



# COMPARATIVE ANALYSIS OF SCHOOL FUNDING

*“It is the paramount duty of the state to make ample provision for the education of all children residing within its borders . . . .”* This “paramount duty” clause of the Washington state constitution sets a high, if ill-defined, standard for state funding of the public schools. Recently, the state Supreme Court ruled in the *McCleary* decision that Washington was not fulfilling its obligation to amply fund basic education. The challenge before the legislature in the 2013 session will be to make good, or at least make progress, on that goal.

In 2012, the legislature created the Joint Task Force on Education Funding, charging it with “developing a proposal for a reliable and dependable funding mechanism to support basic education programs.” A majority of the task force supported a plan that would spend \$1.424 billion in 2013–15, \$3.349 billion in 2015–17, and \$4.484 billion in 2017–19. The task force also adopted a list of funding options, including using the rainy day fund, retaining expiring taxes, finding additional budget savings, eliminating tax exemptions, transferring K-12 transportation to the transportation budget, taxing capital gains, revising the state school levy growth factor, increasing the state school levy, and replacing local levies with the state school levy.

This report examines how Washington pays for public education, how that funding compares with a group of reference states, and briefly examines the part played by education funding in state budgets. Because local levies are central to the *McCleary* decision, the report includes an extended property tax discussion and review of the business tax burden in Washington. A supplement to the report

compares Washington’s “paramount duty” clause to comparable language found in reference state constitutions.

## K-12 Finance

School funding mechanisms vary among the states. Washington’s general apportionment formula distributes state funds to schools based on actual full-time equivalent student enrollment. (That is, each student enrolled in a district as of an enrollment count date for at least four hours a day for kindergarten and grades one through three, and five hours a day for grades four through 12.) Local tax levies may be used to fund non-basic education programs, but the amount that a district can raise with maintenance and operation levies is limited. (Currently levy revenue is limited to 28 percent of the district’s state and federal revenues for 205 school districts; the other 90 have limits of up to 37.9 percent.) (Senate Ways & Means)

The amount available for education funding depends on a state’s wealth, number of students, budget priorities, and tax burden. Even given those constraints, states have often been under pressure to increase funding to accommodate court mandates.

## Reference States

Washington is frequently benchmarked against nine Global Challenge states: California, Colorado, Connecticut, Maryland, Massachusetts, Minnesota, New Jersey, North Carolina, and Virginia (Washington Learns). In this report, “reference states” refers to these nine states.

Table 1: Per Student Revenues, Expenditures, and Current Expenditures, SY 2008–09

	Total Revenues Per Student		Total Expenditure Per Student		Total Current Expenditure Per Student	
	Amount	Rank	Amount	Rank	Amount	Rank
California	\$11,180	32	\$11,397	32	\$9,503	33
Colorado	\$10,207	37	\$10,669	37	\$8,782	40
Connecticut	\$17,404	4	\$17,462	5	\$15,353	4
Maryland	\$15,521	8	\$15,113	9	\$13,737	9
Massachusetts	\$15,750	7	\$15,728	7	\$14,540	8
Minnesota	\$12,610	17	\$13,555	12	\$11,088	17
New Jersey	\$18,302	3	\$18,549	3	\$17,076	2
North Carolina	\$9,101	44	\$9,729	44	\$8,518	43
Virginia	\$12,109	21	\$12,264	20	\$10,928	18
Washington	\$11,602	28	\$11,917	23	\$9,688	29
United States	\$12,103		\$12,450		\$10,591	

### Rankings of Effort by State

There are three basic financial measures of states’ education funding efforts: total revenues provided for elementary and secondary education, total expenditures and total current expenditures. Total revenues include monies from local, state and federal government sources but do not include monies from other (private) sources. Total current expenditures exclude expenditures for equipment, school construction, interest on debt, non-public education, and community services, all of which are included in total expenditures.

Many of the comparative analyses commonly cited focus on these total measures of funding effort. So it is important to begin by first examining them. This discussion will then be followed by a closer review of the differences in the allocation of state versus local funding efforts. That analysis will show that Washington provides an uncommonly high share of education funding from the state budget, a factor that considerably increases the funding challenge for state lawmakers in the coming years.

To make meaningful comparisons across states, it is necessary to adjust revenues and expenditures to offset differences in state sizes. The most direct way to do this is to divide by the number of students. Table 1 shows for school year (SY) 2008–09 total revenues per student, total expenditures per student and total current expenditures per student for the reference states and the United States as a whole. (Tables showing all 50 states and the District of Columbia are available in Appendix A.) Data were drawn from the U.S. Department of Education National Center for Education Statistics Build-A-Table web-based utility. SY 2008–09 is the most recent year for which financial data are available from this source. School enrollment is measured by Fall membership: the number of students enrolled on or about October 1, 2008.

For SY 2008–09, Washington’s total revenues per student were \$11,602, which ranked 28th highest among the 50

Chart 1: Washington Rankings, SY 2000–01 to 2009–10

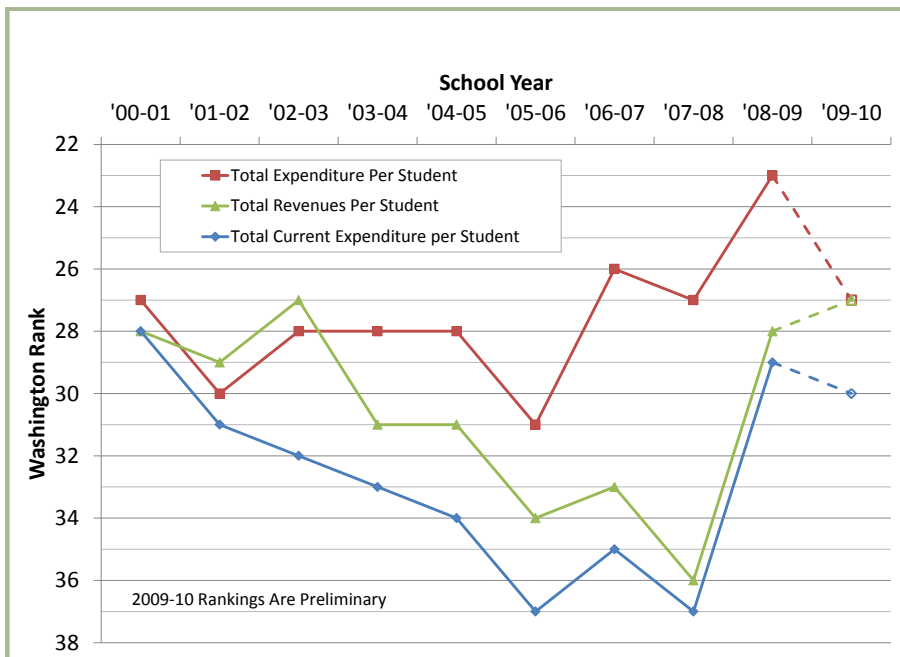


Table 2: Per Capita Revenues, Expenditures, and Current Expenditures, SY 2008–09

	Total Revenues Per Capita		Total Expenditure Per Capita		Total Current Expenditure Per Capita		Students Per Capita	
	Amount	Rank	Amount	Rank	Amount	Rank	Amount	Rank
California	\$1,931	22	\$1,969	21	\$1,641	26	0.173	8
Colorado	\$1,709	32	\$1,786	32	\$1,470	35	0.167	10
Connecticut	\$2,785	5	\$2,794	5	\$2,456	4	0.160	17
Maryland	\$2,302	8	\$2,242	8	\$2,038	8	0.148	40
Massachusetts	\$2,334	7	\$2,330	7	\$2,154	7	0.148	41
Minnesota	\$2,010	15	\$2,160	10	\$1,767	13	0.159	18
New Jersey	\$2,901	3	\$2,941	3	\$2,707	2	0.159	22
North Carolina	\$1,433	48	\$1,532	47	\$1,341	47	0.157	25
Virginia	\$1,910	25	\$1,934	24	\$1,723	16	0.158	24
Washington	\$1,814	30	\$1,863	27	\$1,514	30	0.156	28
United States	\$1,951		\$2,007		\$1,707		0.161	

Table 3: Per \$1,000 PI Revenues, Expenditures, and Current Expenditures, SY 2008–09

	Total Revenues Per \$1,000 PI		Total Expenditure Per \$1,000 PI		Total Current Expenditure Per \$1,000 PI		PI Per Student	
	Amount	Rank	Amount	Rank	Amount	Rank	Amount	Rank
California	\$45.15	38	\$46.02	38	\$38.37	41	\$247,636	23
Colorado	\$39.62	48	\$41.41	46	\$34.09	49	\$257,632	19
Connecticut	\$50.65	20	\$50.81	21	\$44.68	16	\$343,645	2
Maryland	\$47.63	31	\$46.38	37	\$42.16	31	\$325,863	4
Massachusetts	\$45.83	35	\$45.77	39	\$42.31	30	\$343,663	1
Minnesota	\$47.46	32	\$51.02	20	\$41.73	32	\$265,684	16
New Jersey	\$57.15	8	\$57.92	7	\$53.32	3	\$320,277	5
North Carolina	\$40.82	46	\$43.64	43	\$38.21	42	\$222,936	34
Virginia	\$43.31	42	\$43.87	42	\$39.09	40	\$279,578	12
Washington	\$41.88	44	\$43.02	44	\$34.97	47	\$277,024	14
United States	\$48.79		\$50.20		\$42.70		\$248,040	

states; the state's total expenditures per student were \$11,917, which ranked 23rd highest; its total current expenditures per student were \$9,688, which ranked 29th highest. The six-position difference between the state's total expenditures and total current expenditures rankings is largely explained by capital expenditures. Washington's \$1,665 per student capital expenditures ranked 8th highest for SY 2008–09.

Chart 1 (page 2) shows Washington's ranking for the three measures from SY 2000–01 to SY 2008–09. With the combination of the dot-com bust and the col-

lapse of the demand for commercial airplanes following the September 11 terrorist attacks, the recession that began in 2001 was deeper and longer in Washington than in most states, and this is reflected in the three measures of state effort. Washington's ranking in total revenues per student declined from 28th in 2000–01 to 36th in 2007–08 and then bounced back to 28th in 2008–09. Total current expenditures per student declined from 28th in 2000–01 to 37th in 2007–08 and then bounced back to 29th in 2008–09. Capital spending funded by state and school district bonds contributed to a somewhat different pattern in total expenditures per student. By this measure, Washington's low ranking, 31st, was reached in SY 2005–06, and the state's 2008–09 ranking was four places higher than its 2000–01 ranking.

Analysts on occasion normalize revenues and expenditures by dividing by two measures of state capacity to fund education: population and personal income.

Table 2 shows for SY 2008–09 the three measures of effort on a per capita basis. (The population numbers used in the table are the average of the Census Bureau's estimates of the July 1, 2008 and July 1, 2009 values.) Washington's school revenues per capita were \$1,814, which ranked 30th among the states; total expenditures per capita were \$1,863, which ranked 27th; and total current expenditures per capita were \$1,514, which ranked 30th. The state's per capita rankings are slightly lower than its per student rankings because its student to population ratio—15.6 students for every 100 residents—was slightly below the national average—16.1 for every 100 residents. The state ranked 28th in students per 100 residents.

