

VACo Education Steering Committee

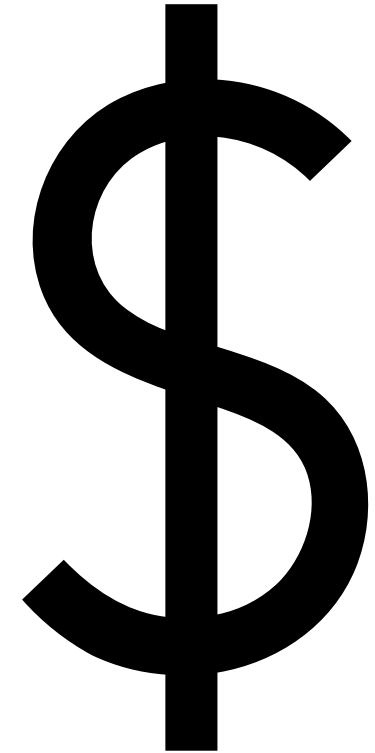
August 19, 2021

2021 General Assembly Sessions Review of Relevant Issues



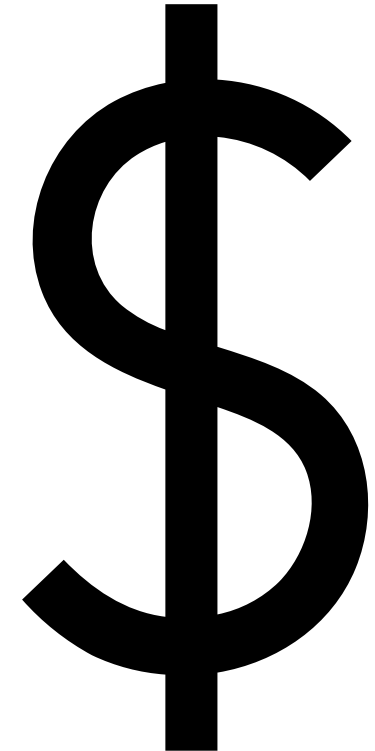
Overview of the 2020-2022 Biennial Budget Process

- In April 2020, almost all new discretionary spending was paused, or “unallotted.”
- Then the legislature revised the budget during the August-November special session to restore or eliminate that spending, plus make other changes.
- Then Governor Northam introduced a new budget proposal in December 2020, which was revised by the General Assembly in 2021 as part of the usual odd-year budget amendment process.
- We recently concluded a special session earlier this month to make even more changes to the budget by appropriating federal relief funds coming to the state via the American Rescue Plan Act.



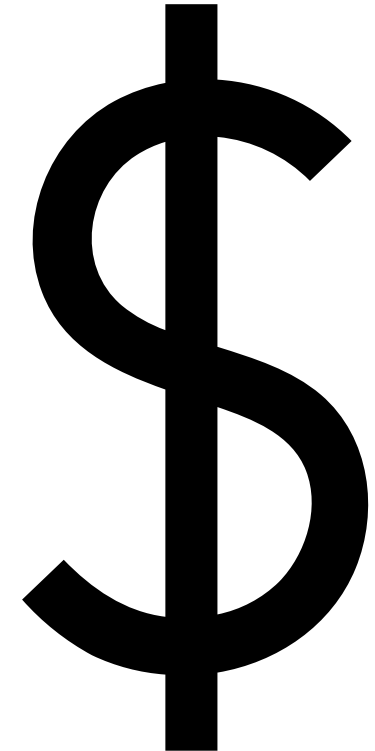
Key Provisions of 2020-2022 Biennial Budget from 2021 Session

- *Hold-harmless funding for schools:* A key priority for our members and strongly supported by VACo; these dollars ensure that school funding is not jeopardized by fluctuations in enrollment due to the pandemic. (*\$443 million over the biennium*)
- *Employee compensation:* Provides state portion of 5 percent salary increase for state-supported local employees and teachers, effective July 1, 2021. (The state share of funding for the compensation increase will be prorated for school divisions providing less than a 5 percent salary increase during the biennium; however, a school division must provide at least an average 2 percent salary increase during the biennium to qualify for the funds.)
- *Paying down unfunded liability for VRS teacher plan:* Something VACo has advocated for in the past; placing VRS on a sounder financial footing should help to mitigate future increases in employer contributions. (*\$61.3 million in FY 2021*)



