**Unrepaired Buildings – Underpaid Teachers:**

***The Arizona Legislature has slashed district budgets to pay for unbridled charter growth. New charter students since 2008 have cost the state $223,977,291***

By

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The Arizona Legislature has cut capital revenue to school districts 85% since 2008.[[1]](#footnote-1) Overall, districts received 20% less per pupil in state revenue in 2016 than in 2008. Charter per-pupil revenue from the state, on the other hand, has *increased 11%,* and the additional per/pupil revenue given charters more than districts from the state budget *increased 81%* over the same time period.[[2]](#footnote-2) See Table 1.

Table 1 Charter and District per pupil state revenue 2008-2016

|  |  |  |  |
| --- | --- | --- | --- |
|   | Charter state funding/pupil | District state funding /pupil | Charter state revenue/pupil more than districts |
| 2008 | $6,740 | $4,703 | $2,037 |
| 2009 | $6,911 | $4,188 \* | $2,723 |
| 2010 | $5,960 | $3,428 \* | $2,532 |
| 2011 | $6,328 | $3,380 | $2,949 |
| 2012 | $6,258 | $3,268 | $2,990 |
| 2013 | $6,466 | $3,351 | $3,115 |
| 2014 | $6,789 | $3,588 | $3,201 |
| 2015 | $6,718 | $3,539 | $3,179 |
| 2016 | $7,454 | $3,777 | $3,678 |
| Increase | **$714** | **-$927** | **$1,641** |
| % Increase | **11%** | **-20%** | **81%** |

 (\* District allocation for capital expenses cut))

Public districts must pay for capital expenditures, including building facilities, through bond issues paid for by local property taxes. Charter schools automatically receive inflation adjusted charter additional assistance to pay for capital expenses that is included in the state funding data ashown in Table 1. This assistance has increased by 21% since 2008 while districts capital funds were reduced by 85%.[[3]](#footnote-3) See Table 2.

Table 2 Charter Additional Assistance 2008-2016

|  |  |  |
| --- | --- | --- |
|  | Charter additional assistance/pupil K-8 | Charter additional assistance/pupil 9-12 |
| 2008 | $1,445 | $1,684 |
| 2009 | $1,474 | $1,718 |
| 2010 | $1,588 | $1,851 |
| 2011 | $1,608 | $1,874 |
| 2012 | $1,622 | $1,890 |
| 2013 | $1,654 | $1,928 |
| 2014 | $1,708 | $1,990 |
| 2015 | $1,735 | $2,022 |
| 2016 | $1,752 | $2,042 |
| Increase | **$307** | **$358** |
| % Increase | **21%** | **21%** |

School finance is a complex issue but the preference for funding charter schools at the expense of public districts is straight foreword. When the recession hit in late 2007, the Legislature began cutting capital revenue to districts while failing to supply funds for inflation. Charter schools per/pupil revenue, however, continued to increase. More importantly, the Legislature placed no caps on new charter students – students that cost the state twice as much as district students. These new charter students have cost the state an additional $223 million between 2008-16 compared to the cost of those students attending a public district. See Table 3.

Table 3 Additional cost for new charter students 2008-2016

|  |  |  |  |
| --- | --- | --- | --- |
| Charter | Charter annual increased students | Cost/pupil over district per/pupil | Additional cost for new charter students |
| 2008 | 5,093 | $2,037 | $10,372,857 |
| 2009 | 5,350 | $2,723 | $14,565,630 |
| 2010 | 7,864 | $2,532 | $19,910,892 |
| 2011 | 12,015 | $2,949 | $35,426,638 |
| 2012 | 9,530 | $2,990 | $28,496,806 |
| 2013 | 12,479 | $3,115 | $38,869,226 |
| 2014 | 9,214 | $3,201 | $29,491,722 |
| 2015 | 11,016 | $3,179 | $35,019,744 |
| 2016 | 3,215 | $3,678 | $11,823,776 |
| Total | 75,776 |  | $223,977,291 |
| Average annual increase | 8420 |  | $24,886,366 |

Charter schools expansion in Arizona has been the greatest in the nation. Arizona leads the U.S. in the percentage of students attending charter schools – over 15%. Charter attendance grew by 75,776 students between 2008 and 2016, an average of 8400 new charter students each year. Districts lost a total of 13,482 students in the same time period. See Table 4.

Table 4 Charter and District Attendance (ADM) 2007-2016

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Charter | Charter attendance | Annual increased students | District attendance | Annual increase students |
| 2007 |  88,575  |   |  931,773  |   |
| 2008 |  93,668  |  5,093  |  946,957  |  15,184  |
| 2009 |  99,018  |  5,350  |  935,619  |  (11,338) |
| 2010 |  106,882  |  7,864  |  940,404  |  4,785  |
| 2011 |  118,897  |  12,015  |  926,089  |  (14,315) |
| 2012 |  128,427  |  9,530  |  914,413  |  (11,676) |
| 2013 |  140,906  |  12,479  |  912,782  |  (1,631) |
| 2014 |  150,120  |  9,214  |  891,154  |  (21,628) |
| 2015 |  161,136  |  11,016  |  921,540  |  30,386  |
| 2016 |  164,351  |  3,215  |  918,291  |  (3,249) |
| Increase |  **75,776**  |  |  **(13,482)** |  |
| Average Increase |   |  **8,420**  |  |  **(1,498)** |

The problem is charter students cost the state twice as much as district students. Charters are funded almost entirely out of the state general fund while districts only get less than 40% of their revenue from the state. Public districts are primarily funded by their local community through property taxes. Each new charter student in 2016 cost the state an average of $3678 more than if the student enrolled in a district.

