

Notes on Selected Budget and Revenue Information in SREB States, 2010-2011

SREB

Gale Gaines

When SREB receives a request for information, the data collected about a topic often may be helpful to legislators, policy-makers and staff in other member states. A recent request for the various sources of state funding that support K-12 and higher education is just such a topic.

With the assistance of state legislative and governors' staffs, SREB prepared these notes from various state reports and websites that reflect sources of revenue for each state's version of a General Fund, as well as for other funds that support education. A brief summary of current-year budget figures also appears for each state.

This information is not intended to be comparable from state to state because budgeting practices vary widely; however, it does describe some of the common and unique methods used to support public schools, colleges and universities in the SREB region. This document is informal and not meant to be exhaustive.

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Southern
Regional
Education
Board

592 10th St. N.W.
Atlanta, GA 30318
(404) 875-9211
www.sreb.org

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Alabama's General Fund supports state operations, excluding education-related areas. (For General Fund receipts, please see: http://budget.alabama.gov/pdf/fundrec/GF_Receipts.pdf.)

The Education Trust Fund (ETF) supports the various education budgets and other designated functions. All receipts to the ETF are for education and specified purposes, including K-12, higher education, libraries, museums, educational TV, veterans' affairs, youth services, and other state agencies and institutions.

Receipts to the ETF include:

- Income Tax
- Sales Tax
- Beer Tax
- Hydroelectric Tax
- Insurance Premium Tax
- Mobile Telecommunications Tax
- Store and Passenger Bus Licenses
- Use Tax
- Utility Tax

The 2010-11 Alabama ETF Budget as of October 31, 2010:

- \$3.86 billion to K-12 (all of K-12, including the finance formula)
- \$327.3 million to Two-Year Colleges
- \$1.08 billion to Higher Education (includes HE commission, colleges and universities)
- \$214.7 million to other Education-related Areas

\$5.49 billion Total EFT Appropriations for 2010-11

Also appropriated are "Earmarked Funds" of \$7.4 billion, which are considered non-state funds and include all federal funds, all local funds, and any other revenue source specifically earmarked for that specific agency, such as tuition and fees revenue, revenues from auxiliary enterprises, local funds for schools, and federal and ARRA funds. These funds are allocated as follows.

2010-11 Earmarked Funds as of October 31, 2010:

- \$2.2 billion to the State Department of Education and Local Boards of Education
- \$564.6 million to the Two-Year College System
- \$4.56 billion to Colleges and Universities
- \$59.6 million to other State Agencies and Institutions

\$7.4 billion Total Earmarked Funds

Please Note: Budget figures are not comparable from state to state due to varying budget practices in each state.

Arkansas's General Revenue distributions are based on the Revenue Stabilization Act (passed each year since 1945), which prioritizes allocations into categories (Category A and Category B) to support the various functions of state government and ensure that spending does not exceed revenue. All of Category A priorities must be funded before funds are provided to Category B priorities.

Receipts to General Revenue include:

- Income Tax
- Sales and Use Tax
- Luxury Tax (on items such as “games of skill,” dog/horse racing, alcohol, tobacco)
- Insurance Premium Tax
- Other (1 percent of collections)

Before General Revenue is allocated to support general state operations through the Revenue Stabilization Act, some funds are diverted to a number of separate accounts. The following support education:

- The **Education Excellence Trust Fund** (1/2 cent of sales tax provides \$266.8 million) goes primarily to K-12, but some monies are provided to higher education. This also includes the General Revenue part of the Higher Education Grants Fund. In addition to some general funds, proceeds from mineral leases on federal land are deposited in the fund. The Higher Education Grants Fund Account is currently used for research.
- The **Desegregation Fund** (\$69.8 million) provides support for three school districts.
- The **Special Revenue Fund** (7/8 cent of sales tax provides \$462.8 million) is used for K-12 education adequacy.

In addition, the **Lottery Fund** supports higher education student financial assistance. The net lottery proceeds are not appropriated because they are constitutionally earmarked and go to students; however, administrative expenses associated with student financial programs are appropriated.

The 2010-11 Arkansas Education Budget:

Public Schools (including state administration)

- \$1.90 billion from General Revenue
 - \$180.4 million from Educational Excellence Trust Fund
 - \$462.8 million from Educational Adequacy Fund
 - \$69.8 million from Desegregation Fund
 - \$11.2 million from E-Rate Credit (earmark per federal law on phone bills)
 - \$917.5 million from TANF Transfer and Transit Tax*
 - \$35.4 million from Prior Year Unrestricted Fund Balance
-
- \$2.66 billion Total State Funds for Public Schools

*TANF (Temporary Assistance for Needy Families) funds are transferred to education for prekindergarten programs. The Transit Tax is an earmark from motor vehicle rentals of less than 30 days.

Higher Education

\$724.4 million from General Revenue

\$54.2 million from Educational Excellence Trust Fund

\$23.7 million from Work Force 2000 Fund (from Corporate Taxes)

\$802.3 million Total State Funds for Higher Education

Career Education (includes GED, work force education, two tech schools and a vocational/technical school)

\$43 million from General Revenue

Delaware's state budget relies heavily on personal income taxes, which account for approximately 31 percent of the receipts to the General Fund. The state does not impose state or local sales taxes; however, gross receipts taxes are collected on the total receipts of a business received from goods sold and services rendered.

Receipts to the General Fund include:

- Personal Income Tax
- Corporate Franchise and Limited Partnership/Limited Liability Company Taxes
- Corporate Income Tax
- Bank Franchise Tax
- Business and Occupational Gross Receipt Taxes
- Abandoned Property
- Realty Transfer Tax
- Cigarette and Tobacco Products Tax
- Lottery
- Business Entity Fees
- Uniform Commercial Code
- Hospital Board and Treatment
- Dividends and Interest
- Estate Tax
- Insurance Taxes
- Public Utility Taxes
- Other Revenues

No funds are earmarked specifically for education from the General Fund. Revenues for the category "Appropriated Special Funds" are from fees collected in a particular program area that are then appropriated for use by the program area that collected them.

