

ARIZONA STATE SENATE

46TH LEGISLATURE
FIRST REGULAR SESSION

MINUTES OF COMMITTEE ON EDUCATION

DATE: February 24, 2003

TIME: 1:30 p.m.

ROOM: SHR 109

CHAIRMAN: Senator Hellon

VICE CHAIRMAN: Senator Mead

ANALYST: Kimberly Yee

INTERN: Tyler Manic

ASSISTANT

ANALYST: Dallas Gold

COMMITTEE

SECRETARY: Carol Dager

ATTENDANCE

BILLS

<u>Committee Members</u>	<u>Pr</u>	<u>Ab</u>	<u>Ex</u>	<u>Bill Number</u>	<u>Disposition</u>
Senator Aguirre	X			SB 1095	DP
Senator Anderson	X			SB 1142	DP
Senator Jackson	X			SB 1149	DPA
Senator Miranda	X			SB 1200	DP
Senator Mitchell	X			SB 1212	DPA
Senator Verschoor	X			SB 1229	DP
Senator Waring	X			SB 1233	DPA
Senator Mead, Vice Chairman	X			SB 1241	FAILED
Senator Hellon, Chairman	X			SB 1250	DP
				SB 1278	DP
				SB 1297	DP
				SB 1330	DP
				SB 1335	DISCUSSION/HELD

GOVERNOR'S APPOINTMENTS

Name

Position

Recommendation

Chairman Hellon called the meeting to order at 1:37 p.m., and attendance was taken.

APPROVAL OF MINUTES

Senator Mead moved the minutes of February 17, 2003 be approved. He moved that on page 2 relating to SCR 1018, after the first paragraph, add: "Senator Hellon asked for all teachers in the room to stand and be recognized." Without objection, the minutes were approved as corrected.

CONSIDERATION OF BILLS

SB 1335 – school constructions funding reform – DISCUSSION/HELD

Kimberly Yee, Education Committee Research Analyst, explained that SB 1335 establishes a new financing mechanism for school districts and accommodation schools to correct building adequacy standards and build new school buildings. She also explained the two amendments: 1) Anderson 26-page amendment dated 02/21/03 at 12:11 p.m. (Attachment A) ; and 2) Anderson 21-page dated 02/21/03 at 12:14 p.m. (Attachment B). In response to Senator Hellon, Ms. Yee replied that the amendments are conflicting and both could not pass out of the Committee.

Senator Weiers, sponsor of the bill, testified that SB 1335 is not a great bill, yet he hopes it passes out of Committee to allow for further discussion. Students FIRST is broken because it has created a huge hole in the State's budget and has given too much power to the School Facilities Board (SFB) which has no oversight. He suggested that the problems have gotten worse not better. Introducing this bill is an attempt to bring the issue forward for discussion. He stressed that if the Legislature does not fix Students FIRST, they will not be able to balance the budget. Senator Weiers added that after bringing the problem to the Superintendent of Public Instruction, Mr. Horne suggested homeowner rebates. The Governor's solution is to consider bonding; however, there would be concerns as to how to pay that back, which would create bigger problems.

Tom Horne, Superintendent of Public Instruction, Arizona Department of Education (ADE), stated that he recognizes that the bill cannot pass the Senate or the House of Representatives in its current form; however, he too would like to see the bill pass out of Committee to keep the discussion going. No alternative solutions have been presented. He indicated that his desire is to take a burden of over \$300 million off the general fund. He suggested that if the burden is not removed, other programs will be in jeopardy. He pointed out that one of the recommendations is to borrow money; however, that money would need to be paid back.

Mr. Horne added that education should be a priority. He remarked that he is open to any change in the bill as long as it will gather votes.

Senator Hellon questioned the strategy of passing a bill that has lots of problems. Mr. Horne replied that a number of the problems are theoretical that have bothered some members, such as the homeowners rebate issue. He noted that there is an amendment that provides an alternative to the homeowners rebate issue. The more politically palatable the bill becomes, the harder the fight is on the constitutional side. He indicated that another change to the bill that has been suggested is raising the amount of the subsidy to ensure that no school district would have less assessed value than the medium. He stated that he feels this would be a good policy and ADE is committed to doing it.

