

RESOLUTION OF THE
NAABIK'IYATI' COMMITTEE OF THE
NAVAJO NATION COUNCIL

23RD Navajo Nation Council -- Second Year, 2016

AN ACTION

RELATING TO HEALTH, EDUCATION AND HUMAN SERVICES AND
NAABIK'IYATI'; SUPPORTING ARIZONA EDUCATION FINANCE AMENDMENT,
PROPOSITION 123 THAT THE ARIZONA LEGISLATURE HAS PLACED ON THE
PRIMARY ELECTION BALLOT OF MAY 17, 2016

WHEREAS:

- A. The Navajo Nation Council established the Health, Education and Human Services Committee (HEHSC) as a Navajo Nation standing committee and as such empowered HEHSC to review and recommend resolutions regarding education. 2 N.N.C. §§164 (A)(9), 400(A) and 401 (B)(6)(a)(2012) see also CO-45-12.
- B. The Navajo Nation established the Naabik'íyáti' Committee as a Navajo Nation Council standing committee and as such empowered Naabik'íyáti' Committee to coordinate all state programs, including those of the state of Arizona. 2 N.N.C. §§ 164(A)(9), 700 (A), 701(A)(4)(2012); see also CO-45-12.
- C. The Navajo Nation has a government-to-government relationship with the State of Arizona.
- D. Arizona Education Finance Amendment Proposition 123 proposes amendments to the Arizona constitution relating to education finance by increasing the annual distributions from the state trust land permanent funds to schools, universities and other public institutions. See text attached as Exhibit "A"
- E. On October 29, 2015, the Arizona House passed the proposed amendment; on October 30, 2015, the Senate passed the bill.

F. Proposition 123 will directly benefit K-12 school districts on the Navajo Nation. See Memorandum attached as Exhibit "B".

G. This proposed Amendment would promote the education of students attending school districts on the Navajo Nation and the operation and maintenance of those school districts.

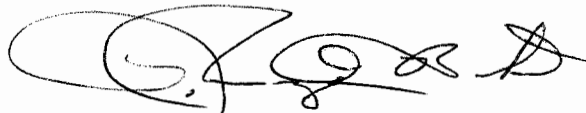
NOW THEREFORE, BE IT RESOLVED:

A. The Navajo Nation supports Arizona Education Finance Amendment Proposition 123 allocating additional education funding over the next ten (10) fiscal years that will directly impact Navajo Nation K-12 school districts.

B. The Navajo Nation hereby authorizes the Navajo Nation President, the Navajo Nation Speaker, the Navajo Nation Chief Justice and their designees, to advocate for Arizona Proposition 123, and state the official position of the Navajo Nation.

CERTIFICATION

I hereby certify that the foregoing resolution was duly considered by the Naabik'íyáti' Committee of the 23rd Navajo Nation Council at a duly called meeting in Window Rock, Navajo Nation (Arizona), at which a quorum was present and that the same was passed by a vote of 11 in favor and 0 oppose, this 11th Day of February, 2016.



Honorable LoRenzo Bates, Chairperson
Naabik'íyáti' Committee

Motion: Walter Phelps
Second: Herman Daniels, Jr.

(Pursuant to 2 N.N.C. §700 (D), Two members from each committee)

NAVAJO NATION

RCS# 305

Naa'bik'iyati Committee

2/11/2016

04:17:14 PM

Amd# to Amd#

Legislation No. 0030-16

PASSED

MOT Phelps

Supporting AZ Education Finance

SEC Daniels

Amendment, Proposition 123 that
the AZ Legislature has Placed on

Yea : 11

Nay : 0

Not Voting : 13

Yea : 11

Begay, K
Begay, NM
BeGaye, N

Chee
Daniels
Filfred

Hale
Phelps
Slim

Witherspoon
Yazzie

Nay : 0

Not Voting : 13

Bates
Begay, M
Bennett
Brown

Crotty
Damon
Jack

Perry
Pete
Shepherd

Smith
Tso
Tsosie

House Engrossed

FILED
MICHELE REAGAN
SECRETARY OF STATE

State of Arizona
House of Representatives
Fifty-second Legislature
First Special Session
2015

HOUSE CONCURRENT RESOLUTION 2001

A CONCURRENT RESOLUTION

PROPOSING AN AMENDMENT TO THE CONSTITUTION OF ARIZONA; AMENDING ARTICLE X, SECTION 7, CONSTITUTION OF ARIZONA; AMENDING ARTICLE XI, CONSTITUTION OF ARIZONA, BY ADDING SECTION 11; RELATING TO EDUCATION FINANCE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it resolved by the House of Representatives of the State of Arizona, the
2 Senate concurring:

3 1. Article X, section 7, Constitution of Arizona, is proposed to be
4 amended as follows if approved by the voters and on proclamation of the
5 Governor:

6 7. Establishment of permanent funds; segregation,
7 investment and distribution of monies;
8 exception; resolution of litigation

9 Section 7. A. A separate permanent fund shall be
10 established for each of the several objects for which the said
11 grants are made and confirmed by the enabling act to the state,
12 and whenever any monies shall be in any manner derived from any
13 of said lands, the same shall be deposited by the state
14 treasurer in the permanent fund corresponding to the grant under
15 which the particular land producing such monies was, by the
16 enabling act, conveyed or confirmed.

17 B. No monies shall ever be taken from one permanent fund
18 for deposit in any other, or for any object other than that for
19 which the land producing the same was granted or confirmed.

20 C. All such monies shall be invested in safe
21 interest-bearing securities and prudent equity securities
22 consistent with the requirements of this section.

