



December 9, 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 was submitted on November 1, 2024.

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



Reminder: Initial Recommendations

At the October 31st meeting, members approved the following recommendations and staff noted that the December 9th meeting would consider additional refinements.

1: Prioritize Near-Term JLARC Recommendations

- Refinement considerations: Review updated cost information from DOE and consider how each impacts scalability, data availability, and proportionate distribution .

2: Explore Options to Further Support Special Education

- Refinement considerations: Review public comment and special education policies and funding methodology.

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

- Refinement considerations: Received additional input from national experts and review of reform processes in other states.



Agenda

1

Cost Updates to JLARC Near-Term Recommendations

2

Discussion of Near-Term Strategies for Special Education

3

Overview of K-12 Funding Reform Processes in Other States

4

Next Steps and Public Comment



Cost Updates to JLARC Near-Term Recommendations

Christina Berta
Chief Operations Officer
Virginia Department of Education



Prioritization of Near-Term JLARC Recommendations

Recommendations that have available cost estimates should be prioritized based on:

- 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.

Evaluation of Near-Term Recommendations Based on Suggested Criteria

JLARC Recommendation	Scalability	Data Availability	Proportionate Distribution	Additional Information
1. Address technical issues with the formula:				
(i) Include all central office positions	Cost estimate unavailable			
(ii) Apply the cost of competing adjustment to facility and transportation staff salaries	Cost estimate unavailable			
(iii) Remove the cap on inflation adjustments to non-personal cost assumptions	Yes	Yes	Yes	FY 2026: \$30.5 million Same cap is used for VRS COLA increases; removal would misalign with state's approach to inflation assumptions
(iv) Account for cost of facilities staff in compensation supplements	Cost estimate unavailable			
4. Discontinue Great Recession-era cost reduction measures:				
(i) Eliminate the support cap	Yes	Yes	Yes	FY 2026: \$200.0 million
(ii) Re-instate the non-personal cost categories removed in FY 09 and FY 10	Cost estimate unavailable			

Evaluation of Near-Term Recommendations Based on Suggested Criteria

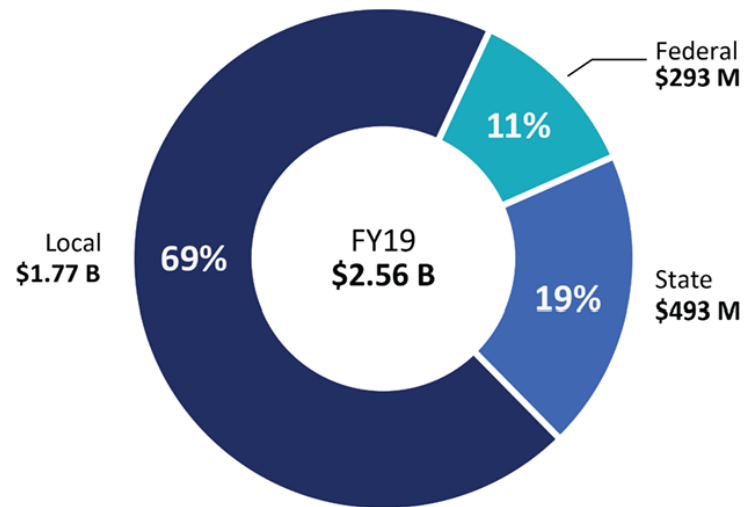
JLARC Recommendation	Scalability	Data Availability	Proportionate Distribution	Additional Information
(iii) Re-instate the federal fund deduction methodology used prior to FY 09	Cost estimate unavailable			
6. Calculate prevailing costs using division average, rather than linear weighted average.	Cost estimate unavailable			
7. Change LCI to three- year average.	No	Yes	No 54 divisions ↑ 76 divisions ↓	\$6.5 million
8. Designate At-Risk funding as SOQ-mandated funding.	Does not impact funding distribution. HB 624 & SB 105 would have accomplished but were vetoed by the Governor.			
9. Replace outdated free lunch measure used to calculate At-Risk funding distributions.	No	Yes	No	Several calculations impacted by this change. E.g. - Algebra Readiness ~\$4.9 million with new measure.
10. Consolidate At-Risk funding with Prevention, Intervention, Remediation (PIR) Funding.	Accomplished in 2024.			
11. Direct study of special education staffing needs.	No current impact on funding distribution.			



