

Overview:

JLARC K-12 Study

Governor Youngkin's Introduced Budget

“Virginia underfunds K-12 education with flawed formula, report finds”

-Washington Post July 16, 2023

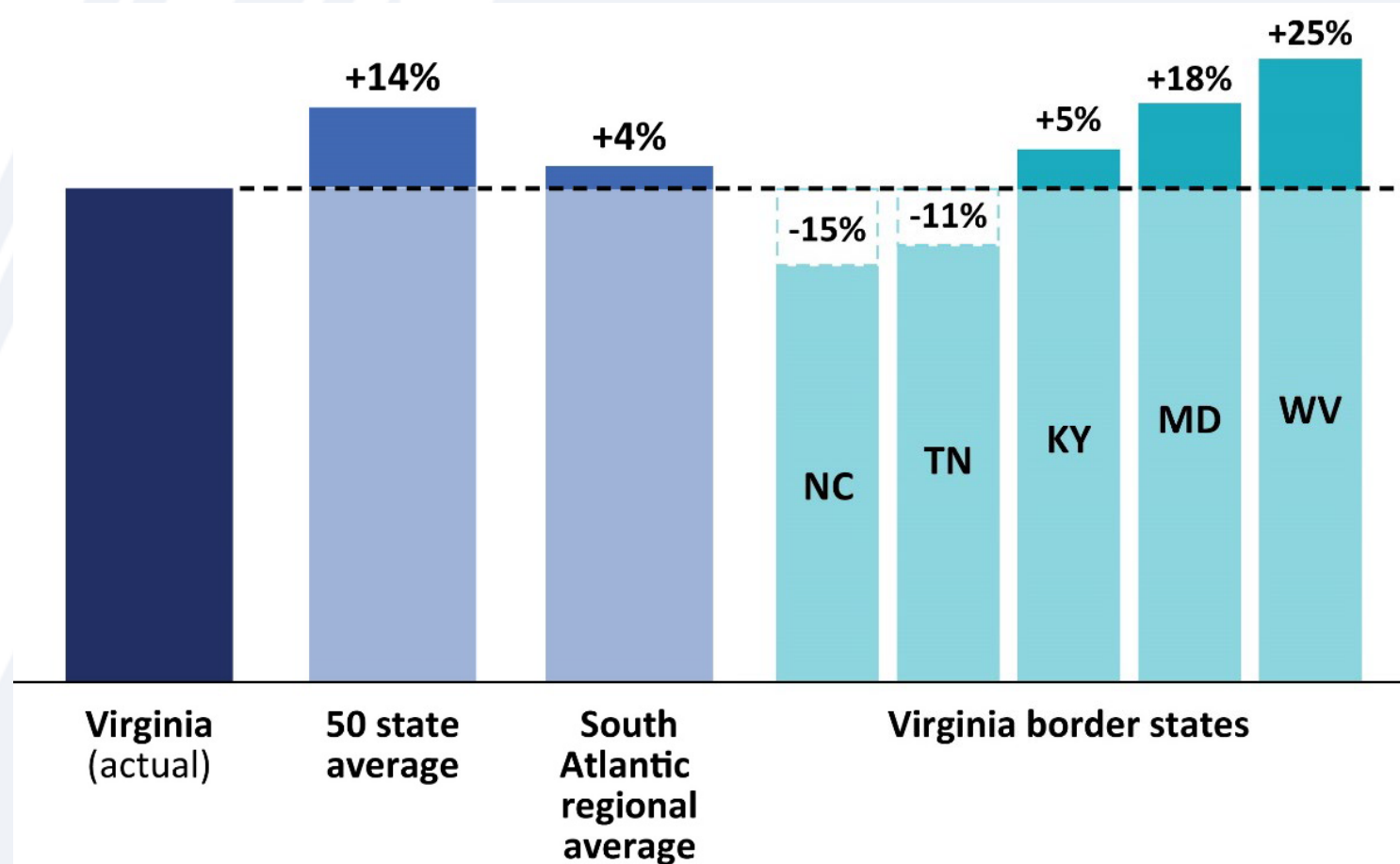


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STRATEGIES

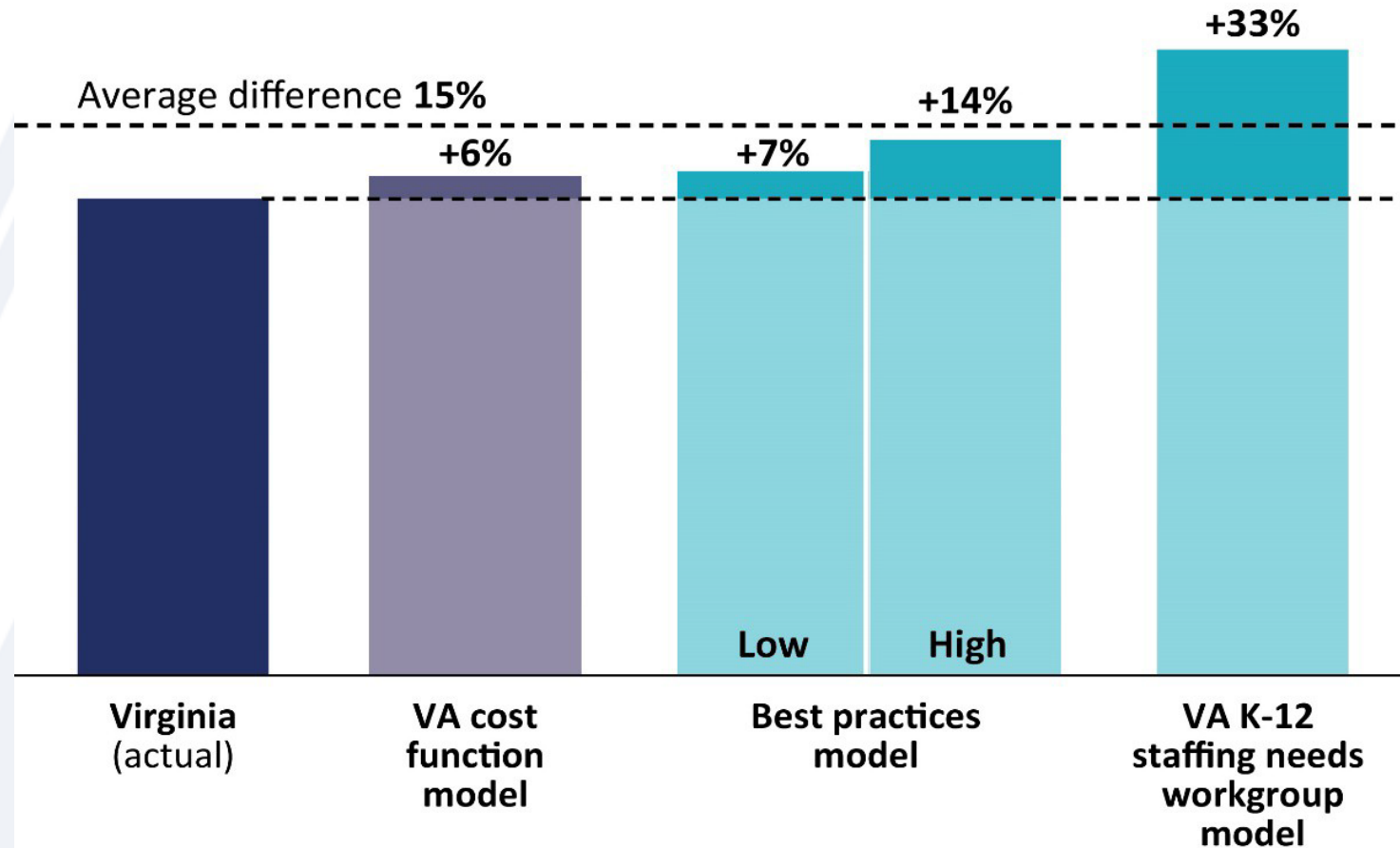
JLARC K-12 Funding Formula Study: Key Findings

