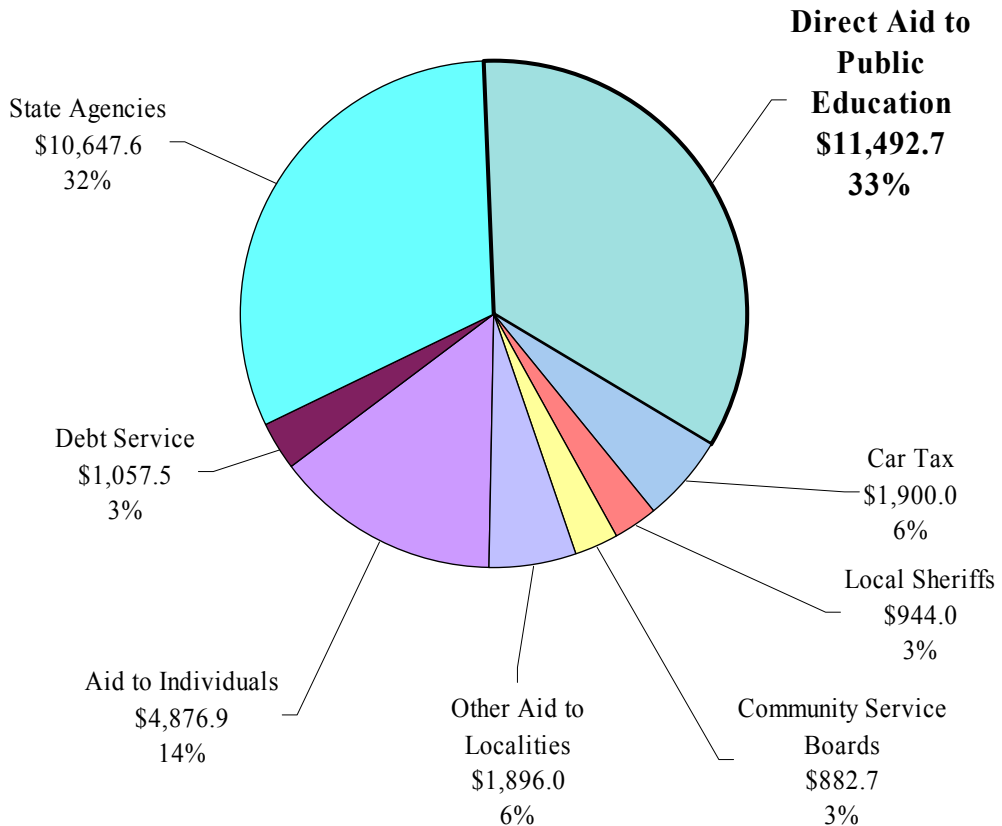


Single Largest General Fund Expenditure

- As one-third of the General Fund (GF) budget, elementary and secondary education is the single largest state expenditure.
- GF appropriations to localities for Direct Aid to Public Education are greater than GF appropriations for all state agencies combined.

**2006-2008 GF Operating Budget
\$33,698.8 million**

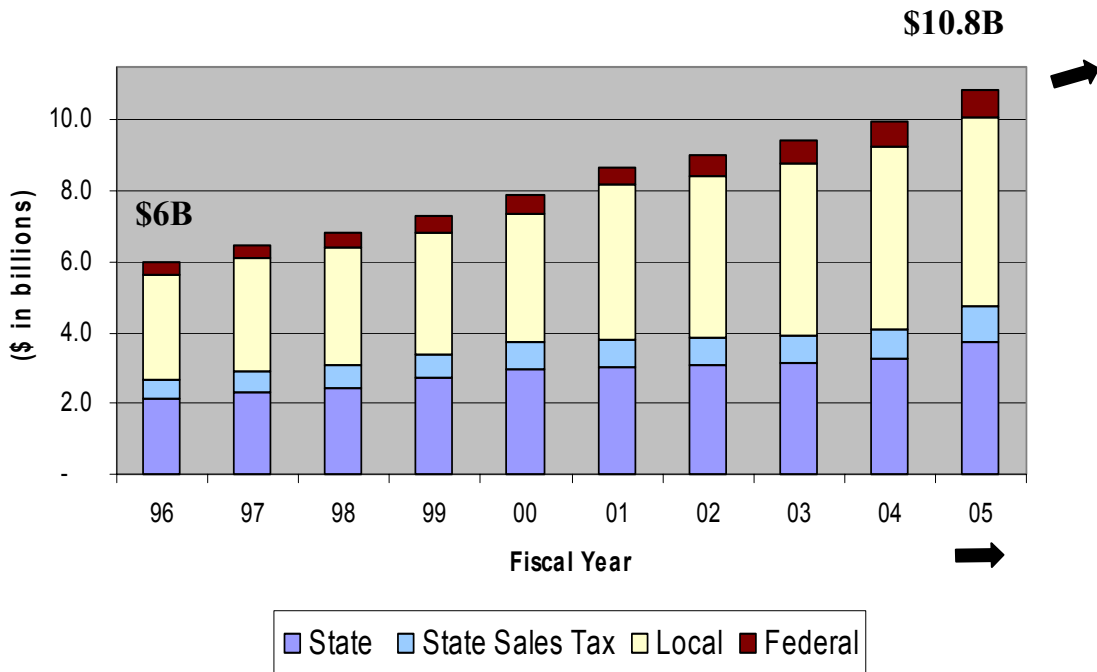


- *See Appendix A for Direct Aid funding by program.*
- While other individual programs or agencies may be increasing at a faster *rate*, Direct Aid to localities for Public Education alone accounted for roughly one-third of all GF growth over the last ten years.

Annual Spending in Virginia (All Sources) Will Top \$11 Billion This Biennium

- Total expenditures on operations for K-12 public education (excluding capital and pre-kindergarten) from state, local, and federal sources combined has increased from just under \$6 billion in FY 1996 to \$10.8 billion in FY 2005.
- This is an increase of 80.8 percent, **an average of 6.8 percent annually.**

Operating Expenditures on K-12 Public Education, All Sources
FY1996 - FY2005



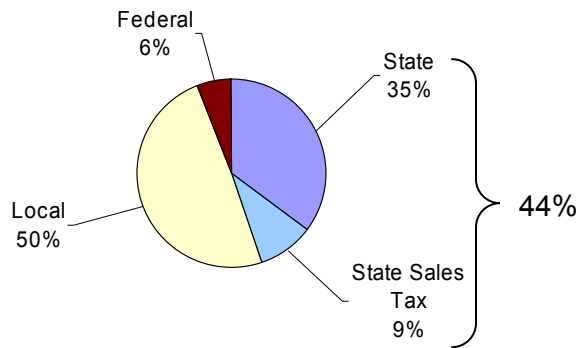
Source: "Table 15 of the Superintendent's Annual Report for Virginia"

- See Appendix B for the most recent "Table 15 of the Superintendent's Annual Report for Virginia" (FY 2005) for operating expenditures, all sources, by school division.

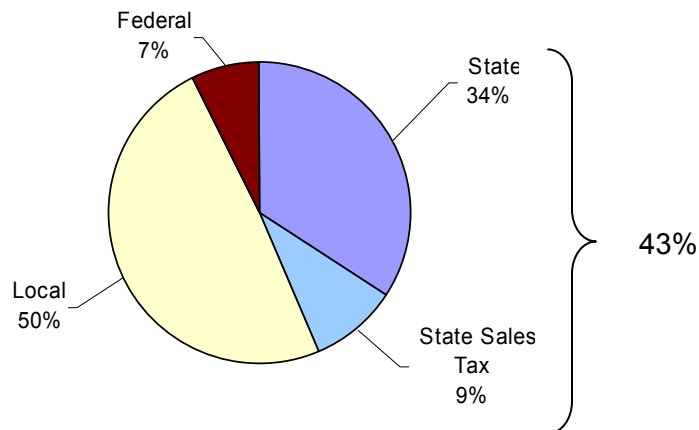
Growth Has Occurred in All Fund Sources, Keeping the Relative Percentages Stable

- Under the Constitution of Virginia, K-12 education is a shared responsibility of state and local governments. Federal funds make up a relatively small percentage of spending.
 - The relative percentage of spending from each source remained approximately the same between FY 1996 and FY 2005, indicating that the growth in state and local spending has been fairly even.

**FY1996 =
\$6.0 billion**



**FY2005 =
\$10.8 billion**



But doesn't the State pay 55% of SOQ Costs?

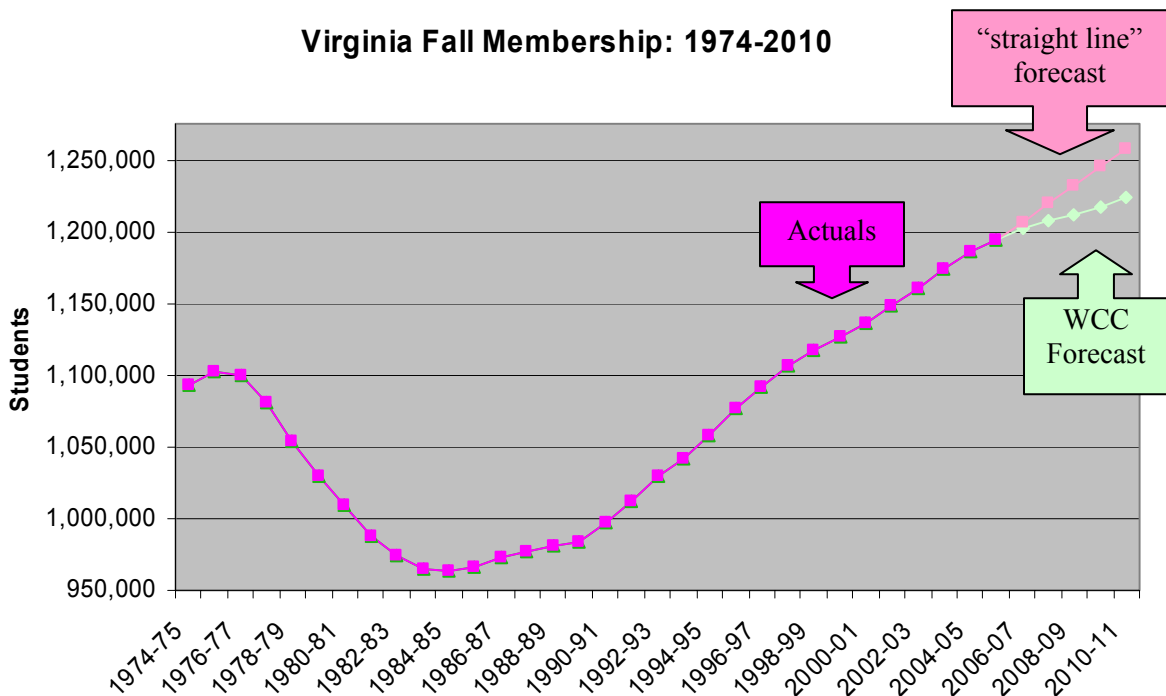
- **Yes, but most localities spend beyond the SOQ's local effort requirements.**
- Per the Constitution (*See Appendix C.*), the key components of the SOQ funding framework are:
 - 1) The Board of Education prescribes the SOQ (subject to revision only by the General Assembly),
 - 2) The General Assembly decides what the SOQ costs are, and
 - 3) **The General Assembly decides how the costs will be shared between the state and localities.**
- The Task Force on Financing the SOQ (1972-73) concluded the following funding guidelines seemed to be implicit in the Constitution:
 - 1) The SOQ must be realistic in relation to current educational practice,
 - 2) The estimate of the cost must be realistic in relation to current costs for education, and
 - 3) **The local share must be based on local ability to pay.**
- So, in the Appropriation Act, through the composite index of local ability-to-pay formula, the state currently pays **55 percent**, on average, of total SOQ costs.
 - However, since most localities spend beyond the state's "required local effort" level, state funds (including sales tax) represent about **43 percent**, on average, of all K-12 operating spending.

Factors Affecting the Growth in Education Spending Over the Last Ten Years

- Increasing enrollment
- Inflation
- Growth in teacher salaries, health insurance costs, retirement system contribution rates
- Reduced (improved) student-teacher ratios
- State school construction (1998) and lottery funding (1999)
- Implementing the Federal No Child Left Behind Act of 2001
- 2004 Session SOQ revisions, 1/4 cent sales tax, and at-risk four-year-olds preschool
- Biennial re-benchmarking of the SOQ
- Other factors

Enrollment Trends & Forecast: Statewide

- Enrollment in Virginia has been steadily increasing since the late-1980s to the current level of about 1.2 million students statewide.
 - Between FY 1996 and FY 2005, the average annual increase in end-of-year Average Daily Membership (ADM) was about 12,000 students, or 1.1 percent.
- However, the August 2006 forecast for FY 2007 through FY 2011 by the Weldon Cooper Center at UVA actually predicts a slowing of the growth compared with recent years.
 - Almost 30,000 additional students in the next five years (an average of almost 6,000 per year) represents an increase of about 0.5 percent per year.



Enrollment Forecast: By Locality

- Despite the predicted slowing of growth statewide, individually, school divisions are forecast to decrease by as much as 23 percent (Covington) and increase by as much as 46 percent (Loudoun). (See Appendix D for forecast by division.)

