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A ROADMAP TO FIX ARIZONA SCHOOL FINANCE:

STEERING THE GRAND CANYON STATE TOWARD FAIRNESS AND INNOVATION IN K-12 EDUCATION

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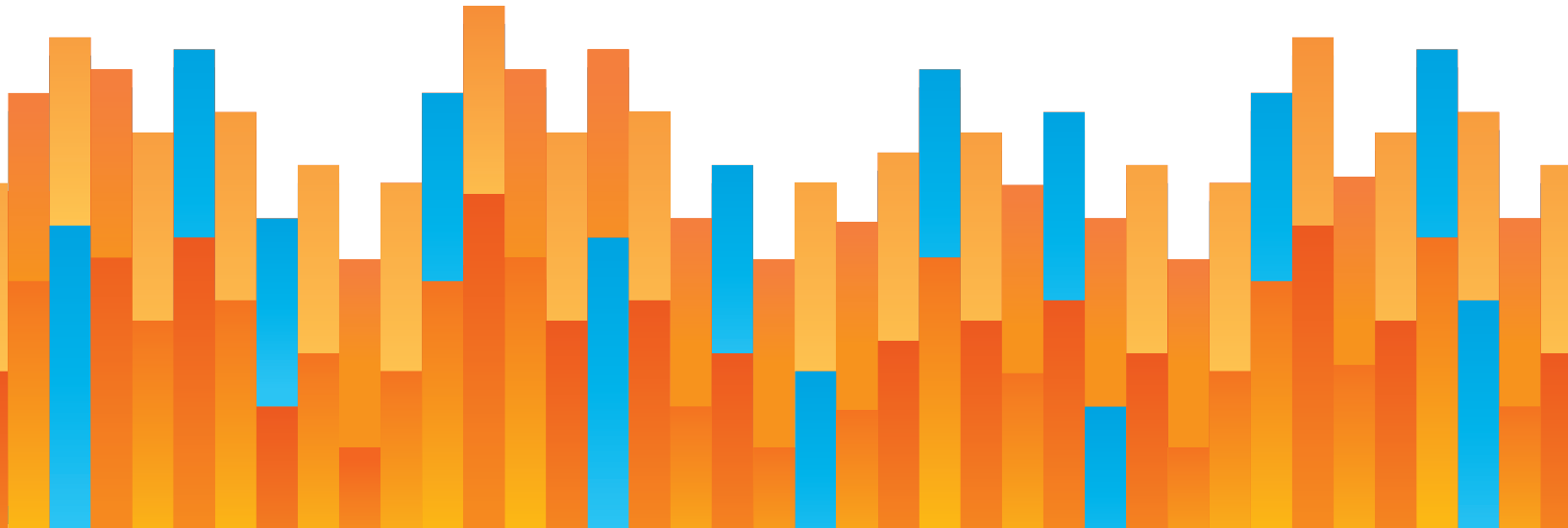

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PART 1

INTRODUCTION

When it comes to K-12 public education, Arizona is in a truly unique situation compared with the rest of the nation. Decades of sustained changes to the state education system have made Arizona something of a Wild West for education reform. Over that time, student achievement on national assessments has steadily risen, and many families have come to embrace a culture of pluralistic, customized education.[1] These gains have been driven in no small part by disadvantaged students. The fact that Arizona has managed to do this through waves of immigration, demographic changes, and the Great Recession—all on a lean budget—is a remarkable achievement. While the standard state K-12 ranking systems, such as those published by *U.S. News and World Report* and others, give Arizona's education system poor marks, alternative ranking systems that consider additional factors like spending efficiency and educational quality place Arizona much higher on their lists.[2]

But there's a very different way of looking at these changes. Critics of the current policies point to the fact that Arizona consistently ranks near the bottom of national rankings on per-pupil spending and teacher pay.[3] They also frequently blame the dramatic expansion of school choice programs for creating a flurry of financial and cultural pressures on the traditional school district model. Innovative programs—charter schools, tax credit scholarships, education savings accounts and statewide open enrollment—while popular among many Arizona families, have also introduced a lot of tensions and complications that a standard, zipcode-based public school system wasn't designed to accommodate. Transportation challenges, unpredictable facility needs, shrinking and rural districts, growing populations of both students and retirees, unfair funding—these are all distinct

policy problems that have become part of the new educational equilibrium in the Grand Canyon State.

Both of these narratives have a great deal of truth to them, and at the root of many of these tensions is a lagging school finance system. Paving the way for more progress requires that policymakers and thought leaders direct their attention beyond immediate concerns around expanding school choice or increasing teacher pay and examine the bedrock principles governing Arizona's public school funding. Only then can these various priorities be competently balanced so that funding is more equitable and more easily follows kids to their selected school.

PART 2

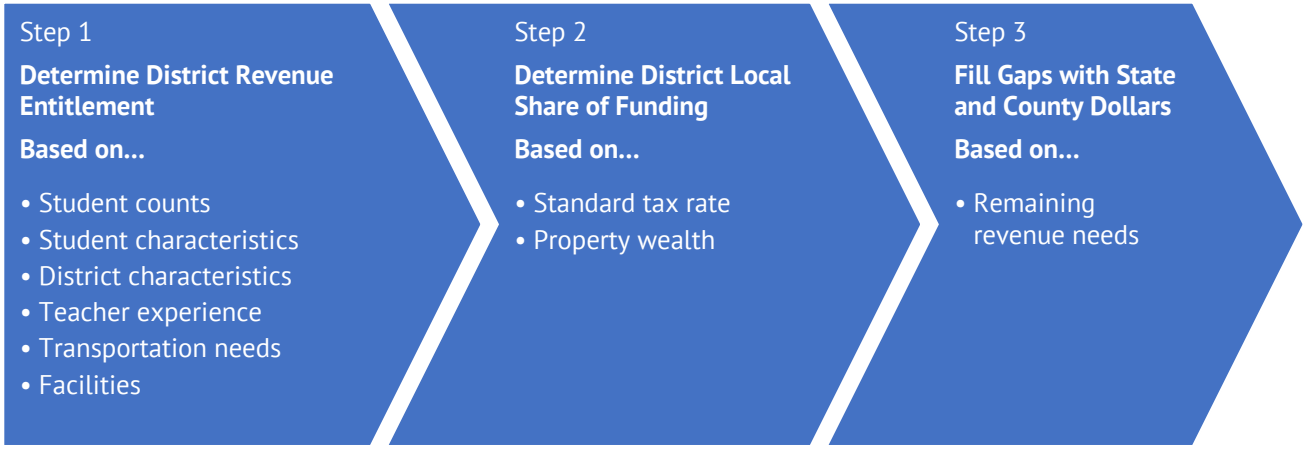
OVERVIEW OF ARIZONA PUBLIC SCHOOL FINANCE SYSTEM

Arizona spent $11.7 billion on education in FY 2019, with 12% of these dollars coming from federal sources, 49% coming from the state, and 39% coming from local and county revenues.[4] While many different policies and revenue streams play a role in determining how these dollars are allocated and where they come from, the single largest factor determining how these resources are divided up is the state funding formula. The Basic State Aid program accounts for roughly 79% of all state aid to districts and also sets limits on how many local dollars can be raised and how they can be spent.[5] When factoring in local dollars—both those controlled by the formula and those outside of the formula—the Basic State Aid program controls roughly half of all education funding in Arizona.[6] This means that understanding the formula features and the policy assumptions undergirding them is essential for analyzing the strengths and defects of Arizona's overall school funding structure.

The state formula for traditional public schools—which is similar to that used for charter schools—follows three basic steps. The state first determines the district's revenue entitlement based on the number of students it serves and their individual characteristics, such as grade level and special education needs. The entitlement calculation also provides

student-based funding that accounts for district size and location, teacher experience level, facilities, and transportation. Next, the state determines how much of this total revenue entitlement can be paid from local taxes. If that amount, as determined by a statutorily capped local tax rate, does not meet the district's revenue entitlement, that district qualifies for additional state aid. The final step is filling these gaps with state and county revenues so that each district, at minimum, receives its revenue entitlement (also referred to as the equalization base). Figure 1 summarizes these steps.

FIGURE 1: BASIC STATE AID FORMULA FLOWCHART



Overall, Arizona's formula is in keeping with many other states' foundation aid systems, which aim to both equalize education funding across districts regardless of variations in property wealth and to direct more dollars to higher-need students. However, several stubborn formula features are holding the Grand Canyon State's school finance system back by making it less fair and less responsive to student needs. To understand these problems, the formula must first be analyzed in more depth.

2.1 BASIC STATE AID FORMULA

2.1.1 STEP 1: CALCULATING REVENUE ENTITLEMENT

Base Support Level

The Arizona Department of Education (ADE) begins calculating revenue entitlement by obtaining a district's raw number of students based on Average Daily Membership, or ADM (ADM is the measure of a district's average number of enrolled pupils throughout the school year). Then it gets a breakdown of how many of those students are in grades K-8 and how many are in grades 9-12. The raw number in each category is then multiplied by a statutorily determined grade weight that varies for small and isolated districts.[7] These are known as Group A weights. While these weights function like grade-level weights, most of them are intended to also cover any special education costs for students with less severe needs, such as remedial education or mild dyslexia.

Next, the ADE adds Group B weights. This requires counting the number of students with additional learning needs, such as English language learners and different types of more severe special needs such as autism or deafness.[8] Note that Group B weights are the same for all districts, regardless of size (see Appendix for detailed weight tables).
Below is an illustration table for calculating the weighted student count for a hypothetical district (District Z).

TABLE 1: STUDENT CHARACTERISTIC WEIGHTS

Grade Level	Group A Weights		Student Count (ADM)		Weighted Count
Group A Count for District Z					
• Preschoolers w/ Disabilities	1.45	**X**	40.12	**=**	58.174
• K-8	1.158	**X**	700.67	**=**	811.376
• 9-12	1.268	**X**	500.44	**=**	634.558
Group A Subtotal			**1241.23**		**1504.108**

Category*	Group B Weights		Eligible Student Count (ADM)		Weighted Count
Group B Count for District Z					
• Hearing Impairment	4.771	**X**	2.560	**=**	12.21376
• K-3	0.06	**X**	124.500	**=**	7.47
• K-3 reading	0.04	**X**	124.500	**=**	4.98
• English Language-Learner	0.115	**X**	22.400	**=**	2.576
• MD-R, A-R and SID-R	6.024	**X**	4.500	**=**	27.108
• MD-SC, A-SC and SID-SC	5.833	**X**	0.000	**=**	0
• MD-SSI	7.947	**X**	0.000	**=**	0
• OI-R	3.158	**X**	2.667	**=**	8.422386
• OI-SC	6.773	**X**	0.000	**=**	0
• P-SD	3.595	**X**	0.000	**=**	0
• DD, ED, MIID, SLD, SLI and OHI	0.003	**X**	67.590	**=**	0.20277
• ED-P	4.822	**X**	0.000	**=**	0
• MOID	4.421	**X**	4.500	**=**	19.8945
• Visual Impairment	4.806	**X**	0.000	**=**	0
Group B Subtotal for District Z			**353.217**		**82.867**
			Total Weighted Count		***1586.975***

*** These are general disability diagnosis categories for which Arizona allocates additional funding. For full definitions of each, see the Appendix.**

As seen above, student counts are multiplied by their respective weights. Group B and Group A weighted counts are then added together to generate a total weighted count. Next, the total weighted count is then multiplied by a base amount (for FY 2018-2019, this amount was $3,960.07), resulting in the base level amount:

District Z Base Level Amount = 1586.975 x $3,960.07 = $6,284,532.86

Finally, this base level amount is multiplied by a Teacher Experience Index, which increases a district's base support level if experience level for that district is higher than the state average.[9] For each year of average teacher experience a district is above the average, its base amount is increased by 2.5%.[10] A district with more-experienced teachers receives an index value that is greater than one, meaning that its base level amount is adjusted up. The result of multiplying the base level amount by the TEI is the **Base Support Level (BSL)**—which is the final determination of how much a district should receive for school operations**.** For this case, suppose that District Z teachers have 1.75 more years of experience compared to the state average—yielding a TEI of 1.0438 and generating $275,262.54 in additional revenues above the Base Level Amount:

District Z Base Support Level = $6,284,532.86 (Base Level Amount) x 1.0438 (TEI) =
$6,559,795.40

Transportation Support Level and Transportation Revenue Control Limit

The next component of a district's revenue entitlement is more straightforward. Basically, the state looks at the average number of miles each transportation-eligible student (i.e. not walking distance or outside of district) is transported each day, and then multiplies that number by a statutorily determined dollar amount—with higher transportation amounts following students in more spread-out districts.[11] This amount is called the **Transportation Support Level (TSL).**

This step also includes a different calculation of the **Transportation Revenue Control Limit (TRCL)**, which is a voluntary program that allows districts to assess additional levies to raise more transportation dollars. The TRCL is the highest amount ever authorized historically for that district's TSL, which also increases each time the TSL increases. This means that shrinking districts or those with lower transportation costs than they had in the past can continue raising local dollars up to their old "high water-mark" TSL indefinitely (with an upper limit that the TRCL can't be more than 120% of the TSL).[12] The state only provides aid based on the TSL, which means funding up to the TRCL requires reliance exclusively on local taxes. The TRCL also isn't factored into the equalization base, since it isn't equalized by the Basic State Aid formula. (This feature will be further discussed in the policy recommendations section.)

