

The Arizona Legislature formally adjourned Sine Die its 2018 regular session on Friday, May 4, at 12:26 a.m. The session lasted 116 days. Lawmakers introduced 1206 bills and 122 memorials and resolutions. A total of 346 bills became law. The effective date for all non-emergency measures is **August 3**; bills containing an emergency clause take effect immediately upon signature.

This was a swiftly changing legislative session. K-12 education was the priority with historic teacher walk outs; an extension of K-12 funding through 301 and historic increases in K-12 funding. The Legislature passed – and Gov. Ducey signed – [a 20-year extension of the Prop 301 sales tax](#), which pumps over \$650 million into Arizona schools every year. Days later, the governor stood with education and business leaders to announce his “#20x2020” plan to provide Arizona teachers with a [20 percent pay raise by the 2020 school year](#), among other new investments in K-12.

For charter schools, we have listed budget and statutory changes below.

### **FY19 BUDGET ADDS APPROXIMATELY \$350 PER CHARTER SCHOOL STUDENT**

The budget moved through the legislature, and [Governor Ducey signed](#) the K-12 portion of the budget, **adding approximately \$350 per student**. The budget bills, [HB2663](#) and [SB1521](#), begin restoring charter additional assistance and include significant increases to the base level.

As a reminder, here are the highlights of the FY18-19 budget:

#### **Base level increase**

- \$3,683.27 to \$ 3,960.07 per student. (\$276.80 per pupil, unweighted)

#### **Additional assistance inflation increase**

- For K-8: \$1,775.05 will increase to \$1,807 per student (\$31.95 per pupil)
- For 9-12: \$2,068.79 will increase to \$2,106.03 per student (\$37.24 per pupil)

#### **Additional Assistance restoration increase**

Charter schools have been subject to an annual reduction in charter additional assistance of \$18.6 million, and this budget reduces the reduction to \$13.6 million for FY2019 and phases out the remainder to zero in FY2023. For FY19, that restoration includes \$26.87 per pupil, assuming 185,000 charter students.

#### **New reporting requirements**

The budget includes additional reporting requirements through A.R.S. § 15-903 (E)(3), which requires charters to include in their budgets and to post on their website the average salary of all teachers employed in the previous year and the average salary for the current year. In addition, schools are required to post and report in their budget the dollar and percentage increase in average salary for teachers in the current year. The Department of Education must annually

submit an electronic report compiling average teacher pay information for charter schools by Nov. 30 to the Joint Legislative Budget Committee.

The law does not define “teacher” for the purposes of this new reporting requirement and recent Auditor General guidance makes it clear that each school will determine what funds are considered teacher pay. The Auditor General has cautioned that each school should be consistent in the type of salary information reported from year to year.

**Other budget provisions include the following:**

- Appropriates \$1 million in funding for gifted pupil programs
- Establishes the computer science professional development program
- Appropriates \$5.3 million for Arizona Department of Education IT system
- Appropriates \$3 million for behavioral health services for Medicaid eligible students which activates a \$7 million match from the federal government for a total of \$10 million to behavioral health
- Appropriates \$105 million for the required inflation adjustment at the rate of 1.77 percent
- Results-based funding for the top 10 percent increased \$1.6 million to \$ 38,600,000: will be distributed in the same manner as FY18 based on assessment results
- Charters must meet the financial performance expectations set forth in the performance framework. The State Board for Charter Schools will begin work to reflect this new requirement as the prior financial framework was meant to supplement the academic and operations frameworks on which key Board decisions were based.
- For full-day kindergarteners in a school with 90% National School Lunch, the funds appropriated for FY 18 are for a three-year grant cycle.

