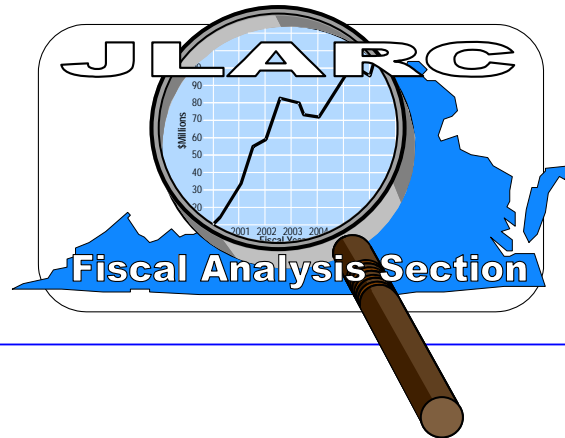


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# Special Report:

## State Spending on Standards of Quality (SOQ) Costs, FY 2010



### Summary

Article VIII of the *Constitution of Virginia* requires that Standards of Quality (SOQ) for the school divisions “shall be determined and prescribed from time to time by the Board of Education, subject to revision only by the General Assembly.” The standards, which apply to elementary and secondary schools, address various matters, including minimum resource requirements. The costs of the SOQ are to be determined and apportioned by the General Assembly between the State and local units of government.

After determining SOQ costs, the State currently contributes to the costs in two ways. First, it provides State-appropriated sales tax dollars. Second, it pays an average of 55 percent of the remaining SOQ costs (the actual percentage varies from locality to locality, based on local ability to pay). With regard to local government SOQ contributions, the *Code of Virginia* (§22.1-97) states that funding must be provided that is sufficient to meet the “required” expenditure for the SOQ (a locality match for State SOQ expenditures). Appropriation Act language over the years has addressed the question of how required local expenditures are to be calculated. Most localities have consistently provided local funding for education that is well above their SOQ-required expenditure level. However, a few localities have had some difficulties in paying their share of the SOQ cost.

Section 22.1-97 of the *Code of Virginia* was amended by the 2003 General Assembly to require a more formal annual reporting process comparing required SOQ and actual local expenditures by local governments. Reports on local SOQ spending are to be annually prepared by the Virginia Department of Education. In addition, JLARC is required to annually prepare a report on State expenditures for SOQ purposes. This JLARC special report on State SOQ spending in FY 2010 is the seventh annual report.

Based on data reviewed for this report, in FY 2010 the State expended \$4.88 billion from SOQ accounts. The major accounts constituting the bulk of these funds were basic aid (\$2.89 billion) and State sales tax (\$1.07 billion). The amount of State SOQ spending equated to an average of about \$4,055 per pupil. The range in State SOQ spending in individual divisions was from \$2,069 to \$6,976 per pupil. An important factor in the varying size of State SOQ per-pupil spending levels in school divisions is the State’s use of a local ability-to-pay index in determining State and local shares of SOQ costs.

2010  
December



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## BACKGROUND

Since 1971, the *Constitution of Virginia* has required the State Board of Education to determine and prescribe standards of educational quality for school divisions. These standards are known as the Standards of Quality (SOQ). Under Article VIII of the *Constitution*, which specifically addresses education, the standards are to be "determined and prescribed from time to time by the Board of Education, subject to revision only by the General Assembly."

The standards, which apply at the elementary and secondary school level, address various educational matters, including the availability of different types of staff and other educational resources. The costs of these standards are to be determined and apportioned by the General Assembly between the State and local units of government. The *Commentaries on the Constitution of Virginia* note that the General Assembly "must, by whatever means, see that sufficient funds, state and local, are available to maintain a quality program in every school division in the Commonwealth."

The State determination of SOQ costs has two primary components: an instructional position component and salary and support cost determinations. The instructional position component determines the number of instructional staff required to meet the standards, by applying quantified personnel standards (ratios) to pupil enrollment data. Salary and support cost determinations have been based on calculating the "prevailing" or typical practice across the divisions through the use of a measure of central tendency. Instructional and support position and salary determinations in turn have an impact upon the magnitude of SOQ fringe benefit costs. For FY 2010, a change was made in the methodology that is used for calculating the number of support positions to be included in SOQ costs. This change is described on page 8 of this document.

The State's share of SOQ costs has consisted of (1) payment of certain sales tax funds that are obtained and appropriated by the State for public education, and (2) payment of a share of remaining SOQ costs after the sales tax funds and any other applicable deductions are made (since FY 1993, the State's aggregate share has been 55 percent). The particular percentage share of the remaining SOQ costs that is local versus State varies from locality to locality depending on the locality's ability to pay as measured by the "composite index." This index compares the size of a locality's tax base (relative to its population and its students in public school membership) against the collective statewide size of local tax bases (relative to statewide population and public school students).

The *Code of Virginia* (§22.1-97) indicates that localities must provide education funding levels that are sufficient to meet their “required” expenditure for the SOQ (basically, the balance of SOQ costs not paid by State SOQ expenditures). State Appropriation Act language over the years has addressed the details of how required local expenditure amounts are to be calculated.

At the 2003 Session, the General Assembly amended Section 22.1-97 of the *Code of Virginia* to require the development of annual reports that address local and State spending for the SOQ. (Appendix A to this report provides the statutory language from §22.1-97 that relates to these annual reports.) The statute as amended requires that the Virginia Department of Education (DOE) report locality-level data on required local expenditures for the SOQ, as well as locality dollars budgeted and spent for education operating costs that can be compared against the required expenditures. In addition, JLARC is required to “report annually to the House Committees on Education and Appropriations and the Senate Committees on Finance and Education and Health the State expenditure provided each locality for an educational program meeting the Standards of Quality.”

## **JLARC REPORT**

This report addresses the charge to JLARC to develop a report on State expenditures for the SOQ. The report provides data for FY 2010, and addresses total State spending for SOQ cost purposes, factors impacting the amount of State SOQ spending, and SOQ spending amounts at the school division level. This report is the seventh in a series of annual reports to meet the requirements of §22.1-97.

