



STATE OF ARIZONA

JANICE K. BREWER
GOVERNOR

EXECUTIVE OFFICE

September 4, 2009

The Honorable Kirk Adams
Speaker
Arizona House of Representatives
1700 West Washington Street
Phoenix, Arizona 85007

Re: House Bill 2011 (K-12; budget reconciliation)

Dear Speaker Adams:

Today I signed House Bill 2011, the Third Special Session K-12 education budget reconciliation bill. Consistent with my actions on House Bill 2006, I have exercised my line item veto authority to preserve maintenance-of-effort levels required by the American Recovery and Reinvestment Act (ARRA).

As I explained to you in my letter on House Bill 2006, this results in education funding levels that are not sustainable and additional reductions will be necessary. However, further action must keep spending within the levels permissible under ARRA and include sufficient revenue to provide the opportunity to mitigate some of the reductions and prepare for the expiration of stimulus funding.

I appreciate your hard work and dedication to these efforts. I know we are all committed to preserving our economic drivers, including education, to secure our current and future fiscal situation. I look forward to our continued collaboration toward these shared goals.

Sincerely,

A handwritten signature in cursive script that reads "Janice K. Brewer".

Janice K. Brewer
Governor

cc: The Honorable Robert Burns, President, Arizona State Senate
The Honorable Russell Pearce, Arizona State Senate
The Honorable John Kavanagh, Arizona House of Representatives
The Honorable Ken Bennett, Secretary of State

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

HOUSE BILL 2011

CHAPTER 12

AN ACT

AMENDING SECTION 11-952, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2005, CHAPTER 273, SECTION 2; AMENDING SECTION 11-952, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2005, CHAPTER 273, SECTION 3; AMENDING SECTION 15-105, ARIZONA REVISED STATUTES; AMENDING SECTION 15-185, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2009, FORTY-NINTH LEGISLATURE, THIRD SPECIAL SESSION, CHAPTER 2, SECTION 1; AMENDING SECTIONS 15-187, 15-203, 15-213, 15-239, 15-341, 15-342, 15-481, 15-482, 15-491, 15-502 AND 15-503, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 5, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-504; AMENDING SECTIONS 15-536, 15-538.01, 15-539, 15-541, 15-544, 15-703, 15-741, 15-746, 15-765 AND 15-843, ARIZONA REVISED STATUTES; AMENDING SECTION 15-901, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2009, FORTY-NINTH LEGISLATURE, THIRD SPECIAL SESSION, CHAPTER 2, SECTION 3; AMENDING SECTIONS 15-905, 15-910, 15-914, 15-914.01 AND 15-918.05, ARIZONA REVISED STATUTES; REPEALING SECTION 15-942, ARIZONA REVISED STATUTES; AMENDING SECTIONS 15-946, 15-971, 15-973, 15-977, 15-1021, 15-1102, 15-1152, 15-1224, 15-2002, 15-2011 AND 15-2041, ARIZONA REVISED STATUTES; REPEALING TITLE 15, CHAPTER 17, ARIZONA REVISED STATUTES; AMENDING SECTIONS 38-232, 38-766.01, 41-1232.04 AND 41-1758, ARIZONA REVISED STATUTES; AMENDING SECTION 41-1758.01, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2009, CHAPTER 8, SECTION 17; AMENDING SECTIONS 41-2632, 42-6206, 42-13051 AND 42-17151, ARIZONA REVISED STATUTES; REPEALING LAWS 2008, CHAPTER 287, SECTION 65; AMENDING LAWS 2009, CHAPTER 6, SECTION 1; REPEALING LAWS 2009, FORTY-NINTH LEGISLATURE, THIRD SPECIAL SESSION, CHAPTER 2, SECTIONS 5, 7, 8 AND 9; MAKING APPROPRIATIONS; 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 11-952, Arizona Revised Statutes, as amended by
3 Laws 2005, chapter 273, section 2, is amended to read:

4 11-952. Intergovernmental agreements and contracts

5 A. If authorized by their legislative or other governing bodies, two
6 or more public agencies or public procurement units by direct contract or
7 agreement may contract for services or jointly exercise any powers common to
8 the contracting parties and may enter into agreements with one another for
9 joint or cooperative action or may form a separate legal entity, including a
10 nonprofit corporation, to contract for or perform some or all of the services
11 specified in the contract or agreement or exercise those powers jointly held
12 by the contracting parties.

13 B. Any such contract or agreement shall specify the following:

14 1. Its duration.

15 2. Its purpose or purposes.

16 3. The manner of financing the joint or cooperative undertaking and of
17 establishing and maintaining a budget therefor.

18 4. The permissible method or methods to be employed in accomplishing
19 the partial or complete termination of the agreement and for disposing of
20 property ~~upon~~ ON such partial or complete termination.

21 5. If a separate legal entity is formed pursuant to subsection A, the
22 precise organization, composition, title and nature of the entity.

23 6. Any other necessary and proper matters.

24 C. No agreement made pursuant to this article shall relieve any public
25 agency of any obligation or responsibility imposed ~~upon~~ ON it by law.

26 D. Except as provided in subsection E, every agreement or contract
27 involving any public agency, board or commission made pursuant to this
28 article shall, ~~prior to~~ BEFORE its execution, SHALL be submitted to the
29 attorney for each such public agency, board or commission, who shall
30 determine whether the agreement is in proper form and is within the powers
31 and authority granted under the laws of this state to such public agency,
32 board or commission.

33 E. A federal department or agency ~~which~~ THAT is a party to an
34 agreement or contract made pursuant to this article is not required to submit
35 the agreement or contract to the attorney for the federal department or
36 agency unless required under federal law.

37 ~~F. Any agreement or contract submitted to the attorney general shall
38 be filed with the secretary of state and shall become effective on the date
39 provided in the agreement. The secretary of state shall prepare a
40 cross index of the names of all public agencies which coordinate with the
41 attorney general and secretary of state and file an agreement under this
42 section.~~

43 ~~G. Any agreement or contract submitted to an attorney other than the
44 attorney general shall be filed with the secretary of state if the agreement
45 affects more than one county and shall be filed with the county recorder if~~

1 ~~only one county is affected and shall become effective on the date provided~~
2 ~~in the agreement.~~

3 ~~H.~~ F. Appropriate action by ordinance, OR resolution or otherwise
4 pursuant to the laws applicable to the governing bodies of the participating
5 agencies approving or extending the duration of the agreement or contract
6 shall be necessary before any such agreement, contract or extension may be
7 filed or become effective.

