



HOUSE OF REPRESENTATIVES

SB 1476/HB 2683

K-12 education; budget reconciliation; 2015-2016

Sponsor: Senator Biggs

DP Committee on Appropriations
DPA Caucus and COW
X As Transmitted to the Governor

OVERVIEW

SB 1476 makes statutory and session law changes related to K-12 education and the implementation of the Fiscal Year (FY) 2016 state budget.

PROVISIONS

School Funding

1. As permanent law, increases the school district Transportation Support Level per route mile formula by 1.6%.
2. As permanent law, increases the Base Level amount for FY 2016 by 1.6%, from \$3,373.11 to \$3,426.74 per-student.
3. As permanent law, defines *student count* to mean current year Average Daily Membership (ADM) rather than prior year, beginning July 1, 2016.
4. Requires the Arizona Department of Education (ADE) to notify school districts on current-year funding implementation plans by December 15, 2015.
 - a. Directs ADE to report the estimated fiscal impact on individual school districts for FY 2017 to the Governor, Speaker of the House of Representatives, President of the Senate, the Joint Legislative Budget Committee (JLBC) and the Governor's Office of Strategic Planning and Budgeting.

District Additional Assistance (DAA)

5. As session law, directs ADE to reduce the amount of Basic State Aid (BSA) by \$352,442,700 that otherwise would be apportioned to school districts for FY 2016 as DAA and requires school district budget limits to be reduced accordingly.
 - a. Directs ADE to reduce DAA for school districts that are not eligible to receive BSA funding by the amount that would be reduced if the district was eligible for BSA funding and reduce the school district's budget limits accordingly.
6. As session law, caps the sum of DAA reductions in FY 2016 for school districts with a student count of less than 1,100 at \$5 million.
7. Requires school district governing boards to hold a public meeting to present the district's plan for proposed reductions and include the percentage of classroom spending in the district's adopted budget on the page that the governing board members sign.
 - a. Permits members of the community to submit comments and recommendations to the governing board of a C, D or F, or equivalent successor classification, school district within 30 days after the public meeting and requires the governing board to consider the comments and recommendations at a public meeting.

8. Declares that it is the intent of the Governor and Legislature that school districts increase the total percentage of classroom spending over the previous year's percentages in the combined categories of instruction, student support and instructional support, as defined by the Auditor General.

Charter Additional Assistance (CAA)

9. As permanent law, increases CAA by 1.6% to the following amounts:
 - a. For students in preschool programs for children with disabilities and grades K-8, from \$1,707.77 to \$1,734.92.
 - b. For students in grades 9-12, from \$1,990.38 to \$2,022.02.
10. As session law, requires ADE to reduce the amount of CAA by \$18,656,000 that otherwise would be apportioned to charter schools for FY 2016 and requires budget limits to be reduced accordingly.
 - a. Directs the reduction to be made on a proportional basis based on the CAA funding that each charter school would have received without the prescribed reduction.
 - b. Reduces CAA funding for a school district that is not eligible to receive BSA funding by the amount that it would have been reduced by if the district was eligible for BSA and requires the school district's budget limits to be reduced accordingly.

Joint Technical Education Districts (JTEDs)

11. As session law, funds JTEDs with a student count of more than 2,000 at 95.5% of what would otherwise be provided by law for FY 2016 and requires ADE to reduce budget limits accordingly.
12. As permanent law, determines that the Base Support Level funding that a charter or district school and a JTED receive for students enrolled in JTED courses or satellite campus program courses is 92.5% of the amount that otherwise would be received, beginning in FY 2017.
13. As permanent law, restricts a school district from prohibiting or discouraging students from attending JTED courses.
14. As permanent law, permits a school district or charter school that experiences a reduction in funding for JTED satellite programs to use a portion of received JTED monies to offset the loss of regular funding, up to the reduction in funding experienced.