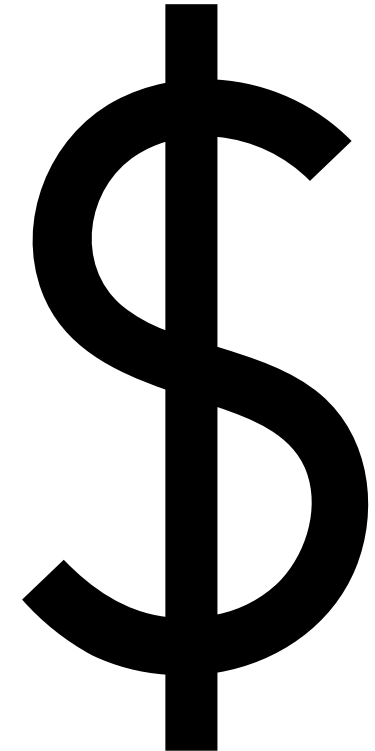
Key Provisions of 2020-2022 Biennial Budget from the 2021 Session II

- The General Assembly approved a package of amendments to the 2021 Appropriations Act on August 9 to appropriate federal relief funding that is being provided to the state through the American Rescue Plan Act. The Governor signed the budget bill on August 10, so the revisions are now in effect.
- The revised budget appropriates approximately \$3.2 billion in flexible State Fiscal Recovery Fund dollars in FY 2022, leaving approximately \$1.1 billion available for future use (the budget proposes to set aside approximately \$354 million for the 2022-2024 biennium, although this planned spending may be revisited in the 2022 legislative session).
- Dedicates \$250 million in Fiscal Recovery Funds in FY 2022 to qualifying ventilation improvement projects in public schools, with funds to be allocated to local school divisions based on FY 2022 projected March 31 Average Daily Membership, with a minimum allocation of \$200,000 per division, to be paid to school divisions on a reimbursement basis. A local match is required.



Key Provisions of 2020-2022 Biennial Budget from the 2021 Session II (cont.)

- Appropriates the \$1.9 billion in Elementary and Secondary School Emergency Relief (ESSER) funding that is provided to school divisions, as well as the \$211.1 million in ESSER funding retained by the state Department of Education.
- From the portion of ESSER funds that is retained by the state Department of Education, provides \$3.5 million for private special education day school costs for students with disabilities who received these services during the 2020-2021 school year and opt for an extension to attend school during the 2021-2022 school year.
- From the portion of ESSER funds that is retained by the state Department of Education, provides \$11.5 million for incentive payments for individuals hired to fill instructional positions between August 15, 2021, and November 15, 2021.
- Appropriates \$67.5 million in Individuals with Disabilities Education Act (IDEA) Grants to States funding and \$4.9 million in IDEA Preschool funding.



Key 2021 Legislation Related to Education

- [SB 1303](#) Local school divisions; availability of virtual and in-person learning to all students.
 - Requires each school board to offer in-person instruction to each student enrolled in the local school division in a public elementary and secondary school for at least the minimum number of required instructional hours and to each student enrolled in the local school division in a public school-based early childhood care and education program for the entirety of the instructional time provided pursuant to such program. Requires each school board to provide such in-person instruction in a manner in which it adheres, to the maximum extent practicable, to any currently applicable mitigation strategies for early childhood care and education programs and elementary and secondary schools to reduce the transmission of COVID-19 that have been provided by the federal Centers for Disease Control and Prevention. The legislation has an expiration date of August 1, 2022.



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2021 Legislation (cont.)

- [SB 1257](#) SOQ; school board to provide at least three specialized student support positions.
 - Modifies a school personnel requirement in Standard 2 of the Standards of Quality to require each school board to provide at least three specialized student support positions, including school social workers, school psychologists, school nurses, licensed behavior analysts, licensed assistant behavior analysts, and other licensed health and behavioral positions, per 1,000 students
 - Budget provides \$49.2 million GF in FY 2022 to fund the state's share of three specialized student support positions per 1,000 students.
 - First meaningful legislation to chip away at the cap on support positions in more than a decade.
 - Updated Cost to fully restore state funding to pre-Great Recession levels for support positions now estimated at \$373.5 million.



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2021 Legislation (cont.)

- [HB 2204](#) / [SB 1405](#) **Get Skilled, Get a Job, Give Back (G3) Fund and Program; established.**
 - Requires the Virginia Community College System to establish the G3 Program for the purpose of providing financial assistance from the Fund to certain low-income and middle income Virginia students who are enrolled in an educational program at an associate-degree granting public institution of higher education that leads to an occupation in a high-demand field. VACo supported this legislation.
- [HB 2206](#) **Child Care Subsidy Program; expanding Program to serve more families.**
 - Establishes a new short-term eligibility category for parents seeking financial assistance for child care while they are looking for employment and temporarily expands income eligibility guidelines for families with young children. The new income eligibility levels allow families with a household income of up to 85 percent of the state median income to apply if they have a child under age five, or not yet in kindergarten, to qualify. Funding for the new eligibility category comes from federal coronavirus relief funds dedicated to child care assistance that Virginia received through the December 2020 stimulus package.



