

An Equitable Student-Funding Formula

A Concept for Classrooms First Initiative Council Discussion

Arizona Governor Doug Ducey appointed the Classrooms First Council to propose one equitable, transparent funding formula for all students. In response, the Arizona Charter Schools Association has developed an equitable student-funding formula concept. This concept addresses the inequities of student funding, is substantially uniform among students for schools, and is revenue neutral as Governor Ducey requested. The intent of presenting this discussion concept is to encourage conversation about school finance solutions among the Council and the public.

Formula Outline

Base Level + Student Weights + School Weights + Operational Assistance + Transportation = Total Formula

Assumptions:

- Operational Assistance (replaces additional assistance) will be the same for all students, at current charter additional assistance amounts (Approximately \$1,000 increase per district student.)
- Reform and adopt a transportation formula that is available to all LEAs
- Lump sum flexible funding without capital or M&O designations
- Establish an “Extraordinary Costs Fund” to address unmet transportation or transition related costs
- Increase Group B weights pending the results of a Group B special education cost study
- Include Group A weight amounts into the base level, simplifies formula
- Identify a funding stream and appropriate reforms of the Extraordinary Special Education Needs Fund
- Geographically isolated LEAs shall continue to receive an isolated school weight (\$28.6 million for FY16)
- Small school weights shall be applied consistent with policies adopted in 2015

Revenue Collections Adjustment

Adjust revenue collections to properly fund equitable student funding formula

- Consolidate QTR and state equalization property tax rates into a single uniform tax rate
- The consolidated tax rate will be calculated to fund the student funding formula, and will be offset by:
 - Ceasing the collection of tax levies for district bonds and overrides in excess of determined percentage
 - Ceasing the collection of local property tax levies in support of adjacent ways, dropout prevention, and small school adjustment
- School districts shall be authorized to exceed their total annual budget by up to 5 percent with voter approval
- Phase out desegregation: 10 years for court order districts, 5 years for OCR districts

A “Revenue Neutral” Approach

Current Formula

Student Equity Formula

		Operational Assistance	—————▶	+\$875M
-\$329M (\$242M State + \$87M Local)	←————	Transportation Funding	—————▶	+\$329M
		Special Education	—————▶	+\$350M
-\$1.2B (Local Funding)	←————	Bonds & Overrides		
		Allowable Overrides	—————▶	+\$310M
-\$103M	←————	Adjacent Ways, Dropout, Small School Adjustment		
-\$210M	←————	Desegregation		
-\$1.842B	←————	Totals	—————▶	+\$1.864B (+\$22M)