Senate Engrossed

State of Arizona
Senate
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First Regular Session
2005

CHAPTER 329

SENATE BILL 1516

AN ACT

AMENDING SECTIONS 15-185, 15-241, 15-901 AND 15-901.02, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 9, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTIONS 15-901.03 AND 15-910.03; AMENDING SECTIONS 15-945 AND 15-1326, ARIZONA REVISED STATUTES; REPEALING LAWS 2004, CHAPTER 340, SECTION 6; PROVIDING FOR CONDITIONAL REPEAL OF SECTION 15-910.03, ARIZONA REVISED STATUTES; MAKING APPROPRIATIONS; RELATING TO EDUCATION BUDGET RECONCILIATION.

(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
10 title. The charter of the charter school shall include a description of the
11 methods of funding the charter school by the school district. The school
12 district shall send a copy of the charter and application, including a
13 description of how the school district plans to fund the school, to the state
14 board of education before the start of the first fiscal year of operation of
15 the charter school. The charter or application shall include an estimate of
16 the student count for the charter school for its first fiscal year of
17 operation. This estimate shall be computed pursuant to the requirements of
18 paragraph 3 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 4
28 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.

5. A school district that sponsors a charter school is not eligible to include the charter school pupils in its student count for the purpose of computing an increase in its capital outlay revenue limit as provided in section 15-961, subsection C, except that if the charter school was previously a school in the district, the district may include in its student count any charter school pupils who were enrolled in the school district in the prior year.

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

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

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

1. The charter school shall calculate a base support level as prescribed in section 15-943, except that sections 15-941 and 15-942 do not apply to these charter schools.

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

3. A charter school may utilize section 15-855 for the purposes of this section. The charter school and the department of education shall prescribe procedures for determining average daily attendance and average 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 three hundred ~~three~~ THIRTY dollars ~~ninety-seven~~ FIVE cents per student count in kindergarten programs and grades one through eight and one thousand five hundred ~~nineteen~~ FIFTY dollars ~~seventy-five~~ FOURTEEN 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

1 school and if the sum of the daily membership or daily attendance for that
2 pupil is greater than 1.0, the sum shall be reduced to 1.0 and shall be
3 apportioned between the public school and the charter school based on the
4 percentage of total time that the pupil is enrolled or in attendance in the
5 public school and the charter school. The uniform system of financial
6 records shall include guidelines for the apportionment of the pupil
7 enrollment and attendance as provided in this section.
8 D. Charter schools are allowed to accept grants and gifts to
9 supplement their state funding, but it is not the intent of the charter
10 school law to require taxpayers to pay twice to educate the same pupils. The
11 base support level for a charter school or for a school district sponsoring a
12 charter school shall be reduced by an amount equal to the total amount of
13 monies received by a charter school from a federal or state agency if the
14 federal or state monies are intended for the basic maintenance and operations
15 of the school. The superintendent of public instruction shall estimate the
16 amount of the reduction for the budget year and shall revise the reduction to
17 reflect the actual amount before May 15 of the current year. If the
18 reduction results in a negative amount, the negative amount shall be used in
19 computing all budget limits and equalization assistance, except that:
20 1. Equalization assistance shall not be less than zero.
21 2. For a charter school sponsored by the state board of education or
22 the state board for charter schools, the total of the base support level, the
23 capital outlay revenue limit, the soft capital allocation and the additional
24 assistance shall not be less than zero.
25 3. For a charter school sponsored by a school district, the base
26 support level for the school district shall not be reduced by more than the
27 amount that the charter school increased the district's base support level,
28 capital outlay revenue limit and soft capital allocation.
29 E. If a charter school was a district public school in the prior year
30 and is now being operated for or by the same school district and sponsored by
31 the state board of education, the state board for charter schools or a school
32 district governing board, the reduction in subsection D of this section
33 applies. The reduction to the base support level of the charter school or
34 the sponsoring district of the charter school shall equal the sum of the base
35 support level and the additional assistance received in the current year for
36 those pupils who were enrolled in the traditional public school in the prior
37 year and are now enrolled in the charter school in the current year.
38 F. Equalization assistance for charter schools shall be provided as a
39 single amount based on average daily membership without categorical
40 distinctions between maintenance and operations or capital.
41 G. At the request of a charter school, the county school
42 superintendent of the county where the charter school is located may provide
43 the same educational services to the charter school as prescribed in section
44 15-308, subsection A. The county school superintendent may charge a fee to
45 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 submit a request to the department of education to withhold up to ten per cent of the monthly apportionment of state aid that would otherwise be due the charter school. The department of education shall adjust the charter school's apportionment accordingly. The sponsor shall provide written notice to the charter school at least seventy-two hours before the meeting and shall allow the charter school to respond to the allegations of noncompliance at the meeting before the sponsor makes a final determination to notify the department of education of noncompliance. The charter school shall submit a corrective action plan to the sponsor on a date specified by the sponsor at the meeting. The corrective action plan shall be designed to correct deficiencies at the charter school and to ensure that the charter school promptly returns to compliance. When the sponsor determines that the charter school is in compliance, the department of education shall restore the full amount of state aid payments to the charter school.

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

J. For the purposes of this section:

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

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

Sec. 2. Section 15-241, Arizona Revised Statutes, is amended to read:

15-241. <u>School accountability; schools failing to meet academic standards; failing schools tutoring fund</u>

A. The department of education shall compile an annual achievement profile for each public school.

B. Each school shall submit to the department any data that is required and requested and that is necessary to compile the achievement profile. A school that fails to submit the information that is necessary is not eligible to receive monies from the classroom site fund established by section 15-977.

C. The department shall establish a baseline achievement profile for each school by October 15, 2001. The baseline achievement profile shall be used to determine a standard measurement of acceptable academic progress for

1 each school and a school classification pursuant to subsection G of this
2 section. Any disclosure of educational records compiled by the department of
3 education pursuant to this section shall comply with the family educational
4 and privacy rights act of 1974 (20 United States Code section 1232g).
5 D. The achievement profile for schools that offer instruction in
6 kindergarten programs and grades one through eight, or any combination of
7 those programs or grades, shall include the following school academic
8 performance indicators:
9 1. The Arizona measure of academic progress. The department shall
10 compute the extent of academic progress made by the pupils in each school
11 during the course of each year.
12 2. The Arizona instrument to measure standards test. The department
13 shall compute the percentage of pupils who meet or exceed the standard on the
14 Arizona instrument to measure standards test, as prescribed by the state
15 board of education.
16 E. The achievement profile for schools that offer instruction in
17 grades nine through twelve, or any combination of those grades, shall include
18 the following school academic performance indicators:
19 1. The Arizona instrument to measure standards test. The department
20 shall compute the percentage of pupils pursuant to subsection F of this
21 section who meet or exceed the standard on the Arizona instrument to measure
22 standards test, as prescribed by the state board of education.
23 2. The annual dropout rate.
24 3. The annual graduation rate.
25 F. Subject to final adoption by the state board of education, the
26 department shall determine the criteria for each school classification using
27 a research based methodology. The methodology shall include the performance
28 of pupils at all achievement levels, account for pupil mobility, account for
29 the distribution of pupil achievement at each school and include longitudinal
30 indicators of academic performance. For the purposes of this subsection,
31 "research based methodology" means the systematic and objective application
32 of statistical and quantitative research principles to determine a standard
33 measurement of acceptable academic progress for each school.
34 G. The achievement profile shall be used to determine a school
35 classification that designates each school as one of the following:
36 1. An excelling school.
37 2. A highly performing school.
38 3. A performing school.
39 4. An underperforming school.
40 5. A school failing to meet academic standards.
41 H. The classification for each school and the criteria used to
42 determine classification pursuant to subsection F of this section shall be
43 included on the school report card prescribed in section 15-746.

I. Subject to final adoption by the state board of education, the department of education shall develop a parallel achievement profile for accommodation schools, alternative schools as defined by the state board of education and schools with a student count of fewer than one hundred pupils.

J. If a school is designated as an underperforming school, within ninety days after receiving notice of the designation, the governing board shall develop an improvement plan for the school, submit a copy of the plan to the superintendent of public instruction and supervise the implementation of the plan. The plan shall include necessary components as identified by the state board of education. Within thirty days after submitting the improvement plan to the superintendent of public instruction, the governing board shall hold a special public meeting in each school that has been designated as an underperforming school and shall present the respective improvement plans that have been developed for each school. The school district governing board, within thirty days of receiving notice of the designation, shall provide written notification of the classification to each residence within the attendance area of the school. The notice shall explain the improvement plan process and provide information regarding the public meeting required by this subsection.