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2021 Legislation (final)

- **SJ 294 JLARC, Costs of Education, report.**

- Directs the Joint Legislative Audit and Review Commission to study the true cost of education in the Commonwealth and provide an accurate assessment of the costs to implement the Standards of Quality.
- In conducting its study, the Joint Legislative Audit and Review Commission shall (i) estimate the cost of implementing the Standards of Quality based on the actual expense of education prevailing in the Commonwealth; (ii) determine if the Standards of Quality accurately reflect actual standards of practice within each school division; (iii) analyze changes in the Standards of Quality funding formula since 2009 and the impact of such changes on its accuracy in reflecting such costs; (iv) recommend changes to the Standards of Quality funding formula to ensure that state support is neither inadequate nor excessive; and (v) consider any other funding issues and make any other recommendations it deems relevant.
- JLARC shall complete its meetings for the first year by November 30, 2022, and for the second year by November 30, 2023, and submit an executive summary of its findings and recommendations no later than the first day of the next Regular Session of the General Assembly for each year.



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School Infrastructure

- [SB 888](#) from the 2020 General Assembly Session created the [Commission on School Construction and Modernization](#), which is tasked with assessing the Commonwealth's school facilities and determining school construction and modernization funding needs, identifying funding mechanisms, and making recommendations to the Governor and the General Assembly.
- VACo [supports](#) the work of the Commission to bring attention to this issue and produce recommendations to the General Assembly to provide additional state funding or local financing options to ensure that all of the Commonwealth's students have access to safe and modern learning environments.



School Infrastructure (cont.)

- Funding for school construction and renovation is one of the biggest concerns and responsibilities of local governments in the Commonwealth.
- 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.
- 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.



School Infrastructure (cont.)

- During the June 3 Commission meeting, [data](#) from VDOE was [presented](#) by State Superintendent of Public Instruction, Dr. James Lane, who was tasked by the Commission at its April [meeting](#) to survey school divisions on their existing infrastructure, population projections, and Capital Improvement Plans (CIP). Among their findings, VDOE determined that:
- Aside from widespread enrollment declines due to COVID-19, student enrollment is expected to increase in northern Virginia and decrease in south and southwestern Virginia over the next 5 years, with total growth across the state estimated at 4.69% by 2026.
- School divisions report many school buildings either at/above capacity (41%) or nearing capacity (29%).
- Half of school buildings are more than 50 years old.
- Capital Improvement Plans (CIP) projects total over \$9.8B, with the most common projects identified as renovations, HVAC repair/replacement, and grounds & parking lot maintenance.
- Since COVID-19, 62% of divisions completed HVAC renovations to address deficiencies highlighted by the pandemic.
- State financial support for school facility capital and debt service costs is limited to loan programs and a portion of state Lottery funding. For FY20, divisions reported \$1.105B in school facility capital costs, \$476.1M in debt service costs, and \$7.158B in outstanding debt on school facilities.
- Across the Commonwealth, school divisions reported owning 2,005 school buildings, which includes all elementary, middle, high, and combined schools, as well as alternative centers, career and technical centers, special education centers, and preschools. More than half of these facilities are elementary schools. Although half of school buildings are at least 50 years old, in one instance a school building still in use was built 184 years ago. The amount of funding needed to replace all school buildings over 50 years old (1,040 buildings) is estimated to cost \$24.8 billion.



School Infrastructure (cont.)

- VACo recently partnered with Virginia's Coalition of Small and Rural Schools (COSARS), the Virginia Association of School Superintendents (VASS), the Virginia School Board Association (VSBA), the Virginia Municipal League (VML), Virginia First Cities, and Fund Our Schools to host a statewide First-Hand Look at School Infrastructure Across Virginia tour.
- This initiative was comprised tours of schools facilities in each of the eight superintendent regions of the Commonwealth to bring awareness to the public and the General Assembly on the need and opportunity to modernize Virginia school facilities.
- While passage of the American Rescue Plan Act (ARPA) included additional [federal funding](#) directly to local school divisions through the Elementary and Secondary School Emergency Relief (ESSER III), there are several [limitations](#) on use of these funds for major schools construction or modernization projects. These limitations mainly consist of the requirement that use of these funds in general must be related to COVID-19 prevention, preparation and response. Use of funds for school construction is allowed but discouraged primarily due to the required liquidation date, which is two years sooner than the state and local fiscal recovery funds date under ARPA. School facility upgrades related to the public health emergency are permitted, such as HVAC system upgrades and improvements and repairs to support public health. However, some school divisions may decide that upgrading the HVAC system on a century old facility with a litany of other infrastructure limitations may not be the best use of funds.



