



FY16 Budget and 2015 Legislative Wrap Up

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Fiscal Year 2016 Budget





FY 2016 Funding Formula

- Inflation Adjustment

 - Inflation 1.59%

 - Base Level Increased from \$3,373.11 to \$3,426.74

- Inflation Lawsuit “Down Payment”

 - Provides an additional \$54.31 to Base Level

 - Approximate 1.6% increase

 - Not part of Official Base Level



FY 2016 Funding Formula

- Transportation Support Level
 - 1.59% Increase
 - \$2.04 per mile increases to \$2.07
 - \$2.49 per mile increases to \$2.53




Charter Additional Assistance

- 1.59% Increase
- Preschool and K-8 increases from \$1,707.77 to \$1,734.92
- Grades 9-12 increases from \$1,990.38 to \$2,022.02



Impact of Reductions to District Additional Assistance (DAA)

- \$113.5 million savings to State Aid
 - 38 districts receive no state aid for elementary and/or high school students
 - Districts with 1,100 or fewer students total reduction can not exceed \$5 million
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Impact of Reductions to DAA

- To save \$239 million in state aid; actual cut in FY 2015 was \$259.8 million
- Additional new reduction for FY 2016 is \$113.5 million; estimated cut of \$123.4 million
- Total reduction in state aid for FY 2016 will be \$352.4 million
- Total budget reduction estimate is \$383.2 million
- New reduction in state aid is 47.5% increase from existing reduction



Impact of Reductions to DAA

- Actual reduction will be impacted because districts with 1,100 or fewer students have already reached the \$5 million maximum
 - Actual reduction will be impacted because of impact of many district sponsored charters now part of DAA reduction
 - Working with ADE on district estimates
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DAA In M&O and Unrestricted Capital

- After DAA existing \$238.9 million Reduction:
 - DAA In M&O: \$98.1 million or 45% statewide
 - DAA In Capital: \$120.4 million or 55% statewide
- Projected DAA left for FY 2016 at 15%



DAA Reductions: Districts

- 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 30 days from the 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



DAA Reductions: Districts

- 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



Current vs. New Classroom Reporting

- Existing FY2014

Administration	10%
Plant Operations	12.2%
Food Service	5.3%
Transportation	4.9%
Student Support	7.9%
Instruction Support	5.9%
Instruction	53.8%

- New FY2014

Administration	10%
Plant Operations	12.2%
Food Service	5.3%
Transportation	4.9%
Total % of Classroom Spending	67.6%



Current FY 2014 Vs. New Classroom Reporting

Arizona Classroom Spending

Instruction	53.8%
Student Support	7.9%
Instruction Support	5.9%
Total	67.6%

U.S. Classroom Spending

Instruction	60.9%
Student Support	5.6%
Instruction Support	4.8%
Total	71.3%



Charter Additional Assistance (CAA) Reduction

- Existing reduction \$15,656,000
- New reduction \$3,000,000
- Total reduction for FY2016 \$18,656,000

- Impacted by reduction in the number of district sponsored charter schools
- Reduction made on a proportional basis (no process based on letter grades)



Joint Technical Education Districts (JTEDs)

- JTEDs with more than 2,000 students are funded at 95.5%
- For FY2017, districts and charters will receive 92.5% of the funding for students in a JTED satellite and JTEDs will receive 92.5% for all students that are enrolled in the JTED and a district or a charter
- Districts or charters may use portion of JTED money that they receive to offset this reduction in funding, not to exceed the reduction in BSL funding the district or charter experiences
- A district cannot prohibit or discourage students enrolled in a district from attending courses offered by a JTED



Districts Sponsored Charter Schools

- Intent of the Legislature that district sponsored charter schools be phased out by fiscal year 2016-2017
- Permits a school district charter school to operate through June 30, 2016
 - Funds incremental monies for district-sponsored charter schools at 50% in FY16
- Repeals session law that allowed district sponsored schools that were operational prior to FY 2014 to continue



Higher Average Cost Per Pupil FY 2016

- JLBC Baseline Budget Includes Funding For Higher Costs \$22,500,000
- Higher Proportion of K-12 Students In Charter Schools \$12,000,000
- Special Education Students \$10,500,000





Charter vs. Districts Special Education Students*

Districts

	Total	Special Ed**	%
2009	941,694	81,311	8.6%
2013	<u>910,505</u>	<u>95,560</u>	10.5%
Change	<31,189>	14,249	

