

SOLUTION TO SCHOOL FINANCE CRISIS THROUGH EXISTING FUNDING SYSTEM

Issue: In a rush to respond to the financial crisis, the Chairmen's Option list has proposed massive cuts in education funding which if implemented will result in:

- Loss in Excess of 15,000 Trained Qualified Staff
- Loss of Education Programs
- A Further Lag for Arizona in Education, Technology, and Quality Workforce

Common Sense Solution to the Proposed P-12 Funding Reduction

Suspend Suspending the current Truth in Taxation law and adjusting the Qualifying Tax Rate (QTR) accordingly would result in a savings to State Aid Education Funding of: **\$588,000,000**

Suspending the Truth in Taxation law and adding \$1.00 to the existing QTR (Rollback to FY04 level) would only cost a homeowner in Arizona \$5.17 and businesses \$18.33 per \$100,000 of Assessed Value.

Reinstate Reinstating County Equalization tax would result in a savings to State Aid Education Funding of: **\$250,000,000**

County Equalization tax is a very important revenue source and component of P-12 Education Formula Funding and accounts for approximately 7.6% of state aid education funding.

Reduce Reduce the GBL (General Budget Limit) by the Inflation Factor Equivalent for one year would result in a savings to State Aid Education Funding of: **\$100,000,000**

These are difficult economic times and we are all obligated to contribute to the solution. Reducing the GBL by the inflation factor equivalent for one year would be an appropriate way for education to contribute.

Total Savings to State Aid Education Funding:
\$938,000,000

Results: Responsible, Common Sense Response to the current crisis

- This solution utilizes current law established by the Arizona Legislation for such a crisis.
- Continuity in Arizona education funding is necessary for long-term fiscal health.
- Avoid contributing to the unemployment rates and health care crisis by eroding the economic conditions of the state.

This is a solution which will work and when implemented, maintain the integrity of our state education funding system and the education programs which serve our students.