

FY 2009 Spending Reduction Effects

As a % of:	GF – Reduced Funds ¹	GF – All Funds	All State Funds (GF/Sales Taxes)	Formula Funds	All AZ Funds	All Fu Sour
<i>Amount:</i>	\$4.2B	\$4.6B	\$5.2B	\$5.9B	\$9.2B	\$10.3B
<i>Reduction:</i>	\$133M	\$133M	\$133M	\$133M	\$133M	\$133M
<i>Percentage:</i>	3.2%	2.9%	2.6%	2.3%	1.4%	1.3%

Funding by Source

State ²	Property Taxes ²	Sales Taxes	Other ³	Federal	Total
\$4.6B	\$3.2B	\$0.6B	\$0.8B	\$1.1B	\$10.3B
45%	31%	5%	8%	11%	100%

Funding Breakdown

	Funding Source	Funding Purpose	Funding
Formula	General Fund	Basic State Aid/Formula	\$3.9B
	General Fund	H.O. Rebate	\$0.4B
	Property Taxes	Basic State Aid	\$1.6B ²
		<i>Subtotal:</i>	\$5.9B
All AZ Funds: State/Local	General Fund	Misc. (Non-Formula/ADE)	\$0.1B
	General Fund	SFB	\$0.1B
	Property Taxes	Bonds and Overrides	\$1.2B
	Property Taxes	Desegregation	\$0.2B
	Property Taxes	Excess Utilities	\$0.1B
	Property Taxes	Adjacent Ways	\$0.1B
	Sales Tax (Prop 301/Gaming)	Misc.	\$0.6B
	Other ³	Misc.	\$0.8B
		<i>Subtotal:</i>	\$3.2B
	Total:	\$9.2B	
All	Federal Money	Misc.	\$1.1B
		Grand Total:	\$10.3B

JDM – 3/5/09

Rankings Summary

Education Funding	Rank	Year
Estimated Funding Per Pupil (from all sources): \$9700	N/A	2009
Estimated Funding Total (from all sources): \$10.3 Billion	N/A	2009
Percentage of the GF Dedicated to K-12 & Higher Ed: 56.4%	N/A	2009
Funding Per Classroom of Students	16 th	2007
Increase in K-12 Expenditures Over 20 Years	3 rd	2007
Total Revenues from State Government	19 th	2008
Academic Achievement		
ACT Composite Scores	21 st	2008
SAT Composite Scores	31 st	2008
Weighted SAT Scores	7 th	2008
Overall Academic Achievement	33 rd	2008

Average Salaries and Salary Trends		
Beginning Teachers	20 th	2007
	18 th	2006
Beginning Teachers Relative to Per Capita Income	3 rd	2007
	10 th	2006
Beginning Teachers Salary Trends (2-year)	3 rd	2007
Teachers	31 st	2007
	24 th	2006
Teachers Relative to Per Capita Income	20 th	2007
	17 th	2006
Teacher Salary Trends (2-year)	2 nd	2007
Teacher Salary Trends (10-year)	23 rd	2007
All Instructional Staff <i>*Please see Rankings Detail for an explanation of why the low 2007 rank seems doubtful.</i>	*45 th	2007
	*12 th	2006
All Instructional Staff Relative to Per Capita Income	26 th	2007
	2 nd	2006
Enrollment		
K-12 Student Enrollment	13 th	2008
Enrollment Growth Over 10 Years	2 nd	2006
Enrollment Growth Over 20 Years	2 nd	2006
Other		
Strength of Charter School Laws	4 th	2006
% of Individuals 18-24 Years Old Conferred a Bachelor Degree	11 th	2005

Please see pages 2-5 to read an in-depth explanation for each of the above points.

