

Arizona Legislature
Joint Legislative Study Committee
on School District Unification and Consolidation



Final Report
December 29, 2011

Committee Members:

Senator Rich Crandall, Cochair
Senator Leah Landrum Taylor
Senator Steve Smith
Toni Badone
Tim Carter
Don Covey
Jeffery Crandall
Bob Martin

Representative Doris Goodale, Cochair
Representative John Fillmore
Representative Ruben Gallego
Margo Seck
Patrick Sinnott
Andy Smith
David Snyder
Vanessa Whitener

CONTENTS

- I. Final Report

- II. Appendices
 - A. Joint Legislative Study Committee on School District Unification and Consolidation Enabling Legislation

 - B. Meeting Notices and Minutes of Proceedings

JOINT LEGISLATIVE STUDY COMMITTEE ON SCHOOL DISTRICT UNIFICATION AND CONSOLIDATION

Final Report 2011

Laws 2011, Chapter 215 [Appendix A] established the Joint Legislative Study Committee on School District Unification and Consolidation to:

1. Study issues pertaining to the unification and consolidation of existing school districts in Arizona.
2. Develop legislation for consideration during the Fiftieth Legislature, Second Regular Session, that is designed to encourage the unification and consolidation of existing school districts in Arizona.
3. Consider any recommendations or proposals for possible school district unifications and consolidations that include:
 - a) A regionally or locally facilitated process that allows a school district governing board to develop its own unification or consolidation plan. A county school superintendent may assist in the development of this plan.
 - b) A process for a county school superintendent to develop a school district unification or consolidation plan if the school district governing board is unable to develop its own unification or consolidation plan.
4. Submit a report regarding the Committee's activities and recommendations for legislative action on or before December 31, 2011 to the Governor, the President of the Senate and the Speaker of the House of Representatives and provide a copy of the report to the Secretary of State.

The Committee met four times and adopted a list of final recommendations at the last meeting on December 19, 2011. At that meeting, the Committee recommended the following:

1. The Committee recommends on or before September 15, 2013, each County School Superintendent shall commence a feasibility study on unification or consolidation, or both, of the school districts within the county. The County School Superintendent shall determine the structure and scope of the feasibility study. The feasibility study shall include, but is not limited to the following components:
 - a) Academic and scientific research on school size, school district size, curriculum alignment, material and textbooks, special education, English as a second language, school year and attendance policies and performance-based evaluation and compensation systems.
 - b) Impact on primary and secondary taxes.
 - c) Applications of bonds and overrides.
 - d) Estimates of potential savings and efficiencies.

- e) Changes to existing salary schedules or new schedules based on the average median of existing salaries.
 - f) Impact on facilities needs.
 - g) Consideration of geographical boundaries, communities of interest (including unorganized territories) and travel time of pupils.
 - h) Provisions related to regional or statewide services for administration, instructional and non-instructional support.
 - i) Transition plans for changes in school board membership, and legal, financial and contractual obligations.
 - j) Preservation of local control.
 - k) Planning for payment of legal and contractual liabilities, capital debt and overrides.
2. The Committee recommends an amount not to exceed \$4.5 million to be deposited into a Statewide Fund, for the costs related to feasibility studies, plan development and/or pre-implementation costs, which may include the costs of an election. The Committee recommends that each County School Superintendent provide assistance, resources and technical support to the school districts within the county on their Plans.
 3. The Committee recommends on or before September 15, 2014, each County School Superintendent shall provide a completed copy of the feasibility study to the State Board of Education and each affected school district within the county. If a County School Superintendent does not propose any changes within the feasibility study, he or she must provide the State Board of Education a comprehensive rationale.
 4. The State Board of Education shall review the feasibility studies submitted by the County School Superintendents and approve or reject each feasibility study submitted by the County School Superintendents.
 5. The Committee recommends, if the State Board of Education approves the feasibility plan, on or before June 30, 2016, the governing board of each school district shall develop, adopt and publish a plan to unify, consolidate, or both, based on the results of the feasibility study.
 6. The Committee recommends that one or more school districts can include in their Plan a process to unify or consolidate without an election if all affected governing boards vote through formal board resolution to unify or consolidate. If school districts agree to unify or consolidate without an election, the Committee recommends a three-year phasedown of unification or consolidation assistance: a) 1st year (7% of revenue control limit), b) 2nd year (5% of revenue control limit) and c) 3rd year (3% of revenue control limit).
 7. The Committee recommends that if the school districts within the county do not submit a Plan to the County School Superintendent by June 30, 2016, the County School Superintendent shall develop and publish a County Plan and call an election on the general election date in 2017, to submit the County Plan to the qualified electors.
 8. The Committee recommends that the County School Superintendent be authorized to shorten or extend the June 30, 2016 deadline for no more than two years. After receiving an

extension, if the school district governing boards do not submit a Plan by June 30, 2018, the County School Superintendent shall develop and publish a County Plan and call an election on the general election date in 2019 to submit the Plan to the qualified electors. The County School Superintendent or Superintendent of Public Instruction may modify other statutory or reporting deadlines needed to align with Plans submitted by school districts.

9. The Committee recommends each school district governing board annually determine the cost savings from any unification and consolidation. Any cost savings identified by the school district governing board shall be used for classroom expenditures, with a portion into teacher salaries.

NOTE: All documents submitted to the Committee are on file in the Chief Clerk's Office of the Arizona House of Representatives and the Secretary of the Senate's Office of the Arizona State Senate.

APPENDIX A:

**Joint Legislative Study Committee on School District Unification and
Consolidation Enabling Legislation**

House Engrossed

State of Arizona
House of Representatives
Fiftieth Legislature
First Regular Session
2011

HOUSE BILL 2219

AN ACT

RELATING TO SCHOOL DISTRICTS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Joint legislative study committee on school district
3 unification and consolidation; membership; duties;
4 report; delayed repeal

5 A. The joint legislative study committee on school district
6 unification and consolidation is established consisting of the following
7 members:

8 1. The chairperson of the house of representatives education
9 committee.

10 2. Two additional members of the house of representatives, each of
11 whom is a member of a different political party, who are appointed by the
12 speaker of the house of representatives.

13 3. The chairperson of the senate education committee.

14 4. Two additional members of the senate, each of whom is a member of a
15 different political party, who are appointed by the president of the senate.

16 5. A county school superintendent who represents a county with a
17 population of at least five hundred thousand persons, who is appointed by the
18 speaker of the house of representatives.

19 6. A county school superintendent who represents a county with a
20 population of less than five hundred thousand persons, who is appointed by
21 the president of the senate.

22 7. The superintendent of a school district that is located in a county
23 with a population of at least five hundred thousand persons, who is appointed
24 by the speaker of the house of representatives.

25 8. The superintendent of a school district that is located in a county
26 with a population of less than five hundred thousand persons, who is
27 appointed by the president of the senate.

28 9. A member of the governing board of a school district that is
29 located in a county with a population of at least five hundred thousand
30 persons, who is appointed by the president of the senate.

31 10. A member of the governing board of a school district that is
32 located in a county with a population of less than five hundred thousand
33 persons, who is appointed by the speaker of the house of representatives.

34 11. A teacher who is employed by a school district that is located in a
35 county with a population of less than five hundred thousand persons, who is
36 appointed by the speaker of the house of representatives.

37 12. A member of the business community, who is appointed by the
38 president of the senate.

39 13. A member of the business community, who is appointed by the speaker
40 of the house of representatives.

41 14. A business official who is employed by a school district that is
42 located in a county with a population of less than five hundred thousand
43 persons, who is appointed by the president of the senate.

1 B. The chairpersons of the education committees of the senate and the
2 house of representatives shall serve as cochairpersons of the study
3 committee.

4 C. The study committee shall:

5 1. Study issues pertaining to the unification and consolidation of
6 existing school districts in this state.

7 2. Develop legislation for consideration during the fiftieth
8 legislature, second regular session, that is designed to encourage the
9 unification and consolidation of existing school districts in this state.

10 3. Consider any recommendations or proposals for possible school
11 district unifications or consolidations that include:

12 (a) A regionally or locally facilitated process that allows a school
13 district governing board to develop its own unification or consolidation
14 plan. A county school superintendent may assist in the development of this
15 plan.

16 (b) A process for a county school superintendent to develop a school
17 district unification or consolidation plan if the school district governing
18 board is unable to develop its own unification or consolidation plan.

19 4. Submit a report regarding the committee's activities and
20 recommendations for legislative action on or before December 31, 2011 to the
21 governor, the president of the senate and the speaker of the house of
22 representatives and provide a copy of this report to the secretary of state.

23 D. This section is repealed from and after September 30, 2012.

APPENDIX B:

Meeting Notices & Minutes of Proceedings

ARIZONA STATE LEGISLATURE

INTERIM MEETING NOTICE OPEN TO THE PUBLIC

JOINT LEGISLATIVE STUDY COMMITTEE ON SCHOOL DISTRICT UNIFICATION AND CONSOLIDATION

Date: Wednesday, July 27, 2011

Time: 10:00 A.M.

Place: HHR 3

AGENDA

1. Call to Order
2. Introduction of Members
3. Explanation of Committee Charge
4. Discussions:
 - Current School Consolidation and Unification Process
 - Historical Barriers to School Consolidation and Unification
 - Impacts to Business and Education Services
 - Impacts to Taxpayers
 - Consolidation of Existing Services
5. Public Testimony
6. Set Date for Next Formal Meeting
7. Adjourn

Members:

Senator Rich Crandall, CoChair
Senator Olivia Cajero Bedford
Senator Steve Smith
Toni Badone
Tim Carter
Don Covey
Jeffery Crandall
Bob Martin

Representative Doris Goodale, CoChair
Representative John Fillmore
Representative Ruben Gallego
Margo Seck
Patrick Sinnott
Andy Smith
David Snyder
Vanessa Whitener

7/19/11
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People with disabilities may request reasonable accommodations such as interpreters, alternative formats, or assistance with physical accessibility. If you require accommodations, please contact the Chief Clerk's Office at (602) 926-3032, TDD (602) 926-3241.

8/16/11

ARIZONA STATE LEGISLATURE
Fiftieth Legislature – First Regular Session

**JOINT LEGISLATIVE STUDY COMMITTEE ON
SCHOOL DISTRICT UNIFICATION AND CONSOLIDATION**

Minutes of Interim Meeting
Wednesday, July 27, 2011
House Hearing Room 3 -- 10:00 a.m.

CoChairman Crandall called the meeting to order at 10:02 a.m. and roll call was taken by the secretary.

Members Present

Senator Rich Crandall, CoChairman
Senator Steve Smith
Toni Badone
Tim Carter
Don Covey
Jeffery Crandall
Bob Martin

Representative Doris Goodale, CoChairman
Representative John Fillmore
Margo Seck
Andy Smith
David Snyder
Vanessa Whitener

Members Absent

Senator Olivia Cajero Bedford
Patrick Sinnott

Representative Ruben Gallego

Opening Remarks

CoChairman Crandall welcomed everyone to the meeting and noted that Mr. Fillmore sponsored the bill that established this Committee, HB2219 - study committee; unification; consolidation (Laws of 2011, Chapter 215).

CoChairman Goodale said unification and consolidation elicit many thoughts, panic and concern, but she hopes that with all the great minds assembled, it will be possible to review the different issues involved.

Introduction of Members

Introductions were made by the Committee Members.

Discussions

Mr. Fillmore related his experience as a small businessman. He stated that education is very important to him and discussed the progress of individuals he worked with in a program called DECA. He said there are 227 school districts in Arizona and only 15 counties. He opined that school districts should consolidate and unify, and possibly share services, to save money. He said he originally indicated that there should be six school districts per county with the understanding that Maricopa, Pima and Pinal Counties may need a few more and Apache and Navajo Counties may need less; however, that is not his decision. He added that he hopes the Committee will be able to accomplish its goal in five meetings and requested that each Member relate what he/she envisions the Committee will accomplish.

CoChairman Crandall stated that in order to be on the same page, the Committee needs to have a defined scope of what to discuss and what not to discuss, a clear goal (deliverable) and stay on task. He recognized Marty Shultz in the audience who chaired the previous School District Redistricting Commission. He added that one of the major changes since this issue was previously tackled is an approximate \$1 million cut to school funding, which makes people more serious about unification and consolidation.

CoChairman Goodale conveyed that she served on the previous Commission and sat on the Kingman School Board for 18 years where a successful unification took place in 2000. She said there is such diversity in educational districts around the state, to which the Committee needs to be sensitive. Also, a clear definition is needed of consolidation and unification, which have two different meanings to school districts. She added that Kingman was the only and last school district to unify when the Legislature funded unification projects; it does take money to unify.

Ms. Badone related that she spoke against unification and consolidation during the last round, mainly because the Yuma community believes in collaboration and local control, and the previous effort seemed forced. She stated that the K-12 model is great, but it makes the assumption that the child remains in the community through K-12, so she supports anything that can be done for students that is flexible. Also, there is an advantage with a consolidated high school district so that when students move, the same textbooks, curriculum and expectations are applied. The Yuma community believes in customization and standardization.

Mr. Carter related that Arizona statute currently allows any type of change to take place through the action of governing boards or voters. That is important because he is a local control advocate, which is likely true of most school districts in rural Arizona, and should be kept in mind. He said he is opposed to state-mandated attempts at unification and consolidation for various reasons and he can provide examples in which it does not save money. No one talks about whether instruction is being improved at the same time money is being saved, so he hopes the Committee will look at other options, such as incentives that were available at one time. Eliminating duplication and redundancy can be done through education service agencies (ESA) that work with school districts and charter schools to combine services, save money and provide a more effective product. He said his school district is moving toward regional service centers (RSC) that help smaller counties that may not have the capacity of larger counties. Many people are not aware of what ESAs or school districts can do through intergovernmental agreements (IGA), but shared services is a reasonable option. He agreed that collaboration is key.

Mr. Covey stated that the question is whether unification and consolidation will accomplish the overall goal of K-12 and charter schools to increase academic progress and achievement and ensure that students graduate college- and career-ready. If so, he is willing to move forward. He said he is also an advocate of ESAs and RSCs. The Committee should determine if unification and consolidation will help with the ability to obtain great leaders and teachers in all of the schools, and whether economies of scale can be realized or if other methodologies are already being employed.

Mr. J. Crandall advised that he is from a small school district where people are concerned about loss of local control, but one person does 15 different jobs instead of 15 people doing one job, so the question is whether that can be improved. He opined that the purpose of the Committee is to show school districts a plan that makes sense to unify or consolidate, but then the question will be what to name the school district; he is totally opposed to mandating. He added that if money can be saved now, hopefully there will be more money for schools when the economy improves.

Mr. Martin related that when he was on the Higley Unified School District Board in the 1980s and 1990s, there were only 200 students, and Gilbert Public Schools approached Higley about consolidation. The loss of local control was a very strong concern. If unification or consolidation occur, small school districts should have input and local control.

Ms. Whitener stated that enrollment at Higley is now 11,000. Communication is important in letting people know what is best for students. Some underlying framework for boards, superintendents and the community is an efficiency piece. Even though Higley and Gilbert decided not to merge into one school district, the school districts share services. She said she gained some experience in Washington, D.C. in meeting other school board members on how the school board issue is managed. Also, she would like some foresight on whether it is less expensive to have many smaller schools or more efficient to have larger school districts.

Mr. Snyder stated that over the last few years, he has been involved in the vote with the Mingus Union High School District. There was a lot of confusion in the ballot language and probably more people were interested in unifying than subdividing. During 2009-2010, he helped work on legislation that Representative Andy Tobin sponsored to provide financial incentives, but it did not pass. He said he would like to see those incentives in place at the state or local level, as well as accountability to taxpayers for that money.

Mr. A. Smith stated that in the Wickenburg to Prescott corridor where his school district is located, there are five small school districts. He tries to find new ways to generate revenue and work out situations that occur in such a remote location, but what is most important to parents, the school board, teachers and the students is having a voice on this Committee. The community is worried about finances, loss of local control and small items such as losing their Halloween carnival. Also, it is important to the community that unification or consolidation is not done only to save money, but that the students are also considered in the process and the voters have a choice. He noted that a vote was taken in the past to consolidate Hillside, Skull Valley, Kirkland Elementary and Yarnell School Districts, which did not pass.

Ms. Seck stated that in the Tolleson Union High School District, there are five feeder school districts, but 25 feeder schools, and the school district answers to four different cities, so much collaboration and communication is necessary. A few years ago, voters voted to unify Tolleson Elementary, Tolleson Union High School, Union Elementary, Fowler Elementary, Littleton Elementary and Pendergast Elementary School Districts, which prompted the development of the Tolleson Regional Intra-district Collaborative (TRIC) whereby superintendents, business managers, etc., planned for unification, but it did not happen. What did happen is more IGAs with other school districts, which can be expanded. She suggested looking at statutes and regulations that impede that type of conversation and indicated that she would like the Committee or someone with expertise to build a model. She opined that unification or consolidation will initially cost more, but in the long run, it is necessary to determine whether it is wise for students in terms of curriculum and articulation.

Senator Smith conveyed that he supports unification and consolidation, which may save money and streamline efforts but, at the same time, it should fit the community.

CoChairman Crandall stated that in relation to defining the scope, the Committee will focus on unification and consolidation.

Current School Consolidation and Unification Process

Mr. Snyder indicated that equalization of salaries was a huge issue with unification because high school district teachers' salaries were much higher than elementary school district teachers' salaries, so money was earmarked to move teachers to the same salary schedule over two to three years. The two school boards helped with the process.

CoChairman Crandall remarked that Clifton High School has no interest in consolidation, but is now out of business and all of the students attend Morenci High School. The Arizona Department of Education (ADE) may be forcing unification and consolidation because of academic achievement, but no one stepped up in that instance and said consolidation made sense. Two citizen committees, one in Miami and one in Globe, met with legislators last year to advocate for an initiative because both superintendents' contracts expired at the same time, so it seemed like the perfect time to consolidate. A vote was taken on three separate occasions, but the measures never passed, so conversations were occurring, but no one has taken the step. He submitted that there is no current process; the closest is ADE forcing unification or consolidation when it is necessary.

Historical Barriers to School Consolidation and Unification

Mr. Carter advised that in Yavapai County, Skull Valley, Kirkland Elementary, Hillside, Walnut Grove (transporting district) and Yarnell School Districts are all within about 25 square miles of each other. The problem is that in talking to school boards and voters in those areas, four schools need to be closed in order to save money; however, people do not want to do that because the school is also the community center and a place attended by generations of families. If there is some way to preserve the aspect of what those schools mean to the communities, there would be a better opportunity to move forward with unification or consolidation.

CoChairman Crandall stated that one of the challenges in Arizona is providing the same educational opportunities to rural students that are available to urban students.

Mr. Carter stated that if the five schools did unify and consolidate, the argument then would be why transport the high school students to Prescott or Wickenburg, so a new school would have to be built for which the local taxpayers would have to bond, or continue to transport the students. CoChairman Crandall indicated that one school district voted to consolidate, but then realized it would have to build its own high school. Members of the audience indicated that occurred in the Tanque Verde School District.

CoChairman Crandall stated that at a meeting the previous day, he used the Riverside School District as an example of a small urban district and someone told him about good things that are being done academically at Riverside. He questioned where the trade-off is between fiscal and academic when it seems like it would be so easy to say there are six elementary schools within one mile, so why not take one to be "part of the family."

Mr. Covey noted that is happening already in Maricopa County. In the Tempe Elementary School District, for example, several parents opposed the closing of a school because many generations of their families attended the school. There is a strong emotional attachment to local schools, but it was still closed, which had nothing to do with unification or consolidation. There are several other school districts in Maricopa County closing for economic reasons, and he is aware of three or four recalls that are taking place. He questioned how to overcome the passion people have for community schools.

Ms. Badone remarked that there seems to be an assumption that unification and consolidation are good for the bottom line in getting students ready, without remediation, for college and careers. She said the work done by Mr. Shultz and ADE involved many descriptions of economies of scale. One thing she remembers is that the optimum size of a school district is 10,000 students, so considering that, some school districts, in terms of student achievement and savings, should be split.

She noted that in Yuma there is an elementary school district with 11,000 students, a high school district with 11,000 students and three more elementary school districts with 8,000 students. If those school districts consolidated into a large school district there would be 35,000 students, so one of the questions the superintendent asked is if adding all those layers results in economies of scale. At the same time, a few years ago in East Yuma County when the incentive was still available, three very small elementary school districts and Antelope Union High School District went to the voters to consolidate, but at the last minute, the measure did not pass. Those school districts have declining enrollment and are struggling with budgets. They are not sure what the future holds because of what is happening with employment in that county. The reason the measure did not pass was because of the small community attitude that "if it is not broken, why fix it."

CoChairman Crandall indicated that Graham County has eight school districts with eight superintendents and eight high school principals, all of which combined are just larger than his daughter's high school in Mesa, so it seems there should be some economies of scale.

Mr. Martin acknowledged that there would be some savings with unification or consolidation, but questioned the kind of savings. It may be a large number, but if it is a small number, it may not be worth doing because of the loss of local control.

Mr. Fillmore commented that the intent of the bill is for the county superintendent to orchestrate the process and perhaps solve concerns about the neighborhood and local control. There will be a financial cost, so perhaps the state would be willing to provide funding and allow the schools to continue to exist as community centers in some manner.

CoChairman Crandall stated that in a future meeting, he would like to go through a case scenario with one urban and one rural school district. He said Mr. Martin made a good point. For \$10,000, unification or consolidation may not be worth the angst, but for \$1 million that can be put back into the classroom, it would be worthwhile.

CoChairman Goodale remarked that in going through the first consolidation effort several years ago, one of the key barriers to unification was local interest and the history each school district applied to its school. That is important, but it is still necessary to look at how to deliver education. She asked whether it is fair for students to remain in a small school that does not have the same assets and opportunities as other schools. The Committee needs to consider the community and student achievement and determine how to accommodate those.

Senator Smith said if a school district closes in which there are eight principals and eight superintendents, no one wants to lose their job, so the teachers' union should be involved at some level, as well as teachers, superintendents, etc.

Mr. Covey said perhaps the Committee would like to see simulations of the impact of pending legislation, such as SB1040 - teacher and principal evaluations (Laws of 2010, Chapter 297), for which assessments need to be developed. There would be economies of scale if school districts work together to develop county-wide assessments. The same is true of K-3 diagnostic prescriptive assessments for third-grade promotion and longitudinal data systems. He offered to develop scenarios showing what would happen if those are done individually instead of collaboratively.

Impacts to Business and Education Services/Impacts to Taxpayers

CoChairman Crandall remarked that he gathered from statements made by Members that if unification or consolidation is not good for student achievement, it is not good all the way around.