8 ~~I.~~ G. ~~If a school district is a party to an agreement made pursuant~~
9 ~~to subsection A, the parties to such agreement may extend the duration of the~~
10 ~~agreement by notification to the secretary of state if the agreement is filed~~
11 ~~pursuant to subsection F. Such AN agreement OR CONTRACT may be extended as~~
12 ~~many times as is desirable, but each extension may not exceed the duration of~~
13 ~~the previous agreement.~~

14 ~~J.~~ H. Payment for services under this section shall not be made
15 unless pursuant to a fully approved written contract.

16 ~~K.~~ I. A person who authorizes payment of any monies in violation of
17 this section is liable for the monies paid plus twenty per cent of such
18 amount and legal interest from the date of payment.

19 ~~L.~~ J. Notwithstanding any other provision of law, public agencies may
20 enter into a contract or agreement pursuant to this section with the superior
21 court, justice courts and police courts for related services and facilities
22 of such courts for a term not to exceed ten years, with the approval of such
23 contract or agreement by the presiding judge of the superior court in the
24 county in which the court or courts which THAT provide the facilities or
25 services are located.

26 ~~M.~~ K. A county with a population of more than one million two hundred
27 thousand persons may enter into an intergovernmental agreement with a city or
28 town to allow the city or town to enforce the provisions of the county's
29 ordinances regulating adult entertainment businesses and the county's
30 building codes, excluding the issuance of licenses or permits, in a specified
31 portion of the county. An intergovernmental agreement pursuant to this
32 subsection shall apply only to a portion of a county that is entirely
33 surrounded by one or more cities or towns.

34 Sec. 2. Section 11-952, Arizona Revised Statutes, as amended by Laws
35 2005, chapter 273, section 3, is amended to read:

36 11-952. Intergovernmental agreements and contracts

37 A. If authorized by their legislative or other governing bodies, two
38 or more public agencies or public procurement units by direct contract or
39 agreement may contract for services or jointly exercise any powers common to
40 the contracting parties and may enter into agreements with one another for
41 joint or cooperative action or may form a separate legal entity, including a
42 nonprofit corporation, to contract for or perform some or all of the services
43 specified in the contract or agreement or exercise those powers jointly held
44 by the contracting parties.

45 B. Any such contract or agreement shall specify the following:

- 1 1. Its duration.
- 2 2. Its purpose or purposes.
- 3 3. The manner of financing the joint or cooperative undertaking and of
- 4 establishing and maintaining a budget therefor.
- 5 4. The permissible method or methods to be employed in accomplishing
- 6 the partial or complete termination of the agreement and for disposing of
- 7 property ~~upon~~ ON such partial or complete termination.
- 8 5. If a separate legal entity is formed pursuant to subsection A, the
- 9 precise organization, composition, title and nature of the entity.
- 10 6. Any other necessary and proper matters.
- 11 C. No agreement made pursuant to this article shall relieve any public
- 12 agency of any obligation or responsibility imposed ~~upon~~ ON it by law.
- 13 D. Except as provided in subsection E, every agreement or contract
- 14 involving any public agency, board or commission made pursuant to this
- 15 article ~~shall, prior to~~ BEFORE its execution, SHALL be submitted to the
- 16 attorney for each such public agency, board or commission, who shall
- 17 determine whether the agreement is in proper form and is within the powers
- 18 and authority granted under the laws of this state to such public agency,
- 19 board or commission.
- 20 E. A federal department or agency ~~which~~ THAT is a party to an
- 21 agreement or contract made pursuant to this article is not required to submit
- 22 the agreement or contract to the attorney for the federal department or
- 23 agency unless required under federal law.
- 24 ~~F. Any agreement or contract submitted to the attorney general shall~~
- 25 ~~be filed with the secretary of state and shall become effective on the date~~
- 26 ~~provided in the agreement. The secretary of state shall prepare a~~
- 27 ~~cross index of the names of all public agencies which coordinate with the~~
- 28 ~~attorney general and secretary of state and file an agreement under this~~
- 29 ~~section.~~
- 30 ~~G. Any agreement or contract submitted to an attorney other than the~~
- 31 ~~attorney general shall be filed with the secretary of state if the agreement~~
- 32 ~~affects more than one county and shall be filed with the county recorder if~~
- 33 ~~only one county is affected and shall become effective on the date provided~~
- 34 ~~in the agreement.~~
- 35 ~~H. F. Appropriate action by ordinance, OR resolution or otherwise~~
- 36 ~~pursuant to the laws applicable to the governing bodies of the participating~~
- 37 ~~agencies approving or extending the duration of the agreement or contract~~
- 38 ~~shall be necessary before any such agreement, contract or extension may be~~
- 39 ~~filed or become effective.~~
- 40 ~~I. G. If a school district is a party to an agreement made pursuant~~
- 41 ~~to subsection A, the parties to such agreement may extend the duration of the~~
- 42 ~~agreement by notification to the secretary of state if the agreement is filed~~
- 43 ~~pursuant to subsection F. Such AN agreement OR CONTRACT may be extended as~~
- 44 ~~many times as is desirable, but each extension may not exceed the duration of~~
- 45 ~~the previous agreement.~~

1 ~~H.~~ H. Payment for services under this section shall not be made
2 unless pursuant to a fully approved written contract.

3 ~~I.~~ I. A person who authorizes payment of any monies in violation of
4 this section is liable for the monies paid plus twenty per cent of such
5 amount and legal interest from the date of payment.

6 ~~J.~~ J. Notwithstanding any other provision of law, public agencies may
7 enter into a contract or agreement pursuant to this section with the superior
8 court, justice courts and police courts for related services and facilities
9 of such courts for a term not to exceed ten years, with the approval of such
10 contract or agreement by the presiding judge of the superior court in the
11 county in which the court or courts ~~which~~ THAT provide the facilities or
12 services are located.

13 Sec. 3. Section 15-105, Arizona Revised Statutes, is amended to read:

14 15-105. Early graduation scholarship program; fund; program
15 termination; definition

16 A. Each school district or charter school that provides instruction in
17 grades nine through twelve in this state shall participate in and promote to
18 students an early graduation scholarship program.

19 B. The commission for postsecondary education shall develop
20 application forms, procedures and deadlines to implement and administer the
21 early graduation scholarship program in conjunction with the department of
22 education and shall select eligible students each year for participation in
23 the early graduation scholarship program. The school district or charter
24 school that the student attends shall notify the department of education and
25 the commission for postsecondary education if the student graduates at least
26 one ~~semester~~ YEAR before the student's scheduled graduation date.

