

Joint Legislative Budget Committee - Fiscal Year 2000 and 2001 Budget - Analysis and Recommendations

DEPT: Arizona State Schools for the Deaf and the Blind

JLBC: David Thomason
House: Gray

OSPB: John Arnold
Senate: Smith

DESCRIPTION	FY 1998	FY 1999	FY 2000		FY 2001	
	ACTUAL	ESTIMATE	OSPB	JLBC	OSPB	JLBC
BY PROGRAM/ORGANIZATION						
Phoenix Day School for the Deaf	5,949,200	6,515,900	6,358,400	6,227,200	6,267,700	6,414,800
Tucson School for the Deaf and Blind	13,647,900	14,345,700	13,513,100	13,645,500	13,566,200	14,004,700
Administration/Statewide Cooperatives	4,514,500	4,712,900	5,143,600	5,036,600	5,101,000	5,112,300
AGENCY TOTAL	24,111,600	25,574,500	25,015,100	24,909,300	24,934,900	25,531,800

OPERATING BUDGET

<i>Full Time Equivalent Positions</i>	536.9	540.9	537.9	537.9	537.9	538.9
Personal Services	16,452,100	16,516,400	16,812,800	16,898,500	16,812,800	17,345,700
Employee Related Expenditures	2,248,700	3,412,300	3,271,800	3,260,400	3,375,500	3,418,300
All Other Operating Expenditures:						
Professional and Outside Services	563,800	370,200	467,300	455,700	431,900	431,600
Travel - In State	64,100	109,500	67,700	67,700	67,700	67,700
Travel - Out of State	7,700	7,000	7,000	7,000	7,000	7,000
Food	5,200	115,100	115,100	115,100	115,100	115,100
Other Operating Expenditures	3,746,300	3,590,400	3,512,600	3,494,400	3,501,700	3,505,900
Equipment	823,700	1,253,600	560,800	610,500	423,200	640,500
OPERATING SUBTOTAL	23,911,600	25,374,500	24,815,100	24,909,300	24,734,900	25,531,800

SPECIAL LINE ITEMS

Educational and Technical Equipment	200,000	200,000	200,000	0	200,000	0
AGENCY TOTAL	24,111,600	25,574,500	25,015,100	24,909,300	24,934,900	25,531,800

BY FUND SOURCE

General Fund	17,517,700	18,095,100	17,195,500	17,424,000	16,967,700	17,948,400
Permanent Spec. Ed Inst. Voucher Fund	6,313,300	7,107,800	7,494,600	7,204,500	7,642,200	7,302,600
Endowment Earnings and Out of State Tuition	280,600	371,600	325,000	280,800	325,000	280,800
Other Non-Appropriated Funds	3,686,100	6,171,300	7,748,600	7,748,600	9,761,300	9,761,300
Federal Funds	1,503,800	1,075,000	1,073,500	1,073,500	1,073,500	1,073,500
TOTAL - ALL SOURCES	29,301,500	32,820,800	33,837,200	33,731,400	35,769,700	36,366,600

Agency Description — *The Arizona State Schools for the Deaf and the Blind (ASDB) provides comprehensive educational programs for sensory impaired students from birth to age 22. ASDB has 2 main campuses, a day school in Phoenix and a residential campus in Tucson, as well as a diagnostic center in Tucson, satellite preschools in the Tucson and Phoenix metropolitan areas, and regional offices in Tucson, Yuma and Flagstaff from which existing school district cooperatives are operated. ASDB also serves children up to 2 years of age throughout the state. Systemwide, ASDB serves approximately 1,483 children: 536 students in the K-12 programs, 107 children in preschools, 309 infant/toddlers in regional areas, and 531 children through the 3 existing regional cooperatives.*

Change in Funding Summary	FY 1999 to FY 2000 JLBC		FY 2000 JLBC to FY 2001 JLBC	
	\$ Change	% Change	\$ Change	% Change
General Fund	\$(671,100)	(4.2)%	\$524,400	3.0%
Other Appropriated Funds	5,900	(0.1)%	98,100	1.3%
Total Appropriated Funds	\$(665,200)	(2.6)%	\$622,500	2.5%

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Recommended Changes from Prior Year