Rankings Detail

Education Funding	Rank	FY¹	Source²
<ul style="list-style-type: none"> ▪ Estimated Funding Per Pupil (from all sources): \$9700 <u>Explanation:</u> State, county and local funding within the K-12 finance formula totals about \$5600/pupil. Additional state, county and local funding outside the formula raises the total to \$8700/pupil. Lastly, the inclusion of federal funds makes the grand total \$9700/pupil. For the sake of consistency, the recently enacted FY 2009 budget fix is not incorporated into the above calculations. If it were, it would reduce the above per pupil amounts by about \$125/pupil. <u>Source Link:</u> http://www.azleg.gov/ilbc/allfunding.pdf, (as of 2/2/09) 	N/A	2009	JLBC, 2009
<ul style="list-style-type: none"> ▪ Estimated Funding Total (from all sources): \$10.3 Billion <u>Explanation:</u> State, county and local funding within the K-12 finance formula totals about \$5.9 billion. Additional state, county and local funding outside the formula raises the total to \$9.2 billion. Lastly, the inclusion of federal funds makes the grand total \$10.3 billion. Each of these totals is divided by an ADM student count totaling a little over one million to get the per pupil amounts listed previously. For the sake of consistency, the recently enacted FY 2009 budget fix is not incorporated into the above calculations. If it were, it would reduce the above total amounts by \$133 million. <u>Source Link:</u> http://www.azleg.gov/ilbc/allfunding.pdf, (as of 2/2/09) 	N/A	2009	JLBC, 2009
<ul style="list-style-type: none"> ▪ Percentage of the GF Dedicated to K-12 & Higher Ed: 56.4% <u>Explanation:</u> A combination of K-12 and Higher Education expenses was used here because people at the Legislature generally talk about education funding as taking up about 60% of the General Fund. The percentage of the General Fund (GF) dedicated specifically to K-12—which totals about \$4.6 billion—comes to approximately 45% when the effects of the \$331 million K-12 Rollover are excluded (i.e. added back onto both the K-12 and GF totals for FY 2009). The remaining portion of the \$4.6 billion is derived by combining the following budget line items (per the JLBC Source Link below): 1) State Board for Charter Schools, 2) Arizona School for the Deaf and Blind, 3) Arizona Department of Education, and 4) School Facilities Board. For the sake of consistency, the recently enacted FY 2009 budget fix (which contained a total of \$589.7 million in actual state government reductions) is not incorporated into the above calculations. If it were, the percentage of the GF dedicated to K-12 would be even higher because the K-12 reductions were relatively small compared to other government areas. <u>Source Link:</u> http://www.azleg.gov/ilbc/09app/bd5.pdf, FY 2009, General Fund column (as of 2/2/09) 	N/A	2009	JLBC, 2009 (As calculated by Senate Majority Staff)
<ul style="list-style-type: none"> ▪ Funding Per Classroom of Students <u>Explanation:</u> The "Funding Per Classroom" rank was derived using ALEC data by multiplying the Pupil-Teacher Ratio by the Per Pupil Expenditures for each state. Because per pupil funding is predominantly a function of class size, this calculation is intended to largely mitigate class size as a factor in student expenditures since there appears to be little correlation between class size and student achievement (see Supplemental Source Link below). <u>Source Link:</u> http://www.alec.org/am/pdf/ReportCard08.pdf, pg 78 <u>Supplemental Source Link:</u> http://www.alec.org/am/pdf/ReportCard08.pdf, pgs 128-133 	16 th	2007	ALEC, 2008 (As calculated by Senate Majority Staff)
<ul style="list-style-type: none"> ▪ Increase in K-12 Expenditures Over 20 Years <u>Explanation:</u> The percent increase in expenditures is based on total dollars spent by a state. Thus, it likely correlates to student population changes. In addition, it is unclear what sources were included in state totals. For instance, FY 2007 JLBC records show \$8.6 billion coming from all Arizona sources, whereas ALEC puts the Arizona total at only \$7.1 billion (see Supplemental Source Link below). <u>Source Link:</u> http://www.alec.org/am/pdf/ReportCard08.pdf, pgs 74-75 <u>Supplemental Source Link:</u> http://www.azleg.gov/ilbc/allfunding.pdf, FY 2007 column (as of 2/2/09) 	3 rd	2007	ALEC, 2008
<ul style="list-style-type: none"> ▪ Total Revenues from State Government <u>Explanation:</u> See Explanation for previous bullet point. <u>Source Link:</u> http://www.nea.org/home/29402.htm, Table 8 	19 th	2008	NEA, 2008
Academic Achievement	Rank	FY¹	Source²
<ul style="list-style-type: none"> ▪ ACT Composite Scores <u>Explanation:</u> Arizona has relatively few students who take the ACT, which can result in a higher ranking since the students most likely to take the test are those who might do better. <u>Source Link:</u> http://www.alec.org/am/pdf/ReportCard08.pdf, pg 116 	21 st	2008	ALEC, 2008
<ul style="list-style-type: none"> ▪ SAT Composite Scores <u>Explanation:</u> With a little over 1/4th of Arizona students taking the SAT, Arizona is the median state in terms of the percentage of students who take the SAT. Also, see ACT explanation, above. <u>Source Link:</u> http://www.alec.org/am/pdf/ReportCard08.pdf, pg 118 	31 st	2008	ALEC, 2008