K. A school that has not submitted an improvement plan pursuant to subsection J of this section is not eligible to receive monies from the classroom site fund established by section 15-977 for every day that a plan has not been received by the superintendent of public instruction within the time specified in subsection J of this section plus an additional ninety days. The state board of education shall require the superintendent of the school district to testify before the board and explain the reasons that an improvement plan for that school has not been submitted.

L. If a charter school is designated as an underperforming school, within thirty days the school shall notify the parents of the students attending the school of the classification. The notice shall explain the improvement plan process and provide information regarding the public meeting required by this subsection. Within ninety days of receiving the classification, the charter holder shall present an improvement plan to the charter sponsor at a public meeting and submit a copy of the plan to the superintendent of public instruction. The improvement plan shall include necessary components as identified by the state board of education. For every day that an improvement plan is not received by the superintendent of public instruction, the school is not eligible to receive monies from the classroom site fund established by section 15-977 for ninety days plus every day that a plan is not received. The charter holder shall appear before the sponsoring board and explain why the improvement plan has not been submitted.

M. The department of education shall establish an appeals process, to be approved by the state board of education, for a school to appeal data used to determine the achievement profile of the school. The criteria established

shall be based on mitigating factors and may include a visit to the school site by the department of education.

N. If a school remains classified as an underperforming school for a third consecutive year, the department of education shall visit the school site to confirm the classification data and to review the implementation of the school's improvement plan. The school shall be classified as failing to meet academic standards unless an alternate classification is made after an appeal pursuant to subsection M of this section.

O. The school district governing board, within thirty days of receiving notice of the school failing to meet academic standards classification, shall provide written notification of the classification to each residence in the attendance area of the school. The notice shall explain the improvement plan process and provide information regarding the public meeting required by subsection R of this section.

P. The superintendent of public instruction, based on need, shall assign a solutions team to an underperforming school or a school failing to meet academic standards comprised of master teachers, fiscal analysts and curriculum assessment experts who are certified by the state board of education as Arizona academic standards technicians. The department of education may hire or contract with administrators, principals and teachers who have demonstrated experience with the characteristics and situations in an underperforming school or a school failing to meet academic standards and may use these personnel as part of the solutions team. The team shall work with staff at the school to assist in curricula alignment and shall instruct teachers on how to increase pupil academic progress, considering the school's achievement profile. The team shall select two master teachers to be employed by the school. The solutions team shall consider the existing improvement plan to assess the need for changes to curriculum, professional development and resource allocation.

Q. The parent or the guardian of the pupil may apply~~, either~~ to the ~~school district or the~~ department of education, in a manner determined by the department of education for ~~reimbursement~~ A CERTIFICATE OF SUPPLEMENTAL INSTRUCTION from the failing schools tutoring fund established by this section. ~~The school may apply to the state board of education for grants from the funds provided pursuant to section 42-5029, subsection E, paragraph 7 to provide supplemental instruction.~~ Pupils attending a school designated as an underperforming school or a school failing to meet academic standards OR A PUPIL WHO HAS FAILED TO PASS ONE OR MORE PORTIONS OF THE ARIZONA INSTRUMENT TO MEASURE STANDARDS TEST IN ORDER TO GRADUATE FROM HIGH SCHOOL may select an alternative tutoring program in academic standards from a provider that is certified by the state board of education. To qualify, the provider must guarantee in writing a stated level of academic improvement for the pupil that includes a timeline for improvement that is agreed to by the parent or guardian of the pupil and the provider shall agree to refund to the state the standards assistance grant monies if the guaranteed level of

1 academic improvement is not met. THE STATE BOARD OF EDUCATION SHALL
2 DETERMINE THE APPLICATION GUIDELINES AND THE MAXIMUM VALUE FOR EACH
3 CERTIFICATE OF SUPPLEMENTAL INSTRUCTION. THE STATE BOARD OF EDUCATION SHALL
4 ANNUALLY COMPLETE A MARKET SURVEY IN ORDER TO DETERMINE THE MAXIMUM VALUE FOR
5 EACH CERTIFICATE OF SUPPLEMENTAL INSTRUCTION. NOTHING IN THIS SUBSECTION
6 SHALL BE CONSTRUED TO REQUIRE THE STATE TO PROVIDE ADDITIONAL MONIES BEYOND
7 THE MONIES PROVIDED PURSUANT TO SECTION 42-5029, SUBSECTION E, PARAGRAPH 7.
8 R. Within sixty days of receiving notification of designation as a
9 school failing to meet academic standards, the school district governing
10 board shall evaluate needed changes to the existing improvement plan for the
11 school, consider recommendations from the solutions team, submit a copy of
12 the plan to the superintendent of public instruction and supervise the
13 implementation of the plan. Within thirty days after submitting the
14 improvement plan to the superintendent of public instruction, the governing
15 board shall hold a public meeting in each school that has been designated as
16 a school failing to meet academic standards and shall present the respective
17 improvement plans that have been developed for each school.
18 S. A school that has not submitted an improvement plan pursuant to
19 subsection R of this section is not eligible to receive monies from the
20 classroom site fund established by section 15-977 for every day that a plan
21 has not been received by the superintendent of public instruction within the
22 time specified in subsection R of this section plus an additional ninety
23 days. The state board of education shall require the superintendent of the
24 school district to testify before the board and explain the reasons that an
25 improvement plan for that school has not been submitted.
26 T. If a charter school is designated as a school failing to meet
27 academic standards, the department of education shall immediately notify the
28 charter school's sponsor. The charter school's sponsor shall either take
29 action to restore the charter school to acceptable performance or revoke the
30 charter school's charter. Within thirty days the school shall notify the
31 parents of the students attending the school of the classification and of any
32 pending public meetings to review the issue.
33 U. A school that has been designated as a school failing to meet
34 academic standards shall be evaluated by the department of education to
35 determine if the school failed to properly implement its school improvement
36 plan, the alignment of the curriculum with academic standards, teacher
37 training, budget prioritization or other proven strategies to improve
38 academic performance. After visiting the school site pursuant to subsection
39 N of this section, the department of education shall submit to the state
40 board of education a recommendation to proceed pursuant to subsections P, Q
41 and R of this section or that the school be subject to a public hearing to
42 determine if the school failed to properly implement its improvement plan and
43 the reasons for the department's recommendation.

V. If the department does recommend a public hearing, the state board of education shall meet and may provide by a majority vote at the public hearing for the continued operation of the school as allowed by this subsection. The state board of education shall determine whether governmental, nonprofit and private organizations may submit applications to the state board to fully or partially manage the school. The state board's determination shall include:

1. If and to what extent the local governing board may participate in the operation of the school including personnel matters.

2. If and to what extent the state board of education shall participate in the operation of the school.

3. Resource allocation pursuant to subsection X of this section.

4. Provisions for the development and submittal of a school improvement plan to be presented in a public meeting at the school.

5. A suggested time frame for the alternative operation of the school.

W. The state board shall periodically review the status of a school that is operated by an organization other than the school district governing board to determine whether the operation of the school should be returned to the school district governing board. Before the state board makes a determination, the state board or its designee shall meet with the school district governing board or its designee to determine the time frame, operational considerations and the appropriate continuation of existing improvements that are necessary to assure a smooth transition of authority from the other organization back to the school district governing board.

X. If an alternative operation plan is provided pursuant to subsection V of this section, the state board of education shall pay for the operation of the school and shall adjust the school district's student count pursuant to section 15-902, soft capital allocation pursuant to section 15-962, capital outlay revenue limit pursuant to section 15-961, base support level pursuant to section 15-943, monies distributed from the classroom site fund established in section 15-977 and transportation support level pursuant to section 15-945 to accurately reflect any reduction in district services that are no longer provided to that school by the district. The state board of education may modify the school district's revenue control limit, the district support level and the general budget limit calculated pursuant to section 15-947 by an amount that corresponds to this reduction in services. The state board of education shall retain the portion of state aid that would otherwise be due the school district for the school and shall distribute that portion of state aid directly to the organization that contracts with the state board of education to operate the school.

