Arizona Ready

OUR CHILDREN. OUR SCHOOLS. OUR FUTURE.

ARIZONA READY EDUCATION COUNCIL
K-20 EDUCATION FUNDING TASKFORCE

February 27, 2012 @ 1:30pm
1700 W. Washington
Grand Canyon Room
Phoenix, AZ 85007
AGENDA

The Arizona Ready Education Council's K-20 Education Funding Taskforce will discuss and may take action on the following matters. Members will attend either in person or by telephone conference call. Public comment will be taken. The public will be allotted three minutes each to address the Taskforce during the Call to the Public section of the agenda.

Meeting Outcomes:

- Identified mission, goals and anticipated outcomes of Taskforce
- Understanding of education funding
  - Where it comes from
  - How it is distributed
- Awareness of current funding initiatives/proposals
- Begin to understand challenges and barriers to funding reform

Vision: By 2020, Arizona will be home to the best students and the best schools in the nation.

Mission: To monitor progress towards Arizona's rigorous education goals and determine if reform strategies are improving student learning, and to ensure the fidelity of implementation of Arizona Ready.

Goals:

- Increase the percentage of third graders meeting state reading standards to 94% in 2020 from 70% in 2010;
- Increase the percentage of eighth graders achieving at or above basic on the National Assessment of Education Programs (NAEP) to 85% in 2020 from 67% in math and 68% in reading in 2010;
- Raise the high school graduation rate to 93% in 2020 from 73% in 2010; and
- Double the number of students receiving baccalaureate degrees to 36,000 per year.

1. **Call to Order, Welcome & Introductions**	**Dr. Craig Barrett**
2. **Discussion: Identify goals, mission & anticipated outcomes** • Determine if funding system is broken • If so, determine how/where it is broken • Provide recommendation on how to fix	**Rebecca Gau/** **Debra Raeder-Gay**
3. **Review & Discussion: K-12 Education Finance 101**	**Alan McGuire**
4. **Review & Discussion: Higher Education Finance 101**	**Dale Frost**
5. **Review & Discussion: K-20 Education Initiatives**	
• **ABEC School Finance Reform**	**Susan Carlson**
• **Higher Education Voter Survey**	**Paul Bentz**
• **K-12 Education Voter Survey**	**Ann-Eve Pedersen**
• **Higher Education Performance Funding Model**	**Ted Ferris**
6. **Taskforce Comments & Next steps** • Determine Meeting Schedule	**Taskforce Members**
7. **Call to the Public**	**Dr. Craig Barrett**
8. **Adjourn**	**Dr. Craig Barrett**

Pursuant to Title II of the American with Disabilities Act (ADA), the Office of the Governor does not discriminate on the basis of a disability regarding admission to public meetings. Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting Debra Raeder-Gay, 602-542-1442. Requests should be made as early as possible to allow time to arrange the accommodation.

K-20 EDUCATION FUNDING TASKFORCE MEMBERSHIP LIST
1. **Dr. Craig Barrett**, Chair Arizona Ready Education Council
2. **Jaime Molera**, President State Board of Education (Council member)
3. **Dr. Tom Anderes**, President Arizona Board of Regents (Council member)
4. **Dr. Michael Kearns,** Chancellor Mohave Community College (Council Member)
5. **Onnie Shekerjian,** Tempe City Councilwoman (Council Member)
6. **Colleen Niccum,** Director Community & Public Relations, Raytheon, (Council Member)
7. **Tim Carter**, Superintendent Yavapai County Schools (Council member)
8. **Susan Carlson**, Executive Director ABEC
9. **Chuck Essigs**, Director of Governmental Relations AASBO
10. **Alan Maguire** The Maguire Company
11. **Jay Kaprosy,** Director Veridus
12. **Hugh Hallman**, Headmaster Tempe Prep
13. **Doreen Zannis** Support our Schools Az
14. **Stacey Morley,** Director Policy Development & Govmnt Affairs Arizona Department of Education

Arizona Business & Education Coalition

Arizona Ready Education Council
K-12 Education Funding Taskforce

Susan Carlson
Executive Director

Why have efforts failed?