Senator Waring inquired about the provision regarding transporting students from one district to another, and wondered what would be the longest distance a student would have to travel. Mr. Horne replied that this is an example of one of the complicated issues. The homeowners rebate issue indicates that bussing would only occur if there is room in the adjacent district, which is reasonable. If the homeowners rebate is eliminated entirely, then they would simply bus to the nearest available district.

In response to Senator Jackson, Mr. Horne replied that if the bill passes the Committee, he would commit to meeting with Senator Jackson and others to discuss their specific concerns.

Mr. Horne maintained that the idea of the bill is to have an additional \$300 million available in the general fund to benefit school districts.

Senator Mead questioned why the Committee has to listen to the bill today, since it may not pass. Mr. Horne replied that this is the last meeting for the Committee to hear Senate bills.

Barbara Robey, Director, Governmental Relations, Arizona School Boards Association (ASBA), testified that they are neutral to the bill. She indicated that one of their priorities is to look at alternative funding sources for Students FIRST to alleviate the tension between funding for maintenance and operation (M&O) and funding for capital costs. The projection in 1998, when Students FIRST was passed, was that it would be five years before the State would realize that it could not sustain the costs. The time has come to address these issues seriously. She stated that they have worked with Mr. Horne on the current proposal. There is much more research that needs to be done to find an answer to this problem.

Ms. Robey explained that ASBA is also interested in alternative funding sources: 1) reinstate property tax; and 2) establish a capital qualifying tax rate. It is important to search for a dedicated funding source for Students FIRST. She indicated that they are committed to comprehensively reviewing the entire tax structure and how to provide for a quality education system, as well as addressing the other services and needs required to be a knowledge-based society. She maintained that ASBA wants to be part of the discussion and the solution.

Senator Anderson asked if she would favor the bill being passed out of Committee although ASBA has no position on the bill. Ms. Robey replied that she feels that the dialogue should continue.

Martin Shultz, Vice President, Government Affairs, Arizona Public Service and Pinnacle West Capital Corporation, provided a handout (Attachment C) and commented that this bill addresses the right issue regarding deficiencies in Students FIRST, but it is absolutely the wrong solution. He suggested that the appeal to pass the bill out of Committee today because it will continue the discussion is okay. However, the Committee members would then be on record for supporting a bill that is significantly flawed. Under the legislative process, when there is a bill that is not ready, the Speaker or President can grant permission for a special introduction. If this bill is important, the interested parties should try to work on a better solution.

Mr. Shultz explained that this bill establishes a dedicated revenue stream; however, it is the local property tax. He submitted that the problem in the property tax system should be fixed first. This bill has some of the most inconsistent incentives.

Mr. Shultz next discussed unification and consolidation of school districts. He suggested that one of the things people should be looking at is creating great efficiencies between the school districts.

In response to Senator Anderson, Mr. Shultz agreed with the concept of utilizing local property tax for the purpose of constructing schools and balancing State contribution with local contribution.

Michael Hunter, Vice President, Arizona Tax Research Association (ATRA), testified that they oppose the bill, noting that the subsidy portion of the bill probably does not satisfy the requirements of the Constitution. It is not a good idea to return to the property tax system, without fixing some of the underlying problems in the system. School districts that have a lot of residential property with little commercial property do not have the capacity to generate the money for schools. In areas with commercial property and little residential property, there is an abundance of property wealth; however, the dynamics are askew in order to get bonds approved.

Raymond V. Aguilera, Superintendent, Gadsden Elementary School District, distributed a spreadsheet (Attachment E) and discussed the tax rates in the Yuma County school districts. He said that he believes Students FIRST has worked well. He testified in opposition to the bill, noting that they are concerned about equity.

Gary Knox, Superintendent, talked about equalizing funds, noting his research on comparisons of tax rates between a low-wealth and high-wealth school district. There is a substantial difference in equalization, with up to a \$1,300 disparity in the tax rate from one school district to another. He suggested that there are different methods to establish equality in tax rates. The State chose to pay for school construction; however, there could be a shared responsibility between the school district and the State.

