

Legislative Session Wrap Up and FY22 Budget Overview

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Agenda:

- FY22 Budget Overview
- Major Policy Changes
- Questions

General Effective Date



- Unless otherwise noted, all bills from the 55th Legislature, 1st regular session, including those policy provisions in the budget bills, are effective **9-29-2021**.
- **Exception**—anything having to do with school finance can be applied to the entire fiscal year from July 1, regardless of effective date.

FY22 Budget Structure



- Income tax cuts in two stages based on the amount of revenue in the state General Fund
 - Stage One: 2.55% or 2.98%
 - Stage Two: 2.53% or 2.75%
 - Flat tax rate of 2.5% the year after Stage Two revenue projections
- 1.21% inflation increase for base level, transportation support level, and charter additional assistance
- Base Level Amount: \$4,445.53 (includes 1.25% for teacher compensation)
- Eliminates rollover for districts up to 2,000 ADM
- Allocates \$350M of federal COVID relief funds to school districts and charter schools to supplement ESSER

DAA Restoration Schedule

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	\$128,734,900	+\$128,735,000
Cut in FY21	\$64,307,400	+\$64,427,500
Cut in FY22	\$0	+\$64,307,400
Cut in FY23	\$0	+\$0

Ongoing Appropriations



- \$500K to expand and move investigations unit from ADE to SBE
- \$1M beginning in FY24 for CTED Certification Exam Fee Reimbursement
- \$1.3M for College Placement Exam fee waiver
- \$2.5M for College Credit by Examination Incentive Program
- \$3.1M beginning in FY24 for 25 FTE positions for Literacy Coaches
- \$1.5M beginning in FY24 for kindergarten entry assessment
- \$1.3M beginning in FY24 for dyslexia screening and training
- \$1M beginning in FY24 for teacher reading instruction exam
- \$400K beginning in FY24 for Jobs for Arizona Graduates
- \$500K beginning in FY24 for Alternative Teacher Development Program
- \$400K for adult education state match
- \$50M for increased special education Group B weights
- \$1M for gifted funding
- \$5M for 4th year CTED funding

One-Time Appropriations



- \$10M in FY22 and \$20M in FY23 to ADOA for a K-12 Transportation Grants Pilot Program
- \$3M in FY22, \$1.5M in FY23, and \$1.5M in FY24 to ADOA for a K-12 Financial Transparency Reporting System
- \$600K to improve the Charter Board's IT System
- Transfers \$4.4M from the ADE ESA Account Fund and \$2.8M from the Treasurer ESA Program to pay for a school finance payment system replacement
- \$5M in FY22 for the statewide assessment
- \$850K in FY22 to procure a statewide gifted assessment
- \$5M in the Extraordinary Special Education Needs Fund
- \$35M in FY22 to reduce the K-12 Rollover (eliminates rollover for districts up to 2,000 ADM)
- \$107.5M in FY22 for Building Renewal Funding (total unchanged from FY21)
- \$89.4M in FY22, \$29.1M in FY23, and \$14.7M in FY24 to increase the formula cost per square foot to the market rate
- \$10.3M to accelerate the Yuma Union HS construction project
- \$3M for Kirkland Elementary School construction
- \$17M to ADOA for Transwestern Settlement Refunds
- \$250K to the Auditor General for K-12 federal funds oversight
- \$150K to ASDB for classroom notification system replacement
- \$395M for Classroom Site Fund increase

Special Education



- \$5M to the Extraordinary Special Education Needs Fund
 - For districts and charters with a student whose special education services cost at least 3x the statewide per pupil funding average
- Establishes “G” Group B weight of 0.007 for gifted students
 - 97th percentile on a test adopted by SBE
- \$1M ongoing for gifted education
- Increases the Group B funding weight from 0.003 to 0.093 for students diagnosed with emotional disabilities, mild intellectual disabilities, a specific learning disability, a speech/language impairment, or other health impairments
- Increases the Group B funding weight from 5.833 to 5.988 for students diagnosed with multiple disabilities, autism, or severe intellectual disabilities placed in self-contained programs

SB1028 alternative assessment; special education (Ch. 57)

- Establishes an alternative assessment study committee to evaluate factors around special education assessment, including:
 - How to improve support for parents and educators of students not eligible for the alternative assessment.
 - Accommodations for students who are not eligible for the alternative assessment.
 - Guidance on identifying students for the alternative assessment.
- Report required by December 1, 2021

