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FOREWORD

FOUR YEARS AGO in its bulletin, "Facts on School Costs," the Research Division summarized the school situation at that time in four words: *increased responsibilities; decreased resources*. Thousands of young people were remaining in school or returning for additional training because of the lack of gainful employment. At the same time, school expenditures were being drastically curtailed. Educational progress both in professional method and in financial support was in jeopardy.

At that point the Joint Commission on the Emergency in Education went into action. Its purpose was to warn the public and to unite the profession against the permanent impairment of the public schools. Thru numerous studies, conferences, public meetings, and radio programs, much was done to arouse public opinion. With the stabilization of the general economic structure, the strain upon education was relieved.

The extent of the price paid by public education during those depression years has not been fully presented. It is the purpose of this RESEARCH BULLETIN to organize and to present authentic facts for the crucial year 1933-34. To what extent were all public expenditures affected? What happened to local, state, and national allotments to public education? The answers to such questions are of great significance to the future.

Since the low point of 1933-34, public finances have been entering another critical period—that of recovery. The costs of various emergency activities are still largely to be paid. New governmental services have developed which present their claims upon public revenues. Meanwhile, education has accumulated a deficit in the form of unpaid teachers' salaries, large classes, suspended building programs, shortages in instructional materials, and borrowing against future income. Recovery will gradually liquidate these deficits if education is not made one of the deferred items in governmental financing.

But the most difficult problem is beyond even these. Can the experiences of the recent years be avoided in the future? As one examines the content of the present bulletin, it is obvious that education assumed an amazing proportion of the general retrenchment in public expenditures. How different this was from the increased financial support provided for schools during the economic disturbances of 1837, 1893, 1907, and 1921! Are we confronted with changes in public policy which call for extensive reformation of the governmental finance structure? Starting with the facts as set forth in this bulletin, a united profession must renew its efforts to build an intelligent, sustaining public opinion.

During the year 1937, Congress will be in session and legislatures will meet in most of the states. Plans for recovery and reform must not overlook public education. This RESEARCH BULLETIN should be made available to every state legislator. The information will be of interest to parent-teacher associations, civic clubs, and other organizations actively at work upon the improvement of our educational and governmental structure. Authentic facts on the problems of finance are a fundamental part of the case for public education.

WILLARD E. GIVENS, *Executive Secretary*,
National Education Association.

Introduction

The next few years are of supreme importance in determining the future development of education. Economically, the nation is well along the road to recovery. Hope points to the future. But educators cannot forget the past few years, as evidenced by the many requests that the Research Division supply facts as to the financing of public education during the recent depression. What happened to the expenditures for schools? To what extent were all costs of government reduced? What are the trends in the improvement of the tax structure upon which schools and other public services depend? These are but some of the questions for which the present bulletin will supply pertinent information.

The Year Chosen for Study

Facts on the financing of education in the year 1933-34 are of especial significance. That year, which witnessed the beginning stages of recovery from the economic collapse of 1929 and the ensuing depression, saw a continued decline in the support of the public schools. Business analysts generally fix the low point of the depression in February 1933¹ and note a persistent, if slow, gain in economic activity after that date. The national income² of 1934 was almost 12 percent higher than that of 1933. Yet expenditures for all public education in 1933-34 dropped to a new low, almost 26 percent under their 1930 level and the lowest point recorded by official figures in more than a decade. It is with the presentation of facts relating to school support in that year, 1933-34—the low point of the depression for public education—that this bulletin is concerned.

Some of the figures presented for the year 1934 are compared with corresponding data for 1930 and, in a few cases, with those for 1920. Trends in the years before 1930, however, have been largely ignored. This is not due to any desire to underrate the value of such long-term comparisons, but because a detailed study of educational trends between 1914 and 1930 is now in progress in the Research Division. Its results will be published in a future RESEARCH BULLETIN.

In some instances in this bulletin, school costs data for the years since 1933-34 might have been cited with advantage. Unfortunately, reliable and complete figures are not yet available for these intervening years. With public education as a function of the forty-eight states, subdivided into 127,000 local school units, the compilation of nationwide facts is necessarily a slow and laborious task. The federal Office of Education, the agency primarily responsible for the collection of educational statistics for the nation as a whole, ably performs this difficult service.

How the Bulletin Has Been Organized

The information presented in this bulletin is given in six parts. Part I deals with the total educational expenditures of local, state, and national governments, their allocation among the major divisions of the school program, the proportion in which they are derived from various governmental sources, and their relation to other public expenditures.

Part II presents facts on the federal government and the financing of education. Here are shown the functional distribution of federal expenditures, the extent of regular and emergency aid for education, and the federal contributions to the separate states.

Part III takes up the financing of education by the states. First are shown the amounts contributed by each state to its elementary and secondary schools, and the percent of the total school income provided from state sources. Next, the purposes of state governmental expenditures are examined. Finally, facts are presented upon the sources of state revenues and the methods of distributing this income to local school units.

Part IV reviews the share assumed by local governments in the financial support of public education. Particular attention is given to the declining effectiveness of local property taxes and to inequalities in the financial ability of local units.

Part V is concerned with the financial ability of the people of the several states to support their school programs. Consideration is given to income and wealth, and to expenditures for

¹ Some place it even earlier, in the summer of 1932.

² National "income paid out" as estimated by the U. S. Department of Commerce for the calendar year, 1934. See, U. S. Department of Commerce, Bureau of Foreign and Domestic Commerce, Division of Economic Research, *National Income in the United States, 1929-1935*. Washington, D. C.: Government Printing Office, 1936. p. 22.

automobiles, life insurance, and luxuries. The figures given for luxury expenditures are estimates based on the best available data. Such information, altho in great demand, is not generally available.

Part VI, the final section, draws certain conclusions directly on the basis of the facts presented in previous sections and raises a few critical questions relating to the future of the financing of American education.

How the Bulletin May Be Used

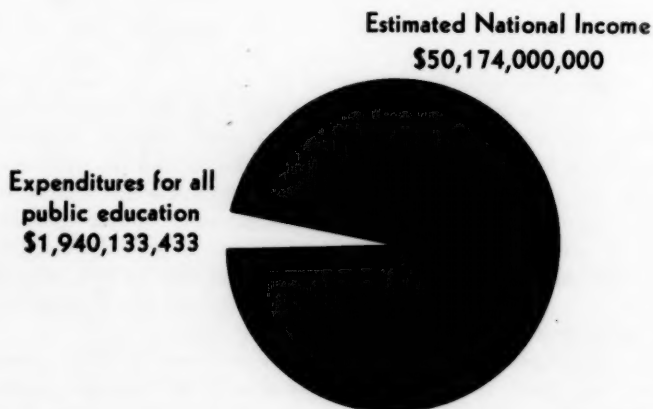
The usefulness of this report depends largely upon the extent to which the information herein set forth is acted upon by the profession and by laymen generally.

Classroom teachers constitute the largest single group among the million or so persons engaged in public education. Engrossed as they are with instructional problems and overloaded with added responsibilities, they have little time to study intricate financial treatises. For that reason, the Research Division has prepared this bulletin in non-technical style to facilitate ready understanding of the fundamental facts in public school finance. Thus are made available a number of important topics for professional conferences.

Laymen also, who appreciate brief analyses of public questions, should find this report useful. In this year of great activity in federal and state legislation, the bulletin supplies data of primary importance to members of Congress and the state legislatures.

FIGURE I

NATIONAL INCOME AND PUBLIC SCHOOL COSTS, 1934



Research Division, National Education Association

Sources of data: U. S. Department of Commerce and federal Office of Education. See Table 24.

I. Expenditures for Public Education in 1933-34

In 1933-34 the American people spent a total of \$1,940,133,433 for all public education. This expenditure, which fell below the two billion dollar level for the first time since 1922, probably marks the conclusion of the recent downward trend in public education costs. It reveals a decline from 1930, the peak year in educational expenditures, of over \$665,000,000. Indications are that 1935 and 1936 figures, when they are available, will show a new upward tendency.

The total expenditure of \$1,940,133,433 covers current expenses and capital outlays of elementary and secondary schools and institutions of higher education but excludes payments for debt retirement. It represents an annual cost of about \$26, or 7 cents a day for each of the 75,232,000 persons over twenty-one years of age in our population. This amount paid for the education in that year of approximately 27,000,000 children and young people in public universities and colleges, teacher-training institutions, and elementary and secondary schools. It should not be assumed, however, that the sum of \$1,940,133,433 was sufficient to meet adequately the educational needs of the nation. Thousands of children in elementary and secondary schools in 1933-34 were affected by curtailed school terms and more than half a million children attended school in buildings that had been condemned as unsafe or unsanitary.¹ For public institutions of higher education, 1933-34 was a period of financial stringency necessitating reductions in salaries and personnel.

TABLE 1.—EXPENDITURES FOR PUBLIC EDUCATION AT DIFFERENT EDUCATIONAL LEVELS, 1933-34

Item	Amount	Percent
1	2	3
Elementary and secondary schools.	\$1,720,105,229	88.7
Colleges and universities.....	181,081,554	9.3
Teacher-training institutions.....	38,946,650	2.0
Total cost of public education...	\$1,940,133,433	100.0

Source: Advance data from U. S. Department of the Interior, Office of Education, *Biennial Survey of Education, 1932-34*.

Expenditures at Elementary and Secondary and Higher Educational Levels

How was the total expenditure of \$1,940,133,433 allocated among the major parts or divisions of the educational program? By far the largest share, \$1,720,105,229, was spent for elementary- and secondary-school purposes. The expenditure for public colleges and universities was \$181,081,554 or 9.3 percent of the total. The remainder, \$38,946,650 or 2.0 percent, was spent for teachers colleges and normal schools. Table 1 shows this distribution.

Expenditures in the Various States

Table 2 shows that there is a wide divergence in the amounts spent for education in the several states. Several factors determining the amount of money spent for public education are: (1) the desire of the citizens to provide educational opportunity for all children and youth of the state; (2) the number of persons for whom educational opportunities must be provided; (3) the sparsity of the school population; (4) the financial ability of the state and its governmental subdivisions to support an educational program; (5) the efficiency of the methods used by national, state, and local governments in obtaining revenues and in distributing monies to the schools; and (6) the competing claims of other interests upon the public treasury and the income of the people. In the following pages certain facts and figures are presented, pertaining to the factors named above and their influence in determining the level of school support. These data are basic to any study of the school support situation in a particular state or in the nation as a whole.

Table 2 also gives the total expenditure in 1933-34 for public education at each educational level in each of the states. In total expenditures for public education New York ranks first among the states with an expenditure of \$301,009,368 and Nevada last with \$2,756,553. There is a difference of over \$298,000,000 between the total amount expended in New York state and that spent in Nevada. The same two states rank highest and lowest with respect to expenditures for public elementary and secondary schools.

¹ National Education Association, Research Division. "Current Conditions in the Nation's Schools." *Research Bulletin* 11:103; November, 1933, and "The Nation's School Building Needs." *Research Bulletin* 13:10; January, 1935. Washington, D. C.: the Association.

TABLE 2.—EXPENDITURES FOR PUBLIC EDUCATION AT DIFFERENT EDUCATIONAL LEVELS, BY STATES, 1933-34

States	Total expenditures for public education	Amounts spent for		
		Elementary and secondary schools*	Teacher training institutions	Higher education other than teacher training institutions
1	2	3	4	5
Continental United States.....	\$1,940,133,433	\$1,720,105,229	\$38,946,650	\$181,081,554
Alabama.....	20,705,937	17,459,952	576,134	2,669,851
Arizona.....	8,590,216	6,670,917	528,682	1,390,617
Arkansas.....	11,497,949	9,068,811	381,529	2,047,609
California.....	142,286,919	124,029,442	2,289,404	15,968,073
Colorado.....	20,499,981	16,991,576	680,740	2,827,665
Connecticut.....	27,465,071	25,850,711	532,994	1,081,366
Delaware.....	5,146,648	4,379,856	.....	766,792
District of Columbia.....	9,436,134	9,176,760	259,374	.....
Florida.....	17,990,754	14,705,629	.....	3,285,125
Georgia.....	22,499,139	19,330,015	190,232	2,978,892
Idaho.....	8,345,412	6,755,176	260,954	1,329,282
Illinois.....	115,074,713	106,622,448	1,876,921	6,575,344
Indiana.....	50,716,031	43,338,354	1,101,169	6,276,508
Iowa.....	42,634,081	33,946,833	923,232	7,764,016
Kansas.....	32,364,679	27,268,242	733,380	4,363,057
Kentucky.....	21,211,984	17,033,809	1,649,833	2,528,342
Louisiana.....	19,515,454	15,890,354	389,259	3,235,841
Maine.....	10,612,751	8,830,930	381,979	1,399,842
Maryland.....	25,743,319	21,435,182	386,676	3,921,461
Massachusetts.....	75,826,006	72,884,979	1,221,596	1,719,431
Michigan.....	81,992,485	68,359,622	1,602,808	12,030,055
Minnesota.....	48,671,143	39,305,813	1,094,662	8,270,668
Mississippi.....	14,376,446	11,548,101	318,076	2,510,269
Missouri.....	45,183,964	40,895,317	1,447,917	2,840,730
Montana.....	10,484,905	8,824,568	230,105	1,430,232
Nebraska.....	21,025,204	17,162,569	816,919	3,045,716
Nevada.....	2,756,533	2,174,333	.....	582,200
New Hampshire.....	7,454,950	5,850,352	294,505	1,310,093
New Jersey.....	85,541,763	83,888,306	1,358,580	294,877
New Mexico.....	6,990,082	5,653,122	262,897	1,074,063
New York.....	301,009,368	289,871,779	2,229,536	8,908,053
North Carolina.....	27,723,130	22,556,788	645,822	4,520,520
North Dakota.....	11,452,781	9,501,148	716,261	1,235,372
Ohio.....	111,405,068	99,926,443	.....	11,478,625
Oklahoma.....	30,584,358	25,139,002	919,000	4,526,356
Oregon.....	16,112,123	13,049,130	321,258	2,741,735
Pennsylvania.....	154,675,115	146,677,590	4,294,368	3,703,157
Rhode Island.....	11,706,427	10,798,296	203,186	704,945
South Carolina.....	14,218,045	11,699,684	.....	2,518,361
South Dakota.....	11,106,212	9,529,282	467,134	1,109,796
Tennessee.....	21,501,330	18,874,632	540,619	2,086,079
Texas.....	70,457,839	57,505,528	2,141,560	10,810,751
Utah.....	10,229,344	8,190,143	.....	2,039,201
Vermont.....	4,861,334	3,592,571	79,084	1,189,679
Virginia.....	26,686,942	20,361,539	1,200,792	5,124,611
Washington.....	25,943,160	22,036,176	643,344	3,263,640
West Virginia.....	22,633,008	19,760,664	656,659	2,215,685
Wisconsin.....	49,983,595	41,310,933	2,097,470	6,575,192
Wyoming.....	5,203,601	4,391,822	.....	811,779

Source: Advance data from U. S. Department of the Interior, Office of Education, *Biennial Survey of Education, 1932-34*.

* Includes expenditures for night schools, summer schools, part-time and continuation schools, and day schools.

TABLE 3.—EXPENDITURES FOR PUBLIC ELEMENTARY AND SECONDARY SCHOOLS* PER PUPIL ENROLLED AND IN AVERAGE DAILY ATTENDANCE, BY STATES, IN 1933-34

States	Total expenditures for elementary and secondary schools	Expenditures per pupil		Rank in column 3	Rank in column 4
		Enrolled	In average daily attendance		
1	2	3	4	5	6
Continental United States.....	\$1,711,843,278	\$64.76	\$76.22	..	..
Alabama.....	17,193,561	26.49	33.86	44	44
Arizona.....	6,661,585	71.80	86.91	17	12
Arkansas.....	9,068,811	19.86	26.13	48	48
California.....	124,029,442	111.13	126.22	3	3
Colorado.....	16,991,576	71.15	86.52	18	13
Connecticut.....	25,585,809	78.20	89.62	10	11
Delaware.....	4,370,628	95.12	110.02	6	6
District of Columbia.....	9,077,419	96.45	118.83	5	5
Florida.....	14,669,105	38.35	48.92	39	39
Georgia.....	19,257,889	25.18	32.68	46	45
Idaho.....	6,755,176	57.08	65.02	31	30
Illinois.....	106,163,444	76.67	90.40	11	10
Indiana.....	43,067,450	61.83	65.92	26	29
Iowa.....	33,946,833	61.99	71.49	25	25
Kansas.....	27,268,242	64.69	74.17	23	24
Kentucky.....	17,033,809	27.94	36.08	43	43
Louisiana.....	15,852,666	34.34	41.53	41	41
Maine.....	8,814,769	52.86	57.51	35	35
Maryland.....	21,367,180	72.76	84.71	15	15
Massachusetts.....	72,342,855	91.13	103.47	7	7
Michigan.....	68,359,622	70.03	76.76	21	23
Minnesota.....	39,290,483	70.17	81.88	20	19
Mississippi.....	11,510,354	18.93	25.41	49	49
Missouri.....	40,895,317	56.83	66.87	32	28
Montana.....	8,824,568	75.04	83.38	14	17
Nebraska.....	17,162,569	54.18	61.88	34	33
Nevada.....	2,172,083	112.16	132.94	2	2
New Hampshire.....	5,847,902	75.21	84.88	13	14
New Jersey.....	83,219,158	100.58	118.85	4	4
New Mexico.....	5,648,556	61.09	64.27	27	32
New York.....	285,559,319	124.32	141.76	1	1
North Carolina.....	22,556,788	25.19	29.81	45	47
North Dakota.....	9,501,148	59.13	69.99	29	26
Ohio.....	99,255,825	76.35	83.40	12	16
Oklahoma.....	25,139,002	40.32	51.09	38	38
Oregon.....	13,049,130	64.74	77.09	22	22
Pennsylvania.....	146,677,590	72.19	82.72	16	18
Rhode Island.....	10,741,939	86.30	99.22	8	8
South Carolina.....	11,699,684	24.04	30.88	47	46
South Dakota.....	9,529,282	59.58	69.89	28	27
Tennessee.....	18,874,632	28.80	36.91	42	42
Texas.....	57,505,528	43.84	53.55	37	36
Utah.....	8,190,143	57.36	64.42	30	31
Vermont.....	3,589,071	54.23	61.32	33	34
Virginia.....	20,254,109	34.59	41.64	40	40
Washington.....	22,036,176	64.67	77.67	24	21
West Virginia.....	19,760,664	45.44	52.45	36	37
Wisconsin.....	41,087,428	70.46	79.56	19	20
Wyoming.....	4,386,959	78.57	93.05	9	9

Source: Advance data from U. S. Department of the Interior, Office of Education, *Biennial Survey of Education, 1932-34*.
 * Day schools only. Does not include expenditures for night schools, summer schools, and part-time and continuation schools.

Table 3 presents a somewhat different picture of the relative position of the states with respect to elementary- and secondary-school expenditures by taking into account not only the total amount expended but also the number of children to be educated. According to Table 3, New York again is the state in which the most money is spent for each child enrolled, namely \$124.32, but Nevada, the state with the smallest total expenditure for elementary and secondary schools, ranks second in Table 3, with an expenditure per enrolled pupil of \$112.16. From the maximum of \$124.32, the amounts spent in the other states range downward to \$18.93 in Mississippi.

With respect to expenditure per pupil in average daily attendance, as well, New York and Mississippi, respectively, are at the top and bottom of the list of states. The range in expenditure per pupil in average daily attendance in elementary and secondary schools is from \$141.76 to \$25.41.

Relative Contribution of Federal, State, and Local Governments

How much did federal, state, and local governments contribute to the support of public education in 1933-34? Table 4 answers this question with respect to receipts of elementary and secondary schools. It shows that local governments with a contribution of \$1,365,554,000 assumed about 75 percent of the total costs for school support. State governments supplied \$423,178,000 or more than 23 percent of the total. Federal aid for elementary and secondary schools amounted to \$21,548,000 or slightly more than 1 percent of the total school income. Of this amount received from

the federal government, \$7,011,928 was for vocational education and \$14,536,010 was in the form of aid from federal emergency relief funds for rural teachers.

Columns 5, 6, and 7 of Table 4 show that the percent of total revenues for elementary and secondary schools coming from local units of government has decreased in the last fifteen years by about 9 percent, and that nine-tenths of this decrease occurred between 1930 and 1934. Conversely, the proportionate shares of total school revenues received from federal and state governments have increased. The states furnished 23.4 percent of the elementary- and secondary-school income in 1934 as compared with 16.9 percent in 1930 and 16.5 percent in 1920. The federal government's share increased slightly from 0.26 percent in 1920 to 0.40 percent in 1930 and then jumped to 1.2 percent in the four-year period between 1930 and 1934.

The actual increase between 1930 and 1934 in the amounts received from federal and state governments by the elementary and secondary schools was not so great as the above proportionate changes might, at first thought, seem to indicate. A large part of the increase since 1930 in the relative contributions of these governments was due to the falling off, during the depression years, in the support afforded the schools by local governmental units and to the reduction in the total school budget itself. Actually, receipts from state sources increased by only \$69,500,000 between 1930 and 1934. During this same period receipts from the federal government, it is true, almost trebled, but federal aid has always constituted so small a proportion of all school revenues as

TABLE 4—AMOUNT AND PERCENT OF PUBLIC ELEMENTARY- AND SECONDARY-SCHOOL INCOME* FROM FEDERAL, STATE, AND LOCAL GOVERNMENTS IN 1920, 1930, and 1934

Unit of government	Amounts			Percents		
	1934	1930	1920	1934	1930	1920
1	2	3	4	5	6	7
Federal.....	\$21,547,938	\$7,333,834	\$2,474,717	1.2	.4	.3
State.....	423,178,215	353,670,462	160,084,682	23.4	16.9	16.5
Local.....	1,365,553,792	1,726,708,457	807,560,899	75.4	82.7	83.2
Total.....	\$1,810,279,945	\$2,087,712,753	\$970,120,298	100.0	100.0	100.0

Source: U. S. Department of the Interior, Office of Education, *Biennial Surveys of Education*, 1918-1920, 1928-1930, 1932-1934. (Figures for 1932-34 are advance data.)

* Revenue receipts only.

to be almost negligible. Even at the end of the 1930-34 period, in spite of their almost three-fold increase, receipts from federal sources accounted for little more than 1 percent of a total elementary- and secondary-school income

that had itself been reduced during the same period by over 13 percent.

Table 5 shows the relation of federal, state, and local support to total school income in each of the states.

TABLE 5.—PUBLIC ELEMENTARY- AND SECONDARY-SCHOOL INCOME* FROM FEDERAL, STATE, AND LOCAL GOVERNMENTS, BY STATES, 1933-34

States	Federal government	State government	Local government	Total	Percent from		
					Federal	State	Local
1	2	3	4	5	6	7	8
Continental United State	\$21,547,938	\$423,178,215	\$1,365,553,792	\$1,810,279,945	1.19	23.38	75.43
Alabama	2,088,282	5,612,007	8,784,719	16,485,008	12.67	34.04	53.29
Arizona	142,841	2,181,635	5,087,852	7,412,328	1.93	29.43	68.64
Arkansas	813,609	2,226,786	8,057,754	11,098,149	7.33	20.07	72.60
California	259,633	68,269,020	71,598,062	140,126,715	.19	48.72	51.09
Colorado	143,178	628,275	18,486,635	19,258,088	.74	3.26	96.00
Connecticut	77,078	2,272,462	22,404,146	24,753,686	.31	9.18	90.51
Delaware	27,257	4,069,874	301,377	4,398,508	.62	92.53	6.85
District of Columbia		1,916,241	7,435,786	9,352,027		20.49	79.51
Florida	759,631	5,267,726	12,067,959	18,095,316	4.20	29.11	66.69
Georgia	1,758,627	5,060,575	10,375,102	17,194,304	10.23	29.43	60.34
Idaho	52,049	729,732	7,743,922	8,525,703	.61	8.56	90.83
Illinois	618,321	7,625,436	104,592,967	112,836,724	.55	6.76	92.69
Indiana	187,950	13,514,820	36,419,859	50,122,629	.38	26.96	72.66
Iowa	121,191	816,950	42,215,760	43,153,901	.28	1.89	97.83
Kansas	121,029	490,739	23,489,027	24,100,795	.50	2.04	97.46
Kentucky	514,607	4,213,846	12,645,107	17,373,560	2.96	24.26	72.78
Louisiana	1,070,949	6,944,839	12,553,415	20,569,203	5.21	33.76	61.03
Maine	51,263	2,725,293	5,573,411	8,349,967	.61	32.64	66.75
Maryland	82,189	5,151,110	15,981,691	21,214,990	.39	24.28	75.33
Massachusetts	189,023	8,297,954	62,049,792	70,536,769	.27	11.76	87.97
Michigan	349,716	17,257,114	55,874,253	73,481,083	.48	23.48	76.04
Minnesota	220,877	10,628,104	29,486,123	40,335,104	.55	26.35	73.10
Mississippi	1,450,710	4,039,808	5,132,899	10,623,417	13.65	38.03	48.32
Missouri	753,684	4,513,776	52,017,335	57,284,795	1.32	7.88	90.80
Montana	132,926	1,001,347	9,439,615	10,573,888	1.26	9.47	89.27
Nebraska	181,919	1,026,761	17,596,216	18,804,896	.97	5.46	93.57
Nevada	32,847	342,714	1,859,608	2,235,169	1.47	15.33	83.20
New Hampshire	18,046	578,298	5,788,236	6,384,580	.28	9.06	90.66
New Jersey	172,855	2,212,399	83,330,567	85,715,821	.20	2.58	97.22
New Mexico	305,520	1,027,335	4,746,424	6,079,279	5.03	16.90	78.07
New York	542,592	79,953,936	202,494,501	282,991,029	.19	28.25	71.56
North Carolina	699,712	15,762,893	9,151,037	25,613,642	2.73	61.54	35.73
North Dakota	423,580	1,038,643	8,423,130	9,885,353	4.28	10.51	85.21
Ohio	424,958	16,027,433	88,106,629	104,559,020	.41	15.33	84.26
Oklahoma	1,303,595	8,328,728	18,693,972	28,326,295	4.60	29.40	66.00
Oregon	167,679	294,897	16,209,194	16,671,770	1.01	1.77	97.22
Pennsylvania	499,925	30,253,566	118,618,399	149,371,890	.34	20.25	79.41
Rhode Island	31,505	739,573	11,562,477	12,333,555	.25	6.00	93.75
South Carolina	465,707	3,305,892	8,108,520	11,880,119	3.92	27.83	68.25
South Dakota	249,504	1,047,026	10,201,468	11,497,998	2.17	9.11	88.72
Tennessee	1,050,190	10,554,993	13,223,242	24,828,425	4.23	42.51	53.26
Texas	1,003,918	27,324,794	24,696,863	53,025,575	1.89	51.53	46.58
Utah	134,605	3,588,420	5,430,866	9,153,891	1.47	39.20	59.33
Vermont	11,689	550,000	2,941,629	3,503,318	.33	15.70	83.97
Virginia	882,664	5,458,036	14,025,235	20,365,935	4.33	26.80	68.87
Washington	112,887	9,169,535	15,513,108	24,795,530	.46	36.98	62.56
West Virginia	620,644	10,143,126	9,884,323	20,648,093	3.01	49.12	47.87
Wisconsin	147,673	7,957,395	32,020,252	40,125,320	.37	19.83	79.80
Wyoming	77,104	1,036,353	3,113,328	4,226,785	1.82	24.52	73.66

Source: Advance data from U. S. Department of the Interior, Office of Education, *Biennial Survey of Education, 1932-34*.

