

*A Study Update Regarding  
the Feasibility for Consolidation of Martinsville City  
and Henry County School Divisions*

**Executive Summary**



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#### **Organization**

In order to administer their instructional programs and accomplish the objectives and goals prescribed by the three levels of government, state/local/federal, Henry County and Martinsville City School Divisions have established separate organizations. Described below and graphically-arrayed, respectively, in Appendices A and B are their organizational charts for SY 2018-2019.

#### **Henry County Organization**

The organizational design for Henry County School Division was consistent for SYs 2010-2011 through 2012-2013; however, considerable organizational changes were made subsequently and are reflected in the current organizational chart, 2018-2019, which is displayed in Appendix A. Under the current organization, the following central office administrators and building principals report directly to the Superintendent:

- Assistant Superintendent for Teaching and Learning
- Assistant Superintendent of Operations and Administrative Services
- Director of Student Support Services
- Director of Technology and Innovation
- Director of Communication and Organizational Learning
- Chief Financial Officer
- Supervisor of Alternative Education
- Coordinator of Regional Alternative Education and Athletics
- K-12 Principals

The following central office administrators report directly to the Assistant Superintendent of Teaching and Learning:

- Director of Special Education and Related Services
- Director of Elementary Education and Title I
- Director of Secondary Instruction and Student Assessment

The following central office administrators report directly to the Director of Technology and Innovation:

- Coordinator of Technology
- Network Administrator
- Systems Administrator

- Coordinator of Student Data and Records
- Computer Technicians
- Instructional Technology Resource Teachers

The following central office personnel report directly to the Chief Financial Officer:

- Payroll and Budget Specialists
- Accounting Technicians
- Director of School Nutrition
- Records Officer

The following central office administrators report directly to the Assistant Superintendent of Operations and Administrative Services:

- Director of Human Resources
- Director of Facilities Maintenance
- Supervisor for Pupil Transportation
- Supervisor of Fleet Maintenance

### **Martinsville City Organization**

**M**artinsville City School Division has altered its organization since the prior study, 2012-2013, by the addition of a Director of School Safety and Emergency Management while changing and diversifying the titles and responsibilities of several central office positions, effective SY 2018-2019. See current organization chart which is displayed in Appendix B.

The following central office administrators report directly to the Superintendent:

- Assistant Superintendent of Instruction
- Clerk of the School Board and Administrative Assistant to the Superintendent
- Director of School Safety and Emergency Management
- Building Principals
- Executive Director of Special Education and Student Services
- Executive Director of Administrative Services
- Director of Human Resources, Communication, and Community Outreach

The following central office administrators report directly to the Assistant Superintendent of Instruction:

- Coordinator of Career Education and STEM Programming
- Coordinator of Assessment and Data Management
- Coordinator English, History, Advanced Programs & Fine Arts
- Coordinator of Academic Interventions, Title III, Foreign Language & Mentoring
- Coordinator of Mathematics, Student Performance Data & Gifted Services

The following central office administrators report directly to the Executive Director of Administrative Services:

- Director of Facilities
- Director of Early Childhood and School Nutrition Services
- Coordinator of Transportation
- Coordinator of Adult Education

The following central office administrators report directly to the Executive Director of Special Education and Student Services:

- Director of Pupil Personnel
- Alternative Programs Coordinator
- Special Education Instructional Coordinator and Educational Diagnostician
- School Psychologist

The following school building personnel report directly to the Building Principals:

- Assistant Principals
- Teachers
- Other School-Based Personnel

## **Strategic Goals, Strategic Plan Updates, Comparison of Revenues and Enrollment Trends**

### **Comprehensive Strategic Goals**

**H**enry County School Division accentuates critical thinking as an expectation for enhancing a high-performing school division. Henry County’s *Mission, Vision, and Core Values-2018-2025* are succinctly described below:

### **Inspire 2025**

- **Vision - Inspiring learners to positively impact their world.**
- **Mission - Provides our diverse community of learners with meaningful educational experiences that prepare them for a successful future.**
- **Core Values - We value respect. We act with integrity. We strive for excellence. We promote equity. We put students first.**

**M**artinsville City School Division, *Comprehensive Strategic Plan for 2018-2024* continues to implement instructional practices aimed at reaching higher level application and reasoning skills by emphasizing research-based strategies to assist the division maintain a *fully-accredited status*. Specifically, Martinsville City, similar to Henry County School Division, succinctly presents its comprehensive strategic plan below:

## Empower 2024

- **Vision – Empowering success one learner at a time.**
- **Mission – Creates a safe and supportive learning environment that engages students in individualized learning experiences.**
- **Core Values – To achieve our vision and mission, we value**
  - **Integrity and ethical behavior;**
  - **Diversity, equity, and inclusion;**
  - **Respect, compassion, and positive relationships;**
  - **Family and community engagement;**
  - **And service to others.**

### **Budget Revenue Comparisons.**

When the direct state aid appropriated through the Standards of Quality (SOQ), Incentive-Based Programs, Categorical Grants, and Lottery Programs for Henry County and Martinsville City School Divisions were reviewed for FYs 2013, 2016, 2019 and 2020, both increases and decreases were noted for both school divisions. As shown in **Table 1**, Henry County received \$3,196,075 additional State Basic Aid from FYs 2013 to 2020. Additional increases were seen in State Sales Tax Receipts (\$1,168,714), Vocational Education (\$52,386) and Special education (\$354,507). Increases in SOQ funding were seen for Textbooks (\$110,562), Gifted Education (\$26,733), Prevention, Intervention and Remediation (\$422,677), VRS Retirement (\$1,151,896), Group Life Insurance (\$23,495), and English as a Second Language (\$121,291). Henry County suffered the only decrease among SOQ accounts with a reduction of (\$42,651) for Remedial Summer School.<sup>1</sup> Similarly, Henry County generally received increases in direct state aid through the accounts housed under Incentive, Categorical, and Lottery programs. Henry County, between FYs 2013 and 2020 experienced few direct state aid reductions. However, Henry County did experience a substantial reduction in local appropriations; from FYs 2013 to 2017, Henry County saw their local appropriations fall from \$16,692,644 to \$14,984,833, or a loss of \$1,707,811.

Concurrently, as displayed in **Table 2**, Martinsville City School Division has experienced decreases in accounts housed under all direct state aid programs, i.e., SOQ, Incentive, Categorical, and Lottery programs.<sup>2</sup> The loss of direct state aid due to the continuous decline in enrollment has been nearly catastrophic for Martinsville City, and has forced substantial increases from local sources. From FYs 2013 to 2017, Martinsville City increased its local funds from \$6,183,340 to

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<sup>1</sup> Data obtained from VDOE Calculation Templates and will vary from actual expenditures.

<sup>2</sup> *Ibid.*

**Table 1**  
**Projected Direct State Aid for Henry County Public Schools**

<b>SOQ Programs</b>	<b>2013</b>	<b>2016</b>	<b>2019</b>	<b>2020</b>	<b>Diff 2020 - 2013</b>	<b>Diff 2020 - 2016</b>
Basic Aid	22,014,044	22,932,538	25,172,960	25,210,119	3,196,075	2,277,581
Textbooks	437,397	514,612	548,177	547,959	110,562	33,347
Sales Tax	7,306,726	7,825,081	8,251,628	8,475,440	1,168,714	650,359
Voc Education	437,397	454,604	489,978	489,783	52,386	35,179
Gift Education	245,369	251,369	272,210	272,102	26,733	20,733
Spec Education	2,459,025	2,449,514	2,814,654	2,813,532	354,507	364,018
Prev, Inter & Rem	986,810	1,192,667	1,410,049	1,409,487	422,677	216,820
VRS Retirement	2,331,006	2,834,590	3,457,070	3,482,902	1,151,896	648,312
Soc Security	1,397,537	1,433,340	1,567,931	1,578,190	180,653	144,850
Group Life Insur	85,346	90,921	108,884	108,841	23,495	17,920
Eng as 2nd Lang	319,112	358,214	426,331	440,403	121,291	82,189
Rem Sum School	134,747	131,276	87,830	88,625	(46,122)	(42,651)
<b>Total SOQ</b>	<b>38,154,516</b>	<b>40,468,726</b>	<b>44,607,702</b>	<b>44,917,383</b>	<b>6,762,867</b>	<b>4,448,657</b>
<b>Incentive Progms</b>	<b>2013</b>	<b>2016</b>	<b>2019</b>	<b>2020</b>	<b>Diff 2020 - 2013</b>	<b>Diff 2020 - 2016</b>
Compen Suppl	0	401,179	0	1,692,351	1,692,351	1,291,172
Acad Yr Gov Sch	403,171	475,236	474,033	513,478	110,307	38,242
Spec Educ Region	778,640	841,269	958,122	997,115	218,475	155,846
Break Expans	0	7,450	0	0	0	(7,450)
VPSA Math/Read	0	0	0	0	0	0
Early Read Splts	0	0	0	0	0	0
Va Presch Initiative	461,258	0	0	0	(461,258)	0
Technology - VPSA	492,000	492,000	466,000	466,000	(26,000)	(26,000)
<b>Total Incentive</b>	<b>2,135,069</b>	<b>2,217,134</b>	<b>1,898,155</b>	<b>3,668,944</b>	<b>1,533,875</b>	<b>1,451,810</b>
<b>Categorical Prgs</b>	<b>2013</b>	<b>2016</b>	<b>2019</b>	<b>2020</b>	<b>Diff 2020 - 2013</b>	<b>Diff 2020 - 2016</b>
Adult Education	0	0	0	0	0	0
Virtual Virginia	0	0	0	0	0	0
Am Ind Tret Com	0	0	0	0	0	0
Sch Lunch	43,147	43,819	46,125	46,125	2,978	2,306
Spec Ed Hombnd	18,509	13,928	15,136	15,212	(3,297)	1,284
Spec Ed St Ops	0	0	0	0	0	0
Spec Ed Jails	4,956	7,200	7,200	7,696	2,740	496
<b>Total Categorical</b>	<b>66,612</b>	<b>64,947</b>	<b>68,461</b>	<b>69,033</b>	<b>2,421</b>	<b>4,086</b>

**Table 1 (Continued)**  
**Projected Direct State Aid for Henry County Public Schools**

<b>Lottery Prgs</b>	<b>2013</b>	<b>2016</b>	<b>2019</b>	<b>2020</b>	<b>Diff 2020 - 2013</b>	<b>Diff 2020 - 2016</b>
Foster Care	46,316	42,782	49,666	54,102	7,786	11,320
At Risk	1,326,898	1,563,054	1,618,554	1,437,949	111,051	(125,105)
Virginia Preschool	1,235,424	1,166,131	1,323,203	1,377,111	141,687	210,980
Early Reading	127,625	154,061	209,750	209,750	82,125	55,689
Mentor Teachers	2,698	4,202	4,333	4,333	1,635	131
K-3 Primary Class	1,546,712	1,655,279	1,681,711	1,841,509	294,797	186,230
School Breakfast	81,622	68,292	90,901	99,992	18,370	31,700
SOL Algebra	145,065	155,524	162,806	162,806	17,741	7,282
Project Graduation	0	0	13,022	13,672	13,672	13,672
Alternative Educ	160,618	168,976	184,717	198,632	38,014	29,656
ISAEF	32,434	31,434	31,434	31,434	(1,000)	0
Career & Tech Edu	26,713	31,314	29,619	29,619	2,906	(1,695)
Suppl Basic Aid	0	0	0	0	0	0
Suppl Lottery	0	0	1,982,507	1,999,621	1,999,621	1,999,621
<b>Total Lottery</b>	<b>4,732,125</b>	<b>5,041,049</b>	<b>7,382,223</b>	<b>7,460,530</b>	<b>2,728,405</b>	<b>2,419,481</b>
<b>Total All Programs</b>	<b>4,877,190</b>	<b>5,196,573</b>	<b>7,545,029</b>	<b>7,623,336</b>	<b>2,746,146</b>	<b>2,426,763</b>

Source: VDOE. Retrieved from: [http://www.doe.virginia.gov/school\\_finance/budget/calc\\_tools/index.shtml](http://www.doe.virginia.gov/school_finance/budget/calc_tools/index.shtml)

**Table 2**  
**Projected Direct State Aid for Martinsville City Public Schools**

<b>SOQ Programs</b>	<b>2013</b>	<b>2016</b>	<b>2019</b>	<b>2020</b>	<b>Diff 2020-2013</b>	<b>Diff 2020 - 2016</b>
Basic Aid	6,696,474	6,802,191	6,280,227	5,830,230	(866,244)	(971,961)
Textbooks	149,614	153,940	141,850	135,582	(14,032)	(18,358)
Sales Tax	1,936,518	2,014,138	2,253,467	2,453,664	517,146	439,526
Voc Education	155,067	139,190	212,726	203,326	48,259	64,136
Gift Education	76,700	75,194	70,439	65,980	(10,720)	(9,214)
Spec Education	960,412	939,130	870,625	832,154	(128,258)	(106,976)
Prev, Inter & Rem	470,202	489,563	580,417	556,116	85,914	66,553
VRS Retirement	777,000	902,332	974,875	938,530	161,530	36,198
Soc Security	465,200	457,566	440,948	425,503	(39,697)	(32,063)
Group Life Insur	28,345	28,798	29,584	28,277	(68)	(521)
Eng as 2nd Lang	73,717	72,432	103,709	106,883	33,166	34,451
Rem Sum School	116,422	158,160	107,728	107,728	(8,694)	(50,432)
<b>Total SOQ</b>	<b>11,905,671</b>	<b>12,232,634</b>	<b>12,066,595</b>	<b>11,683,973</b>	<b>(221,698)</b>	<b>(548,661)</b>
<b>Incentive Progms</b>	<b>2013</b>	<b>2016</b>	<b>2019</b>	<b>2020</b>	<b>Diff 2020-2013</b>	<b>Diff 2020 - 2016</b>
Compen Suppl	0	123,552	0	444,716	444,716	321,164
Acad Yr Gov Sch	0	0	0	0	0	0
Spec Educ Region	77,051	137,596	135,964	143,491	66,440	5,895
Break Expans	0	1,839	27,123	33,607	33,607	31,768
VPSA Math/Read	0	0	0	0	0	0
Early Read Splts	0	23,880	0	0	0	(23,880)
Va Presch Initiative	124,954	357,344	0	0	(124,954)	(357,344)
Technology - VPSA	154,000	218,400	154,000	154,000	0	(64,400)
<b>Total Incentive</b>	<b>356,005</b>	<b>862,611</b>	<b>317,087</b>	<b>775,814</b>	<b>419,809</b>	<b>(86,797)</b>
<b>Categorical Prgs</b>	<b>2013</b>	<b>2016</b>	<b>2019</b>	<b>2020</b>	<b>Diff 2020-2013</b>	<b>Diff 2020 - 2016</b>
Adult Education	0	0	0	0	0	0
Virtual Virginia	0	0	0	0	0	0
Am Ind Tret Com	0	0	0	0	0	0
Sch Lunch	14,641	14,693	13,999	13,999	(642)	(694)
Spec Ed Hombnd	11,663	15,538	14,864	14,938	3,275	(600)
Spec Ed St Ops	0	0	0	0	0	0
Spec Ed Jails	129	0	0	0	(129)	0
<b>Total Categorical</b>	<b>26,433</b>	<b>30,231</b>	<b>28,863</b>	<b>28,937</b>	<b>2,504</b>	<b>(1,294)</b>

**Table 2 (Continued)**  
**Projected Direct State Aid for Martinsville City Public Schools**

<b>Lottery Prgs</b>	<b>2013</b>	<b>2016</b>	<b>2019</b>	<b>2020</b>	<b>Diff 2020- 2013</b>	<b>Diff 2020 - 2016</b>
Foster Care	19,906	37,626	27,662	30,092	10,186	(7,534)
At Risk	554,624	622,390	669,513	815,790	261,166	193,400
Virginia Preschool	342,735	359,344	253,745	238,819	(103,916)	(120,525)
Early Reading	53,747	83,850	70,982	68,353	14,606	(15,497)
Mentor Teachers	1,717	3,361	3,508	3,508	1,791	147
K-3 Primary Class	626,910	636,041	619,794	592,781	(34,129)	(43,260)
School Breakfast	18,087	16,494	27,123	33,607	15,520	17,113
SOL Algebra	57,468	50,562	50,575	47,946	(9,522)	(2,616)
Project Graduation	0	0	4,809	4,236	4,236	4,236
Alternative Educ	0	0	0	0	0	0
ISAEP	22,115	17,113	15,717	15,717	(6,398)	(1,396)
Career & Tech Edu	5,709	5,823	3,923	3,923	(1,786)	(1,900)
Suppl Basic Aid	0	0	0	0	0	0
Suppl Lottery	0	0	513,007	494,768	494,768	494,768
<b>Total Lottery</b>	<b>1,703,018</b>	<b>1,832,604</b>	<b>2,260,358</b>	<b>2,349,540</b>	<b>646,522</b>	<b>516,936</b>
<b>Total All Programs</b>	<b>13,991,127</b>	<b>14,958,080</b>	<b>14,672,903</b>	<b>14,838,264</b>	<b>847,137</b>	<b>(119,816)</b>

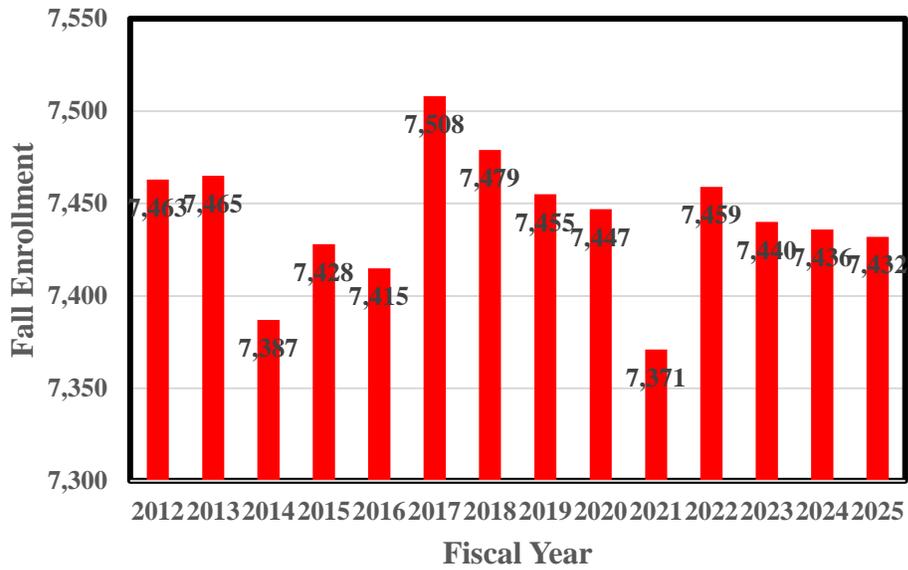
Source: VDOE. Retrieved from: [http://www.doe.virginia.gov/school\\_finance/budget/calc\\_tools/index.shtml](http://www.doe.virginia.gov/school_finance/budget/calc_tools/index.shtml)

\$7,456,677, an increase of \$1,273,337. Just in State Basic Aid, Martinsville City saw its state aid decline from FY 2013 to FY 2020 by \$866,244. Losses in direct state aid occurred for Special Education, (\$128,258), Virginia Preschool Initiative (\$228,870), K-3 Primary Class (\$34,129), and other direct state aid programs. However, Martinsville City did see increases from FYs 2013 to 2020 in direct state aid from several programs, including VRS Retirement (\$161,530), Compensation Supplement (\$444,716), and Supplemental Lottery (\$494,768). In total, Martinsville City received an additional \$847,137 in direct state aid, but it proved insufficient to meet the fiscal needs of the school division without requiring substantial increases from local sources.

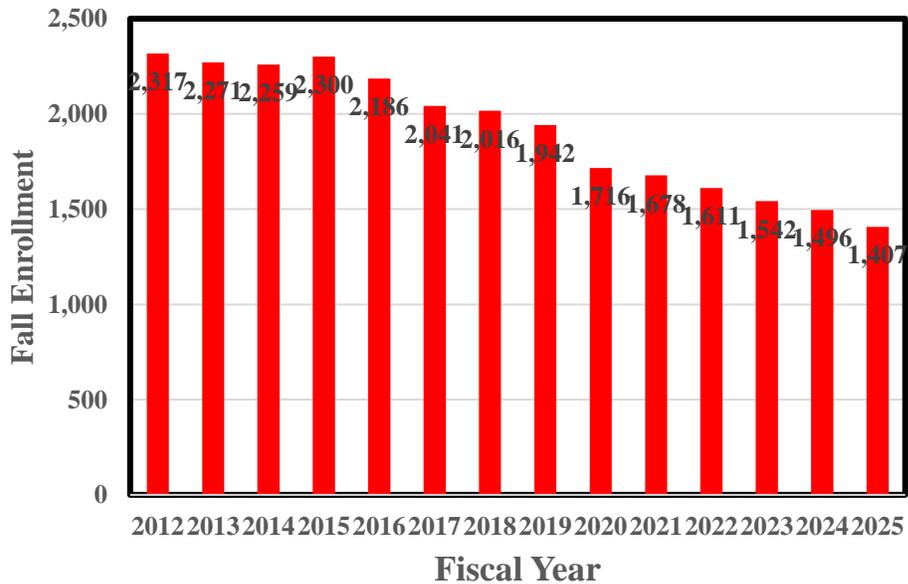
### **Enrollment Trends and Projections**

As graphically displayed in **Charts 1** and **2**, fall enrollments for both school divisions have declined from FYs 2012 to 2019. However, Henry County has not experienced the precipitous decline that Martinsville City has undergone. In FY 2012, fall enrollments for Henry County and Martinsville City School Divisions were 7,463 and 2,317, respectively. Seven years later, FY 2019, fall enrollments had declined to 7,455 for Henry County and 1,942 for Martinsville City. While fall enrollments for Henry County are projected to remain stable through FY 2025, projected fall enrollments for Martinsville City are more ominous. From FYs 2019 to 2025, Henry County fall enrollments are projected to decline from 7,455 to 7,432, or a loss of only 23 pupils. In contrast,

**Chart 1**  
**Fall Enrollment, Actual and Projected, for**  
**Henry County School Division, FYs 2012 to**  
**2025**



**Chart 2**  
**Fall Enrollment, Actual and Projected,**  
**for Martinsville City School Division,**  
**FYs 2012 to 2025**



Martinsville City fall enrollments are projected to plummet from 1,942 to FY 2019 to 1,407 for FY 2025, a loss of 535 pupils, or 27.5 percent.

