Enacted Bills--Passed by the Arizona Legislature and signed into law by Governor Brewer

***Unless otherwise noted in the summaries, the effective date that these bills became law was July 20, 2011.

HB2001 Arizona commerce authority; business incentives (Adams)  OPPOSE
HB2002 school district monies; associations; elections (Kavanagh)  OPPOSE
HB2219 study committee; unification; consolidation (Fillmore)  (no position taken)
HB2237 JTEDs; ADM; student count (Goodale)  (no position taken)
HB2301 soft capital; uses (Mesnard)  (no position taken)
HB2415 schools; bullying policies (Yee)  SUPPORT
HB2421 school districts; budgets; financial reports (Yee)  (no position taken)
HB2565 postsecondary education; students’ rights (Court)  OPPOSE
HB2587 high schools; military recruiting; form (Proud)  (no position taken)
HB2646 JTEDs; adult students (Gowan)  (no position taken)
HB2706 supplementary reading instruction; teachers (Lesko)  NEUTRAL
HB2710 study committee; outcome-based funding (C. Crandell)  (no position taken)
SB1141 schools; residency requirements (Smith)  (no position taken)
SB1256 education; omnibus (R. Crandall)  (no position taken)
SB1263 schools; administrative tasks; reduction (R. Crandall)  SUPPORT
SB1303 schools; dropout recovery programs (R. Crandall)  (no position taken)
SB1363 employer protections; labor relations (Antenori)  OPPOSE
SB1365 paycheck deductions; political purposes (Antenori)  OPPOSE
SB1451 high schools; board examination systems (R. Crandall)  SUPPORT
SB1453 parents’ rights; schools (R. Crandall)  OPPOSE
SB1521 schools; head injury policies; athletics (R. Crandall)  SUPPORT
SB1553 education; Arizona empowerment accounts (Murphy)  OPPOSE
SB1609 retirement systems; plans; plan design (Yarbrough)  OPPOSE

*See the final three pages for a K-12 budget summary for the 2011-2012 school year.
**BILL INFORMATION**

2011 Legislative Session

**HB2001 Arizona commerce authority; business incentives**

*Passed in February 2011 during the Second Special Session.*

**Sponsor:** Speaker Adams

**Bill summary:**
This bill makes several changes to corporate income and property taxes and creates the Arizona Commerce Authority.

- The estimated cost is $38.2 million in fiscal year 2012, growing to $538 million in fiscal year 2018 once all the tax cuts are fully implemented.
- The largest tax cuts include the following measures:
  - Phase down of commercial property assessment ratio from 20% to 18% over four years, beginning in 2013.
  - Phase down of the corporate tax rate from 6.968% to 4.9% over four years, beginning in 2014.
  - Phase down in the corporate sales factor from 80% to 100% over four years, beginning in 2014.
  - Increases the homeowner rebate percentage to offset the corporate assessment ratio reductions.


**AEA position:** OPPOSE

This bill enacts multiple tax breaks for corporations beginning in fiscal year 2012 at a time when Arizona has no available revenues for classroom supplies, school building repair, or keeping per-pupil education funding even with inflation. This will deepen Arizona’s structural deficit which will make the state hard pressed to prevent even more devastating cuts to education. The AEA raised concerns about this proposal during committee testimony because we felt it was not a comprehensive package and only addressed tax cuts for businesses without looking at the long-term revenue structure or the fiscal deficit situation that will be created. Based on the conservative fiscal estimates by the legislature’s own staff, this bill will have a net negative loss to the state’s general fund of $538 million once fully in place in tax year 2018. This amount will compound the nearly $1 billion loss when the temporary sales tax increase from Proposition 100 expires in 2014. AEA requested the legislature consider the option of adding triggers to the bill so that if the jobs aren’t created, then the tax cuts are halted. The legislature instead passed this bill as it was originally introduced.

**Bill status:**
- Passed the House on February 16 by a vote of 39 ayes – 21 nays (Republicans voted in support and Democrats and Representative Farnsworth opposed).
- Passed the Senate on February 16 by a vote of 18 ayes – 11 nays – 1 absent (voted “no”: Aboud, Biggs, Cajero Bedford, Gallardo, Gould, Linda Gray, Jackson, Landrum Taylor, Lopez, Meza and Schapira; absent: Sinema).
- Governor Brewer signed HB2001 on February 17, 2011.
HB2002 school district monies; associations; elections
Sponsor: Representative Kavanagh
Bill summary:
- Prohibits a school district from spending monies for membership in an association that attempts to influence the outcome of an election.
AEA position: OPPOSE
Background: This bill is aimed at the Arizona School Board Association (ASBA) due to their action during the 2010 election to oppose the sweep of funds from the First Things First program (early childhood development).
Bill status:
- Passed the Senate on April 7 by a vote of 21 ayes – 7 nays (Republicans voted in support and Democrats opposed). The Senate amended the bill to remove the exemption that allowed a school district to spend public monies for membership in a chamber of commerce.
- Passed the House on April 13 by a vote of 40 ayes – 17 nays – 3 absent (all Republicans voted in support and Democrats opposed).
- Governor Brewer signed HB2002 on April 19, 2011.

HB2219 study committee; unification; consolidation
Sponsor: Representative Fillmore
Bill summary:
- Establishes the Joint Legislative Study Committee on School District Unification and Consolidation and specifies the appointment process and qualifications for each of the 16 members.
- Specifies that the chairpersons of the House and Senate Education Committees will act as co-chairs of the Committee.
- Assigns the following duties to the Committee:
  - Study issues regarding the unification and consolidation of school districts.
  - Prepare legislation for consideration during the subsequent legislative session that encourages the unification and consolidation of school districts.
  - Consider any recommendations or proposals for possible school district unifications or consolidations that include: a) a regionally or locally facilitated process that allows a school board to develop its own unification or consolidation plan; b) a process for a county school superintendent to develop a school district unification or consolidation plan if the school board is unable to develop its own unification or consolidation plan.
  - Report to the Governor, the Senate President, the House Speaker, and the Secretary of State on the committee’s activities and recommendations by December 31, 2011.
- Discharges the Committee on September 30, 2012.
AEA position: (monitor)
The AEA did not take a formal position on this bill since it is just a study committee at this time. The original bill introduced by the sponsor, Representative Fillmore, was a direct requirement to consolidate school districts so that not more than six school districts existed in any one county. The original bill also had a requirement to use a uniform statewide textbook adoption. The study committee option took these mandates off the table and was a better route for us to have a longer discussion on this issue outside of the legislative process. Whatever the study committee recommends, we will see legislation for this during the 2012 legislative session.

**Bill status:**
- Passed the Senate on April 19 by a vote of 25 ayes – 5 nays (voted “no”: Aboud, Gallardo, Gould, Lopez and Russell Pearce).
- Governor Brewer signed HB2219 on April 25, 2011.

