

Arizona School Equalization Primer

Each year, Arizona’s school funding formula determines the amount of money each school district in the state should spend based on the number of students enrolled in the district. Local district property taxes provide a portion of that sum, and the State provides the remainder, through a process called equalization. Each district is expected to tax property at a constant rate set by the state. Districts with low property values raise less revenue, so the state “equalizes” their taxing effort by providing a greater share of the required school budget through state funds. Some additional funds are available to districts through other resources, but the focus here is on the main source of funding, the Arizona School Equalization Formula.

District funding starts with a base level amount for each student. This base level is determined annually by the Legislature. For budget year 2018-19, the base level was \$3,960.07. A district can increase its base level amount by an additional 1.25% if its teacher performance evaluation system receives approval from the State Board of Education. This increased budget capacity may be used only for additional teacher compensation. Most districts receive these additional funds for teachers, thus starting with a base level of \$4009.57.

Additional money provided to districts is determined according to student characteristics and is intended to support the additional academic needs of certain types of students. Elementary school students (K-8) are weighted at 1.158 (that is, 0.158 above the base level or \$4,585.76), high school students are weighted at 1.268 (\$5,021.37), and preschool students with disabilities are weighted at 1.450, or nearly 50% more than the base level per pupil amount (\$5,742.10).

Table 1: Equalization Formula Funding Weights for District Grade Levels and Locale

Student Characteristic	Weight	District Size	Isolated	Size/Locale weight
Preschool with Disability	1.450	600+		
		500-599	N	0.0012 x (600 - size)
K-8	1.158	500-599	Y	0.002 x (600 - size)
		100-499	N	0.12 + 0.0003 x (500 - size)
		100-499	Y	0.2 + 0.0005 x (500 - size)
		1-99	N	0.241
		1-99	Y	0.401
		600+		
9-12th	1.268	500-599	N	0.0013 x (600 - size)
		500-599	Y	0.002 x (600 - size)
		100-499	N	0.13 + 0.0004 x (500 - size)
		100-499	Y	0.20 + 0.0005 x (500 - size)
		1-99	N	0.331
		1-99	Y	0.401
		600+		

District “locale” (size and location) also impacts funding. Per pupil funding is higher for smaller districts with K-8 enrollment under 600 students and/or high school enrollment under 600 through a calculation that considers enrollment size in determining the grade level weight (see table above). Small districts that are also isolated receive more funding.

For example, consider two high school districts:

- District A has 601 students in grades 9-12. It is base funded at a rate of \$3,960.07 x 1.268, or \$5,021.37 per pupil.
- District B is isolated with 98 students in grades 9-12. It is funded at a rate of \$3,960.07 x (1.268 + 0.401), or \$6,609.36 per pupil.

A second set of student characteristics adds additional funding. The formula includes additional weights for Kindergarten to 3rd-grade students and for K-3 students receiving reading support. Most districts with younger students get both sources of additional funding. English Language Learners and students with disabilities also receive extra funding. Special education funding depends on the severity of a student’s disability, ranging from a weight of 0.003 for the least severe disabilities to 7.947 for the most severe. These additional weights are added only for district students with these characteristics; they are not applied to all students in the district.

Table 2: Equalization Formula Funding Supplemental Weights

Student Characteristic	Additional Weight
K-3	0.06
K-3 Reading	0.04
English Language Learners	0.115
Students with Disabilities	0.003-7.947

Districts may also increase the support level by 2.25% for each year of teacher experience above the Arizona average (Teacher Experience Index or TEI). The average and each district’s TEI factor are calculated from the School District Employee Report (SDER).

Visit <https://edlawcenter.org/research/interactive-tools/> for charts displaying individual district allocations for the 2018-19 school year.

In 2018-19, after student and district characteristics were accounted for, an adjustment amount was added to the district base level allocation through Senate Bill 1520 (“20% by 2020 bill”). This base level funding increase was based on 10% of the average teacher salary in Arizona.

During the 2018-19 school year, 207 school districts in Arizona were allocated close to \$5 billion through state and local funding based on the state’s equalization formula. The chart below shows that school districts received base funding totaling more than \$3.5 billion, plus additional weights for grade levels, locale (district size and isolation), English Language Learners, Students with Disabilities, and funding based on average teacher experience in the district. These weights contributed more than \$1.3 billion in additional funds.

Arizona Equalization Formula 2018-19

