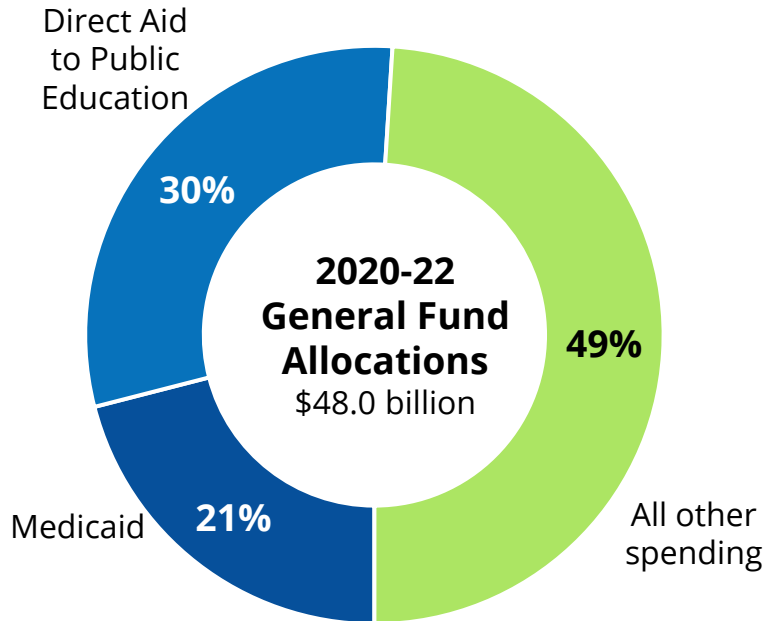




Overview of Elementary & Secondary Education

Subcommittee Overview



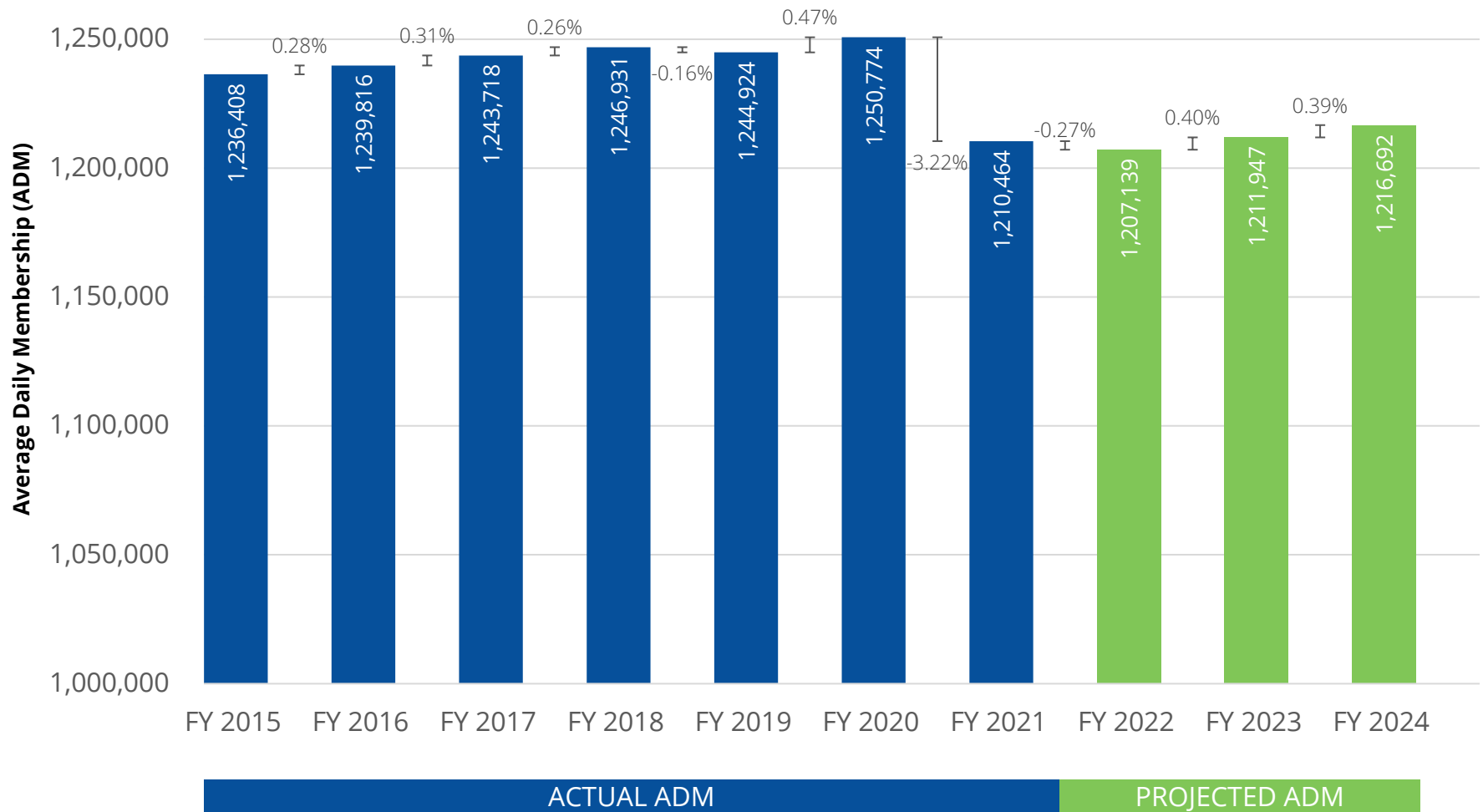
Agency/Area (\$ in millions)	FY 2022 GF	FY 2022 NGF
Direct Aid to Public Education	\$7,311.6	\$1,919.3
Department of Education	71.8	304.9
Va. School for Deaf & Blind	11.4	1.3
Secretary of Education	0.7	0.0
Total	\$7,395.4	\$2,225.5