Senator Anderson asked if there is any adjustment to the formula that would make it fair. Mr. Knox replied that he believes the only way to equalize is through the tax rate. Senator Mead asked if the qualifying tax rate (QTR) was raised statewide by the same amount, could that money be dedicated to Students FIRST. Mr. Knox replied that would be one potential solution.

Michael Martinez, Superintendent, Globe Unified School District, testified that their school district represents the best and the worst of Students FIRST. They still have a 1914 high school building that did not get replaced. He indicated that they felt that was alright as long as they could get building renewal; however, that is gone. He suggested that reinstating the previous property tax rate inequities will aggravate the problems.

Tim Hogan, Executive Director, School Finance Reform Group, provided a letter (Attachment F) outlining objections to SB 1335. He explained that he represents a group of 40 school districts that has been in existence for 12 years. He pointed out that the group does not consist of just low-wealth school districts. Of the 40 school districts, ten are above the medium. He suggested that this problem is not about low-wealth school districts, rather it is about access to capital. Many times school districts cannot get access to capital even if they are above the medium assessed evaluation. He pointed out that the Students FIRST program is one that Arizona can be proud of; many states have looked to the program as a model. The Supreme Court decisions clearly require full or substantial equalization. Assessed property in a school district has no relationship to the number of students, what the capital needs, or what their growth will be. Equalizing to medium assessed valuation makes no sense. He suggested that it is offensive to the Constitution that one school district would pay a higher tax rate than another.

Mr. Horne noted that the numbers used is assessed valuation per student. To bring all school districts to the point where the tax rate would be the same for adding a school as it is for the medium school district, would be three times the medium factor. The cost of doing that would be \$21 million a year.

Senator Hellon announced that she would hold the bill upon request by the sponsor and announced the individuals who registered their position on the bill (Attachment D).

SB 1241 – school districts; land recapture – FAILED

Ms. Yee explained that SB 1241 requires the SFB to conduct an annual statewide inventory of all unused real property owned by school districts and establishes a process for a school district to sell a parcel of real property that has not been used in three years upon recommendation by the SFB Executive Director (Director). The bill also requires proceeds from the sale of real property to be used to reduce a school district's property tax rate. She also explained the Mead two-page amendment dated 2/21/03 at 4:51 p.m.

Senator Mitchell asked for a definition of "unused" land. Ms. Yee replied "unused" means land that is undeveloped and not used for a school. Senator Mead added that school districts are "banking" land that they thought would ultimately be used to build a school. Because of changes in their school district, the land has not been used, yet the school districts hold on to it. This bill intends to review the unused land and sell it. The first 100% of what the school district paid for it goes back to the taxpayers in reducing their property taxes for other school-related burdens. With the next 100%, 50% would go to the school district to use in their capital outlay and the other 50% would go to the SFB. This bill would be finding revenue to pay for new schools. Senator Mitchell brought up a piece of land being used in Tempe that he would not want sold because the schools and city are using it for a soccer field. Senator Mead replied that land would not be considered unused property. However, there are school districts that have land that is not being used for anything.

Senator Aguirre referred to property in her school district that is being used by Phoenix Little League and would not want that land to be jeopardized.

Senator Mitchell inquired about a school district that closes a school and wondered if that would be sold after sitting for three years. He pointed out that there was a school that sat vacant for approximately 15 years that has recently reopened. Senator Mead replied that a school that has been closed would qualify as unused real property. The school district is allowed to explain to the SFB why any unused land would still be in their long-term plans.

Senator Mitchell wondered about the school properties that would be sold that are in the middle of a residential area. It would appear the land would be difficult to sell.

Barbara Robey, Director, Governmental Relations, ASBA, testified in opposition to the bill because growth has not occurred exactly as a school district had planned. Many school districts have been able to use the land advantageously. School districts need to have flexibility with the land.

Spencer Kamps, Deputy Director, Home Builders Association of Central Arizona, noted that they have made a number of donations for various school sites that have reversion clauses. He

indicated that they are working on an amendment that would protect those clauses, allowing the property to revert back to the original owners.

