

## Public School Funding in Massachusetts: Where We Are, What Has Changed, and Options Ahead for Fiscal Year 2011

Each year, the United States Census Bureau releases education spending data on all 50 states. Using this data, MassBudget reports annually on the state of education spending in Massachusetts. The Census report provides information on the source and level of education funding in each state and nationally and covers the 2006-2007 school year (Fiscal Year 2007). This *MassBudget Brief* examines the 2007 report data and compares education spending in Massachusetts over time and to that of other states. While this FY 2007 data is helpful for examining long-term trends in education spending, the budget crisis that faced Massachusetts heading into the current fiscal year, FY 2010, means that the 2007 Census data does not shed much light on the education funding situation at present.

In light of the current state fiscal crisis, this brief begins with a summary of the education finance situation in Massachusetts in FY 2010 and a discussion of the choices the state faces for how to continue its support for public education in FY 2011 and beyond. Following the examination of present public school funding issues, the second part of this brief examines the FY 2007 education finance data from the Census report to see how Massachusetts spending compares to other states and over time.

### THE FY 2010 BUDGET GAP AND CHAPTER 70 SUPPORT

Heading into the FY 2010 budget process, it was clear that Massachusetts faced a sizable budget gap. By the time the Senate budget was voted on in late May of 2009, the size of the budget gap had grown to approximately \$5 billion, or approximately 15 percent of total FY 2009 state spending. With education aid in Massachusetts representing one of the largest expenditures in the state budget, such a large budget gap was sure to impact the Commonwealth's ability to fund public schools.

In the FY 2009 budget, the state appropriation for Chapter 70 education aid was \$3.948 billion. The 2008-2009 school year marked the third year of a five-year phase-in of changes to the state's education funding system adopted in FY 2007. It was estimated that a state spending level of approximately \$4.3 billion (an increase of approximately \$300 million over FY 2009) would be necessary to keep up with inflation and enrollment changes and fully implement the fourth year of the FY 2007 changes.<sup>1</sup>

#### *Reducing State Chapter 70 Spending in FY 2010*

In order to reduce the budget impact of Chapter 70 spending in FY 2010, the state Legislature employed four strategies:

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<sup>1</sup> For more information on the Chapter 70 changes made in FY 2007, see the MassBudget Briefs, "Public School Funding in Massachusetts: Where We Are, What Has Changed and Options Ahead" and "School Finance Reform and the FY 2010 Budget". Both briefs can be found online at:

[http://www.massbudget.org/documentsearch/topic?top\\_code=EDU&top\\_name=Education](http://www.massbudget.org/documentsearch/topic?top_code=EDU&top_name=Education)

1. Limiting the growth of education cost increases by changing how annual education budgets at the district level account for inflation. As discussed below, the state used a new method to calculate cost increases over the past year, resulting in a much lower inflation adjustment than would have been the case if existing state statute had been followed.
2. Changing the existing funding formula to eliminate several types of aid and adopting new policies to reduce aid increases for specific types of communities.
3. Cutting state funding for each school district by 2 percent. For many districts this cut was mitigated by use of federal stimulus funds, however 207 school districts will receive less aid in FY 2010 than they did in FY 2009.
4. Using federal stimulus dollars, rather than state revenue, to pay for all increases needed to ensure that all districts could spend at the Foundation Budget levels required by law. The federal American Recovery and Reinvestment Act (ARRA) included close to \$50 billion to help states avoid steep budget cuts, especially in education. Through ARRA's State Fiscal Stabilization Fund (SFSF), Massachusetts will receive \$994 million between FY 2009 and FY 2011. In the FY 2010 budget, the state used \$167 million of this amount to ensure that each school district received sufficient aid from state and federal sources to reach their Foundation Budget.

These three strategies reduced the FY 2010 state obligation for Chapter 70 by approximately \$430 million. Of these savings:

- \$167 million is due to using federal stimulus funds.<sup>2</sup> Using federal funds saves the state \$167 million because these funds are used to ensure that each district reaches its Foundation Budget. Without federal funds, the state would have been forced to either use state funds to meet foundation gaps or not meet its commitment to the Foundation Budget.
- \$79 million is due to reducing aid to each school district by 2 percent.
- \$184 million is due to changes made to how the Chapter 70 formula was implemented.

*How did Chapter 70 in FY 2010 budget differ from previous years?*

Over the last three years, the Chapter 70 formula has worked in a manner consistent with changes made in the FY 2007 budget. These changes focused primarily on how local contributions to school districts are determined, while making few changes to how the Foundation Budget in each school district is calculated. In the FY 2010 budget, the Legislature not only altered or suspended some of the provisions created in FY 2007, but also used a new method to account for inflation.

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<sup>2</sup> For the purposes of this brief the \$167 million in ARRA funds are considered part of Chapter 70 spending. Technically, while these funds were distributed based on the Chapter 70 system, they are not part of the FY 2010 Chapter 70 appropriation.

## Change in Inflation Adjustment

Each year, the state adjusts the Foundation Budget in each school district to account for cost increases over the previous year. The original Chapter 70 statute sets forth how this annual inflation adjustment is calculated. Under the law, the inflation adjustment equals the increase in state and local government costs during the first quarter of the two previous fiscal years, with a cap of 4.5 percent. However, in years when the inflation rate exceeded 4.5 percent, the Legislature waived the cap and increased Foundation Budget rates by the full amount. During the FY 2010 budget process, the Senate budget used a different time period to calculate inflation, which was then included in the final budget document. Specifically, the FY 2010 budget changed the 12-month period from which it calculated education inflation. While the inflation calculation in the FY 2009 budget was based on looking at spending between the first quarter of FY 2007 and the first quarter of FY 2008, the FY 2010 budget shifted the inflation time period to begin the second quarter of FY 2007 and end the second quarter of FY 2008.

This change eliminated the largest quarter of cost growth (the growth during the first quarter of FY 2007) from the calculation, simply skipping over it. By using this different time period, the inflation adjustment was 3.04 percent, as opposed to 6.75 percent (which is the inflation adjustment according to the statutory calculation) or 4.5 percent (the statutory cap on inflation). Using a lower inflation adjustment kept the funding level called for in each district lower, reducing costs to the state. Changing the inflation adjustment in this way ignores a quarter of cost growth that has occurred at the district level. Unless this cost growth is then accounted for in future budgets, Foundation Budgets will not fully account for inflation increases over time.

## Suspension of Forms of Aid

In the FY 2007 changes, four types of state aid were used: Foundation Aid, Down-payment Aid, Growth Aid, and Minimum Aid. In the previous three state budgets, each type of aid was calculated for each school district, with the district receiving whichever type of aid was largest. Under this system, every school district was guaranteed an increase in state aid from the previous year.

In the FY 2010 budget, however, the only type of aid calculated is Foundation Aid. Foundation Aid is the difference between a district's Foundation Budget and the sum of its required local contribution and the minimum amount of state aid it could receive. Foundation Aid guarantees that each school district is able to reach its Foundation Budget.<sup>3</sup>

In FY 2010, total Chapter 70 education aid increased by \$89 million over the FY 2009 appropriation.<sup>4</sup> While the majority of Foundation Aid is made necessary simply due to increases to local Foundation Budgets from inflation, Foundation Aid also goes to some communities whose local required contribution was decreased in FY 2010 in order to get that district closer to its Target Share, the percentage of a district's Foundation Budget that the local district should ultimately contribute based on its underlying ability to pay. In addition, there is a maximum target share of 82.5 percent (of Foundation Budget), regardless of underlying ability to pay. This means that wealthy communities that could afford to contribute more than 82.5 percent toward the Foundation Budget, are allowed to reduce their support and are given additional state funds to replace the

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<sup>3</sup> For a description of what the Foundation Budget is, please read "*Public School Funding in Massachusetts: Where We Are, What Has Changed, and Options Ahead*," which can be found at <http://www.massbudget.org/doc/507>.

