

## **An Equitable Student-Funding Formula**

### A Concept for Classrooms First Initiative Council Discussion

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

### **Formula Outline**

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

#### Assumptions:

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

### **Revenue Collections Adjustment**

*Adjust revenue collections to properly fund equitable student funding formula*

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

## A "Revenue Neutral" Approach

<u>Current Formula</u>	<u>Student Equity Formula</u>
	Base Funding
	+\$875M
	Transportation Funding
-\$242M State, - \$87M Local= -\$329M	+\$329M
	Special Education
	+\$350M
	Bonds & Overrides
-\$1.2B Local	
	Allowable Overrides
	+\$310M
	Adjacent Ways, Dropout, Small School Adjustment
-\$103M	
	Desegregation
-\$210M	
	<b>TOTALS</b>
<b>-\$1.842B</b>	<b>+\$1.864B</b>
	(+\$22M)