**BILLS EFFECTIVE AUG. 3, 2018 UNLESS EMERGENCY CLAUSE:**

**All bill title and numbers that are bolded and underlined will have corresponding policies for schools to implement. To obtain a copy of these policies, please contact the Arizona Charter Schools Association.**

**CHARTER SCHOOL AUTONOMY AND REGULATORY FREEDOM**

**H2085 (Chapter 78): SCHOOLS; EMERGENCY EPINEPHRINE ADMIN** Each school district and charter school is permitted, instead of required if there are sufficient monies appropriated, to stock two or more juvenile doses and two or more adult doses, instead of two of each, of epinephrine auto-injectors at each school. School districts and charter schools are authorized to accept monetary donations for or apply for grants for the purpose of epinephrine auto-injectors or to participate in third-party programs to obtain epinephrine auto-injectors at fair market, free or reduced prices. The requirement for the Department of Education to include in its budget request monies for epinephrine auto-injectors is deleted.

**H2086 (Chapter 197): SCHOOLS; DIABETES MANAGEMENT POLICIES; PHARMACISTS** School district governing board and charter school governing body policies and procedures for students with diabetes apply to students who have been diagnosed by a licensed pharmacist who is practicing under statutes allowing pharmacists to initiate drug therapy.

**H2088: PUPILS; CONCUSSIONS; PARENTAL NOTIFICATION** School districts policies and procedures relating to the health and safety of students participating in district-sponsored athletic activities must include a requirement that a student's parent or guardian be notified if the student is suspected of sustaining a concussion in a practice session, game or other interscholastic athletic activity, and must include information and forms to inform and educate coaches, students and parents of the dangers of heat-related illnesses, sudden cardiac death and prescription opioid use, which must be provided at least annually and before a student participates in any district-sponsored practice session, game or other interscholastic athletic activity. Each school district and charter school governing body is required to prescribe and enforce reasonable and appropriate policies to notify a student's parent or guardian if any person engages in "threatening, harassing or intimidating" (all defined) conduct against that student. A school district or charter school and its officials and employees are immune from civil liability with respect to actions taken based on good faith implementation of this requirement, except in cases of gross negligence or wanton or willful neglect. The Department of Education, in cooperation with a statewide organization that governs interscholastic activities, is required to conduct a two-year concussion management pilot program during the 2018-19 and 2019-20 school years for physical therapists. The Dept is required to submit an initial report on the pilot program to the Governor and the Legislature by December 31, 2019, and a final report by December 31, 2020. The pilot program self-repeals April 1, 2021.

**H2184 (Chapter 178): SECRETARY OF STATE; RULEMAKING** Various changes to statutes relating to the Secretary of State. Agencies are required to prepare a notice of proposed rulemaking to make, amend, renumber or repeal a rule, and must follow formatting guidelines

prescribed by the Secretary of State. Adds a chapter to the Administrative Procedures Act governing rulemaking exemptions. The Secretary of State is required to prescribe a uniform numbering system and have reasonable discretion to determine the form and style for exempt rules filed with and published by the Secretary of State's Office. Exempt rules must be codified and published in the Arizona Administrative Code only as prescribed in statute or session law. The Secretary of State is required to electronically publish a Code supplement at least once every quarter, and to offer an email service for persons to receive notification when a quarterly supplement is published. Repeals the requirement for the Secretary of State to biennially publish and distribute an official state manual known as the Arizona Blue Book, and transfers any unexpended and unencumbered monies remaining in the Arizona Blue Book Revolving Fund to the general fund on the effective date of this legislation. The Secretary of State is authorized to certify under the great seal of the state of Arizona any publicly recorded document filed with the Department of State. Also, counties are authorized to terminate a notice of proposed rule or ordinance making at any time and publish the notice of termination on the county's website. Makes various changes to the process of county rule or ordinance making. AS SIGNED BY GOVERNOR.

**H2253: SCHOOLS; EXCHANGE TEACHERS; EMPLOYMENT DURATION** International teachers or professors are no longer limited to being employed in Arizona for one school year or two years by consent of the school governing board or the Arizona Board of Regents.

**H2323 (Chapter 183): SCHOOLS; INHALERS; CONTRACTED NURSES** The list of persons authorized to administer an inhaler to a student or an adult whom the person believes in good faith to be exhibiting symptoms of respiratory distress while at school or at a school-sponsored activity is expanded to include a nurse who is under contract with a school district or charter school.

