

2018 LEGISLATIVE WRAP UP

A HISTORIC SESSION FOR ARIZONA EDUCATORS

FIFTY-THIRD ARIZONA LEGISLATURE – SECOND REGULAR SESSION

OVERVIEW

At 12:26 a.m. on Friday, May 4th, the Arizona Legislature adjourned sine die on a historic legislative session for Arizona educators. For the first time, in a very long time, Arizona educators owned their power and demonstrated to the Governor and Legislature that they will no longer be silenced and ignored. The needs of Arizona educators and students are great, and they require significant investments. Educators sent a clear message this session... they will no longer accept the status quo for their students. They will push back on political agendas that do not prioritize their students over corporate profits and tax cuts for the wealthiest in this state.

With the help of over 100,000 educators and advocates this legislative session, we defeated several bills that would have had a negative impact on public schools and working families. Below is an overview of the bad bills that we were able to stop this session. Unfortunately, there were two AEA bills that got caught in the politics of the end of the session. However, there were two bills that benefited Arizona educators that we have included in this overview.

BAD BILLS BLOCKED BY AEA AND ARIZONA EDUCATORS

HB2479: tpt; digital goods and services

HB2479 was a tax exemption on digital goods and services in the state of Arizona. This includes streaming services like Netflix and website hosting services like GoDaddy. The estimated cost of HB2479 was \$120 million in revenue for the general fund and because Prop 301 is sales tax revenue the estimated impact was \$14 million. This bill was held in the Senate, and thus defeated.

HB2528: capital gains; income tax subtraction

HB2528 would provide 183 millionaires in Arizona who each make more than \$5 million a year an average tax cut of \$28,271 on their capital gains from the sale of capital assets, such as stocks, bonds, and real estate. This tax cut would reduce state revenues \$23 million by fiscal year 2023. This bill was held in the Senate, and thus defeated.

SB1467: STOs; corporations; caps; scholarship eligibility

SB1467 was an expansion of private school tax credits that would have continued Arizona's trajectory of exponential growth in public funding for private schools. Private school enrollment has remained flat while public school enrollment is growing, and public schools are still missing more than \$1 billion in funding compared to 2008. This bill was held in the House, and thus defeated.



BAD BILLS BLOCKED BY AEA PARTNER ORGANIZATIONS

HCR2028: wages; leave; retaliation presumption; repeal

HCR2028 would have asked Arizona voters in the 2018 general election if they approved amending state statute to delete the presumption that taking adverse action against a person within 90 days of the person engaging in specified activities was retaliation. This was viewed as an attack on working families making minimum wage and AEA partners worked to defeat the measure, and AEA served as a support to the lobbying efforts to ensure its defeat.

SCR1016: minimum wage; sick time repeal

SCR1016 was a clear attack on the Proposition 206 minimum wage law that Arizona voters approved in the 2016 general election. SCR1016 would have sent the question back to voters for a straight repeal of the legislation. AEA partners worked to defeat the measure, and AEA served as a support to the lobbying efforts to ensure its defeat.

SCR1034: membership; independent redistricting commission

SCR1034 would have asked Arizona voters in the 2018 general election if they approved amending the Arizona Constitution to make various changes relating to the Independent Redistricting Commission. Arizona already voted for an impartial, transparent process to draw voting maps and SCR1034 was viewed as an attempt to undermine the current Commission. AEA partners worked to defeat the measure, and AEA served as a support to the lobbying efforts to ensure its defeat.

GOOD AEA BILLS CAUGHT IN THE POLITICS OF THE END OF SESSION

HB2435: English language learners; instruction; budgeting

AEA worked on the efforts to pass HB2435 which would have removed the four-hour Structured English Immersion block requirement for English Language Learners in schools. HB2435 would have provided districts with the flexibility to create research-based alternative English instruction models for English Language Learners. While the bill had overwhelming bipartisan support, it was held in the Senate by President Yarbrough and not permitted to move to the Senate floor for a vote by all Senators.