Ms. Seck stated that if unification occurs, the schools involved have different bonds, capital overrides and maintenance and operations (M&O) overrides that expire at different times. Taxes could increase, which will take a lot of study. CoChairman Crandall noted that there was a huge issue with the Globe and Miami School Districts where, if consolidation occurred, one school district had an override and the other did not, as well as which would use the benefits of the seven-year override if there are three years remaining.

Mr. Carter submitted that taxpayers break taxes into two sections, one is the governance piece (who is making decisions) and the other is the services piece (how cost effective services are provided to students). Taxpayers want the governance piece as close to home as possible. If five school districts are combined, unless that group is in their town, most taxpayers believe local control is lost despite the benefit of the services piece. In order not to touch the governance piece, five districts with five separate governing boards can consolidate services through an ESA or IGA for food services, transportation and information technology. In Yavapai County, ESAs are used for nurses.

Public Testimony

Becky Hill, Stand for Children, related that Stand for Children is a supporter of the unification and consolidation discussion, mainly because of the potential for positive academic outcomes. There may be cost savings down the road and efficiency can be found from consolidation and unification, but only in the context of resources to help students achieve the desired goals.

She indicated that Stand for Children works with parents in the Northwest Valley who are very involved in the school district and have great relationships with the administrators and school board. The parents are happy with where the K-8 district is taking their children, but much less happy about what happens when the system breaks at K-8 and K-9 and the children move on to a massive high school district where the parents have very little control over what is happening and do not have relationships with the school board or administrators. Local control is not always in the context of redesign, but also in terms of what many parents believe is lost when their children move on to the high school level.

She indicated that the K-12 model is not being looked at because children are expected to live in the same place, but because a seamless, aligned system is needed in which the early grades prepare children for what is expected in high school so the high school can focus on preparing the children for what comes after, and not remediate what came before. It is problematic going through a system where there is a small misalignment between the K-8 district and the neighboring high school district. Sometimes there is a cavernous fracture where the school districts are not communicating and the K-8 did a great job with preparation, but the high school did not, or vice versa. There are many alignment issues that are not necessarily perfected because there is a K-12 district, but it is more difficult when the system is broken down the middle during the most critical transition in students' academic careers.

Ms. Hill continued that in relation to goals and deliverables, she hopes the Committee can develop ideas that not only administrators can use, but also parents who want to bring the conversation to their local school board about how to fix the fractures that keep children from being as successful as possible. She added that businesses are concerned about making additional investments in schools because of the broken, split school districts, and philanthropy is very nervous about putting money into a system where it is difficult to assess where things break down. She questioned where accountability is from K-8/9-12 versus K-12 when K-12 systems can be held accountable rather than trying to figure out where things went wrong.

CoChairman Crandall remarked that the Yuma Union High School District is implementing the Grand Canyon Diploma and the EXPLORER exam is being offered to eighth graders. He said

he hopes Ms. Hill has access to the results of the exam, and if students are not prepared for the rigor of the Grand Canyon Diploma, he questioned how much influence she has to step things up. He added that he would like to discuss that in one of the meetings.

Discussions (continued)

Consolidation of Existing Services

Regarding the scope of work, CoChairman Crandall stated that the Committee does not want to get into third-grade reading and teacher assessments and tools, but does want to discuss shared services, which are often thought of in terms of transportation, food services, and similar items. As far as the deliverable, the Committee needs to determine what it will be, who it will be delivered to and what will happen with the deliverable. In the fifth meeting, the deliverable will be addressed in more depth, but it would be nice if the Members work toward a common goal.

Mr. Fillmore stated that Ms. Hill's comments lead into items he originally wanted to include in HB2219 that were removed, such as standardization of curriculum, perhaps on a county-wide basis, so that even if the schools do not unify or consolidate, there is a local awareness and all students are performing and obtaining the best education possible. Another item is transparency in the educational system for a better evaluation of over-performing teachers and those who should be rewarded more for their good capabilities. The intent is not just to unify or consolidate, but also to offer opportunities for IGAs and ESAs, etc., for savings, while allowing counties to set what is best within their own school districts.

Mr. Covey questioned if the Committee's deliverable is a plan that a local school district, regional area or county superintendent may utilize to begin the process of planning how consolidation or unification may take place. CoChairman Crandall stated that the Committee has the flexibility to decide. He saw a school district put together a matrix on school closings, which involves many factors, and he would like a matrix to determine if there is a benefit to pursuing the unification and consolidation route or the shared services route that can be given to individuals to consider.

CoChairman Crandall said he would like to talk about obstacles in a future meeting, noting that school districts do not communicate. He asked what the Committee Members hope to ultimately deliver. Mr. Carter said that he hopes the Committee will develop a series of options with advantages, disadvantages and examples of successful models, as well as some type of incentive and a strategy to disseminate information and educate school districts because people do not know what options are available.

Discussion followed about the county superintendent's role in the process.

Mr. Carter commented that in Yavapai County, he was fortunate to inherit a well-defined ESA that has expanded since he took office. The creation of five RSCs should be finalized within the next month where agencies with a great deal of capacity work with neighboring counties that do not have the same capacity. CoChairman Crandall said that is something that needs to be talked about, but time is running short. It is part of the Governor's plan and a fantastic idea.

Ms. Badone recommended elimination of legislative or legal parameters, which CoChairman Crandall described as barriers.

CoChairman Crandall stated that he called Dr. Harold Carlson, Superintendent, Wickenburg Unified School District, when an initiative was started on open education resources on the textbook side, which has been very successful in two large school districts in Utah. A communication strategy is needed so people know about such efforts. He indicated that he will invite Janice Palmer, Arizona School Boards Association, Deb Duvall, Arizona School Administrators, Chuck Essigs, Arizona Association of School Business Officials and Andrew Morrill, Arizona Education Association, to make sure that whatever is decided, everyone hears about it.

Ms. Seck stated that she believes a simulation or model may be a deliverable.

CoChairman Goodale recognized Representative Chester Crandell in the audience who is working on outcome-based education funding. She invited any Member who would like additional information to contact her, CoChairman Crandall or Mr. Fillmore, noting that much information was garnered during the meetings of the previous School District Redistricting Commission.

Senator Smith indicated that he would like to see the delineation between urban and rural school districts, what makes most sense for the smaller communities and counties and what is more feasible in the larger counties. If all of the county superintendents get on board with what the Committee is trying to do, the superintendents can disseminate information and obtain feedback.

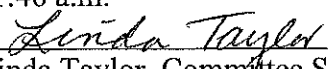
Set Date for Next Formal Meeting

The Members decided to continue meeting at 10:00 a.m. on Tuesday, Thursday or Friday.

CoChairman Crandall indicated that an attempt will be made to try to give everyone adequate notice. The agenda for the next meeting will be lengthier and background research will be provided. The next four meetings will address the following:

- Consolidation and unification, going through an actual working model (urban and rural).
- Alternatives (shared services, ESA and RSCs).
- Discussion about options the Committee is leaning toward, advantages and disadvantages.
- Details and deliverables.

Without objection, the meeting adjourned at 11:46 a.m.


Linda Taylor, Committee Secretary
August 4, 2011

(Original minutes, attachments and audio on file in the Chief Clerk's Office; video archives available at <http://www.azleg.gov>)

JLSC ON SCHOOL DISTRICT
UNIFICATION AND CONSOLIDATION
July 27, 2011

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ARIZONA STATE LEGISLATURE

INTERIM MEETING NOTICE OPEN TO THE PUBLIC

JOINT LEGISLATIVE STUDY COMMITTEE ON SCHOOL DISTRICT UNIFICATION AND CONSOLIDATION

Date: Tuesday, August 30, 2011

Time: 9:30 A.M.

Place: HHR 3

AGENDA

1. Call to Order
2. Committee Outcomes
 - Scope
 - Timeline and Deliverables
3. Historical Background - Marty Shultz
4. School District Presentations
 - Littleton Elementary School District - Superintendent Roger Freeman
 - Cottonwood-Oak Creek School District - Superintendent Barbara U'Ren
5. Presentation by Stand for Children
6. Public Testimony
7. Set Date for Next Formal Meeting
8. Adjourn

Members:

Senator Rich Crandall, CoChair
 Senator Olivia Cajero Bedford
 Senator Steve Smith
 Toni Badone
 Tim Carter
 Don Covey
 Jeffery Crandall
 Bob Martin

Representative Doris Goodale, CoChair
 Representative John Fillmore
 Representative Ruben Gallego
 Margo Seck
 Patrick Sinnott
 Andy Smith
 David Snyder
 Vanessa Whitener

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9/28/11

ARIZONA STATE LEGISLATURE
Fiftieth Legislature – First Regular Session

**JOINT LEGISLATIVE STUDY COMMITTEE ON
SCHOOL DISTRICT UNIFICATION AND CONSOLIDATION**

Minutes of Interim Meeting
Tuesday, August 30, 2011
House Hearing Room 3 -- 9:30 a.m.

CoChairman Goodale called the meeting to order at 9:35 a.m. and roll call was taken by the secretary.

Members Present

Senator Rich Crandall, CoChairman
Senator Steve Smith
Toni Badone
Tim Carter
Don Covey
Jeffery Crandall
Margo Seck

Representative Doris Goodale, CoChairman
Representative John Fillmore
Patrick Sinnott
Andy Smith
David Snyder
Vanessa Whitener

Members Absent

Senator Olivia Cajero Bedford
Bob Martin

Representative Ruben Gallego

CoChairman Goodale advised that maps are displayed at both ends of the dais showing school districts in Arizona, topographical issues, etc., for the Members and audience to view. She asked anyone who would like information relating to school district unification and/or consolidation to contact her, CoChairman Crandall or Mr. Fillmore.

Committee Outcomes

CoChairman Goodale stated that a few meetings remain to accomplish the goal of determining Committee outcomes. She outlined tentative subjects for discussion in future meetings:

- September: Consolidation of services by school districts.
- October: Draft recommendations.
- November: Final version of recommendations.

Historical Background

CoChairman Goodale stated that Marty Shultz who chaired the previous School District Redistricting Commission is out of town, so his presentation will be rescheduled for the next meeting.

School District Presentations

Dr. Roger Freeman, Superintendent, Littleton Elementary School District, stated that the Tolleson Union High School District overlays five elementary feeder school districts, one of which is Littleton, where voters in the school district cast ballots to approve unification. Meetings were held with Marty Shultz, representatives from the Arizona Department of Education (ADE) and their attorneys, and at least 14 issues were found for which statutory relief was needed on governance issues. The governing board decided that it did not have the time, talent or resources to incur the expenses to resolve all of the issues involved with unification.

He made the following points:

- A disincentive to unification is the cost of associated legal and logistical issues, which could be addressed by providing a source of funds through another agency or regional service center (RSC).
- The previous unification and consolidation law had a three-year window for implementation, whereas the School District Redistricting Commission envisioned implementation immediately following the election. Both of those do not take into account the scope of differences between the school districts involved in tax rates, debt loads, salary schedules, benefits, etc. The time period in which unification takes place could be scaled to the magnitude of those logistical differences.
- Attempts were made to collaborate between the six school districts in the Tolleson regional system and intergovernmental agreements (IGA) were written for special education services, curriculum, etc. The number of school districts involved depends on the goodwill and common interests of the governing boards. For example, an attempt was made to unify the rate paid to substitute teachers since all of the school districts draw from the same pool, which was nearly accomplished, but over the last few years, the rates drifted apart as school districts competed for this scarce resource.
- A major issue is the loss of local control and the sense people have that the smaller the school district, the better relationships will be with elected officials. Perhaps something could be put in place for liaisons with the community as school districts become larger.
- Research was done on student achievement. Compared to other large, urban school districts, there was not much evidence that student achievement would be impacted by unification.
- There would be minimal savings with unification, but the big cost is in the transition. As an administrator, not speaking for the governing board or its constituents, making that happen would involve moving money around within the budget, which inevitably would impact programs for students. It would be helpful to have an outside consultant who is an expert on the logistics of unification.

In response to a question about the 14 statutory changes that may be required for unification, Dr. Freeman indicated that there was no resolution of those items during the work of the School District Redistricting Commission. The Commission's model anticipated immediate implementation; however, financial guidelines in statute had to be followed when issues still needed to be worked out with the governing boards.

Discussion followed concerning the following:

- Feasibility of unification or consolidation.
- Transition (cost, governing board issues).
- Sustainability.
- Potential savings.

Mr. Carter asked if any of the governing boards attempted to use existing statute to unify or consolidate. Dr. Freeman answered that he does not believe any of the boards would because of the cost. The boards would have to find a way to work together, probably through an IGA, with staff conducting a feasibility study. Programs are currently being cut, and no one wants to cut more programs to do this. The Littleton governing board would be interested if someone provided funding for the research.

Mr. Carter asked if there would be an advantage if the Legislature allowed school districts to increase the Revenue Control Limit (RCL) or an amount outside of the RCL for a certain number of years to provide funding to consolidate or unify, and whether the system could be sustained if the RCL is later reduced by the same amount. Dr. Freeman responded that there would be a way to make that plan work, but a certain amount of expertise within the school district would be needed to develop a rational plan for the additional revenue that does not create a long-term legacy liability; however, no one in his region has the experience that is needed.

Mr. Carter asked if it would be helpful if the Legislature drafted language so that once the voters or boards voted to unify or consolidate, during the interim from when the election took place to the time of implementation on July 1, the individual boards would continue to function and the collective board would have the authority to function as a newly-created district board. Dr. Freeman opined that there has to be an overlap. Existing statute citing "immediately the following July 1" would not work because of the feasibility study and other items that need to happen. One of the problems the board has that was also a problem for the School District Redistricting Commission was lack of staff, so if the intent is to structure it that way, the new umbrella board would need some staff to function.

In response to a question, Ms. Seck related that she is the Superintendent of the Tolleson Union High School District and advised that research written by experts about student achievement in similar socioeconomic areas across the country was reviewed. She indicated that her governing board would be interested in the feasibility study. She added that in 2020-2021 the size of the school districts combined is estimated to be 39,593 students, provided the economy improves, which is considerably more than the current student population. If unification occurred, there may be fewer superintendents, business managers, directors of transportation and food services, but middle management may grow. A major concern is the impact on the tax rates with six different school districts having bonds and overrides. For example, the Buckeye Valley

Education Alliance is discussing combining Arlington Elementary, Buckeye Elementary, Liberty Elementary, Palo Verde Elementary and Buckeye Union High School Districts, but an analysis in 2006-2007 showed that the tax rate for the Arlington Elementary School District would increase 150 percent.

Barbara U'Ren, Superintendent, Cottonwood-Oak Creek Elementary School District, related that consolidation of the Mingus Union High School District and Cottonwood-Oak Creek Elementary School District was presented to the voters. Forty percent were in favor and sixty percent were opposed, so the governing boards began discussions on how to increase efficiencies by merging the transportation departments with one director and eliminating some bus routes. Those discussions evolved into conversations about more shared services, and ultimately, unification because the governing boards do have the authority to unify.

She said one of the greatest concerns was the discrepancy in salaries in the amount of \$1 million. Senator Russell Pearce and Representative Andy Tobin were approached and asked about the possibility of support from the Legislature, which resulted in the introduction of HB2587, school districts; unification assistance, to provide additional RCL: in the first year for the cost of transition, the second year three percent and the third year an additional three percent. The funds were to be utilized only for equalizing teacher salaries and school districts were required to create an administrative structure showing the reduction in administration which, in their case, amounted to about \$700,000.

Ms. U'Ren continued that one of the issues faced was territory. She and the other superintendent had two-year contracts, so there were conversations, which sometimes became heated, about who would take the lead or whether there would be a shared superintendent role. When HB2587 was amended so local taxpayers would pay the cost rather than the state, the governing boards were not willing to pass that on to constituents, and since conversations were strained, that was the catalyst in determining not to move forward with unification.

Ms. U'Ren made the following points:

- Dr. Freeman's suggestion about an outside consultant who is not invested in the community is a good idea.
- In relation to whether consolidation is beneficial, there is much research indicating that academic achievement is not necessarily significantly different.
- School districts are currently fighting for the same limited resources, such as teachers and bus drivers, which would no longer be an issue with unification.
- With unification, there would be the same expectations for students upon graduation from high school.
- A major issue of the entire process is politics.
- Transition is difficult and school districts could use some help financially and with resources to move forward.

Ms. Whitener endorsed the suggestion about a third party who would be objective. She opined that it is also important to involve the community because people want to do what is best for their children, but they need information and studies in order to make informed decisions.

In response to questions posed by Mr. Fillmore, Ms. U'Ren provided the following:

- If there had been a specific date by which the unification process should be accomplished, and if there had not been any turf wars, it would have been done.
- The assistance provided in HB2587 would have been sufficient, along with attrition.
- Cottonwood-Oak Creek Elementary School District and Mingus Union High School District are small school districts and unification would have resulted in a school district of about 3,300 students, so a basic structure could be maintained that would meet the needs of a school district that size.
- As to the structure for administrators, the higher salary was used to show the savings that could be captured, with the assumption that higher-salaried persons will probably retire sooner than others.
- As far as the discrepancies in paying teachers, superintendents would like to have more liberty in how those dollars are spent. Unfortunately, the Cottonwood-Oak Creek Elementary School District went through difficult financial times in the last three years; the budget was reduced by nearly \$2 million, so a school was closed. In order for students to have programs like art and physical education, counselors and nurses, there will not be as much funding available for teacher salaries. The school district has had to determine if it is too program-rich and money should be transferred toward teacher salaries; however, the budget committee composed of teachers placed the funds into programs.

Mr. Fillmore stated that he wants to provide more money for teachers and classrooms and submitted that personnel at the Cottonwood-Oak Creek Elementary School District could be reduced. He asked, if more authority is given to county superintendents and changes are made to Chapter 15 in relation to funding sources and pay scale for teachers, the superintendent could have the ability to provide direction within the county, satisfy local control and overcome the problem of the initial dollars offset. Ms. U'Ren replied that the community would probably support that, but she is not sure how it would work at a local level where there are many layers. It would have helped if the two superintendents were able to leave and someone trusted by both boards led the transition, but that is not what happened.

CoChairman Goodale stated that she hopes to have a superintendent at the next meeting who will speak about a school district that successfully completed the process of unification.

Carl Zaragoza, Advocacy Director, Stand for Children, stated that Stand for Children views the concept of unification and consolidation as an opportunity to create a better system to maximize efforts and resources to help students succeed in school and life. The organization specifically focuses on struggling schools and children in poverty. Research has pointed out that focusing on systemic change can make a difference and accelerate learning for all, organizational design does matter, alignment and staff collaboration are critical and leadership matters.

He stated that Arizona currently has a hodgepodge of K-8 and high school districts. Accountability and support functions would be more easily supported and analyzed in right-sized K-12 school districts that have the proper resources for systems, interventions and data. Consolidating these school districts, which is bringing two districts into a single district, and unification, which is ensuring that the districts are designed kindergarten through twelfth grade

rather than K-8 and 9-12, feed success. To help under-resourced school districts, to help align the school districts and to help parents that are seeking K-12 alignment, he said he hopes to see advancement on the following strategies (Attachment 1), specifically 1-4:

- Improve tools for parents. The statutes allow for a petition process at the local level, but it is very difficult to use for small changes and allows governing boards to essentially overrule parents. For example, simplify the process for a common school district to petition to take control of the high school for its attendance area.
- Performance-based triggers for low-performing school districts and schools.
- Engage county superintendents to help design and trigger changes.
- Protocols and standards for IGAs across school districts or counties with clear responsibilities.

Discussion ensued about mobility of students and the recommendations made by Mr. Zaragoza.

In response to questions, Mr. Zaragoza indicated that he will provide the Members with a copy of a 2001 study on school districts that was conducted in Texas.

Ms. Whitener asked why models of efficiency used in charter schools are not implemented in public schools and whether smaller school district voters could vote to use the charter school fiscal model. CoChairman Crandall replied that a school district can convert to a charter school, but it forfeits the right to taxpayer funding and still has to take any student who shows up. The voters can do so by electing school board members who support such a change. He added that the option has been available for many years but it has never been used. Mr. Andy Smith said his board president asked him to look into that because of high needs in transportation, high school tuition and special education.

Public Testimony

Denise Finell, representing self, related her background experience working in various-sized school districts. She stated that whether unification or consolidation occurs, the same dollar amount per student is paid by school district taxpayers. She noted that she created spreadsheets and found that there was equality in the total tax rates with unification and separate districts. She included 10 different variables such as assessed valuation, etc., and found that whenever school districts are combined, some people will pay more taxes and some will pay less; however, the bottom line needs to be the education of children. She noted that she went one step further and included a large corporation with properties in multiple school districts and found interesting results about what happens to their tax rates.

Ms. Finell stated that she understands parents' feelings about local control. She questioned why everyone cannot work together, think outside the box and create a better world for students because, she opined, there does not need to be enmity between administration and classrooms or the continual criticism of public school districts. Charter schools do not seem to be undergoing the scrutiny or criticism the public school districts are going through, which, she said she believes is due to the difference in the type of funding.

Jeff Kleck, Superintendent, Maricopa Unified School District, related that he was an administrator in Oregon when school districts experienced budget cuts and Proposition 5 eliminated the real estate tax. Four elementary school districts were directed by legislation to consolidate by the beginning of the next school year, so there was one county office and a reduction in staff. He also experienced a situation in which a school district board met and determined there was no money, resulting in consolidation of the John Day and Mt. Vernon School Districts. Politics was a huge issue. Consolidation and creating financial efficiencies was quickly accomplished.

Mr. Kleck indicated that the Maricopa Unified School District has 1,200 to 1,500 students that are taken by the Tempe Union High School and Kyrene Unified School Districts. For four years, three attempts were made to pass an override, and a fourth attempt will be made in November 2011. He said \$10 million was cut over the past two years out of a \$37 million budget. District office personnel were cut so much that it is not possible to maintain compliance issues. If projections hold, another \$5 million or \$6 million in cuts will be made next year. If he has to cut another 100-plus teachers, class sizes will be in the 50s and 60s in the elementary grades, which begs the question of whether the school district will be educationally viable or if consolidation should be forced in order to try to create efficiencies.


Mr. Fillmore asked if the problem would be solved if Tempe Union was unable to take those students. Mr. Kleck replied that it may not solve the problem, but it would help. Maricopa loses regular education students and the remaining special education students cost more to educate. If there are going to be charter schools in the school district, it would be helpful if the charter schools would take special education students because Maricopa does not receive enough money to cover what it costs to educate them. Passing an override would also help, but could cause confusion in relation to people who take their students to another school district in which they do not have to pay for an override.