Federal funds and student tuition and fees are considered "Non-Appropriated Special Funds" and are not included in the budget.

The 2010-11 Delaware Education Budget:

Public Education

\$1.044 billion in General Funds
\$5.23 million in Appropriated Special Funds

\$1.05 billion Total State Appropriated Funds

Higher Education

\$212.5 million in General Funds

Florida's General Revenue currently makes up roughly 34 percent of the state budget. The remaining 66 percent of the budget is provided through other sources of funding, including federal funds and trust funds. There are 500 or more trust funds in the state budget that are dedicated to specific purposes, some of which support education. The 2010 Florida Tax Handbook describes state sources of funding in 2008-09 as General Revenue (35.84 percent), trust funds (22.13 percent), transfers to local governments (6.75 percent) and federal assistance (35.29 percent).

Receipts to the General Revenue Fund include:

- Sales Tax
- Beverage Taxes
- Corporate Income Tax
- Documentary Stamp Tax
- Tobacco Taxes
- Insurance Premium Tax
- Pari-mutuel Tax
- Intangibles Tax
- Earnings on Investments
- Highway Safety Licenses and Fees
- Medical and Hospital Fees
- Severance Tax
- Service Charges
- Corporation Filing Fees
- Other Taxes, Licenses and Fees

The major trust funds providing support to education include:

- The **Education Enhancement Trust Fund** from lottery and slot machine revenues
- The **Public Education Capital Outlay and Debt Service Trust Fund** from gross receipt taxes on utilities and telecommunications (for K-12 and higher education construction)
- The **School District and Community College District Capital Outlay and Debt Service Trust Fund** from first receipts from motor vehicle license tags (only for K-12 and community college construction)
- The **Principal State School Trust Fund** primarily from unclaimed property (for K-12 education)
- The **Federal Grants Trust Fund** for use as a depository for funds to be used for allowable grant activities funded by restricted program revenues from federal sources
- The **Grants and Donations Trust Fund** for use as a depository for funds to be used for allowable grant or donor agreement activities funded by restricted contractual revenue from private and public non-federal sources
- The **Educational and General Tuition and Other Student Fees Trust Fund** from student fees and tuition
- The **Phosphate Research Trust Fund** from the tax on the severance of phosphate rock (supports the Phosphate Research Institute)

The 2010-11 Florida Education Budget:

Early Learning

\$332 million from General Revenue
\$72.8 million from Trust Funds

Public Schools

\$9.02 billion from General Revenue
\$4.81 billion from Trust Funds

Community Colleges

\$910 million from General Revenue
\$210 million from Trust Funds

Universities

\$1.92 billion from General Revenue
\$1.69 billion from Trust Funds

Other

\$313.5 million from General Revenue
\$3.23 billion from Trust Funds

Total Education

\$12.50 billion from General Fund
\$10.01 billion from Trust Funds

\$22.51 billion Total All Funds

Georgia's budget is supported primarily with the General Fund, though there are other state funds that are accounted for separately. Besides the General Fund, funds available for appropriation include federal funds, lottery funds, tobacco settlement funds, brain and spinal injury trust funds, reserve funds, and other funds (including payments from various state authorities, public health fees, driver's services and Pharmacy Board license fees).

Receipts to the General Fund include:

Taxes:

- Individual Income
- Corporate
- Sales and Use
- Motor Fuel
- Tobacco
- Alcoholic Beverages
- Estate
- Property
- Insurance Premium
- Motor Vehicle License

Interest, Fees and Sales

Regulatory Fees and Sales:

- Banking and Finance
- Behavioral Health
- Corrections
- Human Resources
- Labor Department
- Natural Resources
- Public Service Commission
- Secretary of State
- Workers Compensation
- All Other Departments
- Driver Services
- Driver Services Super Speeder Fines
- Nursing Home Provider
- Hospital Provider
- Indigent Defense
- Peach Officers' and Prosecutors' Training Funds

The 2010-11 Georgia Education Budget:

Early Care and Learning

- \$112.4 million from Federal Funds and Grants
 - \$57,000 from Other Funds (not specified)
 - \$355.0 million from Lottery Funds
 - \$1.3 million from General Funds
 - \$34.8 million from Intra-State Government Transfers
-
- \$503.5 million Total All Funds

Department of Education

\$1.75 billion from Federal Funds and Grants
\$821.5 million from Federal Recovery Funds
\$16.9 million from Other Funds (not specified)
\$6.99 billion from General Funds

\$9.58 billion Total All Funds

University System of Georgia Regents

\$23.2 million from Federal Recovery Funds
\$3.32 billion from Other Funds (agency, research and non-specified funds)
\$1.91 billion from General Funds
\$11.1 million from Tobacco Settlement Funds

\$5.26 billion Total All Funds

Student Finance Commission

\$520,653 from Federal Funds and Grants
\$779,312 from Other Funds (non-specified)
\$772.6 million from Lottery Funds
\$32.7 million from General Funds

\$806.7 million Total All Funds

Kentucky's budget is supported primarily from the General Fund. There are trust funds but those are from previous General Fund appropriations held separately to prevent the funds from lapsing to the General Fund at the end of the year. Tobacco settlement funds are part of the General Fund but are accounted for separately. Funds also are allocated as restricted funds and come from primarily from fees (registration fees, certificate fees, tuition, etc.).