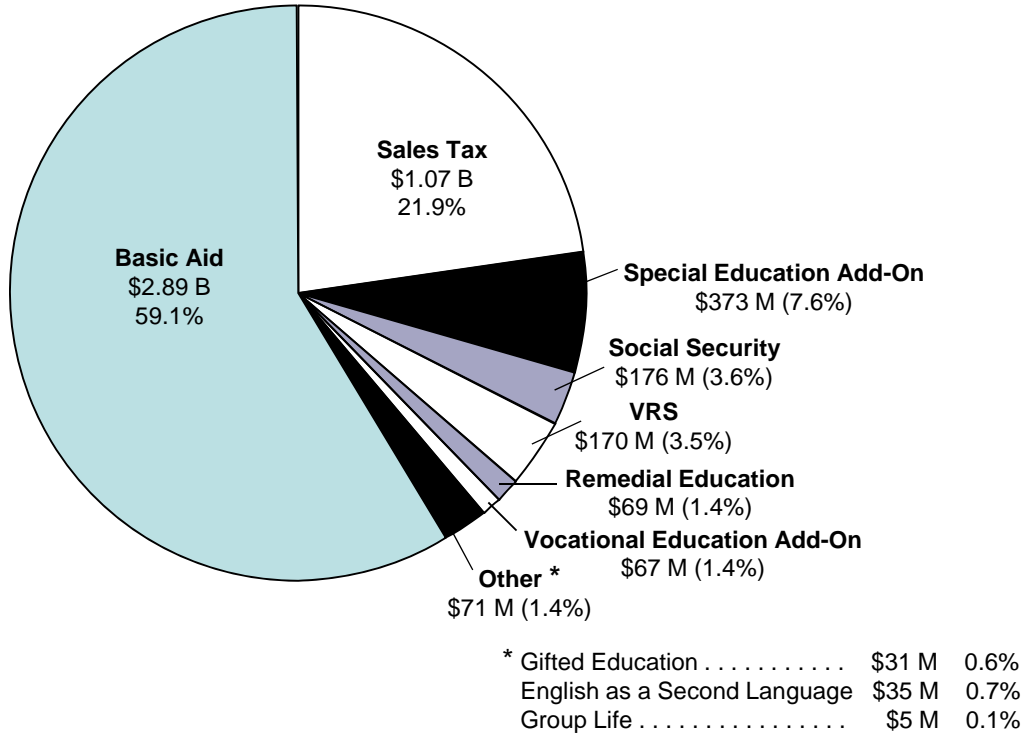
## **TOTAL STATE SPENDING FROM SOQ ACCOUNTS**

According to data from DOE’s accounting system, total SOQ spending by the State in FY 2010 was \$4.88 billion. State spending in this context means the amount the State paid for school divisions to make educational purchases and meet their costs. The amount the State paid equates to an average of about \$4,021 per pupil in fall membership or about \$4,055 per pupil in average daily membership. (Fall membership used here to calculate per-pupil costs is based on the number of K-12 students enrolled in Virginia public schools on September 30, 2009, and the daily membership used is the average from the start of school through the end of March, adjusted for half-day kindergarten programs.)

Figure 1 shows the various funding accounts that constituted the \$4.88 billion in State SOQ spending. Two accounts constituted

about four-fifths of the spending: basic aid and State sales tax. Basic aid, which is spent to assist school divisions in offering a basic education program, accounted for 59 percent of total State SOQ spending.

**Figure 1: FY 2010 State SOQ Spending by Account**



Source: Virginia Department of Education data on State payments to school divisions, FY 2010.

## FACTORS IMPACTING SIZE OF STATE SOQ SPENDING

DOE is responsible for calculating the costs associated with supporting the SOQ. DOE uses an automated cost model to estimate total SOQ costs, and then in turn, State SOQ costs. The model has numerous inputs that impact the magnitude of the total cost and the State cost. This section of the report bundles some of the detailed inputs into several categories (or factors) that impact the size of total State SOQ costs. These factors include the number of pupils; the number of instructional positions; instructional salary levels; support staff levels and salary levels; fringe benefit levels; non-personnel support cost determinations; deductions from SOQ costs; and State and local shares of SOQ costs.

## Number of Pupils

SOQ costs are mostly estimated by multiplying various unit costs by the number of “units” that need to be funded. For example, the salary costs for SOQ instructional personnel are based on the typical (“prevailing”) salary amount that is paid for each type of position (the unit cost) times the number of personnel that are required by the standards (the number of units to be funded).

The number of pupils that are in Virginia’s public schools has an impact upon SOQ costs because for some SOQ costs (for example, personnel costs), the number of pupils impacts the number of units that must be provided. For example, the SOQ includes staffing ratios indicating how many staff are needed relative to the number of pupils. SOQ support personnel costs are similarly estimated by determining what the “prevailing” ratios are for support staff to pupils, and then those prevailing ratios are multiplied by the number of pupils in the system to determine the number of support staff to be funded. Most non-personnel support costs are estimated by determining the prevailing cost per pupil, and then multiplying that unit cost by the number of pupils in the system.

Thus, calculations of State and local costs for the SOQ take into account the number of pupils that are being served by the public school system. SOQ cost calculations take into account the number of pupils that are projected to be served in the fiscal year that is being funded. Final allocations by DOE are based on an average of the number of pupils that are members of public schools from the start of the school year to March 31 of each year.

Table 1 shows the number of pupils in 2009-10 used in DOE’s final allocations of State funds. Two numbers are shown—unadjusted and adjusted pupil membership. The largest portion of State SOQ funds is provided on the basis of what is called “adjusted” pupil membership—a figure that adjusts for the use of a half-day kindergarten program. Some of the smaller State SOQ cost accounts are funded using unadjusted pupil membership. (Also, State sales tax funds are distributed based on school-age population.)