27 C. Participating full-time students who graduate~~—~~

28 ~~1-~~ at least one year early shall receive a scholarship grant in an
29 amount not to exceed one thousand two hundred fifty dollars or the actual
30 cost of tuition, books and fees, whichever is less, in the first academic
31 year of postsecondary instruction, and an amount not to exceed seven hundred
32 fifty dollars or the actual cost of tuition, books and fees, whichever is
33 less, in the second academic year of postsecondary instruction, to be used to
34 pay all or a portion of the tuition, books and fees charged at a qualifying
35 postsecondary institution for a maximum of two academic years, which must be
36 completed within thirty-six months after the student's actual graduation date
37 from high school. The amount of a scholarship grant awarded to a
38 participating part-time student enrolled at least half-time for the academic
39 year as defined in 20 United States Code section 1088 shall be prorated in
40 accordance with the part-time status of the student.

41 ~~2. One semester early shall receive a scholarship grant in an amount~~
42 ~~not to exceed one thousand dollars or the actual cost of tuition, books and~~
43 ~~fees, whichever is less, in the first academic year of postsecondary~~
44 ~~instruction, and an amount not to exceed five hundred dollars or the actual~~
45 ~~cost of tuition, books and fees, whichever is less, in the second academic~~

1 ~~year of postsecondary instruction, to be used to pay all or a portion of the~~
2 ~~tuition, books and fees charged at a qualifying postsecondary institution for~~
3 ~~a maximum of two academic years, which must be completed within thirty six~~
4 ~~months after the student's actual graduation date from high school. The~~
5 ~~amount of a scholarship grant awarded to a participating part-time student~~
6 ~~enrolled at least half-time for the academic year as defined in 20 United~~
7 ~~States Code section 1088 shall be prorated in accordance with the part-time~~
8 ~~status of the student.~~

9 D. A student who provides satisfactory proof to the commission for
10 postsecondary education that the student has met all of the following
11 criteria is eligible to submit an application for consideration for a
12 scholarship grant under the early graduation scholarship program:

13 1. The student has graduated from a charter school or a public high
14 school that is part of a school district in this state at least one semester
15 YEAR earlier than the student's class is scheduled to graduate.

16 2. The student has achieved a passing score on each component of the
17 Arizona instrument to measure standards test that is required for graduation
18 from high school.

19 3. The student is currently a resident of this state and has been a
20 resident of this state for at least the past twelve months.

21 4. The student has completed and submitted a free application for
22 federal student aid.

23 E. The school district or charter school from which the student
24 graduated shall include the student who graduates early in the school
25 district's or charter school's student count until the student's class is
26 scheduled to graduate and shall continue to receive per pupil funding minus
27 two thousand two hundred dollars for a student who graduates at least one
28 year early ~~or one thousand seven hundred dollars for a student who graduates~~
29 ~~one semester early, whichever is applicable,~~ until the student's class is
30 scheduled to graduate. The school district or charter school shall place the
31 per pupil funding received in the school district's or charter school's
32 maintenance and operations fund.

33 F. The department of education shall transmit both of the following to
34 the commission for postsecondary education:

35 1. A list of early graduates with their identifying information,
36 cohort graduation date, early graduation date and high school of graduation.

37 2. ~~Two thousand two hundred dollars for a student who graduates at~~
38 ~~least one year early or one thousand seven hundred dollars for a student who~~
39 ~~graduates one semester early, whichever is applicable,~~ of the amount of per
40 pupil funding provided to a school district or charter school for a student
41 who graduates at least one semester YEAR early for deposit in the early
42 graduation scholarship fund established by this section.

43 G. The commission for postsecondary education shall make awards from
44 the early graduation scholarship fund for payment of tuition, books and fees
45 at qualifying postsecondary institutions to students who are selected to

1 participate in the early graduation scholarship program on verification of
2 admission, enrollment and certification of the cost of each student's tuition
3 and fees by the qualifying postsecondary institutions.

4 H. If the amount of monies available for scholarship grants in any
5 fiscal year is insufficient to provide scholarship grants to all eligible
6 applicants, the commission for postsecondary education shall award
7 scholarship grants to eligible students in the order in which the
8 applications were received by the commission, except that priority shall be
9 given to eligible students who received a scholarship grant in the previous
10 fiscal year and who are still in good academic standing at the same
11 qualifying postsecondary institution or who transferred to a different
12 qualifying postsecondary institution but remain in good academic standing at
13 the previous qualifying postsecondary institution. The commission for
14 postsecondary education shall maintain a waiting list for all other
15 applicants.

16 I. A qualifying postsecondary institution shall notify the commission
17 for postsecondary education if a student who has received a scholarship grant
18 is no longer in good academic standing at the qualifying postsecondary
19 institution or is no longer enrolled at the qualifying postsecondary
20 institution.

21 J. The student or the qualifying postsecondary institution shall
22 reimburse the early graduation scholarship fund for any unused scholarship
23 grant funds received pursuant to subsection C of this section if the student
24 does not complete the academic year as defined in 20 United States Code
25 section 1088. A student shall complete the first year in good academic
26 standing from a qualifying postsecondary institution before receiving monies
27 for the second year from the early graduation scholarship fund.

28 K. A student who receives an early graduation scholarship grant shall
29 be allowed, at no additional cost except for fees charged to all students, to
30 both:

31 1. Participate in extracurricular activities until the student's high
32 school class is scheduled to graduate.

33 2. Participate in the student's high school class graduation
34 ceremonies.

35 L. The early graduation scholarship fund is established consisting of
36 monies deposited pursuant to subsection F of this section and all repayments
37 that are received pursuant to subsection J of this section. The commission
38 for postsecondary education shall administer the fund. Monies in the fund
39 are continuously appropriated and are exempt from the provisions of section
40 35-190 relating to lapsing of appropriations. On notice from the commission,
41 the state treasurer shall invest and divest monies in the fund as provided by
42 section 35-313, and monies earned from the investment shall be credited to
43 the fund. The commission may retain up to five per cent of the monies in the
44 fund for administrative costs. The commission may hire up to two full-time

1 equivalent positions for the implementation and administration of the early
2 graduation scholarship program.

3 M. The commission for postsecondary education shall submit an annual
4 report by December 1 to the governor, the president of the senate and the
5 speaker of the house of representatives and a copy of the report shall be
6 submitted to the secretary of state and the director of the Arizona state
7 library, archives and public records. The report shall contain at least the
8 following:

9 1. The number of students who graduated at least one year early and
10 ~~the number of students who graduated at least one semester early~~ for each
11 year of implementation of the program by each school district and charter
12 school.

