

FAIRFAX COUNTY SCHOOL BOARD RESOLUTION ON THE LOCAL COMPOSITE INDEX

Jan. 21, 2010

WHEREAS, the composite index of local ability-to-pay (LCI) is the state-adopted formula used to determine the state and local shares of K-12 education costs and is based on data measuring local sources of wealth (the true value of real property, adjusted gross income, and taxable retail sales);

WHEREAS, the LCI is routinely updated every two years as part of Virginia's biennial budget "re-benchmarking" process to reflect changes in the costs of local education service delivery and changes in local economic conditions;

WHEREAS, because the LCI is calculated by comparing all Virginia jurisdictions to all others and is used to divide state education funding shares among localities, regardless of overall economic conditions, every biennium some divisions receive a greater percentage of state aid than they did in the previous biennium and some divisions receive less;

WHEREAS, while the LCI formula is flawed and is by no means a perfect measurement of wealth or of ability to pay, it has at least been consistently implemented, and local governments and school divisions rely upon this consistency every two years in planning their budgets;

WHEREAS, the LCI for Fairfax County Public Schools will drop from .7650 for **the 2008-2010 biennium** to .7126 for **the 2010-2012 biennium** to reflect the County's continued difficult economic times and therefore decreased "ability to pay" for K-12 education when compared to other jurisdictions across the Virginia;

WHEREAS, in his proposed budget, Governor Kaine has recommended deferring the routine composite index update for one year, freezing the previous LCI in place for all jurisdictions in the first year of the upcoming biennium's budget;

WHEREAS, while the stated intent of this decision is to protect local school divisions who would lose state funds under the new calculation, this single action severely penalizes Fairfax County and the other jurisdictions whose LCI has declined, costing Fairfax County alone over \$61 million in state K-12 funding;

WHEREAS, this action would contradict the very premise of the LCI formula by forcing jurisdictions with a reduced ability to pay to contribute more locally, while allowing jurisdictions with an improved ability to pay to contribute less;

WHEREAS, as an issue of fairness and consistency, suspending the LCI even temporarily is a breach of faith to everyone who has lived with the effects of the formula, undermines the purpose of having a formula in the first place by politicizing budget allocation decisions, and would be the first time in memory that the state will have failed to "fully re-benchmark" the Virginia Standards of Quality,

NOW, THEREFORE BE IT RESOLVED that The Fairfax County School Board strongly opposes the arbitrary delayed implementation of the routine biennial re-benchmark update to the 2010-2012 Local Composite Index (LCI) contained in the executive budget. While imperfect, the Local Composite Index has been the Commonwealth's accepted measure of local ability to pay for K-12 education. State K-12 funding formulas must be implemented consistently, fairly, and equitably, so all localities benefit from their partnership with the Commonwealth. Though this proposal disproportionately penalizes many Northern Virginia localities in the current year, this breach of trust will be felt by urban, suburban, and rural localities throughout the Commonwealth both now and into the future.