

## The Invest in Education Initiative (Proposition 208) is the Plan Arizona Needs for Funding Our Public Schools

The COVID-19 pandemic is a powerful reminder of how public schools are critical to a strong economic recovery. Arizona needs strong public schools to build the skilled workforce that will create higher paying jobs, lift more people out of poverty, and remove barriers caused by systemic racism. The Invest in Education ballot initiative (Proposition 208) will raise an estimated \$940 million in new, annual, and permanent revenue for Arizona's public schools to increase salaries for teachers and support staff; reduce class sizes by hiring more teachers, classroom aides, counselors, nurses and other student support staff; and provide additional funding for career and technical education programs.<sup>1</sup>

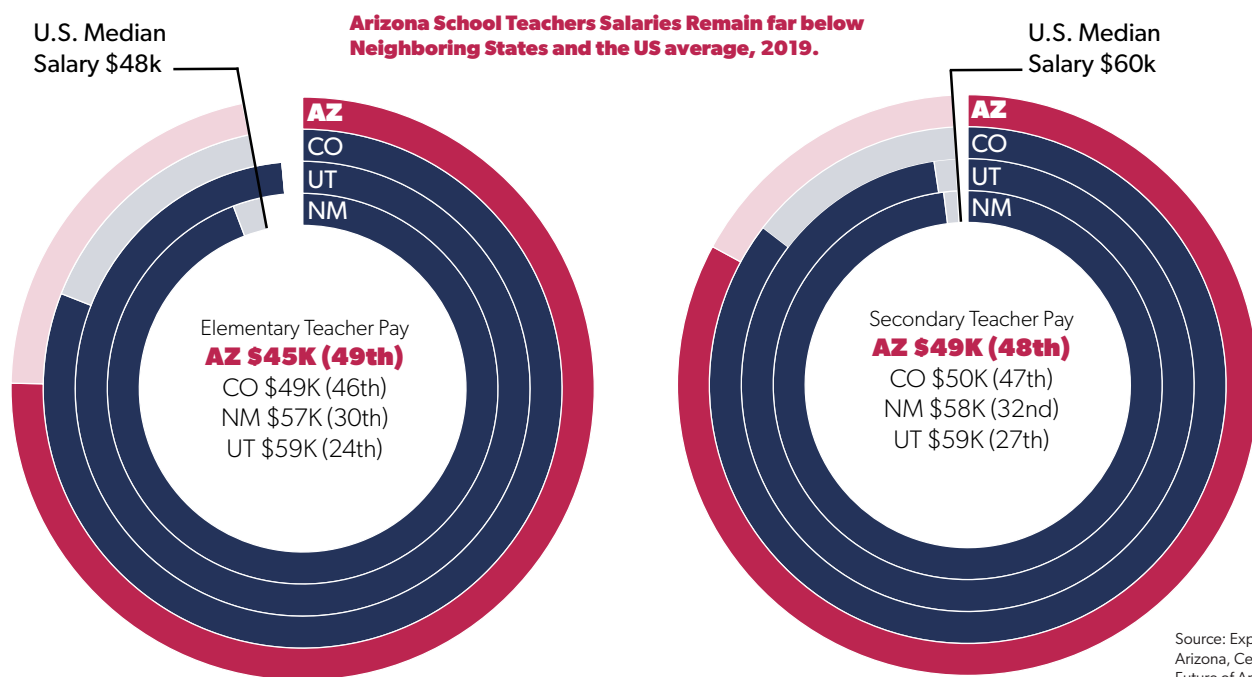
Without this new funding, Arizona's public schools will continue to face many challenges from more than two decades of disinvestments and future state revenue shortfalls caused by the COVID-19 economic crisis.

No state cut more from public education funding between 2008 and 2015 than Arizona, a continuation of a two-decade trend evidenced by our second-worst national ranking in per pupil funding. In fact, Arizona spends less per student today than in 2001. As a result, Arizona is experiencing one of the most severe teacher shortages and some of the largest class sizes in the US. Our students use outdated textbooks and technology in deteriorating school facilities. The COVID pandemic has compounded this as more teachers are deciding to leave the profession in light of the low pay and potential health risks. And schools are facing rising costs to educate students while keeping them healthy and safe in the midst of a pandemic.