TRENDS & CURRENT ISSUES

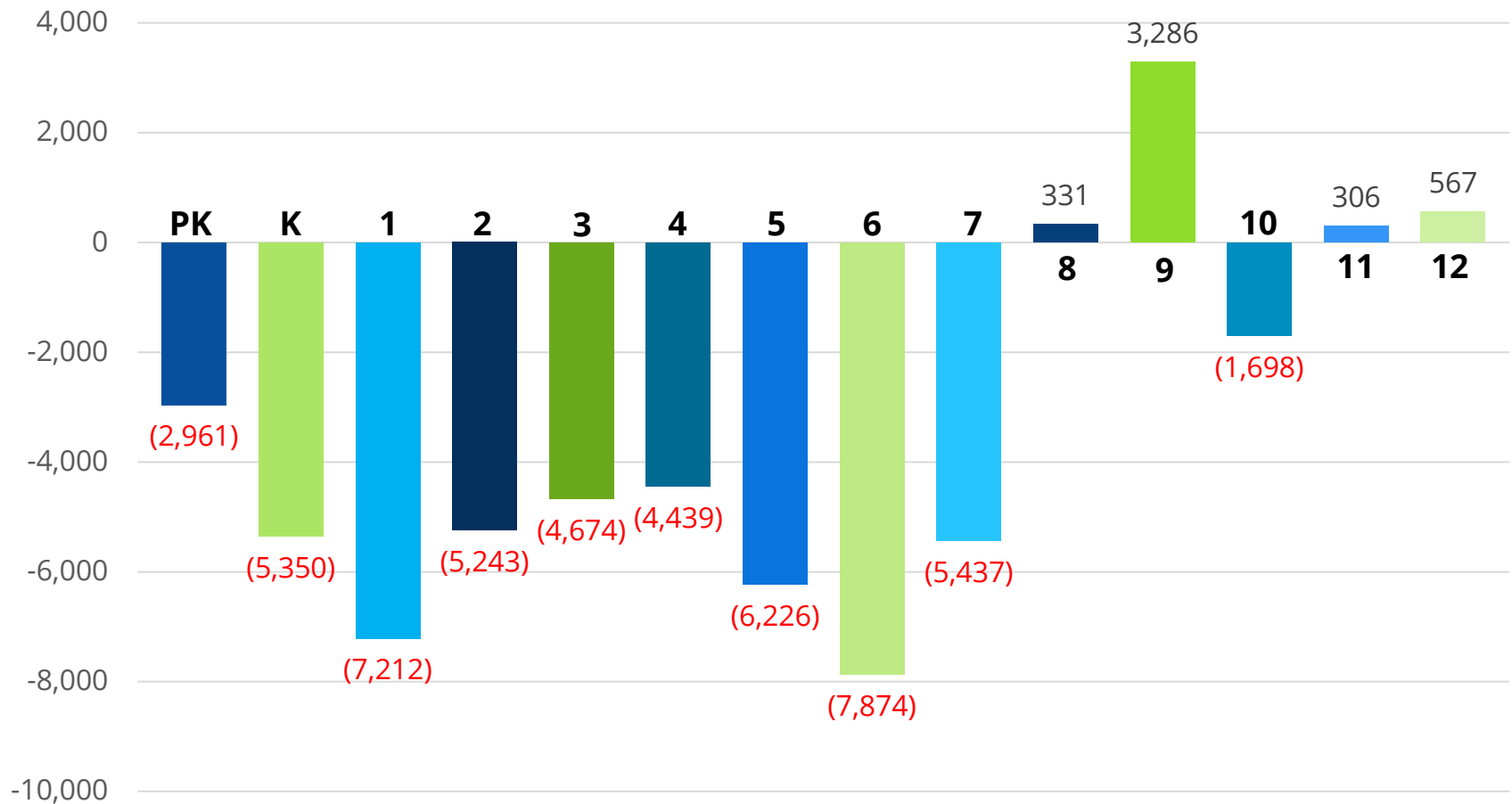


Enrollment Trends: Average Daily Membership by Year



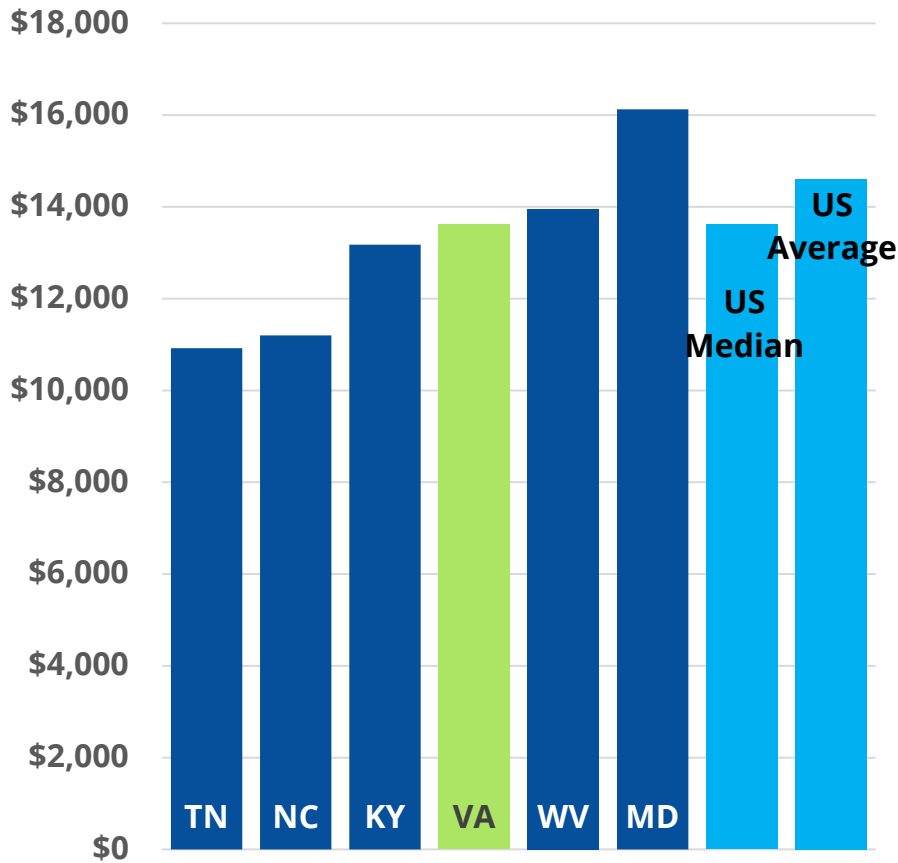
COVID-19 Enrollment Decrease Mostly Impacts Lower Grades

