



STATE OF ARIZONA

JANICE K. BREWER
GOVERNOR

EXECUTIVE OFFICE

April 11, 2013

The Honorable Ken Bennett
Secretary of State
1700 West Washington
Phoenix, Arizona 85007

RE: Senate Bill 1293 (schools; outcome-based funding; simulated pilot)

Dear Secretary Bennett,

Today, I signed into law Senate Bill 1293. The bill's sponsor, Senator Chester Crandell, and I agree that we should modernize Arizona's school funding system by tying funding more directly to school performance and improvement, rather than simply pupil enrollment.

Unfortunately, SB 1293 doesn't go far enough. I am concerned about the possibility that results of this pilot program may be misinterpreted. It is only a simulation.

I urge the Arizona Legislature to adopt my Performance Funding plan for schools. This is the only real way to see how financial incentives for districts will drive the kind of innovation, accountability and excellence we all want for Arizona classrooms. My initiative takes a conservative, cautious approach by phasing-in over five years, and would only represent a small fraction of overall school funding.

It is not enough to merely measure our schools. We must fund the academic results we want, rather than continuing to feed our current system. It is time to bring Arizona's school-finance system into the 21st Century.

Sincerely,

A handwritten signature in black ink that reads "Janice K. Brewer". The signature is fluid and cursive, with a large initial "J" and "B".

Janice K. Brewer
Governor

Cc: The Honorable Andy Tobin
The Honorable Andy Biggs
The Honorable Chester Crandell

Senate Engrossed

FILED
KEN BENNETT
SECRETARY OF STATE

State of Arizona
Senate
Fifty-first Legislature
First Regular Session
2013

CHAPTER 105

SENATE BILL 1293

AN ACT

PRESCRIBING A SIMULATED PILOT PROGRAM FOR OUTCOME-BASED FUNDING OF SCHOOLS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. School accountability; simulated pilot program for
3 outcome-based funding of schools; reports

4 A. The state board of education, in consultation with the department
5 of education and the state board for charter schools, shall establish a
6 competitive application process for a four-year simulated pilot program for
7 outcome-based funding of schools.

8 B. Pursuant to title 41, chapter 23, article 13, Arizona Revised
9 Statutes, the state board of education shall solicit a request for
10 information on or before October 31, 2013 regarding the appropriate
11 assessment instruments that may be used to implement the simulated pilot
12 program, which shall include cost estimates and proposed timetables for
13 implementation. The state board of education shall provide the results of
14 the request for information to the president of the senate and the speaker of
15 the house of representatives on or before January 1, 2014.

16 C. School districts and charter schools shall submit applications to
17 participate in the simulated pilot program to the state board of education on
18 or before January 1 of each year of the simulated pilot program. Applicants
19 shall indicate which schools and grade levels will participate in the
20 simulated pilot program. The state board of education shall give selection
21 preference to school districts and charter schools that participated in the
22 simulated pilot program during the previous school year.

23 D. On or before March 1 of each year of the simulated pilot program,
24 the state board of education shall select the school districts and charter
25 schools that will participate in the simulated pilot program during that
26 school year. Simulated pilot program participants shall consist of up to:

27 1. Five school districts each year, at least one of which provides
28 online instruction.

29 2. Five charter schools each year, at least one of which offers
30 full-time Arizona online instruction.

31 E. The department of education shall conduct an estimated analysis of
32 the simulated funding that school districts and charter schools that are
33 selected to participate in the simulated pilot program would have received if
34 the school funding formula were to be modified in the following manner:

35 1. Each participating school district and charter school would receive
36 up to six thousand five hundred simulated dollars for each participating
37 pupil in kindergarten programs and grades one through eight and up to seven
38 thousand five hundred simulated dollars for each participating pupil in
39 grades nine through twelve. The school districts and charter schools would
40 receive fifty per cent of the per pupil simulated funding according to
41 monthly apportionment schedules prescribed by the state board of education
42 and would receive the remaining fifty per cent on the successful
43 demonstration of outcomes.

44 2. The state board of education would distribute an additional two
45 hundred fifty simulated dollars to school districts and charter schools that

1 participate in the simulated pilot program for each participating pupil who
2 obtains a grade of 3.0 on a four-point grading scale in a dual enrollment or
3 concurrent enrollment mathematics or science course.

4 3. Enrollment for simulated pilot program participants would be based
5 on actual attendance of pupils for the current month.

6 4. Simulated funding would be apportioned to simulated pilot program
7 participants no later than one month after attendance figures for the
8 previous month were reported to the department of education.

9 5. The initial month of simulated funding for simulated pilot program
10 participants would be based on the school's prior year average daily
11 membership.

