



Virginia's K-12 Funding and Rebenchmarking Process, and School Security

Virginia Association of Counties

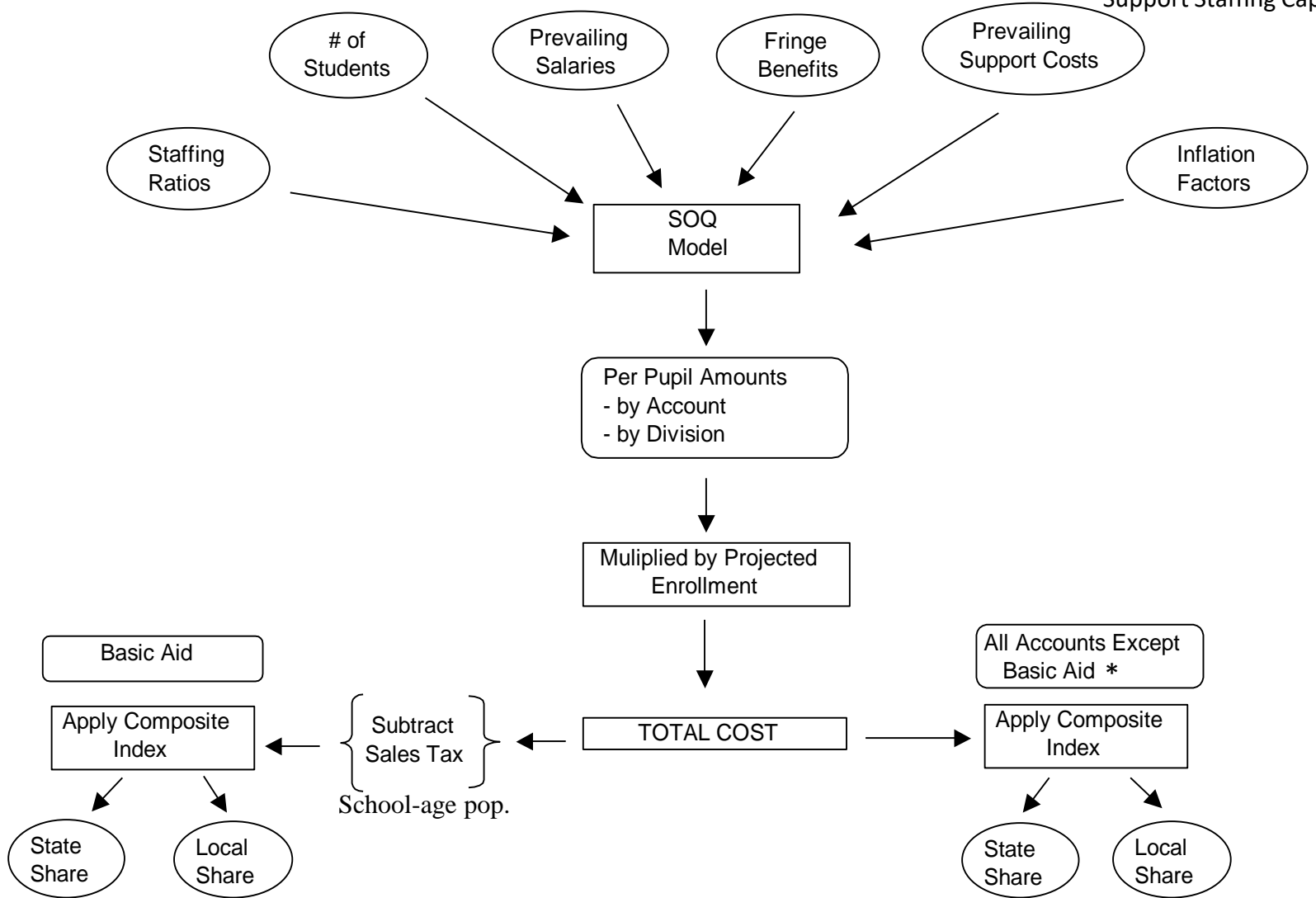
Fiscal Analytics, Ltd.

