

Education Funding in Hampton Roads

Presented to the
Hampton Roads
Planning District
Commission

Agenda Item #7

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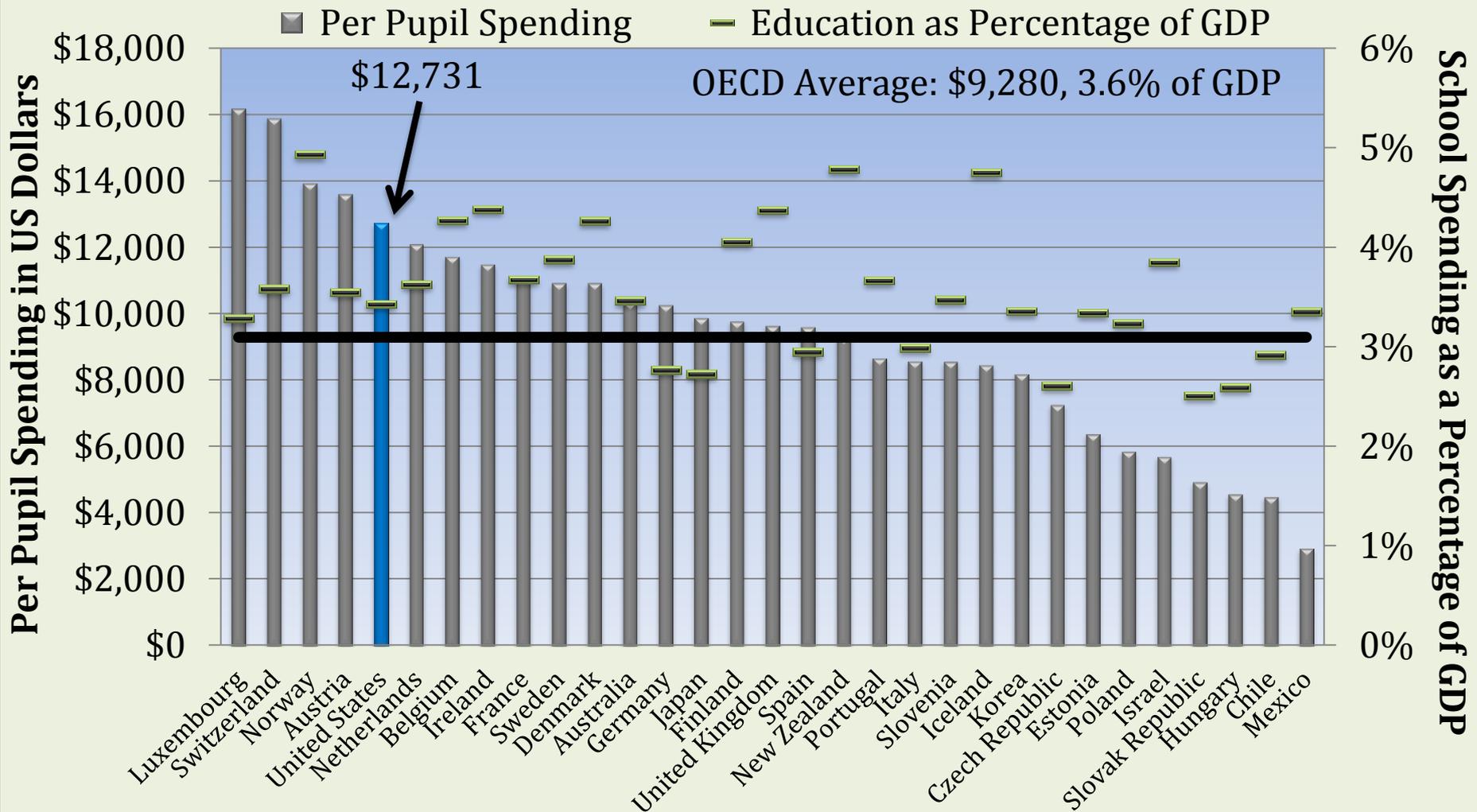


Education and the Economy

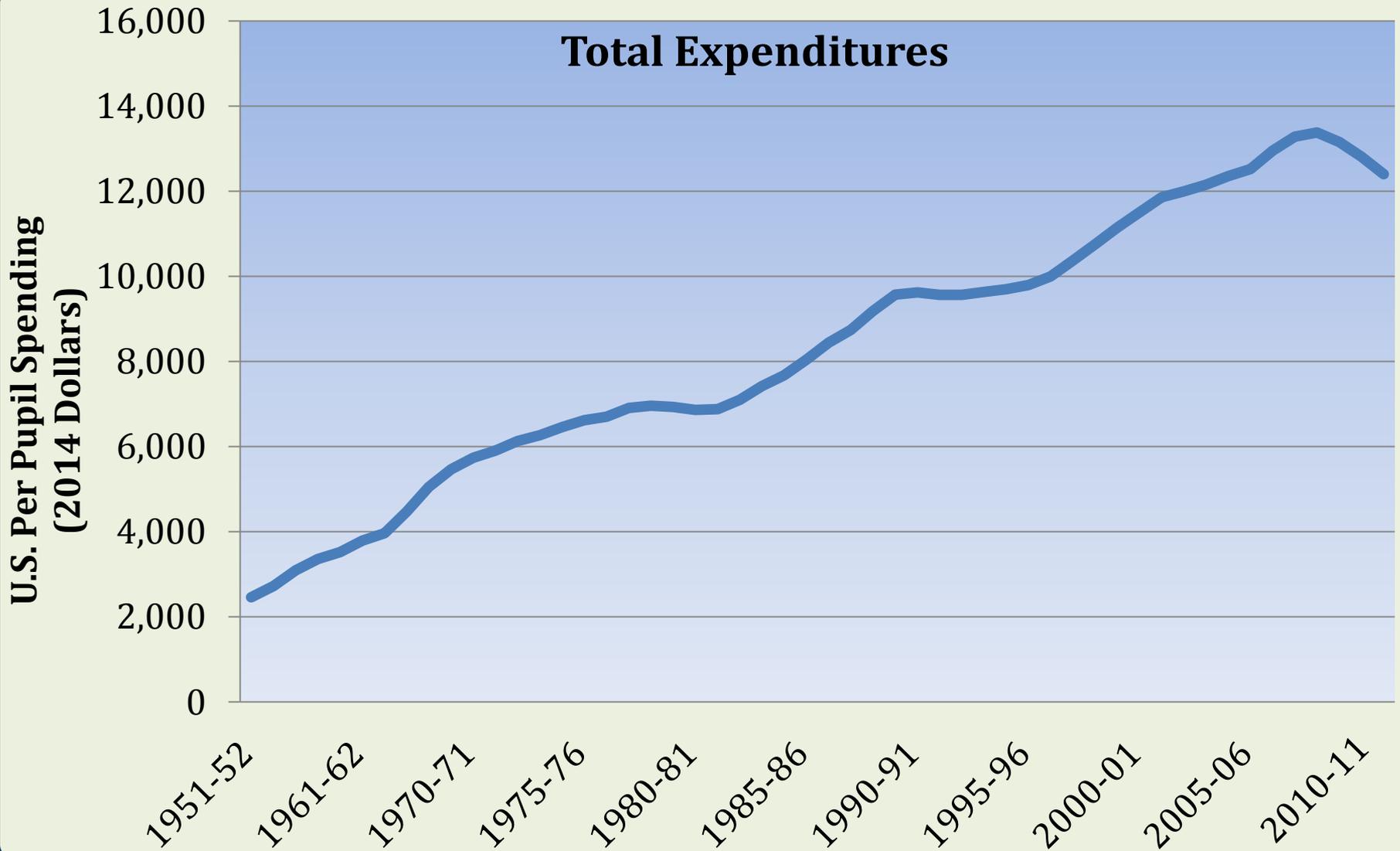
- Higher education is important
 - Faster growth
 - Greater income
 - Impacts everyone
- K-12 education also matters
 - Housing values
 - Geographic mobility
 - Socioeconomic mobility
 - Unemployment rate

