

Unsettling Divide

Education Cuts Hit High-Poverty School Divisions Hardest

By Mitchell Cole and Michael Cassidy

School divisions with the highest poverty rates have seen their state funding drop far more than their counterparts in more affluent communities since Virginia state lawmakers began cutting school funding in 2009. Funding cuts in poor school divisions have been nearly three times greater per student than those in divisions with far lower poverty rates.

By cutting funding so deeply for the highest poverty school divisions, lawmakers are making it more difficult for schools to fully equip their students, threatening their economic prosperity and opportunity for years to come.

Lawmakers cut school funding during the recession and have let it stagnate at these lower levels since, resulting in fewer teachers and other school staff who support our students. But these cuts clearly have not hit all students equally.

There are ways to fix this problem. Legislators could strengthen funding for the Standards of Quality – the main source of state funding for schools – by fixing some of the cuts put in place in the wake of the recession.

At the very least, lawmakers should stop cutting school funding even deeper and take a more balanced approach to closing the current state budget shortfall by considering new forms of revenue.

Cuts Across the State, But Deepest for Poor Districts

From its peak in the 2008-2009 school year, operating support per student for Virginia's public schools had declined by almost 8 percent, from \$12,196 to \$11,257 during 2012-2013. That means that schools have \$939 less per student on average.

While funding for public K-12 education comes from several sources, the state is

responsible for most of these cuts, \$873 per student on average. That's a nearly 16 percent decrease in state funding over this period.

But funding from local governments has also declined by an average of \$155 per student, or just under 3 percent. And even though the federal government has slightly increased its overall support for the commonwealth's schools, by an average of \$88 dollars per student, that's not enough to offset the state cuts.

Meanwhile, the cuts have fallen hardest on the state's poorest school divisions. Per-student cuts in state funding to these school divisions have been nearly three times greater than those made to the divisions with far lower poverty rates.

Even after accounting for changes in local and federal support, the overall cuts



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for high-poverty divisions have been 31 percent larger than those for the state's least-impooverished divisions.

The Bottom Hardest Hit by Cuts

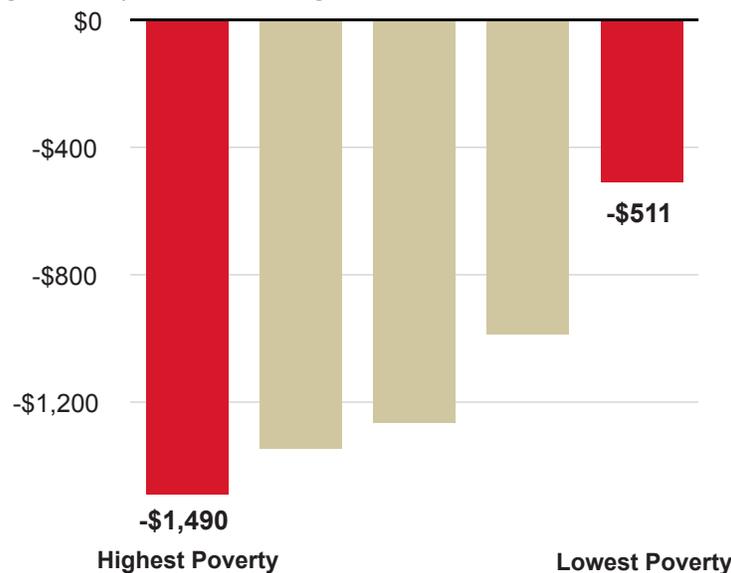
In the 27 school divisions with the highest levels of child poverty, nearly 30 percent of students live in households with income under the federal poverty line, which was about \$19,000 for a family of three in 2012. Even more students come from families that are struggling to get by. In the 2012-2013 school year, more than two-thirds of their students were eligible for free and reduced price lunch.

Not only do these school divisions grapple with greater poverty, they have also been hit with deeper cuts. From 2009 to 2013, these divisions saw their state operations funding decline by an average of \$1,490 per student. That's a cut of more than one-fifth over the course of four school years.

Highest Poverty Divisions Cut More by State

The fifth of school divisions entering the recent period of state funding cuts with the highest poverty rates have also seen the deepest cuts on average in per student state funding.

Change in state per student funding from FY09 to FY13 in FY13 dollars



Source: TCI analysis of Superintendent's Annual Reports and SAIPE data.