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“One Type Fits All”

SOQ Funding Process

Support Staffing Capped



FY 2020 SOQ Funding Accounts

	<u>State Amount</u>	<u>Required Local Match</u>
Basic Aid	\$3,295,069,550	\$2,654,298,215
Sales Tax (based on school-age pop.)	\$1,486,302,403	N/A
VRS Retirement	\$442,260,022	\$357,711,445
Special Education	\$396,092,863	\$346,853,820
Social Security	\$200,465,243	\$162,128,277
Prevention, Intervention, & Remediation	\$112,320,130	\$78,041,188
Textbooks	\$70,023,715	\$55,654,083
ESL	\$62,519,408	\$72,263,758
Vocational Education	\$57,930,204	\$39,148,944
Gifted Education	\$35,314,827	\$28,523,559
Group Life	\$13,596,751	\$10,981,346
Remedial Summer School	<u>\$24,976,867</u>	<u>N/A</u>
Total SOQ	\$6,196,871,983	\$3,805,604,635

FY 2020 Major Incentive, Lottery, Categorical, and Supplemental Accounts

	<u>State Amount</u>	<u>Required Local Match</u>
Supplemental Lottery Per Pupil	\$255,531,948	N/A
Compensation Supplement	\$201,975,291	N/A
K-3 Class Size Reduction	\$128,005,970	\$83,772,462
At Risk Add-on	\$120,950,476	\$76,050,114
Special Education Regional Tuition	\$100,397,909	N/A
Virginia Preschool Initiative	\$72,351,058	\$59,217,308
Technology VPSA	\$58,612,800	\$10,828,960
Special Education State Programs	\$35,660,182	N/A
Early Reading Intervention	\$23,571,284	\$18,844,682
Academic Year Governor's School	\$18,560,517	N/A
SOL Algebra Readiness	\$13,061,697	\$9,180,066
Career and Technical Education	\$12,400,829	N/A
School Security Equipment Grants	\$12,000,000	\$3,000,000
School Breakfast & Lunch	\$13,241,820	N/A
Foster Care	\$10,387,961	N/A
All Other Programs	\$82,113,218	\$5,313,226
Subtotal	\$1,158,822,960	\$266,206,818
Total K-12 Education	\$7,355,694,943	\$4,071,811,453

FY 2020-22 Rebenchmarking Process

- Re-benchmarking is the formula-driven cost adjustment which will be calculated this fall to update SOQ minimum staffing requirements and related support services, using FY 2018 base year actual data.
- The biggest cost drivers are “prevailing” salaries, the “federal revenue deduct”, health care, inflation, and various enrollment data. Other factors include free lunch eligibility, textbooks, and transportation.

Major Rebenchmarking Steps

Anticipated September Rebenchmarking Updates	
Remove Virginia Preschool Initiative Nonparticipation	
Remove any One-time Spending from FY 2020	
Update Base Year (FY 2018) and Projected Enrollment Counts	
Reset Personal and Nonpersonal Support Cost Inflation to 0% in the Rebenchmarking Model	
Update Special Education Child Enrollment Counts	
Update Career and Technical Education Enrollment Counts	
Update SOL Failure Rates for Funding Programs	
Update Positions Needed for Gifted, Support and Instructional Tech for New Enrollment Counts	
Update Prevailing SOQ Instructional Salaries to FY 2018	
Update Prevailing Support Position Costs to FY 2018 then Cap Based on SOQ-Funded Teaching Positions	
Update Nonpersonal Support Costs to FY 2018 (reflected local cost cutting)	
Update Federal Revenue Deduct (eliminates double counting of support costs paid with federal funding)	

Major Rebenchmarking Updates (Cont'd)

Anticipated September Rebenchmarking Updates (cont'd)

Update Costs for Superintendents, School Boards, and School Nurses

Update Health Care Premium

Update Textbook per Pupil Amount

Update per Pupil Transportation Costs

Update Nonpersonal Support Cost Inflation to FY 2020

Update Instructional and Support Salary Inflation (incl. FY 2020 State Salary Increase)

Update ESL Enrollment

Update Remedial Summer School Enrollment and per Pupil Amount

Update Incentive Accounts

Update Categorical Accounts

Update Lottery Accounts

Major Rebenchmarking Updates (Cont'd)

Additional Updates Prior to Budget Introduction:

