Senate Engrossed House Bill

FILED
JANICE K. BREWER
SECRETARY OF STATE

State of Arizona
House of Representatives
Forty-seventh Legislature
Second Regular Session
2006

CHAPTER 341

HOUSE BILL 2700

AN ACT

AMENDING SECTIONS 15-185, 15-391, 15-393, 15-395, 15-789 AND 15-910.01, ARIZONA REVISED STATUTES; AMENDING LAWS 2002, CHAPTER 330, SECTION 51, AS AMENDED BY LAWS 2005, CHAPTER 294, SECTION 2; AMENDING LAWS 2005, CHAPTER 329, SECTION 13; RELATING TO JOINT TECHNOLOGICAL EDUCATION DISTRICTS.

(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.
44 5. A school district that sponsors a charter school is not eligible to
45 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 thirty dollars five cents per student count in kindergarten programs and grades one through eight and one thousand five hundred fifty dollars 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, EXCEPT THAT IF THE PUPIL IS ENROLLED IN BOTH A CHARTER SCHOOL AND A JOINT TECHNOLOGICAL EDUCATION DISTRICT AND RESIDES WITHIN THE BOUNDARIES OF A SCHOOL DISTRICT PARTICIPATING IN THE JOINT TECHNOLOGICAL EDUCATION DISTRICT, THE SUM OF THE AVERAGE DAILY MEMBERSHIP FOR THAT PUPIL IN THE CHARTER SCHOOL AND THE JOINT TECHNOLOGICAL EDUCATION DISTRICT SHALL NOT EXCEED 1.25. 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, EXCEPT THAT IF THE PUPIL IS ENROLLED IN BOTH A CHARTER SCHOOL AND A JOINT TECHNOLOGICAL EDUCATION DISTRICT AND RESIDES WITHIN THE BOUNDARIES OF A SCHOOL DISTRICT PARTICIPATING IN THE JOINT TECHNOLOGICAL EDUCATION DISTRICT, THE SUM OF THE AVERAGE DAILY MEMBERSHIP FOR THAT PUPIL IN THE CHARTER SCHOOL AND THE JOINT TECHNOLOGICAL EDUCATION DISTRICT SHALL BE REDUCED TO 1.25 AND SHALL BE APPORTIONED BETWEEN THE CHARTER SCHOOL AND THE JOINT TECHNOLOGICAL EDUCATION DISTRICT BASED ON THE PERCENTAGE OF TOTAL TIME THAT THE PUPIL IS ENROLLED OR IN ATTENDANCE IN THE CHARTER SCHOOL AND THE JOINT TECHNOLOGICAL EDUCATION DISTRICT. 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 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 15-391, Arizona Revised Statutes, is amended to read:

15-391. <u>Definitions</u>

In this article, unless the context otherwise requires:

1. "Joint board" means a joint technological education district governing board.

2. "Joint district" means a joint technological education district.

3. "JOINT TECHNOLOGICAL EDUCATION COURSE" MEANS A COURSE THAT IS OFFERED BY A JOINT TECHNOLOGICAL EDUCATION DISTRICT AND THAT MEETS EACH OF THE FOLLOWING REQUIREMENTS:

(a) IS DESIGNED TO DIRECTLY LEAD THE STUDENT TOWARD A SPECIFIC CAREER, VOCATION OR INDUSTRY.

(b) IS TAUGHT BY AN INSTRUCTOR WHO IS CERTIFIED TO TEACH CAREER AND TECHNICAL EDUCATION BY THE STATE BOARD OF EDUCATION OR BY A POSTSECONDARY EDUCATIONAL INSTITUTION.

(c) REQUIRES SPECIALIZED EQUIPMENT OR SPECIALIZED INSTRUCTION MATERIALS ABOVE AND BEYOND THE SCOPE AND COST OF A STANDARD EDUCATIONAL COURSE.

(d) IS DESIGNED TO LEAD THE STUDENT TOWARD CERTIFICATION THAT IS ACCEPTED BY A VOCATION OR INDUSTRY AS A DEMONSTRATION OF SKILL OR COMPETENCY IN THAT VOCATION OR INDUSTRY.

(e) IS PART OF A PROGRAM THAT REQUIRES STUDENTS TO OBTAIN A PASSING SCORE ON AN EXAMINATION THAT DEMONSTRATES A LEVEL OF SKILL OR COMPETENCY FOR THAT PROGRAM OF STUDY THAT IS ACCEPTED BY A VOCATION OR AN INDUSTRY.

