

House Engrossed

State of Arizona
House of Representatives
Forty-sixth Legislature
First Regular Session
2003

CHAPTER 166

HOUSE BILL 2098

AN ACT

AMENDING SECTION 15-185, ARIZONA REVISED STATUTES; RELATING TO SCHOOL FINANCE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 15-185, Arizona Revised Statutes, is amended to
3 read:

4 15-185. Charter schools; financing; definitions

5 A. Financial provisions for a charter school that is sponsored by a
6 school district governing board are as follows:

7 1. The charter school shall be included in the district's budget and
8 financial assistance calculations pursuant to paragraph 3 of this subsection
9 and chapter 9 of this title, except for chapter 9, article 4 of this title.
10 The charter of the charter school shall include a description of the methods
11 of funding the charter school by the school district. The school district
12 shall send a copy of the charter and application, including a description of
13 how the school district plans to fund the school, to the state board of
14 education before the start of the first fiscal year of operation of the
15 charter school. The charter or application shall include an estimate of the
16 student count for the charter school for its first fiscal year of operation.
17 This estimate shall be computed pursuant to the requirements of paragraph 3
18 of this subsection.

19 2. A school district is not financially responsible for any charter
20 school that is sponsored by the state board of education or the state board
21 for charter schools.

22 3. A school district that sponsors a charter school may:

23 (a) Increase its student count as provided in subsection B, paragraph
24 2 of this section during the first year of the charter school's operation to
25 include those charter school pupils who were not previously enrolled in the
26 school district. A charter school sponsored by a school district governing
27 board is eligible for the assistance prescribed in subsection B, paragraph
28 4 of this section. The soft capital allocation as provided in section 15-962
29 for the school district sponsoring the charter school shall be increased by
30 the amount of the additional assistance. The school district shall include
31 the full amount of the additional assistance in the funding provided to the
32 charter school.

33 (b) Compute separate weighted student counts pursuant to section
34 15-943, paragraph 2, subdivision (a) for its noncharter school versus charter
35 school pupils in order to maintain eligibility for small school district
36 support level weights authorized in section 15-943, paragraph 1 for its
37 noncharter school pupils only. The portion of a district's student count
38 that is attributable to charter school pupils is not eligible for small
39 school district support level weights.

40 4. If a school district uses the provisions of paragraph 3 of this
41 subsection, the school district is not eligible to include those pupils in
42 its student count for the purposes of computing an increase in its revenue
43 control limit and district support level as provided in section 15-948.

44 5. A school district that sponsors a charter school is not eligible
45 to include the charter school pupils in its student count for the purpose of

1 computing an increase in its capital outlay revenue limit as provided in
2 section 15-961, subsection C, except that if the charter school was
3 previously a school in the district, the district may include in its student
4 count any charter school pupils who were enrolled in the school district in
5 the prior year.

6 6. A school district that sponsors a charter school is not eligible
7 to include the charter school pupils in its student count for the purpose of
8 computing the revenue control limit which is used to determine the maximum
9 budget increase as provided in chapter 4, article 4 of this title unless the
10 charter school is located within the boundaries of the school district.

11 7. If a school district converts one or more of its district public
12 schools to a charter school and receives assistance as prescribed in
13 subsection B, paragraph 4 of this section, and subsequently converts the
14 charter school back to a district public school, the school district shall
15 repay the state the total additional assistance received for the charter
16 school for all years that the charter school was in operation. The repayment
17 shall be in one lump sum and shall be reduced from the school district's
18 current year equalization assistance. The school district's general budget
19 limit shall be reduced by the same lump sum amount in the current year.

20 B. Financial provisions for a charter school that is sponsored by the
21 state board of education or the state board for charter schools are as
22 follows:

23 1. The charter school shall calculate a base support level as
24 prescribed in section 15-943, a capital outlay revenue limit as prescribed
25 in section 15-961 and a capital levy revenue limit as prescribed in section
26 15-962, except that sections 15-941 and 15-942 do not apply to these charter
27 schools.