Y. If the state board of education determines that a charter school failed to properly implement its improvement plan, the sponsor of the charter school shall revoke the charter school's charter.

1 Z. If there are more than two schools in a district and more than
2 one-half, or in any case more than five, of the schools in the district are
3 designated as schools failing to meet academic standards for more than two
4 consecutive years, in the next election of members of the governing board the
5 election ballot shall contain the following statement immediately above the
6 listing of governing board candidates:
7 Within the last five years, (number of schools) schools in the
8 _____ school district have been designated as "schools
9 failing to meet academic standards" by the superintendent of
10 public instruction.
11 AA. At least twice each year the department of education shall publish
12 in a newspaper of general circulation in each county of this state a list of
13 schools that are designated as schools failing to meet academic standards.
14 BB. The failing schools tutoring fund is established consisting of
15 monies collected pursuant to section 42-5029, subsection E as designated for
16 this purpose. The department of education shall administer the fund.
17 Sec. 3. Section 15-901, Arizona Revised Statutes, is amended to read:
18 15-901. Definitions
19 A. In this title, unless the context otherwise requires:
20 1. "Average daily attendance" or "ADA" means actual average daily
21 attendance through the first one hundred days or two hundred days in session,
22 as applicable.
23 2. "Average daily membership" means the total enrollment of fractional
24 students and full-time students, minus withdrawals, of each school day
25 through the first one hundred days or two hundred days in session, as
26 applicable, for the current year. Withdrawals include students formally
27 withdrawn from schools and students absent for ten consecutive school days,
28 except for excused absences as identified by the department of
29 education. For computation purposes, the effective date of withdrawal shall
30 be retroactive to the last day of actual attendance of the student.
31 (a) "Fractional student" means:
32 (i) For common schools, until fiscal year 2001-2002, a preschool child
33 who is enrolled in a program for preschool children with disabilities of at
34 least three hundred sixty minutes each week or a kindergarten student at
35 least five years of age prior to January 1 of the school year and enrolled in
36 a school kindergarten program that meets at least three hundred forty-six
37 instructional hours during the minimum number of days required in a school
38 year as provided in section 15-341. In fiscal year 2001-2002, the
39 kindergarten program shall meet at least three hundred forty-eight hours. In
40 fiscal year 2002-2003, the kindergarten program shall meet at least three
41 hundred fifty hours. In fiscal year 2003-2004, the kindergarten program
42 shall meet at least three hundred fifty-two hours. In fiscal year 2004-2005,
43 the kindergarten program shall meet at least three hundred fifty-four
44 hours. In fiscal year 2005-2006 and each fiscal year thereafter, the
45 kindergarten program shall meet at least three hundred fifty-six hours.

1 Lunch periods and recess periods may not be included as part of the
2 instructional hours unless the child's individualized education program
3 requires instruction during those periods and the specific reasons for such
4 instruction are fully documented. In computing the average daily membership,
5 preschool children with disabilities and kindergarten students shall be
6 counted as one-half of a full-time student. For common schools, a part-time
7 student is a student enrolled for less than the total time for a full-time
8 student as defined in this section. A part-time common school student shall
9 be counted as one-fourth, one-half or three-fourths of a full-time student if
10 the student is enrolled in an instructional program that is at least
11 one-fourth, one-half or three-fourths of the time a full-time student is
12 enrolled as defined in subdivision (b) of this paragraph.
13 (ii) For high schools, a part-time student who is enrolled in less
14 than four subjects that count toward graduation as defined by the state board
15 of education in a recognized high school and who is taught in less than
16 twenty instructional hours per week prorated for any week with fewer than
17 five school days. A part-time high school student shall be counted as
18 one-fourth, one-half or three-fourths of a full-time student if the student
19 is enrolled in an instructional program that is at least one-fourth, one-half
20 or three-fourths of a full-time instructional program as defined in
21 subdivision (c) of this paragraph.
22 (b) "Full-time student" means:
23 (i) For common schools, a student who is at least six years of age
24 prior to January 1 of a school year, who has not graduated from the highest
25 grade taught in the school district and who is regularly enrolled in a course
26 of study required by the state board of education. Until fiscal year
27 2001-2002, first, second and third grade students, ungraded students at least
28 six, but under nine, years of age by September 1 or ungraded group B children
29 with disabilities who are at least five, but under six, years of age by
30 September 1 must be enrolled in an instructional program that meets for a
31 total of at least six hundred ninety-two hours during the minimum number of
32 days required in a school year as provided in section 15-341. In fiscal year
33 2001-2002, the program shall meet at least six hundred ninety-six hours. In
34 fiscal year 2002-2003, the program shall meet at least seven hundred
35 hours. In fiscal year 2003-2004, the program shall meet at least seven
36 hundred four hours. In fiscal year 2004-2005, the program shall meet at
37 least seven hundred eight hours. In fiscal year 2005-2006 and in each fiscal
38 year thereafter, the program shall meet at least seven hundred twelve
39 hours. Until fiscal year 2001-2002, fourth, fifth and sixth grade students
40 or ungraded students at least nine, but under twelve, years of age by
41 September 1 must be enrolled in an instructional program that meets for a
42 total of at least eight hundred sixty-five hours during the minimum number of
43 school days required in a school year as provided in section 15-341. In
44 fiscal year 2001-2002, the program shall meet at least eight hundred seventy
45 hours. In fiscal year 2002-2003, the program shall meet at least eight

1 hundred seventy-five hours. In fiscal year 2003-2004, the program shall meet
2 at least eight hundred eighty hours. In fiscal year 2004-2005, the program
3 shall meet at least eight hundred eighty-five hours. In fiscal year
4 2005-2006 and each fiscal year thereafter, the program shall meet at least
5 eight hundred ninety hours. Until fiscal year 2001-2002, seventh and eighth
6 grade students or ungraded students at least twelve, but under fourteen,
7 years of age by September 1 must be enrolled in an instructional program that
8 meets for a total of at least one thousand thirty-eight hours during the
9 minimum number of days required in a school year as provided in section
10 15-341. In fiscal year 2001-2002, the program shall meet at least one
11 thousand forty-four hours. In fiscal year 2002-2003, the program shall meet
12 at least one thousand fifty hours. In fiscal year 2003-2004, the program
13 shall meet at least one thousand fifty-six hours. In fiscal year 2004-2005,
14 the program shall meet at least one thousand sixty-two hours. In fiscal year
15 2005-2006 and each fiscal year thereafter, the program shall meet at least
16 one thousand sixty-eight hours. Lunch periods and recess periods may not be
17 included as part of the instructional hours unless the student is a child
18 with a disability and the child's individualized education program requires
19 instruction during those periods and the specific reasons for such
20 instruction are fully documented.
21 (ii) For high schools, a student not graduated from the highest grade
22 taught in the school district, or an ungraded student at least fourteen years
23 of age by September 1, and enrolled in at least a full-time instructional
24 program of subjects that count toward graduation as defined by the state
25 board of education in a recognized high school. A full-time student shall
26 not be counted more than once for computation of average daily membership.
27 (iii) For homebound or hospitalized, a student receiving at least four
28 hours of instruction per week.
29 (c) "Full-time instructional program" means:
30 (i) Through fiscal year 2000-2001, at least four subjects, each of
31 which, if taught each school day for the minimum number of days required in a
32 school year, would meet a minimum of one hundred twenty hours a year, or the
33 equivalent, or one or more subjects taught in amounts of time totaling at
34 least twenty hours per week prorated for any week with fewer than five school
35 days.
36 (ii) For fiscal year 2001-2002, an instructional program that meets at
37 least a total of seven hundred four hours during the minimum number of days
38 required and includes at least four subjects each of which, if taught each
39 school day for the minimum number of days required in a school year, would
40 meet a minimum of one hundred twenty-two hours a year, or the equivalent, or
41 one or more subjects taught in amounts of time totaling at least twenty hours
42 per week prorated for any week with fewer than five school days.
43 (iii) For fiscal year 2002-2003, an instructional program that meets
44 at least a total of seven hundred eight hours during the minimum number of
45 days required and includes at least four subjects each of which, if taught

