



OFFICE OF THE
ARIZONA STATE TREASURER

DOUG DUCEY
TREASURER



FOR IMMEDIATE RELEASE

May 1, 2012

CONTACT: Kevin Donnellan

(602) 604-7880

kevind@aztreasury.gov

HCR 2056 PASSES LEGISLATURE, HEADS TO NOVEMBER BALLOT

PHOENIX – House Concurrent Resolution (HCR) 2056, sponsored by State Representative Steve Court, was passed unanimously by the Arizona Senate last week with a vote of 28-0, and yesterday by the Arizona House of Representatives with a vote of 45-15. HCR 2056 will now be placed on the ballot in November to give voters the chance to better fund education with no new taxes, and no new General Fund spending.

Upon voter approval, HCR 2056 would revise the distribution formula for the \$3.5 billion Permanent Land Endowment Trust Fund to be 2.5 percent of the average 5-year market value of the fund. Currently, the distribution is based on the 5-year average of annual returns after adjusting for inflation. If approved by voters, next year's distribution will be \$62.4 million for K-12 education.

“This is a reform that simplifies government,” said State Treasurer Doug Ducey. “We have a distribution formula today that is overly complicated and has delivered the unintended consequence of zero dollars for K-12 education in 2010. HCR 2056 provides an opportunity to correct this while protecting the principal of the trust and maximizing distributions for the beneficiaries for the next 10 years.”

Earlier this year the Treasurer's Office hired Meketa Investment Group, a national consulting firm, to conduct the first-ever asset allocation study for the Endowment. The analysis concluded that the current distribution formula was flawed and that if left unchanged would result in continued uneven and unpredictable distributions to the 13 beneficiaries, K-12 education being the largest receiving approximately 93 percent of the distributions.

The effective date of HCR 2056 is July 1, 2013, and the distribution will revert to the current formula again July 1, 2021, barring any further action by a future Treasurer or Legislature. It is the hope of Treasurer Ducey, and the recommendation of Meketa, that future asset allocation studies be performed to continue to evaluate the performance of the distribution formula, as well as the overall health of the trust's investments.

Supporters of HCR 2056 include the Arizona Department of Education, Americans for Prosperity, Arizona Education Association, Arizona State Land Department, Arizona Association of School Business Officials, Arizona School Administrators, Arizona School Boards Association, Arizona Planning Association, East Valley Chambers of Commerce, Greater Phoenix Leadership and the Scottsdale Unified School District.

###