* Revenue receipts only.

School Costs and Other Government Costs

Total tax collections in the United States in 1934 amounted to \$8,540,085,000. Of this sum the federal government collected \$2,665,076,000, the states \$1,731,589,000, and the local governments \$4,143,420,000.

Approximately 23 cents of the total tax dollar collected by federal, state, and local governments was spent for public education. About 20 cents was used for elementary and secondary schools and about 3 cents for public institutions of higher education.

While expenditures for public education declined by 26 percent between 1930 and 1934, the reduction in total tax collections during the same period was only 16.8 percent. In 1930 approximately 25 cents out of each tax dollar was spent for education. Table 6 shows these relationships.

TABLE 6.—TAX COLLECTIONS AND EXPENDITURES FOR PUBLIC EDUCATION, 1930 AND 1934

Year	Total tax collections ^a	Expenditures for public education ^b	Percent school expenditures were of tax collections
1	2	3	4
1930	\$10,266,129,000	\$2,605,699,000	25.4
1934	8,540,085,000	1,940,133,000	22.7
Index of change (1930=100)	83.2	74.5	.....

Source: National Industrial Conference Board and U. S. Department of the Interior, Office of Education.

^a Of federal, state, and local governments, combined.

^b At all educational levels, elementary, secondary, and collegiate.

Table 7 (page 13) presents a comparison between tax collections of federal, state, and local governments and expenditures for public education in each of the states in 1933-34. The variation among the states, from the national average expenditure of 23 cents out of each dollar of total taxes collected, is from 43 cents in Wyoming to 8 cents in North Carolina. In the latter state, however, as the table shows, the low ratio of school expenditures to total tax collections is due in large part to the amount—over \$260,000,000 ²—of taxes col-

lected within the state by the federal government.

Tables 8 and 9 present data on total governmental expenditures in 1930 and 1934. The latter table also compares expenditures for public education in the same years with those for all public purposes and for all public purposes other than education. (Table 9 is on page 15.)

Unlike tax collections, instead of declining, the combined total expenditures for all purposes of federal, state, and local governments increased between 1930 and 1934, according to Table 8, from \$13,428,000,000 to \$15,496,000,000. This was a gain of more than 15 percent. Table 9 shows that during the same years net governmental expenditures ³ increased 20 percent, from \$12,037,000,000 to \$14,449,000,000. It must not be thought that this rise in the total cost of government was spread evenly over the expenditures of all types of governmental units. Net federal expenditures more than doubled between 1930 and 1934 while the combined net expenditures of state and local governments, from which most of school support is derived, declined. State expenditures were reduced by almost 6 percent, from \$2,170,000,000 to \$2,044,000,000.

TABLE 8.—GROSS EXPENDITURES OF FEDERAL, STATE, AND LOCAL GOVERNMENTS, 1930 and 1934

(Millions of dollars)

Unit of government	1930	1934	Percent of change 1930 to 1934
1	2	3	4
Expenditures:			
Federal.....	\$4,141	\$7,207	+74.0
State.....	2,223	2,132	-4.1
Local.....	7,064	6,157	-12.4
All governmental units combined.....	\$13,428	\$15,496	+15.4
Percentage distribution:			
Federal.....	30.8	46.5	.....
State.....	16.6	13.8	.....
Local.....	52.6	39.7	.....
All governmental units combined.....	100.0	100.0	.....

Source: National Industrial Conference Board. *Cost of Government in the United States, 1933-1935*. Table 4, p. 7.

² Of this amount, about \$214,000,000 is in tobacco taxes. For a further discussion of the relation of federal tax collections to school support in North Carolina and other states, see p. 20.

³ This is exclusive of debt retirement of \$359,900,000 and tax refunds of \$63,900,000.

States	Federal government	State	Local	Total	Percent col. 2 is of tax collections	Total
Expenditures for public education, 1933-34						

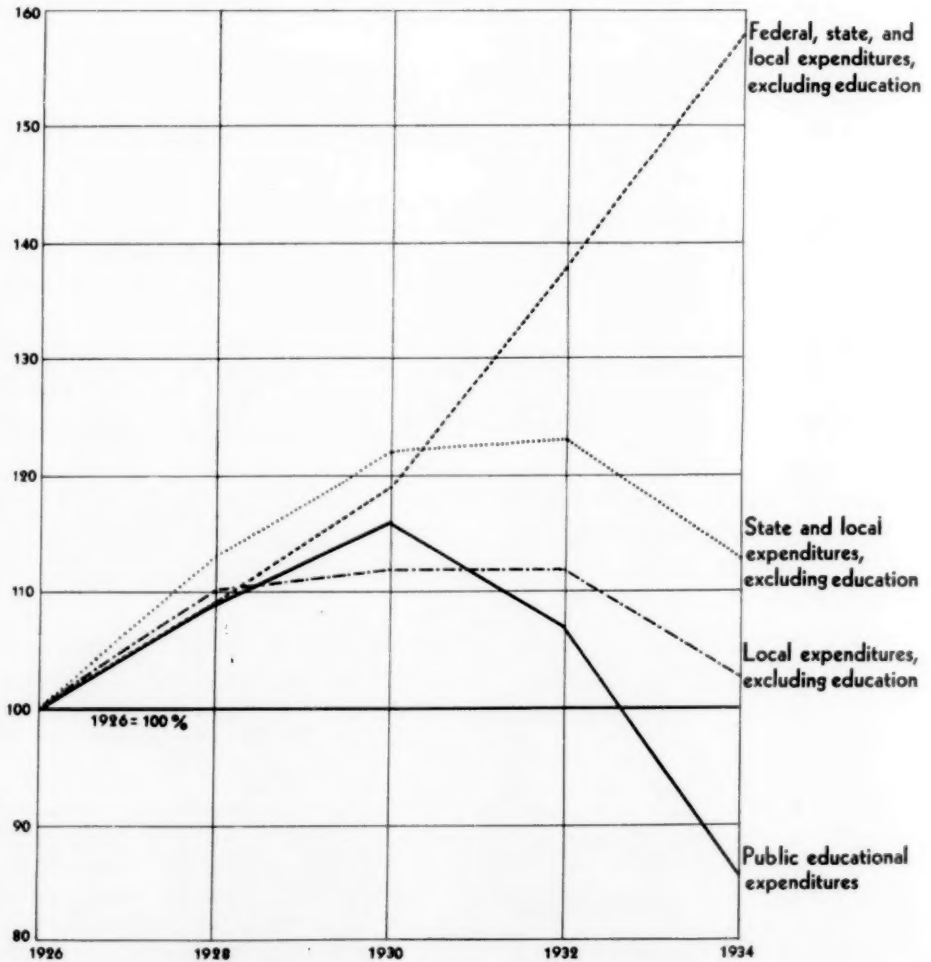
TABLE 7.—TAX COLLECTIONS AND EXPENDITURES FOR PUBLIC EDUCATION, BY STATES, 1934

States	Expenditures for public education, 1933-34	Taxes collected by				Percent col. 2 is of tax collections			
		Federal government	State government	Local government	Total	Federal	State and local	Total	
1	2	3	4	5	6	7	8	9	
Continental United States.....	\$1,940,133,433	\$2,665,076,000	\$1,731,589,000	\$4,143,420,000	\$8,540,085,000	72.80	33.02	22.72	
Alabama.....	20,705,937	12,064,000	19,740,000	27,398,000	59,202,000	171.63	43.93	34.98	
Arizona.....	8,590,216	1,371,000	8,647,000	16,149,000	26,167,000	626.57	34.64	32.83	
Arkansas.....	11,497,949	2,950,000	16,265,000	16,640,000	35,855,000	389.76	34.94	27.07	
California.....	142,286,919	151,946,000	115,471,000	246,749,000	514,166,000	393.64	39.28	32.67	
Colorado.....	20,499,981	13,463,000	14,061,000	34,374,000	61,898,000	152.27	42.32	33.12	
Connecticut.....	27,465,071	29,156,000	25,061,000	72,286,000	126,503,000	94.20	28.21	21.71	
Delaware.....	5,146,648	18,019,000	7,123,000	5,096,000	30,238,000	28.56	42.12	17.02	
District of Columbia.....	9,436,134	11,269,000	27,597,000	28,535,000	39,804,000	83.74	33.07	23.71	
Florida.....	17,990,754	11,589,000	27,597,000	58,286,000	97,472,000	155.24	20.95	18.46	
Georgia.....	22,499,139	28,783,000	6,576,000	33,785,000	89,120,000	78.17	37.29	25.25	
Idaho.....	8,345,412	1,348,000	26,552,000	16,283,000	24,207,000	619.10	36.51	34.48	
Illinois.....	115,074,713	215,440,000	102,647,000	280,472,000	598,559,000	53.41	30.04	19.23	
Indiana.....	50,716,031	32,848,000	47,635,000	83,200,000	163,683,000	154.40	38.76	30.98	
Iowa.....	42,634,081	17,526,000	27,522,000	79,400,000	124,448,000	243.26	39.87	34.26	
Kansas.....	32,364,679	23,108,000	21,107,000	53,797,000	98,012,000	140.06	43.21	33.02	
Kentucky.....	21,211,984	68,654,000	24,206,000	36,309,000	129,169,000	30.90	35.05	16.42	
Louisiana.....	19,515,454	17,392,000	32,364,000	44,075,000	93,831,000	112.21	25.53	20.80	
Maine.....	10,612,751	7,976,000	16,351,000	23,989,000	48,316,000	133.06	26.31	21.97	
Maryland.....	25,743,319	39,556,000	22,813,000	50,222,000	112,591,000	65.08	35.25	22.86	
Massachusetts.....	75,826,006	97,690,000	53,819,000	242,718,000	394,227,000	77.62	25.57	19.23	
Michigan.....	81,992,485	101,321,000	81,375,000	172,006,000	354,702,000	80.92	32.36	23.12	
Minnesota.....	48,671,143	50,152,000	42,264,000	96,101,000	188,517,000	97.05	35.18	25.82	
Mississippi.....	14,376,446	2,315,000	15,254,000	33,896,000	51,465,000	621.01	29.25	27.93	
Missouri.....	45,183,964	76,542,000	39,016,000	87,635,000	203,193,000	59.03	35.68	22.24	
Montana.....	10,484,905	3,959,000	6,796,000	24,958,000	35,713,000	264.84	33.02	29.36	
Nebraska.....	21,025,204	10,351,000	13,125,000	42,219,000	65,695,000	203.12	37.99	32.00	
Nevada.....	2,756,533	2,376,000	2,402,000	4,860,000	9,638,000	116.02	37.96	28.60	
New Hampshire.....	7,454,930	5,294,000	7,529,000	16,532,000	29,355,000	140.82	30.98	25.40	
New Jersey.....	85,541,763	99,769,000	71,127,000	240,721,000	411,617,000	85.74	27.43	20.78	
New Mexico.....	6,990,082	870,000	6,273,000	9,672,000	16,815,000	803.46	43.84	41.57	
New York.....	301,009,368	568,022,000	247,437,000	815,245,000	1,630,704,000	52.99	28.33	18.46	
North Carolina.....	27,723,130	260,406,000	45,437,000	32,305,000	338,148,000	10.65	35.66	8.20	
North Dakota.....	11,452,781	1,731,000	6,170,000	19,767,000	27,668,000	661.63	44.16	41.39	
Ohio.....	111,405,068	124,681,000	66,160,000	233,054,000	423,895,000	89.35	37.23	26.28	
Oklahoma.....	30,584,358	44,797,000	26,277,000	56,385,000	127,459,000	68.27	37.00	24.00	
Oregon.....	16,112,123	6,829,000	19,050,000	39,607,000	65,486,000	235.94	27.47	24.60	
Pennsylvania.....	154,675,115	193,993,000	121,209,000	291,708,000	606,910,000	79.73	37.46	25.49	
Rhode Island.....	11,706,427	14,983,000	10,034,000	27,055,000	52,072,000	78.13	31.56	22.48	
South Carolina.....	14,218,045	20,571,000	20,548,000	20,700,000	61,819,000	69.12	34.47	23.00	
South Dakota.....	11,106,212	1,331,000	7,846,000	20,009,000	29,186,000	834.43	39.87	38.05	
Tennessee.....	21,501,330	17,451,000	23,944,000	40,672,000	82,067,000	123.21	33.28	26.20	
Texas.....	70,457,839	60,669,000	80,177,000	126,388,000	267,234,000	116.13	34.11	26.37	
Utah.....	10,229,344	2,636,000	11,126,000	12,790,000	26,552,000	388.06	42.77	38.53	
Vermont.....	4,861,334	1,450,000	7,675,000	8,644,000	17,769,000	335.26	29.79	27.36	
Virginia.....	26,686,942	122,662,000	31,613,000	33,330,000	187,605,000	21.76	41.09	14.23	
Washington.....	25,943,160	14,163,000	30,912,000	48,893,000	93,968,000	183.18	32.51	27.61	
West Virginia.....	22,633,008	8,930,000	24,530,000	26,356,000	59,816,000	253.45	44.48	37.84	
Wisconsin.....	49,983,595	43,499,000	47,249,000	104,630,000	195,378,000	117.61	32.91	25.58	
Wyoming.....	5,203,601	1,175,000	3,477,000	7,519,000	12,171,000	442.86	47.32	42.75	

Sources: The figures of column 2 are advance data from U. S. Department of the Interior, Office of Education, *Biennial Survey of Education, 1932-34*, and include expenditures for public elementary, secondary, and collegiate education. The figures of columns 3, 4, and 5 are from National Industrial Conference Board, *Cost of Government in the United States 1933-35*.

FIGURE II

INDEX OF EDUCATIONAL EXPENDITURES AND OTHER GOVERNMENTAL EXPENDITURES 1926—1934



Research Division, National Education Association

Source of data: National Industrial Conference Board and federal Office of Education. Basic figures for education included current expenditures and capital outlays for elementary, secondary, and collegiate levels.

000; but expenditures of local governmental units, the principal source of school support, suffered a greater reduction, from \$6,630,000,000 to \$5,621,000,000, over 15 percent. Meanwhile, school expenditures had been reduced during the same period far more than local governmental expenditures. Expenditures for all public education fell from \$2,606,000,000 in 1930 to \$1,940,000,000 in 1934, or almost 26 percent. Elementary- and secondary-school expenditures of \$1,720,000,000 in 1934 were 26 percent lower than in 1930. In contrast to this decline expenditures of all governmental units for all purposes other than education rose from \$9,431,000,000 to \$12,509,000,000, almost 33 percent. See also Figure II, page 14.

In brief, the figures of Table 9 show that while total governmental expenditures increased in the years between 1930 and 1934, state and local expenditures declined and public school expenditures declined still more. The increase in the cost of government which occurred during this period was due, therefore, to a rise in federal expenditures and in expenditures for purposes other than for public schools.

TABLE 9.—COMPARISON OF EXPENDITURES FOR PUBLIC EDUCATION WITH PUBLIC EXPENDITURES FOR ALL OTHER PURPOSES AND WITH TOTAL PUBLIC EXPENDITURES, 1930 AND 1934

(Thousands of Dollars)

Expenditures ^a for	1930	1934	Percent of change 1930 to 1934
1	2	3	4
a. All governmental purposes . . .	\$12,037	\$14,449	+ 20.0
Federal	3,237	6,784	+109.6
State	2,170	2,044	- 5.8
Local	6,630	5,621	- 15.2
b. All public education	2,606	1,940	- 25.6
Elementary and secondary . . .	2,317	1,720	- 25.8
Higher	289	220	- 23.9
c. All governmental purposes other than education	9,431	12,509	+ 32.6
d. Percent b is of a	21.6	13.4	- 38.0
e. Percent c is of a	78.4	86.6	+ 10.5
f. Ratio of b to c	1 to 3.6	1 to 6.4	

Source: Figures on expenditures for public education are advanced data from the U. S. Department of the Interior, Office of Education, *Biennial Survey of Education, 1932-1934*. All other figures are based on data from National Industrial Conference Board, *Cost of Government in the United States, 1933-1935*, Table 1, p. 4.

^a Net expenditures.

II. The Federal Government and the Financing of Education

There is an ever-growing pressure on government to provide new and more services in response to expanding human wants. This is characteristic of the ordinary course of social and political development but in depression years, such as those between 1930 and 1934, when private effort fails to a much greater extent than normally to satisfy even the actual needs of the population, the pressure is intensified. At the same time diminished government resources, in such periods, often act as a check upon mounting public expenditures. In the United States impoverishment of local governments has forced a reduction in local expenditures and an increased reliance upon federal spending.

As already shown in Table 8, expenses of the federal government increased between 1930 and 1934 from \$4,141,000,000 to \$7,207,000,000. Practically all of this increase was in response to needs arising out of the depression. According to a recent analysis by the National Industrial Conference Board,¹ emergency ex-

penditures of the federal government in 1934 amounted to \$4,004,136,000 as compared with general expenditures of \$3,100,915,000.

Functional Distribution of Federal Expenditures

This rise in expenditures for purposes of relief and economic recovery is reflected in the changes between 1930 and 1934 in the functional distribution of federal expenditures as set forth in Table 10.

Table 10 shows an increase in the percent of total net federal expenditures devoted to social welfare purposes from 3.2 in 1930 to 26.4, or \$1,579,400,000, in 1934. The same table shows an expenditure for education of only \$12,000,000 and a decrease in the percent of expenditures for educational purposes from 0.6 percent in 1930 to 0.2 percent in 1934. It will be noted that there is a considerable discrepancy between the amounts expended for education as shown in Table 10 and the total

¹ National Industrial Conference Board. *Cost of Government in the United States, 1933-35*. New York: the Conference Board, 1936. p. 9, 10.

TABLE 10.—PURPOSES OF FEDERAL EXPENDITURES, 1930 AND 1934

Purpose of expenditure	1934			1930	
	Amount ^a (in millions of dollars)	Percent of:		Percent of ^b :	
		Total exclusive of debt service	Gross total	Total exclusive of debt service	Gross total
1	2	3	4	5	6
1. General government.....	\$ 311.1	5.2	4.4	15.2	10.0
2. Protection.....	1,220.5	20.4	17.2	59.1	39.1
3. Education.....	12.0	0.2	0.2	0.6	0.4
4. Highways.....	245.3	4.1	3.5	3.2	2.1
5. Economic development.....	640.1	10.7	9.0	8.4	5.5
6. Social welfare.....	1,579.4	26.4	22.2	3.2	2.1
7. Miscellaneous (RFC, AAA, and others not otherwise classified).....	1,926.4	32.2	27.1	5.5	3.6
8. Public utilities.....	47.9	0.8	0.7	4.8	3.2
Total, exclusive of debt service.....	\$5,982.7	100.0	84.3	100.0	66.0
9. Interest.....	756.6	.....	10.6	.....	15.9
10. Debt retirement.....	359.9	.....	5.1	.....	18.1
	\$7,099.2	.....	100.0	.....	100.0

^a Figures in this column were derived as follows: The amount of the gross total was first obtained by subtracting \$5,800,000 of District of Columbia expenditures (exclusive of trust fund expenditures) from the total of general special and emergency expenditures shown in the *Annual Report of the Secretary of the Treasury for the Fiscal Year Ending June 30, 1934*, Table 2, p. 282-93. The amounts of items 9 and 10 are also from Table 2 of the 1934 *Treasury Report*. The amount of total expenditures exclusive of debt service was obtained by subtracting the amounts of items 9 and 10 from the gross total. Items 1 to 8 inclusive are approximate. They were derived by distributing the figure for total expenditures, exclusive of debt service, according to the percents of column 3.

^b Percents shown in columns 3 and 4 and the classification of expenditures in which they are based are from the National Industrial Conference Board, *Cost of Government in the United States, 1933-35*, Table 7, p. 14. Those of columns 5 and 6 are from the similar study of the National Industrial Conference Board on *Cost of Government in the United States, 1929-1930*, Table 5, p. 19.

regular and emergency aid for education shown in Table 11. Aside from the fact that any total of the two types of aid in Table 11 would be approximate,² the difference is due to the inclusion by the National Industrial Conference Board in Table 10 of certain FERA, PWA, and WPA sums used for educational purposes under the head of social welfare expenditures and their exclusion under the head of educational expenditures. However, even if the \$12,000,000 expenditure for education shown in Table 10 were raised to \$79,800,000³ to agree with the data of Table 11 and if the difference between these two amounts were subtracted from the \$1,579,400,000 of social welfare expenditures, the proportion of total federal expenditures for education would increase only from 0.6 percent in 1930 to 1.3 percent in 1934. Social welfare expenditures would then show an increase from 3.2 percent in 1930 to 25.2 percent of total federal expenditures in 1934.

Of all the nine separate functions specifically itemized in Table 10, for which federal funds are expended, education receives the smallest amount. Social welfare heads the list of func-

tions, with respect to size of expenditure, and protection ranks second with an expenditure of \$1,220,500,000, or 20.4 percent of the total.

Regular and Emergency Aid for Education

Federal emergency aid for elementary and secondary and higher education was over three times the amount of regular federal educational aid in 1933-34. Table 11 presents an analysis of both types of aid. Part I of this table lists regular annual appropriations authorized by law for educational purposes; Part II lists allotments for purposes of public education under the federal emergency program. The figures of the table represent only federal aid distributed to the states. Those of Part I exclude sums appropriated for the national military and naval academies and for the Library of Congress, the Smithsonian Institution, and the public schools of the District of Columbia. Appropriations for the staff of the U. S. Office of Education, for the Bureau of Indian Affairs, for vocational rehabilitation, and for educational expenditures under the Tennessee Valley

² Some of the component data going into such a total would be estimates. See footnote b of Table 11. Also the data on regular expenditures and those on emergency expenditures are not comparable since the former are appropriations authorized and the latter represent amounts allotted.

³ Between these two extremes lies the official figure for public elementary- and secondary-school receipts from federal sources, reported by the U. S. Office of Education in *Statistics of State School Systems, 1933-34*, Bulletin, 1935, No. 2 (advance pages from the *Biennial Survey of Education, 1932-1934*). This figure which is \$21,547,000, includes receipts from the federal government for purposes of vocational education and rural school continuation but excludes grants under the Public Works Administration. Consult Table 4 of this *Research Bulletin*.

TABLE 11.—FEDERAL AID TO THE STATES FOR EDUCATION, 1933-34 *

Type and purpose of aid	For elementary and secondary schools	For higher education
1	2	3
I. Regular appropriations:		
1. Land grant colleges.....		\$8,205,822
2. Vocational education.....	\$7,458,000	
3. Federal oil and mineral royalties.....	1,250,000 ^b	
4. National forest funds.....	940,000 ^b	
5. Public land grant sales.....		8,000 ^b
Total regular appropriations.....	\$9,648,000	\$8,213,822
II. Emergency aid:		
6. Public Works Administration aid ^c for construction and improvement of educational buildings.....	\$35,412,609	\$6,904,170
7. Federal Emergency Relief Administration aid:		
a. Emergency education program.....	1,789,910 ^d	
b. College student aid program.....		3,379,698
c. Rural school continuation.....	14,260,261	
Total emergency aid.....	\$51,462,780	\$10,283,868

* Based on: Covert, Timon A. *Federal Grants for Education, 1933-34*. U. S. Department of the Interior, Office of Education, Leaflet No. 45. Washington, D. C.: Government Printing Office, 1935. Tables 1, 2, 3, and 4, p. 2, 8, 11, and 12.

^b Estimated by Covert.

^c Excludes loans amounting to \$73,471,839.

^d Includes \$862,865 for rural school extension and \$927,045 for vocational education.