1 each school day for the minimum number of days required in a school year,
2 would meet a minimum of one hundred twenty-two hours a year, or the
3 equivalent, or one or more subjects taught in amounts of time totaling at
4 least twenty hours per week prorated for any week with fewer than five school
5 days.
6 (iv) For fiscal year 2003-2004, an instructional program that meets at
7 least a total of seven hundred twelve hours during the minimum number of days
8 required and includes at least four subjects each of which, if taught each
9 school day for the minimum number of days required in a school year, would
10 meet a minimum of one hundred twenty-three hours a year, or the equivalent,
11 or one or more subjects taught in amounts of time totaling at least twenty
12 hours per week prorated for any week with fewer than five school days.
13 (v) For fiscal year 2004-2005, an instructional program that meets at
14 least a total of seven hundred sixteen hours during the minimum number of
15 days required and includes at least four subjects each of which, if taught
16 each school day for the minimum number of days required in a school year,
17 would meet a minimum of one hundred twenty-three hours a year, or the
18 equivalent, or one or more subjects taught in amounts of time totaling at
19 least twenty hours per week prorated for any week with fewer than five school
20 days.
21 (vi) For fiscal year 2005-2006 and each fiscal year thereafter, an
22 instructional program that meets at least a total of seven hundred twenty
23 hours during the minimum number of days required and includes at least four
24 subjects each of which, if taught each school day for the minimum number of
25 days required in a school year, would meet a minimum of one hundred
26 twenty-three hours a year, or the equivalent, or one or more subjects taught
27 in amounts of time totaling at least twenty hours per week prorated for any
28 week with fewer than five school days.
29 3. "Budget year" means the fiscal year for which the school district
30 is budgeting and which immediately follows the current year.
31 4. "Common school district" means a political subdivision of this
32 state offering instruction to students in programs for preschool children
33 with disabilities and kindergarten programs and grades one through eight.
34 5. "Current year" means the fiscal year in which a school district is
35 operating.
36 6. "Daily attendance" means:
37 (a) For common schools, days in which a pupil:
38 (i) Of a kindergarten program or ungraded, but not group B children
39 with disabilities, and at least five, but under six, years of age by
40 September 1 attends at least three-quarters of the instructional time
41 scheduled for the day. If the total instruction time scheduled for the year
42 is at least three hundred forty-six hours but is less than six hundred
43 ninety-two hours such attendance shall be counted as one-half day of
44 attendance. If the instructional time scheduled for the year is at least six
45 hundred ninety-two hours, "daily attendance" means days in which a pupil

1 attends at least one-half of the instructional time scheduled for the
2 day. Such attendance shall be counted as one-half day of attendance.
3 (ii) Of the first, second or third grades, ungraded and at least six,
4 but under nine, years of age by September 1 or ungraded group B children with
5 disabilities and at least five, but under six, years of age by September 1
6 attends more than three-quarters of the instructional time scheduled for the
7 day.
8 (iii) Of the fourth, fifth or sixth grades or ungraded and at least
9 nine, but under twelve, years of age by September 1 attends more than
10 three-quarters of the instructional time scheduled for the day, except as
11 provided in section 15-797.
12 (iv) Of the seventh or eighth grades or ungraded and at least twelve,
13 but under fourteen, years of age by September 1 attends more than
14 three-quarters of the instructional time scheduled for the day, except as
15 provided in section 15-797.
16 (b) For common schools, the attendance of a pupil at three-quarters or
17 less of the instructional time scheduled for the day shall be counted as
18 follows, except as provided in section 15-797 and except that attendance for
19 a fractional student shall not exceed the pupil's fractional membership:
20 (i) If attendance for all pupils in the school is based on quarter
21 days, the attendance of a pupil shall be counted as one-fourth of a day's
22 attendance for each one-fourth of full-time instructional time attended.
23 (ii) If attendance for all pupils in the school is based on half days,
24 the attendance of at least three-quarters of the instructional time scheduled
25 for the day shall be counted as a full day's attendance and attendance at a
26 minimum of one-half but less than three-quarters of the instructional time
27 scheduled for the day equals one-half day of attendance.
28 (c) For common schools, the attendance of a preschool child with
29 disabilities shall be counted as one-fourth day's attendance for each
30 thirty-six minutes of attendance not including lunch periods and recess
31 periods, except as provided in paragraph 2, subdivision (a), item (i) of this
32 subsection for children with disabilities up to a maximum of three hundred
33 sixty minutes each week.
34 (d) For high schools or ungraded schools in which the pupil is at
35 least fourteen years of age by September 1, the attendance of a pupil shall
36 not be counted as a full day unless the pupil is actually and physically in
37 attendance and enrolled in and carrying four subjects, each of which, if
38 taught each school day for the minimum number of days required in a school
39 year, would meet a minimum of one hundred twenty hours a year, or the
40 equivalent, that count toward graduation in a recognized high school except
41 as provided in section 15-797 and subdivision (e) of this
42 paragraph. Attendance of a pupil carrying less than the load prescribed
43 shall be prorated.
44 (e) For high schools or ungraded schools in which the pupil is at
45 least fourteen years of age by September 1, the attendance of a pupil may be

1 counted as one-fourth of a day's attendance for each sixty minutes of
2 instructional time in a subject that counts toward graduation, except that
3 attendance for a pupil shall not exceed the pupil's full or fractional
4 membership.
5 (f) For homebound or hospitalized, a full day of attendance may be
6 counted for each day during a week in which the student receives at least
7 four hours of instruction.
8 (g) For school districts which maintain school for an approved
9 year-round school year operation, attendance shall be based on a computation,
10 as prescribed by the superintendent of public instruction, of the one hundred
11 eighty days' equivalency or two hundred days' equivalency, as applicable, of
12 instructional time as approved by the superintendent of public instruction
13 during which each pupil is enrolled.
14 7. "Daily route mileage" means the sum of:
15 (a) The total number of miles driven daily by all buses of a school
16 district while transporting eligible students from their residence to the
17 school of attendance and from the school of attendance to their residence on
18 scheduled routes approved by the superintendent of public instruction.
19 (b) The total number of miles driven daily on routes approved by the
20 superintendent of public instruction for which a private party, a political
21 subdivision or a common or a contract carrier is reimbursed for bringing an
22 eligible student from the place of his residence to a school transportation
23 pickup point or to the school of attendance and from the school
24 transportation scheduled return point or from the school of attendance to his
25 residence. Daily route mileage includes the total number of miles necessary
26 to drive to transport eligible students from and to their residence as
27 provided in this paragraph.
28 8. "District support level" means the base support level plus the
29 transportation support level.
30 9. "Eligible students" means:
31 (a) Students who are transported by or for a school district and who
32 qualify as full-time students or fractional students, except students for
33 whom transportation is paid by another school district or a county school
34 superintendent, and:
35 (i) For common school students, whose place of actual residence within
36 the school district is more than one mile from the school facility of
37 attendance or students who are admitted pursuant to section 15-816.01 and who
38 meet the economic eligibility requirements established under the national
39 school lunch and child nutrition acts (42 United States Code sections 1751
40 through 1785) for free or reduced price lunches and whose actual place of
41 residence outside the school district boundaries is more than one mile from
42 the school facility of attendance.
43 (ii) For high school students, whose place of actual residence within
44 the school district is more than one and one-half miles from the school
45 facility of attendance or students who are admitted pursuant to section

15-816.01 and who meet the economic eligibility requirements established under the national school lunch and child nutrition acts (42 United States Code sections 1751 through 1785) for free or reduced price lunches and whose actual place of residence outside the school district boundaries is more than one and one-half miles from the school facility of attendance.

(b) Kindergarten students, for purposes of computing the number of eligible students under subdivision (a), item (i) of this paragraph, shall be counted as full-time students, notwithstanding any other provision of law.

(c) Children with disabilities, as defined by section 15-761, who are transported by or for the school district or who are admitted pursuant to chapter 8, article 1.1 of this title and who qualify as full-time students or fractional students regardless of location or residence within the school district or children with disabilities whose transportation is required by the pupil's individualized education program.

(d) Students whose residence is outside the school district and who are transported within the school district on the same basis as students who reside in the school district.

10. "Enrolled" or "enrollment" means when a pupil is currently registered in the school district.

11. "GDP price deflator" means the average of the four implicit price deflators for the gross domestic product reported by the United States department of commerce for the four quarters of the calendar year.