Revised VRS Rates

Updated Five Factors for the Local Composite Index

$$\frac{(.5 *TVRE + 0.4* VAGI + 0.1*Taxable Sales)}{(0.667*ADM + 0.333*Pop.)}$$

Revised Sales Tax and Lottery Revenue Estimates

Additional Revisions to Enrollment Projections

New Free Lunch Counts

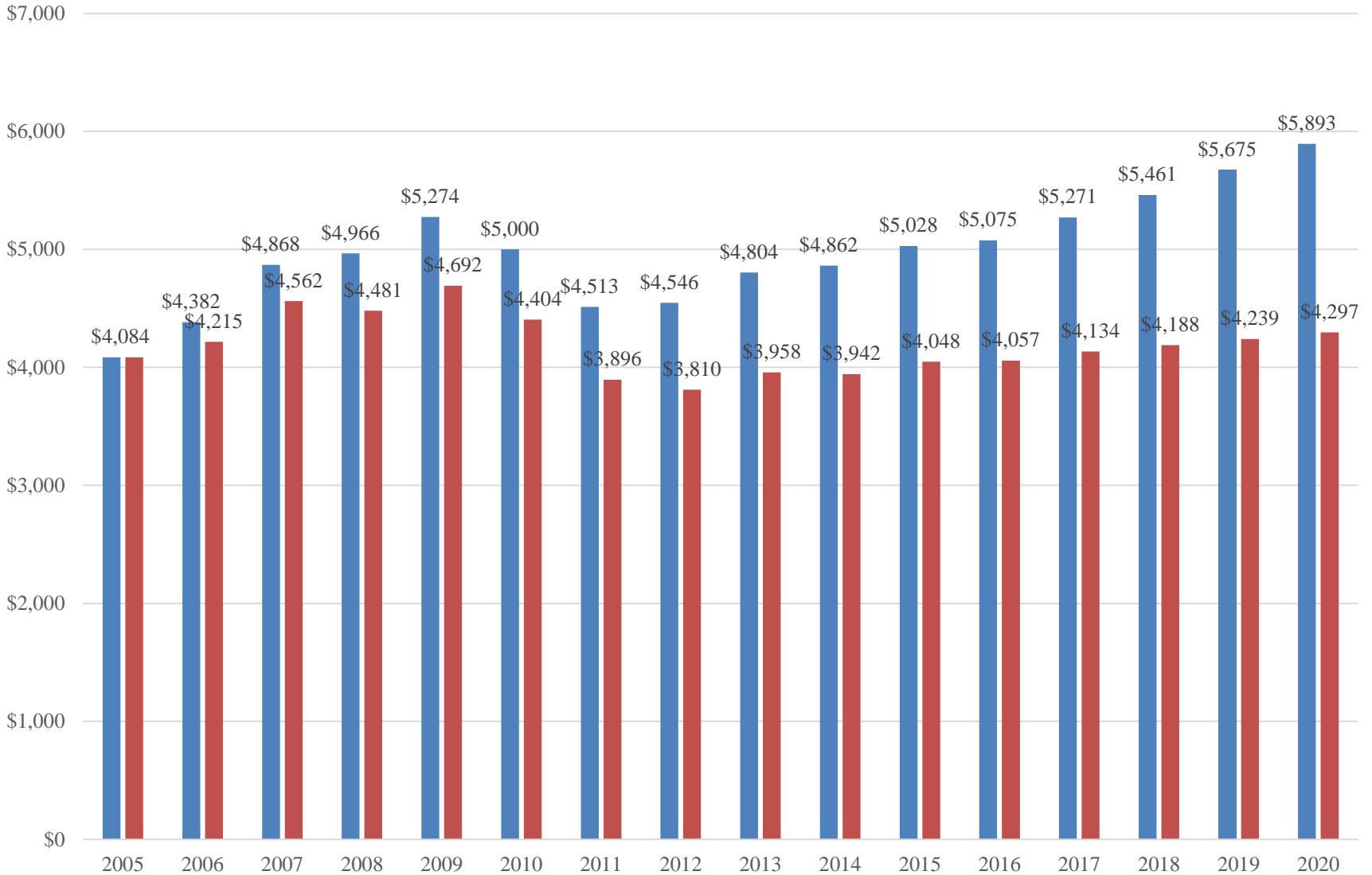
Rebenchmarking/Policy Issues

- The “linear weighted average” methodology underfunds salaries.
 - All divisions given equal weight regardless of size.
 - Base year for salaries will be FY 2018. Only adjusted for state raises, not local raises for FY 19 & FY 20.
- Nonpersonal support cost inflation adjustments only through FY 2020, not updated in FY 2021 and FY 2022.
- Staffing ratios severely undercount actual needed division personnel.
- No rationale for support position cap.
- No rationale for eliminating certain necessary non-position support expenditures.
- Full restoration of COCA support costs for NOVA.