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**Table 1: Number of Pupils Used in DOE Final SOQ Allocations, FY 2010**

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<b>Unadjusted Number of Pupils</b>	<b>Adjusted Number of Pupils</b>
1,204,430	1,203,883

Source: DOE budget office information on final March 31, 2010 Average Daily Membership.

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## Number of Instructional Positions

Under the SOQ framework, instructional positions include principals, assistant principals, teachers, kindergarten and special education aides, guidance counselors, and librarians. The number of instructional positions included in SOQ cost calculations is determined by applying pupil-to-instructor ratios and class size maximums against pupil counts at the grade, school, and division level.

**Standards Used to Calculate SOQ Teacher Positions.** Table 2 shows the standards for the maximum number of pupils per teacher that were used in estimating FY 2010 State and local SOQ costs. In addition to the standards shown in the table, two points should be noted. First, beginning in FY 2005, the State has appropriated funds for the State’s share of five elementary resource teachers per 1,000 students (to help pay for teachers specializing in art, music, and physical education).

**Table 2: Maximum Number of Pupils Per Teacher in 2009-10, Standards to Estimate SOQ Basic Education Program Costs**

Grade Level of Students	Class Size Standards	School Standards	Division Standards
Kindergarten	29 with aide, else 24		24
First Grade	30		24
Second Grade	30		24
Third Grade	30		24
Fourth Grade	35		25
Fifth Grade	35	21	25
Sixth Grade	35	21	25
Seventh Grade	35	21	25
Eighth Grade		21	
Ninth Grade		21	
Tenth Grade		21	
Eleventh Grade		21	
Twelfth Grade		21	

Note: For grades six to 12, the ratio of pupils to English teachers in a school division must not exceed 24 to one.

Source: DOE SOQ model cost scenario run (# 1987) for the 2008-10 biennium.

Second, besides the pupil-teacher standards for the basic education program that are reflected in the table, pupil-teacher ratios are also applied to determine SOQ costs for the additional teachers that are needed to provide education programs other than the basic education program—for example, special education, remedial, vocational, and gifted and talented instruction. Whereas the ratios for the SOQ basic education program typically require about one teacher per 24 or 25 students, classes that operate most or all of the day with special education students typically are to have one

teacher for every six to eight pupils without an aide, or one teacher for every eight to ten pupils with an aide. Therefore, the need for additional teachers to meet the more demanding ratios is also calculated as part of SOQ costs.

**Standards Used to Calculate the Number of Other SOQ Instructional Positions.** Table 3 shows the staffing standards for principals, assistant principals, and librarians that are determinative of SOQ costs, and therefore State SOQ spending, for these positions.

**Table 3: SOQ Principal, Assistant Principal, and Librarian Positions Funded in FY 2010**

Type of Position	Range, Number of Pupils in School							
	0 - 299	300-599	600-899	900-999	1,000-1,199	1,200-1,799	1,800-2,399	2,400+
<b>Elementary</b>								
Principals	0.5	1	1	1	1	1	1	1
Assistant Principals	0	0	0.5	1	1	1	1	1
Librarians	0.5	1	1	1	1	1	1	1
<b>Middle</b>								
Principals	1	1	1	1	1	1	1	1
Assistant Principals	0	0	1	1	1	2	3	4
Librarians	0.5	1	1	1	2	2	2	2
<b>Secondary</b>								
Principals	1	1	1	1	1	1	1	1
Assistant Principals	0	0	1	1	1	2	3	4
Librarians	0.5	1	1	1	2	2	2	2

Source: DOE SOQ model cost scenario run (# 1987) for the 2008-10 biennium.

In each of these categories, the number of staff that must be available, at a minimum, is determined based on the size of the school. For example, elementary schools with less than 600 pupils are not required to have an assistant principal, and so the State does not include costs for these positions in determining how much the State and localities must spend for the SOQ. However, elementary schools with 600 to 899 pupils are to have at least a half-time assistant principal, and elementary schools with 900 or more pupils are to have at least one full-time assistant principal. In addition to the positions addressed in Table 3, the State also has standards for guidance counselors that are included in SOQ instructional personnel costs. SOQ costs for guidance counselors are calculated on the basis of 0.2 counselors per 100 pupils enrolled at the elementary school level, 0.2 counselors per 80 pupils enrolled in middle schools, and 0.2 counselors per 70 pupils enrolled in secondary schools.

**Appropriation Act Minimum Requirements for the Number of Instructional Positions Per 1,000 Pupils.** Each Appropriation Act, pursuant to the *Code of Virginia*, specifies that each school division shall employ, and is funded for SOQ purposes, on the basis of

at least 57 positions per 1,000 pupils for basic, special, and vocational education purposes. Any school division credited through the use of class, school, and division personnel standards with fewer than 57 instructional positions per 1,000 pupils for basic, special, and vocational education receives credit for 57 positions per 1,000 pupils under this minimum requirement.

### Instructional Salaries

Table 4 shows salary figures for teachers used in funding the SOQ in FY 2010. There is a difference in the funded salary depending on whether the teacher teaches elementary or secondary school.

**Table 4: FY 2010 State-Funded Teacher Salaries**  
**(Base salaries applicable to all divisions, excluding the cost of competing)**

Category of Teachers	State Budget, Salary Level Funded in FY 2010
Elementary Level	\$44,337
Secondary Level	\$46,230

Source: DOE SOQ model cost scenario run (# 1987) for the 2008-10 biennium and the State Appropriation Act.

FY 2010 salary figures were first rooted in the linear weighted salary amount from FY 2006. (The linear weighted average is a measure that is useful for capturing the central tendency of data distributions which are skewed. It gives greatest weight to data points toward the middle of the distribution and least weight to the highest and lowest data points.) The FY 2006 salary was then adjusted based on State budget salary increases of four and three percent in FY 2007 and FY 2008. In FY 2009 and FY 2010, no State-supported salary increases were funded in the State budget.

In addition to teachers, salary costs of other instructional personnel were increased from the FY 2006 prevailing amounts. Funding supported the State share of the following salaries for FY 2010:

- Elementary principals, \$77,259
- Secondary principals, \$84,326
- Elementary assistant principals, \$62,556
- Secondary assistant principals, \$66,907, and
- Classroom aides, \$15,875.