28 2. Notwithstanding paragraph 1 of this subsection, the student count
29 shall be determined initially using an estimated student count based on
30 actual registration of pupils before the beginning of the school year. After
31 the first one hundred days or two hundred days in session, as applicable, the
32 charter school shall revise the student count to be equal to the actual
33 average daily membership, as defined in section 15-901, or the adjusted
34 average daily membership, as prescribed in section 15-902, of the charter
35 school. Before the one hundredth day or two hundredth day in session, as
36 applicable, the state board of education or the state board for charter
37 schools may require a charter school to report periodically regarding pupil
38 enrollment and attendance and the department of education may revise its
39 computation of equalization assistance based on the report. A charter school
40 shall revise its student count, base support level and additional assistance
41 before May 15. A charter school that overestimated its student count shall
42 revise its budget before May 15. A charter school that underestimated its
43 student count may revise its budget before May 15.

44 3. A charter school may utilize section 15-855 for the purposes of
45 this section. The charter school and the department of education shall

1 prescribe procedures for determining average daily attendance and average
2 daily membership.

3 4. Equalization assistance for the charter school shall be determined
4 by adding the amount of the base support level and additional assistance.
5 ~~Equalization assistance is equal to the sum of the base support level and the~~
6 ~~additional assistance.~~ The amount of the additional assistance is one
7 thousand two hundred four dollars sixty-seven cents per student count in
8 kindergarten programs and grades one through eight and one thousand four
9 hundred four dollars one cent per student count in grades nine through
10 twelve.

11 5. The state board of education shall apportion state aid from the
12 appropriations made for such purposes to the state treasurer for disbursement
13 to the charter schools in each county in an amount as determined by this
14 paragraph. The apportionments shall be made in twelve equal installments of
15 the total amount to be apportioned during the fiscal year on the fifteenth
16 day of each month of the fiscal year.

17 6. Notwithstanding paragraph 5 of this subsection, if sufficient
18 appropriated monies are available after the first forty days in session of
19 the current year, a charter school may request additional state monies to
20 fund the increased state aid due to anticipated student growth through the
21 first one hundred days or two hundred days in session, as applicable, of the
22 current year as provided in section 15-948. In no event shall a charter
23 school have received more than three-fourths of its total apportionment
24 before April 15 of the fiscal year. Early payments pursuant to this
25 subsection must be approved by the state treasurer, the director of the
26 department of administration and the superintendent of public instruction.

27 7. The charter school shall not charge tuition, levy taxes or issue
28 bonds.

29 8. Not later than noon on the day preceding each apportionment date
30 established by paragraph 5 of this subsection, the superintendent of public
31 instruction shall furnish to the state treasurer an abstract of the
32 apportionment and shall certify the apportionment to the department of
33 administration, which shall draw its warrant in favor of the charter schools
34 for the amount apportioned.

35 C. If a pupil is enrolled in both a charter school and a public school
36 that is not a charter school, the sum of the daily membership, which includes
37 enrollment as prescribed in section 15-901, subsection A, paragraph 2,
38 subdivisions (a) and (b) and daily attendance as prescribed in section
39 15-901, subsection A, paragraph 6, for that pupil in the school district and
40 the charter school shall not exceed 1.0. If the A pupil is enrolled IN BOTH
41 A CHARTER SCHOOL AND A PUBLIC SCHOOL THAT IS NOT A CHARTER SCHOOL, THE
42 DEPARTMENT OF EDUCATION SHALL DIRECT THE AVERAGE DAILY MEMBERSHIP TO THE
43 SCHOOL WITH THE MOST RECENT ENROLLMENT DATE. UPON VALIDATION OF ACTUAL
44 ENROLLMENT in both a charter school and a public school that is not a charter
45 school and the sum of the daily membership or daily attendance for that pupil

1 is greater than 1.0, the sum shall be reduced to 1.0 and shall be apportioned
2 between the public school and the charter school based on the percentage of
3 total time that the pupil is enrolled or in attendance in the public school
4 and the charter school. The uniform system of financial records shall
5 include guidelines for the apportionment of the pupil enrollment and
6 attendance as provided in this section.

7 D. Charter schools are allowed to accept grants and gifts to
8 supplement their state funding, but it is not the intent of the charter
9 school law to require taxpayers to pay twice to educate the same pupils. The
10 base support level for a charter school or for a school district sponsoring
11 a charter school shall be reduced by an amount equal to the total amount of
12 monies received by a charter school from a federal or state agency if the
13 federal or state monies are intended for the basic maintenance and operations
14 of the school. The superintendent of public instruction shall estimate the
15 amount of the reduction for the budget year and shall revise the reduction
16 to reflect the actual amount before May 15 of the current year. If the
17 reduction results in a negative amount, the negative amount shall be used in
18 computing all budget limits and equalization assistance, except that:

19 1. Equalization assistance shall not be less than zero.