Fall Enrollment – Change from Sept. 2019 to Sept. 2021

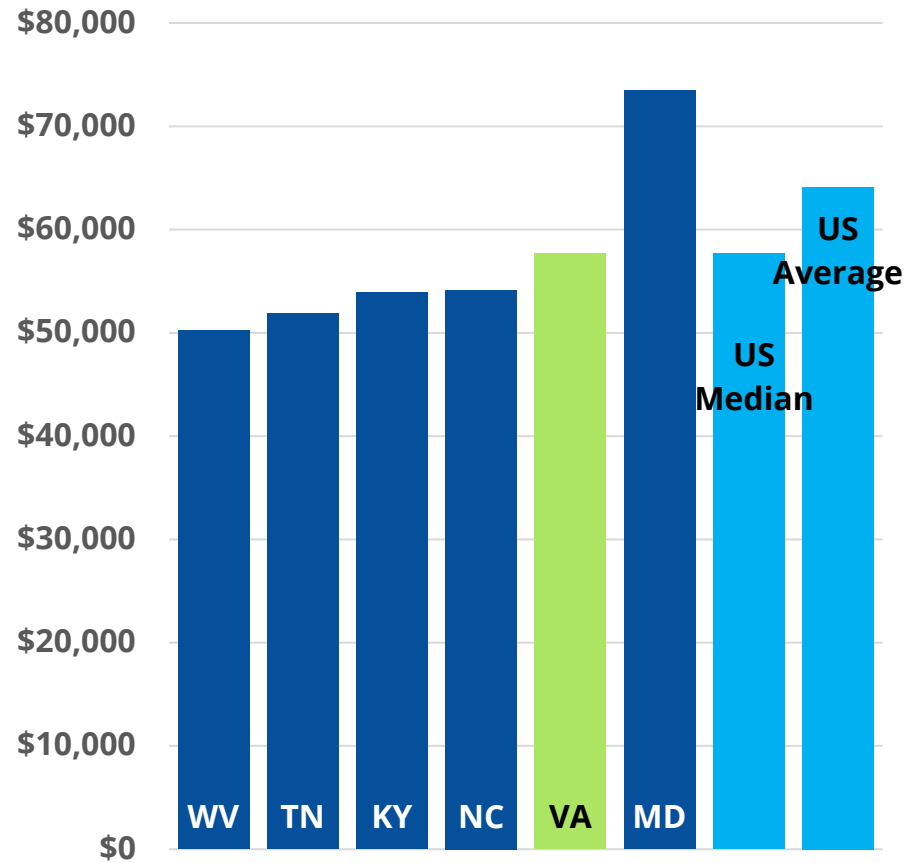


Virginia's K-12 Funding In Context

2019-20 Total Per Pupil Spending



2019-20 Average Teacher Salaries



K-12 Funding: Policy/Budget Issues

FEDERAL RELIEF: ESSER FUNDS

- School divisions have access to nearly \$3.0 billion in flexible relief funds, most remains available through FY 24
- Maintenance of effort requirements will require about 30% of FY 23 GF growth to be dedicated to public education
- Little information exists about school divisions' intended uses of these funds; data could help state spending decisions

JLARC STUDIES

- SJ 294 (2021) Assess the costs to implement the K-12 Standards of Quality – completion: end of 2023
- HJ 549 (2021) Impact of COVID-19 on Virginia's public schools, students, and school employees – completion: end of 2022

SCHOOL FACILITIES

- Historically, a local funding responsibility
- Portion of casino revenues dedicated to school construction
- School Construction & Modernization Commission's December 2021 recommendations



DIRECT AID FOR PUBLIC EDUCATION



Constitutional Provisions

The *Constitution of Virginia* establishes the General Assembly's responsibilities for funding public schools...

- *Article VIII, Section 2*
...The General Assembly shall determine the manner in which funds are to be provided for the **cost of maintaining an educational program meeting the prescribed standards of quality**, and shall provide for the apportionment of the cost of such program between the Commonwealth and the local units of government...

- *Article VIII, Section 8*
The General Assembly shall set apart as a permanent and perpetual school fund the present **Literary Fund**... so long as the principal of the Fund totals as much as eighty million dollars, the General Assembly may set aside all or any part of additional moneys received into its principal for public school purposes, including the teachers retirement fund...

- *Article X, Section 7-A*
The General Assembly shall establish the **Lottery Proceeds Fund**. The Fund shall consist of the net revenues of any lottery conducted by the Commonwealth. Lottery proceeds shall be appropriated from the Fund to the Commonwealth's counties, cities and towns, and the school divisions thereof, to be expended for the purposes of public education

How the General Assembly fulfils its responsibility...

