

**REPORT OF THE
BOARD OF EDUCATION ON**

**Incentives for
Consolidating School
Division Functions**

**TO THE GOVERNOR AND
THE GENERAL ASSEMBLY OF VIRGINIA**



SENATE DOCUMENT NO. 10

**COMMONWEALTH OF VIRGINIA
RICHMOND
1990**

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SENATE JOINT RESOLUTION NO. 130

Senate Joint Resolution No. 130 requests the Board of Education to recommend financial incentives to encourage school divisions to consolidate programs and services (Attachment A).

In developing these recommendations, the Department of Education staff met with representatives from the local school divisions. These meetings were very productive in determining specific areas where school divisions could combine programs and services, and in developing financial incentives to encourage these consolidations. Attachment B lists the participants of this study from the local school divisions.

The attached recommendations provide financial incentives for the following major areas:

1. Financial incentives to encourage the establishment of regional programs.
2. Financial incentives to encourage school divisions to secure educational services through contract with another school division.
3. Financial incentives to encourage school divisions to consolidate.

The Board of Education suggests that these recommendations be reviewed in conjunction with the recommendations developed by the Commission established by Senate Joint Resolution No. 171, and the Commission on Local Government Structures and Relationships. Senate Joint Resolution No. 171 (Attachment C) requests the review of the requirements of state and federal mandated educational programs to determine the feasibility of consolidating certain programs, services and school division functions. The Commission on Local Government Structures and Relationships proposes the establishment of a fund to encourage integration of independent cities with adjoining counties and alternatively, new functional consolidations of facilities and services by local governments, including education. (Attachment D).

These recommendations were approved by the Board of Education at its December 4-5, 1989 meeting.

RECOMMENDATION: ALLOW SCHOOL DIVISIONS TO CHOOSE THE CURRENT 60/40 ALLOCATION OR THEIR COMPOSITE INDEX TO DETERMINE THE STATE/LOCAL SHARE OF THE APPROVED TUITION COST FOR SPECIAL EDUCATION REGIONAL PROGRAMS

Under current Board of Education regulations, school divisions receive reimbursement for 60% of the tuition cost for handicapped children enrolled in regional special education programs operated by a Joint Committee of Control. This reimbursement is in lieu of the per pupil amount received for Basic School Aid and other equalized accounts, as these handicapped children are not included in the average daily membership (ADM) of the school division.

This payment methodology does not provide a strong financial incentive for school divisions with a low composite index to participate in a regional special education program. For example, a school division with a .2500 composite index could receive less state funds for its special education programs under a 60% state / 40% local reimbursement schedule, as compared to including these children in ADM and receiving 75% of the per pupil amounts for all of its equalized accounts. The number of school divisions impacted by this disincentive will increase as the State assumes a larger share of the SOQ costs, by lowering the composite indices from a statewide average of 48% in 1989-90 to 45% in 1992-93.

To encourage school divisions with a low composite index to enter into regional special education programs, the Board of Education recommends that a school division be allowed to use its composite index to determine the state/local share of the approved tuition cost for the Special Education regional programs, or use the current 60%/40% ratio, whichever is to its financial advantage.

EXAMPLE: SMYTH COUNTY

1988-89

CURRENT REIMBURSEMENT:

SPECIAL ED. REGIONAL TUITION COST	\$160,885
	X 60%

STATE PAYMENT	\$96,531
LOCAL PAYMENT	\$64,354

PROPOSED REIMBURSEMENT:

SPECIAL ED. REGIONAL TUITION COST	\$160,885
X (1 - COMP. INDEX)	X .7366

STATE PAYMENT	\$118,508
LOCAL PAYMENT	\$42,377

ADDITIONAL STATE PAYMENT:

PROPOSED REIMBURSEMENT	\$118,508
CURRENT REIMBURSEMENT	96,531

ADDITIONAL PAYMENT	\$21,977

**RECOMMENDATION: EXTEND THE SPECIAL EDUCATION REGIONAL PROGRAMS
ALLOCATION METHODOLOGY TO THE REGIONAL VOCATIONAL EDUCATION
PROGRAMS**

Under current Board of Education regulations, school divisions receive reimbursement for 60% of the tuition cost for handicapped children enrolled in regional special education programs operated by a Joint Committee of Control. This reimbursement is in lieu of the per pupil amount received for Basic School Aid and other equalized accounts.

