DRAFT as of 10/23/26 RFP Scope of Work: K-12 Education Funding Formula Simulation Model

1. Project Overview & Objective

The Virginia Department of Education is seeking proposals from qualified vendors to design, develop, and implement a dynamic K-12 Education Funding Formula Simulation Model. The primary objective is to support the Department in developing a new student-based or student-weighted funding formula. The vendor will build a customizable software tool or comprehensive data model that allows policymakers to simulate fiscal impacts across all school districts based on varying policy levers and demographic shifts.

The vendor shall review and consider all recommendations from the Joint Legislative Audit and Review Commission's (JLARC) 2023 report, which will serve as a key foundation for the development of the updated funding formula.

2. Scope of Work (SOW)

The Department anticipates that the following tasks will be necessary to achieve the objectives of this engagement and should be completed within approximately six months.

Task 1: Data Collection and Baseline Assessment

- **Historical Data Integration:** Collect, clean, and harmonize at least 6 years of historical education data, including student enrollment (ADMs), student demographics, special education counts, English Learner (EL) populations, and poverty metrics (e.g., Free and Reduced-Price Lunch, Direct Certification, Identified Student Percentage (ISP)).
- **Current Revenue Mapping:** Aggregate all current state, local, and federal revenue streams flowing to local education agencies (LEAs).
- **Local Fiscal Capacity Analysis:** Integrate local revenues, including but not limited to property and sales tax data to evaluate varying local wealth capacities and establish a baseline for the state/local cost-share matrix.

Task 2: Predictive Modeling and Weight Optimization

- **Base Cost:** Establish a baseline per-pupil cost required to meet standard educational benchmarks.
- **Enrollment Forecasting:** Develop enrollment projections by division for the next 10 years.
- **Student-Weighted Categories:** Develop customizable funding weights for specific student populations, including but not limited to:

    - Economically disadvantaged students (concentrated poverty tiers)
    - Special education students (by severity and/or disability category)
    - English Language Learners (by proficiency levels)
    - Career and Technical Education (CTE) pathways
    - Geographic factors (e.g., small, rural, or isolated school districts)
- **Class Sizes:** Determine if class size should continue to be a metric to inform funding and is there a trigger point where consolidation or other approaches should be considered.
- **Facility & Operational cost:** Determine whether any measures for facility, maintenance, and/or operational costs (i.e. transportation, CTE equipment, etc. should be incorporated into the funding model).
- **Transitional Provisions:** Model possible transitional scenarios to prevent sudden, destabilizing revenue drops for individual districts during the transition period.
- **Local Composite Index (LCI):** Evaluate current state and local split and determine if there should be any shifts in mechanisms or funding splits.

Task 3: Dynamic Simulation Tool Development

- **Interactive Interface:** Build a secure, user-friendly dashboard or transparent spreadsheet model that can be made publicly available.
- **Policy Adjustments:** Allow users to manipulate inputs in real-time, including base funding amounts, individual student weights, local share caps, and phase-in timelines.
- **Visual Reporting:** Generate dynamic visualizations, including state maps, scatterplots of equity distributions, and side-by-side district comparisons.

Task 4: Reporting and Stakeholder Engagement

- **Feedback and Iteration**: Present modeling results and/or dashboards to stakeholders and revise based on stakeholder feedback including but not limited to legislators; education leaders; task force members; and the staffs of the House Appropriations Committee, Senate Finance and Appropriations Committee, the Joint Legislative Audit and Review Commission, and the Department of Planning and Budget.
- **Executive Presentation:** Present modeling results and equity impacts to legislative committees, agency leadership, and education stakeholders.
- **Fiscal Impact Reports:** Produce detailed individual profile reports for every school district showing potential net changes in funding under alternative formula scenarios.
- **Technical Methodology Documentation:** Provide a comprehensive methodology guidebook outlining data sources, mathematical formulas, assumptions, and code repositories used.

3. Key Deliverables & Timeline

Deliverable	Description	Target Completion

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1: Baseline Data Report	Cleaned baseline database and summary of current funding gaps.	[X] Weeks from Contract Award
2: Prototype Model	Initial working prototype of the simulation tool with limited user levers for testing.	[X] Weeks from Contract Award
3: Final Simulation Tool	Fully functional, validated model delivered with all requested policy levers and user documentation.	[X] Weeks from Contract Award
4: Final Technical Report	Comprehensive written analysis of fiscal impacts, equity gains, and legislative recommendations.	[X] Weeks from Contract Award

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