School Emergency Pilot Program (Program)

15. As session law, indicates that the \$3,646,400 appropriation to ADE for the School Safety Program for FY 2016 includes \$100,000 for the Program.
16. Requires school districts to submit applications to ADE to participate in the Program by September 30, 2015, and directs ADE to select three school districts to participate by November 30, 2015.
17. Prohibits participating school districts from collectively consisting of more than 31 individual school sites.
18. Stipulates that the school districts must consist of:
 - a. One school district located in a county with less than 100,000 people.
 - b. One school district located in a county with between 100,000 and 800,000 people.
 - c. One school district located in a county with 800,000 people or more.
19. Requires participating school districts to be provided a readiness and emergency management program that incorporates the following:

- a. Education specific emergency management software that complies with the National Emergency Information Management System. All plans and critical emergency readiness information must be accessible both online and off-line through mobile device apps.
 - b. Training of teachers and administrators in the readiness and emergency management program.
 - c. The development, implementation and maintenance of a comprehensive crisis for the school districts and their teachers and administrators.
20. Directs ADE to submit a report that summarizes the results of the Program to the Governor, the President of the Senate and the Speaker of the House of Representatives and provide a copy to the Secretary of State by November 1, 2016.

Education Learning and Accountability Fund

21. As session law, requires each community college district and university under the jurisdiction of the Arizona Board of Regents to transmit \$6 per full-time student equivalent to ADE for deposit in the Education Learning and Accountability Fund by December 31, 2015.

Access Our Best Public Schools Fund

22. As permanent law, establishes the Access Our Best Public Schools Fund consisting of appropriated monies, grants, gifts, devises and donations from public or private sources.
- a. Directs the School Facilities Board (SFB) to administer the fund.
 - b. Determines monies in the fund to be subject to legislative appropriation, except that grants, gifts, devises and donations are continuously appropriated.
 - c. States that monies in the fund are available to public schools that are members of the Arizona Public School Achievement District to construct new school facilities or expand existing facilities.
 - d. Requires at least 50% of the monies to be used in low socioeconomic areas.

Charter Schools

23. As permanent law, applies the Small School Weight (SSW) to charter schools if the charter holder combines the ADM of the charter holder's school sites for the SSW calculation.
24. Specifies that SSWs are not applied individually to a charter holder if one or more of the following conditions exist and the combined ADM derived is greater than 600:
- a. The organizational structure or management agreement of the charter holder requires the charter holder or school to contract with a specific management company.
 - b. The governing body of the charter holder has identical membership to another charter holder in the state.
 - c. The charter holder is a subsidiary of a corporation that has other charter holder subsidiaries.
 - d. The charter holder holds one or more charters.
25. Requires ADE to reduce the amount provided to the previous charter schools by 33% in FY 2016 and 67% in FY 2017.
26. Declares that it is the intent of the Legislature that district-sponsored charter schools be phased out by FY 2017.
27. Requires ADE to fund incremental monies for district-sponsored charter schools at 50% and reduce budget limits accordingly.
28. Defines *incremental monies*.

SFB

29. As permanent law, requires SFB, rather than ADE, to annually publish and make available a list of vacant and unused state or school district buildings to charter schools and charter school applicants.
 - a. Requires the list to contain any pertinent information related to the vacancy of the building.
 - b. Directs SFB to annually submit the list to the Governor, Speaker of the House of Representatives and President of the Senate and provide a copy to the Secretary of State.
30. As permanent law, requires SFB to annually report to JLBC by December 31 on all school district Class B bond approvals by in the year.
 - a. Directs each school district to annually report Class B bond approvals to SFB by December 1.
31. As session law, permits SFB to enter into a refinancing or refunding agreement in FY 2016 that reduces SFB's lease purchase payments by a combined total of at least \$7 million in FYs 2016 through 2024.
 - a. Prohibits SFB's lease purchase payment reductions from varying by more than \$1 million in a single FY during this period.
 - b. Requires any refinancing or refunding agreement to be submitted to the Joint Committee on Capital Review prior to being entered into.

Additional State Aid for Education

32. As permanent law, determines the maximum amount of Additional State Aid for Education to be \$1 million per county, beginning in FY 2016.
 - a. Requires the Property Tax Oversight Commission (Commission) to determine the proportion of the violation of the Constitution attributable to each taxing jurisdiction within the affected school districts in counties that would otherwise receive more than the cap.
 - b. Directs the Commission to determine an amount that each taxing jurisdiction within the affected school district is required to transfer to the affected school district to compensate the district for the pro rata share of the reduction in Additional State Aid funding.
 - c. Requires the Commission to assume a proportion of zero for any taxing jurisdiction that has a tax rate that is equal to or less than the tax rate of peer jurisdictions, when determining the proportion of the constitutional violation that is attributable to each taxing jurisdiction.

Miscellaneous

33. Repeals the Student Success Fund.
34. Makes technical and conforming changes.