

CLEAN SLATE

A Note from the CEO

In the coming years, our states and school districts will face a challenge unlike any in the modern history of education. At some point, our children will return to the buildings within which many have sought refuge from the world outside, and they will need the community and supports that our schools have provided even more in the wake of the pandemic. Teachers that have always served as both educational and emotional support to our children will be tested by fears and frustrations from their students beyond what they could have prior imagined. More children than ever will come to school without having eaten breakfast, and more will return home to families suffering the trauma of the loss of life and the loss of income. This pandemic will create a lifelong toll.

At the same time, school and district leaders will be asked to do more with less. Certainly, they'll be required to reimagine the delivery of learning in an environment equally focused on health and on learning. But more importantly, they'll be expected to find ways to reinforce the lifeline that they've always thrown to our teachers, our counselors, and our children in ways that will undoubtedly fray the edges of the rope.

And at the root of it all, state legislators and governors will be forced into a yet inconceivable challenge; to provide and protect the resources that our schools will so desperately need, within a catastrophic financial environment that will rival or surpass the Great Depression. We know that there will be no easy answers, and that our state and local elected officials will be forced to choose to allocate scarce resources between all of the critically needed social supports for our citizens—including our children.

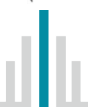
When we started working on this report, there was no pandemic. There was, however, a driving need to put forward a solution to the problems that we've been calling attention to for the past five years. It is my hope that our work has created a magnifying lens through which we now are better able to see the flaws in the source and geography of our school funding models. There was no way that this committed staff would leave this work without at least putting forward our thoughts on a potential solution.

This report was always intended to be "evergreen"—existing long after EdBuild has closed its doors as an aspiration for what advocates should pursue to ensure that more students have access to the same kind of assured opportunity that only a privileged few now enjoy. We know that the politics of "local funding" are fraught, and that locally driven interests have a way of suppressing even the best ideas for the greater good.

But as we enter these extraordinary times, this report should serve as a real solution for soon to come education funding problems. To be sure, if we had the political will to take on the fissures of our school finance system before now, legislators would have had many more options before them in this crisis to ensure that revenue declines wouldn't impact the most vulnerable of all of our children.

But as a society, in prior years, we didn't have to muster the resolve because we always had the promise of "one more year" to solve the problem of funding equity. We were waiting for one more revenue upswing, one more economic boom, but we now know that's not our near future. What I hope is that, in our coming season of famine, we may be willing to do what we knew was right all along. Our motivations no longer need to be the social good because they've become the financial reality.

It has been my true honor to work alongside a staff that is so passionate about fixing the fundamental flaws that so unapologetically suppress millions of children's futures, and it's been a blessing to work under the leadership of a board equally committed to the charge. I hope that this capstone – which is more relevant now than I could have imagined – can inspire some of the positive change that we've been hoping to spark.

A handwritten signature in black ink that reads "Rebecca Stalder".

INTRODUCTION

About 50,000 people—some on foot, most on horseback or wagon—gathered behind an invisible line on April 22, 1889. They were awaiting the start of the Great Land Run of 1889, during which the unincorporated areas of what is now the Oklahoma City area would be divided up into plots of land for anyone staking claim to it. At the signal at high noon, participants raced to find the most attractive land, creating entire new towns overnight, drawn by lines created by nothing other than personal preference and bargains. The vast majority of those participating in the event played by the rules and thus earned the nickname “Nooners.” But some participants of the Great Land Run did not run at all. They scouted their land in the days leading up to the event, and then hid in the terrain overnight in order to draw the most advantageous borders for themselves before any of the runners even reached them. These folks earned the now infamous nickname “Sooners.”

It was the Nooners and Sooners who first began to carve up the area that is now Canadian County, Oklahoma. Today, the county, which is about the same size as Jacksonville, Florida, is home to ten different school districts, six of which enroll less than 400 students each. There is a staggering range of property wealth between these districts in the same county. Yukon, with a median property value of about \$150,000, raises \$3,728 per pupil for each of its 8,500 students. But Banner—a school district enrolling just 234 students and with a median property value of over \$235,000, raises over \$11,000 per student.

There is another thing that sets one of the tiny Canadian County districts apart from the rest: wind turbines. Because the air patterns of the area happen to favor Calumet, the small town now generates a lot of money for its schools through the wind industry, money that stays within the borders of a school district that educates just 244 students. On a per-pupil basis, the property in Calumet generated over \$20,000 per student in 2016-17. So, within a single county, there is a local revenue divide of over \$17,000 per student between the least wealthy and wealthiest districts.ⁱ

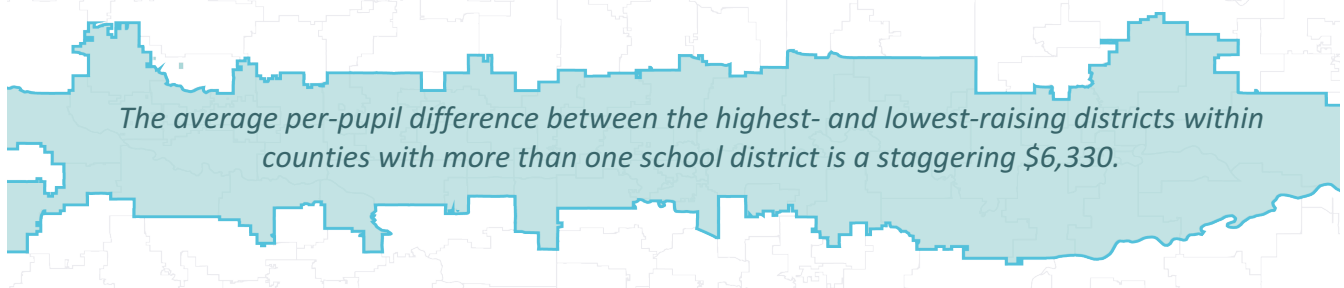
This kind of divide exists in counties from coast to coast. In Alameda County, California, which houses eighteen different school districts, there is a \$22,000 per-student difference in local revenue between the least wealthy and wealthiest districts. The same is happening in New London County, Connecticut, where there is an \$18,000 per-pupil difference between its twenty districts. And in Kenosha County, Wisconsin, split into twelve different school districts, the divide is over \$7,000.

While these are extreme examples, they are also not unique. Throughout the United States, 1,964 counties have more than one school district. The average difference between the highest-raising and lowest-raising districts within those counties is a staggering \$6,330 per student in local dollars.

These disparities are endemic in the American education system, an inevitable result of a school funding system based on a foundation of local property taxes. Because this wealth stops at the district border, the system provides a strong incentive for well-off communities to draw and preserve narrow and exclusionary borders. In the funding system that we have so long upheld, a privileged few communities keep their ample dollars in and all other students out—trapping a disproportionate amount of money for education on one side of an impermeable line.

Defenders of these lines, in public conversation and in the courts, argue that this funding system is the preservation of “local control” of schools. Over time, the right of districts to self-govern has become entwined in the public mind with the ability to raise and keep local dollars. But this double purpose of

school district borders—as boundaries for both governance and funding—is neither automatic nor necessary, and it is not serving the vast majority of students well. If we instead decoupled local funding from local governance, we could draw different tax boundaries while maintaining our school systems, and carefully consider a separate set of local lines that would smooth out the revenue disparities that arise from our inefficient, illogical, and largely arbitrary borders.



This is not tinkering around the edges; it is righting the ship. A smarter system of property tax funding could deliver an average of about \$1,000 more to 33 million students (69% of all students in traditional public school districts nationwide)—and even higher amounts for predominantly nonwhite and districts with low-income children. This solution does not require an increase to taxes, nor does it change the zoning or governance of schools. In so many ways, it is a simple solution—and one that has been in front of us all long.

THE GAP: FILLING IN AND FALLING SHORT

Since nearly every state relies on local property tax receipts as the foundation of its school finance system, education funding inevitably rests on an unequal foundation. Districts' different tax bases yield wildly disparate amounts of local revenue.

Students and their families have been challenging this system in various court cases for fifty years, arguing that it deprives children in poorer areas of access to an equal education.ⁱⁱ Time and again, state courts have agreed that the inequities are unconstitutional, and states have answered by creating funding schemes where they attempt to make up the difference between what lower wealth areas can raise and what they need to operate, rather than fix the borders that are the source of the inequity itself.

Over time, this approach has produced a system where (before federal funds are taken into account) half of education dollars nationally still come from local sources—mostly property taxes—while the other half come from states. The split differs from state to state and district to district. Where the policies work as intended, lower-wealth districts receive more state money, while higher-wealth school systems lean more on their local tax bases. But in most states, that system still does not smooth out revenue discrepancies. This is due to the fact that there are two fundamental flaws in the way the system has been constructed.

States cannot keep up with growing wealth inequality

In general, states use a formula to set a funding target for each district and aim to ensure there is sufficient revenue to allow every district to spend that amount. Most often, they first ask every district to cover a portion of the formula amount with a local property tax at a given rate.ⁱⁱⁱ Wealthier districts can make up the majority of their target on the strength of their property tax receipts, middle class

districts rely on a balanced mix of local receipts and state funds, and poorer districts raise a little bit of property tax revenue but rely most heavily on the help of state aid to meet the state's funding target.

Even in good economic times, states often cannot completely close the funding gap between poorer and wealthier districts. The state's challenge is daunting considering that half of the families in the United States own only 1% of the nation's wealth, and much of that wealth is concentrated in the property that makes up the school tax base. And wealth inequality is increasing. Since 1983, around the time during which many of these state-funding schemes were being deployed, the share of aggregate wealth for the highest-income families has increased from 60% to 79%, while the share of wealth for middle-income families has fallen dramatically—from 32% to 17%.^{iv} The disparity is growing between the revenue that higher-income areas raise from their property taxes and what can be raised from property values in lower-income communities, so states are in a constant scramble to fill a gap that keeps widening.

