

 #20x2020

MOVING ARIZONA SCHOOLS FORWARD →

WHAT IS THE PLAN?

- ▶ Increase teacher salaries 20% by school year 2020
- ▶ Restore \$371 million of recession-era cuts to the additional assistance formula
- ▶ Support new school construction and building renewal
- ▶ Frees up dollars for:
 - ▶ Support staff salary increases
 - ▶ Classroom technology
 - ▶ Curriculum updates
- ▶ In total, add over \$1 billion of ongoing funding for K-12 education, above and beyond inflation, by FY 2023

WHAT DOES IT COST?

- ▶ The Executive Budget released in January, included \$100 million for additional assistance and \$68 million for a permanent 2% increase in teacher salaries
- ▶ The Governor's proposal adds an additional \$240 million in FY 2019 to fund an ongoing 10% salary increase
- ▶ An additional \$166 million is added in FY 2020 and \$176 million in FY 2021 to fund the remaining 10% of the salary increase
- ▶ In total, \$650 million will be added for teacher salaries by FY 2021 and \$371 million will be added for additional assistance by FY 2023

HOW DO WE PAY FOR IT?

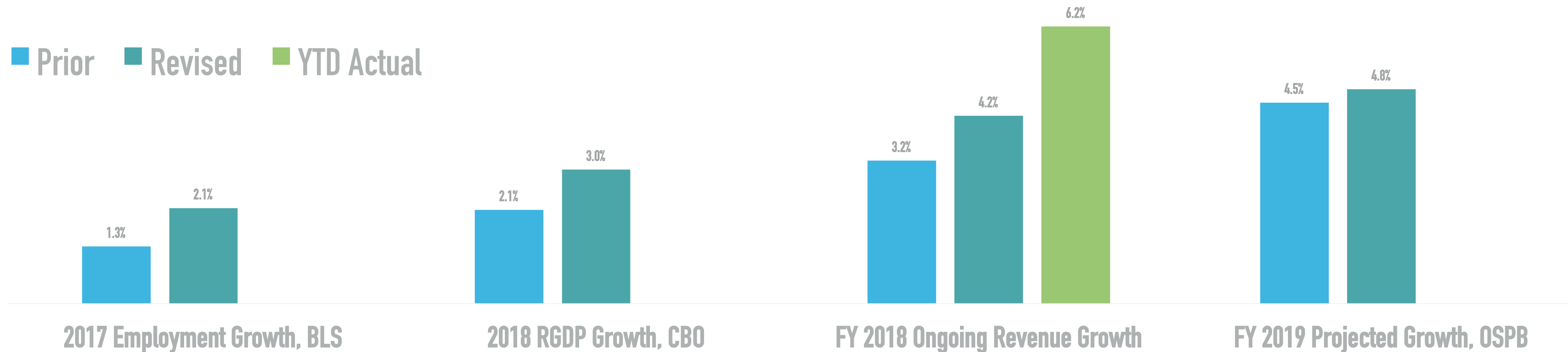
- ▶ When fully implemented:
 - ▶ Revenues - 83%
 - ▶ Caseload -- 4%
 - ▶ Reprioritization of Executive Budget Initiatives - 12%

HOW DO WE PAY FOR IT?

- ▶ Higher base revenue growth provides \$180 million more next year than the Executive contemplated in January

