



Summary of FY23 Budget Signed by the Governor

July 5, 2022

The K-12 education budget consists of two bills:

HB2862 general appropriations act; 2022-2023 (Cobb)

HB2866 K-12 education; 2022-2023 (Cobb)

Highlights

- Appropriates \$526.4M to increase the base level by a total of 8.8% (7.55% if a teacher comp district, see formula changes below)
- Increases district and charter additional assistance by a total of \$60M (\$45M district/\$15M charter) in FY23, \$29M in FY24, and \$29M in FY25
- Increases special education funding by \$100M by increasing Group B weight
- Creates a new Group B formula weight for low SES students of \$50M in FY23, increasing to \$100M by FY25
- Eliminates the Statewide Equalization Tax Rate (SETR) (See Property Tax below)
- Adds \$50M to the ADE school safety program with SRO priority (See ADE Below)
- Allocates one-time funding of \$183.3M (\$199.9M total) in FY23 plus \$93.1M in FY22 supplemental funding to the building renewal grant program

Property Tax

- Eliminates the Statewide Equalization Tax Rate (SETR) from statute. County and state equalization assistance tax rates will no longer be computed or levied.
- Sets the FY2023 Qualifying Tax Rate (QTR) to comply with truth in taxation (TNT) statutes.

Formula Changes

- Increase the base level to \$4,775.27 per student (8.76%)
- Increase district additional assistance by \$55 per pupil on average (11.44%) to:
 - Less than 100 students K-8: \$606.88
 - 100-less than 600 students K-8: \$433.78
 - 600 or more students K-8: \$502.33
 - Less than 100 students 9-12: \$670.02
 - 100-less than 600 students K-8: \$451.99
 - 600 or more students 9-12: \$549.33
 - Preschool programs for students with disabilities: \$502.33
 - Textbooks: \$77.65



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- Increase charter additional assistance by \$55 on average (4.62%) to:
 - \$1985.58 in grades K-8
 - \$2314.16 in grades K-12
- Appropriates \$29M in each of FY24 and FY25 to increase DAA and CAA
- Increase the Transportation Support Level (TSL) route mileage amounts by 2% for inflation as required by Prop. 301
- Increase the special education Group B “OHI” weight to 0.292 (\$950 per pupil/\$100M total)
 - For students with developmental delays, emotional disabilities, mild intellectual disabilities, a specific learning disability, speech-language impairment or other health impairment
- Creates a new Group B formula weight for low SES students at 0.018 (approx.. \$86 per pupil/\$50M)
 - For students who qualify for the federal Free and Reduced-Price Lunch program (FRPL) or an equivalent measure recognized for participating in the program (i.e. SNAP), including community eligibility
- Also appropriates additional \$25M in each of FY24 and FY25 to raise the FRPL weight
- Eliminate the Additional Monies for Teacher Compensation statute that allows for school districts to increase their base level by 1.25% by submitting a qualifying pay plan to the State Board of Education
- Allows county jail education programs to receive state aid for inmates age 18-21 who do not have a disability and who do not have a high school diploma.

Arizona Department of Education (ADE)

- Appropriates \$50M ongoing to the ADE school safety program, to be used first to fund the waiting list for SROs, and then to be awarded for counselors and social workers.
- Appropriates \$6.6M to various newly created adult education programs:
 - \$4.6M for the continuing high school and workforce training program
 - \$6M for the adult workforce diploma program
 - \$6M for the community college adult workforce development program
- Appropriates \$250k for adult education program administration
- Appropriates \$800k to procure a statewide gifted assessment
- Appropriates \$10M to be awarded to EVIT for foster youth transitional housing project partnership
- Appropriates \$150k one-time for an electronic incident prevention program grant pilot
- Allows the department to transfer \$5M one time from the FY23 basic state aid appropriation to cover the shortfall in results-based funding for FY22.



Arizona Department of Administration—School Safety Interoperability

- Appropriates \$20M one-time to the school safety interoperability fund established last year. This year county sheriffs (and two police departments) will receive money from the fund (Last year only Maricopa, Mojave, and Yavapai participated in a pilot program):
 - Maricopa County: \$3M
 - Tucson PD: \$2M
 - Pinal County: \$1.8M
 - Yavapai County: \$1.8M
 - Cochise County: \$1.5M
 - Navajo County: \$1.25M
 - Yuma PD: \$1.35
 - Mohave County: \$1.25
 - Coconino County: \$1.25M
 - Apache County: \$1M
 - Gila County: \$1M
 - Santa Cruz County: \$750k
 - Graham County: \$750k
 - La Paz County: \$750k
 - Greenlee County: \$500k

