

# **WEST VIRGINIA**

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## **I. GENERAL BACKGROUND**

### **State**

The state constitution of 1863 stated that “The Legislature shall provide, by general law, for a thorough and efficient system of free schools.”

In 1933, the implementation of the county unit of local government abolished 398 school districts and substituted 55 county school districts and 55 five-member boards of education. The school districts are contiguous with the 55 county political boundaries.

In 1934, a tax limitation amendment established the maximum tax rates on four classes of property.

The current Public School Support Program was first established in 1939 and amended over the years. It was rewritten in 1971 and amended in 1973, 1981, 1982, 1985, 1988, 1990, and every year since 1990.

The Public School Support Program consists of the computed costs for the school districts in aggregate for the following seven categories: (1) professional educators, (2) service personnel, (3) fixed charges, (4) transportation costs, (5) administrative costs, (6) other current expenses, substitute employees, and faculty senates, and (7) improvement of instructional programs.

In 1963, the state share of the school districts total revenue was 50.74%. Over the next ten years (1963 to 1973), the state share fluctuated between 46 and 52%. Since 1973, the state share has increased to 60.5%.

In 1979, the West Virginia supreme court reversed a trial court's dismissal of the plaintiff's claim in *Pauley v. Kelley*, 255 S.E. 2d 859 (W. Va. 1979) and remanded the case to circuit court. In 1982, the circuit court of Kanawha County found the public school finance system of West Virginia unconstitutional. The court stated that the system did not provide equitable and adequate funding for a thorough and efficient system of education; the state failed to provide adequate funding for school construction; taxation and assessment of property was not equal or uniform; the court ordered the executive and legislative branches to develop a master plan to create an equitable, high-quality education system. In 1983, a Master Plan for Education was created.

In 1990, the Legislature implemented the "fair and equitable property valuation program," which requires that the assessed valuation of all property be 60% of the true and actual market value. The effort has resulted in the local school districts being responsible for a larger portion of the basic foundation program due to the increase in assessed valuations.

In December 1994, a motion to reopen the case of *Pauley v. Kelley* was filed in the Circuit Court of Kanawha County, West Virginia. The motion asserted that the state has failed to implement the "Master Plan" to reform West Virginia's education system. It called on the court to set a timetable for implementation and appoint a commissioner to oversee it. The case is still pending.

In 1997, the Governor appointed a commission on educational quality and equity to "Examine the issues raised in recent court decisions in relation to current constitutional provisions, statutes, policies and programs, and craft solutions within the boundaries of fiscal responsibility that build upon and continue the progress underway on improving the quality and equity of education in West Virginia." The commission prepared an update to the Master Plan.

In the same year, the Governor appointed a commission on fair taxation to review the present system of taxation. The commission established six goals, one of which was to develop "A constitutional method of funding education."

### **Local**

West Virginia has 55 school districts that are contiguous with county political boundaries. All 55 districts are fiscally independent.

In 1998–99, the state had 604 elementary schools and 230 secondary schools in the 55 school districts with a net enrollment of 296,559.

Property tax is the primary source of local district revenue.

### **Funding Summary 1998-99**

Total State School Aid (All Programs)		\$ 1,373.7 million
Grants in aid	1,373.7 million	
Teacher Retirement Contributions	included million	
FICA	included million	
Total Local School Revenue		\$ 645.2 million
Property Tax	563.2 million	
Other local source tax revenue	0.0 million	
Local source non-tax revenue	82.0 million	
Total Combined State and Local School Revenue		\$ 2,018.9 million
State Financed Property Tax Credits		
Attributable to School Taxes		0

## **II. LOCAL SCHOOL REVENUE**

### **Property Taxes**

All property in the State of West Virginia is classified as follows for ad valorem tax purposes:

**Class I** All tangible personal property employed exclusively in agriculture, including horticulture and grazing; all products of agriculture, including livestock, while owned by the producer; all notes, bonds and accounts receivable, stocks and any other evidences of indebtedness.

**Class II** All property owned, used and occupied by the owner exclusively for residential purposes; all farms, including land used for horticulture and grazing, occupied and cultivated by their owners or bona fide tenants.

**Class III** All real and personal property situated outside of municipalities, exclusive of classes I and II property.

Class IV All real and personal property situated inside of municipalities, exclusive of classes I and II property.

A five-year phase-in began in 1998 to exempt intangible personal property from assessment for property tax purposes. The property is to be taxed at 50% of assessed valuation for FY 1999; 40% for FY 2000; 30% for FY 2001; 20% for FY 2002 and 10% for FY 2003.

County boards of education are considered to be local levying bodies, and as such have the authority under state code to levy taxes on the various classes of property specified above. The maximum rates that county boards of education may impose on the various classes of property are:

Class I	22.95¢	per	\$100 of assessed valuation
Class II	45.90¢	per	\$100 of assessed valuation
Class III	91.80¢	per	\$100 of assessed valuation
Class IV	91.80¢	per	\$100 of assessed valuation

The fair and equitable property valuation program was implemented in 1990 to ensure that all property in the state is assessed at 60% of fair market value. The legislative goal of the program was that at the end of the initial three-year cycle and every year thereafter, every parcel of property in the state be assessed at 60% of current fair market value, except for the values of farms and managed timberland.

According to Code, whenever the property assessments result in an increase of 1% or more in the projected regular levy total property tax revenues for county boards of education, the rates of levy are to be reduced uniformly statewide and proportionately for all classes of property so that the total statewide property tax revenues to be realized from the regular levy tax collections for the forthcoming year will not increase by more than 1% of the current year's projected property tax revenues, unless the state Legislature holds a public hearing.

Excluded from the calculation are increases in projected tax collections due to new construction, improvements to existing real property, or newly acquired personal property. The amounts to be paid to the Assessor's Valuation Fund are also excluded from the calculation.