**H2412 (Chapter 95): LEAVE OF ABSENCE; DAY; DEFINITION** For the purpose of statutes regulating a leave of absence from employment for military service or required federal training, "day" means a shift of work.

**S1008 (Chapter 157): COMMON SCHOOLS; AVERAGE DAILY MEMBERSHIP** For the purposes of school finance, the definitions of "full-time student" and "fractional student" are modified to remove the exclusion of lunch and recess periods from instructional hours, and to state that the hours in which a student is scheduled to attend a common school during the regular school day must be included in the calculation of the average daily membership for that student.

**S1054 (Chapter 210): ASRS; NONPARTICIPATING EMPLOYERS** The list of Arizona State Retirement System (ASRS) nonparticipating employers is expanded to include an employer that dissolves and an employer that is no longer enrolling new employees in ASRS or no longer contributing to ASRS on behalf of current employees due to legislative action or due to a reduction in the number of actively contributing employees by 30 percent or more over a 3-year period or a reduction in the number of actively contributing employees by 50 percent or more over any period of time, based on the number of contributing employees as of the effective date of this legislation. Does not apply to the state. For any nonparticipating employer, ASRS is required to allocate an actuarial accrued liability and a designated asset amount to the

nonparticipating employer's separate fund as of the nonparticipating date, and a calculation for the amount is specified. The nonparticipating employer and its employees who are enrolled in ASRS are required to continue to have contribution requirements to the separate fund, and a calculation for the contributions is specified. The ASRS actuary is required to determine the actuarial assumptions used to determine the contribution requirements for the nonparticipating employer.

**S1055 (Chapter 1): CHARTER SCHOOLS; RULEMAKING EXEMPTION** The State Board for Charter Schools is exempt from the rulemaking provisions of the Administrative Procedures Act, but is required to provide for notice and opportunity for comment on proposed policies or rules. In order to implement or change any policy or rule, the Board is required to provide at least two opportunities for public comment. The Board is required to adopt rules and policies that the Board deems necessary to accomplish its statutory purposes. The Board and the State Board of Education are required to consider the fiscal impact of any proposed rule.

**S1152 (Chapter 250): EDUCATION; APPROPRIATION; NONCUSTODIAL FEDERAL MONIES** The Department of Education is required to account for all federal monies it receives in separate accounts or funds as necessary to meet accounting, budgetary and auditing requirements. The Dept is authorized to use the most efficient system of accounts and records, consistent with legal requirements and standards and necessary fiscal safeguards. By December 1 of each year, the Dept is required to submit to the Joint Legislative Budget Committee a report detailing all federal monies received by the Dept, including differentiating between "noncustodial federal monies" (defined) and all other federal monies and how monies were allocated during each fiscal year.

**S1289 (Chapter 167): SCHOOLS; NATIONAL MOTTO; STATE MOTTO** The list of materials that a teacher or administrator in any school in Arizona is permitted to read or post in any school building is modified to specify that the national motto is "In God We Trust" and to add the state motto "Ditat Deus," which means "God enriches."

## **CHARTER SCHOOL GROWTH**

**H2216 (Chapter 179): SCHOOLS; DROPOUT RECOVERY PROGRAMS; REPORT** The Department of Education is required to submit an annual report to the Governor and the Legislature that details the outcomes of dropout recovery programs, including a participation count and graduation count.

**H2460 (Chapter 85): CHARTER SCHOOLS; VACANT BUILDINGS; EQUIPMENT** If a school district decides to sell or lease a vacant and unused building, the school district is prohibited from accepting an offer from a potential buyer or lessee that is less than an offer from a charter school or private school. The owner of the building cannot withdraw the property from sale or lease solely because a charter or private school is the highest bidder. The school district cannot prohibit a private school from negotiating to buy or lease the property in the same manner as other potential buyers or lessees. School districts are permitted to sell used equipment to private schools before attempting to sell or dispose of the equipment by other means.