- **SOQ Funding Model** calculates cost of K-12 program based on staffing ratios combined with historic prevailing costs reported by school divisions
- Cost is apportioned between state and localities based on **local ability to pay (LCI)**, and distribution of 1 1/8% sales tax

- Literary funds above the \$80 million minimum balance historically have been used for **revolving loan funds for school construction**; however, in recent years, loan activity has ceased as other sources of financing have become more attractive
- Since recession, literary fund has been used to support **teacher retirement costs**

- **Lottery proceeds** are used to fund **several non-SOQ programs**, including K-3 class size reduction, reading and math intervention
- House of Delegates' policy goal is to ensure **40% of lottery proceeds** are returned to school divisions as **flexible funding** for infrastructure and operations



SOQ Funding Model



Staffing Standards

Staffing Ratios and
Maximum Class Sizes

Prescribed by the
General Assembly &
Board of Education

Students & Characteristics

How many students are
enrolled?

How many have unique
characteristics?

Applied to Staffing Standards
to generate # of instructional
positions



Prevailing Costs

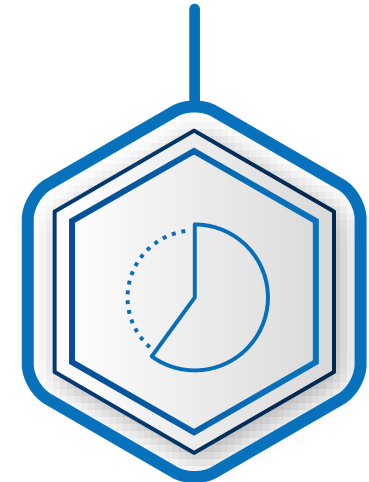
What are the prevailing salaries
and benefit costs paid to those
instructional positions?

What other prevailing costs are
incurred by school divisions?

State & Local Shares

How much revenue can
each locality reasonably
raise to support K-12?

How much of the 1 1/8%
dedicated K-12 sales tax
is anticipated to offset
state & local shares?



Staffing Standards are
established in state law
and regulation

Rebenchmarking updates above data points to determine the base
cost of public education for the next biennium – it does not include any
policy spending decisions



Staffing Standards

As provided in *Va. Code* § 22.1-253.13:2 and the Appropriation Act

SOQ Positions funded in Basic Aid				Other SOQ Positions (Not included in Basic Aid)	
	Elementary	Middle & High	Classroom Teaching Positions		
Principals	# of students: ≤ 300: 0.5 FTE ≥ 300: 1.0 FTE	1.0 FTE per school	Grade K	1:24 divisionwide; max class size 24, 29 if aide provided	
Assistant Principals	# of students: 600-899: 0.5 FTE ≥ 900: 1.0 FTE	1.0 FTE per 600 students	Grade 1-3	1:24 divisionwide; max class size 30	
Librarians	# of students: ≤ 300: 0.5 FTE ≥ 300: 1.0 FTE	# of students: ≤ 300: 0.5 FTE 300-999: 1.0 FTE ≥ 1,000 : 1.0 FTE	Grade 4-6	1:25 divisionwide; max class size 35	
K-5 Resource Teachers	5:1,000 students	-	Grade 6-12 English	1:24 divisionwide	
School Counselors	1:325 students		Secondary	1:21 schoolwide	
IT Resource & Support	2:1,000 students		Support Positions		
			Specialized student support (social workers, psychologists, nurses)	3:1,000	
			Support Positions, incl: • Executive & Central Office • Operations & Maintenance • Transportation • Clerical	At the discretion of the local school board	
			Prevention, Intervention, Remediation	1:10 to 1:18, based on SOL failure rates, one hour per day	
			English Learner Teachers	20 per 1,000 English Learner students	
			Special Education & CTE Teachers	6 per 1,000 students	
			Gifted Teachers	1 per 1,000 students	
			Remedial Summer School	1 per 18 eligible students	



Students and Characteristics

Staffing standards applied to student enrollment & characteristic data

- Determines number of SOQ-funded positions for each school division
- Student data includes:
 - Student Membership
 - Special Education Child Count
 - # of English Learners
 - CTE Course enrollment
 - SOL Pass Rates
 - % Free Lunch Eligibility

FY 22 Projected average daily membership: 1,218,331

SOQ Positions funded in Basic Aid				
	Elem.	Middle & High	Support Positions	
Principals	1,067	665	Specialized student support (social workers, psychologists, nurses)	3,656
Assistant Principals	203	757		
Librarians	1,067	924	Support Positions, incl: • Executive & Central Office • Operations & Maintenance • Transportation • Clerical	No standard; funded based on prevailing statewide practice
K-5 Resource Teachers	3,844	-		
School Counselors	3,863			
IT Resource & Support	1,256			
Classroom Teaching Positions				
Grade K	3,915 teachers 684 aides		Remediation	3,802
Grade 1-3	11,870		English Learner	2,285
Grade 4-6	12,644		Special Education	15,238 teachers 2,153 aides
Grade 6-12 English	220		Career & Tech Ed.	5,477
Secondary	27,893		Gifted Education	1,256

FY 22 Funded SOQ Instructional Positions: 99,262



Prevailing Costs

- School divisions submit annual financial data, used to determine statewide prevailing per-position and per-student costs
 - Financial data lags – 2022-24 rebenchmarking based on FY 20 actual costs with inflation factor added
 - Prevailing costs calculated using a **linear weighted average** to reduce influence of outlier school divisions on overall SOQ cost
- Prevailing cost data determine state-recognized SOQ costs for:
 - Funded SOQ-Instructional position salaries
 - Support positions (# of positions and salaries)
 - Fringe benefit costs
 - Other support costs (operations & maintenance, utilities, substitute teachers, transportation, etc.)
 - Textbooks



