



Legislative Wrap Up 2018

Webinar 05/22/18


Chris Kotterman, Governmental Relations Director

Chuck Essigs, Director of Government Relations, AASBO

Leigh Jensen, Governmental Relations Associate



Today's Agenda

- Brief overview of procurement issues
 - Chris Thomas, ASBA Associate Executive Director/General Counsel
 - FY2019 Budget Recap
 - Teacher Pay
 - District Additional Assistance
 - 2018 Bills of Note
 - Questions
- 



Contained in K-12 education budget BRB (HB2663)


Procurement Changes





Procurement Changes

Requires SBE to change its procurement rules to meet the requirements of new statutory changes. Some changes have minimal impact. Others are significant.

- Must ensure “maximum practicable competition”
 - New sanctions/criminal penalties for violators
 - Expands AG investigatory powers.
- 



Procurement Changes

Most important for board members:

- Significantly restricts board members/district staff involved in procurement from accepting anything of value from vendors.
- Accepting a gift from a vendor is classified as a criminal offense.
 - Less than \$300—Class 1 misdemeanor
 - \$300 or more—Class 6 felony



What is a Gift?


“ ‘GIFT OR BENEFIT’ MEANS A PAYMENT, DISTRIBUTION, EXPENDITURE, ADVANCE, DEPOSIT OR DONATION OF MONIES, ANY INTANGIBLE PERSONAL PROPERTY OR ANY KIND OF TANGIBLE PERSONAL OR REAL PROPERTY.

GIFT OR BENEFIT DOES NOT INCLUDE EITHER:

(a) FOOD OR BEVERAGE.


(b) EXPENSES OR SPONSORSHIPS RELATING TO A SPECIAL EVENT OR FUNCTION TO WHICH INDIVIDUALS LISTED IN SUBSECTION N OF THIS SECTION ARE INVITED.”

“A GIFT OR BENEFIT DOES NOT INCLUDE AN ITEM OF NOMINAL VALUE SUCH AS A GREETING CARD, T SHIRT, MUG OR PEN.”





What to Do?

- Make sure all district employees understand conflict of interest requirements and have up-to-date disclosures.
 - Consult your district counsel to review and update your conflict of interest policies and forms.
 - ASBA policy services is conducting a review and update of ASBA policies and exhibits for members.
- 




FY2019 Enacted Budget





ASBA's Critical Budget Priorities

- Additional District Additional Assistance (DAA) funding.
 - Protect 1.06% teacher pay increase and move it to the base support level.
 - Building Renewal Funding.
- 




FY2019 Enacted Budget

- Includes \$188.9M in required formula adjustments.
 - \$84M in enrollment growth.
 - \$104.9M base level increase for 1.8% inflation.
 - \$1.8M to fund JTED formula at 100%.
- 




FY19 Enacted Budget

- \$51.1M total for building renewal grants
 - \$16.7M ongoing funding
 - \$34.4M one-time funding
 - \$3M in AHCCCS funding to draw down additional federal funds for school behavioral health. (\$10-\$12M total)
 - Schools must bill Medicaid for eligible students to receive funding.
- 



FY2019 Enacted Budget

Non-Formula Issues

- \$4M Early Literacy Grants (total \$12M).
 - \$100,000 Geographic Literacy Funding (level from FY18).
 - \$5.3M ADE IT funding
 - \$1M Computer Science Pilot
 - \$1M Gifted Pupils
- 




FY2019 Enacted Budget

- \$95M District Additional Assistance restoration.



FY2019 Enacted Budget

Teacher Pay Increase

- \$273.1M above FY18 for teacher pay, placed in the base level.
 - Shift \$32.5M for last year's teacher 1.06% stipend into the base level.
 - Total increase to base level approx. \$306M.
- 



FY2019 Enacted Budget

Teacher Pay





Teacher Pay

- The teacher pay increase amount was calculated using the cost to provide last year's 1.06% stipend.
- The amount was assumed to be 1%, then multiplied by ten to generate a “10 percent” raise for FY19.

