



# FundEd: Expected Local Share

## Policies in Each State



## Expected Local Share

In most states, the education funding formula includes an expectation that the local school district will contribute some portion of the amount needed to fund education in that district. This expected local contribution is subtracted from the total amount calculated by the state to be necessary to educate the district's students, and the difference is the amount of state education funding the district will receive. (This is generally the case regardless of whether the locality actually raises the expected amount in education taxes.) The amount of the expected local contribution varies from district to district, and states base their expectations on several different factors. This map indicates what factors states use to calculate the expected local contribution. A striped state is one that uses more than one kind of factor in its calculation. This report describes how each state sets its expectations for districts' local contributions to education funding.

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### Alabama

Alabama expects school districts to contribute revenue to the funding of public schools. The amount each district is expected to raise for its education costs is based on its property values: each district is expected to contribute \$10.00 for every \$1,000 of assessed local property wealth for the purpose of funding its schools.

Once the state calculates the total amount of funding necessary to educate students within a district, it subtracts the expected local contribution and provides the difference in the form of state education aid.

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### Alaska

Alaska expects most school districts to contribute revenue to the funding of public schools. The amount each district is expected to raise for its education costs is based on its property values: each district is expected to contribute \$2.65 for every \$1,000 of assessed local property wealth for the purposes of funding its schools.

Once the state calculates the total amount of funding necessary to educate students within a district, it subtracts the expected local contribution and provides the difference in the form of state education aid. However, the expected local contribution cannot exceed 45% of the district's formula amount.

This requirement applies only to city and borough school districts, and not to regional attendance areas, which serve as school districts in some areas but may raise taxes.

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**Arizona**

Arizona expects school districts to contribute revenue to the funding of public schools. The amount each district is expected to raise is based on its property values and a tax rate that varies depending on the grade levels it serves.

For FY2018, Arizona expected elementary and high school districts to impose property taxes of \$20.234 for every \$1,000 of assessed local property wealth and unified school districts to impose \$40.468 for every \$1,000 of assessed local property wealth. Once the state calculates the total amount of funding necessary to educate students within a district, it subtracts the expected local contribution and provides the difference in the form of state education aid.

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**Arkansas**

Arkansas expects localities to contribute revenue to the funding of public schools. The amount each locality is expected to raise for its education costs is based on its property values and its revenue from other local sources: Each one is expected to contribute \$25.00 for every \$1,000 of assessed local property wealth for the purpose of funding its school district, along with revenue from a variety of other sources, including local sales and use taxes. (See “Other Local Taxes for Education” for a description of these additional sources of local revenue.)

Once the state calculates the total amount of funding necessary to educate students within a district, it estimates the value of 98% of the expected local contribution, subtracts that amount, and provides the difference in the form of state education aid.

If a district’s net revenues are less than the estimated value of 98% of the expected local contribution due to nonpayment or under-collection, the state will provide the district with the difference between the last calendar year's net revenues as reported to the state treasurer and 98% of the amount that should have been generated by the expected tax rate of \$25.00 for every \$1,000 of assessed local property wealth. Further, if a district's net revenues exceed the entire amount of funds calculated by the state through the funding formula to be necessary to educate its students, that district receives no state funds.

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**California**

California expects school districts to contribute a minimal amount of revenue to the funding of public schools. The amount each district is expected to raise is based on that district’s school funding history.

Each county collects property tax at a rate of \$10.00 for every \$1,000 of assessed local property wealth. School districts receive a portion of revenue from this property tax. The portion that each district receives is based on formulas specified in a 1979 statute and varies widely from county to county. Once the state calculates the total amount of funding necessary to educate students within a district, it estimates the value of the expected local contribution, subtracts that amount, and provides the difference in the form of state education aid. The state must contribute at least \$200 for every student to all school districts, regardless of their local ability to pay for schools.

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**Colorado**

Colorado expects school districts to contribute some revenue to the funding of public schools through the imposition of property taxes and the collection of vehicle registration fees, but no specific amount is expected of each district.

Once the state calculates the total amount of funding necessary to educate students within a district, it subtracts the revenue from local property taxes and vehicle registration fees and provides the difference in the form of state education aid.

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**Connecticut**

Connecticut passed a new education funding formula in 2017 but is not yet making use of this formula. The formula is scheduled to go into effect in FY2019. The state legislature currently awards each district a block grant. The FY2018 grant amounts are derived from the amounts distributed in FY2017 in a manner specified in legislation.

As written, Connecticut's funding formula expects school districts to contribute revenue to the funding of public schools. The amount each district is expected to raise is based on a combination of its property values and its residents' income.

Under the formula, once the state calculates the total amount of funding necessary to educate students within a district, it determines what percentage of this amount the district will be expected to raise locally. It bases this calculation on information about the district's property values (weighted at 70% within the formula) and its median household income (weighted at 30%). Additionally, the formula requires the state to fund a minimum of 1% of each district's necessary funding, regardless of its local wealth.