13 2. The number of scholarships provided pursuant to this section.

14 3. The average amount per scholarship provided pursuant to this
15 section.

16 4. The balance in the early graduation scholarship fund.

17 5. The number of students using a scholarship to attend a regionally
18 or nationally accredited public or private postsecondary institution and the
19 number of students using a scholarship to attend a regionally or nationally
20 accredited vocational program.

21 6. A description of how the commission expended monies for
22 administrative costs of the program pursuant to subsection L of this section.

23 N. The program established by this section ends on July 1, 2017
24 pursuant to section 41-3102.

25 O. For the purposes of this section, "qualifying postsecondary
26 institution" means a regionally or nationally accredited public or private
27 postsecondary educational institution in this state or a regionally or
28 nationally accredited vocational program in this state.

29 Sec. 4. Section 15-185, Arizona Revised Statutes, as amended by Laws
30 2009, forty-ninth legislature, third special session, chapter 2, section 1,
31 is amended to read:

32 15-185. Charter schools; financing; civil penalty;
33 transportation; definitions

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

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

1 This estimate shall be computed pursuant to the requirements of paragraph 3
2 of this subsection.

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

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

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

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

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

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

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

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

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

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

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

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

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

30 4. Equalization assistance for the charter school shall be determined
31 by adding the amount of the base support level and additional assistance.
32 The amount of the additional assistance is one thousand five hundred
33 eighty-eight dollars forty-four cents per student count in kindergarten
34 programs and grades one through eight and one thousand eight hundred
35 fifty-one dollars thirty cents per student count in grades nine through
36 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~~ AS PRESCRIBED IN SECTION 15-973,
43 SUBSECTION B.

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

11 7. The charter school shall not charge tuition FOR PUPILS WHO RESIDE
12 IN THIS STATE, levy taxes or issue bonds. A CHARTER SCHOOL MAY ADMIT PUPILS
13 WHO ARE NOT RESIDENTS OF THIS STATE AND SHALL CHARGE TUITION FOR THOSE PUPILS
14 IN THE SAME MANNER PRESCRIBED IN SECTION 15-823.

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

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

1 joint technological education district based on the percentage of total time
2 that the pupil is enrolled or in attendance in the charter school and the
3 joint technological education district. The uniform system of financial
4 records shall include guidelines for the apportionment of the pupil
5 enrollment and attendance as provided in this section.

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

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

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

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

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

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

39 G. At the request of a charter school, the county school
40 superintendent of the county where the charter school is located may provide
41 the same educational services to the charter school as prescribed in section
42 15-308, subsection A. The county school superintendent may charge a fee to
43 recover costs for providing educational services to charter schools.

44 H. If the sponsor of the charter school determines at a public meeting
45 that the charter school is not in compliance with federal law, with the laws

1 of this state or with its charter, the sponsor of a charter school may submit
2 a request to the department of education to withhold up to ten per cent of
3 the monthly apportionment of state aid that would otherwise be due the
4 charter school. The department of education shall adjust the charter
5 school's apportionment accordingly. The sponsor shall provide written notice
6 to the charter school at least seventy-two hours before the meeting and shall
7 allow the charter school to respond to the allegations of noncompliance at
8 the meeting before the sponsor makes a final determination to notify the
9 department of education of noncompliance. The charter school shall submit a
10 corrective action plan to the sponsor on a date specified by the sponsor at
11 the meeting. The corrective action plan shall be designed to correct
12 deficiencies at the charter school and to ensure that the charter school
13 promptly returns to compliance. When the sponsor determines that the charter
14 school is in compliance, the department of education shall restore the full
15 amount of state aid payments to the charter school.

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

36 J. A charter school may receive and spend monies distributed by the
37 department of education pursuant to section 42-5029, subsection E and section
38 37-521, subsection B.

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

1 within the school district to the campus of the Arizona state schools for the
2 deaf and the blind.

3 L. For the purposes of this section:

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

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

15 Sec. 5. Section 15-187, Arizona Revised Statutes, is amended to read:

16 15-187. Charter schools; teachers; employment benefits

17 A. A teacher who is employed by or teaching at a charter school and
18 who was previously employed as a teacher at a school district shall not lose
19 any right of certification, retirement or salary status or any other benefit
20 provided by law, by the rules of the governing board of the school district
21 or by the rules of the board of directors of the charter school due to
22 teaching at a charter school on the teacher's return to the school district.

23 B. A teacher who is employed by or teaching at a charter school and
24 who submits an employment application to the school district where the
25 teacher was employed immediately before employment by or at a charter school
26 shall be given employment preference by the school district if both of the
27 following conditions are met:

28 1. The teacher submits an employment application to the school
29 district no later than three years after ceasing employment with the school
30 district.

31 2. A suitable position is available at the school district.

32 C. A charter school that is sponsored by a school district governing
33 board, the state board of education or the state board for charter schools is
34 eligible to participate in the Arizona state retirement system pursuant to
35 title 38, chapter 5, article 2. The charter school is a political
36 subdivision of this state for purposes of title 38, chapter 5, article 2.

37 D. NOTWITHSTANDING ANY OTHER LAW, A CHARTER SCHOOL SHALL NOT ADOPT
38 POLICIES THAT PROVIDE EMPLOYMENT RETENTION PRIORITY FOR TEACHERS BASED ON
39 TENURE OR SENIORITY.