Table 3 shows for SY 2008–09 the three measures of effort relative to state personal income (PI). (The value of PI used is the sum of the 3rd and 4th quarters of 2008 and the 1st and second quarters of 2009.) For SY 2008–09, Washington's school revenues were \$41.88 per \$1,000

Chart 2: Total Revenues Per Student, SY 2008–09

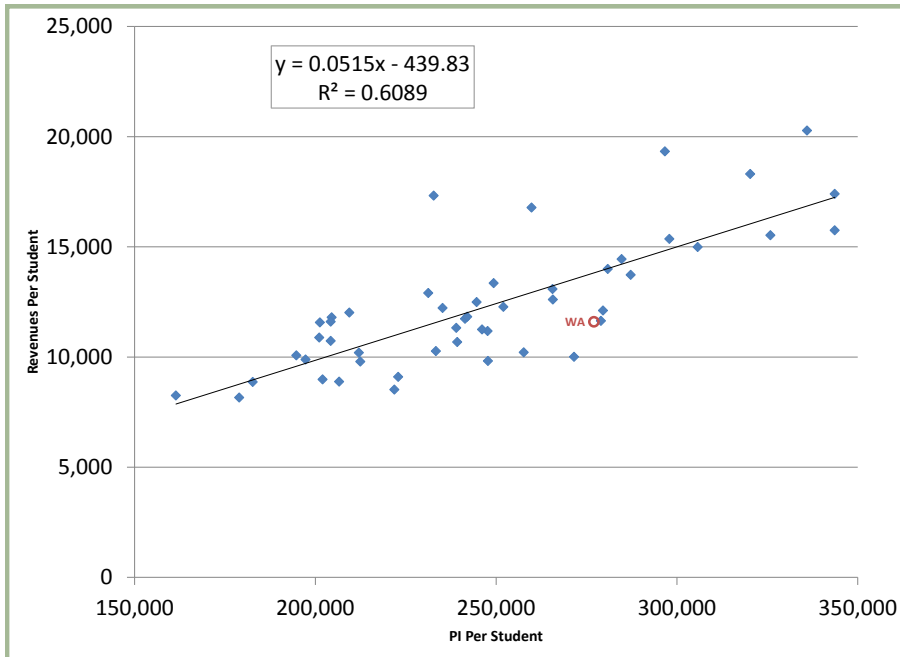


Table 4: Revenue Per Student, SY 2008–09

	Total		State Sources		Local Sources		Federal Sources	
	Amount	Rank	Amount	Rank	Amount	Rank	Amount	Rank
California	\$11,180	32	\$6,422	16	\$3,305	38	\$1,453	10
Colorado	\$10,207	37	\$4,484	39	\$5,016	23	\$707	50
Connecticut	\$17,404	4	\$6,774	13	\$9,853	2	\$777	45
Maryland	\$15,521	8	\$6,753	14	\$7,944	6	\$823	44
Massachusetts	\$15,750	7	\$6,295	17	\$8,124	5	\$1,331	16
Minnesota	\$12,610	17	\$8,271	7	\$3,583	36	\$756	46
New Jersey	\$18,302	3	\$7,619	9	\$9,930	1	\$753	47
North Carolina	\$9,101	44	\$5,739	21	\$2,401	46	\$960	39
Virginia	\$12,109	21	\$5,101	33	\$6,268	13	\$740	49
Washington	\$11,602	28	\$6,965	11	\$3,286	40	\$1,350	15

of PI, which ranked 44th among the states; its total expenditures were \$43.02 per \$1,000 of PI, which ranked 44th; and its total current expenditures were \$34.97 per \$1,000 of PI, which ranked 47th. Washington’s rankings in these per \$1,000 of PI measures are lower than the rankings in the corresponding per student or per capita measures. The reason for this is that personal income in the state is relatively high. For 2008–09, Washington ranked 14th in PI per student (\$277,024) and ninth in PI per capita (\$43,306).

Looking across states, money provided to schools tends to increase as state personal incomes increase. Chart 2 plots revenues per student against personal income per student by state for SY 2008–09. The data point for Washington is the circle. A regression line—the line that best fits the data—is calculated and drawn through the fifty data points. Washington’s revenues per student are \$2,216 (16 percent) less than would be expected if it were performing as an average state based on the regression line.

*State-Local-Federal Education Funding Sources.* Table 4 breaks out total revenues per student by state, local and federal sources for SY 2008–09. As noted earlier, Washington ranked 28th in total revenues for schools in that year. In revenues from state sources, Washington ranked 11th; in revenues from local sources, the state ranked 40th; in revenues from federal sources, the state ranked 15th.

Charts 3 (page 5), 4 (page 5), and 5 (page 6) plot revenues from local, state and federal sources, respectively, against PI per student for the 50 states. Comparing the state and local charts, two things stand out: The regression line on the local chart is steeper than that on the state chart (an increase of \$1,000 in PI per student is associated with an \$18 increase in state funds and a \$34 increase in local funds), and the “fit” around the regression line is much tighter for local revenues than for state revenues.

Chart 3: Local Revenues Per Student, SY 2008–09

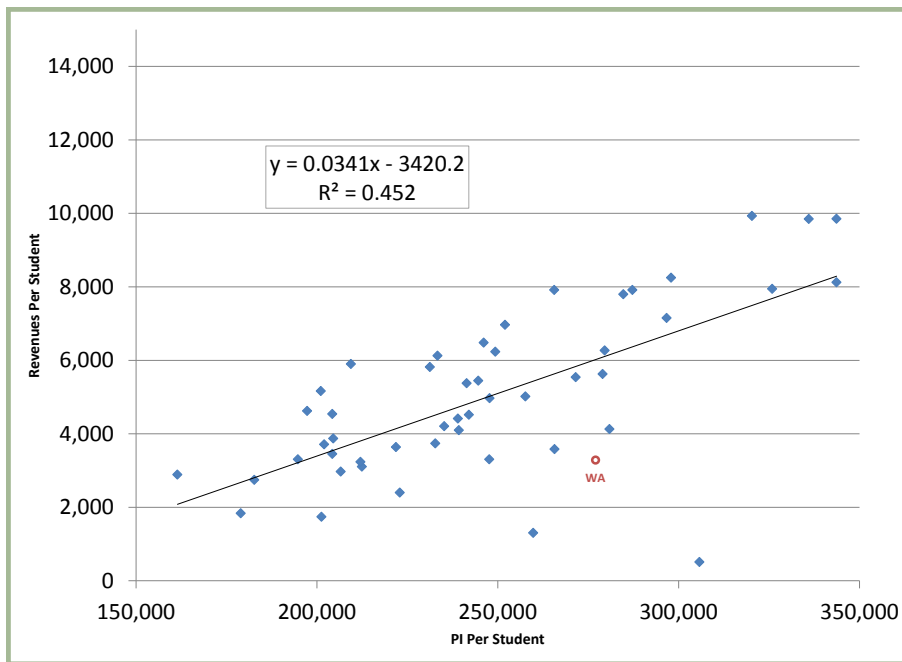
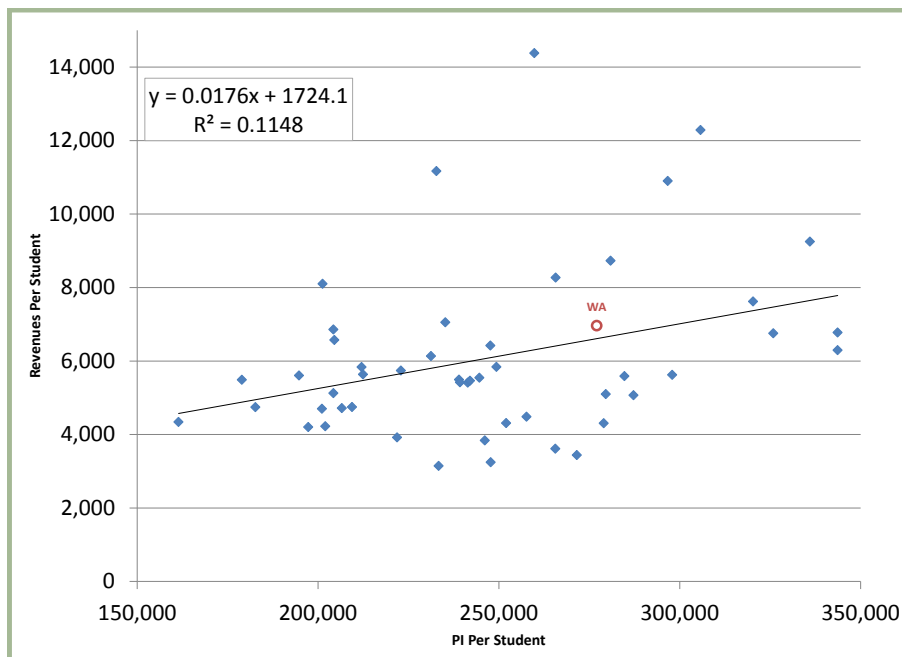


Chart 4: State Revenues Per Student, SY 2008–09



On all three charts, the Washington data point is shown as a circle. For state revenues and federal revenues, the Washington points lie a bit above the regression lines (\$356 and \$162 respectively). For local revenue, the Washington point lies well below the line (\$2,735).

Only ten states had higher state revenues per student than Washington in SY 2008–09: (in descending order) Vermont, Hawaii, Alaska, Wyoming, New York, Delaware, Minnesota, New Mexico, New Jersey, and Kansas. Of the reference states, only Minnesota and New Jersey had higher state revenues per pupil than Washington.

The data clearly demonstrate that Washington ranks among the top states for state-level funding of the public schools. The relatively low local share accounts for Washington’s middling-to-low ranking on the various measures of total fiscal effort.

In the following sections, Washington’s budget and tax structure will be compared with the reference states on a variety of measures. The discussion begins with a review of Washington’s budget.

### State Budget Analysis

For SY 2008–09, of total revenues per student in Washington, 67.0 percent came from the state general fund, 19.2 percent came from local taxes, 13.1 percent came from federal general fund revenues, and 0.7 percent from other sources (OSPI). (According to the Office of Superintendent of Public Instruction, other sources include “revenues from other school districts, other agencies and associations, and other financing sources.”) In fiscal year (FY) 2009, from the general fund, Washington spent 41.6 percent (\$6.719 billion) on public schools. Of total budgeted operating funds, Washington spent 25.2 percent (\$7.842 billion) on public schools. (The difference between the total budgeted amount and the general fund amount is mostly made up of federal funds.) Public school spending as a percent of the budget has remained fairly steady since



