

YES on 208

#INVESTinED

Arizona's Teacher Shortage Crisis Persists

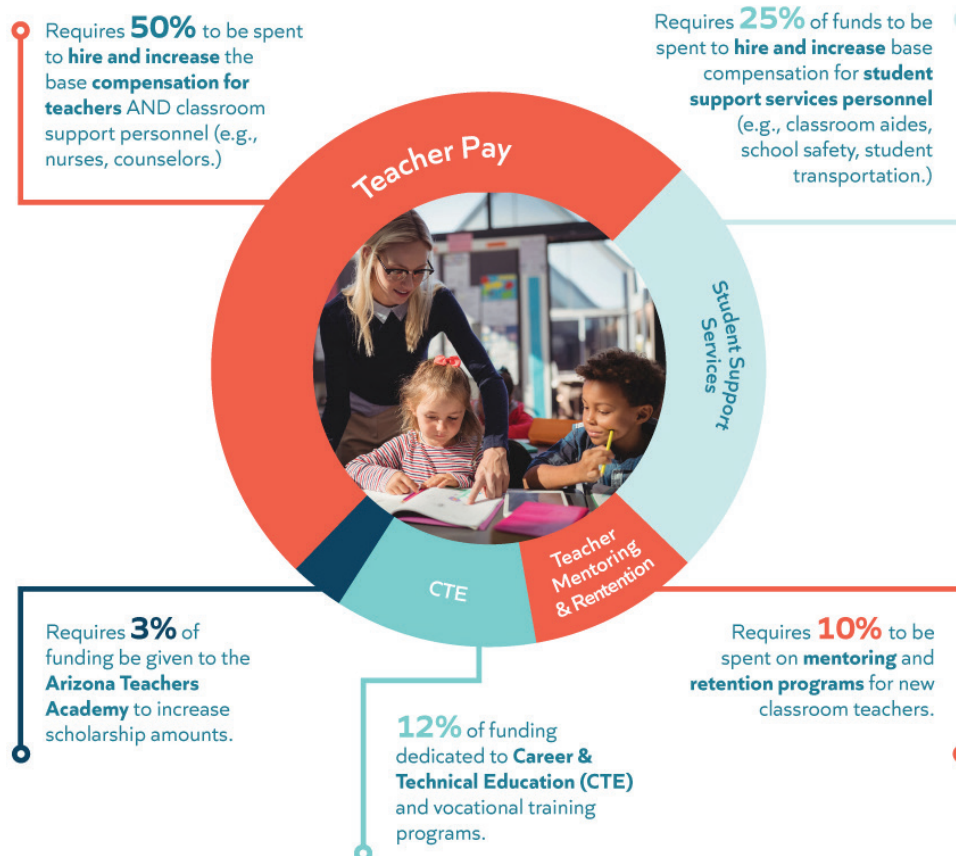
According to a September 2020 report released by the Arizona School Personnel Administrators Association, Arizona is in its **sixth consecutive year of a teacher shortage**. The data indicates about 28% of teacher vacancies across the state this year remain unfilled while half of the vacancies are filled by teachers who do not meet the state's standard certification requirements.

The Solution – Prop 208

Prop 208 - Invest in Ed levies an additional 3.5% income tax surcharge for Arizona taxpayers with taxable income over \$250,000 (or over \$500,000 for taxpayers who are filing joint returns). The tax collected from this surcharge provides much-needed investments in Arizona's K-12 education system.

Prop 208

- Restores K-12 education funding. Hundreds of millions of dollars annually.
- Ensures accountability. By law, these dollars must be spent where they're needed most – on teachers, counselors, aides, support services and career and technical education.
- Assesses a small income-tax surcharge on only the highest, 1% of earners. The remaining 99% of Arizona taxpayers won't pay a cent more.
- 99.9% of Prop 208 funds directly support schools and classrooms

