

Roanoke County's School Funding Formula

VACo Education Steering Committee

August 14, 2025

Formula Overview

- Adopted by Roanoke County (RoCo) and Roanoke County Public Schools (RCPS) in February 2014
- Provides an agreed upon method for determining the budget transfer from RoCo to RCPS
- Utilizes objective data from pre-determined data sources
- Utilizes 3 year rolling averaging to decrease swings in funding

Formula Overview

- Considers changes in both RoCo population as well as changes in RCPS average daily membership (ADM)
- Considers the relative proportion of total budget of both RoCo and RCPS that are dedicated to personnel costs
- Ultimately calculates the percentage of new revenue in each budget cycle that will be added to the base RCPS budget, currently **41.192%**

Formula Overview

- Certain revenues excluded, including revenues associated with economic development performance agreements, CSA, and the portion of lodging tax that is shared with the CVB
- Based only on budgeted revenue
- No “true up” at year end
- Year to year changes in the shared percentage are small

Formula Challenges

- Shares less revenues as ADM declines
- Payroll factor rewards hiring additional staff even as school enrollment declines
- Based on incremental changes to the baseline RoCo and RCPS budgets back in 2014 rather than being needs based

Formula Challenges

- Schools do, from time to time, request additional funding outside of the formula
- The 3-year rolling averaging and payroll factors tend to mitigate some of the near-term effects of falling school enrollment
- Only budgeted revenues are shared which can cause concerns regarding “surplus” revenues

Formula Summary

- While imperfect, the current formula arrangement limits RoCo and RCPS budget conflict: generally (but not always) seen as fair by both parties
- Provides overall stability to both budgets
- Makes long term ADM decline very visible in the budgeting process

EDUCATION

- Top priority for Roanoke County
- \$ 95.48 million transfer in local support for schools
- \$ 5.35 million transfer in debt service for school capital
- \$ 2.98 million transfer for Children's Services Act

EDUCATION REMAINS TOP PRIORITY

