

## 2012 Legislative Summary

50th Legislature – 2nd regular session, 2012

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## Introduction

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The Arizona Legislature adjourned the 50th Legislature, second regular session on Thursday, May 4 at 8:25 p.m. They approved a budget for FY2013 along party lines, which adds \$48 million in new spending for K-12 education.

For charters, that increase equates to an \$42.95 per pupil funding increase for elementary school students and a \$47.52 increase for high school students, according to Association estimates. Schools serving students in grades K-3 will get an additional \$118.64 per pupil for reading programs. Equalization assistance for the charter school shall be determined by adding the amount of the base support level and additional assistance. The amount of the additional assistance is \$1,654.41 per student in grades K-8, and \$1,928.19 per student in grades 9-12. It's important to note that the funding increases are based on current student counts. If enrollment continues to increase, as it has in the past, per pupil funding will be less than estimated. [Click here for a budget worksheet.](#)

Unfortunately, SB1257 (a tax credit for facilities for charter schools) did not make it through budget discussions. The Association appreciates the support of Senators Rich Crandall and Don Shooter, as well as Senate President Steve Pierce and Speaker of the House Andy Tobin. The Association, supported by our Board and Advisory Council, will continue to look for ways to expand excellence for students.

Governor Jan Brewer completed action on all of the Legislature's bills by May 15. She signed 363 bills and vetoed 26 others. All of the signed bills became law on August 2, 2012, unless specifically assigned a different effective date. For example, one bill that will affect those charter schools currently in the Arizona State Retirement System becomes effective January 1, 2013. The bill states that if charter schools withdraw from ASRS after this date for reasons other than bankruptcy or dissolution, ASRS shall allocate a liability to the employer.

## Accountability

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### **House Bill 1458 (Chapter 76) — SCHOOLS; ACHIEVEMENT PROFILES**

[Read the Bill here.](#)

As session law, schools assigned a letter grade of D must be assigned a letter grade of F if the school has been required to participate in the mandatory school improvement process for the prior two consecutive academic years. In academic year 2012-13, a school, school district or charter school may be assigned a letter grade of F if the school's classification was previously underperforming. *Self-repeals July 1, 2014.* AS SIGNED BY GOVERNOR.

### **House Bill 2598 (Chapter 286) — SCHOOL IMPROVEMENT PLAN; PARENTAL INVOLVEMENT**

[Read the Bill here.](#)

A school district assigned a letter grade of D or F for two consecutive years is required to implement a parent involvement strategy. The strategy must be included in the school improvement plans for each applicable school within the district. AS SIGNED BY GOVERNOR.

### **House Bill 2663 (Chapter 76) — UNDERPERFORMING SCHOOL DIST; RECLASSIFICATION**

[Read the Bill here.](#)

The Board of Education is authorized to assign a letter grade of F to a school assigned a letter grade of D for less than three consecutive years if the Board determines that there is no reasonable likelihood that the school will achieve an average level of performance within the next two years. AS SIGNED BY GOVERNOR.

## Authorizer

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### **Senate Bill 1424 (Chapter 155) — CHARTER SCHOOLS; CHARTERS; RENEWALS; REVOCATIONS**

[Read the Bill here.](#)

Charter school sponsors are required to adopt a performance framework for the evaluation of the charter school, including academic performance expectations, operational expectations and intervention and improvement policies. Charter school sponsors are authorized to deny a request for a charter renewal or to revoke a charter at any time if the charter school fails to meet or make progress toward academic or operational performance expectations, violates the law or breaches one or more provisions of its charter. Charter school sponsors may charge a new charter application-processing fee. AS SIGNED BY GOVERNOR.

## Curriculum

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### **Senate Bill 1168 (Chapter 42) — SCHOOLS; DROPOUT RECOVERY PROGRAM**

[Read the Bill here.](#)

Various changes related to dropout recovery programs. Eliminates the exemption from annual achievement profiles and school report cards for attendance, graduation and test scores from students in a dropout recovery program, and instead classifies dropout recovery programs as alternative schools, which are subject to separate accountability provisions. The average daily membership for a student

enrolled in a dropout recovery program and a joint technological education district cannot exceed 1.25, instead of 1.0. Entities contracted to provide a dropout recovery program may conduct outreach to encourage unenrolled students to return to school, but cannot conduct advertising campaigns directed at currently enrolled students. Providers of online instruction are prohibited from operating a dropout recovery program. **Retroactive to July 1, 2011.** AS SIGNED BY GOVERNOR.