<sup>4</sup> Of the total \$167 million in federal stimulus funds used to support Chapter 70 aid, \$50 million restored a portion of the 2 percent cut to state aid of \$79 million, while the remaining \$115 million funded foundation increases and the continued phase in of local effort reduction for some communities.

reduced required local contribution. It is important to note that the FY 2010 budget uses solely federal stimulus funds for Foundation Aid.

### Continued Reductions to Local Contributions for some Communities

One of the chief changes in FY 2007 was a move to get each municipality to contribute at a target level dictated by the funding formula. Communities that the formula considers contributing at too high a level (high-effort communities) were placed on a schedule to reduce their local required contribution over five years, until their required contribution equaled their Target Share. In FY 2010, these communities were slated to reduce their required contribution by 50 percent of the gap between their preliminary local contribution and their target contribution. However, the FY 2010 budget sets the effort reduction percentage at 15 percent which reduced the amount of Foundation Aid necessary to bring all school districts to their Foundation Budget level. This means that these communities will be limited in the amount of their Foundation Budget they can shift from local to state spending.

### New Increases to Local Contribution for Other Communities

The FY 2007 changes also included provisions for increasing the required local contributions for communities contributing below their target level. But communities where the historic required spending level was below the new target local share were not required to increase their local spending all at once. Rather they were required to increase education spending by the growth in municipal revenues each year, or slightly faster, as determined by formula.<sup>5</sup> Some of these communities, however, chose to spend above that required level. The FY 2010 budget penalized districts that are below the target but spent above their requirement by requiring them to continue most of that extra local spending and then reducing their state aid by up to that amount.

Specifically, in the FY 2010 budget, communities whose initial local contribution was below their target have up to 95 percent of their actual spending level from FY 2008 converted into required spending. This means that a low-effort district that, in the past, spent above its required contribution, would now be required to spend up to 95 percent of what they actually spent in a previous year (the increase is capped at the district's target). In most communities, the actual local spending on education exceeds the required minimum spending level, sometimes by quite a large amount. This new provision was included to capture much of this actual spending as required spending, thereby bringing a number of these low-effort communities substantially closer to their Target Share in one year. FY 2008 was used as the base year because it is the most recent year for which the Department of Elementary and Secondary Education has complete spending data at the district level.

### State Aid Reduction

The FY 2010 budget includes a state aid cut of 2 percent for each school district from its FY 2009 Chapter 70 aid level. While federal funds are used to make up for these cuts for districts in need of aid to reach their Foundation Budget, this cut still results in a total aid reduction for 207 school districts.

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<sup>5</sup> For more information on how required local contributions have been increased, please read the MassBudget document, "School Finance Reform and the FY 2010 Fiscal Year Budget," available online at <http://www.massbudget.org/doc/671/808>.

## CHAPTER 70 IN FISCAL YEAR 2011

FY 2011 promises to be another tough budget year for the state. Even with a stronger-than-expected recovery in state tax revenues, the state will face another budget gap and there will be pressure to limit the state's commitment to Chapter 70. Given this likely scenario, it is not too soon to consider what approaches the state could take to limit cost increases without sacrificing the ability of school districts to provide students with an adequate education.

The FY 2011 Chapter 70 situation is potentially even more difficult than FY 2010 because additional federal financial assistance may not be available to offset state funding reductions. Already in FY 2009 and FY 2010, the state committed to using \$580 million in federal money to fully fund Chapter 70. It is possible that the state's entire SFSF allocation will be spent prior to FY 2011. If so, without additional federal assistance, the cost of Chapter 70 to the state will increase substantially next year as the state is required to assume most, if not all, of the share of Chapter 70 funded with federal funds in FY 2010. FY 2011 Chapter 70 costs to the state will also increase due to inflation and any Chapter 70 reforms that the state chooses to fund. Increased inflation costs will also have to be funded for the state to correct the omission of a quarter of cost growth in the FY 2010 budget.

Given these challenges, it is important to consider options for amending the current Chapter 70 distribution formula to ensure the largest impact for the state's investment while meeting commitments for adequacy, equity and fairness and providing the state's next generation with the skills and knowledge to participate fully in our economy, civic life and all other aspects of society.

While FY 2011 promises to be a difficult year for public education funding, it also offers an opportunity to examine more carefully the efficacy and cost effectiveness of the individual reforms introduced in FY 2007 as well as a serious discussion of the costs of a truly comprehensive Foundation Budget. Since the beginning of Education Reform the system for calculating each district's Foundation Budget, such as the adequacy of the dollar amounts associated with the various aspects of education, have been left largely unchanged. A reexamination of the Foundation Budget would be an essential first step in ensuring that the Foundation Budget does accurately reflect the true costs of education.

### *Cost-Saving Options:*

#### **Reduce the floor on state aid instituted in FY 2007**

The FY 2007 Chapter 70 changes created a minimum state aid floor, a 17.5 percent Foundation Budget. This means that, when the changes are fully phased in, each school district will receive a minimum of 17.5 percent of their Foundation Budget in state aid. This change was made partly in an effort to increase state aid to communities that believe their local ability to contribute is overstated by the wealth measurement component of the formula.<sup>6</sup> While the aid floor has succeeded in increasing aid to these communities, it has also resulted in millions of dollars in new aid directed to the most affluent communities in the state. Although the rationale for the minimum aid floor may have merit, it must be weighed against other funding needs.

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<sup>6</sup> The chapter 70 formula uses both income and property value measures for communities to determine each community's ability to contribute.

## Suspend Effort Reduction

A chief provision of the FY 2007 changes was implementation of a system by which communities judged to be contributing too much were able to slowly reduce these contributions over time. Contribution reductions were continued (at a lower level) in FY 2010, meaning that some communities contributed less toward their schools than in the previous year and required additional outside aid to reach Foundation Budget. While allowing these communities to reduce their local contributions to education is a legitimate long-term equity goal, given the economic climate it is reasonable to ask communities to maintain their local effort.

### *State Aid Options:*

In addition to possible cost-saving measures, the state also faces choices regarding components of the FY 2007 changes that will cost additional money. Most importantly, the state must address the issues caused by the change to the inflation factor in FY 2010.

## Reinstitute Growth Aid

Growth Aid is equal to the Target Aid share of any Foundation Budget increase for each school district.<sup>7</sup> Growth Aid was designed to ensure that the state continue to assume an appropriate funding responsibility in districts with rapidly growing enrollments or other expenses. Reinstating Growth Aid would provide additional funds to districts that face real cost growth, but are not entitled to Foundation Aid.<sup>8</sup>

## Restoring the FY 2010 State Aid Reductions

As discussed earlier in this brief, one of the chief dangers to school districts is the 2 percent cut in the FY 2010 budget will be the basis for determining additional state aid in future years. For districts who do not receive Foundation Aid, such a policy decision would result in the 2 percent reduction being imbedded in their state aid amounts in future years. Using FY 2009 state aid levels to calculate minimum state aid in FY 2011 would increase the state's Chapter 70 spending by approximately \$50 million.