(f) MEETS THE STANDARDS OF A CAREER PREPARATORY VOCATIONAL PROGRAM AS DETERMINED BY THE CAREER AND TECHNICAL EDUCATION DIVISION OF THE DEPARTMENT OF EDUCATION.

(g) IS CERTIFIED BY THE JOINT TECHNOLOGICAL EDUCATION DISTRICT GOVERNING BOARD AS HAVING MET ALL THE REQUIREMENTS OF THIS ARTICLE.

(h) FROM AND AFTER DECEMBER 31, 2006, IS APPROVED BY THE CAREER AND TECHNICAL EDUCATION DIVISION OF THE DEPARTMENT OF EDUCATION BASED ON THE REQUIREMENTS PRESCRIBED IN THIS PARAGRAPH WITHIN ONE HUNDRED TWENTY DAYS AFTER THE SUBMISSION OF ALL REQUIRED DOCUMENTATION.

(i) IS ONLY OFFERED TO STUDENTS IN GRADES NINE, TEN, ELEVEN AND TWELVE.

4. "JOINT TECHNOLOGICAL EDUCATION DISTRICT" MEANS A DISTRICT THAT IS FORMED PURSUANT TO THIS ARTICLE AND THAT OFFERS JOINT TECHNOLOGICAL EDUCATION COURSES.

~~3.~~ 5. "State board" means the state board of education.

Sec. 3. Section 15-393, Arizona Revised Statutes, is amended to read:

15-393. <u>Joint technological education district governing board; report; definition</u>

A. The management and control of the joint district are vested in the joint technological education district governing board, INCLUDING THE CONTENT AND QUALITY OF THE COURSES OFFERED BY THE DISTRICT, THE QUALITY OF TEACHERS WHO PROVIDE INSTRUCTION ON BEHALF OF THE DISTRICT, THE SALARIES OF TEACHERS WHO PROVIDE INSTRUCTION ON BEHALF OF THE DISTRICT AND THE REIMBURSEMENT OF OTHER ENTITIES FOR THE FACILITIES USED BY THE DISTRICT. Unless the governing boards of the school districts participating in the formation of the joint district vote to implement an alternative election system as provided in subsection B of this section, the joint board shall consist of five members

elected from five single member districts formed within the joint district. The single member district election system shall be submitted as part of the plan for the joint district pursuant to section 15-392 and shall be established in the plan as follows:

1. The governing boards of the school districts participating in the formation of the joint district shall define the boundaries of the single member districts so that the single member districts are as nearly equal in population as is practicable, except that if the joint district lies in part in each of two or more counties, at least one single member district may be entirely within each of the counties comprising the joint district if this district design is consistent with the obligation to equalize the population among single member districts.

2. The boundaries of each single member district shall follow election precinct boundary lines, as far as practicable, in order to avoid further segmentation of the precincts.

3. A person who is a registered voter of this state and who is a resident of the single member district is eligible for election to the office of joint board member from the single member district. The terms of office of the members of the joint board shall be as prescribed in section 15-427, subsection B. AN EMPLOYEE OF A JOINT TECHNOLOGICAL EDUCATION DISTRICT OR THE SPOUSE OF AN EMPLOYEE SHALL NOT HOLD MEMBERSHIP ON A GOVERNING BOARD OF A JOINT TECHNOLOGICAL EDUCATION DISTRICT BY WHICH THE EMPLOYEE IS EMPLOYED. A MEMBER OF ONE SCHOOL DISTRICT GOVERNING BOARD OR JOINT TECHNOLOGICAL EDUCATION DISTRICT GOVERNING BOARD IS INELIGIBLE TO BE A CANDIDATE FOR NOMINATION OR ELECTION TO OR SERVE SIMULTANEOUSLY AS A MEMBER OF ANY OTHER GOVERNING BOARD, EXCEPT THAT A MEMBER OF A GOVERNING BOARD MAY BE A CANDIDATE FOR NOMINATION OR ELECTION FOR ANY OTHER GOVERNING BOARD IF THE MEMBER IS SERVING IN THE LAST YEAR OF A TERM OF OFFICE. A MEMBER OF A GOVERNING BOARD SHALL RESIGN THE MEMBER'S SEAT ON THE GOVERNING BOARD BEFORE BECOMING A CANDIDATE FOR NOMINATION OR ELECTION TO THE GOVERNING BOARD OF ANY OTHER SCHOOL DISTRICT OR JOINT TECHNOLOGICAL EDUCATION DISTRICT, UNLESS THE MEMBER OF THE GOVERNING BOARD IS SERVING IN THE LAST YEAR OF A TERM OF OFFICE.