State K-12 Recession Policy Changes Continuing to Reduce Funding

<u>Major K-12 Funding Policy Changes Since 2008 Session</u>	<u>Session</u>	<u>Annual \$ in Mil.</u>
Cap Funding for Support Positions	2009	(\$372)
Adjust Health Care Participation Rates to Actual Rather than SOQ Positions	2010	(\$135)
Eliminate Equipment, Travel, Misc. Expenses From SOQ Calculation	2010	(\$122)
Eliminate School Construction Grants and Lottery Support for School Construction	2009/10	(\$61)
Reduce funding for K-3 class size program; use Kindergarten enrollment as proxy for four-year-olds for VPI; eliminate enrollment loss assistance	2010/12	(\$40)
Include \$0 Values in Linear Weighted Avg for Non-personal Support	2010	(\$40)
COCA for support positions in NoVa only partially restored	2012/14	(\$10)
Extend School Bus Replacement Cycle From 12 to 15 Yrs	2010	<u>(\$10)</u>
Continuing Major Policy Changes Since 2009		(\$790)

2019 Adopted State Per Pupil K-12 Direct Aid Funding Nominal and Inflation-Adjusted (CPI \$2005)



FY 2019 Virginia Public School Construction and Renovation Costs (\$ Mil.)					
	<u>Number</u>	<u>Cost</u>	<u>Avg. Cost</u>		
New Elementary Schools	5	\$157.0	\$31.4		
New Middle Schools	4	\$198.0	\$49.5		
New High Schools	2	\$218.7	\$109.4		
New Combined or Other	1	\$81.5	\$81.5		
Additions/Renovations	<u>40</u>	<u>\$425.4</u>	\$10.6		
Total	57	\$1,080.6 mil.			

Source: http://www.doe.virginia.gov/support/facility_construction/school_construction/costs/

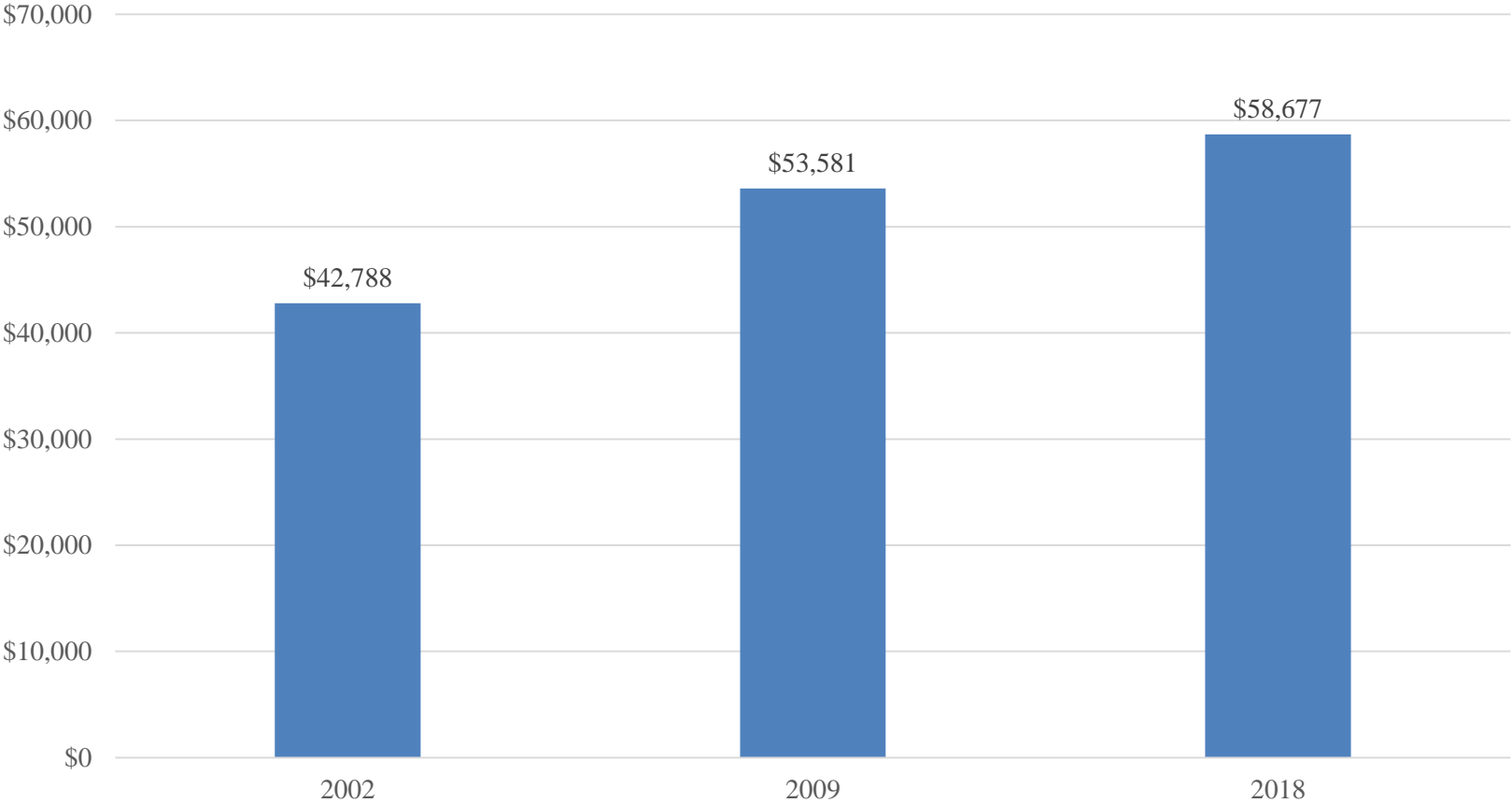
State Standards of Quality Do Not Reflect True Costs for Local K-12 Divisions