## Recalculate Inflation to Account for the Quarter Skipped in FY 2010

To avoid allowing spending in local school districts to permanently fall below the foundation budget level that the state has determined to be the minimum amount needed to provide an adequate education, the quarter year of inflation that was skipped in the FY 2010 Chapter 70 calculations will have to be accounted for in the FY 2011 calculations.

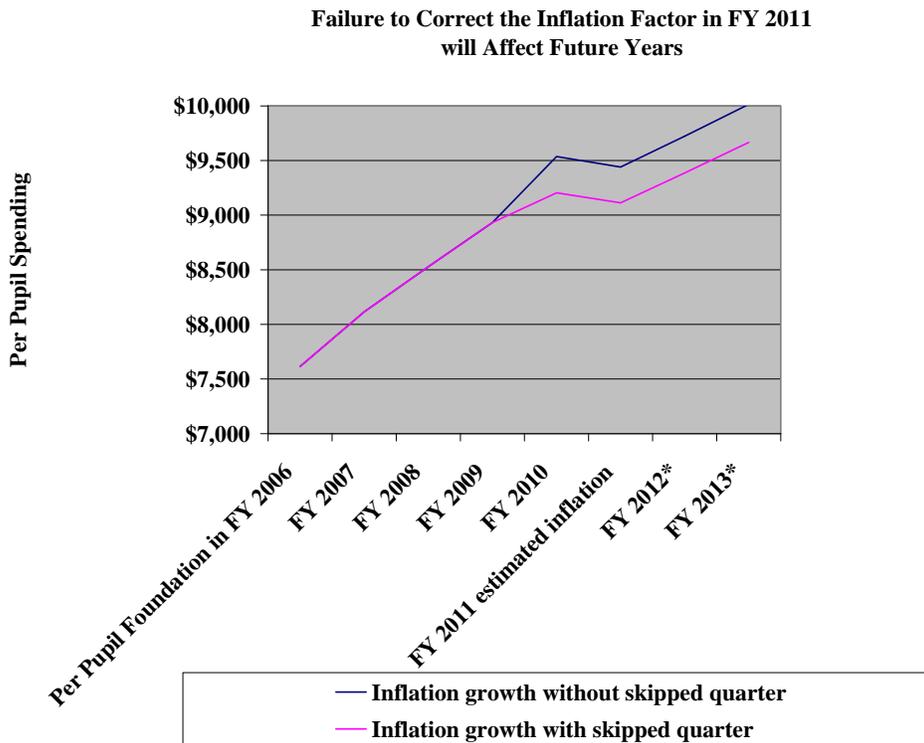
The chart below adjusts the FY 2006 per pupil Foundation Budget amount by each subsequent year's inflation factor. The most recent inflation data available is used to estimate the FY 2011 inflation

<sup>7</sup> As mentioned earlier in the brief, the FY 2007 reforms included defining a target level of contribution for each school district. This target level is expressed as a percentage of Foundation Budget. The difference between that Target Share percentage and 100 percent is therefore the Target Aid level.

<sup>8</sup> One of the downsides of Growth Aid is that it can also provide new aid to districts who already receive an aid level that exceeds their Target Share, making more difficult efforts to reduce existing inequities. For more information on Growth Aid, please read the MassBudget document, "*School Finance Reform and the FY 2010 Fiscal Year Budget.*"

factor.<sup>9</sup> As the chart on the next page clearly shows, the FY 2010 decision to skip a quarter of cost growth affects not only FY 2010, but will continue to depress Foundation Budgets in future years if not corrected.

One method for including the cost growth between the first quarter of FY 2008 (which was skipped in the FY 2010 budget) would be to use the cost growth between FY 2007 and FY 2009 as the basis of the inflation factor in FY 2011. Using FY 2009 foundation budget levels and the two years of inflation data would capture all cost trends over that time and adjust for the missing quarter in the FY 2010 budget, ensuring an accurate representation of the cost pressures felt in school districts.



## EDUCATION FINANCING IN MASSACHUSETTS AND THE 50 STATES IN FY 2007

The economic crisis of the past year has greatly changed the dynamics of education finance in Massachusetts and around the country, with cuts to state and local spending and a large infusion of additional federal funds. However, even with these substantial changes, recently released FY 2007 education spending data from the United State Census provides important information on long-term trends in education spending in Massachusetts, as well as how Massachusetts compares to other states in terms of commitment to K-12 public education.

<sup>8</sup> Current inflation data is for the 4<sup>th</sup> quarter of fiscal year FY 2009.

\* An assumed 3 percent inflation rate is used for FY 2012 and FY 2013 to show the effects of the change in future years.

The following section of this brief examines education spending in Massachusetts by looking at education spending in three ways:

1. *What are the sources of funding?* This brief examines the proportion of federal, state and local funds that go to education. Looking at how the composition of state and local education spending in Massachusetts has changed over time provides an important context for discussion of how education reform in Massachusetts has changed how public education is paid for. This information also allows for comparisons between Massachusetts and other states.
2. *What is the share of total economic resources within the state that is dedicated to primary and secondary education?* In order to see how education spending in Massachusetts compares to the size of our state economy, how that has changed over time, and how it compares to other states it is important to look at spending as a share of the economy, this brief examines that question by comparing education spending to personal income, a common measure of economic growth.<sup>10</sup>
3. *How much do we spend per student?* How much is invested in each student and how does that amount compare with other states. Cost differences between states and inflation over time make direct comparisons difficult. To examine per-pupil spending, this brief adjusts for these differences to allow for an appropriate comparison to other years and other states.

### *Composition of Education Spending*

Fiscal year 2007 continued a trend in Massachusetts where education finance has become more and more a responsibility of the state. In fact, the 2006-2007 school year marked the first time in Massachusetts where local revenues comprised less than 50 percent of education spending. Perhaps due to changes to the education funding system in Massachusetts made in FY 2007, state spending on education in the 2006-2007 school year reached its highest point since data has been available.

While Massachusetts has continued to shift some of the education spending responsibility away from local sources, compared to other states Massachusetts is still heavily reliant on local revenues. This reliance on local funds makes up for the small share of federal education revenues received by Massachusetts. Massachusetts continues to rank among the lowest in the nation in percent of education funding that comes from federal dollars.