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**Delaware**

Delaware expects school districts to raise some revenue for the funding of public schools through the imposition of property taxes, but no specific amount is expected of each district.

Once the state calculates the total amount of funding necessary to educate students within a district, it provides that entire amount in the form of state education aid. No local share is subtracted in this calculation.

One part of Delaware's funding formula provides units of funding in amounts that are responsive to both the local per-student property tax valuation and the district's level of property tax effort relative to the statewide average property tax effort. The state funding provided for staff salaries is intended, though not required, to cover 70% of a recommended average total competitive starting salary.

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**Florida**

Florida expects school districts to contribute revenue to the funding of public schools. The amount each district is expected to raise is based on a combination of its property values and a defined share of the amount calculated by the state to be necessary to educate Florida's students.

Each year, the state legislature prescribes a statewide amount of education funding that must be covered by local revenue. Once the state calculates the total amount of funding necessary to educate students in all districts across the state, it considers this figure, the total local share required for the year, and the value of taxable property statewide to set a statewide property tax rate (\$4.308 for every \$1,000 of assessed local property wealth in FY2018). This rate is adjusted for varying local levels of property wealth and for differences in districts' property assessment policies. Adjustments are also made to ensure that no district is responsible locally for more than 90% of the total amount of funding calculated by the state to be necessary to educate its students. In FY2018, districts' final, adjusted property tax rates ranged from \$1.608 to \$4.308 for every \$1,000 of assessed local property wealth. The state calculates the total amount of funding necessary for each district and subtracts the expected local contribution and provides the difference in the form of state education aid.

School districts may also levy additional discretionary property taxes (see "Property Tax Floors and Ceilings" for more information). If the district's discretionary operations tax generates less than the state average because of low property wealth, the state will provide additional aid to close the gap between the district's receipts and state average receipts.

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**Georgia**

Georgia expects school districts to contribute revenue to the funding of public schools. The amount each district is expected to raise for its education costs is based on its property values: each district is expected to contribute at least \$5.00 for every \$1,000 of assessed local property wealth (minus certain exempted property) for the purpose of funding its schools.

For districts in which a tax rate of \$5.00 for every \$1,000 of assessed local property wealth would generate 20% or more of the amount calculated by the state to be necessary to educate the students within the district, the amount of the expected local share is adjusted using a formula that takes into account the property values of all districts in the state. Once the state calculates the total amount of funding necessary to educate students within a district, it subtracts the expected local contribution and provides the difference in the form of state education aid.

Separate from each district's expected local contribution, the state provides grants to certain districts meant to compensate for disparities in property wealth. Districts with lower-than-average property wealth receive these grants to fill the gap between the property tax revenue the districts are able to raise and what they would raise if they had the state average property value. In order to receive this funding, districts must levy tax rates of at least \$13.00 for every \$1,000 of assessed local property wealth by July 2017, at least \$13.50 for every \$1,000 of assessed local property wealth by July 2018, and at least \$14.00 for every \$1,000 of assessed local property wealth by July 2019.

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**Hawaii**

Hawaii is one, statewide school district; education revenue is collected by the state and distributed directly to schools.

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**Idaho**

Idaho does not expect districts to contribute revenue to their public schools. However, school districts are permitted, with voter approval, to impose taxes to generate supplemental revenue for maintenance and operations. (See “Property Tax Floors and Ceilings” for more information.)

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**Illinois**

Illinois expects school districts to contribute revenue to the funding of public schools. The amount each district is expected to raise for its education costs is based primarily on its property values, in accordance with a multi-step calculation.

A district’s expected local share (called the local funding capacity) is calculated through a multi-step formula that considers the ratio of a district’s assessed property wealth to its necessary funding amount; average property values in the state as a whole; and the district’s revenue from the state’s corporate personal property replacement tax. Once the state calculates the total amount of funding necessary to educate students within a district, it subtracts the expected local contribution and provides the difference in the form of state education aid.

Additionally, districts continue to receive funding from the state that equals or exceeds the amount they received prior to the state’s last major funding reform. This funding comes from the state. However, because it is guaranteed to all districts, it is counted along with each district’s local funding capacity. A ratio is calculated of the district’s local funding capacity to its local education costs, and this is the proportion expected to be covered out of local funds. The remainder of the district’s formula amount is meant to be funded by the state. Because the state plans to move toward full formula funding over the span of a number of years, annual increases in funding are distributed to districts with the greatest need for state assistance. Districts are sorted into tiers according to the degree to which their local funding capacity can be expected to cover their local education costs, and a greater percentage of available state aid is distributed to districts with lesser funding capacity.

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**Indiana**

Indiana does not expect districts to contribute revenue to their public schools.