Receipts to the General Fund include:

Sales and Gross Receipts Taxes

Beer Consumption and Wholesale

Cigarette

Distilled Spirits sales, Consumption and Wholesale

Insurance Premium

Pari-Mutuel

Race Track Admission

Sales and Use

Wine Consumption and Wholesale

Telecommunications

Other Tobacco Products

Floor Stock

License and Privilege Taxes

Alcoholic Beverage License Suspension

Coal Severance

Corporation License

Corporation Organization

Occupational Licenses

Oil Production

Race Track License

Bank Franchise Tax

Driver License Fees

Minerals Severance

Natural Gas Severance

Limited Liability Entity

Income Tax

Corporation

Individual

Property Tax

Building and Loan Association

General – Real

General – Tangible

Omitted and Delinquent

Public Service

Other

Inheritance

Miscellaneous

Non-Tax Receipts

Departmental Fees

Fines and Forfeitures

Interest on Investments
Lottery
Miscellaneous

The 2010-11 Kentucky Education Budget:

Department of Education

\$3.7 billion from General Funds
\$2.2 million from Tobacco Funds
\$5.6 million from Restricted Funds (see above)
\$1.2 billion from Restricted Federal Funds

\$4.9 billion Total All Funds

Postsecondary Education

\$1.2 billion from General Funds
\$6.4 million from Tobacco Funds
\$3.7 billion from Restricted Funds (see above)
\$853.8 million from Restricted Federal Funds

\$5.8 billion Total All Funds

Louisiana's state budget can be divided into: non-discretionary funding areas, required by the state constitution or through other mandates (for example, court orders, debt service, federal requirements statutory obligations and unavoidable obligations); and discretionary areas, where funding can fluctuate. Roughly 65 percent of state General Fund expenditures are non-discretionary, leaving only about 35 percent where budget flexibility is allowed. When budget reductions are required, they may only be made in the discretionary areas of the budget.

The list of non-discretionary expenditures is long. Areas directly related to education (64 percent of the state's \$5 billion in non-discretionary expenditures) include the Minimum Foundation Program (school finance formula), funding for textbooks at non-public schools, instruction in two special school districts (for juvenile justice court settlement) and higher education debt service.

Summary of General Fund appropriations for all education and the state

	Discretionary	Non-Discretionary	Total
All Education	\$1.2 billion (27.5%)	\$3.2 billion (72.5%)	\$4.4 billion (100%)
Total General Funds	\$2.7 billion (34.7%)	\$5.0 billion (65.3%)	\$7.7 billion (100%)

The state budget includes appropriations from the following sources: General Funds, interagency transfers, fees and self-generated revenues, statutory dedications and federal funds.

Sources of General Tax Collections include:

- Automobile Rental Tax
- Contractors Fee, Nonresident
- Corporation Franchise Tax
- Electric Co-op Fee
- Gift Tax
- Hazardous Waste Site Cleanup Fund
- Income Taxes:
 - Corporation Income
 - Declaration Individual
 - Fiduciary
 - Individual
 - Withholding, Individual
- Inheritance Tax
- Liquors — Alcoholic Beverages
 - High Alcoholic Content (Liquor/Wine)
 - Low Alcoholic Content (Beer)
 - Out-of-State Shippers
 - Parish and Municipal Beer Tax
- Marijuana and Controlled Dangerous Substance
- Minerals, Oil and Gas
 - Oil Spill Contingency Fee
 - Oilfield Site Restoration — Gas
 - Oilfield Site Restoration — Oil
 - Pipeline Safety Inspecting Fee
 - Surface Mining Reclamation

Natural Resources — Severance Tax
Petroleum Products
 Gasoline and Inspection Fees
 Special Fuels and Inspection Fees
 Motor Fuels
 Motor Vehicle Sales/Leases
Public Utilities — Carriers
 Inspection and Supervision Fees
 Natural Gas Franchise Tax
 Transportation and Communication
Catalog Sales
Consumer Use Tax
Sales Tax
Soft Drinks
Telecommunication Tax
Consumer Use — Excise
Tobacco

A number of funds are set up through the constitution or statutes and provide support for education programs. Appropriations are made only if there is a dedicated stream of revenue from which to appropriate. Appropriations from these funds appear as Statutory Dedications in the budget:

- The **Louisiana Quality Education Support Fund 8(g)** is a constitutionally created fund. Receipts come from the federal government for mineral production and leasing activities on the Outer Continental Shelf. The funds are split, with 50 percent for higher education and 50 percent for K-12 education. For higher education, the funds support university research efforts; endowed chairs for eminent scholars; efforts to improve quality in academic, research or agriculture departments or units in higher education; and recruitment of superior graduate students. For K-12 education, the funds are allocated for compensation for school instructional employees, to ensure adequate supply of superior instructional materials (textbooks, library, books equipment, etc.), to improve academic achievement or vocational-technical skills, to support research and pilot efforts to improve student achievement, for remediation and preschool programs, for foreign language instruction, and for scholarships or stipends to prospective teachers where there are critical teacher shortages (to fund an adequate supply of teachers).
- **Revenues to the Higher Education Louisiana Partnership Fund** are appropriated by the Legislature and also are from grants, gifts and donations received by the state. The fund supports the Louisiana Partnership Program, which provides public and private higher education institutions with matching funds for programs such as endowed professorships, library acquisitions, laboratory enhancements, research and instructional equipment purchases, undergraduate scholarships, and facilities construction or renovations. This fund has not been used since its creation.
- Tobacco Settlement Funds support a number of funds:
The **Millennium Trust**, composed of three funds.
 - The **Educational Excellence Fund (EEF)** is a special fund within the Millennium Trust and receives one-third of the Master Settlement Agreement proceeds deposited into the Millennium Trust and one-third of all investment earnings. Uses of the funds are limited to various general categories that support the education of public and private elementary and secondary school students.

- The **TOPS Fund** is a special fund within the Millennium Trust and receives one-third of the Master Settlement Agreement proceeds deposited into the Millennium Trust and one-third of all investment earnings. The fund supports financial assistance for students attending Louisiana postsecondary institutions.
- The **Health Excellence Fund** receives interest from the Millennium Trust, though no funds currently are appropriated.

The **Louisiana Fund** receives 25 percent of funds from the tobacco settlement agreement, though currently no funds are appropriated. This fund supports educational opportunities for students, the provision of appropriate health care, and other health-related efforts.

