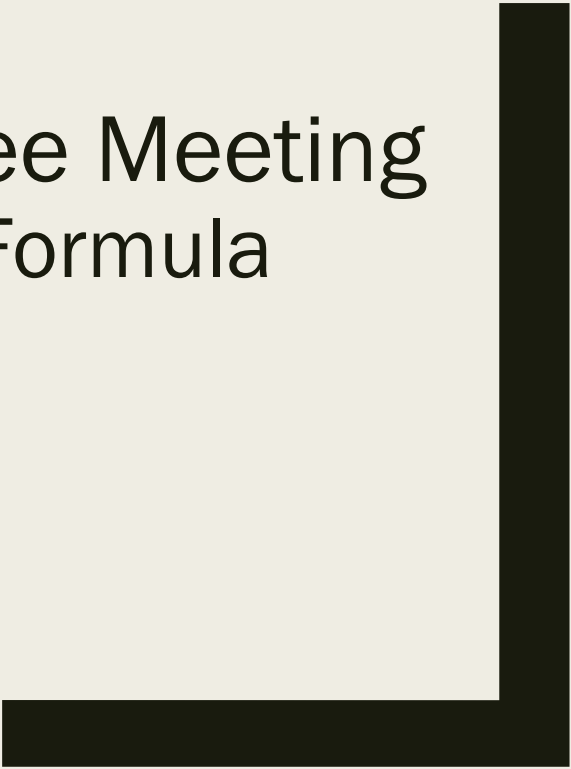


Appropriations Subcommittee Meeting Details About The District Formula

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January 17, 2018



WHAT IS
WORKING

When the base level in the formula goes up, teacher salaries go up.

Additional Dollars in the District Formula	\$ 241,181,716
Additional Investment in Teachers (Districts)	\$ 216,301,987
as a % of Prop 123 Increase	90%

- The remaining was spent on
 - Minimum wage increase (Proposition 206)
 - Capital needs
 - Salary increases to other staff

The Group B part of the formula works as intended, when the base level is funded.

- The funding gap for special education (expenditures minus funding) was reduced from \$110 million to \$80 million, simply by increasing the base level to \$3,600 as a result of Proposition 123.
 - *Frees up money for general education programs, including increasing teacher salaries.*

WHAT IS NOT
WORKING

State investment in K-12 is relatively low, compared to the U.S.

- Makes districts vulnerable to changes in federal policies and funding.
- Local funding is inherently inequitable.
- Districts have a shrinking share of a shrinking source of revenue...

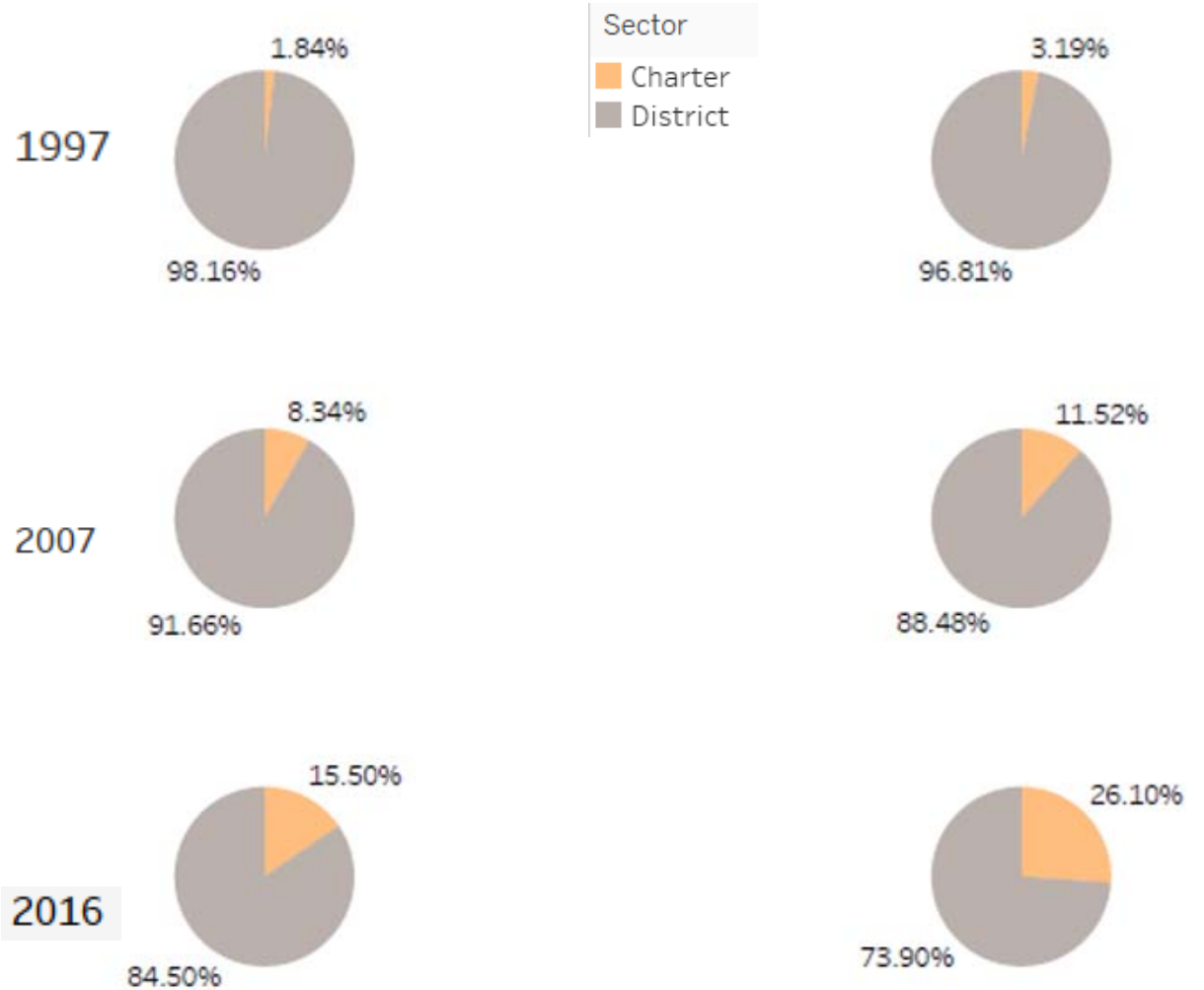
	AZ	U.S. Average
Federal	15.4%	8.4%
State	38.6%	46.0%
Local	46.0%	45.6%

