

Board of Education Agenda Item

Item: L

Date: July 25, 2007

Topic: First Review of the Direct Aid to Public Education Budget for the 2008-2010 Biennium

Presenter: Mr. Kent C. Dickey, Assistant Superintendent for Finance

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Origin:

Topic presented for information only (no board action required)

Board review required by
 State or federal law or regulation
 Board of Education regulation
 Other: _____

Action requested at this meeting Action requested at future meeting: _____

Previous Review/Action:

No previous board review/action

Previous review/action
date _____
action _____

Background Information:

The Direct Aid to Public Education budget for the 2008-2010 biennium is being presented to the Board of Education for first review. In each odd-numbered year, the Direct Aid to Public Education budget is re-benchmarked for the next biennium. This re-benchmarking is part of the biennial budget development process that involves the Board of Education, the Governor, and the General Assembly. The re-benchmarked budget represents the state cost of continuing the existing Direct Aid to Public Education programs with updates in the input data used to determine the cost of the programs.

Summary of Major Elements:

The cost projections presented in this item represent changes in funding based on standard technical revisions made to Direct Aid accounts for each year of the 2008-2010 biennium. These cost projections do not reflect any changes in policy or technical methodology. The projections are based strictly on current approved methodologies or changes specifically approved and directed by the General Assembly and the Governor. The budget figures presented in this item represent the state cost of continuing the current Direct Aid programs in the 2008-2010 biennium with the required revisions and updates to input data using the approved funding methodologies. Attachment A summarizes the Direct Aid funding

process. Attachment B shows the major input data used in re-benchmarking Direct Aid costs for the 2008-2010 biennium.

Superintendent's Recommendation:

The Superintendent of Public Instruction recommends that the Board waive first review and adopt this proposed budget that continues current Direct Aid programs in the 2008-2010 biennium re-benchmarked for standard technical revisions without proposed changes in funding policy. It is further recommended that staff be directed to update and revise costs as additional technical revisions are completed consistent with the current funding methodology and policy adopted by the Board.

Impact on Resources:

The 2008-2010 Direct Aid budget approved by the Board will be sent to the Governor for action and ultimately for inclusion in his budget for the 2008-2010 biennium. This budget will establish the level of state funding required by the foundation program established in the Standards of Quality (SOQ), as well as other Direct Aid accounts. The current proposed changes resulting from re-benchmarking the Direct Aid accounts would increase state costs for public education by approximately \$1.1 billion in the 2008-2010 biennium, compared to the fiscal year 2008 base Direct Aid cost (see Attachment C).

Timetable for Further Review/Action:

None.

An Overview of Direct Aid to Public Education Funding and the Rebenchmarking Process for the 2008-2010 Budget

I. Rebenchmarking Process for the 2008-2010 Biennial Budget

- The Direct Aid to Public Education budget is used to distribute state and federal funding to school divisions to support the local operation of public education programs. Rebenchmarking is the technical process of updating the state cost of the Direct Aid budget for the next biennium to recognize changes in cost that have occurred over the preceding biennium. This process occurs each odd-numbered year. The 2008-2010 rebenchmarking involves updating the state cost of the Direct Aid budget in fiscal years 2009 and 2010. Fiscal year 2008 serves as the base year to determine the incremental state cost to be funded in the 2008-2010 biennium.
- All of the Direct Aid accounts have been updated for the following data inputs that impact funding levels. These data inputs include:
 - Funded salary amounts
 - Average daily membership projections
 - Fall membership
 - Base-year expenditure data from the Annual School Report
 - Vocational education student and program counts
 - Special education child counts
 - SOL test score data and free lunch eligibility for remedial education
 - Updates to division superintendent, school board, nurse, and pupil transportation costs
 - Enrollment projections for remedial summer school and ESL programs
 - Prevailing textbook costs
 - Prevailing health care costs
 - Inflation factors
- The following data inputs will need to be updated for 2008-2010; however, data needed to make the appropriate revisions are not available at this time (available by Fall 2007):
 - Revised composite index for the 2008-2010 biennium
 - Lottery and sales tax projections
 - Revised fringe benefit rates from VRS
 - Triennial census information (next collection Summer 2008)
 - Final enrollment projections
 - Head Start enrollment (for VPI formula)
- All of these updates are technical in nature and they do not involve changes in policy or funding methodology, other than those already approved and directed by General Assembly action.
- Attachments B and C contain specific information related to the rebenchmarking updates made to Direct Aid accounts.