Senator Mead stated that his amendment addresses donated lands. In response to Senator Waring, Senator Mead replied that he has no idea how much land is banked. He pointed out the reason for the bill is to try to provide some monies for Students FIRST and take it off the general fund. He stated that he feels there is a substantial amount of land that is not being used by the school districts that could be sold.

Senator Mead moved SB 1241 be returned with a DO PASS recommendation.

Senator Mead moved his two-page amendment dated 2/21/03, 4:51 p.m. be ADOPTED. The motion CARRIED by voice vote. (Attachment G)

Senator Mead moved SB 1241 be returned with an AS AMENDED, DO PASS recommendation. The motion FAILED with a roll call vote of 3-6-0. (Attachment 1)

Senator Hellon announced the individuals who registered their position on the bill (Attachment D).

SB 1250 – civic center school funds – FAILED

Mr. Gold explained that SB 1250 allows a school district governing board, superintendent or chief administrative officer to lease school property for any lawful purpose including religious or governmental purposes. The bill also makes specifications regarding fees and fee waivers associated with the lease of school property.

Senator Martin, sponsor of the bill, provided a handout (Attachment H) and indicated that school districts are allowed to rent school facilities. He indicated that it is unconstitutional to charge different rates to different organizations. This bill would set up a constitutional process reviewing an organization's commercial status rather than speech. The school board still retains the authority to determine if they will rent facilities.

Barbara Robey, Director, Governmental Relations, ASBA, indicated that they oppose the bill. This policy is in place in a large metropolitan area. While it may work well there, it certainly may not work well in some of the smaller school districts.

Michael Smith, Associate, Arizona School Administrators (ASA), commented that they oppose the bill because of the inflexibility of the waiver of reasonable fee for a nonprofit organization. He noted a problem with the commercial use language, noting it is too open-ended.

Senator Mead moved SB 1250 be returned with a DO PASS recommendation. The motion FAILED with a roll call vote of 4-4-1. (Attachment 2)

Senator Hellon announced the individuals who registered their position on the bill (Attachment D).

SB 1142 – schools; sex education – DO PASS

Senator Hellon announced the individuals who registered their position on the bill (Attachment D).

**Senator Mead moved SB 1142 be returned with a DO PASS recommendation.
The motion CARRIED with a roll call vote of 5-4-0. (Attachment 3)**

SB 1200 – charter schools; tribal lands – DO PASS

Tyler Manic, Education Committee Intern, explained that SB 1200 authorizes charter schools located on tribal land to receive SFB funding.

Barbara Robey, Director, Governmental Relations, ASBA, pointed out that charter schools currently receive additional assistance in their formula and do not qualify for assistance from the SFB.

In response to Senator Mead, Ms. Robey replied that under current law, public schools on tribal land can adapt curriculum for local cultures. A new resolution was passed by the State Board of Education (SBE) last month supporting the tribal cultures.

Senator Jackson noted that the tribes would like to see more advanced teaching of their values and knowledge. In the Indian's way of life, they do not see a separation between religion and education.

David Begay, Director of Administration, Shonto Preparatory School, pointed out that there are several charter schools on the reservation. The State has exempted charter schools from receiving facility construction resources merely because many charter schools are considered to be private and located on private land. He explained that Shonto Preparatory School is neither, as are most of the charter schools on the reservation. The situation has put an extreme limitation on the school to acquire resources through the State. Furthermore, the State laws exempt Shonto Preparatory School from any bond legislation. Traditional resources of construction and renovation funding are not available to reservation charter schools because the school operates on Indian land. Federal trust land cannot be used for financing and facilities on such land are not subject to pledge or mortgage. Financial institutions are reluctant to loan funding for construction projects on the reservation.

Senator Anderson questioned what the benefit to the children will be if the bill passes. Mr. Begay replied that they are currently lacking safe buildings and laboratory facilities for biology. Because the reservation schools are lacking these things, many students are traveling to Page to attend school.

