



# JOINT SUBCOMMITTEE ON ELEMENTARY AND SECONDARY EDUCATION FUNDING

Prepared by  
House Appropriations Committee and  
Senate Finance and Appropriations Committee Staff



# Background: JLARC Report

## **In July 2023, JLARC released its report *Virginia's K-12 Funding Formula***

- SJ 294 (2021) directed JLARC to study the cost of education in the Commonwealth and provide an accurate assessment of the costs to implement the Standards of Quality (SOQ), including:
  - Estimating the cost of implementing the Standards of Quality
  - Determining if the Standards of Quality accurately reflect actual standards of practice within each school division
  - Analyzing changes in the Standards of Quality funding formula since 2009 and the impact of such changes on its accuracy in reflecting such costs
  - Recommending changes to the Standards of Quality funding formula to ensure that state support is neither inadequate nor excessive
  - Considering any other funding issues and making any other recommendations it deems relevant
- Report included 20 recommendations and five policy options to modify the K-12 funding formula

# Joint Subcommittee's Legislative Mandate

To address JLARC's findings, the General Assembly established the Joint Subcommittee on Elementary and Secondary Education Funding

## Purpose:

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

## Task:

- Review JLARC's recommendations and policy options, propose appropriate amendments and develop a long-range plan for phased implementation, giving consideration to long-term fiscal implications
- Initial report due: November 1, 2024

## Membership:

- Five House Appropriations Committee members
- Five Senate Finance and Appropriations Committee members

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

# Upcoming Meetings

September 16  
1:00 PM

- Understanding the issue and national trends
- Initial discussion and direction

October 31  
9:00 AM

- Develop and adopt workplan based on initial discussion
- Draft initial report

December 9  
(after JLARC)

- Identify next steps for 2025



# Virginia's K-12 Funding Formula

Justin Brown  
Mark Gribbin

Joint Legislative Audit and Review Commission



# K-12 Actions Subsequent to JLARC Report

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

# K-12 Actions Subsequent to JLARC Report

R/PO#	Recommendation or Policy Option	How Addressed?
Cost Assumptions and Calculations (continued)		
<b>R6</b> near-term	<b>Calculate prevailing costs using division average, rather than linear weighted average</b>	
<b>PO1</b>	<b>Implement funding plan to achieve state goal for teacher salaries</b>	13.5% in salary increases provided from FY 2024 through FY 2026   \$757.6 million  HB 187 & SB 104 passed; Vetoed by the Governor
Local Composite Index (LCI)		
<b>R7</b> near-term	<b>Change LCI to three-year average</b>	
<b>PO2</b>	<b>Weight student and general population equally in LCI</b>	
<b>PO3</b>	<b>Replace LCI with revenue capacity index</b>	



