



COMMONWEALTH of VIRGINIA

DEPARTMENT OF EDUCATION

P.O. Box 2120
Richmond, Virginia 23218-2120

BILLY K. CANNADAY, JR., Ed.D.
Superintendent of Public Instruction

Office: (804) 225-2023
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June 30, 2008

The Honorable Charles J. Colgan
Chairman, Senate Finance Committee
Virginia General Assembly
10677 Aviation Lane
Manassas, Virginia 20110-2701

The Honorable Lacey E. Putney
Chairman, House Appropriations Committee
Virginia General Assembly
P. O. Box 127
Bedford, Virginia 24523

Dear Senator Colgan and Delegate Putney:

Section 22.1-98.2, *Code of Virginia*, authorizes additional state funding to school divisions serving fewer than 350 students in the prior school year if they enter into a cost-saving or service-sharing agreement with a contiguous school division that meets criteria established by the Board of Education. A copy of the criteria approved by the Board of Education is attached. Section 22.1-98.2, *Code of Virginia*, further authorizes the Department of Education to provide the additional state funding to the qualifying school division by calculating its state Basic Aid entitlement using the lowest composite index of the contiguous school divisions involved in the agreement. The statute also requires the Governor to approve any adjusted Basic Aid payments before they are distributed to the qualifying school division.

Pursuant to Section 22.1-98.2, *Code of Virginia*, the Department of Education is required to report annually to the Chairmen of the House Appropriations and Senate Finance Committees the cost-savings agreements made and the adjusted state shares that will be paid to divisions that meet the Board of Education's criteria and that are approved by the Governor.

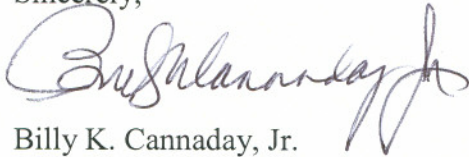
For fiscal year 2008, only Highland County Public Schools met the enrollment criteria established in Section 22.1-98.2. Highland County submitted a cost sharing agreement made with Augusta County Public Schools pursuant to the Board of Education's criteria and Section 22.1-98.2; a copy of the agreement is attached. The submitted agreement was reviewed by the Department of Education and found to meet the criteria established by the Board of Education.

In addition, Highland County's request for the adjusted Basic Aid payment was approved by the Governor. Consequently, Highland County received a supplemental state Basic Aid payment in fiscal year 2008 in the amount of \$483,846. This payment was based on Augusta County's composite index of 0.3320 in lieu of Highland County's composite index of 0.6380. Funding for this payment was included in the fiscal year 2008 appropriations for Direct Aid to Public Education.

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If you have questions or require additional information, please do not hesitate to contact Kent C. Dickey, assistant superintendent for finance, at (804) 225-2025 or kent.dickey@doe.virginia.gov.

Sincerely,

A handwritten signature in cursive script, appearing to read "Billy K. Cannaday, Jr.", written in black ink.

Billy K. Cannaday, Jr.
Superintendent of Public Instruction

BKCJr:cle

Attachments

Eligibility Criteria and Procedures for Supplemental Funding for School Divisions in the Commonwealth of Virginia That Enter Into Cost-Saving or Service-Sharing Agreements

Purpose

Section 22.1-98.2, *Code of Virginia*, directs the Board of Education to develop eligibility criteria for cost-saving and service-sharing agreements for school divisions that enter into such agreements with contiguous school divisions. School divisions serving fewer than 350 students in the prior school year that enter into such an agreement with a contiguous school division are eligible to receive the state share for basic aid computed on the basis of the composite index of the contiguous school division, calculated annually, for 15 years.

The Governor must approve the adjustment to the state share for basic aid prior to the disbursement of funds. The Department of Education must annually report to the Chairmen of the House Appropriations and the Senate Finance Committees the cost saving arrangements made, and the adjusted state shares of basic aid approved by the Governor.

Definitions

Eligible school divisions: School divisions that served less than 350 students in the prior school year.

Cost-saving or service-sharing agreements: A formal agreement executed between the eligible school division and one or more contiguous school divisions. This agreement must be evidenced by a written document that bears the original signatures of the superintendents of the participating school divisions. The agreement must contain sufficient information to demonstrate how the agreement meets the eligibility criteria.

Additional State Share of Basic Aid: The difference between the Basic Aid entitlement the eligible school division would normally receive and that which it would receive using the lowest composite index of a contiguous school division participating in the agreement.

Eligibility Criteria

Agreements submitted by an eligible school division to the Department of Education must be made with a contiguous school division and must demonstrate how the agreement meets the following criteria:

- evidence of one or more shared services with another school division; or,
- evidence of the savings or cost increases avoided as a result of shared services or a cooperative agreement for purchasing or other administrative practice; or,
- evidence that a savings has been achieved by contracting services with another school division.

