



*Review of Academic-Year Governor's
Schools Program Funding Formula*

**Report to the Chairmen of the House
Appropriations and Senate Finance
Committees**

November 4, 2016

History and Overview of Virginia's Academic-Year Governor's Schools

Academic-Year Governor's Schools (AYGS) originated in the Commonwealth in 1985 to offer gifted students academic and visual and performing arts opportunities beyond those normally available in the students' home schools. Through these schools, students are able to focus on a specific area of intellectual or artistic strength and interest, and study in a way that best suits the gifted learner's needs. Each program stresses non-traditional teaching and learning techniques to expand students' knowledge of and interest in science and technology, the humanities, and the arts by providing interaction with the community, industry, professionals, and higher education. Career exploration and advanced classes help students prepare for college and other postsecondary opportunities.

The programs have grown over the years, and various Governor's Schools models have been created. Currently, 19 Academic-Year Governor's Schools serve 6,670 high school students from 126 school divisions.

Each Academic-Year Governor's School is governed by a regional board comprised of at least one school board representative from each of the participating school divisions in accordance with the *Regulations Governing Jointly Owned and Operated Programs [8VAC20-281-20]*. The regional governing board is charged with developing policies for the school including the school's admission process, budget and local tuition contribution, and curriculum. Governor's Schools are unique in their focus area, selection of students, funding scenario, and curriculum in order to best serve their regional constituency.

Funding History of Academic-Year Governor's Schools

Funding of the Governor's Schools is a shared responsibility between the state and participating local school divisions. The Department of Education administers state Direct Aid funds appropriated by the General Assembly to the fiscal agents of each program based on a funding formula using the certified number of students enrolled from each division and the funded per pupil amount.

The initial per pupil funding amount for AYGS programs was \$1,000, and grew sporadically in ensuing years. For approximately the first 15 years of the AYGS program, the funded per pupil amount was not routinely adjusted on an annual basis. Subsequently, the funded per pupil amount was updated each biennium based on the percentage rate of change in the Standards of Quality (SOQ) Basic Aid per pupil amount resulting from the biennial "rebenchmarking" process.

The state payment allocated to each participating division is adjusted for the division's composite index. State funding is further adjusted based on the portion of the day the program is in operation (i.e., Program Classification), based on weights of 0.50 (half-day program), $\frac{5}{6}$ th ($\frac{5}{6}$ th-day program), and 1.0 (full-day program). Schools receive funds

allocated in Item 139, Paragraph C.28. of the *2016 Appropriation Act*. Item 139, Paragraph C.28.a. states that:

“Out of the amounts for Governor's School Payments, the Department of Education shall provide assistance for the state share of the incremental cost of regular school year Governor's Schools based on each participating locality's composite index of local ability-to-pay. Participating school divisions must certify that no tuition is assessed to students for participation in this program.”

AYGS students are included in the average daily membership (ADM) of their home school division. ADM enrollment is the basis for all state per pupil funding (such as Basic Aid funding under the Standards of Quality) received by school divisions. The *2016 Appropriation Act* (Item 139, Paragraph C.28.f.1) states that:

“...local school divisions are encouraged to provide the appropriate portion of the basic aid per pupil funding to the Governor's Schools for students attending these programs, adjusted for costs incurred by the school division for transportation, administration, and any portion of the day that the student does not attend a Governor's School.”

Recent state funding for AYGS programs has increased alongside per pupil funding:

Total State AYGS Funding	AYGS Funding Formula Per Pupil Amount
FY 2013 = \$12.0 million	FY 2013 = \$4,368
FY 2014 = \$12.3 million	FY 2014 = \$4,368
FY 2015 = \$13.2 million	FY 2015 = \$4,624
FY 2016 = \$13.5 million	FY 2016 = \$4,697
FY 2017 = \$15.9 million	FY 2017 = \$5,053 (note: includes the Compensation Supplement but not the \$50 per course/per student funding which varies by program)

Recent Study Requirements and Funding Actions Impacting AYGS Programs

In 2014, the General Assembly required the Secretary of Education to conduct a study of the formula used to determine Governor’s Schools funding (*Item 127, Paragraph E., 2014 Appropriation Act*). This study contains a detailed history of state funding for Governor’s Schools and presents various options for potential funding formula changes.