**Senator Mead moved SB 1200 be returned with a DO PASS recommendation.
The motion CARRIED with a roll call vote of 8-1-0. (Attachment 4)**

SB 1149 – school district elections; candidates – DO PASS AMENDED

Mr. Gold explained that SB 1149 allows a county board of supervisors to cancel an election for a school district governing board office in which only one person files a nominating petition and appoint the petitioner to fill the office. The bill also allows a county board of supervisors to cancel a school district governing board office election and deem the office vacant if no person files a nominating petition and requires the office to be filled by an appointment of the county school superintendent. He

also explained two amendments: 1) Hellon two-line amendment dated 2/7/03 at 2:59 p.m.; and 2) Hellon three-line amendment dated 02/21/03 at 3:38 p.m.

Senator Jarrett, sponsor of the bill, indicated that this bill will save the State money. In response to Senator Aguirre, Senator Jarrett agreed that they should leave the possibility open for a write-in candidate. However, if there is no write-in candidate, there would not be a need for an election. She said that she would be willing to work on a floor amendment.

Senator Hellon announced the individuals who registered their position on the bill (Attachment D).

Senator Mead moved SB 1149 be returned with a DO PASS recommendation.

Senator Mead moved the Hellon two-line amendment dated 2/7/03, 2:59 p.m. be ADOPTED. The motion CARRIED by voice vote. (Attachment I)

Senator Mead moved the Hellon three-line amendment dated 2/21/03, 3:38 p.m. be ADOPTED. The motion CARRIED by voice vote. (Attachment J)

Senator Mead moved SB 1149 be returned with an AS AMENDED, DO PASS recommendation. The motion CARRIED with a roll call vote of 8-0-1. (Attachment 5)

SB 1212 – community college districts; clean-up – DO PASS AMENDED

Mr. Gold explained that SB 1212 changes the date for a community college district's qualified electors to vote on an expenditure limit override or levy limit override from a regularly scheduled general election to one of four consolidated election dates. The bill also contains numerous technical, conforming and clarifying changes to update statutes regarding the State Board of Directors of Community Colleges (State Board) and community college district governing boards. He also explained the Hellon seven-line amendment dated 2/21/03 at 1:39 p.m.

Michael Hunter, Vice President, ATRA, testified in opposition to the bill, noting concerns that this is not a community college districts clean-up bill. He said that they believe there are provisions in the bill that are resolving policy debates in a way favorable to the college districts and unfavorable to ATRA's position in the past. The most significant concern involves dual enrollment, which has been an ongoing issue. There was a State board rule that was adopted in relation to dual enrollment, which ATRA opposed. This bill is taking things that were in state board rules and codifying them into statute.

Senator Verschoor asked about the problems with the dual enrollment. Mr. Hunter replied that the dual enrollment debate centers on redundancy in funding. It is important to decide the State's priorities and if they are interested in funding twice for a student. Dual enrollment is where the State funds for Average Daily Membership (ADM) for a high school student and fulltime student equivalent for the community college. A course is taught by a high school teacher in a high school classroom and the college has given approval for the course. College involvement is minimal. This is different from concurrent enrollment where college courses are made available for high school students at the community college.

In response to Senator Verschoor, Mr. Hunter explained that the school will count a student for a full ADM if that student is in the classroom for four hours.

Jack Lunsford, Director, Government Relations and External Affairs, Maricopa Community Colleges, testified in support of the bill for all community colleges. He referred to HB 2710 that was passed last year, which included significant changes relative to the community college board. The bill moved most of the responsibilities the board previously had to the community college districts and minimized the board's role in the governance of community colleges. SB 1212 is a bill to address technical concerns from last year's legislation. A policy bill is in the House of Representatives.

Mr. Lunsford noted that when a student is dual enrolled, the community college does incur a cost and would like to be reimbursed for that cost. The issue of dual enrollment has been before the Legislature for the past five years. Each time as the facts are discussed, it is determined that dual enrollment is valuable and should be continued. He urged the Committee to pass the bill.

Senator Hellon stated that if this bill passes out of Committee, she would like to see all the interested parties meet and work out the concerns in the bill.

Senator Verschoor wondered if the bill passed but the Legislature decided not to fund dual enrollment would there be a conflict. Mr. Lunsford replied that he did not believe there would be a conflict because the dual enrollment relates to the corresponding funding. If the corresponding funding is not provided by the State, the dual enrollment issue would be moot.