### HB2237 JTEDs; ADM; student count

**Sponsor:** Representative Goodale  
**Bill summary:**
- Replaces all references to ADA with references to ADM.  
- Beginning in FY 2011-12, states the student count for a JTED is equal to the JTED’s ADM.  
- Stipulates that a student enrolled in an approved JTED course generates 0.25 ADM for each course, capped at the limits currently prescribed by statute (a total of 1.25 ADM for students attending satellite courses and 1.75 ADM for students attending centralized courses, apportioned between the member district and the JTED).  
- Allows students whose district of attendance is a member district of a JTED, and whose district of residence pays tuition to the district of attendance, to attend that JTED as a resident student.  
- Removes all references to “vocational education” and uses the term “career and technical education” instead.  
- Allows JTEDs to use their property tax revenues to provide JTED courses to ninth grade pupils. The fiscal year 2011-12 state budget (SB 1617) prohibits JTEDs from including ninth grade pupils in their average daily membership for state funding purposes and prohibits any other JTED monies from being spent on ninth grade pupils.

**AEA position:** (monitor)  
**Bill status:**
- Passed the Senate on April 13 by a vote of 29 ayes – 0 nays.  
- Passed the House on April 19 by a vote of 46 ayes – 14 nays (voted “no”: Burges, Farnsworth, Gowan, Rick Gray, Harper, Kavanagh, Lesko, Montenegro, Olson, Proud, Seel, Burnell Smith, Stevens and Urie).  
- Governor Brewer signed HB2237 on April 26, 2011.
HB2301 soft capital; uses
Sponsor: Representative Mesnard
Bill summary:
- Lifts the restrictions on the use of soft capital funding.
  - [Note: With the passage of the fiscal year 2012 budget, only $24 million remains in the soft capital fund statewide. Since January 2009, the soft capital budget has been reduced by $188.1 million.]
- Allows unspent extracurricular activity (ECA) tax credit contributions to be considered undesignated monies if they have not been used for two fiscal years.
- Requires public schools to categorize the total dollar amount of fees and cash contributions spent each year by specific extracurricular activity or character education program as part of their annual report to the Department of Revenue.
- Allows 50% of unencumbered ECA tax credit monies received prior to tax year 2011 to be spent on short-term capital items (i.e. soft capital items) in fiscal years 2011-12 and 2012-13.
- Directs schools to report ECA expenditures on short-term capital items to the Joint Legislative Budget Committee at the end of each fiscal year.
AEA position: (monitor)
Bill status:
- Passed the Senate on April 7 by a vote of 20 ayes – 8 nays (voted “no”: Aboud, Biggs, Cajero Bedford, Linda Gray, Jackson, Landrum Taylor, Lopez and Schapira; absent: Gallardo and Sinema).
- Passed the House on April 13 by a vote of 41 ayes – 16 nays – 3 absent (voted “no”: Alston, Arredondo, Burges, Chabin, Chester Crandell, Farnsworth, Gonzales, Hale, Hobbs, Kavanagh, McCune Davis, Catherine Miranda, Richard Miranda, Patterson, Seel & Tovar).
- Governor Brewer signed HB2301 on April 26, 2011.

HB2415 schools; bullying policies
Sponsor: Representative Yee
Bill summary:
- Directs school districts to implement the following requirements with regard to incidents of bullying, harassment, or intimidation, including incidents carried out through the use of electronic technology or electronic communication on school property:
  - Supply written forms designed to provide a full and detailed description of an incident.
  - Establish appropriate disciplinary procedures for employees who fail to report suspected incidents that are known to them.
  - Provide all pupils with a written copy of the rights, protections, and support services available to bullying victims at the beginning of each school year and provide that information to the alleged victims when an incident is reported.
  - Maintain records of reported incidents for at least six years.
Redact all individually identifiable information from materials documenting an incident if those documents are provided to persons other than school officials or law enforcement.

Develop procedures designed to protect the health and safety of victims who are physically harmed as the result of bullying or harassment, including, when appropriate, procedures for contacting emergency or law enforcement personnel, or both.

Formulate definitions of harassment, intimidation, and bullying.

AEA position: SUPPORT

Bill status:
- Passed the House on March 7 by a vote of 38 ayes – 21 nays – 1 absent (voted “no”: Ash, Burges, Dial, Fann, Farnsworth, Fillmore, R. Gray, Harper, Jones, McLain, Montenegro, Olson, Proud, Seel, Burnell Smith, Stevens, Ugenti, Vogt, Jim Weiers and Williams; absent: Ableser).
- Passed the Senate on April 13 by a vote of 22 ayes – 8 nays (voted “no”: Aboud, Biggs, Bundgaard, Gould, Griffin, Landrum Taylor, Lopez & Russell Pearce).
- Governor Brewer signed HB2415 on April 19, 2011.

HB2421 school districts; budgets; financial reports

Sponsor: Representative Yee

Bill summary:
- Requires school districts to follow the same annual public meeting requirements to update voters on the use of monies spent as authorized by a Maintenance and Operations (M&O) override as currently required for monies spent as authorized by a Capital Outlay override.
- Instructs each school district to submit the following financial documents to the Arizona Department of Education (ADE) for posting on ADE’s website:
  - The annual financial report, by October 15 each year.
  - The proposed budget, by July 5 each year or no later than the publication of notice of the required public hearing.
  - The finalized budget, by July 18 each year.
- Requires the annual financial report to contain detailed information on expenditures of funds approved during the most recent override election.
- Directs any school district that has its own website to post a link to the location on ADE’s website where its financial documents can be viewed.
- Instructs ADE to comply with the posting requirements within six months of the bill’s effective date.

AEA position: (monitor)

Bill status:
- Passed the Senate on April 7 by a vote of 28 ayes – 0 nays – 2 absent.
- Passed the House on April 13 by a vote of 57 ayes – 0 nays – 3 absent.
- Governor Brewer signed HB2421 on April 19, 2011.
HB2565 postsecondary education; students’ rights
Sponsor: Representative Court
Bill summary:
- Stipulates that universities or community colleges cannot discriminate against a student nor adopt any policy that penalizes or punishes a student based on the student’s religious viewpoint, expression, or beliefs.
- Specifies coursework requiring a student’s viewpoint be evaluated based on ordinary academic standards and adherence to the instructions for that assignment; the student cannot be penalized or rewarded on the basis of religious content or a religious viewpoint.
- Prohibits a university or community college from withholding any certificate or degree on the basis of a student’s religious viewpoint or expression.
- Stipulates that a university or community college cannot discipline or discriminate against a student in a counseling, social work, or psychology program if the student refuses to counsel a client about goals that conflict with the student’s sincerely held religious belief and the student consults with the supervising instructor to determine the proper course of action to avoid harm to the client.
- Requires universities and community colleges that grant recognition to any student organization or group to recognize and give equal access or a fair opportunity to other student organizations regardless of the religious, political, philosophical, or other content of the organizations’ speech.
- Allows a religious or political student organization to determine the ordering of its internal affairs are in furtherance of the organization’s religious or political mission and limit these activities to only persons committed to that mission.
- Prohibits a university or community college from restricting a student’s right to speak, hold a sign, or distribute fliers or other materials in a public forum unless the restriction is in furtherance of a compelling governmental interest and is the least restrictive means of furthering that compelling governmental interest.
- Defines community college, public forum, and university.
AEA position: OPPOSE
Bill status:
- Passed the Senate on April 12 by a vote of 20 ayes – 9 nays – 1 absent (Republicans voted in support and Democrats opposed).
- Passed the House on April 19 by a vote of 41 ayes – 19 nays (Republicans voted in support and all Democrats but Rep. Wheeler opposed).
- Governor Brewer signed HB2565 on April 29, 2011.

