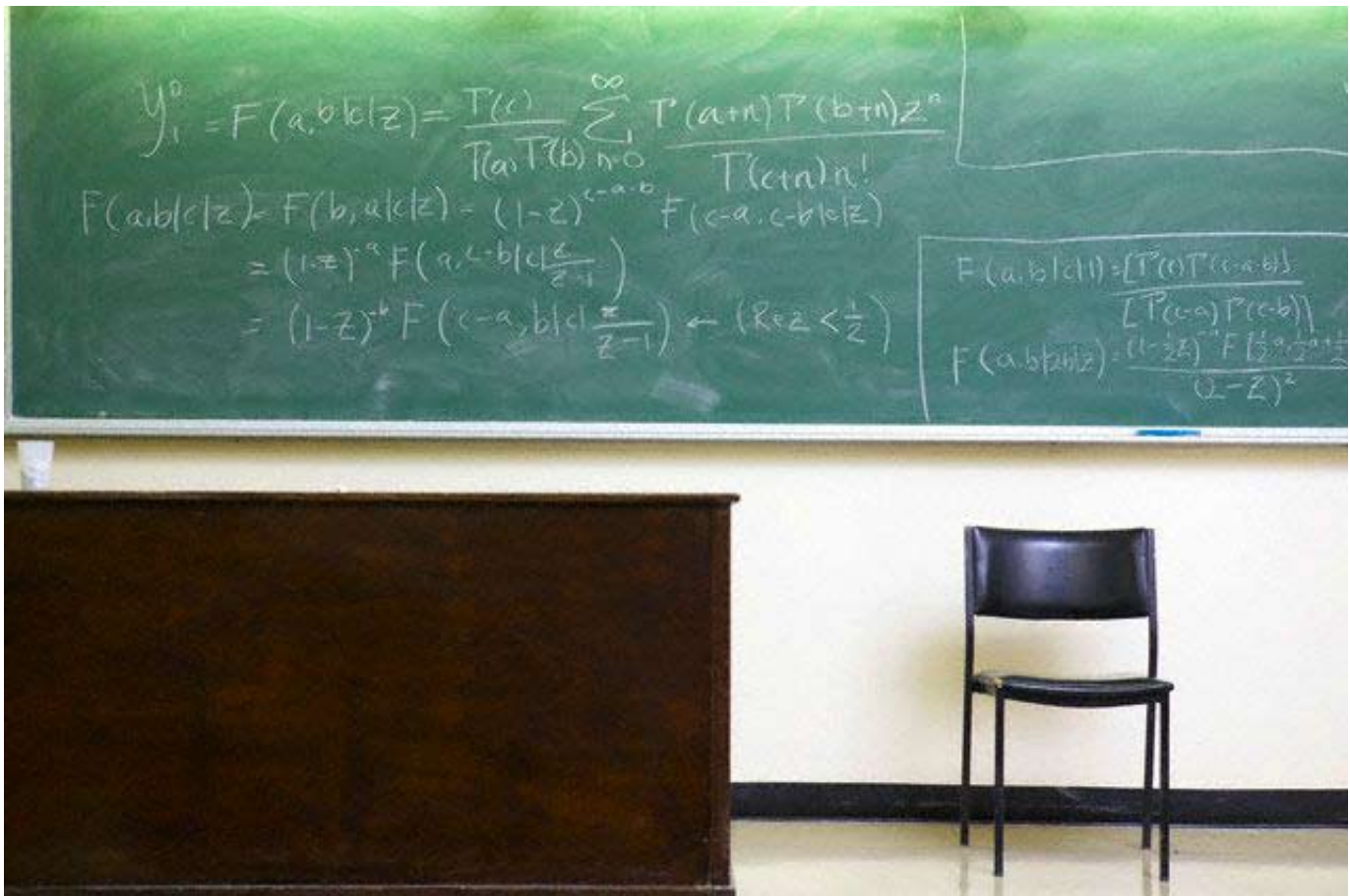


Overview of Southern States Primary and Secondary Education Financing

A Compilation of Fiscal Data, Historical Litigation, and Recent Legislation



Special Note

This report was not meant to represent original research. It is a compilation of materials from various sources edited specifically for members of the Southern Legislative Conference and interested others.

Report Summary

Education often is the primary concern for legislators in the United States. During the past 50 years, the responsibility of the states to provide a fulfilling education for every one of its children has increased dramatically. Within the Southern Legislative Conference, it is most often the state government that carries the heaviest financial burden for providing the proper foundation, environment, and standards for the future leaders of its territory and the greater nation.

This report focuses specifically on eight key statistics and issues of the 16 Southern states;

Financial Overview

- Provides information about the total financial resources of the primary and secondary school system and how the funding is distributed.

Expenditures

- Shows the breakdown of specific expenses required by educational facilities.

Division of Total Student Body

- Presents an overview of the organizational structure of the educational system.

Special Groups

- Provides the quantity and proportion of students in special programs.

Sources of Local Revenue for Public School Systems

- Provides the breakdown of local revenue sources of K-12 schools.

State Contribution toward K-12 Education

- Shows state financial resources and what amount is appropriated toward education.

Historical Court Cases

- Examines specific court cases that have had a significant impact on the structure of the state education finance system.

Recent Legislation

- Analyzes the state budget and increases in education appropriations and summarizes legislation that will affect current primary and secondary school programs.

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ALABAMA - FY 2005

Financial Overview¹

Total Revenue of Schools	\$5,861,380,000
Percentage of Revenue from Local Sources (a)	32.5
Percentage of Revenue from State Sources	55.5
Percentage of Revenue from Federal Sources	12.0

Expenditures²

Instruction and Instruction-Related Expenditures (b)	\$3,294,639,000	63.8%
Student Support Services Expenditures (c)	\$257,605,000	5.0%
Administration Expenditures	\$550,433,000	10.7%
Operations Expenditures	\$1,061,728,000	20.6%
Total Education Expenditures (d)	\$5,164,406,000	100.0%
Total Students	730,140	
Expenditures per Pupil	\$7,073	

Division of Total Student Body³

Total Number of Students	730,140
Total Number of Schools	1,554
Total Number of School Districts	133

Special Groups⁴

Individual Education Program (IEP) Students	92,507
Number as Ratio to Total Student Body	1:7
ELL/LEP Students	14,801
Number as Ratio to Total Student Body	1:48

Sources of Local Revenue for Public School System⁵

Property Taxes	\$777,677,000	39.4%
Other Taxes	\$25,753,000	1.3%
Parent Government Contribution	-	-
Non-School Local Government	\$607,531,000	30.8%
School Lunch Charges	\$122,435,000	6.2%
Tuition and Transportation Charges	\$3,411,000	0.3%
Other Charges	\$193,169,000	9.8%
Other Local Revenue	\$244,652,000	12.4%
Total	\$1,974,628,000	100.0%

State Contribution toward Education⁶

Total State Resources	\$6,753,000,000
State Expenditures	\$6,052,000,000
Education Revenue from the State	\$3,253,486,000
Percentage Allocated toward Education	53.8

Historical Court Cases⁷

ACE v. Hunt

In 1993, the Alabama Supreme Court found the state financing of K-12 unconstitutional due to the inadequacy and inequality of the system. In 1997, the Alabama Supreme Court gave the Legislature “a reasonable time” to create a new system. Plaintiffs returned to the courts in 2001, seeking to speed up the creation of a new system.⁸

ACE v. Siegelman

In May 2002, the Alabama Supreme Court dismissed the case against the state’s education finance system, although it had affirmed the case on four previous decisions.

Recent Legislation⁹

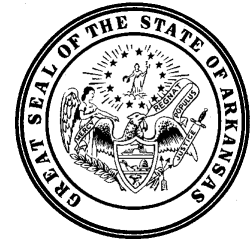
The Legislature approved an education budget for 2007-2008 of nearly \$6.7 billion, a 7.3 percent increase over FY 2007, while the general fund budget for non-education state operations will increase almost 14 percent to over \$1.8 billion. Funding for elementary and secondary schools through the finance formula will increase 8.9 percent to \$4.1 billion. This amount includes funding for a teacher pay raise of 7 percent. Funds for student transportation will increase 8.8 percent to \$344.6 million, and funding for school nurses will increase nearly 27 percent to \$33.8 million.

The Alabama Math, Science and Technology Initiative will receive \$35.8 million (up 62.6 percent), allowing it to expand into 225 additional schools, while the Alabama Reading Initiative will receive \$64.4 million (up 14.9 percent), allowing it to expand into middle grades and high schools. Funding for the ACCESS distance learning initiative, which uses technology to provide needed academic courses to high school students, will almost double to \$20.3 million, expanding the program into 100 additional schools. Funding for performance-based rewards for schools demonstrating significant improvement also will nearly double, to \$5 million.

Other programs seeing significant funding increases are teacher and student testing (\$8.5 million, up 185 percent); assistance for at-risk schools and school systems (\$26.2 million, up 42 percent); pre-kindergarten (\$3.8 million, up 66 percent); and the High Hopes program, which provides financial assistance to school districts when students fail a portion of the high school graduation exam (\$16.3 million, up 177 percent). The budget also provides \$4.9 million for a new teacher mentoring program.

House Bill 21 authorizes the issuance of \$1 billion in bonds to finance education construction projects. For K-12 education, \$590 million will be provided for capital improvements at schools, \$13.4 million is designated to cover “catastrophic losses,” and \$11 million is designated for technology improvements. In addition, the Legislature, through House Bill 141, authorized a one-time appropriation of \$32 million to rebuild Enterprise High School, which was destroyed by a tornado on March 1, 2007.

ALABAMA



ARKANSAS - FY 2005

Financial Overview¹

Total Revenue of Schools	\$4,034,796,000
Percentage of Revenue from Local Sources (a)	30.6
Percentage of Revenue from State Sources	58.2
Percentage of Revenue from Federal Sources	11.1

Expenditures²

Instruction and Instruction-Related Expenditures (b)	\$2,362,466,000	66.6%
Student Support Services Expenditures (c)	\$160,385,000	4.5%
Administration Expenditures	\$395,658,000	11.2%
Operations Expenditures	\$628,490,000	17.7%
Total Education Expenditures (d)	\$3,546,999,000	100.0%
Total Students	463,115	
Expenditures per Pupil	\$7,659	

Division of Total Student Body³

Total Number of Students	463,115
Total Number of Schools	1,158
Total Number of School Districts	264

Special Groups⁴

Individual Education Program (IEP) Students	56,269
Number as Ratio to Total Student Body	1:7
ELL/LEP Students	18,647
Number as Ratio to Total Student Body	1:24

Sources of Local Revenue for Public School System⁵

Property Taxes	\$282,410,000	54.2%
Other Taxes	\$540,000	0.1%
Parent Government Contribution	-	-
Non-School Local Government	\$3,617,000	0.7%
School Lunch Charges	\$53,724,000	10.3%
Tuition and Transportation Charges	\$4,792,000	0.9%
Other Charges	\$92,064,000	17.7%
Other Local Revenue	\$84,275,000	16.2%
Total	\$521,422,000	100.0%

State Contribution toward Education⁶

Total State Resources	\$3,630,000,000
State Expenditures	\$3,630,000,000
Education Revenue from the State	\$2,349,685,000
Percentage Allocated toward Education	64.7

Historical Court Cases⁷

Lake View School District, No. 25 v. Huckabee

In 2001, the Chancery Court of Pulaski County declared that the state's education funding system was "inequitable and inadequate under ... the Arkansas Constitution." In 2002, the Arkansas Supreme Court affirmed the final order. In 2004, the General Assembly began to take action toward improving Arkansas schools. In 2007, the Arkansas Supreme Court closed the case after finding that the state had established a constitutionally acceptable school finance system.