Per Pupil SOQ Amount

- Total instructional and support costs converted into per-pupil amount (PPA) for each school division
- PPA varies from division to division due to:
 - School & grade configurations
 - Population density & land area (used to calculate pupil transportation costs)
 - Cost of Competing Adjustment (COCA)
 - Deduction of federal aid

Sample Basic Aid Per-Pupil Amounts FY22 Amount to be Shared between State & Locality	
Norfolk	\$6,071
Virginia Beach	\$6,247
Lee	\$6,733
Fairfax	\$6,825
Sussex	\$7,628
Westmoreland	\$8,876
Highland	\$11,047

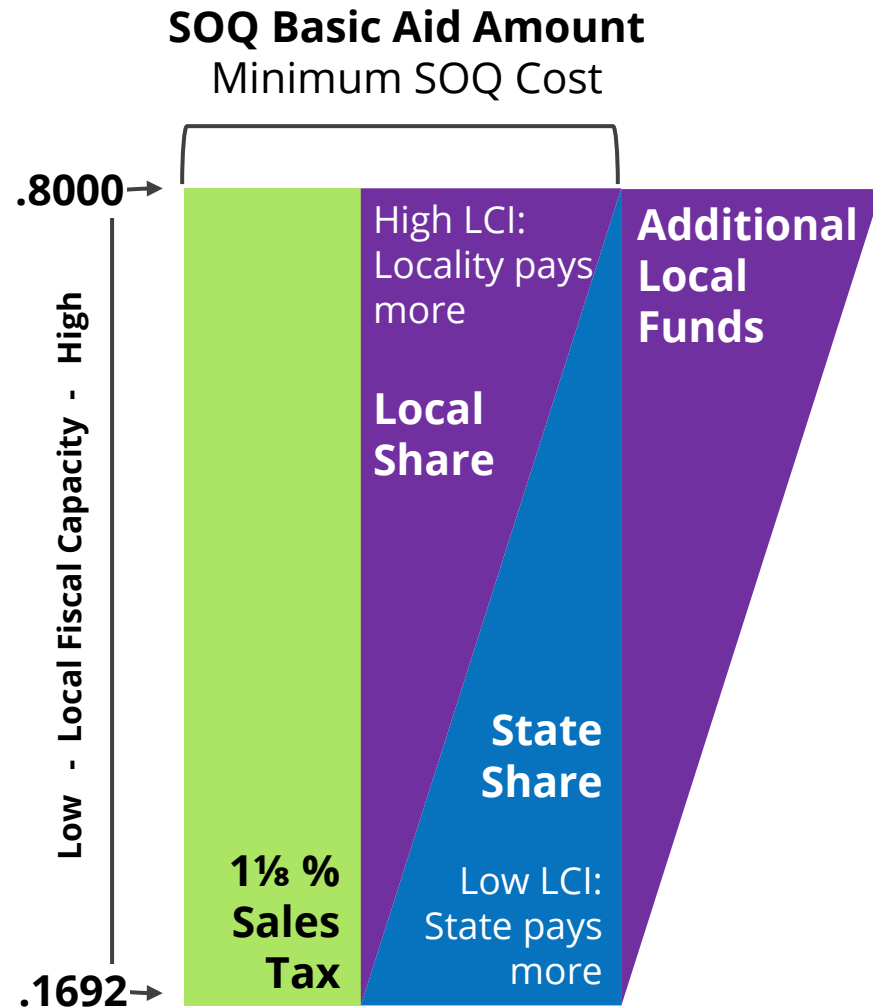


State & Local Shares

Funding SOQ Basic Aid Costs:

- **1⅛ % sales tax** dedicated to SOQ funding is distributed to school divisions based on school-age population
- Remaining cost shared between state and localities based on the **Local Composite Index (LCI)**
 - LCI compares local tax base of each school division among all school divisions
 - Lower LCI: state pays more – lowest is .1692
 - Higher LCI: locality pays more – capped at .8000 to ensure state pays at least 20%
 - In aggregate, the state's share is 55% of total, localities providing 45% share