Chart 5: Federal Revenues Per Student, SY 2008–09

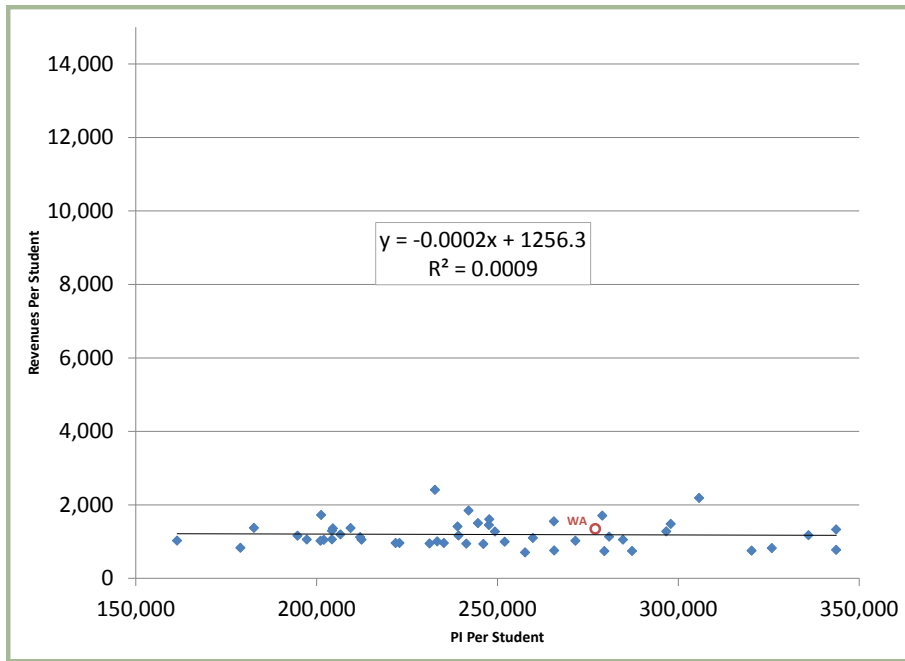
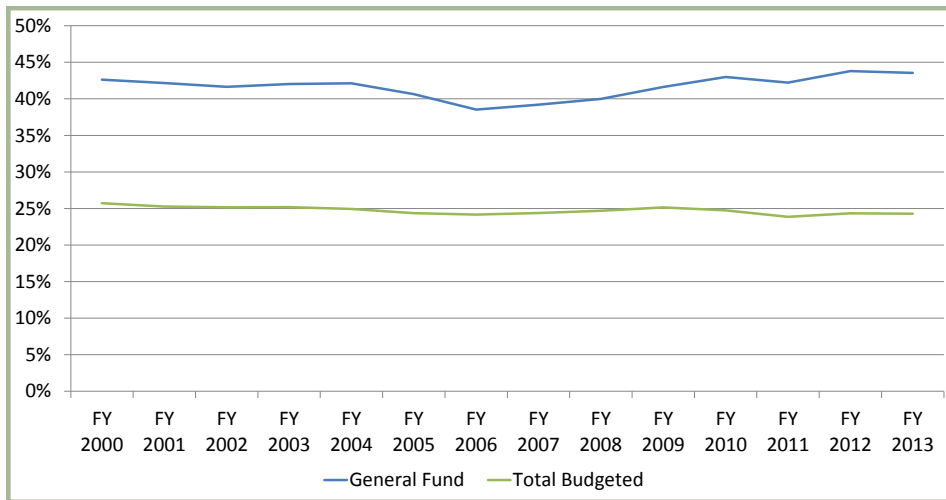


Chart 6: Washington spending on K-12 as a percent of the total operating budget



For Washington, the term “general fund” is technically the near general fund–state plus opportunity pathways accounts.

2000. (See chart 6.)

In 2009, Washington spent 36.3 percent of the general fund on the Department of Social and Health Services and other human services, 11.1 percent on higher education, and 4.4 percent on bond retirement. Together with public schools, these areas constitute 93.4 percent of the budget.

A number of programs in the budget cannot be reduced due to constitutional, statutory, or federal requirements. Other states face similar budgetary constraints.

Comparing the budgetary priorities of different states is not straightforward—programs may be categorized differently in different states, and programs may be funded from different sources. For example, as noted earlier, Washington’s state share of revenues per student is 11th highest in the nation, while the local share is 40th. Conversely, the state share for Virginia is 33rd, while the local share is 13th.

The best source for comparable figures is the National Association of State Budget Officers (NASBO), which compiles annual reports on state spending. Their numbers include general fund, federal, other state funds, and bonds; they do not include local funds. Recognizing the accounting issues noted above that complicate comparisons, it is still possible to get a fairly good picture of differing budget choices by looking at total state expenditures. In 2009, for Washington, K-12 spending represented 24.6 percent of total spending, 11th highest share in the nation; higher education spending was 13.3 percent of total spending, 18th highest; and Medicaid spending was 21.4 percent of total spending, 25th highest. Other states have made different choices; for example, Vermont was first in K-12, 50th in higher education, and 10th in Medicaid.

Table 5 (page 7) shows how the reference states organized their budgets in 2009. Nearly half of Washington’s budget (46.0 percent) is K-12 and Medicaid. Washington has a fairly low amount in the “all other” category.

Table 5: Percent of Total State Expenditures  
(General Fund, Federal, Other State and  
Bonds), 2009

	K-12		Higher Education		Public Assistance		Medicaid		Corrections		Transportation		All Other	
	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank
California	23.55%	15	8.42%	35	5.25%	1	20.58%	27	4.97%	2	4.54%	50	32.69%	24
Colorado	25.70%	8	14.90%	15	0.00%	49	14.07%	44	2.96%	23	5.91%	42	36.46%	17
Connecticut	19.48%	27	14.44%	17	2.54%	5	27.89%	5	3.81%	7	8.13%	26	23.71%	46
Maryland	20.25%	22	14.65%	16	2.37%	7	19.30%	31	4.83%	4	4.87%	49	33.74%	20
Massachusetts	12.91%	48	9.33%	33	2.95%	3	17.84%	34	2.54%	34	5.42%	46	44.38%	6
Minnesota	25.49%	9	10.41%	27	1.34%	14	23.96%	16	1.74%	48	9.14%	19	27.91%	41
New Jersey	23.82%	12	7.70%	38	0.92%	20	19.85%	29	3.35%	14	11.08%	9	33.27%	23
North Carolina	20.16%	23	13.04%	19	0.51%	34	24.98%	12	3.67%	9	7.72%	30	29.91%	32
Virginia	19.44%	29	17.54%	9	0.52%	33	16.45%	38	2.17%	42	11.32%	8	32.56%	26
Washington	24.61%	11	13.33%	18	1.20%	16	21.42%	25	3.38%	13	8.04%	27	28.01%	40

Note: The amounts for higher education include expenditures funded with tuition revenues for Washington and all the reference states except California.

Table 6: Medicaid as a percent of total state expenditures-capital inclusive (General Fund, Federal, Other State & Bonds)

	2009	FMAP	
		2009	2013
Connecticut	27.9%	61.59%	50.00%
North Carolina	25.0%	74.51%	65.51%
Minnesota	24.0%	61.59%	50.00%
Washington	21.4%	62.94%	50.00%
California	20.6%	61.59%	50.00%
New Jersey	19.8%	61.59%	50.00%
Maryland	19.3%	61.59%	50.00%
Massachusetts	17.8%	61.59%	50.00%
Virginia	16.4%	61.59%	50.00%
Colorado	14.1%	61.59%	50.00%
Total	21.9%	56.20%	50.00%

Medicaid spending is important because the federal government matches state spending, with the Federal Medical Assistance Percentage (FMAP). Table 6 displays the reference states' Medicaid spending as a share of the budget, along with the federal match. No state receives less than a 50 percent match, with poorer states receiving a higher match. The highest match for FY 2008 was 76.29 percent for Mississippi; Washington's match was 51.52 percent. As part of the American Recovery and Reinvestment Act, the FMAPs were enhanced from October 1, 2008 through December 31, 2010. The enhancements included a maintenance increase, an increase of 6.2 percent, and an additional percentage increase based on a state's increase in unemployment. (The enhanced FMAP was later extended through June 2011, but at a lower level.) For FY 2009, enhanced FMAPs ranged from 58.78 percent to 84.24 percent; Washington's was 62.94 percent (SHF). According to the Kaiser Family Foundation, "Medicaid

accounted for 43 percent of federal grants to states in 2009, the single largest source of federal funds to states" (Kaiser).

Washington's education spending compares favorably to the reference states in the NASBO numbers. Only Colorado and Minnesota devote more of their budgets to K-12. Washington has increased the share of the budget devoted to K-12 since 2006 (by 1.53 percent), as has Colorado. Minnesota's share has been declining, however.

### Constitutional Issues

In addition to legislative budgeting priorities, education finance is shaped by litigation. Washington is not alone in having faced, and lost, challenges to the way it funds public schools.

Until the 1920s, of public education funds nationally, 83.2 percent were from local taxes. Since the 1970s, though, states have contributed more revenues than local districts. (Corcoran and Evans) To some extent, this change occurred because of "a series of legislative and court-mandated reforms to state finance systems that originated in California's *Serrano I* ruling" (Corcoran and Evans).

Indeed, in the 1970s, courts began

to hold that the education provisions in the state constitutions afforded 'fundamental right' status to public education, conferring a judicially-enforceable individual right not just to *an* education but to a certain level of financing for, and even a certain quality of, education. (Eastman)

Such challenges to the finance systems were at first about equity, attempting "to break the link between local property wealth and school resources." Later, however, the challenges began to be about adequacy "as defined by the level of spending necessary to reach some performance standard" (Corcoran and Evans).

Again, Washington's constitution states: "It is the paramount duty of the state to



make ample provision for the education of all children residing within its borders, without distinction or preference on account of race, color, caste, or sex” (Article IX, section 1). According to the Senate Ways and Means committee (W&M), “While other states have constitutional provisions related to education, no other state makes K-12 education the ‘paramount duty’ of the state” (W&M).

W&M notes that the state Supreme Court has found, going back to 1978, that

this paramount duty is superior in rank and above all others. Neither fiscal crisis nor financial burden changes the Legislature’s constitutional duty. The state has no duty to fund programs outside the definition of ‘basic education.’ School districts may use local levies to fund enrichment programs and programs outside the legislative definition of basic education. However, the use of local levies cannot reduce the state’s obligation to fund basic education.

In 2009, ESHB 2261 (Chapter 548, Laws of 2009) was enacted; the legislation revised the definition and funding of basic education, to be fully implemented and funded by 2018. The legislature adopted new distribution formulas for basic education and pupil transportation in 2010 (SHB 2776).

In a January 2012 decision in the *McCleary* case, the state Supreme Court found that Washington is not meeting its paramount duty to fund basic education. But, as summarized by W&M,

The court did acknowledge the recent enactment of sweeping reforms under Chapter 548, Laws of 2009, and acknowledged the current progress toward implementing those reforms. The Court also noted that, if fully funded, the reform package will remedy deficiencies in the K-12 funding system. The Court retained jurisdiction to help ‘facilitate progress’ in the State’s plan to fully implement the reforms by 2018.

The school finance systems of each of the reference states have also been challenged in the courts. The reference states’ constitutions range from the flowery (Massachusetts: “it shall be the duty of legislatures and magistrates . . . to cherish the interests of literature and the sciences, and all seminaries of them; especially the university at Cambridge, public schools and grammar schools in the towns . . .”) to the brief (Connecticut: “There shall always be free public elementary and secondary schools in the state”). Many of the education provisions include language like “thorough and efficient” or “general and uniform” school systems. Of the reference states, less than half of the school finance systems have been upheld by state courts. (Appendix B includes the education provisions of each state’s constitution along with a review of relevant court cases.)

### Property Taxes

When courts mandate more spending on education, either cuts must be made elsewhere or taxes must be raised. As demonstrated, Washington already ranks among the top states for education funding from the state budget. While the court refers specifically to “local levies” as an unacceptable way to meet the state obligation, that does not rule out use of the property tax. The primary local source of revenue for public school systems is the property tax (McGuire and Papke), but Washington also collects a state property tax. And, one of the current proposals for meeting the *McCleary* mandate involves a “property tax swap,” which would increase the state property tax and reset the local levies. A key legislative proponent of the swap, Rep. Ross Hunter, estimates it would provide an additional \$1 billion annually of state funding. (Hunter)

To understand the concept, it’s necessary to put Washington’s property tax system in context. The Washington constitution limits aggregate tax on a property to “one percent of the true and fair value of that property in money.” This

was a modification of the 40 mill limit that had been established during the Great Depression. The one-percent limit is subject to six exceptions. First, it does not apply to the levies of ports and public utility districts. Second, the limit may be exceeded if a three-fifths majority of the district's voters approve. Generally voter approval for levies in excess of the limit must be renewed each year. Third, levies for school or fire district operations may extend for four years, and levies for school or fire facility construction may extend for six years. Fourth, voters may approve these levies for schools with a simple majority. Fifth, when voters of a district, by three-fifths majority, approve the issue of general obligation bonds to fund capital investments, levies to pay interest and principal are not subject to the limit. Sixth, a court of last resort can order levies over the limit to prevent impairment of contractual obligations.

With few exceptions, taxes levied within the one-percent levy limit are termed

regular levies, while those outside of the one-percent limit are excess or special levies.