HB2587 high schools; military recruiting; form
Sponsor: Representative Proud
Bill summary:
- Requires charter schools to comply with state statute concerning access to school property by educational and occupational recruiters and the release of student directory information.
Directs a school district or charter school that chooses to release student directory information to do so by October 31 each year.

Instructs the Arizona Department of Education (ADE) to develop a form for students to opt out of the automatic release of their directory information, and requires that form to be distributed to students each year separately from any other forms.

Allows school districts or charter schools that distribute materials to pupils electronically to distribute the opt-out form in the same manner.

Allows a person who is wrongfully denied access to student directory information or school property to report the violation to ADE, which must then inform the United States Department of Education.

AEA position: (monitor)

Bill status:
- Passed the Senate on April 13 by a vote of 28 ayes – 2 nays (voted “no”: Aboud & Lopez).
- Passed the House on April 19 by a vote of 57 ayes – 3 nays (voted "no": Gonzales, Patterson & Wheeler).
- Governor Brewer signed HB2587 on April 28, 2011.

HB2646 JTEDs; adult students
Sponsor: Representative Gowan
Bill summary:
- Allows adult students to attend vocational programs on a central campus that is owned and operated by a JTED during regular school hours if the program has additional student capacity after the enrollment of traditional pupils.
- Prohibits adults from enrolling in a massage therapy program.
- Requires adults who enroll in a JTED program offered during regular school hours to have a valid fingerprint clearance card.
- Directs JTEDs to send written notification to the parent or guardian of each student under the age of 18 who is enrolled in a vocational program during regular school hours when an adult enrolls in that same vocational program.
- Stipulates that adult students can only participate in vocational education programs offered by a school district if the purpose of the program is skill retraining or skill upgrading. Adult students are prohibited from receiving college-level credit for those programs.

AEA position: (monitor)

Bill status:
Passed the Senate on April 13 by a vote of 20 ayes – 10 nays (voted “no”: Aboud, Cajero Bedford, Gallardo, Gould, Landrum Taylor, Lopez, McComish, Meza, Murphy & Yarbrough).

Governor Brewer signed HB2646 on April 19, 2011.

**HB2706 supplementary reading instruction; teachers**

**Sponsor:** Representatives Lesko and Yee

**Summary:**
- Directs the State Board of Education to adopt guidelines to include supplementary training in reading instruction as part of a school’s improvement plan for K-3 teachers who teach in a school that receives a label of “underperforming” or “D” under Arizona LEARNS.

**AEA position:** Neutral

**Bill status:**
- Passed the Senate on April 19 by a vote of 24 ayes - 6 nays (voted “no”: Aboud, Cajero Bedford, Gallardo, Jackson, Lopez and Sinema).
- Governor Brewer signed HB2706 on April 25, 2011.

**HB2710 study committee; outcome-based funding**

**Sponsor:** Representative Chester Crandell

**Bill summary:**
- Establishes the 12-member Joint Legislative Study Committee on Outcome-Based Education Funding (Committee) and specifies the appointment process and qualifications for each member.
- Instructs the Committee to develop legislation to transition public school funding from a system based on instructional hours to a system based on student achievement and specifies the legislation must include the following considerations:
  - How current voter-approved revenue sources and spending requirements will interact with the new proposed system, and
  - The entities that will be responsible for determining the appropriate student outcomes on which the new proposed system will be based.
- Directs the Committee to submit a report of its activities and recommendations for legislative action to the Governor, Senate President, House Speaker, and provide a copy to the Secretary of State, by December 31, 2011.
- Repeals the Committee on September 30, 2012.

**AEA position:** (monitor)

**Bill status:**
Passed the Senate on April 7 by a vote of 20 ayes – 8 nays – 2 absent (voted “no”: Aboud, Cajero Bedford, Jackson, Landrum Taylor, Lopez, McComish, Meza & Schapira; absent: Gallardo & Sinema).

Governor Brewer signed HB2710 on April 12, 2011.

**SB1141 schools; residency requirements**

**Sponsor:** Senator Smith  
**Background:**
- Children of nonresidents of Arizona may attend a public school in the state if they pay a reasonable tuition determined by the governing board, with certain exceptions. School districts and charter schools are prohibited from including nonresident pupils in the schools’ student count and cannot receive state funding for those pupils.
- Pursuant to Arizona Revised Statutes (A.R.S.) § 15-824, the residence of a public school student is considered to be the same as the residence of the student’s legal guardian, with one exception: A homeless student who does not live with his or her legal guardian is classified according to the student’s own residence, if the legal guardian is a United States resident.
- Certain documents are required to be submitted to a school upon initial enrollment of a child, including the following:
  - A birth certificate, other reliable proof of a student’s age, or a letter from the authorized representative of an agency that has custody of the student certifying that the student has been legally placed in the custody of the agency (A.R.S. § 15-828).
  - Proof of immunization, unless the student is exempt (A.R.S. § 15-872).

**Bill summary:**
This bill is Superintendent of Public Instruction John Huppenthal’s on behalf of the Arizona Department of Education.
- Instructs school districts and charter schools to require and maintain verifiable documentation of Arizona residency for enrolled pupils in accordance with guidelines set forth by the Arizona Department of Education.

**AEA position:** (monitor)

**Bill status:**
- Passed the Senate on March 9 by a vote of 29 ayes – 0 nays – 1 absent (absent: Bundgaard).
- Governor Brewer signed SB1141 on April 19, 2011.
**SB1256 education; omnibus**

**Sponsor:** Senator Rich Crandall  
**Background:**  
This is the Arizona Department of Education’s “clean-up” bill to fix prior year statutory problems.  
**Bill summary:**

*Teacher Certification Reciprocity*

- Specifies a person is not required to take the teaching certificate proficiency examination if the person has passed an equivalent examination in another state.

*Definitions*

- Modifies the definition of “home school district” to clarify that if a child is a ward of the state and enrolled in an accommodation district, the child’s “home school district” is the school district the child last attended or, if the child has not previously attended public school in Arizona, the district in which the child currently resides.
- Clarifies that if there is a discrepancy between the measures used to determine whether a preschool child should be classified as “speech/language impaired,” the evaluation team shall determine eligibility based on a preponderance of the information presented.