23 D. The legislature shall establish a board of investment
24 to serve as trustees of the permanent funds. The board shall
25 provide for the management of the assets of the funds consistent
26 with the following conditions:

27 1. Not more than sixty ~~per cent~~ PERCENT of a fund at cost
28 may be invested in equities at any time.

29 2. Equities that are eligible for purchase are restricted
30 to stocks listed on any national stock exchange or eligible for
31 trading through the United States national association of
32 securities dealers automated quotation system, or successor
33 institutions, except as may be prohibited by general criteria or
34 by a restriction on investment in a specific security adopted
35 pursuant to this subsection.

36 3. Not more than five ~~per cent~~ PERCENT of all of the
37 funds combined at cost may be invested in equity securities
38 issued by the same institution, agency or corporation, other
39 than securities issued as direct obligations of and fully
40 guaranteed by the United States government.

41 E. In making investments under this section the state
42 treasurer and trustees shall exercise the judgment and care
43 under the prevailing circumstances that an institutional
44 investor of ordinary prudence, discretion and intelligence
45 exercises in managing large investments entrusted to it, not in

1 regard to speculation, but in regard to the permanent
2 disposition of monies, considering the probable safety of
3 capital as well as the probable total rate of return over
4 extended periods of time.

5 F. The earnings, interest, dividends and realized capital
6 gains and losses from investment of a permanent fund, shall be
7 credited to that fund.

8 G. The board of investment shall determine the amount of
9 the annual distributions required by this section and allocate
10 distributions pursuant to law. ~~Beginning July 1, 2000 and~~
11 ~~except as otherwise provided in this section, the amount of the~~
12 ~~annual distribution from a permanent fund established pursuant~~
13 ~~to this section is the amount determined by multiplying the~~
14 ~~following factors:~~

15 1. ~~The average of the annual total rate of return for the~~
16 ~~immediately preceding five complete fiscal years less the~~
17 ~~average of the annual percentage change in the GDP price~~
18 ~~deflator, or a successor index, for the immediately preceding~~
19 ~~five complete fiscal years. For the purposes of this paragraph:~~

20 (a) ~~"Annual total rate of return" means the quotient~~
21 ~~obtained by dividing the amount credited to a fund pursuant to~~
22 ~~subsection F for a complete fiscal year, plus unrealized capital~~
23 ~~gains and losses, by the average monthly market value of the~~
24 ~~fund for that year.~~

25 (b) ~~"GDP price deflator" means the gross domestic price~~
26 ~~deflator reported by the United States department of commerce,~~
27 ~~bureau of economic analysis, or its successor agency.~~

28 2. ~~The average of the monthly market values of the fund~~
29 ~~for the immediately preceding five complete fiscal years.~~

30 H. ~~Notwithstanding any other provision of this section,~~
31 ~~The annual distribution from the permanent funds:~~

32 1. For fiscal years 2012-2013 through ~~2020-2021~~
33 2014-2015, shall be two and one-half ~~per cent~~ PERCENT of the
34 average monthly market values of the fund for the immediately
35 preceding five calendar years.

36 2. FOR FISCAL YEARS 2015-2016 THROUGH 2024-2025, SHALL BE
37 SIX AND NINE-TENTHS PERCENT OF THE AVERAGE MONTHLY MARKET VALUES
38 OF THE FUND FOR THE IMMEDIATELY PRECEDING FIVE CALENDAR YEARS,
39 EXCEPT THAT IN FISCAL YEAR 2015-2016, THE DISTRIBUTION MADE FROM
40 THE PERMANENT STATE SCHOOL FUND SHALL BE \$259,266,200.

41 3. BEGINNING WITH FISCAL YEAR 2025-2026, SHALL BE TWO AND
42 ONE-HALF PERCENT OF THE AVERAGE MONTHLY MARKET VALUES OF THE
43 FUND FOR THE IMMEDIATELY PRECEDING FIVE CALENDAR YEARS.

44 H. FOR FISCAL YEARS 2015-2016 THROUGH 2024-2025, ANY
45 INCREASE IN EXPENDABLE EARNINGS UNDER SECTION 37-521, SUBSECTION

1 B, PARAGRAPH 4, ARIZONA REVISED STATUTES, THAT RESULTS FROM A
2 DISTRIBUTION OF MORE THAN TWO AND ONE-HALF PERCENT OF THE
3 AVERAGE MONTHLY MARKET VALUES OF THE FUND FOR THE IMMEDIATELY
4 PRECEDING FIVE CALENDAR YEARS PURSUANT TO SUBSECTION G,
5 PARAGRAPH 2 OF THIS SECTION SHALL BE APPROPRIATED FOR BASIC
6 STATE AID, INCLUDING INFLATION ADJUSTMENTS REQUIRED BY SECTION
7 15-901.01, ARIZONA REVISED STATUTES.

