

**FILED**

**KEN BENNETT**

**SECRETARY OF STATE**

State of Arizona  
Senate  
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First Regular Session  
2009

CHAPTER 95

## **SENATE BILL 1196**

AN ACT

AMENDING SECTIONS 11-952.01, 15-101, 15-102 AND 15-106, ARIZONA REVISED STATUTES; REPEALING SECTION 15-108, ARIZONA REVISED STATUTES; AMENDING SECTIONS 15-183, 15-184, 15-185, 15-203 AND 15-238, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 2, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTIONS 15-241.01, 15-248 AND 15-248.01; AMENDING TITLE 15, CHAPTER 2, ARTICLE 3, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-257; AMENDING SECTIONS 15-302, 15-321, 15-341 AND 15-382, ARIZONA REVISED STATUTES; REPEALING SECTION 15-509, ARIZONA REVISED STATUTES; AMENDING SECTIONS 15-521, 15-532, 15-534, 15-534.01, 15-701.01, 15-761 AND 15-771, ARIZONA REVISED STATUTES; REPEALING SENATE BILL 1187, SECTION 27, FORTY-NINTH LEGISLATURE, FIRST REGULAR SESSION, AS TRANSMITTED TO THE GOVERNOR; AMENDING SECTIONS 15-808, 15-816.01, 15-901, 15-902, 15-905, 15-915 AND 15-943, ARIZONA REVISED STATUTES; AMENDING SECTION 15-947, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2008, CHAPTER 207, SECTION 4; REPEALING SECTION 15-947, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2008, CHAPTER 287, SECTION 14; AMENDING SECTIONS 15-947.01, 15-961, 15-962, 15-964, 15-973, 15-973.01, 15-991 AND 15-1042, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 10, ARTICLE 8, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-1225; AMENDING SECTIONS 15-2002, 15-2022, 15-2031, 15-2041 AND 38-618.01, ARIZONA REVISED STATUTES; AMENDING TITLE 38, CHAPTER 5, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 38-781; REPEALING SECTION 41-3010.25, ARIZONA REVISED STATUTES; AMENDING TITLE 41, CHAPTER 27, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-3019.01; AMENDING SECTIONS 42-6004 AND 43-1089, ARIZONA REVISED STATUTES; REPEALING SENATE BILL 1187, SECTION 74, FORTY-NINTH LEGISLATURE, FIRST REGULAR SESSION, AS TRANSMITTED TO THE GOVERNOR; RELATING TO EDUCATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:  
2 Section 1. Section 11-952.01, Arizona Revised Statutes, is amended to  
3 read:

4 11-952.01. Public agency pooling of property, fidelity,  
5 liability, workers' compensation, life, health,  
6 accident and disability coverage; exemptions;  
7 board of trustees; contract; termination; audit;  
8 insolvency; definition

9 A. In addition to other authority granted pursuant to this title, two  
10 or more public agencies may enter into contracts or agreements pursuant to  
11 this article for the joint purchasing of insurance, including prepaid legal  
12 insurance or reinsurance, or to pool retention of their risks for property,  
13 fidelity and liability losses and to provide for the payment of such property  
14 loss, fidelity loss, prepaid legal insurance or claim of liability made  
15 against any member of the pool, including any elected or appointed official,  
16 officer or employee covered by the pool, on a cooperative or contract basis  
17 with one another or may jointly form a nonprofit corporation or enter into a  
18 trust agreement to carry out ~~the provisions of~~ this section in their behalf  
19 directly or by contract with a private party.

20 B. In addition to other authority granted pursuant to this title, two  
21 or more public agencies may enter into contracts or agreements pursuant to  
22 this article to establish a workers' compensation pool to provide for the  
23 payment of workers' compensation claims pursuant to title 23, chapter 6 on a  
24 cooperative or contract basis with one another or may jointly form a  
25 nonprofit corporation or enter into a trust agreement to carry out ~~the~~  
26 ~~provisions of~~ this section in their behalf directly or by contract with a  
27 private party. A workers' compensation pool established pursuant to this  
28 subsection may provide coverage for workers' compensation, employers'  
29 liability and occupational disease claims. A workers' compensation pool is  
30 subject to approval as a self-insurer by the industrial commission pursuant  
31 to section 23-961, subsection A, paragraph 2 and is subject to title 23,  
32 chapter 6 and rules adopted pursuant to that chapter in addition to the  
33 requirements of this section. The industrial commission, by rule, resolution  
34 or order, may adopt requirements for the administration of a workers'  
35 compensation pool under this subsection, including separation or commingling  
36 of funds, accounting, auditing, reporting, actuarial standards and  
37 procedures.

38 C. In addition to other authority granted pursuant to this title, two  
39 or more public agencies may enter into contracts or agreements for the joint  
40 purchase of life insurance, disability insurance, accident insurance or  
41 health benefits plan insurance or may pool retention of their risks of loss  
42 for life, disability, health or accident claims made against any public  
43 agency member of the pool or to jointly provide the health and medical  
44 services authorized in section 36-2907. Public agencies may establish pools  
45 for the purposes of this subsection by any of the following methods:

- 1           1. On a cooperative or contract basis.
- 2           2. By the formation of a nonprofit corporation.
- 3           3. By contracts or intergovernmental agreements with the Arizona
- 4 health care cost containment system administration.
- 5           4. By the execution of a trust agreement directly by the agencies or
- 6 by contracting with a third party.
- 7           D. In addition to other authority granted pursuant to this title, two
- 8 or more public agencies may enter into contracts or agreements pursuant to
- 9 this article for the joint purchasing of insurance for property, liability or
- 10 workers' compensation losses or to pool retention of their risks for property
- 11 and liability loss to cover the public agency, its elected officials and
- 12 employees and the contractor and subcontractor of every tier engaged in the
- 13 performance of a construction project for the public agency. Public agencies
- 14 may establish pools for the purpose of this subsection by any of the
- 15 following methods:
- 16           1. On a cooperative or contract basis.
- 17           2. By the formation of a nonprofit corporation.
- 18           3. By the execution of a trust agreement directly by the agencies or
- 19 by contracting with a third party.
- 20           E. Section 10-11301 does not apply to nonprofit corporations formed
- 21 pursuant to this section.
- 22           F. Title 41, chapter 23 does not apply to the procurement of insurance
- 23 or reinsurance, or to the procurement of the services provided for in
- 24 subsection K, paragraph 8 of this section, by any pool established pursuant
- 25 to this section.
- 26           G. Title 43 does not apply to any pool established pursuant to this
- 27 section. Any pool established pursuant to this section is exempt from
- 28 taxation under title 43.
- 29           H. Each pool shall be operated by a board of trustees consisting of at
- 30 least three persons who are elected officials or employees of public entities
- 31 within this state. The board of trustees shall notify the director of the
- 32 department of insurance of the existence of the pool and shall file with the
- 33 director and with the attorney general a copy of the intergovernmental
- 34 agreement or contract. The attorney general shall file a copy of the
- 35 agreement or contract with the secretary of state as required by section
- 36 11-952. The board of trustees of each group shall do all of the following:
- 37           1. Establish terms and conditions of coverage within the pool,
- 38 including exclusions of coverage.
- 39           2. Ensure that all claims are paid promptly.
- 40           3. Take all necessary precautions to safeguard the assets of the
- 41 group.
- 42           4. Maintain minutes of its meetings.
- 43           5. Designate an administrator to carry out the policies established by
- 44 the board of trustees and to provide day-to-day management of the group and

1 delineate in the written minutes of its meetings the areas of authority it  
2 delegates to the administrator.

3 6. If the pool is a workers' compensation pool, file a copy of the  
4 agreement with the director of the industrial commission.

5 I. If the pool includes private, nonprofit educational institutions,  
6 each private, nonprofit educational institution shall post a bond, cash  
7 deposit or other comparable financial security in an amount that is equal to  
8 at least one and one-half times the amount of the private, nonprofit  
9 educational institution's annual premium to ensure payment of the school's or  
10 institution's legal liabilities and other obligations if the pool is  
11 determined to be insolvent or is otherwise found to be unable to discharge  
12 the pool's legal liabilities and other obligations pursuant to subsection N  
13 of this section.

14 J. The board of trustees shall not:

15 1. Extend credit to individual members for payment of a premium,  
16 except pursuant to payment plans established by the board.

17 2. Borrow any monies from the group or in the name of the group except  
18 in the ordinary course of business.

19 K. In addition to the requirements of section 11-952, a contract or  
20 agreement made pursuant to this section shall contain the following:

21 1. A provision for a system or program of loss control.

22 2. A provision for termination of membership, including either:

23 (a) Cancellation of individual members of the pool by the pool.

24 (b) Election by an individual member of the pool to terminate its  
25 participation.

26 3. A provision requiring the pool to pay all claims for which each  
27 member incurs liability during each member's period of membership.

28 4. A provision stating that each member is not relieved of its  
29 liability incurred during the member's period of membership except through  
30 the payment of losses by the pool or by the member.

31 5. A provision for the maintenance of claim reserves equal to known  
32 incurred losses and an estimate of incurred but not reported claims.

33 6. A provision for a final accounting and settlement of the  
34 obligations of or refunds to a terminating member to occur when all incurred  
35 claims are concluded, settled or paid.

36 7. A provision that the pool may establish offices where necessary in  
37 this state and employ necessary staff to carry out the purposes of the pool.

38 8. A provision that the pool may retain legal counsel, actuaries,  
39 auditors, engineers, private consultants and advisors.

40 9. A provision that the pool may make and alter bylaws and rules  
41 pertaining to the exercise of its purpose and powers.

42 10. A provision that the pool may purchase, lease or rent real and  
43 personal property it deems necessary.

1           11. A provision that the pool may enter into financial services  
2 agreements with banks and other financial institutions, that it may issue  
3 checks in its own name and that it may invest its monies in equity  
4 securities, mutual funds and investment funds registered with the United  
5 States securities and exchange commission, debt obligations and any eligible  
6 investment permitted by section 35-323.

7           L. A pool or a terminating member shall provide at least ninety days'  
8 written notice of the termination or cancellation. A workers' compensation  
9 pool shall notify the industrial commission of the termination or  
10 cancellation of a member thirty days before the termination or cancellation  
11 of the member.

12           M. The pool shall be audited annually at the expense of the pool by a  
13 certified public accountant, with a copy of the report submitted to the  
14 governing body or chief executive officer of each member of the pool and to  
15 the director of the department of insurance. The board of trustees of the  
16 pool shall obtain an appropriate actuarial evaluation of the claim reserves  
17 of the pool, including an estimate of the incurred but not reported claims.  
18 The department of insurance shall examine each public agency pool once every  
19 five years. The director of the department of insurance may examine a public  
20 agency pool sooner than five years from the preceding examination if the  
21 director has reason to believe that the pool is insolvent. The costs of any  
22 examination shall be paid by the pool subject to the examination.

23           N. If, as a result of the annual audit or an examination by the  
24 director of the department of insurance, it appears that the assets of the  
25 pool are insufficient to enable the pool to discharge its legal liabilities  
26 and other obligations, the director of the department of insurance shall  
27 notify the administrator and the board of trustees of the pool of the  
28 deficiency and the director's list of recommendations to abate the  
29 deficiency, including a recommendation not to add any new members until the  
30 deficiency is abated. If the pool fails to comply with the recommendations  
31 within sixty days after the date of the notice, the director shall notify the  
32 chief executive officer or the governing bodies, if any, of the members of  
33 the pool, the governor, the president of the senate and the speaker of the  
34 house of representatives that the pool has failed to comply with the  
35 recommendations of the director.

36           O. If a pool is determined to be insolvent or is otherwise found to be  
37 unable to discharge its legal liabilities and other obligations, each  
38 agreement or contract shall provide that the members of the pool shall be  
39 assessed on a pro rata basis as calculated by the amount of each member's  
40 annual contribution in order to satisfy the amount of deficiency. The  
41 assessment shall not exceed the amount of each member's annual contribution  
42 to the pool.

43           P. A pool established pursuant to this section may make available  
44 programs providing for insurance coverages described in subsections A, B and  
45 C of this section to those charter schools governed by section 15-183.

1 subsection M and, except for a workers' compensation pool, to private,  
2 nonprofit educational institutions.

3 Q. In addition to the authority set forth in this title, a pool  
4 established pursuant to this section may invest public monies on behalf of  
5 pool members, but any such investments shall be limited to those permitted by  
6 section 35-323, EXCEPT AS PROVIDED IN SECTION 15-1225, SUBSECTION G. A pool  
7 established pursuant to this section may not invest monies that are required  
8 by law to be deposited with a county treasurer.

9 R. A pool established pursuant to this section, by the adoption of a  
10 resolution of continuing effect, may authorize and request the state  
11 treasurer to invest funds for the pool pursuant to section 35-326.

12 S. For the purposes of this section, "health benefits plan" means a  
13 hospital or medical service corporation policy or certificate, a health care  
14 services corporation contract, a multiple employer welfare arrangement or any  
15 other arrangement under which health and medical benefits and services are  
16 provided to two or more persons.

17 Sec. 2. Section 15-101, Arizona Revised Statutes, is amended to read:

18 15-101. Definitions

19 In this title, unless the context otherwise requires:

20 1. "Accommodation school" means either:

21 (a) A school which is operated through the county board of supervisors  
22 and the county school superintendent and which the county school  
23 superintendent administers to serve a military reservation or territory which  
24 is not included within the boundaries of a school district.

25 (b) A school that provides educational services to homeless children  
26 or alternative education programs as provided in section 15-308,  
27 subsection B.

28 (c) A school that is established to serve a military reservation, the  
29 boundaries of which are coterminous with the boundaries of the military  
30 reservation on which the school is located.

31 2. "Assessed valuation" means the valuation derived by applying the  
32 applicable percentage as provided in title 42, chapter 15, article 1 to the  
33 full cash value or limited property value, whichever is applicable, of the  
34 property.

35 3. "CHARTER HOLDER" MEANS A PERSON THAT ENTERS INTO A CHARTER WITH THE  
36 STATE BOARD FOR CHARTER SCHOOLS. FOR THE PURPOSES OF THIS PARAGRAPH,  
37 "PERSON" MEANS AN INDIVIDUAL, PARTNERSHIP, CORPORATION, ASSOCIATION OR PUBLIC  
38 OR PRIVATE ORGANIZATION OF ANY KIND.

39 ~~3.~~ 4. "Charter school" means a public school established by contract  
40 with a district governing board, the state board of education or the state  
41 board for charter schools pursuant to article 8 of this chapter to provide  
42 learning that will improve pupil achievement.

43 ~~4.~~ 5. "Child with a disability" means a child with a disability as  
44 defined in section 15-761.

- 1           ~~5-~~ 6. "Class A bonds" means general obligation bonds approved by a  
2 vote of the qualified electors of a school district at an election held on or  
3 before December 31, 1998.
- 4           ~~6-~~ 7. "Class B bonds" means general obligation bonds approved by a  
5 vote of the qualified electors of a school district at an election held from  
6 and after December 31, 1998.
- 7           ~~7-~~ 8. "Competency" means a demonstrated ability in a skill at a  
8 specified performance level.
- 9           ~~8-~~ 9. "Course" means organized subject matter in which instruction is  
10 offered within a given period of time and for which credit toward promotion,  
11 graduation or certification is usually given. A course consists of knowledge  
12 selected from a subject for instructional purposes in the schools.
- 13           ~~9-~~ 10. "Course of study" means a list of required and optional  
14 subjects to be taught in the schools.
- 15           ~~10-~~ 11. "Dual enrollment course" means a college level course that is  
16 conducted on the campus of a high school or on the campus of a joint  
17 technological education district, that is applicable to an established  
18 community college academic degree or certificate program and that is  
19 transferable to a university under the jurisdiction of the Arizona board of  
20 regents. A dual enrollment course that is applicable to a community college  
21 occupational degree or certificate program may be transferable to a  
22 university under the jurisdiction of the Arizona board of regents.
- 23           ~~11-~~ 12. "Fiscal year" means the year beginning July 1 and ending  
24 June 30.
- 25           ~~12-~~ 13. "Governing board" means a body organized for the government  
26 and management of the schools within a school district or a county school  
27 superintendent in the conduct of an accommodation school.
- 28           ~~13-~~ 14. "Lease" means an agreement for conveyance and possession of  
29 real or personal property.
- 30           ~~14-~~ 15. "Limited property value" means the value determined pursuant  
31 to title 42, chapter 13, article 7. Limited property value shall be used as  
32 the basis for assessing, fixing, determining and levying primary property  
33 taxes.
- 34           ~~15-~~ 16. "Parent" means the natural or adoptive parent of a child or a  
35 person who has custody of a child.
- 36           ~~16-~~ 17. "Person who has custody" means a parent or legal guardian of a  
37 child, a person to whom custody of the child has been given by order of a  
38 court or a person who stands in loco parentis to the child.
- 39           ~~17-~~ ~~"P.L. 81-874" means Public Law 81-874 or its successors.~~
- 40           18. "Primary property taxes" means all ad valorem taxes except for  
41 secondary property taxes.
- 42           19. "Private school" means a nonpublic institution where instruction is  
43 imparted.
- 44           20. "School" means any public institution established for the purposes  
45 of offering instruction to pupils in programs for preschool children with

1 disabilities, kindergarten programs or any combination of grades one through  
2 twelve.

3 21. "School district" means a political subdivision of this state with  
4 geographic boundaries organized for the purpose of the administration,  
5 support and maintenance of the public schools or an accommodation school.

6 22. "Secondary property taxes" means ad valorem taxes used to pay the  
7 principal of and the interest and redemption charges on any bonded  
8 indebtedness or other lawful long-term obligation issued or incurred for a  
9 specific purpose by a school district or a community college district and  
10 amounts levied pursuant to an election to exceed a budget, expenditure or tax  
11 limitation.

12 23. "Subject" means a division or field of organized knowledge, such as  
13 English or mathematics, or a selection from an organized body of knowledge  
14 for a course or teaching unit, such as the English novel or elementary  
15 algebra.

16 Sec. 3. Section 15-102, Arizona Revised Statutes, is amended to read:  
17 15-102. Parental involvement in the school; definition

18 A. The governing board, in consultation with parents, teachers and  
19 administrators, shall develop and adopt a policy to promote the involvement  
20 of parents and guardians of children enrolled in the schools within the  
21 school district, including:

22 1. A plan for parent participation in the schools which is designed to  
23 improve parent and teacher cooperation in such areas as homework, attendance  
24 and discipline.

25 2. Procedures by which parents may learn about the course of study for  
26 their children and review learning materials.

27 3. Procedures by which parents who object to any learning material or  
28 activity on the basis that it is harmful may withdraw their children from the  
29 activity or from the class or program in which the material is used.  
30 Objection to a learning material or activity on the basis that it is harmful  
31 includes objection to a material or activity because it questions beliefs or  
32 practices in sex, morality or religion.

33 B. The policy adopted by the governing board pursuant to this section  
34 may also include the following components:

35 1. A plan by which parents will be made aware of the district's  
36 parental involvement policy and ~~the provisions of~~ this section, including:

37 (a) Rights under the family educational rights and privacy act of 1974  
38 (20 UNITED STATES CODE SECTION 1232g) relating to access to children's  
39 official records.

40 (b) The parent's right to inspect the school district policies and  
41 curriculum.

42 2. Efforts to encourage the development of parenting skills.

43 3. The communication to parents of techniques designed to assist the  
44 child's learning experience in the home.

1           4. Efforts to encourage access to community and support services for  
2 children and families.

3           5. The promotion of communication between the school and parents  
4 concerning school programs and the academic progress of the parents'  
5 children.

6           6. Identifying opportunities for parents to participate in and support  
7 classroom instruction at the school.

8           7. Efforts to, with appropriate training, support parents as shared  
9 decision makers and to encourage membership on school councils.

10          8. The recognition of the diversity of parents and the development of  
11 guidelines that promote widespread parental participation and involvement in  
12 the school at various levels.

13          9. The development of preparation programs and specialized courses for  
14 certificated employees and administrators that promote parental involvement.

15          10. The development of strategies and programmatic structures at  
16 schools to encourage and enable parents to participate actively in their  
17 children's education.

18          C. A PARENT SHALL SUBMIT A WRITTEN REQUEST FOR INFORMATION PURSUANT TO  
19 THIS SECTION DURING REGULAR BUSINESS HOURS TO EITHER THE SCHOOL PRINCIPAL AT  
20 THE SCHOOL SITE OR THE SUPERINTENDENT OF THE SCHOOL DISTRICT AT THE OFFICE OF  
21 THE SCHOOL DISTRICT. WITHIN TEN DAYS OF RECEIVING THE REQUEST FOR  
22 INFORMATION, THE SCHOOL PRINCIPAL OR THE SUPERINTENDENT OF THE SCHOOL  
23 DISTRICT SHALL EITHER DELIVER THE REQUESTED INFORMATION TO THE PARENT OR  
24 SUBMIT TO THE PARENT A WRITTEN EXPLANATION OF THE REASONS FOR THE DENIAL OF  
25 THE REQUESTED INFORMATION. IF THE REQUEST FOR INFORMATION IS DENIED OR THE  
26 PARENT DOES NOT RECEIVE THE REQUESTED INFORMATION WITHIN FIFTEEN DAYS AFTER  
27 SUBMITTING THE REQUEST FOR INFORMATION, THE PARENT MAY SUBMIT A WRITTEN  
28 REQUEST FOR THE INFORMATION TO THE SCHOOL DISTRICT GOVERNING BOARD, WHICH  
29 SHALL FORMALLY CONSIDER THE REQUEST AT THE NEXT SCHEDULED PUBLIC MEETING OF  
30 THE GOVERNING BOARD THAT THE REQUEST CAN BE PROPERLY NOTICED ON THE AGENDA.

31          D. For the purposes of this section, "parent" means the parent or  
32 person who has custody of the child.

33          Sec. 4. Section 15-106, Arizona Revised Statutes, is amended to read:

34          15-106. Identity verified fingerprints

35          Beginning on January 1, 2008, an applicant who applies for a new  
36 teaching certificate in order to teach in a school district, A PARTICIPANT IN  
37 FIELD EXPERIENCE OR STUDENT TEACHING IN THIS STATE, an applicant who applies  
38 for a renewal of an existing teaching certificate in order to continue  
39 teaching in a school district, an applicant who is required for the first  
40 time to be fingerprinted in order to teach in a charter school and an  
41 applicant who is required to renew fingerprints in order to continue teaching  
42 in a charter school pursuant to section 15-183, ~~and~~ an applicant who is  
43 required to be fingerprinted pursuant to section 15-512 AND ANY PERSON WHO IS  
44 CONTRACTED BY THIS STATE, BY A SCHOOL DISTRICT OR BY A CHARTER SCHOOL TO  
45 PROVIDE TUTORING SERVICES shall submit for an identity verified fingerprint

1 card that will be used by the department of public safety to process the  
2 fingerprint clearance card pursuant to title 41, chapter 12, article 3.1 as  
3 follows:

4 1. The applicant shall submit a request for an application packet from  
5 the department of public safety.

6 2. The application packet shall be contained in an envelope specified  
7 by the department of public safety and shall include the following:

8 (a) A blank applicant fingerprint card.

9 (b) An application for a fingerprint clearance card.

10 (c) Instructions for the return of the application packet.

11 3. A school district or charter school may contract for fingerprinting  
12 services through an entity or entities and shall provide a copy of the  
13 instructions to the entity or entities as provided by the department of  
14 public safety regarding the submission of identity verified fingerprints. If  
15 a school district or charter school elects to provide fingerprinting  
16 services, the school district or charter school shall authorize an individual  
17 employed by the school district or charter school to administer the services.

18 4. The department of public safety shall provide instructions to law  
19 enforcement agencies and public schools regarding the submission of identity  
20 verified fingerprints. The department of public safety shall reject the  
21 application for a fingerprint clearance card if the application is not  
22 correct or is not submitted according to the instructions provided by the  
23 department of public safety.

24 5. The applicant, at the time that identity verified fingerprints are  
25 taken, shall provide the law enforcement agency, school district, charter  
26 school or other entity with a completed application form for a fingerprint  
27 clearance card, the fingerprint card with the requisite demographic  
28 information and the required fee in the form of a money order or cashier's  
29 check made out to the Arizona department of public safety. The law  
30 enforcement agency, school district, charter school or other entity shall  
31 verify the identity of the applicant through recognized means of photographic  
32 identification and a comparison of the demographic information on the  
33 photographic identification against the demographic information on the  
34 application form and the fingerprint card. The authorized person taking the  
35 fingerprints shall enter on the application form a description of the  
36 photographic identification presented by the applicant. The law enforcement  
37 agency, school district, charter school or other entity shall place the  
38 completed fingerprint card, completed application form or any other form  
39 required by the department of public safety and the fee provided by the  
40 applicant in the ~~post-paid~~ POSTAGE PREPAID envelope provided by the  
41 department of public safety and mail it to the fingerprinting division at IN  
42 the department of public safety. A law enforcement agency, school district,  
43 charter school or other entity may charge the applicant a reasonable fee for  
44 services provided pursuant to this section.

1           6. The department of public safety shall process the application  
2 packet in the same manner prescribed for fingerprint clearance cards issued  
3 pursuant to title 41, chapter 12, article 3.1.

4           7. The department of public safety shall provide for digital storage  
5 and retrieval of identity verified fingerprints taken pursuant to this  
6 section. The fingerprints taken pursuant to this section shall be digitally  
7 designated in the fingerprint archive as identity verified fingerprint  
8 records.

9           8. A person who has a set of identity verified fingerprints on file  
10 with the department of public safety pursuant to this section shall not be  
11 required to submit a new set of fingerprints to the department of public  
12 safety to renew the person's fingerprint clearance card. On receipt of the  
13 required application form and fee for a renewal fingerprint clearance card  
14 from a person required to submit identity verified fingerprints, the  
15 department of public safety shall attempt to use the electronic copy of the  
16 applicant's identity verified fingerprints that are retained pursuant to this  
17 section to conduct the ~~fingerprint~~ state and national criminal records  
18 checks. The department of public safety may require the applicant to submit  
19 a new set of identity verified fingerprints if the department of public  
20 safety determines that the original fingerprints submitted have been lost,  
21 OR damaged or are found to be otherwise of insufficient quality to conduct a  
22 valid technical fingerprint search either by the department of public safety  
23 or the federal bureau of investigation.

24           9. A PERSON WHO PARTICIPATES IN A TEACHER PREPARATION PROGRAM THAT IS  
25 APPROVED BY THE STATE BOARD OF EDUCATION AND WHO DOES NOT PARTICIPATE IN  
26 FIELD EXPERIENCE OR STUDENT TEACHING IN THIS STATE SHALL NOT BE REQUIRED TO  
27 OBTAIN A FINGERPRINT CLEARANCE CARD PURSUANT TO THIS SECTION.

28           Sec. 5. Repeal

29           Section 15-108, Arizona Revised Statutes, is repealed.

30           Sec. 6. Section 15-183, Arizona Revised Statutes, is amended to read:

31           15-183. Charter schools; application; requirements; immunity;  
32           exemptions; renewal of application; reprisal

33           A. An applicant seeking to establish a charter school shall submit a  
34 written application to a proposed sponsor as prescribed in subsection C of  
35 this section. The application shall include a detailed business plan for the  
36 charter school and may include a mission statement for the charter school, a  
37 description of the charter school's organizational structure and the  
38 governing body, a financial plan for the first three years of operation of  
39 the charter school, a description of the charter school's hiring policy, the  
40 name of the charter school's applicant or applicants and requested sponsor, a  
41 description of the charter school's facility and the location of the school,  
42 a description of the grades being served and an outline of criteria designed  
43 to measure the effectiveness of the school.

1           B. The sponsor of a charter school may contract with a public body,  
2 private person or private organization for the purpose of establishing a  
3 charter school pursuant to this article.

4           C. The sponsor of a charter school may be either a school district  
5 governing board, the state board of education or the state board for charter  
6 schools, subject to the following requirements:

7           1. For charter schools that submit an application for sponsorship to a  
8 school district governing board:

9           (a) An applicant for a charter school may submit its application to a  
10 school district governing board, which shall either accept or reject  
11 sponsorship of the charter school within ninety days. An applicant may  
12 submit a revised application for reconsideration by the governing board. If  
13 the governing board rejects the application, the governing board shall notify  
14 the applicant in writing of the reasons for the rejection. The applicant may  
15 request, and the governing board may provide, technical assistance to improve  
16 the application.

17           (b) In the first year that a school district is determined to be out  
18 of compliance with the uniform system of financial records, within fifteen  
19 days of the determination of noncompliance, the school district shall notify  
20 by certified mail each charter school sponsored by the school district that  
21 the school district is out of compliance with the uniform system of financial  
22 records. The notification shall include a statement that if the school  
23 district is determined to be out of compliance for a second consecutive year,  
24 the charter school will be required to transfer sponsorship to another entity  
25 pursuant to subdivision (c) of this paragraph.

26           (c) In the second consecutive year that a school district is  
27 determined to be out of compliance with the uniform system of financial  
28 records, within fifteen days of the determination of noncompliance, the  
29 school district shall notify by certified mail each charter school sponsored  
30 by the school district that the school district is out of compliance with the  
31 uniform system of financial records. A charter school that receives a  
32 notification of school district noncompliance pursuant to this subdivision  
33 shall file a written sponsorship transfer application within forty-five days  
34 with the state board of education, the state board for charter schools or the  
35 school district governing board if the charter school is located within the  
36 geographic boundaries of that school district. A charter school that  
37 receives a notification of school district noncompliance may request an  
38 extension of time to file a sponsorship transfer application, and the state  
39 board of education, the state board for charter schools or a school district  
40 governing board may grant an extension of not more than an additional thirty  
41 days if good cause exists for the extension. The state board of education  
42 and the state board for charter schools shall approve a sponsorship transfer  
43 application pursuant to this paragraph.

1           (d) ~~Beginning July 1, 2000,~~ A school district governing board shall  
2 not grant a charter to a charter school that is located outside the  
3 geographic boundaries of that school district.

4           (e) A school district that has been determined to be out of compliance  
5 with the uniform system of financial records during either of the previous  
6 two fiscal years shall not sponsor a new or transferring charter school.

7           2. The applicant may submit the application to the state board of  
8 education or the state board for charter schools. The state board of  
9 education or the state board for charter schools may approve the application  
10 if the application meets the requirements of this article and may approve the  
11 charter if the proposed sponsor determines, within its sole discretion, that  
12 the applicant is sufficiently qualified to operate a charter school. The  
13 state board of education or the state board for charter schools may approve  
14 any charter schools transferring charters. The state board of education and  
15 the state board for charter schools shall approve any charter schools  
16 transferring charters from a school district that is determined to be out of  
17 compliance with the uniform system of financial records pursuant to this  
18 section, but may require the charter school to sign a new charter that is  
19 equivalent to the charter awarded by the former sponsor. If the state board  
20 of education or the state board for charter schools rejects the preliminary  
21 application, the state board of education or the state board for charter  
22 schools shall notify the applicant in writing of the reasons for the  
23 rejection and of suggestions for improving the application. An applicant may  
24 submit a revised application for reconsideration by the state board of  
25 education or the state board for charter schools. The applicant may request,  
26 and the state board of education or the state board for charter schools may  
27 provide, technical assistance to improve the application.

28           3. Each applicant seeking to establish a charter school shall submit a  
29 full set of fingerprints to the approving agency for the purpose of obtaining  
30 a state and federal criminal records check pursuant to section 41-1750 and  
31 Public Law 92-544. If an applicant will have direct contact with students,  
32 the applicant shall possess a valid fingerprint clearance card that is issued  
33 pursuant to title 41, chapter 12, article 3.1. The department of public  
34 safety may exchange this fingerprint data with the federal bureau of  
35 investigation. The criminal records check shall be completed before the  
36 issuance of a charter.

37           4. All persons engaged in instructional work directly as a classroom,  
38 laboratory or other teacher or indirectly as a supervisory teacher, speech  
39 therapist or principal shall have a valid fingerprint clearance card that is  
40 issued pursuant to title 41, chapter 12, article 3.1, unless the person is a  
41 volunteer or guest speaker who is accompanied in the classroom by a person  
42 with a valid fingerprint clearance card. A charter school shall not employ a  
43 teacher whose certificate has been revoked for a violation of section 15-507  
44 or 15-550 or for any offense that placed a pupil in danger. All other  
45 personnel shall be fingerprint checked pursuant to section 15-512. Before

1 employment, the charter school shall make documented, good faith efforts to  
2 contact previous employers of a person to obtain information and  
3 recommendations that may be relevant to a person's fitness for employment as  
4 prescribed in section 15-512, subsection F. The charter school shall notify  
5 the department of public safety if the charter school or sponsor receives  
6 credible evidence that a person who possesses a valid fingerprint clearance  
7 card is arrested for or is charged with an offense listed in section  
8 41-1758.03, subsection B. Charter schools may hire personnel that have not  
9 yet received a fingerprint clearance card if proof is provided of the  
10 submission of an application to the department of public safety for a  
11 fingerprint clearance card and if the charter school that is seeking to hire  
12 the applicant does all of the following:

13 (a) Documents in the applicant's file the necessity for hiring and  
14 placement of the applicant before receiving a fingerprint clearance card.

15 (b) Ensures that the department of public safety completes a statewide  
16 criminal records check on the applicant. A statewide criminal records check  
17 shall be completed by the department of public safety every one hundred  
18 twenty days until the date that the fingerprint check is completed.

19 (c) Obtains references from the applicant's current employer and the  
20 two most recent previous employers except for applicants who have been  
21 employed for at least five years by the applicant's most recent employer.

22 (d) Provides general supervision of the applicant until the date that  
23 the fingerprint card is obtained.

24 (e) Completes a search of criminal records in all local jurisdictions  
25 outside of this state in which the applicant has lived in the previous five  
26 years.

27 (f) Verifies the fingerprint status of the applicant with the  
28 department of public safety.

29 5. A CHARTER SCHOOL THAT COMPLIES WITH THE FINGERPRINTING REQUIREMENTS  
30 OF THIS SECTION SHALL BE DEEMED TO HAVE COMPLIED WITH SECTION 15-512 AND IS  
31 ENTITLED TO THE SAME RIGHTS AND PROTECTIONS PROVIDED TO SCHOOL DISTRICTS BY  
32 SECTION 15-512.

33 ~~5-~~ 6. If a charter school operator is not already subject to a public  
34 meeting or hearing by the municipality in which the charter school is  
35 located, the operator of a charter school shall conduct a public meeting at  
36 least thirty days before the charter school operator opens a site or sites  
37 for the charter school. The charter school operator shall post notices of  
38 the public meeting in at least three different locations that are within  
39 three hundred feet of the proposed charter school site.

40 ~~6-~~ 7. A person who is employed by a charter school or who is an  
41 applicant for employment with a charter school, who is arrested for or  
42 charged with a nonappealable offense listed in section 41-1758.03, subsection  
43 B and who does not immediately report the arrest or charge to the person's  
44 supervisor or potential employer is guilty of unprofessional conduct and the

1 person shall be immediately dismissed from employment with the charter school  
2 or immediately excluded from potential employment with the charter school.

3 ~~7.~~ 8. A person who is employed by a charter school and who is  
4 convicted of any nonappealable offense listed in section 41-1758.03,  
5 subsection B or is convicted of any nonappealable offense that amounts to  
6 unprofessional conduct under section 15-550 shall immediately do all of the  
7 following:

8 (a) Surrender any certificates issued by the department of education.

9 (b) Notify the person's employer or potential employer of the  
10 conviction.

11 (c) Notify the department of public safety of the conviction.

12 (d) Surrender the person's fingerprint clearance card.

13 D. A board that is authorized to sponsor charter schools pursuant to  
14 this article has no legal authority over or responsibility for a charter  
15 school sponsored by a different board. This subsection does not apply to the  
16 state board of education's duty to exercise general supervision over the  
17 public school system pursuant to section 15-203, subsection A, paragraph 1.

18 E. The charter of a charter school shall ensure the following:

19 1. Compliance with federal, state and local rules, regulations and  
20 statutes relating to health, safety, civil rights and insurance. The  
21 department of education shall publish a list of relevant rules, regulations  
22 and statutes to notify charter schools of their responsibilities under this  
23 paragraph.

24 2. That it is nonsectarian in its programs, admission policies and  
25 employment practices and all other operations.

26 3. That it provides a comprehensive program of instruction for at  
27 least a kindergarten program or any grade between grades one and twelve,  
28 except that a school may offer this curriculum with an emphasis on a specific  
29 learning philosophy or style or certain subject areas such as mathematics,  
30 science, fine arts, performance arts or foreign language.

31 4. That it designs a method to measure pupil progress toward the pupil  
32 outcomes adopted by the state board of education pursuant to section  
33 15-741.01, including participation in the Arizona instrument to measure  
34 standards test and the nationally standardized norm-referenced achievement  
35 test as designated by the state board and the completion and distribution of  
36 an annual report card as prescribed in chapter 7, article 3 of this title.

37 5. That, except as provided in this article and in its charter, it is  
38 exempt from all statutes and rules relating to schools, governing boards and  
39 school districts.

40 6. That, except as provided in this article, it is subject to the same  
41 financial and electronic data submission requirements as a school district,  
42 including the uniform system of financial records as prescribed in chapter 2,  
43 article 4 of this title, procurement rules as prescribed in section 15-213  
44 and audit requirements. The auditor general shall conduct a comprehensive  
45 review and revision of the uniform system of financial records to ensure that

1 the provisions of the uniform system of financial records that relate to  
2 charter schools are in accordance with commonly accepted accounting  
3 principles used by private business. A school's charter may include  
4 exceptions to the requirements of this paragraph that are necessary as  
5 determined by the district governing board, the state board of education or  
6 the state board for charter schools. The department of education or the  
7 office of the auditor general may conduct financial, program or compliance  
8 audits.

9 7. Compliance with all federal and state laws relating to the  
10 education of children with disabilities in the same manner as a school  
11 district.

12 8. That it provides for a governing body for the charter school that  
13 is responsible for the policy decisions of the charter school.  
14 NOTWITHSTANDING SECTION 1-216, IF THERE IS A VACANCY OR VACANCIES ON THE  
15 GOVERNING BODY, A MAJORITY OF THE REMAINING MEMBERS OF THE GOVERNING BODY  
16 CONSTITUTE A QUORUM FOR THE TRANSACTION OF BUSINESS, UNLESS THAT QUORUM IS  
17 PROHIBITED BY THE CHARTER SCHOOL'S OPERATING AGREEMENT.

18 9. That it provides a minimum of one hundred seventy-five  
19 instructional days before June 30 of each fiscal year unless it is operating  
20 on an alternative calendar approved by its sponsor. The superintendent of  
21 public instruction shall adjust the apportionment schedule accordingly to  
22 accommodate a charter school utilizing an alternative calendar.

23 F. The charter of a charter school shall include a description of the  
24 charter school's personnel policies, personnel qualifications and method of  
25 school governance and the specific role and duties of the sponsor of the  
26 charter school. A charter school shall keep on file the resumes of all  
27 current and former employees who provide instruction to pupils at the charter  
28 school. Resumes shall include an individual's educational and teaching  
29 background and experience in a particular academic content subject area. A  
30 charter school shall inform parents and guardians of the availability of the  
31 resume information and shall make the resume information available for  
32 inspection on request of parents and guardians of pupils enrolled at the  
33 charter school. Nothing in this subsection shall be construed to require any  
34 charter school to release personally identifiable information in relation to  
35 any teacher or employee, including the teacher's or employee's address,  
36 salary, social security number or telephone number.

37 G. The charter of a charter school may be amended at the request of  
38 the governing body of the charter school and on the approval of the sponsor.

39 H. Charter schools may contract, sue and be sued.

40 I. An approved plan to establish a charter school is effective for  
41 fifteen years from the first day of operation. At least eighteen months  
42 before the expiration of the approved plan, the sponsor shall notify the  
43 charter school that the charter school may apply for renewal. A charter  
44 school that elects to apply for renewal shall file an application for renewal  
45 at least fifteen months before the expiration of the approved plan. In

1 addition to any other requirements, the application for renewal shall include  
2 a detailed business plan for the charter school. The sponsor may deny the  
3 request for renewal if, in its judgment, the charter school has failed to  
4 complete the obligations of the contract or has failed to comply with this  
5 article. A sponsor shall give written notice of its intent not to renew the  
6 charter school's request for renewal to the charter school at least twelve  
7 months before the expiration of the approved plan to allow the charter school  
8 an opportunity to apply to another sponsor to transfer the operation of the  
9 charter school. If the operation of the charter school is transferred to  
10 another sponsor, the fifteen year period of the current charter shall be  
11 maintained. A sponsor shall review a charter at five year intervals and may  
12 revoke a charter at any time if the charter school breaches one or more  
13 provisions of its charter. At least ninety days before the effective date of  
14 the proposed revocation the sponsor shall give written notice to the operator  
15 of the charter school of its intent to revoke the charter. Notice of the  
16 sponsor's intent to revoke the charter shall be delivered personally to the  
17 operator of the charter school or sent by certified mail, return receipt  
18 requested, to the address of the charter school. The notice shall  
19 incorporate a statement of reasons for the proposed revocation of the  
20 charter. The sponsor shall allow the charter school at least ninety days to  
21 correct the problems associated with the reasons for the proposed revocation  
22 of the charter. The final determination of whether to revoke the charter  
23 shall be made at a public hearing called for such purpose.

24 J. After renewal of the charter at the end of the fifteen year period  
25 described in subsection I of this section, the charter may be renewed for  
26 successive periods of fifteen years if the charter school and its sponsor  
27 deem that the school is in compliance with its own charter and this article.

28 K. A charter school that is sponsored by the state board of education  
29 or the state board for charter schools may not be located on the property of  
30 a school district unless the district governing board grants this authority.

31 L. A governing board or a school district employee who has control  
32 over personnel actions shall not take unlawful reprisal against another  
33 employee of the school district because the employee is directly or  
34 indirectly involved in an application to establish a charter school. A  
35 governing board or a school district employee shall not take unlawful  
36 reprisal against an educational program of the school or the school district  
37 because an application to establish a charter school proposes the conversion  
38 of all or a portion of the educational program to a charter school. For the  
39 purposes of this subsection, "unlawful reprisal" means an action that is  
40 taken by a governing board or a school district employee as a direct result  
41 of a lawful application to establish a charter school and that is adverse to  
42 another employee or an education program and:

43 1. With respect to a school district employee, results in one or more  
44 of the following:

45 (a) Disciplinary or corrective action.