As a result of that study, in December 2015, the Governor proposed a new funding formula in the 2016-2018 biennial budget, as introduced, which provided 1) a base per pupil amount for support costs based on most support funding components provided in Standards of Quality Basic Aid funding, and 2) instructional staffing funding based on the SOQ Basic Aid instructional staffing standards that apply to high schools. Support costs include salary and non-salary items such as substitutes, school nurses, other support salaries, and non-personnel

expenditures (i.e., material and supplies, utilities, etc.). Instructional staffing includes classroom teachers, principal, assistant principal(s), guidance counselor(s) and librarian(s).

Under the Governor's proposal, a single support per pupil amount of \$2,099 (based on the average prevailing support funding per pupil used in the Basic Aid formula) funded non-instructional support salary and non-salary cost items. A separate per pupil amount was generated for each AYGS program to provide funding for instructional staffing costs. The instructional staffing funding provided was based on the SOQ staffing standards for non-teaching instructional positions (i.e., principal, assistant principal(s), school counselor(s), and librarian(s)) and the 21:1 school-wide ratio for secondary classroom teachers. This resulted in varying per pupil funding across programs since the SOQ instructional standards can generate a varying number of positions and costs when applied to each program's student enrollment. The funding formula proposed by the Governor provided an increase in state funding for AYGS programs compared to the existing formula used in fiscal year 2016.

The final action taken by the 2016 General Assembly on the AYGS funding formula for the 2016-2018 budget provided for the state's share of a 2.50 percent increase in the rebenchmarked per pupil funding amount and the state's share of \$50 per course per student in enrollment. This formula provided an increase in state funding for AYGS programs compared to the existing formula used in fiscal year 2016. The General Assembly also included budget language stating this formula is effective only for fiscal years 2017 and 2018. Additionally, the 2016 General Assembly increased the enrollment cap per AYGS program used for funding from 1,725 to 1,800 students beginning in fiscal year 2017.

Finally, the 2016 action included appropriation act language directing the Department of Education to review and submit findings on the distribution methodology used to determine Governor's Schools tuition payments. It states:

“The Department of Education shall review the distribution methodology used to determine the Governor's School tuition payments by November 4, 2016, and submit the findings of the review to the Chairmen of House Appropriations and Senate Finance Committees. The review shall include, but not limited to, consideration of the length of the academic program day with the intent to determine and provide an equitable distribution of tuition payments based on the actual length of academic program day, the appropriate state and local shares, and the academic model used by governor's schools in the configuration of the funding formula.”

Review of AYGS Program Revenues and Expenditures from Fiscal Year 2016

Table 1 below lists the revenues and expenditures reported by AYGS programs on the fiscal year 2016 Annual School Report submitted to the Department of Education. In total, over \$50.0 million in revenues and expenditures were reported for fiscal year 2016. While most expenditures were for operational costs (salaries and fringe benefits, utilities, materials-supplies, etc.), approximately \$720,000 was reported in capital expenditures. The two

dedicated sources of state funding for AYGS programs are the AYGS formula funding and the Virginia Public School Authority Educational Technology Grants that are provided to AYGS programs. These two state revenue sources totaled \$13.9 million in fiscal year 2016, and accounted for 27.6 percent of all revenues reported. Local tuition payments from participating school divisions was the largest revenue source at \$24.7 million (or 48.9 percent), while “other/miscellaneous” revenue was \$11.8 million (or 23.4 percent). Other/miscellaneous revenue is mainly comprised of student fees and refunds-rebates (note: this category also includes local operating funds provided directly by Fairfax County for the AYGS program at Thomas Jefferson High School).

