

House Engrossed

FILED

**KEN BENNETT
SECRETARY OF STATE**

State of Arizona
House of Representatives
Forty-ninth Legislature
Third Special Session
2009

CHAPTER 2

HOUSE BILL 2002

AN ACT

AMENDING SECTIONS 15-185, 15-821, 15-901 AND 15-945, ARIZONA REVISED STATUTES; RELATING TO KINDERGARTEN THROUGH GRADE TWELVE EDUCATION BUDGET RECONCILIATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

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

4 15-185. Charter schools; financing; civil penalty;
5 transportation; definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3 4. Equalization assistance for the charter school shall be determined
4 by adding the amount of the base support level and additional assistance.
5 The amount of the additional assistance is ~~one thousand four hundred~~
6 ~~seventy four dollars sixteen cents~~ ONE THOUSAND FIVE HUNDRED EIGHTY-EIGHT
7 DOLLARS FORTY-FOUR CENTS per student count in kindergarten programs and
8 grades one through eight and ~~one thousand seven hundred eighteen dollars ten~~
9 ~~cents~~ ONE THOUSAND EIGHT HUNDRED FIFTY-ONE DOLLARS THIRTY CENTS per student
10 count in grades nine through twelve.

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

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

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

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

35 C. If a pupil is enrolled in both a charter school and a public school
36 that is not a charter school, the sum of the daily membership, which includes
37 enrollment as prescribed in section 15-901, subsection A, paragraph 2,
38 subdivisions (a) and (b) and daily attendance as prescribed in section
39 15-901, subsection A, paragraph 6, for that pupil in the school district and
40 the charter school shall not exceed 1.0, except that if the pupil is enrolled
41 in both a charter school and a joint technological education district and
42 resides within the boundaries of a school district participating in the joint
43 technological education district, the sum of the average daily membership for
44 that pupil in the charter school and the joint technological education
45 district shall not exceed 1.25. If a pupil is enrolled in both a charter

1 school and a public school that is not a charter school, the department of
2 education shall direct the average daily membership to the school with the
3 most recent enrollment date. Upon validation of actual enrollment in both a
4 charter school and a public school that is not a charter school and if the
5 sum of the daily membership or daily attendance for that pupil is greater
6 than 1.0, the sum shall be reduced to 1.0 and shall be apportioned between
7 the public school and the charter school based on the percentage of total
8 time that the pupil is enrolled or in attendance in the public school and the
9 charter school, except that if the pupil is enrolled in both a charter school
10 and a joint technological education district and resides within the
11 boundaries of a school district participating in the joint technological
12 education district, the sum of the average daily membership for that pupil in
13 the charter school and the joint technological education district shall be
14 reduced to 1.25 and shall be apportioned between the charter school and the
15 joint technological education district based on the percentage of total time
16 that the pupil is enrolled or in attendance in the charter school and the
17 joint technological education district. The uniform system of financial
18 records shall include guidelines for the apportionment of the pupil
19 enrollment and attendance as provided in this section.

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

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

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

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

41 E. If a charter school was a district public school in the prior year
42 and is now being operated for or by the same school district and sponsored by
43 the state board of education, the state board for charter schools or a school
44 district governing board, the reduction in subsection D of this section
45 applies. The reduction to the base support level of the charter school or

1 the sponsoring district of the charter school shall equal the sum of the base
2 support level and the additional assistance received in the current year for
3 those pupils who were enrolled in the traditional public school in the prior
4 year and are now enrolled in the charter school in the current year.

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

8 G. At the request of a charter school, the county school
9 superintendent of the county where the charter school is located may provide
10 the same educational services to the charter school as prescribed in section
11 15-308, subsection A. The county school superintendent may charge a fee to
12 recover costs for providing educational services to charter schools.