The constitutional one-percent limit is implemented through a complex web of state statutes. Property must be assessed at 100 percent of true value, and tax rates must be stated in terms of dollars per \$1,000 of value. The one-percent limit thus limits regular property taxes to \$10 per \$1,000. Statutes divvy up this \$10 among the various districts allowed to levy a regular property tax (the state, counties, cities etc.). Of the \$10 limit, \$3.60 is reserved for the state and dedicated to public schools. School districts are not allocated any of the regular tax capacity. Thus all local property taxes for schools are special levies.

The constitutional restrictions affecting school levies have been amended four times since 1972. In 1976, the span of operating levies was extended from one year to two years (Amendment 64). In 1986, the six-year construction levy was introduced (Amendment 79). In 1997, the span of operating levies was extended from 2 years to 4 years (Amendment 90). In 2007, the majority required to approve operating and construction levies was reduced from 60 percent to 50 percent (Amendment 101).

Regular levies (but not special levies) are also subject to a statutory revenue growth limit: The cap on a district's total revenue in any year is equal to 101 percent of the highest amount levied in the preceding three years plus the previous year's tax rate applied to the value of new construction and improvements. Because of the revenue growth limit, the state property tax rate payable in 2012 is \$2.22 per \$1,000 rather than \$3.60.

Payable in 2012, the state levy totaled \$1.90 billion; school maintenance and operation (M&O) levies totaled \$2.00 billion; school bond levies totaled \$1.02 billion; and construction and transportation levies totaled \$229 million. Chart 7 shows the trends of these levies over the 15 years from 1997 to 2012. Average annual growth rates over the period were

Chart 7: Property Taxes Dedicated to Schools

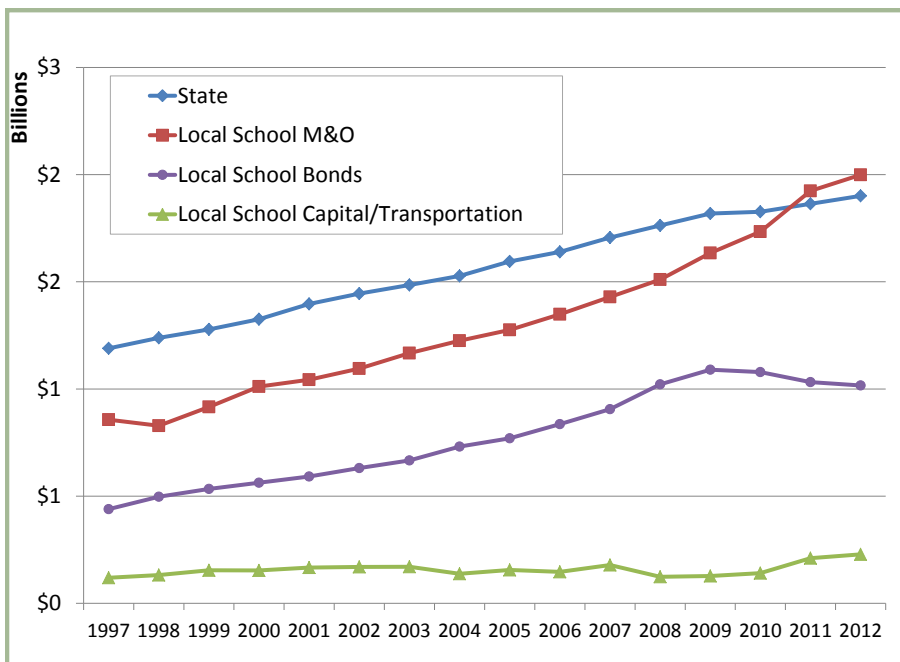


Table 7: Property Tax Burden, 2009–10

	Per \$1,000 PI		Per Capita	
	Amount	Rank	Amount	Rank
California	\$35.52	24	\$1,442.93	19
Colorado	\$39.19	16	\$1,588.75	13
Connecticut	\$47.77	8	\$2,517.48	3
Maryland	\$31.08	32	\$1,459.76	17
Massachusetts	\$40.18	15	\$1,980.47	8
Minnesota	\$34.57	25	\$1,407.83	20
New Jersey	\$57.42	3	\$2,812.09	1
North Carolina	\$26.68	38	\$896.54	38
Virginia	\$33.04	27	\$1,400.95	21
Washington	\$30.45	33	\$1,249.50	28
United States	\$37.26		\$1,427.80	

Table 8: Effective Property Tax Rate on a Primary Residence in the State's Largest City (Payable 2011)

	Effective Tax Rate		Median Sales Price		Net Tax	
	Amount	Rank	Amount	Rank	Amount	Rank
Los Angeles, CA	\$12.16	30	\$292,300	7	\$3,554	11
Denver, CO	\$5.32	49	\$232,700	11	\$1,237	43
Bridgeport, CT	\$31.32	2	\$430,500	2	\$13,485	1
Baltimore, MD	\$20.14	9	\$234,700	10	\$4,727	6
Boston, MA	\$6.90	44	\$355,700	5	\$2,454	19
Minneapolis, MN	\$14.72	18	\$157,300	27	\$2,316	23
Newark, NJ	\$22.34	4	\$374,900	4	\$8,377	2
Charlotte, NC	\$12.45	27	\$211,100	18	\$2,629	16
Virginia Beach, VA	\$8.92	39	\$184,900	21	\$1,649	33
Seattle, WA	\$8.68	40	\$287,200	8	\$2,494	18

3.2 percent for the state levy, 5.8 percent for the M&O and school bond levies, and 4.4 percent for the school construction levies. The average growth rate for state personal income over the period was 5.0 percent.

Property taxes are relatively low in Washington (surprisingly low considering the fact that the state does not have an income tax). Table 7 shows property tax revenue per \$1,000 of personal income and per capita for the reference states and the nation as a whole, based on Census Bureau estimates of 2009–10 taxes. Washington ranks 33rd in property taxes per \$1,000 of personal income and 28th in property taxes per capita.

Table 8 shows the effective tax rate on the median priced home in the principal city of each of the reference states, as calculated by the Minnesota Taxpayers Association. (The effective tax rate is the amount of the tax divided by the market value of the property. This differs from the stated tax rate to the extent that assessed value differs from market value.) The table also shows the amount of tax on the median priced home. Seattle ranks 40th in the effective tax rate and 18th in the amount of tax on the median price house. The difference in ranking by these two measures is due to the high value of houses in Seattle. Seattle's median price is 8th highest among the 50 cities.

### The Tax Burden Generally

In evaluating the effects of higher taxes, the overall burden imposed by state and local governments becomes a key consideration. The most common measures of tax burden focus on tax collections as a share of personal income or tax collections per capita. The former is influenced by a state's wealth; the latter, by its population. There is value in both, but, as discussed below, there are other important considerations masked by the metric. There are also differences in how the two most frequently cited tax burden reports calculate the burdens.

Table 9 (page 12) displays the 2010 tax

Table 9: Tax Burden Calculations, 2010

	Tax Foundation				Calculated from Census Estimates			
	Per \$1,000 PI		Per Capita		Per \$1,000 PI		Per Capita	
	Amount	Rank	Amount	Rank	Amount	Rank	Amount	Rank
California	\$112.34	4	\$4,934	6	\$113.82	10	\$4,623	11
Colorado	\$90.95	32	\$4,104	16	\$100.17	31	\$4,061	18
Connecticut	\$122.72	3	\$6,984	1	\$113.65	11	\$5,989	4
Maryland	\$101.97	12	\$5,234	5	\$103.29	26	\$4,851	8
Massachusetts	\$104.29	8	\$5,422	4	\$103.60	24	\$5,106	7
Minnesota	\$107.95	7	\$4,727	7	\$112.65	14	\$4,587	12
New Jersey	\$124.17	2	\$6,689	2	\$118.57	8	\$5,807	5
North Carolina	\$99.14	17	\$3,535	28	\$101.80	28	\$3,421	34
Virginia	\$92.52	30	\$4,336	12	\$91.63	42	\$3,885	24
Washington	\$92.94	28	\$4,261	13	\$96.75	36	\$3,971	22
United States	\$98.62		\$4,112		\$107.12		\$4,105	

burden rankings by the Tax Foundation and the U.S. Census Bureau for the reference states on tax burden per capita and as a share of the economy. The Tax Foundation shows Washington ranking 28th in taxes per \$1,000 of personal income and 13th in taxes per capita. Per the Census Bureau, in contrast, Washington has a lower tax burden on both measures: 36th per \$1,000 of PI and 22nd in taxes per capita.

The difference occurs because the Tax Foundation adjusts tax collections to reflect its best estimate of who actually pays the tax:

Our goal here is to move the focus from the tax collector to the taxpayer. We aim to find what percentage of state income residents are paying in state and local taxes and whether those taxes are paid to their own state or to others. We are not attempting to find the amount of money state and local governments have collected; the Census Bureau publishes the definitive comparative data answering that question. (Tax Foundation)

Alaska provides a good example. Severance taxes paid by out-of-state oil companies account for a substantial share of

total tax collections. Adjusting for this share of the tax burden paid by taxpayers outside the state of Alaska, the Tax Foundation ranks Alaska 50th in taxes as a share of the economy; the Census Bureau ranks them first. Other resource-rich states (e.g., North Dakota and Wyoming) show similar swings between the two reports. The Tax Foundation provides other examples of exported tax burden: tourism taxes, higher nonresident property taxes, and higher local sales taxes in resort areas.

The Tax Foundation also adjusts the definition of personal income, which accounts for its calculation of the U.S. overall tax burden of \$98.62 per \$1,000 being nearly 10 percent lower than the Census Bureau calculation of \$107.12. The per capita national burden is practically identical in both studies.

The Census Bureau figures, as noted above, provide a more accurate estimate of the tax revenues available for spending by state and local government. By that measure, Washington ranks slightly lower than the median state when the burden is measured as a share of the economy; slightly higher on a per capita basis.

### The Distribution of the Tax Burden

State and local government policies substantially affect the distribution of the tax burden. States vary in their reliance on business taxes, progressive income taxes, and the role played by local governments in funding services, particularly school. Below we'll examine the variation and place Washington in context.

*Business Taxes.* Business taxes represent 5.5 percent of Washington's Gross State Product, according to the Council on State Taxation. (COST) That's the highest total effective business tax rate of the reference states. (See table 10, page 13.)

Another study, however, finds that of the reference states, Washington has the best business tax climate. The Tax Foundation's 2013 State Business Tax Climate Index ranks Washington as having

Table 10: State and Local Business Taxes as a Percent of Gross State Product, FY 2011

Washington	5.5
California	5.3
New Jersey	5.1
Colorado	4.5
Minnesota	4.5
Massachusetts	4.3
Virginia	4.0
Maryland	3.8
Connecticut	3.6
North Carolina	3.5
U.S. Average	5.0

Table 11: State Business Tax Climate Index, FY 2013

	SBTC Score	Rank
Washington	6.38	6
Colorado	5.37	18
Massachusetts	5.17	22
Virginia	5.09	27
Connecticut	4.47	40
Maryland	4.47	41
North Carolina	4.21	44
Minnesota	4.18	45
California	3.67	48
New Jersey	3.40	49

the 6th best business tax climate of the 50 states and District of Columbia. Table 11 shows the reference states, with their tax climate score and national ranking. The tax climate score is a composite measure that uses 118 variables grouped into five categories: major business taxes, individual income taxes, sales taxes, unemployment insurance taxes and property taxes.

The Tax Foundation State Business Tax Climate Index assigns extraordinary weight to income taxes. Individual income taxes are assigned a weight of 33.1 percent; sales taxes, 21.5 percent; corporate taxes, 20.1 percent; property taxes, 14.0 percent; and unemployment insurance taxes, 11.4 percent. A state lacking any of the major taxes inevitably fares well in the scoring.