School Divisions Forecast to *Lose More Than 400 Students*

	FY 2006 Enrollment	Decrease By FY 2011	Percent Change
Virginia Beach City	73,917	-4,517	-6.1
Norfolk City	34,023	-1,667	-4.9
Richmond City	23,472	-1,548	-6.6
Hampton City	22,700	-1,448	-6.4
Roanoke City	12,638	-964	-7.6
Newport News City	31,356	-914	-2.9
Henry	7,679	-786	-10.2
Fairfax	161,316	-781	-0.5
Arlington	17,653	-707	-4.0
Petersburg City	4,902	-667	-13.6
Portsmouth City	15,530	-531	-3.4
Danville City	6,951	-464	-6.7
Buchanan	3,500	-433	-12.4
Halifax	5,894	-426	-7.2

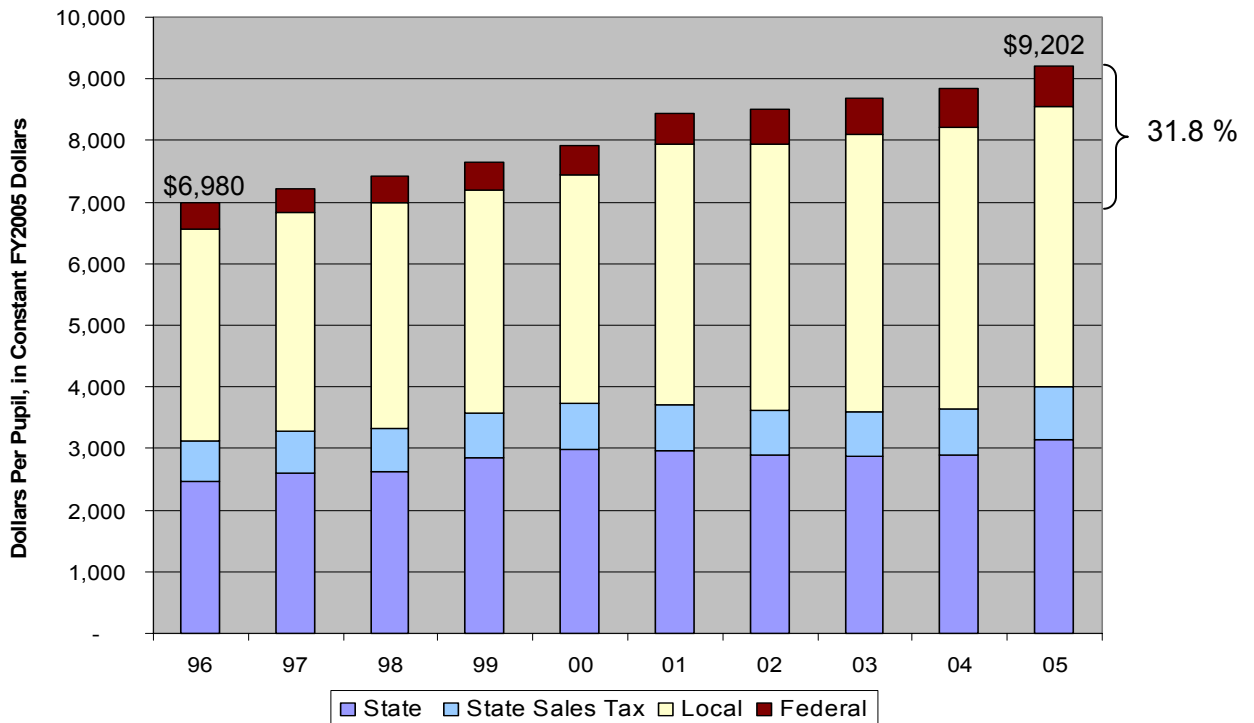
School Divisions Forecast to *Gain More Than 1600 Students*

	FY 2006 Enrollment	Decrease By FY 2011	Percent Change
Loudoun	46,658	21,350	45.8
Prince William	67,705	16,298	24.1
Spotsylvania	23,525	5,458	23.2
Stafford	25,927	5,288	20.4
Chesterfield	56,677	3,828	6.8
Henrico	47,045	3,256	6.9
Suffolk City	13,749	1,861	13.5
Williamsburg City	9,820	1,706	17.4
Frederick	12,211	1,621	13.3

Spending, Adjusted for Enrollment & Inflation

- Adjusted for enrollment growth and inflation, operating spending from all sources increased by 31.8 percent, **an average of 3.1 percent annually**, between 1996 and 2005.
 - In other words, over half of that raw 80.8 percent increase (page 2) in spending is accounted for by enrollment and inflation.

**Operating Expenditures, K-12 Public Education, All Sources
FY1997 - FY2005 In Constant FY 2005 Dollars**



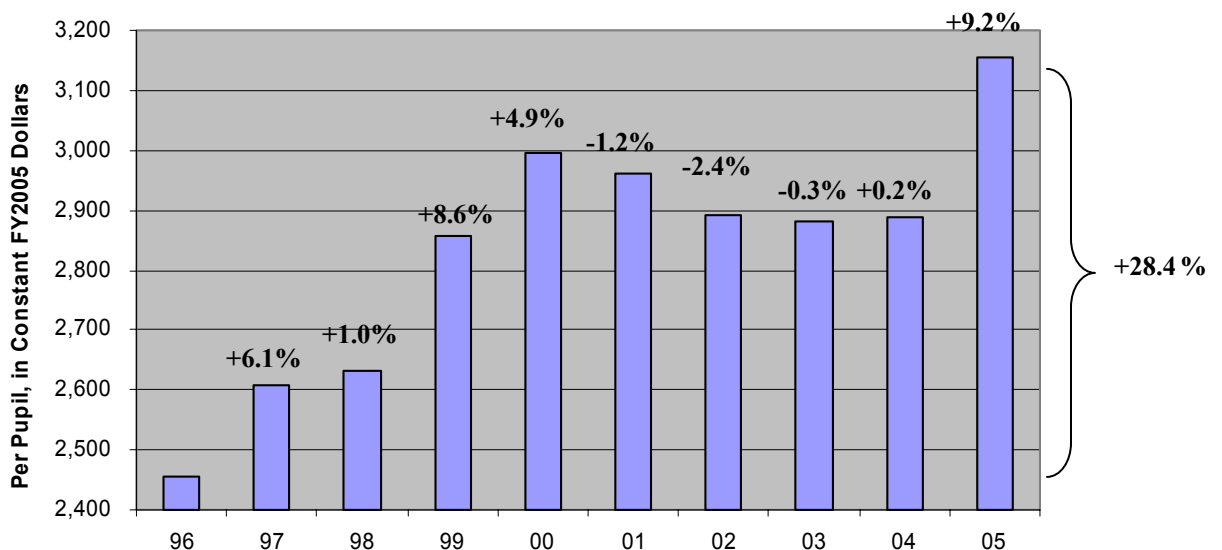
Notes

- This chart reflects the standard measure of inflation, the Consumer Price Index, which has increased by an average of 2.5 percent per year between FY 1996 and FY 2005.
 - The U.S. Bureau of Labor Statistics also calculates Employment Cost Indexes for public schools and public colleges. These measures averaged 3.1 percent per year over the same period.
- For purposes of the SOQ, base year prevailing support costs are adjusted based on inflation factors that are specific to the cost category. (Base year prevailing salaries are adjusted for increases approved by the General Assembly the prior biennium.)

State Spending

- After adjusting for enrollment growth and inflation, state spending (not including state sales tax) increased by 28.4 percent between FY 1996 and FY 2005, **an average of 2.8 percent annually**.
 - Although on this per pupil, inflation-adjusted basis spending actually declined in some years, it did not decrease in absolute dollars.
 - Next to FY 2005, which clearly reflects the actions taken during the 2004 General Assembly to increase public education funding, the year with the next largest increase is FY1999.
 - All other things being equal, state spending would typically increase more in the first year of a biennium (odd-numbered years) due to re-benchmarking updates of costs.

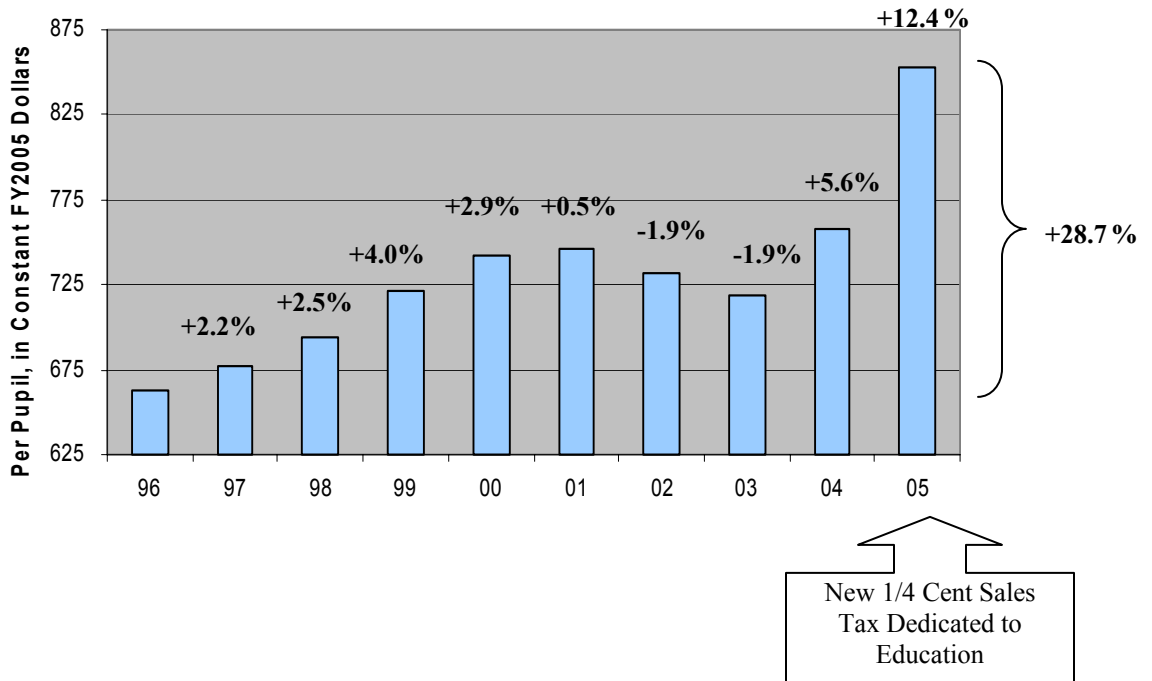
Operating Expenditures, State Sources (except State Sales Tax)
FY1996 - FY2005



State Spending (Continued)

- Adjusted for inflation and enrollment, expenditures from state sales tax for public education increased by 28.7 percent, **an average of 2.8 percent annually**.
- As would be expected, sales tax changes over the period essentially follow the economic cycle, with the notable exception of the addition of ¼ cent of sales tax revenue to public education in the 2004 Session (beginning in FY 2005).

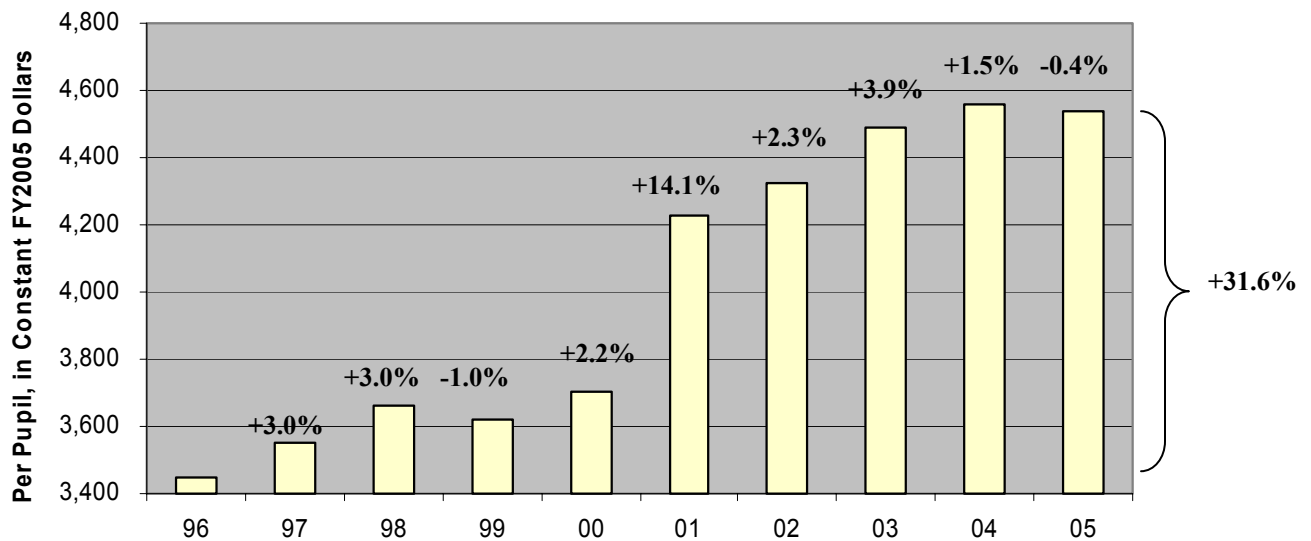
Operating Expenditures, State Sales Tax
FY1996 - FY2005



Local Spending

- Adjusted for inflation and enrollment, local spending increased by 31.6 percent between FY 1996 and FY 2005, **an average of 3.1 percent annually**.
 - Over the period, at 31.6 percent, spending from local sources grew somewhat faster than from state sources (not including sales tax) at 28.4 percent.
 - With the housing market continuing to accelerate during the recession, in FY 2001, adjusted local spending grew 14.1 percent over the prior year.
 - In FY 2005, local spending declined, likely due to the increases provided by the state, in large part to relieve the pressure on local real estate taxes.

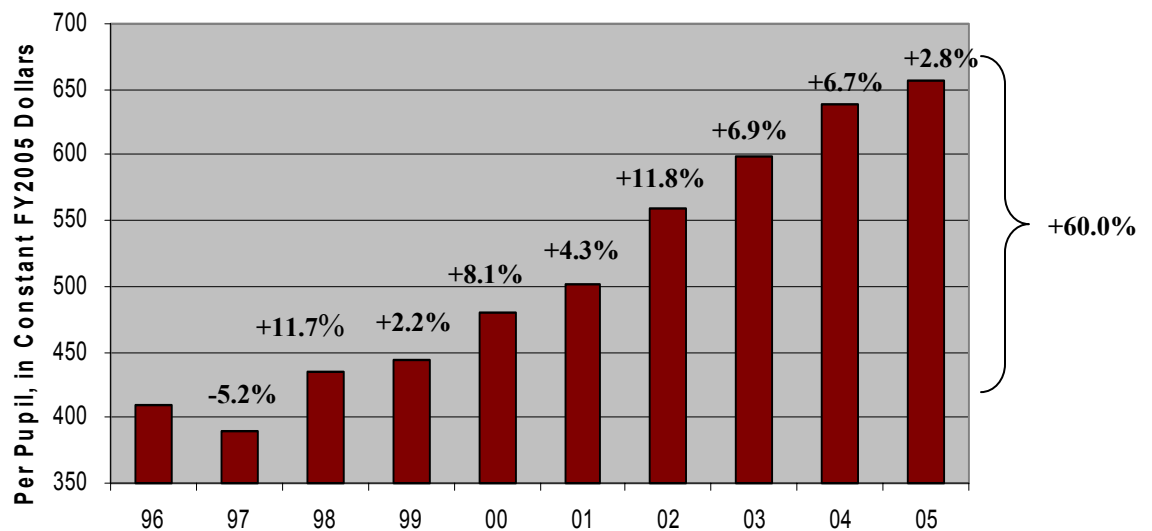
**Operating Expenditures, Local Sources
FY1996 - FY2005**



Federal Spending

- Adjusted for inflation and enrollment, federal spending increased by 60.0 percent, **an average of 5.4 percent annually**.
 - Expenditures from federal sources increased about twice as fast as the other categories, but still represents only about 7 percent of the total.
 - The largest increase over the period is in FY 2002, with the beginning of the No Child Left Behind Act.
 - Federal funding follows a different pattern from state and local sources over the period. With the exception of FY 1997, when state and local spending increased on a per pupil, inflation adjusted basis, federal funding increased each year.

