

Arizona State Schools for the Deaf and the Blind

	FY 2015 ACTUAL	FY 2016 ESTIMATE	FY 2017 BASELINE
PROGRAM BUDGET			
Administration/Statewide	5,649,600	4,152,100	4,152,100
Phoenix Day School for the Deaf	9,207,000	10,194,700	10,194,700
Preschool/Outreach Programs	3,747,400	4,233,500	4,379,400
Regional Cooperatives	633,500	821,900	821,900
Tucson Campus	14,144,500	13,755,600	13,755,600
AGENCY TOTAL	33,382,000	33,157,800	33,303,700
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	541.2	541.2	541.2
Personal Services	17,150,800	17,845,400	17,845,400
Employee Related Expenditures	8,339,800	8,451,400	8,451,400
Professional and Outside Services	1,371,900	1,657,400	1,657,400
Travel - In State	34,000	42,500	42,500
Travel - Out of State	19,300	24,000	24,000
Food	126,200	76,700	76,700
Other Operating Expenditures	4,999,400	3,743,600	3,743,600
Equipment	582,800	578,800	578,800
OPERATING SUBTOTAL	32,624,200	32,419,800	32,419,800
SPECIAL LINE ITEMS			
Replace Network Core Infrastructure	695,800	0	0
School Bus Replacement	62,000	738,000	738,000
Voucher Fund Adjustment	0	0	145,900
AGENCY TOTAL	33,382,000	33,157,800	33,303,700
FUND SOURCES			
General Fund	21,921,300	21,596,400	21,596,400
<u>Other Appropriated Funds</u>			
Schools for the Deaf and the Blind Fund	11,460,700	11,561,400	11,707,300
SUBTOTAL - Other Appropriated Funds	11,460,700	11,561,400	11,707,300
SUBTOTAL - Appropriated Funds	33,382,000	33,157,800	33,303,700
Other Non-Appropriated Funds	16,400,100	18,639,000	18,639,000
Federal Funds	1,620,300	2,495,300	2,495,300
TOTAL - ALL SOURCES	51,402,400	54,292,100	54,438,000

AGENCY DESCRIPTION — The Arizona State Schools for the Deaf and the Blind (ASDB) provides comprehensive educational programs for students with sensory impairments from birth to age 22. ASDB has 2 main campuses, a day school in Phoenix and a residential campus in Tucson, satellite preschools in the Tucson and Phoenix Metropolitan areas, and 5 regional offices from which cooperative programs with school districts are operated. ASDB also serves infants and toddlers throughout the state. ASDB serves approximately 2,014 children: 432 students in the K-12 programs (158 in Tucson and 274 in Phoenix), 97 children in preschools, 348 infant/toddlers in regional areas, and 1,137 children through the 5 existing regional cooperatives.

Operating Budget

The Baseline includes \$32,419,800 and 541.2 FTE Positions in FY 2017 for the operating budget. These amounts consist of:

	FY 2017
General Fund	\$20,858,400
Schools for the Deaf and the Blind Fund	11,561,400

These amounts are unchanged from FY 2016.

Assistive Technology Devices GF 0

The Baseline includes no change in funding from the General Fund in FY 2017 for assistive technology devices. The Baseline includes a total of \$253,100 from the General Fund in FY 2017 for this equipment, which may include: electronic dictionaries for visually impaired students, mobile classroom computer labs for visually disabled students, interactive whiteboards for hearing impaired students, and computer and software upgrades for computers used by visually impaired students.

Foundation for Blind Children OF 0

The Baseline maintains funding in FY 2017 for the preschool program at the Foundation for Blind Children at the previously appropriated level of \$1,054,100.

School Bus Replacement

The Baseline includes \$738,000 from the General Fund in FY 2017 for School Bus Replacement. This amount is unchanged from FY 2016.

Monies in this line item are used for the purchase of new school buses. According to the School Facilities Board rules for ASDB, a gasoline-powered bus should be replaced after 10 years or 150,000 miles.

