

SENATE OF VIRGINIA

Senate Finance Committee

Funding Virginia's Schools in a Global Economy and a Digital World

November 18, 2011



SENATE FINANCE COMMITTEE

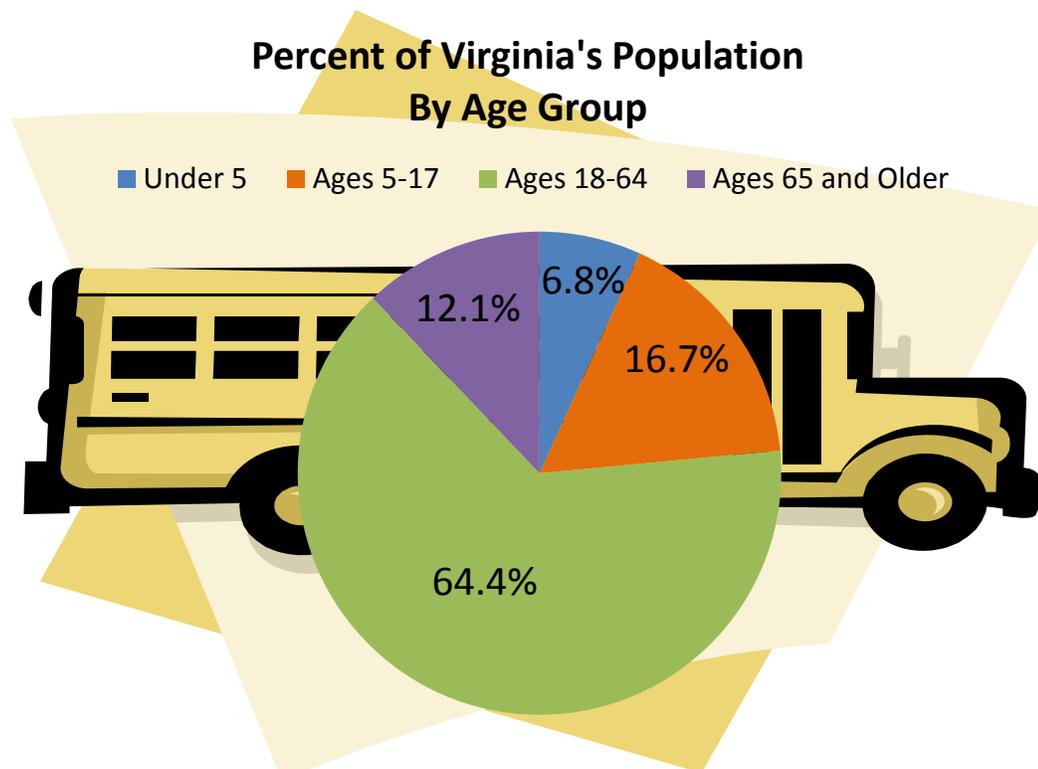
Overview

- **Snapshot:** With one in six Virginians being of school age, public education is the largest single state budget item at \$5 billion GF (FY 2012).
- **Funding Framework:** Pursuant to Virginia's Constitution, the General Assembly has the responsibility for determining what the cost of a high quality education is and how the cost is shared between the state and localities.
- **2012-14 Biennium:** With state reductions in recent years and local actions, the biennial technical re-benchmarking update of costs will be relatively modest compared to recent biennia, apart from retirement funding.
- **Emerging Issue:** Various education policy issues will compete for the attention of the General Assembly in 2012 and beyond. Online learning is one that has the potential to transform the delivery of education, but raises funding questions.



One in Six Virginians is School Aged

- Statewide Virginia currently has 1.2 million students in Average Daily Membership (ADM).
- Children aged 5-17 represent 16.7 percent of Virginia's total population.
 - Virginia has relatively more residents ages 18-64 at 64.4 percent of the resident population, compared to the U.S. average of 62.9 percent.



The Size of Virginia's 132 School Divisions Varies Substantially

- **Big:** The ten largest school divisions account for half the state's students.
 - **Really Big:** With over 167,000 students, Fairfax County is more than twice as large as the next biggest school division.
- **Very Small:** Fifteen school divisions have fewer than 1,000 students.

# of Students	# of School Divisions	Percent of Students
1-999	15	1
1,000-4,999	74	17
5,000-9,999	21	12
10,000-24,999	16	20
25,000-49,999	5	14
50,000 or more	<u>5</u>	<u>36</u>
	136*	100%

Data as of FY 2011 projected Average Daily Membership.

*Four sets of school divisions are jointly operated: Bedford City/County, Emporia/Greensville, Williamsburg-James City County, and Fairfax City/County.



How Do Virginia Students Perform Nationally and Internationally?

- Although Virginia compares favorably to other states in terms of Advanced Placement, SAT, and national science and reading tests, international comparisons may be more relevant today but are often more problematic.
- The Commission on Youth is currently undertaking a two-year study of academic achievement in Virginia compared with leading industrialized nations.

Percent of Class of 2009 at the Advanced Level in Math By State and Countries with Higher and Similar Percentages of All Students at the Advanced Level			
State Rank	Percent Advanced	# of Countries Significantly Higher*	Countries with Similar Percentages
1. Mass.	11.4	14	Austria, Germany, Denmark, France, Iceland, Slovenia
6. Virginia	7.9	22	UK, Hungary, Ireland, Lithuania, Luxembourg, Norway, Poland, Slovakia
U.S. Average	6.0	30	Russia
50. Miss.	1.3	42	Turkey

From *U.S. Math Performance in Global Perspective*, Nov. 2010.
 *56 countries participated in the 2006 Program for International Student Assessment (PISA) in math taken by 15 year olds.



Education Funding and Virginia's Constitution

- Pursuant to the Constitution of Virginia, public education is a shared responsibility of the state and localities.
 - Article VIII, Sections 1 and 2:
 - The General Assembly has responsibility to provide a system of free public schools for all children and to ensure that an educational program of high quality is established and continually maintained.
 - The State Board of Education must prescribe the Standards of Quality (SOQ) for the school divisions, subject to revision only by the General Assembly.
 - The General Assembly decides what the costs are and how they will be shared between the state and localities.



Key Components of the SOQ Funding Framework

1. How many instructional positions are required (by quantified standards)?

- Based on the number of students enrolled and the required staffing standards (i.e. class size) for teachers and other positions.
 - On average, class sizes of 24 or 25 through grade six.

2. What is the cost of meeting the staffing requirements and associated costs?

- Since spending in part reflects local decisions, rather than simply reimburse spending, the model is intended to recognize reasonable costs based on what most school divisions spend (i.e. prevailing costs), with some adjustments.

3. How are costs shared?

- Of the recognized costs, the average state share is 55 percent (45 percent required local effort), varying locally based on the Composite Index.
- A key exception to this is the distribution of sales tax based only on school aged population. Not equalized through the Composite Index.



Composite Index of Local Ability-to-Pay

- Each locality's index is based on their local data points relative to the rest of the state, adjusted to maintain an overall statewide local share of 45 percent and capped at a maximum local share of 80 percent.