The state's own duty is further burdened by a set of lax laws and legislative workarounds that allow wealthy communities to keep raising taxes above and beyond what the state sets as a spending target for each district. Only nineteen states have any sort of balancing mechanism in their formula, where policies are set that require communities to limit their own school taxes.^v So, in practice, wealthy districts can raise money far beyond the amount that the state calculates that they need, while middle and lower-wealth districts are faced with a decision: overtax themselves to keep up with their neighbors or try to make due with less money than the school across the street.

Most often it is middle class communities that incur this additional tax strain since they tend to border the wealthiest. Taxpayers in Princeton, New Jersey, where the median household income hovers around \$125,000 and the median property value tops \$800,000, pay \$2,400 for every \$100,000 of property wealth. But their neighbors in West Windsor, who have the same median income, but median property values around \$550,000, pay \$2,700 on the same \$100,000 of wealth.^{vi} Even New Jersey, with a relatively progressive formula, clearly demonstrates the failure of a funding scheme that is intended to even out the gaps between neighbor wealth.

More often than not, though, the gap persists with or without the additional tax strain, even after the state tries to help—and it gets worse the more fractured the communities are by district lines. There are 969 borders in the United States that separate school districts by at least 25 percentage points in race and 20% in state and local funding, and across these borders, the average funding gap between neighbors is \$4,207 per pupil.^{vii}

The lowest-wealth districts are most susceptible to cuts

In addition to the inability of states to keep up with their own policies and their residents' growing wealth divides, this system sets up the poorest districts to be the most reliant on state funding. While that policy is well intentioned, it leaves needy districts in a precarious position when the economy takes a turn for the worse. That is because state funding for education comes mostly from states' general funds, which are powered largely by volatile sources like sales and income taxes.^{viii} When the economy experiences a shock, unemployment climbs and consumer spending takes a dive, and receipts from those taxes can plummet.^{ix} This can take a real bite out of state budgets, disproportionately hurting the school districts that depend most on state support to get by. Local education funding, though, is protected from such shocks, because property taxes are highly stable.^x As a result, property-tax-dependent wealthy school districts are much better positioned to weather difficult times.

Consider that in 2009, after the Great Recession had begun to affect government coffers, sales tax revenues were 17% lower than in the prior year, and income tax receipts were down 27%.^{xi} These declines hit state education budgets hard. On average, state aid to K-12 schools declined by \$250 per pupil in 2009 and by a further \$500 in 2010.^{xii} But these cuts did not hit all districts equally, because local revenue per pupil remained steady in 2009 and 2010.^{xiii} The poorest, most state-dependent districts almost certainly bore the brunt of the cuts, while high-wealth districts were able to ride out the recession with far less pain.

While our recent recession demonstrates just how precarious things can be for kids in low-wealth districts under the current funding system, this kind of revenue uncertainty is not unique to economic shock. In fact, between 2006 and 2015, ten states saw an annual percent change of more than 6.5% to their general funds, and another ten saw annual fluctuations of 8.5 percent or more.^{xiv}

In addition, states often specifically tie the most volatile funding to schools. Gambling proceeds from casinos and lotteries are often sold to the public as a means of generating additional revenue for cash-starved schools. But these are also the revenues that decline even more swiftly when the economy goes south.



There is certainly blame to place at states' feet. In times of revenue instability, they often do not take the steps necessary to shore up spending levels for education by applying cuts elsewhere or raising new taxes. And states could take further action to limit the revenue divides across districts in the same area by requiring a reduction to the exorbitant taxes in some communities, or by spreading the proceeds of business and industry taxes between neighbors rather than allowing them to remain in small, privileged school districts. But it is important for us to recognize that this funding system is a house of cards—states face a daunting task of building higher and higher layers on a shaky foundation. It is unreasonable to expect state economies to, year-over-year, find money to fix an unnecessary system that generates within-county gaps of, on average, \$6,330 per pupil between the highest- and lowest-raising districts. It is even farther beyond states' reach to provide the greater funding that high-need districts require in order to teach our most vulnerable children.

Ultimately, states cannot outrun the problem of local funding inequality. They have tried to compensate for the gap instead of eliminating it at the ground level, and the results just have not been sufficient. This policy too often asks middle class communities to either overtax themselves or go without the resources that their neighbors can raise. And it leaves poorer districts trailing their wealthier neighbors and most vulnerable to annual revenue cuts. It is time for a new approach. We need to address the root cause of the problem and create a more resilient funding system that works for all students, not just those in property-rich areas.

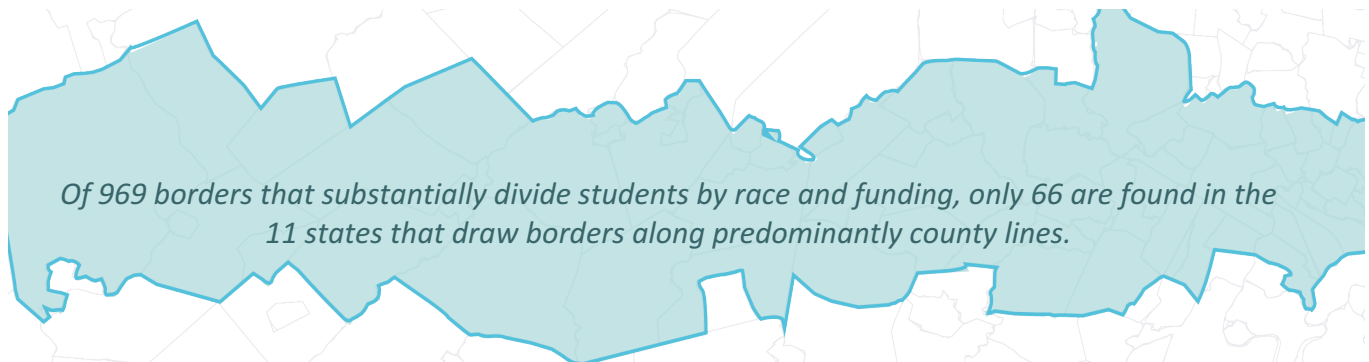
EVALUATING A NEW APPROACH TO LOCAL REVENUE

When we lock local dollars behind our school district borders, we create inevitable funding divides between different school systems. Instead of trying to make up for this inequality, we should seek to prevent it from existing in the first place, by thinking differently about the relationship between school district borders and funding.

EdBuild has conducted several studies related to the effect of school district borders on funding equity. In almost every circumstance, we found that the eleven states that predominantly draw school district borders along largely county lines fare much better in cross-boundary equity. For instance, in our 2019 report *Dismissed*, we found 969 borders in the US that substantially divide neighboring school districts by both race and funding levels. Of those borders, only 66 of the 969 are in states that draw school district borders along county and city lines. And of the \$23 billion funding gap that exists between predominantly white and nonwhite school districts, only one county-level state, Florida, contributes to that gap.

The idea of sharing school funding at the county level is not a new concept; rather it is a system that has long been in place in many states—largely in the South. In fact, many states originally authorized counties to run schools in some of the first public acts to establish free education in the state. The Florida School Law of 1853, for instance, entrusted the policy duties related to schools to a county board of trustees and allowed the county to collect taxes on behalf of the system.^{xv}

In addition to the eleven states that generally organize their school districts (and thus local property taxes) at the county level, there are states where county-level pooling is a policy that is separate from



how school districts are drawn. This means that there may exist several independently run school districts within a county that all share a portion of the county's revenue. For example: In 1978, a desegregation order required Delaware to combine twelve school districts in the state into a single New Castle County school district.^{xvi} The district was then split into four districts in 1981, each serving a portion of the city of Wilmington and its suburbs. One legacy of this plan is a shared county property tax, over and above the individual districts' property taxes.^{xvii} In Wyoming, counties must levy a designated property tax for education, the proceeds of which are pooled and distributed to districts in proportion to their enrollment.^{xviii} And all property taxes in California are pooled at the county level and distributed out to school districts based on a legislated formula.^{xix}

There are also states that pool local property tax money at the state level and distribute this revenue along with a mix of state dollars through the state's formula. With legislation enacted in 1997 and modified in 2003, Vermont moved its property tax collection for education to the state level.^{xx} The rate

The Compelling Need to Address School District Borders as the Foundation of School Funding

For decades, states have recognized that low-wealth districts are disadvantaged by the school finance system. However, they have sought to compensate for that inequality with state aid rather than trying to prevent it at the source. Instead, states have continued to allow school district borders to serve as the ultimate limiting factor for local dollars.

This is in part due to the way education litigation has primed us to think about school district borders. The most important historical case for this purpose is *Milliken v. Bradley*, decided by the United States Supreme Court in 1974. The case centered on the school district of Detroit. It was broadly agreed that the city district was highly segregated. White flight had left the district with little internal diversity, though, making meaningful integration within its borders essentially impossible. Lower courts had ordered an area-wide desegregation plan, which included both Detroit and several of its majority-white neighbors. The United States Supreme Court overturned the plan, finding that the district borders dividing Detroit from its suburbs were bound to be respected. Even though white flight into those suburbs had left Detroit beyond hope of integration, since the districts themselves had not purposefully participated in creating the segregation, they could not be ordered to participate in its desegregation.

Though the *Milliken* ruling dealt with integration rather than school funding, it cemented a tradition of deference to school district borders. But in the area of finance, excessive regard for these borders creates deep interdistrict divides. EdBuild has documented the harm wrought by district borders in a number of past reports.

\$23 billion

School district borders cement vast racial inequality in education funding. In an analysis of 2016 school finance data, EdBuild found that, after adjusting for local costs, predominately white school districts receive \$23 billion more than predominately nonwhite districts despite serving a similar number of children. Predominately white school districts receive, on average, almost \$14,000 per student, while nonwhite districts average only \$11,682. That is a divide of over \$2,200 per student. Funding in high-poverty nonwhite districts even lags behind that in high-poverty white areas, on the order of \$1,500 per student. These disparities are largely the result of school district borders that are layered on top of highly segregated neighborhoods with unequal property values. These borders outline many small, property-wealthy districts for predominately white communities, while nonwhite students are more likely to be gathered into large, property-poor districts.