12. "High school district" means a political subdivision of this state offering instruction to students for grades nine through twelve or that portion of the budget of a common school district which is allocated to teaching high school subjects with permission of the state board of education.

13. "Revenue control limit" means the base revenue control limit plus the transportation revenue control limit.

14. "Student count" means average daily membership as prescribed in this subsection for the fiscal year prior to the current year, except that for the purpose of budget preparation student count means average daily membership as prescribed in this subsection for the current year.

15. "Submit electronically" means submitted in a format and in a manner prescribed by the department of education.

16. "Total bus mileage" means the total number of miles driven by all buses of a school district during the school year.

17. "Total students transported" means all eligible students transported from their place of residence to a school transportation pickup point or to the school of attendance and from the school of attendance or from the school transportation scheduled return point to their place of residence.

18. "Unified school district" means a political subdivision of the state offering instruction to students in programs for preschool children with disabilities and kindergarten programs and grades one through twelve.

B. In this title, unless the context otherwise requires:

1. "Base" means the revenue level per student count specified by the legislature.

2. "Base level" means:

~~(a) For fiscal year 2003-2004, two thousand eight hundred twenty-two dollars seventy-four cents.~~

~~(b)~~ (a) For fiscal year 2004-2005, two thousand eight hundred ninety-three dollars eighteen cents.

(b) FOR FISCAL YEAR 2005-2006, THREE THOUSAND ONE DOLLARS.

3. "Base revenue control limit" means the base revenue control limit computed as provided in section 15-944.

4. "Base support level" means the base support level as provided in section 15-943.

5. "Certified teacher" means a person who is certified as a teacher pursuant to the rules adopted by the state board of education, who renders direct and personal services to school children in the form of instruction related to the school district's educational course of study and who is paid from the maintenance and operation section of the budget.

6. "ED, MIMR, SLD, SLI and OHI" means programs for children with emotional disabilities, mild mental retardation, a specific learning disability, a speech/language impairment and other health impairments.

7. "ED-P" means programs for children with emotional disabilities who are enrolled in private special education programs as prescribed in section 15-765, subsection D, paragraph 1 or in an intensive school district program as provided in section 15-765, subsection D, paragraph 2.

8. "ELL" means English learners who do not speak English or whose native language is not English, who are not currently able to perform ordinary classroom work in English and who are enrolled in an English language education program pursuant to sections 15-751, 15-752 and 15-753.

9. "Full-time equivalent certified teacher" or "FTE certified teacher" means for a certified teacher the following:

(a) If employed full time as defined in section 15-501, 1.00.

(b) If employed less than full time, multiply 1.00 by the percentage of a full school day, or its equivalent, or a full class load, or its equivalent, for which the teacher is employed as determined by the governing board.

10. "Group A" means educational programs for career exploration, a specific learning disability, an emotional disability, mild mental retardation, remedial education, a speech/language impairment, homebound, bilingual, preschool moderate delay, preschool speech/language delay, other health impairments and gifted pupils.

11. "Group B" means educational improvements for pupils in kindergarten programs and grades one through three, educational programs for autism, a hearing impairment, moderate mental retardation, multiple disabilities, multiple disabilities with severe sensory impairment, orthopedic impairments,

1 preschool severe delay, severe mental retardation and emotional disabilities
2 for school age pupils enrolled in private special education programs or in
3 school district programs for children with severe disabilities or visual
4 impairment and English learners enrolled in a program to promote English
5 language proficiency pursuant to section 15-752.
6 12. "HI" means programs for pupils with hearing impairment.
7 13. "Homebound" or "hospitalized" means a pupil who is capable of
8 profiting from academic instruction but is unable to attend school due to
9 illness, disease, accident or other health conditions, who has been examined
10 by a competent medical doctor and who is certified by that doctor as being
11 unable to attend regular classes for a period of not less than three school
12 months or a pupil who is capable of profiting from academic instruction but
13 is unable to attend school regularly due to chronic or acute health problems,
14 who has been examined by a competent medical doctor and who is certified by
15 that doctor as being unable to attend regular classes for intermittent
16 periods of time totaling three school months during a school year. The
17 medical certification shall state the general medical condition, such as
18 illness, disease or chronic health condition, that is the reason that the
19 pupil is unable to attend school. Homebound or hospitalized includes a
20 student who is unable to attend school for a period of less than three months
21 due to a pregnancy if a competent medical doctor, after an examination,
22 certifies that the student is unable to attend regular classes due to risk to
23 the pregnancy or to the student's health.
24 14. "K-3" means kindergarten programs and grades one through three.
25 15. "MD-R, A-R and SMR-R" means resource programs for pupils with
26 multiple disabilities, autism and severe mental retardation.
27 16. "MD-SC, A-SC and SMR-SC" means self-contained programs for pupils
28 with multiple disabilities, autism and severe mental retardation.
29 17. "MDSSI" means a program for pupils with multiple disabilities with
30 severe sensory impairment.
31 18. "MOMR" means programs for pupils with moderate mental retardation.
32 19. "OI-R" means a resource program for pupils with orthopedic
33 impairments.
34 20. "OI-SC" means a self-contained program for pupils with orthopedic
35 impairments.
36 21. "PSD" means preschool programs for children with disabilities as
37 provided in section 15-771.
38 22. "P-SD" means programs for children who meet the definition of
39 preschool severe delay as provided in section 15-771.
40 23. "Qualifying tax rate" means the qualifying tax rate specified in
41 section 15-971 applied to the assessed valuation used for primary property
42 taxes.
43 24. "Small isolated school district" means a school district which
44 meets all of the following:

SENATE

(a) Has a student count of fewer than six hundred in kindergarten programs and grades one through eight or grades nine through twelve.

(b) Contains no school which is fewer than thirty miles by the most reasonable route from another school, or, if road conditions and terrain make the driving slow or hazardous, fifteen miles from another school which teaches one or more of the same grades and is operated by another school district in this state.

(c) Is designated as a small isolated school district by the superintendent of public instruction.

25. "Small school district" means a school district which meets all of the following:

(a) Has a student count of fewer than six hundred in kindergarten programs and grades one through eight or grades nine through twelve.

(b) Contains at least one school which is fewer than thirty miles by the most reasonable route from another school which teaches one or more of the same grades and is operated by another school district in this state.

(c) Is designated as a small school district by the superintendent of public instruction.

26. "Transportation revenue control limit" means the transportation revenue control limit computed as prescribed in section 15-946.

27. "Transportation support level" means the support level for pupil transportation operating expenses as provided in section 15-945.

28. "VI" means programs for pupils with visual impairments.

29. "Voc. Ed." means career and technical education and vocational education programs, as defined in section 15-781.

Sec. 4. Section 15.901.02, Arizona Revised Statutes, is amended to read:

15-901.02. <u>Full-day kindergarten instruction; study committee; full-day kindergarten fund</u>

A. A school or charter school that is provided and accepts monies pursuant to this section for full-day kindergarten shall offer full-day kindergarten instruction to all pupils who meet the enrollment requirements for kindergarten programs. Parents of pupils who meet the enrollment requirements for voluntary kindergarten programs in a school or charter school that is required to provide full-day kindergarten instruction shall choose either half-day kindergarten instruction or full-day kindergarten instruction.

B. The legislature shall develop a plan, including capital monies, ~~considering recommendations of the joint legislative study committee on full-day kindergarten established in subsection D of this section,~~ to provide statewide full-day kindergarten instruction by fiscal year 2009-2010. ~~Schools and charter schools that are provided full-day kindergarten funding pursuant to this subsection and subsection C of this section shall continuously be provided full-day kindergarten funding~~

~~throughout the statewide implementation of the full-day kindergarten plan adopted by the legislature.~~

C. ~~Funding for full-day kindergarten shall be provided for fiscal year 2004-2005 to schools or charter schools with a student count in which at least ninety per cent of the pupils meet the economic eligibility requirements established under the national school lunch and child nutrition acts (42 United States Code sections 1751 through 1785).~~ The school district or charter school shall receive monies for full-day kindergarten pursuant to this section for each pupil who attends kindergarten instruction.