In fiscal year 2016, non-state sources of revenue covered the majority of operating costs for AYGS programs; state funds support a smaller portion of costs for AYGS programs than they do for other public schools; this is particularly the case for full-day programs.

Table 1. Fiscal Year 2016 Revenues and Expenditures for Academic-Year Governor’s Schools Programs as Reported on the Annual School Report

Governor’s School	Revenues				Expenditures		
	State (AYGS Formula & VPSA Ed. Tech. Grants)	Local Tuition from Divisions	Other/Misc.	Total ³	Operating	Capital	Total
CENTRAL VIRGINIA GOVERNOR’S SCHOOL FOR SCIENCE/TECHNOLOGY	\$340,290	\$564,000	\$132,498	\$1,036,788	\$936,336	\$157,578	\$1,093,914
SOUTHWEST VIRGINIA GOVERNOR’S SCHOOL	\$387,734	\$442,750	\$12,932	\$843,416	\$855,043	\$0	\$855,043
GOVERNOR’S SCHOOL FOR THE ARTS	\$1,127,888	\$1,538,925	\$0	\$2,666,813	\$2,547,627	\$26,466	\$2,574,093
ROANOKE VALLEY GOVERNOR’S SCHOOL	\$434,403	\$1,255,500	\$0	\$1,689,903	\$1,610,941	\$69,256	\$1,680,197
NEW HORIZONS GOVERNOR’S SCHOOL	\$427,755	\$820,961	\$16,252	\$1,264,968	\$1,213,042	\$13,827	\$1,226,869
SHENANDOAH VALLEY GOVERNOR’S SCHOOL	\$575,575	\$749,414	\$134,437	\$1,459,426	\$1,366,450	\$0	\$1,366,450
GOVERNOR’S SCHOOL OF SOUTHSIDE VIRGINIA	\$589,397	\$422,061	\$1,346	\$1,012,804	\$919,160	\$7,355	\$926,516
APPOMATTOX REGIONAL GOVERNOR’S SCHOOL	\$1,172,806	\$2,505,720	\$7,464	\$3,685,990	\$3,620,354	\$31,966	\$3,652,320
A. LINWOOD HOLTON GOVERNOR’S SCHOOL	\$518,900	\$102,000	\$241,640	\$862,540	\$965,155	\$41,133	\$1,006,288
CHESAPEAKE BAY GOVERNOR’S SCHOOL	\$539,101	\$965,732	\$38,025	\$1,542,858	\$1,466,296	\$73,997	\$1,540,293
COMMONWEALTH GOVERNOR’S SCHOOL	\$906,632	\$2,474,361	\$0	\$3,380,993	\$3,380,993	\$0	\$3,380,993
MAGGIE L. WALKER GOVERNOR’S SCHOOL ¹	\$2,046,275	\$5,396,566	\$33,896	\$7,476,737	\$7,229,147	\$161,750	\$7,390,897
THOMAS JEFFERSON HIGH SCHOOL-FAIRFAX CO. ²	\$2,788,040	\$4,991,357	\$11,040,366	\$18,819,763	\$18,815,188	\$4,575	\$18,819,763
BLUE RIDGE GOVERNOR’S SCHOOL	\$607,891	\$0	\$3,877	\$611,768	\$597,084	\$25,540	\$622,624
JACKSON RIVER GOVERNOR’S SCHOOL	\$88,093	\$76,443	\$15,000	\$179,536	\$162,156	\$0	\$162,156

Governor's School	Revenues				Expenditures		
	State (AYGS Formula & VPSA Ed. Tech. Grants)	Local Tuition from Divisions	Other/Misc.	Total³	Operating	Capital	Total
MASSANUTTEN GOVERNOR'S SCHOOL	\$217,680	\$321,999	\$100,142	\$639,820	\$658,292	\$65,813	\$724,105
PIEDMONT GOVERNOR'S SCHOOL FOR MATH/SCL/TECH.	\$501,236	\$452,922	\$33,513	\$987,671	\$925,949	\$40,354	\$966,304
MOUNTAIN VISTA GOVERNOR'S SCHOOL	\$372,100	\$826,929	\$3,500	\$1,202,529	\$1,144,349	\$0	\$1,144,349
THE GOVERNOR'S SCHOOL @ INNOVATION PARK	\$283,976	\$744,782	\$1,850	\$1,030,608	\$1,189,766	\$0	\$1,189,766
Totals =	\$13,925,772	\$24,652,422	\$11,816,739	\$50,394,932	\$49,603,330	\$719,609	\$50,322,939