8 I. ON OR BEFORE FEBRUARY 1 OF EACH YEAR, IF THE AVERAGE
9 MONTHLY MARKET VALUES OF THE FUND FOR THE IMMEDIATELY PRECEDING
10 FIVE CALENDAR YEARS HAVE DECREASED COMPARED TO THE AVERAGE
11 MONTHLY MARKET VALUES OF THE FUND FOR THE FIVE-CALENDAR-YEAR
12 PERIOD THAT IMMEDIATELY PRECEDES THE PRECEDING FIVE CALENDAR
13 YEARS, THE DIRECTOR OF THE OFFICE OF STRATEGIC PLANNING AND
14 BUDGETING, OR ITS SUCCESSOR AGENCY, AND THE DIRECTOR OF THE
15 JOINT LEGISLATIVE BUDGET COMMITTEE, OR ITS SUCCESSOR AGENCY,
16 SHALL JOINTLY NOTIFY THE GOVERNOR, THE PRESIDENT OF THE SENATE
17 AND THE SPEAKER OF THE HOUSE OF REPRESENTATIVES THAT A REDUCTION
18 TO THE DISTRIBUTION PRESCRIBED IN SUBSECTION G, PARAGRAPH 2 OF
19 THIS SECTION IS NECESSARY TO PRESERVE THE SAFETY OF THE CAPITAL
20 IN THE FUND. ON RECEIPT OF THAT NOTIFICATION, THE LEGISLATURE
21 MAY ENACT LEGISLATION, WITH THE APPROVAL OF THE GOVERNOR, THAT
22 REDUCES THE DISTRIBUTION IN SUBSECTION G, PARAGRAPH 2 OF THIS
23 SECTION FOR THE NEXT FISCAL YEAR TO AT LEAST TWO AND ONE-HALF
24 PERCENT BUT LESS THAN SIX AND NINE-TENTHS PERCENT OF THE AVERAGE
25 MONTHLY MARKET VALUES OF THE FUND FOR THE IMMEDIATELY PRECEDING
26 FIVE CALENDAR YEARS.

27 J. ANY AMOUNT REDUCED PURSUANT TO SUBSECTION I OF THIS
28 SECTION IS NOT REQUIRED TO BE PAID OR DISTRIBUTED:

- 29 1. FROM ANY OTHER SOURCE OF PUBLIC MONIES.
30 2. IN ANY SUBSEQUENT FISCAL YEAR.

31 K. IF THE LEGISLATURE ENACTS LEGISLATION, WITH THE
32 APPROVAL OF THE GOVERNOR, THAT REDUCES THE DISTRIBUTION PURSUANT
33 TO SUBSECTION I OF THIS SECTION:

34 1. THE LEGISLATURE MAY REDUCE THE BASE LEVEL FOR THE NEXT
35 FISCAL YEAR BY AN AMOUNT COMMENSURATE WITH THE REDUCTION IN THE
36 DISTRIBUTION FROM THE PERMANENT STATE SCHOOL FUND FOR THE NEXT
37 FISCAL YEAR.

38 2. THE AMOUNTS FROM THE BASE LEVEL REDUCTION ARE NOT
39 REQUIRED TO BE PAID OR DISTRIBUTED IN ANY SUBSEQUENT FISCAL
40 YEAR.

41 3. THE BASE LEVEL REDUCTION IS NOT PART OF THE
42 CALCULATION OF THE BASE LEVEL FOR SUBSEQUENT FISCAL YEARS.

43 L. THIS SECTION PRESERVES THE AUTHORITY VESTED IN THE
44 LEGISLATURE PURSUANT TO THIS CONSTITUTION.

1 M. THIS SECTION AND ARTICLE XI, SECTION 11 OF THIS
2 CONSTITUTION AND THE TERMS AND APPROPRIATIONS OF HOUSE BILL
3 2001, FIFTY SECOND LEGISLATURE, FIRST SPECIAL SESSION, FULLY
4 SATISFY THE REQUIREMENTS OF SECTION 15-901.01, ARIZONA REVISED
5 STATUTES:

6 2. Article XI, Constitution of Arizona, is proposed to be amended by
7 adding section 11 as follows if approved by the voters and on proclamation of
8 the Governor:

9 11. Schools: inflation adjustments: exceptions:
10 definitions

11 SECTION 11. A. ON OR BEFORE FEBRUARY 1 OF EACH YEAR, IF
12 THE STATE TRANSACTION PRIVILEGE TAX GROWTH RATE AND THE TOTAL
13 NONFARM EMPLOYMENT GROWTH RATE ARE EACH AT LEAST ONE PERCENT,
14 BUT LESS THAN TWO PERCENT, THE DIRECTOR OF THE OFFICE OF
15 STRATEGIC PLANNING AND BUDGETING, OR ITS SUCCESSOR AGENCY, AND
16 THE DIRECTOR OF THE JOINT LEGISLATIVE BUDGET COMMITTEE, OR ITS
17 SUCCESSOR AGENCY, SHALL JOINTLY NOTIFY THE GOVERNOR, THE
18 PRESIDENT OF THE SENATE AND THE SPEAKER OF THE HOUSE OF
19 REPRESENTATIVES. ON RECEIPT OF THE NOTIFICATION, THE
20 LEGISLATURE IS NOT REQUIRED TO MAKE THE INFLATION ADJUSTMENTS
21 REQUIRED BY SECTION 15-901.01, ARIZONA REVISED STATUTES, FOR THE
22 NEXT FISCAL YEAR.

23 B. ON OR BEFORE FEBRUARY 1 OF EACH YEAR, IF THE STATE
24 TRANSACTION PRIVILEGE TAX GROWTH RATE AND THE TOTAL NONFARM
25 EMPLOYMENT GROWTH RATE ARE EACH LESS THAN ONE PERCENT, THE
26 DIRECTOR OF THE OFFICE OF STRATEGIC PLANNING AND BUDGETING, OR
27 ITS SUCCESSOR AGENCY, AND THE DIRECTOR OF THE JOINT LEGISLATIVE
28 BUDGET COMMITTEE, OR ITS SUCCESSOR AGENCY, SHALL JOINTLY NOTIFY
29 THE GOVERNOR, THE PRESIDENT OF THE SENATE AND THE SPEAKER OF THE
30 HOUSE OF REPRESENTATIVES. ON RECEIPT OF THE NOTIFICATION, THE
31 LEGISLATURE SHALL NOT MAKE THE INFLATION ADJUSTMENTS REQUIRED BY
32 SECTION 15-901.01, ARIZONA REVISED STATUTES, FOR THE NEXT FISCAL
33 YEAR.