#### **Senate Bill 1258 (Chapter 150) — THIRD GRADE PROMOTIONS; REQUIREMENTS; EXCEPTIONS**

[Read the Bill here.](#)

Eliminates the list of good cause exemptions that could be used to promote a student from third grade whose score on the reading portion of AIMS is far below the third grade level, and instead allows such a promotion only for a child with a disability whose individualized education program team and parent agree that promotion is appropriate or for a student who is an English language learner with less than two years of English language instruction. The Department of Education is required to develop intervention and remedial strategies for students in kindergarten through third grade who are identified as having reading deficiencies. School districts and charter schools are required to offer at least one intervention strategy and one remedial strategy for students with reading deficiencies. Also requires the Department to prominently post on its website best practice examples of reading intervention and remedial reading strategies. AS SIGNED BY GOVERNOR.

#### **House Bill 2500 (Chapter 211) — SCHOOLS; POORLY PERFORMING; INTERVENTION STRATEGY**

[Read the Bill here.](#)

A school that is assigned a letter grade of D or F for two consecutive years must implement a science, technology, engineering and mathematics intervention strategy under the supervision of the State Board of Education. AS SIGNED BY GOVERNOR.

#### **House Bill 2563 (Chapter 42) — SCHOOLS; BIBLICAL ELECTIVE COURSE**

[Read the Bill here.](#)

School districts and charter schools are authorized to offer an elective course pertaining to how the Bible has influenced Western culture for high school students. Before offering the course, a legal review must be conducted to ensure that the course complies with the First Amendment to the U.S. Constitution. The course must follow applicable law and guidelines in maintaining religious neutrality. Students cannot be required to use a specific translation of the Bible. Teachers cannot be assigned to teach the course based on a religious test, a profession of faith, or religious affiliation. Teachers who instruct the course in appropriate historical context and in good faith are immune from civil liability and disciplinary action. The State Board of Education is required to include in History or English Arts standards the history and literature of the Old and New Testament Era. The standards cannot require students who do not enroll in the elective course to receive instruction on the historical study of the Bible. AS SIGNED BY GOVERNOR.

## District Exemption

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#### **Senate Bill 1060 (Chapter 279) — SCHOOL DISTRICTS; PROCUREMENT PRACTICES**

[Read the Bill here.](#)

School districts are authorized to establish an internal service fund that allows a district eligible for Title I monies to consolidate those monies with other monies to implement a program that focuses on

improving the academic performance of all pupils. The fund is exempt from statutory general and aggregate budget limits. Also establishes a maximum amount of \$1 million for an individual job order for job-order- contracting construction services for school districts, or a higher or lower amount prescribed by the school board in a policy adopted in a public meeting. AS SIGNED BY GOVERNOR.

#### **House Bill 2599 (Chapter 335) — SCHOOLS; "A" DISTRICTS; REGULATORY EXEMPTIONS**

[Read the Bill here.](#)

A school district with a letter grade of A for three consecutive years that does not have any schools with a letter grade of F during the same three years may receive exemptions from statutes and rules by submitting exemptions to the Board of Education. The Board is required to review and approve the exemptions, except for those that directly apply to specified provisions. The Board must annually submit a report to the Governor and the Legislature listing the exemptions submitted by school districts and those that were denied by the Board. AS SIGNED BY GOVERNOR.

## Graduation

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Various changes related to dropout recovery programs. Eliminates the exemption from annual achievement profiles and school report cards for attendance, graduation and test scores from students in a dropout recovery program, and instead classifies dropout recovery programs as alternative schools, which are subject to separate accountability provisions. The average daily membership for a student enrolled in a dropout recovery program and a joint technological education district cannot exceed 1.25, instead of 1.0. Entities contracted to provide a dropout recovery program may conduct outreach to encourage unenrolled students to return to school, but cannot conduct advertising campaigns directed at currently enrolled students. Providers of online instruction are prohibited from operating a dropout recovery program. ***Retroactive to July 1, 2011.*** AS SIGNED BY GOVERNOR.

#### **Senate Bill 1252 (Chapter 45) — ALTERNATE HIGH SCHOOL GRADUATION REQUIREMENT**

[Read the Bill here.](#)

Students in 12th grade who are substituting a minimum score on a nationally recognized college entrance examination for passing scores on the AIMS test in order to satisfy high school graduation requirements are no longer required to have previously taken the AIMS test at each administration of the test. AS SIGNED BY GOVERNOR.