It should be noted that for all salary costs—instructional and support personnel—the State includes a cost-of-competing adjustment to SOQ costs for divisions in the Northern Virginia Planning Dis-

trict Commission (PDC), which includes the counties of Arlington, Fairfax, Loudoun, and Prince William, and the cities of Alexandria, Fairfax, Falls Church, Manassas, and Manassas Park. This adjustment is provided to recognize the higher salaries that have long been a part of the competitive market in that part of Virginia. The adjustment factor used for SOQ instructional personnel in the Northern Virginia PDC is 9.83 percent. In addition, the following localities receive a partial cost-of-competing adjustment: the counties of Clarke, Culpeper, Fauquier, Frederick, Stafford, Spotsylvania, and Warren, and the cities of Fredericksburg and Winchester.

### **Support Staffing Levels and Salaries**

For FY 2010, a new methodology was employed for determining the number of support staff positions to be included in SOQ costs. Under the prior methodology, the prevailing or typical number of support staff per 1,000 pupils was recognized as the SOQ cost. Under the new approach, a support position funding cap was introduced.

To set the cap, support staffing is initially expressed on a per-instructor basis rather than a per-pupil basis. Using data for FY 2005 through FY 2007, DOE staff determined that there is typically one support staff position per 4.03 instructional staff positions in the school divisions.

Next, an assumption is made that to calculate SOQ support staff, the 4.03 ratio (between all instructors compared to support staff) could be applied against just the subset of total instructors that are SOQ instructors. Staffing levels for those support positions recognized as SOQ positions under the new methodology could still ultimately be expressed on the basis of positions per 1,000 pupils. The new methodology recognized fewer support staff per 1,000 pupils in FY 2010 than had recently been typical or prevailing across school divisions.

Table 5 shows the ratio of support staff positions per 1,000 pupils used in building SOQ support costs for FY 2010 (some support positions, such as school board members, pupil transportation personnel, and school nurses, are recognized as SOQ costs separately from the general run of the SOQ model; the number of positions and salaries for these positions are not included in the table). In FY 2010, the recognized staffing level for the support positions impacted by the new methodology represented about 62 percent of the staffing level that had been recognized as prevailing in FY 2009.

**Table 5: SOQ Support Staffing and Salary Levels, FY 2010**

Type of Positions	Prevailing Positions Per 1,000	Ratio, Pupils Per Staff Position	Salary
	ADM		
<b>Administrative Support</b>	<b>1.868</b>	<b>535</b>	<b>\$46,570</b>
-- Assistant Superintendents	0.150	6,667	\$98,878
-- Professional Administration	0.441	2,268	\$64,420
-- Admin. Technical / Clerical	1.277	783	\$34,275
<b>School-Based Clerical</b>	<b>3.327</b>	<b>301</b>	<b>\$24,857</b>
<b>Instructional Support</b>	<b>3.280</b>	<b>305</b>	<b>\$44,339</b>
-- Instructional Professional	1.784	561	\$59,910
-- Instructional Technical/Clerical	1.496	668	\$25,763
<b>Technology</b>	<b>1.447</b>	<b>691</b>	<b>\$42,178</b>
-- Technology Professional	0.297	3,367	\$63,397
-- Support Technology	1.000	1,000	\$35,439
-- Technology Technical/Clerical	0.150	6,667	\$27,968
<b>Attendance &amp; Health <sup>a</sup></b>	<b>1.222</b>	<b>818</b>	<b>\$40,970</b>
-- A & H Administrative	0.836	1,196	\$49,543
-- A & H Technical/Clerical	0.386	2,591	\$22,422
<b>Operation &amp; Maintenance</b>	<b>7.566</b>	<b>132</b>	<b>\$25,540</b>
-- O & M Professional	0.220	4,545	\$61,899
-- O & M Technical/Clerical	7.346	136	\$24,451
<b>All Positions</b>	<b>18.71</b>	<b>53.45</b>	<b>\$32,920</b>

<sup>a</sup> Does not include school nurse positions, as those positions are calculated using a different method.

Source: JLARC staff analysis of a DOE budget office spreadsheet entitled "SOQ Funded Support and Instructional Positions Funded in Basic Aid."

## Fringe Benefit Costs

Table 6 shows the fringe benefit rate factors that were used to determine SOQ costs in FY 2010. The fringe benefit costs for SOQ personnel, including Social Security costs, are shared between the State and localities based on the composite index of ability to pay.

**Table 6: Fringe Benefit Rate Factors Used to Determine Total SOQ Costs in FY 2010**

Fringe Benefit	FY 2010 Rate Factors
Social Security, Employer's Cost	7.65% of salary
Instructional and Professional Support, VRS Employer Cost	6.35% of salary <sup>a</sup>
Non-Professional Support, VRS Employer Cost	5.72% of salary
Group Life, Employer Share	0.20% of salary
Health Care Premium	\$4,950

<sup>a</sup> The 6.35% overall rate factor reflects application of a rate of 8.81 percent to the payroll for nine months and no payments for three months. In addition to the 6.35 percent rate factor, a VRS health care credit was provided at 1.04 percent of salary for instructional personnel and professional support personnel. Thus, the total employer VRS rate factor for these personnel, with the credit included, was 7.39 percent of salary.

Source: DOE spreadsheet, "Budget Variables Used in 2008-10 Direct Aid Budget Calculations," the Appropriations Act, and information from VRS staff.

## **Non-Personnel Support Costs**

To determine FY 2010 SOQ non-personnel support costs, prevailing per-pupil costs from FY 2006 were inflated to FY 2008. The resulting per-pupil costs were multiplied by the number of pupils in membership in 2009-10.

## **Deductions From SOQ Costs**

In FY 2010, as has been the case since FY 2004, no deductions were made from SOQ costs for locally-generated revenues. (Locally-generated revenues are revenues raised by schools and school divisions through activities such as charges for the rental of school space during hours outside of the school day.)

