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In Pennsylvania, the majority of school funding comes from property taxes; how do other states fund education? [Ask the Eagle reports]

In this segment of Ask the Eagle, we examine how several states create revenue streams for education.

WRITTEN BY [DAVID MEKEEL \(/APPS/PBCS.DLL/PERSONALIA?ID=50\)](https://apps.pbcsl.com/personalia?id=50)

Last summer, Ed Adams went to visit his brother in Illinois.

While there, the two got to chatting about their homes. Adams told his brother, William, that he was almost done paying off his mortgage but that he'd still have to pay about \$500 a month for the rest of his life because of property taxes.

"I told him it's like you never really pay it off," Adams said, saying the bulk of his bill is from the Antietam School District, which has the highest school property taxes in Berks County.

William, who was born and raised in Illinois, told Ed that he's crazy, explaining that he pays far less in property taxes.

While Illinois has one of the highest property tax burdens in the nation — usually ranking only below New Jersey — it also has a generous exemption for an owner-occupied property. William gets a tax credit of about \$6,000 through the homestead exemption.

Ed Adams' son, Brian, who recently bought a condo in Wichita, Kan., also told Adams that his property taxes are miniscule compared to his dad's. Kansas relies more heavily on income and sales tax than on property taxes.

The two incidents got Adams thinking, "How come we're paying so much?"

Adams said he knows that the bulk of his property tax goes toward education but wonders if there isn't a better way.

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"In the 49 other states, someone has to be doing something different," he said.

That's why Adams contacted the Reading Eagle's **Ask the Eagle reader-powered journalism project** (<https://www.readingeagle.com/section/asktheeagle>), posing the question "How do other states fund education?"

*Ask the Eagle is a public-powered reporting project that gives you a voice in our region's news coverage. We will delve into any topic or issue that's important to you. What questions do you have? **Ask the Eagle and find out more** (<https://www.readingeagle.com/section/asktheeagle>).*

The answer, it turns out, isn't all that simple. Different states have different sources and methods to fund education, with a variety of results.

The Reading Eagle took a look at a handful of states across the nation, selected in an effort to represent that diversity.

Some rely heavily on state funding, others on local sources. Some levy property taxes to pay for schools, others use income, sales or other taxes. Some are rated highly for the education they provide, others are ranked near the bottom.



Pennsylvania

Pennsylvania is just outside the top 10 in the U.S. News and World Reports ranking of the best states for kindergarten through 12th-grade education, coming in at 11th.

