



VIRGINIA BOARD OF EDUCATION

AGENDA ITEM

Agenda Item: P

Date: December 12, 2023

Title: Report on Rebenchmarking the Cost of the Direct Aid to Public Education Budget for the 2024-2026 Biennium

Presenters: Kent Dickey, Deputy Superintendent of Operations
Ed Lanza, Director of Budgeting

Purpose of Presentation

For information only: No action required.

Executive Summary

This report provides an overview of the cost rebenchmarking process for the 2024-2026 Direct Aid to Public Education budget. Rebenchmarking is the technical process for making standard data updates to Direct Aid formulas for the 2024–2026 biennium to reflect cost changes that occur over time. No changes in policy or funding methodology are made as part of the process. The resulting cost projections are based on currently approved methodologies or directives specifically approved and directed by the General Assembly and the Governor. The process represents the state cost of continuing the current Direct Aid programs in the 2024-2026 biennium with the required technical updates to input data used in the existing funding formulas. Both Standards of Quality (“SOQ”) and non-SOQ funding is impacted by the technical updates of the rebenchmarking process.

The staff report provides an overview of the rebenchmarking process of the Direct Aid to Public Education budget for the 2024–2026 biennium, including input data used in rebenchmarking Direct Aid costs and the incremental cost changes for the 2024–2026 biennium resulting from the biennial data updates. The current fiscal year 2024 Direct Aid budget is the starting base budget against which the rebenchmarking updates are made. The rebenchmarking updates change the costs of programs from this fiscal year 2024 base budget starting point. Rebenchmarking also impacts the cost of the required local share that localities must fund for the SOQ and other Direct Aid programs with a required local match.

Action Requested

No action requested.

Superintendent's Recommendation

The Superintendent of Public Instruction recommends that the Board of Education receive this report from staff on rebenchmarking the cost of the Direct Aid budget for the 2024–2026 biennium.

Previous Review or Action

No previous review or action.

Background Information and Statutory Authority

This item is a report on rebenchmarking the cost of Direct Aid to Public Education budget for the 2024–2026 biennium. The Direct Aid to Public Education budget provides state funding to school divisions for prekindergarten through grade 12 and adult education programs. Rebenchmarking begins the biennial budget development process that involves the Board of Education, the Governor, and the General Assembly. In each odd-numbered year, the cost of the Direct Aid to Public Education budget is rebenchmarked for the next biennium based on established data sources and processes. The rebenchmarked budget represents the state cost of continuing the existing Direct Aid to Public Education programs with biennial updates to the input data used in the funding formulas determining the cost of the programs.

Stakeholder Engagement

VDOE staff worked with various state agencies (Department of Planning and Budget, Department of Taxation, UVA Weldon Cooper Center, Virginia Retirement System) in the rebenchmarking process, including using data sources obtained from these agencies.

Implementation and Communication

VDOE will communicate the results of rebenchmarking the 2024–2026 Direct Aid budget to the Department of Planning and Budget (DPB) for review and inclusion in the Governor's introduced budget for the 2024–2026 biennium. Upon the release of the Governor's introduced budget on December 20, VDOE and DPB will provide additional information on the cost impact of the 2024–2026 rebenchmarking process.

Impact on Fiscal and Human Resources:

The rebenchmarked 2024–2026 Direct Aid budget is sent to the Governor for review and ultimately for inclusion in his budget for the 2024–2026 biennium. This budget will establish the level of state funding (and required local shares of cost) required by the foundation program established in the Standards of Quality (SOQ), as well as other Direct Aid programs. The final

state cost of the 2024–2026 Direct Aid budget is dependent on final technical updates and any funding policy changes affecting cost that are ultimately proposed and enacted.