TABLE 12.—FEDERAL AID TO THE SEPARATE STATES FOR CERTAIN EDUCATIONAL PURPOSES AND FOR ALL PURPOSES, 1933-34

States	Allotments to the states for all purposes		Allotments to the states for certain major educational purposes							
	1	2	3	4	5	6	7	8	9	10
Continental United States...		\$1,803,584,361	\$2,400,000	\$8,296,175	\$7,767,523	\$35,389,495	\$6,904,170	\$7,131,114 ¹⁾	\$3,367,562	\$14,260,261
Alabama.....		41,140,248	50,000	277,110	167,323	287,810	.....	247,764	65,197	1,976,519
Arizona.....		13,870,619	50,000	73,765	41,136	3,390	.....	32,228	14,380	77,262
Arkansas.....		31,194,720	50,000	201,460	147,863	84,220	606,670	260,613	30,917	685,200
California.....		73,467,293	50,000	213,923	332,766	5,668,040	140,440	507,018	222,469	.....
Colorado.....		20,982,357	50,000	103,560	69,164	.....	68,100	112,825	46,871	48,541
Connecticut.....		19,389,646	50,000	90,946	80,409	568,375	.....	105,753	10,177	.....
Delaware.....		3,563,115	50,000	43,214	27,229	712,700	.....	.....	.....	.....
Florida.....		40,703,898	50,000	131,740	91,845	75,000	.....	118,225	38,325	626,936
Georgia.....		35,479,759	50,000	307,844	215,399	341,240	753,450	313,524	60,092	1,602,146
Idaho.....		11,524,425	50,000	79,183	44,783	11,500	.....	39,179	17,776	15,404
Illinois.....		112,977,621	50,000	278,226	443,902	2,354,930	8,500	707,704	204,857	227,836
Indiana.....		41,654,055	50,000	221,432	210,222	66,000	310,000	182,175	77,817	.....
Iowa.....		27,041,383	50,000	228,055	162,183	738,690	157,000	131,027	88,555	8,354
Kansas.....		25,153,034	50,000	188,510	96,760	1,031,710	34,400 ^a	61,196	83,012	.....
Kentucky.....		26,239,040	50,000	264,038	182,825	208,190	80,660	172,567	55,734	337,552
Louisiana.....		35,960,983	50,000	197,916	144,604	64,400	.....	49,503	68,992	981,531
Maine.....		10,285,073	50,000	94,576	52,114	42,950	.....	52,935	22,346	.....
Maryland.....		24,942,438	50,000	122,303	91,985	386,750	223,400	76,295	27,106	.....
Massachusetts.....		63,671,476	50,000	85,956	201,924	1,836,950	197,000	142,508	42,618	.....
Michigan.....		84,852,001	50,000	228,629	289,521	31,700	.....	330,883	130,129	91,434
Minnesota.....		40,153,375	50,000	189,974	181,257	374,300	179,000	228,817	163,458	57,596
Mississippi.....		27,687,485	50,000	250,620	170,014	140,755	.....	217,251	48,885	1,320,555
Missouri.....		43,599,540	50,000	196,682	207,955	1,802,340	.....	131,996	102,513	535,400
Montana.....		18,026,007	50,000	91,890	44,637	464,316	221,380	51,971	21,788	91,595
Nebraska.....		15,839,637	50,000	155,474	98,796	100,300	6,800	110,523	49,502	80,057
Nevada.....		5,521,559	50,000	46,490	23,675	9,000	.....	2,446	3,462	15,864
New Hampshire.....		7,221,201	50,000	59,042	32,404	305,550	.....	22,920	9,987	.....
New York.....		52,311,954	50,000	123,013	217,947	792,090	.....	310,502	35,649	.....

Missouri.....	18,026,007	50,000	91,800	44,637	464,316	221,380	51,971	21,788	91,595
Montana.....	13,859,637	50,000	155,478	98,796	100,300	6,800	110,523	49,302	80,057
Nebraska.....		50,000							
Nevada.....	5,521,559	50,000	46,490	23,675	9,000		2,446	3,462	15,864
New Hampshire.....	7,221,201	50,000	59,042	32,404	305,550		22,920	9,987	
New Jersey.....	52,311,954	50,000	123,013	217,947	792,090		310,502	35,649	
New Mexico.....	8,539,871	50,000	76,295	39,217	28,500	9,000	12,700	8,647	272,218
New York.....	180,843,472	50,000	289,217	692,526	7,118,559			288,506	
North Carolina.....	30,333,045	50,000	251,469	235,533	1,195,770	34,550	191,778	89,562	500,000
North Dakota.....	17,549,214	50,000	88,396	59,085	317,910		36,987	26,641	334,909
Ohio.....	106,601,207	50,000	296,328	374,005	258,600	186,200	222,051	195,271	
Oklahoma.....	38,687,860	50,000	238,541	164,100	494,040	175,780	97,908	130,921	1,162,147
Oregon.....	17,425,596	50,000	102,714	66,457	108,810		33,292	30,773	105,387
Pennsylvania.....	126,855,891	50,000	395,247	562,101	1,032,720		663,824	194,996	
Rhode Island.....	7,443,648	50,000	35,048	43,724	1,491,375	302,500	64,912	12,812	
South Carolina.....	25,955,167	50,000	171,682	133,295	131,550			47,717	341,856
South Dakota.....	23,758,949	50,000	109,241	48,425	296,830		41,062	22,275	192,045
Tennessee.....	30,364,384	50,000	261,244	199,867	712,750	175,500	199,819	69,206	556,345
Texas.....	68,432,544	50,000	481,953	406,017	1,937,840	990,380		122,688	619,170
Utah.....	12,150,542	50,000	70,704	38,872	517,650	13,800	51,982	55,339	104,184
Vermont.....	4,122,164	50,000	68,619	32,090	30,325	287,000	28,458	15,425	
Virginia.....	21,621,869	50,000	250,645	178,536	534,820	931,280 ^c	166,655	66,762	702,566
Washington.....	27,752,539	50,000	113,578	86,589	166,400	515,360	118,126 ^c	68,546	27,785
West Virginia.....	31,692,024	50,000	181,934	98,569		198,120	178,645	45,782	509,351
Wisconsin.....	61,786,276	50,000	209,644	202,248	489,350	11,600	287,116	126,943	
Wyoming.....	7,214,157	50,000	58,105	35,625	22,500	86,300	15,431	6,336	52,516

Sources: Columns 2, 3, 4, and 5 from U. S. Treasury Department, *Annual Report of the Secretary of the Treasury for the Fiscal Year Ending June 30, 1934*, p. 397-9; columns 6 and 7 from Coveri, Timon, *Federal Grants for Education, 1933-34*, Table 2, p. 8-9; columns 8, 9, and 10 from same, Table 3, p. 11.

^a Grants only. Excludes loans of \$60,039,296.
^b Grants only. Excludes loans of \$13,432,543.
^c Funds from Federal Emergency Relief Administration.
^d Amounts listed consist of 6 projects. Expenditures for the separate projects by states are as follows: Rural school extension, \$862,865; literacy classes, \$748,767; vocational training, \$927,045; vocational rehabilitation, \$313,769; general adult education, \$3,330,230; nursery school, \$941,507; and miscellaneous and administrative expense not charged to any specific project, \$7,131.
^e A part of this amount was for other educational institutions.
^f Program financed from general relief grants.
^g Includes obligations incurred for July 1934.

Authority are also omitted. Part II excludes funds for the educational program of the Civilian Conservation Corps and emergency relief allotments for nursery schools, adult education, literacy classes, and vocational rehabilitation.

From regular appropriations in 1933-34 of approximately \$17,862,000 the elementary and secondary schools received \$9,648,000, or 54 percent of the total, while \$8,214,000 went to public colleges and universities and teacher-training institutions. Emergency aid for public education totaled \$61,747,000, of which \$51,463,000 or 83 percent was allotted for elementary- and secondary-school purposes and \$10,284,000 was spent for higher education.

Federal Expenditures in the Separate States

Table 12 presents data for the fiscal year 1934 on federal expenditures for all regular and emergency purposes, and for certain educational purposes separately, in the several states. It has not been possible to segregate from other expenditures the total amount spent by the federal government for education in each state, but columns 3-10 include the major projects in aid of elementary and secondary schools and institutions of higher education.

An argument commonly advanced against any extension of federal aid to the states runs as follows: (1) federal aid payments to the individual states for whatever purpose they are made vary widely; (2) these payments bear no relation to the proportionate contribution of the states to the support of the federal government; and (3) any extension of federal aid for education, if distributed on the basis of need, would only increase this discrepancy between federal tax collections and receipts from federal sources. Table 12, (col. 2) confirms the truth of these three propositions, but those who favor federal aid on the basis of need see no reason why there should be a balance within a state between the amount of federal taxes paid and the amount of federal aid received. North Carolina is an outstanding example of a state which pays a large amount to the federal government in taxes and receives in return a relatively small amount of federal aid. Almost one-tenth of all federal taxes are collected in North Carolina,⁴ but as shown by Table 12

North Carolina's receipts from the federal government represent less than 1.7 percent of the total distribution of federal aid to the states. It should be noted, however, that the huge amount of federal tax collections in North Carolina do not constitute a source of support for North Carolina schools any more than for the schools of the forty-seven other states. Nor are these taxes paid ultimately by the citizens of North Carolina. They are in the form of manufacturers' excises which are passed on to consumers of tobacco products—mostly cigarettes—thruout the nation.

New York also, largely thru corporation income taxes and customs duties pays more than one-fifth of all federal taxes.⁴ Slightly less than one-tenth of total federal aid is allotted to New York state. Those who pay the federal corporation income taxes collected in New York are the corporation stockholders who may be citizens of New York or of any of the other states. Consumers in all parts of the nation pay the customs duties collected at the port of New York as part of the retail prices of the imported articles which they purchase.

Summary

The foregoing pages show that the federal government spends less for education than for any other major governmental function. While expenditures for education under the federal emergency program were more than three times as great as regular federal appropriations for education in 1933-34, the total federal aid for education in the states, both regular and emergency combined, comprised only about 1 percent of total federal expenditures for all purposes.

Federal expenditures as a whole more than doubled between 1930 and 1934 but the percent of total expenditures allotted for purposes of public education increased very little.

Whatever the final outcome of the present federal spending program, it may be questioned whether education is being neglected in the midst of a general expansion of governmental functions, and whether federal expenditures for education are adequate from the point of view of national economic and social as well as educational welfare. The answer to these questions will depend partly upon the adequacy of state school support discussed in Section III.

⁴ See Table 7, page 13.

III. The States and the Financing of Education

Taken as a whole, the forty-eight state governments are assuming an increasing share in the support of public schools. As shown in an earlier section of this bulletin,¹ the percent of total elementary- and secondary-school revenues coming from state sources increased from 16.5 percent in 1920 to 23.4 percent in 1934. The greater part of this growth, from 16.9 percent to 23.4 percent, occurred in the four-year period between 1930 and 1934.

Percent of School Revenues from State Sources in Individual States

Table 13 shows the amounts contributed by the various state governments to the support of their elementary and secondary schools in 1933-34 and the percent which state receipts were of total school receipts in each of the states in 1920, 1930, and 1934. Receipts for elementary and secondary schools from state sources in 1933-34 ranged from \$79,953,936 in New York state to \$294,897 in Oregon. Delaware, with a state expenditure for public schools of \$4,069,874, provided the largest share of total school revenues (approximately 93 percent) of any of the states. The state which furnished the smallest proportion of total school receipts was Oregon with a state contribution of 1.8 percent. Other states ranking low in this respect in 1933-34 were Iowa and Kansas.

A glance at Table 13 makes it apparent that the general tendency of state governments to increase their relative contributions to elementary and secondary schools, altho well defined, is far from universal. In thirty-two states the percent of total school receipts from state sources increased between 1930 and 1934, but in sixteen other states this percent declined. In some of the states, as the table indicates, the upward trend in the percent of school revenues derived from state sources began in 1920 and continued from 1930 to 1934. In most of the states, however, the trend in the proportion of school support from state sources was downward during the decade 1920 to 1930. In fact, in certain states, in spite of the rise between 1930 and 1934, the percent contributed by the state government is still lower than in 1920. The table shows a marked increase between 1930 and 1934 in the percent of the school-

support burden assumed by the state governments in a number of states, notably Arizona (19.2 to 29.4), California (25.5 to 48.7), Indiana (5.3 to 27.0), North Carolina (1.4 to 61.5), Ohio (3.7 to 15.3), Oklahoma (10.1 to 29.4), Tennessee (23.8 to 42.5), Texas (33.5 to 51.5), and West Virginia (7.9 to 49.1).

Table 13 further indicates the rank of the states with respect to the percent of total school income provided from state sources in each of the years, 1920, 1930, and 1934. It should be pointed out, with regard to columns 6, 7, and 8, that it is possible for a state to maintain or even increase slightly its amount and percents of school support over a period of years and yet suffer a loss in its relative position among all of the states. For example, while Utah actually increased the proportion of its state contribution between 1930 and 1934, the rank of the state dropped from fifth place to seventh place during the four-year period. A number of other states increased their proportionate state support without improving their ranks. This is, of course, further evidence of the general tendency toward increased state responsibility for the support of elementary and secondary schools, which definitely exists altho it is somewhat hidden by the shifts in different directions which have occurred in the positions of individual states. Almost two-thirds of the states exhibit this tendency toward increased state responsibility in some degree. Because of this fact certain states which have only slightly increased their percents of state support have actually lost in rank.

Purposes of State Governmental Expenditures

For every year from 1912 to 1932, the United States Census Bureau compiled data not only on the total amounts of state governmental expenditures but on the purposes for which these totals were distributed. After 1932, this work was discontinued and similar data have not been compiled by any other agency. Information concerning the purposes for which state governments spend their money therefore cannot be obtained for any later year except by a careful checking, at a considerable cost of time and money, of state departmental records

¹ See page 10 and Table 4.

and reports. For this reason the figures of Table 14 are for 1932, altho it is probable that since that year the general pattern of state

spending has considerably altered. Columns 11 to 18 of Table 14 present a percentage analysis of the amounts shown in columns 3 to 10.

TABLE 13.—PERCENT OF PUBLIC ELEMENTARY- AND SECONDARY-SCHOOL RECEIPTS^a FROM STATE SOURCES, BY STATES, 1934, 1930, AND 1920

States	School ^b income from state governments	Percent of total school ^b income from state governments in:			Rank in percent of school income from state governments in:		
		1934	1930	1920	1934	1930	1920
1	2	3	4	5	6	7	8
Continental United States.....	\$423,178,215	23.38	16.94	16.50	..	..	..
Alabama.....	5,612,007	34.04	39.88	50.69	10	2	3
Arizona.....	2,181,635	29.43	19.21	18.36	13.5	23	21
Arkansas.....	2,226,786	20.07	32.49	23.15	28	6	18
California.....	68,269,020	48.72	25.46	20.23	5	14	19
Colorado.....	628,275	3.26	3.11	8.84	45	46	38
Connecticut.....	2,272,462	9.18	7.85	12.02	37	39	30
Delaware.....	4,069,874	92.53	87.28	34.25	1	1	11
District of Columbia.....	1,916,241	20.49	22.84	49.62	26	18	4
Florida.....	5,267,726	29.11	21.84	6.85	16	19	43
Georgia.....	5,060,575	29.43	34.52	42.78	13.5	3	5
Idaho.....	729,732	8.56	7.49	9.44	40	40	37
Illinois.....	7,625,436	6.76	4.35	8.49	42	43	39
Indiana.....	13,514,820	26.96	5.27	10.39	19	41	35
Iowa.....	816,950	1.89	3.90	1.36	48	44	49
Kansas.....	490,739	2.04	1.45	2.17	47	48	48
Kentucky.....	4,213,846	24.26	25.25	36.48	24	15	7
Louisiana.....	6,944,839	33.76	26.26	24.07	11	13	16
Maine.....	2,725,293	32.64	28.08	35.34	12	9	10
Maryland.....	5,151,110	24.28	17.25	41.04	23	26	6
Massachusetts.....	8,297,954	11.76	9.23	11.99	34	35	31
Michigan.....	17,257,114	23.48	18.08	16.95	25	24	25
Minnesota.....	10,628,104	26.35	20.31	19.33	21	22	20
Mississippi.....	4,039,808	38.03	32.48	50.86	8	7	2
Missouri.....	4,513,776	7.88	10.13	11.68	41	32	34
Montana.....	1,001,347	9.47	13.68	9.77	36	28	36
Nebraska.....	1,026,761	5.46	4.66	6.41	44	42	44
Nevada.....	342,714	15.33	18.01	25.58	32.5	25	15
New Hampshire.....	578,298	9.06	8.69	8.40	39	36	40
New Jersey.....	2,212,399	2.58	21.07	35.48	46	21	9
New Mexico.....	1,027,335	16.90	21.21	17.09	30	20	24
New York.....	79,953,936	28.25	27.42	11.94	17	10	33
North Carolina.....	15,762,893	61.54	1.35	29.67	2	49	14
North Dakota.....	1,038,643	10.51	10.91	11.96	35	31	32
Ohio.....	16,027,433	15.33	3.70	7.09	32.5	45	42
Oklahoma.....	8,328,728	29.40	10.08	7.30	15	33	41
Oregon.....	294,897	1.77	2.14	4.57	49	47	47
Pennsylvania.....	30,253,566	20.25	13.49	15.62	27	29	27
Rhode Island.....	739,573	6.00	8.36	4.75	43	37	46
South Carolina.....	3,305,892	27.83	24.32	15.14	18	16	29
South Dakota.....	1,047,026	9.11	9.91	16.45	38	34	26
Tennessee.....	10,554,993	42.51	23.75	17.24	6	17	23
Texas.....	27,324,794	51.53	33.50	53.73	3	4	1
Utah.....	3,588,420	39.20	33.26	31.17	7	5	13
Vermont.....	550,000	15.70	11.96	32.61	31	30	12
Virginia.....	5,458,036	26.80	27.03	36.14	20	11	8
Washington.....	9,169,535	36.98	28.64	17.93	9	8	22
West Virginia.....	10,143,126	49.12	7.86	6.19	4	38	45
Wisconsin.....	7,957,395	19.83	16.61	15.31	29	27	28
Wyoming.....	1,036,353	24.52	26.80	23.85	22	12	17

Source: U. S. Department of the Interior, Office of Education, *Biennial Surveys of Education, 1918-20, 1928-30, 1932-34.* (Figures for 1932-34 are advance data.)

^a Revenue receipts only.

^b Public elementary and secondary schools.

TABLE 14.—FUNCTIONAL DISTRIBUTION OF STATE GOVERNMENTAL EXPENDITURES BY STATES—1932

States	Total	Expenditures for: (Thousands of Dollars)										Percent expenditures for:									
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
United States.....	\$2,505,835	\$123,333	\$86,875	\$274,920	\$235,690	\$604,470	\$112,258	\$885,854	\$182,435	4.92	3.47	9.41	10.97	24.12	4.48	35.35	7.28				
Alabama.....	36,520	1,970	849	1,918	3,350	10,741	4,402	8,837	4,453	5.40	2.33	5.25	9.17	29.41	12.05	24.20	12.19				
Arizona.....	14,442	677	398	1,406	3,728	90	90	6,386	1,996	4.69	2.76	9.74	3.88	25.81	0.62	44.22	8.28				
Arkansas.....	39,073	1,691	518	1,771	1,061	4,613	7,764	19,751	1,904	4.33	1.32	4.53	4.72	11.81	19.87	50.55	4.87				
California.....	134,272	5,139	7,654	7,932	13,066	42,375	5,928	41,748	10,430	3.83	3.50	5.91	7.73	31.56	4.41	31.09	7.77				
Colorado.....	21,446	972	689	4,266	4,265	4,123	3,400	7,355	1,436	4.53	3.21	19.89	10.56	19.22	1.59	34.30	6.70				
Connecticut.....	3,094	427	411	325	752	4,410	166	6,442	5,096	7.47	4.82	7.10	13.64	9.93	1.46	43.67	12.31				
Delaware.....	13,914	427	411	325	752	4,410	166	6,442	5,096	7.47	4.82	7.10	13.64	9.93	1.46	43.67	12.31				
Florida.....	25,725	1,736	705	3,061	1,765	10,676	1,169	18,568	3,284	8.34	2.81	11.85	7.64	31.96	0.02	24.61	12.77				
Georgia.....	40,952	1,581	600	1,107	1,845	379	379	6,123	977	4.79	4.98	9.43	22.35	12.00	7.66	34.67	6.53				
Idaho.....	12,131	5,370	5,315	24,098	12,936	1,036	1,036	20,407	3,300	3.47	2.92	13.92	10.14	22.00	0.28	40.69	6.58				
Illinois.....	107,805	7,413	1,463	6,983	5,086	11,036	678	25,208	3,293	4.28	2.29	6.84	11.01	16.59	1.37	50.96	6.66				
Indiana.....	50,155	2,119	1,131	3,354	5,445	8,208	1,050	15,884	2,148	3.48	3.00	11.39	8.33	17.10	3.12	37.20	6.38				
Iowa.....	49,466	1,173	1,009	3,833	2,804	5,754	1,809	12,817	2,064	9.39	2.12	16.12	6.71	24.46	2.13	33.65	5.42				
Kansas.....	33,655	83,687	1,722	1,434	6,091	4,512	9,033	2,692	54,267	3.96	2.06	1.71	7.28	5.39	10.79	3.22	64.84	4.71			
Kentucky.....	88,087	1,722	1,434	6,091	4,512	9,033	2,692	54,267	3.96	2.06	1.71	7.28	5.39	10.79	3.22	64.84	4.71				
Louisiana.....	26,785	650	1,146	4,285	2,422	3,760	1,099	11,022	2,401	2.43	4.28	16.00	9.04	14.04	4.10	41.15	8.83				
Maine.....	33,684	2,567	1,417	5,023	3,680	6,080	1,181	29,174	8,533	8.69	5.49	2.27	23.27	7.77	1.60	39.39	11.52				
Massachusetts.....	74,058	6,438	3,456	9,526	11,729	38,486	4,483	25,746	5,474	3.22	3.38	9.32	11.48	37.66	2.49	25.20	5.35				
Michigan.....	102,188	3,288	2,477	5,507	5,059	17,710	4,050	30,357	6,522	4.45	1.26	12.90	7.68	33.85	6.61	21.53	11.52				
Minnesota.....	74,993	3,311	1,056	2,926	1,741	7,677	1,499	4,883	2,749	5.79	2.47	8.75	8.09	14.90	6.40	49.35	4.25				
Mississippi.....	22,680	64,611	3,738	1,595	5,651	2,225	3,85	31,888	2,749	5.79	2.47	8.75	8.09	14.90	6.40	49.35	4.25				
Missouri.....	64,611	3,738	1,595	5,651	2,225	3,85	31,888	2,749	5.79	2.47	8.75	8.09	14.90	6.40	49.35	4.25					
Montana.....	14,516	592	455	1,718	856	2,625	385	6,685	1,200	4.08	3.13	11.84	5.90	18.08	2.65	46.05	8.27				
Nebraska.....	25,443	798	556	3,739	2,081	5,345	10	11,634	1,260	3.14	2.18	14.70	8.18	21.01	0.04	45.72	5.03				
Nevada.....	4,588	268	85	539	1,098	1,695	273	2,071	1,528	5.84	1.85	9.40	6.21	18.94	1.11	45.14	11.51				
New Hampshire.....	13,054	632	516	5,394	1,098	1,695	273	2,071	1,528	5.84	1.85	9.40	6.21	18.94	1.11	45.14	11.51				
New Jersey.....	119,556	5,449	5,053	10,618	17,967	24,478	3,863	44,839	7,289	4.56	4.23	8.88	15.03	20.47	3.23	37.50	6.10				
New Mexico.....	362,210	16,510	11,787	23,172	55,009	114,155	17,752	100,694	23,131	4.56	3.25	6.40	15.19	31.52	4.90	37.81	7.21				
New York.....	47,008	1,251	934	3,697	1,970	13,110	3,428	26,371	6,103	5.47	4.11	15.53	13.11	18.91	0.68	34.26	7.93				
North Carolina.....	16,402	629	453	1,240	11,950	10,093	14,559	527	26,371	6,103	5.47	4.11	15.53	13.11	18.91	0.68	34.26	7.93			
North Dakota.....	76,977	4,213	3,161	3,713	5,136	11,591	305	16,907	2,817	3.78	2.63	8.58	11.92	26.79	0.71	39.08	6.51				
Ohio.....	43,261	1,636	1,136	3,713	5,136	11,591	305	16,907	2,817	3.78	2.63	8.58	11.92	26.79	0.71	39.08	6.51				
Oklahoma.....	29,580	1,281	1,330	4,183	1,812	3,845	2,763	12,279	2,087	4.33	4.50	14.14	6.11	13.00	9.34	41.51	7.05				
Oregon.....	165,691	10,023	8,762	20,872	22,957	45,636	2,810	41,609	13,022	6.05	5.29	12.60	13.85	27.54	1.70	25.11	7.86				
Pennsylvania.....	13,189	1,530	591	1,200	1,935	1,138	845	4,377	1,573	1.60	4.48	9.37	1.75	15.79	12.34	54.71	5.98				
Rhode Island.....	38,297	1,239	662	829	1,555	6,047	4,725	20,951	6,481	4.83	1.91	9.17	5.54	18.82	14.51	35.74	9.48				
South Carolina.....	18,412	890	351	1,688	1,020	3,465	2,672	6,581	1,745	3.24	2.80	15.89	6.53	23.67	15.99	20.32	8.46				
South Dakota.....	36,795	2,334	1,030	5,846	2,401	8,708	5,885	7,476	3,115	6.34	2.44	10.01	5.40	36.78	0.02	33.00	6.45				
Tennessee.....	106,623	6,296	2,606	10,672	5,734	39,216	23	35,182	6,874	5.90	2.85	15.33	4.70	35.08	3.55	27.04	5.87				
Texas.....	13,800	770	393	2,116	649	4,841	490	3,751	1,167	6.32	2.89	21.30	8.86	10.17	4.23	34.86	11.37				
Utah.....	10,260	648	297	2,185	909	1,043	297	3,577	4,184	6.04	3.24	16.22	8.85	28.32	2.22	24.66	9.85				
Vermont.....	42,493	2,824	1,377	6,891	3,761	12,034	943	10,479	4,184	6.04	3.24	16.22	8.85	28.32	2.22	24.66	9.85				
Virginia.....	38,975	983	1,297	4,420	1,632	12,832	540	15,512	1,759	2.52	3.13	11.34	4.19	32.92	1.39	39.80	4.51				
Washington.....	31,623	1,488	1,026	4,049	4,878	3,600	3,600	13,716	1,117	4.71	3.25	12.80	5.53	15.43	11.38	37.37	3.53				
West Virginia.....	72,870	2,742	2,534	7,802	9,220	15,835	88	29,367	5,282	3.76	3.48	10.71	12.65	21.73	0.12	40.30	7.25				
Wisconsin.....	10,878	491	234	1,312	586	2,064	114	5,137	940	4.51	2.15	12.06	5.39	18.98	1.05	47.22	8.64				
Wyoming.....	10,878	491	234	1,312	586	2,064	114	5,137	940	4.51	2.15	12.06	5.39	18.98	1.05	47.22	8.64				

Source: U. S. Department of Commerce, Bureau of the Census, *Financial Statistics of State and Local Governments, 1931-32*.

