

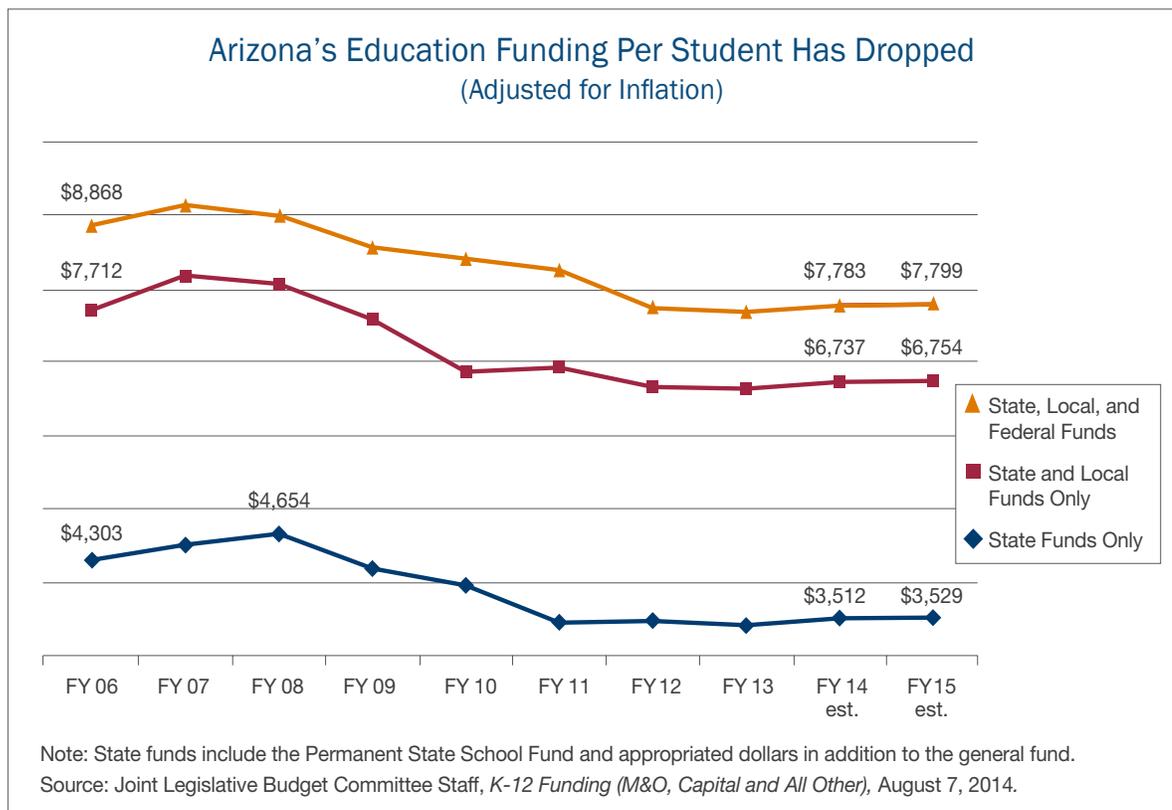


# BUDGET TRENDS

## What stands out in K-12 public education funding?

Despite the intent of the temporary sales tax to shield education from budget cuts, state investments in charter and district schools have been reduced in numerous ways. State funding per student has dropped 24 percent since fiscal year 2008. Many schools are experiencing crowded classrooms with too few desks and supplies, outdated textbooks and technology, and severe teacher shortages.

By any measure, Arizona's K-12 education funding (adjusted for inflation) has dropped. Trends in funding from state, local and federal sources are shown below.



From a national perspective, U.S. Census data from 2013 ranks Arizona in the bottom five states for various measures of revenue and spending per student. Arizona also ranks third worst in the country in the depth of cuts to school funding since the start of the recession (Center on Budget and Policy Priorities, *Most States Still Funding Schools Less than Before the Recession*, October 2014 ). Arizona has cut investment in K-12 schools, per student adjusted for inflation, by 17.5 percent since 2008—putting us behind only Oklahoma and Alabama. Seventeen states have *increased* education funding since the recession.

The budget cuts to education come at the same time that lawmakers and taxpayers have been raising expectations for schools, teachers, and students.

Examples of major cuts to K-12 education include:

- Lawmakers eliminated state funding for full-day kindergarten. Schools now receive funding for half-day kindergarten only; districts can offer full-day kindergarten but have to pay for it either by cutting spending somewhere else or charging tuition.
- The “building renewal” funding formula for schools to repair and maintain school buildings was repealed from state law as part of the fiscal year 2014 budget and replaced with a grants program that is less than one-tenth of what the formula had called for.
- The state budget suspends a portion of the additional assistance formulas that pay for textbooks, computers, technology, classroom supplies, etc. District schools will receive only \$63 million instead of the full \$445 million required by the formula. Charter schools will receive \$291 million instead of \$310 million.

