



ARIZONA STATE SENATE
Fifty-Second Legislature, Second Regular Session

FACT SHEET FOR S.B. 1538

K-12 education; budget reconciliation; 2016-2017

Purpose

Makes necessary statutory and session law changes relating to K-12 education to implement the FY 2017 budget.

Background

The Arizona Constitution prohibits substantive law from being included in the general appropriations, capital outlay appropriations and supplemental appropriations bills. However, it is often necessary to make statutory and session law changes to effectuate the budget. Thus, separate bills called budget reconciliation bills (BRBs) are introduced to enact these provisions. Because BRBs contain substantive law changes, the Arizona Constitution provides that they become effective on the general effective date, unless an emergency clause is enacted.

Provisions

Basic State Aid

1. Increases the *base level* by 0.99 percent for FY 2017 by increasing the per pupil amount from \$3,600 to \$3,635.64 conditional on the enactment of Proposition 123.
2. Increases the *base level* by 0.99 percent for FY 2017 by increasing the per pupil amount from \$3,426.74 to \$3,460.66 if Proposition 123 is not enacted.

Charter Schools

3. Increases the Charter Additional Assistance (CAA) amounts for FY 2017 by 0.99 percent providing the following per pupil amounts:
 - a) \$1,752.10 for students in preschool programs for children with disabilities and in grades K-8; and
 - b) \$2,042.04 for students in grades 9-12.
4. Continues to direct the Arizona Department of Education (ADE) to proportionally reduce the CAA allocation by \$18,656,000 and to reduce budget limits accordingly.
5. Decreases the reduction in small school weight funding for multisite charter schools with Average Daily Membership (ADM) greater than 600 from 67 percent to 53 percent in FY 2017.

6. Reduces, by 73 percent in FY 2018 and annually thereafter, small school weight funding for multisite charter schools with ADM greater than 600 and for multisite charter schools that:
 - a) serve elementary grades and are located less than three miles from an affiliated charter school that serves elementary grades if the combined ADM for those grades is less than 600; or
 - b) serve grades 9-12 and are located less than three miles from an affiliated charter school that serves grades 9-12 if the combined ADM for those grades is less than 600.
7. Eliminates, in FY 2018 and annually thereafter, small school weight funding for multisite charter schools that either:
 - a) serve elementary grades and are located less than three miles from an affiliated charter school that serves elementary grades; or
 - b) serve grades 9-12 and are located less than three miles from an affiliated charter school that serves grades 9-12.
8. Defines *less than three miles* as less than three miles using the shortest surface route suggested by common trip-planning software.

School Districts

9. Increases the transportation funding per route mile formula amount by 0.99 percent for FY 2017.
10. Continues to provide the following adjustments to the FY 2017 District Additional Assistance (DAA) allocation:
 - a) directs ADE to reduce proportionally the DAA allocations by \$352,442,700 and requires school districts to reduce their budgets accordingly;
 - b) requires non-state aid districts to reduce their DAA budgets by the amount it would be reduced if the districts were eligible for state aid; and
 - c) limits the amount of DAA reduction for school districts with less than 1,100 ADM to \$5,000,000.
11. Continues to state as the intent of the Legislature and the Governor 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 instruction support as defined by the Auditor General.

Joint Technical Education Districts (JTEDs)

12. Continues to fund state aid for JTEDs with more than 2,000 students in FY 2017 at 95.5 percent of the amount that would otherwise be provided by law and requires JTEDs to reduce their budget limits accordingly.
13. Computes the state aid reduction as if the base support level portion of the district's equalization formula funding for FY 2017 were based on the JTED's prior year rather than current year ADM.

14. Allows, retroactive to July 1, 2015, a student who is not older than 21 years of age, including a student who has graduated from high school or who has received a general equivalency diploma, and who was lawfully enrolled in a JTED, to continue to participate in the JTED program and remain in the ADM of the JTED:
 - a) through the end of FY 2016 if the student was enrolled in the JTED program during FY 2016; or
 - b) until the student completes the program or through the end of FY 2017, whichever occurs first, if the student was enrolled in the JTED program on February 1, 2016.
15. Modifies the student enrollment reporting requirement in the CTE Division's annual report on JTEDs to include the following:
 - a) the percentage of students who enrolled in the second year of each program and corresponding course relative to the number of students in the same cohort who enrolled in the first year of each program and corresponding course; and
 - b) the percentage of students who completed each program relative to the number of students in the same cohort who began the program.