The states as a whole, in 1932, spent \$604,470,000 for education, more than for any other single item of current expense. This figure, which included expenditures for both schools and libraries and for higher as well as elementary and secondary education, represented about one-fourth of the total expenditures in 1932 for all state governmental purposes. Expenditures for charities, hospitals, and corrections were next in order of importance with 11 percent of total expenditures, followed by highway expenditures which accounted for 9 percent of the total.

Expenditures of the states for relief and other social welfare purposes have undoubtedly increased since 1932. Table 15 presents a comparison between state contributions to public emergency relief programs and state contributions for elementary- and secondary-school purposes in 1934. Presumably, emergency relief expenditures were but a part of total social welfare expenditures in most of the states and were in addition to the regular expenditures for social welfare projects hitherto supported; but it will be noted that state contributions for purposes of emergency relief alone were approximately two-thirds as great as the total expenditures of state governments for all charities, hospitals, and corrections in 1932. The ratio of relief expenditures from state sources for emergency purposes only to elementary- and secondary-school income from state sources in 1934 was about the same as the ratio of total state expenditures for general social welfare purposes to state expenditures for public education and libraries in 1932.

It is clear that, like federal relief expenditures, relief expenditures of state governments have increased more rapidly since 1930 than educational expenditures. This is to be expected during depression years.

State School Revenue and Apportionment Plans

The adequacy of the support afforded by state governments to elementary and secondary schools depends, to a large extent, upon the nature of the sources from which the necessary revenues are derived and the efficiency of the methods used in distributing these revenues, once obtained, to local school units.

Property taxes—On pages 26-27, Table 16 shows seventeen states were still depending upon the general property tax as a source of state school revenue in the years specified. To

TABLE 15.—RECEIPTS FROM STATE GOVERNMENTS FOR PUBLIC EDUCATION AND FOR EMERGENCY RELIEF, 1934

States	Receipts ^a for public elementary and secondary schools from state government	Receipts from state governments under emergency relief programs	Percent Col. 3 is of Col. 2
1	2	3	4
Continental U. S.	\$423,178,215	\$185,403,000	43.81
Alabama	5,612,007	.....	.....
Arizona	2,181,635	1,146,000	52.53
Arkansas	2,226,786	159,000	7.14
California	68,269,020	45,000	.07
Colorado	628,275	1,663,000	264.69
Connecticut	2,272,462	1,705,000	75.03
Delaware	4,069,874	403,000	9.90
District of Columbia	1,916,241	.....	.....
Florida	5,267,726	.....	.....
Georgia	5,060,575	.....	.....
Idaho	729,732	21,000	2.88
Illinois	7,625,436	30,454,000	399.37
Indiana	13,514,820	20,000	.15
Iowa	816,950	1,800,000	220.33
Kansas	490,739	.....	.....
Kentucky	4,213,846	961,000	22.81
Louisiana	6,944,839	.....	.....
Maine	2,725,293	626,000	22.97
Maryland	5,151,110	4,396,000	85.34
Massachusetts	8,297,954	149,000	1.80
Michigan	17,257,114	11,989,000	69.47
Minnesota	10,628,104	1,942,000	18.27
Mississippi	4,039,808	134,000	3.32
Missouri	4,513,776	2,665,000	59.04
Montana	1,001,347	37,000	3.70
Nebraska	1,026,761	.....	.....
Nevada	342,714	16,000	4.67
New Hampshire	578,298	1,536,000	265.61
New Jersey	2,212,399	4,239,000	191.60
New Mexico	1,027,335	8,000	.78
New York	79,953,936	49,992,000	62.53
North Carolina	15,762,893	.....	.....
North Dakota	1,038,643	.....	.....
Ohio	16,027,433	16,554,000	103.29
Oklahoma	8,328,728	221,000	2.65
Oregon	294,897	862,000	292.31
Pennsylvania	30,253,566	30,065,000	99.38
Rhode Island	739,573	1,643,000	222.16
South Carolina	3,305,892	.....	.....
South Dakota	1,047,026	.....	.....
Tennessee	10,554,993	519,000	4.92
Texas	27,324,794	13,638,000	49.91
Utah	3,588,420	1,367,000	38.09
Vermont	550,000	23,000	4.18
Virginia	5,458,036	20,000	.37
Washington	9,169,535	1,853,000	20.21
West Virginia	10,143,126	2,299,000	22.67
Wisconsin	7,957,395	209,000	2.63
Wyoming	1,036,353	24,000	2.32

Sources: Figures on receipts for public education are advance data from the U. S. Department of the Interior, Office of Education, *Biennial Survey of Education, 1932-34*. Figures on receipts of state governments under public emergency relief programs are from National Industrial Conference Board, *Cost of Government in the United States, 1933-35*, Table 11, p. 22-3.

^a Revenue receipts only.

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Percent
Col. 3
is of
Col. 2

4
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7.14
.07
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75.03
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2.88
99.37
15
20.33

22.81
22.97
15.34
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9.47
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3.70

4.67
5.61
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1.53
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this number should be added those states which provide the greater part of the revenues for public schools thru legislative appropriations drawn from the proceeds of state general property taxes.

Thruout the nineteenth century the general property tax formed the nucleus of American state and local fiscal systems. Even in 1932, almost 75 percent of the total combined tax collections of state and local governments was in the form of property taxes.² As long as our economic system remained relatively simple, with little differentiation in the importance of various kinds of property, the general property tax was probably a fairly efficient and equitable means of raising public revenues. The growing complexity of our modern industrial organization with its new forms of wealth has made the assessment and administration of a uniform rate of taxation on all types of property increasingly difficult. Classification of property for taxation, and adoption by state governments of new types of special taxes to reach forms of wealth which escaped ad valorem taxation have been the usual ways of meeting these difficulties. Since special taxes for the most part require a unit as large as the state for their successful administration, local units have not been able to take advantage of these new revenue sources. Increased state aid to local units has been the result. Table 16 (pages 26-27) shows that the special taxes most frequently earmarked for purposes of school support are net income and sales taxes.

Income taxes—Eight states are listed in this table as using income tax proceeds for school purposes in the years specified. To this list should now be added Minnesota,³ New Mexico,⁴ Ohio, and South Dakota. The Ohio tax, however, applies to income from intangibles only. Arkansas also has a law on its statute books which allocates \$750,000 of income tax proceeds to schools after certain other state interests have been taken care of. No revenues have been available to schools from this source for the past several years. In Oklahoma, according to Table 16, column 3, the income tax contributed directly to the support of the public schools in 1934-35. Legislation in 1935, however, amended the Oklahoma income tax law

so as to divert the proceeds formerly allocated to schools to the state general fund. Table 17 shows the growth of state personal income taxation since 1930 and its use for purposes of

TABLE 17.—STATE PERSONAL INCOME TAXES AS RELATED TO STATE SCHOOL SUPPORT, 1930-36

States having personal income taxes in specified years

(CAPITALS indicate personal income tax revenues earmarked in whole or in part for state school support; italics indicate personal income tax revenues contributing to state school support indirectly thru state appropriations from general funds.)

1930	1932	1936
1	2	3
DELAWARE	DELAWARE	DELAWARE
MASSACHUSETTS ^a	MASSACHUSETTS ^a	MASSACHUSETTS ^a
Mississippi	Mississippi	Mississippi
Missouri	Missouri	Missouri
New Hampshire ^b	New Hampshire ^b	New Hampshire ^b
New York	New York	New York
North Carolina	North Carolina	North Carolina
North Dakota	North Dakota	North Dakota
Oklahoma	OKLAHOMA	Oklahoma
South Carolina	South Carolina	SOUTH CAROLINA
Virginia	Virginia	Virginia
WISCONSIN	Wisconsin	Wisconsin
ARKANSAS	ARKANSAS	ARKANSAS
Oregon	Oregon	Oregon
Tennessee ^b	Tennessee ^b	Tennessee ^b
Tennessee ^c	Tennessee ^c	
Georgia	Georgia	Georgia
	Idaho	Idaho
	UTAH	UTAH
	VERMONT	VERMONT
	ILLINOIS ^a	
	WASHINGTON ^a	
		Alabama
		Arizona
		California
		Iowa
		Kansas
		Kentucky
		Louisiana
		MINNESOTA
		MONTANA
		NEW MEXICO
		OHIO ^b
		SOUTH DAKOTA

Source: National Education Association, Research Division. *School Finance Systems*, supplemented by information obtained from *School Laws* of the various states and correspondence with state departments of education.

^a Altho the Massachusetts income tax act does not provide for the specific earmarking of any part of the revenues for the purpose of state school support, Section 1 of Chapter 70 of the *General Laws* requires the state treasurer to pay to the several towns from the proceeds of the income tax, without appropriation, the sums required as part reimbursement for salaries paid to teachers, supervisors, principals, assistant superintendents, and superintendents for services in the public schools.

^b Applies only to income derived from intangibles.

^c Held invalid.

² Lutz, Harley L. *Public Finance*. 3d ed. New York: D. Appleton-Century Co., 1936. p. 497.

³ Minnesota is not included in Table 17 because data in that table are for 1933 and revenues allocated to schools under the 1933 income tax law did not become available until the school year 1934.

⁴ Revenues under the 1935 law were not available until 1935-36.

TABLE 16.—SOURCES OF STATE SCHOOL REVENUES IN SPECIFIED YEARS

Year	Property	Income	Allocated taxes					Severance	Other	Total	Legislative appropriations from state general funds	Income from permanent fund	All other non-tax sources	Total from state sources
			General sales	Selective sales	6	7	8								9	10	11	12	13
Alabama	1932-33	\$2,827,877 20			\$1,676,698 60	\$275,576 29	\$448,786 89 ¹	\$5,228,938 98 ²	\$155,000 00	\$190,493 17	\$8,007 00	\$5,612,439 15		
Arizona	1932-33								2,076,800 00	64,282 57	169,616 74	2,310,699 31		
Arkansas	1933-34	1,363,941 00			735,709 00	152,018 00	8,793 00 ³	2,260,461 00	68,805,147 12 ³	571,203 87	14,482 00	69,436,350 99		
California	1933-34											677,407 13		
Colorado	1933-34								1,743,983 00	97,306 00		1,841,289 00		
Connecticut	1932-33									48,329 00		3,873,037 45 ⁴		
Delaware	1932-33	1,590 07 ⁴	\$653,829 96				3,168,854 77 ⁵	3,824,274 80	432,253 78		433 05	3,873,037 45 ⁴		
Florida	1933-34	344,981 10					4,035,660 66 ⁶	4,812,025 02				5,244,308 80		
Georgia	1933							2,225,782 00	3,484,634 00 ¹²			5,710,416 00		
Idaho	1934-35							173,162 98				553,302 54		
Illinois	1933-34							3,500,000 00 ¹⁵	7,300,326 00			10,860,326 00		
Indiana	1933-34							8,120,217 44	488,085 00			15,156,196 58		
Iowa	1932-33	3,250,533 00			1,762,587 76		270,000 00 ¹⁷	5,283,120 76				8,332,940 44		
Kansas	1933-34											434,827 76		
Kentucky	1934-35								8,728,561 84	141,148 16		8,869,710 00		
Louisiana	1934-35	3,075,733 49 ¹⁸			824,176 73 ¹⁸	2,704,078 61	941,400 36 ¹⁸	7,545,479 19	1,342,077 50	115,928 08	48,456 71	9,051,941 48		
Maine	1934	2,321,556 16					167,326 00 ¹⁹	2,488,882 16		66,043 57		2,554,925 73		
Maryland	1932-33								3,498,797 00			3,498,797 00		
Massachusetts	1932-33							5,902,127 85	964,422 39	242,223 42		7,108,773 66		
Michigan	1933-34				2,757,622 02	959,000 00	15,523,911 28 ²⁰	19,240,533 30	1,718,611 00	2,800,000 00	2,769,461 55 ²¹	23,728,605 85		
Minnesota	1933	1,000,000 00						1,000,000 00	5,600,000 00			10,000,000 00		
Mississippi	1933-34								3,284,323 50	188,872 50		4,489,247 57		
Missouri	1933-34						1,016,051 57 ²²	1,016,051 57	813,033 21	990,009 56		988,782 51		
Montana	1933-34						6,181 88 ²³	135,749 30	82,063 52			1,072,073 08		
Nebraska	1933-34													
Nevada	1933-34	187,162 98 ²⁴						187,162 98		110,389 75	45,161 57	342,714 30		
New Hampshire	1933-34	171,011 66					42,990 16 ²⁵	214,001 82	425,111 00			639,112 82		
New Jersey	1933-34	21,478,991 89 ²⁶						21,478,991 89	2,243 00	525,268 47		22,006,503 36		
New Mexico	1934-35	115,300 00			2,500,000 00 ²⁸			2,874,365 00	104,241,568 00	968,554 00	44,000 00	3,887,149 00		
New York	1932-33								16,000,000 00	277,015 00		104,241,568 00		
North Carolina	1933-34											16,277,015 00		
North Dakota	1934	4,664,630 00			14,481,798 00			19,146,428 00	3,149,088 00	28,811 00 ²⁹		22,324,327 00		
Ohio	1934-35	107,321 00			645,680 00			8,713,173 00	1,286,000 00	1,218,858 00		11,218,031 00		
Oklahoma	1932-33				4,546,533 00			1,942,088 00		289,332 00		289,332 00		
Oregon	1932-33													
Pennsylvania	1933-34								30,845,973 00 ³⁰	119,560 00		30,965,533 00		
Rhode Island	1933-34								454,272 96	15,600 00		472,672 96		
South Carolina	1933-34								1,124,000 00			2,947,072 00		
South Dakota	1934-35				1,407,010 93			1,407,010 93		783,585 00	25,077 18	2,215,673 11		
Tennessee	1933-34	887,316 29			1,775,036 77			2,662,353 06	1,858,652 94	106,989 00		4,671,756 00		
Texas	1933-34	10,511,623 00			11,490,685 00			27,613,260 00	3,016,924 00	2,928,762 00	106,989 00	33,695,035 00		
Utah	1933-34	3,311,973 80						3,451,202 91	165,601 98	6,025 00		3,622,829 89		
Vermont	1934-35								182,443 70	62,723 80		550,000 00		
Virginia	1933-34								6,537,760 00	250,000 00		7,337,760 00		
Washington	1934-35	3,579,815 97			5,986,515 94			9,566,331 91	1,236,727 16			10,803,059 07		
West Virginia	1933-34								9,904,340 00 ³¹	443,565 00	243,764 00	10,148,104 00 ³²		
Wisconsin	1933-34								5,323,907 00	804,367 62		6,134,274 62		
Wyoming	1933-34								10,400 00 ³³			1,042,467 08		

See Table 16 opposite

Source: National Education Association, Research Division. *School Finance Systems*, Booklet III. Table on "Receipts of Elementary and Secondary Schools from State Sources," revised on the basis of more recent information received from state departments of education.

- ¹ Includes proceeds of taxes on chain stores, gross receipts of railroad, telegraph, telephone and express companies, and sleeping car companies.
- ² Includes certain funds going to higher education and not separable; also \$82,887.68 expenses of Tax Commission.
- ³ Proceeds of tax on slot and vending machines.
- ⁴ Includes \$3,389 appropriated to school districts for orphanages; \$175,000 appropriated to state schools for deaf and blind and the state department of education, \$39,000 to the department of revenues; and \$12,000 to the comptroller's office.
- ⁵ "Transfers" from state general fund.
- ⁶ Delinquent taxes only.
- ⁷ All except \$24.05 was from the corporation franchise tax.
- ⁸ Includes \$347,657.45 used for educational purposes other than public schools and kindergarten; \$2,500,000 school building is not included.
- ⁹ Includes taxes on sales and license taxes on manufactures, distributors, wholesale dealers, and vendors of 3.2 beer and wine.
- ¹⁰ Proceeds of motor vehicle license tax.
- ¹¹ Proceeds of poll tax included in "Legislative Appropriations."
- ¹² Includes proceeds of pool tax, approximately \$300,000; not reported separately.
- ¹³ A general sales tax became operative on March 20, 1935, but no funds were allocated to the schools until after the close of the school year 1934-35.
- ¹⁴ Represents transfers made between March 1 and June 30, 1934.
- ¹⁵ "Intended" revenue.
- ¹⁶ Interest amounting to \$57,000 on the permanent school fund, which exists only as a debt, is included in "Legislative Appropriations."
- ¹⁷ Proceeds of poll tax.
- ¹⁸ The \$941,490.36 listed under the heading of "other" tax sources was received from the property tax relief fund which is made up of proceeds of taxes on net income of individuals and corporations, sales of alcoholic beverages, sales of cotton futures, the gross earnings of public utilities, and gross receipts from advertising in newspapers.
- ¹⁹ Includes \$123,360.63 proceeds of tax on savings bank franchises; \$42,301.37 proceeds of tax on deposits of trust and banking companies; and \$1,664 poll tax in unorganized territory.
- ²⁰ Includes proceeds of taxes on railroad companies (\$6,775,574.26), telephone and telegraph companies (\$3,361,887.16), insurance companies (\$2,764,883.11), organization (\$214,982.48), car loaning companies (\$100,006.43), express companies (\$26,023.89), and river improvement companies (\$25.00), and an inheritance tax (\$2,280,528.95).
- ²¹ Interest amounting to \$350,000 on the permanent funds, which exist only as debts, is included in the amount reported as total allocated taxes.
- ²² Represents balance of \$1,876,477.66 in primary school interest fund from preceding year and \$892,983.89 in loans from the state general fund to be repaid from available proceeds of 1934-35 retail sales tax and liquor tax.
- ²³ Represents one-half proceeds of county foreign insurance tax.
- ²⁴ Sales of electric energy and given income of telegraph lines.
- ²⁵ Proceeds of inheritance tax.
- ²⁶ Proceeds of the severance tax included under "Property Taxes." Not separable.
- ²⁷ Proceeds of savings bank tax.
- ²⁸ Represents \$17,942,780.71, state school tax; \$3,317,822.79, railroad; and \$218,388.39, penalties for late payment of state school tax. Ninety percent of the state school tax is returned to the county in which it is collected.
- ²⁹ Estimated.
- ³⁰ Proceeds of motor vehicle license taxes.
- ³¹ Income from permanent funds, amounting to \$364,127.50 is included in "Legislative Appropriations."
- ³² In addition, \$247,082 interest on the irreducible debt is included in "Legislative Appropriations."
- ³³ Represents half of biennial appropriation for 1933-35.
- ³⁴ Represents \$906,000 corporation license taxes and \$24,000 license fees on dealers in malt and vinous beverages.
- ³⁵ Represents \$1,009,288, proceeds of poll tax; \$4,005,603, gross receipts tax on corporations; and \$596,061 in occupational taxes.
- ³⁶ Capitation tax.
- ³⁷ Estimated proceeds of sales and chain store taxes are included under legislative appropriations (column 10), since proceeds are placed in state general fund for appropriation to schools.
- ³⁸ Estimated. Includes proceeds of consumers' sales tax and income from permanent fund.
- ³⁹ \$31,611 included under "Legislative Appropriations."
- ⁴⁰ Schools' share of the first \$4,000,000 government royalties.
- ⁴¹ Represents half the appropriation for the biennium.

state school support. It should be noted that in many states in which legislative appropriations from the state general fund form the principal source of state school revenue, the income tax is a major source of general fund receipts and so contributes largely, altho indirectly, to the support of the schools.

The income tax has been favored by experts from the point of view of equity. It is the form of taxation most in accord with the principle laid down by Adam Smith, that "citizens should contribute to the support of government in proportion to their respective abilities."

General sales taxes—Sales taxes are more dependable than income taxes from the standpoint of fiscal adequacy but they are regressive in their effect. In other words, they tend to rest more heavily upon the low-income groups of the population, who must devote a relatively large proportion of their incomes to the purchase of necessities, than on those with higher incomes, whose expenditures for necessities in proportion to income are smaller. On this account, a general sales tax is justifiable only if the total fiscal system of which it is to become a part is generally progressive in character—that is, if the total combined burden of all the taxes which comprise the system as a whole becomes heavier as the income of the taxpayer increases. Such a fiscal system would include income and inheritance taxes.

General sales taxes may take any one of several forms. They may be levied on retail sales to the consumer, or on wholesalers' or manufacturers' sales. Or they may take the form of a privilege or occupation tax measured by gross income or gross receipts from all businesses, professions, and occupations.

The development of state general sales taxation occurred almost entirely during the depression period following 1929. Table 18 shows general sales taxes in effect in only six states in 1930. None of these contributed directly to state school support, altho in five of the six states, sales taxes served as an indirect source of state school revenues thru appropriations from state general funds. In 1935, twenty-six states levied general sales taxes and eleven of these states earmarked sales tax proceeds specifically for schools. Now, with the approach of recovery, there is some indication of a revulsion of sentiment against this type of taxation because of its admittedly regressive effects. Four states, New York, Maryland, New Jersey, and Kentucky, passed measures

repealing their general sales tax laws, or allowed them to expire, in 1934 and 1935. Table 16, column 5, shows amounts of school revenues derived from general sales taxes in six states in specified years.

Selective sales taxes—Column 6 of Table 16 shows school revenues derived, in the years specified, from taxes on sales of selected commodities in fifteen states. Prior to 1929 such special sales taxes were rather more in favor among the states than the general sales tax.

TABLE 18.—STATE GENERAL SALES TAXES AS RELATED TO SCHOOL SUPPORT

States having general sales taxes in specified years		
(CAPITALS indicate general sales taxes earmarked in whole or in part for state school support; italics indicate general sales taxes contributing to state school support indirectly thru state appropriations from general funds.)		
1930	1933	1935
1	2	3
Delaware	Delaware	Delaware
Pennsylvania*	Pennsylvania*	Pennsylvania*
Virginia	Virginia	Virginia
West Virginia	West Virginia ^c	West Virginia ^c
Georgia		
Mississippi	Mississippi	Mississippi
	North Carolina ^d	North Carolina ^d
	Arizona	Arizona
	California	California
	ILLINOIS	ILLINOIS
	Indiana	Indiana
	MICHIGAN	Michigan
	MISSOURI	Missouri
	NEW MEXICO	NEW MEXICO
	New York	
	OKLAHOMA	Oklahoma
	OREGON	
	SOUTH DAKOTA	SOUTH DAKOTA
	UTAH	UTAH
	Vermont	
	WASHINGTON	WASHINGTON
		ARKANSAS
		Colorado
		IDAHO
		Iowa
		LOUISIANA
		NORTH DAKOTA
		OHIO
		WYOMING

Source: National Education Association, Research Division, *School Finance Systems*; and Commerce Clearing House, *Sales Tax Laws*. Chicago: Commerce Clearing House, 1936.

* Two taxes: a merchants' and manufacturers' license tax and a mercantile license tax levied as license tax plus flat rate on gross value of sales.

^b Expired in 1931.

^c Two taxes: a business and occupation tax enacted in 1921 and a consumers' sales tax enacted in 1933. The language of the law which provides that proceeds of the consumers' sales tax shall be placed in the State General Fund for appropriation to the public schools makes it appear that this tax is earmarked for schools. Actually schools receive only such amounts as are appropriated by the legislature from the State General Fund.

^d Two taxes: a gross wholesale and retail mercantile sales tax first levied in 1931 and 3 percent retail sales tax adopted in 1933.

Special or selective sales taxes are often levied on sales of commodities of the luxury type, which people can refrain from buying if they see fit, but they are difficult of administration and, generally speaking, are less productive than general sales taxes. Sometimes, as in the case of the gasoline tax in many of the states, the tax proceeds are earmarked for a purpose which is directly beneficial to the purchaser of the commodity taxed. Gasoline and tobacco taxes are examples of selective sales taxes that have been levied most successfully. Every state now taxes gasoline sales. Twenty-four states impose some form of tobacco excise or license tax.⁵

The tendency toward increased state participation in public school support with its resulting greater reliance on special state taxes as sources of school revenue is not a mere outgrowth of the depression. Long before 1929 it was apparent that local property taxes, especially in some areas, were inadequate as a means of financing the modern school with its growing enrolments and expanding functions.⁶ Recent financial difficulties of local governments have only served to emphasize this fact.