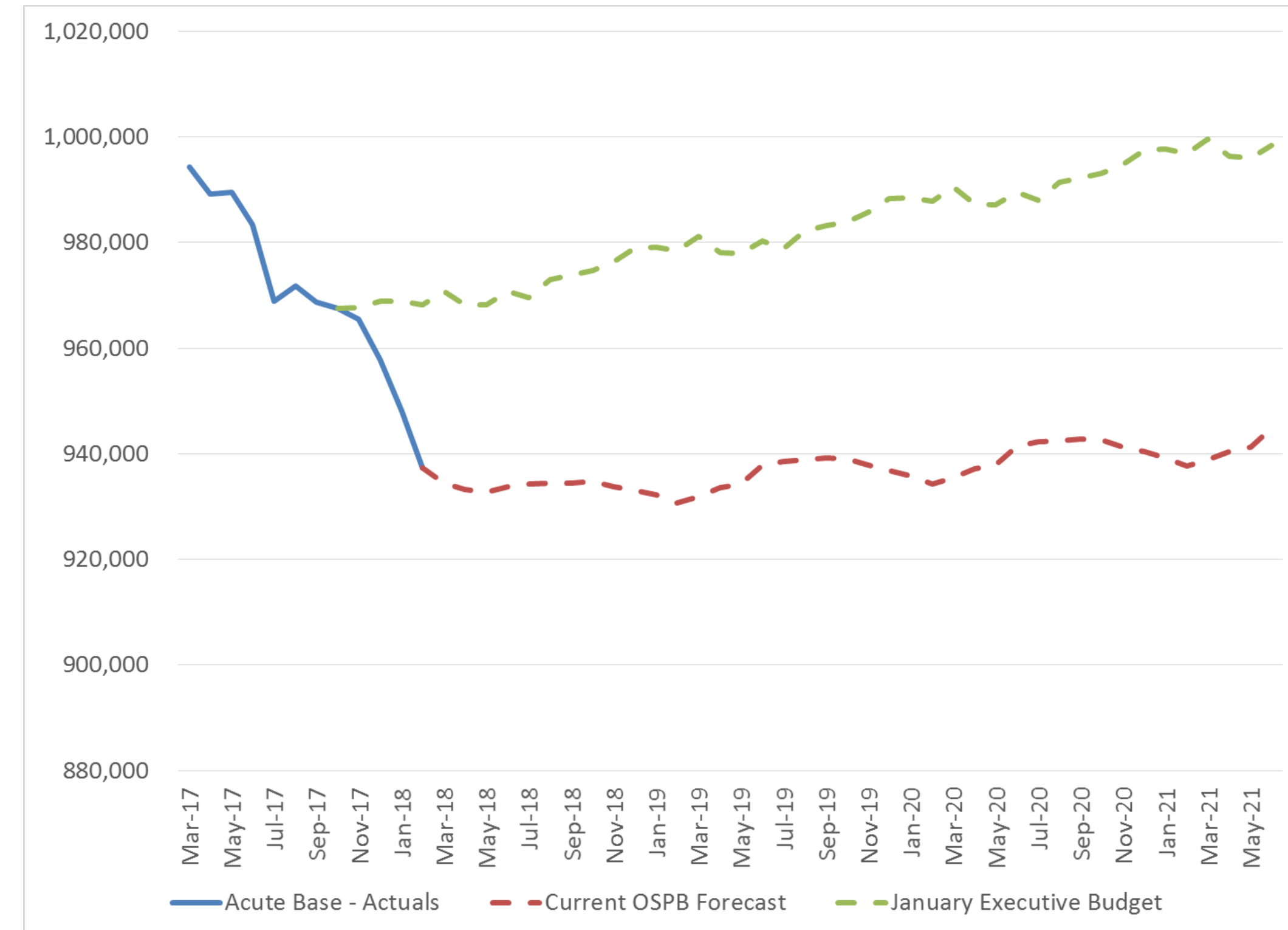
	Executive Ongoing Revenue Forecast Revision (millions)			
	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
Executive Revision	\$89.5	\$179.6	\$249.3	\$326.4
Total Ongoing	\$9,748.5	\$10,216.7	\$10,711.7	\$11,231.0

Changing Economic Fundamentals Since January Support a More Optimistic Revenue Outlook