4. Nominating petitions shall be signed by the number of qualified electors of the single member district as provided in section 16-322.

B. The governing boards of the school districts participating in the formation of the joint district may vote to implement any other alternative election system for the election of joint district board members. If an alternative election system is selected, it shall be submitted as part of the plan for the joint district pursuant to section 15-392, and the implementation of the system shall be as approved by the United States justice department.

C. The joint technological education district shall be subject to the following provisions of this title:

1. Chapter 1, articles 1 through 6.

2. Sections 15-208, 15-210, 15-213 and 15-234.

3. Articles 2, 3 and 5 of this chapter.
4. Section 15-361.
5. Chapter 4, articles 1, 2 and 5.
6. Chapter 5, articles 1, 2 and 3.
7. Sections 15-701.01, 15-722, 15-723, 15-724, 15-727, 15-728, 15-729 and 15-730.
8. Chapter 7, article 5.
9. Chapter 8, articles 1, 3 and 4.
10. Sections 15-828 and 15-829.
11. Chapter 9, ~~articles~~ ARTICLE 1, ARTICLE 6, EXCEPT FOR SECTION 15-995, and ARTICLE 7.
12. Sections 15-941, 15-943.01, 15-948, 15-952, 15-953 and 15-973.
13. Sections 15-1101 and 15-1104.
14. Chapter 10, articles 2, 3, 4 and 8.

D. Notwithstanding subsection C of this section, the following apply to a joint technological education district:

1. A joint district may issue bonds for the purposes specified in section 15-1021 and in chapter 4, article 5 of this title to an amount in the aggregate, including the existing indebtedness, not exceeding one per cent of the taxable property used for secondary tax purposes, as determined pursuant to title 42, chapter 15, article 1, within the joint technological education district as ascertained by the last property tax assessment previous to issuing the bonds.

2. The number of governing board members for a joint district shall be as prescribed in subsection A of this section.

3. If a career and technical education and vocational education course or program provided pursuant to this article is provided in a facility owned or operated by a school district in which a pupil is enrolled, including satellite courses, the sum of the daily attendance, as provided in section 15-901, subsection A, paragraph 6, for that pupil in both the school district and joint technological education district shall not exceed ~~1.250~~ 1.25 and the sum of the fractional student enrollment, as provided in section 15-901, subsection A, paragraph 2, subdivision (a), shall not exceed ~~1.250~~ 1.25 for the courses taken in the school district and the facility, including satellite courses. The school district and the joint district shall determine the apportionment of the daily attendance and fractional student enrollment for that pupil between the school district and the joint district.

4. The student count for the first year of operation of a joint technological education district as provided in this article shall be determined as follows:

(a) Determine the estimated student count for joint district classes that will operate in the first year of operation. This estimate shall be based on actual registration of pupils as of March 30 scheduled to attend classes that will be operated by the joint district. The student count for the district of residence of the pupils registered at the joint district

1 shall be adjusted. The adjustment shall cause the district of residence to
2 reduce the student count for the pupil to reflect the courses to be taken at
3 the joint district. The district of residence shall review and approve the
4 adjustment of its own student count as provided in this subdivision before
5 the pupils from the school district can be added to the student count of the
6 joint district.
7 (b) The student count for the new joint district shall be the student
8 count as determined in subdivision (a) OF THIS PARAGRAPH.
9 (c) After the first one hundred days or two hundred days in session,
10 as applicable, for the first year of operation, the joint district shall
11 revise the student count to the actual student count for students attending
12 classes in the joint district. A joint district shall revise its student
13 count, the base support level as provided in section 15-943.02, the revenue
14 control limit as provided in section 15-944.01, the capital outlay revenue
15 limit and the soft capital allocation as provided in section 15-962.01 prior
16 to May 15. A joint district that overestimated its student count shall
17 revise its budget prior to May 15. A joint district that underestimated its
18 student count may revise its budget prior to May 15.
19 (d) After the first one hundred days or two hundred days in session,
20 as applicable, for the first year of operation, the district of residence
21 shall adjust its student count by reducing it to reflect the courses actually
22 taken at the joint district. The district of residence shall revise its
23 student count, the base support level as provided in section 15-943, the
24 revenue control limit as provided in section 15-944, the capital outlay
25 revenue limit as provided in section 15-961 and the soft capital allocation
26 as provided in section 15-962 prior to May 15. A district that
27 underestimated the student count for students attending the joint district
28 shall revise its budget prior to May 15. A district that overestimated the
29 student count for students attending the joint district may revise its budget
30 prior to May 15.
31 (e) A joint district for the first year of operation shall not be
32 eligible for adjustment pursuant to section 15-948.
33 (f) The procedures for implementing this paragraph shall be as
34 prescribed in the uniform system of financial records.
35 (g) If the district of residence utilizes section 15-942 to determine
36 its student count, the district shall reduce its student count as provided in
37 this paragraph by subtracting the appropriate count from the student count
38 determined as provided in section 15-942.
39 For the purposes of this paragraph, "district of residence" means the
40 district that included the pupil in its average daily membership for the year
41 before the first year of operation of the joint district and that would have
42 included the pupil in its student count for the purposes of computing its
43 base support level for the fiscal year of the first year of operation of the
44 joint district if the pupil had not enrolled in the joint district.