Money and Education

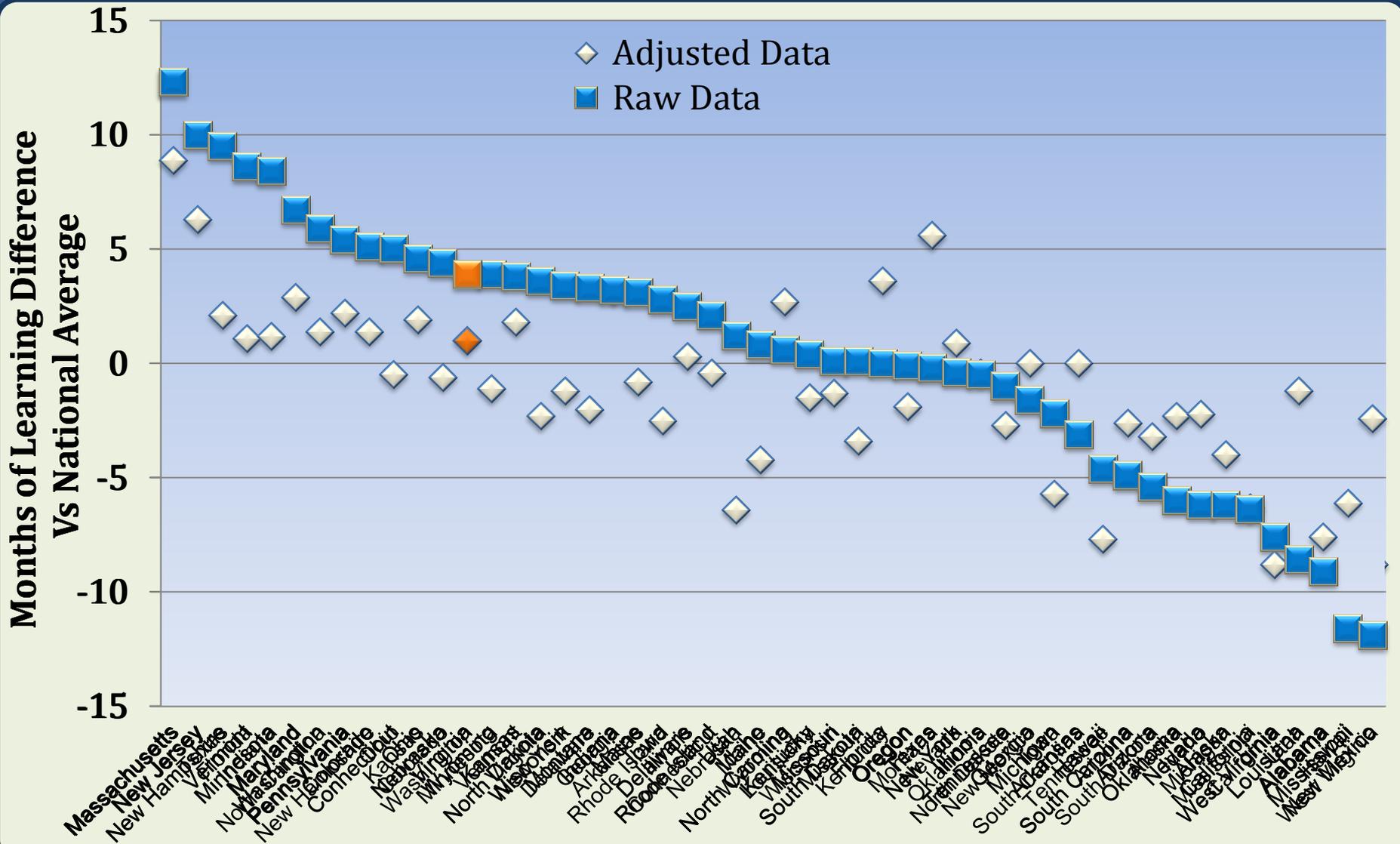
Per Pupil Primary and Secondary Spending, 2011



