

# Classrooms First Initiative Council

## Summary of Findings

December 2, 2015



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Office of the Governor

**The Council's *K-12 School Finance Findings* full written report to Governor Ducey, today's PowerPoint, and report Exhibits can be found online at:**

**<http://education.azgovernor.gov/edu/meeting-agendas-and-minutes>**





# State of Education in Arizona

## GOOD NEWS: We are getting better!

- Unique opportunity to reform our public education system.
- Arizona's public schools are improving academically as evidenced by 2015 NAEP scores.
- In May 2016, voters will decide whether to invest \$3.5 billion over ten years into our public schools.
- Everyone agrees that Education Matters!



# State of Education in Arizona

## GOOD NEWS: We can be even better!

- Data still shows that we need to make significant improvements.
  - Approximately 60,000 students in “D” and “F” schools.
  - 46.1% of high schools send *ten or fewer* high school graduates to postsecondary education.
- How do we get there?
  - High Expectations & Standards
  - Focus on Quality Teaching and Learning
  - Choice in Education Delivery
  - Efficient Use of Resources
  - Funding Aligned to Student Achievement





# State of School Finance in Arizona

- Our current school funding formula is 35 years old.
- Over time, the “equalization formula” has morphed into a complex system of property taxes, state funds, and other revenue sources controlled at the school district or charter level.
- We now have a funding “onion” where layer after layer is revealed to be inexplicably and, most notably, inefficiently connected.



# Council Membership

**Governor Doug Ducey**  
Co-Chair

**Jim Swanson**  
Co-Chair  
*President/CEO Kitchell*

**Alicia Alvarez**  
*Principal*  
Leona Group, LLC.

**Janna Day**  
*President*  
State Board for Charter Schools

**Beth Maloney**  
*Teacher*  
Dysart Unified School District

**Brian Capistran**  
*School Superintendent*  
Glendale Union School  
District

**Diane Douglas**  
*Superintendent of Public  
Instruction*  
Arizona Department of Education

**Greg Miller**  
*President*  
State Board of Education

**Tim Carter**  
*County School  
Superintendent*  
Yavapai County

**Annie Gilbert**  
*Director of School Operations &  
Finance*  
Ball Charter Schools

**Dawn Wallace**  
*Education Policy Advisor*  
Governor's Office

**Susan Chan**  
*Charter Operator*  
Kingman Academy

**Kenneth Hicks**  
*Chief Financial Officer*  
Peoria Unified School District





# Classrooms First Initiative Council

- Established through Executive Order on January 12, 2015.
- Charged with modernizing school finance code to ensure adequate funding for teachers and classroom instruction, and ultimately a stronger workforce for the State of Arizona.
- Initial recommendations due in September 2015, with final recommendations in December 2015.



# Classrooms First Initiative Council Charge

*Ensure that every child – regardless of where they live  
– has access to an excellent education.*

- Governor Doug Ducey  
Classrooms First Initiative Council Speech  
June 26, 2015





# The Council's Vision Statement

**Arizona's children will have access to a high quality education that promotes excellence and school choice and is equitably funded through a system of clarity, transparency, and recognition of results.**



# Governor Ducey's 7 Principles:

- ✓ Do what's best for our kids!
- ✓ Academic outcomes must be the cornerstone of a funding system that drives success.
- ✓ Efficiency should be rewarded with flexibility.
- ✓ Ensure that parents know exactly how and where a school's resources are being allocated and spent. It's a matter of transparency, and parents deserve that.





# Governor Ducey's 7 Principles:

- ✓ Great schools do not exist apart from great leaders – draw principals into the school's budgeting process.
- ✓ Design a school funding formula that everyone can understand.
- ✓ Let's get one formula right...and apply it to every school equitably.



# Public Meetings:

## June 26, 2015 – November 19, 2015

- Eight meetings – OPEN TO THE PUBLIC
- Working Groups a.m./Full Council p.m.
- Consultants
- Presentations
- “On the Road” public comment meetings – Phoenix, Prescott and Tucson
- Website and Online Public Comment Submission





# Working Groups

Equitable  
Funding  
Structure

**CLARITY**

Student  
Centered  
Learning  
Priorities

**TRANSPARENCY**

Recognition of  
Excellence

**RESULTS**



# Formula Uniformity : Single Formula for All Public Schools

**Finding 1:** A single funding formula for all Arizona public schools is achievable but must take into consideration differences in education delivery and funding formula and statutory inequities among public schools.

