



VIRGINIA BOARD OF EDUCATION

AGENDA ITEM

Agenda Item: B

Date: September 15, 2022

Title: Final Review of Guidelines and Criteria for the Award and Distribution of Lab School Start-up and Per-Pupil Funding Grants

Presenter: McKenzie Snow, Deputy Secretary of Education

Email: labschools@doe.virginia.gov **Phone:** 804-786-1151

Purpose of Presentation:

Action required by state or federal law or regulation.

Executive Summary

College Partnership Laboratory Schools (or Lab Schools) are public schools that are designed and initiated by institutions of higher education (IHEs). These schools leverage the resources, expertise, and capacity based at IHEs to provide inventive educational service delivery models to students. Governor Youngkin has committed to expanding the number of Lab Schools in Virginia to increase choice and opportunity, inspire innovation, and promote achievement in preK-12 public education. In line with this vision, during its 2022 Special Session, the General Assembly appropriated \$100M into the College Partnership Laboratory Fund (Fund) to support the development and implementation of new Lab Schools in the Commonwealth.

The \$100M appropriation is allotted for the following uses:

- \$5M for planning grants to support eligible entities in the design of new college Lab Schools and to assist in drafting and submitting a Lab School application to the Board.
- \$20M for initial start-up grants for approved lab schools to make one-time purchases for expenses necessary to launch a Lab School, such as staff recruitment, technology and material purchases, etc.
- \$75M (or the balance of the fund) for per-pupil operating grants to support ongoing expenses for the operation and maintenance of a Lab School.

The budget language also requires the Virginia Board of Education (Board) to issue guidelines for the award and distribution of grant money prior to distribution.

The *Guidelines and Criteria for the Award and Distribution of Lab School Start-up and Per-Pupil Funding Grants* set the parameters for how the initial start-up costs (\$20M) and per-pupil operating funding grants (\$75M) shall be administered, including the process for reviewing requests, how award amounts will be determined, permissible expenditures, and accountability measures for the use of the grant funding. These guidelines and criteria are a complement to the Board's [Virginia College Partnership Laboratory School application and application process](#), previously approved by the Board in January 2011. The Board also previously approved its *Guidelines and Criteria for the Award and Distribution of Lab School Planning Grant Funding* at its August 2022 business meeting.

Following Board approval, the guidelines will be posted in Town Hall for a 30-day public comment period, pursuant to the Administrative Process Act.

Action Requested:

Final review: Action requested at this meeting.

Superintendent's Recommendation

The Superintendent of Public Instruction recommends that the Board of Education approve the *Guidelines and Criteria for the Award and Distribution of Lab School Start-up and Per-Pupil Funding Grants*.

Previous Review or Action:

Date: August 17, 2022

Action: First Review

Background Information and Statutory Authority:

During its 2022 Special Session, the General Assembly appropriated \$100M into the College Partnership Laboratory Fund (Fund) to support the development and implementation of new Lab Schools in the Commonwealth. The appropriation language is found in [Item 137.C.44](#) and reads:

a. Out of this appropriation, \$100,000,000 the first year from the general fund shall be deposited to the College Partnership Laboratory Schools Fund established pursuant to § 22.1-349.2, Code of Virginia.

b. The Board of Education is authorized to award up to \$5,000,000 from the College Partnership Laboratory Schools Fund for planning grants to entities pursuing the creation of new college partnership laboratory schools.

c. The Board of Education is authorized to award up to \$20,000,000 from the College Partnership Laboratory Schools Fund to approved college partnership laboratory schools to assist with initial startup costs.

d. The Board of Education is authorized to distribute remaining amounts from the College Partnership Laboratory Schools Fund to support per-pupil costs for approved college partnership laboratory schools.

e. Prior to the disbursement of funds from the College Partnership Laboratory Schools Fund, the Board of Education shall establish guidelines for the distribution and award of these funds and submit such guidelines to the Chairs of the House Appropriations and Senate Finance and Appropriations Committees by December 1, 2022. Such guidelines shall consider and be consistent with the distribution of state funds for Standards of Quality, Categorical, Incentive and Lottery program per-pupil costs.

f. Notwithstanding the provisions of subsection A of § 22.1-349.1, Code of Virginia, for the purpose of this Item, a "college partnership laboratory school" means a public, nonsectarian, nonreligious school in the Commonwealth established by a baccalaureate public institution of higher education.

g. All funds that have not been obligated for approved college partnership laboratory schools as of June 30, 2024 shall revert to the general fund.