**Operating Expenditures, Federal Sources
FY1996 - FY2005**

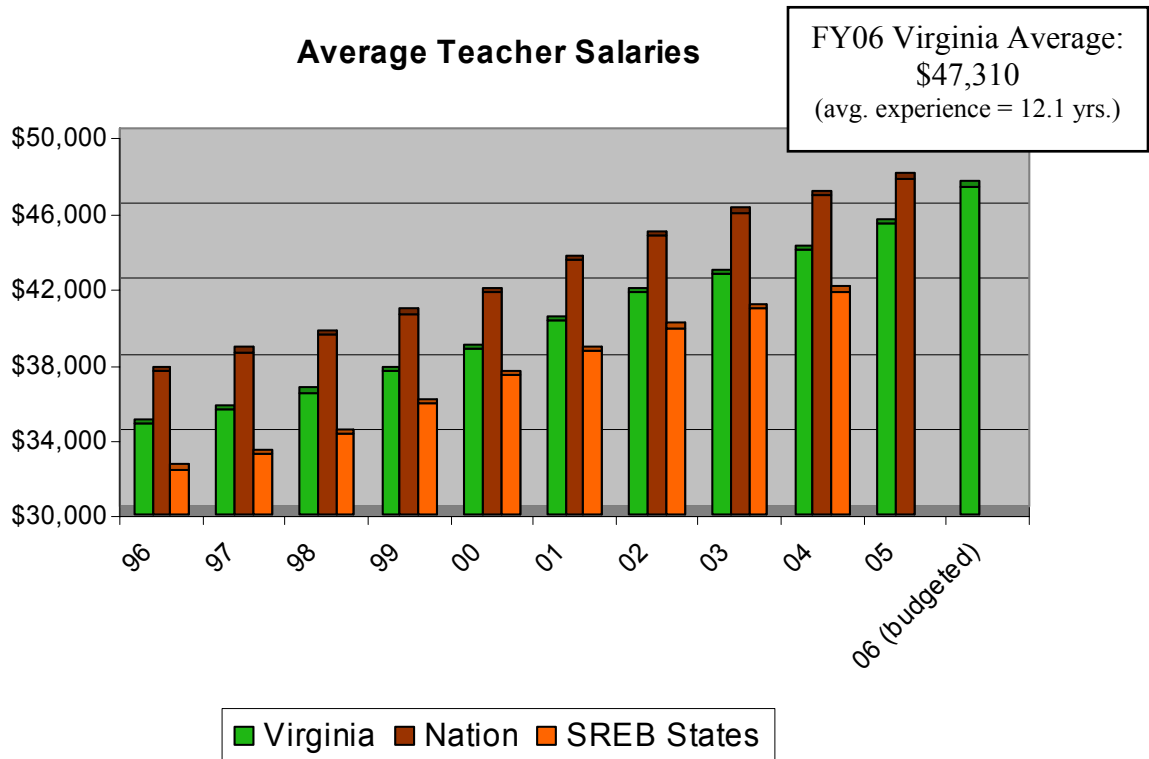


Factors Affecting the Growth in Education Spending Over the Last Ten Years

- Increasing enrollment
- Inflation
- Growth in teacher salaries, health insurance costs, retirement system contribution rates
- Reduced (improved) student-teacher ratios
- State school construction (1998) and lottery funding (1999)
- Implementing the Federal No Child Left Behind Act of 2001
- 2004 Session SOQ revisions, 1/4 cent sales tax, and at-risk four-year-olds preschool
- Biennial re-benchmarking of the SOQ
- Other factors

Growth in Average Teacher Salaries

- About 80 percent of education funding is for salaries and benefits for personnel, most of whom are teachers.
- Average teacher salaries in Virginia grew an average of 3.0 percent per year between FY 1996 and FY 2005.
 - Virginia's national rank moved up from 27th to 20th.
 - In terms of SREB states, Virginia lost some ground, but remained \$2,172 ahead of the regional average (16 member states of the Southern Regional Education Board) by FY 2004.



Notes: "Budgeted" means as reported by local school divisions for the current year's budget plan.

The unit of measure is Full Time Equivalent (FTE) position.

How the State Funds Teacher Salaries

Compensation Supplements

- The state's recent practice has been to provide funding for salary increases in the form of incentive funding, based on a mid-fiscal year effective date (either December or January).

**Teacher Salary Increases
as Provided in the Appropriation Acts**

1996	2.25%
1997	1.75
1998	4.00
1999	2.25
2000	6.00
2001	2.40
2002	0.00
2003	0.00
2004	2.25
2005	0.00

- Beyond FY 2005, the Appropriation Acts provide for a 3.0 percent increase in FY 2006, 4.0 percent in FY 2007, and a reserve fund for a salary increase was set aside for FY 2008.

Re-benchmarking Salaries

- For purposes of the biennial re-benchmarking of the Standards of Quality (*See Appendix E.*), base year data reflects actual local salary levels, which are then adjusted based on any state compensation supplements approved for the prior biennium.
 - **Example:** For the 2006-08 Biennium (FY 2007 and FY 2008), the base year was FY 2004. The actual prevailing average for FY 2004 was adjusted for any compensation supplements approved for FY 2005 and FY 2006.

Other Factors Related to Personnel

Benefits

- Health insurance costs have been increasing faster than salaries and inflation.
 - Between 1995 and 2005, using the state employee health program as an example, premiums increased by an average of 8.3 percent per year.
- Retirement system contribution rates have varied considerably over the last decade, ranging from over 9 percent to under 4 percent.
 - The funded status of the teachers' system has been dropping since 2001 to 77.9 percent for 2005.

Student-Teacher Ratio

- The student-teacher ratio in Virginia declined (improved) between FY 1997 and FY 2005.

	FY 1997	FY 2005
K-7		
No. of Teaching Positions	48,805	56,782
Student-Teacher Ratio	14.2	12.7
8-12		
No. of Teaching Positions	31,101	39,628
Student-Teacher Ratio	12.2	11.2

Source: Table 2, Superintendent's Annual Report, DOE

- The state played some role in this through incentive funding for additional elementary school teachers and other programs.

Factors Affecting the Growth in Education Spending Over the Last Ten Years

- Increasing enrollment
- Inflation
- Growth in teacher salaries, health insurance costs, retirement system contribution rates
- Reduced (improved) student-teacher ratios
- State school construction (1998) and lottery funding (1999)
- Implementing the Federal No Child Left Behind Act of 2001
- 2004 Session SOQ revisions, 1/4 cent sales tax, and at-risk four-year-olds preschool
- Biennial re-benchmarking of the SOQ
- Other factors

State School Construction Grants & Lottery Proceeds: 1998-2000

- Between FY 1996 and FY 2005, two of the largest state education funding initiatives were the creation of a school construction grants program and the allocation of a portion of lottery proceeds directly to localities education.
 - Combined they initially provided localities with almost \$200 million per year in additional funding for schools.

School Construction

- During the 1998 Session, \$110.0 million was allocated for the 1998-2000 biennium for financial assistance for public school facilities. (Currently, the funding level is \$55.0 million per biennium.)
 - School construction funding is distributed based on “floor” funding of \$100,000 for each school division, and the remainder of funds based on the division's proportion of enrollment weighted by the composite index.
 - Funds must be used for nonrecurring expenditures, including:
 - school construction,
 - additions and renovations,
 - infrastructure,
 - site acquisition,
 - technology, and other expenditures related to modernizing classroom equipment,
 - payments to escrow accounts,
 - school safety equipment or renovations, and
 - debt service payments on school projects completed during the last ten years.

State School Construction Grants & Lottery Proceeds: 1998-2000

Lottery Proceeds

- During the 1999 Session, the distribution of lottery proceeds was specifically allocated to public education, providing localities with an additional \$138.4 million in FY 1999 and \$137.1 million in FY 2000.
 - A Constitutional amendment requiring lottery proceeds to be allocated for public education was ratified November 7, 2000, effective July 1, 2001. (*See Appendix C.*)
- Total lottery proceeds have steadily increased from \$321.9 million in FY 1999 to \$454.9 million in FY 2006.
 - About 60 percent of total lottery proceeds are allocated to cover a portion of the state's Basic Aid costs.
 - The remainder is distributed based on the division's proportion of enrollment weighted by the composite index, which is converted to a per pupil amount.

	FY07	FY08
Total Lottery Proceeds	447.6*	426.1
Less: Support for part of the 2004 SOQ Prevention, Intervention, & Remediation Methodology	19.5	19.5
Less: Additional proceeds from FY2006 directed to fund part of the hold harmless sales tax amount	5.0	0.0
Amount Shared Between State & Local	423.1	406.6
State Share (Supports Basic Aid)	259.7	249.6
Local Share ("Per Pupil" Lottery Distribution)	163.3	156.9

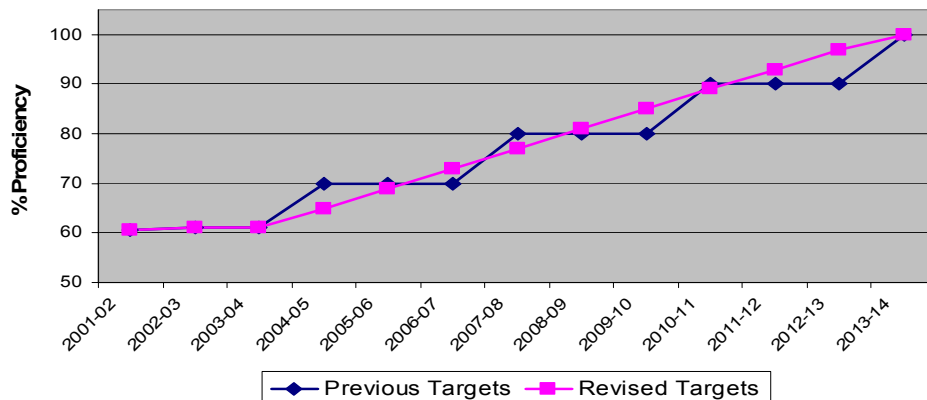
* This includes \$21.5 million from profits earned in FY2006.

- No more than 50 percent of the per pupil lottery funds can be used for recurring costs and at least 50 percent must be spent on nonrecurring expenditures.

Federal No Child Left Behind Act of 2001

- The No Child Left Behind Act of 2001 was the reauthorization of the Elementary and Secondary Education Act (ESEA).
 - Although it included new features and additional funding, many components and dollars referred to as “NCLB” were in fact in existence previously in the ESEA.
- NCLB requires annual state testing in reading and math in grades three through eight, with disaggregated results for students by poverty levels, race, ethnicities, disabilities, and limited English proficiency.
 - NCLB set parameters for annual performance targets, and specifies requirements for Title I schools that do not make “adequate yearly progress” towards the goals.

Revised NCLB AYP Targets - Reading



- Total federal funding more than doubled from FY 1996 to FY 2005, increasing about twice as fast as state or local funding, but remains about 7 percent of total spending.
 - A Virginia study through the Council of Chief State School Officers (CCSSO) found an unfunded per pupil local cost of about \$53 per year.

2004 Session: SOQ revisions, ¼ cent sales tax, and at-risk four-year-olds preschool

- Subsequent to the 2002 report by JLARC on Elementary and Secondary School Funding, the Board of Education undertook a review of the SOQ for the first time since 1995. Several revisions to the staffing standards were proposed.
- In large part to relieve pressure on local property taxes, the General Assembly addressed several of the issues known as Tier One and Tier Two in the JLARC report:

\$ 326 million	Fully fund by the second year four of the eight SOQ revisions proposed by the BOE (<i>See Appendix F.</i>);
\$ 67 million	Correction to support positions and end the one-month rollover of fringe benefits;
\$ 20 million	Increase the ESL staffing funding,
\$ 7 million	Fully fund the cost of competing adjustment percentage for Northern Virginia (PD8).