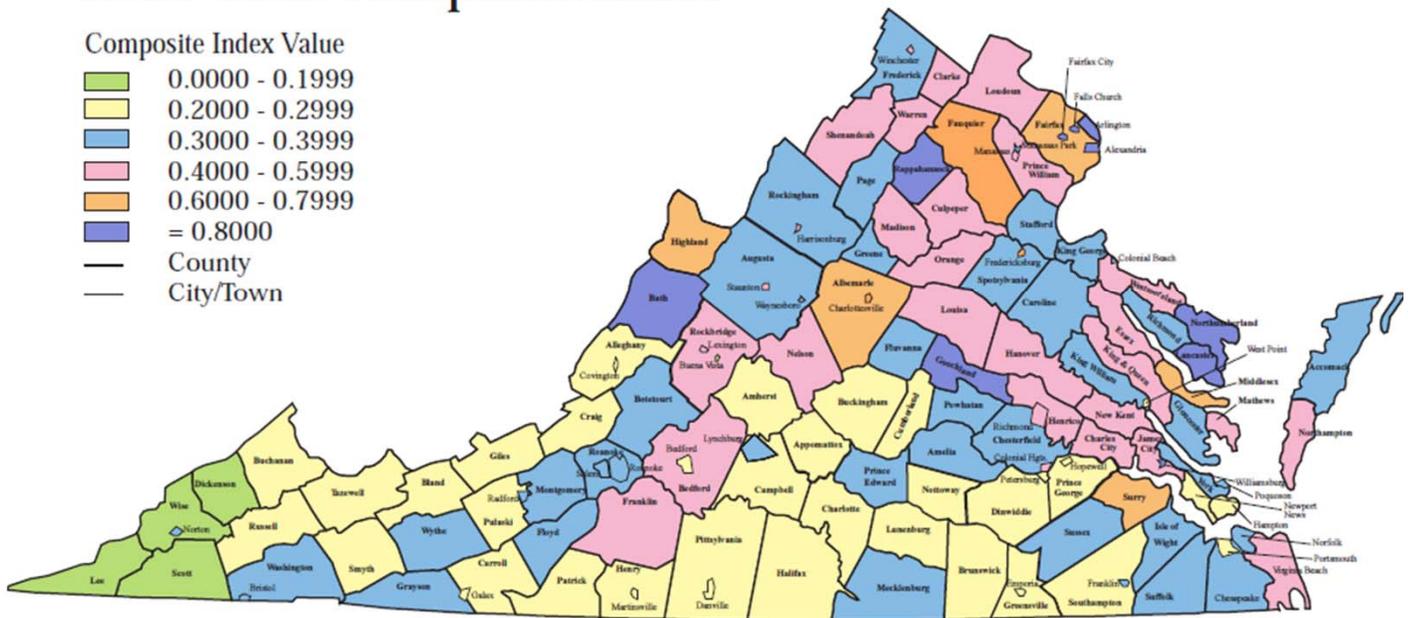
Tax Year 2009	Statewide	Per Capita Weighted One-Third	Per Student Weighted Two-Thirds
True Value of Property Weighted 50%	\$1.08 trillion	\$136,080	\$895,824
Adjusted Gross Income (Including Non- Resident) Weighted 40%	\$213.1 billion	\$26,873	\$176,905
Taxable Sales Weighted 10%	\$85.8 billion	\$10,818	\$71,214



Composite Index

- For 2010-12, the Composite Index ranged from a low of 16.92 percent (Lee) local share to a high of ten school divisions above the 80 percent local share cap.

2010-2012 Composite Index



Source: Virginia Department of Education

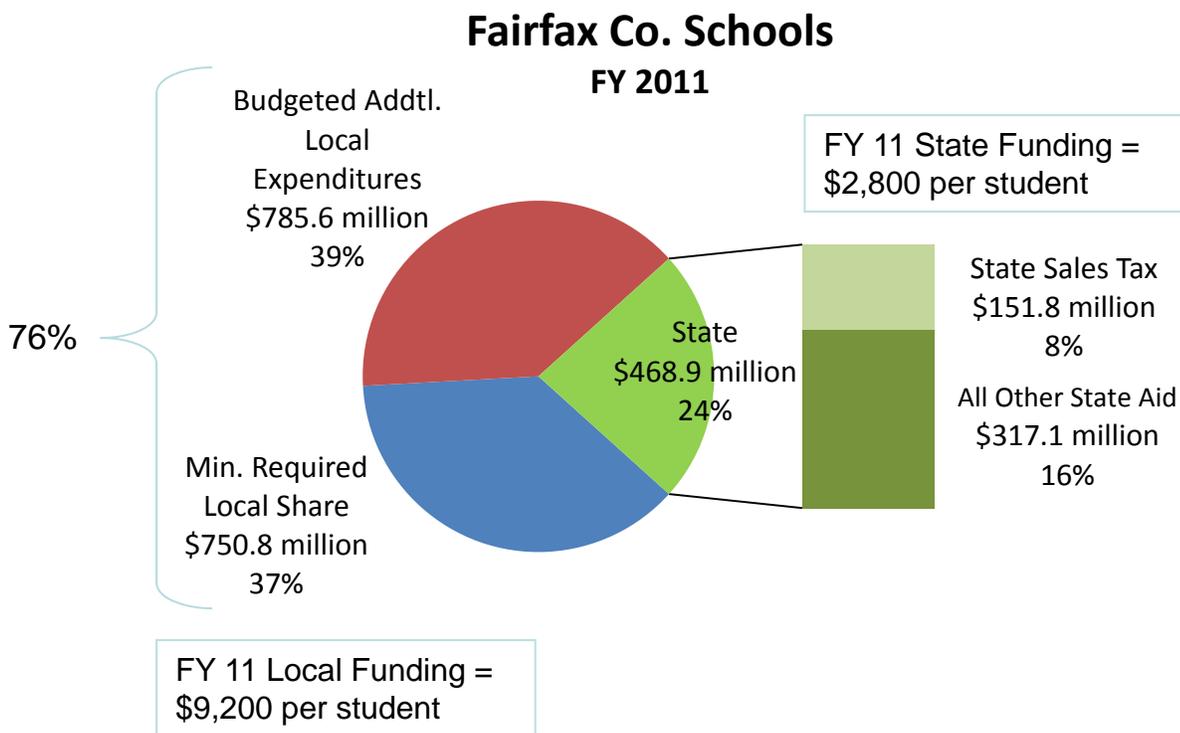
- For 2012-14, the lowest Composite Index increased to 18.26 percent (Lee) local share. The local share increased for 85 school divisions.
 - *See attached spreadsheet for a complete list of 2012-14 Composite Index, released November 9, 2011.*



State and Local Shares

Example: Fairfax Co. Schools

- Fairfax County's 2010-12 Composite Index of 0.7126 means that the local required share of SOQ and other state program costs is about 71 percent.
 - In practice, the actual percentage from local funds is about 76 percent primarily due to additional local expenditures beyond those required by the state.



Based on final FY 2011 state amounts as of May 17, 2011 and on Budgeted FY 2011 Required Local Effort and Local Match reports. Does not include federal funds.

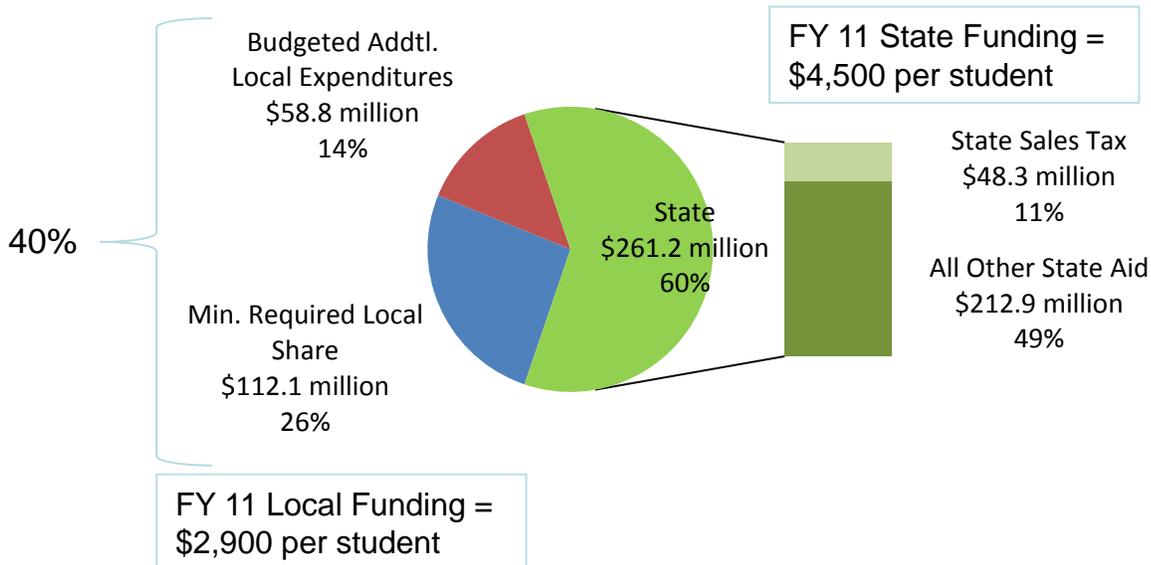


State and Local Shares

Example: Chesterfield Schools

- In comparison, with a 2010-12 Composite Index of 0.3551, Chesterfield’s local required share is about 36 percent.
 - In practice the actual percentage is about 40 percent primarily due to additional local expenditures.
 - Chesterfield’s FY 2011 budgeted local expenditures were about 50 percent above those required by the state, compared to over 100 percent for Fairfax.

Chesterfield Co. Schools FY 2011



Based on final FY 2011 state amounts as of May 17, 2011 and on Budgeted FY 2011 Required Local Effort and Local Match reports. Does not include federal funds.



