



October 31, 2024

Joint Subcommittee on Elementary and Secondary Education Funding

Prepared by House Appropriations and Senate
Finance and Appropriations Committee Staff



Reminder: Joint Subcommittee's Legislative Mandate

Purpose:

- To provide ongoing oversight on Standards of Quality (SOQ) funding policies and make recommendations to their respective committees.

Task:

- Review JLARC's recommendations and policy options related to the 2023 report on Virginia's K-12 Funding Formula.
- Propose appropriate amendments and develop a long-range plan for phased implementation, giving consideration to long-term fiscal implications.
- Initial report due on November 1, 2024.

Source: 2024 Special Session I, Chapter 2, Item 1, Paragraph 5.



Agenda

1

Summary of Public Comments

2

Review of JLARC Report on K-12 Funding Formula Near-Term Recommendations

3

Review of Work Plan, Initial Recommendations, and Interim Report



Summary of Public Comments

- Online public comments for the September 16 meeting were received from September 9 – 20.
- 58 unique respondents provided comments:
 - Nine responses mentioned lifting the support cap.
 - 31 respondents mention a request regarding the Supplemental Basic Aid cap in one jurisdiction.
 - Comments generally recognized that the work of the Joint Subcommittee will be time consuming but expressed an interest in near-term actions to provide more money for students and schools.

Public comments will be accepted online through November 5.

- Submit comments at this link:
<https://forms.office.com/r/ZHQP22w22F>
- Public comment opportunities will be announced in each meeting agenda.



JLARC Review of Near-Term Recommendations

Mark Gribbin
Chief Legislative Analyst
JLARC

Reminder: Additional Investments Since JLARC Report

\$627.0 million additional provided to school divisions in FY 2024

2023 Actions (2023, Ch. 767 & 2023 SS I, Ch. 1) (\$ in millions)	FY 2024
Technical Amendments	\$129.8
Flexible Per-Pupil Funds	418.3
Additional Support Positions	152.3
Reading Specialists	54.6
Other	1.8
Total	\$756.8

\$2.1 billion additional provided in 2024-26 biennium

2024 Actions (2024 SS I, Ch. 2) (\$ in millions)	2024-26 Bien.
Rebenchmarking and Technical	\$966.8
3% Salary Increases	546.7
At Risk	371.3
English Learner Teachers	74.1
Additional Reading Specialists	61.2
Increase Lottery Per Pupil in FY 25	25.0
Other	12.3
Total	\$2,057.4



Updated Costs of Recommendations

- Joint Subcommittee staff requested the Virginia Department of Education (DOE) to provide updated costs to implement the near-term JLARC recommendations and identify any challenges related to the updating the costs.
- Additional information will be provided at the December 9 meeting.



Work Plan



JLARC Recommendations and Policy Options: Formula Changes

JLARC recommendations related to the funding formula focused on three primary areas:

- **Base funding:** Includes changes to the calculations that focus on salary assumptions, prevailing costs, and staffing ratios. (A policy option included changing to a student-based formula.)
- **Unique needs of students and school divisions:** Includes adjustments for English language learners, at-risk students, special education, economies of scale, and regional costs.
- **Cost share between state and localities:** Includes adjustments to the calculations for the LCI to determine the local share or switching to a new calculation based on revenue capacity.

JLARC Recommendations and Policy Options: Near- versus Long-Term

Recommendations:

- **Near-term recommendations (eight):**
 - Could be phased in over 3-4 years.
- **Long-term recommendations (five):**
 - Could be phased in over 7-10 years.
 - More complex changes that would take more time to design or implement or incur high costs.

} Focus for 2025 session and upcoming biennium.

} Additional review and input after 2025 session for remaining items.

Policy Options:

- Proposed when “elements of the formula do not have to be changed based on the evaluation criteria, but improvements could still be made.”

Work Plan

1. Identify Actions for 2025 Session

Focus on JLARC near-term recommendations and areas of greatest need
Initial data and resource needs.

2. Review Base Per-Pupil Funding

Assess data used to determine salary and cost calculations.
Consider student-based formula options.

3. Review Adjustments to Address Unique Needs of Students & School Divisions

Determine adjustments for students with disabilities, at-risk students, English learners; regional costs, and economies of scale

4. Review How Costs are Shared Between State & Localities

Review local composite index and revenue capacity index alternative.

Engage with stakeholders and assess state and local fiscal impacts.

Note: JLARC recommendations are included in the appendix.



Initial Recommendations for Joint Subcommittee Consideration



Initial Recommendations

1

Prioritize Near-Term JLARC Recommendations

2

Explore Options to Further Support Special Education

3

Address Data and Infrastructure Needs to Support the Joint Subcommittee



1: Prioritize Near-Term JLARC Recommendations

- Near-term recommendations can be phased in over 3-4 years. Long-term recommendations are more complex and will require additional review to implement.
- JLARC recommendations could be considered if they meet the following criteria:
 - Scalability: Recommendation can be implemented in phases based on funding constraints.
 - Data availability: Data is readily available to implement the recommendation.
 - Proportionate distribution: Funding is adjusted proportionately across all localities.