- The **Rockefeller Trust-Protection Fund** receives revenue from mineral and interest income from the Rockefeller Wildlife Refuge and Game Preserve Fund. Approximately \$60,000 supports scholarships approved by the Department of Wildlife and Fisheries.
- The **Pari-Mutuel Live Racing Facility Gaming Control Fund** receives revenue from slots at horse racing tracks. Some funding is used for named higher education institutions.
- The **Support Education in LA First Fund** receives revenue from land-based casinos and riverboats. Appropriations support teacher and faculty pay raises.
- From the **Lottery Proceeds Fund** (from lottery sales), the Legislature annually appropriates only for the purposes of the Minimum Foundation Program (school finance formula) and no more than \$500,000 for services related to compulsive and problem gaming.
- Several funds are set up and receive revenue from Insurance Premium Taxes to support fire training programs.
- The **Higher Education Initiatives Fund's** purpose is for the improvement of colleges and universities. The fund is supported through legislative appropriations.
- The **Workforce Training Rapid Response Fund** supplements the cost of high-demand work force training programs. The fund is supported through legislative appropriations.
- The **Academic Improvement Fund** is intended to support programs that “provide opportunities to students to acquire the skills to achieve academic success and become employable, productive and responsible citizens.” The fund is supported through legislative appropriations.

The 2010-11 Louisiana Education Budget:

Department of Education

\$3.2 billion from the General Fund (Direct)
 \$562.7 million from Interagency Transfers
 \$ 8.8 million from Fees and Self-Generated Revenues
 \$274.2 million from Statutory Dedications
 \$1.4 billion from Federal Funds

\$5.5 billion Total All Funds

Special Schools and Commissions

\$43.8 million from the General Fund (Direct)
\$22.4 million from Interagency Transfers
\$ 2.7 million from Fees and Self-Generated Revenues
\$39.3 million from Statutory Dedications
\$85,086 from Federal Funds

\$108.2 million Total All Funds

Higher Education

\$1.1 billion from the General Fund (Direct)
\$705.5 million from Interagency Transfers
\$ 866.8 million from Fees and Self-generated Revenues
\$146.0 million from Statutory Dedications
\$165.8 million from Federal Funds

\$3.0 billion Total All Funds

Louisiana State University Health Care Services Division

\$77.1 million from the General Fund (Direct)
\$679.3 million from Interagency Transfers
\$ 82.0 million from Fees and Self-generated Revenues
\$300,000 from Statutory Dedications
\$79.4 million from Federal Funds

\$918.2 million Total All Funds

Maryland's revenues are made up of the General Fund (40.8 percent of all revenues), special funds (19.7 percent of all revenues), federal funds (28.6 percent of all revenues) and higher education funds — both restricted and unrestricted (11 percent of all revenues).

Special funds consist of revenues collected by the state that are limited by statute to certain purposes. They may be collected from fees (such as car and boat registration and child support applications), taxes levied for a specific purpose (such as state property taxes, motor fuel and vehicle taxes, and property transfer tax), local government payments for services, and gifts or donations.

Higher education funds are accounted for as restricted and unrestricted funds rather than in the categories of General Funds, special funds or federal funds.

Receipts to the General Fund include:

- Franchise and Corporation Taxes
- Death Taxes
- Alcoholic Beverage Taxes and Licenses
- Income Taxes (including \$41.8 million for the Higher Education Investment Fund)
- Retail Sales and Use Tax
- Extraordinary Revenues (Tax Amnesty)
- Tobacco Tax and Licenses (including \$4.5 million earmarked for K-12 education)
- Insurance Taxes, Licenses and Fees
- District Court Fees
- Interest on Investments
- Hospital Patient Recoveries
- Miscellaneous Taxes, Fees and other Revenues
- Lottery Proceeds (including \$114 million earmarked for K-12 education)

The 2010-11 Maryland Education Budget:

Department of Education

- \$5.0 billion from General Funds
- \$128 million from Special Funds (\$114 million is from the Education Trust Fund with receipts from video lottery terminals, \$4.5 million from Tobacco Settlement funds, and nearly \$10 million from various sources including the blind vendors program, licensing fees — excess channel capacity, public boarding school, medical assistance administrative recoveries — and others)
- \$1.4 billion from Federal Funds

- \$6.6 billion Total Funds

Maryland Higher Education Commission

- \$410 million from General Funds
- \$15 million from Special Funds
- \$4.7 million from Federal Funds

- \$429.8 million Total Funds

Higher Education Institutions

\$3.2 billion total from Unrestricted Funds* — \$1.15 billion from General and Special Funds (including receipts from corporate income taxes that go into the Higher Education Investment Fund) and \$2.2 billion from Other Current Unrestricted Funds (including tuition and fees)

\$1.1 billion from Current Restricted Funds**

\$4.7 billion Total Funds

*Unrestricted funds include tuition and fees; state general funds; federal grants and contracts; private gifts, grants and donations; state and local grants and contracts; sales and services of educational activities and auxiliary enterprises; and other sources.

**Current restricted funds are those received by the institution for which some stipulation is imposed by the donor, or other external entity, which limits the expenditure of the funds to a specific purpose. Restricted funds in higher education are primarily related to research contract and grant activity and to student financial aid programs.

Mississippi classifies revenue as General Fund, State Support Special Funds, other funds (from miscellaneous sources) and federal funds. The following four funds comprise State Support Special Funds:

- The **Budget Contingency Fund**, with revenues from General Fund transfers, working cash stabilization reserve and unclaimed property
- The **Education Enhancement Fund**, with revenues from dedicated sales and use taxes
- The **Healthcare Expendable Fund**, with revenues from interest from the Healthcare Trust Fund, funded from annual tobacco settlement payments
- The **Tobacco Control Fund**, with revenues from tobacco settlement funds

Receipts to the General Fund include:

Sales Taxes (including \$261.4 million for the Education Enhancement Fund, which includes \$42 million for school ad valorem taxes to assist with equalizing local taxes for schools and \$20 million for the Public School Building Fund)

Individual Income Tax

Corporate Tax

Use Tax (includes \$23 million for the Education Enhancement Fund, which includes \$4 million for school ad valorem)

Gaming Fees and Taxes

Insurance Premium Tax

Tobacco Tax

Beer and Wine Tax

Alcoholic Beverage Tax

Oil, Gas and Timber Severance Tax

Privilege Tax (Statewide and Auto Tag Fees)

Auto Sales Tax

Installment Loans Title Fees

Title Fees

Petroleum Tax

Other

The 2010-11 Mississippi Education Budget:

Public Education

\$1.9 billion from the General Fund

\$342.8 million from State Support Special Funds

\$798.6 million from Federal Funds

\$113.8 million from Other Funds*

\$3.2 billion Total All Funds

*Other funds include spending authority for the state Department of Education to pay Capital Expenditure bonds issued by local districts, the Public School Building Fund (from sales taxes), and a variety of small funds, the largest of which are from food rebates, driver penalties and a school nurse grant.

