

# Public Education Trends & 2026 Session Outlook

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November 21, 2025

# Outline

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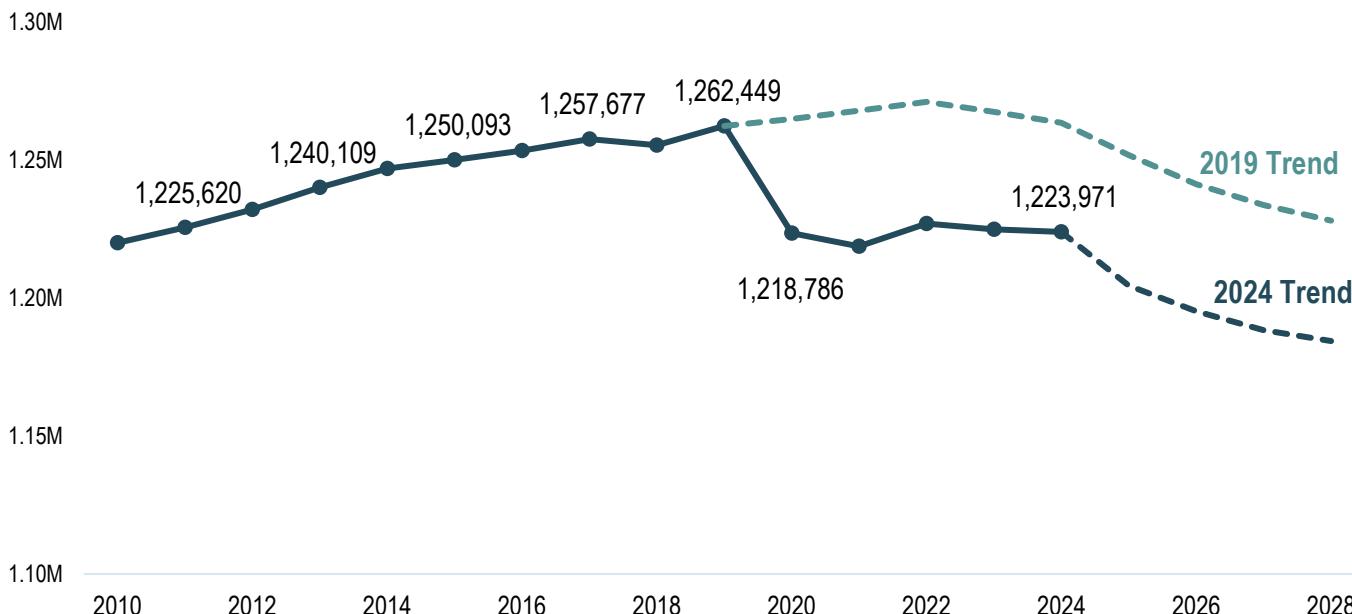
# Enrollment Update

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# Virginia Public Schools Enroll 1.2 Million Students, but Projected Enrollment Trends Show Decline Through Fall 2028

**K-12 enrollment drives underlying calculations of funding.  
Enrollments are projected to decline by 2.9% through Fall 2028.**



- K-12 fall enrollment declined slightly in the 2024-2025 school year (a decrease of 929 students).
- Fall 2025 membership and average daily membership data is being processed by the Department of Education (DOE) and will be reflected in the rebenchmarking calculation in the Governor's introduced budget.

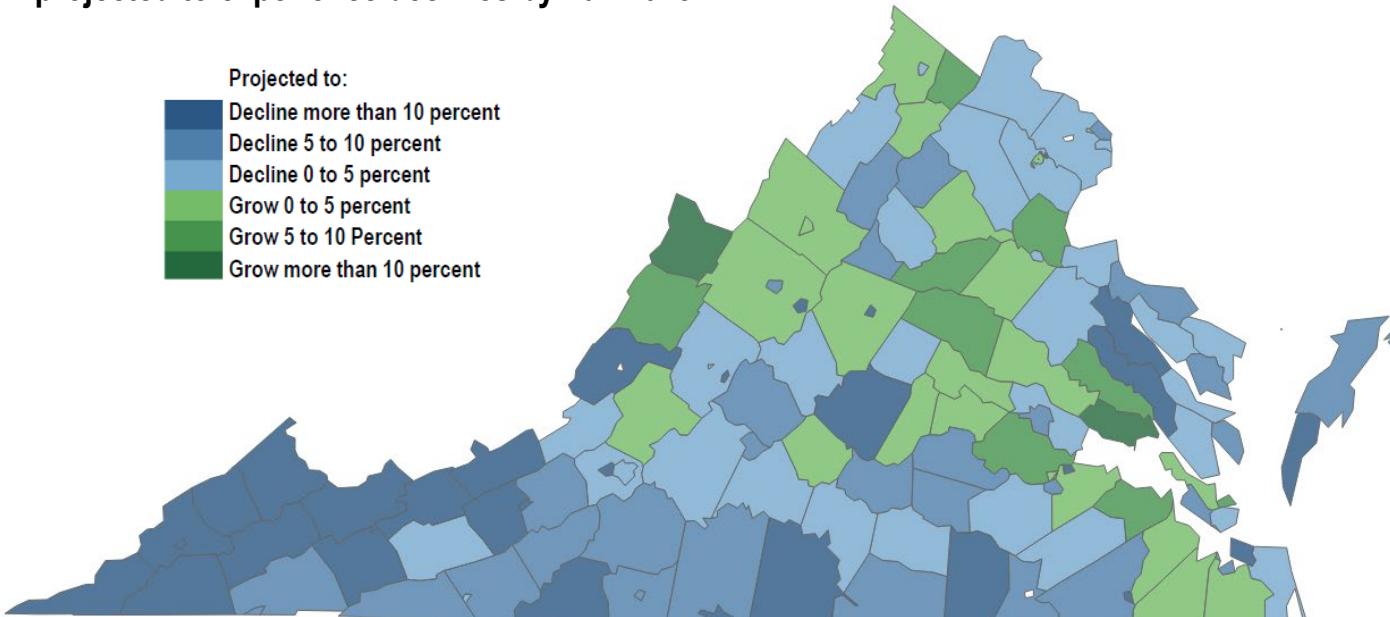
Sources: VDOE Fall Membership Build-A-Table data, UVA Weldon Cooper K-12 Enrollment Projections published on April 15, 2024.