Double taxation—There is one factor which may in coming years hinder the development of the use of sound taxation by state governments. This factor is the increasing conflict between federal and state governments arising from their search for new revenue sources. A report just published by the United States Treasury Department gives revenues from six special state-imposed taxes from which revenues are also derived by the federal government. Table 19 shows the number of states imposing each of these six taxes and federal and state collections therefrom in 1936. It will be noted that aggregate federal and state receipts from the six taxes combined amounted to \$3,321,200,000 and that, of this amount, the federal collections were \$2,271,300,000, or more than two-thirds of the total. It is becoming increasingly difficult for the states to find any field of taxation which the central government has not already entered.

Distribution of state aid—Every one of the states as already pointed out in an earlier section of this bulletin provides some financial assistance to its public schools. Few states, how-

ever, provide enough, or anywhere near enough, funds for the support of the entire school program. Delaware with 93 percent and North Carolina with 62 percent, of total school funds

TABLE 19.—COMPARISON OF FEDERAL AND STATE RECEIPTS FROM SIX SELECTED TAXES, 1935

Name of tax	Number of states levying	State collections	Federal collections
1	2	3	4
Estate and inheritance.....	47	\$100,800,000	\$140,400,000
Individual income.....	28	100,000,000 ^a	527,100,000
Corporation income.....	28	56,900,000 ^a	572,100,000
Gasoline.....	49 ^b	589,200,000	161,500,000
Liquor excise and license, and liquor store profits.....	47	166,600,000	411,000,000
Tobacco excise and license.....	23	28,600,000	459,200,000
Total from six taxes.....	..	1,049,900,000 ^c	2,271,300,000

Source: Data on state collections are from the U. S. Treasury Department, Division of Research and Statistics, *Collections from Selected State Imposed Taxes, 1930-1936*, Part I, p. 2. Data on federal collections are from the U. S. Treasury Department, *Annual Report of the Secretary of the Treasury for the Fiscal Year Ending June 30, 1935*, Washington, D. C.: Government Printing Office, 1936, p. 341.

^a Does not include taxes collected in Ohio on income from intangibles which amounted to \$7,800,000. This amount was not segregated between individual and corporate income taxes.

^b Includes the District of Columbia.

^c Includes \$7,800,000 in taxes collected in Ohio on income from intangibles which is not included in the distributed amounts in column 3.

derived from the state, come nearest to providing complete state support of schools.

The effectiveness of state aid depends, in large measure, upon the methods by which the funds are distributed to local school units. The method most frequently used is that which provides for a flat grant for each unit of educational need, defined in terms of (1) the number of children of school age who reside in the district or county as shown by the school census, (2) the number of children enrolled in the schools, (3) the number of children in average daily attendance, (4) the number of teachers employed, or (5) the number of instruction units (one teacher for each stated number of pupils, sometimes combined with other items of cost and adjusted for differences

⁵ The twenty-four states imposing tobacco excise or license taxes are Alabama, Arizona, Arkansas, Connecticut, Georgia, Iowa, Kansas, Kentucky, Louisiana, Maryland, Minnesota, Mississippi, Montana, North Dakota, Ohio, Oklahoma, Pennsylvania, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, and Washington.

⁶ Growth in school enrolments and expansion in school services will be further discussed in a later issue of the *Research Bulletin* dealing with "Trends in School Costs."

TABLE 20.—APPORTIONMENT OF STATE AID IN SPECIFIED YEARS

States	Year	Equalization aid ¹	General aid ³					Total
			Special aid ²	School census	Attendance or enrollment	No. of teachers or positions or units	Other	
1	2	3	4	5	6	7	8	9
Alabama.....	1932-33	\$488,013.00	\$425,386.00 ⁴	\$2,500,248.00	\$414,881.00 ⁵	.....	\$130,806.00 ⁶	\$3,959,334.00 ⁷
Arizona.....	1932-33	2,032,870.64	108,035.78 ⁸	.....	.....	.....	.....	2,140,906.42
Arkansas.....	1933-34	.....	.....	2,157,246.30	.....	.....	.....	2,157,246.30
California.....	1933-34	.....	4,670,574.91 ¹⁰	.....	61,528,038.50 ¹¹	.....	3,231,737.58 ¹²	69,430,350.99
Colorado.....	1933-34	674,555.10	2,852,031 ¹³	.....	.....	.....	.....	677,407.13
Connecticut.....	1932-33	855,162.00	159,429.00 ¹⁴	826,668.00	.....	.....	.....	1,841,259.00
Delaware.....	1932-33	.....	2,825,900.00 ¹⁵	.....	.....	.....	.....	6,025,380.00
Florida.....	1933-34	.....	205,131.00 ¹⁶	.....	3,199,480.00 ¹⁷	.....	.....	5,244,308.80
Georgia.....	1933	2,225,782.00	595,000.00 ¹⁸	2,834,634.00	.....	5,039,177.80 ¹⁹	.....	5,645,416.00
Idaho.....	1934-35	726,465.52	.....	.....	.....	.....	.....	726,465.52
Illinois.....	1933-34	1,278,679.17	783,296.71 ²¹	.....	8,283,469.26 ²²	.....	.....	10,345,445.14 ²³
Indiana.....	1933-34	2,250,000.00	25,000.00 ²⁴	.....	3,390,446.00 ²⁵	8,095,217.00 ²⁶	875,533.00 ²⁷	14,636,196.00
Iowa.....	1932-33	80,000.00	408,085.00 ²⁸	212,673.00	.....	.....	.....	700,758.00
Kansas.....	1933-34	.....	.....	434,857.76	.....	.....	.....	434,857.76
Kentucky.....	1934-35	.....	500,000.00 ²⁹	.....	.....	.....	.....	8,869,710.00
Louisiana.....	1934-35	1,326,239.00	557,208.00 ³⁰	6,692,808.50	.....	.....	.....	8,692,183.58
Maine.....	1934	116,142.63	546,203.12 ³¹	575,982.59	.....	.....	115,928.08 ³²	8,692,183.58
Maryland.....	1934	308,786.00	2,460,140.00 ³³	1,200,000.00	.....	577,269.93	.....	1,815,598.27
Massachusetts.....	1932-33	931,996.75	964,422.29 ³⁴	.....	600,000.00 ³⁵	.....	.....	4,568,926.00
Michigan.....	1933-34	2,228,360.09	298,950.00 ³⁶	21,201,295.76	.....	5,212,354.52	.....	7,108,773.56
Minnesota.....	1933	2,048,389.00	4,379,758.00 ³⁷	.....	3,484,268.00 ³⁸	.....	.....	23,728,605.85
Mississippi.....	1933-34	.....	.....	.....	.....	.....	.....	9,912,415.00
Missouri.....	1933-34	185,641.81	.....	791,023.69	.....	.....	.....	11,661,879.00 ³⁹
Montana.....	1933-34	40,620.00	112,343.37 ⁴¹	689,842.74	.....	.....	229,947.58 ⁴²	987,485.30
Nebraska.....	1933-34	30,000.00	3,000.00 ⁴³	.....	.....	286,000.00 ⁴⁴	.....	319,000.00 ⁴⁵
Nevada.....	1933-34	314,252.99	204,475.56 ⁴⁶	.....	.....	.....	3,559.32 ⁴⁷	522,287.87
New Hampshire.....	1933-34	1,636,251.91	1,025,285.70 ⁴⁸	.....	500,000.00 ⁴⁹	.....	18,844,965.75 ⁵⁰	22,006,503.36
New Jersey.....	1934	.....	2,535,000.00 ⁵¹	1,268,774.00	.....	.....	83,375.00 ⁵²	3,887,149.00
New Mexico.....	1934-35	.....	4,590,334.40 ⁵³	.....	.....	.....	.....	103,938,974.28
New York.....	1932-33	99,348,639.88	205,250.00 ⁵⁴	.....	.....	.....	15,606,650.75 ⁵⁵	151,911,900.75
North Carolina.....	1933-34	.....	.....	.....	.....	.....	.....	.....
North Dakota.....	1934 ⁵⁶	7,632,388.00	402,006.00 ⁵⁷	275,893.00	14,014,040.00 ⁵⁸	.....	.....	22,324,327.00
Ohio.....	1934-35	2,812,740.00	36,000.00 ⁵⁹	8,369,291.00	.....	.....	.....	11,218,031.00
Oklahoma.....	1932-33	.....	.....	289,332.00	.....	.....	.....	289,332.00
Oregon.....	1933-34	27,763,563.00	3,023,000.00 ⁶⁰	.....	.....	.....	.....	30,786,563.00 ⁶¹
Pennsylvania.....	1933-34	322,424.50	81,348.40 ⁶²	.....	62,500.00 ⁶³	.....	.....	466,272.96
Rhode Island.....	1933-34	2,713,000.00	234,000.00 ⁶⁴	.....	.....	.....	.....	2,947,000.00
South Carolina.....	1934-35	173,230.12	.....	783,585.00	.....	.....	.....	956,815.12
Tennessee.....	1933-34	1,538,449.49	79,692.17 ⁶⁵	.....	2,945,220.00 ⁶⁶	.....	.....	4,563,361.66
Texas.....	1933-34	1,423,825.00	2,947,352.00 ⁶⁷	25,211,872.00	.....	.....	29,583,049.00	29,583,049.00
Utah.....	1933-34	238,095.10	.....	3,212,415.40	85,094.85 ⁶⁸	.....	3,535,605.35	3,535,605.35
Vermont.....	1934-35	703,744.45	29,000.00 ⁶⁹	.....	.....	.....	.....	732,744.45
Virginia.....	1934-35	.....	378,000.00 ⁷⁰	.....	.....	6,959,760.00 ⁷¹	.....	7,337,760.00
Washington.....	1933-34	243,764.00	.....	.....	10,803,059.07 ⁷²	.....	.....	10,803,059.07
West Virginia.....	1933-34	4,375,000.00	896,557.00 ⁷³	443,565.00	.....	9,904,340.00 ⁷⁴	.....	10,148,104.00
Wisconsin.....	1933-34	.....	10,400.00 ⁷⁵	843,684.95	.....	212,758.45 ⁷⁶	175,000.00 ⁷⁷	5,800,122.00
Wyoming.....	1933-34	.....	.....	.....	.....	.....	.....	1,056,443.40

Continued from preceding page

- ⁵² Distributed by state school commission on basis of need as shown in certified statements of organization.
- ⁵³ Calendar year.
- ⁵⁴ For special classes for deaf, blind, or crippled children.
- ⁵⁵ For orphans' tuition.
- ⁵⁶ For salaries and expenses of county and assistant county superintendents, and emergency appropriations to distressed districts.
- ⁵⁷ Exclusive of \$105,997 income from state school fund and \$72,972 miscellaneous subsidies.
- ⁵⁸ For apparatus and equipment, supervision, instruction in manual and household arts, medical inspection, special assistance to schools including aid for building programs.
- ⁵⁹ High-school aid apportioned on the basis of number of pupils, and aid for closed and consolidated schools on the basis of \$100 per teacher or \$100 for each ungraded school; not separable.
- ⁶⁰ Aid for closed and consolidated schools, apportioned \$100 per teacher or \$100 for each ungraded school, is included under aid distributed on basis of enrolment, not separable.
- ⁶¹ For transportation.
- ⁶² For school libraries, consolidated schools, supervisors' salaries, and superintendents' salaries.
- ⁶³ For high-school tuition, transportation, industrial aid, school libraries, free textbooks, and aid to crippled children.
- ⁶⁴ For trained teachers in rural schools, supervision, standardization of rural schools, and vocational courses in high schools.
- ⁶⁵ For rural supervision, insuring of minimum term, and division superintendents' salaries.
- ⁶⁶ Distributed on basis of flat rate per teacher needed, calculated on density of school population and average daily attendance.
- ⁶⁷ \$1766 per day of "actual and construction attendance" computed as prescribed by law.
- ⁶⁸ The sum proportioned to each local unit is based upon the number of needed teachers determined by average daily attendance. The amount paid per teacher varies according to certificate held.
- ⁶⁹ For aid to state graded schools, supervising teachers, transportation, county schools of agriculture, classes for children deaf, blind, or defective in speech; classes for crippled children, school libraries, and emergency aid to complete school term.
- ⁷⁰ Aid to union and consolidated high schools on basis of number of teaching units is included in the \$175,000 reported under "other bases"; not separable.
- ⁷¹ Flat rate of \$295 for district high schools; union and consolidated high schools receive aid on the basis of number of teachers employed; not separable.
- ⁷² For aid for subnormal and physically handicapped children. The amount reported represents half the appropriation for the biennium.
- ⁷³ Distributed on the basis of number of teachers and drivers of vehicles used for transportation of school children; not separable.

between elementary- and high-school costs).

The school census child, altho the least exact of the above-named units of measuring educational need, is also the one most commonly used. Table 20 shows twenty-two states employing this measure as a basis for distributing all or part of their state school funds in the years specified. Eleven states distributed some state aid for schools on the basis of the number of children in average daily attendance. Three states made use of the enrolment basis and eight states each distributed all or a part of their aid on the basis of the numbers of teachers or some form of the instruction unit. Other bases or some combination of those named above were in use in ten states. Of course, the presence of any one of these measures as a basis for distributing aid in a single state does not exclude the use of the others. Table 20 shows that many states make use of two or three of these bases simultaneously for the distribution of different state school funds.

The distribution of flat grants on a pupil or teacher basis ordinarily fails to take account of the economic resources which local school units can draw upon for the support of their public schools. It is well known that counties and school districts within a single state differ widely among themselves in their ability to provide educational support. Approximately two-thirds of the states, therefore, as shown

in column 3 of Table 20, seek to equalize these differences by apportioning at least a part of their state school funds in inverse proportion to local ability to raise school tax revenues. Usually the amount distributed to each county or school district under such a plan is equal to the cost of a state-prescribed minimum educational program in excess of the yield of a required local tax rate, together with available funds from all other state and local sources.

The trend toward the greater use of state aid for the equalization of school support among local school units was especially noticeable during the decade of the '20's. This trend has not continued, however, during the depression years. A federal Office of Education report in reviewing recent legislation relative to the movement toward increased state support of schools points out that:

In most cases the provisions for apportioning the additional funds disregard the variations in ability of local districts to support schools. Some of the states, as California and Washington, which now pay a larger share of their public-school costs than previously, had not been nor are they now distributing state school funds so as to equalize the costs of an acceptable, or fundamental program among their local districts; others, as Arkansas and Indiana, had been distributing funds on this basis . . . and continued to do so, but use other bases in apportioning the new funds; while at least two states, Florida and Virginia, which had used this basis no longer do so.⁷

⁷ Covert, Timon. *State Provisions for Equalizing the Cost of Public Education*. U. S. Office of Education, Bulletin, 1936, No. 4. Washington, D. C.: Government Printing Office, 1936. p. 33.

Other states which have recently revised their state school apportionment plans so as to provide for increased amounts of state aid to be distributed in the form of flat per pupil or per teacher grants are Indiana and Montana. Table 21 shows bases of distributing new state aid in accordance with legislation enacted since January 1, 1933, in ten states.

TABLE 21.—METHODS OF DISTRIBUTING NEW STATE AID^a IN TEN STATES, 1933-36

States	Year of enactment of legislation	Equalization	Census or attendance	Instruction unit	Other
1	2	3	4	5	6
Arkansas.....	1935	..	x	..	..
California.....	1933	..	x	x	x
Florida.....	1935	..	..	x	..
Indiana.....	1933	..	x	x	x
Louisiana.....	1934	x	x	..	..
Montana.....	1935	x ^b	x	x	..
North Carolina.....	1933	..	..	..	x
Ohio.....	1935	x	x	..	..
Oklahoma.....	1935	x	..	x	..
Washington.....	1933	..	x	..	..

Source: Covert, Timon. *State Provisions for Equalizing the Cost of Public Education*. U. S. Department of the Interior, Office of Education, Bulletin, 1936, No. 4. Washington, D. C.: Government Printing Office, 49 p.; and correspondence with state departments of education.

^a For purposes of this table "new state aid" means state school revenues raised or distributed under legislation enacted in 1933 or later.

^b Some equalization aid will be granted until March 1937 after which all aid will be distributed on basis of the school census and the teacher unit.

Summary

The proportion of school support coming from state sources is increasing. It grew from 16.5 percent in 1920 to 23.4 percent in 1934, the greater part of this growth—from 16.9 percent to 23.4 percent—occurring in the four-year period between 1930 and 1934. This trend, while not universal among the states, is nevertheless a definite one. In certain of the states the proportion of state school funds has so increased as to far outstrip the general trend in the states as a whole.

No state government furnishes a full 100 percent of the cost of its public schools. Dela-

ware, with a contribution of 93 percent of total school funds, comes nearest to providing complete state support. In North Carolina the state entirely supports certain major phases of an eight-month school program. Most of the states contribute from one-fifth to one-half of total school revenues.

Education, including higher education as well as elementary and secondary schools and public libraries, topped the list of objects of state governmental expenditures in 1932. Approximately 25 percent of state expenditures were for educational purposes in that year. This percent has probably declined since 1932, due to the growth of relief expenditures.

Along with the increasing percent of public school support derived from state sources has come an increasing reliance on special state taxes and a decline in the importance of the general property tax as a source of school support. The growth in the use of state income and sales taxes as sources of state school revenue has been especially rapid.

Competition between federal and state governments for new sources of revenue may act as an obstacle to the future development of state taxes. It is becoming increasingly difficult for the states to find any field of taxation not already occupied by the federal government and in those fields in which double taxation by state and federal governments actually occurs, the latter tends to levy the higher rates and to collect the greater part of the revenues. Recent data published by the United States Treasury Department indicate that state receipts from six special state-imposed taxes were less than half of the federal receipts from the same taxes in the same states.

Approximately two-thirds of the states distribute all or part of their state school funds upon an equalization basis. The tendency toward a greater use of state aid as a means of equalizing local school support burdens, which had so great a development during the decade of the '20's, did not continue thru the depression years following 1930. New state aid funds for school purposes are being distributed for the most part as flat grants to local school units on a per pupil, or per teacher, basis.

IV. Local Financing of Public Schools

The part played by local governments in the support of public schools has declined in relative importance during the past fifteen years, altho in 1933-34 they still produced about three-fourths of total elementary- and secondary-school revenues (\$1,365,554,000). The proportionate contribution in both 1930 and 1920 was 83 percent. This trend away from local school financing toward a greater reliance upon state support has already been noted in earlier sections of this bulletin.¹ Several factors have influenced this trend. Chief among these in the years since 1930 has been the decline in property tax revenues.

Decline in Property Taxes

Total tax collections of local governments amounted to \$5,018,000,000 in 1930 of which \$4,614,000,000, or almost 92 percent, came from property taxes.² Complete information is not available for the year 1934, but the National Industrial Conference Board estimates that of \$4,143,000,000 collected by local governments about \$3,729,000,000, or about 90 percent, came from property taxes.³ The figures of Table 22 indicate over 17 percent decrease in all local tax collections between

1930 and 1934 and a 19 percent decrease in local property taxes. During the same period, local school revenues decreased about 21 percent. This decline in property tax revenue and the accompanying decline in local support of public schools was due only in part to decreasing property values; a considerable proportion was due to delinquency in tax payments. Figures are not available for the year 1934, or for local levies separately, but the United States Census Bureau reports a delinquency on December 31, 1933, of 20.5 percent on total property levies of both state and local governments for the twelve months prior to June 30, 1933.⁴

A further cause of reduced revenues from the property tax has been the action taken by some states in adopting or extending tax limitation measures. Property tax limitation laws may be written into state constitutions or they may take the form of statutory enactments. They may place restrictions on state or local tax rates, or both, or only on certain classes of local tax rates such as those of school districts. Prior to 1929 fifteen states already had clauses in their constitutions restricting local property levies while eight others limited state levies only.⁵

¹ Pages 10 and 11 and Tables 4 and 5.

² National Industrial Conference Board. *Cost of Government in the United States, 1929-1930*. New York: the Board, 1932, p. 95.

³ National Industrial Conference Board. *Cost of Government in the United States, 1933-1935*. New York: the Board, 1936, p. 45.

⁴ U. S. Department of Commerce, Bureau of the Census. *Current Tax Delinquency, All States*. Washington, D. C., 1934. Mimeographed, 17 p.

⁵ States having constitutional amendments affecting local or state and local property levies in 1929 were: Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Michigan, Missouri, New York, North Carolina, Oklahoma, Oregon, Texas, West Virginia, and Wyoming. States having constitutional limitations on state levies only in 1929 were: Colorado, Idaho, Montana, New Mexico, North Dakota, South Dakota, Utah, and Virginia. See: *Property Tax Limitation Laws*. Chicago: Public Administration Service, 1936, p. 38-47.

TABLE 22.—DECLINE IN LOCAL SCHOOL REVENUES AND PROPERTY TAX COLLECTIONS, 1930 TO 1934

Year	Total school revenues	School revenues from local governments	Total local tax collections	Property tax collections of local governments
1	2	3	4	5
1930.....	\$2,087,712,753	\$1,726,708,457	\$5,018,000,000	\$4,614,000,000
1934.....	1,810,279,945	1,365,553,792	4,143,000,000	3,729,000,000*
Percent decline, 1930 to 1934.....	13.3	20.9	17.4	19.2

Sources: Figures on school revenues are advance data from the U. S. Department of the Interior, Office of Education, *Biennial Survey of Education 1932-1934*. Those on tax collections are from the National Industrial Conference Board's studies of *Cost of Government in the United States* for 1929-30 and for 1933-35.

* Based on percent of total local tax collection derived from property taxes as estimated by the National Industrial Conference Board.

The demand for property tax relief which arose during the depression resulted in the adoption of constitutional amendments in two more states (California and Ohio), making in all twenty-five states which place constitutional restrictions on state or local tax rates, or both. In addition New Mexico, which had limited state levies only, extended the application of its amendment to local rates, Michigan extended its limitation to all types of local taxes, and Arkansas and Oklahoma strengthened their provisions affecting different types of local levies. Statutory limitations are even more widespread than those included in state

constitutions. Outside of New England practically all states impose general or special limits by statute. During the depression period statutory limitations increased in number and in the extent of their application.

Table 23 summarizes the provisions of tax limitation laws which affect the local financing of schools in twenty-nine states.

Inequalities in Financial Ability of Local Units

Another cause of the decline in local school support and the trend toward a higher propor-

TABLE 23.—PROVISIONS OF PROPERTY TAX LIMITATION LAWS IN NINE STATES, 1935

States	Limit in statute or constitution	Governmental units affected	Total over all limit (percent of assessed valuation)	General limit: (a) state (b) counties (c) municipalities (percent of assessed valuation)	Limit for school purposes (percent of assessed valuation)
1	2	3	4	5	6
Indiana	Statute, 1932, amended in 1933	All units	1.5 in incorporated places; 1.0 in unincorporated places	(a) 0.15 (c) 0.75 to 1.25*	0.75
Iowa	Statute, 1933	Local taxing districts		1.0 to 4.8 ^b , but not more than 20 percent of rates of 1930 levies	School districts are exempt from general limitations to the extent that they may levy from 65 percent to 68 percent ^c of 1930 levies, or amounts per census child varying from \$36 to \$95 ^c but not more than \$600 per school
Kansas	Statute, 1933	Local taxing districts		(b) 0.3 to 3.5 (c) 0.9 to 1.0	0.4 to 1.4, but not less than \$30 per pupil in elementary schools and \$40 per pupil in high schools
Michigan	Const. 1932	All units, except chartered municipalities	1.5	Determined by county allocation board	Determined by county allocation board
Oklahoma	Const. 1936	All units	1.5	Determined by county excise boards	County excise board may allow up to 0.5 percent but people may vote excess rate up to a total of 1.5 percent of assessed valuation ^d
New Mexico	Const. 1933	All units	2.0	(a) 1.0 (b) 0.5 (c) 0.5	1.8
Ohio	Const. 1933	All units, except chartered municipalities	1.0		Two-thirds of the rate allowed the taxing unit for current expenses and debt service under former 15 mill limit, but not less than 45 percent of the millage available after levies for debt service of local subdivisions have been provided for
Washington	Statute, 1933	All units, except special districts	4.0	(a) 0.2 (b) 0.1 (c) 1.5	1.0
West Virginia	Const. 1932	All units	Personal property, 0.5; residences and owner-occupied farms, 1.0; other rural real estate, 1.5; urban real estate, 2.0	(a) 0.01	Personal property, 0.1385; residences and owner-occupied farms, 0.328; other rural real estate, 0.665; urban real estate, 0.665

Sources: Leet, Glen, and Paige, Robert M. *Property Tax Limitation Laws*. Chicago: Public Administration Service, 1936; Tax Research Foundation. *Tax Systems of the World*. 6th ed. Chicago: Commerce Clearing House, 1935; and correspondence with state departments of education.

* Graduated according to population.

^b Rate of 4.8 percent applies to cities over 70,000 in population.

^c Varying according to size and type of school.

^d To permit sharing in state equalization fund, 1.5 percent must be levied on property of school district.

tion of state aid has been the inequality in the financial ability of local governments. This is no new development. Before the depression the reports of state superintendents of education revealed a number of states in which the school districts varied among themselves with respect to wealth ⁶ per school child by as much as 1 to 200 or more.⁷ During the depression years the difficulties caused by this factor were aggravated by the fall of property tax revenues mentioned in the preceding paragraph. The poorest counties and school districts in some states had found it difficult to raise adequate revenues for their schools by means of the local general property tax. Now it became *impossible* in these sections to support schools from this source. Many schools thruout the nation were closed. Those which reopened were enabled to do so only thru increased state and federal emergency aid.

