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

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December 2019

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Section 1

Overview of Educational Services for Henry County and Martinsville City School Divisions

Introduction

It is the purpose of Section 1 to present a comparison of Henry County and Martinsville City School Divisions pursuant to their organization and educational services, including enrollment trends, system inputs and outputs, i.e., performance measures. The underlying thesis of the several sections of this study is to present findings that will enable policymakers to make an informed decision regarding the potential consolidation of the two school divisions.

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

Martinsville City Public School Division 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.

Henry 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.**

Martinsville 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),

Table 1
Projected Direct State Aid for Henry County Public Schools

SOQ Programs	2013	2016	2019	2020	Diff 2020 - 2013	Diff 2020 - 2016
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)
Total SOQ	**38,154,516**	**40,468,726**	**44,607,702**	**44,917,383**	**6,762,867**	**4,448,657**
Incentive Progms	**2013**	**2016**	**2019**	**2020**	**Diff 2020 - 2013**	**Diff 2020 - 2016**
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)
Total Incentive	**2,135,069**	**2,217,134**	**1,898,155**	**3,668,944**	**1,533,875**	**1,451,810**
Categorical Prgs	**2013**	**2016**	**2019**	**2020**	**Diff 2020 - 2013**	**Diff 2020 - 2016**
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
Total Categorical	**66,612**	**64,947**	**68,461**	**69,033**	**2,421**	**4,086**

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

Lottery Prgs	2013	2016	2019	2020	Diff 2020 - 2013	Diff 2020 - 2016
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
ISAEP	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
Total Lottery	**4,732,125**	**5,041,049**	**7,382,223**	**7,460,530**	**2,728,405**	**2,419,481**
Total All Programs	**4,877,190**	**5,196,573**	**7,545,029**	**7,623,336**	**2,746,146**	**2,426,763**

Source: VDOE. Retrieved from: http://www.doe.virginia.gov/school_finance/budget/calc_tools/index.shtml

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.[1] 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.[2] 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 it local funds from $6,183,340 to $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),

[1] Data obtained from VDOE Calculation Templates and will vary from actual expenditures.
[2] *Ibid.*

Table 2
Projected Direct State Aid for Martinsville City Public Schools

SOQ Programs	2013	2016	2019	2020	Diff 2020-2013	Diff 2020 - 2016
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)
Total SOQ	**11,905,671**	**12,232,634**	**12,066,595**	**11,683,973**	(221,698)	(548,661)
Incentive Progms	**2013**	**2016**	**2019**	**2020**	**Diff 2020-2013**	**Diff 2020 - 2016**
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)
Total Incentive	**356,005**	**862,611**	**317,087**	**775,814**	**419,809**	**(86,797)**
Categorical Prgs	**2013**	**2016**	**2019**	**2020**	**Diff 2020-2013**	**Diff 2020 - 2016**
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
Total Categorical	**26,433**	**30,231**	**28,863**	**28,937**	**2,504**	**(1,294)**

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

Lottery Prgs	2013	2016	2019	2020	Diff 2020-2013	Diff 2020 - 2016
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
Total Lottery	**1,703,018**	**1,832,604**	**2,260,358**	**2,349,540**	**646,522**	**516,936**
Total All Programs	**13,991,127**	**14,958,080**	**14,672,903**	**14,838,264**	**847,137**	**(119,816)**

Source: VDOE. Retrieved from: http://www.doe.virginia.gov/school_finance/budget/calc_tools/index.shtml

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 arrayed in Table 3 and 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, 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 to7,432, or a loss of only 23 pupils. In contrast, Martinsville Citty 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.

Average Daily Membership – Three Pupil Counts (ADM) FYs 2012-2018.

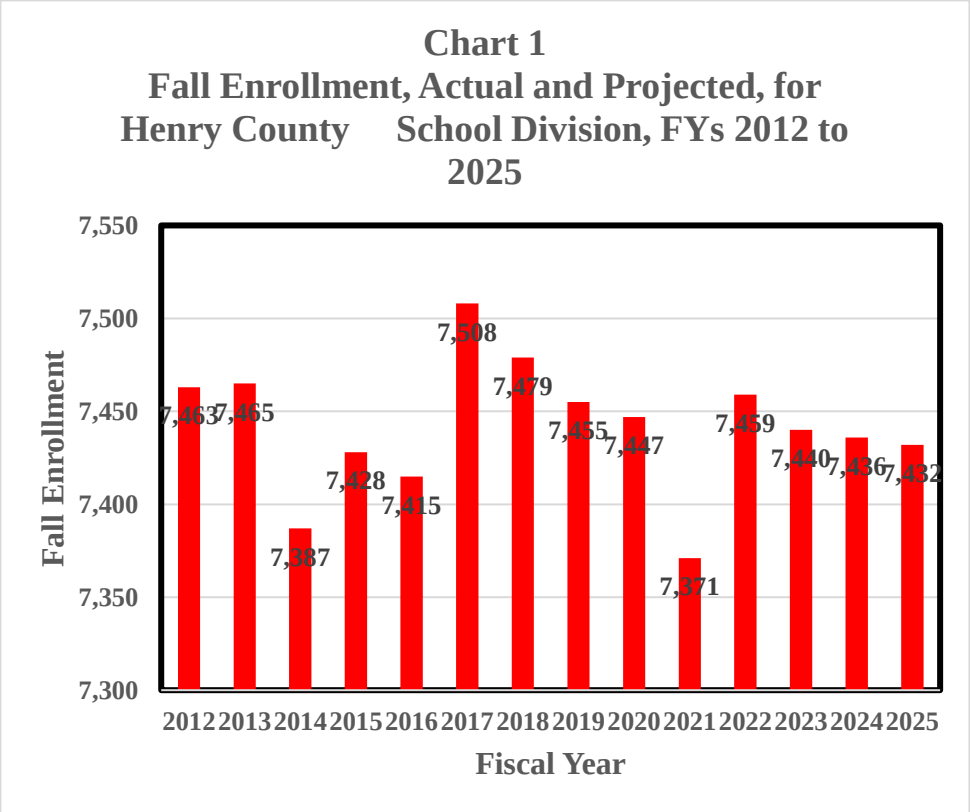
Displayed in Table 4 are Average Daily Memberships for September 30, March 31, and End of Year, FYs 2012-2018. Each pupil count serves a purpose. Fall enrollments determine initial

Table 3

Fall Enrollment, Actual and Projected, for Henry County and Martinsville City School Divisions, FYs 2012-2025

School Division	Fiscal Year						
	2012	2013	2014	2015	2016	2017	2018
Henry County	7,463	7,465	7,387	7,428	7,415	7,508	7,479
Martinsville City	2,317	2,271	2,259	2,300	2,186	2,041	2,016
School Division	**Fiscal Year**						
	2019	**2020**	**2021**	**2022**	**2023**	**2024**	**2025[a]**
Henry County	**7,455**	**7,447**	**7,371**	**7,459**	**7,440**	**7,436**	**7,432**
Martinsville City	**1,942**	**1,716**	**1,678**	**1,611**	**1,542**	**1,496**	**1,407**

[a] Fall enrollment for FY 2025 projected by consultant.
Projected Fall Enrollments for FYs 2020 to 2024 were provided by *Demographics Research Group*, University of Virginia. www.demographics.coopercenter.org
Source: VDOE. Retrieved from:
http://www.doe.virginia.gov/statistics_reports/enrollment/index.shtml



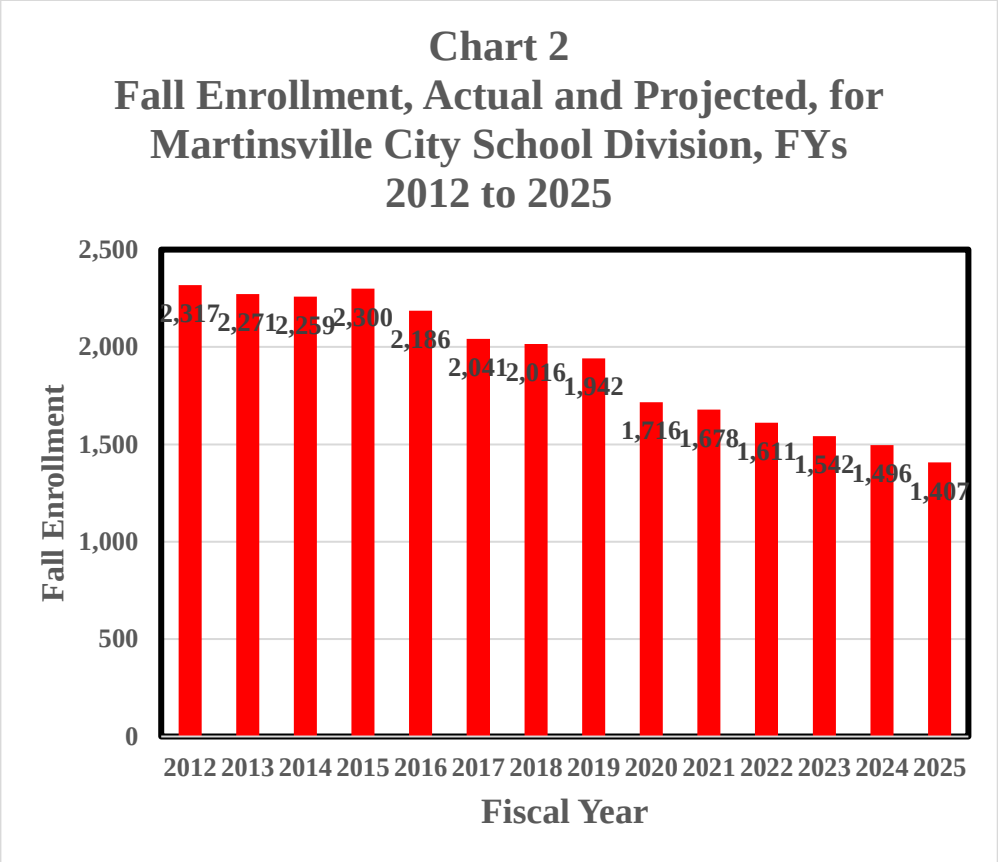


Chart 2
Fall Enrollment, Actual and Projected, for Martinsville City School Division, FYs 2012 to 2025
Fall Enrollment
2,500
2,000
1,500
1,000
500
0
2,317
2,271
2,259
2,300
2,186
2,041
2,016
1,942
1,716
1,678
1,611
1,542
1,496
1,407
2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025
Fiscal Year

Table 4

September 30 Average Daily Membership, March 31 Average Daily Membership, and End-of-Year Average Daily Membership, Henry County and Martinsville City School Divisions, FYs 2012 to 2018

September 30 Membership, March 31 Average Daily Membership and End-of-Year Membership				
Division No.	**School Division**	**September 30 Membership**	**March 31, Average Daily Membership**	**End-of-Year Membership**
2017-2018				
44	Henry County	7,479	7,045	7,091
116	Martinsville City	2,016	1,894	1,918
2016-2017				
44	Henry County	7,508	7,079	7,098
116	Martinsville City	2,041	1,908	1,918
2015-2016				
44	Henry County	7,415	7,044	7,102
116	Martinsville City	2,186	2,057	2,052
2011-2012				
44	Henry County	7,128	7,053	7,068
116	Martinsville City	2,206	2,166	2,153

:

Source: VDOE. Retrieved from:
http://www.doe.virginia.gov/statistics_reports/supts_annual_report/2017_18/index.shtml

staffing needs; ADM for March 31st determines direct state aid and local required expenditures for the current fiscal year, and ADM end-of year pupil counts help policymakers estimate pupil counts for subsequent years. Note that fall enrollments for both school divisions are higher than their Average Daily Memberships reported on March 31st of the current fiscal year. However, as stated above, direct state aid payments are based on March 31st data rather than fall enrollments. The ADM counts have remained stable for Henry County School Division during the six years. The March 31 ADM, the pupil count that determines state aid and local required expenditures, did suffer a slight reduction, which fell from 7,053 pupils in FY 2012 to 7,045 in FY 2018,[3] a decline of 8 pupils. Over the same six years, Martinsville City School Division reported that its March 31 ADM decreased significantly from 2,166 for FY 2012 to 1,894 for FY 2018, or a loss of 272 pupils. Virginia, like all other states, allocates funds for public schools based on the number of pupils served. It is extraordinarily difficult to manage successfully a school division budget when a key revenue source, e.g., the Commonwealth of Virginia, is being reduced proportionally to the loss of pupils in ADM.

Fall Membership, by Grade, for FYs 2016 to 2018.

Arrayed in Tables 5 and 6 are Fall Membership counts, by grade, for Henry County and Martinsville City School Divisions for FYs 2016-2018. Note that Henry County and Martinsville City School Division provide services for pupils enrolled in pre-kindergarten through grade twelve, and for this report, the pre-kindergarten pupils are included in the total counts. Henry County reported its Fall Membership for FY 2016 was 3,552 pupils in pre-kindergarten through grade 5 and 1,651 for grades 6, 7, and 8. For grades 9 through 12, the Fall Membership was 2,212 for Henry County, which brought the total Fall Membership to 7,415.[4] Two years later, the Fall Membership for Henry County was 3,616 for pre-kindergarten through grade 5 and 1,631 for grades 6, 7, and 8. For grades 9 through 12, Henry County reported 2,232, for a slightly increased total of 7,479. Martinsville City reported its FY 2016 Fall Membership for pre-kindergarten through grade 5 at 1,121, grades 6 through 8 at 440, and grades 9-12 was 625, for a total Fall Membership of 2,186. The decline in the number of pupils served by Martinsville City is apparent; the Fall Membership for pre-kindergarten through grade 5 declined from 1,121 for FY 2016 to 1,009 for FY 2018, or a loss of 112 pupils. For grades 6-8, Fall Membership fell from 440 to 427 between FYs 2016 and 2018, a loss 13 pupils. And, for grades 9-12, Fall Membership declined from 625 to 580 between FYs 2016 and 2018, or a reduction of 45 pupils. In two years, the total loss of Fall Membership from FYs 2016 to 2018 for Martinsville City was 170 pupils.

