



The School Finance Simulation:

What does it mean for school funding to be fair?



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Time for the
School Funding Simulation!



(Don't Panic)



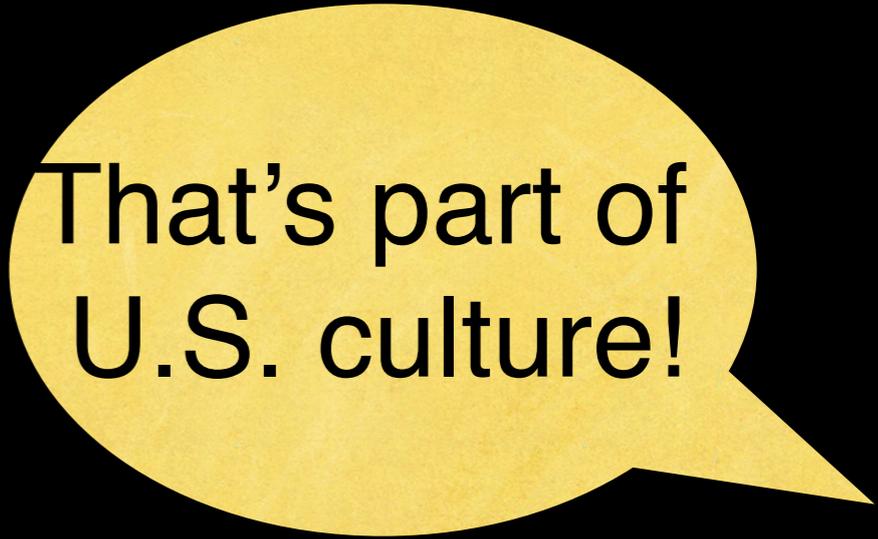
Time for the
School Funding Simulation!

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

$\frac{\$3,000,000,000}{1,000}$ = \$3,000,000 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%	$\$126,822 \times .01572 = \$1,994$



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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/>