Direct Aid to Public Education

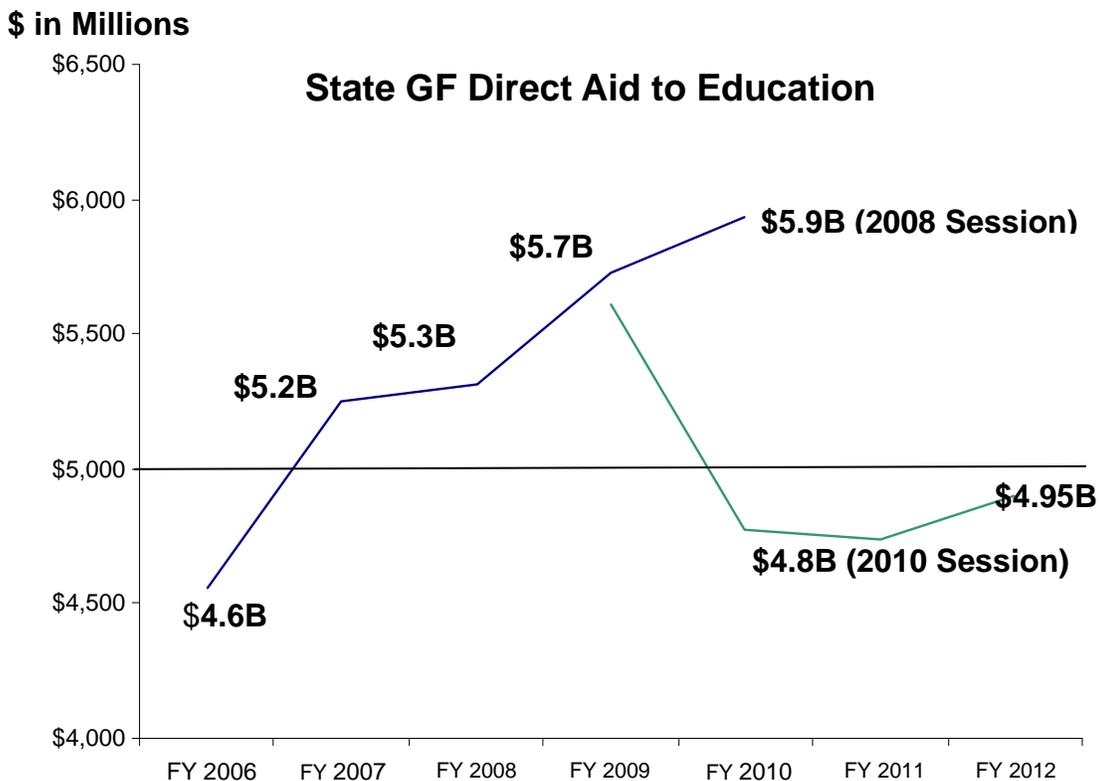
- SOQ funding accounts for about 90 percent of state Direct Aid programs.
 - As more programs have been funded with Lottery Proceeds, the distinctions between the categories has become less meaningful.

State Direct Aid to Public Education*	FY 2012 (\$ in millions)
SOQ Basic Aid, Sales Tax, Textbooks, CTE/Gifted/Special Ed/ Intervention, VRS/Social Security/Group Life	\$4,902.1
Incentive FY 12 Supplemental Support, Governor’s Schools, Composite Index Hold Harmless, Performance Pay Pilot, Special Ed, and Mentoring	\$121.4
Categorical Special Ed, Adult Ed, School Lunch, Virtual Virginia	\$54.1
Lottery Proceeds SOQ Textbooks, ESL, and Remedial Summer School; Regional Special and Alt. Ed, K-3 Class Size, Preschool, At-Risk, Algebra Readiness, Early Intervention Reading, Project Graduation, CTE Equipment, School Breakfast	\$435.9
Supplemental National Board Certification Bonuses, Teaching Scholarships, Project Discovery, Jobs for Virginia Graduates, CTE Resource Center, GRASP, Regional Consortia	\$7.6
*Includes \$435.9 million in Lottery Proceeds and \$130.1 million from the Literary Fund.	\$5,521.0



State GF Direct Aid is Below FY 2007 Levels

- Due to cutbacks since the 2008 Session, FY 2012 GF Direct Aid appropriations are below FY 2007 levels.
 - On a per pupil basis, state GF Direct Aid for FY 2012 is \$4,069, below the FY 2007 amount of \$4,408 per pupil.



Note: For comparison purposes, figures in this chart do not include any Lottery Proceeds, which were budgeted as GF prior to FY 2009.

- Even with the reductions, over the last ten years – a time period that included high rebenchmarking costs and policy changes to the SOQ (2004) -- in constant dollars state aid per pupil increased by an average of about one percent per year.



Recent Funding Actions

- Since the 2008 Session, a number of substantive changes in state funding policy have been enacted.

Key State Funding Policy Changes Since 2008	Session	Biennial \$ in millions
Cap funding for support positions	2009	(\$754)
Eliminate school construction grants	2009	(55)
Adjust health care for participation rates	2010	(269)
Eliminate certain school expenditures from SOQ calculation (certain equipment, travel, misc.)	2010	(244)
Include \$0 values in Linear Weighted Average calculation	2010	(79)
Eliminate Lottery support for school construction and operating costs	2010	(67)
Reduce K-3 class size program	2010	(36)
Update federal deduct percentage	2010	(34)
Extend the school bus replacement cycle from 12 to 15 years	2010	(19)
Eliminate enrollment loss assistance	2010	(16)



Local School Division Budget Reduction Strategies

- School divisions make different budget decisions depending on their local circumstances, but most are still increasing class sizes and deferring maintenance needs.
 - As of September, some school divisions reported anticipating providing either a bonus or increase while nearly all froze or reduced salaries the last two years.

Actions Implementing	# of School Divisions (79 responses out of 132)
Increase class sizes	At least 72 (out of 79)
Delay textbooks and/or equipment replacements and maintenance	At least 66
Layoff/reduction in force	At least 51
Reduction/elimination of electives	At least 50
Freeze salaries	At least 35
Early retirement incentives	At least 14
Reduce pay	At least 2

From Sept. 2011 survey by the Virginia Association of School Superintendents.



Percent of Funds Spent “In the Classroom”

- Statewide, school divisions’ expenditures in the “instruction” category of disbursements, as defined by Virginia, increased from 64.8 percent in FY 2008 to 66.2 percent in FY 2010.
 - 38 school divisions were below 65.0 percent, with a few lower than 50 percent (Orange, Giles, Pittsylvania, and Grayson).
 - Excluding Facilities and Debt Service, only three school divisions are below 65 percent (Cumberland, Charlotte, Surry).
- Using somewhat different definitions, according to a U.S. Census Bureau report, 60.3 percent of 2008-09 spending in Virginia was for instruction, compared with 60.2 percent nationwide.



2012-14 Biennial Re-benchmarking

- Re-benchmarking is the formula-driven cost adjustment to meet the SOQ minimum staffing requirements and related support services and updates to Incentive, Categorical, and Lottery Funded programs.
- The partial estimate (not including retirement and other costs) for 2012-14, as of July, was \$319 million.

(\$ in millions)	Direct Aid	Increase Over Base	Increase Over Prior Year
FY 2012 Base Budget*	\$5,521		
FY 2013	\$5,667	\$146	2.6%
FY 2014	\$5,694	<u>\$173</u>	0.5%
Biennial		\$319	
*Includes \$435.9 million in Lottery Proceeds and \$130.1 million from the Literary Fund.			



Re-benchmarking: Key Cost Factors

- Although school spending grew less than one percent from FY 2008 to FY 2010, the following factors contributed to the net increase for the 2012-14 biennium:
 - Projected enrollment growth of less than one percent/yr.,
 - An increase in instructional salaries of about 2.7 percent (over the two year period),
 - Funding inflation averaging 4 percent up to the beginning of the biennium,
 - Restoring textbooks to full funding,
 - An increase in health care costs of 12 percent, and
 - A 4.9 percentage point increase (to 32.0 percent) in free lunch eligibility.
- The \$319 million figure does not yet reflect updates for:
 - Composite Index, assumed savings in at-risk preschool and projected Sales Tax growth (distributed based on Weldon Cooper Center's estimate of school age population rather than a triennial census).
 - **These bring the revised total to about \$400 million.**
 - Lottery and revised enrollment projections.
 - Retirement and other benefits rates.