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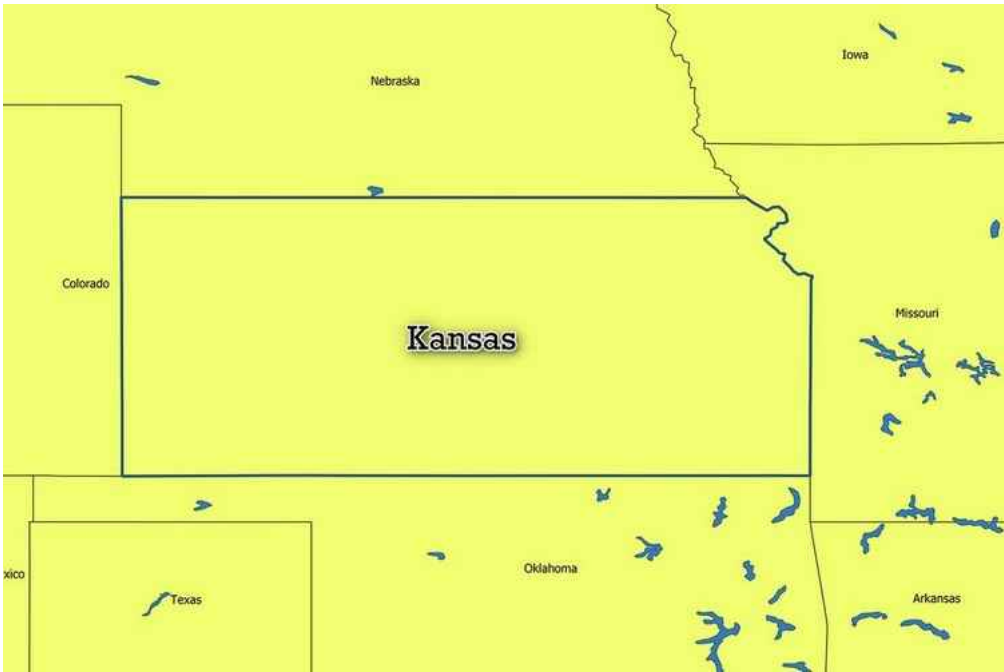
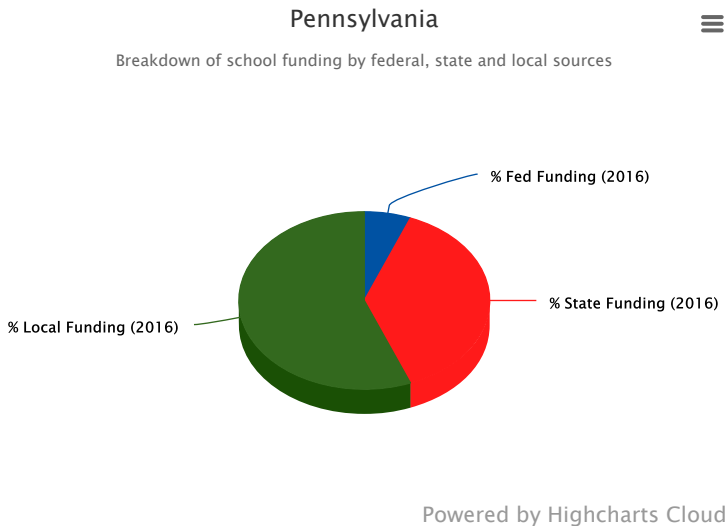
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The state is the sixth-most reliant on local funding sources for education, with 56 percent of education money raised locally in 2016, according to the U.S. Census. State funds make up about 38 percent of overall education funding.

Of the local money, the majority comes from property taxes, which are enacted and collected by each school district.

The state chiefly raises its money through a 3.07-percent flat income tax and a 6 percent sales tax. Other revenue streams include gambling proceeds and various state fees and charges.



Kansas

Kansas is middle of the road when it comes to the ranking of its K-12 education, slotting in at 27th.

About 65 percent of school funding comes from the state. The majority of that is raised through the state's income tax, which ranges from 3.1 to 5.7 percent based on income level, and a 6.5-percent sales tax.

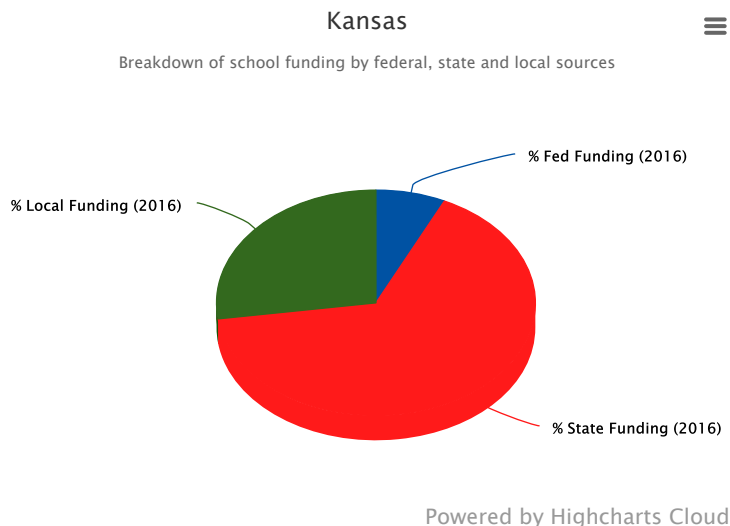
Homeowners in Kansas do pay property taxes, which are administered at the county level. Property taxes are the main source of local revenue for schools.

