



## **SB 1521 – K-12 education; budget reconciliation; 2018-2019 (Kavanagh)**

Below are the details of funding and procedural changes which affect K-12 education in Arizona. The page numbers below reference the introduced version of SB1521/HB2663. The page numbers noted below refer to the [introduced version of SB1521](#)

### **Base Level Adjustment**

Increases the base level in FY 2019 by \$276.80 to \$3,960.07. This amount accounts for 1.77% inflation factor and increased teacher pay appropriations. (PG 45)

### **Teacher Pay Reporting**

- Requires school districts and charter schools to include in their budgets and prominently post on their website the following information:
  - The average salary of all teachers employed by the school district or charter school for the current and previous year.
  - The dollar and percentage increase in the average salary of all teachers employed by the district or charter for the current year.
    - Districts and charters will prominently post the above information on their website homepages. (Pg. 17)
- Requires the department of education to compile this information from district and charter budgets and submit to the Legislature and the governor.

### **District Additional Assistance**

- Requires ADE to reduce the formula suspension for district additional assistance statewide:
  - FY 2019, \$257,469,900. (+\$100M)
  - FY 2020, \$193,102,400. (+\$64.4M)
  - FY 2021, \$128,734,900. (+64.4M)
  - FY 2022, \$64,367,400. (+\$64.4M)
  - FY 2023 and each fiscal year thereafter, \$0.00. (+\$64.4M)
- For FY 2019-2022 ADE will reduce budget limits for non-state aid districts to account for their share of DAA reductions.

- Districts with a student count of fewer than 1,100 students are exempt from the above reductions and will receive 100% of DAA allocation in FY2019(PGs. 80-81)

## Charter Schools

- Enables the sponsor of a charter school to deny a request for charter renewal or to revoke that charter if they deem that the charter holder has failed to meet the financial performance expectations set out in the performance framework or any improvement plans (Pgs. 6-7).
  - Increases charter school additional assistance by 1.77% for the annual inflation adjustment (Pg. 13)
  - Restores Charter School Additional Assistance to full formula funding by FY2022. (Pg. 81)

## Procurement

Many of the following provisions are already included in procurement rules adopted by the SBE, or elsewhere in statute, except where indicated by bold type.

- **The changes to procurement have a delayed effective date of FY 2020**
- Requires the State Board of Education (SBE) to adopt rules for the procurement by districts **and charters** of any materials, services, goods, construction, or construction services that ensure maximum practicable competition and require contracts to be awarded based on the lowest qualified bidder. They shall also require that a person:
  - That contracts for or purchases any of the above items in a manner that violates SBE's rules be held personally liable for the recovery of all public funds plus 20% of that amount and legal interest from the date of payment and all costs and damages arising out of the violation.
  - That intentionally or knowingly does the above pursuant to a scheme or artifice to avoid the rules be subject to a class 4 felony.
  - That prepares procurement specifications may not receive any direct or indirect benefit from using them.
  - That serves on a selection committee for a procurement may not be a contractor or subcontractor who benefits from the procurement. Committee persons who fail to disclose contact with a representative of a competing vendor or who fail to provide required accurate information are subject to a civil penalty.

- Requires SBE to adopt rules requiring districts **and nonexempt charters** to obtain and maintain a record of proof that a contracted construction or construction services provider has a valid license to practice in Arizona. (Pg. 19)
- Requires school governing boards to provide to the public their rationale for awarding a contract.
- **Enables the Attorney General (AG) to take the following action against an employee of a district, nonexempt charter, or a school purchasing cooperative if the AG has reasonable cause to believe that they have violated or will violate SBE's procurement rules:**
  - **The AG may require that employee to file a statement or report in writing and under oath as to all the facts and circumstances concerning a violation of the rules, along with any other information deemed necessary.**
  - **Examine under oath any person in connection with a violation of the rules. (Pg. 21)**
- Prohibits a district or charter employee who has control over personnel actions from taking reprisal against another employee who has disclosed information that is a matter of public concern to a public body. (Pg. 22)
- **Establishes that a person who supervises or participates in contracts, purchases, payments, claims, or other financial transactions, or a person who participates or supervises in the planning, recommending, selecting, or contracting for materials, services, goods, construction, or construction services of a district, nonexempt charter, or school purchasing cooperative is guilty of a class 6 felony if they solicit, accept, or agree to accept any personal gift or benefit with a value of 300 dollars or more from a person or vendor who benefits from the procurement. If the gift is less than 300 dollars, then the individual will be subject to a class 1 misdemeanor. A gift or benefit does not include an item of nominal value, such as a pen. (Pg 23)**
  - **Further clarifies that a "gift or benefit" does not include food or beverage or expenses or sponsorships related to a special event where a person involved in procurement is invited.**
- Prohibits a district from hiring the same auditor or auditing firm for more than three consecutive years.
  - The firm or auditor cannot receive consulting fees. (Pg.24)

## Computer Science Professional Development Fund

- Establishes the Computer Science Program Fund under ADE. The fund consists of appropriated funds and grants, gifts, and donations from public or private sources. It will receive ongoing funding and ADE will distribute Fund grants to districts and charters to fund quality training for prospective computer science teachers.
  - Districts and charters will demonstrate how they plan to use grant funds. **Grants will be awarded on a first come first serve basis to schools that do not currently provide high school computer science instruction.** Recipients must provide evidence that the training they provide addresses academic standards for computer science and must submit an annual report to ADE by June 30th on the outcomes achieved and on how the funds were used.
  - Prohibits ADE from distributing grant funds unless matching funds are received from private sources.
    - ADE may use up to **2%** of deposited funds for administrative purposes. (Pg. 26)