*180-day School Year*

- Updates multiple references to the minimum number of instructional days in a school year from 175 days to 180 days. [Proposition 301, passed by the voters in 2000, added five school days to the school year, increasing the number of days each public school is required to be in session from 175 to 180 days.]

*Early Kindergarten Repeaters*

- Allows a school district or charter school to receive a portion of basic state aid if a kindergarten pupil was admitted early, but did not remain enrolled, and was then readmitted in the subsequent year. [Current law prohibits school districts and charter schools from receiving basic state aid for early kindergarten repeaters.]

*Average Daily Membership (ADM)*

- Corrects the number of instructional hours required for 0.75 ADM for a part-time high school pupil.
- Allows school districts to continue using prior year ADM counts as the basis for bond capacity calculations.
- Permits the Arizona Department of Education (ADE) to delay the implementation of statutory changes related to ADM one fiscal year if the Superintendent of Public Instruction determines ADE is unable to comply. [Currently, ADM is defined as the total enrollment of fractional and full-time students, minus withdrawals, through the first 100 days of the school year. Laws 2010, Chapter 318 defines ADM as the average of total enrollment of fractional and full-time students, minus withdrawals, on September 15, November 15, January 15, and March 15.]
- Requires ADE to notify school districts and charter schools of the delayed implementation.
Miscellaneous

- Updates references to the federal Montgomery GI Bill to reflect changes adopted by the federal Post-911 GI Bill.

AEA position: (monitor)

Bill status:
- Passed the House on April 18 by a vote of 55 ayes – 3 nays – 2 absent (voted “no”: Burges, Harper & Seel; absent: Ableser & McCune Davis).
- Passed the Senate on April 19 by a vote of 30 ayes – 0 nays.
- Governor Brewer signed SB1256 on April 28, 2011.

SB1263 schools; administrative tasks; reduction

Sponsor: Senator Rich Crandall

Summary of the provisions the AEA supports on this bill:
- Continues to allow school districts to use the funding formula for full-day kindergarten in the override calculation for fiscal year 2011-2012. (This is to allow school districts with current overrides to not lose budget capacity due to the loss of funding for statewide full-day kindergarten.)
- Authorizes districts to have an election to change the list of capital projects and extend the time period to issue bonds from 6 to 10 years.
- Increases the bonding capacity for bonds approved prior to April 15, 2011 from 5% to 10% for elementary/high school districts and from 10% to 20% for unified districts.
- Classroom Site Fund-- sets the amount at $120 per weighted student count for the 2011-2012 school year.

Complete Bill summary:

Gambling and Academic Competitions
- Exempts academic competitions conducted by school districts or charter schools that award cash, prizes, or scholarships to participants from the state’s gambling laws related to intellectual contests and events. [Current law exempts certain nonprofit organizations from the same rules.]

Charter Schools
- Updates the definition of “charter school” to clarify a public university, a community college with an enrollment of 15,000 full-time equivalent students (FTSE), or a group of community colleges with a combined enrollment of 15,000 FTSE may sponsor a charter school.
- Permits the State Board for Charter Schools (SBCS) to accept gifts or grants of monies or real or personal property if the purpose of the gift is approved by SBCS and within the scope of SBCS’s powers and duties.
- Mandates the use of a different auditor at least once every six years to conduct annual audits required for charter schools.

Recess Policies
- Repeals the requirement for school districts and charter schools to conduct a meeting by January 1, 2011 to discuss establishing recess that provide at least 30 minutes of recess each day for K-5 pupils.
Teacher Certification
- Allows automatic certification reciprocity with other states that have similar programs for teachers who provide Arizona Online Instruction.

Federal Grants and Reporting Requirements
- Allows charter schools and small school districts, if permitted by federal law, to opt out of federal grant opportunities if they would impose unduly burdensome reporting requirements.

Electronic Record Keeping
- Allows school districts to maintain and store all public records in either electronic or paper format, or a combination of the two, pursuant to the standards adopted by Arizona State Library, Archives, and Public Records.

School District Warrants
- Allows warrants drawn on the county treasurer for school district expenditures to be processed through an electronic payment system.

Procurement Rules
- Specifies school districts are not required to obtain bid security for the construction-manager-at-risk method of project delivery.
- Permits contracts for materials or services and contracts for job-order-contracting construction services if the duration of the contract and conditions for the renewal or extension of the contract are included in the bid or request for proposals. The duration of the contract is limited to five years unless the school district governing board determines a longer duration would be advantageous to the district.

School Closures
- Shortens the timeframe to provide written notice of a public meeting to discuss closing a school from 30 days to 10 days prior to the public meeting.
- Shortens the minimum timeframe required between conducting a public meeting on a school closure and voting on the school closure from 30 days after the public meeting to 10 days after the meeting.
- Permits a school district governing board to consult with the School Facilities Board (SFB) regarding school closures.

Performance Pay – District Superintendents
- Requires up to 20% of a school district superintendent’s salary to be classified as performance pay. [Current law requires at least 20% of the superintendent’s compensation and benefits to be classified as performance pay.]

School District Property and Outdated Educational Materials
- Adds other school districts to the list of entities to which a school district may sell or lease property. [Current law allows school districts to sell or lease to the state, a county, a city, or a tribal government agency any property required for a public purpose if the sale or lease of the property will not affect the normal operations of the district.]
- Requires school districts to offer to sell outdated learning materials, educational equipment, or furnishings at a posted price commensurate with the value of the items to pupils currently enrolled in the district before the materials are offered for public sale.
• Includes educational equipment and furnishings in the list of items a school district may donate to nonprofit organizations. [Current law permits school districts to donate surplus or outdated learning materials to nonprofit organizations if the anticipated cost of selling the items equals or exceeds the estimated market value of the items.]

Class B Bonds and Elections
• Authorizes a school district governing board to call an election to change the list of capital projects or purposes authorized by prior voter approval to issue bonds and outlines the notification, election, and ballot requirements.
• Authorizes a school district governing board to call an election to extend the time period to issue Class B bonds authorized prior to 2010 from 6 to 10 years. This election cannot be held later than six years after the original election authorizing the issuance. [The Legislature prospectively extended the time period to issue Class B bonds from 6 to 10 years in 2009, but specifically prohibited this extension from applying to any previously approved bonds.]
• Temporarily increases the school district class B bonding capacity limits for bonds approved by the voters prior April 15, 2011 as follows:
  o For a common school district or union high school district, from 5% to 10% of the district’s net assessed value (NAV).
  o For a unified school district, from 10% to 20% of the district’s NAV.
• Requires the total amount of indebtedness from class A and class B bonds issued by a school district to be under the current Constitutional limit. [The Constitutional limit is 15% of the NAV for a common school district or union high school district and 30% of the NAV for a unified district.]
• Prohibits a school district from issuing any new class B bonds approved after April 15, 2011 until the district’s total class B bond indebtedness will fall under the current statutory limits.

