

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-first Legislature –Second Regular Session

COMMITTEE ON EDUCATION

Minutes of Meeting
Monday, February 10, 2014
House Hearing Room 3 -- 2:00 p.m.

Chairman Goodale called the meeting to order at 2:38 p.m. and attendance was noted by the secretary.

Members Present

Mr. Allen	Mr. Meyer	Mr. Pierce J
Mr. Boyer	Ms. Miranda	Mr. Coleman, Vice-Chairman
Mrs. Carter	Ms. Otondo	Mrs. Goodale, Chairman

Members Absent

None

Committee Action

HB2088 – DPA S/E (7-1-1-0)	HB2319 – DPA (9-0-0-0)
HB2176 – DPA S/E (8-1-0-0)	HB2438 – DP (9-0-0-0)
HB2180 – DP (7-2-0-0)	HB2521 – DP (8-1-0-0)

PRESENTATION: STUDENT SUCCESS FUNDING

Dr. Dale Frost, Education Policy Advisor, Governor's Office, gave a powerpoint presentation about *Student Success Funding*, the revised K-12 performance funding plan included in the Governor's budget (Attachment 1). The plan is based on individual student success metrics; if a school maintains high achievement with the students or shows improvement, the school will be rewarded. It is specifically created not to disadvantage schools in poorer areas and it is anticipated to cost less than \$40 million in fiscal year (FY) 2015, which is ongoing.

He related that the State Board of Education (SBE) is going out for a request for proposal (RFP) to decide on the new assessment for the state, and whichever test is chosen, there will be transition issues. In order to have a seamless transition, the same distributions will be given to school districts and charter schools in FY 2016 as in FY 2015, and data will be available to reset the weights and restructure so everyone is treated fairly. It is suggested that the dollars remain outside the revenue control limit (RCL) so there is no impact to tax rates. A process should be developed to decide on better outcome measures so that when the weights are reset in FY 2017, there will be more and broader measures. An evaluation should also be done at some point to determine if the program is resulting in improvements.

Dr. Frost added that the Governor's Office has been receiving feedback from the school community since November 2013, and this plan has been better received than last year's proposal. Some people would rather have the dollars elsewhere, but this proposal helps to reward and incentivize, it is a way to invest in education that is not currently done, it is fair and reliable. He noted that the Members were provided with estimated outcomes based on 2014 data for schools in their legislative districts.

Ms. Miranda asked if there has been discussion about funds for extra resources for the poorer areas. Dr. Frost replied there was a lot of discussion about that while developing the Governor's budget and requests were received to include a poverty weight in the funding formula, but it comes down to what the state can afford. Rather than providing money upfront for certain schools, the Governor's Office wants to see success and weight success for students who are far behind; if more students can be moved to the higher-growth areas, more funding can be earned.

Chairman Goodale commented that schools with high success rates complain about how much more difficult it is to improve when they are already high, which this model recognizes.

Dr. Frost responded to questions concerning the chart on Page 7 (Attachment 1) and funding amounts. He indicated that the Governor's website will soon include information on estimated outcomes for all school districts in the state.

In response to further questions, Dr. Frost related that no other state has had an incentive program to this extent; Florida gave a certain dollar amount to every *A* school, which is a rough measure because many *B* schools do good jobs. This proposal rewards individual student success, which is a better measurement. The Governor's Office is currently not recommending a teacher incentive pay package because the culture within the school is very important and should not be eroded.

Mr. Meyer noted that the State of Florida invested about \$1 billion in programs designed to enhance student performance. He submitted that measuring performance by school district will be difficult. In the Scottsdale Unified School District, 11 of the schools are Title 1, and if there is no improvement in those low-income schools, he wonders if the \$40 million will be spent wisely. Dr. Frost responded that this is a piece of the larger budget; the Governor wants to invest about \$140 million in schools, including base funding, plus a new assessment and an information technology (IT) system. He noted that at the current funding levels, there are already differences in performance, which depends on leadership, quality staff and high expectations. The Governor's Office believes better incentives are needed in the system.

