

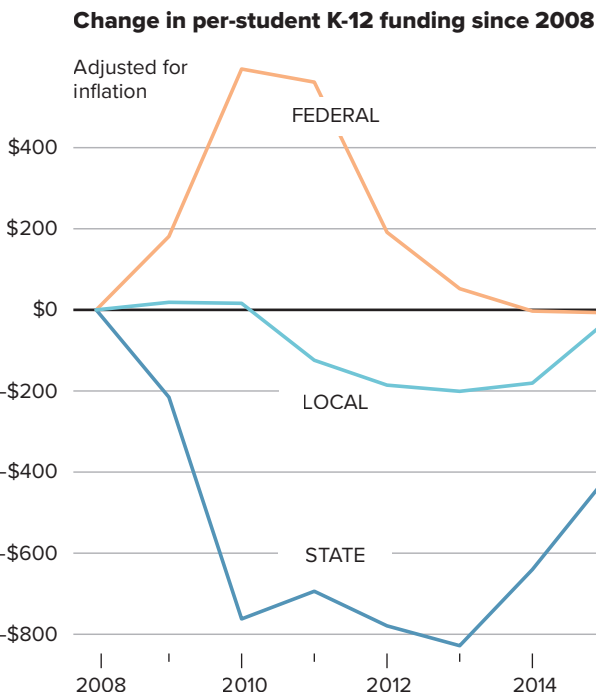
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# The Shifting Landscape of K-12 Funding

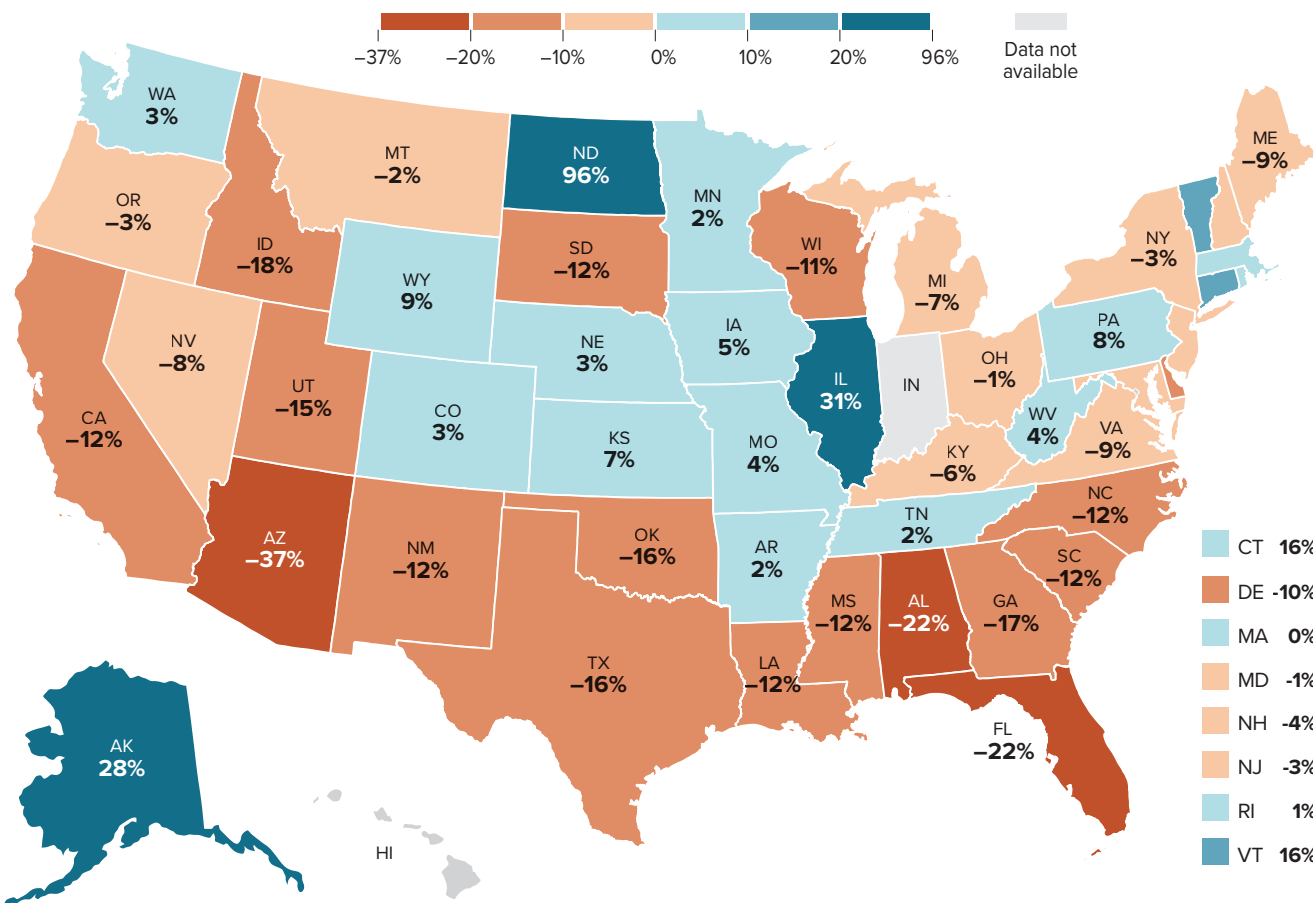
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Recent trends in K-12 education funding reflect the lingering effects of the Great Recession on federal and state finances. When tax revenues collapsed in 2008, many states were forced to cut back sharply on education funding in order to balance their budgets. However, these reductions were largely offset by increased federal funding from the economic stimulus package, at least initially.