### Teacher Shortage Remains at Crisis Levels

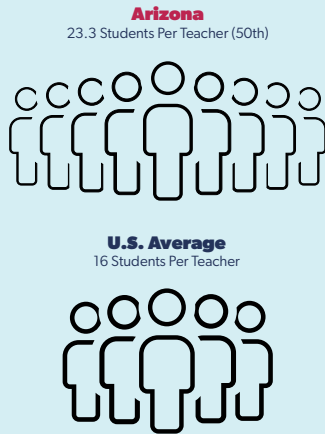
- 1,443 vacant teaching positions at the start of the 2019-2020 school year.
- 3,357 teaching positions filled with people who don't meet standard teaching requirements
- 427 teachers abandoned or resigned from their positions just prior to the 2019-2020 school year.
- Teacher pay is cited as the primary reason teachers leave the profession.
- Rural schools and those in lower socioeconomic levels are losing more teachers than those in more affluent areas.

Source: Finding & Keeping Educators for Arizona's Classroom (May 2017); ASU's Morrison Institute; Teacher Shortage Survey Results, Arizona School Personnel Administrators Association (August 2019).



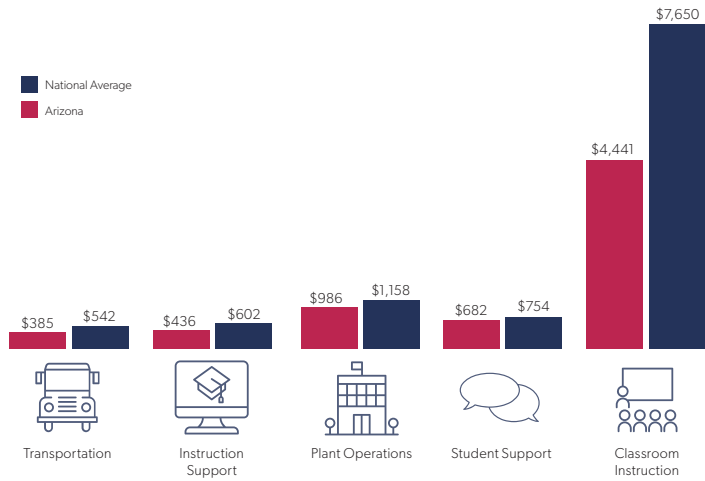
<sup>1</sup>InvestineED.com

## Arizona has the Highest Student-to-Teacher Ratio in the Nation, 2016-2017



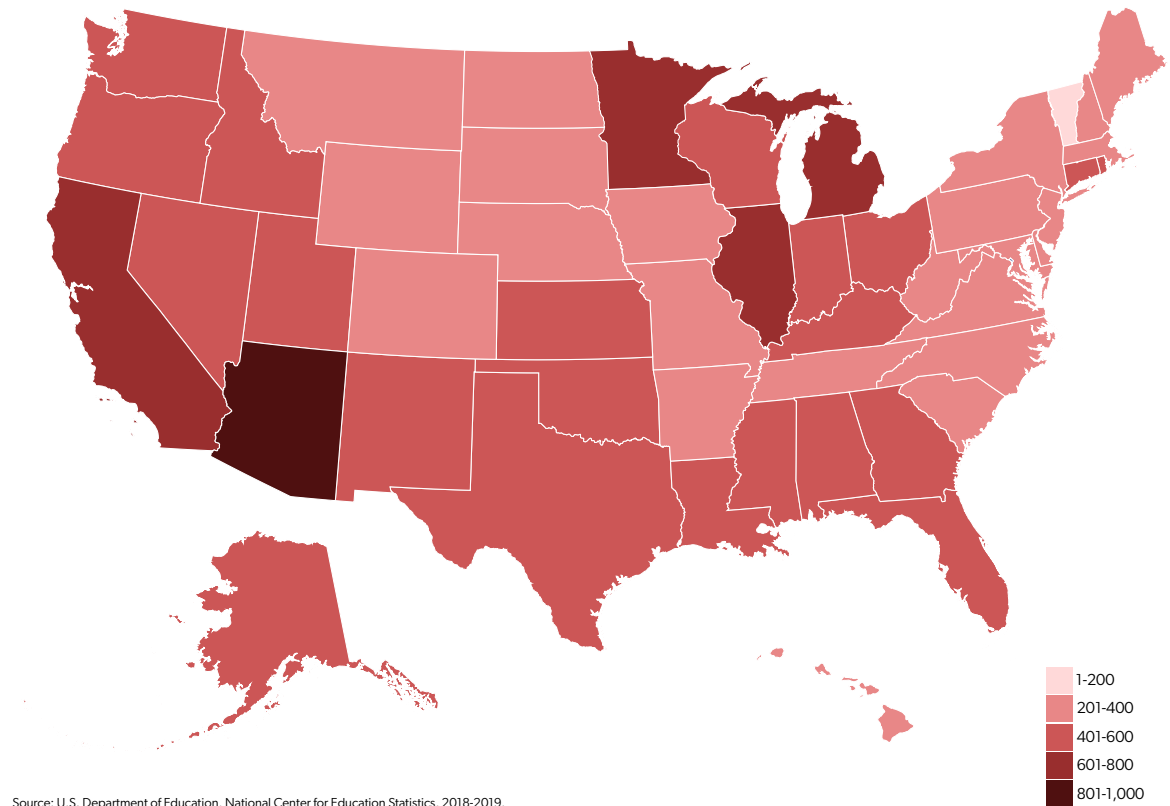
Source: U.S. Department of Education, National Center for Education Statistics, 2016-2017.