Mr. Allen remarked that a bill was passed last year to allow the increase of bonds up to the constitutional amount, which was originally reduced in a lawsuit in 2000 that also cited the inequities in funding at base rates between school districts. Between this program and the bond rating, he questioned if the state will be back to where it started and could end up in court because school districts will be funded at different levels. Dr. Frost answered that he is not an attorney. In the Students FIRST legislation that took the state out of the court mandate for the *Roosevelt v. Bishop* lawsuit, the bonding increases took the state back to 20 percent rather than the constitutional 30 percent, but whether or not this will be challenged as not general and uniform is a good question. It is intentionally not uniform but the intention is that access to the

program is uniform. He noted that the lawsuit had to do with the capital side of the education funding formula and not the operating side, and deferred to Stacy Morley from ADE.

Stacey Morley, Arizona Department of Education (ADE), advised that a precedent was set in that decision that the state had to provide a basic level of funding in capital and access to that funding, but school districts could go over and above with bonding and overrides, and this plan would be over and above.

Mrs. Carter thanked the Governor's Office for working through this complicated methodology to figure out how to pay for academic results for students, noting that discussions have been going on close to three years. She opined this is probably the best and robust plan so far. She asked about the student growth percentiles (SGP) on pages 6 and 7 (Attachment 1) and transition to the new assessment.

Dr. Frost responded that the intention behind SGPs is to have a fair measurement of growth, so if a student has an SGP of 50, it is average. In time, more absolute measures of growth are needed. He indicated that the last administration of Arizona's Instrument to Measure Success (AIMS) test will occur in April or May 2014. The SBE will choose a new assessment for next year that best meets Arizona's needs and aligns with Arizona standards. An SGP can be calculated between the two years, but in order to be confident in the calculation, the plan is to wait until data is available from the first-year assessment to set the weights. FY 2017 will be the reset of the proposal, comparing new assessment data between FY 2016 and FY 2017.

Mrs. Carter clarified that the 2015 allocations are based on the 2014 AIMS test, and with this model, funding will be received for two years based on those test scores, which makes the 2014 test very important. She asked about a student who takes the 2014 AIMS test and moves to another school district, if funding will follow the student or be locked in place for three years and picked back up in 2017. Dr. Frost said the Governor's Office is working on the legislation; that question has not been answered yet, but can be looked into.

Mrs. Carter thanked Dr. Frost for always being willing to answer questions and the time he has spent with stakeholders and constituents in the community.

CONSIDERATION OF BILLS

HB2088 – schools; 200-day calendar; funding – DO PASS AMENDED S/E **S/E: study committee; extended learning opportunities**

Vice-Chairman Coleman moved that HB2088 do pass.

Vice-Chairman Coleman moved that the Carter 31-line strike-everything amendment to HB2088 dated 02/06/14 (Attachment 2) be adopted.

Aaron Wonders, Majority Research Analyst, explained that the Carter 31-line strike-everything amendment to HB2088 dated 02/06/14 (Attachment 2) establishes the Joint Legislative Study Committee on Extended Learning Opportunities, prescribes committee membership and charges the Committee with studying the fiscal impact and feasibility of extended learning opportunities

and the use of time for learning (Attachment 3). The committee is required to report on December 31, 2014 and is repealed on the same date.

Mr. Pierce asked if *extended learning opportunities* is defined, what it entails and the correlation between HB2521 - school calendar; 200 days; funding, which is also on the agenda.

Mrs. Carter, sponsor, replied that *extended learning opportunities* in this bill refers to the 200-day calendar. There will probably be other items mentioned. She and Mr. Boyer, who sponsored HB2521, are working together.

Mr. Boyer expressed support for the strike-everything amendment to HB2088, adding that he hopes issues can be addressed in the study committee and HB2521 will move forward to the Senate.