- 1 (b) Detail, transfer or reassignment.  
2 (c) Suspension, demotion or dismissal.  
3 (d) An unfavorable performance evaluation.  
4 (e) A reduction in pay, benefits or awards.  
5 (f) Elimination of the employee's position without a reduction in  
6 force by reason of lack of monies or work.  
7 (g) Other significant changes in duties or responsibilities that are  
8 inconsistent with the employee's salary or employment classification.  
9 2. With respect to an educational program, results in one or more of  
10 the following:  
11 (a) Suspension or termination of the program.  
12 (b) Transfer or reassignment of the program to a less favorable  
13 department.  
14 (c) Relocation of the program to a less favorable site within the  
15 school or school district.  
16 (d) Significant reduction or termination of funding for the program.  
17 M. Charter schools shall secure insurance for liability and property  
18 loss. The governing body of a charter school that is sponsored by the state  
19 board of education or the state board for charter schools may enter into an  
20 intergovernmental agreement or otherwise contract to participate in an  
21 insurance program offered by a risk retention pool established pursuant to  
22 section 11-952.01 or 41-621.01 or the charter school may secure its own  
23 insurance coverage. The pool may charge the requesting charter school  
24 reasonable fees for any services it performs in connection with the insurance  
25 program.  
26 N. Charter schools do not have the authority to acquire property by  
27 eminent domain.  
28 O. A sponsor, including members, officers and employees of the  
29 sponsor, is immune from personal liability for all acts done and actions  
30 taken in good faith within the scope of its authority.  
31 P. Charter school sponsors and this state are not liable for the debts  
32 or financial obligations of a charter school or persons who operate charter  
33 schools.  
34 Q. The sponsor of a charter school shall establish procedures to  
35 conduct administrative hearings on determination by the sponsor that grounds  
36 exist to revoke a charter. Procedures for administrative hearings shall be  
37 similar to procedures prescribed for adjudicative proceedings in title 41,  
38 chapter 6, article 10. Except as provided in section 41-1092.08, subsection  
39 H, final decisions of the state board of education and the state board for  
40 charter schools from hearings conducted pursuant to this subsection are  
41 subject to judicial review pursuant to title 12, chapter 7, article 6.  
42 R. The sponsoring entity of a charter school shall have oversight and  
43 administrative responsibility for the charter schools that it sponsors.  
44 S. Charter schools may pledge, assign or encumber their assets to be  
45 used as collateral for loans or extensions of credit.

1 T. All property accumulated by a charter school shall remain the  
2 property of the charter school.

3 U. Charter schools may not locate a school on property that is less  
4 than one-fourth mile from agricultural land regulated pursuant to section  
5 3-365, except that the owner of the agricultural land may agree to comply  
6 with the buffer zone requirements of section 3-365. If the owner agrees in  
7 writing to comply with the buffer zone requirements and records the agreement  
8 in the office of the county recorder as a restrictive covenant running with  
9 the title to the land, the charter school may locate a school within the  
10 affected buffer zone. The agreement may include any stipulations regarding  
11 the charter school, including conditions for future expansion of the school  
12 and changes in the operational status of the school that will result in a  
13 breach of the agreement.

14 V. A transfer of a charter to another sponsor, a transfer of a charter  
15 school site to another sponsor or a transfer of a charter school site to a  
16 different charter shall be completed before the beginning of the fiscal year  
17 that the transfer is scheduled to become effective. An entity that sponsors  
18 charter schools may accept a transferring school after the beginning of the  
19 fiscal year if the transfer is approved by the superintendent of public  
20 instruction. The superintendent of public instruction shall have the  
21 discretion to consider each transfer during the fiscal year on a case by case  
22 basis. If a charter school is sponsored by a school district that is  
23 determined to be out of compliance with this title, the uniform system of  
24 financial records or any other state or federal law, the charter school may  
25 transfer to another sponsoring entity at any time during the fiscal year.

26 W. The sponsoring entity may not charge any fees to a charter school  
27 that it sponsors unless the sponsor has provided services to the charter  
28 school and the fees represent the full value of those services provided by  
29 the sponsor. On request, the value of the services provided by the sponsor  
30 to the charter school shall be demonstrated to the department of education.

31 Sec. 7. Section 15-184, Arizona Revised Statutes, is amended to read:  
32 15-184. Charter schools; admission requirements

33 A. A charter school shall enroll all eligible pupils who submit a  
34 timely application, unless the number of applications exceeds the capacity of  
35 a program, class, grade level or building. A charter school shall give  
36 enrollment preference to pupils returning to the charter school in the second  
37 or any subsequent year of its operation and to siblings of pupils already  
38 enrolled in the charter school. A charter school that is sponsored by a  
39 school district governing board shall give enrollment preference to eligible  
40 pupils who reside within the boundaries of the school district where the  
41 charter school is physically located. A CHARTER SCHOOL MAY GIVE ENROLLMENT  
42 PREFERENCE TO AND RESERVE CAPACITY FOR PUPILS WHO ARE CHILDREN OF EMPLOYEES  
43 OF THE SCHOOL, EMPLOYEES OF THE CHARTER HOLDER, MEMBERS OF THE GOVERNING BODY  
44 OF THE SCHOOL OR DIRECTORS, OFFICERS, PARTNERS OR BOARD MEMBERS OF THE  
45 CHARTER HOLDER. If REMAINING capacity is insufficient to enroll all pupils

1 who submit a timely application, the charter school shall select pupils  
2 through an equitable selection process such as a lottery except that  
3 preference shall be given to siblings of a pupil selected through an  
4 equitable selection process such as a lottery.

5 B. Except as provided in subsection C OR D, a charter school shall not  
6 limit admission based on ethnicity, national origin, gender, income level,  
7 disabling condition, proficiency in the English language or athletic ability.

8 C. A charter school may limit admission to pupils within a given age  
9 group or grade level.

10 D. A CHARTER SCHOOL MAY PROVIDE INSTRUCTION TO PUPILS OF A SINGLE  
11 GENDER WITH THE APPROVAL OF THE SPONSOR OF THE CHARTER SCHOOL. AN EXISTING  
12 CHARTER SCHOOL MAY AMEND ITS CHARTER TO PROVIDE INSTRUCTION TO PUPILS OF A  
13 SINGLE GENDER, AND IF APPROVED BY THE SPONSOR OF THE CHARTER SCHOOL, MAY  
14 PROVIDE INSTRUCTION TO PUPILS OF A SINGLE GENDER AT THE BEGINNING OF THE NEXT  
15 SCHOOL YEAR.

16 ~~D.~~ E. A charter school shall admit pupils who reside in the  
17 attendance area of a school or who reside in a school district that is under  
18 a court order of desegregation or that is a party to an agreement with the  
19 United States department of education office for civil rights directed toward  
20 remediating alleged or proven racial discrimination unless notice is received  
21 from the resident school that the admission would violate the court order or  
22 agreement. If a charter school admits a pupil after notice is received that  
23 the admission would constitute such a violation, the charter school is not  
24 allowed to include in its student count the pupils wrongfully admitted.

25 ~~E.~~ F. A charter school may refuse to admit any pupil who has been  
26 expelled from another educational institution or who is in the process of  
27 being expelled from another educational institution.

28 Sec. 8. Section 15-185, Arizona Revised Statutes, is amended to read:

29 15-185. Charter schools; financing; civil penalty;  
30 transportation; definitions

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

33 1. The charter school shall be included in the district's budget and  
34 financial assistance calculations pursuant to paragraph 3 of this subsection  
35 and chapter 9 of this title, except for chapter 9, article 4 of this title.  
36 The charter of the charter school shall include a description of the methods  
37 of funding the charter school by the school district. The school district  
38 shall send a copy of the charter and application, including a description of  
39 how the school district plans to fund the school, to the state board of  
40 education before the start of the first fiscal year of operation of the  
41 charter school. The charter or application shall include an estimate of the  
42 student count for the charter school for its first fiscal year of operation.  
43 This estimate shall be computed pursuant to the requirements of paragraph 3  
44 of this subsection.

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

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

5           (a) Increase its student count as provided in subsection B, paragraph  
6 2 of this section during the first year of the charter school's operation to  
7 include those charter school pupils who were not previously enrolled in the  
8 school district. A charter school sponsored by a school district governing  
9 board is eligible for the assistance prescribed in subsection B, paragraph 4  
10 of this section. The soft capital allocation as provided in section 15-962  
11 for the school district sponsoring the charter school shall be increased by  
12 the amount of the additional assistance. The school district shall include  
13 the full amount of the additional assistance in the funding provided to the  
14 charter school.

15           (b) Compute separate weighted student counts pursuant to section  
16 15-943, paragraph 2, subdivision (a) for its noncharter school versus charter  
17 school pupils in order to maintain eligibility for small school district  
18 support level weights authorized in section 15-943, paragraph 1 for its  
19 noncharter school pupils only. The portion of a district's student count  
20 that is attributable to charter school pupils is not eligible for small  
21 school district support level weights.

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

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

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

38           7. If a school district converts one or more of its district public  
39 schools to a charter school and receives assistance as prescribed in  
40 subsection B, paragraph 4 of this section, and subsequently converts the  
41 charter school back to a district public school, the school district shall  
42 repay the state the total additional assistance received for the charter  
43 school for all years that the charter school was in operation. The repayment  
44 shall be in one lump sum and shall be reduced from the school district's

1 current year equalization assistance. The school district's general budget  
2 limit shall be reduced by the same lump sum amount in the current year.

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

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

9 2. Notwithstanding paragraph 1 of this subsection, the student count  
10 shall be determined initially using an estimated student count based on  
11 actual registration of pupils before the beginning of the school year. After  
12 the first one hundred days or two hundred days in session, as applicable, the  
13 charter school shall revise the student count to be equal to the actual  
14 average daily membership, as defined in section 15-901, or the adjusted  
15 average daily membership, as prescribed in section 15-902, of the charter  
16 school. A CHARTER SCHOOL THAT PROVIDES TWO HUNDRED DAYS OF INSTRUCTION MAY  
17 USE SECTION 15-902.02 FOR THE PURPOSES OF THIS SECTION. Before the one  
18 hundredth day or two hundredth day in session, as applicable, the state board  
19 of education or the state board for charter schools may require a charter  
20 school to report periodically regarding pupil enrollment and attendance, and  
21 the department of education may revise its computation of equalization  
22 assistance based on the report. A charter school shall revise its student  
23 count, base support level and additional assistance before May 15. A charter  
24 school that overestimated its student count shall revise its budget before  
25 May 15. A charter school that underestimated its student count may revise  
26 its budget before May 15.

27 3. A charter school may utilize section 15-855 for the purposes of  
28 this section. The charter school and the department of education shall  
29 prescribe procedures for determining average daily attendance and average  
30 daily membership.

31 4. Equalization assistance for the charter school shall be determined  
32 by adding the amount of the base support level and additional assistance.  
33 The amount of the additional assistance is one thousand four hundred  
34 seventy-four dollars sixteen cents per student count in kindergarten programs  
35 and grades one through eight and one thousand seven hundred eighteen dollars  
36 ten cents per student count in grades nine through twelve.

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

43 ~~6. Notwithstanding paragraph 5 of this subsection, if sufficient~~  
44 ~~appropriated monies are available after the first forty days in session of~~  
45 ~~the current year, a charter school may request additional state monies to~~

1 ~~fund the increased state aid due to anticipated student growth through the~~  
2 ~~first one hundred days or two hundred days in session, as applicable, of the~~  
3 ~~current year as provided in section 15-948. In no event shall a charter~~  
4 ~~school have received more than three fourths of its total apportionment~~  
5 ~~before April 15 of the fiscal year. Early payments pursuant to this~~  
6 ~~subsection must be approved by the state treasurer, the director of the~~  
7 ~~department of administration and the superintendent of public instruction.~~

8 ~~7.~~ 6. The charter school shall not charge tuition, levy taxes or  
9 issue bonds.

10 ~~8.~~ 7. Not later than noon on the day preceding each apportionment  
11 date established by paragraph 5 of this subsection, the superintendent of  
12 public instruction shall furnish to the state treasurer an abstract of the  
13 apportionment and shall certify the apportionment to the department of  
14 administration, which shall draw its warrant in favor of the charter schools  
15 for the amount apportioned.

16 C. If a pupil is enrolled in both a charter school and a public school  
17 that is not a charter school, the sum of the daily membership, which includes  
18 enrollment as prescribed in section 15-901, subsection A, paragraph 2,  
19 subdivisions (a) and (b) and daily attendance as prescribed in section  
20 15-901, subsection A, paragraph 6, for that pupil in the school district and  
21 the charter school shall not exceed 1.0, except that if the pupil is enrolled  
22 in both a charter school and a joint technological education district and  
23 resides within the boundaries of a school district participating in the joint  
24 technological education district, the sum of the average daily membership for  
25 that pupil in the charter school and the joint technological education  
26 district shall not exceed 1.25. If a pupil is enrolled in both a charter  
27 school and a public school that is not a charter school, the department of  
28 education shall direct the average daily membership to the school with the  
29 most recent enrollment date. Upon validation of actual enrollment in both a  
30 charter school and a public school that is not a charter school and if the  
31 sum of the daily membership or daily attendance for that pupil is greater  
32 than 1.0, the sum shall be reduced to 1.0 and shall be apportioned between  
33 the public school and the charter school based on the percentage of total  
34 time that the pupil is enrolled or in attendance in the public school and the  
35 charter school, except that if the pupil is enrolled in both a charter school  
36 and a joint technological education district and resides within the  
37 boundaries of a school district participating in the joint technological  
38 education district, the sum of the average daily membership for that pupil in  
39 the charter school and the joint technological education district shall be  
40 reduced to 1.25 and shall be apportioned between the charter school and the  
41 joint technological education district based on the percentage of total time  
42 that the pupil is enrolled or in attendance in the charter school and the  
43 joint technological education district. The uniform system of financial  
44 records shall include guidelines for the apportionment of the pupil  
45 enrollment and attendance as provided in this section.

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

- 13           1. Equalization assistance shall not be less than zero.
- 14           2. For a charter school sponsored by the state board of education or  
15 the state board for charter schools, the total of the base support level, ~~the~~  
16 ~~capital outlay revenue limit, the soft capital allocation~~ and the additional  
17 assistance shall not be less than zero.
- 18           3. For a charter school sponsored by a school district, the base  
19 support level for the school district shall not be reduced by more than the  
20 amount that the charter school increased the district's base support level,  
21 capital outlay revenue limit and soft capital allocation.

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

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

34           G. At the request of a charter school, the county school  
35 superintendent of the county where the charter school is located may provide  
36 the same educational services to the charter school as prescribed in section  
37 15-308, subsection A. The county school superintendent may charge a fee to  
38 recover costs for providing educational services to charter schools.

39           H. If the sponsor of the charter school determines at a public meeting  
40 that the charter school is not in compliance with federal law, with the laws  
41 of this state or with its charter, the sponsor of a charter school may submit  
42 a request to the department of education to withhold up to ten per cent of  
43 the monthly apportionment of state aid that would otherwise be due the  
44 charter school. The department of education shall adjust the charter  
45 school's apportionment accordingly. The sponsor shall provide written notice

1 to the charter school at least seventy-two hours before the meeting and shall  
2 allow the charter school to respond to the allegations of noncompliance at  
3 the meeting before the sponsor makes a final determination to notify the  
4 department of education of noncompliance. The charter school shall submit a  
5 corrective action plan to the sponsor on a date specified by the sponsor at  
6 the meeting. The corrective action plan shall be designed to correct  
7 deficiencies at the charter school and to ensure that the charter school  
8 promptly returns to compliance. When the sponsor determines that the charter  
9 school is in compliance, the department of education shall restore the full  
10 amount of state aid payments to the charter school.

11 I. In addition to the withholding of state aid payments pursuant to  
12 subsection H of this section, the sponsor of a charter school may impose a  
13 civil penalty of one thousand dollars per occurrence if a charter school  
14 fails to comply with the fingerprinting requirements prescribed in section  
15 15-183, subsection C or section 15-512. The sponsor of a charter school  
16 shall not impose a civil penalty if it is the first time that a charter  
17 school is out of compliance with the fingerprinting requirements and if the  
18 charter school provides proof within forty-eight hours of written  
19 notification that an application for the appropriate fingerprint check has  
20 been received by the department of public safety. The sponsor of the charter  
21 school shall obtain proof that the charter school has been notified, and the  
22 notification shall identify the date of the deadline and shall be signed by  
23 both parties. The sponsor of a charter school shall automatically impose a  
24 civil penalty of one thousand dollars per occurrence if the sponsor  
25 determines that the charter school subsequently violates the fingerprinting  
26 requirements. Civil penalties pursuant to this subsection shall be assessed  
27 by requesting the department of education to reduce the amount of state aid  
28 that the charter school would otherwise receive by an amount equal to the  
29 civil penalty. The amount of state aid withheld shall revert to the state  
30 general fund at the end of the fiscal year.

31 J. A charter school may receive and spend monies distributed by the  
32 department of education pursuant to section 42-5029, subsection E and section  
33 37-521, subsection B.

34 K. If a school district transports or contracts to transport pupils to  
35 the Arizona state schools for the deaf and the blind during any fiscal year,  
36 the school district may transport or contract with a charter school to  
37 transport sensory impaired pupils during that same fiscal year to a charter  
38 school if requested by the parent of the pupil and if the distance from the  
39 pupil's place of actual residence within the school district to the charter  
40 school is less than the distance from the pupil's place of actual residence  
41 within the school district to the campus of the Arizona state schools for the  
42 deaf and the blind.

43 L. For the purposes of this section:

44 1. "Monies intended for the basic maintenance and operations of the  
45 school" means monies intended to provide support for the educational program

1 of the school, except that it does not include supplemental assistance for a  
2 specific purpose or ~~P.L. 81-874~~ TITLE VIII OF THE ELEMENTARY AND SECONDARY  
3 EDUCATION ACT OF 1965 monies. The auditor general shall determine which  
4 federal or state monies meet the definition in this paragraph.

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

11 Sec. 9. Section 15-203, Arizona Revised Statutes, is amended to read:

12 15-203. Powers and duties

13 A. The state board of education shall:

14 1. Exercise general supervision over and regulate the conduct of the  
15 public school system and adopt any rules and policies it deems necessary to  
16 accomplish this purpose.

17 2. Keep a record of its proceedings.

18 3. Make rules for its own government.

19 4. Determine the policy and work undertaken by it.

20 5. Appoint its employees, on the recommendation of the superintendent  
21 of public instruction.

22 6. Prescribe the duties of its employees if not prescribed by statute.

23 7. Delegate to the superintendent of public instruction the execution  
24 of board policies and rules.

25 8. Recommend to the legislature changes or additions to the statutes  
26 pertaining to schools.

27 9. Prepare, publish and distribute reports concerning the educational  
28 welfare of this state.

29 10. Prepare a budget for expenditures necessary for proper maintenance  
30 of the board and accomplishment of its purposes and present the budget to the  
31 legislature.

32 11. Aid in the enforcement of laws relating to schools.

33 12. Prescribe a minimum course of study in the common schools, minimum  
34 competency requirements for the promotion of pupils from the third grade and  
35 minimum course of study and competency requirements for the promotion of  
36 pupils from the eighth grade. The state board of education shall prepare a  
37 fiscal impact statement of any proposed changes to the minimum course of  
38 study or competency requirements and, on completion, shall send a copy to the  
39 director of the joint legislative budget committee and the executive director  
40 of the school facilities board. The state board of education shall not adopt  
41 any changes in the minimum course of study or competency requirements in  
42 effect on July 1, 1998 that will have a fiscal impact on school capital  
43 costs.

44 13. Prescribe minimum course of study and competency requirements for  
45 the graduation of pupils from high school. The state board of education

1 shall prepare a fiscal impact statement of any proposed changes to the  
2 minimum course of study or competency requirements and, on completion, shall  
3 send a copy to the director of the joint legislative budget committee and the  
4 executive director of the school facilities board. The state board of  
5 education shall not adopt any changes in the minimum course of study or  
6 competency requirements in effect on July 1, 1998 that will have a fiscal  
7 impact on school capital costs.

8 14. Supervise and control the certification of persons engaged in  
9 instructional work directly as any classroom, laboratory or other teacher or  
10 indirectly as a supervisory teacher, speech therapist, principal or  
11 superintendent in a school district, including school district preschool  
12 programs, or any other educational institution below the community college,  
13 college or university level, and prescribe rules for certification, including  
14 rules for certification of teachers who have teaching experience and who are  
15 trained in other states, which are not unnecessarily restrictive and are  
16 substantially similar to the rules prescribed for the certification of  
17 teachers trained in this state. The rules shall require applicants for all  
18 certificates for common school instruction to complete a minimum of  
19 forty-five classroom hours or three college level credit hours, or the  
20 equivalent, of training in research based systematic phonics instruction from  
21 a public or private provider. The rules shall not require a teacher to  
22 obtain a master's degree or to take any additional graduate courses as a  
23 condition of certification or recertification. The rules shall allow a  
24 general equivalency diploma to be substituted for a high school diploma in  
25 the certification of emergency substitute teachers.

26 15. Adopt a list of approved tests for determining special education  
27 assistance to gifted pupils as defined in and as provided in chapter 7,  
28 article 4.1 of this title. The adopted tests shall provide separate scores  
29 for quantitative reasoning, verbal reasoning and nonverbal reasoning and  
30 shall be capable of providing reliable and valid scores at the highest ranges  
31 of the score distribution.

32 16. Adopt rules governing the methods for the administration of all  
33 proficiency examinations.

34 17. Adopt proficiency examinations for its use. The state board of  
35 education shall determine the passing score for the proficiency examination.

36 18. Include within its budget the cost of contracting for the purchase,  
37 distribution and scoring of the examinations as provided in paragraphs 16 and  
38 17 of this subsection.

39 19. Supervise and control the qualifications of professional  
40 nonteaching school personnel and prescribe standards relating to  
41 qualifications.

42 20. Impose such disciplinary action, including the issuance of a letter  
43 of censure, suspension, suspension with conditions or revocation of a  
44 certificate, upon a finding of immoral or unprofessional conduct.

1           21. Establish an assessment, data gathering and reporting system for  
2 pupil performance as prescribed in chapter 7, article 3 of this title.

3           22. Adopt a rule to promote braille literacy pursuant to section  
4 15-214.

5           23. Adopt rules prescribing procedures for the investigation by the  
6 department of education of every written complaint alleging that a  
7 certificated person has engaged in immoral conduct.

8           24. For purposes of federal law, serve as the state board for  
9 vocational and technological education and meet at least four times each year  
10 solely to execute the powers and duties of the state board for vocational and  
11 technological education.

12           25. Develop and maintain a handbook for use in the schools of this  
13 state that provides guidance for the teaching of moral, civic and ethical  
14 education. The handbook shall promote existing curriculum frameworks and  
15 shall encourage school districts to recognize moral, civic and ethical values  
16 within instructional and programmatic educational development programs for  
17 the general purpose of instilling character and ethical principles in pupils  
18 in kindergarten programs and grades one through twelve.

19           26. Require pupils to recite the following passage from the declaration  
20 of independence for pupils in grades four through six at the commencement of  
21 the first class of the day in the schools, except that a pupil shall not be  
22 required to participate if the pupil or the pupil's parent or guardian  
23 objects:

24                   We hold these truths to be self-evident, that all men are  
25                   created equal, that they are endowed by their creator with  
26                   certain unalienable rights, that among these are life, liberty  
27                   and the pursuit of happiness. That to secure these rights,  
28                   governments are instituted among men, deriving their just powers  
29                   from the consent of the governed. . . .

30           27. Adopt rules that provide for teacher certification reciprocity.  
31 The rules shall provide for a one year reciprocal teaching certificate with  
32 minimum requirements including valid teacher certification from a state with  
33 substantially similar criminal history or teacher fingerprinting requirements  
34 and proof of the submission of an application for a fingerprint clearance  
35 card pursuant to title 41, chapter 12, article 3.1.

36           28. Adopt rules that will be in effect until December 31, 2006 and that  
37 provide for the presentation of an honorary high school diploma to a person  
38 who has never obtained a high school diploma and who meets each of the  
39 following requirements:

- 40           (a) Is at least sixty-five years of age.
- 41           (b) Currently resides in this state.
- 42           (c) Provides documented evidence from the Arizona department of  
43 veterans' services that the person enlisted in the armed forces of the United  
44 States before completing high school in a public or private school.

1 (d) Was honorably discharged from service with the armed forces of the  
2 United States.

3 29. Cooperate with the Arizona-Mexico commission in the governor's  
4 office and with researchers at universities in this state to collect data and  
5 conduct projects in the United States and Mexico on issues that are within  
6 the scope of the duties of the department of education and that relate to  
7 quality of life, trade and economic development in this state in a manner  
8 that will help the Arizona-Mexico commission to assess and enhance the  
9 economic competitiveness of this state and of the Arizona-Mexico region.

10 30. Adopt rules to define and provide guidance to schools as to the  
11 activities that would constitute immoral or unprofessional conduct of  
12 certificated persons.

13 31. Adopt guidelines to encourage pupils in grades nine, ten, eleven  
14 and twelve to volunteer for twenty hours of community service before  
15 graduation from high school. A school district that complies with the  
16 guidelines adopted pursuant to this paragraph is not liable for damages  
17 resulting from a pupil's participation in community service unless the school  
18 district is found to have demonstrated wanton or reckless disregard for the  
19 safety of the pupil and other participants in community service. For the  
20 purposes of this paragraph, "community service" may include service  
21 learning. The guidelines shall include the following:

22 (a) A list of the general categories in which community service may be  
23 performed.

24 (b) A description of the methods by which community service will be  
25 monitored.

26 (c) A consideration of risk assessment for community service projects.

27 (d) Orientation and notification procedures of community service  
28 opportunities for pupils entering grade nine, including the development of a  
29 notification form. The notification form shall be signed by the pupil and  
30 the pupil's parent or guardian, except that a pupil shall not be required to  
31 participate in community service if the parent or guardian notifies the  
32 principal of the pupil's school in writing that the parent or guardian does  
33 not wish the pupil to participate in community service.

34 (e) Procedures for a pupil in grade nine to prepare a written proposal  
35 that outlines the type of community service that the pupil would like to  
36 perform and the goals that the pupil hopes to achieve as a result of  
37 community service. The pupil's written proposal shall be reviewed by a  
38 faculty advisor, a guidance counselor or any other school employee who is  
39 designated as the community service program coordinator for that school. The  
40 pupil may alter the written proposal at any time before performing community  
41 service.

42 (f) Procedures for a faculty advisor, a guidance counselor or any  
43 other school employee who is designated as the community service program  
44 coordinator to evaluate and certify the completion of community service  
45 performed by pupils.

1           32. To facilitate the transfer of military personnel and their  
2 dependents to and from the public schools of this state, pursue, in  
3 cooperation with the Arizona board of regents, reciprocity agreements with  
4 other states concerning the transfer credits for military personnel and their  
5 dependents. A reciprocity agreement entered into pursuant to this paragraph  
6 shall:

7           (a) Address procedures for each of the following:

8           (i) The transfer of student records.

9           (ii) Awarding credit for completed course work.

10           (iii) Permitting a student to satisfy the graduation requirements  
11 prescribed in section 15-701.01 through the successful performance on  
12 comparable exit-level assessment instruments administered in another state.

13           (b) Include appropriate criteria developed by the state board of  
14 education and the Arizona board of regents.

15           33. Adopt guidelines that school district governing boards shall use in  
16 identifying pupils who are eligible for gifted programs and in providing  
17 gifted education programs and services. The state board of education shall  
18 adopt any other guidelines and rules that it deems necessary in order to  
19 carry out the purposes of chapter 7, article 4.1 of this title.

20           34. For each of the alternative textbook formats of human-voiced audio,  
21 large-print and braille, designate alternative media producers to adapt  
22 existing standard print textbooks or to provide specialized textbooks, or  
23 both, for pupils with disabilities in this state. Each alternative media  
24 producer shall be capable of producing alternative textbooks in all relevant  
25 subjects in at least one of the alternative textbook formats. The board  
26 shall post the designated list of alternative media producers on its website.

27           35. Adopt a list of approved professional development training  
28 providers for use by school districts as provided in section 15-107,  
29 subsection J. The professional development training providers shall meet the  
30 training curriculum requirements determined by the state board of education  
31 in at least the areas of school finance, governance, employment, staffing,  
32 inventory and human resources, internal controls and procurement.

33           36. Adopt rules to prohibit a person who violates the notification  
34 requirements prescribed in section 15-183, subsection C, paragraph 6- 7 or  
35 section 15-550, subsection C from certification pursuant to this title until  
36 the person is no longer charged or is acquitted of any offenses listed in  
37 section 41-1758.03, subsection B. The board shall also adopt rules to  
38 prohibit a person who violates the notification requirements, certification  
39 surrender requirements or fingerprint clearance card surrender requirements  
40 prescribed in section 15-183, subsection C, paragraph 7- 8 or section 15-550,  
41 subsection D from certification pursuant to this title for at least ten years  
42 after the date of the violation.

43           37. ADOPT RULES FOR THE ALTERNATIVE CERTIFICATION OF TEACHERS OF  
44 NONTRADITIONAL FOREIGN LANGUAGES THAT ALLOW FOR THE PASSING OF A NATIONALLY

1 ACCREDITED TEST TO SUBSTITUTE FOR THE EDUCATION COURSEWORK REQUIRED FOR  
2 CERTIFICATION.

3 B. The state board of education may:

4 1. Contract.

5 2. Sue and be sued.

6 3. Distribute and score the tests prescribed in chapter 7, article 3  
7 of this title.

8 4. Provide for an advisory committee to conduct hearings and  
9 screenings to determine whether grounds exist to impose disciplinary action  
10 against a certificated person, whether grounds exist to reinstate a revoked  
11 or surrendered certificate and whether grounds exist to approve or deny an  
12 initial application for certification or a request for renewal of a  
13 certificate. The board may delegate its responsibility to conduct hearings  
14 and screenings to its advisory committee. Hearings shall be conducted  
15 pursuant to title 41, chapter 6, article 6.

16 5. Proceed with the disposal of any complaint requesting disciplinary  
17 action or with any disciplinary action against a person holding a certificate  
18 as prescribed in subsection A, paragraph 14 of this section after the  
19 suspension or expiration of the certificate or surrender of the certificate  
20 by the holder.

21 6. Assess costs and reasonable attorney fees against a person who  
22 files a frivolous complaint or who files a complaint in bad faith. Costs  
23 assessed pursuant to this paragraph shall not exceed the expenses incurred by  
24 the state board in the investigation of the complaint.

25 Sec. 10. Section 15-238, Arizona Revised Statutes, is amended to read:

26 15-238. Statewide student estimate

27 Before February 15 of each year the department of education shall  
28 submit to the economic estimates commission the total estimated statewide  
29 number of students determined for the current year using the unit of  
30 measurement prescribed in section 15-902, ~~subsection~~ SUBSECTIONS A AND B.

31 Sec. 11. Title 15, chapter 2, article 2, Arizona Revised Statutes, is  
32 amended by adding section 15-241.01, to read:

33 15-241.01. School accountability; alternative operation plans

34 A. IF A SCHOOL DISTRICT HAS SIX OR MORE SCHOOLS AND AT LEAST ONE-HALF  
35 OF THE SCHOOLS IN THE DISTRICT ARE DESIGNATED AS UNDERPERFORMING OR FAILING  
36 TO MEET THE ACADEMIC STANDARDS PURSUANT TO THIS SECTION AND AT LEAST ONE  
37 SCHOOL IS DESIGNATED AS FAILING TO MEET ACADEMIC STANDARDS, THE DEPARTMENT OF  
38 EDUCATION MAY SUBMIT TO THE STATE BOARD OF EDUCATION A RECOMMENDATION FOR A  
39 PUBLIC HEARING TO DETERMINE IF THE SCHOOL DISTRICT SHOULD BE SUBJECT TO AN  
40 ALTERNATIVE OPERATION PLAN AND THE REASONS FOR THAT RECOMMENDATION. WHEN  
41 CONSIDERING WHETHER TO RECOMMEND A PUBLIC HEARING PURSUANT TO THIS  
42 SUBSECTION, THE DEPARTMENT SHALL CONSIDER AT LEAST THE FOLLOWING:

43 1. THE LIKELIHOOD THAT CONTINUED SCHOOL-BASED INTERVENTIONS WILL BE  
44 SUCCESSFUL.

1           2. THE EXTENT TO WHICH THE SCHOOL DISTRICT ADMINISTRATORS AND THE  
2 SCHOOL DISTRICT GOVERNING BOARD IMPACTED THE UNDERPERFORMING AND FAILING TO  
3 MEET ACADEMIC STANDARDS DESIGNATIONS OF THE DISTRICT'S SCHOOLS.

4           3. WHETHER THOSE SCHOOLS DESIGNATED AS UNDERPERFORMING OR FAILING TO  
5 MEET ACADEMIC STANDARDS HAVE DEMONSTRATED REASONABLE ACADEMIC GROWTH AS  
6 DETERMINED BY THE MEASURE OF ACADEMIC PROGRESS ESTABLISHED PURSUANT TO THIS  
7 SECTION.

8           B. IF THE DEPARTMENT OF EDUCATION RECOMMENDS A PUBLIC HEARING PURSUANT  
9 TO SUBSECTION A OF THIS SECTION, THE STATE BOARD OF EDUCATION SHALL MEET AND  
10 MAY PROVIDE BY A MAJORITY VOTE OF THE ENTIRE BOARD FOR THE DEVELOPMENT AND  
11 IMPLEMENTATION OF AN ALTERNATIVE OPERATION PLAN AS ALLOWED BY THIS SECTION.  
12 WHEN DETERMINING WHETHER TO PLACE A SCHOOL DISTRICT UNDER AN ALTERNATIVE  
13 OPERATION PLAN, THE STATE BOARD SHALL CONSIDER AT LEAST THE FOLLOWING:

14           1. THE LIKELIHOOD THAT CONTINUED SCHOOL-BASED INTERVENTIONS WILL BE  
15 SUCCESSFUL.

16           2. THE EXTENT TO WHICH THE SCHOOL DISTRICT ADMINISTRATORS AND THE  
17 SCHOOL DISTRICT GOVERNING BOARD IMPACTED THE UNDERPERFORMING AND FAILING TO  
18 MEET ACADEMIC STANDARDS DESIGNATIONS OF THE DISTRICT'S SCHOOLS.

19           3. WHETHER THOSE SCHOOLS DESIGNATED AS UNDERPERFORMING OR FAILING TO  
20 MEET ACADEMIC STANDARDS HAVE DEMONSTRATED REASONABLE ACADEMIC GROWTH AS  
21 DETERMINED BY THE MEASURE OF ACADEMIC PROGRESS ESTABLISHED PURSUANT TO THIS  
22 SECTION.

23           C. BEFORE A HEARING IS HELD PURSUANT TO SUBSECTION B OF THIS SECTION,  
24 THE DEPARTMENT OF EDUCATION SHALL RECOMMEND TO THE STATE BOARD OF EDUCATION  
25 AT LEAST THREE GOVERNMENTAL, NONPROFIT OR PRIVATE ORGANIZATIONS OR PERSONS TO  
26 MANAGE THE SCHOOL DISTRICT'S AFFAIRS. IF THE STATE BOARD APPROVES THE  
27 IMPLEMENTATION OF AN ALTERNATIVE OPERATION PLAN, IT SHALL MAKE AN APPOINTMENT  
28 FROM THE LIST PROVIDED BY THE DEPARTMENT OF EDUCATION. ON MAKING THIS  
29 APPOINTMENT THE STATE BOARD SHALL IMMEDIATELY DETERMINE WHICH POWERS  
30 ENUMERATED IN SUBSECTION D OF THIS SECTION SHALL BE TEMPORARILY GRANTED TO  
31 THE APPOINTED ORGANIZATION OR PERSON. THE AUTHORITY GRANTED PURSUANT TO THIS  
32 SUBSECTION SHALL BE EFFECTIVE UNTIL THE STATE BOARD REVIEWS THE ALTERNATIVE  
33 OPERATION PLAN AS DESCRIBED IN SUBSECTION E OF THIS SECTION.

34           D. AN ORGANIZATION OR PERSON APPOINTED PURSUANT TO SUBSECTION C OF  
35 THIS SECTION SHALL BEGIN A FULL REVIEW AND INVESTIGATION OF THE SCHOOL  
36 DISTRICT'S EDUCATIONAL AFFAIRS AND SHALL SUBMIT TO THE STATE BOARD OF  
37 EDUCATION A DETAILED REPORT LISTING THE FINDINGS OF THAT INVESTIGATION. THIS  
38 REPORT SHALL INCLUDE AN ALTERNATIVE OPERATION PLAN THAT DETAILS HOW THE  
39 SCHOOL DISTRICT WILL RAISE THE LEVEL OF ACADEMIC ACHIEVEMENT SO THAT ALL OF  
40 THE SCHOOLS IN THE SCHOOL DISTRICT ARE DESIGNATED AS PERFORMING SCHOOLS,  
41 HIGHLY PERFORMING SCHOOLS OR EXCELLING SCHOOLS PURSUANT TO THIS SECTION. THE  
42 PLAN SHALL INCLUDE A PROPOSED TIMELINE FOR IMPROVING ACADEMIC ACHIEVEMENT.  
43 THE ALTERNATIVE OPERATION PLAN SHALL ALSO INCLUDE A TIMELINE AND DETAILS  
44 CONCERNING HOW THE ORGANIZATION OR PERSON WILL TRANSITION THE ADMINISTRATION  
45 OF THE SCHOOL DISTRICT BACK TO THE LOCALLY ELECTED GOVERNING BOARD. THE

1 ORGANIZATION OR PERSON SHALL SUBMIT THE REPORT WITHIN ONE HUNDRED TWENTY DAYS  
2 FROM THE DATE THE ORGANIZATION OR PERSON WAS APPOINTED BY THE STATE BOARD.  
3 IF APPROVED BY THE STATE BOARD, THE ALTERNATIVE OPERATION PLAN MAY AUTHORIZE  
4 THE APPOINTED ORGANIZATION OR PERSON TO DO ANY OF THE FOLLOWING:

5 1. OVERRIDE ANY DECISIONS OF THE SCHOOL DISTRICT GOVERNING BOARD OR  
6 THE SCHOOL DISTRICT SUPERINTENDENT, OR BOTH, CONCERNING THE MANAGEMENT AND  
7 OPERATION OF THE SCHOOL DISTRICT, AND INITIATE AND MAKE DECISIONS CONCERNING  
8 THE MANAGEMENT AND OPERATION OF THE SCHOOL DISTRICT, INCLUDING REOPENING THE  
9 SCHOOL AS A CHARTER SCHOOL.

10 2. HIRE PERSONNEL, TERMINATE PERSONNEL AND CANCEL EXISTING EMPLOYMENT  
11 CONTRACTS, INCLUDING THE DISTRICT SUPERINTENDENT, TO THE EXTENT PERMITTED BY  
12 LAW. THE APPOINTED ORGANIZATION OR PERSON MAY REFUSE TO REEMPLOY ANY  
13 CERTIFICATED TEACHER WHO HAS NOT BEEN EMPLOYED BY THE SCHOOL DISTRICT FOR  
14 MORE THAN THE MAJOR PORTION OF THREE CONSECUTIVE SCHOOL YEARS AS PROVIDED IN  
15 SECTION 15-536.

16 3. ATTEND ANY MEETINGS OF THE SCHOOL DISTRICT GOVERNING BOARD AND  
17 ADMINISTRATIVE STAFF.

18 4. SUPERVISE THE ACTIVITIES OF THE SCHOOL DISTRICT'S STAFF, INCLUDING  
19 REASSIGNING THE DUTIES AND RESPONSIBILITIES OF PERSONNEL IN A MANNER THAT, AS  
20 DETERMINED BY THE APPOINTED ORGANIZATION OR PERSON, BEST SUITS THE NEEDS OF  
21 THE SCHOOL DISTRICT.

22 5. TO THE EXTENT PERMITTED BY LAW, CANCEL OR RENEGOTIATE ANY CONTRACT,  
23 OTHER THAN CONTRACTS OF CERTIFICATED TEACHERS WHO HAVE BEEN EMPLOYED BY THE  
24 SCHOOL DISTRICT IN THE CAPACITY OF A CERTIFICATED TEACHER FOR MORE THAN ONE  
25 YEAR, TO WHICH THE GOVERNING BOARD OR THE SCHOOL DISTRICT IS A PARTY IF THE  
26 CANCELLATION OR RENEGOTIATION OF THE CONTRACT WILL PRODUCE NEEDED ECONOMIES  
27 IN THE OPERATION OF THE DISTRICT'S SCHOOLS.

28 E. THE STATE BOARD OF EDUCATION SHALL PERIODICALLY REVIEW THE STATUS  
29 OF A SCHOOL DISTRICT THAT IS OPERATING UNDER AN ALTERNATIVE OPERATION PLAN  
30 PURSUANT TO THIS SECTION TO DETERMINE WHETHER THE OPERATIONS OF THE SCHOOL  
31 DISTRICT SHOULD BE RETURNED TO THE SCHOOL DISTRICT GOVERNING BOARD. BEFORE  
32 THE STATE BOARD MAKES A DETERMINATION TO TERMINATE AN ALTERNATIVE OPERATION  
33 PLAN, THE STATE BOARD OR ITS DESIGNEE SHALL MEET WITH THE SCHOOL DISTRICT  
34 GOVERNING BOARD OR ITS DESIGNEE TO ESTABLISH AN APPROPRIATE TIME FRAME AND  
35 ADDRESS ANY ADDITIONAL OPERATIONAL CONSIDERATIONS THAT ARE NECESSARY TO  
36 ENSURE A SMOOTH TRANSITION OF AUTHORITY FROM THE APPOINTED ORGANIZATION OR  
37 PERSON BACK TO THE SCHOOL DISTRICT GOVERNING BOARD. WHEN DETERMINING WHETHER  
38 TO TERMINATE AN ALTERNATIVE OPERATION PLAN, THE STATE BOARD SHALL CONSIDER  
39 WHETHER THE DISTRICT'S SCHOOLS HAVE MADE SIGNIFICANT ACADEMIC GAINS AS  
40 DETERMINED BY INDIVIDUAL SCHOOL ACHIEVEMENT PROFILES ESTABLISHED PURSUANT TO  
41 THIS SECTION.

42 F. IF AT ANY TIME THE STATE BOARD DETERMINES THAT THE PROGRESS OF AN  
43 ORGANIZATION OR PERSON WHO IS APPOINTED PURSUANT TO THIS SUBSECTION OR  
44 SUBSECTION C OF THIS SECTION IS INSUFFICIENT, THE STATE BOARD MAY REMOVE THAT  
45 ORGANIZATION OR PERSON AND MAKE AN ALTERNATIVE APPOINTMENT. ALL AUTHORITY

1 GRANTED PURSUANT TO THE APPROVED ALTERNATIVE OPERATION PLAN SHALL BE  
2 TRANSFERRED TO THE NEWLY APPOINTED ORGANIZATION OR PERSON. THE STATE BOARD  
3 MAY REQUIRE THE NEWLY APPOINTED ORGANIZATION OR PERSON TO PREPARE A REVISED  
4 ALTERNATIVE OPERATION PLAN AS DESCRIBED IN SUBSECTION D OF THIS SECTION.

5 G. ALL EXPENSES AND COSTS OF AN ORGANIZATION OR PERSON APPOINTED BY  
6 THE STATE BOARD PURSUANT TO SUBSECTION C OR F OF THIS SECTION SHALL BE PAID  
7 BY THE SCHOOL DISTRICT. THE STATE BOARD OF EDUCATION SHALL REVIEW THE  
8 EXPENSES AND COSTS AT LEAST TWICE EACH CALENDAR YEAR TO ENSURE THAT THE FEES  
9 ARE REASONABLE AND APPROPRIATE.

10 H. THE OPERATION OF A SCHOOL DISTRICT BY AN ORGANIZATION OR PERSON  
11 APPOINTED PURSUANT TO THIS SECTION SHALL NOT INTERFERE WITH THE ELECTION OF  
12 SCHOOL DISTRICT GOVERNING BOARD MEMBERS.