Fault Lines

Our nation is riddled with fault lines—segregating school district borders that divide some of the highest-poverty school districts in the country from much better-off neighbors. These borders sort students who live just blocks apart into starkly different districts, often with resource levels to match. As of the 2017 school year, the single most segregating school district border in the country creates a poverty-rate divide of 41 percentage points. Nearly half of all students on one side of this invisible line live in poverty, while on the other, poverty rates are in the single digits. These divides are especially common in Rust Belt states (the region contained thirty-seven of the nation's fifty most segregating borders in 2017), where school district borders tend to be drawn narrowly. In such states, the borders outline micro-economies, allowing wealthy areas to keep wealth contained and hemming needy communities into financially unsustainable districts.

Dismissed

Nearly a thousand school district borders are divisive: They separate districts with disparities of at least 10% in per-pupil revenue and at least 25 percentage points in nonwhite enrollment. As of the 2017 school year, almost 9 million students—one in five American public schoolchildren—live in a school district which that is separated by these lines from a significantly whiter and richer school district. And for every one student in one of the better-off districts, three children live in lower-funded districts serving far more nonwhite students. On average, each of these borders creates a funding disparity of \$4,207 per student.

Fractured

As of EdBuild's 2017 policy scan, thirty states have codified processes in state law to allow towns and neighborhoods to secede from their school districts. The processes are usually structured with no regard for the welfare of the children left behind, and take into consideration neither the effect on districts' financial state nor the impact on diversity and integration concerns. Funding systems rooted in local property taxes incentivize wealthy communities to pull away, and lax secession policies make it all too viable a path. Between 2000 and 2019, at least 128 communities attempted to secede from their school districts. Of these, as of 2019, seventy-three have been successful, and another seventeen are still ongoing.

Stranded

Because local dollars stop at the school district border, school districts have nowhere to turn when the local economy takes a turn for the worse. One logical solution is to erase the lines that keep districts trapped in downward spirals, and to merge them with better-off neighboring school systems. But as of EdBuild's 2018 policy scan, only nine states have laws that give them the power to bring about a consolidation, even in the case of insolvency. Meanwhile, thirty-seven states only allow school district mergers if both districts agree. This policy leaves struggling districts at the mercy of their more affluent neighbors and represents an abdication by states of their responsibility to ensure that all students have access to a high-quality public education.

of the state education tax varies depending on the payer's home school district and its budgeted spending, but the tax itself is collected and pooled at the state level, and no funding is retained locally.^{xxi} With the passage of Proposal A in 1994, Michigan state capped local property taxes for education (and limited their applicability to non-homestead, non-farm property) and introduced a separate state property tax, applicable to all property, for education.^{xxii} And most recently, in 2019, Nevada passed legislation to move its county-level school tax collection to a state-pooled model.^{xxiii}

County- and state-level pooling are models that have existed in various forms for quite some time—even in states, like those above, where school districts do not follow the same lines. As with all formulas, the strength of the equalizing power of these revenue collection models is linked to who is paying taxes into the system and how that revenue is allocated at the county or state level. But there is no doubt that larger taxing jurisdictions create more equity across neighbors.

Some states may create more local fund equity by pooling at the county level—others may find that state pooling is best. To test whether the general equity we see in states with county-level school systems is applicable across geographies, EdBuild modeled the funding implications of pooling local tax dollars across wider territories, keeping all else constant.¹ This model cuts the link between local property values and school funding levels. The approach is simple: We allow local revenues to transcend arbitrary school district lines, sharing them across to the broader county or state.

This funding solution does not change school district borders for the purposes of administration or elections, and it does not affect where children attend school. School boards and superintendents remain the same. This approach also does not require raising taxes or making changes to state school funding formulas. The only change proposed is how local property tax revenue is collected and disbursed.

WIDESPREAD EFFECTS

States have different geographies, economies, and natural assets, so there cannot and need not be a one-size-fits-all approach. With this in mind, EdBuild examined multiple ways to more broadly pool local funding. Specifically, we modeled what funding would look like for every district in every state in the country under two scenarios: first, if local revenues were pooled at the county level, and second, if they were pooled at the state level. In both cases, we calculated the effect on funding if the pooled dollars were shared with districts within the county or state on an equal, per-pupil basis.

We found that in forty-two states, the majority of students would receive the same or more money under either a county- or state-pooled system. But for another six states (Arkansas, Massachusetts, Nevada, New York, New Jersey, and Maryland), only one of the options would produce the same or more money for a majority of students.

Taking into account the proportion of students benefiting from each arrangement (including the

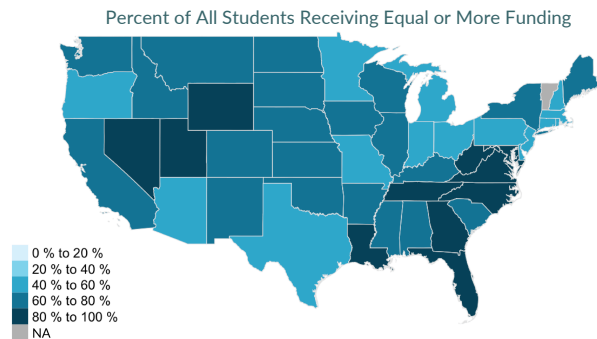
¹ It is important to note that the results of this model are illustrative rather than predictive. Since states have funding formulas that consider how much money a district can be expected to raise locally, given its tax base, changes to the local side of the funding equation would affect state distributions as well. However, since local funding disparities are the major driver of funding inequality, it is suggestive to see the impact of changing how local funds are raised and shared, while holding state dollars constant.

proportion of students generally, as well as the proportions of FRL-eligible students, and nonwhite students), we identified which pooling level was most advantageous in each state.

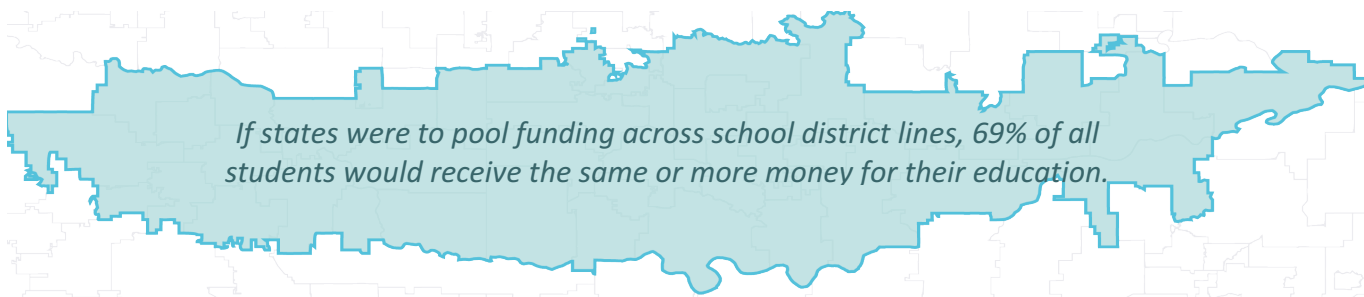
State	Pooling Level	Percent All Students Benefitting	Percent FRL Students Benefitting	Percent NW Students Benefitting
South Carolina	County	80%	80%	79%
	State	59%	62%	57%
Wisconsin	County	59%	68%	70%
	State	62%	73%	71%

If each state were to adopt a policy of pooling local revenue at either the state or county level—whichever yields a funding boost for the greatest proportion of kids in that state—the benefits would be widely shared: 69% of students (more than two out of every three children) nationwide would receive the same or more education revenue. And the proportion of beneficiaries grows when examining the effects for our most vulnerable children. Seventy-three percent of nonwhite students would receive the same or more revenue, and so would 76% of students eligible for free or reduced-price lunch (FRL).

These gains would be present across the country. In forty-eight states, the majority of students would see their level of school funding maintained or increased. In forty-nine states, the majority of the students most underserved by the current system—nonwhite students, and those who are FRL-eligible—would receive the same or more funding.



For the 69% of students that would benefit from these revised funding arrangements, sharing local dollars would boost support by nearly \$1,000 per student, on average. Schools can do a lot with that money. Districts could increase the average annual teacher’s salary for these students by 26%.^{xxiv} Many more school counselors could be hired, nine more per school building.^{xxv} One additional teacher’s assistant could be hired for every other classroom.^{xxvi} School lunch could be fully paid for every student for 254 days of the year.^{xxvii} Outside of the classroom, this extra \$966 per student could pay for each student’s home internet bill for an entire school year plus provide every student with a new Chromebook.^{xxviii}



Additionally, while this average is a significant per-pupil gain nationwide, there are some states whose high-need students fare even better. Needy students in Ohio and New Jersey are among the most disadvantaged by current school funding systems and would benefit greatly from this new approach.² In Ohio, 63% of low-income students would receive the same or more money if a wider local revenue pool were implemented, and their per-pupil funding increase would be double the national average—about \$2,000 more per student. In New Jersey, with larger revenue pools, 69% of low-income students would see the same or more funding—in fact, \$4,876 more on average.

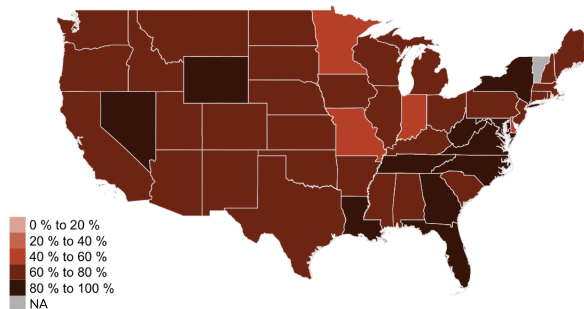
Increases from broader pooling are substantial for nonwhite students as well. Funding for each of the 64% of nonwhite students who would benefit from county pooling in Connecticut would increase by \$5,738. And under state pooling, 81% of nonwhite students in Rhode Island would see their per-pupil funding increase by an average of \$4,077.