Between 2011 and 2014, the federal stimulus faded away, but state and local funding did not recover fast enough to compensate. The net result was a broad reduction in K-12 funding. Nationally, inflation-adjusted funding per student fell from \$13,860 in 2008 to \$13,403 in 2015 — a 3.3 percent reduction overall.



## Change in combined state and local education funding per student, 2008 to 2015

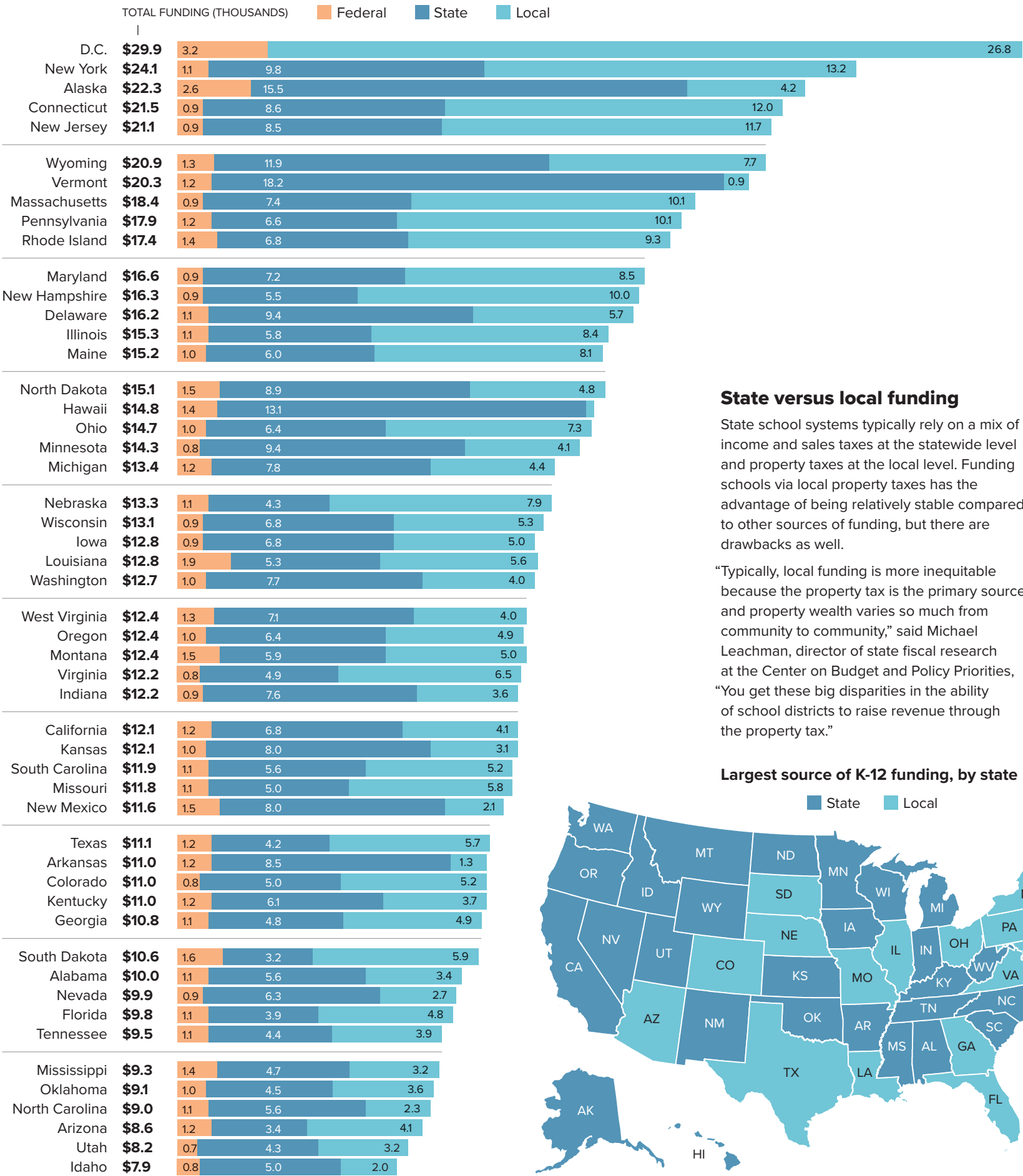


Funding cuts were harsher in some states than others. In Arizona, where K-12 funding declined more than any other state, recent income and corporate tax cuts have constrained the state's ability to raise revenue.

Major strikes by public teachers in West Virginia, Oklahoma, Kentucky and Arizona are driven at least in part by these trends. Teacher salaries are the largest component of school budgets, which in turn are the largest components of state budgets. As a result, when states have financial difficulties, teacher pay is often frozen or reduced. Between 2010 and 2016, average teacher salaries declined relative to inflation in 39 states.