5. A student includes any person enrolled in the joint district without regard to the person's age or high school graduation status, except that:

(a) A student in a kindergarten program or in grades one through eight who enrolls in courses offered by the joint technological education district shall not be included in the joint district's average daily attendance or average daily membership.

(b) A student in a kindergarten program or in grades one through six who is enrolled in vocational education courses shall not be funded in whole or in part with monies provided by a joint technological education district.

(c) A student who is over twenty-two years of age shall not be included in the student count of the joint district for the purposes of chapter 9, articles 3, 4 and 5 of this title.

(d) A STUDENT IN GRADE NINE WHO ENROLLS IN A CAREER EXPLORATION COURSE SHALL NOT BE INCLUDED IN THE JOINT DISTRICT'S AVERAGE DAILY ATTENDANCE OR AVERAGE DAILY MEMBERSHIP.

6. A joint district may operate for more than one hundred seventy-five days per year, with expanded hours of service.

7. A joint district may use the excess utility costs provisions of section 15-910 in the same manner as a school district for fiscal years 1999-2000 and 2000-2001, except that the base year shall be the first full fiscal year of operations.

8. A joint district may use the carryforward provisions of section 15-943.01 retroactively to July 1, 1993.

9. A school district that is part of a joint district shall use any monies received pursuant to this article to supplement and not supplant base year career and technical education and vocational education courses, and directly related equipment and facilities, except that a school district that is part of a joint technological education district and that has used monies received pursuant to this article to supplant career and technological education and vocational education courses that were offered before the first year that the school district participated in the joint district or the first year that the school district used monies received pursuant to this article or that used the monies for purposes other than for career and technological education and vocational education courses shall:

(a) Use at least thirty-three per cent of the monies received pursuant to this article in fiscal year 2005-2006 to supplement and not supplant base year career and technical education and vocational education courses.

(b) Use at least sixty-six per cent of the monies received pursuant to this article in fiscal year 2006-2007 to supplement and not supplant base year career and technical education and vocational education courses.

(c) Use one hundred per cent of the monies received pursuant to this article in fiscal year 2007-2008 and each fiscal year thereafter to supplement and not supplant base year career and technical education and vocational education courses.

10. A joint technological education district shall use any monies received pursuant to this article to enhance AND NOT SUPPLANT career and technical education and vocational education courses~~,~~ and directly related equipment and facilities.

11. A joint technological education district or a school district that is part of a joint district shall only include pupils in grades nine through twelve in the calculation of average daily membership or average daily attendance if the pupils are enrolled in courses that are approved jointly by the governing board of the joint technological education district and each participating school district for satellite courses taught within the participating school district, or approved solely by the joint technological education district for centrally located courses. Average daily membership and average daily attendance from courses that are not part of an approved program for career and technical education shall not be included in average daily membership and average daily attendance of a joint technological education district. A STUDENT IN GRADE NINE WHO ENROLLS IN A CAREER EXPLORATION COURSE SHALL NOT BE INCLUDED IN THE JOINT DISTRICT'S AVERAGE DAILY ATTENDANCE OR AVERAGE DAILY MEMBERSHIP.

E. The joint board shall appoint a superintendent as the executive officer of the joint district.

F. Taxes may be levied for the support of the joint district as prescribed in chapter 9, article 6 of this title, EXCEPT THAT A JOINT TECHNOLOGICAL EDUCATION DISTRICT SHALL NOT LEVY A PROPERTY TAX PURSUANT TO LAW THAT EXCEEDS FIVE CENTS PER ONE HUNDRED DOLLARS ASSESSED VALUATION EXCEPT FOR BOND MONIES PURSUANT TO SUBSECTION D, PARAGRAPH 1 OF THIS SECTION. Except for the taxes levied pursuant to section 15-994, such taxes shall be obtained from a levy of taxes on the taxable property used for secondary tax purposes.

