

# ***Virginia Preschool Initiative (VPI): Review of Program Formula and Program Participation***

**Presented to the Joint Subcommittee  
on the Virginia Preschool Initiative (VPI)**

**September 7, 2016**



## ***Current VPI Appropriation in Chapter 780***

- \$70.7 million for FY17
- \$70.9 million for FY18
- Funded with Lottery Proceeds
- Actual VPI payments to divisions are based on the certified number of actual 4-year-olds served as of October 1 each year.



# ***Recently Enacted Changes Affecting VPI Formula/Student Eligibility***

- Chapter 665 (2014-2016 budget from 2015 Session) included new eligibility criteria for students participating in VPI:  
*“(i) family income at or below 200 percent of poverty, (ii) homelessness, (iii) student's parents or guardians are school dropouts, or (iv) family income is less than 350 percent of federal poverty guidelines in the case of students with special needs or disabilities.”*
- Chapter 780 (2016-2018 budget from 2016 Session) expanded the criteria to include:  
*“...Up to 15 percent of a division's slots may be filled based on locally established eligibility criteria so as to meet the unique needs of at-risk children in the community.”*



# ***Recently Enacted Changes Affecting VPI Formula/Student Eligibility***

- Chapter 780 also increases the per pupil funding amount in FY17 and FY18 to \$6,125 (from \$6,000) before application of the Composite Index.
- Chapter 665 added language for FY16 related to the existing Start-up/Expansion grants funded from appropriation balances each year to give priority to VPI programs expanding the use of private partnerships.
  - In FY16, \$678,050 in undistributed VPI funding was used to provide two start-up grants to divisions currently not operating a VPI program to begin operation in FY17, and for nine expansion grants to divisions to expand their VPI program in FY17. Priority for grants was given to those partnering with private providers.



# ***Review of VPI Formula Data Elements***

- **Composite Index (updated biennially)**
  - Capped at 0.5000 (i.e., state funds minimum of 50 percent of VPI formula costs for each division)
- **Projected Kindergarten Fall Membership (updated biennially)**
  - Based on VDOE projection for each fiscal year used for the introduced biennial budget
- **Division Free Lunch Percentage (updated biennially)**
  - Eligibility data reported by school divisions to VDOE
- **Count of Head Start 4-Year-Olds (updated biennially)**
  - Data collected from local Head Start programs
- **Full-Day/Half-Day Per Pupil Funding Amount**
  - Established in the Appropriation Act (currently \$6,125 full-day slot/\$3,062.50 half-day slot)



# VPI Formula Data Elements: Composite Index

- Reflects the locality's relative ability to pay education costs; formula established in the Appropriation Act. Index value represents local percentage share of formula cost; inverse is state percentage share.
- Re-calculated during every two years during "Rebenchmarking" process. Held constant in the formula for the biennium.
- The lowest index for 2016-2018 is 0.1701. The index is capped at 0.8000 for Standards of Quality and other state funding formulas, but at 0.5000 for VPI. The Act allows up to 25 percent of the local match to come from in-kind resources.
- Data elements (and their weights in the formula) and sources:
  - True Value of Property (wtg. 50 percent); Virginia AGI (wtg. 40 percent); and Taxable Retail Sales (wtg. 10 percent) – Dept. of Taxation
  - Average Daily Membership (wtg. 67 percent) – VDOE
  - Local Population (wtg. 33 percent) – Weldon Cooper Center-UVA



# VPI Formula Data Elements: Composite Index

ADM Component =

$$\begin{aligned}
 & .5 \left[ \frac{\text{Local True Value of Property}}{\text{Local ADM}} \right] + .4 \left[ \frac{\text{Local Adjusted Gross Income}}{\text{Local ADM}} \right] + .1 \left[ \frac{\text{Local Taxable Retail Sales}}{\text{Local ADM}} \right] \\
 & \frac{\text{State True Value of Property}}{\text{State ADM}} + \frac{\text{State Adjusted Gross Income}}{\text{State ADM}} + \frac{\text{State Taxable Retail Sales}}{\text{State ADM}}
 \end{aligned}$$

Population Component =

$$\begin{aligned}
 & .5 \left[ \frac{\text{Local True Value of Property}}{\text{Local Population}} \right] + .4 \left[ \frac{\text{Local Adjusted Gross Income}}{\text{Local Population}} \right] + .1 \left[ \frac{\text{Local Taxable Retail Sales}}{\text{Local Population}} \right] \\
 & \frac{\text{State True Value of Property}}{\text{State Population}} + \frac{\text{State Adjusted Gross Income}}{\text{State Population}} + \frac{\text{State Taxable Retail Sales}}{\text{State Population}}
 \end{aligned}$$

