

# Distortions in Fiscal Capacity Caused by Virtual Student Counts

Ismael K. Tonui  
Research Associate

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# Distortions in Fiscal Capacity Caused by Virtual Student Counts

Virtual school students distort TACIR's fiscal capacity calculation, which can result either in an increase or a decrease in the fiscal capacity of counties.



# School Year 2025-26 Fiscal Capacity

For school year 2025-26, virtual school students

- decrease fiscal capacity through the local revenue and tax base variables because it increases average daily membership (ADM) in their denominators;
- increase fiscal capacity through the service responsibility factor because it increases ADMs in the numerator; and
- increase the multiple that is used to calculate total fiscal capacity for each county.



# Virtual School Students Count

- Virtual school students are counted as enrolled in the school system where the virtual school is located.
- These students increase the host county's service responsibility variable— the number of public school K-12 students that the county has to serve as a percentage of total population.



# Virtual Schools Students Residency Data

The Department of Education does not have residency data for students. For the purposes of this analysis, commission staff reached out to the county with the largest virtual school—Union County—and found that nearly all of their 2,685 virtual students ADM do not reside in Union County.



# Table 1. State Share of Total BEP Funding for Union and Johnson County Schools School Years 2017-18 to 2022-23

School Year	Union		Johnson	
	State Share	State Share (%)	State Share	State Share (%)
2017-18	\$ 22,782,000	88.9%	\$ 11,451,000	77.6%
2018-19	\$ 26,313,000	90.0%	\$ 11,942,000	78.6%
2019-20	\$ 29,013,000	90.7%	\$ 12,475,000	79.7%
2020-21	\$ 31,275,000	91.4%	\$ 12,706,000	80.5%
2021-22	\$ 36,813,000	92.4%	\$ 14,982,000	83.2%
2022-23	\$ 43,230,000	93.2%	\$ 29,061,000	90.2%

Johnson County began hosting a virtual school in school year 2020-21, and the county’s state share percentage of BEP funding increased from 80.5% that year to 90.2% in school year 2022-23.



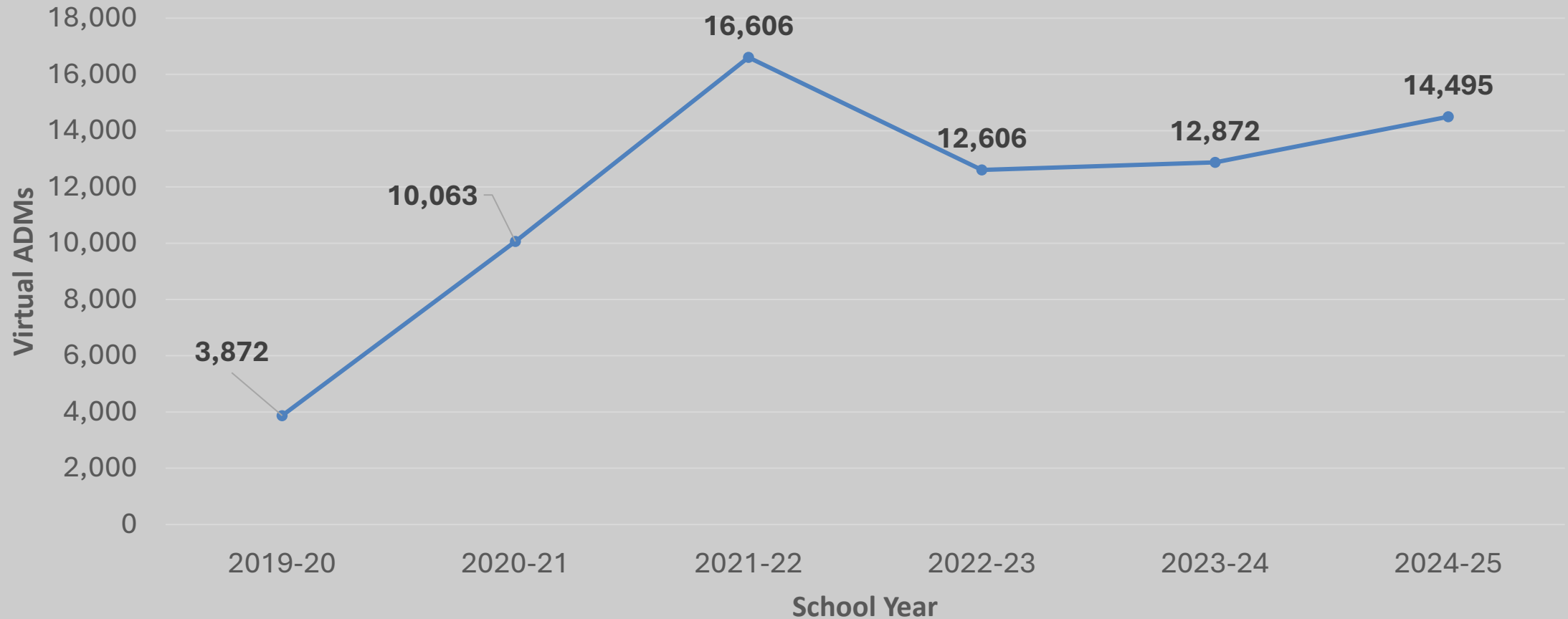
## Table 2. State Share of Total TISA Funding for Union and Johnson County Schools School Years 2023-24 to 2025-26

School Year	Union		Johnson	
	State Share	State Share (%)	State Share	State Share (%)
2023-24	\$ 46,982,813	94.0%	\$ 38,551,259	93.2%
2024-25	\$ 50,129,543	94.2%	\$ 37,862,310	92.7%
2025-26	\$ 49,847,444	94.3%	\$ 40,130,819	92.8%

TISA provides base funding, weighted funding, direct funding, and outcomes funding. Only the base and weighted funding components are equalized. Direct and Outcomes funding are 100% funded by the state and are not equalized.



# Figure 2. Statewide Average Daily Membership (ADM) of Virtual Schools School Years 2019-20 to 2024-25



# Figure 3. State Funding of Virtual Schools School Years 2019-20 to 2023-24

