

Conference Engrossed

State of Arizona
Senate
Forty-seventh Legislature
First Regular Session
2005

CHAPTER 305

SENATE BILL 1074

AN ACT

AMENDING TITLE 15, CHAPTER 9, ARTICLE 1.1, ARIZONA REVISED STATUTES, BY
ADDING SECTION 15-920.01; AMENDING SECTIONS 15-977 AND 15-978, ARIZONA
REVISED STATUTES; RELATING TO SCHOOL DISTRICT PERFORMANCE BASED COMPENSATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

The seal of the Arizona Senate is located in the bottom left corner. It is a circular emblem with the words "STATE OF ARIZONA" around the top edge and "SENATE" in the center. There are decorative stars on either side of the word "SENATE".

SENATE

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Title 15, chapter 9, article 1.1, Arizona Revised Statutes,
3 is amended by adding section 15-920.01, to read:

4 15-920.01. Arizona performance based compensation system task
5 force; members; evaluation; reporting

6 A. THE ARIZONA PERFORMANCE BASED COMPENSATION SYSTEM TASK FORCE IS
7 ESTABLISHED WITHIN THE STATE BOARD OF EDUCATION. THE TASK FORCE SHALL
8 CONSIST OF THE FOLLOWING MEMBERS APPOINTED BY THE STATE BOARD OF EDUCATION:

9 1. THREE CERTIFICATED TEACHERS WHO ARE CURRENTLY TEACHING IN THIS
10 STATE, ONE OF WHOM PROVIDES ACADEMIC INSTRUCTION IN GRADES ONE THROUGH EIGHT,
11 ONE OF WHOM PROVIDES ACADEMIC INSTRUCTION IN GRADES NINE THROUGH TWELVE AND
12 ONE OF WHOM TEACHES IN A SPECIALIZED AREA OF INSTRUCTION.

13 2. THREE MEMBERS WHO ARE CERTIFICATED ADMINISTRATORS OR SCHOOL
14 DISTRICT GOVERNING BOARD MEMBERS.

15 3. TWO MEMBERS OF THE GENERAL PUBLIC WHO DO NOT HOLD AN ACTIVE
16 CERTIFICATE ISSUED BY THE STATE BOARD OF EDUCATION AND WHO ARE NOT EMPLOYED
17 BY ANY SCHOOL DISTRICT IN THIS STATE.

18 4. FOUR MEMBERS OF THE GENERAL PUBLIC WHO ARE EMPLOYED IN THE PRIVATE
19 SECTOR IN CAPACITIES THAT INVOLVE OR PROMOTE ECONOMIC DEVELOPMENT.

20 B. BY FEBRUARY 2006, AND EACH YEAR THEREAFTER, THE SUPERINTENDENT OF
21 PUBLIC INSTRUCTION SHALL SUBMIT THE DATA PROVIDED BY SCHOOL DISTRICTS
22 PURSUANT TO SECTION 15-977, SUBSECTION F TO THE ARIZONA PERFORMANCE BASED
23 COMPENSATION SYSTEM TASK FORCE, WHICH SHALL CONDUCT AN EVALUATION OF
24 PERFORMANCE BASED COMPENSATION SYSTEMS IN ACCORDANCE WITH SUBSECTION C OF
25 THIS SECTION.

26 C. THE ARIZONA PERFORMANCE BASED COMPENSATION SYSTEM TASK FORCE SHALL
27 CONDUCT ANNUAL EVALUATIONS OF ONE QUARTER OF THE SCHOOL DISTRICTS'
28 PERFORMANCE BASED COMPENSATION SYSTEMS BASED ON THE DATA SUBMITTED TO THE
29 TASK FORCE BY THE SUPERINTENDENT OF PUBLIC INSTRUCTION PURSUANT TO SUBSECTION
30 B OF THIS SECTION. THE ANNUAL EVALUATION SHALL:

31 1. ASSESS THE RELATIONSHIP BETWEEN COMPONENTS OF INDIVIDUAL SCHOOL
32 DISTRICT PERFORMANCE BASED COMPENSATION SYSTEMS AND THE IMPROVEMENT IN:

33 (a) INDIVIDUAL STUDENT PROGRESS AND ACHIEVEMENT.