Barry Aarons, Lobbyist, Arizona Association of County School Superintendents, stated that he is in support of the underlying bill, but he is aware of the strike-everything amendment and would like to speak to it. He has been working with Mr. Boyer and Senator Kimberly Yee on this idea. The 200-day school year already exists in law and is funded at only 5 percent when the actual cost is about 11 percent. There are a number of items that have been discussed, such as unbundling, i.e., why is it necessary to have the entire school district utilize a 200-day calendar if only a few schools in the school district are in the *D* and *F* category, consideration of funding at 8 percent perhaps by increments, implementing an unbundled system under a pilot program, delaying implementation for a year so the school and school district can plan and adding accountability measures. The 200-day school year is an incredibly important issue and if the strike-everything amendment passes, county school superintendents will participate in the study committee.

Mrs. Carter remarked that since *extended learning opportunities* is not codified in statute, perhaps it could be addressed in the study committee.

Mr. Aarons pointed out that Mr. Boyer's bill passed out of the House overwhelmingly last session and contains valuable items that would be helpful, but does not negate the necessity to study additional accountability reforms, funding opportunities and other types of extended learning opportunities.

Dr. Donald Covey, representing self, stated that the original bill, which is from last year, was supported by the county school superintendents. The county superintendents have not vetted the strike-everything amendment, but the Maricopa County superintendents support the study and the strike-everything amendment. Present legislation allows for the 200-day calendar, but only if it is implemented by all schools within a school district. Parents and teachers would like the option to send their children to schools within the school district where there is additional extended time for learning; additional time is needed to focus on struggling students and struggling schools.

Kelly McManus, Lobbyist, Stand for Children, in support of the strike-everything amendment to HB2088, stated that part of the reason for the language *extended learning opportunities* is to look at the broader picture of ensuring schools have all the "tools in their toolbox" to address student

achievement. Extended learning time is one of the most effective interventions, so it should be a feasible option, but it should be approached in a structured and thoughtful way.

Vice-Chairman Coleman announced the names of those who signed up as neutral on the strike-everything amendment to HB2088 but did not speak:

Leonard Clark, representing self

Stacey Morley, Arizona Department of Education

Doreen Zannis, representing self, in support of the strike-everything amendment, said as a parent in the public school district system, she has learned that authentic collaborative efforts result in the best outcomes. She asked for this opportunity for a significant conversation.

Vice-Chairman Coleman announced the names of those who signed up in support of the strike-everything amendment to HB2088 but did not speak:

Gretchen Martinez, Lobbyist, Arizona Chamber of Commerce and Industry

Miryam Gutier-Elm, representing self

Janice Palmer, Arizona School Boards Association

Penny Allee Taylor, Valley of the Sun United Way

Trey Williams, Lobbyist, Arizona Association of Counties

Sabrina Vazquez, Lobbyist, Arizona School Administrators Association

Linda Polito, Tucson Area Schools

Sam Polito, Tucson Area School Districts

Jennifer Loreda, Lobbyist, Arizona Education Association

Charles Essigs, Arizona Association of School Business Officials

Chad Heinrich, Lobbyist, Greater Phoenix Chamber of Commerce

Ricardo Hernandez, representing self

Geoff Esposito, Arizona School Boards Association

Vice-Chairman Coleman announced the names of those who signed up in opposition to the strike-everything amendment to HB2088 but did not speak:

Leeann Wieser, Lobbyist, Arizona Federation of Teachers Union

Question was called on the motion that the Carter 31-line strike-everything amendment to HB2088 dated 02/06/14 (Attachment 2) be adopted. The motion carried.

Vice-Chairman Coleman moved that HB2088 as amended do pass. The motion carried by a roll call vote of 7-1-1-0 (Attachment 4).

HB2438 – schools; transporting district conversion – DO PASS

Vice-Chairman Coleman moved that HB2438 do pass.

Hannah Mitchell, Majority Research Intern, explained that HB2438 establishes the process for the conversion of a school district with less than 100 students over the past three years into a transporting school district (Attachment 5). In order to call an election to convert a district, a petition must be submitted with the signatures of at least 10 percent of the qualified electors in the school district. A transporting school district operates in the same manner as a school

district, except the transporting school district is required to transport all of its students to another school district and is prohibited from educating students in school facilities within the school district. HB2438 requires a school district to begin operating as a transporting school district on July 1 following the certification of election results.

