

Eligibility Criteria and Procedures for Supplemental Funding for School Divisions in the Commonwealth of Virginia That Enter Into Cost-Saving or Service-Sharing Agreements

Purpose

Section 22.1-98.2, *Code of Virginia*, directs the Board of Education to develop eligibility criteria for cost-saving and service-sharing agreements for school divisions that enter into such agreements with contiguous school divisions. School divisions serving fewer than 1,100 students in the prior school year, having a local composite index of .6000 or greater, and having 65 percent or more of their local taxes coming from real estate taxes that enter into such an agreement with a contiguous school division are eligible to receive the state share for basic aid computed on the basis of the composite index of the contiguous school division, calculated annually, for 15 years.

The Governor must approve the adjustment to the state share for basic aid prior to the disbursement of funds. The Department of Education must annually report to the Chairmen of the House Appropriations and the Senate Finance Committees the cost saving arrangements made, and the adjusted state shares of basic aid approved by the Governor.

Definitions

Eligible school divisions: School divisions that served less than 1,100 students in the prior school year, have a local composite index of .6000 or greater, and have 65 percent or more of their local taxes coming from real estate taxes. Chapter 705 (2008 Acts of Assembly) allowed that school divisions that were receiving funds appropriated pursuant to Section 22.1-98.2, *Code of Virginia*, prior to adoption of the revised criteria in Chapter 705 shall continue receiving such funds on the same basis as prior to July 1, 2008. To this end, Highland County Public Schools may qualify to receive these funds so long as it serves fewer than 350 students.

Cost-saving or service-sharing agreements: A formal agreement executed between the eligible school division and one or more contiguous school divisions. This agreement must be evidenced by a written document that bears the original signatures of the superintendents of the participating school divisions. The agreement must contain sufficient information to demonstrate how the agreement meets the eligibility criteria.

Additional State Share of Basic Aid: The difference between the Basic Aid entitlement the eligible school division would normally receive and that which it would receive using the lowest composite index of a contiguous school division participating in the agreement.

Eligibility Criteria

Agreements submitted by an eligible school division to the Department of Education must be made with a contiguous school division and must demonstrate how the agreement meets the following criteria:

- evidence of one or more shared services with another school division; or

- evidence of the savings or cost increases avoided as a result of shared services or a cooperative agreement for purchasing or other administrative practice; or
- evidence that a savings has been achieved by contracting services with another school division.

The agreement must include a statement of assurance that it complies with all federal, state, and local laws and regulations.

Examples of agreements that may meet these criteria include, but are not limited to, those that:

1. provide for the consolidation or sharing of specialized educational services or educational support services;
2. provide for the consolidation or sharing of specialized educational facilities in instructional areas such as career and technical education;
3. identify administrative or support services that are duplicative and establish a process for the consolidation or sharing of administrative or support services;
4. provide for joint professional development services;
5. provide for the consolidation or sharing of technology applications and support;
6. provide for the consolidation or sharing of operations and maintenance and custodial services;
7. provide for shared, bulk, or volume purchasing; and
8. provide for privatization or outsourcing of support services with a contiguous school division.

Procedures

To be considered for adjusted Basic Aid funding under Section 22.1-98.2, *Code of Virginia*, a school division must submit to the Department of Education a cost-saving or service-sharing plan with a contiguous division prior to September 1 of each fiscal year.

The content of the submitted cost-saving or service-sharing plan must meet the above listed criteria.

Receipt of adjusted Basic Aid funding will begin after approval of the plan by the Department of Education and approval of the adjusted payment by the Governor of Virginia.

The additional Basic Aid payments will be computed for the eligible school division on the basis of full year funding using the lowest composite index of a contiguous school division participating in the agreement.

All payments of additional Basic Aid pursuant to these procedures are subject to appropriation of state funds for this purpose.

State funding of additional Basic Aid does not reduce the required local effort of the eligible school division.

References

- Section 22.1-98.2, *Code of Virginia*
- Chapter 890, 2011 Acts of Assembly