G. The schools in the joint district are available to all persons who reside in the joint district subject to the rules for admission prescribed by the joint board.

H. The joint board may collect tuition for adult students and the attendance of pupils who are residents of school districts that are not participating in the joint district pursuant to arrangements made between the governing board of the district and the joint board.

I. The joint board may accept gifts, grants, federal monies, tuition and other allocations of monies to erect, repair and equip buildings and for the cost of operation of the schools of the joint district.

J. One member of the joint board shall be selected chairman. The chairman shall be selected annually on a rotation basis from among the participating school districts. The chairman of the joint board shall be a voting member.

K. A joint board and a community college district may enter into agreements for the provision of administrative, operational and educational services and facilities.

L. ANY AGREEMENT BETWEEN THE GOVERNING BOARD OF A JOINT TECHNOLOGICAL EDUCATION DISTRICT AND ANOTHER JOINT TECHNOLOGICAL EDUCATION DISTRICT, A SCHOOL DISTRICT, A CHARTER SCHOOL OR A COMMUNITY COLLEGE DISTRICT SHALL BE IN THE FORM OF AN INTERGOVERNMENTAL AGREEMENT OR OTHER WRITTEN CONTRACT. THE AUDITOR GENERAL SHALL MODIFY THE UNIFORM SYSTEM OF FINANCIAL RECORDS AND BUDGET FORMS IN ACCORDANCE WITH THIS SUBSECTION. THE INTERGOVERNMENTAL AGREEMENT OR OTHER WRITTEN CONTRACT SHALL COMPLETELY AND ACCURATELY SPECIFY EACH OF THE FOLLOWING:

1. THE FINANCIAL PROVISIONS OF THE INTERGOVERNMENTAL AGREEMENT OR OTHER WRITTEN CONTRACT AND THE FORMAT FOR THE BILLING OF ALL SERVICES.

2. THE ACCOUNTABILITY PROVISIONS OF THE INTERGOVERNMENTAL AGREEMENT OR OTHER WRITTEN CONTRACT.

3. THE RESPONSIBILITIES OF EACH JOINT TECHNOLOGICAL EDUCATION DISTRICT, EACH SCHOOL DISTRICT, EACH CHARTER SCHOOL AND EACH COMMUNITY COLLEGE DISTRICT THAT IS A PARTY TO THE INTERGOVERNMENTAL AGREEMENT OR OTHER WRITTEN CONTRACT.

4. THE TYPE OF INSTRUCTION THAT WILL BE PROVIDED UNDER THE INTERGOVERNMENTAL AGREEMENT OR OTHER WRITTEN CONTRACT.

5. THE QUALITY OF THE INSTRUCTION THAT WILL BE PROVIDED UNDER THE INTERGOVERNMENTAL AGREEMENT OR OTHER WRITTEN CONTRACT.

6. THE TRANSPORTATION SERVICES THAT WILL BE PROVIDED UNDER THE INTERGOVERNMENTAL AGREEMENT OR OTHER WRITTEN CONTRACT AND THE MANNER IN WHICH TRANSPORTATION COSTS WILL BE PAID.

7. THE AMOUNT THAT THE JOINT TECHNOLOGICAL EDUCATION DISTRICT WILL CONTRIBUTE TO A COURSE AND THE AMOUNT OF SUPPORT REQUIRED BY THE SCHOOL DISTRICT OR THE COMMUNITY COLLEGE.

8. THAT THE SERVICES PROVIDED BY THE JOINT TECHNOLOGICAL EDUCATION DISTRICT, THE SCHOOL DISTRICT, THE CHARTER SCHOOL OR THE COMMUNITY COLLEGE DISTRICT BE PROPORTIONALLY CALCULATED IN THE COST OF DELIVERING THE SERVICE.

9. THAT THE PAYMENT FOR SERVICES SHALL NOT EXCEED THE COST OF THE SERVICES PROVIDED.

10. THAT ANY INITIAL INTERGOVERNMENTAL AGREEMENT OR OTHER WRITTEN CONTRACT AND ANY ADDENDUMS BETWEEN THE GOVERNING BOARD OF A JOINT TECHNOLOGICAL EDUCATION DISTRICT AND ANOTHER JOINT TECHNOLOGICAL EDUCATION DISTRICT, A SCHOOL DISTRICT, A CHARTER SCHOOL OR A COMMUNITY COLLEGE DISTRICT BE SUBMITTED BY THE JOINT TECHNOLOGICAL EDUCATION DISTRICT TO THE JOINT LEGISLATIVE BUDGET COMMITTEE FOR REVIEW.