Current Year Funding

16. Redefines *student count* as ADM for the prior year.
17. Calculates student count as ADM for the current year for the purposes of determining base support level funding except for the purposes of computing the base support level used in determining school district rollover allocations, including for JTEDs, and school district budget override amounts.
18. Repeals statute and related references that allows a school district to adjust its budget and state aid as a result of growth in student count.

Classroom Site Fund

19. Allows the Classroom Site Fund to receive appropriations from the state General Fund.
20. Provides \$343.50 per pupil from the Classroom Site Fund for FY 2017.

District-Sponsored Charter Schools (DSCS)

21. Eliminates, retroactive to July 1, 2016, the ability to create DSCS and repeals related statutes.
22. Repeals, retroactive to July 1, 2016, session law that caps ADM in DSCS at 120 percent of FY 2013 ADM.
23. Requires, for FY 2017 and retroactive to July 1, 2015, ADE to compute K-12 DAA funding for students who in FY 2016 attended DSCS as if those students attended district non-charter schools in FY 2016.

24. States, retroactive to July 1, 2015, any adjustment in student count and budget limits in FY 2016 or FY 2017 as a result of the elimination of DSCS does not make a school district eligible for DAA growth funding.
25. Prohibits a charter school applicant from submitting a sponsorship application to any person or entity other than the State Board of Education, the State Board for Charter Schools, a university, or a community college or group of community colleges that meet enrollment requirements.

Schools Facilities Board (SFB)

26. Modifies, retroactive to January 1, 2016, the amount of locally funded space that may be excluded from SFB's calculation of minimum square footage to allow:
 - a) school districts that provide instruction to 7,500 or fewer pupils to exclude up to 25 percent of locally funded space; and
 - b) school districts that provide instruction to more than 7,500 pupils to exclude up to 10 percent of locally funded space.

Code Writers Initiative Pilot Program (Code Writers Pilot Program)

27. Appropriates \$500,000 in one-time funding from the State Web Portal Fund in FY 2017 to ADE to provide grants on a competitive basis for participation in the Code Writers Pilot Program.
28. States the appropriation is non-lapsing.
29. Requires the American Indian Advisory Council, within ADE, to evaluate grant applications and make award recommendations to ADE.
30. Directs ADE to maximize available funding by awarding grants to participants who will leverage state monies by securing gifts, grants and donations from other sources.
31. Requires grantees to do the following:
 - a) introduce computer code writing curriculum for students in grades 9-12;
 - b) deliver a technology-focused education to Native American students that will prepare the students for the global economy;
 - c) instruct Native American students in computer code writing and work with industry partners to develop internships and programs that will be made available to graduates of the Code Writers Pilot Program;
 - d) instruct teachers and administrators in a technology-focused curriculum;
 - e) develop assessment metrics to measure progress to be used to determine the Code Writers Pilot Program's effectiveness;
 - f) install audio video distance learning equipment at key delivery points to maximize the number of program participants;
 - g) determine the impacts from the Code Writers Pilot Program's curriculum and teacher instruction on students' standardized test scores and graduation rates; and

h) submit annual reports to the American Indian Advisory Council and ADE by September 1, 2017, and September 1, 2018, if applicable, containing detailed information relating to these requirements for the most recent school year.

32. Requires ADE to summarize the reports and submit summaries by December 1, 2017, and December 1, 2018, to the President of the Senate, Speaker of the House of Representatives and the Director of the Joint Legislative Budget Committee and provide a copy of each summary to the Secretary of State.

33. Sunsets the Code Writers Pilot Program on July 1, 2019.

College Credit by Examination Incentive Pilot Program (College Credit Incentive Pilot Program)

34. Establishes the College Credit Incentive Pilot Program within ADE to provide an incentive bonus to teachers, school districts and charter schools for students who obtain college credit by examination on a qualifying exam while in high school.

35. Appropriates \$5,000,000 from the state General Fund in FY 2017 to ADE to provide bonuses and states the appropriation is non-lapsing through FY 2018.

36. Directs the Arizona Board of Regents (ABOR) to maintain a list of qualifying exams that:

- a) a high school student may take in order to receive college credit in mathematics, English language arts or science from any state university under ABOR's jurisdiction; and
- b) the passing scores required on those exams in order to receive college credit.

37. Directs ABOR to report the list of qualifying exams and passing scores by September 1, 2016, to the following entities:

- a) ADE; and
- b) the Joint Legislative Budget Committee for review.

