

# Fiscal Note

**BILL #** SB 1361

**TITLE:** ~~schools; certificates of educational convenience~~  
NOW: exchange programs; certificates of convenience

**SPONSOR:** Boyer

**STATUS:** Senate Engrossed

**PREPARED BY:** Patrick Moran

## Description

The bill would authorize school districts and charter schools to include J-1 visa exchange students in their Average Daily Membership (ADM) counts for the purposes of Basic State Aid computations. It also modifies eligibility and procedures associated with certificates of educational convenience (CEC) for pupils who attend a school outside the boundaries of their resident school district or county.

## Estimated Impact

ADE estimates that including J-1 visa exchange students in ADM counts would increase Basic State Aid spending by \$2.4 million beginning in FY 2023. The department reports that there are 324 J-1 exchange students enrolled in Arizona public schools that are not included in ADM counts. If these students were each counted as 1.0 full-time ADM, the department estimates Basic State Aid spending would increase by \$7,500 per student. We concur with the department's estimate.

## Analysis

Under current law, the number of J-1 visa exchange students that districts and charter schools may include in their ADM counts is capped at the number of resident students in the school that are participating in a foreign exchange program. In effect, this means that J-1 students are only counted if a school district or charter school experiences a corresponding reduction in their ADM as a result of one or more of their resident students studying abroad, meaning that the effect of J-1 students on net ADM counts is currently neutral on net. In any district or charter without a 1:1 ratio, the J-1 student would not be included in ADM, and the district or charter would have the option of charging the student tuition.

The bill would eliminate the cap on J-1 ADM counts, effectively allowing all J-1 students to be funded via Basic State Aid. ADE reports that there are currently 324 exchange students enrolled in Arizona public schools that are not currently included in ADM counts. Assuming that all such students would be funded on a full-time basis at a cost of \$7,500 per ADM, the department estimates Basic State Aid spending would increase by \$2.4 million in FY 2023. We concur with the department's estimate.

The bill would also expand eligibility for Certificates of Educational Convenience (CEC) to children whose parents' employment precludes them from attending the school in their district or county of residence. The bill also requires CEC applications to be submitted to the resident district rather than the county school superintendent. The changes may increase utilization of CECs and related basic state aid costs, but the costs would likely be minimal given the small number of students impacted.

## Local Government Impact

To the extent that some J-1 exchange students enroll in non-state aid districts, the bill would increase local property tax expenditures associated with the Basic State Aid formula.

6/15/22