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

30 I. In addition to the withholding of state aid payments pursuant to
31 subsection H of this section, the sponsor of a charter school may impose a
32 civil penalty of one thousand dollars per occurrence if a charter school
33 fails to comply with the fingerprinting requirements prescribed in section
34 15-183, subsection C or section 15-512. The sponsor of a charter school
35 shall not impose a civil penalty if it is the first time that a charter
36 school is out of compliance with the fingerprinting requirements and if the
37 charter school provides proof within forty-eight hours of written
38 notification that an application for the appropriate fingerprint check has
39 been received by the department of public safety. The sponsor of the charter
40 school shall obtain proof that the charter school has been notified, and the
41 notification shall identify the date of the deadline and shall be signed by
42 both parties. The sponsor of a charter school shall automatically impose a
43 civil penalty of one thousand dollars per occurrence if the sponsor
44 determines that the charter school subsequently violates the fingerprinting
45 requirements. Civil penalties pursuant to this subsection shall be assessed

1 by requesting the department of education to reduce the amount of state aid
2 that the charter school would otherwise receive by an amount equal to the
3 civil penalty. The amount of state aid withheld shall revert to the state
4 general fund at the end of the fiscal year.

5 J. A charter school may receive and spend monies distributed by the
6 department of education pursuant to section 42-5029, subsection E and section
7 37-521, subsection B.

8 K. If a school district transports or contracts to transport pupils to
9 the Arizona state schools for the deaf and the blind during any fiscal year,
10 the school district may transport or contract with a charter school to
11 transport sensory impaired pupils during that same fiscal year to a charter
12 school if requested by the parent of the pupil and if the distance from the
13 pupil's place of actual residence within the school district to the charter
14 school is less than the distance from the pupil's place of actual residence
15 within the school district to the campus of the Arizona state schools for the
16 deaf and the blind.

17 L. For the purposes of this section:

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

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

29 Sec. 2. Section 15-821, Arizona Revised Statutes, is amended to read:
30 15-821. Admission of children; required age

31 A. Unless otherwise provided by article 1.1 of this chapter or by any
32 other law, all schools shall admit children who are between the ages of six
33 and twenty-one years, who reside in the school district and who meet the
34 requirements for enrollment in one of the grades or programs offered in the
35 school. A school may refuse to admit a child who has graduated from a high
36 school with a recognized diploma.

37 B. If a preschool program for children with disabilities is
38 maintained, a child is eligible for admission as prescribed in section
39 15-771.

40 C. If a kindergarten program is maintained, a child is eligible for
41 admission to kindergarten if the child is five years of age. A child is
42 deemed five years of age if the child reaches the age of five before
43 September 1 of the current school year. A child is eligible for admission to
44 first grade if the child is six years of age. A child is deemed six years of
45 age if the child reaches the age of six before September 1 of the current

1 school year. IF A CHILD WHO HAS NOT REACHED THE AGE OF FIVE BEFORE SEPTEMBER
2 1 OF THE CURRENT SCHOOL YEAR IS ADMITTED TO KINDERGARTEN AND IS THEN
3 READMITTED TO KINDERGARTEN IN THE FOLLOWING SCHOOL YEAR, A SCHOOL DISTRICT OR
4 CHARTER SCHOOL IS NOT ELIGIBLE TO RECEIVE BASIC STATE AID ON BEHALF OF THAT
5 CHILD DURING THE CHILD'S SECOND YEAR OF KINDERGARTEN. A SCHOOL DISTRICT OR
6 CHARTER SCHOOL MAY CHARGE TUITION FOR ANY CHILD WHO IS INELIGIBLE FOR BASIC
7 STATE AID PURSUANT TO THIS SUBSECTION. The governing board may admit
8 children who have not reached the required age as prescribed by this
9 subsection if it is determined to be in the best interest of the children.
10 For children entering the first grade, such determination shall be based upon
11 one or more consultations with the parent, parents, guardian or guardians,
12 the children, the teacher and the school principal. Such children must reach
13 the required age of five for kindergarten and six for first grade by January
14 1 of the current school year.

