

## FAQs: FISCALLY INDEPENDENT SCHOOL DISTRICTS

### **Q: What constitutes a local government?**

**A:** There are four primary types of governments that assess property taxes: state governments, county or parish governments, municipal or township governments, and special purpose governments.<sup>1</sup> Although there is wide variation across the United States in systems of municipal or regional taxation, all but two states — Connecticut and Rhode Island — have organized county or parish systems of government through which taxes are levied and services such as public hospitals, health departments, public schools, courts, and public safety entities are provided and administered.<sup>2</sup>

### **Q: What types of school districts does Connecticut operate?**

**A:** The vast majority of Connecticut's school districts are fiscally dependent on municipalities. Fiscally dependent means a school district does not have the authority to levy taxes or carry debt. Instead, the school district operates as a function of the municipal government, which levies taxes to support its operations. In Connecticut, regional school districts are considered fiscally independent, even though they do not levy taxes, because they operate and set their budgets independently from a municipal government and are authorized to issue bonds with voter approval.<sup>3</sup> The Connecticut Technical Education and Career System is a state dependent school system, which is operated as a state agency.

### **Q: What is a fiscally independent school district?**

**A:** In many states, school districts are considered fiscally independent and are a form of a special purpose government, meaning they have substantial autonomy to fix and collect charges and to issue debt for the provision of educational services. Fiscally independent school districts most often levy and collect property taxes separately from townships and municipalities.<sup>4</sup>

### **Q: How do fiscally independent school districts impact local taxes?**

**A:** In states with fiscally independent school districts, taxpayers receive a bill from their town tax assessor's office — similar to Connecticut — but the tax bill includes separate tax rates: one for the school district and one for the town. Using this method, taxpayers also know the proportion of property taxes directed toward the support of local public schools and the proportion directed toward municipal services, such as police, fire, and waste removal.

### **Q: What other states operate fiscally independent school districts?**

**A:** Thirty states have entirely fiscally independent school districts, while 16 states have some fiscally dependent and some fiscally independent school districts, and eight states have state dependent school districts. Many states operate more than one type of school district.<sup>5</sup> Please see the end of this document for a chart which details the types of school districts in each state.

### **Q: Where can I learn more about local governments and fiscally independent school districts?**

**A:** The U.S. Census Bureau conducts a census of state and local governments every five years, the most recent of which was 2017.<sup>6</sup> In 2012, the Bureau published a report entitled *2012 Census of Governments – Individual State Descriptions*, which contains an explanation of the types of local governments in each state, including the extent to which the state operates fiscally independent school districts.<sup>7</sup>

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<sup>1</sup> U.S. Census Bureau. (n.d.). Lists & Structure of Governments: Population of Interest. Retrieved from [https://www.census.gov/govs/go/population\\_of\\_interest.html](https://www.census.gov/govs/go/population_of_interest.html).

<sup>2</sup> National League of Cities. (2016, December 13). Cities 101 – Types of Local Governments. Retrieved from <http://www.nlc.org/resource/cities-101-types-of-local-governments>.

<sup>3</sup> U.S. Census Bureau. (2013). *2012 Census of Governments – Individual State Descriptions: 2012*. Washington, DC: Author. Retrieved from <https://www2.census.gov/govs/cog/2012isd.pdf>.

<sup>4</sup> U.S. Census Bureau. (n.d.). Lists & Structure of Governments: Population of Interest. Retrieved from [https://www.census.gov/govs/go/population\\_of\\_interest.html](https://www.census.gov/govs/go/population_of_interest.html).

<sup>5</sup> U.S. Census Bureau. (2013). *2012 Census of Governments – Individual State Descriptions: 2012*. Washington, DC: Author. Retrieved from <https://www2.census.gov/govs/cog/2012isd.pdf>.

<sup>6</sup> U.S. Census Bureau. (n.d.). Federal, State, & Local Governments. Retrieved from <https://www.census.gov/govs/>.

<sup>7</sup> U.S. Census Bureau. (2013). *2012 Census of Governments – Individual State Descriptions: 2012*. Washington, DC: Author. Retrieved from <https://www2.census.gov/govs/cog/2012isd.pdf>.

School District Types <sup>8,9</sup>				
State	Fiscally Independent	Municipally Dependent	County Dependent	State Dependent
Alabama	✓			
Alaska		✓	✓	✓
Arizona	✓		✓	
Arkansas	✓			
California	✓		✓	
Connecticut	✓	✓		✓
Colorado	✓			
Delaware	✓			
Florida	✓			
Georgia	✓			
Hawaii				✓
Idaho	✓			
Illinois	✓			
Indiana	✓			
Iowa	✓			
Kansas	✓			
Kentucky	✓			
Louisiana	✓			✓
Maine	✓	✓		
Maryland		✓	✓	
Massachusetts	✓	✓	✓	✓
Michigan	✓			
Minnesota	✓			
Mississippi	✓		✓	
Missouri	✓			
Montana	✓			
Nebraska	✓			
Nevada	✓			
New Hampshire	✓	✓	✓	
New Jersey	✓	✓	✓	✓
New Mexico	✓			
New York	✓	✓	✓	
North Carolina			✓	
North Dakota	✓			
Ohio	✓			
Oklahoma	✓			
Oregon	✓			
Pennsylvania	✓			
Rhode Island	✓	✓		
South Carolina	✓			
South Dakota	✓			
Tennessee	✓	✓	✓	
Texas*	✓		✓	✓
Utah	✓			
Vermont	✓			
Virginia	✓	✓	✓	
Washington	✓			
Washington, D.C.		✓		
West Virginia	✓			
Wisconsin	✓		✓	
Wyoming	✓			

<sup>8</sup> It is important to note that although many states have both fiscally dependent and fiscally independent school districts, of these states almost all have one type of system that is predominant. For example, in Texas, only charter schools are fiscally dependent.

<sup>9</sup> U.S. Census Bureau. (2013). *2012 Census of Governments – Individual State Descriptions: 2012*. Washington, DC: Author. Retrieved from <https://www2.census.gov/govs/cog/2012isd.pdf>.