## Arizona Spends Less Per Student than the National Average in All Categories, FY 2018 (May 2020)



Source: U.S. Census Bureau, Summary Tables Public Elementary-Secondary Education Finances: Fiscal Year 2018, released May 2020.

## Arizona has the worst student-to-counselor ratio in the nation. Arizona has 905 students for every counselor, more than 3x the recommended ratio of 250 students per counselor, FY 2019.



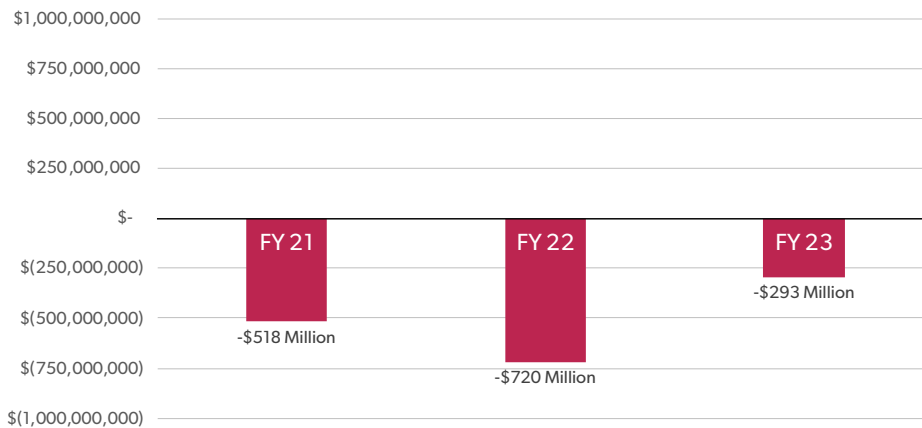
Source: U.S. Department of Education, National Center for Education Statistics, 2018-2019.

## Predicted Budget Shortfalls Mean No New Funding for Schools

Every year, the Arizona Legislature's nonpartisan Joint Legislative Budget Committee (JLBC) creates and updates revenue projections based on new economic data. Currently, JLBC estimates that the COVID-19 economic crisis will cause state budget shortfalls for at least the next three fiscal years, with a \$518 million revenue shortfall for the current fiscal year and shortfalls of \$720 million and \$293 million in the next two fiscal years respectively.<sup>2</sup> The strong economic growth we have experienced during the past three years has enabled the Arizona legislature to restore some, but not all, of the cuts to public school funding resulting from the Great Recession. While JLBC acknowledges that these projections are extremely speculative, these dire projections of future state budget shortfalls mean that Arizona's public schools cannot expect any new funding unless there is a plan to create new revenue for public education.

