



# ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature  
Second Regular Session

House: APPROP DPA 9-7-1-0

## **HCR2048: schools; teacher salary increases; reporting.**

**Sponsor: Representative Smith, LD 29**

**Caucus & COW**

### **Overview**

Requires each school district and charter school to revise its salary schedules to increase the base salary of all eligible teachers above the FY 2025 base salary, subject to voter approval and if the voters approve the increase to the Permanent State School Fund's annual distribution rate. Creates the Teacher Pay Fund (Fund) and details calculation, compliance and reporting requirements.

### **History**

The Arizona State Land Department (ASLD) manages approximately 9.2 million acres of state trust lands for 13 beneficiaries designated by the Enabling Act ([ASLD](#)). A permanent fund is established for each of the 13 beneficiaries, each of which consists of permanent and expendable receipts ([JLBC](#)). The largest beneficiary of state land trust monies is common (K-12) schools, with distributions made to the Permanent State School Fund ([Ariz. Const. art. 10, sec. 7](#)). [Proposition 123](#) increases, for FYs 2016-2025, the annual distribution rates of the permanent funds from 2.5% to 6.9% of the preceding five-year average monthly market values. Beginning in FY 2026, each permanent fund's annual distribution rate returns to 2.5%.

A school district governing board (governing board) is authorized to fix the salaries and benefits of employees for the next year. A governing board may also reduce salaries or eliminate certificated teachers to effectuate economies in the operation of the school district or to improve the efficient conduct and administration of its schools. A notice of general salary reduction must be given to each affected certificated teacher (A.R.S. §§ [15-502](#), [15-544](#)).

Each governing board and charter school governing body (governing body) must establish a system to evaluate the performance of teachers that results in at least one evaluation each school year. This system must include four performance classifications, with teachers being designated as: 1) highly effective; 2) effective; 3) developing; and 4) ineffective (A.R.S. §§ [15-189.06](#), [15-537](#)).

[Laws 2018, Chapter 285](#) requires a charter school's and school district's budget to contain the average teacher salary for the current year and the previous year, as well as the dollar and percentage increase in the average teacher salary for the current year. This average teacher salary data must be prominently posted on the school district's or charter school's website home page (A.R.S. §§ [15-189.05](#), [15-903](#)).

Prop 105 (45 votes)     Prop 108 (40 votes)     Emergency (40 votes)     Fiscal Note

## Provisions

### *Base Salary of Eligible Teachers*

1. Mandates each school district and charter school, if the voters approve the increase to the Permanent State School Fund's distribution rate, revise its salary schedules to increase the base salary of all eligible teachers who are or will be employed. (Sec. 3)
2. Prohibits a school district or charter school, if the salary increases are required, from reducing the base salary of eligible teachers below the FY 2025 base salary schedule reported to the Arizona Department of Education (ADE). (Sec. 3)
3. Defines *eligible teacher* as a person who is employed by a charter school or school district and who either:
  - a) meets both of the following:
    - i. is employed for a full school day or full class load, or the equivalents, as determined by ADE; and
    - ii. devotes more than 75% of their work time to nonadministrative activities that provide student instruction; or
  - b) meets both of the following:
    - i. is employed as a special education teacher for a full school day or full class load, or the equivalents, as determined by ADE; and
    - ii. devotes more than 50% of their work time to support student academic achievement as prescribed by the governing board or governing body. (Sec. 3)
4. Includes, in *eligible teacher*, current teachers and teachers who begin work for the school district or charter school after the effective date. (Sec. 3)
5. Excludes, from *eligible teacher*, an administrator or a person designated in either of the two lowest performance classifications after a teacher performance evaluation. (Sec. 3)
6. States a school district's or charter school's authority to adjust an individual teacher's salary in a manner consistent with the applicable base salary schedule is not restricted. (Sec. 3)

### *Fund*

7. Establishes the Fund consisting of legislative appropriations and Permanent State School Fund distributions. (Sec. 3)
8. Tasks ADE with administering the Fund and establishing procedures for determining eligibility for Fund monies. (Sec. 3)
9. States that Fund monies are:
  - a) continuously appropriated;
  - b) exempt from lapsing;
  - c) in addition to any other monies the school district or charter school receives and may not supplant, replace or cause a reduction in other funding sources; and
  - d) exempt from the revenue control limit. (Sec. 3)
10. Stipulates the required eligible teacher base salary increases must be:
  - a) the State Treasurer's estimate of the Permanent State School Fund distributions that are deposited in the Fund for the budget year; and
  - b) the same amount for each eligible teacher, regardless of experience level. (Sec. 3)
11. Directs ADE, if salary increases are required, to allocate Fund monies to eligible school districts and charter schools in an amount equal to the per teacher amount determined

by Joint Legislative Budget Committee (JLBC) Staff, multiplied by the number of eligible teachers employed by the school district or charter school. (Sec. 3)

12. Requires the following to occur by March 30 annually:
  - a) the State Treasurer must provide, to JLBC Staff, an estimate of the amount of Permanent State School Fund distributions that will be deposited in the Fund for the budget year; and
  - b) JLBC Staff must determine a per teacher amount from the Fund for the budget year using the reported statewide number of eligible teachers and based on the State Treasurer's estimate. (Sec. 3)
13. Stipulates ADE must allocate monies appropriated by the Legislature to the Fund for other salary increases according to the terms of the appropriation. (Sec. 3)

#### ***Fund Reporting and Compliance***

14. Instructs a school district or charter school that receives Fund monies to submit, by November 15 annually and to the Superintendent of Public Instruction, a report that provides an accounting of the expenditures of Fund monies from the previous fiscal year. (Sec. 3)
15. Tasks ADE and the Auditor General (OAG) with prescribing the format of the school district and charter school Fund expenditures report. (Sec. 3)
16. Requires ADE, on report from the OAG, to determine whether school districts and charter schools are complying with the prescribed Fund and salary requirements. (Sec. 3)
17. Declares a school district or charter school that is determined to not be in compliance, or that has failed to correct a deficiency within 90 days of notice from the OAG, is ineligible to receive Fund monies from the date of the determination until the OAG reports that the school district or charter school is in compliance. (Sec. 3)

#### ***Miscellaneous***

18. Includes, in a school district's budget format, a statement identifying the number of eligible teachers who are employed for the current year. (Sec. 4)
19. Adds that a charter school's budget must contain:
  - a) the salary schedule for eligible teachers who are employed for the current year; and
  - b) a statement identifying the number of eligible teachers who are employed for the current year. (Sec. 2)
20. Directs the Secretary of State to submit this proposition to the voters at the next general election. (Sec. 5)
21. Makes conforming changes. (Sec. 4)

#### **Amendments**

##### *Committee on Appropriations*

1. Directs ADE, beginning January 1, 2025, to notify a school district or charter school that is determined by ADE to be in violation of average teacher salary posting requirements that:
  - a) the school district or charter school is in violation; and
  - b) ADE may impose a civil penalty if the violation is not corrected.

2. Instructs ADE, if it determines a school district or charter school has failed to correct a violation within 60 days after notice, to impose a civil penalty of up to \$5,000 for each day the violation continues.
3. Subjects actions taken by ADE to enforce average teacher salary posting requirements to appeal according to Uniform Administrative Hearing Procedures.