



# THE ARIZONA CENTER — FOR ECONOMIC PROGRESS —

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## LESSONS FROM PAST PROMISES FOR PUBLIC SCHOOL FUNDING *Without a Revenue Source, Legislature and Governor Stopped Funding Students FIRST*

In 1998, with great fanfare, Governor Jane Hull signed Students' FIRST legislation. After four years of a lawsuit and court orders, this bill eliminated local property taxes as the main revenue stream for new school construction and promised to invest state dollars into both construction and school facility maintenance and repair.

No reliable revenue source was ever created for this investment. Instead, it was financed simply from the state general fund, relying on growth from the economy.

Unfortunately, what was approved by the Arizona Supreme Court and presented as a state commitment, dwindled and virtually disappeared as state revenues got tight and Governors and legislators made other investments a higher priority.

*"This proposal is brought forward during the best of economic times, which raises the question of what safety net will be there to get schools built if the economy goes south."*

*Proposed Solution to School Funding Short Shifts Kids* by Myrna Sheppard, Gilbert School Board member

*Arizona Republic, February 25, 1998*

*"This new capital funding system will be funded by the state Legislature- the same state legislature that has denied the schools inflation funding for years."*

*School-Funding Plan Hits Average Districts Hardest* by state legislators, Mary Hartley, Ruth Solomon, Joe Eddie Lopez, George Cunningham, *Arizona Republic, March 18, 1998*



In a still pending case, several school districts sued the state of Arizona in 2017, claiming the state reneged on the commitments it made in 1998.

Without a reliable funding source, just as the promised funding for Students FIRST went unfulfilled, the same thing will happen to promised funding for teacher pay.

*"Last year, legislators appropriated \$372 million to the Students FIRST capital finance plan and committed nearly \$800 million over the next two years. The problem is that revenues, while still increasing over the last year, aren't keeping pace."*

*Our View, Arizona Republic Editorial, January 10, 1999*

## UNRELIABLE GENERAL FUND APPROPRIATIONS FOR STUDENTS FIRST

(Dollars in millions)

Fiscal Year	New School Construction	Building Renewal
1999	\$200.0	\$75.0
2000	\$200.0	\$120.0*
2001	\$200.0	\$120.0
2002	\$250.0	\$132.0
2003	0	\$38.0
2004	0	0
2005	0	\$30.0
2006	\$250.0	\$70.0
2007	\$250.0	\$86.0
2008	\$370.0	\$86.0
2009	0	\$20.0
2010	0	\$3.0
2011	0	\$3.0
2012	0	\$2.7
2013	0	\$2.7
2014	\$0.7	\$16.7
2015	\$0.1	\$16.7
2016	\$2.2	\$16.7
2017	\$24.3	\$31.7
2018	\$87.0	\$33.8

*Source: Joint Legislative Budget Committee staff, Appropriation Reports, various years*

*\*(2000) Plus \$110 million new school cap reserve and \$15 million deficiency reserve*

***FOR YEARS 2003 – 2008, THE LEGISLATURE ALLOCATED FAR LESS FUNDING FOR BUILDING RENEWAL THAN WAS REQUIRED UNDER THE FUNDING FORMULA. IN 2009, THE FUNDING FORMULA WAS ELIMINATED FROM STATUTE. FUNDS ARE NOW ALLOCATED AS GRANTS BASED ONLY ON THE AMOUNTS APPROPRIATED.***