



**GOVERNING BOARD AGENDA ITEM**  
**AMPHITHEATER UNIFIED SCHOOL DISTRICT NO. 10**

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**DATE OF MEETING:**      **June 11, 2019**

**TITLE:**            **Periodic Legislative Update - Budget**

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**BACKGROUND:**

This item permits the Governing Board to review and discuss the provisions contained within the education-focused budget bill passed in the first regular session of the Fifty-Fourth Arizona legislature this past weekend.

**House Bill 2749: K-12 education; budget reconciliation; 2019-2020** was substituted for the Senate's Bill 1551 on March 27<sup>th</sup>. The Bill passed the Senate on a 17-12-1 vote and was transmitted to the Governor the same day. The Governor signed the bill into law on May 31, 2019.

A summary of the education budget bill is attached for the Board's information.

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**RECOMMENDATION:**

This item is presented for the Board's information only at this time. No action is required.

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**INITIATED BY:**

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Michelle H. Tong, J.D.,  
Associate to the Superintendent and General Counsel

Date: June 5, 2019

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Todd A. Jaeger, J.D., Superintendent

The following is a summary of the final bill which the Governor has now signed into law. The section notations (Sec. 1) is provided to permit the reader to easily locate specific language within the large 60-page bill.

### ***School Safety Program (Sec. 1)***

1. Specifies that the School Safety Program (SSP) is intended to support, promote, and enhance safe and effective academic, social and emotional learning environments for all students.
2. Adds school counselors and school social workers as personnel whose placement on a school campus can be funded through SSP grants.
3. Allows a school district or charter school that receives approval for a three-year program proposal under this legislation to annually submit a modified spending plan for its approved program.
4. Clarifies requirements for a school district's or charter school's proposal for placing school resource officers and/or juvenile probation officers on a school campus.
5. Establishes the following requirements for a school district's or charter school's proposal for placing school counselors and/or school social workers on a school campus:
  - a. A detailed description of the school safety needs of the charter school or school district;
  - b. A plan for implementing a school guidance and counseling program; and
  - c. Information on the success, compliance, and implementation of the most recent approved program proposal if the school district or charter school has already participated in the SSP.
6. Directs the Arizona Department of Education (ADE) to:
  - a. Review and administer school counselors and social workers proposals with school personnel, parents, and community mental health professionals;
  - b. Use relevant data to evaluate the needs to each proposal; and
  - c. Visit school districts and charter schools that submitted program proposals to verify the information contained in these proposals.
7. Eliminates the requirement for the State Board of Education to review and approve SSP renewal applications.
8. Clarifies that ADE may prioritize program proposals for school resource officer (SRO) or juvenile probation officer (JPO) grants to school districts and charter schools that have agreements to share the cost of the SRO or JPO with a law enforcement agency or the courts.
9. Clarifies that ADE must evaluate the effectiveness of all approved program proposals.
10. Defines *school counselor*, *school guidance and counseling program*, *school resource officer*, and *school social worker*.

### ***K-12 School Funding Formula***

11. Increases base level from \$3,960.07 in FY 2019 to \$4,150.43 in FY 2020. (Sec. 7)
12. Deletes definitions of base level for FYs 2008-2017. (Sec. 7)
13. Increases charter school additional assistance by the following amounts:
  - a. From \$1,807 to \$1,843.14 per student count in preschool programs for children with disabilities, kindergarten programs, and grades 1-8.
  - b. From \$2,106.03 to \$2,148.15 per student count in grades 9-12. (Sec. 3)
14. Increases the state support level per route mile for FY 2020 by the following amounts:
  - a. From \$2.64 to \$2.69 for approved daily route mileage per eligible student transported of 0.5 or less and more than 1.0.
  - b. From \$2.16 to \$2.20 for approved daily route mileage per eligible student transported of more than 0.5 through 1.0 (Sec. 10)
15. Decreases the amount of the basic state aid reductions that would be apportioned in FY 2020 to the following local education agencies statewide:

- a. From \$193.1 million to \$128.7 for district additional assistance. (Sec. 20)
  - b. From \$10.2 million to \$6.8 million for charter additional assistance (Sec. 21)
- 16. Establishes the qualifying tax rate (QTR) for tax year 2019 for the following:
  - a. A high school district or a common school district within a high school district that does not offer instruction in high school subjects is \$1.8954.
  - b. A unified school district, a common school district not within a high school district, or a common school district within a high school district that offers instruction in high school subjects is \$3.7908. (Sec. 18)
- 17. Establishes the state equalization assistance property tax rate (SETR) for tax year 2019 is \$0.4566. (Sec. 18)
- 18. Prescribes that additional state aid for school districts will be computed based on a rate per \$100 assessed valuation for primary property taxes on residential property in a school district that is equal to the lesser of either:
  - a. 47.19% of the QTR or
  - b. 47.19% of the primary property tax rate. (Sec. 11)

***K-12 School Funding Formula, Small School Weight Adjustments (Sec. 23)***

- 19. Directs ADE to provide to charter schools that are not sponsored by the State Board for Charter Schools:
  - a. The full amount of the small school weight through FY 2020, including restoring any monies previously withheld.
  - b. 67% of the small school weight for FY 2021.
  - c. 33% of the small school weight for FY 2022.
- 20. Prohibits ADE from seeking repayment of monies that were allocated in prior fiscal years for the small school weight from charter schools not sponsored by the State Board for Charter Schools.

***K-12 School Funding Formula, Miscellaneous SETR Adjustments***

- 21. Prescribes a condition under which the SETR can be different from the rate established in statute. (Sec. 12)
- 22. Directs ADE to notify the county board of supervisors by August 1<sup>st</sup> of each fiscal year of the SETR that would have generated the amount needed to fund total equalization assistance for all school districts in that county for the prior fiscal year. (Sec. 12)
- 23. Establishes guidelines for increasing the FY 2020 general budget limit for a school district that in FY 2019 was in a county in which the SETR levy exceeded total equalization assistance for all school districts in that county by the following amounts:
  - a. \$300,000 above the amount that otherwise would be computed for the school district in FY 2020 if in FY 2018 the school district had total attending average daily membership (ADM) of between 300-400 according to the Superintendent for Public Instruction's FY 2018 annual report; and
  - b. \$46,000 above the amount that would otherwise be computed for the school district for FY 2020 if in FY 2018 the school district had total ADM of between 5-15 pupils according to the Superintendent for Public Instruction's FY 2018 annual report. (Sec. 24)
- 24. Directs a school district that receives a general budget increase in FY 2020 to fund that increase with prior-year carryforward monies rather than through an increase in its primary or secondary property tax rates and directs it to use the increase only to fund capital items. (Sec. 24)



### ***Concurrent Enrollment ADM (Sec. 8)***

25. Requires ADM for concurrent enrollment classes at a community college or university to be based on the community college or university credits earned by the student.
26. Mandates that one-eighth ADM will be generated for each community college or university concurrent enrollment course in which three credits are earned.

### ***College Credit by Examination Incentive Program (Sec. 4)***

27. Requires ADE to distribute incentive bonus payments for the College Credit by Examination Incentive Program to schools no later than March 1st of each year.
28. Allows school districts and charter schools to appeal the allocation of incentive bonus monies by August 1st of each year.
29. Permits ADE to withhold up to \$10,000 of the monies appropriated for the College Credit by Examination Incentive Program to address allocation appeals.
30. Makes changes to the College Credit by Examination Incentive Program retroactive to July 1, 2018. (Sec. 26)