First, let's calculate TSL. Recall from Step 1 that District Z has a student count—or unweighted ADM—of 1241.23. Let's assume that 1000 of those students are transportation-

eligible, and that the number of daily approved route-miles is 750. This means that District Z is transporting 1000 kids a total of 750 miles each day, which comes out to 0.75 Approved Daily Route Mileage per pupil. By statute, because the Approved Daily Route Mileage per pupil is between 0.5 and 1.0, the 750 number is multiplied by $2.16 for the year 2018 (these multipliers are adjusted for inflation).[13] The TSL also includes small additional supports for activity trips and includes additional dollars if the district has annual expenditures for bus tokens and passes. Let's assume there are no additional needs for bus passes/tokens or activity trips:

District Z TSL = $2.16 x 750 x 180 (school days) = $291,600

Most districts, however, use the TRCL instead of the TSL. This is because the TRCL allows them to raise additional dollars. The TRCL is equal to the district's "high water mark" for transportation funding (capped at 120% of the TSL)—or the highest amount ever spent on transportation after 1985—and increases every time the TSL increases (but never decreases).[14] To calculate current TRCL, the district uses the TRCL from the previous budget year and then adjusts it up by whatever amount the TSL has increased from the previous year (if applicable). For District Z, let's assume the TRCL from last year was $350,000 and that the TSL from last year was $289,000. Since the current TSL is $291,600, the new TRCL is adjusted up to be $352,600. However, since this amount is slightly higher than the TRCL statutory cap of 120% of the TSL, it must be adjusted down to $349,920. See calculation below:

$$\textit{District Z TRCL} = (TSL_{CurrentYear} - TSL_{PreviousYear})^{*} + TRCL_{CurrentYear} = (\$291{,}600 - \$289{,}000) + \$350{,}000 = \$352{,}600$$

$$\textit{120\% of TSL} = \$349{,}920$$

$$\textit{Lesser Value} = \textit{Final TRCL} = \$349{,}920$$

*If negative, amount is zero

District Additional Assistance

The final component of the revenue entitlement is **District Additional Assistance (DAA)**. While this formula feature is intended mainly for capital expenditures, the funds can also be used for operations. It's calculated by multiplying the unweighted student count in each grade range (PSD, K-8 and 9-12) by a statutorily set amount that again varies by district size and also adds additional funds for rapidly growing districts.[15]

While the District Z example Table 2 illustrates how one district's DAA is calculated, note that the specific support amounts can vary based on the ADM numbers for each grade range, similar to the BSL calculations. The "growth factor" in Table 2 is calculated by taking the difference between the previous year student count and the current year student count for each grade level. If the growth factor determined by that count difference is greater than 1.05, the formula multiplies by 1 plus 50% of that growth. But if the growth factor determined by the count difference is less than or equal to 1.05, the formula multiplies by a growth factor of 1. Since districts typically do not gain or lose enough students a year to attain a growth factor of over 1, this hypothetical district uses a growth factor of "1", as illustrated in Table 2.

TABLE 2: PRELIMINARY DISTRICT ADDITIONAL ASSISTANCE, DISTRICT Z

Grade Level	Prev. Year Student Counts	X	DAA Statutory Amounts	X	Growth Factor	=	Preliminary DAA
Preschoolers w/ Disabilities	38.550	X	$450.76	X	1	=	$17,376.80
K-8	695.000	X	$450.76	X	1	=	$313,278.20
9-12	498.380	X	$405.95	X	1	=	$202,317.36
							$532,972.36

DAA For High School Textbooks

9-12 Student Count	Statutory Textbook Support Amount	=	Textbook DAA
500.44	$69.68	=	$34,870.66

Total DAA	**$567,843.02**
Adjusted DAA (based on legislature's appropriations)	$408,846.97

While these are the calculated DAA amounts, the Arizona Legislature hasn't fully funded the DAA since 2010. In practice, this has meant that all districts with a student count of over 1,100 have their DAA amounts adjusted down based on what is actually appropriated.[16] For example, in Wilcox Unified School District for FY 2017–2018, the DAA was adjusted down by about 28%.[17] Applying this reduction for District Z—since its ADM is higher than 1,100—yields an actual DAA calculation of $408,846.97.

Summary Calculation

Finally, one should pull together the calculations from all the above sections. A district's overall revenue entitlement, also known as the equalization base, is calculated as the following:

Equalization Base = BSL + TSL + DAA

For District Z, we take all the highlighted numbers from the preceding pages:

District Z Equalization Base = $6,559,795.40 + $352,600 + $408,846.97 = $7,321,242.37

Equalized vs. Non-Equalized Funding

In Step 2, it will become clear that the equalization base is the figure used by the state to evaluate how many dollars a district is entitled to for its K-12 schools. However, recall that most districts don't use the TSL for their transportation funding and instead use the TRCL by raising additional funds exclusively from local taxes. While the state allows for the use of the TRCL, it doesn't recognize that amount as an equalized pot of funding and thus won't provide any aid above the TSL.

Also, the TRCL isn't the only non-equalized revenue source for Arizona school districts. Also available to school districts are nonvoter-approved property taxes (for Desegregation, Dropout Prevention, Adjacent Ways, Small School Adjustment, and Liabilities in Excess) as well as voter-approved property taxes (bonds and overrides). Each nonvoter-approved funding stream has its own restrictions and stipulations, which will be explained later in the brief. Some of these restrictions are based on a district's calculated Revenue Control Limit (RCL), which is the sum of a district's BSL and TSL. Voter-approved overrides are capped at 15% of the RCL for M&O overrides, at 10% for capital budget overrides, and

either 10% or 20% of a district's Net Assessed Valuation for general obligation bonds (the higher rate for unified districts).[18]

In the case of District Z, this means that District Z's total budget may be above or below the calculated Equalization Base of $7,480,238.42. It would be higher if the district—like most others districts—uses the TRCL for its transportation limit instead of the TSL. It would also be higher if District Z receives additional funding via any of the above-listed voter-approved or nonvoter-approved overrides. Its actual budget could also be lower if District Z doesn't use any of these additional revenue streams and taxes below the state-assumed Qualifying Tax Rate.

2.1.2 STEP 2: DETERMINE LOCAL SHARE OF FUNDING

Qualifying Tax Rate

The Qualifying Tax Rate (QTR) is the assumed primary property tax rate the state uses to determine how much of the equalization base a district can raise locally (note that the district doesn't actually have to levy at this rate or any other rate—but the state assumes this tax effort when calculating additional aid). QTR is capped by statute at $2.1625 per $100 of taxable property in elementary and high school districts and $4.253 per $100 of taxable property for unified school districts. This rate is also automatically adjusted by Truth in Taxation laws, which adjust QTR rates down to offset statewide appreciation of existing property values.[19] A district's actual primary property tax rate may be lower or higher than the QTR. It's lower if the district decides not to leverage maximum local tax effort, and higher if the district raises additional dollars through any of the nonvoter-approved overrides. (There are some limitations to a district's ability to use these revenue streams, which will be further discussed in the Main Recommendations section.)

Beyond primary property tax rates, the county also leverages several different county-wide property taxes to generate additional revenue to offset state costs and provide additional funds toward each district's equalization base. Moreover, secondary property taxes are imposed when district voters elect to take on higher taxes for bonds and overrides.

2.1.3 STEP 3: FILL GAPS WITH STATE AID

Once the QTR is multiplied by a district's property valuation, the state determines whether further steps are necessary to equalize funding. If the QTR revenues equal or exceed the district's revenue entitlement, no further steps are necessary because that district does not need additional state aid. If the district's QTR is below its revenue entitlement, the state first fills gaps with county tax dollars. If that still doesn't get a district to equalization, the state then injects additional dollars in direct state aid to get a district to its full equalization base.[20]

2.2 OTHER FORMULA FUNDING AND CATEGORICAL FUNDING

Beyond Basic State Aid, the state provides a variety of statutory formula funding and non-formula funding streams. Most of these grants are categorical, which means they are intended for specific uses and often can't be mixed with general funding. While this funding will only be summarized briefly, it accounts for about 21% of all state funding to K-12 schools.[21]

2.2.1 OTHER STATUTORY FORMULA PROGRAMS

These programs include but aren't limited to Results-Based Funding, Additional State Aid for Schools, the Permanent State Common School Fund, and a Special Education Fund. There are six in total. Most of these are noncategorical grants, and they all totaled about $441 million in FY 2019—around 8% of state funding for K-12.

2.2.2 NON-FORMULA PROGRAMS

These programs are all categorical grants and there are 19 in total. They include but aren't limited to the Code Writers Initiative Pilot Program, the School Safety Program, and the Teacher Certification Fund. They totaled $63.9 million in FY 2019—a little more than 1% of state K-12 funding.

2.2.3 OTHER FUNDS

These are categorical grants for several miscellaneous uses including donations and several special plate funds. There are six in total amounting to $5.8 million in FY 2019—or 0.1% of state K-12 funding.

2.2.4 PROPOSITION 301

There are six categorical grants under this provision that are funded by a 6/10th of a percent sales tax increase authorized in 2000 called Proposition 301. They include the Classroom Site Fund, the Additional School Days grant, and the School Safety Grant. They totaled $656.5 million in FY 2019—which is 11.6% of state K-12 funding.[22]

2.3 CHARTER SCHOOLS

2.3.1 ISSUES AND CONTEXT

Compared to many other states, Arizona's charter funding formula is somewhat more equitable—meaning that the gap between how highly students are funded at charters and how highly they're funded at district schools is relatively narrower than it is in many other states. According to an Arizona Joint Legislative Budget Committee report from FY 2018, charter schools receive a little more than 11% less money per pupil than their average district school peer ($8,767 vs. $9,859).[23] A main reason for this is that charters are funded through a formula that's very similar to that of school districts.

Still, from a funding mechanism perspective, the funding gap between charters and districts can be accounted for mainly by the facts that (1) charters do not receive transportation assistance like district schools do and (2) charters don't have the ability to tap into local revenue sources through either voter-approved bonds/overrides or nonvoter-approved overrides.[24] However, it's also likely that some of this gap can be explained by differences in the student populations served by charters as compared to district schools. In other words, some of the gap isn't attributable to unfair differences in how charters and district schools are funded but instead to real differences in student needs between the two groups. Also, charters are funded through the same weighted formula as district schools—and they receive more capital funding per pupil through Charter Additional Assistance (CAA—similar to District Additional Assistance, or DAA) than districts do via DAA.[25]

(Problems and policy recommendations concerning charters will be discussed in the Other Recommendations section.)

2.4 RECENT POLICY CHANGES

Policymakers should keep in mind the legislative actions taken in recent years to provide additional school funding—both within the equalization formula and outside of it.