II. Standards of Quality Accounts

- The Standards of Quality determine the majority of state Direct Aid funding. Total state Direct Aid funding (all accounts) will be approximately \$6.5 billion in FY 2009 and FY 2010. SOQ accounts represent approximately 90 percent of total state funding for public education annually.
- The Constitution of Virginia establishes the SOQ. The specific requirements of the SOQ are prescribed in statute. Funding for the SOQ is determined primarily by the instructional staffing ratios established in the SOQ as well as recognized support costs that are funded on a standard and prevailing cost basis.
- The Constitution states that the Board of Education shall prescribe the standards, "subject to revision only by the General Assembly."
- There are seven key components of the SOQ funding formula:
 1. Number of students
 2. Staffing ratios for teachers and other funded positions
 3. Salaries of teachers and other funded positions
 4. Fringe benefit rates
 5. Standard and prevailing support costs
 6. Inflation factors
 7. Prevailing federal revenues related to support costs
- The SOQ budget includes funding for all of the programs required by the SOQ. **Attachment F** illustrates the SOQ funding process.
- Localities must provide a local match for SOQ programs based on their individual composite index of local ability-to-pay. **Attachment G** illustrates the formula for the composite index of local ability-to-pay.
- SOQ accounts include:
 - Basic Aid
 - English as a Second Language
 - Gifted Education
 - Prevention, Intervention and Remediation
 - Remedial Summer School
 - Special Education
 - Textbooks
 - Vocational Education
 - Fringe Benefits (Instructional Positions)
 - Sales Tax
- The SOQ accounts that provide funding for instructional services represent the instructional costs for those programs based on the required number of instructional positions and the salaries that are funded.

- Basic Aid also includes the support costs for expenses such as pupil transportation, operations and maintenance, and administration; these costs are funded on a statewide prevailing cost basis.
- Once a total cost is determined for each account, the cost is then converted to a per pupil amount. The per pupil amounts are then multiplied by the average daily membership (ADM) for each school division. From this, the total cost for each SOQ account is determined.
- For Basic Aid, the total cost is first reduced by the amount of sales tax that will be distributed to each school division. **Attachment H** illustrates the effect of sales tax distribution on Basic Aid funding.
- The remaining amount for Basic Aid and the total amount for the other SOQ accounts are then split into state and local shares based on each locality's composite index of local ability-to-pay.
- Approximately 79 percent of SOQ funding is for salaries and benefits of public school employees. The funded salaries for SOQ instructional positions for the 2008-2010 biennium are shown in **Attachment E**.

III. Incentive, Categorical, School Facilities, Supplemental Education Accounts

- Incentive, categorical, school facilities, and supplemental education funding makes up the balance of state spending for Direct Aid.
- Incentive programs represent approximately \$372.3 million in FY 2009 and \$379.5 million in FY 2010; this represents approximately six percent of total state funding for Direct Aid.
- Incentive programs provide additional education funding that goes beyond the levels required to meet the Standards of Quality.
- Incentive programs are voluntary programs, but in order to receive the state funds, school divisions must agree to meet additional requirements, such as:
 - Certifying they will offer the specific program
 - Meeting the requirements established for the program
 - Certifying they will fund the required local match
- Many of the funding formulas for these programs use a poverty adjustment that is based on free lunch eligibility rates as a proxy for students at-risk.
- Incentive programs include:
 - Alternative Education
 - At-Risk
 - Virginia Preschool Initiative
 - Compensation Supplement

- Early Reading Intervention
 - Enrollment Loss
 - Governor's School
 - ISAEP
 - Clinical Faculty / Mentor Teacher Program
 - K-3 Class Size Reduction
 - School Breakfast
 - SOL Algebra Readiness
 - Special Education – Inservice
 - Special Education – Regional Tuition
 - Special Education – Vocational Education
 - Education for a Lifetime
 - Project Graduation
 - Supplemental Basic Aid
- Categorical programs represent approximately \$79.5 million in FY 2009 and \$85.0 million in FY 2010; this represents approximately one percent of total state funding for Direct Aid.
 - Categorical funding provides for additional education programs that go beyond the Standards of Quality.
 - State or federal statutes or federal regulation mandates much of this funding. These programs are usually targeted to the particular needs of specific populations.
 - Categorical programs include:
 - Adult Education
 - Adult Literacy
 - Electronic Classroom
 - Foster Care
 - Indian Children
 - School Lunch
 - Special Education - Homebound
 - Special Education – State Operated Programs
 - Special Education - Jails
 - Vocational Education - Categorical
 - School Facilities programs represent approximately \$176.5 million annually; this represents approximately three percent of total state Direct Aid funding. The revenue estimates for Lottery for 2008-2010 will be available in Fall 2007; the amount for Lottery shown in **Attachment D** represents the current FY 2008 Lottery revenue estimate.
 - School Facilities programs include:
 - Lottery
 - School Construction Grants Program

- Supplemental Education programs represent approximately \$2.6 million annually. Supplemental education programs are not available to all school divisions statewide, and serve a unique purpose as stated in the appropriation act.

- Supplemental Education programs include:
 - Career and Technical Education Resource Center
 - Jobs for Virginia Graduates
 - Project Discovery
 - Small School Division Assistance
 - Southside Virginia Regional Technology Consortium
 - Southwest Education Consortium
 - Virginia Career Education Foundation
 - William King Regional Arts Center (Van Gogh Outreach Program)
 - Project WORD
 - Math Specialists

Virginia Department of Education
2008-2010 Direct Aid to Public Education Budget
Summary of Major Data Elements Used in 2008-2010 Rebenchmarking Calculations

