

VDOE UPDATE: ESSER III FUNDING AND STATEWIDE ASSESSMENT SYSTEM

House Appropriations Committee

June 16, 2025

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VIRGINIA DEPARTMENT OF
EDUCATION

TODAY'S DISCUSSION

1. ESSER III Funding and Appeal Update
2. Timeline and Milestones for Student Assessment System
 - a. Contract extension
 - b. RFP for new assessment system
 - c. Potential overlap of contracts
3. Anticipated costs – Extension
4. Approved Budget language in Chapter 725

ESSER III FUNDING AND APPEAL UPDATE



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ESSER III FUNDING NOTICE FROM USED

- On March 28, 2025, VDOE received [communication](#) from the U.S. Department of Education (USED) that the previously approved late liquidation ESSER III approvals would end at 5 p.m. with an opportunity to **submit an appeal** for reconsideration of projects that **mitigate the effects of COVID on American students' education**.
- This decision impacted VDOE and 15 school divisions.

ESSER III FUNDING AND APPEAL STATUS

- Total potential impact was \$52M.
- To date, VDOE has **recovered \$18.6M** through the USED appeals process.
- The total amount of outstanding appeals based on original approved late liquidation is \$33.4M, which includes:
 - State-level projects: \$7.7M
 - School division projects: \$25.7M

ESSER III FUNDING APPEAL STATUS

- State Education Agency Projects:
 - High-Intensity tutoring (Zearn, Ignite, Lexia) for all school divisions **\$18.6M (Appeal Approved by USED on 5/2)**
 - Attendance Data Dashboard \$5.1M (Appeal preliminarily denied by USED; submitted reconsideration appeal to USED)
 - Grow Your Own Apprenticeship Teachers \$2.6M (Appeal submitted to USED – response not yet received)
- School Division projects:
 - 15 school divisions (21 individual projects - mostly HVAC, school bus replacements, furniture, building renovations, etc.) totaling \$25.7M (Appeals submitted to USED on a rolling basis – responses from USED submissions thus far are not yet received)

STUDENT ASSESSMENT SYSTEM UPDATES



BACKGROUND HISTORY

- Current assessment vendor: Pearson
- Length of contract: 2005 – present
- Number of contract modifications: 24
- Current contract modification #24 runs January 2024 through December 2025, total cost of \$83 million
- State funding over last five years has remained relatively constant at \$28 million annually. Use of Federal funds for payments increased in FY23-FY25 supporting approximately 45% of total costs in FY24.
- The anticipated funding need provided to the GA in the 2025 session, \$19.5M in support for FY26 (through June 30, 2026), remains the same to allow for an extension of the contract.
- In the 2024-2025 school year, approximately 700,000 students over 8 test administrations took and completed 3.1 million tests.

VENDOR ENGAGEMENT & RELATIONSHIP BUILDING

- Through a collaborative relationship with the current vendor, VDOE is striving to improve transparency around industry best procurement practices.
- Incorporating both "high-risk" procurement requirements as well as best practices identified in other states, including:
 - enhanced invoicing processes,
 - distinct and measurable performance metrics,
 - dates for completion, and
 - specific deliverables incorporated into all contract modifications moving forward.
- None of the existing contract modifications were executed using the requirements of the high-risk procurement laws established in 2019.

Reminder:
Current contract modification, executed January 3, 2024, expires December 31, 2025

CHAPTER 725 BUDGET LANGUAGE: EXTENSION

Appropriation language in Chapter 725, provides the ability to move forward with a contract extension with the current vendor ***without being subject to the provisions required in renewals that are deemed a high-risk contract.***

b. Notwithstanding any contrary provisions of law, the Department of Education is authorized to extend current assessment contracts for one additional year to provide sufficient time for the Department to initiate procurement processes as necessary to select an assessment vendor. *is directed and authorized to pursue an extension to the current assessment contracts through December 31, 2027 to allow sufficient time for the Department to complete procurement processes as necessary to select an assessment vendor. Extensions to the existing assessment contracts shall not be subject to the provisions for renewals of high risk contracts.*

TIMELINE/MILESTONES FOR STUDENT ASSESSMENT SYSTEM (EXTENSION)

Task Description	Anticipated Completion Date
Quote for 2-year extension (in alignment with Chapter 725).	Complete
Coordinate with current vendor to provide intent to extend the current contract to allow moving forward with the Fall 2025 test administration and to account for time needed to incorporate HB1957 requirements as necessary in Modification #26 (No-cost Modification #25).	In Process – Expected completion Week of June 16
Continue to coordinate with current vendor to ensure Statement of Work (SOW) aligns to the needs of the statewide assessment system; finalize SOW and Modification #26 to extend contract through December 31, 2027. <i>We are addressing HB1957 requirements on top of current cost and work product in Modification #26.</i>	In Process
Review SOW and Modification #26 with DGS, VITA, and OAG for feedback and approval	July 15 – September 15, 2025 (tentative)
Secure signatures from vendor and VDOE Superintendent for extension with Modification #26	September 15 – September 30, 2025 (tentative)

ANTICIPATED COSTS – CONTRACT EXTENSION

- **VA Extension Options (from current assessment vendor)**
- Current contract ends December 31, 2025
- The next extension to the current contract would start January 1, 2026, with the understanding that work has begun to successfully implement the 2025-2026 assessments.