- Unclear on purpose of reform
- Winners and losers; unable to find middle ground
- Too narrow or too broad; no phase in
- Unlikely to pursue options that might increase property tax
- Subject too complex
- Other issues inserted into the debate

Does $ Matter?

- Some studies show no correlation between money and student achievement.
- However, *how* the money is spent does.
- *"Arizona's education goals will only be accomplished by deploying all known effective strategies in all schools."*
  - *An Evidence-Based Approach to School Finance Adequacy in Arizona*

ABEC Leadership Team

United Healthcare (co-chairs)
Intel
Wells Fargo
Az Chamber of Comm
Southwest Gas
Cox Communication

Catalina Foothills SD
Phx Union HSD
Casa Grande ESD
Palo Verde ESD
Grand Canyon USD
BASIS Charter School

(Scottsdale USD, Tucson USD also participated)

Arizona Community Foundation

ABEC School Finance Reform Proposals

FROM	TO
Monitoring Inputs	Analyzing Outcomes
Monitoring compliance in use of resources	Analysis of link between use of resources and performance outcomes
Funding source drives HOW the money is used	Schools/districts decide how the money is used
Funding source drives reporting requirements	Desired outcome drives reporting
Focus on per pupil spending	Focus on performance

Guiding Principles

- PRINCIPLE: FAIRNESS for all students and taxpayers
- FRAMEWORK: revenue and funding structures that
  - minimize the relationship between property wealth and resources for students
  - minimize the relationship between the type of school attended and resources for students
  - take into account the needs of students with unique challenges
  - create balanced and steady revenue streams for education

Guiding Principles

- PRINCIPLE: SUFFICIENT resources to meet expectations for student achievement
- FRAMEWORK: a funding level that
  - allocates enough resources for schools to educate all students to the expectations stated in the state and federal school accountability system
  - allocates enough resources for schools and districts to meet all state and federal statutory requirements

Guiding Principles

- PRINCIPLE: FLEXIBILITY for districts and schools in the use of resources
- FRAMEWORK: a funding structure and enabling statutes, rules, and regulations that
  - provide most resources in a way that allows for maximum flexibility, creativity, and experimentation by districts and schools
  - tie flexibility to a set of meaningful fiscal and academic accountability measures

Guiding Principles

- PRINCIPLE: REWARDS innovation and efficiencies
- FRAMEWORK: a funding structure that
  - promotes rewards to individuals, groups, or schools that show significant measureable growth in student learning
  - removes barriers to the effective and efficient use of resources

Guiding Principles

- PRINCIPLE: TRANSPARENCY in all aspects of the system
- FRAMEWORK: a comprehensive public school finance system that
  - provides accessible, meaningful, and useful information to the public and all stakeholders on how money is spent
  - is open to analyses and publication about effective uses of resources for increasing student learning

Research

- *Funding Student Learning, How to Align Education Resources with Student Learning Goals*, Jacob Adams, Principal Investigator, Center on Reinventing Public Education

- *An Evidence-Based Approach to School Finance Adequacy in Arizona*, Larry Picus and Associates, Rodel Foundation

ABEC Proposals

1. High expectations and benchmarks
2. Data system that tracks expenditure to school/student
3. State revenue structure alignment
4. Evidence-based approach to establishing per pupil funding level
5. District flexibility paired with...(below)
6. Accountability for results
7. Title 15 review
8. A revenue source for school district construction

These Proposals

- are intended to be a package of related proposals which creates an education finance model.
- are intended to be fully implemented over a 5-7 year period of time.

High expectations

- Statewide expectations and desired outcomes for student learning, benchmarked over time;
- Ambitious, measureable, include individual learning and growth;
- Aligned across levels;
- Set for state, districts, schools, students and taxpayers.