Ms. Badone referred to Ms. Finell's comment about business tax rates, which she did not complete, and asked if it could be addressed at the next meeting. CoChairman Goodale replied that she believes it will be possible to garner some information on tax implications of unification or consolidation.

Set Date for Next Formal Meeting

CoChairman Goodale indicated that staff will check with the Members to schedule a meeting during the last week of September 2011.

Without objection, the meeting adjourned at 11:41 a.m.



Linda Taylor, Committee Secretary
September 13, 2011

(Original minutes, attachments and audio on file in the Chief Clerk's Office; video archives available at <http://www.azleg.gov>)



8/30/11

Recommendations for Unification and/or Consolidation of School Districts

1. Improve tools for parents, not just districts. The statutes allow for a petition process at the local level, but it is very hard to use for small changes and allows Governing Boards to essentially overrule parents. For example, simplify the process for a common school district to petition to take control of the high school for its attendance area.
2. Performance-Based Triggers: Push the issue for low performing districts and schools.
3. Engage County Superintendents to help design and trigger some of these changes. They know their schools and can be a regional resource during times of change.
4. IGAs: Service agreements across districts or counties. Alignment agreements based on best practices with specific actions and responsibilities required by each district (Standards and Protocol).
5. Allow longer horizon for salary schedule alignment and require revenue from elimination of duplicate administrative staff (such as superintendents) to go to salary schedule; expand budget capacity for implementation window.
6. Financial Incentives and Disincentives: Remove disincentives as well as provide temporary funds during the transition.
7. Incentives/Disincentives:
 - a. Election Reimbursement.
 - b. Small School Weight – lose by 2012 unless there is consolidation or unification, then phase out over five years (provide this option until a date certain – 2018 for example); provide appeals process.
 - c. Unify or Consolidate by Date Certain: Grants/incentive dollars for Technology & PD.

ATTACHMENT 1

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ARIZONA STATE LEGISLATURE

INTERIM MEETING NOTICE OPEN TO THE PUBLIC

JOINT LEGISLATIVE STUDY COMMITTEE ON SCHOOL DISTRICT UNIFICATION AND CONSOLIDATION

Date: Wednesday, October 5, 2011


Time: 10:30 A.M.

Place: HHR 3

AGENDA

1. Call to Order
2. Historical Background - Marty Shultz, former Chairman,
School District Redistricting Commission
3. Discussion of Statutory or Policy Changes
4. Consolidation of Services - Superintendent Don Covey, Maricopa County;
Superintendent Tim Carter, Yavapai County
 - Regional Services Centers
 - Intergovernmental Agreements
 - Role of County School Superintendent
5. Public Testimony
6. Set Date for Next Formal Meeting
7. Adjourn

Members:



Senator Rich Crandall, CoChair
 Senator Leah Landrum Taylor
 Senator Steve Smith
 Toni Badone
 Tim Carter
 Don Covey
 Jeffery Crandall
 Bob Martin

Representative Doris Goodale, CoChair
 Representative John Fillmore
 Representative Ruben Gallego
 Margo Seck
 Patrick Sinnott
 Andy Smith
 David Snyder
 Vanessa Whitener

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11/10/11

ARIZONA STATE LEGISLATURE
Fiftieth Legislature – First Regular Session

**JOINT LEGISLATIVE STUDY COMMITTEE ON
SCHOOL DISTRICT UNIFICATION AND CONSOLIDATION**

Minutes of Interim Meeting
Wednesday, October 5, 2011
House Hearing Room 3 -- 10:30 a.m.

CoChairman Goodale called the meeting to order at 10:38 a.m. and roll call was taken by the secretary.

Members Present

Senator Steve Smith
Tim Carter
Don Covey
Jeffery Crandall
Margo Seck

Representative Doris Goodale, CoChairman
Representative John Fillmore
Patrick Sinnott
Andy Smith
David Snyder

Members Absent

Senator Rich Crandall, CoChairman
Senator Leah Landrum Taylor
Bob Martin

Representative Ruben Gallego
Toni Badone
Vanessa Whitener

Historical Background

Marty Shultz, former Chairman, School District Redistricting Commission, declared his advocacy for greater school efficiency and greater school achievement, as well as greater clarity and transparency in the school funding formula. He outlined his presentation (Attachment 1), which will cover:

- why school district redistricting (SDR) is necessary
- what is being fixed in the process of redistricting
- the history of school district redistricting in Arizona

Mr. Shultz explained that school districts and the boundaries were established based on the growth patterns in Arizona over the past one hundred years. Some districts were created even before statehood.

He explained that redistricting is necessary because a record number of Arizona schools failed to meet benchmarks for academic progress this year. Classroom spending has dropped to 55.9 percent of the total budget, the lowest in the ten years of monitoring. He discussed the

three-year one-cent sales tax voted in primarily for education which, if not reconstituted, will result in nearly \$1 billion removed from Arizona education. Public school enrollment is down as students flee to charter schools, where enrollment is up to 12 percent of all students.

Mr. Shultz discussed the history of redistricting, including the Commissions which met in 2003, 2005, and 2007. He described past plans to reduce the number of districts which were to go to voters in November of 2008 but were overturned by Maricopa County courts.

He described that of the 227 districts some are not of optimum size; some have fewer than 200 students. Arizona's per-pupil spending trails the national average by nearly \$2,500. He stated that performance audits are not uniformly applied and have an effect on efficiency and effectiveness.

Mr. Shultz explained that all information, analysis, data and research is online. He distributed the following information: the relevant sections in the Auditor General's Report (Attachment 2) and a document entitled Labyrinth (Attachment 3) which explains how the public school district funding formula works.

Senator Smith asked for additional detail about the preliminary report that an increase in classroom dollars tends to lead to an increase in achievement, particularly about the definition of "student achievement". Mr. Shultz explained that educational research reveals that a smaller class size yields student achievement which is measured by test scores such as standardized national tests or proficiency tests in specific curricula; he added that teachers have additional indicators.

Mr. Shultz addressed a question from Senator Smith about spending in the classroom, elaborating on the budgeting process and the lack of transparency spent on administration and plant operations. He added that the target should be to spend 70-plus percent of the budget in the classrooms, instead of the current 55.9 percent.

Mr. Fillmore asked the dollar amount spent in the classroom; Mr. Shultz replied that \$850 million currently goes into the classroom. Mr. Shultz addressed other questions from Mr. Fillmore, stating that the union high school districts are free-standing districts fed by 13 elementary districts which need to be incorporated into a consolidated district.

Mr. Fillmore asked if consolidation would make county school superintendents irrelevant. Mr. Shultz replied that superintendents should be included in the recommendation.

Mr. Sinnott asked what limitations are in place today that prevent a clear business approach to solving this issue. Mr. Shultz replied that there are no Constitutional limitations on the Arizona Legislature passing a bill that mandates unification; he added that the 227 existing districts will continue to want local control, that there is entrenched 100 years of resistance to change. Mr. Shultz stressed that it is time for action from the Legislature to mandate the criteria for unification.

CoChairman Goodale asked if information from the former Redistricting Commission is available. Mr. Shultz answered in the affirmative, informing the Members that it is available in the Library Archives, and could easily be made available on a website.

Consolidation of Services

Tim Carter, Superintendent of Schools, Yavapai County, discussed the Constitutional and statutory responsibilities of county school superintendents, who are Constitutional Officers elected to four-year terms (Attachment 4). Statute dictates that superintendents must hold a standard teaching certificate. There are 162 items in the statute that specifically refer to superintendents, including fiscal responsibilities, much like a bank, and performing as school election administrators. They also create and operate education service agencies (ESAs) which provide professional development and services; ESAs are not profit-driven, they are service-driven.

He described the various services provided by Arizona ESAs, which include nurses, counselors, psychologists, special educators, art, music, food service, transportation, information technology, purchasing, payroll, and maintenance.

Mr. Carter described intergovernmental agreements in which districts and local education agencies (LEAs) exchange service for dollars. These agreements can provide other ways than unification to save money.

Mr. Carter explained that regional service centers are defined by county school superintendents and are voluntary structures that provide locally-defined services to address statewide initiatives. There are five regional service centers (see map in Attachment 4):

1. Maricopa County
2. Pima County, Cochise County, Santa Cruz County
3. Navajo County, Apache County, Coconino County
4. Pinal County, Gila County, Graham County, Greenlee County
5. Yavapai County, La Paz County, Mohave County, Yuma County

Don Covey, Superintendent of Schools, Maricopa County, discussed the concept of change and how people are emotionally attached to their school districts and, even though they accept that change will be more cost-effective by putting more dollars in the classroom and achieve better results, the emotional part takes over. The challenge is to re-engineer to the new budgetary constraints.

Dr. Covey explained that the ESAs must perform at a level that makes school districts choose their services; there is nothing in statute to allow them to levy a tax to generate revenue. ESAs must be competitive in the free enterprise system to obtain financing for Arizona schools to meet the following four national initiatives:

1. longitudinal data systems
2. national standards and assessments
3. teacher evaluation and support
4. struggling schools

Dr. Covey stated that it is more efficient and cost-effective to share these tools among the counties than for each district to have its own tools at greater expense.

Lori Shough, Assistant Superintendent, Maricopa County Education Service Agency, described for the Members how Maricopa County determines the priorities of its schools and leverages the resources to be successful (Attachment 4). She discussed building alliances to make teachers highly effective and the collaborative approaches to identify high-priority needs.

Dr. Shough discussed Legislative mandates and schools' capacities and the support needed to meet those mandates, which include:

- K-3 reading
- common core standards
- teacher and principal effectiveness
- statewide data system

She described the implementation timeline through the 2015 school year.

Kristine Morris, Chief Deputy Superintendent, Maricopa County Education Service Agency, spoke to the costs of the teacher and principal evaluation instruments and tools to comply with ARS Section 15-203 (Attachment 4). She described simulations to leverage existing dollars for more efficiency.

Dr. Covey stressed that the goal is to get Arizona students college-ready.

Mr. Sinnott inquired if the five regional centers described by Dr. Carter might in fact add another layer at the county level by consolidating services into regions. Dr. Covey replied that the centers are not a layer but a concept of how to leverage resources, a virtual collaboration of how to manage and deliver services to county LEAs.

Mr. Sinnott then stated that consortiums, cadres, cohorts, alliances all sound voluntary, allowing too much autonomy for each district and LEA. A statewide common theme or agenda will be lost. Dr. Covey replied that these are voluntary methods to comply with Legislative mandates. Discussion ensued on the possibility that there are too many choices and the impact on simplifying a state-level agenda.

Senator Smith inquired about the best way to get assessments. Dr. Carter replied that a collegial approach across many districts is preferred.

Ms. Seck explained that her school district needs a data system, but does not have the funds to hire a programmer and could collaborate with other schools. Dr. Carter stated that she can work through the five regional services centers which will create the systems and disseminate them to the districts.

Mr. Fillmore asked about the need for statutory criteria for the regional service centers. Discussion ensued.

Mr. Crandall spoke to the matter of school boards exercising local control and the fact that they need direction because most members are not educators. Mr. Crandall added that the boards need the regional service centers to develop the tools for teacher evaluation.

Public Testimony

Rick Fields, representing self, stated that the electorate does not want unification, which does not guarantee success.

Trudy Berry, Superintendent, Cochise County, explained that she has been involved with regional service centers and her more rural schools have shared classes through the centers using interactive video equipment. She stated that she is looking forward to a statewide system, but wishes to retain local control.

Andy Rogers, Superintendent, Liberty Elementary School District, stated that he is neither for nor against unification, although to him it seems to be just “re-packaging”. He stated that the landscape of education is littered with solutions in search of a problem. He stated that regional service centers seem to be the way to go and the idea of sharing resources is an efficient and effective approach.

Caroline Brackley, The Professional Group Public Consulting, Inc., stated that small schools struggle financially and academically and can benefit from sharing services.

Discussion of Statutory or Policy Changes

Mr. Fillmore urged the Members to consider for the next meeting that the status quo is unsustainable and that it takes several years for defining authorities to finalize their approach.

He stated that if a decision is made to unify, the following issues may arise and must be considered by the Members during the process:

- timing and transfer of authority to new boards
- tax implications
- transfer of liabilities and assets
- how to handle existing contracts
- salary schedules
- schools to take over the operation of another
- county superintendent will become underutilized
- should all school finance be passed through the county superintendent’s office
- if local school cannot devise a method, should authority transfer to county office
- what about charter schools
- schools with an “A” rating exempt from audits
- should Arizona’s Instrument to Measure Standards (AIMS) testing end

Set Date for Next Formal Meeting

CoChairman Goodale asked the Members what their expectations are for the next meeting. Mr. Carter inquired if each Member should bring a list of issues to the next meeting.

CoChairman Goodale replied that Senator Crandall will chair the next meeting. She requested that the Members forward any information or thoughts to Brooke Olguin by October 24, 2011, and stated that there will be two more meetings to formulate the Committee's recommendations:

- Monday, November 21, 2011
- Monday, December 19, 2011

Without objection, the meeting adjourned at 1:43 p.m.


Jane Dooley, Committee Secretary
November 1, 2011

(Original minutes, attachments and audio on file in the Chief Clerk's Office; video archives available at <http://www.azleg.gov>)

ARIZONA SCHOOL UNIFICATION AND CONSOLIDATION

Why SDR?
What are we fixing?
History of SDR policy in Arizona



ARIZONA SCHOOL UNIFICATION AND CONSOLIDATION

Presented to the Joint Legislative Study Committee on School
District Unification and Consolidation

By Martin L. Shultz

Senior Policy Director

Brownstein Hyatt Farber Schreck

One East Washington, Suite 2400

Phoenix, AZ 85004

&

Former Vice President Government Affairs

Pinnacle West Capital Corporation (Retired)

Former Chair of Arizona School Redistricting Commission
(2006-2008)



ARIZONA SCHOOL UNIFICATION AND CONSOLIDATION

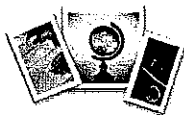
Why are we even discussing School Unification and Consolidation? What is the problem we're trying to fix?

- School Districts in Arizona were created and boundaries established based on growth patterns of Arizona over the last 100 years (Note: February 14, 2012 is Arizona's Centennial)
- A record number of Arizona schools failed to meet "benchmarks for academic progress" this year which means the State will fall short of the nation's goal of having all students proficient at their grade level in three years
- A record 814 Arizona schools or 42% failed to get students to make "adequate yearly progress"



ARIZONA SCHOOL UNIFICATION AND CONSOLIDATION

- Classroom spending drops to a record low 55.9 percent. In fiscal year 2010, Arizona districts spent 55.9 percent of other available operating dollars on instruction, the lowest in the 10 years of Auditor General (AG) monitoring of classroom dollars
- K-12 reductions, since FY08, from Arizona State Budget perspective is about \$768M. Actually, the real impact is about \$1Billion when you include technical adjustments
- Voters in May 2010 approved Proposition 100 a three-year 1¢ per dollar sales tax, primarily for education. If not reconstituted or a substitute found, nearly \$1Billion will be removed from Arizona education
- Public education enrollment in Arizona is 1.07Million but students are fleeing public education to private schools, charter schools and home schooling – now 12% of total



ARIZONA SCHOOL UNIFICATION AND CONSOLIDATION

History

- The School District Unification and Consolidation Commission (SDUC) of 2003 met three times
- The SDUC did not approve any formal recommendations



ARIZONA SCHOOL UNIFICATION AND CONSOLIDATION

- During the 2005 Arizona Legislative Session, Senate Bill 1068 passed with bi-partisan support and was signed by Governor Janet Napolitano. The bill established a 13-person School Redistricting Commission to consider redistricting to, among many considerations, provide for a more seamless and connected learning experience and alignment of curriculum for the state's school children, as well as potential savings and efficiencies
- The Commission focused its attention on 92 districts that were likely candidates for unification. Additional work resulted in that number dropping to 76 districts included in the final plan. If all those districts were to unify it would have reduced the number of districts in Arizona by 49



ARIZONA SCHOOL UNIFICATION AND CONSOLIDATION

- On December 21, 2007, the Governor's office was handed the full report for redistricting 76 of Arizona's 227 districts statewide, affecting more than 331,000 kindergarten through 12th grade students
- Voters in nine counties and the specific districts had opportunity on the November 2008 ballot to consider unifying their school districts



- The unifications were overturned due to a

ARIZONA SCHOOL UNIFICATION AND CONSOLIDATION

But that was then and there is a new future for Arizona Public Education

- 227 Districts – 51 have fewer than 200 students, 108 elementary districts, 15 union districts, most others unified
- From an economic perspective some are not of optimum size
- Some are not unified K-12. This fact has implications for curriculum and learning effectiveness
- The Auditor General reports actual \$'s in the classroom "low"
- Over the past decade, Arizona's total spending per pupil increased by 47 percent before declining 4 percent in fiscal year 2010
- Arizona's per-pupil spending continues to trail the national average by nearly \$2,500



ARIZONA SCHOOL UNIFICATION AND CONSOLIDATION

- Arizona districts also allocate resources differently than the national averages, spending lower percentages of available dollars on instruction and administration and higher percentages on plant operations and student support services
- Arizona's state-wide average classroom dollar percentage in fiscal year 2010 was 55.9 percent, a record low since the AG office began monitoring dollars 10 years ago
- The declining classroom dollar percentage indicates that many districts are violating statute by using Classroom Site Fund monies to shift other monies away from the classroom (AG)



ARIZONA SCHOOL UNIFICATION AND CONSOLIDATION

- Further preliminary analysis indicates that, in Arizona, districts with higher classroom dollar percentages tend to have more efficient operations and higher student achievement
- Factors outside a district's control – such as district size , type and location – can affect its efficiency
- Performance audits have identified practices that some districts use to become more efficient and reduce their costs, such as minimizing staffing levels, conserving energy, and effectively managing vendor contracts. These are not uniformly applied



ARIZONA SCHOOL UNIFICATION AND CONSOLIDATION

Analysis, data, research, legal issues and Q&A of the 2007 Commission answers and effectively deals with the following issues:

- Aligning curriculum K-12
- Administrative positions
- Governing boards
- Infrastructure and non-infrastructure support services
- Budgeting
- Contractual obligations
- Capital debt



ARIZONA SCHOOL UNIFICATION AND CONSOLIDATION

- Capital overrides, previously accumulated
- Legal liability and acquisition of legal liabilities
- School district overrides
- New district names, numbers
- Political and municipal boundaries
- Tax Rates
- Which schools students attend when they move from common district to high school district
- Excess utilities



ARIZONA SCHOOL UNIFICATION AND CONSOLIDATION

- Desegregation expenditures
- Student demographics
- English learning language percentages
- Small and/or isolated designation
- AIMS and Arizona learning designation
- Expenditure per pupil
- Percentage of special education students
- Relevant academic and scientific research regarding school size, school district size



ARIZONA SCHOOL UNIFICATION AND CONSOLIDATION

- Alignment of curriculum K-12
- Teacher salaries and schedules
- Travel time of students
- District geographic boundaries
- Career ladders
- Fiscal implications and legal studies
- Potential for more effective use of facilities
- Application of teacher experience indexes and existing salary schedules



"A child is a person who is going to carry-on what you have started.
He or she is going to sit where you are sitting,
And when you are gone to attend to those things, which you think are important.
You may adopt all the policies you please,
But how they are carried out depends on him.
He will assume control of your cities, states and nations.
He is going to move in and take over your faith organizations, schools,
universities and corporations...
The fate of humanity is in his or her hands!"

ABRAHAM LINCOLN

Thank you for considering these concepts and this important
improvement to Arizona's education future. I really believe it is
work worth doing and I trust you do also.

Martin L. Shultz

REPORT HIGHLIGHTS
 SPECIAL STUDY

Our Conclusion

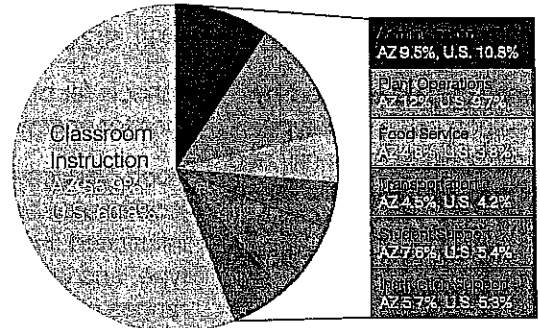
Over the past decade, Arizona's total spending per pupil increased by 47 percent before declining 4 percent in fiscal year 2010. Despite this increase, per-pupil spending in Arizona continues to trail the national average both in total and in the classroom, with the classroom dollar percentage reaching a record low 55.9 percent in fiscal year 2010. Arizona also allocates less of its resources for administration but more for plant operations and student support services than the national averages. Although factors outside a district's control—such as district size, type, and location—can affect its efficiency, some districts operate efficiently and have lower costs despite these factors, while others do not.

Arizona school districts spend less overall and spend differently than districts nationally

Compared to national averages, Arizona districts spend less overall and allocate their resources differently.

operating dollars in the classroom, about 5 percentage points less than the 60.8 percent national average. Arizona's lower instructional spending is reflected in Arizona's larger class sizes, 17.3 students per teacher in 2008 compared to the national average of 15 students per teacher.

Arizona and U.S. Spending by Function Fiscal Years 2010 (Arizona) and 2008 (U.S.)



Arizona spends lower percentage on administration—In fiscal year 2010, Arizona districts spent 1.3 percentage points less than the national average on administration. This lower spending is primarily in salaries and benefits.

Despite large increase, overall spending still lower—Between fiscal years 2001 and 2009, Arizona's spending per pupil rose 47 percent before declining 4 percent in fiscal year 2010. Despite this large increase, Arizona's fiscal year 2008 per-pupil spending of \$7,813 was still nearly \$2,500 less per pupil than the 2008 national average (most recent national data available).

Arizona spends higher percentage on plant operations and student support—In fiscal year 2010, Arizona districts spent 2.3 percentage points more on plant operations than the national average primarily because Arizona spends more on energy. In addition, Arizona districts spent 2.2 percentage points more on student support costs, such as counselors and social workers, primarily because a higher percentage of Arizona's students live at or below the poverty level and require more of these services.

Arizona spends lower percentage in classroom—In fiscal year 2010, Arizona districts spent 55.9 percent of their total

Classroom spending drops to record low 55.9 percent

In fiscal year 2010, Arizona districts spent 55.9 percent of their available operating dollars on instruction—the lowest in the 10 years our Office has been monitoring classroom dollars.