Postsecondary Education

\$699.7 million from the General Fund
\$165.8 million from State Support Special Funds
\$202.2 million from Federal Funds
\$1.3 billion from Other Funds*

\$2.4 billion Total All Funds

*Other funds include tuition and fees, non-federal grants and research contracts, hospital and physician fees, insurance payments, etc.

Summary of Education Enhancement Fund (dedicated sales and use tax revenue)

\$30.9 million to General Education (K-12)
\$10.0 million to the Public School Building Fund
\$4.3 million to Vocational/Technical Education
\$177.0 million to the School Formula
\$33.0 million to Community and Junior Colleges (basic support)
\$42.8 million to Universities
\$2.6 million to Other Entities (arts commission, wildlife, ETV, library)

\$307.5 million Total Education Enhancement Fund

Summary of Tobacco Control Fund (tobacco settlement funds)

\$3.6 million to the School Nurse Program (DOE)
\$3.7 million to the Tobacco Center and Cancer Institute (postsecondary)

Summary of Budget Contingency Fund (General Fund transfers, working cash stabilization reserve and unclaimed property)

\$42 million to K-12
\$4.1 million to Postsecondary Education

In addition, some funds are available from the Healthcare Expendable Fund, the source of which comes from interest from the Healthcare Trust Fund, funded from annual tobacco settlement payments.

North Carolina's budget includes the General Fund, the Highway Fund and the Highway Trust Fund (motor fuel taxes, licenses and fees, investments, and sales and use of motor vehicles), other funds and federal funds.

Sources of the General Fund include:

- Estate Tax
- Privilege License Tax
- Tobacco Products Tax
- Franchise Tax
- Income Tax (Individual and Corporate)
- Sales and Use Taxes
- Alcoholic Beverage Taxes
- Gift Tax
- Freight Car Lines Tax
- Insurance Tax
- Piped Natural Gas Tax
- Real Estate Conveyance Tax
- White Goods Disposal Tax
- Scrap Tire Disposal Tax
- Manufacturing Tax
- Solid Waste Disposal Tax
- Miscellaneous Tax Receipts
- Non-Tax Revenues and Transfers (including earnings, fees, dividends, transfers, etc.)

The 2010-11 North Carolina Education Budget:

Public Education

- \$7.4 billion from the General Fund
 - \$40.9 million from Other Funds*
 - \$2.5 billion from Federal Funds
-
- \$9.9 billion Total All Funds

*Other funds include funds from interest earnings, insurance premiums and the Public School Fund (revenues from corporate taxes and lottery revenues though for the current biennium, corporate tax receipts were suspended). In addition, \$120 million from civil penalties, \$46 million from sales tax and \$184 million from lottery are budgeted in addition to the funds shown.

Community Colleges

- \$1.0 billion from the General Fund
 - \$255.8 million from Other Funds**
 - \$16.4 million from Federal Funds
-
- \$1.3 billion Total All Funds

**Other funds include tuition and fees, plus unclaimed property funds for need-based financial aid.

University of North Carolina (UNC)
\$2.7 billion the General Fund
\$1.1 billion from Other Funds***
\$26.1 million from Federal Funds

\$3.8 billion Total All Funds

***Other funds primarily include tuition and fees.

In addition to the budgeted funds (\$3.8 billion), UNC receives approximately \$4.2 billion in receipts to Institutional Trust Funds, which include federal contracts, grants and agreements; non-federal contracts and grants; student extracurricular activities; services for health care professionals; Distinguished Professors Endowment; the School of Veterinary Medicine and Centennial campus activities at North Carolina State University; and overhead receipts. These funds are not included in the State Budget Act.

Oklahoma's seven major tax categories make up total state tax revenue, parts of which are earmarked for educational purposes:

Individual Income Tax (37 percent of total collections)

85.66 percent to General Fund

8.34 percent to Education Reform Revolving Fund (1990 Education Reform Act)

5 percent to Teacher Retirement Fund

1 percent to Ad Valorem Reimbursement Fund

Sales and Use Taxes (38 percent of total collections)

83.61 percent to General Fund

10.46 percent to Education Reform Revolving Fund (1990 Education Reform Act)

5 percent to Teacher Retirement Fund

0.93 percent to Tourism Funds

Gross Production Taxes on Oil and Natural Gas (7 percent of total collections)

Oil Apportionment

25.72 percent to Common Education Technology Fund

25.72 percent to Student Aid Revolving Fund

25.72 percent to Higher Education Capital Fund

7.14 percent to School Districts

4.28 percent to County Roads and Bridges

4.28 percent to REAP Fund (tourism, water, conservation)

Natural Gas Apportionment

85.72 percent to General Fund

7.14 percent to County Highways

7.14 percent to School Districts

Corporate Income Tax (4 percent of total collections)

77.5 percent to General Fund

16.5 percent to Education Reform Revolving Fund (1990 Education Reform Act)

5 percent to Teacher Retirement Fund

1 percent to Ad Valorem Reimbursement Fund

Motor Vehicle Taxes (2 percent of total collections)

29.84 percent to General Fund

0.31 percent to State Transportation Fund

29.28 percent to Counties

3.1 percent to Cities and Towns

36.2 percent to School Districts

1.24 percent to Law Enforcement Retirement

0.03 percent to Wildlife Conservation

Insurance Premium Tax (1 percent of total collections)

Other (11 percent of total collections)

The 2010-11 Oklahoma Education Budget:

Not all budget funds are appropriated. Revolving funds, interagency transfers and federal funds are considered non-appropriated funds. Revolving funds have statutorily established revenue sources and uses, so they are not appropriated annually. Non-appropriated funds also are called "continuing appropriations." The terms have the same meaning.