Representative David Gowan, sponsor, said the small school adjustment statute allows small school districts to increase their budget without going to a vote of the people, which happened in his district where the tax rate was increased without an election. This bill allows a voter in the school district to submit a petition to the county superintendent, after so many signatures are obtained, to place it on the ballot so the people can vote to establish a transportation school district instead. The intent is to give the people the ability to have a voice and a vote.

Vice-Chairman Coleman announced the names of those who signed up as neutral on HB2438 but did not speak:

Doreen Zannis, representing self

Stacey Morley, Arizona Department of Education

Vice-Chairman Coleman announced the names of those who signed up in support of HB2438 but did not speak:

Kevin McCarthy, Arizona Tax Research Association

Question was called on the motion that HB2438 do pass. The motion carried by a roll call vote of 9-0-0-0 (Attachment 6).

HB2176 – JTEDs; 9th graders; certification; funding – DO PASS AMENDED S/E
S/E: funding; 9th graders; JTEDs

Vice-Chairman Coleman moved that HB2176 do pass.

Vice-Chairman Coleman moved that the Goodale 12-page strike-everything amendment to HB2176 dated 02/06/14 (Attachment 7) be adopted.

Aaron Wonders, Majority Research Analyst, explained that the 12-page strike-everything amendment to HB2176 dated 02/06/14 (Attachment 7) allows Joint Technical Education Districts (JTED) to count ninth-grade students in their student count Average Daily Membership (ADM) (Attachment 8).

Mr. Allen asked if a fiscal note was prepared on this legislation. Mr. Wonders replied that a fiscal note was prepared on the underlying bill; however, the estimate for 100 percent ninth-grade funding is \$30 million.

Representative Ethan Orr, sponsor, stated that the Morrison Institute showed last year that JTEDs have an unusually high graduation rate, 98 percent in some cases. Students participate in project-based education and can pursue a vocational career track. Also, the state is able to recruit more companies. There are three fiscal objectives of this legislation:

- Full ninth-grade JTED funding (\$15 million this year; \$30 million next year)

- Career and technical education (CTE) concentrators (\$1.5 million this year; \$3 million next year)
- Changing the full-time student equivalent (FTSE) formula from 91 percent to 100 percent (about \$3 million)

Chairman Goodale commented that the Members received a printout of the Morrison Institute study last year that she hopes the Members reviewed. It contains amazing success stories of the JTED program. JTED courses provide hands-on education. She added that an attempt is being made this session to move JTED courses into community colleges.

Gretchen Jacobs, Joint Technical Education Districts Consortium, in support of the strike-everything amendment to HB2176, stated that Tina Norton will address the fiscal note. Legislation would not be requested that costs \$30 million this year understanding the budget ramifications.

Tina Norton, Assistant Superintendent, Pima County JTED, representing self, in support of the strike-everything amendment to HB2176, said that in 2011, approximately \$29 million was cut from JTEDs. Participation in JTED programs statewide in grades nine through twelve is alarmingly low and continues to decline, so the fiscal note is about \$15 million based on freshmen currently enrolled. JTEDs are funded on prior year ADM, so if this bill goes into effect, the budget will not increase for JTEDs and the fiscal note to this next budget year could be very small. She referred to a handout, *Let's put Arizona to work* (Attachment 9) and noted that the last page shows the alarming decline in enrollment. Fewer students are participating; when a big chunk of money is taken out of the system, programs have to close so there are fewer opportunities to take part in CTE. When there are fewer opportunities and fewer students, the budget for the following year is less so more programs close.

Chairman Goodale remarked that because of the academics, some JTED programs are challenged because schools are reluctant to give students time off for JTED courses.

Gretchen Martinez, Lobbyist, Arizona Chamber of Commerce and Industry, in support of the strike-everything amendment to HB2176, stated that the dropout rate among Arizona high school students is among the highest in the nation. Governor Brewer has made increasing the high school graduation rate to 93 percent a cornerstone of the education reform plan for the state. The Chamber frequently hears from manufacturers that jobs are available, but cannot be filled due to the unavailability of skilled workers. CTE can develop a major pipeline for filling these jobs and increase the high school graduation rate.