<ul style="list-style-type: none"> Weighted SAT Scores <u>Explanation:</u> The weighted scores ranking is determined by ranking those states where the SAT is more predominantly taken by students than the ACT. Arizona is one of 26 states where that is the case. <u>Source Link:</u> http://www.alec.org/am/pdf/ReportCard08.pdf, pg 115 	7 th	2008	ALEC, 2008
<ul style="list-style-type: none"> Overall Academic Achievement <u>Explanation:</u> Over the last ten years, Arizona's Academic Achievement ranking, as assessed by ALEC, has ranged from 18 to 33. The assessment is based on specific educational inputs and results. <u>Source Link:</u> http://www.alec.org/am/pdf/ReportCard08.pdf, pg 14 	33 rd	2008	ALEC, 2008
Average Salaries and Salary Trends	Rank	FY¹	Source²
<ul style="list-style-type: none"> Beginning Teachers <u>Explanation:</u> There has been a significant demand for new teachers due to Arizona's student enrollment growth. <i>Please see the "Enrollment" section for an explanation of how enrollment growth can impact overall teacher and instructional staff salary averages.</i> The referenced AFT report, from which this information is derived, did not include any data regarding 2008 beginning teacher salaries. 2007 was the most recent data. 2006 information is also noted. <u>Source Link:</u> http://www.aft.org/salary/2007/download/AFT2007SalarySurvey.pdf, pg 24 	20 th 18 th	2007 2006	AFT, 2008 AFT, 2008
<ul style="list-style-type: none"> Beginning Teachers Relative to Per Capita Income <u>Explanation:</u> The purpose of including the average salaries as they relate to "per capita income" is to illustrate how Arizona's teachers compare in terms of income throughout Arizona, verses how teachers fare in other states relative to salaries there. The "per capita income" rank for beginning teachers was derived by dividing Average Beginning Teacher Salaries (AFT data) by Per Capita Income (BEA data), for each state. <u>Source Links (for 2007 calculation):</u> 1) http://www.aft.org/salary/2007/download/AFT2007SalarySurvey.pdf, pg 24; <u>DIVIDED BY:</u> 2) http://www.bea.gov/regional/spi/default.cfm?satable=summary, "Step 2, per capita personal income, 2007" <u>Source Links (for 2006 calculation):</u> 1) http://www.aft.org/salary/2007/download/AFT2007SalarySurvey.pdf, pg 24; <u>DIVIDED BY:</u> 2) http://www.bea.gov/regional/spi/default.cfm?satable=summary, "Step 2, per capita personal income, 2006" 	3 rd 10 th	2007 2006	AFT, 2008 / BEA, 2007 AFT, 2008 / BEA, 2006 (As calculated by Senate Majority Staff)
<ul style="list-style-type: none"> Beginning Teachers Salary Trends (2-year) <u>Explanation:</u> This rank is based on the percentage change in average beginning teacher salaries over the course of the FY2005 – FY2007 two-year block, ranked from greatest percentage increase to greatest percentage decrease. <u>Source Link:</u> http://www.aft.org/salary/2007/download/AFT2007SalarySurvey.pdf, pg 24 	3 rd	2007	AFT, 2008
<ul style="list-style-type: none"> Teachers <u>Explanation:</u> While the latest NEA report includes 2008 and estimated 2009 rankings (36th and 30th respectively) the 2007 ranking is used here to be consistent with the information available on salary trends, beginning teacher salaries averages, and the data available to calculate per capita income rankings (refer to the explanation in the subsequent bullet point). 2006 information is also noted. <i>Please see the "Enrollment" section for an explanation of how enrollment growth can impact overall teacher and instructional staff salary averages; see Table 1 for a timeline of teacher rankings and salaries over the last several years.</i> <u>Source Link (for 2007 rank):</u> http://www.nea.org/assets/docs/02rankings08.pdf, pg 18 <u>Source Link (for 2006 rank):</u> http://www.nea.org/assets/img/content/07rankings.pdf, pg 19 	31 st 24 th	2007 2006	NEA, 2008 NEA, 2007
<ul style="list-style-type: none"> Teachers Relative to Per Capita Income <u>Explanation:</u> The "per capita income" rank for public school teachers was derived by dividing Average Salary of Public School Teachers (NEA data) by Per Capita Income (BEA data), for each state. As of 2/20/09, 2008 per capita income data was not yet available on the BEA website; thus, 2007 data was used in conjunction with the above 2007 teacher salary information. 2006 information is also noted. <u>Source Links (for 2007 calculation):</u> 1) http://www.nea.org/assets/docs/02rankings08.pdf, pg 18; <u>DIVIDED BY:</u> 2) http://www.bea.gov/regional/spi/default.cfm?satable=summary, "Step 2, per capita personal income, 2007" <u>Source Links (for 2006 calculation):</u> 1) http://www.nea.org/assets/img/content/07rankings.pdf, pg 19; <u>DIVIDED BY:</u> 2) http://www.bea.gov/regional/spi/default.cfm?satable=summary, "Step 2, per capita personal income, 2006" 	20 th 17 th	2007 2006	NEA, 2008 / BEA, 2007 NEA, 2007 / BEA, 2006 (As calculated by Senate Majority Staff)
<ul style="list-style-type: none"> Teacher Salary Trends (2-year) <u>Explanation:</u> This rank is based on the percentage change in average teacher salaries over the course of the FY2005 – FY2007 two-year block, ranked from greatest increase to greatest decrease. 	2 nd	2007	AFT, 2008

