

January 25, 2023

Re: Letter of Support for HB 1443

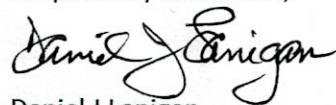
Dear Delegate Webert:

I am writing in support of HB 1443 which will remove a cap placed on a state subsidy program to small rural schools who qualify. This bill effectively addresses a long-standing issue of state underfunded basic aid to Rappahannock County Schools. Section 22.1-98.2, Code of Virginia, provides additional state funding to school divisions serving fewer than 1,100 students in the prior school year, in a locality that has a local composite index (LCI) of .6000 or greater, and has 65 percent or more of its local taxes generated from real estate taxes when an eligible county enters into a cooperative agreement with adjacent counties to allow supplemental aid to be based on the adjacent county's LCI. In the last fifteen years, only two of the four eligible school districts in the Commonwealth have used this provision; however, a cap placed on supplemental basic aid in 2008 prevents only Rappahannock County from receiving the full value of this subsidy. Enactment language in Chapter 589 of the 2008 General Assembly placed a cap where the sum of the Basic Aid and Supplemental Basic Aid cannot exceed its FY 2007 Basic Aid payment of \$1,129,280. This cap has not been lifted or changed to account for annual adjustments for rising costs, resulting in restricting the allocation to a funding level 15 years old, very nearly negating the costs of the service-sharing agreement Rappahannock County Public Schools currently holds with Madison County Public Schools. Also, as Highland County, the only other county in the Commonwealth utilizing this subsidy, is not subject to this cap, a greater inequity exists in the distribution of this important program. For example, in FY 21, Highland County received a Supplemental Basic Aid payment in the amount of \$681,224 based on Augusta County's FY 21 composite index of 0.3769 in lieu of Highland's composite index of 0.8000. Highland County's FY 21 fall membership was only 184 students. Conversely, Rappahannock County received a Supplemental Basic Aid payment in the amount of \$321,404 based on Madison County's FY 21 composite index of 0.4738 in lieu of Rappahannock County's composite index of 0.7990 even though Rappahannock County's FY 21 fall membership was 766 students.

Please consider supporting HB 1443 which will allow Rappahannock County to receive the full funding for which this provision was designed. The total fiscal effect of this action on state funding is minimal as it currently only impacts two small school districts and potentially only four small districts should all eligible districts utilize the provision.

Thank you for your consideration of this matter.

Respectfully submitted,



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