

ARIZONA STATE SENATE

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SUBJECT: Strike everything amendment to H.B. 2139, relating to schools; consolidation; unification

Purpose

Requires all school districts to be unified school districts by July 1, 2024. Outlines requirements for county school superintendents (county superintendents) and school district governing boards (governing boards) to implement consolidation and unification. Appropriates outlined amounts to each county superintendent for implementation costs.

Background

School districts are the bases of the educational organization of the county and state ([A.R.S. § 15-441](#)). Current statute authorizes and outlines conditions and procedures for: 1) the formation of a *common school district* (common district) in unorganized territory; 2) two or more adjoining school districts with a joint total of at least 200 pupils and an assessed valuation of at least \$2 million to unite into a *union high school district* (union district); 3) a union district and one or more common districts with coterminous or overlapping boundaries to establish a *unified school district* (unified district); 4) a common district with at least 200 pupils and an assessed valuation of at least \$2 million to form a *unified district*; and 5) the formation of joint common, joint high school, and joint unified districts ([A.R.S. Title 15, Chapter 4, Article 3](#)).

School districts may consolidate or unify through election, if a request to consolidate or unify is made by at least two governing boards or through a petition by qualified electors in each of the districts proposing to consolidate. Statute outlines authorized types of consolidation and unification ([A.R.S. § 15-459](#)).

The strike-everything amendment to H.B. 2139 appropriates from the state General Fund (GF) in FY 2020 \$750,000 each to Maricopa County and Pima County, and appropriates \$250,000 to each of the other 13 counties for a total state GF cost of \$4,750,000 in FY 2020. The strike-everything amendment also allows school districts that are unified or consolidated according to plans adopted by the governing boards to temporarily increase the revenue control limit (RCL) by seven percent in the first year, five percent in the second year and three percent in the third year. This may result in an increased cost in basic state aid to the state GF in an amount that depends on which school districts, if any, consolidate or unify accordingly. Additionally, if the requirement that all school districts be unified by July 1, 2024, results in fewer districts, or no districts, that qualify for the small school weight there would be an ongoing savings to the state GF in the amount the districts currently receive from the small school weight.

Provisions

Unified Districts

1. Mandates, by July 1, 2024, that each school district in Arizona be a unified district.
2. Requires each governing board to annually determine the cost savings that result from consolidation, unification or both with other school districts.
3. Requires school districts to retain and use the cost savings resulting from consolidation or unification for classroom expenditures, with at least 25 percent of the monies used for teacher salaries.

Feasibility Study

4. Requires, by September 15, 2019, each county superintendent to commence a feasibility study on the unification, consolidation or unification and consolidation of the school districts in that county.
5. Allows a county superintendent to contract with another person or entity to conduct the feasibility study.
6. Requires the feasibility study to be completed by September 15, 2020, and requires the county superintendent to provide a copy of the study to each governing board in that county by September 30, 2020.
7. Requires the county superintendent to ensure that the feasibility study includes:
 - a) relevant academic and scientific research regarding school and school district size, fiscal implications and legal issues, which may include:
 - i. use by any of the affected districts of the small school district budget adjustment;
 - ii. application of school district budget overrides;
 - iii. estimated potential savings and efficiencies;
 - iv. application of teacher experience indexes and existing salary schedules of affected school districts;
 - v. a proposed salary schedule for affected districts based on the average median of existing teacher salaries;
 - vi. potential impact on facilities needs;
 - vii. curriculum alignment;
 - viii. evaluations of materials and textbooks; and
 - ix. examination of special education programs, English language learner programs, school year and attendance policies and personnel compensation systems;
 - b) consideration of geographic boundaries, communities of interest and the travel time of pupils;
 - c) inclusion of unorganized territory where at least one percent of the population attends a public school within the boundaries of a unified district;
 - d) the provision of regional or statewide services for administration, instructional and noninstructional support services to rural or isolated schools and school districts or any other school district that wishes to participate in the service plans;