SB1497: teachers; principals; evaluation instrument

This was the second year AEA attempted to reform the teacher evaluation framework in Arizona. SB1497 would have removed the statewide requirement to have a teacher evaluation framework and would have shifted the responsibility to local school district governing boards. School districts would have the flexibility to determine which assessment they preferred to use in teacher evaluations and the weight of quantitative data would be limited to twenty to forty percent. SB1497 had overwhelming bipartisan support and got out of the Senate with no opposition, however, it was held in the House by Speaker Mesnard and not permitted to move to the House floor for a vote by all Representatives.

GOOD BILLS PASSED FOR ARIZONA EDUCATORS

SB1255: teachers; alternative performance evaluations

SB1255 permits school districts to use an alternative performance evaluation cycle for teachers who have been designated in the highest performance classification for at least three consecutive years by the same district. AEA supported the bill.

SB1390: tpt; additional rate; education

SB1390 legislatively extends Proposition 301 for twenty years beyond the 2021 expiration date. Additionally, it shifts the \$64.1 million from the School Facilities Board debt service to the Classroom Site Fund for teacher base salaries starting in fiscal year 2021. Due to the extension occurring legislatively, voter protection of the funds is removed after 2021, meaning the legislature will be able to determine how to spend the funds in Proposition 301 from 2021 to 2041. While AEA was concerned about losing voter protection, we supported the effort to remove the fiscal cliff that schools faced in 2020 by extending the measure.

2018 Session Timeline and Educators' Influence on K-12 Funding

Below is an overview of the developments of the legislative session and how educators influenced and moved the Governor and legislature to increase funding dedicated to K-12 education. This was the largest funding increase for K-12 since the recession.

JANUARY

- 12** Governor Ducey releases his 2018 budget proposal, which includes:
- \$65.4 million for 2% teacher pay increase
 - \$100 million for District and Charter Additional Assistance
 - Ducey vows not to extend Proposition 301 until after his re-election

FEBRUARY

- 28** Tweet Exchange between Joe Thomas and Noah Karvelis
- Noah sends Joe a tweet asking what can be done on school funding and how to build support for a statewide job action
 - Joe encourages Noah to start with local actions, wear Red for Ed day at school

MARCH

- 3-5** Arizona Educators United forms on Facebook
- 7** First Arizona #RedForEd Day, thousands participate across the state
- 14** AEA Spring Break at the Capitol / AEU Lobby Day, 200 educators attend in-person
- 21** AEA Spring Break at the Capitol / AEU Lobby Day, 400 educators attend in-person
- 22** Rules are Suspended for Senate Bill 1390: tpt; additional rate; education (Proposition 301 extension)
- Bill is revived and moves through Senate Education Committee, then through legislative process in both chambers
 - Governor signs the bill into law on March 26
- 28** AEU #RedForEd Capitol Rally, 7,000 educators attend in-person

APRIL

- 10** AEU/AEA Call for Vote to Walk-Out Gets Leaked Online
- 11** AEU/AEA Statewide Action – School Walk-Ins, 110,000 educators participate across the state
- 12** Ducey announces a “20% Teacher Raise by 2020”
- Held press conference with the announcement and began media push
 - Provided no details on how the plan will be funded
 - Did not have the votes to pass the proposal and budget
- 13** AEA/AEU Call for Vote to Walk-Out
- 16** Becomes clear Ducey does not have sustainable revenue for “20% Teacher Pay Raise” proposal
- 19** AEA/AEU Announce the Walk-Out Vote Results, 78% of educators vote to walk-out
- 23** House Bill 2166: vehicle fees; alternative fuel VLT Passes Senate
- In response to the criticism regarding lack of sustainable revenue, Governor pushes for passage of this bill to be source of ongoing revenue for teacher pay
 - Bill passes the Senate on April 23 and Governor signs the bill into law on April 25
- 26** AEA/AEU Statewide Walk-Out Begins, 75,000 educators participate in march to the Capitol
- 4/27** AEA/AEU Statewide Walk-Out continues until - **5/3** FY19 Budget is passed

MAY

- 3** Legislature passes House Bill 2663: K-12 BRB overnight/ early morning
- Thousands of educators observe the process
 - AEA/AEU Statewide Walk-Out ends when the budget is passed with a \$306 million teacher pay increase in base level funding.