Summary

Local governments furnished slightly more than 75 percent of total school revenues in 1933-34 as compared with 83 percent in both 1930 and 1920. Several factors have influenced this trend away from local school support. Among these are the decline in property tax revenues and inequalities in the ability of local school units to support schools.

Local tax collections from all sources are estimated to have declined over 17 percent

during the period from 1930 to 1934, or from \$5,018,000,000 to \$4,143,000,000, while local property tax revenues suffered a reduction of more than 19 percent, from \$4,614,000,000 to \$3,729,000,000, or from 92 percent of total local tax collections to 90 percent of total local tax collections.

The decline in local tax collections has been due in part to (1) delinquency of property owners in making tax payments, and (2) the effect of property tax limitation laws. According to the United States Census Bureau, more than one-fifth of property tax levies due in 1932-33 were uncollected and delinquent six months, or more, later. Twenty-five states had constitutional limitations affecting property tax rates in January 1936. Statutory tax limitations are more numerous than those embodied in state constitutions. The number of tax limitation measures was increased, their application was extended, and their restrictions were made more severe during the depression years.

While inequalities in the financial resources of local governments are no new development, the problems of financing the schools to which they give rise have been greatly aggravated by the depression. In the poorest districts of certain states some schools have had to close entirely. Others have continued to operate only on a greatly restricted basis. The result has been a tendency to turn toward increased state and federal aid.

⁶ Wealth is measured by the value of tangible property.

⁷ National Education Association, Research Division. "The Outlook for Rural Education." *Research Bulletin* 9:246-47; September, 1931. Washington, D. C.: the Association.

V. Economic Ability of the States To Support Education

Not only the local governments within the states but the states as a whole are unequal in their ability to support their public schools. The variations among the states in this respect and their relation to school expenditures are discussed in the present section of this bulletin. How far do differences in public school expenditures reflect differences in the financial ability of the states to support education? It has been suggested that the failure of certain states to provide an acceptable school program is due not so much to a lack of economic resources as to other causes such as fiscal inefficiency or too small a proportion of state support. Is this contention valid? What are the economic resources of the several states? Data presented in the following pages will serve as a basis for at least a partial answer to these and related questions.

Measures of Ability To Support Education

Income and wealth are probably the most commonly used measures of the ability of states or local communities to support education and other governmental functions. Most of the earlier studies of state educational support used one or the other of these types of data, or both in combination. Keith and Bagley¹ set up tables to show variations among the states in total, per capita, per teacher, and per pupil wealth. Norton² combined data on income and wealth in developing a formula for measuring the economic resources of the various states. State equalization studies have generally made use of statistics on the assessed valuation of property, or taxable wealth, as a measure of local ability to pay. More recently, Chism³ and Newcomer⁴ have developed measures of the financial ability of the states on the somewhat different basis of potential revenue from a uniform system of taxation including both property and special taxes.

Finally, data on certain types of private expenditures, particularly those for articles of the luxury class, while they cannot actually be said to measure the economic resources of a state, do nevertheless give some evidence of the existence, or lack, in any state, of ability to spend money, whether for private or public purposes. These and other indications of ability to pay for education, mentioned in the preceding paragraphs, will be discussed more fully below.

Income as a Measure of Ability

Public education is supported by taxation and taxes are paid out of individual incomes. When it is realized that the total national income is the aggregate sum of all the incomes received in the form of wages, salaries, profits, interest, dividends, and the like by all the individuals of the nation,⁵ it is clear that the proportion of the national income received by the people of a particular state will largely determine the relative taxpaying ability of that

TABLE 24.—NATIONAL INCOME AND PUBLIC SCHOOL COSTS—1934

Item	Amount	Percent national income
1	2	3
National income.....	\$50,174,000,000	100.00
Cost of public schools:		
Elementary and secondary schools.....	\$1,720,105,229	3.43
Colleges and universities....	181,081,554	.36
Teacher-training institutions..	38,946,650	.08
Total.....	\$1,940,133,433	3.87

Sources: Estimate of national income from the U. S. Department of Commerce, Bureau of Foreign and Domestic Commerce, Division of Economic Research. *National Income in the United States, 1929-1935*; figures on educational expenditures are advance data from U. S. Department of the Interior, Office of Education, *Biennial Survey of Education, 1932-1934*.

¹ Keith, John H., and Bagley, W. C. *The Nation and the Schools*. New York: Macmillan Co., 1925. p. 268-71.

² National Education Association, Research Division. "The Ability of the States To Support Education." *Research Bulletin* 4:17; January and March, 1926. Washington, D. C.: the Association.

³ Chism, Leslie L. *Economic Ability of States To Finance Public Schools*. Contributions to Education, No. 669. New York: Teachers College, Columbia University, 1936. 169 p.

⁴ Newcomer, Mabel. *The Index of Taxpaying Ability of State and Local Governments*. New York: Teachers College, Columbia University, 1935. 88 p.

⁵ This is roughly the definition of the "national income paid out" as estimated by the Division of Economic Research, U. S. Department of Commerce. For a more complete definition of income paid out and its distinction from "income produced," see: U. S. Department of Commerce, Bureau of Foreign and Domestic Commerce, Division of Economic Research. *National Income in the United States, 1929-35*. Washington, D. C.: Government Printing Office, 1936. 240 p.

state—and consequently its relative ability to support public schools.

The national income of the United States in 1934 was \$50,174,000,000. Table 24 shows

that out of every \$100 of this sum only \$3.87 was spent for public education. Of this \$3.87, \$3.43 was spent for public elementary and secondary schools and \$0.44 for public insti-

TABLE 25.—INCOME AND PUBLIC SCHOOL EXPENDITURES, BY STATES, 1934

States	Estimated national income 1934	Expenditures for public education			Percent of income expended for		
		Elementary and secondary schools	Tax-supported higher education	Total	Public elementary and secondary schools	Tax-supported higher education	Total public education
1	2	3	4	5	6	7	8
Continental U. S.	\$50,174,000,000	\$1,720,105,229	\$220,028,204	\$1,940,133,433	3.43	.44	3.87
Alabama	501,740,000	17,459,952	3,245,985	20,705,937	3.48	.65	4.13
Arizona	190,661,200	6,670,917	1,919,299	8,590,216	3.50	1.01	4.51
Arkansas	336,165,800	9,068,811	2,429,138	11,497,949	2.70	.72	3.42
California	3,446,953,800	124,029,442	18,257,477	142,286,919	3.60	.53	4.13
Colorado	396,374,600	16,991,576	3,508,405	20,499,981	4.29	.89	5.18
Connecticut	948,288,600	25,850,711	1,614,360	27,465,071	2.73	.17	2.90
Delaware	150,522,000	4,379,856	766,792	5,146,648	2.91	.51	3.42
District of Columbia	491,705,200	9,176,760	259,374	9,436,134	1.87	.05	1.92
Florida	491,705,200	14,705,629	3,285,125	17,990,754	2.99	.67	3.66
Georgia	662,296,800	19,330,015	3,169,124	22,499,139	2.92	.48	3.40
Idaho	145,504,600	6,755,176	1,590,236	8,345,412	4.64	1.09	5.73
Illinois	3,602,493,200	106,622,448	8,452,265	115,074,713	2.96	.23	3.19
Indiana	1,083,758,400	43,338,354	7,377,677	50,716,031	4.00	.68	4.68
Iowa	732,540,400	33,946,833	8,687,248	42,634,081	4.63	1.19	5.82
Kansas	577,001,000	27,268,242	5,096,437	32,364,679	4.73	.88	5.61
Kentucky	602,088,000	17,033,809	4,178,175	21,211,984	2.83	.69	3.52
Louisiana	541,879,200	15,890,354	3,625,100	19,515,454	2.93	.67	3.60
Maine	346,200,600	8,830,930	1,781,821	10,612,751	2.55	.51	3.06
Maryland	792,749,200	21,435,182	4,308,137	25,743,319	2.70	.54	3.24
Massachusetts	2,393,299,800	72,884,979	2,941,027	75,826,006	3.05	.12	3.17
Michigan	1,841,385,800	68,359,622	13,632,863	81,992,485	3.71	.74	4.45
Minnesota	908,149,400	39,305,813	9,365,330	48,671,143	4.33	1.03	5.36
Mississippi	301,044,000	11,548,101	2,828,345	14,376,446	3.84	.94	4.78
Missouri	1,384,802,400	40,895,317	4,288,647	45,183,964	2.95	.31	3.26
Montana	190,661,200	8,824,568	1,660,337	10,484,905	4.63	.87	5.50
Nebraska	446,548,600	17,162,569	3,862,635	21,025,204	3.84	.86	4.70
Nevada	45,156,600	2,174,333	582,200	2,756,533	4.82	1.29	6.11
New Hampshire	200,696,000	5,850,352	1,604,598	7,454,950	2.92	.80	3.72
New Jersey	2,122,360,200	83,888,306	1,653,457	85,541,763	3.95	.08	4.03
New Mexico	145,504,600	5,653,122	1,336,960	6,990,082	3.89	.92	4.81
New York	8,649,997,600	289,871,779	11,137,589	301,009,368	3.35	.13	3.48
North Carolina	767,662,200	22,556,788	5,166,342	27,723,130	2.94	.67	3.61
North Dakota	170,591,600	9,501,148	1,951,633	11,452,781	5.57	1.14	6.71
Ohio	2,614,065,400	99,926,443	11,478,625	111,405,068	3.82	.44	4.26
Oklahoma	632,192,400	25,139,002	5,445,356	30,584,358	3.98	.86	4.84
Oregon	361,252,800	13,049,130	3,062,993	16,112,123	3.61	.85	4.46
Pennsylvania	4,224,650,800	146,677,590	7,997,525	154,675,115	3.47	.19	3.66
Rhode Island	366,270,200	10,798,296	908,131	11,706,427	2.95	.25	3.20
South Carolina	366,270,200	11,699,684	2,518,361	14,218,045	3.19	.69	3.88
South Dakota	155,539,400	9,529,282	1,576,930	11,106,212	6.13	1.01	7.14
Tennessee	607,105,400	18,874,632	2,626,698	21,501,330	3.11	.43	3.54
Texas	1,876,507,600	57,505,528	12,952,311	70,457,839	3.06	.69	3.75
Utah	165,574,200	8,190,143	2,039,201	10,229,344	4.95	1.23	6.18
Vermont	130,452,400	3,592,571	1,268,763	4,861,334	2.75	.97	3.72
Virginia	707,453,400	20,361,539	6,325,403	26,686,942	2.88	.89	3.77
Washington	672,331,600	22,036,176	3,906,984	25,943,160	3.28	.58	3.86
West Virginia	496,722,600	19,760,664	2,872,344	22,633,008	3.98	.58	4.56
Wisconsin	1,083,758,400	41,310,933	8,672,662	49,983,595	3.81	.80	4.61
Wyoming	105,365,400	4,391,822	811,779	5,203,601	4.17	.77	4.94

Sources: Data of column 2 were obtained by distributing total national income for 1934 as estimated by the U. S. Department of Commerce, Division of Economic Research, among the states in accordance with the distribution for 1933 as given in National Industrial Conference Board, *National Income and Its Elements*, Table 25, p. 73. Data of columns 3, 4, and 5, are advance data from U. S. Department of the Interior, Office of Education, *Biennial Survey of Education*, 1932-34.

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tutions of higher education. These figures are interesting in comparison with those for 1930 and 1932. In 1930 the proportion of national income used for all public education rose above 3.0 percent for the first time and increased still further to 5.0 percent in 1932. The expenditure for elementary and secondary schools was 3.2 percent of national income in 1930 and 4.5 percent in 1932. By 1934, as the national income increased somewhat and school expenditures continued to decline, the share of income devoted to public education again dropped to between 3 and 4 percent as shown in Table 24.

Table 25 shows the distribution of the national income among the several states and the percent of income in each state which was expended for public education in 1934. A study of column 2 reveals a high concentration of the national income within a few states. The people of seven states, New York, Pennsylvania, Illinois, California, Ohio, Massachusetts, and New Jersey, received \$27,053,-820,800 or almost 54 percent of the total income of the nation. The income of New York, over 17 percent of the total, was 192 times as great as that of Nevada with less than one-tenth of 1 percent of the total.

According to column 8 of Table 25, South Dakota ranks highest among the states with respect to the percent of income spent for public education. Out of every \$100 of income received in that state, \$7.14 was spent for all educational purposes and \$6.13 was spent for public elementary and secondary schools. Connecticut ranks lowest among the states with respect to the percent of income expended for all public education—\$2.90 out of every \$100. Maine, the lowest-ranking state, on the basis of the percent of income expended for public elementary and secondary schools, used \$2.55 of every \$100 for this purpose.

The fact that the data of Table 25 are so arranged as to permit comparisons between states as to the percent of income expended for school support does not imply that uniformity among the states in this respect is either possible or desirable. In some states it may not require the expenditure of as large a percent of income as is actually being spent in some of the poorer states, in order to provide an

adequate public school program. On the other hand, the expenditure in some low-income states of a percent of income equal to that spent in certain richer states may be accomplished only at the expense of other state functions or may involve a sacrifice on the part of the people which is both economically and socially undesirable. As everyone knows, the larger the income, the less burdensome is a given rate of taxation upon the individual taxpayer. So it is when the aggregate income of the people of a state is considered. This fact should be borne in mind in considering the figures of Table 25 and other tables of this section.

Wealth as a Measure of Ability

The total wealth of the nation in 1932 was \$247,300,000,000.⁶ Wealth consists of all those material things which possess a market value. The sum of all these values represents the total amount of national wealth expressed in dollars and cents. This definition excludes commodities such as fresh air and sunshine and the intelligence of the inhabitants, which have an important effect upon the material welfare of a nation, but are not measurable in terms of

TABLE 26.—NATIONAL WEALTH AND THE VALUE OF PUBLIC SCHOOL PROPERTY

Item	Amount	Percent
1	2	3
Total national wealth (1932)	\$247,300,000,000	100.00
Value of all real estate and improvements (1932)	\$136,000,000,000	55.00
Value of public school property: (1934)		
Elementary and secondary schools	\$6,624,771,206	2.68
Colleges and universities	913,635,207	.37
Teacher-training institutions	190,509,366	.08
Total	\$7,728,915,779	3.13

Sources: The figure on total national wealth is from the National Industrial Conference Board, "Estimating National Wealth," *Conference Board Bulletin*, Vol. 7, No. 5; May 20, 1935, p. 4. The value of all real estate and equipment is based upon an estimate of W. R. Ingalls that 55 percent of the wealth of the nation was invested in real estate and improvements in 1929 and the assumption that the same percentage of wealth was in the form of real estate and improvements in 1932. Figures on value of school property are advanced data from U. S. Department of the Interior, Office of Education, *Biennial Survey of Education, 1932-34*.

⁶ In 1912 and again in 1922 the United States Census Bureau took an inventory of the wealth of the nation. Since 1922 the National Industrial Conference Board has published estimates of national wealth. The latest Conference Board estimate is for the year 1932 and is published in the *Conference Board Bulletin* 7:33-34; May, 1933.

TABLE 27.—WEALTH, SCHOOL EXPENDITURES, AND THE VALUE OF PUBLIC SCHOOL PROPERTY, BY STATES

	1	2	3	4	5	6	7	8	9	10
		Total wealth 1932 (in thousands of dollars)	Expenditures for all public education, 1934	Expenditures for elementary and secondary schools, 1934	Value of all public school property, 1934	Value of property of public elemen- tary and second- ary schools, 1934	Percent of col. 2 of col. 7	Percent of col. 2 of col. 8	Percent col. 5 is of col. 2	Percent col. 6 is of col. 2
Continental United States.....		\$247,300,000	\$1,940,133,433	\$1,720,105,229	\$7,728,915,779	\$6,624,771,206	.78	.70	3.13	2.68
Alabama.....		2,349,350	20,705,937	17,459,952	72,409,789	54,026,178	.88	.74	3.08	2.30
Arizona.....		1,046,079	8,590,216	6,670,917	25,077,385	18,812,659	.82	.64	2.40	1.80
Arkansas.....		2,035,279	11,497,949	9,068,811	45,454,278	38,287,157	.86	.45	2.23	1.88
California.....		11,825,886	142,286,919	124,029,442	525,449,331	439,066,705	1.20	1.05	4.44	3.71
Colorado.....		2,517,514	20,499,981	16,991,576	78,306,602	60,876,780	.81	.67	3.11	2.42
Connecticut.....		4,186,789	27,465,071	25,850,711	118,965,521	112,903,898	.66	.62	2.84	2.70
Delaware.....		494,600	5,146,648	4,379,856	22,013,971	17,010,248	1.04	.89	4.45	3.44
District of Columbia.....		1,325,528	9,436,134	9,176,760	38,944,341	38,398,216	.71	.69	2.94	2.90
Florida.....		1,941,305	17,990,754	14,705,629	81,969,290	71,586,858	.93	.76	4.22	3.69
Georgia.....		3,068,993	22,499,139	19,330,015	69,873,694	55,783,918	.73	.63	2.28	1.82
Idaho.....		1,221,662	8,345,412	6,755,176	31,406,346	23,035,652	.68	.55	2.57	1.89
Illinois.....		17,360,460	115,074,713	106,622,448	528,300,268	480,876,600	.66	.61	3.04	2.77
Indiana.....		6,931,819	50,716,031	43,338,354	204,217,678	177,002,512	.73	.63	2.95	2.55
Iowa.....		8,188,103	42,634,081	33,946,833	155,996,371	121,389,865	.52	.41	1.91	1.48
Kansas.....		4,879,229	32,364,679	27,268,242	126,120,789	106,323,465	.66	.56	2.58	2.18
Kentucky.....		2,806,855	21,211,984	17,033,809	78,778,282	62,000,081	.76	.61	2.81	2.21
Louisiana.....		2,685,678	19,515,454	15,890,354	70,757,406	56,041,784	.73	.59	2.63	2.09
Maine.....		1,585,193	10,612,751	8,830,930	38,497,187	33,024,001	.67	.56	2.43	2.08
Maryland.....		3,140,710	25,743,319	21,435,182	108,819,816	69,541,401	.82	.68	3.46	2.21
Massachusetts.....		10,260,477	75,826,006	72,884,979	409,189,638	398,868,633	.74	.71	3.99	3.89
Michigan.....		9,026,450	81,992,485	68,359,622	403,723,530	335,098,843	.91	.76	4.47	3.71
Minnesota.....		6,699,357	48,671,143	39,305,813	201,682,799	151,678,255	.73	.59	3.01	2.26
Mississippi.....		1,713,789	14,376,446	11,548,101	41,132,351	27,935,238	.84	.67	2.40	1.63
Missouri.....		7,849,302	45,183,964	40,895,317	172,707,934	152,098,364	.88	.82	2.20	1.94
Montana.....		1,755,830	10,484,905	8,824,568	38,777,484	29,286,118	.60	.50	2.21	1.67

Montana.....	1,755,830	10,484,905	40,895,317	172,707,934	38,777,484	152,098,364	58	52	20	1.94	2.40	1.63
			8,824,568			29,286,118	60	50		2.21		1.67
Nebraska.....	4,152,167	21,025,204	17,162,569	77,793,516		60,929,866	.51	.41		1.87	1.47	
Nevada.....	417,937	2,756,533	2,174,333	8,736,201		5,960,776	.66	.52		2.09	1.43	
New Hampshire.....	1,085,647	7,454,950	5,850,352	26,927,888		19,903,021	.69	.54		2.48	1.83	
New Jersey.....	9,308,372	85,541,763	83,888,306	335,166,637		326,217,875	.92	.90		3.60	3.50	
New Mexico.....	670,183	6,990,082	5,653,122	14,886,883		9,343,560	1.04	.84		2.22	1.39	
New York.....	28,939,046	301,009,368	289,871,779	1,053,267,425		980,191,137	1.04	1.00		3.64	3.39	
North Carolina.....	3,615,526	27,723,130	22,556,788	138,877,155		107,080,903	.77	.62		3.84	2.96	
North Dakota.....	1,909,156	11,452,781	9,501,148	50,192,535		36,978,608	.60	.50		2.63	1.94	
Ohio.....	14,610,484	111,405,068	99,926,443	440,479,478		378,695,927	.76	.68		3.01	2.59	
Oklahoma.....	3,101,142	30,584,358	25,139,002	119,506,346		97,389,498	.99	.81		3.85	3.14	
Oregon.....	2,685,678	16,112,123	13,049,130	64,882,537		51,170,522	.60	.49		2.42	1.91	
Pennsylvania.....	22,692,248	154,675,115	146,677,500	615,670,389		585,074,511	.68	.65		2.71	2.58	
Rhode Island.....	1,518,422	11,706,427	10,798,296	46,799,652		42,284,462	.77	.71		3.08	2.78	
South Carolina.....	1,896,791	14,218,045	11,699,684	56,070,706		40,633,210	.75	.62		2.95	2.14	
South Dakota.....	2,317,201	11,106,212	9,529,282	44,915,750		35,523,250	.48	.41		1.94	1.53	
Tennessee.....	3,350,915	21,501,330	18,874,632	67,712,410		51,588,794	.64	.56		2.02	1.54	
Texas.....	7,713,287	70,457,839	57,505,528	306,034,992		223,297,255	.91	.75		3.97	2.89	
Utah.....	1,211,770	10,229,344	8,190,143	40,352,082		33,883,218	.84	.68		3.33	2.80	
Vermont.....	660,291	4,861,334	3,592,571	16,935,723		10,358,358	.74	.54		2.56	1.57	
Virginia.....	3,867,772	26,686,942	20,361,539	104,927,766		66,708,203	.69	.53		2.71	1.72	
Washington.....	4,016,152	25,943,160	22,036,176	106,590,782		82,501,572	.65	.55		2.65	2.05	
West Virginia.....	3,692,189	22,635,008	19,760,664	84,599,675		67,482,446	.61	.54		2.29	1.83	
Wisconsin.....	6,194,865	49,983,595	41,810,933	199,811,226		166,605,077	.81	.67		3.23	2.69	
Wyoming.....	776,522	5,203,601	4,391,822	19,256,244		13,995,718	.67	.57		2.48	1.80	

Sources: Data of column 2 were obtained by distributing the total national wealth for 1932 as estimated by National Industrial Conference Board, *Conference Board Bulletin*, Vol. 7, No. 5; May 20, 1935, among the states in accordance with the distribution for 1930 as given in *Conference Board Bulletin*, February 20, 1932. Columns 3, 4, 5, and 6 are advance data from U. S. Department of the Interior, Office of Education, *Biennial Survey of Education*, 1932-34.

market values. It also excludes intangibles such as stocks, bonds, mortgages, and the like which, while they are bought and sold in the market, are nevertheless of value only as they certify to ownership of other forms of wealth which are material and tangible. To include these securities at their exchange value would involve a duplication in any estimate of total national wealth.

Formerly the amount of total national wealth, as above defined, located within the boundaries of each state, provided an excellent measure of the state's ability to support its governmental functions. Now, under modern economic conditions, when the ownership of wealth located in any single state may be vested in stockholders scattered thruout the nation, this measure suffers from serious limitations. It is obvious that this diffusion of ownership impairs the availability of the wealth located in a single state as a source of revenues for the support of that state's functions. Nevertheless, the amounts and percents of total national wealth located within the several states are generally accepted as one of the best available indications of taxpaying ability.

A part of the wealth of the nation and of every state is in the form of public school property. Table 26 shows, for the nation as a whole, the relationship between total wealth, the value of all real estate and improvements, and the value of buildings, sites, and equipment of public schools and public institutions of higher education.

Approximately 55 percent of total national wealth existed in the form of real estate and improvements in 1929 according to an estimate by W. R. Ingalls.⁷ Assuming that this proportion still held in 1932, the total value of real estate and improvements in that year was \$136,000,000,000. Only about 3 percent of total national wealth and less than 5 percent of the value of all real estate and improvements was invested in buildings, sites, and equipment of public schools and public institutions of higher education. In other words, out of every \$100 of total national wealth in 1932, \$55.00 was invested in real estate and improvements, of which only \$2.68 was invested in property of public elementary and secondary schools and an additional 45 cents in the plants and equipment of public

colleges and universities and teacher-training institutions.

According to Table 27, the distribution of the total national wealth among the states is very unequal. Column 2 shows that in 1932, New York's wealth was almost seventy times as great as that of Nevada. Approximately one-third of the total wealth of the nation was located in four states (New York, Pennsylvania, Illinois, and Ohio). Column 7 presents data on the relationship between wealth and school expenditures in the various states. Examination of the figures in this column reveals that for every \$100 of wealth, California spent \$1.20 and New Mexico, New York, and Delaware each spent \$1.04 for all public education in 1934 as compared with \$0.48 in South Dakota, \$0.51 in Nebraska, and \$0.78 in the United States as a whole.

Table 27 also shows the relationship between the value of public school property and total wealth in the separate states. According to the figures of columns 9 and 10, out of every \$100 of total wealth in Michigan, \$4.47 was invested in educational buildings and sites, of which \$3.71 was in the plant and equipment of elementary and secondary schools and \$0.76 in buildings and grounds of higher educational institutions. At the other end of the scale, only \$1.87 of every \$100 of wealth in Nebraska was in educational property—\$1.47 in property of elementary and secondary schools and \$0.40 in property of institutions of higher education.