**D**isplayed in **Table 3** is FY 2017-2018 Fall Membership for a consolidated school division, i.e., Henry County and Martinsville City School Divisions combined, shown by grade-level. The consolidated school division would serve a projected 9,495 pupils (PK-12), with a projected high school enrollment of 2,812 pupils. Grade configuration could be maintained if three high schools are operated, each ranging from 900 to 1,000 pupils. Middle school fall enrollment is projected for a consolidated system to enroll 2,058 pupils with three middle schools each hosting 680-720 pupils per school. Elementary fall enrollment is projected at 4,625 pupils, including PK pupils, and could utilize eleven to twelve elementary schools, each serving 385-450 pupils per school.

**S**hown in **Table 4** are the Fall High School Memberships, by racial composition, for Henry County, Martinsville City, and the projected Consolidated School Division for FY 2017-2018. Henry County currently serves its community with two high schools: Bassett High School and Magna Vista High School. The racial composition of Bassett High School is as follows: Hispanic-11.0%; Black-18.0%; White-67.0%; and two or more races-4.0%. Magna Vista High School reports: Hispanic-10.0%; Black-27.0%; White-59.0%; and two or more races-4.0%. Martinsville City employs a single high school: Martinsville High School has a racial composition as follows: Hispanic-9.0%; Black-61.0%; White-29.0%; and two or more races-1.0%. *The high schools of a consolidated school division likely would serve a racial composition as follows: Hispanic- 10.2%; Black-30.3%; White-56.1%, and two or more races-3.4%.*

### **Pupil/Teaching Staffing Ratios**

**D**isplayed in **Table 5** are the Elementary Teaching Positions, Secondary Teaching Positions, and corresponding Pupil/Teacher ratios for Henry County and Martinsville City School Divisions, Selected Fiscal Years 2011-2012 to 2017-2018. The Elementary Teaching Positions for Henry County School Division declined from 311 for 2011-2012 to 303 for 2017-2018 with a small decrease, 12 pupils in ADM; thus, the Pupil:Teacher ratio increased slightly from 14.2:1.0 to 14.5/1.0. The Secondary Teaching Positions for Henry County increased from 200 for FY 2011-2012 to 204 for FY 2017-2018, which was accompanied with an increase of 91 pupils in ADM. The Secondary Education Pupil:Teacher ratio increased marginally from 13.0:1.0 for FY 2011-2012 to 13.2:1.0 for FY 2017-2018. The Elementary Teaching Positions for Martinsville City School Division declined from 106 for 2011-2012 to 95 for 2017-2018, coupled with a substantial decrease of 137 pupils in ADM; the result was that the Pupil:Teacher ratio remained constant at 12.6:1.0. The Secondary Teaching Positions for Martinsville City decreased from 71 for FY 2011-2012 to 70 for FY 2017-2018, which was accompanied with a decrease of 81 pupils in ADM. The Secondary Education Pupil:Teacher ratio decreased significantly from 11.4:1.0 for FY 2011-2012 to 10.3:1.0 for FY 2017-2018. The total Pupil:Teacher ratio (K-12) for Henry County School Division increased from 13.7:1.0 for FY 2011-2012 to 14.0:1.0 for FY 2017-2018. For the same time period, FYs 2011-2012 to 2017-2018, Martinsville City School Division decreased its K-12 Pupil:Teacher ratio from 12.1:1.0 to 11.6:1.0.

**A**rrayed in **Tables 6 and 7** for FYs 2011-2012 and 2016-2017, respectively, are mean ( $\bar{x}$ ) annual salaries of instructional personnel for Henry County and Martinsville City School Divisions. The

**Table 3**

**Fall Membership, by Grade, for Henry County, Martinsville City, and Consolidated School Divisions, FY 2017-2018**

<b>School Division – Fall Membership by Grade</b>			
<b>Grade</b>	<b>Henry County</b>	<b>Martinsville City</b>	<b>Consolidated</b>
PK - Pre-kindergarten	329	115	444
KG – Kindergarten	531	142	673
01 - Grade 1	527	139	666
02 - Grade 2	521	144	665
03 - Grade 3	586	160	746
04 - Grade 4	564	147	711
05 - Grade 5	558	162	720
06 - Grade 6	543	158	701
07 - Grade 7	552	137	689
08 - Grade 8	536	132	668
09 - Grade 9	615	166	781
10 - Grade 10	585	129	714
11 - Grade 11	504	136	640
12 - Grade 12	528	149	677
<b>Total</b>	<b>7,479</b>	<b>2,016</b>	<b>9,495</b>

Source: VDOE. Retrieved from: [http://www.doe.virginia.gov/statistics\\_reports/enrollment/index.shtml](http://www.doe.virginia.gov/statistics_reports/enrollment/index.shtml)

**Table 4**

**High School Fall Membership by Racial Percentage for Henry County, Martinsville City and Consolidated School Divisions, 2017-2018**

<b>Race</b>	<b>Martinsville High</b>		<b>Bassett High</b>		<b>Magna Vista High</b>		<b>Consolidated</b>	
	<b>Fall Membership</b>	<b>%</b>	<b>Fall Membership</b>	<b>%</b>	<b>Fall Membership</b>	<b>%</b>	<b>Fall Membership</b>	<b>%</b>
Asian	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Hispanic	52.2	9.0%	127.7	11.0%	107.1	10.0%	287.0	10.2%
Black	353.8	61.0%	209.0	18.0%	289.2	27.0%	852.0	30.3%
White	168.2	29.0%	777.9	67.0%	631.9	59.0%	1,578.0	56.1%
2 or More	5.8	1.0%	46.4	4.0%	42.8	4.0%	95.0	3.4%
<b>Total</b>	<b>580</b>	<b>100.0%</b>	<b>1,161</b>	<b>100.0%</b>	<b>1,071</b>	<b>100.0%</b>	<b>2,812</b>	<b>100.0%</b>

Source: VDOE. Retrieved from: [http://www.doe.virginia.gov/statistics\\_reports/supts\\_annual\\_report/index.shtml](http://www.doe.virginia.gov/statistics_reports/supts_annual_report/index.shtml)

**Table 5**

**Elementary Teaching Positions, Secondary Teaching Positions, End-of-Year Average Daily Membership, and Pupil/Teacher Ratios for Henry County and Martinsville City School Divisions, Selected Fiscal Years, 2011-2012 to 2017-2018**

<b>Division No.</b>	<b>School Division</b>	<b>Elementary Teaching Positions <sup>1</sup></b>	<b>End-of-Year Average Daily Membership K-7 <sup>2</sup></b>	<b>Pupil/Teacher Ratio K-7</b>	<b>Secondary Teaching Positions <sup>3</sup></b>	<b>End-of-Year Average Daily Membership 8-12 <sup>4</sup></b>	<b>Pupil/Teacher Ratio 8-12</b>	<b>Pupil/Teacher Ratio K-12</b>
<b>Fiscal Year 2018<sup>5</sup></b>								
044	Henry	303	4,400	14.5	204	2,691	13.2	14.0
116	Martinsville	95	1,198	12.6	70	720	10.3	11.6
<b>STATE</b>		<b>58,947</b>	<b>774,585</b>	<b>13.1</b>	<b>38,278</b>	<b>473,968</b>	<b>12.4</b>	<b>12.8</b>
<b>Fiscal Year 2017</b>								
044	Henry	302	4,351	14.4	201	2,660	13.3	13.9
116	Martinsville	104	1,178	11.3	72	707	9.8	10.7
<b>STATE</b>		<b>58,617</b>	<b>766,630</b>	<b>13.1</b>	<b>38,096</b>	<b>469,100</b>	<b>12.3</b>	<b>12.8</b>
<b>Fiscal Year 2016</b>								
044	Henry	295	4,318	14.6	195	2,670	13.7	14.3
116	Martinsville	102	1,277	12.6	70	752	10.8	11.8
<b>STATE</b>		<b>58,568</b>	<b>764,952</b>	<b>13.1</b>	<b>37,443</b>	<b>466,738</b>	<b>12.5</b>	<b>12.8</b>
<b>Fiscal Year 2012</b>								
044	Henry	311	4,412	14.2	200	2,600	13.0	13.7
116	Martinsville	106	1,335	12.6	71	801	11.4	12.1
<b>STATE</b>		<b>56,966</b>	<b>752,444</b>	<b>13.2</b>	<b>37,185</b>	<b>454,591</b>	<b>12.2</b>	<b>12.8</b>

<sup>1</sup> Elementary Teaching Positions includes classroom, homebound, media, and technology instructional teachers for grades K-7.

<sup>2</sup> The Average Daily Membership (ADM) shown reflects all pupils (K through 7) served in the school division at the

<sup>3</sup> Secondary Teaching Positions includes classroom, homebound, media, and technology instructional teachers for

<sup>4</sup> The Average Daily Membership (ADM) shown reflects all pupils (8 through 12) served in the school division at the

<sup>5</sup> For Fiscal Year 2018, Elementary and Secondary Teaching Positions for the state were projected from prior year from the FY 2018 annual reports furnished by Henry County and Martinsville City school divisions.

Source: [http://www.doe.virginia.gov/statistics\\_reports/supts\\_annual\\_report/index.shtml](http://www.doe.virginia.gov/statistics_reports/supts_annual_report/index.shtml)

Table 6

Table 13

**Average Annual Salaries of Instructional Personnel, Principals, Assistant Principals, and Classroom Teachers, for Henry County and Martinsville City School Divisions, Fiscal Year 2012**

<b>Elementary School Principals Average Annual Salaries - 2012</b>					<b>Elementary School Teachers Average Annual Salaries - 2012</b>				
Division No.	School Division	Elementary Positions	Average Annual Salary	Rank	Division No.	School Division	Elementary Positions	Average Annual Salary	Rank
044	Henry County	11.00	72,689	<b>94</b>	044	Henry County	335.62	42,024	<b>97</b>
116	Martinsville City	3.50	75,944	<b>71</b>	116	Martinsville City	113.80	42,084	<b>95</b>
	<b>State Totals</b>	<b>1,386</b>	<b>89,956</b>			<b>State Totals</b>	<b>60,310</b>	<b>51,293</b>	
<b>Secondary School Principals Average Annual Salaries - 2012</b>					<b>Secondary School Teachers Average Annual Salaries - 2012</b>				
Division No.	School Division	Secondary Positions	Average Annual Salary	Rank	Division No.	School Division	Secondary Positions	Average Annual Salary	Rank
044	Henry County	4.00	80,473	<b>88</b>	044	Henry County	216.25	46,641	<b>68</b>
116	Martinsville City	2.00	75,382	<b>110</b>	116	Martinsville City	76.94	44,277	<b>92</b>
	<b>State Totals</b>	<b>555</b>	<b>94,984</b>			<b>State Totals</b>	<b>39,843</b>	<b>53,360</b>	
<b>All School Principals Average Annual Salaries - 2012</b>					<b>All Classroom Teachers Average Annual Salaries - 2012</b>				
Division No.	School Division	Total Positions	Average Annual Salary	Rank	Division No.	School Division	Total Positions	Average Annual Salary	Rank
044	Henry County	15.00	74,765	<b>94</b>	044	Henry County	551.87	43,833	<b>86</b>
116	Martinsville City	5.50	75,740	<b>89</b>	116	Martinsville City	190.74	42,969	<b>94</b>
	<b>State Totals</b>	<b>1,941</b>	<b>91,391</b>			<b>State Totals</b>	<b>100,152</b>	<b>52,115</b>	
<b>All Assistant Principals Average Annual Salaries - 2012</b>					<b>All Instructional Personnel Average Annual Salaries - 2012</b>				
Division No.	School Division	Total Positions	Average Annual Salary	Rank	Division No.	School Division	All Instructional Positions	Average Annual Salary	Rank
044	Henry County	12.00	59,795	<b>105</b>	044	Henry County	578.87	44,966	<b>86</b>
116	Martinsville City	4.00	59,063	<b>107</b>	116	Martinsville City	200.24	44,190	<b>93</b>
	<b>State Totals</b>	<b>2,450</b>	<b>75,649</b>			<b>State Totals</b>	<b>104,545</b>	<b>53,397</b>	

**Table 7**

**Table 14**

**Average Annual Salaries of Instructional Personnel, Principals, Assistant Principals, and Classroom Teachers, for Henry County and Martinsville City School Divisions, Fiscal Year 2017**

<b>Elementary School Principals Average Annual Salaries - 2017</b>					<b>Elementary School Teachers Average Annual Salaries - 2017</b>				
<b>Division No.</b>	<b>School Division</b>	<b>Elementary Positions</b>	<b>Average Annual Salary</b>	<b>Rank</b>	<b>Division No.</b>	<b>School Division</b>	<b>Elementary Positions</b>	<b>Average Annual Salary</b>	<b>Rank</b>
044	Henry County	10.00	72,823	<b>110</b>	044	Henry County	328.25	44,778	<b>100</b>
116	Martinsville City	2.40	88,959	<b>36</b>	116	Martinsville City	110.55	43,726	<b>108</b>
	<b>State Totals</b>	<b>1,371</b>	<b>98,837</b>			<b>State Totals</b>	<b>62,095</b>	<b>55,776</b>	
<b>Secondary School Principals Average Annual Salaries - 2017</b>					<b>Secondary School Teachers Average Annual Salaries - 2017</b>				
<b>Division No.</b>	<b>School Division</b>	<b>Secondary Positions</b>	<b>Average Annual Salary</b>	<b>Rank</b>	<b>Division No.</b>	<b>School Division</b>	<b>Secondary Positions</b>	<b>Average Annual Salary</b>	<b>Rank</b>
044	Henry County	2.30	112,779	<b>17</b>	044	Henry County	218.50	49,504	<b>76</b>
116	Martinsville City	1.00	88,128	<b>78</b>	116	Martinsville City	77.84	45,349	<b>105</b>
	<b>State Totals</b>	<b>545</b>	<b>102,832</b>			<b>State Totals</b>	<b>40,941</b>	<b>57,250</b>	
<b>All School Principals Average Annual Salaries - 2017</b>					<b>All School Teachers Average Annual Salaries - 2017</b>				
<b>Division No.</b>	<b>School Division</b>	<b>Total Positions</b>	<b>Average Annual Salary</b>	<b>Rank</b>	<b>Division No.</b>	<b>School Division</b>	<b>All Teachers</b>	<b>Average Annual Salary</b>	<b>Rank</b>
044	Henry County	12.30	80,294	<b>95</b>	044	Henry County	546.75	46,666	<b>93</b>
116	Martinsville City	3.40	88,715	<b>52</b>	116	Martinsville City	188.39	44,397	<b>111</b>
	<b>State Totals</b>	<b>1,916</b>	<b>99,974</b>			<b>State Totals</b>	<b>103,036</b>	<b>56,362</b>	
<b>All Assistant School Principals Average Annual Salaries - 2017</b>					<b>All Instructional Personnel Average Annual Salaries - 2017</b>				
<b>Division No.</b>	<b>School Division</b>	<b>Total Positions</b>	<b>Average Annual Salary</b>	<b>Rank</b>	<b>Division</b>	<b>School Division</b>	<b>All Instructional Positions</b>	<b>Average Annual Salary</b>	<b>Rank</b>
044	Henry County	14.50	63,677	<b>104</b>	044	Henry County	573.55	47,818	<b>91</b>
116	Martinsville City	4.60	65,508	<b>93</b>	116	Martinsville City	196.39	45,658	<b>110</b>
	<b>State Totals</b>	<b>2,681</b>	<b>81,903</b>			<b>State Totals</b>	<b>107,633</b>	<b>57,774</b>	

following categories of instructional personnel are included in the before-mentioned tables: Principals; Assistant Principals; Classroom Teachers; and Instructional Personnel (Combined Principals, Assistant Principals, and Classroom Teachers). An examination of the relative ranks for the several categories of instructional personnel is the most revealing. For the categories of building-level administrators, i.e., principals and assistant principals, the relative ranks for Henry County ( $\bar{x} = 95$ ) and Martinsville City School Division ( $\bar{x} = 94$ ) were nearly identical for FY 2011-2012. However, five years later, FY 2016-2017, Martinsville City posted higher ranks ( $\bar{x} = 65$ ) than Henry County for its building-level administrators ( $\bar{x} = 82$ ).

This pattern was similar for classroom teachers; for FY 2011-2012, excluding Elementary Teachers, Henry County School Division reported an higher mean rank ( $\bar{x} = 84$ ) than Martinsville City ( $\bar{x} = 94$ ). By FY 2016-2017, the relative ranks had deteriorated for both school divisions, although the decline in rank was more severe for Martinsville City. Henry County and Martinsville City School Divisions reported for FY 2016-2017, the following mean ranks: ( $\bar{x} = 90$  and 108), respectively. Due primarily to a more experienced teaching staff, as measured by service years, the average annual salaries of classroom teachers were higher for Henry County than the average annual salaries reported for Martinsville City School Division.

### **Current Operating Costs by Source and Function**

Displayed in **Table 8** are two arrays: Current Operating Costs Per Pupil in ADM, by Source; and Current Operating Costs Per Pupil in ADM, by Function, for Henry County and Martinsville City School Divisions. From an examination of the first array, it is clear that Martinsville City received approximately \$2,400 Per Pupil, in total, more funds than Henry County for FY 2017-2018. The larger total funds received by Martinsville City was primarily due to the receipt of more than \$1,800 Per Pupil in ADM additional local funds than were appropriated by Henry County. From FYs 2011-2012 to 2017-2018, Martinsville City total appropriations increased by \$2,419 Per Pupil in ADM while Henry County increased its total appropriations by \$1,073 Per Pupil. A review of the second array yielded some notable, but understandable, differences between Henry County and Martinsville City School Divisions. First, the percent of current operating costs appropriated for administrative purposes was substantially higher for Martinsville City than Henry County, i.e., approximately 5.0% for Martinsville City compared to approximately 3.0% for Henry County. This difference is likely due to the absence of *economies of scale* that handicaps small school divisions such as Martinsville City. Additionally, Martinsville City is experiencing a continual decline in the numbers of pupils served, and similar to other school divisions that are losing pupils, its central administration is finding it difficult to reduce staff proportional to the loss of pupils. The reduction of pupils rarely occurs in convenient blocks of pupils who possess similar characteristics; instead, the loss of pupils is usually widely distributed among a school's enrollment, making it difficult, if not impossible, to reduce proportionally the number of teachers and support personnel. Another difference between the two school divisions is that the percent of current operating costs for pupil transportation is considerably higher for Henry County than Martinsville City, approximately 7.5% compared to 4.5%. This variance is common between small city and larger county school divisions, where the higher costs for pupil transportation are attributed primarily to the longer bus routes and dispersed schools typical of county school divisions. The percent of current operating costs appropriated for the other expenditure functions are similar for the two school divisions.

**Table 8**

<b>Table 16</b>							
<b>Current Operating Costs Per Pupil in ADM, by Source and Percent of Total, and Current Operating Costs Per Pupil in ADM, by Function and Percent of Total, for Henry County and Martinsville City School Divisions, Selected FYs 2011-2012 to 2017-2018<sup>a</sup></b>							
<b>Henry County School Division</b>							
<b>Fiscal Year</b>	<b>ADM</b>	<b>Local/%</b>	<b>State/%</b>	<b>St Sales/%</b>	<b>Federal/%</b>	<b>Total/%</b>	
2018	7,091	2,092/19.7%	6,095/57.3%	1,065/10.0%	1,393/13.1%	10,645/100.0%	
2017	7,452	2,011/19.7%	5,837/57.2%	1,065/10.4%	1,298/12.7%	10,211/100.0%	
2016	7,403	1,930/19.7%	5,579/57.1%	1,065/10.9%	1,203/12.3%	9,777/100.0%	
2012	7,432	2,214/23.1%	4,894/51.1%	986/10.3%	1,478/15.4%	9,572/100.0%	
<b>Martinsville City School Division</b>							
<b>Fiscal Year</b>	<b>ADM</b>	<b>Local/%</b>	<b>State/%</b>	<b>St Sales/%</b>	<b>Federal/%</b>	<b>Total/%</b>	
2018	2,016	3,912/29.9%	6,672/51.1%	1,220/9.3%	1,260/9.6%	13,064/100.0%	
2017	2,029	3,676/29.6%	6,236/50.2%	1,073/8.6%	1,435/11.6%	12,419/100.0%	
2016	2,192	3,440/29.2%	5,800/49.3%	926/7.9%	1,610/13.7%	11,775/100.0%	
2012	2,278	2,813/26.4%	4,798/45.1%	1,158/10.9%	1,877/17.6%	10,646/100.0%	
<b>State</b>							
<b>2018</b>	<b>1,289,265</b>	<b>6,412/50.9%</b>	<b>4,179/33.2%</b>	<b>1,073/8.5%</b>	<b>930/7.4%</b>	<b>12,595/100.0%</b>	
<b>Henry County School Division</b>							
<b>Fiscal Year</b>	<b>ADM</b>	<b>Admin/%</b>	<b>Inst/%</b>	<b>Att Health/%</b>	<b>Pup Tran/%</b>	<b>Op&amp;M/%</b>	<b>Total/%</b>
2018	7,091	309/3.1%	7,789/77.2%	191/1.9%	703/7.0%	1,098/10.9%	10,092/100.0%
2017	7,140	280/2.9%	7,506/76.8%	184/1.9%	724/7.4%	1,071/11.0%	9,767/100.0%
2016	7,110	264/2.8%	7,304/77.5%	193/2.0%	692/7.3%	975/10.3%	9,430/100.0%
2012	7,098	227/2.4%	7,087/76.1%	174/1.9%	781/8.4%	1,039/11.2%	9,310/100.0%
<b>Martinsville City School Division</b>							
<b>Fiscal Year</b>	<b>ADM</b>	<b>Admin/%</b>	<b>Inst/%</b>	<b>Att Health/%</b>	<b>Pup Tran/%</b>	<b>Op&amp;M/%</b>	<b>Total/%</b>
2018	1,918	603/5.1%	9,057/75.9%	238/2.0%	572/4.8%	1,464/12.3%	11,937/100.0%
2017	1,918	577/4.9%	9,107/77.3%	209/1.8%	538/4.6%	1,343/11.4%	11,776/100.0%
2016	2,066	544/4.8%	8,695/77.4%	179/1.6%	472/4.2%	1,337/11.9%	11,228/100.0%
2012	2,168	464/4.6%	8,144/80.4%	133/1.3%	415/4.1%	975/9.6%	10,133/100.0%
<b>State</b>							
<b>2017</b>	<b>1,252,506</b>	<b>448/3.8%</b>	<b>9,177/78.6%</b>	<b>234/2.0%</b>	<b>694/5.9%</b>	<b>1,125/9.6%</b>	<b>11,677/100.0%</b>

<sup>a</sup>FY 2017-2018 projected by consultant.

