



FY2021 Budget & School Closure Update

March 24, 2020



Partner Organizations



Today's Agenda



Welcome/Remarks



FY2021 “skinny budget” overview



School finance issues



School closure legislation (HB2910)
status and provisions



Special education guidance update



Questions



Welcome/Remarks



Hon. Kathy Hoffman
Superintendent of Public Instruction



Status and Provisions

School Closure Legislation

HB2910



HB2910 public school closures; coronavirus disease

- Contains provisions for two scenarios, one in which schools reopen before March 29, and one in which they do not.
- Given the closure has been extended until April 10, 2020, we will focus on the second.
- Governor is expected to sign this legislation, though he has not yet done so.
- Will be effective immediately, retroactive to March 15, 2020.



HB2910—Instructional Time

- Provides relief from instructional time for the first two weeks of closure.
- Provides continued relief from instructional time requirements if schools offer general educational opportunities to students for the duration of the closure or until the end of the school's scheduled academic year.
- ADE and SBE will determine how schools attest to meeting the requirement.



HB2910—Staff pay

- Requires districts to pay all employees, including hourly employees, for the duration of the closure.
 - For the two-week period through March 29, the employee must be committed to be able to work during the employee's normal work hours.
 - Employees cannot be required to take sick leave or vacation time for the two-week period.



HB2910—Staff pay

- Requires all employees to be paid beginning March 30, if:
 - The employee is working remotely if able to do so.
 - If unable to do so, the employee is assigned to perform other tasks for the duration of the closure.
- Requires all employees to resume normal work when schools reopen.



HB2910—Reopening

- States that if the closure is lifted before the end of the scheduled school year, schools shall either:
 - Resume normal operations until the end of the scheduled academic year.
 - Remain closed and continue to offer general educational opportunities until the end of the scheduled academic year.



HB2910—Accountability

- Cancels statewide assessment administration for SY2019-2020
- Suspends retention requirements for Move on When Reading
- States a school's letter grade for 19-20 will be the same as the grade for 18-19.
 - SBE has indicated it will not enforce the 3D=F requirement for SY19-20.



HB2910—School Finance

- Specifies if the daily route mileage of a school district is lower in FY20 than it was in FY19, the daily route mileage for FY19 will be considered the route mileage for FY20 to calculate the transportation support level.
- Gives ADE broad authority to waive school finance requirements to facilitate paying schools for FY20, subject to SBE approval.



Guidance on Procurement

- School districts must comply with state law and continue adhering to state procurement rules while navigating the practical challenges presented by COVID-19.
- School districts are advised to review the *Guidance to Schools on COVID-19* and *Pandemic Preparedness Guidance to Schools*, which the Arizona Department of Education (“ADE”) issued to support district and charter leadership during the current pandemic.
- As relevant here, “[s]chool closure is NOT a complete shutdown of school operations” and “staff are still expected to engage in work-related activities” during a school closure.
- See ADE, *School Closures: Clarifications and Guidance* (updated March 20, 2020).
- More information: [https://www.azag.gov/sites/default/files/2020-03/COVID-19 Procurement Informal Opinion.pdf](https://www.azag.gov/sites/default/files/2020-03/COVID-19%20Procurement%20Informal%20Opinion.pdf)



HB2910—Graduation/Summer

- Directs SBE to adopt rules related to graduation as necessary.
 - Special meeting call expected upon signature.
- Allows schools to use any money generated during the 2019-2020 school year to provide summer school instruction during the summer of 2020.
- Allows a student who takes an online summer school course to generate up to 1.25 ADM in FY21 (June/July 2020)



HB2910—Special Education

- Allows, during the 2019-2020 school year, for a school to deviate from the statutory requirements relating to special education programs, including implementing alternative modes of service delivery.
 - Requires schools to attempt to ensure that each student with a Section 504 plan or IEP has access to these educational opportunities.
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Alissa Trollinger, Deputy Associate Superintendent, Exceptional
Student Services, ADE

Special Education Guidance Update



FY2020 “Skinny Budget” Overview





What is the “Skinny Budget”?

