What Should the Future of School Finance Equity Look Like?

#9 IN THE SERIES • OCTOBER 2021 (updated October 2023)

Education finance shapes what is possible in every school in the country. And finance equity is a critical step toward enabling other forms of educational equity for students who are underserved in under-resourced schools. But in too many states, the system of funding for schools remains inequitable, inadequate, and opaque to all but a few. Even in states that adhere to high-level best practices in school finance equity, funding systems can be rife with technical pitfalls or loopholes that jeopardize equity. These systems are unlikely to give schools what they need to provide an excellent education for all students.

Advocates at the state and local level have a powerful role to play. While school funding systems are politically and technically difficult to change, over the past few years, advocates across the country have successfully fought for change via legislation and lawsuits. To do so effectively, advocates need a solid understanding of how school finance works in their state and how it could work better.

Example

In 2013, California replaced its school funding formula with the Local Control Funding Formula (LCFF), which allocates more funding for historically underserved student groups. The state’s previous formula was complex and inequitable, and the per-pupil funding allocation for each student was approximately $7,000. Under the LCFF, per-pupil funding has increased to about $11,400 per student and high-need districts receive additional funding based on student enrollment.

The Splitting the Bill series provides advocates with an introductory understanding of school finance, highlights what to look for in their own state, and unpacks key questions to ask along the way. The variability in policies and context within and among states makes it impossible to set many hard-and-fast rules. But here are a few recommendations:

- A student-based state school funding formula is the best starting point for transparency and equity.
- Formulas should have weights that allocate additional funding for students with disabilities, English language learners, and low-income students, as well as other mechanisms to allocate funding toward school districts serving students with additional educational needs.
- Using local property tax revenue as the primary method for funding local schools sets inequity into the core of school funding, and ties school funding to the real estate market. This is not the only way to fund schools. If a state uses local tax revenue as part of its education finance system, there must be strong equity-driven policies in place to balance revenue scales for lower-wealth districts, such as county-level revenue pooling for states with smaller districts, and caps, supplementation,
or redistributive policies on local tax revenue to counteract inequities created by local funding and to prevent runaway local spending in high-wealth districts.

Equitable funding for K-12 schools is possible, but it takes understanding the current funding policies and inequities — and anticipating political roadblocks.

Questions for Advocates

UNDERSTAND YOUR STATE EDUCATION FINANCE SYSTEM

- What data can you use to show how state funding lines up with student needs, especially for low-income students, students with disabilities, and English language learners?
- What does your state constitution say about public education and state funding obligations?
- What kind of school funding formula does your state use?
- If your state does not currently have a student-based formula, how (if at all) does the existing formula consider students’ different learning needs?
- If your state includes weights in its funding formula, how are those weights structured and determined?
- If a student is eligible to receive multiple weights, does your state’s funding formula provide for that?
- How much does total funding per student vary among school districts? What differences among districts influence funding the most?
- How do districts in your state allocate funding to individual schools?
- Does your state have a process to conduct resource or needs assessments? Can this process be used at the district level?
- How have lawsuits shaped the school finance landscape in your state?
- Is there current school finance litigation in your state? If so, what are the primary arguments, what is the anticipated timeline for a ruling, and what has been the reaction of policymakers to the suit?

DIAGNOSE INEQUALITY IN YOUR STATE’S EDUCATION FINANCE SYSTEM

- How adequate and equitable is your state’s school finance system?
- How does your state account for differences in local funding?
- How do property wealth per pupil and mill rates vary by school district in your state?
- Do school districts in your state have non-property tax local revenue sources?
- Does state policy work to compensate for differences in local revenue capacity among districts? If so, how?
- Which equity pitfalls apply to your state’s school funding formula?
- How does your state’s system of school district boundaries affect education finance equity? Does that system systematically disadvantage access to educational resources for low-income communities or communities of color?

MAKE A PLAN OF ACTION

- Do lawmakers in your state understand the different roles that state and local governments play in allocating money to schools?
- What is required to build the political will to enact needed school funding reforms in your state? What policy, advocacy, or legal strategies are likely to be most effective?
- What policies might help improve the equity of local funding in your state?
- What would need to change in your state to improve state school finance equity?
Endnotes


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Any errors in fact or analysis are the responsibility of the authors alone.

ABOUT THE SERIES

Splitting the Bill is a crash course in the essentials of school finance equity for advocates and others interested in reforming state education finance systems. Learn more and read the other briefs in this series here.

About Bellwether

Bellwether is a national nonprofit that exists to transform education to ensure systemically marginalized young people achieve outcomes that lead to fulfilling lives and flourishing communities. Founded in 2010, we work hand in hand with education leaders and organizations to accelerate their impact, inform and influence policy and program design, and share what we learn along the way. For more, visit bellwether.org.

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