Recent Legislation⁹

In an effort to stay on course with the state's school finance system improvement, the General Assembly placed considerable focus on education-related issues in their last session. Several of the governor's legislative proposals were adopted, including halving the food tax to 3 percent (Senate Bill 185), increasing the homeowners' property tax credit by \$50 to \$350 (House Bill 1030), boosting funding for the Arkansas Better Chance pre-kindergarten program by \$40 million to \$111 million annually (Senate Bill 261), and providing state employees with eight hours annually to allow them to participate in their children's educational activities (House Bill 1796). State general funds for K-12 education will increase 4 percent to a maximum of \$1.8 billion in 2007-2008.

The General Assembly approved increases to the teacher salary schedule (House Bill 1632) of 1 percent in 2007-2008, and another 1.2 percent in 2008-2009. The bill also provides a 1 percent increase in per student funding in 2007-2008 to \$5,719 and an increase of another 1.2 percent to \$5,789 in 2008-2009. House Bill 1633 adds another \$51 to per student funding in 2007-2008 and another \$87 in 2008-2009, if sufficient revenues are available. In addition, House Bill 2086 provides \$3 million for one-time bonuses to teachers defined as "highly qualified" under the No Child Left Behind Act.

Senate Bill 54 permits teachers to opt in to an alternative pay program on a school or district basis, with 10 percent or more of their salaries dependent on measured increases in student achievement. At least half of the achievement measures must be based on factors other than increases in test scores.

House Bill 2614 establishes a state-level pilot alternative pay program known as the Rewarding Excellence in

Achievement Program. Under the program, 40 percent to 60 percent of a teacher's pay would be based on gains in student performance while 40 percent to 60 percent of pay would be based on a teacher's knowledge and skill base.

Requirements for substitute teachers were tightened in 2007. House Bill 1032 requires substitute teachers hold at least a high school diploma, while House Bill 1071 requires substitute teachers hold a bachelor's degree if they will be teaching for 30 days or more. In addition, House Bill 2380 requires applicants to successfully pass a criminal background check before being eligible to work as substitute teachers.

Several measures affect school facility construction, one of the major issues in the school finance lawsuit. Senate Bill 226 provides \$531.3 million in funding for academic facilities, including \$456 million for the School Facilities Partnership, as well as funds for immediate repairs, academic equipment, transitional facilities and catastrophic facilities programs. House Bill 2425 authorizes the Academic Facilities High-Growth School District Loan Program. The interest-free loans are available for school districts to make debt payments for academic facilities when the payments are expected to exceed the amount the district can raise through taxation.

Two bills make funds available for charter school facilities construction. Senate Bill 456 provides \$5 million for charter school facilities statewide, while Senate Bill 458 provides \$7 million for charter schools in high-poverty areas with demonstrated student success.

House Bill 1039 limits the physical activity requirements established in prior legislation for K-12 students in order to increase instructional time. House Bill 1487 requires recipients of the need-based Academic Challenge Scholarship to serve as literacy tutors for children in grades K through 6 for at least 20 hours per year. House Bill 1562 establishes the Voluntary Universal ACT Assessment Program to provide every 11th grade student with the opportunity to take the ACT free of charge, beginning in 2008-2009. House Bill 2426 requires the state Department of Education to audit each school district every two years to ensure that districts are adequately maintaining and constructing facilities according to their master facilities plans.

Senate Bill 843 establishes the Arkansas Traveling Teacher Program to assist rural school districts in delivering all required courses in grades 9 through 12.

ARKANSAS



FLORIDA - FY 2005

Financial Overview¹

Total Revenue of Schools	\$22,633,476,000
Percentage of Revenue from Local Sources (a)	47.4
Percentage of Revenue from State Sources	42.1
Percentage of Revenue from Federal Sources	10.5

Expenditures²

Instruction and Instruction-Related Expenditures (b)	\$12,422,342,000	65.2%
Student Support Services Expenditures (c)	\$914,900,000	4.8%
Administration Expenditures	\$1,862,376,000	9.8%
Operations Expenditures	\$3,843,260,000	20.2%
Total Education Expenditures (d)	\$19,042,877,000	100.0%
Total Students	2,639,336	
Expenditures per Pupil	\$7,215	

Division of Total Student Body³

Total Number of Students	2,639,336
Total Number of Schools	3,700
Total Number of School Districts	74

Special Groups⁴

Individual Education Program (IEP) Students	402,665
Number as Ratio to Total Student Body	1:6
ELL/LEP Students	214,562
Number as Ratio to Total Student Body	1:11

Sources of Local Revenue for Public School System⁵

Property Taxes	\$8,706,940,000	79.6%
Other Taxes	-	-
Parent Government Contribution	-	-
Non-School Local Government	-	-
School Lunch Charges	\$328,783,000	3.0%
Tuition and Transportation Charges	\$10,310,000	0.1%
Other Charges	\$587,459,000	5.4%
Other Local Revenue	\$1,309,127,000	12.0%
Total	\$10,942,619,000	100.0%

State Contribution toward Education⁶

Total State Resources	\$28,010,000,000
State Expenditures	\$24,440,000,000
Education Revenue from the State	\$9,533,209,000
Percentage Allocated toward Education	39.0

Historical Court Cases⁷

Coalition for Adequacy and Fairness in School Funding v. Chiles

In 1995, plaintiffs filed an “adequacy” case that was dismissed. In 1996, the state Supreme Court affirmed the lower court’s dismissal of the case. The Court was deeply concerned about the separation of powers doctrine and held that the plaintiffs had “failed to demonstrate ... an appropriate standard for determining ‘adequacy’ that would not present a substantial risk of judicial intrusion into the powers and responsibilities of the legislature.”

Honore v. Florida

In 2000, individual students and parents and a group of civil rights organizations, including the NAACP, Florida Appleseed Center for Law & Justice, League of United Latin American Citizens, and the Haitian Refugee Center, filed an “adequacy” suit. The suit followed the passage of a constitutional amendment in November of 1998, which declared that education is the “paramount duty of the state” and mandated the provision of a “uniform, efficient, safe, secure, and high quality system of free public schools that allows students to obtain a high quality education.” The case was eventually dropped after the plaintiffs failed to pursue it.¹⁰

Recent Legislation⁹

Legislators met in a special session in early October of 2007 to address a \$1 billion deficit in the new budget. The governor had asked K-12 schools, colleges and universities to plan for budget reductions of 4 percent to 10 percent. In the end, the education budget was cut by \$138 million, a decrease of 1.4 percent. The reduction in actual dollars was about 0.7 percent. The majority of the cuts were covered by a one-year delay of the state’s new merit pay plan.

Funding for elementary and secondary schools through the finance formula will total \$19.3 billion (up 6.8 percent), including general revenue funding of \$9.7 billion, a 3 percent increase. The allocation includes \$2.7 billion for class size reductions, a 28 percent increase,

as well as \$48 million to provide a payment to each teacher for classroom materials and supplies through the Teachers Lead Program, up 6.7 percent. Funding for the state’s voluntary pre-kindergarten program will decrease by 4.2 percent to \$372.5 million, although the base per-student allocation will increase by 4.6 percent to \$2,677. Lottery funding for K-12 education will increase 7.6 percent to \$356.2 million.

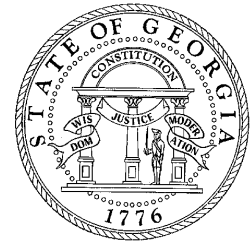
Senate Bill 1226 replaces the Special Teachers Are Rewarded (STAR) performance pay plan adopted in 2006 with the Merit Award Program, funded at \$147.5 million. Although delayed for a year during the October special session, the new program will provide pay supplements to high-performing teachers and administrators in the amount of 5 percent to 10 percent of the average teacher salary within the school district.

The Legislature met in a three-day special session in mid-June to address the state property tax system, resulting in the “largest tax cut in Florida history.” The legislation immediately rolls property taxes back to the 2006 level (House Bill 1B) and provides further property tax relief if voters approve a constitutional amendment (House Bill 5B).

House Bill 967 requires public schools to provide students in grades K through 5 with 150 minutes of physical education each week.

Senate Bill 108 requires the Florida Partnership for Minority and Underrepresented Student Achievement to help minority and underrepresented students take Advanced Placement and other advanced courses. Senate Bill 450 extends to pre-kindergarten, public charter school and “job share” teachers eligibility for the Teachers Lead Program, which provides stipends for the purchase of classroom materials. Senate Bill 1232 creates the Florida Career and Professional Education Act, providing a statewide planning partnership between the business and education communities to improve academic performance among students and to provide a rigorous, career-themed curriculum. Senate Bill 1456 provides a 10-day sales tax holiday in August for purchases of clothing, books and school supplies.

FLORIDA



GEORGIA - FY 2005

Financial Overview¹

Total Revenue of Schools	\$14,726,455,000
Percentage of Revenue from Local Sources (a)	46.5
Percentage of Revenue from State Sources	43.9
Percentage of Revenue from Federal Sources	9.6

Expenditures²

Instruction and Instruction-Related Expenditures (b)	\$8,568,112,000	68.4%
Student Support Services Expenditures (c)	\$586,475,000	4.7%
Administration Expenditures	\$1,313,389,000	10.5%
Operations Expenditures	\$2,060,880,000	16.4%
Total Education Expenditures (d)	\$12,528,856,000	100.0%
Total Students	1,553,437	
Expenditures per Pupil	\$8,065	

Division of Total Student Body³

Total Number of Students	1,553,437
Total Number of Schools	2,491
Total Number of School Districts	184

Special Groups⁴

Individual Education Program (IEP) Students	191,377
Number as Ratio to Total Student Body	1:7
ELL/LEP Students	60,334
Number as Ratio to Total Student Body	1:25

Sources of Local Revenue for Public School System⁵

Property Taxes	\$4,566,497,000	66.2%
Other Taxes	\$1,351,003,000	19.6%
Parent Government Contribution	-	-
Non-School Local Government	\$191,938,000	2.8%
School Lunch Charges	\$209,307,000	3.0%
Tuition and Transportation Charges	\$27,112,000	0.4%
Other Charges	\$258,391,000	3.7%
Other Local Revenue	\$289,287,000	4.2%
Total	\$6,893,535,000	100.0%

State Contribution toward Education⁶

Total State Resources	\$17,551,000,000
State Expenditures	\$16,323,000,000
Education Revenue from the State	\$6,466,311,000
Percentage Allocated toward Education	39.6

Historical Court Cases⁷

McDaniel v. Thomas

In 1981, a trial court found the state's system of financing public education unconstitutional, but the state Supreme Court reversed the lower court's decision.

Consortium for Adequate School Funding in Georgia (CASFG) v. State

In 2004, a coalition of 51 Georgia school districts filed an "adequacy" lawsuit claiming that the state school funding system was unconstitutional. The trial court denied the state's motion to dismiss, and the Georgia Supreme Court refused to hear the state's appeal. In 2006, the Consortium filed a brief on the constitutional definition of adequacy, which outlines the judicial precedents, compares the legislative goals in Georgia with the actions to implement them, and highlights graduation from high school as a fundamental indicator of educational adequacy. Shortly thereafter, Judge Elizabeth E. Long issued an order to explain the standard she will follow in determining whether the state has fulfilled its obligation to provide an adequate education for Georgia's students.¹¹ While the lawsuit is ongoing, the Consortium has made two proposals for settlement.