The regional Vocational Education programs, however, receive funds calculated under the new SOQ funding methodology. Concerns have been raised by local school divisions that this methodology does not calculate accurately the cost of operating these programs. As an example, the cost for the principal/director at a regional center is not included in the SOQ cost. Moreover, the state funds distributed for these programs become commingled with the Basic School Aid and Vocational Education SOQ accounts of the local school divisions participating in the regional program, rather than being identified for use by the regional Vocational Education program.

To provide a financial incentive to regional Vocational Education programs operated under Joint Boards of Control, the Board of Education recommends that participating school divisions have the option of receiving funds based on the Special Education 60% state/40% local payment methodology. This methodology would earmark state funds for regional programs and would be distributed based on a "tuition cost" approved by the Board of Education. This tuition cost would be calculated based on the statewide prevailing cost for operating these programs. The Board of Education also recommends that a school division be allowed to use its composite index to determine the state/local share of the approved tuition cost for the Vocational Education regional programs, or use the 60%/40% payment methodology, whichever is to its financial advantage.

RECOMMENDATION: PROVIDE START UP FUNDS FOR NEW REGIONAL PROGRAMS

The current SOQ funding methodology calculates the cost for required education programs using prior-year expenditure data. The 1990-92 SOQ budget is based on 1987-88 actual expenditures which is increased by projected inflation factors to 1990-91 and 1991-92. With the utilization of prior-year cost data, however, the cost for new programs will not be included in the funding formula for several years. For example, the cost for a regional program which begins in 1989-90 would not be included in the SOQ funding formula until the 1992-94 biennium budget.

The Board of Education recommends that state funds be appropriated to assist school divisions with the start up cost for new regional programs. These funds will be used to pay the state share of the cost of new positions, supplies, equipment and other items approved by the Board of Education. The state share of the increase in cost of an approved regional program will be calculated based on the composite indices and the number of students from each of the participating school divisions, with a maximum first year payment of \$100,000. This payment will be reduced by one third each year.

**RECOMMENDATION: MODIFY APPROPRIATIONS ACT LANGUAGE TO PROVIDE
ADDITIONAL STATE FUNDS FOR SCHOOL DIVISIONS WHICH SECURE ALL
EDUCATIONAL SERVICES THROUGH A CONTRACTUAL ARRANGEMENT WITH AN
ANOTHER SCHOOL DIVISION**

To encourage school divisions to consolidate all educational programs and services, the Board of Education recommends that the following language be included in the Appropriations Act:

In the event that a school division secures all of its educational services (at either the division or grade level) through a contractual arrangement with another school division, the Board of Education shall approve additional state funds for each of the school divisions involved. The amount to be received by each school division shall be based on the Basic School Aid account for the school division with the lowest number of pupils in ADM, utilizing a composite index determined by the Board of Education. The Board of Education may determine a composite index which is up to .0500 less than the highest composite index of the school divisions involved. The Governor shall approve the composite index determined by the Board of Education prior to disbursement of funds under such index. The Department shall annually report to the Chairmen of the House Appropriations and Senate Finance Committees the composite indices approved by the Governor and the Board under this provision. This additional payment will be authorized for a maximum period of four years unless the school divisions have formally consolidated by that time. Those school divisions currently securing all educational services (at either the division or grade level) through contractual arrangements are eligible for this payment.