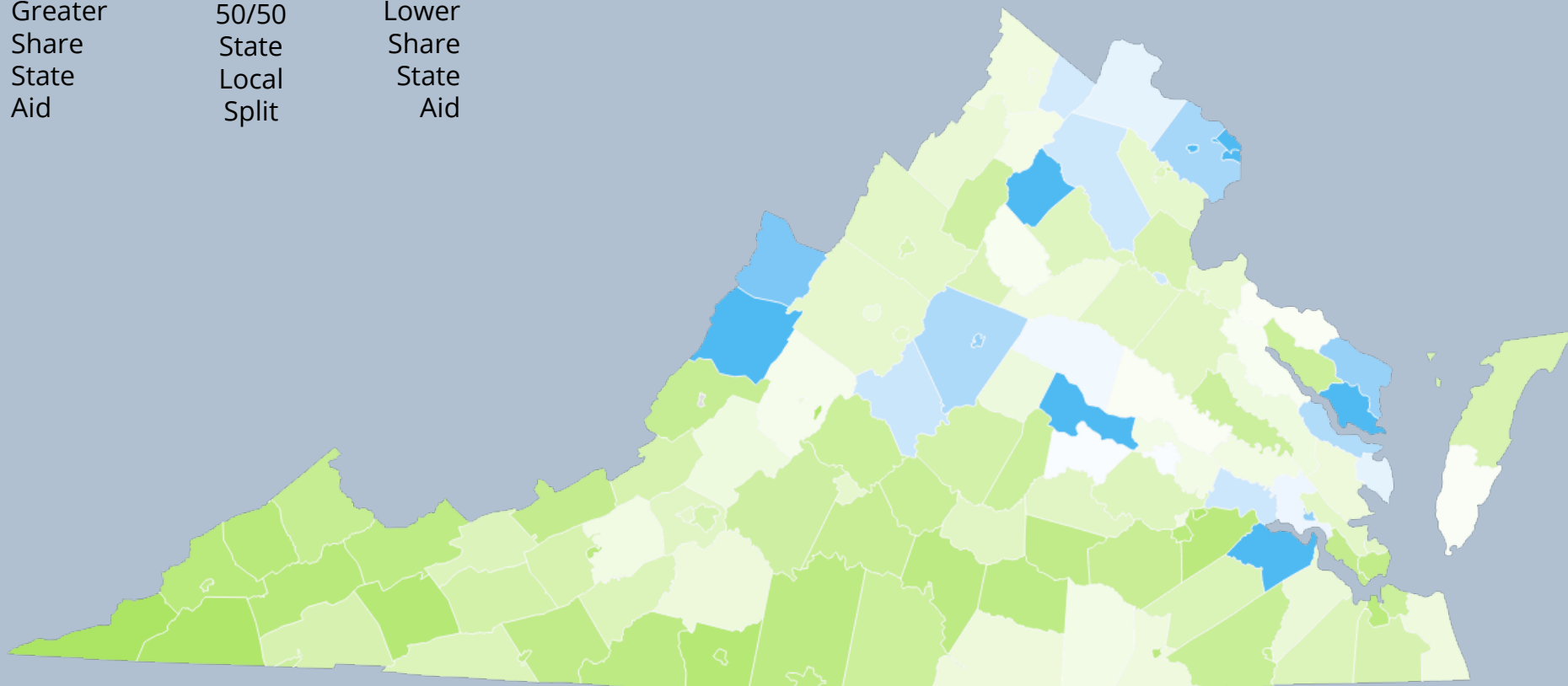
Most other K-12 programs funded similarly, except sales tax does not offset program costs



State & Local Shares: 2022-24 Local Composite Index



.1700	.5000	.800
Greater	50/50	Lower
Share	State	Share
State	Local	State
Aid	Split	Aid



Revenues Supporting Direct Aid for Public Education

Revenue Source	FY 22	\$ in millions
General Fund	\$5,748.5	<ul style="list-style-type: none"> In the 2020-22 biennium, about 61% of K-12 funding.
Sales Tax (General Fund)	1,563.0	<ul style="list-style-type: none"> 1 1/8% portion of the state sales tax is distributed to school divisions based on share of school-age population These funds reduce the SOQ Basic Aid costs to be shared between state and localities 1% of this tax applies to food sales; 1/8% is food-exempt
Lottery Proceeds	690.9	<ul style="list-style-type: none"> House of Delegate's ongoing policy goal has been to distribute 40% of lottery proceeds to school divisions as per-pupil payments to support infrastructure and operations; remaining 60% offsets GF costs
Literary Fund	83.0	<ul style="list-style-type: none"> Fines and forfeiture revenues Since recession, has been used to offset VRS teacher costs Provides revolving funds for school construction loans; Options for 2022 legislative action to increase loan activity, which has dwindled
Gray Machine Revenue	40.0	<ul style="list-style-type: none"> Temporary revenue used to offset \$442 m. GF for No Loss funding provided in 2020-22
Federal	1,103.0	<ul style="list-style-type: none"> Federal pass-through programs, including funding for: IDEA (Special Ed), Title I-A, School Nutrition Programs Total does not include over \$3 billion in federal COVID-19 relief available through FY2024
TOTAL	\$9,230.8	

Coming online soon: Revenues from **(1) casino gaming** to support school construction, and **(2) cannabis sales** to support early childhood education.



Direct Aid for Public Education

SOQ Expenditures

- 82% of state Direct Aid for Public Education funds are for SOQ programs
- Remaining 18% of state K-12 funds allocated to Non-SOQ programs described on following slides

Program	FY 22	\$ in millions
Standards of Quality Programs		
Basic Aid	\$3,536.9	• State's share of costs for meeting the SOQ standards and prevailing support costs, after sales tax applied below
Sales Tax	1,563.0	• 1 1/8% portion of the state sales tax is distributed to school divisions based on share of school-age population • These funds reduce the SOQ Basic Aid costs to be shared between state and localities: for every \$1 additional sales tax revenue, Basic Aid cost is reduced 45 cents and required local effort is reduced 55 cents
VRS, Social Security, Group Life Insurance	714.2	• State share of fringe benefit costs for SOQ funded positions
Special Education	419.8	• State share of special education positions based on Board of Education staffing regulations
Other SOQ Programs	393.4	• Other programs include: Textbooks, Career & Tech, Gifted, Remediation, English Learner, and Remedial Summer School
TOTAL	\$6,627.4	



Direct Aid for Public Education

Non-SOQ Expenditures

Program	FY 22	\$ in millions
Incentive Programs - Ongoing		
Infrastructure & Operations Per-Pupil	\$276.4	<ul style="list-style-type: none"> • Provides payments, up to \$XXX per-pupil, for any K-12 use • In 2020, General Assembly reinstated requirements for local matching funds, maintenance of effort, and dedication of a portion of funds for non-recurring costs to encourage use of funds for capital needs • House of Delegates' goal has been to dedicate 40% of lottery proceeds directly to these payments
At-Risk Add-On	233.0	<ul style="list-style-type: none"> • Supplemental funds distributed based on concentration of students in poverty • Provides a 1% to 26% to basic aid, based on each school division's percentage of free lunch students • Expanded funding levels in FY 18, FY 21, and FY 22 • Wide variety of permitted uses, generally benefitting educationally at-risk students and teacher recruitment/retention
K-3 Class Size Reduction	133.0	<ul style="list-style-type: none"> • Funds supplemental teachers to provide smaller class sizes in high poverty schools • Some school divisions struggle with utilizing funds due to space limitations and hard-to-fill teaching positions
Virginia Preschool Initiative	133.4	<ul style="list-style-type: none"> • Funds 22,590 Pre-K slots for at-risk four year-olds • Also includes mixed delivery provider add-on grants and pilot for at-risk three year-olds