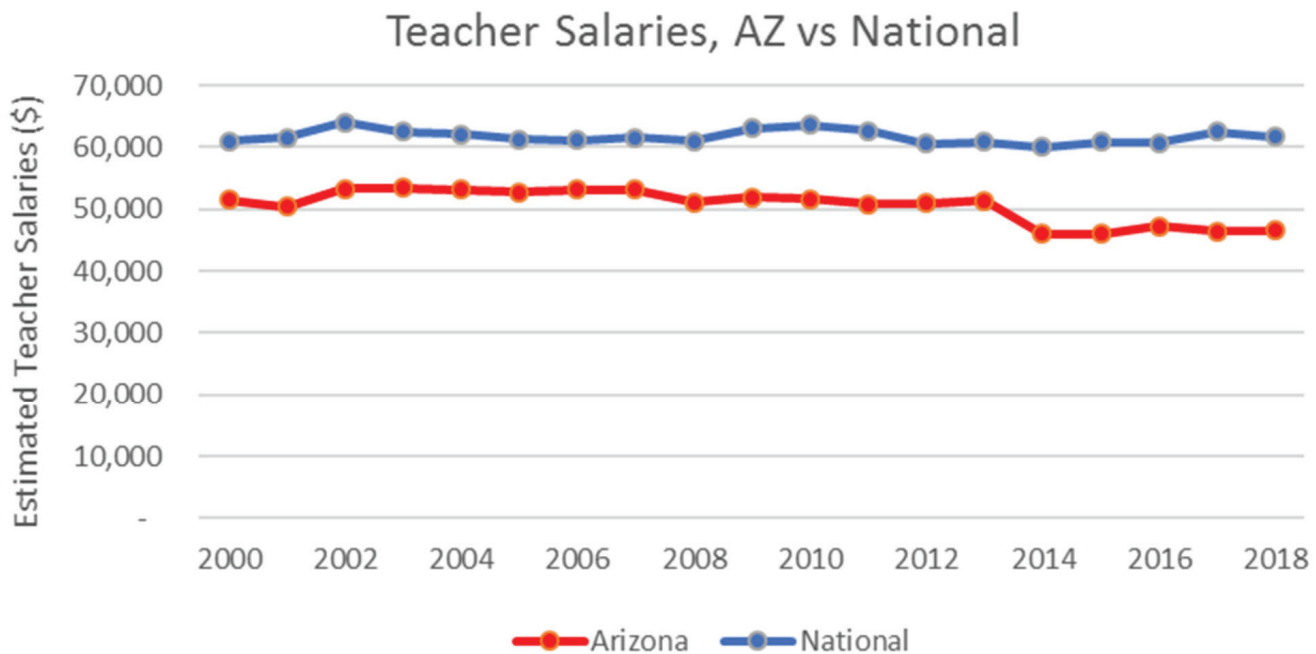


We Must Invest NOW in Arizona's Future

Arizona's teacher shortage crisis was caused by a decade of funding cuts to education, while the wealthy got state and federal tax breaks. In a recent economic impact report, Economist Dan Hunting of Arizona Policy Analysis LLC, shows the overwhelming impacts of Arizona's cuts to education funding:

- Arizona's education funding lags behind the rest of the country and the gap is widening
- Arizonans were directing less of their income to education funding in 2018 than they were in 2007.
- Administrative expenses for K-12 education in the state are the lowest in the nation.
- Increases in education funding are positively correlated with increases in total personal income
- There appears to be little evidence for the contention that high-tax cities are losing population to low-tax municipalities.

Economists and Tax Experts Agree: Prop 208 is Good for Arizona's Economy



Sources: National Center for Education Statistics. National Education Association.
(Amounts are adjusted for inflation, using 2016 CPI as the base. Source: US Bureau of Labor Statistics.)

“...the so called ‘recession era’ drastic cuts to public-school funding occurred while Arizona’s economy was on the rise.... State policy on public school funding over the last 10 years has resulted in a net cost to Arizona’s economy.”

Dr. Enrique Lopez-Lira, Founder & Principal of Phoenix Economics

“The vast majority of business owners taxed on this pass-through basis will also not experience any tax increase due to Prop 208 - Invest in Ed because most small business owners make less than \$250,000 a year (or \$500,000 a year for those filing a joint return). In 2018, *less than 13% of Arizona’s individual tax returns reporting partnership or business income had more than \$200,000 in adjusted gross income.* And only about 3% of Arizona tax returns reporting business or partnership income had adjusted gross income of \$500,000 or more.