Arrayed in Tables 7 and 8 are FY 2017-2018 Fall Memberships for Henry County and Martinsville City School Divisions shown by individual schools. As measured by Fall Membership for FY 2017-2018, the individual schools of Henry County are slightly larger than the schools in Martinsville City. The average Fall Membership for the elementary schools in Henry County was 362 for FY 2017-2018; in contrast, the average Fall Membership of elementary schools of Martinsville City was 336. However, the Fall Memberships for Henry County Middle Schools and High Schools were substantially larger for FY 2017-2018; the average middle school and high school Fall Memberships were 815 and 1,116, respectively. The Fall Membership in FY 2017-

[3] Source: VDOE. http://www.doe.virginia.gov/statistics_reports/supts_annual_report/index.shtml
[4] *Ibid.*

Table 5

Fall Membership by Grade, Henry County School Division, FYs 2015-2016 to 2017-2018

School Division - Fall Membership			
Grade	**FY 2016**	**FY 2017**	**FY 2018**
PK - Pre-kindergarten	291	322	329
KG – Kindergarten	510	530	531
01 - Grade 1	579	525	527
02 - Grade 2	554	591	521
03 - Grade 3	555	566	586
04 - Grade 4	543	568	564
05 - Grade 5	520	550	558
06 - Grade 6	528	536	543
07 - Grade 7	552	537	552
08 - Grade 8	571	549	536
09 - Grade 9	604	657	615
10 - Grade 10	603	554	585
11 - Grade 11	467	542	504
12 - Grade 12	538	481	528
Total	**7,415**	**7,508**	**7,479**

Source: VDOE. Retrieved from:
http://www.doe.virginia.gov/statistics_reports/enrollment/index.shtml

Table 6
Fall Membership by Grade, Martinsville City School Division, FYs 2016-2018

School Division - Fall Membership			
Grade	**FY 2016**	**FY 2017**	**FY 2018**
PK - Pre-kindergarten	129	113	115
KG – Kindergarten	150	139	142
01 - Grade 1	173	147	139
02 - Grade 2	170	166	144
03 - Grade 3	166	155	160
04 - Grade 4	173	152	147
05 - Grade 5	160	158	162
06 - Grade 6	138	137	158
07 - Grade 7	152	136	137
08 - Grade 8	150	145	132
09 - Grade 9	157	155	166
10 - Grade 10	169	148	129
11 - Grade 11	148	151	136
12 - Grade 12	151	139	149
Total	**2,186**	**2,041**	**2,016**

Source: VDOE. Retrieved from:
http://www.doe.virginia.gov/statistics_reports/enrollment/index.shtml

Table 7

Fall Membership, by School, Henry County School Division FY 2017-2018

School	Grade	ADM
Elementary School		
Axton	PK-5	448
Campbell Court	PK-5	359
Carver	PK-5	567
Collinsville (Ctr for Com Lrn)	PK-2	347
Drewry Mason	PK-5	460
John Redd Smith	PK-5	290
Mount Olivet	PK-5	308
Rich Acres	PK-5	286
Sanville	PK-5	251
Stanleytown	PK-5	300
Total Elem Schools		**3,616**
Middle School		
Fieldale-Collinsville	Gr. 6-8	854
Laurel Park	Gr. 6-8	777
Total Mid Schools		**1,631**
High School		
Bassett	Gr. 9-12	1,161
Magna Vista	Gr. 9-12	1,071
Total High Schools		**2,232**
Total		**7,479**

Source: VDOE. Retrieved from:
http://www.doe.virginia.gov/statistics_reports/enrollment/index.shtml

Table 8

Fall Membership, by School, Martinsville City School Division, 2017-2018

School	Grade	ADM
Elementary School		
Clearview Early Learn Ctr	PK	115
Albert Harris Elem School	PK-5	467
Patrick Henry Elem School	PK-5	427
Total Elementary Schools		**1,009**
Middle School		
Martinsville Middle School	Gr. 6-8	427
Total Middle Schools		**427**
High School		
Martinsville High School	Gr. 9-12	580
Total High Schools		**580**
Total		**2,016**

Source: VDOE. Retrieved from: http://www.doe.virginia.gov/statistics_reports/enrollment/index.shtml

2018 for Martinsville City Middle and High School were 427 and 580, respectively. Due to its smaller secondary membership, it is fundamentally more difficult for Martinsville City School Division to efficiently staff middle and high schools than it is for Henry County School Division to do so; thereby, forcing higher per pupil expenditures for Martinsville City.

Displayed in Table 9 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.

Shown in Table 10 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%.*

Input Indicators

Displayed in Tables 11 to 15 is a series of input indicators for Henry County and Martinsville City School Divisions. These input indicators are largely fiscal or fiscally-related, e.g., current operating expenditures, pupil/instructional staffing ratios, average annual salaries of personnel, and pupil/administrative and support staffing ratios.

Instructional Staff Ratios.

Virginia Standards of Quality (SOQ) for Elementary Education requires a minimum school-wide pupil/teacher ratio of 24:1 in kindergarten, with no class larger than 29; 24:1 in grades one through three, with no class being larger than 30 pupils, 25:1 in grades four through six, with no class being larger than 35 pupils; 24:1, in English classes in grades six through twelve. Virginia provides class size reduction funds for kindergarten through third grade.[5] Secondary Education (SOQ) requires that school-wide pupil/teacher ratios in middle and high school should be no greater than 21:1 including all full-time teaching equivalents (FTEs). Class size ratios should be no greater than 19:1 in schools where 75% or greater of the pupils are eligible for free/reduced-price lunches with no

[5] *Ibid*

Table 9

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

School Division - Fall Membership by Grade			
Grade	**Henry County**	**Martinsville City**	**Consolidated**
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
Total	**7,479**	**2,016**	**9,495**

Source: VDOE. Retrieved from: http://www.doe.virginia.gov/statistics_reports/enrollment/index.shtml

Table 10

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

Race	Martinsville High		Bassett High		Magna Vista High		Consolidated	
	Fall Membership	%	Fall Membership	%	Fall Membership	%	Fall Membership	%
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%
Total	**580**	**100.0%**	**1,161**	**100.0%**	**1,071**	**100.0%**	**2,812**	**100.0%**

Source: VDOE. Retrieved from: http://www.doe.virginia.gov/statistics_reports/supts_annual_report/index.shtml

greater than a 22:1 pupil/teacher ratio in schools that report at least 55% but less than 65% of its pupils are eligible for free/reduced price lunches.

Current Operating Expenditures.

Arrayed in Table 11 are per pupil in ADM current operating expenditures for FYs 2011-2012 to 2017-2018 for Henry County and Martinsville City School Divisions. Over the six-year period, Henry County School Division experienced increases from state aid and state sales taxes, but these were offset by significant reductions in local appropriations and slight reductions from federal sources. Over the six-year period, FYs 2011-2012 to 2017-2018, total per pupil appropriations in ADM in Henry County increased from $9,572 to $10,645, or a $1,073 per pupil increase. For the same time period, Martinsville City School Division received increased appropriations from local sources, direct state aid, and the dedicated state sales tax, while experiencing a reduction in federal funds. Total per pupil appropriations in ADM for Martinsville City increased from $10,646 to $13,064, or a per pupil increase of $2,418. Further discussion of Current Operating Costs is presented as narrative related to Table 16.

Pupil/Teaching Staffing Ratios.

Displayed in Table 12 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

Table 11
Current Operating Expenditures[a] Per ADM,[b] by Source,
Henry County and Martinsville City School Divisions,
Selected FYs 2012-2018

Henry County School Division						
FY	**ADM**	**Local**	**State**	**St Sales**	**Federal**	**Total**
2018	**7,091**	**2,092**	**6,095**	**1,065**	**1,393**	**10,645**
2017	7,452	2,011	5,837	1,065	1,298	10,211
2016	7,403	1,930	5,579	1,065	1,203	9,777
2012	7,432	2,214	4,894	986	1,478	9,572
Martinsville City School Division						
2018	**2,016**	**3,912**	**6,672**	**1,220**	**1,260**	**13,064**
2017	2,029	3,676	6,236	1,073	1,435	12,419
2016	2,192	3,440	5,800	926	1,610	11,775
2012	2,278	2,813	4,798	1,158	1,877	10,646
State						
2018	**1,289,265**	**6,412**	**4,179**	**1,073**	**930**	**12,595**

[a] Current operating expenditures for FY 2018 estimated by consultant.
[b]End of Year ADM.
Source: VDOE. http://www.doe.virginia.gov/statistics_reports/supts_annual_report/2016-17/index.shtml

Table 12

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, 2012 to 2018

Division No.	School Division	Elementary Teaching Positions [1]	End-of-Year Average Daily Membership K-7 [2]	Pupil/ Teacher Ratio K-7	Secondary Teaching Positions [3]	End-of-Year Average Daily Membership 8-12 [4]	Pupil/ Teacher Ratio 8-12	Pupil/ Teacher Ratio K-12
Fiscal Year 2018[5]								
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
STATE		**58,947**	**774,585**	**13.1**	**38,278**	**473,968**	**12.4**	**12.8**
Fiscal Year 2017								
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
STATE		**58,617**	**766,630**	**13.1**	**38,096**	**469,100**	**12.3**	**12.8**
Fiscal Year 2016								
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
STATE		**58,568**	**764,952**	**13.1**	**37,443**	**466,738**	**12.5**	**12.8**
Fiscal Year 2012								
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
STATE		**56,966**	**752,444**	**13.2**	**37,185**	**454,591**	**12.2**	**12.8**

[1] Elementary Teaching Positions includes classroom, homebound, media, and technology instructional teachers for grades K through 7.

[2] The Average Daily Membership (ADM) shown reflects all pupils (K through 7) served in the school division at the

[3] Secondary Teaching Positions includes classroom, homebound, media, and technology instructional teachers for

[4] The Average Daily Membership (ADM) shown reflects all pupils (8 through 12) served in the school division at the

[5] 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

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.

Average Annual Salaries of Instructional Personnel.

Arrayed in Tables 13 and 14 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 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.

Pupil/Administrative and Support Staffing Ratios.

Revealed in Table 15 are the numbers of Administrative and Support Staff members, by function, and their corresponding Pupil: Support Staff ratios for Henry County and Martinsville City School Divisions, FY 2016-2017. With only one exception, Other Professional Support Personnel, Henry County served a larger number of pupils per support personnel. Partially due to the small number of pupils served and absence of *economies of scale*, Martinsville City lacked the ability to staff its administrative and support personnel as efficiently as accomplished by Henry County.

Current Operating Costs by Source and Function.

Displayed in Table 16 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

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

Elementary School Principals Average Annual Salaries - 2012

Division No.	School Division	Elementary Positions	Average Annual Salary	Rank
044	Henry County	11.00	72,689	**94**
116	Martinsville City	3.50	75,944	**71**
	State Totals	**1,386**	**89,956**	

Elementary School Teachers Average Annual Salaries - 2012

Division No.	School Division	Elementary Positions	Average Annual Salary	Rank
044	Henry County	335.62	42,024	**97**
116	Martinsville City	113.80	42,084	**95**
	State Totals	**60,310**	**51,293**	

Secondary School Principals Average Annual Salaries - 2012

Division No.	School Division	Secondary Positions	Average Annual Salary	Rank
044	Henry County	4.00	80,473	**88**
116	Martinsville City	2.00	75,382	**110**
	State Totals	**555**	**94,984**	

Secondary School Teachers Average Annual Salaries - 2012

Division No.	School Division	Secondary Positions	Average Annual Salary	Rank
044	Henry County	216.25	46,641	**68**
116	Martinsville Ciity	76.94	44,277	**92**
	State Totals	**39,843**	**53,360**	

All School Principals Average Annual Salaries - 2012

Division No.	School Division	Total Positions	Average Annual Salary	Rank
044	Henry County	15.00	74,765	**94**
116	Martinsville City	5.50	75,740	**89**
	State Totals	**1,941**	**91,391**	

All Classroom Teachers Average Annual Salaries - 2012

Division No.	School Division	Total Positions	Average Annual Salary	Rank
044	Henry County	551.87	43,833	**86**
116	Martinsville City	190.74	42,969	**94**
	State Totals	**100,152**	**52,115**	

All Assistant Principals Average Annual Salaries - 2012

Division No.	School Division	Total Positions	Average Annual Salary	Rank
044	Henry County	12.00	59,795	**105**
116	Martinsville City	4.00	59,063	**107**
	State Totals	**2,450**	**75,649**	

All Instructional Personnel Average Annual Salaries - 2012

Division No.	School Division	All Instructional Positions	Average Annual Salary	Rank
044	Henry County	578.87	44,966	**86**
116	Martinsville City	200.24	44,190	**93**
	State Totals	**104,545**	**53,397**	

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

Elementary School Principals Average Annual Salaries - 2017

Division No.	School Division	Elementary Positions	Average Annual Salary	Rank
044	Henry County	10.00	72,823	**110**
116	Martinsville City	2.40	88,959	**36**
	State Totals	**1,371**	**98,837**	

Elementary School Teachers Average Annual Salaries - 2017

Division No.	School Division	Elementary Positions	Average Annual Salary	Rank
044	Henry County	328.25	44,778	**100**
116	Martinsville City	110.55	43,726	**108**
	State Totals	**62,095**	**55,776**	

Secondary School Principals Average Annual Salaries - 2017

Division No.	School Division	Secondary Positions	Average Annual Salary	Rank
044	Henry County	2.30	112,779	**17**
116	Martinsville City	1.00	88,128	**78**
	State Totals	**545**	**102,832**	

Secondary School Teachers Average Annual Salaries - 2017

Division No.	School Division	Secondary Positions	Average Annual Salary	Rank
044	Henry County	218.50	49,504	**76**
116	Martinsville City	77.84	45,349	**105**
	State Totals	**40,941**	**57,250**	

All School Principals Average Annual Salaries - 2017

Division No.	School Division	Total Positions	Average Annual Salary	Rank
044	Henry County	12.30	80,294	**95**
116	Martinsville City	3.40	88,715	**52**
	State Totals	**1,916**	**99,974**	

All School Teachers Average Annual Salaries - 2017

Division No.	School Division	All Teachers	Average Annual Salary	Rank
044	Henry County	546.75	46,666	**93**
116	Martinsville City	188.39	44,397	**111**
	State Totals	**103,036**	**56,362**	

All Assistant School Principals Average Annual Salaries - 2017

Division No.	School Division	Total Positions	Average Annual Salary	Rank
044	Henry County	14.50	63,677	**104**
116	Martinsville City	4.60	65,508	**93**
	State Totals	**2,681**	**81,903**	

All Instructional Personnel Average Annual Salaries - 2017

Division	School Division	All Instructional Positions	Average Annual Salary	Rank
044	Henry County	573.55	47,818	**91**
116	Martinsville City	196.39	45,658	**110**
	State Totals	**107,633**	**57,774**	

Table 15

Number of Support Personnel by Function and Pupil:Support Personnel Ratios for Henry County and Martinsville City School Divisions, FY 2016-2017

Number of Support Personnel by Function -- FY 2016-2017							
Division No.	**School Division**	**Administrative**	**Technical and Clerical**	**Instructional Support**	**Other Professional**	**Trades, Labor, Operative, and Service**	**TOTAL**
044	Henry	22.28	88.80	12.00	27.00	142.50	**292.58**
116	Martinsville	13.20	25.65	4.28	5.05	59.00	**107.18**
	State	**3,380.93**	**16,627.37**	**2,577.27**	**4,890.75**	**28,907.90**	**56,384.22**
Pupil:Support Personnel Ratio -- FY 2016-2017							
Division No.	**School Division**	**Administrative**	**Technical and Clerical**	**Instructional Support**	**Other Professional**	**Trades, Labor, Operative, and Service**	**TOTAL**
044	Henry	318.58	79.93	591.50	262.89	49.81	24.26
116	Martinsville	145.30	74.78	448.13	379.80	32.51	17.90
	State	**370.46**	**75.33**	**485.98**	**256.10**	**43.33**	**22.21**

Source: VDOE. Retrieved from: http://www.doe.virginia.gov/statistics_reports/supts_annual_report/2016-17/index.shtml

Table 16

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[a]

Henry County School Division						
Fiscal Year	**ADM**	**Local/%**	**State/%**	**St Sales/%**	**Federal/%**	**Total/%**
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%
Martinsville City School Division						
Fiscal Year	ADM	**Local/%**	**State/%**	**St Sales/%**	**Federal/%**	**Total/%**
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%
State						
2018	**1,289,265**	**6,412/50.9%**	**4,179/33.2%**	**1,073/8.5%**	**930/7.4%**	**12,595/100.0%**

Henry County School Division							
Fiscal Year	**ADM**	**Admin/%**	**Inst/%**	**Att Health/%**	**Pup Tran/%**	**Op&M/%**	**Total/%**
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%
Martinsville City School Division							
Fiscal Year	**ADM**	**Admin/%**	**Inst/%**	**Att Health/%**	**Pup Tran/%**	**Op&M/%**	**Total/%**
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%
State							
2017	**1,252,506**	**448/3.8%**	**9,177/78.6%**	**234/2.0%**	**694/5.9%**	**1,125/9.6%**	**11,677/100.0%**

[a]FY 2017-2018 projected by consultant.

Source: VDOE. Retrieved from: http://www.doe.virginia.gov/statistics_reports/supts_annual_report/2016-17/index.shtml

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.

