



Commonwealth of Virginia
GENERAL ASSEMBLY
RICHMOND

November 1, 2024

The Honorable Glenn Youngkin
1111 East Broad Street
Richmond, VA 23219

The Honorable L. Louise Lucas
Chair, Senate Finance and Appropriations Committee
P.O. Box 700
Portsmouth, VA 23705

The Honorable Luke E. Torian
Chair, House Appropriations Committee
4222 Fortuna Plaza, #659
Dumfries, VA 22025


Dear Governor Youngkin and Chairs Lucas and Torian,

Pursuant to Chapter 2, 2024 Special Session I, Item 1, Paragraph S, the Joint Subcommittee on Elementary and Secondary Education Funding is required to submit initial recommendations and an implementation plan to the Governor and Chairs of the House Appropriations and Senate Finance and Appropriations Committees by November 1, 2024.

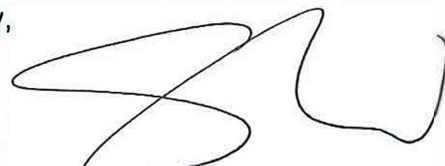
The following interim report includes a description of the activities of the Joint Subcommittee through November 1 as well as the initial recommendations and work plan. The work plan contains information about the Joint Subcommittee's plan for the 2025 General Assembly Session and subsequent work.

Documents related to the meetings of the Joint Subcommittee are available on the General Assembly's Studies website (<https://studies.virginiageneralassembly.gov/studies/679>).

Sincerely,



Mamie E. Locke, Chair



Sam Rasoul, Vice-Chair

**JOINT SUBCOMMITTEE ON
ELEMENTARY AND SECONDARY EDUCATION FUNDING
INTERIM REPORT**

MEMBERS

Delegate Sam Rasoul (Vice-Chair)
Delegate David L. Bulova
Delegate Briana D. Sewell
Delegate Terry L. Austin
Delegate James W. (Will) Morefield

Senator Mamie E. Locke (Chair)
Senator L. Louise Lucas
Senator Jennifer B. Boysko
Senator Ghazala F. Hashmi
Senator Mark D. Obenshain

STAFF

Wendy Kang, Legislative Analyst, Senate Finance and Appropriations Committee
Anya Pfeiffer, Associate Legislative Analyst, Senate Finance and Appropriations Committee
Zachary Robbins, Legislative Analyst, House Appropriations Committee

BACKGROUND

Chapter 1, 2023 Special Session I, created the Joint Subcommittee to Study Elementary and Secondary Education Funding. The role of the Subcommittee is “to provide on-going direction and oversight of the Standards of Quality funding cost policies and to make recommendations to their respective committees.”

In addition, and as a result of the Joint Legislative Audit and Review Commission’s (JLARC) July 2023 report on “Virginia’s K-12 Funding Formula,” the Subcommittee was charged to: (i) review the recommendations and policy options offered in the JLARC report; (ii) determine the appropriateness of implementing each recommendation or policy option; (iii) propose appropriate amendments to each recommendation or policy option; and (iv) develop a long-range plan for the phased implementation of its recommendations. The language also requires the Subcommittee to consider the long-term fiscal implications of each recommendation and to submit “initial recommendations and an implementation plan to the Governor and the Chairs of the House Appropriations and Senate Finance and Appropriations Committees no later than November 1, 2024”

MEETINGS

The Joint Subcommittee met twice as of the writing of this report, on September 16, 2024 and October 31, 2024.

September 16, 2024

At the September 16 meeting, members received presentations from money committee staff, JLARC staff, and national experts on funding formulas in other states from the National Conference of State Legislatures (NCSL). JLARC staff provided a summary of their 2023 report “Virginia’s K-12 Funding Formula” and the resulting recommendations and policy options. NCSL experts shared timelines, considerations, and formula structures from other states that have updated their formula in recent years. Public comment was taken via a virtual comment form, which opened several days before the meeting and remained open until the end of that week. Joint Subcommittee members received 58 responses through the public comment form.