The total assessed valuations for each class of property and the regular levy rates per each \$100 of assessed valuation for boards of education for the 1998-99 year were:

<u>Class of Property</u>	<u>Assessed Valuations For Tax Purposes</u>	<u>Regular Levy Rates</u>
Class I	\$ 1,685,363,579	20.48¢
Class II	\$ 13,918,119,224	40.96¢
Class III	\$ 17,570,062,778	81.92¢
Class IV	\$ 9,118,433,146	81.92¢

County boards of education are also authorized to impose an additional (excess) levy not to extend beyond five years if approved by at least a majority of the voters. The rates of levy cannot exceed the maximum rates specified in Code (22.95¢ for Class I property) and must be proportional for all classes of property.

Forty-two county boards of education had excess levies in effect during the 1998–99 year. Sixteen of the boards set their excess levy rates for the year at the maximum rates authorized by statute and the remaining twenty-six rates ranged from a low of 12.6% of the maximum allowed to 98%.

County boards of education are also authorized to establish a permanent improvement fund and set aside a portion of their regular property tax levy rates for permanent improvement purposes, not to exceed 1.5¢ for Class I property. Four boards levied taxes for permanent improvement purposes during the year.

In addition, if a county board of education has been authorized by at least a majority of the voters in a district to issue bonds pursuant to the provisions of Code, the board of education is required to levy sufficient taxes to pay the principal and interest maturing on such bonds in any year. Bond issues may not extend beyond thirty-four years and the bonded indebtedness of a county board of education cannot exceed 5% of the assessed valuation of property in the district. Twenty-three county boards had bond levies in effect during the 1998–99 year.

Through special acts of the Legislature, a portion of the tax levies of eleven county boards of education are designated for public libraries. These dedicated funds are from regular levy proceeds in nine of the county boards and from excess levy proceeds in two. In addition, a portion of the excess levy proceeds of one school district is dedicated for support of a park board.

The rates of levy are imposed on the assessed valuation of all taxable real and personal property as certified by the county assessors on March 3<sup>rd</sup> of each year. Each levying body in the state is required to hold a meeting or meetings between

the seventh and twenty-eighth days of March each year to ascertain the fiscal condition of the entity and determine the amount to be raised from the levy of taxes. The session is then to stand adjourned until the third Tuesday in April. On that date, each levying body is required to reconvene the previous meeting(s) held between the seventh and twenty-eighth days of March to officially enter all levies, after having received approval from the state tax commissioner.

The assessed valuation of public utility property is established by the Board of Public Works from appraised valuations provided by the tax commissioner. The assessed valuation of all other property is determined locally by the county assessor.

The taxes on real property and the interest and other charges upon such taxes attach as an enforceable lien on the first day of July each year. There is no lien denominated as such on personal property; however, statutes provide that the sheriff of a county may distrain for delinquent taxes any goods and chattels belonging to a person assessed. All current taxes assessed on real and personal property may be paid in two installments. The first installment is payable on September first of the year for which the assessment is made, and becomes delinquent on October first, and the second installment is payable on the first day of the following March and becomes delinquent on April first.

Taxes paid on or before the date when they are payable, including both first and second installments, are subject to a discount of 2% and 0.5%. If taxes are not paid on or before the date on which they become delinquent, including both first and second installments, interest at the rate of 9% per annum is added from the date they become delinquent until paid.

Property taxes on locally assessed property are collected at the county level by the sheriff and paid to each of the levying bodies in the county by the tenth of the following month. Property taxes on public utility property are collected by the state auditor and distributed to the county sheriffs.

Local share is calculated under the Public School Support Program to determine the local effort that is available to fund the public schools. The calculation is based on the regular levy property tax collections; excess levy property tax collections are excluded from the calculation. The local share calculated for a particular year is based on the assessed valuations on which the taxes will be collected for that year. For example, the local share calculation for the 1998–99 fiscal year was based on the assessed valuation as certified by the county assessors on March 3, 1998.

The total amount of property taxes levied by all school districts for the 1998–99 year for all purposes was \$563.2 million. The purposes and amount for each purpose were:

Regular levy purposes	\$277.3 million
Excess levy purposes	\$248.4 million
Bond purposes (not included in funding summary)	\$ 35.7 million
Permanent improvement purposes	\$ 1.8 million

### **Income Tax**

There is no local income tax.

### **Other Sources of Local Tax Revenue**

School districts receive no local tax revenue other than property taxes.

### **Tax Credits and Exemptions**

#### **Homestead Exemption (Property Tax)**

West Virginia provides a \$20,000 exemption against the total assessed value of a single-family residence (including mobile or manufactured homes) for property tax purposes. The exemption is available to those persons who are at least 65 years old or totally and permanently disabled and have lived in and paid property taxes in the state for two consecutive years prior to filing for the exemption. The home must be owner occupied.

Homeowners apply for the exemption annually at the office of their county assessor between July 1 and October 1. The applicant must be at least 65 years old by June 30 of the following year. After the initial application is approved, subsequent registration in later years is not required. Only one exemption is allowed for each owner-occupied residence, irrespective of the number of elderly and/or totally disabled individuals who live in the dwelling.

#### **Business Investment and Jobs Expansion Credit**

As an incentive to expand West Virginia’s economy and employment, the state provides to firms that qualify a “Business Investment and Jobs Expansion Credit” (a.k.a. Super Credit). There are various ways a company may become eligible for

the Super Credit including the following:

- (1) Regular Credit: A firm that creates at least 50 new jobs within West Virginia over a three-year time period as the result of making a capital investment is entitled to the credit.
- (2) Multiple Party Project Credit: A project where one or more companies make the capital investment in a new or expanded business, but another firm creates some or all of the jobs, may qualify for the credit. An example of this would be a coal company that makes an investment in a deep mine and in mining equipment and then hires another firm as a contract miner to actually produce the coal.
- (3) Multiple Year Project Credit: The credit may be allowed for a project in which the initial investment created at least 10 new jobs and, within three years from the original investment, additional capital investment is made that was contemplated as being necessary at the time of the original investment.
- (4) Corporate Headquarters Relocation Credit: The credit is available to a business that moves its corporation headquarters to West Virginia from a location outside the state. The specific amount of the credit depends on the number of new jobs created in West Virginia as a result of the relocation. If it creates at least 15 but less than 50 new jobs, the amount of the credit is equal to 10% of the corporation's adjusted qualified investment in moving its headquarters.
- (5) Small Business Credit: A small business may also qualify for the Super Credit if it creates at least 10 new jobs and satisfies certain criteria concerning annual payroll, gross sales, and median compensation, which are adjusted each year to reflect the previous year's rate of inflation.