Educational Attainment of Teachers.

Shown in Tables 17 and 18 are the percentages of earned degrees held by teachers who were employed by Henry County and Martinsville City School Divisions, respectively, for selected FYs 2009-2010 to 2017-2018. Henry County School Division employed slightly higher percentages of teachers who possessed earned master's degrees than Martinsville City, i.e., 45% compared to 41%. Over the eight-year period, this pattern of earned degrees remained relatively unchanged for Henry County; however, this was not the case for Martinsville City, where the percent of its teachers who held master's degrees declined from a mean ($\bar{x}$) of 45% to 41%. Neither school division employed percentages of teachers that were comparable to the percentages posted by the Commonwealth as a whole. Unfortunately, this statistic is typical for school divisions that lack the fiscal resources possessed by their more fiscally-capable peers.

Teacher Licensure.

Arrayed in Table 19 are the percentages of teachers who are *Not Properly Licensed, Provisionally Licensed, or Inexperienced* and are employed by Henry County and Martinsville City School Divisions for FY 2017-2018. In most instances, the percentages of teachers who were employed by Martinsville City and lacked proper credentials, were provisionally licensed or inexperienced, were more than double the percentages recorded by either Henry County or the Commonwealth as a whole.

Table 17

Percent of Earned Degrees, by Level, (Unduplicated Count), Possessed by Teachers, Henry County School Division, and the Commonwealth of Virginia, Selected FYs 2009-2010 to 2017-2018

	Teacher Education Attainment			
Degree type	**2009-2010**	**2010-2011**	**2011-2012**	**2017-2018**
Division				
Bachelor's Degree	52	51	52	52
Master's Degree	45	46	45	45
Doctoral Degree	1	1	1	1
Other	2	2	2	2
State				
Bachelor's Degree	43	43	44	40
Master's Degree	54	54	53	56
Doctoral Degree	1	1	1	1
Other	2	2	2	3

Source: VDOE. Retrieved from: http://www.doe.virginia.gov/

Table 18

Percent of Earned Degrees, by Level, (Unduplicated Count), Possessed by Teachers, Martinsville City School Division, and the Commonwealth of Virginia, Selected FYs 2009-2010 to 2017-2018

	Teacher Education Attainment			
Degree type	**2009-2010**	**2010-2011**	**2011-2012**	**2017-2018**
Martinsville City				
Bachelor's Degree	52	53	54	55
Master's Degree	45	46	44	41
Doctoral Degree	1	1	1	1
Other	2	0	1	3
State				
Bachelor's Degree	43	43	44	40
Master's Degree	54	54	53	56
Doctoral Degree	1	1	1	1
Other	2	2	2	3

Source: VDOE. Retrieved from: http://www.doe.virginia.gov/

Table 19

Percentages of Teachers Who are not Properly Licensed, Provisionally Licensed, and Inexperienced, for Henry County and Martinsville City School Divisions, FY 2017-2018

School Division	Not Properly Licensed (All Teachers)		Provisionally Licensed (All Teachers)		Inexperienced (All Teachers)	
	Title I	Not Title I	Title I	Not Title I	Title I	Not Title I
Henry County	3.7%	1.5%	1.5%	8.3%	2.6%	5.3%
Martinsville City	2.6%	4.8%	16.5%	16.1%	12.2%	11.3%
State	**1.6%**	**2.6%**	**7.1%**	**7.0%**	**6.4%**	**4.5%**

Source: VDOE. Retrieved from: http://www.doe.virginia.gov/

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 20 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

Table 20
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
	State	**English: Reading**	**All Students**	**80**	**80**	**79**
	State	**English: Writing**	**All Students**	**77**	**79**	**78**
	State	**History and Social Sciences**	**All Students**	**86**	**86**	**84**
	State	**Mathematics**	**All Students**	**80**	**79**	**77**
	State	**Science**	**All Students**	**83**	**82**	**81**

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.

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.

Arrayed in Table 21 are graduation information, types of diplomas awarded, and dropout rates reported by Henry County and Martinsville City School Divisions for selected SYs 2011-2012 to 2017-2018. 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 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.

Shown in Table 22 is an expanded presentation of dropout rates, by race and gender, for Henry County and Martinsville City School Divisions, selected SYs 2011-2012 to 2017-2018. Henry County 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.

Table 21
Graduation Information, Types of Diplomas Awarded, and Dropout Statistics,
for Henry County and Martinsville City School Divisions,
Selected School Years, 2011-2012 to 2017-2018

SY 2017-2018

Division	School	Cohort	Advanced Studies Diploma	Standard Diploma	Modified Standard Diploma	Special Diploma	General Achieve Diploma	On-Time Grad Rate	GED	Cert of Complete	Cohort Complete Rate	Total Completers	Still Enrolled	Dropouts	Dropout Rate	Long Term Absence
Henry County	Bassett High	295	137	103	0	12	0	85.4	<	0	87.8	259	<	25	8.5	<
Henry County	Magna Vista High	283	101	140	0	15	0	90.5	<	0	91.5	259	<	20	7.1	0
Martinsville City	Martinsville High	165	71	66	0	<	0	87.3	<	<	89.1	147	<	<	5.5	0

SY 2016-2017

Division	School	Cohort	Advanced Studies Diploma	Standard Diploma	Modified Standard Diploma	Special Diploma	General Achieve Diploma	On-Time Grad Rate	GED	Cert of Complete	Cohort Complete Rate	Total Completers	Still Enrolled	Dropouts	Dropout Rate	Long Term Absence
Henry County	Bassett High	282	142	94	0	16	0	89.4	<	0	90.4	255	<	19	6.7	<
Henry County	Magna Vista High	263	103	107	<	11	0	84.8	<	0	87.5	230	<	23	8.7	<
Martinsville City	Martinsville High	158	69	63	0	<	0	86.7	<	0	88.6	140	<	11	7	0

SY 2015-2016

Division	School	Cohort	Advanced Studies Diploma	Standard Diploma	Modified Standard Diploma	Special Diploma	General Achieve Diploma	On-Time Grad Rate	GED	Cert of Complete	Cohort Complete Rate	Total Completers	Still Enrolled	Dropouts	Dropout Rate	Long Term Absence
Henry County	Bassett High	284	154	89	<	<	0	90.5	<	0	91.5	260	<	17	6	<
Henry County	Magna Vista High	270	90	144	<	12	0	92.2	<	0	94.1	254	<	11	4.1	<
Martinsville City	Martinsville High	171	95	46	<	<	0	86	<	0	87.7	150	10	11	6.4	0

SY 2011-2012

Division	School	Cohort	Advanced Studies Diploma	Standard Diploma	Modified Standard Diploma	Special Diploma	General Achieve Diploma	On-Time Grad Rate	GED	Cert of Complete	Cohort Complete Rate	Total Completers	Still Enrolled	Dropouts	Dropout Rate	Long Term Absence
Henry County	Bassett High	314	136	119	23	<	0	91.1	12	0	94.9	298	<	12	3.8	0
Henry County	Magna Vista High	250	80	105	<	11	0	80.8	23	0	90	225	<	21	8.4	0
Martinsville City	Martinsville High	192	87	74	<	0	0	86.5	0	0	86.5	166	<	20	10.4	<

Source: VDOE. Retrieved from: http://www.doe.virginia.gov/statistics_reports/graduation_completion/cohort_reports/index.shtml

Table 22

Dropout Information[a] by School Division, Race, and Gender for Henry County and Martinsville City School Divisions, Selected School Years, 2011-2012 to 2017-2018

School Year & Division No.	Division Name	Total Dropouts	Amer Ind Female	Amer Ind Male	Asian Female	Asian Male	Black Female	Black Male	Hispanic Female	Hispanic Male	White Female	White Male	Hawaiian Female	Hawaiian Male	Two or More Races Female	Two or More Races Male
2017-2018																
44	Henry County School Division	75						10			17	31				
116	Martinsville City School Division	12														
	State Totals	**7,541**	**8**	**13**	**75**	**94**	**787**	**1,364**	**1,017**	**1,807**	**800**	**1,326**	**4**	**2**	**103**	**141**
2016-2017																
44	Henry County School Division	50										24				
116	Martinsville City School Division	22						13								
	State Totals	**8,086**	**14**	**22**	**67**	**105**	**943**	**1,517**	**1,003**	**1,806**	**861**	**1,458**	**1**	**5**	**105**	**179**
2015-2016																
44	Henry County School Division	60						11			18	18				
116	Martinsville City School Division	21						13								
	State Totals	**7,647**	**6**	**21**	**77**	**127**	**923**	**1,496**	**808**	**1,499**	**982**	**1,477**	**3**	**8**	**102**	**118**
2011-2012																
44	Henry County School Division	42								10						
116	Martinsville City School Division	27						10								
	State Totals	**7,678**	**15**	**24**	**76**	**142**	**1,174**	**1,798**	**572**	**868**	**1,109**	**1,691**	**6**	**6**	**93**	**104**

[a] State Totals for Racial/Ethnic groups will not match the school division level totals due to suppression of counts of < 10.
Source: http://www.doe.virginia.gov/statistics_reports/supts_annual_report/index.shtml

Summary: Output Indicators.

Neither school division, Henry County nor Martinsville City, met or exceeded the mean ($\bar{x}$) Standards Of Learning (SOL) scores reported for the State. While the SOL test scores for Martinsville City were substantially lower than comparable scores reported for Henry County School Division for the three-year period, SYs 2015-2016, 2016-2017, and 2017-2018, Martinsville City did make substantial progress toward matching the State SOL test scores. Additionally, graduation information, including types of diplomas and dropout rates, were reviewed for both school divisions and contrasted to the State. Three quantifiable statistics were used to provide comparisons of graduation information among school divisions: *On-Time Graduation Rate; Cohort Completion Rate;* and *Dropout Rate.* Over the six-year period, a review of the three statistics provided mixed results: the *On-Time Graduation Rate* declined for one of the two high schools in Henry County, Bassett High School, while Magna Vista High School reported that its *On-Time Graduation Rate* improved. Martinsville High School in Martinsville City also posted an improved *On-Time Graduation Rate.* In regard to *Dropout Rates*, the combined number of dropouts reported by the two high schools in Henry County School Division was 33 for SY 2011-2012 and its mean ($\bar{x}$) *Dropout Rate* was 6.1%. For SY 2017-2018, the combined number of pupil dropouts increased to 45 and the mean ($\bar{x}$) *Dropout Rate* also increased to 7.8%. Concurrently, Martinsville High School, Martinsville City School Division, posted 20 pupil

dropouts and a mean ($\bar{x}$) *Dropout Rate* of 10.4% for SY 2011-2012; but, by SY 2017-2018, less than 10 pupils were classified as dropouts and a mean ($\bar{x}$) *Dropout Rate* of 5.5% was reported.

Section 2

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

In order to understand the current fiscal capacities and the future outlook for both Henry County and Martinsville City School Divisions, it is necessary to understand how the Commonwealth of Virginia determines the fiscal capacities for all school divisions. Commencing with School Year 1973-74, the Commonwealth ceased use of a single measure of fiscal capacity, i.e., True Valuation of Real and Public Service Corporations and shifted to an index comprised of three indicators of fiscal capacity that is entitled, Local Composite Index (LCI). Since its initial employment, several minor changes have been made to the LCI, although its basic structure has remained constant. The current version of the LCI formula is arrayed in Figure 1. Nearly all direct state aid, including State Basic Aid, is distributed to local school divisions through use of the LCI.[6] While the LCI was an improvement over the prior measure of fiscal capacity it does have significant limitations. Several features and limitations of the LCI are discussed below.

Local Composite Index

As evident by an examination of Figure 1, the LCI is determined biennially for each school division by mathematically merging three separate measures of fiscal capacity: True Valuation of Real and Public Service Corporations, Adjusted Gross Income[7] (AGI) and Taxable Retail Sales Receipts (TRS). Each of the three measures is calculated as per unit ratios relative to their respective statewide averages based upon Average Daily Membership (ADM) and Population, i.e., Per ADM and Per Capita. The three measures, TV, AGI, and TRS, are separately calculated per ADM and Per Capita and as ratios relative to state averages. They are then weighted by 0.5, 0.4, and 0.1, respectively and aggregated into ADM and Population indices. The two individual indices, ADM and Population, are then weighted by 0.6667 and 0.3333, respectively. Finally, the resulting products are summed and multiplied by the constant, 0.4500 which yields the LCIs for each of the 134 school divisions. The constant, 0.4500 sets the local required expenditures for the state-calculated minimum educational costs at 45% statewide for the local school divisions and the remaining 55% for the Commonwealth. This funding mechanism is known as a Minimum Foundation Program and approximately 80% of the states employ variations of this program to fund their public schools.

The inclusion of True Valuation of Real and Public Service Corporations and Taxable Retail Sales Receipts are based primarily upon taxable revenue resources afforded the local governing agencies by the Commonwealth. That is, Virginia, through the 1971 Constitution and Code of Virginia, has

[6] For an in-depth discussion of the LCI, see: Salmon, Richard G. Salmon and M. David Alexander, *Taking the Mystery out of Virginia School Finance, 2nd Ed.* (Ypsilanti, Michigan: National Council of Professors of Educational Administration, 2018).

[7] 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.

Figure 1
THE LOCAL COMPOSITE INDEX

ADM Component

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

Population Component

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

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

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).

granted the several local governing agencies the ability to tax property, real and personal, sales receipts, and several other local taxes commonly referred to as *other local revenues*. The Virginia Department of Taxation equalizes real property assessments reported by localities and report them as True Valuation of Real and Public Service Corporations. Taxable Retail Sales Receipts have an identical rate throughout the state, so it is not necessary to equalize the reported retail sales receipts. However, the tax yields reported for the plethora of *other local revenues* are received from the application of various assessment procedures and tax rates administered by the localities and make their equalization difficult for the Virginia Department of Taxation. For this reason, the Commonwealth has used an income measure, initially personal income and subsequently, adjusted gross income,[8] to serve as a proxy for the measurement of *other local revenues*, i.e., other local taxes.

The application of the weights, i.e., 0.5, 0.4, and 0.1, represented the mean ($\bar{x}$) percent of local revenues, by source, that were used to fund public elementary and secondary education in the biennium, 1973-1974; however, the tax yields from the three local funding sources have changed significantly during the 4 and 1/2 decades since the introduction of the LCI and should be adjusted. The use of the divisor, ADM, was employed to represent education costs relative to the number of pupils served by each school division. In contrast, employment of the population divisor was due to a combination of political influence and the desire to address the concept of *municipal overburden*.[9] Specifically, the use of the population divisor reduces the fiscal capacities of school divisions that serve small numbers of pupils relative to their total population and generates additional state aid to school divisions that possess this characteristic. The use of the second set of weights, i.e., 0.6667 applied to the ADM index and 0.3333 applied to the Per Capita index was selected arbitrarily and lacks a legitimate rationale or research basis. As discussed previously, the application of the constant, 0.4500, sets the statewide average required local expenditure at 45% and the statewide average state share at 55%. *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,[10] 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 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 (Lee County) to 0.8000 for several school divisions.

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[8] The use of AGI is not without problems; however, since a portion of AGI is assigned to each school division through use of United States Mail zip codes and some errors have occurred. When the errors have been documented, the Commonwealth does take corrective action. See for example: Epperly, Ronald B., *An Analysis of Employing Adjusted Gross Income Measures as a Proxy for Fiscal Capacity in the Local Composite Index for Selected Virginia School Divisions.* Unpublished doctoral dissertation (Blacksburg, Virginia: Virginia Polytechnic Institute and State University, 1997).

[9] *Municipal overburden* is a premise that urban municipalities are affected negatively by costs from non-residents, thus, requiring the employment of additional public employees and capital facilities.