# Statewide Enrollment is Projected to Decline, but Change Varies by Region

When compared to Fall 2023 enrollment data, most Virginia school divisions are projected to experience declines by Fall 2028.

Projected to:

- Decline more than 10 percent
- Decline 5 to 10 percent
- Decline 0 to 5 percent
- Grow 0 to 5 percent
- Grow 5 to 10 Percent
- Grow more than 10 percent



Projected % Change by Region, Fall 2023 to Fall 2028	
Central Virginia	0.5%
Tidewater	-4.0%
Northern Neck	2.5%
Northern Virginia	-3.7%
Valley	-1.6%
Western Virginia	-6.0%
Southwest	-7.4%
Southside	-4.6%
<b>Statewide</b>	<b>-2.9%</b>

Regions are based on DOE's Superintendent's Regions.

Source: UVA Weldon Cooper K-12 Enrollment Projections. Projections published on April 15, 2024.

Senate Finance and Appropriations Committee

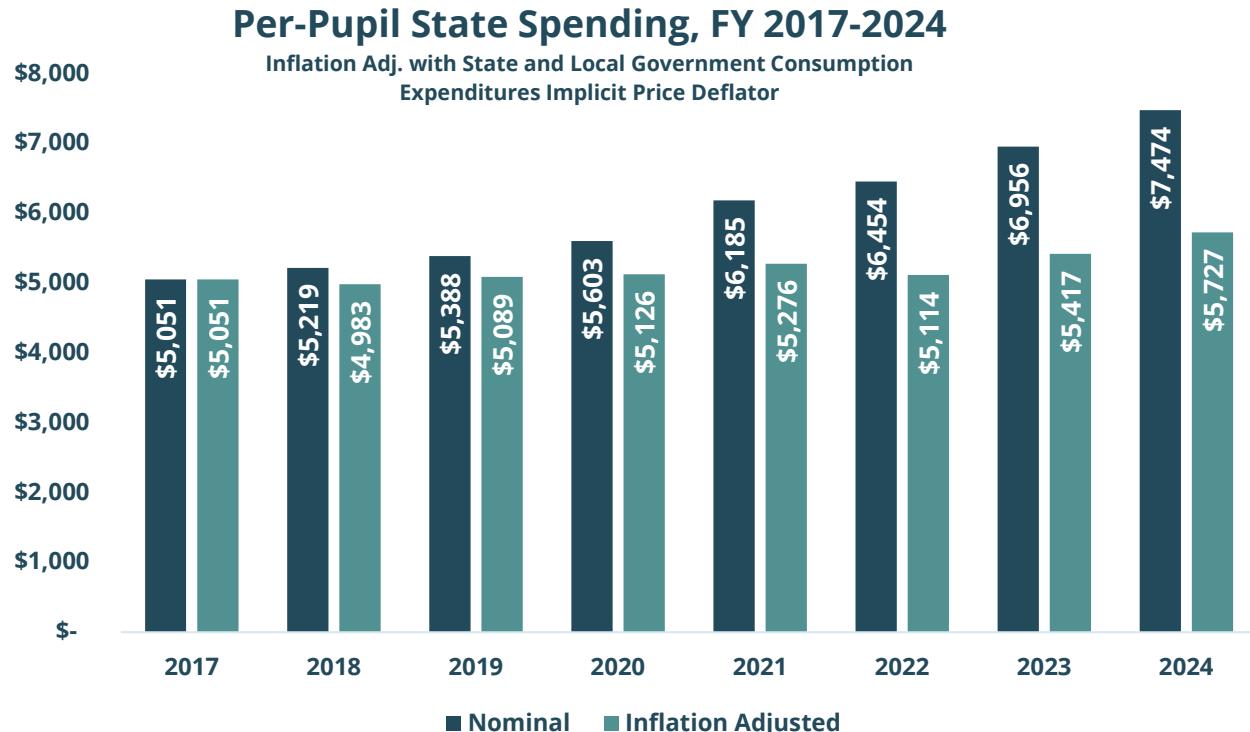
# Ten Divisions Enroll Over Half of all K-12 Students

In Fall 2024, 10 school divisions enrolled 52.6% of Virginia's K-12 students.

