



Driving And Rewarding Excellence As A Component of a State's School Finance System: Arizona

Purpose of the Paper

It is often said “you get what you pay for.” Yet recently in school finance, the heaviest focus has been on increased funding for chronically poor-performing schools. In the state budget, Arizona has adopted a new and innovative concept related to the state's school financing system - Results-Based Funding.

Arizona House Education Committee Chairman and Conservative Leaders for Education Member Representative Paul Boyer worked closely with Governor Doug Ducey and a broad coalition of education reformers to create a new Results-Based Fund in the state's school finance formula that focuses instead on top performing schools.

The fund provides an additional per-pupil payment to schools that achieve high results. The per-pupil amount is set significantly higher for schools with larger percentages of students that qualify for free or reduce-priced lunch.

Those additional funds are required to be used for:

1. Expansion or replication of the high-achieving school.
2. The school itself with the majority of funds used for teacher compensation, hiring, or professional development.

This paper will review how the Results-Based Fund was developed and enacted, how opposition was overcome, and close with key thoughts from Representative Boyer for states interested in pursuing this funding idea.



Representative Paul Boyer

was first elected to the statehouse in 2013 and represents legislative District 20, which includes much of Glendale and parts of North Phoenix. He currently serves as the Chairman of the House Education Committee.

Representative Boyer was born and raised in Phoenix, Arizona and he later earned his BA in English at Arizona State University and a MA in Communication Studies at Arizona State University.

Previously, he was an official spokesman and policy advisor for House Majority at the State Capitol, the legislative liaison for the Arizona Department of Corrections, and the Supervisor of District Communications for Mesa Public Schools, the largest school district in the state.

Representative Boyer is currently, going on his fourth year teaching Humane Letters at Veritas Preparatory Academy, a public charter school. He remains a consistent advocate for common sense conservative principles: life, education, public safety, job creation and economic development.

“ The very basic idea of funding and rewarding consistent high achievement of ambitious goals has successfully driven innovation and excellence in almost every field of human endeavor – except K-12 education. Arizona's fascinating new Results-Based Funding program is something worth keeping a close eye on in coming years. ”

Dr. William Bennett

Chairman of Conservative Leaders for Education



Development and Enactment of the Idea

Representative Boyer captured a familiar refrain and problem facing conservative state leaders when discussing this new initiative: “In Arizona as in many other states, we were not adverse to the idea of providing some increased resources into our school finance system, but we did not want to simply place all the new resources into the same old basic formulas that had no direct relation to performance.”

In Arizona, as is the national norm, decades of data and experience very clearly demonstrated that simply allocating more funds to poorly performing schools did not address the underlying issues or have significant impact on outcomes. So with strong support from the business community and Governor Ducey, Representative Boyer and reform-minded legislators began to develop what became the Results-Based Fund that was enacted in Arizona’s most recent budget.

As the idea progressed, it was clear the goal was not solely to structure the program as a reward or money “bonus” for strong performance, although that is certainly a component of the idea. The main purpose was to use this new funding system not only to create a reward system, but to also ensure that the new funds are utilized to replicate and grow the schools that are doing the best job of advancing students.

Representative Boyer argued, “The opposition to any link between funds and performance was stiff, but it’s largely based on myths about how the proposal would actually work. With consistent messaging from Governor Ducey, reform minded legislators, and groups helping to push this important initiative, proponents of the plan were able to successfully expose the attacks on the measure.”

This year, Arizona was able to put \$37 million into the new Results-Based Fund. Clearly demonstrating just how entrenched institutional opponents are to any reforms, this \$37 million represents just 0.4% of the overall \$9.8 billion state budget. The goal in Arizona is to double that amount in coming budgets and sustain an amount of \$65 to \$70 million annually in order to encourage and foster excellence.

How it Works

Below are the key operational elements of the Arizona Results-Based Fund:

- Payments from the new fund are awarded on a fixed dollar per-pupil basis to schools that reach a specified performance threshold. (Any state could customize a performance trigger to fit with their particular accountability system.)
- Schools with a high percentage of free or reduced-priced lunch students that reach the performance trigger are awarded a higher dollar amount. (The AZ threshold for the higher amount is 60% or greater free or reduce-priced lunch.) These schools would receive an award of \$400 per student. Schools with a lower free and reduce-priced lunch percentage who reach the performance trigger would receive \$225 per student. States could consider a sliding scale as well to avoid any payment “cliffs” based on just a handful of students.
- A district with a school receiving funds under this provision must separately account for the funds, and direct those funds to the school(s) that generated them or to expansion and replication of that school site as a quality school model. For funds directed to the high-performing school itself, the majority of those funds are to be used for teacher salaries, to hire teachers, or for professional development. Here is a link to an op-ed authored by Representative Boyer explaining the policy choice in this initiative to target the awarded funds to teachers, teacher development, and replication. <http://azcapitoltimes.com/news/2017/03/16/funding-best-schools-averts-teacher-exodus/>



How The Opposition Was Defeated

The opposition was largely based upon myths. Confronting those myths head on with straight-forward facts allowed Representative Boyer to prevail. Here are some of the most prevalent myths advanced by opponents:

Myth #1: Most of this money goes to rich schools.

Fact: The majority of dollars go to schools serving students from low-income or high poverty neighborhoods, with those schools getting results in the highest poverty neighborhoods receiving almost double the results funding of higher income schools.

Myth #2: This money is only going to charter schools.

Fact: 65% of the schools that qualify for funding under this proposal are traditional district schools, with over 74% of the dollars flowing directly to district schools. [Note: Overall 30% of Arizona's public schools are charters.]

Myth #3: Funding failing schools rather than great schools will help more kids.

Within a traditional funding model, research shows that most of the schools that received public dollars stayed the same or actually got worse. Furthermore, low-performing schools in poor neighborhoods also have access to desegregation dollars and Federal Title I money.

Myth #4: The state already gives good schools more money – they don't need any more.

Fact: The state and federal government funds dozens of characteristics of a school. To date, being great isn't one of them. Arizona's best schools must sustain their impact on their own. Results- Based Funding can help those that are great sustain their work and serve more kids.



Key Advice for Other States

Representative Boyer offers the following points to state leaders who are interested in pursuing this innovative concept:

- “Many institutional forces – while always demanding more money – will oppose any concept of linking even a very small portion of new funding to results. Do not let them define the proposal. It is critical to anticipate their criticisms, draft a proposal that addresses issues like equitable distribution of funds, and then take those myth-based criticisms head on.”
- “A state can doubly leverage these funds by designing a system where the additional payment is not merely a reward, but also ensuring the funds are directed into the critical area of teacher pay, training and retention in excelling schools and replication and growth of schools that are consistently performing at the highest levels.”