13 I. THE SCHOOL DISTRICT SHALL INDEMNIFY THE ORGANIZATION OR PERSON  
14 APPOINTED PURSUANT TO SUBSECTION C OR F OF THIS SECTION IF THAT ORGANIZATION  
15 OR PERSON IS MADE OR THREATENED TO BE MADE A PARTY TO ANY LITIGATION BY  
16 REASON OF THE ORGANIZATION'S OR PERSON'S STATUS UNDER THIS SECTION IF THE  
17 ORGANIZATION OR PERSON ACTED IN GOOD FAITH AND IN A MANNER THE ORGANIZATION  
18 OR PERSON BELIEVED TO BE LAWFUL AND IN THE BEST INTEREST OF THE SCHOOL  
19 DISTRICT.

20 J. ALL INFORMATION RECEIVED AND RECORDS OR REPORTS KEPT BY THE STATE  
21 BOARD OF EDUCATION DURING AN INVESTIGATION RESULTING FROM A COMPLAINT AGAINST  
22 AN ORGANIZATION OR PERSON APPOINTED PURSUANT TO SUBSECTION C OR F OF THIS  
23 SECTION ARE CONFIDENTIAL AND ARE NOT PUBLIC RECORDS.

24 Sec. 12. Title 15, chapter 2, article 2, Arizona Revised Statutes, is  
25 amended by adding sections 15-248 and 15-248.01, to read:

26 15-248. Arizona national rankings; annual report

27 A. THE DEPARTMENT OF EDUCATION SHALL COLLECT, EVALUATE AND ASSESS  
28 EXISTING STUDIES AND FINDINGS CONDUCTED BY ANY PUBLIC OR PRIVATE ENTITY ON  
29 THE NATIONAL RANKINGS AND OVERALL QUALITY OF SCHOOLS IN THIS STATE BASED ON  
30 THE FOLLOWING:

31 1. ACADEMIC PRODUCTIVITY AS MEASURED BY ACADEMIC PROGRESS INDICATORS.  
32 THE ACADEMIC PRODUCTIVITY MEASURES SHALL INCLUDE THE AREAS OF READING,  
33 WRITING AND MATHEMATICS AND OTHER ACADEMIC CATEGORIES DETERMINED BY THE  
34 DEPARTMENT.

35 2. RATINGS OF SCHOOL QUALITY BY PARENTS.

36 B. THE DEPARTMENT MAY FURTHER EVALUATE, BUT IS NOT LIMITED TO, THE  
37 FOLLOWING SCHOOL FUNDING ISSUES:

38 1. THE AVERAGE SALARIES OF TEACHERS WHO PROVIDE INSTRUCTION IN SCHOOL  
39 DISTRICTS IN THIS STATE COMPARED TO THE AVERAGE SALARIES OF TEACHERS WITH  
40 SIMILAR LEVELS OF EXPERIENCE AND EDUCATION IN OTHER STATES.

41 2. OTHER FUNDING CATEGORIES DETERMINED BY THE DEPARTMENT.

42 C. FOR THE PURPOSES OF THIS SECTION, STUDIES AND FINDINGS THAT ARE  
43 EVALUATED BY THE DEPARTMENT MAY BE CONDUCTED BY ANY PUBLIC OR PRIVATE ENTITY,  
44 EXCEPT THAT THE DEPARTMENT SHALL RELY ONLY ON RESEARCH IT DETERMINES IS  
45 SCIENTIFICALLY RELIABLE. THE DEPARTMENT MAY REQUEST THAT ADDITIONAL

1 SPECIALIZED RESEARCH BE CONDUCTED BY PUBLIC OR PRIVATE ENTITIES SELECTED BY  
2 THE DEPARTMENT.

3 D. THE DEPARTMENT SHALL SEARCH SCIENTIFIC LITERATURE AND SELECT A  
4 NATIONAL RANKING STUDY OF THE PERFORMANCE OF EACH STATE'S SCHOOLS THAT USED  
5 THE MOST SCIENTIFICALLY SOUND METHODOLOGY IN THE RANKING PROCESS. THE  
6 DEPARTMENT SHALL IDENTIFY ALL THE DATA ELEMENTS USED IN THE STUDY AND SHALL  
7 DUPLICATE THOSE DATA ELEMENTS USING THE MOST RECENT AVAILABLE DATA. THE  
8 DEPARTMENT SHALL ATTEMPT TO IDENTIFY THE CHARACTERISTICS OF THE TOP TEN  
9 RANKED STATES AND THE BOTTOM TEN RANKED STATES IN ALL AREAS THAT IMPACT THE  
10 QUALITY OF EDUCATION.

11 E. THE DEPARTMENT SHALL SUBMIT ELECTRONICALLY AN ANNUAL REPORT ON OR  
12 BEFORE DECEMBER 1 REGARDING ITS FINDINGS TO THE GOVERNOR, THE SPEAKER OF THE  
13 HOUSE OF REPRESENTATIVES AND THE PRESIDENT OF THE SENATE. THE DEPARTMENT  
14 SHALL PROVIDE COPIES OF THIS REPORT TO THE SECRETARY OF STATE AND THE  
15 DIRECTOR OF THE ARIZONA STATE LIBRARY, ARCHIVES AND PUBLIC RECORDS. THE  
16 DEPARTMENT SHALL PRESENT ITS FINDINGS AT A PUBLIC MEETING FOR DISCUSSION AND  
17 ANALYSIS.

18 15-248.01. Task force for measuring academic gains of K-3  
19 pupils

20 A. THE TASK FORCE FOR MEASURING ACADEMIC GAINS OF K-3 PUPILS IS  
21 ESTABLISHED IN THE DEPARTMENT OF EDUCATION CONSISTING OF AT LEAST SEVEN  
22 REPRESENTATIVES FROM THE PARTICIPATING SCHOOLS SELECTED BY THE DEPARTMENT.

23 B. SUBJECT TO THE APPROVAL OF THE DEPARTMENT OF EDUCATION, THE TASK  
24 FORCE SHALL DEVELOP MEASURES AND TASKS ASSOCIATED WITH MEASURING ACADEMIC  
25 GAINS IN MATHEMATICS, READING AND LANGUAGE OF PUPILS IN KINDERGARTEN  
26 PROGRAMS, GRADE ONE, GRADE TWO AND GRADE THREE WITH A GOAL OF REACHING  
27 READING PROFICIENCY BY THE END OF GRADE THREE.

28 C. SCHOOL DISTRICTS AND CHARTER SCHOOLS MAY VOLUNTARILY PARTICIPATE IN  
29 THE MEASUREMENT OF ACADEMIC GAINS DEVELOPED BY THE TASK FORCE PURSUANT TO  
30 THIS SECTION.

31 D. THE DEPARTMENT OF EDUCATION SHALL DEVELOP MECHANISMS TO ALLOW A  
32 SCHOOL DISTRICT OR CHARTER SCHOOL THAT VOLUNTARILY PARTICIPATES IN THE  
33 MEASUREMENT OF ACADEMIC GAINS DEVELOPED BY THE TASK FORCE PURSUANT TO THIS  
34 SECTION TO IMPROVE ITS SCHOOL CLASSIFICATION DESIGNATED PURSUANT TO SECTION  
35 15-241 IF THE SCHOOL DISTRICT'S OR CHARTER SCHOOL'S ACADEMIC GAINS MEET THE  
36 CRITERIA DEVELOPED BY THE DEPARTMENT OF EDUCATION AND APPROVED BY THE STATE  
37 BOARD OF EDUCATION. THE STATE BOARD OF EDUCATION SHALL REVIEW AND APPROVE  
38 THE MECHANISMS DEVELOPED BY THE DEPARTMENT OF EDUCATION.

39 E. THE DEPARTMENT OF EDUCATION SHALL ESTABLISH PROCEDURES TO MAINTAIN  
40 THE INTEGRITY OF THE TESTING PROCESS THAT WILL BE USED TO MEASURE ACADEMIC  
41 GAINS DEVELOPED BY THE TASK FORCE PURSUANT TO THIS SECTION, INCLUDING  
42 PROCEDURES FOR TESTING AND SCORING VALIDITY AND RELIABILITY. THE STATE BOARD  
43 OF EDUCATION SHALL REVIEW AND APPROVE THE TESTING PROCESS DEVELOPED BY THE  
44 TASK FORCE.

1           Sec. 13. Title 15, chapter 2, article 3, Arizona Revised Statutes, is  
2 amended by adding section 15-257, to read:

3           15-257. Employee evaluation system

4           NOTWITHSTANDING SECTION 38-618.01, THE SUPERINTENDENT OF PUBLIC  
5 INSTRUCTION MAY ESTABLISH A SYSTEM TO EVALUATE THE PERFORMANCE OF EMPLOYEES  
6 OF THE DEPARTMENT OF EDUCATION.

7           Sec. 14. Section 15-302, Arizona Revised Statutes, is amended to read:

8           15-302. Powers and duties

9           A. The county school superintendent shall:

10           1. Distribute all laws, reports, circulars, instructions and forms  
11 ~~which~~ THAT he may receive for the use of school officers.

12           2. Record all official acts.

13           3. Appoint governing board members of school districts to fill all  
14 vacancies, but the term of the appointment shall be until the next regular  
15 election for governing board members, at which time a successor shall be  
16 elected to serve the unexpired portion of the term. WITHIN THIRTY DAYS AFTER  
17 NOTIFICATION OF A VACANCY, THE SCHOOL DISTRICT GOVERNING BOARD MAY SUBMIT UP  
18 TO THREE NAMES TO THE COUNTY SCHOOL SUPERINTENDENT FOR CONSIDERATION OF AN  
19 APPOINTMENT TO FILL THE VACANCY. THE COUNTY SCHOOL SUPERINTENDENT IS NOT  
20 REQUIRED TO APPOINT A GOVERNING BOARD MEMBER FROM THE LIST OF NAMES SUBMITTED  
21 BY THE GOVERNING BOARD. The county school superintendent may, if he deems it  
22 in the best interest of the community, MAY call a special election to fill  
23 the vacancies. If an election is called, the newly elected member shall  
24 serve for the remainder of the unexpired portion of the term.

25           4. Make reports, when directed by the superintendent of public  
26 instruction, showing matters relating to schools in his county as may be  
27 required on the forms furnished by the superintendent of public instruction.

28           5. Have such powers and perform such duties as otherwise prescribed by  
29 law.

30           6. On or before October 1 of each year, make a report to the  
31 superintendent of public instruction showing the amount of monies received  
32 from state school funds, special school district taxes and other sources, the  
33 total expenditures for school purposes and the balance on hand to the credit  
34 of each school district at the close of the school year.

35           7. Contract with the board of supervisors for the board of supervisors  
36 to conduct all regular school district elections.

37           8. Be responsible, in cooperation with the governing boards and the  
38 board of supervisors, for all special school district elections.

39           9. Maintain teacher and administrator certification records of  
40 effective dates and expiration dates of teachers' and administrators'  
41 certificates in compliance with guidelines prescribed in the uniform system  
42 of financial records for those school districts for which the county school  
43 superintendent is the fiscal agent. The county school superintendent shall  
44 not draw a warrant in payment of a teacher's, substitute teacher's or  
45 administrator's salary unless the teacher, substitute teacher or

1 administrator is legally certified during the fiscal year in which the term  
2 for payment is demanded.

3 10. Notify a school district three years before the expiration of a  
4 revenue control limit override that the school district's budget must be  
5 adjusted in the final two years of the override pursuant to section 15-481,  
6 subsections P and Q, if the voters do not approve another override.

7 11. In collaboration with the department of education and other state  
8 agencies, provide assistance to school districts and charter schools on the  
9 use of student data, staff development, curriculum alignment and technology  
10 to improve student performance.

11 12. Assist schools in meeting yearly adequate progress goals as defined  
12 by criteria established by the state board of education and implemented by  
13 the department of education.

14 B. At the request of school districts and charter schools, the county  
15 school superintendent may provide discretionary programs in addition to the  
16 programs prescribed in subsection A OF THIS SECTION.

17 C. The county school superintendent may provide the services  
18 prescribed in subsections A and B OF THIS SECTION in the county or jointly  
19 with two or more counties pursuant to title 11, chapter 7, article 3.

20 D. Each county school superintendent may establish an advisory  
21 committee to the office of the county school superintendent.

22 Sec. 15. Section 15-321, Arizona Revised Statutes, is amended to read:  
23 15-321. Organization; election of officers of the board;

24 meetings; execution of warrants; exemption

25 A. For the purpose of organization of the governing board, the board  
26 shall meet at the most convenient public facility in the school district. If  
27 a public facility is not available within the district, the governing board  
28 may meet at any available public facility that is convenient to all governing  
29 board members, regardless of the county or school district in which the  
30 facility is located. The governing board shall meet between January 1 and  
31 January 15 next following the election.

32 B. At the organization meeting the governing board shall elect from  
33 among the membership of the board a president.

34 C. For the purposes of regular meetings of the governing board, the  
35 board shall meet at the most convenient public facility in the school  
36 district. If a public facility is not available within the district, the  
37 governing board may meet at any available public facility that is convenient  
38 to all governing board members, regardless of the county or school district  
39 in which the facility is located.

40 D. The board shall prescribe rules for its own government. It shall  
41 hold a regular meeting at least once each month during the regular school  
42 year and may hold other meetings as often as called. If action has been  
43 taken and documents approved at a meeting, they may be signed subsequently by  
44 individual board members.

1 E. Business shall be conducted at regular or special meetings. Notice  
2 of a special meeting, and of the hour for a regular meeting if no hour is  
3 fixed by a rule of the board, shall be delivered personally or by telephone.

4 ~~F. A majority of the members of a governing board constitutes a quorum~~  
5 ~~for the transaction of business.~~

6 F. NOTWITHSTANDING SECTION 1-216, IF THERE IS A VACANCY OR VACANCIES  
7 ON THE GOVERNING BOARD, A MAJORITY OF THE REMAINING MEMBERS OF THE GOVERNING  
8 BOARD CONSTITUTE A QUORUM FOR THE TRANSACTION OF BUSINESS, EXCEPT THAT A  
9 SINGLE MEMBER OF THE GOVERNING BOARD DOES NOT CONSTITUTE A QUORUM.

10 G. An order on a county school superintendent for a salary or other  
11 expense shall be signed by ~~a majority of~~ the governing board. An order for  
12 salary or other expense may be signed between board meetings if a resolution  
13 to that effect has been passed prior to the signing at a regular or special  
14 meeting of the governing board and the order is ratified by the board at the  
15 next regular or special meeting of the governing board.

16 H. This section does not apply to county school superintendents in the  
17 conduct of an accommodation school.

18 Sec. 16. Section 15-341, Arizona Revised Statutes, is amended to read:

19 15-341. General powers and duties; immunity; delegation

20 A. The governing board shall:

21 1. Prescribe and enforce policies and procedures for the governance of  
22 the schools, not inconsistent with law or rules prescribed by the state board  
23 of education.

24 2. Maintain the schools established by it for the attendance of each  
25 pupil for a period of not less than one hundred seventy-five school days or  
26 two hundred school days, as applicable, or its equivalent as approved by the  
27 superintendent of public instruction for a school district operating on a  
28 year-round operation basis, to offer an educational program on the basis of a  
29 four day school week or to offer an alternative kindergarten program on the  
30 basis of a three day school week, in each school year, and if the funds of  
31 the district are sufficient, for a longer period, and as far as practicable  
32 with equal rights and privileges.

33 3. Exclude from schools all books, publications, papers or audiovisual  
34 materials of a sectarian, partisan or denominational character.

35 4. Manage and control the school property within its district.

36 5. Acquire school furniture, apparatus, equipment, library books and  
37 supplies for the use of the schools.

38 6. Prescribe the curricula and criteria for the promotion and  
39 graduation of pupils as provided in sections 15-701 and 15-701.01.

40 7. Furnish, repair and insure, at full insurable value, the school  
41 property of the district.

42 8. Construct school buildings on approval by a vote of the district  
43 electors.

44 9. Make in the name of the district conveyances of property belonging  
45 to the district and sold by the board.

- 1           10. Purchase school sites when authorized by a vote of the district at  
2 an election conducted as nearly as practicable in the same manner as the  
3 election provided in section 15-481 and held on a date prescribed in section  
4 15-491, subsection E, but such authorization shall not necessarily specify  
5 the site to be purchased and such authorization shall not be necessary to  
6 exchange unimproved property as provided in section 15-342, paragraph 23.
- 7           11. Construct, improve and furnish buildings used for school purposes  
8 when such buildings or premises are leased from the national park service.
- 9           12. Purchase school sites or construct, improve and furnish school  
10 buildings from the proceeds of the sale of school property only on approval  
11 by a vote of the district electors.
- 12           13. Hold pupils to strict account for disorderly conduct on school  
13 property.
- 14           14. Discipline students for disorderly conduct on the way to and from  
15 school.
- 16           15. Except as provided in section 15-1224, deposit all monies received  
17 by the district as gifts, grants and devises with the county treasurer who  
18 shall credit the deposits as designated in the uniform system of financial  
19 records. If not inconsistent with the terms of the gifts, grants and devises  
20 given, any balance remaining after expenditures for the intended purpose of  
21 the monies have been made shall be used for reduction of school district  
22 taxes for the budget year, except that in the case of accommodation schools  
23 the county treasurer shall carry the balance forward for use by the county  
24 school superintendent for accommodation schools for the budget year.
- 25           16. Provide that, if a parent or legal guardian chooses not to accept a  
26 decision of the teacher as provided in section 15-521, paragraph 3- 2, the  
27 parent or legal guardian may request in writing that the governing board  
28 review the teacher's decision. Nothing in this paragraph shall be construed  
29 to release school districts from any liability relating to a child's  
30 promotion or retention.
- 31           17. Provide for adequate supervision over pupils in instructional and  
32 noninstructional activities by certificated or noncertificated personnel.
- 33           18. Use school monies received from the state and county school  
34 apportionment exclusively for payment of salaries of teachers and other  
35 employees and contingent expenses of the district.
- 36           19. Make an annual report to the county school superintendent on or  
37 before October 1 ~~each year~~ in the manner and form and on the blanks  
38 prescribed by the superintendent of public instruction or county school  
39 superintendent. The board shall also make reports directly to the county  
40 school superintendent or the superintendent of public instruction whenever  
41 required.
- 42           20. Deposit all monies received by school districts other than student  
43 activities monies or monies from auxiliary operations as provided in sections  
44 15-1125 and 15-1126 with the county treasurer to the credit of the school  
45 district except as provided in paragraph 21 of this subsection and sections

1 15-1223 and 15-1224, and the board shall expend the monies as provided by law  
2 for other school funds.

3 21. Establish a bank account in which the board during a month may  
4 deposit miscellaneous monies received directly by the district. The board  
5 shall remit monies deposited in the bank account at least monthly to the  
6 county treasurer for deposit as provided in paragraph 20 of this subsection  
7 and in accordance with the uniform system of financial records.

8 22. Employ an attorney admitted to practice in this state whose  
9 principal practice is in the area of commercial real estate, or a real estate  
10 broker who is licensed by this state and who is employed by a reputable  
11 commercial real estate company, to negotiate a lease of five or more years  
12 for the school district if the governing board decides to enter into a lease  
13 of five or more years as lessor of school buildings or grounds as provided in  
14 section 15-342, paragraph 7 or 10. Any lease of five or more years  
15 negotiated pursuant to this paragraph shall provide that the lessee is  
16 responsible for payment of property taxes pursuant to the requirements of  
17 section 42-11104.

18 23. Prescribe and enforce policies and procedures for disciplinary  
19 action against a teacher who engages in conduct that is a violation of the  
20 policies of the governing board but that is not cause for dismissal of the  
21 teacher or for revocation of the certificate of the teacher. Disciplinary  
22 action may include suspension without pay for a period of time not to exceed  
23 ten school days. Disciplinary action shall not include suspension with pay  
24 or suspension without pay for a period of time longer than ten school days.  
25 The procedures shall include notice, hearing and appeal provisions for  
26 violations that are cause for disciplinary action. The governing board may  
27 designate a person or persons to act on behalf of the board on these matters.

28 24. Prescribe and enforce policies and procedures for disciplinary  
29 action against an administrator who engages in conduct that is a violation of  
30 the policies of the governing board regarding duties of administrators but  
31 that is not cause for dismissal of the administrator or for revocation of the  
32 certificate of the administrator. Disciplinary action may include suspension  
33 without pay for a period of time not to exceed ten school days. Disciplinary  
34 action shall not include suspension with pay or suspension without pay for a  
35 period of time longer than ten school days. The procedures shall include  
36 notice, hearing and appeal provisions for violations that are cause for  
37 disciplinary action. The governing board may designate a person or persons  
38 to act on behalf of the board on these matters. For violations that are  
39 cause for dismissal, the provisions of notice, hearing and appeal in chapter  
40 5, article 3 of this title shall apply. The filing of a timely request for a  
41 hearing suspends the imposition of a suspension without pay or a dismissal  
42 pending completion of the hearing.

43 25. Notwithstanding section 13-3108, prescribe and enforce policies and  
44 procedures that prohibit a person from carrying or possessing a weapon on

1 school grounds unless the person is a peace officer or has obtained specific  
2 authorization from the school administrator.

3 26. Prescribe and enforce policies and procedures relating to the  
4 health and safety of all pupils participating in district sponsored practice  
5 sessions, games or other interscholastic athletic activities, including the  
6 provision of water.

7 27. Prescribe and enforce policies and procedures regarding the smoking  
8 of tobacco within school buildings. The policies and procedures shall be  
9 adopted in consultation with school district personnel and members of the  
10 community and shall state whether smoking is prohibited in school buildings.  
11 If smoking in school buildings is not prohibited, the policies and procedures  
12 shall clearly state the conditions and circumstances under which smoking is  
13 permitted, those areas in a school building that may be designated as smoking  
14 areas and those areas in a school building that may not be designated as  
15 smoking areas.

16 28. Establish an assessment, data gathering and reporting system as  
17 prescribed in chapter 7, article 3 of this title.

18 29. Provide special education programs and related services pursuant to  
19 section 15-764, subsection A to all children with disabilities as defined in  
20 section 15-761.

21 30. Administer competency tests prescribed by the state board of  
22 education for the graduation of pupils from high school.

23 31. Secure insurance coverage for all construction projects for  
24 purposes of general liability, property damage and workers' compensation and  
25 secure performance and payment bonds for all construction projects.

26 32. Keep on file the resumes of all current and former employees who  
27 provide instruction to pupils at a school. Resumes shall include an  
28 individual's educational and teaching background and experience in a  
29 particular academic content subject area. A school district shall inform  
30 parents and guardians of the availability of the resume information and shall  
31 make the resume information available for inspection on request of parents  
32 and guardians of pupils enrolled at a school. Nothing in this paragraph  
33 shall be construed to require any school to release personally identifiable  
34 information in relation to any teacher or employee, including the teacher's  
35 or employee's address, salary, social security number or telephone number.

36 33. Report to local law enforcement agencies any suspected crime  
37 against a person or property that is a serious offense as defined in section  
38 13-706 or that involves a deadly weapon or dangerous instrument or serious  
39 physical injury and any conduct that poses a threat of death or serious  
40 physical injury to employees, students or anyone on the property of the  
41 school. This paragraph does not limit or preclude the reporting by a school  
42 district or an employee of a school district of suspected crimes other than  
43 those required to be reported by this paragraph. For the purposes of this  
44 paragraph, "dangerous instrument", "deadly weapon" and "serious physical  
45 injury" have the same meanings prescribed in section 13-105.

1           34. In conjunction with local law enforcement agencies and local  
2 medical facilities, develop an emergency response plan for each school in the  
3 school district in accordance with minimum standards developed jointly by the  
4 department of education and the division of emergency management within the  
5 department of emergency and military affairs.

6           35. Annually assign at least one school district employee to  
7 participate in a multihazard crisis training program developed or selected by  
8 the governing board.

9           36. Provide written notice to the parents or guardians of all students  
10 affected in the school district at least thirty days prior to a public  
11 meeting to discuss closing a school within the school district. The notice  
12 shall include the reasons for the proposed closure and the time and place of  
13 the meeting. The governing board shall fix a time for a public meeting on  
14 the proposed closure no less than thirty days before voting in a public  
15 meeting to close the school. The school district governing board shall give  
16 notice of the time and place of the meeting. At the time and place  
17 designated in the notice, the school district governing board shall hear  
18 reasons for or against closing the school. The school district governing  
19 board is exempt from this paragraph if it is determined by the governing  
20 board that the school shall be closed because it poses a danger to the health  
21 or safety of the pupils or employees of the school.

22           37. Incorporate instruction on Native American history into appropriate  
23 existing curricula.

24           38. Prescribe and enforce policies and procedures allowing pupils who  
25 have been diagnosed with anaphylaxis by a health care provider licensed  
26 pursuant to title 32, chapter 13, 14, 17 or 25 or by a registered nurse  
27 practitioner licensed and certified pursuant to title 32, chapter 15 to carry  
28 and self-administer emergency medications, including auto-injectable  
29 epinephrine, while at school and at school sponsored activities. The pupil's  
30 name on the prescription label on the medication container or on the  
31 medication device and annual written documentation from the pupil's parent or  
32 guardian to the school that authorizes possession and self-administration is  
33 sufficient proof that the pupil is entitled to the possession and  
34 self-administration of the medication. The policies shall require a pupil  
35 who uses auto-injectable epinephrine while at school and at school sponsored  
36 activities to notify the nurse or the designated school staff person of the  
37 use of the medication as soon as practicable. A school district and its  
38 employees are immune from civil liability with respect to all decisions made  
39 and actions taken that are based on good faith implementation of the  
40 requirements of this paragraph, except in cases of wanton or wilful neglect.

41           39. Allow the possession and self-administration of prescription  
42 medication for breathing disorders in handheld inhaler devices by pupils who  
43 have been prescribed that medication by a health care professional licensed  
44 pursuant to title 32. The pupil's name on the prescription label on the  
45 medication container or on the handheld inhaler device and annual written

1 documentation from the pupil's parent or guardian to the school that  
2 authorizes possession and self-administration shall be sufficient proof that  
3 the pupil is entitled to the possession and self-administration of the  
4 medication. A school district and its employees are immune from civil  
5 liability with respect to all decisions made and actions taken that are based  
6 on a good faith implementation of the requirements of this paragraph.

7 40. Prescribe and enforce policies and procedures to prohibit pupils  
8 from harassing, intimidating and bullying other pupils on school grounds, on  
9 school property, on school buses, at school bus stops and at school sponsored  
10 events and activities that include the following components:

11 (a) A procedure for pupils to confidentially report to school  
12 officials incidents of harassment, intimidation or bullying.

13 (b) A procedure for parents and guardians of pupils to submit written  
14 reports to school officials of suspected incidents of harassment,  
15 intimidation or bullying.

16 (c) A requirement that school district employees report suspected  
17 incidents of harassment, intimidation or bullying to the appropriate school  
18 official.

19 (d) A formal process for the documentation of reported incidents of  
20 harassment, intimidation or bullying, except that no documentation shall be  
21 maintained unless the harassment, intimidation or bullying has been proven.

22 (e) A formal process for the investigation by the appropriate school  
23 officials of suspected incidents of harassment, intimidation or bullying.

24 (f) Disciplinary procedures for pupils who have admitted or been found  
25 to have committed incidents of harassment, intimidation or bullying.

26 (g) A procedure that sets forth consequences for submitting false  
27 reports of incidents of harassment, intimidation or bullying.

28 41. Prescribe and enforce policies and procedures regarding changing or  
29 adopting attendance boundaries that include the following components:

30 (a) A procedure for holding public meetings to discuss attendance  
31 boundary changes or adoptions that allows public comments.

32 (b) A procedure to notify the parents or guardians of the students  
33 affected.

34 (c) A procedure to notify the residents of the households affected by  
35 the attendance boundary changes.

36 (d) A process for placing public meeting notices and proposed maps on  
37 the school district's website for public review, if the school district  
38 maintains a website.

39 (e) A formal process for presenting the attendance boundaries of the  
40 affected area in public meetings that allows public comments.

41 (f) A formal process for notifying the residents and parents or  
42 guardians of the affected area as to the decision of the governing board on  
43 the school district's website, if the school district maintains a website.

44 (g) A formal process for updating attendance boundaries on the school  
45 district's website within ninety days of an adopted boundary change. The

1 school district shall send a direct link to the school district's attendance  
2 boundaries website to the department of real estate.

3 (h) If the land that a school was built on was donated within the past  
4 five years, a formal process to notify the entity that donated the land  
5 affected by the decision of the governing board.

6 42. If the state board of education determines that the school district  
7 has committed an overexpenditure as defined in section 15-107, provide a copy  
8 of the fiscal management report submitted pursuant to section 15-107,  
9 subsection H on its website and make copies available to the public on  
10 request. The school district shall comply with a request within five  
11 business days after receipt.

12 B. Notwithstanding subsection A, paragraphs 8, 10 and 12 of this  
13 section, the county school superintendent may construct, improve and furnish  
14 school buildings or purchase or sell school sites in the conduct of an  
15 accommodation school.

16 C. If any school district acquires real or personal property, whether  
17 by purchase, exchange, condemnation, gift or otherwise, the governing board  
18 shall pay to the county treasurer any taxes on the property that were unpaid  
19 as of the date of acquisition, including penalties and interest. The lien  
20 for unpaid delinquent taxes, penalties and interest on property acquired by a  
21 school district:

22 1. Is not abated, extinguished, discharged or merged in the title to  
23 the property.

24 2. Is enforceable in the same manner as other delinquent tax liens.

25 D. The governing board may not locate a school on property that is  
26 less than one-fourth mile from agricultural land regulated pursuant to  
27 section 3-365, except that the owner of the agricultural land may agree to  
28 comply with the buffer zone requirements of section 3-365. If the owner  
29 agrees in writing to comply with the buffer zone requirements and records the  
30 agreement in the office of the county recorder as a restrictive covenant  
31 running with the title to the land, the school district may locate a school  
32 within the affected buffer zone. The agreement may include any stipulations  
33 regarding the school, including conditions for future expansion of the school  
34 and changes in the operational status of the school that will result in a  
35 breach of the agreement.

36 E. A school district, its governing board members, its school council  
37 members and its employees are immune from civil liability for the  
38 consequences of adoption and implementation of policies and procedures  
39 pursuant to subsection A of this section and section 15-342. This waiver  
40 does not apply if the school district, its governing board members, its  
41 school council members or its employees are guilty of gross negligence or  
42 intentional misconduct.

43 F. A governing board may delegate in writing to a superintendent,  
44 principal or head teacher the authority to prescribe procedures that are  
45 consistent with the governing board's policies.

1 G. Notwithstanding any other provision of this title, a school  
2 district governing board shall not take any action that would result in an  
3 ~~immediate reduction or a reduction within three years~~ of pupil square footage  
4 ~~that would cause the school district to fall below the minimum adequate gross~~  
5 ~~square footage requirements prescribed in section 15-2011, subsection C,~~  
6 unless the governing board notifies the school facilities board established  
7 by section 15-2001 of the proposed action and receives written approval from  
8 the school facilities board to take the action. A reduction includes an  
9 increase in administrative space that results in a reduction of pupil square  
10 footage or sale of school sites or buildings, or both. A reduction includes  
11 a reconfiguration of grades that results in a reduction of pupil square  
12 footage of any grade level. This subsection does not apply to temporary  
13 reconfiguration of grades to accommodate new school construction if the  
14 temporary reconfiguration does not exceed one year. The sale of equipment  
15 that results in an ~~immediate reduction or a reduction within three years~~ that  
16 falls below the equipment requirements prescribed in section 15-2011,  
17 subsection B is subject to commensurate withholding of school district  
18 capital outlay revenue limit monies pursuant to the direction of the school  
19 facilities board. Except as provided in section 15-342, paragraph 10,  
20 proceeds from the sale of school sites, buildings or other equipment shall be  
21 deposited in the school plant fund as provided in section 15-1102.

22 H. Subsections C through G of this section apply to a county board of  
23 supervisors and a county school superintendent when operating and  
24 administering an accommodation school.

25 I. Until the state board of education and the auditor general adopt  
26 rules pursuant to section 15-213, subsection I, a school district may procure  
27 construction services, including services for new school construction  
28 pursuant to section 15-2041, by the construction-manager-at-risk,  
29 design-build and job-order-contracting methods of project delivery as  
30 provided in title 41, chapter 23, except that the rules adopted by the  
31 director of the department of administration do not apply to procurements  
32 pursuant to this subsection. Any procurement commenced pursuant to this  
33 subsection may be completed pursuant to this subsection.

34 Sec. 17. Section 15-382, Arizona Revised Statutes, is amended to read:  
35 15-382. Authorization to self-insure; pooling agreements; joint  
36 agreements; trustees; liability coverage and pool  
37 requirements; remedies; definition

38 A. The school district governing board may determine that  
39 self-insurance is necessary or desirable in the best interest of the district  
40 and may provide for a self-insurance program or programs for the district  
41 including risk management consultation. Any risk management consultant or  
42 insurance administrator employed by a school district governing board must be  
43 licensed under title 20, chapter 2, article 3 or 9, and such license shall be  
44 verified by the school district governing board prior to employment.

45 B. The school district governing board may:

1           1. Enter into intergovernmental agreements or contracts with pools  
2 operated pursuant to section 11-952.01 for participation in programs offered  
3 by public agency pools. In addition to the joint purchasing of insurance or  
4 reinsurance or the pooling of the retention of risks for property, fidelity  
5 and liability losses, these programs may include the joint purchasing of  
6 health benefits plan, life or disability insurance, prepaid legal insurance  
7 or the pooling of the retention of their risks of losses for health,  
8 accident, life or disability claims or the provision of the health and  
9 medical services enumerated in section 36-2907.

10           2. Separately contract with a trustee or board of trustees that  
11 provides a common self-insurance program or programs with pooled funds and  
12 risks to more than one district, a community college district formed pursuant  
13 to ~~title 15, chapter 12, article 3~~ OF THIS TITLE or an association of school  
14 districts within this state that is funded by member school districts  
15 pursuant to section 15-342, paragraph 8 OR A POOL CREATED FOR AND OPERATED  
16 SOLELY FOR CHARTER SCHOOLS PURSUANT TO SECTION 11-952.01. BEGINNING JANUARY  
17 1, 2010, A TRUSTEE, BOARD OF TRUSTEES OR POOL THAT CONTRACTS WITH A SCHOOL  
18 DISTRICT GOVERNING BOARD OR CHARTER SCHOOL PURSUANT TO THIS PARAGRAPH SHALL  
19 COMPLY WITH TITLE 38, CHAPTER 3, ARTICLE 3.1, TITLE 39, CHAPTER 1 AND SECTION  
20 11-952.01, SUBSECTIONS M AND N.

21           3. Enter into cooperative procurement agreements with other districts  
22 pursuant to rules adopted pursuant to section 15-213 to participate in  
23 programs for either self-insurance or the joint purchase of insurance.

24           4. Separately establish a self-insurance program solely for its  
25 district.

26           C. If the school district governing board, either alone or in  
27 combination with another school district or an association of school  
28 districts in this state that is funded by member school districts pursuant to  
29 section 15-342, paragraph 8, establishes a self-insurance program, the  
30 governing board or an association of school districts shall place all funds  
31 into a trust to be used for payment of uninsured losses, claims, defense  
32 costs, costs of training designed to reduce losses and claims, the cost of  
33 related employee benefits including wellness programs, life, disability and  
34 other fully and partially insured group insurance plans, programs that allow  
35 for participation in a cafeteria plan that meets the requirements of the  
36 United States internal revenue code of 1986, costs of administration and  
37 other related expenses. If a member of the governing board or employee of  
38 the school district is acting as a trustee, the trust shall be administered  
39 by at least five joint trustees, of whom no more than one may be a member of  
40 the governing board and no more than one may be an employee of the school  
41 district. Funds budgeted for self-insurance programs shall be subject to  
42 district budgetary requirements, including but not limited to the  
43 requirements that the funds be budgeted within the maintenance and operation  
44 section and the budget limitation on increases as prescribed in section  
45 15-905. The funds, upon being placed in the trust, shall not lapse at the

1 close of the fiscal year, except that any cash balance remaining after  
2 termination of the program and settlement of all outstanding claims shall be  
3 used for reduction of school district taxes for the budget year. The  
4 trustees of the trust must be bonded, a stop-loss provision must be  
5 incorporated in the trust agreement, and an annual audit must be performed by  
6 a certified public accountant and a copy of the report kept on file in the  
7 district office for a period of not less than five years.

8 D. If the self-insurance is for liability losses, excess liability  
9 coverage or reinsurance must be obtained as follows:

10 1. For a single school district, the coverage may include an annual  
11 aggregate limit of no more than three million dollars and the maximum  
12 retention per occurrence shall be one-half of one per cent of the district's  
13 maintenance and operation budget.

14 2. For a pool, the coverage may include an annual aggregate limit set  
15 by the pool and the maximum retention per occurrence shall not exceed  
16 one-half of one per cent of the combined maintenance and operation budgets of  
17 the districts in the pool.

18 E. "Self-insurance program" as used in this section means programs  
19 established and wholly or partially funded by the school district governing  
20 board. Self-insurance programs shall not include a decision by the governing  
21 board not to carry insurance upon a particular risk or risks.

22 Sec. 18. Repeal

23 Section 15-509, Arizona Revised Statutes, is repealed.

24 Sec. 19. Section 15-521, Arizona Revised Statutes, is amended to read:

25 15-521. Duties of teachers

26 Every teacher shall:

27 1. Hold pupils to strict account for disorderly conduct.

28 ~~2. Keep a school register, which the governing board shall carefully~~  
29 ~~preserve as one of the records of the school.~~

30 2. TAKE AND MAINTAIN DAILY CLASSROOM ATTENDANCE.

31 3. Make the decision to promote or retain a pupil in grade in a common  
32 school or to pass or fail a pupil in a course in high school. Such decisions  
33 may be overturned only as provided in section 15-342, paragraph 11.

34 4. Comply with all rules and policies of the governing board that  
35 relate to the duties prescribed in this section.

36 Sec. 20. Section 15-532, Arizona Revised Statutes, is amended to read:

37 15-532. Examination on state and United States constitutions;  
38 exemption; intergovernmental agreement or contract  
39 for administration and evaluation

40 A. A person applying for a certificate authorizing the person to  
41 become superintendent, principal or teacher in a school shall, in addition to  
42 fingerprinting and other requirements, SHALL either complete the required  
43 classes or pass a satisfactory examination upon ON the provisions and  
44 principles of the Constitutions of the United States and Arizona.



1 C. The state board of education may review and determine whether to  
2 renew or not issue a certificate to an applicant for certification on a  
3 finding that the applicant engaged in conduct that is immoral or  
4 unprofessional or engaged in conduct that would warrant disciplinary action  
5 if the person had been certified at the time that the alleged conduct  
6 occurred. The board shall prescribe guidelines for this process.

7 D. The state board of education may take disciplinary action against  
8 or not renew the certificate of a person on a finding that the certificated  
9 person engaged in conduct that is immoral or unprofessional or engaged in  
10 conduct that would warrant disciplinary action if the person had been  
11 certified at the time that the alleged conduct occurred. The board shall  
12 prescribe guidelines for this process.

13 E. The department of education may issue conditional certification  
14 before an applicant has obtained a valid fingerprint clearance card. A  
15 conditional certificate may be used only for employment in the school  
16 district that submits an application to the department of education for  
17 conditional certification pursuant to this subsection. The state board of  
18 education may revoke conditional certification if the information on the  
19 application for a conditional certificate is false or incomplete, the  
20 applicant is denied a fingerprint clearance card or the conditional  
21 certificate is used for employment in a school district other than the school  
22 district that is indicated on the application for conditional certification.  
23 In addition to any other conditions or requirements deemed necessary by the  
24 superintendent of public instruction to protect the health and safety of  
25 pupils, conditional certification shall be issued before the applicant  
26 obtains a fingerprint clearance card if all of the following conditions are  
27 met:

28 1. The school district that is seeking to hire the applicant verifies  
29 in writing on a form developed by the department of education the necessity  
30 for hiring and placement of the applicant before a fingerprint check is  
31 completed.

32 2. The school district that is seeking to hire the applicant performs  
33 all of the following:

34 (a) Ensures that the department of public safety completes a statewide  
35 criminal records check on the applicant. A statewide criminal records check  
36 shall be completed by the department of public safety every one hundred  
37 twenty days until the date that the fingerprint check is completed.

38 (b) Completes a search of criminal records in all local jurisdictions  
39 outside of this state in which the applicant has lived in the previous five  
40 years.

41 (c) Obtains references from the applicant's current employer and two  
42 most recent previous employers except for applicants who have been employed  
43 for at least five years by the applicant's most recent employer.

44 (d) Provides general supervision of the applicant until the applicant  
45 receives permanent certification from the department of education.

1 F. Before employment, schools or school districts shall verify the  
2 certification and fingerprint status of applicants who apply for school or  
3 school district positions that require certification.

4 G. Any person who participates in a teacher preparation program that  
5 is approved by the state board OF EDUCATION or any person who is contracted  
6 by this state, by a school district or by a charter school to provide  
7 tutoring services shall obtain a fingerprint clearance card pursuant to this  
8 section before the person participates in field experience in which services  
9 will be provided directly to pupils. A PERSON WHO PARTICIPATES IN A TEACHER  
10 PREPARATION PROGRAM AND WHO DOES NOT PARTICIPATE IN FIELD EXPERIENCE OR  
11 STUDENT TEACHING IN THIS STATE SHALL NOT BE REQUIRED TO OBTAIN A FINGERPRINT  
12 CLEARANCE CARD PURSUANT TO THIS SECTION.

13 H. The state board of education shall notify the department of public  
14 safety if the state board of education receives credible evidence that a  
15 person who possesses a valid fingerprint clearance card either:

16 1. Is arrested for or charged with an offense listed in section  
17 41-1758.03, subsection B.

18 2. Falsified information on the form required by subsection A of this  
19 section.

20 I. A person who makes a false statement, representation or  
21 certification in any application for certification is guilty of a class 3  
22 misdemeanor.

23 Sec. 22. Section 15-534.01, Arizona Revised Statutes, is amended to  
24 read:

25 15-534.01. Withdrawal of applications for administrative  
26 deficiencies; denial of applications for  
27 substantive deficiencies; certification timeframes

28 A. If an application for certification is administratively incomplete,  
29 as prescribed in title 41, chapter 6, article 7.1, the department of  
30 education or the state board of education shall issue a written notice  
31 requesting the applicant to supply missing documents or other information.  
32 The department of education shall consider an application for certification  
33 withdrawn if, within sixty days after the date of the notice, the applicant  
34 does not supply the documentation or information requested or does not  
35 provide reasonable documented justification for the delay. On receipt of  
36 documented justification, the department of education shall provide an  
37 additional thirty days for the requested documentation or information to be  
38 provided before considering an application withdrawn.

39 B. If an application for certification is substantively incomplete, as  
40 prescribed in title 41, chapter 6, article 7.1, the department of education  
41 or the state board of education may issue a written notice requesting the  
42 applicant to supply additional documents or other information. The state  
43 board of education OR THE DEPARTMENT OF EDUCATION shall deny an application  
44 for certification if, within sixty days after the date of the notice, the  
45 applicant does not supply the documentation or information requested.

1 C. If the final day of a deadline imposed by this section falls on a  
2 Saturday, Sunday or other legal holiday, the next business day is the final  
3 day of the deadline.

4 D. A notice of denial of an application for certification issued by  
5 the state board of education OR THE DEPARTMENT OF EDUCATION pursuant to  
6 subsection B of this section shall comply with section 41-1076.