While property tax rates vary from county to county, in Kansas the owner of a home with the median value of \$135,300 pays about \$1,900 annually, [according to wallethub.com \(https://wallethub.com/edu/states-with-the-highest-and-lowest-property-taxes/11585/\)](https://wallethub.com/edu/states-with-the-highest-and-lowest-property-taxes/11585/). But more money comes into schools via other taxes.

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Kansas' education funding system is being renovated after a 2017 state Supreme Court ruling found the state needs to provide more money for education.



Massachusetts

Massachusetts has the top-ranked K-12 education system.

The state funds education based on a law called Chapter 70, created following a lawsuit claiming funding in the state was inequitable. Chapter 70 sees the state set a “foundation budget” for each school district based on things like enrollment, student demographics and the local wage level.

The state then gives each district a portion of that foundation budget, with the rest to be made up locally. The state money is raised mostly through a 6.25-percent sales tax and a 5.1-percent personal income tax.

About 57 percent of school funding in Massachusetts comes from local sources.

Those local sources are mainly property taxes, which are enacted by the municipalities that make up the school districts.

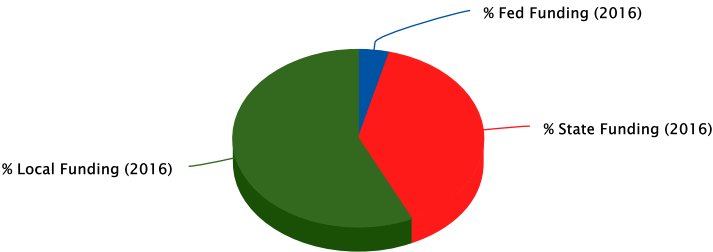
Despite Massachusetts' high national ranking, there are still complaints about its education system. A recent proposal is the Promise Act, aimed at further fixing inequities between districts in rich and poor parts of the state.



Massachusetts



Breakdown of school funding by federal, state and local sources



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New Hampshire

New Hampshire is the second highest-ranked education system.

It funds education chiefly through two property taxes.

The state does not have an income or sales tax — except on things such as cigarettes, alcohol and gambling — and raises money for education through a statewide property tax.

The state distributes money to local districts based on a formula that takes into consideration factors such as enrollment, how many low-income students are in a district and special education needs.

The local portion of school funding, which is over 61 percent of the total education funding, is raised through property taxes.

Municipalities send their budgets, including school district budgets, to the state's Department of Revenue, which determines the tax they can levy.

Combining the state and local property taxes ranks New Hampshire near the top when it comes to total property taxes. According to wallethub.com, the state has the third-highest property taxes in the country.

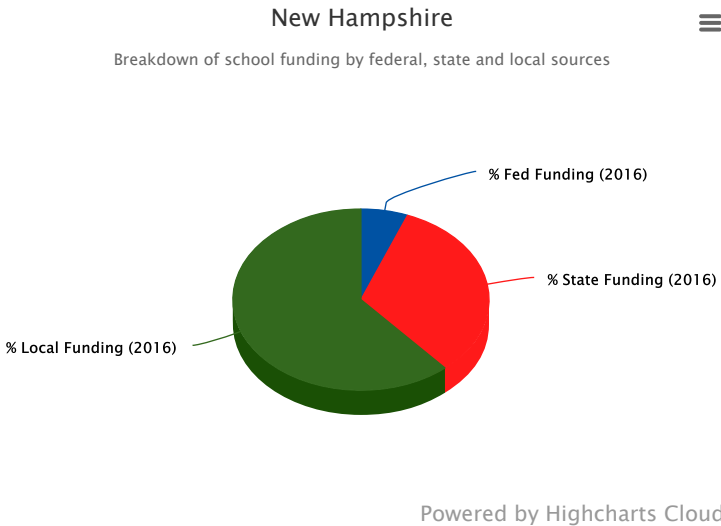


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A homeowner with a house valued at the state median price of \$239,700 pays a total annual property tax bill of about \$5,200.