121 School Divisions	579,920	Fairfax County 175,153	Loudoun County 80,676	Virginia Beach City 63,328
		Chesterfield County 63,272	Chesapeake City 39,861	Stafford County 31,313
		Prince William County 88,508	Henrico County 49,644	Arlington County 27,158
				Norfolk City 25,138

Source: VDOE, Fall Membership Build-A-Table. Data for Fall 2024 accessed October 23, 2025.

# State Appropriations Per Student have Increased Despite Stalled Enrollment Growth



- Investment in K-12 education has increased and has kept pace with inflation, despite lack of enrollment growth in recent years.
- Policy changes and increased costs have contributed to the growth in spending.
- Recent General Assembly actions have made significant investments in K-12 that represent ongoing costs captured in 2026-2028 rebenchmarking.

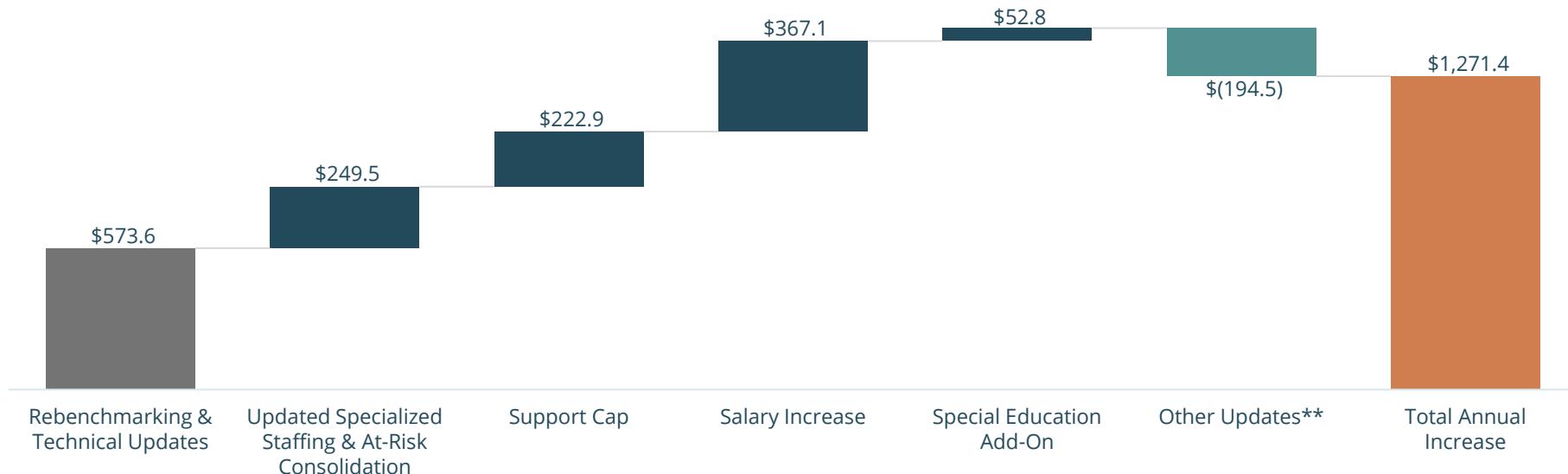
Source: Superintendent's Annual Report, Table 15. Data accessed November 2025.

Figures calculated using the State and Local Government Consumption Expenditures implicit price deflator indexed at Q3 2017 from the U.S Bureau of Economic Analysis.

# FY 2026 Ongoing Spending Increases the Base Budget of Public Education by \$1.3 Billion Annually

## FY 2026 Public Education Rebenchmarking & Policy Changes

(\$ in Millions)



The new annual base for the 2026-2028 biennium is \$10,123.5 million.

Source: Senate Finance and Appropriations Committee Post-Session Summary Documents.

Note: Rebenchmarking does not remove one-time flexible funding, which lowered rebenchmarking costs in the 2024-2026 biennium.

\*\*Includes supplanting GF dollars with other revenue sources, such as lottery proceeds.

# Policy Decisions in the 2024-2026 Biennium have Raised the Base Costs for Public Education

- A 2023 JLARC report recommended \$3.5 billion in K-12 policy changes. Since the report, the General Assembly has invested \$2.0 billion in policy actions related to the recommendations (see Appendix).
- Major 2025 Session investments included:
  - \$222.9 million GF the second year to raise the support cap to the prevailing ratio of 27.89 positions per 1,000 students;
  - \$134.4 million GF the first year for a \$1,000 bonus for teachers and instructional positions with no local match;
  - \$52.8 million GF to support an add-on for special education students based on the level of services they receive; and
  - \$99.7 million GF across the biennium in technical updates.

