

Arizona's Aggregate Expenditure Limit (AEL)

\$5.7 million of Cave Creek Unified's Current Budget at Risk

What is the AEL?

In 1980, Arizona voters passed an aggregate expenditure limit (AEL) regarding how much K-12 schools can spend in a school year. The AEL is a spending cap and determines how much, in aggregate, a district can spend. Charter schools are not included in the spending limit because they did not exist at the time.

What's at risk?

Without legislature action district schools will need to cut \$1.2 Billion from their budget in the last three months of the school year even though the state has already appropriated the money.

What is the impact to Cave Creek Unified?

Cave Creek Unified will be required to reduce the current year budget by over \$5.7 million in the fourth quarter of the fiscal year. Approximately 82% of the district's budget is spent on salaries and benefits. A budget cut of this magnitude would not only impact the current year budget but could also impact next year's budget and operations.

Why is the AEL a concern for school districts at this time?

- Proposition 301, the voter-approved sales tax initiative that provided funds to Arizona schools was originally passed in 2000 and was exempt from the AEL for 20 years. The legislature extended the sales tax in 2018 but did not ask the voters to renew the exemption from the AEL. Due to this, approximately \$600 million of once excluded funds are now included in the expenditure limit calculation, impacting school districts.
- The spending cap is based on prior year student enrollment. The COVID-19 related decrease in enrollment last year is impacting this year's spending limit even though student enrollment is increasing this year and continues to trend back toward pre-pandemic levels.
- In recent years, the legislature has restored prior funding cuts to school districts as well as increased funding for teacher salaries. This has increased the spending amounts that are included in the expenditure limit calculation.

What can be done if funding goes above the AEL?

The Arizona State Legislature can override the AEL with a two-thirds vote and allow school districts to spend budgets that were previously appropriated through the state general fund and approved by the State of Arizona. Exceeding the AEL is not new money or a new tax.

Why should lawmakers override the AEL?

Arizona is in the best economic position it has been in in over a decade. This has allowed the State to prioritize education and fully restore and even exceed the recessionary cuts. However, if the AEL is not addressed schools will not be able to spend these dollars. This will result in the largest cut to education in any single year. The cut would be over 16% of each district's individual budgets.

How can I help?

Contact your state legislators.

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