



## Governmental Relations

The two main bills for K-12 education are SB1469 (general appropriations; 2015-2016) passed Senate Third Read on a 16-13-1 vote and House Third Read on a vote. Further, SB1476 (K-12 education; budget reconciliation; 2015-2016) passed Senate Third Read on a 16-13-1 vote and House Third Read on a 32-27-1 vote. The K-12 provisions include:

- Funds FY16 Inflation (1.59% increase without teacher comp), setting the FY16 Base Support Level at \$3,426.74
- Appropriates an additional \$74.4 million down payment on the inflation lawsuit
  - Additional \$74.4 million is funded in a separate line item at the rate of \$54.31; thus, not increasing the permanent base level
- District Additional Assistance (DAA) Cut - \$113.5 million in FY16 (this makes the TOTAL cut to DAA \$352.4 million)
  - For A and B districts:
    - Requires a public meeting to discuss the district's plan for proposed DAA reductions
    - Must include the percentage of classroom spending in the district's budget that the governing board members sign
  - For C, D, and F districts:
    - Requires a public meeting to present the district's plan for proposed DAA reductions;
    - Requires within 30 days of that public hearing to allow the community to submit comments and recommendations to the governing board
    - Requires the governing board to consider the comments and recommendations of the community at a public meeting
    - Must include the percentage of classroom spending in the district's budget that the governing board members sign
  - Includes intent language that the Governor and Legislature intend that districts increase the total percentage of classroom spending over the previous year's percentage in the combined categories of instruction, instructional support, and student support as defined by the Auditor General
  - Caps the sum of DAA reductions for districts with a student count of less than 1,100 students at \$5 million
- For charter schools:
  - \$3 million cut to charter additional assistance funding
  - Removes the Small School Weight (SSW) phase out for charter schools whose charter holder operates multiple charter schools; applies it to charter schools if the charter holder combines the ADM of the charter holder's school sites for the SSW calculation
  - Specifies that SSWs are not applied individually to a charter holder (if certain conditions exist) and the combined ADM derived from the conditions is greater than 600.
    - Reduces SSW amounts for charter schools by 33% in FY 2016 and 67% in FY2017.
- Eliminates Student Success Funding (\$21.5 million cut)
- Creates the "Access Our Best Public Schools Fund," administered by the SFB

- Appropriates \$23.9 million to the SFB
  - Funds must be made available to public schools that are members of the Arizona Public School Achievement District to construct new school facilities or to expand existing facilities
  - Requires at least 50% of these funds to be used in low socioeconomic areas
- Requires the Executive Branch to submit an expenditure plan to JLBC for review and prior to expenditure of funds
- Other School Facilities Board (SFB) Items:
  - Requires SFB, by December 31st of each year, SFB must report to JLBC on all Class B bond approvals; each school district shall report to SFB
  - Requires the SFB to annually submit a list of vacant and unused buildings to the Governor, Senate President, and House Speaker
- Eliminates all District Sponsored Charter Schools as of FY16 FY17
  - Funds incremental monies for district-sponsored charter schools at 50% in FY16
- Limits the State's share of the 1% cap on net assessed value to \$1 million per county (\$20.2 million reduction in state funding)
- Continues funding of JTEDs with a student count of over 2,000 students at 95.5%
- Creates a \$100,000 school emergency readiness pilot program (from the \$3.65 million ADE school safety program appropriation)
- \$500,000 appropriation for Teach for America

#### **Changes beginning in Fiscal Year 2017:**

- All districts go to current year funding (cut of \$40 million to districts)
  - Requires ADE to notify districts on the implementation plan for current-year funding by December 15, 2015, including an explanation of the process, the required forms, and technological requirements
  - Requires ADE to report the estimated fiscal impact on individual school districts for FY17 to the Governor, the Legislature, JLBC and the Governor's Office of Strategic Planning and Budgeting.
- Cuts JTED/school district career and technical education funding in the following manner (\$30 million cut in total):
  - Changes the base support level (BSL) for districts and charters, in which a student is also enrolled in a JTED satellite program, to 92.5% of what the district or charter would have otherwise received for that student.
  - Changes the base support level (BSL) for a JTED satellite campus program, in which a student is also enrolled in a district or charter, to 92.5% of what the JTED would have otherwise received for that student.
  - States that a district or charter that experiences a reduction can use a portion of the JTED monies it receives to offset the loss of regular education funding, not to exceed the reduction in BSL funding the district or charter experiences
  - States a district cannot prohibit or discourage students enrolled in a district from attending courses offered by a JTED

In addition, there were two other items that affect K-12 education that were considered as part of the budget package:

- **SCR1018 (trust land management; budget reconciliation) passed Senate Third Read on a 17-12-1 vote and House Third Read on a 34-25-1 vote.** This would put a Constitutional amendment on the 2016 General Election Ballot to permit revenues from the sale of State Trust Lands to be used for administration and disposition of lands to increase the value of state trust lands and specifies that no more than 10% of the annual proceeds from the sale of lands and natural products and monetary proceeds of lands can be used to manage State Trust Lands. If passed by AZ voters at the ballot, it would still require Congress to amend the Arizona New Mexico Enabling Act to take effect. **ASBA appreciates the amendment to focus these dollars on increasing the value of the Trust for its beneficiaries, the public school children of this state.** ASBA has been supportive of this self-funding mechanism in a broader package; however, will have to evaluate whether to support this measure at the ballot as an individual issue.
- **SB1474 (environment; budget reconciliation; 2015-2016) passed Senate Third Read on a 17-12-1 vote and House Third Read on a 33-26-1 vote.** This bill provides the statutory and session law changes needed to implement the referendum above by eliminating the Trust Land Administration Fund and conditions the enactment of the reestablishment of the Trust Land Administration Fund on amending the AZ Constitution at the 2016 general election to allow a portion of the annual Trust Land proceeds to be used to manage the Trust Lands.