CTEDs



- \$5M ongoing for 4th year CTED funding (9th or 13th grade)
- Only for students enrolled in an approved program for an in-demand industry
- 9th grade students will be funded on day 40 of 11th grade if enrolled in the same program
- Allows students in CTED programs to generate ADM any day of the week between July 1 and June 30 and include students enrolled in an internship in ADM calculations
- Establishes Industry-Recognized Certification and Licensure Reimbursement Fund for low-income students and appropriates \$5M in FY22 and FY23, \$1M ongoing beginning in FY24

HB2124 CTEDs; average daily membership (Ch. 416)



- Allows CTED students to generate a maximum of 1.75 ADM, dependent on setting, during any day of the week and at any time between July 1 and June 30 each fiscal year.
- Authorizes CTEDs to operate for 180 days per year OR the equivalent hours of instruction.

Transportation



- Allows a school district to use a portion of its transportation funding to provide in lieu of transportation grants to parents of students who attend the school
- Allows a charter school to use a portion of its Charter Additional Assistance funding for the same purpose
- Allows a school district to issue grants to support individual parents or neighborhood carpools in transporting students to school
- Prohibits a school district's transportation funding allocation from being reduced due to the district awarding grants in lieu of transportation
- Appropriates \$10M in FY22 and \$20M in FY23 to ADOA for K-12 Transportation Modernization Grants

ESAs and STOs



- Previously, the definition of “qualified student” to gain ESA eligibility included a student attending a school or school district or a Pre-K student eligible to enroll in kindergarten at a school or district that was assigned a D or F letter grade in the most recent year.
- Now, a student in this circumstance that is also eligible to receive free or reduced-price lunch, none of the other eligibility requirements apply, including requirements to be enrolled for some time at a public school to qualify for an ESA.
- Lowers the eligibility threshold for students to be eligible for an ESA so that:
 - A student must be enrolled in a public school for at least 45 days of the current or prior fiscal year, rather than the first 100 days of the prior fiscal year
 - Kindergarten students who are enrolled in Arizona Online Instruction must log 200 hours of instruction to be deemed eligible
- Expands eligibility for students receiving “switcher” individual or corporate STO scholarships to include students who were homeschooled, moved from out of state, or previously received an ESA.
- Increases the statewide aggregate cap for the Disabled/Displaced STO tax credit program from \$5M to \$6M in FY22

Teacher Conduct/School Environment



- Prohibits a county, city, town, school district governing board or charter school governing body from requiring the use of face coverings by students or staff during school hours and on school property.
- Prohibits school districts and charter schools from requiring a student or teacher to receive a COVID-19 vaccination or to wear a face covering to participate in in-person instruction
- Authorizes the AG to bring an action against:
 - A public official or employee that uses public money/resources to plan an activity that prevents a public school from operating for any period of time
 - A teacher, administrator, or other employee of a district or charter school or the state whose violation of prohibited instruction results in an illegal use of public monies.
 - Specifies that public resources include email, equipment or compensated work time
- Prohibits instruction that presents any form of blame or judgement on the basis of race, ethnicity, or sex

HB2906 governance; audits; training (Ch. 427)



- Prohibits any state agency or political subdivision from requiring any employee to participate in training that “presents any form of blame or judgement on the basis of race, ethnicity, or sex.”
- Prohibits the use of public monies for this type of training, while specifically allowing for sexual harassment training.
- Defines “blame or judgement on the basis of race, ethnicity, or sex” in the same manner as defined in HB2898.

Sex Education Rules (EO 2021-11)



- Requires both elementary and high school sex ed to be opt-in
- Require all committees considering sex ed curricula be subject to the open meeting law
- Requires any sex ed course of study be available for review and public comment for at least 60 days prior to consideration.
- Requires at least two hearings during the 60-day period.
- Requires districts/charters to maintain instructional materials for viewing both online and in-person for at least two weeks before instruction is offered.

HB2035 parental rights; sex education instruction (Ch. 415)

- Codifies the governor's earlier executive order on sex education curriculum adoption into statute.
- Requires school districts to develop a policy to notify parents in advance and give them the opportunity to opt their child out of any learning materials regarding sexuality in courses other than formal sex education curricula.
- Prohibits sex education before 5th grade.
- Requires all school districts and charter schools that currently offer sex education to review their curriculum and revise it to comply with the new requirements by December 15, 2021.