Source Link: http://www.aft.org/salary/2007/download/AFT2007SalarySurvey.pdf , pg 18			
<ul style="list-style-type: none"> Teacher Salary Trends (10-year) <p><u>Explanation:</u> This rank is based on the percentage change in average teacher salaries over the course of the FY1997 – FY2007 ten-year block, ranked from greatest increase to greatest decrease.</p> <p>Source Link: http://www.aft.org/salary/2007/download/AFT2007SalarySurvey.pdf, pg 19</p>	23 rd	2007	AFT, 2008
<ul style="list-style-type: none"> All Instructional Staff <p><u>Explanation:</u> For reasons explained previously, the 2007 ranking information is used here. The 2006 rank is also noted at the right to show where Arizona has ranked in recent years because Senate Majority Staff remains skeptical that Arizona could drop in rank so drastically so rapidly, for the several reasons that follow: 1) There should be a corresponding drop in teacher pay that year since it makes up the bulk of instructional staff salaries; but, there is not. 2) The lower ranking follows a number of years at a higher one, and supposedly occurs over the course of a single year. <i>Please see Table 1 for a timeline of instructional staff rankings and salaries over the last several years.</i> 3) NEA data claims Arizona's average instructional staff salary declined about \$13,000 (or 23%) from 2006 to 2007. Only three other states saw a decline between these reports, and they averaged about \$1300—a mere 1/10th of the supposed Arizona drop. Interestingly, it was during this very time period that Arizona gave the largest amount of money towards increased salaries in state history, which is confirmed in Arizona's extremely high rank for recent teacher salary trends (See Teacher Salary Trend data, above). These monies were in addition to hundreds of millions of dollars raised from Proposition 301's dedicated education sales tax, passed in 2000, which directed the new monies primarily towards increasing teacher pay. 4) Lastly, ALEC shows an instructional staff average pay increase of more than \$2000 during this period (see the Supplemental Source Links below). <i>"Instructional Staff" includes teachers, as well as principals, instruction supervisors, guidance personnel, librarians, psychological personnel, and other instructional staff; it does not include administrative staff, junior college staff, or attendance, health services, and clerical personnel.</i></p> <p>Source Link (for 2007 rank): http://www.nea.org/assets/docs/02rankings08.pdf, pg 21</p> <p>Source Link (for 2006 rank): http://www.nea.org/assets/img/content/07rankings.pdf, pg 21</p> <p>Supplemental Source Link (for 2007): http://www.alec.org/am/pdf/ReportCard08.pdf, pg 14</p> <p>Supplemental Source Link (for 2006): http://www.alec.org/am/pdf/2007_ALEC_Education_Report_Card.pdf, pg 10</p>	45 th 12 th	2007 2006	NEA, 2008 NEA, 2007
<ul style="list-style-type: none"> All Instructional Staff Relative to Per Capita Income <p><u>Explanation:</u> The "per capita income" rank was derived by dividing the Average Salary of Instructional Staff (NEA data) by the Per Capita Income for each state (BEA data). For the reasons explained previously, the 2006 rank is also noted at the right.</p> <p>Source Links (for 2007 calculation): 1) http://www.nea.org/assets/docs/02rankings08.pdf, pg 21; DIVIDED BY: 2) http://www.bea.gov/regional/spi/default.cfm?satable=summary, "Step 2, per capita personal income, 2007"</p> <p>Source Links (for 2006 calculation): 1) http://www.nea.org/assets/img/content/07rankings.pdf, pg 21; DIVIDED BY: 2) http://www.bea.gov/regional/spi/default.cfm?satable=summary, "Step 2, per capita personal income, 2006"</p>	26 th 2 nd	2007 2006	NEA, 2008 / BEA, 2007 NEA, 2007 / BEA, 2006 (As calculated by Senate Majority Staff)
Enrollment	Rank	FY¹	Source²
<ul style="list-style-type: none"> K-12 Student Enrollment <p><u>Explanation:</u> This rank reflects how Arizona stacks up in terms of its total student enrollment.</p> <p>Source Link: http://www.nea.org/assets/docs/02rankings08.pdf, pg 11</p> <p>Supplemental Source Link: http://www.nea.org/home/29402.htm, Table 2</p>	13 th	2008	NEA, 2008
<ul style="list-style-type: none"> Enrollment Growth over 10 Years <p><u>Explanation:</u> This rank reflects where Arizona stacks up against other states in terms of the percent increase in student enrollment in recent years. This data is significant as it relates to average teacher salaries, because Arizona's fast population growth has created a demand for new teachers who would likely have a starting salary at the lower end of the pay scale, thus dragging down the state average.</p> <p>Source Link: http://www.alec.org/am/pdf/2007_ALEC_Education_Report_Card.pdf, pg 127</p>	2 nd	2006	ALEC, 2007
<ul style="list-style-type: none"> Enrollment Growth over 20 Years <p><u>Explanation:</u> See Explanation for previous bullet point.</p> <p>Source Link: http://www.alec.org/am/pdf/2007_ALEC_Education_Report_Card.pdf, pg 127</p>	2 nd	2006	ALEC, 2007
Other	Rank	FY¹	Source²
<ul style="list-style-type: none"> Strength of Charter School Laws <p><u>Explanation:</u> States were given scores on the strength of their charter school laws based on an assessment of various indicators, including: the number of charter schools, multiple charter school</p>	4 th	2006	ALEC, 2008