Source: VDOE. Retrieved from: [http://www.doe.virginia.gov/statistics\\_reports/supts\\_annual\\_report/2016-17/index.shtml](http://www.doe.virginia.gov/statistics_reports/supts_annual_report/2016-17/index.shtml)

## **Summary: Input Indicators**

A review of changes in Input Indicators for Henry County and Martinsville City School Divisions revealed a mixed narrative. In regard to Current Operating Costs from FYs 2011-2012 to 2017-2018, Henry County saw its local and federal appropriations decline by \$122 and \$85 per ADM, respectively. Fortunately, direct state aid and state sales taxes both increased, which netted a total increase of \$1,073 per pupil in ADM. The Pupil:Teacher Ratios for Henry County remained relatively unchanged from FYs 2011-2012 to 2017-2018; however, the Pupil:Teacher Ratio for Secondary School Teachers, Grades 8-12, in Martinsville City declined from 11.4:1.0 to 10.3:1.0 and a decline from 12.1:1.0 to 11.6:1.0 for Grades K-12. The Pupil:Administrative Support Ratios differed significantly between Henry County and Martinsville City School Divisions for FY 2016-2017. Generally, Martinsville City reported lower Pupil:Administrative Support Ratios than either Henry County or the Commonwealth as a whole, which is typical of small independent cities. Teachers employed by Henry County were more likely to possess a master's degree than teachers employed by Martinsville City, 45% compared to 41%. And, teachers who were employed by Martinsville City were more likely to not be properly licensed, provisionally-licensed, or inexperienced than teachers employed by Henry County School Division.

## **Output Indicators**

Output indicators generally relate to the effects that schooling have on the pupils served. Included as output indicators are achievement test scores, diplomas and degrees earned, attendance and graduation performance, and others.

### **Standards of Learning (SOL) Test Results**

Displayed in **Table 9** are the SOL test results for Henry County and Martinsville City School Divisions over a three-year time span, SYs 2015-2016, 2016-2017, and 2017-2018. Neither school division, Henry County nor Martinsville City, met or exceeded the mean ( $\bar{x}$ ) scores reported for the State as a whole, with the exceptions posted in green for SYs 2015-2016 to 2017-2018 by Henry County. The SOL test scores for Martinsville City were substantially lower than comparable scores reported for Henry County School Division for the three-year period. However, Martinsville City did make substantial progress toward matching the State SOL test scores. For SY 2015-2016, the gap between Martinsville City SOL test scores and the State mean ( $\bar{x}$ ) was 18.6 points; for SY 2016-2017 the gap had closed to a mean ( $\bar{x}$ ) 15.0 points, and for SY 2017-2018, the gap was 9.4 points, roughly one-half the gap for SY 2015-2016.

### **Graduation Information; Types of Diplomas Awarded and Dropout Rates**

There are three quantifiable statistics designed to provide comparisons among school divisions: *On-Time Graduation Rate*; *Cohort Completion Rate*; and *Dropout Rate*. Over the six-year period, a review of the On-Time Graduation Rate provided mixed results: Bassett High School saw its On-Time Graduation Rate decline from 91.1% to 85.4% while Magna Vista High School reported that its On-Time Graduation Rate improved from 80.8% to 90.5%. The On-Time Graduation Rate for Martinsville High School improved slightly from 86.5% to 87.3%. The results were similar for the Cohort Completion Rate: Bassett High School reported that its Cohort Completion Rate declined from 94.9% to 87.8%. Magna Vista High School posted an improvement from 90.0% to 91.5%, and Martinsville High School also posted an improvement from 86.5% to 89.1%. The

**Table 9**  
**SOL Test Results for Henry County and Martinsville City School Divisions,**  
**SYs 2015-16 to 2017-2018**

Div. No.	School Division	Test	Student Group	School Year		
				2015-2016	2016-2017	2017-2018
44	Henry County	English: Reading	All Students	76	77	77
44	Henry County	English: Writing	All Students	69	74	74
44	Henry County	History and Social Sciences	All Students	86	85	80
44	Henry County	Mathematics	All Students	79	81	77
44	Henry County	Science	All Students	82	80	79
116	Martinsville City	English: Reading	All Students	63	65	69
116	Martinsville City	English: Writing	All Students	60	59	66
116	Martinsville City	History and Social Sciences	All Students	70	74	75
116	Martinsville City	Mathematics	All Students	60	66	70
116	Martinsville City	Science	All Students	60	67	72
	<b>State</b>	<b>English: Reading</b>	<b>All Students</b>	<b>80</b>	<b>80</b>	<b>79</b>
	<b>State</b>	<b>English: Writing</b>	<b>All Students</b>	<b>77</b>	<b>79</b>	<b>78</b>
	<b>State</b>	<b>History and Social Sciences</b>	<b>All Students</b>	<b>86</b>	<b>86</b>	<b>84</b>
	<b>State</b>	<b>Mathematics</b>	<b>All Students</b>	<b>80</b>	<b>79</b>	<b>77</b>
	<b>State</b>	<b>Science</b>	<b>All Students</b>	<b>83</b>	<b>82</b>	<b>81</b>

Source: VDOE. *Pass Rates Report*. School Years: 2015-2016 through 2017-2018 (Data as of 2018-08-19 22:55:27.0)  
 Note: SOL test scores colored in green denotes that the reported scores have met or have exceeded the mean ( $\bar{x}$ ) scores reported for the State.

changes of dropout rates over the six years were more volatile: Bassett High School witnessed its dropout rate increase from 3.8% to 8.5%; Magna Vista High School saw a modest decline from 8.4% to 7.1% and Martinsville City substantially reduced its dropout rate from 10.4% to 5.5%.

### **Dropout Rates by Race and Gender**

From SYs 2011-2012 to 2017-2018, Henry County School Division recorded an increase of 33 pupil dropouts, from 42 in SY 2011-2012 to 75 in SY 2017-2018, or an increase of approximately 79% over six years. For the same time period, Martinsville City decreased its dropouts from 27 to 12, a decrease of 15, or a decline of over 55%. Henry County reported 10 pupil dropouts, who were Hispanic males, and was the only racial-gender category that met the minimum 10 pupil dropout threshold during SY 2011-2012, the first of the six selected school years. Also during SY 2011-2012, Martinsville City reported 10 Black male dropouts, which met the minimum 10 pupil dropout threshold for the racial-gender category. For SY 2015-2016, Henry County reported three categories had met the 10 minimum threshold: 11 Black males; 18 White females; and 18 White males. Martinsville City indicated that 13 Black males were classified as dropouts during SY 2015-2016. During SY 2016-2017, Henry County reported that 24 White males were classified as dropouts, and was the only racial-gender category that met the 10 minimum threshold. Martinsville City acknowledged that 13 Black males were classified as dropouts. For the final year of the six years, SY 2017-2018, Henry County reported as dropouts, the following: 10 Black

males; 17 White females; and 31 White males. Martinsville City reported that among its 12 pupils who were classified as dropouts, none met the 10 minimum racial-gender threshold.

## **Fiscal Capacity, Fiscal Effort, and Distribution of Direct State Aid for the Henry County and Martinsville City School Divisions, Biennia 2011, 2012 to 2019, 2020**

Nearly all states distribute, at least a portion of its state aid to their local school divisions through an equalization formula that requires the measurement of local ability to pay. The measurement of local fiscal ability by the Commonwealth of Virginia is accomplished through an algorithm entitled, the *Local Composite Index*.

### **Local Composite Index**

As evident by an examination of **Figure 1**, the LCI is determined for each school division by mathematically merging three separate measures of fiscal capacity: True Valuation of Real and Public Service Corporations, Adjusted Gross Income<sup>3</sup> (AGI) and Taxable Retail Sales Receipts (TRS). Biennially, the 134 school divisions are each assigned a unique index that generally spans a continuum from 0.1700 to 0.8000. The largest of the several state grants is entitled, *State Basic Aid*, and is distributed pursuant to the following formula:

$$\text{State Aid} = [((\text{ADM} \times \text{State Calculated Cost Per ADM}) - \text{Dedicated State Sales Tax Receipts}) \times (1-\text{LCI})]$$

This funding mechanism is known as a Minimum Foundation Program and approximately 80% of the states currently employ variations of this program to fund their public schools. Nearly all of the remaining grants, excluding *State Basic Aid*, also are distributed through application of the LCI, as presented in the following formula:

$$\text{State Aid} = [(\text{ADM} \times \text{State Calculated Cost Per ADM}) \times (1-\text{LCI})]$$

*It is important to note that these percentages apply only to the calculated costs and do not represent the actual cost percentages provided by the state and local agencies.* History has shown that among the 134 school divisions,<sup>4</sup> the LCIs typically range from 1.0000 and greater to approximately 0.1700, thereby those school divisions with the 1.0000 and greater would qualify for no direct state aid while those school divisions at the lower end of the continuum would qualify for 83% of their state-calculated costs. However, the Commonwealth has provided historically some direct state aid to those school divisions considered to possess high fiscal capacity and has truncated the LCIs at 0.8000. Implementation of this policy guarantees the high fiscal capacity

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<sup>3</sup> For Biennia, 1973-74 to 1987-88, Virginia employed *Personal Income*, a statistic prepared by the Bureau of Economic Analysis, United States Department of Commerce, to serve as a proxy for *Other Local Revenue*. From Biennium, 1989-90 to the present, *Adjusted Gross Income*, a statistic prepared by the Virginia Department of Taxation has replaced the *Personal Income* statistic.

<sup>4</sup> There are 132 operating and two non-operating school divisions. For the purpose of calculating direct state aid, all school divisions, operating and non-operating school divisions, have their state aid determined through application of the several state aid formulae.

## Figure 1 THE LOCAL COMPOSITE INDEX

### ADM Component

$$.5 \times \left[ \frac{\frac{\text{Local School Division True Valuation}}{\text{Average Daily Membership}}}{\frac{\text{State True Valuation}}{\text{Average Daily Membership}}} \right] + .4 \times \left[ \frac{\frac{\text{Local School Division Adjusted Income}}{\text{Average Daily Membership}}}{\frac{\text{State Adjusted Income}}{\text{Average Daily Membership}}} \right] + .1 \times \left[ \frac{\frac{\text{Local Taxable Retail Sales}}{\text{Average Daily Membership}}}{\frac{\text{State Taxable Retail Sales}}{\text{Average Daily Membership}}} \right]$$

### Population Component

$$.5 \times \left[ \frac{\frac{\text{Local School Division True Valuation}}{\text{Population}}}{\frac{\text{State True Valuation}}{\text{Population}}} \right] + .4 \times \left[ \frac{\frac{\text{Local School Division Adjusted Income}}{\text{Population}}}{\frac{\text{State Adjusted Income}}{\text{Population}}} \right] + .1 \times \left[ \frac{\frac{\text{Local Taxable Retail Sales}}{\text{Population}}}{\frac{\text{State Taxable Retail Sales}}{\text{Population}}} \right]$$

$$\left[ (.6667 \times \text{ADM Component}) + (.3333 \times \text{Population Component}) \right] \times .45 = \text{LCI}$$

Note: The specifications for the LCI are contained in the budget bills enacted by the Virginia General Assemblies, e.g., Virginia Acts of Assembly, Appropriation Act, HB 1700, Item 136 (A)(4.a) (2019).

school divisions will receive no less than 20% of their state-calculated costs for State Basic Aid and other state grants that are determined by application of the LCI. For FYs 2019-2020, the range of LCIs spanned from 0.1754 for Lee County to 0.8000 for several school divisions, including Arlington County, Falls Church, Alexandria, etc.

An abbreviated version of *FY 2020 State Basic Aid* calculations for Henry County and Martinsville City School Divisions is displayed below:

<b>Henry County</b>		<b>Martinsville City</b>	
Step 1:	<u>7,024.70</u> ADM	Step 1:	<u>1,712.05</u> ADM
Step 2:	<u>\$5,812.00</u> Cost Per ADM	Step 2:	<u>\$5,736.00</u> Cost Per ADM
Step 3:	<u>\$40,827,556</u> Step 1 x Step 2	Step 3:	<u>\$9,820,319</u> Step 1 x Step 2
Step 4:	<u>\$8,475,440</u> State Sales Tax	Step 4:	<u>\$2,453,664</u> State Sales Tax
Step 5:	<u>\$32,352,116</u> Step 4 – Step 5	Step 5:	<u>\$7,366,655</u> Step 4 – Step 5
Step 6:	<u>0.7747</u> 1-0.2253 (1 - LCI)	Step 6:	<u>0.7865</u> 1-0.2175 (1 - LCI)
Step 7:	<b>\$25,063,185</b> State Basic Aid	Step 7:	<b>\$5,793,874</b> State Basic Aid

As mentioned above, the LCI has several significant limitations: 1. The LCI relies on rather old data, e.g., For FYs 2019-2020, the fiscal indicators are based on FY 2015 data while the divisor, ADM is obtained from School Year 2016, although population estimates are based on the 2010 census. As a result, the current economic conditions of localities are unlikely to be accurately reflected by their current LCIs; 2. The LCI is a relative measure that contrasts the fiscal condition of each locality against the Commonwealth as a whole. Instead of solely contrasting over time the changing fiscal conditions of localities, the LCI contrasts each locality against all other localities. Thus, a locality that experiences deteriorating economic conditions may see its LCI rise if a preponderance of other localities experience even worse economic conditions; and 3. massive concentrations of wealth, income, and sales in several localities significantly affect the LCIs for all localities and make the LCI volatile. That is, whenever the large localities, as measured by population and pupils, experience rapid economic growth, their LCIs tend to rapidly increase while the preponderance of other localities will see their LCIs decrease. The reverse is also true; when the economic conditions in the several large localities rapidly deteriorate, their LCIs fall and most other localities will see their LCIs increase rapidly.<sup>5</sup> This effect was experienced in FYs 2013-2014 by Henry County which saw its LCI increase to 0.2430 from 0.2315 for FYs 2011-2012. However, the deterioration of the economic condition in Martinsville City outpaced the economic downturn of the Commonwealth, thus Martinsville City saw its LCI fall to 0.2175 for FYs 2013-2014 from 0.2263 for FYs 2011-2012. Since FY 2011-2012, the LCIs for both school divisions have stabilized. Displayed in **Table 10** and graphically presented in **Chart 3** are the LCIs for Henry County and Martinsville City from FYs 2011-2012 to 2019-2020.

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<sup>5</sup> See: Driscoll, Lisa, *The Local Composite Index: A Critical Analysis*, Unpublished doctoral dissertation. (Blacksburg, Virginia: Virginia Polytechnic Institute and State University, 1998).

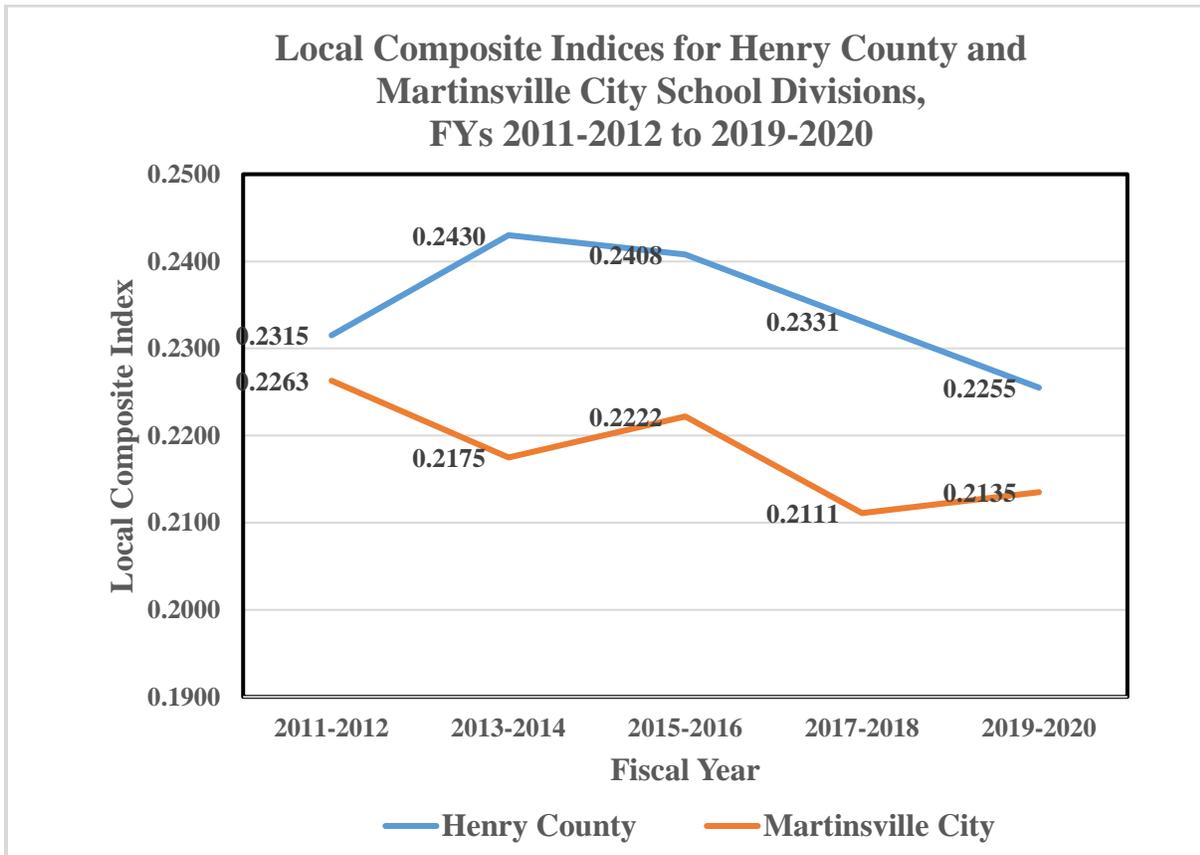
**Table 10**

**Local Composite Indices and Ranking for Henry County and Martinsville School Divisions, FYs 2011-2012 to 2019-2020**

School Division	Biennia				
	2011-2012	2013-2014	2015-2016	2017-2018	2019-2020
Henry County	0.2315 (122)	0.2430 (125)	0.2408 (127)	0.2331 (127)	.2255 (127)
Martinsville City	0.2263 (126)	0.2175 (131)	0.2222 (132)	0.2111 (131)	.2135 (131)
State	0.4500	0.4500	0.4500	0.4500	0.4500

Source: VDOE, Local Composite Indices.  
Retrieved from [http://www.doe.virginia.gov/school\\_finance/budget/compositeindex\\_local\\_abilitypay/index.shtml](http://www.doe.virginia.gov/school_finance/budget/compositeindex_local_abilitypay/index.shtml)

**Chart 3**



**H**owever, a more revealing assessment of the deterioration of the fiscal capacities of the two school divisions are their relative statewide rankings. From FYs 2005-2006 to 2013-2014, both school divisions have experienced steady declines in statewide ranking; Henry County has fallen from a statewide rank of 111<sup>th</sup> for FYs 2005-2006 to 125<sup>th</sup> for FYs 2013-2014. Concurrently, Martinsville City has witnessed an even more severe decline in its statewide rank; Martinsville City has fallen from 110<sup>th</sup> for FYs 2005-2006 to 131<sup>th</sup> for FYs 2013-2014. More recently, the LCIs for Henry County have declined from 0.2315 (Rank 122) for 2011-2012 to 0.2255 (Rank 127) for 2019-2020. Meanwhile, Martinsville City LCIs declined from 0.2263 (Rank 126) for 2011-2012 to 0.2135 (Rank 131) for 2019-2020. As measured by their LCIs, only eight school divisions are currently ranked lower in fiscal capacity than Henry County, and Martinsville City is one of the eight. Of the 134 school divisions in the Commonwealth, only four school divisions<sup>6</sup> are ranked lower than Martinsville City.<sup>7</sup>

Arrayed in **Table 11** and graphically displayed in **Chart 4** are actual LCIs for Henry County and Martinsville City school divisions for FYs 2011-2012 to 2019-2020 and projected LCIs for FYs 2021-2022 to 2025-2026. The projected LCIs are based on historical trend data that indicate a continued decline in fiscal capacities for the two school divisions.

### **Local Fiscal Effort**

**I**n order to measure the relative annual local fiscal effort generated to fund a governmental entity, it is first necessary to measure its fiscal capacity. Once local fiscal capacity has been identified, local annual fiscal effort is determined commonly by calculating the percentage of fiscal capacity that is used to fund the local expenditures generated for the specific governmental entity. Most states have granted local school districts some degree of fiscal autonomy to set local tax rates for application to specified revenue sources, usually real and personal property. Local fiscal effort is then determined simply by calculating the percentage of the local school divisions' True, or Equalized, valuation of real and personal property that is used to generate local funds for public schools. Unfortunately, the LCI does not lend itself easily to the measurement of fiscal effort and must be converted into a dollar assessment of fiscal capacity. While the Commonwealth does not make this calculation, for several years the Virginia Education Association (VEA) has done so, including calculating the percentage of the dollar assessment of fiscal capacity represented by local current operating funds allocated to public schools. The fiscal effort calculations are explained more fully by the VEA in its periodic publication, *Educational Disparities*.<sup>8</sup>

**P**resented in **Table 12** are the LCIs, Dollar Assessment of Fiscal Capacity, and Fiscal Effort for Henry County and Martinsville City School Divisions, Fiscal Year, 2016-2017 (The latest year calculated by the VEA). As discussed earlier, the fiscal capacity to fund public entities, including public schools, has deteriorated for both Henry County and Martinsville City School Divisions. The LCIs, presented earlier in **Tables 10** and **11**, show the downward trend.

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<sup>6</sup> The four school divisions ranked lower than Martinsville City are: Buena Vista City, Hopewell City, Lee County, and Scott County.

<sup>7</sup> While a low LCI qualifies school divisions for a higher percent of state aid, low LCIs suggest that such school divisions have limited resources to tax for their public schools. As John Kenneth Galbraith said, *All things being equal, it is best to be rich*.

<sup>8</sup> See for example the VEAs most recent publication, Virginia Education Association, *Educational Disparities, 2016-2017*. (Richmond, Virginia: VEA, October, 2018).