<sup>2</sup><https://www.azleg.gov/jlbc/061920junebudgetupdate.pdf>

## Arizona Is Projected to have a \$1.5 Billion Funding Deficit Over the Next 3 Years



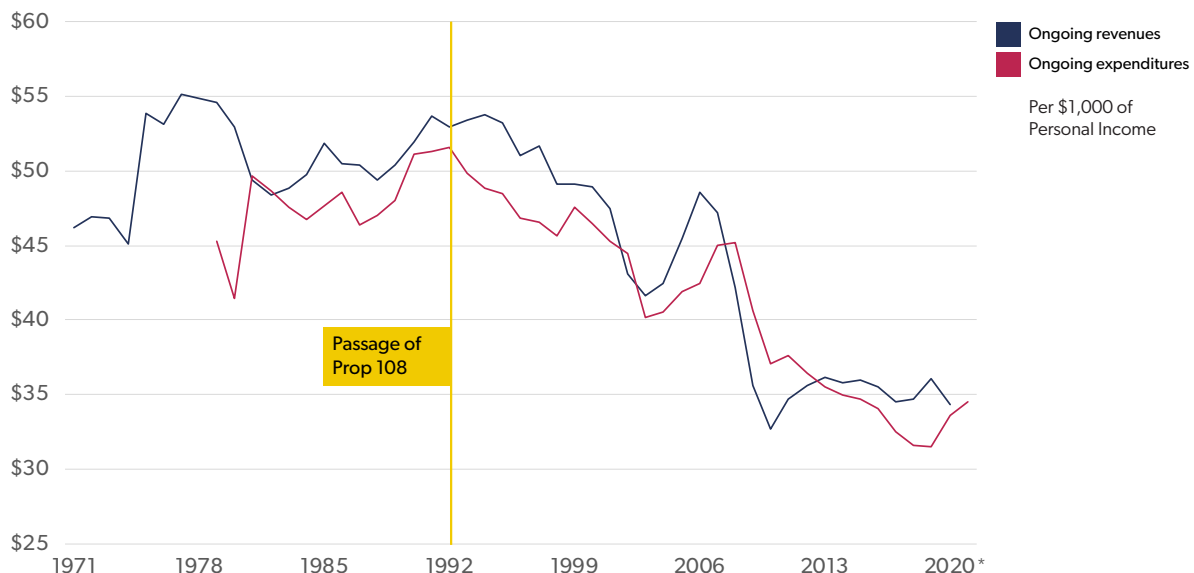
Source: Joint Legislative Budget Committee, June Budget Update, June 19, 2020.

### How did we get here?

This year's shortened legislative session caused by the COVID-19 pandemic put an end to 30 years of annual tax cuts by Arizona Legislature. All of those tax cuts have cost the state's general fund more than \$5 billion when adjusted for inflation. Many of those tax cuts have not benefitted everyday Arizonans. For example, in the midst of enacting the largest cuts to public education in 2011, the Legislature also passed the largest corporate tax cuts in state history and capital gains tax cuts that primarily benefitted the wealthiest Arizonans.

Arizona has struggled to raise revenue for important priorities like public education because of a provision in Arizona's constitution requiring a supermajority (two-thirds) vote of both legislative chambers to increase taxes or to repeal past tax cuts or tax credits (even when those tax giveaways have been proven ineffective). Since this threshold was approved by Arizona voters via Proposition 108 in 1992, it has been practically impossible to raise new revenue through the legislature, and there has been steady decline in both per capita state revenues and state investments. The barrier is a significant reason why a ballot measure like the Invest in Education initiative is one of the only viable ways to raise new revenue for public education.