M. ON OR BEFORE DECEMBER 31 OF EACH YEAR, EACH JOINT TECHNOLOGICAL EDUCATION DISTRICT SHALL SUBMIT A DETAILED REPORT TO THE CAREER AND TECHNICAL EDUCATION DIVISION OF THE DEPARTMENT OF EDUCATION. THE CAREER AND TECHNICAL EDUCATION DIVISION OF THE DEPARTMENT OF EDUCATION SHALL COLLECT, SUMMARIZE AND ANALYZE THE DATA SUBMITTED BY THE JOINT DISTRICTS, SHALL SUBMIT AN ANNUAL REPORT THAT SUMMARIZES THE DATA SUBMITTED BY THE JOINT DISTRICTS TO THE GOVERNOR, THE SPEAKER OF THE HOUSE OF REPRESENTATIVES, THE PRESIDENT OF THE SENATE AND THE STATE BOARD OF EDUCATION AND SHALL SUBMIT A COPY OF THIS

REPORT TO THE SECRETARY OF STATE AND THE DIRECTOR OF THE ARIZONA STATE LIBRARY, ARCHIVES AND PUBLIC RECORDS. THE DATA SUBMITTED BY EACH JOINT TECHNOLOGICAL EDUCATION DISTRICT SHALL INCLUDE THE FOLLOWING:

1. THE AVERAGE DAILY MEMBERSHIP OF THE JOINT DISTRICT.

2. THE COURSE LISTINGS AND COURSE DESCRIPTIONS OF COURSES OFFERED BY THE JOINT DISTRICT.

3. THE COSTS ASSOCIATED WITH EACH COURSE OFFERED BY THE JOINT DISTRICT.

4. THE COMPLETION RATE FOR EACH COURSE OFFERED BY THE JOINT DISTRICT.

5. THE GRADUATION RATE OF STUDENTS ENROLLED IN THE JOINT DISTRICT.

6. A DETAILED DESCRIPTION OF THE CAREER OPPORTUNITIES AVAILABLE TO STUDENTS AFTER COMPLETION OF THE PROGRAM OFFERED BY THE JOINT DISTRICT.

7. A DETAILED DESCRIPTION OF THE CAREER PLACEMENT OF STUDENTS WHO HAVE COMPLETED THE PROGRAM OFFERED BY THE JOINT DISTRICT.

8. ANY OTHER DATA DEEMED NECESSARY BY THE DEPARTMENT OF EDUCATION TO CARRY OUT ITS DUTIES UNDER THIS SUBSECTION.

N. IF THE CAREER AND TECHNICAL EDUCATION DIVISION OF THE DEPARTMENT OF EDUCATION DETERMINES THAT A COURSE DOES NOT MEET THE CRITERIA FOR APPROVAL AS A JOINT TECHNICAL EDUCATION COURSE, THE GOVERNING BOARD OF THE JOINT TECHNOLOGICAL EDUCATION DISTRICT MAY APPEAL THIS DECISION TO THE STATE BOARD OF EDUCATION ACTING AS THE STATE BOARD OF VOCATIONAL EDUCATION.

O. NOTWITHSTANDING ANY OTHER LAW, THE AVERAGE DAILY MEMBERSHIP OF A PUPIL WHO IS ENROLLED IN A COURSE THAT MEETS FOR AT LEAST ONE HUNDRED FIFTY MINUTES PER CLASS PERIOD AT A CENTRALIZED CAMPUS OWNED AND OPERATED BY A JOINT TECHNOLOGICAL EDUCATION DISTRICT SHALL BE 0.75.

~~L.~~ P. For the purposes of this section, "base year" means the complete school year in which voters of a school district elected to join a joint technological education district.

Sec. 4. Section 15-395, Arizona Revised Statutes, is amended to read:

15-395. <u>Enlarging joint district</u>

A. To add school districts to a joint district, the joint board shall first publish a copy of a proposed resolution accepting the school district into the joint district in a newspaper of general circulation in the school district proposing to join the joint district once a week for at least two weeks immediately before the date of the consideration of the adoption of the proposed resolution by the joint board.