<p>authorities, eligible applicants, improvements, regulation, funding, and operational, legal and fiscal autonomy. Scores were based on a scale of 1-5; 1 being a weak law and 5 being a strong law. A strong law is one that fosters the development of numerous, genuinely independent charter schools.</p> <p>Source Link: http://www.alec.org/am/pdf/ReportCard08.pdf, pg 152</p>							
<p>▪ % of Individuals 18-24 Years Old Conferred a Bachelor Degree</p> <p><u>Explanation:</u> This information is useful for exploring where students end up post-high school graduation.</p> <p>Source Link: http://www.nsf.gov/statistics/seind08/c8/c8.cfm?opt=2&selected=yes&action=map&colname=815, Data Table, Degrees/1000 individuals, 2005</p>	11 th	2005	NSF, 2008				
<p>TABLE 1: Timeline of Rankings & Salaries for Teachers & Instructional Staff (NEA Data)</p>							
	<i>Year:</i>	2009 (Est.)	2008	2007	2006	2005	2004
Teacher Salaries	<i>Rank</i>	30 th	36 th	31 st	24 th	27 th	28 th
	<i>\$\$</i>	\$47,937	\$45,772	\$44,700	\$44,672	\$42,905	\$41,843
Instructional Staff Salaries	<i>Rank</i>	41 st	44 th	45 th	12 th	11 th	11 th
	<i>\$\$</i>	\$46,897	\$45,216	\$43,595	\$56,559	\$54,836	\$53,479
Sources Link: The reports found at http://www.nea.org/home/1125.htm .							

