

Governor Ducey's Enhanced Funding Education Proposal

THE PERMANENT LAND ENDOWMENT TRUST FUND

- The federal government gave the state of Arizona lands as an endowment at the time of statehood.
- When the state sells those lands, the money goes into the Permanent Land Endowment Trust Fund.
- Those funds are held in trust, invested, and distributed to beneficiaries enumerated in the state constitution. (K-12 gets 93%)
- As of 2012 (and the passage of Prop 118), beneficiaries receive 2.5% of the value of the PLETF as an annual distribution. Each beneficiary has their own trust account that determines their proportion of the distribution.

GOVERNOR DUCEY'S PLAN

- Increases the current distribution formula from 2.5% to **10% over 5 years**; then 5% for the next five years (total 10 year plan)
- Under this formula, K-12 schools would receive **\$1.8 BILLION** more over five years than under the current distribution rate.
- Rate would be **5%** after five years – still double the current rate.
- With the change, the land trust fund would stand at **\$5.39 billion**.
 - *NOTE: That means that, even with the higher distribution rate, we'll still have more money in the fund than we do today.*
- This would have no burden on the general fund.
- There would be no tax increase on Arizonans.

FAQ:

Q: How much is in the PLETF today?

A: \$5.15 B

Q: How much was in the PLETF in December 2009?

A: \$2.67 B

Value of Permanent Fund (total for all beneficiaries) over time

As of end of FY

FY Market Value

2014	\$	4,868,540,000
2013	\$	4,149,353,000
2012	\$	3,524,634,000
2011	\$	3,286,678,000
2010	\$	2,721,848,000
2009	\$	2,370,315,000
2008	\$	2,581,135,000
2007	\$	2,446,636,000
2006	\$	2,033,123,000
2005	\$	1,700,051,000
2004	\$	1,311,567,000

Q: How much will be in the PLETF in five years (2021) if we make no changes?

A: ~\$7.58 B

Q: How much will be in the PLETF in five years (2021) under the proposed change? Will this decimate the fund?

A: ~\$5.39 B: **that means that even with the higher distributions, we'll still have more money in the fund in five years than we do today.**

Q: How much will the PLETF distribute over five years without changes?

A: \$692,525,327

Q: How much will the PLETF distribute over five years from earnings under the proposed change?

A: \$2,615,107,773

Q: Over a five-year period how much more will go to K-12 education beyond what it would get at the current 2.5% distribution rate?

A: \$1.79 B

Q: What is the amount and percentage increase in state funding per pupil per year for the next five years from just the increased distribution money?

A: It's approximately 9% per pupil increase that amounts to approximately \$300/year.

*Note: education is also funded by federal & local dollars.

*Note: all state funding numbers as defined by state General Fund equalization dollars.

Q: So, in total, how much money will go into K-12 education from the State of Arizona in the next five years (2016-2021)?

A: We forecast (including inflation, enrollment growth, K-3 Reading, and the new proposal) \$20.35 B

*Note: all state funding numbers as defined by state General Fund equalization dollars.

Q: When will schools (or any beneficiaries) start to get the higher distributions?

A: Tentatively FY 2017, pending voter approval in November of 2016