EXAMPLE: MAXIMUM STATE PAYMENT

1989-90

	FAIRFAX CITY -----	FAIRFAX COUNTY -----
ADM	2,380	124,240
COMP. INDEX	0.8000	0.7054

FAIRFAX CITY

	CURRENT ENTITLEMENT (@ .8000) -----	ENTITLEMENT (@ .7500) -----	DIFFERENCE -----
BASIC AID	\$1,020,554	\$1,275,693	\$255,139

FAIRFAX CITY AND FAIRFAX COUNTY WOULD EACH RECEIVE A MAXIMUM STATE PAYMENT OF \$255,139. THE ACTUAL STATE PAYMENT WOULD BE CALCULATED BASED ON THE COMPOSITE INDEX DETERMINED BY THE BOARD OF EDUCATION AND APPROVED BY THE GOVERNOR.

EXAMPLE: MAXIMUM STATE PAYMENT

1989-90

	LEXINGTON CITY	ROCKBRIDGE COUNTY
ADM	664	2,708
COMP. INDEX	0.4404	0.4031

LEXINGTON CITY

	CURRENT ENTITLEMENT (@ .4404)	ENTITLEMENT (@ .3904)	DIFFERENCE
BASIC AID	\$734,973	\$800,643	\$65,670

LEXINGTON CITY AND ROCKBRIDGE COUNTY WOULD EACH RECEIVE A MAXIMUM STATE PAYMENT OF \$65,670. THE ACTUAL STATE PAYMENT WOULD BE CALCULATED BASED ON THE COMPOSITE INDEX DETERMINED BY THE BOARD OF EDUCATION AND APPROVED BY THE GOVERNOR.

RECOMMENDATION: MODIFY THE APPROPRIATIONS ACT LANGUAGE PERTAINING TO THE COMPLETE CONSOLIDATION OF TWO OR MORE SCHOOL DIVISIONS

The current Appropriations Act language grants the Board of Education authority to determine a new composite index for those school divisions which consolidate either through the consolidation of two or more school divisions or by consolidation of the local governments. To encourage the consolidation of school divisions, the Board of Education recommends the following changes to this language:

In the event that two or more school divisions become one school division, whether by consolidation of only the school divisions or by consolidation of the local governments, such resulting division shall be paid Basic School Aid and all other equalized accounts for all pupils in the combined division on the basis of a composite index determined by the Board of Education, which shall not be less than the lowest nor higher than the highest composite index of any of the individual school divisions involved in such consolidation, except when the difference between the highest composite index and the lowest composite index of the consolidating school divisions is less than .1000. In such instances, the Board of Education may determine a composite index which is not greater than .1000 less than the highest composite index of the school divisions involved. ~~In the event of a consolidation of local governments,~~ This index shall remain in effect for a period of five years, unless a lower composite index is calculated through the process for computing an index figure for each locality as set forth above. The Governor shall approve the composite index determined by the Board of Education prior to disbursement of funds under such index. The Department shall annually report to the Chairmen of the House Appropriations and Senate Finance Committees the composite indices approved by the Governor and the Board under this provision.

The proposed changes to current Appropriations Act language are summarized below:

1. The current language does not indicate a specific length of time during which the new composite index will be in effect when the consolidation involves only school divisions. The proposed changes permit the new index to be in effect for five years for the consolidation of only the school divisions and for the consolidation of the local governments.
2. The current language authorizes the Board of Education to determine a new composite index which is not lower than the lowest nor higher than the highest composite index of any of the individual school divisions involved in such consolidation. This language provides little financial incentive for those

school divisions with similar composite indices to consolidate. For example, Rockbridge County's 1990-91 composite index is .3778 and Lexington City's composite index is .3796. Therefore, the Board of Education recommends that it be granted the authority to determine a composite index which is up to .1000 less than the highest composite index of the school divisions involved.

3. The current language states that the consolidated school division shall be paid Basic School Aid based on the composite index determined by the Board of Education. This language should be modified to include all equalized accounts.

