

Memorandum

To: Secretary Aimee Guidera and Deputy Secretary McKenzie Snow
Copy: Superintendent Jillian Balow, Senator Janet Howell, Senator Louise Lucas, Delegate Barry Knight,
Delegate Glenn Davis
From: Fund Our Schools Coalition
Date: September 12, 2022
Re: Recommendations of K-12 Priorities in Revised FY23-24 Budget

Purpose

We write this memorandum on behalf of Fund Our Schools* to share our collective recommendations for K-12 budget investments for the revised FY23-24 state budget. In addition to this memo, we would also invite the opportunity to sit down and meet with you both to better introduce ourselves and look for areas of K-12 policy on which we can collaborate and support each other.

We thank you for your work to continually respond to the ever-evolving education landscape and new challenges posed by severe staffing shortages and disruptions from the pandemic. In this memorandum, we recommend K-12 investments which are grounded in evidence-based approaches to improve student outcomes and well-being, along with policy options to support both the state and local costs of new investments. Our recommendations are also informed by stakeholders who work, learn, and collaborate in schools. Together, we can make sure every student has access to a high-quality education and set Virginia on a track to lead the nation in education outcomes.

**Fund Our Schools is the largest P-12 education advocacy coalition in the state, representing parents, students, educators, school staff, community advocates, research and other community organizations.*

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Recommendations

Evidence-Based Investments to Improve Student Outcomes and Stabilize Schools

Two of the largest challenges identified by education stakeholders are the severe staffing shortages and the significant learning loss that has occurred over the pandemic, particularly for students who face more barriers to instruction. Improving the adequacy of our pay for school employees, fully lifting the state cap on support staff, accounting for inflationary pressures, building pathways to becoming a fully certified teacher, and funding the revised Standards of Quality (SOQs) are five high impact methods to stabilize schools over the medium term and improve student outcomes.

Competitive teacher and staff salaries

While progress was made in the recent budget by providing the state portion of a 5% salary increase each year for state supported school staff positions, with exceptionally high inflation rates this year, it is likely many school employees will have reduced spending power compared to their 2021-2022 earnings. In addition, even if all divisions took the full match and raised salaries 5% each year, it is highly unlikely Virginia will reach the national teacher pay average by FY24 (see table below for estimates).

Fiscal Year	Virginia Teacher Pay Average	Annual Percent Growth	National Teacher Pay Average	Annual Percent Growth	Source/Assumptions
2018	\$53,091		\$60,768		2020 R&E , B-6
2019	\$54,986	3.6%	\$62,355	2.6%	2021 R&E , B-6
2020	\$57,665	4.9%	\$64,172	2.9%	2022 R&E , B-6
2021	\$58,506	1.5%	\$65,293	1.7%	2022 R&E , B-6
2022	\$59,965	2.5%	\$66,432	1.7%	2022 R&E , E-6
2023	\$62,963	5.0%	\$67,930	2.3%	2022 + 5% assumed growth average for VA and four year growth avg for National
2024	\$66,111	5.0%	\$69,461	2.3%	2023 + 5% assumed growth average for VA and prior four year growth avg for National

Estimated percent growth in VA teacher salaries needed to get to national average in FY24 from estimated average FY23 salaries	10.32%
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Inadequate pay is the primary reason educators have reported leaving the profession during the pandemic – [64% of respondents to a recent large teacher survey said that “pay wasn’t sufficient to merit the risk or stress.”](#)

Virginia could make meaningful progress and possibly exceed the national average - [a first for any Virginia governor after decades of promises](#) - if the state were to offer an additional raise of 6 percentage points beyond the planned 5% state salary increase for state supported positions and all divisions were able to reach that match. Achieving that level of match would require additional state support for local school divisions, which we detail in the following sections.

Of note, Virginia is a relatively high cost of living state, and reaching the national average teacher pay would still not make our state competitive. In the [recent Economic Policy Institute analysis](#) comparing teacher wages to

those of workers in careers that require a similar level of education, Virginia had the third highest wage penalty in the country. Looking forward to the next biennium budget, additional investments will be needed to make teacher pay competitive to solve longer-term teacher recruitment and retention challenges.