34 (b) ACHIEVEMENT OF SCHOOL DISTRICT AND SCHOOL SITE GOALS.

35 (c) TEACHER PROFESSIONAL DEVELOPMENT.

36 (d) TEACHER JOB SATISFACTION.

37 (e) PARENT RATING OF THE QUALITY OF EDUCATION AT THE SCHOOL AND
38 DISTRICT LEVELS.

39 2. PROVIDE A REPORT TO THE SCHOOL DISTRICTS EVALUATED EACH YEAR
40 ASSESSING THE EFFECTIVENESS OF EACH SCHOOL DISTRICT'S PERFORMANCE BASED
41 COMPENSATION SYSTEM, INCLUDING ANY RECOMMENDATIONS FOR IMPROVEMENT. THE
42 REPORT SHALL BE DELIVERED TO THE MEMBERS OF THE SCHOOL DISTRICT GOVERNING
43 BOARD FOR CONSIDERATION IN A PUBLIC MEETING.

44 D. THE ARIZONA PERFORMANCE BASED COMPENSATION SYSTEM TASK FORCE SHALL
45 ANNUALLY SUBMIT A SUMMARY OF ITS FINDINGS AND CONCLUSIONS TO THE SPEAKER OF

1 THE HOUSE OF REPRESENTATIVES AND THE PRESIDENT OF THE SENATE. A COPY OF THE
2 SUMMARY OF FINDINGS AND CONCLUSIONS SHALL BE PROVIDED TO THE CHAIRPERSON OF
3 THE HOUSE OF REPRESENTATIVES K-12 EDUCATION COMMITTEE, OR ITS SUCCESSOR
4 COMMITTEE, AND THE CHAIRPERSON OF THE SENATE K-12 EDUCATION COMMITTEE, OR ITS
5 SUCCESSOR COMMITTEE.

6 E. ON OR BEFORE JUNE 30, 2010, THE ARIZONA PERFORMANCE BASED
7 COMPENSATION SYSTEM TASK FORCE SHALL:

8 1. PROVIDE RECOMMENDATIONS TO THE STATE BOARD OF EDUCATION ON THE
9 IMPLEMENTATION, OPERATION AND MONITORING OF PERFORMANCE BASED COMPENSATION
10 SYSTEMS AND CAREER LADDER PROGRAMS IN THE SCHOOL DISTRICTS OF THIS STATE.

11 2. DEVELOP WRITTEN RECOMMENDATIONS BASED ON THE ELEMENTS PRESCRIBED IN
12 SECTION 15-977, SUBSECTION C. THESE WRITTEN RECOMMENDATIONS SHALL BE
13 SUBMITTED TO THE GOVERNOR, THE SPEAKER OF THE HOUSE OF REPRESENTATIVES, THE
14 PRESIDENT OF THE SENATE AND THE STATE BOARD OF EDUCATION. THE ARIZONA
15 PERFORMANCE BASED COMPENSATION SYSTEM TASK FORCE SHALL PROVIDE COPIES OF THE
16 WRITTEN RECOMMENDATIONS TO THE SECRETARY OF STATE AND THE DIRECTOR OF THE
17 ARIZONA STATE LIBRARY, ARCHIVES AND PUBLIC RECORDS.