Local Composite Index =

$$((.6667 \times \text{ADM Component}) + (.3333 \times \text{Population Component})) \times 0.45 \text{ (average local share)}$$



# ***VPI Formula Data Elements: Projected Kindergarten Fall Membership***

- Prior to FY13, the projected number of four-year-olds for each locality estimated by the Va. Employment Commission (VEC) was used as the starting student base in the VPI formula.
- For the 2012-2014 biennium, the formula was changed to use projected kindergarten enrollment updated once each biennium as the starting student base – a lower student base for most divisions than the VEC projection of four-year-olds, as reflected in the state totals on slide 11.
- For most divisions, the VEC projection of four-year-olds is higher than the kindergarten projection, but the reverse is true for some divisions. This is likely due to differences in private school/home school participation across divisions, differences in enrollment growth, and differences between the two projection methodologies.





# ***VPI Formula Data Elements: Projected Kindergarten Fall Membership***

- For FY13 and FY14, a Hold Harmless was funded where the number of slots funded for each division was the higher of: (1) the calculated slots based on projected kindergarten enrollment; or (2) the lesser of either the calculated slots using the VEC four-year-olds projection or the actual number of slots utilized in FY12. This lessened funding reductions to divisions impacted by the transition to kindergarten enrollment in the formula.
- For FY15 and beyond, the formula uses the projected kindergarten enrollment as the base student population.
- For the 2014-2016 biennium, another Hold Harmless was funded on a prorated basis to minimize divisions' slots falling below the number actually used in FY14. In FY15, about one-third of the hold harmless was funded; in FY16, about 95 percent was funded.