[10] 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.

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 one 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) the 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.[11] 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 2012, the LCIs for both school divisions have stabilized. Displayed in Table 23 and graphically presented in Chart 3 are the LCIs for Henry County and Martinsville City from FYs 2011-2012 to 2019-2020.

However, 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 111th for FYs 2005-2006 to 125th for FYs 2013-2014. Concurrently, Martinsville City has witnessed an even more severe decline in its statewide rank; Martinsville City has fallen from 110th for FYs 2005-2006 to 131th 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 are ranked lower than Martinsville City.[12]

Arrayed in Table 24 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.

[11] See: Driscoll, Lisa, *The Local Composite Index: A Critical Analysis*, Unpublished doctoral dissertation. (Blacksburg, Virginia: Virginia Polytechnic Institute and State University, 1998).

[12] 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*.

Table 23

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

Chart 3

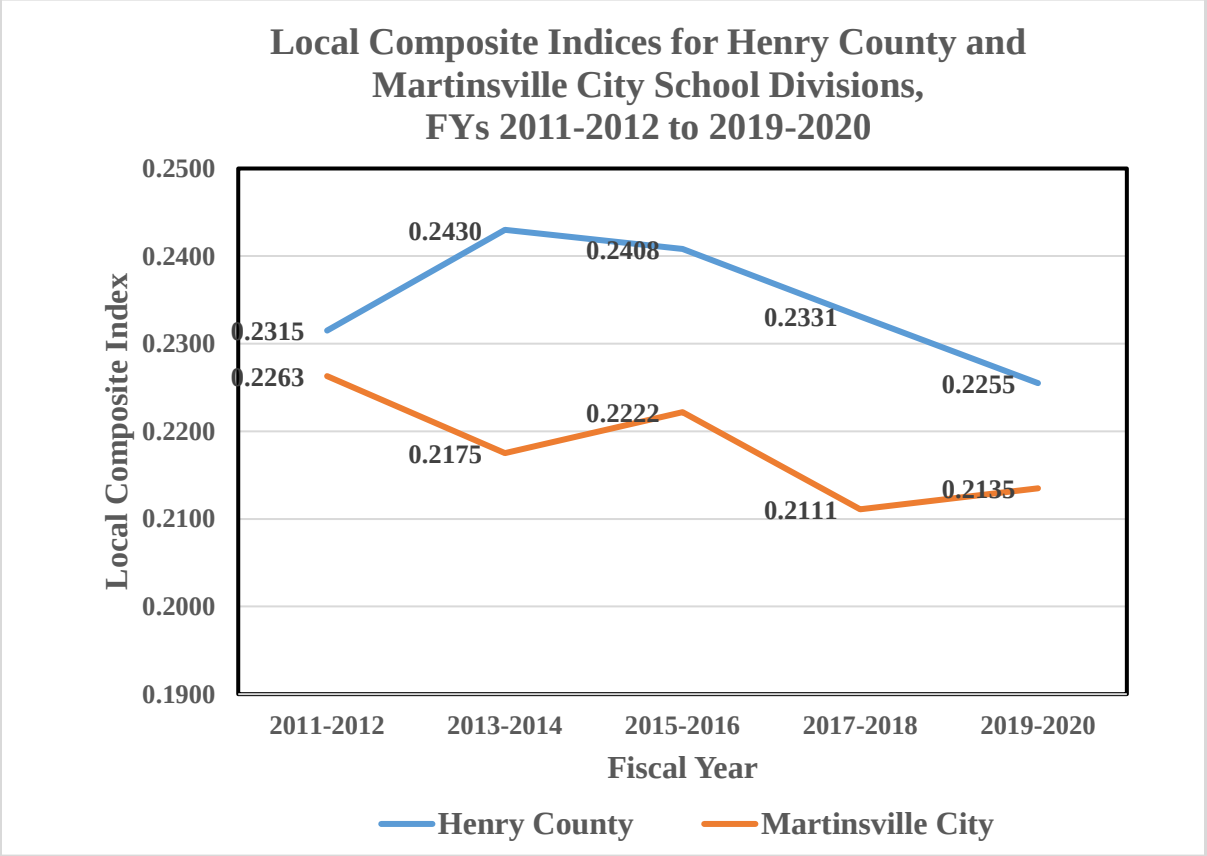


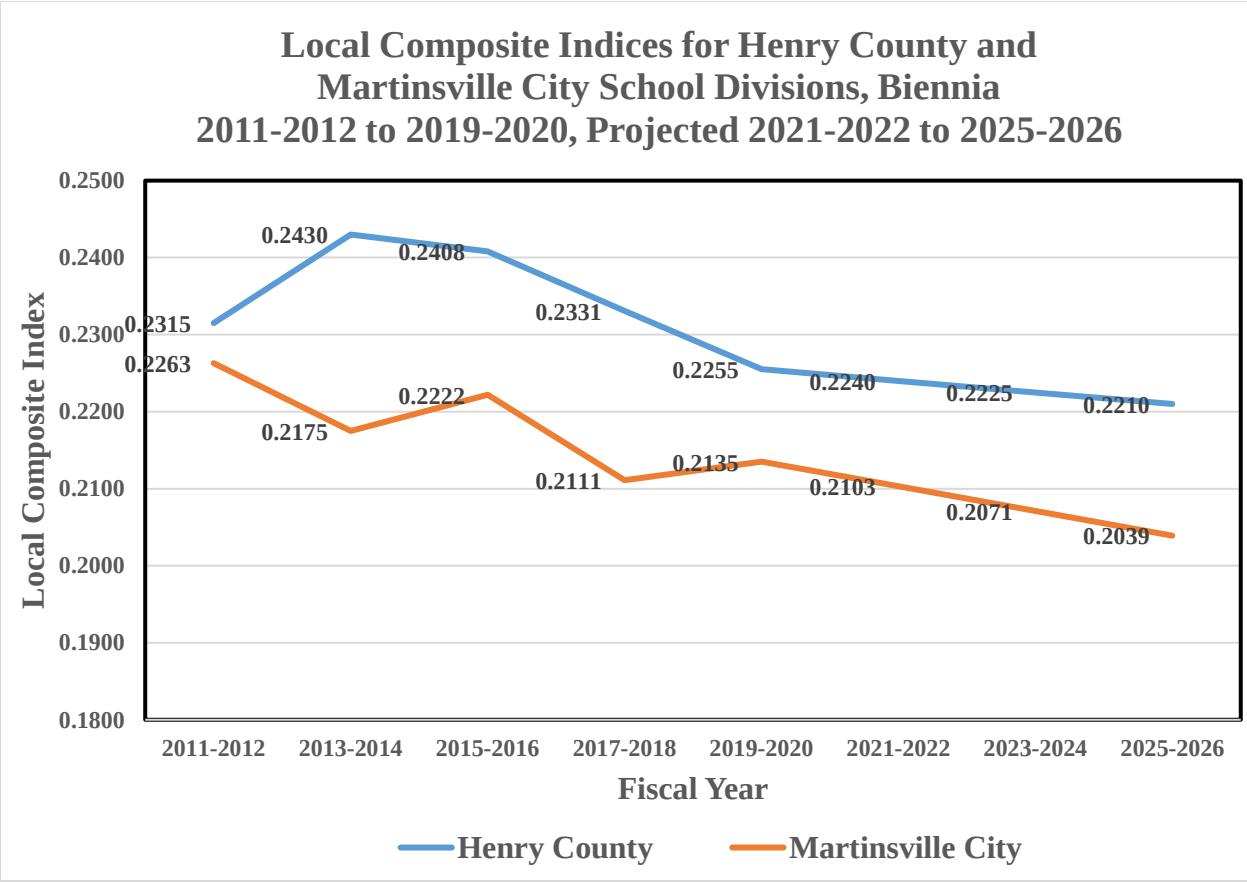
Table 24

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**	**.02175**	**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
Projected LCIs, displayed in red, were calculated by the consultant.

Chart 4



State Basic Aid Distribution Formula

While the LCI is an integral component of the direct state aid distribution formulae, it should not be confused as distribution formulae. While important, it is only the measure of fiscal capacity currently employed by the Commonwealth to establish state and local shares for the several state grants. Each direct state grant has another equally important component that establishes the amount of the grant that is shared. Through a tedious process known as the JLARC formula,[13] the Commonwealth determines the minimum costs of State Basic Aid to be shared between the state and each school division. State Basic Aid is the largest and most important grant of the series of state grants and its formula is presented below:

State Aid = [((ADM x State Calculated Cost Per ADM) – Dedicated State Sales Tax Receipts) x (1-LCI))]

The Virginia Department of Education has developed an impressive biennial series of *Calculation Templates*[14] that alerts school administrators and policymakers to the state revenues projected for each school division. An abbreviated version of FY 2020 State Basic Aid calculations for Henry County and Martinsville City School Divisions is displayed below:

	Henry County			**Martinsville City**	
Step 1:	7,024.70	ADM	Step 1:	1,712.05	ADM
Step 2:	$5.812.00	Cost Per ADM	Step 2:	$5,736.00	Cost Per ADM
Step 3:	$40,827,556	Step 1 x Step 2	Step 3:	$9,820,319	Step 1 x Step 2
Step 4:	$8,475,440	State Sales Tax	Step 4:	$2,453,664	State Sales Tax
Step 5:	$32,352,116	Step 4 – Step 5	Step 5:	$7,366,655	Step 4 – Step 5
Step 6:	0.7747	1-0.2253 (1 - LCI)	Step 6:	0.7865	1-0.2175 (1 - LCI)
Step 7:	**$25,063,185**	**State Basic Aid**	Step 7:	**$5,793,874**	**State Basic Aid**

Other Direct State Aid Grants

Other direct state aid grants that employ the LCI conform to the following formula:

State Aid = [(ADM x State Calculated Cost Per ADM) x (1-LCI)]

While this formula is similar to the State Basic Aid formula, it does not include the deduction for the dedicated state sales tax appropriation. The formulae used by the Commonwealth to establish the amounts for each state grant to be shared between the state and localities are presented in Appendix G.

[13] During the late 1980s, the Joint Legislative Audit and Review Commission (JLARC) reviewed the school finance system and developed the system that is currently used. JLARC restudied the system that it developed in 2000, but its recommendations to remedy its limitations were largely ignored by the General Assembly.

[14] See: Appendices C & D - Calculation templates for Henry County and Martinsville City, FYs 2019 & 2020, VDOE. Retrieved from: http://www.doe.virginia.gov/school_finance/budget/calc_tools/index.shtml

An example of the actual FY 2020 Standards of Quality (SOQ) Special Education grant allocations are arrayed below for Henry County and Martinsville City school divisions:

	Henry County			Martinsville City	
Step 1:	7,024.70	ADM	Step 1:	1,712.05	ADM
Step 2:	$518.00	Cost Per ADM	Step 2:	$618.00	Cost Per ADM
Step 3:	$3,638,795	Step 1 x Step 2	Step 3:	$1,058,047	Step 1 x Step 2
Step 4:	0.7747	1-0.2253 (1 - LCI)	Step 4:	0.7865	1-0.2135 (1 - LCI)
Step 5:	**$2,818,974**	**State Spec Ed**	Step 5:	**$832,154**	**State Spec Ed**

Note that the above illustrations are not the actual state appropriations made but are estimates based on projected ADMs for the two school divisions. Actual appropriations are based on ADMs recorded on March 31st of the current school year. Also, note that the numbers of pupils used to determine the SOQ Special Education costs to be shared between the state and localities are the total ADMs served by the localities and are not the number of special education pupils served. Since the state calculation of projected costs relies on outdated data, school divisions are likely to be serving either more or less special education pupils than have been used to determine costs. Several other direct state aid grants rely on the same distribution formula, including SOQ Vocational Education and SOQ Gifted Education.

Local Fiscal Effort

In 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. Thus, local fiscal effort is 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.

However, the measurement of local fiscal effort exerted by Virginia school divisions is more difficult because the Commonwealth has not granted fiscal autonomy to public school divisions or granted them access to local revenue sources. Instead, local school divisions obtain their local revenues from county and city agencies that do have access to a wide array of local revenue sources, including real and public service corporation property, personal property, taxable retail sales receipts, and a series of other local revenue sources. In order to capture the value, or fiscal capacity, that the array of revenue sources provides local governing agencies, the Commonwealth developed an index of fiscal capacity, the Local Composite Index (LCI) that has been explained previously. 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 by the VEA in its periodic publication, *Educational Disparities.*[15]

Presented in Table 25 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 23 and 24, show the downward trend.

As mentioned previously, a more accurate indicator of the trend in fiscal capacities of the two school divisions are their relative statewide rankings. Both Henry County and Martinsville City School Divisions saw their fiscal capacities ranking decline from 2011-2012 to 2019-2020. Henry County saw its LCI rank decline from 122 to 127 and Martinsville City witnessed its LCI fall from 126 to 131. Adding to the fiscal problems resulting from their declining fiscal capacities is that the fiscal effort generated by the largest of the two school divisions, Henry County, remains among the lowest fiscal efforts generated by Virginia school divisions, ranking 115th of 134 divisions for 2016-2017. Martinsville City, in contrast and primarily due to its overstressed tax base, witnessed their fiscal effort nearly triple from 2011-2012 to 2016-2017, increasing from 1.0302 to 3.3609, and now ranks 11th among 134 school divisions. Graphically displayed in Chart 5 are the fiscal effort trend lines for the two school divisions.

Reduced state and local appropriations for public schools have occurred throughout the Commonwealth, but it has much more severely affected school divisions with meager capacities to fund public services. School administrators have been forced to raise student-teacher ratios, eliminate courses that are not held to SOL standards, reduce benefit packages, freeze personnel salaries and wages, defer maintenance and operational needs and replacements, defer capital construction, and others.

Section Summary

Presented above is the explanation of the fiscal capacity measure used by the Commonwealth of Virginia to determine the fiscal responsibilities pursuant to funding public schools for the state and local school divisions. The Local Composite Index (LCI) formula is explained, its features and limitations are discussed, and an example is provided. The LCIs for Henry County and Martinsville City School Divisions are presented for FYs 2011-2012 to 2019-2020 and are projected through FYs 2025-2026. The function that the LCI serves in the state aid distribution formula is presented and examples for both the LCI and distribution formulae are illustrated through use of Henry County and Martinsville City School Divisions for FY 2020.

Both 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

[15] See for example the VEAs most recent publication, Virginia Education Association, *Educational Disparities, 2016-2017.* (Richmond, Virginia: VEA, October, 2018).

