



ARIZONA STATE SENATE
Fifty-Sixth Legislature, First Regular Session

ENACTED

AMENDED

FACT SHEET FOR H.B. 2906/S.B. 1744

K-12 education; 2024-2025

Purpose

Makes statutory and session law changes relating to K-12 education necessary to implement the FY 2025 state budget.

Background

The Arizona Constitution prohibits substantive law from being included in the general appropriations, capital outlay appropriations and supplemental appropriations bills. However, it is often necessary to make statutory and session law changes to effectuate the budget. Thus, separate bills called budget reconciliation bills (BRBs) are introduced to enact these provisions. Because BRBs contain substantive law changes, the Arizona Constitution provides that they become effective on the general effective date, unless an emergency clause is enacted.

S.B. 1744 contains the budget reconciliation provisions for changes relating to K-12 education.

Provisions

Basic State Aid

1. Increases the base level for FY 2025 from \$4,914.71 to \$5,013.00.
2. Increases the charter additional assistance amount per student count for FY 2025:
 - a) from \$2,049.12 to \$2,090.10, for students in preschool programs for children with disabilities, kindergarten programs and grades 1 through 8; and
 - b) from \$2,388.21 to \$2,435.97, for students in grades 9 through 12.
3. Increases the transportation support level formula per-route-mile amount for FY 2025 as follows:

Approved Daily Route Mileage per Transported Student	FY 2024	FY 2025
0.5 or less	2.89	2.95
Between 0.5 and 1.0	2.37	2.42
Over 1.0	2.89	2.95

Empowerment Scholarship Account Monies

4. Requires the Arizona Department of Education (ADE) to:
 - a) establish and maintain an online database of allowable and disallowed categories of Empowerment Scholarship Account (ESA) expenses;
 - b) provide a link to the database on ADE's website; and
 - c) allow the use of ESA monies to reimburse a qualified student or a qualified student's parent for the purchase of a good or educational service.
5. Specifies that the use of ESA monies for tuition or fees at a qualified school must only be used at a qualified school that requires all teaching staff and personnel who have unsupervised contact with students to be fingerprinted.
6. Specifies that the use of ESA monies for tutoring or teaching services provided by an individual must be used only for tutoring or teaching services provided by an individual who is not subject to disciplinary action by the State Board of Education (SBE) for immoral or unprofessional conduct.
7. Requires ADE to:
 - a) ensure that any individual who provides tutoring or teaching services to qualified students is not subject to disciplinary action by the SBE; and
 - b) remove any individual who is subject to disciplinary action by the SBE from all platforms ADE provides to parents and qualified students for the purchase of educational goods or services using ESA monies.

ESA Delayed Enrollment Modifications

8. Allows, if an eligible ESA applicant completes an application in advance for funding to begin on a later date, ADE to enroll the applicant on the later date, unless the later date is:
 - a) more than two fiscal quarters after the fiscal quarter in which the application is completed; or
 - b) on a date that is after March 31 and before July 1.
9. Requires ADE, if an eligible ESA applicant completes an application after March 31 and before July 1, to enroll the applicant on July 1.
10. Specifies that ADE must enroll all other eligible ESA applicants when issuing the ESA award letter.
11. Prohibits a qualified student from receiving ESA monies while the qualified student is enrolled in a school district or charter school.

ESA Auditing and Eligibility Verification

12. Requires ADE to annually audit a sample of randomly selected ESAs to determine whether the parent or qualified student is in compliance with the terms of the contract, applicable laws, rules and orders relating to the ESA Program.

13. Requires ADE, in consultation with the Office of the Auditor General (OAG), to develop risk-based auditing procedures for the ESA audits.
14. Determines that the ESA of a parent or qualified student who is in good standing may be randomly selected only one time during any five-year period.
15. Requires ADE to verify that a parent's child meets the statutory requirements of a *qualified student* in the year for which the parent seeks to renew the child's ESA.
16. Specifies that ADE is not required to annually verify a child's disability, if applicable, when verifying that that a child is a *qualified student* in the year for which the parent seeks to renew the ESA.
17. Requires ADE to annually provide an estimate of the amount required to fund the ESA Program to the Joint Legislative Budget Committee (JLBC) and the Governor's Office of Strategic Planning and Budgeting (OSPB) on September 1 and November 1, rather than to JLBC on May 30.

Arizona State School for the Deaf and the Blind

18. Removes the exemption on the Arizona State School for the Deaf and the Blind (ASDB) from participating in the State Motor Vehicle Fleet.
19. Allows ASDB, in FY 2025, to use monies appropriated from the Telecommunication Fund for the Deaf for ASDB's educational and operational costs.

Kindergarten Entry Evaluation Tool

20. Removes the requirement for the SBE to adopt a kindergarten entry evaluation (KEA) tool for school districts and charter schools.
21. Removes the requirements for a school district governing board or charter school governing body to select a KEA tool to administer to kindergarten pupils.
22. Removes the requirements for school districts and charter schools relating to the administration of a KEA tool to kindergarten pupils.

Litigation Recovery Fund

23. Removes the requirement that a school district use Litigation Recovery Fund monies received for replacing or rebuilding school buildings or property only for outlined purposes.
24. Allows a school district, if a school district receives Litigation Recovery Fund monies for purposes other than replacing or repairing school buildings or property, to apply the monies as specified for remedial measures reasonably related to a legal controversy or litigation by or against the school district.

25. Allows a school district, after all other authorized expenditures, to use monies remaining in the school district's Litigation Recovery Fund for maintenance and operation or unrestricted capital outlay.