However, a portion of federal funds were deducted, based on the estimated proportion of the federal dollars that are used to pay for support costs. The proportion of the dollars from these accounts that was deducted from the SOQ cost was 30.19 percent.

## **State and Local Shares of SOQ Costs**

The State approach to funding the SOQ is not a cost reimbursement approach. A school division's spending does not determine the size of its SOQ cost. The SOQ cost is fundamentally based on (1) SOQ staffing ratios applied to division pupil enrollment levels, and (2) the "prevailing" or typical salary levels and per-pupil costs across the various divisions. To determine these prevailing costs, a linear weighted average is used. This statistic estimates SOQ costs at lesser amounts than the statewide average. Except for a cost of competing adjustment recognized in Northern Virginia and some nearby localities, the State does not recognize the higher (above prevailing) salary levels and per-pupil costs which are supported by local funds in many localities.

Once SOQ costs are determined, and after deductions are made from SOQ costs to account for certain federal funds and certain State sales tax funds, the State pays an aggregate statewide 55 percent share of the remaining costs for the SOQ. As is the case with other SOQ costs, the aggregate 55 percent State share also applies to fringe benefit costs. The 55 percent share of salary-impacted benefit costs such as VRS and social security applies to the number of SOQ positions in the divisions only, and not to positions above that level. It also is provided for the salary levels recognized in the State budget, and not for salary dollars expended beyond recognized levels.

While the aggregate State share for SOQ costs is 55 percent, the actual percentage varies from locality to locality, based on local

ability to pay. For example, in a locality with a low ability to pay, the State may pay 80 percent or more of the cost. In a locality with a high ability to pay, the State may pay as little as 20 percent of the cost.

### STATE SOQ SPENDING BY SCHOOL DIVISION

Table 7 shows the ten divisions that received the largest SOQ fund amounts from the State in FY 2010. In total, these ten divisions accounted for 45.2 percent of State SOQ spending and 49.9 percent of the pupils in the elementary and secondary school system.

**Table 7: Ten School Divisions Receiving Largest State SOQ Fund Amounts, FY 2010**

Division	State SOQ Spending (\$ millions)	Number of Pupils
1. Fairfax Co.	\$386.7	165,367
2. Prince William	\$309.0	75,026
3. Virginia Beach	\$300.3	69,225
4. Chesterfield	\$253.3	58,665
5. Henrico	\$198.9	48,332
6. Chesapeake	\$186.0	38,853
7. Loudoun	\$162.8	58,713
8. Norfolk	\$152.9	31,176
9. Newport News	\$143.8	28,613
10. Stafford	\$112.4	26,648
<b>Total, Top Ten</b>	<b>\$2,206.1</b>	<b>600,618</b>

Source: JLARC staff analysis of data provided by DOE from its accounting system.

Table 8 provides information on State SOQ spending on a per-pupil basis. The table shows the ten school divisions that received the highest per-pupil payments from the State in FY 2010 and the ten school divisions that received the least. The table also shows the composite index values for these localities.

The composite index, which is a measure of local ability to pay, has a major impact on the size of State per-pupil SOQ dollars received by a school division (although other factors, such as cost factors and sales tax allocations, do have some impact). A higher composite index value indicates a higher measured ability to pay.

In general, school divisions that benefit from relatively large State SOQ payments on a per-pupil basis serve students in localities with low composite indices and low ability to pay. Divisions that receive lesser SOQ payments per pupil tend to be divisions where the locality has a high composite index and high ability to pay. No locality has a higher composite index than 0.8000, which is the cap for the composite index under the Appropriation Act.

**Table 8: School Divisions With the Most and Least Expenditures Per Pupil From State SOQ Funds, FY 2010**

Ten School Divisions With the <u>Most</u> Expenditures Per Pupil From State SOQ Funds			Ten School Divisions With the <u>Least</u> Expenditures Per Pupil From State SOQ Funds		
Division	Funds Per Pupil	Composite Index	Division	Funds Per Pupil	Composite Index
Lee	\$6,976	.1552	Williamsburg	\$2,069	.8000
Charlotte	\$5,881	.2017	Fredericksburg	\$2,090	.7943
Grayson	\$5,849	.2607	Fairfax City	\$2,112	.8000
Scott	\$5,815	.1849	Alexandria	\$2,136	.8000
Dickenson	\$5,806	.1957	Rappahannock	\$2,138	.8000
Buckingham	\$5,786	.2414	Arlington	\$2,141	.8000
Sussex	\$5,763	.2799	Goochland	\$2,148	.8000
Lunenburg	\$5,756	.2132	Lancaster	\$2,150	.7824
Nottoway	\$5,637	.2221	Bath	\$2,171	.8000
Petersburg	\$5,620	.2008	Falls Church	\$2,179	.8000

Source: JLARC staff analysis of data provided by DOE from its accounting system.

With a composite index of 0.8000, the locality is to pay 80 percent of the costs to which the index is applied, while the State will pay 20 percent of those costs. A composite index of 0.2000, on the other hand, means that the locality is to pay 20 percent, while the State will pay 80 percent. As can be seen in the table, school divisions receiving the most SOQ funds per pupil tend to have composite index values of less than 0.3000, while the least SOQ funds are received by divisions serving localities with a capped composite index or by divisions serving localities with a composite index figure below the cap but greater than 0.7000.

Appendix B to this report shows State SOQ spending in FY 2010 in all school divisions. The appendix shows State SOQ spending from the basic aid, sales tax, and “other SOQ” accounts, as well as total State SOQ spending. The table also shows the State SOQ spending in per-pupil terms and the local composite index value.



## Study Mandate

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### Section 22.1-97 of the *Code of Virginia*

**§ 22.1-97. Calculation and reporting of required local expenditures; procedure if locality fails to appropriate sufficient educational funds.**

-- A. The Department of Education shall collect annually the data necessary to make calculations and reports required by this subsection.

