RPS RICHMOND
PUBLIC SCHOOLS

September 20, 2024

Dear Members of the Joint Subcommittee on Elementary and Secondary Education, Chair of House Appropriations, Senate Finance and Appropriations:

On behalf of the Richmond City School Board and Richmond Public Schools, we express our unwavering support for the recommendations outlined by the Joint Legislative and Audit Review Commission (JLARC) on Virginia's K-12 Funding Formula. These recommendations are vital to ensuring that all students, particularly those with the greatest needs, receive equitable access to high-quality education. As one of the Commonwealth's largest school divisions serving a diverse and high-need student population, Richmond faces unique challenges under the current funding model. We urge the General Assembly to take immediate action to reform our K-12 funding streams, ensuring that all Virginia students can thrive.

Like many other school divisions, we carefully reviewed JLARC's recommendations in anticipation of the General Assembly's next steps. We are pleased that the legislature is beginning the hard work of carefully reviewing each recommendation and forging a sustainable path forward for education funding in Virginia.

Richmond Public Schools is the Commonwealth's 13th-largest school division and currently serves more than 21,000 students. Approximately 67% of our students are economically disadvantaged, 18% are identified as English Learner students, and 13% are enrolled in our exceptional education (also known as special education) programs. As the JLARC report found, students in need of these critical services require a higher per-pupil expenditure than students not receiving these services. We are hopeful that when you address the JLARC recommendations related to higher-need students you will ensure that the state fully funds their obligation to support these students.

Richmond Public Schools has long advocated for many of the funding priorities highlighted in the JLARC report. The current funding model inadequately addresses the needs of higher-need students, as confirmed by JLARC's findings. We are hopeful that when you address the recommendations, particularly those related to the needs of students requiring additional services, you will ensure the state fully funds its obligations.

Our advocacy is consistent with the JLARC report's recommendations, including discontinuing outdated cost reduction measures like the support cap, addressing compensation gaps, and fully funding the real costs of public education in Virginia. Additionally, we support the study's more technical findings, such as utilizing prevailing costs over the linear weighted average and addressing shortcomings in the Rebenchmarking process.

We also ask the Joint Committee to critically evaluate the effectiveness of the current calculation methodology of the Local Composite Index (LCI) and the role that tax-exempt properties play in determining a locality's ability to pay.

Richmond's LCI has been (and is projected to continue) increasing consistently, meaning the local share of non-federal education funding has grown. These increases have caused additional stress during our annual budget adoption, where the division has had to adjust for multi-million dollar decreases in state education funding. We support JLARC's recommendation 7 to change the local composite index to be calculated using a three-year average of the most recently available data, rather than a single year of data every other year. While a switch to a three-year average will not reverse this trend, it would slow down the rate of change for Richmond and give our leaders more time to plan and adjust. Had Virginia been using a three-year average, Richmond's FY23 LCI would be .4927 instead of .5139, reassigning $4.4M in funding from the district to the state (JLARC Cost Estimates, 2023, p. 14).

The JLARC report includes two additional indexes that could be included in cost decisions and we encourage robust consideration of the Revenue Capacity Index as a replacement for the LCI. This index may be better suited to account for some of the factors that the LCI does not, notably concentrated poverty and tax-exempt properties as it "measures how much revenue a locality can practically capture from its taxable wealth base (controlling for differences in taxing decisions)."

While JLARC found that some concerns about the LCI were unfounded, specifically that the formula does not include tax-exempt property values, we still remained concerned about the impact of the significant portfolio of tax-exempt properties within the City of Richmond on our ability to pay. While the Commonwealth provides Richmond with a Payment In Lieu of Taxes (PILOT) to cover some of the services provided to state properties, it is a fraction of the property tax revenue that would be received if these properties were taxable. We ask that further consideration be given to the calculation of PILOT payments to reflect the real value of our tax-exempt properties.

In regards to the move to a student-based staffing formula, we support JLARC's recommendations. The current staffing-based formula often falls short of meeting the actual funding needs of school divisions. Transitioning to a student-based formula would align funding more closely with student needs and current spending practices, ensuring a more equitable allocation of resources. A well-designed student-based funding model could also provide a more accurate mechanism for addressing the diverse needs of students, such as those requiring special education or English language learning support.

The transition from Virginia's current staffing-based funding formula to a student-based model would align Virginia with most U.S. states. Student-based funding is viewed as more equitable, transparent, and strategic, tying funding directly to the needs of individual students.

While we understand that implementing these recommendations will incur significant costs at both the state and potentially local levels, we urge you to focus on investments that will most directly impact student outcomes, support our teachers, and ensure every student has access to a world-class education close to their home. When deciding which recommendations to implement, it is crucial to consider any required local contributions to avoid placing undue burdens on localities.

It is also essential that the process and transition to any new funding system be clear and transparent for school divisions and local governments. We recognize that transitioning to a new system will take several years and require careful planning. If one-time investments or temporary formulas are needed during this transition, school divisions must understand the legislature's intentions to ensure long-term financial

planning and stability. We cannot assume long-term funding sources only for them to change unexpectedly, impacting our ability to provide consistent educational services.

We appreciate your efforts and stand ready to assist in any way possible throughout this endeavor. We know this is complex work, but it is vital, and it will directly impact the educational experiences and outcomes of future generations of students.

Sincerely,

Jason Kamras
Superintendent
Richmond Public Schools

Dawn C. Page
Chair, 8th District
Richmond City School Board

CC: The Honorable Betsy B. Carr, House of Delegates
        The Honorable Rae Cousins, House of Delegates
        The Honorable Michael Jones, House of Delegates
        The Honorable Lamont Bagby, Senate of Virginia
        The Honorable Elizabeth Doerr, Richmond City School Board
        The Honorable Mariah White, Richmond City School Board
        The Honorable Kenya Gibson, Richmond City School Board
        The Honorable Garrett Sawyer, Richmond City School Board
        The Honorable Stephanie Rizzi, Richmond City School Board
        The Honorable Shonda Harris-Muhammed, Richmond City School Board
        The Honorable Cheryl Burke, Richmond City School Board
        The Honorable Shavonda Fernandez, Richmond City School Board
        The Honorable Andreas D. Addison, Richmond City Council
        The Honorable Katherine Jordan, Richmond City Council
        The Honorable Ann-Frances Lambert, Richmond City Council
        The Honorable Kristen M. Nye, Richmond City Council
        The Honorable Stephanie A. Lynch, Richmond City Council
        The Honorable Ellen F. Robertson, Richmond City Council
        The Honorable Cynthia I. Newbille, Richmond City Council
        The Honorable Reva M. Trammell, Richmond City Council
        The Honorable Nicole Jones, Richmond City Council
        The Honorable Levar Stoney, Mayor of the City of Richmond