## **STUDENT ACHIEVEMENT AND ACADEMIC ACCOUNTABILITY**

H2036 (Chapter 111): SUBSTITUTE TEACHERS; EXPERIENCE; CERTIFICATION The rules for teacher certification adopted by the State Board of Education must allow substitute teachers who can demonstrate primary teaching responsibility in a classroom to use the time spent in that classroom toward the required capstone experience for standard teaching certification.

### **H2477 (Chapter 96): HIGH SCHOOL MATHEMATICS; PROFICIENCY;**

**NOTIFICATIONS** If the statewide assessment results are available before the start of each school year, each school district and charter school is required to provide notification in the first half of the second quarter of the school year to parents of students in grades six through eight who have not demonstrated proficiency in grade-level mathematics based on available local or statewide assessments. Information that must be included in the notification is listed, including services and programs available.

### **S1082 (Chapter 23): FULL-DAY KINDERGARTEN; INSTRUCTION REQUIREMENTS**

If a school district or charter school offers more than 2 1/2 hours of voluntary kindergarten instruction during a school day to students who are under six years of age, the instruction is required to meet or exceed academic standards for kindergarten instruction prescribed by the State Board of Education, incorporate play as an instructional strategy, be "academically meaningful," and provide "active learning enrichment." A parent of a kindergarten student is permitted to choose either half-day kindergarten instruction or full-day kindergarten instruction.

**S1083 (Chapter 130): SCHOOLS; RECESS PERIODS** Each school district and charter school is required to provide at least two "recess" (defined) periods during the school day for students in kindergarten through grade 3. Beginning August 2, 2019, each school district and charter school is required to provide at least two "recess" (defined) periods during the school day for students in kindergarten through grade 5. A school that offers half-day kindergarten is required to provide only at least one recess period during the school day for students in that program. Does not apply to middle schools, junior high schools, high schools, Arizona online instruction or schools in which the lowest grade of instruction offered is grade 5.

S1291 (Chapter 254): SCHOOLS; PUPIL ASSESSMENT DATA If a local education agency requests a raw data file of assessment data for the students tested at the local education agency, the Department of Education is required to fulfill the request in a format that is usable for assessment diagnostics within 30 days. The local education agency is required to follow all applicable student data privacy laws and is prohibited from publicly disclosing individual student achievement results. The Dept or the State Board of Education cannot prohibit the Superintendent of Public Instruction or the staff of a local education agency from sharing statewide assessment data with the local education agency's district governing board or governing body or otherwise impede the sharing of statewide assessment data.

S1411 (Chapter 275): SCHOOLS; ANNUAL ACHIEVEMENT PROFILES The annual achievement profile that the Department of Education is required to compile for each public school and local education agency must consist of an educational dashboard that reflects

achievement on each of the performance indicators listed in statute. The Dept is required to compile annual achievement profiles by November 1 of each year, and to provide any technical assistance needed by the State Board of Education to make final adoption of the annual achievement profile. The list of performance indicators is expanded to include academic progress on assessments administered from the menu of locally procured achievement assessments, and to include multiple measures of educational performance or other relevant factors of school quality. If neither the school nor the school district meets the minimum student count as recommended by the Dept and approved by the Board for any of the performance indicators, then the performance indicator is prohibited from being factored into the letter grade assigned. The A through F letter grade system must be applied to each performance indicator and must assign an overall letter grade for the public school or local education agency. The annual achievement profile for each public school and local education agency must be approved by the State Board of Education, and the Department of Education is required to recommend the annual achievement profile to the Board. The Dept is also required to recommend to the Board for final adoption the criteria for each school and local education agency classification on each performance indicator of the annual achievement profile, the letter grade classifications, and the use of achievement profiles and exceptions.

**S1442 (Chapter 221): PERSONAL FINANCE** The Superintendent of Public Instruction is required to establish a State Seal of Personal Finance Proficiency Program to recognize students who graduate from a school operated by a school district or a charter school in Arizona who have attained a high level of proficiency in personal finance. The State Board of Education is required to adopt minimum requirements for the Program and is allowed to adopt rules to carry out the Program. Any school district or charter school may voluntarily participate in the Program. The Program terminates on July 1, 2028.