Comprehensive Data System

- That will:
  - Link performance to student enrollment, staffing and expenditure information;
  - Generate reports reporting total $ in addition to FTE for individual schools;
  - Replace current disconnected enrollment, financial and HR systems;
  - Link to pre-school and higher ed and other states
  - Analyze student achievement and identify emerging evidence-base practices.

State Revenue Structure

- The system must link tax policy to the values held by Arizonans;
- Address long-term needs of state and its citizens;
- Specify how the state will support public education so that financial support is stable, sufficient for steadily increasing levels of achievement.

Evidence-Based Approach to establishing the per pupil funding level

- Definition: Evidence-based practices = school-level educational strategies that have evidence or research to show they do produce student learning gains.

Evidence-Based Approach

1. Identify those required to deliver high-quality instruction.
2. Place a price on each, in order to implement. (Average Az teacher salary)
3. Aggregate to total cost.

Defers to evidence on the resource level needed to meet pre-determined performance goals.

Evidence-Based Approach

- Basis: Evidence-Based Adequacy Study (recommendations based on research);
- Adjusted to meet current requirements;
- Cost based on current Arizona average teacher salary information;
- Used to generate the per pupil funding level for a 1.0 student; with 3 "weights" (ELL, poverty, small/rural districts).

Evidence-Based Approach

- Evidence-based approach is a "first approximation" of the level of resources necessary
  - Data collected on strategies, expenditures, and performance will inform and lead to changes
- Staffing ratios and other elements DO NOT DETERMINE how resources must be used
  - Local educators must be free to innovate and develop tomorrow's best practices

District flexibility

- Districts have flexibility in how to use their funds.
- All funding for instruction, instructional materials, administration, general maintenance of buildings, and transportation provided to school districts in a lump-sum; barriers to spending eliminated (except for capital construction).

District accountability for results

- A set of guidelines developed for use of resources that:
  - direct districts/schools not meeting expectations for performance (high expectations) to reallocate funds to strategies funded in evidence-based approach.
  - allows for inclusion of new and emerging evidence arising from analyses available through data system;
  - disseminates effective instructional strategies; but also
  - allows local educators flexibility to innovate.

School construction renovation, severe deficiencies

- Equalization tax levied statewide on property, providing sharing of costs between state and local monies.
- Funds directed to SFB to be available for construction, renewal and renovation needs of school districts.

Interest from others in short-term remedy

Two groups:

1. Arizona Education Network
2. Arizona Initiative Dedicated to Education

Facilitated by ABEC to find common ground.
Goal: One set of ideas going forward.

Common Ground within facilitated discussion

- Foundational per-pupil funding amount with adjustments for inflation and student enrollment.
- Per-pupil amount includes a poverty index.
- Dedicated revenue stream for education funding.
- Funding provided for needs- and merit-based university scholarships.
- Strong accountability measures, including fund for the Department of Education's longitudinal database system.

Sticking Points within facilitated discussion

Facilities funding for charter schools:

- Current economy: Difficulty in raising enough $ in Arizona at this time to cover both facilities and operational needs.
- Ownership of charter schools: use of public funds to provide facilities for privately-owned charter schools.

Sticking Points within facilitated discussion

Equity: Bonds and overrides remain in place until system is fully funded.

Performance pay: % funding set aside for performance pay based on current standards vs transition to Arizona Revised Content Standards (Common Core).

Going forward

- Goal: the improvement and investment in K-12 system of public schools to enable a globally competitive workforce.
- Both input and outcomes count. Sufficient resources for implementation are necessary.
- Research and analysis of data should guide decisions.
- Challenge: to build upon the work already done.

For additional information, contact

Susan Carlson
Executive Director
Arizona Business & Education Coalition
602-261-6700 (Office)

www.azbec.org

State of Arizona
Higher Education Voter Survey

December 2011
(N=500)

Arizona Board of Regents, Greater Phoenix Leadership, Arizona State University, APS, Associated General Contractors, Solutions Through Higher Education

3 Things You Need to Know

- Education is the top issue over which voters believe the Government has the greatest impact. Healthcare is 2nd.
- There is a strong desire within the electorate to continue increased funding for education as well as make real reforms including rewarding performance.
- Whichever party is able to lead on an education solution that increases funding and strengthens performance will likely attract the "swing" voters who will make the difference in the 2012 and 2014 election cycles.

