



POLICY UPDATE

GCI Champions Fiscal Responsibility in 2018 Legislative Session

Phoenix - May 7 2018 - The Grand Canyon Institute (GCI) is proud to have championed several policy triumphs that will lead to greater fiscal responsibility and public education funding as the 2018 legislative session comes to a close.

HB2663 provides explicit authority to the Arizona State Board for Charter Schools to reference financial performance criteria when considering a charter holder's renewal application, rather than basing renewal decisions solely on academic performance. The charter board can also now use financial performance in its 5-year reviews of each charter. Both changes were recommended by GCI to provide greater oversight of the state's publicly-funded charter schools.

Two charter schools have highlighted the need for these changes this year alone. In January, Discovery Creemos Academy closed abruptly due to claims by its charter holder that it was out of money. In March, the US Bankruptcy Court moved to close StarShine Academy due to its continued mismanagement of public funds. In both cases, the state charter board had renewed the schools' charters for 20 years because it felt it had insufficient grounds to refuse renewal in spite of poor financial standing and had no 'probationary' option for renewal.

GCI, a bipartisan think tank, was founded in 2011 with the aim of elevating the fiscal and economic implications of policy initiatives and decisions. It has published two policy reports in the past 6 months on [charter school financial practices](#) and [net losses](#); findings from both reports indicated the urgent need for greater financial oversight of how charter schools manage taxpayer dollars. One of GCI's findings indicates that 77 percent of charter schools engage in questionable financial practices; most would agree that Arizona does not have sufficient funds for public education to risk having money used for expenses that are not in the financial interests of public school students.

"HB2663 provides the charter board with increased authority over how charter schools manage the public funds they receive which is a win-win," said Curt Cardine, principle author of GCI's reports on charter school financial practices. "Charter schools will now have greater incentive to be more honest and responsible stewards of the funds they are entrusted with to educate our children. Overall, with good implementation by the charter board, these changes will result in improved financial management and accountability of funds allocated to public education."

GCI is also pleased with the state government's commitment to increase Arizona Department of Revenue staff, including audit and collections positions which should bring in an additional \$55 million in 2018-19. This represents nearly one-fourth of the new funds for 2018-2019 allocated to public education after the #RedforEd movement pushed for greater funding for the state's public schools.

Last year, GCI drew attention to the approximately \$70 million to \$80 million annual loss in tax revenue resulting from dramatic reductions in DOR staff as discussed in the policy paper [Enhanced Revenue Enforcement Creates Fairness, Raises Millions in Revenue](#), authored by former Arizona DoR Director Elliott Hibbs for the Grand Canyon Institute.

"Each dollar invested in added tax enforcement will return, on average, \$10 to over \$24 based on past experience," said Hibbs. "Arizona is able to increase its funding for priorities like public education without raising taxes by increasing revenue through improved oversight and collection of money owed to the state."

If information like this matters to you, please consider a tax deductible [donation](#) to the Grand Canyon Institute to support our continuing work.

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