Classroom Site Fund (CSF) monies and overall per-pupil spending in 2010. However, as shown in the figure on the next page, the percentage spent on instruction also decreased between fiscal years 2004 and 2009, when overall spending per-pupil increased nearly 20 percent. In fact, between 2001 and 2009, only 55 percent of increased spending went to instruction, while 80 percent of the 2010 spending decrease came from

Declining percentage spent on instruction indicates likely supplanting—The decline in instructional spending in fiscal year 2010 is partially explained by the decline in both available

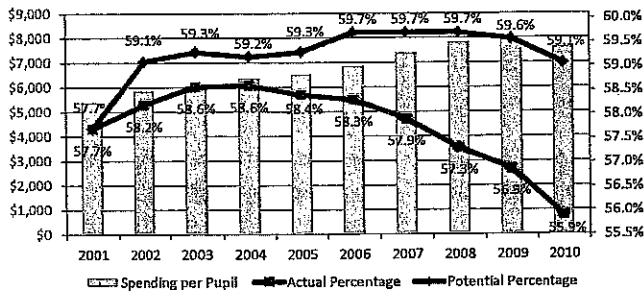


2011

instruction. As a result, the percentage spent on instruction has steadily declined, and the gap between districts' actual percentage spent on

instruction and what it would be had they maintained their fiscal year 2001 efforts at directing resources to the classroom has continued to grow. This widening gap indicates districts are likely using CSF monies to supplant or replace other district monies, a violation of state law.

Arizona Actual and Potential Classroom Dollar Percentages and Operational Spending Per Pupil Fiscal Years 2001 through 2010



Efficient operations enable more spending on instruction—Performance audits show that efficient districts are able to spend more on instruction. In order to devote more resources to instruction and instruction-related programs, districts should pay close attention to the efficiency in non-instructional areas. In addition, preliminary analysis suggests that districts with higher classroom dollar percentages tend to have higher student achievement, even when considering district poverty rates.

Efficient and inefficient districts come in all sizes, types, and locations

Although a district's efficiency can be affected by factors outside its control—such as its size, type, and location—some districts operate efficiently and have lower costs despite these factors, while others do not. As a result, there are wide ranges of costs within peer groups which reflect a variety of efficient and inefficient practices. For example:

schools far below designed capacity and did not monitor energy consumption.

While one small, rural, unified district spent \$967 per pupil on administrative costs, another spent \$2,391 per pupil.

Administration—Small districts typically have higher administrative costs per pupil than larger districts, but, even when grouped by size, some districts spend significantly less on administration than their peers. More efficient districts monitored performance measures and used

Food Service—Although food service costs are likely influenced by district size, type, and location, the wide ranges of cost per meal across peer groups indicate that operational efficiencies can be achieved regardless of these factors. More efficient districts maximized use of free federal commodities and adjusted staffing levels based on industry standards for meals per labor hour, while less efficient districts did not obtain best food prices and had poorly written vendor contracts.

While one medium-sized, rural, unified district spent \$2.20 per meal, another spent \$4.17 per meal.

staffing formulas, while less efficient districts had costly benefit packages and higher staffing levels.

Plant Operations—Districts serving high school students generally have lower plant costs per square foot because they generally have more square footage than elementary schools. However,

Transportation—Urban districts that transport short distances typically have higher costs per mile than their rural counterparts. However, even among districts grouped by location, there is a wide range of costs. More efficient districts monitored performance measures and adjusted routes to ensure that buses were full, while less efficient districts paid drivers for time not spent working and failed to monitor vendors for accurate billing and effective performance.

While one medium-sized, urban, elementary district spent \$3.24 per mile, another spent \$9.70 per mile.

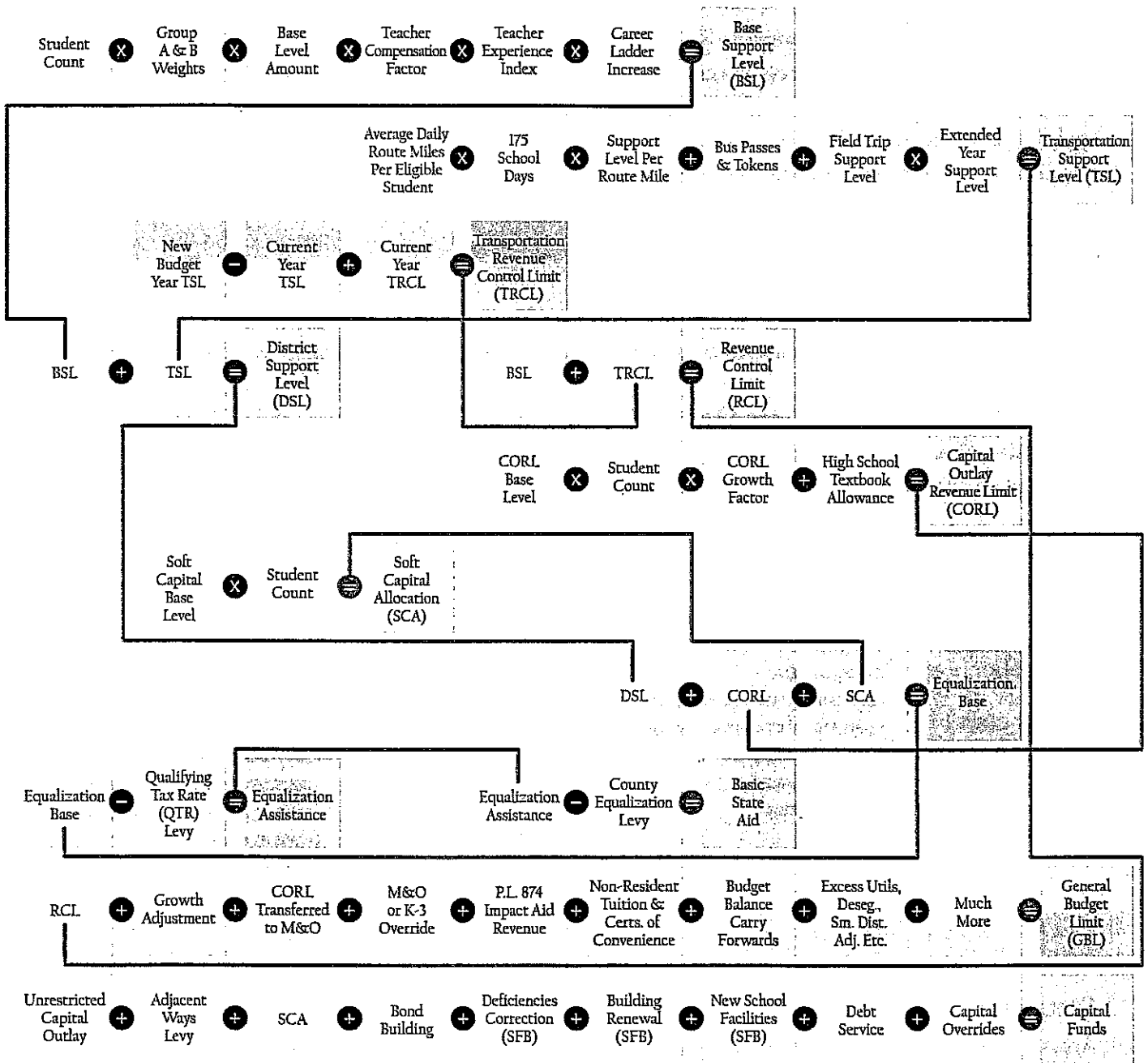
While one medium-sized, urban, elementary district spent \$5.36 per square foot for plant operations, another spent \$8.95 per square foot.

even among similar districts, there is a wide range of costs. More efficient districts typically had energy conservation plans and monitored performance measures, such as building capacity utilization. In contrast, less efficient districts operated

THE ARIZONA SCHOOL FINANCE

LABYRINTH

Building a Budget



LABYRINTH

An Overview

This document provides a broad overview of public school finance in Arizona. While not exhaustive, it will give some sense of the intricacies of the current system. As of Fiscal Year 2004-2005 there are 218 traditional school districts (95 unified, 108 elementary, and 15 high school union districts). The funding categories and formulas given here will apply largely to these districts. In addition, there are 10 joint technological education districts, 8 county accommodation districts and over 300 charter holders that are publicly funded in Arizona, each with their own financial structures.

MAINTENANCE & OPERATIONS (M & O)

State Equalization System

Weighted Student Count	x	Base Level Amount	x	Teacher Experience Index	=	Base Support Level
PLUS						
Transportation Formula	+	Capital Formula	+	Soft Capital Formula	=	Equalization Base
Equalization Base	-	Qualifying Tax Rate	=	Equalization Assistance		
Equalization Assistance	-	County Equalization	=	Basic State Aid		

Beyond Equalization

Property taxes (voter approved)	Property taxes (without voter approval)	Sales tax and state trust land revenue (Prop. 301)	Other funds include:
M & O overrides	Desegregation/OCR	Classroom site fund	Food services
K-3 overrides	Excess utilities	Federal appropriations	Civic center
Property taxes & state aid	Transportation hold harmless	Titles I through X	Community school
Career Ladder	Small school district exemption	P.L. 874 impact aid	Auxiliary operations
Optional performance incentive program	Interest on warrants	E-Rate	Extracurricular income tax credit
	Dropout prevention	Medicaid reimbursement	Gifts and donations
	Legal liabilities	IDEA funding	Intergovernmental agreements
			Indirect administrative costs
			Student activities
			Internal services

CAPITAL

State Funding

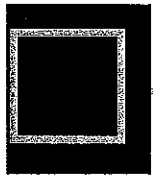
Arizona School
Facilities Board
Building renewal formula
New school facilities
Emergency deficiencies

Local Property Tax Levies

Property taxes (voter approved)
General obligation bonds
Capital overrides
Property taxes (without voter approval)
Adjacent ways
Desegregation/OCR
Small school district exemption
Unfunded emergency deficiencies

Other Capital Funds include:

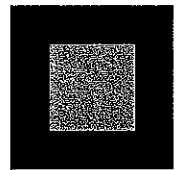
Land sales and leases
Gifts and donations for capital
Insurance proceeds



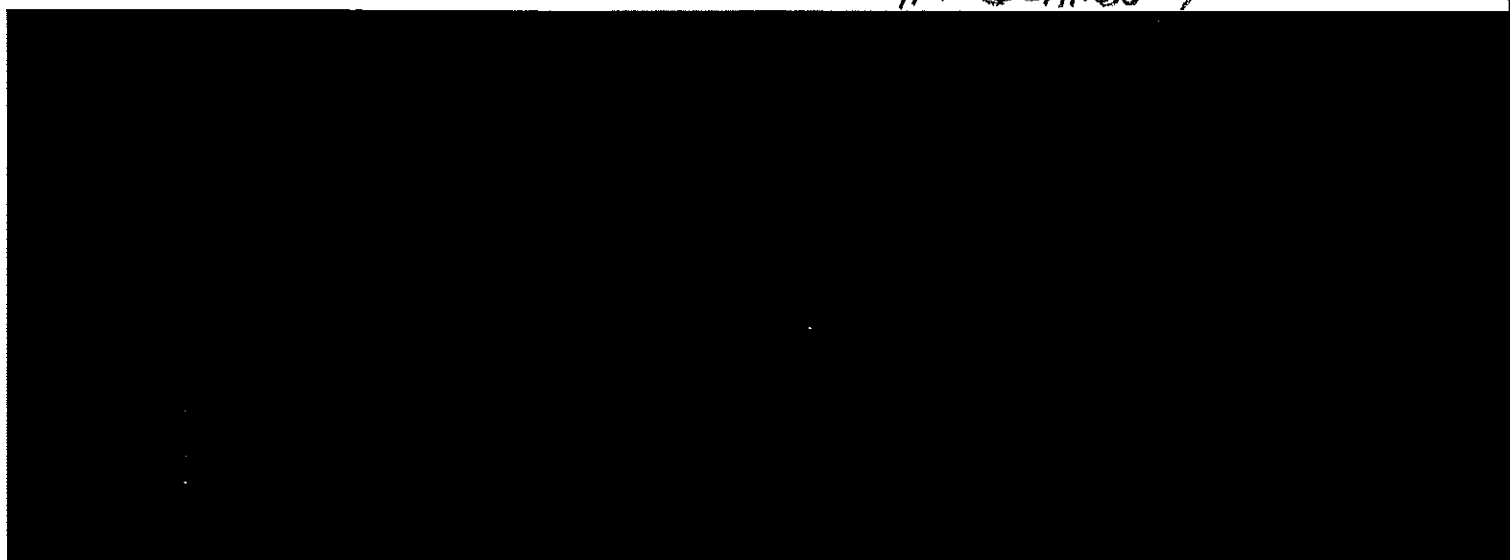
MCESA

Maricopa County Education Service Agency

**Creating collaborative solutions to
education's toughest challenges**



Attachment 4



Arizona Enrollment and Number of Schools by County, for Non-Unified Districts

County	Total Enrollment	Number of Schools*
Apache	452	4
Alpine Elementary District	54	1
Concho Elementary District	171	1
Mcrary Elementary District	117	1
Vernon Elementary District	110	1
Cochise	2,106	13
Apache Elementary District	10	1
Ash Creek Elementary District	45	1
Cochise Elementary District	84	1
Double Adobe Elementary District	55	1
Elfrida Elementary District	123	1
McNeal Elementary District	55	1
Naco Elementary District	298	1
Palominas Elementary District	1,070	3
Pearce Elementary District	89	1
Pomerene Elementary District	124	1
Valley Union High School District	153	1
Coconino	123	1
Maine Consolidated School District	123	1
Gila	269	4
Pine Strawberry Elementary District	130	1
Tonto Basin Elementary District	79	1
Young Elementary District	60	2
Graham	298	2
Bonita Elementary District	100	1
Solomon Elementary District	198	1
Greenlee	11	1
Blue Elementary District	11	1
La Paz	606	6
Bicentennial Union High School District	113	1
Bouse Elementary District	46	1
Quartzsite Elementary District	239	2
Salome Consolidated Elementary District	113	1
Wenden Elementary District	95	1

County	Total Enrollment	Number of Schools*
Maricopa	273,099	345
Agua Fria Union High School District	6,743	4
Aguila Elementary District	155	1
Alhambra Elementary District	13,964	15
Arlington Elementary District	263	1
Avondale Elementary District	6,073	8
Balsz Elementary District	2,753	5
Buckeye Elementary District	4,426	7
Buckeye Union High School District	3,668	3
Cartwright Elementary District	17,710	20
Creighton Elementary District	6,653	10
Fowler Elementary District	4,605	7
Glendale Elementary District	12,928	17
Glendale Union High School District	14,801	10
Isaac Elementary District	7,521	12
Kyrene Elementary District	18,006	26
Laveen Elementary District	5,177	6
Liberty Elementary District	3,509	5
Litchfield Elementary District	10,525	14
Littleton Elementary District	5,125	6
Madison Elementary District	5,941	8
Mobile Elementary District	20	1
Morristown Elementary District	160	1
Murphy Elementary District	2,295	4
Nadaburg Unified School District	845	2
Osborn Elementary District	3,079	6
Palo Verde Elementary District	491	1
Paloma School District	82	1
Pendergast Elementary District	9,723	15
Phoenix Elementary District	7,385	14
Phoenix Union High School District	24,009	15
Riverside Elementary District	770	2
Roosevelt Elementary District	10,482	20
Sentinel Elementary District	--	1
Tempe School District	12,262	23
Tempe Union High School District	13,821	7
Tolleson Elementary District	2,776	4
Tolleson Union High School District	9,360	6
Union Elementary District	1,642	3
Washington Elementary School District	22,221	32
Wilson Elementary District	1,130	2

County	Total Enrollment	Number of Schools*
Mohave	7,793	18
Bullhead City School District	3,347	7
Colorado River Union High School District	2,394	2
Hackberry School District	19	1
Mohave Valley Elementary District	1,772	4
Owens-Whitney Elementary District	26	1
Topock Elementary District	147	1
Valentine Elementary District	69	1
Yucca Elementary District	19	1
Pima	1,727	6
Ajo Unified District	439	2
Altar Valley Elementary District	693	2
Continental Elementary District	577	1
San Fernando Elementary District	18	1
Pinal	16,352	29
Casa Grande Elementary District	7,561	12
Casa Grande Union High School District	3,734	4
Eloy Elementary District	1,070	3
Oracle Elementary District	554	1
Picacho Elementary District	225	1
Red Rock Elementary District	320	1
Sacaton Elementary District	477	2
Santa Cruz Valley Union High School District	431	2
Stanfield Elementary District	674	1
Toltec Elementary District	1,306	2
Santa Cruz	477	4
Patagonia Elementary District	75	1
Patagonia Union High School District	73	1
Santa Cruz Elementary District	218	1
Sonoita Elementary District	111	1
Yavapai	4,689	15
Beaver Creek Elementary District	360	1
Canon Elementary District	185	1
Clarkdale-Jerome Elementary District	434	1
Congress Elementary District	125	1
Cottonwood-Oak Creek Elementary District	2,165	5
Crown King Elementary District	--	1

County	Total Enrollment	Number of Schools*
Yavapai cont.	4,689	15
Hillside Elementary District	32	1
Kirkland Elementary District	59	1
Mingus Union High School District	1,253	1
Skull Valley Elementary District	21	1
Yarnell Elementary District	55	1
Yuma	35,730	50
Antelope Union High School District	303	1
Crane Elementary District	6,082	10
Gadsden Elementary District	5,143	8
Hyder Elementary District	123	1
Mohawk Valley Elementary District	158	1
Somerton Elementary District	2,767	4
Wellton Elementary District	338	1
Yuma Elementary District	9,687	18
Yuma Union High School District	11,129	6

Arizona Department of Education Data Source:
October Enrollment report, 2010/2011 School Year

*Schools within a district may not be in the same county. Districts are counted in any county where they have schools. Thus the District counts for each county are not exclusive and will not sum to the state's total number of districts.

-- Enrollment numbers under 10 are not publicly reported per the Family Educational Rights and Privacy Act of 1974 (FERPA).

Speaking Points -- Joint Legislative Study Committee on School District Unification and Consolidation

County School Superintendents

Article 11, Section 2 of the Arizona Constitution states:

Conduct and supervision of school system

Section 2. The general conduct and supervision of the public school system shall be vested in a state board of education, a state superintendent of public instruction, county school superintendents, and such governing boards for the state institutions as may be provided by law.

- Constitutional Officers, elected, four year term, without limit
- 160+ items in ARS Title 15 and corresponding Titles (shall, must, may, or have the authority to).
- Size and staffing of offices vary greatly.
- Two major mandatory primary functions :
 1. Fiscal agent (under recent legislation, districts may opt out with SBE approval)
 2. School election administrator (Board Member election or appointment, recall, boundary changes, unification, consolidation, 3 to 5 Board Members, bond, over-ride, property sales).
- One major optional primary function:
 1. Operate an Education Service Agency. An entrepreneurial agency providing direct services to Districts, Charters, Private Schools, Home School Networks, Day Care Centers, Pre-Schools, Community Colleges.
 2. Capacities vary greatly, some with 2-3 staff members and some with scores of employees .
 3. Generally, NOT paid from county general fund. Grant or fee based.
 4. Voluntary. The LEA's tell us what they need.
 5. Size of the LEA tends to determine the services requested.
 6. No one in Arizona provides more professional development than our Education Service Agencies.
- Services that can be found in Arizona ESAs include: nurses, counselors, psychologists, special educators (of all kinds), ELL specialists, art, music, PE, gifted ed., business managers, food service, curriculum directors, transportation, IT, hearing officers, mentors, interim administrators, purchasing, payroll, maintenance, landscaping,

data management, developing common core requirements, specific content knowledge training, specialized trainings (common core, AP, online), establishing emergency management plans, etc.

- In some cases, this simply makes the service available, and in almost every case at the most cost effective price on the market. Significant savings can be realized, since the ESA is not trying to attempt to make the type of profit a private business would make. We just can not lose money. Our objective is to help LEA's and save money, NOT to make a profit.

Inter-Governmental Agreements

- Districts and other LEA's may reach a collective agreement and work independent of the Education Service Agency.
- The ESA can serve as a resource to assist LEA's in creating partnerships, consortiums, or associations.
- The most common examples are sharing central office administration, such as food service, special education directors, in house legal counsel, transportation directors, maintenance, joint purchasing and procurement, IT services, curriculum directors, payroll, finance, and athletic directors.
- We can demonstrate where significant savings are being realized as a result of these joint agreements.

Regional Service Centers

- The United States Secretary of Education, the Race to the Top process, several new Arizona statutes, AZ Ready (the Governor's Educational Reform Plan), the Arizona Department of Education, and the general consensus among business leaders is that consolidation of services and providing funding through Regional Service Centers is wise and should be advanced.
- A majority of states have used some form of Regional Service Centers (BOCES, ESD, RSD) to effect savings and eliminate duplication of services for many years.
- The County School Superintendents recently met and offered the following definition of a Regional Service Center; *"Regional Centers are voluntary structures implemented by County School Superintendents and/or an alliance of Education Service Agencies that provide locally defined and accessible professional development educational services*

and technical assistance to address statewide high priority initiatives, including but not limited to data use, standards and assessments, great teachers / great leaders, struggling schools and STEM.”

- The County Superintendents then divided the state into five (5) Regional Centers. The County Superintendents in that region selected the “lead agency and the fiscal agent”.
 1. Maricopa County*
 2. Pima County*, Cochise County, Santa Cruz County
 3. Navajo County*, Apache County, Coconino County
 4. Pinal County*, Gila County, Graham County, Greenlee County
 5. Yavapai County*, La Paz County, Mohave County, Yuma County.
- The County Superintendents have been engaged with the Governor’s Office about a proposal that would establish the centers and host Symposiums in each region or county. The purpose was to review AZ Ready and the most recent state educational mandates and to receive information from the LEAs, business leaders, and members of the public about the Regional Center concept. The Governor agreed to fund the proposal. The first Symposium was hosted by Mohave County in September and all of them should be completed by December. Discussions center around how will the centers will function, what services should they provide, and how would they be funded into the future.

