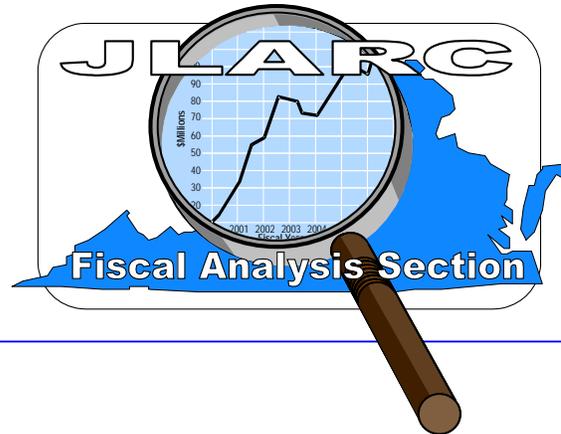

Special Report:

State Spending on Standards of Quality (SOQ) Costs, FY 2009



Summary

Article VIII of the *Constitution of Virginia* requires that Standards of Quality (SOQ) for the school divisions “shall be determined and prescribed from time to time by the Board of Education, subject to revision only by the General Assembly.” The standards, which apply to elementary and secondary schools, address various matters, including minimum resource requirements. The costs of the SOQ are to be determined and apportioned by the General Assembly between the State and local units of government.

After determining SOQ costs, the State currently contributes to the costs in two ways. First, it provides State-appropriated sales tax dollars. Second, it pays an average of 55 percent of the remaining SOQ costs (the actual percentage varies from locality to locality, based on local ability to pay). With regard to local government SOQ contributions, the *Code of Virginia* (§22.1-97) states that funding must be provided that is sufficient to meet the “required” expenditure for the SOQ (a locality match for State SOQ expenditures). Appropriation Act language over the years has addressed the question of how required local expenditures are to be calculated. Most localities have consistently provided local funding for education that is well above their SOQ-required expenditure level. However, a few localities have had some difficulties in paying their share of the SOQ cost.

Section 22.1-97 of the *Code of Virginia* was amended by the 2003 General Assembly to require a more formal annual reporting process comparing required SOQ and actual local expenditures by local governments. Reports on local SOQ spending are to be annually prepared by the Virginia Department of Education. In addition, JLARC is required to annually prepare a report on State expenditures for SOQ purposes. This JLARC special report on State SOQ spending in FY 2009 is the sixth annual report.

Based on data reviewed for this report, in FY 2009 the State expended \$5.62 billion from SOQ accounts. The major accounts constituting the bulk of these funds were basic aid (\$3.46 billion) and State sales tax (\$1.10 billion). The amount of State SOQ spending equated to an average of about \$4,700 per pupil. The range in State SOQ spending in individual divisions was from \$2,235 to \$7,978 per pupil. An important factor in the varying size of State SOQ per-pupil spending levels in school divisions is the State’s use of a local ability-to-pay index in determining State and local shares of SOQ costs.

2009
December

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BACKGROUND

Since 1971, the *Constitution of Virginia* has required the State Board of Education to determine and prescribe standards of educational quality for school divisions. These standards are known as the Standards of Quality (SOQ). Under Article VIII of the *Constitution*, which specifically addresses education, the standards are to be "determined and prescribed from time to time by the Board of Education, subject to revision only by the General Assembly."

The standards, which apply at the elementary and secondary school level, address various educational matters, including the availability of different types of staff and other educational resources. The costs of these standards are to be determined and apportioned by the General Assembly between the State and local units of government. The *Commentaries on the Constitution of Virginia* note that the General Assembly "must, by whatever means, see that sufficient funds, state and local, are available to maintain a quality program in every school division in the Commonwealth."

Since the beginning of the SOQ, the State determination of SOQ costs has had two primary components: an instructional position component, and salary and support cost determinations. The instructional position component determines the number of instructional staff required to meet the standards, by applying quantified personnel standards (ratios) to pupil enrollment data. Since the 1980s, salary and support cost determinations have been based on calculating the "prevailing" or typical practice across the divisions through the use of a measure of central tendency.

The State's share of SOQ costs has consisted of (1) payment of certain sales tax funds that are obtained and appropriated by the State for public education, and (2) payment of a share of remaining SOQ costs after the sales tax funds and any other applicable deductions are made (since FY 1993, the State's aggregate share has been 55 percent). The particular percentage share of the remaining SOQ costs that is local versus State varies from locality to locality depending on the locality's ability to pay as measured by the "composite index." This index compares the size of a locality's tax base (relative to its population and its students in public school membership) against the collective statewide size of local tax bases (relative to statewide population and public school students).

The *Code of Virginia* (§22.1-97) indicates that localities must provide education funding levels that are sufficient to meet their "required" expenditure for the SOQ (basically, the balance of SOQ costs not paid by State SOQ expenditures). State Appropriation Act language over the years has addressed the details of how required local expenditure amounts are to be calculated.

At the 2003 Session, the General Assembly amended Section 22.1-97 of the *Code of Virginia* to require the development of annual reports that address local and State spending for the SOQ. (Appendix A to this report provides the statutory language from §22.1-97 that relates to these annual reports). The statute as amended requires that the Virginia Department of Education (DOE) report locality-level data on required local expenditures for the SOQ, as well as locality dollars budgeted and spent for education operating costs that can be compared against the required expenditures. In addition, JLARC is required to “report annually to the House Committees on Education and Appropriations and the Senate Committees on Finance and Education and Health the State expenditure provided each locality for an educational program meeting the Standards of Quality.”