#### **Senate Bill 1255 (Chapter 149) — SCHOOL COURSES; MASTERY OF COMPETENCY**

[Read the Bill here.](#)

The State Board of Education is required to adopt rules to define competency-based educational pathways that may be used by schools. The rules must include expected learning outcomes, criteria to determine if students have reached the desired competencies, and a mechanism to allow students in grades 7 through 12 who have demonstrated competency in a subject matter to obtain credit. Students who are eligible for a high school diploma through the fulfillment of a competency- based educational pathway may enroll the following fall semester in a community college in this state, remain in high school, enroll in a full-time career and technical education program, or enroll in a state university if

accepted for admission. Provides formulas for the distribution of per pupil funding for students in these circumstances. AS SIGNED BY GOVERNOR.

## Operations

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### **Senate Bill 1059 (Chapter 14) — SCHOOL PROPERTY; COMMUNITY USE; LIABILITY**

[Read the Bill here.](#)

The owners of outdoor school grounds that are open to "recreational users" (defined) are not liable to the users except on a showing of willful, malicious or grossly negligent conduct that was a direct cause of injury to the user. Excludes swimming pools and other aquatic features. Specifies that "recreational user" does not include a student registered at a school who is on the way to or from school during designated times that a student is allowed to be on school grounds or participating in a school sanctioned activity. AS SIGNED BY GOVERNOR.

### **Senate Bill 1220 (Chapter 147) — CHILD CARE FACILITIES**

[Read the Bill here.](#)

Facilities providing only educational instruction for children ages 3 to 6 for up to 2.25 hours per day up to 3 days per week and that do not accept state-subsidized tuition for the children are added to the list of facilities exempt from licensure as a child care facility. The facility must post a notice that the facility is not licensed as a child care facility and must require fingerprint cards of all personnel. AS SIGNED BY GOVERNOR.

### **House Bill 2212 (Chapter 71) — Tax Exempt Organizations: Exceptions**

[Read the Bill here.](#)

The maximum amount of gross receipts a tax exempt organization may have during the tax year before being required to file a tax return is increased to \$50,000, from \$25,000. AS SIGNED BY GOVERNOR.

### **H2478 (Chapter 349): PROPERTY TAX; FACILITIES**

[Read the Bill here.](#)

For property tax purposes, property is only classified as class 9 if government property and improvements are used exclusively, instead of primarily, for athletic, recreational, entertainment, artistic, or cultural facilities. The list of class 9 property is expanded to include improvements located on federal, state, county or municipal property and owned by the lessee of the property if the improvements become government property on termination of the lease and both the improvements and the property are used primarily for convention activities. AS SIGNED BY GOVERNOR.

### **House Bill 2676 — CENTRAL STATE REPOSITORY; NONPROFIT ORGANIZATION**

[Read the Bill here.](#)

The list of entities that may exchange criminal justice information through the central state repository is expanded to include nonprofit organizations that interact with children or vulnerable adults for the purpose of evaluating the fitness of current and prospective employees, contractors and volunteers.

### **House Bill 2712 (Chapter 166) — SCHOOLS; LIBRARIES; COMPUTER ACCESS**

[Read the Bill here.](#)

Public schools and public libraries with public access computers are required to use technology that blocks or filters internet access to visual depictions that are child pornography, harmful to minors, or obscene. If, within 60 days after notice of a violation, a school fails to comply with this requirement, the Department of Education may withhold up to 10 percent of the district's or charter school's monthly apportionment of state aid until the school is in compliance. If, within 60 days after notice of a violation, a library fails to comply with this requirement, the operating governing body may direct the appropriate department or agency to withhold up to 10 percent of the library's monthly apportionment of public monies until the library is in compliance. AS SIGNED BY GOVERNOR.

#### **House Bill 2732 (Chapter 106) — CHARTER SCHOOL ENROLLMENT; SIBLINGS**

[Read the Bill here.](#)

The list of students that charter schools may give enrollment preference to is expanded to include the siblings of students who attended another charter school with the identical charter holder. AS SIGNED BY GOVERNOR.

### School Choice

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#### **House Bill 2622 — SCHOOLS; RANKING DISPLAY; EMPOWERMENT SCHOLARSHIPS**

[Read the Bill here.](#)

Schools are prohibited from displaying any achievement classification or ranking assigned to them by a public or private entity that is not current, unless the year of issuance is prominently displayed. Any person may submit a complaint to the Department of Education if they believe a violation of this section has occurred, and the Department must investigate the complaint. For the purpose of empowerment scholarship accounts, the definition of "qualified student" is expanded to add students attending a school or school district with a letter grade of D or F, children with parents on active duty in the U.S. Military, and children who are wards of the juvenile court and who are either residing with a prospective permanent placement or who achieved permanency through adoption or permanent guardianship. A student who previously qualified for an empowerment scholarship account remains eligible to apply for renewal until the student finished high school. Appropriates \$200,000 from the Fund in FY2012-13 to the Department.