Recent Legislation⁹

The budget for 2007-2008 will increase state funds by 8.4 percent over FY 2007, bringing the total amount to \$20.2 billion. Education funding for K-12 will increase 8.1 percent to \$7.8 billion. Nearly \$6.5 billion of this amount will support local schools through the finance formula, including funding for teacher salary increases, rewards for increased levels of training and experience among teachers, enrollment growth of 2.65 percent, and restoration of some funding cut in recent years.

Teachers, college faculty and staff, and state employees will receive a 3 percent salary increase, and the budget provides funds to cover increases in health insurance premiums. In addition, teachers who have obtained National Board Certification are eligible for a stipend equal to 10 percent of their salary. Teachers who obtained their certification after June 2006 must serve in a high-needs school to be eligible for the stipend.

Teachers and other public school employees are now included as employees protected under the state's

whistleblower statute. Senate Bill 9 establishes that teachers may not be required, coerced, intimidated or disciplined by the local board of education, superintendent or school administrator to change the grade of a student.

A great deal of action in the General Assembly surrounded the topic of charter schools. Senate Bill 39, the Charter Systems Act, permits public school systems to petition the state Board of Education to convert the entire system to charter school status. Up to five petitions can be approved in the coming fiscal year, and each approved charter system will receive an implementation grant of \$125,000. The implementation grants are funded from the \$3.2 million allocated for charter schools in 2007-2008 (an increase of 160 percent), which also includes funds for planning grants, equipment and facilities construction.

Funding for dropout prevention efforts will increase to over \$45 million from \$15.8 million. Much of the increase expands the high school graduation coaches program into middle grade schools, at a cost of \$18 million. Another \$8 million of the increase is allocated to provide coaches for 12 newly opened high schools and the three state schools, and to provide increased pay to coaches who have increased their levels of training and experience.

Lottery funds to support the pre-kindergarten program will increase 7.6 percent to nearly \$325 million. The increase includes \$11.8 million to expand enrollment by 3,000 to 78,000.

House Bill 128 established a sales tax holiday on certain school supplies, clothing, footwear, computers and computer-related accessories for three days in August 2007.

Senate Bill 72 allows school systems to employ school administrative managers in lieu of or in addition to assistant principals, requires that a majority of a school council's membership be parents, and permits school systems to provide alternative teacher certification for teachers who possess a master's or doctoral degree in the subject area they will be teaching. Senate Bill 123 allows local school boards to increase to 32 (from the current 23) the number of students in mathematics, science, social studies and language arts classes in grades 9 through 12.

GEORGIA



KENTUCKY - FY 2005

Financial Overview¹

Total Revenue of Schools	\$5,379,257,000
Percentage of Revenue from Local Sources (a)	31.1
Percentage of Revenue from State Sources	56.7
Percentage of Revenue from Federal Sources	12.2

Expenditures²

Instruction and Instruction-Related Expenditures (b)	\$3,158,984,000	65.6%
Student Support Services Expenditures (c)	\$190,807,000	4.0%
Administration Expenditures	\$482,179,000	10.0%
Operations Expenditures	\$980,621,000	20.4%
Total Education Expenditures (d)	\$4,812,591,000	100.0%
Total Students	674,796	
Expenditures per Pupil	\$7,132	

Division of Total Student Body³

Total Number of Students	674,796
Total Number of Schools	1,457
Total Number of School Districts	176

Special Groups⁴

Individual Education Program (IEP) Students	106,703
Number as Ratio to Total Student Body	1:5
ELL/LEP Students	10,471
Number as Ratio to Total Student Body	1:63

Sources of Local Revenue for Public School System⁵

Property Taxes	\$1,129,111,000	67.4%
Other Taxes	\$320,856,000	19.1%
Parent Government Contribution	-	-
Non-School Local Government	\$20,583,000	1.2%
School Lunch Charges	\$102,375,000	6.1%
Tuition and Transportation Charges	\$8,686,000	0.5%
Other Charges	\$3,329,000	0.2%
Other Local Revenue	\$90,268,000	5.4%
Total	\$1,675,208,000	100.0%

State Contribution toward Education⁶

Total State Resources	\$8,238,000,000
State Expenditures	\$7,698,000,000
Education Revenue from the State	\$3,049,129,000
Percentage Allocated toward Education	39.6

Historical Court Cases⁷

Rose v. Council for Better Education (CBE)

In 1985, 66 rural school districts filed a lawsuit challenging the state education finance system. In 1989, the state Supreme Court declared “Kentucky’s entire system of common schools ... unconstitutional.” The General Assembly was ordered to begin providing an adequate education for every child in Kentucky and to reform the property tax system. In defining an adequate education, the Court enumerated seven learning goals which have served as a touchstone for other state courts deciding similar cases. In 1990, the General Assembly enacted a comprehensive package of education reforms and tied those reforms to the court-ordered funding reforms.

Young v. Williams

In 2003, 16 Kentucky students and their parents consolidated their case with *CBE v. Williams* and sued the commonwealth of Kentucky, claiming that the state education finance system was still inadequate and unequal. They asked the Franklin County Circuit Court to declare the current funding system unconstitutional; require the General Assembly to pass a budget, which it had failed to do the previous year; and mandate funding that is adequate for a “proper education” and equitable among districts. The judge ruled that the plaintiffs had not established a clear constitutional violation in Kentucky’s education system. After the denial of a motion to reconsider, the lawsuit was dropped.

Recent Legislation⁹

The General Assembly adopted a budget for the 2006-2008 biennium that will provide \$8.5 billion in general funds in 2006-2007 (an increase of 4.9 percent) and \$9.6 billion in 2007-2008 (an increase of another 12.9 percent). Total funding will reach \$22.1 billion in the first year of the biennium and \$22.4 billion in the second year, increases of 9.4 percent and 1.4 percent, respectively. Elementary and secondary education will receive \$3.5 billion in general funds in the first year of the biennium, an increase of 3.2 percent. Teachers will receive pay raises of 2 percent in 2006-2007. In the second year, the \$3.8 billion appropriated is up another 9.1 percent. The large increase is due primarily to the teacher pay package (an average salary increase of \$3,000 per teacher), rising health insurance costs, and support for two additional instructional days.

During the 2007 session, the Kentucky General Assembly discussed, but did not agree on, several education-related issues, including reforming the teachers’ and state employees’ retirement systems, expanding financial aid programs and restoring funding for more than \$300

million in education-related capital construction projects vetoed by the governor in the previous legislative session. The governor has convened a task force to study options for reforming the retirement systems and has indicated that he may call a special session in 2008 for the legislature to reconsider the issue.

Level funding is provided for a number of programs, including professional development for teachers, educational technology, Highly Skilled Educators Program that promotes accountability and rewards outstanding teachers in low-performing schools, and Extended School Services for students having academic difficulty.

Increases are available for the reading program (\$20.6 million in 2006-2007 and \$23.6 million in 2007-2008, increases of 85.6 percent and 14.6 percent, respectively) and for changes to the state assessment program called for in Senate Bill 130 (see below). Current funding for the state assessment program is \$8.4 million; an additional \$1.4 million will support the addition of the ACT and WorkKeys assessments.

Senate Bill 130 relates to educational assessment. The bill requires that by the 2008-2009 school year, the state testing program must include a high school readiness test given in the 8th grade, a college readiness test given in the 10th grade, and the ACT examination in the 11th grade, in lieu of customized (or commercially available) norm-referenced tests in those grades.

House Bill 197 requires the state Department of Education to develop end-of-course examinations, beginning with Algebra I, Algebra II and geometry, and pilot the tests no later than the 2007-2008 school year. A student’s score on an end-of-course examination will be used in calculating the student’s final grade point average.

House Bill 341 required the state Department of Education to study the costs, benefits and feasibility of creating a statewide education data system and report to the Interim Joint Committee on Education by November 1, 2006. The bill also called for random, periodic drug testing for any teacher who has been reprimanded or disciplined for the illegal use of controlled substances for a period of 12 months following the disciplinary action.

Among the provisions of House Bill 581, the Office of Education Accountability is charged with reviewing the K-12 finance system.

House Concurrent Resolution 214 directs the Interim Joint Committee on Education to study ways to effectively provide assistance to schools not meeting goals for student achievement.

KENTUCKY



LOUISIANA - FY 2005

Financial Overview¹

Total Revenue of Schools	\$6,057,201,000
Percentage of Revenue from Local Sources (a)	38.6
Percentage of Revenue from State Sources	47.5
Percentage of Revenue from Federal Sources	13.9

Expenditures²

Instruction and Instruction-Related Expenditures (b)	\$3,619,891,000	65.2%
Student Support Services Expenditures (c)	\$242,499,000	4.4%
Administration Expenditures	\$570,091,000	10.3%
Operations Expenditures	\$1,122,285,000	20.2%
Total Education Expenditures (d)	\$5,554,766,000	100.0%
Total Students	724,281	
Expenditures per Pupil	\$7,669	

Division of Total Student Body³

Total Number of Students	724,281
Total Number of Schools	1,541
Total Number of School Districts	85

Special Groups⁴

Individual Education Program (IEP) Students	106,703
Number as Ratio to Total Student Body	1:5
ELL/LEP Students	10,471
Number as Ratio to Total Student Body	1:63

Sources of Local Revenue for Public School System⁵

Property Taxes	\$905,752,000	38.7%
Other Taxes	\$1,228,200,000	52.5%
Parent Government Contribution	-	-
Non-School Local Government	\$25,234,000	1.1%
School Lunch Charges	\$45,106,000	1.9%
Tuition and Transportation Charges	\$11,653,000	0.5%
Other Charges	\$5,472,000	0.2%
Other Local Revenue	\$118,567,000	5.1%
Total	\$2,339,984,000	100.0%

State Contribution toward Education⁶

Total State Resources	\$7,470,000,000
State Expenditures	\$7,127,000,000
Education Revenue from the State	\$2,878,017,000
Percentage Allocated toward Education	40.4

Historical Court Cases⁷

Charlet v. Legislature of the State of Louisiana

In 1992, parents and school districts filed complaints alleging that the state was not providing “a minimum foundation of education to all children in the public schools of the state, as required by the Louisiana Constitution.” The courts decided that the state was providing the constitutional minimum requirements.

Jones v. State Board of Elementary and Secondary Education (BESE)

In 2003, a group of parents and school boards filed suit again, seeking a declaratory judgment and injunctive relief, alleging that the state school funding formula’s omission of capital funding for schools violates the state constitutional provision for a minimum foundation program and equitable funding among school districts, and violates their rights to equal protection under the state and federal constitutions. Because the state constitution did not require the funding formula to include any particular items or to be based on actual costs, the Court of Appeal dismissed plaintiffs’ education clause claim. The Court also dismissed the equal protection claim, finding that the funding formula was rationally related to a legitimate state interest.¹²

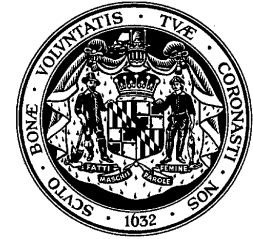
Recent Legislation⁹

With hurricane recovery ongoing and the state continuing its economic revival, the general fund budget for 2007-2008 will grow by 18.4 percent to nearly \$7.9 billion, the first large increase in state general funds since Hurricane Katrina. The overall state budget of \$29.7 billion, up 3.1 percent, includes \$8.4 billion in federal hurricane recovery funding. State funds for K-12 schools will increase by 16.5 percent to over \$3.1 billion.