JLARC REPORT

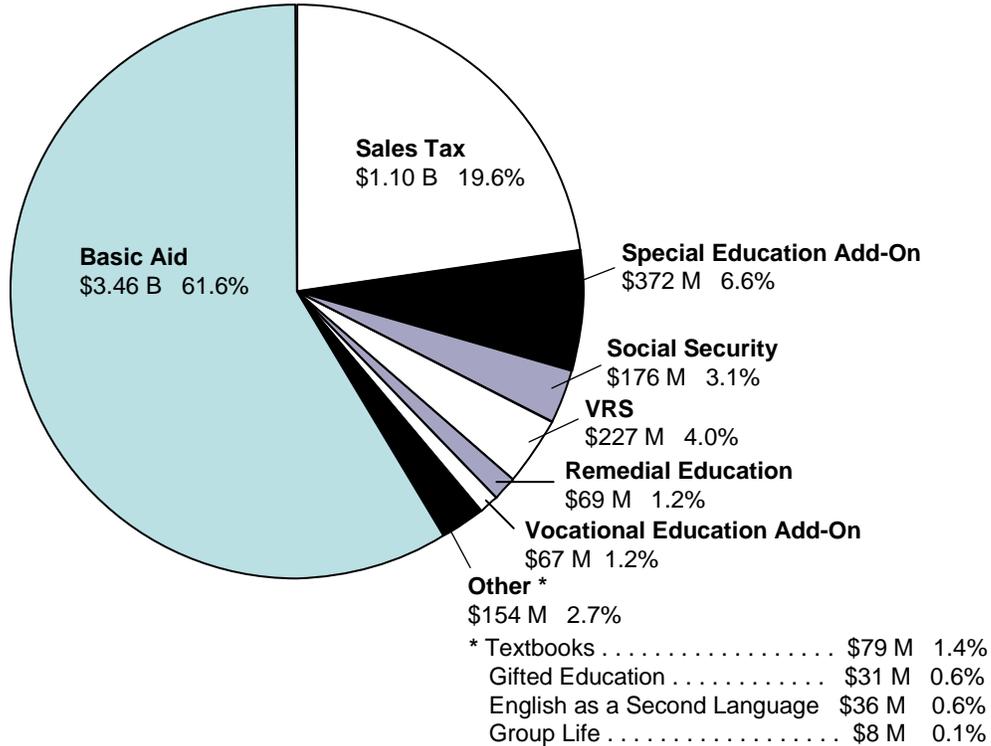
This report addresses the charge to JLARC to develop a report on State expenditures for the SOQ. The report provides data for FY 2009, and addresses total State spending for SOQ cost purposes, factors impacting the amount of State SOQ spending, and SOQ spending amounts at the school division level. This report is the sixth in a series of annual reports to meet the requirements of §22.1-97.

TOTAL STATE SPENDING FROM SOQ ACCOUNTS

According to data from DOE’s accounting system, total SOQ spending by the State in FY 2009 was \$5.62 billion. State spending in this context means the amount the State paid for school divisions to use in making educational purchases and meeting their costs. The amount the State paid equates to an average of about \$4,661 per pupil in fall membership, and about \$4,703 per pupil in average daily membership. (Fall membership used here to calculate per-pupil costs is based on the number of K-12 students enrolled in Virginia public schools on September 30, 2008, and the daily membership used is the average from the start of school through the end of March, adjusted for half-day kindergarten programs).

Figure 1 shows the various funding accounts that constitute the \$5.62 billion in State SOQ spending. Two accounts constitute about four-fifths of the spending: basic aid and State sales tax. Basic aid, which is spent to assist school divisions in offering a basic education program, constitutes the largest single account, almost 62 percent of total State SOQ spending.

Figure 1: FY 2009 State SOQ Spending by Account



Source: Virginia Department of Education data on State payments to school divisions, FY 2009.

FACTORS IMPACTING SIZE OF STATE SOQ SPENDING

DOE is responsible for calculating the costs associated with supporting the SOQ. DOE uses an automated cost model to estimate total SOQ costs, and then in turn, State SOQ costs. The model has numerous inputs that impact the magnitude of the total cost and the State cost. This section of the report bundles some of the detailed inputs into several categories (or factors) that impact the size of total State SOQ costs. These factors include the number of pupils; the number of instructional positions; instructional salary levels; support staff levels and salary levels; fringe benefit levels; non-personnel support cost determinations; deductions from SOQ costs; and State and local shares of SOQ costs.

Number of Pupils

SOQ costs are mostly estimated by multiplying various unit costs by the number of “units” that need to be funded. For example, the salary costs for SOQ instructional personnel are based on the typical (“prevailing”) salary amount that is paid for each type of position (the unit cost) times the number of personnel that are required by the standards (the number of units to be funded).

The number of pupils that are in Virginia’s public schools has an impact upon SOQ costs because for some SOQ costs (for example, personnel costs), the number of pupils impacts the number of units that must be provided. For example, the SOQ includes staffing ratios indicating how many staff are needed relative to the number of pupils. SOQ support personnel costs are similarly estimated by determining what the “prevailing” ratios are for support staff to pupils, and then those prevailing ratios are multiplied by the number of pupils in the system to determine the number of support staff to be funded. Most non-personnel support costs are estimated by determining the prevailing cost per pupil, and then multiplying that unit cost by the number of pupils in the system.

Thus, calculations of State and local costs for the SOQ take into account the number of pupils that are being served by the public school system. SOQ cost calculations take into account the number of pupils that are projected to be served in the fiscal year that is being funded. Final allocations by DOE are based on an average of the number of pupils that are members of public schools from the start of the school year to March 31 of each year.

Table 1 shows the number of pupils in 2008-09 used in DOE’s final allocations of State funds. Two numbers are shown—unadjusted and adjusted pupil membership. The largest portion of State SOQ funds is provided on the basis of what is called “adjusted” pupil membership—a figure that adjusts for the use of a half-day kindergarten program, applicable in FY 2009 in just Loudoun County. Some of the smaller State SOQ cost accounts are funded using unadjusted pupil membership. (Also, State sales tax funds are distributed based on school-age population.)

Table 1: Number of Pupils Used in DOE Final SOQ Allocations, FY 2009

| Unadjusted Number of Pupils | Adjusted Number of Pupils |
|------------------------------------|----------------------------------|
| 1,195,844 | 1,195,315 |

Source: DOE budget office information on final March 31, 2009 ADM.

Number of Instructional Positions

Under the SOQ framework, instructional positions include principals, assistant principals, teachers, kindergarten and special education aides, guidance counselors, and librarians. The number of instructional positions included in SOQ cost calculations is determined by applying pupil-to-instructor ratios and class size maximums against pupil counts at the grade, school, and division level.

Standards Used to Calculate SOQ Teacher Positions. Table 2 shows the standards for the maximum number of pupils per teacher that were used in estimating FY 2009 State and local SOQ costs. In addition to the standards shown in the table, two points should be noted. First, beginning in FY 2005, the State has appropriated funds for the State’s share of five elementary resource teachers per 1,000 students (to help pay for teachers specializing in art, music, and physical education).

