

# Education Budget Summary

## Fiscal year 2013-2014 (July 1, 2013 – June 30, 2014)

### As passed by the Arizona Legislature on June 13, 2013

The Arizona Legislature approved a fiscal year 2013 – 2014 budget on June 13, 2013. The budget bills that impact K-12 education are: HB2001 - general appropriations bill & HB2003 - K-12 budget reconciliation bill. Both of these bills are from the First Special Session of the 51<sup>st</sup> Legislature.

#### Inflation funding increase

- Inflation increase of 1.8% to both base level and transportation component of education funding formula. Increases base level to \$3,326.54 (currently \$3,267.72 since school year 2009-2010). This is a \$58.82 increase per student and amounts to a combined \$90 million increase to school funding statewide.
  - The \$3,326.54 is the amount without the teacher compensation increase. With the teacher compensation increase component, this amount is \$3,368.02 for the 2013-2014 school year.

#### School Bonding Level Increase

- Allows, as permanent law, an increase in school district bonding capacity from 5% to 10% for elementary and union high school districts and from 10% to 20% for unified districts. These new indebtedness limits also apply to bonds that are currently in place (those previously approved by voters).

#### Budget Overrides

- Requires the Arizona Department of Education to report to JLBC and OSPB by November 30 of each year the amount budgeted for school district overrides by district and type of override for the current fiscal year.

#### District Additional Assistance

- Combines the soft capital and CORL funding formulas into a new per pupil amount called “district additional assistance.” [References to soft capital and CORL are removed in state statute.]
  - Establishes in statute what the per pupil costs should be for this formula---without any of the current cuts in place.
    - Preschool with disabilities: \$450.76 per student
    - K-8 schools: under 100 students = \$544.58 per student; 100-600 students: \$389.25 per student; over 600 students: \$450.76 per student
    - High schools (9-12): under 100 students = \$601.24 per student; 100-600 students: \$405.59 per student; over 600 students: \$492.94 per student; for textbook allowance: student count multiplied by \$69.68.
  - For session law (meaning for fiscal year 2013-2014 only), the computed amount will be reduced by \$239 million which reflects the current reduction in place. This means that school districts will have next school year exactly what they have received this school year.

*The AEA was successful in removing language in the education budget bill as introduced that would have “wiped clean” any reference to the prior year cuts to these formulas and set the low per pupil level permanently in statute. The \$239 million that school districts are “owed” would have been lost in perpetuity.*

- Requires districts to transfer any budget capacity and cash remaining in soft capital at the end of fiscal year 2013 (June 30, 2013) to its M&O fund or its unrestricted capital outlay fund.

#### Creation of a Performance Incentive Fund

- Appropriates \$2.4 million for a statewide Performance Incentive Fund.
- Requires the Arizona Department of Education to distribute monies to school districts and charter holders based on achievement and improvement on the assigned achievement profile beginning in fiscal year 2014-2015.
  - The performance funding amounts must be budgeted in separate subsections of the M&O and capital outlay sections of the budget. The unexpended budget balance is allowed to be carried forward to the following fiscal years.

- Limits eligibility to school districts and charter holders that have been assigned an achievement profile developed in accordance with the research based methodology outlined in statute.

*The AEA worked with Governor Brewer's office and legislators to delay implementation of this issue until the 2014-2015 school year. AEA is prepared to continue our collaborative effort to define this program so that it supports high standards for students but is fair to teachers, staff and schools.*

### **School Facilities**

- Eliminates the current building renewal formula and replaces it with a \$17 million statewide building renewal grant program.
  - The building renewal formula has not been funded since fiscal year 2008-2009. The current grant program is only \$3 million statewide, so this is a \$14 million increase.
- Provides new school construction money for Thatcher and Benson for schools already approved by the School Facilities Board. No other new school construction money is appropriated.
- Requires the School Facilities Board (SFB) to inventory and inspect all school buildings in order to develop a database to administer the building renewal grants and the new school construction formula. This database must be updated annually by the SFB. School districts shall report required information to the SFB no later than September 1<sup>st</sup> each year.
- Makes accommodation schools ineligible for new construction and building renewal grant funding.

### **School Safety**

- Funds the School Safety Program at \$3.6 million.
  - The intent of this appropriations is to provide a state-matching grant that can be used by school districts to hire school resource officers (SROs) and/or juvenile probation officers (JPOs). The current \$7.8 million in funding provided through Proposition 301 dollars will continue as well for the School Safety Program.
  - Of the \$3.6 million appropriated, \$100,000 shall be used for a School Emergency Pilot Program on school emergency readiness. School districts may submit applications to participate, and the Arizona Department of Education must select three districts by November 30, 2013. A final report of the results of the pilot program must be submitted by November 1, 2014.

### **Education Data System**

- Provides \$7 million to the Arizona Department of Administration (ADOA) for implementing, upgrading and maintaining the Student Longitudinal Data System and the Education Learning and Accountability System.