	FY 2008	2008-2010
A. Student Enrollment Data		
Fall Membership	2004-2005	2006-2007
Special Education Child Count	December 1, 2004	December 1, 2006
Vocational Education Child Count	2004-2005	2006-2007
SOQ Prevention, Intervention and Remediation (SOL English & Math Test Scores)	Three-year average (2002-03; 2003-04; 2004-05)	Three-year average (2003-04; 2004-05; 2005-06)
SOQ Prevention, Intervention and Remediation (Free Lunch Eligibility Data)	Three-year average (October 2002, October 2003, October 2004)	Three-year average (October 2004, October 2005, October 2006)
B. Expenditure Data (funded salaries and support costs)	2003-2004 Annual School Report	2005-2006 Annual School Report
C. Fringe Benefit Rates		
Instructional VRS Retirement (Including Retiree Health Care Credit)	11.46%	11.46% - To be updated Fall 2007
Non-instructional VRS Retirement	7.48%	7.48% - To be updated Fall 2007
Social Security/Medicare	7.65%	7.65%
Group Life Insurance	0.40%	0.40% - To be updated Fall 2007
Health Care Premium (Funded per <u>position</u> amount with Inflation)	\$4,274	\$5,211
D. Composite Index (Base-Year Data)	2003	2005 (To be updated Fall 2007)
E. Funded Non-Personal Support Inflation Factors (Unweighted average)	7.30%	5.39%
F. Textbooks (Funded Per Pupil Amount with Inflation)	\$101.81	\$119.39
G. Average Daily Membership Projections (Original)	1,199,701 (FY 2008)	1,210,373 (FY 2009), 1,221,682 (FY 2010)

Virginia Department of Education
 2008-2010 Direct Aid to Public Education Budget
Rebenchmarking Factors Affecting State Funds Required for the 2008-2010 Biennium
Incremental State Cost from Base-Year FY 2008 to FY 2009 and FY 2010

Rebenchmarking Step		FY 2008 to FY 2009 Increment	FY 2008 to FY 2010 Increment	Total 2008-2010 Increment
1.	Update Appropriation Amounts to Match DOE Calculations (Adjusts Basic Aid, VPI, and School Breakfast to remove any non-participation savings and correct other small variances between DOE calculations and appropriation amounts.) ¹	\$12,522,520	\$12,522,520	\$25,045,039
2.	Reset Support Inflation Factors to 0% (This action better isolates the cost of updating base-year expenditures from FY 2004 to FY 2006 and the cost of updating inflation factors to 2008-2010 in Step 13.)	(\$99,961,278)	(\$98,217,783)	(\$198,179,061)
3.	Remove Compensation Supplement (Funded salaries are updated through FY 08 in Step 9)	(\$191,803,845)	(\$193,547,340)	(\$385,351,185)
4.	Update Fall Membership and Average Daily Membership Projections	\$28,530,670	\$48,798,766	\$77,329,436
5.	Update Special Ed Child Count to Dec. 1, 2006	(\$7,211,570)	(\$6,999,793)	(\$14,211,363)
6.	Update Career and Technical Education Child Count to School Year 2006-2007	(\$96,772)	(\$71,223)	(\$167,995)
7.	Update SOL Test Scores and Free Lunch Eligibility Data for SOQ Remediation	\$3,135,158	\$3,257,803	\$6,392,961
8.	Update SOQ Gifted, Support Technology and Instructional Technology Positions	\$1,204,111	\$1,366,906	\$2,571,017
9.	Update Funded Instructional Salaries	\$297,577,188	\$299,577,098	\$597,154,286
10.	Update Base-Year Expenditures from ASR Financial Data from FY2004 to FY 2006	\$198,441,280	\$197,722,064	\$396,163,344
11.	Update Federal Revenue Deduct Per Pupil Amount	(\$12,983,329)	(\$12,995,311)	(\$25,978,640)
12.	Update Pupil Transportation costs	\$31,334,499	\$47,492,726	\$78,827,225
13.	Update costs for Division Superintendents, School Boards, and School Nurses (w/o inflation)	\$11,273,638	\$11,230,947	\$22,504,585
14.	Update Health Care Premium (w/o inflation)	\$62,061,749	\$62,465,787	\$124,527,536
15.	Update Textbook Per Pupil Amount (w/o inflation)	\$12,479,318	\$12,575,726	\$25,055,044
16.	Update English as a Second Language Enrollment Forecast	\$4,613,158	\$10,212,501	\$14,825,659
17.	Update Inflation Factors	\$140,991,990	\$142,010,577	\$283,002,567
18.	Update Remedial Summer School Per Pupil Amount and Enrollment Projections	\$4,028,249	\$5,447,149	\$9,475,398
19.	Update Incentive Accounts	\$9,863,649	\$17,804,054	\$27,667,703
20.	Update Categorical Accounts	\$5,713,214	\$12,096,735	\$17,809,950
21.	Update K-3 Class Size Reduction Entitlements	\$9,062,708	\$9,191,850	\$18,254,558
22.	Remove One-Time FY 2008 Funding in Supplemental Education Accounts	(\$450,000)	(\$450,000)	(\$900,000)
SUBTOTAL - Rebenchmarking Increments + Updated FY 2008 Appropriations		\$520,326,305	\$581,491,759	\$1,101,818,064

¹ This value is the additional appropriation that is needed to fully fund the Department of Education's calculated state cost. The majority of this requested additional appropriation is to fully fund the cost of the Virginia Preschool Initiative in FY 2009 and FY 2010. In FY 2008, the appropriated cost for the Virginia Preschool Initiative assumed a \$12.2 million cost savings for non-participation in the program. The values shown here represent the added cost of assuming full participation in the Virginia Preschool Initiative in FY 2009 and FY 2010. The remainder of the additional appropriations fully fund the FY 2008 base cost across other accounts.

