

11104323D

SENATE JOINT RESOLUTION NO. 341
AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the Senate Committee on Rules
on January 28, 2011)

(Patron Prior to Substitute—Senator Marsh)

Directing the Joint Legislative Audit and Review Commission to study the efficiency and effectiveness of the Composite Index of Local Ability to Pay. Report.

WHEREAS, Article VIII, Section 1 of the Constitution of Virginia vests ultimate responsibility for public education with the Virginia General Assembly, which is specifically charged with the duties of establishing a public school system and the responsibility of seeking "to ensure that an educational program of high quality is established and continually maintained"; 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 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, in 1974 the General Assembly crafted the Composite Index of Local Ability to Pay, a complex methodology for the apportionment of the state and local share for the Standards of Quality; and

WHEREAS, the Composite Index of Local Ability to Pay compares three local measures of wealth—true values of real property and public service corporations, adjusted gross income, and sales and use taxes—to statewide averages and adjusts these indicators by student population and total population; and

WHEREAS, over the years, the application of these "measures" has been disputed and 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

WHEREAS, changing demographics and an economic recession have highlighted once again the concerns of Virginia's localities about increasing education costs: school divisions are struggling to meet rigorous educational reforms, respond to the shortage of classroom teachers, reduce class size, remediate and accelerate students who are educationally at risk, stem school dropout and increase graduation rates, prepare students for the Standards of Learning assessments, maintain accreditation, ensure school safety, meet the needs of special education and English as a Second Language (ESL) 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, Virginia's local school boards, committed to quality education, often 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 2002; 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

RESOLVED by the Senate, the House of Delegates concurring, That the Joint Legislative Audit and Review Commission be directed to study the efficiency and effectiveness of the Composite Index of Local Ability to Pay.

In conducting the study, the Joint Legislative Audit and Review Commission shall (i) review current statutory, constitutional, and budgetary provisions governing the calculation of SOQ costs and funding; (ii) examine the components of the Composite Index and how they interact; (iii) evaluate other states' public school funding formulas; (iv) hear local concerns and seek input from various Virginia and national experts, as available; and (v) evaluate the need to adjust the current basic school aid formula.

Technical assistance shall be provided to the Joint Legislative Audit and Review Commission by the

60 Department of Education and the staffs of the Senate Committee on Finance and the House Committee
61 on Appropriations. All agencies of the Commonwealth shall provide assistance to the Commission for
62 this study, upon request.

63 The Joint Legislative Audit and Review Commission shall complete its meetings for the first year by
64 November 30, 2011, and for the second year by November 30, 2012, and the Chairman shall submit to
65 the Division of Legislative Automated Systems an executive summary of its findings and
66 recommendations no later than the first day of the next Regular Session of the General Assembly for
67 each year. Each executive summary shall state whether the Commission intends to submit to the General
68 Assembly and the Governor a report of its findings and recommendations for publication as a House or
69 Senate document. The executive summaries and reports shall be submitted as provided in the procedures
70 of the Division of Legislative Automated Systems for the processing of legislative documents and
71 reports and shall be posted on the General Assembly's website.