ARIZONA REGIONAL EDUCATION CENTERS

Region One:

Apache
Coconino
Navajo

Region Two:

Maricopa

Region Three:

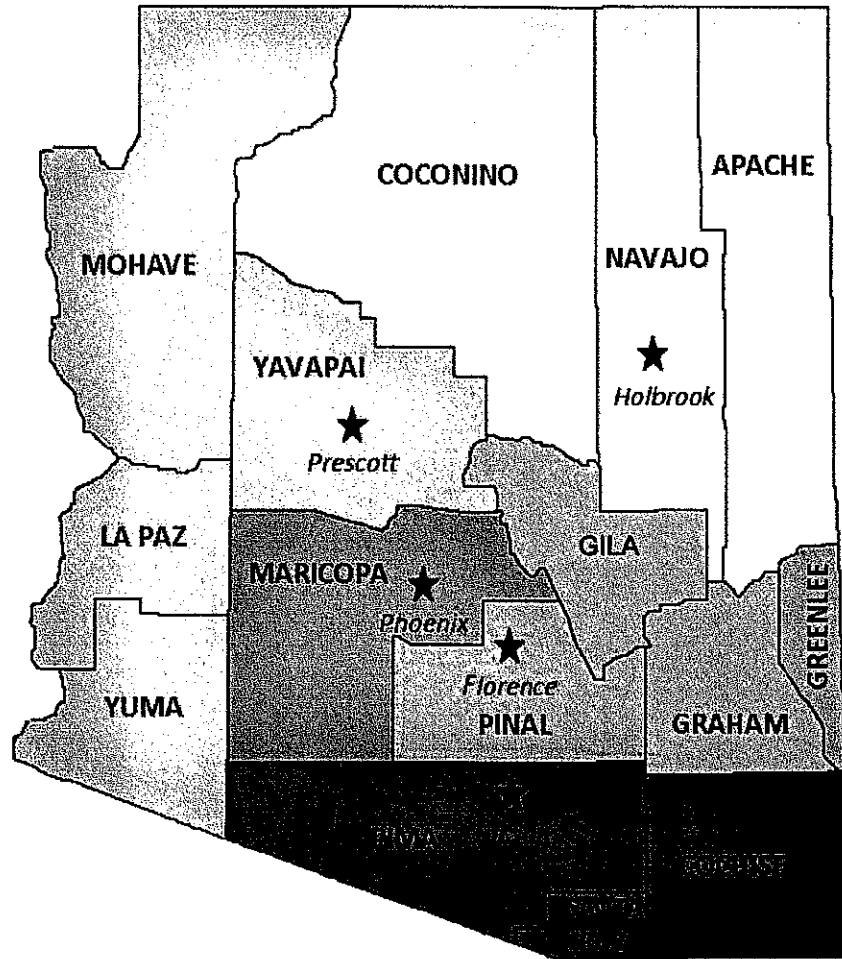
Cochise
Pima
Santa Cruz

Region Four:

Gila
Graham
Greenlee
Pinal

Region Five:

La Paz
Mohave
Yavapai
Yuma



Arizona Regional Centers are voluntary structures implemented by County School Superintendents and/or alliance of Education Service Agencies that provide locally defined and accessible professional development, educational services, and technical services to address the statewide high priority initiatives including but not limited to: Data Use, Standards and Assessment, Great Teacher-Great Leaders, Struggling Schools



SYMPOSIUM AGENDA – October 7, 2011

Time	Topic
■ 7:00 a.m.	Registration and Continental Breakfast
■ 8:00 a.m.	Welcome and Introductions <i>Dr. Don Covey, Maricopa County Superintendent of Schools</i> Message from the Governor's Office: Arizona Ready <i>Rebecca Gau, Director, Governor's Office of Education Innovation</i> Arizona Department of Education Collaboration & Support <i>Dr. Karen Butterfield, Associate Superintendent, Effective Teachers and Leaders, ADE</i> Arizona STEM Network <i>Darcy Renfro, Vice President and Director, STEM Initiatives, Science Foundation Arizona</i>
■ 9:10 a.m.	Break
■ 9:25 a.m.	MCESA Regional Service and Support & Needs Assessment Findings <i>Dr. Lori Shough, Assistant Superintendent, Educational Innovation, MCESA</i>
■ 9:50 a.m.	Discussion Groups: Clarification of Needs & Prioritization of Services and Support <i>Group 1 Facilitator: Laurie King, Director of Innovative Practices, MCESA</i> <i>Group 2 Facilitator: Dr. Janice Johnson, Director of Leadership Development, MCESA</i> <i>Group 3 Facilitator: Dr. Susan Haag, Director of Research and Evaluation, MCESA</i>
■ 11:00 a.m.	What We Learned <i>Dr. Lori Shough, Assistant Superintendent, Educational Innovation, MCESA</i> Next Steps and Closure <i>Kristine Morris, Chief Deputy Superintendent, MCESA</i>
■ 11:30 a.m.	Networking Lunch



OUTCOMES

Symposium attendees will:

- Gain an understanding of the state model for regionally delivered educational services and support to advance the goals set forth in "Arizona Ready," Arizona's education reform plan.
- Review and discuss needs assessment data collected in September from Maricopa County school districts.
- Assist in identifying and prioritizing educational services and support that would assist public schools in the Maricopa County region to achieve their own goals for increasing student academic growth and achievement.

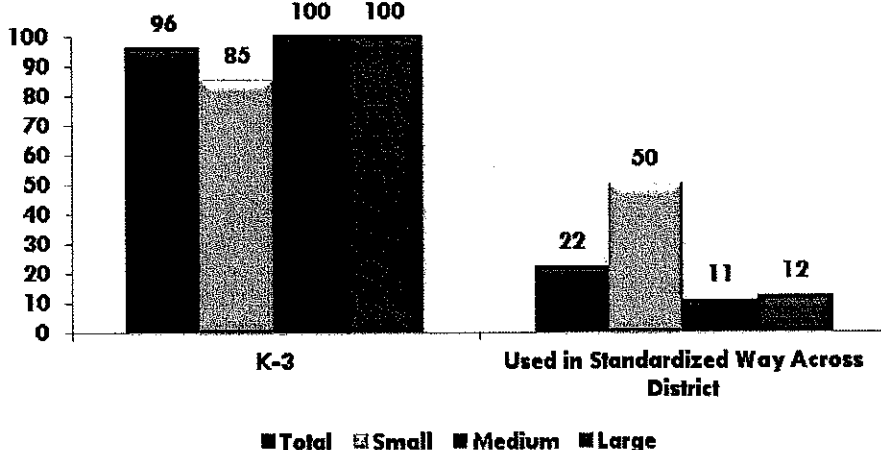
HIGHLIGHTS

Regional Service and Support Needs Assessment Findings

Regionally delivered education service and support have been identified as critical to achieving the goals of Arizona Ready, Arizona's education reform plan. In the Maricopa County region, service and support services will be delivered through the Maricopa County Education Service Agency (MCESA) and designed to meet strategic, locally identified needs. All Maricopa County school districts were asked to complete a needs assessment to assist MCESA in identifying and prioritizing regional needs. The results arrayed in this document represent highlights of Phase 1 of our analysis of 25 districts identified in a stratified random sample based on size, location, minority population, and free and reduced lunch rate. These results will be used to facilitate data-informed decision making in future planning. For the purposes of this needs assessment, district size was determined as small (1-2,000), medium (2,001-10,000), and large (10,001 and higher).

Support for Struggling Schools

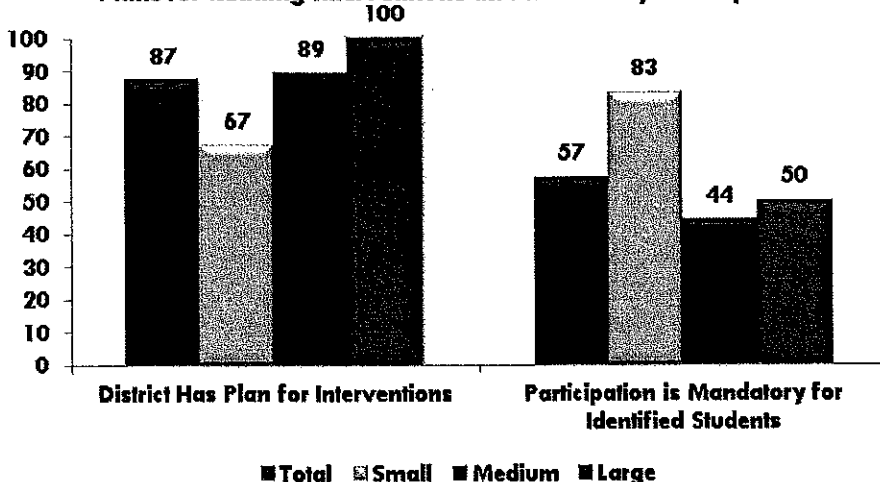
Grade-Level Assessments for Proficiency and Standardized Promotion Decisions



K-3 Reading Assessments

- The majority of districts (96%) indicate they have assessments to measure grade-level reading proficiency.
- 22% of all districts "strongly agree" that assessments for K-3 promotion decisions are used in a standardized way across the district. Responses vary by district size: 50% of small, 11% of medium, and 12% of large districts "strongly agree."

Plans for Reading Interventions and Mandatory Participation

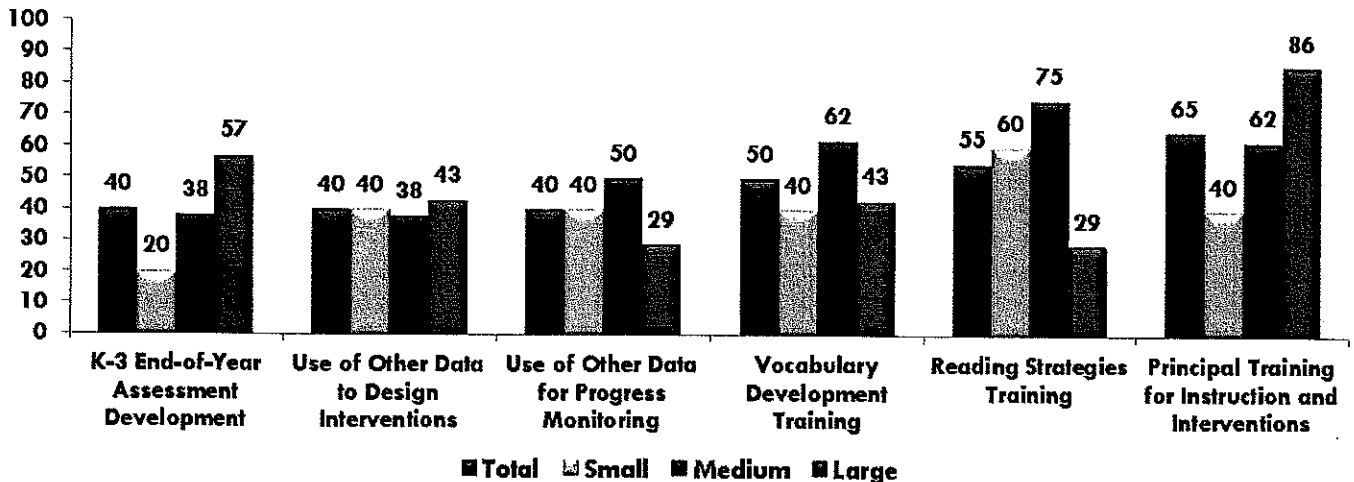


K-3 Reading Interventions

- 78% of districts indicate they have identified students at-risk for non-promotion. (Not shown here)
- Most districts (87%) have a plan for implementing effective K-3 reading instruction and interventions, but responses vary by district size: 67% of small, 89% of medium, and 100% of large districts have a plan.
- 57% of all districts indicate mandatory participation for students at-risk for non-promotion. Responses vary among districts by size: 83% of small, 44% of medium, and 50% of large districts indicate "yes" to mandatory participation.

Support for Struggling Schools

Interest in Support for K-3 Literacy

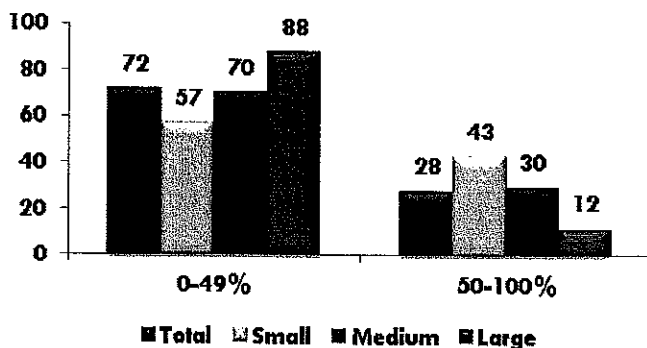


K-3 Literacy

- Districts are most interested in professional development for principal training for instruction and interventions (65%) and for teachers in reading strategies (55%) and vocabulary development (50%).
- Principal training for instruction and interventions varies by size: 40% small, 62% medium, and 86% large districts.
- Interest in K-3 end-of-year assessment development varies by district size with 40% of small, 38% of medium, and 57% of large districts expressing interest.

Standards and Assessments

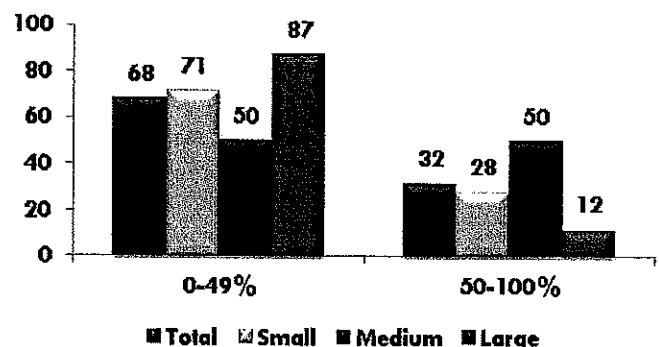
Percent of Reading Teachers with Training on AZ Reading Standards



Reading

- Not all reading teachers have received training on the Arizona Academic Standards in Reading (Common Core Standards).
- Training varies by district size: 57% of small, 20% of medium, and 38% of large districts indicate that fewer than one in four reading teachers received training in reading standards. (Not shown here)
- 14% of small and 30% of medium districts indicate that at least 75% of their reading teachers have received training on the Arizona Academic Standards in Reading. (Not shown here)

Percent of Math Teachers with Training on AZ Math Standards

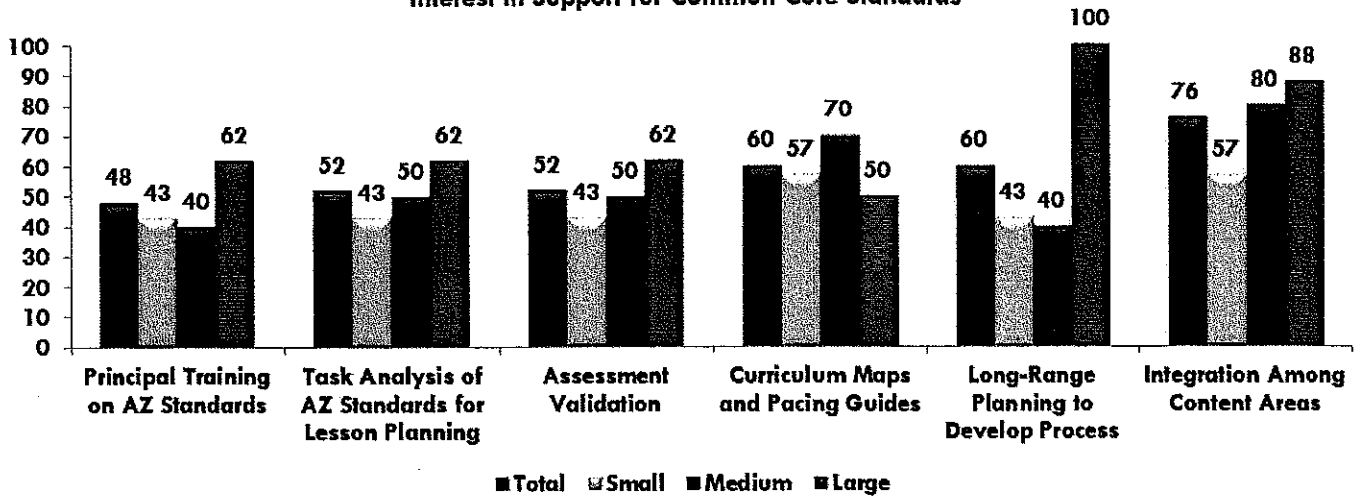


Math

- Not all math teachers have received training on the Arizona Academic Standards in Math (Common Core Standards).
- Training varies by district size: 71% of small, 30% of medium, and 25% of large districts indicate that fewer than one in four math teachers have received training in math standards. (Not shown here)
- 14% of small districts, 40% of medium, and 12% of large districts indicate that at least 75% of their math teachers have received training on the Arizona Academic Standards in Math. (Not shown here)

Standards and Assessments

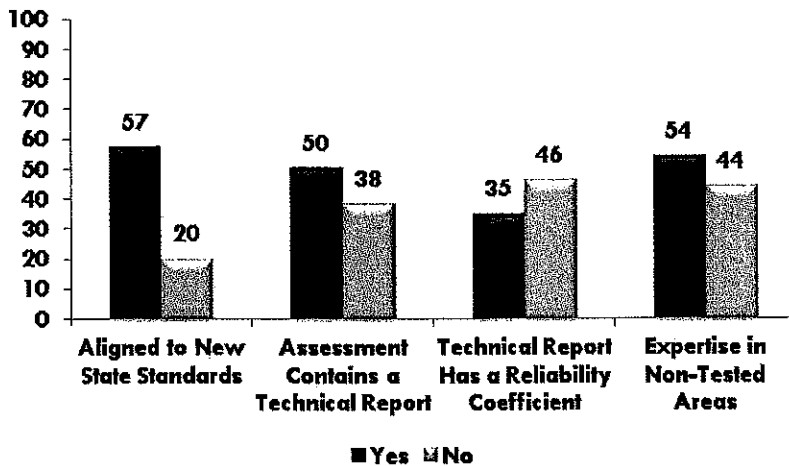
Interest in Support for Common Core Standards



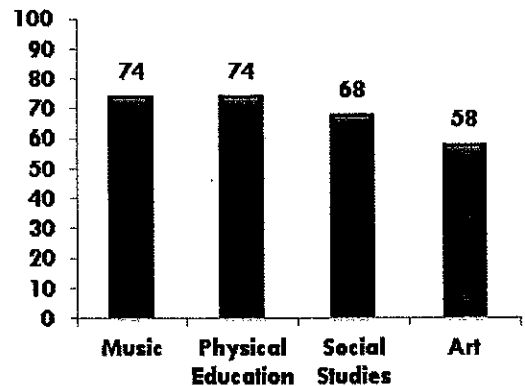
Common Core Standards

- Interest in assessment validation support increases with the size of the district, from 43% for small districts to 62% for large districts.
- Interest in long-range planning support for the development of process skills is greater in large districts (100%) than in small (43%) or medium districts (40%).
- Interest in support with curriculum maps and pacing guides is greater in medium districts (70%) than in small (57%) or large (50%) districts.

District Support for Assessment in Non-Tested Areas



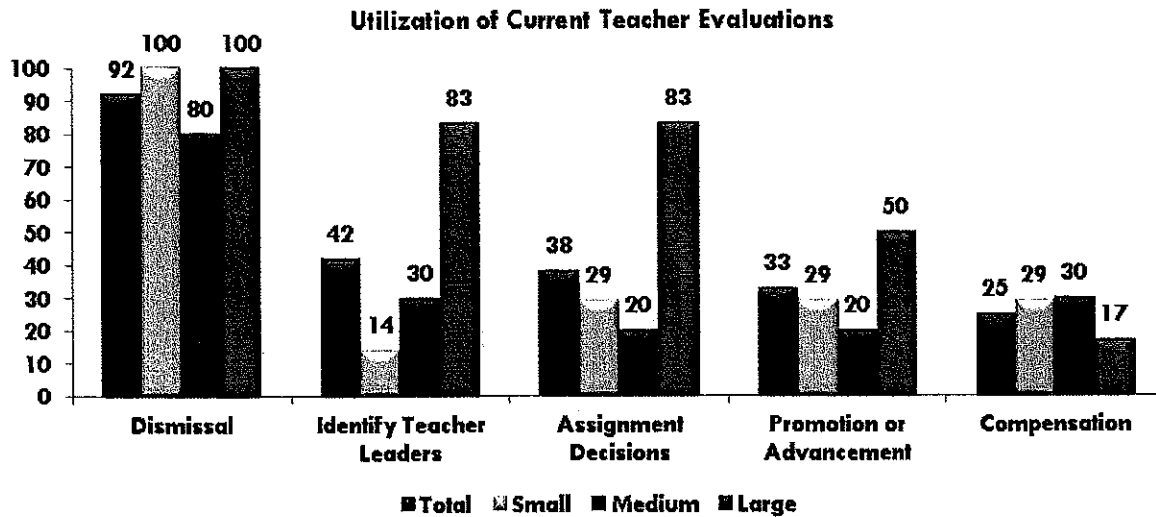
Interest in Collaboration on Assessment Development



Assessments in Non-Tested Areas

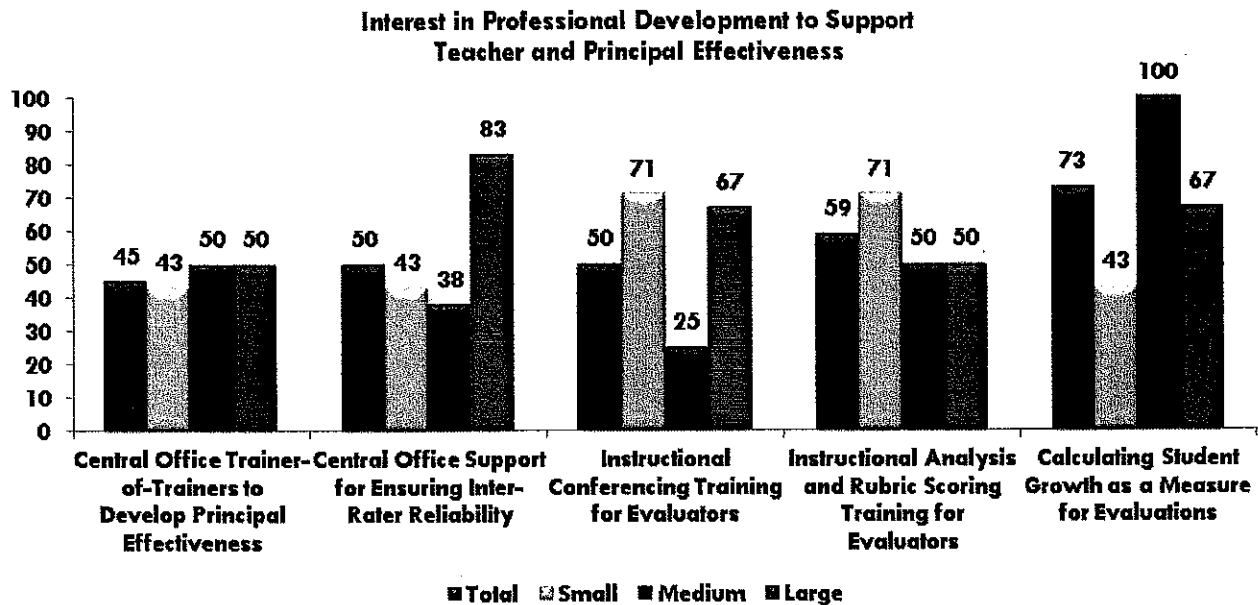
- 57% of district assessments are aligned to new state standards.
- 54% of districts have expertise to support assessment development.
- 50% of district assessments have technical reports to show reliability.
- District expertise in non-tested content areas include the following: Physical Education (16%), Art (14%), Music (11%), Science (11%), and Social Studies (4%). (Not shown here)
- Districts are interested in collaborative assessment development for the following non-tested content areas: Music (74%), Physical Education (74%), Social Studies (68%), and Art (58%).
- 23% of districts indicate they have no expertise in developing assessments for non-tested areas. (Not shown here)

Great Teachers, Great Leaders



Current Evaluation Practices

- Most districts use teacher evaluation for dismissal (92%) yet responses vary by district size.
- 29% of small, 20% of medium, and 83% of large districts use their current teacher evaluations for assignment decisions.
- One-third of all districts report using current teacher evaluations for promotion/advancement decisions.
- 92% of districts report use of teacher evaluations to improve student learning. (Not shown here)
- 83% of districts report use of teacher evaluations to improve teacher efficacy. (Not shown here)

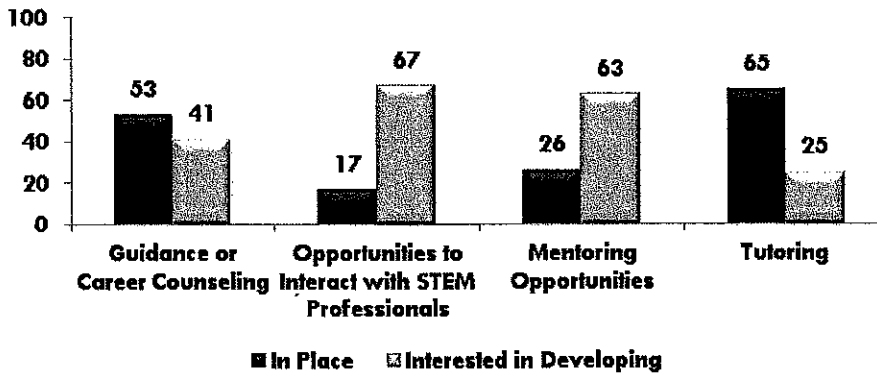


Professional Development: Evaluation

- 73% of all districts indicate they need help calculating student growth as a measure of effectiveness for teacher and principal evaluation.
- The need for instructional analysis and rubric scoring training for evaluators varies by district size: 71% of small, 50% of medium, and 50% of large districts indicated support and resources are needed.
- Instructional conferencing training for evaluators needs vary by district size: 71% of small, 25% of medium, and 67% of large districts indicated support and resources are needed.
- The need for central office support in implementing a process for inter-rater-reliability varies by district size: 43% of small, 38% of medium, and 83% of large districts indicated support and resources are needed.