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K-12 education in State of Arizona is heading in the right direction, or the wrong direction?

6.6%	Definitely right direction
16.0%	Probably right direction
21.4%	**Probably wrong direction**
36.6%	**Definitely wrong direction**
19.4%	Don't Know, Refused

- West Valley and Females 20-39 more likely to say education is on the right track.
- East Valley and males are more likely to say education is on the wrong track.

3

University education in State of Arizona is heading in the right direction, or the wrong direction?

12.8%	Definitely right direction
26.0%	Probably right direction
17.4%	Probably wrong direction
21.2%	Definitely wrong direction
22.6%	**Don't Know, Refused**

- Even split 38.8% right direction vs. 38.6% wrong direction. Higher "don't know."
- Pima County more likely to support right direction, Rural Arizona more likely to say wrong direction.

4

How much have you seen, read, or heard about the Arizona Ready project to reform education in the State of Arizona?

78.6% **Nothing at all** **Even higher in rural/younger voters**

17.6% A little

2.4% A lot

1.4% DK, Refused

What specifically have you heard? (Individual responses)

- 55 Don't remember anything specific
- 10 Education spending/budgets
- 9 Saw it on the news
- 8 Getting kids to school younger/preparedness

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Budget Priorities

After several years in a row of cuts to the state budget including cuts to education, university funding, and other areas of government, in next year's 2012 budget, it is projected that revenues will exceed the current state budget spending for the first time in 5 years, leaving between a $1.3 and $1.5 billion surplus. If the state's revenue exceeds the state budgeted spending, do you believe that additional money should be :

(1) used to retire state debt and strengthen the state's rainy day fund OR

(2) dedicated to restoring cuts to K-12 and Higher education funding OR

(3) used to cut taxes and return money to the taxpayers?

Budget Priorities

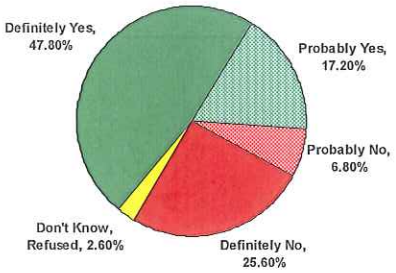
58.2%	Fund Education
19.0%	Retire Debt
15.2%	Return Money
5.0%	Other
2.6%	Don't Know, Refused

- Republicans: 36% Education vs. 33% Retire Debt
- Democrats: 80% Education vs. 6% Retire Debt
- Independents: 68% Education vs. 12% Retire Debt
- Younger voters: 73% Education vs. 17% Retire Debt
- Voters 65+ 52% Education vs. 16% Retire debt
- **Republican females: 42% Education vs. 28% Retire Debt**

Education Improvement Priorities (Scale 1-5)

Increasing teacher performance pay	**4.07**
Paying quality teachers to work in failing schools	3.99
Smaller class sizes	3.99
Reducing the university tuition costs	3.98
Restoring cuts to K-12 funding	3.90
Maintenance for older K-12 schools	3.83
Funding university research	3.60
Increasing teacher pay across the board	3.59
Restoring cuts to university funding	

Knowing just what you know right now, would you vote to extend the one cent increase to sales tax for an additional five years?



- Republicans
  51% Yes
- Democrats
  78% Yes
- Independents
  72% Yes
- Younger
  70% Yes
- 65+
  63% Yes
- Republican Males
  57% Yes

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No votes (N=162)

Instead of a one cent increase, would you support a lower temporary sales tax of six-tenths of a cent constitutionally limited to five years and exclusively dedicated to reward performing schools, help underperforming schools, and fund university research which creates jobs?

17.3%	Definitely Yes
15.4%	Probably Yes
10.5%	Probably No
52.5%	Definitely No
4.3%	Don't Know, Refused

- Support higher in Pima County, Independents and Democrats.

