

K-12 Funding (M&O, Capital and Other)

FY 2014 through FY 2023 est

JLBC Staff
8/31/2022

Source/ Item	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022 est	FY 2023 est
Equalization Formula Only 2/ (state & local)	5,721,658,100	5,837,228,913	6,155,131,994	6,274,669,776	6,399,412,608	6,978,486,695	7,468,041,000	7,626,636,900	7,791,193,400	8,857,766,600
Funding per Student	5,335	5,381	5,619	5,695	5,769	6,271	6,680	7,013	7,047	7,937
Inflation Adjusted Funding per Student	5,335	5,288	5,421	5,440	5,455	5,820	6,055	6,245	6,201	6,706
State Only 3/ (equalization + non-formula, SFB, and misc)	4,458,083,600	4,551,774,113	4,961,232,679	5,069,186,265	5,333,439,100	5,887,268,989	6,462,650,700	6,506,824,400	7,134,327,100	8,496,373,200
Funding per Student	4,157	4,196	4,529	4,601	4,808	5,290	5,781	5,983	6,453	7,613
Inflation Adjusted Funding per Student	4,157	4,124	4,369	4,395	4,547	4,910	5,240	5,328	5,678	6,433
State & Local Only 4/ (equalization + non-formula, SFB, and misc)	8,430,688,700	8,628,028,400	8,975,568,600	8,999,792,900	9,450,532,900	10,274,200,600	10,846,508,600	10,683,901,100	11,442,981,700	12,629,604,000
Funding per Student	7,861	7,954	8,194	8,169	8,519	9,232	9,702	9,825	10,350	11,317
Inflation Adjusted Funding per Student	7,861	7,817	7,905	7,803	8,056	8,568	8,794	8,749	9,107	9,562
State, Local and Federal 5/ (equalization + non-formula, SFB, and misc)	9,627,815,600	9,897,557,500	10,277,520,400	10,307,279,100	10,761,460,400	11,671,589,100	12,240,545,900	12,903,498,100	13,662,578,700	14,849,201,000
Funding per Student	8,977	9,124	9,382	9,356	9,701	10,488	10,949	11,866	12,357	13,306
Inflation Adjusted Funding per Student	8,977	8,967	9,051	8,937	9,174	9,734	9,925	10,567	10,873	11,242
Technical Assumptions:										
ADM Pupil Count	1,072,451	1,084,796	1,095,430	1,101,691	1,109,368	1,112,885	1,117,970	1,087,465	1,105,624	1,115,976
Inflation Adjustment Factor 6/	1.000	0.983	0.965	0.955	0.946	0.928	0.906	0.891	0.880	0.845
Inflation Rate	1.9%	1.8%	1.9%	1.0%	1.0%	1.9%	2.4%	1.8%	1.2%	4.1%

1/ Includes all funding reported in "Revenues Received by Source" tables in the Annual Report of the Superintendent of Public Instruction. They report K-12 revenues under 7 categories: 1) Maintenance and Operations (M&O), 2) Unrestricted Capital Outlay, 3) Classroom Site Fund (CSF) and Instructional Improvement Fund (IIF); 4) School Facilities; 5) Adjacent Ways; 6) Debt Service; and 7) Other. "Other" funding is from sources such as federal & state projects, food services, self-insurance, gifts and donations, auxiliary operations, and extracurricular activities. The corresponding "Non-Capital Funding Only" table includes only M&O, CSF and IIF, and "Other" funding. "State Only" section in this table also includes School Facilities Board (SFB) administrative and debt service funding.

2/ Includes all state and local monies that help fund the Basic State Aid formula, including Additional Teacher Salary increase monies and the State Aid Supplement from Proposition 123, but excluding ESA funding. Figures have been adjusted to account for temporary factors that would distort long-term trends, including K-12 rollovers, distance learning adjustments, and miscellaneous changes (see next page for details).

3/ Includes all state monies (GF, land trust, Education Sales Tax and miscellaneous) used by ADE and the Arizona Department of Administration's School Facilities Division (ADOA-SFD) for formula programs (excluding ESAs), non-formula programs, and agency administration. Excludes Teacher Certification and Professional Development Revolving Fund monies because they are from teacher fees. Excludes ESA Account Fund to avoid GF doublecount. Figures have been adjusted to account for the impact of temporary factors that otherwise would distort long-term trends (see next page for details).