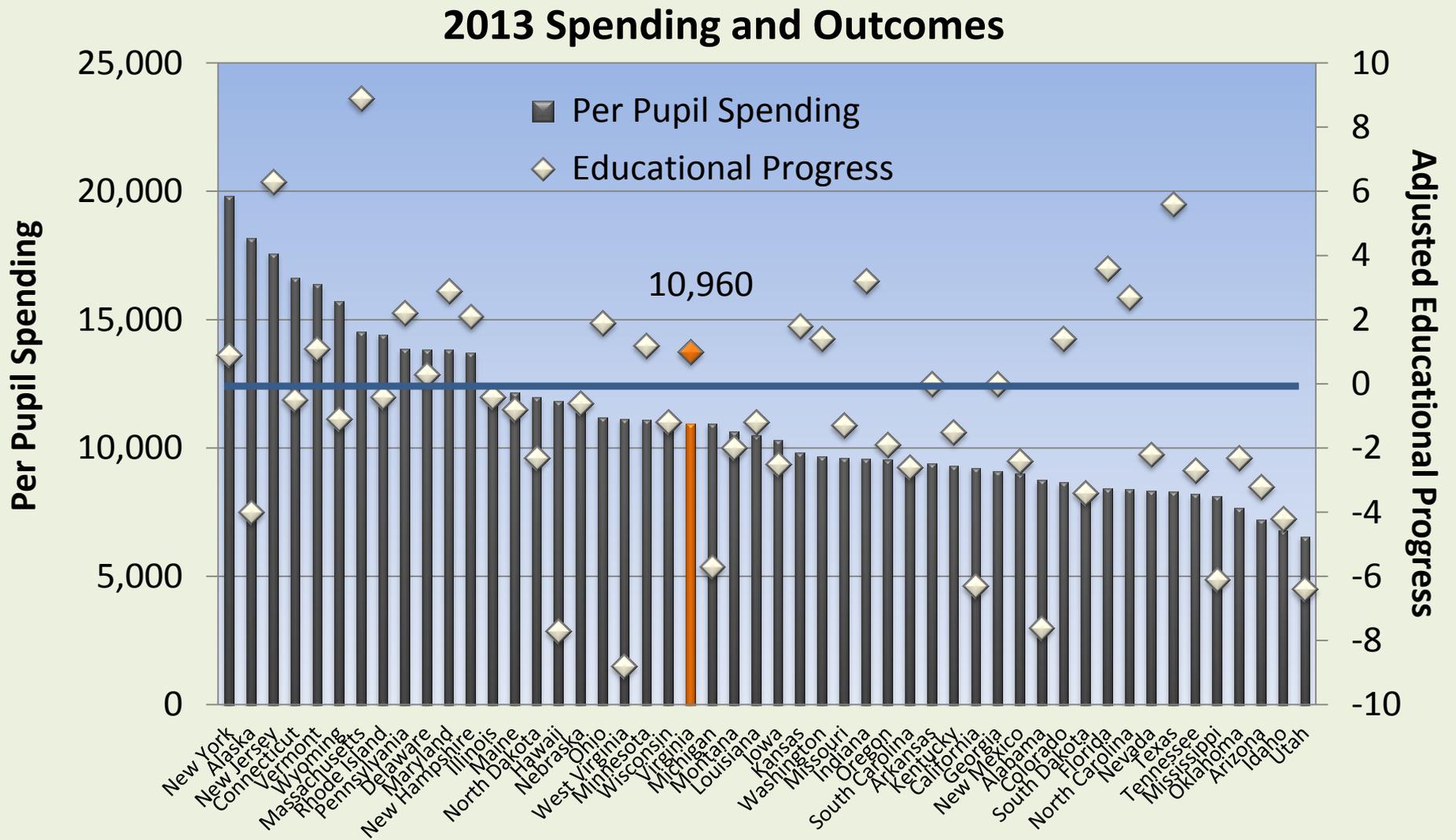
More Expensive Education



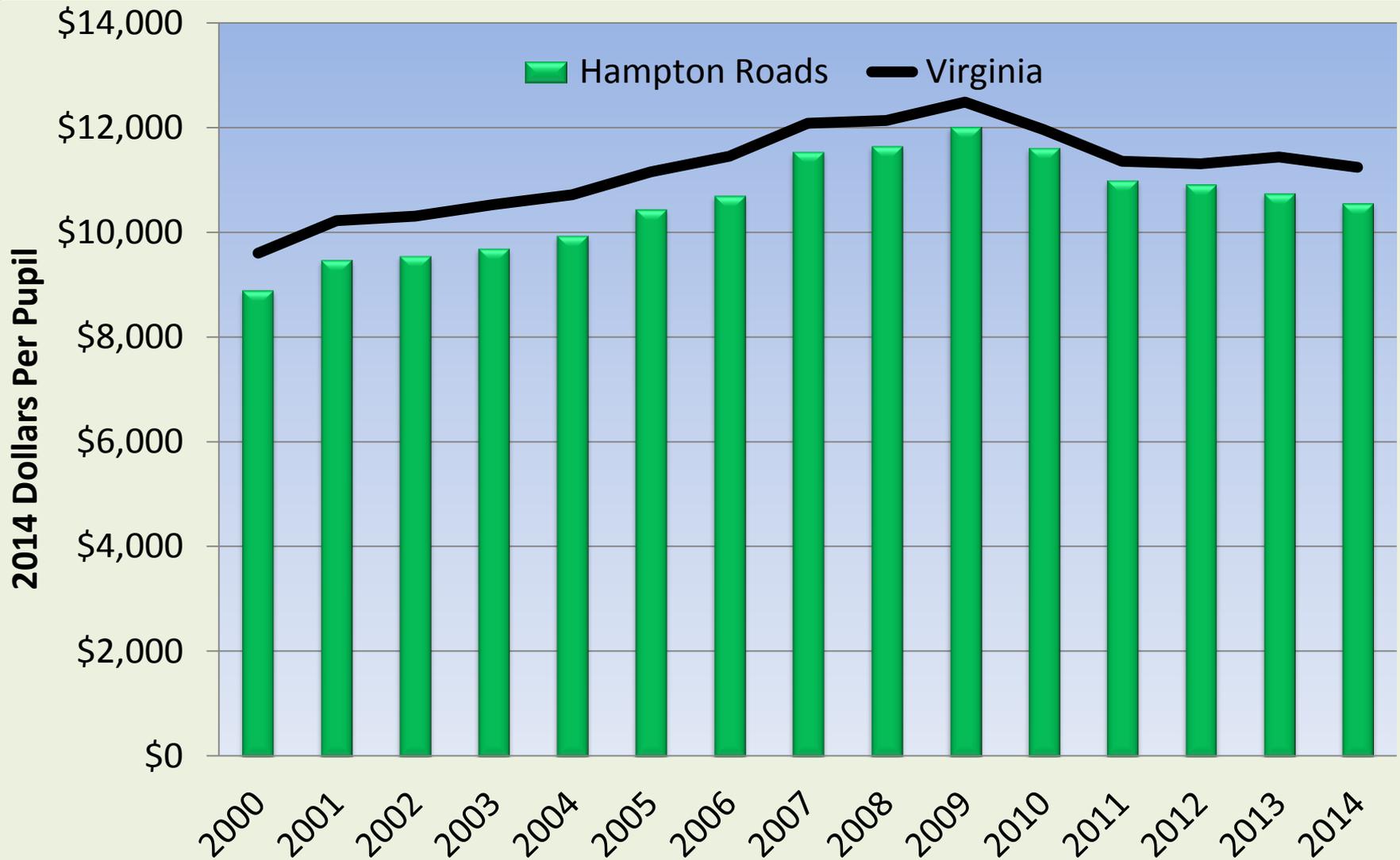
Education Outcomes Between States



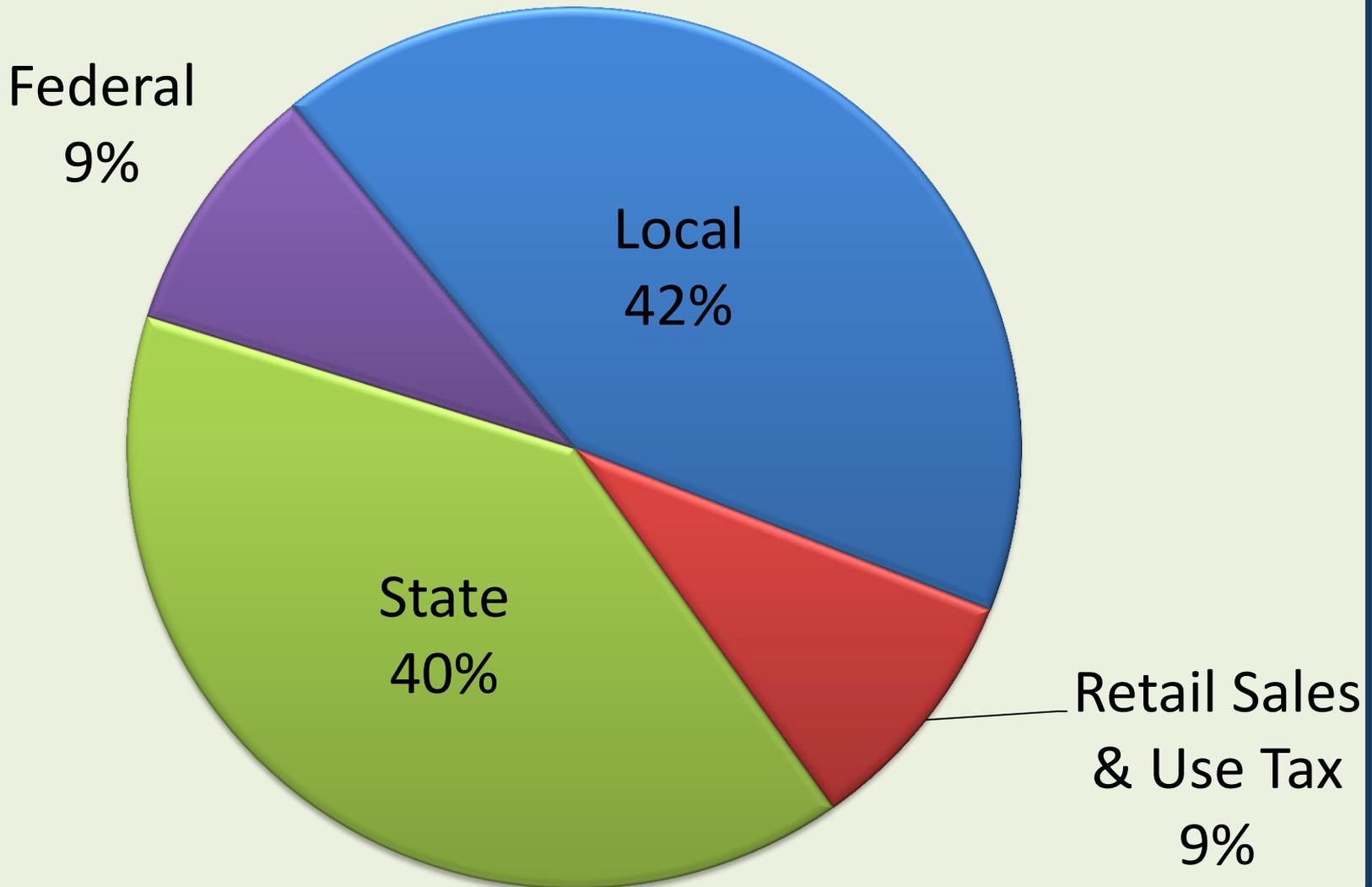
Per Pupil Spending in the States