A challenge of providing a state salary increase of the magnitude needed to reach the national average teacher pay would be local capacity to match, which is why it would be important to help free up and provide additional funding for school divisions. This could be accomplished through two methods: fully lifting the support cap and a partial off-year rebenchmarking that updates inflation estimators.

Lifting the support cap to free up local revenue to meet the state salary match

The “support cap” was put in place in the wake of the Great Recession to reduce state spending on school support staff positions (i.e., counselors, nurses, food staff, bus drivers, librarians, custodians, etc.). The cap was initially premised as a temporary cost-saving measure, but has remained for more than a decade. Despite school divisions employing over 30,000 support staff beyond what the state helps fund, the decrease in support staff compared to enrollment has pushed schools to the breaking point in the form of shortages in custodial staff, school secretaries, and other critical support staff. Adequately staffing these positions leads to better academic and life outcomes for students. In addition, support positions are vital for addressing and improving challenges that are particularly faced by students from low-income families and students of color such as chronic absenteeism, high rates of suspensions and expulsions, and overall school climate.

This cap has led to more stress on teachers, as they must wear more hats and increasingly play the role of counselor, social worker, nurse, etc. for their students. Lifting the support cap will decrease teacher and other staff burnout at all schools, while also [freeing up local dollars to meet a higher salary match from the state](#). Because many of these positions are essential in schools, divisions have had to use their own funding to fully cover many of these roles without the benefit of a state match. The freeing up of local revenue is a key reason that increasing teacher and staff pay should go hand-in-hand with lifting the support cap.

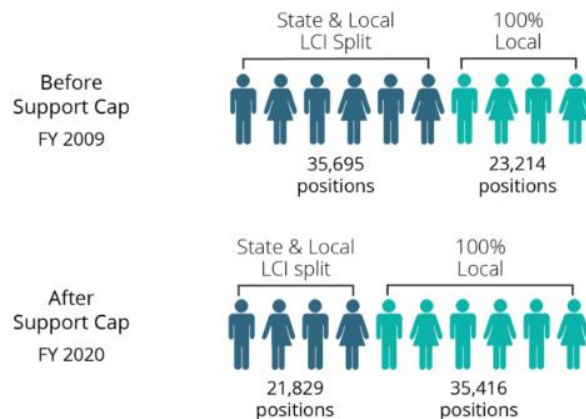
We estimate that it would cost an additional \$279 million in FY24 to fully lift the support cap, after the partial lift in place during the current budget. This state funding would free up significant division-level funding to allow for meeting a higher state salary match.

Account for inflationary pressures through a partial rebenchmarking

Another option to provide additional resources to divisions to meet a higher match could come from an off-year partial rebenchmarking. While school divisions must face the reality of higher inflationary pressure, the state is not providing additional assistance to reflect these higher costs. The state provided rebenchmarking estimates and collected data on prevailing wages and costs last fall. In addition to these cost estimates being out of date, because the state uses a linear weighted estimator for establishing prevailing wages, state projected costs are

Shifting the Cost

The state helps fund less than half of support staff in Virginia schools.



Source: VDOE Superintendent’s Annual Report Table 18, VDOE Report on Rebenchmarking of the Direct Aid to Public Education Budget, and VDOE Rebenchmarking presentations



already deflated. The Consumer Price Index (CPI) and Congressional Budget Office projections for inflation have grown considerably since the recent rebenchmarking process and we recommend updating the costs this year using unaudited numbers for both personnel and non-personnel inflation factors. We understand that the window has potentially closed for collecting prevailing cost data, and that is why we recommend a partial update to the rebenchmarking process that simply updates the CPI and any projections that factor into the inflation inputs. Accounting for additional inflationary pressures schools are facing will better account for the real costs it takes to maintain essential services and operations.

In addition, education centers and schools participating in Virginia Preschool Initiative (VPI) also are facing significant inflationary pressures. Since the same rebenchmarking process is now applied to VPI, we recommend the same partial update be applied for this program. We know childcare and early child education is a priority for this administration, and we ask that you assist providers by making this technical update to better account for actual costs.