Footnotes:

1. Fiscal year 2015 revenue and expenditure data are shown since fiscal year 2016 data are not yet available.
2. Other/Misc. Revenues includes \$10,976,529 in annual local operating funds contribution from Fairfax County.
3. Several AYGS programs reported carryover funding from fiscal year 2015 for use in fiscal year 2016.

Review of AYGS Local Tuition Amounts and Existence of Foundations

Local tuition charged to school divisions participating in the AYGS programs is the largest source of revenue for the programs. About half of the programs have an associated private foundation that provides supplemental support and resources to the programs. Table 2 below summarizes the local tuition amounts charged per student for each program and whether the program has a private foundation providing supplemental support. Local tuition rates vary by program model, with tuition rates for full-day programs generally higher than the rates for shared-time programs. Programs in more rural areas or more virtual-based programs tend to have lower tuition rates. Local tuition rates range from \$0, where the participating divisions provide various costs in-kind, to a local share of \$16,075 per student based on each participating divisions' composite index. The local tuition rates for most shared-time programs fall in the range of \$3,000 to \$5,000, while the rates for most full-day programs are higher.

Ten AYGS programs have foundations or other mechanisms for external support of such items as research projects, field trips, technology, and extracurricular activities. Nine programs depend only on state and local funding allocations. Foundations provide a broad range of funding across programs, ranging from a few thousand dollars for materials/supplies, to \$30,000 for research and instructional field trips, to \$200,000 for various enrichment activities, competitions, athletics, and technology.

Table 2. Local Tuition and Foundation Information for Academic-Year Governor’s Schools Programs

<i>Program Name (Fiscal Agent Div.) (Program Classification)</i>	<i>Actual Enrollment 2016-2017</i>	<i>Local Tuition Amount per Student</i>	<i>Supporting Foundation?</i>
A. Linwood Holton Governor’s School (Washington County) (Shared-time 5/6)	147 (Fall only) 195 (Projected Spring)	\$500	No
Appomattox Regional Governor’s School (Chesterfield County) (Full-time)	374	\$6,794	Yes
Blue Ridge Governor’s School (Fluvanna County) (Shared-time 1/2)	560	\$0 tuition. However, school divisions pay salaries of teachers, classroom space, textbooks and school transportation. Three divisions (Orange, Goochland and Fluvanna) pay \$1,207 per student above their per-district allotted slots.	No
Central Virginia Governor’s School (Lynchburg City) (Shared-time 5/6)	131	\$4,617	Yes
Chesapeake Bay Governor’s School (Essex County) (Shared-time 5/6)	248	\$4,700	Yes
Commonwealth Governor’s School (Spotsylvania County) (Shared-time 1/2)	581	\$0 tuition. However, school divisions pay salaries of teachers, classroom space, textbooks and school transportation.	No
Governor’s School at Innovation Park (Prince William County) (Shared-time 5/6)	100	Prince William - \$4,813; Manassas City - \$4,690; Manassas Park - \$4,470	No
Governor’s School for the Arts (Norfolk City) (Full-time)	369	\$4,335	Yes
Governor’s School of Southside Virginia (Charlotte County) (Shared-time 5/6)	180	\$3,221.84 - for Humanities strand students. LEAs do not pay a tuition fee for the STEM strand students	No
Jackson River Governor’s School (Alleghany County) (Shared-time 1/2)	37	Alleghany - \$3,055.15; Bath - \$5,691.00; Botetourt - \$3,662.62; Buena Vista - \$3,556.85; Covington - \$3,662.62 (divisions pay an annual membership fee of \$3,000 regardless of the number of students)	No