At the beginning of each school year, the Department shall make calculations to ensure that each school division has appropriated sufficient funds to support its estimated required local expenditure for providing an educational program meeting the prescribed Standards of Quality, required by Article VIII of the Constitution of Virginia and Chapter 13.2 (§ 22.1-253.13:1 et seq.) of this title. At the conclusion of the school year, the Department shall make calculations to verify whether the locality has provided the required expenditure, based on average daily membership as of March 31 of the relevant school year.

The Department shall report annually to the House Committees on Education and Appropriations and the Senate Committees on Finance and Education and Health the results of such calculations and the degree to which each school division has met, failed to meet, or surpassed its required expenditure.

The Joint Legislative Audit and Review Commission shall report annually to the House Committees on Education and Appropriations and the Senate Committees on Finance and Education and Health the state expenditure provided each locality for an educational program meeting the Standards of Quality.

The Department and the Joint Legislative Audit and Review Commission shall coordinate to ensure that their respective reports are based upon comparable data and are delivered together, or as closely following one another as practicable, to the appropriate standing committees...

*[Note: This is the end of the portion of the statutory section that relates to the DOE and JLARC annual reporting responsibilities.]*



Appendix **B**

# FY 2010 State SOQ Spending, by Division

Division	Basic Aid Account	Sales Tax Account	Other SOQ Accounts	Total Spending	Spending Per Pupil	Composite Index
Accomack	\$12,955,499	\$5,279,445	\$5,334,331	\$23,569,275	\$4,855	.3752
Albemarle	\$20,150,599	\$12,436,309	\$6,423,755	\$39,010,663	\$3,090	.6232
Alleghany	\$9,392,672	\$2,380,426	\$2,934,056	\$14,707,154	\$5,305	.2210
Amelia	\$5,267,497	\$1,448,093	\$1,708,687	\$8,424,276	\$4,700	.3206
Amherst	\$14,267,051	\$4,437,086	\$4,501,477	\$23,205,614	\$5,222	.2642
Appomattox	\$7,282,112	\$1,800,906	\$2,474,109	\$11,557,127	\$5,266	.2436
Arlington	\$17,361,951	\$16,332,840	\$7,554,658	\$41,249,450	\$2,141	.8000
Augusta	\$29,747,054	\$10,042,423	\$8,435,393	\$48,224,869	\$4,586	.3299
Bath	\$682,514	\$546,931	\$229,963	\$1,459,408	\$2,171	.8000
Bedford Co.	\$26,778,329	\$8,077,154	\$6,574,747	\$41,430,230	\$4,259	.3494
Bland	\$3,323,900	\$715,545	\$964,338	\$5,003,783	\$5,435	.2608
Botetourt	\$13,661,065	\$4,703,467	\$4,103,465	\$22,467,997	\$4,514	.3606
Brunswick	\$6,794,530	\$1,955,350	\$2,654,220	\$11,404,100	\$5,543	.2616
Buchanan	\$10,523,913	\$2,714,111	\$4,559,942	\$17,797,966	\$5,462	.2824
Buckingham	\$6,885,879	\$1,799,489	\$2,612,944	\$11,298,312	\$5,786	.2414
Campbell	\$27,233,908	\$7,637,200	\$7,203,728	\$42,074,836	\$5,037	.2340
Caroline	\$10,555,591	\$4,121,113	\$3,710,351	\$18,387,055	\$4,509	.3817
Carroll	\$13,051,154	\$3,115,099	\$3,797,954	\$19,964,208	\$5,027	.2470
Charles City	\$2,441,359	\$745,300	\$976,465	\$4,163,124	\$5,037	.4162
Charlotte	\$7,758,247	\$1,637,251	\$2,731,147	\$12,126,646	\$5,881	.2017
Chesterfield	\$161,846,027	\$45,968,437	\$45,448,813	\$253,263,276	\$4,317	.3447
Clarke	\$3,830,135	\$1,764,066	\$873,521	\$6,467,721	\$3,021	.6112
Craig	\$2,282,899	\$653,200	\$886,679	\$3,822,778	\$5,458	.2790
Culpeper	\$18,007,035	\$6,376,850	\$5,114,134	\$29,498,019	\$3,978	.4340
Cumberland	\$4,772,399	\$1,334,739	\$1,587,908	\$7,695,046	\$5,525	.2601
Dickenson	\$9,258,892	\$1,917,802	\$3,075,903	\$14,252,596	\$5,806	.1957
Dinwiddie	\$15,467,118	\$4,089,940	\$4,876,785	\$24,433,844	\$5,222	.2462
Essex	\$4,393,437	\$1,273,103	\$1,507,854	\$7,174,393	\$4,472	.4071
Fairfax County	\$180,456,945	\$144,409,682	\$62,084,398	\$386,951,025	\$2,340	.7650
Fauquier	\$15,506,033	\$10,933,665	\$4,824,931	\$31,264,629	\$2,814	.6711
Floyd	\$6,460,730	\$1,747,771	\$2,087,883	\$10,296,384	\$4,942	.3234
Fluvanna	\$10,105,440	\$2,919,564	\$3,127,781	\$16,152,786	\$4,392	.3685
Franklin Co.	\$18,908,172	\$6,715,494	\$6,856,816	\$32,480,481	\$4,511	.3885
Frederick	\$32,582,202	\$11,499,017	\$10,191,092	\$54,272,311	\$4,188	.4119
Giles	\$8,194,953	\$2,209,687	\$3,049,123	\$13,453,763	\$5,283	.2571
Gloucester	\$16,917,226	\$5,368,003	\$4,309,504	\$26,594,733	\$4,493	.3456
Goochland	\$2,140,098	\$2,431,435	\$699,983	\$5,271,516	\$2,148	.8000
Grayson	\$7,193,687	\$1,876,711	\$2,210,950	\$11,281,348	\$5,849	.2607
Greene	\$8,196,440	\$2,580,212	\$2,912,620	\$13,689,272	\$4,992	.3224
Greensville	\$5,629,388	\$1,216,426	\$1,864,816	\$8,710,630	\$5,586	.1895
Halifax	\$18,574,291	\$5,136,336	\$7,951,923	\$31,662,550	\$5,607	.2380
Hanover	\$45,999,908	\$16,034,578	\$12,625,957	\$74,660,443	\$4,050	.4118
Henrico	\$118,236,874	\$42,275,234	\$38,365,900	\$198,878,008	\$4,115	.4319
Henry	\$23,021,099	\$6,726,121	\$8,008,397	\$37,755,617	\$5,286	.2304
Highland	\$462,730	\$259,296	\$229,268	\$951,295	\$3,898	.6774
Isle of Wight	\$14,332,240	\$5,377,212	\$4,261,900	\$23,971,353	\$4,457	.3697
James City	\$19,186,296	\$8,629,753	\$5,593,880	\$33,409,929	\$3,460	.5286
King George	\$11,072,169	\$3,394,233	\$2,595,648	\$17,062,049	\$4,234	.4075