# Rebenchmarking Process Explanation

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# What is Rebenchmarking?

- Rebenchmarking is the process that updates both the state and local costs in public education for the biennial budget.
- The updates are **technical cost adjustments to meet the Standards of Quality (SOQ) minimum staffing requirements, related support services, and prevailing cost updates**; they are derived from updating FY 2022 to FY 2024 base year local expenses.
  - Updates to rebenchmarking costs lag behind the policy decisions that drive them.
- Over 90.0 percent of state K-12 funding is budgeted for SOQ programs, but Lottery, Incentive, and Categorical Programs are also impacted by rebenchmarking.

# SOQ Funding is Primarily Determined by Staffing Ratios and Enrollment

## 1. STAFFING

How many positions are needed to meet quantified minimum standards?

Staffing Ratios

$\times$  Student Enrollment

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Number of Staff Needed

## 2. COSTS

What is the cost of meeting the staffing requirements and associated costs?

# of Staff Needed  $\times$  Compensation Costs = Personnel Costs

Student enrollment  $\times$  Other assumptions = Non-Personnel Costs

Personnel Costs

$+$  Non-Personnel Costs

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Total SOQ Funding Obligation

## 3. SHARE

How are costs shared between the state and localities?

SOQ Funding Obligation

$\times$  Local Composite Index

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State & Local SOQ Funding

Note: Based on 2023 JLARC Report, "Virginia's K-12 Funding Formula."

# 1. SOQ Costs are Driven by Minimum Staffing Standards and Other Prevailing Costs

- Staffing is based on minimum staffing standards outlined in the Code of Virginia and in the budget.
  - It includes position requirements for general instruction, school leadership & instructional support, student counseling & health, and operations & central office administration.
- Once staffing amounts are determined, they are applied to the funded salary costs.
- Other costs (e.g., utilities, transportation, etc.) are added based on prevailing costs and enrollment.

Sample Staffing Standards		
Category	Position	Staffing Ratio
<b>General Instruction</b>	Classroom Teacher	1 per 24 students K-3 1 per 25 students 4 <sup>th</sup> grade 1 per 21 students 5 <sup>th</sup> -7 <sup>th</sup> grade 1 per 21 students 8 <sup>th</sup> -12 <sup>th</sup> grade
	Elementary art, physical education, or music teacher	1 per 200 elementary students
	Vocational teacher	Prevailing ratio per 1,000 students enrolled in vocational education w/ some adjustments
<b>School Leadership</b>	Principal	1 per school

Source: 2023 JLARC Report, "Virginia's K-12 Funding Formula."

## 2.a. Funded Salaries are Based on Prevailing Cost, and Updated for State-Supported Compensation Supplements

Elementary Teachers	2020-22	2022-24	2024-26
Prevailing Salary (baseline)	\$48,925 (FY 18)	\$51,425 (FY 20)	\$54,698 (FY 22)
<b>Compensation Supplements</b>			
FY 19 = 0%			
FY 20 = 2%	+ 2.0%		
FY 21 = 0%			+ 5.0%
FY 22 = 5%			
FY 23 = 5%			+ 12.5%
FY 24 = 5% + 2% eff. 1/04/24			
Funded Salary	\$51,371	\$53,996	\$61,514

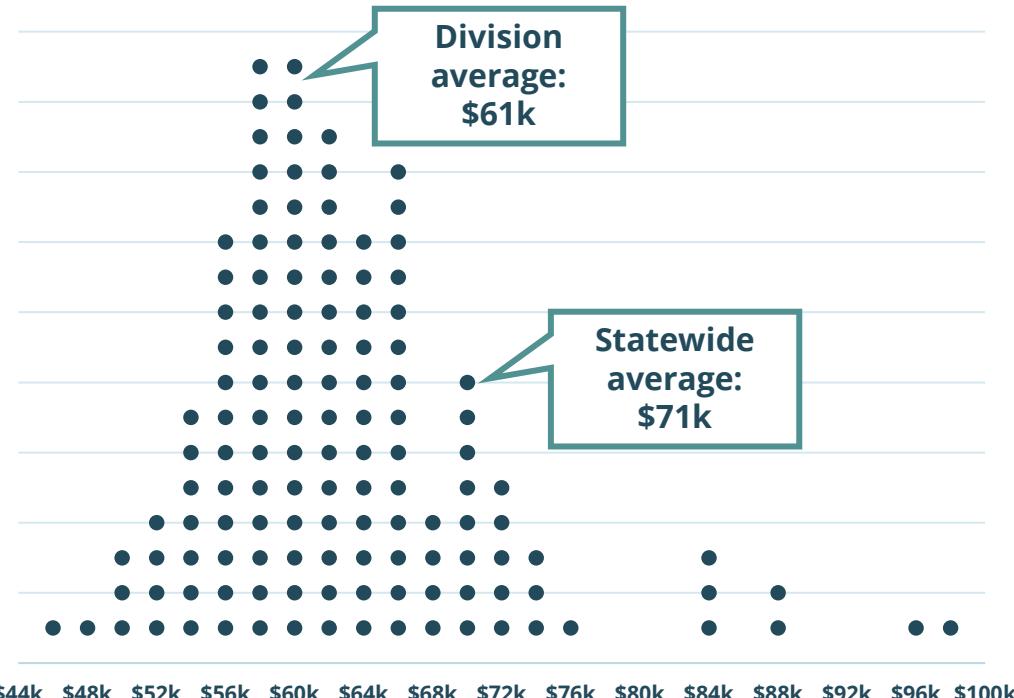
Note: Separate funded salary amounts are calculated for: elementary teacher, elementary assistant principal, elementary principal, secondary teacher, secondary assistant principal, secondary principal, and instructional aide.