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Prop 301

In 2000, Arizona voters passed Prop. 301, a six-tenths of a percent sales tax, dedicated to increased teacher pay, performance-based funding, and university research. This tax is due to expire in 2018.

Arizona's Proposition 301 performance pay system provides a list of eight different performance measurement elements that districts should incorporate into their performance pay plans. However, the quality of performance pay plans varies widely. For example, the Auditor General identified 29 districts with strong performance pay plans that did a good job of linking teacher performance pay to student achievement and 10 weak plans that had no links to student achievement. The audit found that despite weak performance pay plans, teachers in some districts still earn significant performance pay amounts.

There are some who want to strengthen Prop 301's performance based funding integrating the newly passed school grading system and university performance measures for the final five years of the plan.

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Prop 301

Knowing just what you know right now, would you vote to strengthen Prop 301's performance based funding using the newly passed school grading system and university performance measures for the final five years?

26.8%	Definitely Yes
29.2%	Probably Yes
13.6%	Probably No
19.6%	Definitely No
10.8%	Don't Know, Refused

- Republicans – 54% Yes, Democrats – 56% Yes, Independents – 61% Yes
- Support is higher among Independents and Males

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If additional revenue were available to the State of Arizona, which of the following would be your top priority:

46.0%	Education
19.0%	Healthcare
2.6%	Transportation
28.0%	Debt Reduction
0.8%	Other
3.6%	Don't Know, Refused

- Republicans: 37% Education vs. 45% Retire Debt
- Democrats: 56% Education vs. 10% Retire Debt
- Independents: 48% Education vs. 24% Retire Debt

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If additional revenue were available to the State of Arizona, which of the following would be your <u>SECOND</u> priority:

33.6%	Education
35.7%	Healthcare
10.6%	Transportation
17.3%	Debt Reduction
1.5%	Other
1.3%	Don't Know, Refused

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HURF

Recently there has been some discussion regarding the Highway User Revenue Fund which is supposed to be dedicated to pay for funding the construction of Arizona highways, roads and bridges. To fund other core priorities, the State of Arizona has taken over $1.4 billion over the last 11 years from the Fund. Would you support an effort protect the Highway User Revenue Fund and prevent the legislature from using the money for other purposes?

54.4%	Definitely Yes
21.2%	Probably Yes
8.2%	Probably No
5.6%	Definitely No
10.6%	Don't Know, Refused

- Support significantly higher among voters 65 and older.

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How long have you lived in the State of Arizona?

0.6%	3 years or less
9.8%	4 to 7 years
20.0%	8 to 15 years
66.2%	16 years or longer
3.4%	Refused

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Children

Do you have children under 18 living at home with you?

29.6%	Yes
67.0%	No
3.4%	Refused

Do you have children attending a community college or a university?

18.8%	Yes
77.6%	No
3.4%	Refused

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Employment

47.4%	Employed Full Time
7.0%	Employed Part Time
26.8%	Retired
15.2%	Not Working/Other
3.6%	Refused

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Conclusions

- As the economy continues to recover, voter support for increased funding for education will continue to grow.
- The national economic improvement will be the focus of the national media and the presidential cycle – which will create a more positive electoral environment for an education funding source.
- The way that the state budget is portrayed, including size of "surplus," presentation of long term fiscal constraints, will play a major role in the voter's desire and willingness to spend more money.

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Conclusions

- Voters are most familiar sales taxes, which increases their likelihood to support. An effort to extend the 1 cent sales tax has a solid starting point. However, any effort to extend tax without reform is potentially vulnerable to Republicans and Independents seeking debt reductions and accountability in the education system.
- The long term success for either party in gaining "swing" voters will depend at least partially on a plan to be "for" some type of education funding along with reform.
- Most education reforms (performance pay for teachers, helping failing schools, allocating different funds based on performance matrix) remain popular across the board to the electorate. Democrats and Independents are less supportive of "punitive" reforms such as closing failing schools.