Arizona Department of Administration—School Facilities Division

- Appropriates \$16.7M ongoing and \$183.2M one-time funding for the building renewal grant program (\$199.9M total) in FY23
- Makes a supplemental appropriation of \$93.1M to the building renewal grant program in FY22
- Appropriates \$47.9M for continued new school construction projects authorized in FY22
- Appropriates \$48.3M to begin construction on new approved projects:
 - Marana USD—one new high school
 - Nadaburg USD—one new high school
 - Pima USD—one new high school
- Appropriates \$400k for site conditions related to the replacement of Kirkland Elementary School
- Includes \$16.5M for Yuma Union High School District which was appropriated in last year's budget
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Results-Based Funding

- Continues the Results-Based Funding (RBF) program with award amounts based on Spring 2021 statewide assessment results as follows:
 - \$225 per student for a school with less than 60% free and reduced-price lunch (FRPL) eligibility and assessment scores in the top 13%
 - \$225 per student for a school with more than 60% FRPL eligibility that have assessment scores in the top 27%, but not the top 13%
 - \$400 per student for a school with more than 60% FRPL eligibility and with assessment scores in the top 13%
 - \$400 per student for an alternative school if its reported assessment scores for both math and English language arts for Spring 2019 testing and its average pass rate for those two combined tests meets or exceeds the average combined pass rate for the top 27% of schools with 60% or higher FRPL eligibility

ADE Code Writers Initiative

- Establishes the code writers initiative program within ADE to provide competitive grants to recipients, as recommended by the ADE Indian education advisory council.
- Requires grantees to:
 - Introduce a computer code writing curriculum for students grade 9-12
 - Deliver technology-focused education to Native American students that will prepare them for the global economy.
 - Instruct Native American students in computer code writing and work to develop internships and programs to be made available to students who complete the program.
 - Instruct teachers and administrators in a technology-focused curriculum
 - Develop assessment metrics to determine the program's effectiveness.
 - Install distance learning equipment at key delivery points to maximize program participation
 - Determine impacts on students' standardized test scores and graduation rates
 - On or before September 1 each year, submit a report for the most recent school year on implementation of the requirements.

Performance Measures

- Requires the state board of education (SBE), along with the department of education (ADE), to develop performance measures to evaluate the performance of the Continuing High School and Workforce Training Program, Adult Workforce Diploma Program, and Community College Adult Education Workforce Development Program by July 1, 2024.
- States the performance measures shall include:
 - Measurements of adult learner progress toward earning a high school diploma or an equivalency diploma
 - Number of high school diplomas or equivalency diplomas earned
 - Number of industry-recognized credentials earned



- Number of adult learners or graduates who have matriculated at an institution of higher learning or a postsecondary institution
- Number of adult learners or graduates who have newly acquired employment, who are now earning higher wages or have obtained a better job or promotion
- Other relevant measures as determined by SBE and ADE
- Requires adopted performance measures to both allow for comparable evaluation across programs and take into consideration the variety of learning levels of adult learners entering the programs

Continuing High School and Workforce Training Program

- Requires SBE to establish a continuing high school and workforce training program for adults that leads to issuance of a high school diploma and industry-recognized credentials.
- Requires SBE to authorize eligible service providers to establish a program school in partnership with a school district or charter school.
- Requires providers wishing to participate in the program to:
 - Be a recognized 501(c)(3) charitable organization or an ADE-approved adult education provider
 - Demonstrate at least a 10-year history of providing workforce training and career services in Arizona to persons at least 18 years old experiencing educational disadvantages, disabilities or other barriers
- States a high school diploma may only be issued if all graduation requirements are met
- Requires a program school to meet all applicable legal requirements for a public school including assessment, special education services, and non-discrimination
- Sets funding for the program school at \$7,700 per student and excludes a program school from other state K-12 funding sources
- Directs the department to establish application procedures and outlines minimum application standards:
 - A description of the required district/charter school partnership
 - A description of the school's administrative structure
 - The school's academic calendar and schedule
 - Confirmation of location and a description of the facility that meets applicable requirements for a school.
 - Description of academic, behavioral and emotional supports available to students
 - A description of the on-site supports the school will provide, which must include:
 - On-site child care
 - Local transportation assistance for those with a verifiable need
 - Career and higher education counseling
 - Job placement assistance
 - A description of available counseling services that assist adult learners in overcoming barriers to educational success
 - A description of the CTE program to be offered
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- A description of specific outcomes, goals, and metrics the school will use to determine success
- The projected number of adult learners the school will enroll
- Limits initial program approval to two years, and limits renewal approval to four years.
- Specifies reporting requirements for program schools to the department of education
- Limits the total enrollment of program schools as follows:
 - In FY23, not more than 600
 - In FY24, not more than 1,000.
 - In FY25 and beyond, not more than 1,400
- Allows SBE to prioritize existing schools with the highest performance, and new program schools by services and supports offered to adult learners
- Prohibits program schools from conducting marketing activities aimed at students currently enrolled in a school district or charter school, or enrolling a student who has been enrolled in a district or charter school within the previous 30 days.