Re-benchmarking: Summary of July 2011 Partial Estimate

Summary of Steps 1-25 (\$ in millions)	FY 2013	FY 2014	Total
Calculate Full PreK Slots	\$22.1	\$22.1	\$44.3
Remove FY 12 One-Times	(107.3)	(107.3)	(214.3)
Savings (CTE, Special Ed, Pupil Transp., Support Cap)	(54.5)	(55.0)	(109.5)
Instructional Salaries	72.9	73.0	145.9
Base-Year Expenditures	67.7	67.3	135.0
Federal Revenue Deduct*	(35.1)	(35.1)	(70.2)
Inflation	54.3	54.5	108.8
Lottery-Funded Programs	39.3	47.2	86.5
Textbooks	33.4	33.5	66.8
Health Care Premiums	25.2	25.0	50.2
SOL Results and Free Lunch	14.6	14.7	29.3
Enrollment Projections	(0.4)	13.3	12.9
Other Increases (Supts, Boards, Nurses, ESL, Gifted, Technology, Summer School)	<u>13.5</u>	<u>19.5</u>	<u>33.0</u>
TOTAL	\$145.6	\$173.1	\$318.7

*Reflects deducting Special Education and Title I ARRA dollars, but not the State Fiscal Stabilization Funds that substituted for GF (replacing the FY 2010 support cap reduction).



Re-benchmarking: School Expenditures

- Total school division operating expenditures (from all revenue sources) increased less than one percent from FY 2008 to FY 2010, which actually represented a decrease on a per pupil basis from \$11,037 to \$11,020.

(\$ in millions)	FY 2008	FY 2010	Change
Local	\$6,591.3	\$6,547.8	(\$43.5)
State	4,607.5	4,236.0	(371.5)
State Sales Tax	1,150.7	1,074.6	(76.1)
Federal	<u>857.3</u>	<u>1,445.8</u>	<u>588.5</u>
Total	\$13,206.8	\$13,304.3	\$97.5

- In FY 2010 federal stimulus dollars cushioned the impact of state and local reductions.
 - In the 2010-12 biennium, the remainder of the stimulus dollars plus one-time federal Education Jobs Fund dollars and local savings from VRS actions provided additional temporary relief.*



Re-benchmarking: Retirement Rates

- In October, the VRS Board approved a total employer teacher contribution rate of 16.77 percent for 2012-14, up from the 6.33 percent funded in the FY 2012 budget.
 - Additional state cost: **Up to \$580 million**.
 - Additional local costs: **Over \$1 billion** due to the local share and locally-funded positions.
 - Includes 1.43 percent for the ten-year payback of the contributions deferred in FY 2011 and 2012.
 - See *Budget Outlook* presentation for additional discussion of the rates.
- In addition, the certified Group Life rate of 1.32 percent and Retiree Health Care Credit rate of 1.17 percent would add estimated state costs of **over \$90 million**.
- Although schools were aided in 2010-12 by federal stimulus and artificially low VRS rates, restoring the full retirement rates, in the absence of other state or local restorations, will represent a budgetary shock.



Education Policy Questions for the 2012 Session and Beyond

- As Virginia strives to ensure all students graduate from high school either college- or career-ready, various approaches and priorities will likely compete for the attention of the 2012 General Assembly.
 - Percentage of school expenditures within certain budget categories (i.e. 65 percent “in the classroom”);
 - Flexibility or suspension of certain mandates;
 - An alternative federal accountability model to qualify Virginia for a waiver from No Child Left Behind, including support for the lowest performing schools and divisions;
 - Teacher recruitment and retention, evaluation and performance pay;
 - Early childhood education and third grade reading;
 - Science, Technology, Engineering, and Math (STEM); and
 - **Online learning and virtual schools.**



Online Learning

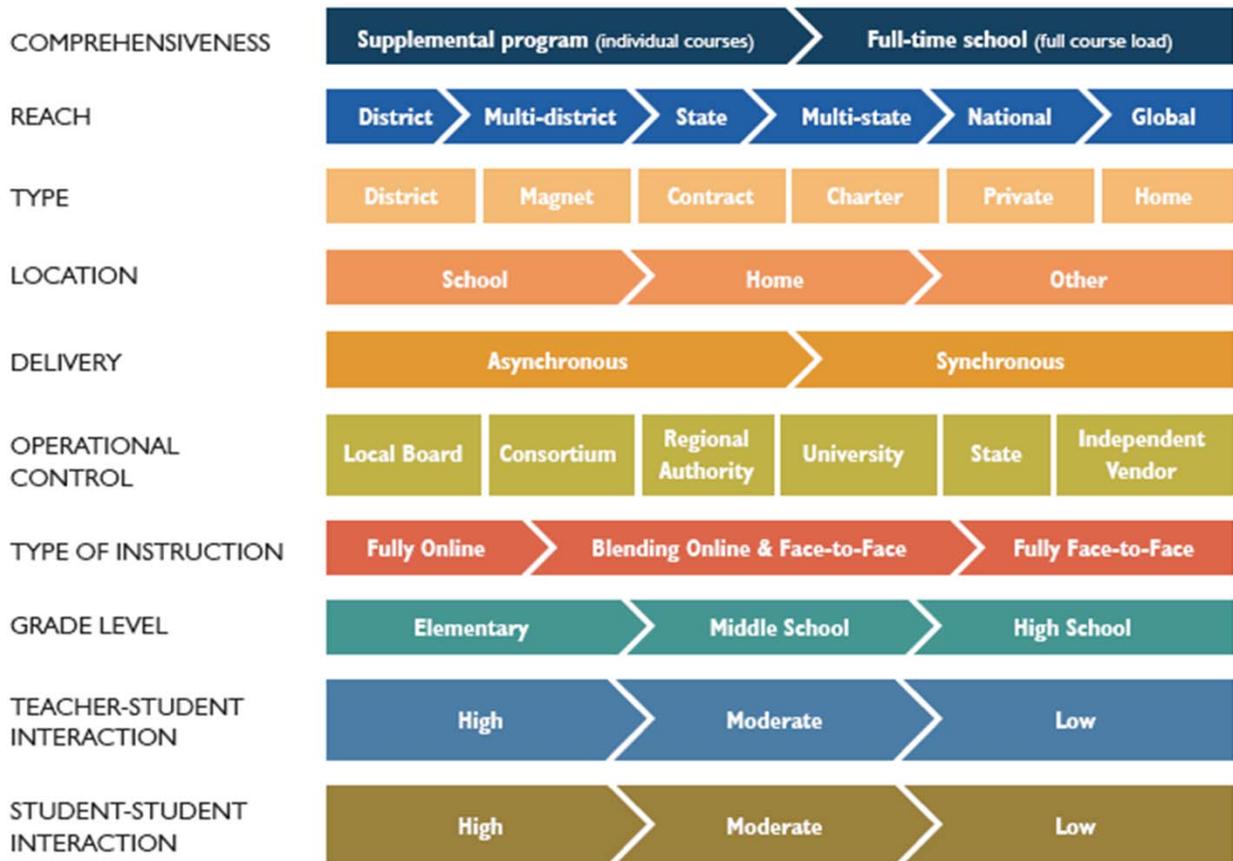
- Technology is changing the way we live, work, play, and learn.
 - K-12 online learning is growing rapidly and evolving in many different directions.
- Some claim that the traditional model of education will ultimately be transformed by the “disruptive innovation” of computer-based learning.
- Virtual education is not new to Virginia, which has been involved in distance learning via Virtual Virginia online courses and local programs for some time, but has moved into new territory with the approval this summer of several multidivision online providers.
 - The magnitude of the impact on state and local education budgets, and ultimately “who pays,” is as yet undetermined.



Supplemental Courses to Full-Time School and In Between

- Online learning has many different dimensions and meets varying educational needs, including credit recovery, medically fragile, accelerated, rural, athletic, and home-school students.

THE DEFINING DIMENSIONS OF ONLINE PROGRAMS



Source: Keeping Pace with K-12 Online Learning, 2009, www.kpk12.com



Emerging Issues in Online Learning

- Several issues could require significant changes in policy and practice going forward.
- Blended learning (also called hybrid) combines online or computer-based instruction and brick and mortar teaching and learning in various ways.
 - Could be a way to extend the school day or school year (i.e. teachers on early/late shifts while students spend at least part of the day in labs).
 - Can allow more personalized instruction.
 - *Example from Higher Ed: Virginia Tech’s Math Emporium. Lectures are replaced by a 24/7 learning resource center with 550 computers serving more than 8,000 students in 11 courses.*
- Competency based learning may be available in ways not previously possible.
 - Could prompt a further shift from a “seat time” approach.