40 Sec. 6. Section 15-203, Arizona Revised Statutes, is amended to read:

41 15-203. Powers and duties

42 A. The state board of education shall:

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

- 1 2. Keep a record of its proceedings.
- 2 3. Make rules for its own government.
- 3 4. Determine the policy and work undertaken by it.
- 4 5. Appoint its employees, on the recommendation of the superintendent
- 5 of public instruction.
- 6 6. Prescribe the duties of its employees if not prescribed by statute.
- 7 7. Delegate to the superintendent of public instruction the execution
- 8 of board policies and rules.
- 9 8. Recommend to the legislature changes or additions to the statutes
- 10 pertaining to schools.
- 11 9. Prepare, publish and distribute reports concerning the educational
- 12 welfare of this state.
- 13 10. Prepare a budget for expenditures necessary for proper maintenance
- 14 of the board and accomplishment of its purposes and present the budget to the
- 15 legislature.
- 16 11. Aid in the enforcement of laws relating to schools.
- 17 12. Prescribe a minimum course of study in the common schools, minimum
- 18 competency requirements for the promotion of pupils from the third grade and
- 19 minimum course of study and competency requirements for the promotion of
- 20 pupils from the eighth grade. The state board of education shall prepare a
- 21 fiscal impact statement of any proposed changes to the minimum course of
- 22 study or competency requirements and, on completion, shall send a copy to the
- 23 director of the joint legislative budget committee and the executive director
- 24 of the school facilities board. The state board of education shall not adopt
- 25 any changes in the minimum course of study or competency requirements in
- 26 effect on July 1, 1998 that will have a fiscal impact on school capital
- 27 costs.
- 28 13. Prescribe minimum course of study and competency requirements for
- 29 the graduation of pupils from high school. The state board of education
- 30 shall prepare a fiscal impact statement of any proposed changes to the
- 31 minimum course of study or competency requirements and, on completion, shall
- 32 send a copy to the director of the joint legislative budget committee and the
- 33 executive director of the school facilities board. The state board of
- 34 education shall not adopt any changes in the minimum course of study or
- 35 competency requirements in effect on July 1, 1998 that will have a fiscal
- 36 impact on school capital costs.
- 37 14. Supervise and control the certification of persons engaged in
- 38 instructional work directly as any classroom, laboratory or other teacher or
- 39 indirectly as a supervisory teacher, speech therapist, principal or
- 40 superintendent in a school district, including school district preschool
- 41 programs, or any other educational institution below the community college,
- 42 college or university level, and prescribe rules for certification, including
- 43 rules for certification of teachers who have teaching experience and who are
- 44 trained in other states, which are not unnecessarily restrictive and are
- 45 substantially similar to the rules prescribed for the certification of

1 teachers trained in this state. The rules shall require applicants for all
2 certificates for common school instruction to complete a minimum of
3 forty-five classroom hours or three college level credit hours, or the
4 equivalent, of training in research based systematic phonics instruction from
5 a public or private provider. The rules shall not require a teacher to
6 obtain a master's degree or to take any additional graduate courses as a
7 condition of certification or recertification. The rules shall allow a
8 general equivalency diploma to be substituted for a high school diploma in
9 the certification of emergency substitute teachers. THE RULES SHALL ALLOW
10 BUT SHALL NOT REQUIRE THE SUPERINTENDENT OF A SCHOOL DISTRICT TO OBTAIN
11 CERTIFICATION FROM THE STATE BOARD OF EDUCATION.

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

18 16. Adopt rules governing the methods for the administration of all
19 proficiency examinations.

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

22 18. Include within its budget the cost of contracting for the purchase,
23 distribution and scoring of the examinations as provided in paragraphs 16 and
24 17 of this subsection.

25 19. Supervise and control the qualifications of professional
26 nonteaching school personnel and prescribe standards relating to
27 qualifications. THE STANDARDS SHALL NOT REQUIRE THE BUSINESS MANAGER OF A
28 SCHOOL DISTRICT TO OBTAIN CERTIFICATION FROM THE STATE BOARD OF EDUCATION.

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

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

34 22. Adopt a rule to promote braille literacy pursuant to section
35 15-214.

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

39 24. For purposes of federal law, serve as the state board for
40 vocational and technological education and meet at least four times each year
41 solely to execute the powers and duties of the state board for vocational and
42 technological education.

43 25. Develop and maintain a handbook for use in the schools of this
44 state that provides guidance for the teaching of moral, civic and ethical
45 education. The handbook shall promote existing curriculum frameworks and

1 shall encourage school districts to recognize moral, civic and ethical values
2 within instructional and programmatic educational development programs for
3 the general purpose of instilling character and ethical principles in pupils
4 in kindergarten programs and grades one through twelve.

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

10 We hold these truths to be self-evident, that all men are
11 created equal, that they are endowed by their creator with
12 certain unalienable rights, that among these are life, liberty
13 and the pursuit of happiness. That to secure these rights,
14 governments are instituted among men, deriving their just powers
15 from the consent of the governed. . . .

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

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

- 26 (a) Is at least sixty-five years of age.
- 27 (b) Currently resides in this state.
- 28 (c) Provides documented evidence from the Arizona department of
29 veterans' services that the person enlisted in the armed forces of the United
30 States before completing high school in a public or private school.
- 31 (d) Was honorably discharged from service with the armed forces of the
32 United States.

33 29. Cooperate with the Arizona-Mexico commission in the governor's
34 office and with researchers at universities in this state to collect data and
35 conduct projects in the United States and Mexico on issues that are within
36 the scope of the duties of the department of education and that relate to
37 quality of life, trade and economic development in this state in a manner
38 that will help the Arizona-Mexico commission to assess and enhance the
39 economic competitiveness of this state and of the Arizona-Mexico region.

40 30. Adopt rules to define and provide guidance to schools as to the
41 activities that would constitute immoral or unprofessional conduct of
42 certificated persons.

43 31. Adopt guidelines to encourage pupils in grades nine, ten, eleven
44 and twelve to volunteer for twenty hours of community service before
45 graduation from high school. A school district that complies with the

1 guidelines adopted pursuant to this paragraph is not liable for damages
2 resulting from a pupil's participation in community service unless the school
3 district is found to have demonstrated wanton or reckless disregard for the
4 safety of the pupil and other participants in community service. For the
5 purposes of this paragraph, "community service" may include service learning.
6 The guidelines shall include the following:

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

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

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

12 (d) Orientation and notification procedures of community service
13 opportunities for pupils entering grade nine, including the development of a
14 notification form. The notification form shall be signed by the pupil and
15 the pupil's parent or guardian, except that a pupil shall not be required to
16 participate in community service if the parent or guardian notifies the
17 principal of the pupil's school in writing that the parent or guardian does
18 not wish the pupil to participate in community service.

19 (e) Procedures for a pupil in grade nine to prepare a written proposal
20 that outlines the type of community service that the pupil would like to
21 perform and the goals that the pupil hopes to achieve as a result of
22 community service. The pupil's written proposal shall be reviewed by a
23 faculty advisor, a guidance counselor or any other school employee who is
24 designated as the community service program coordinator for that school. The
25 pupil may alter the written proposal at any time before performing community
26 service.

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

31 32. To facilitate the transfer of military personnel and their
32 dependents to and from the public schools of this state, pursue, in
33 cooperation with the Arizona board of regents, reciprocity agreements with
34 other states concerning the transfer credits for military personnel and their
35 dependents. A reciprocity agreement entered into pursuant to this paragraph
36 shall:

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

38 (i) The transfer of student records.

39 (ii) Awarding credit for completed course work.