Not only did the Legislature allow $25 million every year in additional funds for expanding charter enrollment – a total of $223,977,291 since 2008, they increased the amount per pupil charter students received $714 while slashing district revenue $927. Refer to Table 1.

The impact of legislation since 2008 on the state budget has been a shift of $223 million away from districts to pay for runaway charter growth of 75,000 students over the last nine years. The Legislature could have done what twenty other states that allow charter schools do – limit charter growth to fit the state budget.[[4]](#footnote-4) That discussion did not come up. Charter expansion is a Republican priority and its cost to the state isn’t even debated.

If Arizona had no charter students staring in 2006, the savings to the state by having those students in district schools would have provided the education budget an additional $3.799 billion over the 11 years – over $600 million more in 2016 alone. See Table 5.

Table 5 Savings if all students went to district schools 2006-2016

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|   | Charter state revenue/pupil | District state revenue/pupil | Charter revenue/pupil more than district | Charter enrollment | Cost to the state education fund |
| 2005-06 | $5,964 | $4,154 | $1,810 |  84,641  | $153,236,044 |
| 2006-07 | $6,419 | $4,685 | $1,734 |  88,587  | $153,628,262 |
| 2007-08 | $6,740 | $4,703 | $2,037 |  93,668  | $190,772,590 |
| 2008-09 | $6,805 | $4,188 | $2,617 |  99,018  | $259,098,808 |
| 2009-10 | $5,960 | $3,428 | $2,532 |  106,882  | $270,614,955 |
| 2010-011 | $6,328 | $3,380 | $2,949 |  118,897  | $350,571,867 |
| 2011-12 | $6,258 | $3,268 | $2,990 |  128,427  | $384,025,114 |
| 2012-13 | $6,466 | $3,351 | $3,115 |  140,906  | $438,889,908 |
| 2013-14 | $6,789 | $3,587 | $3,202 |  150,120  | $480,638,623 |
| 2014-15 | $6,718 | $3,539 | $3,179 |  161,136  | $512,249,587 |
| 2015-16 | $7,454 | $3,777 | $3,678 |  164,643  | $605,506,042 |
| Total 2006-2016 |   |   |   |   | **$3,799,231,802** |

Public districts ability to buy textbooks and computers or repair dangerous classroom buildings has taken a back seat to charter school expansion. The Legislature gave teachers a bigger raise for 2018 than Governor Ducey requested - $34 million was budgeted with much fanfare. But new charter students cost the state an average of $24 million every year more than if the students went to district schools plus all charters receive annual increases to their additional assistance to pay for computers and new buildings while districts cut programs and staff. The $34 million for teacher raises went to charter teachers as well, further subsidizing charter owners.

The American Leadership Academy (ALA) is building a $36 million campus on Higley road and the Loop 202 in the East Valley. The owner of ALA, Glenn Way, owns the property and buildings and will lease the school back to... himself – for a profit.[[5]](#footnote-5) Michael Brock, owner of BASIS Schools, has mortgages of over $230 million paid for almost entirely by state funds.[[6]](#footnote-6) Damian Creamer made $10 million in profit in 2016 by owning Primavera Online’s parent company, American Virtual Academy. He also paid one of his companies an additional $13 million in 2016 to use the software he developed using state funds. Creamer’s non-profit company that used to run Primavera has over $40 million in cash in the bank.[[7]](#footnote-7)

Glendale Elementary had to close two campuses last year because funds weren’t available to make necessary repairs. Students in most districts do not have tablets or laptops – they have better technology when they use their phones after school. And our teachers are the worst paid in the nation.

Arizonans need to wake up and see the Legislature’s plan for the quiet death of public education that is making millions for charter owners – under the guise of “school choice”. Public districts are increasingly serving more and more at-risk children, English language learners, and special education students that are often excluded from charter schools. Underfunding public districts with such diverse needs while overfunding charter schools that often only serve middle class students is a right-wing strategy to undermine public education that was articulated by Grover Norquist of the Americans for Tax Reform:

*“I don't want to abolish government. I simply want to reduce it to the size where I can drag it into the bathroom and drown it in the bathtub.”[[8]](#footnote-8)*

The Republican Legislature’s unbridled support for school choice at any cost is slowing drowning public education in Arizona.

1. See complete report on capital reductions *Arizona Charter School Capital Funding* in “Past Research” at azcsa.org [↑](#footnote-ref-1)
2. All data 2008-2016 in this report is found the Superintendent’s Annual Report 2016 at http://www.azed.gov/finance/reports/#SafrTop [↑](#footnote-ref-2)
3. See A.R.S. 15.185.B.4 for each year at http://law.justia.com/codes/arizona/ [↑](#footnote-ref-3)
4. http://www.publiccharters.org/law-database/caps/ [↑](#footnote-ref-4)
5. See *American Leadership Academy* in “Past Research” at azcsa.org [↑](#footnote-ref-5)
6. See BASIS Consolidated Audit 2016 available at http://online.asbcs.az.gov/dms/browse/106 [↑](#footnote-ref-6)
7. See American Virtual Academy in “Past Research” at azcsa.org [↑](#footnote-ref-7)
8. https://en.wikiquote.org/wiki/Grover\_Norquist [↑](#footnote-ref-8)