VIRGINIA DEPARTMENT OF EDUCATION

<i>Program Name (Fiscal Agent Div.) (Program Classification)</i>	<i>Actual Enrollment 2016-2017</i>	<i>Local Tuition Amount per Student</i>	<i>Supporting Foundation?</i>
Maggie L. Walker Governor's School for Government and International Studies (Richmond City) (Full-time)	748	\$7,673	Yes
Massanutten Regional Governor's School (Shenandoah County) (Shared-time 5/6)	78	Per pupil rate - \$6,534.45 - divisions pay a different amount based on their composite index; Harrisonburg - \$4,424.11; Page - \$4,165.53; Rockingham - \$4,131.77; Shenandoah - \$4,426.87 but receives a reduced fee for building rental so actual per pupil cost is \$4,146.87	No
Mountain Vista Governor's School (Fauquier County) (Shared-time 5/6)	207	\$5,823	Yes
New Horizons Governor's School (Hampton City) (Shared-time 5/6)	170	For 169 students (three year average enrollment) divided by \$1,270,952 (total operational budget) = \$7,520 per student. Total operational budget minus projected state funding for 169 students= \$810,952; then divide by 169 students= \$4,798 per student	Yes
Piedmont Governor's School (Henry County) (Shared-time 5/6)	158	\$3,306	No
Roanoke Valley Governor's School (Roanoke City) (Shared-time 1/2)	267	\$4,650	Yes
Shenandoah Valley Governor's School (Augusta County) (Shared-time 5/6)	214	\$3,470	No (receives some funding from endowment though)
Southwest Virginia Governor's School (Pulaski County) (Shared-time 5/6)	114	\$3,650 tuition fee plus a utility fee of \$200 per student	Yes (but inactive for over 15 years)
Thomas Jefferson High School for Science and Technology (Fairfax County) (Full-time)	1,792	Without capital renovation fee for school year 2016-2017 is \$14,001 excluding transportation minus VDOE Governor's School contribution (variable due to LCI of participating school division). With capital renovation fee for school year 2016-2017 is \$16,075 excluding transportation, minus the VDOE Governor's School contribution (variable due to LCI of participating school division)	Yes
TOTAL Student Enrollment	6,670		

Proposed AYGS Funding Formula Options

As the 2016-2018 appropriation act language states that the AYGS program funding formula adopted in the 2016-2018 budget (i.e., state share of a 2.50 percent increase in the rebenchmarked per pupil funding amount and a \$50 per course per student amount) be effective only for fiscal years 2017 and 2018, several alternative AYGS funding formula options are proposed in this section.

Option 1: Provide Per Pupil Funding Based on SOQ Instructional and Support Cost Components; Uses Uniform Front-end Per Pupil Funding Amount for Most Costs

This option provides per pupil funding to AYGS programs based on instructional (using standards for high schools) and support cost components used in Standards of Quality funding. It is similar to the approach proposed in HB/SB 30 as introduced in December 2015; however, this approach establishes most of the per pupil funding values up-front, based on the per pupil unit cost of the standards, which are then applied to the enrollment of each AYGS program. Table 3 below illustrates the components included in the per pupil funding.

<u>2016-2018 Funded Salaries/Benefits Amounts for SOQ Instructional Positions:</u>	
Secondary Teacher Salary =	\$49,744
Sec. Asst. Principal Salary =	\$72,057
Secondary Principal Salary =	\$92,041
FY18 SOQ Instructional Fringe Benefit Add-on % (VRS, GL, Soc. Sec.) =	25.72%
SOQ Health Care Premium Per Position =	\$4,604
<u>SUPPORT Cost Component Based on Prevailing Support Per Pupil Amount:</u>	
Average Prevailing Per Pupil <u>Support Cost</u> from 2016-2018 SOQ Funding Formula =	\$2,099
<u>INSTRUCTIONAL Cost Component Based on SOQ Standards:</u>	
Per Pupil Cost of Secondary Teachers at 21:1 Ratio =	\$3,197
Per Pupil Cost of One High School Principal per Program (see below) =	<i>varies by program</i>
Per Pupil Cost of High School Asst. Principal at 1 per 600 =	\$159
Per Pupil Cost of High School Counselor at 1 per 350 =	\$192
Per Pupil Cost of High School Librarian per SOQ Standard (see below) =	<i>varies by program</i>
Per Pupil Cost for Funding All Programs (before Per Pupil for Principal & Librarian, Program Classification Weight, & Weighted Comp. Index Applied) =	\$5,647