Vermont

The fourth-ranked state for K-12 education, Vermont primarily funded schools through local property taxes until 1997. That's when the state Supreme Court found the funding system unconstitutional, and the state enacted The Equal Education Opportunity Act.

The act put in place a system for local voters to decide how much the school district should be allowed to spend each year. A portion of that is paid by the state through statewide sales tax and lottery funds.

The rest is paid for by a pair of property taxes. One is a flat rate charged on businesses, apartment complexes and undeveloped land.

The second is the homestead tax, which is levied on homeowners. The rate is set by the state based on the budget amounts approved by voters.

The rates are crafted by the state so that any two districts that spend the same amount have the same tax rate. Because the rate is set and managed by the state, and redistributed in an attempt to create equity, it is considered a state funding source.

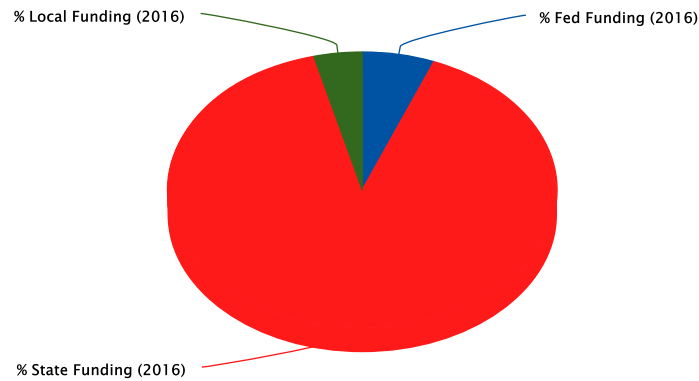
Property owners can opt to pay a state-set income tax, which varies depending on approved school spending numbers, if it is lower than their property tax.



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New Mexico

The lowest-ranking state for education, New Mexico's funding comes nearly completely through the state.

The funding system relies mainly on income taxes, with money also raised through interest earnings, a severance tax, federal mineral leases and license fees.

New Mexico does use a small amount of local property taxes to help pay for education, but that only accounts for about 16.5 percent of overall school funding. Local governments also levy small property taxes.

Overall, a homeowner in New Mexico with a home priced at the state median value of \$161,600 pays a property tax bill of about \$1,200, according to [wallethub.com](https://www.wallethub.com).

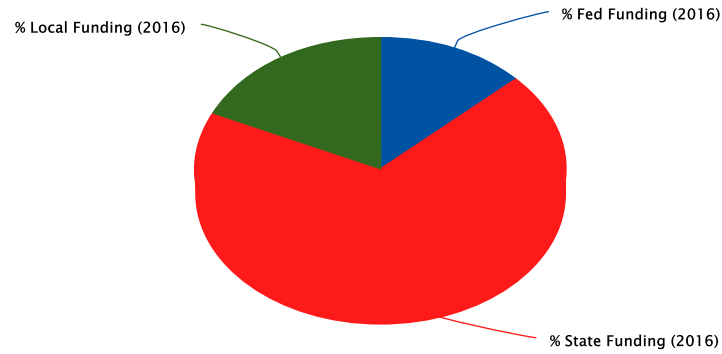
New Mexico's funding system has proven to be volatile, with the state making severe cuts to education following the economic downturn in 2008, which shrunk the flow of income tax dollars to the state.

New Mexico's education funding system was recently found unconstitutional by the state Supreme Court because of significant inequities among its 89 school districts.

New Mexico



Breakdown of school funding by federal, state and local sources



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Nevada

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About 63 percent of school funding in Nevada is provided by the state, largely through sales taxes.