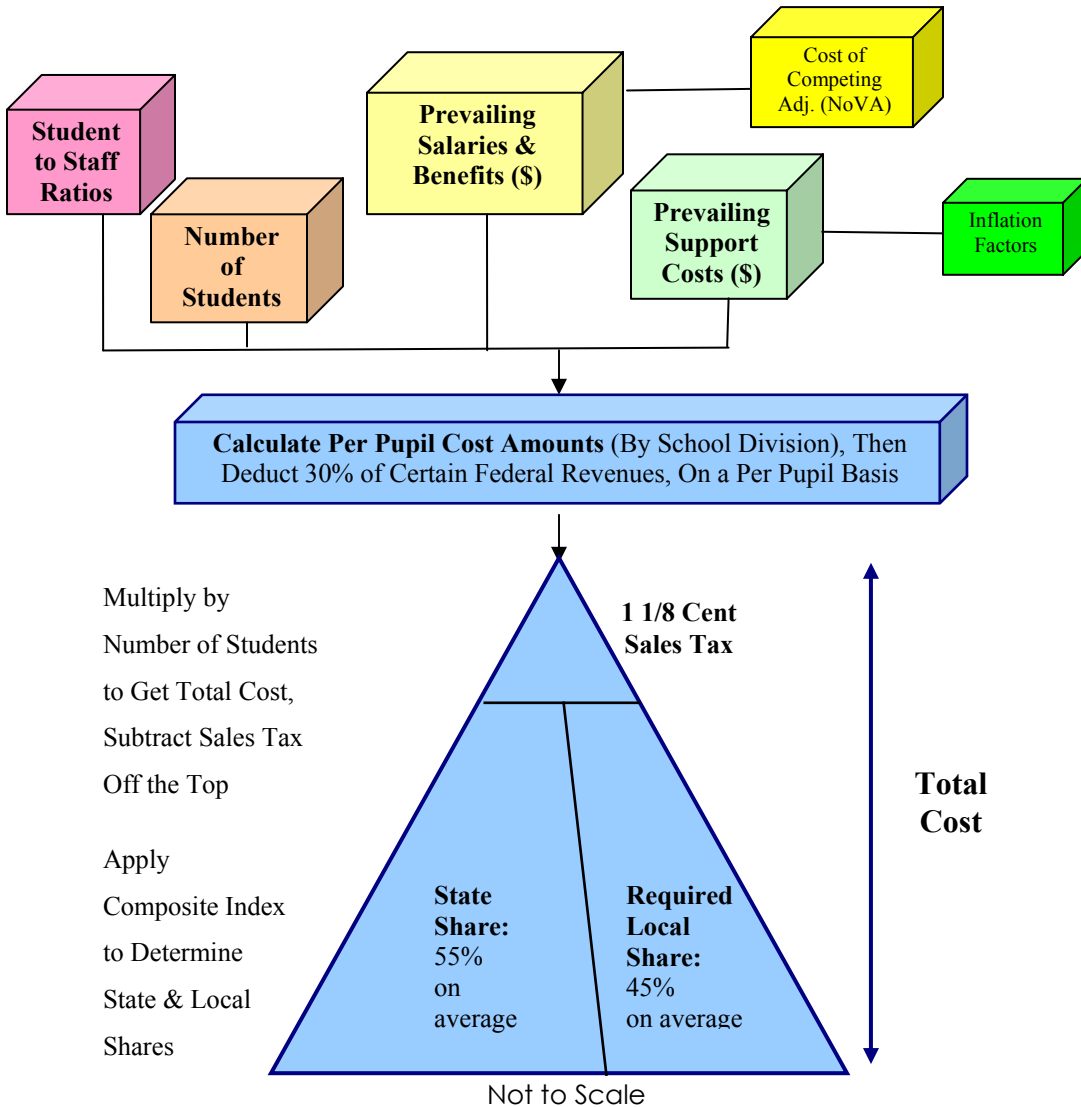
- The Public Education Standards of Quality/Local Real Estate Property Tax Relief Fund (PESQOQ/LREPTRF) was created. Half of the new ¼ cent sales tax supports the SOQ revisions above and the other half was added to the existing one cent for education, for a **net increase of \$109 million**.
- An additional **\$55 million** was provided for preschool for 100 percent of at-risk four-year-olds unserved by Head Start (previously funding was only provided for 60 percent of the population).

Factors Affecting the Growth in Education Spending Over the Last Ten Years

- Increasing enrollment
- Inflation
- Growth in teacher salaries, health insurance costs, retirement system contribution rates
- Reduced (improved) student-teacher ratios
- State school construction (1998) and lottery funding (1999)
- Implementing the Federal No Child Left Behind Act of 2001
- 2004 Session SOQ revisions, 1/4 cent sales tax, and at-risk four-year-olds preschool
- Biennial re-benchmarking of the SOQ
- Other factors

Biennial Re-benchmarking

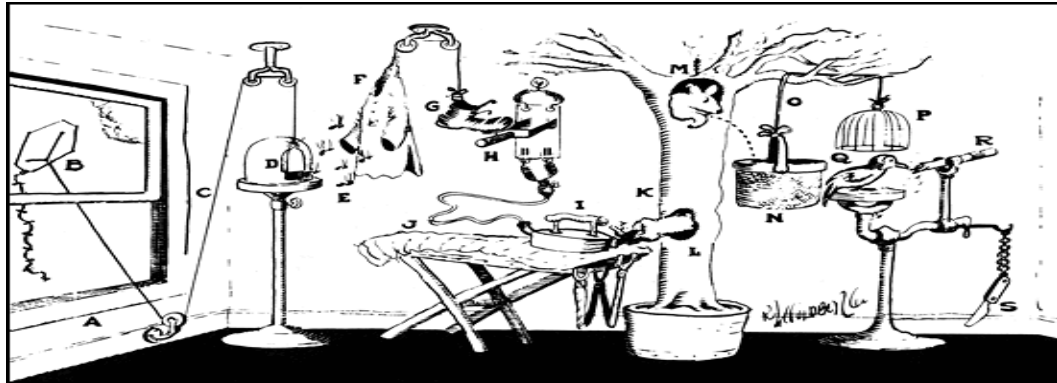
- The biennial re-benchmarking of the SOQ is the additional cost to maintain the existing program under existing calculation methods, using updated “inputs” that drive costs.



- Prior to the 2004-06 biennium, re-benchmarking costs were typically under \$500 million.
 - In 2004, the cost of the 2004-06 biennial re-benchmarking for technical updates jumped to \$1.2 billion.

Biennial Re-benchmarking

- Many different factors taken together result in the total re-benchmarking cost.
 - There is not one factor solely responsible for driving costs.



Rube Goldberg's simplified pencil-sharpener.	<u>Summary of biennial re-benchmarking steps.</u>
A - Open window and	Update ADM enrollment projections
B - fly kite.	Update base-year expenditures
C - String lifts small door	Update special ed., voc., & remedial child counts
D - allowing moths	Update funded instructional salaries
E - to escape	Update inflation factors
F - and eat red flannel shirt.	Update health care costs
G - As weight of shirt becomes less,	Update transportation costs
H - shoe steps on switch	Update nurse, supt., and school board costs
I - which heats electric iron	Update ESL projections
J - and burns hole in pants.	Update VSAP test scores
K - Smoke	Update free-lunch eligibility data
L - enters hole in tree,	Update textbook per pupil amount
M - smoking out opossum	Update remedial summer school
N - which jumps into basket	Update benefits rates (VRS, Group Life, RHCC)
O - pulling rope	Update Census data
P - and lifting cage, allowing	Update Sales Tax estimates
Q - woodpecker to chew wood	Update Lottery forecast
R - from pencil, exposing lead.	Update composite index
S - Emergency knife in case opossum or the woodpecker gets sick and can't work.	Update related incentive and categorical costs

Factors Affecting the Growth in Education Spending Over the Last Ten Years

- ☑ Increasing enrollment
- ☑ Inflation
- ☑ Growth in teacher salaries, health insurance costs, retirement system contribution rates
- ☑ Reduced (improved) student-teacher ratios
- ☑ State school construction (1998) and lottery funding (1999)
- ☑ Implementing the Federal No Child Left Behind Act of 2001
- ☑ 2004 Session SOQ revisions, 1/4 cent sales tax, and at-risk four-year-olds preschool
- ☑ Biennial re-benchmarking of the SOQ
- ☑ Other factors

Budget Outlook

Technical “Re-benchmarking” Updates for 2008-2010

- After the initial jump in re-benchmarking costs to over \$1.2 billion in 2004-06, the 2006-08 biennial re-benchmarking cost was about \$1.3 billion.
 - **There is no indication of a reversal in this trend in the 2008-10 re-benchmarking, especially as the “base year” will be FY 2006 (the first year the state’s increases from the 2004 session were fully phased in).**
 - There is no one single factor driving re-benchmarking costs.
 - In order to better prepare the state and localities for future economic downturns, a technical workgroup of staff has been directed to begin studying re-benchmarking cost trends and drivers, and will be reviewing other Direct Aid to Public Education funding programs.

Potential Policy Options

- In addition to the costs of funding the “technical” updates, just a few of the larger possible policy choices in education include:
 - Up to about \$116 million per year to eliminate the Literary Fund diversion.
 - About \$103 million per year to adopt the other four BOE proposed SOQ revisions (*See Appendix F for detail.*).
 - Enhancing or expanding the Virginia Preschool Initiative for at-risk four-year-olds.

Appendix A: Direct Aid 2006-08

- Beginning with the 2006-08 biennium, the following service area structure for Direct Aid was established:
 - SOQ
 - Incentive Programs
 - Categorical Programs
 - School Facilities
 - Supplemental Programs

- This appendix reflects Chapter 3, Act of Assembly (HB5002), 2006 Special Session I, as amended by Chapter 10 (HB5032), Acts of Assembly, 2006 Special Session I.

- **SOQ.** The 12 SOQ accounts, shown in the table below, together represent the state's share of instructional costs based on the required number of positions and salaries funded, plus support costs.

SOQ (\$ in millions)	FY07	FY08
Basic Aid	\$2,713.3	\$2,728.3
Sales Tax	1,136.6	1,192.6
VRS Retirement	201.6	226.3
Social Security	159.2	160.5
Group Life	9.4	9.4
Textbooks	67.6	68.1
Gifted Education	27.8	28.1
Vocational Education	60.8	61.3
Special Education	339.9	342.3
English as a Second Language	31.8	38.5
Prevention, Intervention, & Remediation	42.2	42.3
Remedial Summer School	24.7	25.5
Total	\$4,814.9	\$4,923.0

Appendix A: Direct Aid 2006-08

- Incentive Programs.** Incentive-based programs are voluntary on the part of local school divisions, but in order to receive the state funds, the school divisions must agree to meet some additional requirements, such as certifying they will offer the specific program and providing the match.

Incentive	FY 07 (\$ in millions)	FY08
K-3 Class Size Reduction	\$83.6	\$84.4
At-Risk	63.2	63.1
Special Ed – Regional Tuition (in lieu of SOQ per pupil funding)	60.0	66.4
Compensation Supplement	74.9	129.9
At-Risk Four-Year-Olds	49.6	50.5
Early Reading Intervention	11.9	12.0
Governor’s Schools – Year and Summer	12.3	12.6
SOL Algebra Readiness	8.4	8.5
Enrollment Loss	8.0	8.2
“Education For a Lifetime”	8.2	7.9
Alternative Education (Per pupil based on a staffing model and fixed slots)	6.2	6.5
Project Graduation	2.8	2.8
ISAEP (Reimbursed up to Appropriation)	2.2	2.2
Mentor Teacher Program	1.5	1.5
School Breakfast	0.9	0.9
Special Ed – Inservice	0.6	0.6
Special Ed – Voc Ed	0.2	0.2
Supplemental Basic Aid	0.5	0.5
Hold Harmless Sales Tax	56.7	0.0
Total	\$451.7	\$458.6

Appendix A: Direct Aid 2006-08

- **School Facilities.** Although Lottery and School Construction grants are existing accounts, they have not previously been grouped under the heading of “School Facilities” until now.

School Facilities	FY 07 (\$ in millions)	FY08
Lottery*	\$442.6	\$426.1
School Construction	27.5	27.5
Total	\$470.1	\$453.6

- * As shown below, per the introduced budget for the 2004 session, part of the lottery proceeds come “off the top” to fund SOQ prevention, intervention, and remediation before being split between Basic Aid and the Lottery distribution per pupil amounts.

	FY07 (\$ in millions)	FY08
Total Lottery Proceeds	\$447.6*	\$426.1
Less: Amount Taken “Off the Top” to Support Part of the New SOQ Prevention, Intervention, & Remediation Methodology	19.5	19.5
Less: Amount of additional proceeds from FY2006 directed to fund part of the hold harmless sales tax amount	<u>5.0</u>	<u>0.0</u>
Amount Shared Between State & Local	\$423.1	\$406.6
State Share (Supports Basic Aid)	259.7	249.6
Local Share (Lottery)	163.3	156.9

* This includes \$21.5 million from profits earned in FY2006.

Appendix A: Direct Aid 2006-08

- **Categorical Programs.** These are usually targeted to the particular student population needs and mandated by state or federal requirements.

Categorical	FY 07 (\$ in millions)	FY08
VPSA Notes (Debt Service Paid by Lit. Fund)	\$62.8	\$64.1
Special Ed – State Operated Programs (Hospitals, Clinics, Detention Homes)	29.6	31.0
Foster Care (non-division residents)	11.1	12.0
Voc Ed – Cat	10.4	10.4
School Lunch (Maintenance of Effort)	5.8	5.8
Special Ed – Homebound (Reimbursement)	6.5	7.2
Special Ed – In Jails (Reimbursement)	2.9	3.0
Adult Literacy	2.7	2.7
Electronic Classroom	2.3	2.3
Adult Education (60% of fixed cost)	1.1	1.1
Indian Children	0.1	0.1
Total	\$135.1	\$139.4

- **Supplemental Programs.**

Supplemental	FY07 (\$ in millions)	FY08
Project Discovery	\$0.8	\$0.8
Communities in Schools	0.5	0.0
Career & Technical Ed. Resource Center	0.4	0.4
Jobs for Virginia Graduates	0.4	0.4
Small School Divisions Assistance	0.2	0.2
Southwest Education Consortium	0.2	0.2
Southside VA Regional Tech. Consort.	0.1	0.1
William King Regional Arts Center	0.1	0.1
VA Career Education Foundation	>0.1	>0.1
Total	\$2.8	\$2.3

Appendix B

**Table 15:
Sources of Financial Support for Expenditures,
Total Expenditures for Operations, and
Total Per Pupil Expenditures for Operations**

**Superintendent's Annual Report
FY 2005**

Table 15 of the Superintendent's Annual Report for Virginia
Sources of Financial Support for Expenditures, Total Expenditures for Operations ¹ and Total Per Pupil Expenditures for Operations
Fiscal Year 2005