### ***Results-Based Funding Formula and Fund***

31. Directs ADE to distribute monies from the Results-Based Funding Fund (Fund) in the following manner:
  - a. Each school district or charter school will receive \$225 from the Fund per student if:
    - i. Less than 60% of enrolled students were eligible for free or reduced-price lunches at the time the statewide assessment was administered; and
    - ii. The school performed in the top 13% of all schools statewide on the mathematics and language arts sections of the statewide assessment in Spring 2018.
  - b. Each school district or charter school will receive \$400 from the Fund per student if:
    - i. 60% or more of enrolled students were eligible for free or reduced-price lunches at the time the statewide assessment was administered; and
    - ii. The school performed in the top 13% of all schools statewide on the mathematics and language arts sections of the statewide assessment in Spring 2018.
  - c. Each school district or charter school will receive \$225 from the Fund per student if:
    - i. 60% or more of enrolled students were eligible for free or reduced-price lunches at the time the statewide assessment was administered; and
  - ii. The school performed between the top 13-27% of all schools statewide on the mathematics and language arts sections of the statewide assessment in Spring 2018. (Sec. 25)
32. Requires each alternative high school to receive \$400 per student count from the fund if the school performed in the top 27% of a statewide assessment conducted in Spring 2018. (Sec. 25)
33. Specifies that the majority of Fund monies received by a school district or charter school must be used at the school that earned the results-based funding and adds uses for those monies such as for school leader salaries and classroom supplies. (Sec. 5)
34. Allows a school district and charter school to use a portion of Fund monies received for *expanding and replicating* the school site as a quality school model. (Sec. 5)
35. Allows schools that are not results-based funded to receive funding or support as part of an *expanding and replicating* effort for up to three years. (Sec. 5)
36. Requires each school that received results-based funding in the prior fiscal year to submit a report to ADE that describes how it allocated these monies by November 1<sup>st</sup> of each year. (Sec. 5)

37. Requires each school that is not result-based funded but that received funding or support as part of an *expanding and replicating* effort to submit a report to ADE that indicates the number of years the school has received funding by November 1<sup>st</sup> of each year. (Sec. 5)
38. Directs ADE to compile the reports from each local education agency and provide this information to the Joint Legislative Budget Committee, the Governor's Office of Strategic Planning and Budgeting and the chairpersons of the education committees of the House of Representatives and the Senate, or their successor committees, by December 1<sup>st</sup> of each year. (Sec. 5)
39. Specifies that only students who are eligible to be included in a school's student count can be considered in determining that school's percentages of free or reduced-price lunch eligible students or other poverty indicators. (Sec. 5)
40. Defines *expanding and replicating*. (Sec. 5)

#### ***Arizona Industry Credentials Incentive Program (Sec. 6)***

41. Establishes the Arizona Industry Credentials Incentive Program within ADE to provide incentive awards to school districts, charter schools and career technical education districts (CTEDs) for high school graduates who obtain a certification, credential or license that is accepted by the vocation or industry through a career technical education (CTE) course or program.
42. Directs the Office of Economic Opportunity (OEO) to provide an in-demand education list to ADE that includes specified information on wages, job openings, and business growth and that incorporates industry feedback by September 1<sup>st</sup> of each year.
43. Requires ADE to conform the OEO in-demand education list to its CTE industry credentials list of approved CTE programs by October 1<sup>st</sup> of each year.
44. Directs ADE to:
  - a. Convene a quality skills commission composed of representatives from educational and business organizations to review a separate CTE industry credentials list that includes only certificates, credentials, and licenses that would qualify for the Arizona Industry Credential Incentive Program by February 1<sup>st</sup> of each year; and
  - b. Publish and post on its website and submit to the Joint Legislative Budget Committee for review the CTE industry credentials list that includes only those certificates, credentials, and licenses that would qualify for the Arizona Industry Credentials Incentive Program in the subsequent school year by March 1<sup>st</sup> of each year.
45. Mandates, beginning in FY 2021, that ADE pay a \$1,000 incentive award to school districts, charter schools, and CTEDs for each student who:
  - a. Demonstrates completion of high school graduation requirements in the second school year preceding the budget year; and
  - b. Completes a program resulting in a qualifying certificate, credential, or license that is included on the CTE industry credentials list or that was included on the list at the time the student began the program.
46. Requires ADE to distribute the incentive award amount to the school district, charter school or CTED where the student attended for coursework related to the incentive award.
47. Directs ADE to determine the *pro rata* basis for allocating an incentive award when the student received coursework at more than one school district, charter school, or CTED.
48. Specifies that a student at a public school may generate only one \$1,000 incentive award even if the student earns more than one qualified certificate, credential or license.
49. Mandates that a school district, charter school, or CTED that receives an incentive award:
  - a. Spend these monies on instructional, developmental, career awareness costs and activities specified in statute; and