The budget includes funding for raises of \$2,375 for teachers, \$1,000 for school support staff, and a 5 percent pay increase for college faculty. The state-funded early childhood education program for 4-year-olds, LA4, will receive a budget increase of nearly 50 percent to \$83.4 million. The additional funding is expected to provide spaces for approximately 5,000 more children, enough to cover all at-risk 4-year-old children in the state.

The K-12 budget includes \$13 million in new funding for high school redesign initiatives, including a revised curriculum, initiatives to aid students in earning credit for courses that they have previously failed, and additional support for the Louisiana Virtual School. The School Accountability and Improvement program, which includes testing, high-stakes remediation, the K-3 math and reading initiative, rewards to schools that exceed student performance targets and the Distinguished Educators program, will receive \$111.8 million, a 15.4 percent increase.

Senate Bill 160 creates a pilot program to screen all students in grades K through 3 for dyslexia and related disorders. Senate Bill 299 requires the state Board of Elementary and Secondary Education adopt a visual and performing arts curriculum.



MARYLAND - FY 2005

Financial Overview¹

Total Revenue of Schools	\$6,057,201,000
Percentage of Revenue from Local Sources (a)	38.6
Percentage of Revenue from State Sources	47.5
Percentage of Revenue from Federal Sources	13.9

Expenditures²

Instruction and Instruction-Related Expenditures (b)	\$5,819,946,000	67.0%
Student Support Services Expenditures (c)	\$372,285,000	4.3%
Administration Expenditures	\$881,009,000	10.1%
Operations Expenditures	\$1,609,347,000	18.5%
Total Education Expenditures (d)	\$8,682,586,000	100.0%
Total Students	865,561	
Expenditures per Pupil	\$10,031	

Division of Total Student Body³

Total Number of Students	865,561
Total Number of Schools	1,421
Total Number of School Districts	25

Special Groups⁴

Individual Education Program (IEP) Students	111,565
Number as Ratio to Total Student Body	1:7
ELL/LEP Students	21,709
Number as Ratio to Total Student Body	1:39

Sources of Local Revenue for Public School System⁵

Property Taxes	-	-
Other Taxes	-	-
Parent Government Contribution	\$5,054,603,000	91.9%
Non-School Local Government	-	-
School Lunch Charges	\$119,580,000	2.2%
Tuition and Transportation Charges	\$20,277,000	0.4%
Other Charges	\$141,898,000	2.6%
Other Local Revenue	\$162,123,000	2.9%
Total	\$5,498,481,000	100.0%

State Contribution toward Education⁶

Total State Resources	\$12,438,000,000
State Expenditures	\$11,264,000,000
Education Revenue from the State	\$3,729,271,000
Percentage Allocated toward Education	33.1

Historical Court Cases⁷

Bradford v. Maryland State Board of Education

In 1994, the ACLU and Baltimore City initiated suits against the state, alleging that the city's students were not receiving an adequate education. In a 1996 summary judgment decision, the trial court agreed. In 2000, the plaintiffs returned to court, and the Circuit Court declared that the state "is still not providing the children of Baltimore City ... a constitutionally adequate education." In 2002, Maryland enacted a modern, standards-based finance system, including more state funding to high-need districts, to be phased in over six years. After this major reform was passed, the Bradford plaintiffs asked the Circuit Court to retain jurisdiction, pending implementation. The Court agreed.

Recent Legislation⁹

Despite the expectation that state revenues in coming years may not be sufficient to meet state budgetary needs, the General Assembly approved a budget that provides nearly \$14.3 billion in general funds, an increase of 8.2 percent. When reserve funds are included, the General Assembly approved general fund spending of \$14.5 billion in 2007-2008, 2.6 percent more than the appropriation for 2006-2007. The governor has since announced \$213 million in general fund reductions, achieved through cuts in spending and the use of previously unspent funds.

State funding for public education will reach nearly \$5.2 billion, an increase of 15 percent over 2007. This funding represents the final year of the 2002 Bridge to Excellence

in Public Schools Act, which increased funding provided through the state's school financing system.

No funds are included for pay raises, as compensation for teachers is determined through collective bargaining at the district level. However, the budget does include \$6.6 million for teachers who obtain National Board Certification and for signing bonuses to certain new teachers. The Teacher Excellence Award Program, which began last year and awards teachers for outstanding performance, will continue with \$100,000, along with \$320,000 for teacher quality grants. Funds for the professional development of teachers will decrease 9 percent to \$6.9 million.

House Bill 275 and Senate Bill 57 renew the program that pays for two-thirds of the certification fee charged to teachers seeking certification from the National Board for Professional Teaching Standards. The bills expand program participation from 750 to 1,000 teachers annually and allow teachers to participate a second time if the first attempt at certification is not successful.

The School Capital Funding Program will see its largest appropriation since it began in 1971. House Bill 51 provides \$401.8 million to support school construction initiatives. In addition, Senate Bill 986 provides \$5.5 million in bond funds for construction and renovation projects under the Aging Schools Program.

House Bill 957 requires the Department of Education and the Department of Health and Mental Hygiene to jointly develop guidelines for providing emergency medical care to students with special health needs.



MISSISSIPPI - FY 2005

Financial Overview¹

Total Revenue of Schools	\$3,642,050,000
Percentage of Revenue from Local Sources (a)	30.2
Percentage of Revenue from State Sources	54.0
Percentage of Revenue from Federal Sources	15.8

Expenditures²

Instruction and Instruction-Related Expenditures (b)	\$2,095,539,000	64.6%
Student Support Services Expenditures (c)	\$155,281,000	4.8%
Administration Expenditures	\$349,193,000	10.8%
Operations Expenditures	\$643,875,000	19.8%
Total Education Expenditures (d)	\$3,243,888,000	100.0%
Total Students	495,376	
Expenditures per Pupil	\$6,548	

Division of Total Student Body³

Total Number of Students	495,376
Total Number of Schools	1,049
Total Number of School Districts	163

Special Groups⁴

Individual Education Program (IEP) Students	68,564
Number as Ratio to Total Student Body	1:6
ELL/LEP Students	3,365
Number as Ratio to Total Student Body	1:146

Sources of Local Revenue for Public School System⁵

Property Taxes	\$860,564,000	76.7%
Other Taxes	\$2,155,000	0.2%
Parent Government Contribution	\$2,609,000	0.2%
Non-School Local Government	\$10,782,000	1.0%
School Lunch Charges	\$49,316,000	4.4%
Tuition and Transportation Charges	\$5,623,000	0.5%
Other Charges	\$51,084,000	4.6%
Other Local Revenue	\$140,026,000	12.5%
Total	\$1,122,159,000	100.0%

State Contribution toward Education⁶

Total State Resources	\$3,730,000,000
State Expenditures	\$3,678,000,000
Education Revenue from the State	\$1,965,158,000
Percentage Allocated toward Education	53.4

Historical Court Cases⁷

Mississippi is one of five states in the nation, and the only state in region, where school funding cases have not been filed.

Recent Legislation⁹

Mississippi's state budget for 2007-2008 totals more than \$5.5 billion, an increase of 14 percent from FY 2007. Education funding will increase 11.1 percent to more than \$3.5 billion.

House Bill 238, the appropriations bill for K-12 education, increases spending by 9.3 percent to \$2.5 billion, fully funding the school finance formula. The bill provides a 3 percent pay raise for all teachers and increases assistant teacher salaries by \$500 to \$12,500. Also, in a compromise regarding funding for at-risk student programs, the bill creates an 11-member task force to study dyslexia and other learning disabilities, early childhood education and mentoring programs.

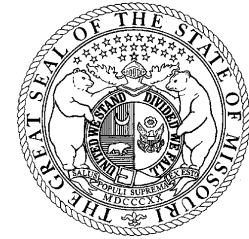
The Legislature approved the Mississippi Healthy Students Act (Senate Bill 2369), which will take effect within the 2008-2009 academic year. The bill requires a minimum of 150 minutes of physical activity instruction per week for children in grades K through 8, along with at least 45 minutes of health education. High school students must complete one-half credit of physical education for graduation. In addition, schools must adopt

a school wellness plan that promotes increased physical activity, healthy eating habits and avoiding tobacco and illegal drugs.

Beginning with the 2008-2009 academic year, the Department of Education will identify early literacy and numerical screening instruments for use by local school districts (House Bill 1058). The bill requires the department to gather data from those screening instruments to determine their effectiveness. Districts are specifically prohibited from using the instruments to determine student promotion.

The Early Learning Collaborative Act of 2007 (Senate Bill 2667) requires the Department of Human Services to implement a grant program for early child care and education. If funds are available, the program will provide matching grants to entities for the purpose of improving the quality of education offered to 4-year-olds in early care and education programs.

House Bill 833 grants an automatic waiver from public school fees to any family who qualifies for the National School Lunch Program. House Bill 2338 requires the state Board of Education to create guidelines that provide broad authority for local school districts to create alternative school programs that suit their specific needs. House Bill 2345 requires the state Board of Education to implement a pilot program to redesign at least 15 secondary schools to serve a dual function as educational entities and work force development centers.



MISSOURI - FY 2005

Financial Overview¹

Total Revenue of Schools	\$8,373,954,000
Percentage of Revenue from Local Sources (a)	56.9
Percentage of Revenue from State Sources	34.1
Percentage of Revenue from Federal Sources	8.9

Expenditures²

Instruction and Instruction-Related Expenditures (b)	\$4,646,302,000 (e)	65.3%
Student Support Services Expenditures (c)	\$341,734,000	4.8%
Administration Expenditures	\$760,012,000	10.7%
Operations Expenditures	\$1,367,158,000	19.2%
Total Education Expenditures (d)	\$7,115,207,000 (e)	100.0%
Total Students	905,449	
Expenditures per Pupil	\$7,858	

Division of Total Student Body³

Total Number of Students	905,449
Total Number of Schools	2,363
Total Number of School Districts	527

Special Groups⁴

Individual Education Program (IEP) Students	N/A
Number as Ratio to Total Student Body	N/A
ELL/LEP Students	18,745
Number as Ratio to Total Student Body	1:47

Sources of Local Revenue for Public School System⁵

Property Taxes	\$2,962,899,000	75.2%
Other Taxes	\$155,962,000	4.0%
Parent Government Contribution	-	-
Non-School Local Government	\$180,325,000	4.6%
School Lunch Charges	\$140,911,000	3.6%
Tuition and Transportation Charges	\$21,882,000	0.6%
Other Charges	\$204,192,000	5.2%
Other Local Revenue	\$275,097,000	7.0%
Total	\$3,941,268,000	100.0%

State Contribution toward Education⁶

Total State Resources	\$7,421,000,000
State Expenditures	\$7,121,000,000
Education Revenue from the State	\$2,859,179,000
Percentage Allocated toward Education	40.2

Historical Court Cases⁷

Committee for Educational Equality (CEE) v. State

In 1990, school districts, students, and taxpayers filed suit, claiming that Missouri's school finance system violated the state constitution's equal protection and education clauses on both "equity" and "adequacy" grounds. The trial court declared the funding system unconstitutional and held that the state must provide the same educational opportunity for all children in the state education system. In response to the decision, the General Assembly passed and the governor signed the Outstanding Schools Act of 1993, which increased school funding by raising taxes, improved funding equity, and instituted critical education reforms.