Direct Aid for Public Education

Non-SOQ Expenditures (continued)

Program	FY 22	\$ in millions
Incentive Programs – Non-Recurring Actions		
No Loss Funding	164.3	<ul style="list-style-type: none"> In response to COVID-19 enrollment loss, ensured no school division would lose funding from the 2020 Special Session II allocated amounts
5% Compensation Supplement	232.7	<ul style="list-style-type: none"> Provided 5% increase for SOQ recognized positions To access funds, divisions required to provide an average 5% increase in either FY 21 or FY 22; funds prorated for divisions providing increases between 2% and 5% A few divisions opted not to provide the increase, including Fairfax County, which provided only 2%
Learning Loss Instructional Supports		<ul style="list-style-type: none"> Provided \$40 million based on At-Risk Add-On formula to assist with COVID-19 learning loss. School divisions were permitted to carry-over funds into FY 22
Other Programs	282.4	<ul style="list-style-type: none"> Other smaller programs varying from \$50k to \$100m annually
TOTAL INCENTIVES	\$1,455.2	<ul style="list-style-type: none"> Total includes both recurring & non-recurring actions
Supplemental Programs		
Supplemental Grants	\$45.2	<ul style="list-style-type: none"> Grants to various entities & programs including: Va. Early Childhood Foundation, extended school year grants, Jobs for Va. Graduates, GRASP, Communities in Schools



K-12 PROPOSALS IN HB 30

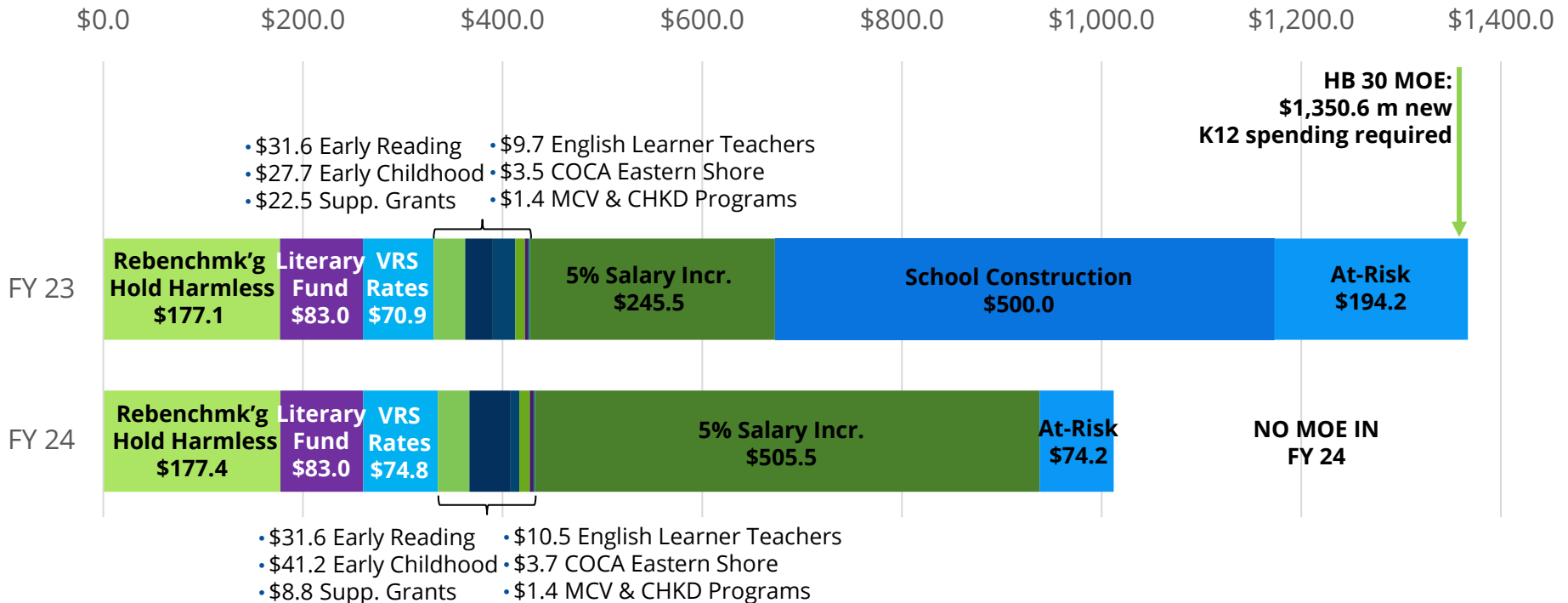


Overview: HB 30 Introduced & MOE

- ARPA MOE requirement FY 23: 29.9% of new GF spending must be dedicated to K-12
 - If statewide GF revenue spending decreases; FY 23 MOE also decreases

HB 30 As Introduced New K-12 Policy Spending: 2022-23

\$ in millions GF



HB 30: Major K-12 Policy Proposals

\$ in millions GF	FY 2023	FY 2024
<p>5% Compensation Supplement Each Year</p> <ul style="list-style-type: none"> Local option for state share of 5% increases for SOQ-recognized positions, effective July 1, 2022 & 2023 School divisions may provide smaller increases and access prorated funds; however, must provide at least 2.5% 	\$245.5	\$505.5
<p>School Construction & Modernization Grants</p> <ul style="list-style-type: none"> Eligible expenses: construction, renovations, planning, site acquisition, debt service for projects <10 years old Distributed based on ADM & LCI 	500.0	0
<p>Literary Fund Modifications</p> <ul style="list-style-type: none"> Increases fund balance by ending practice of using fund for teacher retirement payments Authorizes \$200 million in loans each year Increases maximum loan from \$7.5 million to \$25.0 million Indexes interest rates that are currently locked in Code 	83.0	83.0