Though these increases are especially large, benefits are sizeable nationwide. In twenty-eight states, the majority of high-need students would receive at least \$500 more per pupil.³

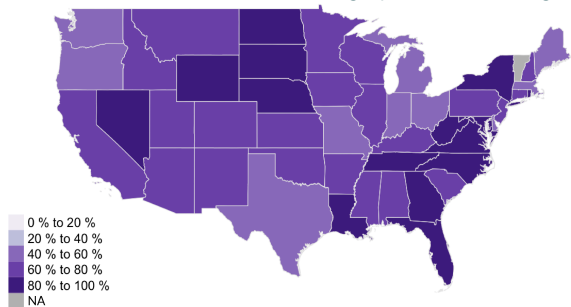
But while this is a particularly beneficial fix for the historic inequities that our school finance system has produced for vulnerable children, it is also a solution for the significant majority of all students in the United States. In Illinois, nearly two-thirds of all children would benefit from a state pooling system—to the tune of \$2,648 per child. And in Nebraska, almost three quarters of all students would receive substantially more revenue—an average of \$1,852 each.

Implementing broader pools for local revenue would also have a remarkable effect on one of our nation’s most troubling funding inequities: the gap between predominately white and predominately nonwhite school districts, which EdBuild measured to be \$23 billion in 2016 after adjustments for differences in local costs. Keeping all else constant, the proposed pooling arrangements for local revenue would cut that funding gap by almost 60%. On average, the predominately nonwhite districts identified in EdBuild’s prior analysis would collectively receive \$600 more per pupil—reducing the disparity to \$9.5 billion, a reduction of \$13 billion. In eighteen states, these local revenue changes would be enough to completely close the funding gap between nonwhite and white school districts, and in a further seven states, they would measurably shrink the disparity.

Percent of Low-Income Students Receiving Equal or More Funding



Percent of Nonwhite Students Receiving Equal or More Funding

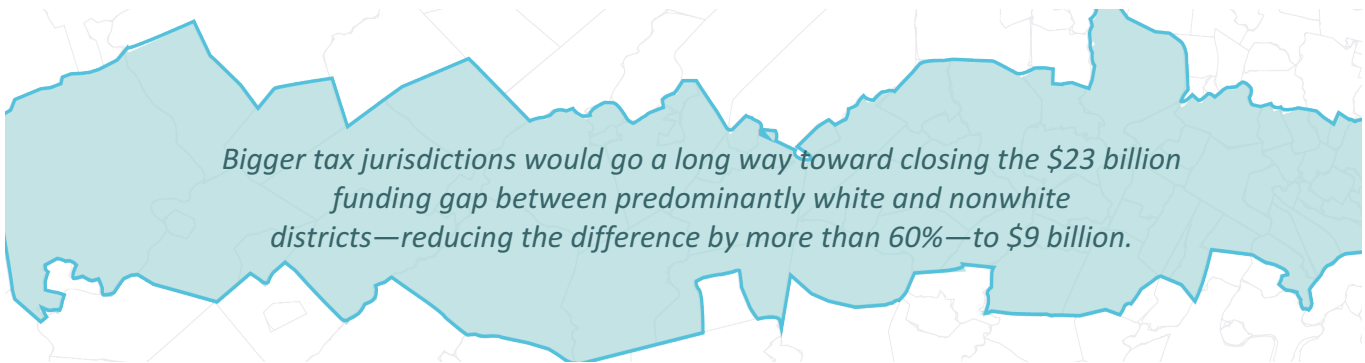


Consider what this means for the children in the unnecessarily fractured counties highlighted earlier in the report. If the tiny, better-off school districts of Canadian County, Oklahoma were to share their

² New Jersey is home to thirty-five school district borders with at least a 20-percentage-point gap in student poverty rates and sixty-eight divisive borders based on stark divides in race and funding, the third-most of any state. Ohio is home to seventeen of the top fifty most segregating school district borders—more than any other state in the county, and fifty-one divisive borders.

³ This holds true across the categories of poor, nonwhite, and FRL-eligible students.

property tax revenues—including the wind turbine revenues—95% of all children in the county would receive higher local fund revenues, with the lowest-wealth district receiving an extra 36%. In Alameda County, California, 87% of low-income students would receive more money. In New London, Connecticut, almost two-thirds of all students would gain more local revenue—about \$2,900 apiece. And in Kenosha County, Wisconsin, almost every nonwhite student (93%) would receive additional funding.



EdBuild has modeled two particular policies—pooling local tax dollars at either the state or county level—for every state. These analyses are simple illustrations of a larger point: School district borders are an arbitrary way to organize education dollars, and we must shift our thinking on local taxes in order to fairly support all students, regardless of where they live. However, these two approaches are certainly not the only ways to pool local revenue. Revenue-sharing could also be done across regions within states, along municipal lines (for cities broken into multiple districts), or even just between neighboring districts.

For instance, imagine if Fayetteville, Arkansas and all of its neighbors were to pool their local revenue. Fayetteville School District shares a border with five other school districts, which vary quite a bit in terms of need—and funding. To the east, high-poverty Huntsville School District raises just \$2,736 per student in local tax dollars. To the south, Greenland Public Schools brings in over 75% more, at \$4,892. Fayetteville School District itself, which is home to the University of Arkansas and is ranked by Forbes Magazine as one of the best places for business and careers, far outraises its neighbors, with local taxes yielding close to \$8,000 per student.^{xxix} If Fayetteville and all its neighbor districts were to pool their local dollars, without even involving the wider county, almost three quarters of their students would receive more funding, with an average gain of \$1,315 each. Overall, four of the six school systems would see more money for their students, and 83% of low-income and nonwhite students would see a funding boost.

Using geographic, revenue, and enrollment data, you can determine the impact of revenue sharing at the neighbor, county, or state level. Visit EdBuild’s interactive website at <https://edbuild.org/content/clean-slate> to explore the effect of different pooling arrangements in your area.

CONCLUSION

School district borders have a long been a cause of resource inequality. The United States has a tradition of funding schools using property taxes and of allowing communities to keep those tax dollars locally, within a single school district. As a result, school district borders serve a dual purpose. Not only do they define the area served by one set of schools for a given community of students, but they also outline the

taxing jurisdiction that supports local schools. Communities might value small school districts so that they can know their superintendents by name, recognize their teachers around town, and name schools after homegrown heroes. There is no similar justification, though, for drawing such narrow tax boundaries. School funding systems must work for all students, and there is no excuse for borders that divide students from the resources they need.

Prior efforts to support students in low-wealth communities have not been equal to the task. While many states have sincerely tried to provide less wealthy school districts with state aid, they have not been able to reliably close resource gaps. Even in good times, states have not been able to keep up with the spending in wealthier school districts. And when the economy takes a turn for the worse, needy districts bear the brunt of state budget cuts, because they are the most reliant on state dollars to operate. We have rested the school funding system on an unsteady foundation and asked states to smooth over the cracks, but ultimately, the house is still unsound.

Fortunately, there is another way. We need not organize our education dollars according to school district borders. Instead, we can choose to band together for the purposes of school funding, pooling our local tax dollars at a broader level, across a metropolitan area, a county, or even a whole state. By sharing local funds, we can give the students that are disadvantaged by our current funding system access to the resources of their more property-wealthy neighbors. At the same time, as local funds are more evenly distributed, states will bear less burden to fill in gaps in funding. Ultimately, if the right pooling arrangement is chosen in each state, we can expect to see funding increases for a large majority of students, and even vaster majorities of high-need students, without spending a single extra dollar.

This policy change would signal a commitment to one another, and a recognition that public education is vital for all of us—that when students in a neighboring town are poorly served, that we all suffer, because this is a democracy, an economy, and a society that we all share.

¹ This and all other data on school district enrollments, including enrollment of nonwhite students and students receiving free-and-reduced-price lunch, as well as county assignments and the number of districts per county for the 2016-17 school year are drawn from: United States Department of Education, National Center for Education Statistics, Common Core of Data (CCD), "2016-2017 Local Education Agency (School District) Universe Survey" [data file], 2019, <https://nces.ed.gov/ccd/els/>.

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³ EdBuild, "FundEd: Expected Local Share Policies in Each State," (2018), <http://funded.edbuild.org/reports/issue/local-share/in-depth>.

⁴ "Trends in Income and Wealth Inequality," PEW Trusts, January 2020, <https://www.pewsocialtrends.org/2020/01/09/trends-in-income-and-wealth-inequality/>.

⁵ FundEd: A National Overview of State Funding Policies," EdBuild, 2019, <http://funded.edbuild.org/national#property-tax-bounds>.

⁶ "General Effective Tax Rates," New Jersey Treasury Division of Taxation, 2019, <https://www.state.nj.us/treasury/taxation/lpt/taxrate.shtml>

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⁸ "How States Raise Their Tax Dollars: FY 2018," PEW Trusts, July 2019, <https://www.pewtrusts.org/en/research-and-analysis/data-visualizations/2019/how-states-raise-their-tax-dollars>.

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¹⁰ J. Barro, "The Inevitable, Indispensable Property Tax," *The New York Times*, July 2015, <https://www.nytimes.com/2015/07/05/business/the-inevitable-indispensable-property-tax.html>.

¹¹ T. Gordon, "State and Local Budgets and the Great Recession," *The Brookings Institute*, December 2012, <https://www.brookings.edu/articles/state-and-local-budgets-and-the-great-recession/>.