Pearson has provided a quote for a **2-year extension** in the amount of **\$103 million** and includes scope of work to support Summer Administrations, new item development for the summer review committees, and facilitator of those meetings in 2027.

Note: Requirements outlined in HB1957 (Del. Helmer 2025) would require additional costs and not reflected in the above 2-year quote. The estimated cost provided by the current vendor would range between \$5M and \$25M to implement the law in current form for July 2026 when the new law becomes effective or in alignment with a reenactment clause during the 2026 session.

APPROVED BUDGET LANGUAGE – CHAPTER 725

- *Out of this appropriation, \$500,000 the first year from the general fund is provided for the Department and Secretary of Education to **procure a vendor to analyze options for implementing an innovative new statewide assessment system** to support high-quality teaching and learning in public K-12 schools in Virginia. The new assessment system shall align with Virginia's Standards of Learning with the goal of implementation by the 2027-2028 school year. The selected vendor shall have demonstrated expertise in K-12 statewide assessment systems and the development of comprehensive reports with recommendations for state education agencies.*

- *The scope of work for the vendor shall include:*
 - o *1. An analysis of high-quality assessment systems in other states, emphasizing models that incorporate: (a) alignment with state standards and instructional goals; (b) non-traditional assessments, such as project-based or performance-based approaches; (c) accessibility for English learners and students with disabilities, with examples of accommodations and multilingual assessments from other states; (d) advanced technology integration, such as adaptive testing and online platforms, including infrastructure requirements and associated costs; (e) integration of authentic growth measures that provide formative feedback for educators and could be integrated into a statewide assessment system; (f) feedback on the application of knowledge and higher-level reasoning skills as described in the standards; and (g) best practices for release of rubrics, sample items and tasks, anchor papers, exemplars, and other resources that clarify the benchmarks for success.*

- ***The Department and Secretary of Education shall establish a workgroup** to provide input on the needs of the assessment system, participate in the work of the vendor, and consist, at a minimum, of representatives of statewide organizations that represent superintendents, teachers, principals, and curriculum development and assessment, and individuals with experience implementing statewide assessment systems.*

APPROVED BUDGET LANGUAGE – CHAPTER 725

A.1. Out of this appropriation, ~~\$25,380,678~~ \$31,607,059 the first year and ~~\$25,380,678~~ \$44,921,829 the second year from the general fund is provided to support the costs of contracts for test development, administration, scoring, and reporting as well as other program-related costs of the Standards of Learning testing program. *Of this amount, \$6,226,381 the first year and \$19,541,151 the second year shall be unallotted. Prior to the allotment of these funds, the Department of Education shall provide an updated report to the Secretary of Education, the Secretary of Finance, and the Department of Planning and Budget on the annual contract cost, including any extensions through December 31, 2027, as directed in paragraph A.2.b., and the Department's available general fund and nongeneral fund sources to support those costs. The Department of Education shall maximize available nongeneral funds to support the cost of the existing assessment contract and the directed extensions. Any balances for the purposes specified in this paragraph and paragraph A.2.b. that are unexpended on June 30, 2025, or June 30, 2026, that are required to meet contract obligations through December 31, 2027, shall not revert to the general fund but shall be reappropriated for expenditure in the next fiscal year for the same purpose. Any general fund not required to meet contract obligations shall remain unallotted.*

TIMELINE/MILESTONES FOR STUDENT ASSESSMENT SYSTEM (RFP FOR NEW SYSTEM)

- Chapter 725 establishes a workgroup to provide input on the needs of a new assessment system (July 2025 start date).
- Chapter 725 requires the selection of a vendor to conduct an analysis of innovative new assessment systems. (Pending carry over approval)
- HB585 Progress Report to be provided to the General Assembly by November 1, 2025.
 - The report will include updates on the work outlined above and the development of an RFP for a new statewide assessment system and include information from the vendor and workgroup.
- RFP release could potentially happen in November/December 2025 with a target decision by May 2026.
- New assessment contract could be in place by July 1, 2026, to allow for a full year of transition between the current and new assessment contracts.

POTENTIAL OVERLAP

- Chapter 725 allows an extension through December 31, 2027. It is best practice to structure a transition period between assessment contracts to ensure a seamless and smooth transition for all users.
- School year (SY) 26/27 would be the recommended transition year providing the existing assessment contract is extended through December 31, 2027.
- This timeline would align to implementation of the new assessment system in SY27/28 as outlined in Chapter 725.
- Upon award of the RFP, there will be additional transition costs included in 26/27 for a new assessment vendor.

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