Division	Basic Aid Account	Sales Tax Account	Other SOQ Accounts	Total Spending	Spending Per Pupil	Composite Index
King & Queen	\$2,139,009	\$808,353	\$986,336	\$3,933,698	\$5,395	.3868
King William	\$6,578,751	\$2,449,855	\$2,355,666	\$11,384,273	\$5,308	.2918
Lancaster	\$1,233,360	\$1,226,345	\$367,954	\$2,827,659	\$2,150	.7824
Lee	\$13,692,343	\$3,159,024	\$6,683,517	\$23,534,884	\$6,976	.1552
Loudoun	\$88,430,525	\$50,530,211	\$23,808,698	\$162,769,434	\$2,772	.6708
Louisa	\$8,689,927	\$4,187,708	\$2,858,798	\$15,736,433	\$3,472	.5396
Lunenburg	\$5,529,578	\$1,467,929	\$2,010,968	\$9,008,476	\$5,756	.2132
Madison	\$4,228,006	\$1,728,643	\$1,455,374	\$7,412,023	\$4,095	.4878
Mathews	\$2,601,517	\$1,114,408	\$854,238	\$4,570,163	\$3,688	.5337
Mecklenburg	\$14,593,353	\$3,727,209	\$5,563,502	\$23,884,064	\$5,169	.2848
Middlesex	\$1,708,121	\$1,085,361	\$597,657	\$3,391,139	\$2,845	.6777
Montgomery	\$25,392,228	\$9,720,073	\$9,393,154	\$44,505,455	\$4,687	.3496
Nelson	\$3,620,483	\$1,894,422	\$1,286,715	\$6,801,620	\$3,609	.5708
New Kent	\$7,250,146	\$2,468,984	\$2,267,673	\$11,986,803	\$4,302	.4066
Northampton	\$3,516,439	\$1,594,744	\$1,521,687	\$6,632,870	\$3,910	.5482
Northumberland	\$1,647,675	\$1,290,106	\$513,663	\$3,451,444	\$2,513	.7306
Nottoway	\$7,461,381	\$2,021,945	\$2,772,212	\$12,255,539	\$5,637	.2221
Orange	\$12,634,525	\$4,148,034	\$3,593,542	\$20,376,101	\$4,029	.4395
Page	\$10,339,059	\$2,753,785	\$3,365,595	\$16,458,438	\$4,735	.3263
Patrick	\$8,331,411	\$2,308,163	\$2,761,831	\$13,401,405	\$5,359	.2392
Pittsylvania	\$29,555,892	\$7,978,678	\$10,471,404	\$48,005,974	\$5,357	.2245
Powhatan	\$11,810,383	\$3,863,233	\$3,259,552	\$18,933,168	\$4,279	.3790
Prince Edward	\$7,494,008	\$2,535,579	\$3,115,366	\$13,144,953	\$5,346	.2733
Prince George	\$20,775,829	\$5,166,800	\$6,177,736	\$32,120,365	\$5,205	.2173
Prince William	\$194,123,765	\$59,502,859	\$55,418,292	\$309,044,916	\$4,119	.4437
Pulaski	\$14,206,130	\$3,926,286	\$4,474,873	\$22,607,289	\$4,945	.2730
Rappahannock	\$823,899	\$889,826	\$271,008	\$1,984,733	\$2,138	.8000
Richmond Co.	\$3,614,413	\$992,553	\$1,273,573	\$5,880,539	\$4,846	.3384
Roanoke Co.	\$39,556,901	\$14,252,093	\$12,772,945	\$66,581,938	\$4,600	.3349
Rockbridge	\$5,602,457	\$2,510,783	\$1,801,093	\$9,914,333	\$3,951	.4728
Rockingham	\$31,422,186	\$10,676,494	\$9,084,601	\$51,183,281	\$4,510	.3204
Russell	\$14,170,521	\$3,018,749	\$4,859,426	\$22,048,696	\$5,449	.2079
Scott	\$14,246,036	\$3,088,886	\$4,487,894	\$21,822,816	\$5,815	.1849
Shenandoah	\$15,486,3137	\$5,013,064	\$4,313,351	\$24,812,732	\$4,134	.4056
Smyth	\$16,848,642	\$3,995,007	\$5,902,328	\$26,745,976	\$5,581	.2023
Southampton	\$9,178,028	\$2,393,887	\$3,269,283	\$14,841,198	\$5,340	.2578
Spotsylvania	\$64,888,897	\$21,323,942	\$18,531,329	\$104,744,168	\$4,418	.3695
Stafford	\$72,979,179	\$21,374,243	\$18,050,416	\$112,403,837	\$4,218	.3629
Surry	\$1,476,483	\$869,281	\$535,858	\$2,881,622	\$3,100	.6641
Sussex	\$4,182,804	\$1,064,816	\$1,719,008	\$6,966,628	\$5,763	.2799
Tazewell	\$21,934,979	\$4,830,990	\$7,067,702	\$33,833,671	\$5,142	.2318
Warren	\$12,948,316	\$4,925,923	\$3,579,571	\$21,453,810	\$4,035	.4285
Washington	\$20,182,640	\$6,152,976	\$5,805,887	\$32,141,503	\$4,437	.3340
Westmoreland	\$4,050,721	\$1,680,467	\$1,467,075	\$7,198,263	\$4,222	.5167
Wise	\$22,178,331	\$5,564,246	\$7,124,233	\$34,866,810	\$5,365	.1798
Wythe	\$12,843,203	\$3,591,893	\$4,089,062	\$20,524,158	\$4,879	.2929
York	\$34,111,827	\$11,256,723	\$7,879,603	\$53,248,153	\$4,249	.3632
Alexandria	\$10,491,231	\$9,280,119	\$4,624,947	\$24,396,298	\$2,136	.8000
Bedford City	\$2,592,893	\$639,031	\$616,972	\$3,848,896	\$4,648	.2802
Bristol	\$6,033,686	\$2,051,701	\$2,229,799	\$10,315,186	\$4,597	.3664
Buena Vista	\$4,099,808	\$750,968	\$1,232,557	\$6,083,333	\$5,421	.1924
Charlottesville	\$6,036,770	\$3,831,353	\$2,447,530	\$12,315,652	\$3,279	.6091
Chesapeake	\$112,562,388	\$36,209,398	\$37,245,706	\$186,017,492	\$4,788	.3025
Col. Heights	\$6,730,299	\$2,421,517	\$2,173,435	\$11,325,251	\$4,007	.4289
Covington	\$2,589,557	\$580,229	\$1,020,129	\$4,189,915	\$4,995	.3051
Danville	\$19,719,804	\$6,019,786	\$7,281,915	\$33,021,505	\$5,374	.2394