Local governments chipped in an extra \$138 per student on average and the federal government increased its spending in these schools by \$285 per student, partially offsetting the state cuts. But that still left Virginia's poorest school divisions struggling with cuts totaling \$1,067 for every student. That's nearly a 9 percent decline in funding for these kids since the 2008-2009 school year.

All told, the state is now covering a smaller share of the costs of running these schools. In the 2009 fiscal year, the state provided more than 59 percent of these schools' operating funds. By 2013, state support had dropped to less than 52 percent, with localities and the federal government shouldering a larger share of operating support.

Smaller Cuts at the Top

At the other end of the spectrum, school divisions with the lowest poverty rates also saw cuts in state funding, but they were much smaller – \$511 per student on average. That's about an 11 percent decline in state funding for these schools, much less than the 21 percent cut in the poorest divisions.

In these divisions just 8 percent of the children live in poverty, and about 28 percent of the students at these schools were eligible for free or reduced lunch during the 2012-2013 school year.

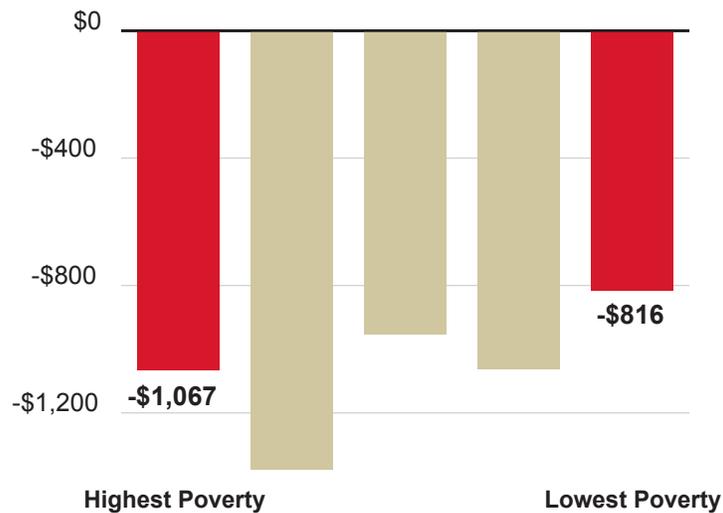
Local government support to run these more affluent school divisions has fallen as well, on average by \$353 per student from 2009 to 2013. At the same time, federal operations funding ticked up by a modest \$49 per student. All told, Virginia's lowest-poverty school divisions saw per student support fall an average of \$816 over this period.

And while these cuts are damaging, they are far milder than those that have hit their poorer counterparts. These low-poverty school divisions still spend the most, with average operations spending per student at \$11,921 in the 2013 fiscal year, about 8 percent more than the poorest divisions.

Disparity Still Exists in Total Funding Cuts

Local and federal funding has helped offset the disproportionate state cuts for these high poverty school divisions, but a disparity still exists.

Change in total per student funding from FY09 to FY13 in FY13 dollars



Source: TCI analysis of Superintendent's Annual Reports and SAIPE data.

What to Do?

Many school divisions rely heavily on state support to meet their students' needs, and have been hard hit by reductions in state operations funding. Because the formula the state uses to distribute funds – the Standards of Quality or SOQ – does not take into account the level of students' needs, high poverty and high need divisions have been left further behind.

To address this inequity, lawmakers need to fix the state's weakened SOQ funding formula to ensure that all children have access to a quality education in Virginia.

That means fully funding and updating the formula so that it reflects the costs school divisions actually face. A good start would be rolling back many of the harmful cuts made through the formula after the recession.

At the very least, legislators should stop the endless rounds of budget cuts that have undermined our key investments in education.

As lawmakers work through current state budget problems, they should not forget that they have already cut K-12 education time and again. Instead of cutting such

critical public services to the bone, they should look for new ways to raise revenues to correct the damage that has already been done.

And they should know that relying on a cuts-only approach to fixing the state budget hurts the very kids that the state should be helping most.

Methodology Note

For the purposes of this report, high- and low-poverty school divisions are defined using the Census Bureau's Small Area Income and Poverty Estimates (SAIPE) for children aged 5 to 17 in 2008, just prior to the major decrease in per student state support for education. While poverty rates changed over this period, the findings of this report remain consistent over time. Also, all dollar amounts have been adjusted for inflation and represent fiscal year 2013 dollars.

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