Wealth and Income per Child as Measures of Ability

To arrive at any estimate of the relative ability of the states to support education it is necessary to compare each state's resources with its educational obligations. Column 2 of Table 28 shows the wealth behind each child enrolled in public elementary and secondary schools in the various states. The extremes are represented by Nevada with \$21,582 of wealth per pupil enrolled and Mississippi with \$2,819, or a ratio of approximately eight to one. Column 3 presents data on income per pupil enrolled. New York with \$3,766 of income in back of each pupil ranks highest and Mississippi with \$495 ranks lowest. New York

⁷ A revision of data originally published by W. R. Ingalls in the *Annalist* for October 23, 1931, appears in: Moulton, Harold G. *The Formation of Capital*. Washington, D. C.: Brookings Institution, 1935. p. 187.

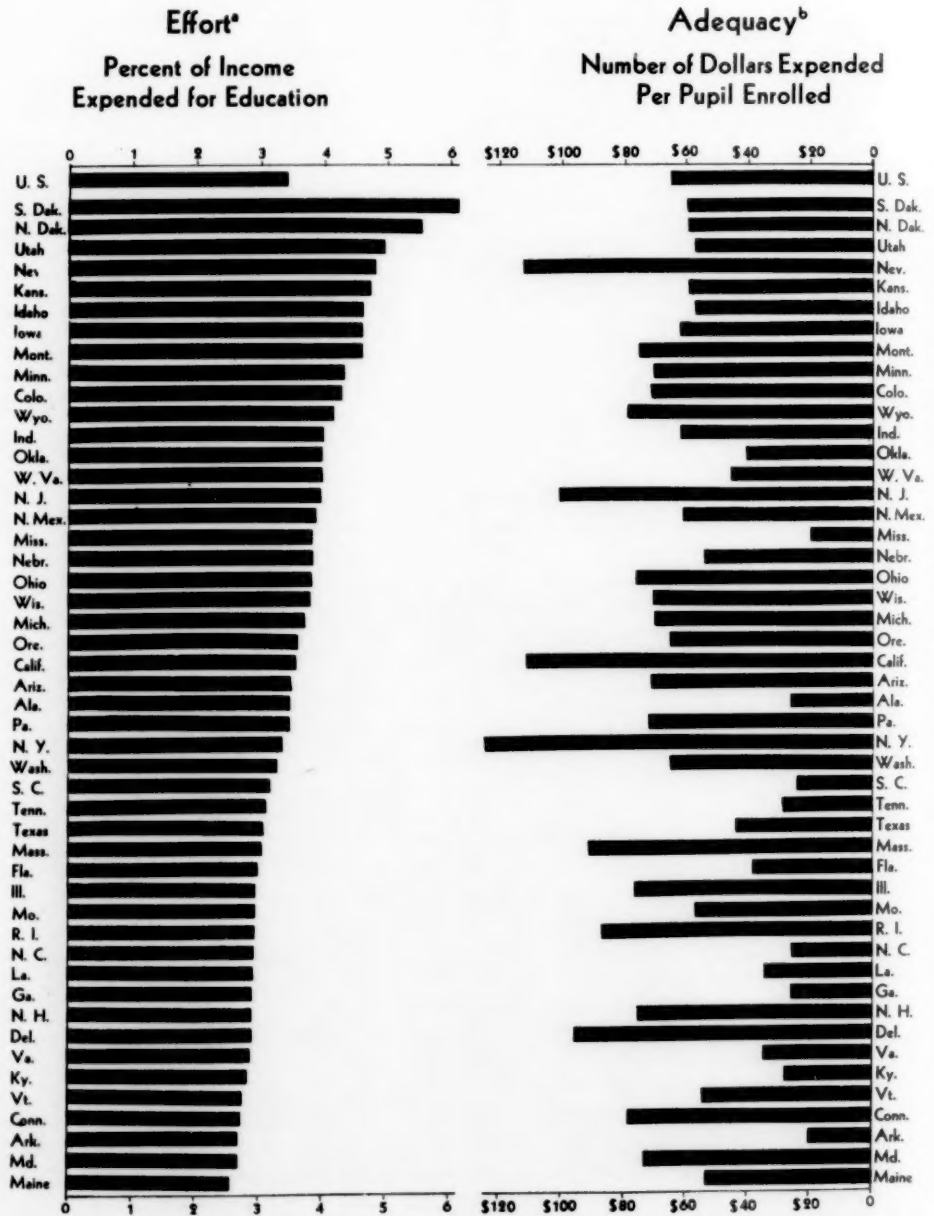
TABLE 28.—COMPARISON OF WEALTH, INCOME, AND SCHOOL EXPENDITURES PER PUPIL ENROLLED IN PUBLIC ELEMENTARY AND SECONDARY SCHOOLS, BY STATES, 1933-34

States	Wealth per pupil enrolled in public elementary and secondary schools	Income per pupil enrolled in public elementary and secondary schools	Expenditures for public elementary and secondary schools* per pupil enrolled	Value of public elementary and secondary school property per pupil enrolled	Rank in column 2	Rank in column 3	Rank in column 4	Rank in column 5
1	2	3	4	5	6	7	8	9
Continental U. S...	\$9,355.31	\$1,898.07	\$64.76	\$250	..	..	..	..
Alabama.....	3,620.06	773.12	26.49	83	48	46	44	45.5
Arizona.....	11,274.71	2,054.96	71.80	203	19	15	17	30
Arkansas.....	4,456.69	736.11	19.86	84	44	48	48	44
California.....	10,556.12	3,088.51	111.13	393	27	4	3	5
Colorado.....	10,542.00	1,659.80	71.15	288	28	24	18	13.5
Connecticut.....	12,794.83	2,897.97	78.20	345	11	7	10	8
Delaware.....	10,764.34	3,275.92	95.12	370	24	3	6	6
Dist. of Columbia.....	14,084.58	5,224.68	96.45	408	5	1	5	3
Florida.....	5,075.17	1,285.47	38.35	187	41	33	39	34
Georgia.....	4,012.46	865.90	25.18	73	46	44	46	48
Idaho.....	10,322.80	1,229.48	57.08	195	29	34	31	32
Illinois.....	12,537.79	2,601.73	76.67	347	13	9	11	7
Indiana.....	9,952.17	1,555.98	61.83	254	31	28	26	18.5
Iowa.....	14,953.42	1,337.79	61.99	222	2	32	25	27.5
Kansas.....	11,575.59	1,368.89	64.69	252	18	31	23	20
Kentucky.....	4,603.79	987.54	27.94	102	43	41	43	42
Louisiana.....	5,818.11	1,173.90	34.34	121	39	36	41	39
Maine.....	9,506.58	2,076.20	52.86	198	32	14	35	31
Maryland.....	10,694.40	2,699.38	72.76	237	25	8	15	24.5
Massachusetts.....	12,925.01	3,014.81	91.13	502	10	5	7	1
Michigan.....	9,247.57	1,886.49	70.03	343	33	21	21	9
Minnesota.....	11,964.80	1,621.92	70.17	271	15	25	20	16
Mississippi.....	2,818.57	495.11	18.93	45	49	49	49	49
Missouri.....	10,908.05	1,924.44	56.83	211	23	19	32	29
Montana.....	14,934.85	1,621.74	75.04	249	3	26	14	22
Nebraska.....	13,108.41	1,409.76	54.18	192	9	30	34	33
Nevada.....	21,582.08	2,331.87	112.16	308	1	12	2	11
New Hampshire.....	13,962.77	2,581.20	75.21	256	6	10	13	17
New Jersey.....	11,249.67	2,564.99	100.58	394	20	11	4	4
New Mexico.....	7,249.22	1,573.89	61.09	101	36	27	27	43
New York.....	12,599.35	3,766.00	124.32	427	12	2	1	2
North Carolina.....	4,037.33	857.22	25.19	120	45	45	45	40
North Dakota.....	11,880.32	1,061.56	59.13	230	16	39	29	26
Ohio.....	11,238.51	2,010.76	76.35	291	21	16	12	12
Oklahoma.....	4,973.79	1,013.95	40.32	156	42	40	38	37
Oregon.....	13,324.72	1,792.32	64.74	254	8	23	22	18.5
Pennsylvania.....	11,169.61	2,079.46	72.19	288	22	13	16	13.5
Rhode Island.....	12,198.71	2,942.54	86.30	340	14	6	8	10
South Carolina.....	3,897.15	752.54	24.04	83	47	47	47	45.5
South Dakota.....	14,486.49	972.39	59.58	222	4	42	28	27.5
Tennessee.....	5,113.50	926.44	28.80	79	40	43	42	47
Texas.....	5,880.54	1,430.63	43.84	170	38	29	37	35
Utah.....	8,485.96	1,159.51	57.36	237	35	37	30	24.5
Vermont.....	9,977.80	1,971.29	54.23	157	30	18	33	36
Virginia.....	6,604.16	1,207.97	34.59	114	37	35	40	41
Washington.....	11,786.49	1,973.14	64.67	242	17	17	24	23
West Virginia.....	8,490.45	1,142.25	45.44	155	34	38	36	38
Wisconsin.....	10,623.42	1,858.51	70.46	286	26	22	19	15
Wyoming.....	13,905.95	1,886.88	78.57	251	7	20	9	21

Sources: Based on data in Tables 25 and 27 as to wealth and income and advance data from U. S. Department of the Interior, Office of Education, *Biennial Survey of Education, 1932-34*.
 * Day schools only. Does not include night, summer, and part-time and continuation schools.

FIGURE III

EFFORT AND ADEQUACY, 1934



^a Based on data from Table 25, Column 6.

^b Based on data from Table 28, Column 4.

Research Division, National Education Association

also has approximately eight times as much income per pupil enrolled as does Mississippi.

The effect upon the educational offering of these differences in wealth and income per pupil is clearly evident in the data of column 4. This column gives the expenditures for each pupil enrolled in public elementary and secondary schools. According to this column Mississippi expended \$19 for each pupil enrolled as compared with an expenditure of \$124 per pupil in New York. Thus, even after allowing for the difference between the two states as to the size of the educational task, New York provided a school program more than six and one-half times as costly as that offered in Mississippi. This, of course, does not necessarily mean that the school program of New York state is six and one-half times as effective as that of Mississippi. The school dollar may have a higher purchasing power in Mississippi than in New York, but if an expenditure of \$124 per pupil is justified in the latter state, a \$19 per pupil expenditure can hardly be adequate in the former. The value of school property per pupil enrolled is also given in Table 28.

Yield of a Uniform System of State and Local Taxation as a Measure of Ability

In spite of the value of wealth and income as measures of ability to support education, they are, nevertheless, subject to certain limitations. One or two of these have already been mentioned. There is yet a further limitation from which these measures suffer. They assume, respectively, that every dollar of wealth is equally available with every other dollar of wealth as an object of taxation and that every dollar of income is equally available with every other dollar of income for the purpose of paying taxes. Hence, on this assumption, since public schools are supported by taxes, every dollar of income and every dollar of wealth would be equally available with every other dollar of income and wealth for the support of schools and for other public purposes. This, of course, is not the fact. In any state, the forms assumed by the wealth within its borders, the distribution of the total income of its residents by size of income, and the efficiency

of the state tax system and the state fiscal administrative machinery in tapping these resources, all will profoundly affect ability to raise revenues for the support of state and local governmental functions.

Realizing this, Chism⁸ and Newcomer⁹ each tried to develop a truer measure of relative ability to raise revenues, or "taxpaying ability," on the basis of the potential yield of a selected group of taxes to be applied uniformly in all states.

Chism started with the "Plan for a Model System of State and Local Taxation" recommended by a committee of the National Tax Association.¹⁰ This plan recognizes three major principles of taxation as fundamental to American fiscal theory and practise, as follows: (1) that every person having taxable ability should pay some sort of a direct tax to the government under which he is domiciled; (2) that tangible property by whomsoever owned should be taxed by the jurisdiction in which it is located, because it there receives protection and other governmental services and benefits; and (3) that business carried on for profit in any locality should be taxed for the services which it receives.¹¹ On the basis of these three principles, the committee recommended that every state and local tax system should include a personal income tax, a tax on tangible property at its situs, and a tax on business measured by net income. In addition, Chism includes in his proposed model system, to be used as a basis for estimating potential tax revenues, three supplementary taxes which are common to most state tax systems: a motor vehicle license tax, a motor fuel tax, and an inheritance tax. After estimating the potential yield of these six taxes applied at uniform rates in all states, over a ten-year period, 1922-32, Chism goes a step further and relates these potential revenues to educational need. Assuming that the schools can reasonably claim 31.27 percent of the revenues of each state (the average percent of total tax collections devoted to the support of schools in all the states in 1932), he determines the amount of revenues which under his proposed model tax system would be available for education and divides this by the number of

⁸ Chism, Leslie L., *op. cit.*

⁹ Newcomer, Mabel., *op. cit.*

¹⁰ National Tax Association. "Second Report on a Plan of a Model System of State and Local Taxation." *Proceedings, October 16-18, 1933*. Columbia, S. C.: the Association (Walter G. Query, secy.), 1934. p. 353-427.

¹¹ National Tax Association, *op. cit.*, p. 361.

units of educational need in the state as defined by Mort.¹² The resulting measures serve as the basis for Chism's indexes of the relative ability of the states to support public schools.

Newcomer, like Chism, starts with the proposed Model Tax Plan of the National Tax Association as a foundation. To the three basic taxes on personal income, property, and business income, she also adds three supplementary taxes—a severance tax, a corporate organization tax, and a stock transfer tax—on grounds that these taxes represent extraordinary tax-paying ability in certain states which should be reflected in any index of the taxpaying ability of the forty-eight states. The difference between the indexes of relative state ability to pay taxes thus obtained by Newcomer and those obtained by Chism are chiefly due to the differences in the methods used by the two investigators. The two series of indexes are shown in Table 29.

According to Newcomer, the tax resources of New York state in 1930 were 115 times as great as those of New Mexico, as measured by the yield of a model tax system. On a similar basis, Chism found New York's tax resources to be 82 times those of Nevada in 1932. Altho Nevada was at the bottom of the list of states with respect to total taxpaying ability, as estimated by Chism, when considered in the light of the educational task to be performed, Nevada's ability to pay taxes was higher than that of any other state. Chism found that the range among the states in the value of tax resources per unit of educational need was from \$19.45 in Mississippi to \$113.57 in Nevada, a variation of from 1 to 5.84.

A later investigation by Ashby¹³ relates Chism's and Newcomer's data on taxpaying ability to educational expenditures in the states. The results are shown in columns 4 and 5 of Table 29. On the basis of Newcomer's figures, the percent of tax resources spent for current educational costs in 1930 varied among the states from 3.7 in Delaware to 79.6 in North Dakota. Based on Chism's data for 1931-32, the variation was much smaller—from 21.3 percent in Arkansas to 42.6 percent in Wyoming. Newcomer's data, as stated above, take account of special taxpaying ability

in a few states and therefore show a wider variation.

Private Expenditures as an Indication of Ability

All goods and services, whether purchased collectively for public purposes thru taxation or individually for private purposes, must be paid for out of the total income of the people. It may be said that since this is true, the greater the expenditure for the support of government, the less there is available to spend for the satisfaction of private wants and needs. This is only partly true. Some public expenditures, like those for public schools, bring returns in succeeding generations many times as great as the initial investment. Likewise expenditures for certain public services such as those rendered by the schools represent an actual saving within the current generation. They provide for the whole people at public expense certain goods and services which would otherwise have to be purchased privately from individual incomes at a much greater cost. Furthermore, money spent for schools is almost immediately paid out again as salaries, wages, and for the purchase of buildings, sites, supplies, and equipment, thus swelling the volume of consumption in the state and in the nation. On the other hand, it may be said that the greater the percent of the total national income used for private spending, the less will be available for the payment of taxes for the financing of government-supported enterprises. This again is only partly true. It may be true of a society in which production is unable to keep pace with an expanding consumer demand. Many economists believe, however, that under our modern economic order, geared as it is to mass production, any reduction in consumer spending will tend to retard production and reduce the national income. Increased spending is needed to stimulate production, thus increasing the national income and making available more funds for both public and private purposes.

There is no disposition to argue in these paragraphs that expenditures for the purposes mentioned in the following pages are too high. It is evident, however, that in any state or nation large expenditures of this type do indi-

¹² Mort, Paul R., director. *Federal Support for Public Education*. New York: Teachers College, Columbia University, 1936. p. 62-114.

¹³ National Education Association, Research Division. "The Efforts of the States To Support Education." *Research Bulletin* 14:105-62; May, 1936. Washington, D. C.: the Association.

TABLE 29.—ABILITY OF THE STATES TO SUPPORT EDUCATION MEASURED ON THE BASIS OF YIELD OF A UNIFORM SYSTEM OF STATE AND LOCAL TAXATION

States	Estimated tax resources (In thousands of dollars)		Percent of estimated tax resources expended for education		Index of percent of tax resources expended for public education U. S. = 100	
	Chism 1931-32	Newcomer 1930	On basis of Chism's data for 1931-32	On basis of Newcomer's data for 1930	On basis of Chism's data for 1931-32	On basis of Newcomer's data for 1930
1	2	3	4	5	6	7
Continental United States.....	\$6,341,023	\$4,878,600	28.4	37.6	100.0	100.0
Alabama.....	53,141	29,100	29.9	60.5	105.3	160.9
Arizona.....	23,650	15,600	34.3	53.2	120.8	141.5
Arkansas.....	44,587	24,100	21.3	45.6	75.0	121.3
California.....	333,550	310,400	37.4	39.0	131.7	103.7
Colorado.....	58,446	38,000	34.5	55.5	121.5	147.6
Connecticut.....	116,263	88,500	25.8	32.1	90.8	85.4
Delaware.....	13,779	93,600	28.5	3.7	100.4	9.8
Florida.....	54,410	42,900	25.3	31.2	89.1	83.0
Georgia.....	72,175	35,000	24.0	49.1	84.5	130.6
Idaho.....	24,113	15,300	32.5	56.2	114.4	149.5
Illinois.....	458,407	354,900	25.4	34.6	89.4	92.0
Indiana.....	173,883	95,900	29.5	56.9	103.9	151.3
Iowa.....	191,479	97,200	21.4	45.9	75.4	122.1
Kansas.....	118,601	66,200	25.2	51.2	88.7	136.2
Kentucky.....	65,501	42,100	29.0	47.3	102.1	125.8
Louisiana.....	61,188	30,800	27.1	54.5	95.4	144.9
Maine.....	40,861	24,800	24.1	38.7	84.9	102.9
Maryland.....	82,581	70,300	23.9	27.2	84.2	72.3
Massachusetts.....	285,542	215,300	25.7	34.4	90.5	91.5
Michigan.....	240,932	195,700	35.5	49.6	125.0	131.9
Minnesota.....	162,149	90,500	28.0	51.0	98.6	135.6
Mississippi.....	37,444	20,000	41.8	78.0	147.2	207.4
Missouri.....	192,588	127,000	21.8	31.8	76.8	84.6
Montana.....	36,513	21,600	29.1	53.7	102.5	142.8
Nebraska.....	99,469	52,400	22.7	45.8	79.9	121.8
Nevada.....	10,168	12,800	21.7	16.4	76.4	43.6
New Hampshire.....	27,433	14,600	23.5	42.5	82.7	113.0
New Jersey.....	260,189	237,300	33.6	34.9	118.3	92.8
New Mexico.....	15,127	9,000	39.8	65.6	140.1	174.5
New York.....	834,313	1,038,000	32.9	24.8	115.8	66.0
North Carolina.....	83,542	51,600	30.1	55.6	106.0	147.9
North Dakota.....	42,916	18,600	28.3	79.6	99.6	211.7
Ohio.....	385,978	257,600	25.5	42.2	89.8	112.2
Oklahoma.....	77,848	57,400	34.9	53.7	122.9	142.8
Oregon.....	63,527	39,300	23.7	40.7	83.5	108.2
Pennsylvania.....	583,632	376,300	25.6	38.7	90.1	102.9
Rhode Island.....	41,546	30,900	25.1	31.7	88.4	84.3
South Carolina.....	41,182	18,000	26.4	76.7	93.0	204.0
South Dakota.....	51,555	22,900	24.0	57.6	84.5	153.2
Tennessee.....	79,220	51,300	24.7	40.0	87.0	106.4
Texas.....	205,073	139,600	29.6	42.0	104.2	111.7
Utah.....	26,323	17,100	31.3	53.2	110.2	141.5
Vermont.....	15,804	9,800	28.1	50.0	98.9	133.0
Virginia.....	93,195	52,300	21.4	38.2	75.4	101.6
Washington.....	103,638	64,000	25.7	43.8	90.5	116.5
West Virginia.....	92,614	50,100	25.3	50.5	89.1	134.3
Wisconsin.....	152,084	101,600	29.0	43.9	102.1	116.8
Wyoming.....	12,864	11,300	42.6	54.9	150.0	146.0

Sources: Column 2 from Chism, Leslie L. *The Economic Ability of the States to Finance Public Schools*. Contributions to Education, No. 669. New York: Teachers College, Columbia University, 1936. p. 124. Column 3 as revised in Mort, Paul R. *Federal Support for Public Education*. New York: Teachers College, Columbia University, 1936. Columns 4, 5, 6, and 7 from Ashby, Lyle W. *The Efforts of the States To Support Education*. Washington, D. C.: National Education Association, 1936. (Also published as May 1936 Research Bulletin.) Tables 8, 9, and 13, p. 23, 24, and 29.

cate a relatively high degree of purchasing power. In what proportions this purchasing power will be used for the satisfaction of individual, or of collective, wants the people themselves will decide.

Expenditures for the Purchase of New Automobiles

Students of the market frequently make use of data on sales of motor vehicles as a basis for judging relative state or local purchasing power. In the nation as a whole, excluding motor trucks from consideration, 1,889,000 new passenger cars were registered in 1934. For the purchase of these, according to a recent estimate, the people of the United States spent upwards of \$1,299,000,000. This estimate should not be compared with estimated expenditures for automobiles published in previous issues of the RESEARCH BULLETIN. It covers the purchase price only of new passenger cars. Expenditures for the purchase

of all used cars are excluded, as are all costs of operation and upkeep. Table 30 presents estimates of expenditures for new passenger automobiles in the separate states. By consulting this table and Table 25, it will be seen that out of \$100 of income, New York spent \$1.43 for the purchase of automobiles of this type, while Oklahoma spent \$4.29. The average for the United States as a whole in 1934 was \$2.59 out of every \$100 of national income. Expenditures for the purchase of new cars alone amounted to more than two-thirds of the cost of all public education. Expenditures for the purchase, operation, and upkeep of all motor vehicles would be equal to several times the cost of public education.