Multidivision Online Providers

- Chapter 817 (2010) created a framework for multidivision providers of online courses and virtual school programs in Virginia.
 - Because of funding questions, Carroll County was “grandfathered” as the only division to operate in 2010-11, as the DOE approval process proceeded.
- The ability through technology to enroll a student in a school division far from the students’ residence raises questions simply not contemplated by state funding formulas.
- The 2011 Senate budget clarified that SOQ funding would be based on the student’s place of residence, pending study by the joint subcommittee on school funding. However, in the Reconvened Session, the language was removed, thus leaving the issue unresolved.



Students from 70 Localities Enrolled in Carroll's Fully Online K-8 Program

- For 2010-11 (as of Jan. 2011), Carroll County's elementary/middle school virtual program, operated by K12, Inc., enrolled 4 Carroll students and 353 students from 69 other localities.
 - 122 students were previously home-schooled and 31 were previously in private school.
 - Carroll received state funding for all students based on Carroll's Composite Index of 25.73 percent local share (FY 2011 State Funding = \$5,600 per student).

Number of Students Enrolled By Resident Locality	
16-29	Fairfax (29), Prince William (23), Virginia Beach (23), Charlotte (22)
9-15	Norfolk (15), Loudoun (14), Chesapeake (13), Chesterfield (10), Prince Edward (10), Spotsylvania (9), Suffolk (9)
5-8	Bedford, Montgomery, Hampton, Stafford, Fredericksburg, Newport News, Amherst, Caroline, Franklin, Henrico, Isle of Wight, Prince George, Richmond City, Roanoke City and County
1-4	Accomack, Appomattox, Arlington, Carroll , Dinwiddie, King George, Lynchburg, Manassas City, Portsmouth, Wythe, York, Albemarle, Brunswick, Culpepper, Frederick, Hanover, Nelson, New Kent, Pulaski, Augusta, Botetourt, Charlottesville, Fluvanna, Williamsburg-James City, Winchester, Wise, Alexandria, Bedford City, Bland, Campbell, Joy Ranch Regional Alternative, Danville, Fauquier, Franklin City, Greene, Halifax, Hopewell, Mecklenburg, Orange, Patrick, Petersburg, Poquoson, Powhatan, Sussex, Warren



Eight Providers Now Have Agreements With 30 School Divisions

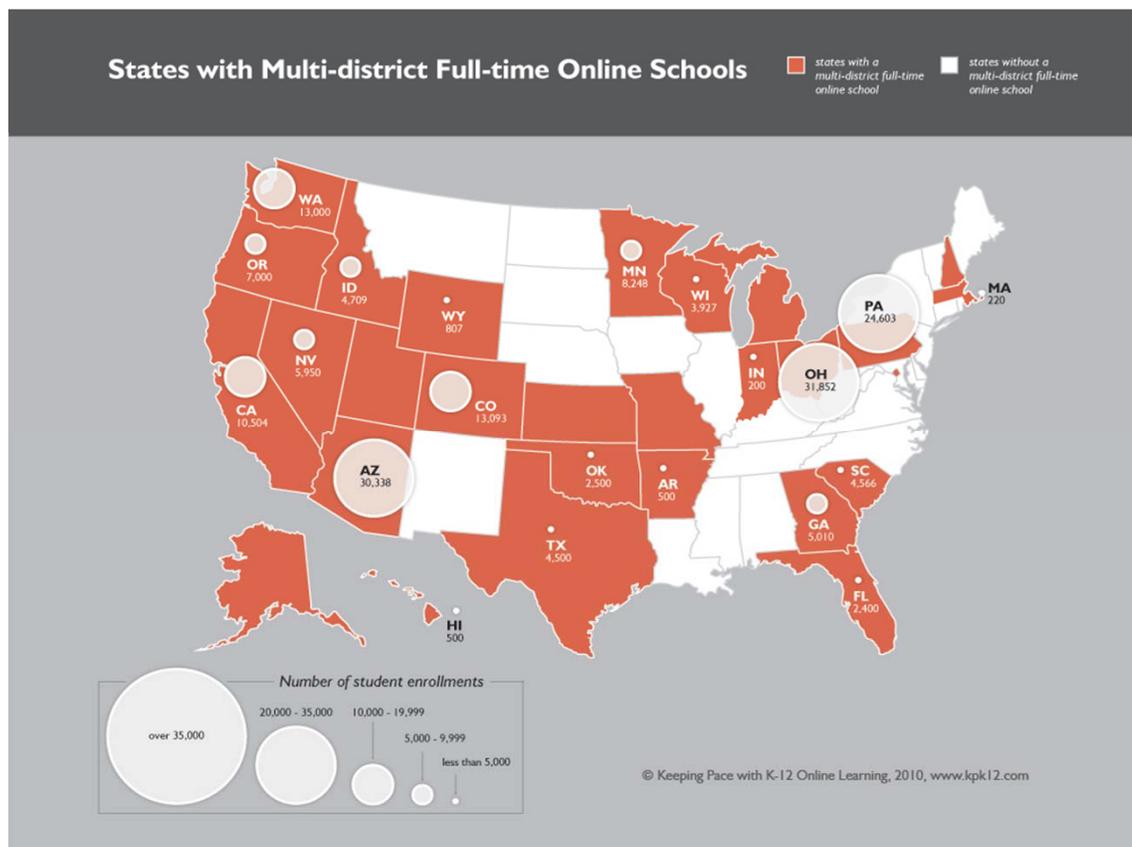
- A preliminary survey by DOE in October of the 13 approved providers has identified the school divisions with agreements with eight of the providers, but it is not yet known how many students are involved.
 - The initial agreements appear to be primarily for supplemental courses rather than full-time schools.

Florida Virtual	Danville, Martinsville, Salem City, Fairfax, Falls Church, Arlington, Henrico
Apex Learning	Colonial Beach, Middlesex, Fairfax, Fauquier, Rappahannock, Botetourt, King George
VHS Global Consort.	Fluvanna, Harrisonburg, Winchester, Buena Vista, Fauquier, Alexandria
K12 Virtual Schools	Pittsylvania, Buena Vista, Grayson, Carroll, Gloucester
Brigham Young Univ.	Orange, Frederick, Culpeper
CompuHigh	Augusta, Staunton
York County Schools	Suffolk, Lancaster
Education 2020	Loudoun



What is the Growth Potential for Full-Time Virtual School Enrollment?

- Anecdotal evidence suggests that growth in full-time online learning in Virginia is in effect limited by the issue of required local effort.
 - For example, for 2011-12 the Carroll County School Board has capped their program at 350 students.
- Based on other states with enrollments ranging from 5,000 to 30,000 students, with sufficient funding the growth potential of full-time online school enrollment could be significant.



Costs of Virtual Schooling

- According to the International Association for K-12 Online Learning (iNACOL):
 - It is a myth that online learning is cheap. Rather quality online learning is cost-effective.
 - Independent national studies suggest virtual schools funding should be about the same as operational costs for bricks-and-mortar schools.
 - Costs for full-time virtual schools ranged from \$7,200 - \$8,300 per pupil after initial start-up costs (Augenblick, Palaich and Associates), which is a savings compared to \$10,000 per pupil national average for K-12 education.
 - Average funding for virtual charter schools in U.S. is \$6,500 per pupil (2010).



What are Some Possible Funding Models for Virtual Schools?

- Some possible funding models include:
 - State funding based on the Composite Index of the school division where the student lives (regional Governor’s Schools).
 - A fixed number of state funded student slots (regional alternative education).
 - A fixed per pupil funded cost of \$6,000 (at-risk preschool).
 - Statewide average per pupil state funding, and locality where the student lives required to send local funds (Nov. 16, 2011 Thomas Jefferson Institute report).
- Examples of approaches in other states:
 - **Massachusetts** - caps total enrollment at 500.
 - **Indiana** - requires 75 percent of students to have been enrolled in public school in the prior year; funded at 80 percent of the state average.
 - **Nevada** - funding follows the student.
 - **Pennsylvania** - funding is based on student’s resident district, charters invoice the home district directly.
 - **South Carolina** - same formula as for all charter schools.