- Only 68 percent of K-12 positions employed by local school divisions are recognized by the SOQ, including many support positions, assistant principals, and teacher aides; other nonpersonal support costs de-funded after 2009; the “linear weighted average” methodology underfunds most teacher salaries; real-time costs not reflected in re-benchmarking.
 - Just raising teacher salaries to the national average and funding prevailing support costs requires an additional \$750 million GF/year.
- Localities on average spend about double, or \$4 bil. beyond state requirements to meet SOL and SOA requirement in FY 18. All 134 local school divisions exceeded Required Local Effort (RLE) in FY 18.

Divisions up to 25% Above RLE	11
Divisions Exceeding 25% to 75%	45
Divisions Exceeding 76% to 100%	34
Divisions Exceeding 100% RLE	45

Instructional Pay Increases Have Slowed Considerably Since 2009

Average Salary - All Instructional Positions*



Source: Superintendent’s Annual Report. All instructional positions include classroom teachers, guidance counselors, librarians, principals, and assistant principals.

NEA Average Instructional Salaries by State vs Zillow Median Home Value Index

Rank		NEA AVG Salary - 2019	Rank		Zillow Home Value Index
	United States	\$64,143		United States	\$216,700
1	New York	\$86,609	1	Hawaii	\$615,000
2	California	\$82,282	2	Washington D.C.	\$567,400
3	Massachusetts	\$82,042	3	California	\$539,400
4	Rhode Island	\$78,555	4	Massachusetts	\$395,300
5	Washington D.C.	\$78,477	5	Washington	\$370,700
6	Alaska	\$76,758	6	Colorado	\$364,600
7	Washington	\$76,525	7	Oregon	\$334,100
8	Connecticut	\$76,465	8	New Jersey	\$316,500
9	New Jersey	\$75,223	9	Utah	\$310,800
10	Maryland	\$74,426	10	Alaska	\$307,600
11	Minnesota	\$71,121	11	Maryland	\$282,500
12	Pennsylvania	\$70,478	12	New York	\$280,000
13	Oregon	\$67,949	13	Nevada	\$275,200
14	Illinois	\$66,600	14	Rhode Island	\$273,500
15	Delaware	\$65,883	15	New Hampshire	\$264,400
16	Vermont	\$62,351	16	Virginia	\$250,700
17	Indiana	\$61,963	17	Arizona	\$240,300
18	Michigan	\$61,825	18	Connecticut	\$238,600
19	Wyoming	\$60,761	19	Idaho	\$232,400
20	Iowa	\$60,646	20	Delaware	\$231,200
21	Georgia	\$60,100	21	Minnesota	\$225,100
22	Ohio	\$60,091	22	Montana	\$225,100
23	Hawaii	\$59,757	23	Florida	\$224,600
24	Utah	\$59,156	24	Maine	\$222,000
25	Montana	\$58,874	25	Wyoming	\$219,800