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

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

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

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

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

19 36. Adopt rules to prohibit a person who violates the notification
20 requirements prescribed in section 15-183, subsection C, paragraph 6 or
21 section 15-550, subsection C from certification pursuant to this title until
22 the person is no longer charged or is acquitted of any offenses listed in
23 section 41-1758.03, subsection B. The board shall also adopt rules to
24 prohibit a person who violates the notification requirements, certification
25 surrender requirements or fingerprint clearance card surrender requirements
26 prescribed in section 15-183, subsection C, paragraph 7 or section 15-550,
27 subsection D from certification pursuant to this title for at least ten years
28 after the date of the violation.

29 B. The state board of education may:

30 1. Contract.

31 2. Sue and be sued.

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

34 4. Provide for an advisory committee to conduct hearings and
35 screenings to determine whether grounds exist to impose disciplinary action
36 against a certificated person, whether grounds exist to reinstate a revoked
37 or surrendered certificate and whether grounds exist to approve or deny an
38 initial application for certification or a request for renewal of a
39 certificate. The board may delegate its responsibility to conduct hearings
40 and screenings to its advisory committee. Hearings shall be conducted
41 pursuant to title 41, chapter 6, article 6.

42 5. Proceed with the disposal of any complaint requesting disciplinary
43 action or with any disciplinary action against a person holding a certificate
44 as prescribed in subsection A, paragraph 14 of this section after the

1 suspension or expiration of the certificate or surrender of the certificate
2 by the holder.

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

7 Sec. 7. Section 15-213, Arizona Revised Statutes, is amended to read:
8 15-213. Procurement practices of school districts and charter
9 schools; definitions

10 A. The state board of education shall adopt rules prescribing
11 procurement practices for all school districts in this state as follows:

12 1. The state board shall submit to the auditor general proposed rules
13 consistent with the procurement practices prescribed in title 41, chapter 23,
14 modifying the provisions for public notice of invitation for bids, requests
15 for proposals and requests for qualifications to allow a governing board to
16 give public notice of the invitation for bids, requests for proposals and
17 requests for qualifications by publication in the official newspaper of the
18 county as defined in section 11-255, modifying the provisions relating to
19 disposal of materials to comply with section 15-342, paragraph 18, providing
20 for governing board delegation of procurement authority and modifying as
21 necessary other provisions ~~which~~ THAT the state board determines are not
22 appropriate for school districts. The rules shall include provisions
23 specifying that school districts are not required to engage in competitive
24 bidding in order to make the decision to participate in programs pursuant to
25 section 15-382 and that a program authorized by section 15-382 is not
26 required to engage in competitive bidding for the services necessary to
27 administer the program or for purchase of insurance or reinsurance. THE
28 RULES SHALL INCLUDE PROVISIONS SPECIFYING THAT SCHOOL DISTRICTS ARE NOT
29 REQUIRED TO ENGAGE IN COMPETITIVE BIDDING IN ORDER TO PLACE A PUPIL IN A
30 PRIVATE SCHOOL THAT PROVIDES SPECIAL EDUCATION SERVICES IF SUCH PLACEMENT IS
31 PRESCRIBED IN THE PUPIL'S INDIVIDUALIZED EDUCATION PROGRAM AND THE PRIVATE
32 SCHOOL HAS BEEN APPROVED BY THE DEPARTMENT OF EDUCATION DIVISION OF SPECIAL
33 EDUCATION PURSUANT TO SECTION 15-765, SUBSECTION D. The rules for
34 procurement of construction projects shall include provisions specifying that
35 surety bonds furnished as bid security and performance and payment bonds
36 shall be executed and furnished as required by title 34, chapter 2 or 6, as
37 applicable. The rules shall specify the total cost of a procurement that is
38 subject to invitations for bids, requests for proposals and requests for
39 clarification. The state board shall not exceed the aggregate dollar amount
40 limits for procurements prescribed in section 41-2535.

41 2. The state board of education shall adopt rules for procurements
42 involving construction not exceeding one hundred fifty thousand dollars,
43 which shall be known as the simplified school construction procurement
44 program. At a minimum, the rules for a simplified construction procurement
45 program shall require that:

1 (a) A list be maintained by each county school superintendent of
2 persons who desire to receive solicitations to bid on construction projects
3 to which additions shall be permitted throughout the year.

4 (b) The list of persons be available for public inspection.

5 (c) A performance bond and a payment bond as required by this section
6 be provided for contracts for construction by contractors.

7 (d) All bids for construction be opened at a public opening and the
8 bids shall remain confidential until the public opening.

9 (e) All persons desiring to submit bids be treated equitably and the
10 information related to each project be available to all eligible persons.

11 (f) Competition for construction projects under the simplified school
12 construction procurement program be encouraged to the maximum extent
13 possible. At a minimum, a school district shall submit information on each
14 project to all persons listed with the county school superintendent by any
15 school district within that county.

16 (g) A provision, covenant, clause or understanding in, collateral to
17 or affecting a construction contract that makes the contract subject to the
18 laws of another state or that requires any litigation, arbitration or other
19 dispute resolution proceeding arising from the contract to be conducted in
20 another state is against this state's public policy and is void and
21 unenforceable.

22 3. ~~On or before December 31, 2004,~~ The state board of education shall
23 adopt rules for the procurement of goods and information services by school
24 districts and charter schools using electronic, ~~on-line~~ ONLINE bidding. The
25 rules adopted by the state board shall include the use of reverse auctions
26 and shall be consistent with the procurement practices prescribed in title
27 41, chapter 23, article 13, modifying as necessary those provisions and the
28 rules adopted pursuant to that article that the state board determines are
29 not appropriate for school districts and charter schools. Until the rules
30 are adopted, school districts and charter schools may procure goods and
31 information services pursuant to title 41, chapter 23, article 13 using the
32 rules adopted by the department of administration in implementing that
33 article.

34 4. The auditor general shall review the proposed rules to determine
35 whether the rules are consistent with the procurement practices prescribed in
36 title 41, chapter 23 and any modifications are required to adapt the
37 procedures for school districts.

38 5. If the auditor general approves the proposed rules, the auditor
39 general shall notify the state board in writing and the state board shall
40 adopt such rules.

41 6. If the auditor general objects to the proposed rules, the auditor
42 general shall notify the state board of the objections in writing and the
43 state board, in adopting the rules, shall conform the proposed rules to meet
44 the objections of the auditor general or revise the proposed rules to which

1 an objection has been made and submit the revisions to the auditor general
2 for approval.

