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SENATE JOINT RESOLUTION NO. 28

Offered January 8, 2020

Prefiled January 6, 2020

Directing the Joint Legislative Audit and Review Commission to study the feasibility of adjusting the composite index of local ability to pay. Report.

Patrons—Reeves; Delegates: Cole, M.L. and Webert

Referred to Committee on Rules

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 duty to "seek to ensure that an educational program of high quality is established and continually maintained"; and

WHEREAS, Article VIII, Section 2 of the Constitution of Virginia requires the General Assembly to "determine the manner in which funds are to be provided for the cost of maintaining an educational program meeting the prescribed [S]tandards of [Q]uality"; and

WHEREAS, to meet this constitutional directive, the General Assembly established the composite index of local ability to pay, or Local Composition Index (LCI), in 1974, a complex methodology for the apportionment of the state and local share for the Standards of Quality (SOQ); and

WHEREAS, the LCI 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, the application of these measures is often disputed and the LCI is often criticized for not reflecting the true cost of public education or accounting for variations among local revenue sources, local need for services, or local fiscal capacity to support mandated educational programs; and

WHEREAS, school divisions are mandated to provide many educational and support services for which they receive no state funding; and

WHEREAS, 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, which strains local resources; and

WHEREAS, it is necessary to examine the feasibility of adjusting the LCI through careful consideration of the plethora of educational, financial, legal, and policy issues involved in such an examination; 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 feasibility of adjusting the composite index of local ability to pay.

In conducting its 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 LCI; (iii) evaluate other states' public school funding formulas; (iv) hear local concerns and seek input from various state and national experts, as applicable; and (v) determine the feasibility of reducing the local share under the LCI in school divisions in which the locality is determined to have above-average fiscal stress or high fiscal stress by the Virginia Commission on Local Government in its most recent "Report on the Comparative Revenue Capacity, Revenue Effort, and Fiscal Stress of Virginia Counties and Cities."

Technical assistance shall be provided to the Joint Legislative Audit and Review Commission by the Department of Education and the staffs of the Senate Committee on Finance and the House Committee on Appropriations. All agencies of the Commonwealth shall provide assistance to the Commission for this study, upon request.

The Joint Legislative Audit and Review Commission shall complete its meetings by November 30, 2020, and the chairman shall submit to the Division of Legislative Automated Systems an executive summary of its findings and recommendations no later than the first day of the 2021 Regular Session of the General Assembly. The executive summary shall state whether the Commission intends to submit to the General Assembly and the Governor a report of its findings and recommendations for publication as a House or Senate document. The executive summary and report shall be submitted as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents and reports and shall be posted on the General Assembly's website.

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