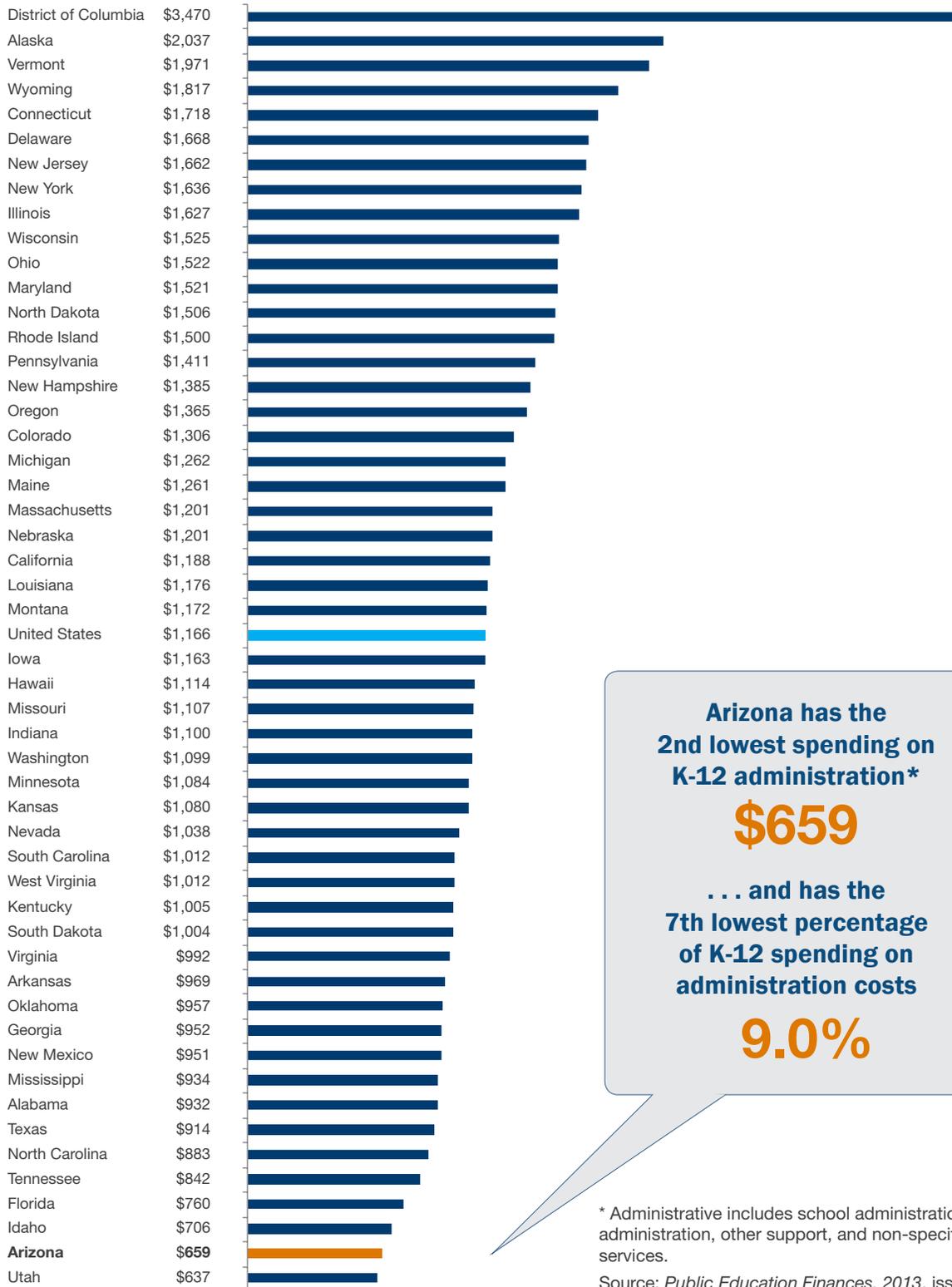
In a lawsuit called *Cave Creek v. Ducey*, the Arizona Supreme Court has ruled that the state legislature violated a voter mandate by only partially funding inflationary adjustments for K-12 funding for three years. The Superior Court has ordered the state to re-set the funding base to meet the voter mandate by adding \$337 million to the K-12 budget every year starting now. The state legislature is appealing this ruling, arguing that their calculation would make the adjustment much smaller. Legal arguments are also ongoing about whether schools must be reimbursed for the missing funding during these three years—a total of \$1.2 billion.

Policy and political discussion about education funding often center on whether school districts are spending tax dollars wisely and getting the money to where it matters most for children. In a February 2015 report, the Arizona Auditor General noted that on a statewide basis, administrative spending by school districts is low. “Compared to national averages, Arizona districts spent 0.9 percentage points less on administration because they paid lower salaries to administrators and support staff and/or employed fewer of them.”



In fact, according to the U.S. Census Bureau, Arizona had the second lowest administrative spending per K-12 student in 2013, including both school and district administrative expenses.