Common Education (K-12)

\$1.5 billion from General Revenue
\$33.0 million from Constitutional Reserve Fund (rainy-day funds)
\$599.6 million from Education Reform Revolving Fund (See sources above.)
\$47.4 million from Common Ed. Tech. Fund (See sources above.)
\$5.7 million from Mineral Leasing
\$33.9 million from Education Lottery
\$3.6 million from Revolving Funds
\$964.5 million from Federal Funds

\$3.2 billion Total All Funds

Higher Education

\$756.8 million from General Revenue
\$65.0 million from Special Cash (Source: General Revenue)
\$48.8 from Higher Educational Capital Revolving Fund (See sources above.)
\$48.8 from Oklahoma Student Aid Revolving Fund (See sources above.)
\$24.3 from Education Lottery
\$844.5 from Tuition and Fees
\$59.8 million from Federal ARRA Funds

\$1.9 billion Total All Funds

Career/Technical Education

\$138.6 million from General Revenue
\$3.4 million from Education Lottery
\$5.9 million from Revolving Funds
\$24.3 million from Federal Funds

\$172.2 million Total All Funds

Other Educational Entities (including libraries, Arts Council, teacher preparation, Education Television Authority, physician manpower training, Land Commission, etc.)

\$45.6 million from General Revenue
\$30.9 million from Revolving Funds
\$4.8 million from Federal Funds
\$1.1 from Federal ARRA Funds
\$0.3 from Community Residency Fund (physician manpower training)
\$0.4 million from Nursing Student Assistance Fund (physician manpower training)
\$0.4 million from Special Cash
\$7.1 million from Commissioners of the Land Office Fund
\$4.0 million from Interagency Transfers

\$95.6 million Total All Funds

South Carolina's budget appropriates under the categories of Total Funds and General Funds. The Total Funds category for education budgets includes the General Fund and all other sources of support, including the Education Improvement Act Fund (from an earmarked one-cent of sales tax), the Lottery Expenditure Account (from lottery sales), federal funds, tuition and fees, contracts and grants, and self-supporting enterprises such as dormitories, food service, etc.

Revenue Sources of the General Fund include:

- Sales and Use Tax*
- Excise Tax, Casual Sales
- Individual Income Tax
- Corporation Income Tax
- Admissions Tax
 - Admissions Tax – Bingo
- Alcoholic Liquor Tax
- Bank Tax
- Beer and Wine Tax
- Business License Tax (Tobacco)
- Coin Operated Device Tax
- Corporation License Tax
- Departmental Revenue
- Earned on Investments
- Estate and Gift Taxes
- Insurance Tax
- Motor Transport Fees
- Motor Vehicle Licenses
- Private Car Lines Tax
- Savings and Loan Assoc. Tax
- Workers Compensation Insurance Tax
- Indirect Cost Recoveries
- Mental Health Fees
- Parole and Probation Fines

*South Carolina's state sales tax rate is 6 percent. Of that amount, 4 percent is earmarked for education but is appropriated through the General Fund (1953 law). Another 1 percent is earmarked by the Education Improvement Act (1984) for K-12 education and is accounted for separately and appropriated as a part of total funds but not General Funds. The remaining 1 percent of sales tax collected is not appropriated in the budget — it is transferred by the state treasurer to local school districts for property tax relief.

The 2010-11 South Carolina Education Budget:

Department of Education
\$1.8 billion from the General Fund
\$3.1 billion Total Funds**

**Total funds include appropriations from the General Fund, the Education Improvement Act Fund, federal funds, and some fees and services (such as bus permits, fees to replace lost textbooks,

etc.) In addition to the amounts above, lottery funds totaling \$49.6 million (intended for K-5 education, but school districts have flexibility) also are allocated.

Special Schools (Wil Lou Gray, John De La Howe, School for the Deaf and the Blind)
\$16.8 million from the General Fund
\$37.6 million Total Funds***

***Total funds include appropriations from the General Fund, federal funds and the Education Improvement Act Fund. In addition to the funds above, \$200,000 in lottery funds is allocated to the School for the Deaf and the Blind.

Higher Education
\$573.3 million from the General Fund
\$4.1 billion Total Funds****

****Total funds include appropriations from the General Fund, tuition and fees, revenues from auxiliary enterprises (such as dormitories and food service, etc.), federal funds, non-federal contracts and grants, and some local funds. In addition to the funds above, \$205.9 million in lottery funds is allocated primarily for student financial assistance.

Tennessee's primary source of funding is the General Fund. The Department of Revenue collects various taxes for deposit into the General Fund. Also deposited are taxes collected by some other agencies in conjunction with carrying out their programs. These are referred to as "other state revenue." Collections are distributed to the following funds: General Fund, Education (Trust) Fund, Highway (Transportation) Fund, Debt Service Fund, and Cities and Counties (Local Government) Fund.

In addition to general revenues, departmental revenues are collected by departments, institutions and agencies and are appropriated directly to them. These appear as federal revenue and other revenue (or, sometimes, as current services and other revenue).

Sources of State Revenue include:

Taxes collected by the Department of Revenue

Sales and Use (Part is earmarked for the Education Trust Fund.)

Gasoline

Motor Fuel

Gasoline Inspection

Motor Vehicle Registration

Income

Privilege (Part is earmarked for driver education in public schools.)

