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50-State Survey of School Funding Released

Study 'follows the money' in public education finance, examines sources

AUSTIN, Texas – Where do education dollars come from? The answer is provided in a survey of the 50 states that digs into state revenues and expenditures for education dollars. Although providing key insights about state education funding, the survey begins by unmasking the notion of "education dollars."

"Education dollars are really a myth," says Chris Patterson, director of research for the Texas Public Policy Foundation and author of the study, *Follow the Money. Funding for public education comes out of the same general pool of revenue that underwrites the cost of all state activities. "Of course, the money for public education comes directly from the taxpayer's wallet."*

Follow the Money is the first of the Foundation's research series examining school finance, research designed to prepare legislators and the public for a highly anticipated special legislative session, sometime in 2004. This study identifies education funding and spending as a component of overall state finance for Texas and each state. The full study is available online at www.TexasPolicy.com.

Most states rely on property taxes, local and state, to fund pub-

lic education and all state activities, the study found. The mix of state, local, federal, and private funding for public education varies widely from state to state. While still the largest single expenditure for most states, spending for public education is slipping as a percentage of total spending in many states.

"Public education is receiving strong competition for state dollars today," Patterson said. "A soft economy, declining revenues and rising costs – particularly in subsidized health care – threatens funding for schools."

How well states can sustain current levels of public education spending is also examined by the report. Relationships between state spending and revenue and the relationship between growth of personal income and taxes indicates that few states can afford to continue current levels of education spending nor can states increase taxes without adversely affecting economic growth.

Follow the Money demonstrates that 'education dollars' are inseparable from total state revenues and school finance is intricately interjoined with state government finance and the state economy.