Virginia Department of Education
2008-2010 Direct Aid to Public Education Budget

Rebenchmarking Updates to Direct Aid Accounts for 2008-2010

Includes updates for Funded Salaries, Average Daily Membership, Base-year Expenditure Data, Fall Membership, Vocational Education Student and Program Counts, Special Education Child Counts, Free Lunch Eligibility, Inflation, SOL Test Score Data, and Incentive and Categorical Account Information

Service Area I							
SOQ Accounts	FY 2008 Base State Cost	FY 2009 Updated State Cost	Variance	FY 2008 Base State Cost	FY 2010 Updated State Cost	Variance	2008-2010 Biennium Variance
Basic Aid	\$2,947,858,428	\$3,487,654,801	\$539,796,373	\$2,947,858,428	\$3,520,878,949	\$573,020,521	\$1,112,816,894
Sales Tax	\$1,202,199,660	\$1,202,199,660	\$0	\$1,202,199,660	\$1,202,199,660	\$0	\$0
Textbooks	\$67,589,092	\$81,061,264	\$13,472,172	\$67,589,092	\$81,687,480	\$14,098,388	\$27,570,560
Vocational Education	\$60,918,007	\$67,436,939	\$6,518,932	\$60,918,007	\$67,839,010	\$6,921,003	\$13,439,935
Gifted Education	\$27,870,812	\$31,267,939	\$3,397,127	\$27,870,812	\$31,525,208	\$3,654,396	\$7,051,523
Special Education	\$339,871,667	\$372,077,863	\$32,206,196	\$339,871,667	\$374,447,597	\$34,575,930	\$66,782,126
Prevention, Intervention and Remediation	\$61,462,566	\$71,120,149	\$9,657,583	\$61,462,566	\$71,237,221	\$9,774,655	\$19,432,238
VRS Retirement	\$238,706,431	\$266,935,206	\$28,228,775	\$238,706,431	\$268,954,359	\$30,247,928	\$58,476,703
Social Security	\$159,303,341	\$178,144,587	\$18,841,246	\$159,303,341	\$179,540,254	\$20,236,913	\$39,078,159
Group Life	\$8,340,580	\$9,410,461	\$1,069,881	\$8,340,580	\$9,480,653	\$1,140,073	\$2,209,954
English as a Second Language	\$36,452,224	\$43,451,915	\$6,999,691	\$36,452,224	\$49,076,029	\$12,623,805	\$19,623,496
Remedial Summer School	\$25,172,218	\$29,200,467	\$4,028,249	\$25,172,218	\$30,619,367	\$5,447,149	\$9,475,398
Group I SUB-TOTAL:	\$5,175,745,026	\$5,839,961,251	\$664,216,225	\$5,175,745,026	\$5,887,485,787	\$711,740,761	\$1,375,956,986
Service Area II							
School Facilities	FY 2008 Base State Cost	FY 2009 Updated State Cost	Variance	FY 2008 Base State Cost	FY 2010 Updated State Cost	Variance	2008-2010 Biennium Variance
Lottery	\$148,950,645	\$148,950,645	\$0	\$148,950,645	\$148,950,645	\$0	\$0
School Construction Grants Program	\$27,500,001	\$27,499,998	(\$3)	\$27,500,001	\$27,500,009	\$8	\$5
Group II SUB-TOTAL:	\$176,450,646	\$176,450,643	(\$3)	\$176,450,646	\$176,450,654	\$8	\$5

Virginia Department of Education
2008-2010 Direct Aid to Public Education Budget

Rebenchmarking Updates to Direct Aid Accounts for 2008-2010

Includes updates for Funded Salaries, Average Daily Membership, Base-year Expenditure Data, Fall Membership, Vocational Education Student and Program Counts, Special Education Child Counts, Free Lunch Eligibility, Inflation, SOL Test Score Data, and Incentive and Categorical Account Information

