

Education Press Conference 6/4/15

Over the last several months, I've talked about how critical having quality public schools is to the future of Arizona and to our economy.

Arizona children, families and our hard-working teachers deserve the best possible public education system.

Right now we have some outstanding schools. But there's no denying we can do better.

This administration is focused on real reforms. We need funding formulas that produce real results. We need to make sure our best teachers and principals are empowered to make decisions. We need to guarantee kids in low-performing schools have the chance to learn from great educational leaders, like many of the ones gathered here today.

There are reforms. And there are resources. Today is about resources.

We've been listening, and we've also been working these last few months. Asking this question: How do we get more money to public education – in the face of our budget challenges – and without raising taxes on hard-working Arizonans?

This question is critical to answer because we also continue to face the uncertainty from a lawsuit hovering over our Capitol.

Five months ago, in my State of the State address, I called on the Legislature and the school districts to settle the question of

public school funding so that we could put that issue to rest and start planning for Arizona's future.

Now, we're in June, and there's still no settlement.

So today, I offer a fiscally-sound, responsible plan that I believe we can all get behind. It's one that's non-partisan, that won't burden our budget – that won't raise taxes – and it won't slow our economy.

My hope is that it serves as a unifying issue we can all rally behind.

More than a century ago, Arizona's leaders set up a trust – the state's Permanent Land Endowment Trust Fund; what I'll call the Land Trust. These are lands our nation entrusted to Arizona for the benefit of public K-12 education.

The Land Trust continues to grow and earn interest today. Dollars are then distributed to beneficiaries – mainly to public K-12 education.

That was the vision at its inception – that these funds go to our schools, our teachers, our kids.

You may recall that -- as Treasurer -- I proposed and advocated for Prop 118 back in 2012, a constitutional amendment that fixed the formula for school funding from this trust.

It was a common sense reform that garnered large majorities in the state legislature – unanimous in the Senate – and was ultimately approved by the voters in 2012.

The rate that was set for distribution was 2.5% each year, with 93% of that money going to K-12 education.

Right now the state's Land Trust stands at a near record high – \$5.1 billion. Thanks to Prop 118, the trust is set to consistently feed dollars to beneficiaries, but last it year it was less than \$100 million.

That land trust is an incredible asset. The \$5.1 billion is money that is currently in the bank.

In addition, estimates are that the remaining land still in the trust could amount up to \$70 billion in value, all of which will be realized by future generations of Arizonans. But our kids have needs today.

So we have \$5 billion in the bank, and up to \$70 billion in potential future value, and we're getting less than \$100 million a year from it? We can do better.

We have all heard the call for more spending on public education, which is usually accompanied by a call for higher taxes.

All of us can agree on more resources when it comes to public education.

But I don't believe raising taxes is wise or necessary in a tough economy when we have \$5 billion sitting on the sidelines.

When our teachers and parents are telling us they need more resources for our kids, why not take the opportunity to put billions of dollars to work on their behalf?

As a result I am putting forth this proposal, which I ask the Legislature to act on promptly when it reconvenes.

It is a request to the voters of Arizona – a very simple one – let's put new money into our public schools, without raising taxes.

Here are the specifics:

- To raise the 2.5% distribution formula to 10% for a period of five years. That would mean at least \$325 a million a year in new dollars to our schools each year; nearly \$2 billion total over the five year period.
- After five years, to protect the value and health of the trust, the distribution will be roughly 5% for the following five years – double the current rate of today.
- These changes should provide a pathway for settlement of the ongoing litigation and would put that unhappy chapter to an end.
- One more thing – Just as I did this year, I will ask the Legislature to fund inflation. Next year, the year after, and ongoing.

Making these changes in this manner would accomplish the following:

1. First, it would provide a substantial, 10-year increase in public education funding. Our public schools say they need more money to do their jobs. Under this plan, they will get those resources. Again, these are new dollars. No smoke and mirrors. No bait and switch.
2. Second, it allows Arizonans to decide whether they want more resources in our public schools. I'm confident they will say "yes," and I'll be leading the effort (along with many others) to make the sale.
3. Finally, there isn't a single penny of new taxes in this proposal, and not one dollar taken out of our economy -- that's a huge positive.

As you know, I believe funding is only one part of the equation to improving our schools. Other reforms are needed, including:

- Ensuring money is spent effectively to get the results we want.
- Empowering our principals.
- Turning around the worst-performing schools and ensuring they get new management.
- Giving teachers the respect and reward they deserve and the tools they need to do their jobs.

But if we can take uncertainty over funding off the table – and do it in a way that represents a substantial increase in new dollars

available to educators – then we will have made significant progress.

I believe the people of Arizona are ready to accept this challenge, and I intend to ensure they have the opportunity to vote on this proposal – and to put all the disagreements and legal disputes behind us. It's our money for our kids.

So let me leave you with this: over \$2 billion in new dollars to public education and no new taxes.