Table 2: Maximum Number of Pupils Per Teacher in 2008-09, Standards to Estimate SOQ Basic Education Program Costs

| Grade Level of Students | Class Size Standards | School Standards | Division Standards |
|-------------------------|-----------------------|------------------|--------------------|
| Kindergarten | 29 with aide, else 24 | | 24 |
| First Grade | 30 | | 24 |
| Second Grade | 30 | | 24 |
| Third Grade | 30 | | 24 |
| Fourth Grade | 35 | | 25 |
| Fifth Grade | 35 | 21 | 25 |
| Sixth Grade | 35 | 21 | 25 |
| Seventh Grade | 35 | 21 | 25 |
| Eighth Grade | | 21 | |
| Ninth Grade | | 21 | |
| Tenth Grade | | 21 | |
| Eleventh Grade | | 21 | |
| Twelfth Grade | | 21 | |

Note: For grades six to 12, the ratio of pupils to English teachers in a school division must not exceed 24 to one.

Source: DOE SOQ model cost scenario run (# 1331) for the 2008-10 biennium.

Second, besides the pupil-teacher standards for the basic education program that are reflected in the table, pupil-teacher ratios are also applied to determine SOQ costs for the additional teachers that are needed to provide education programs other than the basic education program—for example, special education, remedial, vocational, and gifted and talented instruction. Whereas the ratios for the SOQ basic education program typically require about one teacher per 24 or 25 students, classes that operate most or all of the day with special education students typically are to have one teacher for every six to eight pupils without an aide, or one teacher for every eight to ten pupils with an aide. Therefore, the need for additional teachers to meet the more demanding ratios is also calculated as part of SOQ costs.

Standards Used to Calculate the Number of Other SOQ Instructional Positions. Table 3 shows the staffing standards for principals, assistant principals, and librarians that are determinative of SOQ costs, and therefore State SOQ spending, for these positions.

Table 3: SOQ Principal, Assistant Principal, and Librarian Positions Funded in FY 2009

| Type of Position | Range, Number of Pupils in School | | | | | | | |
|----------------------|-----------------------------------|----------|----------|----------|--------------|--------------|--------------|--------|
| | 0 - 299 | 300- 599 | 600- 899 | 900- 999 | 1,000- 1,199 | 1,200- 1,799 | 1,800- 2,399 | 2,400+ |
| Elementary | | | | | | | | |
| Principals | 0.5 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Assistant Principals | 0 | 0 | 0.5 | 1 | 1 | 1 | 1 | 1 |
| Librarians | 0.5 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Middle | | | | | | | | |
| Principals | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Assistant Principals | 0 | 0 | 1 | 1 | 1 | 2 | 3 | 4 |
| Librarians | 0.5 | 1 | 1 | 1 | 2 | 2 | 2 | 2 |
| Secondary | | | | | | | | |
| Principals | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Assistant Principals | 0 | 0 | 1 | 1 | 1 | 2 | 3 | 4 |
| Librarians | 0.5 | 1 | 1 | 1 | 2 | 2 | 2 | 2 |

Source: DOE SOQ model cost scenario run (# 1331) for the 2008-10 biennium.

In each of these categories, the number of staff that must be available, at a minimum, is determined based on the size of the school. For example, elementary schools with less than 600 pupils are not required to have an assistant principal, and so the State does not include costs for these positions in determining how much the State and localities must spend for the SOQ. However, elementary schools with 600 to 899 pupils are to have at least a half-time assistant principal, and elementary schools with 900 or more pupils are to have at least one full-time assistant principal. In addition to the positions addressed in Table 3, the State also has standards for guidance counselors that are included in SOQ instructional personnel costs. SOQ costs for guidance counselors are calculated on the basis of 0.2 counselors per 100 pupils enrolled at the elementary school level, 0.2 counselors per 80 pupils enrolled in middle schools, and 0.2 counselors per 70 pupils enrolled in secondary schools.

Appropriation Act Minimum Requirements for the Number of Instructional Positions Per 1,000 Pupils. Each Appropriation Act, pursuant to the *Code of Virginia*, specifies that each school division shall employ, and is funded for SOQ purposes, on the basis of at least 57 positions per 1,000 pupils for basic, special, and vocational education purposes. Any school division credited through the use of class, school, and division personnel standards with fewer than 57 instructional positions per 1,000 pupils for basic, special, and vocational education receives credit for 57 positions per 1,000 pupils under this minimum requirement.

Instructional Salaries

Table 4 shows the salary figures for teachers used in funding SOQ personnel in FY 2009. There is a difference in the funded salary level depending on whether the teacher teaches elementary or secondary school.

Table 4: FY 2009 State-Funded Teacher Salaries
(Base salaries applicable to all divisions, excluding the cost of competing)

| Category of Teachers | State Budget, Salary Level Funded in FY 2009 |
|----------------------|--|
| Elementary Level | \$44,337 |
| Secondary Level | \$46,230 |

Source: DOE SOQ model cost scenario run (# 1331) for the 2008-10 biennium and the State Appropriation Act.

FY 2009 salary figures were first rooted in the linear weighted salary amount from FY 2006. (The linear weighted average is a measure that is useful for capturing the central tendency of data distributions which are somewhat skewed in nature. It gives greatest weight to data points toward the middle of the distribution, and the least weight to the highest and lowest data points). The FY 2006 salary was then adjusted based on State budget salary increases of four and three percent in FY 2007 and FY 2008.

In addition to teachers, salary costs of other instructional personnel were increased from the FY 2006 prevailing amounts. Funding supported the State share of the following salaries for FY 2009:

- Elementary principals, \$77,259
- Secondary principals, \$84,326
- Elementary assistant principals, \$62,556
- Secondary assistant principals, \$66,907, and
- Classroom aides, \$15,875.

It should be noted that for all salary costs—instructional and support personnel—the State includes a cost-of-competing adjustment to SOQ costs for divisions in the Northern Virginia Planning District Commission (PDC), which includes the counties of Arlington, Fairfax, Loudoun, and Prince William, and the cities of Alexandria, Fairfax, Falls Church, Manassas, and Manassas Park. This adjustment is provided to recognize the higher salaries that have long been a part of the competitive market in that part of Virginia. The adjustment factor used for SOQ instructional personnel in the Northern Virginia PDC is 9.83 percent. In addition, the following localities receive a partial cost-of-competing adjustment: the coun-

ties of Clarke, Culpeper, Fauquier, Frederick, Stafford, Spotsylvania, and Warren, and the cities of Fredericksburg and Winchester.