3 B. After the bids submitted in response to an invitation for bids are
4 opened and the award is made or after the proposals or qualifications are
5 submitted in response to a request for proposals or a request for
6 qualifications and the award is made, the governing board shall make
7 available for public inspection all information, all bids, proposals and
8 qualifications submitted and all findings and other information considered in
9 determining whose bid conforms to the invitation for bids and will be the
10 most advantageous with respect to price, conformity to the specifications and
11 other factors or whose proposal or qualifications are to be selected for the
12 award. The invitation for bids, request for proposals or request for
13 qualifications shall include a notice that all information and bids,
14 proposals and qualifications submitted will be made available for public
15 inspection. The rules adopted by the state board shall prohibit the use in
16 connection with procurement of specifications in any way proprietary to one
17 supplier unless the specification includes all of the following:

18 1. A statement of the reasons why no other specification is
19 practicable.

20 2. A description of the essential characteristics of the specified
21 product.

22 3. A statement specifically permitting an acceptable alternative
23 product to be supplied.

24 C. No project or purchase may be divided or sequenced into separate
25 projects or purchases in order to avoid the limits prescribed by the state
26 board under subsection A of this section.

27 D. A contract for the procurement of construction or construction
28 services shall include a provision ~~which~~ THAT provides for negotiations
29 between the school district and the contractor for the recovery of damages
30 related to expenses incurred by the contractor for a delay for which the
31 school district is responsible, which is unreasonable under the circumstances
32 and which was not within the contemplation of the parties to the contract.
33 This subsection shall not be construed to void any provision in the contract
34 ~~which~~ THAT requires notice of delays, provides for arbitration or other
35 procedure for settlement or provides for liquidated damages.

36 E. The auditor general may conduct discretionary reviews,
37 investigations and audits of the financial and operational procurement
38 activities of school districts, nonexempt charter schools and school
39 purchasing cooperatives. The auditor general has final review and approval
40 authority over all school district, nonexempt charter school and school
41 purchasing cooperative audit contracts and any audit reports issued in
42 accordance with this section.

43 F. In addition to the requirements of sections 15-914 and 15-914.01,
44 school districts, nonexempt charter schools and school purchasing
45 cooperatives, in connection with any audit conducted by a certified public

1 accountant, shall contract for a systematic review of purchasing practices
2 using methodology consistent with sampling guidelines established by the
3 auditor general. The auditor general shall consider cost when establishing
4 guidelines pursuant to this subsection and to the extent possible shall
5 attempt to minimize the cost of the review. The purpose of the review is to
6 determine whether the school district, nonexempt charter school or school
7 purchasing cooperative is in compliance with the procurement laws and
8 applicable procurement rules of this state. A copy of the review shall be
9 submitted upon ON completion to the auditor general. The auditor general may
10 conduct discretionary reviews of school districts, nonexempt charter schools
11 and school purchasing cooperatives not required to contract for independent
12 audits.

13 G. The attorney general or county attorney has jurisdiction to enforce
14 this section. The attorney general or county attorney may seek relief for
15 any violation of this section through an appropriate civil or criminal action
16 in superior court, including an action to enjoin a threatened or pending
17 violation of this section and including an action to enforce compliance with
18 any request for documents made by the auditor general pursuant to this
19 section.

20 H. The department of education shall enact policies and procedures for
21 the acceptance and disposition of complaints from the public regarding school
22 procurement practices and shall forward all school procurement complaints to
23 the attorney general.

24 I. The state board of education shall adopt, and the auditor general
25 shall review, rules authorizing school districts to procure construction
26 services by construction-manager-at-risk, design-build, qualified select
27 bidders list and job-order-contracting methods of project delivery. The
28 ~~rules adopted shall require each school district that uses~~
29 ~~construction manager-at-risk, design-build, qualified select bidders list or~~
30 ~~job-order-contracting to procure construction services to submit, on or~~
31 ~~before January 15 of each year, a report to the secretary of state on the~~
32 ~~benefits associated with the use of such procurement methods. The report~~
33 ~~shall include the number of projects completed in the preceding calendar year~~
34 ~~using that procurement method, the cost and description of each project and~~
35 ~~an estimate of any cost savings or other benefits realized through the use of~~
36 ~~that procurement method.~~

37 J. A school district or charter school may evaluate United States
38 general services administration contracts for materials and services. The
39 governing board or governing body may authorize purchases under a current
40 contract for materials or services without complying with the requirements of
41 the procurement rules adopted by the state board of education if the
42 governing board or governing body determines in writing that all of the
43 following apply:

1 1. The price for materials or services is equal to or less than the
2 contractor's current federal supply contract price with the general services
3 administration.

4 2. The contractor has indicated in writing that the contractor is
5 willing to extend the current federal supply contract pricing, terms and
6 conditions to the school district or charter school.

7 3. The purchase order adequately identifies the federal supply
8 contract on which the order is based.

9 4. The purchase contract is cost effective and is in the best
10 interests of the school district or charter school.

11 K. For the purposes of this section:

12 1. "Nonexempt charter school" means a charter school that is not
13 exempted from procurement laws pursuant to section 15-183, subsection E,
14 paragraph 6.

15 2. "School purchasing cooperative" means an entity engaged in
16 cooperative purchasing as defined in section 41-2631.

17 3. "Total cost" means the cost of all materials and services,
18 including the cost of labor performed by employees of the school district,
19 for all construction as provided in subsection A of this section.

20 Sec. 8. Section 15-239, Arizona Revised Statutes, is amended to read:

21 15-239. School compliance and recognition; accreditation

22 A. The department of education may:

23 1. Monitor school districts to ascertain that laws applying to the
24 school districts are implemented as prescribed by law.

25 2. Adopt a system of recognition for school districts which THAT meet
26 or exceed the requirements of the law which THAT apply to the school
27 districts.

28 3. Establish standards and procedures for the accreditation of all
29 schools requesting state accreditation.

30 B. The department of education may adopt guidelines necessary to
31 implement ~~the provisions of this section.~~

32 C. THE DEPARTMENT OF EDUCATION MAY CONDUCT FINANCIAL, COMPLIANCE OR
33 AVERAGE DAILY MEMBERSHIP AUDITS OF SCHOOL DISTRICTS AND CHARTER SCHOOLS.

34 D. THE AUDITOR GENERAL MAY CONDUCT FINANCIAL, PROGRAM, COMPLIANCE OR
35 AVERAGE DAILY MEMBERSHIP AUDITS OF SCHOOL DISTRICTS AND CHARTER SCHOOLS.