38. Pays bonuses in FY 2018 to school districts and charter schools for each high school student's passing score on a qualifying exam in the 2016-2017 school year as follows:

- a) \$450 per passing score if the student is enrolled at a school where at least 50 percent of the students are eligible for free or reduced lunch; and
- b) \$300 per passing score if the student is enrolled at a school where less than 50 percent of the students are eligible for free or reduced lunch.

39. Reduces the bonus amounts proportionally to cover all eligible bonus awards if the statewide sum of per student bonus amounts exceeds the amount of available monies.

40. Directs school districts and charters schools to distribute bonuses as follows:

- a) at least 50 percent to the associated classroom teacher for each student who passes a qualifying exam; and
- b) the remainder to teacher professional development, student instruction support or materials.

41. States bonuses awarded to a teacher are in addition to regular wage, compensation or other bonuses the teacher received or is scheduled to receive.
42. Requires school districts and charter schools to separately account for any bonus received in school districts' and charter schools' annual financial report.
43. States bonuses distributed and any revenue received by a school district or charter school are not subject to collective bargaining.
44. Requires ADE to submit a report by December 15, 2018, to the President of the Senate, the Speaker of the House of Representatives and the Governor on all of the following:
 - a) the number of students who took a qualifying exam at each school;
 - b) the number of students who received a passing score on a qualifying exam and the number of bonus awards distributed; and
 - c) the number and types of qualifying exams taken by students.

***K-6 Technology-Based Language Development and Literacy Intervention Pilot Program
(Language and Literacy Pilot Program)***

45. Appropriates \$246,800, rather than \$300,000, from the Technology-Based Language Development and Literacy Intervention Fund to the Superintendent of Public Instruction in FY 2016.
46. States the FY 2015 appropriations are non-lapsing through FY 2017 and the FY 2016 appropriations are non-lapsing through FY 2018.
47. Appropriates the monies for the Language and Literacy Pilot Program to the Superintendent of Public Instruction, rather than the State Board of Education (SBE).
48. Delays SBE's report dates on the Language and Literacy Pilot Program from 2015 and 2016 to 2017 and 2018 respectively.
49. Repeals the Language and Literacy Pilot Program on January 1, 2020, rather than January 1, 2018.

***School Emergency Readiness Pilot Program
(Emergency Readiness Pilot Program)***

50. Requires \$100,000 of the \$3,646,500 appropriation to ADE in the General Appropriations Act for the School Safety Program to be used for the Emergency Readiness Pilot Program.
51. Directs school districts to submit applications to ADE by September 30, 2016, for participation in the Emergency Readiness Pilot Program.
52. Requires ADE to select three school districts to participate in the Emergency Readiness Pilot Program by November 30, 2016, and caps participation at no more than 31 individual school sites, including one district located in a county with a population:

- a) of 800,000 persons or more;
- b) between 100,000 and 800,000 persons; and
- c) less than 100,000 persons.

53. Directs selected school districts to be provided and use a readiness and emergency management program incorporating the following:

- a) education-specific emergency management software;
- b) training of teachers and administrators in the readiness and emergency management program; and
- c) the development, implementation and maintenance of a comprehensive crisis plan for participating districts and their teachers and administrators.

54. Requires the education-specific management software to:

- a) be accessible online and off-line via mobile device applications; and
- b) comply with the National Emergency Information Management System adopted by the Federal Emergency Management Agency.

55. Requires ADE to submit a report by November 1, 2017, summarizing the Emergency Readiness Pilot Program results to the President of the Senate, the Speaker of the House of Representatives and the Governor and requires ADE to provide a copy of the report to the Secretary of State.

56. Repeals the Emergency Readiness Pilot Program on January 1, 2018.

Miscellaneous

57. Increases the maximum amount transferred from unclaimed lottery prize money to the Tribal College Dual Enrollment Program Fund from \$160,000 to \$250,000.

58. Establishes the following subaccounts within the Teacher Certification Fund:

- a) the ADE Subaccount consisting of 85 percent of monies deposited into the Teacher Certification Fund each month; and
- b) the State Board of Education Subaccount consisting of 15 percent of monies deposited into the Teacher Certification Fund each month.

59. Subjects monies in the subaccounts to legislative appropriation.

60. Deletes antiquated references to career ladder and performance incentive programs.

61. Makes technical and conforming changes.

62. Becomes effective on the general effective date or later, subject to the provisions of the conditional enactment and with retroactive provisions as noted.