

## **HOW DO YOU KNOW A "GOOD" SCHOOL FINANCE SYSTEM WHEN YOU SEE ONE?**

- 1) The allocation of state aid reflects the differing needs of different school districts.
- 2) The allocation of state aid takes into consideration the varying fiscal capacities and tax efforts of different school districts.
- 3) The variation in per student spending that exists among school districts can be explained primarily by differences in their needs and their tax efforts.
- 4) School districts have a reasonable amount of flexibility to determine how much they want to spend (but not unlimited) and most districts have about the same opportunity to generate revenues at the levels they select.
- 5) School districts have a lot of flexibility in how they can spend funds but are accountable for the results they produce (in terms of student performance).
- 6) All types of expenditures are considered by the school finance system, including operating, capital/debt, and personnel benefits.
- 7) State aid that is not sensitive to wealth or need is limited.
- 8) The state requires districts to develop rational procedures to distribute funds to their school sites.
- 9) Taxpayers are treated equitably. While this can become extremely complex, some thought is paid to the impact of school taxes on homeowners and businesses.
- 10) The state has some procedure to define and measure both equity and adequacy and periodically evaluates the status of the school finance system.