

# LEGISLATIVE ACTIONS 2020 HIGHLIGHTS

Budget Response to the COVID-19 Crisis



Senate Republican Caucus  
STATE OF ARIZONA

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***School Closure Policy (HB 2910)***  
***If statewide school closure is lifted by March 29\****

- Public schools are authorized to pay their employees, including hourly employees, from March 16 – March 29, 2020, if the employee is committed to being available to work during the employee’s normal work hours
- Public schools may not require an employee to use accrued vacation or sick leave for the duration of the statewide school closure
- Suspends the calendar and instructional hour requirements for the entirety of school year 2019-2020 and public schools are not required to make up for days and hours missed as a result of the statewide school closure
- Extends the testing window for the statewide assessment (AZMerit) through May 31, 2020, but encourages public schools to administer their own formative assessments
- For the 2019-2020 school year, the public school’s letter grade shall be the higher of its 2019-2020 school year or 2018-2019 school year letter grade

**\*No longer applies as the Governor extended statewide school closure to April 10, 2020**



***School Closure Policy (HB 2910)***  
***If statewide school closure is NOT lifted by March 29***

- Suspends the calendar and instructional hour requirements for the entirety of school year 2019-2020 and public schools are not required to make up for days and hours missed during the first two weeks of the closure
- Public schools are authorized to pay their employees, including hourly employees, from March 16 – March 29, 2020, if the employee is committed to being available to work during the employee’s normal work hours
- After March 30, 2020, public schools are authorized to pay their employees for the duration of the school closure if the employee can perform their work remotely or if they are reassigned to another task(s)
- Requires public schools, beginning March 30, 2020, to offer students general educational opportunities, as determined by the public school, until the end of the 2019-2020 posted school year calendar as a condition of receiving continued formula funding
- Directs the State Board of Education (SBE) and the Arizona Department of Education (ADE) to provide guidance to schools on how they must attest that they are providing educational opportunities



## ***School Closure Policy (HB 2910)***

### ***If statewide school closure is lifted after March 29***

- Suspends the calendar and instructional hour requirements for the entirety of school year 2019-2020 and public schools are not required to make up for days and hours missed during the first two weeks of the closure
- Public schools shall either resume physical operations or continue offering general educational opportunities to students, as determined by the public school, until the end of the 2019-2020 posted school year calendar
- If a public school resumes physical operations, an employee may no longer work remotely unless otherwise authorized by a public school and a reassigned employee must resume their normal work tasks, unless otherwise authorized by a public school



## ***School Closure Policy (HB 2910): Administration Policies***

- Holds harmless transportation funding generated by route miles in the current year and allows public schools to use transportation fleets, including school buses, to be used for school operations that support students and families during the statewide closure
- Allows public schools to deviate from statutory requirements related to special education programs, but requires public schools to attempt to ensure that each student with a 504 Plan or Individual Education Plan (IEP) has access to educational opportunities
- Allows schools to use funding generated in the current school year to provide summer school instruction in the summer of 2020
- Cancels the statewide assessment (AZMerit) for school year 2019-2020
- Holds harmless letter grades for the school year 2019-2020
- Waives “Move on When Reading” promotion requirements for school year 2019-2020
- Requires the SBE to immediately develop rules for graduation for school year 2019-2020 and exempts the SBE from rulemaking requirements expressly for this purpose
- Allows up to 1.25 ADM for students in fiscal year 2020-2021 if the student has taken an online course during June or July of 2020
- Directs the Auditor General to work with school districts for modified timelines for financial and performance data reporting
- Defines “public school” as a school in a school district, charter school, the Arizona School for the Deaf and Blind (ASDB), Career and Technical Education Districts (CTEDs), accommodation schools, and county jail or juvenile detention center education programs
- Requires ADE, with approval of the SBE, to submit waiver requests by April 15, 2020 to the appropriate federal agencies for food and nutrition, assessment and accountability requirements, or any other issues that impact educational attainment that cannot be met in this school year due to the public health crisis
- Allows the Superintendent of Public Instruction, only with the approval of the SBE, to waive any school finance requirement necessary to implement school finance matters for school year 2019-2020
- Contains an emergency clause and is retroactive to March 16, 2020



## ***Unemployment Insurance (SB 1694)***

- The Unemployment Insurance bill extends eligibility for unemployment benefits to individuals:
  - whose employer has permanently or temporarily ceased or drastically reduced operations due to COVID-19
  - who, due to requirements that the individual be quarantined, are not able to work and do not have any available paid leave even if the individual has an expectation of returning to work after the quarantine period
  - who leave employment due to risk of exposure or infection or to care for a family member who has been infected with COVID-19
  
- The bill also waives the following unemployment insurance requirements:
  - the one-week waiting period before first distribution of compensation
  - able and available to work, actively seeking work, and daily job contacts
  