~~D. The joint legislative study committee on full-day kindergarten is established and shall consist of three members of the house of representatives appointed by the speaker of the house of representatives, no more than two shall be from the same political party, three members of the senate appointed by the president of the senate, no more than two shall be from the same political party and three members appointed by the governor who represent school districts or charter schools that offer kindergarten programs. The joint legislative study committee shall forward preliminary recommendations by December 1, 2004 to the speaker of the house of representatives, the president of the senate and the governor for full-day kindergarten implementation. The joint legislative study committee shall consider funding for each year of implementation, capital accommodations and program implementation issues such as professional development and diagnostic assessment.~~

~~E.~~ D. The full-day kindergarten fund is established consisting of monies appropriated to the department of education for this purpose. The department of education shall administer the fund. If there are insufficient monies available in the fund to provide full funding pursuant to this section, the department of education shall prorate the amount per pupil distributed to each school district and charter school that is eligible to receive monies from the fund. The amount budgeted by the school district or charter school pursuant to this section shall not be included in the allowable budget balance carryforward calculated pursuant to section 15-943.01. The full-day kindergarten fund terminates on July 1, 2009, and any unencumbered monies remaining in the fund on that date shall be transferred to the state general fund.

~~F.~~ E. Monies in the full-day kindergarten fund are continuously appropriated and are exempt from the provisions of section 35-190 relating to lapsing of appropriations, and the allocation to each charter school and school district for a fiscal year shall equal the per pupil amount established in this section for the fiscal year multiplied by the weighted student count for the school district or charter school for the fiscal year pursuant to section 15-943, paragraph 2, subdivision (a). For the purposes of this subsection, the weighted student count for a school district that serves as the district of attendance for nonresident pupils shall be

increased to include nonresident pupils who attend school in the school district.

~~G.~~ F. Monies distributed from the full-day kindergarten fund shall be spent only for full-day kindergarten instruction.

~~H.~~ G. School districts and charter schools that receive monies from the full-day kindergarten fund shall submit a report to the superintendent of public instruction on a per school basis that provides an accounting of the expenditures of monies distributed from the fund during the school year, a description of any professional development required under this section, class size and any district class size policies, data collected from state or district assessments of kindergarten pupils in both full-day and half-day programs, the number of pupils, the number of pupils not served and the reasons those pupils were not served and other information determined by the department of education and the office of the auditor general. The department of education in conjunction with the auditor general shall prescribe the format and due date of the report required under this subsection.

~~I.~~ H. School districts and charter schools that receive monies from the full-day kindergarten fund shall receive these monies monthly in an amount not to exceed one-twelfth of the monies estimated pursuant to subsection C of this section, except that if there are insufficient monies in the fund that month to make payments, the distribution for that month shall be prorated for each school district or charter school. The department of education may make an additional payment in the current month for any prior month or months in which school districts or charter schools received a prorated payment if there are sufficient monies in the fund that month for the additional payments. The state is not required to make payments to a school district or charter school full-day kindergarten fund if the monies in the state full-day kindergarten fund are insufficient to meet the estimated allocations to school districts and charter schools pursuant to subsection C of this section.

~~J.~~ I. The Arizona state schools for the deaf and the blind shall receive monies from the full-day kindergarten fund in the same manner as school districts and charter schools. The Arizona state schools for the deaf and the blind are subject to this section in the same manner as school districts and charter schools.

~~K.~~ J. Each school district and charter school shall establish a local level full-day kindergarten fund to receive allocations from the state level full-day kindergarten fund. The local level full-day kindergarten fund shall be a budgetary controlled account. Interest charges for any registered warrants for the local level full-day kindergarten fund shall be a charge against the local level full-day kindergarten fund. Interest earned on monies in the local level full-day kindergarten fund shall be added to the local level full-day kindergarten fund. This state shall not be required to make payments to a school district or charter school local level full-day

kindergarten fund that are in addition to monies appropriated to the state level full-day kindergarten fund.

~~L.~~ K. If the state board of education, the department of education, the auditor general or the attorney general determines that a school district is substantially and deliberately not in compliance with this title, and if the school district has failed to correct the deficiency within ninety days after receiving notice from the department of education, the state board of education may direct the superintendent of public instruction, pursuant to state board of education rules, to withhold the monies the school district would otherwise be entitled to receive from the full-day kindergarten fund from the date of the determination of noncompliance until the department of education determines that the school district is in compliance with this title.

~~M.~~ L. 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 shall notify the department of education to withhold the monies that the charter school would otherwise be entitled to receive from the full-day kindergarten fund. The sponsor shall provide written notice to the charter school at least seventy-two hours before the meeting and shall allow the charter school to respond to the allegations of noncompliance at the meeting before the sponsor makes a final determination to notify the department of education of noncompliance. When the sponsor determines that the charter school is in compliance, the department of education shall restore the amount of monies that the charter school is entitled to receive from the full-day kindergarten fund.

~~N.~~ M. Schools are not required to offer full-day kindergarten instruction to qualifying students if there is insufficient classroom space. Schools shall not accept monies from the full-day kindergarten fund if space limitations result in class sizes that exceed the average class size of the district or charter school.

~~O.~~ N. All schools that accept monies from the full-day kindergarten fund shall provide professional development that is directly related to the delivery of kindergarten standards in a full-day program. Any school that has not yet undergone professional development for implementation of the delivery of a research-based reading curriculum as prescribed in section 15-704 may not receive money from the full-day kindergarten fund until this training has been received by the kindergarten instructors on staff.

~~P.~~ O. For any school district that funds voluntary full-day kindergarten instruction with monies from a desegregation levy or a special budget override pursuant to section 15-482 and that qualifies for monies from the full-day kindergarten fund and if the desegregation monies or special budget override monies are used solely to provide full-day kindergarten instruction, the governing board shall hold a public meeting to determine the reallocation of those monies to other programs or whether those monies shall

be used to reduce the school district's primary or secondary property tax levy, or both.

P. THE DEPARTMENT OF EDUCATION SHALL CONDUCT A COMPREHENSIVE REVIEW OF THE EXISTING RESEARCH ON FULL-DAY KINDERGARTEN INSTRUCTION, INCLUDING ACADEMIC LITERATURE, ACADEMIC STUDIES AND RESEARCH AND REVIEWS CONDUCTED BY PUBLIC AND PRIVATE INSTITUTIONS ON FULL-DAY KINDERGARTEN INSTRUCTION. THE DEPARTMENT SHALL CONSIDER RESEARCH THAT PROVIDES SUPPORT FOR FULL-DAY KINDERGARTEN AND RESEARCH THAT DOES NOT PROVIDE SUPPORT FOR FULL-DAY KINDERGARTEN. THE REVIEW CONDUCTED BY THE DEPARTMENT OF EDUCATION SHALL EMPHASIZE LONGITUDINAL STUDIES THAT ASSESS THE LONG-TERM ACADEMIC IMPACT OF FULL-DAY KINDERGARTEN INSTRUCTION. THE DEPARTMENT SHALL SUBMIT A REPORT THAT SUMMARIZES THE DEPARTMENT'S FINDINGS AND CONCLUSIONS TO THE GOVERNOR, THE PRESIDENT OF THE SENATE, THE SPEAKER OF THE HOUSE OF REPRESENTATIVES AND THE JOINT LEGISLATIVE BUDGET COMMITTEE ON OR BEFORE DECEMBER 1, 2005. THE DEPARTMENT SHALL PROVIDE A COPY OF THIS REPORT TO THE SECRETARY OF STATE AND THE DIRECTOR OF THE ARIZONA STATE LIBRARY, ARCHIVES AND PUBLIC RECORDS.

Q. NOTWITHSTANDING SUBSECTION B OF THIS SECTION, THE LEGISLATURE SHALL NOT CONSIDER THE APPROPRIATION OF ANY ADDITIONAL STATE MONIES FOR FULL-DAY KINDERGARTEN INSTRUCTION AFTER THE EFFECTIVE DATE OF THIS AMENDMENT TO THIS SECTION UNTIL AFTER THE JOINT LEGISLATIVE BUDGET COMMITTEE HAS REVIEWED THE STUDY PRESCRIBED IN SUBSECTION P OF THIS SECTION.

R. STATE MONIES FOR FULL-DAY KINDERGARTEN INSTRUCTION SHALL NOT BE PROVIDED FOR ANY PUPIL WHO IS NOT AT LEAST FIVE YEARS OF AGE BEFORE SEPTEMBER 1 OF THE SCHOOL YEAR IN WHICH THE PUPIL IS ENROLLED.