Charters

	Total	Special Ed**	%
2009	100,590	3239	3.2%
2013	<u>140,199</u>	<u>6522</u>	4.6%
Change	39,609	3283	

*JLBC Base Line Budget



School Facilities Board (SFB)

- Requires SFB to annually publish a list of vacant and unused district buildings (currently, ADE reports)
- Requires SFB to annually report all school district Class B bond approvals by year (January 1)
 - Requires districts to annually report Class B bond approvals to SFB (December 1)
- Requires SFB to refinance or refund current lease purchase payments




Access Our Best Public Schools Fund

- Appropriates \$23.9 million for the “Access our Best Public Schools Fund”
 - Requires the Executive Branch to submit an expenditure plan to the Joint Legislative Budget Committee for review and prior to expenditure of funds
 - Directs SFB to administer the Fund
- Monies are available to public schools that are members of the Arizona Public School Achievement District to construct new school facilities or to expand existing facilities
- Fund consists of monies appropriated, grants, gifts, devises, and donations from public or private sources
 - Requires at least 50% of the monies to be used in low socioeconomic areas




Rollover For FY2016

- Continues to defer \$930.7 million in Basic State Aid for FY2016 in FY2017
 - Continues to exempt districts with less than 600 students
 - Requires rollover payments to be made no later than July 12, 2016
 - Continues requirement that district include in FY2016 revenue estimates the amount of rollover monies that they will receive
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Cap On 1% Limit/Primary Property Taxes

- 33 districts were above the 1% limit
 - State funds homeowners to get back to the 1% limit
 - Proposed \$1 million limit per county issue
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State Budget Proposals

- Continues \$6.2 million appropriation for the Arizona Education Learning and Accountability System (AELAS)
- 2016 General Election, Constitutional ballot measure to self-fund the State Land Department through the use of up to 10% of land sales




2015 K-12 Education Bills Chaptered

General Effective Date:


July 3rd, 2015*

(unless noted)





Chapter 1: HB2064 -- graduation requirement; civics test (Montenegro)

- Requires the SBE to include in the high school competency requirements the requirement to correctly answer 60 out of 100 questions on a test identical to the US Citizenship and Immigration Services exam
- Required for student high school graduation, beginning in 2016-17 school year




Chapter 5: SB1191 -- graduation; passing test score; moratorium (Ward)

- Prohibits the requirement for a student to obtain a passing score on a standardized test during school years: 2014-15, 2015-16, 2016-17, or 2017-18
 - Exempts the civics exam from the moratorium
 - Includes an emergency clause
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Chapter 35: SB1077 – child care facilities; SFB guidelines (Yee)

- Eliminates the ability of certain child care facilities to incorporate SFB guidelines (the use of floor bedding rather than cribs) when selecting facilities



Chapter 47: HB2066 – public school tax credit; testing (Mesnard)

- Allows extracurricular income tax credit monies to be used for standardized testing fees for college credit or readiness offered by a widely recognized and accepted educational testing organization or for the career and technical education industry certification assessment, preparation courses, and materials for standardized testing
 - Defined as “an assessment for career and technical preparation programs for pupils”



Chapter 48: HB2109 – ballot; form; secondary property taxes (Mitchell)

- Adds ballot language for a bond that is to be repaid with secondary property taxes, that articulates what a “yes” vote means (authorize the governing body to issue and sell \$___ of ___ bonds to be repaid with secondary property taxes) and what a “no” vote means (not authorize the governing body to issue and sell bonds)



Chapter 68: SB1461 – dyslexic pupils; schools; reading assistance (Ward)

- Requires the SBE to adopt rules to allow training regarding screening, intervention, accommodation, use of technology and advocacy for student with reading impairments, including dyslexia, to count as continuing education credits
- Creates a Move on When Reading exemption for students in the process of a special education referral, evaluation placement in special education, or a student diagnosed as having “a significant reading impairment, including dyslexia.”




