Public School Revenue Sources

From school years 2002–03 through 2012–13, total elementary and secondary public school revenues increased from $572 billion to $618 billion (in constant dollars). From 2011–12 through 2012–13, total revenues for public elementary and secondary schools decreased by $4 billion, or 1 percent.

From school years 2002–03 through 2012–13, total elementary and secondary public school revenues increased from $572 billion to $618 billion (in constant 2014–15 dollars), an 8 percent increase, adjusting for inflation using the Consumer Price Index (CPI). This increase was accompanied by a 3 percent increase in total elementary and secondary public school enrollment, from 48 million students in 2002–03 to 50 million students in 2012–13 (see the Public School Enrollment indicator).

Federal revenues increased by 70 percent from 2002–03 to 2009–10 (from $49 billion to $83 billion), but then decreased each year from 2009–10 to 2012–13, falling by 31 percent to $57 billion over the period. From 2002–03 through 2012–13, local revenues increased by 15 percent to $281 billion in 2012–13. State revenues fluctuated between $276 billion and $316 billion during this period, and they were about the same in 2012–13 as in 2002–03 ($279 billion and $278 billion, respectively). During this period, federal revenues peaked in 2009–10 at $83 billion, while local revenues peaked in 2008–09 at $286 billion and state revenues peaked in 2007–08 at $316 billion. Between school years 2002–03 and 2012–13, the percentage of total revenues coming from federal sources fluctuated between 8 and 13 percent, accounting for 9 percent of total revenues in both 2002–03 and 2012–13. Local sources accounted for 46 percent of total revenues in 2012–13, their highest percentage in the 2002–03 to 2012–13 period. The percentage of total revenues from state sources decreased from 49 percent in school year 2002–03 to 45 percent in school year 2012–13. From school year 2002–03 through school year 2012–13, the percentage of revenues from state sources was highest in 2002–03 (49 percent) and lowest in 2009–10 (43 percent).
More recently, from school year 2011–12 through school year 2012–13, total revenues for public elementary and secondary schools decreased by $4 billion in constant 2014–15 dollars (1 percent), from $622 billion to $618 billion. Between these years, federal revenues declined by $6 billion (10 percent) and state revenues declined by $0.4 billion (0.2 percent). Local revenues increased by $2.4 billion (1 percent), reflecting a $2.6 billion (1 percent) increase in revenues from local property taxes, a $0.2 billion increase in other local public revenues, and a $0.4 billion decrease in private revenues (consisting of revenues from gifts, and tuition and fees from patrons).

In school year 2012–13, there were significant variations across the states in the percentages of public school revenues coming from state, local, and federal sources of revenue. In 22 states, at least half of education revenues came from state governments, while in 14 states and the District of Columbia at least half came from local revenues. In the remaining 14 states, Arizona, Colorado, Florida, Georgia, Louisiana, Maryland, Montana, Ohio, Oklahoma, Oregon, South Carolina, Tennessee, Texas, and Wisconsin, no single revenue source made up more than half of education revenues.

In school year 2012–13, the percentages of public school revenues coming from state sources were highest in Vermont and Hawaii (89 and 84 percent, respectively), and lowest in South Dakota and Illinois (31 and 26 percent, respectively). The percentage of revenues coming from federal sources was highest in Mississippi (16 percent), followed by New Mexico, Louisiana, and South Dakota (15 percent each); the percentages were lowest in New York, Connecticut, and New Jersey (5, 4, and 4 percent, respectively). Among all states, the percentage of revenues coming from local sources was highest in Illinois (65 percent), followed by New Hampshire and Nebraska (59 percent each), and lowest in Vermont and Hawaii (4 and 2 percent, respectively). Ninety percent of the revenues for the District of Columbia were from local sources; the remaining 10 percent of these revenues were from federal sources.

Figure 2. State revenues for public elementary and secondary schools as a percentage of total public school revenues, by state: School year 2012–13

NOTE: All 50 states and the District of Columbia are included in the U.S. average, even though the District of Columbia does not receive any state revenue. The District of Columbia and Hawaii have only one school district each; therefore, neither is comparable to the other states. Categorizations are based on unrounded percentages. Excludes revenues for state education agencies.

On a national basis in 2012–13, $222 billion, or 81 percent, of total local revenues for public and elementary secondary school districts were derived from local property taxes. The percentages of total revenues from local property taxes differed by state. In 2012–13, Illinois had the highest percentage of revenues from property taxes, at 57 percent. Six other states had percentages of revenues from property taxes of 50 percent or more (in descending order): New Hampshire, Connecticut, Nebraska, New Jersey, Massachusetts, and Rhode Island. Vermont and Hawaii had the lowest percentages of revenues from property taxes (0.1 percent and 0 percent, respectively). In 12 other states, property taxes made up less than 25 percent of education revenues (in descending order): Montana, Maryland, Kentucky, Indiana, North Carolina, Idaho, Tennessee, Minnesota, Louisiana, Alabama, New Mexico, and Alaska.

Endnotes:
1 Constant dollars based on the Consumer Price Index (CPI), prepared by the Bureau of Labor Statistics, U.S. Department of Labor, adjusted to a school-year basis.
2 Hawaii has only one school district, which receives no funding from property taxes.

Reference tables: Digest of Education Statistics 2015, tables 235.10 and 235.20; Digest of Education Statistics 2014, table 203.20
Related indicators: Public School Expenditures

Glossary: Constant dollars, Consumer Price Index (CPI), Elementary school, Property tax, Public school or institution, Revenue, School district, Secondary school