Support Staffing Levels and Salaries

Table 5 shows the ratio of support staff positions per 1,000 pupils used in building SOQ support costs for FY 2009 (some support positions, such as school board members, pupil transportation personnel, and school nurses, are recognized as SOQ costs separately from the general run of the SOQ model; the number of positions and salaries for these positions are not included in the table.) The FY 2009 SOQ salary costs for the support positions shown are based on FY 2006 prevailing salary levels increased by State-recognized three percent salary increases in FY 2007 and FY 2008.

Table 5: SOQ Support Staffing and Salary Levels, FY 2009

| Type of Positions | Prevailing Positions Per 1,000 ADM | Ratio, Pupils to Staff Positions | Salary |
|---|------------------------------------|----------------------------------|-----------------|
| Administrative Support | 3.010 | 332 | \$46,570 |
| -- Assistant Superintendents | 0.241 | 4,149 | \$98,878 |
| -- Professional Administration | 0.711 | 1,406 | \$64,420 |
| -- Admin. Technical / Clerical | 2.058 | 486 | \$34,275 |
| School-Based Clerical | 5.364 | 186 | \$24,857 |
| Instructional Support | 5.287 | 189 | \$44,339 |
| -- Instructional Professional | 2.876 | 348 | \$59,910 |
| -- Instructional Technical / Clerical | 2.411 | 415 | \$25,763 |
| Technology | 1.720 | 581 | \$42,178 |
| -- Technology Professional | 0.479 | 2,088 | \$63,397 |
| -- Support Technology | 1.000 | 1,000 | \$35,439 |
| -- Technology Technical / Clerical | 0.241 | 4,149 | \$27,968 |
| Attendance & Health ^a | 1.971 | 507 | \$40,970 |
| -- A & H Administrative | 1.348 | 742 | \$49,543 |
| -- A & H Technical / Clerical | 0.623 | 1,605 | \$22,422 |
| Operation & Maintenance | 12.197 | 82 | \$25,540 |
| -- O & M Professional | 0.355 | 2,817 | \$61,899 |
| -- O & M Technical / Clerical | 11.842 | 84 | \$24,451 |
| All Positions | 29.55 | 33.84 | \$32,920 |

^a Does not include school nurse positions. DOE data indicates that State SOQ spending for school nurses in FY 2009 was about \$44.3 million.

Source: JLARC staff analysis of a DOE budget office spreadsheet entitled "SOQ Funded Support and Instructional Positions Funded in Basic Aid". The school nurse cost cited in the note above is from a DOE spreadsheet showing the final FY 2009 school nurse support costs funded in basic aid.

Fringe Benefit Costs

Table 6 shows the fringe benefit rates that were used to determine SOQ costs in FY 2009. The fringe benefit costs for SOQ personnel, including Social Security costs, are shared between the State and localities based on the composite index of ability to pay.

Table 6: Fringe Benefit Rates Used to Determine Total SOQ Costs in FY 2009

| Fringe Benefit | FY 2009 Rate |
|---|------------------------------|
| Social Security, Employer's Cost | 7.65% of salary |
| Instructional and Professional Support, VRS Employer Cost | 8.81% of salary ^a |
| Non-Professional Support, VRS Employer Cost | 7.62% of salary |
| Group Life, Employer Share | 0.33% of salary |
| Health Care Premium | \$5,188 |

^a In addition to the 8.81% rate, a VRS health care credit was provided at 1.08 percent of salary for instructional personnel and professional support personnel. Thus, the total employer VRS rate for these personnel, with the credit included, was 9.89 percent of salary.

Source: DOE spreadsheet, "Budget Variables Used in 2008-10 Direct Aid Budget Calculations".

Non-Personnel Support Costs

To determine FY 2009 SOQ non-personnel support costs, prevailing per-pupil costs from FY 2006 were inflated to FY 2008. The resulting per-pupil costs were multiplied by the number of pupils in membership in 2008-09.

Deductions From SOQ Costs

In FY 2009, as has been the case since FY 2004, no deductions were made from SOQ costs for locally-generated revenues. (Locally-generated revenues are revenues raised by schools and school divisions through activities such as charges for the rental of school space during hours outside of the school day).

However, a portion of federal funds were deducted, based on the estimated proportion of the federal dollars that are used to pay for support costs. The proportion of the dollars from these accounts that was deducted from the SOQ cost was 30.19 percent.

State and Local Shares of SOQ Costs

The State approach to funding the SOQ is not a cost reimbursement approach. A school division's spending does not determine the size of its SOQ cost. The SOQ cost is fundamentally based on (1) SOQ staffing ratios applied to division pupil enrollment levels, and (2) the "prevailing" or typical salary levels and per-pupil costs across the various divisions. To determine these prevailing costs, a statistical measure of central tendency is used, and this statistic estimates SOQ costs at lesser amounts than the statewide average. Except for a cost of competing adjustment recognized in Northern Virginia and some nearby localities, the State does not recognize the higher (above prevailing) salary levels and per-pupil costs which are supported by local funds in many localities.

Once SOQ costs are determined, and after deductions are made from SOQ costs to account for certain federal funds and certain State sales tax funds, the State pays an aggregate statewide 55 percent share of the remaining costs for the SOQ. As is the case with other SOQ costs, the aggregate 55 percent share also applies to fringe benefit costs such as VRS and social security.

While the aggregate State share is 55 percent, the actual percentage varies from locality to locality, based on local ability to pay. For example, in a locality with a low ability to pay, the State may pay 80 percent or more of the cost. In a locality with a high ability to pay, the State may pay as little as 20 percent of the cost.

STATE SOQ SPENDING BY SCHOOL DIVISION

Table 7 shows the ten divisions that received the largest SOQ fund amounts from the State in FY 2009. In total, these ten divisions accounted for 44.9 percent of State SOQ spending and 49.5 percent of the pupils in the elementary and secondary school system.

