



COMMONWEALTH of VIRGINIA

Patricia I. Wright, Ed.D.
Superintendent of Public Instruction

DEPARTMENT OF EDUCATION
P.O. BOX 2120
Richmond, Virginia 23218-2120

Office: (804) 225-2023
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July 2, 2009

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*, provides additional state funding to school divisions serving fewer than 1,100 students in the prior school year, in a locality that has a local composite index of 0.6000 or greater, and has 65 percent or more of its local taxes coming from real estate taxes, 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 current criteria approved by the Board of Education is attached. An agenda item to update the Board's criteria for subsequent changes to Section 22.1-98.2 by the General Assembly will go before the Board of Education for approval in July 2009. 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 2009, only Highland County Public Schools met the 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.

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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 2009 in the amount of \$617,758. This payment was based on Augusta County's composite index of 0.3299 in lieu of Highland County's composite index of 0.6774. Funding for this payment was included in the fiscal year 2009 appropriations for Direct Aid to Public Education.

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,



Patricia I. Wright, Ed.D.
Superintendent of Public Instruction

PIW:cr

Attachments



Highland County Public Schools

"Instilling Learners for Life"

240 Myers Main Road PO Box 250 Monterey, VA 24465 Phone: 540-468-2240 Fax: 540-468-2940

August 12, 2008

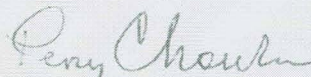
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Mr. Kent C. Dickey
Assistant Superintendent for Finance
Department of Education
P.O. Box 2120
Richmond, VA 23218-2120

Dear Mr. Dickey:

Enclosed is Highland County's Cost-Saving Agreement with August County Public Schools. We pray that these activities will allow Highland to use a lower school composite index to survive.

Sincerely,


Percy C. Nowlin
Interim Superintendent

Enclosure

Interim Superintendent Percy C. Nowlin

**Service-Sharing/Cost-Saving Agreement
Between
August 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, 2008 to June 30, 2009.

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. Highland County Public Schools have less than 300 students. 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 \$84,000.

Shared School Psychologist

A school psychologist, employed full time by Augusta County Public Schools, serves the student 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 Pubic 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.

Highland Elementary School will partner with Craigsville Elementary School. Mr. Kirk Johnson, the principal of Craigsville Elementary School will partner with Teresa Blum,

principal of Highland Elementary School. Both faculties will interact as we develop our curricular offerings and continue to meet AYP and standards for SOL scores.

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 need our 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.

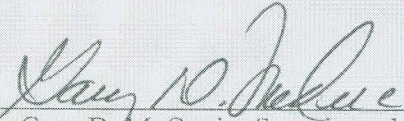
The high school will partner with similar content area teachers.

The cost savings in the above areas are estimated to be \$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 some 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

8/8/08
Date



Mr. Percy C. Nowlin, Interim Superintendent
Highland County Public Schools

8/5/08
Date

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 1,100 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