To begin, the Arizona legislature and governor’s office, both controlled by Republicans, have not made adequately funding public K-12 education a top priority over the last several years. In fact, it took a statewide voter proposition (Prop. 100) in the middle of the recession in 2010 to pass a temporary one cent sales tax (ended in 2013) to avert deeper cuts to education. In addition, there has been a significant increase in bond and overrides on the election ballots in recent years in an effort by local school districts to compensate for the low education funding levels.

In many ways Arizona is a microcosm of the challenges we currently face across the country. The Phoenix metropolitan area was one of the most negatively impacted regions across the nation by the Great Recession of 2008. Between the years 2008 and 2012, Arizona experienced a much higher than average foreclosure rate and significant decline in property values; thus, decreasing the total revenue for public education and causing many tough choices at all levels in education. However, the economy in 2013 saw a significant improvement driven by an improved housing market that has experienced a more than 10% increase in property values. This in turn has helped increase state revenue for public education. In fact, the approved 2013-14 state budget marks the first since 2008 that education funding in Arizona has increased.

- Approximately 40% of the State Budget is targeted for education (K-12 and HE).
- The 2013 and 2014 legislative sessions illuminate a dominant priority of K-12 funding in Arizona: school performance funding. In the 2013 legislative session, the governor proposed a school performance funding with the Arizona accountability system with a budget of $38 million. There was enough skepticism from legislators regarding the financial impact on different types of schools to defeat the proposal. Ultimately, HB 1293 was passed to conduct an exploratory/pilot school performance funding program over the next four years with a budgeted amount of $2.4 million. However, the governor’s school performance funding proposal is again reflected in the 2014-15 budget proposal ($38 million). However, the new proposal includes multiple ways to receive performance funding: (1) overall school performance, (2) student academic growth and (3) high school graduation rates. This issue will undoubtedly dominate the legislative discourse once again this year.
- There are a few secondary funding priorities in the 2013-14 budget that are worth mentioning in this section. A statewide new building grant program was established adding $14 million to a budget of $3 million in facilities funding for new construction of schools. In addition, $7 million was allocated for improving Arizona’s education data system.
- In the 2013-14 approved budget, SB 1487 consolidated soft capital allocation (SCA) and the capital outlay revenue limit (CORL) into one item known as District
Additional Assistance (DAA). With the consolidation of the CORL and SCA it is estimated to increase the amount appropriated to $239 million for public school districts.

- Due to an inflation lawsuit stemming from Proposition 301, the court ordered Arizona to increase its base funding per pupil by up to 2% per year. This will begin to take effect in 2014-15.

- The governor’s 2014-15 budget proposes to eliminate additional revenue generated by the previously established DAA. Second, it proposes to exclude charter schools from receiving the small school weight with a hold harmless provision. The small school weight originated before the charter school movement to provide financial support to small districts with less than 600 average daily membership (ADM).

- Most recently Arizona has framed private school voucher programs as “empowerment scholarship accounts” (ESAs) that allows parents to withdraw their children from public, district, or charter schools and receive a portion of their public funding deposited into an account with defined, but multiple, uses, including private school tuition, online education, private tutoring, or future educational expenses. In the 2013-14 school year, eligibility expanded beyond the original pool of students with special needs to students assigned to public schools or school districts with a “D” or “F” letter grade, children of active-duty military members, and youth adopted from the state’s foster care system.