Table 7: Ten School Divisions Receiving Largest State SOQ Fund Amounts, FY 2009

| Division | State SOQ Spending (\$ millions) | Number of Pupils |
|-----------------------|---|-------------------------|
| 1. Fairfax Co. | \$ 433.2 | 162,923 |
| 2. Virginia Beach | \$ 349.1 | 69,335 |
| 3. Prince William | \$ 347.3 | 71,962 |
| 4. Chesterfield | \$ 293.8 | 58,273 |
| 5. Henrico | \$ 228.7 | 48,077 |
| 6. Chesapeake | \$ 216.2 | 38,851 |
| 7. Norfolk | \$ 181.0 | 31,639 |
| 8. Loudoun | \$ 174.3 | 55,690 |
| 9. Newport News | \$ 169.7 | 29,023 |
| 10. Stafford | \$ 130.7 | 26,350 |
| Total, Top Ten | \$2,524.0 | 592,123 |

Source: JLARC staff analysis of data provided by DOE from its accounting system.

Table 8 provides information on State SOQ spending on a per-pupil basis. The table shows the ten school divisions that received the highest per-pupil payments from the State in FY 2009 and the ten school divisions that received the least. The table also shows the composite index values for these localities.

The composite index, which is a measure of local ability to pay, has a major impact on the size of State per-pupil dollars for the SOQ that are received by a school division (although other factors, such as cost factors and sales tax allocations, do have some impact). A higher composite index value indicates a higher measured ability to pay.

Table 8: School Divisions with the Most and Least Expenditures Per Pupil From State SOQ Funds, FY 2009

| Ten School Divisions With the <u>Most</u> Expenditures Per Pupil From State SOQ Funds | | | Ten School Divisions With the <u>Least</u> Expenditures Per Pupil From State SOQ Funds | | |
|---|--------------------|--------------------|--|--------------------|--------------------|
| Division | Funds Per Pupil | Composite Index | Division | Funds Per Pupil | Composite Index |
| Lee | \$7,978 | .1552 | Goochland | \$2,235 | .8000 |
| Charlotte | \$6,811 | .2017 | Williamsburg | \$2,257 | .8000 |
| Scott | \$6,749 | .1849 | Fredericksburg | \$2,324 | .7943 |
| Grayson | \$6,743 | .2607 | Falls Church | \$2,359 | .8000 |
| Dickenson | \$6,728 | .1957 | Arlington | \$2,408 | .8000 |
| Buckingham | \$6,687 | .2414 | Lancaster | \$2,415 | .7824 |
| Lunenburg | \$6,665 | .2132 | Fairfax City | \$2,421 | .8000 |
| Sussex | \$6,643 | .2799 | Alexandria | \$2,481 | .8000 |
| Petersburg | \$6,504 | .2008 | Rappahannock | \$2,506 | .8000 |
| Nottoway | \$6,503 | .2221 | Bath | \$2,558 | .8000 |

Source: JLARC staff analysis of data provided by DOE from its accounting system.

In general, school divisions that benefit from relatively large State SOQ payments on a per-pupil basis serve students in localities with low composite indices and low ability to pay. Divisions that receive lesser SOQ payments per pupil tend to be divisions where the locality has a high composite index and high ability to pay. No locality has a higher composite index than 0.8000, which is the cap for the composite index under the Appropriation Act.

With a composite index of 0.8000, the locality is to pay 80 percent of the costs to which the index is applied, while the State will pay 20 percent of those costs. A composite index of 0.2000, on the other hand, means that the locality is to pay 20 percent, while the State will pay 80 percent. As can be seen in the table, school divisions receiving the most SOQ funds per pupil tend to have composite index values of less than 0.3000, while the least SOQ funds are received by divisions serving localities with a capped composite index or by divisions serving localities with a composite index figure below the cap but greater than 0.7000.

Appendix B to this report shows State SOQ spending in FY 2009 in all school divisions. The appendix shows State SOQ spending from the basic aid, sales tax, and “other SOQ” accounts, as well as total State SOQ spending. The table also shows the State SOQ spending in per-pupil terms and the local composite index value.

Study Mandate

Section 22.1-97 of the *Code of Virginia*

§ 22.1-97. Calculation and reporting of required local expenditures; procedure if locality fails to appropriate sufficient educational funds.

-- A. The Department of Education shall collect annually the data necessary to make calculations and reports required by this subsection.

At the beginning of each school year, the Department shall make calculations to ensure that each school division has appropriated sufficient funds to support its estimated required local expenditure for providing an educational program meeting the prescribed Standards of Quality, required by Article VIII of the Constitution of Virginia and Chapter 13.2 (§ 22.1-253.13:1 et seq.) of this title. At the conclusion of the school year, the Department shall make calculations to verify whether the locality has provided the required expenditure, based on average daily membership as of March 31 of the relevant school year.

The Department shall report annually to the House Committees on Education and Appropriations and the Senate Committees on Finance and Education and Health the results of such calculations and the degree to which each school division has met, failed to meet, or surpassed its required expenditure.

The Joint Legislative Audit and Review Commission shall report annually to the House Committees on Education and Appropriations and the Senate Committees on Finance and Education and Health the state expenditure provided each locality for an educational program meeting the Standards of Quality.

The Department and the Joint Legislative Audit and Review Commission shall coordinate to ensure that their respective reports are based upon comparable data and are delivered together, or as closely following one another as practicable, to the appropriate standing committees...

[Note: This is the end of the portion of the statutory section that relates to the DOE and JLARC annual reporting responsibilities.]