STEM (Science, Technology, Engineering and Math)

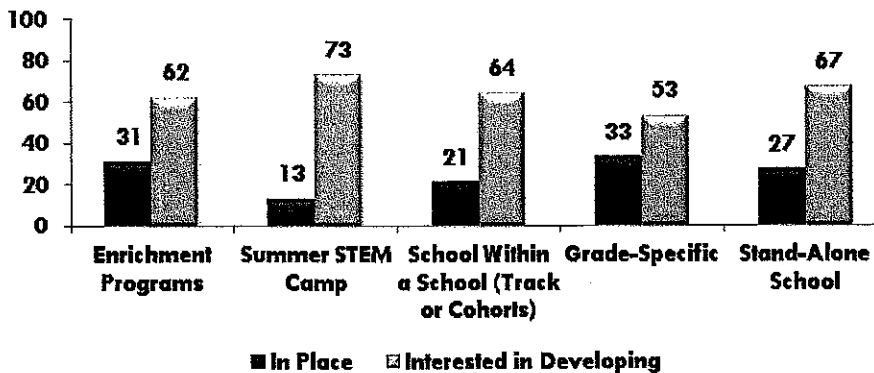
STEM Student Support Structures



STEM Student Support Structures

- The majority of districts have guidance or career counseling (53%) and tutoring (65%) in place for their students.
- The majority of districts are interested in developing opportunities to interact with STEM professionals (67%) and mentoring opportunities (63%).
- Interest in developing opportunities to interact with STEM professionals varies according to district size: small (100%), medium (44%), and large (80%). (Not shown here)
- Interest in developing mentoring opportunities varies according to district size: small (100%), medium (44%), and large (67%). (Not shown here)

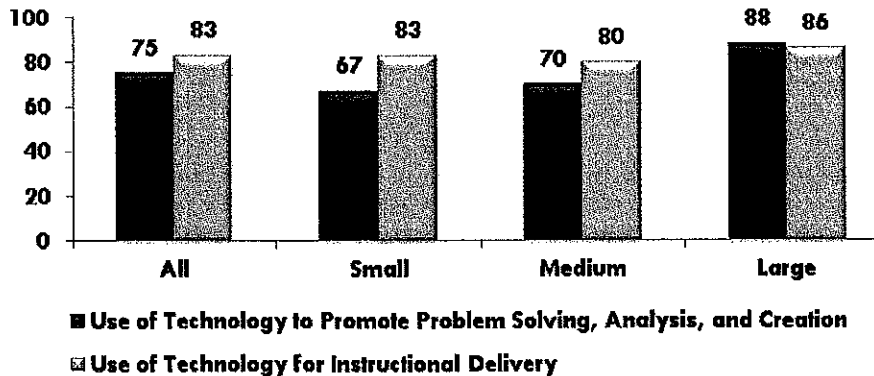
STEM School Types



STEM School Types

- Currently less than one-third of districts have STEM school types in place (e.g., enrichment programs, summer STEM camps).
- The majority of districts are interested in developing all STEM school types with districts indicating the most interest in summer STEM camps (73%).
- Interest in developing summer STEM camps increases with district size: small (67%), medium (71%), and large (80%).
- Interest in developing a stand-alone STEM school increases with district size: small (33%), medium (62%), and large (100%).

Interest in Professional Development for Technology

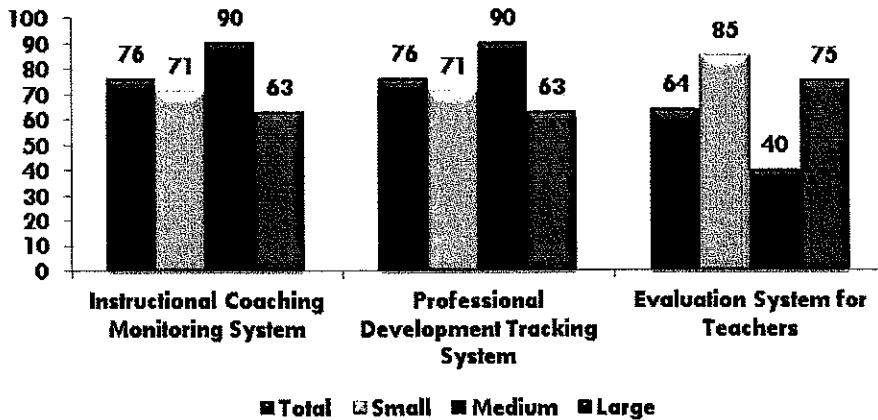


Professional Development: Technology

- Only 33% of small schools have a wireless network at their schools, compared to medium-sized districts at 80% and large districts at 62%. (Not shown here)
- Most districts (83%) are very interested in professional development for teachers in the uses of technology for instructional delivery.
- Most districts (75%) are very interested in professional development for the use of technology for student learning that promotes problem-solving, analyzing information, and creating presentations.

■ Data Use

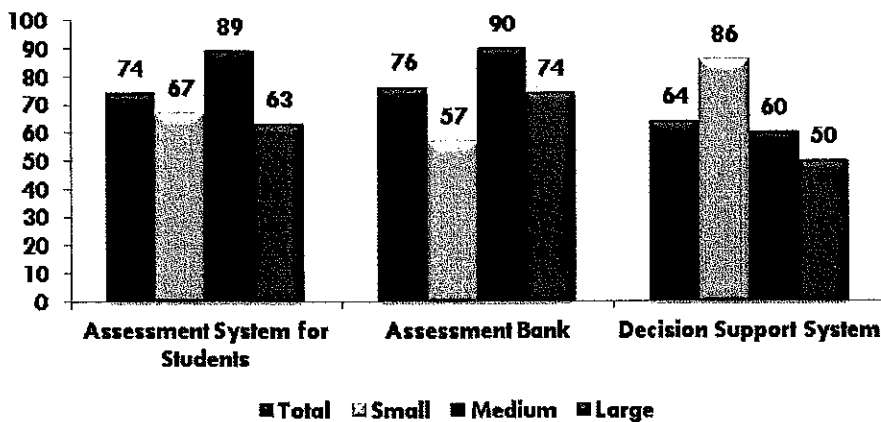
Interest in Access to County-Wide Systems for Teacher Data



Data Systems for Teachers

- Most interest (76%) is associated with developing a professional development tracking system for teachers (courses, hours, credits, names) and access to a county-wide system for instructional coaching monitoring system (data fields, dates, coach, credits, results).
- Medium districts (90%) and small districts (71%) show higher interest in gaining access to an instructional coaching monitoring system than large districts (63%).
- Small districts (85%) have the greatest interest in gaining access to an evaluation system for teachers.

Interest in Access to County-Wide Systems for Student Data



Data Systems for Students

- Less than two-thirds of districts have a decision support system.
- Interest in a county-wide assessment system for students varies by district size: 67% of small, 89% of medium, and 63% of large districts show interest.
- Interest in a county-wide decision support system varies by district size: 86% of small, 60% of medium, and 50% of large districts are interested.
- Interest in a county-wide assessment bank varies by district size: small (57%), medium (90%), and large districts (74%) show interest.
- 57% of small, 60% of medium, and 25% of large districts have an interest in a county-wide human resources personnel system. (Not shown here)

Coming later this fall...

MCESA will publish and distribute an Executive Summary, which will include aggregated results from all districts that have participated in the regional education service and support needs assessment.

Acknowledgements

MCESA would like to thank all of the districts participating in the regional education service and support needs assessment. Your feedback is essential in directing the services and support necessary for Maricopa County's K-12 community. We would like to thank the external evaluator, Dr. Dee Spencer, at Spencer Education Consulting, for her contribution to the needs assessment and analysis.

Contact the MCESA Research and Evaluation Office

Please address any questions regarding needs assessment results to Susan Haag, Ph.D., MCESA Director of Research and Evaluation, at susan.haag@mcesa.maricopa.gov or 602-506-4142.

MCESA

Maricopa County Education Service Agency

www.maricopa.gov/schools

4041 N. Central Ave., Ste. 1100, Phoenix, AZ 602-506-3866



Simulation of education and support services provided by Regional Education Service & Support Centers to schools and districts through inter-governmental agreements.

During the Forty-ninth Legislature, Second Regular Session 2010, Senate Bill 1040 was passed into law (ARS 15-203.38). It required that, on or before December 15, 2011, the State Board of Education adopt and maintain a model framework for a teacher and principal evaluation instrument that includes quantitative data on student academic progress that accounts for between 33% and 50% of the evaluation outcomes and best practices for professional development and evaluator training. School districts and charter schools shall use an instrument that meets the data requirements established by the State Board of Education to annually evaluate individual teachers and principals beginning in school year 2012-2013.

Task for Districts and Charters

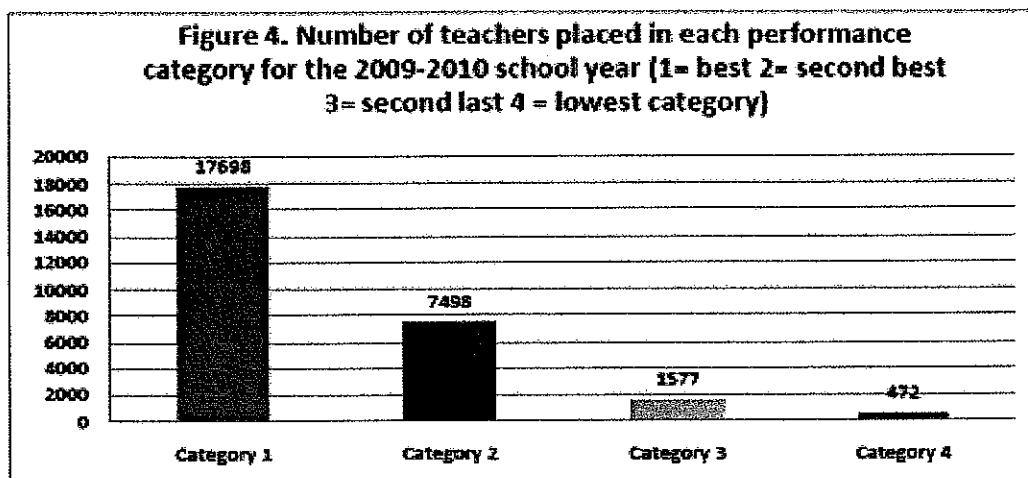
By the beginning of school year 2012-2013 each school district and charter must develop or purchase the following tools, aligned to the State Board of Education Educator Effectiveness Framework.

Teacher Evaluation Instruments	Principal Evaluation Instruments	Quantitative Data on Student Academic Progress (Assessments)	Professional Development & Evaluator Training
Data system that links student achievement data to teachers & principals			

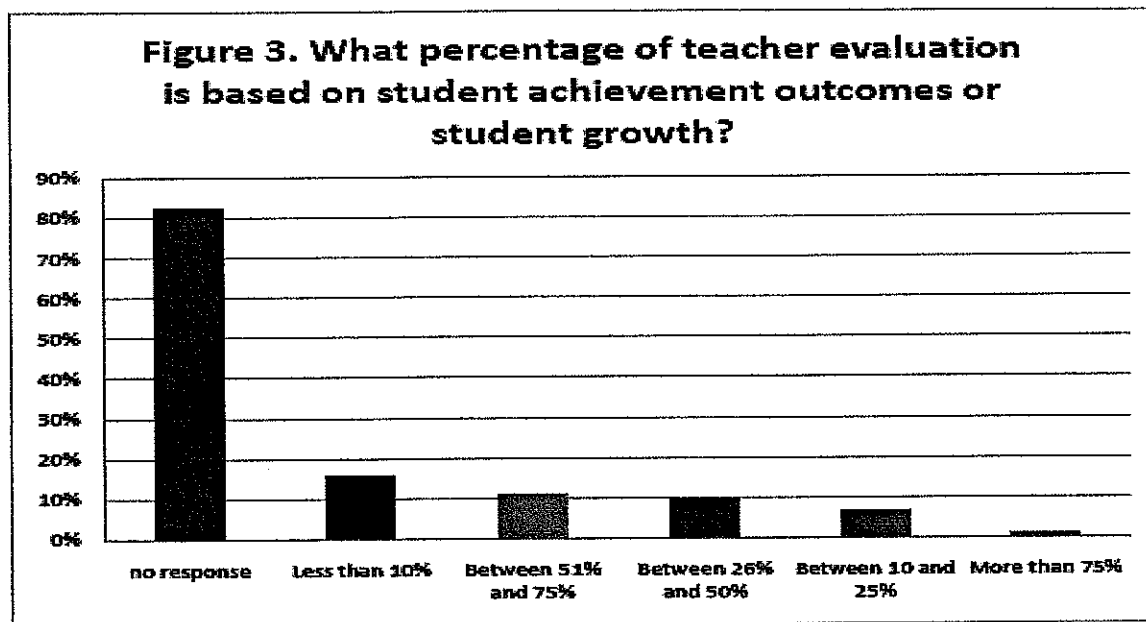
District Status

This is important work to accomplish and it aligns to state and federal priorities and research based practices. However, it represents a significant shift from current practice. Data from the school year 2009-2010 compiled by Arizona Department of Education (May 2011) showed that:

- 93% of teachers and 92% of principals (not shown) were placed in the top two highest performance categories on existing evaluations.



- 80% of district survey participants did not respond to the question “What percentage of teacher evaluation is based on student achievement outcomes or student growth?” Approximately 25% of district respondents based 26-75% of teacher’s evaluation on student outcomes or student growth



The Challenge

ADE data as well as data gathered by the Maricopa County Education Service Agency in August and September 2011 show that many districts are not prepared for the new requirements outlined in the Educator Effectiveness Framework. Development and validation of these instruments and systems require expertise to ensure that the new educator evaluation instruments and supporting systems are effective. To meet framework requirements, districts and charters must create evaluation instruments themselves, purchase new instruments, or modify existing systems. Districts must also create or purchase assessments for all non-AIMS tested areas; build or buy a data system to link student and teacher data; and provide professional development to support teacher and principal growth. Work such as this is costly and requires time and expertise.

The Opportunity

Expertise and resources to assist in the development of these important tools and systems exist throughout the state. Such expertise and resources are found in our schools, districts, colleges and universities, foundations, state department, and regional education centers. We have the tremendous opportunity to leverage this fiscal and human capital through our Regional Education Support & Service Centers. The model that follows illustrates how one Regional Education Support & Service Center, MCESA, can leverage existing resources and talent to help districts, through IGAs, meet the expectations of ARS 15-203.38 in an effective and efficient manner.

Reference:

“2009-2010 School Year Teacher Evaluation Survey Summary,” Arizona Department of Education (May 2011).
 “2009-2010 School Year Teacher Evaluation Survey Summary,” Arizona Department of Education (May 2011).

The information in the tables below simulates the costs to develop valid, reliable and effective teacher and principal evaluation systems independently (Table 1) and through combined Regional Education Service and Support (Table 2). These simulations are based upon the 5-year *Rewarding Excellence in Instruction and Leadership (REIL) program*, a Teacher Incentive Fund Grant. REIL is an alliance between MCESA and six Maricopa County Districts serving approximately 52,000 students, 3,300 teachers, and 52 schools.

Table 1: Establishing a per District Cost for meeting expectations of ARS 15-203.38

	Budget		Students	Teachers	Schools	Districts	Cost Per District
Data System	\$ 2,600,000		52,000	3,300	52	6	\$ 433,333
Quantitative Data on Student Academic Progress	\$ 2,500,000		52,000	3,300	52	6	\$ 416,667
Evaluation Systems & Professional Development	\$ 11,400,000		52,000	3,300	52	6	\$ 1,900,000
Approximate Project Cost for 6 Districts	\$ 16,500,000						
				Approximate Project Cost Per District			\$ 2,750,000
Approximate Project Cost for Maricopa County's 58 Districts to independently meet ARS 15-203.38 requirements (\$2,750,000 x 58)							\$ 159,500,000

Table 2: Combining Services to meet expectations of ARS 15-203.38 through Maricopa County Regional Education

Maricopa County	Students	Managable Alliance Size	Number of Alliances
	700,000	70,000	10

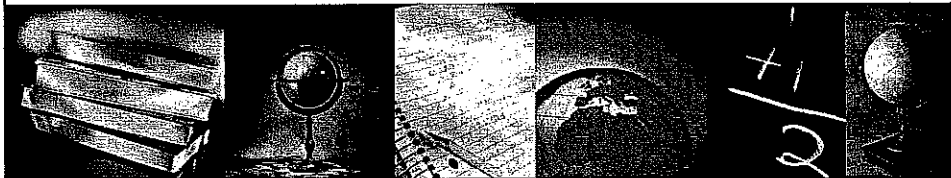
	Cost	Unit	Number of Alliances	Total Cost Per Regional Center to support 58 school districts
Data System	\$ 100,000.00	Per Alliance	10	\$ 1,000,000.00
Quantitative Data on Student Academic Progress	\$ -	Per Alliance	10	\$ -
Evaluation Systems & Professional Development	\$ 11,400,000.00	Per Alliance	10	\$ 114,000,000.00
Project Cost per Alliance	\$ 11,500,000.00		Approximate cost for combined services for 58 districts over Project Period	\$ 115,000,000

Table 3: Efficiencies and Fiscal Savings Realized Through Combined Services

	58 Districts utilizing Combined Services to complete Project	Efficiencies Realized through Combined Services
\$ 159,500,000.00	\$ 115,000,000.00	\$ 44,500,000.00

ARIZONA SCHOOL UNIFICATION AND CONSOLIDATION

Why SDR?
What are we fixing?
History of SDR policy in Arizona



ARIZONA SCHOOL UNIFICATION AND CONSOLIDATION

Presented to the Joint Legislative Study Committee on School
District Unification and Consolidation

By Martin L. Shultz

Senior Policy Director

Brownstein Hyatt Farber Schreck

One East Washington, Suite 2400

Phoenix, AZ 85004

&

Former Vice President Government Affairs

Pinnacle West Capital Corporation (Retired)

Former Chair of Arizona School Redistricting Commission

(2006-2008)



ARIZONA SCHOOL UNIFICATION AND CONSOLIDATION

Why are we even discussing School Unification and Consolidation? What is the problem we're trying to fix?