October 31, 2024

At the October 31 meeting, JLARC staff provided an in-depth review of the near-term recommendations included in their 2023 report. House Appropriations and Senate Finance and Appropriations Committee staff reviewed a draft Subcommittee work plan and potential interim recommendations for action during the 2025 General Assembly session. Public comments were accepted at the end of the meeting. Public comment was also accepted via a virtual comment form, which opened several days before the meeting and will remain open through November 5.

The Joint Subcommittee plans to reconvene on December 9 at 1:00 p.m. to finalize its initial recommendations.

INITIAL RECOMMENDATIONS AND WORK PLAN

The Joint Subcommittee’s work plan and initial recommendations are attached.



October 31, 2024

Joint Subcommittee on Elementary and Secondary Education Funding

Prepared by House Appropriations and Senate
Finance and Appropriations Committee Staff



Reminder: Joint Subcommittee's Legislative Mandate

Purpose:

- To provide ongoing oversight on Standards of Quality (SOQ) funding policies and make recommendations to their respective committees.

Task:

- Review JLARC's recommendations and policy options related to the 2023 report on Virginia's K-12 Funding Formula.
- Propose appropriate amendments and develop a long-range plan for phased implementation, giving consideration to long-term fiscal implications.
- Initial report due on November 1, 2024.

Source: 2024 Special Session I, Chapter 2, Item 1, Paragraph S.



Agenda

1

Summary of Public Comments

2

Review of JLARC Report on K-12 Funding Formula Near-Term Recommendations

3

Review of Work Plan, Initial Recommendations, and Interim Report



Summary of Public Comments

- Online public comments for the September 16 meeting were received from September 9 – 20.
- 58 unique respondents provided comments:
 - Nine responses mentioned lifting the support cap.
 - 31 respondents mention a request regarding the Supplemental Basic Aid cap in one jurisdiction.
 - Comments generally recognized that the work of the Joint Subcommittee will be time consuming but expressed an interest in near-term actions to provide more money for students and schools.

Public comments will be accepted online through November 5.

- Submit comments at this link:
<https://forms.office.com/r/ZHQF22w22F>
- Public comment opportunities will be announced in each meeting agenda.



JLARC Review of Near-Term Recommendations

Mark Gribbin
Chief Legislative Analyst
JLARC

Reminder: Additional Investments Since JLARC Report

\$627.0 million additional provided to school divisions in FY 2024

\$2.1 billion additional provided in 2024-26 biennium

2023 Actions (2023, Ch. 767 & 2023 SS I, Ch. 1) (\$ in millions)	FY 2024
Technical Amendments	\$129.8
Flexible Per-Pupil Funds	418.3
Additional Support Positions	152.3
Reading Specialists	54.6
Other	1.8
Total	\$756.8

2024 Actions (2024 SS I, Ch. 2) (\$ in millions)	2024-26 Bien.
Rebenchmarking and Technical	\$966.8
3% Salary Increases	546.7
At Risk	371.3
English Learner Teachers	74.1
Additional Reading Specialists	61.2
Increase Lottery Per Pupil in FY 25	25.0
Other	12.3
Total	\$2,057.4



Updated Costs of Recommendations

- Joint Subcommittee staff requested the Virginia Department of Education (DOE) to provide updated costs to implement the near-term JLARC recommendations and identify any challenges related to the updating the costs.
- Additional information will be provided at the December 9 meeting.



Work Plan



JLARC Recommendations and Policy Options: Formula Changes

JLARC recommendations related to the funding formula focused on three primary areas:

- **Base funding:** Includes changes to the calculations that focus on salary assumptions, prevailing costs, and staffing ratios. (A policy option included changing to a student-based formula.)
- **Unique needs of students and school divisions:** Includes adjustments for English language learners, at-risk students, special education, economies of scale, and regional costs.
- **Cost share between state and localities:** Includes adjustments to the calculations for the LCI to determine the local share or switching to a new calculation based on revenue capacity.