34 C. BEGINNING IN FISCAL YEAR 2024-2025, ON OR BEFORE
35 FEBRUARY 1 OF EACH YEAR, IF THE TOTAL AMOUNT OF GENERAL FUND
36 APPROPRIATIONS FOR THE ARIZONA DEPARTMENT OF EDUCATION, OR ITS
37 SUCCESSOR AGENCY, IS AT LEAST FORTY-NINE PERCENT BUT LESS THAN
38 FIFTY PERCENT OF THE TOTAL GENERAL FUND APPROPRIATION FOR THE
39 CURRENT FISCAL YEAR, THE DIRECTOR OF THE OFFICE OF STRATEGIC
40 PLANNING AND BUDGETING, OR ITS SUCCESSOR AGENCY, AND THE
41 DIRECTOR OF THE JOINT LEGISLATIVE BUDGET COMMITTEE, OR ITS
42 SUCCESSOR AGENCY, SHALL JOINTLY NOTIFY THE GOVERNOR, THE
43 PRESIDENT OF THE SENATE AND THE SPEAKER OF THE HOUSE OF
44 REPRESENTATIVES. ON RECEIPT OF THE NOTIFICATION, THE
45 LEGISLATURE:

1 1. IS NOT REQUIRED TO MAKE THE INFLATION ADJUSTMENTS
2 REQUIRED BY SECTION 15-901.01, ARIZONA REVISED STATUTES, FOR THE
3 NEXT FISCAL YEAR.

4 2. MAY REDUCE THE BASE LEVEL FOR THE NEXT FISCAL YEAR BY
5 THE AMOUNT OF THE INFLATION ADJUSTMENTS REQUIRED BY SECTION
6 15-901.01, ARIZONA REVISED STATUTES, MADE FOR THE CURRENT FISCAL
7 YEAR.

8 D. BEGINNING IN FISCAL YEAR 2024-2025, ON OR BEFORE
9 FEBRUARY 1 OF EACH YEAR, IF THE TOTAL AMOUNT OF GENERAL FUND
10 APPROPRIATIONS FOR THE ARIZONA DEPARTMENT OF EDUCATION, OR ITS
11 SUCCESSOR AGENCY, IS AT LEAST FIFTY PERCENT OF THE TOTAL GENERAL
12 FUND APPROPRIATION FOR THE CURRENT FISCAL YEAR, THE DIRECTOR OF
13 THE OFFICE OF STRATEGIC PLANNING AND BUDGETING, OR ITS SUCCESSOR
14 AGENCY, AND THE DIRECTOR OF THE JOINT LEGISLATIVE BUDGET
15 COMMITTEE, OR ITS SUCCESSOR AGENCY, SHALL JOINTLY NOTIFY THE
16 GOVERNOR, THE PRESIDENT OF THE SENATE AND THE SPEAKER OF THE
17 HOUSE OF REPRESENTATIVES. ON RECEIPT OF THE NOTIFICATION, THE
18 LEGISLATURE:

19 1. IS NOT REQUIRED TO MAKE THE INFLATION ADJUSTMENTS
20 REQUIRED BY SECTION 15-901.01, ARIZONA REVISED STATUTES, FOR THE
21 NEXT FISCAL YEAR.

22 2. MAY REDUCE THE BASE LEVEL FOR THE NEXT FISCAL YEAR BY
23 TWO TIMES THE AMOUNT OF THE INFLATION ADJUSTMENTS REQUIRED BY
24 SECTION 15-901.01, ARIZONA REVISED STATUTES, MADE FOR THE
25 CURRENT FISCAL YEAR.

26 E. IF THE INFLATION ADJUSTMENTS REQUIRED BY SECTION
27 15-901.01, ARIZONA REVISED STATUTES, ARE NOT REQUIRED TO BE MADE
28 OR ARE PROHIBITED FROM BEING MADE PURSUANT TO THIS SECTION FOR A
29 FISCAL YEAR, THE OMITTED INFLATION ADJUSTMENT AMOUNTS:

30 1. ARE NOT REQUIRED TO BE PAID OR DISTRIBUTED IN ANY
31 SUBSEQUENT FISCAL YEAR.

32 2. BECOME A PART OF THE CALCULATION OF THE BASE LEVEL FOR
33 SUBSEQUENT FISCAL YEARS.

34 F. IF BASE LEVEL REDUCTIONS ARE MADE PURSUANT TO
35 SUBSECTION C OR D OF THIS SECTION FOR A FISCAL YEAR, THE REDUCED
36 AMOUNTS:

37 1. ARE NOT REQUIRED TO BE PAID OR DISTRIBUTED IN ANY
38 SUBSEQUENT FISCAL YEAR.

39 2. DO NOT BECOME PART OF THE CALCULATION OF THE BASE
40 LEVEL FOR SUBSEQUENT FISCAL YEARS.