The Foundation explains:

The absence of a major tax is a dominant factor in vaulting many of these ten states to the top of the rankings. Property taxes and unemployment insurance taxes are levied in every state, but there are several states that do without one or more of the major taxes: the corporate tax, the individual income tax, or the sales tax . . . .

The lesson is simple: a state that raises sufficient revenue without one of the major taxes will, all things being equal, have an advantage over those states that levy every tax in the state tax collector's arsenal. (Drenkard and Henchman)

Six of the reference states rely heavily on income taxes and fall in the bottom quintile on the national rankings. Only Washington landed among the top ten. The key to Washington's favorable ranking is the absence of a personal income tax. Study co-author Scott Drenkard says that about half of net business income flows directly to personal income tax returns.

"For tax competitiveness," he says, "the personal income tax structure and rates matter just as much for businesses as the corporate income tax, sometimes more" (Davis).

*State v. Local Tax Burden.* Because states vary in the degree to which they fund services at the state or local government level, most analysts combine state and local taxes as they make comparisons among the states. The greatest variation typically comes in the funding of K-12 education.



Chart 8: State and Local Source Revenues for K-12, Per Student, SY 2008–09

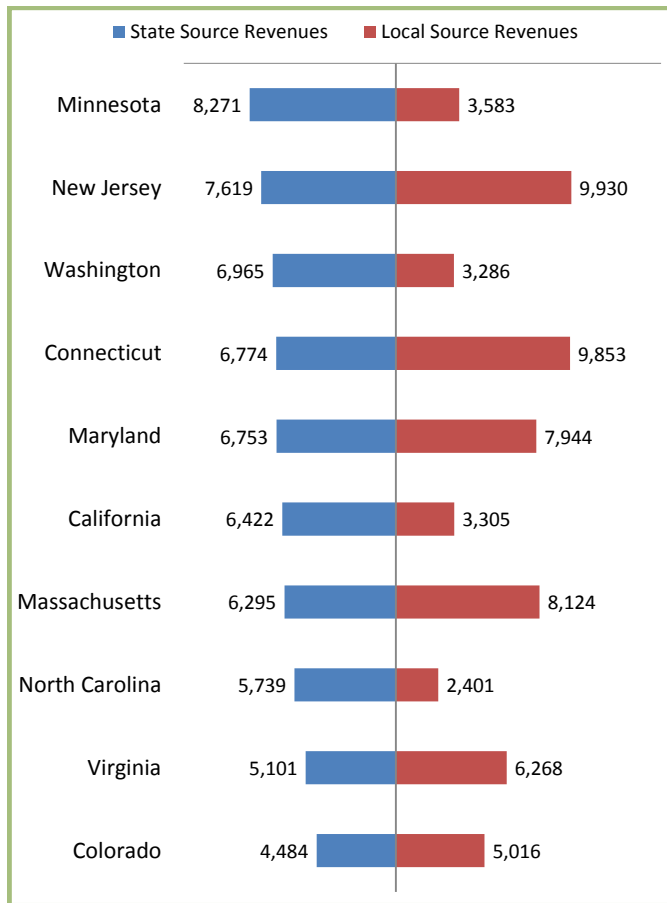


Table 12: Own-source Revenues for K-12, Per Student, SY 2008–09

	<u>Total</u>	<u>Local</u>	<u>State</u>
New Jersey	17,549	9,930	7,619
Connecticut	16,627	9,853	6,774
Maryland	14,697	7,944	6,753
Massachusetts	14,419	8,124	6,295
Minnesota	11,854	3,583	8,271
Virginia	11,369	6,268	5,101
Washington	10,251	3,286	6,965
California	9,727	3,305	6,422
Colorado	9,500	5,016	4,484
North Carolina	8,140	2,401	5,739

Chart 8 looks at the revenues per pupil generated from state and local taxes for the reference states. Washington ranks third among the reference states (and 11th of all states) in state funding, providing \$6,965 per pupil. Only New Jersey and Minnesota provide more state revenues per pupil.

The same data are shown in Table 12, ranked from highest to lowest in total own-source funding. (Federal funds are excluded here because they vary from year-to-year and do not reflect the tax effort of state residents.) On total own-source funding, Washington ranks seventh among the reference states (and 27th among all states). Notice the extraordinary reliance on local property tax revenues by several reference states, particularly high-ranking New Jersey and Connecticut. Only North Carolina provides fewer dollars of local revenue per pupil than does Washington. (Nationally, Washington ranks 40th in revenues from local sources.)

### Discussion

Washington’s overall tax burden (state and local combined) ranks below the median measured as a share of the economy. Measured on a per capita basis the burden is slightly above the median. Compared to other states, the distribution of the tax burden is unusual. Washington relies heavily on business taxes, but the lack of a personal income tax leads some analysts to say the state has a favorable business tax climate. A relatively low and uniform property tax compares well with other states.

In 2013, education finance will again emerge as a primary legislative issue. Although the *McCleary* decision has focused attention on the adequacy of public school funding in Washington, the issue has been omnipresent for the past several legislative sessions. With the recession, state revenues declined and have only recently begun to return to trend growth. To an extraordinary degree, Washington funds the public schools from the state budget. Corre-

spondingly, local levies provide a relatively small share of education funding. *McCleary*, as commonly understood, suggests that the court would further increase the state's role, while reducing dependence on local levies.

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## Appendix A

Per Student Revenues, Expenditures,  
Current Expenditures, SY 2008-09

	Total Revenues Per Student		Total Expenditure Per Student		Total Current Expenditure Per Student	
	Amount	Rank	Amount	Rank	Amount	Rank
Alabama	\$9,793	43	\$10,642	38	\$9,042	36
Alaska	\$17,319	5	\$18,058	4	\$15,353	3
Arizona	\$8,983	45	\$9,607	45	\$7,929	47
Arkansas	\$10,072	39	\$10,152	42	\$8,854	39
California	\$11,180	32	\$11,397	32	\$9,503	33
Colorado	\$10,207	37	\$10,669	37	\$8,782	40
Connecticut	\$17,404	4	\$17,462	5	\$15,353	4
Delaware	\$13,993	12	\$14,700	10	\$12,109	14
Florida	\$10,005	40	\$11,097	35	\$8,867	38
Georgia	\$10,881	33	\$11,468	30	\$9,649	30
Hawaii	\$14,987	10	\$13,504	13	\$12,399	11
Idaho	\$8,158	50	\$8,618	50	\$7,118	49
Illinois	\$13,080	15	\$13,456	14	\$11,592	15
Indiana	\$12,015	22	\$10,582	39	\$9,254	34
Iowa	\$11,731	25	\$11,726	26	\$10,055	26
Kansas	\$12,223	20	\$11,441	31	\$10,201	24
Kentucky	\$10,196	38	\$10,501	40	\$9,038	37
Louisiana	\$11,827	23	\$12,075	21	\$10,625	22
Maine	\$13,349	14	\$13,368	16	\$12,183	13
Maryland	\$15,521	8	\$15,113	9	\$13,737	9
Massachusetts	\$15,750	7	\$15,728	7	\$14,540	8
Michigan	\$11,799	24	\$11,987	22	\$10,373	23
Minnesota	\$12,610	17	\$13,555	12	\$11,088	17
Mississippi	\$8,864	47	\$8,948	46	\$8,064	45
Missouri	\$11,253	31	\$11,728	25	\$9,891	27
Montana	\$11,319	30	\$11,530	28	\$10,189	25
Nebraska	\$12,274	19	\$12,715	19	\$10,846	20
Nevada	\$10,270	36	\$10,501	41	\$8,321	44
New Hampshire	\$13,727	13	\$13,418	15	\$12,583	10
New Jersey	\$18,302	3	\$18,549	3	\$17,076	2
New Mexico	\$11,568	29	\$11,849	24	\$9,648	31
New York	\$20,272	1	\$19,983	1	\$17,746	1
North Carolina	\$9,101	44	\$9,729	44	\$8,518	43
North Dakota	\$11,638	26	\$11,043	36	\$9,802	28
Ohio	\$12,902	16	\$12,871	17	\$10,902	19
Oklahoma	\$8,882	46	\$8,716	48	\$7,878	48
Oregon	\$10,680	35	\$11,514	29	\$9,611	32
Pennsylvania	\$14,440	11	\$14,648	11	\$12,299	12
Rhode Island	\$15,358	9	\$15,547	8	\$14,719	6
South Carolina	\$10,727	34	\$11,667	27	\$9,228	35
South Dakota	\$9,823	42	\$10,074	43	\$8,543	42
Tennessee	\$8,523	48	\$8,895	47	\$7,992	46
Texas	\$9,882	41	\$11,149	34	\$8,562	41
Utah	\$8,255	49	\$8,640	49	\$6,612	50
Vermont	\$16,780	6	\$16,035	6	\$15,096	5
Virginia	\$12,109	21	\$12,264	20	\$10,928	18
Washington	\$11,602	28	\$11,917	23	\$9,688	29
West Virginia	\$11,606	27	\$11,305	33	\$10,821	21
Wisconsin	\$12,493	18	\$12,843	18	\$11,183	16
Wyoming	\$19,328	2	\$19,037	2	\$14,628	7
District of Columbia	\$24,039		\$27,155		\$19,698	
United States	\$12,103		\$12,450		\$10,591	