- b. Separately account for these monies in an annual financial report within the CTE line item with the intent that school districts, charter schools, and CTEDs report on these expenditures.
- 50. Stipulates that if the statewide total of incentive awards exceeds the amount of available monies appropriated for incentive awards, the monies must be reduced proportionally to cover all eligible incentive awardees.
- 51. Directs ADE, subject to review and approval of the State Board of Education (SBE), to:
  - a. Establish the format of the online application, the submission of data, the reporting requirements, including submittal of data through a designated online portal, and audit procedures for the Arizona Industry Credentials Incentive Program; and
  - b. Submit a report to the President of the Senate, the Speaker of the House of Representatives, the Governor, and the Secretary of State which summarizes information about incentive awards by February 1<sup>st</sup> of each year.
- 52. Establishes the Arizona Industry Credentials Incentive Fund which is administered by ADE and consists of monies appropriated for this program.
- 53. States that fund monies are continuously appropriated and exempt from statutes relating to lapsing of appropriations.
- 54. Terminates the Arizona Industry Credentials Incentive Program on July 1, 2029.

#### ***Juvenile Detention Center Education Program Funding (Sec. 9)***

- 55. Modifies the funding formula for county juvenile detention center education programs to increase the base amount to \$100,000 per county (versus \$20,000 currently) and the variable amount per student within each county program to \$25 per day (versus \$15 per day currently) for FY 2020.
- 56. Adjusts the base amount and variable amount for the prior year by a growth rate prescribed by law, subject to appropriation, beginning in FY 2021.
- 57. Requires any excess monies in a county's detention center education fund to be used to supplement classroom spending.

#### ***Arizona School for the Deaf and Blind (ASDB)***

- 58. Allows ASDB to use the Enterprise Fund monies towards costs that are outside of facility operations. (Sec. 13)

#### ***School Facilities Board (SFB)***

- 59. Directs SFB to measure the square footage per pupil requirements using the projected 100<sup>th</sup> day ADM for the current school year. (Sec. 14)
- 60. Directs SFB, within 30 days of transferring monies into the Emergency Deficiencies Correction Fund, to report to the Joint Legislative Budget Committee Director and the Governor's Office for Strategic Planning and Budgeting Director the amount and source of the transfer. (Sec. 15)
- 61. Extends the deadline, from July 1<sup>st</sup> to September 1<sup>st</sup>, for a school district to submit its capital plan to SFB if this capital plan indicates a need for a new school or an addition to an existing school within the next four years, or a need for land within the next 10 years. (Sec. 16)
- 62. Changes the date, from December 1<sup>st</sup> to December 15<sup>th</sup>, for SFB to approve or revise enrollment projections to determine whether a school qualifies for New School Facilities Fund monies. (Sec. 16)
- 63. Requires SFB to fund construction for new schools if a school's ADM indicates that additional space will be needed within the next two school years to meet building adequacy standards prescribed in accordance with statute. (Sec. 16)

- 64. Specifies that SFB must use the ADM data available during the current school year when determining whether to approve or revise enrollment projections. (Sec. 16)
- 65. Allows SFB to decline a portion of new school facilities construction if the square footage is no longer needed due to revised enrollment projections. (Sec. 16)

***Empowerment Scholarship Accounts (ESA)***

- 66. Directs ADE to contract with a third-party administrator to assist in the financial administration of the ESA program. (Sec. 17)

***High-Quality Teacher Professional Development Pilot Program (Sec. 19)***

- 67. Allows ADE to retain up to 3% of monies appropriated for the pilot program to offset administrative costs.
- 68. Extends the termination date for the pilot program from July 1, 2020 to July 1, 2023.
- 69. Repeals the pilot program's session laws July 1, 2025.

***American Civics Education Pilot Program (Sec. 22)***

- 70. Designates monies in the American Civics Education Fund as continuously appropriated, instead of being subject to legislative appropriation.

***Miscellaneous***

- 71. Contains a clause that it is the intent of the Governor and Legislature that school districts increase the total percentage of classroom spending in the combined categories of instruction, student support, and instructional support as defined by the Auditor General. (Sec. 27)