



The Senate Committee on Finance

Budget Bulletin

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FUNDING EDUCATION BETTERMENT

This week, the Senate passed House Bill 206: Relating to Public Education. The bill is the culmination of several months of proposals and debate over the best ways to reform the education system of West Virginia. The bill authorizes the release of \$67 million for a 5% pay raise for school service personnel and an devotes \$63 million on other initiatives. This bulletin will explain some of the major components of the bill, where the money comes from and where it is going.

BACKGROUND

During the 2019 Regular Legislative Session, the Senate introduced Senate Bill 451. This bill was referred to as the “omnibus” education bill because it was a large piece of legislation that sought to



reform many different aspects of education. The Senate approved Senate Bill 451, but it failed to pass in the House. After the close of the Regular Legislative Session, the Governor called the Legislature in for the First Extraordinary Session of 2019 for the purpose of comprehensive education reform. After several months of gathering input from citizens around the state, the Legislature returned to the capitol to consider legislation. The Senate completed legislative action on House Bill 206 (HB 206) on June 24th.

FUNDING SOURCES

The total cost to pay for the provisions in HB 206 comes to around \$130 million. Funding come from a variety of sources. The biggest component of the bill is a five percent pay raise for all the state’s teachers and service personnel at a cost of around \$68 million. Funding for the pay raise was set aside in the FY2020 budget bill and authorization to distribute those raises was given in HB 206.

Funding for the other provisions in the bill comes mostly from money that was left unappropriated at the end of the Regular Legislative Session in anticipation of future education legislation. Finally, some money was set aside after the governor raised revenue estimates for the current fiscal year.

KEY TERMS

Regular Legislative Session: The period of time when legislators come to the capitol to debate and pass legislation. Typically, regular session starts the second Wednesday in January and continues 60 days (including weekends).

Extraordinary Legislative Session: Commonly referred to as “special session”. The constitution allows the governor to convene the legislature to consider specific legislation.

Unappropriated: Money that has not yet been “appropriated” or allocated to a specific purpose in the state budget.

Revenue Estimates: The money the state expects it will collect in a given year. Appropriations cannot exceed estimated revenue in a balanced budget. The governor, however, can raise revenue estimates if the state is collecting more money than previously expected.

SCHOOL AID FORMULA

The remaining monies devoted to education, around \$63 million, affected the School Aid Formula. This is the formula that the Department of Education uses to determine how to allocate their funding among various priorities. The formula is divided into various “steps”, each of which corresponds to a different aspect of school funding. Changing the numbers in one step affects all the other steps after it. Because of this complicated formula, attributing an exact cost to particular provisions in the bill is extremely difficult.

Figure 1, below, shows which aspects of the formula were affected by provisions of the bill. Figure 2 shows the overall changes to each of the steps. As an example, Figure 2 shows that funding for Step 1 of the School Aid Formula increased by \$9,801,158 as a result of HB206. Figure 1 shows that this increase is a result of a Math and Special Education Teacher salary increase but also various other adjustments in the allocation of funding.

Figure 1: Additions to FY20 Budget Act (HB2020) due to provisions of HB206

Math Teachers 3 Step Salary Increase.....	(Step 1)
<i>(Math teachers meeting the criteria get +3 years on the pay schedule)</i>	
Special Ed. Teachers 3 Step Salary Increase	(Step 1)
Step 5 Change, Student Support Staff	(Step 5)
<i>(School Aid Formula now funds 5 Professional Student Support Personnel per 1,000 students.)</i>	
“Less than 1400 student enrollment” adjustment	Changes Multiple Lines
<i>(Multi-step calculation to assist counties with net enrollment less than 1400)</i>	
Local Share Determination reduced to 85%	Changes Local Share
<i>(Currently 90% of the regular levy rates for the year)</i>	
Change in Step 6a – Current Expenses	(Step 6)
<i>(Increases funding percentage by 1%. From 70.25% to 71.25%)</i>	
TRS Contribution (Regular & Unfunded	Teachers’ Retirement System Line
<i>(Normal Cost: \$4M - \$2.2M for Raises, \$1.8M for New Staff</i>	
<i>Unfunded Liability: \$13.1M)</i>	
+\$200 for Academic Materials, Supplies & Equipment	
For Instructional Purposes	(Step 6)
<i>(Replaces \$250 tax credit with increase to allotment for supplies;</i>	
<i>Teachers & Professional Student Support Personnel currently receive \$200/yr.)</i>	
Employee Attendance Incentive.....	\$2,056,717
<i>(\$500 bonus for county board employees who use 4 or fewer leave days)</i>	
Underwood-Smith Scholarship & Loan Assist	\$300,000
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Total New Expenditures (Net)	\$63,122,345
Pay Raises (Included in HB2020 - FY20 Budget Act)	\$67,740,948
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Gross “Cost” of HB206	\$130,863,293

Figure 2: Changes to the School Aid Formula as a result of HB206

	Current Appropriation FY 2020	New Appropriation HB 206	Difference Current vs New	Percentage Increase or Decrease
Step 6 - Other Current Expenses	156,065,940	162,583,490	6,517,550	4.18%
Step 7c - Advanced Placement	644,087	644,087	0	0.00%
Step 1 - Professional Educators	901,230,362	911,031,520	9,801,158	1.09%
Step 2 - Service Personnel	304,858,302	305,981,816	1,123,514	0.37%
Step 3 - Fixed Charges	106,085,858	108,941,390	2,855,532	2.69%
Step 4 - Transportation	75,457,864	75,457,864	0	0.00%
Step 5 - Professional Student Support Personnel Services	40,513,635	63,144,004	22,630,369	55.86%
Step 7a - Improved Instructional Programs	51,527,411	49,544,683	(1,982,728)	-3.85%
Step 7b - 21st Century Strategic Technology Learning Growth	25,549,588	21,584,131	(3,965,457)	-15.52%
Teacher and Leader Induction	4,584,707	619,250	(3,965,457)	-86.49%
<i>Basic Foundation Allowance</i>	<i>1,666,517,754</i>	<i>1,699,532,235</i>	<i>33,014,481</i>	<i>1.98%</i>
Less Local Share	(478,449,993)	(451,962,610)	26,487,383	-5.54%
Adjustments	(2,681,318)	(2,681,318)	0	0.00%
<i>Total Basic State Aid</i>	<i>1,185,386,443</i>	<i>1,244,888,307</i>	<i>59,501,864</i>	<i>5.02%</i>
Public Employees' Insurance Matching	223,979,027	228,267,791	4,288,764	1.91%
Teachers' Retirement System	65,201,000	69,501,000	4,300,000	6.59%
School Building Authority	24,000,000	24,000,000	0	0.00%
Retirement Systems-Unfunded Liability	345,517,000	338,192,000	(7,325,000)	-2.12%
<i>Total</i>	<i>1,844,083,470</i>	<i>1,904,849,098</i>	<i>60,765,628</i>	<i>3.30%</i>