15 D. Notwithstanding any other law, a child who resides with a family
16 member other than the child's parent while awaiting the outcome of a legal
17 guardianship or custody proceeding is deemed to reside in the school district
18 where that family member resides if the family member provides written
19 documentary proof of one of the following:

20 1. The family member is attempting to obtain legal guardianship of the
21 child in an unresolved and uncontested guardianship proceeding commenced in
22 superior court. The family member shall provide documentation to the school
23 district within thirty days of enrollment that the family member is
24 attempting to obtain legal guardianship of the child. Upon obtaining legal
25 guardianship, the family member shall provide documentation to the school
26 district.

27 2. The family member is attempting to obtain custody of the child in
28 an unresolved and uncontested child custody proceeding commenced in superior
29 court. The family member shall provide documentation to the school district
30 within thirty days of enrollment that the family member is attempting to
31 obtain custody of the child. Upon obtaining custody, the family member shall
32 provide documentation to the school district.

33 Sec. 3. Section 15-901, Arizona Revised Statutes, is amended to read:
34 15-901. Definitions

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

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

39 2. "Average daily membership" means the total enrollment of fractional
40 students and full-time students, minus withdrawals, of each school day
41 through the first one hundred days or two hundred days in session, as
42 applicable, for the current year. Withdrawals include students formally
43 withdrawn from schools and students absent for ten consecutive school days,
44 except for excused absences as identified by the department of education.

1 For computation purposes, the effective date of withdrawal shall be
2 retroactive to the last day of actual attendance of the student.

3 (a) "Fractional student" means:

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

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

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

40 (i) For common schools, a student who is at least six years of age
41 prior to January 1 of a school year, who has not graduated from the highest
42 grade taught in the school district and who is regularly enrolled in a course
43 of study required by the state board of education. Until fiscal year
44 2001-2002, first, second and third grade students, ungraded students at least
45 six, but under nine, years of age by September 1 or ungraded group B children

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

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

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

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

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

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

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

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

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

40 (vi) For fiscal year 2005-2006 and each fiscal year thereafter, an
41 instructional program that meets at least a total of seven hundred twenty
42 hours during the minimum number of days required and includes at least four
43 subjects each of which, if taught each school day for the minimum number of
44 days required in a school year, would meet a minimum of one hundred
45 twenty-three hours a year, or the equivalent, or one or more subjects taught

1 in amounts of time totaling at least twenty hours per week prorated for any
2 week with fewer than five school days.

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

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

8 5. "Current year" means the fiscal year in which a school district is
9 operating.

10 6. "Daily attendance" means:

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

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

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

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

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

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

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

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

1 minimum of one-half but less than three-quarters of the instructional time
2 scheduled for the day equals one-half day of attendance.

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

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

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

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

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

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

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

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

1 to drive to transport eligible students from and to their residence as
2 provided in this paragraph.

3 8. "District support level" means the base support level plus the
4 transportation support level.

5 9. "Eligible students" means:

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

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

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

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

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

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

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

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

43 12. "High school district" means a political subdivision of this state
44 offering instruction to students for grades nine through twelve or that
45 portion of the budget of a common school district which is allocated to

1 teaching high school subjects with permission of the state board of
2 education.

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

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

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

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

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

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

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

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

24 2. "Base level" means:

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

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

29 (c) FOR FISCAL YEAR 2009-2010, THREE THOUSAND TWO HUNDRED SIXTY-SEVEN
30 DOLLARS SEVENTY-TWO CENTS.

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

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

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

40 6. "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.

43 7. "ED-P" means programs for children with emotional disabilities who
44 are enrolled in private special education programs as prescribed in section

1 15-765, subsection D, paragraph 1 or in an intensive school district program
2 as provided in section 15-765, subsection D, paragraph 2.

