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HOUSE JOINT RESOLUTION NO. 173

Offered January 24, 2000

Directing the Joint Legislative Audit and Review Commission, in cooperation with the House Committee on Appropriations and the Senate Committee of Finance, to study the funding of the Standards of Quality.

Patron—Blevins

Referred to Committee on Rules

WHEREAS, under Article VIII, Section 1 of the Virginia Constitution, ultimate responsibility for public education rests with the Virginia General Assembly, which is specifically charged with the duties of establishing a public school system and striving to ensure its quality; and

WHEREAS, the Standards of Quality (SOQ), prescribed by the Board of Education and revised only by the General Assembly, establish minimum educational goals and requirements; and

WHEREAS, the framers of the 1971 Constitution clarified that the legislative branch must not only revise the SOQ prescribed by the Board, but also determine the method of financing public education, and agreed that while the General Assembly would apportion costs, responsibility for funding public schools would be shared with localities; and

WHEREAS, to meet this constitutional directive, the General Assembly has crafted a complex methodology for the apportionment of the state and local share for the Standards of Quality; and

WHEREAS, although Virginia's method for apportioning state and local fiscal responsibility for SOQ programs has evolved over the years, the Commonwealth's funding plan for SOQ programs requires the calculation of SOQ costs, based on a per pupil cost and average daily membership, an amount to which a weighted formula—the Composite Index of Local Ability to Pay—is applied to determine local ability to pay for these mandated programs as well as the Commonwealth's appropriate contribution for each locality; and

WHEREAS, created in 1974, the Composite Index of Local Ability to Pay compares three local measures of wealth—real property values, adjusted gross income, and local option sales taxes—to statewide averages and adjusts these indicators by student population and total population; and

WHEREAS, the appropriation act sets a composite index of 0.8000 as the maximum index that will be used to compute local shares, thereby guaranteeing a minimum state contribution of 20 percent in those localities with a high fiscal capacity; and

WHEREAS, the Composite Index of Local Ability to Pay is sometimes criticized because the complicated and antiquated funding formula does not reflect variations among local revenue sources or local needs for services; and

WHEREAS, further, the funding formula does not reflect the true costs of public education or represent, accurately, local fiscal capacity to support mandated educational programs; nor does it implement the Standards of Learning and comply with the Standards of Accreditation, while providing other necessary public services; and

WHEREAS, school divisions are mandated to provide many educational and support services for which there is no state funding, and projections indicate a \$1 billion shortfall for school divisions due to unfunded mandates; and

WHEREAS, confronted with meeting new, rigorous educational reforms, across the Commonwealth school divisions are struggling to respond to the severe shortage of classroom teachers, provide programs for at-risk four-year-olds, reduce class size, remediate and accelerate students who are educationally at-risk, implement the Standards of Learning, prepare students for the Standards of Learning assessments, maintain accreditation, ensure school safety, meet the needs of special education students, update transportation services, expand and provide a range of alternative education programs, promote parental involvement, generate community support, and comply with federal educational and related requirements; and

WHEREAS, because of the commitment to quality education, many local school divisions surpass the minimum requirements of the Standards of Quality, and burgeoning educational costs often exceed the Commonwealth's share of the costs of public education, straining local resources; and

WHEREAS, concerns have been expressed about the adequacy of funding for the Standards of Quality, and the Joint Legislative Audit and Review Commission last completed a comprehensive review of the formula for funding the Standards of Quality in 1988; and

WHEREAS, any adjustment of the Composite Index necessitates careful examination of a plethora of educational, financial, legal, and policy issues; now, therefore, be it

INTRODUCED

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60 RESOLVED by the House of Delegates, the Senate concurring, That the Joint Legislative Audit and
61 Review Commission, in cooperation with the House Committee on Appropriations and the Senate
62 Committee on Finance, be directed to study the funding of the Standards of Quality.

63 In conducting the study, the Commission and the Committees shall (i) review current statutory,
64 constitutional, and budgetary provisions governing the calculation of SOQ costs and funding; (ii) identify
65 and review the educational programs and services required by the Standards of Quality, and state and
66 federal laws, including the objectives, the target population, and funding levels for each program; (iii)
67 identify and review non-mandated programs authorized by state and federal laws that have been
68 implemented by school divisions, including locally developed and funded educational programs; (iv)
69 consider current adjustments for SOQ funding and potential enhancements to the methodology for
70 calculating the costs of the Standards of Quality; (v) determine whether all programs required by the
71 Standards of Quality are based on the locality's ability to pay, and whether state or federal funds are
72 provided or are available; (vi) review the Department of Education's process and procedure for
73 calculating and distributing state funds based on the current funding methodology; and (vii) evaluate the
74 need to adjust the current basic school aid formula and determine the efficacy of devising an alternative
75 method for funding public education in Virginia that is sufficient to meet the true costs of public
76 education.

77 All agencies of the Commonwealth shall provide assistance to the Commission and the Committees,
78 upon request.

79 The Commission and Committees shall complete their work in time to submit their findings and
80 recommendations to the Governor and the 2001 Session of the General Assembly as provided in the
81 procedures of the Division of Legislative Automated Systems for the processing of legislative
82 documents.

83 Implementation of this resolution is subject to subsequent approval and certification by the Joint
84 Rules Committee. The Committee may withhold expenditures or delay the period for the conduct of the
85 study.