### **III. TAX AND SPENDING LIMITS**

#### **Tax Limits**

See discussion on Property Tax above.

#### **Spending Limits**

Local fiscal bodies in the State of West Virginia, including county boards of education, are not permitted to expend funds or incur obligations in excess of their approved budgets or available funds. A proviso, however, exempts a local fiscal body or its authorized officials from being penalized for a casual deficit, provided

that the deficit is satisfied in the budget for the succeeding fiscal year. A casual deficit is defined as a deficit that does not exceed 3% of the approved budget or is nonrecurring from year to year.

#### **IV. STATE/PROVINCIAL EARMARKED TAX REVENUE**

**Lottery:** \$17.8 million.

As required under the enabling legislation, retained earnings of the lottery may not exceed \$250,000 and no more than 15% of the gross proceeds may be allocated and disbursed for administrative expenses. A minimum annual average of 45% from each lottery is earmarked for prizes. All remaining profits are appropriated annually by the Legislature for education, senior citizen, and tourism programs. Of the \$80.1 million earned in 1998–99, \$17.8 million was appropriated for education, including \$7.5 million for the state’s Basic Skills computer program for grades K-6 and \$8.8 million for the SUCCESS computer program for grades 7–12. Since its inception in 1986, public education has received a total of \$107 million for these programs.

\$18 million in lottery profits are dedicated for the debt service on the 1994 bond series issued by the School Building Authority for school construction projects.

**State Sales Tax:** \$22.0 million.

In 1994 the Legislature dedicated \$22 million annually from state sales tax revenues for a pay-as-you-go school construction/improvement program. These funds are committed through the year 2005.

#### **V. BASIC SUPPORT PROGRAM**

**Funding in 1998–99:** \$ 1,290.0 million.

**Percentage of Total State Aid:** 93.9%.

**Nature of Program:** Basic Foundation Program.

The Public School Support Program is a plan of financial support for the public schools in the State of West Virginia that specifies statutorily the responsibilities of both the state and the county school districts. The state’s responsibility for the basic program allowance is the total of the allowances calculated under the basic seven steps of the program less the aggregate amount calculated as the school districts’ local share.

**Allocation Units:** Number of personnel allowed for funding per number of students enrolled. Both net and adjusted enrollments are used in the computations. Net enrollment is the number of students enrolled in kindergarten through grade twelve reported on a full-time equivalency (FTE) basis. Adjusted enrollment is net enrollment with students enrolled in special education programs weighted two additional times and students enrolled in honors and advanced placement programs weighted one additional time, subject to certain limitations.

**Local Fiscal Capacity:** Taxable assessed valuation of property valued at 60% of market value.

**How the Formula Operates:**

State Share of the Basic Foundation Program.

The basic foundation program consists of the computed allowance for the 55 school districts in aggregate for the following seven categories:

1. Foundation allowance for professional educators.

The foundation program provides to each school district an allowance to pay the state minimum salary and supplemental equity for professional educators (PE), limited to 74 professional educators per 1,000 students in net enrollment, 53.5 professional educators per 1,000 students in adjusted enrollment or the number of professional educators actually employed, whichever is lowest. The computed allowance is based on the state minimum salary requirements of the personnel actually employed, considering degree classifications and years of experience.

2. Foundation allowance for service personnel.

The foundation program provides to each school district an allowance to pay the state minimum salary and supplemental equity for service personnel (SP), limited to 43.5 service personnel per 1,000 students in net enrollment, 34 service personnel per 1,000 students in adjusted enrollment or the number of service personnel actually employed, whichever is lowest. The computed allowance is based on the state minimum salary requirements of the personnel actually employed, considering pay grade and years of experience.

3. Foundation allowance for fixed charges.

The foundation program provides to each school district an allowance to pay employee benefit costs. The allowance for the 1998–99 year was based on the following percentages:

Social Security	7.65%
Worker’s Compensation	1.09%
Unemployment Compensation	0.04%

Allowances are also provided for retirement and health and life insurance.

The allowance for retirement is the total of the following: (1) 15% of the basic foundation allowance for salaries; all salary equity appropriations; and such amounts as are paid by the school districts as salary supplements, to the extent that such county supplements are equal to the amount distributed for salary equity; and (2) the additional amount estimated to be required to eliminate the unfunded liability of the teachers’ retirement system by June 30, 2034, with the amount based on an annual actuarial report to be provided to the Legislature.

The allowance for the Public Employees Insurance Agency (PEIA) is based on an average premium rate for all school district employees, as established by the PEIA Finance Board, multiplied by the number of personnel allowed for funding under the foundation program. The average premium rate for the 1998–99 year was determined to be \$328.44 per month.

4. Foundation allowance for transportation.

The foundation program provides to each school district the following allowance to pay student transportation costs: · 85% of actual transportation expenditures for maintenance, operations and contracted services, exclusive of salaries, for school districts whose ratio of student population to square miles of the district is greater than the state average and 90% for those whose ratio is less; 100% of the insurance costs on buses, buildings and equipment used in transportation; 10% of the current replacement value of each school district’s bus fleet; Aid paid to students in lieu of transportation based on the state average amount paid per pupil; and 95% of the transportation costs for maintenance and operations, exclusive of salaries, incurred in transporting students to and from the seven multi-county vocational centers.