In addition to the \$100M appropriation, the General Assembly amended the statutory definition of a Lab School to allow all public IHEs, certain private IHEs, and other higher education entities to submit a lab school application to the Board. These same entities are also eligible to apply for grant money from the Fund. The budget language that directed the statutory change is found in [Item 4-14](#) and reads:

19. That § 22.1-349.1 of the Code of Virginia is amended and reenacted as follows:

§ 22.1-349.1. Definitions; objectives.

A. As used in this chapter, unless the context requires a different meaning:

"At-risk student" means a student having a physical, emotional, intellectual, socioeconomic, or cultural risk factor; as defined in Board criteria, that research indicates may negatively influence educational success.

"College partnership laboratory school" means a public, nonsectarian, nonreligious school in the Commonwealth established by a public institution of higher education ~~or private institution of;~~ public higher education that operates a teacher education program approved by the Board center, institute, or authority; ~~center, institute, or authority;~~ or an eligible institution as defined in § 23.1-628.

Notwithstanding the provisions of § 22.1-349.5, a public institution of higher education; a public higher education center, institute, or authority; or an eligible institution as defined in § 23.1-628 may submit an application for formation of a college partnership laboratory school. ...

Item 137.C.44, which appropriates the \$100M to the Fund, requires that the Board establish guidelines for the distribution and award of these funds. These guidelines and criteria must be transmitted to the General Assembly by December 1, 2022.

The attached document serves as the guidelines and criteria for two of the Fund's three grant programs: (1) initial start-up cost grants (\$20M); and (2) per-pupil operating funding (\$75M). Virginia Department of Education (VDOE) staff combined the proposed initial start-up and per-pupil operating funding grant guidelines and criteria into a single document as both grant programs are contingent on a Lab School already being approved by the Board. As part of the Lab School application submission, review, and approval process, an eligible institution will have already demonstrated the need for and viability of the proposed Lab School. With its application, an eligible entity must submit details about their enrollment estimates as well as their initial and five-year projects of revenues, costs, and cash flow balances. This data will inform the award and distribution of both initial start-up cost and per-pupil operating funding grants.

As established in the guidelines and criteria, the initial start-up grants are only meant to support one-time costs such as short-term staffing needs, materials and supplies, and limited, one-time renovations to prepare spaces for classroom instruction, etc. Recurring costs and major capital expenditures for land acquisition, new construction, building-wide renovations, or IT system development are not permitted. The total amount for an initial start-up grant request is limited to \$1M. In addition to the details provided with their Lab School application, the newly-approved Lab School must also complete a form with certain financial information for VDOE to determine the award amount and deliverable assurances.

Per-pupil operating funding grants are meant to help mitigate the recurring costs associated with school operation and maintenance. Types of common allowable expenditures include salaries and benefits of instructional and support staff, leased facilities used for lab school instruction, materials and supplies, etc. As with initial start-up grants, major capital expenditures for land acquisition, new construction, building-wide renovations, or IT system development are not permitted. The total amount for a per-pupil operating funding grant request amount is limited to the total state and local share of funding for the fiscal year based on those Standards of Quality (SOQ), Categorical, Incentive and Lottery line-items distributed on a per-pupil cost basis using March 31 average daily membership. The total state and local share of funding per-pupil cost amount will be calculated by VDOE using the average statewide per-pupil cost for the noted

budget line-items and the awardee's proposed estimated number of students to be enrolled in the Lab School.

VDOE staff has proposed that the authority to administer and award initial start-up cost and per-pupil operating funding grants be delegated to VDOE. Awards would be distributed consistent with the Board's guidelines and criteria but this procedural provision would allow for grant funds to be awarded on a rolling basis rather than on a month-to-month basis as the Board would be able to convene and approve.

Timetable for Further Review/Action:

Upon approval, the initial start-up and per-pupil grant funding request information will be posted on the VDOE website and shared with interested eligible entities, lab school applicants, local school divisions, and the general public. Additionally, the guidelines will be posted in Town Hall for a 30-day public comment period, pursuant to the Administrative Process Act.

Impact on Fiscal and Human Resources:

Grant funding from the College Partnership Laboratory Fund will be administered and awarded by VDOE staff, and therefore, will require significant staff time and capacity. Additional human resources will likely be required to support the review and facilitation of grant awards, depending on pace and volume.