Service Area III							
Incentive Accounts	FY 2008 Base State Cost	FY 2009 Updated State Cost	Variance	FY 2008 Base State Cost	FY 2010 Updated State Cost	Variance	2008-2010 Biennium Variance
Alternative Education	\$6,766,309	\$6,811,621	\$45,312	\$6,766,309	\$6,811,920	\$45,611	\$90,923
At-Risk	\$60,300,562	\$67,550,987	\$7,250,425	\$60,300,562	\$67,382,031	\$7,081,469	\$14,331,894
Virginia Preschool Initiative	\$53,090,466	\$71,071,768	\$17,981,302	\$53,090,466	\$72,201,676	\$19,111,210	\$37,092,512
Compensation Supplements	\$192,224,391	\$0	(\$192,224,391)	\$192,224,391	\$0	(\$192,224,391)	(\$384,448,782)
Early Reading Intervention	\$14,339,348	\$16,116,003	\$1,776,655	\$14,339,348	\$16,237,447	\$1,898,099	\$3,674,754
Enrollment Loss	\$10,090,789	\$11,274,918	\$1,184,129	\$10,090,789	\$10,512,026	\$421,237	\$1,605,366
Governor's Schools	\$12,282,713	\$14,098,898	\$1,816,185	\$12,282,713	\$14,638,492	\$2,355,779	\$4,171,964
ISAEF	\$2,247,581	\$2,247,581	\$0	\$2,247,581	\$2,247,581	\$0	\$0
Clinical Faculty / Mentor Teacher Program	\$1,475,000	\$1,475,000	\$0	\$1,475,000	\$1,475,000	\$0	\$0
Education for a Lifetime	\$7,853,362	\$7,853,362	\$0	\$7,853,362	\$7,853,362	\$0	\$0
K-3 Class Size Reduction	\$84,550,640	\$93,613,348	\$9,062,708	\$84,550,640	\$93,742,490	\$9,191,850	\$18,254,558
Project Graduation	\$2,774,478	\$2,774,478	\$0	\$2,774,478	\$2,774,478	\$0	\$0
School Breakfast Program	\$1,060,971	\$1,691,507	\$630,536	\$1,060,971	\$1,964,495	\$903,524	\$1,534,060
SOL Algebra Readiness	\$8,230,832	\$9,233,420	\$1,002,588	\$8,230,832	\$9,254,326	\$1,023,494	\$2,026,082
Special Education - Inservice	\$600,000	\$600,000	\$0	\$600,000	\$600,000	\$0	\$0
Special Education - Regional Tuition	\$62,862,390	\$65,109,836	\$2,247,446	\$62,862,390	\$71,103,119	\$8,240,729	\$10,488,175
Special Education - Voc Ed	\$200,089	\$200,089	\$0	\$200,089	\$200,089	\$0	\$0
Supplemental Basic Aid	\$490,966	\$564,939	\$73,973	\$490,966	\$546,609	\$55,643	\$129,616
SOL Web Based Technology Initiative <i>(dist. of NGF VPSA note proceeds)</i>	\$59,014,000	\$59,352,000	\$338,000	\$59,014,000	\$59,664,000	\$650,000	\$988,000
Group III SUB-TOTAL:	\$521,440,887	\$372,287,755	(\$149,153,132)	\$521,440,887	\$379,545,141	(\$141,895,746)	(\$291,048,878)

Virginia Department of Education
2008-2010 Direct Aid to Public Education Budget

Rebenchmarking Updates to Direct Aid Accounts for 2008-2010

Includes updates for Funded Salaries, Average Daily Membership, Base-year Expenditure Data, Fall Membership, Vocational Education Student and Program Counts, Special Education Child Counts, Free Lunch Eligibility, Inflation, SOL Test Score Data, and Incentive and Categorical Account Information

Service Area IV							
Categorical Accounts	FY 2008 Base State Cost	FY 2009 Updated State Cost	Variance	FY 2008 Base State Cost	FY 2010 Updated State Cost	Variance	2008-2010 Biennium Variance
Adult Education	\$1,051,800	\$1,051,800	\$0	\$1,051,800	\$1,051,800	\$0	\$0
Adult Literacy	\$2,655,000	\$2,655,000	\$0	\$2,655,000	\$2,655,000	\$0	\$0
Electronic Classroom	\$2,256,908	\$2,256,908	\$0	\$2,256,908	\$2,256,908	\$0	\$0
Foster Care	\$12,197,112	\$11,889,134	(\$307,978)	\$12,197,112	\$12,789,727	\$592,615	\$284,637
Indian Children	\$53,805	\$53,805	\$0	\$53,805	\$53,805	\$0	\$0
School Lunch	\$5,801,932	\$5,801,932	\$0	\$5,801,932	\$5,801,932	\$0	\$0
Special Education - Homebound	\$5,700,053	\$5,850,330	\$150,277	\$5,700,053	\$6,401,124	\$701,071	\$851,349
Special Education - Jails	\$2,954,553	\$2,954,553	\$0	\$2,954,553	\$2,954,553	\$0	\$0
Special Education - State Operated Programs	\$30,962,505	\$36,035,764	\$5,073,259	\$30,962,505	\$40,103,874	\$9,141,369	\$14,214,628
Vocational Education - Categorical	\$10,900,829	\$10,900,829	\$0	\$10,900,829	\$10,900,829	\$0	\$0
Debt Service on VPSA Equipment Notes (NGF)	\$63,784,682	\$64,582,338	\$797,656	\$63,784,682	\$65,446,362	\$1,661,680	\$2,459,336
Group IV SUB-TOTAL:	\$74,534,497	\$79,450,055	\$5,713,214	\$74,534,497	\$84,969,552	\$12,096,735	\$17,809,950
Service Area V							
Supplemental Education	FY 2008 Base State Cost	FY 2009 Updated State Cost	Variance	FY 2008 Base State Cost	FY 2010 Updated State Cost	Variance	2008-2010 Biennium Variance
Career and Technical Education Resource Center	\$400,000	\$400,000	\$0	\$400,000	\$400,000	\$0	\$0
Jobs for Virginia Graduates	\$500,000	\$500,000	\$0	\$500,000	\$500,000	\$0	\$0
Project Discovery	\$900,000	\$900,000	\$0	\$900,000	\$900,000	\$0	\$0
Small School Division Assistance	\$200,000	\$200,000	\$0	\$200,000	\$200,000	\$0	\$0
Southside Virginia Regional Technology Consortium	\$100,000	\$100,000	\$0	\$100,000	\$100,000	\$0	\$0
Southwest Education Consortium	\$200,000	\$200,000	\$0	\$200,000	\$200,000	\$0	\$0
VA Career Education Foundation	\$50,000	\$50,000	\$0	\$50,000	\$50,000	\$0	\$0
Van Gogh Outreach Program	\$97,750	\$97,750	\$0	\$97,750	\$97,750	\$0	\$0
Planning Grant for Regional CTE Program	\$200,000	\$200,000	\$0	\$200,000	\$200,000	\$0	\$0
Project WORD in Norfolk	\$300,000	\$0	(\$300,000)	\$300,000	\$0	(\$300,000)	(\$600,000)
Math Specialists	\$150,000	\$0	(\$150,000)	\$150,000	\$0	(\$150,000)	(\$300,000)
Group V SUB-TOTAL:	\$3,097,750	\$2,647,750	(\$450,000)	\$3,097,750	\$2,647,750	(\$450,000)	(\$900,000)