However, school districts are permitted to impose taxes to generate supplemental revenue for specific purposes such as capital improvement, transportation, and debt service, and for operating costs if the taxes are approved by voters. (See “Property Tax Floors and Ceilings” for more information on supplemental taxes.)

Actual state education aid disbursements are limited to the amount appropriated for that purpose and will be prorated as necessary so that each district receives state aid in proportion to the amount calculated by the state to be necessary to educate students within that district.

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**Iowa**

Iowa expects its school districts to raise revenue to support their public schools. The amount each district is expected to raise is based on a combination of its property values and a defined share of the amount calculated by the state to be necessary to educate students within that district.

Each district is expected to contribute \$5.40 for every \$1,000 of assessed local property wealth. Additionally, once the state provides funding for up to 87.5% of the cost per pupil, the remaining 12.5% must be covered out of local property taxes as well. Districts are also limited in how much they can spend. They may not spend more than an authorized budget amount, which includes the district's regular program district cost as well as various supplemental amounts, budget adjustments, and revenues from sources outside the funding formula.

Because the funding formula amount that is subject to this state/local share arrangement is based on the number of full-time-equivalent students in the district, districts with declining enrollment see reductions in available resources. To provide time for such districts to adjust their spending, they may request a guaranteed regular program district cost of up to 101% of the prior year's regular program district cost. This is called a budget adjustment amount.

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**Kansas**

The Kansas Supreme Court ruled the state's education funding formula unconstitutional on October 2, 2017 and reiterated this finding on June 25, 2018. The Court has set a deadline of June 30, 2019 for the creation of a constitutional funding system.

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**Kentucky**

Kentucky expects school districts to contribute revenue to the funding of public schools. The amount each district is expected to raise for its education costs is based on its property values: each district is expected to contribute \$3.00 for every \$1,000 of assessed local property wealth for the purpose of funding its schools.

Once the state calculates the total amount of funding necessary to educate students within a district, it subtracts the expected local contribution and provides the difference in the form of state education aid.

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**Louisiana**

Louisiana expects school districts to contribute revenue to the funding of public schools. The amount each district is expected to raise for its education costs is based on a combination of its property values and its revenue from other local sources, adjusted to satisfy a statewide expected local contribution.

Louisiana works to maintain a taxation arrangement in which the state shoulders 65% of the burden of education funding and local school districts absorb 35% of the cost. The state computes expected local property tax and sales tax rates for each district to maintain this ratio. If a community's property value sees an increase greater than 10%, then the state caps the increase in locally contributed property tax revenue at 10%. Similarly, if a community's sales tax base sees an increase greater than 15%, then the state caps the increase at 15%.

Once the state calculates the total amount of funding necessary to educate students within a district, it subtracts the expected local contribution and provides the difference in the form of state education aid. Additionally, the state funds a minimum of 25% of each district's necessary funding, regardless of its local wealth. The state also provides incentive funding to encourage districts to raise and spend more money locally than the expected amount.

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**Maine**

Maine expects its municipalities to raise revenue to support their public schools. The amount each municipality is expected to raise is based either on its property values or on a share of the amount calculated by the state to be necessary to educate students within its local school district.

School districts in Maine generally encompass multiple towns in Maine. Each town is expected to contribute either \$8.48 for every \$1,000 of assessed local property wealth or a share of the district's total needed funding in proportion to the number of district students residing in the district, whichever is less.

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**Maryland**

Maryland expects school districts to contribute revenue to their public schools. The amount each district is expected to raise is based on a combination of its property values, its residents' income, and a defined share of the base amount calculated by the state to be necessary to educate its students.

Maryland expects school districts to contribute half of the base cost of education. To calculate the statewide expected local contribution rate, Maryland takes one half of the total enrollment in the state's public schools, multiplies that figure by the base amount, and divides that quantity by the sum of the wealth in all Maryland school districts. This quotient is the local contribution rate; the rate is multiplied by each district's wealth to determine its expected local contribution. (For these purposes, wealth is defined through a compound measure that considers both the property values and the amount of taxable income in each district.) By design, if the state as a whole is financially healthier, districts are expected to raise less as the denominator representing statewide wealth increases. Conversely, if enrollment drastically increases, districts are expected to raise more.

Additionally, each district is required to raise at least the same amount of revenue in the current year as it did in the prior year. Finally, the state may not contribute less than 15% of the amount of funds calculated by the state to be necessary to educate the students within each district, regardless of that district's local wealth.



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**Massachusetts** Massachusetts expects municipalities to contribute revenue to their public schools. The amount each district is expected to raise is based on a combination of its property values, residents' income, and defined share of the amount calculated by the state to be necessary to educate its students.