		<u>FY 2000</u>	<u>FY 2001</u>
Standard Changes			
Pay Annualization	GF	\$240,200	\$ -0-
ERE Rates	GF	(187,600)	103,200
Risk Management	GF	(64,600)	-0-
Rent	GF	10,900	-0-

Salary Adjustments GF 241,100 483,200

The JLBC recommends an increase of \$241,100 (\$216,400 Personal Services, \$24,700 ERE) for half-year ASDB salary adjustments in FY 2000. Pursuant to Laws 1988, Chapter 237, the Arizona Department of Administration (ADOA) conducts an annual salary equity survey of classified, certified, and administrative staff among 5 Arizona school districts (Tucson Unified, Mesa Unified, Washington Elementary, Paradise Valley Union, and Scottsdale Union). This survey is used as a measure for comparing and adjusting ASDB's salaries relative to those of districts that have large special education programs. The most recent survey of those districts found an average salary increase of 3.2% for classified staff, 2.5% for certified staff, and 2.6% for administrative staff.

In order to increase ASDB salaries by those same percentages for FY 2000, the JLBC recommends an increase of \$241,100 (\$216,400 Personal Services, \$24,700 ERE) for half-year agency salary adjustments in FY 2000. This will require annualization in FY 2001.

For FY 2001, the JLBC recommends a total increase of \$483,200. This consists of \$241,600 (\$216,400 Personal Services, \$25,200 ERE) for the half-year FY 2001 salary adjustment and an additional \$241,600 (\$216,400 Personal Services, \$25,200 ERE) for annualization of the FY 2000 increase.

Table 1 below summarizes ASDB teacher pay adjustments since FY 1992. The Executive concurs, but recommends a total of \$240,000 in FY 2000. The Executive also recommends a total of \$240,000 in FY 2001 to annualize the adjustment. The Executive does not recommend, however, a new salary adjustment for FY 2001.

Enrollment Growth OF 96,700 98,100

The JLBC recommends adjusting the Permanent Special Education Institutional Voucher Fund FY 2000 appropriation upward by \$96,700 over FY 1999 and the FY 2001 appropriation by \$98,100 over FY 2000. These monies reflect ASDB's reimbursement from the Arizona Department of Education (ADE) for its student count. The JLBC estimates that overall enrollment at ASDB will grow by 4.9% in FY 2000 and 5.1% in FY 2001, resulting in increases of 44 and 48 students for the 2 years, respectively. This would result in a total FY 2000 enrollment of 944 students and a total FY 2001 enrollment of 992 students. Most of this projected increase is for the ASDB Cooperatives Program, for which enrollment growth of 10.2% in FY 2000 and 9.9% in FY 2001 is projected. The Phoenix and Tucson Campus enrollments combined are only projected to grow by 1.1% (6 students) in FY 2000 and 1.3% (7 students) in FY 2001, based on recent trends.

Enrollment growth in the ASDB Cooperatives Program does not impact the agency's operating budget for the Phoenix and Tucson Campuses. The Cooperatives' voucher funding is in a non-appropriated fund. Enrollment growth for the Phoenix and Tucson Campuses, however, is funded directly through ADE, thereby, affecting ASDB's "other appropriated" funding total. The latter enrollment growth increases are projected to increase ASDB's "other appropriated" funding total by \$96,700 in FY 2000 and by \$98,100 in FY 2001. These monies will be used to offset other General Fund issues in the budget (*see policy issue below*).

