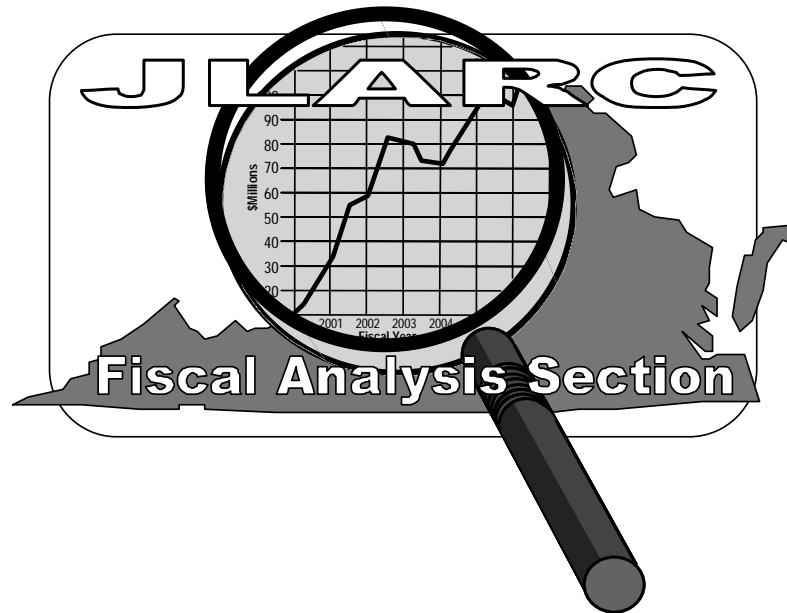


**Joint Legislative Audit and Review Commission
of the Virginia General Assembly**



State SOQ Spending in FY 2004

**Staff Briefing
Robert B. Rotz
December 13, 2004**

Presentation Outline

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- Background**
- Total State Spending for SOQ Cost Purposes**
- Factors Impacting the Size of SOQ Costs**
- State SOQ Spending, by School Division**

State and Local SOQ Spending

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- **Constitution of Virginia requires State Board of Education to determine and prescribe Standards of Quality (SOQ)**
- **Standards are subject to revision by the General Assembly**
- **The General Assembly determines the costs of the standards, and apportions the cost between the State and local governments**
- **The State spends dollars on the SOQ through its allocation of State funds to school divisions**
- **Required SOQ costs that are not paid by the State are paid by local governments. The required amount that is paid by the local government is the “required local expenditure.”**

Section 22.1-97 of the *Code of Virginia* Requires Annual Reports on SOQ Spending

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■ DOE is required to:

- Report annually on whether school divisions have sufficient budgeted funds to meet their required local expenditure
- Make and report calculations that verify whether or not localities have in fact provided their required local expenditure for the SOQ
- Report the information to the House Committees on Education and Appropriations and the Senate Committees on Finance and Education and Health

■ JLARC is required to:

- Report annually on the State expenditure provided each locality for an educational program meeting the Standards of Quality
- Report needs to go to the same committees as the DOE report

JLARC Report on State SOQ Spending

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- **Addresses the statutory mandate**
- **Provides information and data for FY 2004:**
 - **Total State spending for SOQ cost purposes**
 - **Factors impacting the amount of State SOQ spending**
 - **SOQ spending amounts at the school division level**
- **Is the first in what is expected to be a series of JLARC reports, developed annually, to meet the requirements of §22.1-97**