Appendix **B**

FY 2009 State SOQ Spending, by Division

| Division | Basic Aid Account | Sales Tax Account | Other SOQ Accounts | Total Spending | Spending Per Pupil | Composite Index |
|---------------|-------------------|-------------------|--------------------|----------------|--------------------|-----------------|
| Accomack | \$16,241,576 | \$4,780,801 | \$6,147,251 | \$27,169,628 | \$5,514 | .3752 |
| Albemarle | \$24,398,341 | \$11,319,368 | \$7,300,971 | \$43,018,680 | \$3,453 | .6232 |
| Alleghany | \$11,522,757 | \$2,296,115 | \$3,407,320 | \$17,226,192 | \$6,156 | .2210 |
| Amelia | \$6,391,476 | \$1,532,223 | \$1,985,255 | \$9,908,954 | \$5,456 | .3206 |
| Amherst | \$17,822,203 | \$4,085,680 | \$5,285,138 | \$27,193,021 | \$6,013 | .2642 |
| Appomattox | \$8,524,397 | \$1,927,110 | \$2,780,869 | \$13,232,376 | \$6,123 | .2436 |
| Arlington | \$20,365,646 | \$16,163,026 | \$8,161,764 | \$44,690,436 | \$2,408 | .8000 |
| Augusta | \$36,435,849 | \$10,379,477 | \$10,073,603 | \$56,888,929 | \$5,323 | .3299 |
| Bath | \$812,072 | \$695,120 | \$267,150 | \$1,774,342 | \$2,558 | .8000 |
| Bedford | \$32,323,159 | \$8,623,189 | \$7,916,258 | \$48,862,606 | \$4,978 | .3494 |
| Bland | \$3,994,163 | \$743,927 | \$1,123,851 | \$5,861,941 | \$6,302 | .2608 |
| Botetourt | \$16,109,496 | \$4,602,584 | \$4,657,400 | \$25,369,480 | \$5,216 | .3606 |
| Brunswick | \$8,041,129 | \$2,182,973 | \$2,997,783 | \$13,221,885 | \$6,399 | .2616 |
| Buchanan | \$12,567,931 | \$2,884,010 | \$5,096,703 | \$20,548,644 | \$6,291 | .2824 |
| Buckingham | \$8,024,294 | \$2,100,890 | \$2,943,075 | \$13,068,259 | \$6,687 | .2414 |
| Campbell | \$33,034,382 | \$7,976,875 | \$8,598,581 | \$49,609,838 | \$5,878 | .2340 |
| Caroline | \$12,769,112 | \$4,329,712 | \$4,273,708 | \$21,372,532 | \$5,206 | .3817 |
| Carroll | \$15,037,586 | \$3,668,608 | \$4,377,434 | \$23,083,628 | \$5,893 | .2470 |
| Charles City | \$3,048,899 | \$755,019 | \$1,130,836 | \$4,934,754 | \$5,741 | .4162 |
| Charlotte | \$9,191,337 | \$1,765,162 | \$3,088,557 | \$14,045,056 | \$6,811 | .2017 |
| Chesterfield | \$193,025,428 | \$47,776,948 | \$53,010,950 | \$293,813,326 | \$5,042 | .3447 |
| Clarke | \$4,606,080 | \$1,904,925 | \$1,054,240 | \$7,565,245 | \$3,508 | .6112 |
| Craig | \$2,695,551 | \$703,994 | \$991,172 | \$4,390,717 | \$6,306 | .2790 |
| Culpeper | \$21,506,166 | \$5,811,649 | \$5,875,067 | \$33,192,882 | \$4,598 | .4340 |
| Cumberland | \$5,997,499 | \$1,347,350 | \$1,891,427 | \$9,236,276 | \$6,377 | .2601 |
| Dickenson | \$11,036,620 | \$1,905,665 | \$3,485,065 | \$16,427,350 | \$6,728 | .1957 |
| Dinwiddie | \$18,830,404 | \$3,641,987 | \$5,576,358 | \$28,048,749 | \$6,039 | .2462 |
| Essex | \$5,134,189 | \$1,453,097 | \$1,705,001 | \$8,292,287 | \$5,195 | .4071 |
| Fairfax | \$215,173,136 | \$148,564,952 | \$69,487,266 | \$433,225,354 | \$2,659 | .7650 |
| Fauquier | \$18,858,413 | \$10,748,482 | \$5,593,131 | \$35,200,026 | \$3,171 | .6711 |
| Floyd | \$7,514,774 | \$1,887,178 | \$2,360,899 | \$11,762,851 | \$5,737 | .3234 |
| Fluvanna | \$12,024,205 | \$2,902,497 | \$3,560,528 | \$18,487,230 | \$5,094 | .3685 |
| Franklin | \$22,594,279 | \$6,904,615 | \$7,777,451 | \$37,276,345 | \$5,202 | .3885 |
| Frederick | \$39,747,146 | \$10,297,394 | \$11,665,921 | \$61,710,461 | \$4,816 | .4119 |
| Giles | \$9,954,640 | \$2,287,981 | \$3,493,127 | \$15,735,748 | \$6,110 | .2571 |
| Gloucester | \$19,953,025 | \$5,733,263 | \$5,056,599 | \$30,742,887 | \$5,237 | .3456 |
| Goochland | \$2,636,037 | \$1,998,841 | \$796,589 | \$5,431,467 | \$2,235 | .8000 |
| Grayson | \$8,757,551 | \$2,065,395 | \$2,637,450 | \$13,460,396 | \$6,743 | .2607 |
| Greene | \$9,980,629 | \$2,384,115 | \$3,302,357 | \$15,667,101 | \$5,722 | .3224 |
| Greensville | \$6,767,779 | \$1,362,879 | \$2,159,892 | \$10,290,550 | \$6,501 | .1895 |
| Halifax | \$22,477,757 | \$5,426,375 | \$8,995,403 | \$36,899,535 | \$6,466 | .2380 |
| Hanover | \$55,922,010 | \$16,359,730 | \$14,980,287 | \$87,262,027 | \$4,696 | .4118 |
| Henrico | \$141,309,918 | \$43,279,372 | \$44,111,602 | \$228,700,892 | \$4,757 | .4319 |
| Henry | \$27,190,805 | \$7,833,414 | \$9,306,426 | \$44,330,645 | \$6,164 | .2304 |
| Highland | \$573,493 | \$272,132 | \$265,161 | \$1,110,786 | \$4,306 | .6774 |
| Isle of Wight | \$17,150,454 | \$5,223,755 | \$4,897,330 | \$27,271,539 | \$5,139 | .3697 |
| James City | \$22,977,754 | \$8,244,570 | \$6,404,118 | \$37,626,442 | \$3,968 | .5286 |
| King George | \$13,526,545 | \$2,828,548 | \$3,058,428 | \$19,413,521 | \$4,857 | .4075 |
| King & Queen | \$2,654,633 | \$831,926 | \$1,131,380 | \$4,617,939 | \$6,119 | .3868 |