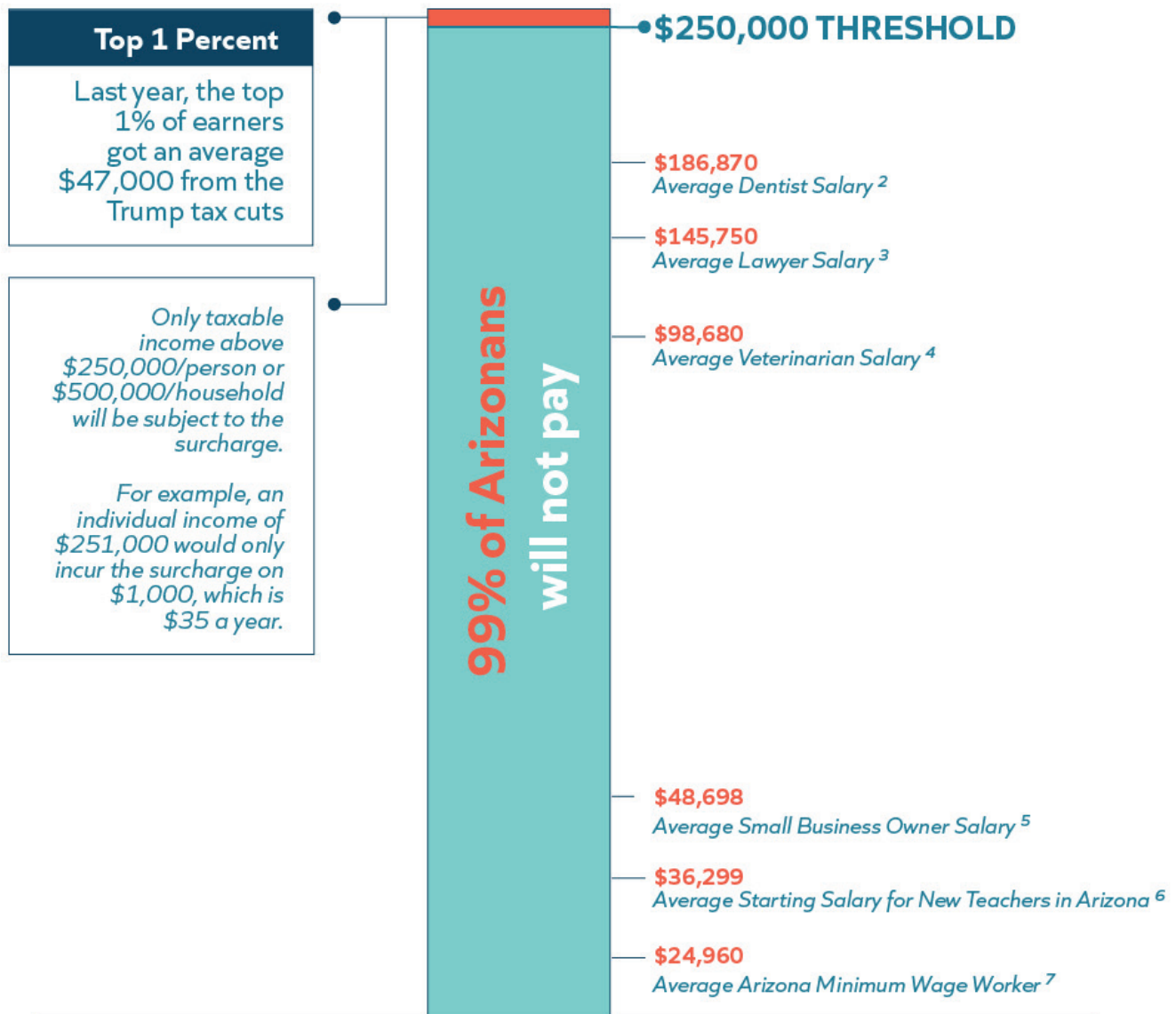
“Prop 208 - The Invest in Education Act makes an investment in Arizona’s future, our children. The Act asks those who have benefited the most from our growing economy to pay their share to ensure our future prosperity. Now is the right time to make that investment.”



Tax Law Professor
Erin Adele Scharff

“Cities with high tax burdens simply did not lose high-income families, either in absolute numbers or as a percentage of the whole.”