- Issues to address:
  - Bonds/Overrides/Desegregation/Small School Adjustment/Adjacent Ways
  - Additional Assistance
  - Capital Finance
  - Development of “School Funding Model”





# Formula Equity: Equal Funding for Each Student

**Finding 2:** The objective of an equitable funding structure should be a system that has standardized property tax rates, combined with state General Fund appropriations, that contribute to all public K-12 students.



# Formula Clarity: Understandable and Clear

**Finding 3:** Several variables in the funding formula may be collapsed into a base per-pupil amount for simplicity, efficiency, and flexibility in funding distribution (Group A weights, teacher weights)

**Finding 4:** School finance statutes and policies should be rewritten, reorganized, and more easily accessible for policymakers, business leaders, educators, administrators, and parents to interpret and apply for their own respective needs

- Online access for parents of funding generated for their child
- Reorganize and condense Title 15 school finance laws





# Formula Clarity: Efficiency in Flexibility

**Finding 5:** Allocation of resources for school districts should be made more flexible through lump sum funding, accounting and fund simplification, and full expenditure flexibility.



# Formula Clarity: Current Year Funding for School District

**Finding 6:** Policymakers should consider a phased-in approach to the transition to current year funding for school districts in FY2017.





# Recognition of Excellence: Focus on Academic Outcomes

**Finding 7:** The alignment between performance and funding should recognize the excellence of high-performing schools through a tiered “Achievement Weight” that rewards high-performing low-socioeconomic schools on the highest funding tier.

**Finding 8:** High-performing public schools should have the flexibility to expand and grow without the burden of regulatory, formulaic, and structural constraints.



# Recognition of Excellence: Great School Leaders

**Finding 9:** School administrators should, where appropriate, seek to empower school leaders to be more actively involved in decision-making about school-level staffing, budgeting, and reporting processes.





# Student Centered Learning: Special Education

**Finding 10:** The state should conduct an updated cost study, or use the 2007 cost study for special education students, to identify the true costs of special education.

- School choice options have created uneven distribution and unmet costs in special education services

**Finding 11:** Statutes should be updated regarding the “Extraordinary Special Needs Fund” for high-cost special education students.



# Student Centered Learning: High Quality Teachers

**Finding 12:** Policies should be identified for recruitment and retention of highly effective teachers.

- Public campaign to celebrate the teaching profession
- Mentoring programs
- Equity and competitiveness in starting pay
- Bonus and pay mechanisms that attract teachers to hard-to-staff schools
- Leadership training programs
- Recruiting top high school students into college preparation programs





# Student Centered Learning: Transparency for Parents

**Finding 13:** School-level reporting is more useful than the “Annual Dollars into the Classroom Report” in showing how the funding each student generates is allocated and expended.



# Student Centered Learning: Student Achievement

**Finding 14:** Schools located within low-socioeconomic communities often face unique academic challenges.

- Traditionally enroll students who enter with significant achievement gaps.
- Recent NAEP scores would show that these students and schools are defying the trend.
- Higher-cost individual intervention strategies are used.
- Concept of permanent or transitional “Opportunity Funding” discussed but not decided.





# Additional Findings:

**Finding 15:** While outside the scope of the funding formula, the expiration of Proposition 301 is beginning to create financial uncertainty for all public schools.

**Finding 16:** Current statutes on the sale and lease of vacant buildings should be modified to allow school districts to sell or lease unused and underutilized facilities more quickly.



# Final Finding:

**Finding 17:** An extension of 6-9 months is needed for the Council to complete its charge.

Why?

- 1980's school finance effort lasted 18-24 months.
- Decision not taken lightly!
- Magnitude of issues and a desire to be thorough and thoughtful.
- Timeline for completion delivered at the end of January.