In 2004, the CEE sued the state again, claiming that essential resources such as teachers, courses and programs, and facilities and equipment are being underfunded and, thus, in violation of the state constitution. The Circuit Court judge handling the case held on August 29, 2007, that the state constitution only requires that at least 25 percent of state revenues be used to fund the public schools.

Recent Legislation¹³

Governor Blunt's budget summary for FY 2008 estimates operating appropriations of \$8,213,115,585, an increase of 6.4 percent from the last year. The governor's recommendation for funding of elementary and secondary education is up to \$5,210,956,630, an increase of 3.9 percent.¹⁴ The \$214 million increase includes the following: \$132.6 million to continue full funding of the foundation formula; \$38.7 million for the foundation formula (included in the FY 2007 supplemental budget);

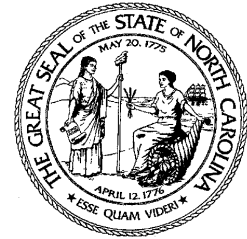
\$27.9 million for the School District Trust Fund distributions to local school districts; \$6 million for the High Need Program, which reimburses school districts based on student needs; \$3.6 million for the A+ Schools Program, which helps prepare high school students for further education or employment; \$2.6 million for the new Missouri Virtual School Program; \$2 million for the Parents as Teachers Program; and \$477,626 for the Career Ladder Program, which rewards educators who create original plans to meet academic objectives.¹⁵

Senate Bill 389 modifies the responsibilities of the Joint Committee on Education. The Committee is now required to meet at least twice a year, charged with monitoring, studying and analyzing the higher education system, as well as monitoring the establishment of performance measures required by this bill, and reporting on such measures to the General Assembly and the governor, and authorized to make requests of the Department of Economic Development.

Senate Bill 389 additionally creates the Missouri Teaching Fellows Program. For each of the first four years that an applicant teaches in a qualifying district, up to one-fourth of the applicant's educational loans, not to exceed \$5,000 per year, will be repaid. For teachers without educational loans, a stipend of up to \$5,000 may be issued. At the conclusion of the fifth academic year that an applicant teaches in a qualifying district, an amount equal to \$1,000 shall be granted to the applicant.

Executive Order 2006-44 added elementary and secondary education as another category with full membership representation on the Regional Homeland Security Oversight Committee in order to ensure that schools are included and actively engaged in homeland security planning at the state and local level.

MISSOURI



NORTH CAROLINA - FY 2005

Financial Overview¹

Total Revenue of Schools	\$10,446,941,000
Percentage of Revenue from Local Sources (a)	26.4
Percentage of Revenue from State Sources	62.7
Percentage of Revenue from Federal Sources	10.8

Expenditures²

Instruction and Instruction-Related Expenditures (b)	\$6,258,405,000	65.4%
Student Support Services Expenditures (c)	\$519,334,000	5.4%
Administration Expenditures	\$1,126,028,000	11.8%
Operations Expenditures	\$1,663,233,000	17.4%
Total Education Expenditures (d)	\$9,567,000,000	100.0%
Total Students	1,385,754	
Expenditures per Pupil	\$6,904	

Division of Total Student Body³

Total Number of Students	1,385,754
Total Number of Schools	2,290
Total Number of School Districts	214

Special Groups⁴

Individual Education Program (IEP) Students	192,697
Number as Ratio to Total Student Body	1:6
ELL/LEP Students	68,381
Number as Ratio to Total Student Body	1:19

Sources of Local Revenue for Public School System⁵

Property Taxes	-	-
Other Taxes	-	-
Parent Government Contribution	\$3,097,193,000	87.5%
Non-School Local Government	-	-
School Lunch Charges	\$245,775,000	6.9%
Tuition and Transportation Charges	\$9,106,000	0.3%
Other Charges	\$55,141,000	1.6%
Other Local Revenue	\$132,332,000	3.7%
Total	\$3,539,547,000	100.0%

State Contribution toward Education⁶

Total State Resources	\$16,616,000,000
State Expenditures	\$15,798,000,000
Education Revenue from the State	\$6,552,886,000
Percentage Allocated toward Education	41.5

Historical Court Cases⁷

Leandro v. State

In 1995, concerned parents and boards of education sued North Carolina over the adequacy of the state educational system. In 1997, the state Supreme Court declared that the state constitution “requires that all children have the opportunity for a sound basic education.” At the Superior Court level, the state was ordered not only to provide funding, but also to assist local education agencies that were “not carrying out their duties in regard to the [aforementioned] sound basic education.”¹⁶ Furthermore, specific focus was given to the necessity of highly qualified teachers as principal providers of academic advancement.

Hoke County v. State

In 2004, the state Supreme Court affirmed a trial court ruling that found the state violated its constitutional duty to provide the opportunity for a sound basic education to its students in poor rural counties. The Court also affirmed the lower court’s remedial order requiring the state to reassess its education-related allocations and correct all deficiencies that prevent the schools from offering their students the constitutionally guaranteed opportunity.¹⁷

Recent Legislation⁹

Meeting in the “long session,” the General Assembly approved a 2007-2009 biennium general fund budget of \$20.4 billion in 2007-2008 (up 9.5 percent), increasing to \$20.6 billion for 2008-2009 (up 1.3 percent). The budget includes funds for a 5 percent salary increase for teachers in 2007-2008. Non-instructional personnel at schools will receive a 4 percent salary increase.

In each of the two coming fiscal years, public schools will receive \$7.7 billion in general funds (an 8.7 percent increase over 2006-2007). The K-12 education budget includes \$7 million for a new competitive grant program to fund local dropout prevention initiatives, \$5.7 million for 100 literacy coaches placed in schools with an 8th grade (up nearly 20 percent), and \$5 million in supplemental funding to support special education services in school districts. The new Learn & Earn Online program, which will provide online college credit courses to high school students, will receive \$6.5 million in 2007-2008, and \$10.1 million in 2008-2009. Another \$5 million in reserve funding is provided for 2007-2008. The budget provides \$70 million to reward teachers and certified staff at schools showing greater than expected improvement in student performance.

Lottery funds for education will total \$350 million in 2007-2008. Lottery funding for the More at Four pre-kindergarten program will remain unchanged at \$84.6 million. However, the General Assembly provided an additional \$56 million in general funds, enough for 10,000 more participants. The \$90.4 million in lottery funds allocated for class-size reduction represents a nearly 30 percent decrease, but \$37.5 million in general funds were appropriated to offset this reduction. The Public School Building Capital Fund and scholarships for needy students will see 17.6 percent reductions in lottery funds, to \$140 million and \$35 million, respectively.

Senate Bill 1030 establishes the ROPE (Reaching One’s Potential for Excellence) Scholars pilot program to strengthen middle grades education, with the goals of reducing dropout rates and increasing both high school and college graduation rates. The program is designed to reduce class sizes to one teacher for every 17 students, provide salary incentives of up to \$5,000 per year for certified teachers in high-need subject-matter areas, encourage participating students to meet certain standards, and provide students who successfully participate with college scholarships.

The General Assembly approved several pieces of legislation involving services for students with disabilities. House Bill 14 requires schools to provide homebound instruction for students with disabilities when it is the least restrictive alternative, while House Bill 20 establishes standards for homebound instruction. In addition, House Bill 17 requires the Department of Public Instruction to study the delivery of instruction and services to students with disabilities.

North Carolina is investigating the use of alternative teacher pay programs to reward teachers for improved student performance. House Bill 966 requires the state Board of Education to establish a pilot teacher performance pay program at up to five schools. Senate Bill 1115 requires the state Board of Education to establish a pilot lateral entry teachers program. Such programs, which have been established through several institutions of higher education in the state, allow professionals with college degrees outside of education to obtain the teacher training and licensure required to enter the teaching profession.

Other legislation affecting teachers includes Senate Bill 1292, which requires teachers to earn credits in their academic subject area as a part of licensure renewal, and House Bill 956, which permits certain retired teachers to serve as classroom teachers without a loss of retirement benefits.



OKLAHOMA - FY 2005

Financial Overview¹

Total Revenue of Schools	\$4,621,537,000
Percentage of Revenue from Local Sources (a)	32.9
Percentage of Revenue from State Sources	53.4
Percentage of Revenue from Federal Sources	13.7

Expenditures²

Instruction and Instruction-Related Expenditures (b)	\$2,530,263,000	60.8%
Student Support Services Expenditures (c)	\$272,724,000	6.6%
Administration Expenditures	\$467,736,000	11.2%
Operations Expenditures	\$890,301,000	21.4%
Total Education Expenditures (d)	\$4,161,024,000	100.0%
Total Students	629,476	
Expenditures per Pupil	\$6,610	

Division of Total Student Body³

Total Number of Students	629,476
Total Number of Schools	1,787
Total Number of School Districts	543

Special Groups⁴

Individual Education Program (IEP) Students	94,996
Number as Ratio to Total Student Body	1:6
ELL/LEP Students	44,454
Number as Ratio to Total Student Body	1:13

Sources of Local Revenue for Public School System⁵

Property Taxes	\$1,272,842,000	71.8%
Other Taxes	-	-
Parent Government Contribution	-	-
Non-School Local Government	\$134,380,000	7.6%
School Lunch Charges	\$68,460,000	3.9%
Tuition and Transportation Charges	\$37,040,000	2.1%
Other Charges	\$149,142,000	8.4%
Other Local Revenue	\$110,194,000	6.2%
Total	\$1,772,058,000	100.0%

State Contribution toward Education⁶

Total State Resources	\$5,140,000,000
State Expenditures	\$4,945,000,000
Education Revenue from the State	\$2,466,399,000
Percentage Allocated toward Education	49.9

Historical Court Cases⁷

Fair School Finance Council of Oklahoma v. State

In 1987, the state Supreme Court rejected an equal protection challenge to the state education finance system. The Court ruled that equal expenditures per child are not necessary to meet equal protection requirements.

Oklahoma Education Association (OEA) v. State

In 2006, OEA filed an “adequacy and equity” lawsuit against the state. The case moved up to the state Supreme Court, where the dismissal of the charges was affirmed. The Court asserted that fiscal and education policy is the exclusive domain of the Oklahoma Legislature.¹⁸

Recent Legislation⁹

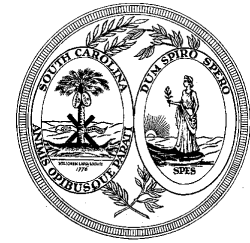
The governor vetoed the original 2007-2008 state budget approved by the Legislature. The Legislature and governor ultimately agreed on a nearly \$7.1 billion general fund budget (a decline of nearly 1 percent), as well as a tax reduction package that speeds up implementation of the income tax cuts enacted last year.

Total education spending in 2007-2008 will be more than \$3.7 billion, an increase of 5.5 percent over FY 2007. Funds for elementary and secondary education are

nearly \$2.5 billion, a 5.6 percent increase, including just under \$2 billion for elementary and secondary school operations. This amount also includes \$54.2 million for an average teacher salary increase of \$1,000 (the fourth part of a five-year plan to raise teacher pay and benefits); increases will be weighted toward veteran teachers and teachers with advanced degrees. In addition, House Bill 1134 increases the minimum salary schedule for teachers with 10 or more years of experience.