- For Businesses, the Unemployment Insurance bill:
  - Holds employers harmless for former employees that access the unemployment compensation system during the COVID-19 pandemic, meaning employers will not see an increase to their experience rating as a result of COVID-19 related unemployment insurance claims
  - Provides greater access to the Arizona Shared Work Program, allowing employers in heavily affected industries to avoid layoffs by retaining employees at reduced hours while supplementing their wages with UI benefits



## **FY 2020 – FY 2023 Budget**

- The budget for FY 2021 is \$11.8 billion, a 19% or \$(222)M decrease compared to the FY 2020 budget
- The budget includes Baseline changes of \$609M in new ongoing increases for caseload and inflation growth in K-12 (including teacher raises), Medicaid growth in AHCCCS and DES, formula funding in Community Colleges, and all other previously enacted changes, offset by \$(977)M in one-time spending decreases for a net decrease of \$(368)M in Baseline spending
- In addition to the Baseline changes, the budget includes \$80M of new spending in FY 2020, \$227M in new spending in FY 2021, and \$90M of new spending in FY 2022
- Of this new spending, \$22M is new ongoing spending and includes:
  - \$19M to hold agencies harmless for retirement rate increases
  - \$10M for the Water Quality Assurance Revolving Fund (WQARF) program, which would otherwise not have a funding source in FY 2021
  - \$(6.6)M in K12 formula savings related to higher growth in local property values
  - \$1M in existing funds targeted for the administration of the Empowerment Scholarship Account program
- Of this new spending, \$353M in new one one-time funding from FY 2020 to FY 2023:
  - \$136M for K12 District and Charter Additional Assistance to restore this funding one year earlier in FY 2022 instead of in FY 2023 as originally planned
  - \$119M for school capital repairs managed by the School Facilities Board
  - \$50M for the newly created Crisis Contingency and Safety Net Fund to provide economic relief to individuals and businesses or organizations affected by COVID-19
  - \$22M to maintain solvency in the employee health care fund
  - \$11M to complete the Lewis and Yuma prisons lock repair project
  - \$8.3M to allow for expanded behavioral health access in schools
  - \$5M to fully fund the WQARF program through FY 2021
  - \$2.6M supplemental funding to counties for the Presidential Preference Election
- In addition to the changes above, the Legislature authorized the Governor to spend up to \$55M from the State's Rainy-Day Fund in response to the COVID-19 health crisis

### **FY 20 - FY 23 Base Budget**

	<u>Revenue Growth</u>	<u>Spending Growth</u>	<u>Ending Balance</u>	<u>Structural Balance</u>
<b>FY 20<sup>/1</sup></b>	3.6%	11.1%	\$562	\$657
<b>FY 21</b>	4.1%	-1.9%	\$729	\$480
<b>FY 22</b>	3.3%	3.2%	\$212	\$346
<b>FY 23</b>	4.1%	2.1%	\$433	\$493

<sup>/1</sup> YTD revenues are 9.6% above the prior year through February

## ***Spending Increases by Areas of Government***



### **K12 Education**

- \$453M increase for K12 formula and previously agreed upon changes (ex: teacher salary increase)
- \$136M for District and Charter Additional Assistance, including an additional \$68M in FY 2021 and an additional \$86M in FY 2022 to fully restore this formula funding in FY 2022 instead of FY 2023 as originally planned
- \$119M for School Facilities Board Building Renewal projects, including \$28M in FY 2020 supplemental funding and \$91M in FY 2021
- \$59M for new school construction, including \$46M for the second year of FY 2020 authorizations and \$13M in FY 2021 for the first year of two additional schools



### **Higher Education**

- \$2.2M in formula adjustments for Community Colleges



### **Health and Welfare**

- \$183M increase for AHCCCS Medicaid caseload and inflation growth
- \$60M increase for caseload growth and inflation in the long-term care system for the developmentally disabled
- \$50M for the newly created Crisis Contingency and Safety Net Fund to provide economic relief to individuals and businesses or organizations affected by COVID-19
- \$8.3M to expand behavioral health resources in schools



### **Natural Resources**

- \$15M for the Water Quality Assurance Revolving fund (WQARF) to ensure that this program is funded for another fiscal year, as without this funding there is no dedicated source



### **Public Safety**

- \$11M to complete the Lewis and Yuma prisons lock repair project



### **General Government**

- \$22M to maintain solvency in the employee health care fund
- \$19M to hold agencies harmless for retirement rate increases
- \$6M for to fund 50% of the cost of Maricopa County Superior Court judges (a phase-in of cost sharing was agreed to in the previously enacted budget)
- \$2.6M supplemental funding to counties for the Presidential Preference Election





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