Along with statewide a sales tax of 6.85 percent — the eighth highest in the nation — Nevada also has a 2.6-percent Local School Support Tax. That tax is also a sales tax, but revenues stay in the areas where they originate to fund local schools.

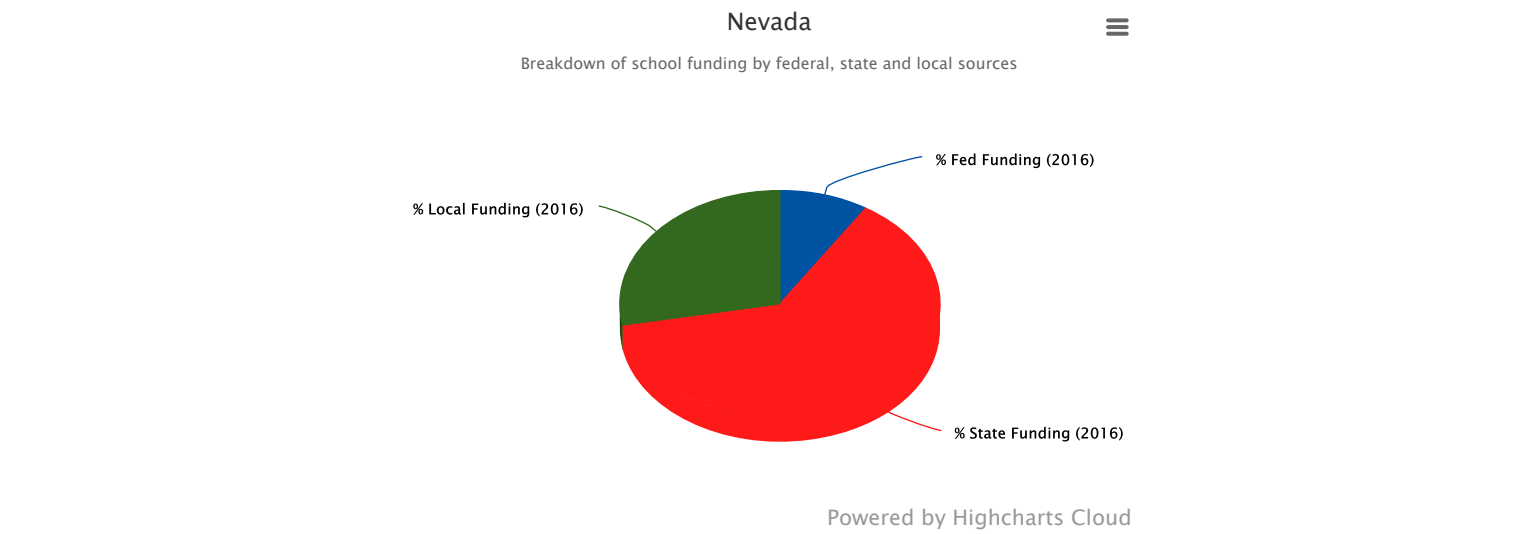
In all, sales taxes contribute about half of the revenues for education in Nevada.



About 20 percent of funding comes from property taxes, and 15 percent come from gaming revenues. Nevada's overall property taxes are among the lowest in the nation.

The owner of a home valued at the state median price of \$191,600 pays about \$1,500 per year in property taxes.

Nevada is the second-lowest-ranked state for education.



Delaware

Delaware, ranked 18th in the nation for K-12 education, does levy local property taxes to fund education, but is not as reliant on such taxes as Pennsylvania.