This approach funds a statewide average support per pupil amount of \$2,099 that captures most support cost items contained in SOQ Basic Aid funding school divisions receive in the 2016-2018 budget. As in the HB/SB 30 proposal, several

support cost items are not included in this per pupil amount; specifically, the costs for pupil transportation, local school boards, and division superintendent.

The following five SOQ instructional positions are recognized for funding: Classroom Teacher, Principal, Assistant Principal, School Counselor, and Librarian, using the SOQ instructional standards for high schools. The SOQ funded salaries and fringe benefits rates and the standards used in calculating the instructional per pupil amounts are shown above in Table 3.

The per pupil amounts for teachers, assistant principal, and school counselor are constant across all programs and applied to the enrollment of each program. The standards for these positions are based on a 1 position per X student ratio so that the per pupil cost does not vary with program enrollment. Applying these per pupil amounts to enrollment allows partial positions against these standards to be funded.

However, the standards for principal and librarian do generate varying per pupil amounts depending on program enrollment since these standards are based on a fixed number of positions: a single position for principal, and 0.50 (up to 299 students), 1.0 (300 to 999 students), or 2.0 (1,000 or more students) positions for librarian. To incorporate these two standards, the per pupil amount will vary based on enrollment size. While these per pupil amounts vary, as shown in Table 4 below, their value is tied to funding these positions according to the standards based on the enrollment of each program.

As shown in Table 3, before application of the SOQ instructional Cost of Competing salary adjustment, program length weight, and composite index later in the formula, the single per pupil value that would be applied uniformly to all programs for the support cost component and teachers, principal, and school counselor is \$5,647.

As with the HB/SB 30 proposal, the current SOQ instructional Cost of Competing salary adjustment is applied to the per pupil amounts for the five instructional positions for AYGS programs in Northern Virginia whose fiscal agent school divisions are eligible for this salary adjustment (2.46 percent - partial rate - for certain Northern Virginia divisions outside of but near Planning District 8; 9.83 percent - full rate - for divisions in Planning District 8). Application of the instructional Cost of Competing rates increases the \$5,647 per pupil amount to \$5,729 (after partial rate adjustment) and \$5,974 (after full rate adjustment).

Table 4 below shows the per pupil funding amounts for each AYGS program used in the funding formula under this option. The \$5,647 amount (for support cost, teachers, assistant principal, and school counselor) is applied uniformly across all programs. The individual per pupil amounts for principal and librarian, as discussed above, vary based on program enrollment. The total per pupil amounts shown in the last column of the table reflect the three per pupil amounts added together.