### Prop 108 + Tax Cuts = Three Decades of Disinvestment

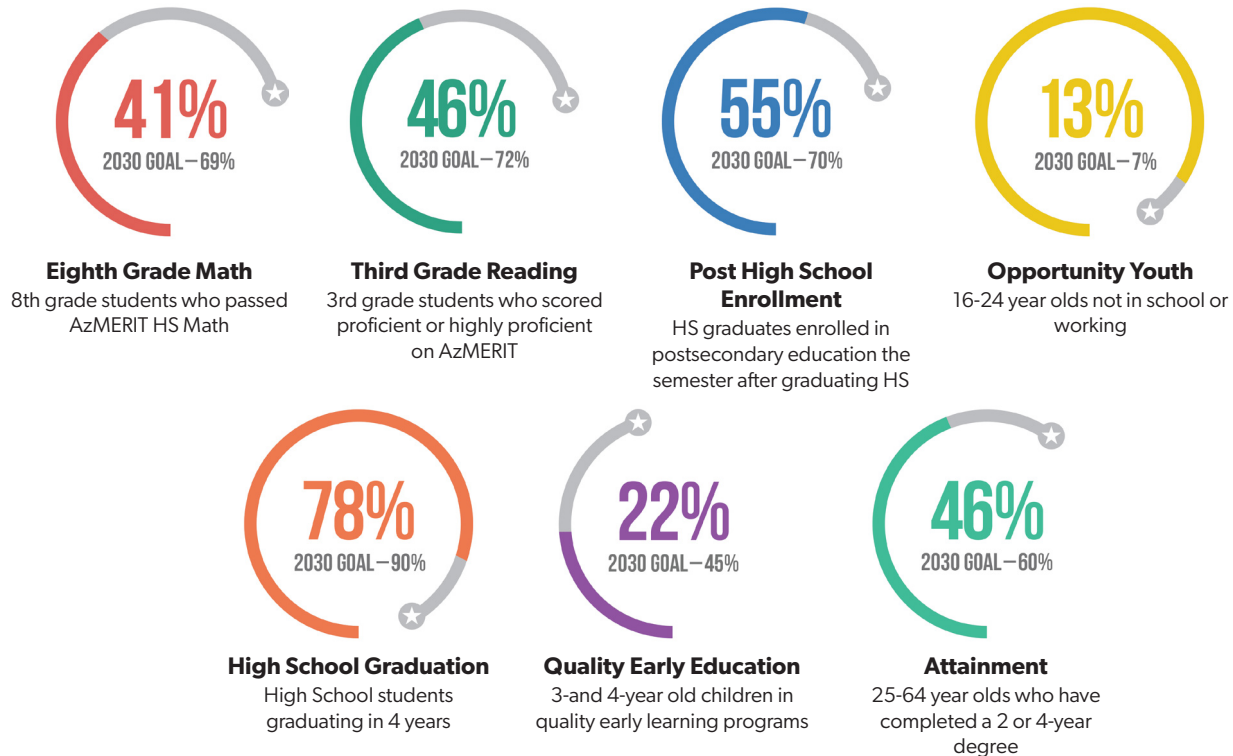


\* Estimate

Source: Tabulations prepared by Tom Rex, Associate Director for Competitiveness and Prosperity Research, Arizona State University, based on data from the Arizona Joint Legislative Budget Committee Staff and the U.S. Department of Commerce, Bureau of Economic Analysis.

## What's the plan? Invest in Ed is the plan.

Increasing educational attainment for all Arizona children so that we are building a highly skilled workforce should be one of our state's highest priorities. Many leaders in business, education, and government have come together to adopt the Arizona Education Progress Meter. The Education Progress Meter is a series of metrics that measure where our education system currently stands, and how far we need to go to ensure that we are providing every child in the Arizona with an excellent education. Unfortunately, performances on these goals for educational achievement remain far below expectations.



There are many promising ways to achieve these educational attainment goals, but nearly all strategies will require new investments in public education—a significant barrier considering Arizona's public schools began this school year with less funding than in 2008. Arizona's business leaders played a significant role in developing the Education Progress Meter because they know that increasing educational attainment is the key to a more skilled workforce and that leads to greater economic growth. Yet, many of these same business leaders have repeatedly failed to come up with a plan for addressing Arizona's public education funding crisis. The Invest in Education initiative's plan to increase income taxes on high earners is a reasonable and effective option for providing the investments Arizona needs in its public schools to achieve educational attainment goals, which will ultimately attract new businesses and jobs and boost long-term economic growth. Investing in Education (Proposition 208) is just good for business.

*"Arizona has demonstrated that it is committed to incentivizing business to come to Arizona, and there should be some effort by the business industry to reciprocate. I would hope they would want to invest in Arizona and Arizona's kids. We can't on the one hand outline our concern that the workforce is not robust and then decide we're not going to take any responsibility or action."*

**– Reginald Ballantyne, past chairman of the Arizona Chamber of Commerce and Industry and past president of the State Board of Education. Arizona Republic, June 10, 2017.**



azeconcenter.org  
info@azeconcenter.org  
602.266.0707