

# FundEd: Arizona Report

## A Detailed Look at Arizona's Funding Policies



## Arizona



### Funding Basics

#### Formula Type

Arizona has a primarily student-based funding formula. It assigns a cost to the education of a student with no special needs or services, called a base amount. It then accounts for the additional cost of educating specific categories of students by applying multipliers to that amount to generate supplemental funding for those students.

The categories of students generating supplemental funding in Arizona are students in certain grade levels, English-language learners, students with disabilities, students identified as gifted, students enrolled in career and technical education programs, and students in sparsely populated districts.

#### Base Amount

Arizona has a fixed base funding amount per student. For FY2018, the per-student base amount was \$3,683.27.

This means that an average student with no special needs or disadvantages would, in theory, be funded at that level. However, since all students are additionally weighted for grade level, no student is actually funded at the base amount. Additionally, the state adjusts the base funding amount upward in districts where the teacher force is more experienced than the state average.

### Local Revenue

#### Expected Local Share

Arizona expects school districts to contribute revenue to the funding of public schools. The amount each district is expected to raise is based on its property values and a tax rate that varies depending on the grade levels it serves.

For FY2018, Arizona expected elementary and high school districts to impose property taxes of \$20.234 for every \$1,000 of assessed local property wealth and unified school districts to impose \$40.468 for every \$1,000 of assessed local property wealth. Once the state calculates the total amount of funding necessary to educate students within a district, it subtracts the expected local contribution and provides the difference in the form of state education aid.

## Property Tax Floors and Ceilings

Arizona sets a ceiling for local property tax rates, as well as a level above which voter approval is required. School districts require voter approval to raise more than the rate sufficient to reach their formula amount, and are limited to 15% above their formula amount for operating costs even with voter approval.

School districts are limited in how much money they may raise locally. Districts' budgets are limited to the total amount of funding that the state calculates to be necessary to educate students within a district, including transportation funding. However, school districts may exceed this limit with voter approval. School districts may impose taxes sufficient to add an additional 15% to their operating budgets, and further funding for specific programs and for capital outlays, with voter approval. In addition, districts may raise taxes for certain specific costs outside of the formula, like desegregation costs and costs associated small districts.

Additionally, districts where the expected tax rate (see "Expected Local Share") would produce enough revenue to cover the entire amount of funds calculated by the state to be necessary to educate the students within the district are subject to a floor for local property tax rates: They must impose a local property tax of at least 50% of the expected rate. If the money generated by this 50% rate exceeds the district's necessary funding, the excess is transferred to the state general fund for redistribution to other school districts.

## Other Local Taxes for Education

School districts in Arizona receive local revenue only from property taxes.

## District Characteristics

### Grade Level

Arizona provides different levels of funding for students in different grade levels. It does so by applying multipliers to the base per-pupil amount for students in three different grade spans.

The base amount is multiplied by 1.218 for students in grades K-3; by an additional 1.158 for students in grades 4-8; and by 1.268 for students in grades 9-12. The multipliers applied for students in grades K-8 and 9-12 are only used for school districts with more than 600 students. Different multipliers are applied for school districts with fewer students; these values vary depending on the size of the district and its degree of geographic isolation. (See "Sparsity" for a description of this allocation.)

The state also provides additional funding that may only be used to support reading programs for grades K-3. It does so by applying an additional multiplier of .04 to the base amount for students in these grades.

### English-Language Learner

Arizona provides increased funding for English-language learners (ELLs). It does so by applying a multiplier of 1.115 to the base per-pupil amount for these students.

This multiplier is applied to a per-pupil amount that has already been adjusted for the student's grade span (K-8 or 9-12), the district's enrollment size (greater or less than 600 students), and the district's degree of geographic isolation.

In practice, the base amount is adjusted for these other factors to produce a basic level of funding for the student. Then, rather than multiply this entire amount by 1.115 to provide the increased funding for ELLs, the state multiplies the original base amount by .115 and adds that product to the adjusted, basic funding.

### Poverty

Arizona does not provide increased funding for students from low-income households or for districts based on the concentrations of low-income students they serve.

## Special Education

Arizona funds special education using a multiple student weights system, providing different levels of funding for different categories of students. Students are assigned to eleven different categories based on their specific disabilities.

It does so by applying different multipliers to the per-student base amount for students in these categories. The multipliers range from 1.003 to 8.947, depending on the disability. These multipliers are applied to a per-student base amount that has already been adjusted for the district's size, enrollment in different grade levels, and degree of geographic isolation.

The state also provides separate funding for discrete institutions and programs, such as the Arizona School for the Blind, and for transportation for special-needs students in extended-year programs.

## Gifted

Arizona provides increased funding to schools for gifted and talented students. It does so through a flat per-student allocation, provided for a set proportion of students assumed to be gifted and talented.

Arizona assumes that gifted students make up 4% of the overall population in schools. The state provides a flat per-student allocation of \$75.00 for that proportion of students in order to provide for gifted and talented education. In districts where this calculation would produce less than \$2,000 in supplemental funding, the state provides \$2,000.

## Career and Technical Education

Arizona provides increased funding for career and technical education (CTE) programs. It does so through a grant program and by providing funding to Joint Technical Education Districts.

Through the State Block Grant for Vocational Education, the state provides funding to regular school districts that have CTE programs. In FY2018, the state appropriated approximately \$11.6 million for this grant program. The state also partially funds Joint Technical Education Districts (JTEDs). While the formula for funding the education of students in these districts is similar to that in place for regular school districts, students enrolled in JTEDs can generate funding greater or less than the base amount, in specific amounts that depend on course enrollment and the cost-sharing arrangement between JTEDs and sending districts.

In FY2018, JTEDs with more than 2,000 students were funded at 95.5% of the formula amount. All other JTEDs are funded at 100%.

## Sparsity and/or Small Size

Arizona provides increased funding for small and isolated school districts. It does so by applying a multiplier to the base per-pupil for students in these districts. The multiplier can range from 1.158 to 1.669, depending on the size of the school and the grade levels served.

In the larger education funding formula used in Arizona, these multipliers replace the ones used in most districts to differentiate funding based on students' grade levels (see "Grade Level" for a description of this allocation).

Arizona defines a school district as both small and isolated if it has fewer than 600 students and contains no school that is fewer than thirty miles from another school operated by an in-state school district (or fifteen miles if road conditions and terrain cause driving to be slow or hazardous) and that teaches one or more of the same grade levels as the school. Different multipliers are applied for students in school districts that are small and isolated than for students in districts that are small but not isolated.

For a complete list of primary sources, please see the appropriate state page at [funded.edbuild.org](http://funded.edbuild.org)

