

Phoenix Economic Health: Spotlight on Education

Recent Trends

Struggling Education System

In 2014, Arizona K-12 schools ranked 48th out of 50 states on overall per pupil revenue (in 2015, it ranked 50th). This is mostly due to a lack of state level funding. AZ schools received the 13th highest federal funding per student, 28th highest local funding, but ranked 49th in state funding.

One of the drawbacks of having an underfunded system is a positive feedback loop of teacher talent outflow. According to the Learning Policy Institute, public school teachers in AZ earn 16% less than the national average and have a student-teacher ratio that is 44% higher (23:1 vs. 16:1). Nationally, 8% of teachers left the profession between 2012 and 2014. In AZ, the figure was 19%. As these kinds of stats get published, it becomes harder for schools to recruit qualified teacher from out of state. It also becomes more difficult to get students excited about a career in teaching.

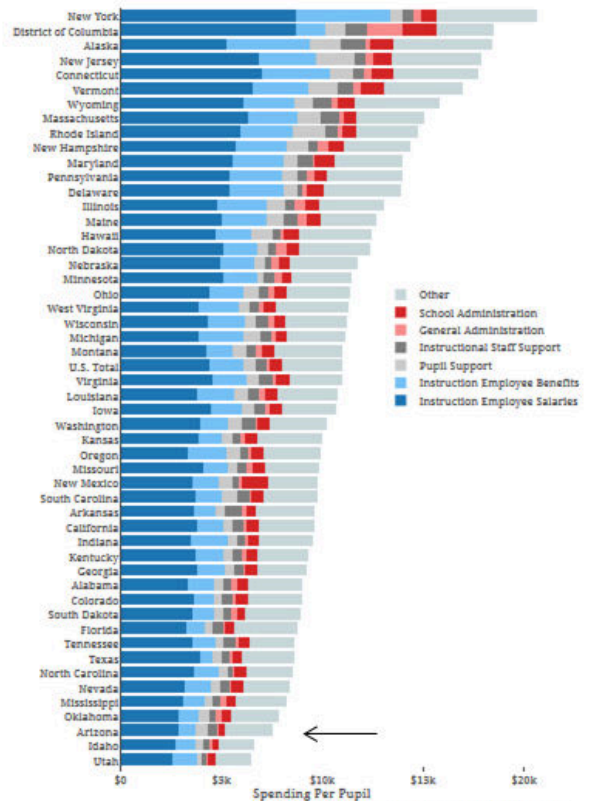
Not only does having a subpar education system stop the inflow of teachers, but it stops the inflow of just about everything else that a region needs to thrive. An inferior K-12 education program makes it more difficult for companies to relocate employees with families. It also hinders the quality of a region's economic output as young people enter the workforce with substandard/irrelevant skills sets. Recent news makes it seem that state and local officials are finally starting to understand this.

Progress Being Made

In May, 2016, Prop 123 was passed, allocating \$3.5 billion of the general fund and state land trust toward education. Many supporters celebrated the passage as just a first of many new education propositions and bills potentially on the horizon.

Governor Doug Ducey recently announced the Achieve60AZ initiative, which is focused on creating a statewide population where at least 60% of those aged 25-64 have at least one professional certificate or college degree by 2030. Today, the share is just 42%. The program plans to achieve the goal by focusing on strengthening the K-12 pipeline, completing credentials, increasing access and aligning workforce needs. According to Ducey, "In this year's budget, we added \$142 million to K-12 education – above and beyond the voter-approved Proposition 123. For universities, we approved an additional \$38 million."

FY 2014 K-12 Public School Spending



PROP123
For AZ Schools Without Raising Taxes



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Market Impact

Arizonans are starting to take education (particularly higher education) more seriously. In 2015, ASU total enrollment surpassed 90k. Much of this growth was due to the recently developed Sky Song Innovation Center, a 1.2mm SF mixed-use development located on a 42 acre campus in Scottsdale. In 2016, U.S. News & World Report ranked ASU as the number 1 Most Innovate School in the country.

According to ASUs, 2016 Strategic Enterprise Plan update, the institution's mission is to be a "comprehensive public research university, measured not by whom it excludes, but by whom it includes and how they succeed." By striving to be accessible to applicants from all socioeconomic backgrounds, ASU is creating an environment that will allow Ducey's AchieveAZ60 plan to become a reality.

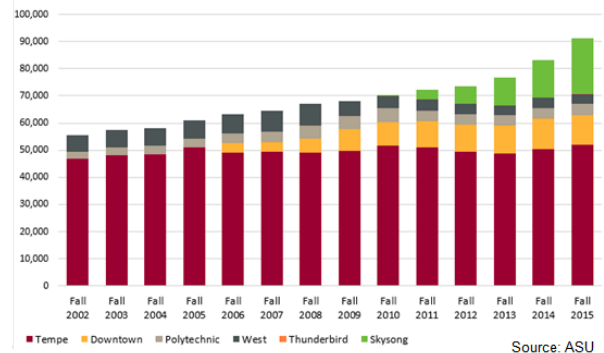
Everest Insight

While Arizona ranks significantly below average on dollars per pupil, its students perform only slightly below average. According to Education Week, Arizona's public K-12 system receives the 48th highest funding per student, but has the 26th best performing program. This shows that the AZ Dept of Education is more efficient than other states. With proper funding, there is no reason why the state shouldn't be able to achieve a top tier public education program.

Opportunities

Given the recent push towards enhancing the education system and striving for higher post secondary degrees/certificates, ASU and other large institutions are positioned for long term growth. This growth flows through the entire economy, but particularly the immediate vicinity of the campus. As these neighborhoods continue to grow over the long term, so should their property values. In addition to the immediate vicinity, there is also a potential for growth in neighborhoods with employers that are prepared to receive college graduates. Some of Metro Phoenix's strongest job neighborhoods currently include Tempe, Chandler, Ahwatukee and Downtown/Midtown. Notable recent job announcement figures in these areas include 10,000 at State Farm, 2,300 at Avnet 1,700 at DriveTime, 1,400 at Banner Health, 1,000 at Farmers Insurance, and 1,000 at Mayo Clinic.

ASU Enrollment Trends



QUALITY COUNTS 2016 GRADING SUMMARY

OVERALL GRADE

A state's overall grade is the average of the scores for the three graded categories.

Arizona: **D+**

Rank: 45

Nation: C

Online extra

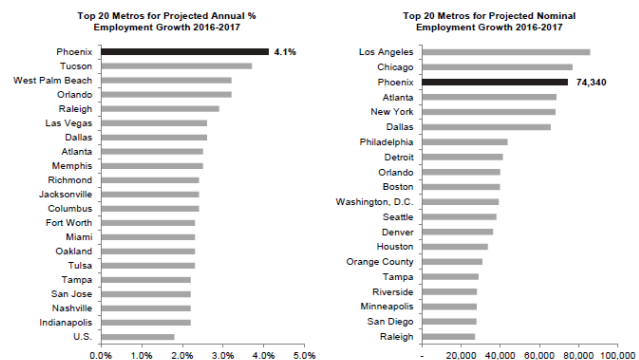
Calculate your own Quality Counts grades at

<http://www.edweek.org/qc/qccalculator>

	Arizona		How did the average state score?
	grade	rank	
Chance for success (2016)	C	43	C+
School finance (2016)	D-	48	C
K-12 achievement (2016)	C-	26	C-

charts from Education Week's Quality Counts 2016 report "Called to Account: New Directions in School Accountability"

Metro Phoenix A Top Employment Growth Market



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