School Division	End-of-Year ADM for Determining Cost Per Pupil ²	Local ³		State		State Retail Sales And Use Tax ⁴		Federal		Total		
		Amount	Per Pupil	Amount	Per Pupil	Amount	Per Pupil	Amount	Per Pupil	Expenditures for Operations ³	Per Pupil Expenditure ⁵	
COUNTIES												
001 Accomack	5,142.27	13,540,900	2,633	22,437,587	4,363	5,379,714	1,046	6,322,335	1,229	47,680,536	9,272	
002 Albemarle	12,371.90	87,506,668	7,073	26,758,003	2,163	10,691,461	864	5,145,595	416	130,101,727	10,516	
003 Alleghany	2,912.80	9,125,133	3,133	12,403,206	4,258	2,284,697	784	1,789,341	614	25,602,377	8,790	
004 Amelia	1,752.25	3,850,134	2,197	7,000,106	3,995	1,475,765	842	1,180,925	674	13,506,930	7,708	
005 Amherst	4,628.06	10,798,200	2,333	18,501,733	3,998	4,030,106	871	3,106,566	671	36,436,605	7,873	
006 Appomattox	2,269.29	4,037,370	1,779	9,856,898	4,344	1,871,566	825	1,562,589	689	17,328,422	7,636	
007 Arlington	17,817.58	249,235,903	13,988	24,020,085	1,348	15,625,500	877	13,740,260	771	302,621,748	16,984	
008 Augusta	10,748.45	25,536,924	2,376	39,977,871	3,719	9,188,698	855	7,816,144	727	82,519,637	7,677	
009 Bath	778.39	6,781,118	8,712	1,173,135	1,507	635,639	817	752,842	967	9,342,735	12,003	
010 Bedford ⁶	9,912.96	25,106,697	2,533	33,366,558	3,366	7,826,613	790	5,620,054	567	71,919,922	7,255	
011 Bland	893.01	1,801,944	2,018	4,417,728	4,947	719,513	806	615,724	689	7,554,908	8,460	
012 Botetourt	4,773.41	17,187,202	3,601	15,825,834	3,315	4,225,275	885	1,821,981	382	39,060,293	8,183	
013 Brunswick	2,208.96	5,105,757	2,311	11,761,359	5,324	2,151,890	974	2,962,160	1,341	21,981,165	9,951	
014 Buchanan	3,499.53	8,524,313	2,436	16,502,571	4,716	2,778,236	794	4,462,885	1,275	32,268,006	9,221	
015 Buckingham	2,152.89	4,768,091	2,215	9,897,899	4,597	1,915,929	890	2,593,291	1,205	19,175,211	8,907	
016 Campbell	8,669.65	19,114,015	2,205	34,246,807	3,950	7,270,166	839	4,817,776	556	65,448,764	7,549	
017 Caroline	3,775.29	7,532,446	1,995	15,496,349	4,105	2,904,394	769	4,090,930	1,084	30,024,118	7,953	
018 Carroll	4,014.29	8,594,475	2,141	16,115,097	4,014	3,429,819	854	5,050,362	1,258	33,189,752	8,268	
019 Charles City	856.37	5,645,448	6,592	3,730,333	4,356	792,064	925	854,258	998	11,022,103	12,871	
020 Charlotte	2,185.33	3,385,258	1,549	10,754,404	4,921	1,681,637	770	1,930,149	883	17,751,448	8,123	
021 Chesterfield	55,537.65	173,639,668	3,127	177,373,311	3,194	42,219,072	760	21,469,914	387	414,701,964	7,467	
022 Clarke	2,126.93	9,997,869	4,701	5,193,510	2,442	1,698,381	799	931,204	438	17,820,965	8,379	
023 Craig	679.93	1,853,713	2,726	2,749,165	4,043	676,537	995	512,968	754	5,792,384	8,519	
024 Culpeper	6,425.00	20,566,040	3,201	20,582,319	3,203	5,128,092	798	3,959,930	616	50,236,381	7,819	
025 Cumberland	1,378.91	3,211,753	2,329	6,082,277	4,411	1,424,470	1,033	2,457,191	1,782	13,175,691	9,555	
026 Dickenson	2,520.98	5,366,930	2,129	11,604,056	4,603	2,071,200	822	2,610,597	1,036	21,652,783	8,589	
027 Dinwiddie	4,488.94	13,574,911	3,024	17,713,386	3,946	3,323,164	740	2,482,539	553	37,094,000	8,263	
028 Essex	1,545.80	5,305,588	3,432	5,521,908	3,572	1,441,837	933	1,037,324	671	13,306,657	8,608	
029 Fairfax ⁶	158,937.02	1,337,688,937	8,416	230,758,184	1,452	141,588,156	891	77,905,013	490	1,787,940,290	11,249	
030 Fauquier	10,688.58	64,851,741	6,067	20,524,153	1,920	9,037,239	846	4,432,170	415	98,845,303	9,248	
031 Floyd	2,080.96	5,315,223	2,554	8,156,701	3,920	1,689,955	812	1,369,154	658	16,531,034	7,944	
032 Fluvanna	3,588.00	11,340,511	3,161	12,443,376	3,468	2,361,640	658	1,172,822	327	27,318,348	7,614	
033 Franklin	7,152.14	21,290,583	2,977	25,750,187	3,600	5,940,490	831	5,681,076	794	58,662,337	8,202	
034 Frederick	11,718.08	47,437,104	4,048	39,819,036	3,398	8,827,658	753	4,691,225	400	100,775,023	8,600	
035 Giles	2,536.28	6,503,771	2,564	9,626,513	3,796	2,191,812	864	1,377,542	543	19,699,638	7,767	
036 Gloucester	6,072.33	19,325,747	3,183	22,457,231	3,698	5,387,437	887	3,311,666	545	50,482,081	8,313	
037 Goochland	2,169.20	13,763,542	6,345	2,606,774	1,202	1,734,318	800	1,031,125	475	19,135,759	8,822	
038 Grayson	2,177.21	4,748,571	2,181	9,629,549	4,423	1,841,760	846	2,357,990	1,083	18,577,869	8,533	
039 Greene	2,651.83	7,821,663	2,950	11,454,738	4,320	2,198,153	829	1,448,429	546	22,922,983	8,644	
040 Greensville ⁶	1,618.29	3,328,451	2,057	8,102,454	5,007	1,314,256	812	1,855,261	1,146	14,600,422	9,022	
041 Halifax	5,876.00	14,783,799	2,516	28,007,134	4,766	5,025,502	855	5,622,756	957	53,439,191	9,094	
042 Hanover	18,211.16	66,205,169	3,635	51,212,568	2,812	13,922,802	765	5,162,621	283	136,503,159	7,496	
043 Henrico	45,961.47	172,131,384	3,745	122,916,066	2,674	36,993,242	805	18,958,679	412	350,999,371	7,637	
044 Henry	7,737.51	14,054,695	1,816	33,374,475	4,313	7,524,607	972	6,323,119	817	61,276,897	7,919	
045 Highland	302.56	1,674,466	5,534	1,118,079	3,695	271,031	896	289,092	955	3,352,668	11,081	
046 Isle Of Wight	5,044.00	15,987,400	3,170	17,238,698	3,418	4,626,235	917	2,851,545	565	40,703,878	8,070	
047 James City ⁶	8,689.78	50,721,850	5,837	19,079,563	2,196	7,087,921	816	10,394	1	76,899,728	8,849	

Table 15 of the Superintendent's Annual Report for Virginia
Sources of Financial Support for Expenditures, Total Expenditures for Operations ¹ and Total Per Pupil Expenditures for Operations
Fiscal Year 2005

School Division	End-of-Year ADM for Determining Cost Per Pupil ²	Local ³		State		State Retail Sales And Use Tax ⁴		Federal		Total	
		Amount	Per Pupil	Amount	Per Pupil	Amount	Per Pupil	Amount	Per Pupil	Expenditures for Operations ³	Per Pupil Expenditure ⁵
048 King George	3,364.61	9,105,975	2,706	11,415,602	3,393	2,426,798	721	884,923	263	23,833,298	7,084
049 King & Queen	820.93	3,380,368	4,118	4,074,510	4,963	771,036	939	855,931	1,043	9,081,844	11,063
050 King William	1,913.41	5,609,560	2,932	7,473,687	3,906	1,506,957	788	988,637	517	15,578,842	8,142
051 Lancaster	1,400.32	7,920,424	5,656	2,427,512	1,734	1,207,507	862	1,230,458	879	12,785,902	9,131
052 Lee	3,632.04	4,884,541	1,345	19,568,796	5,388	3,220,480	887	5,436,018	1,497	33,109,836	9,116
053 Loudoun	43,630.77	378,030,534	8,664	71,094,745	1,629	31,819,401	729	9,738,715	223	490,683,396	11,246
054 Louisa	4,294.47	19,428,352	4,524	10,131,620	2,359	3,868,496	901	2,487,139	579	35,915,607	8,363
055 Lunenburg	1,709.35	3,801,500	2,224	8,102,593	4,740	1,597,763	935	1,588,522	929	15,090,378	8,828
056 Madison	1,829.22	6,313,129	3,451	6,292,376	3,440	1,673,319	915	921,772	504	15,200,596	8,310
057 Mathews	1,270.07	3,970,771	3,126	4,388,871	3,456	1,070,259	843	708,783	558	10,138,684	7,983
058 Mecklenburg	4,796.78	9,094,026	1,896	20,437,902	4,261	3,787,496	790	4,059,635	846	37,379,059	7,793
059 Middlesex	1,299.79	5,075,923	3,905	3,790,748	2,916	1,156,905	890	986,446	759	11,010,021	8,471
060 Montgomery	9,318.42	31,840,620	3,417	32,068,513	3,441	8,648,023	928	5,982,793	642	78,539,949	8,428
062 Nelson	2,003.48	8,502,597	4,244	6,600,726	3,295	1,885,533	941	1,660,659	829	18,649,514	9,309
063 New Kent	2,549.14	8,522,282	3,343	8,183,314	3,210	2,165,472	849	929,783	365	19,800,850	7,768
065 Northampton	1,938.21	6,199,389	3,199	8,158,536	4,209	1,851,464	955	2,537,076	1,309	18,746,466	9,672
066 Northumberland	1,431.53	6,791,827	4,744	3,285,434	2,295	1,228,751	858	1,142,733	798	12,448,745	8,696
067 Nottoway	2,306.22	3,861,680	1,674	2,573,841	4,585	2,121,109	920	3,409,234	1,478	19,965,864	8,657
068 Orange	4,317.81	12,979,567	3,006	14,618,535	3,386	3,529,636	817	2,409,420	558	33,537,158	7,767
069 Page	3,529.39	8,960,248	2,539	13,795,924	3,909	2,799,032	793	2,222,190	630	27,777,393	7,870
070 Patrick	2,565.31	4,499,432	1,754	11,437,311	4,458	2,085,757	813	1,946,343	759	19,968,843	7,784
071 Pittsylvania	9,040.83	15,550,716	1,720	37,298,811	4,126	7,924,351	877	6,592,933	729	67,366,810	7,451
072 Powhatan	4,144.57	16,702,723	4,030	13,122,700	3,166	3,239,196	782	1,275,877	308	34,340,496	8,286
073 Prince Edward	2,638.48	5,866,028	2,223	12,005,235	4,550	2,509,285	951	2,456,133	931	22,836,682	8,655
074 Prince George	6,056.01	10,804,365	1,784	24,467,051	4,040	4,781,823	790	6,680,879	1,103	46,734,119	7,717
075 Prince William	65,269.43	275,984,544	4,228	233,930,430	3,584	49,469,649	758	27,502,132	421	586,886,755	8,992
077 Pulaski	12,867.58	12,923,301	2,655	18,161,266	3,731	4,286,580	881	4,083,205	839	39,454,352	8,106
078 Rappahannock	1,014.23	6,244,035	6,156	1,980,701	1,953	1,034,214	1,020	508,375	501	9,767,325	9,630
079 Richmond	1,212.64	3,263,574	2,691	4,906,902	4,046	930,931	768	732,580	604	9,833,987	8,110
080 Roanoke	14,516.16	52,873,718	3,642	48,726,270	3,357	12,384,224	853	5,653,385	389	119,637,596	8,242
081 Rockbridge	2,724.29	12,067,014	4,429	8,058,833	2,958	2,384,514	875	2,410,492	885	24,920,854	9,148
082 Rockingham	10,946.62	38,057,748	3,477	37,290,153	3,407	10,320,663	943	6,664,225	609	92,332,788	8,435
083 Russell	4,079.64	6,456,609	1,583	18,695,997	4,583	3,665,497	898	5,240,214	1,284	34,058,318	8,348
084 Scott	3,653.85	5,039,990	1,379	18,446,886	5,049	2,977,177	815	3,148,118	862	29,612,170	8,104
085 Shenandoah	5,860.18	21,875,887	3,733	20,429,824	3,486	4,797,945	819	3,123,618	533	50,227,275	8,571
086 Smyth	4,966.97	7,671,721	1,545	22,447,861	4,519	4,354,511	877	3,963,007	798	38,437,100	7,739
087 Southampton	2,799.71	7,790,704	2,783	11,626,841	4,153	2,747,044	981	2,084,884	745	24,249,473	8,661
088 Spotsylvania	22,780.43	82,427,582	3,618	73,133,186	3,210	18,023,877	791	9,327,205	409	182,911,851	8,029
089 Stafford	25,469.52	78,372,554	3,077	85,134,680	3,343	19,385,940	761	9,702,098	381	192,595,273	7,562
090 Surry	1,055.19	9,226,956	8,744	1,762,860	1,671	808,239	766	816,346	774	12,614,400	11,955
091 Sussex	1,368.25	7,292,902	5,330	6,591,234	4,817	1,027,282	751	1,721,792	1,258	16,633,211	12,157
092 Tazewell	6,815.41	10,647,594	1,562	30,470,362	4,471	5,787,992	849	5,673,338	832	52,579,285	7,715
093 Warren	5,181.48	13,918,487	2,686	17,289,606	3,337	4,299,750	830	2,618,213	505	38,126,057	7,358
094 Washington	7,200.15	19,033,184	2,643	26,822,039	3,725	5,211,273	724	5,358,909	744	56,425,404	7,837
095 Westmoreland	1,813.61	5,195,069	2,864	6,602,106	3,640	1,787,402	986	1,841,419	1,015	15,425,995	8,506
096 Wise	6,630.45	10,818,446	1,632	30,369,300	4,580	5,524,587	833	8,410,323	1,268	55,122,656	8,314
097 Wythe	4,177.28	9,162,352	2,193	16,599,714	3,974	3,600,339	862	3,711,467	888	33,073,873	7,918
098 York	12,618.35	39,160,563	3,103	39,657,110	3,143	9,306,537	738	12,537,762	994	100,661,971	7,977

Table 15 of the Superintendent's Annual Report for Virginia
Sources of Financial Support for Expenditures, Total Expenditures for Operations ¹ and Total Per Pupil Expenditures for Operations
Fiscal Year 2005