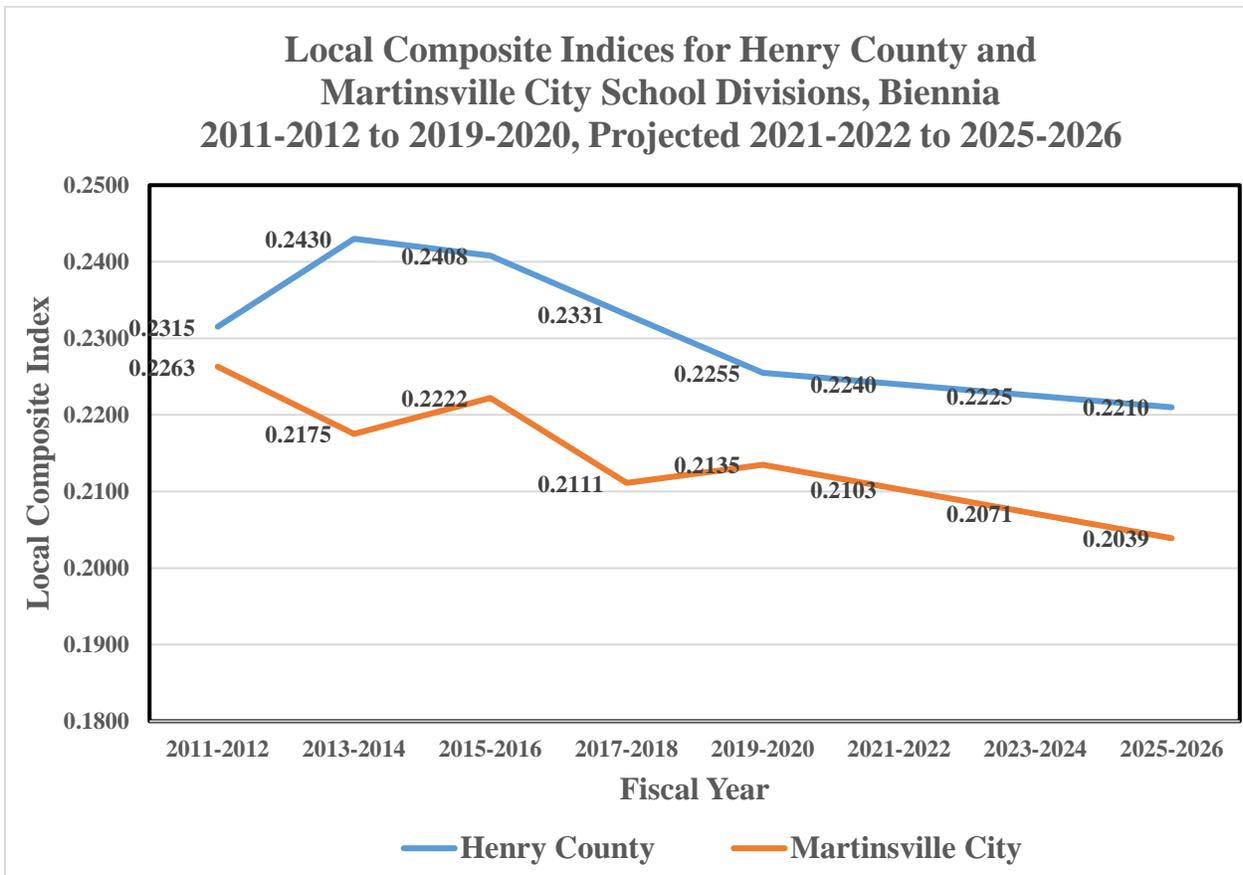
**Table 11**

**Local Composite Indices, Biennia, 2011-2012 to 2019-2020,  
Projected 2021-2022 to 2025-2026**

School Division	Biennium							
	2011-2012	2013-2014	2015-2016	2017-2018	2019-2020	2021-2022	2023-2024	2025-2026
Henry County	0.2315	0.2430	0.2408	0.2331	0.2255	0.2240	0.2225	0.2210
Martinsville City	0.2263	0.2175	0.2222	0.2111	0.2135	0.2103	0.2071	0.2039
State	0.4500	0.4500	0.4500	0.4500	0.4500	0.4500	0.4500	0.4500

Source: Actual LCIs provided by the VDOE, Local Composite Indices.  
Retrieved from [http://www.doe.virginia.gov/school\\_finance/budget/compositeindex\\_local\\_abilitypay/index.shtml](http://www.doe.virginia.gov/school_finance/budget/compositeindex_local_abilitypay/index.shtml)  
Projected LCIs, displayed in red, were calculated by the consultant.

**Chart 4**



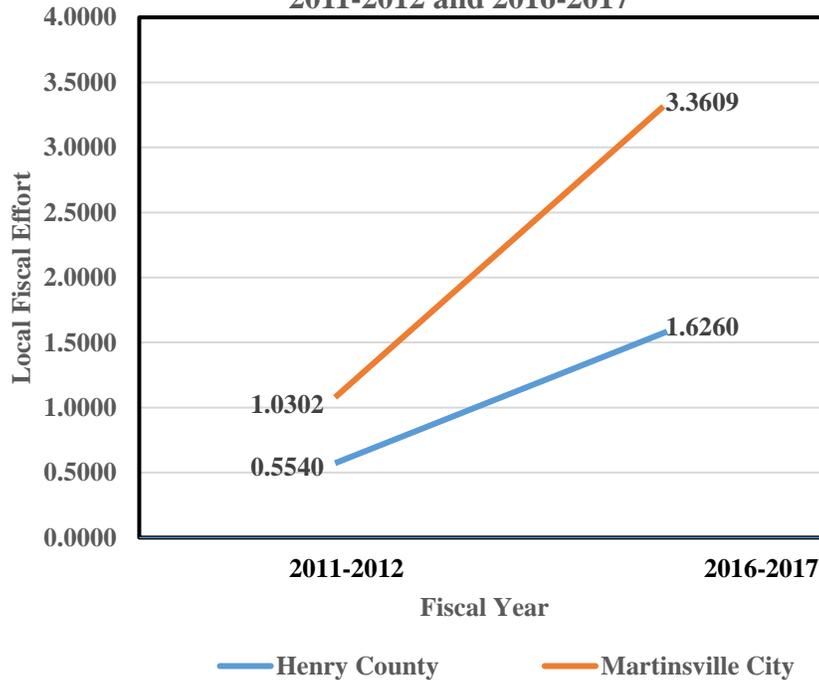
**Table 12**

**Local Composite Index, Fiscal Capacity (\$), Fiscal Effort, and Fiscal Effort Rank for Henry County, Martinsville City, and Consolidated School Divisions, Fiscal Years 2011-12 and 2016-2017**

School Division	Fiscal Year	
	2011-2012	2016-2017
<b>Henry County</b>		
LCI	0.2315 (Rank 126)	0.2331 (Rank 127)
Fiscal Capacity (\$)	94,261	40,964
Fiscal Effort	0.5540	1.6260
Fiscal Effort Rank	128	115
<b>Martinsville City</b>		
LCI	0.2263 (Rank 122)	0.2111 (Rank 131)
Fiscal Capacity (\$)	91,868	37,090
Fiscal Effort	1.0302	3.3609
Fiscal Effort Rank	32	11
<b>Consolidated School Division</b>		
LCI	0.2303 (Rank 125)(Est.)	0.2217 (Rank 128)
Fiscal Capacity (\$)	93,699 (Est.)	40,054 (Est.)
Fiscal Effort	0.6659 (Est.)	2.0336 (Est.)
Fiscal Effort Rank	105 (Est.)	90 (Est.)

Note: The FY 2016-17 LCI for the Consolidated Sch Division is an actual calculation; all others are estimates.

**Chart 5**  
**Local Fiscal Effort for Henry County and Martinsville City School Divisions, 2011-2012 and 2016-2017**



**B**oth Henry County and Martinsville City school divisions saw their fiscal capacities and local fiscal effort decline from FYs 2011-2012 to 2016-2017. The LCI and Fiscal Capacity (\$) for Henry County school division for FY 2011-2012 were 0.2315 and \$94,261, respectively, and by FYs 2016-2017 its LCI declined to 0.2255. The Fiscal Capacity (\$) decreased to \$40,964 by FY 2016-2017, and its relative rank also declined to 127th among the 134 school divisions. Unfortunately, Henry County added to its fiscal plight by generating low fiscal effort. For FY 2011-2012, Henry County generated a local fiscal effort of \$0.5540 per \$100 Fiscal Capacity (\$), rank 128th, and by FY 2016-2017, its local fiscal effort increased to \$1.6260 per \$100 Fiscal Capacity, although its relative rank remained nearly unchanged at 127th. The LCI and Fiscal Capacity (\$) for Martinsville City School Division for FY 2011-2012 were 0.2263 and \$91,868, respectively, and by FY 2016-2017 its LCI declined to 0.2111 and its Fiscal Capacity (\$) fell to \$37,090, while its relative rank also declined to 131<sup>st</sup> among 134 school divisions. The fiscal effort generated by Martinsville City increased from \$1.0302 per \$100 Fiscal Capacity for FY 2011-2012 to \$3.3609 per \$100 Fiscal Capacity for FY 2016-2017, and its relative rank rose from 32<sup>nd</sup> in FY 2011-2012 to 11th among the 134 school divisions.

**T**he calculated LCI for the Consolidated School Division, FY 2016-2017, was slightly higher (0.2217) than the Martinsville City School Division LCI (0.2111) and slightly lower than the LCI for Henry County School Division (0.2331). Employment of the Consolidated School Division LCI resulted in a small increase in state SOQ funds, \$66,448, projected for FY 2019-2020.<sup>9</sup> The statistics for the Consolidated School Division was affected significantly by Henry County School Division, which is substantially larger than the smaller Martinsville City School Division.

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<sup>9</sup> See Appendix F -- *FY 2020 Calculation Template* for the Consolidated School Division.

## Section 3

### The Demise of the Consolidation Incentive Program

In order to encourage small and usually cost-inefficient local governing agencies and school divisions to consolidate their resources, the Commonwealth of Virginia, like many states, enacted legislation during the late 1970s that provided additional state fiscal assistance to the merged local agencies and/or school divisions.

#### Consolidation Incentive Program Legislation

Until recently, the *Consolidation Incentive Program* guaranteed merging school divisions that they would have their state aid calculated through use of the lowest of the LCIs determined for one of the school divisions; and, they would receive these additional state appropriations for a period of fifteen years. However, during the 2013 General Assembly, it appeared that two merging localities, Bedford City and Bedford County including its component school division, had *gamed* the *Consolidation Incentive Program* so that the required state appropriations through the *Consolidation Incentive Program* was an undeserved windfall. The gaming of the *Consolidation Incentive Program* was particularly obvious since the two school boards have operated as unitary for several biennia. When several members of the General Assembly discovered the amount of state funds that the merger of Bedford City and Bedford County School Divisions generated through the Consolidation Incentive Program, the 2013 General Assembly responded with a far less generous program, then with no program at all.

With the assistance from the Commission on Local Government, JLARC was directed to analyze and make recommendations going forward regarding the most effective balance between the cost of incentives for government and school consolidations with the expected resulting savings and operational benefits, and how best to structure such state incentives to achieve both clarity for localities as well as justification that incentives are adequate, but no more than necessary. JLARC was directed to complete its study and submit a final report no later than October 1, 2014.<sup>10</sup>

Following the 2014 JLARC report, the Virginia General Assembly directed the Commission on Local Government (CLG) to study and provide a report to the General Assembly by Dec. 1, 2018,<sup>11</sup> on the following:

1. Evaluation of the structure of cities and counties in the Commonwealth;
2. Evaluation of the impact of annexation upon localities;
3. Consideration of alternatives to the current moratorium on annexation by cities; and

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<sup>10</sup> Virginia Acts of Assembly, H. B. 1500, Item 139(A)(4)(c.1), (c.4) & (c.5) (2013), available at <http://lis.virginia.gov/131/bud/HB1500.pdf> and <http://lis.virginia.gov/131/bud/subCom/2013Conf.PDF>.

<sup>11</sup>Commission on Local Government, *Report on Annexation Alternatives to the General Assembly of Virginia*. (Richmond, Virginia: Commonwealth of Virginia, House Document No. 11, November, 2018).

4. Consultation with and solicitation of input from the *Virginia Municipal League*, *Virginia Association of Counties*, and localities directly affected by moratorium.

Subsequently, the CLG completed the study and made the following recommendations:

1. Modification of reversion and consolidation statutes to remove obstacles;
2. Modification of reversion and consolidation statutes more cost-effective through incentives;
3. Allocation of additional powers to counties through reversion and other inter-local agreements;
4. Evaluation of mandated service delivery methods to identify appropriate service levels;
5. Relaxation of the requirements for the establishment of joint authorities and special districts;
6. Provision of planning grants to explore inter-local agreements and other operational efficiencies;
7. Evaluation of the adequacy of local fiscal resources to identify enhancements;
8. Creation of expansion programs to reduce local fiscal stress; and
9. Incentivize additional regional cooperation and regional programs.

**While there has been considerable discussion and several attempts made by members of the *Virginia General Assembly* to enact another *Consolidation Incentive Program*, their efforts have been largely unsuccessful. **Until a formal *Consolidation Incentive Program* is legislated, representatives of school divisions and/or localities who are considering merger will have to seek state financial assistance through special legislation.****

## Section 4

# A Review of Employee Compensation and Fringe Benefits For Henry County and Martinsville City School Divisions

### Employee Compensation

The employee compensation systems administered by Henry County and Martinsville City School Divisions exhibited relatively minor differences. It is likely that the close geographic proximity of the two school divisions, similar fiscal capacities,<sup>12</sup> and the competition to fill personnel vacancies have created a natural set of economic controls in the market. The two school divisions tend to draw from essentially the same pool of applicants and many of the employees have strong ties to the geographic area.

### Salaries for Non-Administrative Instructional Personnel.

A review of the teacher salary schedules showed a difference of only \$417 between baccalaureate starting salaries for the two school divisions. For FY 2018-2019, Henry County School Division reported a starting salary of \$40,485 for the baccalaureate while Martinsville City School Division indicated that its starting salary was \$40,902. Shown in **Table 13** are teacher salary scales for Henry County and Martinsville City School Divisions, respectively. Also, displayed are the teacher profiles, i.e., number of teachers on each step for the two school divisions. Displayed in **Table 14** are the differences, by step, between the two salary scales, with the higher of the two scales provided by Martinsville City. This study analyzed the salary schedules currently employed by the two school divisions and then presented the following three alternative strategies for accommodating consolidation of the two salary schedules:

1. The Henry County School Division salary scales/schedules will be used, thereby placing Martinsville City School Division personnel on the Henry County School Division salary scales/schedules;
2. Martinsville City School Division scales/schedules will be used, thereby placing Henry County School Division personnel on the Martinsville City School Division salary scales/schedules; and
3. New median scales/schedules will be created from the current two scales/schedules for Henry County and Martinsville City School Divisions, thereby placing both Henry County and Martinsville City teachers on the median salary scale.

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<sup>12</sup> For FYs 2019 and 2020, the Local Composite Index (LCI) for Henry County School Division was 0.2255, while 0.2135 was reported for Martinsville City School Division, a difference of 0.0120. Retrieved from: VDOE.  
[http://www.doe.virginia.gov/school\\_finance/budget/compositeindex\\_local\\_abilitypay/index.shtml](http://www.doe.virginia.gov/school_finance/budget/compositeindex_local_abilitypay/index.shtml)

**Table 13**

<b>Henry County School Division</b>				
<b>Teacher Salary Scale</b>				
<b>2018-2019</b>				
<b>Yrs of Service</b>	<b>Step</b>	<b># of Employees</b>	<b>Base Salary</b>	<b>Baseline Salary Cost</b>
0	0	51	\$ 40,485	\$ 2,064,735
1	1	49	\$ 41,092	\$ 2,013,508
2	2	42	\$ 41,498	\$ 1,742,916
3	3	19	\$ 41,616	\$ 790,704
4	4	20	\$ 41,971	\$ 839,420
5	5	12	\$ 42,325	\$ 507,900
6	6	17	\$ 42,679	\$ 725,543
7	7	20	\$ 42,799	\$ 855,980
8	8	19	\$ 42,918	\$ 815,442
9	9	17	\$ 43,035	\$ 731,595
10	10	18	\$ 43,697	\$ 786,546
11	11	14	\$ 43,936	\$ 615,104
12	12	8	\$ 44,270	\$ 354,160
13	13	21	\$ 44,606	\$ 936,726
14	14	16	\$ 45,235	\$ 723,760
15	15	13	\$ 46,481	\$ 604,253
16	16	27	\$ 47,443	\$ 1,280,961
17	17	23	\$ 47,871	\$ 1,101,033
18	18	14	\$ 49,101	\$ 687,414
19	19	17	\$ 49,434	\$ 840,378
20	20	15	\$ 50,043	\$ 750,645
21	21	18	\$ 51,409	\$ 925,362
22	22	10	\$ 51,773	\$ 517,730
23	23	80	\$ 54,954	\$ 4,396,320
<b>Total</b>		<b>560</b>		<b>\$ 25,608,135</b>

<b>Table 26</b>				
<b>Martinsville City School Division</b>				
<b>Teacher Salary Scale</b>				
<b>2018-2019</b>				
<b>Yrs of Service</b>	<b>Step</b>	<b># of Employees</b>	<b>Base Salary</b>	<b>Baseline Salary Cost</b>
0-2	1	53	\$ 40,902	\$ 2,167,806
3-5	2	30	\$ 41,250	\$ 1,237,500
6-7	3	16	\$ 41,826	\$ 669,216
8-9	4	7	\$ 42,264	\$ 295,848
10	5	19	\$ 42,468	\$ 806,892
11-13	6	14	\$ 42,681	\$ 597,534
14-15	7	1	\$ 42,810	\$ 42,810
16	8	4	\$ 43,320	\$ 173,280
17	9	1	\$ 43,560	\$ 43,560
18-19	10	8	\$ 43,767	\$ 350,136
20-21	11	2	\$ 45,516	\$ 91,032
22-23	12	9	\$ 46,212	\$ 415,908
24	13	2	\$ 46,476	\$ 92,952
25	14	5	\$ 47,178	\$ 235,890
26	15	2	\$ 47,421	\$ 94,842
27	16	0	\$ 47,862	\$ -
28	17	1	\$ 48,696	\$ 48,696
29	18	1	\$ 49,059	\$ 49,059
30	19	2	\$ 49,719	\$ 99,438
31	20	0	\$ 50,295	\$ -
32	21	1	\$ 51,117	\$ 51,117
33	22	4	\$ 53,043	\$ 212,172
34	23	0	\$ 55,206	\$ -
35+	24	10	\$ 58,650	\$ 586,500
<b>Total</b>		<b>192</b>		<b>\$ 8,362,188</b>

Note: The Henry County Teacher Salary Scale has 29 steps; in order to make the two salary scales comparable, Steps 24-28 were collapsed and the median salary of \$54,954 was used to represent the collapsed steps.

**Table 14**

**Incremental Teacher Salary Scale for  
Henry County and Martinsville City School Divisions,  
FY 2018-2019**

<b>Service Yrs</b>	<b>Henry County Base Salary</b>	<b>Martinsville City Base Salary</b>	<b>Difference</b>
0-1	\$ 40,485	\$ 40,902	\$ 417
2	\$ 41,092	\$ 41,250	\$ 158
3	\$ 41,498	\$ 41,826	\$ 328
4	\$ 41,616	\$ 42,264	\$ 648
5	\$ 41,971	\$ 42,468	\$ 497
6	\$ 42,325	\$ 42,681	\$ 356
7	\$ 42,679	\$ 42,810	\$ 131
8	\$ 42,799	\$ 43,320	\$ 521
9	\$ 42,918	\$ 43,560	\$ 642
10	\$ 43,035	\$ 43,767	\$ 732
11	\$ 43,697	\$ 45,516	\$ 1,819
12	\$ 43,936	\$ 46,212	\$ 2,276
13	\$ 44,270	\$ 46,476	\$ 2,206
14	\$ 44,606	\$ 47,178	\$ 2,572
15	\$ 45,235	\$ 47,421	\$ 2,186
16	\$ 46,481	\$ 47,862	\$ 1,381
17	\$ 47,443	\$ 48,696	\$ 1,253
18	\$ 47,871	\$ 49,059	\$ 1,188
19	\$ 49,101	\$ 49,719	\$ 618
20	\$ 49,434	\$ 50,295	\$ 861
21	\$ 50,043	\$ 51,117	\$ 1,074
22	\$ 51,409	\$ 53,043	\$ 1,634
23	\$ 51,773	\$ 55,206	\$ 3,433
24	\$ 54,954	\$ 58,650	\$ 3,696
	<b>\$ 44,103</b>	<b>\$ 46,344</b>	<b>\$ 2,241</b>

**I**t is recommended that teachers of the Consolidated School Division are placed on the higher salary scales. The justification for implementing this approach is that both Henry County and Martinsville City School Divisions are among several school divisions that pay their personnel the least in the Commonwealth. Further, a merger of school divisions is very stressful and the relief from the stress imposed due to personal compensation would be helpful. Several options are possible if consolidation occurs. Teachers could be placed on the lower scales possibly *holding harmless* those negatively affected for a transition period of a specified period, or until such time that cost-of-living or other salary scale adjustments have occurred. Likewise, a similar *hold harmless* provision could be implemented should new median salary scale/schedule be adopted.

**D**isplayed in **Table 15** is a teacher salary scale that has been developed by calculating salary medians from the Henry County and Martinsville City School Division salary scales. Note that the Martinsville City School Division base level teacher salary scales are higher at all longevity levels, i.e., Years of Service. For sake of simplicity, the hypothetical median salary scale/schedule was determined through application of the Henry County scale/schedule format which delineates longevity by individual service year. By placing both current Martinsville City and Henry County School Division teachers on the calculated median salaries additional teacher salary costs, **\$301,132**, would occur.

**P**resented in **Table 16** are the incremental additional costs, **(\$755,769)** generated through use of the Martinsville City School Division scale compared to the Henry County School Division salary scale, including the current numbers of Henry County teachers being placed on each step. However, if the current Martinsville City School Division teachers are placed on the Henry County School Division scale/schedule, the lower of the two scales, a salary savings of approximately **\$153,778** would be realized and is shown in **Table 17**.

**S**hown in **Table 18** are the cost savings if the Henry County pupil/teacher ratio of 14.0:1.0 was employed during consolidation, rather than the current pupil/teacher ratio of 11.6:1. This procedure would reduce the number of Martinsville City teachers by **33** positions and generate a cost savings of **\$1,420,960..**

**A**n analysis of salary schedules and compensation plans for the two school divisions revealed both similarities and significant differences pursuant to their formal structures. Henry County School Division has developed a salary structure and pay plan for all categories of employees, and its salary scales functions as follows: job descriptions, longevity, days worked per year, and hours worked per year. Salaries are indexed according to base teacher salaries. Salary schedules for non-teachers in Martinsville City School Division are independent of the teacher scale, and the School Division has adopted salary ranges for all categories of support personnel that reflect minimum and maximum rates for each personnel category.