Online Learning and Virtual Schools

Conclusions

- The immediate challenge for the state is how to balance a desire to expand quality online learning, given the ongoing state and local budgetary challenges and other priorities.
- One possibility for incremental expansion is to increase support for the state's Virtual Virginia program to offer more courses and sections.
- Given the potential demand, the state will continue to be pressed to address funding questions regarding full-time programs:
 - What per pupil amount should be recognized for virtual schooling, given the differences?
 - How should state and required local shares be determined? Should local dollars follow the student where they choose to enroll?
 - Would a statewide program be a better model for funding and accountability?
- In addition, the General Assembly may wish to begin considering how to address issues such as blended and competency-based learning.



Summary

- Educating 1.2 million students annually is a key function and budget driver for the state and local governments in Virginia as we strive to prepare a workforce to succeed in the global marketplace.
- The 132 school divisions vary in many ways, including size and local ability-to-pay.
- Through FY 2012, state reductions have been substantially mitigated by federal stimulus dollars and local savings from the deferred retirement contributions.
 - Now the flip side is that returning to more typical retirement contribution rates brings additional local costs of about two times the additional state costs.
- Including updates for Composite Index and Sales Tax, the state cost of re-benchmarking is running about \$400 million for FY 2013 and FY 2014, not yet including retirement rates or other final updates.
- Online learning is one of many education policy issues currently being discussed. It has the potential to transform many aspects of schooling, but raises some questions not previously contemplated by state funding formulas.



2012-2014 COMPOSITE INDEX OF LOCAL ABILITY-TO-PAY - Updated November 2011

Div. Num.	Division	INDICATORS OF ABILITY-TO-PAY (BASE YEAR: 2009)						2012-2014 Composite Index Calculated Including Nonresident AGI	2012-2014 Composite Index Calculated Excluding Nonresident AGI*	Final 2012-2014 Composite Index
		TRUE VALUE OF PROPERTY	VIRGINIA ADJUSTED GROSS INCOME (Including Nonresident AGI)	VIRGINIA ADJUSTED GROSS INCOME (Excluding Nonresident AGI*)	TAXABLE RETAIL SALES	MARCH 31, 2010 ADM	TOTAL POPULATION			
001	ACCOMACK	\$4,451,393,611	\$535,509,744	N/A	\$271,079,648	4,855	33,548	.3719	N/A	.3719
002	ALBEMARLE	\$18,722,429,089	\$3,178,963,481	N/A	\$1,108,475,225	12,624	97,694	.6502	N/A	.6502
003	ALLEGHANY	\$1,193,877,227	\$269,993,000	N/A	\$63,621,550	2,769	16,505	.2297	N/A	.2297
004	AMELIA	\$1,471,101,455	\$228,781,960	N/A	\$52,631,040	1,792	12,575	.3473	N/A	.3473
005	AMHERST	\$2,940,532,414	\$525,117,321	N/A	\$225,671,259	4,444	32,645	.3075	N/A	.3075
006	APPOMATTOX	\$1,390,121,858	\$247,934,156	N/A	\$77,312,061	2,194	14,726	.2945	N/A	.2945
007	ARLINGTON	\$60,313,707,986	\$10,381,698,517	N/A	\$2,959,336,528	19,267	195,668	.8000	N/A	.8000
008	AUGUSTA	\$8,697,115,964	\$1,440,303,585	N/A	\$394,755,753	10,515	74,102	.3627	N/A	.3627
009	BATH	\$2,554,342,263	\$91,376,356	N/A	\$59,861,255	672	4,863	.8000	N/A	.8000
010	BEDFORD COUNTY	\$9,799,015,089	\$1,534,183,181	N/A	\$335,456,497	9,728	68,003	.4268	N/A	.4268
011	BLAND	\$715,482,876	\$98,373,937	N/A	\$15,489,051	921	6,819	.3029	N/A	.3029
012	BOTETOURT	\$3,873,486,982	\$766,184,164	N/A	\$166,563,450	4,978	33,374	.3710	N/A	.3710
013	BRUNSWICK	\$1,555,159,665	\$211,170,894	N/A	\$53,669,629	2,057	18,340	.2837	N/A	.2837
014	BUCHANAN	\$2,738,821,286	\$333,508,188	N/A	\$127,560,716	3,259	24,384	.3263	N/A	.3263
015	BUCKINGHAM	\$1,521,850,858	\$208,360,136	N/A	\$106,085,130	1,953	17,153	.3104	N/A	.3104
016	CAMPBELL	\$4,171,727,992	\$918,220,201	N/A	\$370,419,571	8,353	54,929	.2655	N/A	.2655
017	CAROLINE	\$2,876,250,243	\$565,699,218	N/A	\$110,948,698	4,078	28,070	.3306	N/A	.3306
018	CARROLL	\$2,863,037,039	\$372,833,027	N/A	\$132,878,892	3,972	30,646	.2831	N/A	.2831
019	CHARLES CITY	\$976,467,743	\$143,623,749	N/A	\$20,564,186	827	7,265	.4483	N/A	.4483
020	CHARLOTTE	\$1,092,616,972	\$169,179,451	N/A	\$44,121,579	2,062	12,528	.2365	N/A	.2365
021	CHESTERFIELD	\$34,170,453,428	\$8,384,040,920	N/A	\$3,345,047,845	58,665	311,560	.3539	N/A	.3539
022	CLARKE	\$2,264,920,530	\$422,765,870	N/A	\$71,433,980	2,141	13,977	.4892	N/A	.4892
023	CRAIG	\$541,562,085	\$83,653,660	N/A	\$12,886,883	700	5,133	.3163	N/A	.3163
024	CULPEPER	\$5,281,074,170	\$1,014,489,930	N/A	\$480,170,802	7,416	45,825	.3668	N/A	.3668
025	CUMBERLAND	\$1,069,699,525	\$136,107,935	N/A	\$29,821,670	1,393	10,029	.2971	N/A	.2971
026	DICKENSON	\$1,517,983,403	\$198,111,502	N/A	\$64,054,958	2,455	16,012	.2547	N/A	.2547
027	DINWIDDIE	\$2,889,082,395	\$489,339,910	N/A	\$95,609,217	4,679	27,610	.2850	N/A	.2850
028	ESSEX	\$1,602,160,518	\$198,756,646	N/A	\$164,186,905	1,604	10,947	.4364	N/A	.4364
029	FAIRFAX COUNTY	\$218,889,435,802	\$47,640,758,200	N/A	\$12,932,168,326	165,367	1,070,053	.6789	N/A	.6789
030	FAUQUIER	\$11,942,754,221	\$2,306,956,870	N/A	\$587,631,303	11,111	64,497	.5377	N/A	.5377
031	FLOYD	\$1,836,002,655	\$238,559,214	N/A	\$59,345,578	2,084	15,232	.3440	N/A	.3440
032	FLUVANNA	\$3,451,515,106	\$531,321,109	N/A	\$90,658,684	3,678	25,328	.3924	N/A	.3924
033	FRANKLIN COUNTY	\$7,957,254,842	\$931,336,456	N/A	\$340,399,968	7,200	55,357	.4181	N/A	.4181
034	FREDERICK	\$8,239,674,671	\$1,880,092,732	N/A	\$813,226,140	12,958	76,587	.3601	N/A	.3601
035	GILES	\$1,341,666,055	\$275,469,326	N/A	\$124,648,378	2,547	17,280	.2706	N/A	.2706
036	GLOUCESTER	\$4,635,615,530	\$814,446,887	N/A	\$333,790,286	5,919	36,776	.3798	N/A	.3798
037	GOOCHLAND	\$5,273,258,201	\$1,048,774,887	N/A	\$194,700,272	2,454	21,261	.8000	N/A	.8000
038	GRAYSON	\$1,915,208,078	\$198,634,460	\$190,702,662	\$35,319,877	1,929	15,779	.3420	.3385	.3385
039	GREENE	\$2,343,267,306	\$359,663,639	N/A	\$105,375,993	2,743	18,049	.3724	N/A	.3724
040	GREENSVILLE	\$746,838,875	\$190,573,081	\$146,409,903	\$35,419,647	1,559	12,402	.2442	.2174	.2174
041	HALIFAX	\$3,793,992,927	\$517,691,742	N/A	\$270,520,889	5,647	36,448	.2943	N/A	.2943
042	HANOVER	\$13,548,365,625	\$2,839,509,086	N/A	\$1,438,740,565	18,433	98,873	.4203	N/A	.4203
043	HENRICO	\$35,833,063,765	\$8,292,268,311	N/A	\$4,632,418,985	48,332	304,622	.4276	N/A	.4276
044	HENRY	\$3,356,872,357	\$749,213,920	N/A	\$343,985,994	7,142	54,919	.2430	N/A	.2430
045	HIGHLAND	\$812,256,710	\$37,733,245	N/A	\$7,978,254	244	2,389	.8000	N/A	.8000
046	ISLE OF WIGHT	\$5,011,976,295	\$877,326,673	N/A	\$200,079,929	5,379	34,845	.4258	N/A	.4258
047	JAMES CITY	\$11,704,349,566	\$2,002,634,441	N/A	\$787,049,384	9,657	64,997	.5628	N/A	.5628
048	KING GEORGE	\$3,048,840,616	\$611,890,026	N/A	\$108,703,459	4,029	23,234	.3787	N/A	.3787
049	KING AND QUEEN	\$912,792,994	\$125,931,366	N/A	\$10,935,587	729	7,027	.4469	N/A	.4469
050	KING WILLIAM	\$1,477,048,296	\$280,287,821	N/A	\$60,825,620	2,145	12,536	.3375	N/A	.3375
051	LANCASTER	\$3,066,525,255	\$262,669,013	N/A	\$156,915,351	1,315	11,487	.7934	N/A	.7934
052	LEE	\$1,138,598,241	\$283,189,934	\$273,717,828	\$122,851,363	3,374	25,501	.1849	.1826	.1826
053	LOUDOUN	\$60,025,322,925	\$12,996,829,711	N/A	\$4,113,301,056	59,261	309,640	.5666	N/A	.5666

