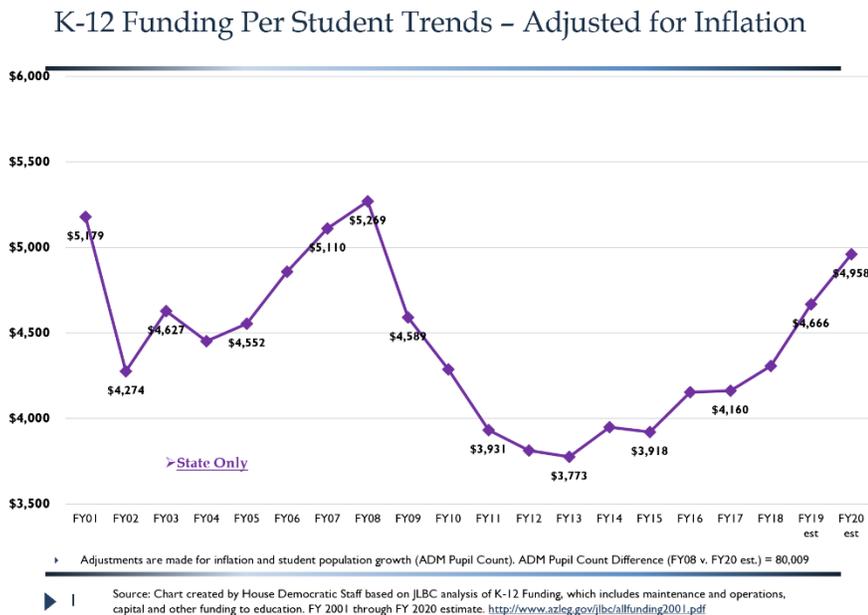


# FY2021 Executive Budget Proposal

## What does it mean for Arizona Educators?

On Friday January 17, 2020, the Governor’s Office released the Fiscal Year (FY) 2021 Executive Budget Proposal, a \$12.3 billion package where education continued to be touted as the top priority issue. Governor Doug Ducey has outlined his funding priorities for FY2021 and now must negotiate with the Arizona Legislature to finalize the budget. AEA has reviewed the Executive Education Budget Proposal and below we outline what Arizona educators need to know as the legislative session gets rolling.



The advocacy of Arizona educators since the REDforED walkout during the 2018 legislative session made a significant impact on the level of funding the governor has proposed. However, the chronic underfunding of our K-12 education system has been dramatic since the Great Recession.

In FY2008, per-pupil funding was \$5,269 and dropped to historic lows of \$3,773 in FY2013. There have been incremental investments in K-12 education since FY2014, but it continues to be drastically insufficient. **For example, since FY2016, Additional Assistance has been underfunded by \$1.5 billion and the Building Renewal Grant Fund has been underfunded by \$1.2 billion.**

Yet, Governor Ducey continues to build budgets that choose winners and losers, forcing students, teachers, and schools to compete for critical resources rather than ensuring our state meets its obligation to fully fund public education. There is much work to be done to guarantee students have equitable, sustainable, and dedicated revenue sources over the long term.

## AEA Principles for Solving Our Education Crisis

As a key stakeholder in the [INVESTinED coalition](#), AEA will review any education funding proposal in a way that measures whether or not the proposed plan meets our principles to resolve the crisis facing our students. It is important to note that even with the investments over the last two legislative sessions (2018 and 2019) our schools remain in crisis. There are still 1,800 teacher vacancies across the state and nearly 4,000 teaching positions are currently filled by individuals who do not meet the standard requirements (i.e., emergency substitutes). In addition, nearly 1,000 teachers have decided to leave the classroom this academic year alone.

In order to finally resolve this crisis, we need a budget and funding proposal that aligns with the following principles:

- Brings more than \$1 billion per year into K-12 education
- Includes revenue sources that will be sustainable over the long term
- Will make our education funding system fairer for low- and middle-income families
- Allocates money based on student needs in order to close the opportunity gap
- Provides transparency and oversight, without adding complicated new accountability systems

### Required Baseline Investment in Governor’s Budget

The governor is required by law to meet the following items: the annual inflation adjustment at 1.88% and student enrollment growth at 0.6%. Additionally, since REDforED and the 2018 session the governor has made long-term promises to K-12 education and is now obligated to fulfill those promises in his baseline investment.

	<i>\$ in millions</i>
1.88% Inflation Adjustment	\$131.7
0.6% Student Enrollment Growth	\$24.3
Additional 5% Teacher Pay Increase	\$174.5
Year 3: District and Charter Additional Assistance	\$67.8
Full Restoration of Additional Assistance	\$135.5

### Grants and Incentives to Select Schools (Vary Year to Year)

Governor Ducey has outlined \$127.3 million in new or expanded programs from prior years. The governor also expands his Test-Based Funding program, which continues to double down on high-stakes testing and takes the program to over \$100 million in resources. AEA’s position is that these dollars should be included in per-pupil funding, so all students and schools receive resources instead of requiring districts to compete against each other for this critical funding.