2: Explore Options to Further Support Special Education

- The JLARC report:
 - Identified that per-pupil special education funding has declined over the last 10 years when adjusted for inflation.
 - Found that the largest gap between SOQ formula estimates for staffing when compared to actual division staffing was in instructional aides, including special education.
 - Recommended further review of special education staffing needs (language was included in HB 624/SB 105 but was vetoed by the Governor).
- Additional language and funding could be included to support special education in the interim.



3: Address Data and Infrastructure Needs to Support the Joint Subcommittee

- The JLARC report:
 - Noted that the state collects detailed school division expenditure data, but expenditures to support certain areas, such as English learner programming are not collected.
 - Recommended that the systems to collect and compile data should be modernized.
- The budget includes \$300,000 annually to DOE to support the Joint Subcommittee.
 - Other states have procured additional assistance to facilitate decision-making and implementation.
 - Additional language could be included to improve data collection, assess system needs, and facilitate the work of the Joint Subcommittee.



Bills Referred to the Joint Subcommittee

Bill	Patron	Title
HB 181	Feggans	School counselors; decreases public school staffing ratios.
HB 359	Simonds	Public school funding; nonpersonal cost categories, federal fund deduction methodology.
HB 386	Hernandez	Public schools; increase staffing ratios for specialized student support positions.
HB 582	Simonds	Public high schools; each school board to employ at least one career coach.
HB 702	Webert	Public school funds; state share for basic aid, basic aid and supplemental basic aid payment limit.
HB 1033	Bloxom	School boards, certain; cost of competing adjustments, eligibility.



Interim Report Outline

- Overview of Subcommittee Charge
- Summary of Meetings
- Initial Recommendations and Work Plan



Next Steps: December 9 Meeting

- Online public comment available through November 5 and reopening prior to December 9 meeting.
- Continue refining initial recommendations:
 - Review public comment.
 - Review updated data regarding near-term JLARC recommendations provided by DOE.
 - Further prioritize potential 2025 Session actions.
 - Discuss initial steps for 2025 Interim and consideration of JLARC long-term recommendations.



Appendix

K-12 Actions Subsequent to JLARC Report

R/PO#	Recommendation or Policy Option	How Addressed?
Base Funding		
R1 near-term	Address technical issues with the formula	
R2 & R3 long-term	Develop and adopt new staffing ratios, based on actual staffing	Beginning in FY 2025: <ul style="list-style-type: none"> Reading specialist positions in grades 4-8 \$30.7 million/yr. English Learner teacher staffing ratio based on student proficiency \$34.2 million/yr.
R4 near-term	Discontinue Great Recession-era cost reduction measures	In FY 2024, support cap raised \$205.3 million/yr.
R5 long-term	Update out-of-date salary assumptions during rebenchmarking	
R6 near-term	Calculate prevailing costs using division average, rather than linear weighted average	

K-12 Actions Subsequent to JLARC Report

R/PO#	Recommendation or Policy Option	How Addressed?
Base Funding (continued)		
PO1	Implement funding plan to achieve state goal for teacher salaries	13.5% in salary increases provided from FY 2024 through FY 2026 \$757.6 million HB 187 & SB 104 passed; Vetoed by the Governor
R14- R16	Use SOQ formula to guide, but not obligate appropriations, direct Board of Education to establish staffing ratios	
R17- R19	Modernize SOQ-funding information technology application and school financial reporting application	
R20	Determine staffing needed to adequately maintain funding formula and provide support to divisions	Beginning in FY 2025, \$300,000 provided to VDOE to assist Joint Subcommittee's work

K-12 Actions Subsequent to JLARC Report

R/PO#	Recommendation or Policy Option	How Addressed?
Base Funding (continued)		
PO4	Replace the current staffing-based SOQ formula with a student-based SOQ formula	
PO5	Replace staffing-based SOQ formula for Special Education and English Language students with a student-based funding calculation	
Cost Share Between State and Localities		
R7	<small>near-term</small> Change LCI to three-year average	
PO2	Weight student and general population equally in LCI	
PO3	Replace LCI with revenue capacity index	

K-12 Actions Subsequent to JLARC Report

R/PO#		Recommendation or Policy Option	How Addressed?
Unique Needs of Students and School Divisions			
R8	near-term	Designate At-Risk funding as SOQ-mandated funding	HB 624 and SB 105 passed; Vetoed by the Governor
R9	near-term	Replace outdated free lunch measure used to calculate At-Risk funding distributions	Beginning in FY 2025: <ul style="list-style-type: none"> At-Risk funds distributed based on ISP measure and ELL counts* At-Risk and PIR funding consolidated/expanded \$184.6 million/yr.
R10	near-term	Consolidate At-Risk funding with Prevention, Intervention, Remediation (PIR) Funding	
R11	near-term	Direct study of special education staffing needs	HB 624 and SB 105 passed; Vetoed by the Governor
R12	long-term	Replace COCA with more accurate method	
R13	long-term	Adopt economies of scale adjustment for small divisions	

* ISP = Identified Student Percentage; ELL = English Language Learner