## Rural Schools

- Schools are considered rural for the purposes of federal funding eligibility if they are located in a county with a population that is less than or equal to 10% of Arizona's population or if they are located in a county that exceeds this amount but is located more than ten miles from a municipality with a population of more than 50,000. (Pg. 27)

## School Facilities Board (SFB)

- Subjects employees of SFB to Arizona laws on conflicts of interest. Additionally, SFB members may not solicit, accept, or provide gifts that are prohibited by state law. (PG. 53)
  - Employees also cannot have a direct or indirect financial interest in any property purchased, facility constructed, or contract financed with Board or any other public funds. Violators are subject to a class 1 misdemeanor. (Pg. 53)
- Requires SFB to establish policies and procedures for:
  - Establishing a project eligibility assessment for all projects submitted for Building Renewal Grant funding or emergency deficiencies correction funding. They must also establish standardized criteria for project eligibility. (PG.55)

- Building renewal grant change orders so that districts that approve work referenced in an order before SFB approves are held responsible for the cost and construction of the project. (Pg. 53)
- Notifications for districts on the services and funding available from the board for facility construction, renovation, and repair projects. It must be ensured that schools will receive these notifications in a uniform and timely manner at least annually. This information will be updated and posted on the boards website by July 1st of each year. (PG. 53)
  - The board will also establish and maintain a list of the people responsible for facilities management at each district, which will also be updated and posted on the boards site by July 1st of each year. A district will promptly notify the board of any change to persons who are responsible. (PG. 53)
- Maintaining standardized documentation of all projects submitted to the board for consideration to receive services or a financial award. The documentation will include the following as part of the eligibility determination criteria:
  - Whether the problem the proposed project intends to address caused the building or facility to fall below the minimum school facility adequacy guidelines.
  - Whether the district performed the required routine preventive maintenance on the building or facility.
- Requiring a district to submit contact information for each proposed project, including that of individuals who are responsible for the district's facilities management.
- Requiring districts to provide justification for each proposed project, including numerous items such as any citation or report from government entities.
- Requiring districts to report the preventive maintenance activities completed during the previous twelve months for the facility they are requesting Building Renewal Grant funds for.
- Requiring that a complete application be received by the board at least 15 business days before the next regularly scheduled board meeting so that it can be considered at the meeting. An incomplete application can be considered if both board staff and the district's superintendent deem the project critical.
  - Policies and procedures will be established that allow districts to submit incomplete applications and request technical assistance from the staff of the

board if the district is unable to provide sufficient information in the initial application.

- Policies and procedures will be established that allow the staff of the board to provide a written notification to a district prior to an application's review by the board that the proposed project does not meet eligibility criteria, which will include documentation to support this decision. A district can appeal this decision directly to the executive director of the board and can appeal a rejection from the director directly to the board.
  - A district can appeal the denial of a request for funds or any other appealable agency action by the board. (Pgs. 55-57)
- Enables SFB to deny a district funding for their project if there are insufficient funds available and if the project is considered noncritical by the board. (Pgs. 66-67).
- Enables a district governing board to delegate authority in writing to the superintendent of the district to submit plans for new school facilities to SFB for the purpose of certifying that the plans meet minimum school facility adequacy guidelines. (Pg. 38)
- Eliminates SFB's ability to prioritize a school districts project if they can provide a match of the funds distributed from the Building Renewal Grant Fund. (PG. 66)
- Terminates SFB on July 1, 2022 and repeals Arizona statutes relating to SFB, such as laws that establish the Building Renewal Grant Fund, on January 1, 2023 if either:
  - The board has no outstanding state school facilities revenue bonds, no outstanding state school improvement revenue bonds, and no outstanding lease-to-own transactions.
  - The legislature has otherwise provided for paying or retiring any of the above items.
    - If neither of these conditions occur on or before January 1, 2023, then the affected laws will be repealed 30 days after the retirement of all revenues bonds issued and any outstanding lease-to-own transactions issued. (Pg. 78)
  - Allows the SFB to distribute \$825K from the new school facilities fund to Benson Unified School District to account for increased cost per square foot on its approved construction project. (Pgs. 79-80)
- Requires districts and county school superintendents to cooperate with and provide information and records to the Auditor General to facilitate the completion of their special audit of SFB, which will be completed by June 30, 2019.

## Transportation Funding

- Increases the State Support Level per Route Mile for FY 2018 by 1.77% for the required inflation adjustment. (PG. 50)

## Arizona State Schools for the Deaf and the Blind

- Enables ASDB to use funds from the telecommunication fund for the deaf in FY 2018 to support the expansion of its birth-to-three program. (PG 80)

## Miscellaneous

- Requires each district to prominently post on its website home page a copy of its profile pages that displays the percentage of every dollar spent in the classroom by that district from the most recent status report issued by the Auditor General. (PG 76)
- The general budget limit for a district that in FY 2018-2018 was subject to the additional tax in districts ineligible for equalization assistance and that in FY 2016 had a total attending ADM of at least 5,000 students according to the annual report of the Superintendent of Public Instructions for FY 2016 shall be increased by \$1,500,000 in FY 2018 above the amounts that otherwise would be computed. (Cave Creek Unified School District)(Pg. 81)
- In FY 2018 \$4,145,600 is appropriated to ADE for the school safety program, compared to \$3,646,500 in FY 2017. The program will be repealed on December 31, 2019 instead of December 31, 2018. (PG 78-79)