## Per Capita Revenues, Expenditures, Current Expenditures, SY 2008-09

	Total Revenues Per Capita		Total Expenditure Per Capita		Total Current Expenditure Per Capita		Students Per Capita	
	Amount	Rank	Amount	Rank	Amount	Rank	Amount	Rank
Alabama	\$1,535	45	\$1,668	39	\$1,417	38	0.157	26
Alaska	\$3,287	1	\$3,427	1	\$2,914	1	0.190	3
Arizona	\$1,559	42	\$1,667	40	\$1,376	41	0.174	7
Arkansas	\$1,679	37	\$1,692	38	\$1,476	33	0.167	13
California	\$1,931	22	\$1,969	21	\$1,641	26	0.173	8
Colorado	\$1,709	32	\$1,786	32	\$1,470	35	0.167	10
Connecticut	\$2,785	5	\$2,794	5	\$2,456	4	0.160	17
Delaware	\$1,988	17	\$2,089	13	\$1,720	17	0.142	46
Florida	\$1,421	49	\$1,577	45	\$1,260	49	0.142	47
Georgia	\$1,898	27	\$2,000	17	\$1,683	22	0.174	6
Hawaii	\$2,020	14	\$1,820	30	\$1,671	24	0.135	50
Idaho	\$1,465	47	\$1,547	46	\$1,278	48	0.180	4
Illinois	\$2,080	10	\$2,140	12	\$1,843	11	0.159	19
Indiana	\$1,957	19	\$1,724	36	\$1,507	31	0.163	16
Iowa	\$1,830	28	\$1,829	29	\$1,569	29	0.156	29
Kansas	\$2,050	12	\$1,919	25	\$1,711	19	0.168	9
Kentucky	\$1,549	44	\$1,595	42	\$1,373	42	0.152	36
Louisiana	\$1,827	29	\$1,865	26	\$1,641	27	0.154	32
Maine	\$1,937	20	\$1,940	23	\$1,768	12	0.145	42
Maryland	\$2,302	8	\$2,242	8	\$2,038	8	0.148	40
Massachusetts	\$2,334	7	\$2,330	7	\$2,154	7	0.148	41
Michigan	\$1,969	18	\$2,000	16	\$1,731	15	0.167	12
Minnesota	\$2,010	15	\$2,160	10	\$1,767	13	0.159	18
Mississippi	\$1,480	46	\$1,494	49	\$1,347	46	0.167	11
Missouri	\$1,695	35	\$1,767	33	\$1,490	32	0.151	37
Montana	\$1,635	39	\$1,666	41	\$1,472	34	0.144	43
Nebraska	\$1,923	23	\$1,992	18	\$1,699	20	0.157	27
Nevada	\$1,681	36	\$1,718	37	\$1,362	44	0.164	15
New Hampshire	\$2,066	11	\$2,020	15	\$1,894	10	0.151	38
New Jersey	\$2,901	3	\$2,941	3	\$2,707	2	0.159	22
New Mexico	\$1,899	26	\$1,945	22	\$1,584	28	0.164	14
New York	\$2,891	4	\$2,850	4	\$2,531	3	0.143	45
North Carolina	\$1,433	48	\$1,532	47	\$1,341	47	0.157	25
North Dakota	\$1,675	38	\$1,589	44	\$1,411	39	0.144	44
Ohio	\$1,994	16	\$1,989	19	\$1,685	21	0.155	31
Oklahoma	\$1,560	41	\$1,531	48	\$1,384	40	0.176	5
Oregon	\$1,631	40	\$1,759	34	\$1,468	36	0.153	35
Pennsylvania	\$2,032	13	\$2,061	14	\$1,731	14	0.141	48
Rhode Island	\$2,115	9	\$2,141	11	\$2,027	9	0.138	49
South Carolina	\$1,703	34	\$1,852	28	\$1,465	37	0.159	20
South Dakota	\$1,554	43	\$1,594	43	\$1,351	45	0.158	23
Tennessee	\$1,327	50	\$1,385	50	\$1,244	50	0.156	30
Texas	\$1,932	21	\$2,179	9	\$1,674	23	0.195	2
Utah	\$1,707	33	\$1,786	31	\$1,367	43	0.207	1
Vermont	\$2,517	6	\$2,405	6	\$2,264	6	0.150	39
Virginia	\$1,910	25	\$1,934	24	\$1,723	16	0.158	24
Washington	\$1,814	30	\$1,863	27	\$1,514	30	0.156	28
West Virginia	\$1,783	31	\$1,737	35	\$1,662	25	0.154	34
Wisconsin	\$1,920	24	\$1,974	20	\$1,719	18	0.154	33
Wyoming	\$3,065	2	\$3,019	2	\$2,320	5	0.159	21
District of Columbia	\$2,838		\$3,206		\$2,325		0.118	
United States	\$1,951		\$2,007		\$1,707		0.161	



## Per \$1,000 PI Revenues, Expenditures, Current Expenditures, SY 2008-09

	Total Revenues Per \$1,000 PI		Total Expenditure Per \$1,000 PI		Total Current Expenditure Per \$1,000 PI		PI Per Student	
	Amount	Rank	Amount	Rank	Amount	Rank	Amount	Rank
Alabama	\$46.10	34	\$50.10	25	\$42.57	29	\$212,421	36
Alaska	\$74.42	1	\$77.59	1	\$65.97	1	\$232,736	32
Arizona	\$44.47	40	\$47.56	35	\$39.25	39	\$202,007	43
Arkansas	\$51.72	15	\$52.14	18	\$45.47	14	\$194,723	47
California	\$45.15	38	\$46.02	38	\$38.37	41	\$247,636	23
Colorado	\$39.62	48	\$41.41	46	\$34.09	49	\$257,632	19
Connecticut	\$50.65	20	\$50.81	21	\$44.68	16	\$343,645	2
Delaware	\$49.82	22	\$52.33	16	\$43.11	25	\$280,896	11
Florida	\$36.84	50	\$40.87	47	\$32.65	50	\$271,540	15
Georgia	\$54.11	11	\$57.03	9	\$47.98	10	\$201,097	45
Hawaii	\$49.01	24	\$44.16	41	\$40.55	35	\$305,769	6
Idaho	\$45.59	37	\$48.16	32	\$39.78	38	\$178,950	49
Illinois	\$49.25	23	\$50.66	22	\$43.64	21	\$265,604	17
Indiana	\$57.38	7	\$50.54	23	\$44.19	17	\$209,389	38
Iowa	\$48.60	27	\$48.58	30	\$41.66	33	\$241,397	27
Kansas	\$51.97	14	\$48.64	29	\$43.37	23	\$235,216	30
Kentucky	\$48.08	29	\$49.52	27	\$42.62	28	\$212,060	37
Louisiana	\$48.87	25	\$49.90	26	\$43.90	19	\$242,000	26
Maine	\$53.54	12	\$53.62	13	\$48.86	9	\$249,325	21
Maryland	\$47.63	31	\$46.38	37	\$42.16	31	\$325,863	4
Massachusetts	\$45.83	35	\$45.77	39	\$42.31	30	\$343,663	1
Michigan	\$57.70	5	\$58.62	6	\$50.72	6	\$204,499	40
Minnesota	\$47.46	32	\$51.02	20	\$41.73	32	\$265,684	16
Mississippi	\$48.52	28	\$48.98	28	\$44.14	18	\$182,693	48
Missouri	\$45.72	36	\$47.65	34	\$40.19	36	\$246,124	24
Montana	\$47.36	33	\$48.25	31	\$42.64	27	\$238,968	29
Nebraska	\$48.70	26	\$50.45	24	\$43.04	26	\$252,023	20
Nevada	\$44.01	41	\$45.00	40	\$35.66	45	\$233,339	31
New Hampshire	\$47.79	30	\$46.72	36	\$43.81	20	\$287,225	9
New Jersey	\$57.15	8	\$57.92	7	\$53.32	3	\$320,277	5
New Mexico	\$57.47	6	\$58.87	5	\$47.94	11	\$201,276	44
New York	\$60.33	4	\$59.47	4	\$52.82	5	\$336,004	3
North Carolina	\$40.82	46	\$43.64	43	\$38.21	42	\$222,936	34
North Dakota	\$41.72	45	\$39.58	50	\$35.13	46	\$278,988	13
Ohio	\$55.80	10	\$55.67	11	\$47.15	12	\$231,219	33
Oklahoma	\$42.99	43	\$42.19	45	\$38.13	43	\$206,595	39
Oregon	\$44.64	39	\$48.12	33	\$40.17	37	\$239,264	28
Pennsylvania	\$50.72	19	\$51.45	19	\$43.20	24	\$284,720	10
Rhode Island	\$51.55	16	\$52.18	17	\$49.41	7	\$297,923	7
South Carolina	\$52.52	13	\$57.12	8	\$45.18	15	\$204,257	41
South Dakota	\$39.65	47	\$40.66	48	\$34.48	48	\$247,756	22
Tennessee	\$38.42	49	\$40.09	49	\$36.03	44	\$221,847	35
Texas	\$50.09	21	\$56.51	10	\$43.40	22	\$197,284	46
Utah	\$51.14	17	\$53.52	14	\$40.96	34	\$161,426	50
Vermont	\$64.58	3	\$61.72	3	\$58.10	2	\$259,821	18
Virginia	\$43.31	42	\$43.87	42	\$39.09	40	\$279,578	12
Washington	\$41.88	44	\$43.02	44	\$34.97	47	\$277,024	14
West Virginia	\$56.82	9	\$55.35	12	\$52.98	4	\$204,252	42
Wisconsin	\$51.08	18	\$52.50	15	\$45.72	13	\$244,602	25
Wyoming	\$65.14	2	\$64.16	2	\$49.30	8	\$296,705	8
District of Columbia	\$40.41		\$45.65		\$33.12		\$594,826	
United States	\$48.79		\$50.20		\$42.70		\$248,040	

## Revenue Per Student, SY 2008-09

	Total		State Sources		Local Sources		Federal Sources	
	Amount	Rank	Amount	Rank	Amount	Rank	Amount	Rank
Alabama	\$9,793	43	\$5,636	22	\$3,105	42	\$1,052	29
Alaska	\$17,319	5	\$11,171	3	\$3,738	33	\$2,410	1
Arizona	\$8,983	45	\$4,224	43	\$3,714	34	\$1,046	31
Arkansas	\$10,072	39	\$5,604	24	\$3,305	38	\$1,162	23
California	\$11,180	32	\$6,422	16	\$3,305	38	\$1,453	10
Colorado	\$10,207	37	\$4,484	39	\$5,016	23	\$707	50
Connecticut	\$17,404	4	\$6,774	13	\$9,853	2	\$777	45
Delaware	\$13,993	12	\$8,729	6	\$4,128	30	\$1,136	24
Florida	\$10,005	40	\$3,439	48	\$5,542	19	\$1,024	33
Georgia	\$10,881	33	\$4,699	38	\$5,163	22	\$1,020	34
Hawaii	\$14,987	10	\$12,286	2	\$512	50	\$2,189	2
Idaho	\$8,158	50	\$5,489	28	\$1,835	47	\$833	43
Illinois	\$13,080	15	\$3,614	47	\$7,914	7	\$1,552	7
Indiana	\$12,015	22	\$4,746	35	\$5,900	16	\$1,370	13
Iowa	\$11,731	25	\$5,409	31	\$5,378	21	\$943	41
Kansas	\$12,223	20	\$7,055	10	\$4,205	29	\$963	37
Kentucky	\$10,196	38	\$5,837	20	\$3,236	41	\$1,123	25
Louisiana	\$11,827	23	\$5,461	29	\$4,520	27	\$1,846	3
Maine	\$13,349	14	\$5,842	19	\$6,234	14	\$1,274	19
Maryland	\$15,521	8	\$6,753	14	\$7,944	6	\$823	44
Massachusetts	\$15,750	7	\$6,295	17	\$8,124	5	\$1,331	16
Michigan	\$11,799	24	\$6,570	15	\$3,872	32	\$1,358	14
Minnesota	\$12,610	17	\$8,271	7	\$3,583	36	\$756	46
Mississippi	\$8,864	47	\$4,745	36	\$2,745	45	\$1,374	12
Missouri	\$11,253	31	\$3,839	46	\$6,480	12	\$934	42
Montana	\$11,319	30	\$5,493	27	\$4,414	28	\$1,412	11
Nebraska	\$12,274	19	\$4,310	41	\$6,968	11	\$997	36
Nevada	\$10,270	36	\$3,143	50	\$6,124	15	\$1,003	35
New Hampshire	\$13,727	13	\$5,069	34	\$7,914	7	\$744	48
New Jersey	\$18,302	3	\$7,619	9	\$9,930	1	\$753	47
New Mexico	\$11,568	29	\$8,103	8	\$1,742	48	\$1,723	4
New York	\$20,272	1	\$9,249	5	\$9,849	3	\$1,175	21
North Carolina	\$9,101	44	\$5,739	21	\$2,401	46	\$960	39
North Dakota	\$11,638	26	\$4,307	42	\$5,627	18	\$1,705	5
Ohio	\$12,902	16	\$6,136	18	\$5,818	17	\$947	40
Oklahoma	\$8,882	46	\$4,716	37	\$2,971	43	\$1,195	20
Oregon	\$10,680	35	\$5,418	30	\$4,097	31	\$1,165	22
Pennsylvania	\$14,440	11	\$5,589	25	\$7,799	9	\$1,052	29
Rhode Island	\$15,358	9	\$5,625	23	\$8,250	4	\$1,483	9
South Carolina	\$10,727	34	\$5,124	32	\$4,541	26	\$1,062	27
South Dakota	\$9,823	42	\$3,244	49	\$4,970	24	\$1,608	6
Tennessee	\$8,523	48	\$3,919	45	\$3,641	35	\$962	38
Texas	\$9,882	41	\$4,203	44	\$4,624	25	\$1,055	28
Utah	\$8,255	49	\$4,339	40	\$2,889	44	\$1,027	32
Vermont	\$16,780	6	\$14,380	1	\$1,302	49	\$1,098	26
Virginia	\$12,109	21	\$5,101	33	\$6,268	13	\$740	49
Washington	\$11,602	28	\$6,965	11	\$3,286	40	\$1,350	15
West Virginia	\$11,606	27	\$6,858	12	\$3,453	37	\$1,295	17
Wisconsin	\$12,493	18	\$5,547	26	\$5,444	20	\$1,502	8
Wyoming	\$19,328	2	\$10,900	4	\$7,151	10	\$1,276	18
Dist. of Columbia	\$24,039		\$2,559				\$2,559	

