Ensure that every child – regardless of where they live – has access to an excellent education.

- Governor Doug Ducey
Classrooms First Initiative Council Speech
June 26, 2015
Arizona’s children will have access to a high quality education that promotes excellence and school choice and is equitably funded through a system of clarity, transparency, and recognition of results.
Governor Ducey’s Principles: What’s Best for Our Kids

- Single formula everyone can understand
- Focus on academic outcomes
- Efficiency and flexibility in funding
- Normalize underfunded levers to ensure equity
- Transparency in school level budgeting
- Empowering school leaders
Meetings:

• Five all-day public meetings
• Working Groups a.m.
• Full Council p.m.
• Consultants
• Presentations
Working Groups

Equitable Funding Structure

Student-Centered Learning Priorities

Recognition of Excellence

CLARITY

TRANSPARENCY

RESULTS
EQUITABLE FUNDING STRUCTURE

FORMULA CLARITY
FORMULA UNIFORMITY
FORMULA EQUITY
Current Funding Process: Equalization Formula

- The state formula provides for basic instructional and operational function of schools:
  - Charter student funding comes entirely from the state’s General Fund
  - District student funding comes from diverse sources including state’s General Fund, local property taxes, and bonds and overrides
Formula Clarity: Understandable and Clear

- Annual publication of *student* funding formula available to all parents in the state
- Website for parents to calculate how much their child generates in funding - wherever the child is enrolled
- Reorganize and condense Title 15 school finance laws
- Operationalize school finance laws in State Board of Education rule and/or policy handbooks not in statute
Formula Uniformity (Future): Structure of a Single Formula for All Public Schools

- Base Level – Per Pupil Funding
- Grade-Specific Funding
- School-Type Funding (small, rural, or quality)
- Additional Assistance (Same for school districts & charter schools)*
- Student-Specific Funding
- Lump-Sum Flexible Funding

*Components TBD – see Issues for Continued Discussion
Formula Equity: Equal Funding for Each Student

Group A Weights
- Move into base level*

“Teacher Weights”
- Collapse or repurpose*

*Subject to inflation factor
Issues for Continued Discussion at Council

- Consolidation of QTR/SETR rates into one rate
- Equalization of property tax base
- Formula Capital vs. Bonds/Overrides
- One definition of “Additional Assistance” amount for all public schools
- Special Education (real costs vs. formula)
- Transportation (real costs vs. formula)
- Grade Level Weights rationale
Issues for Continued Discussion at Council

- Online Schools
- Joint Technical Education Districts
- Desegregation/Adjacent Ways
- Current-Year Funding for school districts
- Concurrency of Average Daily Membership
- Proposition 301
STUDENT CENTERED LEARNING PRIORITIES

FUNDING LEVERS
TRANSPARENCY
Funding Levers:
Normalize Special Student Demographics for Equity

- Fund special education students at 2007 cost (most current)*
- Fund the existing “Extraordinary Special Needs Fund” to address high-cost students/percentages for all public schools*
- Human Capital (Teachers) policies for recruitment and retention**

*New funding  **Reallocation of existing funding
Transparency: How Resources are Allocated

• School Level Budgeting and Reporting
  o Applies to all school district and charter schools
  o Redesign of Annual Financial Reports
  o Revise Uniform System Financial Records
  o Require clear and concise school-level reporting of financial data
  o Align spending categories to capture broader definition of classroom spending (instruction, instructional and student support)
  o Publish school-level allocations (total revenues per student vs. actual allocation) on school website

• Eliminate the Current Auditor General Classroom Spending Report
Issues for Continued Discussion at Council

• Funding mechanism for teacher recruitment and retention policies

• Achievement Gaps: At-risk “Opportunity Funding” for all low-socioeconomic schools regardless of performance
  
  o Schools with high density of low-income students more likely to have academic challenges
  o Trigger implementation of new strategies to support students
  o Permanent or transitional?
RECOGNITION OF EXCELLENCE

RESULTS
LEADERSHIP
REGULATORY RELIEF
Defining Excellence: Scores and/or Gain

Schools as Defined by A-F Letter Grading System (Currently in Redesign)

“A” schools demonstrating excellence

“B” and “C” schools showing significant gains
Results: Academic Outcomes

• School Level Achievement Funding as *additional funding:*
  o “A” schools
  o “B” and “C”-grade schools showing significant gains
  o Vary according to degree of low-income students being served in a school
    ▪ 1.0 multiplier for high-wealth
    ▪ 1.5 multiplier for mid-wealth
    ▪ 2.0 multiplier for low-wealth

*New funding*
Leadership: Great Leaders

- Support professional training for Principals
- State partnership with philanthropy and local funding for school leader academies
Regulatory Relief: Operational Flexibility

• Revise existing statute (ARS 15-215) to allow “A”-rated schools to receive exemptions from operational and financial statutes and rules including:
  o Financial Audits
  o Procurement
• Conforming school district and charter systems including:
  o USFR
  o Budget Capacity/Restriction of Funds
  o Special Education Allocation Funding
Issues for Continued Discussion at Council

• Understanding the redesign of A-F
• Streamline state certification process to ensure more efficient Arizona certification and reciprocity processes
• Allow high-performing school leaders an option for school-based budgeting
• Use of existing vacant buildings by high-performing schools
  o Empty school buildings – sale or lease of land and buildings without voter approval
  o Excess space in school systems – accurate measurement of “under-utilized space”