Why it is NOT ACCURATE to simply say “Arizona ranks 49th in Education”:

- The “49th in Education” claim is based solely on a “per pupil” spending calculation, which is just ONE statistic, and does not take into account the following:
 - i. uniformity as to what funding categories go into the calculation from state-to-state (for example, Arizona has consistently ranked at the top for capital expenditures per pupil, but because school facilities are paid for separately for district schools, it is likely that few of those dollars are factored into Arizona’s per pupil calculations)
 - ii. actual dollars spent in the classroom from district-to-district or state-to-state
 - iii. cost of living adjustments
 - iv. voter-established constitutional requirements/limitations for education funding
 - v. estimates and redundancies in student counts
 - vi. calculation variances that occur because of rapid growth issues faced by states like Arizona, versus states experiencing little, or even negative growth
- It makes absolutely no sense for public policy to be driven by one isolated apples-to-oranges statistic, which looks at education spending in a vacuum
- There are better gauges to education ranking that are outcome-based indicators, such as student achievement, test scores, etc.
- The per-pupil expenditure ranking is predominantly a reflection of class size, and excludes any acknowledgement of system-wide efficiency
- A general state analysis by ALEC, as well as one by the RAND Corporation of California’s massive (and expensive) effort to reduce class sizes, has found no correlation between class sizes and test scores.

Footnotes:

¹ This column gives the Fiscal Year to which the data in the stated source(s) applies.

² This column gives the Entity that compiled and/or calculated the data, and the year of the published report that contained the data. The entities were included: JLBC – Arizona Joint Legislative Budget Committee; ALEC – American Legislative Exchange Council; NEA – National Education Association; AFT – American Federation of Teachers; BEA – Bureau of Economic Analysis, U.S. Department of Commerce; NSF – National Science Foundation.