- **Proposition 123:** This bill stemmed from a 2010 lawsuit in which several districts alleged that the state had failed to adequately fund for inflation as required by Proposition 301.[26] It is projected to increase state education dollars by $3.5 billion over a 10-year period ending in FY 2025, in part by increasing the State Land Trust allotment to Basic State Aid from 2.5% to 6.9%.[27]

- **S.B. 1522:** In 2017, this general appropriations bill mandated a 1% increase in teacher salaries for both FY 2018 and FY 2019.[28]

- **S.B. 1390:** In 2018, legislators extended Proposition 301 to 2041. This measures dates back to 2000 when voters approved a sales tax increase to raise additional education dollars.[29]

- **H.B. 2663:** The 2019 budget increased the school finance formula's Base Support Level by about $277 per student.[30] Notably, the stated purpose of these dollars is to increase pay for all Arizona teachers by about 20% over three years, but there is no guarantee this will happen since local districts have discretion over how these funds are spent.[31]

PART 3

OVERVIEW OF ALLOCATION PATTERNS

A good first step to evaluating the fairness of Arizona's funding system is to examine overall allocation patterns from state and local sources as they're related to student poverty rates, property wealth, and tax effort.

Using the latest available federal data from the National Center for Education Statistics F-33 survey, this analysis first obtained district funding amounts based on revenue source (local and state) and district enrollment.[32] Then, those data were matched with U.S. Census Bureau Small Area Income and Poverty Estimates (SAIPE) for individual local education agencies (LEAs).[33] Since the most recent available F-33 data are from 2016, SAIPE figures from 2016 were also used. The data don't include charters, vocational LEAs, or special education LEAs since SAIPE figures aren't available for those groups. The analysis also excludes any districts with incomplete data. Keep in mind that, because these values are from 2016, some of Arizona's recent funding changes aren't reflected in them. In total, SAIPE and F-33 values were matched for 199 regular school districts in Arizona.

This analysis also excluded all districts with fewer than 600 students (77 districts). Because the state formula funds these small districts differently, they will be examined separately in Part 6. This leaves a remaining 120 in total. While this initially appears to be a significant number of values to exclude, note that more than 98% of the students counted in the initial 199 districts are enrolled in districts larger than 600 students.

Figure 2 below splits the districts into four quartiles, from highest poverty level to lowest, and then measures per pupil funding figures from both state and local sources. These figures are weighted for district size:

FIGURE 2: LOCAL AND STATE REVENUES, BY POVERTY QUARTILE

Figure 2 indicates that students in the highest poverty quartile receive the lowest overall amounts of funding from state and local sources. Because Arizona doesn't provide additional dollars for low-income students, it should be unsurprising that funding levels don't appear closely related to poverty. However, the fact that the lowest poverty district receives about 12.5% less overall funding illustrates that the formula doesn't even succeed in equalizing state and local funding across groups of students, regardless of poverty level. To be sure, some of these differences could be potentially explained by variations in special education population between districts in each poverty quartile. Some of the differences can also be explained by nonformula funding, such as local overrides or state categorical grants.

Next, it's useful to examine allocation patterns as they relate to property wealth. This analysis used data from 2016 Superintendent Annual Financial Reports (SAFR) to obtain primary net assessed property valuations (NAV) for each district.[34] It then adjusted these

property value figures based on F-33 enrollment counts to get NAV per-pupil figures, and then compared them again to state and local funding levels. Again, the analysis excluded all districts with less than 600 students or with incomplete data.

FIGURE 3: 2016 STATE AND LOCAL REVENUES VS. NAV PER PUPIL

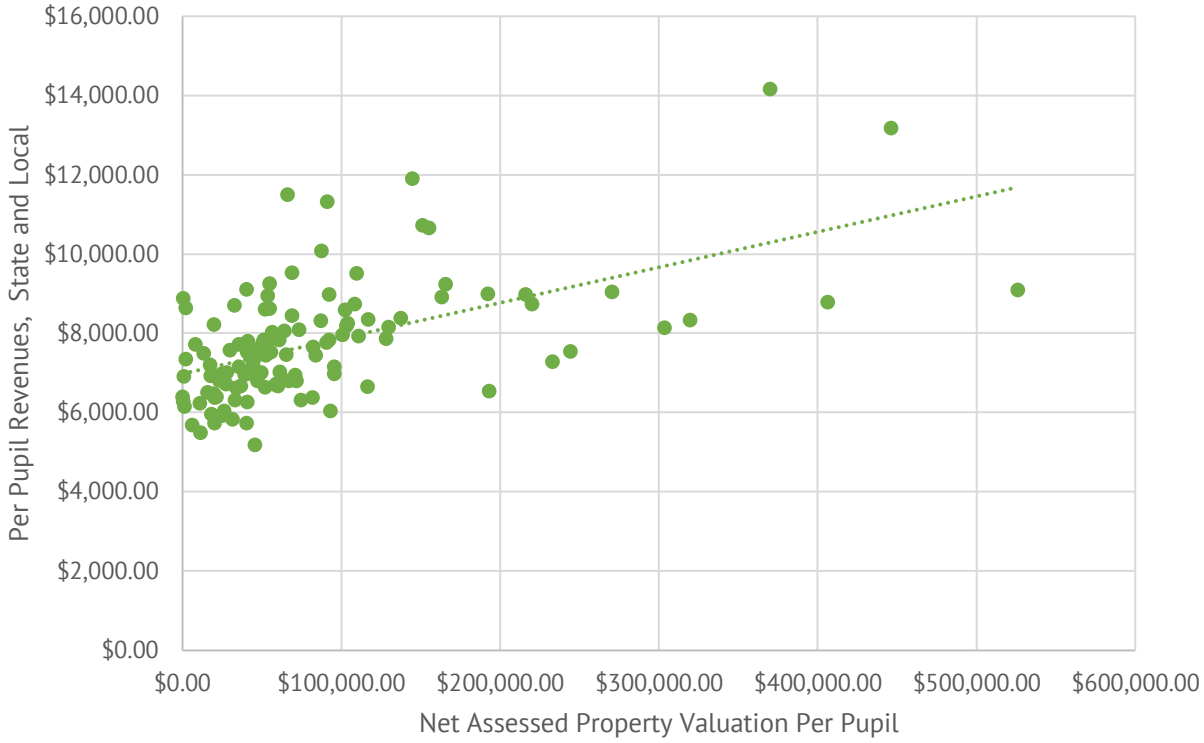


Figure 3 illustrates that Arizona's funding formula again fails to equalize funding across districts with differing levels of property wealth—with higher-wealth districts generally enjoying higher funding levels. Again, some of these funding variations may be accounted for by variations in special education population by variations in special education population and nonformula funding.

Lastly, the analysis again used Arizona's 2016 SAFRs to obtain primary and secondary tax rates. Recall that primary rates are levied by each district for operations funding that is included in the state equalization formula as well as nonvoter-approved overrides. Secondary rates are additional taxes for voter-approved overrides. The rate indicates the dollar amount collected per $100 of taxable property. The analysis then compared these values with district NAV per pupil values.

FIGURE 4: NAV PER PUPIL VS. TAX EFFORT

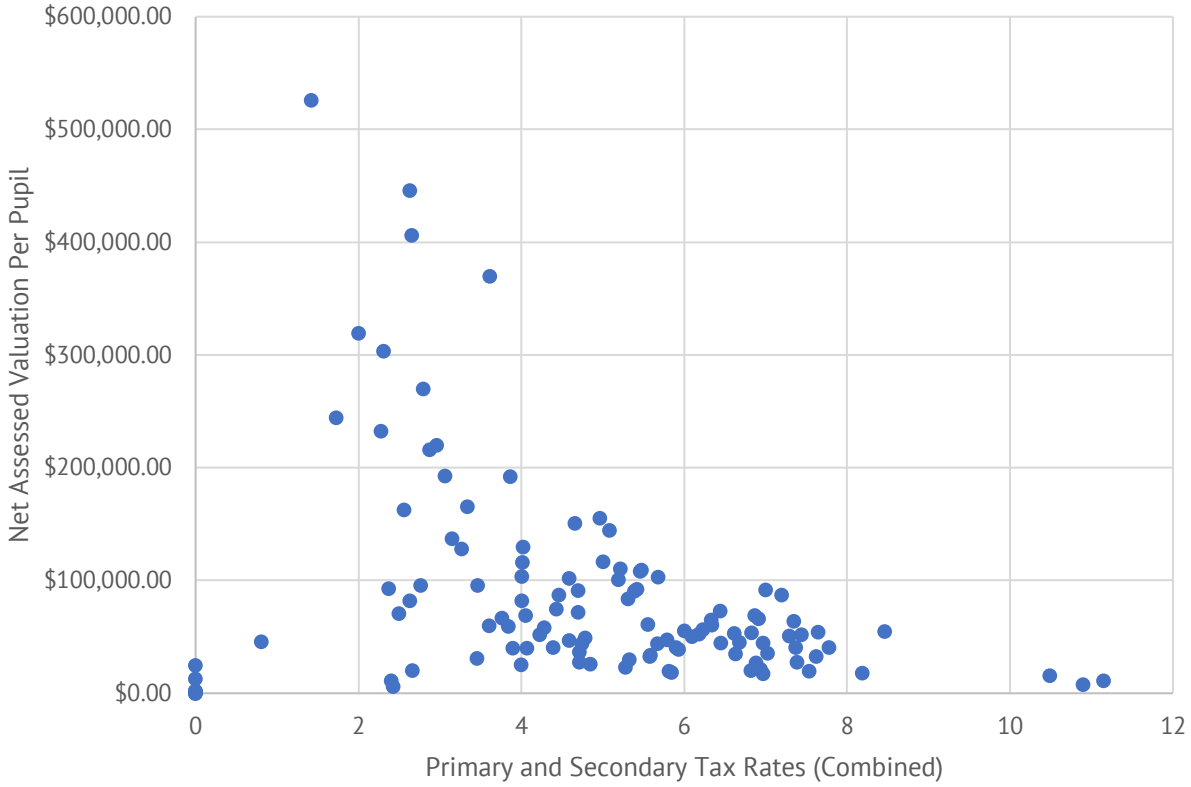


Figure 4 displays a general trend whereby districts with lower property valuation per pupil often exercise higher tax effort just to raise the same amount of dollars as districts with higher property values per pupil. Arizona's funding formula—rather than requiring some minimum taxation level—simply presumes a uniform primary tax rate across districts and presumes no secondary tax rate. In other words, the state formula is not responsive to variations in tax effort. And as Figure 3 displayed earlier, property-poor districts still struggle to reach funding levels equal to those of their property-rich counterparts—even when they exert higher tax effort as shown in Figure 4.

These initial figures provide a very useful starting point before analyzing specific funding policies in Arizona. Now that some general funding trends as they relate to poverty, property wealth, and tax effort have been established, we can turn to formula specifics to account for some of those patterns and provide recommendations for how they can be improved.

PART 4

RECOMMENDATIONS REGARDING THE MAIN FORMULA

While there is certainly a long list of inefficiencies that decrease the transparency, equity, and effectiveness of Arizona's school finance system, several formula features have received much public attention. If reformed, they would greatly improve the state's school funding system.

4.1

#1 BASE SPECIAL EDUCATION WEIGHTS ON INTENSITY OF NEED, NOT SPECIFIC DIAGNOSES

PROBLEMS:

Recall from Part 2 of this brief that the weighted student count assigns Group A weights to all students and then Group B weights to specific students with additional learning needs. However, Group B weights don't cover a range of mild disabilities, including emotional and learning disabilities, mild intellectual disabilities, developmental delay, or speech language impairment.[35] Arizona statute originally intended that these kinds of needs would be accommodated under the Group A funds that all students receive.[36] However, this generates a scenario whereby schools with higher concentrations of mild disabilities are short-

changed. This is particularly problematic because federal law requires that those students be accommodated—meaning that districts with special needs demands above what Group A and B weights provide and what federal dollars provide are forced to divert dollars away from their main classrooms. In other words, if the funding formula fails to provide what is needed to meet the conditions of a SPED student's Individual Education Plan (IEP), there's a hidden inequity in which general classroom students aren't funded fairly based on the numbers and types of SPED students in their district.

