



VMIL

February 24, 2009

# Legislative Bulletin

A digest of legislative news from the General Assembly affecting local governments.

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## Upcoming

In accordance with the calendar approved by the General Assembly, House and Senate budget conferees are striving to reach agreement by midnight today. Printed copies of the conference report are scheduled to be available to legislators by Thursday at noon.

## Stimulus package includes \$1.7 billion for Va. education

VIRGINIA STANDS to receive at least \$1.7 billion for early childhood, public and higher education as part of the federal stimulus bill, according to preliminary figures released by the U.S. Department of Education.

Both the Virginia House and Senate have indicated that the federal money could be used to offset state budget reductions that call for eliminating funding for 13,000 K-12 positions.

The American Recovery & Reinvestment Act includes a massive infusion of federal aid for education. Nationwide, 18 percent of the federal stimulus spending – about \$105 billion – is targeted to education-related items. The Education Commission of the States estimates the act will provide an average additional \$870.60 per student per year for the next two fiscal years. About half of the money will become available immediately; about half will become available July 1, 2010.

Funding is included for:

- State Fiscal Stabilization Fund, which can be used for preventing layoffs and reductions in funding, school modernization, or other purposes; bonus

*Continues on next page*

## Inside ...

- Subcommittee alters bill increasing local seats on CSA council
- House defeats fuel fee bill after circuitous journey

**Legislative links** ► [Find a bill \(state LIS\)](#)  
► [State budget Web site](#)

## Dialogue

*“We will rein you in next year.  
Count on it. Count on it.”*

... Sen. Richard Saslaw warning lobbyists for car title lenders at a hearing on payday lending legislation – [SB 1470](#) (Saslaw). From the Feb. 24 *Richmond Times-Dispatch*.

## Cover story continued ...

grants for meeting education performance measures; and funding for high priority needs such as public safety and education, including modernization of school facilities. (This is the major pot of education stimulus funding that the state has much control over.)

- Title 1, to help close achievement gaps and enable disadvantaged students to reach their potential. Title 1 is the largest source of federal funds for meeting No Child Left Behind requirements. The funding includes formula grants and incentive or competitive grants. Divisions receiving these funds must report to the Virginia DOE a school-by-school listing of per-pupil expenditures, during the 2008-2009 school year by Dec. 1, 2009.

- Special Education/IDEA to improve funding for services for disabled children. Funding is for the 2009-2010 and 2010-2011 school years. Grants are available for students age 6-21, preschool (3-5) and Part C infants and toddlers (0-3).

The majority of the funding will be funneled through the state by existing federal funding formulas (such as Title 1 and special education). The maintenance of effort requirements on local governments (as opposed to the state) is somewhat unclear. The existing Title 1 maintenance of effort requires that a school district's education expenditures for the prior

year must be at least 90 percent of the second previous year amounts (in other words, FY08 must be 90 percent of FY07). Title 1 funds are supposed to supplement, not supplant, local or state funds. According to federal regulations, school divisions may reduce the amount of local funds for special education by 50 percent of any increase in federal funds.

While the Title 1 and IDEA money may be distributed through existing formulas, the governor and legislature have more discretion over how to use the \$1.2 billion State Fiscal Stabilization Fund. The fund can be used to help avoid budget cuts to education, for FY10 and FY11. The state has to agree to several conditions to receive money from the fund, including a state maintenance of effort to provide funding to elementary and secondary education for FY09, FY10 and FY11 to at least their FY06 funding levels.

The federal act specifies that the governor is to use 81 percent (\$983.9 million) of the State Fiscal Stabilization Fund for the support of elementary, secondary and postsecondary education and, as applicable, early childhood education programs and services.

The priorities for expenditures are:

- To restore state spending for FY09, FY10 and FY11 to the state funding level (through its usual education funding formulas) for the greater of FY08 or FY09 level.

- To allow increases through existing formulas for

## Preliminary estimates of allocations to Virginia for P-12 education under the federal stimulus package (from U. S. Department of Education)<sup>1</sup>

	<b>Recovery and Reinvestment Act preliminary estimate</b>	<b>Actual 2008</b>
<a href="#">Title I Formula Grants to Local Educational Agencies</a> (most recent preliminary school division allocations available)	\$165.3 million	\$226.1 million
Title 1 School Improvement	\$47.9 million	unavailable
Educational Technology State Grants	\$10.8 million	\$4.3 million
Education for the Homeless	\$1 million	unavailable
<a href="#">IDEA Part B Grants to States</a> (preliminary school division allocations available, see column labeled IDEA Part B)	\$281.4 million	\$267.7 million
IDEA Part B Preschool Grants	\$9.5 million	\$9 million
<a href="#">State Fiscal Stabilization Fund</a> <sup>2</sup>	\$1.2 billion	N/A

<sup>1</sup>Does not include funding for Impact Aid (\$100 million nationwide) and Title 1 Innovation & Improvement Programs (\$200 million nationwide).