41 G. THIS SECTION PRESERVES THE AUTHORITY VESTED IN THE
42 LEGISLATURE PURSUANT TO THIS CONSTITUTION.

43 H. FOR THE PURPOSES OF THIS SECTION:

44 1. "TOTAL NONFARM EMPLOYMENT GROWTH RATE" MEANS THE
45 PERCENTAGE CHANGE IN THE SEASONALLY ADJUSTED TOTAL NONFARM

1 EMPLOYMENT IN THIS STATE FROM THE FINAL MONTH OF THE MOST RECENT
2 CALENDAR YEAR TO THE FINAL MONTH OF THE IMMEDIATELY PRECEDING
3 CALENDAR YEAR, AS REPORTED BY THE ARIZONA DEPARTMENT OF
4 ADMINISTRATION OR ITS SUCCESSOR AGENCY.

5 2. "STATE TRANSACTION PRIVILEGE TAX GROWTH RATE" MEANS
6 THE PERCENTAGE CHANGE IN THE REVENUES DERIVED FROM THE STATE
7 TRANSACTION PRIVILEGE TAX THAT ARE DISTRIBUTED TO THE STATE
8 GENERAL FUND FROM THE MOST RECENT CALENDAR YEAR TO THE
9 IMMEDIATELY PRECEDING CALENDAR YEAR, AS REPORTED BY THE ARIZONA
10 DEPARTMENT OF REVENUE OR ITS SUCCESSOR AGENCY.

11 3. Nonseverability

12 If any portion of this proposition is finally adjudicated invalid, the
13 entire proposition is void.

14 4. The Secretary of State shall submit this proposition to the voters
15 at a special election called to be held for that purpose on May 17, 2016 as
16 provided by article XXI, Constitution of Arizona.

PASSED BY THE HOUSE OCTOBER 29, 2015.

PASSED BY THE SENATE OCTOBER 30, 2015.

FILED IN THE OFFICE OF THE SECRETARY OF STATE OCTOBER 30, 2015.

Passed the House October 29, 2015

by the following vote: 35 Ayes,

23 Nays, 2 Not Voting

[Signature]
Speaker of the House

☐ Pro Tempore

[Signature]
Chief Clerk of the House

Passed the Senate October 30, 2015

by the following vote: 20 Ayes,

7 Nays, 2 Not Voting, 1 Absent

[Signature]
President of the Senate

[Signature]
Secretary of the Senate
Acting

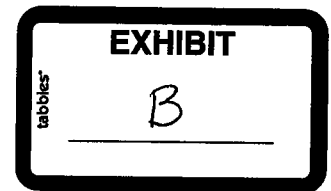
EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Resolution received by the Secretary of State
this 30th day of October, 20 15

at 12:55 o'clock P. M.

[Signature]
Secretary of State

H.C.R. 2001
First Special Session



MEMORANDUM

Our File Number: 144878-00001

TO: Delegate Jonathan Hale
FROM: Michael Bielecki
DATE: January 15, 2016
SUBJECT: Impact on Navajo Nation K-12 school districts

Below is information from the AZ Department of Education estimating immediate benefits for K-12 school district on the Navajo Nation.

Estimated Amount

Cedar Unified District	26,803.71
Chinle Unified District	541,303.73
Flagstaff Unified District	1,526,461.68
Ganado Unified School District	227,763.48
Heber-Overgaard Unified District	86,659.36
Holbrook Unified District	321,509.75
Joseph City Unified	73,190.85
Kayenta Unified District	279,597.44
Page Unified District	413,853.76
Pinon Unified District	195,971.54
Red Mesa Unified District	133,885.05
Sanders Unified District	134,810.66
Snowflake Unified District	359,407.89
Tuba City Unified School District	256,161.19
Window Rock Unified District	300,937.58
Winslow Unified District	329,935.87

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Impact on Navajo Nation Districts (2)

From: Dawn Wallace <dwallace@az.gov<<mailto:dwallace@az.gov>>>
 Subject: Impact on Navajo Nation Districts
 Date: November 3, 2015 2:09:21 PM MST
 To: Senator Carlyle Begay <cbegay@azleg.gov<<mailto:cbegay@azleg.gov>>>

Hello Senator Begay,
 Here is the information you requested. Please note that these are estimates based on a point in time calculation of student enrollment and could fluctuate.

Dawn

Estimated
Amount

Cedar Unified District

26,803.71

Chinle Unified District

541,303.73

Flagstaff Unified District

1,526,461.68

Ganado Unified School District

227,763.48

Heber-Overgaard Unified District

86,659.36

Holbrook Unified District

321,509.75

Joseph City Unified

73,190.85

Kayenta Unified District

279,597.44

Page Unified District

413,853.76

Pinon Unified Distirct

195,971.54

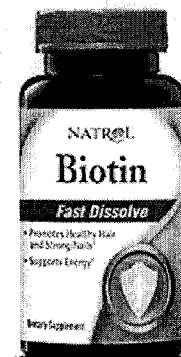
Red Mesa Unified District

133,885.05

Sanders Unified District

134,810.66

Snowflake Unified District



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Drafts (1)

Sent

Spam

Trash (20)

Recent Views

Folders

Recent

Impact on Navajo Nation Districts (2)

359,407.89

Tuba City Unified School District

256,161.19

Window Rock Unified District

300,937.58

Winslow Unified District

329,935.87

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Carlyle W. Begay
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Phone: 602-926-5862
Email: cbegay@azleg.gov<<mailto:cbegay@azleg.gov>>

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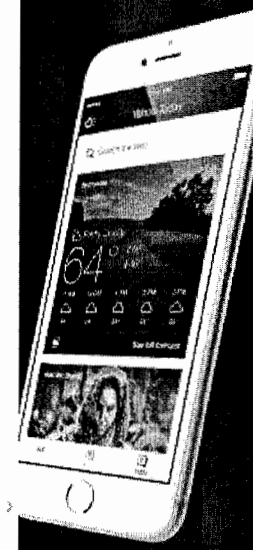
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Arizona Education Finance Amendment, Proposition 123 (2016)

The **Education Finance Amendment, Proposition 123** is a constitutional amendment the Arizona Legislature placed on the primary election ballot of May 17, 2016.^[1]

Introduction

The measure would allocate \$3.5 billion for education funding. About \$1.4 billion would come from general fund money and \$2 billion would come from increasing annual distributions of the state trust land permanent funds to education. It would raise the distributions from 2.5 percent of the average value of the funds to 6.9 percent for the next 10 fiscal years.^{[2][3]}

Why the funding increase?