Table 1

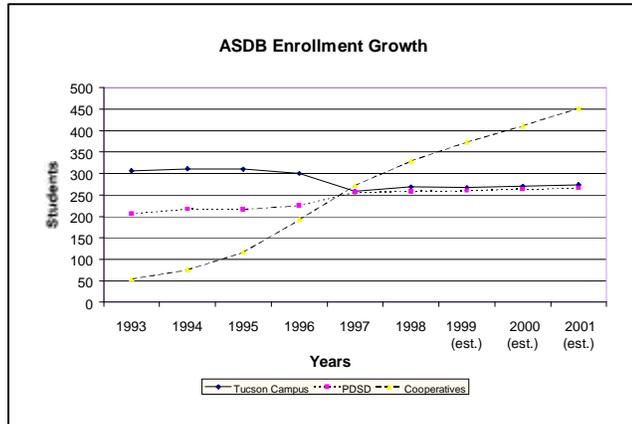
	<u>ASDB Teacher Pay Adjustments</u>							
	<u>FY 92</u>	<u>FY 93</u>	<u>FY 94</u>	<u>FY 95</u>	<u>FY 96</u>	<u>FY 97</u>	<u>FY 98</u>	<u>FY 99</u>
Total ASDB Teacher Pay Increase	0.0	6.7	0.0	1.4	5.3	4.5	4.6 ^{3/}	4.6 ^{3/}
Pay Increase for State Employees	<u>0.0</u>	<u>4.4</u>	<u>0.0</u>	<u>5.0</u> ^{1/}	<u>2.0</u>	<u>2.9</u> ^{2/}	<u>5.0</u> ^{4/}	<u>2.5</u> ^{5/}
Difference ASDB vs. State Employees	0.0	2.3	0.0	(3.6) ^{1/}	3.3	1.6 ^{2/}	(0.4) ^{4/}	2.1 ^{5/}

^{1/} State employees received a 3% increase on July 1, 1994 and a 2% increase on April 1, 1995.
^{2/} State employees received a 1% + \$500 increase on April 1, 1997.
^{3/} Midrange between teacher salary step increases of 2.9% and 6.3%.
^{4/} Includes a 2.5% increase on October 1, 1997 and a 2.5% increase on January 1, 1998.
^{5/} State employees received a 2.5% increase on January 1, 1999.

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Chart 1 below depicts ASDB's historical enrollment growth since FY 1993 and its projected enrollment growth through FY 2001. The Executive projects a larger enrollment growth than the JLBC and as a result recommends adjusting the FY 2000 voucher fund appropriation upward by \$350,000. The Executive recommends \$147,600 in FY 2001 monies generated by enrollment growth.

Chart 1



Excess Voucher Money GF (975,000) (98,100)

The JLBC recommends reducing the ASDB General Fund appropriation by \$(975,000) in FY 2000 and a further reduction of \$(98,100) in FY 2001 to reflect the availability of "voucher" monies. As noted in the policy issue above, ASDB receives "voucher" monies from ADE for its student enrollment. At times, ASDB receives "excess voucher" funds not anticipated in the regular budget. The Legislature must then decide whether to allow ASDB to retain those extra monies or use them to offset the Schools' General Fund support. In FY 1999, ASDB received \$948,000 in Excess Voucher funds due to base support weight increases.

A footnote in the 1997 General Appropriation Act (Laws 1997, Chapter 1, 1st Special Session) required ASDB to report to the JLBC their intended use of any total voucher funding that is in excess of \$6,049,200. Currently, the JLBC estimates that ASDB will receive a total of \$7,107,800 in voucher funding for FY 1999, or \$1,058,600 above the footnote threshold. As it reported to the JLBC, ASDB plans to use \$878,300 of the FY 1999 excess voucher funds for the following one-time expenditures: Equipment (\$674,200); Other Operating Expenditures (\$162,300); and Travel - In State (\$41,800).

Since the \$878,300 is not currently allocated for FY 2000, the JLBC recommends using this dollar amount to offset General Fund expenditures. In addition, ASDB will receive an additional \$96,700 in voucher monies for its campus enrollment growth in FY 2000 (*see prior policy issue*). JLBC also recommends using this dollar amount as

a General Fund offset. The combined dollar value of the 2 offsets in FY 2000 is \$(975,000).

In FY 2001, ASDB will receive an additional \$98,100 in voucher monies above FY 2000 for enrollment growth. The JLBC also recommends using these monies to offset ASDB's FY 2001 General Fund requirement. The Executive recommends reducing the FY 2000 General Fund appropriation by \$(1,359,700). Of this amount, \$(350,000) is due to higher FY 2000 enrollment, and another \$(1,009,700) relates to the FY 1999 excess vouchers. As noted above, however, only \$(878,300) relates to one-time expenditures. The remaining monies have been committed to on-going programs and would need to be reduced under the Executive proposal. The Executive reduces the General Fund appropriation by \$(114,700) in FY 2001 due to increased voucher funding in that year.