As the economy nears full recovery, state and local K-12 funding is on an upward swing, giving lawmakers some leeway to meet the demands of striking teachers and voters for increased education funding.

## Composition of K-12 school funding raised per student, 2015

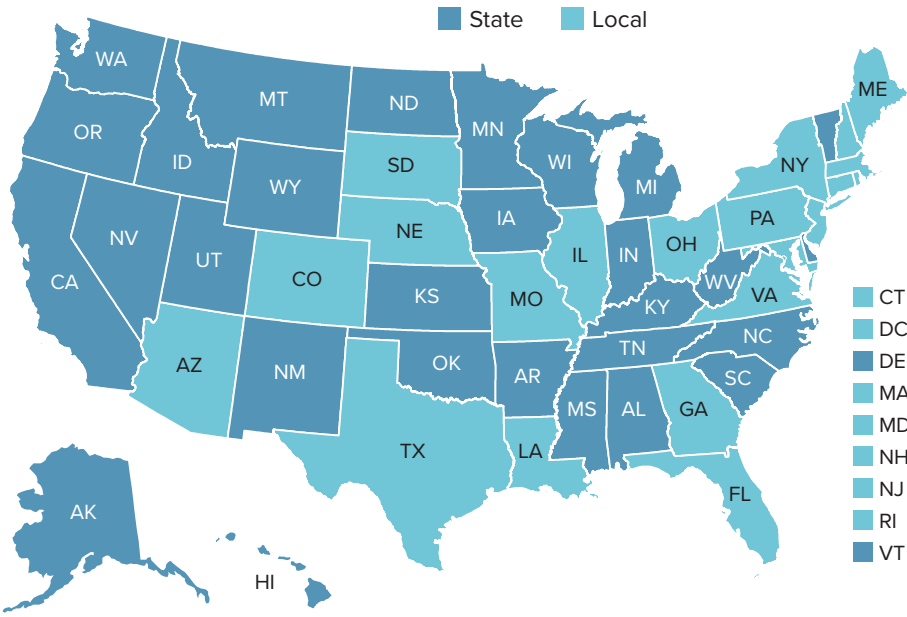


### State versus local funding

State school systems typically rely on a mix of income and sales taxes at the statewide level and property taxes at the local level. Funding schools via local property taxes has the advantage of being relatively stable compared to other sources of funding, but there are drawbacks as well.

"Typically, local funding is more inequitable because the property tax is the primary source, and property wealth varies so much from community to community," said Michael Leachman, director of state fiscal research at the Center on Budget and Policy Priorities, "You get these big disparities in the ability of school districts to raise revenue through the property tax."

### Largest source of K-12 funding, by state



Sources: Census Bureau, "Annual survey of school system finances"; National Center for Education Statistics; Center on Budget and Policy Priorities

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