12 6. The simulated source of simulated funding for school districts that
13 participate in the simulated pilot program would be state monies appropriated
14 for this purpose after subtracting monies available to the school district
15 through the application of the qualifying tax rate pursuant to section
16 41-1276, Arizona Revised Statutes. The simulated source of funding for
17 charter schools that participate in the simulated pilot program would be
18 state monies appropriated for this purpose.

19 F. The department of education shall conduct an estimated analysis of
20 the following simulated requirements for the school districts and charter
21 schools that participate in the simulated pilot program:

22 1. Compliance with state laws relating to the health and safety of
23 pupils, teachers and other school district personnel and all state laws that
24 are aligned to federal requirements.

25 2. Adherence to academic and twenty-first century skills and workplace
26 performance outcomes established by the joint legislative committee on
27 outcome-based funding. Academic outcomes determined by the joint legislative
28 committee would be used for participating pupils in kindergarten programs and
29 grades one through twelve. College and career readiness outcomes would also
30 be used for participating pupils in grades seven through twelve.

31 3. Agreement to exclude the student count of a school that is
32 participating in the simulated pilot program from all calculations relating
33 to school district bond elections and school district override elections.
34 This paragraph would not prohibit a participating school or school district
35 from applying for federal monies that would be otherwise allowed by law.

36 G. Each pupil in the simulated pilot program would be administered an
37 examination to determine the pupil's baseline academic level that would be
38 used for outcome-based funding.

39 H. If a pupil who was participating in the simulated pilot program
40 withdraws from a participating school before a formal assessment is
41 administered to that pupil to determine whether the pupil has met a targeted
42 outcome, the pupil would be administered an assessment after withdrawal to
43 ensure that the appropriate level of outcome-based funding would be provided
44 to that school.

1 I. The universities under the jurisdiction of the Arizona board of
2 regents shall:

3 1. Provide to the school districts and charter schools that
4 participate in the simulated pilot program a list of the courses at each
5 university that meet the requirements for a degree in science, technology,
6 engineering or mathematics.

7 2. Assign at least one but no more than three employees of each
8 university to review the request for information received by the state board
9 of education pursuant to subsection B of this section. These persons shall
10 recommend to the state board of education a ranking of the available
11 assessments to be used by participating school districts and charter schools
12 to measure academic outcomes that are aligned to placement tests. To the
13 extent possible, the assessments approved for high school English and
14 mathematics shall be used for each content area by those universities.

15 3. Assist the school districts and charter schools that participate in
16 the simulated pilot program to review the results from the performance
17 outcome assessments used by school districts and charter schools that
18 participate in the simulated pilot program.

19 4. Provide instruction on outcome-based instructional strategies and
20 competency-based instructional strategies for prospective teachers enrolled
21 in colleges of education.

22 J. The career and technical education division within the department
23 of education, in collaboration with businesses in this state, shall develop
24 methods to evaluate workplace skills, including portfolios, checklists and
25 internships.

26 K. Notwithstanding subsection E of this section, school districts and
27 charter schools that are selected to participate in the simulated pilot
28 program shall continue to receive funding as prescribed in title 15, Arizona
29 Revised Statutes.

30 L. Beginning November 15, 2015, the state board of education shall
31 submit to the governor, the president of the senate and the speaker of the
32 house of representatives an annual report that summarizes the results of the
33 simulated pilot program. The state board of education shall provide a copy
34 of the annual report to the secretary of state.

35 M. The state board of education and the state board for charter
36 schools may adopt rules to carry out the purposes of this section.

37 N. The four-year simulated pilot program is intended to begin in
38 school year 2014-2015, but the state board of education may delay the
39 implementation of the simulated pilot program until required assessments are
40 developed to sufficiently measure outcomes.

41 Sec. 2. Delayed repeal

42 Section 1 of this act, relating to the simulated pilot program for
43 outcome-based funding of schools, is repealed from and after September
44 15, 2020.

~~APPROVED BY THE GOVERNOR APRIL 11, 2013.~~

Passed the House April 3, 2013,

Passed the Senate March 6, 2013,

by the following vote: 36 Ayes,

by the following vote: 16 Ayes,

24 Nays, 0 Not Voting

12 Nays, 2 Not Voting

[Signature]
Speaker of the House

[Signature]
President of the Senate

[Signature]
Chief Clerk of the House

[Signature]
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

8 day of April, 2013,

at 2:10 o'clock P M.

[Signature]
Secretary to the Governor

Approved this 11th day of

April, 2013,

at 10:54 o'clock A. M.

[Signature]
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 11th day of April, 2013,

at 4:34 o'clock P M.

[Signature]
Secretary of State

S.B. 1293