- e) ensuring a smooth and efficient transition from the current number of school districts in the county to the proposed number, including an examination of:
 - i. mechanisms to allow existing, elected governing board members to serve out the remainder of their terms; and
 - ii. assimilation by proposed unified districts of legal liabilities and other financial and contractual obligations of districts being combined into a unified school district;
 - f) preservation of local control while maximizing efficient and cost-effective delivery of educational services;
 - g) specific mechanisms for paying legal liabilities, contractual obligations, capital debt and overrides previously accumulated by school districts before consolidation or unification, which remain the responsibility of the previously-existing school districts;
 - h) specific mechanisms for acquiring legal liabilities, contractual obligations, capital debt and overrides by school districts after consolidation or unification; and
 - i) identification of costs attributable to consolidation or unification.
8. Allows the county superintendent to include a recommendation on enlarging or diminishing the size of affected school districts if:
- a) any combined school districts must have contiguous boundaries, must be adjacent to each other, or both;
 - b) a county with a three-member county Board of Supervisors (BOS) has a maximum of 3 school districts;
 - c) a county with a five-member county BOS and a population of less than 2,000,000 has a maximum of 7 school districts; and
 - d) a county with five-member county BOS and a population of at least 2,000,000 has a maximum of 20 school districts.
9. Specifies that existing employment contracts remain in effect until the contracts' expiration.

Consolidation and Unification Plans

10. Requires, by June 30, 2022, each governing board, in cooperation with other school districts in the same county, to develop, adopt and publish a plan to unify, consolidate or unify and consolidate the school district with other school districts in that county (plan).
11. Requires the plan to be based on the feasibility study and submitted to the county superintendent.
12. Requires the plan to include a process to unify or consolidate without an election if all affected governing boards:
- a) approve the unification or consolidation through resolutions; and
 - b) certify approval of the unification or consolidation to the county superintendent of the county or counties in which the individual school districts are located.
13. Requires each county superintendent to provide assistance, resources and technical support to school districts within that county that are developing a plan to unify, consolidate or unify and consolidate.

14. Allows the county superintendent to shorten, or extend until June 30, 2023, the deadline for school districts to adopt a plan.
15. Requires the county superintendent to develop and publish a plan to unify, consolidate or unify and consolidate the school districts in that county, if the governing boards within the county do not adopt a plan by June 30, 2022, or the extended deadline.
16. Directs adopted plans developed and published by the county superintendent to be executed without an election.
17. Requires proposed plans adopted by school districts or county superintendents to include the components included in the feasibility study.
18. Requires, within 90 days after the effective date, the governing board of each school district that is not a unified district on the general effective date to develop a transition plan to comply with the requirements by July 1, 2024.

Union High School Districts

19. Eliminates, on July 1, 2024, the statutory authority to form and operate union districts, unless the county superintendent extends the deadline for the adoption of a plan.
20. Eliminates, for a union district that receives a plan deadline extension, the authority to operate on June 30, 2025.
21. Allows all union district governing board members to continue to serve on the governing board of the resulting common district or districts, unified district or high school district until the expiration of their normal terms.

Budgets and Appropriations

22. Repeals, on July 1, 2027, the small school districts general budget limit exemption and budget revisions.
23. Allows a school district that is unified or consolidated without an election according to plans adopted by the affected governing boards to increase the revenue control limit (RCL) and district support level for the first three years of operation by:
 - a) seven percent of the RCL in the first year for which a budget is computed;
 - b) five percent of the RCL in the second year for which a budget is computed; and
 - c) three percent of the RCL in the third year for which a budget is computed.
24. Reduces the allowable small school district budget revisions by:
 - a) 25 percent in FY 2025;
 - b) 50 percent in FY 2026; and
 - c) 75 percent in FY 2027.
25. Appropriates for costs associated with implementing this act, including feasibility studies:
 - a) \$250,000 from the state GF in FY 2020 to each county BOS of a county with a population of 500,000 or less; and
 - b) \$750,000 from the state GF in FY 2020 to each county BOS of a county with a population of more than 500,000.

Miscellaneous

26. Directs Legislative Council Staff to prepare proposed legislation conforming the Arizona Revised Statutes to the provisions of this act for consideration in the 54th Legislature, Second Regular Session.
27. Becomes effective on the general effective date.