COLLEGE PARTNERSHIP LABORATORY SCHOOLS FUND

GUIDELINES AND CRITERIA FOR THE AWARD AND DISTRIBUTION OF LAB
SCHOOL START-UP AND PER-PUPIL OPERATING FUNDING GRANTS
FOR APPROVED LAB SCHOOLS

DRAFT

VIRGINIA BOARD OF EDUCATION

PURPOSE OF COLLEGE PARTNERSHIP LABORATORY SCHOOLS

College Partnership Laboratory Schools (Lab Schools) have fueled innovation and excellence in preK-12 education across the nation. Some of the nation's most prestigious schools were started as Lab Schools, and many of the most successful preK-12 institutions serving students with learning disabilities or particular talents and interests are Lab Schools. Virginia has identified Lab Schools as a critical part of ensuring a high-quality, innovative, and diverse educational ecosystem in the Commonwealth.

These guidelines provide the opportunity for eligible entities approved by the Virginia Board of Education (Board) and awarded a contract to create a new College Partnership Laboratory School to apply for initial start-up and per-pupil operating funding grants. The start-up grant will support the launch of new Lab Schools by entities approved by the Board and awarded a contract to create a new college partnership laboratory. The per-pupil operating funding grant will provide up to three years of support for approved Lab Schools, with priority for those launching in school year 2023-2024. Grant awards will be distributed in accordance with state priorities to ensure new Lab Schools are designed to improve student academic proficiency, mastery, college- and career-readiness, and long-term outcomes, especially for at-risk students, across the Commonwealth.

BACKGROUND OF THE COLLEGE PARTNERSHIP LABORATORY SCHOOL FUND

The College Partnership Laboratory Schools Fund (Fund), set out in § [22.1-349.2](#) of the *Code of Virginia*, was first established in 2010 for the purpose of establishing and supporting College Partnership Laboratory Schools. During its 2022 Session, the General Assembly appropriated \$100,000,000 to the Fund through the 2022 Appropriation Act.

The Board is authorized to 1) award up to \$20,000,000 from the Fund for **initial start-up cost funding grants** (start-up) for entities approved by the Board and awarded a contract to create a new Lab School, and 2) to distribute remaining amounts (\$75,000,000 or more) in **per-pupil operating funding grants** (per-pupil) from the Fund for entities with approved Lab Schools.

Section [22.1-349.2](#) of the *Code of Virginia* and [Item 137.C.44](#) of the 2022 Appropriation Act direct the Board to establish criteria and guidelines for the distribution and award of moneys from the Fund prior to disbursement.

This document provides the required criteria and guidelines for the award and distribution of **start-up costs and per-pupil operating funding grant** money from the Fund.

DEFINITIONS

GRANT AWARDEE

A “grant awardee” or “awardee” is the primary entity approved by the Board and awarded a contract to create a new College Partnership Laboratory School and must be a public institution of higher education, public higher education center, institute, or authority; or an eligible private institution of higher education as defined in § [23.1-628](#) related to the Tuition Assistance Grant Program.

COLLEGE PARTNERSHIP LABORATORY SCHOOL

Pursuant to § [22.1-349.1\(A\)](#) of the *Code of Virginia*, as amended by Chapter 2 of the 2022 Acts of Assembly, Special Session I, a "College Partnership Laboratory School" means a public, nonsectarian, nonreligious school in the Commonwealth established by a public institution of higher education, public higher education center, institute, or authority; or an eligible private institution of higher education as defined in § [23.1-628](#) related to the Tuition Assistance Grant Program. Section [22.1-349.1\(B\)](#) states that Lab Schools are designed to “(i) stimulate the development of innovative education programs for preschool through grade 12 students; (ii) provide opportunities for innovative instruction and assessment; (iii) provide teachers with a vehicle for establishing schools with alternative innovative instruction and school scheduling, management, and structure; (iv) encourage the use of performance-based educational programs; (v) establish high standards for both teachers and administrators; (vi) encourage greater collaboration between education providers from preschool to the postsecondary level; and (vii) develop models for replication in other public schools.”

AT-RISK STUDENT

Pursuant to § [22.1-349.1\(A\)](#) of the *Code of Virginia*, an “at-risk student” means “a student having a physical, emotional, intellectual, socioeconomic, or cultural risk factor that research indicates may negatively influence educational success.” For the purpose of these guidelines and any planning grant awards, “at-risk students” include (1) students who have experienced learning loss as the result of the COVID-19 pandemic; (2) students served by low-performing schools that are designated as “accredited with conditions” or “accreditation denied” based on the Virginia Board of Education’s accreditation ratings; and (3) students attending schools identified under the Every Student Succeeds Act within three support categories: (i) Comprehensive Support and Improvement, (ii) Targeted Support and Improvement, or (iii) Additional Targeted Support Category.

