



COMMONWEALTH of VIRGINIA

Steven R. Staples, Ed.D.
Superintendent of Public Instruction

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

Office: (804) 225-2023
Fax: (804) 371-2099

September 29, 2017

The Honorable Thomas K. Norment, Jr.
Co-Chairman, Senate Finance Committee
Virginia General Assembly
P. O. Box 6205
Williamsburg, Virginia 23188

The Honorable S. Chris Jones
Chairman, House Appropriations Committee
Virginia General Assembly
P. O. Box 5059
Suffolk, Virginia 23435

The Honorable Emmett W. Hanger, Jr.
Co-Chairman, Senate Finance Committee
Virginia General Assembly
P. O. Box 2
Mount Solon, Virginia 22843-0002

Dear Senators Norment and Hanger and Delegate Jones:

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. 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 and the Department of Education to report annually to the Chairmen of the House Appropriations and Senate Finance Committees the cost-savings agreements made and the adjusted state shares so approved.

For fiscal year 2017, Highland County Public Schools and Rappahannock 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 and Rappahannock County submitted a cost sharing agreement made with Madison County Public Schools. Copies of both agreements provided by the school divisions, pursuant to the Board of Education's criteria and

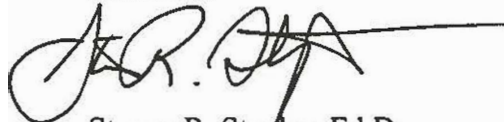
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Section 22.1-98.2, are attached. The submitted agreements were reviewed by the Department of Education and found to meet the criteria established by the Board of Education.

Governor McAuliffe approved Highland County's and Rappahannock County's requests for the adjusted Basic Aid payment. Consequently, Highland County received a supplemental state Basic Aid payment in fiscal year 2017 in the amount of \$785,726. This payment was based on Augusta County's fiscal year 2017 composite index of 0.3508 in lieu of Highland County's composite index of 0.8000. Rappahannock County did not receive a supplemental state Basic Aid payment in fiscal year 2017. This was due to language in Chapter 589 of the 2008 General Assembly which stated that the sum of the Basic Aid and Supplemental Basic Aid payments to Rappahannock County shall not exceed its fiscal year 2017 Basic Aid payment of \$1,129,280. The Basic Aid payment to Rappahannock County for fiscal year 2017 already exceeded the cap established in Chapter 589, so it was not eligible for a Supplemental Basic Aid payment last fiscal year.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'S.R. Staples', with a long horizontal line extending to the right.

Steven R. Staples, Ed.D.
Superintendent of Public Instruction

SRS/eml

Attachments

COPY

Decision Brief
for
The Honorable Terence R. McAuliffe

Request: Section 22.1-98.2, *Code of Virginia*, authorizes additional state funding to school divisions that served fewer than 1,100 students in the prior school year, whose localities have 65 percent or more of their local taxes coming from real estate taxes, and have a local composite index of 0.6000 or greater 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.

For fiscal year 2018, Highland County Public Schools is continuing a cost-saving/service-sharing agreement with Augusta County Public Schools that has been in place since fiscal year 2006 under the original criteria established by Chapter 820, 2004 Acts of Assembly. In addition, Rappahannock County Public Schools meets the revised criteria established under Chapters 589 and 705, 2008 Acts of Assembly, and has thus entered into a similar agreement with Madison County Public Schools.

Pursuant to Section 22.1-98.2, *Code of Virginia*, the Governor is required to approve any such funding annually before it is distributed to a qualifying school division.


Recommendation: The Department of Planning and Budget recommends approval of the fiscal year 2018 Supplemental Basic Aid funding provided for Highland County Public Schools and Rappahannock County Public Schools calculated based on the composite indices of Augusta County Public Schools and Madison County Public Schools, respectively, pursuant to Section 22.1-98.2, *Code of Virginia*. The cost-saving/service-sharing plans submitted by both divisions for fiscal year 2018 meet the Board of Education's criteria. Funding to support this payment is provided in the Appropriation Act, Chapter 836, 2017 Acts of Assembly.

DPB Director:  8/14/2017
Daniel S. Timberlake Date

CONCURRENCE


Secretary of Education:

- Recommend
- Recommend w/ Modification
- Deny


Date 8/14/2017

Secretary of Finance:

- Recommend
- Recommend w/ Modification
- Deny
- Not applicable


Richard D. Brown
Date 8/15/17

APPROVAL

- Approve
- Approve w/ Modification
- Deny

Governor:  8/16/17
Terence R. McAuliffe Date

Background: Section 22.1-98.2, *Code of Virginia*, authorizes additional state funding to school divisions that served fewer than 1,100 students in the prior school year, whose localities have 65 percent or more of their local taxes coming from real estate taxes, as calculated by the Auditor of Public Accounts (APA), and have a local composite index of 0.6000 or greater 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. The Supplemental Basic Aid entitlement for eligible school divisions is calculated by using the lowest composite index of the contiguous school divisions involved in the agreement for a period of 15 years.