- A basic operating budget that will keep the state open after July 1 in case the Legislature cannot get back in time to go through the normal budget process.
 - Based on the JLBC baseline budget that is the starting point for the Legislative budget proposal each year.
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FY2021 Budget Provisions

- Increases over FY2020
 - \$74.1M Enrollment Growth
 - \$121.5M Inflation adjustment (1.77%)
 - \$174.5M Teacher Pay (Gen. Fund/CSF)
 - \$25M State Aid Supplement (Prop. 123)
 - \$28M Building renewal
 - \$5M CTED completion grants (in FY20 budget)



DAA Restoration Schedule

Phase Out of Cuts to District Additional Assistance		Annual Restoration
~~Cut in FY18~~	~~\$352,442,700~~	
~~Cut in FY19~~	~~\$257,469,900~~	~~+\$94,972,800~~
~~Cut in FY20~~	~~\$128,734,900~~	~~+\$128,735,000~~
Cut in FY21	\$64,307,400	+\$64,427,500
Cut in FY22	\$0	+\$64,307,400
~~Cut in FY23~~	~~\$0~~	~~+\$0~~



FY2021 Budget Provisions

- Level-Funded for FY2021
 - Results-based funding
 - School Safety
 - CTED Soft Capital
 - College Credit by Exam Incentive Program
 - Computer Science Pilot Program
 - Early Literacy Grants



FY2021 Budget Provisions

- Removed in FY2021—expires June 30
 - American civics education--\$500,000
 - Gifted education funding--\$1,000,000
 - Mingus Union Consolidation Costs--\$50,000
 - Yuma Elementary School Construction--\$800,000
- These funds were designated as one-time in FY2020. They can be added back before July 1 when the Legislature returns.



Dr. Chuck Essigs, Director of Government Relations, AASBO

Dr. Anabel Aportela, Director of Research, AASBO/ASBA

School Finance Issues

FY2021 State Budget

Base Level (Without Teacher Comp)

Increase from \$4150.43 to \$4305.73= \$155.30

- Inflation increase 1.74% = $\$72.22 / 1.74\%$
- Added \$124,500,000 from = $\$83.08 / 2.00\%$
3rd year of teacher salary increase
- Total % Increase = 3.74%