Annual Estimate of Monies for Ensuing School Year
• Directs the county school superintendent, concurrent with the county board of supervisors adopting tax rates each year, to report the finalized estimate of the amount of school monies required for each district for the ensuing school year.

Classroom Site Fund
• Consolidates annual expenditure reports for the Classroom Site Fund (CSF) by district rather than school by school.
• Limits the budget capacity derived from the CSF to $120 for fiscal year 2011-2012. [This is a continuation of policy enacted during the 2010 Legislative session for the current fiscal year (FY2010-2011).]
• Stipulates that school districts that used sources other than CSF monies for teacher compensation in FY 2011-12 as a result of the adjustment for prior year shortfalls in the FY 2011-12 per-pupil amount calculated by the Joint Legislative Budget Committee are not required to maintain the higher level of spending in FY 2012-13. [This is a continuation of policy enacted during the 2010 Legislative session in order to implement the continuation of the previous provision as it applies to FY 2011-12.]
Revenue Control Limit (RCL)

- Stipulates that, for the purposes of budget override elections, a school district’s revenue control limit for FYs 2011-12 and 2012-13 will be calculated using an adjusted base support level as follows:
  - For the base level, the greater of the actual base level plus the percentage increases allowed under current statute or $3,267.72. [This holds a district’s RCL harmless from state budget cuts for the purpose of construction budget override elections.]
  - If kindergarten pupils are counted as fractional students, include a Group B support level weight of 1.352 for kindergarten pupils only when determining the weighted student count. [The Legislature eliminated state funding for full-day kindergarten (FDK) in FY 2009-10 and eliminated the Group B weight for FDK in FY 2010-11.]

AEA position: SUPPORT

Bill status:
- Passed the House on April 19 by a vote of 48 ayes – 11 nays – 1 absent (voted "no": Burges, Farnsworth, Forese, Gowan, Harper, Montenegro, Olson, Robson, Seel, Burnell Smith & Yee; absent: Williams).
- Passed the Senate on April 19 by a vote of 23 ayes - 7 nays (voted “no”: Biggs, Bundgaard, Gould, Griffin, Klein, Murphy & Russell Pearce).
- Governor Brewer signed SB1263 on April 29, 2011.

SB1303 schools; dropout recovery programs

Sponsor: Senator Rich Crandall

Bill summary:

**Dropout Recovery Program**

- Allows school districts and charter schools that provide instruction to high school students to offer a Dropout Recovery Program (Program) to eligible pupils.
- Directs the State Board of Education (SBE) to prescribe standards and achievement testing requirements for Programs, which require Programs to do the following:
  - Provide curriculum aligned to the academic standards adopted by SBE and standardized tests required by federal and state law.
  - Make available appropriate and sufficient supports for pupils.
  - Comply with federal and state laws governing pupils with disabilities.
  - Meet state requirements for high school graduation.
- Stipulates each eligible pupil must have a written learning plan developed by the pupil’s assigned mentor, which includes expectations for satisfactory monthly progress, in order to participate in the Program.
- Requires the monthly participation in a Program to be reported on or before the tenth school day of each month and lists items to be included in the report.
- Permits school districts and charter schools to contract with an educational management organization to provide Programs, and lists EMO requirements for offering a Program.
Exempts the attendance, graduation, and test scores for pupils in a Program from the requirements relating to annual achievement profiles and school report cards.

**Dropout Recovery Program Funding**

Bases Program funding on average daily attendance (ADA), capped at 1.0, as determined by a pupil meeting one of the following conditions:

- A pupil is in their first month of enrollment in a Program and completes the Program orientation during that month.
- A pupil is enrolled in teacher-facilitated courses and meets the expectations for satisfactory monthly progress for the current or previous month.
- A pupil meets the expectations for Program re-entry in their revised written learning plan.

Prohibits funding for pupils who do not meet expectations for monthly progress for two or more consecutive months until the pupil meets the expectations for Program re-entry.

Requires average daily membership (ADM) for pupils enrolled in a Program to equal the ADA of the pupils.

Caps the ADM for pupils enrolled in a school district or charter school and a Program in the same fiscal year at 1.0, and outlines the apportionment of ADM between a school district or charter school and a Program.

Requires school districts and charter schools are responsible for tuition charges and fees related to pupil participation in a Program.

**Miscellaneous**

Defines “eligible pupil” as a pupil who is not currently enrolled in a school district or charter school and who has been withdrawn from a school district or charter school for at least 30 days.

Contains a delayed effective date of July 1, 2012.

**SB1363 employer protections; labor relations**

**Sponsor:** Senator Antenori

**Summary:**

SB1363 outlines regulations regarding unlawful picketing, trespassory assembly, unlawful mass assembly and defamation, and establishes a no trespass public notice list.

**AEA position:** OPPOSE

**Bill status:**

- Passed the Senate on April 8 by a vote of 21 ayes – 9 nays (party-line vote: Republicans in support and Democrats opposed).
Passed the House on April 7 by a vote of 38 ayes - 19 nays - 3 absent (party-line vote: Republicans in support and Democrats opposed; absent: Ableser, Dial and Seel).
Governor Brewer signed SB1363 on April 18, 2011.

**SB1365 paycheck deductions; political purposes**

**Sponsor:** Senator Antenori

**Summary:**
- Requires for deductions made after October 1, 2011, a public or private employer to receive annual written or electronic authorization before deducting any payment from an employee’s paycheck for political purposes.
- Requires that if a deduction is made from an employee’s paycheck for multiple purposes after October 1, 2011, then the employer must obtain a statement from each entity which the deduction are paid that indicates the payment is not used for political purposes or a statement that indicates the maximum percentage of the payment that is used for political purposes.
- Prohibits an employer from deducting any payment beyond that specified for nonpolitical purposes without the annual written or electronic permission of the employee.
- Requires the Attorney General to adopt rules within 90 days of the bill’s enactment that describe the acceptable forms of employee authorization and entity statements.
- Subjects the employer or entity to a civil penalty of at least $10,000 for each violation if an employer knowingly deducts payments in violation of this law or if an entity provides an inaccurate statement. The Attorney General is required to impose and collect the civil penalties and deposit them into the state’s general fund.
- Exempts the provisions of this bill from applying to any of the following: a single deduction for nonpolitical purposes; deductions for savings or charitable contributions; deductions for employee health care, retiree or welfare benefits; deductions for state, local or federal taxes; deductions for contributions to a separate segregated fund pursuant to federal or state law that are not considered for political purposes; and any deduction otherwise required by law.
- States that if an employee has authorized a deduction from the employee’s paycheck and the employee resigns membership in the association or organization for which the deduction was authorized, the employee's authorization for the deduction is rescinded upon the employer’s receipt from the employee of written notice of the resignation. The employer shall have one pay period to process the rescission.
- Exempts public safety employees (including peace officers, fire fighters, corrections officers, probation officers or surveillance officers) from the bill’s requirements.
- Defines "political purposes" as supporting or opposing any candidate for public office, political party, referendum, initiative, political issue advocacy, political action committee or other similar group.
- Titles this law the "Protect Arizona Employees' Paychecks from Politics Act."
Contains a severability clause so that if any provision of this bill is held invalid, the rest of the provisions can be given effect.