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

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

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

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

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

19 11. "Group B" means educational improvements for pupils in kindergarten
20 programs and grades one through three, educational programs for autism, a
21 hearing impairment, moderate mental retardation, multiple disabilities,
22 multiple disabilities with severe sensory impairment, orthopedic impairments,
23 preschool severe delay, severe mental retardation and emotional disabilities
24 for school age pupils enrolled in private special education programs or in
25 school district programs for children with severe disabilities or visual
26 impairment and English learners enrolled in a program to promote English
27 language proficiency pursuant to section 15-752.

28 12. "HI" means programs for pupils with hearing impairment.

29 13. "Homebound" or "hospitalized" means a pupil who is capable of
30 profiting from academic instruction but is unable to attend school due to
31 illness, disease, accident or other health conditions, who has been examined
32 by a competent medical doctor and who is certified by that doctor as being
33 unable to attend regular classes for a period of not less than three school
34 months or a pupil who is capable of profiting from academic instruction but
35 is unable to attend school regularly due to chronic or acute health problems,
36 who has been examined by a competent medical doctor and who is certified by
37 that doctor as being unable to attend regular classes for intermittent
38 periods of time totaling three school months during a school year. The
39 medical certification shall state the general medical condition, such as
40 illness, disease or chronic health condition, that is the reason that the
41 pupil is unable to attend school. Homebound or hospitalized includes a
42 student who is unable to attend school for a period of less than three months
43 due to a pregnancy if a competent medical doctor, after an examination,
44 certifies that the student is unable to attend regular classes due to risk to
45 the pregnancy or to the student's health.

- 1 14. "K" means kindergarten programs.
- 2 15. "K-3" means kindergarten programs and grades one through three.
- 3 16. "MD-R, A-R and SMR-R" means resource programs for pupils with
4 multiple disabilities, autism and severe mental retardation.
- 5 17. "MD-SC, A-SC and SMR-SC" means self-contained programs for pupils
6 with multiple disabilities, autism and severe mental retardation.
- 7 18. "MDSSI" means a program for pupils with multiple disabilities with
8 severe sensory impairment.
- 9 19. "MOMR" means programs for pupils with moderate mental retardation.
- 10 20. "OI-R" means a resource program for pupils with orthopedic
11 impairments.
- 12 21. "OI-SC" means a self-contained program for pupils with orthopedic
13 impairments.
- 14 22. "PSD" means preschool programs for children with disabilities as
15 provided in section 15-771.
- 16 23. "P-SD" means programs for children who meet the definition of
17 preschool severe delay as provided in section 15-771.
- 18 24. "Qualifying tax rate" means the qualifying tax rate specified in
19 section 15-971 applied to the assessed valuation used for primary property
20 taxes.
- 21 25. "Small isolated school district" means a school district which
22 meets all of the following:
- 23 (a) Has a student count of fewer than six hundred in kindergarten
24 programs and grades one through eight or grades nine through twelve.
- 25 (b) Contains no school which is fewer than thirty miles by the most
26 reasonable route from another school, or, if road conditions and terrain make
27 the driving slow or hazardous, fifteen miles from another school which
28 teaches one or more of the same grades and is operated by another school
29 district in this state.
- 30 (c) Is designated as a small isolated school district by the
31 superintendent of public instruction.
- 32 26. "Small school district" means a school district which meets all of
33 the following:
- 34 (a) Has a student count of fewer than six hundred in kindergarten
35 programs and grades one through eight or grades nine through twelve.
- 36 (b) Contains at least one school which is fewer than thirty miles by
37 the most reasonable route from another school which teaches one or more of
38 the same grades and is operated by another school district in this state.
- 39 (c) Is designated as a small school district by the superintendent of
40 public instruction.
- 41 27. "Transportation revenue control limit" means the transportation
42 revenue control limit computed as prescribed in section 15-946.
- 43 28. "Transportation support level" means the support level for pupil
44 transportation operating expenses as provided in section 15-945.
- 45 29. "VI" means programs for pupils with visual impairments.