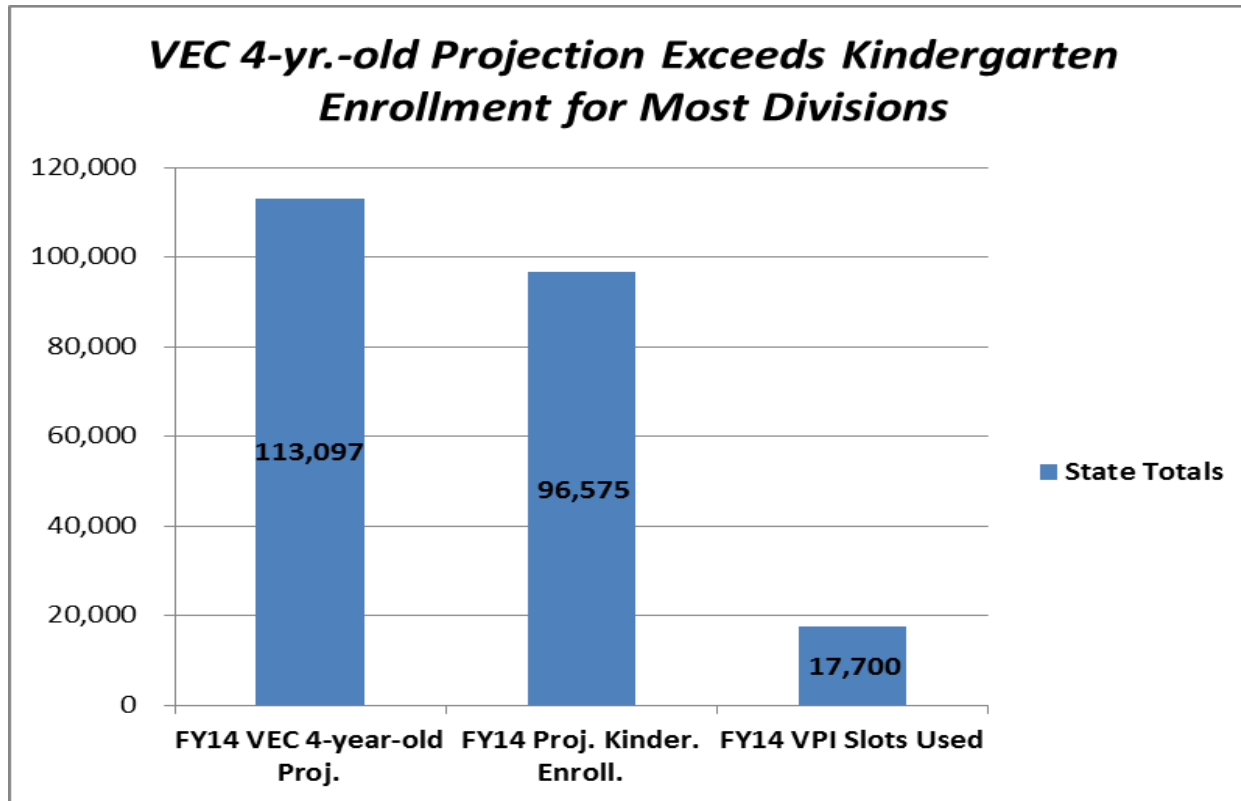


# ***VPI Formula Data Elements: Projected Kindergarten Fall Membership***

- For the 2016-2018 biennium, no Hold Harmless funding is provided.
- While actual utilization of VPI slots based on projected kindergarten enrollment has been below the number generated by the formula on a statewide basis, some divisions with historically high utilization are provided fewer slots each year than they otherwise would be due to this formula change.



# ***VEC 4-yr.-old Proj. Higher than Kindergarten Enrollment for Most Divs. – State Totals***



- Differences in the VEC four-year-old projection and projected kindergarten enrollment likely due to varying private school/home school participation across divisions, differences in enrollment growth, and differences between the two projection methodologies.



# ***VPI Formula Data Elements: Free Lunch Percentage & Head Start Students***

- School divisions report free & reduced lunch eligible student data to VDOE as of October 31 each year. The percentage of students eligible to receive **free lunch** for each division is used in the formula. The 2016-2018 formula uses data from Oct. 2014 (Oct. 2013 data for divisions in the federal Community Eligibility Provision program).  
Source: <http://www.doe.virginia.gov/support/nutrition/statistics/index.shtml>.
- VDSS collects **Head Start** data from local Head Start programs every two years as part of the rebenchmarking process.
  - Local HS programs report the number of four-year-olds enrolled by the child's resident locality.
  - If the number of students enrolled in HS is greater than the projected at-risk four-year-olds in the division, there are no unserved at-risk four-year-olds generated by the formula and no VPI funding is allocated for the division.



# *Example VPI Formula Calculation*

<b>Formula Data Elements</b>	<b>Example Values</b>
Composite Index	0.3600
Projected Kindergarten Fall Membership	700
Free Lunch Percentage	40%
Count of Head Start 4-Year-Olds	60
Full-Day Per Pupil Amount	\$6,125



# Example VPI Formula Calculation

<b>Step 1</b> (Est. At-risk 4's):	Proj. Kindergarten Fall Membership		Free Lunch Percentage		Estimate of 4-Year-Olds At-Risk
	700	x	40%	=	280
<b>Step 2</b> (Est. Unserved At-risk 4's):	Est. of 4-Year-Olds At-Risk		Count of Head Start 4-Year- Olds Served		Estimate of Unserved At-Risk 4-Year Olds
	280	-	60	=	220
<b>Step 3</b> (Total Cost):	Est. of Unserved 4- Year-Olds At-Risk		Full-Time Per Pupil Amount		Total Formula Cost
	220	x	\$6,125	=	\$1,347,500
<b>Step 4</b> (Local Share):	Total Formula Cost		Local Share (Comp. Index)		<u>Local Share</u> of Formula Cost
	\$1,347,500	x	0.3600 (or 36%)	=	\$485,100
<b>Step 5</b> (State Share):	Total Formula Cost		State Share (1 - Comp. Index)		<u>State Share</u> of Formula Cost
	\$1,347,500	x	0.6400 (or 64%)	=	\$862,400



## ***Division VPI Participation in FY16***

- In FY16, 119 of 129 eligible divisions participated - six of the 135 divisions are not eligible for funding under the formula. (Actual FY16 and estimated FY17 participation by division is shown on slides 19-25.)
- Of the 119 divisions that participated in VPI in FY16:
  - 63 divisions (or 53 percent) used 100 percent of their slot allocation totaling 7,900 slots.
  - 27 divisions (or 23 percent) used 76 to 99 percent of their slot allocation totaling 5,354 slots.
  - 14 divisions (or 12 percent) used 50 to 75 percent of their slot allocation totaling 3,538 slots.
  - 15 divisions (or 13 percent) used less than 50 percent of their slot allocation totaling 1,234 slots.



