



Joint School Board and Board of Supervisors Resolution to Support Additional Education State Funding for Rappahannock County Due to the Inaccurate Depiction of the Locality's Ability to Pay Using the State LCI Formula

WHEREAS, Virginia's Local Composite Index (LCI) formula was developed over 40 years ago and continues to be used to allocate funding to counties and districts; and

WHEREAS, the LCI formula utilizes averages to compute local adjusted gross income (AGI) which are sensitive to extreme values, resulting in an inaccurate picture of a locality's overall ability to pay, notwithstanding counties and districts are prohibited by the state from taxing personal income; and

WHEREAS, the LCI formula values property in conservation easement at its lower assessed value, but values property in the land use valuation program at its theoretical full market value rather than its lower use value even though taxes are levied at the much lower amount; and

WHEREAS, the LCI formula's inconsistent treatment of valuating property overestimates a locality's relative ability to fund education by creating artificially high LCI values in localities with large proportions of property in land use; and

WHEREAS, Rappahannock County currently has a computed LCI of 0.8000, meaning the locality is responsible for 80% of the Standards of Quality (SOQ) costs associated with educating its children; and

WHEREAS, to further its low-impact land development vision, Rappahannock County employs land use valuation far more than any other Virginia school district, resulting in an estimated state LCI penalty of approximately \$550,000 per year in state school funding; and

WHEREAS, the impact of the unfair treatment of land value and AGI is far more pronounced in Rappahannock County because of its low citizen population of 7,373, declining school enrollment, skewed mean AGI values, and high percentages of land in land use; and

WHEREAS, there are relatively very few rural localities that are similarly positioned with Rappahannock County who have a very low student and citizen population with a very high LCI due in large part to the inequities introduced.

NOW, THEREFORE, BE IT RESOLVED that the Rappahannock County School Board and the Rappahannock County Board of Supervisors jointly ask the Commonwealth of Virginia to adopt a budget that (i) considers the expressed inequities to the very few rural counties with low populations and a high LCI; (ii) considers providing an alternative supplemental funding source to offset the penalty incurred by these districts; (iii) considers adjusting the LCI formula to utilize more accurate indicators of a locality's ability to pay

(i.e. median AGI rather than mean, incorporation of land use valuation similar to the way land in conservation easement is treated); and,

BE IT FURTHER RESOLVED that we deliver this resolution to state legislators representing Rappahannock County and, also to Senate and House Finance Committee chairs in the General Assembly of Virginia.

ADOPTED this 8th day of February, 2022.

Rappahannock County School Board

Rappahannock County Board of Supervisors

J. Wesley Mills, Chair

Debbie P. Donehey, Chair

ATTEST:

Clerk for the School Board

Clerk for the Board of Supervisors