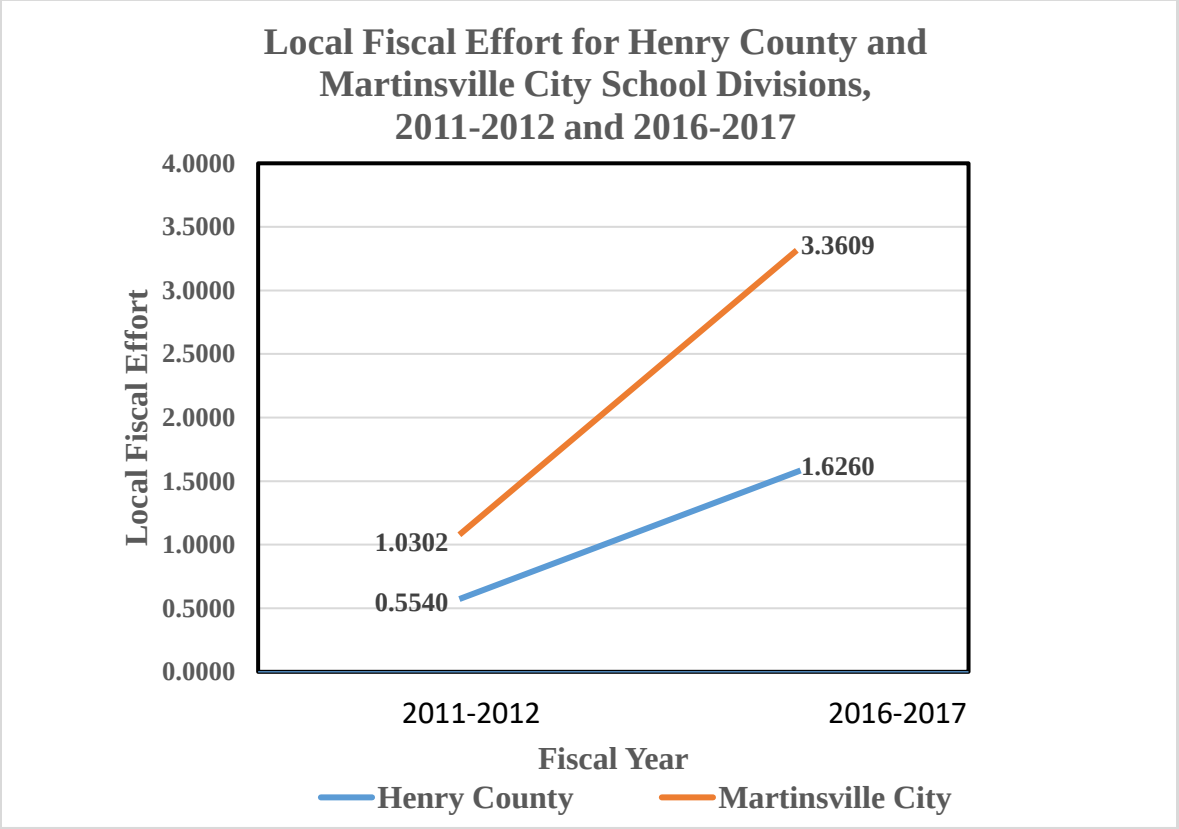
Table 25

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	
Henry County	**2011-2012**	**2016-2017**
LCI	0.2315 (Rank 126)	0.2331 (Rank 127)
Fiscal Capacity ($)	94,261	40,964
Fiscal Effort	0.5540	1.6260
Fiscal Effort Rank	128	115
Martinsville City	**2011-2012**	**2016-2017**
LCI	0.2263 (Rank 122)	0.2111 (Rank (131)
Fiscal Capacity ($)	91,868	37,090
Fiscal Effort	1.0302	3.3609
Fiscal Effort Rank	32	11
Consolidated School Division	**2011-2012**	**2016-2017**
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 2016-2017 LCI for the Consolidated School Division is an actual calculation; all other statistics are estimates.

Chart 5



FYs 2019-2020 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 131st 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 to 11th among the 134 school divisions.

The 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 direct state aid, $66,448, projected for FY 2019-2020.[16] 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.

[16] 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 merge, or consolidate, the Commonwealth of Virginia enacted legislation that provided additional state fiscal assistance to the merged school divisions.

Consolidation Incentive Program Legislation

Until recently, the Consolidation Incentive Program provided,

c.1) In the event that two or more school divisions become one school division, whether by consolidation of only the school divisions or by consolidation of the local governments, which shall include the transition of a city to town status, all state payments from this item adjusted by the composite index of local ability to pay to such resulting division or interest rates on approved Literary Fund loans shall be made on the basis of a composite index established by the Board of Education, which shall equal the lowest composite index of any of the individual school divisions involved in such consolidation. In addition, the local share of state payments adjusted by the composite index shall also be based on the same lowest composite index of any of the individual school divisions involved in such consolidation. This index shall remain in effect for a period of fifteen years, unless a lower composite index is calculated for the combined division through the process for computing an index figure as set forth above. The Governor shall approve the composite index determined by the Board of Education prior to disbursement of funds under such index. The department shall report to the Chairmen of the House Appropriations and Senate Finance Committees the composite indices approved by the Governor and the board in the event this provision is implemented.

c.2) In the case of the consolidation of Clifton Forge and Alleghany County school divisions, the fifteen year period for the application of a new composite index pursuant to paragraph c.1) above shall apply beginning with the fiscal year that starts on July 1, 2004.[17]

In essence, 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 became apparent to several members of the General Assembly that the state appropriations through the Consolidation Incentive Program were very generous to the merging Bedford City and Bedford County school divisions. Its generosity was particularly noteworthy since the two school boards have operated as unitary for considerable time. When several senators and delegates discovered the amount of additional state aid that Bedford City and Bedford County school divisions were entitled due to the Consolidation Incentive Program, the 2013 General Assembly responded with the following:

[17] Virginia Acts of Assembly, Special Session I, Chapter 3, Item 139(A)(4)(c.1) (2012).

c.1) In the event that two or more school divisions become one school division, whether by consolidation of only the school divisions or by consolidation of the local governments, which shall include the transition of a city to town status, all state payments from this item adjusted by the composite index of local ability to pay to such resulting division or interest rates on approved Literary Fund loans shall be made on the basis of a composite index established by the Board of Education, which shall equal no lower than the lowest nor higher than the highest composite index of any of the individual school divisions involved in such consolidation. In addition, the local share of state payments adjusted by the composite index shall also be based on the same composite index of any of the individual school divisions involved in such consolidation. This index shall remain in effect for a period of no less than five nor more than fifteen years, unless a lower composite index is calculated for the combined division through the process for computing an index figure as set forth above. The Governor shall approve the composite index determined by the Board of Education prior to disbursement of funds under such index. The department shall report to the Chairmen of the House Appropriations and Senate Finance Committees the composite indices approved by the Governor and the board in the event this provision is implemented.

c.4) In the case of the consolidation of Bedford County and Bedford City school divisions, the fifteen year period for the application of a new composite index pursuant to paragraph c.1) above shall apply beginning with the fiscal year that starts on July 1, 2013. Notwithstanding the provisions of paragraph c.1) the composite index established by the Board of Education shall equal the lowest composite index that was in effect prior to July 1, 2013, of any individual localities involved in such consolidation, and this index shall remain in effect for a period of fifteen years, unless a lower composite index is calculated for the combined division through the process for computing an index as set forth above. Bedford County Public Schools shall undergo a School Efficiency Review pursuant to Item 271, 4.a. Such review shall include division administration; human resources; finance; purchasing; educational service delivery costs, including school size; special education; facilities; transportation, technology management; and food service.

c.5) JLARC is hereby directed, with assistance from the Commission on Local Government, 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 shall complete its study and submit a final report no later than October 1, 2014.[18]

[18] 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.

Subsequently, 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,[19] on the following:

1. Evaluate the structure of cities and counties in the Commonwealth;
2. Evaluate the impact of annexation upon localities;
3. Consider alternatives to the current moratorium on annexation by cities; and
4. Consult with and seek input from the Virginia Municipal League, Virginia Association of Counties, and localities directly affected by moratorium.

Following conduct of the directed study, the CLG made the following recommendations:

1. Modify reversion and consolidation statutes to remove obstacles;
2. Make reversion and consolidation more cost-effective through incentives;
3. Grant additional powers to counties through reversion and other inter-local agreements;
4. Evaluate mandated service delivery methods to identify appropriate service level;
5. Relax the requirements for the establishment of joint authorities and special districts;
6. Provide planning grants to explore inter-local agreements and other operational efficiencies;
7. Evaluate adequacy of local fiscal resources to identify enhancements;
8. Create or expand 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.**

[19]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).

Section 4

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

Employee Compensation.

An update to the comprehensive review of employee compensation and fringe benefit structures conducted in 2013 is needed for Henry County and Martinsville City School Divisions as consolidation is again being considered. To the vast majority of employees, the amount and method of compensation is an important consideration if the quality, morale, and effectiveness of a workforce are preserved. A unified, competitive compensation and classification plan should ensure the following components for both the public and employees of a school division: (1) proper internal placement and external alignment of positions within an equitable, pay structure which is competitive in the labor market; and (2) an adequate provision for the recruitment, retention, and motivation of a well-qualified workforce. If either or both components are unmet, the administration of employee compensation will likely be problematic, particularly during and following the consolidation of independent localities. Whenever there is a discussion concerning the possible consolidation of schools and/or school divisions, those who are potentially affected become rightfully concerned. Parents and students are particularly interested and desire to know where students will be attending school following consolidation. Employees of the two systems want to know where they will be assigned and how their compensation and benefit packages will be affected. Taxpayers will be interested in whether changes to their property values and taxes will occur. In order to allay fears, avoid rumors, and provide for equitable treatment of all parties affected by the potential consolidation, policies and procedures must be clearly defined, well-publicized, and acceptable to the public, as represented by the policymakers.

Upon completion of the consolidation, some basic assumptions that should be considered that are indicative of well-developed employee compensation and classification systems are as follows:

- All employees should be placed on a salary schedule or employed under a written contract;
- The agreed upon salary schedule/contract should be made to pay the prevailing wage rate for each classification position (educational requirements, training needed, number of individuals supervised, level of responsibility, skills needed, etc.);
- Provision for some previous recognition of length of service should be included;
- Anniversary dates of employment or promotion should be clearly stated in order to facilitate personnel policy implementation and administration;
- Compensation schedules should be compared with competing agencies, job markets, and benchmarks;

- Salary schedules should be reviewed periodically and the review committees should include employee representation whenever possible;

- Varying lengths of contracts should be established and should directly apply to the needs of the positions;

- Fringe benefits should be considered as a part of the compensation package;

- Provision should be made to allow for periodic cost-of-living adjustments (COLAs);

- Generally, the compensation system structure should provide for a differential of approximately 2.5% between steps and 5% between classifications; and

- A clear, easily understandable interpretation of the *Fair Labor Standards Act* (FLSA)[20] should be provided to all employees. Positions covered by the FLSA should be clearly designated within the material provided.

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,[21] and the competition to fill personnel vacancies have created a natural set of economic controls in the market. The two divisions tend to draw from essentially the same pool of applicants and many of the employees appeared to 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 26 are teacher salary scales for Henry County and Martinsville City School Divisions, respectively. Also, displayed in Table 26 are the teacher profiles, i.e., number of teachers on each step for the two school divisions. Should a consolidation between Henry County and Martinsville City School Divisions occur, decisions regarding various salary scales/schedules will be required pursuant for **all** publically-funded employees, including personnel employed by Henry County and Martinsville City School Divisions. This study analyzes the two salary schedules currently employed by the two school divisions and then presents three alternative strategies for accommodating consolidation of the two sets of salary schedules. The three alternative consolidation strategies are as follows:

[20] The *Fair Labor Standards Act of 1938*, as amended 29 U.S.C. 201, *et seq*.
[21] 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

Table 26

Henry County School Division
Teacher Salary Scale
FY 2018-2019

Yrs of Service	Step	# of Employees	Base Salary	Baseline Salary Cost
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
Total		**560**		**$25,608,135**

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

Martinsville City School Division
Teacher Salary Scale
FY 2018-2019

Yrs of Service	Step	# of Employees	Base Salary	Baseline Salary Cost
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	$0
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	$0
32	21	1	$51,117	$51,117
33	22	4	$53,043	$212,172
34	23	0	$55,206	$0
35+	24	10	$58,650	$586,500
Total		**192**		**$8,362,188**

(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.

It 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. As mentioned previously, adequate compensation for services performed is very important to employees, and warrants careful consideration by policymakers.

Provided at Table 27 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 almost exclusively delineates longevity by individual service year. The cost implication of the hypothetical median scale is given in Table 28. Since Martinsville City has the higher of the two salary scales, leveling teacher salaries up would simply involve placing the current Henry County teachers onto the Martinsville City School Division scale. Conversely, if Henry County's current scale were adopted, a hold harmless provision would be necessary to avoid current Martinsville City teachers realizing reductions in compensation. A snapshot of base salary differences are displayed in Table 29 and provides a side-by-side comparison of the salary scales for the two school divisions.

Presented in Table 30 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 31.

By placing both current Martinsville City and Henry County School Division teachers on median salaries as shown in Table 32 additional teacher salary costs would also occur. If the current

Table 27

Hypothetical Median Base Teacher Salary Scale for Henry County and Martinsville City School Divisions, FY 2018-2019

Service YrS	Henry County Base Salary	Martinsville City Base Salary	Median Salary
0-1	$ 40,485	$ 40,902	$ 40,694
2	$ 41,092	$ 41,250	$ 41,171
3	$ 41,498	$ 41,826	$ 41,662
4	$ 41,616	$ 42,264	$ 41,940
5	$ 41,971	$ 42,468	$ 42,220
6	$ 42,325	$ 42,681	$ 42,503
7	$ 42,679	$ 42,810	$ 42,745
8	$ 42,799	$ 43,320	$ 43,060
9	$ 42,918	$ 43,560	$ 43,239
10	$ 43,035	$ 43,767	$ 43,401
11	$ 43,697	$ 45,516	$ 44,607
12	$ 43,936	$ 46,212	$ 45,074
13	$ 44,270	$ 46,476	$ 45,373
14	$ 44,606	$ 47,178	$ 45,892
15	$ 45,235	$ 47,421	$ 46,328
16	$ 46,481	$ 47,862	$ 47,172
17	$ 47,443	$ 48,696	$ 48,070
18	$ 47,871	$ 49,059	$ 48,465
19	$ 49,101	$ 49,719	$ 49,410
20	$ 49,434	$ 50,295	$ 49,865
21	$ 50,043	$ 51,117	$ 50,580
22	$ 51,409	$ 53,043	$ 52,226
23	$ 51,773	$ 55,206	$ 53,490
24	$ 54,954	$ 58,650	$ 56,802
	$ 44,103	**$ 46,344**	**$ 45,224**

Table 28

Extended Cost of Hypothetical Median Base Teacher Salary Scale for Henry County and Martinsville City School Divisions, Fiscal Year 2018-2019

Service YrS	Number of Henry County Teachers	Number of Martinsville City Teachers	Median Salary	Extended Total Cost
0-1	51	53	$ 40,694	$ 4,232,176
2	49	30	$ 41,171	$ 3,252,509
3	42	16	$ 41,662	$ 2,416,396
4	19	7	$ 41,940	$ 1,090,440
5	20	19	$ 42,220	$ 1,646,580
6	12	14	$ 42,503	$ 1,105,078
7	17	1	$ 42,745	$ 769,410
8	20	4	$ 43,060	$ 1,033,440
9	19	1	$ 43,239	$ 864,780
10	17	8	$ 43,401	$ 1,085,025
11	18	2	$ 44,607	$ 892,140
12	14	9	$ 45,074	$ 1,036,702
13	8	2	$ 45,373	$ 453,730
14	21	5	$ 45,892	$ 1,193,192
15	16	2	$ 46,328	$ 833,904
16	13	0	$ 47,172	$ 613,236
17	27	1	$ 48,070	$ 1,345,960
18	23	1	$ 48,465	$ 1,163,160
19	14	2	$ 49,410	$ 790,560
20	17	0	$ 49,865	$ 847,705
21	15	1	$ 50,580	$ 809,280
22	18	4	$ 52,226	$ 1,148,972
23	10	0	$ 53,490	$ 534,900
24	80	10	$ 56,802	$ 5,112,180
	560	**192**	**$ 45,224**	**$ 34,271,455**

Table 29

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

Service Yrs	Henry County Base Salary	Martinsville City Base Salary	Difference
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
	$ 44,103	**$ 46,344**	**$ 2,241**

Table 30

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

Service Yrs	Number of Henry County Teachers	Incremental Amount	Extended Costs
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
	560	**$ 2,241**	**$ 755,769**

Table 31

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

Yrs of Service	Step	# of Employees	Difference	Total Difference
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
Total		**192**		**$ 153,778**

Table 32
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
	560	**$ 44,103**	**192**	**$ 46,344**	**$ 45,224**	**$ 301,132**

number of teachers employed by Henry County and Martinsville City School Divisions were placed on the median salary scale the additional cost would total approximately **($301,132)**. Presented in Table 33 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.**

An 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.