| Division | Basic Aid Account | Sales Tax Account | Other SOQ Accounts | Total Spending | Spending Per Pupil | Composite Index |
|-----------------|-------------------|-------------------|--------------------|----------------|--------------------|-----------------|
| King William | \$8,003,211 | \$2,308,687 | \$2,663,298 | \$12,975,196 | \$6,087 | .2918 |
| Lancaster | \$1,476,191 | \$1,267,485 | \$426,688 | \$3,170,364 | \$2,415 | .7824 |
| Lee | \$16,398,927 | \$3,465,988 | \$7,471,063 | \$27,335,978 | \$7,978 | .1552 |
| Loudoun | \$103,838,196 | \$44,048,441 | \$26,396,809 | \$174,283,446 | \$3,130 | .6708 |
| Louisa | \$10,628,547 | \$4,183,293 | \$3,327,180 | \$18,139,020 | \$3,968 | .5396 |
| Lunenburg | \$6,640,623 | \$1,662,373 | \$2,323,858 | \$10,626,854 | \$6,665 | .2132 |
| Madison | \$5,069,302 | \$1,775,515 | \$1,660,531 | \$8,505,348 | \$4,691 | .4878 |
| Mathews | \$3,187,169 | \$1,043,420 | \$983,500 | \$5,214,089 | \$4,178 | .5337 |
| Mecklenburg | \$17,572,624 | \$3,782,490 | \$6,299,155 | \$27,654,269 | \$5,974 | .2848 |
| Middlesex | \$2,096,662 | \$1,182,444 | \$700,247 | \$3,979,353 | \$3,243 | .6777 |
| Montgomery | \$30,949,992 | \$9,608,189 | \$10,762,712 | \$51,320,893 | \$5,392 | .3496 |
| Nelson | \$4,361,537 | \$2,035,076 | \$1,483,376 | \$7,879,989 | \$4,130 | .5708 |
| New Kent | \$8,457,781 | \$2,473,593 | \$2,543,138 | \$13,474,512 | \$4,970 | .4066 |
| Northampton | \$4,275,193 | \$1,708,961 | \$1,737,856 | \$7,722,010 | \$4,448 | .5482 |
| Northumberland | \$1,994,038 | \$1,364,358 | \$599,155 | \$3,957,551 | \$2,838 | .7306 |
| Nottoway | \$9,116,392 | \$2,103,848 | \$3,190,580 | \$14,410,820 | \$6,503 | .2221 |
| Orange | \$15,456,956 | \$4,087,159 | \$4,223,753 | \$23,767,868 | \$4,652 | .4395 |
| Page | \$12,389,212 | \$2,955,740 | \$3,886,039 | \$19,230,991 | \$5,498 | .3263 |
| Patrick | \$10,331,831 | \$2,298,334 | \$3,252,444 | \$15,882,609 | \$6,203 | .2392 |
| Pittsylvania | \$35,278,366 | \$8,274,889 | \$11,880,517 | \$55,433,772 | \$6,214 | .2245 |
| Powhatan | \$14,215,452 | \$3,679,701 | \$3,798,071 | \$21,693,224 | \$4,948 | .3790 |
| Prince Edward | \$8,838,167 | \$2,833,724 | \$3,507,647 | \$15,179,538 | \$6,173 | .2733 |
| Prince George | \$24,730,362 | \$5,339,115 | \$7,127,341 | \$37,196,818 | \$6,072 | .2173 |
| Prince William | \$225,567,777 | \$60,159,703 | \$61,533,724 | \$347,261,204 | \$4,826 | .4437 |
| Pulaski | \$17,354,754 | \$4,384,434 | \$5,304,374 | \$27,043,562 | \$5,763 | .2730 |
| Rappahannock | \$957,586 | \$1,055,991 | \$309,670 | \$2,323,247 | \$2,506 | .8000 |
| Richmond | \$4,288,718 | \$987,958 | \$1,415,342 | \$6,692,018 | \$5,574 | .3384 |
| Roanoke | \$48,974,998 | \$13,730,844 | \$14,934,507 | \$77,640,349 | \$5,300 | .3349 |
| Rockbridge | \$7,039,633 | \$2,592,651 | \$2,150,217 | \$11,782,501 | \$4,523 | .4728 |
| Rockingham | \$38,050,712 | \$11,059,068 | \$10,808,920 | \$59,918,700 | \$5,256 | .3204 |
| Russell | \$16,713,981 | \$3,732,944 | \$5,600,764 | \$26,047,689 | \$6,367 | .2079 |
| Scott | \$17,093,975 | \$3,157,621 | \$5,159,358 | \$25,410,954 | \$6,749 | .1849 |
| Shenandoah | \$18,940,158 | \$5,255,553 | \$5,159,231 | \$29,354,942 | \$4,804 | .4056 |
| Smyth | \$20,637,818 | \$3,975,496 | \$6,824,103 | \$31,437,417 | \$6,467 | .2023 |
| Southampton | \$10,372,194 | \$3,032,647 | \$3,652,833 | \$17,057,674 | \$6,233 | .2578 |
| Spotsylvania | \$78,871,277 | \$20,985,977 | \$21,630,266 | \$121,487,520 | \$5,123 | .3695 |
| Stafford | \$86,042,613 | \$23,366,394 | \$21,280,495 | \$130,689,502 | \$4,960 | .3629 |
| Surry | \$1,828,142 | \$976,866 | \$635,160 | \$3,440,168 | \$3,529 | .6641 |
| Sussex | \$4,796,347 | \$1,248,259 | \$1,894,719 | \$7,939,325 | \$6,643 | .2799 |
| Tazewell | \$25,635,085 | \$6,227,242 | \$8,207,936 | \$40,070,263 | \$6,034 | .2318 |
| Warren | \$15,565,992 | \$4,981,942 | \$4,184,057 | \$24,731,991 | \$4,679 | .4285 |
| Washington | \$24,474,417 | \$6,338,905 | \$6,838,138 | \$37,651,460 | \$5,164 | .3340 |
| Westmoreland | \$4,696,420 | \$2,015,109 | \$1,677,256 | \$8,388,785 | \$4,892 | .5167 |
| Wise | \$26,793,404 | \$5,753,230 | \$8,263,901 | \$40,810,535 | \$6,256 | .1798 |
| Wythe | \$15,616,443 | \$3,747,734 | \$4,786,393 | \$24,150,570 | \$5,663 | .2929 |
| York | \$42,455,856 | \$10,470,434 | \$9,656,104 | \$62,582,394 | \$4,915 | .3632 |
| Alexandria | \$12,215,406 | \$10,257,461 | \$5,075,196 | \$27,548,063 | \$2,481 | .8000 |
| Bedford | \$3,102,323 | \$667,020 | \$737,497 | \$4,506,840 | \$5,428 | .2802 |
| Bristol | \$7,318,665 | \$2,154,873 | \$2,571,865 | \$12,045,403 | \$5,303 | .3664 |
| Buena Vista | \$4,842,096 | \$899,219 | \$1,433,919 | \$7,175,234 | \$6,347 | .1924 |
| Charlottesville | \$7,179,218 | \$4,707,591 | \$2,834,290 | \$14,721,099 | \$3,830 | .6091 |
| Chesapeake | \$134,458,101 | \$38,899,375 | \$42,842,823 | \$216,200,299 | \$5,565 | .3025 |
| Col. Heights | \$8,213,062 | \$2,516,483 | \$2,563,345 | \$13,292,890 | \$4,640 | .4289 |
| Covington | \$3,099,074 | \$559,794 | \$1,140,568 | \$4,799,436 | \$5,772 | .3051 |
| Danville | \$23,750,642 | \$6,469,795 | \$8,397,979 | \$38,618,416 | \$6,225 | .2394 |
| Emporia | \$3,867,585 | \$866,682 | \$1,278,208 | \$6,012,475 | \$6,123 | .2573 |
| Fairfax | \$3,101,606 | \$2,576,382 | \$1,015,309 | \$6,693,297 | \$2,421 | .8000 |