B. After adoption by the joint board of the resolution accepting the school district into the joint district, ~~until December 31, 2001, the question shall be submitted to the qualified electors of the district seeking to become a part of the joint district at a general election or at any other election held on a date prescribed in section 16-204. After December 31, 2001,~~ the question shall be submitted to the qualified electors of the district seeking to become a part of the joint district at an election held on the first Tuesday after the first Monday in November. The question that is submitted to the qualified electors shall describe the tax rate that is

associated with joining the joint district and the estimated cost of that tax rate for the owner of a single family home that is valued at one hundred thousand dollars. Authorization is required through an intergovernmental agreement OR OTHER WRITTEN CONTRACT between the joint district and the district seeking to become part of the joint district in order to enlarge the joint district.

Sec. 5. Section 15-789, Arizona Revised Statutes, is amended to read:

15-789. Contracting and cooperative arrangements for career and technical education and vocational education; advisory committee

A. The governing board of a school district may contract with any public body or with any private person for the purpose of providing career and technical education and vocational education. For the purposes of this subsection, school districts are exempt from section 15-213.

B. School districts or community college districts may independently or jointly make application for career and technical education and vocational education monies.

C. School districts and community college districts may provide for joint cooperation among themselves and with each other and with any educational institution eligible to receive career and technical education and vocational education monies as provided in section 15-784 for the purposes of providing career and technical education and vocational education and for the use of each other's facilities and personnel.

D. School districts, among themselves or with community college districts, may jointly purchase, sell, lease or lease-purchase land, buildings or other real or personal property for the purposes of providing career and technical education and vocational education, including establishing a jointly owned and operated vocational and technical center, if:

1. The districts enter into an intergovernmental agreement OR OTHER WRITTEN CONTRACT pursuant to section 11-952.

2. The state board of education and, if a community college district is a party to the agreement, the governing board of the community college district approve the intergovernmental agreement OR OTHER WRITTEN CONTRACT.

E. If one or more school districts, among themselves or with a community college district, enter into an intergovernmental agreement OR OTHER WRITTEN CONTRACT to establish a jointly owned and operated vocational and technical center, the governing boards of the districts shall establish a joint advisory committee for the vocational and technical center consisting of:

1. At least one member of each school district governing board or a designated district staff representative appointed by the respective school district governing board.

2. If a community college is a party to the agreement, members of the community college district board or designated district staff representatives

appointed by the community college district board equal in number to the total number of persons appointed pursuant to paragraph 1 of this subsection.

3. Members engaged in commerce or industry in this state equal in number to the total number of persons appointed pursuant to paragraph 1 of this subsection, jointly appointed by the district governing boards.

F. A school district and a community college district may jointly accept gifts or grants of monies, land or other real or personal property for the purpose of providing career and technical education and vocational education and may administer or dispose of the property in accordance with the purpose of the gift or grant.

Sec. 6. Section 15-910.01, Arizona Revised Statutes, is amended to read:

15-910.01. School district budgets; career and technical education and vocational education center expenses

A. The governing board of a school district which has entered into an intergovernmental agreement OR OTHER WRITTEN CONTRACT to establish a jointly owned and operated career and technical education and vocational education center as provided in section 15-789 may budget for vocational maintenance and operation expenses which are specifically exempt in whole or part from the revenue control limit for a period of not to exceed three years beginning the first year that the career and technical education and vocational education center is operating and serving students. The governing board shall notify the state board of education before adopting a budget as provided in this section for the first year of operation of the career and technical education and vocational education center to demonstrate that the center is ready to begin operations.

B. For each year that a school district is authorized to budget for a joint career and technical education and vocational education center as provided in this section, the district shall determine the budget amount as follows:

1. Estimate the average daily membership or adjusted average daily membership for the budget year of students to be enrolled in courses held at the joint career and technical education and vocational education center pursuant to sections 15-901 and 15-902.

2. Multiply 0.142 by the base level and multiply this product by the average daily membership or adjusted average daily membership as determined in paragraph 1 of this subsection.

C. Before May 15, school districts which overestimate the average daily membership as provided in subsection B, paragraph 1 of this section shall adjust the general budget limit and expenditures based on the actual average daily membership during the current fiscal year. School districts which underestimate the average daily membership may adjust their budgets before May 15 based on the actual average daily membership during the current fiscal year. Procedures for completing adjustments shall be prescribed in the uniform system of financial records. Not later than May 18, the budget

as revised shall be submitted electronically to the superintendent of public instruction.