One way of evaluating this problem and the sufficiency of the current special education weights is to analyze the gap between what school districts and charters spend on special education and what they receive for special education (including basic state aid, federal IDEA funding, and state classroom fund revenues for special education). The difference between these two numbers roughly describes how much money is being diverted from non-special education funding to cover these costs. A 2017 analysis from the Arizona School Boards Association (ASBA) found that this gap was $79 million—with more recent estimates putting this gap at over $100 million.[37]

The analysis also found that this gap exists in the majority of school districts, and that it is largest in elementary school districts and relatively smaller for charters. A number of factors contribute to this gap. For one, the formula itself doesn't necessarily track with current special education costs—at least as they are currently incurred by districts when they try and satisfy SPED requirements under state and federal law. Arizona's actual special education costs haven't been studied by policymakers since 2007, and the current formula dates back to 1980.[38]

Additionally, Arizona's student body is changing. While the percentage of students with disabilities has remained flat, higher shares of students are being identified with more severe disabilities. The ASBA report found that, between 2004 and 2017, there was a 16.6% increase in special education teachers and a 43.3% increase in special education aides.[39] Between 2007 and 2015, the report also found that state and local expenditures for SPED rose by 32%. Moreover, those students aren't evenly distributed across types of school districts and charters—meaning that the funding gap is larger in some districts and charters than it is in others.

Thirdly, while the overall special education spending gap is helpful, the metric doesn't differentiate between spending on different types of SPED students. Since policymakers stopped evaluating SPED spending in 2007, there have been no data on these breakdowns

of spending by student category. This makes it difficult to determine how weights should be appropriately adjusted, since it's possible that certain disability categories account for a disproportionate share of the gap while other weights may be too high. Moreover, SPED dollars are delivered as a noncategorical funding stream—meaning they can be spent flexibly and alongside non-SPED dollars. While this flexibility is a good thing, it causes difficulties for evaluating how closely the SPED funding gap measurement is related to true variations in need. This is because the non-categorical spending data don't capture variations in the SPED delivery models at various districts and charters. For instance, while it may appear that the funding gap is smaller for charters, one possible explanation for that could be that charters purchase services and serve SPED students differently than districts do, even in cases in which they are serving students with comparable needs.

Another factor complicating the use of expenditures to track true variations in student need is federal maintenance of effort requirements under the Every Student Succeeds Act.[40] In order to receive federal funds for students with disabilities, districts and charters are required to maintain their level of state and local financial support for those students. This can act as a deterrent against allocating dollars in ways a district may otherwise think is better for students, and can lock allocation patterns into place, further distorting the extent to which expenditure patterns can be used as a proxy for measuring a district's or charter's true SPED needs.

SOLUTIONS:

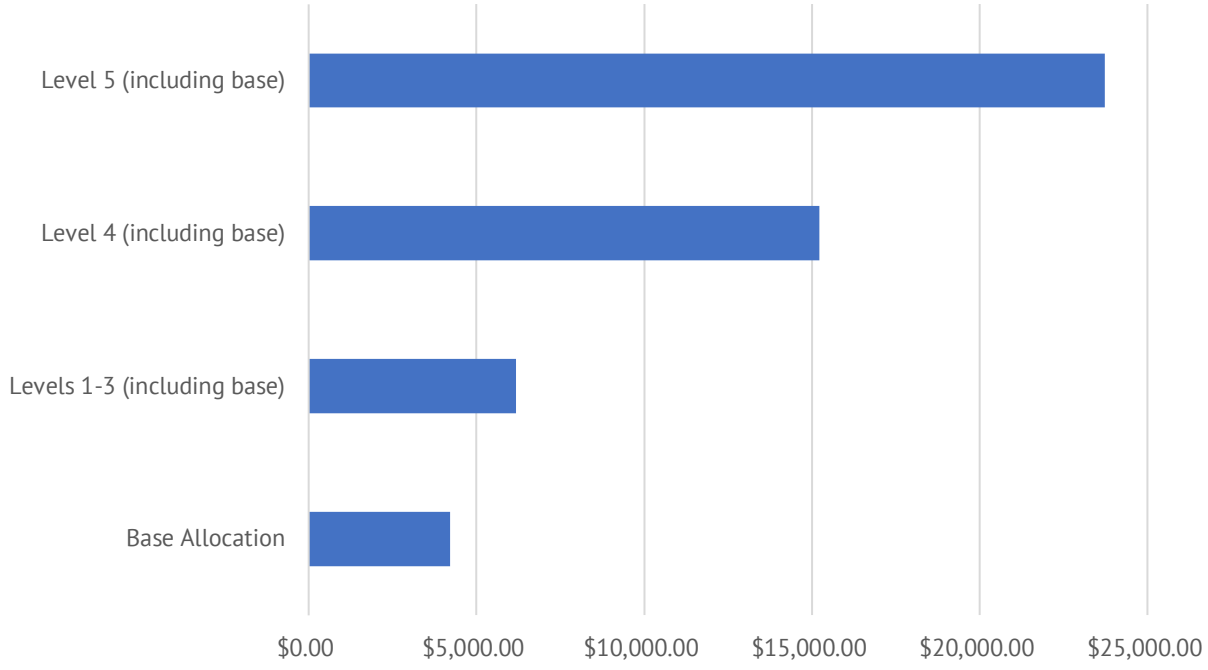
Despite a number of complicating factors, it remains clear that many Arizona schools are not receiving the right amount of dollars for their special education students. At the heart of this issue is the fact that Arizona's SPED weights are based on specific diagnoses. This is often a poor method of funding because the costs of serving students with the same diagnoses can vary significantly. A child's diagnosis is often a poor predictor of what it will cost to provide them with a fair and adequate education (as required by federal law).[41] So while it may be true that, overall, Arizona's SPED weights don't fully cover the district costs, merely adjusting the magnitudes of the existing weights may not be the right move toward a more equitable funding system since it doesn't address the underlying problem of weights being based on diagnosis.

One possible solution to this problem is adopting a SPED funding system using a model-of-service approach, whereby weights are based on the amount of additional services students are receiving. This is the model employed in Florida, called Exceptional Student Education

(ESE).[42] In Florida, students with additional needs (SPED, English language-learners, and gifted students) are divided into five levels—the higher the level, the higher the severity of a student's additional learning needs outside of a general classroom. Under the Florida model, only students in Levels 4 and 5 are funded by additional weights. Those in categories 1-3 are funded at the normal per-pupil amount but then supplemented by block grants to each district/charter—which totaled $1.08 billion in FY 2019-2020.[43]

These block grants do not vary based on the specific number of students in each mild need category, and instead are based on the overall number of students in Levels 1-3 for that district/charter. Note that most of Florida's students aren't placed in any of the ESE categories. Of Florida's 2.85 million students in FY 2019-2020, only 545,987 kids—or 19.2%—were in Levels 1-3.[44] This means the block grants amounted to $1,978 per-pupil, which would be equal to a weight of 0.47 for all students with milder needs. For FY 2019–2020, the weights for Levels 4 and 5 were 3.619 and 5.642, respectively.[45] That year's base allocation amount was $4,204.42. Figure 5 illustrates these funding levels.

FIGURE 5: FLORIDA EXCEPTIONAL STUDENT EDUCATION FUNDING



Some have proposed that Group A weights need to be adjusted so that they are more responsive to these variations so that districts/charters are more fairly funded. This would entail moving some of the Group A categories (mild dyslexia, developmental delay, etc.)

into Group B categories so that only students who actually have those needs are funded for them. However, a problem with this proposal is that students with Group A disabilities are much more common than those in Group B—comprising about 85% of Arizona's SPED students.[46] Since it's often more difficult to definitively place students in these mild categories, changing policy so that some or all of those students are individually weighted could run the risk of incentivizing over-identification. Additionally, merely increasing the number of categories covered under Group B would again fail to address the underlying issue of student diagnoses not being closely correlated with costs.

One downside to the Florida model is that, similar to Arizona, it doesn't directly address the uneven distribution of students with mild disabilities (Levels 1-3 in Florida, Group A weights in Arizona). Therefore, as a further buffer against saddling districts exceptionally high SPED costs, Arizona could utilize a state contingency fund by which districts/charters with exceptionally high SPED costs can be reimbursed by the state for some of those costs. This serves as a kind of insurance so that districts don't have to bear disproportionately large costs if they serve a high concentration of kids with mild special needs. Though the state does have a statutory provision for this kind of fund, it hasn't received any appropriations for about a decade.[47]

A persistent challenge with special education across the country is that school systems use special education delivery models that are often costly and less effective than they could be. For instance, as mentioned earlier in this section, district data indicate that much of the uptick in Arizona SPED costs in recent years can be accounted for by increased use of paraprofessionals and specialized teachers.[48] However, research indicates that increasing reliance on these types of staff is often less effective than keeping SPED students in general classrooms.[49] While an emphasis on general classroom teachers requires appropriate training and supports so that they are better equipped to handle students with unique needs, it can be far more beneficial for students. Not only is this method of relying more heavily on certified general classroom teachers to support the bulk of the SPED needs often better for kids, it's also far more cost-effective. Ultimately, it's important for policymakers to keep in mind that any changes to the way Arizona funds special education need to encourage innovation around how SPED students are served—both as a way to control costs and ensure quality.

4.2 #2 ADD A POVERTY WEIGHT

The latest available data from the Census Bureau indicate that one in five Arizona children is below the federal poverty line.[50] A large body of relevant research indicates that, on average, poor students require more resources to receive an education equal to that of their nonpoor peers.[51] And yet, as indicated in Figure 2, Arizona's school funding formula provides 12.5% *fewer* resources to its poorest school districts as compared to its wealthiest districts.

According to a new database published by the Urban Institute in September of 2019, Arizona is among only eight other states that don't allocate any additional education funds to poor students.[52] Of those states that do provide additional funding for poor students, some provide block grants while others provide a poverty weight via a foundation aid formula. In either case, these additional allocations may or may not compensate for disparities created by local wealth or state grants not based on student needs—meaning that merely having weights doesn't necessarily guarantee that poorer districts will receive more funding than nonpoor ones. In fact, it rarely does. A 2017 paper from the Urban Institute concluded that "with a few notable exceptions, such as New Jersey and Ohio, [state] districts serving poor students do not receive significantly more resources than districts that serve nonpoor students."[53]

Of course, the question of how much additional funding poor students should receive lacks a single answer. Of states that provide a poverty weight in their foundation aid formula, Maryland tops that list by providing nearly twice as much funding for poor students, while Mississippi is at the bottom end providing only 5% more funding.[54] If Arizona policymakers choose to implement a poverty weight, they will have to choose a weight based on a variety of factors appropriate for their context, such as available resources, how it will change current allocation patterns, poverty concentration, poverty severity, etc. Clearly, adding a formula provision that directs more dollars to poor students—all else being equal—will improve the state's overall funding fairness.

4.3 #3 CENTRALIZE CAPITAL FUNDING

Arizona has had a number of legal challenges to the equity of its capital funding system in the last few decades. In 1994, after a three-year-long lawsuit, the Arizona Supreme Court ruled that the state was required to provide facilities funding for all school districts and that it had failed to do so. In 1998, the state settled the lawsuit by making a large, one-

time investment to upgrade school facilities as well as increase its capital funding allowances to all districts, year to year.[55] In 2017, however, a group of school districts and advocacy organizations filed another lawsuit claiming that the state has since cut its capital funding and is no longer compliant with the original court ruling. While some of the support behind this new lawsuit has decreased in light of subsequent policy decisions to increase funding for both operations and capital, it remains true that capital funding and overall education funding hasn't been restored to pre-recession levels in Arizona.[56] Grants for new facilities and facilities renovations as well as full funding for District Additional Assistance have not been fully recovered since the recession. Arizona also ranks nearly last in per-pupil K-12 spending.[57]

However, to get a full picture of the difficulties with Arizona's school funding system, additional context is needed. Arizona has a far below-average percentage of working-age adults in the country, has historically been in the top 10 of U.S. states with the largest percentage of people under 18, and has ranked second in the country for rate of student growth since 1992.[58] This means that, in contrast to many other states, Arizona must support its large, quickly growing student population with a relatively small tax base. One should also note that the state is above the national average "weight of effort"—a measure of the amount of state and local tax revenue it raises for education per $1,000 of personal income. On top of that, the state has one of the largest charter sectors in the country, with roughly 186,000 of the state's 1.1 million public school students enrolled in charters.[59] This means that about 17% of Arizona public school students don't benefit from any of the state's facilities grant programs, whether the funding is increased or cut.