Salaries for Support Personnel.

The school board of the Consolidated School Division will need to review and implement a clear, systematic, easily-understood pay and classification system for personnel. It is difficult to determine relative pay for similar jobs between the two school divisions due to the absence of similar formal structures. Payment methods used in Martinsville City schools seemed to be largely established on the basis of the market and not on clearly defined variables as is the case in Henry County.

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.

Table 33

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, FY 2018-2019

Service Yrs	Number of Henry County Teachers	Number of Martinsville City Teachers @ 11.6:1 Pupil/Teacher Ratio	Number of Martinsville City Teachers @ 14.0:1 Pupil/Teacher Ratio	Median Salary	Extended Total Cost @ 11.6:1 Pupil:Teacher Ratio	Extended Total Cost @ 14.0:1 Pupil:Teacher Ratio	Difference (Cost Savings)
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
	560	**192**	**159**	**$ 45,224**	**$34,271,455**	**$ 32,850,495**	**$1,420,960**

Fringe Benefits.

In addition to employee salaries, areas such as retirement, health care, life insurance, workers' compensation, methods of salary distribution (pay periods), availability of salary supplements and overtime compensation, administration of leave, position security, workloads, position classifications, length of work days and work year, liability insurance provisions, tax-deferrals and tax-sheltered annuities, dues check-offs, training opportunities, promotional opportunities, personal growth leaves, etc. are all extremely important components of a comprehensive compensation system that creates an environment which attracts and retains high quality employees. In many instances, employees fail to equate these policies with their compensation; but, in fact, they play an important role in the climate of an organization and the success of individuals within the larger environment.

Provided in Table 34 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. When the benefits displayed in Table 34 are reviewed, it appears that both school divisions offer adequate, albeit marginal, benefit packages[22] 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.

School Division Central Office Administration Staffing Plan

Introduction.

Presented in this section is an overview of the current central office administrative staffing plans for the Henry County and Martinsville City School Divisions. The purpose of this section is to develop an example of a central office administrative staffing plan for the Consolidated School Division that can be used as a basis from which a budget could be constructed. The resultant hypothetical staffing plan should be considered solely as an example and should not be considered as a recommendation of the consultant. In this example, three assistant superintendents, eight directors, and ten coordinators are employed on a three-level central administrative office hierarchy. School-based administrative staffing plans are not included since they are generally mandated and are included under the school divisions' staffing ratios, see: Table 12.

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.

[22] 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 34

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

Fringe Benefit	Henry County	Martinsville City
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

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

Included in Appendices A and B are copies of the central office administrative staffing charts for Henry County and Martinsville City School Divisions for FY 2018-2019. Both school divisions have made significant changes to their organizational charts over the six-year interval since the prior study, which relied primarily on data drawn from FY 2012-2013. Like many rural school divisions, Henry County and Martinsville City School Divisions have been experiencing enrollment losses; thereby, requiring the application of downsizing existing personnel and closing some facilities. From FYs 2011-2012 to 2017-2018, Henry County reported a decline of 351 pupils in Fall Enrollment from its base of 7,479, or a loss of 4.7%. For the same time period, Martinsville City School Division reported a decline of 190, or a loss of 8.6%, double the percent decline experienced by Henry County School Division. Fall Enrollments for Henry County are projected to enter a period of stability for the next several fiscal years; however, the precipitous decline in enrollment for Martinsville City is projected to continue,[23] making the current difficult fiscal situation even worse. Public school divisions that are confronting enrollment decline are very stressful organizations that place increasing pressure on everyone, including the pupils, administrators, teachers, support personnel, school board members, parents, and the community itself.

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.[24]

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 35 and contains fiscal, pupil, and population data retrieved from VDOE;[25]

- Drawn from VDOE[26] and arrayed in Table 36 are **personnel staffing summaries** for the comparison school divisions, Henry County, Martinsville City, and Consolidated School Division.

[23] See Table 3, p. 9.
[24] This chart was presented in the prior 2013 study; and as in the prior report, this chart should be viewed as an example only.
[25] Retrieved from: http://www.doe.virginia.gov/school_finance/budget/compositeindex_local_abilitypay/index.shtml
[26] Retrieved from: http://www.doe.virginia.gov/statistics_reports/supts_annual_report/2017_18/index.shtml

Table 35

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	02443
Bedford	9,840,655,334	2,113,311,072	482,777,476	9,610	77,575	0.4284
Consolidated	**$3,118,390,250**	**$1,051,688,920**	**$533,036,237**	**9,102**	**66,296**	**0.2217**
Median	**$8,144,236,258**	**$2,042,835,618**	**$482,777,476**	**9,488**	**73,325**	**0.3920**

Source: VDOE. Retrieved from: http://www.doe.virginia.gov/school_finance/budget/compositeindex_local_abilitypay/index.shtml

Table 36

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	**368.79**
James City	24.18	158.49	16.65	69.82	262.75	**531.89**
Montgomery	43.00	122.63	17.00	32.00	225.00	**439.63**
Pittsylvania	26.45	89.79	0.00	31.45	264.99	**412.68**
Bedford	27.38	98.90	44.59	38.69	287.70	**497.26**
Mean	**29.80**	**111.46**	**17.85**	**39.59**	**251.35**	**450.05**
Henry	22.28	88.80	12.00	27.00	142.50	**292.58**
Martinsville	13.20	25.65	4.28	5.05	59.00	**107.18**
Consolidated	35.48	114.45	16.28	32.05	201.50	**399.76**
Mean minus Consolidated	**-5.68**	**-2.99**	**1.57**	**7.54**	**49.85**	**50.29**
State Totals	**3,380.93**	**16,627.37**	**2,577.27**	**4,890.75**	**28,907.90**	**56,384.22**

Source: VDOE. Retrieved from: 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.**

- A recapitulation of fiscal implications pursuant to merged salaries and staffing policies of Henry County and Martinsville City School Divisions are as follows:

    1. Additional **($755,769)** to place Henry County School Division teachers on the Martinsville City School Division salary scale;
    2. Cost savings of **$153,778** to place Martinsville City School Division teachers on the Henry County School Division salary scale;
    3. Additional **($301,132)** to place Henry County and Martinsville City School Division teachers on median salaries for both school divisions;
    4. 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
    5. Cost savings of **$587,476**[27] for the reduction of **5** to **9** central office administrators.

Cost Alternatives for a Merged School Division.

Three cost alternatives[28] pursuant to the merger of Henry County and Martinsville City School Divisions are presented below:

- **Alternative 1:** Placement of Henry County Classroom Teachers on the Martinsville City School Division Salary Schedule; Phase-in of the Henry County School Division Pupil: Teacher Ratio @ 10% annual attrition rate; and Phased Reduction of Martinsville City School Division Central Office Personnel @ 2 per Fiscal Year.

($755,769)	Placement of Henry County Classroom Teachers on the Martinsville City School Division Salary Schedule;
172,238	Phase-in of the Henry County School Division Pupil: Teacher Ratio (14.0: 1.0) @ 10% annual attrition rate (4 positions-rounded-up); and
175,612	Phased Reduction of Martinsville City School Division Central Office Personnel @ 2 per Fiscal Year.

[27] Calculated Mean between $439,029 and $735,923.
[28] Cost estimates were based on FY 2017 data.

($407,919) **Total Initial Fiscal Year Cost**

- **Alternative 2:** Placement of Henry County and Martinsville City School Division Classroom Teachers on Median Salary Schedule; Phase-in of the Henry County School Division Pupil: Teacher Ratio @ 10% annual attrition rate; and Phased Reduction of Martinsville City School Division Central Office Personnel @ 2 per Fiscal Year.

($301,132) Placement of Henry County and Martinsville City School Division Classroom Teachers on the Median Salary Schedule;

172,238 Phase-in of the Henry County School Division Pupil: Teacher Ratio (14.0: 1.0) @ 10% annual attrition rate (4 positions-rounded-up); and

175,612 Phased Reduction of Martinsville City School Division Central Office Personnel @ 2 per Fiscal Year.

$43,718 **Total Initial Fiscal Year Cost Saving**

- **Alternative 3:** Placement of Martinsville City School Division Classroom Teachers on the Henry County School Division Salary Schedule; Phase-in of the Henry County School Division Pupil: Teacher Ratio @ 10% annual attrition rate; and Phased Reduction of Martinsville City School Division Central Office Personnel @ 2 per Fiscal Year.

$153,778 Placement of Martinsville City School Division Classroom Teachers on the Henry County School Division Salary Schedule;

172,238 Phase-in of the Henry County School Division Pupil: Teacher Ratio (14.0: 1.0) @ 10% annual attrition rate (4 positions-rounded-up); and

175,612 Phased Reduction of Martinsville City School Division Central Office Personnel @ 2 per Fiscal Year.

$501,628 **Total Initial Fiscal Year Cost Saving**

Projected State Aid for a Merged Henry County and Martinsville City School Divisions

Both Henry County and Martinsville City School Divisions are among the lowest fiscally-able school divisions of the Commonwealth, and are primarily dependent on state aid to operate their public schools. While it is impossible to precisely project the amount of state aid that a merged school division would be entitled for FYs 2021 and forward, it is possible to project the state aid that the merged school division would have received for FYs 2019 and 2020. Displayed in Table

37 are the results of this simulation.[29] The projected state aid for FYs 2019 and 2020, by funding formulae, were calculated by holding the amount of state aid constant and using the projected LCI (0.2226) for the merged school division.

Due primarily to the use of a slightly higher LCI projected (0.2226) for FYs 2021 and 2022, the state aid declined slightly for the merged school division. For FY 2019, the projected loss is just over $2 million. The projected FY 2019 loss of state aid was greatest for Standards of Quality funds, **(1,101,160),** followed by the Lottery-Funded programs, **(827,137).** For FY 2020, the projected loss is nearly $2 million. The projected FY 2020 loss of state aid was greatest for Standards of Quality funds, **(1,166,731),** followed by the Lottery-Funded programs, **(772,539).**

Table 37

Projection of State Aid for Merged School Division, FY 2019

Standards of Quality			
Henry County	**Martinsville City**	**Merged Division**	**Difference[30]**
44,538,704	12,066,595	55,504,139	**(1,101,160)**
Incentive Programs			
2,197,729	494,069	2,553,317	**(138,481)**
Categorical Programs			
68,431	28,863	109,102	**11,808**
Lottery-Funded Programs			
7,456,926	2,286,998	8,916,787	**(827,137)**
Total State Aid			
54,259,756	14,876,525	67,083,344	**(2,052,937)**

Projection of State Aid for Merged School Division, FY 2020

Standards of Quality			
Henry County	**Martinsville City**	**Merged Division**	**Difference[31]**
44,748,708	11,640,884	55,222,834	**(1,166,758)**
Incentive Programs			
4,113,462	942,432	5,002,200	**(53,694)**
Categorical Programs			
69,060	28,937	109,245	**11,248**
Lottery-Funded Programs			
7,494,832	2,115,316	8,837,609	**(772,539)**
Total State Aid			
56,441,254	14,727,569	69,171,888	**(1,996,935)**

[29] Merged Division - (Henry County + Martinsville City). See Appendices D, E, and F for the worksheets used to calculate the projected state aid, respectively, for Henry County, Martinsville City, and the merged school division.

A Review of Capital Facilities for Henry County and Martinsville City School Divisions, FY 2018

The consultant, Richard G. Salmon, visited each of the schools in Henry County and Martinsville City School Divisions during the winter of 2018. He also visited the same schools pursuant to the previous reports conducted in 2003 and 2013. The previous studies both recommended closure of several schools in service in both Henry County and Martinsville City School Divisions. The following schools were closed in Henry County: Ridgeway Elementary, Spencer Penn Elementary, Fieldale Elementary, Figsboro Elementary, Irisbury Elementary, John Redd Smith Elementary and Bassett Middle. Also, Fieldale-Collinsville High and Laurel Park High schools were converted into middle schools, while Drewry Mason Middle, Carver Middle and Axton Middle schools were repurposed into elementary schools. Henry County now operates two high schools, two middle schools, and ten elementary schools. Martinsville City closed Druid Hills Elementary and Clearview Elementary schools. Martinsville City repurposed Druid Hills Elementary which now serves as Martinsville City School Board Office. The Virginia Department of Education and both studies conducted by this consultant recommended closure of Patrick Henry Elementary School, but it remains operational due to financial constraints. Patrick Henry Elementary has undergone substantial renovations including the installation of air conditioning and upgraded lighting; however, it remains less than a suitable facility. Martinsville City now operates one high school, one middle school, and two elementary schools.

An influential study, *Wolves at the Schoolhouse Door*,[32] described the following five phases of the life cycle of school buildings:

- *Phase One, the first 20 years of a building's life.* Maintenance costs normally are limited to minor repairs and small improvements to reflect changes in the instructional program;
- *Phase Two, the period between 20 and 30 years.* Facilities require increasing amounts of annual maintenance and more frequent replacement of worn-out equipment;
- *Phase Three from 30 to 40 years.* General maintenance needs increase rapidly. Most of the original equipment should have been replaced, and major items, such as roofs and lighting fixtures, likely will need to be replaced during this time period. These replacements should not be viewed as emergencies or extraordinary expenses but as necessities arising from the natural aging of the building;
- *Phase Four, from 40 to 50 years.* This is a time of accelerated deterioration. In most instances, the needs, neighborhood or community has changed, and the school, for instance, may no longer be located convenient for efficiently serving students. A 50-year-old building frequently is too new to abandon (if well-constructed) but too old to be an effective resource of the school division; and
- *Phase Five, more than 50 years old.* Usually, the building should be completely reconstructed or abandoned.

[32] Lewis, Anne et. al., *Wolves at the Schoolhouse Door.*(Washington, D.C.: Education Writers Association, 1989).

Both school divisions have facilities that are in the latter phases of their life cycles, and as they age, they normally require increased expenditures for maintenance and repair services. Ultimately they deteriorate to a point where it is more cost-efficient to replace them than it is to expend resources for their renovation and repair.

Presented below are brief descriptions of the operational school facilities utilized by Henry County and Martinsville City School Divisions.

Martinsville High School

The Martinsville High School houses grades 9-12, was constructed in 1968, renovated in 1972, and has a recently-completed major renovation, FY 2018. The building is located on a 41.85 acre site and has 196,000 square feet with 297 square feet per student for the 580 pupils enrolled in 2019. Also located on the same site is a 45,124 square foot vocational educational facility.

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Overall, Martinsville High School is an excellent facility that has been enhanced by the recent renovation that included the addition of a science wing, a redesigned cafeteria, and new office complex. Martinsville High School has an exceptional auditorium that seats 2,200 people, which is unique for a high school that served less than 600 pupils in FY 2018.

Martinsville Middle School

Martinsville Middle School, houses grades 6-8, and was originally constructed in 1938 to serve as a high school. The school received small additions and renovations in 1946, 1950, 1960, followed by a major renovation in 1996. The school building is located on 6 +/- acres and enrolled 427 pupils in 2019 with a square footage of 318 square feet per pupil and a total square footage of 135,582.

The 1996 renovations were exceptional and included the installation of computer and science laboratories for all grade levels. Although Martinsville Middle School has been operational for 85 years, it contains a number of attractive features remaining from its service as a high school, including a large auditorium and full-size gym. Overall, despite its long service, Martinsville Middle School should be considered as a good facility with no major problems.