Gross Receipts — Tennessee Valley Authority

Gross Receipts — Other

Beer

Alcoholic Beverage

Franchise

Excise

Inheritance and Estate

Tobacco (Part is earmarked for the Education Trust Fund.)

Motor Vehicle Title Fees

Mixed Drink (Part is earmarked for the Education Trust Fund, and part of that earmarked for Cities and Counties is for education.)

Business

Severance (Part of coal severance is earmarked for county education systems.)

Coin-operated Amusement

Unauthorized Substance

Other state revenues are collected by various state departments in conjunction with carrying out their programs. These appear in revenue reports as receipts to each agency that are then deposited in the General Fund. Specific sources are not identified in the budget document.

A number of sources of state taxes are apportioned to education:

- State Sales Tax (7 percent general and 5.5 percent on food) — Of the total amount collected, 65.0970 percent goes to education. In addition, a sales tax increase passed in 1992 (the rate went from 5.5 percent to 6 percent) and 100 percent of that 0.5 percent increase also goes to education.
- Interstate Telecommunications Tax (7.5 percent) — 0.5 percent is for K-12 education
- Mixed Drink Tax (15 percent of gross receipts) — 50 percent is for education

- Litigation Taxes (4.4430 percent) — 75 percent of the proceeds are allocated to K-12 education for driver safety
- Tobacco Tax — approximately 89.7 percent goes to education

In addition, lottery proceeds support higher education scholarships. In the past, excess funds have been available to support prekindergarten programs. These funds are included in the General Fund and total \$284.9 million in 2010-11.

The 2010-11 Tennessee Education Budget:

K-12 Education

\$3.6 billion from State Funds
 \$1.6 billion from Federal Funds
 \$58.0 million from Other Funds*

\$5.3 billion Total All Funds

*Other funds include funds from interdepartmental revenue from other state agencies and various K-12 programs; departmental revenues for interest earnings and fees paid, for example, for teacher professional development or non-mandated assessment; fund balances in reserves; and tobacco companies (non-governmental) for youth smoking-prevention programs.

Higher Education

\$1.6 billion from State Funds
 \$250.2 million from Federal Funds
 \$1.8 billion from Other Funds (Tuition and Fees)

\$3.7 billion Total All Funds

Texas' budget is appropriated on a biennial basis. Appropriations are made from the General Revenue Fund, General Revenue-Dedicated Funds, federal funds and other funds. Texas is one of seven states nationally that do not collect income taxes, so it relies on other taxes and receipts to support government operations.

Sources of State Revenue include:

- Sales Tax
- Oil Production and Regulation Taxes
- Natural Gas Production Tax
- Motor Fuels Taxes
- Motor Vehicle Sales and Rental Tax
- Corporation Franchise Taxes
- Cigarette and Tobacco Products Taxes
- Alcoholic Beverage Taxes
- Insurance Occupation Taxes
- Utility Taxes
- Inheritance Tax
- Hotel-Motel Tax
- Other Taxes
- Federal Receipts
- Fees, Fines, Licenses and Penalties
- Interest and Investment Income
- Lottery
- Land Income
- Other Sources of Revenue

The General Revenue Fund consists of non-dedicated state revenues, as well as three funds that support education:

- The **Foundation School Account** receives one-quarter of occupation taxes (such as the Oil Production and Regulation Tax and the Utility Taxes on gas, water and electricity), as well as lottery proceeds for public education. Regular General Revenue also is deposited into the Foundation School Fund to fully pay for the state's share of the school finance system. Funding from the account is distributed to school districts using the Foundation School Program formulas.
- The **Available School Fund** receives a distribution based on a total return rate from the Permanent School Fund (see below) and one-quarter of the Motor Fuels Taxes. A portion of the revenue to the Available School Fund is transferred to the State Textbook Fund.
- The **State Textbook Fund** receives revenue from the Available School Fund to provide free textbooks and technology to Texas public school students.

Other funds supporting education include:

- The **Permanent School Fund** is an endowment fund established by the state constitution. It consists of fixed income and equity holdings, state lands, mineral rights and royalty earnings. It is "managed as a permanent and perpetual source of funding for public education." The estimated value of the fund in 2009 was \$20.5 billion.

- The **Property Tax Relief Fund** consists of portions of the Motor Vehicle Sales and Rental Tax, Cigarette and Tobacco Products Taxes, and Corporate Franchise Taxes. Proceeds of the fund are appropriated to school districts so that they can lower the local property taxes that support schools.
- The **Permanent University Fund**, authorized by the state constitution, contains 2.1 million acres of land that gleans revenue from surface and mineral leases. Income from the fund supports land acquisition; building construction, equipment and repair; and the acquisition of capital equipment, library books, and library materials, as well as programs that promote excellence at certain higher education institutions.
- The **Higher Education Fund**, also authorized by the constitution, provides support for those institutions ineligible for funds from the Permanent University Fund. Annual appropriations are made from the General Revenue Fund.
- The **Research Development Fund**, supported by state appropriations, promotes increased research capacity at eligible academic teaching institutions.
- The **National University Research Fund**, created in January 2010, received the \$515 million balance (from annual appropriations) from a previously established fund. Earnings from investments are intended to “enable emerging research institutions to achieve national prominence as major research universities.”
- **Attendance credits**, also called “recapture,” refers to a portion of local revenue from wealthy districts that the state takes and uses to pay for the system as a whole and to improve the equity of that system.

The 2010-2011 Texas Biennial Education Budget (2009-10 and 2010-11):

K-12 Education

\$31.6 billion from General Revenue (includes \$23.9 billion Foundation School Program formula funds, \$1.9 billion from Lottery proceeds, \$750 million from the Available School Fund and \$456.6 million from the State Textbook Fund)
\$0.2 billion from General Revenue-Dedicated Funds (specialty license tag revenue dedicated to public education)
\$8.4 billion from Other Funds (includes \$5.5 billion from the Property Tax Relief Fund and \$2.7 billion in Attendance credits (recapture))
\$15 million from Federal Funds
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\$55.2 billion Total All Funds

Higher Education

\$12.6 billion from General Revenue
\$2 billion from General Revenue-Dedicated Funds*
\$6.4 billion from Other Funds** (see next page)
\$304.1 million from Federal Funds
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\$21.3 billion Total All Funds

*General Revenue-Dedicated Funds come primarily from the \$50 per semester credit hour of student tuition set by the Legislature and some mineral royalties. In addition to the legislatively set tuition, institutions have authority to set discretionary tuition and fees that are not deposited into the state treasury and are not appropriated in the state budget.

