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1207 E. Main St., Suite 300 Richmond, Va. 23219-3627

Phone: 804.788.6652 Fax: 804.788.0083

Email: mail@vaco.org Website: www.vaco.org Connecting County Governments since 1934

VIA ELECTRONIC MAIL

March 29, 2021

The Honorable Jennifer L. McClellan Commission on School Construction and Modernization P.O. Box 396 Richmond, VA 23218

Dear Senator McClellan:

I write to you on behalf of the Virginia Association of Counties (VACo) to extend our appreciation to you for convening the first public meeting of the Commission on School Construction and Modernization, authorized by legislation you sponsored during the 2020 General Assembly session. VACo has long supported additional state resources and additional funding options for capital and school construction costs, including expanding dedicated local sales and use tax authority first given to select counties by the General Assembly in 2019. This letter provides some comments from the perspective of local government.

As you are aware, funding for school construction and renovation is one of the biggest concerns and responsibilities of local governments in the Commonwealth. Research indicates that the quality of physical learning environments has direct impacts on the educational outcomes of students. However, according to a 2013 Virginia Department of Education study, more than 40 percent of Virginia's public school buildings and facilities were built at least 50 years ago, and another 20 percent were constructed at least 40 years ago. The condition of the facilities in which children are educated has a direct impact on their ability to learn. Issues like inadequate climate control, lack of modern electric circuitry and internet capacity, and leaking roofs can negatively affect student assessment performance and staff morale, as well as posing major equity concerns.

Local governments recognize the vital importance of preparing students to succeed as engaged and informed citizens, continuing learners, and contributing members of the workforce, including providing modern and safe learning environments. To this end, local governments are committed partners investing in our schools above and beyond required local effort because our constituents view the success of our students and our schools as essential to the well-being of our local communities, state, and nation. Though our commitment to public education is strong, our resources are limited, and we rely on the state to be a strong partner in funding K-12.

As much as we appreciate efforts by the Board of Education, Governor Northam, and the General Assembly to advocate for and restore state funding of K-12 to pre-Great Recession era funding levels, we continue to struggle with the effects of policy decisions undertaken during that time which drastically scaled back state support. Local governments invest approximately \$4 billion beyond the local required effort for Standards of Quality (SOQ) programs. According to U.S. Census data, local investment in Virginia's K-12 education system constitutes the majority share of total funding. The costs associated with school capital needs are primarily borne solely by local governments.

In a January 2019 opinion, Attorney General Herring opined that "While the Virginia

Constitution does establish education as a fundamental right, it places the responsibility for determining the funding for maintaining the required educational program on the General Assembly. The General Assembly has elected to require localities to provide the majority of funding for the construction and improvement of the school physical plant." Many localities face significant challenges in raising sufficient funds to undertake these projects. Many localities struggle with over-reliance on real property taxes to generate revenue, which can have vastly different yields depending on the locality and disproportionately burden a subset of taxpayers within a jurisdiction. This raises concerns over equity and diversity of revenues.

In 2019, the General Assembly granted special taxing authority to Halifax County to impose an additional local sales and use tax of up to one percent, if initiated by a resolution of the local governing body and approved by voters at a local referendum. Revenue from the tax would be used solely for capital projects for the construction or improvement of schools. In 2020, the General Assembly expanded this authority to eight additional localities. Voters in Halifax County and the five additional counties that have had referendums so far have approved additional local taxing authority. We are strongly supportive of further expanding this authority statewide.

We recognize that expanding dedicated local revenue raising authority is one of many options to address this issue, including additional dedicated revenue from the Commonwealth to localities. We thank you for your attention to this matter and stand by ready to assist you on these issues of critical importance to the future of Virginia's students.

Respectfully,

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Dean A. Lynch, CAE Executive Director Virginia Association of Counties

 Members, Commission on School Construction and Modernization Members, VACo Board of Directors Ryan Brimmer, Attorney, Division of Legislative Services Stephen Kindermann, Attorney, Division of Legislative Services Michael "MJ" Jackson, Asst. Coordinator of Committee Operations, Senate of Virginia