### School Finance

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#### **Senate Bill 1047 (Chapter 4) — SCHOOL TUITION ORGS; CREDITS; ADMINISTRATION**

[Read the Bill here.](#)

Creates a new income tax credit of up to \$500 for individuals or \$1000 for married couples filing jointly for contributions to certified school tuition organizations. Taxpayers may not take the current credit for contributions to STO's and the new credit for the same contribution, but may take both credits if contributions exceed the amount allowed by the current credit. The tax credit is not allowed if the taxpayer designates the contribution to a student beneficiary. Contributions made before April 15 may be applied to either the current or preceding tax year. At least 90 percent of contributions made under the new credit must be used for scholarships or tuition grants for students in specified circumstances, including students with disabilities and dependents of members of the U.S. Military. School tuition organizations are prohibited from knowingly colluding to circumvent the statutory limits on the amount



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of educational scholarships or tuition grants to individual students. **Effective July 1, 2012.** Retroactive to January 1, 2012. AS SIGNED BY GOVERNOR.

**Senate Bill 1194 (Chapter 79) — RETIREMENT; ASRS; NONPARTICIPATORY EMPLOYER; LIABILITIES**

[Read the Bill here.](#)

The Arizona State Retirement System is required to allocate a liability to an employer that is no longer participating in ASRS if the nonparticipation is based on any of the following: the character of the employer changes from a public to a private entity, the employer (other than the state or a charter school) files for bankruptcy or otherwise dissolves, or an employer is no longer participating. Establishes a formula for determining the liability allocated, and requires ASRS to determine the schedule and method of payment of the allocated liability. **Effective January 2, 2013.** AS SIGNED BY GOVERNOR.

**Senate Bill 1199 (Chapter 146) — CHARTER SCHOOLS: AUDIT FREQUENCY**

[Read the Bill here.](#)

This bill deletes the requirement for charter schools to contract with a different auditor at least once every six years to conduct required annual audits. AS SIGNED BY GOVERNOR.

**Senate Bill 1456 — SCHOOL FINANCE REVISIONS**

[Read the Bill here.](#)

Various changes relating to school finance. The definition of "average daily membership" is changed to the total enrollment of students of each school day through the first 100 days or 200 days, as applicable, for the current year. For school districts that elect to provide 200 days of instruction, the transportation support level is the approved daily route mileage multiplied by 200 (instead of by 180). When conducting monitoring and audit activities, the Department of Education is required to prescribe an audit window of up to three consecutive fiscal years. State aid or budget limit errors may be determined and corrected for up to three years, instead of one year. As session law, for FY2012-13, the sum of the average daily membership of a student enrolled both in a member school district and courses provided at a facility leased and operated by a Joint Technical Education District cannot exceed 1.75. **Statutory changes are retroactive to July 1, 2012.**

**House Bill 2628 (Chapter 246) — UNEMPLOYMENT INSURANCE; EDUCATIONAL SERVICE AGENCIES**

[Read the Bill here.](#)

Unemployment insurance benefits based on service for a contract educational provider cannot be paid for any week of unemployment that begins during a period between two successive academic years if there is a reasonable assurance that the individual will perform the same services in the second year. In specified circumstances, if the individual is not offered an opportunity to perform the services in the second year, s/he is entitled to retroactive benefit payments. **Emergency clause.** AS SIGNED BY GOVERNOR.

**House Bill 2707 (Chapter 340) — SCHOOLS; ADM OVERSTATEMENT; REPAYMENT**

[Read the Bill here.](#)

A unified school district with an average daily membership of less than 450 pupils for the 2020-11 school year and meeting other specified requirements that overstated its average daily membership during FY2006-07, 2007-08 and 2008-09 is required to correct the overstatement over a three-year period beginning in FY2013-14 and ending in FY2015-16. A unified school district with a net assessed value between \$13,531,600 and \$13,531,700 for tax year 2011 and meeting other specified requirements that



overexpended its budget during FY2009-10 and 2010-11 is required to correct the overexpenditure over a five-year period beginning in FY2011-12 and ending in FY2015-16. A unified school district located on an Indian reservation that is currently in receivership and that meets other specified requirements that overexpended its budget during FY2003-04 is required to correct the overexpenditure plus any overexpenditures for FY2004-05 through 2011-12 by reducing its budget capacity over a nine-year period beginning in FY2011-12 and ending in FY2019-20. **Emergency clause.** AS SIGNED BY GOVERNOR.