With this amendment, state officials hope to settle a five-year lawsuit over school funding. In 2010, K-12 school districts and charter schools alleged that during the Great Recession in 2007, the state ignored Proposition 301, a ballot measure approved by voters in 2000 that required "automatic inflation adjustments in the state aid to education base level or other components of a school district's revenue control limit." The schools allege they were shorted necessary funding required under the measure.^[4]

How much money would districts receive?

The amount each school district and individual school receives depends on the number of students it has.^[5]

How would the funds be used?

The amendment does not require schools to use the funding for a specific purpose. It could be used for purposes such as building maintenance, salaries or technology. *The Arizona Republic* reported that many schools say they would use the money for teacher raises to help fight the statewide teacher-retention crisis.^[5]

Text of measure

House summary

The House summary is as follows:^[6]

“

Contents

- 1 Introduction
 - 1.1 Why the funding increase?
 - 1.2 How much money would districts receive?
 - 1.3 How would the funds be used?
- 2 Text of measure
 - 2.1 House summary
 - 2.2 Full text
- 3 Support
 - 3.1 Supporters
 - 3.2 Arguments in favor
- 4 Opposition
 - 4.1 Arguments against
- 5 Media editorials
 - 5.1 Support
 - 5.2 Oppose
- 6 Path to the ballot
- 7 State profile
 - 7.1 Demographics
- 8 See also
- 9 References

Arizona Education Finance Amendment, Proposition 123



Type Amendment

Origin Arizona
Legislature

Topic State and local
government
budgets,
spending and
finance

Status *On the ballot*

1. Increases the annual distribution from the permanent funds in FYs 2016-2025 from 2.5% to 6.9% of the average monthly market values of the permanent funds for the immediately preceding five calendar years.

Requires the distribution amount made from the Permanent State School Fund (Fund) in FY 2016 to be \$259 million. Returns the annual distribution to 2.5% beginning in FY 2026.

2. Appropriates, for FYs 2016-2025, any increase in expendable earnings resulting from a distribution of more than 2.5% for Basic State Aid. Determines the entire amount distributed to the Fund to be for inflation adjustments as required by statute.

3. Requires the directors of the Joint Legislative Budget Committee (JLBC) and the Office of Strategic Planning and Budgeting (OSPB) to jointly notify the Governor, President of the Senate and Speaker of the House of Representatives annually by February 1 that a reduction to the distribution is necessary to preserve the safety of the capital in the permanent fund if the average monthly market values for the preceding five years have decreased compared to the average monthly market values for the prior five year period. Allows, on receipt of notification, the Legislature to reduce the distribution for the next FY to at least 2.5% but no more than 6.9%. i. Allows the Legislature to reduce the per student Base Level for the next FY by an amount commensurate with the reduction in the distribution to the Fund for the next FY. ii. Specifies that amounts from the Base Level reduction are not required to be paid or distributed in any subsequent FY. iii. Stipulates that Base Level reduction is not part of the calculation for subsequent FYs. Stipulates that any amount reduced is not required to be paid or distributed from any other source of public monies in any subsequent FY.

4. Requires the directors of JLBC and OSPB to jointly notify the Governor, President of the Senate and Speaker of the House of Representatives annually by February 1 if any of the following occur: The state Transaction Privilege Tax (TPT) growth rate and the total nonfarm employment growth rate are each at least 1% but less than 2%. i. Specifies that the Legislature is not required to make school finance inflation adjustments for the next FY. The state TPT growth rate and the total nonfarm employment growth rate each less than 1%. i. Prohibits the Legislature from making school finance inflation adjustments for the next FY. The total amount of GF appropriations for the Arizona Department of Education (ADE), beginning in FY 2025, is at least 49% but less than 50% of the total GF appropriation for the FY. i. Specifies that the Legislature is not required to make school finance inflation adjustments for the next FY. ii. Allows the Legislature to reduce the Base Level for the next FY by the amount of the required current year inflation adjustments. The total amount of GF appropriations for ADE, beginning in FY 2025, is at least 50% of the total GF appropriation for the FY. i. Specifies that the Legislature is not required to make school finance inflation adjustments for the next FY. ii. Allows the Legislature to reduce the Base Level for the next FY by two times the amount of required current year inflation adjustments.

5. Stipulates that if inflation adjustments are not required or prohibited, the amounts: are not required to be paid or distributed in any subsequent FY; and become part of the calculation of the Base Level for subsequent FYs.

6. Stipulates that if Base Level reductions are made for a FY, the reduced amounts: are not required to be paid or distributed in any subsequent FY; and do not become a part of the calculation of the Base Level for subsequent FYs.