Dan Hunting Economic Analyst, Arizona Policy Analysis LLC



SOURCES

1. <https://www.bls.gov/oes/tables.htm>; 2. IBID; 3. IBID; 4. IBID; 5. <https://www.sba.gov/sites/default/files/advocacy/2018-Small-Business-Profiles-AZ.pdf> 6. IBID; 7. IBID

“...the decision to raise top state income tax rates should be an easy one. With state revenues down sharply and top earners weathering the pandemic [far better than most](#), raising tax rates on people managing to earn high incomes during these tumultuous times is an obvious policy response.... Of course, the pursuit of increased tax rates for high-income people is being met with a vocal, organized opposition. The most common objection comes for a decades-old supply-side economics playbook. It claims that higher taxes for the rich will slow state economic growth – a finding not supported by the [academic literature](#) and in direct contradiction to the [real-world experience](#) of states that have chosen to enact higher rates.”

- Carl Davis, Institute of Taxation and Economic Policy

Economic Growth in the States, 2009-2019

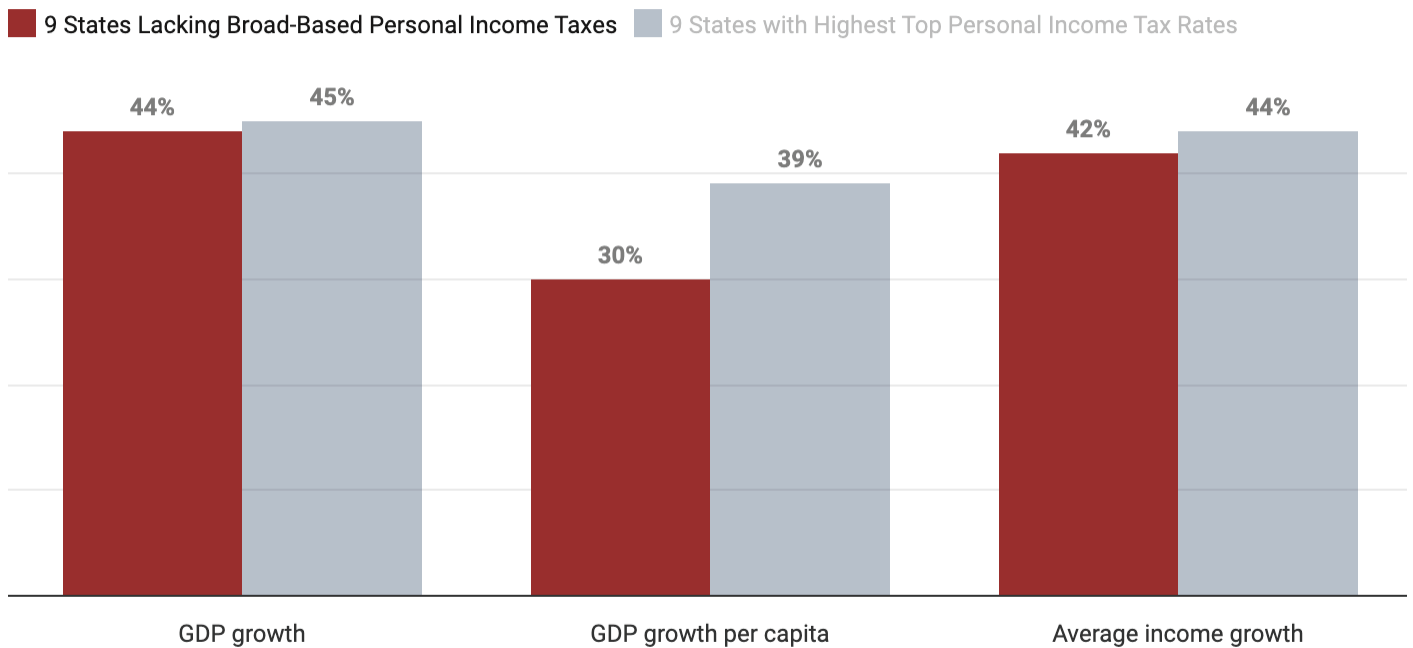


Chart: ITEP.org • Source: ITEP calculations based on data from the Bureau of Economic Analysis. State averages are unweighted. • Created with [Datawrapper](#)



"States, cities, and school districts must require their wealthiest residents to pay higher taxes right now."

- Joseph E. Stiglitz, Nobel Prize-winning economist