Each district’s allowance is limited to one-third above the state average allowance on a mileage basis.

5. Foundation allowance for administrative cost and regional education service agencies.

The foundation program provides to each school district for administrative costs \$150 times the number of professional educators authorized in Step 1. This allowance is distributed to all 55 school districts in an equal amount.

The program also provides an allowance for the eight regional education service agencies (RESAs) equal to .63% of the allowance for professional educators in Step 1. The allowance for the RESAs is distributed on the following basis: 60% is distributed equally among the eight RESAs and the remaining 40% is distributed in accordance to the net enrollment of the school districts served by the RESA.

6. Foundation allowance for other current expenses, substitute costs and faculty senates.

The foundation program provides to each county school district for other current expenses, substitute costs and faculty senates the following allowances: For other current expense: 10% of the allowance for professional educators and service personnel under steps 1 and 2; For substitute salary costs: 2.5% of the allowances under steps 1 and 2; For faculty senates: \$200 times the number of professional instructional personnel employed. The allowance is to be used for academic materials, equipment or supplies.

The sum of the allowances for other current expense and substitute costs is limited to 104% of the previous year's allowance.

7. Foundation allowance to improve instructional programs.

The foundation program provides to each school district an allowance for the improvement of instructional programs to be allocated in the following manner: \$150,000 to each county school district, and the remainder distributed proportionally on the basis of the average daily attendance for the preceding year and the second month net enrollment.

8. Total basic foundation program allowance.

The total basic foundation program allowance is the sum of the above seven allowances. The basic allowance includes both the state's share and the local share.

**Local Share:** The local share of the basic foundation program is computed by multiplying the taxable assessed valuation of all property in the county as certified

by the county assessor by 98% of the regular levy rates for the year as set by the Legislature and deducting: 5% as an allowance for discounts, exonerations, and delinquencies; and the amount paid to the Assessor's Valuation Fund.

**Weighting Procedures:** Special education students are weighted 2 additional times and honors and advanced students are weighted 1 additional time.

**Adjustments for Special Factors:** Allowances are provided under the basic foundation program for increased enrollment - \$3.4 million; service personnel waiver provision (34/1,000 waiver provision) under Step 2 of the basic program - \$0.5 million; and alternative education programs - \$2.0 million.

**Aid Distribution Schedule:** Basic state aid is distributed to the local districts by electronic funds transfer four times a month.

**Districts off Formula:** None.

## VI. TRANSPORTATION

**Funding in 1998–99:** \$34.3 million.

**Percentage of Total State Aid:** 2.5%.

**Description:** Local school districts receive an allowance for transportation for operations and maintenance under the Public School Support Program; the allowance for transportation personnel is included in Step 2 of the program and the allowance for other operating expenses is reflected in Step 4. Total school transportation costs for the year are projected to be approximately \$129.5 million.

During the 1998–99 school year, West Virginia's school transportation personnel continued to provide dependable, economical, and safe transportation to and from school for approximately 232,600 students. The 55 school districts operated 2,909 school buses, exclusive of spares, and traveled 41.4 million miles transporting students. About 75% of the public school enrollment in West Virginia is bused to and from school.

**Extent of Participation:** All 55 school districts.

## VII. SPECIAL EDUCATION

**Funding in 1998–99:** \$15.8 million.

**Percentage of Total State Aid:** 1.1%.

**Description:** State allocations for specific special education programs which are not included in the basic foundation program were \$15.8 million in 1998–99. In addition, students enrolled in special education programs are recognized in the basic foundation program in the form of additional weightings. Adjusted enrollment is net enrollment with students enrolled in special education programs weighted two additional times and students enrolled in honors and advanced placement programs weighted one additional time, subject to certain limitations.

### Aid to Local Districts

**Funding in 1998–99:** \$6.0 million (\$5.0 million school age; \$1.0 million preschool age).

**Percentage of Total State Aid:** less than 1%.

**Description:** To provide funding that may be expended by county school districts for the initiation and/or improvements of special education programs for school age and preschool age exceptional students.

**State share:** Each school district is provided a base of \$30,403 plus \$62.27 per exceptional student in grades K–12; and a base of \$10,000 plus \$208.71 per preschool exceptional student.

**Extent of Participation:** All 55 school districts participate. The number of exceptional students in grades K–12 equals 53,711 and the number of preschool exceptional students equals 2,239.

### Regional Education Service Agency (RESA) Special Education Support

**Funding in 1998–99:** \$0.4 million.

**Percentage of Total State Aid:** less than 1%.

**Description:** To assist county school districts in the planning, implementation, and provision of special education services to exceptional students.

**Extent of Participation:** Eight RESAs at \$47,000 each.

### **Out-of-County Reimbursement**

**Funding in 1998–99:** \$.56 million.

**Percentage of Total State Aid:** less than 1%.

**Description:** The purpose is to provide reimbursements to local school districts for the provision of special education and related services to children placed in facilities operated or supported by the departments of Health and Human Resources and Corrections. Funding is provided by reimbursement at the end of the year by a proportional allocation based on number of students placed and amount of funds available.

**Extent of Participation:** Not reported.

### **Out-of-State Instruction**

**Funding in 1998–99:** \$0.37 million.

**Percentage of Total State Aid:** less than 1%.

**Description:** The purpose is to provide partial funding for students and youth with severe disabilities who are served in out-of-state facilities. Funding is provided by reimbursement at the end of the year by a proportional allocation based on number of students placed, cost of placement, and amount of funds available.

**Extent of Participation:** Not reported.

### **State Department Administration**

**Funding in 1998–99:** \$2.6 million.

**Percentage of Total State Aid:** less than 1%.

**Description:** Funding for salaries and employee benefits of Department of Education special education staff and Medley Education Programs.