Table 4. Per Pupil Funding Amounts by AYGS Program for Proposed Option #1

Governor's School	FY 2018 Projected Enrollment	PPA (Excl. Principal & Librarian)	Principal PPA	Librarian PPA	FY 2018 Total AYGS PPA
A. LINWOOD HOLTON GS	228	\$5,647	\$528	\$147	\$6,322
APPOMATTOX REGIONAL GS	380	\$5,647	\$317	\$177	\$6,140
BLUE RIDGE VIRTUAL GS	526	\$5,647	\$229	\$128	\$6,003
CENTRAL VIRGINIA GS	151	\$5,647	\$797	\$222	\$6,666
CHESAPEAKE BAY GS	253	\$5,647	\$476	\$133	\$6,255
COMMONWEALTH GS ¹	630	\$5,729	\$195	\$109	\$6,033
GOVERNOR'S SCHOOL FOR THE ARTS	355	\$5,647	\$339	\$189	\$6,175
GOVERNOR'S SCHOOL AT INNOVATION PARK ²	118	\$5,974	\$1,116	\$311	\$7,401
GOVERNOR'S SCHOOL OF SOUTHSIDE VIRGINIA	215	\$5,647	\$560	\$156	\$6,362
JACKSON RIVER GS	38	\$5,647	\$3,166	\$883	\$9,696
MAGGIE L. WALKER GS FOR GOV. & INT. STUDIES	748	\$5,647	\$161	\$90	\$5,897
MASSANUTTEN REGIONAL GS	76	\$5,647	\$1,583	\$442	\$7,672
MOUNTAIN VISTA GOVERNOR'S SCHOOL ¹	210	\$5,729	\$586	\$164	\$6,479
NEW HORIZONS GS FOR SCIENCE & TECHNOLOGY	171	\$5,647	\$704	\$196	\$6,547
PIEDMONT GS FOR MATHEMATICS SCIENCE & TECH.	158	\$5,647	\$762	\$212	\$6,621
ROANOKE VALLEY GS	270	\$5,647	\$446	\$124	\$6,217
SHENANDOAH VALLEY GS	225	\$5,647	\$535	\$149	\$6,331
SOUTHWEST VIRGINIA GS	120	\$5,647	\$1,003	\$280	\$6,929
THOMAS JEFFERSON HIGH SCHOOL ²	1,877	\$5,974	\$70	\$78	\$6,122

Footnotes:

1. Per pupil amounts reflect the Partial Instructional Cost of Competing salary adjustment of 2.46%.
2. Per pupil amounts reflect the Full Instructional Cost of Competing salary adjustment of 9.83%.

In this option, the program length weights of 0.50, 5/6th, and 1.0 are maintained consistent with the Program Classification of each AYGS program, as well as the weighted composite index for each program. The weighted composite index is the weighted (based on enrollment) average of the individual composite indices of the school divisions making up each AYGS program. In addition, the local per pupil funding maintenance of effort provision currently in the 2016-2018 budget could be maintained as part of this option.

The per pupil values under this option would be updated during each biennial “rebenchmarking” process for changes in the underlying cost components: standards, funded salaries, funded fringe benefits, and support costs. As the per pupil amounts reflect the SOQ funded fringe benefit rates, this option would provide formula funding for fringe benefits to AYGS programs as provided to school divisions through the SOQ funding formula.

Table 5 shows the program-by-program funding distributions in fiscal year 2018 for Option 1 compared to the funding distributions from the HB/SB 30 proposal and the funding formula in the current Chapter 780 budget. Note that the two percent Compensation Supplement funding is assumed to be removed in the funding distributions shown for Option 1. Also, the Option 1 funding for the Southwest Virginia Governor’s School reflects 5/6th-day funding as this program has returned to the 5/6 Program Classification.

As Option 1 results in an additional state cost over the current state funding level for AYGS programs, the formula could be phased-in over several fiscal years and partially funded as state revenues become available. The current funding formula approach adopted in the Chapter 780 budget for the 2016-2018 biennium could be maintained in future fiscal years until budgetary conditions may allow a transition to the Option 1 formula.

Table 5. Compare Fiscal and Distribution Impact of Three AYGS Program Funding Formula Approaches