Moreover, as will be discussed in Part 7, Arizona also faces challenges with underutilized facilities in many districts. While thorough data on statewide school capacity reports is lacking, any full solution to the state's capital funding problems must include considerations for facilities consolidation so that districts can free up revenues for maintenance of essential capital. With this additional context, it should be clear that Arizona faces unique circumstances that aren't fully captured by raw per-pupil spending numbers or budget figures.

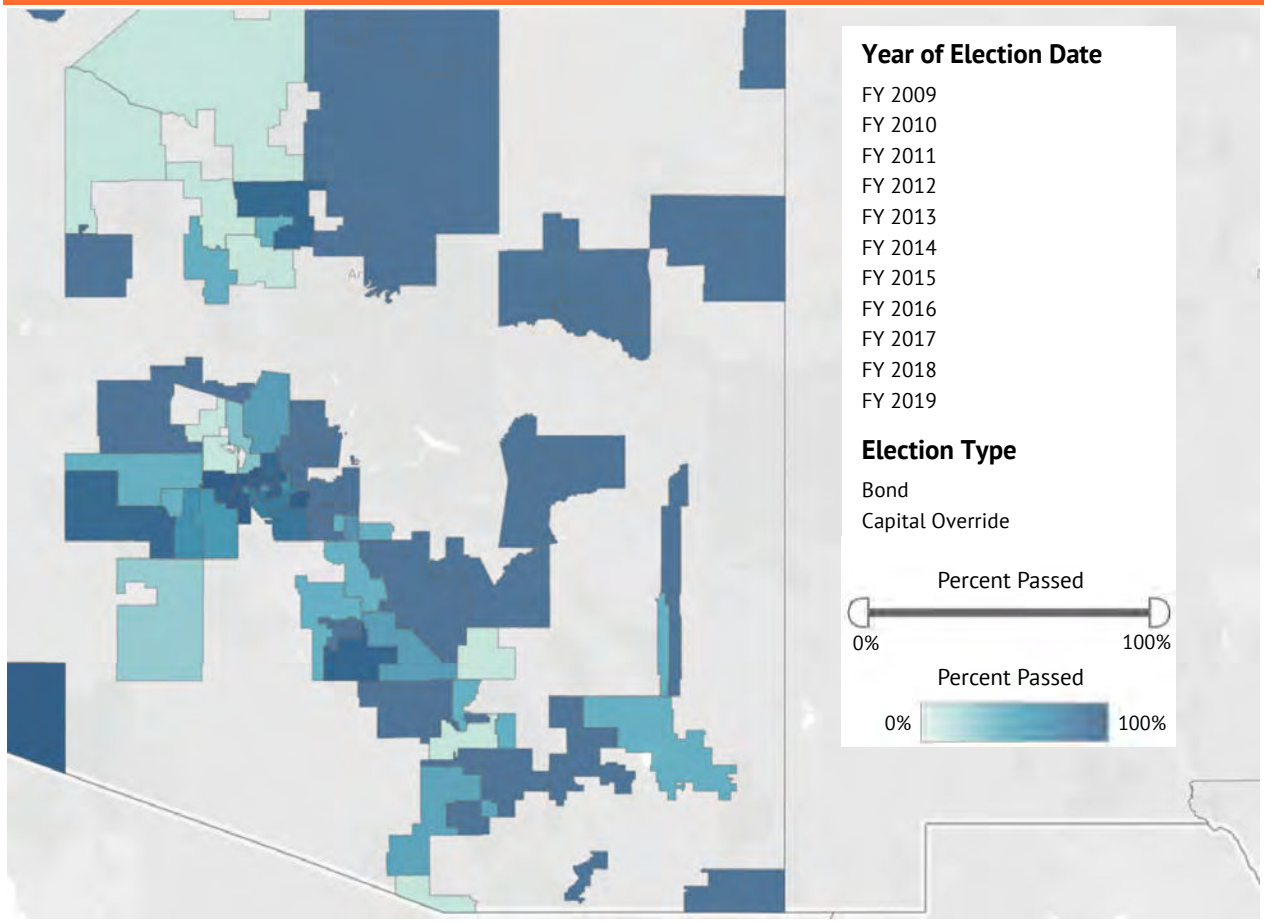
PROBLEMS:

Nevertheless, groups concerned about the inequities created by Arizona's lack of state funding for capital have a strong case. When school districts can't rely on state funding for capital maintenance or construction, they must turn to local bonds and property tax

overrides. Since districts vary significantly in terms of property wealth per pupil, the amount of dollars they can raise for facilities beyond what is provided by state funding also varies significantly. A 2018 report from AZEdNews details which districts have and haven't been able to raise money with local bonds and overrides since 2004.[60] The report finds that only 28% of the state's students attend school in districts that can reliably pass these measures and that more than half of all these ballot initiatives were in Maricopa County alone—which is also one of the most property-wealthy counties.

Using data obtained by the financial firm Stifel Nicolaus, AASBA Research Director Anabel Aportela constructed a heat map of all the bonds and overrides broken down by school district, with the shade indicating passage rates. Figure 6 displays which districts have been able to pass bonds or capital overrides between FY 2009 and FY 2019.

FIGURE 6: LOCAL BONDS AND CAPITAL OVERRIDES, 2009–2019



Source: Aportela, Anabel. "Arizona School District Bond and Override Elections Since FY 2004." ***Tableau Public.*** **2020.** ***https://public.tableau.com/profile/anabel.aportela#!/vizhome/ArizonaBondandOverrideElectionsSince2003/BondandOverrideDashboard***

As the map illustrates, many districts have struggled or have been unable to raise capital dollars through local bonds or capital overrides over the last 10 years. These disparities in access to local bonds and overrides were also partially captured earlier in Figure 3, which clearly shows a positive relationship between property wealth per pupil and funding levels from state and local sources. Figure 6 highlights how overreliance on local revenue sources to finance capital exacerbates funding inequities between districts.

SOLUTIONS:

In light of the capital funding disparities illustrated in Figure 6, Arizona policymakers should consider increasing the share of capital funding that is covered by the state. This would decrease funding disparities by providing additional supports for low-wealth districts and by reducing incentives for property-wealthy districts to go outside of the state formula to raise facilities dollars from local sources. Additionally, for the sake of taxpayers, Arizona could tighten the cap on voter-approved overrides—which currently stand at 15% of the RCL for M&O overrides, at 10% for capital budget overrides, and either 10% or 20% of a district's Net Assessed Valuation for general obligation bonds (the higher cap for unified districts).[61]

Fixing inequities that stem from voter-approved property tax increases unavoidably run into questions around local control. Some argue that school district residents should have the authority to increase taxes since they're the ones who will be footing the bill. Although fully addressing this concern would require information well beyond the scope of this brief, it's important to note that there are many other ways that communities can provide additional funds to their district schools that don't require higher taxation. Residents can resort to booster clubs, local charities, or other private fundraising pathways if they want to support their district above and beyond what an equalized formula allots them. That way, the cost burden is more directly borne by those who want to provide such supports.

Moreover, voter turnout for the local elections in which these determinations are made is very low nationwide—lower than 15% in most major city elections according to a 2016 CityLab report.[62] This means that the majority of district residents are likely unaware and unrepresented when a small group of engaged voters elects to impose high tax burdens on them over an extended period of time (for the subsequent seven years, in Arizona's case) for projects the district may not truly need. With these facts in mind, policymakers would be increasing fairness and doing many taxpayers a favor by further limiting caps on these types of elections in exchange for additional state funding.

4.4

#4 REDUCE OVER-RELIANCE ON LOCAL REVENUES

PROBLEMS:

The final problem addressed in this section lies at the heart of many other issues in Arizona's school funding system. School systems that rely too much on local revenue sources tend to diminish both the fairness of their overall system and the portability of those dollars.[63] In a setting like Arizona in which large shares of students don't attend their residentially assigned schools (nearly half, in some areas), this over-use of local revenues is an even greater problem because many parents are paying for services their children don't benefit from.[64]

The first aspect of this problem in Arizona is the wide variation in local tax effort from district to district. Recall from Figure 4 that primary and secondary tax rates in Arizona vary significantly from district to district and that higher wealth districts tend to have lower overall tax rates. In some cases—such as for wealthy districts that don't qualify for any state aid—this entails levying a primary rate well below the QTR for the equalization base and then raising additional funds through secondary taxes—all with below-average tax effort. Table 3 displays a select few unified districts in Arizona.

TABLE 3: TAX RATES FOR SELECTED UNIFIED DISTRICTS (2016)

District	Primary	Secondary	Total	QTR	NAV Per Pupil	Total State & Local Rev.	Poverty Rate
Round Valley Unified District	1.3078	0.4192	1.7270	4.253	$244,310.46	$7,550.54	24.86%
Gilbert Unified District	5.2554	1.1919	6.4473	4.253	$44,575.24	$7,584.86	7.262%
Prescott Unified District	2.7901	0.2675	3.0576	4.253	$192,909.47	$6,543.98	15.43%
Douglas Unified District	7.2900	0.8879	8.1779	4.253	$17,845.97	$6,928.53	34.21%
Maricopa Unified School District	4.5039	1.3933	5.8972	4.253	$40,732.74	$6,986.02	11.22%
Lake Havasu Unified District	4.0121	0.0000	4.0121	4.253	$116,296.80	$6,654.90	19.30%

As Table 3 illustrates, Arizona districts vary significantly in their overall tax effort and this is often related to property wealth per pupil. Round Valley and Prescott are able to tax well

below their QTR for their primary rate and still raise all equalization base money exclusively from local sources.[65] They also then collect additional funding through secondary taxes. Meanwhile, Douglas and Maricopa are taxing above their QTR for primary taxes (via nonvoter-approved overrides) and still impose secondary taxes.

These variations in tax effort demonstrate another example of inequity because the state formula isn't responsive to them—it simply assumes uniform rates of 4.253 for unified districts and 2.1625 for elementary and secondary districts.

Another aspect of this issue is the portability problems it creates. Despite the fact that Arizona has statewide open enrollment, a good portion of the funds isn't actually following students across district lines. And when local revenue shares per pupil and tax effort per pupil vary so significantly, the question of who should be paying for what becomes increasingly difficult.

SOLUTIONS:

Arizona could adopt a variety of solutions to introduce more uniformity, accountability, and equity of local education revenues. While Arizona's current formula does assume uniform tax rates for all districts, the many local revenue streams available outside of the formula are largely responsible for the high variations in both tax effort and local funding. Solutions include:

- **Statewide Property Tax**: To stabilize variations in tax rates and make funding fairer, Arizona could set a statewide property tax rate that all districts must impose and not allow property taxes outside of the formula. This is a model used in Vermont.[66]

- **Recapture**: Several states have programs whereby the state recaptures and redistributes excess property taxes. In Wyoming, the state sets mandatory property tax rates—as well as tax limits for several special funding streams—and factors those rates into its statewide formula.[67] Any local dollars raised from these mandatory rates that exceed a district's revenue entitlement are submitted to the state to be distributed to less-wealthy districts. In Wyoming, only dollars raised to pay for bonds are unlimited, but bond values are capped at certain percentages of each district's NAV. While this measure can be politically difficult, it ensures fair tax effort while also assisting districts with less property wealth. In Arizona, wealthy districts that fulfill their revenue entitlement exclusively with local dollars and below-average tax effort would be required to instead tax at the state's determined

rate and forfeit all dollars exceeding their revenue allotment—thus more fairly distributing tax effort by alleviating pressures on less wealthy districts.

- **Tighten Cap on Voter-Approved Overrides**: As discussed in the facilities funding section, lowering the cap on voter-approved tax overrides and bonds—which currently stand at 15% of the RCL for M&O overrides, at 10% for capital budget overrides, and either 10% or 20% of a district's net assessed valuation for general obligation bonds—would help reduce funding disparities between districts based on property wealth and ease taxpayer burdens.

The path forward in Arizona may include a combination of solutions. For instance, a more moderate measure would be to bring some kinds of local revenues into the state equalization formula (such as overrides for operations and nonvoter-approved overrides) while leaving some out (such as overrides for bond debt). Bringing some or all of these programs into the formula entails eliminating them as an option for local districts in exchange for a higher, state-imposed local tax rate. This would reduce variations in tax effort and make overall funding levels more equal across districts.

