



## What kind of information do we provide?

In addition to our outreach efforts, the Arizona Education Network strives to provide accurate and easily accessible information. Our volunteer researchers investigate both education and general economic data that can inform possible solutions to our fiscal crisis and counter the unfortunate amount of misinformation that is currently circulating in our state. A sample of some of our most recent responses to our list serve subscribers and website emails can be found below:

### Q: I get a lot of mail from a special interest group saying that our state spending is wildly out of control. Are our expenditures really out of line?

While the answer to this question is subjective, we took a look at all of the states that have a similar population size to see how their spending compares. What we discovered is that Arizona is already operating with fewer general fund dollars than any of the states with populations between 6-7 million people<sup>i</sup>.

State	Population Rank 2008	Total Population 2008	2008 General Fund Expenditures (in millions)	Size of Projected Budget Gap as % of 2010 budget	Education Spending per student 2006-2007	2008 state GDP (in millions)	2008 GDP Rank
TN	17 <sup>th</sup>	6,214,888	\$11,361	0.7%	\$6,930 (46 <sup>th</sup> )	\$210,216	33 <sup>rd</sup>
IN	16 <sup>th</sup>	6,376,792	\$12,730	2.2%	\$8,874 (25 <sup>th</sup> )	\$209,903	42 <sup>nd</sup>
MA	15 <sup>th</sup>	6,497,967	\$27,227	2.1%	\$12,627 (7 <sup>th</sup> )	\$312,476	13 <sup>th</sup>
<b>AZ</b>	<b>14<sup>th</sup></b>	<b>6,500,180</b>	<b>\$10,037</b>	<b>20.5%</b>	<b>\$6,248 (50<sup>th</sup>)</b>	<b>\$210,235</b>	<b>43<sup>rd</sup></b>
WA	13 <sup>th</sup>	6,549,224	\$14,616	4.8% (2 year budget)	\$7,959 (38 <sup>th</sup> )	\$264.633	10 <sup>th</sup>

Our state general fund spending also hasn't varied much when it is compared to the total personal income of Arizona citizens each year. The highest income to state spending ratio in the last 16 years was **5.2% in 1995** – it was **4.7% in 2008**.

What has changed dramatically is our tax structure. Corporate income tax rates have declined from **9.3% in 1990** to **6.98% in 2008**. The JLBC reports that our yearly corporate tax revenue was actually lower between 1998-2004 than it was in FY 1997.

Personal income taxes have dropped from a range of **3.80-7.00% in 1990** to **2.59-4.54% in 2008**, and the number of tax credits and loopholes introduced during that time means that many individuals and businesses pay less than their actual published tax rate.

**Q: I heard that legislators have a plan to fill in some of the budget gap by borrowing against the state lottery. Will that work?**

The latest proposal is seeking to borrow off of future lottery earnings...though we can't call it that, because the Arizona Constitution strictly prohibits long-term borrowing. To get around these silly semantic details, "borrowing" in this case will be known as "securitization".

Though the plan is somewhat convoluted, legislators would like to avoid the constitutional restrictions by pledging future funds off a single source – in this case it would be the Arizona Lottery – and therefore 'secure' the future funds for this year's budget rather than 'borrow' them.

State lottery director Jeff Hatch-Miller reports that the lottery contributed **\$43.2 million** to the state treasury last year. Legislators are looking to "secure" anywhere from **20-30 years worth of future lottery revenue**; though this plan is further hampered by the fact that Arizona voters only authorized the state lottery through **2012**. We're not convinced that circumventing the Constitution *or* borrowing today from a program that doesn't legally exist 3 years from now is a viable plan.

**Q: My legislator told me that education spending has been consuming more & more of our state budget every year. I also hear that we are the lowest in education spending in the US – how can this be if we are spending so much more each year?**

There are three main ways that education spending is typically measured on a state level: by total dollars spent, the percentage of spending in relation to the overall state budget and the per-pupil spending (total spending divided by actual number of students served).

Unfortunately, your legislator is misinformed. In 1979 Arizona was investing about **69%** of the total general fund budget on K-12 schools, community colleges and universities. Today about **57%** of our state budget is devoted to our schools.

While Arizona's overall spending on education has increased during that same time period, it has not kept up with the growth in our population. The American Legislative Exchange Council (ALEC) reported recently that **Arizona actually spent more per K-12 student in 1986 than we did in 2006**. This bears repeating: we actually spent **\$61 less** per student than we did **20 years prior**...and those latest figures were released before the most recent spending cuts. The ALEC report also concurs with all of the other national education surveys that Arizona is ranked at the very bottom for educational investment among US states.

**Want to find out more?**

Please visit our website at **[www.arizonaeducationnetwork.com](http://www.arizonaeducationnetwork.com)** and click "**Join Us**" to receive our periodic updates! You can also find us on Facebook and on Twitter as **AZEducationNet**.

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<sup>i</sup> Detailed source information for all data can be found with each article on our website and email listings. To reference any of the above statistics, please visit [www.arizonaeducationnetwork.com](http://www.arizonaeducationnetwork.com).