#### **House Bill 2727 (Chapter 77) — PUBLIC SCHOOL TAX REFUND CHECKOFF**

[Read the Bill here.](#)

Taxpayers may designate all or any amount of the taxpayer's refund as a voluntary contribution for state aid to public schools, instead of only the full amount of the refund. AS SIGNED BY GOVERNOR.

#### **House Bill 2810 (Chapter 78) — SCHOOL DISTRICTS; CHARTER SCHOOL FUNDING**

[Read the Bill here.](#)

Establishes an 11-member Joint Legislative Study Committee on Charter School Funding Options for School Districts to evaluate methods to give school districts the option to transfer to a funding model similar to that of charter schools, recommend statutory changes, and submit a report to the Governor and the Legislature by December 31, 2013. **Self-repeals October 1, 2014.** AS SIGNED BY GOVERNOR.

## Teachers

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#### **House Bill 2161 (Chapter 26) — TEACHERS; SPECIALIZED CERTIFICATION**

[Read the Bill here.](#)

Board of Education rules governing teacher certification must provide for the issuance of a specialized teaching certificate to classroom teachers with expertise in science, technology, engineering or mathematics. Eligibility requirements for the specialized certificate are specified, including a postsecondary degree in the subject or a passing score on a statewide educator assessment, at least three years of teaching experience at an accredited postsecondary institution, obtaining a fingerprint clearance card and completion of training in structured English immersion. A teacher with a specialized certificate may provide instruction in his/her field of expertise in grades seven through twelve at any public school in Arizona. AS SIGNED BY GOVERNOR.

#### **House Bill 2501 (Chapter 212) — CHARTER SCHOOLS; PREVIOUSLY CERT TEACHERS**

[Read the Bill here.](#)

Charter schools may employ teachers whose certificate has been surrendered or revoked if the certificate has been subsequently reinstated. AS SIGNED BY GOVERNOR

#### **House Bill 2697 (Chapter 165) — TEACHERS; CERTIFICATION; SUBJECT KNOWLEDGE**

[Read the Bill here.](#)

The State Board of Education may exempt persons applying for a secondary education certificate from taking the subject knowledge portion of the proficiency exam if the Board determines that the person has work experience in science, technology, engineering or mathematics and can demonstrate adequate knowledge of a particular subject through a postsecondary degree or 24 credit hours of relevant coursework. AS SIGNED BY GOVERNOR



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**House Bill 2823 (Chapter 259) — SCHOOLS; TEACHERS; PRINCIPALS; EVALUATION SYSTEMS**

[Read the Bill here.](#)

By December 31, 2012, the framework for a teacher and principal evaluation instrument adopted by the State Board of Education must include four performance classifications and guidelines for school districts and charter schools to use in their evaluation instruments. By school year 2013-14, school districts and charter schools are required to apply the performance classifications in their evaluation instruments. School boards are required to adopt in a public meeting and implement by school year 2013-14 policies for principal and teacher evaluations, which must include the evaluation instrument and incentives for principals and teachers in the two highest performance classifications. Beginning in school year 2015-16, the policies must describe support and consequences for teachers in the lowest performance classification, and dismissal policies for teachers who continue to be designated in the lowest performance classification after intervention. Increases the number of actual classroom observations of a teacher that must be completed each year to two, and requires the observations to be separated by at least 60 calendar days. By September 15, 2012, the Department of Education is required to identify and post on its website the best practices for the implementation and assessment of principal and teacher evaluation systems. As session law, school boards and charter school governing bodies are authorized to elect to postpone the full implementation of the required teacher and principal evaluation until the 2013-14 school year if an alternative evaluation plan is adopted with specified elements. The Department is authorized to develop an evaluation instrument that complies with the framework adopted by the State Board, and the instrument may be pilot tested in school districts and charter schools choosing to participate in school year 2012-13. AS SIGNED BY GOVERNOR.

## Miscellaneous

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**HOUSE CONCURRENT MEMORIAL 2006 — SCHOOLS; TRAD AMER HOLIDAYS; RECOGNITION**

[Read the Bill here.](#)

The Legislature urges the school districts and charter schools of this state to recognize and celebrate traditional American holidays, and desires the celebration of these holidays to include classroom learning that enhances the understanding of the history of these holidays. The Secretary of State is directed to transmit copies of this memorial to the Governor, the Superintendent of Public Instruction, the State Board for Charter Schools and each school board and charter school governing body in the state. AS SENT TO SECRETARY OF STATE.