D. A governing board which budgets for career and technical education and vocational education center expenses pursuant to this section shall:

1. Prepare and employ a separate maintenance and operation budget for the career and technical education and vocational education center on a form prescribed by the superintendent of public instruction in conjunction with the auditor general. The budget format shall be designed to allow a school district to plan and provide in detail for expenditures to be incurred solely for the maintenance and operation of the career and technical education and vocational education center.

2. Prepare as a part of the annual financial report a detailed report of expenditures incurred solely for the maintenance and operation of the career and technical education and vocational education center.

E. The part of the primary tax rate set to fund the vocational maintenance and operations expenses as provided in this section shall not be included in the computation of additional state aid for education as prescribed in section 15-972.

Sec. 7. Laws 2002, chapter 330, section 51, as amended by Laws 2005, chapter 294, section 2, is amended to read:

Sec. 51. Temporary prohibition on joining or forming joint technological education districts

A. Except as provided in subsection B of this section, notwithstanding sections 15-392 and 15-395, Arizona Revised Statutes, DURING FISCAL YEAR 2006-2007 school districts shall not be allowed to:

1. Form any new joint technological education district. ~~between November 30, 2002 and June 30, 2006 2007, unless both of the following requirements are met:~~

~~(a) At least two school district governing boards voted to participate as part of the joint technological education district before February 1, 2002.~~

~~(b) The joint technological education district is approved by the voters before November 30, 2002.~~

2. Join OR VOTE TO JOIN a joint technological education district. ~~between the effective date of this act and June 30, 2006 2007.~~

B. Subsection A, PARAGRAPH 1 of this section does not apply to a county with a population of more than eight hundred thousand persons but less than one million five hundred thousand persons.

Sec. 8. Laws 2005, chapter 329, section 13, is amended to read:

Sec. 13. Joint technological education districts; basic state aid cap; fiscal year 2006-2007

Notwithstanding section 15-971, Arizona Revised Statutes, HOUSE BILL 2874, SECTION 17, or any other law, the maximum amount of state aid for equalization assistance for education that may be apportioned to a joint technological education district for fiscal year ~~2005-2006~~ 2006-2007 is ONE

HUNDRED TWO PER CENT OF the amount that was apportioned to it for fiscal year ~~2004-2005 after any reduction required by Laws 2004, chapter 341 and~~ 2005-2006 apart from any prior year adjustments PLUS THE AMOUNT OF FUNDING THAT IT RECEIVED FROM THE COUNTY EQUALIZATION ASSISTANCE FOR EDUCATION TAX RATE FOR FISCAL YEAR 2005-2006 or double the amount of its qualifying tax rate revenues for fiscal year ~~2005-2006~~ 2006-2007 PLUS THE AMOUNT OF FUNDING THAT IT RECEIVED FROM THE COUNTY EQUALIZATION ASSISTANCE FOR EDUCATION TAX RATE FOR FISCAL YEAR 2005-2006, whichever is greater.

Sec. 9. Reporting requirements; Arizona department of education

The Arizona department of education shall submit a report to the joint legislative budget committee that lists all joint technological education district courses offered in fiscal year 2005-2006 and all joint technological education district courses offered and approved in fiscal year 2006-2007 not later than July 1, 2007.

Sec. 10. Current board members of joint technological education districts

The prohibitions contained in section 15-393, subsection A, paragraph 3, Arizona Revised Statutes, as amended by this act, do not apply to any member elected or appointed to the governing board of a joint technological education district before the effective date of this act.

Sec. 11. Intergovernmental agreement or other written contract implementation

Each joint technological education district shall start the process of intergovernmental agreement or other written contract implementation as required by this act not later than July 1, 2006 and shall complete this process not later than June 30, 2007.

Sec. 12. Retroactivity

A. Section 15-393, subsection F, Arizona Revised Statutes, as amended by this act, applies retroactively to from and after June 30, 2006.

B. Section 15-393, subsection O, Arizona Revised Statutes, as amended by this act, applies retroactively to from and after July 31, 2005.

C. Section 11 of this act, relating to intergovernmental agreement or contract implementation, is effective retroactively to from and after June 29, 2006.

Sec. 13. Joint technological education course submittal deadline

A joint technological education district shall submit a course to be offered in school year 2007-2008 for approval to the career and technical education division of the department of education pursuant to section 15-391, paragraph 3, Arizona Revised Statutes, as amended by this act, on or before January 1, 2007.

APPROVED BY THE GOVERNOR JUNE 21, 2006.

FILED IN THE OFFICE OF THE SECRETARY OF STATE JUNE 21, 2006.