- Virginia school divisions receive less K–12 funding per student than
 - divisions in other states
 - several key funding benchmarks
- Many of the Standards of Quality (SOQ) formula's inputs and assumptions lack a clear rationale and do not reflect prevailing practice in school divisions
- SOQ formula does not adequately account for higher needs students, regional labor costs, and division size (the three main cost drivers outside a division's control)
- Local composite index used to apportion funding obligations between the state and each locality is a reasonably accurate measure of ability to pay
- Most states use a student-based K–12 funding formula, which is simpler than Virginia's complex staffing-based formula

Virginia divisions receive less per student than other states



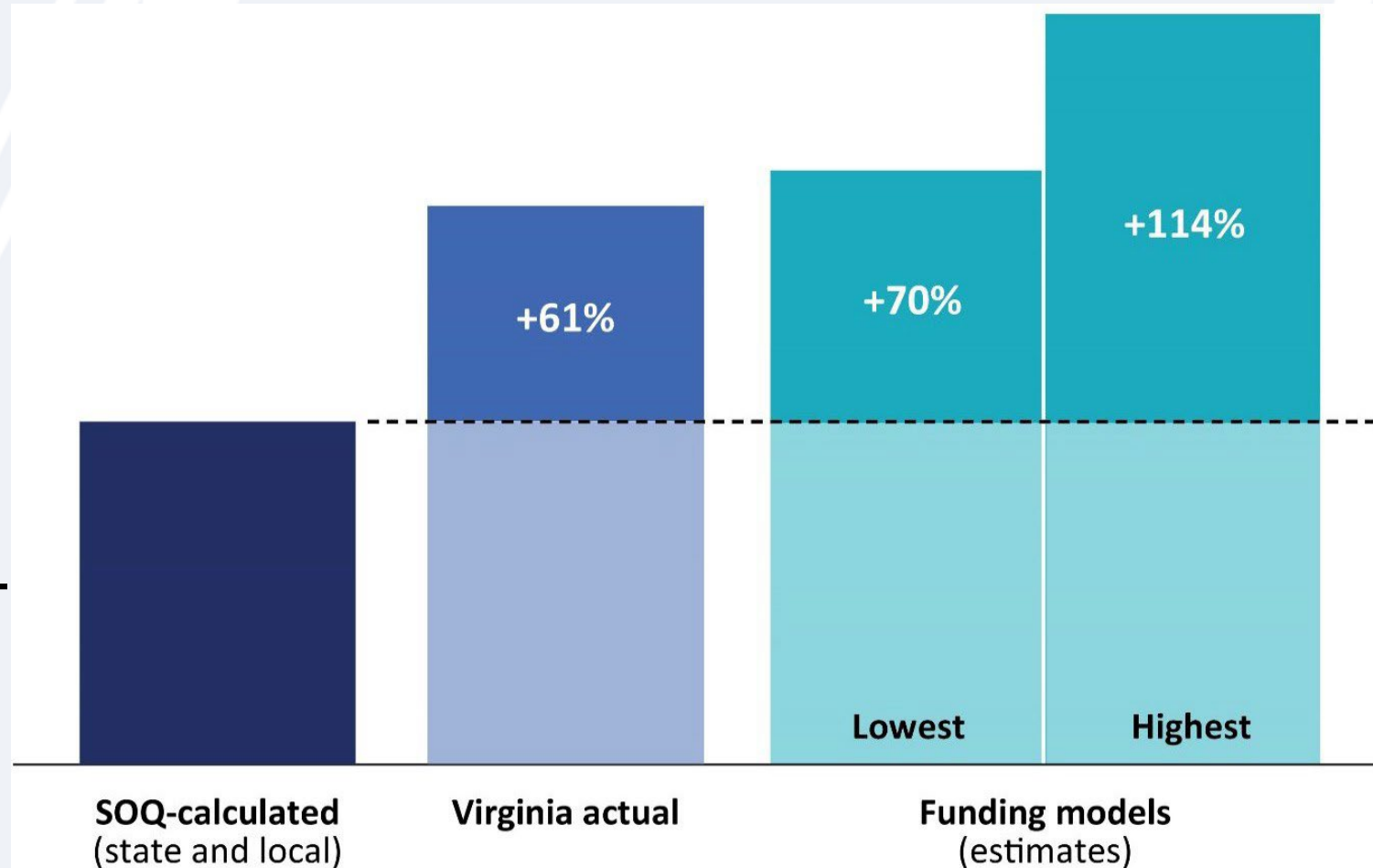
Virginia school divisions need 6 to 33 percent more total funding



