Who Is to Blame for Underfunded Schools?

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Education funding is an ever present issue in state budgets and Missouri is no exception. My colleagues have written about school funding and funding formulas for a while. But a new story from the St. Louis Post-Dispatch makes it clear that one significant cause of underfunding is the cities themselves. From the piece:

In a little-noticed update to a report tallying the amount of forgone revenue due to the development subsidies, the city now says the value of those incentives was $29.6 million in the fiscal year that ended June 30....

The school district relies far more heavily on property taxes, collecting about 61 cents on each tax dollar paid. That means the district, which has little to no say over whether property taxes are abated on real estate projects, missed out on about $18 million in revenue last year.

The Kansas City Public School District (KCPS) has estimated that it loses about $26 million each year, but an exact number should be available once the city of Kansas City issues its own report based on the same updated national accounting standards. Meanwhile, KCPS is considering a general obligation bond or levy increase to make up for those lost funds.

Meanwhile, infighting among schools over money could harm students’ prospects. The St.
Louis Public School District is suing to get $42 million that officials believe was given erroneously to charter schools as part of the city's desegregation plan. If the district is successful in their suit, many charter schools will be adversely affected, which could lead to less choice for St. Louis parents and fewer high quality schools for St. Louis children.

Bad economic development policies such as tax-increment financing (TIF) lead to underfunding of basic services such as education and public—which in turn leads to education infighting, more borrowing, or higher taxes for the rest of us. None of that is good.

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