	<i>\$ in millions</i>
School Improvement Funding Grants (Project Rocket)	\$44
School Safety Grant Program	\$38
Results Based Funding Expansion	\$34.7
Career and Technical Education Incentive Program	\$5
College Credit by Examination Incentive Program	\$2.1
College Placement Exam Fee Waiver	\$1.2
Gifted Education	\$1
Alternative Teacher Development Program Expansion (Teach For America)	\$0.5
STEM Teacher Professional Development Pilot Program	\$0.4
Jobs for Arizona Graduates	\$0.4

### School Facilities Board

The governor continues to propose investments in the School Facilities Board through Building Renewal Grants and New School Construction grants. **However, the formula calls for investment to be at approximately \$280 million annually and the chronic underfunding of school facilities has been \$1.2 billion since FY2016.**

	<i>\$ in millions</i>
FY20 Supplemental Building Renewal Applications	\$35
FY21 Building Renewal Grants	\$107.5
New School Facilities (In Progress)	\$45.8
New School Facilities (Conceptual Approvals)	\$13.2
Square Footage Calculation Enhancements	\$6.4

### Administrative Additions

There are several administrative expenses that the governor is proposing to include in the budget. These include staff hiring for state agencies and research.

	<i>\$ in millions</i>
ADE ESA Voucher Program Admin	\$1.5
ADE Investigations Unit	\$0.4
Charter Board Oversight Staff	\$0.5
SFB Operational Staff Support	\$0.2

## Governor’s Proposed K-12 Education Budget

### The 20% Teacher Salary Increase Claim

Building on the 15% teacher salary increase that REDforED secured during the 2018 and 2019 legislative sessions, the governor’s proposal includes an additional \$175.5 million for a total of \$646.2 million to fund the 20% salary increase.

### District and Charter Additional Assistance

The proposal maintains the governor’s obligation to increase the Basic State Aid formula or District Additional Assistance (DAA) and Charter Additional Assistance (CAA). In FY2021, there is an additional \$203.3 million appropriated to finally fully restore Additional Assistance to \$371 million. In FY2016, Governor Ducey cut \$113.5 million in DAA. This was an approximate loss of \$135 per student and an overall loss of \$352.4 million (or an 83% funding cut) when DAA formula cuts were factored in. **Since FY2016, the governor and legislature failed to fund a total of \$1.5 billion to Additional Assistance.**

### New School Construction and Building Repairs

The Executive Budget proposes 13.2 million for the construction of two new schools in districts that will reach capacity in 2022, Chandler and Tanque Verde. Additionally, the governor’s budget proposal appropriates \$6.4 million to enhance the square-footage calculations for schools reaching capacity in FY2022. **Since FY2016, the governor and legislature failed to fund a total of \$1.2 billion the Building Renewal formula. AEA joined a lawsuit against the state for not funding capital investments as required by the Arizona Constitution.**

## Governor’s Grants and Incentive Programs

### Test-Based Funding Expansion

The governor continues to grow his Test-Based Funding program that rewards “high-achieving schools” with funding for performing well on standardized tests. The proposal includes an increase of \$34.7 million for a total of \$107 million appropriated for the expanded Test-Based Funding program. AEA has opposed Test-Based Funding since its inception in FY2018 because it expands inequities across school districts. High-achieving schools likely already have enough resources available to them, while struggling schools do not. AEA would rather see this \$107 million invested in the base funding formula to continue lifting all students up, not a select few.

### Project Rocket – School Improvement Funding (3-Year Pilot Program)

The governor is proposing the expansion of a small pilot program that he launched in Avondale Elementary, Wickenburg Unified, and Deer Valley Unified school districts. These districts saw an increase in test scores once additional resources were made available to them. This temporary pilot program invests \$44 million annually over the next three years to implement a school improvement model. The three-year pilot will monitor success across three indicators, including moving up a letter grade, earning at least 50% of growth points in the letter grade framework, and improvement in attendance. \$150 per pupil will be made available to C-rated schools with 60%+ free- and reduced-price lunch populations, and D- and F-rated schools. This is a grant-based program where schools will have to compete for funding.

### School Safety Program

During FY2020, the governor and legislature approved a \$32 million spending package on school safety, increasing the program by \$20 million. However, the FY2020 budget fell far short of the demand when the number of applications and money requested exceeded the money appropriated. In response, the governor is proposing an increased investment of \$38 million in FY2021 to fund the 461 remaining first choice unfunded applications from the fall 2019 application cycle. The cumulative request includes 162 school counselors, 155 social workers, and 144 school resource officers.

## Higher Education

### Community Colleges

- \$11.1 million for STEM and Workforce Programs Aid in Maricopa, Pima and Pinal community college districts
- \$10.6 million for Rural Community College Aid

### Universities

- \$35 million for Workforce Development for the New Economy initiative

- \$35 million to restore FY2020 Additional Investment
- \$1 million for Teachers Academy marketing, outreach, and recruitment
- Expands the Arizona Teachers Academy to include tuition reimbursement to private school teachers