School Division	End-of-Year ADM for Determining Cost Per Pupil ²	Local ³		State		State Retail Sales And Use Tax ⁴		Federal		Total	
		Amount	Per Pupil	Amount	Per Pupil	Amount	Per Pupil	Amount	Per Pupil	Expenditures for Operations ³	Per Pupil Expenditure ⁵
CITIES											
101 Alexandria	10,479.04	133,006,806	12,693	14,079,829	1,344	9,679,464	924	10,487,742	1,001	167,253,842	15,961
102 Bristol	2,288.47	6,983,747	3,052	9,026,942	3,945	1,971,048	861	2,355,508	1,029	20,337,244	8,887
103 Buena Vista	1,122.67	2,596,501	2,313	5,238,809	4,666	890,727	793	596,282	531	9,322,319	8,304
104 Charlottesville	4,221.25	32,129,516	7,611	10,898,558	2,582	4,636,632	1,098	4,285,482	1,015	51,950,187	12,307
106 Colonial Heights	2,859.97	15,024,468	5,253	8,384,359	2,932	2,297,868	803	1,109,455	388	26,816,150	9,376
107 Covington	828.99	3,511,854	4,236	3,737,092	4,508	703,745	849	1,148,122	1,385	9,100,814	10,978
108 Danville	7,008.59	16,051,865	2,290	27,787,636	3,965	7,111,259	1,015	8,358,268	1,193	59,309,028	8,462
109 Falls Church	1,871.55	24,456,831	13,068	2,162,302	1,155	1,570,810	839	571,980	306	28,761,923	15,368
110 Fredericksburg	2,427.69	15,458,673	6,368	4,323,020	1,781	2,039,039	840	2,688,563	1,107	24,509,296	10,096
111 Galax	1,302.80	2,864,154	2,198	5,140,131	3,945	849,830	652	1,202,503	923	10,056,618	7,719
112 Hampton	22,520.59	57,841,966	2,568	93,530,460	4,153	21,595,796	959	19,360,454	860	192,328,677	8,540
113 Harrisonburg	4,126.78	20,714,369	5,019	12,778,114	3,096	3,304,354	801	3,799,040	921	40,595,877	9,837
114 Hopewell	3,816.76	9,903,781	2,595	17,006,721	4,456	3,268,490	856	3,759,496	985	33,938,489	8,892
115 Lynchburg	8,520.48	27,598,613	3,239	28,147,584	3,304	9,131,858	1,072	8,419,059	988	73,297,113	8,602
116 Martinsville	2,575.83	4,623,438	1,795	10,835,858	4,207	2,417,093	938	4,639,688	1,801	22,516,077	8,741
117 Newport News	31,326.84	79,189,640	2,528	128,012,338	4,086	31,262,693	998	29,596,722	945	268,061,394	8,557
118 Norfolk	33,693.02	95,178,369	2,825	142,523,954	4,230	32,220,179	956	35,861,850	1,064	305,784,352	9,076
119 Norton	718.82	1,314,988	1,829	2,968,973	4,130	587,117	817	908,042	1,263	5,779,119	8,040
120 Petersburg	5,038.58	7,819,401	1,552	26,735,960	5,306	3,924,744	779	6,401,705	1,271	44,881,810	8,908
121 Portsmouth	15,219.67	32,881,851	2,160	72,078,139	4,736	12,536,029	824	15,586,683	1,024	133,082,702	8,744
122 Radford	1,528.17	4,517,219	2,956	6,084,466	3,982	1,116,701	731	771,987	505	12,490,374	8,173
123 Richmond	23,384.20	141,363,248	6,045	86,448,635	3,697	24,430,873	1,045	33,064,332	1,414	285,307,088	12,201
124 Roanoke	12,714.73	48,034,082	3,778	49,803,998	3,917	11,191,232	880	14,171,678	1,115	123,200,991	9,690
126 Staunton	2,633.28	10,467,189	3,975	8,670,760	3,293	2,758,827	1,048	2,118,897	805	24,015,674	9,120
127 Suffolk	13,330.60	35,761,533	2,683	49,744,663	3,732	11,560,735	867	10,090,351	757	107,157,281	8,038
128 Virginia Beach	74,229.84	270,318,729	3,642	247,384,614	3,333	64,861,559	874	58,256,933	785	640,821,835	8,633
130 Waynesboro	2,939.23	10,214,532	3,475	10,869,281	3,698	2,505,819	853	2,318,802	789	25,908,434	8,815
131 Williamsburg ⁶	718.58	5,567,726	7,748	1,067,267	1,485	657,483	915	4,068,623	5,662	11,361,099	15,810
132 Winchester	3,646.61	22,299,181	6,115	10,221,073	2,803	2,927,268	803	2,793,690	766	38,241,212	10,487
134 Fairfax ⁶	2,714.62	24,058,802	8,863	3,179,682	1,171	2,473,933	911	164,280	61	29,876,698	11,006
135 Franklin	1,377.86	4,135,746	3,002	6,611,600	4,798	1,083,429	786	2,111,433	1,532	13,942,208	10,119
136 Chesapeake	40,124.50	138,968,750	3,463	144,139,778	3,592	34,644,773	863	20,860,907	520	338,614,209	8,439
137 Lexington	652.89	1,996,610	3,058	2,538,867	3,889	397,188	608	272,397	417	5,205,063	7,972
138 Emporia ⁶	934.72	2,550,588	2,729	4,018,732	4,299	810,319	867	684,607	732	8,064,246	8,627
139 Salem	3,918.17	15,957,046	4,073	11,994,993	3,061	3,201,072	817	1,705,739	435	32,858,850	8,386
140 Bedford ⁶	909.44	1,635,392	1,798	3,412,537	3,752	774,274	851	244,515	269	6,066,718	6,671
142 Poquoson	2,568.33	7,054,193	2,747	8,803,424	3,428	1,888,203	735	808,904	315	18,554,723	7,224
143 Manassas	6,611.62	37,358,997	5,651	22,456,729	3,397	5,715,902	865	2,390,285	362	67,921,914	10,273
144 Manassas Park	2,328.79	11,036,882	4,739	9,106,036	3,910	1,738,335	746	1,028,483	442	22,909,737	9,838

Table 15 of the Superintendent's Annual Report for Virginia
Sources of Financial Support for Expenditures, Total Expenditures for Operations ¹ and Total Per Pupil Expenditures for Operations
Fiscal Year 2005

School Division	End-of-Year ADM for Determining Cost Per Pupil ²	Local ³		State		State Retail Sales And Use Tax ⁴		Federal		Total	
		Amount	Per Pupil	Amount	Per Pupil	Amount	Per Pupil	Amount	Per Pupil	Expenditures for Operations ³	Per Pupil Expenditure ⁵
		TOWNS									
202 Colonial Beach	571.01	1,529,984	2,679	2,720,232	4,764	394,415	691	918,582	1,609	5,563,212	9,743
207 West Point	796.78	3,331,398	4,181	3,426,749	4,301	489,380	614	316,807	398	7,564,334	9,494
STATE TOTAL	1,178,704.16	5,350,178,843	4,539	3,717,388,928	3,154	1,005,038,160	853	773,814,530	656	10,846,420,461	9,202

¹ Operations include regular day school, school food services, summer school, adult education, and other education, but do not include pre-kindergarten, non-regular day school programs, non-local education agency (LEA) programs, debt service, or capital outlay additions. Non-LEA programs include expenditures made by a school division for state-operated education programs (in hospitals, clinics, and detention homes) that are located within the school division and reimbursed with state funds.

² The Average Daily Membership (ADM) calculated at the end of the school year includes the ADM of pupils served in the school division and the ADM of resident pupils for whom tuition is paid to another school division, regional special education program, or private school.

³ Expenditures exclude tuition payments (revenue source code 1901010) received from other LEAs.

⁴ Sales Tax amounts are as reported on the Annual School Report and include both the one percent and one-eighth percent.

⁵ Support by fund source may not equal total expenditures due to rounding.

⁶ Certain federal grant revenues are reported only by the following fiscal agent school divisions: Bedford County, fiscal agent for Bedford City; Fairfax County, fiscal agent for Fairfax City; Greenville County, fiscal agent for Emporia; and Williamsburg, fiscal agent for James City County.

Appendix C: Constitution of Virginia

Article VIII

Section 1. Public schools of high quality to be maintained.

The General Assembly shall provide for a system of free public elementary and secondary schools for all children of school age throughout the Commonwealth, and shall seek to ensure that an educational program of high quality is established and continually maintained.

Section 2. Standards of quality; State and local support of public schools.

Standards of quality for the several 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 General Assembly shall determine the manner in which funds are to be provided for the cost of maintaining an educational program meeting the prescribed standards of quality, and shall provide for the apportionment of the cost of such program between the Commonwealth and the local units of government comprising such school divisions. Each unit of local government shall provide its portion of such cost by local taxes or from other available funds.

Appendix C: Constitution of Virginia

Article X

Section 7-A. Lottery Proceeds Fund; distribution of lottery revenues.

The General Assembly shall establish the Lottery Proceeds Fund. The Fund shall consist of the net revenues of any lottery conducted by the Commonwealth. Lottery proceeds shall be appropriated from the Fund to the Commonwealth's counties, cities and towns, and the school divisions thereof, to be expended for the purposes of public education.

Any county, city, or town which accepts a distribution from the Fund shall provide its portion of the cost of maintaining an educational program meeting the standards of quality prescribed pursuant to Section 2 of Article VIII of this Constitution without the use of distributions from the Fund.

The General Assembly shall enact such laws as may be necessary to implement the Fund and the provisions of this section.

The General Assembly may appropriate amounts from the Fund for other purposes only by a vote of four-fifths of the members voting in each house, the name of each member voting and how he voted to be recorded in the journal of the house.

Appendix D

**HISTORIC & PROJECTED
SEPTEMBER 30 FALL MEMBERSHIP FOR
VIRGINIA'S SCHOOL DIVISIONS:
2004/05 TO 2010/11**

Weldon Cooper Center

HISTORIC & PROJECTED SEPTEMBER 30 FALL MEMBERSHIP FOR VIRGINIA'S SCHOOL DIVISIONS: 2004/05 TO 2010/11

Jurisdiction or School Division	Historic Fall Membership, September 30:		Projected Fall Membership, September 30:					Numerical Change			Percentage Change		
								Historic	Forecast		Historic	Forecast	
	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2004-05 to 2005-06	2005-06 to 2006-07	2005-06 to 2010-11	2004-05 to 2005-06	2005-06 to 2006-07	2005-06 to 2010-11
Virginia	1185612	1,194,168	1,202,686	1,207,360	1,211,140	1,217,478	1,224,028	8,556	8,518	29,860	0.7	0.7	2.5
Accomack	5,227	5257	5,278	5,262	5,203	5,173	5,170	30	21	-87	0.6	0.4	-1.7
Albemarle	12,420	12504	12,550	12,576	12,649	12,570	12,625	84	46	121	0.7	0.4	1.0
Alexandria City	10,814	10470	10,450	10,310	10,307	10,246	10,214	-344	-20	-256	-3.2	-0.2	-2.4
Alleghany	2,933	2928	2,960	2,917	2,896	2,937	2,926	-5	32	-2	-0.2	1.1	-0.1
Amelia	1,761	1768	1,781	1,794	1,779	1,758	1,787	7	13	19	0.4	0.7	1.1
Amherst	4,657	4647	4,649	4,606	4,530	4,443	4,393	-10	2	-254	-0.2	0.1	-5.5
Appomattox	2,268	2269	2,231	2,195	2,171	2,153	2,147	1	-38	-122	0.0	-1.7	-5.4
Arlington	18,027	17653	17,533	17,286	17,127	17,013	16,946	-374	-120	-707	-2.1	-0.7	-4.0
Augusta	10,743	10868	10,912	10,997	11,047	11,123	11,252	125	44	384	1.2	0.4	3.5
Bath	783	783	771	741	722	684	641	0	-12	-142	0.0	-1.5	-18.1
Bedford (1)	10,872	10861	10,833	10,738	10,741	10,671	10,687	-11	-28	-174	-0.1	-0.3	-1.6
Bland	895	896	881	864	870	845	833	1	-15	-63	0.1	-1.7	-7.0
Botetourt	4,806	4865	4,888	4,920	4,970	4,977	5,018	59	23	153	1.2	0.5	3.1
Bristol City	2,319	2319	2,313	2,290	2,220	2,211	2,194	0	-6	-125	0.0	-0.2	-5.4
Brunswick	2,234	2195	2,189	2,168	2,147	2,129	2,110	-39	-6	-85	-1.7	-0.3	-3.9
Buchanan	3,570	3500	3,423	3,316	3,209	3,157	3,067	-70	-77	-433	-2.0	-2.2	-12.4
Buckingham	2,169	2149	2,140	2,168	2,160	2,153	2,153	-20	-9	4	-0.9	-0.4	0.2
Buena Vista City	1,129	1125	1,117	1,079	1,047	1,018	983	-4	-8	-142	-0.4	-0.7	-12.6
Campbell	8,757	8773	8,700	8,642	8,522	8,450	8,393	16	-73	-380	0.2	-0.8	-4.3
Caroline	3,786	3937	3,987	4,045	4,090	4,153	4,241	151	50	304	4.0	1.3	7.7
Carroll	4,061	4048	4,047	4,084	4,065	4,056	4,107	-13	-1	59	-0.3	0.0	1.5
Charles City	857	874	866	871	855	842	831	17	-8	-43	2.0	-0.9	-4.9
Charlotte	2,184	2217	2,217	2,209	2,150	2,132	2,117	33	0	-100	1.5	0.0	-4.5
Charlottesville City	4,221	4166	4,129	4,050	3,998	3,954	3,889	-55	-37	-277	-1.3	-0.9	-6.7
Chesapeake City	40,246	40333	40,499	40,338	40,338	40,280	40,210	87	166	-123	0.2	0.4	-0.3
Chesterfield	55,656	56677	57,591	58,106	58,852	59,727	60,505	1,021	914	3,828	1.8	1.6	6.8
Clarke	2,115	2121	2,146	2,151	2,182	2,197	2,194	6	25	73	0.3	1.2	3.4
Colonial Beach Town	589	576	571	567	551	537	527	-13	-5	-49	-2.2	-0.9	-8.5
Colonial Heights City	2,891	2883	2,890	2,889	2,902	2,910	2,945	-8	7	62	-0.3	0.3	2.1
Covington City	841	834	808	769	724	679	645	-7	-26	-189	-0.8	-3.1	-22.6
Craig	680	722	730	722	712	706	717	42	8	-5	6.2	1.1	-0.7
Culpeper	6,402	6883	7,131	7,449	7,703	7,972	8,230	481	248	1,347	7.5	3.6	19.6
Cumberland	1,415	1420	1,422	1,392	1,383	1,339	1,331	5	2	-89	0.4	0.2	-6.3
Danville City	7,114	6951	6,859	6,724	6,600	6,554	6,487	-163	-92	-464	-2.3	-1.3	-6.7
Dickenson	2,538	2494	2,436	2,432	2,424	2,417	2,432	-44	-58	-62	-1.7	-2.3	-2.5
Dinwiddie	4,530	4573	4,574	4,583	4,524	4,541	4,575	43	1	2	0.9	0.0	0.0
Essex	1,580	1581	1,578	1,569	1,542	1,544	1,532	1	-3	-49	0.1	-0.2	-3.1
Fairfax (2)	162,258	161316	161,284	160,783	160,327	160,353	160,535	-942	-32	-781	-0.6	0.0	-0.5
Falls Church City	1,878	1848	1,822	1,792	1,783	1,766	1,757	-30	-26	-91	-1.6	-1.4	-4.9
Fauquier	10,673	10859	11,056	11,261	11,454	11,655	11,915	186	197	1,056	1.7	1.8	9.7
Floyd	2,095	2089	2,093	2,129	2,146	2,185	2,218	-6	4	129	-0.3	0.2	6.2
Fluvanna	3,395	3501	3,605	3,765	3,886	4,045	4,203	106	104	702	3.1	3.0	20.1
Franklin City	1,383	1324	1,346	1,340	1,344	1,330	1,323	-59	22	-1	-4.3	1.7	-0.1
Franklin	7,183	7228	7,307	7,314	7,343	7,365	7,347	45	79	119	0.6	1.1	1.6
Frederick	11,745	12211	12,489	12,828	13,110	13,522	13,832	466	278	1,621	4.0	2.3	13.3
Fredericksburg City	2,453	2474	2,502	2,526	2,527	2,614	2,614	21	28	244	0.9	1.1	9.8
Galax City	1,302	1329	1,340	1,349	1,327	1,306	1,288	27	11	-41	2.1	0.8	-3.1
Giles	2,538	2605	2,580	2,568	2,530	2,537	2,512	67	-25	-93	2.6	-0.9	-3.6