EXAMPLE: MAXIMUM STATE PAYMENT

1989-90

	LEXINGTON CITY -----	ROCKBRIDGE COUNTY -----
ADM	664	2,708
COMP. INDEX	0.4404	0.4031

CURRENT ENTITLEMENT:

CATEGORY -----	LEXINGTON CITY -----	ROCKBRIDGE COUNTY -----	TOTAL -----
BASIC AID	796,654	3,638,215	\$4,434,869
GIFTED	10,404	46,876	57,280
SPECIAL ED.	40,130	265,090	305,220
VOC. ED.	27,868	168,106	195,974
REMEDIAL ED.	18,207	74,355	92,562
PUPIL TRANS	0	85,669	85,669
FRINGE BENEFITS	197,944	832,416	1,030,360
	-----	-----	-----
	\$1,091,207	\$5,110,727	\$6,201,934

POSED ENTITLEMENTS:

CATEGORY -----	LEXINGTON CITY (@ .3404) -----	ROCKBRIDGE COUNTY (@ .3404) -----	TOTAL (@ .3404) -----
BASIC AID	\$939,016	\$4,020,383	\$4,959,399
GIFTED	12,263	51,780	64,043
SPECIAL ED.	47,301	292,936	340,237
VOC. ED.	32,848	185,764	218,612
REMEDIAL ED.	21,461	82,165	103,626
PUPIL TRANS	0	94,668	94,668
FRINGE BENEFITS	205,105	851,083	1,056,188
	-----	-----	-----
	\$1,257,994	\$5,578,779	\$6,836,773

ADDITIONAL STATE PAYMENT:

	LEXINGTON CITY -----	ROCKBRIDGE COUNTY -----	TOTAL -----
	\$1,242,266	\$5,578,779	\$6,836,773
	1,091,207	5,110,727	6,201,934
	-----	-----	-----
	\$151,059	\$468,052	\$634,839

ACTUAL ADDITIONAL STATE PAYMENT WOULD BE CALCULATED BASED ON THE COMPOSITE INDEX DETERMINED BY THE BOARD OF EDUCATION AND APPROVED BY THE GOVERNOR.

RECOMMENDATION: PROVIDE FINANCIAL ASSISTANCE FOR THE DEVELOPMENT OF FEASIBILITY STUDIES FOR SCHOOL DIVISIONS CONSIDERING CONSOLIDATION OR SECURING EDUCATIONAL SERVICES BY CONTRACTUAL ARRANGEMENTS

A critical step for school divisions considering consolidation or contractual arrangements for educational services is the development of an in-depth feasibility study. The scope of this study should include the review of facility and staff requirements, operating costs, transportation needs, and state and federal revenue projections. Accordingly, the Board of Education recommends that additional state funds be provided to assist school divisions in developing this study. The state share of the cost of this study shall be calculated utilizing the composite index of the participating school division, with a maximum one-time state payment of \$50,000. The Board of Education recommends utilizing the March 31 ADM of each participating school division to determine the appropriate share of the cost of the study and the corresponding state payment.

RECOMMENDATION: PROVIDE FINANCIAL ASSISTANCE FOR INCREASES IN TRANSPORTATION COSTS ASSOCIATED WITH REGIONAL PROGRAMS

Pupil transportation was cited repeatedly by local school divisions as having higher costs when school divisions participate in regional programs. Under the current SOQ funding methodology, the transportation cost for each school division is calculated based on the prevailing per pupil cost for transporting students from home to school and return.

To cover increases in transportation costs associated with regional programs, the Board of Education recommends that an additional state payment be provided to school divisions participating in regional programs. This payment will be calculated based on the actual additional transportation cost associated with the regional program or the prevailing per pupil cost for regular transportation for the participating school divisions, whichever is less. The state share of this cost will be determined based on the composite index.

In addition, the Board of Education will approve Literary Fund loan applications for the purchase of additional school buses required to transport students participating in the regional programs, if legally permissible. If not currently permissible the Board of Education will seek a legislative change to authorize this use of the Literary Fund.