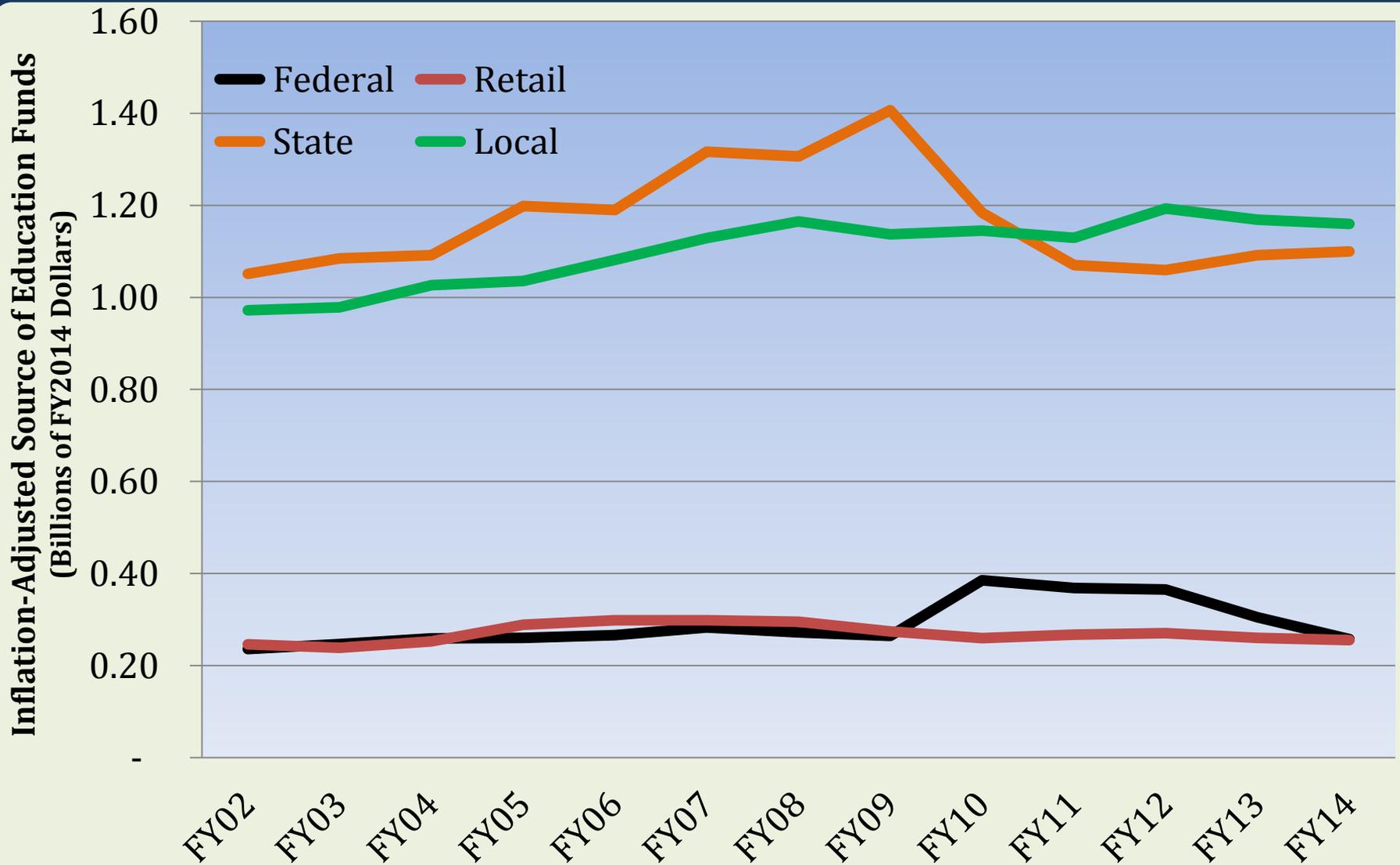
Per Pupil Spending Over Time



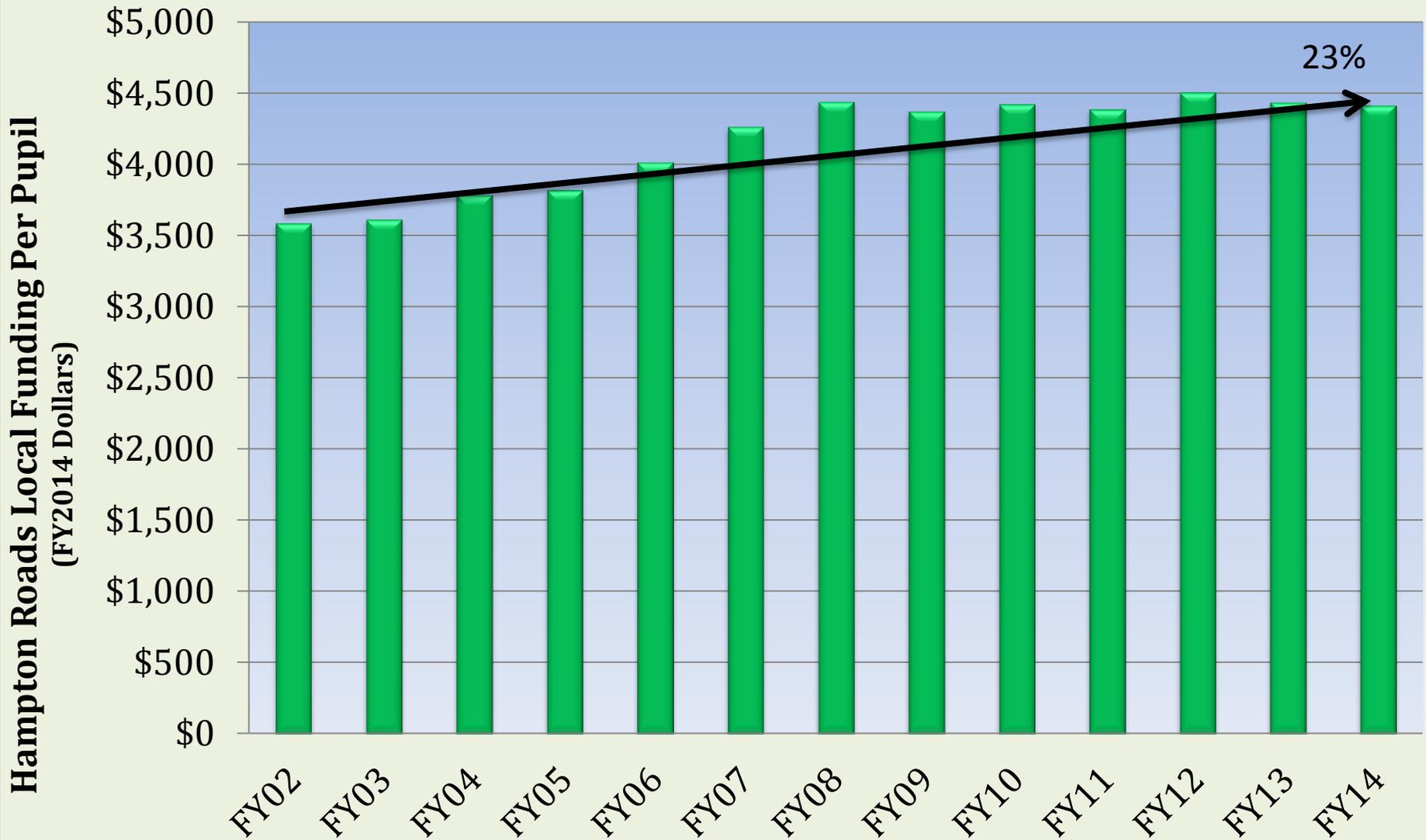
Hampton Roads School Funding FY14



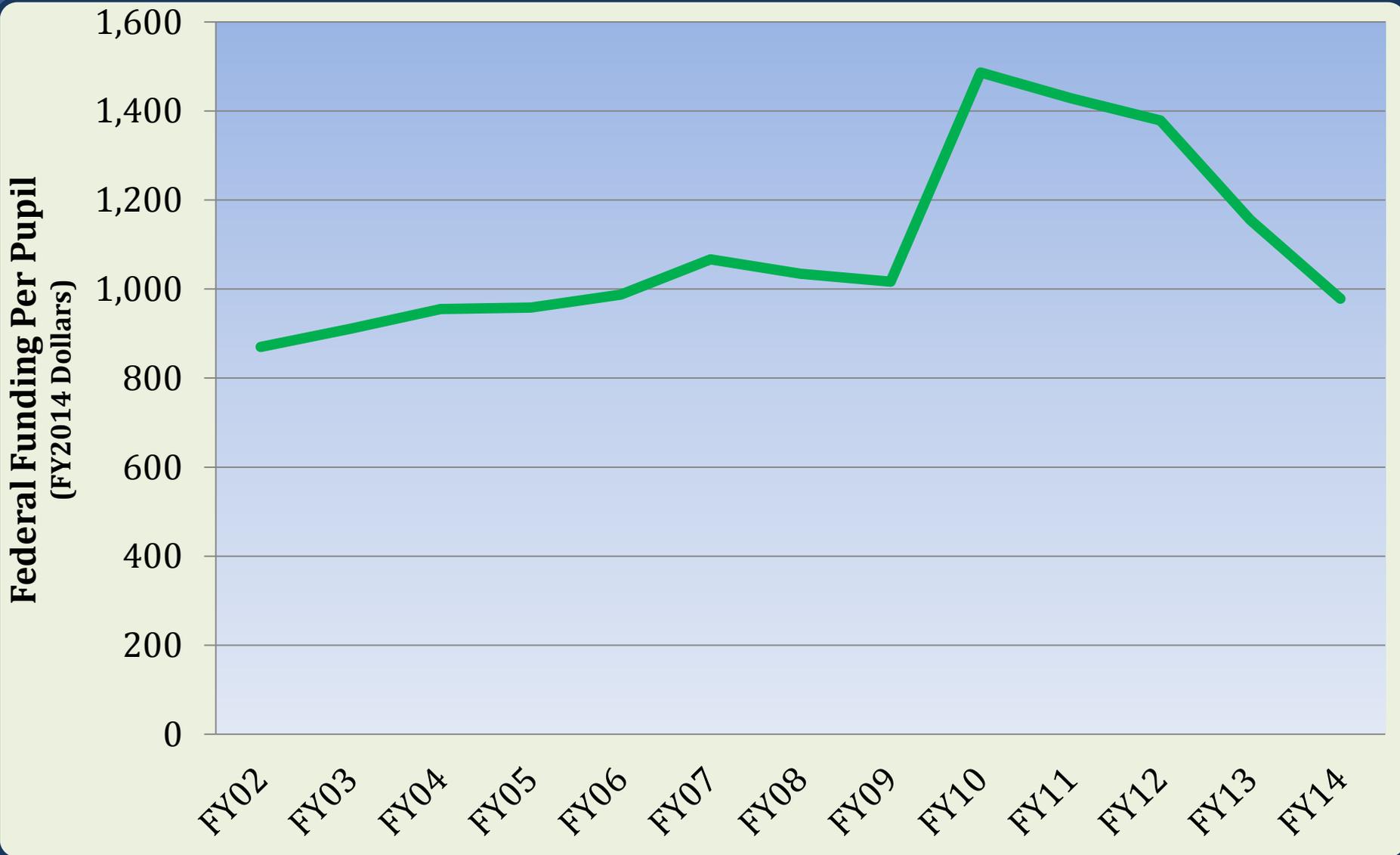
Source of Hampton Roads Funding



Per Pupil Local Funds Over Time