Rank		NEA AVG Salary - 2019	Rank		Zillow Home Value Index
26	New Hampshire	\$58,146	26	North Dakota	\$202,100
27	Nevada	\$57,761	27	Vermont	\$195,400
28	Texas	\$57,642	28	New Mexico	\$186,600
29	Colorado	\$56,963	29	Texas	\$185,800
30	Kentucky	\$56,187	30	South Dakota	\$181,800
31	North Dakota	\$55,927	31	Wisconsin	\$177,700
32	Wisconsin	\$55,762	32	Georgia	\$175,500
33	South Carolina	\$55,052	33	Illinois	\$174,300
34	Maine	\$55,025	34	North Carolina	\$173,500
35	Virginia	\$54,829	35	Pennsylvania	\$168,500
36	Oklahoma	\$54,711	36	South Carolina	\$158,800
37	Nebraska	\$54,623	37	Tennessee	\$158,400
38	Tennessee	\$54,148	38	Nebraska	\$157,800
39	North Carolina	\$53,975	39	Missouri	\$153,000
40	Louisiana	\$53,558	40	Louisiana	\$145,300
41	Arkansas	\$53,470	41	Michigan	\$143,100
42	Idaho	\$53,004	42	Kentucky	\$138,800
43	Alabama	\$52,701	43	Iowa	\$138,500
44	Missouri	\$52,493	44	Kansas	\$134,200
45	New Mexico	\$51,410	45	Indiana	\$133,700
46	Kansas	\$50,950	46	Ohio	\$132,900
47	South Dakota	\$50,773	47	Alabama	\$126,600
48	Arizona	\$49,892	48	Mississippi	\$122,500
49	West Virginia	\$49,499	49	Arkansas	\$121,800
50	Florida	\$48,660	50	Oklahoma	\$119,300
51	Mississippi	\$46,154	51	West Virginia	\$95,300

Source: <http://www.nea.org/assets/docs/2019%20Rankings%20and%20Estimates%20Report.pdf>

SOQ Policy Revisions

Being Discussed by the Board of Education

- Targeted Teacher Compensation Adjustments for High Poverty Schools (up to \$69.9m)
 - 12.5% or 25% boost to teacher salaries linked to at least 55% Free Lunch schools

Or Increase At-Risk Add-on (up to \$77m) – Move into SOQ and use only for instructional funding
- Teacher Leaders/Mentors (\$106m) - One per 15 teachers with 2 year’s experience and 1 per 50 with 3 or more years experience - 20% state prevailing salary boost.
- Increase ESL Teacher ratios depending on student proficiency levels (\$27m)
- Specialized Student Support Personnel (\$100m) - Employ at least 4 specialized student support positions per 1,000 students (social workers, psychologists, nurses)
- School Counselors (\$88m) - Reaffirm 2016 recommendation of 1 to 250 students. 2019 GA partially funded recommendation.
- Elementary School Principals (\$8m) - Reaffirm 2016 recommendation to employ principal even under 300 students.
- Assistant Principals (\$84m)- Reaffirm 2016 recommendation to employ Assistant Principals for each 400 students.
- Reaffirm 2016 recommendation to eliminate Support Position cap (\$372m)
- Workbase Learning Coordinators and Reading Specialists (\$38m).
- Expand Class-Size Reduction program to grades 4-6 (\$213.8m).

Adopted Recommendations of House Select Committee on School Safety

- Virginia is already seen as a school safety model, primarily due to its threat assessment teams – an expert mix of school and law enforcement, implemented after the 2007 VA Tech shooting and Newtown, CN.
- There were 24 priority recommendations for improved school safety during the 2019 General Assembly session in the areas of: 1) counseling & mental health; 2) training & school security improvements; and 3) miscellaneous locality recommendations, such as mutual aid agreements with other localities to provide emergency services; working with local fire marshals to ensure that any infrastructure improvement complies with the Statewide Fire Prevention Code; increasing collaboration among the various stakeholders in school safety audits and crisis management planning; and better processes for school design and security planning that include various experts.
- Legislation and funding was adopted to:
 - Increase number and realign counselors' roles to spend the majority of their time providing direct student services and relieve administrative duties.
 - Amended the VA Community Crime Control Act so that community services can be provided to juveniles before being brought to court.
 - Increase sharing and training of best practices.
 - Increase collaboration between schools, law enforcement and emergency service personnel.
 - Require school crisis, emergency management, and medical response plans to be developed and reviewed by school boards and first responders.
 - Increased funding for training and personnel.

