



For Immediate Release

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Loudoun business community leads successful effort to convince Governor McDonnell to oppose \$34 million School funding cut for Loudoun County

Budget plan by former Governor Kaine would freeze school funding formula, taking a \$118 million from Loudoun, Fairfax and Prince William counties

After intense lobbying by the Loudoun County Chamber of Commerce and the Northern Virginia business community, Governor Bob McDonnell announced he will oppose plans to freeze the state's school funding formula. If successful, Governor McDonnell's position will restore \$34 million in state funding that Loudoun County schools would have lost under the plan.

Working with other top Northern Virginia business groups, the Loudoun County Chamber helped lead a widespread lobbying campaign to convince Governor McDonnell and General Assembly leaders to reject efforts to freeze the school funding formula, known as the "Local Composite Index" (LCI).

The LCI determines how much state funding a local school system will receive, and is typically adjusted every two years to account for changing economic conditions. Former Governor Kaine proposed not adjusting the formula this year, which would have taken \$118 million from Loudoun, Fairfax and Prince William counties. These are also the three fastest growing school divisions in Virginia, with an anticipated 9,000 new students next year.

"On behalf of the Loudoun County business community, I thank Governor McDonnell for demonstrating the political courage to oppose this plan to freeze the Local Composite Index. Governor McDonnell was forced to make a tough decision, but one that is based on the sound principles of fairness, historical precedence and the need to maintain Virginians' faith in the integrity of the Commonwealth's formulas for distributing limited public resources," said Loudoun County Chamber President Tony Howard.

By organizing meetings with and directing an extensive letter writing campaign to the state's top elected leaders, while generating significant media coverage on the issue, Northern Virginia business groups helped convince the Governor and General Assembly leaders to oppose freezing the LCI this year.

Last week, just minutes before Governor McDonnell addressed 500 Loudoun County Chamber members at the 2010 Annual Meeting, the Chamber helped organize a meeting between the Governor and a dozen Northern Virginia county and city leaders to discuss his plans to address the LCI proposal.

As part of our advocacy efforts on this issue, the Loudoun County Chamber sent this [letter to the Governor](#) and this [letter to members of the Northern Virginia General](#)

Assembly Delegation. These letters were signed by twelve regional business organizations asking the Governor to take the action he took today. All members of the Northern Virginia Delegation have aggressively advocated updating the LCI.

Please note that the LCI update will be subject to a vote of the General Assembly and that the Loudoun County Chamber of Commerce will continue to advocate on behalf of its adoption.

The Loudoun County Chamber of Commerce represents over 1,200 businesses in Loudoun County and Northern Virginia. As Loudoun County's largest broad-based business organization, the Chamber strives to "make the connection" and facilitate the growth and development of new and existing business in Loudoun County. The Chamber provides numerous networking opportunities and acts as a public-policy advocate addressing issues that impact Loudoun businesses.

For more information, call 703-777-2176 or visit the Chamber's website, www.loudounchamber.org

Commonwealth of Virginia
Office of Governor Bob McDonnell

FOR IMMEDIATE RELEASE
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**Governor McDonnell to Undo Proposed Freeze of Local Composite Index
-Introduced Budget Froze LCI for First Time -
Governor Identifies Savings to Allow for Annual Update to Index**

RICHMOND- Governor Bob McDonnell announced today that he will support updating the Local Composite Index (LCI), the formula which determines state and local education funding responsibility, in the upcoming budget. The move will mean another proposed change to the introduced budget, which froze the LCI at its current level. The LCI has historically always been adjusted every two years to account for changing local economic conditions. The proposal to freeze the Index was unprecedented, and would have cost certain localities in Northern Virginia \$128.3 million in state education funding.

Speaking about his decision, Governor McDonnell stated, "For nearly forty years, the

Local Composite Index has been an impartial means by which to determine state and local responsibility for education funding in Virginia. The application of this Index has always been done in an objective manner, using the most recent fiscal data to most fairly apportion state resources. For many school districts, particularly in Northern Virginia, the biennial update of the Index has meant far less funding from the state than that received by school districts in localities experiencing lesser rates of economic growth. Accordingly, I will not support the proposed freeze in the budget introduced by the previous Administration. The Local Composite Index must be applied to all localities, at all times, in the same objective and fair manner by which it has always been utilized."

McDonnell continued, "The decision to continue to update the Local Composite Index is one that I reached after extensive meetings with my finance staff, legislators, and local government officials. I thank all these individuals for their input and thoughts during the process. Ensuring that we have a fair formula that is implemented without regard to temporary or political considerations is the best means by which to appropriate education funding in the Commonwealth. Every time the Index is readjusted some school systems gain funding, while others receive less. This has occurred for nearly forty years, and local officials understand the routine and objective biennial implementation of the Index."

In announcing his decision to undo the proposed freeze of the Index, McDonnell also identified specific budget savings to account for the additional state spending required. The update will cost the state \$29 million in FY 2011. To cover this increased funding, McDonnell will recommend to the General Assembly the transfer of \$13 million from Literary Fund balances; \$8 million through the use of available balances in the Health Insurance Fund to reduce state health insurance premiums; \$5.2 million will be found in Real ID savings and an available \$3 million will be captured in additional Non-General Fund balances. Budget recommendations will continue to be made and communicated to the legislature in the coming days.