4/ Includes all "Local," "County" and "State" (but not "Federal") monies reported by school districts and charter schools in the Superintendent's Annual Report for each year shown. Data on actual local funding for FY 2022 and FY 2023 are not yet available. The table assumes that local funds grow by 3.15% in FY 2022 and decline by (4.1)% in FY 2023. The FY 2023 decline is primarily associated with the elimination of the State Equalization Tax Rate (SETR) pursuant to Laws 2022, Chapter 317.

5/ Includes all "Local," "County," "State" and "Federal" monies reported to be received (not expended) by school districts and charter schools in the Superintendent's Annual Financial Report (SAFR) for each year shown. Data on actual federal monies for FY 2022 and FY 2023 are not yet available. The table assumes that districts and charters continue to receive \$2.2 billion in federal funds annually in FY 2022 and FY 2023 based on their actual federal funds received for FY 2021. The \$2.2 billion is \$800 million above pre-pandemic levels in each year. The \$2.2 billion estimate represents a change from our prior methodology, which previously assumed that school districts and charters would record Federal Elementary and Secondary School Emergency Relief (ESSER) monies and other federal COVID-19 relief funds as "received" (not "expended") in their annual financial reports in the state fiscal year in which the monies first became available (i.e. FY 2021 and FY 2022). We revised our methodology due to FY 2021 actual federal monies reported in the SAFR being lower than our prior estimates. ESSER monies will continue to be available to districts and charters through September 30, 2024. As a result, federal monies received may continue to exceed pre-pandemic levels until at least that time.

6/ "Inflation Adjustment Factor" represents cumulative inflation, whereas the "Inflation Rate" is above prior year only. Both reflect GDP deflator for second preceding calendar year pursuant to A.R.S. § 15-901.01 (e.g., rates applying to FY 2023 are CY 2021 actuals).