**AEA position:** OPPOSE

**Bill status:**
- Passed the House on April 18 by a vote of 39 ayes – 19 nays – 2 absent (voted “no”: the Democrats and Representative Urie; absent: Ableser & McCune Davis).
  - Note: The emergency clause was not enacted on this bill because it failed to garner the necessary two-thirds vote in the House to pass. The emergency clause would have set the enactment date effective on the governor’s signature. Without the emergency clause, the bill's effective date is July 20. Due to the dates prescribed in the bill, the emergency clause issue was really a moot point, but it was great of Representative Steve Urie to vote against SB1365, thus preventing the two-thirds (40 vote) passage necessary to get the emergency clause on the bill.
- Passed the Senate on April 19 by a vote of 21 ayes – 9 nays (party-line vote; Republicans in support and Democrats opposed).
- Governor Brewer signed SB1365 on April 26, 2011.

**SB1451 high schools; board examination systems**

**Sponsor:** Senator Rich Crandal

**Bill summary:**
- This bill makes various clarifying, technical and conforming changes related to the implementation of the Grand Canyon Diploma.

**Background:**
The establishment of the Grand Canyon Diploma was passed by the Arizona Legislature during the 2010 Legislative Session through the bill commonly known as “Move On When Ready.” Beginning in the 2012-13 school year, students attending a school that offers the Grand Canyon Diploma will be eligible to receive the diploma at the end of grade 10, 11, or 12 if they demonstrate readiness for college-level mathematics and English based on standards adopted by an interstate compact on board examination systems and achieve passing scores on board examinations in core courses to be determined by the State Board of Education. Students who earn a Grand Canyon Diploma are exempt from the previously established graduation requirements in the state and may substitute passing scores on board examinations for acceptable outcomes on AIMS. Upon receipt of the Grand Canyon Diploma, students will have the following options:
  - Enroll as full-time students in a community college.
  - Enroll in a full-time career and technical education program.
  - Remain in high school and return to the traditional academic program available to them.
  - Remain in high school and take another board examination program designed to prepare them for admission to a selective college.

**AEA position:** SUPPORT
This was a technical clean-up bill; not the establishment of this program. Move On When Ready was already passed by the Arizona Legislature in the 2010 Legislative Session.

Bill status:
- Passed the Senate on March 14 by a vote of 24 ayes – 4 nays – 2 absent (voted "no": Biggs, Gould, Lopez & Russell Pearce; absent: Aboud & Sinema).
- Passed the House on April 14 by a vote of 42 ayes – 14 nays – 4 absent (voted "no": Burges, Farnsworth, Gowan, Rick Gray, Harper, Lesko, Montenegro, Olson, Proud, Seel, Burnell Smith, Stevens, Urie & Williams; absent: Ableser, Campbell, Farley & Heinz).
- Governor Brewer signed SB1451 on April 28, 2011.

**SB1453 parents’ rights; schools**

**Sponsor:** Senator Rich Crandall

**Background:**

During the 2010 legislative session, the Arizona Legislature passed the “Parents’ Bill of Rights” legislation which is now state law (A.R.S. 1-602). State law permits parents, upon written request, access to instructional materials being used by a school district (A.R.S. § 15-730). Additionally, statute requires a school district governing board to develop policies to promote parental involvement in public schools in areas related to homework, attendance, and discipline. The governing board must develop procedures to allow parents to review the course of study and learning materials. Parents may object to the learning materials or activities and withdraw their children on the basis that they are harmful. Objections may include materials or activities that question beliefs or practices in sex, morality, or religion (A.R.S. § 15-102).

**Summary:**

- Grants parents of students in public educational institutions the right to review learning materials and activities in advance.
- Allows parents to request to withdraw their child from an activity or class if they object to the material or activity on the basis that it is harmful and request an alternative assignment.
- Permits charter schools to require parents to submit a written request to review learning materials or activities or to withdraw a student from learning materials or activities.
- Authorizes charter schools to require parents to waive their rights to object to learning materials as a condition of enrollment if the charter school provides a complete list of books and materials to be used prior to the beginning of each school year.
- Grants parents the right to object to any charter school materials not disclosed prior to enrollment.
- Requires a public educational institution to obtain signed, written consent from parents prior to using video, audio, or electronic materials that may be inappropriate for the age of the student.
• Defines “objection to a learning material or activity on the basis that it is harmful” as the objection to a material or activity because of sexual content, violent content, or profane or vulgar language.

• Defines “public educational institution” as a school district, charter school, accommodation school, and the Arizona School for the Deaf and the Blind (ASDB).

**AEA position:** **OPPOSE**

The AEA opposed the passage of this issue last year, and though the primary purpose of SB1453 is to bring charter schools into the current “Parents’ Bill of Rights” requirements, we still object to the underlying intent.

**Bill status:**

- Passed the House on April 7 by a vote of 38 ayes – 19 nays (Republicans supported, and Democrats opposed).
- Passed the Senate on April 12 by a vote of 21 ayes – 8 nays – (Republicans voted in support and all and Democrats but Senator Landrum Taylor opposed).
- Governor Brewer signed SB1453 on April 15, 2011.

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**SB1521 schools; head injury policies; athletics**

**Sponsor:** Senator Rich Crandall

**Bill summary:**

- Directs school district governing boards to consult with the AIA (Arizona Interscholastic Association) to develop guidelines, information, and forms to educate coaches, students, and parents about the dangers of concussions and head injuries and the risks of continued sports play after a concussion.
- Instructs school district governing boards to enforce a concussion policy that addresses risk awareness and appropriate response procedures.
- Specifies that a volunteer health care provider who clears a student athlete to participate in an athletic activity is immune from civil liability with respect to good-faith decisions made and actions taken.
- Grants civil immunity to a school district, school district employee, team coach, official, team volunteer, or a parent or guardian of a team member for good-faith efforts to comply with the requirements of the bill, and to school districts and their employees for the failure of another person or organization to comply with the requirements of the bill.
- Applies the provisions of the bill to any group or organization, except an out-of-state team, that uses school district property for athletic purposes.
- Defines health care provider and athletic activity.

**AEA position:** **SUPPORT**

**Bill status:**

- Passed the House on April 12 by a vote of 45 ayes – 14 nays – 1 absent (voted “no”: Burges, Farnsworth, Fillmore, Forese, Gowan, McLain, Montenegro, Olson, Proud, Seel, Burnell Smith, Stevens, Ugenti & Urie; absent: Brophy McGee).
- Passed the Senate on April 13 by a vote of 30 ayes – 0 nays.
- Governor Brewer signed SB1521 on April 18, 2011.
SB1553 education: Arizona empowerment accounts
Sponsor: Senator Murphy
Bill summary:
Establishes and prescribes rules and requirements for the Arizona Empowerment Scholarship Accounts program for special education students.