**Extent of Participation:** Not reported.

### **Special State Projects**

**Funding in 1998–99:** \$0.1 million.

**Percentage of Total State Aid:** less than 1%.

**Description:** Funding for West Virginia Special Olympics Program, West Virginia Advisory Council for the Education of Exceptional Children, statewide training activities and other special projects.

**Extent of Participation:** Not reported.

### **Schools for the Deaf and Blind**

**Funding in 1998–99:** \$9.2 million.

**Percentage of Total State Aid:** less than 1%.

**Description:** Funding to operate the West Virginia Schools for the Deaf and the Blind.

**Extent of Participation:** Not reported.

## **VIII. COMPENSATORY EDUCATION**

There is no state funded program. Federally funded compensatory education programs in West Virginia operate under the Elementary and Secondary Education Act (ESEA) Title I. During the 1998–99 school year, \$72.2 million in Title I funds were allocated to the 55 counties for programs of remediation in reading and mathematics and limited supportive elements. These services are being provided by approximately 1,050 teachers and 250 teacher aides.

## IX. GIFTED AND TALENTED EDUCATION

**Funding in 1998–99:** \$0.4 million.

**Percentage of Total State Aid:** less than 1%.

**Description:** Funding to operate the Governor’s Honors Academy and the Governor’s School for the Arts. The Honors Academy is a four week summer residential program that provides an intensive learning experience for students who have completed their junior year of high school and meet specific qualifications. The School for the Arts is a three week summer residential program for 80 high school students who have artistic talents. All 55 county school districts are encouraged to submit names of students who meet the specific qualifications.

County school districts may also utilize State Aid for Exceptional Children funds for programs and services for identified gifted students. The county districts make application for these funds on an annual basis following the preparation of a needs assessment.

**Extent of Participation:** Not reported.

## X. BILINGUAL EDUCATION

**Funding in 1998–99:** \$0.1 million.

**Percentage of Total State Aid:** less than 1%.

**Description:** Allocation for alternative language services for limited English proficient (LEP) students. Although West Virginia historically has a low-incidence population of LEP students, the numbers are growing due to increases in international business and general globalization of society. The Department of Education provides technical assistance to all local school districts serving LEP students.

**Extent of Participation:** Not reported.

## **XI. EARLY CHILDHOOD EDUCATION**

**Funding in 1998–99:** \$1.4 million.

**Percentage of Total State Aid:** less than 1%.

**Description:** State funding for specific early childhood programs which are not included in the Basic Foundation Program was \$1.373 million for 1998–99. Students enrolled in early childhood programs are also included in total enrollment used in computing the basic foundation allowance. Many school districts provide preschool services for young children.

**Extent of Participation:** The program is available to all 55 county school districts.

## **XII. OTHER CATEGORICAL PROGRAMS**

### **Child Nutrition Program**

**Funding in 1998–99:** \$2.0 million.

**Percentage of Total State Aid:** less than 1%.

**Description:** The Child Nutrition Program provides low cost, nutritious meals in public schools, private schools, and residential institutions. All enrolled students are eligible to participate in the nutrition program.

**State Share:** The state share is a required amount prescribed by federal regulations to meet a combination of Maintenance of Effort (MOE) at the 1977 level and to match the basic subsidy at a formula generated requirement of .052598122365 per meal served students (or approximately \$3 federal to \$1 state ratio for Section 4 funds with adjustment for per capita income).

**Local Share:** The local share is comprised of student and adult payments for meals, which amounts to approximately \$19.2 million.

**Extent of Participation:** All 55 school districts participate in the National School Lunch Program and the School Breakfast Program.

**Comprehensive School Health  
State and National Training and Development Center**

**Funding in 1998–99:** \$1.25 million.

**Percentage of Total State Aid:** less than 1%.

**Description:** A three part cooperative agreement with the Centers for Disease Control to improve the health of school age children in West Virginia and provide training to individuals in West Virginia and across the United States. The training programs focus on school health education, physical education and how to build an infrastructure to improve school health programs.

**State Share:** None. All states share with grant awards to local school districts based on application focus.

**Local share:** None

**Extent of Participation:** Teachers and administrators from all 55 county school districts have received training and technical assistance. Since 1992, individuals from 51 states, cities and/or territories have received training at the National Training and Development Center in West Virginia.

**Technical and Adult Education**

**Funding in 1998–99:** \$12.9 million.

**Percentage of Total State Aid:** less than 1%.

**Description:** State funding is made available to the local school districts in order to provide for supplemental expenses such as extended employment for the adult technical education programs, instructional supplies, and equipment. Funds are distributed proportionally based upon the amount of funding available.

**State Share:** The state share is determined by legislative appropriation.

**Local Share:** The only local share required is a 30% match of allocations for contracted instruction.

**Extent of Participation:** All 55 school districts, 7 multi-county vocational centers and the West Virginia Schools for the Deaf and the Blind participated during 1998–99.

### **Educational Enhancements**

**Funding in 1998–99:** \$2.4 million.

**Percentage of Total State Aid:** less than 1%.

**Description:** Appropriated funds provided to local school districts for capital improvements, equipment purchases and operating costs.

**Extent of Participation:** 43 school districts.

### **Three Tier Funding**

**Funding in 1998–99:** \$1.0 million.

**Percentage of Total State Aid:** less than 1%.

**Description:** Appropriated funds provided to local school districts under the following three categories for capital improvements, equipment purchases and operating costs: school districts with growth problems; school districts with demographic situations or geographic barriers; and school districts with special needs and projects.

**Extent of Participation:** 35 school districts.

### **Educational Development**

**Funding in 1998–99:** \$0.85 million.

**Percentage of Total State Aid:** less than 1%.

**Description:** Appropriated funds provided to local school districts for capital improvements, equipment purchases and operating costs.

**Extent of Participation:** 33 school districts.

### **National Geographic Alliance**

**Funding in 1998–99:** \$0.05 million.

**Percentage of Total State Aid:** less than 1%.

**Description:** The National Geographic Alliance is a staff development program for the purpose of expanding the teaching and emphasizing the importance of geography. The National Geographic Alliance in partnership with the West Virginia Geographic Alliance works to coordinate a statewide organization that supports geography education through institutes, curriculum conferences and workshops for teachers.

