

Principles for School Finance Reform

- **Adequacy:** The state must assure that all school districts have the resources needed to provide their schoolchildren with the opportunity for a sound basic education.
 - The level of resources must take into account differences arising from pupil needs and regional variations in the cost of providing education.
- **Equity:** The state’s school finance system must offset variations in communities’ ability to pay for education from local sources, so that all districts can give their schoolchildren the chance for a sound basic education without overburdening local taxpayers.
 - Equity should be pursued through “leveling-up” state aid to poorer school districts.
 - Equity requires similar treatment of districts with similar characteristics.
 - A local funding contribution is expected. Increases in state aid intended to rectify educational inadequacies should not be used to diminish local efforts.
- **Clarity:** Making school finance as simple and easy to understand as possible can make funding decisions more transparent and decision-makers more accountable.
 - An easy to understand school finance system is essential and state aid calculations should be more self-evident, so that they can be understood, evaluated and debated by more people.
- **Predictability:** Schools need stability and predictability in funding in order to plan effectively on behalf of students and taxpayers.
 - State aid should be distributed through consistent, uniformly applied formulas with built-in regular adjustments for cost-based factors that are not subject to annual manipulation.
 - State aid factors such as the cost of a sound basic education, district wealth, regional cost factors and pupil needs adjustments should be reviewed and updated on a regular schedule.
 - Districts should be able to rely on receiving additional funding for additional recognized needs.
 - Save-harmless should be continued to protect districts against revenue losses – all districts must cope with the effects of growing student needs, high inflation, and expiring federal COVID-relief aid.
- **Flexibility** – Reforms should ensure districts have sufficient general purpose aid to help fund the resources needed to deliver the opportunity for a sound basic education.
 - The state should be cautious in substituting its judgment in setting funding priorities for that of local leaders and communities who are best positioned to know the needs of their students and the strengths and shortcomings of their schools.
 - Changes to or elimination of categorical programs should only be supported if it is clear the needs that led to their creation have been addressed or can be met through other means.
- **Accountability:** Any new accountability requirements should complement or adapt those already in place, not simply layer new mandates on top of old. Through annual budget votes, board elections, school report cards, property tax report cards, and financial audits, schools are already held to high standards of fiscal accountability. Reforms should streamline existing planning and reporting requirements for districts, and make the existing structures more understandable for parents and taxpayers.