

# K-12 EDUCATION BUDGET SUMMARY

## April 1, 2011

### **FY2011 (the current school year)**

- One of the remaining basic state aid payments to schools will be reduced by approximately \$101 million. School districts and charter schools are permitted to use monies from the Federal Education Jobs Fund Program to offset any reductions to their budget limits.
  - Note: This reduction was expected, and the AEA advisory on the Education Jobs Fund money warned that the state was likely to reduce school funding by this amount to backfill the state aid shortfall for the current school year.

### **FY2012 (July 1, 2011 – June 30, 2012 = the 2011-2012 school year)**

#### SB1612 general appropriations 2011-2012

- Requires the Arizona Department of Education to reduce by \$35 million the amount of basic state aid that would otherwise go to school districts for the capital outlay revenue limit (CORL).

#### SB1614 2011-2012; state budget procedures

- Changes the employee/employer ASRS contribution rate from the current 50/50 split to 53% employee share and 47% employer share starting on July 1, 2011. The reduction from the employer contribution rate for all state, university, school district and charter school employees is transferred to the state general fund.
  - For the 2011-2012 school year, this bill increases the contribution rates that employees will pay to 11.39%, and the employer (school district) rate will be reduced to 10.10%. Without this new 53/47 contribution split, the contribution rate for next school year would have been 10.75% for both the employee and employer. The current contribution rate is 9.85% for both the employee and the employer.

#### SB1617 K-12 education; 2011-2012; budget reconciliation

##### CORL reduction:

- Reduces the school district capital outlay revenue limit (CORL) funding by \$63.9 million. (This is in addition to the \$35 million CORL cut found in SB1612.)

##### Soft Capital reduction:

- Reduces soft capital funding by \$188.1 million. This is an additional reduction of \$23 million beyond the current school year reduction of \$165.1 million. This leaves approximately \$24 million in soft capital funding available to school districts for FY2011-12. [Non-state aid school districts will receive a proportionate reduction.]
- Caps the sum of soft capital and CORL reductions for school districts with a student count of less than 1,100 students at \$5 million.

##### Career Ladder Program reduction:

- Phases out the Career Ladder Program in equal increments over the next five years. (Career Ladder Districts currently are able to fund their programs with a 5% increase over the base funding level.)
  - 4% for FY 2011-2012 (state savings of \$14.5 million)

- 3% for FY 2012-2013
- 2% for FY 2013-2014
- 1% for FY 2014-2015
- Repeals the Career Ladder Program on July 1, 2015.
- Sets the qualifying tax rate (QTR) as follows for the Career Ladder Program:
  - K-8 and high school districts: at 10-cents or by the amount required to fund the authorized budget capacity for the fiscal year, whichever is less.
  - Unified districts: at 20-cents or by the amount required to fund the authorized budget capacity for the fiscal year, whichever is less.

This means the state will transfer the cost of the Career Ladder Program to the property tax payers for these last years.

- Prohibits new teachers from participating in the Career Ladder Program.

JTED reduction:

- Prohibits JTEDs from including ninth grade students in their average daily membership (ADM), and prohibits any JTED monies from being spent on ninth grade students. (This is a reduction of \$29.8 million statewide.)

Education Learning and Accountability Fund (for technology purposes):

- Establishes the Education Learning and Accountability Fund in order to create a statewide information technology system that will replace the current SAIS system. This new system is required to maintain longitudinal, student level data, including student demographic, grade level, assessment, teacher assignment and other data required to meet state and federal reporting requirements. This Fund will be supported by a \$5 million basic state aid K-12 money transfer as well as a \$6 per full-time student fee imposed on community colleges and universities. These fees are to be collected and deposited in the Fund by December 1, 2011.

Other Items:

- Sets the base level funding amount at \$3,267.72. (This amount remains unchanged since fiscal year 2009-2010.)
- Provides a 0.9% inflationary increase to the transportation support level funding. (There is no inflationary increase provided to the base support level for school districts though charter schools will get a 0.9% inflationary increase to their additional assistance formula.)
- No building renewal funding or new school construction funding through the Students' FIRST/School Facilities Board program.
- Repeals the statutory reference to the new utility formula and the teacher performance pay program that the state never funded.