School Infrastructure (final)

- The 2019 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.
 - Any tax imposed shall expire when the costs for capital projects are to be repaid and shall not be more than 20 years after the date of the resolution passed.
- In 2020, the General Assembly further expanding this authority (by wide bipartisan margins) to eight additional localities (Charlotte County, Gloucester County, Henry County, Mecklenburg County, Northampton County, Patrick County, Pittsylvania County, and the City of Danville).
 - Voters in Halifax County and the five additional counties that have had referendums so far have approved additional local taxing authority.
 - It is estimated that this additional authority will generate approximately \$3.3 million in annual revenue in Halifax county alone dedicated towards school construction costs.

BOTTOM LINE

- Expanding the authority of local governments to raise dedicated funds with the consent of their communities for school renovations and construction would go a long way towards addressing this critical responsibility and need.
- There is no additional cost to the State to empower local governments to do this.
- VACo would be very interested in granting this authority to localities statewide.



Teacher Salaries

- The Constitution of Virginia directs the Board of Education to determine Standards of Quality (SOQs) for the school divisions, subject to revision by the General Assembly
- The SOQ currently has 8 components addressing expectations for instruction, staffing, accreditation, graduation and so on – but it's the second standard that drives K-12 funding as it establishes the number of instructional staff required by each school division
- By code, the Board of Education recommends changes to the SOQ every other year (VBOE is the process of making recommendation for the next biennium).
- Per-pupil amounts are determined for each school division, based on factors including:
 - Number of Instructional positions required by SOQ staffing standards
 - Prevailing statewide school division costs from the prior biennium – including Instructional Position salaries, support costs
 - Smaller factors influencing the per-pupil amount:
 - Population density (used to calculate transportation costs)
 - Cost of competing adjustment (COCA)
 - Deduction of federal aid



SOQ: Staffing Standards

As provided in *Va. Code* § 22.1-253.13:2 and the Appropriation Act

Teacher Staffing Ratios		Principals		Remediation
Grade K Teachers	1:24 divisionwide; max class size 24, 29 if aide provided	Elementary	≤ 300 students: 0.5 ≥ 300 students: 1 FTE	1:10 to 1:18, based on SOL failure rates, one hour per day
Grade 1-3 Teachers	1:24 divisionwide; max class size 30	Middle & High	1 FTE per school	English Learner Teachers
Grade 4-6 Teachers	1:25 divisionwide; max class size 35	Assistant Principals		20 per 1,000 English Learner students
Grade 6-12 English Classes	1:24 divisionwide	Elementary	600-899 students: 0.5 ≥ 900 students: 1 FTE	Special Education & CTE Teachers
Secondary Teachers	1:21 schoolwide	Middle & High	1 FTE per 600 students	6 per 1,000 students
K-5 Resource Teachers	5:1,000 K-5 students	Librarians		Support Positions
IT Resource & Support	2:1,000 students	Elementary	≤ 300 students: 0.5 ≥ 300 students: 1 FTE	<ul style="list-style-type: none"> • Executive & Central Office • Operations & Maintenance • Transportation • Clerical
School Counselors		Middle & High	≤ 300 students: 0.5 300-999 students: 1 FTE ≥ 1,000 students: 1 FTE	
1:325 students		Specialized Student Support		
		Specialized student support (social workers, psychologists, nurses, etc)	3:1,000	

Teacher Salaries (final)

- The Commonwealth has consistently incentivized teacher salary increases in every budget since at least 2019 by providing the state share of salary increases for SOQ required positions.
- This has been done in effort to bring Virginia in-line with the national average for teacher compensation, which we lag by approximately \$10,000.
- The amended budget for FY 2021 provides the state portion of 5 percent salary increase for state-supported local employees and teachers, effective July 1, 2021. (The state share of funding for the compensation increase will be prorated for school divisions providing less than a 5 percent salary increase during the biennium; however, a school division must provide at least an average 2 percent salary increase during the biennium to qualify for the funds.)
- The share of state support for proposed salary increases is determined by each local school divisions Local Composite Index (LCI).
 - Currently, the division with lowest LCI is Lee County – at .1692 – meaning the state pays 83% of the minimum SOQ costs, while Lee County is required to pay 17%
 - At the other end, there are 8 school divisions benefitting from a 0.8000 cap the General Assembly has placed on the LCI – which ensures that the state contributes at least 20% of the cost, even in the most affluent school divisions
- To demonstrate the LCI's impact on teacher salary incentives, let's say the cost of raising teacher salaries for a locality was \$100 million. If their LCI was 0.2, then the required local share to access state funds would be \$20 million. Conversely, if their LCI was 0.8, the local share would be \$80 million.
- According to VDOE, with the exception of one locality, every local government in the Commonwealth was able to provide at least 2% salary increases to access the state share of funding.
- As long as the state incentives to increase teacher salaries require a minimum local match requirement, localities throughout Virginia will struggle to raise the requisite local funds to receive the state share.