**Extent of Participation:** Not reported.

### **Improving Instruction**

**Funding in 1998–99:** \$0.5 million.

**Percentage of Total State Aid:** less than 1%.

**Description:** The program of improving instruction provides staff development and technical assistance to schools in need of improvement and special in-service programs as identified.

**Extent of Participation:** Teachers and administrators in all 55 county school districts are notified of staff development programs and invited to participate. Schools in need of specific technical assistance are identified via the school accreditation process.

### **Principal Mentorship**

**Funding in 1998–99:** \$0.1 million.

**Percentage of Total State Aid:** less than 1%.

**Description:** The Principal Mentorship Program provides each new principal, assistant principal or vocational administrator to a school system a mentor to provide appropriate orientation activities and supervision.

**Extent of Participation:** All 55 school districts participate.

### **Teacher Mentorship**

**Funding in 1998–99:** \$0.43 million.

**Percentage of Total State Aid:** less than 1%.

**Description:** The Teacher Mentorship Program provides each new teacher to a school system a mentor to assist in the development of teaching/learning practices within each school system. This is an entitlement grant of \$600 awarded to each mentor.

**Extent of Participation:** All 55 school districts participate.

### **XIII. TEACHER RETIREMENT AND BENEFITS**

**Funding in 1998–99:** \$199.0 million.

**Percentage of Total State Aid:** 14.5%.

**Description:** The state operates two retirement systems for board of education employees: a defined benefit plan and a defined contribution plan. The Teachers' Retirement System is a defined benefit plan which was established in 1941 and closed to new members in 1991. To qualify for full benefits, a member must be age 60 with at least five years of credited service; 55 with at least 30 years of credited service; or any age with at least 35 years of credited service. Retirement benefits are based on 2% of the average member's five highest years of total earnings from covered employment during the member's last 15 years of service. Participants contribute 6% of their gross salary. Due to the plan's unfunded liability, the employer's contribution rate progresses by 1.5% each year until the 2000 fiscal year when it maximizes at 15%. For the 1998–99 year, the employer contribution rate was 13.5%.

The Teachers' Defined Contribution Retirement System is a defined contribution plan for all board of education employees hired after July 1, 1991 and those members of the defined benefit plan who wish to transfer. A unique feature of this plan is that each member chooses the investment options. Employer contributions vest with the member as follows: one-third after 6 years, two-thirds after 9 years and 100% after 12 years. Retirement benefits are limited to the

amount that has accumulated in the member's annuity account from employee and employer contributions and all investment earnings thereon. Participants contribute 4.5% of their gross salary. The employer contribution rate is 7.5%.

The employers' contributions are derived from state appropriations and local sources. For the county board of education employees who are authorized to be funded under the Public School Support Program, the following allowance is provided: (1) 15% of the basic foundation allowance for salaries; all salary equity appropriations; and such amounts as are paid by the school districts as salary supplements, to the extent that such county supplements are equal to the amount distributed for salary equity; and (2) the additional amount estimated to be required to eliminate the unfunded liability of the Teachers Retirement System by June 30, 2034, with the amount based on an annual actuarial report to be provided to the Legislature. For personnel employed from federally funded grant programs, the employer contributions are paid from the federal grants.

**Extent of Participation:** Not reported.

#### **XIV. TECHNOLOGY**

##### **Basic Skills/Computer Education**

**Funding in 1998–99:** \$7.5 million.

**Percentage of Total State Aid:** less than 1%.

**Description:** The Basic Skills/Computer Education program is an on-going initiative, providing hardware and software for every K–6 classroom in the state. Currently, 29,000 student workstations are in use and 21,000 teachers have received training.

The program was initiated in 1989 when the West Virginia Legislature requested that computer hardware, software and training for grades K–6 be implemented to improve basic skills. It is the most comprehensive statewide approach to computer education in the country.

**Extent of Participation:** Not reported.

## **The SUCCESS Initiative**

**Funding in 1998–99:** \$8.8 million.

**Percentage of Total State Aid:** less than 1%.

**Description:** The SUCCESS Initiative was launched in 1997 to continue the momentum of the Basic Skills program into the secondary level. SUCCESS – Student Utilization of Computers in the Curriculum for the Enhancement of Scholastic Skills – calls for staff development and for every student in grades 7–12 to have access to a networked computer and software.

Students will be able to use productivity software as well as software that simulates the workplace, provides career and college exploration and helps them develop decision-making skills. Internet access also is a component of the SUCCESS Initiative. As of June 1999, 10,125 computers have been installed in 305 secondary schools.

More than \$23 million has been allocated to counties for implementing the SUCCESS Initiative, and almost \$1 million has been spent toward staff development. The School Building Authority has awarded 149 schools a total of \$358,295 to fund infrastructure wiring.

**Extent of Participation:** Not reported.

## **Internet**

**Funding in 1998–99:** \$2.0 million.

**Percentage of Total State Aid:** less than 1%.

**Description:** The Internet benefits classrooms by providing worldwide electronic mail, electronic field trips, digitized books, graphics, virtual libraries, West Virginia resources, experts in various fields and participation in cooperative learning projects around the globe.

As of June 1998, West Virginia had 840 of 842 schools connected to the Internet as part of what is known as the WORLD SCHOOL program, a partnership with Bell Atlantic-West Virginia, Citizens Communications, Hardy Telephone, Spruce Knob-Seneca Rocks Telephone and Armstrong Telephone companies. As of June

1998, more than 31,500 e-mail accounts have been issued.

The Computer World Smithsonian Award was presented in June 1996 to the West Virginia Department of Education in recognition of the WVDE/Bell Atlantic WORLD SCHOOL partnership. The project is documented in the Permanent Research Collection of the Smithsonian Institution's National Museum of American History.

