

Arizona

Funding Basics

Formula Type

Arizona has a primarily student-based formula. It assigns a cost to the education of a student with no special needs or services, called a base amount, and provides increased funding to educate specific categories of students. The categories of students considered in Arizona's funding policy 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 enrolled in small and/or isolated districts.

Arizona requires school districts to contribute to the funding of their public schools, with the amount of the local share based on districts' property values and a minimum local tax rate. Districts in Arizona are permitted to raise and keep a limited amount of additional local revenues for regular district operations and specific costs.

Supplemental funding for students in certain grade levels, English-language learners, students with disabilities, students enrolled in career and technical education, and students enrolled in small and/or isolated districts is generated through the application of multipliers to the base amount. Services for students identified as gifted are provided through program-specific allocations.

Base Amount

Arizona has a fixed base funding amount per student. For FY2021, the per-student base amount was $4,305.73.

This means that an average student with no special needs or disadvantages would, in theory, be funded at that level. However, because base funding for all students is weighted for grade level, no student is actually funded at the base amount. Further, 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 FY2021, Arizona expected elementary and high school districts to impose property taxes of $18.37 for every $1,000 of assessed local property wealth and unified school districts to impose $36.74 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, even with voter approval, are limited to 15% above their formula amount for operating costs.

School districts are restricted 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 costs. However, school districts may exceed this limit with voter approval. With voter approval, school districts may impose taxes sufficient to add an additional 15% to their operating budgets, funding for specific programs and for capital outlays. Further, districts may raise taxes for certain specific costs outside of the formula, like desegregation costs and expenses associated with small districts.

Additionally, in some districts the expected tax rate (see "Expected Local Share") would yield enough revenue to cover the entire amount of funds calculated by the state to be necessary to educate students within that district. Such districts 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.

Student 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 used only 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 be used only to support reading programs for grades K-3. It does so by applying an additional multiplier of 0.04 to the base amount for students in these grades.

English-Language Learner

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

The supplemental funding generated by the multiplier and the base amount is added 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 (more than or fewer 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 English-language learners, the state multiplies the original base amount by 0.115 and adds that product to the adjusted, basic funding.

Poverty

Arizona does not provide increased funding for individual students from low-income households. However, the state does provide increased funding for districts based on the concentrations of low-income students schools serve. It does so through two program-specific allocations (see "Concentrated Poverty" for more information).

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 11 different categories based on their specific disabilities.

The state does so by applying different multipliers to the per-student base amount for students in these categories. The multipliers range from 1.024 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 students with special needs in extended-year programs.

Gifted

Arizona provides increased funding to schools for gifted and talented students. It does so by applying a multiplier of 1.007 times the base amount for each student identified as gifted and talented. Arizona also provides a flat per-student allocation for a set proportion of students assumed to be gifted and talented, and through a grant program.

Arizona assumes that gifted students make up 4% of the overall population in schools. To provide for gifted and talented education, the state gives a flat per-student allocation of $75.00 for that proportion of students. In districts where this calculation would produce less than $2,000 in supplemental funding, the state adjusts the allocation to provide $2,000. In FY2020, the adjusted per-student allocation was $19.38 per assumed gifted student.

Districts that receive per-student allocations for gifted students can apply for additional funding to supplement their efforts to offer gifted education programs. In FY2020, Arizona appropriated $1,000,000 for this purpose.

Career and Technical Education

Arizona provides increased funding for career and technical education (CTE) programs. It does so through a multiplier to the base amount for certain CTE students, grants for Career Technical Education Districts (CTEDs), and a grant program for traditional districts.

Arizona applies a multiplier of up to 1.25 times the base amount for each CTED student enrolled in satellite campuses and up to 1.75 times the base amount for CTED students enrolled in centralized CTED campuses. Arizona also has two grant programs for CTEDs. In FY2020, the state appropriated $1 million in grants to support student program completion and $1 million for soft capital and equipment for CTEDs with fewer than 2,000 students. The appropriated amounts are divided among eligible CTEDs in proportion to their student counts.

Arizona provides grants to traditional school districts that have CTE programs. In FY2020, the state appropriated approximately $11.6 million and 27 full-time educator positions for this grant program.

District Characteristics

Concentrated Poverty

Arizona provides increased funding for districts based on the concentrations of students from low-income households that they serve. It does so through two program-specific allocations.

School districts in Arizona receive funding to support K-3 students improve reading skills, literacy, and proficiency, in schools where at least 90% of students are eligible for free or reduced-price lunch (FRL) under the National School Lunch Program. Arizona also provides funding through a competitive grant program that rewards schools based on performance in statewide assessments. Schools that score in the top 13% statewide and serve student populations that are less than 60% FRL eligible receive $225 per student. The state provides $400 per student for eligible schools where more than 60% of students are FRL eligible.

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 amount 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 its schools are at least 30 miles (or 15 miles if road conditions and terrain cause driving to be slow or hazardous) from another in-state district with schools that teach the same grade-level. 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.

Charter Funding

Funding for charter schools in Arizona is calculated based on a formula similar to the one used to calculate funding for traditional public schools.

Like traditional public schools, charter schools are funded through a student-based formula that considers the characteristics of students they educate. Charter schools in Arizona receive additional funding for students in certain grade levels and English-language learners.

Charter schools in Arizona do not have access to revenue raised by local school districts, but they receive state funding that may be meant to replace local tax revenue.

For a complete list of primary sources, please see the appropriate state page at funded.edbuild.org