## K-12 Administration Spending Per Pupil, 2013



**Arizona has the 2nd lowest spending on K-12 administration\***

**\$659**

**... and has the 7th lowest percentage of K-12 spending on administration costs**

**9.0%**

\* Administrative includes school administration, general administration, other support, and non-specific support services.

Source: *Public Education Finances, 2013*, issued June 2015, U.S. Census Bureau, Department of Commerce, Economics and Statistics Administration.

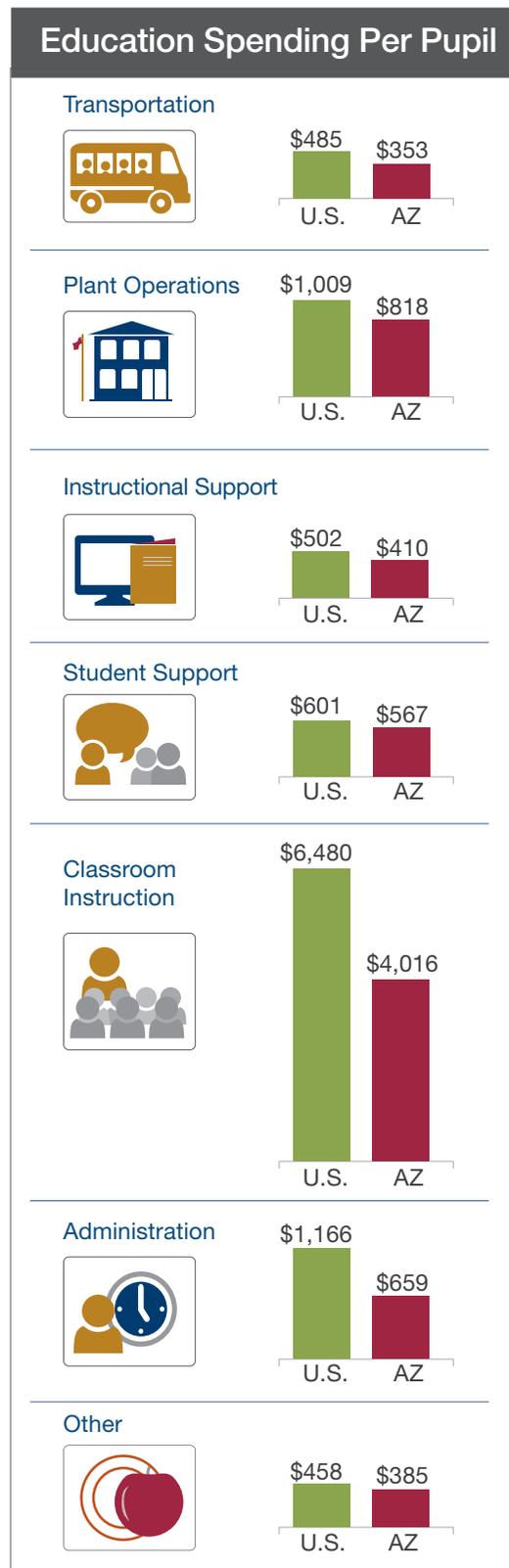
There has been a lot of criticism of public schools for not spending more of their dollars on “classroom instruction.” It’s true that Arizona’s spending per student for classroom instruction is lower than the national average. And due to low state education budgets, Arizona’s spending per student is lower than the national average in every category of school spending. In 2013, Arizona schools spent a total of \$7,208 per student—only two thirds of the national average of \$10,700.

A narrow focus on classroom spending ignores budget areas that are directly linked to student success. For example, spending in “student support services” is not considered classroom spending, but it directly supports student learning and achievement. This spending pays for speech, audiology and occupational and physical therapy services for students as well as health, psychological services, attendance, social work and guidance. Spending needs for these services vary depending on the percentage of students who live in poverty or have special needs.

Similarly, spending on instructional support” is not counted as classroom spending but pays for teacher training, curriculum development, and library, media and technology services, all designed to improve classroom instruction.

Other areas of the budget are equally vital to students’ daily learning, such as food services, transportation, and capital funding for school facilities, equipment, and technology.

Source for illustration: U.S. Census Bureau, Department of Commerce, Economics and Statistics Administration, *Public Education Finances: 2013*, issued June 2015.



The U.S. Chamber of Commerce draws a direct link from high-quality education for all students to global economic competitiveness, warning that even our most privileged students rank in the middle compared to international peers and disadvantaged students fall far behind. The Chamber concludes that “no society or economy can afford for so many of its students to be left behind.” (Leaders and Laggards, 2014)

In their state-by-state report card on K-12 educational effectiveness, the Chamber gives Arizona a grade of “D” for both overall academic achievement and academic achievement for low-income and minority students. At the same time, the Chamber grades Arizona with a “B” for return on investment, noting that student achievement is high relative to the low level of state spending.