¹² M. Leachman, K. Masterson, E. Figeroa, "A Punishing Decade for School Funding," *The Center on Budget and Policy Priorities*, November 2017, <https://www.cbpp.org/research/state-budget-and-tax/a-punishing-decade-for-school-funding>,

¹³ Leachman, Masterson, and Figeroa, "A Punishing Decade"; "Census Bureau Reports State and Local Governments Revenue Declines 22 Percent in 2009," *The United States Census*, October 2011, <https://www.census.gov/newsroom/releases/archives/governments/cb11-179.html>.

¹⁴ These values reflect the standard deviation of annual percent change in revenues from 2006-2015, as calculated by the Tax Policy Center, based on data from the National Association of State Budget Officers. <https://www.taxpolicycenter.org/publications/revenue-volatility/full>

¹⁵ T. Chochran "History of Public Education in Florida," 1921. Accessed through the Archives of the State University Libraries of Florida <https://palmmdigital.flvc.org/islandora/object/ucf%3A8514#page/20/mode/1up/search/county>

¹⁶ Delaware Public Archives, "New Castle County School District," accessed May 8, 2020, <https://archives.delaware.gov/delaware-agency-histories/new-castle-county-school-district/>.

¹⁷ "Final Operating Budget, Fiscal Year 2019," p. 2, Brandywine School District, January 14, 2019, https://www.brandywineschools.org/site/handlers/filedownload.ashx?moduleinstanceid=7720&dataid=8337&FileName=FY_19_FINAL_OPERATING_BUDGET_-_FINAL.pdf.

¹⁸ Wyo. Stat. Ann. § 21-13-201 (Lexis 2020).

¹⁹ M. Taylor, "Understanding California's Property Taxes," Legislative Analyst's Office, California Legislature, November 29, 2012, <http://www.lao.ca.gov/reports/2012/tax/property-tax-primer-112912.pdf>

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²² A. Lockwood, "School Finance Reform in Michigan: Proposal A: Retrospective," Office of Revenue and Tax Analysis, Michigan Department of Treasury, December 2002, https://www.michigan.gov/documents/propa_3172_7.pdf.

²³ 2019 Nev. SB 543

²⁴ This figure was determined using nationwide average student-teacher ratio of 1:16 and a nationwide average annual teacher's salary of \$58,950. Student-teacher ratios come from: U.S. Department of Education, National Center for Education Statistics, "Public and private elementary and secondary teachers, enrollment, pupil/teacher ratios, and new teacher hires: Selected years, fall 1955 through fall 2026" [data file], 2017, https://nces.ed.gov/ipeds/data/ipeds-tables/dt16_208.20.asp. Average teacher salaries come from: U.S. Department of Education, National Center for Education Statistics, "Fast Facts: Teacher Trends," 2017, <https://nces.ed.gov/fastfacts/display.asp?id=28>.

²⁵ This figure was determined using the median pay for school counselors of \$58,310 and the average school building enrollment of 528 students. The salary of school counselors comes from: Bureau of Labor Statistics, U.S. Department of Labor, Occupational Outlook Handbook, School and Career Counselors, <https://www.bls.gov/oooh/community-and-social-service/school-and-career-counselors.htm>. The average school size comes from: M. Riser-Kositsky, "Education Statistics: Facts About American Schools," Education Week, January 2019, <https://www.edweek.org/ew/issues/education-statistics/index.html>.

²⁶ This figure was calculated using the median wage for teaching assistants of \$26,260 a year and the average classroom size in the U.S. of 21 students. The median wage for teaching assistants comes from: Bureau of Labor Statistics, U.S. Department of Labor, Occupational Employment and Wages, May 2017, Teacher Assistants, March 2018, <https://www.bls.gov/oes/2017/may/oes259041.htm>. The average classroom size comes from: Organization for Economic Co-operation and Development (OECD), "Average Class Size," [data file], https://stats.oecd.org/Index.aspx?DataSetCode=EDU_CLASS.

²⁷ The figure was calculated using the average cost to produce a school lunch of \$3.81. This data comes from: School Nutrition Association (SNA), "School Meal Trends and Stats," <https://schoolnutrition.org/AboutSchoolMeals/SchoolMealTrendsStats/#top>.

²⁸ This figure was determined using the Chromebook ranked "Best for School" priced at \$329 and a cost of \$60 per month for home internet. Chromebook prices come from: P. Tracy, "What is a Chromebook? Buying guide and advice," Laptop Mag, May 2020, <https://www.laptopmag.com/articles/chromebook-buying-advice>. Home internet prices come from: D. Anders, "What does high-speed internet cost? Are you paying too much?" allconnect, May 2019, <https://www.allconnect.com/blog/cost-of-high-speed-internet>.

²⁹ "The Best Places for Business and Careers: 2019 Ranking," *Forbes*, October 30, 2019, www.forbes.com/best-places-for-business/list/.

APPENDIX A: PERCENTAGE OF STUDENTS RECEIVING EQUAL OR GREATER FUNDING WITH BROADER BORDERS

State	Most beneficial pooling method	Percent of students receiving equal or greater funding	Percent of nonwhite students receiving equal or greater funding	Percent of FRL students receiving equal or greater funding
<i>National</i>	<i>mixed</i>	69%	73%	76%
Alabama	county	71%	71%	73%
Alaska	county	48%	43%	45%
Arizona	state	59%	62%	65%
Arkansas	state	65%	61%	67%
California	state	66%	71%	77%
Colorado	county	65%	70%	71%
Connecticut	county	47%	64%	68%
Delaware	state	59%	56%	57%
District of Columbia	state	100%	100%	100%
Florida	county	100%	100%	100%
Georgia	county	90%	90%	90%
Hawaii	state	100%	100%	100%
Idaho	state	67%	70%	68%
Illinois	state	63%	70%	77%
Indiana	county	57%	57%	59%
Iowa	county	61%	76%	71%
Kansas	county	65%	77%	71%
Kentucky	county	74%	79%	76%
Louisiana	county	92%	87%	90%
Maine	state	62%	56%	69%
Maryland	county	100%	100%	100%
Massachusetts	state	51%	57%	66%
Michigan	state	60%	52%	64%
Minnesota	county	54%	62%	57%
Mississippi	county	68%	66%	69%
Missouri	county	54%	57%	58%
Montana	state	62%	73%	72%
Nebraska	state	72%	89%	76%
Nevada	county	100%	100%	100%
New Hampshire	county	55%	70%	70%
New Jersey	county	51%	61%	69%
New Mexico	county	74%	73%	72%
New York	county	71%	88%	85%
North Carolina	county	93%	94%	94%
North Dakota	state	70%	81%	72%
Ohio	state	56%	53%	63%
Oklahoma	state	60%	62%	64%
Oregon	state	55%	55%	63%
Pennsylvania	county	53%	65%	67%
Rhode Island	state	53%	81%	73%
South Carolina	county	80%	79%	80%
South Dakota	state	69%	86%	77%
Tennessee	county	87%	90%	89%
Texas	state	52%	56%	60%
Utah	county	81%	72%	78%
Virginia	county	98%	99%	98%
Washington	state	60%	60%	69%
West Virginia	county	100%	100%	100%
Wisconsin	state	62%	71%	73%
Wyoming	county	82%	85%	84%

APPENDIX B: NUMBER OF STUDENTS RECEIVING EQUAL OR GREATER FUNDING WITH BROADER BORDERS

State	Most beneficial pooling method	Students receiving equal or greater funding	Nonwhite students receiving equal or greater funding	FRL students receiving equal or greater funding
<i>National</i>	<i>mixed</i>	33,189,983	18,146,835	18,363,090
Alabama	county	526,937	236,936	255,866
Alaska	county	62,866	29,621	25,938
Arizona	state	550,711	359,649	307,289
Arkansas	state	309,561	110,801	110,852
California	state	4,007,780	3,278,352	2,694,282
Colorado	county	571,624	286,345	265,640
Connecticut	county	233,572	138,942	104,875
Delaware	state	67,879	35,142	25,297
District of Columbia	state	48,462	41,573	36,484
Florida	county	2,801,945	1,719,897	1,566,958
Georgia	county	1,556,574	929,846	963,661
Hawaii	state	181,550	158,699	86,376
Idaho	state	187,508	48,367	87,859
Illinois	state	1,263,773	719,870	766,036
Indiana	county	566,547	170,780	268,757
Iowa	county	308,553	90,329	146,195
Kansas	county	319,013	134,096	167,917
Kentucky	county	503,203	121,713	298,878
Louisiana	county	601,231	298,915	358,000
Maine	state	107,002	9,835	52,714
Maryland	county	885,820	547,370	413,179
Massachusetts	state	450,104	190,867	230,620
Michigan	state	763,311	179,005	335,671
Minnesota	county	445,333	157,090	141,122
Mississippi	county	325,595	175,291	247,089
Missouri	county	475,010	137,145	240,823
Montana	state	89,620	22,230	46,731
Nebraska	state	227,841	93,698	107,134
Nevada	county	442,931	300,684	276,310
New Hampshire	county	98,817	17,233	33,715
New Jersey	county	681,483	437,684	327,780
New Mexico	county	234,959	177,818	165,057
New York	county	1,845,755	1,233,652	1,111,355
North Carolina	county	1,355,325	707,849	809,584
North Dakota	state	74,031	17,565	23,625
Ohio	state	896,570	229,779	229,635
Oklahoma	state	401,989	208,010	266,660
Oregon	state	319,935	116,513	168,391
Pennsylvania	county	830,130	316,509	456,354
Rhode Island	state	70,948	42,247	44,704
South Carolina	county	595,251	290,436	402,561
South Dakota	state	94,537	29,522	39,038
Tennessee	county	859,507	319,303	497,092
Texas	state	2,663,186	2,021,379	1,769,909
Utah	county	478,702	105,647	164,653
Virginia	county	1,264,514	638,900	515,054
Washington	state	659,907	294,325	327,595
West Virginia	county	273,170	26,191	120,813
Wisconsin	state	532,673	175,924	230,389
Wyoming	county	76,738	17,261	30,573