Mr. Lunsford pointed out that the bill has true technical corrections and should be passed. He added that dual enrollment keeps students in high school with 75% of them going on to higher education. In response to Senator Verschoor, Mr. Lunsford replied that all of the courses must meet the requirements of a college level course, the students must meet the prerequisites for the course, and the credits are transferable to a college or university.

Senator Mead moved SB 1212 be returned with a DO PASS recommendation.

Senator Mead moved the Hellon seven-line amendment dated 2/21/03, 1:39 p.m. be ADOPTED. The motion CARRIED by voice vote. (Attachment K)

Senator Mead moved SB 1212 be returned with an AS AMENDED, DO PASS recommendation. The motion CARRIED with a roll call vote of 9-0-0. (Attachment 6)

Senator Hellon announced the individuals who registered their position on the bill (Attachment D).

SB 1095 – experimental schools; square footage exemption – DO PASS

Dallas Gold, Education Committee Assistant Research Analyst, explained that SB 1095 requires the SFB, in its measurement of minimum square footage requirements, to exclude an experimental school from the total space available in schools used in a school district if the experimental school meets specified requirements. The bill also repeals the act July 1, 2008.

Greg Stanton, Vice Mayor, City of Phoenix, noted that last year a similar bill passed out of the Senate and House of Representatives; however, it was vetoed by the Governor. He talked about a

specific section in the Ahwatukee Foothills area that this bill would make eligible for SFB to build an experimental school. If this land is not annexed by the school districts, students would be bussed across Interstate 10 over 25 miles to the nearest school. Also, the land department does want to auction the land for development and he is concerned about additional residential development without a new school being added.

Doug Cole, Vice Chairman, Ahwatukee Foothills Village Planning Committee, testified that this bill is very important in resolving the school situation on the most valuable piece of State trust land. This is the last developable property in Ahwatukee.

In response to Senator Verschoor, Mr. Cole noted that the experimental school would partner with the Maricopa Community College District to develop a learning campus. Senator Mitchell added that an experimental school would have K-14 on one campus.

Senator Verschoor questioned why a charter school could not build there. Mr. Cole replied that if there is not a school solution, it diminishes the value of the property for the State Land Department (SLD) to market it. Senator Mitchell explained that the bill allows the SFB to build a facility. Senator Anderson suggested that if a developer is willing to develop the land, they often are willing to provide some funding towards a school.

In response to Senator Waring, Mr. Cole replied that until the school issue is resolved, the property is unmarketable.

Richard Hubbard, Deputy State Land Commissioner, SLD, testified that they support the bill. He mentioned that they have been working on this piece of property for several years. There are three issues: 1) open space; 2) transportation; and 3) schools. The first two issues have been resolved; however, without resolving the third, no developer will be interested in purchasing the property. This bill will resolve the third issue.

Senator Verschoor questioned what the developer needs to know. Mr. Hubbard replied that it is their responsibility to inform a developer that a school will be built upon land set aside by the SLD. Senator Mitchell added that the SFB should look at this land differently because it would be the first in the State with K-14.

Barbara Robey, Director, Governmental Relations, ASBA, stated that they are neutral on the bill. She indicated that testimony has pointed out the concerns with Students FIRST. She emphasized that school districts are penalized if they provide full-day kindergarten or room for Head Start programs. It is difficult to provide extras for something that is different. All schools benefit from the school trust lands.

**Senator Mead moved SB 1095 be returned with a DO PASS recommendation.
The motion CARRIED with a roll call vote of 8-1-0. (Attachment 7)**

SB 1229 – noncertificated school employees; policies – DO PASS

Mr. Manic explained that SB 1229 requires a school district governing board to adopt employment policies relating to the rights of noncertificated employees.

Senator Verschoor asked about who is considered a noncertificated employee. Mr. Manic replied that any teacher who does not have one of the nine certificates. Senator Mitchell added that it would also include secretaries, janitors, bus drivers, cafeteria workers, etc.