Sources: VDOE Presentation to the Board of Education, Oct. 20, 2021, Updates from VDOE provided Nov 10, 2023.

Reminder: Chapter 725 included 3.0% salary increases in FY 25 and FY 26. Prevailing and funded salary amounts for the 2026-2028 biennium are pending.

## 2.b. Rebenchmarking Places More Weight on the Division Average Salaries in the Middle of the Distribution

Average Teacher Salary, FY 2024



- When calculating prevailing salaries, the funding formula uses a linear weighted average (LWA) as the best measure of spending levels that the most divisions use.
- Each circle shows where one school division's average teacher salary (FY 2024) falls on the distribution, regardless of the size of the school division.
- SOQ Funding for all school divisions is based on the division LWA, not each school division's actual salaries.

Source: Superintendent's Annual Report, Table 19. Data accessed November 2025.

## 2.c. Salaries are Influenced by State Compensation Supplements and Local Action

- Salary increases passed by the General Assembly are reflected as a compensation supplement in the budget.
- Localities receive a pro-rata distribution of the compensation supplement if they choose to differ from the state salary increase.
  - The full amount is budgeted, and any difference is accounted for in rebenchmarking.
- An annual report on teacher salaries is due by the first day of session and will cover the 2024-2025 school year.
- The National Education Association's 2025 report on educator pay ranked Virginia 26th in the nation for average teacher salaries and 16th in the nation for average starting teacher salary. This report is released in April of each year analyzing data from the previous school year.

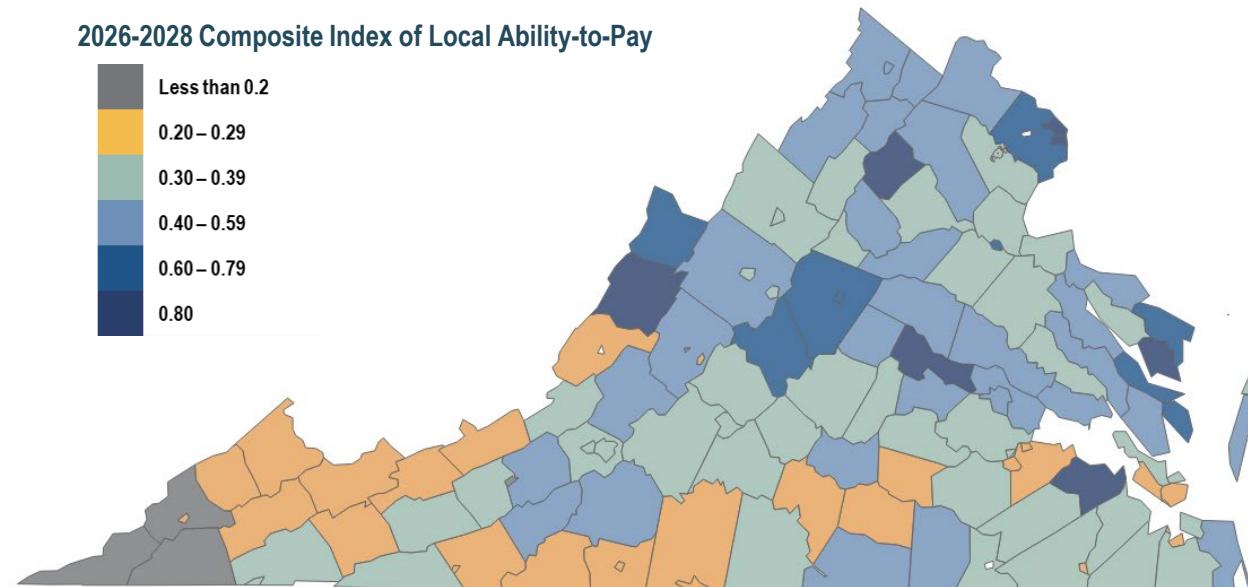
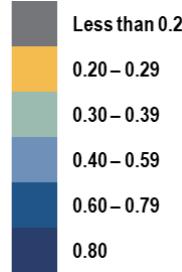
*Source: National Education Association, Educator Pay Data 2025. Data accessed November 2025.*

### 3.a. On Average, the State Funds 55.0 Percent of Calculated SOQ Costs, but the Share of Costs Varies by Locality

The Local Composite Index (LCI) identifies the share a locality must pay based on indicators of ability-to-pay. The remaining amount is provided by the state. The state commits to paying an average of 55.0% of costs.