Voucher Fund Adjustment

The Baseline includes \$145,900 from the ASDB Fund in FY 2017 for a Voucher Fund Adjustment. FY 2017 adjustments would be as follows:

Enrollment Decrease OF (408,200)

The Baseline includes a decrease of \$(408,200) from the ASDB Fund in FY 2017 for an enrollment decrease. ASDB's FY 2016 appropriation assumed an enrollment of 529 students. Based on recent monthly data, however, the FY 2016 estimated enrollment has been revised down to 510 students. ASDB is projected to receive approximately \$11,153,200 in special education voucher funding in FY 2016 under the revised enrollment estimate, which would be \$(408,200) below the FY 2016 appropriation. The Baseline assumes that ASDB enrollment would remain at 510 students for FY 2017, resulting in voucher costs for FY 2017 that would be \$(408,200) below the amount appropriated for FY 2016.

These estimates are based on enrollment trends shown in *Table 1*. (Please see *Other Issues* for additional enrollment information.)

Background – Special education voucher monies in the ASDB Fund represent ASDB's reimbursement from the Arizona Department of Education (ADE) for educational

costs based on its enrollment. As with school districts, ASDB's ADE funding is determined by statutory formula. The amounts are reflected within a special line item to give ASDB flexibility in allocating funding changes among its 4 programs.

Base Level Increase OF 554,100

Conditional upon voter approval of Proposition 123 in May 2016, the October 2015 Special Session legislation (Laws 2015, 1st Special Session, Chapters 1 & 2 and HCR 2001) will increase the per pupil "Base Level" in the Basic State Aid (BSA) formula for FY 2016. That BSA base level also serves as the base level for the ASDB Voucher Fund formula, so Proposition 123 also would increase ASDB's voucher funding. In addition, the Baseline assumes that the base level will increase for inflation by an additional 1.15% in FY 2017 above the revised FY 2016 level that would occur under Proposition 123. The estimated increase for these 2 base level increases combined for FY 2017 is \$554,100. (See the Arizona Department of Education narrative for more information on Proposition 123.)

* * *

FORMAT — Operating Lump Sum with Special Line Items by Program

FOOTNOTES

Standard Footnotes

Before the expenditure of any Schools for the Deaf and the Blind Fund monies in excess of \$11,707,300 in FY 2017, the Arizona State Schools for the Deaf and the Blind shall report to the Joint Legislative Budget Committee the intended use of the monies.

Other Issues

October 2015 Special Session and Proposition 123

As a beneficiary of the Arizona State Land Trust, ASDB receives monies generated from lease revenues and the proceeds from land sales that are invested into a "permanent fund," pursuant to Article X, Section 7 of the Arizona Constitution.

In FY 2015, ASDB received \$116,300 in monies distributed from its permanent fund.

Conditional upon voter approval in May 2016, Proposition 123 would increase the annual distribution rate from the State Land Trust Permanent Fund from 2.5% to 6.9% from FY 2016 through FY 2025.

As a result, ASDB would receive \$230,900 in additional funding beyond what it otherwise would in FY 2016 if the ballot proposition is approved. (Please see the Department of Education – Endowment Earnings section for more information.)

Table 1 shows a substantial decrease in ASDB’s preschool population between FY 2013 and FY 2015. This may have been due, at least in part, to changes to A.R.S. § 15-771A that now allow charter schools to provide programs for preschool children with disabilities.

Enrollment Projections

Table 1 shows average annual enrollment data for ASDB’s Tucson, Phoenix, and Preschool campuses since FY 2013. FY 2016 estimates are based on reported enrollment through September 2015. The Baseline assumes that FY 2017 enrollment levels for ASDB will be unchanged from FY 2016.

	ASDB Average Annual Enrollment			
	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>
Tucson	193	177	158	146
Phoenix	277	283	274	268
Preschool	<u>150</u>	<u>113</u>	<u>97</u>	<u>96</u>
Total	620	573	529	510^{1/}