In July 1998, the National Association of State Information Resource Executives announced the WORLD SCHOOL Program won the award for outstanding achievement in the field of Information Technology. Winners were selected based on several factors, including benefits realized by the service recipients, taxpayers, agency or state and the return on the investment.

**Extent of Participation:** Not reported.

### **Technology Demonstration Sites**

**Funding in 1998–99:** \$0.15 million.

**Percentage of Total State Aid:** less than 1%.

**Description:** Sixty-four demonstration sites have been established at schools throughout the state to assist teachers in understanding how to use multimedia in the classroom. Funds for the training sites were provided by the West Virginia Legislature.

**Extent of Participation:** Not reported.

### **Curriculum Technology Resource Center**

**Funding in 1998–99:** \$0.25 million.

**Percentage of Total State Aid:** less than 1%.

**Description:** The Curriculum Technology Resource Center houses more than 675 videotapes in all major subject and vocational areas with unlimited duplication rights. Curriculum teams select audiovisual and technology materials for classroom teachers and administrators.

Each year, teachers decide the focus of the Curriculum Technology Resource Center and have focused on turnkey solutions to integrate technology into the curriculum to transform classrooms. Teachers are provided staff development that includes the hardware, software and curriculum materials.

**Extent of Participation:** Not reported.

### **IBM Reinventing Education Grant**

**Funding in 1998–99:** \$2.0 million.

**Percentage of Total State Aid:** less than 1%.

**Description:** This \$2.0 million grant project focuses on using the Internet to improve student achievement in four subject areas. The West Virginia Department of Education, which was one of the 10 original IBM grant recipients, has a self-sustaining collection of quality mathematics instructional lessons for grades 6–12 available on-line.

The lessons are aligned with the West Virginia Instructional Goals and Objectives established by the West Virginia Board of Education. The results are designed to change the way students learn, the way teachers teach and the way classrooms and schools are organized. West Virginia began the initiative with a focus on mathematics. It since has expanded the lessons to include social studies, English, language arts and science. The Reinventing Education grant was highlighted at the National Educational Computing Conference.

**Extent of Participation:** Not reported.

### **West Virginia Microcomputer Educational Network**

**Funding in 1998–99:** \$0.15 million.

**Percentage of Total State Aid:** less than 1%.

**Description:** The West Virginia Microcomputer Educational Network, a toll-free statewide electronic bulletin board, receives an average of 5,000 calls per month. Established in 1982, the electronic bulletin board served more than 9,000 educational and community users. Currently, the system is being updated to

receive Internet information. Major features include electronic mail, bulletin and conference areas, public domain software and general communication.

**Extent of Participation:** Not reported.

### **Distance Learning**

**Funding in 1998–99:** \$0.25 million.

**Percentage of Total State Aid:** less than 1%.

**Description:** Course offerings in West Virginia have been expanded due to funding by the West Virginia Legislature for distance learning grants. The intent of the grants is to increase access to educational courses and broaden the curriculum. In an effort to support the education technology initiative, more than 367 downlink sites for satellite-delivered classes have been established.

Students now have access to courses in Spanish, Japanese, Russian, German, Latin, physics, advanced placement psychology, advanced placement English, advanced placement calculus, discrete math, microeconomics and probability and statistics. The grants provide schools with either distance learning courses or associated downlink equipment.

Approximately 900 students in 190 primary and secondary schools statewide have access to the distance learning course options. The system also provides statewide staff development sessions for teachers.

The grant recipients are selected by the West Virginia Education Broadcasting Authority and the West Virginia Department of Education.

**Extent of Participation:** Not reported.

### **Technology Repair and Modernization**

**Funding in 1998–99:** \$0.75 million.

**Percentage of Total State Aid:** less than 1%.

**Description:** Appropriated funds provided to the eight regional education service agencies to provide computer repairs and upgrades for the local school districts.

**Extent of Participation:** All eight regional education service agencies.

## **XV. CAPITAL OUTLAY AND DEBT SERVICE**

### **School Building Authority**

**Funding in 1998–99:** \$73.0 million.

**Percentage of Total State Aid:** 5.3%.

**Description:** The School Building Authority (SBA) was established in 1988 for the purpose of providing state funds for the construction and maintenance of school facilities to meet the educational needs of the people of West Virginia in an efficient and economical manner. During 1997, the state invested a total of \$73 million in its educational infrastructure. This funding included: \$10 million debt service on the Better School Building Amendment (BSBA) bonds approved by the voters in 1972; \$23 million debt service on SBA bonds issued prior to January 1, 1994; \$18 million debt service from Lottery profits dedicated to debt service for the 1994 SBA bonds; and \$22 million annually from the state sales tax revenues for a pay-as-you-go school construction/improvement program.

Since 1990, West Virginia has dedicated \$574 million in bond proceeds and pay-as-you-go funds to immediate and long term school facility needs. In addition, the Major Improvement Program has provided \$18 million since 1995 for the improvement of existing schools in several districts and \$16 million has been dedicated through the Three Percent Program for statewide projects. This brings the state contribution to a total of \$608 million. Added to the \$296 million in local bond issues passed since 1990, West Virginia's total expenditures for school construction and improvement programs exceeds \$904 million. This expenditure has provided the students in West Virginia with 74 new schools, major additions or renovations at another 51 schools and the completion of over 800 minor additions or improvements at 400 existing schools.

In 1998, the Legislature passed the Governor's proposal creating a school funding program which is unique. The proposal dedicates funds currently utilized for debt service to school construction as the debt service requirements are fulfilled. These funds include: the \$22 million currently dedicated from the state sales tax revenues to the pay-as-you-go program discussed in a preceding paragraph; the

\$18 million in Lottery profits dedicated to the 1994 bond series; and the sum of the declining balance from the 1972 BSBA debt service payments.