ARIZONA FY19 BUDGET

K-12 EDUCATION BUDGET RECONCILIATION BILL

2018 FIFTY-THIRD ARIZONA LEGISLATURE – SECOND REGULAR SESSION

SUMMARY

In January 2018, Governor Ducey’s proposal included \$65.4 million for a 2.12% pay increase for classroom teachers, \$100 million to begin restoring district and charter additional assistance, \$38 million for Results-Based Funding, 1.8% for inflation funding and other targeted investments.

At the start of session, the Governor was adamant that there was no additional funding to focus on resolving the classroom crisis our schools have been facing. It was not until #RedForEd began building momentum during the legislative session in March and April 2018 that the Governor and his advisors chose to find additional dollars for a pay increase for teachers.

TEACHER PAY INCREASE

Funding for the Teacher Pay Proposal:

- Will go into base level funding, meaning it will be added to the per pupil formula and will accrue inflation year to year
- Is intended to go to teachers, but districts get to determine the qualifications for the pay increase.
- Funding Amounts:
 - \$65.4 million for FY18 and FY19 2.12% teacher pay increase already in baseline (1.06% increase from last year)
 - \$240.3 million for FY19 teacher pay increase

Below is the projected advanced appropriation in Teacher Pay:

- FY2019: \$305.7 million
- FY2020: \$470.4 million
- FY2021: \$594.8 million

The teacher pay proposal is insufficient to provide a true 10% increase for all certified professionals. It will be up to the school districts to determine who gets how much of an increase. For example, a school district will have to decide whether to give raises or hire more teachers, meaning that not all pay increases will be equal across the board.

DISTRICT AND CHARTER ADDITIONAL ASSISTANCE

Funding for Additional Assistance Proposal:

- Adds \$100 million to the Basic State Aid formula or District Additional Assistance (DAA) and Charter Additional Assistance (CAA)*

Below is the projected advanced appropriation in Additional Assistance:

- FY2019: \$100 million total ongoing funding
- FY2020: \$168 million total ongoing funding
- FY2021: \$236 million total ongoing funding
- FY2022: \$303 million total ongoing funding
- FY2023: \$371 million total ongoing funding

The additional assistance proposal is being asked to fund school supplies, technology needs and provide salary increases for support professionals. There isn’t sufficient funding to do everything and schools will have to prioritize which are the more pressing needs.

IMPORTANT NOTE ON GENERAL FUND APPROPRIATIONS PROCESS

For both the teacher pay and additional assistance proposals, the Governor intends to “*advance appropriate*” the funding in future budgets. However, because these are funded by the general fund, we are at substantial risk that there will not be enough general fund revenues to pay for the advanced appropriation.

**In FY2016, Governor Ducey cut \$113.5 million in district additional assistance. This was an approximate loss of \$135 per student and an overall loss of \$352.4 million (or an 83% funding cut) when district additional assistance formula cuts were factored in.*

RESULTS-BASED FUNDING

Continues Governor's Results-Based Funding initiative to reward schools that are already scoring in the top 10% of AZMerit.

