



Virginia's K-12 Funding Formula

Joint Subcommittee to Study
Elementary & Secondary
Education Funding

JLARC released its review of Virginia's K-12 funding formula in July 2023

- Since report has been released, legislative sessions have appropriated more K-12 funding
 - Teacher & staff pay
 - Support positions
 - At-risk students
 - English learners



The screenshot displays the JLARC (Joint Legislative Audit & Review Commission) website. The header features the JLARC logo and the text "JOINT LEGISLATIVE AUDIT & REVIEW COMMISSION". Below the header, there are navigation links for "All Reports", "Upcoming and Recent Meetings", "About JLARC", and "2024 Session". A search bar is located on the right side. The main content area is titled "Virginia's K-12 Funding Formula" and includes a list of report sections: Summary, Report, Recommendations, \$ Impacts for School Divisions, OnLine Appendixes, and Presentation. Each section is accompanied by a document icon. Below the list is a collage of three images showing diverse students and a teacher engaged in a learning activity at a table.

JLARC developed near-term and long-term recommendations

- Near-term and long-term recommendations were developed to help guide strategic approach to implementation
- Near-term recommendations
 - Relatively minimal technical impact on formula and calculations
 - Could potentially be implemented in FY25-26 & FY27-28 biennia, if funding is available

Summary of near-term recommendations

| Recommendation | State funding impact (FY23) | Division-level impacts |
|---|-----------------------------|------------------------|
| 1. Address technical formula issues | \$45M | ▲ all 131 divisions |
| 4. Discontinue Great Recession changes (support cap, other) | \$515M | ▲ 131 |
| 6. Use division averages instead of LWA in calculations | \$190M | ▲ 131 |
| 7. Change LCI to three-year average | -\$1.5M | ▲ 6 ► 123 ▼ 2 |
| 8-10. Change at-risk funding formula | \$250M | ▲ 112 ► 18 ▼ 1 |
| 11. Study special education staffing needs | | |

Full recommendation text in JLARC report

Long term recommendations not shown (recommendations 2, 3, 5)

▲ = increase state funds ► = little or no change in state funds ▼ = decrease state funds

Recommendation 1: Address technical formula issues

- Issue addressed
 - Arbitrarily excludes common division central office positions and facilities staff costs
 - Does not apply cost of competing adjustment to facility and transportation staff salaries
 - Has arbitrary cap on non-personal cost assumptions
- Impact on state funding (FY23)
 - Increase state funding \$45M
 - All divisions receive more state funding (\$3,000 to \$6.2M, median \$130,000)

Recommendation 4: Discontinue Great Recession changes

- Issue addressed
 - Great Recession changes established “support cap” that reduced funding for divisions below prevailing costs
 - Certain “non-personal” costs removed even though still incurred by divisions (travel, leases, other)
 - Calculation used to account for federal funds changed to use less accurate assumptions
- Impact on state funding (FY23)
 - Increase state funding \$515M (~70% from support cap)
 - All divisions receive more state funding (\$26,000 to \$44.6M, median \$1.8M)

Additional discussion of “support cap”

- Limits how many specified support positions are recognized in the SOQ formula
 - School and central office administrative staff, instructional support, and maintenance
- While targeted at non-instructional funding, in practice also reduced available instructional funds because funds had to be shifted to pay for essential support positions
- Cap effectively changed to a more relevant and straightforward staffing ratio in FY23
 - FY23 ratio was 20 support staff for every 1,000 students, which was 38 percent less than prevailing ratio of 26 to 1,000.

Recommendation 6:

Use division average instead of LWA in calculations

- Issue addressed
 - SOQ formula calculations are based on the Linear Weighted Average (LWA) of division salaries and costs
 - LWA method underweights large school divisions that employ majority of teachers and staff
- Impact on state funding (FY23)
 - Increase state funding \$190M
 - All divisions receive more state funding (\$16,000 to \$16.5M, median \$691,000)

Recommendation 7: Change LCI to three-year average

- Issue addressed
 - Local Composite Index (LCI) determines state and local shares of SOQ-required funding
 - LCI uses most recent single year of data, and divisions can experience abrupt losses of state funding
Greensville –\$1.1M (– 15%), Richmond City –\$6.8M (– 5%)
- Impact on state funding (FY23)
 - Decrease state funding –\$1.5M
 - Most divisions see less than 2% change in state SOQ funding, 2 divisions reduced, 6 increased (–\$3.4M to \$4.4M, median \$0)

Recommendations 8-10: Change at-risk funding formula

- Issue addressed
 - At-risk formulas use outdated free lunch measure that does not account for increasing student poverty
 - At-risk formulas somewhat unbalanced; provide exponentially more funding per at-risk student to highest poverty divisions
- Impact on state funding (FY23)
 - Increase state funding \$250M
 - Both recs: all divisions receive more state funding, but one would see more than 2% decrease
 - Adjusting only free lunch measure likely increases funding for all divisions

Recommendation 11: Study special education funding needs

- Issue addressed
 - State special education funding per-student has declined
 - Special education formula calculations exceedingly complex and based on convoluted ratios; no clear way to adjust ratios to reflect needed or actual staffing
 - Further work needed to fully determine staffing needs and revise formula to better reflect needs (VDOE could perform)
- Other options
 - Change special education funding to a student-based formula, similar in principle to the At-Risk Add-On
 - Provide separate block special education funding amount

Questions? / Comments?

Full report, including:

- All recommendations & policy options
- State and local funding impact estimates by division

Available at:

jlarc.virginia.gov