



COMMONWEALTH OF VIRGINIA

HOUSE OF DELEGATES

RICHMOND

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**The Honorable M. Kirk Cox**  
**Comments to the House of Delegates**  
**On The Committee Recommendations to House Bill 30**  
**February 16, 2012**

Mr. Speaker and Members of the House, as you have heard from Chairman Putney, two specific concerns raised by Members during the small group meetings relate to providing relief to local governments and increasing funding for public education.

Clearly, we all know that localities budgets are stretched thin and that they too are grappling with declining real estate values and increased costs of providing services to our citizens. Overall, nearly 65% of local budgets go to pay their share of the cost of K-12 education.

The budget recommendations that the Committee will consider on Sunday will address local aid from two fronts.

First, as it relates directly to public education, we will put forth recommendations to increase funding for our public schools by an additional \$140 million over the amounts recommended by Governor McDonnell. I want to thank the Governor for his budget proposals that added nearly \$438 million in new funding. With our recommendations, schools will see a total of nearly \$580 million in net new money to support classroom instruction and to pay for teacher retirement.

Specifically, our amendments will provide \$106.1 million in non-personal services inflation – using the most up to date inflation figures reported by Global Insight.

Second, we support adoption of the Governor's amendments that will provide an additional \$47 million over the biennium to fully fund the K-3 class size reduction program.

Third, we fund House Bill 1181, which expands the Early Reading Intervention Initiative for the 3<sup>rd</sup> graders. By adding \$6.2 million we will increase the portion funded from 25% to 62% in the first year, and then fully fund 100% of the initiative in the second year.

As we examined the various policy adjustments in the introduced budget, there has been some discussion on the deduction of the federal stimulus dollars in the rebenchmarking calculations. You may recall, several years ago Governor Kaine recommended a policy to establish staffing standards for non-instructional positions. This change was common sense in that the Standards of Quality establishes staffing for instruction positions. As a result of this recommendation, both state and local governments would realize substantial cost savings.

After the adoption of this prudent policy change, federal stimulus funding became available to assist our school divisions in making up for the shortfall in state and local revenues. Because the federal funding was tied to prior year funding levels, school divisions were allowed to offset reductions associated with the policy change in the short-term. However, it was made very clear that the stimulus money was one-time in nature and would not be recognized in the next rebenchmarking cycle. The introduced budget rightly reflects that decision and includes the federal stimulus money in the federal revenue deduct calculation.

In addition to increasing funding for public education, we have focused on mitigating pressures on local government more broadly. The amendments we will propose address this side of the equation by reducing the \$60.0 million local reversion that has been included in the budget since proposed by Governor Kaine during the 2008 Session.

For the last four years we have reduced local aid by \$60.0 million each year. While this tool was necessary to balance the budget during the recession, it is not an acceptable long-term solution. Governor McDonnell's proposed budget reduced this local aid reduction by \$25 million over the biennium. Clearly, this is a priority of the Governor's. The amendments offered by the Appropriations Committee will not only embrace the Governor's recommendation, but we will seek additional amendments to further reduce this reversion by nearly half over the current biennium, making substantial strides in phasing-out this structurally unbalanced practice.

Mr. Speaker, I want to echo the Chairman's remarks in that the amendments that the Committee will deliver on Sunday are not only bi-partisan, but reflective of the thinking of all 100 members.