RECOMMENDATION: MODIFY THE REGULATIONS OF THE BOARD OF EDUCATION GOVERNING LITERARY FUND LOAN APPLICATIONS TO GIVE PRIORITY CONSIDERATION FOR APPLICATIONS FROM SCHOOL DIVISIONS WHICH CONSOLIDATE OR ENTER INTO A CONTRACTUAL ARRANGEMENT

Under the current Literary Fund regulations of the Board of Education, when two or more school divisions consolidate into a single school division, the consolidated school division shall be eligible for an amount up to an additional \$1 million Literary Fund loan for any project resulting directly from the consolidation.

To further encourage school divisions to consolidate or to enter into a contractual arrangement for all educational services, the Board of Education intends to amend its current Literary Fund regulations to grant these school divisions priority consideration for Literary Fund loan applications for school construction or renovation required by such action.

SENATE JOINT RESOLUTION NO. 130

Requesting the Board of Education to study incentives for consolidating school division functions.

Agreed to by the Senate, February 6, 1989

Agreed to by the House of Delegates, February 17, 1989

WHEREAS, the several school divisions of the Commonwealth have responsibility for the public education of Virginia's school-age children; and

WHEREAS, the responsibilities of the school divisions include, but are not limited to, the administration and implementation of a myriad of federal and state regulations and requirements concerning the curricula, special education, vocational and technical education, employment of school personnel and staff development, parent-community relations, and funding for programs; and

WHEREAS, school divisions have been asked or expected to bear an increasing share of the responsibility for traditionally noneducational programs and activities which impinge on instructional time, and require additional staff and resources, increasing the financial exigency of many localities; and

WHEREAS, to meet these requirements cost effectively and efficiently, many school divisions have elected to provide programs and services jointly, particularly given the decrease in enrollment in some areas, and significant increase in others; and

WHEREAS, the public's education and financial interests would be served best with the consolidation of programs and services of the school divisions, where possible; now, therefore, be it

RESOLVED by the Senate, the House of Delegates concurring, That the Board of Education is requested to study incentives for consolidating school division functions. The Board shall consider the feasibility of providing financial incentives to support the efforts of those school divisions which elect to consolidate programs and services.

The Board of Education shall complete its work in time to submit its findings and recommendations to the Governor and 1990 General Assembly as provided in the procedures of the Division of Legislative Automated Systems for processing legislative documents.

Senate Joint Resolution No. 130
Local School Division Participants

Superintendents:

Dr. John Allen	Williamsburg City
Dr. John Kent	Bedford City/County
Dr. Elizabeth Morie	Lexington City
Mr. Robert Russell	Fairfax City
Mr. Glen Stark	Rockbridge County

Assistant Superintendents/Finance Directors:

Mr. Carl Juncker	Fairfax County
Mr. Chuck Woodruff	Fairfax County
Mr. Joseph Romeo	Fairfax County
Mr. Bobby Hall	Halifax/South Boston
Mr. John Reynolds	Rockbridge County
Mr. Arnold Nye	Williamsburg City

Regional Programs:

Mr. John Avoli	Valley Voc-Tech. Center
Mr. John Bodine	Piedmont Voc-Tech Center
Dr. Ralph Johnson	New Horizons
Ms. Judy Sorrell	Shenandoah Valley Regional Programs

SENATE JOINT RESOLUTION NO. 171

Establishing a commission to study efficiency in the use of public education funds.