Equipment GF 31,100 30,000

The JLBC recommends a \$31,100 increase in Equipment funding for FY 2000 to replace 6 buses, rather than the 4 buses replaced in FY 1999. This would provide total FY 2000 Equipment funding of \$610,500, including \$390,000 to replace the 6 buses; \$160,000 to replace projectors, desks, science laboratory instruments, lawnmowers, power tools, beds, dressers, ovens, and office equipment; \$48,000 to convert 3 buses to alternative fuels (CNG); and \$12,500 for capitalized replacement equipment.

In FY 2001, the JLBC recommends a \$30,000 increase for Equipment above the FY 2000 funding level. This would provide total FY 2001 Equipment funding of \$640,500, including \$390,000 for 6 replacement buses; \$190,000 for replacement of non-capitalized equipment including instructional equipment such as projectors, desks, science laboratory instruments, specialized learning equipment, and operational equipment including mowers, power tools, beds, dressers, ovens, and office equipment; \$48,000 for 3 bus alternative fuel conversion systems (CNG); and \$12,500 for capitalized replacement equipment. The Executive recommends a total of \$560,800 for equipment in FY 2000. The total includes capital equipment and the replacement of 4 vehicles. The Executive recommends a total of \$423,200 in Equipment for FY 2001.

**Reduction in Endowment GF 90,800 -0-
Earnings/Out of State Tuition OF (90,800) -0-**

The JLBC recommends a reduction in the Endowment Earnings and Out-of-State Tuition Fund of \$(90,800) and an increase of \$90,800 in General Fund funding for FY 2000 due to a reduction in the number of out-of-state students enrolling in ASDB. The JLBC recommends this same funding level for FY 2001. The Executive concurs, but recommends a \$(46,100) reduction in the Endowment Earnings/Out-of-State Tuition Fund and a \$46,100 increase

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in General Fund funding in FY 2000 and the same level of funding in FY 2001.

Elimination of Educational and

Technical Equipment GF (200,000) -0-
 The JLBC recommends eliminating the \$(200,000) Educational and Technical Equipment Special Line Item. ASDB was appropriated \$200,000 in FY 1998 and \$200,000 in FY 1999 for additional computers and technical equipment on its Tucson and Phoenix Campuses. Both campuses currently have campuswide computer systems, computer labs, and computers in their classrooms, which brings them up to speed with their technical equipment. In the future, ASDB will only need funding to replace worn out equipment.

For FY 2001, the JLBC recommends no funding for this Special Line Item. The Executive recommends \$200,000 for this item in FY 2000 and \$200,000 for this item in FY 2001.

LAN/WAN Support GF 142,300 (44,100)

The JLBC recommends for FY 2000 a \$142,300 increase in General Fund funding for a total of \$166,400 to support ASDB's Local Area Network/Wide Area Network (LAN/WAN) computer system. ASDB was appropriated several one-time only funds in FY 1998 and FY 1999 to install a LAN/WAN system. The system is scheduled to be up and running by the beginning of calendar year 1999. Because the FY 1998 and FY 1999 appropriations were towards the LAN/WAN installation, ASDB will require additional funding to utilize the computer system.

The recommended funding amount of \$166,400 includes the following items: \$22,300 (\$20,000 Personal Services, \$2,300 ERE) increase for 2 FTE Positions (Database Specialist and Network Specialist) to bring their salaries up to competitive levels; \$24,100 in one-time Professional and Outside Services (P & O) expenditures for staff training; and \$100,000 in Other Operating Expenditures (OOE) for equipment maintenance agreements, internet expenses, and ADOA monthly access charges; and \$20,000 in one-time OOE for software licensing and offsite data storage.

For FY 2001, the JLBC recommends a \$(44,100) reduction for the LAN/WAN system because of the one-time P & O expenditures in training staff, and the one-time expenses associated with software licensing and data storage. The Executive concurs, but recommends \$232,400 in FY 2000 to begin operations of the LAN/WAN system. The Executive recommends a \$(55,900) reduction in LAN/WAN funding for FY 2001.