18 Sec. 2. Section 15-977, Arizona Revised Statutes, is amended to read:

19 15-977. Classroom site fund; definitions

20 A. The classroom site fund is established consisting of monies
21 transferred to the fund pursuant to section 37-521, subsection B and section
22 42-5029, subsection E, paragraph 10. The department of education shall
23 administer the fund. School districts and charter schools may not supplant
24 existing school site funding with revenues from the fund. All monies
25 distributed from the fund are intended for use at the school site. Each
26 school district or charter school shall allocate forty per cent of the monies
27 for teacher compensation increases based on performance and employment
28 related expenses, twenty per cent of the monies for teacher base salary
29 increases and employment related expenses and forty per cent of the monies
30 for maintenance and operation purposes as prescribed in subsection G- H of
31 this section. Teacher compensation increases based on performance or teacher
32 base salary increases distributed pursuant to this subsection shall
33 supplement, and not supplant, teacher compensation monies from any other
34 sources. The school district or charter school shall notify each school
35 principal of the amount available to the school by April 15. The district or
36 charter school shall request from the school's principal each school's
37 priority for the allocation of the funds available to the school for each
38 program listed under subsection G- H of this section. The amount budgeted by
39 the school district or charter school pursuant to this section shall not be
40 included in the allowable budget balance carryforward calculated pursuant to
41 section 15-943.01.

42 B. A SCHOOL DISTRICT GOVERNING BOARD MUST ADOPT A PERFORMANCE BASED
43 COMPENSATION SYSTEM AT A PUBLIC HEARING TO ALLOCATE FUNDING FROM THE
44 CLASSROOM SITE FUND PURSUANT TO SUBSECTION A OF THIS SECTION.

1 C. A SCHOOL DISTRICT GOVERNING BOARD SHALL VOTE ON A PERFORMANCE BASED
2 COMPENSATION SYSTEM THAT INCLUDES THE FOLLOWING ELEMENTS:

- 3 1. SCHOOL DISTRICT PERFORMANCE AND SCHOOL PERFORMANCE.
4 2. MEASURES OF ACADEMIC PROGRESS TOWARD THE ACADEMIC STANDARDS ADOPTED
5 BY THE STATE BOARD OF EDUCATION.
6 3. OTHER MEASURES OF ACADEMIC PROGRESS.
7 4. DROPOUT OR GRADUATION RATES.
8 5. ATTENDANCE RATES.
9 6. RATINGS OF SCHOOL QUALITY BY PARENTS.
10 7. RATINGS OF SCHOOL QUALITY BY STUDENTS.
11 8. THE INPUT OF TEACHERS AND ADMINISTRATORS.
12 9. APPROVAL OF THE PERFORMANCE BASED COMPENSATION SYSTEM BASED ON AN
13 AFFIRMATIVE VOTE OF AT LEAST SEVENTY PER CENT OF THE TEACHERS ELIGIBLE TO
14 PARTICIPATE IN THE PERFORMANCE BASED COMPENSATION SYSTEM.
15 10. AN APPEALS PROCESS FOR TEACHERS WHO HAVE BEEN DENIED PERFORMANCE
16 BASED COMPENSATION.
17 11. REGULAR EVALUATION FOR EFFECTIVENESS.

18 D. A PERFORMANCE BASED COMPENSATION SYSTEM SHALL INCLUDE TEACHER
19 PROFESSIONAL DEVELOPMENT PROGRAMS THAT ARE ALIGNED WITH THE ELEMENTS OF THE
20 PERFORMANCE BASED COMPENSATION SYSTEM.

21 E. A SCHOOL DISTRICT GOVERNING BOARD MAY MODIFY THE ELEMENTS CONTAINED
22 IN SUBSECTION C OF THIS SECTION AND CONSIDER ADDITIONAL ELEMENTS WHEN
23 ADOPTING A PERFORMANCE BASED COMPENSATION SYSTEM. A SCHOOL DISTRICT
24 GOVERNING BOARD SHALL ADOPT ANY MODIFICATIONS OR ADDITIONAL ELEMENTS AND
25 SPECIFY THE CRITERIA USED AT A PUBLIC HEARING.

26 F. UNTIL DECEMBER 31, 2009, EACH SCHOOL DISTRICT SHALL DEVELOP AN
27 ASSESSMENT PLAN FOR ITS PERFORMANCE BASED COMPENSATION SYSTEM AND SUBMIT THE
28 PLAN TO THE DEPARTMENT OF EDUCATION BY DECEMBER 31 OF EACH YEAR. A COPY OF
29 THE PERFORMANCE BASED COMPENSATION SYSTEM AND ASSESSMENT PLAN ADOPTED BY THE
30 SCHOOL DISTRICT GOVERNING BOARD SHALL BE INCLUDED IN THE REPORT SUBMITTED TO
31 THE DEPARTMENT OF EDUCATION.

