

Financing the Schools in Montgomery County, Virginia

The League of Women Voters of Montgomery County in 2018 began a study of state and local funding for the public schools in Montgomery County. The study was led by Wayne Worner, an emeritus dean of education at Virginia Tech, and Mary Houska, an emeritus economics chair at Hollins University. After two years, the study reached these conclusions on its four key issues:

1. Is state funding of public education adequate and equitable and how does it impact funding Montgomery County schools?

- a. State funding of public education in Virginia is both inadequate and inequitable. Although one of our nation's wealthiest states, Virginia ranks 42nd in per-pupil funding. The state's Standards of Quality are more accurately standards of mediocrity - leaving the burden on localities to fund much of the cost of a quality education as well as all school construction. Montgomery County now shoulders 55% of its schools' operating budget compared to the state's 40% share.
- b. State funding for the Montgomery County schools is more a problem of adequacy than equity.

The quality of a public school system in Virginia still depends upon your zip code. Virginia distributes money to school districts based on need, but at such a low level that it doesn't mean anything," concluded study author Wayne Worner. State funding is inadequate to equalize per-pupil funding in disparate parts of the state. A 1-cent tax increase in a Northern Virginia county raises \$265 per pupil vs. \$35 per pupil in a Southwest Virginia county.

2. Has the Montgomery County School Board prepared budgets that accurately reflect school needs and has the Board of Supervisors funded these budgets?

- a. Yes, the School Board has met those obligations and is regarded by the community as maintaining a school system with a reputation for high quality.
- b. The Board of Supervisors has responded to the School Board's requests and has, in fact, picked up much of the slack from the General Assembly's underfunding of public education. From 2009-2020, state funding for Montgomery County's schools dropped by \$4 million even as enrollment grew by 425 students. The supervisors raised the county real estate tax rate from 71 cents to 89 cents per \$100, increasing county funding for schools by \$20 million. The state cuts still caused the schools to lose 278 staff members, including 80 lost teachers, counselors, administrators and librarians.

3. Are properties in Montgomery County taxed equitably to reflect an appropriate balance of tax revenues from commercial and residential properties

- a. There are major questions about fairness relating to properties that are exempt from taxation or eligible for reduced taxation. Over 30 percent of Montgomery County's real estate value is tax exempt. Virginia Tech and the VT Foundation account for the largest amount of this real estate. Increasingly, the VT Foundation is acquiring and leasing properties for private commercial use that are either not taxed or taxed at a rate as low as 15 percent. This affects both the fairness of local real estate taxes and the adequacy of local tax revenue for the public schools.
- b. It is clear that the burden for funding all local programs and services is shifted away from these commercial properties owned by nonprofits onto homeowners. Addressing the issue of tax-exempt

properties is essential or "this county will never have the revenue base to support our school needs," according to a school leader.

4. Has the Montgomery County School Board created mechanisms that guarantee equal access to quality programs for all students in the Montgomery County Schools?

- a. All students in Montgomery County do not have access to the same level of programs and services, especially at the high school level. The primary reason is the great differences in school size and student interests.
- b. The School Board and administration both recognize and have allocated additional resources in support of programs and services for students in smaller school and students with greater needs. The economic disparity among parts of the county is reflected in the schools. The number of economically disadvantaged pupils in the county's elementary schools varies from 20 percent up to 75 percent in more rural communities. Yet the schools' pre-school programs, teacher-pupil ratios and other efforts to address inequalities produce remarkably comparable outcomes among elementary schools with pupils varying less than 10 percent in reading, math and other proficiencies.

Action Plan for The Report

1. The Report is scheduled for final approval at the League's annual meeting in July following the consensus committee meeting on the report on May 28, 2020.
2. Part I can be recommended to the League of Women Voters of Virginia for consideration of a possible statewide study. Actions at the local and state level could include lobbying for greater state funding and equity. The League could also pursue a Constitutional amendment to "require" rather than "seek to ensure" a high quality of education - but this might be more difficult.
3. Develop a community presentation/conversation about the facts from this study.
4. Research treatment of tax-exempt properties in other university towns. Develop real numbers on the loss from tax-exempt treatment of commercial properties owned by Virginia Tech and publicize this impact on our county's capacity to fund public education.