### **Massachusetts Sources of Funding: 1993-2007<sup>11</sup>**

- State funding, as a share of total education spending, reached its highest level ever in FY 2007. In FY 2007, state funds accounted for 44.8 percent of total education spending in Massachusetts, an increase of 0.8 percentage points from the FY 2006 level. This is the highest figure of the previous 15 years, going back to FY 1993, eclipsing the previous high point of 44.4 percent in FY 1997. While one year of data is not sufficient to draw a full conclusion, the FY 2007 data is consistent with the success of 2006

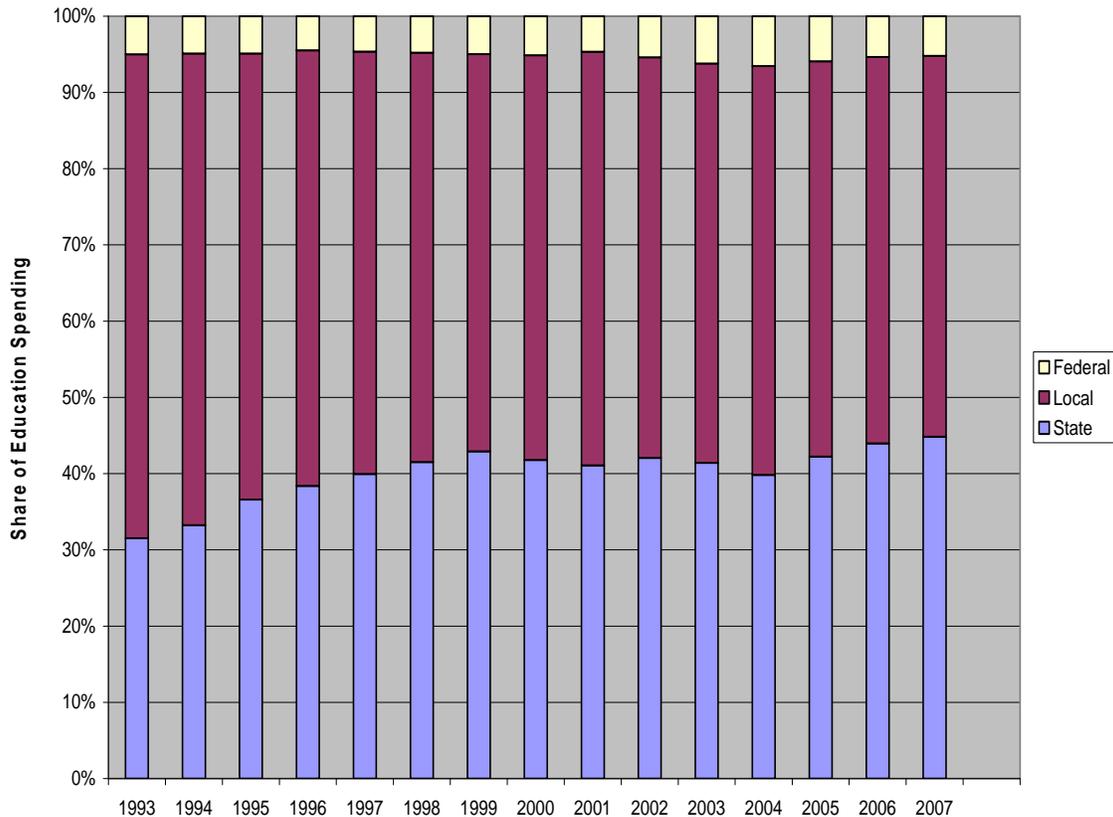
<sup>10</sup> For more information on the use of personal income to gauge economic growth please see New England Public Policy Center of the Federal Reserve Bank of Boston, "Assessing Alternative Measures of State Income," July 30, 2008, available at <http://www.bos.frb.org/economic/neppc/memos/2008/weinerpopov073008.pdf>.

<sup>11</sup> Education spending data in FY 1997 contains an error in state spending information and so the chart above uses an average of FY 1996 and FY 1998 data to approximate FY 1997.

Chapter 70 reforms in shifting some of the cost of paying for education from local communities to the state.

- FY 2007 marked the first year in Massachusetts where local revenues made up less than 50 percent of education spending. The share of total education spending from local sources decreased in Massachusetts in FY 2007 from 50.7 percent to 49.9 percent. Since 1993, local share of education spending has declined by more than 20 percent.
- Federal funding for education in Massachusetts remains relatively flat. In FY 2007, federal funding comprised 5.2 percent of education funding. In FY 1993, the federal funding share was 5 percent, meaning that in 15 years the federal share of education funding increased by 4 percent.

State Education Spending has Increased in Recent Years



### Massachusetts Compared to Other States

- Even with the increase in the share of state spending on education, Massachusetts is still below the national average in state share of education spending. In FY 2007, the state ranks 29<sup>th</sup> in the nation in state spending as a percentage of the total education investment. In FY 2006, Massachusetts ranked 30<sup>th</sup> in the nation in this category.

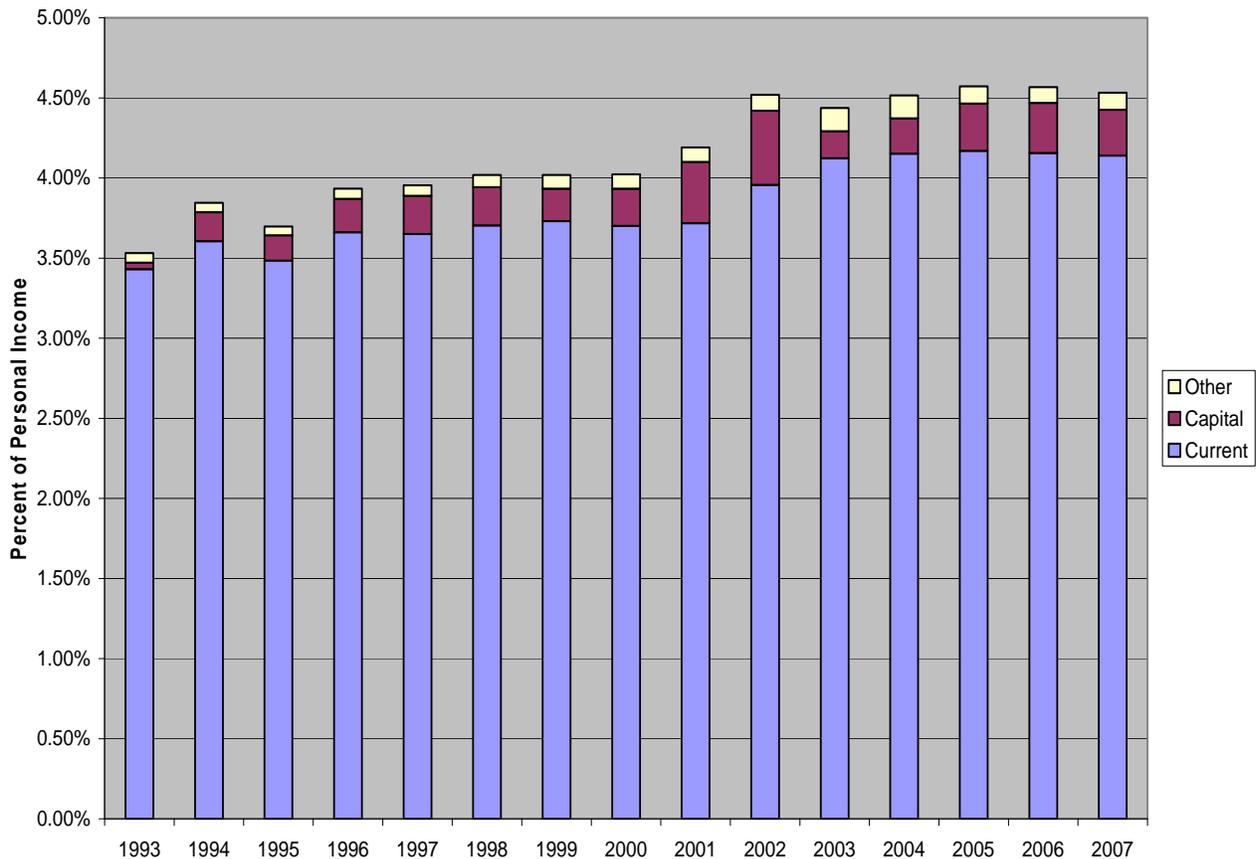
- Massachusetts continues to rank very low in federal support of public education. In FY 2007, 5.2 percent of total education spending was from federal sources, meaning that Massachusetts continues to rank 48<sup>th</sup> in the nation in federal support. One of the chief reasons for this low percentage is that a high percentage of federal education aid given is tied to the number of low-income school children in a district. As Massachusetts is a relatively affluent state, it is not a large recipient of these funds. As the first section of this brief illustrated, however, Massachusetts' reliance on federal funds will increase sharply in FY 2009 and FY 2010 when federal monies are being used to offset declining state revenues.