Alternatively, policymakers could combine the solution of tightening caps on voter-approved overrides with a recapture mechanism whereby some portion of local dollars raised above those caps is submitted to the state for redistribution. This would exert downward pressure on wealthy districts and also benefit poorer districts. Finally, it's important to note that nonvoter-approved overrides play a central role in funding inequities between Arizona districts. These overrides will be discussed in the next section.

PART 5

RECOMMENDATIONS TO ROLL BACK STATE NON-FORMULA FUNDING

As summarized in section 2.2, there are 37 categorical grants that account for about 21% of the state's K-12 education funding. While many of these programs require very small appropriations, several demand substantial portions of the state's overall budget. And while many appear to be worthy programs, they should all be closely examined by policymakers and considered as potentially collapsible into Basic State Aid. Most of them are categorical grants—meaning they are intended for specific uses and come with restrictions. These restrictions undermine a district's ability to repurpose funding to fit its unique contextual needs. Additionally, because many of these programs aren't necessarily based on student need, they can undermine funding fairness. Here are several examples of programs policymakers should consider rolling back into the main formula.

5.1 #1 RESULTS-BASED FUNDING

Results-based funding is one of the largest general fund revenue pots, totaling $38.6 million in FY 2019. It splits all district schools into two categories—those with 60% or more students qualifying for free and reduced-price lunch and those with less than 60% qualifying. It then awards additional funding of $225 per student (for schools under 60%) or

$400 per student (for schools over 60%) to all schools scoring in the top 10% statewide on the English and language arts portions of the main statewide exam. Schools in either of the two groups are competing only with other schools in their same group, not all schools. Because this program isn't based on student need, it undermines funding fairness and diverts scarce resources away from lower-performing and likely higher-need schools.

5.2 #2 CLASSROOM SITE FUND

The Classroom Site Fund is the largest categorical grant program Arizona administers. Totaling $553.7 million in FY 2019, the program is directed specifically for teacher compensation, is disbursed via a simple per-pupil formula, and is subject to supplement-not-supplant provisions—meaning districts can't use the funding to supplant resources they were otherwise going to spend on teachers. Forty percent of the funding must be used for teacher raises based on performance, 20% must be used for base salary increases, and the other 20% must be used for other teacher supports such as classroom size reductions or professional development.[68] While it's laudable that this program is intended specifically for teachers, the restrictions prevent districts from putting dollars to uses they may deem to be higher educational or budget priorities.

5.3 #3 INSTRUCTIONAL IMPROVEMENT FUNDING

Including rollover revenues, this fund totaled $69.8 million in FY 2019. It's very similar to the Classroom Site Fund in that it is subject to supplement-not-supplant rules, is formula-based, and can only be used for teacher salaries and other teacher supports.[69] As such, it is also subject to similar critiques as the Classroom Site Fund.

5.4 #4 OTHER CATEGORICAL GRANTS

In general, policymakers should set a high bar for placing restrictions on education funds. Consider all of Arizona's non-formula programs. While these grants have already been summarized in Part 2.2, they represent a broader class of special programs that individually require small appropriations but, when taken altogether, carry a nontrivial price tag of $63.9 million. These funds are earmarked for uses including broadband expansion, career and technical education block grants, school safety, and geographic literacy. Or consider another generalized group of Proposition 301 funds. Some of these funds are designated

for character education, tutors for low-performing schools, and again school safety—and amount to another $656.5 million.

To question the overall resource efficiency of Arizona's many special grants isn't to say that all—or even any—of the uses designated for these funds aren't worth pursuing. Rather, any skepticism towards these categorical grants is rooted in the general policy principle that—unless state leaders can present compelling reasons to demonstrate why the dollars in these restricted pots can't be better allocated by district leaders—they should be doled out as unrestricted funds based on student needs.

This frees districts to continue supporting the same programs if they so choose—or to steer resources toward initiatives that may be better suited for their particular students. For instance, districts should be able forgo giving performance-based raises if they want to reduce teacher turnover by instead boosting base salaries. Or other districts may find that bolstering school safety isn't as important for their students as purchasing new school supplies. More generally, limiting categorical funding ensures that the particular programmatic priorities of state lawmakers don't subvert the overall equity of the school finance system.

PART 6

RECOMMENDATIONS TO MINIMIZE RELIANCE ON NONVOTER-APPROVED OVERRIDES

While the problems discussed above are likely to be the highest priorities for legislators and Arizona residents, there remains a number of additional problems in the state funding formula that affect large proportions of Arizona's K-12 education budget. These problems are also captured in Figures 2–4 in the "Overview of Allocation Patterns" section since they are often more related to district property wealth than of student needs. According to a 2016 special report from the Arizona auditor general, three of the largest drivers of the per-pupil spending disparities between districts are all related to nonvoter-approved local revenue streams. These three funding mechanisms are desegregation, the small school adjustment, and transportation funding.[70]

6.1 #1 PHASE OUT DESEGREGATION FUNDING

Eighteen of Arizona's 236 public school districts (not including charters) currently utilize desegregation levies.[71] These levies were introduced by statute in 1985 after the U.S. Education Department's Office of Civil Rights (OCR) found that two public school districts

were serving their minority students poorly. The statute allows districts, upon approval from the federal OCR, to levy local property taxes at a rate higher than the statutorily capped Qualifying Tax Rate.[72] Districts are also allowed to levy for desegregation without voter approval. Currently, desegregation spending totals $208.13 million statewide—which is around 2.3% of the state's overall education expenditures.[73] However, the select few districts that receive the funding gain a large advantage over the others that don't. Table 4 displays all the districts receiving desegregation funding in FY 2019, and how much of their equalization base is accounted for by desegregation spending.

There are several key items to note from Table 4. Seven of the districts receive more than 20% of their overall budgets from desegregation levies, amounting to more than $1,500 per ADM (average daily member) in some instances. Also, as illustrated by the last two columns, the desegregation districts vary significantly in property wealth (NAV) per pupil and their desegregation tax rates.

TABLE 4: ARIZONA DESEGREGATION DISTRICTS

School District	FY 2019 Deseg. Totals	Deseg. tax rate	FY 2019 Equalization Base	Deseg. levy as % of Budget	FY 2018 NAV/ADM	Deseg$ /ADM
Tucson Unified	$63,711,047	$2.0678	$259,319,735	24.6%	$75,364	$1,453
Phoenix Union	$55,800,891	$1.1107	$170,628,862	32.7%	$184,871	$2,070
Tempe Elementary	$12,178,248	$0.7849	$56,951,039	21.4%	$131,358	$1,100
Roosevelt Elementary	$13,570,494	$2.2642	$45,455,264	29.9%	$60,343	$1,586
Phoenix Elementary	$11,151,530	$1.6038	$32,543,574	34.3%	$112,557	$1,805
Mesa Unified	$8,774,057	$0.2830	$338,069,407	2.6%	$50,273	$145
Scottsdale Unified	$7,382,169	$0.1391	$123,690,322	6.0%	$238,644	$332
Washington Elementary	$5,300,000	$0.4082	$117,244,046	4.5%	$59,315	$242
Cartwright Elementary	$4,628,061	$1.9500	$83,724,372	5.5%	$14,002	$282
Glendale Union	$6,131,959	$0.3849	$82,655,224	7.4%	$102,725	$399
Isaac Elementary	$4,951,151	$3.6334	$34,018,444	14.6%	$20,908	$771
Amphitheater Unified	$4,025,000	$0.2630	$71,794,265	5.6%	$115,001	$302
Holbrook Unified	$2,518,451	$5.6639	$12,244,001	20.6%	$23,127	$1,317

School District	FY 2019 Deseg. Totals	Deseg. tax rate	FY 2019 Equalization Base	Deseg. levy as % of Budget	FY 2018 NAV/ADM	Deseg$ /ADM
Flagstaff Unified	$2,241,322	$0.1843	$52,634,062	4.3%	$129,718	$239
Wilson Elementary	$1,866,950	$1.7812	$5,874,227	31.8%	$91,216	$1,662
Agua Fria Union	$999,000	$0.0841	$40,900,300	2.4%	$151,724	$127
Buckeye Elementary	$1,608,921	$0.7330	$24,302,931	6.6%	$44,585	$336
Maricopa Unified	$1,291,000	$0.4454	$33,536,728	3.8%	$44,611	$199
Totals/AVG	$208,130,251	$1.3214	$88,088,156	14.4%	$91,686	$798

Source: Arizona Department of Education and Arizona Tax Research Association

While it's easy to presume that this exemption is necessary for ongoing school integration efforts, the evidence indicates that desegregation funding is being used for purposes far removed from what the statute originally intended. Firstly, while the statute for desegregation funding was intended to allow for district compliance with federal mandates, only two of the 18 desegregation districts ever received such mandates—which were issued more than 30 years ago and have since been resolved.[74] OCR complaints are also often quite minor in nature and rarely warrant that a district have access to a large additional revenue stream—especially one that doesn't require voter approval. Many other school districts have also received OCR complaints and are technically allowed to levy for desegregation dollars—but have decided not to, due to factors like having lower property wealth or being unable to withstand the increased tax burden.[75]

The districts that receive desegregation funding also vary significantly in their racial composition, and are demographically similar to other districts that don't receive desegregation funding.[76] By and large, desegregation dollars are used to supplant funding on educational programs that other districts administering the same kinds of programs must fund with their equalized revenue.

A good case study can be found in comparing Phoenix Union High School District with Tolleson Union High School District. Though the two districts are demographically similar and only five miles apart, Phoenix Union is able to levy thousands in additional support via the desegregation levy while Tolleson is not. The result is a huge gap between the two districts in both primary tax rates and per-pupil spending (see Table 5). The most relevant difference between the two districts is assessed property valuation per pupil. In this case,

the desegregation levy allows Phoenix to take advantage of its significantly higher property wealth and spend much more per pupil than Tolleson. Also, recall that the statutory cap for primary property tax rates for high school districts is 2.1625. Both Tolleson and Phoenix have rates higher than that cap, meaning that they are both using non-equalized revenue streams to raise money above their RCL—but Phoenix has a significant advantage.

TABLE 5: DESEGREGATION FUNDING CASE STUDY

District	Overall Spending Per ADM	Primary Tax Rate*	Deseg. $ per ADM	Hispanic	Black	White	NAV** per ADM
Tolleson Union High School District	$6,038	2.3354	$0	63%	9%	23%	$90,792.73
Phoenix Union High School District	$9,099	3.424	$2,070	59%	9%	26%	$173,899.51

***The primary tax rate assessed per $100 of taxable property.**

****Net assessed property valuation**

Sources: Overall Spending, Primary Tax Rates, ADM figures, and Assessed Valuation were all obtained from ADE Superintendent's "2018 Annual Financial Report". Desegregation spending was based on previously used FY 2019 financial data obtained directly from ADE. Demographic data based on NCES District Demographics Dashboard. Case study drawn from Arizona Tax Research Association.

All these facts indicate that desegregation funding isn't being used for its intended purpose and is instead creating spending inequities based on factors unrelated to student need, such as property wealth or historical discrimination claims that have since been resolved or aren't necessarily indicative of widespread civil rights offenses. Over the decades following Arizona's 1985 desegregation funding statute, the amount of revenue raised under the law exploded by more than 2,000%.[77] The legislature has recognized this problem in the past by first implementing a "soft cap" on the spending in the early 2000s and later a hard cap in 2009 that limited overall desegregation spending to $211 million annually.[78] However, this cap does not solve the underlying spending inequities, and allows the districts that have historically used the funding to continue doing so indefinitely while also preventing other districts from accessing it.