# ***Students Served by Poverty Level\* in FY16***

- At or below 130 percent of poverty = 11,148 students (61 percent served)
- 131 percent to 200 percent of poverty = 4,861 students (26 percent)
- 201 percent to 350 percent of poverty = 1,871 students (10 percent)
- 351 percent and above of poverty = 476 students (3 percent)
- \*\*Total = 18,356 students (100 percent)

*\*Federal Poverty Guidelines issued by U.S. Dept. of Health & Human Services used as the poverty level standard.*

*\*\*Total includes students in half-day slots counted as one student (not adjusted for full-day equivalent).*





## ***Other Participation Information***

- A projected Non-Participation Rate of 25.43 percent is applied to the total state share of formula cost (same rate since FY12) in appropriating state funds; aligned to divisions' historical utilization of slots - actual non-utilization is closer to 30 percent. No reallocation process of unused slots is authorized, but the Act allows Start-up/Expansion grants with appropriation balances.
- Recent non-participation rates by fiscal year:
  - FY12 = 29 percent
  - FY13 = 29 percent
  - FY14 = 27 percent
  - FY15 = 29 percent
  - FY16 = 28 percent



# *Other Participation Information*

- Recent enrollments in federally-funded Virginia preschool programs:
  - VPI+, 2015-2016 = 2,804 (1,230 new slots; 1,574 improved existing VPI slots)
  - Head Start four-year-olds, 2014-2015 = 7,387
  - Title I preschool programs, 2015-2016 = 2,754
  - IDEA - Special education four-year-old program, Dec. 1, 2015 Child Count = 5,681



# FY16 & FY17 VPI Slot Utilization

Div. #	Division	FY16 Formula Slots	FY16 Slots Actually Used ( <i>half-day slots counted as 0.50</i> )	FY16 Difference - Formula vs. Actual	FY17 Formula Slots	FY17 Slots Estimated to Be Used ( <i>half-day slots counted as 0.50</i> )	FY17 Difference - Formula vs. Estimated Used
001	Accomack	191	126	65	169	144	25
002	Albemarle	182	159	23	173	173	0
003	Alleghany	47	45	2	55	45	10
004	Amelia	31	20	11	27	27	0
005	Amherst	66	66	0	74	74	0
006	Appomattox	44	35	9	56	54	2
007	Arlington	559	559	0	510	510	0
008	Augusta	154	154	0	163	163	0
009	Bath	0	0	0	0	0	0
010	Bedford County	131	131	0	97	97	0
011	Bland	3	3	0	3	3	0
012	Botetourt	45	29	16	51	30	21
013	Brunswick	47	47	0	37	37	0
014	Buchanan	46	46	0	33	33	0
015	Buckingham	79	79	0	70	70	0
016	Campbell	155	155	0	180	180	0
017	Caroline	110	54	56	97	54	43
018	Carroll	101	101	0	96	96	0
019	Charles City	26	26	0	15	15	0
020	Charlotte	58	54	4	57	54	3
021	Chesterfield	947	112	835	930	112	818



# FY16 & FY17 VPI Slot Utilization

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022	Clarke	10	10	0	12	12	0
023	Craig	15	0	15	0	0	0
024	Culpeper	113	113	0	116	116	0
025	Cumberland	43	43	0	43	43	0
026	Dickenson	50	50	0	51	51	0
027	Dinwiddie	87	34	53	72	36	36
028	Essex	37	36	1	36	36	0
029	Fairfax County	2,521	1,610	911	2,289	1,653	636
030	Fauquier	45	45	0	50	50	0
031	Floyd	33	33	0	37	37	0
032	Fluvanna	43	43	0	38	38	0
033	Franklin County	200	200	0	165	165	0
034	Frederick	218	0	218	201	0	201
035	Giles	23	23	0	22	22	0
036	Gloucester	58	49	9	60	54	6
037	Goochland	17	0	17	30	18	12
038	Grayson	34	34	0	37	37	0
039	Greene	44	44	0	41	41	0
040	Greensville	36	36	0	43	43	0
041	Halifax	151	151	0	156	156	0
042	Hanover	82	54	28	113	54	59



# FY16 & FY17 VPI Slot Utilization

Div. #	Division	FY16 Formula Slots	FY16 Slots Actually Used ( <i>half-day slots counted as 0.50</i> )	FY16 Difference - Formula vs. Actual	FY17 Formula Slots	FY17 Slots Estimated to Be Used ( <i>half-day slots counted as 0.50</i> )	FY17 Difference - Formula vs. Estimated Used
043	Henrico	1,065	509	556	1,167	509	658
044	Henry	303	256	47	279	256	23
045	Highland	3	3	0	9	9	0
046	Isle of Wight	107	90	17	97	90	7
047	James City	116	98	116	107	98	9
048	King George	55	16	39	52	16	36
049	King & Queen	38	34	4	49	32	17
050	King William	16	0	16	20	0	20
051	Lancaster	31	31	0	48	48	0
052	Lee	0	0	0	11	0	11
053	Loudoun	572	148	572	567	150	417
054	Louisa	124	90	34	114	90	24
055	Lunenburg	50	50	0	67	54	13
056	Madison	18	18	18	19	19	0
057	Mathews	6	0	6	7	0	7
058	Mecklenburg	139	125	14	141	141	0
059	Middlesex	28	0	28	22	0	22
060	Montgomery	176	176	0	200	198	2
062	Nelson	31	31	0	32	32	0
063	New Kent	29	0	29	29	0	29
065	Northampton	42	42	0	56	56	0