Life Insurance Premiums and Savings Deposits

Generally speaking, if the amounts saved by the people of a community are large, we may assume that purchasing power in that community is relatively high. The people are

FIGURE IV

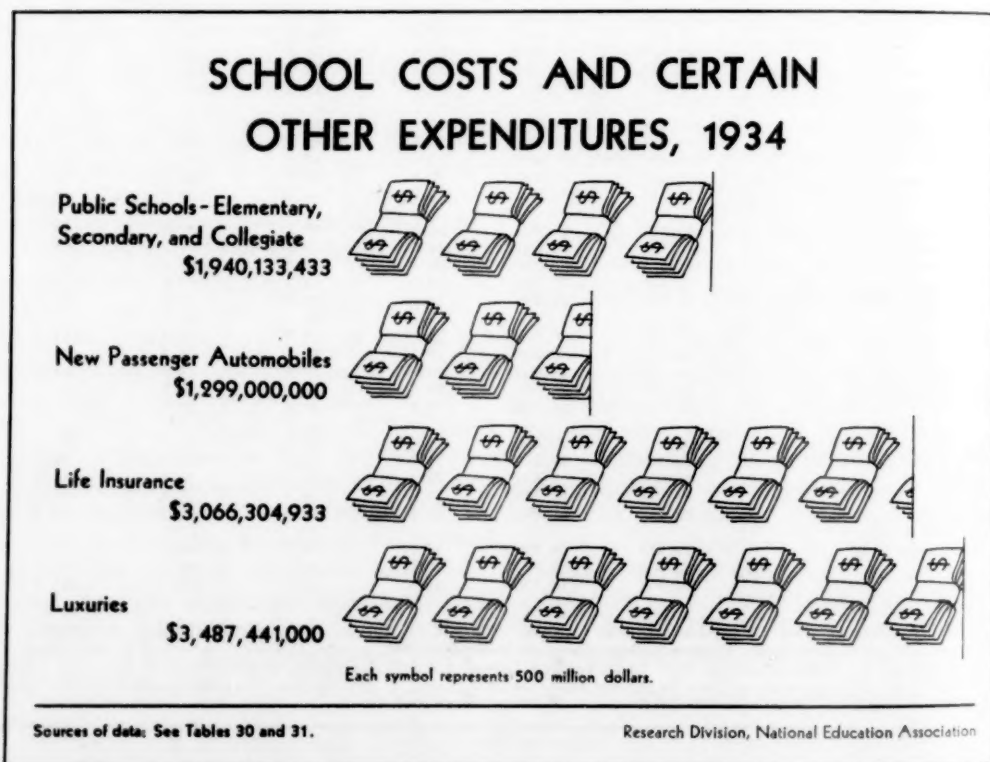


TABLE 30.—EXPENDITURES FOR PUBLIC EDUCATION, LIFE INSURANCE, AND PASSENGER AUTOMOBILES,^a AND ACCUMULATED SAVINGS DEPOSITS—1934

States	Expenditures for public education 1934	Expenditures for life insurance ^a 1934	Purchase price of new passenger automobiles ^a 1934	Total amount in savings accounts 1934	Percent col. 2 is of col. 3	Percent col. 2 is of col. 4	Percent col. 2 is of col. 5
1	2	3	4	5	6	7	8
Continental United States..	\$1,940,133,433	\$3,066,304,933	\$1,299,400,000	\$21,867,666,000	63.27	149.31	8.87
Alabama.....	20,705,937	21,779,014	17,586,360	71,171,000	95.07	117.74	29.09
Arizona.....	8,590,216	4,220,488	4,453,196	16,408,000	203.54	192.90	52.35
Arkansas.....	11,497,949	13,187,459	10,840,832	39,433,000	87.19	106.06	29.16
California.....	142,286,919	161,379,475	79,896,806	1,736,523,000	88.17	178.09	8.19
Colorado.....	20,499,981	24,406,137	12,865,500	84,348,000	84.00	159.34	24.30
Connecticut.....	27,465,071	63,649,255	18,815,148	857,822,000	43.15	145.97	3.20
Delaware.....	5,146,648	11,075,686	3,348,804	63,651,000	46.47	153.69	8.09
District of Columbia.....	9,436,134	23,892,318	12,745,268	92,482,000	39.49	74.04	10.20
Florida.....	17,990,754	21,780,927	18,382,451	55,185,000	82.60	97.87	32.60
Georgia.....	22,499,139	35,228,970	22,867,697	103,556,000	63.87	98.39	21.73
Idaho.....	8,345,412	5,195,750	4,964,529	18,100,000	160.62	168.10	46.11
Illinois.....	115,074,713	245,546,320	75,195,375	658,488,000	46.86	153.03	17.48
Indiana.....	50,716,031	67,974,568	36,567,516	200,364,000	74.61	138.69	25.31
Iowa.....	42,634,081	46,291,451	26,570,878	142,954,000	92.10	160.45	29.82
Kansas.....	32,364,679	29,549,070	22,659,913	77,153,000	109.53	142.83	41.95
Kentucky.....	21,211,984	34,194,176	17,811,251	132,219,000	62.03	119.09	16.04
Louisiana.....	19,515,454	25,924,916	16,012,344	83,928,000	75.28	121.88	23.25
Maine.....	10,612,751	18,805,240	7,961,455	229,490,000	56.44	133.30	4.62
Maryland.....	25,743,319	48,183,551	17,152,126	407,710,000	53.43	150.09	6.31
Massachusetts.....	75,826,006	163,438,579	48,531,179	2,490,761,000	46.39	156.24	3.04
Michigan.....	81,992,485	99,870,754	75,526,619	453,356,000	82.10	108.56	18.09
Minnesota.....	48,671,143	58,426,328	25,852,421	327,810,000	83.30	188.27	14.85
Mississippi.....	14,376,446	11,450,285	10,941,206	53,575,000	125.56	131.40	26.83
Missouri.....	45,183,964	90,533,685	38,245,276	250,741,000	49.91	118.14	18.02
Montana.....	10,484,905	7,534,790	6,736,416	39,333,000	139.15	155.65	26.66
Nebraska.....	21,025,204	27,125,321	14,984,642	69,649,000	77.51	140.31	30.19
Nevada.....	2,756,533	1,279,166	1,690,092	6,517,000	215.49	163.10	42.30
New Hampshire.....	7,454,950	13,284,093	5,444,340	215,299,000	56.12	136.93	3.46
New Jersey.....	85,541,763	146,625,987	42,011,591	1,121,120,000	58.34	203.61	7.63
New Mexico.....	6,990,082	2,987,691	4,333,501	7,451,000	233.96	161.30	93.81
New York.....	301,009,368	621,514,754	123,390,172	6,796,773,000	48.43	243.95	4.43
North Carolina.....	27,723,130	36,335,394	31,615,191	65,674,000	76.30	87.69	42.21
North Dakota.....	11,452,781	5,944,152	5,293,678	29,770,000	192.67	216.35	38.47
Ohio.....	111,405,068	193,406,119	88,376,017	839,952,000	57.60	126.06	13.26
Oklahoma.....	30,584,358	26,209,055	27,093,675	75,118,000	116.69	112.88	40.72
Oregon.....	16,112,123	19,625,928	9,845,302	90,551,000	82.10	163.65	17.79
Pennsylvania.....	154,675,115	300,327,528	101,255,713	2,167,576,000	51.50	152.76	7.14
Rhode Island.....	11,706,427	25,391,295	8,144,157	339,087,000	46.10	143.74	3.45
South Carolina.....	14,218,045	18,125,537	13,688,752	25,853,000	78.44	103.87	55.00
South Dakota.....	11,106,212	6,687,401	4,951,649	26,237,000	166.08	224.29	42.33
Tennessee.....	21,501,330	33,683,578	19,318,161	119,607,000	63.83	111.30	17.98
Texas.....	70,457,839	68,873,296	73,359,316	176,154,000	102.30	96.04	40.00
Utah.....	10,229,344	8,552,566	4,737,365	51,379,000	119.61	215.93	19.91
Vermont.....	4,861,334	9,036,131	3,364,966	151,910,000	53.80	144.47	3.20
Virginia.....	26,686,942	41,576,243	21,585,886	211,693,000	64.19	123.63	12.61
Washington.....	25,943,160	35,371,572	15,908,202	157,463,000	73.34	163.08	16.48
West Virginia.....	22,633,008	23,017,782	15,155,823	107,337,000	98.33	149.34	21.09
Wisconsin.....	49,983,595	64,551,598	28,214,898	310,553,000	77.43	177.15	16.10
Wyoming.....	5,203,601	3,253,554	3,106,345	18,382,000	159.94	167.52	28.31

Sources: Column 2 from advance data of the U. S. Department of the Interior, Office of Education, *Biennial Survey of Education, 1932-34*, Column 3 from *Life Insurance Yearbook 1935*, Spectator Company, New York, p. 955-56, Column 4 based on *Automotive Industries 74:243*; April 10, 1936, Column 5 from *Savings Deposits and Depositors, 1929 and 1934* American Bankers Association, New York.

^a The figures given in column 4 represent the purchase price of new passenger cars only. They do not include the cost of operation and maintenance or the purchase price of used cars.

^b Premiums paid on life insurance.

not only able to satisfy their needs thru the purchase of commodities but are possessed of a surplus of funds which may be set aside for future use. Savings may be deposited with banks, trust companies, or other financial institutions or may be invested in securities such as stocks, bonds, and mortgages, or in life insurance policies.

Table 30 shows that the accumulated savings deposits in banks and trust companies in the United States in 1934 amounted to \$21,867,666,000.¹⁴ Table 30 also shows the amounts deposited in banks and trust companies in the different states.

Column 3 of Table 30 presents data on payments for life insurance premiums in the nation and in the separate states. The American people as a whole paid out \$3,066,304,933 in life insurance premiums in 1934 or \$6.11 out of every \$100 of national income.

Luxury Expenditures

Expenditures of a community for articles and services of the luxury class furnish a rough indication of taxpaying ability. People as a rule spend money for luxuries only after their needs are satisfied. Those whose incomes are so low as to be practically at what is known as the "subsistence level" are able to buy few, if any, luxuries. High expenditures in any community for luxuries implies, therefore, that the people have a surplus of income over and above what is required for the bare expenses of living—a surplus with regard to the disposal of which they can exercise some degree of choice.

It is difficult to define exactly the goods and services to which the term "luxury" applies. Passing years develop new customs and new standards. Items for which data are given in Table 31 are tobacco, soft drinks, candy, ice cream, services and goods sold by beauty parlors, and admission to motion pictures, theaters, ball games, and other places of amusement. Whatever the decision with regard to the classification of the individual items represented in this table, it will probably be agreed that, taken altogether, the estimated total expenditures for these items do furnish a rough index of purchasing power. Column 6 of Table 31 gives these total expenditures by states. Their relation to total income in each state

may be determined by comparing the figures of this column with those of column 2, Table 25. In the nation as a whole we spent \$3,487,441,000 for all of these items in 1934, or approximately \$7.00 for every \$100 of national income. This expenditure amounted to approximately twice the cost of all public education in that year.

The estimates for the separate states vary widely. South Dakota spent almost \$10.00 out of every \$100 of total income for the purchase of these articles and services. This compares with an expenditure in Arizona, at the other end of the scale, of slightly more than \$5.00 out of every \$100 of income for these purposes. The same two states spent \$7.14 and \$4.51 for every \$100 of income, respectively, for the support of public education.

No state spent as much for public education as for the luxury items included in Table 31. In New Mexico school costs amounted to 92 percent of these luxury expenditures, while in Arkansas they were slightly less than 40 percent of the cost of luxuries.

Summary

Income and wealth are the most commonly accepted measures of ability to support education and other public functions.

In 1934 the total national income, as estimated by the United States Department of Commerce, was \$50,174,000,000. The amount of income in New York state was almost twenty times that in Nevada. Approximately 54 percent of the total income of the nation, or \$27,053,820,800, was received by the people of seven states—New York, Pennsylvania, Illinois, California, Ohio, Massachusetts, and New Jersey. The percent of income spent for all public education varied from \$7.14 out of every \$100 of income in South Dakota to \$2.90 of every \$100 of income in Illinois. The range in the percent of income expended for elementary and secondary schools was from \$6.13 of every \$100 of income in South Dakota to \$2.55 in Maine.

The National Industrial Conference Board estimates the total wealth of the nation in 1932 at \$247,300,000,000. The distribution of this sum among the states was very unequal, about one-third of the total being concentrated

¹⁴ American Bankers Association, Savings Division. *Savings Deposits and Depositors in Banks and Trust Companies of the United States, 1929 and 1934*. New York: the Association, 1936. p. 4.

TAB
United S
Alabama
Arizona
Arkansas
California
Colorado
Connectic
Delaware
District of
Florida
Georgia
Idaho
Illinois
Indiana
Iowa
Kansas
Kentucky
Louisiana
Maine
Maryland
Massachus
Michigan
Minnesota
Mississippi
Missouri
Montana
Nebraska
Nevada
New Hamp
New Jersey
New Mexico
New York
North Caro
North Dako
Ohio
Oklahoma
Oregon
Pennsylvani
Rhode Islan
South Carol
South Dako
Tennessee
Texas
Utah
Vermont
Virginia
Washington
West Virgini
Wisconsin
Wyoming
Sources:
National Ed
Bureau of I
Census; U. S
Beverages; a
tions only.
* Figure

TABLE 31.—THE STATES' ANNUAL BILL FOR CERTAIN LUXURIES IN 1934

States	Tobacco	Soft drinks, ice cream, candy and chewing gum	Theaters, movies, and other amusements	Toilet preparations and beauty parlor services	Total columns 2 to 5	Expenditures for public education at all levels 1933-1934	Percent col. 7 is of col. 6
1	2	3	4	5	6	7	8
United States.....	\$1,344,000,000	\$1,229,073,000	\$600,000,000	\$314,368,000	\$3,487,441,000	\$1,940,133,433	55.63
Alabama.....	21,100,800	15,254,918	2,760,000	1,984,000	41,099,718	20,705,937	50.38
Arizona.....	4,435,200	3,192,643	1,560,000	686,000	9,873,843	8,590,216	87.00
Arkansas.....	15,187,200	10,178,528	2,040,000	1,698,000	29,103,728	11,497,949	39.51
California.....	78,355,200	70,234,940	50,880,000	30,781,000	230,251,140	142,286,919	61.80
Colorado.....	11,827,200	12,496,988	4,020,000	2,701,000	31,045,188	20,499,981	66.03
Connecticut.....	19,756,800	16,374,321	10,260,000	5,593,000	51,984,121	27,465,071	52.83
Delaware.....	2,822,400	4,414,758	1,200,000	499,000	8,936,158	5,146,648	57.59
District of Columbia.....	8,601,600	11,411,287	6,420,000	4,274,000	30,706,887	9,436,134	30.73
Florida.....	16,128,000	13,184,574	5,760,000	3,585,000	38,657,574	17,990,754	46.54
Georgia.....	24,864,000	19,099,470	5,700,000	3,173,000	52,836,470	22,499,139	42.58
Idaho.....	4,838,400	4,175,563	1,320,000	780,000	11,113,963	8,345,412	75.09
Illinois.....	89,510,400	80,882,709	60,960,000*	24,840,000	256,193,109	115,074,713	44.92
Indiana.....	35,078,400	29,577,056	10,020,000	5,663,000	80,338,456	50,716,031	63.13
Iowa.....	27,148,800	25,032,735	8,400,000	5,060,000	65,641,535	42,634,081	64.95
Kansas.....	19,891,200	15,711,378	6,300,000	2,741,000	44,643,578	32,364,679	72.50
Kentucky.....	22,848,000	16,437,838	6,240,000	2,762,000	48,287,838	21,211,984	43.93
Louisiana.....	18,681,600	12,726,321	6,120,000	2,394,000	39,921,921	19,515,454	48.88
Maine.....	9,273,600	8,025,218	1,860,000	1,893,000	21,051,818	10,612,751	50.41
Maryland.....	18,816,000	19,174,436	11,700,000	4,185,000	53,875,436	25,743,319	47.78
Massachusetts.....	53,356,800	48,427,630	30,720,000	14,518,000	147,022,430	75,826,006	51.57
Michigan.....	54,163,200	53,592,619	20,340,000	10,941,000	139,036,819	81,992,485	58.97
Minnesota.....	29,702,400	27,419,493	10,500,000	6,507,000	74,128,893	48,671,143	65.66
Mississippi.....	15,052,800	10,726,597	1,680,000	940,000	28,399,397	14,376,446	50.62
Missouri.....	40,992,000	33,587,539	15,180,000	10,340,000	100,099,539	45,183,964	45.14
Montana.....	6,316,800	5,100,482	2,040,000	912,000	14,369,282	10,484,905	72.97
Nebraska.....	14,784,000	13,058,758	4,500,000	2,981,000	35,323,758	21,025,204	59.52
Nevada.....	1,209,600	874,896	720,000	276,000	3,080,496	2,756,533	89.48
New Hampshire.....	5,644,800	3,992,528	3,240,000	1,106,000	13,983,328	7,454,950	53.31
New Jersey.....	47,980,800	37,650,964	26,160,000	13,084,000	124,875,764	85,541,763	68.50
New Mexico.....	3,763,200	2,513,655	780,000	507,000	7,563,855	6,990,082	92.41
New York.....	165,312,000	161,909,626	125,880,000	60,580,000	513,681,626	301,009,368	58.60
North Carolina.....	25,267,200	21,290,413	5,520,000	3,106,000	55,183,613	27,723,130	50.24
North Dakota.....	6,316,800	4,990,413	1,680,000	950,000	13,937,213	11,452,781	82.17
Ohio.....	76,876,800	75,908,710	31,920,000	18,360,000	203,065,510	111,405,068	54.86
Oklahoma.....	21,772,800	17,777,976	6,480,000	3,326,000	49,356,776	30,584,358	61.97
Oregon.....	11,961,600	9,666,022	4,200,000	2,771,000	28,598,622	16,112,123	56.34
Pennsylvania.....	103,084,800	128,383,076	41,040,000	20,938,000	293,445,876	154,675,115	52.71
Rhode Island.....	8,198,400	7,869,333	4,380,000	1,603,000	22,050,733	11,706,427	53.09
South Carolina.....	13,440,000	9,930,528	2,400,000	1,166,000	26,936,528	14,218,045	52.78
South Dakota.....	6,720,000	5,528,413	2,040,000	1,005,000	15,293,413	11,106,212	72.62
Tennessee.....	23,654,400	20,418,735	4,320,000	3,528,000	51,921,135	21,501,330	41.41
Texas.....	56,985,600	49,075,860	17,640,000	10,055,000	133,756,460	70,457,839	52.68
Utah.....	4,972,800	5,065,540	1,740,000	918,000	12,696,340	10,229,344	80.57
Vermont.....	4,032,000	3,585,655	780,000	625,000	9,022,655	4,861,334	53.88
Virginia.....	22,310,400	20,699,884	6,240,000	3,169,000	52,419,284	26,686,942	50.91
Washington.....	19,353,600	16,949,424	9,300,000	4,552,000	50,155,024	25,943,160	51.73
West Virginia.....	15,590,400	13,602,528	4,320,000	1,956,000	35,468,928	22,633,008	63.81
Wisconsin.....	33,331,200	30,104,252	9,540,000	7,854,000	80,829,452	49,983,595	61.84
Wyoming.....	2,688,000	1,785,770	1,200,000	502,000	6,175,770	5,203,601	84.26

Sources: Figures on expenditures for the luxuries given in this table are independent estimates of the Research Division of the National Education Association. They are based principally on data obtained from the following: U. S. Treasury Department, Bureau of Internal Revenue; U. S. Department of Commerce, Bureau of Foreign and Domestic Commerce and Bureau of the Census; U. S. Department of Agriculture, Bureau of Agricultural Economics; Sales Management; American Bottlers of Carbonated Beverages; and Professor Carl Shoup, Columbia University. The amounts given for each state should be looked upon as approximations only.

* Figure reported for Illinois includes expenditures at "Century of Progress."

in four states—New York, Pennsylvania, Illinois, and Ohio. For every \$100 of total wealth located within its borders, California spent \$1.20 for all public education. This may be compared with a ratio of 48 cents for education to every \$100 of wealth in South Dakota.

A part of the wealth of the nation is in the form of public school property. Out of every \$100 of total national wealth, this investment represented \$3.13, of which \$2.68 was in elementary- and secondary-school property and 45 cents in buildings and sites of higher educational institutions. This compares with an investment in all types of real estate and improvements of about \$55 out of every \$100 of total wealth.

Among the states the percent of wealth invested in educational buildings and sites ranged from 4.47 in Michigan to 1.87 in Nebraska. Michigan's and Nebraska's investments in elementary and secondary schools in 1932 were 3.71 percent and 1.47 percent of total wealth, respectively.

Recent investigations by Chism and Newcomer have developed new methods of measuring the relative ability of the states to support public schools, on the basis of the estimated potential yield of a uniform system of taxation. Both of these investigators, in deciding upon the content of their uniform tax systems to be used in measuring relative tax resources of the states, started with the three taxes included in the Model Tax Plan, recom-

mended by the National Tax Association, and added three supplementary taxes. Newcomer selected as supplementary taxes a stock transfer tax, a corporate organization tax, and a severance tax on grounds that these taxes represent extraordinary taxpaying ability in certain states. Chism added a motor vehicle license tax, a motor fuel tax, and an inheritance tax on grounds that these taxes are now common to most state tax systems. According to Newcomer's results, New York's tax resources were 115 times those of New Mexico in 1930. The estimated yield of the six taxes selected by Chism was 82 times as great in New York as in Nevada. On the basis of Chism's figures, the amount of tax resources per unit of educational need showed a variation among the states of from 1 to 5.84.

While the volume of private expenditures cannot be said to measure exactly ability to support education, it does furnish a rough indication of the presence or lack of such ability in any particular area. This is probably especially true of expenditures for articles of the luxury class for which there is a more or less elastic demand. The estimates presented in this chapter indicate a wide variation among the states. Expenditures for the purchase of new passenger automobiles were approximately seventy-three times as great in New York as in Nevada. Expenditures for certain luxury commodities varied from \$513,682,000 in New York, to \$3,081,000 in Nevada, a range of from 1 to 167.

VI. Some Current Issues

Preceding sections of this bulletin have been devoted largely to the most recent reliable figures related to the financing of public education. These facts suggest certain large issues for further exploration and future action. In each of these areas, planning is essential; in some cases, state and federal legislative action should eventually follow.

1. *Can the American people pay for the increasing services of government?* Between 1930 and 1934, the combined gross cost of local, state, and national government increased two billion dollars or 15 percent. Net federal expenditures more than doubled. Certain groups particularly have said that the increasing load of "bureaucracy" is a menace to prosperous economic development. Others point out that the large financial surpluses of the past have encouraged unhealthy speculation, that part of the accumulated reserves in savings and other forms might be used to better advantage for service and cultural activities, and that the increasing needs of a changing modern society require the diversion of more financial resources to public services which the majority of citizens could not possibly purchase as individuals. There are good economic reasons for the extension of governmental services in those areas not successfully or properly handled by private enterprise. The dollars spent by the government can be just as effective in building up purchasing power and creating employment as the dollars spent by private individuals. Educators may well investigate the possibilities of better use of the nation's financial resources in the interest of all of the people.

2. *Is it possible to develop a system of taxation which will yield adequate revenues and will be stable, varied, flexible, and equitable?* Part of the complaint against increasing governmental costs can be traced to the overburdened tax upon real property. While this tax may not be too high in many communities, it may be considered excessive in many instances because of the failure to utilize taxpaying ability not represented by the ownership or the use of real property. In other words, the tax burden is badly distributed. A further difficulty is the duplication of taxation among local, state, and national governments, a condition which has become aggravated during the recent depression. These are but two of the conditions

which led to the development of the Model Tax Plan of the National Tax Association. On the basis of this report, there is reason for believing that tax reform is possible and practical. Educators can perform a service useful both to the schools and to their communities in disseminating information as to the possibility of a more equitable distribution of the tax burden.

3. *Can governmental revenues, particularly those for schools, be stabilized?* Between 1930 and 1934, while all state expenditures declined 6 percent and local expenditures dropped 15 percent, school costs were reduced almost 26 percent. The payment of school support as a deferred item in governmental costs, causes instability in educational income which is destructive to continuing school policies. While it must be recognized that there will be inevitable fluctuations in governmental income, civilization is dependent upon the continuous maintenance of a certain core of public activities. Education is an essential part of this core of governmental functions to be maintained unimpaired, irrespective of economic conditions. Youth comes but once and neglect in one period may do irreparable damage to a state's future social and economic progress. To avoid instability in revenues for essential public services, states should develop sound budgetary and fiscal procedures. Educators have the responsibility of presenting the proper claims of public education for impartial treatment in the distribution of governmental revenues.

4. *Is there a possibility that certain governmental services are developing at the expense of education?* At the time when expenditures for all types of public education were declining 26 percent, the other costs of government (exclusive of those for education) rose more than 32 percent. A large proportion of this increase took place in the field of emergency relief. As has been properly said, people must be fed and clothed. Relief expenditures, therefore, were necessary and in most instances were neither too high nor improperly used. At the same time, it must be recognized that relief activities are primarily corrective and emergency in character. Education, on the other hand, is primarily preventive and continuous. No civilization can be so shortsighted as to curtail its essential and fundamental activities

to the point where new social and economic problems are created. The question will not be easily solved without careful consideration and planning by the American people. Educators have the right to examine the social necessity of all governmental expenditures and to demand that political expediency shall not be permitted to outweigh larger social considerations. An effort should be made also thru cooperation with other governmental agencies to eliminate any unnecessary duplication in public services.

5. *What should be the role of the federal government in the financing of education?* In 1930 the federal government contributed 0.6 percent of the total cost of public education. By the inclusion of numerous semi-welfare expenditures, the proportion contributed by the federal government amounted to 1.3 percent in 1934. Data presented in this bulletin, as well as in other impartial investigations, demonstrate the wide range of ability among the states to support an adequate program of education. The result of this condition is that many future voters are being deprived of the rightful educational opportunities of American childhood. These same children will eventually not only decide important social questions in the states in which they live, but will determine the policies of the government of the entire nation. The continuance of these inequalities is a menace in the light of the close social and economic interdependence of the states. It is for these, among other reasons, that educators ask that the federal government assume the responsibility which will enable the states to provide a foundation program for all children within the nation. Toward this end the National Education Association is sponsoring the Harrison-Black-Fletcher Bill now before Congress. The provisions of this bill, particularly ways in which the funds may be used to improve education in each state, should be made known to the public.

6. *To what extent should the state assume responsibility for the financial support of public education?* The percent of total revenues derived from state sources for elementary and secondary education increased from 16.5 percent in 1920 to 23.4 percent in 1934. The trend has been both for a relative and for an actual increase in the proportion of the load assumed by state governments. The rapidity of this transition in recent years has been

caused in part by the breakdown of local revenue systems. But the movement is related also to great differences in tax-ability among the local districts within each state. It has been recognized by many that only thru the resources of the state can the inequalities resulting from the geographical chance of birth be overcome. As the agency primarily responsible for public education, the state must equalize educational opportunity and the burden of its support up to a reasonably satisfactory minimum. Below this minimum program, no community should be allowed to drop. Above the minimum, any local unit should be allowed to go upon its own initiative and its own extra support. In spite of splendid progress along these lines, there are still many states where these principles have not been accepted. In these states, educators have a problem of creating public understanding of the issues at stake and of promoting the necessary legislation.

7. *Can local initiative be safeguarded in the improvement of the financial support of education?* In 1920 local governments contributed 83 percent of the total elementary- and secondary-school revenues. This proportion declined to about 75 percent in 1934. These changes have come about largely by the increased proportion of state support. While efforts of the states to equalize educational opportunity should continue, sight must not be lost of the necessity of local initiative to adapt statewide programs to meet pupil and community needs. Experimental deviations are necessary to the growth and development of educational programs. For these reasons, local initiative must be preserved, extended, and in some places, actually revived. If this is to be done effectively, four major difficulties need attention: (1) legal barriers, such as tax limitations and the dependence of boards of education upon other governmental agencies for the financing of schools; (2) low financial ability, arising chiefly from small and poorly organized administrative units; (3) unbalanced tax systems, particularly the sole reliance upon the property tax; and (4) lack of local leadership among both laymen and educators. Since the state delegates many of its educational functions to local units, the state should also create districts capable of effectively exercising local initiative. The reorganization of local units requires in most instances legislation based upon established principles and practises with which educators may become readily familiar.

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IN OUR COUNTRY, and in our times, no man is worthy the honored name of a statesman, who does not include the highest practicable education of the people in all his plans of administration. He may have eloquence, he may have a knowledge of all history, diplomacy, jurisprudence; and by these he might claim, in other countries, the elevated rank of a statesman; but, unless he speaks, plans, labors, at all times and in all places, for the culture and edification of the whole people, he is not, he cannot be, an American statesman.—*Horace Mann*.