1% FY18 (\$32.5M) + 9% FY19 (\$273.1M) =
\$306M placed into the base level




Teacher Pay

Component of Base Level per Student	Without Teacher Comp	With Teacher Comp (1.25%)
Base Amount FY18	\$3,683.27	\$3,739.31
Inflation Adjustment	\$66.30	\$67.13
Teacher Salary Increase	\$210.50	\$213.13
Base Amount FY19	\$3,960.07	\$4,009.57
Total Increase	\$276.80	\$280.26






Teacher Pay

- The \$210.10 increase to the base level for FY19 is the increase in the base level required to provide \$306M in formula funding to support teacher pay increases for districts and charters.
 - Employee Related Expenses (ERE) of 18.4% were included in the calculation.
 - Calculations were based on teachers that qualified for the 1.06% increase, but boards have some discretion in application of monies.
- 



Legislative Intent

- The basic state aid appropriation for fiscal year 2018-2019 includes \$273,706,100, which the Legislature and Governor intend to be used for teacher salary increases.” (Laws 2018, Ch. 276, Sec. 31)
 - “It is the intent of the Governor and the Legislature that school districts should increase the total percentage of classroom spending over the previous year’s percentages in the combined categories of instruction, student support and instructional support as prescribed by the Auditor General.” (Laws 2018, Ch. 285, Sec. 27)
 - “A school district or other entity that receives additional funding in fiscal years 2018-2019, 2019-2020, and 2020-2021 as a result of this act may use the additional monies for increased teacher compensation in fiscal years 2018-2019, 2019-2020, and 2020-2021.” Laws 2018, Ch. 276, Sec. 31)
- 



Reporting

- The Auditor General will provide a space for salary reporting on FY19 budget forms.

BUDGET COVER & SUMMARY

AVERAGE TEACHER SALARIES (A.R.S. §15-905.E)

1. Average salary of all teachers employed in FY 2019 (budget year)	\$	<u>0</u>
2. Average salary of all teachers employed in FY 2018 (prior year)	\$	<u>0</u>
3. Increase in average teacher salary from the prior year	\$	<u>0</u>
4. Percentage increase		<u>0%</u>

Comments (Optional):

ADE will report information from budgets to JLBC and Governor's OSPB



FY2019 Enacted Budget

District Additional Assistance





DAA Restoration

FY19 Begins a 5-Year Phase Down of the DAA Cut to Districts in place since FY2009.

Phase Out of Cuts to District Additional Assistance		Annual Restoration
Cut in FY18	\$352,442,700	
Cut in FY19	\$257,469,900	+\$94,972,800
Cut in FY20	\$193,102,400	+\$64,367,500
Cut in FY21	\$128,734,900	+\$64,367,500
Cut in FY22	\$64,307,400	\$64,427,500
Cut in FY23	\$0	\$64,307,400



DAA Restoration

- Districts with less than 1,100 students (ADM) had their DAA cuts limited to \$5M in the aggregate.
- The FY19 budget restores those districts to 100% DAA funding.

Restoration for Districts w/ <1,100 ADM		Annual Restoration
Cut FY2018	\$5,000,000	
Cut FY2019	\$0	\$5,000,000






2018 Legislative Session


Key Enacted Bills





2018 Enacted Bill Stats

- ASBA was tracking 238 introduced bills that impact school districts in some form in the 2018 session.
 - At the end of session there were 74 total viable bills.
 - In all, 48 bills not including the budget were signed into law.
 - All bills are effective August 3, 2018 unless otherwise noted.
- 





SB1390 TPT; additional rate; education (Brophy McGee) Ch. 74

- Establishes a new 0.6% sales tax for education to replace the current Prop. 301 tax beginning in 2021.
- Establishes an identical distribution of sales tax revenues to the classroom site fund, EXCEPT:
 - Redirects \$64M in debt service payments to the CSF beginning in FY2022.




SB1291 schools; pupil assessment data (Brophy-McGee) Ch. 254

- Requires ADE to share a raw data file of the district's student assessment results with a school district within 30 days of request.
 - Requires the file to be in a format useable for diagnostics by the school district.
 - Contains an emergency clause.
- 




HB2036 substitute teachers; experience; certification (Carter) Ch. 111

- Enables substitute teachers who have demonstrated primary teaching responsibility in a classroom as defined by the State Board of Education to use that time toward the required capstone experience for standard teaching certification.
- 




HB2065 public meetings; definition; penalties (Leach) Ch. 229

- Codifies current AG opinion regarding violations of the open meeting law via electronic communication.
 - Allows the Attorney General to initiate a suit for knowing violations of the open meeting law.
 - Establishes a civil penalty of up to \$500 for a second violation, and \$2,500 for a third and subsequent violation for individuals who knowingly violate the law.
- 




SB1082 full day kindergarten; instruction requirements (Allen) Ch. 23

- Requires all-day Kindergarten programs to:
 - Meet or exceed academic standards for teaching kindergarten as prescribed by the State Board of Education
 - Be academically meaningful
 - Provide active learning enrichment.
- 