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066	Northumberland	32	16	32	31	16	16
067	Nottoway	63	63	0	42	42	0
068	Orange	70	55	15	78	55	23
069	Page	104	90	14	63	63	0
070	Patrick	69	69	0	83	65	18
071	Pittsylvania	238	238	0	231	231	0
072	Powhatan	16	16	0	21	18	3
073	Prince Edward	101	101	0	71	71	0
074	Prince George	124	90	34	113	90	23
075	Prince William	1,609	36	1,591	1,679	36	1,643
077	Pulaski	76	76	0	86	86	0
078	Rappahannock	0	0	0	0	0	0
079	Richmond County	37	36	1	28	28	0
080	Roanoke County	138	138	0	150	150	0
081	Rockbridge	39	30	9	41	31	10
082	Rockingham	251	251	0	250	250	0
083	Russell	110	110	0	124	124	0
084	Scott	65	65	0	35	35	0
085	Shenandoah	127	127	0	111	111	0
086	Smyth	105	105	0	103	103	0
087	Southampton	55	55	0	65	65	0



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088	Spotsylvania	305	103	202	338	139	199
089	Stafford	211	62	151	234	62	172
090	Surry	34	34	0	27	27	0
091	Sussex	0	0	0	2	0	2
092	Tazewell	101	101	0	113	113	0
093	Warren	94	39	55	82	63	19
094	Washington	119	99	20	126	126	0
095	Westmoreland	65	65	0	69	69	0
096	Wise	164	164	0	160	160	0
097	Wythe	78	78	0	72	72	0
098	York	56	28	56	33	25	8
101	Alexandria	527	396	131	593	415	178
102	Bristol	79	79	0	75	75	0
103	Buena Vista	16	16	0	0	0	0
104	Charlottesville	180	159	21	174	160	14
106	Colonial Heights	75	18	57	76	18	58
107	Covington	34	34	0	35	35	0
108	Danville	244	229	15	215	215	0
109	Falls Church	8	8	0	13	13	0
110	Fredericksburg	66	54	12	84	60	24
111	Galax	76	29	47	54	30	24



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112	Hampton	625	625	0	632	632	0
113	Harrisonburg	211	195	16	434	245	189
114	Hopewell	163	144	19	161	161	0
115	Lynchburg	322	288	34	242	242	0
116	Martinsville	81	77	4	58	58	0
117	Newport News	1,084	1,084	0	1,006	1,006	0
118	Norfolk	1,843	1,645	198	1,395	1,395	0
119	Norton	15	15	0	21	21	0
120	Petersburg	197	179	18	190	190	0
121	Portsmouth	603	603	0	552	552	0
122	Radford	27	18	9	17	17	0
123	Richmond City	1,140	882	258	1,017	882	135
124	Roanoke City	455	455	0	517	517	0
126	Staunton	75	54	21	75	54	21
127	Suffolk	389	389	0	349	349	0
128	Virginia Beach	1,066	704	362	1,172	704	468
130	Waynesboro	103	103	0	75	75	0
131	Williamsburg	0	0	0	0	0	0
132	Winchester	147	36	111	129	36	93
134	Fairfax City	43	0	43	47	0	47
135	Franklin City	50	50	0	37	37	0





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136	Chesapeake	593	303	291	548	360	188
137	Lexington	0	0	0	0	0	0
138	Emporia	36	36	0	33	33	0
139	Salem	44	0	44	21	18	3
142	Poquoson	11	2	11	15	2	13
143	Manassas City	235	211	24	282	282	0
144	Manassas Park	104	36	68	92	36	56
202	Colonial Beach	4	4	0	17	17	0
207	West Point	2	0	2	0	0	0
	<b>Statewide Totals</b>	<b>25,460</b>	<b>18,026</b>	<b>7,435</b>	<b>24,712</b>	<b>17,899</b>	<b>6,814</b>