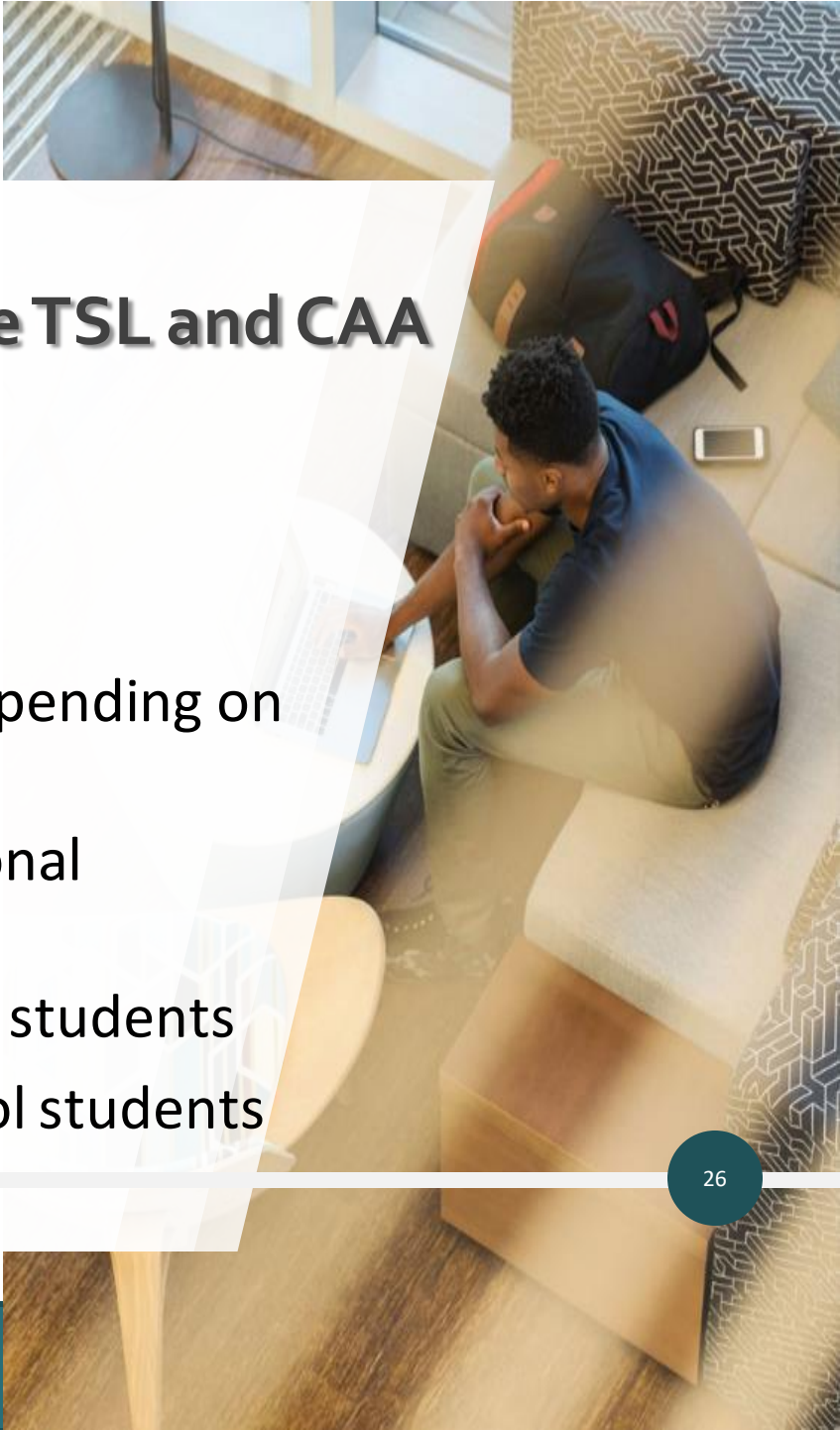
FY2021 Teacher Salary Increase



Total Funded for final 5% \$174,500,000

- Base Level \$124,500,000
- Classroom Site Fund \$50,000,000
- \$50,000,000 increase in Classroom Site Fund because SFB debt service paid off



A background image showing a person sitting on a modern, light-colored bench in a public space, using a laptop. A backpack and a smartphone are on the bench next to them. The image is partially obscured by a white diagonal overlay.

1.74% FY 2021 Inflation Increase TSL and CAA



- Inflation increase per mile in the Transportation Support Level TSL
- \$2.64 to \$2.74 or \$2.20 to \$2.24 depending on classification
- Inflation increase in Charter Additional Assistance (CAA)

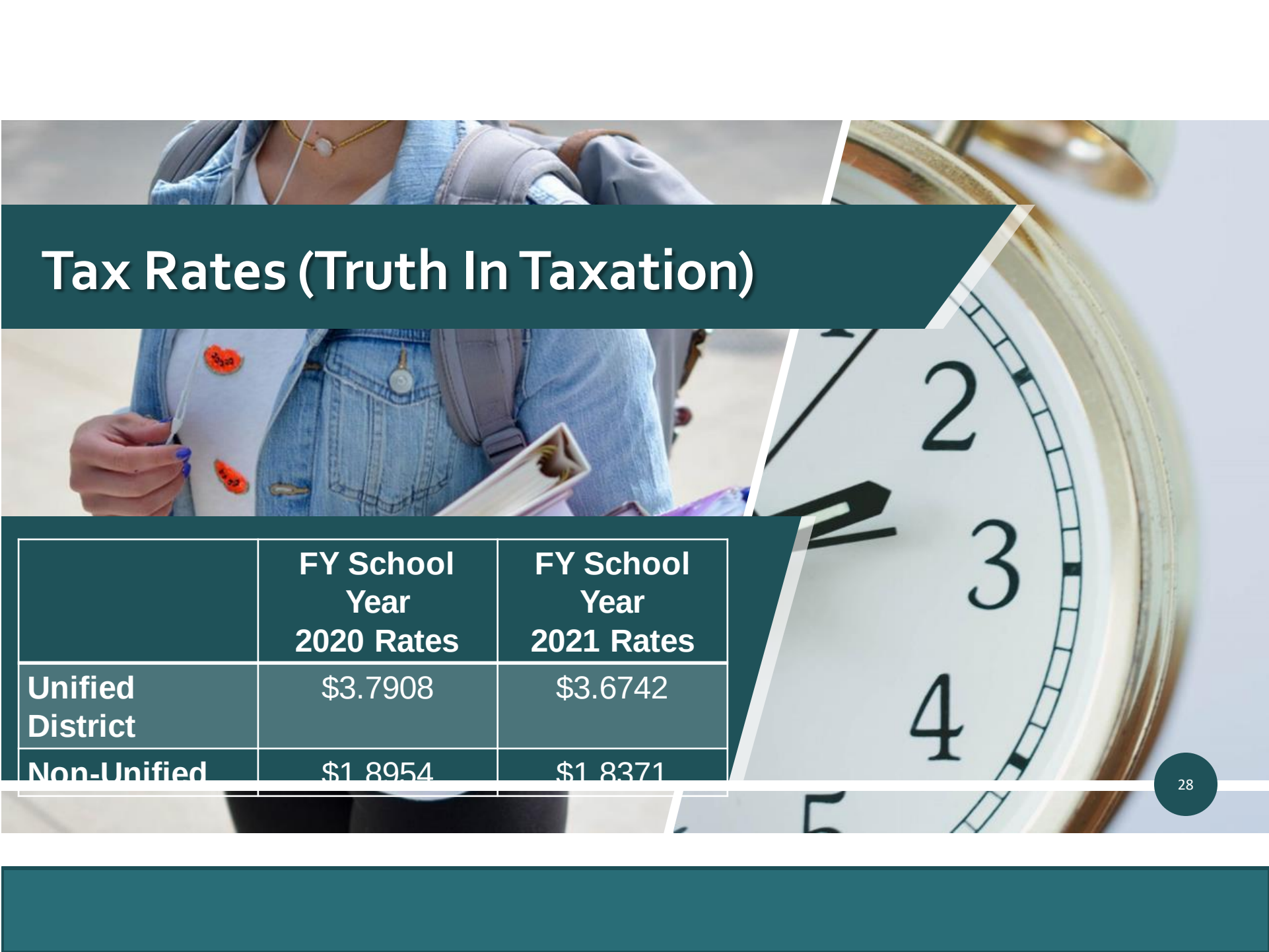
\$1,843.14 to 1,875.21 for elementary students