Early Education and Career Exploration Program Delayed Repeal

26. Eliminates the specification that the Early Education and Career Exploration Program (Education and Career Program) and Education and Career Program Fund be utilized only in FY 2024.
27. Repeals the Education and Career Program and Education and Career Program Fund and transfers all unexpended and unencumbered Education and Career Program Fund monies to the state General Fund (state GF) on July 1, 2025.

Arizona Civics Education and Leadership Development Program Delayed Repeal

28. Eliminates the specification that the Arizona Civics Education and Leadership Development Program (Civics Development Program) and Civics Development Program Fund be utilized only in FY 2024.
29. Repeals the Civics Development Program and Civics Development Program Fund and transfers all unexpended and unencumbered Civics Development Program Fund monies to the state GF on July 1, 2025.

Adult Education Programs Modifications and Delayed Repeal

30. Caps, for FY 2025, the Continuing High School and Workforce Training Program's total projected full-time enrollment at 520, rather than 800.
31. Stipulates that a Community College Adult Education Workforce Program (Community College Program) school may receive Community College Program monies for each adult learner who is a student in the Community College Program, if the adult learner:
 - a) enrolls in the Community College Program school;
 - b) participates in *integrated education and training* as defined in the U.S. Workforce Innovation and Opportunity Act (WIOA); and
 - c) pursues academic skills development related to *adult education and literacy activities* as defined in the WIOA.
32. Authorizes a Community College Program school to use Community College Program Fund monies to offer community college certificates to adult learners.
33. Adds, to the information that must be included in a Community College Program school's annual report, the number of community college certificates earned by adult learners in the Community College Program.
34. Repeals on July 1, 2025:
 - a) the Adult Workforce Diploma Program Fund and Community College Program Fund;
 - b) the Continuing High School and Workforce Training Program, Adult Workforce Diploma Program and Community College Program (Adult Education Programs);

- c) the SBE's and ADE's requirements to administer the Adult Education Programs;
- d) Adult Education Programs schools' reporting requirements; and
- e) the performance measures adopted by the SBE and ADE for the Adult Education Programs.

Dual Enrollment Teacher Development Fund and Dual Enrollment Student Development Fund Repeals

35. Repeals the Dual Enrollment Teacher Development Fund, the Dual Enrollment Student Development Fund and ADE's requirements to administer such funds.

Miscellaneous

36. Sets, to March 15, the date by which a school district governing board must annually offer for the next ensuing school year:
- a) a teaching contract to each continuing teacher; and
 - b) a teaching contract or notice of intention to not offer a teaching contract to each probationary teacher.
37. Allows a career technical education district (CTED) to build, maintain and provide housing facilities and support services for students who are in foster care or who meet the definition of *unaccompanied youth* as defined in the U.S. McKinney-Vento Homeless Assistance Act.
38. Authorizes ADE to use Failing Schools Tutoring Fund monies in FY 2025 for the following school improvements:
- a) to provide assistance to school districts and charter schools for professional development and coaching for teachers and principals;
 - b) to monitor the progress of school districts and charter schools towards improved academic outcomes; and
 - c) outreach to ensure that schools and parents have access to tutoring opportunities.
39. Requires ADE, by September 1, 2024, to report the proposed expenditures of the Failing Schools Tutoring Fund monies for outlined school improvements in FY 2025 to:
- a) the Governor;
 - b) the President of the Senate;
 - c) the Speaker of the House of Representatives;
 - d) the JLBC Director; and
 - e) the OSPB Director.
40. Confirms the tax year 2024 qualifying tax rates to reflect the required truth-in-taxation rate adjustment.
41. Continues to state as the intent of the Legislature and the Governor that school districts increase the total percentage of classroom spending over the previous year's percentages in the combined categories of instruction, student support and instructional support as prescribed by the OAG.
42. Makes technical and conforming changes.
43. Becomes effective on the general effective date.

Amendments Adopted by Committee of the Whole

1. Removes the requirement for the SBE to adopt a KEA tool for public schools.
2. Removes the requirements for public schools relating to the administration of a KEA tool to kindergarten pupils.
3. Removes the requirement for school districts to use Litigation Recovery Fund monies received for repairing or replacing school buildings or property only for outlined purposes.
4. Allows a school district to use Litigation Recovery Fund monies for remedial measures related to a legal controversy or litigation involving the school district as outlined.
5. Allows a school district, after all other authorized expenditures, to use Litigation Recovery Fund monies for maintenance and operation or unrestricted capital outlay.
6. Allows a CTED to build, maintain and provide housing and support services for students who are in foster care or are *unaccompanied youth*.
7. Caps, for FY 2025, the Continuing High School and Workforce Training Program's total projected full-time enrollment at 520.
8. Allows a Community College Program school to receive monies for each adult learner who is a student in the Community College Program and meets outlined requirements.
9. Authorizes a Community College Program school to use Community College Program Fund monies to offer community college certificates to adult learners.
10. Adds the number of community college certificates earned by adult learners to a Community College Program school's annual report information.
11. Specifies that ADE's requirement to verify if an ESA student is a *qualified student* does not require ADE to annually verify the child's disability, if applicable.
12. Requires ADE, by September 1, 2024, to report the proposed expenditures of the Failing Schools Tutoring Fund monies for outlined school improvements in FY 2025 to specified individuals.
13. Makes technical and conforming changes.

House Action

APPROP 6/13/24 DP 9-7-1-0
3rd Read 6/15/24 33-24-3

Senate Action

APPROP 6/13/24 DP 6-5-0
3rd Read 6/15/24 18-11-1
(H.B. 2906 was substituted for S.B. 1744 on
3rd Read)

Signed by the Governor 6/18/24
Chapter 218

Prepared by Senate Research
June 25, 2024
MH/cs/slp