

**What is Equity in School Finance?**

Colorado School Finance Project  
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**Education Law Center**

**Equity - Education Law Center**

- Equity means ensuring all students, including low income (at-risk) students, English language learners, students with disabilities and students of color receive an education that enables them to achieve rich and rigorous academic standards.

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**Education Law Center**

**Education Law Center – cont.**

- “Fair” school funding is defined as a state finance system that provides a sufficient level of funding to ensure equality of educational opportunity, with funding distributed to districts within the state to account for additional needs.
- States should provide varying levels of funding to ensure equal educational opportunities to children with different needs.

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**Inequity**

### Inequity Impacts

- Societal inequity
- Socioeconomic inequity
- Cultural inequity
- Familial inequity
- Programmatic inequity
- Staffing inequity
- Instructional inequity
- Assessment inequity
- Linguistic inequity

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**Equity**

### Equity Impacts

- Equity
- Equality
- Adequacy
- Student opportunity – class offering/teachers
- What students?
- Access?
- Technology
- Tax Payer

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**Equity**

### How do States Fund their School Finance Formulas?

- Foundation Formulas
- Flat Grants
- Equalization
- Reward for Effort
- Spending Limits

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**Equity**

### Foundation Formulas

- Foundation: Ensure a basic floor to spending.
- Include foundation grants and guaranteed minimum tax base.
- Establish a level of per-pupil spending, estimate a district's required local contribution this level based on income and wealth of the district.
- Provide extra funding to low-income/low-wealth districts.

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**Equity**

### Flat Grants

- Flat Grants: Aid on a per-pupil basis to all districts.
- Provide similar state funds for all districts and assume all districts funded at an equal level.
- Can allow for local contributions to vary or within a range of variance.

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**Equity**

### Reward for Effort

- Reward for Effort : Promote local efforts to raise school spending by increasing state aid to low-wealth districts that have high tax rates.
- Provide greater incentives for lower-income/low-wealth districts to increase taxes by allowing some districts to have more than one dollar in spending for each dollar raised in taxes. Such policies should increase spending overall, with larger spending increases for low-income districts.

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**Equity**

### Spending Limits

- Spending Limits: the state imposes a limit on how much a district may spend on education. In addition, some equalization plans take away all tax revenues raised above a certain amount. Such policies likely do reduce inequality, but at the expense of lower overall education spending. Because education spending tends to increase over time as spending levels rise to that of the limit.

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**Comments / Questions**

### Equity – Colorado definition

- What are important components to consider?
- What is currently in place and what should be added or eliminated?
- Next steps?
- What types of equity should be addressed?

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