Discussion of Near-Term Strategies for Special Education

Recent JLARC Reports Addressing Special Education

- JLARC's 2023 report, *Virginia's K-12 Funding Formula*:
 - Found that the SOQ formula was not aligned with actual practice: the SOQ formula provides state support for 15% of special education aide positions
 - Recommended further review of special education staffing standards (Rec. 11)
- JLARC's 2020 report, *K-12 Special Education in Virginia* noted local revenues covered 69 percent of the cost of special education



SOURCE: JLARC analysis of VDOE Schedule A data.
NOTE: Percentages do not sum to 100 because of rounding. Figure does not include spending through the Children's Services Act on special education in private day schools.



Since JLARC's 2023 Report

- The 2024 General Assembly increased support for other special populations that the report identified additional funding needs:
 - At-Risk Add-On: \$186.7 million in FY 2025 and \$184.6 million in FY 2026
 - English Learners: \$37.9 million in FY 2025 and \$34.2 million in FY 2026



Special Education: Background

- Special education students are those identified as having educational or physical disabilities and receiving special education services specified through an Individualized Education Plan (IEP)
 - About 185,000, or 14-15% of K-12 students
- Level of need among these students varies greatly; intense service needs are focused on a smaller group
 - **Level I services: “Resource” special education services** - provided for less than half of the school day. *All special education students receive Level I supports*
 - **Level II services: More intense special education services** - provided for half or more of the school day. *About 40,000 students, or 3-4% of K-12 students receive Level II supports*

Current Special Education Approach

- Special Education SOQ Funds support the state share of teacher and instructional aide positions, based on a complex formula incorporating student counts, level of need, and caseload maximums.
 - Level of need establishes maximum teacher caseloads used in part to determine number of SOQ-funded special education positions
 - Caseload maximums have not been overhauled for at least 25 years

Level	Max Teacher Caseload
Level I Less intense services	24
Level II More intense services	6-8 8-10, if full-time aide provided

Refer to 8VAC20-30-81-10 and 340 for more specificity.

- Support for these positions results in an average 63% add-on to basic aid per special education student, though this varies by division.



Current Special Education Appropriations

In addition to Special Education SOQ funds, other funds are available to school divisions:

Allocation (\$ in millions)	FY 2026
Special Education SOQ Funds	\$526.3
IDEA Part B Section 611 (Federal) Similar to state Special Education SOQ funds, supports excess costs of providing special education and related services to children with disabilities	299.7
State funds to support students with most intensive support needs:	
Students with Intensive Support Needs/Regional Programs Reimbursement-based program to provide state support to offset higher costs of services for students with intensive support needs. <i>Serves about 1,500 students</i>	99.0
Children's Services Act - Private Day Provides state support for students with IEP placements in a private day school in lieu of a public special education setting. <i>Serves about 4,000 students</i>	376.7

Source: Items 125, 126, and 268, Chapter 2, 2024 Special Session I



Near-Term Strategies for Special Education

- JLARC recommends longer-term action, but near-term strategies could be implemented to make progress
 - JLARC Recommendation 11 suggested a study of special education staffing needs. The 2024 General Assembly passed bills that would have directed this study, but were vetoed by the Governor
- In the interim, an add-on could be established, recognizing the need for additional support for special education students
 - Could be structured as a specified percent in addition to basic aid for special education students, with greater support targeted toward Level II services.

Estimated cost per 1% Add-On	FY 2026
Level I Services (~185,000 students)	\$8.7 million
Level II Services (~40,000 students)	\$1.8 million

- Any changes to the formula should take into consideration possible long-term funding actions to avoid need to provide hold harmless funds



Overview of K-12 Funding Reform Processes in Other States

Mike Griffith
Learning Policy Institute



Next Steps



Next Steps: Refined Actions for 2025 Session

- Prioritize Near-Term JLARC Recommendations
 - One action met all criteria: Recommendation 4 (i): Eliminate or incrementally raise the support cap. *Up to \$200.0 million.*
- Explore Options for Special Education
 - Staff proposal: Consider a specified percent add-on to special education based on level of student need using currently-available data.
- Address Data and Infrastructure Needs
 - Funding formula reform processes in other states could be incorporated into the Subcommittee workplan for the 2025 Interim based on member input.

All actions will need to be considered and prioritized based on available resources and other funding needs



Summary of Public Comments

- Online public comments for the October 31st meeting were received from October 24th – November 5th.
- Six respondents provided comments.

Written public comments will be accepted online until December 13th.

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