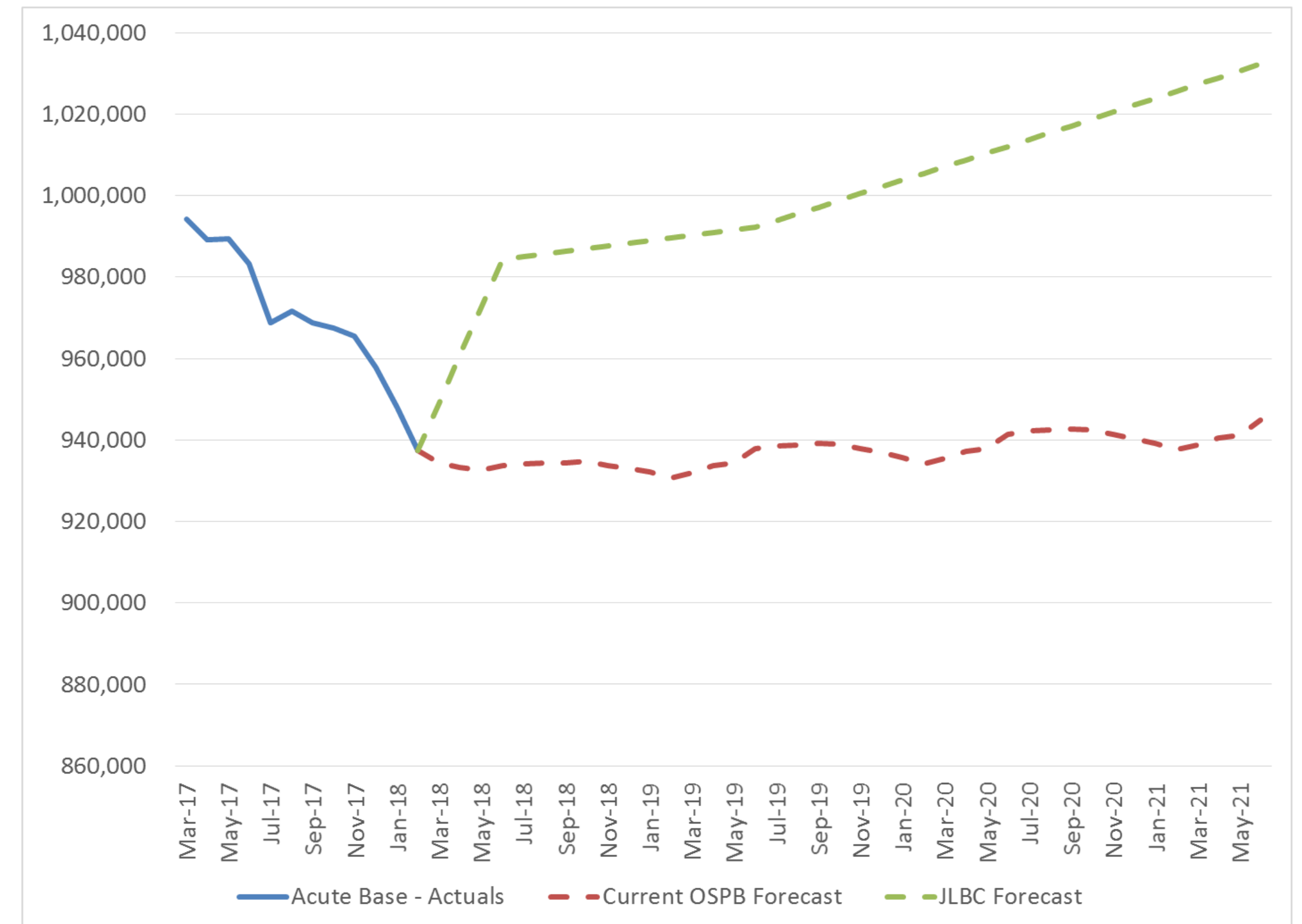
AHCCCS POPULATION – EXECUTIVE 1/12 VS. 4/18 FORECASTS

- ▶ This chart represents AHCCCS populations that are funded by the General Fund
- ▶ Since the Executive Budget was released in January, these populations have declined by 3.1%, or more than 30,000 people, likely due to an improving economy
- ▶ As indicated in the chart, the Executive does not forecast a continued decline at this level, but rather a flattening of the population
- ▶ However, the resulting decline generates \$30.8 million in General Fund savings in FY 2019 with savings continuing into FYs 2020-21



AHCCCS POPULATION – EXECUTIVE 4/18 VS. JLBC STAFF 4/16 FORECASTS*

- ▶ To achieve JLBC staff estimates for June 2018, AHCCCS caseloads must grow at a 15% annual rate
- ▶ We've only exceeded this rate of growth during recessions
- ▶ The JLBC/FAC economic outlook does not forecast a recession



* OSPB analysis of JLBC 416 budget update

REPRIORITIZATION OF EXECUTIVE BUDGET INITIATIVES

<i>All dollars in millions</i>	1.12	4.18	Difference
Proposal of One-Time Operations Increase for Universities	\$8.0	\$0	(8.0)
Restarting National Guard Tuition Reimbursement Program	1.0	0	(1.0)
DCS Guardian Information System	9.5	0*	(9.5)
Adoption Caseload Growth	8.8	1.2**	(7.6)
School Facilities Board New Programs	1.0	0	(1.0)
New ADE Administrative Funding	4.7	0	(4.7)
Attorney General Border Crimes Section Expansion	0.5	0	(0.5)
Total	33.5	0	(32.3)

*Based on updated project costs for FY 2019. The budget continues \$5M in the baseline for Guardian

**\$5.9M in other funds identified to fund this program, along with JLBC/OSPB caseload savings

WHAT THE PLAN DOESN'T DO

- ▶ No one will be kicked off Medicaid coverage or lose economic assistance from our "safety net" programs
- ▶ There is no shifting around funding within education to pay for the governor's education initiatives; *new* dollars are provided
- ▶ Additional Assistance and inflation dollars will not be restricted to a specific purpose, leaving funding decisions to local leaders
- ▶ Fund transfers included in the plan will not affect any program currently in operation, and all funds maintain a significant structural or cash balance