^{1/} Enrollment projection as of September 2015

SUMMARY OF FUNDS	FY 2015 Actual	FY 2016 Estimate
ASDB Classroom Site Fund (SDA2486/A.R.S. § 15-1305)		Non-Appropriated
Source of Revenue: Monies transferred to the fund pursuant to A.R.S. § 15-1305 from a 0.6% sales tax and growth in the Permanent State School Fund expendable earnings above the FY 2001 level. Funding level is determined by the "Group A" and "Group B" weighted student count, as specified in A.R.S. § 15-943.		
Purpose of Fund: To provide additional funding for teacher compensation increases based on performance (40%); teacher base salary increases (20%); and class size reduction, AIMS intervention programs, teacher development, dropout prevention, and teacher liability insurance premiums (40%).		
Funds Expended	998,600	2,136,400
Year-End Fund Balance	812,500	1,494,600
Enterprise Fund (SDA4222/A.R.S. § 15-1323)		Non-Appropriated
Source of Revenue: Monies received from fees, rentals, and other charges from the non-school use of facilities.		
Purpose of Fund: To defray the costs of operating those facilities (i.e. auditorium).		
Funds Expended	59,900	167,500
Year-End Fund Balance	232,200	186,700
Federal Grants (SDA2000/A.R.S. § 15-1303)		Non-Appropriated
Source of Revenue: Federal grants - Title I aid to schools; vocational rehabilitation; National School Lunch and Breakfast programs; Arizona deaf-blind project; preschool services; and Arizona Early Intervention program.		
Purpose of Fund: To be expended as stipulated by federal statutes authorizing the federal grants.		
Funds Expended	1,620,300	2,495,300
Year-End Fund Balance	1,170,600	1,134,400
IGA and ISA Fund (SDA2500/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Various intergovernmental and interagency service agreements.		
Purpose of Fund: Clearing account for monies expended under Intergovernmental Agreements (IGA's) and Intergovernmental Service Agreements (ISA's).		
Funds Expended	0	0
Year-End Fund Balance	0	0

SUMMARY OF FUNDS	FY 2015 Actual	FY 2016 Estimate
Instructional Improvement Fund (SDA2492/A.R.S. § 15-979)		Non-Appropriated
Source of Revenue: Shared revenue from Indian gaming, as authorized by Proposition 202 from the 2002 General Election. The Instructional Improvement Fund receives 56% of total shared revenue from Proposition 202. This is distributed among school districts, charter schools and ASDB based on student counts.		
Purpose of Fund: To provide for classroom size reduction, teacher salary increases, dropout prevention, and instructional improvement.		
Funds Expended	84,200	1,800
Year-End Fund Balance	1,800	0
Regional Cooperatives Fund (SDA4221/Laws 1987, Chapter 363)		Non-Appropriated
Source of Revenue: Monies in the fund come from special education voucher funds as well as tuition and fees that school districts pay to ASDB in order to reimburse it for costs of providing services to their students.		
Purpose of Fund: The Regional Cooperative Fund is used to support ASDB's Regional Cooperatives program, which provides educational services to sensory impaired pupils who attend school at their local school districts rather than at an ASDB campus.		
Funds Expended	14,781,700	15,708,900
Year-End Fund Balance	1,455,300	1,507,700
Schools for the Deaf and the Blind Fund (SDA2444/A.R.S. § 15-1304)		Appropriated
Source of Revenue: "Special Education Fund" monies that ASDB receives from the Arizona Department of Education under the formula prescribed in A.R.S. § 15-1204. This formula is based on the number of pupils attending ASDB and the various special education "Group B" funding categories that those pupils qualify for under A.R.S. § 15-943(2b). This fund also receives expendable land endowment earnings pursuant to A.R.S. § 15-1304 and over-age and non-resident tuition income pursuant to A.R.S. § 15-1345.		
Purpose of Fund: To cover the cost of educating students receiving special education services at ASDB.		
Funds Expended	11,460,700	11,561,400
Year-End Fund Balance	457,500	1,233,200
State Grants Fund (SDA2011/A.R.S. § 15-1303)		Non-Appropriated
Source of Revenue: "Direct Services Claiming" (DSC) reimbursements and grants by private corporations and other state agencies.		
Purpose of Fund: To reimburse ASDB for DSC-related expenditures and to accomplish specific projects of interest to the donor and ASDB.		
Funds Expended	380,800	486,400
Year-End Fund Balance	37,300	29,200
Trust Fund (SDA3148/A.R.S. § 15-1323)		Non-Appropriated
Source of Revenue: Monies received from private endowment, which are outside the control of the State Treasurer and are held by the ASDB Board.		
Purpose of Fund: Spent at the discretion of ASDB.		
Funds Expended	94,900	138,000
Year-End Fund Balance	100	100