2012-2014 COMPOSITE INDEX OF LOCAL ABILITY-TO-PAY - Updated November 2011

Div. Num.	Division	INDICATORS OF ABILITY-TO-PAY (BASE YEAR: 2009)						2012-2014 Composite Index Calculated Including Nonresident AGI	2012-2014 Composite Index Calculated Excluding Nonresident AGI*	Final 2012-2014 Composite Index
		TRUE VALUE OF PROPERTY	VIRGINIA ADJUSTED GROSS INCOME (Including Nonresident AGI)	VIRGINIA ADJUSTED GROSS INCOME (Excluding Nonresident AGI*)	TAXABLE RETAIL SALES	MARCH 31, 2010 ADM	TOTAL POPULATION			
054	LOUISA	\$7,378,492,832	\$665,566,237	N/A	\$172,685,317	4,533	32,599	.5659	N/A	.5659
055	LUNENBURG	\$966,577,224	\$157,484,480	N/A	\$36,919,723	1,565	13,021	.2535	N/A	.2535
056	MADISON	\$2,065,582,569	\$271,463,594	N/A	\$71,755,844	1,810	13,264	.4486	N/A	.4486
057	MATHEWS	\$1,936,040,362	\$200,403,944	N/A	\$37,936,707	1,239	8,974	.5589	N/A	.5589
058	MECKLENBURG	\$4,245,951,586	\$477,336,257	\$461,110,584	\$298,261,310	4,620	32,697	.3680	.3650	.3650
059	MIDDLESEX	\$2,665,733,193	\$226,564,895	N/A	\$78,146,239	1,191	10,867	.7232	N/A	.7232
060	MONTGOMERY	\$7,571,036,490	\$1,828,461,254	N/A	\$897,455,302	9,495	93,714	.4053	N/A	.4053
062	NELSON	\$3,296,671,052	\$302,922,511	N/A	\$78,531,849	1,885	15,013	.5928	N/A	.5928
063	NEW KENT	\$2,612,081,661	\$495,356,331	N/A	\$96,749,625	2,786	17,971	.4414	N/A	.4414
065	NORTHAMPTON	\$2,438,752,588	\$214,924,855	N/A	\$107,848,718	1,697	12,580	.5103	N/A	.5103
066	NORTHUMBERLAND	\$3,720,688,654	\$260,841,950	N/A	\$61,993,865	1,373	12,342	.8000	N/A	.8000
067	NOTTOWAY	\$1,020,120,983	\$226,315,885	\$217,967,050	\$110,611,764	2,174	15,779	.2480	.2447	.2447
068	ORANGE	\$4,159,528,827	\$762,194,193	N/A	\$189,399,791	5,058	33,138	.3842	N/A	.3842
069	PAGE	\$2,519,461,772	\$373,571,393	N/A	\$153,255,687	3,476	24,004	.3143	N/A	.3143
070	PATRICK	\$1,868,573,620	\$230,675,685	\$222,990,292	\$79,025,076	2,501	18,770	.2892	.2866	.2866
071	PITTSYLVANIA	\$4,630,668,758	\$992,581,688	N/A	\$157,896,368	8,961	63,644	.2475	N/A	.2475
072	POWHATAN	\$3,768,071,226	\$714,500,138	N/A	\$259,048,779	4,424	27,567	.4230	N/A	.4230
073	PRINCE EDWARD	\$1,684,745,928	\$285,230,086	N/A	\$280,851,800	2,459	23,004	.3265	N/A	.3265
074	PRINCE GEORGE	\$3,006,322,600	\$632,869,943	N/A	\$134,668,790	6,171	35,813	.2513	N/A	.2513
075	PRINCE WILLIAM	\$47,023,200,683	\$11,672,434,334	N/A	\$4,109,331,787	75,026	397,383	.3787	N/A	.3787
077	PULASKI	\$2,936,267,440	\$535,032,497	N/A	\$291,214,848	4,571	35,181	.3052	N/A	.3052
078	RAPPAHANNOCK	\$2,288,501,916	\$218,259,276	N/A	\$31,680,550	928	7,349	.8000	N/A	.8000
079	RICHMOND COUNTY	\$1,091,482,700	\$176,117,908	\$146,301,215	\$56,072,123	1,213	9,365	.3831	.3599	.3599
080	ROANOKE COUNTY	\$9,062,997,920	\$2,355,442,647	N/A	\$890,021,337	14,474	92,253	.3657	N/A	.3657
081	ROCKBRIDGE	\$3,254,944,382	\$387,933,057	N/A	\$217,744,946	2,510	22,498	.4903	N/A	.4903
082	ROCKINGHAM	\$9,390,464,650	\$1,536,569,388	N/A	\$421,254,549	11,348	75,656	.3675	N/A	.3675
083	RUSSELL	\$2,015,005,479	\$396,484,086	N/A	\$157,889,960	4,046	28,883	.2430	N/A	.2430
084	SCOTT	\$1,152,134,993	\$322,409,373	\$299,350,737	\$120,653,864	3,753	23,117	.1890	.1831	.1831
085	SHENANDOAH	\$5,111,900,588	\$770,847,634	N/A	\$313,123,017	6,002	41,834	.3706	N/A	.3706
086	SMYTH	\$1,951,418,489	\$436,266,742	N/A	\$187,575,308	4,793	32,367	.2178	N/A	.2178
087	SOUTHAMPTON	\$2,090,405,125	\$325,204,856	N/A	\$42,834,335	2,779	18,402	.3171	N/A	.3171
088	SPOTSYLVANIA	\$12,451,885,778	\$3,139,133,057	N/A	\$1,347,926,498	23,710	120,234	.3326	N/A	.3326
089	STAFFORD	\$14,446,057,649	\$3,527,044,546	N/A	\$879,152,862	26,648	125,435	.3305	N/A	.3305
090	SURRY	\$2,358,692,464	\$128,139,517	N/A	\$33,281,244	930	7,074	.7642	N/A	.7642
091	SUSSEX	\$1,076,099,417	\$150,230,747	N/A	\$62,290,109	1,209	12,305	.3375	N/A	.3375
092	TAZEWELL	\$2,796,301,917	\$747,436,763	N/A	\$532,354,983	6,580	45,255	.2695	N/A	.2695
093	WARREN	\$4,327,090,288	\$805,069,155	N/A	\$324,533,521	5,317	37,248	.3890	N/A	.3890
094	WASHINGTON	\$5,092,504,649	\$1,054,009,850	\$991,515,511	\$601,650,200	7,243	54,689	.3610	.3533	.3533
095	WESTMORELAND	\$2,165,391,499	\$252,912,768	N/A	\$63,242,133	1,705	13,579	.4649	N/A	.4649
096	WISE	\$2,101,201,163	\$602,762,392	\$579,717,065	\$312,327,420	6,499	41,767	.2076	.2045	.2045
097	WYTHE	\$2,937,230,706	\$427,972,454	N/A	\$315,705,752	4,207	29,281	.3204	N/A	.3204
098	YORK	\$9,306,338,041	\$1,719,821,887	N/A	\$897,426,613	12,533	64,933	.4049	N/A	.4049
101	ALEXANDRIA	\$34,731,703,145	\$6,392,001,579	N/A	\$1,959,188,772	11,422	132,167	.8000	N/A	.8000
102	BRISTOL	\$1,162,401,288	\$402,847,706	\$247,992,426	\$339,817,504	2,244	17,919	.3845	.3190	.3190
103	BUENA VISTA	\$395,276,225	\$84,557,412	N/A	\$31,178,785	1,122	6,649	.1895	N/A	.1895
104	CHARLOTTESVILLE	\$5,296,972,302	\$1,136,668,368	N/A	\$820,895,379	3,756	43,237	.6861	N/A	.6861
106	COLONIAL HEIGHTS	\$1,878,936,038	\$349,193,991	N/A	\$638,768,479	2,826	17,491	.4448	N/A	.4448
107	COVINGTON	\$324,378,882	\$87,607,228	N/A	\$107,984,326	839	5,984	.2775	N/A	.2775
108	DANVILLE	\$2,439,340,231	\$674,257,632	\$600,551,929	\$701,641,565	6,145	43,596	.2767	.2653	.2653
109	FALLS CHURCH	\$3,377,115,687	\$688,911,012	\$646,179,358	\$218,311,076	2,006	12,054	.8000	.8000	.8000
110	FREDERICKSBURG	\$3,433,734,294	\$589,780,829	\$567,491,693	\$814,014,930	2,793	23,353	.6577	.6511	.6511
111	GALAX	\$459,600,137	\$107,137,940	\$99,787,621	\$181,484,299	1,304	7,101	.2782	.2725	.2725
112	HAMPTON	\$11,991,248,586	\$2,273,229,613	N/A	\$1,192,612,862	20,744	139,233	.2912	N/A	.2912