SB1083 schools; recess periods (Allen) Ch. 130

- Requires school districts and charter schools to offer two recess periods per day in grades K-5.
 - Time not specified, physical education can count as one recess on days when it is offered.
 - Lunch can count as long as there is actual time scheduled after the meal period.
- 





SB1008 common schools; average daily membership (Mitchell) Ch. 157

- Allows common (elementary) school districts to count all the time a student is at school as instructional time.
- 




HB2185 school districts; tax levy; calculation (Norgaard) Ch. 68

- Allows a district some flexibility in rate levy to correct prior year issues in the property tax roll, as opposed to the current requirement that the levy be a fixed calculation.
 - Specifies that a district can tax at a rate that would result in a levy that equals any separately stated cash deficit from the prior fiscal year resulting from an anticipated or actual deviation in the property tax roll, including resolutions or judgements relating to property tax appeals or the correction of property tax errors.
- 





HB2088 pupils; concussions; parental notification (Carter)

- Requires a district to notify a student's parent or guardian if the student is suspected of sustaining a concussion in any interscholastic athletic activity.
 - Requires a district to develop, in consultation with AIA, guidelines, information and forms to educate students, parents, and coaches about the dangers of heat-related illness, sudden cardiac death and opioid use.
- 




HB2088 cont.

- Requires that in addition to current bullying procedures, district policies require notifying the parent or guardian of a victim of suspected harassment, intimidation, or bullying.
 - Confers civil immunity on district personnel for good faith implementation.
 - Defines harassment, intimidation, or bullying, to include electronic communication that substantially disrupts the school environment.
- 



SB1255 teachers; alternative performance evaluations (Allen) Ch. 57

- Allows for an “expedited” review process for teachers rated highly effective or equivalent in at least three consecutive years by the same district based on the standard evaluation.
 - If the expedited review does not yield a highly effective rating, the teacher must participate in the standard evaluation.
- 




HB2520 schools; reading requirements (Coleman) Ch. 309

- Re-enacts much of last year's Move on When Reading (MOWR) reforms.
 - Requires annual reporting of the number of pupils retained, or promoted pursuant to each exception.
 - Requires each LEA to offer “more than one” evidence-based intervention strategy




HB2520 schools; reading requirements (Coleman) Ch. 309

- Removes the requirement that early literacy grants be awarded on a three-year cycle, and clarifies that grants be awarded based on student count in grades K-3.
 - Requires grant recipients to report data to the department required to complete annual reporting.
 - Allows grants to be used for Kindergarten readiness assessments and summer programs.
 - Adds “written and oral expression, including spelling and handwriting” to the definition of “essential components of reading instruction.”
- 





HB2460 charter schools; vacant buildings; equipment (Leach) Ch. 85

- States a district may not accept an offer for sale or lease of a school building if the offer is less than an offer from a charter or private school.
 - Prohibits a district from withdrawing a building from sale or lease solely because the high bidder is a charter or private school.
- 




HB2477 high school mathematics; proficiency; notifications (Udall) Ch. 96

- Requires districts & charter schools to make a notification to parents of pupils in grades 6-8 if the pupil has not demonstrated grade-level proficiency in math. (If assessment results are available prior to the beginning of the next school year)
 - A description of the pupils' deficiencies according to the statewide assessment
 - A description of current math services provided by the district/charter school, including supplemental math services.
- 




SB1411 schools; achievement profiles (Allen) Ch. 275

- Requires SBE to develop a dashboard system incorporating A-F Letter Grades.
 - SBE would develop indicators where an A-F grade would be applied.
 - All indicators aggregate up to a single summative A-F grade.
 - Requires SBE to take locally procured (menu) assessments into account.
 - Formalizes the ability of LEAs to appeal a letter grade based on incorrect data.
- 



SB1254 school district consolidation (Allen)

- Allows a combination of school districts consisting of two elementary districts inside a union high school district to hold an election to be consolidated, IF:
 - The boards of all districts to be consolidated approve, OR receipt of petition signatures from 10 percent or more of the number of voters who voted in the highest turnout general election out of the previous two, FROM EACH DISTRICT.
 - Specifies what will happen if one elementary district wishes to consolidate with a union high school district to form a unified district.
- 



Questions?

Chris Kotterman
Director of Governmental Relations
ckotterman@azsba.org

Chuck Essigs
Director of Governmental Relations, AASBO
cessigs@aaasbo.org

Leigh Jensen
Governmental Relations Associate
ljensen@azsba.org