- School Districts in Arizona were created and boundaries established based on growth patterns of Arizona over the last 100 years (Note: February 14, 2012 is Arizona's Centennial)
- A record number of Arizona schools failed to meet "benchmarks for academic progress" this year which means the State will fall short of the nations goal of having all students proficient at their grade level in three years
- A record 814 Arizona schools or 42% failed to get students to make "adequate yearly progress"



ARIZONA SCHOOL UNIFICATION AND CONSOLIDATION

- Classroom spending drops to a record low 55.9 percent. In fiscal year 2010, Arizona districts spent 55.9 percent of other available operating dollars on instruction, the lowest in the 10 years of Auditor General (AG) monitoring of classroom dollars
- K-12 reductions, since FY08, from Arizona State Budget perspective is about \$768M. Actually, the real impact is about \$1Billion when you include technical adjustments
- Voters in May 2010 approved Proposition 100 a three-year 1¢ per dollar sales tax, primarily for education. If not reconstituted or a substitute found, nearly \$1Billion will be removed from Arizona education
- Public education enrollment in Arizona is 1.07Million but students are fleeing public education to private schools, charter schools and home schooling – now 12% of total



ARIZONA SCHOOL UNIFICATION AND CONSOLIDATION

History

- The School District Unification and Consolidation Commission (SDUC) of 2003 met three times
- The SDUC did not approve any formal recommendations



ARIZONA SCHOOL UNIFICATION AND CONSOLIDATION

- During the 2005 Arizona Legislative Session, Senate Bill 1068 passed with bi-partisan support and was signed by Governor Janet Napolitano. The bill established a 13-person School Redistricting Commission to consider redistricting to, among many considerations, provide for a more seamless and connected learning experience and alignment of curriculum for the state's school children, as well as potential savings and efficiencies
- The Commission focused its attention on 92 districts that were likely candidates for unification. Additional work resulted in that number dropping to 76 districts included in the final plan. If all those districts were to unify it would have reduced the number of districts in Arizona by 49



ARIZONA SCHOOL UNIFICATION AND CONSOLIDATION

- On December 21, 2007, the Governor's office was handed the full report for redistricting 76 of Arizona's 227 districts statewide, affecting more than 331,000 kindergarten through 12th grade students
- Voters in nine counties and the specific districts had opportunity on the November 2008 ballot to consider unifying their school districts



- The unifications were overturned due to a

ARIZONA SCHOOL UNIFICATION AND CONSOLIDATION

But that was then and there is a new future for Arizona Public Education

- 227 Districts – 51 have fewer than 200 students, 108 elementary districts, 15 union districts, most others unified
- From an economic perspective some are not of optimum size
- Some are not unified K-12. This fact has implications for curriculum and learning effectiveness
- The Auditor General reports actual \$'s in the classroom "low"
- Over the past decade, Arizona's total spending per pupil increased by 47 percent before declining 4 percent in fiscal year 2010
- Arizona's per-pupil spending continues to trail the national average by nearly \$2,500



ARIZONA SCHOOL UNIFICATION AND CONSOLIDATION

- Arizona districts also allocate resources differently than the national averages, spending lower percentages of available dollars on instruction and administration and higher percentages on plant operations and student support services
- Arizona's state-wide average classroom dollar percentage in fiscal year 2010 was 55.9 percent, a record low since the AG office began monitoring dollars 10 years ago
- The declining classroom dollar percentage indicates that many districts are violating statute by using Classroom Site Fund monies to shift other monies away from the classroom (AG)



ARIZONA SCHOOL UNIFICATION AND CONSOLIDATION

- Further preliminary analysis indicates that, in Arizona, districts with higher classroom dollar percentages tend to have more efficient operations and higher student achievement
- Factors outside a district's control – such as district size , type and location – can affect its efficiency
- Performance audits have identified practices that some districts use to become more efficient and reduce their costs, such as minimizing staffing levels, conserving energy, and effectively managing vendor contracts. These are not uniformly applied



ARIZONA SCHOOL UNIFICATION AND CONSOLIDATION

Analysis, data, research, legal issues and Q&A of the 2007 Commission answers and effectively deals with the following issues:

- Aligning curriculum K-12
- Administrative positions
- Governing boards
- Infrastructure and non-infrastructure support services
- Budgeting
- Contractual obligations
- Capital debt



ARIZONA SCHOOL UNIFICATION AND CONSOLIDATION

- Capital overrides, previously accumulated
- Legal liability and acquisition of legal liabilities
- School district overrides
- New district names, numbers
- Political and municipal boundaries
- Tax Rates
- Which schools students attend when they move from common district to high school district
- Excess utilities



ARIZONA SCHOOL UNIFICATION AND CONSOLIDATION

- Desegregation expenditures
- Student demographics
- English learning language percentages
- Small and/or isolated designation
- AIMS and Arizona learning designation
- Expenditure per pupil
- Percentage of special education students
- Relevant academic and scientific research regarding school size, school district size



ARIZONA SCHOOL UNIFICATION AND CONSOLIDATION

- Alignment of curriculum K-12
- Teacher salaries and schedules
- Travel time of students
- District geographic boundaries
- Career ladders
- Fiscal implications and legal studies
- Potential for more effective use of facilities
- Application of teacher experience indexes and existing salary schedules



"A child is a person who is going to carry-on what you have started.
He or she is going to sit where you are sitting,
And when you are gone to attend to those things, which you think are important.
You may adopt all the policies you please,
But how they are carried out depends on him.
He will assume control of your cities, states and nations.
He is going to move in and take over your faith organizations, schools,
universities and corporations...
The fate of humanity is in his or her hands!"

ABRAHAM LINCOLN

Thank you for considering these concepts and this important
improvement to Arizona's education future. I really believe it is
work worth doing and I trust you do also.

Martin L. Shultz



SYMPOSIUM AGENDA – October 7, 2011

Time

Topic

- 7:00 a.m. **Registration and Continental Breakfast**

- 8:00 a.m. **Welcome and Introductions**
Dr. Don Covey, Maricopa County Superintendent of Schools

Message from the Governor's Office: Arizona Ready
Rebecca Gau, Director, Governor's Office of Education Innovation

Arizona Department of Education Collaboration & Support
Dr. Karen Butterfield, Associate Superintendent, Effective Teachers and Leaders, ADE

Arizona STEM Network
Darcy Renfro, Vice President and Director, STEM Initiatives, Science Foundation Arizona

- 9:10 a.m. **Break**

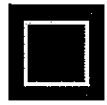
- 9:25 a.m. **MCESA Regional Service and Support & Needs Assessment Findings**
Dr. Lori Shough, Assistant Superintendent, Educational Innovation, MCESA

- 9:50 a.m. **Discussion Groups:**
Clarification of Needs & Prioritization of Services and Support
Group 1 Facilitator: Laurie King, Director of Innovative Practices, MCESA
Group 2 Facilitator: Dr. Janice Johnson, Director of Leadership Development, MCESA
Group 3 Facilitator: Dr. Susan Haag, Director of Research and Evaluation, MCESA

- 11:00 a.m. **What We Learned**
Dr. Lori Shough, Assistant Superintendent, Educational Innovation, MCESA

Next Steps and Closure
Kristine Morris, Chief Deputy Superintendent, MCESA

- 11:30 a.m. **Networking Lunch**



OUTCOMES

Symposium attendees will:

- Gain an understanding of the state model for regionally delivered educational services and support to advance the goals set forth in "Arizona Ready," Arizona's education reform plan.
- Review and discuss needs assessment data collected in September from Maricopa County school districts.
- Assist in identifying and prioritizing educational services and support that would assist public schools in the Maricopa County region to achieve their own goals for increasing student academic growth and achievement.

Simulation of education and support services provided by Regional Education Service & Support Centers to schools and districts through inter-governmental agreements.

During the Forty-ninth Legislature, Second Regular Session 2010, Senate Bill 1040 was passed into law (ARS 15-203.38). It required that, on or before December 15, 2011, the State Board of Education adopt and maintain a model framework for a teacher and principal evaluation instrument that includes quantitative data on student academic progress that accounts for between 33% and 50% of the evaluation outcomes and best practices for professional development and evaluator training. School districts and charter schools shall use an instrument that meets the data requirements established by the State Board of Education to annually evaluate individual teachers and principals beginning in school year 2012-2013.

Task for Districts and Charters

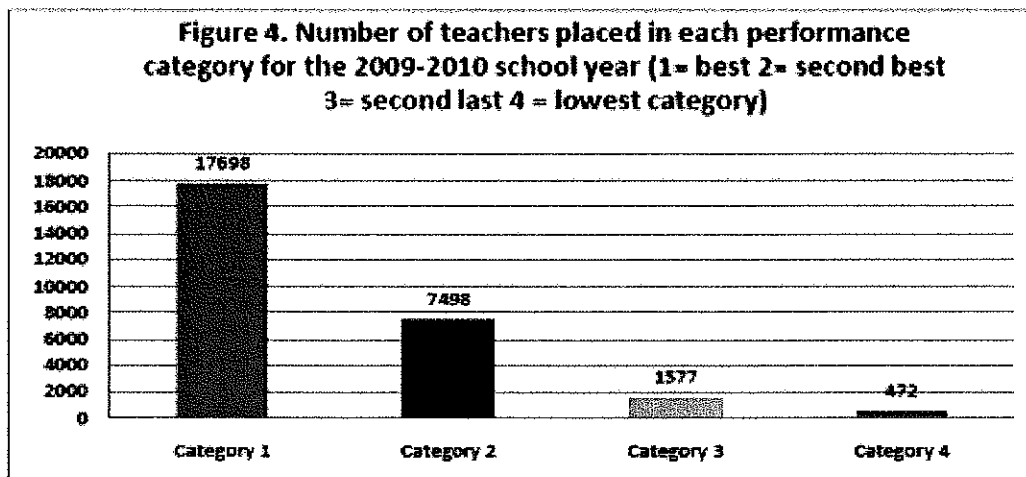
By the beginning of school year 2012-2013 each school district and charter must develop or purchase the following tools, aligned to the State Board of Education Educator Effectiveness Framework.

Teacher Evaluation Instruments	Principal Evaluation Instruments	Quantitative Data on Student Academic Progress (Assessments)	Professional Development & Evaluator Training
Data system that links student achievement data to teachers & principals			

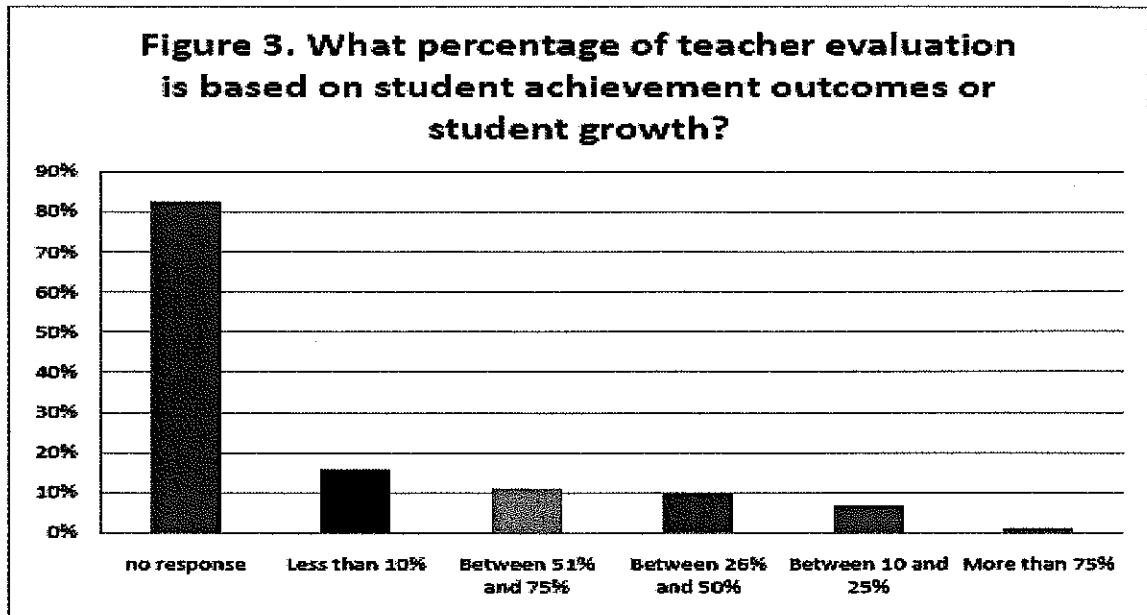
District Status

This is important work to accomplish and it aligns to state and federal priorities and research based practices. However, it represents a significant shift from current practice. Data from the school year 2009-2010 compiled by Arizona Department of Education (May 2011) showed that:

- 93% of teachers and 92% of principals (not shown) were placed in the top two highest performance categories on existing evaluations.



- 80% of district survey participants did not respond to the question “What percentage of teacher evaluation is based on student achievement outcomes or student growth?” Approximately 25% of district respondents based 26-75% of teacher’s evaluation on student outcomes or student growth



The Challenge

ADE data as well as data gathered by the Maricopa County Education Service Agency in August and September 2011 show that many districts are not prepared for the new requirements outlined in the Educator Effectiveness Framework. Development and validation of these instruments and systems require expertise to ensure that the new educator evaluation instruments and supporting systems are effective. To meet framework requirements, districts and charters must create evaluation instruments themselves, purchase new instruments, or modify existing systems. Districts must also create or purchase assessments for all non-AIMS tested areas; build or buy a data system to link student and teacher data; and provide professional development to support teacher and principal growth. Work such as this is costly and requires time and expertise.

The Opportunity

Expertise and resources to assist in the development of these important tools and systems exist throughout the state. Such expertise and resources are found in our schools, districts, colleges and universities, foundations, state department, and regional education centers. We have the tremendous opportunity to leverage this fiscal and human capital through our Regional Education Support & Service Centers. The model that follows illustrates how one Regional Education Support & Service Center, MCESA, can leverage existing resources and talent to help districts, through IGAs, meet the expectations of ARS 15-203.38 in an effective and efficient manner.

Reference:

“2009-2010 School Year Teacher Evaluation Survey Summary,” Arizona Department of Education (May 2011).
 “2009-2010 School Year Teacher Evaluation Survey Summary,” Arizona Department of Education (May 2011).

The information in the tables below simulates the costs to develop valid, reliable and effective teacher and principal evaluation systems independently (Table 1) and through combined Regional Education Service and Support (Table 2). These simulations are based upon the 5-year *Rewarding Excellence in Instruction and Leadership (REIL) program*, a Teacher Incentive Fund Grant. REIL is an alliance between MCESA and six Maricopa County Districts serving approximately 52,000 students, 3,300 teachers, and 52 schools.

Table 1: Establishing a per District Cost for meeting expectations of ARS 15-203.38

	Budget	Students	Teachers	Schools	Districts	Cost Per District
Data System	\$ 2,600,000	52,000	3,300	52	6	\$ 433,333
Quantitative Data on Student Academic Progress	\$ 2,500,000	52,000	3,300	52	6	\$ 416,667
Evaluation Systems & Professional Development	\$ 11,400,000	52,000	3,300	52	6	\$ 1,900,000
Approximate Project Cost for 6 Districts	\$ 16,500,000		Approximate Project Cost Per District			\$ 2,750,000

Approximate Project Cost for Maricopa County's 58 Districts to independently meet ARS 15-203.38 requirements (\$2,750,000 x 58) \$159,500,000

Table 2: Combining Services to meet expectations of ARS 15-203.38 through Maricopa County Regional Education

Maricopa County	Students	Managable Alliance Size	Number of Alliances
	700,000	70,000	10

	Cost	Unit	Number of Alliances	Total Cost Per Regional Center to support 58 school districts
Data System	\$ 100,000.00	Per Alliance	10	\$ 1,000,000.00
Quantitative Data on Student Academic Progress	\$ -	Per Alliance	10	\$ -
Evaluation Systems & Professional Development	\$ 11,400,000.00	Per Alliance	10	\$ 114,000,000.00
Project Cost per Alliance	\$ 11,500,000.00		Approximate cost for combined services for 58 districts over Project Period	\$ 115,000,000

Table 3: Efficiencies and Fiscal Savings Realized Through Combined Services

	58 Districts utilizing Combined Services to complete Project	Efficiencies Realized through Combined Services
\$ 159,500,000.00	\$ 115,000,000.00	\$ 44,500,000.00

ARIZONA STATE LEGISLATURE

INTERIM MEETING NOTICE OPEN TO THE PUBLIC

JOINT LEGISLATIVE STUDY COMMITTEE ON SCHOOL DISTRICT UNIFICATION AND CONSOLIDATION

Date: Monday, December 19, 2011

Time: 10:00 A.M.

Place: HHR 3

AGENDA

1. Call to Order
2. Discussion of Draft Recommendations
3. Public Testimony
4. Adoption of Final Recommendations
5. Adjourn

Members:

Senator Rich Crandall, CoChair
Senator Leah Landrum Taylor
Senator Steve Smith
Toni Badone
Tim Carter
Don Covey
Jeffery Crandall
Bob Martin

Representative Doris Goodale, CoChair
Representative John Fillmore
Representative Ruben Gallego
Margo Seck
Patrick Sinnott
Andy Smith
David Snyder
Vanessa Whitener

12/7/11
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People with disabilities may request reasonable accommodations such as interpreters, alternative formats, or assistance with physical accessibility. If you require accommodations, please contact the Chief Clerk's Office at (602) 926-3032, TDD (602) 926-3241.

ARIZONA STATE LEGISLATURE
Fiftieth Legislature – First Regular Session

JOINT LEGISLATIVE STUDY COMMITTEE ON
SCHOOL DISTRICT UNIFICATION AND CONSOLIDATION

Minutes of Interim Meeting
Monday, December 19, 2011
House Hearing Room 3 -- 10:00 a.m.

CoChairman Crandall called the meeting to order at 10:04 a.m. and roll call was taken by the secretary.

Members Present

Senator Rich Crandall, CoChairman
Senator Steve Smith
Toni Badone
Tim Carter
Don Covey
Jeffery Crandall
Bob Martin
Margo Seck

Representative Doris Goodale, CoChairman
Representative John Fillmore
Representative Ruben Gallego
Patrick Sinnott
Andy Smith
David Snyder
Vanessa Whitener

Members Absent

Senator Leah Landrum Taylor

Opening Remarks

CoChairman Crandall stated that the Members will discuss the draft recommendations. Some were provided in written form, but he would like to hear what each Member wishes to include. Public testimony will be heard, after which the Members will adopt final recommendations. He thanked the Members for dedicating their time, especially over the holidays.

CoChairman Goodale welcomed everyone. She related that this Committee is solely about unification and consolidation, and it is separate from any bills that are being introduced.

CoChairman Crandall asked Representative Fillmore to make some comments since there have been emails circulating about different ideas.

Representative Fillmore thanked everyone for attending. He stated that he heard there are concerns about bills he is proposing, but those are separate from consolidation legislation. In February 2011, the Arizona Education Commitment (AEC) published full-page ads requesting additional funding for education. The AEC website states that 28 percent of Arizona's youth are

not proficient in math, only 27 percent of eighth graders are proficient in reading and 30 percent of the students do not graduate from high school. He is introducing bills relating to items he wants to discuss since Arizona is ranked 45th in the country in school performance. In dealing with consolidation, he said he requested input from the education community. More money is needed for classrooms and teachers to improve the education of students, which can be done through unification or consolidation.

Discussion of Draft Recommendations

Mr. Carter stated that his proposal attempts to eliminate impediments by providing incentives based on the theory that unification or consolidation is voluntary. Referring to a handout, he stressed the importance of the third and fourth bullet points (Attachment 1):

- Allow the county superintendent to modify time frames.
- If two or more school districts are considering unification or consolidation, the county school superintendent can be asked to assist in providing a feasibility study, with the school district boards deciding what will be included. A fund would be made available to pay for the study, legal counsel, accounting work, an independent consultant, an interim administrator and the cost of the election. The governing boards and voters would review the information and determine if it makes sense to unify or consolidate. Additionally, if the voters decide to unify or consolidate, an incentive would be to raise the Revenue Control Limit (RCL) by five percent for two years, to equalize salaries and implement changes.

CoChairman Crandall noted that the Arizona Department of Education (ADE) has statutory regulations for reporting requirements. If there is a deadline to submit next year's budget and school districts are trying to consolidate, that requirement will need to be waived because a consolidated budget will be submitted. Mr. Carter responded that he talked to John Huppenthal, Superintendent of Public Instruction, ADE, who agreed that three different school district budgets may be needed, from District A, District B and the consolidated school district, and that the time frames can be resolved.

CoChairman Crandall indicated that ADE may have to address the voluntary nature of the process and modifying statutory time frames through the state superintendent rather than the county school superintendent.

Mr. Snyder stated that his recommendations (Attachment 2) focus on the financial aspect, noting that incentives need to be in place. During discussions about unification, it was determined that money would have to be spent before as well as after unification to align computer systems, etc. Funding is needed at the state or local level for school districts to move forward.

Dr. Covey stated that the reason for advocating school district unification or consolidation is so all students enrolled in traditional K-12 school districts graduate career and/or college ready. He reviewed possible recommendations (Attachment 3):

- Voluntary process
- Conduct a feasibility study

- Provide transitional and incentive funding for a period of three to five years
- Provide budget authority outside the maintenance and operations (M&O) budget
- Authorize county superintendents to modify timelines if it is shown to be beneficial
- Provide state funding to county superintendents' offices to assist with feasibility studies, planning and/or implementation costs

Dr. Covey addressed consolidation of services and concerns regarding unintended actions to unification or consolidation, specifically elimination of small school adjustments for traditional school districts and charter schools (Attachment 3).

Dr. A. Smith reviewed a handout, *Unification/Consolidation recommendations* (Attachment 4), relating to the need for choice particularly for local, small school districts; phasing out the small school adjustment, except in very rural and isolated areas; and encouraging shared services. He added that he believes much savings would have to be realized in order for small, rural school districts to unify or consolidate.

CoChairman Crandall commented that the decision to unify or consolidate should be about improving performance rather than saving money.

Dr. A. Smith commented that the Yarnell School District is an "A" district, as well as the Congress Elementary School District and Gila County School Districts, all of which are small schools. There is concern that joining other school districts may change the dynamics so much that student performance will be lowered.

Ms. Whitener asked what happens if the community wants to unify or consolidate, but the governing board is hesitant. She noted that there have been discussions about petitioning a board; however, the board can decide not to recognize the petition. Dr. Covey replied that if school board members do not heed the wishes of the community that can be dealt with through the election or recall processes. Mr. Carter clarified that according to his proposal, if the governing board determines that it is not wise to move forward with a unification or consolidation election, the voters could go around the board through the petition process and require a vote anyway. The details would have to be worked out, but if there is disagreement, the voters will prevail.

The other Members related their recommendations, which included the following:

- Fluid process
- School board member and Arizona School Boards Association (ASBA) involvement in the transitioning process and communication
- Voluntary and not mandatory process
- The feasibility study is important, although it may be difficult for six school districts, such as in the Tolleson School District, to agree to conduct a study
- Cost for the feasibility study outside of the RCL; however, a revenue source is needed
- County superintendents overseeing the feasibility study, providing resources for the study and choosing consultants to work with the school districts
- Phasing in unification or consolidation over three to five years

- Incentives for more consolidation of services
- Potential fund or pool to provide a loan for the feasibility study
- Unify or consolidate so it is in the best interest of the state and students
- Without a voluntary process, many school districts will be reluctant to change unless financial incentives are provided
- Decrease duplicated services in school districts by using intergovernmental agreements and consolidating services
- Consider the mobility of the students
- Do not distract school superintendents from their required duties
- Consider the culture of the community
- Start small with small school districts located near to each other so their success will lead to more small school districts wanting to unify or consolidate

Representative Fillmore read a letter he received from a school board member about duplication of services in certain school districts resulting in the waste of taxpayers' money (Attachment 5) and referred to an article from the Arizona Tax Research Association newsletter regarding \$1.9 billion in school property tax increases on the November 2011 ballot (Attachment 6). He submitted that consolidation would not only decrease redundancy and duplication; it would also decrease valuations because there would be a broadening of the tax base.

He added that he has always taken the position that unification or consolidation should be to the school's benefit. He reviewed recommendations that he said he believes address most of the comments by the Members (Attachment 7), except mobility of the students, which he hopes to focus on in separate legislation relating to continuity of curriculum, etc.