32 ~~B.~~ G. Monies in the fund are continuously appropriated, are exempt
33 from the provisions of section 35-190 relating to lapsing of appropriations
34 and shall be distributed as follows:

35 1. By March 30 of each year the staff of the joint legislative budget
36 committee shall determine a per pupil amount from the fund for the budget
37 year using the estimated statewide weighted count for the current year
38 pursuant to section 15-943, paragraph 2, subdivision (a) and based on
39 estimated available resources in the classroom site fund for the budget year.

40 2. The allocation to each charter school and school district for a
41 fiscal year shall equal the per pupil amount established in paragraph 1 of
42 this subsection for the fiscal year multiplied by the weighted student count
43 for the school district or charter school for the fiscal year pursuant to
44 section 15-943, paragraph 2, subdivision (a). For the purposes of this
45 paragraph, the weighted student count for a school district that serves as

1 the district of attendance for nonresident pupils shall be increased to
2 include nonresident pupils who attend school in the school district.

3 ~~G~~ H. Monies distributed from the classroom site fund shall be spent
4 for the following maintenance and operation purposes:

- 5 1. Class size reduction.
- 6 2. Teacher compensation increases.
- 7 3. AIMS intervention programs.
- 8 4. Teacher development.
- 9 5. Dropout prevention programs.
- 10 6. Teacher liability insurance premiums.

11 ~~D~~ I. The district governing board or charter school shall allocate
12 the classroom site fund monies to include, wherever possible, the priorities
13 identified by the principals of the schools while assuring that the funds
14 maximize classroom opportunities and conform to the authorized expenditures
15 identified in subsection A of this section.

16 ~~E~~ J. School districts and charter schools that receive monies from
17 the classroom site fund shall submit a report by November 15 of each year to
18 the superintendent of public instruction on a per school basis that provides
19 an accounting of the expenditures of monies distributed from the fund during
20 the previous fiscal year and a summary of the results of district and school
21 programs funded with monies distributed from the fund. The department of
22 education in conjunction with the auditor general shall prescribe the format
23 of the report under this subsection.

24 ~~F~~ K. School districts and charter schools that receive monies from
25 the classroom site fund shall receive these monies monthly in an amount not
26 to exceed one-twelfth of the monies estimated pursuant to subsection ~~B~~ G of
27 this section, except that if there are insufficient monies in the fund that
28 month to make payments, the distribution for that month shall be prorated for
29 each school district or charter school. The department of education may make
30 an additional payment in the current month for any prior month or months in
31 which school districts or charter schools received a prorated payment if
32 there are sufficient monies in the fund that month for the additional
33 payments. The state is not required to make payments to a school district or
34 charter school classroom site fund if the state classroom site fund revenue
35 collections are insufficient to meet the estimated allocations to school
36 districts and charter schools pursuant to subsection ~~B~~ G of this section.

37 ~~G~~ L. The state education system for committed youth shall receive
38 monies from the classroom site fund in the same manner as school districts
39 and charter schools. The Arizona state schools for the deaf and the blind
40 shall receive monies from the classroom site fund in an amount that
41 corresponds to the weighted student count for the current year pursuant to
42 section 15-943, paragraph 2, subdivision (b) for each pupil enrolled in the
43 Arizona state schools for the deaf and the blind. Except as otherwise
44 provided in this subsection, the Arizona state schools for the deaf and the

1 blind and the state education system for committed youth are subject to this
2 section in the same manner as school districts and charter schools.

