

JLARC SOQ Report Offers Sound Recommendations

Virginia's funding formula doesn't adequately account for higher needs students, regional labor costs, or division size; underestimates costs and underfunds schools

SOQ Funding Formula Shortchanges Virginia's Students and Schools

- In 2021, the General Assembly directed the Joint Legislative Audit and Review Commission (JLARC) to study the cost of education in Virginia and provide an accurate assessment of SOQ costs. Following an 18-month review of the SOQ funding formula, [JLARC released its report](#) in July 2023 finding generally that the state's formula underestimates costs and thus, underfunds schools.
- Virginia provides less support to its students than other states and less than what studies indicate is needed to provide a high-quality education. Divisions in other states receive 14% (about \$1,900) more per student on average than do divisions in Virginia.
- The state underestimates both K-12 staffing needs and compensation costs; in addition, a number of cost-reduction measures implemented during the Great Recession are still in effect today.
- Further, the formula does not adequately account for higher needs students, providing less funding than deemed necessary for at-risk, special education, and English learner students.
- Localities pay a much higher share of school funding costs than intended due to these shortcomings of the state funding formula. This disadvantages students from less wealthy areas, both rural and urban, that can least afford to make up for inadequate state funding.

Lawmakers Can and Should Fund the True Cost of Educating Our Students

- The findings come as no surprise to school staff and education advocates. Students, teachers, and families have been doing the best they can with limited resources for decades.
- The legislature's own nonpartisan research now confirms that we need bold investments in our students to help them reach their full potential, particularly in support of our English learner and special needs students, along with students who live in households experiencing poverty.
- Getting public education right is the most important job of the General Assembly, and it's critical that policymakers grasp this generational opportunity to right the ship and ensure every student receives the high-quality education promised by the Constitution of Virginia.
- The report provides recommendations for legislative action that lawmakers could immediately begin considering. Among them: develop accurate staffing ratios, eliminate recession-era cost reduction measures, update salary cost assumptions during rebenchmarking, calculate prevailing costs using division average, replace cost of competing adjustment with a Virginia-based labor cost index, and adopt an economies of scale adjustment to assist smaller divisions.
- In considering uses for the \$5.1 billion in "excess revenues," this report serves as evidence to lawmakers that the state is not overtaxing Virginians, but rather underfunding its obligations.