



COMMONWEALTH of VIRGINIA

Lisa Coons, Ed.D.
Superintendent of Public Instruction

DEPARTMENT OF EDUCATION
P.O. BOX 2120
RICHMOND, VA 23218-2120

Office: (804) 225-2057
Fax: (804) 371-2099

December 18, 2023

The Honorable Janet D. Howell
Co-Chairman, Senate Finance and
Appropriations Committee
Virginia General Assembly
P. O. Box 2608
Reston, Virginia 20195-0608

The Honorable Barry D. Knight
Chairman, House Appropriations Committee
Virginia General Assembly
1852 Mill Landing Road
Virginia Beach, Virginia 23457

The Honorable George L. Barker
Co-Chairman, Senate Finance and
Appropriations Committee
Virginia General Assembly
P.O. Box 10527
Alexandria, Virginia 22310

Dear Senator Howell, Senator Barker, and Delegate Knight:

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 Virginia Department of Education (VDOE) 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 VDOE 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 (FY) 2023, 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 Section 22.1-98.2, are attached. The submitted agreements were reviewed by VDOE and found to meet the criteria established by the Board of Education.

The Honorable Janet D. Howell
The Honorable George L. Barker
The Honorable Barry D. Knight
September 21, 2023
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In FY 2023, Highland County received a supplemental state Basic Aid payment in the amount of \$829,722. This payment was based on Augusta County's FY 2023 composite index of 0.3751 in lieu of Highland County's composite index of 0.7745. Rappahannock County received a supplemental state Basic Aid payment in FY 2023 in the amount of \$348,699. This payment was based on Madison County's FY 2023 composite index of 0.4624 in lieu of Rappahannock County's composite index of 0.8000. Rappahannock County's state entitlement is capped 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 FY 2007 Basic Aid payment of \$1,129,280.

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

Sincerely,

Dr. Lisa Coons

LC/eml

Attachments

Decision Brief
for
The Honorable Glenn Youngkin

Request: Section 22.1-98.2, *Code of Virginia*, authorizes supplemental state funding for school divisions that served fewer than 1,100 students in the prior school year, whose localities receive 65 percent or more of its local taxes from real estate taxes, and that have a local composite index of 0.6000 or greater. A qualifying school division may receive the supplemental funding if it enters into a cost-saving or service-sharing agreement with a contiguous school division that meets criteria established by the Board of Education. The supplemental funding is based on the additional funds the qualifying division would receive when the lowest composite index (CI) of the contiguous divisions subject to the agreement is applied.

For fiscal year 2023, Highland County Public Schools continues 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 continues a cost-saving/service sharing agreement with Madison County Public Schools that has been in place since 2011 under the revised criteria established by Chapters 589 and 705, 2008 Acts of Assembly.

Pursuant to Section 22.1-98.2, *Code of Virginia*, the Governor is required to approve any such supplemental state funding annually prior to the distribution of funds to a qualifying school division.

Recommendation: The Department of Planning and Budget recommends approval of the fiscal year 2023 Supplemental Basic Aid funding provided for Highland County Public Schools (based on Augusta County Public Schools' CI) and Rappahannock County Public Schools (based on Madison County Public Schools' CI), pursuant to Section 22.1-98.2, *Code of Virginia*. The cost-saving/service-sharing plans submitted by both divisions for fiscal year 2023 meet the Board of Education's criteria. Funding to support these payments is provided in the 2022 Appropriation Act, Chapter 2, 2022 Acts of Assembly, Special Session I. Actual payments to these divisions for fiscal year 2023 will be based on actual March 31, 2023, average daily membership.

DPB Director: Michael D. Maul 7/17/22
Michael D. Maul Date

CONCURRENCE

Secretary of Education:

Recommend
Recommend w/ Modification
Deny
Aimee Rogstad Guidera 8/24/22
Aimee Rogstad Guidera Date

Secretary of Finance:

Recommend
Recommend w/ Modification
Deny
Stephen E. Cury 9-7-22
Stephen E. Cury Date

APPROVAL

Approve Approve w/ Modification Deny

Governor: _____
Glenn Youngkin Date

Decision Brief
for
The Honorable Glenn Youngkin

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DPB Director: Michael D. Maul 7/17/22
Michael D. Maul Date

CONCURRENCE

Secretary of Education:

Recommend
Recommend w/ Modification
Deny

Aimee Rogstad Guidera 8/24/22
Aimee Rogstad Guidera Date

Secretary of Finance:

Recommend
Recommend w/ Modification
Deny

Stephen E. Cummings _____
Stephen E. Cummings Date

APPROVAL

Approve Approve w/ Modification Deny

Governor: Glenn Youngkin 9/19/22
Glenn Youngkin Date



Highland County Public Schools



240 Myers Moon Road · P.O. Box 250 · Monterey, VA 24465 · P: (540) 468-6300 · F: (540) 468-6306

June 17, 2022

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

Approved.
KCD 6/22/22



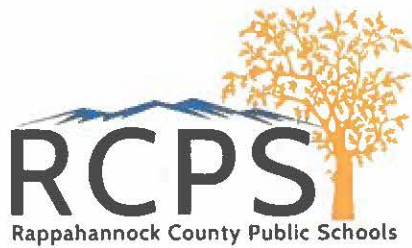
Mr. Dickey,

Highland County Public Schools would like to continue our Cost Sharing Agreement with Augusta County Public Schools. We have enclosed the signed agreement between Highland County Public Schools and Augusta County Public Schools.

