

Arizona State Schools for the Deaf and the Blind

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 APPROVED
PROGRAM BUDGET			
Administration/Statewide	9,806,600	9,404,000	8,088,800
Phoenix Day School for the Deaf	12,293,100	10,811,200	10,905,500
Preschool/Outreach Programs	6,990,800	7,656,200	7,951,800
Regional Cooperatives	15,417,400	19,915,300	20,092,400
Tucson Campus	12,701,500	13,330,400	13,391,700
AGENCY TOTAL	57,209,400	61,117,100	60,430,200
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	562.2	562.2	562.2
Personal Services	21,573,000	20,486,500	20,486,500
Employee Related Expenditures	9,220,800	8,649,600	9,520,700
Professional and Outside Services	3,504,700	4,820,200	4,988,200
Travel - In State	88,900	156,000	156,000
Travel - Out of State	8,400	25,200	25,200
Other Operating Expenditures	6,895,400	6,247,300	5,241,200
Equipment	500,800	448,000	448,000
OPERATING SUBTOTAL	41,792,000	40,832,800	40,865,800
SPECIAL LINE ITEMS			
Operating Budget Lump Sum Reduction	0	0	(897,000)
School Bus/Agency Vehicle Replacement	0	369,000	369,000
Cooperative Services	15,417,400	19,915,300	20,092,400 ^{1/}
AGENCY TOTAL	57,209,400	61,117,100	60,430,200 ^{2/}
FUND SOURCES			
General Fund	27,150,400	25,991,300	25,291,300
<u>Other Appropriated Funds</u>			
Cooperative Services Fund	15,417,400	19,915,300	20,092,400
Schools for the Deaf and the Blind Fund	14,641,600	15,210,500	14,878,500 ^{3/}
Telecommunication Fund for the Deaf	0		168,000
SUBTOTAL - Other Appropriated Funds	30,059,000	35,125,800	35,138,900
SUBTOTAL - Appropriated Funds	57,209,400	61,117,100	60,430,200
Other Non-Appropriated Funds	2,386,300	1,982,700	1,982,700
Federal Funds	2,965,800	3,205,000	3,205,000
TOTAL - ALL SOURCES	62,561,500	66,304,800	65,617,900

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. As of June 2024, ASDB served approximately 2,027 children: 337 students in the K-12 programs (128 in Tucson and 209 in Phoenix), 139 children in preschools, 553 infant/toddlers in regional areas, and 998 children through the 3 existing regional cooperatives.

FOOTNOTES

- ^{1/} Before spending any cooperative services fund monies in excess of \$20,092,400 in fiscal year 2024-2025, the Arizona state schools for the deaf and the blind shall report to the joint legislative budget committee the intended use of the monies. (General Appropriation Act footnote, as adjusted for statewide allocations)
- ^{2/} General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Program.

3/ Before spending any schools for the deaf and the blind fund monies in excess of \$14,878,500 in fiscal year 2024-2025, the Arizona state schools for the deaf and the blind shall report to the joint legislative budget committee the intended use of the monies. (General Appropriation Act footnote, as adjusted for statewide allocations)

Operating Budget

The budget includes \$40,865,800 and 562.2 FTE Positions in FY 2025 for the operating budget. These amounts consist of:

	<u>FY 2025</u>
General Fund	\$25,819,300
Schools for the Deaf and the Blind Fund	14,878,500
Telecommunication Fund for the Deaf	168,000

Adjustments are as follows:

Base Adjustment

The budget includes a decrease of \$(928,100) from the ASDB Fund in FY 2025 for a base adjustment reflecting lower-than-anticipated revenues compared with the enacted budget. The FY 2024 enacted budget assumed the ASDB fund would receive total revenues of \$15,210,500 from special education vouchers and state land trust endowment earnings. The FY 2025 budget assumes that actual revenues into the ASDB Fund in FY 2024 will be \$(928,100) less than the appropriated amount. This estimate assumes that caseloads in ASDB's site-based programs would remain unchanged at 475 between FY 2023 and FY 2024.

Enrollment

The budget includes no net funding change from the Schools for the Deaf and the Blind (ASDB) Fund in FY 2025 for enrollment. The budget assumes that enrollment in ASDB site-based programs remains at the May 2023 level of 475 and therefore includes no funding increase or decrease for enrollment changes for ASDB for FY 2025.

Revenue Increase

The budget includes an increase of \$297,400 from the ASDB Fund in FY 2025 for revenue adjustments, including:

- \$267,600 for a 2.0% increase to the Base Level component of the Special Education voucher formula. A.R.S. § 15-901.01 requires annual increases for inflation in the per pupil “base level” in the Basic State Aid (BSA) formula. BSA base level increases for inflation also increase ASDB’s voucher funding. The budget increases the BSA base level by 2.0% for inflation in FY 2025, which will increase special education voucher funding into the ASDB Fund by an estimated \$267,600 in FY 2025.
- \$29,800 for increased land trust endowment revenues in FY 2025.

These revenue increases total to \$297,400, and when combined with the 2024 base adjustment of \$(928,100), the total ASDB Fund adjustment is \$(630,700). As a result, the budget decreases the ASDB Fund appropriation in FY 2025 by \$(630,700) to match forecasted revenues.

