



COMMONWEALTH of VIRGINIA

James F. Lane, Ed.D.
Superintendent of Public Instruction

DEPARTMENT OF EDUCATION
P.O. BOX 2120
RICHMOND, VIRGINIA 23218-2120

Office: (804) 225-2057
Fax: (804) 371-2099

October 26, 2020

Chairs of the House Appropriations and
Senate Finance and Appropriations Committees
The Pocahontas Building
900 East Main Street
Richmond, Virginia 23219

Dear Committee Members:

The Virginia Department of Education (VDOE) contracts with experts in reading instruction and reading research at the University of Virginia to develop the Phonological Awareness Literacy Screening (PALS) screening and diagnostic instrument. The PALS program supports the implementation of the Early Intervention Reading Initiative by establishing a system that provides data-driven information and instructional resources to school divisions and to collect statewide data on students' PALS results.

This letter is in response to Budget Bill HB30 (Chapter 1289) Item 37:

“N. The University of Virginia shall provide financial information for the last five fiscal years related to the Phonological Awareness Literacy Screening (PALS) program to the Department of Education. Such information shall include revenues and expenditures by category, and shall differentiate revenues and expenditures related to the PALS program for the benefit of (i) Virginia public school students and (ii) all other students. The Department shall submit such information to the Chairs of the House Appropriations and Senate Finance and Appropriations Committees no later than December 1, 2020.”

The following attachment provides the requested fiscal information from the PALS program for the last five fiscal years.

Sincerely,

A handwritten signature in black ink that reads "James F. Lane".

James F. Lane

JFL/CK

Attachment

PALS Financial Report: Report on Phonological Awareness Literacy Screening financial information from the last five years

October 12, 2020

Dr. James F. Lane
Superintendent of Public Instruction
Virginia Department of Education
101 N. 14th Street
Richmond, VA 23219

Re: PALS Financial Report: Report on Phonological Awareness Literacy Screening financial information from the last five years

Dear Dr. Lane:

We are writing in response to the following request for information:

“The University of Virginia shall provide financial information for the last five fiscal years related to the Phonological Awareness Literacy Screening (PALS) program to the Department of Education. Such information shall include revenues and expenditures by category, and shall differentiate revenues and expenditures related to the PALS program for the benefit of (i) Virginia public school students and (ii) all other students. The Department shall submit such information to the Chairs of the House Appropriations and Senate Finance and Appropriations Committees no later than December 1, 2020.”

The Virginia Department of Education contracts with the UVA PALS Office to manage the annual screening of approximately 240,000 K-3 children in the Commonwealth of Virginia for early signs of reading difficulty, using the PALS K-3 assessment tools (i.e., PALS screening). PALS screening occurs under a legislative mandate of the Early Intervention Reading Initiative (EIRI). The results from PALS screening triggers the allocation of state dollars in support of early intervention for young children’s reading difficulties.

The PALS K-3 contract between UVA and VDOE is designed to ensure PALS screening occurs in a standardized manner across the state and that the data are used to directly support young children’s learning and reading improvement. Under the PALS K-3 contract, the UVA PALS Office administers three distinct screening windows (fall, midyear, spring), hosts and maintains a secure online data portal, manages student demographic and data records, creates and provides professional learning opportunities for educators, and provides annual state reports and ad hoc, on-demand reports for leaders and stakeholders.

Approximately 20,000 education professionals access the PALS online data portal through unique portal accounts. Educators are also offered direct access to PALS Office academic support staff through a full-time hotline; in September 2020, this hotline averaged 500 calls or chats/week. The PALS Office represents a system of support to educators in VA that combines assessment data, reporting tools, and asynchronous and synchronous professional learning opportunities. The intent is a system in which data prompts high quality instruction and intervention.

This contractual scope of work, and budget, for the PALS K-3 contract have been fixed for the past five years. Table 1 reports expenditures across expenditure type, whereas Table 2 reports the key functions of the PALS Office that drive the budget. No funds from this contract are spent on students outside of the Commonwealth.