Thank you,

Mr. Charles Winkler
Superintendent

Enclosure



School Board Office
6 Schoolhouse Road
Washington, Virginia 22747
Telephone (540) 227-0023
Fax (540) 987-8896
www.rappahannockschools.us

February 16, 2022

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.

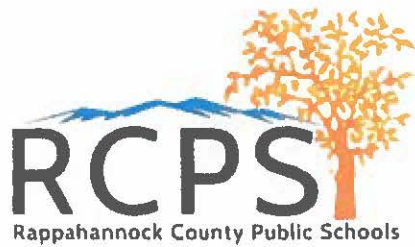
Rappahannock County Public Schools agree to report this agreement annually to the Department of Education, in order to receive the state share for basic aid computed on the basis of the composite index of local ability-to-pay of the contiguous school division as permitted by State Board of Education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

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

Sincerely,

Dr. Shannon L. Grimsley
Division Superintendent

Attachment



School Board Office
6 Schoolhouse Road
Washington, Virginia 22747
Telephone (540) 227-0023
Fax (540) 987-8896
www.rappahannockschools.us

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.

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

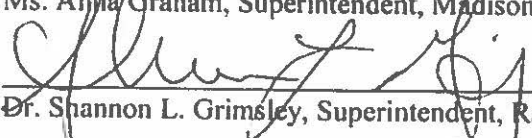
- Do cooperative purchasing in selected areas (custodial supplies, duplicating paper, computers, food, etc.) to be determined through consultation between the school divisions’ finance offices and administrative staff.
- HS students may enroll in certain classes in the other school division at no cost. Rappahannock will reserve up to two slots in CTE classes to be determined by availability for Madison students through the second day of the semester. Madison will reserve up to two slots in CTE classes to be determined by availability for Rappahannock students through the second day of the semester. 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, 2022 – June 30, 2023. 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.



Ms. Anna Graham, Superintendent, Madison County Public Schools

2-14-22
Date



Dr. Shannon L. Grimsley, Superintendent, Rappahannock County Public Schools

2-14-22
Date

§ 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.

The Board of Education shall develop eligibility criteria for such cost-savings and service-sharing agreements and for the adjustment of the state share for basic aid, consistent with the appropriation act.

The Governor shall approve the adjustment to the state share prior to the disbursement of funds. The Department of Education shall annually report to the Chairmen of the House Committee on Appropriations and Senate Committee on Finance the cost-savings agreements made and the adjusted state shares so approved.

B. The local school board receiving the adjusted state share shall not use the additional funds received to supplant local funds appropriated for education. The adjusted state share shall be used solely for educational purposes and shall not be used to reduce local operating expenditures for public education from the prior fiscal year. However, no school division shall be required to maintain a per pupil expenditure for operations that exceeds the per pupil expenditure in the prior fiscal year. The superintendent of the school division shall inform the Superintendent of Public Instruction of the public education purpose for which these local funds shall be used.

C. Nothing in this section shall prohibit the Commonwealth from terminating or modifying any program or function under which distribution to a local school board has been made, and if so terminated or modified all obligations hereunder shall cease or be reduced in proportion with such modifications, as the case may be.

D. Except as provided in subsection C, such contractual agreements shall remain in effect until terminated by the relevant school divisions. If any such contractual agreements between the relevant school divisions terminate, the Commonwealth's obligation under this section shall cease.

E. This agreement and adjusted state payment shall be in lieu of any existing funds a locality receives from a Small School Division Assistance grant.

F. Any standard of quality set forth in this act that is not required as of June 30, 2004, and for which additional state funding is required, shall not take effect unless the state's share of funding that standard is included in the general appropriation act for the period July 1, 2004, through June 30, 2006, passed during the 2004 Session of the General Assembly and signed into law by the Governor. (2004, c. [820](#); 2008, cc. [589](#), [705](#); 2019, cc. [405](#), [406](#))

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

Purpose

Section 22.1-98.2, *Code of Virginia*, directs the Board of Education to develop eligibility criteria for cost-saving and service-sharing agreements for school divisions that enter into such agreements with contiguous school divisions. School divisions serving fewer than 1,100 students in the prior school year, having a local composite index of .6000 or greater, and having 65 percent or more of their local taxes coming from real estate taxes that enter into such an agreement with a contiguous school division are eligible to receive the state share for Basic Aid computed on the basis of the composite index of the contiguous school division, calculated annually.

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

Definitions

Eligible school divisions: School divisions that served less than 1,100 students in the prior school year, have a local composite index of .6000 or greater, and have 65 percent or more of their local taxes coming from real estate taxes.

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

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

Eligibility Criteria

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

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

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

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

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

Procedures

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

Receipt of adjusted Basic Aid funding will begin after approval of the plan by the Department of Education and approval of the adjusted payment by the Governor of Virginia. The additional Basic Aid payments will be computed for the eligible school division on the basis of full year funding using the lowest composite index of a contiguous school division participating in the agreement. All payments of additional Basic Aid pursuant to these procedures are subject to appropriation of state funds for this purpose. State funding of additional Basic Aid does not reduce the required local effort of the eligible school division.

References

- Section 22.1-98.2, Code of Virginia
- Chapter 552, 2021 Special Session I Acts of Assembly