Sec. 5. Title 15, chapter 9, article 1, Arizona Revised Statutes, is amended by adding section 15-901.03, to read:

15-901.03. Transfers; review

NOTWITHSTANDING SECTION 35-173, SUBSECTION C, ANY TRANSFER TO OR FROM THE AMOUNT APPROPRIATED FOR BASIC STATE AID ENTITLEMENT, ADDITIONAL STATE AID TO SCHOOLS, CERTIFICATES OF EDUCATIONAL CONVENIENCE OR THE SPECIAL EDUCATION FUND LINE ITEMS SHALL REQUIRE REVIEW BY THE JOINT LEGISLATIVE BUDGET COMMITTEE.

Sec. 6. Title 15, chapter 9, article 1, Arizona Revised Statutes, is amended by adding section 15-910.03, to read:

15-910.03 Excess utilities; funding plan; review

A. BEGINNING JULY 1, 2005, EACH SCHOOL DISTRICT THAT BUDGETS FOR EXCESS UTILITIES SHALL ANNUALLY DEVELOP, ADOPT AND CERTIFY A PLAN AT THE SAME PUBLIC MEETING WHERE THE SCHOOL DISTRICT BUDGET IS PROPOSED AND ADOPTED CONTAINING THE FOLLOWING INFORMATION:

1. A REVIEW AND SUMMARY FOR EACH FISCAL YEAR SINCE FISCAL YEAR 1999-2000 THAT INCLUDES THE EXPENDITURES FOR THE DIRECT OPERATIONAL COSTS OF EACH OF THE FOLLOWING THAT ARE CONTAINED WITHIN THE REVENUE CONTROL LIMIT AND OF THE EXCESS UTILITIES BUDGET OUTSIDE THE REVENUE CONTROL LIMIT:

(a) HEATING.

(b) COOLING.

1 (c) WATER.
2 (d) ELECTRICITY.
3 (e) TELEPHONE COMMUNICATIONS.
4 (f) SANITATION FEES.
5 2. A REVIEW AND SUMMARY THAT INCLUDES THE CURRENT YEAR BUDGET, THE
6 CURRENT YEAR ESTIMATED EXPENDITURES AND THE PROPOSED BUDGET FOR THE DIRECT
7 OPERATIONAL COSTS OF EACH OF THE FOLLOWING THAT ARE CONTAINED WITHIN THE
8 REVENUE CONTROL LIMIT AND OF THE EXCESS UTILITIES BUDGET OUTSIDE THE REVENUE
9 CONTROL LIMIT:
10 (a) HEATING.
11 (b) COOLING.
12 (c) WATER.
13 (d) ELECTRICITY.
14 (e) TELEPHONE COMMUNICATIONS.
15 (f) SANITATION FEES.
16 3. A PER PUPIL COST FOR THE TOTAL EXPENDITURES FOR THE DIRECT
17 OPERATIONAL COSTS THAT ARE CONTAINED WITHIN THE REVENUE CONTROL LIMIT AND A
18 PER PUPIL COST FOR THE TOTAL EXPENDITURES FOR THE DIRECT OPERATIONAL COSTS
19 THAT ARE PART OF THE EXCESS UTILITIES BUDGET OUTSIDE THE REVENUE CONTROL
20 LIMIT AS PRESCRIBED IN PARAGRAPHS 1 AND 2.
21 4. A REVIEW AND SUMMARY OF SPECIFIC FINANCIAL GOALS TO ENABLE THE
22 SCHOOL DISTRICT TO PAY FOR ALL UTILITY COSTS WITHIN THE REVENUE CONTROL LIMIT
23 ON OR BEFORE JUNE 30, 2009 AS APPROVED BY THE VOTERS OF THIS STATE IN THE
24 REFERENDUM DESIGNATED AS PROPOSITION 301 AT THE 2000 GENERAL ELECTION.
25 5. A REVIEW OF THE DISTRICT'S PLAN TO ENSURE THAT THE SCHOOL DISTRICT
26 IS MAKING PROGRESS TOWARD THE ACHIEVEMENT OF THE FINANCIAL GOALS PRESCRIBED
27 IN PARAGRAPH 4.
28 B. EACH SCHOOL DISTRICT SHALL ANNUALLY SUBMIT A COPY OF THE PLAN
29 PRESCRIBED IN SUBSECTION A TO THE DEPARTMENT OF EDUCATION ON OR BEFORE
30 JULY 18.
31 C. THE DEPARTMENT OF EDUCATION SHALL PREPARE AND SUBMIT AN ANNUAL
32 REPORT ON OR BEFORE DECEMBER 1 TO THE JOINT LEGISLATIVE BUDGET COMMITTEE
33 CONTAINING A SUMMARY OF THE SCHOOL DISTRICT PLANS AND COSTS PER PUPIL AS
34 PRESCRIBED IN SUBSECTION A. THE DEPARTMENT OF EDUCATION SHALL INCLUDE IN THE
35 REPORT A LIST OF SCHOOL DISTRICTS THAT BUDGETED FOR EXCESS UTILITIES BUT THAT
36 DID NOT SUBMIT A PLAN PURSUANT TO THIS SECTION.
37 Sec. 7. Section 15-945, Arizona Revised Statutes, is amended to read:
38 15-945. Transportation support level
39 A. The support level for to and from school for each school district
40 for the current year shall be computed as follows:
41 1. Determine the approved daily route mileage of the school district
42 for the fiscal year prior to the current year.
43 2. Multiply the figure obtained in paragraph 1 of this subsection by
44 one hundred seventy-five.

3. Determine the number of eligible students transported in the fiscal year prior to the current year.

4. Divide the amount determined in paragraph 1 of this subsection by the amount determined in paragraph 3 of this subsection to determine the approved daily route mileage per eligible student transported.

5. Determine the classification in column 1 of this paragraph for the quotient determined in paragraph 4 of this subsection. Multiply the product obtained in paragraph 2 of this subsection by the corresponding state support level for each route mile as provided in column 2 of this paragraph.

Column 1 Approved Daily Route Mileage per Eligible Student Transported	Column 2 State Support Level per Route Mile for Fiscal Year ~~2004-2005~~ 2005-2006
0.5 or less	~~$2.11~~ $2.15
More than 0.5 through 1.0	~~$1.71~~ $1.74
More than 1.0	~~$2.11~~ $2.15

6. Add the amount spent during the prior fiscal year for bus tokens and bus passes for students who qualify as eligible students as defined in section 15-901.

B. The support level for academic education, career and technical education, vocational education and athletic trips for each school district for the current year is computed as follows:

1. Determine the classification in column 1 of paragraph 2 of this subsection for the quotient determined in subsection A, paragraph 4 of this section.

2. Multiply the product obtained in subsection A, paragraph 5 of this section by the corresponding state support level for academic education, career and technical education, vocational education and athletic trips as provided in column 2, 3 or 4 of this paragraph, whichever is appropriate for the type of district.

Column 1 Approved Daily Route Mileage per Eligible Student Transported	Column 2 District Type 02 or 03	Column 3 District Type 04	Column 4 District Type 05
0.5 or less	0.15	0.10	0.25
More than 0.5 through 1.0	0.15	0.10	0.25
More than 1.0	0.18	0.12	0.30

For the purposes of this paragraph, "district type 02" means a unified school district or an accommodation school that offers instruction in grades nine through twelve, "district type 03" means a common school district not within a high school district, "district type 04" means a common school district within a high school district or an accommodation school that does not offer instruction in grades nine through twelve and "district type 05" means a high school district.

C. The support level for extended school year programs for pupils with disabilities is computed as follows:

1. Determine the sum of the following:

(a) The total number of miles driven by all buses of a school district while transporting eligible pupils with disabilities on scheduled routes from their residence to the school of attendance and from the school of attendance to their residence on routes for an extended school year program in accordance with section 15-881.

(b) The total number of miles driven on routes approved by the superintendent of public instruction for which a private party, a political subdivision or a common or a contract carrier is reimbursed for bringing an eligible pupil with a disability from the place of the pupil's residence to a school transportation pickup point or to the school facility of attendance and from the school transportation scheduled return point or from the school facility to the pupil's residence for an extended school year program in accordance with section 15-881.

2. Multiply the sum determined in paragraph 1 of this subsection by the state support level for the district determined as provided in subsection A, paragraph 5 of this section.