2019 Session Adopted School Security Funding Changes

- \$12 million for additional guidance counselors (\$36 mil. requested by Governor) to lower the school counselor ratios beginning in fiscal year 2020 as follows: from one school counselor per 500 students to one per 455 students in elementary, from one school counselor per 400 students to one per 370 students in middle, and from one school counselor per 350 students to one per 325 students in high schools.
- Increased the School Security Equipment Grant annual allocation from \$6 million to \$12 million beginning in FY 2020 - as recommended by the House Select Committee on School Safety.
- Provided a \$3 million GF increase (to \$4.7 mil.) in FY 2020 for the School Resource Officer Incentive Grant Fund, funding an additional 44 School Resource Officer positions - as recommended by the House Select Committee on School Safety.
- Provided \$280,000 GF in FY 2020 to the Department of Criminal Justice Services (DCJS) for Training and Standards would be used to provide annual active shooter trainings to school and communities, consistent with the recommendations of the House Select Committee on School Safety.
- Provided \$428,000 GF in FY 2020 to the DCJS for Training and Standards would be used for additional training to school resource officers and school security officers, consistent with the recommendations of the House Select Committee on School Safety.
- Provided \$721,000 GF in FY 2020 to the DCJS for Training and Standards would be used to expand training provided to local threat assessment team members, consistent with the recommendations of the House Select Committee on School Safety. The amendment also provides for the development of a threat assessment team case management system.
- Provided \$872,000 GF in FY 2020 to the DCJS for Training and Standards to enhance and expand the school safety training provided by the Department of Criminal Justice Services to Virginia school personnel, consistent with the recommendations of the House Select Committee on School Safety.

School Security Grants

- The School Security Equipment Grants program was established by the 2013 General Assembly in the aftermath of the December 14, 2012, mass shooting at Sandy Hook Elementary in Newtown, Connecticut.
- Since FY 2014, annual \$6 mil. - increased to \$12 mil. in FY 20 - competitive state application grant program for video monitoring systems, metal detectors, classroom locks, electronic-access controls, visitor-identification systems, direct communications links between schools and law enforcement agencies, and other security upgrades. Maximum raised from \$100,000 to \$250,000 per school division beginning in FY 2020.
 - 443 schools and other instructional facilities provided grants for FY 2019
 - VPSA debt used for program; debt service funded by Literary Fund.
 - This was sixth round of awards bringing the total number of school security projects receiving state funding through the program to nearly 2,900.
- Priority given to schools most in need of modern security equipment, schools with relatively high numbers of offenses, schools with equipment needs identified by a school security audit, and schools in divisions least able to afford security upgrades.
- Localities are required to provide a 25% match, with no required local match for school divisions with a composite index below 0.2000.

Latest press release on program grants: http://www.doe.virginia.gov/news/news_releases/2018/10-oct04-gov.shtml

Impact of Incorporating Land-Use Assessments into the Local Composite Index

- Incorporate land-use assessments into VA Adjusted Gross Income component of LCI

$$\frac{(.5 *TVRE + 0.4* VAGI + 0.1*Taxable Sales)}{(0.667*ADM + 0.333*Pop.)}$$

- SB 1471 (Hanger) introduced in 2019 Session left discretion incorporating into formula. Impact statement assumed one-half of VAGI component reduced by land use-assessment value.
Est. Impact: Counties +\$10.2 mil.; Cities (\$7.6 mil.)