20 2. For a charter school sponsored by the state board of education or
21 the state board for charter schools, the total of the base support level, the
22 capital outlay revenue limit, the soft capital allocation and the additional
23 assistance shall not be less than zero.

24 3. For a charter school sponsored by a school district, the base
25 support level for the school district shall not be reduced by more than the
26 amount that the charter school increased the district's base support level,
27 capital outlay revenue limit and soft capital allocation.

28 E. If a charter school was a district public school in the prior year
29 and is now being operated for or by the same school district and sponsored
30 by the state board of education, the state board for charter schools or a
31 school district governing board, the reduction in subsection D of this
32 section applies. The reduction to the base support level of the charter
33 school or the sponsoring district of the charter school shall equal the sum
34 of the base support level and the additional assistance received in the
35 current year for those pupils who were enrolled in the traditional public
36 school in the prior year and are now enrolled in the charter school in the
37 current year.

38 F. ~~Notwithstanding subsection 8, paragraph 5 of this section,~~
39 Equalization assistance for charter schools shall be provided as a single
40 amount based on average daily membership without categorical distinctions
41 between maintenance and operations or capital.

42 G. At the request of a charter school, the county school
43 superintendent of the county where the charter school is located may provide
44 the same educational services to the charter school as prescribed in section

1 15-308, subsection A. The county school superintendent may charge a fee to
2 recover costs for providing educational services to charter schools.

3 H. If the sponsor of the charter school determines at a public meeting
4 that the charter school is not in compliance with federal law, WITH the laws
5 of this state, or with its charter, the sponsor of a charter school may
6 submit a request to the state board of education to withhold up to ten per
7 cent of the monthly apportionment of state aid that would otherwise be due
8 the charter school. The state board of education shall adjust the charter
9 school's apportionment accordingly. The sponsor shall provide written notice
10 to the charter school at least seventy-two hours before the meeting and shall
11 allow the charter school to respond to the allegations of noncompliance at
12 the meeting before the sponsor makes a final determination to notify the
13 state board of education of noncompliance. The charter school shall submit
14 a corrective action plan to the sponsor on a date specified by the sponsor
15 at the meeting. The corrective action plan shall be designed to correct
16 deficiencies at the charter school and to ensure that the charter school
17 promptly returns to compliance. When the sponsor determines that the charter
18 school is in compliance, the state board of education shall restore the full
19 amount of state aid payments to the charter school.

20 I. A charter school may receive and spend monies distributed by the
21 department of education pursuant to section 42-5029, subsection E and section
22 37-521, subsection B.

23 J. For the purposes of this section:

24 1. "Monies intended for the basic maintenance and operations of the
25 school" means monies intended to provide support for the educational program
26 of the school, except that it does not include supplemental assistance for
27 a specific purpose or P.L. 81-874 monies. The auditor general shall
28 determine which federal or state monies meet the definition in this
29 paragraph.

30 2. "Operated for or by the same school district" means the charter
31 school is either governed by the same district governing board or operated
32 by the district in the same manner as other traditional schools in the
33 district or is operated by an independent party that has a contract with the
34 school district. The auditor general and the department of education shall
35 determine which charter schools meet the definition in this subsection.

APPROVED BY THE GOVERNOR MAY 7, 2003.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 7, 2003.

Passed the House March 12, 2003,

Passed the Senate April 30, 2003,

by the following vote: 55 Ayes,

by the following vote: 29 Ayes,

2 Nays, 3 Not Voting

0 Nays, 1 Not Voting

John Elake
Speaker of the House

Ken Blumenth
President of the Senate

Norman L. Moore
Chief Clerk of the House

Charmine Billeston
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

1 day of May, 2003

at 9:11 o'clock A M.

Sandra Hamsey
Secretary to the Governor

Approved this 7 day of

May, 2003,

at 10⁰⁰ o'clock A M.

IT Mark
Governor of Arizona

H.B. 2098

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 7 day of May, 2003

at 4:09 o'clock P M.

Janice L. Brewer
Secretary of State