The budget provides \$3 million for bonuses of \$5,000 each to National Board Certified teachers and school personnel, while \$2.6 million is provided for Academic Achievement Awards for employees at schools that attain the highest overall student achievement. House Bill 1593 specifies that Academic Achievement Awards are to be awarded to the top four schools in each of five groups that are defined by enrollment, and it specifies award amounts for teachers at schools identified as award recipients.

House Bill 1390 permits the Oklahoma Commission for Teacher Preparation to award one-year grants, renewable for up to two additional years, to help reform reading instruction in grades K through 3. House Bill 1477 creates certification requirements for public school superintendents.



SOUTH CAROLINA - FY 2005

Financial Overview¹

Total Revenue of Schools	\$6,267,520,000
Percentage of Revenue from Local Sources (a)	44.2
Percentage of Revenue from State Sources	45.3
Percentage of Revenue from Federal Sources	10.6

Expenditures²

Instruction and Instruction-Related Expenditures (b)	\$3,497,602,000	65.8%
Student Support Services Expenditures (c)	\$366,397,000	6.9%
Administration Expenditures	\$517,064,000	9.7%
Operations Expenditures	\$931,676,000	17.5%
Total Education Expenditures (d)	\$5,312,739,000	100.0%
Total Students	703,736	
Expenditures per Pupil	\$7,549	

Division of Total Student Body³

Total Number of Students	703,736
Total Number of Schools	1,172
Total Number of School Districts	89

Special Groups⁴

Individual Education Program (IEP) Students	100,049
Number as Ratio to Total Student Body	1:6
ELL/LEP Students	12,528
Number as Ratio to Total Student Body	1:55

Sources of Local Revenue for Public School System⁵

Property Taxes	\$2,136,572,000	74.8%
Other Taxes	\$21,523,000	0.8%
Parent Government Contribution	-	-
Non-School Local Government	\$120,028,000	4.2%
School Lunch Charges	\$83,890,000	2.9%
Tuition and Transportation Charges	\$7,002,000	0.2%
Other Charges	\$135,335,000	4.7%
Other Local Revenue	\$350,740,000	12.3%
Total	\$2,855,090,000	100.0%

State Contribution toward Education⁶

Total State Resources	\$5,712,000,000
State Expenditures	\$5,073,000,000
Education Revenue from the State	\$2,837,312,000
Percentage Allocated toward Education	55.9

Historical Court Cases⁷

Abbeville County School District v. State

In 1993, school districts sued South Carolina alleging that its education finance system violated the state and federal constitutions. The trial court granted defendants' motions to dismiss, but the state Supreme Court upheld plaintiffs' state constitutional claim based on the South Carolina education clause and remanded the case for trial. In 2005, the trial court ruled that the state had failed its constitutional responsibility and ordered the state to provide preschool and other interventions through "at least grade 3" to "address the impact of poverty... in the lives of children." However, the court found for the defendants on the plaintiffs' claims of inadequate teaching quality and inadequate facilities.

Recent Legislation⁹

Meeting in a brief special session to complete the budget, the General Assembly approved a general fund budget of more than \$6.7 billion for 2007-2008, a 10 percent increase. The budget includes a 3 percent salary increase for all state employees, including teachers and college faculty. The long range goal of the General Assembly is for the average South Carolina teacher's salary to be \$300 above the average teacher salary in Southern states.

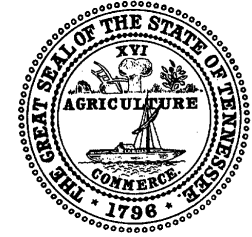
General funds for K-12 education will increase 8.5 percent to \$2.3 billion. Almost \$2.1 billion of the general funds for K-12 education will go to school districts, an increase of nearly 8 percent. Dedicated funding of \$690 million, earmarked from a 1 percent sales tax, will go toward education, an increase of 5.6 percent. This amount includes \$29 million for early childhood education.

With the approval of House Bill 3097, South Carolina becomes the latest Southern state to establish a virtual school program. The state Department of Education will administer the virtual school program and establish a pilot program to determine whether it can be used to provide adult education services as well.

Lottery and general funds available for state-funded financial aid programs will total \$243 million, a decrease of 5.6 percent. Lottery funds also are provided for the K-5 Reading, Math, Science and Social Studies Program (\$47.6 million), which enhances teachers' skills and improves student performance in those subject areas.

House Bill 3476 permits school districts to hire as teachers individuals who are certified through the American Board for the Certification of Teacher Excellence.

Senate Bill 726 permits schools to provide history and literature courses on the Bible.



TENNESSEE - FY 2005

Financial Overview¹

Total Revenue of Schools	\$6,942,997,000
Percentage of Revenue from Local Sources (a)	45.4
Percentage of Revenue from State Sources	43.2
Percentage of Revenue from Federal Sources	11.4

Expenditures²

Instruction and Instruction-Related Expenditures (b)	\$4,520,120,000 (e)	70.1%
Student Support Services Expenditures (c)	\$215,183,000	3.3%
Administration Expenditures	\$588,292,000	9.1%
Operations Expenditures	\$1,123,096,000	17.4%
Total Education Expenditures (d)	\$6,446,691,000 (e)	100.0%
Total Students	941,091	
Expenditures per Pupil	\$6,850	

Division of Total Student Body³

Total Number of Students	941,091
Total Number of Schools	1,710
Total Number of School Districts	136

Special Groups⁴

Individual Education Program (IEP) Students	167,786
Number as Ratio to Total Student Body	1:5
ELL/LEP Students	N/A
Number as Ratio to Total Student Body	N/A

Sources of Local Revenue for Public School System⁵

Property Taxes	-	-
Other Taxes	-	-
Parent Government Contribution	\$2,005,316,000	66.2%
Non-School Local Government	\$521,735,000	17.2%
School Lunch Charges	\$122,511,000	4.0%
Tuition and Transportation Charges	\$7,456,000	0.2%
Other Charges	\$305,272,000	10.1%
Other Local Revenue	\$66,217,000	2.2%
Total	\$3,028,507,000	100.0%

State Contribution toward Education⁶

Total State Resources	\$9,796,000,000
State Expenditures	\$9,113,000,000
Education Revenue from the State	\$2,998,090,000
Percentage Allocated toward Education	32.9

Historical Court Cases⁷

Tennessee Small School Systems v. McWherter: I, II, & III

In 1993, the state Supreme Court ruled that the state's education finance system violated the Tennessee constitution's equal protection clause. After the General Assembly revised the funding system, plaintiffs argued that the new scheme violated the state's equal protection clause because of the slow timetable for reform and the failure to equalize teacher salaries. In 1995, the state Supreme Court upheld the incremental approach. However, the Court also ruled that "the exclusion of teachers' salary increases from the equalization formula is of such magnitude that it would substantially impair the objectives of the plan." As a result, the General Assembly passed the Teachers' Salary Equity Plan in 1995. In 1998, plaintiffs returned to court seeking equalization of teacher salaries across the state. In 2002, the Supreme Court held the 1995 teachers' salary equity plan failed to provide substantially equal educational opportunity and found no rational basis for excluding teacher provisions from the cost-driven Basic Education Plan (BEP). In 2005, the General Assembly amended the funding formula to include teacher salaries. In 2006, the trial court closed the case, ruling that no compliance issues remained.

Recent Legislation⁹

The General Assembly approved a budget of \$27.8 billion, an increase of 6.6 percent. The budget includes funds for a 3 percent cost-of-living pay increase for all state employees, including teachers and college faculty.

Overall funds for K-12 education will total \$3.8 billion, an 11.7 percent increase. This includes an additional \$25 million in lottery funds for early childhood education, allowing the program to expand by 200 classrooms. Public schools will receive over \$3.4 billion in funding, a 9.3 percent increase.

Nearly \$230 million in education funding will come from increased cigarette taxes, which will more than

triple from 20 cents to 62 cents per pack (Senate Bill 2326). The General Assembly also approved a reduction in the food tax from 6 percent to 5.5 percent (Senate Bill 568), which will go into effect on January 1, 2008.

House Bill 2293 reforms the state's education funding formula and utilizes increased cigarette tax revenues to cover the entire cost of programs for at-risk students (up from the 38.5 percent the state previously covered) and the cost of growing student enrollments. The cigarette tax increase also will fund increased teacher salaries, and the state will fund a larger portion of teacher salary costs.

House Bill 472 establishes new accountability measures for schools that do not make adequate yearly progress in improving student academic performance, as required by the No Child Left Behind Act. The bill requires the commissioner of education to impose certain corrective actions on a school in its first year of probation for not meeting annual yearly progress requirements, and allows the commissioner to assume governance of a school that has been on probation for two consecutive years. The bill also requires districts to adopt differentiated pay plans to attract and retain highly qualified teachers, and it requires all teachers to be formally evaluated at least once every five years.

To expand opportunities for high school students, the General Assembly approved House Bill 99, permitting school districts to pair with colleges or universities to jointly establish innovative programs that target students at risk of dropping out or students who would benefit from accelerated instruction.

House Bill 1531 requires the state Department of Education to annually report on and post to the Internet high school graduation rates for individual schools and school systems.

Senate Bill 2175 replaces the current high school exit examination with a series of three mandatory assessment exams administered in the 8th, 10th, and 11th grades.



TEXAS - FY 2005

Financial Overview¹

Total Revenue of Schools	\$36,798,422,000
Percentage of Revenue from Local Sources (a)	52.9
Percentage of Revenue from State Sources	35.9
Percentage of Revenue from Federal Sources	11.2

Expenditures²

Instruction and Instruction-Related Expenditures (b)	\$20,834,306,000	65.3%
Student Support Services Expenditures (c)	\$1,558,221,000	4.9%
Administration Expenditures	\$3,445,678,000	10.8%
Operations Expenditures	\$6,080,903,000	19.1%
Total Education Expenditures (d)	\$31,919,107,000	100.0%
Total Students	4,405,215	
Expenditures per Pupil	\$7,246	

Division of Total Student Body³

Total Number of Students	4,405,215
Total Number of Schools	8,746
Total Number of School Districts	1,245

Special Groups⁴

Individual Education Program (IEP) Students	518,726
Number as Ratio to Total Student Body	1:7
ELL/LEP Students	684,583
Number as Ratio to Total Student Body	1:5

Sources of Local Revenue for Public School System⁵

Property Taxes	\$18,699,108,000	91.1%
Other Taxes	-	-
Parent Government Contribution	-	-
Non-School Local Government	\$56,623,000	0.3%
School Lunch Charges	\$564,728,000	2.7%
Tuition and Transportation Charges	\$77,035,000	0.4%
Other Charges	\$224,225,000	1.1%
Other Local Revenue	\$914,979,000	4.5%
Total	\$20,536,698,000	100.0%

State Contribution toward Education⁶

Total State Resources	\$34,398,000,000
State Expenditures	\$29,711,000,000
Education Revenue from the State	\$13,214,827,000
Percentage Allocated toward Education	44.5

Historical Court Cases⁷

Edgewood Independent School District v. Kirby

In 1984, the Mexican American Legal Defense and Educational Fund (MALDEF) filed suit against Commissioner of Education William Kirby, claiming that the school financing system violated the Texas constitution.¹⁹ In 1989, the state Supreme Court found in the favor of MALDEF and ordered the Legislature to implement an equitable system by the 1990-91 school year. After a series of legislative actions, each revising the finance system, and subsequent court decisions, the third legislative effort finally was deemed constitutional by the Court. The new system improved equity and adequacy of school funding and included partial recapture of local revenues from state's wealthier school districts for redistribution to property-poor districts.