**Other funds include \$1.1 billion from the Permanent University and \$4.3 billion of the total estimated patient income at the University of Texas MD Anderson Cancer Center.

Virginia's appropriations are made in two major categories: General Funds and non-general funds. Over half of all revenues in the state are non-general funds (58.7 percent in the 2008-2010 biennium), which are earmarked by law for specific purposes.

Major Tax Sources of General Funds include:

- Corporate Income
- Individual Income
- Insurance Premiums
- State Sales and Use
- Wills, Suits, Deeds and Contract Fees
- Miscellaneous
- Transfers of Liquor Profits and Sales Tax, and Transfers per the Appropriations Act.

Major Revenue Sources of Non-General Funds* include:

- Motor Vehicle Fuel Tax
- Unemployment Compensation Payroll Tax
- Special Highway Tax from Sales Tax
- Motor Vehicle Sales Tax and Use Tax
- Other Taxes
- Rights and Privileges
- Sale of Property and Commodities
- Institutional Revenue (includes tuition and fees, teaching hospital patient fees, etc.)
- Interest Dividends and Rents
- Federal Grants and Contracts
- Master Tobacco Settlement Funds
- Other Revenue (includes citizen and business fees for licenses, alcohol sales, lottery ticket sales**, sale of state property and earnings on state funds)

*The various transportation-related funds support highway construction and costs associated with maintenance and operating costs. In addition, about \$2.4 million goes to K-12 education.

**Revenue from lottery ticket sales goes to Direct Aid to Public Schools, the Literary Fund (primarily for debt service payments) and the Virginia Retirement System for a portion of the state's share of costs.

Virginia's education budget funds a variety of functions, including K-12, higher education, the Library of Virginia, the Virginia Commission for the Arts, and various museums. Each of the 41 entities, including the individual higher education institutions, is appropriated separately.

The 2010-11 Virginia Education Budget:

Secretary of Education
\$4.7 million from General Funds

Virginia School for the Deaf and the Blind
\$9 million from General Funds
\$1.2 million from Non-General Funds

\$10.2 million Total All Funds

Public Education (Department of Education and Direct Aid to Public Education)
\$4.8 billion from General Funds
\$1.6 billion from Non-General Funds (including federal funds, the Literary Fund,
lottery proceeds, transportation funds, etc.)

\$6.4 billion Total All Funds

Higher Education (administration, institutions, cooperative extension, institutes and centers)
\$1.6 billion from General Funds
\$6.5 billion from Non-General Funds (including tuition and fees, federal grants, etc.)

\$8.2 billion Total All Funds

Museums, Culture and Other
\$54.5 million from General Funds
\$39.5 million from Non-General Funds

\$94.0 million Total All Funds

Total All Education Budgets
\$6.5 billion from General Funds
\$8.2 billion from Non-General Funds

\$14.7 billion Total All Funds

West Virginia's state budget provides appropriations of general revenue (General Fund), state road funds, other funds (defined as specific revenue sources, which by legislative enactments are not required to be accounted for as general revenue), lottery net profits, excess lottery revenue and federal funds.

Sources of the General Fund include:

- Business and Occupational Tax
- Consumer Sales Tax/Use Tax
- Personal Income Tax
- Liquor Profit Transfers
- Beer Tax and Licenses
- Tobacco Products Tax
- Estate Tax
- Business Franchise Fess
- Charter Tax
- Property Transfer Tax
- Property Tax
- Insurance Tax
- Departmental Collections
- Corporation Income/Business Franchise Tax
- Miscellaneous Receipts
- Miscellaneous Transfers
- Interest Income
- Severance Tax
- Telecommunications Tax
- Special Revenue Transfer
- HB 102 Lottery Transfers
- Video Lottery Transfers
- Liquor License Renewal
- Senior Citizen Tax Credit Reimbursement
- Tax Amnesty

Lottery funds support primarily three areas of state government programs: education, senior citizens and tourism. For the State Department of Education, the lottery appropriations are directed to the Public School Building Authority, the 21st Century Technology Infrastructure Network and a few other programs. The Department of Education and the Arts also receives a small portion of the funds. In higher education, funds go to institutions for various efforts.

Once these lottery appropriations are made, excess lottery revenue is allocated. These excess revenues support the state's PROMISE Scholarship, the School Building Authority, the Higher Education Improvement Fund, and the Department of Education, primarily for unfunded liability in the retirement systems.

The 2010-11 West Virginia Education Budget:

Public Education (K-12)

\$1.8 billion from General Revenue
\$48.3 million from the Lottery Fund
\$146.4 million from Excess Lottery
\$576.8 million from Federal Funds
\$4.2 million from Other Funds (court system fines and fees, interest on bonds, camp fees)

\$2.6 billion Total All Funds

Department of Education and the Arts (includes the Office of the Secretary, libraries, Educational Broadcasting and State Board of Rehabilitative Services)

\$32.5 million from General Revenue
\$17.4 million from the Lottery Fund
\$69.0 million from Federal Funds
\$4.5 million from Other Funds (miscellaneous sources)

\$123.4 million Total All Funds

Higher Education*

\$402.0 million from General Revenue
\$16.1 million from Lottery Fund
\$15.0 million from Excess Lottery
\$29.0 million from Excess Lottery (PROMISE Scholarship)
\$53.0 million from Other Funds (earmarked registration/tuition fees, 1 cent/can of soda)

\$515.1 million Total All Funds

* Tuition and fees, for the most part, are not appropriated and do not appear in the state budget.