**S1444: SCHOOLS; AMERICAN CIVICS EDUCATION** The academic standards prescribed by the State Board of Education in social studies are required to include American civics education. The Department of Education is required to develop a five-year pilot program to begin in the 2019-2020 school year for American civics education in grades 9 through 12. The Dept is required to develop application procedures and selection criteria for school districts, district schools and charter schools that voluntarily participate in the pilot program for five consecutive years. Establishes requirements for program participants. The Board is required to submit a request for proposals to assessment providers to deliver an assessment of American civics education that the Board determines to be a more rigorous measure of American civics education than the test that is identical to the civics portion of the naturalization test used by the U.S. Citizenship and Immigration Services and that can be made available to pupils in high schools selected to participate in the pilot program. By September 1, 2020 and each year through the 2023-24 school year, the Dept is required to submit a report on assessment results to the Governor and the Legislature. The pilot program self-repeals January 1, 2025. Appropriates \$500,000 from the general fund in FY2019-20 to the newly established American Civics Education Fund for the pilot program. Governor Ducey has until May 16, 2018, to sign the bill.

**H2026 (Chapter 6): COUNTY SCHOOL SUPERINTENDENT; SERVICES; ENTITIES** The list of entities that a county school superintendent is authorized to receive and spend local, state and federal monies to provide programs and services to is expanded to include nonprofit and

public libraries, tribal libraries, private schools and tribal schools within that county. County school superintendents are permitted to establish service programs that are available to nonprofit and public libraries, tribal libraries, private schools and tribal schools officially requesting such programs.

**H2065 (Chapter 229): PUBLIC MEETINGS; DEFINITION; PENALTIES** For the purpose of open meeting laws, the definition of "meeting" is expanded to include a one-way communication by one member of a public body that is sent to a quorum of the members of a public body and that proposes legal action, and an exchange of electronic communications among a quorum of the members of a public body that involves a discussion, deliberation or the taking of legal action by the public body concerning a matter that may likely come before the public body for action. The Attorney General is authorized to commence a suit in the superior court against an individual member of a public body for a knowing violation of open meeting law. The maximum civil penalty for a third and subsequent violation of open meeting law is increased to \$2,500, from \$500, and the civil penalty for a first offense is eliminated. If a court imposes a civil penalty against an individual member of a public body for a knowing violation of open meeting law, the public body is prohibited from indemnifying or paying the civil penalty on behalf of the individual.

**H2520: SCHOOLS; READING REQUIREMENTS** Various changes to statutes related to reading requirements in public schools. The definition of "essential components of reading instruction" is modified to include phonological awareness, decoding phonics, written and oral expression including spelling and handwriting, screening and continuous assessment, and developing and enhancing student motivation to reading. The definition of "reading" is modified to replace "print" with "written text." School districts and charter schools are required to identify each student who is at risk of reading below grade level in kindergarten and grades 1, 2, and 3 based on local or statewide assessments, and to provide notice to the student's parents of the reading deficiency that includes a description of the student's specific individual needs and available reading services. A school district governing board or governing body of a charter school that promotes from the 3rd grade a student who does not demonstrate sufficient reading skills under specified alternate circumstances is required to annually report information on the promotions to the Department of Education. Session law requires applicants for teacher certification for common school instruction to complete 45 classroom hours or three college-level credit hours in systemic phonics instruction and reading instruction, including training on evidence-based instructional practices and interventions to improve student reading proficiency.

**H2526: CAREER TECHNICAL EDUCATION DISTRICTS** Joint Technical Education Districts are renamed Career Technical Education Districts. Governor Ducey has until May 16, 2018, to sign the bill.