Agreed to by the Senate, February 8, 1989

Agreed to by the House of Delegates, February 21, 1989

WHEREAS, Section 1 of Article VIII of the Constitution of Virginia requires that the "General Assembly shall provide for a system of free public elementary and secondary education for all children of school age throughout the Commonwealth and ensure that an educational program of high quality is established and continually maintained"; and

WHEREAS, the Constitution of Virginia provides further in Section 2 of Article VIII that the "General Assembly shall determine the manner in which funds are to be provided for the cost of maintaining an educational program meeting the prescribed standards of quality and shall provide for the apportionment of the cost of the program between the Commonwealth and the local units of government comprising the school divisions"; and

WHEREAS, due to increased mandates from federal and state governments and the proliferation of the responsibilities of public schools concerning the curricula, compensatory programs, staffing and employee benefits, special education and other related programs, funding of public education has escalated; and

WHEREAS, over the years many school divisions have employed additional staff to provide such programs and services, further increasing the costs of public education; and

WHEREAS, because decreased student enrollment, an excess of supervisory and administrative staff, fragmentation and duplication of programs and services, poor utilization of funds and personnel and poor purchasing, planning and budgeting practices have contributed to the financial exigency of some school divisions, a review of such practices to ascertain ways in which the organizational, staffing, and planning and budgetary structures may be improved to maximize efficiency in the use of school funds is warranted; and

WHEREAS, fundamental to the Commonwealth's goal of maintaining excellence in education is a commitment to the implementation of quality instructional programs, the employment of competent and dedicated teachers and administrators, accountability, and adherence to judicious planning and fiscal management; now, therefore, be it

RESOLVED by the Senate, the House of Delegates concurring, That a commission to study efficiency in the use of public education funds is established. The commission shall review the requirements of state and federal mandated educational programs to determine the feasibility of consolidating certain programs, services and school division functions, assess whether and to what extent the instructional, supervisory and administrative staff levels exceed need, particularly given the number of students enrolled in the public schools of the school division, review the organizational, planning and budgetary structures of the school divisions to determine the need and ways in which such structures may be improved to maximize the utilization of personnel and funds, and recommend such statutory, regulatory and policy changes as may be necessary to facilitate the efficient use of public education funds.

The commission shall be composed of eleven members to be appointed as follows: three members from the Senate at-large to be appointed by the Senate Committee on Privileges and Elections, four members of the House of Delegates at-large to be appointed by the Speaker, and a local elected official from each of a rural and an urban county and a rural and an urban city, to be appointed by the Governor. Such citizen members shall not be affiliated professionally or by appointment with any educational institution or entity.

The Division of Legislative Services shall provide staff support for the commission.

All agencies of the Commonwealth shall provide assistance upon request in the manner deemed appropriate by the commission.

The commission shall complete its work in time to submit its findings and recommendations to the Governor and the 1990 General Assembly pursuant to the procedures of the Division of Legislative Automated Systems for the processing of legislative documents.

The indirect costs of this study are estimated to be \$18,245; the direct costs of this study shall not exceed \$13,860.

COMMISSION ON LOCAL GOVERNMENT

NO. 11. INCENTIVES FOR JOINT UNDERTAKINGS

This proposal requires the General Assembly to establish a fund to encourage integration of independent cities with adjoining counties and, alternatively, new functional consolidations of facilities and services by local governments. The incentive grants would be administered and distributed by the Commission on Local Government.

The proposal directs the Commission on Local Government to consider several factors in awarding incentive payments. Included is a weighting system for various local government activities which might be consolidated. Payments may be granted for up to ten years, but payments would be gradually reduced after the fifth year if awarded for a period longer than five years.

NO. 12. EFFECT OF CONSOLIDATIONS
ON DISTRIBUTION OF STATE FUNDS

This proposal provides that the amount of state funds distributed to consolidated or reintegrated governments, or to local governments which have consolidated a functional activity or service, will not be reduced below the combined amount to which the local governments would have been eligible had consolidation not occurred. The guarantee is in place for a period of five years following the consolidation. If distribution formulas entitle the consolidated government or service to a larger amount than had consolidation not occurred, the larger amount will be distributed.

