



## 2017 LEGISLATIVE SUMMARY

### 53rd Legislature – 1st regular session, 2017

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Coming off an election which saw education rise to the top priority among voters and legislators, we knew education would take center stage at the Arizona Legislature. Governor Doug Ducey started the discussion with a State of the State speech and follow-up budget that spent the vast majority of available new revenues on K-12 public education. At the Legislature, the education priorities included teacher pay and empowerment scholarship accounts. When the dust settled, K-12 education expenditures for teacher pay and results-based funding will rise, little “damage” was done to public charter schools, and quite a few notable victories were achieved.

The 2017 Legislative session was notable for the widespread introduction of new regulations and reporting. The introduction of legislation to regulate public charter schools and school districts is not uncommon, but many of these bills got a hearing and required significant intervention from the Arizona Charter Schools Association. We saw legislation regarding Proposition 123 reporting, new financial reporting requirements, additional suspension/expulsion reporting, and severe limitations on expenditure authority, and others. The Association reacted quickly to defeat these measures or to amend the bills favorably.

In 2017 the Association monitored 150 bills with potential impact to charter schools and K-12 education. Of those bills we were actively engaged on 25 bills, of which 10 were key bills that posed a serious risk or presented a positive opportunity. We are pleased to report that the Association was successful in defeating, passing, or favorably amending each of the key bills. These numbers do not include the session-long effort to secure additional appropriations in support of K-12 and our successful effort to avoid burdensome new reporting regulations.

### STRONG BUDGET

The Association was very active in shaping the budget this year through its advocacy efforts and the coordination of member communications with legislators at key times. The adopted budget includes several key priorities for the Association and amendments written and advanced by the Association. The budget also includes the inflation increases to the base level and additional assistance amounts. While the budget did not restore the ongoing additional assistance cuts, this reduction did not increase and was not made a permanent cut. In fact, with the growth of charter school student enrollment the per-pupil impact of the ongoing additional assistance cut should be reduced.

#### CHARTER ADDITIONAL ASSISTANCE INCREASE

Grade	Current FY 17	FY18	Per Pupil Increase
K-8	\$1,752.10	\$1,775.05	\$22.95
HS	\$2,042.04	\$2,068.79	\$26.75

#### BASE LEVEL INCREASE

	Current FY 17	FY18	Per Pupil Increase
Base Level	\$3,635.64	\$3,683.27	\$47.63

**TEACHER PAY (\$34 MILLION)** — The budget bills require schools to provide teachers a 1.06 percent increase *"in addition to any other salary increase"* the school would have provided to returning teachers in FY18 apart from new funding. The new funding will cover the salary increase as well as related employment expenses. The monies shall be added to the base level and distributed by December 1, 2017.

The Association spearheaded the amendment that would ultimately garner support from others in the education community as well as the Department of Education. With the amendment, we were able to streamline the supplemental teacher pay process by specifically identifying the necessary data and eliminating any ambiguities that may have occurred through Department interpretation of the law. The amendment clarifies that schools shall be provided additional funding for employer expenses related to the private employee retirement systems commonly utilized by charter schools. The original language would have only provided the additional funding for schools participating in the Arizona State Retirement System.

**RESULTS-BASED FUNDING (\$37.6 MILLION)** — In FY18, monies will be distributed to the top ten percent of schools as measured by their performance on the 2016 AzMERIT and alternative schools receiving the letter grade of "A" in 2014. In subsequent years, the state will utilize the A-F rating system. Eligible schools serving more than 60 percent low-income students and "A-rated" alternative schools will receive \$400 per pupil and schools serving lower percentages of low-income students will receive \$225 per-pupil.

In the future, the monies will go towards sustaining and growing access to these high-quality school models by demonstrating how waiting lists are reduced and mentoring leaders working to improve their student achievement.

**EARLY LITERACY (\$8 MILLION)** — Schools with 90 percent or more of the students participating in the federal free-and-reduced price lunch program are eligible for this grant-based funding. Schools may use funds for all-day kindergarten and applicants must demonstrate how they will improve student achievement with the funds.

## CHARTER POLICY

**CONCURRENT COURSEWORK (HB2078):** A proactive bill that was brought by the Association firmly establishes that high schools can create, and be fully funded on a per-pupil basis for innovative programs that allow students to take and receive high school credit for college level coursework taken on a postsecondary school campus. This policy allows students to graduate high school with not only their diploma, but also with fully transferrable college credit.

**ALTERNATIVE CERTIFICATION (SB1042):** Initially a bill to expand teacher certification reciprocity, this was amended early in the process to incorporate new alternative certification provisions supported by the Association. With this new legislation, schools and private entities will have the opportunity to develop teacher preparation programs for authorization by the state, creating new quality pathways to teaching. It expands the existing alt-cert options from being available only for those with subject expertise in the STEM areas to persons with a variety of competencies and experience in all subject areas. Importantly, in expanding the pathways to teaching, this bill also makes clear that the state board of education may not create any additional requirements for charter school teachers than those already established in federal law. While this has been the status quo in Arizona since the inception of charter schools, we are increasing mindful of regulatory creep that threatens charter autonomy and innovation and supported this clarification as a necessary safeguard.

**SPECIALLY DESIGNED INSTRUCTION (SB1317):** Clarifies state law to support inclusive practices in special education and to ensure that students receive specialized instruction aligned with their Individualized Education Plan (IEP) as developed by the members of their IEP Team in the most appropriate setting. The need for this legislation grew out of differing interpretations of state and federal guidance and the Association worked together with the special education advocacy community, ADE, and the federal Office of Special Education Programs to achieve this important statutory clarification.

**RESULTS-BASED FUNDING – BUDGET RECONCILIATION (HB2545):** Establishes a new policy that will reward those schools that are highly effective at producing results for students so that they can expand their capacity to serve more students. Funding is distributed on a per-pupil basis and schools delivering the greatest results while serving higher percentages of low-income students will receive additional funding per-pupil.

In the first year, results are determined using the objective measure of student achievement on the state assessment AzMERIT. In subsequent years, a school's eligibility for this funding will be tied to their A-F letter grade thereby incorporating growth as factor of overall student achievement and ensuring school scores are not disproportionately skewed based on demographics.

**SCHOOL FINANCE CLARITY (SB1156):** Clarifies the calculation of ADM for high school students in response to a change in interpretation by the ADE auditing department. Recent audits have resulted in ADE seeking monies from schools as a result of an interpretation that no longer allowed for the inclusion of instructional hours outside the subject requirements. This policy was particularly problematic for high school seniors who may have a limited course load but significant additional time on campus. The Association spearheaded amendments to the bill and worked with ADE and school districts to garner universal support for the bill. Charter schools with incomplete audits or new audits will see immediate relief. The bill is currently awaiting the Governor's signature.

**FISCAL TRANSPARENCY (HB2385):** Shines new light on how state dollars follow a child to their school. It requires districts and charters to report school level budget and expenditure data based on weighted student count revenue. This data will then be published in the state produced "School Report Cards". The Association supports budget transparency as an important pillar in enabling true parent choice in education. This bill as introduced, however, would have created opportunities for false comparisons between charter and district expenditures. Consequently, the Association successfully amended the language to limit potential regulatory overreach by striking a clause that would have required schools to report how any monies not allocated to the school level are specifically allocated for administrative staff, services and facilities.

## ABOUT THE ASSOCIATION

The Arizona Charter Schools Association is committed to improving the political and regulatory landscape for charter students, families and operators at the local, state, and federal levels.