



# The School Finance Simulation:

What does it mean for school funding to be fair?



The School Finance Simulation: What does it mean for school funding to be fair? by Douglas B. Larkin is licensed under a [Creative Commons Attribution-NonCommercial-ShareAlike 4.0 International License](https://creativecommons.org/licenses/by-nc-sa/4.0/).

Doug Larkin, Montclair State University  
Montclair, NJ  
[larkind@mail.montclair.edu](mailto:larkind@mail.montclair.edu)



What does it  
mean for school  
funding to be  
**fair?**





What does it  
mean for school  
funding to be  
**fair?**



Time for the  
**School Funding Simulation!**



(Don't Panic)



Time for the  
**School Funding Simulation!**

# Introduction to the Spreadsheets

This brief review of percentages will introduce all of the familiar math you'll need for this activity.

How much tip should you leave  
at a restaurant if the  
total bill comes to \$64.00?

$\times 15\% = ???$

That's part of  
U.S. culture!

\$6.40 (which is 10%)  
+ \$3.20 (half of 10%)  
= \$9.60

~\$10.00

If you have 1,000 pupils in a district, and your school budget is \$15,000,000, then you spend

———— = \$15,000 per pupil

SPENDING PER PUPIL

If you have 1,000 pupils in a district, and the total property value in the district is \$3,000,000,000 then you have

$$\frac{\text{Total Property Value}}{\text{Number of Pupils}} = \$3,000,000 \text{ property value per pupil}$$

PROPERTY VALUE PER PUPIL



# School Funding Simulation

- **Tasks #1 & 2:** Calculating tips: reviewing percentages
- **Task #3:** Get into towns. Prepare a school budget just from taxes (no aid).
- **Tasks #4 & 5:** School board meeting - set your school district priorities for the budget and figure out state aid.
- **Task #6:** (Whole class): Congressional budget meeting
- **Task #7:** Go back to the school board meeting. Each district will now figure out the final per pupil spending and tax rates after accounting for the state aid received.

# Tasks #1 & #2

Practice with the spreadsheet so that you understand how it works. Only type in the highlighted cells.

# Task #3

Now that you are in your towns, figure out what your tax rate must be in order to fund schools at an adequate level.

# Task #4

Set your priorities for your district, and figure out how much that will cost.

# Task #5

Decide how much of the state aid you will ask for in order to run your district and lower property taxes

# Task #6

Have a representative meet with other districts to decide how much money each district will receive. The commissioner of education (your instructor) will have the final say on any disputes.

# Task #7

Each district will now figure out the final per pupil spending and tax rates after accounting for the state aid received.

# Final Results

Enter the per-pupil spending and tax rates in the Final Results tab. Examine the graphs on the next two tabs for patterns.



# Wrap-up

Note in the following examples how the property values impact the amount of money that can be raised for schools through property taxation.

# Let's do the numbers

District	Property value per pupil	Tax rate	Local Revenue per pupil
North Side	\$1,000,000	1%	$\$1,000,000 \times 0.01 = \$10,000$
South Side	\$100,000	2%	$\$100,000 \times 0.02 = \$2,000$

# Let's do the numbers (with real data from NJ)

District	Property value per pupil	Tax rate	Local Revenue per pupil
West Orange	\$580,345	1.75%	$\$580,345 \times .01769 = \$10,264$
Fairfield Township	\$1,518,847	0.71%	$\$1,518,847 \times .00708 = \$10,760$
Newark	\$126,822	1.57%	$\$126,822 \times .01572 = \$1,994$



What does it  
mean for school  
funding to be  
**fair?**



# Levels of NJ School Finance

New Jersey Schools	Essex County		Camden County	
Funding Source	Newark	Millburn Twp	Camden	Cherry Hill Twp
Property Taxes	\$1,421	\$10,993	\$453	\$9,217
State Income Taxes	\$13,268	\$591	\$12,676	\$1,286
Federal Taxes	\$948	\$118	\$1,207	\$107
Other Sources	\$158	\$118	\$755	\$107
Total Spending Per Student	\$15,795	\$11,820	\$15,091	\$10,717

# School Funding simulation

## Debriefing session:

1.) What did we get out of this?

2.) How is the real process different?

# Major Concepts in School Finance

- Local property taxes are the base for funding schools
- Equity vs. Adequacy
- “Fair Share”
- Tax cap vs. state aid cap
- Pupil weights for poverty, disability, and English language learners

# Other Forms of State Aid

- Special Education Aid
- Equalization Aid
- Adequacy Aid
- Transportation Aid
- Security Aid
- School Choice Aid
- Adjustment Aid
- Under Adequacy Aid
- Supplemental Enrollment Growth
- Additional Adjustment Aid



# Further reading

Jackson, K. T. (1985). Crabgrass frontier: The suburbanization of the United States. New York: Oxford University Press.

Kozol, J. (1991). Savage inequalities: Children in america's schools (1st ed.). New York: Crown Pub.

Odden, A., & Picus, L. (2000). School finance: A policy perspective: McGraw-Hill New York.

School Finance 101, Dr. Bruce Baker, Rutgers University  
<https://schoolfinance101.wordpress.com/>

Education Law Center  
<http://www.edlawcenter.org/>