D. The transportation support level for each school district for the current year is the sum of the support level for to and from school as determined in subsection A of this section and the support level for academic education, career and technical education, vocational education and athletic trips as determined in subsection B of this section and the support level for extended school year programs for pupils with disabilities as determined in subsection C of this section.

E. The state support level for each approved route mile, as provided in subsection A, paragraph 5 of this section, shall be adjusted by the growth rate prescribed by law, subject to appropriation.

Sec. 8. Section 15-1326, Arizona Revised Statutes, is amended to read:

15-1326. <u>Employment and discharge of personnel</u>

A. The superintendent, acting on behalf of the board of directors, shall employ all personnel needed for the operation of the schools. THE SUPERINTENDENT, WITH THE APPROVAL OF AND ACTING ON BEHALF OF THE BOARD, MAY ISSUE INDIVIDUAL CONTRACTS FOR TEACHING POSITIONS. The board shall review all personnel appointments on a periodic basis and may require employment justification by the superintendent as it deems necessary.

B. Except as provided in section 15-1325, the superintendent shall place each new employee in a probationary employment status. The board shall determine the term and conditions of probationary employment status. The superintendent may discharge any probationary employee who is unsuited or not qualified for employment at the schools and shall file with the board a written report of the action and the reasons for the discharge. On satisfactory completion of probationary employment, employees shall be granted permanent employment status.

C. The superintendent may discharge, only for cause, any permanent employee at the schools. The superintendent shall file with the board a written report of the action and the reasons for the discharge. Permanent employees discharged from employment at the schools are entitled to due process protections in the manner provided by the board including but not limited to a hearing before the board of directors. The due process procedures will be developed in consultation with the employees.

D. The board shall prescribe policies for employees, including employee conduct and discipline.

Sec. 9. Calculation of instructional days for fiscal year 2005-2006

Notwithstanding any other law, for fiscal year 2005-2006, the term "one hundred eighty days" in section 15-341.01, Arizona Revised Statutes, means one hundred eighty days of instruction or an equivalent number of minutes of instruction per school year based on a different number of days of instruction approved by the school district governing board.

Sec. 10. Reduction in school district state aid apportionment; fiscal year 2005-2006

A. Notwithstanding section 15-973, subsection B, paragraph 10, Arizona Revised Statutes, the state board of education shall defer until July 1, 2006 $191,000,000 of the basic state aid and additional state aid payment that otherwise would be apportioned to school districts under that law on June 15, 2006.

B. The funding deferral required by this section does not apply to charter schools.

Sec. 11. Appropriations; school districts; disbursements

A. The sum of $191,000,000 is appropriated in fiscal year 2006-2007 from the state general fund to the state board of education and superintendent of public instruction for basic state aid and additional state aid entitlement for fiscal year 2006-2007. This appropriation shall be disbursed on July 1, 2006 to the several counties for the school districts in each county in amounts equal to the reductions in apportionment of basic state aid and additional state aid that are required pursuant to section 10 of this act for fiscal year 2005-2006.

B. The sum of $293,800 is appropriated in fiscal year 2006-2007 from the state general fund to the state board of education and the superintendent of public instruction for any costs to school districts that may be associated with the reductions in apportionment of basic state aid and additional state aid for fiscal year 2005-2006 that are required pursuant to section 10 of this act. This appropriation shall be disbursed on July 1, 2006 to the several counties for the school districts in each county and shall be allocated based on the per cent of the total $191,000,000 deferred payment for fiscal year 2005-2006 that is attributable to each individual school district.

1 C. Notwithstanding any provision of law, for fiscal year 2006-2007, if
2 the governing board of a school district incurred interest expenses for
3 registering warrants in fiscal year 2005-2006 pursuant to section 10 of this
4 act, the governing board may budget an estimated amount for those interest
5 expenses. Any such amount is specifically exempt from the revenue control
6 limit in fiscal year 2006-2007. If the budgeted estimate amount is greater
7 than the amount received pursuant to subsection B of this section, the
8 governing board shall not expend more than the amount received pursuant to
9 subsection B of this section. If the budgeted estimate amount is less than
10 the amount received pursuant to subsection B of this section, the governing
11 board may revise its budget during fiscal year 2006-2007 to include the
12 actual amount received pursuant to subsection B of this section and shall not
13 expend more than the amount received pursuant to subsection B of this
14 section.
15 Sec. 12. Desegregation budget; limit
16 Notwithstanding section 15-910, Arizona Revised Statutes, the maximum
17 amount that a school district may budget for desegregation activities for
18 fiscal year 2005-2006 shall be computed as follows:
19 1. Determine the amount that the district budgeted for desegregation
20 activities for fiscal year 2004-2005 pursuant to Laws 2004, chapter 278,
21 section 16.
22 2. Compute the percentage increase in average daily membership for the
23 district, as defined in section 15-901, Arizona Revised Statutes, for the
24 2004-2005 school year above the 2003-2004 school year. If average daily
25 membership for the district decreased for the 2004-2005 school year below the
26 2003-2004 school year, assume a per cent increase of zero.
27 3. Multiply the amount determined in paragraph 1 of this section by
28 the percentage determined in paragraph 2 of this section.
29 4. Multiply the amount determined in paragraph 1 of this section by
30 two per cent for assumed inflation.
31 5. Add the amounts determined in paragraphs 1, 3 and 4 of this
32 section.
33 Sec. 13. Joint technological education districts; basic state
34 aid cap; fiscal year 2005-2006
35 Notwithstanding section 15-971, Arizona Revised Statutes, or any other
36 law, the maximum amount of state aid for equalization assistance for
37 education that may be apportioned to a joint technological education district
38 for fiscal year 2005-2006 is the amount that was apportioned to it for fiscal
39 year 2004-2005 after any reduction required by Laws 2004, chapter 341 and
40 apart from any prior year adjustments or double the amount of its qualifying
41 tax rate revenues for fiscal year 2005-2006, whichever is greater.

1 Sec. 14. Adjustment for rapid decline in student count for
2 fiscal year 2005-2006
3 Notwithstanding section 15-942, Arizona Revised Statutes, for fiscal
4 year 2005-2006, the department of education shall reduce by fifty per cent
5 the amount of rapid decline funding that a school district would otherwise be
6 eligible to receive pursuant to section 15-942, subsections A through F,
7 Arizona Revised Statutes.
8 Sec. 15. Repeal
9 Laws 2004, chapter 340, section 6 is repealed.
10 Sec. 16. Delayed repeal
11 Section 15-910.03, Arizona Revised Statutes, as added by this act, is
12 repealed from and after June 30, 2010.
13 Sec. 17. Appropriation; purpose; exemption
14 A. The sum of $38,050,000 is appropriated from the state general fund
15 in fiscal year 2005-2006 to the department of education for distribution to
16 schools and charter schools that qualify to receive state monies for full-day
17 kindergarten instruction as prescribed in section 15-901.02, Arizona Revised
18 Statutes, as amended by this act. Funding for full-day kindergarten shall be
19 provided for fiscal year 2005-2006 to schools or charter schools with a
20 student count in which at least eighty per cent of the pupils meet the
21 economic eligibility requirements established under the national school lunch
22 and child nutrition acts (42 United States Code sections 1751 through 1785).
23 B. Of the monies appropriated pursuant to subsection A of this act,
24 the department of education may use up to $150,000 for two additional
25 full-time equivalent positions within the department to carry out the
26 purposes of this act.
27 C. The appropriation made in subsection A of this section is exempt
28 from the provisions of section 35-190, Arizona Revised Statutes, relating to
29 lapsing of appropriations.

APPROVED BY THE GOVERNOR MAY 20, 2005.

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

SENATE

Passed the House May 6, 20 05,

by the following vote: 52 Ayes,

4 Nays, 4 Not Voting

Speaker of the House

Norman L. Moore

Chief Clerk of the House

Passed the Senate May 6, 20 05,

by the following vote: 27 Ayes,

2 Nays, 1 Not Voting

President of the Senate

Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

13th day of May, 20 05

at 8:38 o'clock a. M.

Secretary to the Governor

Approved this 20 day of

April, 20 05,

at 9:45 o'clock A. M.

Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 20 day of May, 20 05

at 3:04 o'clock P. M.

Janice K. Brewer

Secretary of State

S.B. 1516