

**Statement by Jean Bankos, President of the Virginia
Education Association, at the Commission on the
Revision of Virginia's Tax Code
September 25, 2003**

Delegate Parrish, Senator Hanger, Commission members, ladies and gentlemen, I thank you for this opportunity to address the Commission on the Revision of Virginia's Tax Code.

As you work to devise a tax structure that is fair and well managed, I hope you will consider the inadequacy of our current structure to support a system of elementary and secondary education of high quality to serve all of Virginia's children.

In creating a structure to better serve our Commonwealth, I ask you to examine two critical issues. First, please examine the disproportionate burden placed on Virginia's localities to fund our schools and the consequent increases in local property taxes.

The U.S. Census Bureau's March 2003 report, Public Education Finances, (See attached slide 6) reveals that the average state in the nation provides 49.9% of the funding for K-12 education, while Virginia provides only 42.5%. There are two consequences of this proportion of state support. First, localities are over-reliant on property taxes to support public schools. Governing magazine (February 2003) put it this way, "When states play Scrooge ... local taxes feel the effect." The

second consequence is that those localities without an adequate local tax base cannot provide an educational opportunity of high quality. As the Education Trust revealed in “The Funding Gap” (August 2002) Virginia “divisions educating the greatest numbers of poor children have ... fewer dollars to spend on education.” If the state would increase its proportional support of our schools to an average level, we would see decreased reliance on property taxes to support our schools and a more equitable educational opportunity for Virginia’s students.

The second critical issue that I also ask you to consider is the failure of our Commonwealth to address the real educational needs of Virginia’s students. The state currently funds the Standards of Quality (SOQ) at an inadequate level that is totally out of touch with prevailing practices in every school division.

What is the minimum level of funding now required by the Constitution? There are two answers. First, the General Assembly must appropriate \$525 million in the next biennium, plus funds for two SOQ components yet to be calculated, just to fund existing programs.

The second answer is found in the Joint Legislative Audit and Review Commission’s (JLARC) report entitled “Review of Elementary and Secondary School Funding” (February 6, 2002). This report delineates the “estimated costs of the SOQ, based on current standards and prevailing cost estimates.” Only one of the eight Tier One recommendations, the Routine updates to the SOQ cost model, was fully funded in the 2002 -2004 biennium.

What are the needs beyond what is constitutionally required under the current SOQ?

In keeping with its role defined by the constitution, the Virginia Board of Education has for the first time in too many years, offered SOQ revisions to the General Assembly for its consideration. These revisions have an annual cost of \$324 million, and the board requests that they be phased in over four budget years. Two of these proposals, the secondary teacher planning period and the elementary resource teachers address specific Tier Two recommendations from JLARC. All address the JLARC recommendation that the state fund its share of instructional staffing practices. The VEA supports the Board's revisions, and hopes you will accept the four-year-phase-in as a reasonable approach to more closely aligning the SOQ with prevailing practice.

Three other areas not included in the SOQ revisions but which ultimately must be addressed are technology, school construction and teacher salaries. The last time the SOQ were revised, in the 1980s, technology was not an essential component of classroom instruction. That has changed, and JLARC staff presented to the JLARC Commission, technology funding options, including the Board of Education's proposal. These options range in annual costs from \$32.3 million to \$259.8 million.

State support for school construction has actually decreased as construction grant funds were reduced by half in the current budget. Some of this reduction was offset by higher Lottery funds. However, the state currently funds only about 10% of the costs associated with school construction and renovation. The state should provide greater financial support for school construction and renovation costs.

As President of the VEA, I would be remiss and you would be disappointed if I did not mention teacher compensation. The General Assembly can and should bring the Virginia average to the national average within four years. The teachers of Virginia are delivering and are accountable. They need to know the state is also delivering on its commitment. To raise the Virginia average to the national average will require \$136 million per year for four years. This cost estimate is based upon increasing the prevailing salaries for SOQ funded positions in the Board of Education 2004-06 Baseline Budget Request by 4.5% each year to reach the national average salary in 2007-08.

For years, the VEA has contended that the Commonwealth is not doing enough to support public education. We are now joined by JLARC, the Board of Education and the citizens of Virginia. Our shared frustration is that year-in-and-year-out we take small steps to address a huge problem. The small steps are never enough to keep the problem from growing bigger. It is like putting a band-aid on a hemorrhaging wound.

In closing, we ask that you base your work on those principles I mentioned as I began today. Devise a tax structure, which is fair, a tax system that is well managed and one that is adequate to meet the needs of public education.