**Table 15**  
**Additional Cost (Difference) Between Current Salaries and Median Salary**  
**for Henry County and Martinsville City School Divisions**  
**FY 2018-2019**

Service Yrs	Number of Henry County Teachers	Henry County Salary Scale	Number of Martinsville City Teachers	Martinsville City Salary Scale	Median Salary	Difference Between Current Salaries and Median Salary
0-1	51	\$ 40,485	53	\$ 40,902	\$ 40,694	\$ (365)
2	49	\$ 41,092	30	\$ 41,250	\$ 41,171	\$ 1,501
3	42	\$ 41,498	16	\$ 41,826	\$ 41,662	\$ 4,264
4	19	\$ 41,616	7	\$ 42,264	\$ 41,940	\$ 3,888
5	20	\$ 41,971	19	\$ 42,468	\$ 42,220	\$ 268
6	12	\$ 42,325	14	\$ 42,681	\$ 42,503	\$ (356)
7	17	\$ 42,679	1	\$ 42,810	\$ 42,745	\$ 1,057
8	20	\$ 42,799	4	\$ 43,320	\$ 43,060	\$ 4,180
9	19	\$ 42,918	1	\$ 43,560	\$ 43,239	\$ 5,778
10	17	\$ 43,035	8	\$ 43,767	\$ 43,401	\$ 3,294
11	18	\$ 43,697	2	\$ 45,516	\$ 44,607	\$ 14,562
12	14	\$ 43,936	9	\$ 46,212	\$ 45,074	\$ 5,690
13	8	\$ 44,270	2	\$ 46,476	\$ 45,373	\$ 6,618
14	21	\$ 44,606	5	\$ 47,178	\$ 45,892	\$ 20,576
15	16	\$ 45,235	2	\$ 47,421	\$ 46,328	\$ 15,302
16	13	\$ 46,481	0	\$ 47,862	\$ 47,172	\$ 8,983
17	27	\$ 47,443	1	\$ 48,696	\$ 48,070	\$ 16,303
18	23	\$ 47,871	1	\$ 49,059	\$ 48,465	\$ 13,068
19	14	\$ 49,101	2	\$ 49,719	\$ 49,410	\$ 3,708
20	17	\$ 49,434	0	\$ 50,295	\$ 49,865	\$ 7,327
21	15	\$ 50,043	1	\$ 51,117	\$ 50,580	\$ 7,518
22	18	\$ 51,409	4	\$ 53,043	\$ 52,226	\$ 11,438
23	10	\$ 51,773	0	\$ 55,206	\$ 53,490	\$ 17,170
24	80	\$ 54,954	10	\$ 58,650	\$ 56,802	\$ 129,360
	<b>560</b>	<b>\$ 44,103</b>	<b>192</b>	<b>\$ 46,344</b>	<b>\$ 45,224</b>	<b>\$ 301,132</b>

**Table 16**

**Incremental and Extended Costs of Henry County  
Teachers on Martinsville City School Division Scale  
FY 2018-2019**

<b>Service Yrs</b>	<b>Number of Henry County Teachers</b>	<b>Incremental Amount</b>	<b>Extended Costs</b>
0-1	51	\$ 417	\$ 21,267
2	49	\$ 158	\$ 7,742
3	42	\$ 328	\$ 13,776
4	19	\$ 648	\$ 12,312
5	20	\$ 497	\$ 9,940
6	12	\$ 356	\$ 4,272
7	17	\$ 131	\$ 2,227
8	20	\$ 521	\$ 10,420
9	19	\$ 642	\$ 12,198
10	17	\$ 732	\$ 12,444
11	18	\$ 1,819	\$ 32,742
12	14	\$ 2,276	\$ 31,864
13	8	\$ 2,206	\$ 17,648
14	21	\$ 2,572	\$ 54,012
15	16	\$ 2,186	\$ 34,976
16	13	\$ 1,381	\$ 17,953
17	27	\$ 1,253	\$ 33,831
18	23	\$ 1,188	\$ 27,324
19	14	\$ 618	\$ 8,652
20	17	\$ 861	\$ 14,637
21	15	\$ 1,074	\$ 16,110
22	18	\$ 1,634	\$ 29,412
23	10	\$ 3,433	\$ 34,330
24	80	\$ 3,696	\$ 295,680
	<b>560</b>	<b>\$ 2,241</b>	<b>\$ 755,769</b>

**Table 17**

**Cost Savings of Martinsville Teachers on Henry County School Division  
Teacher Salary Scale, FY 2018-2019**

<b>Yrs of Service</b>	<b>Step</b>	<b># of Employees</b>	<b>Difference</b>	<b>Total Difference</b>
0-2	1	53	\$ 417	\$ 22,101
3-5	2	30	\$ 158	\$ 4,740
6-7	3	16	\$ 328	\$ 5,248
8-9	4	7	\$ 648	\$ 4,536
10	5	19	\$ 497	\$ 9,443
11-13	6	14	\$ 356	\$ 4,984
14-15	7	1	\$ 131	\$ 131
16	8	4	\$ 521	\$ 2,084
17	9	1	\$ 642	\$ 642
18-19	10	8	\$ 732	\$ 5,856
20-21	11	2	\$ 1,819	\$ 3,638
22-23	12	9	\$ 2,276	\$ 20,484
24	13	2	\$ 2,206	\$ 4,412
25	14	5	\$ 2,572	\$ 12,860
26	15	2	\$ 2,186	\$ 4,372
27	16	0	\$ 1,381	\$ -
28	17	1	\$ 1,253	\$ 1,253
29	18	1	\$ 1,188	\$ 1,188
30	19	2	\$ 618	\$ 1,236
31	20	0	\$ 861	\$ -
32	21	1	\$ 1,074	\$ 1,074
33	22	4	\$ 1,634	\$ 6,536
34	23	0	\$ 3,433	\$ -
35+	24	10	\$ 3,696	\$ 36,960
<b>Total</b>		<b>192</b>		<b>\$ 153,778</b>

**Table 18**  
**Cost Savings of Hypothetical Median Base Teacher Salary Scale**  
**for Henry County and Martinsville City School Divisions, Adjusted to**  
**Henry County Pupil/Teacher Ratio of 14.0:1.0,**  
**FY 2018-2019**

<b>Service Yrs</b>	<b>Number of Henry County Teachers</b>	<b>Number of Martinsville City Teachers @ 11.6:1 Pupil/Teacher Ratio</b>	<b>Number of Martinsville City Teachers @ 14.0:1 Pupil/Teacher Ratio</b>	<b>Median Salary</b>	<b>Extended Total Cost @ 11.6:1 Pupil:Teacher Ratio</b>	<b>Extended Total Cost @ 14.0:1 Pupil:Teacher Ratio</b>	<b>Difference (Cost Savings)</b>
0-1	51	53	44	\$ 40,694	\$ 4,232,176	\$ 3,862,281	\$ 369,895
2	49	30	25	\$ 41,171	\$ 3,252,509	\$ 3,040,681	\$ 211,828
3	42	16	13	\$ 41,662	\$ 2,416,396	\$ 2,302,073	\$ 114,323
4	19	7	6	\$ 41,940	\$ 1,090,440	\$ 1,040,090	\$ 50,350
5	20	19	16	\$ 42,220	\$ 1,646,580	\$ 1,509,004	\$ 137,576
6	12	14	12	\$ 42,503	\$ 1,105,078	\$ 1,003,027	\$ 102,051
7	17	1	1	\$ 42,745	\$ 769,410	\$ 762,079	\$ 7,331
8	20	4	3	\$ 43,060	\$ 1,033,440	\$ 1,003,900	\$ 29,540
9	19	1	1	\$ 43,239	\$ 864,780	\$ 857,364	\$ 7,416
10	17	8	7	\$ 43,401	\$ 1,085,025	\$ 1,025,478	\$ 59,547
11	18	2	2	\$ 44,607	\$ 892,140	\$ 876,840	\$ 15,300
12	14	9	7	\$ 45,074	\$ 1,036,702	\$ 967,129	\$ 69,573
13	8	2	2	\$ 45,373	\$ 453,730	\$ 438,167	\$ 15,563
14	21	5	4	\$ 45,892	\$ 1,193,192	\$ 1,153,839	\$ 39,353
15	16	2	2	\$ 46,328	\$ 833,904	\$ 818,013	\$ 15,891
16	13	0	0	\$ 47,172	\$ 613,236	\$ 613,236	0
17	27	1	1	\$ 48,070	\$ 1,345,960	\$ 1,337,716	\$ 8,244
18	23	1	1	\$ 48,465	\$ 1,163,160	\$ 1,154,848	\$ 8,312
19	14	2	2	\$ 49,410	\$ 790,560	\$ 773,612	\$ 16,948
20	17	0	0	\$ 49,865	\$ 847,705	\$ 847,705	0
21	15	1	1	\$ 50,580	\$ 809,280	\$ 800,605	\$ 8,675
22	18	4	3	\$ 52,226	\$ 1,148,972	\$ 1,113,144	\$ 35,828
23	10	0	0	\$ 53,490	\$ 534,900	\$ 534,900	0
24	80	10	8	\$ 56,802	\$ 5,112,180	\$ 5,014,763	\$ 97,417
	<b>560</b>	<b>192</b>	<b>159</b>	<b>\$ 45,224</b>	<b>\$34,271,455</b>	<b>\$ 32,850,495</b>	<b>\$1,420,960</b>

## **Salaries for Support Personnel**

Custodial services are outsourced by Henry County School Division to a private vendor. The school division paid \$1,655,432.65 in FY 2017-2018 for approximately 65 employees with a pay range of \$8.80 to \$13.00 per hour. Martinsville City employed its own custodians with a pay range of \$8.80 to \$13.00 per hour. Pay for maintenance personnel varied for full-time staff from \$26,942 to \$51,675 among three levels of maintenance workers in Henry County Schools. Martinsville City Schools had a range from \$15.30 to \$17.75 hourly for part-time maintenance workers and a full-time pay range for its maintenance workers of \$35,365 to \$36,972. Without knowledge of longevity and a formal step structure it is difficult to ascertain the actual differences between the two school divisions.

Pay ranges for clerical and support personnel are similar for the two school divisions. Again, no formal structure currently exists for Martinsville City School Division, only minimum and maximum salaries. The Martinsville City compensation for food services personnel ranged from \$9.00 to \$10.20 hourly for part-time workers to \$14,847 to \$29,523 annually for full-time personnel. Two salary schedules are in place for paraprofessionals employed in Henry County Schools. Level I salaries ranged from \$16,384 to \$23,341 and level II pay ranged from \$20,140 to \$28,694. Martinsville City has a single category of paraprofessionals spanning three steps with a bottom salary of \$15,804 and a top salary of \$19,107.

## **Fringe Benefits**

Provided in **Table 19** is a side-by-side comparison of the employee fringe benefit programs which currently are available to the employees of the Martinsville City and the Henry County School Divisions. It appears that both school divisions offer adequate, albeit marginal, benefit packages<sup>13</sup> to their employees. While there are differences between the two benefit packages, most notably, the partially-paid health care coverage for retired employees provided by Martinsville City School Division, it should not prove difficult to consolidate the two benefit packages.

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<sup>13</sup> The two school divisions offer benefit packages typical of school divisions with meager fiscal resources, but they fall considerably short of benefit packages provided by the high fiscal capacity school divisions.

**Table 19**

**Employee Fringe Benefits Provided by  
Henry County and Martinsville City School Divisions  
FY 2018-2019**

<b>Fringe Benefit</b>	<b>Henry County</b>	<b>Martinsville City</b>
1. Health Insurance	1. Anthem Blue Cross/Blue Shield	1. Anthem Blue Cross/Blue Shield
2. Dental Insurance	2. Delta Dental available (optional)	2. Delta Dental available (optional)
3. Vision	3. Available (optional)	3. Available (optional)
4. Social Security (FICA)	4. Covered – employer contribution	4. Covered – employer contribution
5. Unemployment Insurance	5. Covered	5. Covered
6. Group Life Insurance (Term)	6. Employer paid (twice annual salary plus accidental death). Optional for family paid by employee	6. Employer paid (twice annual salary plus accidental death). Optional for family paid by employee
7. Retirement	7. Virginia Retirement System	7. Virginia Retirement System
8. Direct Deposit	8. Allowed	8. Allowed
9. Credit Union	9. Available (Optional)	9. Available (Optional)
10. Tax Sheltered Annuities	10. Available (Optional)	10. Available (Optional)
11. Cancer Insurance	11. Available (Optional)	11. Available (Optional)
12. Liability Insurance (Tort)	12. Covers all employees	12. Covers all employees
13. Leave (Types)	13. a) Sick Leave b) Bereavement Leave/Personal Leave/Emergency c) Leave Without Pay/Leave of Absence	13. a) Sick Leave b) Bereavement Leave/Personal Leave/Emergency Leave c) Leave Without Pay/Leave of Absence

# School Division Central Office Administration Staffing Plan

## Introduction

In comparing the Henry County and Martinsville City central office administrative staffing plans, factors such as school division fiscal abilities (LCI's), tax effort, test scores, number of school facilities, socio-economic indicators, success in meeting state accreditation standards, and per pupil expenditures were reviewed.

## Review of Central Office Staffing for Henry County and Martinsville City School Divisions

A review of the central office staffing charts does not indicate any significant differences regarding responsibilities and duties between the two school divisions; instead differences are the result of division size rather than the functions performed. Arrayed in Appendix C is an example of an appropriate organizational chart that should meet the needs of a Consolidated School Division.<sup>14</sup>

An analysis of personnel staffing requirements and costs was accomplished as follows:

- Comparison school divisions were selected by identifying school divisions with similar numbers of pupils who would be enrolled if Henry County and Martinsville City School Divisions were consolidated. The school divisions selected for comparison are displayed in **Table 20** and contains fiscal, pupil, and population data retrieved from VDOE;<sup>15</sup>
- Drawn from VDOE<sup>16</sup> and arrayed in **Table 21** are **personnel staffing summaries** for the comparison school divisions, Henry County, Martinsville City, and Consolidated School Division.

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<sup>14</sup> A similar chart was presented in the prior 2013 study; and as in the prior report, this chart should be viewed as an example only and not a recommendation.

<sup>15</sup> Retrieved from: [http://www.doe.virginia.gov/school\\_finance/budget/compositeindex\\_local\\_abilitypay/index.shtml](http://www.doe.virginia.gov/school_finance/budget/compositeindex_local_abilitypay/index.shtml)

<sup>16</sup> Retrieved from: [http://www.doe.virginia.gov/statistics\\_reports/supts\\_annual\\_report/2017\\_18/index.shtml](http://www.doe.virginia.gov/statistics_reports/supts_annual_report/2017_18/index.shtml)

**Table 20**

**Fiscal and Descriptive Data of Henry County, Martinsville City, and Comparison School Divisions, FYs 2019 and 2020**

School Division	True Value of Property	Adjusted Gross Income	Taxable Retail Sales Receipts	Mar 31 ADM	Total Population	LCI
Campbell	4,481,965,192	1,098,826,030	462,416,719	7,599	56,167	0.2851
James City	\$12,512,468,851	\$2,890,281,957	\$1,002,337,085	10,278	73,325	0.5657
Montgomery	8,144,236,258	2,042,835,618	1,045,664,373	9,488	98,121	0.3920
Pittsylvania	4,846,648,595	1,158,316,990	169,037,178	8,852	63,255	0.2443
Bedford	9,840,655,334	2,113,311,072	482,777,476	9,610	77,575	0.4284
<b>Consolidated</b>	<b>\$3,118,390,250</b>	<b>\$1,051,688,920</b>	<b>\$533,036,237</b>	<b>9,102</b>	<b>66,296</b>	<b>0.2217</b>
<b>Median</b>	<b>\$8,144,236,258</b>	<b>\$2,042,835,618</b>	<b>\$482,777,476</b>	<b>9,488</b>	<b>73,325</b>	<b>0.3920</b>

Source: VDOE. Retrieved from: [http://www.doe.virginia.gov/school\\_finance/budget/compositeindex\\_local\\_abilitypay/index.shtml](http://www.doe.virginia.gov/school_finance/budget/compositeindex_local_abilitypay/index.shtml)

**Table 21**

**Personnel Staffing for Comparison School Divisions, Henry County, Martinsville City, and Comparison School Divisions, FY 2016-2017**

School Division	Administrative	Technical and Clerical	Instructional Support	Other Professional	Trades, Labor, Operative & Service	TOTAL
Campbell	28.00	87.50	11.00	26.00	216.29	<b>368.79</b>
James City	24.18	158.49	16.65	69.82	262.75	<b>531.89</b>
Montgomery	43.00	122.63	17.00	32.00	225.00	<b>439.63</b>
Pittsylvania	26.45	89.79	0.00	31.45	264.99	<b>412.68</b>
Bedford	27.38	98.90	44.59	38.69	287.70	<b>497.26</b>
<b>Mean</b>	<b>29.80</b>	<b>111.46</b>	<b>17.85</b>	<b>39.59</b>	<b>251.35</b>	<b>450.05</b>
Henry	22.28	88.80	12.00	27.00	142.50	<b>292.58</b>
Martinsville	13.20	25.65	4.28	5.05	59.00	<b>107.18</b>
Consolidated	35.48	114.45	16.28	32.05	201.50	<b>399.76</b>
<b>Mean minus Consolidated</b>	<b>-5.68</b>	<b>-2.99</b>	<b>1.57</b>	<b>7.54</b>	<b>49.85</b>	<b>50.29</b>
<b>State Totals</b>	<b>3,380.93</b>	<b>16,627.37</b>	<b>2,577.27</b>	<b>4,890.75</b>	<b>28,907.90</b>	<b>56,384.22</b>

Source: VDOE. Retrieved from: [http://www.doe.virginia.gov/statistics\\_reports/supts\\_annual\\_report/2016-17/index.shtml](http://www.doe.virginia.gov/statistics_reports/supts_annual_report/2016-17/index.shtml)

- **Personnel Staffing Medians** for the comparison school divisions were then contrasted to the personnel staffing for Henry County, Martinsville City, and Consolidated School Division. While the comparison school divisions show a higher number of administrative personnel employed by the two school divisions combined, all other categories of personnel fell below the numbers reported by the comparison school divisions.
- Consolidation of Henry County and Martinsville City School Divisions could result in cost savings pursuant to the reduction of central office administrative positions. Projected cost savings due to a reduction from 5 to 9 central office positions would accrue salary savings, including *fringe benefits*, from approximately **\$439,029** to **\$735,923**.

### **Summary of Fiscal Implications of Consolidation Pursuant to Personnel Decisions**

- Additional **(\$755,769)** to place Henry County School Division teachers on the Martinsville City School Division salary scale;
- Cost savings of **\$153,778** to place Martinsville City School Division teachers on the Henry County School Division salary scale;
- Additional **(\$301,132)** to place Henry County and Martinsville City School Division teachers on median salaries for both school divisions;
- Cost savings of **\$1,420,960** pursuant to the reduction of 33 Martinsville City School Division teachers to conform to the Henry County School Division Pupil:Teacher staffing ratio of **14.0:1.0** rather than the **11.6:1.0** Pupil:Teacher Staffing ratio employed by Martinsville City School Division; and
- Cost savings of **\$587,476**<sup>17</sup> for the reduction of **5** to **9** central office administrators.

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<sup>17</sup> Calculated Mean between \$439,029 and \$735,923.

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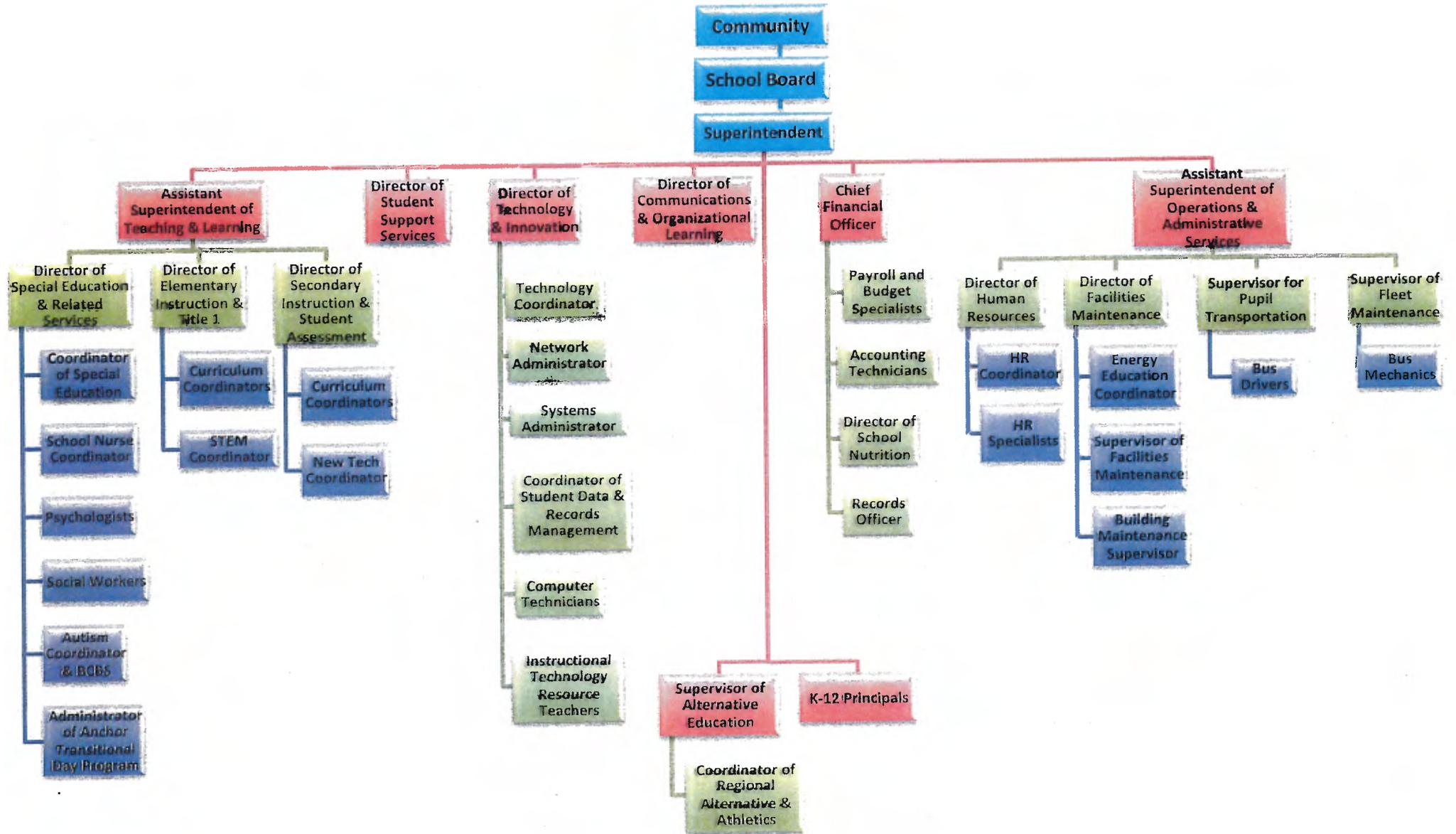
VDOT.