The agreement must include a statement of assurance that it complies with all federal, state, and local laws and regulations.

Examples of agreements that may meet these criteria include, but are not limited, to those that:

1. provide for the consolidation or sharing of specialized educational services or educational support services;
2. provide for the consolidation or sharing of specialized educational facilities in instructional areas such as career and technical education;
3. identify administrative or support services that are duplicative and establish a process for the consolidation or sharing of administrative or support services;
4. provide for joint professional development services;
5. provide for the consolidation or sharing of technology applications and support;
6. provide for the consolidation or sharing of operations and maintenance and custodial services;
7. provide for shared, bulk, or volume purchasing;
8. provide for privatization or outsourcing of support services with a contiguous school division.

Procedures

To be considered for adjusted Basic Aid funding under Section 22.1-98.2, *Code of Virginia*, a school division must submit to the Department of Education a cost or service-sharing plan with a contiguous division prior to September 1 of each fiscal year.

The content of the submitted cost or service-sharing plan must meet the above listed criteria.

Receipt of adjusted Basic Aid funding will begin after approval of the plan by the Department of Education and approval of the adjusted payment by the Governor of Virginia.

The additional Basic Aid payments will be computed for the eligible school division on the basis of full year funding using the lowest composite index of a contiguous school division participating in the agreement.

All payments of additional Basic Aid pursuant to these procedures are subject to appropriation of state funds for this purpose.

State funding of additional Basic Aid does not reduce the required local effort of the eligible school division.

References

- Section 22.1-98.2, *Code of Virginia*
- Chapter 951, 2005 Acts of Assembly

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**Service-Sharing/Cost-Saving Agreement
Between
Augusta County Public Schools
And
Highland County Public Schools**

This agreement is between Augusta County Public Schools and Highland County Public Schools for the period of July 1, 2007 to June 30, 2008.

General Agreement

It is the agreement between Augusta County Public Schools and Highland County Public Schools to work cooperatively together to provide such services that will assist Highland County Public Schools in providing educational services to its population at a cost savings. Such services may include but are not limited to:

Head Start

Highland County Public Schools, as a part of the Shenandoah Valley Head Start Consortium of which Augusta County Public Schools is the fiscal agent, will service as a site for Head Start class. This program will allow preschool children in Highland County the opportunity to participate in an educational program at a savings to Highland County Public Schools.

The cost savings is an estimated \$82,000.

Shared School Psychologist

A school psychologist, employed full time by Augusta County Public Schools, serves the students of Highland County Public Schools. This position is a part time position for Highland County Public Schools and payment is on a per diem basis.

The cost savings is an estimated \$75,000.

Collegial Partnership Program

Since Highland County Public Schools is the smallest school division in the state, we only have one teacher per grade level at the elementary grades, three middle school teachers and normally one teacher for different content areas at the high school level. We do not employ content specialists and there is little opportunity to participate in collegial partnerships. This is a significant limitation in developing services and programs to meet the needs of our school population. Augusta County Public Schools, as a service to Highland County Public Schools, has agreed to participate in a collegial partnership.

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Mrs. Lori Cox, the Supervisor of Elementary Science, 21st Century Learning Centers, Media Specialist/Library and Remedial Summer School K-8 is employed by Augusta County Public Schools and she will form collegial partnerships with our school library media specialists and our middle school science teacher.

Mrs. Tina Kiracofe is employed by Augusta County Public Schools as the Language Arts Supervisor K-12, Foreign Language and ESL. She will partner with our high school foreign language teacher and provide professional development opportunities for our Language Arts teachers.

Gary Bryant is employed by Augusta County Public Schools in their technology department. He will partner with our Coordinator of Administrative Technology, Gary Lane. In Highland, due to our small size, when we send out bids for services we have an extremely difficult time even getting one company to put in a bid. Therefore, this collegial partnership is invaluable as we work together to solve our dilemmas with our servers and related hardware and software.

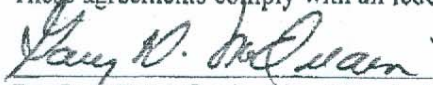
The high school will partner with similar content area teachers.

The cost savings in this area is an estimated \$50,000 due to Highland County not having to pay for consultants in key curricular areas.

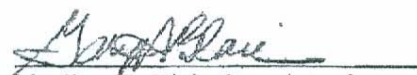
Transportation:

We are investigating the shared services of partnering with Augusta County Public Schools in the repairs, maintenance and inspections of our 9 school buses. We anticipate a cost savings of approximately \$3,000.

These agreements comply with all federal, state and local laws and regulations.


Dr. Gary D. McQuain, Superintendent
Augusta County Public Schools

10-22-2007
Date


Mr. Gary R. Blair, Superintendent
Highland County Public Schools

10-22-2007
Date