7. Defines total nonfarm employment growth rate and state transaction privilege tax growth rate.

8. Declares that the authority vested in the Legislature pursuant to the Arizona Constitution is preserved.

9. Contains a clause stating that the amended Constitution and HB 2001 satisfy inflation adjustment requirements.

10. Contains a nonseverability clause.

11. Requires the Secretary of State to submit the proposition to the voters at a special election on May 17, 2016.

12. Makes technical and conforming changes.^[7]

Full text

The full text of the measure can be found here (http://azleg.gov/alispdfs/Council/2015BallotMeasures/HCR_2001.pdf).

Support

The campaign in support of the amendment is being led by Let's Vote YES for AZ Schools.

Supporters

- Gov. Doug Ducey (R)

Arguments in favor

Gov. Doug Ducey said at the press conference where he signed the bill:^[8]

“ To our teachers, we know your worth. We have immense respect and regard for the work you do for our kids, our schools, and our communities. With this plan, you will have the resources you are asking for.”^[7]

Sharon Harper, a member of the Let's Vote YES for AZ Schools campaign, argued:^[9]

“ It is time to use this burgeoning resource to infuse much-needed capital into our schools. We can afford the governor's plan, and it will not weaken the Land Trust's asset base. Most importantly, the Land Trust will finally begin working as it was intended: to buttress the state's education funding.”^[7]

J.P. Twist, Gov. Ducey's senior aide, argued:^[10]

“ We think people are going to react very favorably with infusing new money into our schools, into our classrooms, to improve outcomes. Everybody has a stake in the issue - parents, grandparents, companies, small business owners. As the governor said, he's going to put his full weight into making sure this is successful on May 17 and that shouldn't be discounted. That means a lot.”^[7]

Eileen Sigmund, the president and CEO of the Arizona Charter Schools Association, said:^[5]

“ What these dollars do is inject some stability and certainty into the school-funding system that we need in order to serve our growing student population and the vital needs for our teachers.”^[7]

Andrew Morrill, president of the Arizona Education Association, stated:^[5]

“ Districts are clearly talking about salaries because they're seeing good teachers walk out the door. The need is very clear: There is a shortage of people willing to teach under the current conditions.”^[7]

Rep. Warren Petersen (R-12) said:^[5]

“ This is going to make a dramatic difference to education.”^[7]

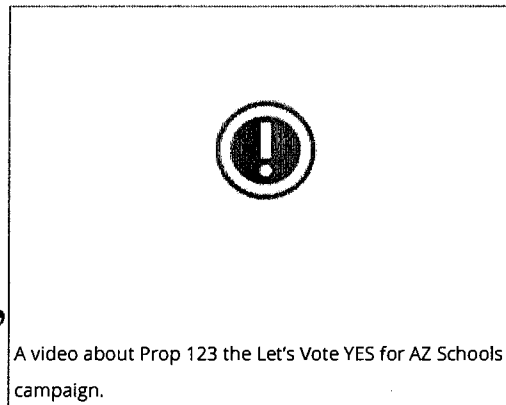
Max Fose, a Republican political consultant who ran a former campaign for education funding under former Gov. Jan Brewer, stated:^[10]

“ I think you'll see a united front from all the stakeholders involved, including teachers and parents, that this is a good thing for education in Arizona. I think this will pass by a wide margin. The voters are hungry for a solution to being last in education funding.”^[7]

Opposition

Arguments against

In arguments filed with the secretary of state, **Andrew Scott Gardner** argued:^[11]



“ Proposition 123 will damage the future of the state land trust. Trust funds are meant to provide revenue indefinitely by spending only a portion of the interest from investments. The Legislature wants to get extra money now by spending the principal. State Treasurer Jeff DeWit told legislators that this was bad fiscal policy in two ways: Prop 123 would mean a \$987 million cut in K-12 funding by 2022, when today's kindergarteners will be in middle school; and, Prop 123 would cut revenue from the land trust by more than \$8 billion dollars over 40 years.^[7]

In arguments filed with the secretary of state, **Dave Braun**, a candidate for the House, stated:^[11]

“ In the last five years our children have been deprived of at least 1.2 billion dollars of educational resources. Our children desperately need that investment as shown by the disastrous results of the 2015 AZMERIT test where barely one-third were proficient in English and math!

Instead, the Governor and some legislators devised a gimmick to raid the Permanent Land Trust. This scheme is a ruse so that the Governor can claim that he spent more money on education without raising taxes when he runs for re-election or for President! Proposition 123 increases the withdrawals for ten years, stealing money from Arizona's schoolkids of the future! After ten years nobody really knows how much money will be left in the Permanent Land Trust to fund the education of our children.^[7]

Jeff DeWit (R), state treasurer of Arizona, said:^[11]

“ This proposition will change the Arizona Constitution and is inconsistent with the Enabling Act, violates the prudent investor rule, does not protect the Trust Fund from inflation, and will dip into the corpus (principal) of the Fund. The future estimates provided by the proponents of the plan are also highly optimistic as they assume no negative stock market returns or corrections during the next 10 years. Due to the payout structure of this plan, it could face years of litigation with questionable outcomes. This further delays funding to our schools and subjects Arizona to another costly and public court battle.^[7]

In arguments filed with the secretary of state, **Randall Charles Hack** argued:^[11]

“ The proposed future estimates provided by the Governor's office are highly optimistic and assume no negative stock market returns or corrections during the next 10 years. I, for one, think it is foolish to base our school funding policy on the hopes that the stock market will keep going up, up and up with no downturns.