Reduce financial barriers to becoming a certified teacher

We recommend that the state increase support for “grow your own” programs in FY24 to reduce the financial barriers to becoming a certified teacher. Many other states are investing heavily in these programs, which often include covering all or a portion of tuition in teaching preparation programs for a commitment to teach in a high-need school for a minimum number of years. Virginia has several promising pilots in this area, including a [new program at James Madison University](#), investing nearly \$9 million over this year and next, and many [other states are investing heavily](#) in scaling these programs and other pathways to develop a strong pipeline of new teachers committed to teaching in their states. A [study](#) by Learning Policy Institute found that “positive outlier” districts that had strong student achievement growth over recent years were more likely to have robust grow your own programs. Virginia has trended downward over the past decade in the [number of students completing teacher preparation](#) programs, like most other states, and unless this trend is reversed, we will be competing for a dwindling state and national supply of teachers in the future. Now is the time to invest in these programs so we can protect and grow the supply of teachers and ensure the next generation of Virginia students are guaranteed a fully qualified educator in every classroom. The longer we put off serious investment in our teacher pipeline, the larger our shortage will likely become.

Funding the Revised Standards of Quality

Every student needs access to a high-quality education, and we have a clear evidence-based guide developed by the Virginia Board of Education (VBOE) over the past decades outlining the school staffing levels and professional development needed to provide that high-quality education. All of the prescriptions, from investing in principals, reading specialists, English learner instructor ratios by language ability, and additional support to our highest poverty divisions through the At-Risk Add-On are highly effective with strong returns on investment for improving student outcomes. Fully funding the SOQs has been a long-time priority of virtually every education advocacy organization in the state because the recommendations are seen as indisputably effective and high yield for improving student outcomes. Adequate professional development support such as teacher mentor programs and staffing levels also have strong effects on retaining high quality instructors. We understand that in past years progress has been made by investing in pieces of the revised SOQs, but with our likely surplus for the revised budget, we believe there is more room to make progress on these evidenced-based priorities (see table below with our estimated remaining costs for fully funding the SOQs).

VBOE's Prescribed SOQs	2022-24 Cost as of Fall 2021 (HAC estimates)	Estimated FY24 (one-year) remaining cost
Teacher leader & mentor programs	\$229.9	\$126.7
Establishes standard for K-5 reading specialists	\$77.9	\$8.5
Principal mentor program	\$2.4	\$1.3
Work-based Learning Coordinators	\$2.4	\$1.3
Full Time Principal in each school	\$19.1	Funded in 2022
Fund Additional Assistant Principals	\$154.3	\$85.1
Enhanced At-Risk Add-On	\$87.5	Funded in 2022
Additional Specialized Student Support Positions	\$102.5	\$56.5
Additional School Counselors	\$106.7	\$58.8
Additional English Learner Teachers	\$30.0	\$27.4
Total	\$812.7	\$365.7

Use One-Time Funds to Mitigate Infrastructure Backlog and Pay Down VRS Liabilities

Mitigate school infrastructure backlog

With the zeroing out of most state support for school infrastructure during the past decade until this year, Virginia school divisions have an increasingly large backlog of needed upgrades – nearly \$25 billion according to the 2021 state assessment – and are in desperate need of new funding sources to modernize. We have clear evidence from many longitudinal studies that modern school infrastructure has a direct [impact on student outcomes, the health of students and staff, and improves teacher retention](#). The \$1.25 billion invested for school infrastructure in the most recent budget is a historic increase, but likely will not be enough to meet the growing backlog. In 2013, the state assessed the school infrastructure backlog at \$18 billion. While the older assessment does not share an apples-to-apples methodology with the new estimate, the annual average growth of the backlog over this time is substantial by any measures - nearly \$900 million - and is far beyond what the state is investing over this biennium. More support and a sustainable funding model will be needed if Virginia plans to work down its school infrastructure backlog and ensure students and staff can attend and work in environments conducive to learning. The bipartisan Commission on School Construction and Modernization offers a roadmap for prudent policies and investments to upgrade Virginia school infrastructure.

Due to the limited fiscal capacity in many rural and urban localities, as it stands entire swaths of the state will continue to be unable to raise sufficient funds to modernize their schools. It is our hope that your office will work with the House Finance Subcommittee in the coming year to support legislation that allows for localities to put a 1% sales and use tax to a referendum to pay for school construction. In addition, we would ask that you work with this committee to encourage members to consider the slew of budget amendments and recommendations made by the Commission on School Construction and Modernization to go further than what has been proposed thus far in the biennium budget.