Tax Burden Calculations,  
2010

	Tax Foundation				Calculated from Census Estimates			
	Per \$1,000 PI		Per Capita		Per \$1,000 PI		Per Capita	
	Amount	Rank	Amount	Rank	Amount	Rank	Amount	Rank
Alabama	\$81.80	43	\$2,740	48	\$86.16	48	\$2,776	49
Alaska	\$69.71	50	\$3,214	35	\$206.61	1	\$8,636	1
Arizona	\$84.15	40	\$3,006	44	\$92.23	41	\$3,061	43
Arkansas	\$100.26	15	\$3,285	33	\$103.42	25	\$3,249	36
California	\$112.34	4	\$4,934	6	\$113.82	10	\$4,623	11
Colorado	\$90.95	32	\$4,104	16	\$100.17	31	\$4,061	18
Connecticut	\$122.72	3	\$6,984	1	\$113.65	11	\$5,989	4
Delaware	\$92.01	31	\$3,728	23	\$103.76	23	\$3,979	21
Florida	\$93.08	27	\$3,728	22	\$95.79	38	\$3,495	31
Georgia	\$89.64	33	\$3,222	34	\$92.37	40	\$3,101	42
Hawaii	\$101.05	14	\$4,396	10	\$121.77	7	\$4,841	9
Idaho	\$93.74	25	\$3,101	38	\$90.63	44	\$2,763	50
Illinois	\$102.03	11	\$4,512	9	\$102.69	27	\$4,182	16
Indiana	\$95.91	23	\$3,294	32	\$108.93	15	\$3,595	29
Iowa	\$95.81	24	\$3,660	26	\$106.55	18	\$3,917	23
Kansas	\$96.52	22	\$3,802	19	\$106.08	20	\$3,992	20
Kentucky	\$93.57	26	\$3,027	43	\$100.44	30	\$3,167	39
Louisiana	\$77.53	47	\$2,851	46	\$99.72	33	\$3,554	30
Maine	\$102.60	9	\$3,807	18	\$122.04	6	\$4,398	14
Maryland	\$101.97	12	\$5,234	5	\$103.29	26	\$4,851	8
Massachusetts	\$104.29	8	\$5,422	4	\$103.60	24	\$5,106	7
Michigan	\$98.43	18	\$3,503	29	\$108.55	16	\$3,615	28
Minnesota	\$107.95	7	\$4,727	7	\$112.65	14	\$4,587	12
Mississippi	\$86.90	37	\$2,625	50	\$101.03	29	\$3,021	45
Missouri	\$89.51	34	\$3,328	30	\$88.80	47	\$3,164	41
Montana	\$86.12	38	\$3,089	39	\$98.05	34	\$3,248	37
Nebraska	\$96.96	21	\$3,853	17	\$105.76	21	\$4,027	19
Nevada	\$82.37	42	\$3,297	31	\$105.10	22	\$3,748	27
New Hampshire	\$81.05	44	\$3,717	25	\$89.92	46	\$3,812	25
New Jersey	\$124.17	2	\$6,689	2	\$118.57	8	\$5,807	5
New Mexico	\$84.44	39	\$2,906	45	\$99.84	32	\$3,170	38
New York	\$127.67	1	\$6,375	3	\$150.97	2	\$7,024	2
North Carolina	\$99.14	17	\$3,535	28	\$101.80	28	\$3,421	34
North Dakota	\$89.07	35	\$3,733	20	\$132.86	4	\$5,156	6
Ohio	\$97.10	20	\$3,563	27	\$107.57	17	\$3,762	26
Oklahoma	\$87.32	36	\$3,060	40	\$89.97	45	\$3,032	44
Oregon	\$99.62	16	\$3,729	21	\$98.02	35	\$3,419	35
Pennsylvania	\$102.38	10	\$4,183	14	\$106.12	19	\$4,144	17
Rhode Island	\$108.54	6	\$4,627	8	\$112.85	13	\$4,571	13
South Carolina	\$83.75	41	\$2,760	47	\$91.17	43	\$2,838	48
South Dakota	\$75.85	49	\$3,035	41	\$83.93	50	\$3,164	40
Tennessee	\$77.16	48	\$2,707	49	\$85.82	49	\$2,870	47
Texas	\$79.29	45	\$3,104	37	\$95.31	39	\$3,425	33
Utah	\$92.85	29	\$3,181	36	\$96.15	37	\$2,998	46
Vermont	\$101.11	13	\$4,154	15	\$122.70	5	\$4,719	10
Virginia	\$92.52	30	\$4,336	12	\$91.63	42	\$3,885	24
Washington	\$92.94	28	\$4,261	13	\$96.75	36	\$3,971	22
West Virginia	\$97.13	19	\$3,029	42	\$113.09	12	\$3,490	32
Wisconsin	\$110.75	5	\$4,379	11	\$116.72	9	\$4,285	15
Wyoming	\$77.69	46	\$3,721	24	\$145.13	3	\$6,164	3
Dist. of Columbia	\$92.51		\$5,991		\$124.73		\$8,315	
United States	\$98.62		\$4,112		\$107.12		\$4,105	

## Property Tax Burden, 2009–10

	Per \$1,000 PI		Per Capita	
	Amount	Rank	Amount	Rank
Alabama	\$16.69	50	\$538	50
Alaska	\$44.15	11	\$1,845	9
Arizona	\$34.37	26	\$1,141	30
Arkansas	\$18.94	48	\$595	49
California	\$35.52	24	\$1,443	19
Colorado	\$39.19	16	\$1,589	13
Connecticut	\$47.77	8	\$2,517	3
Delaware	\$19.27	47	\$739	45
Florida	\$41.10	14	\$1,500	15
Georgia	\$32.50	29	\$1,091	33
Hawaii	\$25.71	41	\$1,022	34
Idaho	\$27.32	36	\$833	40
Illinois	\$44.80	10	\$1,824	10
Indiana	\$35.73	23	\$1,179	29
Iowa	\$37.09	19	\$1,364	23
Kansas	\$36.52	21	\$1,374	22
Kentucky	\$21.62	44	\$682	46
Louisiana	\$20.88	45	\$744	43
Maine	\$49.60	6	\$1,788	11
Maryland	\$31.08	32	\$1,460	17
Massachusetts	\$40.18	15	\$1,980	8
Michigan	\$43.69	12	\$1,455	18
Minnesota	\$34.57	25	\$1,408	20
Mississippi	\$28.49	35	\$852	39
Missouri	\$26.85	37	\$957	37
Montana	\$38.98	17	\$1,291	25
Nebraska	\$38.88	18	\$1,480	16
Nevada	\$36.25	22	\$1,293	24
New Hampshire	\$58.09	2	\$2,463	4
New Jersey	\$57.42	3	\$2,812	1
New Mexico	\$19.80	46	\$629	48
New York	\$48.89	7	\$2,275	5
North Carolina	\$26.68	38	\$897	38
North Dakota	\$26.28	40	\$1,020	35
Ohio	\$32.30	30	\$1,130	32
Oklahoma	\$18.94	49	\$638	47
Oregon	\$36.90	20	\$1,287	26
Pennsylvania	\$32.22	31	\$1,258	27
Rhode Island	\$51.45	5	\$2,084	7
South Carolina	\$32.68	28	\$1,017	36
South Dakota	\$30.11	34	\$1,135	31
Tennessee	\$23.67	43	\$791	42
Texas	\$43.07	13	\$1,548	14
Utah	\$26.58	39	\$829	41
Vermont	\$56.26	4	\$2,164	6
Virginia	\$33.04	27	\$1,401	21
Washington	\$30.45	33	\$1,249	28
West Virginia	\$24.10	42	\$744	44
Wisconsin	\$46.15	9	\$1,694	12
Wyoming	\$61.73	1	\$2,622	2
Dist. of Columbia	\$46.10		\$3,073	
United States	\$37.26		\$1,428	

## Effective Property Tax Rate on a Primary Residence in the State's Largest City (Payable 2011)

	Effective Tax Rate		Median Sales Price		Net Tax	
	Amount	Rank	Amount	Rank	Amount	Rank
Anchorage, AK	\$13.43	21	\$323,374	6	\$4,343	8
Birmingham, AL	\$6.52	46	\$146,300	31	\$954	49
Little Rock, AR	\$10.81	33	\$130,900	40	\$1,415	41
Phoenix, AZ	\$9.59	36	\$115,000	47	\$1,103	44
Los Angeles, CA	\$12.16	30	\$292,300	7	\$3,554	11
Denver, CO	\$5.32	49	\$232,700	11	\$1,237	43
Bridgeport, CT	\$31.32	2	\$430,500	2	\$13,485	1
Wilmington, DE	\$11.24	32	\$215,100	16	\$2,417	21
Jacksonville, FL	\$12.31	28	\$139,000	35	\$1,710	32
Atlanta, GA	\$9.53	37	\$102,100	49	\$973	48
Honolulu, HI	\$2.94	50	\$609,500	1	\$1,794	29
Des Moines, IA	\$22.02	5	\$155,500	29	\$3,424	13
Boise, ID	\$9.05	38	\$113,600	48	\$1,028	46
Chicago, IL	\$12.93	24	\$183,200	22	\$2,369	22
Indianapolis, IN	\$12.49	26	\$127,200	43	\$1,589	36
Wichita, KS	\$12.95	23	\$118,700	46	\$1,537	38
Louisville, KY	\$12.67	25	\$129,900	42	\$1,645	34
New Orleans, LA	\$8.60	41	\$158,300	26	\$1,361	42
Boston, MA	\$6.90	44	\$355,700	5	\$2,454	19
Baltimore, MD	\$20.14	9	\$234,700	10	\$4,727	6
Portland, ME	\$17.45	14	\$219,300	15	\$3,826	9
Detroit, MI	\$32.19	1	\$46,600	50	\$1,534	39
Minneapolis, MN	\$14.72	18	\$157,300	27	\$2,316	23
Kansas City, MO	\$13.49	20	\$137,000	37	\$1,848	28
Jackson, MS	\$13.67	19	\$136,400	38	\$1,865	27
Billings, MT	\$9.74	35	\$168,200	23	\$1,637	35
Charlotte, NC	\$12.45	27	\$211,100	18	\$2,629	16
Fargo, ND	\$15.81	17	\$144,200	32	\$2,279	24
Omaha, NE	\$20.19	8	\$138,900	36	\$2,804	15
Manchester, NH	\$21.30	7	\$225,700	12	\$4,808	4
Newark, NJ	\$22.34	4	\$374,900	4	\$8,377	2
Albuquerque, NM	\$10.73	34	\$166,800	25	\$1,791	30
Las Vegas, NV	\$11.44	31	\$126,200	44	\$1,443	40
New York City, NY	\$6.36	47	\$384,800	3	\$2,448	20
Columbus, OH	\$19.88	10	\$130,900	40	\$2,602	17
Oklahoma City, OK	\$12.18	29	\$143,200	33	\$1,745	31
Portland, OR	\$21.59	6	\$220,100	14	\$4,753	5
Philadelphia, PA	\$16.27	16	\$215,100	16	\$3,501	12
Providence, RI	\$16.74	15	\$224,800	13	\$3,764	10
Columbia, SC	\$6.05	48	\$147,800	30	\$894	50
Sioux Falls, SD	\$13.40	22	\$141,200	34	\$1,892	26
Memphis, TN	\$18.85	12	\$122,600	45	\$2,122	25
Houston, TX	\$19.07	11	\$156,500	28	\$2,984	14
Salt Lake City, UT	\$8.33	42	\$188,500	20	\$1,571	37
Virginia Beach, VA	\$8.92	39	\$184,900	21	\$1,649	33
Burlington, VT	\$17.98	13	\$276,200	9	\$4,966	3
Seattle, WA	\$8.68	40	\$287,200	8	\$2,494	18
Milwaukee, WI	\$24.36	3	\$188,700	19	\$4,597	7
Charleston, WV	\$7.53	43	\$134,700	39	\$1,014	47
Cheyenne, WY	\$6.58	45	\$166,900	24	\$1,099	45
Washington, DC	\$6.63		\$340,900		\$2,260	
U.S. Average	\$14.11				\$2,716	



