K-12 Joint Legislative Audit and Review Commission (JLARC)-Related Legislation and Budget Amendments 2025 General Assembly

A watershed report by the Joint Legislative Audit and Review Commission (JLARC) in 2023 outlined both the inadequacy of state funding for public education and the substantial flaws in current state funding formulas. The findings of the report are striking:

- Virginia school divisions receive less K-12 funding per pupil than the 50-state average and the regional average, which equates to approximately $1,900 per pupil in state underfunding of the Commonwealth's students (Virginia schools receive less state funding than most neighboring states including West Virginia and Kentucky). In FY 2025, Fairfax County provided $14,223 per pupil, while the state only provided $5,484 (federal funding per pupil not included).
- The state Standards of Quality (SOQ) formula dramatically underestimates the actual costs of public education, as evidenced by the fact that the SOQ formula provided $6.6 billion less than what was spent by local school divisions in FY 2021. In FY 2023, Fairfax County Public Schools (FCPS) spent $1.2 billion above the SOQ formula's calculated required local effort.
- The SOQ formula systematically underestimates school division costs and continues to use cost reduction measures implemented during the Great Recession (including the support positions ratio cap), artificially lowering the state's funding contributions by hundreds of millions of dollars annually since its adoption in 2009.
- The formula does not adequately account for higher needs students, using a methodology for at-risk students that underestimates the impact of large numbers of students in poverty and schools with a high concentration of poverty.
- The formula fails to account for local labor costs, including competitive salaries required in high cost-of-living regions to attract and retain high-quality personnel.

The 2025 General Assembly (GA) is considering a variety of bills that seek to address the JLARC report's recommendation and policy options – some of the bills a fairly comprehensive while others target specific items highlighted in the JLARC report. Changes are essential to providing the education Virginia's students need to be successful in a global community and economy. The JLARC study provides an opportunity for generational change in state funding for public education. There can simply be no higher priority for the Commonwealth.

OMNIBUS JLARC LEGISLATION

HB 1954 (Rasoul) – Public school funding and staffing; special education students; support services positions.

SUPPORT. Requires state-funded add-ons to be provided to support special education students that are calculated by multiplying weights set forth in the general appropriation act by the relevant basic aid per-pupil amount for each such student. The bill establishes the At-Risk Program for the purpose of supporting programs and services for students who are educationally at risk, including prevention, intervention, or remediation activities required pursuant to relevant law, teacher recruitment programs and initiatives, programs for English language learners, the hiring of additional school counselors and other support staff, and other programs relating to increasing the success of disadvantaged students in completing a high school degree and providing opportunities to encourage further education and training.

The bill also contains provisions relating to certain funding requirements for the At-Risk Program. The bill requires support services positions to be funded based on a calculation of prevailing costs and prohibits support services positions from being subject to any method of funding calculation that caps the number of funded support services positions based on a ratio of such positions to students enrolled the local school division. The bill also requires the Department of Education to develop and implement a data collection process related to English language learner expenditures and student English proficiency levels and identify other options to support English language learners and provide a status report to the Joint Subcommittee on Elementary and Secondary Education Funding on its implementation and data collection efforts by September 1, 2025. Finally, the bill requires the Virginia Department of Education (VDOE), in collaboration with the Virginia Department of Behavioral Health and Developmental Services (DBHDS) or any other relevant stakeholders with expertise in special education as VDOE deems appropriate, to develop a plan for revised special education staffing requirements that addresses the staffing needs of each special education program in each school division as determined by the specific educational and behavioral support needs of students who receive special education and aims to improve special education teacher recruitment and retention and to report its findings to the Joint Subcommittee on Elementary and Secondary Education Funding by November 1, 2025. The bill is a recommendation of JLARC. *Referred to House Appropriations Committee.*

> **Item 125 #3h** (Rasoul) provides $277.5 million General Funds (GF) the second year to (i) eliminate the existing "support cap and (ii) establish a special education add-on.
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> **Item 125 #1h** (Rasoul) directs the Department of Education, for the purpose of determining state and local shares of public education funding, to begin calculating the local composite index (LCI) using a three-year average of available data, in lieu of the current calculation that is based on a single year of data.

SB 977 (Hashmi) – Standards of Quality; certain calculations, support services.
SUPPORT. Requires VDOE (i) in calculating nonpersonal costs in the SOQ funding formula, to include the costs associated with work-related employee travel and leased facilities; (ii) in calculating the deduction of federal funds in the SOQ funding formula, to examine actual school division spending on support costs as a percentage of actual school division spending on all public education costs, with certain exceptions such as food service; (iii) in calculating the costs in the SOQ funding formula beginning with FY 2029, to include all employee benefit costs incurred by a majority of school divisions; (iv) in calculating the cost of salaries under the SOQ funding formula, to include facilities staff and transportation staff salaries in the calculation of any cost of competing adjustment to salaries for instructional and support positions; and (v) in estimating the cost of any compensation supplement for instruction and support positions under the SOQ funding formula, to include and estimate the cost of such a compensation supplement for facilities staff. The bill also prohibits VDOE from applying any cap on inflation rate adjustments to non-personal cost categories during the biennial process of re-benchmarking aid to the public education budget. The bill (a) requires a per-pupil SOQ funding add-on to be provided for each special education student; (b) requires support services positions to be funded based on a calculation of prevailing costs and prohibits such positions from being subject to any method of funding calculation that caps the number of funded support services positions based on a ratio of such positions to students enrolled in the school division, with the exception of certain support services

positions enumerated in the bill; and (c) establishes the At-Risk Program for the purpose of supporting programs and services for students who are educationally at-risk, including programs and services of prevention, intervention, or remediation. *Recommendation 1 (all technical changes), Recommendation 4 (support cap, federal funds deduction), Recommendation 6 (unweighted averages), Recommendation 8 (codify at risk), Policy Option 5 (special education funding add on). Passed the Senate Education and Health Committee and was referred to the Senate Finance and Appropriations Committee.*

Item 125 #7s (Hashmi) provides $1.2 billion GF the second year to support the provisions of SB 977, fully funding the recommendations of the 2023 JLARC report.