7 E. A person who has had an application for certification denied by the  
8 state board of education OR THE DEPARTMENT OF EDUCATION pursuant to  
9 subsection B of this section may file a written request for a hearing with  
10 the state board of education within fifteen days after receiving the notice  
11 of denial. The appeal shall be conducted in accordance with title 41,  
12 chapter 6, article 6.

13 Sec. 23. Section 15-701.01, Arizona Revised Statutes, is amended to  
14 read:

15 15-701.01. High school; graduation; requirements; community  
16 college or university courses; transfer from  
17 private schools; academic credit

18 A. The state board of education shall:

19 1. Prescribe a minimum course of study, as defined in section 15-101  
20 and incorporating the academic standards adopted by the state board of  
21 education, for the graduation of pupils from high school.

22 2. Prescribe competency requirements for the graduation of pupils from  
23 high school incorporating the academic standards in at least the areas of  
24 reading, writing, mathematics, science and social studies.

25 3. Develop and adopt competency tests pursuant to section 15-741 for  
26 the graduation of pupils from high school in at least the areas of reading,  
27 writing and mathematics and shall establish passing scores for each such  
28 test. FOR THE PURPOSES OF SATISFYING THE GRADUATION REQUIREMENTS OF THIS  
29 PARAGRAPH, A MINIMUM SCORE AS DETERMINED BY THE STATE BOARD OF EDUCATION ON  
30 ONE OR MORE NATIONALLY RECOGNIZED COLLEGE ENTRANCE EXAMINATIONS SELECTED BY  
31 THE STATE BOARD OF EDUCATION, IF EXAMINATION INFORMATION MAY BE ACCESSED AT  
32 NO COST TO THIS STATE, MAY BE SUBSTITUTED FOR PASSING SCORES ON THE ARIZONA  
33 INSTRUMENT TO MEASURE STANDARDS TEST IF A PUPIL WHO IS IN GRADE TWELVE HAS  
34 PREVIOUSLY TAKEN THE ARIZONA INSTRUMENT TO MEASURE STANDARDS TEST AT EACH  
35 ADMINISTRATION OF THE TEST. A pupil shall not be required to pass the  
36 competency test required in this paragraph to graduate from high school if  
37 the pupil transfers into the district from out-of-state and has successfully  
38 passed a statewide assessment test on state adopted standards that are  
39 substantially equivalent to the state board adopted academic standards.

40 B. If the state board of education adopts a competency test as a  
41 graduation requirement for a child with a disability as defined in section  
42 15-761 or a child who receives special education pursuant to section 15-763,  
43 pupils with individualized education programs shall not be required to  
44 achieve passing scores on competency tests in order to graduate from high  
45 school unless the pupil is learning at a level appropriate for the pupil's

1 grade level in a specific academic area and unless passing scores on a  
2 competency test are specifically required in a specific academic area by the  
3 pupil's individualized education program as mutually agreed on by the pupil's  
4 parents and the pupil's individualized education program team or the pupil,  
5 if the pupil is at least eighteen years of age. These competency tests shall  
6 be administered to pupils in a manner prescribed in the pupil's  
7 individualized education program, and school districts and charter schools  
8 shall make specific and appropriate accommodations for pupils with  
9 individualized education programs. Pupils with section 504 plans as defined  
10 in section 15-731 shall not be required to achieve passing scores on  
11 competency tests in order to graduate from high school unless the pupil is  
12 learning at a level appropriate for the pupil's grade level in a specific  
13 academic area and unless passing scores on a competency test are specifically  
14 required in a specific academic area by the pupil's section 504 plan that is  
15 developed in consultation with the pupil's parents. These competency tests  
16 shall be administered to pupils in a manner prescribed in the pupil's section  
17 504 plan, and school districts and charter schools shall make specific and  
18 appropriate accommodations for pupils with a section 504 plan. A pupil with  
19 an individualized education program or a section 504 plan who graduates from  
20 high school but who is not required to achieve a passing score on a  
21 competency test in order to graduate from high school shall receive the  
22 standard diploma issued by the school district or charter school.

23 C. The governing board of a school district shall:

24 1. Prescribe curricula that include the academic standards in the  
25 required subject areas pursuant to subsection A, paragraph 1 of this section.

26 2. Prescribe criteria for the graduation of pupils from the high  
27 schools in the school district. These criteria shall include accomplishment  
28 of the academic standards in at least reading, writing, mathematics, science  
29 and social studies, as determined by district assessment. Other criteria may  
30 include additional measures of academic achievement and attendance.

31 D. The governing board may prescribe the course of study and  
32 competency requirements for the graduation of pupils from high school ~~which~~  
33 THAT are in addition to or higher than the course of study and competency  
34 requirements which the state board prescribes.

35 E. The governing board may prescribe competency requirements for the  
36 passage of pupils in courses ~~which~~ THAT are required for graduation from high  
37 school.

38 F. A teacher shall determine whether to pass or fail a pupil in a  
39 course in high school as provided in section 15-521, paragraph 3 on the basis  
40 of the competency requirements, if any have been prescribed. The governing  
41 board, if it reviews the decision of a teacher to pass or fail a pupil in a  
42 course in high school as provided in section 15-342, paragraph 11, shall base  
43 its decision on the competency requirements, if any have been prescribed.

44 G. Graduation requirements established by the governing board may be  
45 met by a pupil who passes courses in the required or elective subjects at a

1 community college or university, if the course is at a higher level than the  
2 course taught in the high school attended by the pupil or, if the course is  
3 not taught in the high school, the level of the course is equal to or higher  
4 than the level of a high school course. The governing board shall determine  
5 if the subject matter of the community college or university course is  
6 appropriate to the specific requirement the pupil intends it to fulfill and  
7 if the level of the community college or university course is less than,  
8 equal to or higher than a high school course, and the governing board shall  
9 award one-half of a carnegie unit for each three semester hours of credit the  
10 pupil earns in an appropriate community college or university course. If a  
11 pupil is not satisfied with the decision of the governing board regarding the  
12 amount of credit granted or the subjects for which credit is granted, the  
13 pupil may request that the state board of education review the decision of  
14 the governing board, and the state board shall make the final determination  
15 of the amount of credit to be given the pupil and for which subjects. The  
16 governing board shall not limit the number of credits that is required for  
17 high school graduation and that may be met by taking community college or  
18 university courses. For the purposes of this subsection:

19 1. "Community college" means an educational institution that is  
20 operated by a community college district as defined in section 15-1401 or a  
21 postsecondary educational institution under the jurisdiction of an Indian  
22 tribe recognized by the United States department of the interior.

23 2. "University" means a university under the jurisdiction of the  
24 Arizona board of regents.

25 H. A pupil who transfers from a private school shall be provided with  
26 a list that indicates those credits that have been accepted and denied by the  
27 school district. A pupil may request to take an examination in each  
28 particular course in which credit has been denied. The school district shall  
29 accept the credit for each particular course in which the pupil takes an  
30 examination and receives a passing score on a test designed and evaluated by  
31 a teacher in the school district who teaches the subject matter on which the  
32 examination is based. In addition to the above requirements, the governing  
33 board of a school district may prescribe requirements for the acceptance of  
34 the credits of pupils who transfer from a private school.

35 I. If a pupil who was previously enrolled in a charter school or  
36 school district enrolls in a school district in this state, the school  
37 district shall accept credits earned by the pupil in courses or instructional  
38 programs at the charter school or school district. The governing board of a  
39 school district may adopt a policy concerning the application of transfer  
40 credits for the purpose of DETERMINING whether a credit earned by a pupil who  
41 was previously enrolled in a school district or charter school will be  
42 assigned as an elective or core credit.

43 J. A pupil who transfers from a charter school or school district  
44 shall be provided with a list that indicates which credits have been accepted  
45 as an elective credit and which credits have been accepted as a core credit

1 by the school district. Within ten school days after receiving the list, a  
2 pupil may request to take an examination in each particular course in which  
3 core credit has been denied. The school district shall accept the credit as  
4 a core credit for each particular course in which the pupil takes an  
5 examination and receives a passing score on a test designed and evaluated by  
6 a teacher in the school district who teaches the subject matter on which the  
7 examination is based.

8 K. The state board of education shall adopt rules to allow high school  
9 pupils who can demonstrate competency in a particular academic course or  
10 subject to obtain academic credit for the course or subject without enrolling  
11 in the course or subject.

12 Sec. 24. Section 15-761, Arizona Revised Statutes, is amended to read:

13 15-761. Definitions

14 In this article, unless the context otherwise requires:

15 1. "Autism" means a developmental disability that significantly  
16 affects verbal and nonverbal communication and social interaction and that  
17 adversely affects educational performance. Characteristics include  
18 irregularities and impairments in communication, engagement in repetitive  
19 activities and stereotyped movements, resistance to environmental change or  
20 change in daily routines and unusual responses to sensory experiences.  
21 Autism does not include children with characteristics of emotional disability  
22 as defined in this section.

23 2. "Child with a disability":

24 (a) Means a child who is at least three years but less than twenty-two  
25 years of age, who has been evaluated pursuant to section 15-766 and found to  
26 have at least one of the following disabilities and who, because of the  
27 disability, needs special education and related services:

28 (i) Autism.

29 (ii) DEVELOPMENTAL DELAY.

30 ~~(iii)~~ (iii) Emotional disability.

31 ~~(iii)~~ (iv) Hearing impairment.

32 ~~(iv)~~ (v) Other health impairments.

33 ~~(v)~~ (vi) Specific learning disability.

34 ~~(vi)~~ (vii) Mild, moderate or severe mental retardation.

35 ~~(vii)~~ (viii) Multiple disabilities.

36 ~~(viii)~~ (ix) Multiple disabilities with severe sensory impairment.

37 ~~(ix)~~ (x) Orthopedic impairment.

38 ~~(x)~~ ~~Preschool moderate delay.~~

39 (xi) Preschool severe delay.

40 ~~(xii)~~ ~~Preschool speech/language delay.~~

41 ~~(xiii)~~ (xii) Speech/language impairment.

42 ~~(xiv)~~ (xiii) Traumatic brain injury.

43 ~~(xv)~~ (xiv) Visual impairment.

44 (b) Does not include a child if the determinant factor for the  
45 classification is one or more of the following:

- 1 (i) A lack of appropriate instruction in reading, including essential  
2 components of reading instruction.
- 3 (ii) A lack of appropriate instruction in mathematics.
- 4 (iii) Difficulty in writing, speaking or understanding the English  
5 language due to an environmental background in which a language other than  
6 English is primarily or exclusively used.
- 7 3. "DEVELOPMENTAL DELAY" MEANS PERFORMANCE BY A CHILD WHO IS AT LEAST  
8 THREE YEARS OF AGE BUT UNDER TEN YEARS OF AGE ON A NORM-REFERENCED TEST THAT  
9 MEASURES AT LEAST ONE AND ONE-HALF, BUT NOT MORE THAN THREE, STANDARD  
10 DEVIATIONS BELOW THE MEAN FOR CHILDREN OF THE SAME CHRONOLOGICAL AGE IN TWO  
11 OR MORE OF THE FOLLOWING AREAS:
- 12 (a) COGNITIVE DEVELOPMENT.
- 13 (b) PHYSICAL DEVELOPMENT.
- 14 (c) COMMUNICATION DEVELOPMENT.
- 15 (d) SOCIAL OR EMOTIONAL DEVELOPMENT.
- 16 (e) ADAPTIVE DEVELOPMENT.
- 17 THE RESULTS OF THE NORM-REFERENCED MEASURE MUST BE CORROBORATED BY  
18 INFORMATION FROM A COMPREHENSIVE DEVELOPMENT ASSESSMENT AND FROM PARENTAL  
19 INPUT, IF AVAILABLE, AS MEASURED BY A JUDGMENT BASED ASSESSMENT OR SURVEY.  
20 IF THERE IS A DISCREPANCY BETWEEN THE MEASURES, THE EVALUATION TEAM SHALL  
21 DETERMINE ELIGIBILITY BASED ON A PREPONDERANCE OF THE INFORMATION PRESENTED.
- 22 ~~3-~~ 4. "Due process hearing" means a fair and impartial administrative  
23 hearing conducted by the state educational agency by an impartial  
24 administrative law judge in accordance with federal and state law.
- 25 ~~4-~~ 5. "Educational disadvantage" means a condition which has limited  
26 a child's opportunity for educational experience resulting in a child  
27 achieving less than a normal level of learning development.
- 28 ~~5-~~ 6. "Eligibility for special education" means the pupil must have  
29 one of the disabilities contained in paragraph 2 of this section and must  
30 also require special education services in order to benefit from an  
31 educational program.
- 32 ~~6-~~ 7. "Emotional disability":
- 33 (a) Means a condition whereby a child exhibits one or more of the  
34 following characteristics over a long period of time and to a marked degree  
35 that adversely affects the child's performance in the educational  
36 environment:
- 37 (i) An inability to learn which cannot be explained by intellectual,  
38 sensory or health factors.
- 39 (ii) An inability to build or maintain satisfactory interpersonal  
40 relationships with peers and teachers.
- 41 (iii) Inappropriate types of behavior or feelings under normal  
42 circumstances.
- 43 (iv) A general pervasive mood of unhappiness or depression.
- 44 (v) A tendency to develop physical symptoms or fears associated with  
45 personal or school problems.

1 (b) Includes children who are schizophrenic but does not include  
2 children who are socially maladjusted unless they are also determined to have  
3 an emotional disability as determined by evaluation as provided in section  
4 15-766.

5 ~~7-~~ 8. "Hearing impairment" means a loss of hearing acuity, as  
6 determined by evaluation pursuant to section 15-766, which interferes with  
7 the child's performance in the educational environment and requires the  
8 provision of special education and related services.

9 ~~8-~~ 9. "Home school district" means the school district in which the  
10 person resides who has legal custody of the child, as provided in section  
11 15-824, subsection B. If the child is a ward of the state and a specific  
12 person does not have legal custody of the child, the home school district is  
13 the district that the child last attended or, if the child has not previously  
14 attended a public school in this state, the school district within which the  
15 child currently resides.

16 ~~9-~~ 10. "Impartial administrative law judge" means an administrative  
17 law judge of the office of administrative hearings who is knowledgeable in  
18 the laws governing special education and administrative hearings.

19 ~~10-~~ 11. "Individualized education program" means a written statement,  
20 as defined in 20 United States Code sections 1401 and 1412, for providing  
21 special education and related services to a child with a disability.

22 ~~11-~~ 12. "Individualized education program team" means a team whose  
23 task is to develop an appropriate educational program for the child and has  
24 the same meaning prescribed in 20 United States Code section 1414.

25 ~~12-~~ 13. "Mental retardation" means a significant impairment of general  
26 intellectual functioning that exists concurrently with deficits in adaptive  
27 behavior and that adversely affects the child's performance in the  
28 educational environment.

29 ~~13-~~ 14. "Mild mental retardation" means performance on standard  
30 measures of intellectual and adaptive behavior between two and three standard  
31 deviations below the mean for children of the same age.

32 ~~14-~~ 15. "Moderate mental retardation" means performance on standard  
33 measures of intellectual and adaptive behavior between three and four  
34 standard deviations below the mean for children of the same age.

35 ~~15-~~ 16. "Multidisciplinary evaluation team" means a team of persons  
36 including individuals described as the individualized education program team  
37 and other qualified professionals who shall determine whether a child is  
38 eligible for special education.

39 ~~16-~~ 17. "Multiple disabilities" means learning and developmental  
40 problems resulting from multiple disabilities as determined by evaluation  
41 pursuant to section 15-766 that cannot be provided for adequately in a  
42 program designed to meet the needs of children with less complex  
43 disabilities. Multiple disabilities include any of the following conditions  
44 that require the provision of special education and related services:

45 (a) Two or more of the following conditions:

- 1 (i) Hearing impairment.  
2 (ii) Orthopedic impairment.  
3 (iii) Moderate mental retardation.  
4 (iv) Visual impairment.  
5 (b) A child with a disability listed in subdivision (a) of this  
6 paragraph existing concurrently with a condition of mild mental retardation,  
7 emotional disability or specific learning disability.  
8 ~~17.~~ 18. "Multiple disabilities with severe sensory impairment" means  
9 multiple disabilities that include at least one of the following:  
10 (a) Severe visual impairment or severe hearing impairment in  
11 combination with another severe disability.  
12 (b) Severe visual impairment and severe hearing impairment.  
13 ~~18.~~ 19. "Orthopedic impairment" means one or more severe orthopedic  
14 impairments and includes those that are caused by congenital anomaly, disease  
15 and other causes, such as amputation or cerebral palsy, and that adversely  
16 affect a child's performance in the educational environment.  
17 ~~19.~~ 20. "Other health impairments" means limited strength, vitality or  
18 alertness, including a heightened alertness to environmental stimuli, due to  
19 chronic or acute health problems which adversely affect a pupil's educational  
20 performance.  
21 ~~20.~~ 21. "Out-of-home care" means the placement of a child with a  
22 disability outside of the home environment and includes twenty-four hour  
23 residential care, group care or foster care on either a full-time or  
24 part-time basis.  
25 ~~21.~~ 22. "Parent" means:  
26 (a) Either a natural or adoptive parent of a child.  
27 (b) A guardian, but not this state if the child is a ward of this  
28 state.  
29 (c) A person acting in the place of a natural or adoptive parent with  
30 whom the child lives or a person who is legally responsible for the child's  
31 welfare.  
32 (d) A surrogate parent.  
33 (e) A foster parent to the extent permitted by state law.  
34 ~~22.~~ 23. "Preschool child" means a child who is at least three years of  
35 age but who has not reached the required age for kindergarten, subject to  
36 section 15-771, subsection G.  
37 ~~23.~~ "Preschool moderate delay" means performance by a preschool child  
38 on a norm-referenced test that measures at least one and one-half, but not  
39 more than three, standard deviations below the mean for children of the same  
40 chronological age in two or more of the following areas:  
41 (a) Cognitive development.  
42 (b) Physical development.  
43 (c) Communication development.  
44 (d) Social or emotional development.  
45 (e) Adaptive development.

1 ~~The results of the norm-referenced measure must be corroborated by~~  
2 ~~information from a comprehensive developmental assessment and from parental~~  
3 ~~input, if available, as measured by a judgment-based assessment or~~  
4 ~~survey. If there is a discrepancy between the measures, the evaluation team~~  
5 ~~shall determine eligibility based on a preponderance of the information~~  
6 ~~presented.~~

7 24. "Preschool severe delay" means performance by a preschool child on  
8 a norm-referenced test that measures more than three standard deviations  
9 below the mean for children of the same chronological age in one or more of  
10 the following areas:

- 11 (a) Cognitive development.
- 12 (b) Physical development.
- 13 (c) Communication development.
- 14 (d) Social or emotional development.
- 15 (e) Adaptive development.

16 The results of the norm-referenced measure must be corroborated by  
17 information from a comprehensive developmental assessment and from parental  
18 input, if available, as measured by a judgment based assessment or  
19 survey. If there is a discrepancy between the measures, the evaluation team  
20 shall determine eligibility based on a preponderance of the information  
21 presented.

22 ~~25. "Preschool speech/language delay" means performance by a preschool~~  
23 ~~child on a norm-referenced language test that measures at least one and~~  
24 ~~one-half standard deviations below the mean for children of the same~~  
25 ~~chronological age or whose speech, out of context, is unintelligible to a~~  
26 ~~listener who is unfamiliar with the child. Eligibility under this paragraph~~  
27 ~~is appropriate only if a comprehensive developmental assessment or~~  
28 ~~norm-referenced assessment and parental input indicate that the child is not~~  
29 ~~eligible for services under another preschool category. The evaluation team~~  
30 ~~shall determine eligibility based on a preponderance of the information~~  
31 ~~presented.~~

32 26. 25. "Prior written notice" means written prior notice that a  
33 public educational agency is required to send to parents whenever the public  
34 educational agency proposes or refuses to initiate or change the  
35 identification, evaluation or educational placement of a child with a  
36 disability or the provision of a free appropriate public education.

37 27. 26. "Public educational agency" means a school district, a charter  
38 school, an accommodation school, a state supported institution or any other  
39 political subdivision of this state that is responsible for providing  
40 education to children with disabilities.

41 28. 27. "Related services" means those supportive services, as defined  
42 in 20 United States Code section 1401, that are required to assist a child  
43 with a disability who is eligible to receive special education services in  
44 order for the child to benefit from special education.

1       ~~29-~~ 28. "Residential special education placement" means the placement  
2 of a child with a disability in a public or private residential program, as  
3 provided in section 15-765, subsection G, in order to provide necessary  
4 special education and related services as specified in the child's  
5 individualized education program.

6       ~~30-~~ 29. "Severe mental retardation" means performance on standard  
7 measures of intellectual and adaptive behavior measures at least four  
8 standard deviations below the mean for children of the same age.

9       ~~31-~~ 30. "Special education" means specially designed instruction that  
10 meets the unique needs of a child with a disability and that is provided  
11 without cost to the parents of the child.

12       ~~32-~~ 31. "Special education referral" means a written request for an  
13 evaluation to determine whether a pupil is eligible for special education  
14 services that, for referrals not initiated by a parent, includes  
15 documentation of appropriate efforts to educate the pupil in the regular  
16 education program.

17       ~~33-~~ 32. "Specially designed instruction" means adapting the content,  
18 methodology or delivery of instruction to address the unique needs of a child  
19 with a disability and to ensure that child's access to the general curriculum  
20 as identified in the academic standards adopted by the state board of  
21 education.

22       ~~34-~~ 33. "Specific learning disability" has the same meaning prescribed  
23 AS DEFINED in 20 United States Code section 1401.

24       ~~35-~~ 34. "Speech/language impairment":

25       (a) FOR A PRESCHOOL CHILD, MEANS PERFORMANCE ON A NORM-REFERENCED  
26 LANGUAGE TEST THAT MEASURES AT LEAST ONE AND ONE-HALF STANDARD DEVIATIONS  
27 BELOW THE MEAN FOR CHILDREN OF THE SAME CHRONOLOGICAL AGE OR WHOSE SPEECH,  
28 OUT OF CONTEXT, IS UNINTELLIGIBLE TO A LISTENER WHO IS UNFAMILIAR WITH THE  
29 CHILD. ELIGIBILITY FOR A PRESCHOOL CHILD UNDER THIS SUBDIVISION IS  
30 APPROPRIATE ONLY WHEN A COMPREHENSIVE DEVELOPMENTAL ASSESSMENT AND PARENTAL  
31 INPUT INDICATE THAT THE PRESCHOOL CHILD IS NOT ELIGIBLE FOR SERVICES UNDER  
32 ANOTHER PRESCHOOL CATEGORY OR UNDER THE DEVELOPMENTAL DELAY CATEGORY.

33       (b) FOR A CHILD WHO HAS REACHED THE REQUIRED AGE FOR KINDERGARTEN,  
34 means A speech or language impairment as ~~prescribed~~ DEFINED in 34 Code of  
35 Federal Regulations section 300.8.

36       ~~36-~~ 35. "State educational agency" means the Arizona department of  
37 education.

38       ~~37-~~ 36. "State placing agency" has the same meaning prescribed in  
39 section 15-1181.

40       ~~38-~~ 37. "Surrogate parent" means a person who has been appointed by  
41 the court or by the department of education pursuant to section 15-763.01 in  
42 order to represent a child in decisions regarding special education.

43       ~~39-~~ 38. "Traumatic brain injury":

44       (a) Means an acquired injury to the brain that is caused by an  
45 external physical force and that results in total or partial functional

1 disability or psychosocial impairment, or both, that adversely affects  
2 educational performance.

3 (b) Applies to open or closed head injuries resulting in mild,  
4 moderate or severe impairments in one or more areas, including cognition,  
5 language, memory, attention, reasoning, abstract thinking, judgment, problem  
6 solving, sensory, perceptual and motor abilities, psychosocial behavior,  
7 physical functions, information processing and speech.

8 (c) Does not include brain injuries that are congenital or  
9 degenerative or brain injuries induced by birth trauma.

10 ~~40-~~ 39. "Visual impairment" has the same meaning prescribed in 34 Code  
11 of Federal Regulations section 300.8.

12 ~~41-~~ 40. "Ward of the state" has the same meaning prescribed in 20  
13 United States Code section 1401.

14 Sec. 25. Section 15-771, Arizona Revised Statutes, is amended to read:  
15 15-771. Preschool programs for children with disabilities:

16 definition

17 A. Each school district shall make available an educational program  
18 for preschool children with disabilities who reside in the school district  
19 and who are not already receiving services that have been provided through  
20 the department of education. The state board of education shall prescribe  
21 rules for use by school districts in the provision of educational programs  
22 for preschool children with disabilities. School districts are required to  
23 make available educational programs for and, for the purposes of calculating  
24 average daily attendance and average daily membership, may count only those  
25 preschool children who meet the definition of one of the following  
26 conditions:

- 27 1. Hearing impairment.
- 28 2. Visual impairment.
- 29 3. ~~Preschool moderate~~ DEVELOPMENTAL delay.
- 30 4. ~~Preschool severe~~ delay.
- 31 5. ~~Preschool Speech/language delay~~ IMPAIRMENT.

32 ~~The school district may make available an educational program for speech or~~  
33 ~~language impaired preschool children whose performance on a standardized~~  
34 ~~language test measures one and one-half standard deviations, or less, below~~  
35 ~~the mean for children of their chronological age. The superintendent of~~  
36 ~~public instruction shall prescribe guidelines for the eligibility of speech~~  
37 ~~or language impaired children, except that eligibility under this subsection~~  
38 ~~is appropriate only when a comprehensive developmental assessment or~~  
39 ~~norm-referenced assessment and parental input indicate that the child is not~~  
40 ~~eligible for services under another preschool category.~~

41 B. The state board of education shall annually distribute to school  
42 districts at least ten per cent of the monies it receives under 20 United  
43 States Code section 1411(c)(2) for preschool programs for children with  
44 disabilities. The state board shall prescribe rules for the distribution of  
45 the monies to school districts.

1 C. The governing board of a school district may submit a proposal to  
2 the state board of education as prescribed by the state board to receive  
3 monies for preschool programs for children with disabilities as provided in  
4 this section. A school district which receives monies as provided in this  
5 section shall include the monies in the special projects section of the  
6 budget as provided in section 15-903, subsection F.

7 D. All school districts shall cooperate, if appropriate, with  
8 community organizations that provide services to preschool children with  
9 disabilities in the provision of the district's preschool program for  
10 children with disabilities.

11 E. A school district may not admit a child to a preschool program for  
12 children with disabilities unless the child is evaluated and recommended for  
13 placement as provided in sections 15-766 and 15-767.

14 F. For the purpose of allocating monies pursuant to 20 United States  
15 Code section 1419(g)(1)(B)(i), "jurisdiction" includes high school pupils  
16 whose parents reside within the boundaries of a common school district. The  
17 common school district shall ensure such high school pupils are not counted  
18 by any other school district.

19 G. For THE purposes of this section, "preschool child" means a child  
20 who is at least three years of age but who has not reached the age required  
21 for kindergarten. A preschool child is three years of age as of the date of  
22 the child's third birthday. The governing board of a school district may  
23 admit otherwise eligible children who are within ninety days of their third  
24 birthday, if it is determined to be in the best interest of the individual  
25 child. Children who are admitted to programs for preschool children prior to  
26 their third birthday are entitled to the same provision of services as if  
27 they were three years of age.

28 Sec. 26. Repeal

29 Senate bill 1187, section 27, forty-ninth legislature, first regular  
30 session, as transmitted to the governor, is repealed.

31 Sec. 27. Section 15-808, Arizona Revised Statutes, is amended to read:  
32 15-808. Arizona online instruction; reports; definitions

33 A. ~~A technology-assisted project-based instruction program~~ ARIZONA  
34 ONLINE INSTRUCTION shall be instituted ~~on a pilot basis~~ to meet the needs of  
35 pupils in the information age. ~~Until June 30, 2003,~~ The state board of  
36 education shall select ~~up to four existing~~ traditional public schools, ~~at~~  
37 ~~least one of which shall serve pupils in kindergarten programs and grades one~~  
38 ~~through twelve, and beginning July 1, 2003, the state board of education~~  
39 ~~shall select seven existing traditional public schools and the state board~~  
40 ~~for charter schools shall select seven~~ SPONSOR charter schools to participate  
41 ~~in the program~~ BE ONLINE COURSE PROVIDERS OR ONLINE SCHOOLS. THE STATE BOARD  
42 OF EDUCATION AND THE STATE BOARD FOR CHARTER SCHOOLS SHALL JOINTLY DEVELOP  
43 STANDARDS FOR THE APPROVAL OF ONLINE COURSE PROVIDERS AND ONLINE SCHOOLS  
44 based on the following criteria:

- 45 1. The depth and breadth of curriculum choices.

1           2. The variety of educational methodologies employed by the school and  
2 the means of addressing the unique needs and learning styles of targeted  
3 pupil populations, including computer assisted learning systems, virtual  
4 classrooms, virtual laboratories, electronic field trips, electronic mail,  
5 virtual tutoring, online help desk, group chat sessions and noncomputer based  
6 activities performed under the direction of a certificated teacher.

7           3. The availability of an intranet or private network to safeguard  
8 pupils against predatory and pornographic elements of the internet.

9           4. The availability of filtered research access to the internet.

10          5. The availability of private individual electronic mail between  
11 pupils, teachers, administrators and parents in order to protect the  
12 confidentiality of pupil records and information.

13          ~~6. The availability of broadcast quality television production and~~  
14 ~~editing facilities on campus.~~

15          ~~7. The availability of faculty members who are experienced in~~  
16 ~~broadcast television production.~~

17          ~~8.~~ 6. The availability of faculty members who are experienced with  
18 computer networks, the internet and computer animation.

19          ~~9.~~ 7. The extent to which the school intends to develop partnerships  
20 with universities, community colleges and private businesses.

21          ~~10.~~ 8. The services offered to developmentally disabled populations.

22          ~~11.~~ 9. The grade levels that will be served by the program.

23          B. ~~Notwithstanding subsection A of this section, any school that was~~  
24 ~~previously approved to participate is required to reapply every five years~~  
25 ~~for participation in the program.~~ EACH NEW SCHOOL THAT PROVIDES ONLINE  
26 INSTRUCTION SHALL PROVIDE ONLINE INSTRUCTION ON A PROBATIONARY STATUS. AFTER  
27 A NEW SCHOOL THAT PROVIDES ONLINE INSTRUCTION HAS CLEARLY DEMONSTRATED THE  
28 ACADEMIC INTEGRITY OF ITS INSTRUCTION THROUGH THE ACTUAL IMPROVEMENT OF THE  
29 ACADEMIC PERFORMANCE OF ITS STUDENTS, THE SCHOOL MAY APPLY TO BE REMOVED FROM  
30 PROBATIONARY STATUS. THE STATE BOARD OF EDUCATION OR THE STATE BOARD FOR  
31 CHARTER SCHOOLS SHALL REMOVE FROM ARIZONA ONLINE INSTRUCTION ANY PROBATIONARY  
32 SCHOOL THAT FAILS TO CLEARLY DEMONSTRATE IMPROVEMENT IN ACADEMIC PERFORMANCE  
33 WITHIN THREE YEARS MEASURED AGAINST GOALS IN THE APPROVED APPLICATION AND THE  
34 STATE'S ACCOUNTABILITY SYSTEM. The state board of education and the state  
35 board for charter schools shall review the effectiveness of each  
36 participating school and other information that is contained in the annual  
37 report prescribed in subsection C of this section. ~~to determine whether to~~  
38 ~~renew a school's participation in the technology assisted project based~~  
39 ~~instruction program. At least eighty per cent of the pupils who are accepted~~  
40 ~~each academic school year in each school participating in the program must~~  
41 ~~have been previously enrolled in and attended a public school in the previous~~  
42 ~~school year. Kindergarten pupils shall not participate in the technology~~  
43 ~~assisted project based instruction program, except that a kindergarten pupil~~  
44 ~~may participate in the program if the pupil has a sibling who is currently~~  
45 ~~enrolled in and attending the program.~~ ALL PUPILS WHO PARTICIPATE IN ARIZONA

1 ONLINE INSTRUCTION SHALL RESIDE IN THIS STATE. Pupils who participate in the  
2 program ARIZONA ONLINE INSTRUCTION are subject to the testing requirements  
3 prescribed in chapter 7, article 3 of this title. Upon enrollment, the  
4 school shall notify the parents or guardians of the pupil of the state  
5 testing requirements. If a pupil fails to comply with the testing  
6 requirements and the school administers the tests pursuant to this subsection  
7 to less than ninety-five per cent of the pupils in the program ARIZONA ONLINE  
8 INSTRUCTION, the pupil shall not be allowed to participate in the program  
9 ARIZONA ONLINE INSTRUCTION.

10 ~~C. Each school selected by the state board of education to participate~~  
11 ~~in the technology assisted project based instruction program shall submit an~~  
12 ~~annual report to the state board of education and the joint legislative~~  
13 ~~budget committee. The state board of education and the state board for~~  
14 ~~charter schools shall collaborate to develop a uniform reporting format to be~~  
15 ~~used by all schools that participate in the program. Beginning July 1, 2003,~~  
16 ~~each school selected by the state board for charter schools to participate in~~  
17 ~~the technology assisted project based instruction program shall submit an~~  
18 ~~annual report to the state board for charter schools and the joint~~  
19 ~~legislative budget committee. The reports shall be submitted by August 1 and~~  
20 ~~shall include the following information:~~

21 ~~1. A description of the educational services that are offered under~~  
22 ~~the program and that specifically relate to the depth and breadth of the~~  
23 ~~curriculum choices offered by the school.~~

24 ~~2. A description of the effects of media and technology on the~~  
25 ~~delivery of specific educational services to specific pupil populations.~~

26 ~~3. Academic advancement as measured in grade level equivalents each~~  
27 ~~academic year based on a standardized norm referenced achievement test.~~

28 ~~4. Data identified by the state board of education or the state board~~  
29 ~~for charter schools, as appropriate, that compares the academic performance~~  
30 ~~of pupils who participate in the technology assisted project based~~  
31 ~~instruction program with other pupils in this state and with pupils in that~~  
32 ~~school who do not participate in the technology assisted project based~~  
33 ~~instruction program.~~

34 ~~5. The results of a survey of pupil satisfaction with the program,~~  
35 ~~including:~~

36 ~~(a) Pupils' attitudes about delivery modalities employed by the~~  
37 ~~school.~~

38 ~~(b) Changes in pupils' attitudes toward learning in general.~~

39 ~~(c) Changes in pupils' attitudes about their own ability to learn and~~  
40 ~~about their own academic progress.~~

41 ~~(d) Pupils' attitudes about the school they attend.~~

42 ~~6. The results of a survey of parental satisfaction with the program,~~  
43 ~~including:~~

44 ~~(a) Parents' and their children's attitudes about the delivery~~  
45 ~~modalities employed by the school.~~

1           ~~(b) Changes in their children's attitudes about learning in general.~~

2           ~~(c) Changes in their children's attitudes about their ability to learn~~  
3 ~~and about their academic progress.~~

4           ~~(d) Parents' and their children's attitudes about the school that the~~  
5 ~~child attends.~~

6           ~~7. A description of the availability and equitable distribution of~~  
7 ~~educational services provided under the program, including specific~~  
8 ~~descriptions of the effectiveness of technology tools and modalities used to~~  
9 ~~address the needs of any underserved populations targeted by the school.~~

10           ~~8. A description of the operational and administrative efficiency of~~  
11 ~~the program.~~

12           ~~9. A description of the cost effectiveness of the program.~~

13           ~~10. A listing of the salaries, by titles and job descriptions, of the~~  
14 ~~administrators who are employed at or contracted for employment at each~~  
15 ~~school selected by the state board of education or the state board for~~  
16 ~~charter schools to participate in the technology-assisted project-based~~  
17 ~~instruction program.~~

18           C. BEGINNING JULY 1, 2010, THE STATE BOARD OF EDUCATION AND THE STATE  
19 BOARD FOR CHARTER SCHOOLS SHALL DEVELOP ANNUAL REPORTING MECHANISMS FOR  
20 SCHOOLS THAT PARTICIPATE IN ARIZONA ONLINE INSTRUCTION.

21           D. The ~~state board~~ DEPARTMENT of education and ~~joint legislative~~  
22 ~~budget committee~~ shall collaboratively compile and evaluate the information  
23 submitted in the annual reports by schools participating in the ~~pilot program~~  
24 ARIZONA ONLINE INSTRUCTION, pursuant to subsection C of this section. The  
25 ~~state board~~ DEPARTMENT of education and ~~the joint legislative budget~~  
26 ~~committee~~ shall SUBMIT THE COMPILED report ~~their findings~~ to the governor,  
27 the speaker of the house of representatives and the president of the senate  
28 by November 15 of each year.

29           E. Each school selected for ~~the technology-assisted project-based~~  
30 ~~instruction program~~ ARIZONA ONLINE INSTRUCTION shall ensure that a daily log  
31 is maintained for each pupil who participates in ~~the program~~ ARIZONA ONLINE  
32 INSTRUCTION. The daily log shall describe the amount of time spent by each  
33 pupil participating in ~~the program~~ ARIZONA ONLINE INSTRUCTION pursuant to  
34 this section on academic tasks. The daily log shall be used by the school  
35 district or charter school to qualify the pupils who participate in ~~the~~  
36 ~~program~~ ARIZONA ONLINE INSTRUCTION in the school's average daily attendance  
37 calculations pursuant to section 15-901.

38           F. If a pupil is enrolled in a school district or charter school and  
39 also participates in ~~the technology-assisted project-based instruction~~  
40 ~~program~~ ARIZONA ONLINE INSTRUCTION, the sum of the average daily membership,  
41 which includes enrollment as prescribed in section 15-901, subsection A,  
42 paragraph 2, subdivisions (a) and (b) and daily attendance as prescribed in  
43 section 15-901, subsection A, paragraph 6, for that pupil in the school  
44 district or charter school and in ~~the technology-assisted project-based~~  
45 ~~instruction program~~ ARIZONA ONLINE INSTRUCTION shall not exceed 1.0. If the

1 pupil is enrolled in a school district or a charter school and also  
2 participates in ~~the technology-assisted project-based instruction program~~  
3 ARIZONA ONLINE INSTRUCTION and the sum of the daily membership or daily  
4 attendance for that pupil is greater than 1.0, the sum shall be reduced to  
5 1.0 and shall be apportioned between the school district or charter school  
6 and ~~the technology-assisted project-based instruction program~~ ARIZONA ONLINE  
7 INSTRUCTION based on the percentage of total time that the pupil is enrolled  
8 or in attendance in the school district or charter school and ~~the technology~~  
9 ~~assisted project-based instruction program~~ ARIZONA ONLINE INSTRUCTION. The  
10 uniform system of financial records shall include guidelines for the  
11 apportionment of the pupil enrollment and attendance as provided in this  
12 subsection. PUPILS IN ARIZONA ONLINE INSTRUCTION DO NOT INCUR ABSENCES FOR  
13 PURPOSES OF SECTION 15-901 AND MAY GENERATE AN AVERAGE DAILY ATTENDANCE OF  
14 1.0 FOR ATTENDANCE HOURS DURING ANY HOUR OF THE DAY, DURING ANY DAY OF THE  
15 WEEK AND AT ANY TIME BETWEEN JULY 1 AND JUNE 30 OF EACH FISCAL YEAR. FOR  
16 KINDERGARTEN PROGRAMS AND GRADES ONE THROUGH EIGHT, AVERAGE DAILY MEMBERSHIP  
17 SHALL BE CALCULATED BY DIVIDING THE INSTRUCTIONAL HOURS AS REPORTED IN THE  
18 DAILY LOG REQUIRED IN SUBSECTION E OF THIS SECTION BY THE APPLICABLE HOURLY  
19 REQUIREMENTS PRESCRIBED IN SECTION 15-901. FOR GRADES NINE THROUGH TWELVE,  
20 AVERAGE DAILY MEMBERSHIP SHALL BE CALCULATED BY DIVIDING THE INSTRUCTIONAL  
21 HOURS AS REPORTED IN THE DAILY LOG REQUIRED IN SUBSECTION E OF THIS SECTION  
22 BY NINE HUNDRED. THE AVERAGE DAILY MEMBERSHIP OF A PUPIL WHO PARTICIPATES IN  
23 ONLINE INSTRUCTION SHALL NOT EXCEED 1.0. AVERAGE DAILY MEMBERSHIP SHALL NOT  
24 BE CALCULATED ON THE ONE HUNDREDTH DAY OF INSTRUCTION FOR THE PURPOSES OF  
25 THIS SECTION. FUNDING SHALL BE DETERMINED AS FOLLOWS:

26 1. PUPILS WHO ARE ENROLLED FULL-TIME IN ARIZONA ONLINE INSTRUCTION  
27 SHALL BE FUNDED FOR ONLINE INSTRUCTION AT NINETY-FIVE PER CENT OF THE BASE  
28 SUPPORT LEVEL THAT WOULD BE CALCULATED FOR THAT PUPIL IF THAT PUPIL WERE  
29 ENROLLED AS A FULL-TIME STUDENT IN A SCHOOL DISTRICT OR CHARTER SCHOOL THAT  
30 DOES NOT PARTICIPATE IN ARIZONA ONLINE INSTRUCTION. ADDITIONAL ASSISTANCE,  
31 CAPITAL OUTLAY REVENUE LIMIT AND SOFT CAPITAL ALLOCATION LIMIT SHALL BE  
32 CALCULATED IN THE SAME MANNER THEY WOULD BE CALCULATED IF THE STUDENT WERE  
33 ENROLLED IN A DISTRICT OR CHARTER SCHOOL THAT DOES NOT PARTICIPATE IN ARIZONA  
34 ONLINE INSTRUCTION. A PUPIL ENROLLED IN ARIZONA ONLINE INSTRUCTION SHALL BE  
35 CONSIDERED FULL TIME IF THE PUPIL'S AVERAGE INSTRUCTIONAL HOURS, AS REPORTED  
36 IN THE DAILY LOG REQUIRED IN SUBSECTION E OF THIS SECTION, EXCEED ONE HUNDRED  
37 NINETEEN MINUTES FOR KINDERGARTEN PROGRAMS, TWO HUNDRED THIRTY-EIGHT MINUTES  
38 FOR GRADES ONE THROUGH THREE, TWO HUNDRED NINETY-SEVEN MINUTES FOR GRADES  
39 FOUR THROUGH SIX, THREE HUNDRED FIFTY-SIX MINUTES FOR GRADES SEVEN AND EIGHT  
40 AND THREE HUNDRED MINUTES FOR GRADES NINE THROUGH TWELVE.