2012-2014 COMPOSITE INDEX OF LOCAL ABILITY-TO-PAY - Updated November 2011

Div. Num.	Division	INDICATORS OF ABILITY-TO-PAY (BASE YEAR: 2009)						2012-2014 Composite Index Calculated Including Nonresident AGI	2012-2014 Composite Index Calculated Excluding Nonresident AGI*	Final 2012-2014 Composite Index
		TRUE VALUE OF PROPERTY	VIRGINIA ADJUSTED GROSS INCOME (Including Nonresident AGI)	VIRGINIA ADJUSTED GROSS INCOME (Excluding Nonresident AGI)	TAXABLE RETAIL SALES	MARCH 31, 2010 ADM	TOTAL POPULATION			
113	HARRISONBURG	\$3,864,792,097	\$543,468,641	N/A	\$990,965,475	4,351	48,134	.4274	N/A	.4274
114	HOPEWELL	\$1,826,056,841	\$318,897,646	N/A	\$161,920,930	3,919	22,331	.2376	N/A	.2376
115	LYNCHBURG	\$5,482,322,604	\$1,233,981,712	N/A	\$1,170,583,027	8,196	75,204	.3727	N/A	.3727
116	MARTINSVILLE	\$765,932,891	\$223,013,122	\$204,220,871	\$143,922,904	2,324	14,161	.2255	.2175	.2175
117	NEWPORT NEWS	\$15,857,298,612	\$3,027,524,100	N/A	\$1,933,222,912	28,610	181,218	.2934	N/A	.2934
118	NORFOLK	\$20,226,618,644	\$3,543,226,880	\$3,411,240,814	\$2,597,753,733	31,176	243,957	.3137	.3102	.3102
119	NORTON	\$247,018,914	\$72,102,616	\$67,529,301	\$168,075,834	824	3,850	.3333	.3274	.3274
120	PETERSBURG	\$2,024,371,748	\$423,896,011	N/A	\$284,647,864	4,248	32,399	.2516	N/A	.2516
121	PORSMOUTH	\$8,296,594,040	\$1,494,212,369	\$1,443,611,092	\$626,320,512	14,225	96,282	.2786	.2755	.2755
122	RADFORD	\$848,154,673	\$193,880,549	N/A	\$68,827,715	1,505	16,064	.2630	N/A	.2630
123	RICHMOND CITY	\$21,666,019,298	\$4,452,844,838	\$4,236,467,749	\$2,331,876,957	21,217	198,202	.4864	.4779	.4779
124	ROANOKE CITY	\$7,779,986,317	\$1,761,121,575	N/A	\$1,692,267,903	12,126	97,845	.3728	N/A	.3728
126	STAUNTON	\$2,021,564,873	\$410,724,718	N/A	\$328,425,695	2,575	23,612	.3987	N/A	.3987
127	SUFFOLK	\$9,788,085,722	\$1,824,207,423	N/A	\$632,874,977	13,801	82,616	.3530	N/A	.3530
128	VIRGINIA BEACH	\$57,971,850,185	\$10,385,241,185	N/A	\$4,638,871,814	69,225	437,275	.4110	N/A	.4110
130	WAYNESBORO	\$2,049,167,044	\$355,696,831	N/A	\$400,782,416	3,007	20,923	.3690	N/A	.3690
131	WILLIAMSBURG	\$1,892,953,323	\$313,416,809	\$302,223,962	\$321,601,815	829	13,758	.8000	.8000	.8000
132	WINCHESTER	\$3,140,250,612	\$554,106,552	N/A	\$663,353,859	3,745	26,072	.4645	N/A	.4645
134	FAIRFAX CITY	\$5,450,502,664	\$986,325,562	\$921,412,262	\$824,717,046	2,905	22,683	.8000	.8000	.8000
135	FRANKLIN CITY	\$674,910,269	\$143,733,838	\$132,099,372	\$149,254,304	1,186	8,480	.3367	.3276	.3276
136	CHESAPEAKE	\$26,673,450,787	\$4,933,749,242	N/A	\$2,897,360,063	38,853	219,795	.3678	N/A	.3678
137	LEXINGTON	\$598,342,763	\$171,398,865	N/A	\$67,426,969	626	7,007	.5059	N/A	.5059
138	EMPORIA	\$402,531,437	\$81,086,984	\$68,258,342	\$124,365,555	998	5,899	.2726	.2594	.2594
139	SALEM	\$2,222,148,328	\$543,674,972	N/A	\$460,591,278	3,914	24,829	.3628	N/A	.3628
140	BEDFORD CITY	\$488,879,863	\$98,244,908	N/A	\$76,221,744	828	6,256	.3132	N/A	.3132
142	POQUOSON	\$1,678,150,362	\$371,654,683	N/A	\$43,129,623	2,379	12,113	.3816	N/A	.3816
143	MANASSAS	\$4,181,575,904	\$909,391,011	N/A	\$437,952,932	6,592	37,414	.3599	N/A	.3599
144	MANASSAS PARK	\$903,304,124	\$321,026,365	N/A	\$116,646,726	2,614	13,764	.2600	N/A	.2600
202	COLONIAL BEACH	\$493,252,132	\$70,795,858	N/A	\$17,702,867	593	3,801	.3527	N/A	.3527
207	WEST POINT	\$402,727,065	\$70,566,032	N/A	\$15,313,625	777	3,156	.2838	N/A	.2838
STATE TOTALS		\$1,078,950,112,391	\$213,068,248,249		\$85,771,912,427	1,204,422	7,928,779			

Data Sources:

True Value of Property, Virginia Adjusted Gross Income, and Taxable Retail Sales - Virginia Department of Taxation

March 31, 2010 Average Daily Membership (ADM) - Virginia Department of Education

Total Population - Weldon Cooper Center for Public Service, UVA; US Census

Downloadable Excel and PDF files containing the 2012-2014 composite index for each school division are available on the Department of Education Web site at:

http://www.doe.virginia.gov/school_finance/budget/compositeindex_local_abilitypay/index.shtml

*For divisions that qualify for the exclusion of nonresident AGI. Pursuant to Item 132, Paragraph A.4.b of Chapter 890, 2011 Acts of Assembly, "any locality whose total calendar year [2009] Virginia Adjusted Gross Income is comprised of at least 3 percent or more by nonresidents of Virginia, such nonresident income shall be excluded in computing the composite index of ability-to-pay."