

# Arizona School Funding Past to the Future

Dr. Chuck Essigs

# Override Elections

## FY 1974 – FY 1980

- No limit on the amount
- Once passed permanent

- History

○ FY 76	33 held	27 passed	89%
○ FY 77	26 held	25 passed	96%
○ FY 78	17 held	12 passed	71%
○ FY 79	15 held	5 passed	33%
○ FY 80	11 held	6 passed	55%
○ Overall	102 held	75 passed	74%

# Special Education in Arizona

- Special Education in Arizona began in 1929 with the establishment of the Arizona School for the Deaf and Blind
- Division of Special Education started in ADE by legislation in 1961 with funding for physically handicapped, mentally handicapped and emotionally handicapped students
- In 1972, legislation was passed to include children with specific learning disabilities

# Special Education in Arizona

- On May 14, 1973, a state law was passed which mandated that all school districts provide Special Education programs for the handicapped
- The Special Education mandate became effective for the 1976-77 school year
- 1974 – 90% excess cost funding formula passed by legislature/ SB 1001

# Special Education in Arizona

- 90% excess funding formula
- Excess cost was defined as the additional cost necessary to educate a handicapped student above the cost of educating a non-handicapped student
- Excess cost was not allowed to exceed the Basic Support Lever per Average Daily Membership for elementary and high school

# Special Education in Arizona

- 90% excess funding formula exceeded everyone's expectations – both the receiver (school districts) and the payer (the State)
- First year cost to the State – 2-3 times the estimate

# Special Education in Arizona

- New formula for 1975 (90% formula lasted one year)
- State funding could not exceed the amount appropriated

# Special Education in Arizona

- Beginning with the 1977-78 school year Special Education was placed under a budget limit (mandate in place 1976-77)
- Expenditures were allowed to increase by 7% per pupil with increases or decreases in the number of Special Education students
- Maximum number counted for Special Education budget capacity was 11% of the total student population



# Pupil Transportation

- Transportation was a separate budget and exempted from the maintenance and operation budget limit
- 1974-75 school year was the first year that State funds were appropriated for transportation
- State aid was \$0.27 per mile or actual operating cost per mile, whichever was less
- Transportation aid could not exceed the legislative appropriation

# Prior to 1980 Budgets Were Separate

- Regular, Special Education and Transportation
- No flexibility

# Social Security and State Retirement

- County was responsible to pay the employer's share of retirement and Social Security for all teachers within each county. Each county levied a property tax to pay for this amount
- Increased by 180% from 1970-71 to 1977-78

# Capital Budget Areas

- Budgeted Capital Outlay
  - No limit
- Capital Levy
  - \$0.30/\$0.60 levy limit

# 1980

- Voters defeat a Prop. 13-type limit on property taxes
- Voters approve a legislative proposal that limited property taxes on homeowners
- Limits placed on all cities, counties, school districts, and community colleges
- Equalized school funding
- Additional state aid/homeowners rebate
- Prop. 13 defeated; alternative approved

# 1980 Changes

- Flexibility in Funds
- Limits for regular and Special Education
- Limit for pupil transportation

# Equalization - Regular and Special Education

- For 1980-81 District budget for 1979-80 plus formula increase from 1979-80 to 1980-81
- For 1980-81 through 1984-85 – 20% of the variation over and under the budget formula were eliminated
- District above increased less than formula increase
- District below increased more than formula increase
- By 1985-86 equalization done

# Equalization – Transportation

- Increase in transportation formula added to 1979-80 base for 1980-81
- For future years increase in transportation formula added to prior year transportation limit



# Student Growth

- Only funded for growth over 5%
- Example:
  - District with 5,000 students would only get growth funds for student growth above 250 (5% growth)

# Special Education

- Group A Funds 85% or more of Special Education students – part of basic weight
- Budget flexibility

# 1980 Education System

- 1980 formula was part of Tax Reduction Program
- Increased local control of how money is spent
- Control spending/increase State aid to reduce property taxes

# 1990 Education System

- ACE Initiative/Arizona Citizens for Education
- Increase in funding for 10 years
  - \$100 per student and inflation each year
- No revenue source identified
- Strong Opposition / Governor Election Issue
- Strongly defeated

# Nov. 2000 – Prop. 301

- Increased sales tax by 0.6 cents through 2021
- Monies for School Facility Revenue Bonds
- Monies for Universities (12%) and Community Colleges (3%)
- Monies for added schools days, school safety, accountability, failing schools, failing schools tutoring fund
- Classroom Site Fund
- \$25 million tax credit funds to General Fund
- Inflation funding (General Fund)

# Nov. 2000 – Prop. 301 (cont.)

- Governor Hull led the charge
- Strong education and business support
- Limited opposition
- Passed 53.5% to 46.5%
  - Failed in the majority of counties

# Nov. 2010 – Prop. 100

- Special Election – May 18<sup>th</sup>
- 3-year, temporary one-cent sales tax increase
- Money went to the General Fund
  - Percentages of 67% for education and 33% for public safety and health and human services
- Prevented further cuts
- Governor Brewer led the charge
- Strong education, business, and public safety support
- Legislative opposition
- Passed 64.3% to 35.7%

# Nov. 2012 – Prop. 204

- Quality Education and Jobs Act
- Permanently continue the one-cent sales tax
- Redirect the monies for education, child services, and transportation
- Mixed education support
- Mixed business support
- Many state leaders opposed
- Failed – 63.8% to 36.2%



# How Have We Changed

- 1969-70 AZ Ranked 29<sup>th</sup> above 21 other states
- 2009-10 AZ Ranked 48<sup>th</sup> above 2 other states
- To move back to 89.7% of U.S. Average
  - Increase expenditures to \$9,521 (2009-10)
  - Increase of \$1,673 per pupil

# How Have We Changed

## In 1969-70 AZ Above These States

- Arkansas
- Georgia
- Idaho\*
- Indiana
- Kentucky
- Louisiana
- Maine
- Mississippi
- Missouri
- New Hampshire
- New Mexico
- North Carolina
- North Dakota
- Oklahoma
- South Carolina
- South Dakota
- Tennessee
- Utah\*
- Virginia
- West Virginia

\*States AZ was above in 2009-10

# Change In Assessment Ratios

Property Type	FY 78	FY 13
Mines	60%	20%
Utilities	50%	20%
Commercial	27%	20%
Homes	15%	10%

# Statewide Share of Total AV

Property Type	FY 78	FY 11
Mines, Utilities & Commercial	60.4%	35.8%
Homes & Rentals	31.5%	53.8%