## Appendix B

**California.** The state constitution:

The Legislature shall provide for a system of common schools by which a free school shall be kept up and supported in each district at least six months in every year, after the first year in which a school has been established. (Article 9, Section 5)

In 1971, the California Supreme Court found the finance system of public education to be unconstitutional (*Serrano I*):

We are called upon to determine whether the California public school financing system, with its substantial dependence on local property taxes and resultant wide disparities in school revenue, violates the equal protection clause of the Fourteenth Amendment. We have determined that this funding scheme invidiously discriminates against the poor because it makes the quality of a child's education a function of the wealth of his parents and neighbors. Recognizing as we must that the right to an education in our public schools is a fundamental interest which cannot be conditioned on wealth, we can discern no compelling state purpose necessitating the present method of financing. We have concluded, therefore, that such a system cannot withstand constitutional challenge and must fall before the equal protection clause.

As described in the *Serrano I* decision, the local real property tax was the main source of school revenues, and

most of the remaining school revenue comes from the State School Fund pursuant to the 'foundation program,' through which the state undertakes to supplement local taxes in order to provide a 'minimum amount of guaranteed support to all districts.'

In 1976, the state Supreme Court again overturned the finance system (*Serrano II*). The legislature had made some changes to the system, but they "didn't alter the basic concept underlying the California public school financing system."

**Colorado.** The state constitution:

The general assembly shall, as soon as practicable, provide for the establishment and maintenance of a thorough and uniform system of free public schools throughout the state, wherein all residents of the state, between the ages of six and twenty-one years, may be educated gratuitously. One or more public schools shall be maintained in each school district within the state, at least three months in each year; any school district failing to have such school shall not be entitled to receive any portion of the school fund for that year. (Article IX, Section 2)

In 1982, the state Supreme Court ruled that the school finance system ("which derives approximately forty-seven percent of its operating income from local property tax levies") was constitutional. (*Lujan*)

In 2011, however, the District Court of Denver County ruled (in *Lobato*) that the system is "irrational, arbitrary, and severely underfunded," and found the system to be unconstitutional. Further,

Evidence establishes that the finance system must be revised to assure that funding is rationally related to the actual costs of providing a thorough and uniform system of public education. It is also apparent that increased funding will be required.

**Connecticut.** The state constitution: "There shall always be free public elementary and secondary schools in the state. The general assembly shall implement this principle by appropriate legislation" (Article Eighth, Section 1).

In 1977, in *Horton*, the state Supreme Court found the school finance system unconstitutional because

the present legislation enacted by the General Assembly to discharge the state's constitutional duty to educate its children, depending, as it does, primarily on a local property tax base without regard to the disparity in the financial ability of the towns to finance an educational program and with no significant equalizing state support, is not

‘appropriate legislation’ (article eighth, § 1) to implement the requirement that the state provide a substantially equal educational opportunity to its youth in its free public elementary and secondary schools.

Per the decision, public schools were financed mainly by

funds raised by the town by assessment on property within the town and funds distributed by the state pursuant to legislation providing for a flat grant depending on the average number of pupils attending school daily.

At the time,

the percentage contribution of the local, state, and federal governments has been approximately 70 percent local, 20 to 25 percent state, and 5 percent or less federal. This contrasts with the average figures nationally of 51 percent local, 41 percent state, and 8 percent federal.

**Maryland.** The state constitution:

The General Assembly, at its First Session after the adoption of this Constitution, shall by Law establish throughout the State a thorough and efficient System of Free Public Schools; and shall provide by taxation, or otherwise, for their maintenance. (Article VIII, Section 1)

In 1983, the system was upheld. *Hornbeck*

focuses upon the existence of wide disparities in taxable wealth among the various school districts, and the effect of those differences upon the fiscal capacity of the poorer districts to provide their students with educational offerings and resources comparable to those of the more affluent school districts.

As the Court of Appeals said, “the ‘thorough and efficient’ language of § 1 does not mandate uniformity in per pupil funding and expenditures among the State’s school districts.”

**Massachusetts.** The state constitution:

Wisdom, and knowledge, as well as virtue, diffused generally among the body of the people, being necessary for the preservation of their rights and liberties;

and as these depend on spreading the opportunities and advantages of education in the various parts of the country, and among the different orders of the people, it shall be the duty of legislatures and magistrates, in all future periods of this commonwealth, to cherish the interests of literature and the sciences, and all seminaries of them; especially the university at Cambridge, public schools and grammar schools in the towns; to encourage private societies and public institutions, rewards and immunities, for the promotion of agriculture, arts, sciences, commerce, trades, manufactures, and a natural history of the country; to countenance and inculcate the principles of humanity and general benevolence, public and private charity, industry and frugality, honesty and punctuality in their dealings; sincerity, good humor, and all social affections, and generous sentiments among the people. (Chapter V, Section II)

In 1993, in *McDuffy*, the Supreme Judicial Court decided that the words “duty” and “cherish” in the constitution “are not merely aspirational or hortatory, but obligatory.” Further,

the Commonwealth has a duty to provide an education for all its children, rich and poor, in every city and town of the Commonwealth at the public school level. . . . This duty lies squarely on the executive (magistrates) and legislative (Legislatures) branches of this Commonwealth. That local control and fiscal support has been placed in greater or lesser measure through our history on local governments does not dilute the validity of this conclusion. While it is clearly within the power of the Commonwealth to delegate some of the implementation of the duty to local governments, such power does not include a right to abdicate the obligation imposed on magistrates and Legislatures placed on them by the Constitution.

Additionally, the Court held that the constitutional provisions

impose an enforceable duty on the magistrates and Legislatures of this Com-

monwealth to provide education in the public schools for the children there enrolled, whether they be rich or poor and without regard to the fiscal capacity of the community or district in which such children live. It shall be declared also that the constitutional duty is not being currently fulfilled by the Commonwealth. Additionally, while local governments may be required, in part, to support public schools, it is the responsibility of the Commonwealth to take such steps as may be required in each instance effectively to devise a plan and sources of funds sufficient to meet the constitutional mandate.

**Minnesota.** The state constitution:

The stability of a republican form of government depending mainly upon the intelligence of the people, it is the duty of the legislature to establish a general and uniform system of public schools. The legislature shall make such provisions by taxation or otherwise as will secure a thorough and efficient system of public schools throughout the state. (Article XIII, Section 1)

In *Skeen*, in 1993, the state Supreme Court ruled that education in Minnesota is a fundamental right and that the current system of education finance satisfies that right. The court found that ‘all plaintiff [school] districts are provided with an adequate level of education which meets or exceeds the state’s basic educational requirements and . . . are given sufficient funding to meet their basic needs.’ . . . The court’s ruling establishes the minimum standard the state must meet in designing an education funding system that is constitutional. (Larson)

The Court also said that

while there is a fundamental right to a ‘general and uniform system of education,’ that fundamental right does not extend to the funding of the education system, beyond providing a basic level of funding to assure that a general and uniform system is maintained. (Larson)

**New Jersey.** The state constitution:

The Legislature shall provide for the maintenance and support of a thorough and efficient system of free public schools for the instruction of all the children in the State between the ages of five and eighteen years. (Article VIII, Section IV)

In *Robinson I* (1973), the state Supreme Court

ordered the New Jersey legislature to replace the existing system of financing public elementary and secondary education with one that would assure every New Jersey child an education to equip him ‘for his role as a citizen and as a competitor in the labor market.’ The Public School Education Act of 1975 was enacted two years later, but was not implemented until the legislature passed an income tax in 1976 to fund the program. The new school finance legislation was designed to meet the Court’s objections that heavy reliance on local property taxes to pay for education was not providing students with the constitutionally mandated ‘thorough and efficient’ education. (Goertz)

In 1976, the state Supreme Court ruled, in *Robinson II*, that the new system was constitutional.

In 1990, in *Abbott II*, the state Supreme Court said that under the Public School Education Act of 1975, “the poorer the district and the greater its need, the less the money available, and the worse the education. That system is neither thorough nor efficient.” The Act was declared “unconstitutional as applied to poorer urban school districts,” and the Court said it

must be amended to assure funding of education in poorer urban districts at the level of property-rich districts; that such funding cannot be allowed to depend on the ability of local school districts to tax; that such funding must be guaranteed and mandated by the State; and that the level of funding must also be adequate to provide for the special educational needs of these poorer urban districts in order to redress their extreme disadvantages.

**North Carolina.** The state constitution:

Religion, morality, and knowledge being necessary to good government and the happiness of mankind, schools, libraries, and the means of education shall forever be encouraged. (Article IX, Section 1)

and

(1) General and uniform system: term. The General Assembly shall provide by taxation and otherwise for a general and uniform system of free public schools, which shall be maintained at least nine months in every year, and wherein equal opportunities shall be provided for all students. (2) Local responsibility. The General Assembly may assign to units of local government such responsibility for the financial support of the free public schools as it may deem appropriate. The governing boards of units of local government with financial responsibility for public education may use local revenues to add to or supplement any public school or post-secondary school program. (Article IX, Section 2)

In 1987, the state Supreme Court upheld the school finance system in *Britt*, noting that “the State is required to provide a general and uniform education for the students in its charge” but “there is no requirement that it provide identical opportunities to each and every student.” Again, in 1997, the Court upheld the system, saying in *Leandro*,

the provisions of the current state system for funding schools which require or allow counties to help finance their school systems and result in unequal funding among the school districts of the state do not violate constitutional principles.

In 2004, in *Leandro II*, the state Supreme Court found that the state had not provided students in Hoke County “with the opportunity to obtain a sound basic education,” failing its constitutional duty. Further, the Court found that “the State must act to correct those deficiencies that were deemed by the trial court as contributing to the State’s failure of providing a *Leandro*-comporting educational opportunity.”

**Virginia.** The state constitution:

§ 1. Public schools of high quality to be maintained.—The General Assembly

shall provide for a system of free public elementary and secondary schools for all children of school age throughout the Commonwealth, and shall seek to ensure that an educational program of high quality is established and continually maintained.

§ 2. Standards of quality; State and local support of public schools.—Standards of quality for the several school divisions shall be determined and prescribed from time to time by the Board of Education, subject to revision only by the General Assembly.

The General Assembly shall determine the manner in which funds are to be provided for the cost of maintaining an educational program meeting the prescribed standards of quality, and shall provide for the apportionment of the cost of such program between the Commonwealth and the local units of government comprising such school divisions. Each unit of local government shall provide its portion of such cost by local taxes or from other available funds. (Article VIII)

In *Scott* (1994), the state Supreme Court found that “education is a fundamental right under the Constitution” but “nowhere does the Constitution require equal, or substantially equal, funding or programs among and within the Commonwealth’s school divisions.”