APPENDIX C: ADDITIONAL FUNDING FOR STUDENTS BY STATE

State	Most beneficial pooling method	Average revenue increase, all students	Average revenue increase, nonwhite students	Average revenue increase, FRL students	Percent of all students receiving equal or greater funding	Percent of nonwhite students receiving equal or greater funding	Percent of FRL students receiving equal or greater funding
Alaska	county	\$265	\$325	\$229	48%	43%	45%
Arizona	state	\$1,197	\$1,439	\$1,426	59%	62%	65%
Arkansas	state	\$1,097	\$995	\$1,115	65%	61%	67%
California	state	\$1,628	\$1,663	\$1,709	66%	71%	77%
Colorado	county	\$670	\$707	\$721	65%	70%	71%
Connecticut	county	\$4,700	\$5,738	\$5,561	47%	64%	68%
Delaware	state	\$2,194	\$2,102	NA	59%	56%	57%
Idaho	state	\$644	\$702	\$718	67%	70%	68%
Illinois	state	\$2,648	\$2,395	\$2,626	63%	70%	77%
Indiana	county	\$457	\$518	\$473	57%	57%	59%
Iowa	county	\$806	\$903	\$861	61%	76%	71%
Kansas	county	\$471	\$307	\$373	65%	77%	71%
Maine	state	\$2,682	\$3,176	\$2,870	62%	56%	69%
Massachusetts	state	\$4,035	\$5,591	NA	51%	57%	66%
Michigan	state	\$1,217	\$1,378	\$1,304	60%	52%	64%
Minnesota	county	\$463	\$422	\$434	54%	62%	57%
Mississippi	county	\$314	\$274	\$293	68%	66%	69%
Missouri	county	\$974	\$1,478	\$1,061	54%	57%	58%
Montana	state	\$1,224	\$1,660	\$1,382	62%	73%	72%
Nebraska	state	\$1,852	\$1,995	\$1,931	72%	89%	76%
New Hampshire	county	\$2,011	\$2,134	\$2,312	55%	70%	70%
New Jersey	county	\$3,893	\$4,761	\$4,876	51%	61%	69%
New Mexico	county	\$209	\$217	\$218	74%	73%	72%
New York	county	\$1,560	\$1,486	\$1,513	71%	88%	85%
North Dakota	state	\$935	\$1,196	\$1,126	70%	81%	72%
Ohio	state	\$1,958	\$1,988	\$1,978	56%	53%	63%
Oklahoma	state	\$1,027	\$1,027	\$1,078	60%	62%	64%
Oregon	state	\$1,526	\$1,593	\$1,471	55%	55%	63%
Pennsylvania	county	\$1,651	\$2,008	\$1,779	53%	65%	67%
Rhode Island	state	\$3,292	\$4,077	\$3,964	53%	81%	73%
South Carolina	county	\$279	\$283	\$254	80%	79%	80%
South Dakota	state	\$1,088	\$1,624	\$1,420	69%	86%	77%
Texas	state	\$2,016	\$2,158	\$2,182	52%	56%	60%
Utah	county	\$285	\$433	\$343	81%	72%	78%
Washington	state	\$1,174	\$1,295	\$1,264	60%	60%	69%
Wisconsin	state	\$1,355	\$1,537	\$1,447	62%	71%	73%
Wyoming	county	\$405	\$529	\$471	82%	85%	84%

APPENDIX D: CONSTITUTIONAL PROVISIONS RELATED TO SCHOOL DISTRICT BORDERS

State	Does not address school district borders	Specifically defines school district borders	Prohibits some types of school districts	Explicitly states that a state entity the power to organize school districts
Alabama	✓			
Alaska	✓			
Arizona	✓			
Arkansas	✓			
California ¹				✓
Colorado ²				✓
Connecticut	✓			
Delaware	✓			
Florida ³		✓		✓
Georgia ⁴			✓	✓
Hawaii	✓			
Idaho	✓			
Illinois	✓			
Indiana	✓			
Iowa	✓			
Kansas	✓			
Kentucky	✓			
Louisiana ⁵		✓		
Maine	✓			
Maryland	✓			
Massachusetts	✓			
Michigan	✓			
Minnesota	✓			
Mississippi	✓			
Missouri	✓			
Montana	✓			
Nebraska	✓			
Nevada	✓			
New Hampshire	✓			
New Jersey	✓			
New Mexico	✓			
New York	✓			
North Carolina	✓			
North Dakota	✓			
Ohio	✓			
Oklahoma	✓			
Oregon	✓			
Pennsylvania	✓			
Rhode Island	✓			
South Carolina	✓			
South Dakota	✓			
Tennessee	✓			
Texas ⁶				✓
Utah ⁷				✓
Vermont	✓			
Virginia ⁸				✓
Washington	✓			
West Virginia ⁹				✓
Wisconsin	✓			
Wyoming	✓			

1 Calif. Const. Art. IX, § 14 (Lexis Advance 2020)

2 Colo. Const. Art. IX, § 15 (Lexis Advance 2020)

3 Fla. Const. Art. IX, § 4 (Lexis Advance 2020)

4 Ga. Const. Art. VIII, § 5 (Lexis Advance 2020)

5 La. Const. Art. VIII, § 10 (Lexis Advance 2020); La. Const. Art. VIII, § 13 (Lexis Advance 2020)

6 Tex. Const. Art. VII, § 3 (Lexis Advance 2020)

7 Utah Const. Art. XI, § 8 (Lexis Advance 2020)

8 Va. Const. Art. VIII, § 5 (Lexis Advance 2020)

9 W. Va. Const. Art. XII, § 6 (Lexis Advance 2020); W. Va. Const. Art. XII, § 10 (Lexis Advance 2020)

APPENDIX E: REQUIREMENTS FOR SCHOOL BOUNDARY ALIGNMENT

State	Any requirement to align with other jurisdictional boundaries	Required to align with county boundaries	Required to align with city boundaries
Alabama ¹	✓	Some school districts	Some school districts
Alaska ²	✓	Some school districts	Some school districts
Arizona		-	-
Arkansas		-	-
California		-	-
Colorado		-	-
Connecticut ³	✓	No school districts	Some school districts
Delaware		-	-
Florida ⁴	✓	All school districts	No school districts
Georgia ⁵	✓	Some school districts	No school districts
Hawaii	N/A	-	-
Idaho		-	-
Illinois		-	-
Indiana	✓	Some school districts	No school districts
Iowa		-	-
Kansas		-	-
Kentucky ⁶	✓	Some school districts	No school districts
Louisiana ⁷	✓	Some school districts	Some school districts
Maine ⁸	✓	No school districts	Some school districts
Maryland ⁹	✓	All school districts	No school districts
Massachusetts ¹⁰	✓	No school districts	Some school districts
Michigan		-	-
Minnesota		-	-
Mississippi ¹¹	✓	Some school districts	No school districts
Missouri ¹²	✓	No school districts	Some school districts
Montana		-	-
Nebraska		-	-
Nevada ¹³	✓	All school districts	No school districts
New Hampshire ¹⁴	✓	No school districts	Some school districts
New Jersey ¹⁵	✓	No school districts	Some school districts
New Mexico		-	-
New York ¹⁶	✓	No school districts	Some school districts
North Carolina ¹⁷	✓	Some school districts	Some school districts

1 Ala. Code § 16-8-8 (Lexis Advance 2020); Ala. Code § 16-8-20 (Lexis Advance 2020)

2 Alaska Stat § 14.12.010 (Lexis Advance 2020)

3 Conn. Gen. Stat. § 10-15 (Lexis Advance 2020)

4 Fla. Const. Art. IX, § 4 (Lexis Advance 2020)

5 Ga. Const. Art. VIII, § V; Ga. Code Ann. § 20-1-9 (Lexis Advance 2020)

6 Ky. Rev. Stat. Ann. § 160.010 (Lexis Advance 2020); Ky. Rev. Stat. Ann. § 160.020 (Lexis Advance 2020)

7 La. Const. Art. VIII, § 10 (Lexis Advance 2020); La. Const. Art. VIII, § 13 (Lexis Advance 2020)

8 Me. Rev. Stat. Ann. tit. 20-A § 1 (Lexis Advance 2020)

9 Md. Code Ann., Educ Law § 1-101 (Lexis Advance 2020); Md. Code Ann., Educ Law § 3-102 (Lexis Advance 2020)

10 Mass. Gen. Laws ch. 71 § 1 (Lexis Advance 2020)

11 Miss. Code Ann. § 37-7-701 (Lexis Advance 2020)

12 Mo. Rev. Stat. § 160.011 (Lexis Advance 2020); Mo. Rev. Stat. § 160.021 (Lexis Advance 2020); Mo. Rev. Stat. § 160.031 (Lexis Advance 2020)

13 Nev. Rev. Stat. Ann. § 386.010 (Lexis Advance 2020)

14 N.H. Rev. Stat. Ann. § 194:1 (Lexis Advance 2020)

15 N.J. Stat. Ann. § 18A:8-1 (Lexis Advance 2020)

16 NY CLS Educ § 1526 (Lexis Advance 2020); New York State Education Department, "Guide to the Reorganization of School Districts in New York State," last updated May 27, 2015, http://www.p12.nysed.gov/mgtserv/sch_dist_org/GuideToReorganizationOfSchoolDistricts.htm

17 N.C. Gen. Stat. Ann. § 115C-5 (Lexis Advance 2020); N.C. Gen. Stat. Ann. § 115C-66 (Lexis Advance 2020)

APPENDIX E: REQUIREMENTS FOR SCHOOL BOUNDARY ALIGNMENT

State	Any requirement to align with other jurisdictional boundaries	Required to align with county boundaries	Required to align with city boundaries
North Dakota		-	-
Ohio		-	-
Oklahoma		-	-
Oregon		-	-
Pennsylvania ¹	✓	No school districts	Some school districts
Rhode Island ²	✓	No school districts	Some school districts
South Carolina ³	✓	Some school districts	No school districts
South Dakota		-	-
Tennessee ⁴	✓	Some school districts	Some school districts
Texas		-	-
Utah ⁵	✓	No school districts	Some school districts
Vermont ⁶	✓	No school districts	Some school districts
Virginia ⁷	✓	No school districts	Some school districts
Washington		-	-
West Virginia ⁸	✓	All school districts	No school districts
Wisconsin		-	-
Wyoming		-	-