41 2. PUPILS WHO ARE ENROLLED PART-TIME IN ARIZONA ONLINE INSTRUCTION  
42 SHALL BE FUNDED FOR ONLINE INSTRUCTION AT EIGHTY-FIVE PER CENT OF THE BASE  
43 SUPPORT LEVEL THAT WOULD BE CALCULATED FOR THAT PUPIL IF THAT PUPIL WERE  
44 ENROLLED AS A PART-TIME STUDENT IN A SCHOOL DISTRICT OR CHARTER SCHOOL THAT  
45 DOES NOT PARTICIPATE IN ARIZONA ONLINE INSTRUCTION. ADDITIONAL ASSISTANCE,

1 CAPITAL OUTLAY REVENUE LIMIT AND SOFT CAPITAL ALLOCATION LIMIT SHALL BE  
2 CALCULATED IN THE SAME MANNER THEY WOULD BE CALCULATED IF THE STUDENT WERE  
3 ENROLLED IN A DISTRICT OR CHARTER SCHOOL THAT DOES NOT PARTICIPATE IN ARIZONA  
4 ONLINE INSTRUCTION. A PUPIL ENROLLED IN ARIZONA ONLINE INSTRUCTION SHALL BE  
5 CONSIDERED PART TIME IF THE PUPIL'S AVERAGE INSTRUCTIONAL HOURS, AS REPORTED  
6 IN THE DAILY LOG REQUIRED IN SUBSECTION E OF THIS SECTION, ARE LESS THAN THE  
7 HOURS REQUIRED FOR A FULL-TIME PUPIL PURSUANT TO PARAGRAPH 1 OF THIS  
8 SUBSECTION.

9 ~~G. If at any time the superintendent of public instruction determines~~  
10 ~~that a school district that was previously admitted to the technology~~  
11 ~~assisted project based instruction program is not meeting the criteria~~  
12 ~~prescribed in subsection A of this section, the superintendent of public~~  
13 ~~instruction may recommend that the state board of education replace that~~  
14 ~~school district with a school district of the superintendent of public~~  
15 ~~instruction's choice that meets the criteria prescribed in subsection A of~~  
16 ~~this section. The state board of education shall consider and take formal~~  
17 ~~action on the superintendent of public instruction's recommendation.~~

18 ~~H. The enrollment of pupils in the technology assisted project based~~  
19 ~~instruction program in each school that was previously approved to~~  
20 ~~participate in the program shall not grow more than one hundred per cent in~~  
21 ~~any fiscal year.~~

22 ~~I. G. If the academic achievement of a pupil declines while the pupil~~  
23 ~~is participating in the technology assisted project based instruction program~~  
24 ~~ARIZONA ONLINE INSTRUCTION, the pupil's parents, the pupil's teachers and the~~  
25 ~~principal or head teacher of the school shall confer to evaluate whether the~~  
26 ~~pupil should be allowed to continue to participate in the program ARIZONA~~  
27 ~~ONLINE INSTRUCTION.~~

28 H. TO ENSURE THE ACADEMIC INTEGRITY OF PUPILS WHO PARTICIPATE IN  
29 ONLINE INSTRUCTION, ARIZONA ONLINE INSTRUCTION SHALL INCLUDE MULTIPLE DIVERSE  
30 ASSESSMENT MEASURES AND THE PROCTORED ADMINISTRATION OF REQUIRED STATE  
31 STANDARDIZED TESTS.

32 I. FOR THE PURPOSES OF THIS SECTION:

33 1. "ONLINE COURSE PROVIDER" MEANS A SCHOOL OTHER THAN AN ONLINE SCHOOL  
34 THAT IS SELECTED BY THE STATE BOARD OF EDUCATION OR THE STATE BOARD FOR  
35 CHARTER SCHOOLS TO PARTICIPATE IN ARIZONA ONLINE INSTRUCTION PURSUANT TO THIS  
36 SECTION AND THAT PROVIDES AT LEAST ONE ONLINE ACADEMIC COURSE THAT IS  
37 APPROVED BY THE STATE BOARD OF EDUCATION.

38 2. "ONLINE SCHOOL" MEANS A SCHOOL THAT PROVIDES AT LEAST FOUR ONLINE  
39 ACADEMIC COURSES OR ONE OR MORE ONLINE COURSES FOR THE EQUIVALENT OF AT LEAST  
40 FIVE HOURS EACH DAY FOR ONE HUNDRED EIGHTY SCHOOL DAYS AND THAT IS A CHARTER  
41 SCHOOL THAT IS SPONSORED BY THE STATE BOARD FOR CHARTER SCHOOLS OR A  
42 TRADITIONAL PUBLIC SCHOOL THAT IS SELECTED BY THE STATE BOARD OF EDUCATION TO  
43 PARTICIPATE IN ARIZONA ONLINE INSTRUCTION.

1           Sec. 28. Section 15-816.01, Arizona Revised Statutes, is amended to  
2 read:

3           15-816.01. Enrollment policies

4           A. School district governing boards shall establish policies and shall  
5 implement an open enrollment policy without charging tuition. Tuition may be  
6 charged to nonresident pupils only if the tuition is authorized under section  
7 15-764, subsection C, section 15-797, subsection C, section 15-823,  
8 subsection A, section 15-824, subsection A or section 15-825 or if two school  
9 districts have entered into a voluntary agreement for the payment of tuition  
10 for certain pupils. These policies shall include admission criteria,  
11 application procedures and transportation provisions. A SCHOOL DISTRICT MAY  
12 GIVE ENROLLMENT PREFERENCE TO AND RESERVE CAPACITY FOR PUPILS WHO ARE  
13 CHILDREN OF PERSONS WHO ARE EMPLOYED BY OR AT A SCHOOL IN THE SCHOOL  
14 DISTRICT. A copy of the district policies for open enrollment shall be filed  
15 with the department of education.

16           B. The governing board of the district educating the pupil may provide  
17 transportation limited to no more than twenty miles each way to and from the  
18 school of attendance or to and from a pickup point on a regular  
19 transportation route or for the total miles traveled each day to an adjacent  
20 district for eligible nonresident pupils who meet the economic eligibility  
21 requirements established under the national school lunch and child nutrition  
22 acts (42 United States Code sections 1751 through 1785) for free or reduced  
23 price lunches.

24           C. The governing board of the district educating the pupil shall  
25 provide transportation limited to no more than twenty miles each way to and  
26 from the school of attendance or to and from a pickup point on a regular  
27 transportation route or for the total miles traveled each day to an adjacent  
28 district for nonresident pupils with disabilities whose individualized  
29 education program specifies that transportation is necessary for fulfillment  
30 of the program.

31           Sec. 29. Section 15-901, Arizona Revised Statutes, is amended to read:

32           15-901. Definitions

33           A. In this title, unless the context otherwise requires:

34           1. "Average daily attendance" or "ADA" means actual average daily  
35 attendance through the first one hundred days or two hundred days in session,  
36 as applicable.

37           2. "Average daily membership" means the total enrollment of fractional  
38 students and full-time students, minus withdrawals, of each school day  
39 through the first one hundred days or two hundred days in session, as  
40 applicable, for the current year. Withdrawals include students formally  
41 withdrawn from schools and students absent for ten consecutive school days,  
42 except for excused absences as identified by the department of education.  
43 For computation purposes, the effective date of withdrawal shall be  
44 retroactive to the last day of actual attendance of the student.

45           (a) "Fractional student" means:

1 (i) For common schools, until fiscal year 2001-2002, a preschool child  
2 who is enrolled in a program for preschool children with disabilities of at  
3 least three hundred sixty minutes each week or a kindergarten student at  
4 least five years of age prior to January 1 of the school year and enrolled in  
5 a school kindergarten program that meets at least three hundred forty-six  
6 instructional hours during the minimum number of days required in a school  
7 year as provided in section 15-341. In fiscal year 2001-2002, the  
8 kindergarten program shall meet at least three hundred forty-eight hours. In  
9 fiscal year 2002-2003, the kindergarten program shall meet at least three  
10 hundred fifty hours. In fiscal year 2003-2004, the kindergarten program  
11 shall meet at least three hundred fifty-two hours. In fiscal year 2004-2005,  
12 the kindergarten program shall meet at least three hundred fifty-four  
13 hours. In fiscal year 2005-2006 and each fiscal year thereafter, the  
14 kindergarten program shall meet at least three hundred fifty-six  
15 hours. Lunch periods and recess periods may not be included as part of the  
16 instructional hours unless the child's individualized education program  
17 requires instruction during those periods and the specific reasons for such  
18 instruction are fully documented. In computing the average daily membership,  
19 preschool children with disabilities and kindergarten students shall be  
20 counted as one-half of a full-time student. For common schools, a part-time  
21 student is a student enrolled for less than the total time for a full-time  
22 student as defined in this section. A part-time common school student shall  
23 be counted as one-fourth, one-half or three-fourths of a full-time student if  
24 the student is enrolled in an instructional program that is at least  
25 one-fourth, one-half or three-fourths of the time a full-time student is  
26 enrolled as defined in subdivision (b) of this paragraph.

27 (ii) For high schools, a part-time student who is enrolled in less  
28 than four subjects that count toward graduation as defined by the state board  
29 of education in a recognized high school and who is taught in less than  
30 twenty instructional hours per week prorated for any week with fewer than  
31 five school days. A part-time high school student shall be counted as  
32 one-fourth, one-half or three-fourths of a full-time student if the student  
33 is enrolled in an instructional program that is at least one-fourth, one-half  
34 or three-fourths of a full-time instructional program as defined in  
35 subdivision (c) of this paragraph.

36 (b) "Full-time student" means:

37 (i) For common schools, a student who is at least six years of age  
38 prior to January 1 of a school year, who has not graduated from the highest  
39 grade taught in the school district and who is regularly enrolled in a course  
40 of study required by the state board of education. Until fiscal year  
41 2001-2002, first, second and third grade students, ungraded students at least  
42 six, but under nine, years of age by September 1 or ungraded group B children  
43 with disabilities who are at least five, but under six, years of age by  
44 September 1 must be enrolled in an instructional program that meets for a  
45 total of at least six hundred ninety-two hours during the minimum number of

1 days required in a school year as provided in section 15-341. In fiscal year  
2 2001-2002, the program shall meet at least six hundred ninety-six hours. In  
3 fiscal year 2002-2003, the program shall meet at least seven hundred  
4 hours. In fiscal year 2003-2004, the program shall meet at least seven  
5 hundred four hours. In fiscal year 2004-2005, the program shall meet at  
6 least seven hundred eight hours. In fiscal year 2005-2006 and in each fiscal  
7 year thereafter, the program shall meet at least seven hundred twelve  
8 hours. Until fiscal year 2001-2002, fourth, fifth and sixth grade students  
9 or ungraded students at least nine, but under twelve, years of age by  
10 September 1 must be enrolled in an instructional program that meets for a  
11 total of at least eight hundred sixty-five hours during the minimum number of  
12 school days required in a school year as provided in section 15-341. In  
13 fiscal year 2001-2002, the program shall meet at least eight hundred seventy  
14 hours. In fiscal year 2002-2003, the program shall meet at least eight  
15 hundred seventy-five hours. In fiscal year 2003-2004, the program shall meet  
16 at least eight hundred eighty hours. In fiscal year 2004-2005, the program  
17 shall meet at least eight hundred eighty-five hours. In fiscal year  
18 2005-2006 and each fiscal year thereafter, the program shall meet at least  
19 eight hundred ninety hours. Until fiscal year 2001-2002, seventh and eighth  
20 grade students or ungraded students at least twelve, but under fourteen,  
21 years of age by September 1 must be enrolled in an instructional program that  
22 meets for a total of at least one thousand thirty-eight hours during the  
23 minimum number of days required in a school year as provided in section  
24 15-341. In fiscal year 2001-2002, the program shall meet at least one  
25 thousand forty-four hours. In fiscal year 2002-2003, the program shall meet  
26 at least one thousand fifty hours. In fiscal year 2003-2004, the program  
27 shall meet at least one thousand fifty-six hours. In fiscal year 2004-2005,  
28 the program shall meet at least one thousand sixty-two hours. In fiscal year  
29 2005-2006 and each fiscal year thereafter, the program shall meet at least  
30 one thousand sixty-eight hours. Lunch periods and recess periods may not be  
31 included as part of the instructional hours unless the student is a child  
32 with a disability and the child's individualized education program requires  
33 instruction during those periods and the specific reasons for such  
34 instruction are fully documented.

35 (ii) For high schools, except as provided in section 15-105, a student  
36 not graduated from the highest grade taught in the school district, or an  
37 ungraded student at least fourteen years of age by September 1, and enrolled  
38 in at least a full-time instructional program of subjects that count toward  
39 graduation as defined by the state board of education in a recognized high  
40 school. A full-time student shall not be counted more than once for  
41 computation of average daily membership.

42 (iii) For homebound or hospitalized, a student receiving at least four  
43 hours of instruction per week.

44 (c) "Full-time instructional program" means:

1 (i) Through fiscal year 2000-2001, at least four subjects, each of  
2 which, if taught each school day for the minimum number of days required in a  
3 school year, would meet a minimum of one hundred twenty hours a year, or the  
4 equivalent, or one or more subjects taught in amounts of time totaling at  
5 least twenty hours per week prorated for any week with fewer than five school  
6 days.

7 (ii) For fiscal year 2001-2002, an instructional program that meets at  
8 least a total of seven hundred four hours during the minimum number of days  
9 required and includes at least four subjects each of which, if taught each  
10 school day for the minimum number of days required in a school year, would  
11 meet a minimum of one hundred twenty-two hours a year, or the equivalent, or  
12 one or more subjects taught in amounts of time totaling at least twenty hours  
13 per week prorated for any week with fewer than five school days.

14 (iii) For fiscal year 2002-2003, an instructional program that meets  
15 at least a total of seven hundred eight hours during the minimum number of  
16 days required and includes at least four subjects each of which, if taught  
17 each school day for the minimum number of days required in a school year,  
18 would meet a minimum of one hundred twenty-two hours a year, or the  
19 equivalent, or one or more subjects taught in amounts of time totaling at  
20 least twenty hours per week prorated for any week with fewer than five school  
21 days.

22 (iv) For fiscal year 2003-2004, an instructional program that meets at  
23 least a total of seven hundred twelve hours during the minimum number of days  
24 required and includes at least four subjects each of which, if taught each  
25 school day for the minimum number of days required in a school year, would  
26 meet a minimum of one hundred twenty-three hours a year, or the equivalent,  
27 or one or more subjects taught in amounts of time totaling at least twenty  
28 hours per week prorated for any week with fewer than five school days.

29 (v) For fiscal year 2004-2005, an instructional program that meets at  
30 least a total of seven hundred sixteen hours during the minimum number of  
31 days required and includes at least four subjects each of which, if taught  
32 each school day for the minimum number of days required in a school year,  
33 would meet a minimum of one hundred twenty-three hours a year, or the  
34 equivalent, or one or more subjects taught in amounts of time totaling at  
35 least twenty hours per week prorated for any week with fewer than five school  
36 days.

37 (vi) For fiscal year 2005-2006 and each fiscal year thereafter, an  
38 instructional program that meets at least a total of seven hundred twenty  
39 hours during the minimum number of days required and includes at least four  
40 subjects each of which, if taught each school day for the minimum number of  
41 days required in a school year, would meet a minimum of one hundred  
42 twenty-three hours a year, or the equivalent, or one or more subjects taught  
43 in amounts of time totaling at least twenty hours per week prorated for any  
44 week with fewer than five school days.

1           3. "Budget year" means the fiscal year for which the school district  
2 is budgeting and which immediately follows the current year.

3           4. "Common school district" means a political subdivision of this  
4 state offering instruction to students in programs for preschool children  
5 with disabilities and kindergarten programs and grades one through eight.

6           5. "Current year" means the fiscal year in which a school district is  
7 operating.

8           6. "Daily attendance" means:

9           (a) For common schools, days in which a pupil:

10           (i) Of a kindergarten program or ungraded, but not group B children  
11 with disabilities, and at least five, but under six, years of age by  
12 September 1 attends at least three-quarters of the instructional time  
13 scheduled for the day. If the total instruction time scheduled for the year  
14 is at least three hundred forty-six hours but is less than six hundred  
15 ninety-two hours such attendance shall be counted as one-half day of  
16 attendance. If the instructional time scheduled for the year is at least six  
17 hundred ninety-two hours, "daily attendance" means days in which a pupil  
18 attends at least one-half of the instructional time scheduled for the day.  
19 Such attendance shall be counted as one-half day of attendance.

20           (ii) Of the first, second or third grades, ungraded and at least six,  
21 but under nine, years of age by September 1 or ungraded group B children with  
22 disabilities and at least five, but under six, years of age by September 1  
23 attends more than three-quarters of the instructional time scheduled for the  
24 day.

25           (iii) Of the fourth, fifth or sixth grades or ungraded and at least  
26 nine, but under twelve, years of age by September 1 attends more than  
27 three-quarters of the instructional time scheduled for the day, except as  
28 provided in section 15-797.

29           (iv) Of the seventh or eighth grades or ungraded and at least twelve,  
30 but under fourteen, years of age by September 1 attends more than  
31 three-quarters of the instructional time scheduled for the day, except as  
32 provided in section 15-797.

33           (b) For common schools, the attendance of a pupil at three-quarters or  
34 less of the instructional time scheduled for the day shall be counted as  
35 follows, except as provided in section 15-797 and except that attendance for  
36 a fractional student shall not exceed the pupil's fractional membership:

37           (i) If attendance for all pupils in the school is based on quarter  
38 days, the attendance of a pupil shall be counted as one-fourth of a day's  
39 attendance for each one-fourth of full-time instructional time attended.

40           (ii) If attendance for all pupils in the school is based on half days,  
41 the attendance of at least three-quarters of the instructional time scheduled  
42 for the day shall be counted as a full day's attendance and attendance at a  
43 minimum of one-half but less than three-quarters of the instructional time  
44 scheduled for the day equals one-half day of attendance.

1 (c) For common schools, the attendance of a preschool child with  
2 disabilities shall be counted as one-fourth day's attendance for each  
3 thirty-six minutes of attendance not including lunch periods and recess  
4 periods, except as provided in paragraph 2, subdivision (a), item (i) of this  
5 subsection for children with disabilities up to a maximum of three hundred  
6 sixty minutes each week.

7 (d) For high schools or ungraded schools in which the pupil is at  
8 least fourteen years of age by September 1, the attendance of a pupil shall  
9 not be counted as a full day unless the pupil is actually and physically in  
10 attendance and enrolled in and carrying four subjects, each of which, if  
11 taught each school day for the minimum number of days required in a school  
12 year, would meet a minimum of one hundred twenty hours a year, or the  
13 equivalent, that count toward graduation in a recognized high school except  
14 as provided in section 15-797 and subdivision (e) of this paragraph.  
15 Attendance of a pupil carrying less than the load prescribed shall be  
16 prorated.

17 (e) For high schools or ungraded schools in which the pupil is at  
18 least fourteen years of age by September 1, the attendance of a pupil may be  
19 counted as one-fourth of a day's attendance for each sixty minutes of  
20 instructional time in a subject that counts toward graduation, except that  
21 attendance for a pupil shall not exceed the pupil's full or fractional  
22 membership.

23 (f) For homebound or hospitalized, a full day of attendance may be  
24 counted for each day during a week in which the student receives at least  
25 four hours of instruction.

26 (g) For school districts which maintain school for an approved  
27 year-round school year operation, attendance shall be based on a computation,  
28 as prescribed by the superintendent of public instruction, of the one hundred  
29 eighty days' equivalency or two hundred days' equivalency, as applicable, of  
30 instructional time as approved by the superintendent of public instruction  
31 during which each pupil is enrolled.

32 7. "Daily route mileage" means the sum of:

33 (a) The total number of miles driven daily by all buses of a school  
34 district while transporting eligible students from their residence to the  
35 school of attendance and from the school of attendance to their residence on  
36 scheduled routes approved by the superintendent of public instruction.

37 (b) The total number of miles driven daily on routes approved by the  
38 superintendent of public instruction for which a private party, a political  
39 subdivision or a common or a contract carrier is reimbursed for bringing an  
40 eligible student from the place of his residence to a school transportation  
41 pickup point or to the school of attendance and from the school  
42 transportation scheduled return point or from the school of attendance to his  
43 residence. Daily route mileage includes the total number of miles necessary  
44 to drive to transport eligible students from and to their residence as  
45 provided in this paragraph.

1           8. "District support level" means the base support level plus the  
2 transportation support level.

3           9. "Eligible students" means:

4           (a) Students who are transported by or for a school district and who  
5 qualify as full-time students or fractional students, except students for  
6 whom transportation is paid by another school district or a county school  
7 superintendent, and:

8           (i) For common school students, whose place of actual residence within  
9 the school district is more than one mile from the school facility of  
10 attendance or students who are admitted pursuant to section 15-816.01 and who  
11 meet the economic eligibility requirements established under the national  
12 school lunch and child nutrition acts (42 United States Code sections 1751  
13 through 1785) for free or reduced price lunches and whose actual place of  
14 residence outside the school district boundaries is more than one mile from  
15 the school facility of attendance.

16           (ii) For high school students, whose place of actual residence within  
17 the school district is more than one and one-half miles from the school  
18 facility of attendance or students who are admitted pursuant to section  
19 15-816.01 and who meet the economic eligibility requirements established  
20 under the national school lunch and child nutrition acts (42 United States  
21 Code sections 1751 through 1785) for free or reduced price lunches and whose  
22 actual place of residence outside the school district boundaries is more than  
23 one and one-half miles from the school facility of attendance.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

22           2. "Base level" means:

23           (a) For fiscal year 2007-2008, three thousand two hundred twenty-six  
24 dollars eighty-eight cents.

25           (b) For fiscal year 2008-2009, three thousand two hundred ninety-one  
26 dollars forty-two cents.

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

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

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

36           6. "DD" MEANS PROGRAMS FOR CHILDREN WITH DEVELOPMENTAL DELAYS WHO ARE  
37 AT LEAST THREE YEARS OF AGE BUT UNDER TEN YEARS OF AGE. A PRESCHOOL CHILD  
38 WHO IS CATEGORIZED UNDER THIS PARAGRAPH IS NOT ELIGIBLE TO RECEIVE FUNDING  
39 PURSUANT TO SECTION 15-943, PARAGRAPH 2, SUBDIVISION (b).

40           6- 7. "ED, MIMR, SLD, SLI and OHI" means programs for children with  
41 emotional disabilities, mild mental retardation, a specific learning  
42 disability, a speech/language impairment and other health impairments. A  
43 PRESCHOOL CHILD WHO IS CATEGORIZED AS SLI UNDER THIS PARAGRAPH IS NOT  
44 ELIGIBLE TO RECEIVE FUNDING PURSUANT TO SECTION 15-943, PARAGRAPH 2,  
45 SUBDIVISION (b).

1       ~~7-~~ 8. "ED-P" means programs for children with emotional disabilities  
2 who are enrolled in private special education programs as prescribed in  
3 section 15-765, subsection D, paragraph 1 or in an intensive school district  
4 program as provided in section 15-765, subsection D, paragraph 2.  
5       ~~8-~~ 9. "ELL" means English learners who do not speak English or whose  
6 native language is not English, who are not currently able to perform  
7 ordinary classroom work in English and who are enrolled in an English  
8 language education program pursuant to sections 15-751, 15-752 and 15-753.  
9       ~~9-~~ 10. "Full-time equivalent certified teacher" or "FTE certified  
10 teacher" means for a certified teacher the following:  
11       (a) If employed full time as defined in section 15-501, 1.00.  
12       (b) If employed less than full time, multiply 1.00 by the percentage  
13 of a full school day, or its equivalent, or a full class load, or its  
14 equivalent, for which the teacher is employed as determined by the governing  
15 board.  
16       ~~10-~~ 11. "Group A" means educational programs for career exploration, a  
17 specific learning disability, an emotional disability, mild mental  
18 retardation, remedial education, a speech/language impairment, DEVELOPMENTAL  
19 DELAY, homebound, bilingual, ~~preschool—moderate—delay, preschool~~  
20 ~~speech/language—delay,~~ other health impairments and gifted pupils.  
21       ~~11-~~ 12. "Group B" means educational improvements for pupils in  
22 kindergarten programs and grades one through three, educational programs for  
23 autism, a hearing impairment, moderate mental retardation, multiple  
24 disabilities, multiple disabilities with severe sensory impairment,  
25 orthopedic impairments, preschool severe delay, severe mental retardation and  
26 emotional disabilities for school age pupils enrolled in private special  
27 education programs or in school district programs for children with severe  
28 disabilities or visual impairment and English learners enrolled in a program  
29 to promote English language proficiency pursuant to section 15-752.  
30       ~~12-~~ 13. "HI" means programs for pupils with hearing impairment.  
31       ~~13-~~ 14. "Homebound" or "hospitalized" means a pupil who is capable of  
32 profiting from academic instruction but is unable to attend school due to  
33 illness, disease, accident or other health conditions, who has been examined  
34 by a competent medical doctor and who is certified by that doctor as being  
35 unable to attend regular classes for a period of not less than three school  
36 months or a pupil who is capable of profiting from academic instruction but  
37 is unable to attend school regularly due to chronic or acute health problems,  
38 who has been examined by a competent medical doctor and who is certified by  
39 that doctor as being unable to attend regular classes for intermittent  
40 periods of time totaling three school months during a school year. The  
41 medical certification shall state the general medical condition, such as  
42 illness, disease or chronic health condition, that is the reason that the  
43 pupil is unable to attend school. Homebound or hospitalized includes a  
44 student who is unable to attend school for a period of less than three months  
45 due to a pregnancy if a competent medical doctor, after an examination,

1 certifies that the student is unable to attend regular classes due to risk to  
2 the pregnancy or to the student's health.

3 ~~14-~~ 15. "K" means kindergarten programs.

4 ~~15-~~ 16. "K-3" means kindergarten programs and grades one through  
5 three.

6 ~~16-~~ 17. "MD-R, A-R and SMR-R" means resource programs for pupils with  
7 multiple disabilities, autism and severe mental retardation.

8 ~~17-~~ 18. "MD-SC, A-SC and SMR-SC" means self-contained programs for  
9 pupils with multiple disabilities, autism and severe mental retardation.

10 ~~18-~~ 19. "MDSI" means a program for pupils with multiple disabilities  
11 with severe sensory impairment.

12 ~~19-~~ 20. "MOMR" means programs for pupils with moderate mental  
13 retardation.

14 ~~20-~~ 21. "OI-R" means a resource program for pupils with orthopedic  
15 impairments.

16 ~~21-~~ 22. "OI-SC" means a self-contained program for pupils with  
17 orthopedic impairments.

18 ~~22-~~ 23. "PSD" means preschool programs for children with disabilities  
19 as provided in section 15-771.

20 ~~23-~~ 24. "P-SD" means programs for children who meet the definition of  
21 preschool severe delay as provided in section 15-771.

22 ~~24-~~ 25. "Qualifying tax rate" means the qualifying tax rate specified  
23 in section 15-971 applied to the assessed valuation used for primary property  
24 taxes.

25 ~~25-~~ 26. "Small isolated school district" means a school district which  
26 meets all of the following:

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

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

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

36 ~~26-~~ 27. "Small school district" means a school district which meets  
37 all of the following:

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

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

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

1       ~~27-~~ 28. "Transportation revenue control limit" means the  
2 transportation revenue control limit computed as prescribed in section  
3 15-946.

4       ~~28-~~ 29. "Transportation support level" means the support level for  
5 pupil transportation operating expenses as provided in section 15-945.

6       ~~29-~~ 30. "VI" means programs for pupils with visual impairments.

7       ~~30-~~ 31. "Voc. Ed." means career and technical education and vocational  
8 education programs, as defined in section 15-781.

9       Sec. 30. Section 15-902, Arizona Revised Statutes, is amended to read:  
10       15-902. Determination of student count

11       A. For a common or a unified school district in which the average  
12 daily membership through the first one hundred days or two hundred days in  
13 session, as applicable, of the current year has exceeded the average daily  
14 attendance through the first one hundred days or two hundred days in session,  
15 as applicable, of the current year by more than six per cent, the student  
16 count shall be determined by an adjusted average daily membership computed by  
17 multiplying the actual average daily attendance by one hundred six per cent.

18       B. For a high school district in which the average daily membership  
19 through the first one hundred days in session of the current year exceeds the  
20 average daily attendance through the first one hundred days in session of the  
21 current year by more than eight and one-half per cent, the student count  
22 shall be determined by an adjusted average daily membership computed by  
23 multiplying the actual average daily attendance by one hundred eight and  
24 one-half per cent. If the high school district which utilized adjusted  
25 average daily membership pursuant to this subsection does not qualify for  
26 equalization assistance as provided by section 15-971, the computation of  
27 additional state aid for education as provided in section 15-972 for that  
28 district shall not include in the primary property tax rate the amount of  
29 primary property taxes necessary to fund an amount computed as follows:

30       1. Determine the revenue control limit, capital outlay revenue limit  
31 and soft capital allocation using the adjusted average daily membership.

32       2. Add the amounts determined in paragraph 1 of this subsection.

33       3. Determine the revenue control limit, capital outlay revenue limit  
34 and soft capital allocation using a student count computed by multiplying the  
35 actual average daily attendance by one hundred six per cent.

36       4. Add the amounts determined in paragraph 3 of this subsection.

37       5. Subtract the sum determined under paragraph 4 of this subsection  
38 from the sum determined under paragraph 2 of this subsection.

39       C. A school district required to utilize adjusted average daily  
40 membership as provided in this section may apply to the department of  
41 education for a further adjustment if student absences result from any of the  
42 following reasons:

43       1. Widespread illness for any period of three consecutive days or  
44 more.

- 1           2. Adverse weather conditions for any period of three consecutive days  
2 or more.
- 3           3. Concerted refusal by students to attend classes for any period of  
4 three consecutive days of more.
- 5           4. Threats of violence against school property, school personnel or  
6 students for any period of one day or more.
- 7           5. SCHOOL CLOSURE DUE TO SITUATIONS AFFECTING THE SAFETY OF PERSONS OR  
8 PROPERTY RESULTING FROM FIRE, FLOODING OR FLOODWATER, AN EARTHQUAKE, A  
9 HAZARDOUS MATERIAL EVENT OR OTHER CAUSES IF APPROVED BY THE DEPARTMENT OF  
10 EDUCATION.
- 11           D. All student absence figures shall be submitted by the school  
12 district on a school by school basis to the department of education pursuant  
13 to subsection C of this section and shall be certified by the governing board  
14 of the school district. The department of education shall review the  
15 materials and documents submitted and may, if it determines that the absences  
16 resulted from the reasons prescribed by this section, further adjust the  
17 average daily membership figures of the school district.
- 18           E. A school district required to use adjusted average daily membership  
19 as provided in this section may apply to the department of education for a  
20 further adjustment due to absences of pupils with chronic health problems as  
21 defined in section 15-346 if the school district is providing services to the  
22 pupils during their absence from school.
- 23           F. A pupil is enrolled if the pupil is currently registered in the  
24 school district. In addition, the uniform system of financial records shall  
25 contain procedures to ensure that enrollment is determined by all school  
26 districts on a uniform basis.
- 27           G. Any determination of average daily attendance and average daily  
28 membership shall be based on the records of the superintendent of public  
29 instruction.
- 30           H. For school districts which maintain an approved year-round school  
31 year operation program, an educational program offered on the basis of a four  
32 day school week or an alternative kindergarten program offered on the basis  
33 of a three day school week, student count shall be based on a computation as  
34 prescribed by the superintendent of public instruction on the one hundred  
35 seventy-five days' equivalency or two hundred days' equivalency, as  
36 applicable, of instructional time as approved by the superintendent of public  
37 instruction during which each pupil is enrolled.
- 38           I. School districts shall be required to record electronically  
39 membership and attendance on a school by school basis for each day school is  
40 in session. Records shall be certified and forwarded to the department of  
41 education electronically within twelve days after the first forty days in  
42 session and within twelve days after the first one hundred days in session.
- 43           J. Absences shall be made part of the attendance record and shall be  
44 forwarded electronically by the school district on a school by school basis  
45 with other records to the department of education.

1           K. If a new school district is formed by the subdivision of an  
2 existing school district as provided in section 15-458, the new school  
3 district shall determine its student count, the approved daily route mileage  
4 and the number of eligible students transported on the basis of where pupils  
5 reside within the boundaries of the new school district when computing  
6 assistance as provided in this chapter. The school district shall determine  
7 its student count, the approved daily route mileage and the number of  
8 eligible students transported on the basis of where pupils reside within the  
9 diminished boundaries of the school district when computing a school district  
10 budget limit and assistance as provided in this chapter. The combined  
11 student count in the new districts may not exceed the student count of the  
12 school district which would have existed if the subdivision had not occurred.

13           Sec. 31. Section 15-905, Arizona Revised Statutes, is amended to read:  
14           15-905. School district budgets; notice; adoption; aggregate  
15                           budget limit; summary; adjustments; definition

16           A. Not later than July 5 of each year or no later than the publication  
17 of notice of the public hearing and board meeting as required by this  
18 section, the governing board of each school district shall prepare and  
19 furnish to the superintendent of public instruction and the county school  
20 superintendent, unless waived by the county school superintendent, a proposed  
21 budget in electronic format for the budget year, which shall contain the  
22 information and be in the form as provided by the department of education.  
23 The proposed budget shall include the following:

24           1. The total amount of revenues from all sources that was necessary to  
25 meet the school district's budget for the current year.

26           2. The total amount of revenues by source that will be necessary to  
27 meet the proposed budget of the school district, excluding property  
28 taxes. The governing board shall prepare the proposed budget and a summary  
29 of the proposed budget. Both documents shall be kept on file at the school  
30 district office and shall be made available to the public upon request. The  
31 auditor general in conjunction with the department of education shall  
32 prescribe the form of the summary of the proposed budget for use by governing  
33 boards. School district governing boards may include in the proposed budget  
34 any items or amounts which are authorized by legislation filed with the  
35 secretary of state and which will become effective during the budget  
36 year. If subsequent events prevent the legislation from becoming effective,  
37 school district governing boards must reduce their budgets by the amounts  
38 budgeted pursuant to the legislation which did not become effective.

39           B. The governing board of each school district shall prepare a notice  
40 fixing a time not later than July 15 and designating a public place within  
41 each school district at which a public hearing and board meeting shall be  
42 held. The governing board shall present the proposed budget for  
43 consideration of the residents and the taxpayers of the school district at  
44 such hearing and meeting.

1 C. The governing board of each school district shall publish or mail,  
2 prior to the hearing and meeting, a copy of the proposed budget or the  
3 summary of the proposed budget and, in addition, a notice of the public  
4 hearing and board meeting no later than ten days prior to the meeting. The  
5 proposed budget and the summary of the proposed budget shall contain the  
6 percentage of increase or decrease in each budget category of the proposed  
7 budget as compared to each category of the budget for the current  
8 year. Notification shall be either by publication in a newspaper of general  
9 circulation within the school district in which the size of the newspaper  
10 print shall be at least eight-point type, by electronic transmission of the  
11 information to the department of education for posting on the department's  
12 web site or by mailing the information to each household in the school  
13 district. The cost of publication, web site posting or mailing shall be a  
14 charge against the school district. The publisher's affidavit of publication  
15 shall be filed by the governing board with the superintendent of public  
16 instruction within thirty days after publication. If the budget or proposed  
17 budget and notice are posted on a web site maintained by the department of  
18 education or mailed, the board shall file an affidavit with the  
19 superintendent of public instruction within thirty days after the mailing or  
20 the date that the information is posted on the web site. If a truth in  
21 taxation notice and hearing is required under section 15-905.01, the  
22 governing board may combine the notice and hearing under this section with  
23 the truth in taxation notice and hearing.

24 D. At the time and place fixed in the notice, the governing board  
25 shall hold the public hearing and present the proposed budget to the persons  
26 attending the hearing. Upon request of any person, the governing board shall  
27 explain the budget, and any resident or taxpayer of the school district may  
28 protest the inclusion of any item. A governing board member who has a  
29 substantial interest, as defined in section 38-502, in a specific item in the  
30 school district budget shall refrain from voting on the specific item. A  
31 governing board member may without creating a conflict of interest  
32 participate in adoption of a final budget even though the member may have  
33 substantial interest in specific items included in the budget.

34 E. Immediately following the public hearing the president shall call  
35 to order the governing board meeting for the purpose of adopting the budget.  
36 The governing board shall adopt the budget which shall not exceed the general  
37 budget limit, the unrestricted capital budget limit or the soft capital  
38 allocation limit, making such deductions as it sees fit but making no  
39 additions to the proposed budget total for maintenance and operations or  
40 capital outlay, and shall enter the budget as adopted in its minutes. Not  
41 later than July 18, the budget as finally adopted shall be filed by the  
42 governing board with the county school superintendent who shall immediately  
43 transmit a copy to the board of supervisors. Not later than July 18, the  
44 budget as finally adopted shall be submitted electronically to the  
45 superintendent of public instruction. On or before October 30, the

1 superintendent of public instruction shall review the budget and notify the  
2 governing board if the budget is in excess of the general budget limit, the  
3 unrestricted capital budget limit or the soft capital allocation limit. If  
4 the governing board receives notification that the budget is in excess of the  
5 general budget limit, the unrestricted capital budget limit or the soft  
6 capital allocation limit by fewer than one thousand dollars, the governing  
7 board shall adjust the budget and expenditures so as not to exceed the  
8 general budget limit, the unrestricted capital budget limit or the soft  
9 capital allocation limit for the current year. If the governing board  
10 receives notification that the budget is in excess of the general budget  
11 limit, the unrestricted capital budget limit or the soft capital allocation  
12 limit by one thousand dollars or more, it shall on or before December 15,  
13 after it gives notice and holds a public meeting in a similar manner as  
14 provided in subsections C and D of this section, adopt a revised budget for  
15 the current year which shall not exceed the general budget limit, the  
16 unrestricted capital budget limit or the soft capital allocation limit. On  
17 or before December 18, the governing board shall file the revised budget  
18 which it adopts with the county school superintendent who shall immediately  
19 transmit a copy to the board of supervisors. Not later than December 18, the  
20 budget as revised shall be submitted electronically to the superintendent of  
21 public instruction. School districts that are subject to section 15-914.01  
22 are not required to send a copy of revised budgets to the county school  
23 superintendent. Procedures for adjusting expenditures or revising the budget  
24 shall be as prescribed in the uniform system of financial records.

25 F. The governing board of each school district may budget for  
26 expenditures within the school district budget as follows:

27 1. Amounts within the general budget limit, as provided in section  
28 15-947, subsection C, may only be budgeted in the following sections of the  
29 budget:

30 (a) The maintenance and operation section.

31 (b) The capital outlay section.

32 2. Amounts within the unrestricted capital budget limit, as provided  
33 in section 15-947, subsection D, may only be budgeted in the unrestricted  
34 capital outlay subsection of the budget. Monies received pursuant to the  
35 unrestricted capital budget limit shall be placed in the unrestricted capital  
36 outlay fund. The monies in the fund are not subject to reversion.

37 3. The soft capital allocation limit, as provided in section 15-947,  
38 subsection E, may only be budgeted in the soft capital allocation subsection  
39 of the budget.

40 G. The governing board may authorize the expenditure of monies  
41 budgeted within the maintenance and operation section of the budget for any  
42 subsection within the section in excess of amounts specified in the adopted  
43 budget only by action taken at a public meeting of the governing board and if  
44 the expenditures for all subsections of the section do not exceed the amount  
45 budgeted as provided in this section. Until June 30, 1999, the governing

1 board may authorize the expenditure of monies to exceed the budgeted  
2 expenditures of the capital outlay section of the budget only by action taken  
3 at a public meeting of the governing board and if monies are available in the  
4 reserve.

5 H. The aggregate budget limit is the sum of the following:

6 1. The general budget limit as determined in section 15-947 for the  
7 budget year.

8 2. The unrestricted capital budget limit as determined in section  
9 15-947 for the budget year.

10 3. The soft capital allocation limit for the budget year as determined  
11 in section 15-947.

12 4. Federal assistance, excluding ~~P.L. 81-874~~ TITLE VIII OF THE  
13 ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965 monies.

14 I. School districts which overestimated tuition revenues as provided  
15 in section 15-947, subsection C, paragraph 2 shall adjust the general budget  
16 limit and expenditures based upon tuition revenues for attendance of  
17 nonresident pupils during the current fiscal year. School districts which  
18 underestimated tuition revenues may adjust their budgets prior to May 15  
19 based upon tuition revenues for attendance of nonresident pupils during the  
20 current fiscal year. School districts which overestimated revenues as  
21 provided in section 15-947, subsection C, paragraph 2, subdivision (a), items  
22 (iii), (iv) and (v) and subdivision (d) shall adjust the general budget limit  
23 and expenditures based on actual revenues during the current fiscal  
24 year. School districts which underestimated such revenues may adjust their  
25 budgets before May 15 based on actual revenues during the current fiscal  
26 year. Procedures for completing adjustments shall be as prescribed in the  
27 uniform system of financial records. Not later than May 18, the budget as  
28 adjusted shall be submitted electronically to the superintendent of public  
29 instruction.

30 J. A common school district not within a high school district whose  
31 estimated tuition charge for high school pupils exceeds the actual tuition  
32 charge for high school pupils shall adjust the general budget limit and  
33 expenditures based on the actual tuition charge. Not later than May 18, the  
34 budget as adjusted shall be submitted electronically to the superintendent of  
35 public instruction. A common school district not within a high school  
36 district whose estimated tuition charge for high school pupils is less than  
37 the actual tuition charge for high school pupils may adjust its budget before  
38 May 15 based on the actual tuition charge. Procedures for completing  
39 adjustments shall be as prescribed in the uniform system of financial  
40 records. If the adjusted general budget limit requires an adjustment of  
41 state aid and if the adjustment to state aid is not made in the current year,  
42 the superintendent of public instruction shall adjust by August 15 of the  
43 succeeding fiscal year the apportionment of state aid to the school district  
44 to correct any overpayment or underpayment of state aid received during the  
45 current year.

1           K. The governing board may include ~~P.L. 81-874~~ TITLE VIII OF THE  
2 ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965 assistance allocated for  
3 children with disabilities, children with specific learning disabilities,  
4 children residing on Indian lands and children residing within the boundaries  
5 of an accommodation school that is located on a military reservation and that  
6 is classified as a heavily impacted local educational agency pursuant to 20  
7 United States Code section 7703 which is in addition to basic assistance when  
8 determining the general budget limit as prescribed in section 15-947,  
9 subsection C. The increase in the general budget limit for children residing  
10 within the boundaries of an accommodation school that is located on a  
11 military reservation and that is classified as a heavily impacted local  
12 education agency shall equal the dollar amount calculated pursuant to 20  
13 United States Code section 7703(b)(2). The governing board may adjust before  
14 May 15 the budget for the current year based on any adjustments which result  
15 in increases over the amount estimated by the superintendent of public  
16 instruction for ~~P.L. 81-874~~ TITLE VIII OF THE ELEMENTARY AND SECONDARY  
17 EDUCATION ACT OF 1965 assistance for such pupils for the fiscal year  
18 preceding the current year. The governing board shall adjust before May 15  
19 the budget for the current year based on any adjustments which result in  
20 decreases in the amount estimated by the superintendent of public instruction  
21 for ~~P.L. 81-874~~ TITLE VIII OF THE ELEMENTARY AND SECONDARY EDUCATION ACT OF  
22 1965 assistance for such pupils for the fiscal year preceding the current  
23 year. Not later than May 18, the budget as adjusted shall be submitted  
24 electronically to the superintendent of public instruction. Procedures for  
25 complying with this subsection shall be as prescribed in the uniform system  
26 of financial records.