Source/ Item	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022 est	FY 2023 est
Equalization Formula Only DETAIL										
General Fund	3,250,195,500	3,344,869,413	3,469,735,594	3,538,072,915	3,597,183,200	4,066,093,300	4,457,116,100	4,366,341,800	4,630,962,800	5,913,338,500
Permanent State School Fund	46,475,500	46,475,500	219,440,500	219,804,200	235,339,100	277,115,300	290,489,100	300,555,000	309,482,500	328,895,600
QTR	2,054,647,100	2,078,049,100	2,096,191,500	2,139,905,669	2,185,859,010	2,248,075,283	2,326,504,700	2,365,955,900	2,442,580,900	2,530,152,000
SETR	276,339,900	281,554,400	283,483,900	290,606,492	294,750,798	300,922,312	307,650,600	314,866,500	322,786,700	0
Education Sales Tax	86,280,500	86,280,500	86,280,500	86,280,500	86,280,500	86,280,500	86,280,500	86,280,500	150,380,500	150,380,500
Equalization total	5,713,938,500	5,837,228,913	6,155,131,994	6,274,669,776	6,399,412,608	6,978,486,695	7,468,041,000	7,433,999,700	7,856,193,400	8,922,766,600
Adjustments: <u>1/</u>										
Rollover <u>2/</u>	-	-	-	-	-	-	-	-	(65,000,000)	(65,000,000)
Distance Learning <u>3/</u>	-	-	-	-	-	-	-	192,637,200	-	-
Miscellaneous <u>4/</u>	7,719,600	-	-	-	-	-	-	-	-	-
Equalization total - adjusted	5,721,658,100	5,837,228,913	6,155,131,994	6,274,669,776	6,399,412,608	6,978,486,695	7,468,041,000	7,626,636,900	7,791,193,400	8,857,766,600
State Only DETAIL										
ADE - Basic State Aid (BSA) (w/o land trust & ESA)	3,250,195,500	3,344,869,413	3,469,735,594	3,538,072,915	3,597,183,200	4,066,093,300	4,457,116,100	4,366,341,800	4,630,962,800	5,913,338,500
ADE - Additional State Aid (ASA) <u>5/</u>	336,776,400	359,909,200	377,979,585	402,088,103	410,546,000	415,725,400	426,944,900	444,211,400	460,630,300	510,093,700
ADE - Other Formula programs	33,298,500	33,448,100	32,293,500	32,470,172	71,550,500	64,189,564	104,629,200	104,629,200	105,613,100	105,613,100
ADE - Non-Formula programs	38,810,600	44,336,300	41,034,200	49,932,534	58,830,000	66,515,725	76,060,000	94,566,400	108,344,800	182,147,000
ADE - Administration	8,261,000	8,264,800	8,236,300	8,905,100	8,956,800	8,660,600	8,806,100	9,236,700	8,495,700	8,782,100
ADE - BSA - Permanent State School Fund	46,475,500	46,475,500	219,440,500	219,804,200	235,339,100	277,115,300	290,489,100	300,555,000	309,482,500	328,895,600
ADDA - K-12 Transportation Grants	-	-	-	-	-	-	-	-	10,000,000	20,000,000
ADDA - SFD - New School Facilities (NSF)	672,000	858,200	2,249,600	24,253,200	87,008,400	49,636,700	112,602,500	58,786,800	171,654,000	113,119,100
ADDA - SFD - NSF Debt Service	172,719,800	160,739,300	171,109,400	170,006,600	169,761,700	134,287,300	131,870,500	67,177,800	9,938,100	9,938,100
ADDA - SFD - Building Renewal Grants	16,667,900	15,128,600	31,667,900	31,667,900	43,835,800	76,085,800	107,458,800	146,259,000	200,617,000	199,967,900
ADDA - SFD - Public School Credit Enhancement	-	-	23,900,000	500,000	-	-	-	-	-	-
ADDA - SFD - Other	1,587,100	1,629,600	1,451,100	1,461,900	1,634,800	1,607,700	1,577,300	1,540,400	1,717,400	1,647,100
Classroom Site Fund	406,722,200	389,287,000	434,123,400	442,466,241	518,674,500	576,654,100	591,313,600	569,686,400	960,565,200	946,524,800
Education Sales Tax - Other	102,780,500	102,780,500	102,780,500	102,780,500	102,780,500	102,780,500	102,780,500	102,780,500	166,880,500	166,880,500
Instructional Improvement Fund	43,116,600	44,047,600	45,231,100	44,776,900	27,337,800	47,917,000	51,002,100	48,415,800	54,425,700	54,425,700
State total	4,458,083,600	4,551,774,113	4,961,232,679	5,069,186,265	5,333,439,100	5,887,268,989	6,462,650,700	6,314,187,200	7,199,327,100	8,561,373,200
Adjustments: <u>1/</u>										
Rollover <u>2/</u>	-	-	-	-	-	-	-	-	(65,000,000)	(65,000,000)
Distance Learning Adjustment <u>3/</u>	-	-	-	-	-	-	-	192,637,200	-	-
Miscellaneous <u>4/</u>	-	-	-	-	-	-	-	-	-	-
State total - adjusted	4,458,083,600	4,551,774,113	4,961,232,679	5,069,186,265	5,333,439,100	5,887,268,989	6,462,650,700	6,506,824,400	7,134,327,100	8,496,373,200

1/ To offset the impact of temporary factors that otherwise would distort long-term trends.

2/ A positive number offsets the effects of a K-12 rollover for a fiscal year. The negative FY 2022 and FY 2023 numbers offset the impact of the one-time rollover "paybacks" that occurred during those years.

3/ Executive Order 2020-51 authorized school districts to operate Distance Learning programs during the 2020-2021 school year as a result of the COVID-19 pandemic. The order stipulated that such programs be treated as Arizona Online Instruction (AOI) Programs for the purposes of Basic State Aid calculations, which resulted in a one-time (5)% reduction in Base Level funding for students enrolled in such programs.

4/ Includes shifts of surplus funding between BSA & ASA to cover shortfalls in the other program for a given fiscal year.

5/ Additional State Aid ("Homeowner's Rebate" plus "1% Cap") funding is not adjusted for statutory changes that have affected programs costs, such as reductions in the assessment ratio for business property and funding ASA on the QTR only.