Item 125 #6s (Hashmi) provides language to specify that beginning in the 2026-2027 school year and for subsequent rebenchmarking, VDOE shall utilize a three-year average of the most recent available data to calculate the composite index of local ability-to-pay for each school division.

CAP ON STATE FUNDING FOR K-12 SUPPORT POSITIONS

HB 1831 (Simonds)/SB 1236 (Aird) Public schools; certain calculations in Standards of Quality, support services.
SUPPORT. Requires VDOE, (i) in calculating the deduction of federal funds in the SOQ funding formula, to examine actual school division spending on support costs as a percentage of actual school division spending on all public education costs, with certain exceptions such as food service, and (ii) in calculating the costs in the SOQ funding formula beginning with FY 2029, to include all employee benefit costs incurred by a majority of school divisions, including costs related to retirement, health care, life insurance, and payout of earned but unused leave. The bill also requires support services positions to be funded based on a calculation of prevailing costs and prohibits such positions from being subject to any method of funding calculation that caps the number of funded support services positions based on a ratio of such positions to students enrolled in the school division, with the exception of certain support services positions enumerated in the bill. *Recommendation 1 (benefit costs), Recommendation 4 (support cap, federal revenue deduction). HB 1831 passed the House Education Committee and was referred to the House Appropriations Committee. SB 1236 was referred to the Senate Education and Health Committee.*

Item 125 #9h (Simonds) includes $222.9 million GF the second year to implement *JLARC.*

Item 125 #18s (Aird) provides $222.9 million GF the second year to implement *JLARC.*

Item 125 #13s (Boysko) to eliminate the existing support cap that calculates the number of funded support positions based on 24 positions per 1,000 students and revert to the methodology used prior to 2009, based on prevailing staffing ratios.

Item 125 #2h (Bulova) to eliminate the existing support cap that calculates the number of funded support positions based on 24 positions per 1,000 students and revert to the methodology used prior to 2009, based on prevailing staffing ratios.

LINEAR WEIGHTED AVERAGE (LWA)

Item 125 #12h (Keys-Gamarra) provides $205 million GF the second year to use a simple average instead of a linear weighted average when computing state recognized costs in the SOQ formula. The estimated cost reflects JLARC's original estimate, adjusted for inflation.

FLEXIBLE FUNDING FOR MULTILINGUAL LEARNERS SUPPORT

HB 2032 (Reaser) English language learner students; per-student funding add-on, report.
Requires state-funded add-ons to be provided to support English language learner students and requires such add-ons to be calculated by multiplying (i) a weight set forth in the general appropriation act for each English language learner student by (ii) the basic aid per-pupil funding for each such student. The bill requires local funding obligations for such add-ons to be determined by the composite index of local ability-to-pay. The bill also requires VDOE to develop and implement a data collection process related to English language learner expenditures and student English proficiency levels and identify other options to support English language learners and provide a status report to the Joint Subcommittee on Elementary and Secondary Education Funding on its implementation and data collection efforts by September 1, 2025. *Amended by the House Appropriations Committee to require data collection only, with no related funding included. On the House Floor*.

> **Item 125 #14h** (Reaser) provides $55.6 million GF the second year for the state's share of an English Language Learner Add-On payment equal to 8.5 percent of basic aid, based on the estimated number of English Learner students.

Item 125 #9s (Boysko) provides $55.6 million GF the second year to cover the estimated state share of costs for a new flexible add-on for school divisions serving English language learners within the SOQ. When combined with the adjustments in the introduced budget based on updated data, this flexible add-on is intended to advance overall funding for English language learners.

Item 125 #13h (Jones) provides $55.6 million GF the second year for the state's share of an English Language Learner Add-On payment equal to 8.5 percent of basic aid, based on the estimated number of English Learner students.

STATE FUNDING FOR SPECIAL EDUCATION

Item 125 #11s (Favola) provides $74.6 million GF the second year to support the estimated state share of costs for the Flexible Special Education Improvement Incentive, which will be calculated by multiplying six percent by the relevant basic aid per-pupil amount for each special education student in each school division, with higher amounts for students with greater needs. The state share and local match of the total six percent add-on shall be determined by the composite index of local ability-to-pay.)

Item 125 #5h (Coyner) provides $73.9 million GF the second year to establish a supplemental payment to provide support in addition to existing funding for special education positions, calculated based on the state's share of a six percent add on to basic aid for students receiving Level I services and a 12 percent add on to basic aid for students receiving Level II services.

COMPENSATION FOR TEACHERS

HB 1594 (Clark) Average teacher salary in the Commonwealth; national average. Requires the Governor's introduced budget bills for the 2026 and 2027 regular sessions of the GA to propose increased funding to be provided pursuant to the general appropriation act enacted during any regular or special session of the GA during 2026 or 2027 to fund the Commonwealth's share of compensation supplement incentives for SOQ-funded instructional and support positions sufficient to increase the average teacher salary in the Commonwealth to at least the national average teacher salary by the end of the 2026-2028 biennium and establishes a detailed timeline and process for satisfying such requirement. *Referred to the House Appropriations Committee.*

> **Item 125 #10h** (Clark) requires the introduced budgets for the 2026 and 2027 GA sessions to include sufficient funding to support salary increases as required to increase the Virginia teacher salary average to the projected national average by the end of the 2026-2028 biennium.