Highland County Public Schools originally formed an agreement with Augusta County Public Schools in fiscal year 2006, pursuant to Chapter 820, 2004 Acts of Assembly, prior to the adoption of additional criteria by the 2008 General Assembly. Chapters 589 and 705, 2008 Acts of Assembly, expanded the criteria but also permitted any previously eligible division to continue to qualify under the preceding requirement that a school division must have served fewer than 350 students in the prior school year. Rappahannock County Public Schools originally formed an agreement with Madison County Public Schools in fiscal year 2011, pursuant to Chapters 589 and 705, 2008 Acts of Assembly. Rappahannock County Public Schools has entered into a similar cost-saving/service-sharing agreement with Madison County Public Schools for fiscal year 2018.

The statute requires the Governor to approve any such payments before they are distributed to the qualifying school division. In addition, the Department of Education is required to report annually to the House Appropriations and Senate Finance Committees the cost-saving/service-sharing agreements made by divisions that meet the Board of Education's criteria and the adjusted state shares of Basic Aid funding that will be paid to divisions as approved by the Governor.

Discussion: Highland County and Rappahannock County have met the criteria established under Section 22.1-98.2, *Code of Virginia*. Highland County has submitted a cost-saving/service-sharing agreement made with Augusta County Public Schools. Rappahannock County has submitted a cost-saving/service-sharing agreement made with Madison County Public Schools. The submitted agreements have been reviewed by the Department of Education and found to be in compliance with the eligibility criteria established by the Board of Education.

Recommendation: Highland County Public Schools and Rappahannock County Public Schools should receive the state share of Supplemental Basic Aid funding in fiscal year 2018 based on the composite index of the contiguous school division involved in the respective cost-saving/service-sharing agreement for each division. Highland County's Supplemental Basic Aid payment is computed based on Augusta County's composite index of 0.3508 in lieu of Highland County's composite index of 0.8000. The estimated state cost to fund Highland County's Supplemental Basic Aid payment in fiscal year 2018 is \$898,957, based on Chapter 836, 2017 Acts of Assembly.

Rappahannock County's Supplemental Basic Aid payment is computed based on Madison County's composite index of 0.4411 in lieu of Rappahannock County's composite index of 0.7398. The estimated state cost to fund Rappahannock County's Supplemental Basic Aid payment in fiscal year 2018 is \$5,920, based on Chapter 836, 2017 Acts of Assembly.

The state costs for Supplemental Basic Aid are budgeted in the current fiscal year 2018 appropriations for Direct Aid to Public Education, as provided in Item 139 of Chapter 836, 2017 Acts of Assembly.

Attachments:

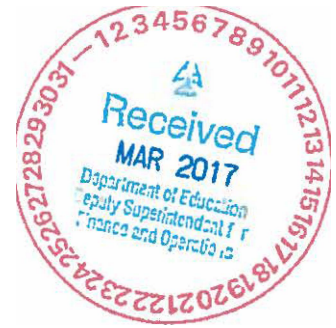
- **Section 22.1-98.2, *Code of Virginia***
- **Eligibility Criteria Approved by the Board of Education (“Eligibility Criteria and Procedures for Supplemental Funding for School Divisions in the Commonwealth of Virginia That Enter Into Cost-Saving or Service-Sharing Agreements”)**
- **Approved Cost-saving/Service-sharing Agreement Between Highland County Public Schools and Augusta County Public Schools for FY 2018**
- **Approved Cost-saving/Service-sharing Agreement Between Rappahannock County Public Schools and Madison County Public Schools for FY 2018**
- **Chapter 820, 2004 Acts of Assembly**
- **Chapters 589 and 705, 2008 Acts of Assembly**
- **Item 139, Chapter 836, 2017 Acts of Assembly**



RAPPAHANNOCK COUNTY PUBLIC SCHOOLS

School Board Office
6 Schoolhouse Road
Washington, Virginia 22747

Telephone (540) 227-0023
Fax (540) 987-8896
www.rappahannockschoools.us



February 24, 2017

Mr. Kent C. Dickey
Deputy Superintendent of Finance & Operations
Department of Education
P.O. Box 2120
Richmond, VA 23218-2120

Dear Mr. Dickey:

Attached is the renewed cost-sharing/cost-saving agreement between Rappahannock and Madison counties.

Rappahannock County Public Schools agree to report this agreement annually to the Department of Education, in order to receive the state share for basic aid computed on the basis of the composite index of local ability-to-pay of the contiguous school division as permitted by State Board of Education regulations and Virginia Code § 22.1-98.2.

If you have any questions, please contact me at 540-227-0023 or by email at gblair@rappahannockschoools.us.