Per Pupil Federal Funds Over Time

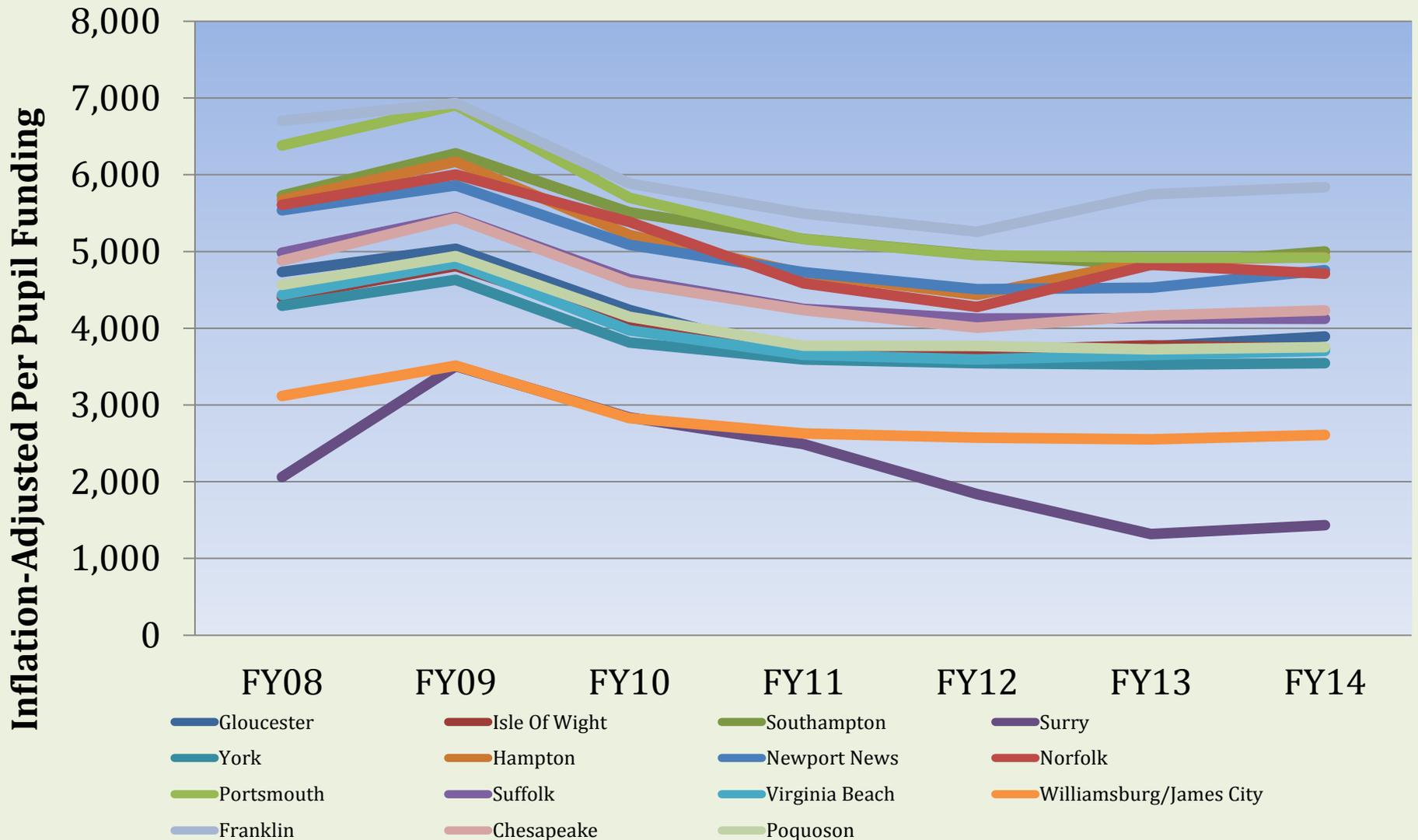


Federal Funding- Six Main Channels

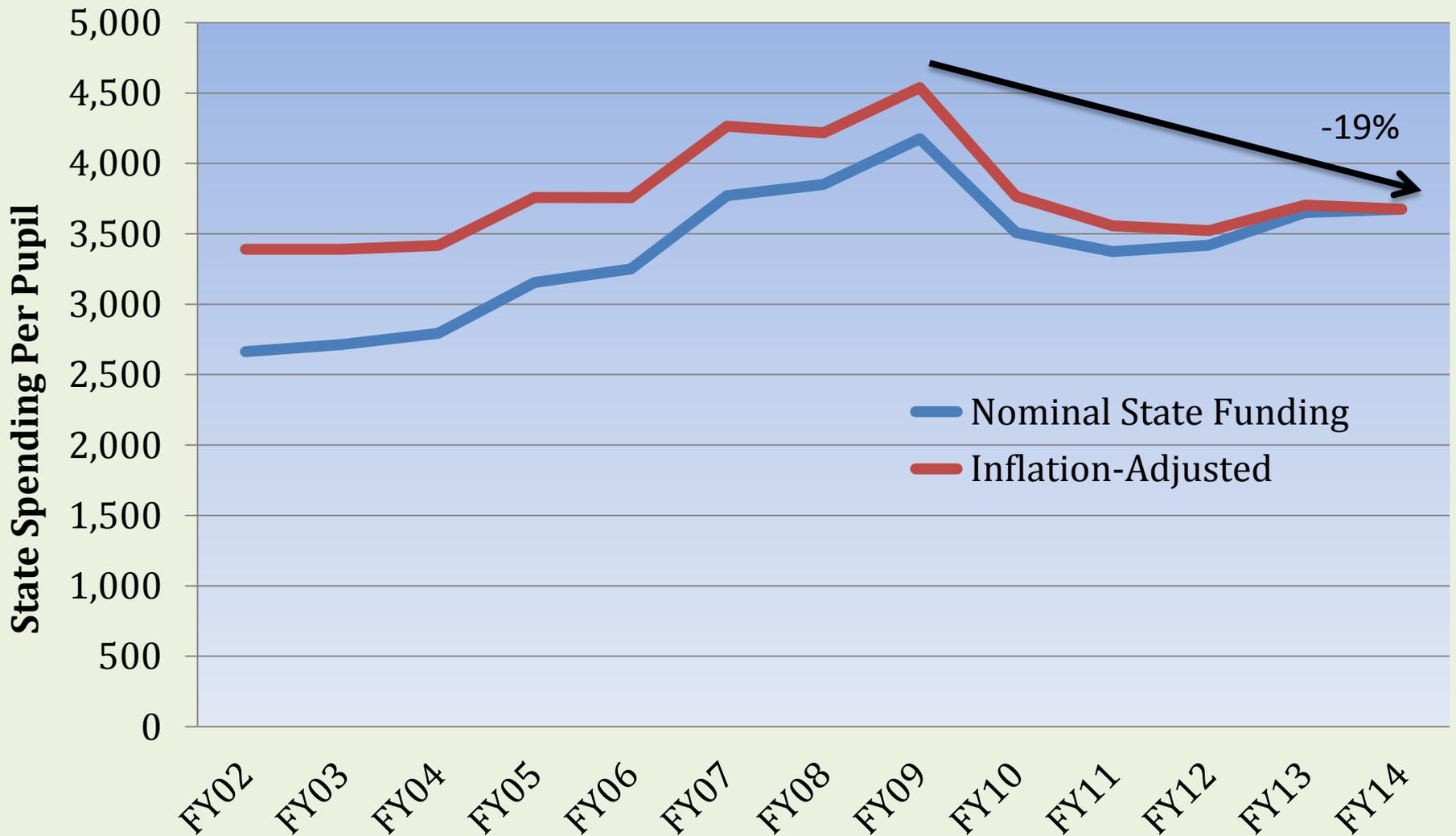
- Elementary & Secondary Education Act (“No Child Left Behind”)
- Individuals with Disabilities Education Act
- Carl Perkins Act
- Adult Ed. & Family Literacy Act
- School Nutrition Act (USDA)

- Impact Aid

State Funding- Regional Experience



Per Pupil State Funds Over Time



State Funding in Hampton Roads

- State education funding fell by 23% per pupil in Hampton Roads between FY09 and FY14
 - Overall, state education funding fell by 19% per pupil
- Driven both by a decline in total state funds for education, as well as updates to the Local Composite Index

