



The taxpayer's watchdog for over 75 years

ARIZONA TAX RESEARCH ASSOCIATION

ATRA OPPOSES SB1322 ***Sidesteps voters to create a 25% override***

Background:

There would be no reason to enshrine law in the constitution if a simple statutory change could dramatically alter what voters adopted. Since their passage in 1980, jurisdictions have grappled with the constitutional expenditure limitations and often asked their voters for overrides or “home rule” law, giving them increased expenditure capacity. The constitution made clear that any significant change in capacity would have to be approved by the voters- the ones who approved their creation.

In 2015, ATRA made the Legislature aware of significant over-estimations in the FTSE estimates which created significant expenditure limit capacity. In the past four years, statewide estimations have exceeded actual student counts by an average of 19.4%. After an interim study committee to examine the entire process, ATRA agreed to several reforms bringing clarity to the process and helping community college districts. However, SB1322 goes well beyond the compromise.

Basis for ATRA's Opposition:

Sensing lawmakers were willing to remove the estimation process and create accountability in FTSE counts, lobbyists for the community college districts reached for an opportunity to extract a nonvoter approved override by arguing that CTE is a newly expensive concept for community colleges. The truth is CTE courses were also more expensive than other courses in 1980 when the expenditure limits were approved by the voters. While it may be true that CTE courses are now even more expensive, it ignores the other FTSE that are less costly such as dual enrollment and online instruction.

This nonvoter approved override creates an estimated 25% statewide increase in expenditure limit authority, interestingly close to the FTSE overestimations in the last several years. Approval of this measure simply codifies the bad actors in the last several years.

This statutory change is quite likely unconstitutional. It adjusts the formula for counting students in a manner that arbitrarily inflates the value of students taking certain classes. Furthermore, it does not similarly adjust the measure of counting students in the 1980 base year, so the formulaic population factor is not an “apples to apples” comparison. Finally, it sets an extraordinarily bad precedent of the Legislature providing expenditure limit relief through creative accounting, signaling to other jurisdictions that they too can avoid public conversations and voter scrutiny by simply tinkering with population formulas.

ATRA ASKS YOU TO VOTE NO ON SB1322!