Example: If a division's LCI is 0.40, then it is responsible for 40.0% of SOQ calculated costs and the state is responsible for the remaining 60.0%.

2026-2028 Composite Index of Local Ability-to-Pay



- LCI ranges from 0.16 to 0.80.
- The LCI is capped at 0.80, meaning that no division pays more than 80.0% of calculated SOQ costs.
- LCI is based on three indicators:
  - True value of real property (weighted 50%);
  - Adjusted gross income (weighted 40%); and
  - Taxable retail sales (weighted 10%).

Source: VDOE, 2026-2028 Composite Index of Local Ability-to-Pay.

### 3.b. Changes in Division LCI Measures Impact All Divisions

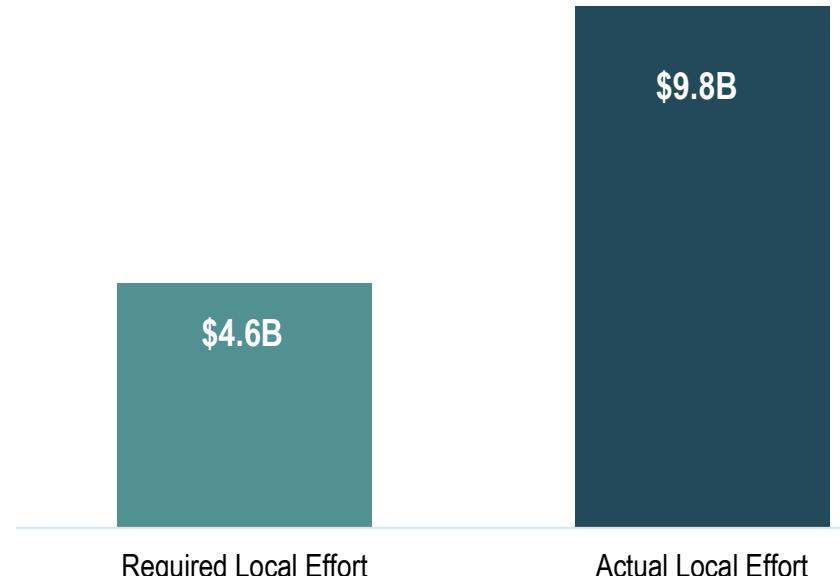
- The LCI is calculated so that the state pays roughly 55.0 percent of costs statewide.
- LCI is a relative measure. Changes in metrics in any locality or region of the state impact the LCI of all other localities.
- If larger school districts in high-growth areas experience economic conditions that cause their ability-to-pay to decline, the LCI of other school districts will go up. The reverse is also true.
- LCI calculations for rebenchmarking use Taxable Year 2023 data.

### 3.c. Formula Determines Required Local Effort, but Divisions Often Exceed the Required Amount

In FY 2024, nearly all reporting school divisions exceeded the required local effort.

- The required state share of formula-funded costs may be lower than what local divisions actually spend.
- Divisions may choose to hire and compensate staff beyond the minimum standards.
- Average local expenditures were 73.7% higher than the required level, and 33 divisions reported local spending by over 100.0% of the required level.
- Only one reporting school division failed to meet required local effort for FY 2024.

In FY 2024, local effort totaled \$9.8 billion and exceeded the SOQ's required local effort by \$5.2 billion.



Source: VDOE, FY 2024 Required Local Effort and Required Local Match Report.

# Data Inputs are Updated During Biennial Rebenchmarking, and Some Require Annual Technical Updates

## Updated for the Biennium

- Prevailing Non-Personnel Costs & Support Positions
- Salaries Update (2 Steps: "Prevailing" & "Funded")
- Special Education Child Counts
- Fall Membership & Average Daily Membership (ADM) Projections used in SOQ Model
- CTE Course Enrollment
- Composite Index
- Head Start Enrollment (for VPI)
- Free Lunch Percentages
- SOL Test Scores
- Support Positions Cap & Federal Revenue Deduction
- Inflation Factors

## Updated Annually

- Enrollment Projections – Fall Membership, ADM, English as Second Language, Remedial Summer School
- Reimbursement Account Projections
- Sales Tax (1.125%) and Lottery Revenue Estimates
- VRS Fringe Benefit Rates (subject to General Assembly Action)
- Supplemental General Fund Payment in Lieu of Sales Tax on Food and Personal Hygiene Products

# 2026-2028 Rebenchmarking

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# Rebenchmarking is Currently Estimated at \$965.2 million for the Biennium