Governor's School	Program Classification	FY 18 Enrollment	HB/SB 30 as Introduced (Dec. 2015)	Chapter 780 Budget	Proposed Option #1 (w/out 2% Comp. Suppl.)	Compare Proposed Option #1 to HB/SB 30 & Chapter 780	
			FY 2018 Payment	FY 2018 Payment	FY 2018 Payment	Compare to HB/SB 30	Compare to Ch. 780
A. LINWOOD HOLTON GS	5/6	228	867,421	743,124	879,203	11,782	136,079
APPOMATTOX REGIONAL GS	Full-Day	380	1,477,807	1,378,480	1,505,280	27,473	126,800
BLUE RIDGE VIRTUAL GS	1/2	526	790,425	723,457	805,337	14,912	81,880
CENTRAL VIRGINIA GS	5/6	151	553,524	460,975	564,007	10,483	103,032
CHESAPEAKE BAY GS	5/6	253	683,705	602,432	696,626	12,921	94,194
COMMONWEALTH GS	1/2	630	1,236,430	1,145,344	1,229,127	(7,303)	83,783
GOVERNOR'S SCHOOL FOR THE ARTS	Full-Day	355	1,393,976	1,236,060	1,420,621	26,645	184,561
GOVERNOR'S SCHOOL AT INNOVATION PARK	5/6	118	447,113	338,181	456,459	9,346	118,278
GOVERNOR'S SCHOOL OF SOUTHSIDE VA	5/6	215	791,092	708,029	806,107	15,015	98,078
JACKSON RIVER GS	1/2	38	132,472	73,505	134,943	2,471	61,438
MAGGIE L. WALKER GS FOR GOV. & INT. STUDIES	Full-Day	748	2,555,134	2,429,553	2,547,949	(7,185)	118,396
MASSANUTTEN REGIONAL GS	5/6	76	306,270	225,730	311,905	5,635	86,175
MOUNTAIN VISTA GOVERNOR'S SCHOOL	5/6	210	592,738	509,315	604,274	11,536	94,959
NEW HORIZONS GS FOR SCIENCE & TECH.	5/6	171	566,012	478,993	576,733	10,721	97,740
PIEDMONT GS FOR MATHEMATICS SCI. & TECH.	5/6	158	654,221	548,763	666,783	12,562	118,020
ROANOKE VALLEY GS	1/2	270	540,011	481,609	550,162	10,151	68,553
SHENANDOAH VALLEY GS	5/6	225	746,385	658,050	760,649	14,264	102,599
SW VA. GS (Option 1 reflects return to 5/6th program)	5/6	120	570,876	463,816	485,202	(85,674)	21,386
THOMAS JEFFERSON HIGH SCHOOL	Full-Day	1,877	3,597,743	3,402,290	3,734,183	136,440	331,893
TOTALS		6,749	\$ 18,503,355	\$ 16,607,706	\$ 18,735,550	\$232,195	\$2,127,844

Option 2: Provide Increased Support Per Pupil Funding to Full-time Programs

Recognizing the broader program and operational scope, higher per pupil operating cost and staffing, and lower percentage of funding support from state funds (relative to total operating costs) of the full-day AYGS programs, increase the support per pupil amount within Option 1 for the four full-day programs by 10 percent, from

\$2,099 to \$2,309. The projected state cost for this option is \$318,617 in fiscal year 2018. A 10 percent add-on balances recognition of the current costs and level of state funding support of the full-day programs with the increased state fiscal impact. This approach recognizes some of the differences in program scope, staffing, and operating costs between the shared-time and full-day programs without modifying the current program length weights or student enrollment used in the formula.

Option 3: Provide Textbook Per Pupil Funding to AYGS Programs

AYGS programs often require specialized textbooks and instructional materials, both hard-copy and digital, in providing their curricula and course offerings. Funding support in this area is cited as an on-going challenge for most programs. AYGS programs are not directly included in the Standards of Quality Textbooks funding distribution with school divisions; further, the appropriation act provides significant local flexibility on how the state Textbooks may be spent for instructional purposes.

The 2016-2018 budget provides the state share of \$109.78 per pupil in Average Daily Membership to school divisions under the Textbooks formula. The projected state cost in fiscal year 2018 to include AYGS programs in the Textbooks funding formula is \$328,669 (note: the program length weights of 0.50, 5/6th, and 1.0 are applied as part of this cost estimate). Alternatively, include budget language in the appropriation act requiring school divisions to pass through all or a portion of the per pupil state Textbooks funding that they receive for their students enrolled in AYGS programs (who are counted in the ADM of the resident school division).