HB 30: Major K-12 Policy Proposals

\$ in millions GF	FY 2023	FY 2024
<p>Increase At-Risk Add-On</p> <ul style="list-style-type: none"> • Increase maximum rate from current 26% to 49.5% in FY 23, then decrease to 36% in FY 24 • Temporary FY 23 increase helps fulfil federal Maintenance of Effort requirement 	\$194.2	\$74.2
<p>Hold school divisions harmless from rebenchmarking data impacted by COVID-19</p> <ul style="list-style-type: none"> • Applicable to special education, pupil transportation, and non-personal support cost data 	177.1	177.4
<p>Recognize elimination of grocery tax in SOQ formula</p> <ul style="list-style-type: none"> • Removes sales tax revenues of \$103.0 million in FY 23 and \$254.4 million in FY 24 • Increases basic aid by \$57.5 million in FY 23 and \$141.9 million in FY 24 	(45.5)	(112.5)
<p>Hold school divisions harmless from elimination of grocery sales tax</p> <ul style="list-style-type: none"> • Proposes one-time hold harmless for 2022-24 biennium 	45.5	112.5



HB 30: Major K-12 Policy Proposals

\$ in millions GF	FY 2023	FY 2024
Hold VRS Contribution Rates at Current Levels <ul style="list-style-type: none"> Maintain higher rate, providing longer term savings 	70.9	74.8
Expand Early Reading Intervention Program <ul style="list-style-type: none"> Expand funding from grades K-3 to K-5 	31.5	31.6
Additional English Learner Teachers <ul style="list-style-type: none"> Proposes staffing ratio change from 1:22 to 1:20 	9.7	10.5
Expand Cost of Competing Adjustment to Eastern Shore	3.5	3.7
Expand State Operated Programs <ul style="list-style-type: none"> Provide capacity at Children’s Hospital of Richmond & CHKD Norfolk 	1.4	1.4



Direct Aid Policy Proposals: Early Childhood Care & Education

\$ in millions GF	FY 2023	FY 2024
Virginia Preschool Initiative		
• Implement biennial rebenchmarking for VPI per pupil funds	\$13.7	\$13.7
• Expand VPI Three-Year-Old slots	6.0	13.4
• Additional Mixed-Delivery VPI Provider Add-On Grants	0	3.4
Virginia Preschool Initiative Subtotal	\$19.7	\$30.5
Mixed-Delivery Grant Program. Expand VECF-administered program to serve additional three- and four-year-old slots, and pilot to serve up to 200 infants or toddlers each year	2.0	4.7
Additional Early Childhood Educator Recruitment/Retention Grants	5.0	5.0
Grow-Your-Own Early Childhood Educator Pipeline programs	1.1	1.1
Expand Va. Kindergarten Readiness Assessments and classroom observations for publicly-funded programs	1.5	1.7
Additional VDOE staff support (2 FTEs)	0.3	0.3
TOTAL PROPOSED NEW EARLY CHILDHOOD FUNDING	\$29.5	\$43.3

* These proposed items would be funded in Department of Education, Central Office rather than Direct Aid



Policy Proposals: Supplemental Grants

\$ in millions GF	FY 2023	FY 2024
New Supplemental Grant Programs		
Community Schools Grants	\$10,000,000	\$0
Minority Computer Science Teacher Recruitment Grants	1,500,000	1,500,000
Urban League of Hampton Roads' Project Ready-Career Beginnings	2,000,000	0
Youth Entrepreneurship Pilot Program – Portsmouth	1,500,000	0
Virginia Public Media	500,000	500,000
AP Computer Science Enrollment Grants	500,000	500,000
K-8 STEM Pipeline Grants	250,000	250,000
Increases to Existing Supplemental Grant Programs		
Computer Science Education Initiative (increase to \$2.7 million each year)	1,350,000	1,350,000
Communities in Schools (increase to \$2.0 million each year)	760,000	760,000
Virginia Air & Space Center (increase to \$1.2 million each year)	500,000	500,000
eMediaVa/WHRO (increase to \$1.5 million each year)	500,000	500,000
Blue Ridge PBS (increase to \$850,000 each year)	500,000	500,000
Power Scholars Academy (increase to \$1.5 million each year)	500,000	500,000
Wolf Trap STEM (increase to \$1.0 the first year and \$1.3 million the second year)	275,000	575,000
Teacher Residency Programs (increase to \$2.3 million the first year, remain at \$1.8 million the second year)	500,000	0
Project Discovery (increase to \$987,500 each year)	25,000	25,000



Department of Education & Va. School For Deaf & Blind

\$ in GF	FY 2023	FY 2024
Department of Education		
• Implement new School Improvement System (additional 50 FTEs phased in by FY 24)	\$3,325,860	\$6,552,285
• Statewide Learning Management System. Continues funding initiated using federal relief (one additional FTE in FY 24)	0	5,138,000
• SOL Growth Assessments. Continues funding initiated using federal relief to implement 2021 legislation	0	5,000,000
• School Climate and Working Conditions Survey. Funds two FTEs to support survey administration	235,742	235,742
• Eastern Shore STEM Governors School study.	500,000	0
• Social Emotional Learning Resources (includes one additional FTE in FY 23)	221,514	221,514
• Marijuana Use Education Resources. Pursuant to 2021 legislation	310,000	0
Va. School for the Deaf and Blind		
• Replace school computer network	545,000	100,000

