House Engrossed

State of Arizona
House of Representatives
Forty-sixth Legislature
Second Regular Session
2004

CHAPTER 120

HOUSE BILL 2255

AN ACT

AMENDING SECTION 15-185, ARIZONA REVISED STATUTES; RELATING TO CHARTER SCHOOLS.

(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, except that sections 15-941 and 15-942 do not
25 apply to these charter schools.
26 2. Notwithstanding paragraph 1 of this subsection, the student count
27 shall be determined initially using an estimated student count based on
28 actual registration of pupils before the beginning of the school year. After
29 the first one hundred days or two hundred days in session, as applicable, the
30 charter school shall revise the student count to be equal to the actual
31 average daily membership, as defined in section 15-901, or the adjusted
32 average daily membership, as prescribed in section 15-902, of the charter
33 school. Before the one hundredth day or two hundredth day in session, as
34 applicable, the state board of education or the state board for charter
35 schools may require a charter school to report periodically regarding pupil
36 enrollment and attendance and the department of education may revise its
37 computation of equalization assistance based on the report. A charter school
38 shall revise its student count, base support level and additional assistance
39 before May 15. A charter school that overestimated its student count shall
40 revise its budget before May 15. A charter school that underestimated its
41 student count may revise its budget before May 15.
42 3. A charter school may utilize section 15-855 for the purposes of
43 this section. The charter school and the department of education shall
44 prescribe procedures for determining average daily attendance and average
45 daily membership.

4. Equalization assistance for the charter school shall be determined by adding the amount of the base support level and additional assistance. The amount of the additional assistance is one thousand two hundred seventy-eight dollars forty cents per student count in kindergarten programs and grades one through eight and one thousand four hundred eighty-nine dollars ninety-five cents per student count in grades nine through twelve.

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

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

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

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

C. If a pupil is enrolled in both a charter school and a public school that is not a charter school, the sum of the daily membership, which includes enrollment as prescribed in section 15-901, subsection A, paragraph 2, subdivisions (a) and (b) and daily attendance as prescribed in section 15-901, subsection A, paragraph 6, for that pupil in the school district and the charter school shall not exceed 1.0. If a pupil is enrolled in both a charter school and a public school that is not a charter school, the department of education shall direct the average daily membership to the school with the most recent enrollment date. Upon validation of actual enrollment in both a charter school and a public school that is not a charter school and IF the sum of the daily membership or daily attendance for that pupil is greater than 1.0, the sum shall be reduced to 1.0 and shall be apportioned between the public school and the charter school based on the percentage of total time that the pupil is enrolled or in attendance in the

public school and the charter school. The uniform system of financial records shall include guidelines for the apportionment of the pupil enrollment and attendance as provided in this section.

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

1. Equalization assistance shall not be less than zero.

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

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

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

F. Equalization assistance for charter schools shall be provided as a single amount based on average daily membership without categorical distinctions between maintenance and operations or capital.

G. At the request of a charter school, the county school superintendent of the county where the charter school is located may provide the same educational services to the charter school as prescribed in section 15-308, subsection A. The county school superintendent may charge a fee to recover costs for providing educational services to charter schools.

H. If the sponsor of the charter school determines at a public meeting that the charter school is not in compliance with federal law, with the laws of this state, or with its charter, the sponsor of a charter school may

1 submit a request to the ~~state board~~ DEPARTMENT of education to withhold up
2 to ten per cent of the monthly apportionment of state aid that would
3 otherwise be due the charter school. The ~~state board~~ DEPARTMENT of education
4 shall adjust the charter school's apportionment accordingly. The sponsor
5 shall provide written notice to the charter school at least seventy-two hours
6 before the meeting and shall allow the charter school to respond to the
7 allegations of noncompliance at the meeting before the sponsor makes a final
8 determination to notify the ~~state board~~ DEPARTMENT of education of
9 noncompliance. The charter school shall submit a corrective action plan to
10 the sponsor on a date specified by the sponsor at the meeting. The corrective
11 action plan shall be designed to correct deficiencies at the charter school
12 and to ensure that the charter school promptly returns to compliance. When
13 the sponsor determines that the charter school is in compliance, the ~~state~~
14 ~~board~~ DEPARTMENT of education shall restore the full amount of state aid
15 payments to the charter school.
16 I. A charter school may receive and spend monies distributed by the
17 department of education pursuant to section 42-5029, subsection E and section
18 37-521, subsection B.
19 J. For the purposes of this section:
20 1. "Monies intended for the basic maintenance and operations of the
21 school" means monies intended to provide support for the educational program
22 of the school, except that it does not include supplemental assistance for
23 a specific purpose or P.L. 81-874 monies. The auditor general shall
24 determine which federal or state monies meet the definition in this
25 paragraph.
26 2. "Operated for or by the same school district" means the charter
27 school is either governed by the same district governing board or operated
28 by the district in the same manner as other traditional schools in the
29 district or is operated by an independent party that has a contract with the
30 school district. The auditor general and the department of education shall
31 determine which charter schools meet the definition in this subsection.

APPROVED BY THE GOVERNOR APRIL 19, 2004.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 19, 2004.

Passed the House March 15, 2004,

by the following vote: 58 Ayes,

0 Nays, 2 Not Voting

Jake Flake
Speaker of the House

Norman L. Moore
Chief Clerk of the House

Passed the Senate April 12, 2004,

by the following vote: 29 Ayes,

0 Nays, 1 Not Voting

Ken Bennett
President of the Senate

Chapman Rigby
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

13th day of April, 2004,

at 12:59 o'clock P. M.

Jennifer Ybarra
Secretary to the Governor

Approved this 19 day of

April, 2004,

at 11:35 o'clock A. M.

Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 19 day of April, 2004,

at 4:30 o'clock P. M.

Janice K. Brewer
Secretary of State

H.B. 2255