Albert Harris Elementary School

Albert Harris Elementary School, constructed in 1948, houses grades K-5 and initially served as a high school. Renovations and additions were made in 1957, 1960, and 1967, followed by a major renovation in 2001. In 2019, it served 467 pupils.

Overall, the renovation of this facility was outstanding and from an instructional perspective, the facility should be considered excellent. However, the kitchen is undersized and should be renovated and expanded. The front and rear entrances to the school are viewed as attractive by some, but they are not well-designed for their purpose of providing shelter and present drainage problems. And, the building suffers from myriad leaks and a major roof repair is needed.

Patrick Henry Elementary School

Patrick Henry Elementary School houses grades K-5, was constructed in 1948 and received a 1973 gymnasium addition. In 2006, the school was air-conditioned, windows replaced and painted throughout. In 2019, Patrick Henry Elementary School served 427 pupils and contains a total of 45,416 square feet, or 106 square feet per pupil.

The acreage is small, 5.12 acres, and is confined by surrounding housing and church property. A city park is located adjacent to the facility, but it is of little benefit for school activities. The small site also presents problems during bus loading and parent pickup. Although the facility was renovated in 2006, it has to be considered overcrowded. As an example, part of the dining area has been partitioned for special education classes and the auditorium stage is used for classes. Overall, the facility is evaluated as poor.

Bassett High School

Bassett High School houses grades 9-12, was constructed in 1978 and is located on 78 acres. It contains 189,437 square feet, or 156 square feet per student. Bassett High School, both inside and outside, is well-maintained. The school was constructed for a capacity of 1,368 pupils and served 1,161 students in 2018. Bassett High School is evaluated as a good facility; however, the roof suffers from many leaks and needs to be replaced.

Magna Vista High School

Magna Vista High School houses grades 9-12 and was constructed in 1988 for a capacity of 1,428 pupils, but in 2018 only enrolled 1,071. The school is located on 110 acres in a somewhat remote area of Henry County and contains 203,765 square feet, or 190 square feet per pupil.

In 2004, the vocational education laboratories were converted into classrooms and for storage. Also, a state-of-the-art greenhouse was added adjacent to the rear of the facility. In 2011, the building received new lightning and was air-conditioned and the roof replaced. The building should be considered as very good. Magna Vista High School participates in a NEW TECH $1.5 to $2.0 million program entitled, *Warrior Tech Academy*, that has been received well by both faculty and pupils.

Fieldale-Collinsville Middle School

Fieldale-Collinsville Middle School houses grades 6-8 and was constructed in 1965, followed by renovations in 1967, 1985, 1987, and 1996. In 2004, some vocational educational laboratories were converted into classrooms. The school was originally constructed as a high school and is located on 34.59 acres and contains 138,224 square feet, or 162 square feet per pupil. The building was constructed initially for a capacity of 1,368 pupils, but in 2018, only 854 were enrolled. Currently, plans are being developed for a much-needed renovation. The facility and grounds are clean and well-maintained. Overall, the school facility should be considered good.

Laurel Park Middle School

Laurel Park Middle School houses grades 6-8 and was constructed in 1969 as a high school. It was renovated in 1996, including the installation of air-conditioning. Later, new seats were installed in the auditorium and a media center constructed. The school is located on 44.17 acres, containing 137,904 square feet, or 177 square feet per pupil. The facility needs some maintenance and the cafeteria needs a major renovation. Laurel Park Middle School has a capacity of 1,094, but enrolled only 777 pupils in 2018.

Axton Elementary School

Axton Elementary School houses grades PK-5 and was initially constructed in 1939 and renovated in 1961, 1968 and 1990. More recently, the metal roof was reconditioned, the parking lot repaved, and a new gymnasium floor with bleachers installed. Only a small portion of the original building is still standing which is incased into the present structure with only the cafeteria remaining from 1939. The school is located on 28.73 acres and contains 59,594 square feet, resulting in 133 square feet per pupil. The 1990 renovation was exceptional. The 2018 fall enrollment at Axton Elementary School was 448 and has a capacity of 423. The facility should be evaluated as very good.

Campbell Court Elementary School

Campbell Court Elementary School houses grades PK-5 and was constructed in 1937, with additions in 1940, 1948, 1954, 1968, 2002 and 2008. Campbell Court Elementary School enrolled 359 pupils during 2018 and has a capacity of 499. However, the capacity of 499 may be overstated due to the demands created by modern technology, special needs, and other contemporary instructional programs. The school building is located on 16.6 acres and contains 60,884 square feet, resulting in 170 square feet per pupil. The 2008 renovation was excellent, including air conditioning, replacement of windows and extensive painting. More recently, renovations have been included the central office, bathrooms, and the media center. The facility has multiple levels, and has accessibility concerns, resulting partially from the many renovations and additions.

Carver Elementary School

Carver Elementary School houses grades PK-5 and was constructed in 1950, with renovations in 1961 and 2003. The school building is located on a 24.75 acres and contains 86,000 square feet, resulting in 152 square feet per pupil. The school was constructed during the segregation era to serve African-American high school students for Henry County. As mentioned in the Drewry Mason description, the design of Carver and Drewry Mason are nearly identical, and both suffer from the same deficiencies, including undersized cafeterias and dining facilities. In 2017, conference rooms were refurbished and the library renovated. The 2018 fall enrollment for Carver Elementary School was 567 pupils and has a capacity of 610. Carver should be evaluated as good.

Center for Community Learning (Heretofore: Collinsville Primary School)

The Center for Community Learning houses grades PK-2 and had a 2018 fall enrollment of 347 pupils. The facility was constructed in 1968 with a capacity of 291. The school building containing 35,522 square feet is located on 4.16 acres, or 102 square feet per pupil. The site is well below the state-recommended minimum of seven acres, i.e., 4 acres plus 1 acre per 100 children served. Additionally, the school building is located next to a large hill and suffers from drainage problems. The drainage problem was partially corrected in 2004, although a heavy downpour is still problematic. The Center for Community Learning should be considered average.

Drewry Mason Elementary School

Drewry Mason Elementary School houses grades PK-5 and was constructed in 1952 with an addition added in 1961. It was originally constructed and employed as a high school until Magna Vista High School was opened in 1988. The facility is nearly identical to Carver Elementary School, which was opened two years earlier in 1950. It is located on 28.44 acres and contains 88,000 square feet, resulting in 191 square feet per pupil. Drewry Mason Elementary School reported a fall enrollment in 2018 of 460 pupils and has a capacity of 624. The facility was extensively renovated in 2006, including the installation of a new administrative suite, a renovated auditorium, and extensive painting throughout. More recently, new seating has been installed in the auditorium and new bleachers in the gymnasium. Currently, its major weakness is an undersized kitchen and serving area that has been extended into the dining area because of lack of space. The building has considerable extra space that is being utilized by the school system as surplus storage. Drewry Mason Elementary School should be evaluated as good.

John Redd Smith Elementary School

John Redd Smith Elementary School houses grades 3-5 and was initially constructed in 1952 followed by renovations in 1961 and 2003. The school building is located on 6.0 acres and contains 87,000 square feet with a reported 2012 fall enrollment of 308 pupils, resulting in 282 square feet per student. While the square footage of the building is adequate, the acreage of the site falls slightly below the acreage recommended by the Commonwealth. The school has three buildings that are used for instructional purposes and are located in the middle of a shopping center parking area. It is landlocked and provides a very small play area for children. The school also is located adjacent to the Collinsville Elementary School and share a common service road, which presents a potential safety problem during bus and parental pick-up. The parents who pick up their children in the afternoon form a line that extends out to a major highway. The John Redd Smith Elementary School was evaluated as poor to average.

REMOVED FROM SERVICE

Mt. Olivet Elementary School

Mount Olivet Elementary School houses grades PK-5 and was constructed in 1966. The facility was renovated in 1973, 2004, and 2016 with the construction of a new media center. The 2004 renovation included the addition of a gymnasium. The school building is located on 14 acres and contains 43,242 square feet, resulting in 140 square feet per pupil. The 2018 fall enrollment was 308 pupils. The building should be evaluated as average to good.

Rich Acres Elementary School

Rich Acres Elementary School houses PK-5 and was constructed in 1966 followed by renovations in 1996 and 2011. The 2011 renovation included the installation of air conditioning and new bathrooms, the addition of new section, and extensive painting throughout. More recently, the parking lot has been repaved and a new roof installed. The facility is located on 12.4 acres and contains 47,419 square feet, or 140 square feet per pupil. The 2018 fall enrollment reported 286 pupils enrolled in a school building with a capacity of 389 pupils. Overall, the facility should be evaluated as average to good.

Sanville Elementary School

Sanville Elementary School houses grades PK-5 and was constructed in 1928, followed by renovations in 1959, 1965, and 1996. The facility is located on 9 acres and contains 39,889 square feet, resulting in 159 square feet per pupil. The 2018 fall enrollment was 251 pupils enrolled in a school building that has a capacity of 326 including the space provided by mobile units. Currently, two mobile units are located on-site and are utilized for instructional services. If the aged facility is to continue in active service, the mobile units should be replaced with permanent facilities as soon as possible. The playground area is problematic due primarily to its configuration. Overcrowding and the advanced age of the facility contributed to the recommendation to evaluate Sanville Elementary School as poor to average.

Stanleytown Elementary School

Stanleytown Elementary School houses grades PK-5 and was constructed in 1966, plus the addition of a gymnasium in 1990. The facility is located on 12.4 acres and contains 50,087 square feet, resulting in 167 square feet per pupil. The 2018 fall enrollment was 300 pupils. Formerly a major special education center, most special education pupils were transferred to Meadow View Elementary School in 2018. Four mobile units are located on-site and should be replaced with permanent classrooms as soon as possible. The school building is basically sound and has excellent décor as do most Henry County Schools. The major limitation of Stanleytown Elementary School is due to overcrowding as evidenced by use of mobile units.

Meadow View Elementary School

Beautiful new elementary school – no need to evaluate

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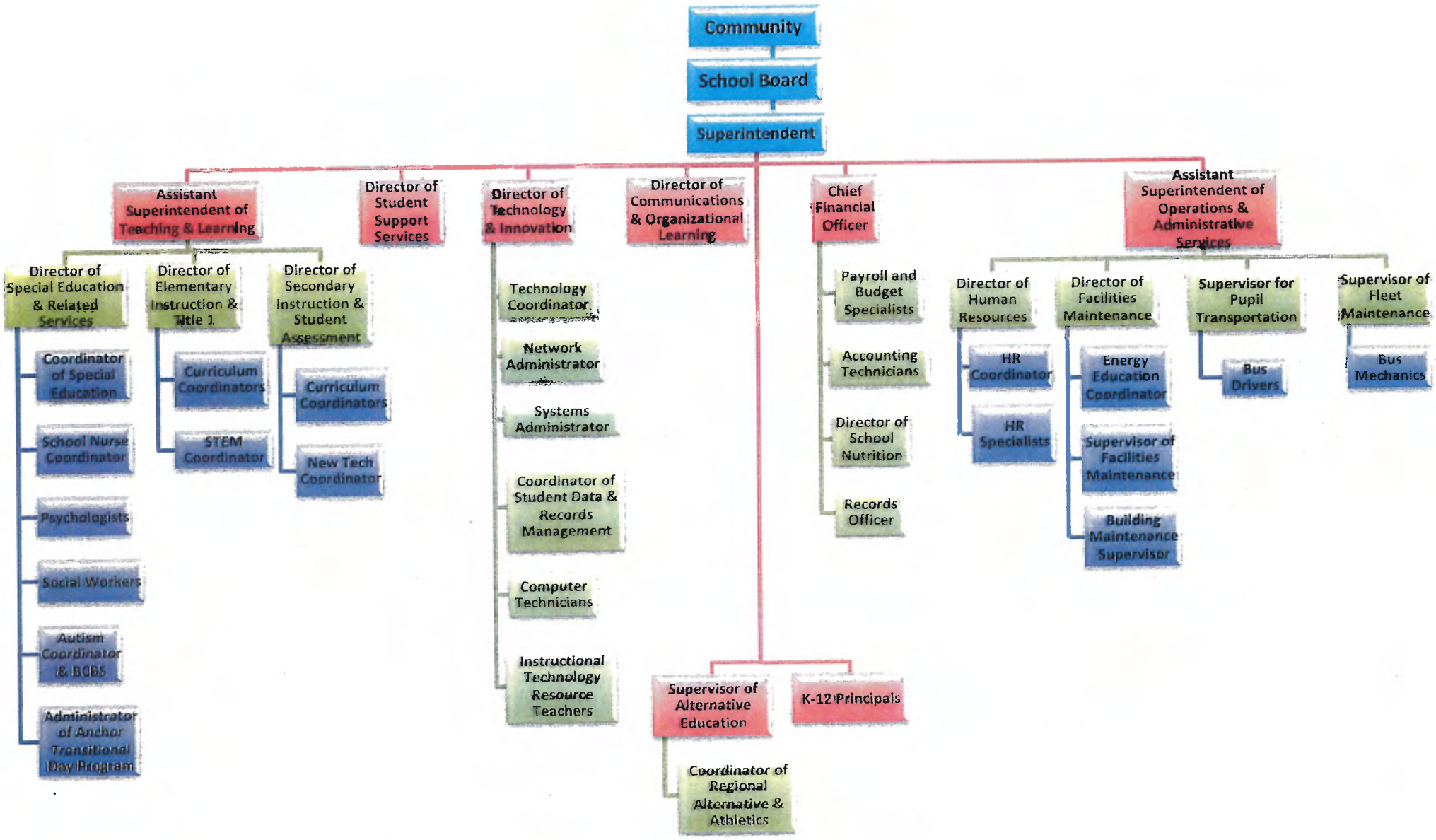
Appendices