In Massachusetts, school districts do not directly raise revenue; rather, municipalities raise revenue for schools. The state sets required local contributions for municipalities annually in order to transition each municipality's tax rate gradually towards its target local share. Each municipalities' target local share is based on a statewide target for the proportion of education funding to be covered by state and local funds, and on the municipalities' property values and resident incomes. Municipalities, in total, are expected to cover 59% of the statewide foundation budget, and the state is expected to cover 41%. The target local share will differ for each individual municipality depending on its property wealth and its residents' income, weighted equally. The target calculation also sets the maximum local share of the formula amount at 82.5%.

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**Michigan** Michigan expects school districts to contribute revenue to the funding of public schools. The amount each district is expected to raise for its education costs is based on its property values: each district is expected to contribute \$18.00 for every \$1,000 of assessed local property wealth (excluding the value of principal residences and agricultural properties) for the purpose of funding its schools.

In calculating the amount of funding necessary for each district, the state considers the number of students enrolled in the district excluding students with disabilities. The cost of educating these students is covered entirely by the state and is not subject to the local contribution requirement. Once the state calculates the total amount of funding necessary to educate students within a district, it subtracts the expected local contribution and provides the difference in the form of state education aid.

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**Minnesota** Minnesota expects school districts to contribute revenue to the funding of public schools. The amount each district is expected to raise for its education costs is based on its property values. Each district is expected to impose two property taxes: one designated for education costs and one designated for facilities costs.

The primary local education tax is set currently set at \$3.00 for every \$1,000 of assessed local property wealth, which is the rate required to raise \$20 million statewide. Districts must also impose taxes sufficient to raise funding for facilities costs in amounts that vary depending on their enrollment numbers and the square footage of their facilities. The state also expects districts to contribute the revenue received from a number of county funds. Once the state calculates the total amount of funding necessary to educate students within a district, it subtracts the expected local contribution and provides the difference in the form of state education aid.

The state provides partial matching funds to districts raising supplemental local revenue. The state also provides support for districts whose property values have declined since the most recent valuation.



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**Mississippi**

Mississippi expects school districts to contribute revenue to the funding of public schools. The amount each district is expected to raise for its education costs is based on its property values: each district is expected to contribute \$28.00 for every \$1,000 of assessed local property wealth (subject to different assessment ratios for different classes of property) for the purpose of funding its schools.

As a matter of policy, the state should not contribute less than 73% of the amount of funds calculated by the state to be necessary to educate the students within each district, regardless of its local wealth. However, in practice, the state may provide a smaller share of districts' needed funding if the legislature appropriates insufficient funding to cover the 73% requirement. Once the state calculates the total amount of funding necessary for each district, it subtracts the expected local contribution and provides the difference in the form of state education aid.

Additionally, taxpayers may claim an exemption from taxes on homesteads; the state provides a small reimbursement to the school districts to offset this exemption.

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**Missouri**

Missouri expects school districts to contribute revenue to the funding of public schools. The amount each district is expected to raise for its education costs is based on its property values, its revenue from other local sources, and historical property values: each district is expected to contribute \$34.30 for every \$1,000 of assessed local property wealth, as assessed in the 2004-2005 school year, for the purpose of funding its schools.

If the local valuation has decreased below its valuation in that year, the state aid will rise to compensate; however, districts are not expected to increase their contribution if the local valuation increases. Once the state calculates the total amount of funding necessary to educate students within a district, it subtracts the expected revenue from local property taxes as well as other sources of revenue distributed to school districts, and provides the difference in the form of state education aid. (See "Other Local Taxes for Education" for a description of other local revenues in Missouri).

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**Montana**

Montana expects school districts to contribute revenue to their public schools. The amount each district is expected to raise is based on a combination of its property values and a defined share of the amount calculated by the state to be necessary to educate its students.

Each district receives both a per-district amount and a per-student amount (see “Base Amount” for a description of these allocations). The state automatically funds 44.7% of each of these amounts for every district. The next 35.3% of both of these amounts, along with 40% of the per-student allocations for special education (see “Special Education” for a description of these allocations) are funded through a local property tax. For districts whose local property tax base is insufficient to fully support these percentages, the state provides additional aid. The remaining 20% of the per-district amount and the per-student amount must be covered entirely with local funds. Since 2015, state limits aid for districts receiving revenue from oil and gas production.

In addition to the first 44.7% of the per-district and per-student allocations and the aid to districts with low tax bases, the state funds a number of allocations in their entirety, without any local funding expected. These include the funding for low-income students and support for certain targeted programs for American Indians. Districts must budget at least 80% of the per-district amount and the per-state amount, along with the amounts fully covered by the state, in each year. It is optional for districts to budget for, and impose taxes to fund, the remaining 20% of the per-district amount and the per-student amount.

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**Nebraska**

Nebraska expects school districts to contribute revenue to the funding of public schools. The amount each district is expected to raise for its education costs is based on its property values: each district is expected to contribute \$10.203 for every \$1,000 of assessed local property wealth (subject to different assessment ratios for different classes of property) for the purpose of funding its schools.