**H2561 (Chapter 120): SCHOOLS; CIVICS LITERACY STATE SEAL** The Superintendent of Public Instruction is required to establish a State Seal of Civics Literacy Program to recognize students who graduate from a school operated by a school district or a charter school in Arizona who have attained a high level of proficiency in civics. The State Board of Education is required to adopt a list of assessments using researched-based methodology to determine a student's proficiency in civics and is allowed to adopt rules to carry out the Program. Any school district



or charter school may voluntarily participate in the Program. The Program terminates on July 1, 2028.

S1449 (Chapter 262): SCHOOLS; STATEWIDE ASSESSMENT CONTRACTS; REVIEW By November 15, 2018, the Department of Education and the State Board of Education are required to provide information to the Joint Legislative Budget Committee (JLBC) on each current contract for all portions of the statewide assessment for student achievement, including information on when that contract is set to expire. The Dept and the Board are prohibited from renewing, extending or modifying any of these contracts or reestablishing a new contract for any portion of the statewide assessment without a review by the JLBC. By September 1, 2018, the Board is required to direct the Dept to issue a request for proposals to contract with a provider to procure a menu of assessments to measure student achievement in grades 3 through 8 and at least one in high school. If sufficient monies are appropriated in FY2018-19, each local education agency that offers instruction in grades 9 through 12 and that administers an assessment from the menu of assessments to students in the 2018-19 school year is permitted to submit a request to the Dept for reimbursement for assessment costs, and the Dept is required to reimburse each local education agency that submits a request a proportional amount per student not to exceed the total amount appropriated to the Dept in FY2018-19 for this purpose or from any dollars available as a result of fewer local education agencies administering the statewide assessment. Also, on request, a school district or charter school may administer the statewide assessment in the form of a written test.

SCM1007: RURAL SCHOOLS; REAUTHORIZATION; URGING CONGRESS The Legislature urges the U.S. Congress to immediately reauthorize Secure Rural Schools and Community Self-Determination Act funding for fiscal years 2019 and 2020 and work toward a long-term solution for rural communities and schools in and around national forests. The Secretary of State is directed to transmit copies of this memorial to the President of the U.S. Senate, the Speaker of the U.S. House and each member of Congress from Arizona. AS SENT TO SECRETARY OF STATE.

H2062: PERMITS; LICENSES; DENIALS; AGENCY HEARINGS In any case in which a license is required before a person engages in any constitutionally protected activity, a state agency, county or municipality is required to specify in clear and unambiguous language the criteria for approval of a license unless the criteria is established by federal law. In any court proceeding involving a denial of a license application for constitutionally protected activity, a court is required to determine whether the language is clear and unambiguous unless the criteria is established by federal law. The applicant for a license involving constitutionally protected activity is entitled to a review and determination of the approval or denial of the license application by the appropriate entity within 30 days after the application is submitted unless another period of time is specified by law or rule. Unless knowingly and voluntarily waived by the parties, all agency hearings are required to comply with either the uniform administrative hearing procedures prescribed by statute or the rules of procedure and rules of evidence required in judicial proceedings. The burden of proof in all agency hearings is the preponderance of the evidence. Governor Ducey has until May 16, 2018, to sign the bill.

S1390 (Chapter 74): TPT; ADDITIONAL RATE; EDUCATION Beginning July 1, 2021 through June 30, 2041, an additional transaction privilege tax (TPT) rate increment is levied at the rate of 0.6 percent of the tax base of the list of business classifications. The Department of Revenue is required to separately account for the revenue collected for this rate, and the State Treasurer is required to distribute the revenues for various public education purposes according to a specified formula, including \$64.1 million annually to the Classroom Site Fund and \$86.3 million annually to the Department of Education for increased basic state aid due to added school days and associated teacher salary increases. The additional TPT rate is not considered local revenues for the purpose of school expenditure limitations. Due to a potential increase in state revenue, this legislation requires the affirmative vote of at least 2/3 of the members of each house of the Legislature for passage, and becomes effective on signature of the Governor. [Capitol Reports Note: This legislation effectively continues the additional TPT rate for education approved by the voters as Proposition 301 in November 2000, which will expire June 30, 2021, for an additional 20 years, with some modifications to the distribution formula.]