Table 1. Detailed Fiscal Expenditure Tracking for 2015-2020 PALS K-3 Contract (Note: contract budget has been a fixed amount of \$1,163,505 since FY2015)

Expenditure Category	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Personnel	606,743	716,209	860,655	845,671	905,594
Continuous Charges	50,119	43,934	53,684	57,365	44,065
Contractual services	476,870	349,744	217,500	244,377	211,451
Equipment	18,280	33,373	13,154	8,652	461
Supplies	5,071	15,925	14,870	3,025	453
Travel	5,410	4,319	3,641	4,416	1,482
TOTAL	1,162,493	1,163,505	1,163,505	1,163,505	1,163,505

Table 2. Overview of Key Functions and Budget Allocation for the PALS K-3 Contract

PALS K-3 Key Functions and Budget Allocation			
Key Function	Description	Primary Costs	Budget Allocation
Leadership	<ul style="list-style-type: none"> ○ Strategy and collaborations; ○ Fiscal and operational accountability; ○ New initiatives 	Personnel	\$83,985
Operations	<ul style="list-style-type: none"> ○ Basic operations and administration 	Personnel; Materials and supplies; Phones and data portal; Rent	\$135,155
Data Portal and Technology	<ul style="list-style-type: none"> ○ Development, testing, maintenance, hosting of data portal; ○ Calibration with other state systems (e.g., VKRP); ○ User management for approximately 20,000 user accounts 	Personnel; Secure server; Data storage; Software version management; Learning management software and hosting	\$409,133
Field Support and Resource Development	<ul style="list-style-type: none"> ○ Administration scheduling and management for over 240,000 assessments three times annually; ○ Training and technical assistance to teachers, instructional specialists, and division administration 	Personnel; Printing and shipping to divisions; Travel for division- or VDOE-hosted training events; Creation of synchronous and asynchronous professional learning	\$450,796
Data Management and Reporting	<ul style="list-style-type: none"> ○ Data cleaning; ○ Data set preparation per testing window (3); ○ State and ad hoc data reports 	Personnel; Computers; Statistical software; Cloud-based data transfer software	\$84,436
Total			\$1,163,505

Beyond the PALS K-3 contractual dollars that supports state-wide PALS screening, UVA receives revenue in the form of royalties, as per the University of Virginia’s [Ownership Rights in Copyrightable Material](#). The University asserts its right of copyright ownership if significant University resources (including sponsor-provided funds) are used in the creation of such works, and: (a) the work generates royalty payments; or (b) the work is of commercial value that can be realized by University marketing efforts.

In the case of PALS, there has been an Amended and Restated copyright license agreement with the distributor of PALS (i.e., formerly Case-Nex; which was acquired by IO Education and then Illuminate Education) that provides an exception for VDOE. As such, the PALS PreK-3 assessment tools can be offered at no charge to all Virginia Public Schools and/or for any VDOE effort in which the PALS Office is contractually obligated to offer support. Royalties that are obtained through the sale of the PALS PreK-3 assessment and screening tools outside of Virginia, or to private schools in

Virginia, are allocated according to the UVA’s Innovation Revenue Formula. Consistent with the University policy, 30% of the royalties transferred to the University are divided among laboratory support, to the department where the innovator(s) primary faculty appointment resides, and to the school where the primary innovator(s) appointment resides.

Table 3 provides the specific royalty distributions (i.e., 10% of the total revenues) that have come to the UVA PALS Office (i.e., the “laboratory”) over the past 5 years; these funds are also broken down by category. These funds support initiatives led by the PALS PI and not directly covered in the PALS K-3 contract. The current focus is research for test improvement. Accumulated royalty funds vary in the extent they are drawn upon or saved for future initiatives.

Table 3. UVA Royalties Associated with PALS for 2016-2020 and Related Royalty Expenditures.

Category	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Revenue					
Year-End Balance Forward	159,456	160,775	169,178	103,658	86,383
Royalty Distribution	28,745	-	14,431	-	37,477
Total Funds Available	188,200	160,775	183,610	103,658	123,859
Expenditures					
Personnel Services	14,324	-	64,213	7,029	
Continuous Charges		-	12,294	(3,074)	
Contractual Services	1,018	1,047	3,347	3,705	4,872
Equipment	1,617	(1,248)		80	20,552
Health Care Services		550			
Other	318	57	3	226	190
Supplies & Materials	593	(119)	94	6,742	439
Travel	9,555	(8,690)	-	2,567	39
Total Expenditures	27,425	(8,403)	79,952	17,275	26,092
Total Year-End Balance	160,775	169,178	103,658	86,383	97,767

We believe that the information provided herein addresses the request and are glad to provide any clarification. Please feel free to contact us if you have any additional questions.

Sincerely,

A handwritten signature in black ink that reads "Robert Pianta". The signature is written in a cursive style with a large, prominent "P" and "a".

Robert C. Pianta, Ph.D.

*Dean; Novartis US Foundation Professor of Education,
and Professor of Psychology*

A handwritten signature in black ink that reads "Anita McGinty". The signature is written in a cursive style with a large, prominent "A" and "M".

Anita McGinty, Ph.D.

*Research Associate Professor
and PALS PI/Director*