Once the state calculates the total amount of funding necessary to educate students within a district, it subtracts the expected local contribution and provides the difference in the form of state education aid.

Nebraska provides a mixture of additional targeted adjustments and income tax rebates to school districts before providing state aid.

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**Nevada**

Nevada expects school districts to contribute revenue to the funding of public schools. The amount each district is expected to raise for its education costs is based on a combination of its property values and its sales and use tax base.

Each county's board of commissioners is required to impose a property tax of \$7.50 for every \$1,000 of assessed local property wealth for the purposes of funding its schools. One-third of the revenue from this tax, equivalent to that raised by a tax of \$2.50 for every \$1,000 of property wealth, is counted towards the county school district's local share of education funding. The state also expects counties to contribute all receipts from the Local School Support Tax (LSST), a sales and use tax of 2.6%. Once the state calculates the total amount of funding necessary to educate students within a district, it subtracts the expected local contribution and provides the difference in the form of state education aid.

If local revenues from the property tax and LSST are less than expected, the state makes up the difference with increased aid, and if revenues are greater than expected, the difference is deducted from the state aid amount.

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**New Hampshire**

New Hampshire expects its school districts to raise revenue to support their public schools. The amount each district is expected to raise is based on a combination of its property values and a defined share of the amount calculated by the state to be necessary to educate its students.

Statewide, school districts are expected to contribute a total of \$363 million to public education. The Department of Revenue Administration determines the property tax base in each municipality and sets a uniform education tax rate that will produce a total of \$363 million in local revenue when applied to the tax base in all municipalities. This target was set in 2005 and has not been adjusted for inflation. In FY2018, this tax rate was \$2.26 for every \$1,000 of assessed local property wealth. Each municipality gives the revenue directly to its local school district. Once the state calculates the total amount of funding necessary to educate students within a district, it subtracts the expected local contribution and provides the difference in the form of state education aid.

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**New Jersey**

New Jersey expects school districts to contribute revenue to their public schools. The amount each district is expected to raise is based on a combination of its property values and its residents' income.

The state sets both a theoretical property rate and an income rate each year. The local share of each district's adequacy budget—the amount calculated by the state to be necessary to adequately educate its students—is equal to the average of its local assessed property wealth times the property rate and its local income level times the income rate. The two rates are set such that, once the state calculates the total amount of necessary funding in each district and subtracts the amount appropriated for state education aid, the overall local contribution will cover the remaining amount of necessary funding.

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**New Mexico**

New Mexico expects school districts to contribute revenue to the funding of public schools. The amount each district is expected to raise for its education costs is based on its property values and the revenue it raises from other local sources: Each district is expected to contribute \$0.50 for every \$1,000 of assessed local property wealth, and the revenue received from federal Impact Aid (excluding revenue targeted for special education) and the Forest Reserve fund.

Once the state calculates the total amount of funding necessary to educate students within a district, it subtracts 75% of the expected local contribution and provides the difference in the form of state education aid.

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**New York**

New York expects school districts to contribute revenue to their public schools. The amount each district is expected to raise is based on a combination of its property values and its residents' income.

Each district must contribute the lesser of two per-pupil amounts, produced through two different formulas that both consider local property values and levels of local income. The first formula uses property wealth per student count, weighted for student need, and adjusts for local property wealth and local income levels in that district. The second formula uses state sharing ratios, which are adjusted slightly for high-need districts, and also accounts for local property wealth and local income levels. Once the state calculates the total amount of funding necessary to educate students within a district, it subtracts the expected local contribution and provides the difference in the form of state education aid.

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**North Carolina**

North Carolina does not expect districts to contribute revenue to their public schools' instructional and operational expenses. However, all facilities expenses are the responsibility of county governments.

In calculating the amount of funding necessary to educate students within a district, the state considers only instructional and operational expenses. The state provides this entire amount in state education aid. Separate from this calculation, county governments are expected to raise all revenue necessary for their school districts' school facilities, including long-term capital investments and day-to-day maintenance costs. The amount counties must contribute is dependent only on local expenses, and not on any measure of the local ability to pay.

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**North Dakota**

North Dakota expects school districts to contribute revenue to the funding of public schools. The amount each district is expected to raise for its education costs is based on its property values and its revenue from other local sources: Each district is expected to contribute \$60.00 for every \$1,000 of assessed local property wealth and revenue from a number of other sources, including mobile home taxes, telecommunications taxes, and taxes on the distribution and transmission of electric power.

Once the state calculates the total amount of funding necessary to educate students within a district, it subtracts the expected local contribution and provides the difference in the form of state education aid. However, the final determination of state aid makes adjustments for districts with very low property values; for districts whose property values have increased significantly from the prior year; for districts with very high end-of-year fund balances; and for changes to the district's calculated aid amount since FY2013.