Virginia Department of Education
2008-2010 Direct Aid to Public Education Budget

Rebenchmarking Updates to Direct Aid Accounts for 2008-2010

Includes updates for Funded Salaries, Average Daily Membership, Base-year Expenditure Data, Fall Membership, Vocational Education Student and Program Counts, Special Education Child Counts, Free Lunch Eligibility, Inflation, SOL Test Score Data, and Incentive and Categorical Account Information

TOTAL							
All Direct Aid Accounts	FY 2008 Base State Cost	FY 2009 Updated State Cost	Variance	FY 2008 Base State Cost	FY 2010 Updated State Cost	Variance	2008-2010 Biennium Variance
Total - SOQ	\$5,175,745,026	\$5,839,961,251	\$664,216,225	\$5,175,745,026	\$5,887,485,787	\$711,740,761	\$1,375,956,986
Total - School Facilities	\$176,450,646	\$176,450,643	(\$3)	\$176,450,646	\$176,450,654	\$8	\$5
Total - Incentive	\$521,440,887	\$372,287,755	(\$149,153,132)	\$521,440,887	\$379,545,141	(\$141,895,746)	(\$291,048,878)
Total - Categorical	\$74,534,497	\$79,450,055	\$5,713,214	\$74,534,497	\$84,969,552	\$12,096,735	\$17,809,950
Total - Supplemental	\$3,097,750	\$2,647,750	(\$450,000)	\$3,097,750	\$2,647,750	(\$450,000)	(\$900,000)
TOTAL COST* <i>(Service Areas I, II, III, IV & V):</i>	\$5,951,268,806	\$6,470,797,454	\$520,326,304	\$5,951,268,806	\$6,531,098,884	\$581,491,758	\$1,101,818,063

Virginia Department of Education
2008-2010 Direct Aid to Public Education Budget

*Comparison of Prevailing and Funded Salaries for Standards of Quality (SOQ) Instructional Positions
2006-2008 and 2008-2010 Biennia*

	2006-2008 Prevailing Salary ¹ (FY 2004 Data)	2008-2010 Prevailing Salary ² (FY 2006 Data)	Percent Increase	2006-2008 Funded Salary ³ (Prevailing salary increased by 3.00%)	2008-2010 Funded Salary ⁴ (Prevailing salary increased by 7.12%)	Percent Increase	2006-2008 Funded Salary with COCA ⁵ (Includes cost of competing adjustment of 9.83%)	2008-2010 Funded Salary with COCA ⁵ (Includes cost of competing adjustment of 9.83%)	Percent Increase
Elementary Teacher	\$38,525	\$41,390	7.4%	\$39,681	\$44,337	11.7%	\$43,582	\$48,695	11.7%
Elementary Assistant Principal	\$54,201	\$58,398	7.7%	\$55,827	\$62,556	12.1%	\$61,315	\$68,705	12.1%
Elementary Principal	\$66,817	\$72,124	7.9%	\$68,822	\$77,259	12.3%	\$75,587	\$84,854	12.3%
Secondary Teacher	\$40,403	\$43,158	6.8%	\$41,615	\$46,230	11.1%	\$45,706	\$50,774	11.1%
Secondary Assistant Principal	\$58,043	\$62,460	7.6%	\$59,784	\$66,907	11.9%	\$65,661	\$73,484	11.9%
Secondary Principal	\$73,076	\$78,721	7.7%	\$75,268	\$84,326	12.0%	\$82,667	\$92,615	12.0%
Instructional Aide	\$13,426	\$14,820	10.4%	\$13,828	\$15,875	14.8%	\$15,187	\$17,436	14.8%

¹ Linear weighted average salaries based on FY 2004 base-year data.