Division	Basic Aid Account	Sales Tax Account	Other SOQ Accounts	Total Spending	Spending Per Pupil	Composite Index
Emporia	\$3,264,357	\$875,657	\$1,141,148	\$5,281,162	\$5,290	.2573
Fairfax City	\$2,710,822	\$2,510,074	\$912,883	\$6,133,779	\$2,112	.8000
Falls Church	\$1,853,149	\$1,927,720	\$590,246	\$4,371,115	\$2,179	.8000
Franklin City	\$3,590,463	\$1,148,414	\$1,514,610	\$6,253,487	\$5,274	.2686
Fredericksburg	\$2,421,475	\$2,417,266	\$997,569	\$5,836,310	\$2,090	.7943
Galax	\$4,038,822	\$928,083	\$1,223,785	\$6,190,690	\$4,748	.2618
Hampton	\$65,570,399	\$18,729,561	\$23,771,639	\$108,071,599	\$5,210	.2358
Harrisonburg	\$10,395,046	\$3,973,044	\$4,048,181	\$18,416,272	\$4,232	.4099
Hopewell	\$13,191,069	\$2,819,671	\$4,411,416	\$20,422,156	\$5,211	.2236
Lexington	\$1,635,432	\$408,073	\$415,005	\$2,458,510	\$3,924	.4040
Lynchburg	\$21,636,564	\$8,242,934	\$8,268,963	\$38,148,461	\$4,655	.3327
Manassas	\$15,923,822	\$5,506,152	\$5,484,475	\$26,914,450	\$4,083	.4618
Manassas Park	\$7,563,610	\$1,941,181	\$2,436,495	\$11,941,285	\$4,568	.3840
Martinsville	\$6,928,289	\$2,473,234	\$2,612,022	\$12,013,546	\$5,167	.2249
Newport News	\$86,562,636	\$28,289,522	\$28,934,984	\$143,787,143	\$5,025	.2531
Norfolk	\$93,484,703	\$27,514,467	\$31,943,753	\$152,942,923	\$4,906	.2588
Norton	\$2,347,973	\$681,539	\$643,210	\$3,672,722	\$4,459	.3095
Petersburg	\$14,317,395	\$3,645,736	\$5,912,256	\$23,875,387	\$5,620	.2008
Poquoson	\$6,782,149	\$1,893,006	\$1,593,910	\$10,269,065	\$4,316	.3190
Portsmouth	\$46,608,802	\$12,699,857	\$17,180,523	\$76,489,182	\$5,377	.2112
Radford	\$4,564,127	\$1,091,029	\$1,490,965	\$7,146,121	\$4,749	.2837
Richmond City	\$49,546,064	\$24,662,206	\$23,932,441	\$98,140,711	\$4,625	.4272
Roanoke City	\$33,281,856	\$11,124,950	\$12,005,031	\$56,411,836	\$4,652	.3420
Salem	\$10,272,485	\$3,091,012	\$2,802,033	\$16,165,530	\$4,130	.3518
Staunton	\$6,578,107	\$2,439,228	\$2,188,586	\$11,205,921	\$4,351	.3849
Suffolk	\$40,473,767	\$13,296,380	\$13,142,944	\$66,913,091	\$4,849	.2983
Virginia Beach	\$181,102,083	\$66,483,317	\$52,726,389	\$300,311,789	\$4,338	.3704
Waynesboro	\$8,108,266	\$2,731,114	\$2,272,039	\$13,111,419	\$4,360	.3330
Williamsburg	\$714,824	\$787,099	\$212,633	\$1,714,556	\$2,069	.8000
Winchester	\$7,135,183	\$3,337,556	\$2,463,536	\$12,936,275	\$3,454	.5382
Col. Beach	\$1,678,969	\$0	\$663,858	\$2,342,827	\$3,954	.4154
West Point	\$2,696,563	\$0	\$876,365	\$3,572,928	\$4,601	.2418
<b>STATEWIDE</b>	<b>\$2,887,296,018</b>	<b>\$1,068,622,862</b>	<b>\$926,218,229</b>	<b>\$4,882,137,109</b>	<b>\$4,055</b>	

Source: JLARC staff analysis of data provided by Department of Education staff using the agency's accounting system.





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*JLARC Staff for This Report*

**Robert B. Rotz, Senior Division Chief**

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Richmond, Virginia 23219

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