### Education Spending as a Share of the Economy

Education support in Massachusetts remained approximately the same share of the state's economy in the 2006-2007 school year, lagging well behind the national average. As has been the case in recent years, much of the difference between spending as a share of the economy in Massachusetts and figures for other states is the relatively low level of capital spending at schools in the state. When only current education spending is considered the state is closer to the national average, but Massachusetts still fares poorly when looking at education support as a share of the total economy.

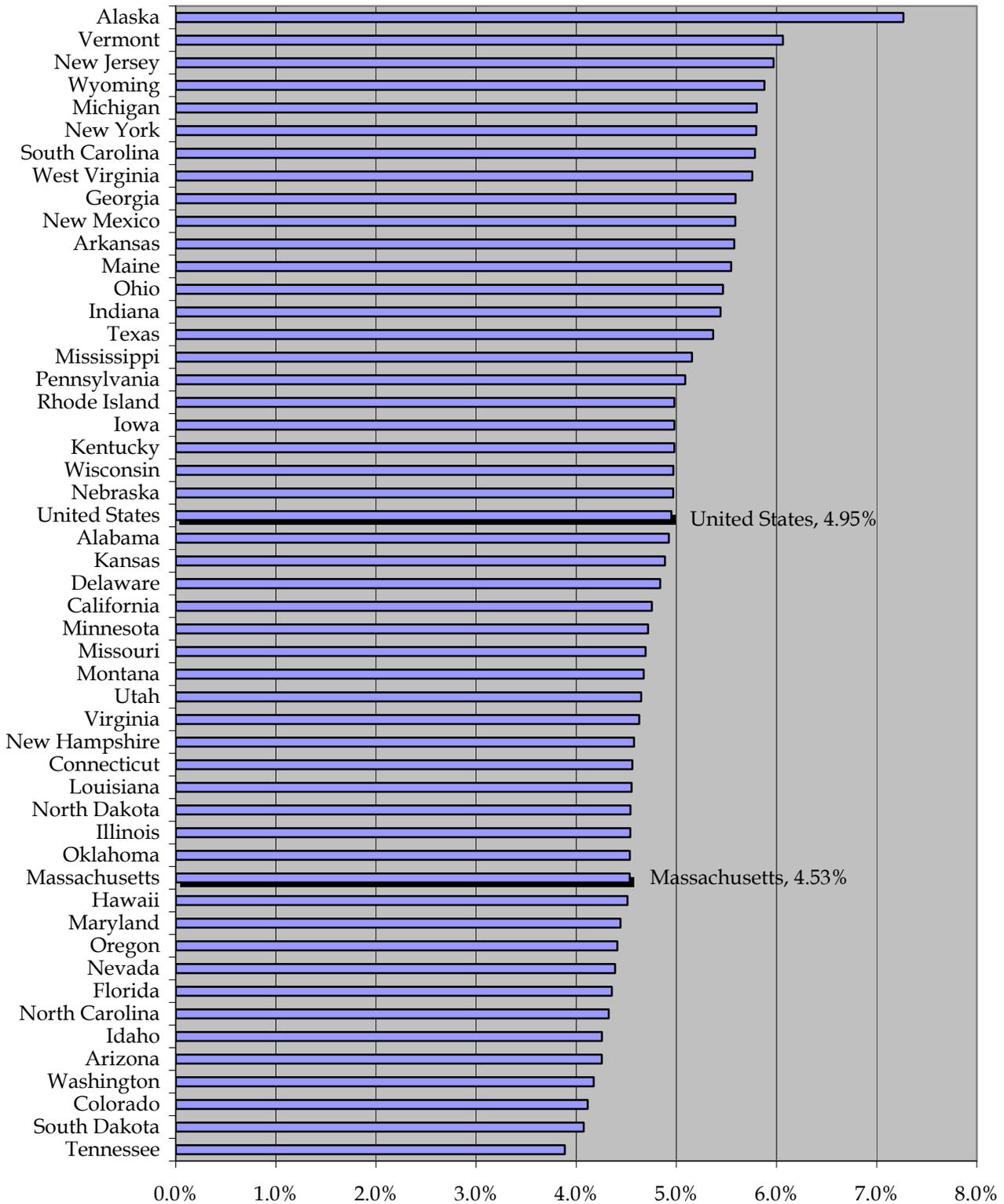
### Education as a Share of the Economy in Massachusetts, 1993-2007

Education Spending Represents a Growing Share of the Economy



- In FY 2007, education spending in Massachusetts as a share of the economy remained flat. Education spending represented 4.53 percent of personal income, a slight decline of 0.04 percent from the 2005-2006 school year.
- 2006-2007 marks the 3<sup>rd</sup> consecutive year in Massachusetts where non-capital education spending has declined slightly as a share of the economy. In the 2004-2005 school year, 4.17 percent of state personal income was devoted to K-12 education spending. In the 2006-2007 school year, that figure was 4.15 percent. While this decline is hardly large, it does show that education spending has basically remained stagnant when looked at as a share of the economy.
- Education support comprises a much larger share of the state's economy than it did in the mid-1990s. In the 1992-1993 school year, education spending comprised 3.53 percent of the state's economy, compared to 4.53 percent in the 2006-2007 school year – 28 percent growth. To put this change into perspective, if Massachusetts education spending had remained a constant share of personal income, total education spending would be reduced by close to \$3 billion.