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**Ohio**

Ohio expects school districts to contribute revenue to their public schools. The amount each district is expected to raise is based on a combination of its property values and its residents' income.

Once the state calculates the total amount of funding necessary to educate students within a district, it calculates the share of the amount that will be covered by state aid. This is accomplished through a multi-step formula that considers local property valuation per pupil compared to statewide property value per pupil, as well as local income levels, and statewide income levels. However, the state may not contribute less than 5% or more than 90% of each district's necessary funding, regardless of its local wealth.

The rest of the district's necessary funding is expected to be covered by local tax revenue. Certain program-based allocations are covered entirely by the state. Additionally, the state provides separate aid, called Capacity Aid, to property-poor districts. The amount of this aid is calculated using the value that would be produced by a tax rate of \$1.00 for every \$1,000 of assessed local property wealth in the district; the value that would be produced by such a tax rate statewide; and the value that would be produced by such a tax in all districts with below-median property values.

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**Oklahoma**

Oklahoma expects both school districts and counties to contribute revenue to the funding of public schools. The amount each district or county is expected to raise for its education costs is based on its property values and its revenue from seven state collections.

Each district is expected to raise \$15.00 for every \$1,000 of assessed local property wealth and is authorized to impose two separate and additional taxes. (See "Property Tax Floors and Ceilings.") Both of these additional taxes are levied as a matter of course at the maximum level in all districts. Each county is expected to impose a tax of \$15.00 for every \$1,000 of assessed local property value, of which \$5.00 is earmarked for the county's school districts, and to impose a separate tax of \$4.00 for every \$1,000 of assessed local property value, all of which is for education. Once the state calculates the total amount of funding necessary to educate students within a district, it subtracts the amount that should be raised by district-imposed \$15.00 tax and 75% of the amount that should be raised by the county-imposed \$4.00 tax. The state also subtracts revenue from a number of state revenue sources which is distributed to counties and school districts. These include motor vehicle collections, gross production collections, Rural Electric Association Cooperative taxes, and earnings on state school lands.

The state also provides Salary Incentive Aid, which supports staff salaries in school districts; the state calculates an amount for each district, subtracts the amount that would be raised by the remaining three taxes combined (\$20.00 for every \$1,000 of assessed local property wealth), and provides the difference in the form of Salary Incentive Aid. Separate from all of the above, districts are empowered to impose two additional taxes: a tax of up to \$5.00 for every \$1,000 of assessed local property wealth for the district's building fund and a tax to support the district's sinking fund, which may be as high as necessary to support the construction bonds issued by the district.

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**Oregon**

Oregon expects school districts to contribute revenue to the funding of public schools. The amount each district is expected to raise for its education costs is based on its property values and its revenue from other local sources. Each district is expected to contribute the lesser of a rate that differs by county in a way that is related to the county's historical tax rates, or \$5.00 for every \$1,000 of real market value. Each district is also required to contribute revenue from other local sources, such as revenue from federal and state lands.

The state expects districts to contribute revenue received from a number of other sources, including federal forest reserve revenues, revenue from state managed forest lands, and revenues from state lands dedicated to public schools, called the Common School Fund. Once the state calculates the total amount of funding necessary to educate students within a district, it subtracts the expected local contribution and provides the difference in the form of state education aid.

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**Pennsylvania**

Pennsylvania expects school districts to contribute revenue to the funding of public schools. The amount of state formula funding a district receives is based on its local property tax effort, property values, and income. However, no specific tax rate is expected of each district.

Pennsylvania distributes formula funding in amounts based on each district's level of tax effort and its tax capacity. The state compares each district's local property tax rate to the state median, adjusting for the neediness of the student population that the district serves. To determine the tax capacity of a district, the state estimates how much it could raise based on the total market value of its properties and the total personal income of its residents and compares this amount to the estimated state median. Districts with a higher tax effort and with lower tax capacity than the state medians will receive more in state aid, on the assumption that the remainder of education expenditures will be covered out of local tax dollars.

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**Rhode Island**

Rhode Island expects school districts to contribute revenue to their public schools. The amount each district is expected to raise is based on a combination of its property values and its students' level of financial need.

Once the state calculates the total amount of funding necessary for core instruction in each district, it calculates the share of the amount that will be covered by state aid. This is accomplished through a multi-step formula that considers local property values, property values statewide, and the percentage of district students eligible for free or reduced price lunch under the National School Lunch Program. After the state calculates this share, the rest of the district's necessary funding is expected to be covered by local tax revenue.

However, school districts in Rhode Island that choose to do so may raise less or more money locally than the expected amount.

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**South Carolina** South Carolina expects its school districts to raise revenue to support their public schools. The amount each district is expected to raise is based on a combination of its property values and a defined share of the amount calculated by the state to be necessary to educate its students.