<https://tax.virginia.gov/sites/default/files/inline-files/2016-assessment-sales-ratio-study.pdf>

# **Appendix A**

## **Henry County School Division 2018 Organization Chart**

# Henry County Public Schools Organizational Chart



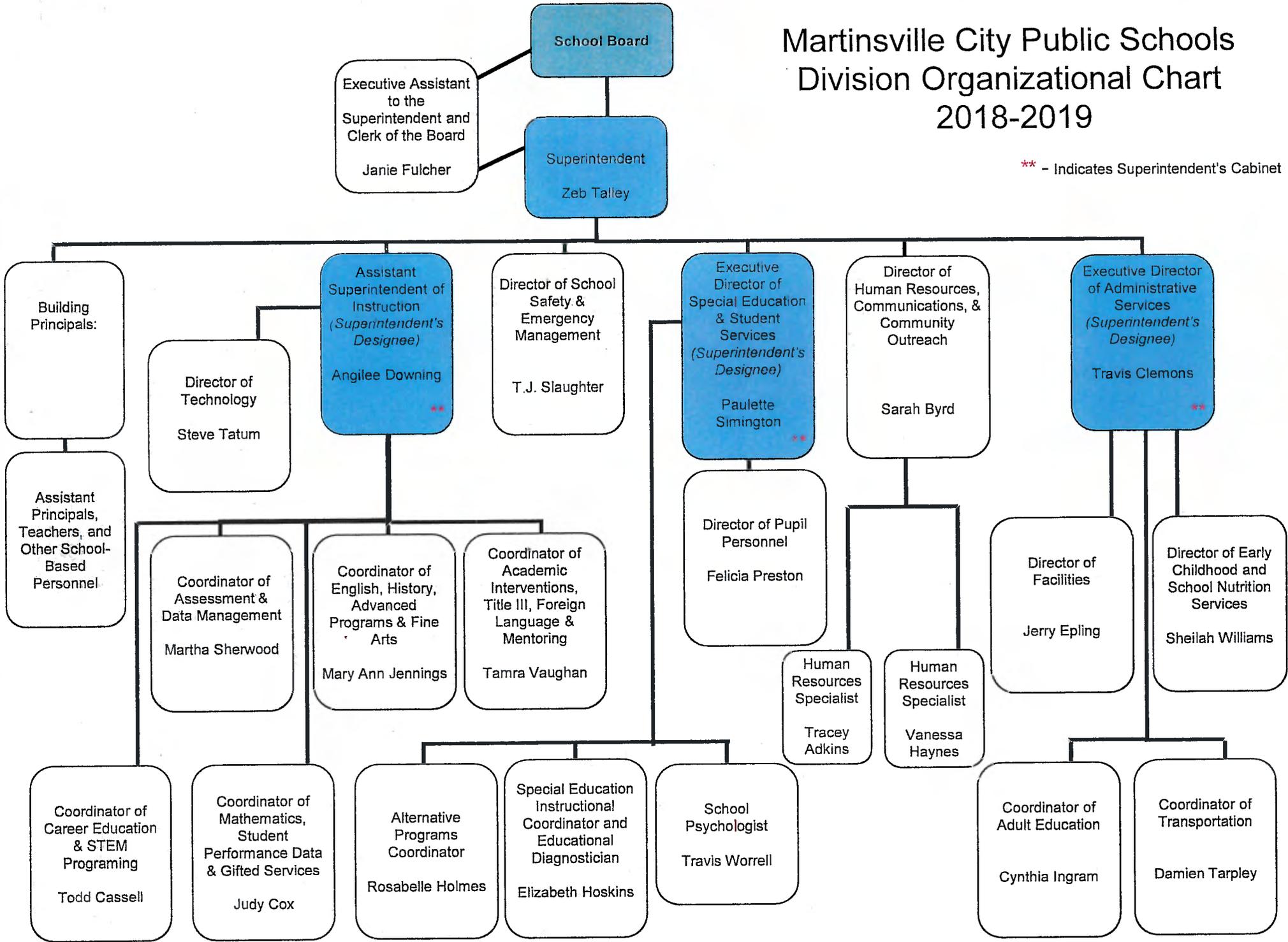
Effective July 1, 2018

**Appendix B**

**Martinsville City School Division  
2018 Organization Chart**

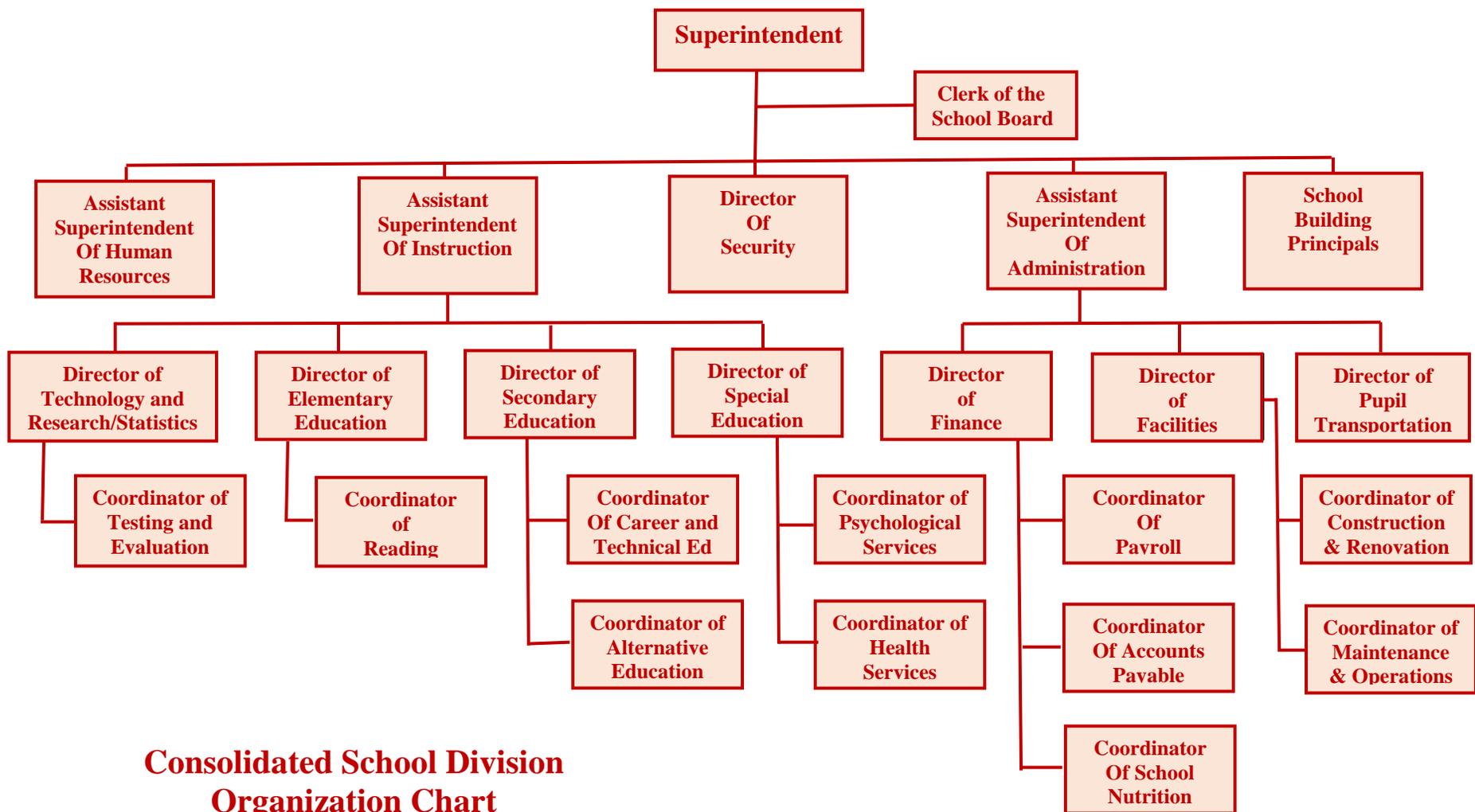
# Martinsville City Public Schools Division Organizational Chart 2018-2019

\*\* - Indicates Superintendent's Cabinet



**Appendix C**

**Consolidated School Division  
Organization Chart, FYs 2019 & 2020**



**Consolidated School Division  
Organization Chart  
2019-2020**

# **Appendix D**

## **Henry County School Division Calculation Template, FYs 2019 & 2020**

**APPENDIX D**

**Projected State Aid for Henry County School Division, FYs 2019 and 2020  
FYs 2019 & 2020**

NUM	DIVISION	Final FY 2019	Final FY 2019	Projected FY 2020	Projected FY 2020
		Unadjusted ADM <sup>2</sup>	Adjusted ADM <sup>2</sup>	Unadjusted ADM <sup>2</sup>	Adjusted ADM <sup>2</sup>
044	HENRY	7,016.02	7,016.02	7,024.70	7,024.70
<b>2018-2020 Composite Index:</b>					
		0.2253		0.2253	
		<b>2018-2020 Composite Index</b>		<b>FY 2019</b>	
		0.2253		<b>FY 2020</b>	
		<b>FY 2019 State Share</b>	<b>FY 2019 Local Share</b>	<b>FY 2020 State Share</b>	<b>FY 2020 Local Share</b>
<b>Standards of Quality Programs:</b>					
⇒	<u>Basic Aid (Net of all Adjustments)</u> <sup>16</sup>	25,121,395	7,305,861	25,063,185	7,288,932
	Sales Tax <sup>4</sup>	8,251,628	N/A <sup>1</sup>	8,475,440	N/A <sup>1</sup>
⇒	Textbooks <sup>5</sup>	547,281	159,162	547,959	159,359
⇒	Vocational Education	489,178	142,264	489,783	142,440
⇒	Gifted Education	271,766	79,035	272,102	79,133
⇒	Special Education	2,810,056	817,227	2,813,532	818,238
⇒	Prevention, Intervention, & Remediation	1,407,745	409,404	1,409,487	409,910
⇒	VRS Retirement (Includes RHCC) <sup>6</sup>	3,451,422	1,003,750	3,466,576	1,008,158
⇒	Social Security	1,565,369	455,244	1,572,748	457,390
⇒	Group Life	108,706	31,614	108,841	31,653
⇒	English as a Second Language <sup>12</sup>	426,327	123,985	440,431	128,087
	Remedial Summer School <sup>7,9</sup>	87,830	N/A <sup>1</sup>	88,625	N/A <sup>1</sup>
<b>Subtotal - SOQ Accounts</b> <sup>3</sup>		<b>44,538,704</b>	<b>10,527,546</b>	<b>44,748,708</b>	<b>10,523,300</b>
<b>II. School Facilities:</b>					
	<b>Additional Lottery</b>	0	0	0	0
	<b>School Construction Grants Program</b> <sup>4</sup>	<b>Funding Eliminated</b>			
<b>Subtotal - School Facilities</b> <sup>3</sup>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Incentive Programs:</b>					
	<b>Compensation Supplement</b> <sup>13</sup>	<b>Not Funded in FY 2019</b>		1,554,336	N/A <sup>1</sup>
	<u>Academic Year Governor's School</u> <sup>8</sup>	473,926	N/A <sup>1</sup>	511,529	N/A <sup>1</sup>
	<b>At-Risk</b> (Split funded - See Lottery section below)	167,335	48,665	584,558	170,002
	Special Education-Regional Tuition <sup>7,8</sup>	1,090,468	N/A <sup>1</sup>	997,039	N/A <sup>1</sup>
	<b>Small School Division Enrollment Loss</b> <sup>14</sup>	0	N/A <sup>1</sup>	<b>Not Funded in FY 2020</b>	
	Math/Reading Instructional Specialists	0	0	0	0
	Early Reading Specialists Initiative	0	0	0	0
	Virginia Preschool Initiative Plus (VPI+)	<b>Not State Funded in FY 2019</b>		0	0
	Alleghany and Covington Joint School Division Incentive	<b>Not Funded in FY 2019</b>		0	N/A <sup>1</sup>
	<u>Technology - VPSA</u> <sup>10</sup>	466,000	77,589	466,000	77,589
<b>Subtotal - Incentive Accounts</b> <sup>3</sup>		<b>2,197,729</b>	<b>126,254</b>	<b>4,113,462</b>	<b>247,591</b>

## APPENDIX D (Continued)

<b>Categorical Programs:</b>				
Adult Education <sup>7</sup>	0	N/A <sup>1</sup>	0	N/A <sup>1</sup>
Virtual Virginia <sup>7</sup>	0	N/A <sup>1</sup>	0	N/A <sup>1</sup>
American Indian Treaty Commitment <sup>7</sup>	0	N/A <sup>1</sup>	0	N/A <sup>1</sup>
School Lunch <sup>7</sup>	46,095	N/A <sup>1</sup>	46,152	N/A <sup>1</sup>
Special Education - Homebound <sup>7</sup>	15,136	N/A <sup>1</sup>	15,212	N/A <sup>1</sup>
Special Education - State-Operated Programs <sup>7</sup>	0	N/A <sup>1</sup>	0	N/A <sup>1</sup>
Special Education - Jails <sup>7</sup>	7,200	N/A <sup>1</sup>	7,696	N/A <sup>1</sup>
<b>Subtotal - Categorical Accounts</b> <sup>3</sup>	<b>68,431</b>	<b>0</b>	<b>69,060</b>	<b>0</b>
<b>Lottery-Funded Programs</b>				
Foster Care <sup>7</sup>	53,193	N/A <sup>1</sup>	54,120	N/A <sup>1</sup>
NOT IN USE	0	N/A <sup>1</sup>	0	N/A <sup>1</sup>
NOT IN USE	0	N/A <sup>1</sup>	0	N/A <sup>1</sup>
<b>At-Risk</b> (Split funded - See Incentive section above) <sup>7, 8</sup>	1,689,295	491,284	1,466,628	426,528
<i>Virginia Preschool Initiative - Per Pupil Amount</i> <sup>11</sup>	1,323,318	384,850	1,377,097	400,490
⇒ Early Reading Intervention	209,944	61,056	209,944	61,056
Mentor Teacher Program	4,333	N/A <sup>1</sup>	4,333	N/A <sup>1</sup>
<i>K-3 Primary Class Size Reduction</i>	1,681,419	488,994	1,844,948	536,552
School Breakfast <sup>7</sup>	\$90,507	N/A <sup>1</sup>	\$99,961	N/A <sup>1</sup>
⇒ SOL Algebra Readiness	163,059	47,421	163,261	47,480
Project Graduation	13,022	N/A <sup>1</sup>	13,672	N/A <sup>1</sup>
<i>Alternative Education</i> <sup>7, 8</sup>	184,801	N/A <sup>1</sup>	198,634	N/A <sup>1</sup>
ISAEP	33,420	N/A <sup>1</sup>	33,420	N/A <sup>1</sup>
Special Education-Regional Tuition (Split funded - See Incentive section above) <sup>7, 8</sup>	0	N/A <sup>1</sup>	0	N/A <sup>1</sup>
Career and Technical Education <sup>7, 8</sup>	29,619	N/A <sup>1</sup>	29,619	N/A <sup>1</sup>
<b>Supplemental Basic Aid</b>	0	N/A <sup>1</sup>	0	N/A <sup>1</sup>
⇒ English as a Second Language <sup>12</sup>	<b>Funded in SOQ in FY 2019</b>		<b>Funded in SOQ in FY 2020</b>	
<b>Supplemental Lottery Per Pupil Allocation</b> <sup>15</sup>	1,980,998	N/A <sup>1</sup>	1,999,195	N/A <sup>1</sup>
⇒ <b>Textbooks</b> (Split Funded in FY 2019 - See SOQ Section Above) <sup>5</sup>	0	0	0	0
<b>Subtotal - Lottery-Funded Programs</b> <sup>3</sup>	<b>7,456,926</b>	<b>1,473,606</b>	<b>7,494,832</b>	<b>1,472,107</b>
<b>Total State &amp; Local Funds</b>	<b>\$54,259,756</b>	<b>\$12,127,544</b>	<b>\$56,441,254</b>	<b>\$12,241,898</b>

## APPENDIX D (Continued)

<sup>1</sup> "NA" = no local match required for this program.

<sup>2</sup> ADM values shown are based on final March 31, 2019 ADM for FY 2019 and projections used in Chapter 854 (2019 Acts of Assembly) for FY 2020.

<sup>3</sup> Columns may not add due to rounding.

<sup>4</sup> Projected revenue estimate. Semi-monthly payments will be based on actual sales tax receipts. Pursuant to the Appropriation Act, the Basic Aid state payment calculation is based on the appropriated sales tax distribution only and is not adjusted for actual sales tax revenues received.

<sup>5</sup> Chapter 854 (2019 Acts of General Assembly) assigns the entire funding for Textbooks to the SOQ area. Required Local Effort for Textbooks is based on the payments in the SOQ area.

<sup>6</sup> VRS Retirement includes payments for the Retiree Health Care Credit (RHCC). Please see the Budget Variables tab for the funded RHCC rate.

<sup>7</sup> Projected state payment except actual FY2019 Foster Care and FY2019 Special Ed-Regional Tuition payments. Final payments will be based on actual expenditures, up to the projected state payment, subject to the availability of funds.

<sup>8</sup> Includes state funding for regional vocational, special, and alternative education programs and Academic Year Governor's Schools.

<sup>9</sup> Payments for Remedial Summer School are based on actual FY 2019 enrollment and projected FY 2020 enrollment used in the amendments by the 2019 General Assembly to the Governor's amended budget.

<sup>10</sup> Payments for the VPSA Technology Grants are made from bond proceeds on a reimbursement basis and may begin following each bond issuance. These payments include funding for the school division and the schools for which the division serves as the fiscal agent.

<sup>11</sup> Payments for the Virginia Preschool Initiative are based on actual FY 2019 enrollment and projected FY 2020 enrollment used in the amendments by the 2019 General Assembly to the Governor's amended budget.

<sup>12</sup> Payments for English as a Second Language are based on actual FY 2019 enrollment and projected FY 2020 enrollment used in the amendments by the 2019 General Assembly to the Governor's amended budget.

<sup>13</sup> Chapter 854 (2019 Acts of Assembly) calculates the state share of FY 2020 Compensation Supplement funds based on a 3.0 percent salary increase effective July 1, 2019, and a separate 2.0 percent salary increase effective September 1, 2019, for funded SOQ instructional and support positions, as well as for regional alternative education programs and Academic Year Governor's Schools. School divisions must certify to VDOE, by June 1, 2019, that a salary increase of a minimum average of 3.0 percent have been or will have been provided during the 2018-2020 biennium, either in the first year or in the second year or through a combination of the two years, to instructional and support personnel. School divisions must also certify to VDOE, by June 1, 2019, that a separate increase of up to 2.0 percent will be provided in the second year by September 1, 2019, to instructional and support personnel.

<sup>14</sup> Chapter 854 (2019 Acts of Assembly) maintains an increase of \$6.1 million in FY 2019 only to eligible school divisions that have a five percent or more decline in their ADM.

<sup>15</sup> Chapter 854 (2019 Acts of Assembly) proposes a per pupil funding amount for the Supplemental Lottery Per Pupil Allocation Payment projected at \$364.15 for FY 2019. Further details on the full FY 2019 Basic Aid payment and all adjustments, refer to the "Adjustments to FY2019 Basic Aid" tab.

Estimates will not change for local ADM projections.

<sup>16</sup> For further details on the full FY 2019 Basic Aid payment and all adjustments, refer to the "**Adjustments to FY2019 Basic Aid**" tab.

⇔ = SOQ accounts requiring a local match for purpose of meeting Required Local Effort.