Prepared by:

Division of Legislative Services
September 12, 1989

2 SENATE BILL NO..... HOUSE BILL NO.....

3 A BILL to amend the Code of Virginia by adding sections numbered
4 15.1-21.1 through 15.1-21.6, relating to incentives for certain
5 joint undertakings and integrations by local governments and
6 criteria for such incentives.

7 Be it enacted by the General Assembly of Virginia:

8 1. That the Code of Virginia is amended by adding sections numbered
9 15.1-21.1 through 15.1-21.6 as follows:

10 § 15.1-21.1. Policy of General Assembly.--It shall be the policy
11 of the General Assembly to encourage Virginia's independent cities to
12 exercise the options provided by law to integrate governmentally with
adjoining counties and, alternatively, to encourage all Virginia
14 localities to join with neighboring jurisdictions for the joint
15 construction, maintenance, and operation of facilities and for the
16 joint provision of services for the benefit of their residents.

17 § 15.1-21.2. Incentives for local governmental integration and
18 for certain joint undertakings by local governments.--A. The General
19 Assembly shall establish a fund through the appropriations act to be
20 used to encourage governmental integration of independent cities with
21 adjoining counties and, alternatively, to encourage local governments
22 to join together for the construction, maintenance, and operation of
23 facilities and for the provision of services to their residents.

24 B. The fund shall be administered by the Commission on Local
25 Government and distributed to the qualifying counties, cities and

1 towns in installments under the terms and conditions of applicable
2 statutes and by regulations of the Commission.

3 C. The Commission is authorized to promulgate regulations
4 establishing procedures, standards and amounts for the distributions
5 to be made from the fund established under subsection A.

6 D. All departments, agencies, and institutions of the
7 Commonwealth, the Division of Legislative Services, and all local
8 governmental units of the Commonwealth are directed to make available
9 such information and assistance as the Commission on Local Government
10 may request in the performance of its responsibilities set forth in
11 this section.

12 § 15.1-21.3. Eligibility criteria for incentive payments.--The
13 Commission, in setting the criteria for eligibility for incentive
14 payments under § 15.1-21.2, shall require that:

15 1. The joint undertakings shall have a combined point total of
16 seven based on the numbers shown in parentheses after each subject sec
17 out in § 15.1-21.4.

18 2. The incentive payments shall not extend beyond the ten-year
19 period commencing with the fiscal year in which the first incentive
20 payment is made by the Commonwealth.

21 3. Joint interlocal activities existing prior to the enactment
22 of this section shall not be eligible for incentive payments, but such
23 activities may form the basis of eligible projects if they are
24 extended to include additional joint interlocal services and
25 facilities. In instances where pre-existing activities are expanded
26 and constitute part of projects eligible for state incentive payments,
27 such pre-existing activities shall be assigned weights by the
28 Commission pursuant to § 15.1-21.4.

1 4. All eligible projects shall be undertaken pursuant to written
2 agreements formally approved by the participating local governments.

3 5. The year for incentive payment purposes shall be the
4 Commonwealth's fiscal year with payments being made quarterly by the
5 Comptroller upon certification by the Commission.

6 § 15.1-21.4. Assignment of weights for functional
7 activities.--It is the intent of the General Assembly that the
8 incentive grant program be used to promote the consolidation of local
9 governmental services and joint interlocal activities in the
10 functional categories specified in this section. In determining the
11 eligibility of projects and in establishing the extent of state
12 financial support for such projects, the Commission may assign weights
13 for each activity up to the number specified in parentheses below.

14 1. education (6)

15 2. sewer and water (5)

16 3. solid waste disposal (4)

17 4. law enforcement, fire services and
18 emergency medical services (4)

19 5. parks and recreation (1)

20 6. housing (1)

21 7. mass transportation (1)

22 8. health, mental health and
23 mental retardation and social
24 services (1)

25 The assignment of weight by the Commission to any activity shall
26 be based upon the significance of the consolidated or joint activity
27 as measured by the fiscal resources committed to it and by its general
28 impact on relations between the affected jurisdictions.