6.2 #2 LIMIT THE SMALL SCHOOL ADJUSTMENT

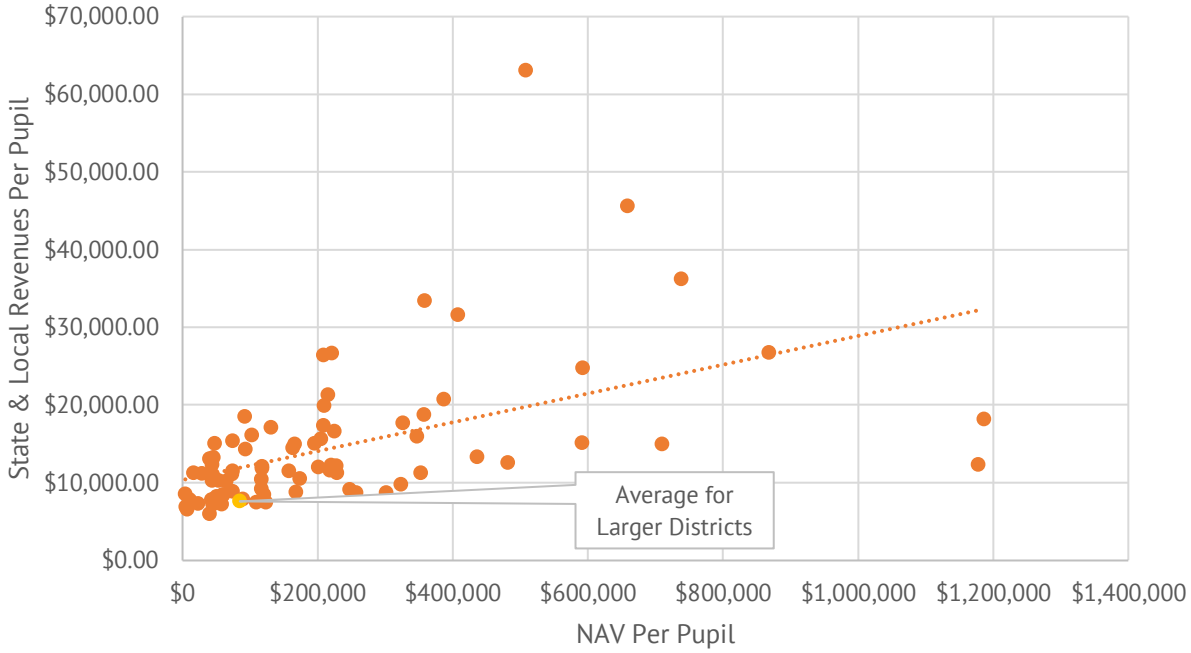
Beyond formula provisions that allot more dollars to small and isolated school districts under the state's equalization base formula, small school districts (less than 125 ADM for

elementary districts and less than 100 ADM for high school) are also allowed to levy as far above the RCL as they want.[79] This exemption is called the small school adjustment (SSA). Additionally, districts that once used the SSA between 1984 and 1999 but have since grown beyond the maximum ADM are allowed to continue using the SSA so long as the amount they raise doesn't exceed $50,000 above their equalization base. Districts that once used SSA but grew beyond the maximum after 1999 are subject to different limits wherein, upon electoral approval, they may raise only up to a certain percentage above their RCL, depending on how many additional students they have over the SSA limit.[80]

The 49 districts using the SSA in FY 2019 had a wide variety of tax rates for their SSA—again allowing differences in property wealth to determine these revenue streams for different districts. In some instances, these small districts raised more than $20,000 per pupil from their SSA alone, and that's before factoring in any amount of other aid they receive (see Table A3 in the Appendix).

Beyond the SSA, the funding disparities in Arizona's small districts mirror funding disparities in the state's larger districts. Figure 7 demonstrates how state and local funding per-pupil tends to be higher in more property wealthy districts. These disparities are driven in no small part by SSA dollars, as well as by other non-equalized local dollars.

FIGURE 7: STATE AND LOCAL FUNDING DISPARITIES, SMALL DISTRICTS



In FY 2019, Arizona districts raised a total of $23.55 million from the SSA. While policymakers argue that small school districts ought to be able to levy above their RCL because they face unique challenges based on economies of scale and being in remote locations, many districts using the SSA have virtually no limits on the amount of additional dollars they can raise. This leads to large disparities in per-pupil funding amounts, as demonstrated by the far-right column in Table A3 in the Appendix and by Figure 7. Moreover, the equalization base formula already includes special provisions directing more dollars to small districts, making the SSA a duplicative allowance that disproportionately favors property-wealthy districts and isn't directly linked to economies-of-scale considerations as is intended.

Figure 7 also compares small districts to larger Arizona districts. State districts with more than 600 students—on average—have less property wealth per pupil and receive less overall funding per pupil. Certainly, some of these cost differences can be justified by general economies-of-scale difficulties faced by small and rural districts. Nonetheless, it's important to underscore how these difficulties can lead to substantially higher per-pupil spending numbers in these districts.

6.3 #3 PHASE OUT "HOLD HARMLESS" PROVISION IN TRANSPORTATION FUNDING

Part 2 of this brief explained the difference between Transportation Support Level (TSL) and Transportation Revenue Control Limit (TRCL). The TSL describes the amount of transportation funding the state deems necessary based on the number of miles each transportation-eligible student is bused daily in that district. This figure is included in the equalization base calculation and is based on up-to-date student counts and transportation needs. TRCL, on the other hand, is a higher figure that increases when the TSL increases but never decreases (but can't be more than 120% of the TSL). So the state formula equalizes dollars on the basis of the TSL—but subsequently allows districts to raise additional dollars up to the TRCL. However, these additional dollars can only come exclusively from local taxes.

Districts using the TRCL—the vast majority of them do—are taking advantage of a "hold harmless" formula feature that allows a district's historical spending patterns to continue even if they are unrelated to current student need and non-equalized across other districts. In this case, the hold harmless is the difference between the TRCL and the TSL—which can

also be referred to as the "transportation delta." In FY 2018, the total transportation delta for all districts was $79.23 million.[81] Some districts, particularly the ones that have lost large numbers of students, disproportionately benefit from this hold harmless allowance.

6.4 SOLUTIONS TO PROBLEMS WITH THE THREE NONVOTER-APPROVED FUNDING MECHANISMS

All three of the above-discussed funding mechanisms are outdated, unrelated to student needs, and disproportionately favorable to property-wealthy districts. They also are unfair to tax-paying residents since they aren't subject to voter approval. Here are a few summary recommendations:

- Desegregation funding should be phased out. If a statewide poverty weight is adopted, the small number of desegregation districts with truly high student needs may be willing to forgo those dollars since they will receive additional aid for low-income students. Otherwise, there's no strong policy justification for arbitrarily allowing some districts to have significantly more taxing authority on the basis of civil rights disputes that have been long-since resolved—and to shut most other districts out of those revenues.

- The small school adjustment should be capped and eventually phased out. If the existing provisions for small districts within the formula are inadequate, policymakers should adjust the formula so that small and isolated districts are all funded on an equal footing and in a way that is realistic given the unique needs of rural districts.

- The transportation hold harmless also should be phased out. Hold harmless provisions are intended to temporarily support districts as they scale their operations down to properly align with the number of students they currently serve. They aren't supposed to continue indefinitely. Similar to the SSA, if equalized transportation funding is inadequate, the formula should be changed so that all districts are on an equal footing and funded on the basis of current student needs.

PART 7

OTHER RECOMMENDATIONS

A number of additional problems in the Arizona K-12 education system pertain to any of the above-discussed school finance reforms. Therefore, the following recommendations improve school finance generally.

7.1 #1 LEVERAGE UNDERUTILIZED SPACE

PROBLEMS:

Beyond the inequities of Arizona's school capital funding system, enrollment patterns over the last few decades have created challenges with unutilized and underutilized district facilities. A 2019 report from the state School Facilities Board found over 1.4 million square feet of vacant or underused building space—and that figure is a substantial underestimation since many counties fail to properly report capacity measures.[82] Additionally, a 2018 report from the Arizona auditor general found that, between FY 2004 and 2017, Arizona school districts increased school capacities by 19% (22.6 million square feet)—despite enrollment growth of only 6%, with much of that growth being absorbed by charter schools.[83] To be clear, these facts do not negate the existence of inequities in the state's capital funding system. Many of the districts that are building more space than is necessary for their foreseeable student populations are, predictably, property-wealthy ones

like Scottsdale USD or Tucson USD.[84] Meanwhile, it's probable that many less-wealthy districts aren't as guilty of spending taxpayer dollars on construction and maintenance projects when they already have underused facilities. Nonetheless, any policy solution to Arizona's facilities funding flaws that fails to address the issue of unused space would be incomplete.

SOLUTIONS:

One promising solution to unused district space is to increase co-location with charters. This is a practice wherein charter schools can lease or share space with districts that have excess capacity. Despite the state having a robust charter sector, a 2019 report from the Goldwater Institute highlights that Arizona doesn't use co-location as much as other charter-heavy states like California or Colorado.[85] The report also found that if Arizona used co-location as commonly as is used for charters in Georgia, California, or New York, the increased savings for charter schools would be between $21 million and $38 million per year. The arrangements could also provide substantial benefits for districts because of the additional leasing revenues.

But increasing co-location requires several policy steps. One basic step is to simply mandate more transparency in how districts report school capacity. While states like Florida require yearly school capacity reports from all schools, Arizona currently doesn't have an accurate accounting of how much district space is going unused.[86] The next step is to consider adopting policies that incentivize more co-location. South Carolina, for instance, gives charter schools the right of first refusal to purchase or lease unused district facilities.[87] Texas has a program whereby district schools can potentially receive additional per-pupil funding as well as exemption from some accountability interventions for co-locating with charter schools.[88]

Beyond co-location, it's also important that Arizona districts simply be more responsible with their assets. While state legislators have recently pushed for top-down approaches like requiring districts to lease or sell dramatically under-capacity buildings, a less forceful approach is to increase transparency so that districts have no choice but to reveal their asset management practices to the public. State law already gives Arizona districts the authority to right-size their operations if they so choose—and increasing transparency may be all that is needed to incentivize those kinds of decisions. After all, whether a district decides to lease or sell buildings to charters, private investors, or other public agencies, it

should have a financial incentive to do so since it can generate both revenues and cost savings—allowing it to direct more resources to classrooms.[89]

7.2 #2 FUND CHARTER SCHOOLS MORE FAIRLY

While the primary focus of this brief is the funding formula for district schools, it's important that policymakers also consider charter schools, since they serve a significant portion (roughly 17%) of Arizona K-12 students. Since funding is ultimately for the education of students, an ideal school finance system should be agnostic to the school sector. In other words, all students should be funded fairly regardless of the type of school they attend.

PROBLEMS:

As mentioned earlier, because charters receive their operations dollars through a formula that's nearly identical to that used by district schools, any issues with the student-centered weights themselves also apply for charters. For instance, changes to the special education weights or the addition of a poverty weight would also advance funding fairness for charters as well as districts.

It's also important to recognize that equalized funding for charters is covered entirely by state dollars, since charters in Arizona can't use local dollars in their equalization base. This inability to access local funds is a key driver in the funding gap between districts and charters. Moreover, some state revenue streams have historically been available to districts but not to charters. Building Renewal Grants, for instance, are only available to district schools.[90] While charters do receive more money per pupil under CAA than district schools do under DAA, those additional dollars don't make up the difference. Moreover, it is likely that this funding gap—in the absence of any formula changes—will become worse in the coming years because Arizona recently renewed its commitment to funding Building Renewal Grants. In response to recent allegations that the state has underfunded these facilities grants since the Great Recession, the Arizona Legislature has opted to increase funding for them over the next five years.[91] As long as charters do not have access to revenue streams like this, the gap will persist and perhaps widen.

Another funding stream charters do not receive that's included in the district equalization base is transportation support.[92] Consequently, most charters in Arizona don't provide

transportation and must leave many parents to fend for themselves. When they do provide transportation—either by hiring their own bus service or contracting with a school district—that funding is drawn from operations revenues.[93] Beyond spurring funding disparities between districts and charters, lack of reliable transportation is a significant barrier preventing families from selecting charters when they otherwise would.[94]

SOLUTIONS:

One reasonable option for some of these problems is to simply give charters access to more funding streams that district schools already receive. Policymakers could make facilities grants available to charters so that they aren't forced to divert dollars away from operations or privately fundraise through charity or specialized bond markets. Transportation is another example whereby giving all schools access to the same funding streams would increase fairness. However, transportation poses a more difficult challenge since charters serve students without regard for geographic location. The availability of publicly funded transportation for charter students is a problem yet to be addressed by most states.[95] Given the popularity and the success of the charter sector in Arizona, the state has an opportunity to be a national leader on this issue.