**BOLD** = Account funding based on ADM; any changes in ADM numbers will result in a change in the state payment amount.

# **Appendix E**

## **Martinsville City School Division Calculation Template, FYs 2019 & 2020**

## APPENDIX E

### Projected State Aid for Martinsville City School Division, FYs 2019 and 2020

FYs 2019 & 2020

NUM	DIVISION	Projected UnAdj ADM	Projected Adj ADM	Projected UnAdj ADM	Projected Adj ADM
116	Martinsville City	1,791.20	1,791.20	1,712.05	1,712.05
	2018-2020 Composite Index	FY 2019		FY 2020	
	0.2135	FY 2019 State Share	FY 2019 Local Share	FY 2020 State Share	FY 2020 Local Share
<b>Standards of Quality Programs:</b>					
➡	<u>Basic Aid</u>	6,280,227	1,704,804	5,793,874	1,572,781
	Sales Tax	2,253,467	N/A	2,453,664	N/A
➡	Textbooks	141,850	38,506	135,582	36,804
➡	Vocational Education	212,726	57,746	203,326	55,194
➡	Gifted Education	70,439	19,121	65,980	17,911
➡	Special Education	870,625	236,336	832,154	225,893
➡	Prevention, Intervention, & Remediation	580,417	157,558	556,116	150,961
➡	VRS Retirement ( <i>Includes RHCC</i> )	974,875	264,635	934,490	253,673
➡	Social Security	440,948	119,698	422,810	114,774
➡	Group Life	29,584	8,031	28,277	7,676
➡	English as a Second Language	103,709	28,152	106,883	29,014
	Remedial Summer School	107,728	N/A	107,728	N/A
	<b>Subtotal - SOQ Accounts</b>	<b>12,066,595</b>	<b>2,634,587</b>	<b>11,640,884</b>	<b>2,464,681</b>
<b>Incentive Programs:</b>					
	Compensation Supplement	<i>Not Funded in 2019</i>		413,546	N/A
	<u>Academic Year Governor's School</u>	0	N/A	0	N/A
	At-Risk (split funded - See Lottery section below)	72,688	19,732	231,395	62,814
	Special Education-Regional Tuition	135,964	N/A	143,491	N/A
	<b>Small School Division Enrollment Loss</b>	131,417	N/A	<i>Not Funded in FY 2020</i>	
	Math/Reading Instructional Specialists	-	-	0	0
	Early Reading Specialists Initiative	-	-	0	0
	Virginia Preschool Initiative Plus (VPI +)	<i>Not State Funded in 2019</i>		0	0
	Technology - VPSA	154,000	30,800	154,000	30,800
	<b>Subtotal - Incentive Accounts</b>	<b>494,069</b>	<b>50,532</b>	<b>942,432</b>	<b>93,614</b>

**APPENDIX E (Continued)**

<b>Categorical Programs:</b>					
	Adult Education	0	N/A	0	N/A
	Virtual Virginia	0	N/A	0	N/A
	American Indian Treaty Commitment	0	N/A	0	N/A
	School Lunch	13,999	N/A	13,999	N/A
	Special Education - Homebound	14,864	N/A	14,938	N/A
	Special Education - State-Operated Programs	0	N/A	0	N/A
	Special Education - Jails	0	N/A	0	N/A
	<b>Subtotal - Categorical Accounts</b>	<b>28,863</b>	<b>0</b>	<b>28,937</b>	<b>0</b>
NUM	DIVISION	Projected UnAdj ADM	Projected Adj ADM	Projected UnAdj ADM	Projected Adj ADM
116	Martinsville City	1,791.20	1,791.20	1,712.05	1,712.05
	<b>2018-2020 Composite Index</b>	<b>FY 2019</b>		<b>FY 2020</b>	
	<b>0.2135</b>	<b>FY 2019 State Share</b>	<b>FY 2019 Local Share</b>	<b>FY 2020 State Share</b>	<b>FY 2020 Local Share</b>
<b>Lottery-Funded Programs</b>					
	Foster Care	27,662	N/A	30,092	N/A
	<b>At-Risk</b> (Split funded - See Incentive section above)	695,160	188,705	580,573	157,600
	<i>Virginia Preschool Initiative - Per Pupil Amount</i>	253,745	68,881	238,819	64,829
➡	Early Reading Intervention	70,982	19,268	68,353	18,555
	Mentor Teacher Program	3,508	N/A	3,508	N/A
	<u>K-3 Primary Class Size Reduction</u>	619,794	168,247	592,781	160,914
	School Breakfast	27,123	N/A	33,607	N/A
➡	SOL Algebra Readiness	50,575	13,729	47,946	13,015
	Project Graduation	4,809	N/A	4,236	N/A
	<u>Alternative Education</u>	0	N/A	-	N/A
	ISAEPP	16,710	N/A	16,710	N/A
	Career and Technical Education	3,923	N/A	3,923	N/A
	<b>Supplemental Basic Aid</b>	0	N/A	-	N/A
	<b>Supplemental Lottery Per Pupil Allocation</b>	513,007		494,768	N/A
	<b>Subtotal - Lottery-Funded Programs</b>	<b>2,286,998</b>	<b>458,830</b>	<b>2,115,316</b>	<b>414,913</b>
	<b>Total State &amp; Local Funds</b>	<b>\$14,876,525</b>	<b>\$3,143,949</b>	<b>\$14,727,569</b>	<b>\$2,973,208</b>

## APPENDIX E (Continued)

<sup>1</sup> "NA" = no local match required for this program.

<sup>2</sup> ADM values shown are based on final March 31, 2019 ADM for FY 2019 and projections used in Chapter 854 (2019 Acts of Assembly) for FY 2020.

<sup>3</sup> Columns may not add due to rounding.

<sup>4</sup> Projected revenue estimate. Semi-monthly payments will be based on actual sales tax receipts. Pursuant to the Appropriation Act, the Basic Aid state payment calculation is based on the appropriated sales tax distribution only and is not adjusted for actual sales tax revenues received.

<sup>5</sup> Chapter 854 (2019 Acts of General Assembly) assigns the entire funding for Textbooks to the SOQ area. Required Local Effort for Textbooks is based on the payments in the SOQ area.

<sup>6</sup> VRS Retirement includes payments for the Retiree Health Care Credit (RHCC). Please see the Budget Variables tab for the funded RHCC rate.

<sup>7</sup> Projected state payment except actual FY2019 Foster Care and FY2019 Special Ed-Regional Tuition payments. Final payments will be based on actual expenditures, up to the projected state payment, subject to the availability of funds.

<sup>8</sup> Includes state funding for regional vocational, special, and alternative education programs and Academic Year Governor's Schools.

<sup>9</sup> Payments for Remedial Summer School are based on actual FY 2019 enrollment and projected FY 2020 enrollment used in 2019 General Assembly to the Governor's amended budget.

Payments for the VPSA Technology Grants are made from bond proceeds on a reimbursement basis and may begin following each bond issuance. These payments include funding for the school division and the schools for which the division serves as the fiscal agent.

<sup>10</sup> Payments for the Virginia Preschool Initiative are based on actual FY 2019 enrollment and projected FY 2020 enrollment 2019 General Assembly to the Governor's amended budget.

<sup>11</sup> Payments for English as a Second Language are based on actual FY 2019 enrollment and projected FY 2020 enrollment 2019 General Assembly to the Governor's amended budget.

<sup>12</sup> Chapter 854 (2019 Acts of Assembly) calculates the state share of FY 2020 Compensation Supplement funds based on a 3.0 percent salary increase effective July 1, 2019, and a separate 2.0 percent salary increase effective September 1, 2019, for funded SOQ instructional and support positions, as well as for regional alternative education programs and Academic Year Governor's Schools. School divisions must certify to VDOE, by June 1, 2019, that a salary increase of a minimum average of 3.0 percent have been or will have been provided during the 2018-2020 biennium, either in the first year or in the second year or through a combination of the two years, to instructional and support personnel. School divisions must also certify to VDOE, by June 1, 2019, that a separate increase of up to 2.0 percent will be provided in the second year by September 1, 2019, to instructional and support personnel.

<sup>13</sup> Chapter 854 (2019 Acts of Assembly) maintains an increase of \$6.1 million in FY 2019 only to eligible school divisions that have a five percent or more decline in their ADM.

<sup>14</sup> Chapter 854 (2019 Acts of Assembly) proposes a per pupil funding amount for the Supplemental Lottery Per Pupil Allocation Payment projected at \$364.15 for FY 2019. Further details on the full FY 2019 Basic Aid payment and all adjustments, refer to the "Adjustments to FY2019 Basic Aid" tab. Estimates will not change for local ADM projections.

<sup>15</sup> For further details on the full FY 2019 Basic Aid payment and all adjustments, refer to the "[Adjustments to FY2019 Basic Aid](#)" tab.

⇒ = SOQ accounts requiring a local match for purpose of meeting Required Local Effort.

**BOLD** = Account funding based on ADM; any changes in ADM numbers will result in a change in the state payment amount.

# **Appendix F**

## **Consolidated School Division Consultant Calculation Template FYs 2019 & 2020**

## APPENDIX F

### Projected State Aid for Merged Henry County and Martinsville City School Divisions, FYs 2019 and 2020 FYs 2019 & 2020

HENRY COUNTY & MARTINSVILLE CITY MERGED		FY 2019		FY 2020	
		Unadjusted ADM <sup>2</sup>	Adjusted ADM <sup>2</sup>	Unadjusted ADM <sup>2</sup>	Adjusted ADM <sup>2</sup>
		8,813.28	8,813.28	8,736.75	8,736.75
		Composite Index		Composite Index	
		0.2226		0.2226	
2018-2020 Composite Index					
0.2226		FY 2019		FY 2020	
<b>Standards of Quality Programs:</b>		FY 2019 State Share	FY 2019 Local Share	FY 2020 State Share	FY 2020 Local Share
a	<u>Basic Aid (Net of all Adjustments)</u> <sup>16</sup>	33,309,856	9,537,913	32,886,003	9,416,548
	Sales Tax <sup>4</sup>	8,251,628	N/A <sup>1</sup>	8,475,440	N/A <sup>1</sup>
a	Textbooks <sup>5</sup>	689,872	197,537	683,881	195,822
a	Vocational Education	616,630	176,565	611,275	175,032
a	Gifted Education	342,572	98,092	339,597	97,240
a	Special Education	3,542,196	1,014,269	3,511,438	1,005,462
a	Prevention, Intervention, & Remediation	1,774,524	508,116	1,759,115	503,703
a	VRS Retirement (Includes RHCC) <sup>6</sup>	4,350,667	1,245,766	4,326,472	1,238,838
a	Social Security	1,973,216	565,009	1,962,873	562,047
a	Group Life	137,029	39,237	135,839	38,896
a	English as a Second Language <sup>12</sup>	427,813	122,499	441,966	126,552
	Remedial Summer School <sup>7, 9</sup>	88,136	N/A <sup>1</sup>	88,934	N/A <sup>1</sup>
<b>Subtotal - SOQ Accounts</b> <sup>3</sup>		<b>55,504,139</b>	<b>13,505,004</b>	<b>55,222,834</b>	<b>13,360,141</b>
<b>II. School Facilities:</b>					
	Additional Lottery	0	0	0	0
	School Construction Grants Program <sup>4</sup>	<i>Funding Eliminated</i>			
<b>Subtotal - School Facilities</b> <sup>3</sup>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Incentive Programs:</b>					
	Compensation Supplement <sup>13</sup>	<i>Not Funded in FY 2019</i>		1,939,894	N/A <sup>1</sup>
	Academic Year Governor's School <sup>8</sup>	475,578	N/A <sup>1</sup>	513,312	N/A <sup>1</sup>
	At-Risk (Split funded - See Lottery section below)	237,508	66,973	817,990	230,779
	Special Education-Regional Tuition <sup>7, 8</sup>	1,220,231	N/A <sup>1</sup>	1,144,005	N/A <sup>1</sup>
	Small School Division Enrollment Loss <sup>14</sup>	0	N/A <sup>1</sup>	<i>Not Funded in FY 2020</i>	
	Math/Reading Instructional Specialists	0	0	0	0
	Early Reading Specialists Initiative	0	0	0	0
	Virginia Preschool Initiative Plus (VPI +)	<i>Not State Funded in FY 2019</i>		0	0

**APPENDIX F (Continued)**

	Alleghany and Covington Joint School Division Incentive	<i>Not Funded in FY 2019</i>		0	N/A <sup>1</sup>
	<u>Technology - VPSA</u> <sup>10</sup>	620,000	108,389	587,000	278,391
	<b>Subtotal - Incentive Accounts</b> <sup>3</sup>	<b>2,553,317</b>	<b>175,362</b>	<b>5,002,200</b>	<b>509,170</b>
<b>Categorical Programs:</b>					
	Adult Education <sup>7</sup>	0	N/A <sup>1</sup>	0	N/A <sup>1</sup>
	Virtual Virginia <sup>7</sup>	0	N/A <sup>1</sup>	0	N/A <sup>1</sup>
	American Indian Treaty Commitment <sup>7</sup>	0	N/A <sup>1</sup>	0	N/A <sup>1</sup>
	School Lunch <sup>7</sup>	71,902	N/A <sup>1</sup>	71,399	N/A <sup>1</sup>
	Special Education - Homebound <sup>7</sup>	30,000	N/A <sup>1</sup>	30,150	N/A <sup>1</sup>
	Special Education - State-Operated Programs <sup>7</sup>	0	N/A <sup>1</sup>	0	N/A <sup>1</sup>
	Special Education - Jails <sup>7</sup>	7,200	N/A <sup>1</sup>	7,696	N/A <sup>1</sup>
	<b>Subtotal - Categorical Accounts</b> <sup>3</sup>	<b>109,102</b>	<b>0</b>	<b>109,245</b>	<b>0</b>
<b>Lottery-Funded Programs</b>					
	Foster Care <sup>7</sup>	87,209	N/A <sup>1</sup>	84,212	N/A <sup>1</sup>
	NOT IN USE	0	N/A <sup>1</sup>	0	N/A <sup>1</sup>
	NOT IN USE	0	N/A <sup>1</sup>	0	N/A <sup>1</sup>
	<b>At-Risk</b> (Split funded - See Incentive section above) <sup>7, 8</sup>	2,129,429	609,739	1,830,430	524,124
	<u>Virginia Preschool Initiative - Per Pupil Amount</u> <sup>11</sup>	1,581,675	449,119	1,620,715	460,520
a	Early Reading Intervention	281,657	79,593	279,028	78,880
	Mentor Teacher Program	7,841	N/A <sup>1</sup>	7,841	N/A <sup>1</sup>
	<u>K-3 Primary Class Size Reduction</u>	1,687,279	483,134	1,851,378	530,122
	School Breakfast <sup>7</sup>	\$113,691	N/A <sup>1</sup>	\$124,324	N/A <sup>1</sup>
a	SOL Algebra Readiness	205,543	58,855	203,758	58,344
	Project Graduation	17,381	N/A <sup>1</sup>	17,908	N/A <sup>1</sup>
	<u>Alternative Education</u> <sup>7, 8</sup>	232,949	N/A <sup>1</sup>	247,906	N/A <sup>1</sup>
	ISAEP	50,130	N/A <sup>1</sup>	50,130	N/A <sup>1</sup>
	Special Education-Regional Tuition (Split funded - See Incentive section above) <sup>7, 8</sup>	0	N/A <sup>1</sup>	0	N/A <sup>1</sup>
	Career and Technical Education <sup>7, 8</sup>	33,542	N/A <sup>1</sup>	33,542	N/A <sup>1</sup>
	<b>Supplemental Basic Aid</b>	0	N/A <sup>1</sup>	0	N/A <sup>1</sup>
a	English as a Second Language <sup>12</sup>	<i>Funded in SOQ in FY 2019</i>		<i>Funded in SOQ in FY 2020</i>	
	<b>Supplemental Lottery Per Pupil Allocation</b> <sup>15</sup>	2,488,460	N/A <sup>1</sup>	2,486,436	N/A <sup>1</sup>
a	<b>Textbooks</b> (Split Funded in FY 2019 - See SOQ Section Above) <sup>5</sup>	0	0	0	0
	<b>Subtotal - Lottery-Funded Programs</b> <sup>3</sup>	<b>8,916,787</b>	<b>1,680,440</b>	<b>8,837,609</b>	<b>1,651,990</b>
	<b>Total State &amp; Local Funds</b>	<b>\$67,083,344</b>	<b>\$15,360,805</b>	<b>\$69,171,888</b>	<b>\$15,521,300</b>

## APPENDIX F (Continued)

<sup>1</sup> "NA" = no local match required for this program.

<sup>2</sup> ADM values shown are based on final March 31, 2019 ADM for FY 2019 and projections used in Chapter 854 (2019 Acts of Assembly) for FY 2020.

<sup>3</sup> Columns may not add due to rounding.

<sup>4</sup> Projected revenue estimate. Semi-monthly payments will be based on actual sales tax receipts. Pursuant to the Appropriation Act, the Basic Aid state payment calculation is based on the appropriated sales tax distribution only and is not adjusted for actual sales tax revenues received.

<sup>5</sup> Chapter 854 (2019 Acts of General Assembly) assigns the entire funding for Textbooks to the SOQ area. Required Local Effort for Textbooks is based on the payments in the SOQ area.

<sup>6</sup> VRS Retirement includes payments for the Retiree Health Care Credit (RHCC). Please see the Budget Variables tab for the funded RHCC rate.

<sup>7</sup> Projected state payment except actual FY2019 Foster Care and FY2019 Special Ed-Regional Tuition payments. Final payments will be based on actual expenditures, up to the projected state payment, subject to the availability of funds.

<sup>8</sup> Includes state funding for regional vocational, special, and alternative education programs and Academic Year Governor's Schools.

<sup>9</sup> Payments for Remedial Summer School are based on actual FY 2019 enrollment and projected FY 2020 enrollment used in the amendments by the 2019 General Assembly to the Governor's amended budget.

<sup>10</sup> Payments for the VPSA Technology Grants are made from bond proceeds on a reimbursement basis and may begin following each bond issuance. These payments include funding for the school division and the schools for which the division serves as the fiscal agent.

<sup>11</sup> Payments for the Virginia Preschool Initiative are based on actual FY 2019 enrollment and projected FY 2020 enrollment used in the amendments by the 2019 General Assembly to the Governor's amended budget.

<sup>12</sup> Payments for English as a Second Language are based on actual FY 2019 enrollment and projected FY 2020 enrollment used in the amendments by the 2019 General Assembly to the Governor's amended budget.

<sup>13</sup> Chapter 854 (2019 Acts of Assembly) calculates the state share of FY 2020 Compensation Supplement funds based on a 3.0 percent salary increase effective July 1, 2019, and a separate 2.0 percent salary increase effective September 1, 2019, for funded SOQ instructional and support positions, as well as for regional alternative education programs and Academic Year Governor's Schools. School divisions must certify to VDOE, by June 1, 2019, that a salary increase of a minimum average of 3.0 percent have been or will have been provided during the 2018-2020 biennium, either in the first year or in the second year or through a combination of the two years, to instructional and support personnel. School divisions must also certify to VDOE, by June 1, 2019, that a separate increase of up to 2.0 percent will be provided in the second year by September 1, 2019, to instructional and support personnel.

<sup>14</sup> Chapter 854 (2019 Acts of Assembly) maintains an increase of \$6.1 million in FY 2019 only to eligible school divisions that have a five percent or more decline in their ADM.

<sup>15</sup> Chapter 854 (2019 Acts of Assembly) proposes a per pupil funding amount for the Supplemental Lottery Per Pupil Allocation Payment projected at \$364.15 for FY 2019. Further details on the full FY 2019 Basic Aid payment and all adjustments, refer to the "Adjustments to FY2019 Basic Aid" tab. Estimates will not change for local ADM projections.

<sup>16</sup> For further details on the full FY 2019 Basic Aid payment and all adjustments, refer to the "[Adjustments to FY2019 Basic Aid](#)" tab.

⇒ = SOQ accounts requiring a local match for purpose of meeting Required Local Effort.

**BOLD** = Account funding based on ADM; any changes in ADM numbers will result in a change in the state payment amount.

**Appendix G**  
**VDOE Direct State Aid**  
**Explanation of Distribution Formulae**  
**FYs 2019-2020**

**Direct Aid to Public Education - Program and Formula Descriptions**  
**Projected FY 2019 and FY 2020 Payments Based on the Amendments Adopted by the 2019 General Assembly to the Governor's Amended**  
**2018-2020 Biennial Budget As Introduced (HB 1700/SB 1100)**

Type	Program	Program Description	Formula Description
SOQ	Basic Aid	Basic Aid includes funding for the basic instructional positions derived from minimum student to teacher ratios and other instructional position staffing standards required by the Standards of Quality (SOQ) [see §22.1-253.13:2, Code of Virginia] for each school division with a minimum ratio of 51 instructional personnel for each 1,000 pupils; plus all other personal and non-personal support costs funded through the SOQ, including support salaries and benefits costs.	$((\text{Per Pupil Amount} \times \text{Adjusted ADM}) - \text{Sales Tax}) \times (1 - \text{Composite Index}) = \text{State Share}$
SOQ	Vocational Education	State funds are provided to support career and technical education courses for students in grades 6-12. The funding supports the salary cost of instructional positions based on the class size maximums established by the Board of Education [see 8VAC20-120-150].	$((\text{Per Pupil Amount} \times \text{Unadjusted ADM}) \times (1 - \text{Composite Index})) = \text{State Share}$
SOQ	Gifted Education	Gifted education funding supports the state share of one full-time equivalent instructional position per 1,000 students in adjusted ADM.	$((\text{Per Pupil Amount} \times \text{Adjusted ADM}) \times (1 - \text{Composite Index})) = \text{State Share}$
SOQ	Group Life	This funding supports the state share of cost of employer contributions to the Virginia Retirement System (VRS) for Group Life benefits for funded SOQ instructional positions.	$((\text{Per Pupil Amount} \times \text{Adjusted ADM}) \times (1 - \text{Composite Index})) = \text{State Share}$
SOQ	Prevention, Intervention, and Remediation	SOQ Prevention, Intervention, and Remediation funding provides remedial services to children who need additional instruction. Funding is disbursed to local school divisions to support the state share of additional professional instructional positions ranging from a pupil teacher ratio of 10:1 to 18:1 (on a sliding scale) based on the division-level failure rate on the SOL English and math tests for all students at risk of educational failure (the three-year average free lunch eligibility data is used as a proxy for at risk students).	$((\text{Per Pupil Amount} \times \text{Unadjusted ADM}) \times (1 - \text{Composite Index})) = \text{State Share}$
SOQ	Sales Tax	A portion of net revenue from the state sales and use tax dedicated to public education (1.125%) is distributed to counties, cities, and towns in support of the Standards of Quality. The distributions are based on each locality's pro-rata share of school age population as based on the estimate of school-age population as provided by the Weldon Cooper Center for Public Service at the University of Virginia.	$(\text{School division's Weldon Cooper Census count} / \text{Statewide total school age population}) \times \text{Total state } 1\text{-}1/8\% \text{ sales tax estimate}) = \text{Local Distribution}$
SOQ	Social Security	This funding supports the state share of cost of the employer share of Social Security costs for funded SOQ instructional positions.	$((\text{Per Pupil Amount} \times \text{Adjusted ADM}) \times (1 - \text{Composite Index})) = \text{State Share.}$
SOQ	Special Education	Funding for special education provides for the state share of salary costs of instructional positions generated based on the staffing standards for special education. Each special education student is counted in their respective school and up to three disabilities per student may be recognized for calculating instructional positions for funding at either the resource or self-contained level of staffing based on the percentage of special education provided to the student daily.	$((\text{Per Pupil Amount} \times \text{Unadjusted ADM}) \times (1 - \text{Composite Index})) = \text{State Share}$
SOQ	Textbooks	State law requires that students attending public schools receive free textbooks. State funding is provided on a per pupil basis based on the funded per pupil amount for textbooks.	$((\text{Per Pupil Amount} \times \text{Adjusted ADM}) \times (1 - \text{Composite Index})) = \text{State Share}$
SOQ	VRS Retirement	This funding supports the state share of cost of employer contributions to VRS for retirement benefits for funded SOQ instructional positions.	$((\text{Per Pupil Amount} \times \text{Adjusted ADM}) \times (1 - \text{Composite Index})) = \text{State's Share.}$
SOQ	Remedial Summer School	Remedial Summer School programs provide additional education opportunities for at-risk students. These funds are available to school divisions for the operation of programs designed to remediate students who are required to attend such programs during a summer school session, or during an intersession in the case of year-round schools. The per pupil funding amount is based on a portion of SOQ Basic Aid instructional costs.	$((\text{Per Pupil Amount} \times \text{Eligible Number of Students}) \times (1 - \text{Composite Index})) = \text{State Share}$