SOQ-calculated amounts are substantially less than actual spending

SOQ formula
calculated
divisions
needed \$10.7
billion

Divisions
actually SPENT
\$17.3 billion



SOQ Formulas

- Formula calculates fewer of all major staff types than number employed and estimates of need
 - Develop and adopt a new, simpler, and comprehensive set of staffing ratios that more accurately reflect how divisions are staffed.
 - Eliminate cap on support positions, re-instate the non- personal cost categories removed in FY09 and FY10, and re-instate the previous federal fund deduction methodology.
- Divisions, not state or SOQ formula, determine employee pay scales and salaries
 - Formula's "prevailing" statewide teacher salary underweights divisions with the most staff
 - SOQ formula adjustments for salary costs are usually less than growth in teacher salaries
 - State uses unsystematic process to increase funding for compensation over time

Cost Drivers

- Number of higher needs students (at-risk / low income, special education, English learners)
 - State funding per student has increased for at-risk (low income) and English learners and declined for special education.
 - State funding per student for higher needs students is less than several relevant benchmarks.
 - Data used to estimate poverty for at-risk program funding is old and increasingly inaccurate
- Regional labor costs
 - Cost of competing adjustment provided in SOQ formula to address higher regional labor costs uses old data and excludes several divisions.
 - Replace cost of competing adjustment with a more accurate adjustment based on a Virginia cost of labor index applied to all divisions with above average costs.
- Division size (as measured by number of students)
 - SOQ formula does not account for small school divisions' inability to achieve operational efficiencies (economies of scale), resulting in less funding needed to operate.

2023 Budget Language

T.1. The Chairs of the House Appropriations and Senate Finance and Appropriations Committees shall each appoint up to five members from their respective committees to a Joint Subcommittee on Elementary and Secondary Education Funding to provide on-going direction and oversight of the Standards of Quality funding cost policies and to make recommendations to their respective committees.

2. As part of its oversight, the Joint Subcommittee shall: (i) review the recommendations and policy options offered in the Joint Legislative Audit and Review Commission's July 2023 report, "Virginia's K-12 Funding Formula"; (ii) determine the appropriateness of implementing each recommendation or policy option, (iii) propose appropriate amendments to each recommendation or policy option and (iv) develop a long-range plan for the phased implementation of its recommendations. In its deliberations, the Joint Subcommittee shall consider the long-term fiscal implications of each recommendation.

3. The Joint Subcommittee shall submit initial recommendations and an implementation plan to the Governor and the Chairs of the House Appropriations and Senate Finance and Appropriations Committees no later than November 1, 2024.

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Early Childhood:

- Continue Child Care Subsidy Program after federal funding becomes unavailable
- Redirect Virginia Preschool Initiative and Early Childhood Expansion nonparticipation savings to other early childhood programs
- Provide flexibility for childcare staff-to-children ratios
- Align teacher requirements for community providers of early childhood learning

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K-12 Key Priorities

- Sales Tax Impact- Elimination of Supplemental Payment/New Sales Tax Revenue
- Compensation- 1% bonus FY25/2% salary FY26
- Reading Specialist Staffing Update
- Lab School Reliable Funding
- Diploma Plus Program
- Mental Health Support