Because of the wide and growing availability of school choice options, providing transportation and facilities funding based on school district boundaries is becoming increasingly difficult. One idea proposed by Ben Degrow, director of education at Michigan's Mackinac Center, is to provide Student Mobility Scholarships. These would be state-funded scholarships for low-income families to flexibly procure transportation services so they can send their children to a school of their choice. This could include paying charters, districts, or private contractors for these services. While the policy logistics would need to be tailored to the Arizona context, it's important that transportation funding become more portable to accommodate the high number of K-12 students not attending their residentially assigned school.

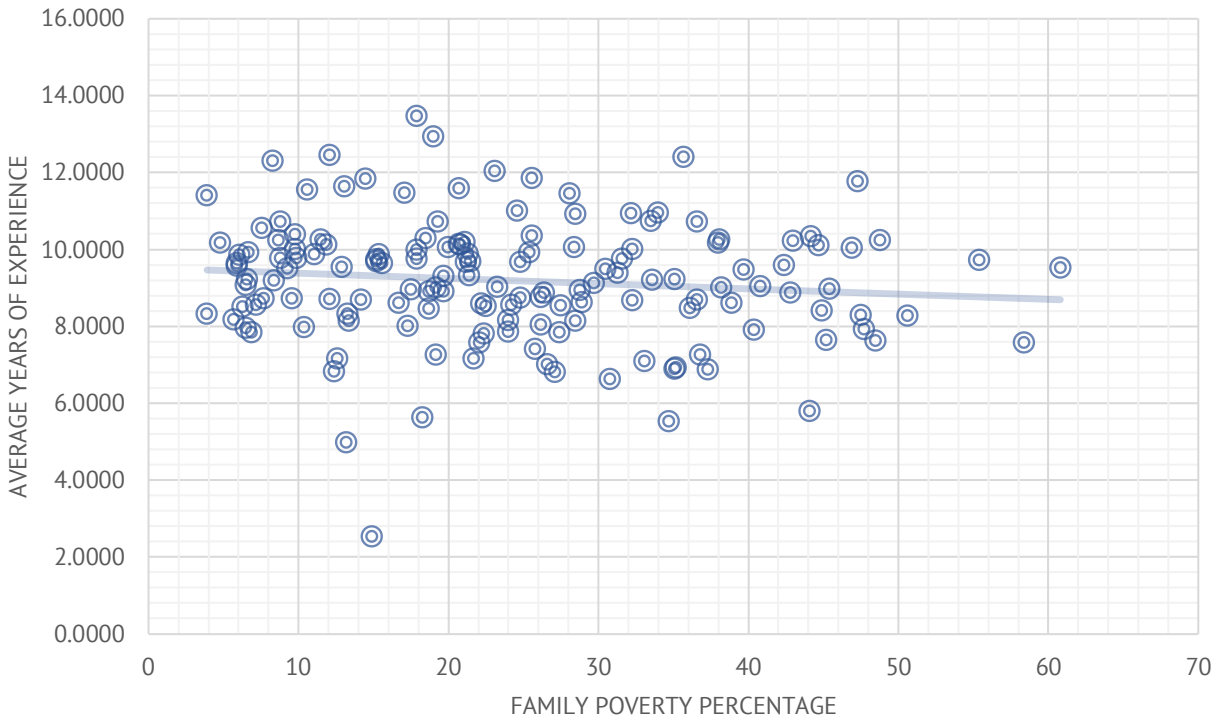
A major limitation to the recommendation that charters get equal access to the same funding sources as districts is that, again, they are not defined by school district boundaries and often aren't authorized by Arizona school districts.[96] This makes giving charter students their "cut" of local revenues particularly difficult since they serve students from different districts with varying amounts of local dollars per student. But in a state where large shares of students don't attend their residentially assigned school, the non-portability of local dollars isn't just a problem confined to charters.[97] If there's any state where an over-

reliance on local revenues for funding students isn't working, it's Arizona. This problem again underscores the importance of moving away from reliance on local dollars in Arizona and ensuring that locally raised dollars are portable.

7.3 #3 ELIMINATE THE TEACHER EXPERIENCE INDEX

The Teacher Experience Index (TEI) is an unnecessary feature in the state funding formula because it allocates more dollars to districts with more-experienced teachers and fewer dollars to districts with less-experienced teachers—even though teacher experience tends to be negatively correlated with student need.[98] Personnel reports from the ADE website corroborate this trend, indicating that higher-poverty districts tend to have less-experienced teachers (see Figure 8).[99] This means that eliminating the TEI would help reduce allocation practices that are unrelated to student need. It would also prevent the formula from redistributing dollars to districts simply because they have more-experienced teachers and taking dollars away from districts simply for having less-experienced teachers.

FIGURE 8: FAMILY POVERTY PERCENTAGE VS. FTE TEACHER EXPERIENCE



Source: FTE Experience data from ADE FY2019 School District Employee Reports. Family poverty rates obtained from NCES District Demographic Data.

PART 8

CONCLUSION

In virtually every state, education is the single largest component of the budget. Funding is always scarce and is being balanced with other legislative priorities. When the economy is strong and revenues are growing, it becomes tempting for legislators and state leaders to add education funds in the form of one-time increases and categorical grants for teacher salaries, technology, school buses, and a myriad of other things. But these types of fixes are often nothing but patchwork for a funding system that needs deeper changes. And whenever recession hits, the haphazardness of those temporary fixes becomes readily apparent.

Arizona has an opportunity to systemically revamp the way education is funded. The more allocation patterns are determined by an effective formula rather than special provisions that favor some districts over others and shortchange disadvantaged students, the better. The Grand Canyon State needs to adopt a system that more effectively attaches dollars to individual students based on their needs—regardless of property wealth and district boundaries. This is the most dependable and sustainable way forward.

APPENDIX

TABLE A1: GROUP A WEIGHTS

Normal Districts		
District ADM	**Grade Levels**	**Weights**
All Districts	PSD	1.450
600 or more	K-8	1.158
600 or more	9-12	1.268
Small Districts		
1-99	K-8	1.399
100-499	K-8	1.398 to 1.278
500-599	K-8	1.278 to 1.159
1-99	9-12	1.559
100-499	9-12	1.558 to 1.398
500-599	9-12	1.398 to 1.269
Small and Isolated Districts		
1-99	K-8	1.559
100-499	K-8	1.558 to 1.359
500-599	K-8	1.358 to 1.160
1-99	9-12	1.669
100-499	9-12	1.668 to 1.469
500-599	9-12	1.468 to 1.270

TABLE A2: GROUP B WEIGHTS

Need Category	Group B Weight
Hearing Impairment	4.771
K-3	0.060
K-3 Reading	0.040
English Language Learner	0.115
Multiple Disabilities (Resource)	6.024
Autism (Resource)	6.024
Severe Mental Retardation (Resource)	6.024
Multiple Disabilities (Self-Contained)	5.833
Autism (Self-Contained)	5.833
Severe Mental Retardation (Self-Contained)	5.833
Multiple Disabilities w/ Severe Sensory Impairment	7.947
Orthopedic Impairments (Resource)	3.158
Orthopedic Impairments (Self-Contained)	6.773
Preschool Severe Delay	3.595
Emotional Disabilities	0.003
Mild Mental Retardation	0.003
Specific Learning Disability	0.003
Speech/Language Impairment	0.003
Developmental Delay	0.003
Other Health Impairments	0.003
Emotional Disabilities (Private)	4.822
Visual Impairment	4.806
Moderate Mental Retardation	4.421

TABLE A3: SMALL SCHOOL ADJUSTMENT DISTRICTS, FY 2019

District	SSA Levy	RATE	NAV + SRP	Equalization Base	SSA Per Pupil
Paloma Elementary	$3,385,300	5.9668	56,735,342	$920,460	$30,775.45
Mobile Elementary	$430,756	4.8485	8,884,387	$154,644	$25,338.59
Sentinel Elementary	$847,221	6.1198	13,843,960	$386,842	$24,206.31
Empire Elementary	$280,000	4.0806	6,861,817	$76,379	$23,333.33
Pine Strawberry Elementary	$1,937,420	3.046	63,605,642	$1,234,832	$18,451.62
Young Elementary	$756,000	4.1697	18,130,989	$329,031	$17,581.40
Bowie Unified	$718,366	5.8573	12,264,455	$537,158	$12,602.91
Cochise Elementary	$875,000	2.6666	32,812,922	$618,417	$11,513.16
Redington Elementary	$75,000	5.3661	1,397,663	$66,043	$10,714.29
Hillside Elementary	$85,500	2.3948	3,570,295	$82,299	$10,687.50
Bouse Elementary	$361,712	2.2151	16,329,356	$289,898	$10,334.63
Seligman USD	$939,375	2.708	34,688,936	$1,149,464	$7,960.81
Skull Valley Elementary	$182,488	2.3992	7,606,227	$263,060	$7,603.67
Maine Consolidated ESD	$799,537	2.5865	30,911,837	$1,253,394	$7,335.20
Crown King Elementary	$49,622	1.1666	4,253,570	$53,136	$7,088.86
Hyder Elementary	$902,711	1.382	65,321,121	$884,982	$6,736.65
San Simon Unified	$737,282	7.3882	15,208,999	$1,025,744	$6,582.88
Pearce Elementary	$551,102	2.6934	20,461,281	$654,898	$6,560.74
Yarnell Elementary	$272,164	2.688	10,125,336	$431,540	$6,480.10
Bonita Elementary	$530,709	4.4771	12,724,105	$877,591	$6,243.63
Yucca Elementary	$297,737	1.4017	21,241,765	$307,580	$5,837.98
Wenden Elementary	$460,899	2.9071	15,853,413	$624,724	$5,486.89
Ash Fork Joint USD	$1,286,900	4.3563	29,486,912	$2,241,669	$5,046.67
Tonto Basin Elementary	$501,867	4.1776	13,165,360	$799,544	$4,968.98
Congress Elementary	$494,500	2.0938	23,617,069	$1,045,689	$4,945.00
Ash Creek Elementary	$134,072	1.8098	7,407,947	$263,055	$4,788.29

District	SSA Levy	RATE	NAV + SRP	Equalization Base	SSA Per Pupil
Sonoita Elementary	$491,763	1.5328	32,082,486	$833,763	$4,595.92
Grand Canyon Uni	$1,239,233	9.4136	15,934,457	$2,123,350	$4,522.75
Valley Union High School	$355,000	0.9787	36,272,031	$802,668	$4,080.46
Hackberry Elementary	$280,000	1.2083	23,017,358	$522,296	$3,589.74
Patagonia Union	$250,000	0.4935	50,660,022	$804,420	$3,571.43
Salome Consolidated ESD	$50,000	0.1662	30,093,028	$974,424	$3,571.43
Kirkland Elementary	$221,759	2.5466	8,707,945	$794,012	$3,411.68
San Fernando Elementary	$50,000	0.4662	10,724,672	$115,656	$3,333.33
Double Adobe Elementary	$138,000	5.1184	2,696,162	$558,971	$3,285.71
Hayden-Winkelman Unified	$813,530	5.4317	14,977,523	$1,963,583	$3,228.29
Apache Elementary	$25,000	1.2146	2,058,222	$73,333	$3,125.00
Patagonia Elementary	$210,000	1.1304	18,577,536	$699,602	$2,625.00
Chevelon Butte Elementary	$30,000	0.0585	51,269,908	$308,987	$2,500.00
McNeal Elementary	$130,000	3.6429	3,568,598	$787,420	$2,363.64
Elfrida Elementary	$180,760	2.1512	8,402,803	$745,898	$1,882.92
Fredonia Moccasin Unified	$338,870	1.5000	22,591,349	$1,483,488	$1,851.75
Morristown Elementary	$200,000	1.2524	15,969,271	$1,149,575	$1,754.39
Pomerene Elementary	$138,000	2.097	6,580,878	$984,664	$1,314.29
Peach Springs Uni	$390,000	3.5294	11,049,950	$1,371,559	$1,278.69
Owens Elementary	$10,000	0.0918	10,897,702	$201,187	$ 400.00
Vernon Elementary	$50,000	0.3182	15,713,899	$1,002,853	$ 359.71
Topock Elementary	$50,000	0.1714	21,241,765	$838,249	$ 306.75
Valentine Elementary	$15,000	0.4176	3,592,121	$564,499	$147.06

Source: Arizona Department of Education and Arizona Tax Research Association

ABOUT THE AUTHOR

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