

## West Virginia Must Modernize School Funding Formula to Prioritize Community Schools and Student Needs

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February 2025



### Overview

The public school system is an essential resource for West Virginians. The majority of children in our state, about 90 percent, are served through the public school system. This resource is guaranteed to West Virginians through our state constitution which promises a thorough and efficient system of free schools.<sup>1</sup> Every child in our state deserves to have access to quality public education in a safe and supportive environment with schools that are well funded and educators that are well compensated. Public education at large and within West Virginia has faced several challenges in recent years including the COVID-19 pandemic, declining enrollment, and disinvestment of funding and resources.

There is growing consensus among state and local leaders in education that the current funding formula for our public schools no longer reflects the priorities of communities or the changing needs of students.<sup>2</sup> More than 20 schools across the state have been proposed or approved to close this school year.<sup>3</sup> Unless the school funding formula is updated, more schools will close, resulting in wide ranging impacts for students and their communities more broadly. Schools provide the essential service of education to students and serve as major employers and contributors to the local economy.<sup>4</sup> Legislators can modernize the school funding formula to ensure that West Virginia public schools are equipped with the necessary resources to meet the needs of our children and fulfill the state's constitutional promise.

### Impacts of Declining Enrollment on School District Decision-making

As of October 2024, more than 241,000 children were enrolled in West Virginia public schools.<sup>5</sup> Enrollment has been on the decline in recent years. In the past five years alone, public school enrollment has fallen by more than 11,000 students. According to data from the National Center for Education Statistics, the decline in our state outpaced the national-level decline over the same period.<sup>6</sup> There have been several contributors to the loss of students from West Virginia public schools including overall population decline, the COVID-19 pandemic, and the Hope Scholarship Program.

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<sup>1</sup> Article 12, Constitution of West Virginia.

<sup>2</sup> Amelia Ferrell Knisley, "WV School Board Oks Closing Kanawha Schools Amid Statewide Struggle With Student, Funding Loss," *West Virginia Watch*, November 13, 2024, <https://westvirginiawatch.com/2024/11/13/wv-school-board-oks-closing-kanawha-schools-amid-statewide-struggle-with-student-funding-loss/>.

<sup>3</sup> Amelia Ferrell Knisley, "WV School Board Approves More School Closures, Counties Struggling to Fund Public Education," *West Virginia Watch*, December 11, 2024, <https://westvirginiawatch.com/2024/12/11/wv-school-board-approves-more-school-closures-counties-struggling-to-fund-public-education/>.

<sup>4</sup> Mebane Rash, "Seeing School Districts as Big Business and Superintendents as CEOs," *EdNC*, May 6, 2024, <https://www.ednc.org/05-06-2024-seeing-school-districts-as-big-business-and-superintendents-as-ceos/>.

<sup>5</sup> West Virginia Department of Education Enrollment Data, <https://zoomwv.k12.wv.us/Dashboard/dashboard/2056>.

<sup>6</sup> Public School Enrollment, National Center for Education Statistics, <https://nces.ed.gov/programs/coe/indicator/cga/public-school-enrollment>.

Although enrollment decline has contributed to significant losses in funding for school districts, many of the costs to maintain the public school system remain relatively constant. For example, regardless of the number of students enrolled in a school district, the costs associated with transportation, maintenance of school buildings, and capital costs remain largely the same. Because schools cannot easily reduce their fixed costs regardless of changes in enrollment, they have few other options than to reduce spending on variable costs (instruction and support services) or close or consolidate schools.<sup>7</sup> The loss of funding associated with enrollment decline in West Virginia has been reflected in both school closures and consolidations as well as reductions in employment and lower quality and fewer programs. To exemplify, Harrison County experienced significant enrollment loss from the Hope Scholarship in 2023-2024, which resulted in reduced extracurricular opportunities for students this school year and the closure of three schools set for the end of this school year.<sup>8</sup>

## Current School Funding Formula

For public schools to operate and perform well, they require adequate funding and resources. Funding for public schools comes from federal, state, and local governments. Research suggests that increases in public school spending are associated with numerous positive impacts including improved graduation rates, higher wages in adulthood, and lower likelihood of adult poverty.<sup>9</sup> Those impacts are amplified when the additional funding is targeted to low-income students and districts.

The school funding formula in West Virginia is resource-based, allocating state funding to school districts for essential costs such as salaries and benefits for personnel, operating and transportation costs, and instructional programs, based on student enrollment.<sup>10</sup> On average, through the school funding formula, school districts in our state receive about \$5,540 per pupil in state funding and \$2,250 per pupil in local funding for an average total of \$7,790 per pupil for the 2024-2025 school year.<sup>12</sup> The share of state versus local funding varies widely across school districts. Local funding contributions are based on revenues raised from property taxes. West Virginia is one of only a handful of states that does not weight for a school district's concentrated poverty in its funding formula.<sup>13</sup> As a result, wealthier districts have a greater local contribution compared to other districts and are often able to fund their school districts above the minimum level established by the state. On average, high-poverty school districts in West Virginia receive two percent, or \$281 per pupil, less than low-poverty districts.<sup>14</sup> This contributes to funding discrepancies between and within school districts that can lead to disparities in student experiences and outcomes.<sup>15</sup> Isolated and small schools often require more funding to maintain essential services compared with more centralized and larger schools.<sup>16</sup>

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<sup>7</sup> Hilary Wething, "How Vouchers Harm Public Schools," December 19, 2024, <https://www.epi.org/publication/vouchers-harm-public-schools/>.

<sup>8</sup> Jeff Jenkins, "State BOE Approves Harrison County School Closings," *West Virginia MetroNews*, May 8, 2024, <https://wvmetronews.com/2024/05/08/state-boe-approves-harrison-county-school-closings/>.

