	2007	2006-08	(56.2)
Technical: Incentive & Categorical Programs	2007	2006-08	(42.6)
Technical: Transfer Savings from Central Accounts: Group Life & RHCC	2007	2006-08	(5.8)
Technical: Sales Tax Reforecast updates	2007	2006-08	4.2
Rebenchmarking: SOQ Basic Aid, ADM, Comp Index	2008	2008-10	906.8
Rebenchmarking: Sales Tax updates	2008	2008-10	(20.1)
Rebenchmarking: Incentive & Categorical Programs	2008	2008-10	14.1
Technical: SOQ Basic Aid, ADM & Census	2009	2008-10	(74.9)
Technical: Sales Tax Reforecast updates	2009	2008-10	(99.9)
Technical: Transfer Literary Fund FY08 Balances	2009	2008-10	(51.3)
Technical: Incentive & Categorical Programs	2009	2008-10	(3.8)
Technical: Spec. Educ. Data Correction for Hanover	2009	2008-10	6.8

Rebenchmarking & Technical Updates and Other Program Adjustments

Description	Session	Biennium	GF Amount (\$ in millions)
Technical: Update ADM Projections & Census	2010	2008-10	14.9
Eliminate Textbook Funding	2010	2008-10	(79.6)
Supplant GF VRS Payment with Literary Funds	2010	2008-10	(72.0)
Technical: Sales Tax Forecast update	2010	2008-10	(37.6)
Technical: Incentive, Categorical & Lottery Programs update	2010	2008-10	(7.7)
Supplant GF VRS Payment with Literary Funds	2010	2010-12	(13.0)
Technical: Use Fiscal Agents & Contractual Divisions	2010	2010-12	(49.2)
Technical: Exclude Regional Centers for Duplicate ADM count	2010	2010-12	(17.5)
Rebenchmarking: SOQ Basic Aid, ADM, CI	2010	2010-12	312.0
Rebenchmarking: Incentive & Categorical Programs	2010	2010-12	3.4
Rebenchmarking: Sales Tax updates	2010	2010-12	(33.8)
Comp. Index Hold Harmless Payments – 100% in FY11 & 50% in FY12	2010	2010-12	174.1
Eliminate Textbook Funding	2010	2010-12	(34.1)