JLARC Recommendations and Policy Options: Near- versus Long-Term

Recommendations:

- **Near-term recommendations (eight):**
 - Could be phased in over 3-4 years.
- **Long-term recommendations (five):**
 - Could be phased in over 7-10 years.
 - More complex changes that would take more time to design or implement or incur high costs.

} Focus for 2025 session and upcoming biennium.

} Additional review and input after 2025 session for remaining items.

Policy Options:

- Proposed when “elements of the formula do not have to be changed based on the evaluation criteria, but improvements could still be made.”

Work Plan

1. Identify Actions for 2025 Session

Focus on JLARC near-term recommendations and areas of greatest need
Initial data and resource needs.

2. Review Base Per-Pupil Funding

Assess data used to determine salary and cost calculations.
Consider student-based formula options.

3. Review Adjustments to Address Unique Needs of Students & School Divisions

Determine adjustments for students with disabilities, at-risk students, English learners; regional costs, and economies of scale

4. Review How Costs are Shared Between State & Localities

Review local composite index and revenue capacity index alternative.

Engage with stakeholders and assess state and local fiscal impacts.

Note: JLARC recommendations are included in the appendix.



Initial Recommendations for Joint Subcommittee Consideration



Initial Recommendations

1

Prioritize Near-Term JLARC
Recommendations

2

Explore Options to Further Support
Special Education

3

Address Data and Infrastructure Needs to
Support the Joint Subcommittee



1: Prioritize Near-Term JLARC Recommendations

- Near-term recommendations can be phased in over 3-4 years. Long-term recommendations are more complex and will require additional review to implement.
- JLARC recommendations could be considered if they meet the following criteria:
 - Scalability: Recommendation can be implemented in phases based on funding constraints.
 - Data availability: Data is readily available to implement the recommendation.
 - Proportionate distribution: Funding is adjusted proportionately across all localities.



2: Explore Options to Further Support Special Education

- The JLARC report:
 - Identified that per-pupil special education funding has declined over the last 10 years when adjusted for inflation.
 - Found that the largest gap between SOQ formula estimates for staffing when compared to actual division staffing was in instructional aides, including special education.
 - Recommended further review of special education staffing needs (language was included in HB 624/SB 105 but was vetoed by the Governor).
- Additional language and funding could be included to support special education in the interim.



3: Address Data and Infrastructure Needs to Support the Joint Subcommittee

- The JLARC report:
 - Noted that the state collects detailed school division expenditure data, but expenditures to support certain areas, such as English learner programming are not collected.
 - Recommended that the systems to collect and compile data should be modernized.
- The budget includes \$300,000 annually to DOE to support the Joint Subcommittee.
 - Other states have procured additional assistance to facilitate decision-making and implementation.
 - Additional language could be included to improve data collection, assess system needs, and facilitate the work of the Joint Subcommittee.

Bills Referred to the Joint Subcommittee

Bill	Patron	Title
HB 181	Feggans	School counselors; decreases public school staffing ratios.
HB 359	Simonds	Public school funding; nonpersonal cost categories, federal fund deduction methodology.
HB 386	Hernandez	Public schools; increase staffing ratios for specialized student support positions.
HB 582	Simonds	Public high schools; each school board to employ at least one career coach.
HB 702	Webert	Public school funds; state share for basic aid, basic aid and supplemental basic aid payment limit.
HB 1033	Bloxom	School boards, certain; cost of competing adjustments, eligibility.



Interim Report Outline

- Overview of Subcommittee Charge
- Summary of Meetings
- Initial Recommendations and Work Plan



Next Steps: December 9 Meeting

- Online public comment available through November 5 and reopening prior to December 9 meeting.
- Continue refining initial recommendations:
 - Review public comment.
 - Review updated data regarding near-term JLARC recommendations provided by DOE.
 - Further prioritize potential 2025 Session actions.
 - Discuss initial steps for 2025 Interim and consideration of JLARC long-term recommendations.