Moses Sanchez, Vice-President, Governing Board, Tempe Union High School District (TUHSD), stated that TUHSD has a 98 percent graduation rate and CTE is critical. When JTED funding was eliminated two years ago, TUHSD lost \$4 million. With removal of this funding, the school district had to ask local taxpayers to share more of the burden. The school district is very conservative with construction projects and always searches for grant opportunities. Bonds and overrides passed by the taxpayers funded the Bioscience Lab at Desert Vista High School and next year the culinary renovation at Marcos de Niza High School will be put in place, which could have been paid for with some of the CTE funding. In TUHSD, 89 percent of the students who participated in CTE programs went on to college, university, technical schools, military or employment. He asked the Members to move this legislation forward.

Vice-Chairman Coleman announced the names of those who signed up in support of the strike-everything amendment to HB2176 but did not speak:

Barry Aarons, Arizona Association of County School Superintendents
Doreen Zannis, representing self
Lisa Prichard, representing self
Scott Schall, representing self
Karen Lattin, representing self
Jayme Fitzpatrick, Deer Valley Unified School District
Doris Wojtulewicz, ACTE AZ (Written Comments, Attachment 10)
Donna Green, representing self
David Stockwell, representing self
Amy West, representing self
Joe Parone, representing self
Julie Stockwell, representing self
Debbie McKintosh, Tempe Union High School District
Polly Abraham, representing self
Brenda Marietti, representing self
Meg Gianesello, representing self
Shelly Thorne, representing self
Melanie Lintz, representing self
Cynthia Coor, representing self
Michele Hemmerlin, representing self
Mary Anne Berens, representing self
Cynthia Nixon, representing self
Speranta Klees, representing self
Lori Luzier, representing self
Marilyn Basyar, representing self
Lou Hart, representing self
Kathy Prather, representing self
Janice Palmer, Arizona School Boards Association
Brett Jones, Vice President of Operation, Arizona Construction Association
Robert Medler, Lobbyist, Tucson Metropolitan Chamber of Commerce
Jeramy Plumb, representing self
Trey Williams, Lobbyist, Arizona Association of Counties
Howard Moody, representing self
Sabrina Vazquez, Lobbyist, Arizona School Administrators Association
Linda Polito, JTED Consortium
Sam Polito, Tucson Area School Districts
Jennifer Loreda, Lobbyist, Arizona Education Association
Charles Essigs, Arizona Association of School Business Officials
Diana McCarthy, West-MEC
John Heiss, representing self
Geoff Esposito, Arizona School Boards Association
Beata Tarasiuk, representing self
Matt Weber, representing self
Patti Greenleaf, representing self
Lois Lamer, representing self

Maryellen Coburn, representing self
Leeann Wieser, Lobbyist, Arizona Federation of Teachers Union
Annette Schmidt, representing self
Tiffanie Sechrist, representing self
Amanda Nolasco, representing self
Michelle Poppen, representing self
Troy Thygerson, representing self
Jennifer Ray, representing self
Curt Bertelsen, representing self
Doug Daley, representing self
Dan Bauer, representing self
Cynthia English, representing self
Fawn Eaton, representing self
Mike Neu, representing self
Christine Nelson, representing self
Stephen Weltsch, representing self
John Mulcahy, representing self
Mary Raymond, representing self
Pamela Ferguson, representing self
Sharon Metzger, representing self
Nori Cannell, representing self
Debra Rayment, representing self
Phyllis Aja, representing self

Vice-Chairman Coleman announced the names of those who signed up as neutral on the strike-everything amendment to HB2176 but did not speak:

Leonard Clark, representing self
Stacey Morley, Arizona Department Of Education

Question was called on the motion that the Goodale 12-page strike-everything amendment to HB2176 dated 02/06/14 (Attachment 7) be adopted. The motion carried.

Vice-Chairman Coleman moved that HB2176 as amended do pass. The motion carried by a roll call vote of 8-1-0-0 (Attachment 11).

HB2180 – appropriation; information technology; education; certification – DO PASS

Vice-Chairman Coleman moved that HB2180 do pass.