REGIONAL DIVERSITY

For the purpose of these guidelines, regional diversity reflects representation from each of the Virginia Department of Education’s (Department) eight Superintendent [regions](#).

REQUESTING START-UP GRANT FUNDING MONEYS

START-UP FUNDING GRANT REQUEST REQUIRED COMPONENTS

A grant awardee's request for start-up funding grant moneys must include, on a grant request form to be provided by the Department, the following information:

- The total start-up funding grant request amount for start-up costs not exceeding \$1,000,000, with additional funding considered on a case-by-case basis and in accordance with available funds; and
- From the approved Lab School Application, including notations on any adjustments:
 - The financial plan, including a line-item budget indicating how the requested funds will be used;
 - The timeline for use of start-up grant funds during the grant term with corresponding benchmarks and deliverables; and
 - A description of the community-based partnerships (i.e. businesses, organizations, local school boards, etc.) which have been secured and maintained to ensure the on-going programmatic, financial, and operational success and sustainability of the Lab School.

PERMISSIBLE EXPENDITURES

The line-item budgets for start-up funding grant requests shall only include allowable, reasonable, and necessary expenses supporting Lab School implementation and operation. Line items of start-up funding grant requests are subject to review and approval in any award. In the event of Lab School closure, any remaining inventories of materials/supplies or assets purchased with start-up funding grants are subject to return to the Department. Permissible expenditures for start-up grant funding will be determined consistent with the following:

- Expenses to be supported with start-up funding grants should be one-time in nature, and not recurring costs;
- Common allowable expenditures include short-term staffing during start-up and implementation, consultants, contracted services, materials and supplies, technology devices, meeting costs, necessary travel and per diems;
- Start-up grant funds may be used for limited, one-time renovation or alteration of instructional spaces to prepare them for classroom instruction, as well as purchase of classroom materials, equipment, and furnishings; and
- Major capital expenditures for land acquisition, new construction, or building-wide renovations are not permitted.

REQUESTING PER-PUPIL OPERATING GRANT FUNDING MONEYS

PER-PUPIL OPERATING FUNDING GRANT REQUEST: REQUIRED COMPONENTS

A grant awardee's request for per-pupil operating funding must include, on a grant request form to be provided by the Department, the following information:

- The total per-pupil operating funding grant request amount;
- A per-pupil operating funding grant request amount that does not exceed the average per pupil state-projected funding to educate a student, meaning the statewide average total

per-pupil funding, including state and local shares, for the fiscal year based on those Standards of Quality (SOQ), Categorical, Incentive and Lottery line-items designated in the current state budget for distribution on a per-pupil cost basis using March 31 average daily membership.

- These per-pupil cost budget line-items currently include: SOQ Basic Aid, Textbooks, Special Education, Career and Technical Education, Prevention, Intervention, and Remediation, Gifted, and Fringe Benefits; Compensation Supplement; At-risk; and Infrastructure and Operations per-pupil Allocation.
- The total state and local share of funding amount will be calculated by the Department based on the statewide average total per-pupil cost for the budget line-items listed above and based on the awardee's proposed estimated number of students to be enrolled in the Lab School; such total amount will be communicated by the Department to the awardee as part of the per-pupil grant funding request process.
- From the approved Lab School Application, including notations on any adjustments:
 - A financial plan, including a line-item budget indicating how the requested per-pupil grant funds will be used;
 - A timeline for use of per-pupil grant funds during the grant term with corresponding benchmarks and deliverables; and
 - A description of the community-based partnerships (i.e. businesses, organizations, local school boards, etc.) which have been secured and maintained to ensure the on-going programmatic, financial, and operational success and sustainability of the Lab School.
- Per-pupil operating funding grant disbursements during the school year will be based on the initial per-pupil operating funding grant award amount. The Department will reconcile the initial per-pupil operating funding grant amount based on final enrollment reported by the Lab School as of March 31 to determine the final grant award amount; and
 - The per-pupil operating funding grant amount will be increased if, as of March 31, enrollment increases compared to the initial enrollment estimate and there are sufficient moneys in the Fund available to do so; and
 - The per-pupil operating funding grant amount will not decrease if, as of March 31, enrollment decreases by 20 percent or less than the awardee's initial pupil enrollment estimate; however, the grant amount will be decreased for enrollment decreases more than 20 percent compared to the awardee's initial pupil enrollment estimate.

