

Issue: AZ Education

Talking Points: Arizona Higher Education Funding Failure

Adequately investing in education is the single most important thing a state can do to create a vibrant economy. Spending on higher education pays for itself as college graduates make more money, pay more taxes and spend more money supporting the local economy than those with only a high school diploma.

Arizona voters believe in higher education. Clear majorities of both parties agree that every student in Arizona should have the opportunity to pursue education or training after high school.

In spite of the benefits of investing in education and Arizona voter's desire to expand educational opportunities, the Republican-led legislature has consistently failed to adequately fund higher education. The lack of funding is so dire that Arizona ranks almost last in the nation in supporting higher education. For example:

- Arizona ranked 49th in the nation in per-capita investment in higher education in 2022, according to the presidents of the state's public universities.
- State and local funding for higher education for the 2019-2020 school years ranked 48th, according to the College Board.
- Arizona's per-student funding dropped a whopping 31% from 2009 to 2019.

The statistics pertaining to college graduate rates are alarming:

- Arizona's 4-year college graduation rate of 26.3% in 2019 was the lowest in the nation.
- The college graduation rate is on a downward trend. At the current rate, Arizona will graduate only 16.8% of today's 9th graders from a 4-year college.
- In 2020, just under half—46%—of high school graduates in Arizona enrolled in either a 2- or 4-year college. The national average was significantly higher at 66%.

While Arizona has increased appropriations for higher education by 6.6% since 2020, it was barely enough to cover the increases in costs. In addition to rising tuition, Arizona has the lowest state public financial aid in the nation. In 2021 it was a mere \$38 per year per student, which compares very poorly to the national average of \$921.

Higher Education Affordability: With the costs of college doubling over the last 30 years, affordability is a problem that affects college students across the nation. Economically disadvantaged students—about 40% of Arizona high school graduates—are hit even harder. Over the last 30 years, families in the lower fifth of incomes saw just a 12.5% increase in income, while incomes of those in the top quintile increased on average by 57%.

Promise Program Shortfall: To help address the lack of affordability, the Arizona Promise Program was enacted in 2021. This program provides free tuition and fees for some low-income Arizona students. A major shortcoming of the Promise Program is a lack of adequate funding; only 25% of eligible students received this benefit for the 2023 school year. (The Arizona Board of Regents is required to find funding for the remaining qualifying low-income students.) Another deficiency of the Promise Program is that books, supplies, room, and board are not covered.

The bullet points in the box below are from the Economic Policy Institute and provide a good summary of the benefits to a state of educating its young people.

- Overwhelmingly, high-wage states are states with a well-educated workforce. There is a clear and strong correlation between the educational attainment of a state's workforce and median wages in the state.
- States can build a strong foundation for economic success and shared prosperity by investing in education. Providing expanded access to high quality education will not only expand economic opportunity for residents, but also likely do more to strengthen the overall state economy than anything else a state government can do.
- Cutting taxes to capture private investment from other states is a race-to-the-bottom state economic development strategy that undermines the ability to invest in education.
- States can increase the strength of their economies and their ability to grow and attract high-wage employers by investing in education and increasing the number of well-educated workers.
- Investing in education is also good for state budgets in the long run, since workers with higher incomes contribute more through taxes over the course of their lifetimes.