Open Enrollment



- Requires open enrollment policies be posted on home page of each school's website
- Prohibits districts from limiting admission based on federally protected status
- Attendance boundaries may not be used to require students to attend certain schools based on the student's place of residence.
- Defines "resident pupil" as a pupil whose residence is within the attendance area of a school
- Requires enrollment preference and reserved capacity for:
 - Resident students
 - Students returning to the school from the prior year
 - Siblings of students already enrolled
- Specifies that if remaining capacity is insufficient to enroll all the students who submit a timely open enrollment request, the school or district must select students through an equitable selection process like a lottery, giving preference to siblings of a student selected through the lottery
- Allows district to provide transportation for special ed or FRPL eligible students up to 30 miles each way

Instructional Time Models (HB862, Ch. 299, HB2898, Ch. 404)



- Allows a school site to deliver the annual required instructional time or instructional hours through any combination of direct instruction, project-based learning, independent learning time, and mastery-based learning, which may be delivered in a blended classroom serving multiple grade levels or providing blended grade level content
 - During school year 2021-2022, a school may provide up to 50% of its total instructional time in a remote setting without any impact to the school's funding
 - During school year 2022-2023 and beyond, a school may provide up to 40% of its total instructional time in a remote setting without any impact to the school's funding

School Facilities Board



- Transfers the authority, powers, duties and responsibilities of the SFB to the School Facilities Oversight Board and the Division of School Facilities within ADOA
- Appropriates \$107.5M in FY22 for Building Renewal Funding (total unchanged from FY21)
- Appropriates \$89.4M in FY22, \$29.1M in FY23, and \$14.7M in FY24 to increase the new construction formula cost per square foot to the market rate

Other Bills of Note

HB2123 schools; pupil discipline; suspension; expulsion (Ch. 373)

- Requires the school employ alternative behavioral and disciplinary interventions that are available, appropriate to the circumstances and that are considerate of health and safety
- The school district or charter school, by policy, provides for a readmission procedure that:
 - Allows for an appeal for readmission of a student after serving five days of a suspension lasting longer than ten school days.
 - Allows for an appeal for readmission of an expelled or alternatively reassigned student in grades K-4 after twenty days.

HB2316 centrally assessed property; valuation; pipelines (Ch. 26)

- Requires the department of revenue to adjust the base value of pipelines to reflect “changed circumstances” as follows:
 - A final ruling by a court stating that the state’s assessed value is higher than the market value using standard appraisal methods.
 - An agreement between a pipeline company and the department resulting from a tax appeal, approved by a court, to set the value as of a specific date.
 - An agreement between a pipeline company and the department to correct an error.
- Applies retroactively to tax year 2016

SB1139 classroom site fund; distribution (Ch. 67)

- Eliminates the requirement to divide classroom site fund dollars between teacher base salary increases (20%), performance-based compensation (40%), and maintenance and operation (40%).
- Continues to require a performance-based compensation component of some size.
- Adds “student support services” as an allowable expense for fund monies under maintenance and operation.

SB1377 civil liability; public health pandemic (Ch. 179)



- Grants immunity to a person or entity that acts in good faith to protect a person or the public from injury due to the COVID-19 pandemic is not liable for damages except in the case of willful misconduct or gross negligence.
- Presumes good faith if the person or entity implemented reasonable policies related to the pandemic.
- Sets the standard of proof at clear and convincing evidence.

SB1420 schools; universities; consular identification cards (Ch. 42)

- Requires the state and all political subdivisions to accept consular identification cards issued by a foreign government as a valid form of ID if they are issued using “biometric identity verification techniques.”
- The *matrícula consular* card issued by Mexico meets these requirements.

SB1572 schools; early literacy (Ch. 434)

- Moves the deadline for each K-3 school to have a teacher with dyslexia training to July 1, 2022.
- Requires SBE to establish a requirement that all teachers providing literacy instruction in any of grades K-5 as determined by the board have a literacy endorsement within three years beginning August 1, 2025.
- Requires all approved teacher preparation programs to provide coursework necessary for a literacy endorsement beginning August 1, 2022.

SB1572 schools; early literacy (Ch. 434) contd.

- Requires the SBE to adopt a statewide Kindergarten readiness assessment beginning in SY2022-23 if sufficient funds are appropriated.
- Requires schools to provide required reading deficiency notices under Move on When Reading within three weeks of identifying the reading deficiency.
- Requires the notification to include the frequency with which the district/charter will provide updates on progress to the parent/guardian.

Teacher Evaluation/Letter Grades

- HB2402 schools; test results; letter classification (Ch. 19)
 - Letter grades not issued for SY2020-2021
- SB1165 schools; performance evaluations (Ch. 68)
 - Teacher/principal evaluations not required for SY2020-2021

Questions?

