

LOCAL TAX EFFORT FOR PUBLIC EDUCATION IN RI CITIES AND TOWNS

By Joanne DeVoe

How do the tax rates paid for public education compare among the cities and towns of RI? How large a share of its wealth did each pay to raise the funds that it budgeted in fiscal year 2010 for public education? Most of the cities and some of the towns show much more tax effort for education than the other towns; their funds budgeted for schools in the 2010 fiscal year represent a significantly higher percentages of their wealth.

One measure of the local tax rates paid is based on the full market value of taxable property in each city or town. This represents most of the wealth that a city or town is legally permitted to tax.

The first table shows the cities and towns, listed in order of the full market property tax rate required to fund the amounts that were budgeted for schools. Woonsocket paid the greatest property tax rate, \$22.26 per \$1,000 of its property, nearly double the state average which was \$11.66 per \$1,000. Seven towns put out less than half of the state average property tax effort; for Little Compton, the tax rate was only \$3.05 per \$1,000. Woonsocket gave 2.23% of its taxable property wealth to its schools in that year whereas Little Compton gave only 0.30%. The city of Central Falls has budgeted no local funds at all for public education in recent years since its schools have been funded almost entirely by the state with some federal assistance.

Another measure of the local tax effort being made is based on the state calculation, Adjusted Equalized Weighted Assessed Valuations (Adj. EWAV), which includes both the full market value of local taxable property and the median annual taxable income. This measure represents both the local property wealth and the local ability to pay taxes. The Adjusted EWAV was used in the RI equalization formula before it was frozen in the 1990s; it is described in RI Laws Section 16-7-21c.

The second table shows cities and towns, listed in order of local tax effort per \$1,000 Adjusted EWAV for public education. Providence was paying the largest tax rate, \$37.99 per \$1,000, three times the state average which was \$12.67 per \$1,000. Eight cities and towns were putting out less than half of the state average Adjusted EWAV tax effort; for Narragansett, the effective rate was \$4.16 per \$1,000. Providence gave 3.80% of its wealth to its schools in that year whereas Narragansett gave only 0.42% of its wealth. Central Falls gave none of its very limited wealth.

Local Tax Effort Inequities Within Regional School Districts

The regional school districts of Rhode Island each were established by state law which prescribes the share each town must pay of the district's budget. Generally, each town of a district pays the same amount per pupil, regardless of the local property and income wealth of the town. The result is that towns paying taxes for the same school district are giving different proportions of their wealth to education.

Using the property measure only, towns gave the following shares of local wealth:

For Bristol-Warren schools: Bristol gave 0.52% , Warren gave 0.68%;

For Exeter-W. Greenwich:schools: Exeter gave 1.06%, W. Greenwich 1.08%;

For Chariho schools: Charlestown gave 0.45%, Richmond gave 1.54%, Hopkinton gave 1.49%;

For Foster-Glocester schools: Foster gave 1.13%, Glocester gave 1.29%.

Using the property plus income measure (Adjusted EWAV) towns gave the following shares:
for Bristol-Warren schools: Bristol gave 0.58% , Warren gave 0.79%;
for Exeter-W. Greenwich:schools: Exeter gave 0.87%, W. Greenwich 0.93%;
for Chariho schools: Charlestown gave 0.49%, Richmond gave 1.46%, Hopkinton gave 1.55%;
for Foster-Glocester schools: Foster gave 1.13%, Gloscester gave 1.29%.

The result is that towns paying for the same school system have different and sometimes very different effective tax rates for education: Using the full value of taxable property measure:

for the Bristol-Warren schools, Bristol had a tax rate of \$5.15 per \$1,000 while Warren's was \$6.82 which is 32% higher;

for the Chariho schools, Charlestown had a tax rate of \$4.52 per \$1,000 while Hopkinton's was \$14.91 which is 330% higher than Charlestown's, and Richmond's was \$15.38, which is 340% higher than Charlestown's.

Using the property + income measure:

for the Bristol-Warren schools, Bristol had a tax rate of \$5.78 per \$1,000 while Warren's was \$7.92 which is 37% higher;

for the Chariho schools, Charlestown had a tax rate of \$4.88 per \$1,000 while Richmond's was \$14.58 which is 299% higher than Charlestown's; and Hopkinton's was \$15.46, which is 317% higher than Charlestown's.

Is it fair to have towns that support the same school system paying different tax rates for that system's support? In most states, each school system has a separate school taxing district for that system. In RI, when the school system serves just one city or town, that is the same as having a separate school taxing district for that school system. However, when two or three different towns pay the same number of dollars to a regional school district, they are paying different tax rates for public education.

How can RI fund their regional school districts so that it is fair to the tax payer? Here are two possibilities:

1. For each regional school district, RI could create school taxing districts that are composed of the towns that comprise that school system.
2. Or, RI could create a school funding equalization formula that pays the state share to the cities and towns rather than to the school districts. Then it would be fair for the towns of each regional school district to pay equal dollars per student from the state equalization funds they have received plus the necessary local funds.