_Arizona Empowerment Scholarship Accounts_
- Establishes Arizona Empowerment Scholarship Accounts to provide educational options for special education students.
- Requires the State of Arizona to deposit monies to each Empowerment Scholarship Account equal to 90% of state aid that would otherwise be allocated for a student and computed using all state funding weights.
- Specifies that state aid allocated for Arizona Empowerment Scholarship Accounts shall be deposited into the Special Education Fund which will distribute monies to Arizona Empowerment Scholarship Account recipients.
- Requires a parent of a qualified student to sign a written agreement in order for their child to receive an Empowerment Scholarship Account. The parent must agree to:
  - Ensure the student receives instruction in reading, math, social studies and science;
  - Remove the qualified student from a governmental district or charter school;
  - Not accept scholarships from any STO in the same year a parent signs the agreement to receive the Empowerment Scholarship Account monies;
  - Use deposited Empowerment Scholarship Account monies only for school related expenses.
- Empowerment Scholarship Account monies shall not be counted as taxable income of a parent of the qualifying student.
- Specifies that receiving an Arizona Empowerment Scholarship Account satisfies statutory school attendance requirements.
- Requires parents to renew a student’s Empowerment Scholarship Account annually.
- Prohibits a qualified school or service provider from sharing, refunding or rebating any Arizona Empowerment Scholarship Account monies to the parent or qualified student.

_Empowerment Scholarship Account Administration & Rules_
- Requires the Department of Revenue (DOR) to contract with private financial management firms to manage Arizona Empowerment Scholarship Accounts.
- Requires DOR to conduct or contract annual random sample audits of Empowerment Scholarship Accounts.
- Allows DOR to remove any parent or qualified student from the Arizona Empowerment Scholarship Account program due to misuse of funds.
- Allows a parent to appeal DOR’s decision regarding their removal from the Arizona Empowerment Scholarship Account program.
- Permits DOR to refer cases concerning misuse of funds to the Attorney General for investigation.
- Allows DOR to use up to 3% of each administered Empowerment Scholarship Account for administration costs.
- Mandates quarterly transfers of state aid monies to Empowerment Scholarship Accounts under the direction of DOR.
- Allows DOR to adopt rules relating to the administration of Empowerment Scholarship Accounts.

**State Control over Nonpublic Schools**

- Specifies that no government agency has control over any nonpublic or home school and that any qualified school that accepts Empowerment Scholarship Account monies is not an agent of the state or federal government.
- Allows a school to keep in place all practices, policies, creeds and curriculum in order to be defined as a qualified school and accept Empowerment Scholarship Account monies.
- Specifies that in any legal proceeding challenging the application of this act, the state bears the burden of establishing that the law is necessary and does not impose any undue burden on qualified schools.

**Definitions**

- Defines a “qualified student” as either: a resident of Arizona with a disability who is a full-time student attending a governmental primary or secondary school for at least 100 days of the prior fiscal year; or as a student who receives a scholarship from an STO intended for a student with a disability and continues to attend a qualified school.
- Defines a “qualified school” as a nongovernmental preschool, primary or secondary school for handicapped students that is located in the state of Arizona.

**AEA position:** **OPPOSE**

**Bill status:**
- Passed the House on April 5 by a vote of 40 ayes – 19 nays (Republicans supported, and Democrats opposed).
- Passed the Senate on April 7 by a vote of 21 ayes – 7 nays (Republicans supported, and Democrats opposed).
- Governor Brewer signed SB1553 on April 12, 2011.

**SB1609 retirement systems; plans; plan design**

**Sponsor:** Senator Yarbrough

**Bill summary—as it relates to the Arizona State Retirement System (ASRS):**

SB1609 was passed by the Arizona Legislature and signed into law on April 29, 2011 by Governor Brewer. It makes numerous changes to the Arizona State Retirement System. Below is an explanation for each of the changes made.

**Normal Retirement Age**

SB1609 does not change the normal retirement age for any employee hired before July 1, 2011. These employees remain at the 80-point threshold (age + years of service = 80). For employees hired from and after July 1, 2011, they will no longer have an 85-point threshold to reach normal retirement age. The 85-point system was put into place during the 2010 legislative session and was set to go into effect on July 1, 2011. This would have allowed ASRS members to retire once they reached 85 points—their age + years of service combined to reach 85 points.
SB1609 changes the definition for “normal retirement age” so that the only way to reach it for those hired on or after July 1, 2011 is as follows:

- The person’s 65\textsuperscript{th} birthday
- The person’s 62\textsuperscript{nd} birthday and completion of at least 10 years of credited service
- The person’s 60\textsuperscript{th} birthday and completion of at least 25 years of credited service
- The person’s 55\textsuperscript{th} birthday and completion of at least 30 years of credited service

[Note: Those employed prior to July 1, 2011 are not impacted by this change and remain under the 80-point retirement system.]

The effect of this change
This change to normal retirement age will require employees to work a longer length of time before they are eligible to retire. It also establishes a “hard age” limit, so that the earliest age at which a person can retire is 55 years. (Under the current 80-point system in effect for those hired prior to July 1, 2011, most teachers/school employees are able to reach retirement by the age of 52 if they are lifelong educators/employees who started teaching/working at the age of 23.)

The AEA believes there was no reason to change the definition of normal retirement age for the ASRS because the change that was needed to keep the system actuarially sound was made during the 2010 legislative session (change to 85-points). Realizing that the 85-point system was going to be eliminated by Speaker Kirk Adams, the AEA proposed the normal retirement age language as described above. If we had not provided this amendment language, the elimination of the 85-point system would have required teachers and school employees to work until the age of 62 with 10 years of credited service before they could reach their retirement. This would have been the only way these individuals would be eligible for an unreduced retirement benefit.

**Alternative Contribution Rate**

SB1609 establishes an alternative contribution rate that must be paid by employers who hire back employees who have already retired and are collecting a pension through the return to work program. This is the one change the ASRS Board recommended occur this year. SB1609 ensures this alternative contribution rate goes into effect on July 1, 2012 and requires private providers (Smart Schools and ESI) who hire school employees in the first year to also be assessed the alternative contribution rate. This is language the AEA provided to Speaker Adams and Senator Yarbrough and one component we got into the pension reform package. This will help mitigate the need to increase the contribution rate for current employees.

**Service purchase**

SB1609 requires anyone who wants to purchase service credit (for public service, leave without pay, leave of absence and active military service) to contribute to the ASRS for at least 10 years before they are eligible to do so. Currently, employees may purchase service credit after 5 years of employment. In addition, there will be a limit on how much service credit can be “purchased” with a maximum of 60 months total. This change will affect any person who has not purchased service prior to July 20, 2011.