Statewide, school districts are expected to contribute approximately 30% of the total cost of public education. The collective local share percentage is multiplied by a district-specific index of taxpaying ability (a measure of its property wealth relative to the level of property wealth statewide) to determine the share of funding that each district is expected to raise locally. Once the state calculates the total amount of funding necessary to educate students within a district, it subtracts the expected local contribution and provides the difference in the form of state education aid.

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**South Dakota** South Dakota expects school districts to contribute revenue to the funding of public schools. The amount each district is expected to raise for its education costs is based on its property values and its revenue from other local sources. School districts are expected to contribute a property tax rate that varies based on the type of property, and to contribute revenue from six other local sources.

For general education, school districts are expected to contribute \$1.507 for every \$1,000 of assessed agricultural property wealth, \$3.372 for every \$1,000 of assessed owner-occupied property wealth, and \$6.978 for every \$1,000 of all other types of assessed local property wealth. For special education, districts are expected to contribute \$1.261 for every \$1,000 of assessed local property wealth. Once the state calculates the total amount of funding necessary to educate students within a district, it subtracts the expected local contribution and provides the difference in the form of state education aid.

Between FY2017 and FY2022, revenue from six additional revenue sources, including the utility tax, bank franchise tax, and wind farm tax, will be phased in as part of districts' expected local contribution. This will increase the local share of the formula amount and decrease districts' state aid allocations. Districts that rely heavily on these sources of revenue may keep their funding at FY2016 levels until increases to their allocations as a result of inflation compensate for the loss of funding.



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**Tennessee**

Tennessee expects school districts to contribute revenue to their public schools. The amount each district is expected to raise is based on a combination of its property values, its residents' income, and an estimate of its revenue from local sales taxes, with rates set to satisfy a statewide expected local contribution share.

Tennessee's resource-based formula considers three categories of resources: instructional components, funded 70% by the state; classroom components, funded 75% by the state; and non-classroom components, funded 50% by the state. These contribution levels hold true on average across the state. However, each district is expected to contribute a different amount locally, depending on its ability to pay, as measured equally by two difference indices. The first index considers only the county's ability to raise education funding through property and sales taxes. The second considers property values, taxable sales, student enrollment, and per capita income.

The combined measure of fiscal capacity is applied at the county level. Therefore, the state and local shares for a county-level school system would be the same as the state and local shares for a city-level school system within the same county. In FY2017, districts' measured fiscal capacity ranged from 0.04% to 15.26%. This figure is multiplied by the district's resource costs in each category and then by the statewide average local share for that category (such as 70% for classroom components) to determine the dollar amount of the district's expected local contribution. However, school districts in Tennessee that choose to do so may raise less or more money locally than the expected amount.

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**Texas**

Texas expects school districts to contribute revenue to their public schools. The amount each district is expected to raise is based on its property values, adjusted based on that district's school funding history.

Each district is expected to contribute the lesser of \$10.00 for every \$1,000 of assessed local property wealth for the purpose of funding its schools or the revenue generated by a property tax rate equal to two-thirds of the rate imposed by the district in 2005. Once the state calculates the total amount of funding necessary to educate students within a district, it subtracts the expected local contribution and provides the difference in the form of state education aid.

The state provides partial matching funds to districts imposing a tax rate higher than the expected tax rate and recaptures local revenues from certain property-rich districts for redistribution to other school districts.

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## Utah

Utah expects its school districts to raise revenue to support their public schools. The amount each district is expected to raise is based on a combination of its property values and a defined share of the amount calculated by the state to be necessary to educate students within that district. The expected tax rate is calculated annually to satisfy a statewide expected local contribution. In FY2018, each district was expected to contribute \$1.596 for every \$1,000 of assessed local property wealth for the purpose of funding its schools.

Each year, the state sets a total statewide local contribution amount and the tax rate that would be required to produce the amount. In FY2018, the total local contribution amount was \$399 million and school districts were required to impose \$1.596 for every \$1,000 of assessed local property wealth. The state provides state aid based on this expected tax rate, less the rate that would raise \$75 million statewide. If the required tax rate, less the rate that would raise \$75 million statewide, raises at least the amount of funding determined by the state as necessary to educate students within that district, the district receives no state aid. If this tax rate generates more funding than is calculated to be necessary for the district, the excess is rebated to the state Department of Education and redirected to aid other districts.

School districts are permitted to impose additional taxes to generate supplemental revenue. (See “Property Tax Floors and Ceilings.”) For some of these levies, additional tax effort will be partially matched by the state to guarantee a certain revenue for weighted student count.

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## Vermont

Vermont does not expect districts to contribute revenue to their public schools. Instead, education in the state is supported through a statewide education property tax that supports education costs, less federal and state grants and other sources of revenue to a school district.