HISTORIC & PROJECTED SEPTEMBER 30 FALL MEMBERSHIP FOR VIRGINIA'S SCHOOL DIVISIONS: 2004/05 TO 2010/11

Jurisdiction or School Division	Historic Fall Membership, September 30:		Projected Fall Membership, September 30:					Numerical Change			Percentage Change		
								Historic		Forecast		Historic	
	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2004-05 to 2005-06	2005-06 to 2006-07	2005-06 to 2010-11	2004-05 to 2005-06	2005-06 to 2006-07	2005-06 to 2010-11
Gloucester	6,113	6074	6,034	6,006	5,923	5,917	5,902	-39	-40	-172	-0.6	-0.7	-2.8
Goochland	2,175	2249	2,290	2,328	2,320	2,314	2,304	74	41	55	3.4	1.8	2.4
Grayson	2,211	2170	2,140	2,128	2,073	1,998	1,983	-41	-30	-187	-1.9	-1.4	-8.6
Greene	2,671	2732	2,775	2,796	2,837	2,883	2,946	61	43	214	2.3	1.6	7.8
Greensville (3)	2,567	2569	2,566	2,573	2,555	2,556	2,586	2	-3	17	0.1	-0.1	0.6
Halifax	5,936	5894	5,835	5,755	5,692	5,552	5,468	-42	-59	-426	-0.7	-1.0	-7.2
Hampton City	22,804	22700	22,406	22,127	21,770	21,454	21,252	-104	-294	-1,448	-0.5	-1.3	-6.4
Hanover	18,251	18580	18,967	19,215	19,361	19,533	19,786	329	387	1,206	1.8	2.1	6.5
Harrisonburg City	4,150	4281	4,497	4,617	4,793	4,996	5,143	131	216	862	3.2	5.0	20.1
Henrico	46,109	47045	47,818	48,482	48,942	49,703	50,301	936	773	3,256	2.0	1.6	6.9
Henry	7,815	7679	7,526	7,319	7,119	6,976	6,893	-136	-153	-786	-1.7	-2.0	-10.2
Highland	298	295	289	284	278	268	266	-3	-6	-29	-1.0	-2.2	-9.9
Hopewell City	3,866	3932	3,955	3,960	3,925	3,887	3,848	66	23	-84	1.7	0.6	-2.1
Isle of Wight	5,111	5169	5,208	5,236	5,221	5,196	5,203	58	39	34	1.1	0.8	0.7
King & Queen	828	810	811	787	786	768	757	-18	1	-53	-2.2	0.1	-6.5
King George	3,334	3544	3,638	3,792	3,930	4,114	4,275	210	94	731	6.3	2.7	20.6
King William	1,910	2017	2,070	2,132	2,173	2,208	2,227	107	53	210	5.6	2.6	10.4
Lancaster	1,409	1370	1,353	1,307	1,266	1,240	1,220	-39	-17	-150	-2.8	-1.2	-11.0
Lee	3,659	3604	3,551	3,502	3,470	3,417	3,401	-55	-53	-203	-1.5	-1.5	-5.6
Lexington City (4)	473	469	466	448	450	459	453	-4	-3	-16	-0.8	-0.7	-3.4
Loudoun	43,314	46658	50,497	54,724	58,905	63,586	68,008	3,344	3,839	21,350	7.7	8.2	45.8
Louisa	4,346	4368	4,390	4,437	4,461	4,519	4,564	22	22	196	0.5	0.5	4.5
Lunenburg	1,720	1729	1,729	1,696	1,721	1,735	1,751	9	0	22	0.5	0.0	1.3
Lynchburg City	8,620	8614	8,559	8,510	8,480	8,423	8,391	-6	-55	-223	-0.1	-0.6	-2.6
Madison	1,844	1854	1,886	1,930	1,944	1,962	1,977	10	32	123	0.5	1.7	6.7
Manassas City	6,689	6476	6,464	6,499	6,467	6,366	6,348	-213	-12	-128	-3.2	-0.2	-2.0
Manassas Park City	2,358	2321	2,399	2,487	2,553	2,711	2,826	-37	78	505	-1.6	3.3	21.8
Martinsville City	2,587	2547	2,532	2,459	2,353	2,269	2,219	-40	-15	-328	-1.5	-0.6	-12.9
Mathews	1,263	1255	1,240	1,230	1,204	1,150	1,133	-8	-15	-122	-0.6	-1.2	-9.7
Mecklenburg	4,838	4853	4,825	4,760	4,738	4,676	4,662	15	-28	-191	0.3	-0.6	-3.9
Middlesex	1,308	1299	1,268	1,218	1,183	1,146	1,118	-9	-31	-181	-0.7	-2.4	-14.0
Montgomery	9,380	9470	9,515	9,479	9,473	9,522	9,516	90	45	46	1.0	0.5	0.5
Nelson	2,014	1979	1,983	1,953	1,935	1,937	1,938	-35	4	-41	-1.7	0.2	-2.1
New Kent	2,580	2594	2,616	2,661	2,665	2,731	2,742	14	22	148	0.5	0.9	5.7
Newport News City	31,492	31356	31,206	31,019	30,813	30,545	30,442	-136	-150	-914	-0.4	-0.5	-2.9
Norfolk City	34,410	34023	33,925	33,497	33,036	32,635	32,356	-387	-98	-1,667	-1.1	-0.3	-4.9
Northampton	1,959	1903	1,885	1,817	1,773	1,746	1,734	-56	-18	-169	-2.9	-1.0	-8.9
Northumberland	1,445	1433	1,449	1,447	1,407	1,401	1,390	-12	16	-43	-0.8	1.1	-3.0
Norton City	720	714	708	691	670	646	622	-6	-6	-92	-0.8	-0.9	-12.9
Nottoway	2,334	2296	2,242	2,217	2,163	2,132	2,122	-38	-54	-174	-1.6	-2.3	-7.6
Orange	4,298	4616	4,765	4,953	5,048	5,201	5,321	318	149	705	7.4	3.2	15.3
Page	3,541	3576	3,610	3,653	3,684	3,711	3,749	35	34	173	1.0	1.0	4.8
Patrick	2,582	2580	2,533	2,538	2,506	2,496	2,487	-2	-47	-93	-0.1	-1.8	-3.6
Petersburg City	5,128	4902	4,711	4,537	4,419	4,288	4,235	-226	-191	-667	-4.4	-3.9	-13.6
Pittsylvania	9,140	9126	9,134	9,029	8,980	8,920	8,915	-14	8	-211	-0.2	0.1	-2.3
Poquoson City	2,567	2572	2,553	2,527	2,526	2,503	2,492	5	-19	-80	0.2	-0.7	-3.1
Portsmouth City	15,521	15530	15,425	15,326	15,158	15,081	14,999	9	-105	-531	0.1	-0.7	-3.4
Powhatan	4,155	4328	4,447	4,579	4,710	4,823	4,922	173	119	594	4.2	2.8	13.7
Prince Edward	2,685	2614	2,616	2,552	2,463	2,435	2,355	-71	2	-259	-2.6	0.1	-9.9
Prince George	6,162	6052	6,048	6,009	5,985	5,930	5,885	-110	-4	-167	-1.8	-0.1	-2.8
Prince William	65,541	67705	70,798	73,833	77,091	80,659	84,003	2,164	3,093	16,298	3.3	4.6	24.1

HISTORIC & PROJECTED SEPTEMBER 30 FALL MEMBERSHIP FOR VIRGINIA'S SCHOOL DIVISIONS: 2004/05 TO 2010/11

Jurisdiction or School Division	Historic Fall Membership, September 30:		Projected Fall Membership, September 30:					Numerical Change			Percentage Change		
								Historic	Forecast		Historic	Forecast	
	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2004-05 to 2005-06	2005-06 to 2006-07	2005-06 to 2010-11	2004-05 to 2005-06	2005-06 to 2006-07	2005-06 to 2010-11
Pulaski	4,885	4892	4,876	4,820	4,744	4,676	4,635	7	-16	-257	0.1	-0.3	-5.3
Radford City	1,527	1530	1,529	1,516	1,507	1,476	1,473	3	-1	-57	0.2	-0.1	-3.8
Rappahannock	1,005	992	965	948	929	916	903	-13	-27	-89	-1.3	-2.7	-8.9
Richmond City	23,806	23472	23,208	22,820	22,471	22,131	21,924	-334	-264	-1,548	-1.4	-1.1	-6.6
Richmond	1,202	1227	1,225	1,235	1,252	1,262	1,269	25	-2	42	2.1	-0.1	3.4
Roanoke City	12,981	12638	12,398	12,142	11,933	11,811	11,674	-343	-240	-964	-2.6	-1.9	-7.6
Roanoke	14,512	14830	15,085	15,149	15,224	15,336	15,450	318	255	620	2.2	1.7	4.2
Rockbridge (4)	2,928	2932	2,883	2,859	2,839	2,824	2,846	4	-49	-86	0.1	-1.7	-2.9
Rockingham	10,937	11235	11,316	11,464	11,477	11,530	11,629	298	81	394	2.7	0.7	3.5
Russell	4,110	4090	4,090	4,071	4,016	3,954	3,910	-20	0	-180	-0.5	0.0	-4.4
Salem City	3,944	3893	3,892	3,823	3,790	3,739	3,691	-51	-1	-202	-1.3	0.0	-5.2
Scott	3,648	3725	3,739	3,734	3,705	3,694	3,696	77	14	-29	2.1	0.4	-0.8
Shenandoah	5,864	6056	6,263	6,391	6,533	6,665	6,800	192	207	744	3.3	3.4	12.3
Smyth	4,993	5007	5,005	4,943	4,901	4,776	4,689	14	-2	-318	0.3	0.0	-6.4
Southampton	2,805	2805	2,853	2,830	2,842	2,840	2,840	0	48	35	0.0	1.7	1.3
Spotsylvania	22,754	23525	24,592	25,720	26,772	27,926	28,983	771	1,067	5,458	3.4	4.5	23.2
Stafford	25,397	25927	26,965	28,076	29,080	30,186	31,215	530	1,038	5,288	2.1	4.0	20.4
Staunton City	2,662	2636	2,612	2,571	2,585	2,571	2,533	-26	-24	-103	-1.0	-0.9	-3.9
Suffolk City	13,642	13749	14,010	14,540	14,858	15,301	15,610	107	261	1,861	0.8	1.9	13.5
Surry	1,073	1052	1,019	982	969	949	942	-21	-33	-110	-2.0	-3.1	-10.4
Sussex	1,348	1383	1,360	1,342	1,291	1,241	1,218	35	-23	-165	2.6	-1.7	-11.9
Tazewell	6,873	6844	6,826	6,768	6,753	6,730	6,689	-29	-18	-155	-0.4	-0.3	-2.3
Virginia Beach City	75,142	73917	72,921	71,724	70,645	70,081	69,400	-1,225	-996	-4,517	-1.6	-1.3	-6.1
Warren	5,174	5268	5,315	5,352	5,384	5,406	5,393	94	47	125	1.8	0.9	2.4
Washington	7,239	7258	7,307	7,353	7,354	7,335	7,378	19	49	120	0.3	0.7	1.6
Waynesboro City	2,996	3004	3,006	2,998	2,986	2,988	2,999	8	2	-5	0.3	0.1	-0.2
West Point Town	787	802	798	807	798	812	806	15	-4	4	1.9	-0.4	0.4
Westmoreland	1,844	1833	1,797	1,772	1,716	1,683	1,650	-11	-36	-183	-0.6	-1.9	-10.0
Williamsburg City (5)	9,402	9820	10,192	10,539	10,883	11,197	11,526	418	372	1,706	4.4	3.8	17.4
Winchester City	3,678	3743	3,825	3,856	3,897	3,942	3,987	65	82	244	1.8	2.2	6.5
Wise	6,670	6629	6,592	6,509	6,455	6,419	6,312	-41	-37	-317	-0.6	-0.6	-4.8
Wythe	4,197	4205	4,222	4,215	4,234	4,239	4,243	8	17	38	0.2	0.4	0.9
York	12,363	12819	12,994	13,063	13,231	13,382	13,452	456	175	633	3.7	1.4	4.9

*The state projection is made independently from the division projections; consequently, it is not equal to the sum of the school division projections.

Fall membership, as used here, includes students in grades K—12, as well as in Junior Kindergarten and Transitional First Grade. It excludes post-graduate and pre-kindergarten students. Also excluded are students attending school through the Department of Corrections, as well as students attending the two state schools for the Deaf & Blind in Staunton and Hampton cities.

- (1) Bedford County data include data for Bedford City.
- (2) Fairfax County data include data for Fairfax City.
- (3) Greensville County data include data for Emporia City.
- (4) Rockbridge County data include Lexington City secondary students.
- (5) Williamsburg City data include data for James City County.