Public Testimony

Orlenda F. Roberts, Pinal County School Superintendent; President, Association of County School Superintendents, indicated that the process should not be mandated, but voluntary. She questioned whether the Committee has collected data to determine the level of voluntary sharing of services and programs that is already occurring in many of the school districts due to recent budget cuts. She said being a small school district is not the problem and suggested looking at the level of proficiency of the teachers and curriculum in school districts. In regard to student performance and curriculum, she submitted that factors other than size should be considered. School districts need support for many of the items already mandated for third-grade reading proficiency, and she is already working with school districts in Pinal County to determine how to work together to share services and programs to better utilize funds.

Carl Zaragoza, Advocacy Director, Stand for Children, stressed the importance of incremental change and expressed concern about children being stuck in underperforming school districts. He asked that the Committee consider amending the statutes to eliminate the governing board's ability to override a parents' petition for change, not just outright, but specifically looking at performance. He opined that an underperforming school or school district should have the opportunity to unify or consolidate with a higher performing school district.

Bill Blong, Executive Director, Arizona Rural Schools Association, testified that rural school districts differ greatly from one another, so a blanket policy is not possible. In many places, the school is the sole source of community that cannot be taken away. He submitted that small and rural school districts reduce the impact of poverty, are more effective, may have some of the latest technology and are like “A” schools. Many of the administrators wear multiple hats, as well as the teachers. He expressed concern about where the pot of money for county superintendents to use will be derived from considering the budget cuts to education in the last few years. He endorsed a voluntary system with incentives for some school districts. He added that concerns for economic efficiency must not outweigh the impact of consolidation on communities or hinder students.

Representative Fillmore questioned why unification or consolidation has not occurred if voluntary is the way to go, and whether the county level is local enough. Mr. Blong replied that empowering the county superintendents is a good idea because they know their counties better than anyone, but he is advising caution because rural communities predominantly make up the state, except in Maricopa and Pima counties.

Janice Palmer, Governmental Relations Analyst, Arizona School Boards Association (ASBA), stated that the ASBA is often viewed as against unification and consolidation, which is not true; unification and consolidation need to be done well and must be about student achievement, voluntary and designed to succeed. For the first time, all stakeholders have the single vision for Arizona of career- and-college-readiness. She said she fully supports the feasibility study to look at issues that may arise and determine if unification or consolidation will or will not work. Also, transitional costs should be provided, so she supports having a fund. She added that CoChairman Goodale was a member of a school board that did unify, as did the Benson School District, so it has been done, and it can be done under the model presented by Representative Fillmore.

Dr. Covey stated that there is now a statewide plan for academic improvement and achievement. School districts are doing more with less and he believes unification or consolidation will move forward cohesively because there are no other options. Enabling legislation is needed to incentivize and there are already successful models in Maricopa County.

Adoption of Final Recommendations

CoChairman Crandall noted that Representative Fillmore will sponsor a bill based on the final recommendations, and there will be opportunities to make amendments during the legislative process.

Representative Fillmore stated that he asked for input when he first began working on this issue. He reviewed a letter containing seven suggestions, six of which relate to cost (Attachment 8). He submitted that the reality is that it always comes down to the “almighty dollar,” which he is attempting to provide up front. The Committee should do what is right for children by moving the recommendations forward, and there will be the ability to make changes in Committee meetings.

The Members discussed and agreed to changes to the Draft Recommendations (Attachment 7), which were incorporated into Final Recommendations (Attachment 9).

CoChairman Crandall said a mission statement is needed and the focus should be on children and academic achievement. He said he may address triggers for low performance in the Senate, which is a missing piece that is needed. He added that many ballot propositions did not pass previously because voters in all of the school districts involved had to vote to unify or consolidate, or it was not done; the final recommendations allow for more flexibility.

Ms. Badone remarked that anything worth doing should be done over three to five years so perhaps consideration should be given to providing funding over time. CoChairman Crandall agreed and indicated that the September 25, 2012 date in the first recommendation should be changed to September 25, 2013.

CoChairman Goodale stated that she is very encouraged by the recommendations.

Without objection, the meeting adjourned at 12:41 p.m.



Linda Taylor, Committee Secretary
January 3, 2012

(Original minutes, attachments and audio on file in the Chief Clerk's Office; video archives available at <http://www.azleg.gov>)

Superintendent Tim Carter

Based on feedback that I have received from the various County Superintendents, here are a few suggestions that I believe the Unification and Consolidation Study Committee should review and consider for recommendation to the Legislature.

- Consider exempting from any consolidation efforts the following types of Districts: JTED, accommodation, and those determined by the County School Superintendent to be “isolated and remote”.
- Consider requiring Districts to provide documentation that they have at least one meaningful and successful IGA with another LEA, or are a member of an educational consortium, or are receiving services from an Education Service Agency or a Regional Service Center, for shared services of some sort for which they can demonstrate savings.
- Consider giving the County School Superintendent the independent authority to “modify the statutory timelines” if it is deemed beneficial to the districts in their attempts to unify or consolidate.
- Consider the establishment of a statewide fund that a County School Superintendent could access if two or more districts within their county voluntarily wished to consider unification or consolidation. Upon written request of the Governing Boards, the fund could be used solely by the County Superintendent to:
 1. Establish an independent “feasibility study / needs analysis” of the district(s) to determine if unification or consolidation is a viable option for both cost savings and improvement of instruction / learning.
 2. If the County Superintendent and the requesting Governing Boards believe that viability exists and they wish to proceed,
 3. the County Superintendent may use the fund;
 - To satisfy the cost of the election,
 - To hire legal counsel,
 - To engage an independent consultant to collect the data and prepare the documentation required by statute,
 - Once the approval to unify or consolidate has been granted, hire an interim administrator during the time when both the local districts still exist and the time the newly consolidated or unified district becomes independent.
 - Once the approval to unify or consolidate has been granted, consider reinstating a variation of the former “unification/consolidation incentive”,

David Snyder

Unification and Consolidation Proposals

- Consider revision of A.R.S. §15-912 (B) to the language prior to January 1, 2007. This statute was changed for the Commission on Redistricting and Unification, and if revised could provide financial assistance to those school districts wishing to unify. I would also be in favor of adding some accountability, i.e. providing the Auditor General specific plans for how the increase in the revenue control limit is used.
- If State funding for unification is not feasible, give school districts wishing to unify the ability to levy local taxpayers for the costs of unification. This could be in the same form currently used to levy for Adjacent Ways with a truth in taxation notice and hearing.
- Require common school districts and high school districts with overlapping boundaries to demonstrate through Intergovernmental Agreements, consortium membership or other means that cost savings and efficiencies are being gained.

Consolidation and Unification of School Districts

Summative Analysis by Don Covey, Superintendent Maricopa County

December 19, 2011

Presented to Joint Legislative Study Committee

“People don’t buy “What” and “How” we do it...They Buy “Why” we do it.

In 1963 Martin Luther King presented his famous speech to more than 250,000 people gathered at the Washington D.C. Monument (by the way without the internet; i-phones; social networks and modern day communications...Why?? Would more than 250,000 people gather?? Were they following a great orator or an idea?

Martin Luther King speech was entitled “I have a dream” the answer to “Why” he was leading a great movement... Martin Luther King did not say... “I have a plan” which would have answered the “What and How”.

We must answer the “Why” before anyone will buy into or own school district consolidation and unification. Once people believe and own the Why...they will develop the “What’s and “How’s” to do it.

The “Why”, as to advocating school district consolidation and unification may be manifested in “All students enrolled in traditional K-12 school districts, graduate... career and/or college ready?” If this is not the “Why” school district consolidation and unification...then what is?

Let's assume for the purpose of discussion and conversation that the "Why" is that all students, enrolled in traditional K-12 school districts will graduate career and/or college ready

To achieve the reality of this statement will the recommendations of the "What's" and "How's" submitted to and by the Joint Legislative Study Committee Members accomplish the envisioned "Why"

Pursuant to an analysis of the submitted recommendations by several of the committee members the following summative statements have some commonality: (Remember... the "Why" consolidation and unification has not been fully discussed by the Committee or adopted.

In any event...using at least two (2) members of the committee have stated a "What" and "How" to implement school district consolidation and unification and which is by no means consensuses as well as dealing with rational vs. emotional decision making are the following:

Common How's and What's leading to School Consolidation/Unification

- 1. Consolidation/Unification need to be voluntary.**
- 2. Conduct "Feasibility Studies" to determine a reality of Consolidation/Unification.**
- 3. Provide Transitional and Incentive Funding for Consolidation/Unification for a period of 3 to 5 years.**
- 4. Provide Budget Authority outside the M&O budget as to not compete with current limited funds within the M&O.**
- 5. Authorize County Superintendent to "modify timelines for consolidation/unification if shown to be beneficial to efforts for consolidation/unification.**
- 6. Provide state funding of County School Superintendent Offices to assist school districts who desire to conduct a school district consolidation/unification feasibility studies; planning; and/or implementation costs.**
- 7.**
- 8.**

Common How's and What's leading to Consolidation of Services

- 1. Consolidations of Services need to be voluntary.*
- 2. Provide incentives for school districts that enter into agreements for consolidation of services.*
- 3. Establish Consortiums, Intergovernmental Agreements for cost savings and efficiencies.*
- 4. Contract with County Education Service Agencies and/or Regional Education Centers for economy of scales.*
- 5.*
- 6.*

Common Concerns Regarding Unintended Actions to Consolidation/Unification

- 1. Elimination of Small School Adjustments. (Impacts both traditional and charter small school districts)*
- 2.*

Proposed Mission Statement (the "Why" the "What" and... the "How")

The Mission of the Joint Legislative Study Committee...is to recommend the "Why" for Consolidation and Unification of School Districts. And facilitate the "What's and How's" through viable and achievable legislation that will enable each school district to discover and implement effective and efficient innovative strategies that will ensure that all school district's available human, physical and fiscal resources are utilized to increase student academic progress and achievement resulting with all students graduating career and/or college ready.

Unification/Consolidation recommendations

Dr. Andrew L. Smith

Yarnell Superintendent/Principal/Special Ed. Teacher

Choice

An article in the www.yourwestvalley.com indicated that there are 508 charter schools in the state of Arizona. Considering the importance of choice, it is concerning to the parents I have spoken with that “legislators” wish to “take away” their local/small school yet allow and even encourage the expansion of charter schools. The sentiment is that, as parents, if they wanted a charter school they would have endless support, but keeping their local small school the way it is may not be an option. They ask “where is my choice?”.

Additionally, those wishing for consolidation/unification complain that there are too many administrators. However, considering the amount of charter schools and that genre’s rapid expansion, there are now 508 additional administrators as it is assumed that these schools do not operate without any administration. Also, many small districts have part-time administrators that function as teachers/coaches/bus drivers, etc. These include:

Yarnell (sup/principal/sped teacher)

Skull Valley (teacher/head teacher)

Kirkland (part-time admin)

Hillside (teacher/head teacher)

Sentinel (teacher/head teacher)

Paloma

...just to name a few.

Small Schools Adjustment

It has been mentioned that removal of the small school adjustment will “force” schools to contract. However, that defies the principle of school choice as it will eliminate many small school districts and cause further transportation concerns for many small school students. Ideally, the ADE finance department may wish to work with small schools to better adjust their budgets and assist in the development of more efficient spending patterns. Finally, special ed. concerns in small districts increase costs, but are required by federal law.

Shared Services

Encouraging shared services is a strong element of efficiency for small districts. However, this should not be required or forced as situations may arise that do not make a shared service agreement advantageous. Reward those schools that work toward this process.

We have two small elementary schools that are within five miles of each other. Since these schools have an ADM of less than 125 children they fall under the small school adjustment. Coincidentally the Administrator of the [redacted] Elementary School is married to the Superintendent of the [redacted] Elementary School. The schools are the largest employer in the area and, with their status of being under the small school adjustment, they set their budgets as they choose because they have board majorities that do not have a concern as to what impact this has on the property owners in the area. Another school in [redacted] approximately 30 miles from [redacted] which also falls under the 125 ADM, could easily fall under one administrator. The current budget for 2012 for [redacted] \$1,278,951 and [redacted] \$997,179. In [redacted] they increased the property tax levy by \$675,049.00 which raised property taxes approximately \$155 for every \$100,000 of valuation. These three schools have their own Boards of Education, Business Managers, M & O, Administrators or Superintendents. Early this year, [redacted] met with the board members from [redacted] County schools and informed us of the cuts in funding that would be coming from the state level. As he pointed out, 90% of the expense is in salaries and benefits. With this amount of duplication it is a great deal of waste of tax payer's monies and, in the case of [redacted] not a great deal of improvement in education.

I feel very strongly that both of these areas need to be pursued. If it is left up to the schools themselves neither of these issues will be resolved. If there is any other information that I can provide or any way I can assist please don't hesitate to contact me.

Sincerely,

[Redacted signature area]



The taxpayer's watchdog for over 70 years

ARIZONA TAX RESEARCH ASSOCIATION

NEWSLETTER VOLUME 71 NUMBER 7 OCTOBER 2011

Statewide Average Property Tax Rate on the Rise

Each year, the Department of Revenue calculates the average statewide property tax rate, which represents the relationship between total taxes levied and the value of total taxable property. In tax year (TY) 2011, the decrease in total levies failed to match the drop in statewide property values. As a result, the average combined tax rate climbed \$1.27 (13.1%), from \$9.67 to \$10.94.

For the second year in a row, the statewide average property tax rate climbed after ten straight years of

See Statewide, page 3

Arizona's Sales Tax Rates 2nd highest in the Country

Arizona has the second highest combined transaction privilege tax (TPT) retail tax rate of all the states according to a recent report published by the Tax Foundation.

According to the report, Arizona's combined average tax rate is 9.12%. Arizona's rate includes the one-cent, three-year temporary sales tax rate levied at the state level, which is scheduled to sunset at the end of fiscal year 2013. As a result, the state rate is currently at 6.6%, making up the majority of the combined tax rate. Had the voters not passed the one-cent temporary sales tax, Arizona would have ranked 13th highest

See Sales Tax, page 2

\$1.9 Billion in School Property Tax Increases on November Ballot

Arizona taxpayers and voters will decide the size of future property tax bills when they go to the polls on November 8th. Forty-four school districts are asking approval to sell general obligation bonds, exceed maintenance and operation (M&O) budget limits, and exceed capital outlay budget limits. In total, there are 51 separate tax questions on the ballots in the 44 districts. ATRA calculated the impacts of the school tax questions from the publicity pamphlets that school districts are required to mail to each registered voter and the aggregate statewide impact of the bond and override questions is approximately \$1.9 billion.

The general obligation bond requests of fourteen districts will, if approved, cost taxpayers an estimated \$1.2 billion dollars in debt service over the next twenty to thirty years to pay off \$777 million in bonds. The total cost of the M&O and capital outlay overrides over the next seven years are estimated at \$691 million. Taxpayers in thirteen of the districts are back at the ballot this year after turning down bond or override requests last November.

See Schools, page 4

ATRA'S ANNUAL GOLF TOURNAMENT

At McCormick Ranch Golf Club, Friday, November 4 @ Noon

&

OUTLOOK CONFERENCE

At Pointe Hilton Tapatio Cliffs Resort, Friday, November 18 @ 8:30

For more information, visit www.arizonatax.org or call (602) 253-9121

Joint Legislative Committee on Unification and Consolidation
Draft Recommendations
December 15, 2011

- 1) The Committee recommends on or before September 15, 2012, each county school superintendent shall commence a feasibility study (through contract or in-house) on unification or consolidation, or both, of the school districts within the county. The feasibility study shall include components:
 - a) Academic and scientific research on school size, school district size, curriculum alignment, material and textbooks, special education, English as a second language, school year and attendance policies and performance-based evaluation and compensation systems.
 - b) Impact on primary and secondary taxes.
 - c) Applications of bonds and overrides.
 - d) Estimates of potential savings and efficiencies.
 - e) Changes to existing salary schedules or new schedules based on the average median of existing salaries.
 - f) Impact on facilities needs.
 - g) Consideration of geographical boundaries, communities of interest (including unorganized territories) and travel time of pupils.
 - h) Provisions related to regional or statewide services for administration, instructional and non-instructional support.
 - i) Transition plans for changes in school board membership and legal, financial and contractual obligations.
 - j) Preservation of local control.
 - k) Planning for payment of legal and contractual liabilities, capital debt and overrides.
- 2) The Committee recommends \$750,000 for Maricopa and Pima County, respectively, and \$250,000 for each remaining county, for the feasibility study, plan development and/or implementation costs.
- 3) The Committee recommends on or before September 15, 2013, each county school superintendent shall provide a completed copy of the feasibility study to the school districts within the county.
- 4) The Committee recommends on or before June 30, 2015, the governing board of each school district shall develop, adopt and publish a plan to unify, consolidate, or both, based on the feasibility study. The Plan shall be in accordance with current statutes on unification and consolidation and submitted to the county school superintendent.
- 5) The Committee recommends that one or more school districts can include in their Plan a process to unify or consolidate without an election if all affected governing boards vote through formal board resolution to unify or consolidate. If school districts agree to unify or consolidate without an election, the Committee recommends a three-year phasedown of unification or consolidation assistance: a) 1st year (7% of revenue control limit), b) 2nd year (5% of revenue control limit) and c) 3rd year (3% of revenue control limit).
- 6) The Committee recommends that each county superintendent provide assistance, resources and technical support to the school districts within the county on their Plans.
- 7) The Committee recommends that if the school districts within the county do not submit a Plan to the county school superintendent by June 30, 2015, the county school superintendent shall develop,

publish a County Plan and call an election on the general election date in 2016 to submit the County Plan to the qualified electors.

- 8) The Committee recommends that the county school superintendent be authorized to shorten or extend the June 30, 2015 deadline for no more than two years. After receiving an extension, if the school district governing boards do not submit a Plan by June 30, 2017, the county school superintendent shall develop, publish a County Plan and call an election on the general election date in 2018 to submit the Plan to the qualified electors.
- 9) The Committee recommends that union high school districts be eliminated after June 30, 2017, unless the county school superintendent has provided for an extension to the school district to develop a Plan to unify, consolidate, or both. To eliminate the union high school district, the county school superintendent shall consolidate elementary school districts with a union high school district through unification or consolidation.
- 10) The Committee recommends each school district governing board annually determine the cost savings from any unification and consolidation. Any cost savings identified by the school district governing board shall be used for classroom expenditures, with at least 25% for teacher salaries.
- 11) The Committee recommends a four-year phasedown of the small school adjustment, beginning June 30, 2017 (25% reduction every year).

I have listed below a draft concept that summarizes some of the incentives we discussed a couple of weeks ago. Based on the information we have received so far, I believe this proposal will eliminate many of the "reasons" that past attempts at consolidation have failed or never gotten off the ground.

The State Legislature will set aside the availability of funds to assist with statewide consolidation efforts. Each Regional Center (at the discretion of the Regional Director, a County Superintendent designated by their peers in that region) that identifies a group of districts that would like to voluntarily unify or consolidate, would be able to provide the following services:

1. Pay for an independent study of the proposed merger that would be given to the Regional Center, the Districts that had asked for the information, and the public (through the media and websites) of all participating districts.
2. Pay legal expenses
3. Pay for additional research as the merger moves forward
4. Pay for the election
5. Pay for an interim Administrator from the time the Governing Boards or voters approve the consolidation until the time the merger is actually completed.
6. Potentially offset costs of bringing the salary and benefit packages together
7. Give the Regional Director or County Superintendent the opportunity to "modify, shorten, or extend" the statutory timelines, if it will be beneficial and necessary to facilitate a voluntary consolidation/unification.

Joint Legislative Study Committee on School District Unification and Consolidation
Final Recommendations
December 21, 2011

- 1) The Committee recommends on or before September 15, 2013, each County School Superintendent shall commence a feasibility study on unification or consolidation, or both, of the school districts within the county. The County School Superintendent shall determine the structure and scope of the feasibility study. The feasibility study shall include, but is not limited to the following components:
 - a) Academic and scientific research on school size, school district size, curriculum alignment, material and textbooks, special education, English as a second language, school year and attendance policies and performance-based evaluation and compensation systems.
 - b) Impact on primary and secondary taxes.
 - c) Applications of bonds and overrides.
 - d) Estimates of potential savings and efficiencies.
 - e) Changes to existing salary schedules or new schedules based on the average median of existing salaries.
 - f) Impact on facilities needs.
 - g) Consideration of geographical boundaries, communities of interest (including unorganized territories) and travel time of pupils.
 - h) Provisions related to regional or statewide services for administration, instructional and non-instructional support.
 - i) Transition plans for changes in school board membership, and legal, financial and contractual obligations.
 - j) Preservation of local control.
 - k) Planning for payment of legal and contractual liabilities, capital debt, and overrides.
- 2) The Committee recommends an amount not to exceed \$4.5 million to be deposited into a Statewide Fund, for the costs related to feasibility studies, plan development and/or pre-implementation costs, which may include the costs of an election. The Committee recommends that each County School Superintendent provide assistance, resources and technical support to the school districts within the county on their Plans.
- 3) The Committee recommends on or before September 15, 2014, each County School Superintendent shall provide a completed copy of the feasibility study to the State Board of Education and each affected school district within the county. If a County School Superintendent does not propose any changes within the feasibility study, he or she must provide the State Board of Education a comprehensive rationale.
- 4) The State Board of Education shall review the feasibility studies submitted by the County School Superintendents and approve or reject each feasibility study submitted by the County School Superintendents.
- 5) The Committee recommends, if the State Board of Education approves the feasibility plan, on or before June 30, 2016, the governing board of each school district shall develop, adopt and publish a plan to unify, consolidate, or both, based on the results of the feasibility study.

- 6) The Committee recommends that one or more school districts can include in their PLAN a process to unify or consolidate without an election if all affected governing boards vote through formal board resolution to unify or consolidate. If school districts agree to unify or consolidate without an election, the Committee recommends a three-year phasedown of unification or consolidation assistance: a) 1st year (7% of revenue control limit), b) 2nd year (5% of revenue control limit) and c) 3rd year (3% of revenue control limit).
- 7) The Committee recommends that if the school districts within the county do not submit a Plan to the County School Superintendent by June 30, 2016, the County School Superintendent shall develop, publish a County Plan and call an election on the general election date in 2017, to submit the County Plan to the qualified electors.
- 8) The Committee recommends that the County School Superintendent be authorized to shorten or extend the June 30, 2016 deadline for no more than two years. After receiving an extension, if the school district governing boards do not submit a Plan by June 30, 2018, the County School Superintendent shall develop, publish a County Plan and call an election on the general election date in 2019 to submit the Plan to the qualified electors. The County School Superintendent or Superintendent of Public Instruction may modify other statutory or reporting deadlines needed to align with Plans submitted by school districts.
- 9) The Committee recommends each school district governing board annually determine the cost savings from any unification and consolidation. Any cost savings identified by the school district governing board shall be used for classroom expenditures, with a portion into teacher salaries.