State Funds for Education

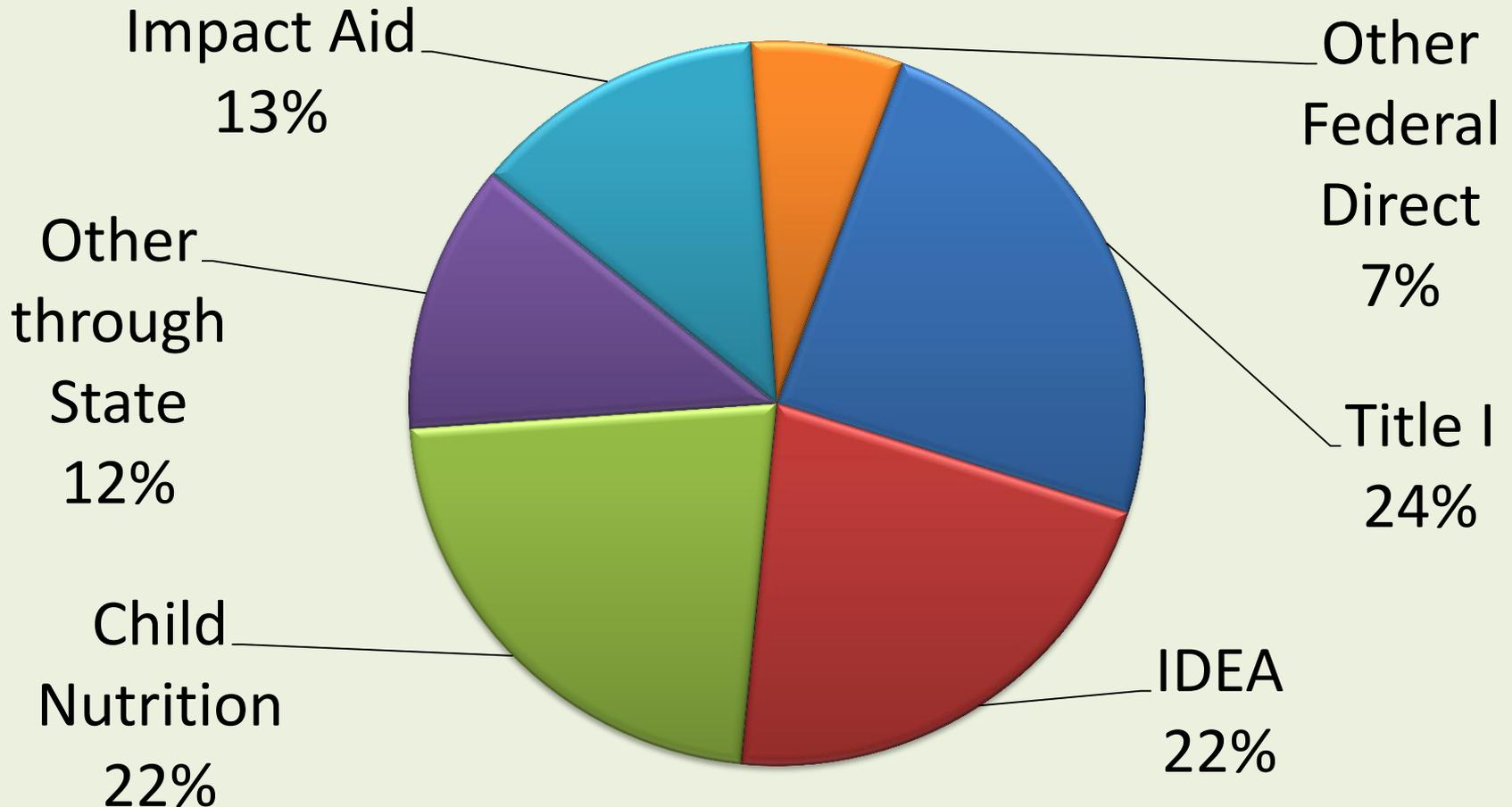
- Primarily Standards of Quality (SOQ)
 - 81% to 85% of all state funds for education flow through Standards of Quality
- Incentive Accounts are another 3.3%
- 8.8% to 10.3% from lottery funds

Conclusions

- Spending on Education has declined
- Economically and Socially, education is important to each locality in this region, to Hampton Roads, and to the State
- This presentation discussed spending trends at the regional level. If your staff would like assistance for analysis at the local level, the HRPDC will provide support.

Types of Federal Aid

Federal Aid in Hampton Roads, 2013



Students Educated

- Between FY10 and FY15
 - Hampton Roads number of Economically Disadvantaged Students has grown 38%, versus 25% in the Commonwealth
 - Regionally, these students are 46% of enrollment, versus 40% in the Commonwealth
 - Hampton Roads has seen the number of Limited English Proficiency Students grow by 39%, versus 25% for the Commonwealth
 - Regionally these students were 2% of student population, but are 10% of the Commonwealth's student population

What is Driving the Cost of Education

- Over the past 20 years, U.S. Per Pupil
 - Salaries have increased by 14%
 - Benefits have increased by 65%
 - Purchased services have increased by 63%
 - Capital expenditures by 22%
 - Interest on debt by 101%
- Size matters
 - Salaries have contributed 8% to the growth in costs, while benefits added 10%, and interest less than 2%

Composite Index Formula

ADM Component =

$$\begin{array}{c}
 \frac{.5 \left(\frac{\text{Local True Values}}{\text{Local ADM}} \right)}{\text{Statewide Total of Local True Values}} \\
 \text{Total State ADM}
 \end{array}
 +
 \begin{array}{c}
 .4 \left(\frac{\text{Local Adjusted Gross Income}}{\text{Local ADM}} \right)}{\text{Total State Adjusted Gross Income}} \\
 \text{Total State ADM}
 \end{array}
 +
 \begin{array}{c}
 .1 \left(\frac{\text{Local Taxable Retail Sales}}{\text{Local ADM}} \right)}{\text{Total Taxable Retail Sales}} \\
 \text{Total State ADM}
 \end{array}$$

Population Component =

$$\begin{array}{c}
 .5 \left(\frac{\text{Local True Values}}{\text{Local Population}} \right)}{\text{Total Local True Values}} \\
 \text{State Population}
 \end{array}
 +
 \begin{array}{c}
 .4 \left(\frac{\text{Local Adjusted Gross Income}}{\text{Local Population}} \right)}{\text{Total State Adjusted Gross Income}} \\
 \text{State Population}
 \end{array}
 +
 \begin{array}{c}
 .1 \left(\frac{\text{Local Taxable Retail Sales}}{\text{Local Population}} \right)}{\text{Total Taxable Retail Sales}} \\
 \text{State Population}
 \end{array}$$

Local Composite Index =

$$((.667 \times \text{ADM Component}) + (.333 \times \text{Population Component})) \times 0.45 \text{ (average local share)}$$

Funding Education in Virginia