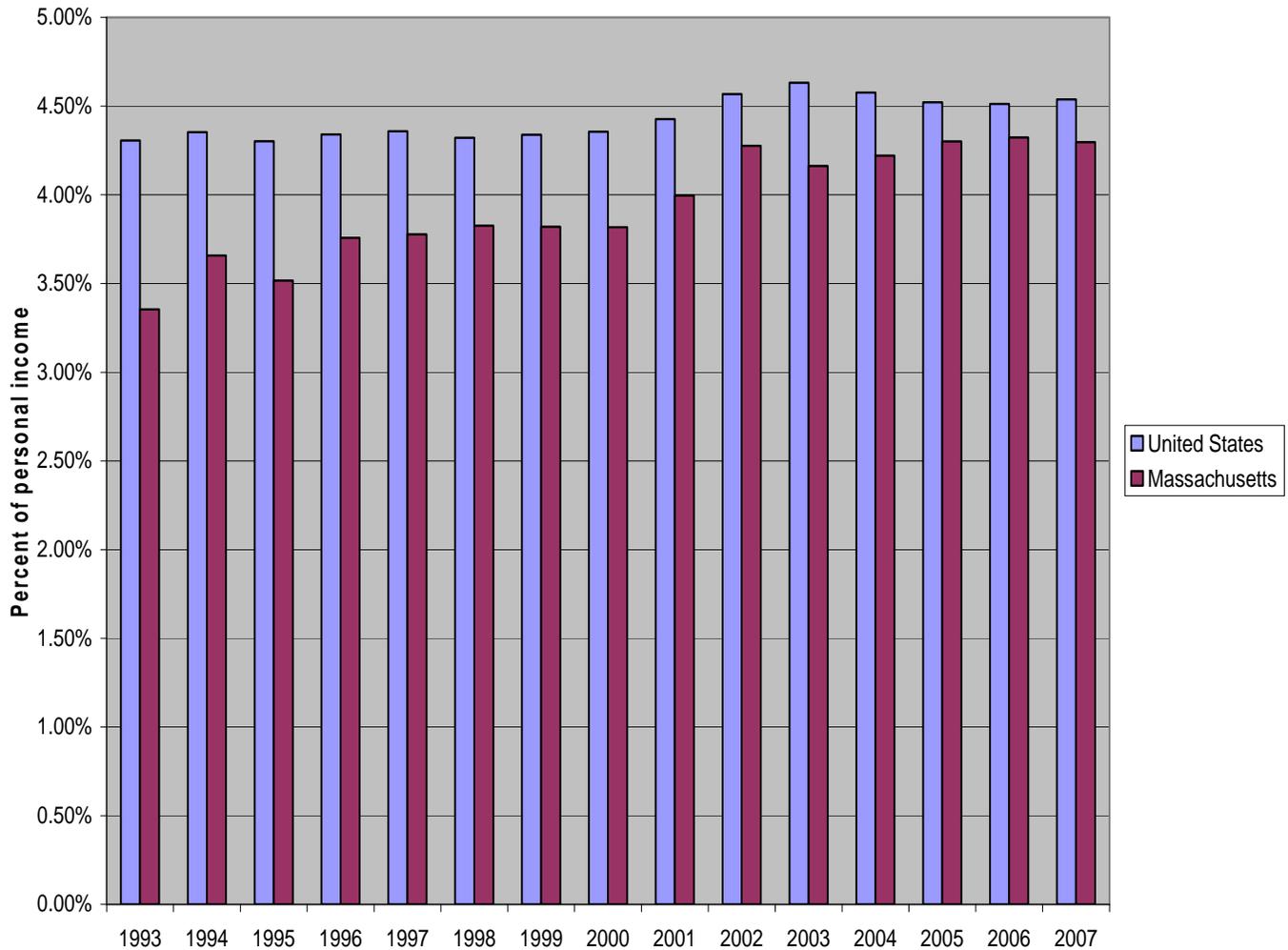
### Massachusetts Still Lags Behind Many States in Education Investment



### Massachusetts Compared to the Rest of the Country

- Even with the growth of education as a share of the economy in Massachusetts over the past 15 years, the state continues to fall well below the national average. According to the most recent Census data, on average education makes up 4.95 percent of a state’s economy, almost 10 percent more than the education share in Massachusetts.

**Massachusetts is Closer to the Average in State and Local Education Investment**



- Massachusetts is closer to the national average when looking only at state and local education spending as a share of the economy, and leaving aside federal money. State and local education spending in Massachusetts comprises 4.30 percent of personal income in FY 2007, compared to a national average of 4.54 percent.

- In terms of capital spending as a share of the economy, Massachusetts ranks among the lowest in the nation. Massachusetts ranks 45<sup>th</sup> in education capital spending as a share of personal income.<sup>12</sup> With a personal income share of 0.29 percent, Massachusetts capital spending has declined by 0.02 percent of personal income from its 2005-2006 school year level. Massachusetts capital spending falls 0.3 percent below the national average of 0.59 percent. If Massachusetts were to meet the national average in terms of capital spending, as a share of personal income, K-12 capital spending would be doubled to more than \$1.7 billion.

### *How much do we spend per pupil?*

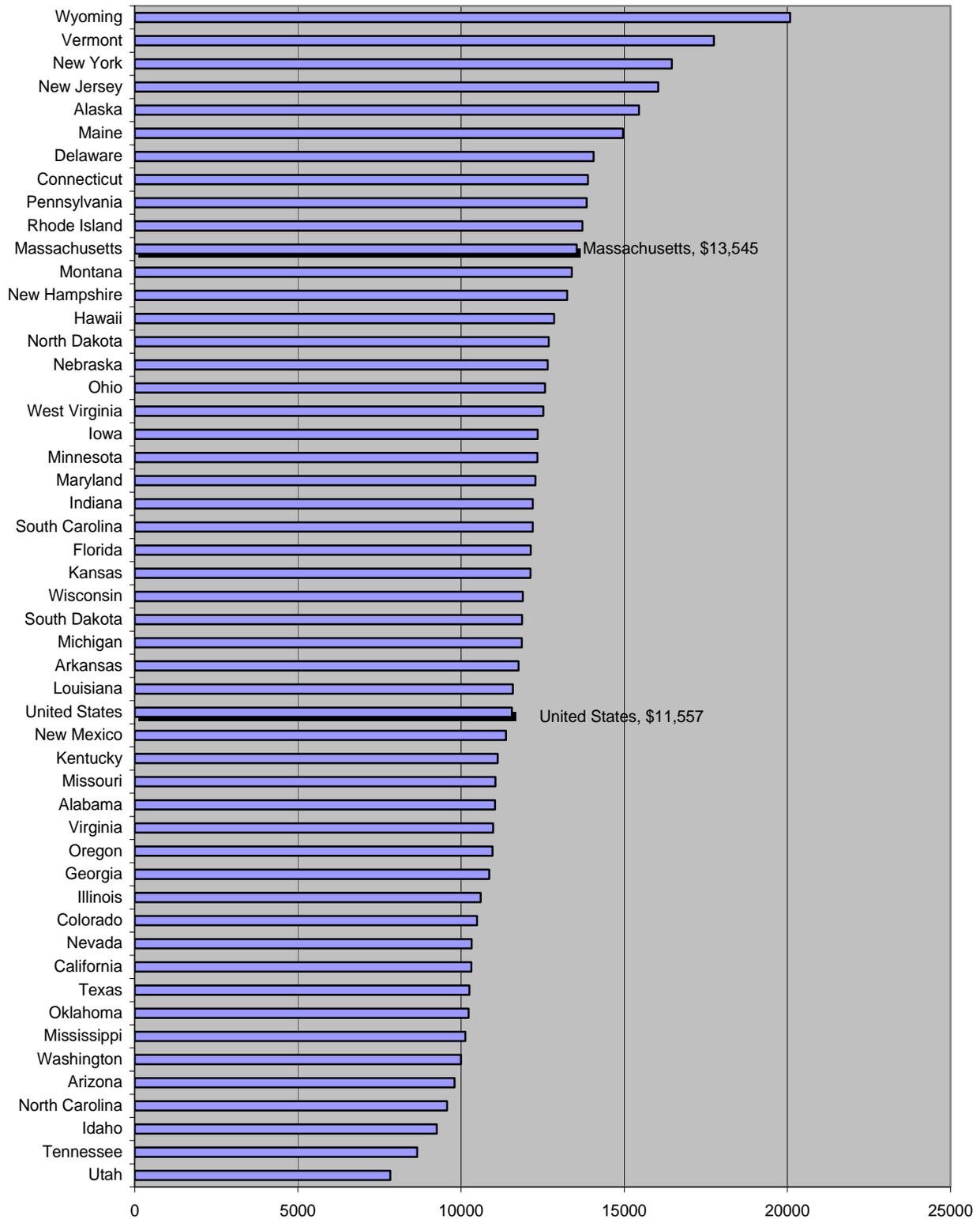
Massachusetts continues to rank well in terms of cost-adjusted spending per pupil. The state's per-pupil spending level of \$13,545 ranks 11<sup>th</sup> in the nation, exceeding the national average by almost \$2,000. While Massachusetts ranked 10<sup>th</sup> in the nation in cost-adjusted per-pupil spending in FY 2006, the Massachusetts cost-adjusted per-pupil spending level continues to exceed the national average by 17 percent.