PERMISSIBLE EXPENDITURES

The line-item budgets for per-pupil operating funding grant requests shall only include allowable, reasonable, and necessary expenses supporting Lab School implementation and operation. Line items of per-pupil operating funding grant requests are subject to review and approval in any award. In the event of Lab School closure, any remaining inventories of materials/supplies or assets purchased with per-pupil funding grants are subject to return to the Department. Permissible expenditures for per-pupil operating funding grants will be determined consistent with the following:

- Common allowable expenditures include salaries and benefits of Lab School instructional and support staff, leased facilities that include the Lab School instruction spaces, consultants, contracted services, materials and supplies, technology devices, meeting costs, necessary travel and per diems;
- Major capital expenditures for land acquisition, new construction, or building-wide renovations are not permitted; and
- Initial limited renovation/alteration of classroom spaces to prepare for Lab School opening should be supported with start-up grant funds.

TIMELINE FOR START-UP AND PER-PUPIL GRANT ACTIVITY

Start-up and per-pupil operating funding grant requests may be awarded during an awardee’s grant term, with staggered distribution of moneys during the term to ensure that awardee is progressing toward the launch, or successful operation, of a Lab School.

Department staff may adjust the above timeline, benchmarks, and deliverables.

SUBMITTING GRANT REQUESTS

Start-up and per-pupil operating funding grant requests must be submitted on the form provided by the Department. Planning grant applications may be submitted by email to labschools@doe.virginia.gov.

ADMINISTRATION OF LAB SCHOOL START-UP AND PER-PUPIL OPERATING FUNDING GRANTS

The Board hereby delegates authority to the Department, which includes the funding evaluation review committee convened by the Department, for awarding and administering moneys from the Fund for start-up and per-pupil operating funding grants, consistent with the above criteria and guidelines.

The Fund will be administered according to state accounting practices and the Code of Virginia.

DETERMINING START-UP AND PER-PUPIL OPERATING FUNDING GRANT AMOUNTS AND DISTRIBUTIONS

- Awards: The Department will only award funds to grant awardees who have been approved by the Board, completed all start-up and per-pupil operating funding request components, and continue to meet all corresponding benchmarks and deliverables;
- Expenditures: The Department will only award funds for allowable expenditures from grant awardees and start-up grant funding shall not exceed \$1,000,000 per Lab School launch application award, with additional funding considered on a case-by-case basis and in accordance with available funds; and

- **Fund Availability:** Applications will be accepted and reviewed and moneys will be distributed on a rolling basis and in a manner that promotes successful sustainability of Lab Schools and priorities. If there are inadequate funds to meet a grant awardee’s request, a waiting list will be maintained.

RIGHT TO CONDUCT FINANCIAL REVIEW

Awarded start-up and per-pupil operating funding should only be used for allowable, reasonable, and necessary costs. The Department reserves the right to request a financial review to assess start-up and per-pupil operating funding grant progress or expenditures during the grant awardee’s term to ensure the awardee is meeting, or is capable of meeting, the timeline for the grant activity.

The Department may withhold any unspent grant moneys, or alter disbursements from the Fund to an awardee based on approved expenses, if (1) the awardee does not meet a benchmark designated on the start-up or per-pupil operating funding grant timeline; or (2) a financial review reveals grant funds have been misused. The Department must inform the awardee of a change in grant status and disbursement procedure as soon as practicable.

Awardees will be required to submit to a review of start-up and per-pupil operating funding grant expenditures, as well as provide research, deliverables, and any additional information prescribed by the Department.

ADDITIONAL PROTOCOLS FOR FUND ADMINISTRATION

- The Department will review start-up and per-pupil operating funding grant requests within 30 business days of receipt;
- Funds will be disbursed to awardees within 30 business days of Department approval;
- Moneys will be distributed to awardees by the Department from the Fund for allowable, reasonable, and necessary expenses according to the approved timeline of their start-up or per-pupil operating funding grant. In order to be eligible for distribution of moneys, all start-up or per-pupil operating funding grant benchmarks, deliverables, and requirements must have been met;
- Award balances not spent by June 30 of the state fiscal year in which the funds were received may be carried over into the next state fiscal year and must be used for the same program purpose; and
- Awardees must return any unobligated funds at the end of any awardee’s Lab School contract term in accordance with the provisions of the contract.

DEPARTMENT CONTACT FOR PLANNING GRANTS

Questions about the planning grant process should be directed to labschools@doe.virginia.gov.