Direct Aid to Public Education - Program and Formula Descriptions			
Projected FY 2019 and FY 2020 Payments Based on the Amendments Adopted by the 2019 General Assembly to the Governor's Amended 2018-2020 Biennial Budget As Introduced (HB 1700/SB 1100)			
Type	Program	Program Description	Formula Description
SOQ	English as a Second Language	State funds are provided to support local school divisions providing the necessary educational services to children not having English as their primary language. The funding supports the salary and benefits cost of instructional positions at a standard of 17 positions per 1,000 ESL students.	$((\text{Seventeen teachers per 1,000 ESL students} \times \text{Average salary and fringe benefits}) \times (1 - \text{Composite Index})) = \text{State Share}$
Incentive	Compensation Supplement (FY 2020 Only)	Compensation supplement funding covers the state share of cost (including fringe benefits) for a percentage-based salary increase for funded SOQ instructional and support positions. The compensation supplement is contingent upon a stable general fund revenue forecast for FY20.	$((\text{Per Pupil Amount} \times \text{Adjusted ADM} \times (1 - \text{Composite Index}) + \text{State Share of ESL} + \text{State Share of AYGS} + \text{State Share of Alt. Ed. Compensation Supplement})) = \text{Total State Share.}$
Incentive	Special Education - Regional Tuition	Regional tuition reimbursement funding provides for students with low-incidence disabilities who can be served more appropriately and less expensively in a regional program than in more restrictive settings. A joint or a single school division operates regional special education programs. These programs accept eligible children with disabilities from other local school divisions. All reimbursement is in lieu of the per pupil basic operation cost and other state aid otherwise available.	Reimbursement of the state share (based on the composite index) of approved tuition costs for eligible students with disabilities at approved regional special education programs.
Incentive (Split Funded in Lottery)	At-Risk (General Fund)	State payments for at-risk students are disbursed to school divisions based on the estimated number of federal free lunch participants in each division to support programs for students who are educationally at-risk. Funding is provided as a percentage add-on to Basic Aid to support the additional costs of educating at-risk students.	Funding is based on the percentage of students eligible for free lunch $\times$ Current year unadjusted ADM = Estimated number of students eligible for free lunch $\times$ (Add-on weight ranging from 1.0% to 14.5% in FY 19 and 1.0% to 16.0% in FY 20 on a sliding scale based on free lunch eligibility rate) $\times$ Basic aid per pupil amount $\times$ (1 - Composite Index) $\times$ 100% = State Share.
Incentive	Governor's Schools	These programs provide gifted and talented high school students an opportunity to study with fellow students of similar interest and abilities from across the Commonwealth. The schools offer specialized curriculum offerings. State funds are provided to assist with the state share of the incremental costs of operations during the school year. These funds are not to be used for capital outlay, structural improvements, renovations, or fixed equipment costs. Funds may be used for the purchase of instructional equipment.	The academic year Governor's School per pupil amount is multiplied by the final or projected enrollment of each division participating in the Governor's School (up to an enrollment cap of 1,800 in fiscal year 2019 and 2020) and adjusted for the composite index. For summer Governor's Schools and Summer Foreign Language Academies, the Board of Education provides assistance for the state share of the incremental cost based upon the greater of the state share of the composite index or 50 percent.
Incentive	Special Education - Vocational Education	These funds are used to support a variety of activities designed to strengthen the preparation of disabled students for transitioning to the work force after completion of high school. Activities include vocational evaluation and initiatives to support employment.	The state funds are provided as a grant to the partnering state agencies
Incentive	Virginia Preschool Initiative Plus (VPI+) (FY 2020 only)	These funds are used to sustain approximately 1,530 student slots of high quality preschool for at risk four year olds within the 13 divisions that participate in the federally-funded Preschool Development Grant program known as Virginia Preschool Initiative Plus. These school divisions shall be responsible for ensuring that all such slots meet expectations set forth in the Department of Education's November 2018 Plan to Ensure High-Quality Instruction in All Virginia Preschool Initiative Classrooms.	In fiscal year 2020, a local match is capped at 40 percent. $\text{VPI Per Pupil Amount} (\$6,326) \times \text{Slots Filled} \times (1 - \text{Composite Index [capped at 0.4000]}) = \text{State Share.}$

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Type	Program	Program Description	Formula Description
Incentive	Small School Division Enrollment Loss (FY 2019 only)	The program allocates funding to eligible small school divisions which have realized and reported to the Department of Education a total of 5% or more decline in ADM from March 31, 2013 to March 31, 2018. Divisions are paid 15% of the loss of the state portion of Basic Aid funding, with a minimum dollar amount for such eligible school divisions of \$75,000. There is no required local match. This payment is made in FY19 only.	For divisions with fewer than 10,000 ADM on March 31, 2018 and a minimum of 5% ADM decline from March 31, 2013 to March 31, 2018, (Basic Aid Per Pupil Amount) x (1-Composite Index) x (ADM Difference) x 15% OR \$75,000, whichever is greater.
Incentive	Math/Reading Instructional Specialists	The Math/Reading Specialist Initiative assigns eligibility based upon the schools that rank lowest on the Spring 2017 SOL math or reading assessment. The state share of funding for a reading or math specialist is available to eligible schools for both years of the biennium. DOE may award any unallocated funds from this initiative to schools eligible for funding under the Early Reading Specialists Initiative. This action distributes state funds to school divisions in a different manner in the 2018-2020 biennium than in fiscal year 2018, but total state funding for the program remains constant.	Number of eligible schools x either Elementary or Secondary Teacher Salary (including benefits and COCA if applicable) x (1 - Composite Index) = State Share
Incentive	Early Reading Specialists Initiative	Schools with a third grade that rank lowest on the reading Standards of Learning assessments will be given priority for the state share of funding for a reading specialist in such schools. Schools receiving state funds in fiscal year 2018 under this initiative are no longer automatically eligible to receive funding in fiscal year 2019 or fiscal year 2020. Unallocated funds from this initiative may be awarded to schools eligible for funding under the Math/Reading Instructional Specialists Initiative. This action distributes state funds to school divisions in a different manner in the 2018-2020 biennium than in fiscal year 2018, but total state funding for the program remains constant.	Number of eligible schools x Elementary Teacher Salary (including benefits and COCA if applicable) x (1 - Composite Index) = State Share
Incentive	Breakfast After the Bell Initiative	The General Assembly's adopted budget makes several language changes to the Breakfast After-the-Bell program. The adopted language increases program eligibility by allowing middle and high schools to volunteer for participation. The required annual report on the educational impact of the program is due from school divisions to DOE by August 31st instead of June 30th; other language changes clarify the types of data that school divisions must submit in the annual report to DOE and that divisions are not eligible for funding in the following year if the August 31st reporting deadline is missed.	The elementary reimbursement rate is held at \$0.05 per meal, but the established rate for middle and high schools is \$0.10. State funding for the program remains unchanged. Lastly, DOE is required to establish criteria for funding priority if the number of applications from eligible schools exceeds the available funding.

**Direct Aid to Public Education - Program and Formula Descriptions**  
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Type	Program	Program Description	Formula Description
Incentive	School Security Equipment Grants	This is a school security equipment grants program to help offset the local costs associated with the purchase of appropriate security equipment that will improve and help ensure the safety of students attending public schools in Virginia. Grant awards are provided on a competitive basis of up to \$250,000 per school division. School divisions are permitted to apply annually for grant funding. For purposes of this program, eligible schools include schools that are subject to state accreditation and reporting membership in grades K through 12 as of September 30, 2018, for the fiscal year 2019 issuance, and September 30, 2019, for the fiscal year 2020 issuance, as well as regional vocational centers, special education centers, alternative education centers, regular school year Governor's Schools, and the Virginia School for the Deaf and the Blind. Funds are awarded on a competitive basis based on points tied to various selection criteria established by VDOE and the Department of Criminal Justice Services.	\$250,000 maximum grant amount per school division. In the event that two or more school divisions became one school division, whether by consolidation of only the school divisions or by consolidation of the local governments, such resulting division shall be provided funding through this program on the basis of having the same number of school divisions as existed prior to September 30, 2000. Localities are required to provide a match for these funds equal to 25 percent of the grant amount. The Superintendent of Public Instruction is authorized to reduce the required local match for school divisions with a composite index of local ability-to-pay below 0.2000. The Virginia School for the Deaf and the Blind is exempt from the match requirement.
Incentive	VPSA Technology	The VPSA Technology program provides grant funding for school divisions to purchase additional technology to support the SOL Technology Initiative. Eligible schools include those reporting membership as of September 30th and are subject to state accreditation requirements, as well as regional centers including vocational centers, special education centers, alternative education centers, academic year Governor's Schools, CodeRVA Regional High School, and the School for the Deaf and the Blind. Funding is also included for the Virginia e-Learning Backpack Initiative to purchase laptop or tablet computers for ninth grade students in high schools that are not fully accredited for two consecutive years. High schools that qualify for these grants will be eligible to receive these grants for a period of up to four years. Note: Beginning with the Spring 2015 grants, eligible schools include only those not fully accredited for the second consecutive year. In addition, for schools that do not have grades 10, 11, or 12, the grants may transition with the students to the primary receiving school for all years subsequent to grade 9. Schools are eligible to receive these grants for a period of up to four years and are not eligible to receive a separate award in the future once the original award period has concluded.	SOL Technology Initiative: Number of eligible schools x \$26,000 per school + \$50,000 for each division. Requires a 20% match from school divisions. Schools that serve only pre-kindergarten students are not eligible for this grant.  e-Learning Backpack Initiative: For each eligible school, \$2,400 + \$400 x number of students reported in ninth grade fall membership.
Categorical	Adult Education	State funds are provided to improve educational opportunities for adults and to encourage the establishment of adult education programs that will enable all adults to acquire basic educational skills necessary to function in a literate society. The program also enables adults to complete secondary school, obtain a GED, or to benefit from job training and retraining programs.	Reimbursements to school division adult education programs are based on a five-year estimate of Virginians without a high school diploma or equivalency by region and use a fixed cost-per-class or fixed cost-per-student.
Categorical	Adult Literacy	State funds for Adult Literacy are appropriated to provide basic educational skills to adults who lack skills necessary for literate functioning.	Funding provided for competitive grants to adult literacy programs delivered by school divisions, community-based organizations, higher education institutions, and state agencies.

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Type	Program	Program Description	Formula Description
Categorical	Virtual Virginia	The Virtual Virginia program creates a statewide online delivery of credit courses and staff development programs to address equity and educational disparity issues in schools across Virginia. The Virtual Virginia program is an on-line, distance-learning program that provides advanced level courses to students in areas of the Commonwealth where a qualified teacher is unavailable, or the number of qualifying students is too few to justify employment of a full-time teacher.	State funds are provided to program providers to hire and supervise teachers, instruct the online courses, develop and update the courses, and operate the technology infrastructure housing the courses.
Categorical	School Lunch	School divisions participating in the National School Lunch Program receive cash subsidies and donated commodities from the U.S. Department of Agriculture for each meal they served. The lunches must meet Federal requirements, and they must offer free or reduced-price lunches to eligible children. This state reimbursement program is required by the National School Lunch Program, the School Breakfast Program, and the After School Snack Program.	State funds are required to meet maintenance of effort and match requirements for the federal funds received for the school lunch programs. The rate of reimbursement for the current fiscal year is determined by the number of reimbursable lunches served during the previous year and the appropriated amount of the State Match funding.
Categorical	Special Education Categorical - Homebound	Homebound funding provides for the continuation of educational services for students who are temporarily confined to their homes for medical reasons. State funds reimburse school divisions for a portion of the hourly rate paid to teachers employed to provide homebound instruction to eligible children.	These funds are based on prior year expenditure data. Divisions are reimbursed a percentage of hourly payments to teachers employed to provide homebound instruction to eligible children. The maximum hourly rate is established annually by the Department of Education, and the reimbursement percentage is based on each locality's composite index.
Categorical	Special Education Categorical - Jails	Local school divisions are reimbursed for the instructional costs of providing special education and related services to children with disabilities in regional or local jails.	Reimbursement of instructional costs of special education for children in regional or local jails.
Categorical	Special Education Categorical - State Operated Programs	Education services are continued for students placed in state-operated facilities. State statute requires the state to provide appropriate education to all children in state hospitals, clinics, detention homes, and the Woodrow Wilson Rehabilitation Center. Education services are provided through contracted services with local school divisions. Funded positions are based on caseloads. A funding amount per position (to cover both personal and non-personal costs) is applied to each position to determine the total amount of funding for each division that provides education services in state operated programs.	Divisions under contract to provide education services are reimbursed for the approved costs of the services provided.
Lottery-Funded Programs	Alternative Education	State funds for Alternative Education programs are provided for the purpose of educating certain expelled students and, as appropriate, students who received long-term suspensions from public schools.	Funding is based on a per pupil amount calculated using a program staffing model. From this calculated per pupil amount, the basic aid per pupil amount by division is deducted to determine an "add-on" per pupil amount for each division for alternative education. The number of alternative education slots per division is then multiplied by the add-on per pupil amount and adjusted for the composite index.
Lottery-Funded Programs	Career and Technical Education - Adult Education	Adult Education funds provide adult education for persons who have academic disadvantages, and who have limited English-speaking abilities. These funds pay for full-time and part-time teacher salaries and supplements to existing teacher salaries.	Funding is based on a pro-rata distribution of a fixed per pupil amount calculated based on prior year expenditures.

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Type	Program	Program Description	Formula Description
Lottery-Funded Programs	Career and Technical Education - Equipment	Career and technical allocations for equipment are used in the following areas: Agricultural Education; Business and Information Technology; Career Connections; Family and Consumer Sciences; Health and Medical Science Education; Marketing; Technology Education; and Trade and Industrial Education.	Vocational education equipment allocations are calculated using a base division allocation of \$2,000, with the remainder of funding distributed on the basis of student enrollment in secondary vocational-technical courses. State funds received for secondary vocational-technical equipment must be used to supplement, not supplant, any funds currently provided for secondary vocational-technical equipment within a locality. Additional targeted grants are made to eligible school divisions to support equipment for high-demand, high-skill, fast-growth industry sectors.
Lottery-Funded Programs	Career and Technical Education - Occupation Prep	Occupation Prep funds are used to provide a portion of the salary of principals and assistant principals of divisional vocational technical centers and assistant principals at regional vocational centers, which are not required in the Standards, and therefore, not funded through Basic Aid. These funds also pay a portion of the cost of extended contracts for vocational teachers.	Funding is based on a pro-rata distribution of a fixed per pupil amount calculated based on prior year expenditures.
Lottery-Funded Programs	Early Reading Intervention (SOQ Requirement)	The Early Reading Intervention program is designed to reduce the number of students needing remedial reading services. Program funds are used by local school divisions for: special reading teachers; trained aides; full-time early literacy tutors; volunteer tutors under the supervision of a certified teacher; computer-based reading tutorial programs; aides to instruct in class groups while the teacher provides direct instruction to the students who need extra assistance; or extended instructional time in the school day or year for these students.	Funding is based on a ratio of one teacher per five students in kindergarten through third grade at 100% of the eligible student population for kindergarten and grades 1, 2, and 3. The estimated number of eligible students is based on the percentage of students identified as needing intervention using the PALS diagnostic multiplied by total fall membership in each grade. The 5:1 ratio is applied to the eligible student population and then multiplied by 36 weeks x 2 1/2 hours per week = hours of service x hourly rate) x (1 - SOQ Composite Index) = State Share
Lottery-Funded Programs (Split Funded in Incentive)	At-Risk (Lottery)	State payments for at-risk students are disbursed to school divisions based on the estimated number of federal free lunch participants in each division to support programs for students who are educationally at-risk. Funding is provided as a percentage add-on to Basic Aid to support the additional costs of educating at-risk students.	Funding is based on the percentage of students eligible for free lunch x Current year unadjusted ADM = Estimated number of students eligible for free lunch x (Add-on weight ranging from 1.0% to 14.5% in FY 19 and 1.0% to 16.0% in FY 20 on a sliding scale based on free lunch eligibility rate) x Basic aid per pupil amount x (1 - Composite Index) x 100% = State Share.

**Direct Aid to Public Education - Program and Formula Descriptions**  
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Type	Program	Program Description	Formula Description
Lottery-Funded Programs	Foster Care	Foster care funding provides reimbursement to localities for educating students in foster care that are not residents of their school division. State funds are provided for prior year local operations costs for each pupil not a resident of the school division providing his education if the student has been placed in foster care or other custodial care within the geographical boundaries of such school division by a Virginia agency, whether state or local, which is authorized under the laws of the Commonwealth to place children. Funds also cover children who have been placed in an orphanage or children's home which exercises legal guardianship rights, or who is a resident of Virginia and has been placed, not solely for school purposes, in a child-caring institution or group home. Funds are also provided to support handicapped children attending public school who have been placed in foster care or other such custodial care across jurisdictional lines.	Prior year total per pupil expenditure for operations for each division from Table 15 of the Superintendent's Annual Report are divided by the number days of instruction in each division to yield a cost per day per division. Cost per day figure x Number of days eligible foster care students were served by the school division as reported by the division = Standard Foster Care Reimbursement. Statewide weight for handicapping condition x Standard foster care cost per day = Total special education foster care cost per day. Total special education foster care cost per day x total number of student days reported in each handicapping condition = State cost for special education foster care. The sum of the cost for each handicapping condition = Special Education Foster Care Reimbursement.
Lottery-Funded Programs	ISAEP	An Individual Student Alternative Education Plan (ISAEP) may be developed when a student demonstrates substantial need for an alternative program, meets enrollment criteria, and demonstrates an ability to benefit from the program. The need is determined by a student's risk of dropping-out of school. Programs must comply with the provisions of §22.1-254D, Code of Virginia.	Funding is based on submitted reimbursement requests, up to the approved allocation for the year.
Lottery-Funded Programs	K-3 Primary Class Size Reduction Program	State funding is disbursed to school divisions as an incentive payment for reducing ratios and class sizes in grades kindergarten through three below the required SOQ standard of a 24:1 pupil-teacher ratio. Payments are based on the incremental cost of providing the lower ratios and class sizes based on the lower of the statewide average per pupil cost of all divisions or the actual division per pupil cost. Schools with three-year average free lunch eligibility percentages of 30 percent and greater are eligible for funding. The required ratios range from 19:1 and may go as low as 14:1 based on the free lunch eligibility rate of the eligible school. Eligible school list and funding based on Fall Membership enrollment.	((K-3 Fall Membership for eligible schools x eligible per pupil amount) x (1 - Composite Index)) = State Share
Lottery-Funded Programs	Mentor Teacher.	Funds are allocated to provide grants to school divisions providing mentors for new teachers with zero years of teaching experience.	Funding is provided as a per teacher amount, based on the proportional share of new teacher requests submitted by each school division to the total state funding.
Lottery-Funded Programs	Supplemental Lottery Per Pupil Allocation	School divisions are permitted to spend such funds on both recurring and nonrecurring expenses in a manner that best supports the needs of the school divisions. There is no required local match.	The available funds are used to calculate a lottery per pupil amount, distributed based on the state share of the per pupil amount using the division's ADM and composite index. ((Supplemental Lottery Per Pupil Amount x Unadjusted ADM) x (1 - Composite Index)) = State Share

Direct Aid to Public Education - Program and Formula Descriptions			
Projected FY 2019 and FY 2020 Payments Based on the Amendments Adopted by the 2019 General Assembly to the Governor's Amended 2018-2020 Biennial Budget As Introduced (HB 1700/SB 1100)			
Type	Program	Program Description	Formula Description
Lottery-Funded Programs	Project Graduation	The purpose of Project Graduation is to provide funding for school divisions to assist high school students to pass end-of-course Standards of Learning assessments in English:Reading, English:Writing, Algebra I, Geometry, Algebra II, science, and/or history, in order to complete their diploma requirements.	Program distributions are based on the number of failures on SOL end-of-course assessments in a division compared to the statewide total of failures. Funding amounts are adjusted based upon the composite index, and a minimum floor and a maximum level of funding is provided. Recurring funding begins each January.
Lottery-Funded Programs	School Breakfast Program	Local school food authorities administer the School Breakfast Program at the local level. Participating schools must serve breakfasts that meet federal nutrition standards, and must provide free and reduced-price breakfasts to eligible children. This funding provides an incentive to increase student participation in the school breakfast program and to leverage increased federal funding resulting from higher participation.	This state reimbursement program provides up to a \$0.22 per meal reimbursement to school divisions that increase the number of breakfasts served to students. The reimbursement is based on breakfast meals per pupil served in the prior year in excess of the fiscal year 2004 baseline.
Lottery-Funded Programs	SOL Algebra Readiness (SOQ Requirement)	Funding is based on the estimated number of 7th and 8th grade students who are at-risk of failing the Algebra I end-of-course. This number is approximated based on the free lunch eligibility percentage for the school division.	$((\text{Total number of students in eligible grades} \times \text{Division free lunch eligibility percentage}) / 10 [\text{student to teacher ratio of 10 to 1}]) \times 36 \text{ weeks} \times 2\text{-}1/2 \text{ hours of instruction per week} = \text{Hours of service} \times \text{Hourly costs of teaching services} \times (1 - \text{Composite Index}) = \text{State Share.}$
Lottery-Funded Programs	Supplemental Basic Aid	This program allows eligible school divisions to enter into certain cost-savings agreements with a contiguous school division for the consolidation or sharing of educational, administrative, or support services. Upon approval of the cost-savings agreement, the school division then receives the state share for Basic Aid computed on the basis of the composite index of local ability-to-pay of the contiguous school division. Only school divisions with fewer than 350 students in ADM of the previous year are eligible for this funding.	$(((\text{Basic Aid Per Pupil Amount} \times \text{Adjusted ADM}) - \text{Sales Tax}) \times (1 - \text{Contiguous School Division's Composite Index})) - \text{Basic Aid Entitlement} = \text{State Share}$
Lottery-Funded Programs	Virginia Preschool Initiative	The Virginia Preschool Initiative provides funding for programs for unserved, at-risk four-year-old children, which include quality preschool education, health services, social services, parental involvement, and pupil transportation. Programs must provide full-day or half-day and, at least, school-year services. Educational services may be delivered by both public and private providers.	$\text{Projected number of four-year-olds (based on projected kindergarten enrollment updated once each biennium as of the Governor's Introduced Biennial Budget)} \times \text{percent of students eligible for free lunch} = \text{Estimated number of four-year-olds at-risk (minus the number of four-year-olds served by Head Start programs)} = 100 \text{ percent of unserved at-risk four-year-olds. Estimated unserved at-risk four-year-olds} \times \$6,326 \text{ (or } \$3,163 \text{ for half-day programs)} \times (1 - \text{Composite Index [capped at } 0.5000]) = \text{State Share.}$