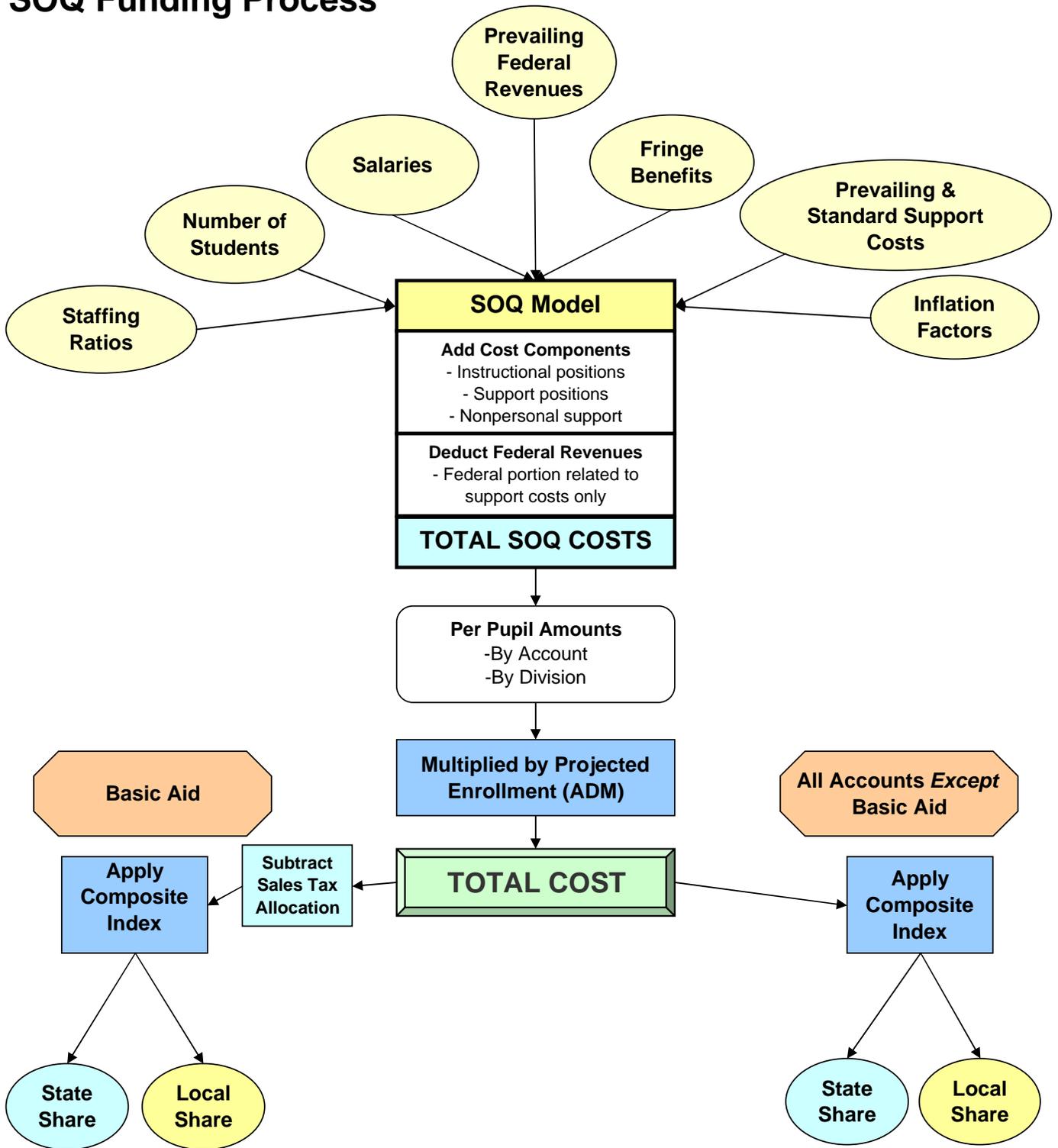
² Linear weighted average salaries based on FY 2006 base-year data.

³ The FY 2004 linear weighted average salaries adjusted for the compounded salary increases granted for SOQ positions in the 2004-2006 state budget (3.0%).

⁴ The FY 2006 linear weighted average salaries adjusted for the compounded salary increases granted for SOQ positions in the 2006-2008 state budget (FY 2007 4.0% * FY 2008 3.0% = **7.12%**).

⁵ School divisions within Planning District Eight receive the **full** instructional cost of competing adjustment (COCA): Arlington County, Fairfax County, Loudoun County, Prince William County, Alexandria City, Fairfax City, Falls Church City, Manassas City and Manassas Park City. The following divisions receive the cost of competing adjustment at **25% of the full instructional COCA rate** as funded in Chapter 847, 2007 Appropriation Act: Clarke, Culpeper, Fauquier, Frederick, Spotsylvania, Stafford, Warren, City of Fredericksburg and the City of Winchester.