Source: Education Commission of the State

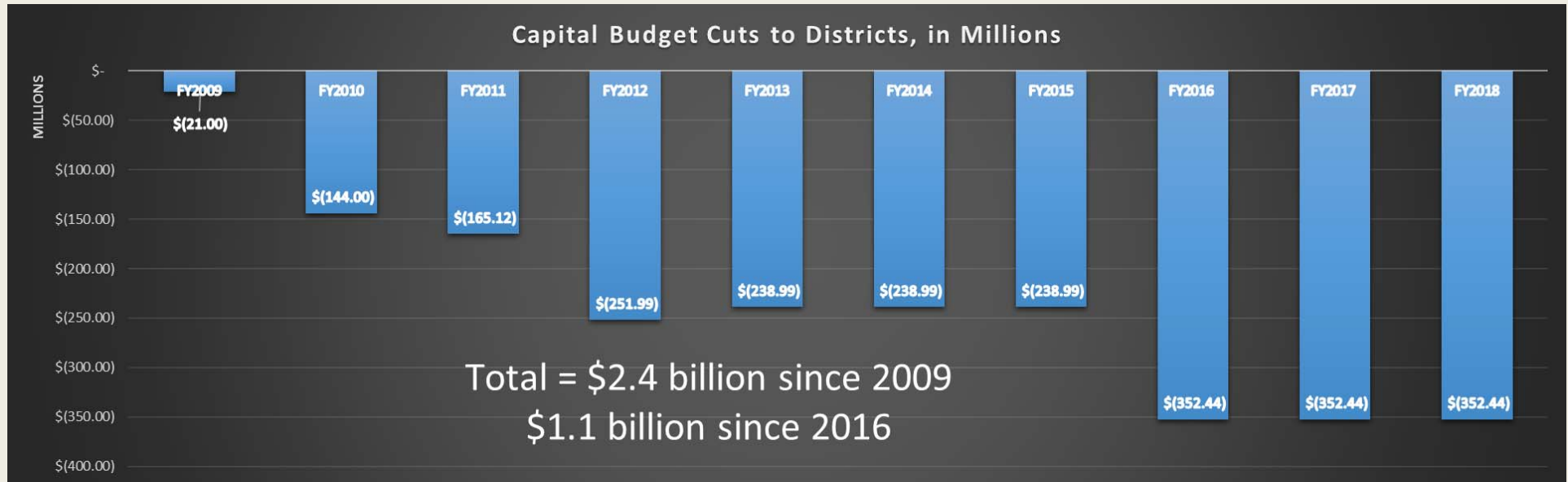
DISTRICTS' SHARE OF STATE REVENUES CONTINUES TO SHRINK AND WILL CONTINUE, UNDER THE CURRENT SYSTEM.

% State Enrollment

% of State Revenue



Cuts to District Additional Assistance (DAA) (Capital Funding /CORL and Soft Capital)



Most districts receive 15% of the formula amount for District Additional Assistance (DAA)

FY 2018

	Statutory Formula	After Cut
K-8	\$450	\$67.50
9-12	\$562	\$74.00

Total Reduction of \$382 million in budget capacity for districts.

District Additional Assistance (DAA) has never been adjusted for inflation.

- If the Adjusted for Inflation (FY2018)
- K-12 \$450.76 --- inflation adjusted \$663
- 9-12 \$562.62 --- inflation adjusted \$827
- Average price of a school bus has increased 22% since 2009 (from \$110K to \$135k)

Special Education Funding via Group A

- Formula was started during the 1980-81 school year
- In 1980-81 no Charter Schools, no Online Programs, no Mandated Open Enrollment, no Private School Tax Credits, no ESA Programs
- Assumption all schools had equal numbers of disabled students – no longer valid

In general, the special education funding gap is greater for districts with greater rates of students with disabilities and Group A students in particular.

Impact on districts is felt hardest in rural areas of the state.

- Higher rates of students with disabilities
 - (e.g., *La Paz County has a 17% vs 11.5% state*).
- Little ability to fill in for cuts to DAA
 - (e.g., *80% of facilities space in Greenlee County is over 30 years old*)
 - *142 buses outside of Maricopa County have over 300,000 miles, 34 have over 400,000 miles*
- \$25M loss in FY18 because of change to Current Year Funding outside of Maricopa County,
 - *\$19M outside of Maricopa and Pima County.*

Questions?