Sincerely,

Gary R. Blair, Ed. D.
Division Superintendent

Attachment



RAPPAHANNOCK COUNTY PUBLIC SCHOOLS

School Board Office
6 Schoolhouse Road
Washington, Virginia 22747

Telephone (540) 227-0023
Fax (540) 987-8896
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Contract Between the Madison County School Board and The Rappahannock County School Board

Introduction:

The School Boards of Madison and Rappahannock Counties agree to enter into this "cost-sharing/cost-savings" agreement as permitted by State Board of Education regulations and Virginia Code §22.1-98.2 – *Certain agreements; adjustment of state share for basic aid.*

A. *Any school board of a school division in which fewer than 1,100 students were included in average daily membership for the preceding school year, in a locality that has a local composite index of .6000 or greater, and has 65 percent or more of its local taxes coming from real estate taxes, as calculated by the Auditor of Public Accounts and reported annually to the Department of Education, upon entering into certain cost-savings agreements with a contiguous school division for the consolidation or sharing of educational, administrative, or support services, shall receive the state share for basic aid computed on the basis of the composite index of local ability-to-pay of the contiguous school division, calculated annually, for a period of 15 years.*

The School Boards of Madison and Rappahannock Counties agree to share certain services as follows:

- Do cooperative purchasing in selected areas (custodial supplies, duplicating paper, computers, food, etc.) to be determined through consultation between the school divisions' finance offices and administrative staff.
- HS students may enroll in certain classes in the other school division at no cost. Rappahannock will reserve up to two slots in each of the following classes for Madison students through the second day of the semester: Latin and Culinary Arts. Madison will reserve up to two slots in each of the following classes for Rappahannock students through the second day of the semester: Cosmetology/Barbering and other classes to be determined. The school divisions may add courses to or delete courses from these lists by mutual agreement.
- Prior to putting surplus school buses and cars up for auction, Rappahannock will offer surplus buses and cars to Madison at no cost.
- Employees of both school divisions may attend on-site staff development on a space available basis at no cost.
- Rappahannock will send its designated professional staff member to Madison to complete approximately 40 written Social Histories annually as part of the Special Education evaluation process at no cost to the Madison Schools.

This agreement shall be in effect from July 1, 2017 – June 30, 2018. This agreement complies with all Federal, State, and Local laws. For the purpose of renewing the agreement, the school divisions agree to consider revisions to this agreement by December 31 of each contract year. If either party wishes to terminate the agreement, written notice must be given to the other party at least 90 days in advance of the proposed date of termination.


Dr. Matthew J. Eberhardt, Superintendent, Madison County Public Schools

2-13-17
Date


Dr. Donna O. Matthews, Superintendent, Rappahannock County Public Schools

2-21-17
Date

Thomas Schott
Superintendent



Highland County Public Schools

Board Members
Chris Amirault. - Chair
Joseph Neil-Vice Chair
John Moyers, Jr.

240 Myers Moon Road PO Box 250 Monterey, VA 24465 Phone 540-468-6300 Fax 540-468-6308

July 12, 2017

Mr. Kent Dickey
Deputy Superintendent
Virginia Department of Education
P.O. Box 2120
Richmond, VA 23218-2120



Dear Mr. Dickey:

Highland County Public Schools would like to continue our Cost-Saving Agreement with Augusta County Public Schools. We have enclosed a signed copy of a letter from Augusta County agreeing to this extension.

Sincerely,

A handwritten signature in black ink, appearing to read "T. Schott".

Thomas J. Schott, Ed.D.
Division Superintendent

Enclosure

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

This agreement is between August County Public Schools and Highland County Public Schools for the period of July 1, 2017 to June 30, 2018.

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 250 students. Such services may include but are not limited to:

Head Start

Highland County Public Schools, as part of the Shenandoah Valley Head Start Consortium of which Augusta County Public Schools is the fiscal agent, will service as a site for a 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 estimated at \$90,000.

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.

Highland Elementary School will partner with Craigsville Elementary School. The principal of Craigsville Elementary School will partner with Teresa Blum, principal of Highland Elementary School. Both faculties will interact as we develop our curriculum offerings and continue to meet AMO and standards for SOL scores.

Augusta County Schools instructional specialists will form collegial partnerships with our school library media specialists and our middle school science teacher. The Language Arts K-12, Foreign Language and ESL Supervisor will partner with our high school foreign language teacher and provide professional development opportunities for our Language Arts teachers.

The Technology Department will partner with our Coordinator of Administrative Technology, Gary Lane. Highland County Public Schools, due to our small size, has an extremely difficult time getting even one company to submit bids. Therefore this partnership is invaluable in purchasing 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 and maintenance. We anticipate a cost savings of approximately \$3,000.

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



Dr. Eric Bond, Superintendent
Augusta County Public Schools

7-20-17

Date



Dr. Thomas J. Schott, Superintendent
Highland County Public Schools

7-20-17

Date