27           L. The DEPARTMENT OF EDUCATION SHALL NOTIFY THE state board of  
28 education ~~shall hold a hearing~~ if expenditures by any school district exceed  
29 the general budget limit prescribed in section 15-947, subsection C, the  
30 unrestricted capital budget limit, the soft capital allocation limit  
31 prescribed in section 15-947, subsection E, the school plant fund limits  
32 prescribed in section 15-1102, subsection B, the maintenance and operation  
33 section of the budget or the capital outlay section of the budget. If the  
34 expenditures of any school district exceed these limits or sections of the  
35 budget without authorization as provided in section 15-907, AND IF THE STATE  
36 BOARD OF EDUCATION DETERMINES THAT THE EQUALIZATION ASSISTANCE FOR EDUCATION  
37 RECEIVED BY THE SCHOOL DISTRICT AS PROVIDED IN SECTION 15-971 DOES NOT  
38 CONFORM WITH STATUTORY REQUIREMENTS, the state board of education shall  
39 reduce the state aid for equalization assistance for education for the school  
40 district computed as provided in section 15-971 during the fiscal year  
41 subsequent to the fiscal year in which the excess ~~expenditures were made~~  
42 EQUALIZATION ASSISTANCE FOR EDUCATION WAS RECEIVED by an amount equal to the  
43 excess ~~expenditures~~ EQUALIZATION ASSISTANCE FOR EDUCATION, except that in  
44 case of hardship to the school district, the superintendent of public  
45 instruction may approve reductions partly in the first subsequent year and

1 partly in the second subsequent year. IF THE STATE BOARD OF EDUCATION  
2 DETERMINES THAT THE EQUALIZATION ASSISTANCE FOR EDUCATION RECEIVED BY THE  
3 SCHOOL DISTRICT CONFORMS WITH STATUTORY REQUIREMENTS, THE STATE BOARD OF  
4 EDUCATION SHALL NOT REDUCE THE DISTRICT'S EQUALIZATION ASSISTANCE FOR  
5 EDUCATION PURSUANT TO THIS SUBSECTION BUT THE DISTRICT SHALL REDUCE THE  
6 BUDGET LIMITS AS REQUIRED IN SUBSECTION M OF THIS SECTION. A SCHOOL DISTRICT  
7 THAT DISAGREES WITH THE DEPARTMENT OF EDUCATION'S DETERMINATION REGARDING AN  
8 EXCESS EXPENDITURE UNDER THIS SUBSECTION MAY REQUEST A HEARING BEFORE THE  
9 STATE BOARD OF EDUCATION.

10 M. The governing board of a school district shall reduce the general  
11 budget limit, the unrestricted capital budget limit or the soft capital  
12 allocation limit, for the year subsequent to the year in which the  
13 expenditures were in excess of the applicable limit or section of the budget  
14 by the amount determined in subsection L of this section, except that in case  
15 of hardship to the school district, the superintendent of public instruction  
16 may approve reductions partly in the first subsequent year and partly in the  
17 second subsequent year. The reduction in the limit is applicable to each  
18 school district which has exceeded the general budget limit, the unrestricted  
19 capital budget limit, the soft capital allocation limit or a section of the  
20 budget even if the reduction exceeds the state aid for equalization  
21 assistance for education for the school district.

22 N. Except as provided in section 15-916, no expenditure shall be made  
23 by any school district for a purpose not included in the budget or in excess  
24 of the aggregate budget limit prescribed in this section, except that if no  
25 budget has been adopted, from July 1 to July 15 the governing board may make  
26 expenditures if the total of the expenditures does not exceed ten per cent of  
27 the prior year's aggregate budget limit. Any expenditures made from July 1  
28 to July 15 and prior to the adoption of the budget shall be included in the  
29 total expenditures for the current year. No expenditure shall be made and no  
30 debt, obligation or liability shall be incurred or created in any year for  
31 any purpose itemized in the budget in excess of the amount specified for the  
32 item irrespective of whether the school district at any time has received or  
33 has on hand funds in excess of those required to meet the expenditures,  
34 debts, obligations and liabilities provided for under the budget except  
35 expenditures from cash controlled funds as defined by the uniform system of  
36 financial records and except as provided in section 15-907 and subsection G  
37 of this section. This subsection does not prohibit any school district from  
38 prepaying insurance premiums or magazine subscriptions, or from prepaying any  
39 item which is normally prepaid in order to procure the service or to receive  
40 a discounted price for the service, as prescribed by the uniform system of  
41 financial records.

42 O. The governing board of a school district which is classified as a  
43 heavily impacted school district having twenty per cent or more pupils  
44 pursuant to 20 United States Code section 238(d)1(A) may determine its  
45 eligibility to increase the amount that may be included in determining the

1 general budget limit as provided in subsection K of this section and may  
2 increase the amount as follows:

3 1. For fiscal year 1988-1989:

4 (a) Multiply one thousand ninety-four dollars by the number of  
5 children with disabilities or children with specific learning disabilities,  
6 excluding children who also reside on Indian lands, reported to the division  
7 of impact aid, United States department of education in the district's  
8 application for fiscal year 1987-1988.

9 (b) Multiply five hundred forty-seven dollars by the number of  
10 children residing on Indian lands, excluding children who have disabilities  
11 or also have specific learning disabilities, reported to the division of  
12 impact aid, United States department of education in the district's  
13 application for fiscal year 1987-1988.

14 (c) Multiply one thousand nine hundred fourteen dollars by the number  
15 of children residing on Indian lands who have disabilities or also have  
16 specific learning disabilities reported to the division of impact aid, United  
17 States department of education in the district's application for fiscal year  
18 1987-1988.

19 (d) Add the amounts determined in subdivisions (a) through (c).

20 (e) If the amount of ~~P.L. 81-874~~ TITLE VIII OF THE ELEMENTARY AND  
21 SECONDARY EDUCATION ACT OF 1965 assistance as provided in subsection K of  
22 this section is less than the sum determined in subdivision (d) of this  
23 paragraph, the district is eligible to use the provisions of this subsection.

24 2. For budget years after 1988-1989, use the provisions of paragraph 1  
25 of this subsection, but increase each dollar amount by the growth rate for  
26 that year as prescribed by law, subject to appropriation and use the number  
27 of children reported in the appropriate category for the current fiscal year.

28 3. If the district is eligible to use the provisions of this  
29 subsection, subtract the amount of ~~P.L. 81-874~~ TITLE VIII OF THE ELEMENTARY  
30 AND SECONDARY EDUCATION ACT OF 1965 assistance determined in subsection K of  
31 this section from the sum determined in paragraph 1, subdivision (d) of this  
32 subsection. The difference is the increase in the amount that may be  
33 included in determining the general budget limit as provided in subsection K  
34 of this section, if including this amount does not increase the district's  
35 primary tax rate for the budget year. If the amount of ~~P.L. 81-874~~ TITLE  
36 VIII OF THE ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965 assistance  
37 determined in subsection K of this section is adjusted for the current year,  
38 the increase determined in this paragraph shall be recomputed using the  
39 adjusted amount and the recomputed increase shall be reported to the  
40 department of education by May 15 on a form prescribed by the department of  
41 education.

42 4. If a district uses the provisions of this subsection, the district  
43 is not required to adjust its budget for the current year based on  
44 adjustments in the estimated amount of ~~P.L. 81-874~~ TITLE VIII OF THE

1 ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965 assistance as provided in  
2 subsection K of this section.

3 P. A school district, except for an accommodation school, which  
4 applies for ~~P.L. 81-874~~ TITLE VIII OF THE ELEMENTARY AND SECONDARY EDUCATION  
5 ACT OF 1965 assistance during the current year may budget an amount for ~~P.L.~~  
6 ~~81-874~~ TITLE VIII OF THE ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965  
7 administrative costs for the budget year. The amount budgeted for ~~P.L.~~  
8 ~~81-874~~ TITLE VIII OF THE ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965  
9 administrative costs is exempt from the revenue control limit and may not  
10 exceed an amount determined for the budgeted year as follows:

11 1. Determine the minimum cost. The minimum cost for fiscal year  
12 1990-1991 is two thousand three hundred forty-three dollars. For fiscal year  
13 1991-1992 and thereafter, the minimum cost is the minimum cost for the prior  
14 year increased by the growth rate as prescribed by law, subject to  
15 appropriation.

16 2. Determine the hourly rate. The hourly rate for fiscal year  
17 1990-1991 is nine dollars thirty-eight cents. For fiscal year 1991-1992 and  
18 thereafter, the hourly rate is the hourly rate for the prior year increased  
19 by the growth rate as prescribed by law, subject to appropriation.

20 3. Determine the ~~P.L. 81-874~~ TITLE VIII OF THE ELEMENTARY AND  
21 SECONDARY EDUCATION ACT OF 1965 revenues available by subtracting the amount  
22 of ~~P.L. 81-874~~ TITLE VIII OF THE ELEMENTARY AND SECONDARY EDUCATION ACT OF  
23 1965 assistance used to increase the general budget limit as provided in  
24 subsections K and O of this section for the current fiscal year from the  
25 total amount of ~~P.L. 81-874~~ TITLE VIII OF THE ELEMENTARY AND SECONDARY  
26 EDUCATION ACT OF 1965 revenues received in the current fiscal year.

27 4. Determine the total number of administrative hours as follows:

28 (a) Determine the sum of the following:

29 (i) 1.00 hours for each high impact pupil who is not disabled or does  
30 not have specific learning disabilities.

31 (ii) 1.25 hours for each high impact pupil who is disabled or has  
32 specific learning disabilities.

33 (iii) 0.25 hours for each low impact pupil who is not disabled or does  
34 not have specific learning disabilities.

35 (iv) 0.31 hours for each low impact pupil who is disabled or has  
36 specific learning disabilities.

37 (b) For the purposes of this paragraph:

38 (i) "High impact pupil" means a pupil who resides on Indian lands or a  
39 pupil who resides on federal property or in low rent housing and whose parent  
40 is employed on federal property or low rent housing property or is on active  
41 duty in uniformed service, as provided in ~~P.L. 81-874, section 3(a)~~ TITLE  
42 VIII OF THE ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965, SECTION 8003(a)  
43 (20 UNITED STATES CODE SECTION 7703) and as reported in the application for  
44 ~~P.L. 81-874~~ TITLE VIII OF THE ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965  
45 assistance in the current year.

1           (ii) "Low impact pupil" means a pupil who resides on nonfederal  
2 property and has a parent who is employed on federal property or low rent  
3 housing property or is on active duty in a uniformed service or a pupil who  
4 resides on federal property or in low rent housing and who does not have a  
5 parent who is employed on federal property or low rent housing property or is  
6 on active duty in uniformed service, as provided in ~~P.L. 81-874, section 3(b)~~  
7 TITLE VIII OF THE ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965, SECTION  
8 8003(a) (20 UNITED STATES CODE SECTION 7703) and as reported in the  
9 application for ~~P.L. 81-874~~ TITLE VIII OF THE ELEMENTARY AND SECONDARY  
10 EDUCATION ACT OF 1965 assistance in the current year.

11           5. Multiply the total number of administrative hours determined in  
12 paragraph 4 of this subsection by the hourly rate determined in paragraph 2  
13 of this subsection.

14           6. Determine the greater of the minimum cost determined in paragraph 1  
15 of this subsection or the product determined in paragraph 5 of this  
16 subsection.

17           7. Add to the amount determined in paragraph 6 of this subsection the  
18 amount, if any, to be expended by the school district in the budget year  
19 through an intergovernmental agreement with other school districts or the  
20 department of education to provide ~~P.L. 81-874~~ TITLE VIII OF THE ELEMENTARY  
21 AND SECONDARY EDUCATION ACT OF 1965 technical assistance to participating  
22 districts.

23           8. Determine the lesser of the amount determined in paragraph 7 of  
24 this subsection or the revenues available as determined in paragraph 3 of  
25 this subsection.

26           9. The amount determined in paragraph 8 of this subsection is the  
27 maximum amount which may be budgeted for ~~P.L. 81-874~~ TITLE VIII OF THE  
28 ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965 administrative costs for the  
29 budget year as provided in this subsection.

30           10. If the governing board underestimated the amount that may be  
31 budgeted for ~~P.L. 81-874~~ TITLE VIII OF THE ELEMENTARY AND SECONDARY EDUCATION  
32 ACT OF 1965, SECTION 8007 administrative costs for the current year, the  
33 board may adjust the general budget limit and the budget before May 15. If  
34 the governing board overestimated the amount that may be budgeted for  
35 ~~P.L. 81-874~~ TITLE VIII OF THE ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965  
36 administrative costs for the current year, the board shall adjust the general  
37 budget limit and the budget before May 15.

38           Q. If a school district governing board has adopted a budget for a  
39 fiscal year based on forms and instructions provided by the auditor general  
40 and the department of education for that fiscal year and if, as a result of  
41 the enactment or nonenactment of proposed legislation after May 1 of the  
42 previous fiscal year, the budget is based on incorrect limits, does not  
43 include items authorized by law or does not otherwise conform with law, the  
44 governing board may revise its budget at a public hearing on or before  
45 September 15 to conform with the law. Not later than September 18, the

1 budget as adjusted shall be submitted electronically to the superintendent of  
2 public instruction. If the governing board does not revise the budget on or  
3 before September 15 and if the budget includes any items not authorized by  
4 law or if the budget exceeds any limits, the governing board shall adjust or  
5 revise the budget as provided in subsection E of this section.

6 R. For the purposes of this section, "~~P.L. 81-874~~ TITLE VIII OF THE  
7 ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965 assistance" means, for the  
8 current year, an amount equal to the final determination of ~~P.L. 81-874~~ TITLE  
9 VIII OF THE ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965 assistance for the  
10 fiscal year preceding the current year as confirmed by the division of impact  
11 aid, United States department of education or, if a final determination has  
12 not been made, the amount estimated by the superintendent of public  
13 instruction as confirmed by the division of impact aid, United States  
14 department of education and, for the budget year, an amount equal to the  
15 determination of ~~P.L. 81-874~~ TITLE VIII OF THE ELEMENTARY AND SECONDARY  
16 EDUCATION ACT OF 1965 assistance for the fiscal year preceding the budget  
17 year as estimated by the superintendent of public instruction.

18 Sec. 32. Section 15-915, Arizona Revised Statutes, is amended to read:

19 15-915. Correction of state aid or budget limit errors;  
20 definition

21 A. If the superintendent of public instruction determines that the  
22 calculation of state aid for a school district or charter school or the  
23 calculation of the school district's or charter school's budget limits within  
24 the previous three years did not conform with statutory requirements, the  
25 superintendent shall require correction of the errors as follows:

26 1. Corrections may be made in the current year or in the budget year,  
27 except that in case of hardship to the school district, the superintendent  
28 may approve corrections partly in one year and partly in the year after that  
29 year.

30 2. Errors in the calculation of state aid shall be corrected by  
31 increasing or decreasing the state aid to the school district or charter  
32 school in the year or years in which the correction is made.

33 3. Errors in the calculation of the school district's or charter  
34 school's budget limits shall be corrected at a public hearing by requiring  
35 the governing board to reduce or by allowing it to increase its budget by the  
36 amount of the correction to be made that year. Overbudgeting errors  
37 corrected as provided in this paragraph are exempt from the provisions of  
38 section 15-905, subsections L and M. Not later than three days after the  
39 hearing and correction, the budget as revised shall be submitted  
40 electronically to the superintendent of public instruction. NOTHING IN THIS  
41 PARAGRAPH SHALL BE CONSTRUED TO REQUIRE A DECREASE IN STATE AID NOT OTHERWISE  
42 REQUIRED BY PARAGRAPH 2 OF THIS SUBSECTION.

43 B. Subject to the review by the joint legislative budget committee,  
44 the superintendent of public instruction shall adjust state aid for a school  
45 district in the current year if the governing board of a school district

1 requests the recalculation of state aid for a prior year due to a change in  
 2 assessed valuation that occurred as the result of a judgment in accordance  
 3 with section 42-16213.

4 C. Notwithstanding subsection A of this section, a school district or  
 5 charter school may not make upward revisions to its average daily membership  
 6 counts for a particular school year after June 30 of the subsequent school  
 7 year.

8 D. For the purposes of this section, "state aid":

9 1. For school districts means state aid as determined in section  
 10 15-971 and additional state aid as determined in section 15-972.

11 2. For charter schools means state aid as determined in section  
 12 15-185.

13 Sec. 33. Section 15-943, Arizona Revised Statutes, is amended to read:  
 14 15-943. Base support level

15 The base support level for each school district shall be computed as  
 16 follows:

17 1. The following support level weights shall be used in paragraph 2,  
 18 subdivision (a) OF THIS SECTION for the following school districts:

19 (a) For school districts whose student count in kindergarten programs  
 20 and grades one through eight is classified in column 1 of this subdivision,  
 21 the support level weight for kindergarten programs and grades one through  
 22 eight is the corresponding support level weight prescribed in column 2 or 3  
 23 of this subdivision, whichever is appropriate:

<u>Column 1</u>	<u>Column 2</u>	<u>Column 3</u>
<u>Student Count</u>	Support Level Weight For Small Isolated <u>School Districts</u>	Support Level Weight For Small <u>School Districts</u>
1-99	1.559	1.399
100-499	$1.358 + [0.0005 \times (500$ - student count)]	$1.278 + [0.0003 \times (500$ - student count)]
500-599	$1.158 + [0.002 \times (600$ - student count)]	$1.158 + [0.0012 \times (600$ - student count)]

33 (b) For school districts whose student count in grades nine through  
 34 twelve is classified in column 1 of this subdivision, the support level  
 35 weight for grades nine through twelve is the corresponding support level  
 36 weight prescribed in column 2 or 3 of this subdivision, whichever is  
 37 appropriate:

<u>Column 1</u>	<u>Column 2</u>	<u>Column 3</u>
<u>Student Count</u>	Support Level Weight For Small Isolated <u>School Districts</u>	Support Level Weight For Small <u>School Districts</u>
1-99	1.669	1.559
100-499	$1.468 + [0.0005 \times (500$ - student count)]	$1.398 + [0.0004 \times (500$ - student count)]

1           500-599                   1.268 + [0.002 x (600                   1.268 + [0.0013 x (600  
2   - student count)]                   - student count)]

3           2. Subject to paragraph 1 OF THIS SECTION, determine the weighted  
4 student count as follows:

5           (a)

Grade Base	Group A	Support Level Weight	Student Count	Weighted Student Count
9 PSD 1.000 + 0.450 =	1.450	x	_____	_____
10 K-8 1.000 + 0.158 =	1.158	x	_____	_____
11 9-12 1.163 + 0.105 =	1.268	x	_____	_____
			Subtotal	A

13           (b)

Funding Category	Support Level Weight	Student Count	Weighted Student Count
17 HI	4.771	x	_____
18 K, for fiscal year			
19 2006-2007	0.835	x	_____
20 K, for fiscal year			
21 2007-2008 and each			
22 fiscal year thereafter	1.352	x	_____
23 K-3	0.060	x	_____
24 ELL	0.115	x	_____
25 MD-R, A-R and			
26 SMR-R	6.024	x	_____
27 MD-SC, A-SC and			
28 SMR-SC	5.833	x	_____
29 MD-SSI	7.947	x	_____
30 OI-R	3.158	x	_____
31 OI-SC	6.773	x	_____
32 <del>P-SD</del>	<del>3.595</del>	<del>x</del>	<del>_____</del>
33 <del>ED, MIMR, SLD,</del>			
34 <del>SLI and OHI</del>	<del>0.003</del>	<del>x</del>	<del>_____</del>
35 P-SD	3.595	x	_____
36 DD, ED, MIMR, SLD,			
37 SLI AND OHI	0.003	x	_____
38 ED-P	4.822	x	_____
39 MOMR	4.421	x	_____
40 VI	4.806	x	_____
			Subtotal
			B

42           (c) Total of subtotals A and B: \_\_\_\_\_

43           3. Multiply the total determined in paragraph 2 OF THIS SECTION by the  
44 base level.

1           4. Multiply the teacher experience index of the district or 1.00,  
2 whichever is greater, by the product obtained in paragraph 3 OF THIS SECTION.

3           5. Add the amount determined in section 15-910.04.

4           Sec. 34. Section 15-947, Arizona Revised Statutes, as amended by Laws  
5 2008, chapter 207, section 4, is amended to read:

6           15-947. Revenue control limit; district support level; general  
7                           budget limit; unrestricted total capital budget  
8                           limit; soft capital allocation limit

9           A. The revenue control limit for a school district is equal to the sum  
10 of the base revenue control limit determined in section 15-944, THE AMOUNT  
11 DETERMINED IN SECTION 15-910.04 and the transportation revenue control limit  
12 determined in section 15-946.

13           B. The district support level for a school district is equal to the  
14 sum of the base support level determined in section 15-943 and the  
15 transportation support level determined in section 15-945.

16           C. The general budget limit for each school district, for each fiscal  
17 year, is the sum of the following:

18           1. The maintenance and operations portion of the revenue control limit  
19 for the budget year.

20           2. The maintenance and operation portion of the following amounts:

21           (a) Amounts that are fully funded by revenues other than a levy of  
22 taxes upon the taxable property within the school district, as listed below:

23           (i) Amounts budgeted as the budget balance carryforward as provided in  
24 section 15-943.01.

25           (ii) Tuition revenues for attendance of nonresident pupils.

26           (iii) State assistance as provided in section 15-976.

27           (iv) Special education revenues as provided in section 15-825,  
28 subsection D and section 15-1204.

29           (v) ~~P.L. 81-874~~ TITLE VIII OF THE ELEMENTARY AND SECONDARY EDUCATION  
30 ACT OF 1965 assistance determined for children with disabilities, children  
31 with specific learning disabilities, children residing on Indian lands and  
32 children residing within the boundaries of an accommodation school that is  
33 located on a military reservation and that is classified as a heavily  
34 impacted local educational agency pursuant to 20 United States Code section  
35 7703 as provided in section 15-905, subsections K and O.

36           (vi) ~~P.L. 81-874~~ TITLE VIII OF THE ELEMENTARY AND SECONDARY EDUCATION  
37 ACT OF 1965 administrative costs as provided in section 15-905, subsection P.

38           (vii) State assistance for excess tuition as provided in section  
39 15-825.01.

40           (viii) Amounts received from the state board of education pursuant to  
41 section 15-973.01.

42           (ix) TRANSPORTATION REVENUES FOR ATTENDANCE OF NONRESIDENT PUPILS.

43           (b) Amounts approved pursuant to an override election as provided in  
44 section 15-481 for the applicable fiscal year.

- 1 (c) Expenditures for excess utility costs as provided in section  
2 15-910.
- 3 (d) Amounts authorized by the county school superintendent pursuant to  
4 section 15-974, subsection B.
- 5 (e) Expenditures for complying with a court order of desegregation as  
6 provided in section 15-910.
- 7 (f) Expenditures for the bond issues portion of the cost of tuition as  
8 provided in section 15-910.
- 9 (g) Interest on registered warrants or tax anticipation notes as  
10 provided in section 15-910.
- 11 (h) Amounts budgeted for a jointly owned and operated career and  
12 technical education and vocational education center as provided in section  
13 15-910.01.
- 14 3. The maintenance and operations portion of the capital outlay  
15 revenue limit for the budget year.
- 16 4. Any other budget item that is budgeted in the maintenance and  
17 operation section of the budget and that is specifically exempt from the  
18 revenue control limit or the capital outlay revenue limit.
- 19 D. The unrestricted capital budget limit, for each school district for  
20 each fiscal year, is the sum of the following:
- 21 1. The federal impact adjustment as determined in section 15-964 for  
22 the budget year.
- 23 2. Any other budget item that is budgeted in the capital outlay  
24 section of the budget and that is specifically exempt from the capital outlay  
25 revenue limit.
- 26 3. The UNRESTRICTED capital portion of the amounts contained in  
27 subsection C, ~~paragraph 2~~ of this section.
- 28 4. The unexpended budget balance in the unrestricted capital outlay  
29 fund from the previous fiscal year.
- 30 5. The net interest earned in the unrestricted capital outlay fund the  
31 previous fiscal year.
- 32 6. THE BUDGETED AMOUNT AS APPROVED AND DETERMINED PURSUANT TO SECTION  
33 15-962, SUBSECTION F.
- 34 E. The soft capital allocation limit for each school district for each  
35 fiscal year is the sum of the following:
- 36 1. The soft capital allocation for the budget year.
- 37 2. The unexpended budget balance in the soft capital allocation fund  
38 from the previous fiscal year.
- 39 3. The net interest earned in the soft capital allocation fund the  
40 previous fiscal year.
- 41 Sec. 35. Repeal
- 42 Section 15-947, Arizona Revised Statutes, as amended by Laws 2008,  
43 chapter 287, section 14, is repealed.

1           Sec. 36. Section 15-947.01, Arizona Revised Statutes, is amended to  
2 read:

3           15-947.01. Revenue control limit; general budget limit; total  
4                                   capital budget limit for joint technological  
5                                   education districts

6           A. The revenue control limit for a joint technological education  
7 district is equal to the base support level determined in section 15-943.02  
8 and the amount determined in section 15-910.04.

9           B. The general budget limit for each joint technological education  
10 district, for each fiscal year, is the sum of the following:

- 11           1. The revenue control limit for the budget year.
- 12           2. The capital outlay revenue limit for the budget year.
- 13           3. Tuition revenues for attendance of nonresident pupils.
- 14           4. ~~P.L. 81-874~~ TITLE VIII OF THE ELEMENTARY AND SECONDARY EDUCATION  
15 ACT OF 1965 assistance determined for children with disabilities, children  
16 with specific learning disabilities and children residing on Indian lands as  
17 provided in section 15-905, subsections K and O.

18           5. Expenditures for excess utility costs as provided in section  
19 15-910.

20           C. The unrestricted capital budget limit for each joint technological  
21 education district for the budget year is as provided in section 15-947,  
22 subsection D.

23           D. The soft capital allocation limit for each joint technological  
24 education district for the budget year is as provided in section 15-947,  
25 subsection E.

26           Sec. 37. Section 15-961, Arizona Revised Statutes, is amended to read:  
27 15-961. Capital outlay revenue limit; growth rate

28           A. A capital outlay revenue limit per student count is established for  
29 fiscal year ~~1984-1985~~ 2009-2010 as follows:

30           1. FOR SCHOOL DISTRICTS WITH A STUDENT COUNT OF LESS THAN ONE HUNDRED  
31 FOR KINDERGARTEN PROGRAMS AND GRADES ONE THROUGH EIGHT, TWO HUNDRED  
32 SEVENTY-TWO DOLLARS SEVENTY-FIVE CENTS. FOR SCHOOL DISTRICTS WITH A STUDENT  
33 COUNT OF ONE HUNDRED OR MORE AND LESS THAN SIX HUNDRED for kindergarten  
34 programs and grades one through eight multiply ~~one hundred fifty five dollars~~  
35 ONE HUNDRED NINETY-FOUR DOLLARS NINETY-FIVE CENTS by the weight which  
36 corresponds to the student count for kindergarten programs and grades one  
37 through eight for the school district as provided in section 15-943,  
38 paragraph 1, subdivision (a), column 3. For a school district with a student  
39 count of six hundred or more in kindergarten programs and grades one through  
40 eight, ~~multiply one hundred fifty five dollars by 1.158~~ THE LIMIT IS TWO  
41 HUNDRED TWENTY-FIVE DOLLARS SEVENTY-SIX CENTS.

42           2. FOR SCHOOL DISTRICTS WITH A STUDENT COUNT OF LESS THAN ONE HUNDRED  
43 FOR GRADES NINE THROUGH TWELVE, THREE HUNDRED TWENTY-NINE DOLLARS FORTY-ONE  
44 CENTS. FOR SCHOOL DISTRICTS WITH A STUDENT COUNT OF ONE HUNDRED OR MORE AND  
45 LESS THAN SIX HUNDRED for grades nine through twelve, multiply ~~one hundred~~

1 ~~sixty-eight dollars~~ TWO HUNDRED ELEVEN DOLLARS TWENTY-NINE CENTS by the  
2 weight which corresponds to the student count for grades nine through twelve  
3 for the school district as provided in section 15-943, paragraph 1,  
4 subdivision (b), column 3. For a school district with a student count of six  
5 hundred or more in grades nine through twelve, ~~multiply one hundred~~  
6 ~~sixty-eight dollars by 1.268~~ THE LIMIT IS TWO HUNDRED SIXTY-SEVEN DOLLARS  
7 NINETY-FOUR CENTS.

8 3. For programs for preschool children with disabilities, ~~multiply~~  
9 ~~one hundred fifty five dollars by 1.158~~ TWO HUNDRED TWENTY-FIVE DOLLARS  
10 SEVENTY-SIX CENTS.

11 B. For fiscal year ~~1985-1986~~ 2009-2010 and each year thereafter, the  
12 capital outlay revenue limit prescribed in subsection A of this section shall  
13 be adjusted by the growth rate prescribed by law, subject to appropriation.

14 C. For fiscal year 1985-1986 and each year thereafter, the capital  
15 outlay revenue limit for a school district shall be computed as follows:

16 1. Select the applicable capital outlay revenue limit or limits per  
17 student count for the school district.

18 2. Multiply the amount or amounts selected in paragraph 1 of this  
19 subsection by the appropriate student count of the school district. The  
20 student count of the school district shall not include any pupils in a  
21 charter school sponsored by the district pursuant to section 15-185,  
22 subsection A, paragraph 3.

23 3. If a school district's student count used for the budget year is  
24 greater than one hundred five per cent of the student count used for the  
25 current year's budget, increase the adjusted capital outlay revenue limit  
26 determined in paragraph 2 of this subsection by the actual percentage  
27 increase in the school district's student count.

28 D. For fiscal year ~~1985-1986~~ 2009-2010 and each year thereafter, an  
29 amount for the purchase of required textbooks and related printed subject  
30 matter materials shall be used to increase the capital outlay revenue limit  
31 for a school district as determined in subsection C, paragraph 2 or 3 of this  
32 section, whichever is applicable. For fiscal year ~~1985-1986~~ 2009-2010, the  
33 ~~funding level is fifty seven dollars fifty cents~~ MULTIPLY THE STUDENT COUNT  
34 IN GRADES NINE THROUGH TWELVE BY SIXTY-NINE DOLLARS SIXTY-EIGHT CENTS. For  
35 ~~fiscal year 1986-1987 and each year thereafter, the funding level is the~~  
36 ~~funding level of the previous year adjusted by the growth rate prescribed by~~  
37 ~~law, subject to appropriation. The amount to be added to the amount in~~  
38 ~~subsection C, paragraph 2 or 3 of this section, whichever is applicable, to~~  
39 ~~determine the capital outlay revenue limit for a school district is computed~~  
40 ~~as follows:~~

41 ~~1. For fiscal year 1985-1986, multiply the student count in grade nine~~  
42 ~~by the funding level for the applicable year as prescribed in this~~  
43 ~~subsection.~~

1           ~~2. For fiscal year 1986-1987, multiply the student count in grades~~  
2 ~~nine and ten by the funding level for the applicable year as prescribed in~~  
3 ~~this subsection.~~

4           ~~3. For fiscal year 1987-1988, multiply the student count in grades~~  
5 ~~nine through eleven by the funding level for the applicable year as~~  
6 ~~prescribed in this subsection.~~

7           ~~4. For fiscal year 1988-1989 and each year thereafter, multiply the~~  
8 ~~student count in grades nine through twelve by the funding level for the~~  
9 ~~applicable year as prescribed in this subsection.~~

10           Sec. 38. Section 15-962, Arizona Revised Statutes, is amended to read:

11           15-962. Soft capital allocation

12           A. A soft capital allocation per student count is established for  
13 fiscal year 1999-2000, as follows:

14           1. For kindergarten programs and grades one through eight, multiply  
15 one hundred ninety-four dollars thirty cents by the weight which corresponds  
16 to the student count for kindergarten programs and grades one through eight  
17 for the school district as provided in section 15-943, paragraph 1,  
18 subdivision (a), column 3.

19           2. For grades nine through twelve, multiply one hundred ninety-four  
20 dollars thirty cents by the weight which corresponds to the student count as  
21 provided in section 15-943, paragraph 1, subdivision (a), column 3.

22           3. For a school district with a student count of six hundred or more  
23 in kindergarten programs and grades one through eight or grades nine through  
24 twelve, multiply one hundred ninety-four dollars thirty cents by 1.158.

25           4. For programs for preschool children with disabilities, multiply one  
26 hundred ninety-four dollars thirty cents by 1.158.

27           B. Beginning with fiscal year 1999-2000, the soft capital allocation  
28 prescribed in subsection A of this section shall be adjusted by the growth  
29 rate prescribed by law, subject to appropriation.

30           C. Beginning in fiscal year 1999-2000, the soft capital allocation for  
31 a school district is computed as follows:

32           1. Select the applicable soft capital allocation per student count for  
33 the school district as provided in subsection A of this section.

34           2. Multiply the amount selected in paragraph 1 of this subsection by  
35 the appropriate student count of the school district. The student count of  
36 the school district shall not include any pupils in a charter school  
37 sponsored by the school district pursuant to section 15-185, subsection A,  
38 paragraph 3.

39           D. A school district shall receive its soft capital allocation in the  
40 amount determined in this section from monies appropriated for this purpose  
41 to the department of education. Soft capital allocation monies shall only be  
42 used for short-term capital items that are required to meet academic adequacy  
43 standards such as technology, textbooks, library resources, instructional  
44 aids, pupil transportation vehicles, furniture and equipment. School  
45 districts shall not use any portion of soft capital allocation monies for

1 maintenance and operation expenses. School districts may use soft capital  
2 allocation monies to meet administrative soft capital purposes after  
3 complying with the adequacy standards prescribed in section 15-2011.

4 E. School districts shall establish a district soft capital allocation  
5 fund and shall use the monies only for the purposes prescribed in subsection  
6 D of this section. The ending unexpended budget balance in the school  
7 district's soft capital allocation fund may be used in following fiscal years  
8 for short-term capital items. School districts shall provide to the  
9 superintendent of public instruction an itemized accounting on forms provided  
10 by the department of education that details the expenditures of soft capital  
11 allocation monies at each school in the district. The superintendent of  
12 public instruction shall forward a copy of the report to the school  
13 facilities board established by section 15-2001.

14 F. A school district governing board may petition the state board of  
15 education for authority to budget and accumulate for school construction,  
16 building renovation or soft capital purposes a portion of the prior year's  
17 ending cash balance, not to exceed the amount of ~~P.L. 81-874~~ TITLE VIII OF  
18 THE ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965 monies which the school  
19 district was entitled to receive in the prior year, as computed by the  
20 superintendent of public instruction, if:

21 1. The governing board filed with the United States department of  
22 education division of impact aid an approved application for federal  
23 assistance for construction under P.L. 81-815 for the current or budget year  
24 and has been advised by the division of impact aid that no federal monies are  
25 available to fund its application.

26 2. The school district has a computed assessed valuation per pupil  
27 which is below the median amount computed by the superintendent of public  
28 instruction for all school districts.

29 3. The governing board has used any available revenues to reduce its  
30 primary tax rate to zero for any year in which it petitions to budget and  
31 accumulate monies received under ~~P.L. 81-874~~ TITLE VIII OF THE ELEMENTARY AND  
32 SECONDARY EDUCATION ACT OF 1965 for school construction purposes.

33 The state board of education may grant approval to a school district  
34 governing board to annually budget in the unrestricted capital outlay section  
35 of the budget a portion of the cash balance, not to exceed the amount of ~~P.L.~~  
36 ~~81-874~~ TITLE VIII OF THE ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965  
37 monies which the school district was entitled to receive in the prior year as  
38 computed by the superintendent of public instruction.

39 G. The state board of education shall not include in the aggregate  
40 expenditures of local revenues as determined in section 15-911 the amount of  
41 revenues collected pursuant to the soft capital allocation limit. The amount  
42 of revenues collected for the soft capital allocation limit is the capital  
43 levy as authorized by law.

1           Sec. 39. Section 15-964, Arizona Revised Statutes, is amended to read:  
2           15-964. Federal impact adjustment

3           A. The governing board of a school district may compute a federal  
4 impact adjustment to the unrestricted capital budget limit. The maximum  
5 amount of the federal impact adjustment is the sum of the following:

6           1. Twenty-five per cent of the monies received from forest reserve  
7 funds by the school district in the prior fiscal year as provided in section  
8 41-736.

9           2. For a school district that is not an accommodation school, the  
10 lesser of:

11           (a) Twenty-five per cent of the ~~P.L. 81-874~~ TITLE VIII OF THE  
12 ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965 revenues received in the prior  
13 fiscal year.

14           (b) The total amount of ~~P.L. 81-874~~ TITLE VIII OF THE ELEMENTARY AND  
15 SECONDARY EDUCATION ACT OF 1965 revenues received in the prior fiscal year  
16 minus the sum of the following:

17           (i) The amount of ~~P.L. 81-874~~ TITLE VIII OF THE ELEMENTARY AND  
18 SECONDARY EDUCATION ACT OF 1965 assistance used to increase the general  
19 budget limit as provided in section 15-905, subsections K and O for the prior  
20 fiscal year.

21           (ii) The amount budgeted for ~~P.L. 81-874~~ TITLE VIII OF THE ELEMENTARY  
22 AND SECONDARY EDUCATION ACT OF 1965 administrative costs as provided in  
23 section 15-905, subsection P for the current year.

24           (iii) The amount budgeted for principal and interest on impact aid  
25 revenue bonds pursuant to section 15-2104 for the current year.

26           B. The federal impact adjustment shall only be budgeted and expended  
27 for new construction, major renovation of buildings or soft capital.

28           C. The governing board may not compute a federal impact adjustment for  
29 any year in which it budgets as provided in section 15-962, subsection F.

30           D. If the governing board underestimated the amount of the federal  
31 impact adjustment for the current year, the board may adjust the unrestricted  
32 capital budget limit and the budget before May 15. If the board  
33 overestimated the amount of the federal impact adjustment for the current  
34 year, the board shall adjust the unrestricted capital budget limit and the  
35 budget before May 15. Not later than May 18, the budget as revised shall be  
36 submitted electronically to the superintendent of public instruction.

37           Sec. 40. Section 15-973, Arizona Revised Statutes, is amended to read:  
38           15-973. Apportionment of funds; expenditure limitation

39           A. The state board of education shall apportion state aid from  
40 appropriations made for such purpose to the several counties on the basis of  
41 state aid entitlement for the school districts in each county. No allowance  
42 shall be made for nonresident alien children nor for wards of the United  
43 States for whom tuition is paid, but attendance of a student in a school of a  
44 county adjoining the county of his residence outside the state under a  
45 certificate of educational convenience as provided by section 15-825 shall be

1 deemed to be enrollment in the school of the county or school district of his  
2 residence.

3 B. Apportionments shall be made as follows:

4 1. On July 15, one-twelfth of the total amount to be apportioned  
5 during the fiscal year.

6 2. On September 15, one-twelfth of the total amount to be apportioned  
7 during the fiscal year.

8 3. On October 15, one-twelfth of the total amount to be apportioned  
9 during the fiscal year.

10 4. On December 15, one-twelfth of the total amount to be apportioned  
11 during the fiscal year.

12 5. On January 15, one-twelfth of the total amount to be apportioned  
13 during the fiscal year.

14 6. On February 15, one-twelfth of the total amount to be apportioned  
15 during the fiscal year.

16 7. On March 15, one-twelfth of the total amount to be apportioned  
17 during the fiscal year.

18 8. On April 15, one-sixth of the total amount to be apportioned during  
19 the fiscal year.

20 9. On May 15, one-sixth of the total amount to be apportioned during  
21 the fiscal year.

22 10. On June 15, one-twelfth of the total amount to be apportioned  
23 during the fiscal year, except that if the total amount of monies available  
24 to make the payment is less than the amount of the payment, a portion of the  
25 June 15 payment may be delayed no later than June 30 to allow for the receipt  
26 of income from the permanent state common school fund.

27 The superintendent of public instruction shall furnish to the county  
28 treasurer and the county school superintendent an abstract of the  
29 apportionment and shall certify the apportionment to the department of  
30 administration, which shall draw its warrant in favor of the county treasurer  
31 of each county for the amount apportioned. Upon receipt of the warrant the  
32 county treasurer shall notify the county school superintendent of the amount,  
33 together with any other monies standing to the credit of such school district  
34 in the county school fund.

35 C. Notwithstanding subsection B of this section, if sufficient  
36 appropriated funds are available and on a showing by a school district that  
37 additional state monies are necessary for current expenses, an apportionment  
38 or part of an apportionment of state aid may be paid to the school district  
39 prior to the date set for such apportionment by subsection B of this  
40 section. After the first forty days in session of the current year, a school  
41 district may request additional state monies to fund the increased state aid  
42 due to anticipated student growth through the first one hundred days or two  
43 hundred days in session, as applicable, of the current year as provided in  
44 section 15-948. In no event shall a school district have received more than  
45 three-fourths of its total apportionment before April 15 of the fiscal

1 year. Early payments pursuant to this subsection must be approved by the  
2 state treasurer, the director of the department of administration and the  
3 superintendent of public instruction.

4 ~~D. Until June 30, 1999, at such time and as provided by federal law or~~  
5 ~~regulation, state aid shall be reduced as follows:~~

6 ~~1. The superintendent of public instruction shall compute the amount~~  
7 ~~of monies which each school district is eligible to receive under P.L.~~  
8 ~~81-874, less P.L. 81-874 monies for children with disabilities, children with~~  
9 ~~specific learning disabilities and children residing on Indian lands which~~  
10 ~~are in addition to the basic assistance as provided in 20 United States Code~~  
11 ~~section 238(d)2(C) and (D), and for which monies have been appropriated.~~

12 ~~2. The superintendent of public instruction shall deduct from state~~  
13 ~~aid for each school district which is eligible to receive monies under P.L.~~  
14 ~~81-874 and for which monies are appropriated as provided in paragraph 1 of~~  
15 ~~this subsection the lesser of:~~

16 ~~(a) The maximum allowed by law or regulation.~~

17 ~~(b) The amount computed as follows:~~

18 ~~(i) For fiscal year 1982-1983, twenty five per cent of the amount~~  
19 ~~computed in paragraph 1 of this subsection.~~

20 ~~(ii) For fiscal year 1983-1984, fifty per cent of the amount computed~~  
21 ~~in paragraph 1 of this subsection.~~

22 ~~(iii) For fiscal year 1984-1985, seventy five per cent of the amount~~  
23 ~~computed in paragraph 1 of this subsection.~~

24 ~~(iv) Beginning with fiscal year 1985-1986, ninety five per cent of the~~  
25 ~~amount computed in paragraph 1 of this subsection.~~

26 ~~3. The reduction in state aid shall be made from equalization~~  
27 ~~assistance as prescribed in section 15-971 or from additional state aid as~~  
28 ~~prescribed in section 15-972 during the fiscal year following the fiscal year~~  
29 ~~in which the monies are received. The superintendent of public instruction~~  
30 ~~shall make additional adjustments in state aid for allowable deductions which~~  
31 ~~were not made in any previous fiscal year which is not more than five years~~  
32 ~~earlier than the year in which the adjustments are made. The superintendent~~  
33 ~~of public instruction shall give the school district prior notice of the~~  
34 ~~intention to make the additional adjustments and may distribute the~~  
35 ~~adjustments over more than one year after considering the effects of the~~  
36 ~~adjustments on the school district.~~

37 ~~E. D. The superintendent of public instruction shall not make~~  
38 ~~application to the federal government to utilize P.L. 81-874 TITLE VIII OF~~  
39 ~~THE ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965 monies in determining the~~  
40 ~~apportionment prescribed in this section.~~

41 ~~F. E. If a school district which is eligible to receive monies~~  
42 ~~pursuant to this article is unable to meet a scheduled payment on any~~  
43 ~~lawfully incurred long-term obligation for debt service as provided in~~  
44 ~~section 15-1022, the county treasurer shall use any amount distributed~~  
45 ~~pursuant to this section to make the payment. The county treasurer shall~~

1 keep a record of all the instances in which a payment is made pursuant to  
2 this subsection. Any monies subsequently collected by the district to make  
3 the scheduled payment shall be used to replace the amount diverted pursuant  
4 to this subsection. When determining the total amount to be funded by a levy  
5 of secondary taxes upon property within the school district for the following  
6 fiscal year, the county board of supervisors shall add to the amounts  
7 budgeted to be expended during the following fiscal year an amount equal to  
8 the total of all payments pursuant to this subsection during the current  
9 fiscal year which were not repaid during the current year.