The state imposes a uniform non-residential tax rate and a minimum residential tax rate. (See “Property Tax Floors and Ceilings.”) With voter approval, school districts may choose a higher level of per-pupil spending than the level called for in the funding formula. The state sets a district-specific residential tax rate based on the level of per pupil spending approved by voters in the district and based on the expected revenue for a property tax of \$10.00 per \$1,000 of assessed property wealth statewide. (Because towns approve a per pupil spending level, multipliers applied to the student count for students with particular disadvantages reduce the tax rate towns would pay.) For FY2018, the expected revenue for a property tax of \$10.00 per \$1,000 of assessed property wealth statewide is \$10,160. For households with incomes below \$90,000, the statewide education tax is based on income rather than property value. The state sets an income yield, \$11,990 in FY2018, meaning that for every \$11,990 per pupil a district sets as its budget, eligible taxpayers pay 2% of their household income. Tax rates are further limited for households with incomes under \$47,000.

Once the state calculates the total amount of funding necessary to educate students within a district, it provides that amount in the form of state education aid.

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**Virginia**

Virginia expects school districts to contribute revenue to their public schools. The amount each district is expected to raise is based on a combination of its property values, its residents' income and economic activity, and an estimate of its revenue from local sales tax receipts, adjusted to satisfy a statewide expected local contribution.

Once the state calculates the total amount of funding necessary to educate students within a district, it calculates the share of the amount that each district should be able to pay. This is accomplished through a multi-step formula that considers local property valuation, local income levels, and, to a lesser extent, local taxable retail sales. Adjustments are then made so that the average local share of each district's necessary funding amount is 45% and the average state share is 55%. Once the state calculates the total amount of funding necessary to educate students within a district, it subtracts the expected local contribution and provides the difference in the form of state education aid.

Separately, the state distributes 1.125% of state sales tax revenue to districts in proportion to their estimated school-age population. This amount is subtracted from the aid computation, reducing both the state and local shares of the program.

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**Washington**

Washington does not expect districts to contribute revenue to their public schools. However, school districts are permitted to impose taxes to generate supplemental revenue, such as for transportation. (See "Property Tax Floors and Ceilings.")

A district that imposes supplemental taxes may be eligible for a partial or full matching amount of additional state aid, with higher optional maintenance and operations tax rates generating more additional aid.

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**West Virginia**

West Virginia expects school districts to contribute revenue to the funding of public schools. The amount each district is expected to raise for its education costs is based on its property values: each district is expected to contribute \$1.94 for every \$1,000 of assessed tangible agricultural property wealth, \$3.88 for every \$1,000 of assessed owner-occupied property wealth, including farms, and \$7.76 for every \$1,000 of other assessed local property wealth.

These rates are established annually by the legislature. Once the state calculates the total amount of funding necessary to educate students within a district, it subtracts 90% of the expected local contribution, deducts 4% as an allowance for discounts and nonpayment, and provides the difference in the form of state education aid.

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**Wisconsin**

Wisconsin expects school districts to contribute revenue to the funding of public schools. The amount each district is expected to raise for its education costs is based on its property values, in accordance with a multistep calculation.

Wisconsin provides aid in an amount based on a district's actual prior year expenditures from general aid and property taxes and relative property wealth per member. The state aid amount functions as a cost reimbursement: for each district, "shared costs," defined as the amount a district expended in the prior year on general educational expenditures that were supported with either property tax revenue or state general aid, are calculated. Once the state calculates the district's shared costs, it determines the expected local proportion at three tiers of shared costs.

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## Wyoming

Wyoming expects school districts to contribute revenue to the funding of public schools. The amount each district is expected to raise for its education costs is based primarily on its property values: each district is required to contribute \$25.00 for every \$1,000 of assessed local property wealth for the purpose of funding its schools. Additionally, each county is required to impose a tax of \$6.00 for every \$1,000 of assessed local property wealth, with the revenue to be pooled at the county level and then allocated to the districts within the county in proportion to their enrollment.

The state also expects districts to contribute revenue received from a number of other sources, including both school district and county taxes, federal forest reserve revenues, and railroad car company taxes. Once the state calculates the total amount of funding necessary to educate students within a district, it subtracts the expected local share and provides the difference in the form of state education aid. When a school district's expected local contribution exceeds the amount calculated by the state to be necessary for that district, the excess revenue is rebated to the state Department of Education and redirected to aid other districts.

Actual state education aid disbursements are limited to the amount appropriated for that purpose and the excess revenue received, and will be prorated as necessary so that each district receives state aid in proportion to the amount calculated by the state to be necessary to educate students within that district. Additionally, no school district may receive less total revenue than it did in FY2006, except as justified by a decrease in student enrollment.

For a complete list of primary sources, please see the appropriate state page at [funded.edbuild.org](http://funded.edbuild.org)