Chapter 76: SB1289 – schools; letter classification; transition process (Ward)

- Prohibits ADE from assigning schools or districts letter grade classifications for the 2014-15 and 15-16 school years in order to give time to revise the accountability system to better reflect what an effective school is, as well as the new standards and assessment
 - Requires the SBE, in cooperation with ADE, to submit a report to the Legislature by December 15th, 2015, that includes proposed legislation for the 2016 Legislative Session to implement the revised accountability system
- Provides flexibility to local school districts on nonrenewal and dismissal policies, as well as individual teacher performance pay, for 2014-15 and 2015-16
- Governor Letter: best practices of other states, feasibility of including a menu of local and/or statewide assessments, emphasis on local control of curriculum and assessment tools




Chapter 103: HB2186 – county school superintendents; schools; libraries (Boyer)

- Expands the ability of a county school superintendent education service agency (ESA) to provide programs and services to library districts and municipal libraries
 - Allows a district governing board to enter into an IGA with library districts and municipal libraries in the county where the district is located
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Chapter 108: HB2302 – ADE; state and federal monies (Farnsworth)

- Prohibits ADE from commingling federal monies, including programmatic monies, with state and local monies and requires federal monies be maintained in separate accounts from state and local monies





Chapter 127: HB2530 – Arizona online instruction; credit; schools (Leach)

- Prohibits a district or charter from requiring proof of payment as a condition of the district or charter accepting credits earned from the online course provider
 - Applies to a student who is enrolled in a district or charter that also participates in an AOI between May 1 and July 31
- Includes session law, repealed as of June 30, 2018, that outlines a process for a district, charter, or AOI to release a copy of the student's transcript within 10 days
 - Non-compliance requires the Superintendent of Public Instruction to withhold \$50 of state aid from the district or charter





Chapter 141: SB1074 – unused school facilities; sale; lease (Ward)

- If a school district decides to sell or lease a vacant and unused building or portion of the building, the district cannot prohibit a charter school from negotiating to buy or lease the property in the same manner as other potential buyers or lessees
 - Requires a school district to attempt to obtain the highest possible value under market conditions for the sale or lease of the vacant and unused building or portion of a building
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Chapter 145: SB1093 – online instruction; concurrent enrollment; testing (Smith)

- Prohibits a district or charter school from charging a fee to a student who takes an examination in a particular course to obtain academic credit from the school district for a substantially equivalent course was previously earned in AOI
 - Requires the assessment to be end-of-course that is aligned to state academic standards
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Chapter 147: SB1117 – online instruction; state-approved charter authorizers (Ward)

- Changes Arizona Online Instruction (AOI) from the State Board for Charter Schools to state-approved charter authorizers (defined as “any charter school sponsor authorized pursuant to 15-183”)



Chapter 152: SB1169 -- fire code requirements; fire watch (S. Allen)

- Allows, if required pursuant to the State Fire Code or a municipality, county or fire district's code, an employee who works at the building to serve as the fire watch
- Specifically provides an exception (under the SFB minimum adequacy guidelines that buildings are in compliance with federal, state and local building and fire codes and laws that are applicable to the particular building) for a school with an aggregate areas of less than 5,000 ft² is subject to permitting and inspection by a local fire marshal and is not subject to regulation or inspection by the state fire marshal




Chapter 157: SB1267 – schools; exempt fundraisers (Lesko)

- Directs ADE to issue exemptions that allow school districts and charter schools to sell food of minimal nutritional value for fundraisers



Chapter 217: HB2483 – school tax credit; classroom expenses (Livingston)

- Allows for the Public School Extracurricular Tax Credit, a contribution made on or before April 15th can be applied to either the current or preceding taxable year and considered to have been made on the last day of that taxable year
- Includes increased reporting requirements for STO annual reports and for individual STOs on a website, the percentage and total dollar amount of scholarships and tuition grants awarded to students eligible for free or reduced-price lunches, if applicable



Chapter 225: SB1332 – empowerment scholarship accounts; reservation residences (Begay)

- Expands ESAs to all students who live within the boundaries of Native American lands
 - Currently, over 70,000 students live on our Indian lands




Chapter 226: HB2185 – alternative teacher development program (Boyer)

- Extends statutory life of the Alternative Teacher Development Program for four years to July 1, 2020




Chapter 248: HB2658 – federal lands; transfer; study committee (Barton)

- Establishes the Transfer of Federal Lands Study Committee to examine processes to transfer, manage and dispose of federal lands in Arizona
- Committee must submit a report by January 1, 2020




Chapter 272: SB1259 – schools; teacher experience index; understatement (Shooter)

- Allows districts that meet specified requirements to recalculate their Teacher Experience Index (TEI) to receive state aid in FY15
- Provides relief for Mohawk Valley Elementary and Cottonwood Oak Creek School Districts