10 ~~G.~~ F. The total amount of state monies that may be spent in any  
11 fiscal year by the state board of education for apportionment of state aid  
12 for education shall not exceed the amount appropriated or authorized by  
13 section 35-173 for that purpose. This section shall not be construed to  
14 impose a duty on an officer, agent or employee of this state to discharge a  
15 responsibility or to create any right in a person or group if the discharge  
16 or right would require an expenditure of state monies in excess of the  
17 expenditure authorized by legislative appropriation for that specific  
18 purpose.

19 Sec. 41. Section 15-973.01, Arizona Revised Statutes, is amended to  
20 read:

21 15-973.01. Assistance for education fund

22 A. The assistance for education fund is established consisting of  
23 monies received pursuant to section 43-617.

24 B. The state board of education shall administer the fund. On notice  
25 from the state board, the state treasurer shall invest and divest monies in  
26 the fund as provided by section 35-313 and monies earned from investments  
27 shall be credited to the fund. Monies in the fund:

28 1. Are continuously appropriated to the state board of education.

29 2. Are exempt from the provisions of section 35-190, relating to  
30 lapsing of appropriations.

31 C. The state board of education shall ACCUMULATE MONIES UNTIL THOSE  
32 MONIES ARE SUFFICIENT TO PROVIDE A MINIMUM OF FIVE DOLLARS PER UNWEIGHTED  
33 STUDENT COUNT AND SHALL distribute monies in the fund to school districts AND  
34 CHARTER SCHOOLS at the same time, in the same manner and in the same  
35 proportions as state aid from appropriations made pursuant to ~~section~~  
36 SECTIONS 15-185 AND 15-973.

37 D. Monies in the fund shall not be used to reduce the general fund  
38 requirement for state aid.

39 Sec. 42. Section 15-991, Arizona Revised Statutes, is amended to read:

40 15-991. Annual estimate by county school superintendent of  
41 monies for ensuing year

42 A. The county school superintendent, not later than August 1 each  
43 year, shall file in writing with the governing board of each school district  
44 in the county and the board of supervisors the superintendent's estimate of  
45 the amount of school monies required by each school district for the ensuing

1 year, based on the budgets adopted by the governing boards of the school  
2 districts. The estimate shall contain:

- 3 1. A statement of the student count of each school district.
- 4 2. The total amount to be received for the year by each school  
5 district from the county school fund and the special county school reserve  
6 fund.
- 7 3. The ending cash balance from the previous year for each school  
8 district.
- 9 4. The anticipated interest earnings for each school district.
- 10 5. Revenues equal to the amount included in the adopted budget for the  
11 maintenance and operation section of the budget permitted by section 15-947,  
12 subsection C, paragraph 2, subdivision (a), items (ii), (iii), (iv), (v) and  
13 (vi) and subdivision (d). The county school superintendent shall estimate  
14 the additional amounts needed for each school district from the primary  
15 property tax and the secondary property tax and shall certify such amounts to  
16 the board of supervisors in writing at the time of filing the estimate. When  
17 estimating the additional amount needed from the primary property tax for a  
18 school district that is not eligible for any equalization assistance as  
19 provided in section 15-971, the county school superintendent shall include  
20 the school district governing board's estimate of the increase in the revenue  
21 control limit as prescribed by section 15-948 for the applicable year, except  
22 that the percentage increase in average daily membership used to compute the  
23 estimated increase in the revenue control limit may not exceed the average of  
24 the percentage increase in average daily membership in the three years before  
25 the year for which the estimate is made.

26 B. The county school superintendent shall recompute equalization  
27 assistance for education for each school district as provided in section  
28 15-971, subsection A using the property values provided by the county  
29 assessor as provided in section 42-17052. The county school superintendent  
30 shall certify in writing the amount of equalization assistance for education  
31 and the amount needed for each school district from the primary property tax  
32 to the board of supervisors on or before the third day prior to the day the  
33 board of supervisors is required to levy school district taxes as provided in  
34 section 15-992.

35 C. The county school superintendent shall compute the additional  
36 amount to be levied as provided in section 15-992, subsection B, using the  
37 property values provided in section 42-17052. The county school  
38 superintendent shall certify in writing the additional amount to be levied to  
39 the county board of supervisors on or before the third day prior to the day  
40 the board of supervisors is required to levy school district taxes as  
41 provided in section 15-992.

42 D. On or before September 1, the governing board of a school district  
43 shall file with the county school superintendent an estimate of the amount of  
44 ~~P.L. 81-874~~ TITLE VIII OF THE ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965  
45 monies which it is eligible to receive during the current year. On or before

1 June 1, the governing board shall file with the county school superintendent  
2 and the superintendent of public instruction a statement of the actual amount  
3 of ~~P.L. 81-874~~ TITLE VIII OF THE ELEMENTARY AND SECONDARY EDUCATION ACT OF  
4 1965 monies it received during the current year. This subsection does not  
5 apply to accommodation schools.

6 E. The department may collect any other similar or related information  
7 from school districts that the department may determine is necessary to carry  
8 out the purposes of this section.

9 Sec. 43. Section 15-1042, Arizona Revised Statutes, is amended to  
10 read:

11 15-1042. Time line; student level data; definition

12 A. The department of education shall notify school districts and  
13 charter schools of electronic data submission procedures and shall distribute  
14 a list of the specific student level data elements that school districts and  
15 charter schools are required to submit. The department of education shall  
16 not make any changes to the student level data elements to be collected  
17 except for the following:

18 1. Student attendance data for a joint technological education  
19 district, including entry date and exit date, for classes that count towards  
20 the student's graduation requirements as provided for in section 15-701.01.

21 2. Student attendance data for a community college, unless the college  
22 is owned, operated or chartered by an Indian tribe, including entry date and  
23 exit date, for classes that count towards the student's graduation  
24 requirements as provided for in section 15-701.01.

25 B. ~~By July 1, 2001,~~ Each school district and charter school shall  
26 submit electronic data on a school by school basis, including student level  
27 data, to the department of education in order for the school district or  
28 charter school to receive monies for the cost of educating students pursuant  
29 to this title.

30 C. The department of education shall grant a school district or  
31 charter school an extension to the deadline for the submission of student  
32 level data or may provide for an alternative method for the submission of  
33 student level data if the school district or charter school proves that good  
34 cause exists for the extension, and the school district or charter school  
35 shall continue to receive monies for the cost of educating students pursuant  
36 to this title. ~~A school district or charter school requesting an extension~~  
37 ~~shall notify the department of education no later than June 1, 2001.~~ The  
38 request by a school district or charter school for an extension of the  
39 deadline for the submission of student level data shall include a  
40 justification for the extension and the status of current efforts towards  
41 complying with the submission of student level data.

42 D. A pupil or the parent or guardian of a pupil shall not be required  
43 to submit data that does not relate to the provision of educational services  
44 or assistance to the pupil.

1 E. Each student level data element shall include a statutory reference  
2 to the law that necessitates its collection.

3 F. UNLESS OTHERWISE PRESCRIBED, SCHOOL DISTRICTS AND CHARTER SCHOOLS  
4 SHALL BEGIN TO REPORT NEW DATA ELEMENTS ON JULY 1 OF THE YEAR THAT FOLLOWS  
5 THE EFFECTIVE DATE OF THE LAW THAT REQUIRES THE COLLECTION OF THE DATA.

6 ~~F.~~ G. Student level data items submitted to the department of  
7 education by school districts pursuant to this section shall not be used to  
8 adjust funding levels or calculate the average daily membership for the  
9 purpose of funding school districts at any time other than the fortieth, one  
10 hundredth and two hundredth day of the school year.

11 ~~G.~~ H. A school district or charter school is not required to submit  
12 student level data to the department of education more often than once every  
13 twenty school days.

14 ~~H.~~ I. Notwithstanding subsection ~~K~~ L of this section, the student  
15 level data shall include reasons for the withdrawal if reasons are provided  
16 by the withdrawing pupil or the pupil's parent or guardian. For the purposes  
17 of this subsection, the department of education shall include in the specific  
18 student level data elements that school districts and charter schools are  
19 required to submit data relating to students who withdraw from school because  
20 the student is pregnant or because the student is the biological parent of a  
21 child.

22 ~~I.~~ J. The department of education shall adopt guidelines to remove  
23 outdated student level data collected by school districts and charter schools  
24 from the student accountability information system ~~beginning in the 2004-2005~~  
25 ~~school year.~~

26 ~~J.~~ K. All student level data collected pursuant to this section is  
27 confidential and is not a public record. The data collected may be used for  
28 aggregate research and reporting.

29 ~~K.~~ L. For the purposes of this section, "student level data" means  
30 all data elements that are compiled and submitted for each student in this  
31 state and that are necessary for the completion of the statutory requirements  
32 of the department of education and the state board of education relating to  
33 the calculation of funding for public education, the determination of student  
34 academic progress as measured by student testing programs in this state,  
35 state and federal reporting requirements and other duties prescribed to the  
36 department of education or the state board of education by law. Student  
37 level data does not include data elements related to student behavior,  
38 discipline, criminal history, medical history, religious affiliation,  
39 personal physical descriptors or family information not authorized by the  
40 parent or guardian of the pupil.

1           Sec. 44. Title 15, chapter 10, article 8, Arizona Revised Statutes, is  
2 amended by adding section 15-1225, to read:

3           15-1225. Postemployment benefits; trust accounts; actuarial  
4                                   report

5           A. IF THE GOVERNING BOARD OFFERS POSTEMPLOYMENT BENEFITS TO SCHOOL  
6 DISTRICT EMPLOYEES OR TO SPOUSES AND DEPENDENTS OF SCHOOL DISTRICT EMPLOYEES,  
7 OR BOTH, MONIES TO FUND THESE BENEFITS MAY BE DEPOSITED IN AN OTHER  
8 POSTEMPLOYMENT BENEFITS FUND OR AN OTHER POSTEMPLOYMENT BENEFITS TRUST  
9 ACCOUNT, OR BOTH. ADDITIONAL MONIES SHALL NOT BE LEGISLATIVELY APPROPRIATED  
10 SPECIFICALLY TO PROVIDE ANY POSTEMPLOYMENT BENEFITS OFFERED BY A GOVERNING  
11 BOARD.

12           B. AN OTHER POSTEMPLOYMENT BENEFITS FUND IS A CASH CONTROLLED FUND AS  
13 PROVIDED IN SECTION 15-905, SUBSECTION N. THE MONIES IN THE OTHER  
14 POSTEMPLOYMENT BENEFITS FUND ARE NOT SUBJECT TO REVERSION, EXCEPT THAT AT THE  
15 END OF FIVE YEARS OF NO ACTIVITY IN THE FUND, ANY REMAINING MONIES SHALL  
16 REVERT TO THE MAINTENANCE AND OPERATIONS FUND.

17           C. AN OTHER POSTEMPLOYMENT BENEFITS TRUST ACCOUNT ESTABLISHED PURSUANT  
18 TO SUBSECTION A OF THIS SECTION SHALL MEET ALL OF THE FOLLOWING CONDITIONS:

19           1. CONTRIBUTIONS MADE BY THE SCHOOL DISTRICT INTO THE TRUST ACCOUNT  
20 ARE IRREVOCABLE.

21           2. THE ASSETS OF THE TRUST ACCOUNT SHALL BE DEDICATED TO PROVIDING  
22 BENEFITS TO SCHOOL DISTRICT RETIREES AND THEIR BENEFICIARIES IN ACCORDANCE  
23 WITH THE TERMS OF THE POSTEMPLOYMENT BENEFITS PLAN.

24           3. TRUST ASSETS SHALL BE LEGALLY PROTECTED FROM CREDITORS OF THE  
25 SCHOOL DISTRICT OR THE INVESTMENT MANAGER PURSUANT TO SUBSECTION F OF THIS  
26 SECTION.

27           D. CURRENT OR PRIOR YEAR POSTEMPLOYMENT BENEFITS LIABILITIES MAY BE  
28 PAID FROM ANY SCHOOL DISTRICT FUND FROM WHICH A SCHOOL DISTRICT MAY PAY  
29 EMPLOYEE BENEFITS INTO THE OTHER POSTEMPLOYMENT BENEFITS FUND OR TRUST  
30 ACCOUNT. PAYMENTS FOR CURRENT OR PRIOR YEAR LIABILITIES PAID INTO THE OTHER  
31 POSTEMPLOYMENT BENEFITS FUND OR TRUST ACCOUNT SHALL BE TREATED AS AN  
32 EXPENDITURE FROM THE ORIGINATING SCHOOL DISTRICT FUND.

33           E. THE FOLLOWING EXPENDITURES MAY BE MADE FROM AN OTHER POSTEMPLOYMENT  
34 BENEFITS FUND OR AN OTHER POSTEMPLOYMENT BENEFITS TRUST ACCOUNT:

35           1. ADMINISTRATIVE AND MANAGEMENT COSTS.

36           2. PAYMENT OF BENEFITS.

37           F. AN INVESTMENT MANAGER FOR AN OTHER POSTEMPLOYMENT BENEFITS TRUST  
38 ACCOUNT ESTABLISHED PURSUANT TO SUBSECTION A OF THIS SECTION SHALL BE EITHER:

39           1. A QUALIFIED INVESTMENT MANAGER APPOINTED BY THE DISTRICT GOVERNING  
40 BOARD.

41           2. THE MANAGER OF A PUBLIC AGENCY POOL ESTABLISHED PURSUANT TO SECTION  
42 11-952.01.

43           G. THE INVESTMENT MANAGER FOR AN OTHER POSTEMPLOYMENT BENEFITS TRUST  
44 ACCOUNT MAY INVEST AND REINVEST THE MONIES IN THE ACCOUNT AND MAY HOLD,  
45 PURCHASE, SELL, ASSIGN, TRANSFER AND DISPOSE OF ANY OF THE SECURITIES AND

1 INVESTMENTS IN WHICH ANY OF THE TRUST ACCOUNT MONIES ARE INVESTED. THE  
2 INVESTMENT MANAGER SHALL INVEST THE MONIES IN THE TRUST ACCOUNT IN THE SAME  
3 MANNER AS THE MONIES IN THE PERMANENT STATE LAND FUND PURSUANT TO SECTION  
4 35-314.01, EXCEPT THAT NOT MORE THAN THIRTY PER CENT OF THE MONIES IN THE  
5 TRUST ACCOUNT MAY BE INVESTED IN EQUITY SECURITIES AT ANY TIME. THE  
6 PERCENTAGE OF INVESTMENT SHALL BE CALCULATED AT COST.

7 H. IF APPLICABLE, EACH SCHOOL DISTRICT SHALL SUBMIT ON OR BEFORE  
8 SEPTEMBER 1, 2009 TO THE JOINT LEGISLATIVE BUDGET COMMITTEE THE MOST RECENT  
9 ACTUARIAL STUDY OF THE SCHOOL DISTRICT'S EXISTING OTHER POSTEMPLOYMENT  
10 BENEFITS OFFERED BY THE SCHOOL DISTRICT AND ANY PROSPECTIVE OTHER  
11 POSTEMPLOYMENT BENEFITS CONTEMPLATED TO BE OFFERED BY THE SCHOOL DISTRICT,  
12 INCLUDING AN ANALYSIS OF DEFINED CONTRIBUTION PLANS AND DEFINED BENEFITS  
13 PLANS IF APPROPRIATE AND IF THE DEFINED CONTRIBUTION OR DEFINED BENEFIT PLANS  
14 ARE USED TO ADMINISTER ANY OTHER POSTEMPLOYMENT BENEFIT. EACH TIME A SCHOOL  
15 DISTRICT CONDUCTS A NEW ACTUARIAL STUDY OF THE SCHOOL DISTRICT'S EXISTING OR  
16 PROSPECTIVE OTHER POSTEMPLOYMENT BENEFITS, THE SCHOOL DISTRICT SHALL SUBMIT  
17 THE NEW STUDY TO THE JOINT LEGISLATIVE BUDGET COMMITTEE WITHIN THIRTY DAYS OF  
18 THE COMPLETION OF THE STUDY.

19 I. FOR THE PURPOSES OF THIS SECTION, POSTEMPLOYMENT BENEFITS DO NOT  
20 INCLUDE BENEFITS PROVIDED BY THE ARIZONA STATE RETIREMENT SYSTEM.

21 Sec. 45. Section 15-2002, Arizona Revised Statutes, is amended to  
22 read:

23 15-2002. Powers and duties; executive director; staffing;  
24 report

25 A. The school facilities board shall:

26 1. Make assessments of school facilities and equipment deficiencies  
27 and approve the distribution of grants as appropriate.

28 2. Develop a database for administering the building renewal formula  
29 prescribed in section 15-2031 and administer the distribution of monies to  
30 school districts for building renewal.

31 3. Inspect school buildings at least once every five years to ensure  
32 compliance with the building adequacy standards prescribed in section 15-2011  
33 and routine preventative maintenance guidelines as prescribed in this section  
34 with respect to construction of new buildings and maintenance of existing  
35 buildings. The school facilities board shall randomly select twenty school  
36 districts every thirty months and inspect them pursuant to this paragraph.

37 4. Review and approve student population projections submitted by  
38 school districts to determine to what extent school districts are entitled to  
39 monies to construct new facilities pursuant to section 15-2041. The board  
40 shall make a final determination within six months of the receipt of an  
41 application by a school district for monies from the new school facilities  
42 fund.

43 5. Certify that plans for new school facilities meet the building  
44 adequacy standards prescribed in section 15-2011.

1           6. Develop prototypical elementary and high school designs. The board  
2 shall review the design differences between the schools with the highest  
3 academic productivity scores and the schools with the lowest academic  
4 productivity scores. The board shall also review the results of a valid and  
5 reliable survey of parent quality rating in the highest performing schools  
6 and the lowest performing schools in this state. The survey of parent  
7 quality rating shall be administered by the department of education. The  
8 board shall consider the design elements of the schools with the highest  
9 academic productivity scores and parent quality ratings in the development of  
10 elementary and high school designs. The board shall develop separate school  
11 designs for elementary, middle and high schools with varying pupil  
12 capacities.

13           7. Develop application forms, reporting forms and procedures to carry  
14 out the requirements of this article.

15           8. Review and approve or reject requests submitted by school districts  
16 to take actions pursuant to section 15-341, subsection F- G.

17           9. Submit ELECTRONICALLY an annual report by December 15 to the  
18 speaker of the house of representatives, the president of the senate, the  
19 superintendent of public instruction, the director of the Arizona state  
20 library, archives and public records and the governor that includes the  
21 following information:

22           (a) A detailed description of the amount of monies distributed by the  
23 school facilities board in the previous fiscal year.

24           (b) A list of each capital project that received monies from the  
25 school facilities board during the previous fiscal year, a brief description  
26 of each project that was funded and a summary of the board's reasons for the  
27 distribution of monies for the project.

28           (c) A summary of the findings and conclusions of the building  
29 maintenance inspections conducted pursuant to this article during the  
30 previous fiscal year.

31           (d) A summary of the findings of common design elements and  
32 characteristics of the highest performing schools and the lowest performing  
33 schools based on academic productivity, including the results of the parent  
34 quality rating survey. For the purposes of this subdivision, "academic  
35 productivity" means academic year advancement per calendar year as measured  
36 with student-level data using the statewide nationally standardized  
37 norm-referenced achievement test.

38           10. By December 1 of each year, report ELECTRONICALLY to the joint  
39 committee on capital review the amounts necessary to fulfill the requirements  
40 of sections 15-2022, 15-2031 and 15-2041 for the following fiscal year and  
41 the estimated amounts necessary to fulfill the requirements of sections  
42 15-2022, 15-2031 and 15-2041 for the fiscal year following the next fiscal  
43 year. The board shall provide copies of the report to the president of the  
44 senate, the speaker of the house of representatives and the governor.

1           11. Adopt minimum school facility adequacy guidelines to provide the  
2 minimum quality and quantity of school buildings and the facilities and  
3 equipment necessary and appropriate to enable pupils to achieve the  
4 educational goals of the Arizona state schools for the deaf and the  
5 blind. The school facilities board shall establish minimum school facility  
6 adequacy guidelines applicable to the Arizona state schools for the deaf and  
7 the blind.

8           12. In each even-numbered year, report ELECTRONICALLY to the joint  
9 committee on capital review the amounts necessary to fulfill the requirements  
10 of sections 15-2031 and 15-2041 for the Arizona state schools for the deaf  
11 and the blind for the following two fiscal years. The Arizona state schools  
12 for the deaf and the blind shall incorporate the findings of the report in  
13 any request for building renewal monies and new school facilities monies.  
14 Any monies provided to the Arizona state schools for the deaf and the blind  
15 for building renewal and for new school facilities are subject to legislative  
16 appropriation.

17           13. By June 15 of each year, submit ELECTRONICALLY detailed information  
18 regarding demographic assumptions, a proposed construction schedule and new  
19 school construction cost estimates for individual projects approved in the  
20 current fiscal year and expected project approvals for the upcoming fiscal  
21 year to the joint committee on capital review for its review. A copy of the  
22 report shall also be submitted ELECTRONICALLY to the governor's office of  
23 strategic planning and budgeting. The joint legislative budget committee  
24 staff, the governor's office of strategic planning and budgeting staff and  
25 the school facilities board staff shall agree on the format of the report.

26           14. Every two years, provide school districts with information on  
27 improving and maintaining the indoor environmental quality in school  
28 buildings.

29           B. The school facilities board may contract for ~~private~~ THE FOLLOWING  
30 services in compliance with the procurement practices prescribed in title 41,  
31 chapter 23:

- 32           1. PRIVATE SERVICES.
- 33           2. CONSTRUCTION PROJECT MANAGEMENT SERVICES.
- 34           3. ASSESSMENTS FOR SCHOOL BUILDINGS TO DETERMINE IF THEY HAVE OUTLIVED  
35 THEIR USEFUL LIFE PURSUANT TO SECTION 15-2041, SUBSECTION G.
- 36           4. SERVICES RELATED TO LAND ACQUISITION AND DEVELOPMENT OF A SCHOOL  
37 SITE.

38           C. The governor shall appoint an executive director of the school  
39 facilities board pursuant to section 38-211. The executive director is  
40 eligible to receive compensation as determined pursuant to section 38-611 and  
41 may hire and fire necessary staff as approved by the legislature in the  
42 budget. The executive director shall have demonstrated competency in school  
43 finance, facilities design or facilities management, either in private  
44 business or government service. The executive director serves at the

1 pleasure of the governor. The staff of the school facilities board is exempt  
2 from title 41, chapter 4, articles 5 and 6. The executive director:

3 1. Shall analyze applications for monies submitted to the board by  
4 school districts.

5 2. Shall assist the board in developing forms and procedures for the  
6 distribution and review of applications and the distribution of monies to  
7 school districts.

8 3. May review or audit, or both, the expenditure of monies by a school  
9 district for deficiencies corrections, building renewal and new school  
10 facilities.

11 4. Shall assist the board in the preparation of the board's annual  
12 report.

13 5. Shall research and provide reports on issues of general interest to  
14 the board.

15 6. May aid school districts in the development of reasonable and  
16 cost-effective school designs in order to avoid statewide duplicated efforts  
17 and unwarranted expenditures in the area of school design.

18 7. May assist school districts in facilitating the development of  
19 multijurisdictional facilities.

20 8. Shall assist the board in any other appropriate matter or method as  
21 directed by the members of the board.

22 9. Shall establish procedures to ensure compliance with the notice and  
23 hearing requirements prescribed in section 15-905. The notice and hearing  
24 procedures adopted by the board shall include the requirement, with respect  
25 to the board's consideration of any application filed after July 1, 2001 or  
26 after December 31 of the year in which the property becomes territory in the  
27 vicinity of a military airport or ancillary military facility as defined in  
28 section 28-8461 for monies to fund the construction of new school facilities  
29 proposed to be located in territory in the vicinity of a military airport or  
30 ancillary military facility, that the military airport receive notification  
31 of the application by first class mail at least thirty days before any  
32 hearing concerning the application.

33 10. May expedite any request for monies in which the local match was  
34 not obtained for a project that received preliminary approval by the state  
35 board for school capital facilities.

36 11. Shall expedite any request for monies in which the school district  
37 governing board submits an application that shows an immediate need for a new  
38 school facility.

39 12. Shall make a determination as to administrative completion within  
40 one month after the receipt of an application by a school district for monies  
41 from the new school facilities fund.

42 13. Shall provide technical support to school districts as requested by  
43 school districts in connection with the construction of new school facilities  
44 and the maintenance of existing school facilities AND MAY CONTRACT DIRECTLY  
45 WITH CONSTRUCTION PROJECT MANAGERS PURSUANT TO SUBSECTION B OF THIS SECTION.

1 THIS PARAGRAPH DOES NOT RESTRICT A SCHOOL DISTRICT FROM CONTRACTING WITH A  
2 CONSTRUCTION PROJECT MANAGER USING DISTRICT OR STATE RESOURCES.

3 D. When appropriate, the school facilities board shall review and use  
4 the statewide school facilities inventory and needs assessment conducted by  
5 the joint committee on capital review and issued in July, 1995.

6 E. The school facilities board shall contract with one or more private  
7 building inspectors to complete an initial assessment of school facilities  
8 and equipment and shall inspect each school building in this state at least  
9 once every five years to ensure compliance with section 15-2011. A copy of  
10 the inspection report, together with any recommendations for building  
11 maintenance, shall be provided to the school facilities board and the  
12 governing board of the school district.

13 F. The school facilities board may consider appropriate combinations  
14 of facilities or uses in making assessments of and curing deficiencies  
15 pursuant to subsection A, paragraph 1 of this section and in certifying plans  
16 for new school facilities pursuant to subsection A, paragraph 5 of this  
17 section.

18 G. The board shall not award any monies to fund new facilities that  
19 are financed by class A bonds that are issued by the school district.

20 H. The board shall not distribute monies to a school district for  
21 replacement or repair of facilities if the costs associated with the  
22 replacement or repair are covered by insurance or a performance or payment  
23 bond.

24 I. The board may contract for construction services and materials that  
25 are necessary to correct existing deficiencies in school district facilities.  
26 The board may procure the construction services necessary pursuant to this  
27 subsection by any method, including construction-manager-at-risk,  
28 design-build, design-bid-build or job-order-contracting as provided by title  
29 41, chapter 23. The construction planning and services performed pursuant to  
30 this subsection are exempt from section 41-791.01.

31 J. The school facilities board may enter into agreements with school  
32 districts to allow school facilities board staff and contractors access to  
33 school property for the purposes of performing the construction services  
34 necessary pursuant to subsection I of this section.

35 K. Each school district shall develop routine preventative maintenance  
36 guidelines for its facilities. The guidelines shall be submitted to the  
37 school facilities board for review and approval. If upon inspection by the  
38 school facilities board it is determined that a school district facility was  
39 inadequately maintained pursuant to the school district's routine  
40 preventative maintenance guidelines, the school district shall use building  
41 renewal monies pursuant to section 15-2031, subsection L to return the  
42 building to compliance with the school district's routine preventative  
43 maintenance guidelines. Once the district is in compliance, it no longer is  
44 required to use building renewal monies for preventative maintenance.

1 L. The school facilities board may temporarily transfer monies between  
2 the capital reserve fund established by section 15-2003, the emergency  
3 deficiencies correction fund established by section 15-2022, the building  
4 renewal fund established by section 15-2031 and the new school facilities  
5 fund established by section 15-2041 if all of the following conditions are  
6 met:

7 1. The transfer is necessary to avoid a temporary shortfall in the  
8 fund into which the monies are transferred.

9 2. The transferred monies are restored to the fund where the monies  
10 originated as soon as practicable after the temporary shortfall in the other  
11 fund has been addressed.

12 3. The school facilities board reports to the joint committee on  
13 capital review the amount of and the reason for any monies transferred.

14 M. AFTER NOTIFYING EACH SCHOOL DISTRICT, AND IF A WRITTEN OBJECTION  
15 FROM THE SCHOOL DISTRICT IS NOT RECEIVED BY THE SCHOOL FACILITIES BOARD  
16 WITHIN THIRTY DAYS OF THE NOTIFICATION, THE SCHOOL FACILITIES BOARD MAY  
17 ACCESS PUBLIC UTILITY COMPANY RECORDS OF POWER, WATER, NATURAL GAS, TELEPHONE  
18 AND BROADBAND USAGE TO ASSEMBLE CONSISTENT AND ACCURATE DATA ON UTILITY  
19 CONSUMPTION AT SCHOOL FACILITIES TO DETERMINE THE EFFECTIVENESS OF FACILITY  
20 DESIGN, OPERATION AND MAINTENANCE MEASURES INTENDED TO REDUCE ENERGY AND  
21 WATER CONSUMPTION AND COSTS. ANY PUBLIC UTILITY THAT PROVIDES SERVICE TO A  
22 SCHOOL DISTRICT IN THIS STATE SHALL PROVIDE THE DATA REQUESTED BY THE SCHOOL  
23 FACILITIES BOARD PURSUANT TO THIS SUBSECTION.

24 Sec. 46. Section 15-2022, Arizona Revised Statutes, is amended to  
25 read:

26 15-2022. Emergency deficiencies correction fund; definition

27 A. An emergency deficiencies correction fund is established consisting  
28 of monies transferred from ~~the deficiencies correction fund established by~~  
29 ~~section 15-2021~~ or the new school facilities fund established by section  
30 15-2041. The school facilities board shall administer the fund and  
31 distribute monies in accordance with the rules of the school facilities board  
32 to school districts for emergency purposes. The school facilities board  
33 shall not transfer monies from ~~the deficiencies correction fund~~ and the new  
34 school facilities fund if the transfer will affect, interfere with, disrupt  
35 or reduce any capital projects that the school facilities board has approved  
36 pursuant to ~~sections 15-2021~~ and SECTION 15-2041. The school facilities  
37 board shall transfer to the emergency deficiencies correction fund the amount  
38 necessary each fiscal year to fulfill the requirements of this section.  
39 Monies in the fund are continuously appropriated and are exempt from the  
40 provisions of section 35-190 relating to lapsing of appropriations.

41 B. If the school facilities board determines that there are  
42 insufficient monies in the emergency deficiencies correction fund to correct  
43 an emergency, the school district may correct the emergency pursuant to  
44 section 15-907.

1 C. If a school district has an emergency, the school district shall  
2 apply to the school facilities board for funding for the emergency. The  
3 school district's application shall disclose any insurance or building  
4 renewal monies available to the school district to pay for the emergency.

5 D. The school facilities board staff shall ~~notify~~ ACKNOWLEDGE RECEIPT  
6 OF the school ~~district of the staff's recommendation~~ DISTRICT'S APPLICATION  
7 FOR EMERGENCY DEFICIENCIES FUNDING IN WRITING within five business days of  
8 receiving the application. The school facilities board STAFF shall ~~decide on~~  
9 ~~the staff's recommendation for funding at the next scheduled school~~  
10 ~~facilities board meeting~~ INCLUDE IN THE WRITTEN ACKNOWLEDGEMENT OF RECEIPT TO  
11 THE SCHOOL DISTRICT ANY INVESTIGATIVE, STUDY OR INFORMATIONAL REQUIREMENTS  
12 FROM THE SCHOOL DISTRICT, ALONG WITH AN ESTIMATED TIMELINE TO COMPLETE THE  
13 REQUIREMENTS, NECESSARY FOR THE SCHOOL FACILITIES BOARD STAFF TO MAKE A  
14 RECOMMENDATION FOR FUNDING TO THE SCHOOL FACILITIES BOARD.

15 E. For the purposes of this section, "emergency" means a serious need  
16 for materials, services or construction or expenses in excess of the  
17 district's adopted budget for the current fiscal year ~~and~~ that seriously  
18 ~~threaten~~ THREATENS the functioning of the school district, the preservation  
19 or protection of property or public health, welfare or safety.

20 Sec. 47. Section 15-2031, Arizona Revised Statutes, is amended to  
21 read:

22 15-2031. Building renewal fund; definitions

23 A. A building renewal fund is established consisting of monies  
24 appropriated by the legislature. The school facilities board shall  
25 administer the fund and distribute monies to school districts for the purpose  
26 of maintaining the adequacy of existing school facilities. Monies in the  
27 fund are continuously appropriated and are exempt from the provisions of  
28 section 35-190 relating to lapsing of appropriations.

29 B. The school facilities board shall inventory and inspect all school  
30 buildings in this state in order to develop a database to administer the  
31 building renewal formula. The database shall include the student capacity of  
32 the building as determined by the school facilities board. The board shall  
33 distribute monies from the building renewal fund to school districts in an  
34 amount computed pursuant to subsection I of this section. A school district  
35 that receives monies from the building renewal fund shall use the monies  
36 first for any projects that fall below the minimum school facility adequacy  
37 guidelines, as adopted by the school facilities board pursuant to section  
38 15-2011, and that are part of any buildings in the database and second for  
39 any other projects that are part of any buildings owned by the school  
40 district for any of the following:

- 41 1. Major renovations and repairs of a building.
- 42 2. Upgrading systems and areas that will maintain or extend the useful  
43 life of the building.
- 44 3. Infrastructure costs.
- 45 4. Relocation and placement of portable and modular buildings.

1 C. Monies received from the building renewal fund shall be used for  
2 primary projects, unless only secondary projects exist.

3 D. Notwithstanding subsections B and C of this section, school  
4 districts shall use building renewal monies on secondary projects to comply  
5 with building, health, fire or safety codes. Before spending building  
6 renewal monies on secondary projects to comply with building, health, fire or  
7 safety codes, the school facilities board shall approve the projects.

8 E. Monies received from the building renewal fund shall not be used  
9 for any of the following purposes:

- 10 1. New construction.
- 11 2. Remodeling interior space for aesthetic or preferential reasons.
- 12 3. Exterior beautification.
- 13 4. Demolition.
- 14 5. The purchase of soft capital items pursuant to section 15-962,  
15 subsection D.
- 16 6. Routine maintenance except as provided in section 15-2002,  
17 subsection K and subsection L of this section.

18 F. The school facilities board shall maintain the building renewal  
19 database and use the database for the computation of the building renewal  
20 formula distributions. The board shall ensure that the database is updated  
21 on at least an annual basis to reflect changes in the ages and value of  
22 school buildings. The facilities listed in the database shall include only  
23 those buildings that are owned by school districts that are required to meet  
24 academic standards. Each school district shall report to the school  
25 facilities board no later than ~~September~~ OCTOBER 15 of each year the number  
26 and type of school buildings owned by the district, the square footage of  
27 each building, the age of each building, the nature of any renovations  
28 completed and the cost of any renovations completed. The school facilities  
29 board may review or audit, or both, to confirm the information submitted by a  
30 school district. If a joint technological education district leases a  
31 building from a school district, that building shall not be included in the  
32 school district's square footage calculation for the purposes of determining  
33 the school district's building renewal distribution pursuant to this section.  
34 The board shall adjust the age of each school facility in the database  
35 whenever a building is significantly upgraded or remodeled. The age of a  
36 building that has been significantly upgraded or remodeled shall be  
37 recomputed as follows:

- 38 1. Divide the cost of the renovation by the building capacity value of  
39 the building determined in subsection I, paragraph 3 of this section.
- 40 2. Multiply the quotient determined in paragraph 1 of this subsection  
41 by the currently listed age of the building in the database.
- 42 3. Subtract the product determined in paragraph 2 of this subsection  
43 from the currently listed age of the building in the database, rounded to the  
44 nearest whole number. If the result is negative, use zero.

1           G. The school facilities board shall submit ELECTRONICALLY an annual  
2 report to the president of the senate, the speaker of the house of  
3 representatives, the Arizona state library, archives and public records and  
4 the governor by October 1 that includes the computation of the amount of  
5 monies to be distributed from the building renewal fund for the current  
6 fiscal year. The joint committee on capital review shall review the school  
7 facilities board's calculation of the building renewal fund distributions.  
8 After the joint committee on capital review reviews the distributions  
9 computed by the school facilities board, the school facilities board shall  
10 distribute the monies from the building renewal fund to school districts in  
11 two equal installments in November and May of each year.

12           H. School districts that receive monies from the building renewal fund  
13 shall establish a district building renewal fund and shall use the monies in  
14 the district building renewal fund only for the purposes prescribed in  
15 subsection B of this section. Ending cash balances in a school district's  
16 building renewal fund may be used in following fiscal years for building  
17 renewal pursuant to subsection B of this section. By October 15 of each  
18 year, each school district shall report to the school facilities board the  
19 projects funded at each school in the previous fiscal year with monies from  
20 the district building renewal fund, including the amount of expenditures  
21 dedicated to primary projects and to secondary projects. On receipt of these  
22 reports, the school facilities board shall forward this information to the  
23 joint legislative budget committee staff and the governor's office of  
24 strategic planning and budgeting staff. Each school district shall also  
25 report to the school facilities board an accounting of the monies remaining  
26 in the district building renewal fund at the end of the previous fiscal year  
27 and a comprehensive three year plan that details the proposed use of building  
28 renewal monies. If a school district fails to submit the report by October  
29 15 OR THE INFORMATION REQUIRED BY SUBSECTION F OF THIS SECTION, the school  
30 facilities board shall withhold building renewal monies from the school  
31 district until the school facilities board determines that the school  
32 district has complied with the reporting requirement. When the school  
33 facilities board determines that the school district has complied with the  
34 reporting requirement, the school facilities board shall restore the full  
35 amount of withheld building renewal monies to the school district.

36           I. Notwithstanding any other provision of this chapter, if a school  
37 district converts space that is listed in the database maintained pursuant to  
38 this section to space that will be used for administrative purposes, the  
39 school district is responsible for any costs associated with the conversion,  
40 maintenance and replacement of that space. The building renewal amount for  
41 each school building shall be computed as follows:

42           1. Divide the age of the building as computed pursuant to subsection F  
43 of this section by one thousand two hundred seventy-five or, in the case of  
44 modular or portable buildings, by two hundred ten.

- 1           2. Multiply the quotient determined in paragraph 1 of this subsection  
2 by 0.67.
- 3           3. Determine the building capacity value as follows:
- 4           (a) Multiply the student capacity of the building by the per student  
5 square foot capacity established by section 15-2041.
- 6           (b) Multiply the product determined in subdivision (a) by the cost per  
7 square foot established by section 15-2041.
- 8           4. Multiply the product determined in paragraph 2 of this subsection  
9 by the product determined in paragraph 3, subdivision (b) of this subsection.
- 10          J. If the school facilities board determines that a school district  
11 has spent monies from the building renewal fund for purposes other than those  
12 prescribed in subsection B of this section, the school facilities board shall  
13 notify the superintendent of public instruction. Notwithstanding any other  
14 law, the superintendent of public instruction shall withhold a corresponding  
15 amount from the monies that would otherwise be due the school district under  
16 the capital outlay revenue limit until these monies are repaid.
- 17          K. ~~Beginning on July 1, 2002,~~ A school district is not entitled to  
18 receive monies from the building renewal fund for any buildings that are to  
19 be replaced with new buildings that are funded with deficiencies corrections  
20 monies. The replacement buildings are not eligible to receive building  
21 renewal funding until the fiscal year following the completion of the  
22 building.
- 23          L. Notwithstanding subsections B and E of this section, a school  
24 district may use eight per cent of the building renewal amount computed  
25 pursuant to subsection I of this section for routine preventative  
26 maintenance. The board, after consultation with maintenance specialists in  
27 school districts, shall provide examples of recommended services that are  
28 routine preventative maintenance.
- 29          M. A school district that uses building renewal monies for routine  
30 preventative maintenance shall use the building renewal monies to supplement  
31 and not supplant expenditures from other funds for the maintenance of school  
32 buildings. The auditor general shall prescribe a method for determining  
33 compliance with the requirements of this subsection. A school district, in  
34 connection with any audit conducted by a certified public accountant, shall  
35 also contract for an independent audit to determine whether the school  
36 district used building renewal monies to reduce the school district's  
37 existing level of routine preventative maintenance funding. The auditor  
38 general may conduct discretionary reviews of a school district that is not  
39 required to contract for an independent audit.
- 40          N. For the purposes of this section:
- 41           1. "Primary projects" means projects that are necessary for buildings  
42 owned by school districts that are required to meet the academic standards  
43 listed in the database maintained pursuant to subsection F of this section  
44 and that fall below the minimum school facility adequacy guidelines, as  
45 adopted by the school facilities board pursuant to section 15-2011.

1           2. "Routine preventative maintenance" means services that are  
2 performed on a regular schedule at intervals ranging from four times a year  
3 to once every three years and that are intended to extend the useful life of  
4 a building system and reduce the need for major repairs.

5           3. "Secondary projects" means all projects that are not primary  
6 projects.

7           4. "Student capacity" has the same meaning prescribed in section  
8 15-2011.

9           Sec. 48. Section 15-2041, Arizona Revised Statutes, is amended to  
10 read:

11           15-2041. New school facilities fund; capital plan; report

12           A. A new school facilities fund is established consisting of monies  
13 appropriated by the legislature and monies credited to the fund pursuant to  
14 section 37-221. The school facilities board shall administer the fund and  
15 distribute monies, as a continuing appropriation, to school districts for the  
16 purpose of constructing new school facilities AND FOR CONTRACTED EXPENSES  
17 PURSUANT TO SECTION 15-2002, SUBSECTION B, PARAGRAPHS 2, 3 AND 4. On June 30  
18 of each fiscal year, any unobligated contract monies in the new school  
19 facilities fund shall be transferred to the capital reserve fund established  
20 by section 15-2003.

21           B. The school facilities board shall prescribe a uniform format for  
22 use by the school district governing board in developing and annually  
23 updating a capital plan that consists of each of the following:

24           1. Enrollment projections for the next five years for elementary  
25 schools and eight years for middle and high schools, including a description  
26 of the methods used to make the projections.

27           2. A description of new schools or additions to existing schools  
28 needed to meet the building adequacy standards prescribed in section 15-2011.  
29 The description shall include:

30           (a) The grade levels and the total number of pupils that the school or  
31 addition is intended to serve.

32           (b) The year in which it is necessary for the school or addition to  
33 begin operations.

34           (c) A timeline that shows the planning and construction process for  
35 the school or addition.

36           3. Long-term projections of the need for land for new schools.

37           4. Any other necessary information required by the school facilities  
38 board to evaluate a school district's capital plan.

39           5. If a school district pays tuition for all or a portion of the  
40 school district's high school pupils to another school district, the capital  
41 plan shall indicate the number of pupils for which the district pays tuition  
42 to another district. If a school district accepts pupils from another school  
43 district pursuant to section 15-824, subsection A, the school district shall  
44 indicate the projections for this population separately. This paragraph does  
45 not apply to a small isolated school district as defined in section 15-901.

