

# ARIZONA'S GOVERNMENT FINANCE, EDUCATIONAL ATTAINMENT, AND ECONOMIC PERFORMANCE

## What is Arizona's decline relative to the nation?

The decline in Arizona state tax revenues as a share of personal income has accelerated since 1970, with revenue dropping over one-third since the Great Recession. If the tax base had been maintained, the state general fund would have taken in 44 percent more revenue (\$5 billion) in fiscal year 2019.

Reduced tax revenues in Arizona has diminished the funds available for education and other productivity-enhancing investments. For example, general fund expenditures on Arizona's state universities fell 70% from 1991 to 2020. This reduction in state government expenditures has correlated with a long-term erosion of the state's competitive position in educational attainment. Arizona's educational attainment, which had been above the national average in 1970, declined below the national average in the late 1980s and has continued to fall. The attainment of bachelor's degrees is currently 75% of the national average among people 18 to 24.

Relative measures of Arizona's productivity and prosperity have also fallen from the highs of the 1970s and have remained low following the Great Recession. Per capita GDP and per capita earnings are currently 19 to 20 percent below average after adjusting for living costs. These declines in economic prosperity coincide with increased utilization of public assistance programs, which now enroll more people as a percentage of the population than the national average. The share of Arizonans on AHCCCS (the state's version of Medicaid) has tripled since 1989.

Unless substantial changes are made to the state's support for public programs—particularly education—relative declines in Arizona's prosperity are likely to continue and demand for public assistance will continue to rise.

**For more information, please visit:**  
[economist.asu.edu](http://economist.asu.edu)



Since the 1970s, productivity and prosperity have declined in Arizona compared with the national average across various metrics



Arizona takes in **record low taxes** as a share of personal income, corresponding with significantly decreased general fund investments in education

**75%**

The attainment of bachelor's degrees is currently **75%** of the national average among people 18 to 24

**REDUCED  
EDUCATIONAL  
ATTAINMENT**



**INCREASE  
ENROLLMENT  
ON PUBLIC  
ASSISTANCE  
PROGRAMS**

It is highly likely that the state's relative declines in educational attainment contribute to declines in productivity and prosperity and have **increased Arizonans enrollment** in public assistance programs.