Hannah Mitchell, Majority Research Intern, explained that HB2180 appropriates \$5 million annually from the General Fund (GF) to the Arizona Department of Education (ADE) to establish an information technology (IT) education and certification program in school districts and charter schools that provide K-12 instruction (Attachment 12). It requires ADE to contract with at least one vendor for services to prepare students for the IT industry certification and requires ADE to prepare and submit an annual report by October 15 beginning in 2015. The program sunsets on July 1, 2024.

Vice-Chairman Coleman, sponsor, said he was previously a career and technical education (CTE) teacher of business courses. One of the challenges was to motivate the students and one method was to provide a certification exam at the end of the program so the students could become industry certified, for example, as a Microsoft Office Specialist. The certificates can be included on a resume and actually mean something to employers. In response to questions, he related that the program is capped at \$5 million; he did not want to leave the amount open-ended but it should be enough to cover the first round of tests for school districts that apply.

John Kelly, representing Microsoft Corporation, in support of HB2180, said the appropriation is a guess based on experiences in other states in implementing a variety of programs. In almost every state, CTE programs have focused on machinists, aircraft and automobile repair, etc., but the entire IT and software industry skill set has not been part of the program, which is a key and missing element at the middle school and secondary level. This bill establishes a program within ADE to develop an IT software CTE program. IT and software skills are in demand in the workplace and students need to be prepared in these skill sets. Certification creates motivation and a tangible credential to provide to employers.

Mr. Meyer asked about \$2 million that the Governor requested. Mr. Kelly replied that \$2 million is the Governor's recommendation from looking at models in other states, one of which was North Carolina, which implemented a statewide license for the Microsoft IT Academy. This program does not have to be limited to Microsoft because there are a number of important software programs such as Adobe and Cisco. The exact cost is not known, but the \$5 million appropriated in this bill is anticipated to be adequate to fund ADE and other entities that need to be coordinated.

Mr. Meyer asked if ADE would buy the rights to obtain the certifications and if these would be CTE courses. Mr. Kelly replied that it could be a CTE course, depending on the kind of course, or integrated into other curriculum models. Professional development is needed and included in the appropriation. The state will procure the certification services from an independent third party, not from the software vendor, who does the testing.

Mrs. Carter asked how this interacts with the Governor's broadband plan because there is not connectivity around the state, yet technology will be used for the certificates. Mr. Kelly stated that he can only speak about the Microsoft program; some are online training courses and most involve instructor-led training. Broadband is not necessary to deliver the content in every case. He clarified that ongoing funding will be provided until the program expires in 2024.

Stacey Morley, Arizona Department of Education (ADE), in support of HB2180, advised that this program was included in the budget request last year, but it only applied to Microsoft when the intention was to include other vendors such as Cisco, Adobe, etc. This program was implemented in other states as a pilot and the results from the students were so impressive that it was expanded statewide the next year in nearly every state. This program provides a high school graduate with a valuable education leading to a high-paying job and another path for students who are not right for college.

Vice-Chairman Coleman announced the names of those who signed up in support of HB2180, but did not speak:

Doreen Zannis, representing self

Tim Carter, Yavapai County School Superintendent, representing self
Barry Aarons, Lobbyist, Arizona Association of County School Superintendents
Linda Polito, Tucson Area School Districts
Sam Polito, Tucson Area Schools
Garrick Taylor, Arizona Chamber Of Commerce and Industry

Vice-Chairman Coleman announced the names of those who signed up as neutral on HB2180 but did not speak:

Leonard Clark, representing self

Question was called on the motion that HB2180 do pass. The motion carried by a roll call vote of 7-2-0-0 (Attachment 13).

HB2319 – school boards; nonprofit organizations; formation – DO PASS AMENDED

Vice-Chairman Coleman moved that HB2319 do pass.

Vice-Chairman Coleman moved that the Pierce four-line amendment to HB2319 dated 02/07/14 (Attachment 14) be adopted.

Hannah Mitchell, Majority Research Intern, explained that HB2319 allows a school district governing board to assist in the legal formation of nonprofit organizations that promote the educational mission of the school district and prohibits the school district governing board from participating in the governance of the nonprofit organization (Attachment 15). The Pierce four-line amendment to HB2319 dated 02/07/14 (Attachment 14) requires the established nonprofit organization to reimburse the school district for any actual cost the school district incurs in assisting in the formation of the organization.

