Technical Advisory Group
Local Revenue

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School finance research since 1995

Primary Sources of Local Revenue

• **Property Taxes**: for school districts and other local governments

• **Specific Ownership taxes** – varies by district

• **Sales Taxes** – limited for education
Quick Facts

- Local Boards of Education have taxing authority
- The value of a mill varies from $20,000 to $1,000,000 – depending upon the property wealth of a community.
- Non-residential property owners pay 3 to 4 times more than residential

School District Impact

- **1994**: school districts were to contribute approximately 40 mills towards school finance or a 50% local contribution.
- **Today**:  
  - District average mill for school finance is 25 – the range being from less than 2 to 27  
  - Approximately 10 districts receive 90% state aid and 10% local  
  - Approximately 12 districts receive 90% local and 10% state
Other Considerations:

• School districts raise mill levies for:
  – **Revenue generated for school finance** (dollars inside the formula)
  – **Capital construction** (outside the formula)
  – **Local overrides** (outside the formula)
    • 1988 was limited to 5% of total program as concern for equity and capacity between school districts.
    • Through legislative action this is now 25% plus of total program. (outside the formula)

Moving Forward

• Questions:
  – Should local school districts generate more revenue towards school finance?
  – Who has authority to make this change?
  – Why was K-12 treated differently than other local governments and forced to lower mills versus a temporary timeout?
  – Mills generated within a school district vary by community – in addition to income variances
Revenue Goals

• Establishing who pays.
• What type of tax?
• Is it sustainable?
• Is it equitable?
• Is it adequate?
• Is it adaptable?
• How much is being raised? What is the revenue amount trying to support?

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