# K-12 Actions Subsequent to JLARC Report

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

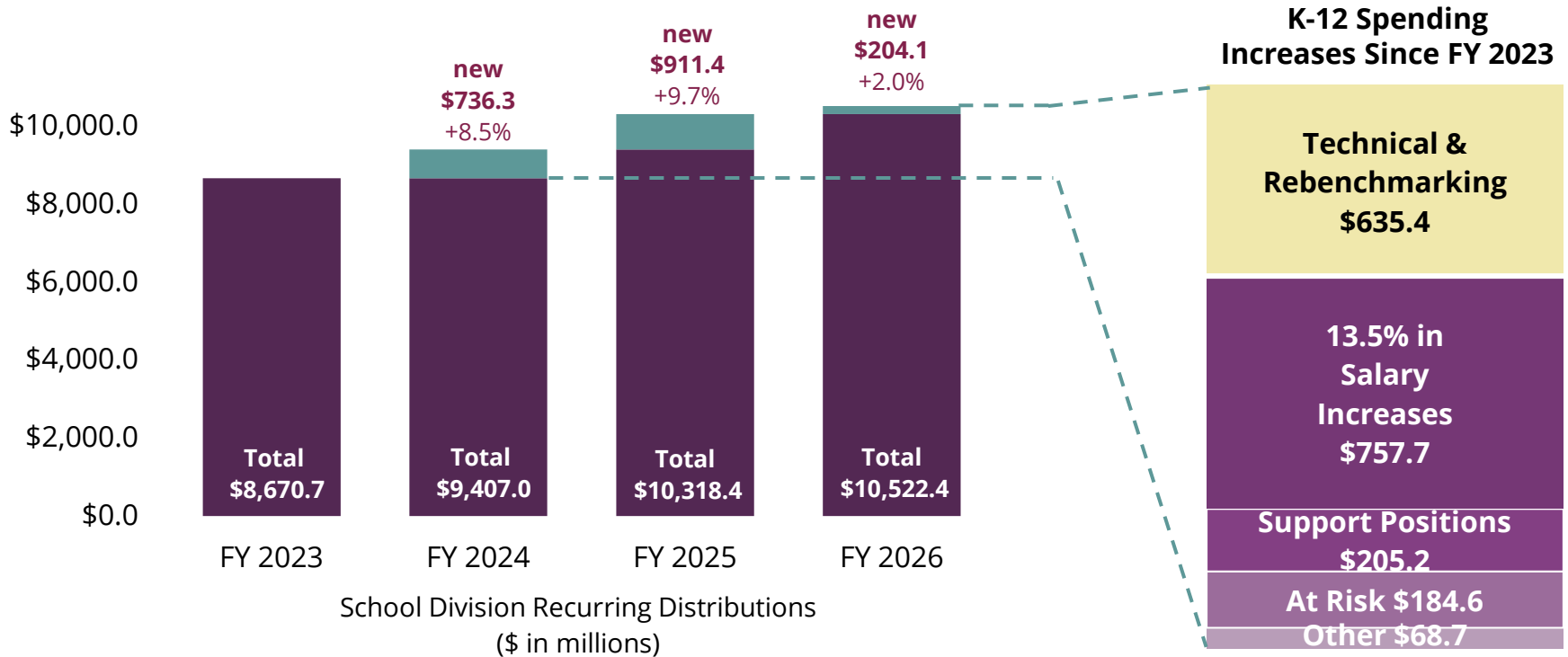
\* ISP = Identified Student Percentage; ELL = English Language Learner

# K-12 Actions Subsequent to JLARC Report

R/PO#	Recommendation or Policy Option	How Addressed?
Improving Formula Use and Management		
R14- R16	<b>Use SOQ formula to guide, but not obligate appropriations, direct Board of Education to establish staffing ratios</b>	
R17- R19	<b>Modernize SOQ-funding information technology application and school financial reporting application</b>	
R20	<b>Determine staffing needed to adequately maintain funding formula and provide support to divisions</b>	Beginning in FY 2025, \$300,000 provided to VDOE to assist Joint Subcommittee's work
Potential Student-Based Formula		
PO4	<b>Replace the current staffing-based SOQ formula with a student-based SOQ formula</b>	
PO5	<b>Replace staffing-based SOQ formula for Special Education and English Language students with a student-based funding calculation</b>	

# Since JLARC's report, K-12 funding has increased

Recurring K-12 funding will increase \$1.85 billion, or 21.4% between FY 2023 and FY 2026. About two-thirds, or \$1.17 billion of this new funding results from new policy spending, including salary increases.



Source: HAC and SFAC school division distribution tables. One-time funding not included.



# K-12 Funding in Other States

Dan Thatcher  
National Conference of State Legislatures

Mike Griffith  
Learning Policy Institute



# Discussion

# Choice of Funding Framework Drives Subsequent Decisions

- JLARC's **Recommendations 1-13** are enhancements to the current **resource-based** formula
- JLARC's **Policy Options 4 and 5** offer a **student-based formula** as an alternative
- What considerations need to be evaluated to reach this decision?
  - Pros and cons
  - Should the formula establish staffing expectations and drive local policy decisions or reflect current practice?
  - Majority of JLARC recommendations focus on updating current formula
  - Other states' implementation experiences
  - Up-to-date cost estimates (current estimate is FY 2023)
  - Public input

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