



Action without information is dangerous. Information without action is futile.

Desegregation/OCR Overview

- \$211 million annually goes to 18 school districts for racial/ethnic discrimination remediation
- \$4.5 billion spent since 1986, 97% of monies to metro Phx & Tucson schools
- Exclusively paid for by local property taxpayers; not equalized by state (outside funding formula)
- Not voter approved & no planned phase out; however levy amounts and participants are capped
- Making them voter approved ultimately saves State General Fund \$15 million ongoing
- Highlighted by Gov Ducey K-12 Task Force as one of the most problematic parts of K-12 funding

School Funding Inequity

School District	FY 2016 Deseg Totals	Deseg levy as % of RCL	Deseg\$/ADM
Tucson Unified	\$63,711,047	26.4%	\$1,387
Phoenix Union	\$55,800,892	38.3%	\$2,108
Tempe Elementary	\$14,178,248	25.8%	\$1,276
Roosevelt Elementary	\$13,570,494	30.5%	\$1,516
Phoenix Elementary	\$11,151,530	34.6%	\$1,665
Mesa Unified	\$8,774,057	2.7%	\$146
Scottsdale Unified	\$7,382,169	6.1%	\$322
Washington Elementary	\$6,350,000	5.8%	\$290
Cartwright Elementary	\$4,628,061	5.6%	\$259
Glendale Union	\$6,131,959	7.8%	\$406
Isaac Elementary	\$4,951,155	15.3%	\$735
Amphitheater Unified	\$4,025,000	5.8%	\$305
Holbrook Unified	\$2,517,481	20.0%	\$1,279
Flagstaff Unified	\$2,241,322	4.4%	\$242
Wilson Elementary	\$1,946,054	33.8%	\$1,656
Agua Fria Union	\$999,000	2.6%	\$134
Buckeye Elementary	\$1,608,921	7.1%	\$343
Maricopa Unified	\$1,291,000	4.3%	\$220
Totals/AVG	\$211,258,390	14.6%	\$752

MAKING DESEG/OCR VOTER APPROVED

- Accountability & transparency
 - General lack of citizen awareness of Deseg/OCR taxation & spending
 - Doesn't appear on tax bill
 - Tax hidden within primary tax rate
- Tradition of local overrides
 - Deseg/OCR largest source of nonvoter approved local school funding in AZ
 - Dollars highly similar to an override

AMELIORATES 1% CAP ISSUE

- Homeowners limited to \$10 per \$100 on primary property taxes, State GF subsidizes the rest
 - High primary tax rates the cause
 - Deseg/OCR the largest contributor
- Voter approved shifts to secondary- no cap
- Saves State GF (ultimately) \$14.97M ongoing

HOW THE BILL WORKS

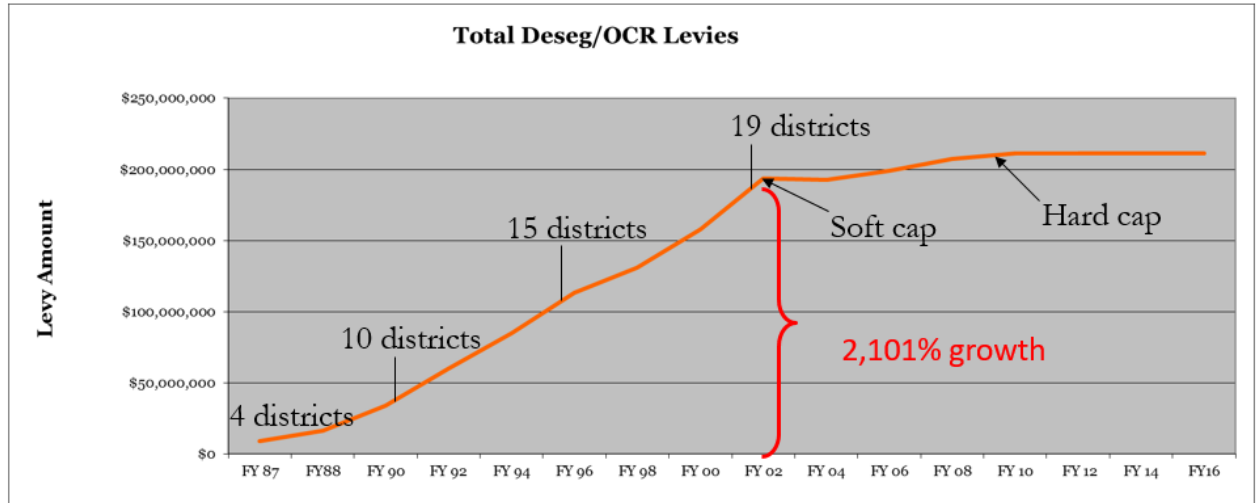
- All Deseg/OCR \$ voter approved by FY2020
 - Existing districts only
 - November 2018 ballot
- Election similar to M&O override
 - 7 years with renewal option
- Once approved, becomes secondary property tax
- Any amount not approved: 5 year phase out