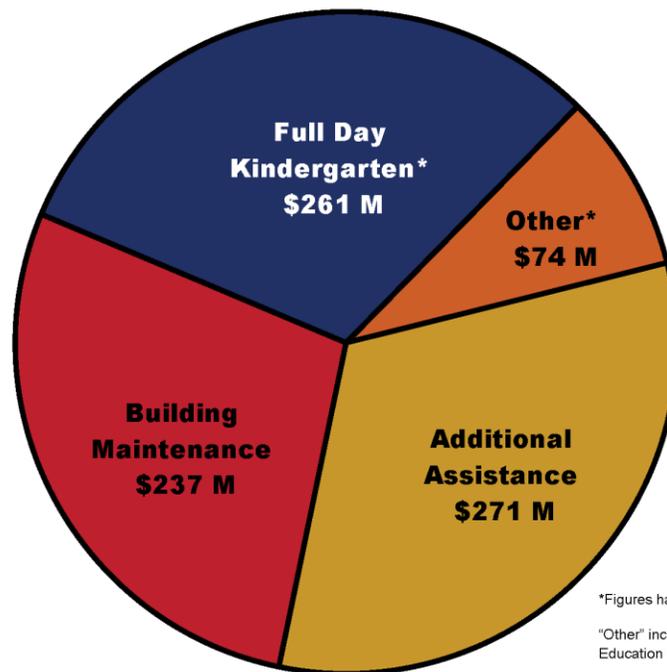
- Low income schools (schools where 60% or more of the students qualify for free and reduced lunch) that achieve AZMerit scores in the top 10% will receive \$400 per pupil.
- High income schools (schools where less than 60% of the students qualify for free and reduced lunch) that achieve AZMerit scores in the top 10% will receive \$225 per pupil.
- Funding Amount: \$38 million

The Results-Based Funding proposals shift money from schools that need it the most, to schools in higher income neighborhoods. This is not an equitable way to fund our schools.

ADDITIONAL K-12 INVESTMENTS

- \$86 million for new school construction, one new school in Chandler, Queen Creek and Tolleson Union
- \$53 million for K-12 school building renewal
- \$2 million Arizona School for the Deaf and Blind to enhance early childhood learning program
- \$1.8 million to restore the Basic State Aid formula for Joint Technical Education Districts (JTEDs)***
- \$1 million to create computer science professional development program

More Than \$800 Million Still Missing from Public Schools (FY 2019 Compared to FY 2008)



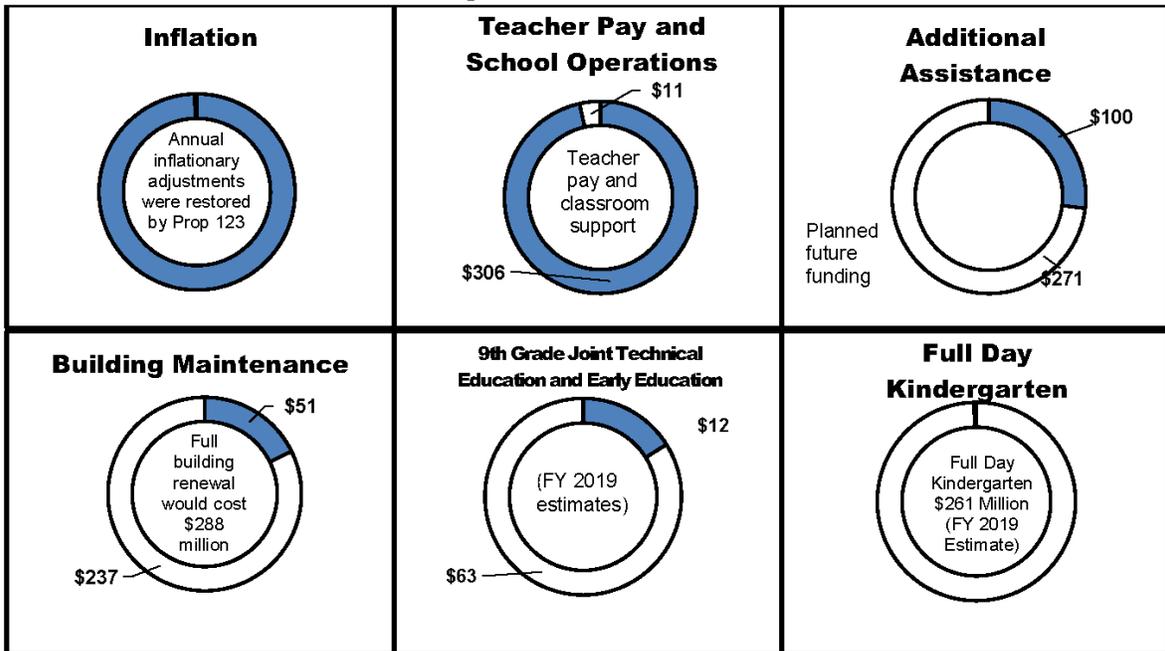
*Figures have been adjusted for inflation and student growth