<sup>9</sup> "The Benefits of Increased School Spending," March 2017, <https://www.ipr.northwestern.edu/documents/policy-briefs/school-spending-policy-research-brief-Jackson.pdf>.

<sup>10</sup> FundEd: State Policy Analysis, <http://funded.edbuild.org/state/WV>.

<sup>11</sup> 2024-2025 State of West Virginia Executive Summary of Public School Support Program, <https://wvde.us/wp-content/uploads/2024/03/PSSP-Executive-Summary-25-Final-Comps.pdf>.

<sup>12</sup> 2024-2025 Public School Support Program Basic Aid Allowance On a Per Pupil Basis, <https://wvde.us/wp-content/uploads/2024/03/State-Aid-Per-Pupil-25-Based-on-Adjusted-Net-Enrollment-Final.pdf>.

<sup>13</sup> Concentrated Poverty Policies in Each State, <http://funded.edbuild.org/reports/issue/concentrated-poverty>.

<sup>14</sup> Making the Grade 2024 West Virginia, <https://edlawcenter.org/research/making-the-grade-state-profiles/>.

<sup>15</sup> "How is K-12 Education Funded?," August 19, 2024, <https://www.pgpf.org/article/how-is-k-12-education-funded/>.

<sup>16</sup> Emily Gutierrez and Fanny Terrones, "Small and Sparse: Defining Rural School Districts for K-12 Funding," March 2023, <https://www.urban.org/research/publication/small-and-sparse>.

The current funding formula does include supplemental allowances for limited English proficiency programs as well as for students with high acuity needs. But notably, school districts are required to apply for this funding, and it is only provided as a reimbursement to districts when the cost of programming exceeds the capacity of already available funds. This approach does not adequately incorporate the needs of various student groups into the funding formula to ensure that school districts are equipped to meet their needs and support their success. This approach also results in funding gaps for specialized services, like those for students with disabilities, which must be filled by diverting funds from other aspects of education.

## Areas for School Funding Modernization

As long as West Virginia utilizes the current funding formula, there will be an incentive for school districts to reduce staffing and other variable costs or to close schools in order to reduce their fixed costs. If lawmakers and the public want to preserve community schools and address the evolving needs of students, the funding formula must be modernized to reflect those priorities.

**Adopt a weighted calculation for higher poverty school districts to help reduce funding disparities between high-poverty and low-poverty school districts.** The school funding formula can be updated to reflect that individual schools and students have differing needs, particularly in districts with concentrated poverty. More than half of students in West Virginia public schools come from lower income families.<sup>17</sup> Research shows that students in poverty require more resources to achieve the same outcomes as students from higher income families.<sup>18</sup>

**Increase the number of professional support personnel positions funded per 1,000 students.** The current funding formula only allows for five professional support personnel per 1,000 students, which includes nurses, school counselors, social workers, and school psychologists. Schools in many districts are understaffed for these positions while students are experiencing poor mental health and other challenges including poverty and homelessness.<sup>19</sup> When compared to the recommended ratios for support personnel, our schools are currently under-resourced to meet the mental and emotional needs of students, a reality driven by the under allocation in the school aid funding formula.<sup>20</sup> To exemplify, the recommended ratio for social workers is one social worker for every 250 students. But in the current school funding formula, the recommended number of school social workers would take up four of the five slots without leaving room for adequate school counselors (one per 200 students) and other key positions.

**Adopt weighted funding to provide additional funding for student groups that require more resources.** This should include low-income students, students experiencing homelessness, students in foster care, English language learning students, and students with disabilities. This funding should be incorporated into the primary funding formula rather than school districts needing to seek out the funds or receive them as a reimbursement.

**Increase the number of professional educator positions funded per 1,000 students.** The current funding formula allows for 72 professional educators per 1,000 students. There is no single recommended ratio, however, the average in the United States is one teacher for every 15 students.<sup>21</sup> When analyzed by grade level,

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<sup>17</sup> West Virginia Department of Education Enrollment Data, <https://zoomwv.k12.wv.us/Dashboard/dashboard/2056>.

<sup>18</sup> Bruce Baker and Mark Weber, "Reforming School Funding in New Jersey: Equity for Taxpayers. Excellence for Students," September 24, 2024, <https://www.njpp.org/publications/report/reforming-school-funding-in-new-jersey-equity-for-taxpayers-excellence-for-students/>.

<sup>19</sup> Tamaya Browder, "Investing in Success: Increase Support Can Improve Student Behavior and Outcomes," West Virginia Center on Budget and Policy, November 2024.

<sup>20</sup> West Virginia Hopeful Futures Campaign, <https://hopefulfutures.us/action-west-virginia>.

<sup>21</sup> Public Elementary and Secondary Teachers, Enrollment, and Pupil/Teacher Ratios, National Center for Education Statistics, [https://nces.ed.gov/programs/digest/d23/tables/dt23\\_208.40.asp](https://nces.ed.gov/programs/digest/d23/tables/dt23_208.40.asp).

West Virginia students across pre-kindergarten, kindergarten, middle, and high school are currently underserved. Elementary students are currently underserved at a rate of one teacher for every 21 students. Special education students are also underserved at the current ratio of one teacher for every 16 students.

**Adopt accountability and transparency measures to promote equitable funding and resource allocation statewide and within school districts.** Adopt indicators to assess equity in funding and resource allocation within school districts and to ensure that individual schools are properly equipped for their student populations, with considerations for student population density, ages served, and student needs (e.g., related to household income, disability, foster care, homelessness, and/or English learner considerations).

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