**Extent of Participation:** Not reported.

### **Local Capital Project Financing**

**Description:** County boards of education may issue bonds for the purpose of acquiring, constructing, enlarging, reconstructing, improving or furnishing any building or structure for public use if submitted to a vote of the citizens in the district and approved by a majority of the votes cast. If bonds are issued, the board is required to levy sufficient taxes to pay the principal and interest maturing on the bonds in any year. Bond issues may not extend beyond thirty-four years and the bonded indebtedness of a county board of education cannot exceed 5% of the assessed valuation of property in the district. Twenty-five boards of education had bond issues outstanding at June 30, 1998. The total amount of bonds outstanding as of June 30, 1998 was \$199.5 million. One issue matured during the 1998–99 year and two other school boards passed new bond issues, authorizing the sale of \$18.2 million in bonds.

**Extent of Participation:** Not reported.

### **Debt Service**

**Funding in 1998–99:** \$50.7 million.

**Percentage of Total State Aid:** 3.7%.

**Description:** \$22.7 million was appropriated by the Legislature for the School Building Authority for debt service on bonds issued prior to January 1, 1994; \$10 million for debt service on the Better School Building Amendment (BSBA) bonds approved by the voters in 1972; and \$18 million for debt service from Lottery profits dedicated to debt service for the 1994 SBA bonds. Principal and interest payments paid on behalf of school districts by the Municipal Bond Commission during the 1997–98 year, including payments on refunded issues, totaled \$47.1 million.

**Extent of Participation:** Not reported.

## XVI. STANDARDS/ACCOUNTABILITY MEASURES

### Standards

The state board of education has adopted education standards in the following areas: curriculum; workplace readiness skills; finance; transportation; special education services, alternative education, and other programs; facilities; administrative practices and school community relations; training county board members and administrators; personnel qualifications; professional development and evaluation; student and school performance; and safe and disciplined schools.

### Accountability Measures

**Funding in 1998–99:** \$0.8 million.

**Percentage of Total State Aid:** less than 1%.

**Description:** To assist the state board of education in making determinations regarding the accreditation status of schools and the approval status of school systems, an office of education performance audits was established in 1998. The Office of Education Performance Audits reports directly to the state board.

In addition, each school district must provide an annual audit of its financial statements conducted in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States.

**Extent of Participation:** Not reported.

### Statewide Assessment Program

**Funding in 1998–99:** \$1.5 million.

**Percentage of Total State Aid:** less than 1%.

**Description:** Since 1996, the Statewide Assessment Program has consisted of multiple assessments. The purposes of the assessments vary and the participation of students is determined by grade level. Included in the Statewide Assessment Program is the norm-referenced Stanford Achievement Test, Ninth Edition (SAT-9), which is designed to measure achievement in the basic skills taught in schools

throughout the nation. This assessment is used in grades 3–11 in West Virginia public and most private schools. The subject areas measured are reading, mathematics, language, spelling, listening, study skills, science, and social science.

The Metropolitan Readiness Test (MRT) is used for kindergarten students and the abbreviated Stanford Achievement Test, Ninth Edition, is used to measure the achievement of students in grades 1 and 2. These assessments are used to measure the achievement of students in the areas of language, literacy quantitative, and mathematical concepts for instructional and diagnostic purposes at the school level. Scores from the assessments are not placed on the student's permanent record cards.

Students in grades 4, 7 and 10 participate in the West Virginia Writing Assessment. Purposes of the writing assessments include direct assessment of composition skills, identification of possible weaknesses in writing programs across the state, and identification of children needing additional assistance in specific writing skills. Measures of English, mathematics, reading and science skills for West Virginia 8<sup>th</sup> graders compared to 8<sup>th</sup> graders across the nation are generated via ACT EXPLORE. In addition, information about students' educational and career plans, interests, high school coursework plans, and self-identified needs for assistance is gathered and reported.

Three instruments of ACT Work Keys are used to assess 12<sup>th</sup> graders' workplace readiness skills. Levels of proficiency are determined in the areas of reading for information, locating information, and teamwork. The assessment scores are criterion-referenced. A student's performance is compared with skill levels required for jobs rather than with the skill levels of other students.

Randomly selected students in grades 4, 8, and 12 have specific academic areas assessed by the National Assessment of Educational Progress (NAEP). Assessment results are reported only by grade level within the states participating in the NAEP testing. Individual student results, individual school results, and individual school district results are not generated or reported.

**Extent of Participation:** All 55 school districts participate.

## **XVII. REWARDS/SANCTIONS**

### **Rewards**

There is no state funding provided for rewards.

### **Sanctions**

Other than intervention in the operation of a district or school by the state board, there are no other sanctions specified in either state law or state board policy. State law provides for an improvement consultant team to make recommendations on rectifying problems that could lead to state board intervention. The local district has six months to implement the team's recommendations. If not implemented, the state board can then intervene to replace the district superintendent and limit the authority of the county school board in the areas of personnel, finance, instruction and the school calendar.

## **XVIII. FUNDING FOR NON-TRADITIONAL PUBLIC SCHOOLS**

No state funding is provided.

## **IX. AID TO PRIVATE SCHOOLS**

No state funding is provided.

## **XX. RECENT/ PENDING LITIGATION**

In December 1994, a motion to reopen the case of *Pauley v. Kelley* was filed in the Circuit Court of Kanawha County, West Virginia. The motion asserted that the state has failed to implement the "Master Plan" to reform West Virginia's education system. It called on the court to set a timetable for implementation and appoint a commissioner to oversee it. The case is still pending.

## **XXI. SPECIAL TOPICS**

### **Innovative Educational Programs**

The West Virginia Education Fund's Partnerships in Education Program serves as a model for a number of other school systems in linking schools and businesses in cooperative and mutually beneficial relationships. The program is a grassroots initiative that enables educators and business people to work together to enhance

the learning experiences of the students in the classrooms of West Virginia. The school-business partnerships program in West Virginia is among the largest of its kind in the country.