\$2,148.15 to \$2,185.53 for high school students



Reduction In Cuts to DAA and CAA

- The cut to District Additional Assistance (DAA) for FY2020 was \$128,734,900 and will be reduced to \$64,367,400 for FY2021 and eliminated in FY2022
- The cut to Charter Additional Assistance (CAA) for FY2020 was \$6,814,400 and will be reduced to \$3,407,200 for FY 2021 and eliminated in FY2022



Tax Rates (Truth In Taxation)

	FY School Year 2020 Rates	FY School Year 2021 Rates
Unified District	\$3.7908	\$3.6742
Non-Unified	\$1.8954	\$1.8371

Building Renewal Funding [HB2909]

- Funding for building renewal grants for FY2021 \$107.5 million
- Supplemental building funding of \$28 million for current year [FY 2020]





Building Renewal Breakdown

- \$28M FY20 supplemental for building renewal
- \$28M in additional building renewal grants over FY20 (\$107.5M total)
 - FY21 appropriates \$90.8M for building renewal grants.
 - Also removes \$62.8M in one-time funding from FY20.
 - Net increase of \$28M, for a total appropriation of \$107.5M in FY21.



New School Construction

The FY21 budget funds new school construction for two additional projects based on two-year projections.

District	Year Over Capacity
Chandler USD (HS addition)	2022
Tanque Verde (New HS incl. land)	2022

FY2021 Prop 123 Funding

- \$50,000,000 Funding for five years FY2016-FY2020
- \$75,000,000 funding for next five years starting in FY 2021
- Funding estimate for FY2021 take FY2020 funding multiply by 1.5/50% increase
- Use for maintenance and operations or capital outlay
- Distributed on weighted student count/Prop301



A background image showing a group of diverse students sitting at a round table in a library, smiling and looking at a laptop. Bookshelves filled with books are visible in the background.

Results-Based Funding

- Same dollar amounts as FY2020
- Uses Spring 2019 statewide assessment
- \$68,600,000 Appropriation

Intent Language



- Same as FY2020
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- The Governor and Legislature intend for school districts to increase the percentage of classroom spending over the previous year's percentage in the combined categories of instruction, student support and instructional support

Teacher Salary Component for FY2022

- \$64,100,000 from the .6% cent sales tax collection in FY2022 will go directly to the Arizona Department of Education – this is the \$50 million from FY2021 and \$14 million that was going to higher ed
- The \$64,000,000 for “basic state aid”



Questions





Thank you!

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