| Division | Basic Aid Account | Sales Tax Account | Other SOQ Accounts | Total Spending | Spending Per Pupil | Composite Index |
|------------------|--------------------------|--------------------------|---------------------------|------------------------|---------------------------|------------------------|
| Falls Church | \$2,238,436 | \$1,704,524 | \$670,087 | \$4,613,047 | \$2,359 | .8000 |
| Franklin | \$4,451,629 | \$1,112,192 | \$1,730,270 | \$7,294,091 | \$6,054 | .2686 |
| Fredericksburg | \$2,797,757 | \$2,297,594 | \$1,074,605 | \$6,169,956 | \$2,324 | .7943 |
| Galax | \$4,836,971 | \$962,076 | \$1,439,020 | \$7,238,067 | \$5,569 | .2618 |
| Hampton | \$77,445,787 | \$21,850,441 | \$27,356,699 | \$126,652,927 | \$6,073 | .2358 |
| Harrisonburg | \$12,542,753 | \$3,470,425 | \$4,516,662 | \$20,529,840 | \$4,835 | .4099 |
| Hopewell | \$15,085,565 | \$3,173,150 | \$4,903,900 | \$23,162,615 | \$6,062 | .2236 |
| Lexington | \$1,864,954 | \$490,282 | \$479,293 | \$2,834,529 | \$4,624 | .4040 |
| Lynchburg | \$26,248,702 | \$8,504,871 | \$9,455,014 | \$44,208,587 | \$5,371 | .3327 |
| Manassas | \$18,120,769 | \$6,409,896 | \$6,075,294 | \$30,605,959 | \$4,831 | .4618 |
| Manassas Park | \$8,336,139 | \$1,870,909 | \$2,514,127 | \$12,721,175 | \$5,339 | .3840 |
| Martinsville | \$8,966,186 | \$2,484,685 | \$3,171,863 | \$14,622,734 | \$5,986 | .2249 |
| Newport News | \$104,852,672 | \$31,010,499 | \$33,827,499 | \$169,690,670 | \$5,847 | .2531 |
| Norfolk | \$112,928,919 | \$30,837,458 | \$37,240,587 | \$181,006,964 | \$5,721 | .2588 |
| Norton | \$2,722,541 | \$623,390 | \$725,037 | \$4,070,968 | \$5,190 | .3095 |
| Petersburg | \$17,660,435 | \$3,957,749 | \$6,838,253 | \$28,456,437 | \$6,504 | .2008 |
| Poquoson | \$8,339,179 | \$2,092,016 | \$1,982,640 | \$12,413,835 | \$5,068 | .3190 |
| Portsmouth | \$57,625,266 | \$11,807,431 | \$19,726,608 | \$89,159,305 | \$6,221 | .2112 |
| Radford | \$5,360,716 | \$1,132,898 | \$1,688,380 | \$8,181,994 | \$5,537 | .2837 |
| Richmond | \$60,733,063 | \$25,623,317 | \$26,982,168 | \$113,338,548 | \$5,257 | .4272 |
| Roanoke | \$40,506,090 | \$11,660,273 | \$13,867,556 | \$66,033,919 | \$5,376 | .3420 |
| Salem | \$12,369,357 | \$3,119,167 | \$3,299,675 | \$18,788,199 | \$4,818 | .3518 |
| Staunton | \$7,357,371 | \$3,431,972 | \$2,528,066 | \$13,317,409 | \$5,167 | .3849 |
| Suffolk | \$47,753,411 | \$13,650,979 | \$14,889,366 | \$76,293,756 | \$5,623 | .2983 |
| Virginia Beach | \$217,584,685 | \$69,794,513 | \$61,736,458 | \$349,115,656 | \$5,035 | .3704 |
| Waynesboro | \$9,650,181 | \$2,970,530 | \$2,669,332 | \$15,290,043 | \$5,092 | .3330 |
| Williamsburg | \$786,922 | \$685,507 | \$226,663 | \$1,699,092 | \$2,257 | .8000 |
| Winchester | \$8,616,827 | \$3,285,553 | \$2,784,303 | \$14,686,683 | \$3,954 | .5382 |
| Col. Beach | \$1,939,762 | \$0 | \$728,003 | \$2,667,765 | \$4,642 | .4154 |
| West Point | \$3,135,270 | \$0 | \$978,777 | \$4,114,047 | \$5,414 | .2418 |
| STATEWIDE | \$3,459,313,849 | \$1,098,103,696 | \$1,064,393,762 | \$5,621,811,307 | \$4,703 | |

Source: JLARC staff analysis of data provided by Department of Education staff using the agency's accounting system.

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