¹ 24 Pa. Stat. Ann. §2-201 (Lexis Advance 2020)

² R.I. Gen. Laws Ann. § 16-2-2 (Lexis Advance 2020); R.I. Gen. Laws Ann. § 16-3-2 (Lexis Advance 2020)

³ S.C. Code Ann. § 59-17-40 (Lexis Advance 2020)

⁴ Tenn. Code Ann. § 49-1-102 (Lexis Advance 2020); Tenn. Code Ann. § 49-1-103 (Lexis Advance 2020)

⁵ Utah Code § 53G-3-202 (Lexis Advance 2020); Utah Code § 53G-3-302 (Lexis Advance 2020)

⁶ Vt. Stat. Ann. tit. 16 § 11 (Lexis Advance 2020); Vt. Stat. Ann. tit. 16 § 421 (Lexis Advance 2020)

⁷ Va. Code Ann. § 22.1-25 (Lexis Advance 2020)

⁸ W. Va. Code Ann. § 18-1-3 (Lexis Advance 2020)

APPENDIX F: REQUIREMENTS FOR SCHOOL DISTRICT COMPOSITION

All school districts	Refers to requirements that apply to all types of school districts, even if there are enumerated exceptions.
New school districts	Refers to requirements that apply to school districts created or altered through boundary changes.
Population size requirement	Requirements that districts must contain a minimum number of students or local residents; includes any specified minimum number, no matter how low.
Grade level requirement	Requirements that school districts must maintain certain grade levels; usually but not always requirements to maintain K-12 school districts.
Diversity requirement	Requirements that relate to demographic composition of the student population.
Financial requirement	Requirements that relate to the fiscal capacity of the school district, such as efficiency concerns or property valuation).

State	Population size requirement	Grade level requirement	Diversity requirement	Financial requirement
Alabama ¹	Some new school districts	No school districts	No school districts	No school districts
Alaska ²	All new school districts	No school districts	No school districts	Some new school districts
Arizona ³	Some school districts	No school districts	No school districts	Some new school districts
Arkansas ⁴	All school districts	No school districts	All new school districts	No school districts
California ⁵	All school districts	No school districts	All new school districts	All new school districts
Colorado	No school districts	No school districts	No school districts	No school districts
Connecticut	No school districts	No school districts	No school districts	No school districts
Delaware ⁶	No school districts	All school districts	No school districts	No school districts
Florida	No school districts	No school districts	No school districts	No school districts
Georgia	No school districts	No school districts	No school districts	No school districts
Hawaii	N/A	N/A	N/A	N/A
Idaho ⁷	All school districts	All school districts	No school districts	No school districts
Illinois ⁸	No school districts	No school districts	No school districts	No school districts
Indiana ⁹	Some new school districts	No school districts	No school districts	No school districts
Iowa ¹⁰	All new school districts	All school districts	No school districts	No school districts
Kansas	No school districts	No school districts	No school districts	No school districts
Kentucky ¹¹	Some school districts	No school districts	No school districts	No school districts
Louisiana	No school districts	No school districts	No school districts	No school districts
Maine ¹²	Some new school districts	Some school districts	No school districts	No school districts
Maryland	No school districts	No school districts	No school districts	No school districts
Massachusetts	No school districts	No school districts	No school districts	No school districts
Michigan	No school districts	No school districts	No school districts	No school districts
Minnesota ¹³	No school districts	All school districts	No school districts	No school districts
Mississippi	No school districts	No school districts	No school districts	No school districts
Missouri ¹⁴	Some new school districts	No school districts	No school districts	No school districts
Montana ¹⁵	No school districts	All new school districts	No school districts	No school districts
Nebraska ¹⁶	No school districts	All school districts	No school districts	No school districts
Nevada	No school districts	No school districts	No school districts	No school districts
New Hampshire	No school districts	No school districts	No school districts	No school districts
New Jersey ¹⁷	Some new school districts	No school districts	No school districts	Some new school districts
New Mexico ¹⁸	All new school districts	All school districts	No school districts	Some new school districts
New York ¹⁹	Some new school districts	No school districts	No school districts	Some new school districts
North Carolina ²⁰	No school districts	All school districts	No school districts	No school districts

¹ Ala. Code § 16-12-199 (Lexis Advance 2020)

² Alaska Stat § 14.12.025 (Lexis Advance 2020); Alaska Stat § 29.05.011 (Lexis Advance 2020); Alaska Stat § 29.05.031 (Lexis Advance 2020); Alaska Stat. § 29.06.470 (Lexis Advance 2020)

³ Ariz. Rev. Stat. § 15-444 (Lexis Advance 2020); Ariz. Rev. Stat. § 15-449 (Lexis Advance 2020); Ariz. Rev. Stat. § 15-450 (Lexis Advance 2020); Ariz. Rev. Stat. § 15-458 (Lexis Advance 2020); Ariz. Rev. Stat. § 15-469 (Lexis Advance 2020);

⁴ Ark. Code Ann. § 6-13-1408 (Lexis Advance); Ark. Code Ann. § 6-13-1502 (Lexis Advance 2020); Ark. Code Ann. § 6-13-1504 (Lexis Advance); Ark. Code Ann. § 6-13-1602 (Lexis Advance 2020); Ark. Code Ann. § 6-13-1613 (Lexis Advance 2020)

⁵ Cal. Ed. Code § 35780 (Lexis Advance 2020); Cal. Ed. Code § 35753 (Lexis Advance)

⁶ Del. Code Ann. tit. 14 § 1003 (Lexis Advance 2020); Del. Code Ann. tit. 14 § 1021 (Lexis Advance 2020)

⁷ Idaho Code § 33-302 (Lexis Advance 2020); Idaho Code § 33-312 (Lexis Advance 2020)

⁸ 105 Ill. Comp. Stat. Ann. § 5/7-6 (Lexis Advance 2020)

⁹ 511 Ind. Admin. Code § 3-1-1 (Lexis Advance 2020)

¹⁰ Iowa Code Ann. § 275.1 (Lexis Advance 2020); Iowa Code Ann. § 275.3 (Lexis Advance 2020)

¹¹ Ky. Rev. Stat. Ann. § 160.020 (Lexis Advance 2020)

¹² Me. Rev. Stat. Ann. tit. 20-A §1451 (Lexis Advance 2020); Me. Rev. Stat. Ann. tit. 20-A §1461 (Lexis Advance 2020)

¹³ Minn. Stat. Ann. § 123A.64 (Lexis Advance 2020)

¹⁴ Mo. Rev. Stat. § 162.071 (Lexis Advance 2020)

¹⁵ Mont. Code Ann. § 20-6-104 (Lexis Advance 2020)

¹⁶ Neb. Rev. Stat. Ann. § 79-102 (Lexis Advance 2020)

¹⁷ N.J. Stat. Ann. § 18A:13-56 (Lexis Advance 2020); N.J. Stat. Ann. § 18A:13-71 (Lexis Advance 2020)

¹⁸ N.M. Stat. Ann. § 22-4-2 (Lexis Advance 2020); N.M. Stat. Ann. § 22-4-3 (Lexis Advance 2020)

¹⁹ NY CLS Educ § 1504 (Lexis Advance 2020); NY CLS Educ § 2218 (Lexis Advance 2020); New York State Department of Education, "History of the District Superintendency," last updated July 3, 2009, <http://www.p12.nysed.gov/ds/history.html>.

²⁰ N.C. Gen. Stat. Ann. § 115C-74 (Lexis Advance 2020)

APPENDIX F: REQUIREMENTS FOR SCHOOL DISTRICT COMPOSITION

All school districts	Refers to requirements that apply to all types of school districts, even if there are enumerated exceptions.
New school districts	Refers to requirements that apply to school districts created or altered through boundary changes.
Population size requirement	Requirements that districts must contain a minimum number of students or local residents; includes any specified minimum number, no matter how low.
Grade level requirement	Requirements that school districts must maintain certain grade levels; usually but not always requirements to maintain K-12 school districts.
Diversity requirement	Requirements that relate to demographic composition of the student population.
Financial requirement	Requirements that relate to the fiscal capacity of the school district, such as efficiency concerns or property valuation).