Chapter 288: HB2567 – school district budget errors; repayment (Mitchell)

- Allows for a school district that over-expended its budget in specified fiscal years to pay back those expenditures by 5% for each fiscal year
 - Currently, it's 5% for the first through fourth fiscal years and 10% for the remaining fiscal years
- Provides relief for Saddle Mountain Unified School District




Chapter 289: HB2569 – teacher experience index; schools (Mitchell)

- Similar to SB1259
- Allows a district to recalculate its TEI after March 15th for understatement for the budget year
 - Currently, this is only allowed for overstatement
- Provides relief for Mohawk Valley Elementary School District




Chapter 290: HB2577 – schools; teacher certification (Boyer)

- Allows ADE to issue a reciprocal teaching certificate for up to 1 year before an applicant had obtained a valid fingerprint card if the applicant holds a valid teacher certification from a state with substantially similar criminal history or fingerprinting requirements and submits proof of the submission of an application for a fingerprint clearance card
- Allows the SBE to grant up to 3 years (currently, it is 1 year) a basic or standard teaching certificate to a teacher who hasn't met the structured English Immersion (SEI) training requirement and/or outlined proficiency examination
- Includes an emergency clause




Chapter 296: HB2613 – political activity; public resources; limitation (Petersen)

- Amends various political subdivision statutes, including 15-511, to modify the prohibition on the use of public resources for influencing an election by stating that:
 - “the prohibition on the use of public resources to influence the outcome of bond, budget override and other tax-related elections includes the use of school district-focused promotional expenditures that occur after an election is called and through election day”
- States that the prohibition doesn’t include routine school district communications




Chapter 299: SB1193 – charter schools; performance; annual report (Ward)

- Requires charter school sponsors to consider progress towards academic achievement performance expectations as one of the most important factors in determining charter renewal
 - Requires charter sponsors to submit an annual report by December 1st to the Auditor General
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Chapter 300: SB1459 – pupils; restraint; seclusion; requirements (Ward)

- Allows the use of seclusion or restraint if “imminent danger of bodily harm to the pupil or others” and less restrictive interventions are not sufficient to mitigate
- Creates requirements for the use of restraint or seclusion
- Creates reporting and documentation procedures
- Governor’s Letter: “would benefit by considering protections to well-intentioned individuals acting in good faith in emergency situations”




Chapter 301: HB2153 – tax credits; preapproval; entities (Olson)

- Expands the corporate scholarship tax credit to allow any S Corporations and Limited Liability Companies to make donations under the corporate scholarship tax credit program



Chapter 302: HB2208 – notice of claim; public schools (Boyer)

- Includes claims against a public school in the notice of claim requirements



Chapter 309: HB2478 – JTEDs; satellite courses; charter schools (Boyer)

- Allows a JTED governing board to contract with any charter school that is located within the boundaries of the JTED to allow that charter school to offer CTE courses or programs as a satellite campus





Chapter 310: HB2479 – schools; financial revisions (Boyer)

- Allows county school superintendents to make electronic transfers (rather than drawing a warrant)
- Allows school districts governing boards to utilize the proceeds of insurance recoveries on school property rather than school buildings
- Removes the \$100,000 qualifier from consideration when determining whether a school district is required to hold a public hearing to revise a budget in excess of the budget limit
- Allows student activities monies and auxiliary operations fund monies to be deposited in an account with the county treasurer that is designated as other monies
- Allows student activities monies and auxiliary operations fund monies to be disbursed by county warrant for school districts that do not assume accounting responsibilities



Chapter 310: HB2479 (cont.)

- Requires school district Class B bond indebtedness limits to be based on the value of the taxable property within the district rather than the taxable property used for secondary property tax purposes
 - Allows ADE to use up to \$500,000 of the amount appropriated for K-3 Reading for technical assistance and state level administration of the K-3 Reading Program in FY 2016
 - Addresses the Casa Grande issue for soccer camp
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Chapter 316: HB2516 – teachers; abuse prevention; continuing education (Weninger)

- Requires the SBE to adopt rules to allow certified teachers and administrators to count as continuing education credits awareness and prevention training on issues concerning child abuse and the sexual abuse of children, including warning signs that a child may be a victim of child abuse or sexual abuse



Coming Soon!

2015 Wrap-Up Legislative Brief

Stay Tuned – End of May!

ASBA Policy Updates



Questions?