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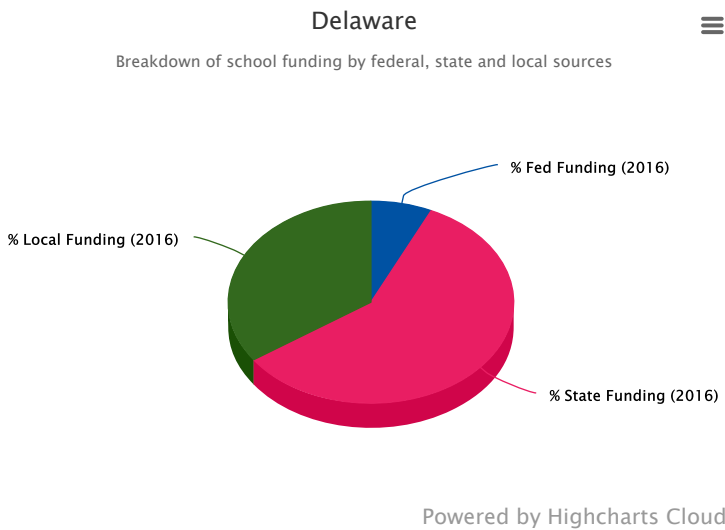
Local school districts set property tax rates, which need to be approved by local voters. But the local property taxes only account for about 27 percent of overall school funding, compared to about 45 percent in Pennsylvania.

Homeowners in Delaware, on average, have the fourth smallest property tax bill in the nation. According to [wallethub.com](#), the owner of a home valued at the state median price of \$233,100 pays just under \$1,300 per year.

In Delaware, the state kicks in just under 60 percent of the total funding for education.

With no sales tax, that money is mostly raised through an 8.7-percent flat corporate tax and a personal income tax that ranges from 0 to 6.6 percent. Pennsylvania has a 3.07-percent income tax.

Delaware was sued in 2018 over claims school funding is inequitable. The suit is still pending in the state court system.



Funding formulas

While the exact recipe for school funding differs from state to state, there appears to be common ground in one area. Pretty much everywhere you look, there's a fight.

"A lot of good funding formulas have come out of lawsuits," said Wendy Lecker, senior attorney for the Education Law Center, a national organization that fights for equal educational opportunities for all students.

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Do a little research on school funding for pretty much any state and you'll come across news articles about people upset with that state's system. Taxes are too high, funding is too low, the system isn't equitable.

In several instances, the courts have forced states to change systems. Many, like Pennsylvania, have come up with new funding formulas.

Pennsylvania introduced a new "fair funding" formula in 2016 after a Washington Post analysis found the state had the most inequitable funding in the nation. Even with the new system, however, there are still complaints about inequity.

A lawsuit that is scheduled for trial in summer 2020 aims to force the state to further adjust its funding, claiming continued imbalances in funding between the state's 500 school districts.

The best funding formulas, Lecker said, do a cost analysis to figure out a base level needed to educate each student, adding in factors like special education needs and poverty levels.

“When a system is based on real costs, when it accurately accounts for student need and when it accounts for a municipality’s ability to raise revenue, it’s a good formula,” she said.

But just getting the formula right isn’t enough, Lecker said.

“The most important part is not just having a funding formula; you have to fund it,” she said.