State	Population size requirement	Grade level requirement	Diversity requirement	Financial requirement
North Dakota ¹	No school districts	All new school districts	No school districts	No school districts
Ohio ²	No school districts	All school districts	No school districts	No school districts
Oklahoma	No school districts	No school districts	No school districts	No school districts
Oregon ³	All school districts	All school districts	No school districts	No school districts
Pennsylvania ⁴	Some new school districts	No school districts	No school districts	No school districts
Rhode Island	No school districts	No school districts	No school districts	No school districts
South Carolina	No school districts	No school districts	No school districts	No school districts
South Dakota ⁵	All school districts	All school districts	No school districts	No school districts
Tennessee ⁶	Some new school districts	Some new school districts	No school districts	Some new school districts
Texas ⁷	Some new school districts	No school districts	No school districts	No school districts
Utah ⁸	Some new school districts	No school districts	No school districts	No school districts
Vermont	No school districts	No school districts	No school districts	No school districts
Virginia	No school districts	No school districts	No school districts	No school districts
Washington ⁹	All school districts	No school districts	No school districts	No school districts
West Virginia	No school districts	No school districts	No school districts	No school districts
Wisconsin	No school districts	No school districts	No school districts	No school districts
Wyoming ¹⁰	Some new school districts	Some new school districts	No school districts	Some new school districts

¹ N.D. Cent. Code Ann. § 15.1-07-27 (Lexis Advance 2020); N.D. Cent. Code Ann. § 15.1-12-10.1 (Lexis Advance 2020)

² Ohio Rev. Code Ann. § 3311.29 (Lexis Advance 2020); Ohio Rev. Code Ann. § 3311.521 (Lexis Advance 2020)

³ Or. Rev. Stat. Ann. § 327.106 (Lexis Advance 2020); Or. Rev. Stat. Ann. § 330.090 (Lexis Advance 2020)

⁴ 8 Pa. Cons. Stat. § 201 (Lexis Advance 2020)

⁵ S.D. Codified Laws § 13-5-1 (Lexis Advance 2020); S.D. Codified Laws § 13-5-35 (Lexis Advance 2020); S.D. Codified Laws § 13-6-2 (Lexis Advance 2020); S.D. Codified Laws § 13-6-97 (Lexis Advance 2020)

⁶ Tenn. Code Ann. § 49-2-106 (Lexis Advance 2020); Tenn. Comp. R. & Regs. R. 0520-01-08-.01 (Lexis Advance 2020)

⁷ Tex. Educ. Code § 13.102 (Lexis Advance 2020); Tex. Educ. Code § 13.051 (Lexis Advance 2020)

⁸ Utah Code § 53G-3-301 (Lexis Advance 2020); Utah Code § 53G-3-302 (Lexis Advance 2020)

⁹ Wash. Rev. Code Ann. § 28A.315.225 (Lexis Advance 2020)

¹⁰ Wy. Stat. Ann. § 21-6-207 (Lexis Advance 2020); Wy. Stat. Ann. § 21-6-208 (Lexis Advance 2020)

APPENDIX G: METHODOLOGY

Data Sources

To create the school district dataset, EdBuild used the following data sources:

- School district revenues: Revenues from federal, state, and local sources for the 2016-17 school year come from the Census, [Annual Survey of School System Finances \(F33\)](#).

The following subtractions were made from total state and local revenues for each school district:

1. Because it can contribute to large fluctuations in district revenues from year to year, we exclude revenue for capital from the calculation of state revenues.
 2. Similarly, we exclude money generated from the sale of property from local revenues, because it too can contribute to large fluctuations in revenues.
 3. In just under 2,000 districts, revenues received by local school districts include monies that are passed through to charter schools that are not a part of the local school district but are instead operated by charter local education agencies (charter LEAs). This artificially inflates the revenues in these local school districts, because they include money for students educated outside of the district who are not counted in enrollment totals. To address this, we subtract from state and local revenues a proportional share (based on the percent of each districts' revenues that come from local, state, and federal sources) of the total amount of money sent to outside charter LEAs—an expenditure category included in the F33 survey.
 4. In Arkansas, large portions of districts' revenues that should be considered local are categorized as state revenues. The value of this misattribution for each district is described in the F33 documentation as C24, Census state, NCES local revenue. Before analysis, the value of C24 is subtracted from state revenues and added to local revenues for the state of Arkansas.
 5. In Texas, many districts report exorbitantly high per-pupil revenues. This is in part because of the policy and procedures for recapturing and redistributing local revenues raised by property-wealthy districts in the state. In the F33 survey, recapture is reported as expenditure code L12. Because these monies are included in the state revenue for other, receiving districts, we subtract a districts' L12 expenditures from their local revenues for the state of Texas.
- School district enrollments, racial compositions, counties: School district enrollment characteristics as well as county assignments for the 2016-17 school year come from the US Department of Education, [National Center for Education Statistics, Common Core of Data \(CCD\)](#). Delaware, the District of Columbia, Massachusetts, and Tennessee did not report data on the number of students eligible to receive free- and reduced-price lunch in 2017. For these states, we used the most recent year of data available for the number of students eligible to receive free- and reduced-price lunch-- the 2015-16 school year for Delaware, the District of Columbia, and Tennessee and the 2014-15 school year for Massachusetts.
 - School district school-age poverty rates: School district-level data on poverty rates among relevant school-age children in 2017 come from the Census, [Small Area Income and Poverty Estimates \(SAIPE\)](#).
 - School district geography: geography for school district borders for the 2017-18 school year come from the US Census Bureau, Education Demographic and Geographic Estimates Program (EDGE), [Composite School District Boundaries File](#).
 - School district community indicators: school district-level data on median household income and median property value for the 2016-17 school year come from the US Department of Education, National Center for Education Statistics, [Education Demographic and Geographic Estimates \(EDGE\)](#).

Project Data

EdBuild employed several exclusion criteria in compiling our dataset. Our analysis includes only districts that meet our standard requirements for a geography-based analysis. Therefore any district that does not have geography and is not included in the Composite School District Boundaries File was excluded. EdBuild also excluded any districts from the US territories. Districts that did not have revenues reported in the F33 dataset were also excluded. Additionally, since Act 46 was in process in 2017, all districts in Vermont were excluded from the analysis as their revenues and district borders could not easily be determined.

Methodology

For the purposes of modelling the impact of pooling local revenue, EdBuild pooled local revenue at two levels: for all

APPENDIX G: METHODOLOGY

districts in each county, and for all districts in each state. Districts in each county were determined using the CCD county designations. For county-level pooling, we added the local revenue for all districts in each county to calculate *county local revenue*. We then added the students in each county to calculate *county enrollment*. To calculate *county-level local revenue per pupil*, we divided *county local revenue* by *county enrollment*, thus distributing local revenue evenly across all students in any given county. For state-level pooling we added the local revenue of all districts in each state to calculate *state local revenue* and added all the students in each state to find *state enrollment*. The division of these evenly distributed revenue across all students and created the *state-level local revenue per pupil*.

EdBuild pooled local revenue at both the county and the state level and calculated the following:

1. County-level pooled local revenue per pupil: the new local revenue each district in each county would receive from revenue pooling
2. State-level pooled local revenue per pupil: the new local revenue each district in each state would receive from revenue pooling
3. County-level revenue difference: the difference between a district's current local revenue per pupil and the county-level pooled local revenue per pupil
4. State-level revenue difference: the difference between a district's current local revenue per pupil and the state-level pooled local revenue per pupil
5. County-level outcome: based on the county-level revenue difference, a district was classified as receiving equal or greater funding or less funding
6. State-level outcome: based on the state-level revenue difference, a district was classified as receiving equal or greater funding or less funding

For each county, each state, and the country, the following was calculated:

1. Percent of students with equal or greater funding based on the county-level outcome
2. Percent of students with equal or greater funding based on the state-level outcome
3. Percent of nonwhite students with equal or greater funding based on the county-level outcome
4. Percent of nonwhite students with equal or greater funding based on the state-level outcome
5. Percent of students eligible for free- and reduced- price lunch based on the county-level outcome
6. Percent of students eligible for free- and reduced- price lunch based on the state-level outcome

To determine the most beneficial pooling method in every state, the *percent of students with equal or greater funding*, the *percent of nonwhite students with equal or greater funding* and the *percent of students eligible for free- and reduced- price lunch with equal or greater funding* were summed for both county level pooling and for the state level pooling. A state was assigned either state or county level pooling based on which sum was larger. For example, in Kansas under a county pooling system 65% of all students, 71% of FRL students and 77% of nonwhite students would get equal or greater funding while under a state level system, 62% of all students, 72% of FRL students and 71% of nonwhite students would get equal or greater funding. Kansas was assigned a county pooling method, because although FRL students fare better from a state-level system, the sum of these three groups is greater at the county-level.

Hawaii was assigned a state-level system as local revenue is already pooled state-wide. The District of Columbia is included in the analysis, treated as a state, and was also assigned a state-level pooling system. Further, because of uncertainties in local revenue allocation stemming from Texas' current local revenue recapture system, we pooled Texas revenue at the state level.

Neighbor pooling

County and state pooling are two options for expanding the tax bases to increase equity. EdBuild also modeled pooling local revenue among school district neighbors as an additional alternative. Neighbors were identified by shared school district borders—see our methodology of [Dismissed](#) for more information on identifying neighbors. For each school district we added the local revenue of the district and the local revenue of all of the school districts with which it shares a border to calculate *neighbors local revenue*. We then added the students in the district and the students of each of the district's neighbors to calculate *neighbors enrollment*. To calculate *neighbor-level local revenue per pupil*, we divided *neighbors local revenue* by *neighbors enrollment*, thus distributing local revenue evenly across all students in any given neighborhood.

From this we found the following for each district:

1. Neighbor-level pooled local revenue per pupil: the new local revenue per pupil each district would receive from neighbor-level revenue pooling

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2. Neighbor-level local revenue difference: the difference between a district's current local revenue per pupil and the neighbor-level pooled local revenue per pupil
3. Neighbor-level outcome: based on the neighbor-level local revenue difference, a district was classified as receiving the equal or greater funding or less funding
4. Percent of all students within each neighbor pool with equal or greater funding based on the neighbor-level outcome
5. Percent of nonwhite students within each neighbor pool with equal or greater funding based on the neighbor-level outcome
6. Percent of FRL students within each neighbor pool with equal or greater funding based on the neighbor-level outcome

Neighbor pooling was not an option as a state's most beneficial method as each neighbor pool is mutually exclusive. Since it is assumed that each neighbor of any given district is sharing its revenue with that district, the neighbor cannot also be sharing its revenue with another neighbor.

Analysis

EdBuild calculated the following at the three pooling levels modeled in this report: county-level, state-level, and neighbor-level:

- Average student revenue increase for all students whose local revenues are equal or greater under each pooling system
- Average student revenue increase for all nonwhite students whose local revenues are equal or greater under each pooling system
- Average student revenue increase for all students eligible for free- and reduced- price lunch whose local revenues are equal or greater under each pooling system

\$23 billion

To determine the amount by which the \$23 billion funding gap between predominately nonwhite and predominately white school districts was closed, the most beneficial pooling method for each state was applied. The [analysis done in \\$23 billion](#) was duplicated using 2016 pooled local revenues.