Category (\$ in millions)	FY 2027	FY 2028
<b>Update Nonpersonnel Costs</b> (includes textbooks, transportation, etc.)	\$340.5	\$325.7
<b>Enrollment Updates</b>	36.1	38.7
<b>Targeted Student Support</b> (includes special education, identified student percentage data for At-Risk, etc.)	95.2	96.3
<b>Reset Salaries to Base Year</b>	(537.8)	(537.8)
<b>Salary Updates</b>	533.8	533.1
<b>Local Composite Index</b>	(34.8)	(34.1)
<b>Federal Revenue Deduct</b>	(23.0)	(22.7)
<b>Other</b> (includes updates for early childhood, fringe benefits, and lottery incentive/categorical accounts)	<u>76.8</u>	<u>79.2</u>
<b>TOTAL</b>	<b>\$486.8</b>	<b>\$478.3</b>

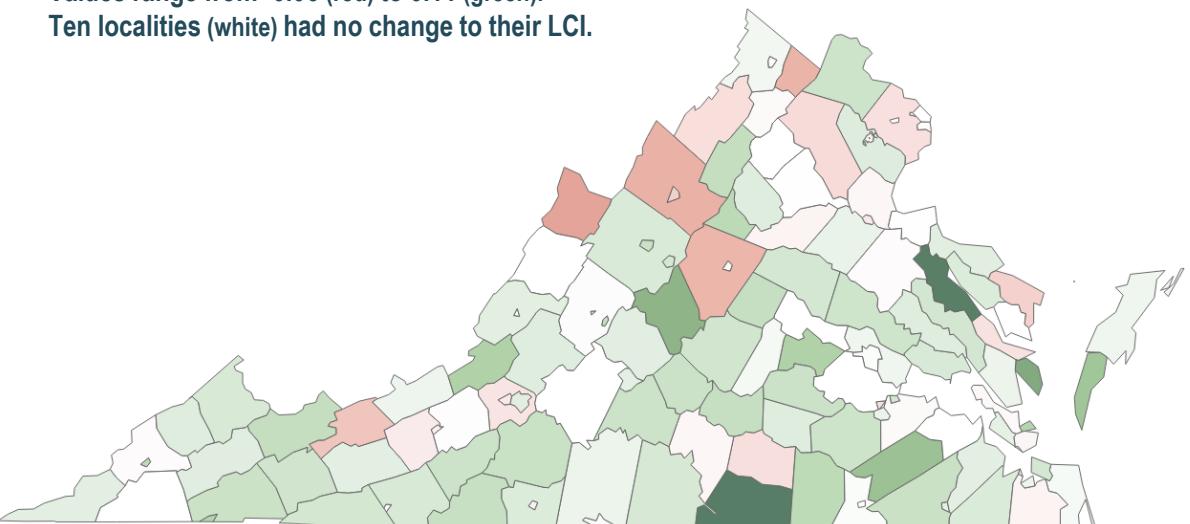
Note: Final rebenchmarking costs will include an update for average daily membership (enrollment) and sales tax. These costs will be reflected in the Governor's introduced budget.

# On Average, Locality's Ability-to-Pay has Increased When Compared to the Last Rebenchmarking Calculation

## LCI Directional Change Compared to Last Rebenchmarking

Values range from -0.06 (red) to 0.11 (green).

Ten localities (white) had no change to their LCI.



- The indicators used to calculate LCI increased when compared to rebenchmarking for the 2024-2026 biennium:
  - True value of property increased by 16.5 percent;
  - Adjusted gross income increased by 4.9 percent; and
  - Taxable retail sales increased by 12.8 percent.
- The average statewide change in LCI was 0.009.
- Among localities that saw a decrease in LCI, the average decrease was 0.01.
- Among localities that saw an increase in LCI, the average increase was 0.2.

Source: VDOE, 2026-2028 Composite Index of Local Ability-to-Pay. [Accessed November 17, 2025](#).

# Outstanding Data Items will Contribute to Final Rebenchmarking Costs

## Key Drivers of Rebenchmarking Costs

- Targeted investments in certain student populations grew (such as special education students and the identified student percentage), impacting rebenchmarking costs.
- Additional detail will reveal other cost drivers.
- DOE will present rebenchmarking to the Board of Education on December 11th.

## Remaining Data Items

- Several outstanding data items will further impact rebenchmarking costs, including:
  - Average daily membership (enrollment) and
  - Sales tax adjustments.
- LCI data will determine the share of costs each locality must pay.

# Other K-12 Budget Pressures

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# Other K-12 Budget Pressures

## Assessment:

- The current statewide assessment system is authorized through December 31, 2027. A process is underway to procure a new assessment system. Budget language called for a work group and an assessment consultant to assist with the process.
- According to a November 1<sup>st</sup> report, the work group has been convened and DOE issued an RFP for the consultant in October.
- The work group is expected to have initial recommendations in January 2026 and the consultant is expected to have a report available by the beginning of the 2026 Session.

## Accountability:

- The new accountability framework is in effect this school year (2025-2026).
- JLARC is working on a report on the accountability system that should be released by the start of the 2026 Session.