**Defined Contribution and Retirement Study Committee**

SB1609 establishes a Defined Contribution and Retirement Study Committee that consists of the five members of the State Board of Investment, three Senators, three
Representatives, one person from the Board of Trustees of PSPRS (public safety), and one member of the ASRS Board. The Committee is required to study numerous items including the feasibility and cost of transferring existing members and/or new members to a defined contribution plan. The Committee must meet at least twice in 2011 and provide an interim report to the Legislature and Governor. The final report including finding and recommendations shall be submitted to the Legislature, Governor and Secretary of State by December 31, 2012. In addition, $50,000 from the ASRS administration account and $50,000 from the PSPRS account is made in fiscal year 2012 to fund the committee so they can use the services of consultants, actuaries and attorneys in performing its duties.

Forfeiture of Retirement Benefits on Felony Conviction

SB1609 requires a court to order forfeiture of all rights and benefits under a state retirement system if a person is convicted or pleads no contest to an offense that is a class 1 through 5 felony and that was committed in the course of the person’s employment as a public official or for a public employer. The person is entitled to receive, in a lump sum amount, their portion of the contribution plus interest, less any benefit already received. In addition, this person will be ineligible for future membership in any state retirement plan.

The Big Issue That Is NOT Addressed in SB1609

The budget passed on April 1, 2011 changed the contribution rate for ASRS so instead of the 50/50 split between employees and employers, the new contribution rate that started on July 1, 2011 was pushed onto the backs of the employees. Employees now bear the burden of 53% of the contribution rate and employers pay 47%. [Employees pay 11.39% and employers pay 10.10% as of July 1, 2011.]

The AEA attempted to get this issue addressed in SB1609 and was unsuccessful. We have now filed a lawsuit against this change.

AEA position: OPPOSE

Bill status:
- Passed the Senate on April 18 by a vote of 21 ayes – 9 nays (Republicans supported and Democrats opposed).
- Governor Brewer signed SB1609 on April 29, 2011.
K-12 EDUCATION BUDGET SUMMARY
Passed on April 1, 2011; Signed by Governor Brewer on April 6, 2011

House vote on the budget:
Passed on April 1, 2011 by a vote of 40 ayes – 19 nays – 1 absent (Republicans supported; Democrats opposed)

Senate vote on the budget:
Passed on April 1, 2011 by a vote of 21 ayes – 8 nays – 1 absent (Republicans supported; Democrats opposed)

FY2011 (the current school year: 2010-2011)
- One of the remaining basic state aid payments to schools will be reduced by approximately $101 million. School districts and charter schools are permitted to use monies from the Federal Education Jobs Fund Program to offset any reductions to their budget limits.
  - Note: This reduction was expected, and the AEA advisory on the Education Jobs Fund money warned that the state was likely to reduce school funding by this amount to backfill the state aid shortfall for the current school year.

FY2012 (July 1, 2011 – June 30, 2012 = the 2011-2012 school year)

SB1614 state budget procedures; 2011-2012
  - ASRS contribution rate shift
    - Changes the employee/employer ASRS contribution rate from the current 50/50 split to 53% employee share and 47% employer share starting on July 1, 2011. The reduction from the employer contribution rate for all state, university, school district and charter school employees is transferred to the state general fund. The state aid and budget capacity for school districts and charter schools are reduced by any savings to the employer contribution. School districts must account for the fact that the resulting district savings will be taken away and used to reduce the state’s budget deficit.
      - For the 2011-2012 school year, this bill increases the contribution rates that employees will pay to 11.39%, and the employer (school district) rate will be reduced to 10.10%. Without this new 53/47 contribution split, the contribution rate for next school year would have been 10.75% for both the employee and employer. The current contribution rate is 9.85% for both the employee and the employer.
      - In sum, school employees will see their portion of the ASRS contribution rate increase by 1.54% starting on July 1, 2011.

SB1612 general appropriations; 2011-2012
SB1617 K-12 education; 2011-2012; budget reconciliation
  - CORL reduction
    - Reduces the school district capital outlay revenue limit (CORL) funding formula by $63.9 million.
    - Additionally, requires the Arizona Department of Education to reduce by $35 million the amount of basic state aid that would otherwise go to school districts for CORL.
Note: Many districts have moved their CORL funding directly into their M&O budget, thus these reductions will have an impact. The overall CORL cut is approximately $114 per student.

Non-state aid districts are also subject to both of these CORL funding reductions.

**Soft Capital reduction**
- Reduces soft capital funding by $188.1 million which is approximately a $219 cut per student. This is an additional reduction of $23 million beyond the current school year reduction of $165.1 million. This leaves approximately $24 million in soft capital funding available to school districts for FY2011-12.
  - Non-state aid school districts will receive a proportionate reduction.
  - Caps the sum of soft capital and CORL reductions for school districts with a student count of less than 1,100 students at $5 million statewide.

**Career Ladder Program reduction**
- Phases out the Career Ladder Program in equal increments over the next five years. (Career Ladder Districts currently are able to fund their programs with a 5% increase over the base funding level.)
  - 4% for FY 2011-2012 (state savings of $14.5 million)
  - 3% for FY 2012-2013
  - 2% for FY 2013-2014
  - 1% for FY 2014-2015
  - Repeals the Career Ladder Program on July 1, 2015.
- Prohibits new teachers from participating in the Career Ladder Program.
- The state transfers the cost of the Career Ladder Program to the property tax payers for these last years. Sets the qualifying tax rate (QTR) as follows for the Career Ladder Program:
  - K-8 and high school districts: at 10-cents or by the amount required to fund the authorized budget capacity for the fiscal year, whichever is less.
  - Unified districts: at 20-cents or by the amount required to fund the authorized budget capacity for the fiscal year, whichever is less.

**JTED reduction**
- Prohibits JTEDs from including ninth grade students in their average daily membership (ADM), and prohibits any JTED monies from being spent on ninth grade students. (This is a reduction of $29.8 million statewide.)
  - Note: HB2237 permits JTEDs to use their property tax revenues to provide JTED courses to ninth grade students.
  - The state funding for JTEDs remains at 91% of the formula amount.

**Education Learning and Accountability Fund (for technology purposes)**
- Establishes the Education Learning and Accountability Fund which will be a new statewide information technology system to replace the current SAIS system.
- This new system is required to maintain longitudinal, student level data, including student demographic, grade level, assessment, teacher assignment and other data required to meet state and federal reporting requirements.
• This Fund will be supported by a $5 million basic state aid K-12 money transfer as well as a $6 per full-time student fee imposed on community colleges and universities. These fees are to be collected and deposited in the Fund by December 1, 2011.

Other Items

• Sets the base level funding amount at $3,267.72. (This amount remains unchanged since fiscal year 2009-2010.)

• Provides a 0.9% inflationary increase to the transportation support level funding (2-cents more per mile).
  o There is no inflationary increase provided to the base support level.

• No building renewal funding or new school construction funding through the Students’ FIRST/School Facilities Board program.

• Repeals the statutory reference to the new utility formula and the teacher performance pay program that the state never funded.