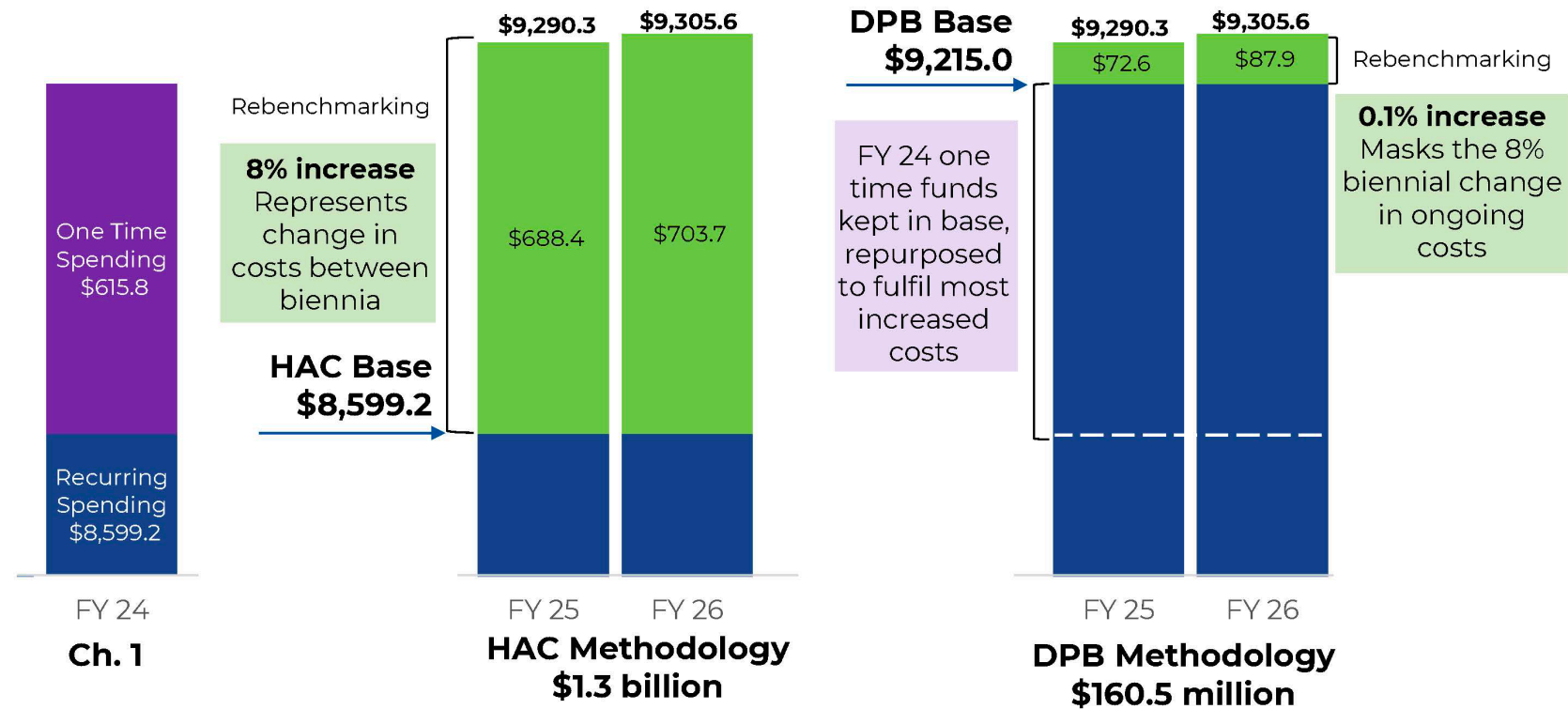
Other Items of Interest in K-12

- New state assessment system
- VRS Payments
- School Construction Assistance Fund
- Significant increase in CTE Funding
- Report of Teacher Compensation
- Significant reduction in EL funding related to student counts
- Reduced Summer School funding based on projections
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TALE OF TWO REBENCHMARKING METHODOLOGIES

Different methodologies result in same amounts of required spending

House removes one time funding from base; DPB maintains one time funding in base



Discussion/Questions