“Desegregation funding has been nonvoter approved for far too long. Bringing voter accountability to this spending is necessary. We’ll save the State \$15 million ongoing so taxpayers around the state are no longer on the hook for these local issues. This also buys the state time to find a long-term solution for this outdated program.”

–Senator Debbie Lesko

Without any limits, Deseg/OCR levies exploded until finally capped in 2009.

Auditor General reports consistently show Deseg/OCR monies lack connection to original issue and supplant normal spending.



“Phoenix UHSD’s desegregation program... has lost its clear link with the District’s original desegregation court order and appears mainly to be funding programs that have little or nothing to do with the order.” AZ Auditor General, 2008

“[Maricopa Unified] could not demonstrate that the monies addressed its violation because it did not have any documentation pertaining to the desegregation case, and district officials could not explain the purpose or goals of its desegregation spending.”

Auditor General, 2015

Taxpayer Inequity

School District	FY 2016 Deseg Totals	Deseg tax rate
Tucson Unified	\$63,711,047	\$2.1050
Phoenix Union	\$55,800,892	\$1.3265
Tempe Elementary	\$14,178,248	\$1.1335
Roosevelt Elementary	\$13,570,494	\$2.7257
Phoenix Elementary	\$11,151,530	\$1.8683
Mesa Unified	\$8,774,057	\$0.3393
Scottsdale Unified	\$7,382,169	\$0.1633
Washington Elementary	\$6,350,000	\$0.5759
Cartwright Elementary	\$4,628,061	\$2.2531
Glendale Union	\$6,131,959	\$0.4540
Isaac Elementary	\$4,951,155	\$4.2478
Amphitheater Unified	\$4,025,000	\$0.2868
Holbrook Unified	\$2,517,481	\$6.0388
Flagstaff Unified	\$2,241,322	\$0.2130
Wilson Elementary	\$1,946,054	\$2.4106
Agua Fria Union	\$999,000	\$0.1023
Buckeye Elementary	\$1,608,921	\$0.9607
Maricopa Unified	\$1,291,000	\$0.5320
Totals/AVG	\$211,258,390	\$1.4598

In a system designed for taxpayers to pay the same property tax rates for K-12, Deseg/OCR levies create some of the most abusive tax inequities in the state. It has created a significant economic development hindrance.

HOW DID WE GET HERE?

- Tucson Unified & Phx Union had court orders to desegregate, feds stopped providing additional remediation funds- districts asked state for financial assistance
 - 1985 law passed to allow local tax levy (SB1077)
 - “Expenses of complying with court order or administrative agreement” A.R.S. §15-910 (G-J)
- OCR agreements never had court mandates
 - Should have never been conflated w/ Deseg orders
 - Only 17 accessed the levy before 2003 cut off
 - Many other districts have OCR agreements
- Phx Union met court requirements in 1992, applied to court in 2004 & declared unitary in 2005
- Tucson Uni. back and forth with courts since 1978
- Most OCR districts began levying many years after OCR monitoring ended; the agreement was the golden ticket
 - Isaac Elem: OCR agreement in 1975, first levy in 1992
 - Tempe El: agreement in 1971; first levy in 1990
 - Mesa Uni.: agreement in 1981; first levy in 1991