Some of our elected Legislators and Governor can easily fund schools and restructure the formulas without going to a vote of the people. This is a ruse to allow them to amend the Constitution to spend more money on other things. No thanks, Arizona deserves better.^[7]

In arguments filed with the secretary of state, **Jana DeWit**, Jeff DeWit's mother, argued:^[11]

“ For our schools, this proposal to raid the principal of their trust fund which is meant to exist forever to benefit our schools is the same thing as if a new retiree took out a half of their 401K or IRA and spent it in the first year of retirement. They may have a new nice car and a lot of nice things. But do they have more money? It looks like they do to their friends, but after that money is spent they have less forever.^[7]

Media editorials

Support

The Arizona Republic editorial board said:^[12]

“ The settlement deal creates momentum for continued improvements in school funding. It should not be dismissed or diminished by those who find it less than perfect.

It is less than perfect. What isn't? But it is also a significant infusion of cash -- and an acknowledgement that schools need help. That's a tool Arizona can use.

Rather than slam the door on what might be seen as an incomplete or flawed solution, those who have long advocated for better funding of our schools should rush in now and stay engaged. They should build on this welcome agreement by top Republican leaders that schools need better funding.^[7]

Oppose

Ballotpedia did not find media editorials opposing the measure. If you are aware of an editorial, please email it to kellie.rowe@ballotpedia.org (<mailto:kellie.rowe@ballotpedia.org>).

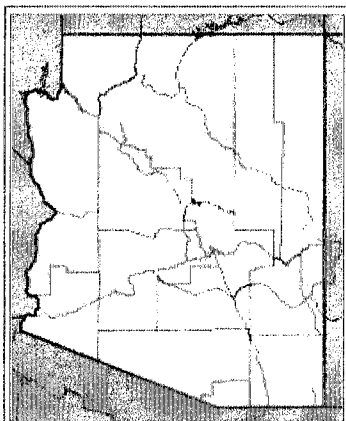
Path to the ballot

See also: Laws governing ballot measures in Arizona & Amending the Arizona Constitution

According to Article 21 of the Arizona Constitution, a legislatively referred constitutional amendment can go to the ballot if a majority of members in both the Senate and House approve it. After approval from the legislature, the proposed amendment goes on a statewide ballot for a popular vote of the people where, if approved by a simple majority, it becomes part of the constitution.

The House passed the amendment on October 29, 2015, by a 35-to-23 vote, with two representatives not voting. The next day, the Senate passed the bill by a 7-to-2 vote, with two senators not voting.^[1] The proposed amendment was introduced into the Arizona Legislature by Representatives David Gowan (R-14), David Livingston (R-22), Steve Montenegro (R-13), Justin Olson (R-25), Bob Robson (R-18) and David Stevens (R-14).^[1]

State profile



Arizona's population in 2014 was 6,731,484.

Arizona's population in 2014 was 6,731,484 according to the United States Census Bureau. This estimate represented a 5.3 percent increase from the bureau's 2010 estimate. The state's population per square mile was 56.3 in 2010, falling below the national average of 87.4.

Arizona experienced a 1.2 percent increase in total employment from 2011 to 2012, falling below the 2.2 percent increase at the national level during the same period.^[13]

Demographics

Arizona fell below the national average for residents who attained at least bachelor's degrees, according to data from 2009 to 2013. The United States Census Bureau found that 26.9 percent of Arizona residents aged 25 years and older attained bachelor's degrees, compared to 28.8 percent at the national level.

The median household income in Arizona was \$49,774 between 2009 and 2013, compared to a \$53,046 national median income. Census information showed a 18.6 percent poverty rate in Arizona during the study period, compared to a 14.5 percent

national poverty rate.^[13] **To expand the boxes below, click [show] on the right side of each box.**

Racial Demographics, 2013^[13][\[show\]](#)

Presidential Voting Pattern, 2000-2012^{[14][15]}[\[show\]](#)

Note: Each column will add up to 100 percent after removing the "Hispanic or Latino" percentage, although rounding by the Census Bureau may make the to one- or two-tenths off. Read more about race and ethnicity in the Census here.^[16]

Arizona Constitution



Preamble Articles

1 • 2 • 3 • 4 • 5 • 6 •
6.1 • 7 • 8 • 9 • 10 •
11 • 12 • 13 • 14 •
15 • 16 • 17 • 18 •
19 • 20 • 21 • 22 •
25 • 26 • 27 • 28 •
29 • 30

See also

- 2016 ballot measures
- Arizona 2016 ballot measures
- Arizona Legislature

BP Suggest a link

References

1. *Arizona Legislature*, "HOUSE CONCURRENT RESOLUTION 2001," accessed December 7, 2015 (http://azleg.gov/alispdfs/Council/2015BallotMeasures/HCR_2001.pdf)
2. *Arizona Legislature*, "Adopted Analysis for Prop 123," accessed December 7, 2015 (http://azleg.gov/alispdfs/Council/2015BallotMeasures/Adopted_Analysis_for_Prop_123.pdf)
3. *Havasunews*, "Some Arizona taxes going up regardless of K-12 funding election," November 19, 2015 (http://www.havasunews.com/news/some-arizona-taxes-going-up-regardless-of-k--funding/article_a59f902e-8f49-11e5-8907-630b7271c258.html)
4. *The Arizona Daily Star*, "Lawmakers OK wording of school funding proposition," December 3, 2015 (http://tucson.com/news/local/education/lawmakers-ok-wording-of-school-funding-proposition/article_b05cd372-4e60-552b-95c7-a196ae9fae60.html)
5. *The Arizona Republic*, "Thanks to funding deal, Arizona teachers could see raises," November 6, 2015 (<http://www.azcentral.com/story/news/arizona/politics/2015/11/03/thanks-funding-deal-arizona-teachers-could-see-raises/74846310/>)

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