While prudent budgeting requires that many educational priorities be funded with ongoing revenue sources, one-time funding such as surplus revenue from the recently completed fiscal year 2022 can be used for school construction and modernization through additional one-time grants or deposits into Virginia's School Construction Grant Program.

Reduce Future Costs for Retirement

As noted above, Virginia can use one-time funds such as surplus FY22 revenue for much-needed additional funding for school construction and modernization. Another potential use of these funds is "buying down" VRS unfunded liabilities. Doing so for both the state employee and teacher retirement plans, as has been done [recently](#), would reduce future financial liabilities for both the state and local school divisions. This is also an additional mechanism to free up school division funds to pay their share of teacher and staff pay raises, although it has less immediate impact than fully lifting the support cap.

Expand VDOE's Office of School Quality to Improve Struggling Schools

In a [2020 JLARC report](#), only half of school divisions that worked with the VDOE Office of School Quality indicated the support offered for their improvement plan was effective (schools that are not fully accredited by the state must create an improvement plan with this office). Staff at the Office of School Quality and within school divisions described the improvement plan process as "largely a compliance exercise," according to the report. The report also found that similar offices in North Carolina and Kentucky had much lower ratios of office staff to schools on improvement plans, meaning these neighboring states had more capacity to support schools with technical advising beyond basic compliance and monitoring requirements.

Unfortunately, the compromise state budget from this year's legislative session [removed the new funding for the Office of School Quality](#) included in the introduced budget. This funding would have doubled the size of the office and offered regional support positions throughout the state that could have provided more responsive and proactive coaching and advising of schools in need of improvement.

We recommend restoring the funding for the Office of School Quality in the revised budget to improve not fully accredited schools. The new funding would significantly scale services within the office to provide more responsive advising and training to schools with high student need. Providing this funding in the FY24 budget would be a prudent step to better serve schools that the state identifies as experiencing the most challenge.

An Opportunity This Year

The state has many needs coming out of the pandemic, yet it's clear when you ask the public, [there is great concern for the challenges faced by our public schools and students](#), and [more than two thirds of the Virginia public is willing to pay more](#) in taxes for education funding. The very substantial increase in revenue in the recently completed fiscal year creates a high likelihood of a positive revenue adjustment when JABE and GACRE meet this Fall. This revenue creates a historic opportunity for your administration to raise average teacher pay to the national average, fully fund Virginia's schools as prescribed by the state Board of Education's SOQs, and use one-time funding to pay down Virginia's accumulated retirement and school infrastructure needs.

Conclusion

We have an unprecedented opportunity to make sure Virginia is doing everything it can to ensure every student in Virginia has a high-quality education. In economic terms, if pandemic-related learning loss is not rigorously addressed, Virginia is likely to lose billions of dollars in GDP over the coming decades from decreased productivity (the [OECD](#), [World Bank](#), [McKinsey](#), and [Brookings](#) all have estimates on GDP loss). Intervening immediately to stem this loss is critical for student well-being and protecting Virginia's long term economic interests. By reducing teacher turnover, improving instructional quality, and fixing crumbling schools through lifting teacher pay to the national average, investing in proven strategies such as teacher mentor programs that have been identified by the Board of Education, helping local school divisions afford their share of salary increases, and using one-time funds to invest in school construction and reduce long-term liabilities, Virginia can bounce back from the pandemic and have great schools in every neighborhood.

Thank you.

American Federation of Teachers, Virginia
Communities in Schools
Edu-Futuro
EMGAGE
Hamkae Center
League of Women Voters of Virginia
Legal Aid Justice Center
New Virginia Majority
Norfolk Federation of Teachers
Richmond Region League of United Latin American Citizens Council
RISE for Youth
Side by Side
The Commonwealth Institute
Virginia Association of School Superintendents
Virginia Education Association
Virginia Educators United
Virginia Excels
Virginia Organization of Delta Kappa Gamma
Virginia Organizing
Virginia PTA
Virginia Retired Teachers Association
Virginia School Counselor Association
Voices for Virginia's Children

For technical questions on the recommendations, numbers, research, and budget amendments, please contact Fund Our School members Laura Goren (laura@thecommonwealthinstitute.org) and Chad Stewart (cstewart@veanea.org).