# Other K-12 Budget Pressures

## School construction:

- Chapter 725 (2025 Session) added \$200.0 million NGF across the biennium to support school construction, including \$150.0 million NGF from casino tax revenues deposited to the School Construction Fund and a one-time deposit of \$50.0 million from the Literary Fund to the School Construction Fund.
- DOE issued Literary Fund loans totaling \$218.8 million in FY 2025. Most loans were issued at an interest rate of 2.0 percent.
- The annual report on the School Construction Assistance Program is due on December 1st.

# DOE Budget Requests Total \$75.6 million GF Over the Biennium

Request (\$ in millions)	FY 2027	FY 2028
Statewide Financial System	\$30.0	\$30.0
Support Virginia Individualized Education Program (IEP) System	2.5	2.5
Universal Screening for Gifted Students	1.7	1.7
Staff Supporting New Accreditation System (includes 5.0 positions)	0.8	0.8
Other Requests	<u>3.3</u>	<u>2.1</u>
<b>TOTAL</b>	<b>\$38.4</b>	<b>\$37.2</b>

Note: Totals may not add due to rounding.

Source: *Department of Planning and Budget, Agency Operating Budget Requests. Accessed November 17, 2025.*

# Early Childhood Education

- The annual report from the Commission on Early Childhood Care and Education recommended the following strategies:
  - Using family demand and choice to drive funding and slots;
  - Pursuing public-private funding mechanisms;
  - Addressing workforce challenges;
  - Streamlining regulations; and
  - Promoting early childhood as essential economic development.
- The Commission was also directed to review policies relating to attendance and school-aged children. Reports from these workgroups will be published in December 2025.
- A decision package through the Department of Education requests \$2.0 million GF to support a digital wallet platform for childcare costs and matching funds to incentivize employer participation.
- In the 2025 Session, HB 2538 (Bulova), creating a funding formula for early childhood education, was sent to the Commission for review. The Commission's annual report recommended adjustments for potential new legislation in the 2026 Session.

# Key Takeaways and 2026 Session Outlook

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# Key Takeaways and 2026 Session Outlook

- Rebenchmarking costs are \$965.2 million for the biennium.
  - Cost increases are primarily driven by increases in nonpersonnel costs and targeted investments in specific student groups.
  - Updates to final rebenchmarking costs will be reflected in the Governor's introduced budget.
- Other K-12 budget pressures, such as assessment, accountability, and early childhood may require further analysis during the legislative session.

# Appendix

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# Reminder: Recent JLARC Report Found K-12 Funding Below the National Average and Recommended Changes

- In 2023, JLARC reviewed Virginia's K-12 Funding Formula, and identified several recommendations and options to further align the formula and meet funding needs.
- The report included near-term and long-term recommendations and policy options.
  - Near-term: Could be phased in over three to four years (\$1.0 billion).
  - Long-term: Could be phased in over seven to ten years (\$2.5 billion).
- The Joint Subcommittee on Elementary and Secondary Education Funding was created through Chapter 1, 2023 Acts of Assembly, Special Session I, to review the report's recommendations and develop an implementation plan.
  - The Joint Subcommittee met during the 2024 Interim and released a report with initial recommendations.
  - Additional meetings are anticipated in the 2026 Interim.

Source: 2023 JLARC Report, "Virginia's K-12 Funding Formula."

# Reminder: Recent Select K-12 Funding Actions Supporting JLARC Recommendations Since FY 2023

New Investment (GF \$ in millions)	FY 2024	FY 2025	FY 2026	Total
<b>Teacher Salary Increases:</b> 5% FY 2024 +2% Jan. 2024, 3% FY 2025, 3% FY 2026	\$335.4	\$179.5	\$367.1	\$882.1
<b>At-Risk/Prevention, Intervention, and Remediation (PIR):</b> Increase from 24% to 36% beginning in FY 2023, adjusted methodology for At-Risk Add-On calculation in addition to increased investment beginning in FY 2025	74.2	186.7	184.6	445.5
<b>Support Positions:</b> 24 per 1,000 in FY 2024 ongoing; updated to 27.89 (prevailing ratio) in FY 2026 and ongoing.	205.2	-	222.9	428.1
<b>Reading Specialists - Virginia Literacy Act (VLA):</b> K-3 specialists beginning in FY 2023, 3-8 specialists beginning in FY 2025	31.7	30.5	30.7	92.9
<b>English Language Learners:</b> Implements staffing standards based on student proficiency	-	37.9	34.2	72.1
<b>Special Education:</b> Provides an add-on for special education students (4.75% for Level I services, 5.25% for Level II services)	<u>0.0</u>	<u>0.0</u>	<u>52.8</u>	<u>52.8</u>
<b>Total</b>	<b>\$646.5</b>	<b>\$434.6</b>	<b>\$892.3</b>	<b>\$1,973.5</b>

Note: FY 2024 also included \$418.3 million for one-time flexible per pupil funding to address learning loss, the implementation of the VLA, and operational support. Some totals may not add due to rounding.