Appendix E

The Standards of Quality Funding Framework

Key Components of the Current SOQ Funding Framework

	Appropriation Act	SOQ (Code of Virginia)	SOA* (BOE** Regulation)	Historical Methodology
1) Staffing Standards: How many instructional positions are required?				
Class size (students to teachers), principal, assistant principal, librarian, guidance, special education, etc.	X	X	X	
2) Calculation of Total Costs: What is the cost of meeting the standards?				
Linear weighted average (prevailing cost), inflation, salary increases, fringe rates, cost of competing adjustment, etc.	X			X
3) Sharing of Costs Between State & Local: How are costs shared?				
ADM***, composite index, 55% state-45% local, sales tax distribution	X			

* Standards of Accreditation

** Board of Education

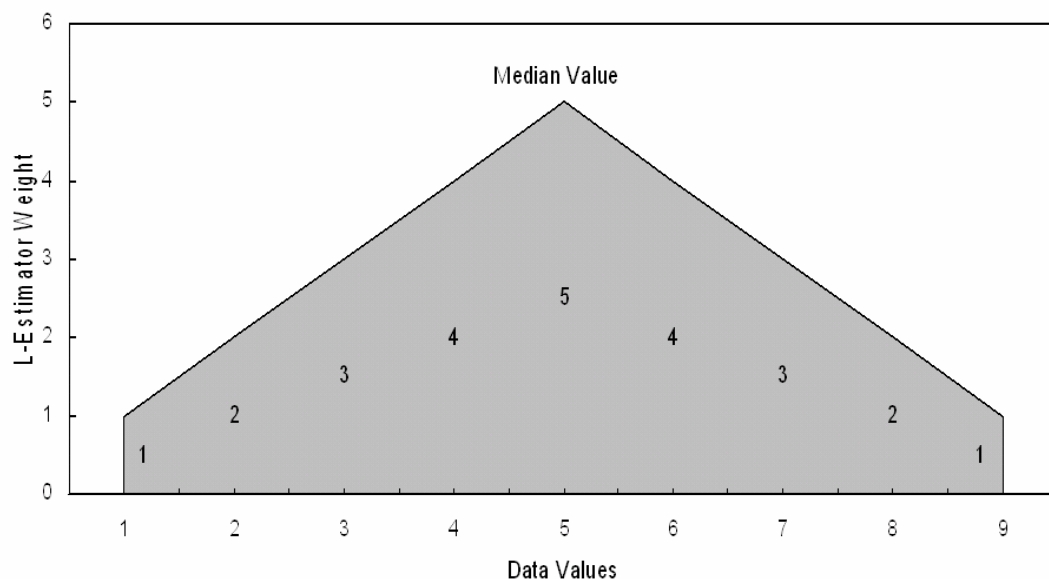
***Average Daily Membership

1) Staffing Standards: *How many instructional positions are required?*

- The minimum staffing requirements or student-teacher ratios are set out in the SOQ (Code of Virginia).
 - Overall class size ratios (students to teachers) and division level standards are set out.
 - In addition, ratios are set out for principals, assistant principals, librarians, and guidance counselors.
- The staffing levels or student-teacher ratios (by grade) are applied classroom-by-classroom, school-by-school, for every public school in Virginia.
 - No assumptions are made about school organization or about the minimum class size in some schools.
 - Instead, required staffing is calculated based on the way schools are actually configured.
 - For example, an elementary school with 10 fifth graders, or a school with 25 fifth graders, will each receive funding for one fifth grade teacher.

2) Calculation of Total Costs: *What is the cost of meeting the standards?*

- Since spending reflects, in part, local decisions about how to operate schools, SOQ funding does not simply recognize actual spending.
 - Instead, the model recognizes “reasonable” costs that approximate what most school divisions spend, without being unduly influenced by extreme values.
- Using actual expenditure data from the base year as reported by divisions to DOE, a weighted average is calculated, for each of various cost components.
 - The greatest weight is given to costs clustered around the middle to get a “prevailing cost”, also known as the “linear weighted average.”



2) Calculation of Total Costs: *What is the cost of meeting the standards? (continued)*

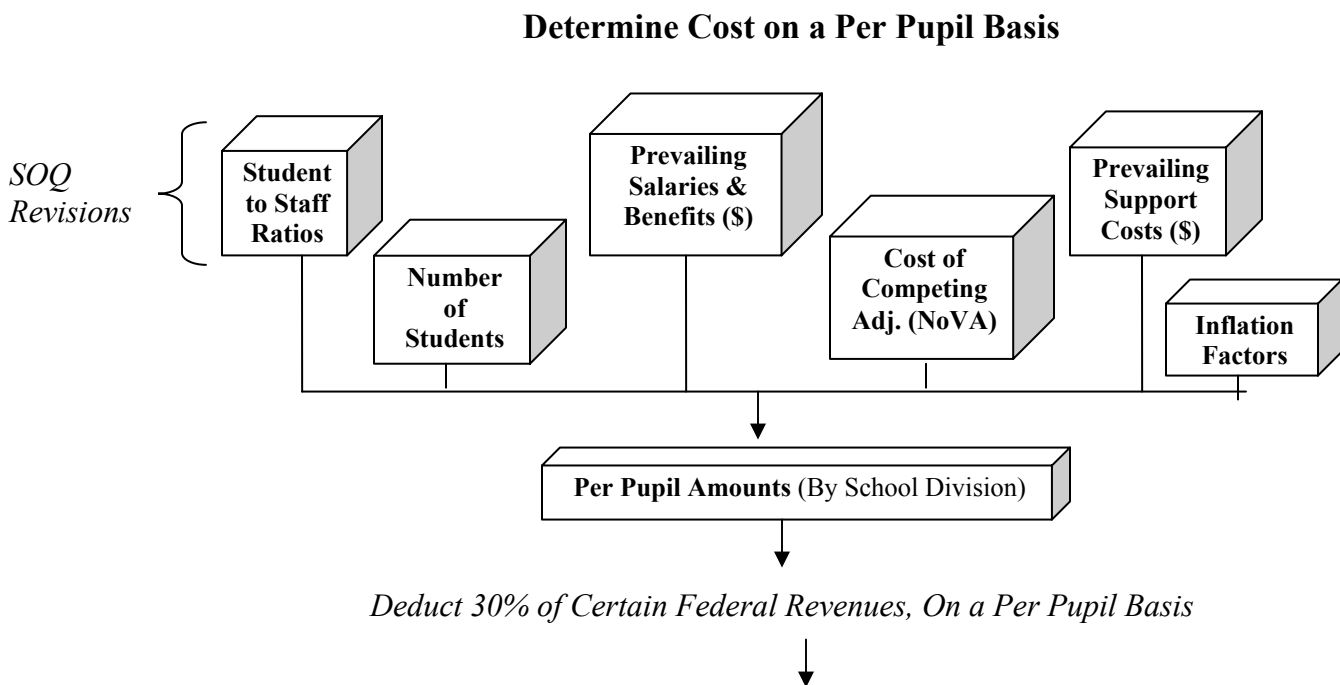
- The base year amounts are then inflated to bring them to the beginning point of a new biennium.
 - For salaries, the base year is adjusted to account for increases funded in the Appropriation Act (AA) during the prior biennium.
 - For the “budget years,” salary actions are considered policy decisions and are not included as part of re-benchmarking.
 - All other costs are increased by applying national inflation rates to different categories of spending.

	2004-06	2006-08
FY 02	Base Year	
FY 03	Adjusted for AA Salary Actions & Inflation Rates	
FY 04	Adjusted for AA Salary Actions & Inflation Rates	Base Year
FY 05	Budget Year: Adjusted for AA Salary Actions Only	Adjusted for AA Salary Actions & Inflation Rates
FY 06	Budget Year: Adjusted for AA Salary Actions Only	Adjusted for AA Salary Actions & Inflation Rates
FY 07		Budget Year: Adjusted for AA Salary Actions Only
FY 08		Budget Year: Adjusted for AA Salary Actions Only

- Costs are refined by a cost of competing labor market differential for Northern Virginia, and adjustments to transportation costs to reflect land area and density.

SOQ Funding Process: Steps 1 & 2

- The graphic below shows Steps 1 and 2 of the funding process:
 - Total SOQ costs are calculated using the various inputs. A per pupil amount is then calculated.



- In Step 3 of the process, total costs are allocated between the state and localities.

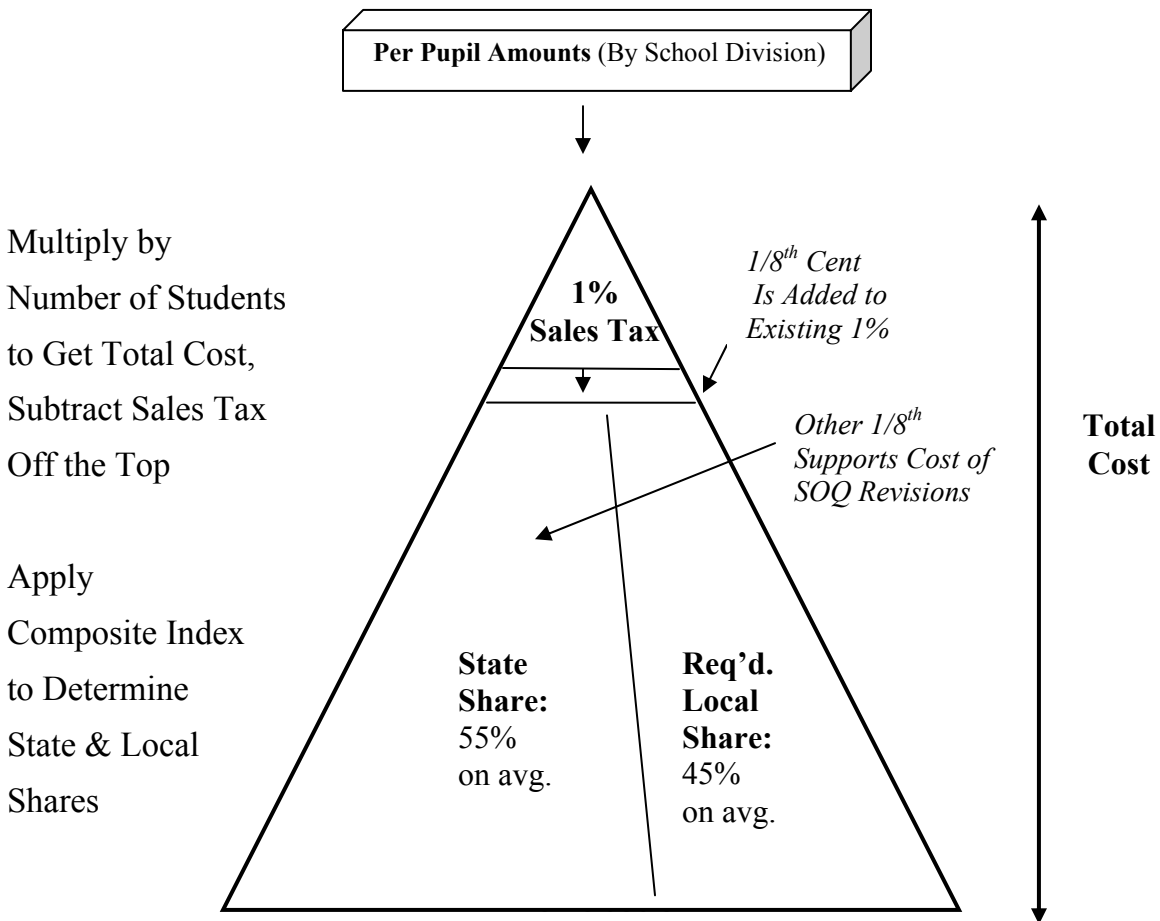
3) Sharing of Costs Between State & Local: *How are costs shared?*

- After the total costs are identified, the state-local split is calculated.
 - The General Assembly made a policy decision to fund (on average) 55 percent of SOQ costs as the state's share.
- To address disparities, the composite index of local ability-to-pay is then used to measure local wealth.
 - True value of real property (50%), adjusted gross income (40%), and sales tax collections (10%).
 - Weighted 2/3 by average daily membership and 1/3 by population.
- About three-quarters of Direct Aid is distributed through the composite index, with the major exception being the one and one-eighth cent of sales tax distributed based on census of school-aged population.

Sales & Use Tax	Non-Food	Food
Local Option	1	1
GF: Unrestricted	2 ¼	-
GF: Education: School-Aged Population Basis	1	1
GF: School-Aged Pop. Basis (1/8) & Property Tax Relief/SOQ (1/8)	¼	-
TTF	½	½
Total	5%	2½%

SOQ Funding Process: Step 3

- One cent of sales tax revenue (now one and 1/8 cent) is distributed on the basis of the triennial census of school-aged population. That distribution is subtracted from the total cost of Basic Aid before it is split into state and local shares.



- This triangle represents Basic Aid funding. Incentive, categorical, and school facilities funding are all in addition to Basic Aid and the other SOQ funding.

Appendix F: 4 of 8 Proposed SOQ Revisions Funded & Codified

Eight Proposed Revisions	FY 2005 (\$ in millions)	FY 2006 (\$ in millions)	What is Current Prevailing Practice?	How Many May Have to Hire Staff?
Prevention, intervention, & remediation methodology ¹	\$21	\$21	Compliance required by Board of Ed. regs (SOA)	None
Secondary school teacher planning period ²	\$27	\$129	Compliance required by Board of Ed. regs (SOA)	None
5 elem. resource teachers per 1,000 (i.e. 3 periods per week)	\$74	\$76	6.06 per 1,000 students	Some
2 technology positions per 1,000 (1 support, 1 instruct.) ³	\$5	\$16	1.15 per 1,000 elementary students	Some
TOTAL FUNDED/CODIFIED	\$126	\$241		
	FY 2007	FY 2008		
1 reading specialist per 1,000 K-12 students	\$38	\$39	1.77 per 1,000 elementary students	Some
1 full-time assistant principal per 400 students	\$51	\$53	3.48 per 1,000 students	Some
1 full-time principal per elementary school	\$7	\$7	A full-time principal in every school	One or two
Reduce speech language pathologist caseload to 60	\$4	\$4	Caseload of 54	Some
TOTAL NOT FUNDED	\$100	\$103		
¹ Another \$40 million per year is already in base funding. The increase of about \$21 million per year from Lottery revenues, all included in the budget as introduced. ² Funded at 25 percent the first year. ³ Funding for support position only the first year.				