### **JTEDs (Joint Technological Education Districts)**

- Funds small JTEDS at 100% of funding formula (increase of \$1.2 million statewide). The large JTEDs (those with more than 2,000 students)—EVIT, West-MEC and Pima County JTEDs will continue to be funded at their current 91% rate.

### **Transfer from Structured English Immersion Fund**

- Requires the Arizona Department of Education to transfer \$10 million to the general fund from the Arizona Structured English Immersion Fund.

### **K-12 Rollover**

- Pays off the K-12 rollover amount (\$21.9 million) for school districts with 600 or less students. [This will help small school districts with cash flow issues because they will no longer have to borrow money to replace state aid until the state makes its payment.]
- K-12 rollover: Continues to defer \$930,727,700 in basic state aid payments for fiscal year 2014 until fiscal year 2015. Appropriates \$930,727,700 in fiscal year 2015 for these deferred payments. Allows the State Board of Education to make the rollover payment no later than July 12, 2014. [This earlier payment requirement will help all school districts with cash flow issues because it will only require them to “float their budget” or borrow money for two weeks into the fiscal year. Since the K-12 rollover is paid off for districts with less than 600 students, this only impact districts with more than 600 students.]

**House vote detail on budget—Passed 33 ayes to 27 nays.**

**AEA requested a “yes” vote (denoted as “Y” below):**

| <i>Member Name</i>   | <i>Vote</i> | <i>Member Name</i>     | <i>Vote</i> | <i>Member Name</i>  | <i>Vote</i> |
|----------------------|-------------|------------------------|-------------|---------------------|-------------|
| John Allen           | N           | Lela Alston            | Y           | Brenda Barton       | N           |
| Sonny Borrelli       | N           | Paul Boyer             | N           | Kate Brophy McGee   | Y           |
| Chad Campbell        | Y           | Mark A. Cardenas       | Y           | Heather Carter      | Y           |
| Doug Coleman         | Y           | Lupe Chavira Contreras | Y           | Andrea Dalessandro  | Y           |
| Jeff Dial            | Y           | Juan Carlos Escamilla  | Y           | Karen Fann          | N           |
| Eddie Farnsworth     | N           | Thomas Forese          | N           | Rosanna Gabaldón    | Y           |
| Ruben Gallego        | Y           | Sally Ann Gonzales     | Y           | Doris Goodale       | Y           |
| David M. Gowan Sr.   | N           | Rick Gray              | N           | Albert Hale         | Y           |
| Lydia Hernández      | Y           | John Kavanagh          | N           | Adam Kwasman        | N           |
| Jonathan Larkin      | Y           | Debbie Lesko           | N           | David Livingston    | N           |
| Phil Lovas           | N           | Stefanie Mach          | Y           | Debbie McCune Davis | Y           |
| Juan Mendez          | Y           | Javan "J.D." Mesnard   | N           | Eric Meyer          | Y           |
| Catherine H. Miranda | Y           | Darin Mitchell         | N           | Steve Montenegro    | N           |
| Justin Olson         | N           | Ethan Orr              | Y           | Lisa Otondo         | Y           |
| Jamescita Peshlakai  | Y           | Warren Petersen        | N           | Justin Pierce       | N           |
| Frank Pratt          | Y           | Martín J. Quezada      | Y           | Bob Robson          | Y           |
| Macario Saldate IV   | Y           | Carl Seel              | N           | Andrew Sherwood     | Y           |
| T.J. Shope           | Y           | Steve Smith            | N           | Victoria Steele     | Y           |
| David W. Stevens     | N           | Bob Thorpe             | N           | Kelly Townsend      | N           |
| Michelle Ugenti      | N           | Bruce Wheeler          | Y           | Andy Tobin          | N           |

**Senate vote detail on budget—Passed by 18 ayes to 11 nays (with one absent).**

**AEA requested a “yes” vote (denoted as “Y” below):**

| <i>Member Name</i> | <i>Vote</i> | <i>Member Name</i>    | <i>Vote</i> | <i>Member Name</i> | <i>Vote</i> |
|--------------------|-------------|-----------------------|-------------|--------------------|-------------|
| Ed Ableser         | Y           | Nancy Barto           | N           | David Bradley      | Y           |
| Judy Burges        | N           | Olivia Cajero Bedford | Y           | Rich Crandall      | Y           |
| Chester Crandell   | N           | Adam Driggs           | Y           | Steve Farley       | Y           |
| Steve Gallardo     | Y           | Gail Griffin          | N           | Katie Hobbs        | Y           |
| Jack Jackson Jr.   | Y           | Leah Landrum Taylor   | Y           | Linda Lopez        | Y           |
| John McComish      | Y           | Barbara McGuire       | Y           | Al Melvin          | N           |
| Robert Meza        | Y           | Rick Murphy           | NV          | Lynne Pancrazi     | Y           |
| Steve Pierce       | Y           | Michele Reagan        | N           | Don Shooter        | N           |
| Anna Tovar         | Y           | Kelli Ward            | N           | Bob Worsley        | Y           |
| Steve Yarbrough    | N           | Kimberly Yee          | N           | Andy Biggs         | N           |