The measure used above is more inclusive than many measures of per-pupil education support because it also includes capital spending, not just current education costs. Because of this inclusion, the measure is a good way to capture a state's total education support. However, it is important to note that, given Massachusetts' relatively low capital spending level, this measure understates how Massachusetts compares to other states when looking at only in-classroom spending.

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<sup>12</sup> Capital expenses include the cost of new buildings, equipment and land purchases and major renovations and repairs.

### Cost Adjusted Per Pupil Spending

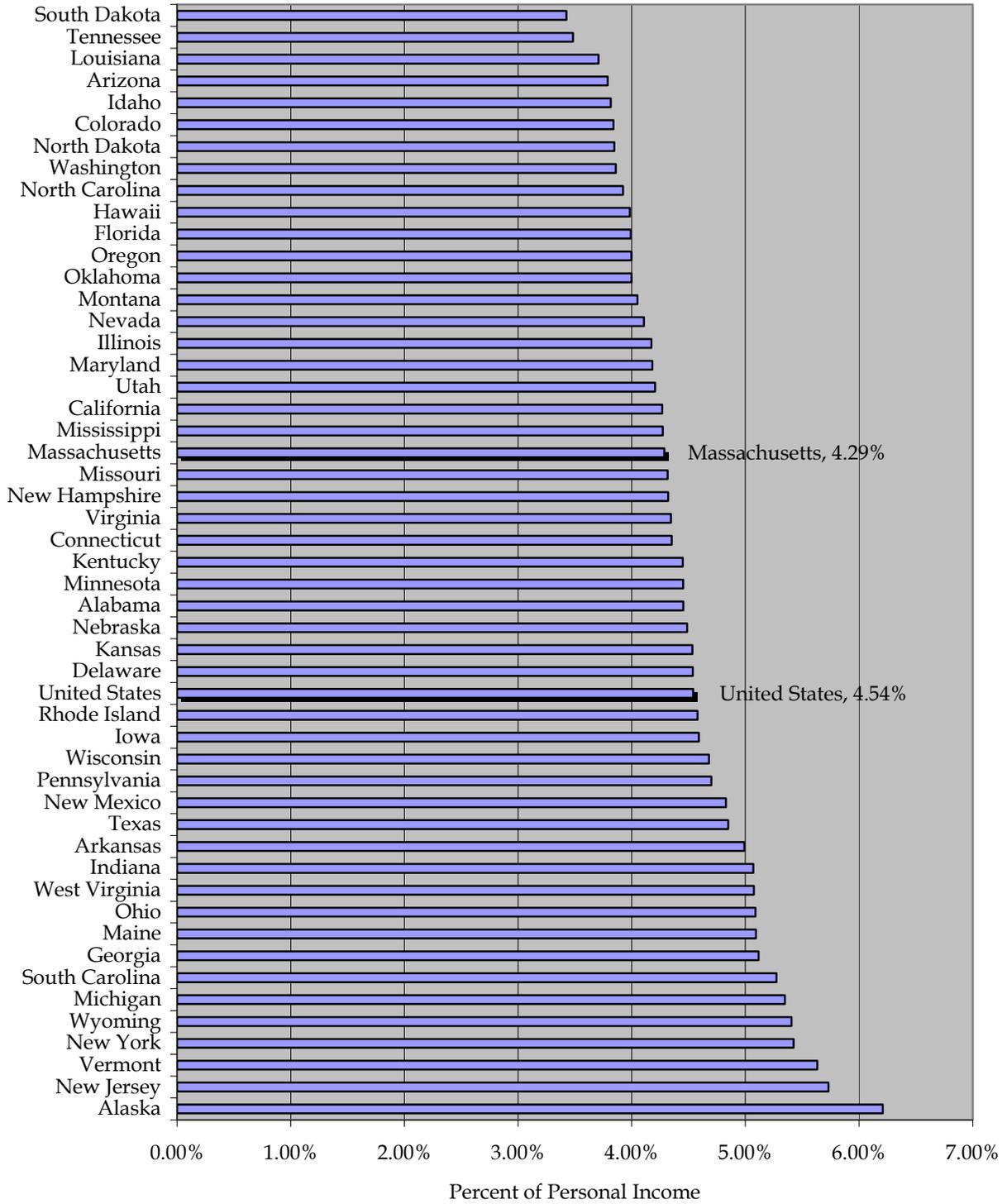


Appendix A

Spending on Public Primary and Secondary Education as a share of Personal Income, FY 2007							
Total Spending		State and Local		Current Spending		Capital Spending	
United States	4.95%	United States	4.54%	United States	4.23%	United States	0.57%
Alaska	7.27%	Alaska	6.21%	Alaska	6.12%	Wyoming	1.05%
Vermont	6.06%	New Jersey	5.73%	Vermont	5.68%	South Carolina	0.97%
New Jersey	5.97%	Vermont	5.63%	New Jersey	5.38%	Alaska	0.97%
Wyoming	5.88%	New York	5.42%	West Virginia	5.29%	Florida	0.87%
Michigan	5.80%	Wyoming	5.41%	Maine	5.23%	Texas	0.78%
New York	5.80%	Michigan	5.35%	New York	5.19%	Utah	0.74%
South Carolina	5.78%	South Carolina	5.27%	Michigan	5.07%	Nevada	0.74%
West Virginia	5.76%	Georgia	5.12%	Rhode Island	4.85%	Georgia	0.73%
Georgia	5.59%	Maine	5.09%	New Mexico	4.84%	Delaware	0.72%
New Mexico	5.59%	Ohio	5.09%	Wyoming	4.82%	Arizona	0.70%
Arkansas	5.58%	West Virginia	5.07%	Arkansas	4.81%	California	0.68%
Maine	5.55%	Indiana	5.07%	Georgia	4.81%	New Mexico	0.68%
Ohio	5.47%	Arkansas	4.99%	Ohio	4.65%	Ohio	0.67%
Indiana	5.44%	Texas	4.85%	Mississippi	4.60%	Iowa	0.65%
Texas	5.37%	New Mexico	4.83%	South Carolina	4.57%	Washington	0.64%
Mississippi	5.16%	Pennsylvania	4.70%	Wisconsin	4.57%	Arkansas	0.63%
Pennsylvania	5.09%	Wisconsin	4.68%	Indiana	4.52%	Nebraska	0.61%
Rhode Island	4.98%	Iowa	4.59%	Alabama	4.37%	Kentucky	0.59%
Iowa	4.98%	Rhode Island	4.58%	Pennsylvania	4.34%	Colorado	0.56%
Kentucky	4.98%	Delaware	4.54%	Montana	4.30%	Pennsylvania	0.54%
Wisconsin	4.97%	Kansas	4.53%	Kansas	4.29%	Minnesota	0.52%
Nebraska	4.97%	Nebraska	4.49%	Kentucky	4.26%	Connecticut	0.49%
Alabama	4.93%	Alabama	4.45%	Nebraska	4.25%	New York	0.48%
Kansas	4.89%	Minnesota	4.45%	Iowa	4.25%	Michigan	0.48%
Delaware	4.84%	Kentucky	4.45%	Hawaii	4.23%	New Jersey	0.48%
California	4.75%	Connecticut	4.35%	Texas	4.17%	Missouri	0.48%
Minnesota	4.72%	Virginia	4.34%	<b>Massachusetts</b>	<b>4.14%</b>	Alabama	0.47%
Missouri	4.69%	New Hampshire	4.32%	New Hampshire	4.11%	Mississippi	0.47%
Montana	4.67%	Missouri	4.32%	Missouri	4.08%	Virginia	0.47%
Utah	4.65%	<b>Massachusetts</b>	<b>4.29%</b>	Oklahoma	4.08%	Maryland	0.46%
Virginia	4.63%	Mississippi	4.27%	Louisiana	4.06%	West Virginia	0.44%
New Hampshire	4.58%	California	4.27%	Delaware	4.06%	Kansas	0.43%
Connecticut	4.56%	Utah	4.21%	North Dakota	4.05%	Indiana	0.43%
Louisiana	4.55%	Maryland	4.18%	Oregon	4.01%	Louisiana	0.42%
North Dakota	4.54%	Illinois	4.17%	Virginia	4.00%	North Dakota	0.42%