Penny Kotterman, President, Arizona Education Association (AEA), explained that their organization also represents noncertificated employees. This bill states that a school district should specify the rights of their noncertificated employees. They should have a policy that explains how they are going to suspend or fire any of those individuals during the course of their employment. It is particularly important because most employees have some type of probationary period. If there is no probationary period, there needs to be a policy stating so. This is humane and a good business practice to allow people to know what type of conditions they are working under.

Chris Thomas, Legal Counsel, ASBA, provided a handout (Attachment L) and testified in opposition to the bill. He pointed out that many of the school districts do have policies for due process. Once the policy is mandated, the rights of the employees are elevated. He suggested this bill could cause added legal expenses.

In response to Senator Anderson, Mr. Thomas reiterated that many school districts do have policies in place; however, they may not be identical to what the bill is requesting. This bill would mandate that there is a policy for: 1) allowing probationary periods; 2) dealing with reduction in workforce; and 3) giving employees a collective bargaining voice. Senator Aguirre added that if a school district currently has a policy, that will stay in place. However, some school districts do not have a policy and this bill would require a policy.

Senator Mead asked if emergency teachers are currently protected. Mr. Thomas replied that they would be covered under the noncontinuing teacher status for a teacher employed for under three years.

In response to Senator Verschoor, Ms. Kotterman replied that the intention of the bill is that the school district shall adopt policies that specify the rights of noncertificated employees. If a school district already has a policy, they do not have to change it; however, they must communicate to the employees what the policy is.

Senator Anderson suggested that the bill would probably pass if Section B is removed. Ms. Kotterman replied that consultation is not a requirement of agreement. Consultation means that the employer will speak with the classified employees who are impacted by the statement. If Section B must be removed, she would request that a statement be added that the employer would need to at least inform employees to allow them feedback. Senator Anderson suggested offering a floor amendment and Ms. Kotterman agreed to work with him.

Mr. Thomas mentioned that this bill would mandate another process that would have an expense that will probably come out of the classroom. Senator Mitchell countered that an employee can currently sue the school district if they feel they have been wronged. To assume that a policy will encourage lawsuits is not correct.

**Senator Mead moved SB 1229 be returned with a DO PASS recommendation.
The motion CARRIED with a roll call vote of 5-4-0. (Attachment 8)**

SB 1297 – school tax credits; accountability – DO PASS

Ms. Yee explained that SB 1297 requires every school tuition organization and public school that receives a contribution or fee, which can then be taken as an individual income tax credit, to report information to the Department of Revenue (DOR) before March 2 of each year.

Senator Chevront, sponsor of the bill, commented that this bill provides oversight for tax credits to allow for a check and balance. These tax credits that are being given are an appropriation from the State. Unless one of the Scholarship Tax Organizations (STO) provides this information, the State is unaware as to who is taking the tax credit, how much they are giving, to what students, and to what schools. Currently, there is no way to determine if there are any savings to the State. Originally when the tax credit was approved in 1998, there was only \$1.6 million in tax credits. Today, there are \$23 million in tax credits issued annually.

Senator Mead questioned if a person must give their social security number (SSN). Senator Chevront replied that only if the person wants to give their SSN. If they did not want to give it to the State, they do not have to do so. Ms. Yee responded that on Lines 32 through 34 on page one of the bill, it does indicate that the names of the children who received tuition grants or scholarships, the SSN of the children, if available, and a list of the schools where the children attended during the prior calendar year shall be reported to the DOR. The Federal Education Rights and Privacy Act (FERPA) indicates that schools may disclose without consent, directory information of a student, which includes the name, address, telephone number, date and place of birth, and other types of attendance information. However, schools are required under FERPA to tell parents and eligible students about the directory information and allow parents to be able to request not to disclose that information.

In response to Senator Mead, Ms. Yee explained that there is a confidentiality protection in asking for an SSN practiced under Title 43 in the tax code. The amendment was going to address the existing law that speaks to confidential information to clarify language regarding confidential data. Senator Chevront added that the bill language came from DOR. If the bill does not pass, DOR will begin random auditing the tax credits.

Senator Mead announced the individuals who registered their position on the bill (Attachment D).

**Senator Mead moved SB 1297 be returned with a DO PASS recommendation.
The motion CARRIED with a roll call vote of 6-3-0. (Attachment 9)**

SB 1250 – civic center school funds – DO PASS

Senator Mead moved the Committee RECONSIDER the action whereby it failed to pass SB 1250. The motion CARRIED by voice vote.