**Other* includes early education, 9th grade Joint Technical Education Districts, pay and operations



***In FY2015, Governor Ducey continued the funding cuts to large JTEDs (those with 2,000 students or more) by only funding 95.5% of the formula.

Fiscal Year 2019 Re-investments in Public Schools Leave More Than \$800 Million Missing Compared to FY 2008



HB2663: K-12 Education; budget reconciliation; 2018-2019

The K-12 budget reconciliation bill (BRB) was debated for nearly six hours in the legislature and was signed into law on Friday, May 4th at 6:00 a.m. by the Governor. We have pulled some key provisions of the bill below. A detailed summary of HB2663 can be found [here](#). AEA made a strong push for charter school accountability and was pleased to see some efforts to increase financial transparency in the original version of the bill, unfortunately Speaker Mesnard ran an amendment that pulled out some charter financial transparency provisions from the bill.

AEA Supported Amendments

The legislature failed to adopt four important amendments for educators. These amendments would have improved the budget, making it more inclusive of all certified and classified professionals. The amendments also push for improvements in the learning environment for students by reducing class sizes and the student to counselor ratio.

1. Inclusive definition of teacher for pay increase
2. Student support services personnel pay 10% increase equal to the teacher pay proposal that would go into base level and be paid for by tax conformity
3. Cap on class size at 25 students per classroom
4. Cap on student to counselor ratio at 250 to 1

Charter Schools

- Includes financial expectations in charter school performance frameworks and instructs charter sponsor annual reports to include financial performance of the charter portfolio.
- Allows a charter sponsor to deny a request for renewal or revoke the charter if the charter holder has failed to meet the financial performance expectations in the performance framework or in an improvement plan.
- Requires charter schools to include the following in their budgets and prominently post the information on the website:
 - The average salary of all teachers employed in the previous year and the average for the current year.
 - The dollar and percentage increase in average salary for teachers employed in the current year.
- Instructs ADE to annually submit an electronic report compiling average teacher pay information for charter schools by November 30 to JLBC and OSPB.

School District Procurement

- Instructs SBE to adopt rules for school district procurement of materials, services and construction that ensure maximum competition, require contracts to be awarded based on the lowest qualified bidder and:
 - Direct persons who contract or purchase in violation of adopted rules to be personally liable for the recovery of public monies paid plus 20%, legal interest from the date of payment and all costs and damages from the violation.
 - Classify intentional or knowing violations to avoid the rules as a Class 4 felony (2.5 years/up to \$150,000 + surcharges).
 - Prohibit persons who prepare procurement specifications from receiving any direct or indirect benefit from using the specifications.
 - Prohibit persons serving on a procurement selection committee from being a contractor or subcontractor or providing any specified services under the contract.
 - Classifies violations for failing to disclose contact with a competing vendor or providing required accurate information as a civil penalty.
- Instructs school district governing boards, when making information public after awarding a bid, to include the rationale for awarding a contract for specified services or materials.
- Prohibits school districts from taking reprisal against an employee for the disclosure of information that is a matter of public concern, including procurement violations.