Mr. Pierce, sponsor, said this bill is the result of organizations setting up incorrectly and creating issues with the Auditor General's Office and the Internal Revenue Service (IRS). The mechanism is already in place for school boards to assist, but school boards requested statutory authority to do so. The school boards will be able to help with setup but cannot be involved in administration. In response to questions, he indicated that he does not believe the bill will create problems for the Auditor General's Office. The amendment ensures there is no gift clause issue, although he does not believe there was one in the first place.

In response to further questions, Mr. Pierce indicated that he does not believe it is the intent to establish a nonprofit organization that supports a bond or override. Mr. Meyer stated that the bill does not address that and probably should. Mr. Meyer asked if there is any legal exposure to the school district if something goes wrong. Mr. Pierce replied that he does not believe so because any discrepancies would lie with the organization and would not be transferred to the school district.

Marcus Dell'Artino, Lobbyist, Chandler Unified School District No. 80, in support of HB2319, advised that the Arizona Retention Trust recognized this problem years ago and schools are already covered, so there is no added liability by creating these organizations. The problem involves instances, for example, where a parent wants to help their child in a club and forms a booster club to raise money, opens a bank account and begins taking checks. Technically, it is a

nonprofit organization, and a letter is received from the IRS, which causes a problem with the parent and the school district. He has also heard of cases where parents form the club with the school's employer identification number (EIN) without the school's knowledge, which creates an additional problem. This bill allows the school to be able to help parents work with the IRS to obtain an EIN and a bank account. He is working with the Attorney General's Office on an amendment for a slight tweaking. This is not a cure-all for every parent teacher organization (PTO) or booster club issue; it is a "tool in the toolbox" to get on the right path.

Mr. Meyer remarked that the Scottsdale School District required all boosters, PTOs and nonprofits to file articles of incorporation annually with the school district; if they did not, they were not allowed to have a booster club on campus. The school district also required a training manual that had to be read and signed off on, which is another way to address the issue.

Art Harding, Lobbyist, Arizona Attorney General's Office, neutral on HB2319, acknowledged that the Attorney General's Office is working with the sponsor and Mr. Dell'Artino, and said he is confident that a solution will be reached. The major concern is to make sure there is no violation relating to the gift clause.

Vice-Chairman Coleman announced the names of those who signed up as neutral on HB2319 but did not speak:

Doreen Zannis, representing self

Stacey Morley, Arizona Department Of Education

Vice-Chairman Coleman announced the names of those who signed up in support of HB2319 but did not speak:

Mark Lane, representing self

Barry Aarons, Lobbyist, Arizona Association of County School Superintendents

Tim Carter, Yavapai County School Superintendent, representing self

Janice Palmer, Arizona School Boards Association

Jennifer Loreda, Lobbyist, Arizona Education Association

Charles Essigs, Arizona Association of School Business Officials

Geoff Esposito, Arizona School Boards Association

Question was called on the motion that the Pierce four-line amendment to HB2319 dated 02/07/14 (Attachment 14) be adopted. The motion carried.

Vice-Chairman Coleman moved that HB2319 as amended do pass. The motion carried by a roll call vote of 9-0-0-0 (Attachment 16).

HB2521 – school calendar; 200 days; funding – DO PASS

Vice-Chairman Coleman moved that HB2521 do pass.

Aaron Wonders, Majority Research Analyst, explained that HB2521 allows individual schools and charter schools to offer 200-day calendars and increases base level funding under certain conditions for school districts, charter holders and *D* and *F* schools that offer an extended calendar (Attachment 17).

Mr. Boyer, sponsor, stated that under current law, an entire school district can move to a 200-day school calendar with a 5 percent increase in base level funding, but it does not make sense for a very large school district. This bill provides an option for governing boards to take a public vote, after community input, to move to a 200-day school calendar. The Balsz School District did this at the 5 percent level with federal grants and it works; the six schools in the school district went from low-performing to high-performing. This could benefit *D* and *F* schools and help prevent "summer slide" where students forget what they learned over the summer break. He added that he is working with Senator Kimberly Yee on an amendment to include proper safeguards.