Neeley v. West Orange-Cove Consolidated Independent School District

In 2001, high-property-wealth school districts filed a lawsuit claiming that the provision of the education finance system that limits local tax rates violated the state constitution. In 2004, a Civil Court judge held that the state property tax system had become unconstitutional. In 2005, the state Supreme Court supported the decision, stating that "the public education system has reached the point where continued improvement will not be possible absent significant change."

Recent Legislation⁹

The Legislature approved a general fund budget of nearly \$86.3 billion for the 2008-2009 biennium (a 17.2 percent increase) to continue implementing the revised K-12 education finance system. Taxpayers will see property tax relief estimated at \$14.2 billion, including \$6.1 billion in general funds.

General fund expenditures for K-12 education will increase 7.9 percent to almost \$28.9 billion for the biennium. This amount provides \$280 million for teacher pay increases. Another \$342.8 million is provided for the Educator Excellence Awards incentive program,

established in 2006, which provides bonuses of \$3,000 to \$10,000 per teacher through locally designed incentive programs.

Elementary and secondary schools will operate with \$25.7 billion, an increase of 10 percent. This amount includes \$1.7 billion to supplement local tax collections in lower-wealth school districts — an increase of more than 200 percent — and \$1.6 billion for school facilities. A total of \$165 million will support early childhood education through the Early Childhood and Pre-Kindergarten Initiative, which provides grant funds for school districts and private providers to establish and operate early childhood education programs.

Senate Bill 1031 will dismantle the current high school graduation testing system, the Texas Assessment of Knowledge and Skills (TAKS), phasing the exams out in favor of end-of-course exams in algebra, biology, chemistry, English, geometry, physics, U.S. history, world history and world geography. The new end-of-course exams will apply to students entering high school in fall 2009 or later. The lower grades will continue to use TAKS as the testing instrument of choice.

To improve secondary school curriculum and instruction and to increase graduation rates, the Legislature passed House Bill 2237. The Legislature has provided funding to increase student achievement and success through a number of programs, including the Student Success Initiative, in the 2006-2007 and 2008-2009 biennial budgets (at \$823 million and just over \$1 billion, respectively). The High School Completion and Success Initiative utilizes a portion of this funding to bolster the existing programs. The Initiative will provide grants to secondary schools throughout the state to implement a number of curriculum and instruction improvement and technical assistance programs specified in the bill.

Senate Bill 530 will require greater levels of physical activity by students. Students in grades K through 5 are required to participate in 30 minutes of physical activity daily, while students must take at least four semesters of physical education in grades 6 through 8. Students in grades 3 through 12 also will receive an annual physical fitness assessment.

TEXAS



VIRGINIA - FY 2005

Financial Overview¹

Total Revenue of Schools	\$11,990,159,000
Percentage of Revenue from Local Sources (a)	52.5
Percentage of Revenue from State Sources	40.6
Percentage of Revenue from Federal Sources	6.9

Expenditures²

Instruction and Instruction-Related Expenditures (b)	\$7,246,422,000	67.7%
Student Support Services Expenditures (c)	\$508,516,000	4.8%
Administration Expenditures	\$958,018,000	8.9%
Operations Expenditures	\$1,992,206,000	18.6%
Total Education Expenditures (d)	\$10,705,162,000	100.0%
Total Students	1,204,739	
Expenditures per Pupil	\$8,886	

Division of Total Student Body³

Total Number of Students	1,204,739
Total Number of Schools	2,084
Total Number of School Districts	141

Special Groups⁴

Individual Education Program (IEP) Students	174,776
Number as Ratio to Total Student Body	1:6
ELL/LEP Students	66,970
Number as Ratio to Total Student Body	1:17

Sources of Local Revenue for Public School System⁵

Property Taxes	-	-
Other Taxes	-	-
Parent Government Contribution	\$5,866,375,000	93.3%
Non-School Local Government	-	-
School Lunch Charges	\$212,595,000	3.4%
Tuition and Transportation Charges	\$45,835,000	0.7%
Other Charges	\$413,000	0.0%
Other Local Revenue	\$159,787,000	2.5%
Total	\$6,285,005,000	100.0%

State Contribution toward Education⁶

Total State Resources	\$14,436,000,000
State Expenditures	\$13,879,000,000
Education Revenue from the State	\$4,871,156,000
Percentage Allocated toward Education	35.1

Historical Court Cases⁷

Scott v. Commonwealth

In 1991, 11 public school students and seven local school boards brought suit claiming that Virginia's system of funding public schools denied some children "an educational opportunity substantially equal to that of children who attend public school in wealthier divisions." The state Supreme Court held that "equal, or substantially equal, funding or programs" were not mandated by the state constitution.

Recent Legislation⁹

The amended general fund budget for the second year of the biennium totals over \$17.3 billion, more than \$400 million above the originally budgeted amount and an increase of 1.7 percent over 2006-2007. However, the governor has since announced that the state is expecting a \$400 million revenue shortfall for the 2007-2008 fiscal year.

Total general funds for education in 2007-2008 will increase by 3.5 percent to over \$7.8 billion. Direct aid to public schools will increase by 2.3 percent to \$5.8 billion. The revised budget includes a teacher pay raise of 3 percent. The General Assembly continues to explore options for implementing the No Child Left Behind Act.

House Bill 2039 and Senate Bill 1147 require the state Board of Education to establish requirements for a technical high school diploma that meets or exceeds the requirements of a standard diploma and includes a concentration in career/technical education. House Bill 1978 further requires local school boards to report the number of career/technical education graduates in their annual reports to the state Board of Education.

House Bill 1913 reauthorizes the Virginia Teaching Scholarship Loan Program and focuses the program on producing teachers in critical shortage areas and increasing diversity within the teaching ranks. The bill also eliminates the Diversity in Teaching Initiative (which was never funded) and removes eligibility for paraprofessionals. House Bill 2214 requires the superintendent of public instruction and the state health commissioner to work together to combat childhood obesity and other chronic health conditions that affect school-age children.

Senate Bill 795 modifies the state's history curriculum, requires that school boards make professional development courses on effective classroom management available to teachers and principals, and requires local schools to post current policies to their Web sites.

Senate Joint Resolution 329 requests the state Board of Education to study dropout and graduation rates within the state.

VIRGINIA



WEST VIRGINIA - FY 2005

Financial Overview¹

Total Revenue of Schools	\$2,779,795,000
Percentage of Revenue from Local Sources (a)	17.6
Percentage of Revenue from State Sources	60.6
Percentage of Revenue from Federal Sources	11.8

Expenditures²

Instruction and Instruction-Related Expenditures (b)	\$1,616,037,000	63.9%
Student Support Services Expenditures (c)	\$88,866,000	3.5%
Administration Expenditures	\$244,826,000	9.7%
Operations Expenditures	\$578,038,000	22.9%
Total Education Expenditures (d)	\$2,527,767,000	100.0%
Total Students	280,129	
Expenditures per Pupil	\$7,717	

Division of Total Student Body³

Total Number of Students	280,129
Total Number of Schools	791
Total Number of School Districts	57

Special Groups⁴

Individual Education Program (IEP) Students	50,202
Number as Ratio to Total Student Body	1:5
ELL/LEP Students	1,774
Number as Ratio to Total Student Body	1:157

Sources of Local Revenue for Public School System⁵

Property Taxes	\$671,985,000	88.8%
Other Taxes	\$283,000	0.0%
Parent Government Contribution	-	-
Non-School Local Government	\$8,737,000	1.2%
School Lunch Charges	\$23,964,000	3.2%
Tuition and Transportation Charges	\$3,680,000	0.5%
Other Charges	\$5,827,000	0.8%
Other Local Revenue	\$42,049,000	5.6%
Total	\$756,525,000	100.0%

State Contribution toward Education⁶

Total State Resources	\$3,803,000,000
State Expenditures	\$3,410,000,000
Education Revenue from the State	\$1,684,324,000
Percentage Allocated toward Education	49.4

Historical Court Cases⁷

Pauley v. Kelly

In 1979, parents in Lincoln County sued the state, claiming that the state school funding system violated their rights under the equal protection and education clauses of the state constitution. In 1982, the state Supreme Court of Appeals held that education is a fundamental right of its citizens and found that the education financing system of West Virginia was unconstitutional. In subsequent proceedings, the trial court required the state to develop and implement a detailed master plan for education reform. The Legislature responded by altering the funding formula, defining school standards, and enacting accountability measures.

Tomblin v. State Board of Education

Plaintiffs returned to court in 1995, alleging that the state had failed to implement the plan ordered in *Pauley v. Kelly*. The Circuit Court held that the state still did not provide a “thorough and efficient” system of education, as required by the state constitution. In 1998, the Legislature established a state office to perform school reviews and report on individual schools’ specific needs, including personnel, curriculum, and facilities. In 2003, the Court declared the school system constitutional and ended its jurisdiction.²⁰

Recent Legislation⁹

The general fund budget for 2007-2008 will be more than \$3.7 billion, an increase of 7.8 percent. Direct aid to public schools will increase by 3.7 percent to nearly \$1.7

billion, including funds sufficient for a 3.5 percent teacher pay raise. In addition to the pay raise and continuing expansion of the teacher salary schedule, House Bill 2777 increases the annual stipend for Nationally Board Certified educators by \$1,000 to \$3,500 per year.

Senate Bill 541 reduces the percentage of local funds incorporated into the public school financing formula, with the net effect of providing more state funds for public schools. The formula change will be phased in over a two-year period. Additionally, the bill provides extra funding for high-growth school districts.

Funding for programs and services through the Department of Education will increase by 68 percent to \$53.2 million. However, \$10 million of the increase is a one-time appropriation for the School Access Safety Act, which empowers the School Building Authority to fund projects specifically related to maintaining safe and controlled access to and from public school buildings. Another \$4.5 million is for a new 21st Century Assessment and Professional Development program, designed to complement the 21st Century Skills Initiative, which began last year and emphasizes the skills and technologies students need to succeed in the new millennium. Lottery funding of \$35.2 million is available for K-12 education, with nearly \$23 million going toward educational technology in support of the Initiative.

Senate Bill 657 establishes a comprehensive statewide student assessment program for grades 3 through 12 and requires the state Board of Education to incorporate the 21st Century Skills Initiative into the state’s education standards.

Notes

- (a) Local revenues include intermediate revenues.
- (b) Includes salaries and benefits, curriculum development, student assessment, technology, supplies, and purchased services related to these activities.
- (c) Includes attendance and social work, guidance, health, psychological services, speech pathology, audiology, and other student support services.
- (d) Total excludes expenditures on capital outlay, other programs, and interest on long-term debt.
- (e) Value affected by redistribution of reported values to correct for missing data items.