SB 1471 Impact by County School Division

<u>School Div.</u>	<u>SB1471 Est.</u>	<u>School Div.</u>	<u>SB1471 Est.</u>	<u>School Div.</u>	<u>SB1471 Est.</u>
ACCOMACK	\$17,297	FRANKLIN	(\$115,376)	NOTTOWAY	\$69,480
ALBEMARLE	\$1,042,893	FREDERICK	\$214,591	ORANGE	\$336,871
ALLEGHANY	\$191,498	GILES	\$145,476	PAGE	\$28,193
AMELIA	\$126,463	GLOUCESTER	(\$193,739)	PATRICK	(\$104,534)
AMHERST	\$149,000	GOOCHLAND	(\$123)	PITTSYLVANIA	\$333,169
APPOMATTOX	(\$50,707)	GRAYSON	(\$191,042)	POWHATAN	\$359,624
ARLINGTON	(\$1,232)	GREENE	\$180,249	PRINCE EDWARD	\$6,724
AUGUSTA	\$814,181	GREENSVILLE	\$15,951	PRINCE GEORGE	\$61,416
BATH	(\$24)	HALIFAX	\$633,064	PRINCE WILLIAM	(\$237,906)
BEDFORD	(\$1,487)	HANOVER	\$817,371	PULASKI	(\$5,818)
BLAND	\$129,919	HENRICO	(\$592,335)	RAPPAHANNOCK	\$57,781
BOTETOURT	\$225,691	HENRY	(\$153,034)	RICHMOND	\$24,499
BRUNSWICK	\$316,832	HIGHLAND	\$17,299	ROANOKE	\$8,379
BUCHANAN	(\$218,190)	ISLE OF WIGHT	(\$116,648)	ROCKBRIDGE	\$165,362
BUCKINGHAM	\$475,916	JAMES CITY	(\$301,130)	ROCKINGHAM	\$1,084,938
CAMPBELL	\$211,113	KING GEORGE	\$304,443	RUSSELL	\$331,607
CAROLINE	\$486,091	KING QUEEN	(\$21,547)	SCOTT	\$56,434
CARROLL	\$62,119	KING WILLIAM	\$132,847	SHENANDOAH	\$256,077
CHARLES CITY	\$24,797	LANCASTER	(\$188,334)	SMYTH	\$284,003
CHARLOTTE	\$18,233	LEE	\$136,722	SOUTHAMPTON	\$383,963
CHESTERFIELD	(\$826,948)	LOUDOUN	(\$661,749)	SPOTSYLVANIA	\$1,620,309
CLARKE	\$52,836	LOUISA	\$2,354,764	STAFFORD	\$1,238,983
CRAIG	(\$37,361)	LUNENBURG	\$1,098	SURRY	\$732,691
CULPEPER	\$516,520	MADISON	\$301,210	SUSSEX	\$18,567
CUMBERLAND	\$95,077	MATHEWS	(\$326,891)	TAZEWELL	(\$101,205)
DICKENSON	(\$57,735)	MECKLENBURG	(\$393,773)	WARREN	\$879,208
DINWIDDIE	\$256,127	MIDDLESEX	(\$159,700)	WASHINGTON	\$649,244
ESSEX	(\$15,049)	MONTGOMERY	(\$152,547)	WESTMORELAND	(\$229,155)
FAIRFAX	(\$7,645,826)	NELSON	\$91,087	WISE	\$1,218,762
FAUQUIER	\$2,672,790	NEW KENT	\$19,745	WYTHE	\$201,285
FLOYD	(\$24,696)	NORTHAMPTON	(\$243,521)	YORK	(\$500,189)
FLUVANNA	\$576,367	NORTHUMBERLAND	(\$206,776)		

SB 1471 Impact by City School Division

<u>School Div.</u>	<u>SB1471 Est.</u>	<u>School Div.</u>	<u>SB1471 Est.</u>
ALEXANDRIA	(\$741)	RADFORD	(\$21,698)
BRISTOL	(\$19,833)	RICHMOND CITY	\$253,815
BUENA VISTA	(\$57,462)	ROANOKE CITY	(\$108,215)
CHARLOTTESVILLE	(\$243,308)	STAUNTON	(\$98,709)
COLONIAL HEIGHTS	(\$128,277)	SUFFOLK	(\$121,359)
COVINGTON	\$254,183	VIRGINIA BEACH	(\$1,142,919)
DANVILLE	(\$183,193)	WAYNESBORO	\$17,127
FALLS CHURCH	(\$116)	WILLIAMSBURG	(\$140,612)
FREDERICKSBURG	\$167,962	WINCHESTER	(\$166,013)
GALAX	(\$68,520)	FAIRFAX CITY	(\$131)
HAMPTON	(\$756,459)	FRANKLIN CITY	(\$75,675)
HARRISONBURG	(\$376,195)	CHESAPEAKE CITY	(\$329,167)
HOPEWELL	\$109,902	LEXINGTON	(\$25,380)
LYNCHBURG	(\$331,720)	EMPORIA	(\$53,214)
MARTINSVILLE	(\$32,604)	SALEM	(\$23,734)
NEWPORT NEWS	(\$1,213,090)	BEDFORD CITY	\$0
NORFOLK	(\$1,373,099)	POQUOSON	(\$158,808)
NORTON	\$14,482	MANASSAS CITY	(\$405,357)
PETERSBURG	(\$175,783)	MANASSAS PARK	(\$119,047)
PORTSMOUTH	(\$398,770)	COLONIAL BEACH	(\$55,175)
		WEST POINT	\$35,897