SOQ Funding Process



Composite Index of Local Ability-to-Pay Formula

ADM Component =

$$.5 \left[\frac{\text{Local True Value of Property}}{\text{Local ADM}} \right] + .4 \left[\frac{\text{Local Adjusted Gross Income}}{\text{Local ADM}} \right] + .1 \left[\frac{\text{Local Taxable Retail Sales}}{\text{Local ADM}} \right]$$

$$\frac{\text{State True Value of Property}}{\text{State ADM}} \quad \frac{\text{State Adjusted Gross Income}}{\text{State ADM}} \quad \frac{\text{State Taxable Retail Sales}}{\text{State ADM}}$$

Population Component =

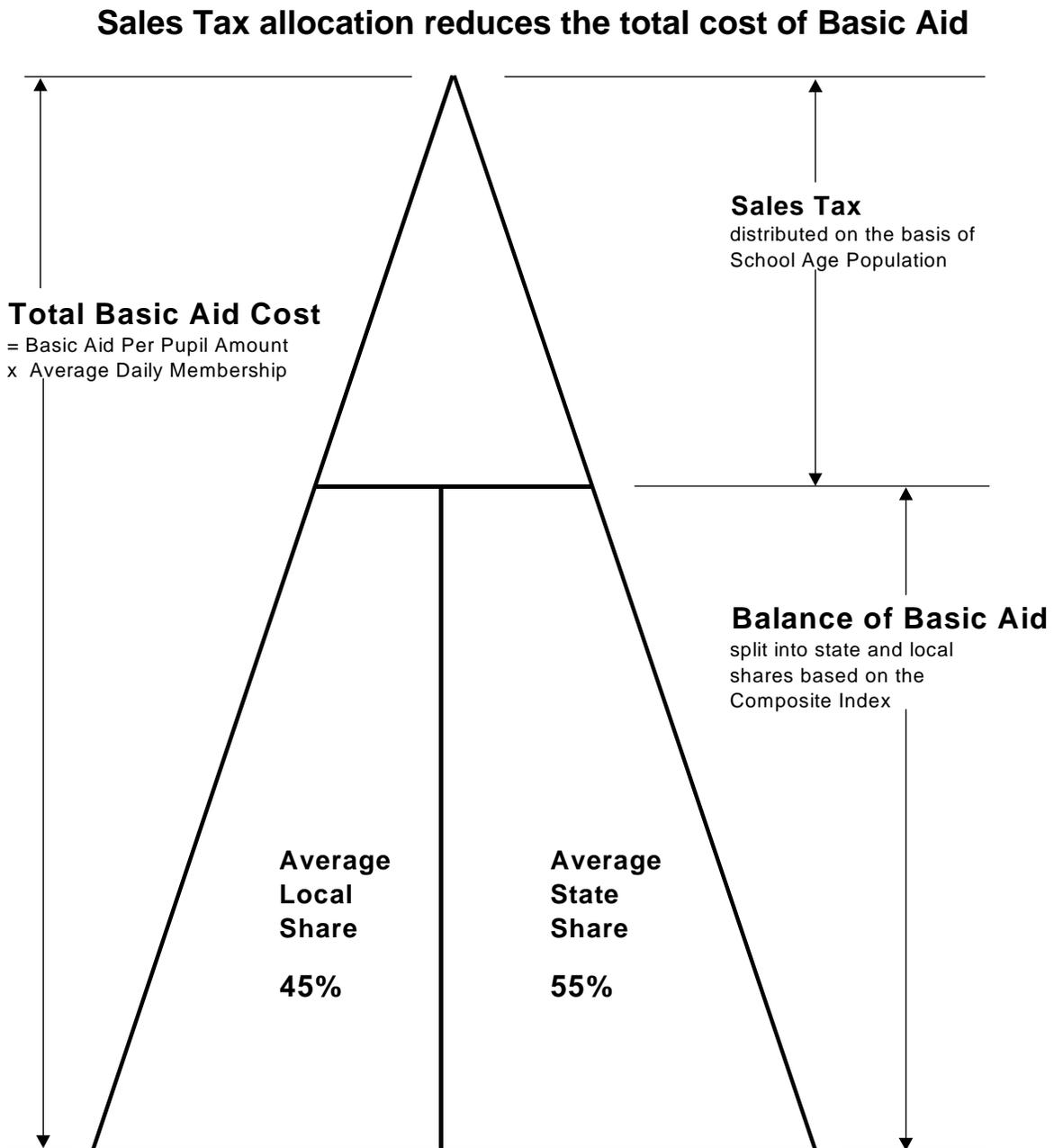
$$.5 \left[\frac{\text{Local True Value of Property}}{\text{Local Population}} \right] + .4 \left[\frac{\text{Local Adjusted Gross Income}}{\text{Local Population}} \right] + .1 \left[\frac{\text{Local Taxable Retail Sales}}{\text{Local Population}} \right]$$

$$\frac{\text{State True Value of Property}}{\text{State Population}} \quad \frac{\text{State Adjusted Gross Income}}{\text{State Population}} \quad \frac{\text{State Taxable Retail Sales}}{\text{State Population}}$$

Local Composite Index =

$$((.6667 \times \text{ADM Component}) + (.3333 \times \text{Population Component})) \times 0.45 \text{ (average local share)}$$

State and Local Shares of Total Basic Aid Cost



Note: State and local shares will vary by division based on each division's composite index.