<sup>2</sup>This fund can be used for higher education and other purposes as well as K-12.

elementary and secondary education for FY10 and FY11.

- To provide state funding for higher education to the state funding level (through its usual funding formulas) for the greater of FY08 or FY09 level.

The act specifies that 18.2 percent (\$218.9 million) of the State Stabilization Fund be used for public safety other government services, which may include assistance for K-12 education, and for modernization, renovation or repair of public school facilities (and higher education facilities as well).

The act also creates a new category of tax credit bonds for the construction, rehabilitation or repair of public school facilities, or for land acquisition. The amount of qualified school construction bonds that may be issued by state and local governments is \$1 billion in 2009 and the remainder in 2010, up to a maximum of \$22 billion. Bond holders would receive a federal tax credit on their bonds in lieu of interest payments from the school system. The act also increases bond allocations under the existing Qualified Zone Academy Bonds, from \$400 million annually to \$1.4 billion for FY09 and the same amount for FY10. The QZABs can be used to finance school renovations, equipment, and training in a qualified zone academy, which is any public school located in an empowerment zone or enterprise community.

The Virginia House Appropriations Committee in its [analysis](#) of the stimulus package concludes that the fiscal stabilization fund would allow for the restoration of \$370 million in state funding for the next two years. This would allow the restoration of state funding to FY09 levels for support positions and for the school construction grants program.

The Virginia Senate allocated \$429.8 million from the fiscal stabilization fund to restore funding under the Additional Support for School Construction and Operating Costs program (the local share of lottery profits), for support positions, and for textbooks. In addition, the Senate restores the \$27.5 million for the school construction grants program.

The Education Commission of the States has compiled a good [synopsis](#) of the education portion of the stimulus package; the National School Board Association has produced a good [summary](#) as well. The U.S. Department of Education is frequently updating information on [education funding](#) as well.

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## Human Services

### Subcommittee alters bill increasing local seats on CSA council

Late last week, the House Appropriations Health and Human Resources Subcommittee amended [SB 1179](#) (Hanger) regarding membership on the State Executive Council, the policymaking body that governs the Comprehensive Services Act for At Risk Youth and Families.

The bill originally increased the local government representation on the SEC by two representatives; Del. Roslyn Dance proposed that this be reduced to one additional local government representative. The amendment was approved, and the amended bill is now on the House floor for action. Since it is now different from the version approved by the Senate, the bill will have to go back to the Senate. If the Senate rejects the House amendments, the bill will go to a conference committee.

The other CSA-related bills, [SB 1180](#) (Hanger) and [SB 1181](#) (Hanger; the bill now incorporates his bills [SB 1182](#), [1183](#), and [1184](#)), were reported without amendment from House Appropriations and are on the House floor.

A final CSA bill was reported from the House Courts Committee. [SB 1506](#) (Hanger) deals with judicial assignment of children within the CSA system and the ability of local CSA teams to provide a judge with alternative plans of treatment for consideration. The bill is on the House floor for action.

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## Land Use

### Defeated

The Senate defeated [HB 2653](#) (Bulova), which would have required that the owner of single-family dwelling could not be charged with a zoning violation unless the locality had provided written notice of the tenant's conduct to the landlord.

## Local Authority

### Moving along ...

The Senate approved [HB 1735](#) (Valentine), which upon signing by the governor will give all localities the ability to create arts and cultural districts.

## Public Safety

### Defeated

[HB 2021](#) (Rust) was left in the Senate Courts of Justice Committee. The bill would have allowed the impoundment of motor vehicles by people found to be driving without an operator's license if they had been convicted previously of such an offense.

## Transportation

### House defeats fuel fee bill after circuitous journey

[SB 979](#) (Stuart) would have permitted local governments to establish a modest fee (\$10) on motor vehicle violations to purchase fuel for local law enforcement vehicles. After passage by the Senate on Feb. 2, the bill ended up in the [House Transportation Committee](#), which referred it to [House Finance](#), which then referred it [House Courts of Justice](#) where it was left in committee without being considered. Both VML and the [Virginia Sheriffs' Association](#) were present at the last committee meeting on Feb. 23 to support the bill in hopes that it would meet the deadline for consideration by the full house.

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### More ...

See next page for a listing of VML legislative staff, contact information and responsibilities.

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A link to the state's Legislative Information System, is the fastest, easiest way to check on the status of a bill.

### [State budget details >](#)

A link to the state's Legislative Information System, is the fastest, easiest way to check on the status of a bill.

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Link to General Assembly Web site listing all members of the House of Delegates and their contact information.

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### [Legislative Meeting Schedule >](#)

Up-to-date listing of legislative committee meetings.



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