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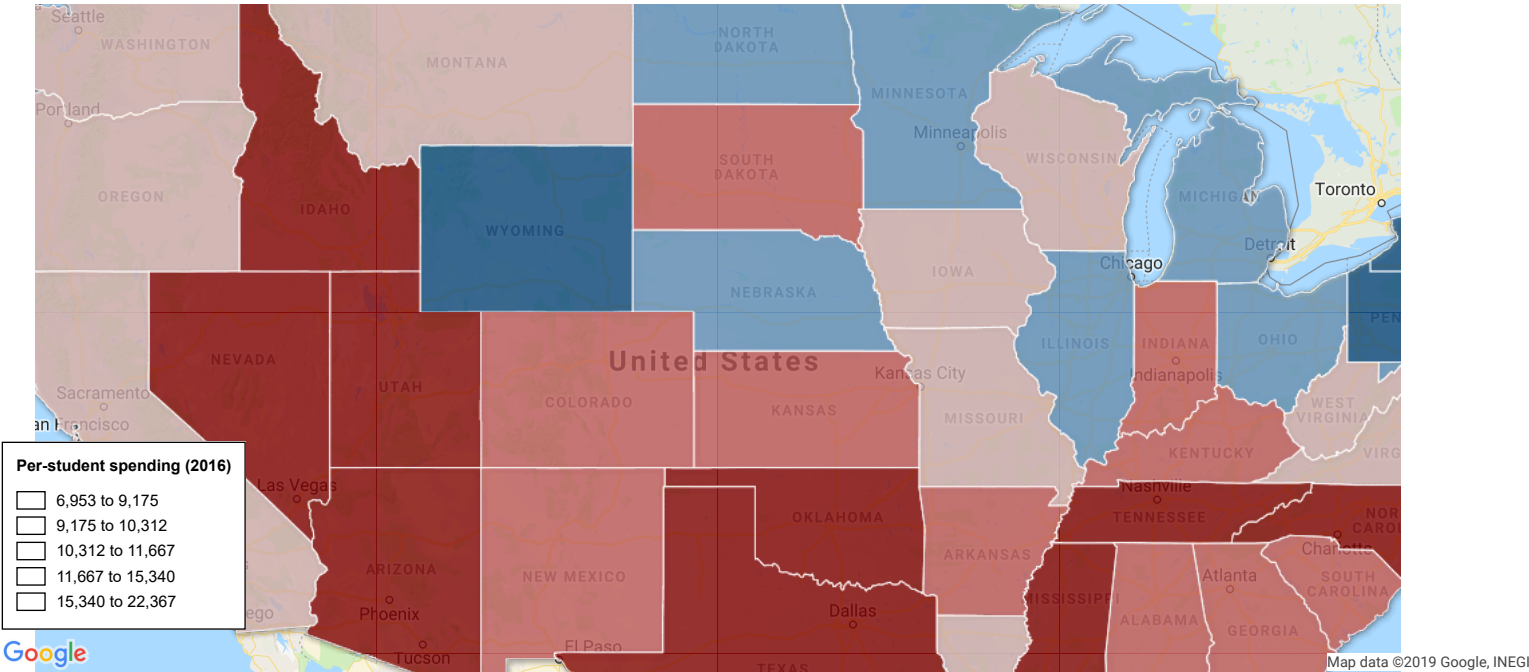
The courts in some states have weighed in on that as well, forcing state governments to pony up more cash.

What the best way to do that is, however, is a difficult question to answer.

Lecker, saying she is by no means a tax expert, said in her mind it should be a diverse system, one that doesn’t rely too heavily on one kind of revenue stream.

Schools need revenue sources that aren’t volatile and are progressive, meaning it won’t unfairly burden the very people in need of education equity, Lecker said.

“Making that happen is a matter of political will and where you put your values,” she said.



Next voting round opens for "Ask the Eagle"

Which question should we investigate next?



There is a bell at the top of the Pagoda with a Japanese inscription. What's the English translation?

Submitted 3 months ago by Dennis Grieff



How much has Pennsylvania spent on free doses of Naloxone over the last 5 years and where are the funds coming from?

Submitted about 1 month ago by Anonymous



Why have there been so many chicken houses popping up in and around western Berks County the last few years. What is driving the explosive growth in this type of commercial farming?

Submitted 7 days ago by Luke Shultz

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Robert Millar

01.21.19 / 5:14 pm

Thanks for all the good reporting!

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Robert Millar

01.21.19 / 5:15 pm

I think that a graduated income tax on both personal and corporate incomes would be the best method for funding public schools.

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Harry Stouffer

01.21.19 / 10:07 pm

why your home one reason you don;t pay they take your home so they have a hold on you as long *** you own one or two or more

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Ethel Bruchbocker

01.22.19 / 8:18 am

Pa needs to eliminate local funding for schools. Increase the personal income tax and sales tax. It's ridiculous that you never truly own your home in Pa.

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