Foundation for Blind Children

The budget maintains funding in FY 2025 for the preschool program at the Foundation for Blind Children at the previously appropriated level of \$1,054,100.

Preschool Disability Student Costs

The budget includes an increase of \$168,000 from the Telecommunications Fund for the Deaf in FY 2025 for preschool disability student costs.

The K-12 Education Budget Reconciliation Bill (BRB), as session law, allows the Telecommunication for the Deaf Fund to be spent on educational and operational costs of ASDB.

Statewide Adjustments

The budget includes an increase of \$495,700 in FY 2025 for statewide adjustments. This amount consists of:

General Fund	\$197,000
Schools for the Deaf and the Blind Fund	298,700

(Please see the Agency Detail and Allocations section.)

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. These monies are deposited into the ASDB Fund. If enrollment is higher than anticipated, ADE will distribute additional funding to ASDB. These monies can be spent without a new appropriation, as ASDB is provided budget flexibility through an ongoing General Appropriation Act footnote.

Operating Budget Lump Sum Reduction

The budget includes a decrease of \$(897,000) from the General Fund in FY 2025 for a lump sum reduction. Agencies receiving a lump sum reduction will apply the reduction to the operating lump sum appropriation in the FY 2026 budget request submittal. Agencies have discretion in how the reduction in spending is achieved.

The FY 2026 Baseline Book will incorporate the agency's planned reduction into the operating budget display.

School Bus/Agency Vehicle Replacement

The budget includes \$369,000 from the General Fund in FY 2025 for School Bus/Agency Vehicle Replacement. This amount is unchanged from FY 2024.

Monies in this line item are used for the purchase of new school buses and agency vehicles. According to the Arizona Department of Administration - School Facilities Division rules for ASDB, a gasoline-powered bus should be replaced after 10 years or 150,000 miles. (Please see the FY 2022 Appropriations Report for more background).

Cooperative Services

The budget includes \$20,092,400 from the Cooperative Services Fund in FY 2025 for Cooperative Services. Adjustments are as follows:

Base Adjustment

The budget includes a decrease of \$(242,800) from the Cooperative Services Fund in FY 2025 for a base adjustment reflecting lower-than-anticipated revenues in comparison with the enacted budget. The FY 2024 enacted budget assumed the Cooperative Services Fund would receive total revenues of \$19,915,300 in FY 2024 from special education vouchers, membership fees, and tuition. The FY 2025 budget assumes that actual revenues into the Cooperative Services Fund in FY 2024 will be \$(242,800) less than the appropriated amount. Our estimate assumes total enrollment of 584 vouchered students in the ASDB regional cooperatives in FY 2024, which is unchanged from FY 2023.

Enrollment

The budget includes no net funding change from the Cooperative Services Fund in FY 2025 for enrollment. The budget assumes that enrollment of voucher students in regional cooperatives remains at the May 2023 level of 584, and therefore includes no funding increase or decrease for enrollment changes for ASDB's Cooperative Services Fund for FY 2025.

Revenue Decrease

The budget includes a decrease of \$(51,100) from the Cooperative Services Fund in FY 2025 for estimated revenue adjustments, including:

- An increase of \$320,200 for a 2.0% increase to the Base Level component of the Special Education Voucher formula. A.R.S. § 15-901.01 requires annual increases for inflation in the per pupil "base level" in the Basic State Aid (BSA) formula. BSA base level

increases for inflation also increase ASDB's voucher funding. The budget increases the BSA base level by 2.0% for inflation in FY 2025, which will increase special education voucher funding into the Cooperative Services Fund by an estimated \$320,200 in FY 2025.

- A decrease of \$(371,300) in revenues from district membership fees and tuition receipts based on ASDB estimates of those fund sources.

The Base Level and other revenue adjustments total to \$(51,100), and when combined with the base adjustment of \$(242,800), the total Cooperatives Service Fund budget adjustment is \$(293,900). As a result, the budget decreases the Cooperative Services Fund appropriation in FY 2025 by \$(293,900) to match forecasted revenues.

Statewide Adjustments

The budget includes an increase of \$471,000 from the Cooperative Services Fund in FY 2025 for statewide adjustments.

Background – Regional Cooperatives provide services for deaf and blind students who are being served in a variety of settings in their home school district instead of an ASDB site-based program. The services offered by cooperative programs include full or partial inclusion in general education classrooms, resource rooms, and self-contained special education classes. Enrollment in ASDB's regional cooperatives as of June 2024 was 998.

The regional cooperatives, like ASDB's site-based programs, are funded by Special Education Vouchers paid by the Arizona Department of Education pursuant to A.R.S. § 15-1202. The program is also funded by tuition monies paid by participating districts as well as district membership fees.

The monies in this line item represent the total estimated monies available for the program from vouchers, tuition, and district membership fees deposited in the Cooperative Services Fund. If available revenues exceed the original appropriation, a General Appropriation Act footnote stipulates that ASDB submit a report to JLBC detailing the intended use of the monies.

Other Issues

Statutory Changes

The K-12 Education BRB makes the following statutory changes:

- As permanent law, no longer exempts ASDB from the State Fleet.
- As session law, allow the Telecommunication for the Deaf Fund to be spent on educational and operational costs of ASDB.