Facilities Maintenance GF -0- 31,500

The JLBC recommends a \$31,500 funding increase for facility maintenance in FY 2001 because of the need to

paint, repair, and maintain both the Tucson and Phoenix Campus facilities. Campus maintenance expenditures are funded through the OOE portion of the budget. The Executive does not address this issue.

Site Trainer GF -0- 18,700

The JLBC recommends a FY 2001 increase of \$18,700 (\$14,400 Personal Services, \$4,300 ERE) and 1 FTE Position to hire a site trainer at ASDB's Phoenix Campus. This is recommended because the student population requiring site training assistance at the Phoenix campus has more than doubled (from 7 in 1994 to 18 in 1998) over the last 5 years. Site trainers provide employment skills instruction to students with severe disabilities. ASDB currently has 1 site trainer for the entire student population needing assistance. Students in the site-training program receive close supervision by a trained staff member. Adding an additional site trainer will bring the staff to student ratio to a manageable level (from 1:18 to 1:9). The Executive does not address this issue.

Transfer of FTE Positions GF (300) -0-

The JLBC recommends transferring 12.2 FTE Positions from the Tucson Campus to its Administrative/ Statewide Cooperative Program. It also recommends transferring 1 FTE Position (Loss Prevention/Facility Manager) from the Administrative/Statewide Cooperative Program to the Tucson Campus. (The ASDB Phoenix campus has a separate Loss Prevention/Facility Manager Position.) These transfers are requested by ASDB to better reflect the workload responsibilities of the 2 cost centers and the JLBC concurs with this request.

The 12.2 FTE Positions to be transferred from the Tucson Campus include: 1) 8 FTE Positions from the Diagnostic Team, which tests students from across the state for hearing and vision impairment; 2) 1 FTE Position that provides sign language and Braille interpretation assistance for the superintendent, and 3) 3.2 FTE Positions that handle accounting and clerical duties for the statewide program. The Executive does not address this issue.

Privatizing Ground Crew GF -0- -0-

The JLBC recommends the Tucson Campus privatize its grounds maintenance duties for more effective and efficient services, as requested by the agency. This will shift a total of \$85,500 (\$69,900 Personal Services and \$15,600 ERE) to OOE and eliminate 3 FTE Positions. The Executive concurs.

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JLBC Recommended Format — Lump Sum by the Agency

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JLBC Recommended Footnotes

Continued Footnotes

All endowment earnings above \$280,800 in FY 2000 and \$280,800 in FY 2001 received by the Arizona State Schools for the Deaf and the Blind are appropriated for operating expenditures.

Prior to the expenditure of any voucher funds in excess of the \$7,093,900 in FY 2000 and \$7,192,000 in FY 2001 shown above, the Arizona State Schools for the Deaf and the Blind shall report the intended use of the funds to the Speaker of the House of Representatives, the President of the Senate, the Chairmen of the Appropriations Committees, the Directors of the Joint Legislative Budget Committee and the Governor's Office of Strategic Planning and Budgeting.

Deletion of Prior Year Footnotes

The JLBC recommends eliminating a footnote in the FY 1999 Appropriations Report requiring ASDB teachers to approve a pay incentive plan in FY 1998 before the plan went into effect.

Other Issues for Legislative Consideration

Campus Security

The Executive recommends an increase of \$25,900 and 1 FTE position in FY 2000 for a full-time security guard for the Phoenix Day School for the Deaf. The JLBC does not recommend this issue because the Phoenix Campus has not shown an increase in incidents since a security fence was installed in 1997.

Performance Measures	FY 1997	FY 1998	FY 1999	FY 2000
	Actual	Actual	Estimate	Estimate
Parents satisfied with administrative leadership	63%	70%	75%	77%
Students successful in transition settings (e.g. local public schools, post graduate education, or training, or work) 3 years after graduation (Tucson)	63%	68%	70%	72%
Parents whose children board at the schools are satisfied with quality of boarding and health service	90%	93%	95%	95%
Parents satisfied with their overall involvement in the program	82%	84%	86%	88%
Students successful in transition settings (e.g. local public schools, post graduate education, or training, or work) 3 years after graduation (Phoenix)	63%	75%	80%	85%

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