**Senator Mead moved SB 1250 be returned with a DO PASS recommendation.
The motion CARRIED with a roll call vote of 6-3-0. (Attachment 10)**

SB 1233 – schools; performance based pay – DO PASS AMENDED

Ms. Yee explained that SB 1233 establishes standard requirements for all performance based compensation systems adopted by school districts in the state. She also explained the Aguirre three-line amendment dated 2/19/03 at 3:15 p.m.

Barbara Robey, Director, Governmental Relations, ASBA, testified that they do support the bill; however, there are concerns about the amount of administrative time that will be required to implement some of the requirements in the bill. Under the current statute, there is a portion of the career ladder monies that can be set aside for evaluation of the program. There are no such provisions in this bill.

Penny Kotterman, President, AEA, indicated that this bill is important and it is correct that there will be additional administrative costs. They would have agreed to set aside some of the performance-based compensation monies; however, that is not allowed. This bill would provide frameworks for school districts to create performance-based systems consistent and equitable across districts. It also includes a consistent teacher evaluation system with standards set by ADE.

Senator Mead announced the individuals who registered their position on the bill (Attachment D).

Senator Mead moved SB 1233 be returned with a DO PASS recommendation.

Senator Mead moved the Aguirre three-line amendment dated 2/19/03, 3:15 p.m. be ADOPTED. The motion CARRIED by voice vote. (Attachment M)

Senator Mead moved SB 1233 be returned with an AS AMENDED, DO PASS recommendation. The motion CARRIED with a roll call vote of 8-1-0. (Attachment 11)

SB 1330 – teachers; inadequacy of classroom performance – DO PASS

Mr. Manic explained that SB 1330 requires a school district governing board to develop a definition of “inadequacy of classroom performance.”

Clyde Dangerfield, Assistant Superintendent, Gilbert Schools, pointed out that this bill is a technical correction. This is a responsibility and right that the school boards always thought that they had. However, there was a recent case where the judge decided that the statute was not clear enough for a probationary teacher. This bill is clarifying language that the board has the right to define “inadequacy of classroom performance.”

Don Johnsen, Attorney, Gilbert Public Schools, indicated that the way the statute has been worded since 1986, school district governing boards are charged with the responsibility of defining what is meant by “inadequacy of classroom performance.” This bill clarifies that it applies to probationary teachers as well as tenured teachers.

Senator Mead announced the individuals who registered their position on the bill (Attachment D).

**Senator Mead moved SB 1330 be returned with a DO PASS recommendation.
The motion CARRIED with a roll call vote of 8-0-1. (Attachment 12)**

SB 1278 – schools; community service – DO PASS

Mr. Gold explained that SB 1278 requires the SBE to adopt guidelines to encourage high school students to volunteer for 20 hours of community service before graduation.

Senator Anderson provided a handout (Attachment N), noting that he believes there is a trend that students want their studies and activities to have some meaning and relevance toward making communities better. This bill allows the SBE to adopt the guidelines for service-learning programs. It is not a mandate for SBE or students. Service-learning is a way of teaching and including a community service project in conjunction with the regular curriculum.

Senator Hellon read comments from **Christy Farley, State Board of Education**: “The Board today took a position of supporting this legislation to encourage community service and feels that because it does not require formal rules it will not be an undue burden on the Board. We will work with Senator Anderson if any modifications are necessary after further review.”

Senator Mead announced the individuals who registered their position on the bill (Attachment D).

Senator Mitchell suggested that school administrators should encourage club membership for the students. Most clubs have a philanthropic project. Club membership teaches many things and is a good training ground for students.

**Senator Mead moved SB 1278 be returned with a DO PASS recommendation.
The motion CARRIED with a roll call vote of 9-0-0. (Attachment 13)**

There being no further business, the meeting was adjourned at 5:35 p.m.

Respectfully submitted,

Carol Dager
Committee Secretary

(Tapes and attachments on file in the Secretary of the Senate’s Office/Resource Center, Room 115.)