1 C. If the capital plan indicates a need for a new school or an  
2 addition to an existing school within the next four years or a need for land  
3 within the next ten years, the school district shall submit its plan to the  
4 school facilities board by September 1 and shall request monies from the new  
5 school facilities fund for the new construction or land. Monies provided for  
6 land shall be in addition to any monies provided pursuant to subsection D of  
7 this section.

8 D. The school facilities board shall distribute monies from the new  
9 school facilities fund as follows:

10 1. The school facilities board shall review and evaluate the  
11 enrollment projections and either approve the projections as submitted or  
12 revise the projections. In determining new construction requirements, the  
13 school facilities board shall determine the net new growth of pupils that  
14 will require additional square footage that exceeds the building adequacy  
15 standards prescribed in section 15-2011. If the projected growth and the  
16 existing number of pupils exceed three hundred fifty pupils who are served in  
17 a school district other than the pupil's resident school district, the school  
18 facilities board, the receiving school district and the resident school  
19 district shall develop a capital facilities plan on how to best serve those  
20 pupils. A small isolated school district as defined in section 15-901 is not  
21 required to develop a capital facilities plan pursuant to this paragraph.

22 2. If the approved projections indicate that additional space will not  
23 be needed within the next two years for elementary schools or three years for  
24 middle or high schools in order to meet the building adequacy standards  
25 prescribed in section 15-2011, the request shall be held for consideration by  
26 the school facilities board for possible future funding and the school  
27 district shall annually submit an updated plan until the additional space is  
28 needed.

29 3. If the approved projections indicate that additional space will be  
30 needed within the next two years for elementary schools or three years for  
31 middle or high schools in order to meet the building adequacy standards  
32 prescribed in section 15-2011, the school facilities board shall provide an  
33 amount as follows:

34 (a) Determine the number of pupils requiring additional square footage  
35 to meet building adequacy standards. This amount for elementary schools  
36 shall not be less than the number of new pupils for whom space will be needed  
37 in the next year and shall not exceed the number of new pupils for whom space  
38 will be needed in the next five years. This amount for middle and high  
39 schools shall not be less than the number of new pupils for whom space will  
40 be needed in the next four years and shall not exceed the number of new  
41 pupils for whom space will be needed in the next eight years.

42 (b) Multiply the number of pupils determined in subdivision (a) of  
43 this paragraph by the square footage per pupil. The square footage per pupil  
44 is ninety square feet per pupil for preschool children with disabilities,  
45 kindergarten programs and grades one through six, one hundred square feet for

1 grades seven and eight, one hundred thirty-four square feet for a school  
2 district that provides instruction in grades nine through twelve for fewer  
3 than one thousand eight hundred pupils and one hundred twenty-five square  
4 feet for a school district that provides instruction in grades nine through  
5 twelve for at least one thousand eight hundred pupils. The total number of  
6 pupils in grades nine through twelve in the district shall determine the  
7 square footage factor to use for net new pupils. The school facilities board  
8 may modify the square footage requirements prescribed in this subdivision for  
9 particular schools based on any of the following factors:

10 (i) The number of pupils served or projected to be served by the  
11 school district.

12 (ii) Geographic factors.

13 (iii) Grade configurations other than those prescribed in this  
14 subdivision.

15 (iv) Compliance with minimum school facility adequacy requirements  
16 established pursuant to section 15-2011.

17 (c) Multiply the product obtained in subdivision (b) of this paragraph  
18 by the cost per square foot. The cost per square foot is ninety dollars for  
19 preschool children with disabilities, kindergarten programs and grades one  
20 through six, ninety-five dollars for grades seven and eight and one hundred  
21 ten dollars for grades nine through twelve. The cost per square foot shall  
22 be adjusted annually for construction market considerations based on an index  
23 identified or developed by the joint legislative budget committee as  
24 necessary but not less than once each year. The school facilities board  
25 shall multiply the cost per square foot by 1.05 for any school district  
26 located in a rural area. The school facilities board may modify the base  
27 cost per square foot prescribed in this subdivision for particular schools  
28 based on geographic conditions or site conditions. For the purposes of this  
29 subdivision, "rural area" means an area outside a thirty-five mile radius of  
30 a boundary of a municipality with a population of more than fifty thousand  
31 persons.

32 (d) Once the school district governing board obtains approval from the  
33 school facilities board for new facility construction funds, additional  
34 portable or modular square footage created for the express purpose of  
35 providing temporary space for pupils until the completion of the new facility  
36 shall not be included by the school facilities board for the purpose of new  
37 construction funding calculations. On completion of the new facility  
38 construction project, if the portable or modular facilities continue in use,  
39 the portable or modular facilities shall be included as prescribed by this  
40 chapter, unless the school facilities board approves their continued use for  
41 the purpose of providing temporary space for pupils until the completion of  
42 the next new facility that has been approved for funding from the new school  
43 facilities fund.

44 4. For projects approved after December 31, 2001, and notwithstanding  
45 paragraph 3 of this subsection, a unified school district that does not have

1 a high school is not eligible to receive high school space as prescribed by  
2 section 15-2011 and this section unless the unified district qualifies for  
3 geographic factors prescribed by paragraph 3, subdivision (b), item (ii) of  
4 this subsection.

5 5. If a joint technological education district leases a building from  
6 a school district, that building shall be included in the school district's  
7 square footage calculation for the purposes of new construction pursuant to  
8 this section.

9 E. Monies for architectural and engineering fees, project management  
10 services and preconstruction services shall be distributed on the completion  
11 of the analysis by the school facilities board of the school district's  
12 request. After receiving monies pursuant to this subsection, the school  
13 district shall submit a design development plan for the school or addition to  
14 the school facilities board before any monies for construction are  
15 distributed. If the school district's request meets the building adequacy  
16 standards, the school facilities board may review and comment on the  
17 district's plan with respect to the efficiency and effectiveness of the plan  
18 in meeting state square footage and facility standards before distributing  
19 the remainder of the monies. If the school facilities board modifies the  
20 cost per square foot as prescribed in subsection D, paragraph 3, subdivision  
21 (c) OF THIS SECTION, the school facilities board may deduct the cost of  
22 project management services and preconstruction services from the required  
23 cost per square foot. The school facilities board may decline to fund the  
24 project if the square footage is no longer required due to revised enrollment  
25 projections.

26 F. The school facilities board shall distribute the monies needed for  
27 land for new schools so that land may be purchased at a price that is less  
28 than or equal to fair market value and in advance of the construction of the  
29 new school. If necessary, the school facilities board may distribute monies  
30 for land to be leased for new schools if the duration of the lease exceeds  
31 the life expectancy of the school facility by at least fifty per cent. The  
32 proceeds derived through the sale of any land purchased or partially  
33 purchased with monies provided by the school facilities board shall be  
34 returned to the state fund from which it was appropriated and to any other  
35 participating entity on a proportional basis. Except as provided in section  
36 15-342, paragraph 33, if a school district acquires real property by donation  
37 at an appropriate school site approved by the school facilities board, the  
38 school facilities board shall distribute an amount equal to twenty per cent  
39 of the fair market value of the donated real property that can be used for  
40 academic purposes. The school district shall place the monies in the  
41 unrestricted capital outlay fund and increase the unrestricted capital budget  
42 limit by the amount of monies placed in the fund. Monies distributed under  
43 this subsection shall be distributed from the new school facilities fund. A  
44 school district that receives monies from the new school facilities fund for  
45 a donation of land pursuant to section 15-342, paragraph 33 shall not receive

1 monies from the school facilities board for the donation of real property  
2 pursuant to this subsection. A school district shall not pay a consultant a  
3 percentage of the value of any of the following:

4 1. Donations of real property, services or cash from any of the  
5 following:

6 (a) Entities that have offered to provide construction services to the  
7 school district.

8 (b) Entities that have been contracted to provide construction  
9 services to the school district.

10 (c) Entities that build residential units in that school district.

11 (d) Entities that develop land for residential use in that school  
12 district.

13 2. Monies received from the school facilities board on behalf of the  
14 school district.

15 3. Monies paid by the school facilities board on behalf of the school  
16 district.

17 G. In addition to distributions to school districts based on pupil  
18 growth projections, a school district may submit an application to the school  
19 facilities board for monies from the new school facilities fund if one or  
20 more school buildings have outlived their useful life. If the school  
21 facilities board determines that the school district needs to build a new  
22 school building for these reasons, the school facilities board shall remove  
23 the square footage computations that represent the building from the  
24 computation of the school district's total square footage for purposes of  
25 this section. If the square footage recomputation reflects that the school  
26 district no longer meets building adequacy standards, the school district  
27 qualifies for a distribution of monies from the new school construction  
28 formula in an amount determined pursuant to subsection D of this section.  
29 Buildings removed from a school district's total square footage pursuant to  
30 this subsection shall not be included in the computation of monies from the  
31 building renewal fund established by section 15-2031. The school facilities  
32 board may modify the base cost per square foot prescribed in this subsection  
33 under extraordinary circumstances for geographic factors or site conditions.

34 H. School districts that receive monies from the new school facilities  
35 fund shall establish a district new school facilities fund and shall use the  
36 monies in the district new school facilities fund only for the purposes  
37 prescribed in this section. By October 15 of each year, each school district  
38 shall report to the school facilities board the projects funded at each  
39 school in the previous fiscal year with monies from the district new school  
40 facilities fund and shall provide an accounting of the monies remaining in  
41 the new school facilities fund at the end of the previous fiscal year.

42 I. If a school district has surplus monies received from the new  
43 school facilities fund, the school district may use the surplus monies only  
44 for capital purposes for the project for up to one year after completion of  
45 the project. If the school district possesses surplus monies from the new

1 school construction project that have not been expended within one year of  
2 the completion of the project, the school district shall return the surplus  
3 monies to the school facilities board for deposit in the new school  
4 facilities fund.

5 J. The board's consideration of any application filed after ~~July 1,~~  
6 ~~2001 or~~ after December 31 of the year in which the property becomes territory  
7 in the vicinity of a military airport or ancillary military facility as  
8 defined in section 28-8461 for monies to fund the construction of new school  
9 facilities proposed to be located in territory in the vicinity of a military  
10 airport or ancillary military facility shall include, if after notice is  
11 transmitted to the military airport pursuant to section 15-2002 and before  
12 the public hearing the military airport provides comments and AN analysis  
13 concerning compatibility of the proposed school facilities with the high  
14 noise or accident potential generated by military airport or ancillary  
15 military facility operations that may have an adverse effect on public health  
16 and safety, consideration and analysis of the comments and analysis provided  
17 by the military airport before making a final determination.

18 K. If a school district uses its own project manager for new school  
19 construction, the members of the school district governing board and the  
20 project manager shall sign an affidavit stating that the members and the  
21 project manager understand and will follow the minimum adequacy requirements  
22 prescribed in section 15-2011.

23 L. The school facilities board shall establish a separate account in  
24 the new school facilities fund designated as the litigation account to pay  
25 attorney fees, expert witness fees and other costs associated with litigation  
26 in which the school facilities board pursues the recovery of damages for  
27 deficiencies correction that resulted from alleged construction defects or  
28 design defects that the school facilities board believes caused or  
29 contributed to a failure of the school building to conform to the building  
30 adequacy requirements prescribed in section 15-2011. Attorney fees paid  
31 pursuant to this subsection shall not exceed the market rate for similar  
32 types of litigation. The joint committee on capital review shall conduct an  
33 annual review of the litigation account, including the costs associated with  
34 current and potential litigation.

35 M. Until the state board of education and the auditor general adopt  
36 rules pursuant to section 15-213, subsection I, the school facilities board  
37 may allow school districts to contract for construction services and  
38 materials through the qualified select bidders list method of project  
39 delivery for new school facilities pursuant to this section.

40 N. The school facilities board shall submit ELECTRONICALLY a report on  
41 project management services and preconstruction services to the governor, the  
42 president of the senate and the speaker of the house of representatives by  
43 December 31 of each year. The report shall compare projects that use project  
44 management and preconstruction services with those that do not. The report  
45 shall address cost, schedule and other measurable components of a

1 construction project. School districts, construction manager at risk firms  
2 and project management firms that participate in a school facilities board  
3 funded project shall provide the information required by the school  
4 facilities board in relation to this report.

5 O. If a school district constructs new square footage according to  
6 section 15-342, paragraph 33, the school facilities board shall review the  
7 design plans and location of any new school facility submitted by school  
8 districts and another party to determine whether the design plans comply with  
9 the adequacy standards prescribed in section 15-2011 and the square footage  
10 per pupil requirements pursuant to subsection D, paragraph 3, subdivision (b)  
11 of this section. When the school district qualifies for a distribution of  
12 monies from the new school facilities fund according to this section, the  
13 school facilities board shall distribute monies to the school district from  
14 the new school facilities fund for the square footage constructed under  
15 section 15-342, paragraph 33 at the same cost per square foot established by  
16 this section that was in effect at the time of the beginning of the  
17 construction of the school facility. Before the school facilities board  
18 distributes any monies pursuant to this subsection, the school district shall  
19 demonstrate to the school facilities board that the facilities to be funded  
20 pursuant to this section meet the minimum adequacy standards prescribed in  
21 section 15-2011. The agreement entered into pursuant to section 15-342,  
22 paragraph 33 shall set forth the procedures for the allocation of these funds  
23 to the parties that participated in the agreement.

24 Sec. 49. Section 38-618.01, Arizona Revised Statutes, is amended to  
25 read:

26 38-618.01. Performance pay for state employees; applicability;  
27 definition

28 A. All state agencies, departments, boards and commissions shall  
29 follow the procedures prescribed by this section.

30 B. The legislature may authorize in the general appropriations act a  
31 percentage increase for performance pay for each employee in a governmental  
32 unit if the governmental unit meets or exceeds prescribed performance  
33 measures.

34 C. Each governmental unit shall establish or revise a list of  
35 reasonable performance measures that are designed to result in cost  
36 reduction, increased productivity and improved quality of the delivery of  
37 state services or products. The performance measures shall include a  
38 measurement of the quality of service to citizens and other state agencies  
39 and employees as measured by the degree of excellence in providing the  
40 service and measurements of the quality of operations and unit cost of  
41 operations to the extent practicable and applicable. The head of each  
42 governmental unit shall either apply these performance measures to the entire  
43 governmental unit or apply relevant performance measures to subsets within  
44 the governmental unit either on a department, division, group, unit or  
45 individual basis.

1 D. Every month or every quarter, at the discretion of the governmental  
2 unit, the governmental unit shall review the unit's performance and determine  
3 if the performance measures were met. If the performance measures are met or  
4 exceeded, the applicable employees are entitled to receive the performance  
5 pay no later than the end of each month or the end of each quarter, if  
6 applicable. If the performance measures are not met, the applicable employee  
7 is not entitled to receive performance pay and monies that were appropriated  
8 for performance pay revert to the appropriate state fund. Each governmental  
9 unit shall annually inform the governor's office of strategic planning and  
10 budgeting and the joint legislative budget committee of the results of each  
11 review of the unit's performance.

12 E. If the head of the governmental unit applies the performance  
13 measures to the entire governmental unit, all employees of the governmental  
14 unit are entitled to receive the performance pay if the governmental unit  
15 meets or exceeds the governmental unit's performance measures. If the head  
16 of the governmental unit applies performance measures to subsets within the  
17 governmental unit, all employees within the subset are entitled to receive  
18 the performance pay if the subset meets or exceeds that subset's performance  
19 measures.

20 F. The head of the governmental unit shall forward a copy of the  
21 performance measures established by the unit to the performance based  
22 incentives program oversight committee established by section 38-619 and  
23 shall notify the committee as to the results of achieving the performance  
24 measures.

25 G. Each governmental unit shall annually conduct a survey of the  
26 unit's employees ensuring that a significant sample of employees  
27 participates. The survey shall allow the employees to rate the workplace as  
28 outstanding, excellent, good, satisfactory or poor. The survey shall provide  
29 a comment section where employees can communicate what the governmental unit  
30 does well, areas where the governmental unit can improve and suggestions to  
31 improve the governmental unit. The governmental unit shall compile the data  
32 obtained pursuant to this subsection and forward a copy of the compiled data  
33 to the performance based incentives program oversight committee and on  
34 request make a copy of the compiled data available to the public.

35 H. This section does not apply to:

36 1. Employees who are appointed or employed by the legislature or  
37 either house of the legislature.

38 2. Employees of the governor's office.

39 3. Employees of the judiciary unless the chief justice of the supreme  
40 court elects to participate in this section.

41 4. Employees of the Arizona board of regents and employees of a  
42 university under the jurisdiction of the Arizona board of regents.

43 5. EMPLOYEES OF THE DEPARTMENT OF EDUCATION. THIS PARAGRAPH DOES NOT  
44 PROHIBIT THE SUPERINTENDENT OF PUBLIC INSTRUCTION FROM ADOPTING A PERFORMANCE  
45 PAY PLAN THAT CONFORMS TO THIS SECTION.

1 I. For the purposes of this section, "governmental unit" means all  
2 agencies, departments, boards and commissions of this state.

3 Sec. 50. Title 38, chapter 5, article 2, Arizona Revised Statutes, is  
4 amended by adding section 38-781, to read:

5 38-781. Supplemental employee deferral plan; public employees;  
6 administration; immunity; definitions

7 A. A SUPPLEMENTAL EMPLOYEE DEFERRAL PLAN IS ESTABLISHED TO PROVIDE  
8 PUBLIC EMPLOYEES, OTHER THAN STATE EMPLOYEES, AN OPPORTUNITY TO SAVE  
9 ADDITIONAL TAX-DEFERRED MONIES FOR RETIREMENT.

10 B. ASRS MAY ESTABLISH, ADMINISTER, MANAGE AND OPERATE A SUPPLEMENTAL  
11 EMPLOYEE DEFERRAL PLAN FOR EMPLOYERS OTHER THAN THIS STATE.

12 C. ASRS MAY:

13 1. EMPLOY SERVICES IT DEEMS NECESSARY, INCLUDING LEGAL SERVICES, FOR  
14 THE OPERATION AND ADMINISTRATION OF THE PLAN.

15 2. ADMINISTER THE PLAN THROUGH CONTRACTS WITH MULTIPLE VENDORS.

16 3. PERFORM ALL ACTS, WHETHER OR NOT EXPRESSLY AUTHORIZED, THAT IT  
17 DEEMS NECESSARY AND PROPER FOR THE OPERATION AND PROTECTION OF THE PLAN.

18 4. FOR THE PURPOSES OF THIS SECTION, ENTER INTO INTERGOVERNMENTAL  
19 AGREEMENTS PURSUANT TO TITLE 11, CHAPTER 7, ARTICLE 3.

20 D. A SUPPLEMENTAL EMPLOYEE DEFERRAL PLAN IS IN ADDITION TO AND DOES  
21 NOT REPLACE AN EMPLOYEE'S EXISTING STATE DEFINED BENEFIT RETIREMENT PLAN.

22 E. IF AN EMPLOYER THAT IS NOT THIS STATE ELECTS TO PARTICIPATE IN THE  
23 SUPPLEMENTAL EMPLOYEE DEFERRAL PLAN, ANY EMPLOYEE OF THE EMPLOYER WHO MEETS  
24 THE ELIGIBILITY REQUIREMENTS THAT ARE PRESCRIBED BY ASRS FOR PARTICIPATION IN  
25 THE SUPPLEMENTAL EMPLOYEE DEFERRAL PLAN MAY PARTICIPATE IN THE SUPPLEMENTAL  
26 EMPLOYEE DEFERRAL PLAN.

27 F. PARTICIPATION IN THE SUPPLEMENTAL EMPLOYEE DEFERRAL PLAN AUTHORIZES  
28 THE PARTICIPANT'S EMPLOYER TO MAKE SALARY REDUCTIONS FROM THE PARTICIPANT'S  
29 COMPENSATION AND CONTRIBUTE SUCH SALARY REDUCTIONS TO THE PLAN. AN EMPLOYER  
30 MAY MAKE EMPLOYER CONTRIBUTIONS TO THE SUPPLEMENTAL EMPLOYEE DEFERRAL PLAN IF  
31 THE PLAN PERMITS. THE EMPLOYER SHALL SUBMIT ANY REPORTS REQUIRED BY THE  
32 PLAN. IF THE PARTICIPANT IS AN ACTIVE MEMBER, ANY COMPENSATION DEFERRED BY  
33 AN EMPLOYEE UNDER THE PLAN SHALL BE INCLUDED AS REGULAR COMPENSATION OR  
34 COMPENSATION FOR THE PURPOSE OF COMPUTING THE RETIREMENT AND PENSION BENEFITS  
35 PROVIDED IN THIS ARTICLE EARNED BY ANY EMPLOYEE PARTICIPATING IN THE PLAN.

36 G. EMPLOYEE CONTRIBUTIONS AND EARNINGS ON EMPLOYEE CONTRIBUTIONS ARE  
37 IMMEDIATELY VESTED. EMPLOYER CONTRIBUTIONS, IF ANY, AND THE EARNINGS ON  
38 EMPLOYER CONTRIBUTIONS SHALL VEST ACCORDING TO THE SCHEDULE ESTABLISHED IN  
39 THE PLAN.

40 H. NOTWITHSTANDING ANY OTHER LAW, THIS STATE AND ITS OFFICERS AND  
41 EMPLOYEES, THE BOARD AND ASRS ARE IMMUNE FROM CIVIL LIABILITY AND ARE NOT  
42 SUBJECT TO SUIT DIRECTLY OR BY WAY OF CONTRIBUTION FOR ANY ACT OR OMISSION  
43 RESULTING IN ANY DAMAGE OR INJURY ARISING OUT OF THE SUPPLEMENTAL EMPLOYEE  
44 DEFERRAL PLAN.

1 I. FOR THE PURPOSES OF THIS SECTION:

2 1. "STATE" MEANS THIS STATE, INCLUDING ANY DEPARTMENT, OFFICE, BOARD,  
3 COMMISSION, AGENCY OR UNIVERSITY, BUT DOES NOT MEAN ANY SCHOOL DISTRICT OR  
4 COMMUNITY COLLEGE DISTRICT.

5 2. "SUPPLEMENTAL EMPLOYEE DEFERRAL PLAN" MEANS A TAX DEFERRED ANNUITY  
6 DESCRIBED IN SECTION 403(b) OF THE INTERNAL REVENUE CODE, INCLUDING A  
7 CUSTODIAL ACCOUNT DESCRIBED IN 403(b)(7) OF THE INTERNAL REVENUE CODE, AND AN  
8 ELIGIBLE DEFERRED COMPENSATION PLAN DESCRIBED IN SECTION 457(b) OF THE  
9 INTERNAL REVENUE CODE. A SUPPLEMENTAL EMPLOYEE DEFERRAL PLAN SHALL COMPLY  
10 WITH ALL APPLICABLE PROVISIONS OF THE SECTION OF THE INTERNAL REVENUE CODE  
11 UNDER WHICH SUCH PLAN IS ADOPTED AND MAINTAINED.

12 Sec. 51. Repeal

13 Section 41-3010.25, Arizona Revised Statutes, is repealed.

14 Sec. 52. Title 41, chapter 27, article 2, Arizona Revised Statutes, is  
15 amended by adding section 41-3019.01, to read:

16 41-3019.01. Commission for postsecondary education; termination  
17 July 1, 2019

18 A. THE COMMISSION FOR POSTSECONDARY EDUCATION TERMINATES ON JULY 1,  
19 2019.

20 B. TITLE 15, CHAPTER 14, ARTICLE 5 IS REPEALED ON JANUARY 1, 2020.

21 Sec. 53. Section 42-6004, Arizona Revised Statutes, is amended to  
22 read:

23 42-6004. Exemption from municipal tax

24 A. A city, town or special taxing district shall not levy a  
25 transaction privilege, sales, use or other similar tax on:

26 1. Exhibition events in this state sponsored, conducted or operated by  
27 a nonprofit organization that is exempt from taxation under section  
28 501(c)(3), 501(c)(4) or 501(c)(6) of the internal revenue code if the  
29 organization is associated with a major league baseball team or a national  
30 touring professional golfing association and no part of the organization's  
31 net earnings inures to the benefit of any private shareholder or individual.

32 2. Interstate telecommunications services, which include that portion  
33 of telecommunications services, such as subscriber line service, allocable by  
34 federal law to interstate telecommunications service.

35 3. Sales of warranty or service contracts.

36 4. Sales of motor vehicles to nonresidents of this state for use  
37 outside this state if the vendor ships or delivers the motor vehicle to a  
38 destination outside this state.

39 5. Interest on finance contracts.

40 6. Dealer documentation fees on the sales of motor vehicles.

41 7. Through December 31, 2009, the gross proceeds of sales or gross  
42 income received from a contract from constructing any lake facility  
43 development in a commercial enhancement reuse district established pursuant  
44 to section 9-499.08.

1           8. Sales of food or other items purchased with United States  
2 department of agriculture food stamp coupons issued under the food stamp act  
3 of 1977 (P.L. 95-113; 91 Stat. 958) or food instruments issued under section  
4 17 of the child nutrition act (P.L. 95-627; 92 Stat. 3603; P.L. 99-661,  
5 section 4302; 42 United States Code section 1786) but may impose such a tax  
6 on other sales of food. If a city, town or special taxing district exempts  
7 sales of food from its tax or imposes a different transaction privilege rate  
8 on the gross proceeds of sales or gross income from sales of food and nonfood  
9 items, it shall use the definition of food prescribed by rule adopted by the  
10 department pursuant to section 42-5106.

11           9. Sales of internet access services to the person's subscribers and  
12 customers. For the purposes of this paragraph:

13           (a) "Internet" means the computer and telecommunications facilities  
14 that comprise the interconnected worldwide network of networks that employ  
15 the transmission control protocol or internet protocol, or any predecessor or  
16 successor protocol, to communicate information of all kinds by wire or radio.

17           (b) "Internet access" means a service that enables users to access  
18 content, information, electronic mail or other services over the internet.  
19 Internet access does not include telecommunication services provided by a  
20 common carrier.

21           10. The gross proceeds of sales or gross income retained by the Arizona  
22 exposition and state fair board from ride ticket sales at the annual Arizona  
23 state fair.

24           11. Through August 31, 2014, sales of Arizona centennial medallions by  
25 the historical advisory commission.

26           B. A city, town or other taxing jurisdiction shall not levy a  
27 transaction privilege, sales, use, franchise or other similar tax or fee,  
28 however denominated, on natural gas or liquefied petroleum gas used to propel  
29 a motor vehicle.

30           C. A city, town or other taxing jurisdiction shall not levy a  
31 transaction privilege, sales, gross receipts, use, franchise or other similar  
32 tax or fee, however denominated, on gross proceeds of sales or gross income  
33 derived from any of the following:

34           1. A motor carrier's use on the public highways in this state if the  
35 motor carrier is subject to a fee prescribed in title 28, chapter 16,  
36 article 4.

37           2. Leasing, renting or licensing a motor vehicle subject to and upon  
38 which the fee has been paid under title 28, chapter 16, article 4.

39           3. The sale of a motor vehicle and any repair and replacement parts  
40 and tangible personal property becoming a part of such motor vehicle to a  
41 motor carrier who is subject to a fee prescribed in title 28, chapter 16,  
42 article 4 and who is engaged in the business of leasing, renting or licensing  
43 such property.

1           4. Incarcerating or detaining in a privately operated prison, jail or  
2 detention facility prisoners who are under the jurisdiction of the United  
3 States, this state or any other state or a political subdivision of this  
4 state or of any other state.

5           5. Transporting for hire persons, freight or property by light motor  
6 vehicles subject to a fee under title 28, chapter 15, article 4.

7           6. Through December 31, 2009, and except as provided in section  
8 42-6104, a contract from constructing any lake facility development in a  
9 commercial enhancement reuse district established pursuant to section  
10 9-499.08.

11          7. Any amount attributable to development fees that are incurred in  
12 relation to the construction, development or improvement of real property and  
13 paid by the taxpayer as defined in the model city tax code or by a contractor  
14 providing services to the taxpayer. For the purposes of this paragraph:

15           (a) The attributable amount shall not exceed the value of the  
16 development fees actually imposed.

17           (b) The attributable amount is equal to the total amount of  
18 development fees paid by the taxpayer or by a contractor providing services  
19 to the taxpayer and the total development fees credited in exchange for the  
20 construction of, contribution to or dedication of real property for providing  
21 public infrastructure, public safety or other public services necessary to  
22 the development. The real property must be the subject of the development  
23 fees.

24           (c) "Development fees" means fees imposed to offset capital costs of  
25 providing public infrastructure, public safety or other public services to a  
26 development and authorized pursuant to section 9-463.05, section 11-1102 or  
27 title 48 regardless of the jurisdiction to which the fees are paid.

28           D. A city, town or other taxing jurisdiction shall not levy a  
29 transaction privilege, sales, use, franchise or other similar tax or fee,  
30 however denominated, in excess of one-tenth of one per cent of the value of  
31 the entire product mined, smelted, extracted, refined, produced or prepared  
32 for sale, profit or commercial use, on persons engaged in the business of  
33 mineral processing, except to the extent that the tax is computed on the  
34 gross proceeds or gross income from sales at retail.

35           E. In computing the tax base, any city, town or other taxing  
36 jurisdiction shall not include in the gross proceeds of sales or gross  
37 income:

38           1. A manufacturer's cash rebate on the sales price of a motor vehicle  
39 if the buyer assigns the buyer's right in the rebate to the retailer.

40           2. The waste tire disposal fee imposed pursuant to section 44-1302.

41           F. A CITY OR TOWN SHALL NOT LEVY A USE TAX ON THE STORAGE, USE OR  
42 CONSUMPTION OF TANGIBLE PERSONAL PROPERTY IN THE CITY OR TOWN BY A SCHOOL  
43 DISTRICT OR CHARTER SCHOOL.

1           Sec. 54. Section 43-1089, Arizona Revised Statutes, is amended to  
2 read:

3           43-1089. Credit for contributions to school tuition  
4                           organization: definitions

5           A. A credit is allowed against the taxes imposed by this title for the  
6 amount of voluntary cash contributions made by the taxpayer during the  
7 taxable year to a school tuition organization, but not exceeding:

8           1. Five hundred dollars in any taxable year for a single individual or  
9 a head of household.

10           2. Eight hundred twenty-five dollars in taxable year 2005 for a  
11 married couple filing a joint return.

12           3. One thousand dollars in taxable year 2006 and any subsequent year  
13 for a married couple filing a joint return.

14           B. A husband and wife who file separate returns for a taxable year in  
15 which they could have filed a joint return may each claim only one-half of  
16 the tax credit that would have been allowed for a joint return.

17           C. If the allowable tax credit exceeds the taxes otherwise due under  
18 this title on the claimant's income, or if there are no taxes due under this  
19 title, the taxpayer may carry the amount of the claim not used to offset the  
20 taxes under this title forward for not more than five consecutive taxable  
21 years' income tax liability.

22           D. The credit allowed by this section is in lieu of any deduction  
23 pursuant to section 170 of the internal revenue code and taken for state tax  
24 purposes.

25           E. The tax credit is not allowed if the taxpayer designates the  
26 taxpayer's contribution to the school tuition organization for the direct  
27 benefit of any dependent of the taxpayer.

28           F. A school tuition organization that receives a voluntary cash  
29 contribution pursuant to subsection A shall report ELECTRONICALLY to the  
30 department, in a form prescribed by the department, by February 28 of each  
31 year the following information:

32           1. The name, address and contact name of the school tuition  
33 organization.

34           2. The total number of contributions received during the previous  
35 calendar year.

36           3. The total dollar amount of contributions received during the  
37 previous calendar year.

38           4. The total number of children awarded educational scholarships or  
39 tuition grants during the previous calendar year.

40           5. The total dollar amount of educational scholarships and tuition  
41 grants awarded during the previous calendar year.

42           6. For each school to which educational scholarships or tuition grants  
43 were awarded:

44           (a) The name and address of the school.

1 (b) The number of educational scholarships and tuition grants awarded  
2 during the previous calendar year.

3 (c) The total dollar amount of educational scholarships and tuition  
4 grants awarded during the previous calendar year.

5 G. For the purposes of this section:

6 1. "Handicapped student" means a student who has any of the following  
7 conditions:

8 (a) Hearing impairment.

9 (b) Visual impairment.

10 (c) ~~Preschool~~ moderate DEVELOPMENTAL delay.

11 (d) Preschool severe delay.

12 (e) ~~Preschool~~ Speech or /language delay IMPAIRMENT.

13 2. "Qualified school" means a nongovernmental primary school or  
14 secondary school or a preschool for handicapped students that is located in  
15 this state, that does not discriminate on the basis of race, color, handicap,  
16 familial status or national origin and that satisfies the requirements  
17 prescribed by law for private schools in this state on January 1, 1997.

18 3. "School tuition organization" means a charitable organization in  
19 this state that is exempt from federal taxation under section 501(c)(3) of  
20 the internal revenue code and that allocates at least ninety per cent of its  
21 annual revenue for educational scholarships or tuition grants to children to  
22 allow them to attend any qualified school of their parents' choice. In  
23 addition, to qualify as a school tuition organization the charitable  
24 organization shall provide educational scholarships or tuition grants to  
25 students without limiting availability to only students of one school.

26 Sec. 55. Repeal

27 Senate bill 1187, section 74, forty-ninth legislature, first regular  
28 session, as transmitted to the governor, is repealed.

29 Sec. 56. Arizona online instruction; reports

30 Notwithstanding section 15-808, Arizona Revised Statutes, as amended by  
31 this act, until July 31, 2010, each school selected by the state board of  
32 education and each selected school sponsored by the state board for charter  
33 schools to participate in Arizona online instruction shall submit an annual  
34 report to the department of education. The department of education shall  
35 collaborate to develop a uniform reporting format to be used by all schools  
36 that participate in Arizona online instruction. The reports shall be  
37 submitted on or before August 1 each year and shall include the following  
38 information:

39 1. A description of the educational services that are offered under  
40 and that specifically relate to the depth and breadth of the curriculum  
41 choices offered by the school.

42 2. A description of the effects of media and technology on the  
43 delivery of specific educational services to specific pupil populations.

44 3. Academic advancement as measured in grade level equivalents each  
45 academic year based on a standardized norm-referenced achievement test.

1           4. Data identified by the department of education that compares the  
2 academic performance of pupils who participate in Arizona online instruction  
3 with other pupils in this state and with pupils in that school who do not  
4 participate in Arizona online instruction.

5           5. The results of a survey of pupil satisfaction with Arizona online  
6 instruction, including:

7           (a) Pupils' attitudes about delivery modalities employed by the  
8 school.

9           (b) Changes in pupils' attitudes toward learning in general.

10           (c) Changes in pupils' attitudes about their own ability to learn and  
11 about their own academic progress.

12           (d) Pupils' attitudes about the school they attend.

13           6. The results of a survey of parental satisfaction with Arizona  
14 online instruction, including:

15           (a) Parents' and their children's attitudes about the delivery  
16 modalities employed by the school.

17           (b) Changes in their children's attitudes about learning in general.

18           (c) Changes in their children's attitudes about their ability to learn  
19 and about their academic progress.

20           (d) Parents' and their children's attitudes about the school that the  
21 child attends.

22           7. A description of the availability and equitable distribution of  
23 educational services provided under Arizona online instruction, including  
24 specific descriptions of the effectiveness of technology tools and modalities  
25 used to address the needs of any underserved populations targeted by the  
26 school.

27           8. A description of the operational and administrative efficiency of  
28 Arizona online instruction.

29           9. A description of the cost-effectiveness of Arizona online  
30 instruction.

31           10. A listing of the salaries, by titles and job descriptions, of the  
32 administrators who are employed at or contracted for employment at each  
33 school selected by the state board of education or the state board for  
34 charter schools to participate in Arizona online instruction.

35           11. A description of assessment measures implemented to ensure the  
36 academic integrity of pupils pursuant to section 15-808, Arizona Revised  
37 Statutes, subsection H, as amended by this act.

38           Sec. 57. School district budget overexpenditures; correction;  
39                           interest

40           A. Notwithstanding sections 15-905 and 15-915, Arizona Revised  
41 Statutes, as amended by this act, a school district that overexpended its  
42 budget at any time during a five-year period beginning in fiscal year  
43 2002-2003 and ending in fiscal year 2006-2007 shall correct the  
44 overexpenditures in equal installments over a five-year period beginning in

1 fiscal year 2009-2010 and ending in fiscal year 2013-2014. This subsection  
2 applies to a district if all of the following conditions exist:

3 1. The school district is a union high school district that is located  
4 in a county with a population of less than one million persons but more than  
5 two hundred fifty thousand persons.

6 2. The school district's average daily membership for the 2006-2007  
7 school year was more than four hundred pupils but less than five hundred  
8 fifty pupils.

9 3. The total amount of the correction that would otherwise be required  
10 under section 15-915, Arizona Revised Statutes, as amended by this act, for  
11 fiscal years 2002-2003 through 2006-2007 is more than three hundred thousand  
12 dollars but less than eight hundred thousand dollars.

13 B. In addition to monies required to be repaid pursuant to  
14 subsection A of this section, accrued interest shall be paid at a rate  
15 determined by the superintendent of public instruction.

16 Sec. 58. Unified school district budget overexpenditures;  
17 correction; interest

18 A. Notwithstanding sections 15-905 and 15-915, Arizona Revised  
19 Statutes, as amended by this act, a school district that overexpended its  
20 budget during fiscal year 2005-2006 and fiscal year 2006-2007 shall correct  
21 the overexpenditures in equal installments beginning in fiscal year 2009-2010  
22 and ending in fiscal year 2013-2014 if all of the following conditions exist:

23 1. The school district is a unified district that is located in a  
24 county with a population of more than fifty thousand persons but less than  
25 one hundred thousand persons.

26 2. The school district's average daily membership for the 2007-2008  
27 school year was more than seven hundred pupils but less than one thousand two  
28 hundred pupils.

29 3. The total amount of the correction that would otherwise be required  
30 under section 15-915, Arizona Revised Statutes, as amended by this act, for  
31 fiscal years 2005-2006 and 2006-2007 is more than two million five hundred  
32 dollars but less than three million two hundred dollars.

33 B. In addition to monies required to be repaid pursuant to  
34 subsection A of this section, accrued interest shall be paid at a rate  
35 determined by the superintendent of public instruction.

36 Sec. 59. Previous audits; average daily membership; repayment;  
37 retroactivity

38 A. Notwithstanding any other law, a school district that meets the  
39 criteria specified in subsection B, paragraph 1 or 2 of this section and that  
40 is required to repay monies to this state as the result of an audit conducted  
41 before the effective date of this act by the department of education or the  
42 office of the auditor general pursuant to Laws 2006, chapter 353, section 23,  
43 Laws 2007, chapter 264, section 17 or Laws 2008, chapter 287, section 50  
44 shall repay the full amount of the monies due to this state as a result of  
45 the audit within five years after the date of the audit finding.

1 B. The following school districts are eligible to use the repayment  
2 provisions of subsection A of this section:

3 1. A unified school district with a student count of at least two  
4 thousand but less than three thousand in fiscal year 2007-2008 that is  
5 required to repay a total of at least six hundred eighty-five thousand  
6 dollars but less than six hundred ninety thousand dollars pursuant to  
7 subsection A of this section.

8 2. A unified school district with a student count of at least two  
9 thousand but less than three thousand in fiscal year 2007-2008 that is  
10 required to repay a total of at least three hundred sixty thousand dollars  
11 but less than three hundred eighty thousand dollars pursuant to subsection A  
12 of this section.

13 C. If the amount a school district is required to repay under  
14 subsection B, paragraph 1 or 2 of this section is reduced as the result of a  
15 settlement agreement between the school district and the department of  
16 education, the school district shall repay the amount required by the  
17 settlement agreement within five years after the date of the audit finding.

18 D. This section is effective retroactively to September 21, 2006.

19 Sec. 60. State trust land proceeds for public education  
20 purposes; fiscal year 2009-2010

21 Notwithstanding any other law, for fiscal year 2009-2010:

22 1. The school facilities board shall distribute monies credited  
23 pursuant to section 37-221, Arizona Revised Statutes, to the school district  
24 that funded the lease agreement if the school district was approved for new  
25 school facilities pursuant to section 15-2041, Arizona Revised Statutes, but  
26 was not awarded monies for new school facilities because of the new school  
27 construction moratorium.

28 2. The state land department shall notify the school facilities board  
29 and the affected school districts of the amounts transferred pursuant to  
30 section 37-221, subsection D, Arizona Revised Statutes, and the source of the  
31 monies transferred and shall identify the specific school districts by the  
32 amounts transferred and the source of the monies transferred.

33 Sec. 61. Purpose

34 Pursuant to section 41-2955, subsection B, Arizona Revised Statutes,  
35 the legislature continues the commission for postsecondary education to:

36 1. Conduct, supervise and coordinate the review of public and private  
37 postsecondary education institutions in this state to determine their  
38 eligibility for student financial aid monies.

39 2. Administer specifically identified federal and state financial aid  
40 programs.

41 3. Provide a forum to public and private postsecondary education  
42 institutions for discussion of issues of mutual interest.

43 4. Coordinate and promote studies of interest to postsecondary  
44 institutions.

1           5. Provide information to the public on postsecondary education  
2 opportunities in this state.

3           Sec. 62. Intent

4           The legislature intends by enacting section 15-257, Arizona Revised  
5 Statutes, as added by this act, to allow the superintendent of public  
6 instruction to develop a performance pay system for employees of the  
7 department of education to boost productivity and instill a sense of shared  
8 responsibility among employees.

9           Sec. 63. Retroactivity

10          Section 15-1042, Arizona Revised Statutes, as amended by this act,  
11 applies retroactively to from and after June 30, 2009.

APPROVED BY THE GOVERNOR JULY 10, 2009.

FILED IN THE OFFICE OF THE SECRETARY OF STATE JULY 10, 2009.

Passed the House June 26, 20 09,

by the following vote: 45 Ayes,

6 Nays, 9 Not Voting

Alan B. Goldmark  
Speaker of the House  
Pro Tempore

Norman L. Syoze  
Chief Clerk of the House

Passed the Senate June 15, 20 09,

by the following vote: 27 Ayes,

0 Nays, 3 Not Voting

Robert L. Brown  
President of the Senate

Charmie Ballington  
Secretary of the Senate

**EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR**

This Bill was received by the Governor this

\_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_,

at \_\_\_\_\_ o'clock \_\_\_\_\_ M.

\_\_\_\_\_  
Secretary to the Governor

Approved this \_\_\_\_\_ day of

\_\_\_\_\_, 20\_\_\_\_,

at \_\_\_\_\_ o'clock \_\_\_\_\_ M.

\_\_\_\_\_  
Governor of Arizona

**S.B. 1196**

**EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE**

This Bill was received by the Secretary of State

this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_,

at \_\_\_\_\_ o'clock \_\_\_\_\_ M.

\_\_\_\_\_  
Secretary of State

SENATE CONCURS IN HOUSE  
AMENDMENTS AND FINAL PASSAGE

Passed the Senate June 29, 2009

by the following vote: 22 Ayes,

6 Nays, 2 Not Voting

Robert L. Quinn  
President of the Senate

Chapman Billington  
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR

This Bill received by the Governor this

1st day of July, 20 09

at 8:53 o'clock A. M.

Susan K. Myers  
Secretary to the Governor

Approved this 10<sup>th</sup> day of

July 2009

at 1:06 o'clock P. M.

Janice K. Brewer  
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this 10 day of July, 20 09

at 4:20 o'clock P. M.

Ken Blumenthal  
Secretary of State