Chairman Goodale noted that testimony was given earlier that the actual cost is 11 percent and questioned if 8 percent is realistic. Mr. Boyer acknowledged that the actual cost is 11 percent; this bill increases the 5 percent to 8 percent, which may not be enough for certain school districts and charter schools, but some governing boards may perceive it important enough to implement at 8 percent.

Mr. Pierce asked if the bill addresses the situation in which students are performing at a high level in a low-performing school and their parents do not want to move to a 200-day calendar. Mr. Boyer responded that will be left to the discretion of each governing board after receiving input from the community. With open enrollment, a parent can move their child to a different school, but the governing board will take input from the parents and teachers.

Discussion followed about the correlation between the strike-everything amendment to HB2088 that was previously heard and HB2521.

Stacey Morley, Arizona Department of Education (ADE), spoke in opposition to HB2521. She said ADE supports extended learning opportunities, but HB2521 will be problematic to implement because ADE does not budget on a school basis, but on a school district and charter holder basis; once the data system is replaced, it may be possible. She noted that taxes are levied at the school district level and taxpayers would pay an increased tax rate for benefits only provided at several schools in the school district.

In response to questions, she indicated that if ADE obtains the funding in the Governor's budget, it will be possible to replace the Student Accountability and Information System (SAIS) next year, but the old and new systems will have to be run side-by-side at first in order not to lose any information and to ensure the new system is calculating correctly. She related that there are currently five school districts and five charter schools operating on a 200-day calendar. Many school districts would like their elementary school districts to do this but she does not know how many. Last year, there were approximately 25,000 students in *D* and *F* schools.

Dr. Donald Covey, representing self, in support of HB2521, stated that he has been working with ADE for four years about having real-time online information for teachers to help students succeed. ADE initially said it could not be done, but it is being done, so he believes the people in the IT section can do this. Also, the only school district involved will be the current five charter schools and five school districts because no other schools declared this before November 1, 2013; additional schools would not be eligible until 2016.

Kelly McManus, Lobbyist, Stand for Children, in support of HB2521, related that this is an issue that Stand for Children has consistently been supportive of for schools that need it. She

encouraged the Members to think of it as a pilot. Unbundling would allow individual schools to use the 200-day calendar as the study committee is going on. Future issues that may be addressed in amendments in the Senate include accountability, setting a cap on how many schools can be included and an application process so ADE has better control over who participates and is able to work on the manual needs that are very real.

Doreen Zannis, representing self, in favor of HB2521, stated that if *this cannot be done* was a good reason not to pass sound education policy, many policies would not have been passed; she does not believe that is a good reason not to pass this bill.

Names of those who signed up in support of HB2521 but did not speak:

Leeann Wieser, Lobbyist, Arizona Federation of Teachers Union

Barry Aarons, Lobbyist, Arizona Association of County School Superintendents

Tim Carter, Yavapai County School Superintendent, representing self

Janice Palmer, Arizona School Boards Association

Jen Sweeney Marson, Lobbyist, Arizona Association of Counties

Penny Allee Taylor, Valley of The Sun United Way

Trey Williams, Lobbyist, Arizona Association of Counties

Sabrina Vazquez, Lobbyist, Arizona School Administrators Association

Linda Polito, Tucson Area Schools

Sam Polito, Tucson Area School Districts

Charles Essigs, Arizona Association of School Business Officials

Chad Heinrich, Lobbyist, Greater Phoenix Chamber of Commerce

Geoff Esposito, Arizona School Boards Association

Mark Lane, representing self

Question was called on the motion that HB2521 do pass. The motion carried by a roll call vote of 8-1-0-0 (Attachment 18).

Without objection, the meeting adjourned at 5:28 p.m.

Linda Taylor, Committee Secretary
February 17, 2014

(Original minutes, attachments and audio on file in the Chief Clerk's Office; video archives available at <http://www.azleg.gov>)