Presentation Outline

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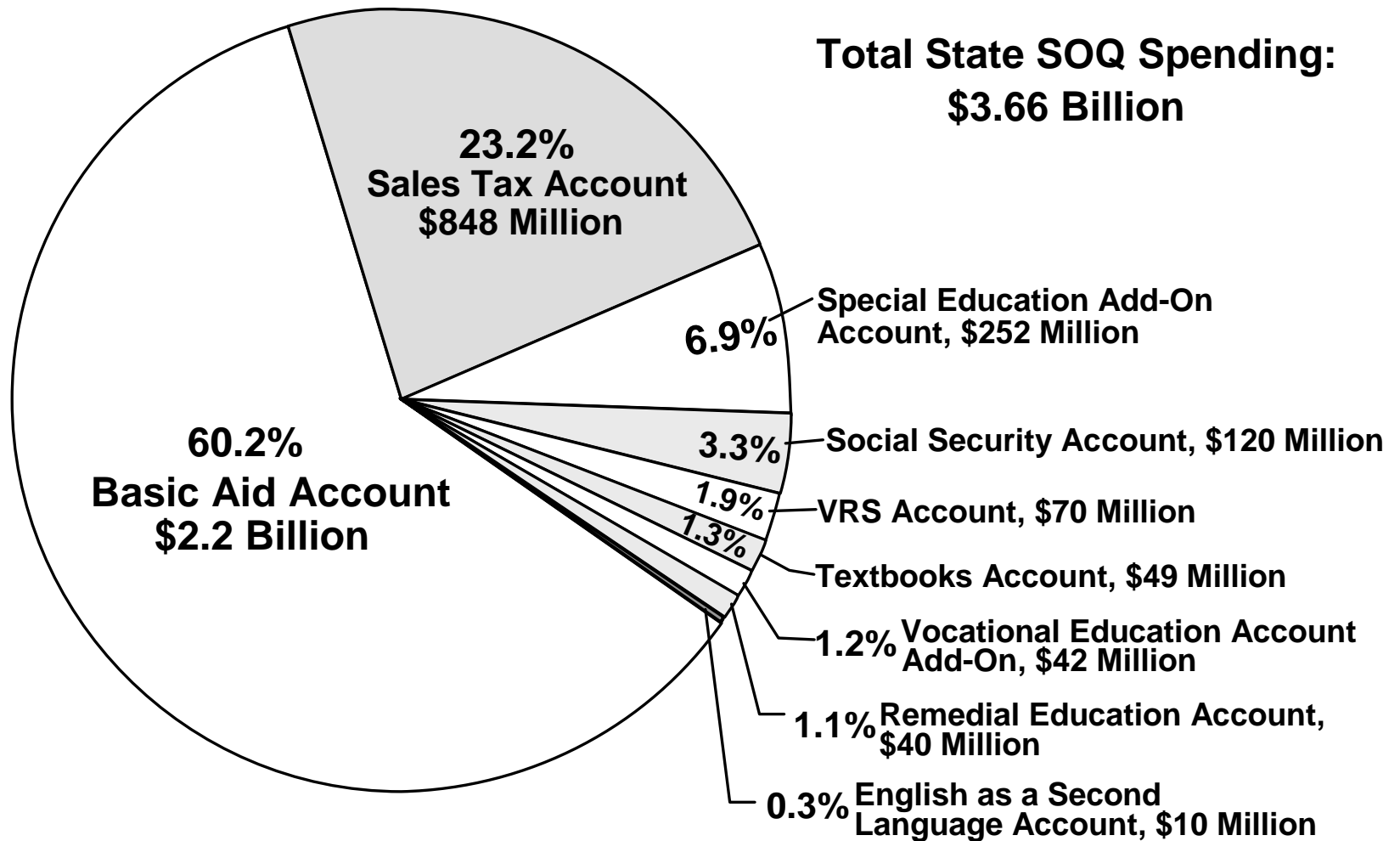
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State SOQ Spending, Total for All Accounts

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- According to data from DOE's accounting system, total SOQ spending by the State in FY 2004 was \$3.66 billion
- This spending equates to about \$3,145 per pupil
- The number of pupils used to compute this cost per pupil is an average of pupils in public school membership from the start of the school year to March 31, 2004, adjusted for half-day kindergarten programs

FY 2004 State SOQ Spending, by Account



Presentation Outline

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- Background
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Factors Impacting the Size of Total State SOQ Spending

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- Number of pupils
- Number of instructional positions required by SOQ
- Instructional salary levels
- Prevailing support staff levels and salaries
- Fringe benefit costs
- Non-personnel support costs
- Deductions from SOQ costs (no deduct in FY 2004 for locally-generated revenues or federal funds)
- State and local shares of SOQ costs

Presentation Outline

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- State SOQ Spending, by School Division

Ten Divisions With the Largest Expenditures from State SOQ Fund Accounts, FY 2004

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Division	State SOQ Spending (millions)	Number of Pupils
Fairfax County	\$ 296.9	157,812
Virginia Beach	\$ 254.4	74,573
Prince William	\$ 207.7	61,089
Chesterfield	\$ 172.9	54,850
Chesapeake	\$ 138.2	39,135
Norfolk	\$ 131.3	34,030
Henrico	\$ 125.5	44,778
Newport News	\$ 118.0	31,357
Hampton	\$ 89.9	22,774
Loudoun	\$ 84.0	39,738
Total, Top Ten	\$1,618.9	560,136

School Divisions with the Most and Least State SOQ Spending Per Pupil, FY 2004

Ten Divisions With <u>MOST</u> Per Pupil			Ten Divisions With <u>LEAST</u> Per Pupil		
Division	State SOQ Per Pupil	Composite Index	Division	State SOQ Per Pupil	Composite Index
Lee	\$4,825	.1859	Goochland	\$1,647	.8000
Bland	\$4,687	.3019	Falls Church	\$1,661	.8000
Halifax	\$4,530	.2380	Bath	\$1,661	.8000
Lunenburg	\$4,499	.2481	Fairfax City	\$1,672	.8000
Buckingham	\$4,414	.2709	Surry	\$1,678	.8000
Greensville	\$4,370	.2196	Arlington	\$1,713	.8000
Scott	\$4,305	.2286	Alexandria	\$1,726	.8000
Grayson	\$4,284	.2912	Williamsburg	\$1,783	.8000
Buchanan	\$4,259	.2452	Fairfax Co.	\$1,881	.7518
Charlotte	\$4,259	.2392	Fredericksburg	\$2,087	.7011

Report Appendixes

- **Appendix B to the Commission Draft of the report shows FY 2004 State SOQ spending by school division, providing the following information:**
 - Basic aid dollars spent
 - Sales tax dollars spent
 - “Other” SOQ dollars spent
 - Total dollars spent
 - Dollars per pupil
 - Local ability to pay (Composite Index value)

- **Appendix C in the Commission Draft shows State spending in the school divisions for a compensation supplement:**
 - Spending was \$27.2 million in FY 2004; it provided the State share of a mid-year salary increase for State-recognized school division positions
 - Local participation in giving a salary increase and receiving the funds was optional (although a local match was required to obtain the State funds)
 - Costs were not included in State calculations to determine minimum required SOQ expenditures