3 ~~H~~ M. Each school district and charter school, including school
4 districts that unify pursuant to section 15-448 or consolidate pursuant to
5 section 15-459, shall establish a local level classroom site fund to receive
6 allocations from the state level classroom site fund. The local level
7 classroom site fund shall be a budgetary controlled account. Interest charges
8 for any registered warrants for the local level classroom site fund shall be
9 a charge against the local level classroom site fund. Interest earned on
10 monies in the local level classroom site fund shall be added to the local
11 level classroom site fund as provided in section 15-978. In no event shall
12 this state be required to make payments to a school district or charter
13 school local level classroom site fund that are in addition to monies
14 transferred to the state level classroom site fund pursuant to section
15 37-521, subsection B and section 42-5029, subsection E, paragraph 10.

16 ~~I~~ N. Monies distributed from the classroom site fund for class size
17 reduction, AIMS intervention and dropout prevention programs shall only be
18 used for instructional purposes in the instruction function as defined in the
19 uniform system of financial records except that monies shall not be used for
20 school sponsored athletics.

21 ~~J~~ O. For the purposes of this section:

22 1. "AIMS intervention" means summer programs, after school programs,
23 before school programs or tutoring programs that are specifically designed to
24 ensure that pupils meet the Arizona academic standards as measured by the
25 Arizona instrument to measure standards test prescribed by section 15-741.

26 2. "Class size reduction" means any maintenance and operations
27 expenditure that is designed to reduce the ratio of pupils to classroom
28 teachers, including the use of persons who serve as aides to classroom
29 teachers.

30 Sec. 3. Section 15-978, Arizona Revised Statutes, is amended to read:
31 15-978. Classroom site fund budget limit; school district

32 The classroom site fund budget limit for each school district is the
33 sum of the following:

34 1. The allocation that is computed for the school district pursuant to
35 section 15-977, subsection B- G, paragraph 2.

36 2. The unexpended budget balance from the classroom site fund for the
37 prior fiscal year.

38 3. The net interest earned on monies in the classroom site fund during
39 the prior fiscal year.

~~APPROVED BY THE GOVERNOR MAY 20, 2005.~~

~~FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 20, 2005.~~

~~SENATE~~

Passed the House April 20, 2005,

Passed the Senate March 15, 2005,

by the following vote: 50 Ayes,

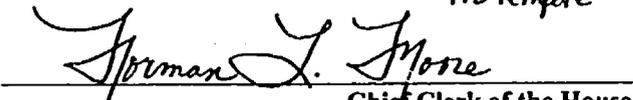
by the following vote: 25 Ayes,

9 Nays, 1 Not Voting

5 Nays, 0 Not Voting


Speaker of the House
Pro Tempore


President of the Senate


Chief Clerk of the House


Secretary of the Senate

**EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR**

This Bill was received by the Governor this

_____ day of _____, 20____,

at _____ o'clock _____ M.

Secretary to the Governor

Approved this _____ day of

_____, 20____,

at _____ o'clock _____ M.

Governor of Arizona

**EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE**

This Bill was received by the Secretary of State

this _____ day of _____, 20____,

at _____ o'clock _____ M.

Secretary of State

S.B. 1074

HOUSE FINAL PASSAGE
as per Joint Conference

Passed the House May 11, 2005,
by the following vote: 41 Ayes,

10 Nays, 9 Not Voting



Speaker of the House
Pro Tempore


Chief Clerk of the House

SENATE FINAL PASSAGE
as per Joint Conference

Passed the Senate May 10, 2005,
by the following vote: 23 Ayes,

1 Nays, 6 Not Voting



President of the Senate


Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor

this 12th day of May, 2005

at 12:15 o'clock P. M.



Secretary to the Governor

Approved this 20 day of

May, 2005,

at 9:25 o'clock A. M.

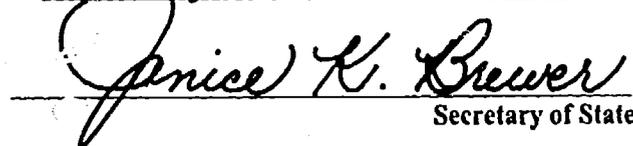

Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 20 day of May, 2005,

at 3:03 o'clock P. M.


Secretary of State

S.B. 1074