Sources

- 1 All of the *Financial Overviews* derive from the statistics provided by the National Center for Education Statistics (NCEE) in their publication, “Revenues and Expenditures for Public Elementary and Secondary Education: School Year 2004-05 (Fiscal Year 2005)”.
- 2 All *Expenditures* figures are from the NCEE publication, “Revenues and Expenditures for Public Elementary and Secondary Education: School Year 2004-05 (Fiscal Year 2005)”.
- 3 All *Division of Total Student Body* figures derive from the Common Core of Data provided by the National Center for Education Statistics.
- 4 Ibid.
- 5 All of the *Sources of Local Revenue for the Public School System* data derive from “Public Education Finance: 2005,” issued by the U.S. Census Bureau.
- 6 The *State Contribution toward Education* numbers derive from the data present in *The Book of the States: 2007*, “Table 7.1: Fiscal 2005 State General Fund, Actual, By Region” and the NCEE publication, “Revenues and Expenditures for Public Elementary and Secondary Education: School Year 2004-05 (Fiscal Year 2005)”.
- 7 *Historical Court Cases* derive from the state profiles available at the National Access Network and the National School Boards Association “School Finance Litigation Table”.
- 8 Education Finance Litigation: Overview of 2002 Cases,” National Conference of State Legislatures, <http://www.ncsl.org/programs/educ/Litigation02OV.htm>.
- 9 Most of the *Recent Litigation* also can be found in the “2007 Final Legislation Report” by the Southern Regional Education Board.
- 10 Hull, Jonathan R Watts. “Doing the Math: Southern State School Finance Systems.” Southern Legislative Conference of The Council of State Governments, 2004.
- 11 “Litigation,” Consortium for Adequate School Funding in Georgia, <http://www.casfg.org/litigation/>.
- 12 “Louisiana,” Starting at 3, http://www.startingat3.org/state_laws/statelawsLAdetail.html.
- 13 The Senate Bills and Executive Order are taken from “Recent State Policies/Activities: Missouri,” collected by the Education Commission of the States.
- 14 “Fiscal Year 2008 Executive Budget,” Missouri Office of Administration.
- 15 “Fiscal Year 2008 Missouri Budget Policy Summary,” Missouri Office of Administration.
- 16 Hoke County Board of Education, et al v. State of North Carolina 95 CVS 1158. April 2002, pg. 99. As cited in “Leandro vs. The State of North Carolina,” Center for Teaching Quality. <http://www.teachingquality.org/tqresources/leandro.htm>.
- 17 “North Carolina,” Starting at 3, http://www.startingat3.org/state_laws/StatelawNCdetail.htm.
- 18 “A&E Project Timeline,” The Oklahoma Education Association, <http://www.okea.org/A&E/index.htm>.
- 19 “Edgewood ISD v. Kirby,” Handbook of Texas Online, <http://www.tsha.utexas.edu/handbook/online/articles/EE/jre2.html>.
- 20 “West Virginia,” Starting at 3, http://startingat3.org/state_laws/statelawsWVdetail.html.

Financial Overview and State Contribution for Primary and Secondary Education - FY 2005

State	Total Revenue of Schools (a)	% of Revenue from Local Sources (b)	% of Revenue from State Sources	% of Revenue from Federal Sources	Total State Resources	State Expenditures	Education Revenue from the State	% of Expenditures on Education
Alabama	\$5,861,380,000	32.5	55.5	12.0	\$6,753,000,000	\$6,052,000,000	\$3,253,486,000	53.8
Arkansas	\$4,034,796,000	30.6	58.2	11.1	\$3,630,000,000	\$3,630,000,000	\$2,349,685,000	64.7
Florida	\$22,633,476,000	47.4	42.1	10.5	\$28,010,000,000	\$24,440,000,000	\$9,533,209,000	39.0
Georgia	\$14,726,455,000	46.5	43.9	9.6	\$17,551,000,000	\$16,323,000,000	\$6,466,311,000	39.6
Kentucky	\$5,379,257,000	31.1	56.7	12.2	\$8,238,000,000	\$7,698,000,000	\$3,049,129,000	39.6
Louisiana	\$6,057,201,000	38.6	47.5	13.9	\$7,470,000,000	\$7,127,000,000	\$2,878,017,000	40.4
Maryland	\$9,886,032,000	55.6	37.7	6.7	\$12,438,000,000	\$11,264,000,000	\$3,729,271,000	33.1
Mississippi	\$3,642,050,000	30.2	54.0	15.8	\$3,730,000,000	\$3,678,000,000	\$1,965,158,000	53.4
Missouri	\$8,373,954,000	56.9	34.1	8.9	\$7,421,000,000	\$7,121,000,000	\$2,859,179,000	40.2
North Carolina	\$10,446,941,000	26.4	62.7	10.8	\$16,616,000,000	\$15,798,000,000	\$6,552,886,000	41.5
Oklahoma	\$4,621,537,000	32.9	53.4	13.7	\$5,140,000,000	\$4,945,000,000	\$2,466,399,000	49.9
South Carolina	\$6,267,520,000	44.2	45.3	10.6	\$5,712,000,000	\$5,073,000,000	\$2,837,312,000	55.9
Tennessee	\$6,942,997,000	45.4	43.2	11.4	\$9,796,000,000	\$9,113,000,000	\$2,998,090,000	32.9
Texas	\$36,798,422,000	52.9	35.9	11.2	\$34,398,000,000	\$29,711,000,000	\$13,214,827,000	44.5
Virginia	\$11,990,159,000	52.5	40.6	6.9	\$14,436,000,000	\$13,879,000,000	\$4,871,156,000	35.1
West Virginia	\$2,779,795,000	17.6	60.6	11.8	\$3,803,000,000	\$3,410,000,000	\$1,684,324,000	49.4
SLC States Avg.	\$10,027,623,250	40.1	48.2	11.1	\$11,571,375,000	\$10,578,875,000	\$4,419,277,438	41.8
National Avg.	\$9,563,944,392	44.0	46.9	9.2	\$11,968,080,000	\$11,078,000,000	\$4,481,611,666	40.5

Notes:

- (a) Includes federal, state, and local revenues.
- (b) Includes intermediate revenues.

Sources:

"Fiscal 2005 State General Fund, Actual, By Region," *The Book of the States*, Vol. 37, 2007

"Revenues and Expenditures for Public Elementary and Secondary Education: School Year 2004-05 (Fiscal Year 2005)," National Center for Education Statistics, Institute of Education Sciences, 2007.

Expenditures of the Primary and Secondary Education System - FY 2005

State	Education Expenditures (a)	Total Students	Expenditures Per Pupil	Instruction and Instruction-Related Expenses (b)	% Spent on Student Support Services (c)	% Spent on Administration	% Spent on Operations
Alabama	\$5,164,406,000	730,140	\$7,073	63.8	5.0	10.7	20.6
Arkansas	\$3,546,999,000	463,115	\$7,659	66.6	4.5	11.2	17.7
Florida	\$19,042,877,000	2,639,336	\$7,215	65.2	4.8	9.8	20.2
Georgia	\$12,528,856,000	1,553,437	\$8,065	68.4	4.7	10.5	16.4
Kentucky	\$4,812,591,000	674,796	\$7,132	65.6	4.0	10.0	20.4
Louisiana	\$5,554,766,000	724,281	\$7,669	65.2	4.4	10.3	20.2
Maryland	\$8,682,586,000	865,561	\$10,031	67.0	4.3	10.1	18.5
Mississippi	\$3,243,888,000	495,376	\$6,548	64.6	4.8	10.8	19.8
Missouri	\$7,115,207,000	905,449	\$7,858	65.3	4.8	10.7	19.2
North Carolina	\$9,567,000,000	1,385,754	\$6,904	65.4	5.4	11.8	17.4
Oklahoma	\$4,161,024,000	629,476	\$6,610	60.8	6.6	11.2	21.4
South Carolina	\$5,312,739,000	703,736	\$7,549	65.8	6.9	9.7	17.5
Tennessee	\$6,446,691,000	941,091	\$6,850	70.1	3.3	9.1	17.4
Texas	\$31,919,107,000	4,405,215	\$7,246	65.3	4.9	10.8	19.1
Virginia	\$10,705,162,000	1,204,739	\$8,886	67.7	4.8	8.9	18.6
West Virginia	\$2,527,767,000	280,129	\$7,717	63.9	3.5	9.7	22.9
SLC States Avg.	\$8,770,729,125	1,162,602	\$7,544	65.7	4.8	10.3	19.2
National Avg.	\$8,324,746,960	956,763	\$8,701	65.9	5.2	11.0	17.8

Notes:

- (a) Excludes expenditures on capital outlay, other programs, and interest on long-term debt.
- (b) Includes salaries and benefits, curriculum development, student assessment, technology, supplies, and services related to these activities.
- (c) Includes attendance and social work, guidance, health, psychological services, speech pathology, audiology, and other student support services.

Further Note: The values of the **Education Expenditures** and **% of Instruction and Instruction-Related Expenses** for the states of Missouri and Tennessee are affected by the redistribution of reported values to correct for missing data items.

Sources: “Fiscal 2005 State General Fund, Actual, By Region,” *The Book of the States*, Vol. 37, 2007; “Revenues and Expenditures for Public Elementary and Secondary Education: School Year 2004-05 (Fiscal Year 2005); National Center for Education Statistics, Institute of Education Sciences, 2007.

Sources of Local Revenue For Primary and Secondary Education System - FY 2005

State	Property Taxes	Other Taxes	Parent Government Contribution	Non-School Local Government	School Lunch Charges	Tuition and Transportation Charges	Other Charges	Other Local Revenue
Alabama	39.4	1.3	0.0	30.8	6.2	0.3	9.8	12.4
Arkansas	54.2	0.1	0.0	0.7	10.3	0.9	17.7	16.2
Florida	79.6	0.0	0.0	0.0	3.0	0.1	5.4	12.0
Georgia	66.2	19.6	0.0	2.8	3.0	0.4	3.7	4.2
Kentucky	67.4	19.1	0.0	1.2	6.1	0.5	0.2	5.4
Louisiana	38.7	52.5	0.0	1.1	1.9	0.5	0.2	5.1
Maryland	0.0	0.0	91.9	0.0	2.2	0.4	2.6	2.9
Mississippi	76.7	0.2	0.2	1.0	4.4	0.5	4.6	12.5
Missouri	75.2	4.0	0.0	4.6	3.6	0.6	5.2	7.0
North Carolina	0.0	0.0	87.5	0.0	6.9	0.3	1.6	3.7
Oklahoma	71.8	0.0	0.0	7.6	3.9	2.1	8.4	6.2
South Carolina	74.8	0.8	0.0	4.2	2.9	0.2	4.7	12.3
Tennessee	0.0	0.0	66.2	17.2	4.0	0.2	10.1	2.2
Texas	91.1	0.0	0.0	0.3	2.7	0.4	1.1	4.5
Virginia	0.0	0.0	93.3	0.0	3.4	0.7	0.0	2.5
West Virginia	88.8	0.0	0.0	1.2	3.2	0.5	0.8	5.6
SLC States Avg.	51.5	6.1	21.2	4.5	4.2	0.5	4.8	7.2
National Avg.	64.6	2.7	17.3	2.4	3.0	0.5	2.3	7.2

Sources:

“Fiscal 2005 State General Fund, Actual, By Region,” *The Book of the States*, Vol. 37, 2007.; “Public Education Finances: 2005,” U.S. Census Bureau, 2007.

Selected Definitions:

Parent Government Contribution. Tax receipts and other amounts appropriated by a parent government and transferred to its dependent school system.

Excludes intergovernmental revenue, current charges, and miscellaneous general revenue.

Tuition and Transportation Charges. Whenever a child of school age attends a school outside of his/her school district, the school in question will charge for tuition and transportation expenditures.

Property Taxes. Taxes conditioned on ownership of property and measured by its value. Includes general property taxes relating to property as a whole, taxed at a single rate or at classified rates according to the class of property. Property refers to real property (e.g., land and structures), as well as personal property. Personal property can be either tangible (e.g., automobiles and boats) or intangible (e.g., bank accounts and stocks and bonds).



Southern Legislative Conference

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