Appendix A

Henry County School Division
2018 Organization Chart

Henry County Public Schools
Organizational Chart



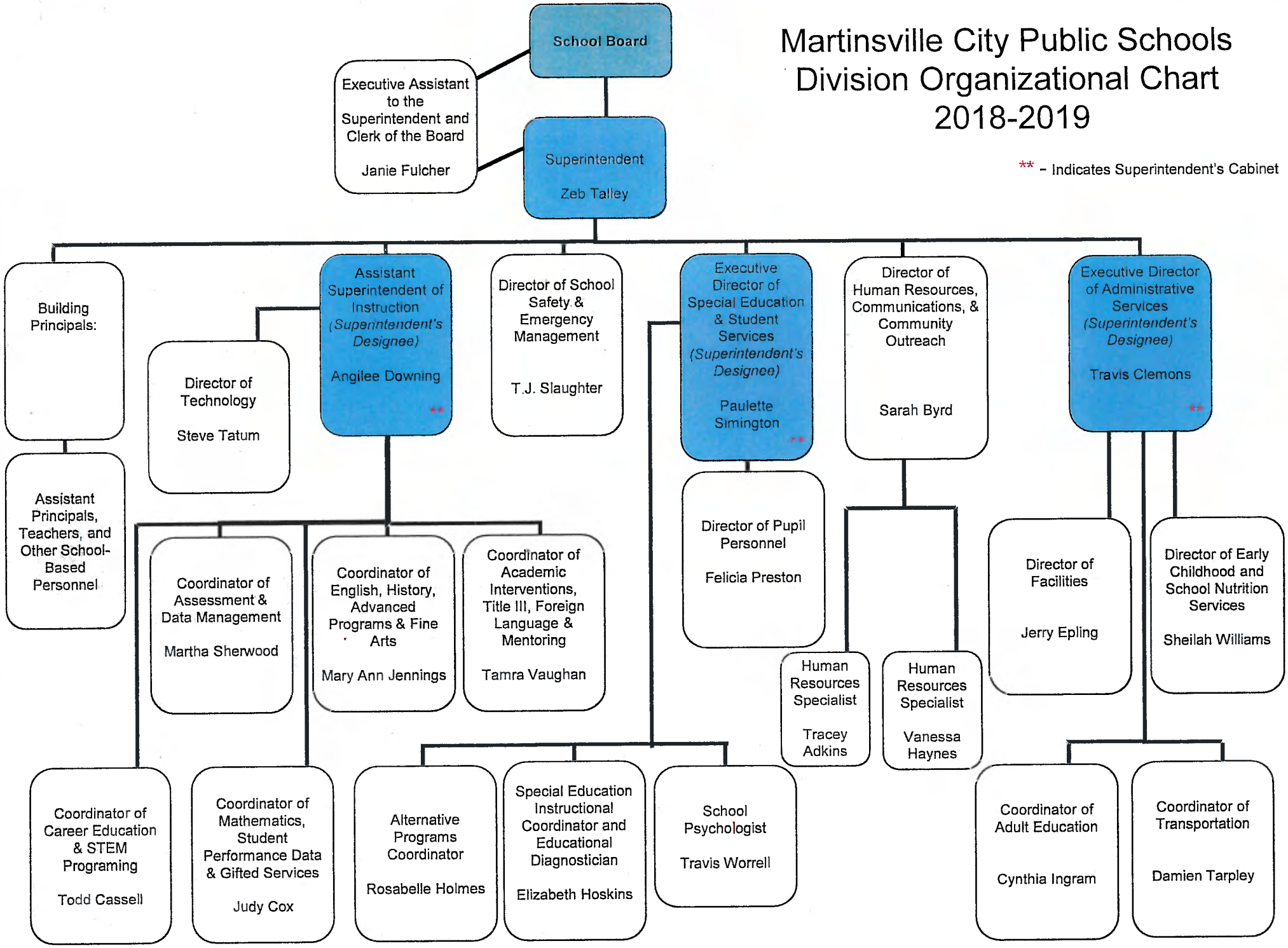
Effective July 1, 2018

Appendix B

Martinsville City School Division
2018 Organization Chart

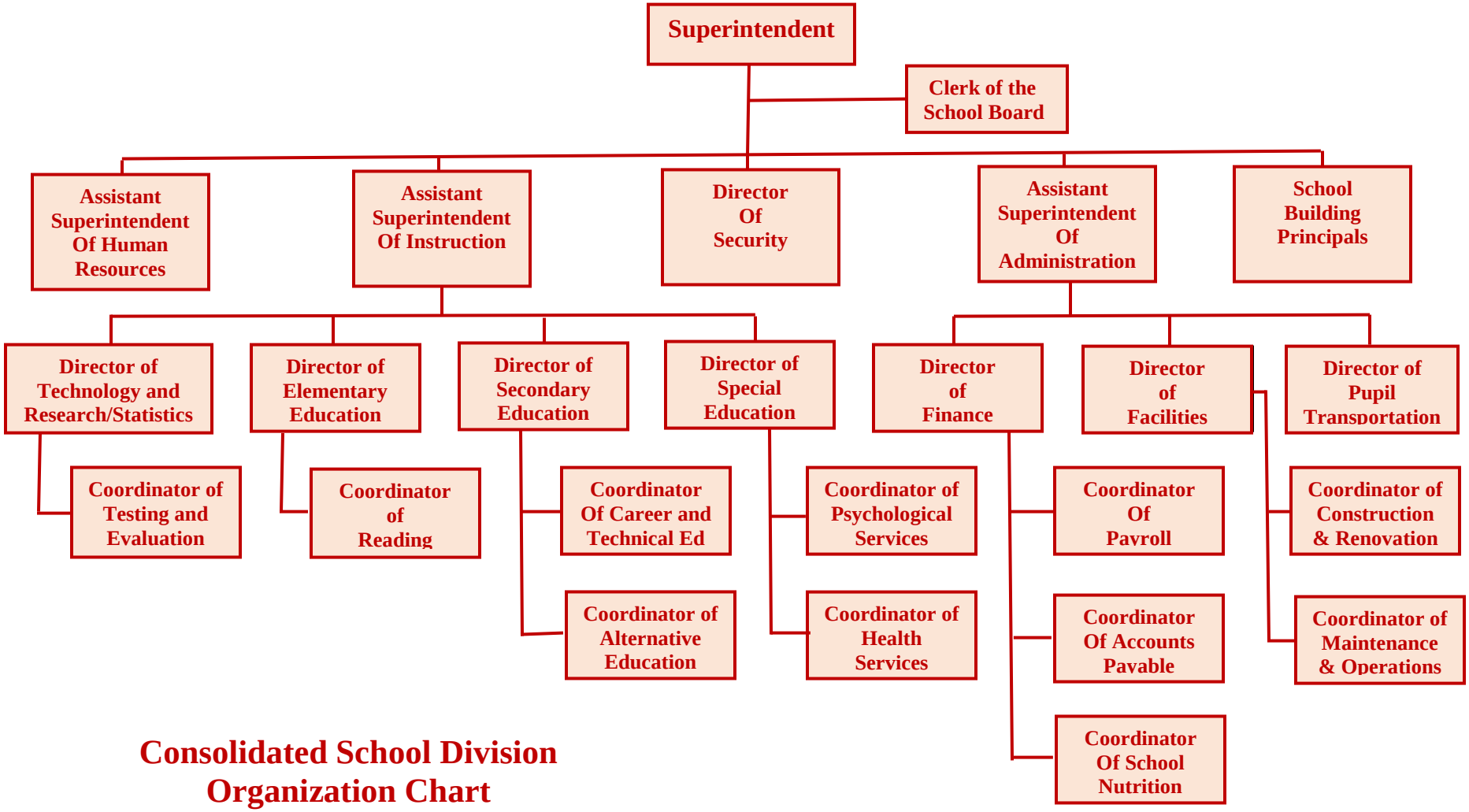
Martinsville City Public Schools
Division Organizational Chart
2018-2019

** - 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 Unadjusted ADM[2]	Final FY 2019 Adjusted ADM[2]	Projected FY 2020 Unadjusted ADM[2]	Projected FY 2020 Adjusted ADM[2]
044	HENRY	7,016.02	7,016.02	7,024.70	7,024.70
		2018-2020 Composite Index:			
		0.2253		0.2253	
	2018-2020 Composite Index	FY 2019		FY 2020	
	0.2253	FY 2019 State Share	FY 2019 Local Share	FY 2020 State Share	FY 2020 Local Share
Standards of Quality Programs:					
⇨	***Basic Aid (Net of all Adjustments)*** [16]	25,121,395	7,305,861	25,063,185	7,288,932
	Sales Tax [4]	8,251,628	N/A[1]	8,475,440	N/A[1]
⇨	**Textbooks** [5]	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)* [6]	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 [12]	426,327	123,985	440,431	128,087
	Remedial Summer School [7, 9]	87,830	N/A[1]	88,625	N/A[1]
	Subtotal - SOQ Accounts [3]	**44,538,704**	**10,527,546**	**44,748,708**	**10,523,300**
II. School Facilities:					
	Additional Lottery	0	0	0	0
	School Construction Grants Program [4]	***Funding Eliminated***			
	Subtotal - School Facilities [3]	**0**	**0**	**0**	**0**
Incentive Programs:					
	Compensation Supplement [13]	***Not Funded in FY 2019***		1,554,336	N/A[1]
	Academic Year Governor's School [8]	473,926	N/A[1]	511,529	N/A[1]
	At-Risk (Split funded - See Lottery section below)	167,335	48,665	584,558	170,002
	Special Education-Regional Tuition [7, 8]	1,090,468	N/A[1]	997,039	N/A[1]
	Small School Division Enrollment Loss [14]	0	N/A[1]	***Not Funded in FY 2020***	
	Math/Reading Instructional Specialists	0	0	0	0
	Early Reading Specialists Initiative	0	0	0	0
	Virginia Preschool Initiative Plus (VPI+)	***Not State Funded in FY 2019***		0	0
	Alleghany and Covington Joint School Division Incentive	***Not Funded in FY 2019***		0	N/A[1]
	Technology - VPSA [10]	466,000	77,589	466,000	77,589
	Subtotal - Incentive Accounts [3]	**2,197,729**	**126,254**	**4,113,462**	**247,591**

APPENDIX D (Continued)

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

APPENDIX D (Continued)

[1] "N/A" = no local match required for this program.

[2] 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.

[3] Columns may not add due to rounding.

[4] 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.

[5] 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.

[6] VRS Retirement includes payments for the Retiree Health Care Credit (RHCC). Please see the Budget Variables tab for the funded RHCC rate.

[7] 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.

[8] Includes state funding for regional vocational, special, and alternative education programs and Academic Year Governor's Schools.

[9] 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.

[10] 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.

[11] 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.

[12] 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.

[13] 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.

[14] 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.

[15] 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.

[16] 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
Standards of Quality Programs:					
	Basic Aid	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 (*Includes RHCC)*	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
	Subtotal - SOQ Accounts	12,066,595	2,634,587	11,640,884	2,464,681
Incentive Programs:					
	Compensation Supplemment	*Not Funded in 2019*		413,546	N/A
	Academic Year Governor's School	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
	Small School Division Enrollment Loss	131,417	N/A	*Not Funded in FY 2020*	
	Math/Reading Instructional Specialists	-	-	0	0
	Early Reading Specialists Initiative	-	-	0	0
	Virginia Preschool Initiative Plus (VPI +)	*Not State Funded in 2019*		0	0
	Technology - VPSA	154,000	30,800	154,000	30,800
	Subtotal - Incentive Accounts	494,069	50,532	942,432	93,614

APPENDIX E (Continued)

Categorical Programs:					
	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
	Subtotal - Categorical Accounts	**28,863**	**0**	**28,937**	**0**

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**
Lottery-Funded Programs					
	Foster Care	27,662	N/A	30,092	N/A
	At-Risk (Split funded - See Incentive section above)	695,160	188,705	580,573	157,600
	Virginia Preschool Initiative - Per Pupil Amount	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
	K-3 Primary Class Size Reduction	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
	Alternative Education	0	N/A	-	N/A
	ISAEP	16,710	N/A	16,710	N/A
	Career and Technical Education	3,923	N/A	3,923	N/A
	Supplemental Basic Aid	0	N/A	-	N/A
	Supplemental Lottery Per Pupil Allocation	513,007		494,768	N/A
	Subtotal - Lottery-Funded Programs	**2,286,998**	**458,830**	**2,115,316**	**414,913**
	Total State & Local Funds	**$14,876,525**	**$3,143,949**	**$14,727,569**	**$2,973,208**

APPENDIX E (Continued)

[1] "N/A" = no local match required for this program.

[2] 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.

[3] Columns may not add due to rounding.

[4] 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.

[5] 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.

[6] VRS Retirement includes payments for the Retiree Health Care Credit (RHCC). Please see the Budget Variables tab for the funded RHCC rate.

[7] 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.

[8] Includes state funding for regional vocational, special, and alternative education programs and Academic Year Governor's Schools.

[9] 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.

[10] 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.

[11] 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.

[12] 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.

[13] 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.

[14] 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.

[15] 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.

[16] 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[2]	Adjusted ADM[2]	Unadjusted ADM[2]	Adjusted ADM[2]
		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	
Standards of Quality Programs:		FY 2019 State Share	FY 2019 Local Share	FY 2020 State Share	FY 2020 Local Share
a	*Basic Aid (Net of all Adjustments)* [16]	33,309,856	9,537,913	32,886,003	9,416,548
	Sales Tax [4]	8,251,628	N/A[1]	8,475,440	N/A[1]
a	**Textbooks** [5]	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)* [6]	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 [12]	427,813	122,499	441,966	126,552
	Remedial Summer School [7, 9]	88,136	N/A[1]	88,934	N/A[1]
	Subtotal - SOQ Accounts [3]	**55,504,139**	**13,505,004**	**55,222,834**	**13,360,141**
II. School Facilities:					
	Additional Lottery	0	0	0	0
	School Construction Grants Program [4]	***Funding Eliminated***			
	Subtotal - School Facilities [3]	**0**	**0**	**0**	**0**
Incentive Programs:					
	Compensation Supplement [13]	***Not Funded in FY 2019***		1,939,894	N/A[1]
	Academic Year Governor's School [8]	475,578	N/A[1]	513,312	N/A[1]
	At-Risk (Split funded - See Lottery section below)	237,508	66,973	817,990	230,779
	Special Education-Regional Tuition [7, 8]	1,220,231	N/A[1]	1,144,005	N/A[1]
	Small School Division Enrollment Loss [14]	0	N/A[1]	***Not Funded in FY 2020***	
	Math/Reading Instructional Specialists	0	0	0	0
	Early Reading Specialists Initiative	0	0	0	0
	Virginia Preschool Initiative Plus (VPI +)	***Not State Funded in FY 2019***		0	0

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

APPENDIX F (Continued)

[1] "N/A" = no local match required for this program.

[2] 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.

[3] Columns may not add due to rounding.

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

[5] 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.

[6] VRS Retirement includes payments for the Retiree Health Care Credit (RHCC). Please see the Budget Variables tab for the funded RHCC rate.

[7] 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.

[8] Includes state funding for regional vocational, special, and alternative education programs and Academic Year Governor's Schools.

[9] 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.

[10] 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.

[11] 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.

[12] 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.

[13] 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.

[14] 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.

[15] 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.

[16] 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.	(((Per Pupil Amount x Adjusted ADM) - Sales Tax) x (1 - Composite Index)) = 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].	((Per Pupil Amount x Unadjusted ADM) x (1 - Composite Index)) = 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.	((Per Pupil Amount x Adjusted ADM) x (1 - Composite Index)) = 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.	((Per Pupil Amount x Adjusted ADM) x (1 - Composite Index)) = 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).	((Per Pupil Amount x Unadjusted ADM) x (1 - Composite Index)) = 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.	((School division's Weldon Cooper Census count / Statewide total school age population) x Total state 1-1/8% sales tax estimate)) = 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.	((Per Pupil Amount x Adjusted ADM) x (1 - Composite Index)) = 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.	((Per Pupil Amount x Unadjusted ADM) x (1 - Composite Index)) = 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.	((Per Pupil Amount x Adjusted ADM) x (1 - Composite Index)) = 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.	((Per Pupil Amount x Adjusted ADM) x (1 - Composite Index)) = 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.	((Per Pupil Amount x Eligible Number of Students) 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
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.	((Seventeen teachers per 1,000 ESL students x Average salary and fringe benefits) x (1 - Composite Index)) = 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.	((Per Pupil Amount x Adjusted ADM x (1 - Composite Index) + State Share of ESL+ State Share of AYGS + State Share of Alt. Ed. Compensation Supplement) = 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 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.
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. VPI Per Pupil Amount ($6,326) x Slots Filled * (1 - Composite Index [capped at 0.4000]) = 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
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

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
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 Initiate: 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.

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
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 or economic 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.

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	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

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	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.	((Total number of students in eligible grades x Division free lunch eligibility percentage)/ 10 [student to teacher ratio of 10 to 1]) x 36 weeks x 2-1/2 hours of instruction per week = Hours of service x Hourly costs of teaching services x (1 - Composite Index) = 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.	[(((Basic Aid Per Pupil Amount x Adjusted ADM) - Sales Tax) x (1 - Contiguous School Division's Composite Index)] - Basic Aid Entitlement = 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.	Projected number of four-year-olds (based on projected kindergarten enrollment updated once each biennium as of the Governor's Introduced Biennial Budget) x percent of students eligible for free lunch = Estimated number of four-year-olds at-risk (minus) the number of four-year-olds served by Head Start programs = 100 percent of unserved at-risk four-year-olds. Estimated unserved at-risk four-year-olds x $6,326 (or $3,163 for half-day programs) x (1 - Composite Index [capped at 0.5000]) = State Share.