Adult Workforce Diploma Program

- Establishes the adult workforce diploma program at SBE to assist people 21 years old or older in earning a HS diploma and developing workforce and career and technical skills.
- Allows the program to be delivered via campus-based, online, or blended learning.
- Requires potential providers to apply to SBE and demonstrate the provider:
 - Is operating a regionally-accredited HS diploma-granting entity.
 - Has the ability to develop a learning plan for each student that integrates graduation requirements and career goals.
 - Provides a course catalog that meets all current HS graduation requirements.
 - Has the ability to provide all of the following:
 - Remediation opportunities in literacy and numeracy
 - Career pathways coursework
 - Preparation for industry-recognized credentials and “stackable credentials”
 - Career placement services
 - Academic skills intake assessments and transcript evaluations.
- Requires SBE to approve a provider list each year by October 15, and requires newly approved providers to begin operating by November 15. Providers remain in approved status unless removed by SBE.
- Provides for program funding to providers as follows:
 - \$250 for each half-credit of HS coursework
 - \$250 for each completed employability skills certification
 - \$250 for each earned industry-recognized or “stackable” credential requiring not more than 50 hours of training
 - \$500 for each earned industry-recognized or “stackable” credential requiring at least 50 but not more than 100 hours of training
 - \$750 for each earned industry-recognized or “stackable” credential requiring more than 100 hours of training



- \$1000 for each HS diploma
- Specifies the payment schedule and procedures for providers
- Specifies annual reporting requirements for providers and the department of education
- Requires the department and the state board of education to review data from the program beginning with the end of the second fiscal year of operation (FY2024) to ensure minimum standards are achieved, including:
 - A graduation rate of at least 50%
 - An average cost per graduate of \$7,000 or less
- Allows the state board to develop a process to bring a program provider into compliance, and allows it to remove a provider if it does not comply with program requirements within two years.
- Defines relevant terms

Community College Adult Education Workforce Development Program

- Establishes the Community College Adult Education Workforce Development Program at the state board of education to provide adult learners with educational services that lead to the following:
 - A high school diploma or a recognized high school equivalency diploma
 - An industry-recognized credential or community college degree
- Requires program participants to be a community college district that offers high school diplomas or equivalency diplomas and workforce training leading to industry-recognized credentials or workforce or degree programs
- Prescribes funding for program providers as follows:
 - \$3,000 per full-time student each fiscal year. Part-time students shall be prorated at the percentage of a full-time course load they are taking
 - Requires the department to distribute funding to all program schools that meet the criteria proportionally according to percentage of all program students served
- Requires that program funding be used to supplement and not supplant current offerings.
- Allows a portion of program funding to be used for support services for adult learners, including:
 - Transportation assistance
 - Child care services for dependent children while the adult-learner is on-site
 - College and career counseling
 - Job placement assistance
- Outlines annual reporting requirements for program providers and the department of education
- Allows the state board and the department to develop a process to bring non-compliant programs into compliance or revoke authorization to participate in the program, at the discretion of the state board.



Invest in Postsecondary Success Program

- Creates the invest in postsecondary success program at ADE and requires the department to contract with a vendor that is 501(c)(3) non-profit corporation and is selected through an RFP process.
- Requires the vendor to meet the following requirements:
 - Have administered each of the following for at least five previous academic years:
 - Custodial or 529 savings accounts in which each dollar of contribution is matched by \$8.
 - Financial capability training that addresses budgeting, managing student debt, savings, debt management, credit card use, retirement readiness and credit reports
 - Workforce readiness training
 - Have served at least 2,000 students in the past 10 years
 - Currently support multiple student pathways by partnering with institutions of higher education including community colleges, universities and career and technical education programs
- Requires the department of education to establish application procedures, and requires each program participant to open an account with the procured vendor
- Requires the selected vendor to administer the accounts and provide the training outlined above to program participants

Empowerment Scholarship Accounts (ESA) Oversight Committee

- Establishes the ESA parent oversight committee consisting of six members who are parents of students on the ESA program, appointed as follows:
 - One appointed by the Senate President
 - One appointed by the Speaker of the House
 - One appointed by the Senate Minority Leader
 - One appointed by the House Minority Leader
 - Two appointed by the governor
- Requires at least four members of the committee to be parents of students with disabilities who use ESA money for educational therapies authorized for students with disabilities
- States the committee shall review the following:
 - Implementation of policies and procedures relating to the ESA program and the program's effectiveness
 - The concerns of qualified parents to receive ESA money
 - The work of the Arizona Ombudsman-Citizen's Aide on complaints associated with administering the program
- States a parent may not serve on the committee if:
 - The parent is an employee or a relative of an employee of the department



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- The parent receives money or compensation or is otherwise associated with a lobbyist organization, a school choice advocacy group, or a private financial management firm that manages ESA accounts
- The parent provides goods or services to qualified students on the ESA program

Intent

- Continues to state that it is the intent of the Governor and the Legislature that school districts increase the percentage of classroom spending, and defines classroom spending to include the categories of instruction, instructional support, and student support as defined by the Auditor General.