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

3 Sec. 4. Section 15-945, Arizona Revised Statutes, is amended to read:
4 15-945. Transportation support level

5 A. The support level for to and from school for each school district
6 for the current year shall be computed as follows:

7 1. Determine the approved daily route mileage of the school district
8 for the fiscal year prior to the current year.

9 2. Multiply the figure obtained in paragraph 1 of this subsection by
10 one hundred eighty.

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

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

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

| <u>Column 1</u> | <u>Column 2</u> |
|-------------------------------|----------------------------------------|
| 21 Approved Daily Route | State Support Level per |
| 22 Mileage per Eligible | Route Mile for |
| 23 <u>Student Transported</u> | <u>Fiscal Year 2008-2009 2009-2010</u> |
| 24 0.5 or less | \$2.27 \$2.32 |
| 25 More than 0.5 through 1.0 | \$1.85 \$1.89 |
| 26 More than 1.0 | \$2.27 \$2.32 |

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

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

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

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

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

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

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

1. Determine the sum of the following:

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

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

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

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

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

1 Sec. 5. Career ladder programs; fiscal year 2009-2010

2 Notwithstanding section 15-918.04, Arizona Revised Statutes, until
3 October 1, 2009, for fiscal year 2009-2010, a school district that is
4 eligible to budget for a career ladder program is not permitted to exceed the
5 amount that was budgeted by that school district for career ladder programs
6 in fiscal year 2008-2009.

7 Sec. 6. Current kindergarten pupils

8 Section 15-821, Arizona Revised Statutes, as amended by this act, does
9 not apply to pupils who were enrolled in a kindergarten program before the
10 effective date of this act.

11 Sec. 7. School district budgets; actual utility costs and
12 funding plan; fiscal year 2009-2010

13 A. Notwithstanding section 15-910.04, Arizona Revised Statutes, until
14 October 1, 2009, a school district is not permitted to adjust its revenue
15 control limit in fiscal year 2009-2010 for actual utility costs.

16 B. Notwithstanding section 15-910.03, Arizona Revised Statutes, a
17 school district is not required to submit a funding plan pursuant to that
18 section in fiscal year 2009-2010.

19 Sec. 8. School district budgets; desegregation expenses; fiscal
20 year 2009-2010

21 Notwithstanding section 15-910, Arizona Revised Statutes, until October
22 1, 2009, for fiscal year 2009-2010, a school district is not permitted to
23 exceed the amount that was budgeted by the school district for desegregation
24 expenses in fiscal year 2008-2009.

25 Sec. 9. School district budgets; soft capital expenses; fiscal
26 year 2009-2010

27 A. Until October 1, 2009, for fiscal year 2009-2010, the department of
28 education shall reduce by \$175,000,000 the amount of budget capacity for
29 school districts for basic state aid that otherwise would be apportioned to
30 school districts statewide for fiscal year 2009-2010 for the soft capital
31 allocation prescribed in section 15-962, Arizona Revised Statutes, and school
32 districts shall adjust their budget limits accordingly.

33 B. Until October 1, 2009, for fiscal year 2009-2010, the department of
34 education shall reduce the amount of budget capacity for school districts
35 that are not eligible to receive basic state aid funding for fiscal year
36 2009-2010 by the amount that its soft capital allocation budget capacity
37 would be reduced pursuant to subsection A of this section if the district was
38 eligible to receive basic state aid funding for fiscal year 2009-2010, and
39 school districts shall adjust their budget limits accordingly.

40 Sec. 10. Retroactivity

41 This act applies retroactively to from and after June 30, 2009.

42 Sec. 11. Emergency

43 This act is an emergency measure that is necessary to preserve the
44 public peace, health or safety and is operative immediately as provided by
45 law.

APPROVED BY THE GOVERNOR JULY 8, 2009.

FILED IN THE OFFICE OF THE SECRETARY OF STATE JULY 8, 2009.