Illinois	4.54%	Nevada	4.11%	Illinois	3.99%	Oklahoma	0.41%
Oklahoma	4.53%	Montana	4.05%	Connecticut	3.99%	Illinois	0.41%
<b>Massachusetts</b>	<b>4.53%</b>	Oklahoma	4.00%	California	3.97%	North Carolina	0.39%
Hawaii	4.51%	Oregon	4.00%	Minnesota	3.95%	South Dakota	0.39%
Maryland	4.44%	Florida	3.99%	Maryland	3.93%	New Hampshire	0.39%
Oregon	4.41%	Hawaii	3.98%	Utah	3.80%	Idaho	0.36%
Nevada	4.39%	North Carolina	3.92%	Idaho	3.79%	Montana	0.33%
Florida	4.35%	Washington	3.86%	North Carolina	3.79%	Vermont	0.31%
North Carolina	4.32%	North Dakota	3.85%	South Dakota	3.60%	Tennessee	0.30%
Idaho	4.26%	Colorado	3.84%	Tennessee	3.51%	<b>Massachusetts</b>	<b>0.29%</b>
Arizona	4.26%	Idaho	3.82%	Arizona	3.44%	Hawaii	0.28%
Washington	4.17%	Arizona	3.79%	Nevada	3.44%	Wisconsin	0.24%
Colorado	4.11%	Louisiana	3.71%	Washington	3.39%	Oregon	0.23%
South Dakota	4.07%	Tennessee	3.48%	Florida	3.37%	Maine	0.21%
Tennessee	3.89%	South Dakota	3.43%	Colorado	3.37%	Rhode Island	0.05%

Appendix B

State and Local Spending in MA is Less than the National Average



## Appendix C

<b>Composition of Public Primary and Secondary Education Revenue, FY 2007</b>						
<i>states listed by order of state revenue as a share of total revenue</i>						
	<b>State Revenue</b>		<b>Local Revenue</b>		<b>Federal Revenue</b>	
	<b>Share of Total Revenue</b>	<b>Rank</b>	<b>Share of Total Revenue</b>	<b>Rank</b>	<b>Share of Total Revenue</b>	<b>Rank</b>
United States	47.6%		44.1%		8.3%	
Hawaii	89.8%	1	1.6%	50	8.6%	24
Vermont	87.8%	2	5.3%	49	6.9%	38
Arkansas	75.4%	3	13.6%	48	11.0%	10
New Mexico	72.1%	4	14.3%	47	13.6%	6
Idaho	66.5%	5	23.4%	46	10.1%	15
Minnesota	66.3%	6	28.0%	44	5.8%	44
Delaware	65.2%	7	28.6%	43	6.2%	43
Washington	61.4%	8	30.8%	39	7.8%	32
California	60.4%	9	29.3%	42	10.3%	14
Alaska	58.4%	10	25.9%	45	15.7%	3
Michigan	57.9%	11	34.2%	35	7.8%	30
West Virginia	57.9%	12	29.9%	41	12.2%	8
Alabama	57.6%	13	32.6%	37	9.7%	17
Kansas	57.5%	14	35.7%	34	6.9%	39
North Carolina	57.3%	15	33.7%	36	9.1%	22
Kentucky	57.1%	16	32.0%	38	10.9%	12
Nevada	56.6%	17	36.4%	32	6.9%	36
Utah	54.2%	18	36.4%	33	9.4%	20
Mississippi	52.6%	19	30.5%	40	16.9%	2
Oregon	52.0%	20	38.6%	30	9.4%	21
Wisconsin	51.6%	21	42.7%	25	5.7%	45
Indiana	51.3%	22	41.2%	26	7.5%	35
Oklahoma	50.7%	23	37.5%	31	11.8%	9
Wyoming	49.0%	24	43.5%	24	7.5%	33
Arizona	48.4%	25	40.6%	28	11.0%	11
Montana	48.0%	26	39.0%	29	13.0%	7
Iowa	45.5%	27	46.7%	21	7.8%	31
New York	45.2%	28	48.4%	18	6.5%	41
Massachusetts	44.8%	29	49.9%	15	5.2%	48
Georgia	44.6%	30	47.1%	20	8.3%	25
Maine	44.3%	31	47.5%	19	8.1%	27
Tennessee	44.0%	32	45.3%	23	10.6%	13
South Carolina	43.8%	33	46.6%	22	9.6%	18
Colorado	43.3%	34	49.8%	16	6.9%	37
Ohio	43.1%	35	50.2%	14	6.7%	40
Virginia	41.8%	36	51.7%	11	6.4%	42
Louisiana	41.5%	37	41.0%	27	17.6%	1
New Jersey	41.2%	38	54.7%	6	4.0%	50
Missouri	41.2%	39	50.5%	13	8.3%	26
Maryland	40.2%	40	54.2%	7	5.7%	46
Florida	40.1%	41	51.3%	12	8.6%	23
Rhode Island	39.2%	42	52.9%	9	7.9%	29
Connecticut	37.7%	43	57.9%	3	4.4%	49
New Hampshire	37.5%	44	57.1%	4	5.5%	47
Texas	36.1%	45	53.9%	8	10.0%	16
Pennsylvania	35.5%	46	57.0%	5	7.5%	34
North Dakota	35.5%	47	49.5%	17	15.0%	5
Illinois	33.2%	48	58.9%	1	7.9%	28
South Dakota	32.8%	49	51.9%	10	15.4%	4
Nebraska	31.7%	50	58.8%	2	9.5%	19