36 Sec. 9. Section 15-341, Arizona Revised Statutes, is amended to read:

37 15-341. General powers and duties; immunity; delegation

38 A. The governing board shall:

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

42 ~~2. Maintain the schools established by it for the attendance of each
43 pupil for a period of not less than one hundred seventy five school days or
44 two hundred school days, as applicable, or its equivalent as approved by the
45 superintendent of public instruction for a school district operating on a~~

1 ~~year-round operation basis, to offer an educational program on the basis of a~~
2 ~~four day school week or to offer an alternative kindergarten program on the~~
3 ~~basis of a three day school week, in each school year, and if the funds of~~
4 ~~the district are sufficient, for a longer period, and as far as practicable~~
5 ~~with equal rights and privileges.~~

6 ~~3-~~ 2. Exclude from schools all books, publications, papers or
7 audiovisual materials of a sectarian, partisan or denominational character.

8 ~~4-~~ 3. Manage and control the school property within its district.

9 ~~5-~~ 4. Acquire school furniture, apparatus, equipment, library books
10 and supplies for the use of the schools.

11 ~~6-~~ 5. Prescribe the curricula and criteria for the promotion and
12 graduation of pupils as provided in sections 15-701 and 15-701.01.

13 ~~7-~~ 6. Furnish, repair and insure, at full insurable value, the school
14 property of the district.

15 ~~8-~~ 7. Construct school buildings on approval by a vote of the
16 district electors.

17 ~~9-~~ 8. Make in the name of the district conveyances of property
18 belonging to the district and sold by the board.

19 ~~10-~~ 9. Purchase school sites when authorized by a vote of the district
20 at an election conducted as nearly as practicable in the same manner as the
21 election provided in section 15-481 and held on a date prescribed in section
22 15-491, subsection E, but such authorization shall not necessarily specify
23 the site to be purchased and such authorization shall not be necessary to
24 exchange unimproved property as provided in section 15-342, paragraph 23.

25 ~~11-~~ 10. Construct, improve and furnish buildings used for school
26 purposes when such buildings or premises are leased from the national park
27 service.

28 ~~12-~~ 11. Purchase school sites or construct, improve and furnish school
29 buildings from the proceeds of the sale of school property only on approval
30 by a vote of the district electors.

31 ~~13-~~ 12. Hold pupils to strict account for disorderly conduct on school
32 property.

33 ~~14-~~ 13. Discipline students for disorderly conduct on the way to and
34 from school.

35 ~~15-~~ 14: Except as provided in section 15-1224, deposit all monies
36 received by the district as gifts, grants and devises with the county
37 treasurer who shall credit the deposits as designated in the uniform system
38 of financial records. If not inconsistent with the terms of the gifts,
39 grants and devises given, any balance remaining after expenditures for the
40 intended purpose of the monies have been made shall be used for reduction of
41 school district taxes for the budget year, except that in the case of
42 accommodation schools the county treasurer shall carry the balance forward
43 for use by the county school superintendent for accommodation schools for the
44 budget year.

1 ~~16-~~ 15. Provide that, if a parent or legal guardian chooses not to
2 accept a decision of the teacher as provided in section 15-521, paragraph 3,
3 the parent or legal guardian may request in writing that the governing board
4 review the teacher's decision. Nothing in this paragraph shall be construed
5 to release school districts from any liability relating to a child's
6 promotion or retention.

7 ~~17-~~ 16. Provide for adequate supervision over pupils in instructional
8 and noninstructional activities by certificated or noncertificated personnel.

9 ~~18-~~ 17. Use school monies received from the state and county school
10 apportionment exclusively for payment of salaries of teachers and other
11 employees and contingent expenses of the district.

12 ~~19-~~ 18. Make an annual report to the county school superintendent on
13 or before October 1 each year in the manner and form and on the blanks
14 prescribed by the superintendent of public instruction or county school
15 superintendent. The board shall also make reports directly to the county
16 school superintendent or the superintendent of public instruction whenever
17 required.

18 ~~20-~~ 19. Deposit all monies received by school districts other than
19 student activities monies or monies from auxiliary operations as provided in
20 sections 15-1125 and 15-1126 with the county treasurer to the credit of the
21 school district except as provided in paragraph ~~21~~ 20 of this subsection and
22 sections 15-1223 and 15-1224, and the board shall expend the monies as
23 provided by law for other school funds.

24 ~~21-~~ 20. Establish a bank account in which the board during a month may
25 deposit miscellaneous monies received directly by the district. The board
26 shall remit monies deposited in the bank account at least monthly to the
27 county treasurer for deposit as provided in paragraph ~~20~~ 19 of this
28 subsection and in accordance with the uniform system of financial records.

29 ~~22-~~ ~~Employ an attorney admitted to practice in this state whose~~
30 ~~principal practice is in the area of commercial real estate, or a real estate~~
31 ~~broker who is licensed by this state and who is employed by a reputable~~
32 ~~commercial real estate company, to negotiate a lease of five or more years~~
33 ~~for the school district if the governing board decides to enter into a lease~~
34 ~~of five or more years as lessor of school buildings or grounds as provided in~~
35 ~~section 15-342, paragraph 7 or 10. Any lease of five or more years~~
36 ~~negotiated pursuant to this paragraph shall provide that the lessee is~~
37 ~~responsible for payment of property taxes pursuant to the requirements of~~
38 ~~section 42-11104.~~

39 ~~23-~~ 21. Prescribe and enforce policies and procedures for disciplinary
40 action against a teacher who engages in conduct that is a violation of the
41 policies of the governing board but that is not cause for dismissal of the
42 teacher or for revocation of the certificate of the teacher. Disciplinary
43 action may include suspension without pay for a period of time not to exceed
44 ten school days. Disciplinary action shall not include suspension with pay
45 or suspension without pay for a period of time longer than ten school days.

1 The procedures shall include notice, hearing and appeal provisions for
2 violations that are cause for disciplinary action. The governing board may
3 designate a person or persons to act on behalf of the board on these matters.

4 ~~24.~~ 22. Prescribe and enforce policies and procedures for disciplinary
5 action against an administrator who engages in conduct that is a violation of
6 the policies of the governing board regarding duties of administrators but
7 that is not cause for dismissal of the administrator or for revocation of the
8 certificate of the administrator. Disciplinary action may include suspension
9 without pay for a period of time not to exceed ten school days. Disciplinary
10 action shall not include suspension with pay or suspension without pay for a
11 period of time longer than ten school days. The procedures shall include
12 notice, hearing and appeal provisions for violations that are cause for
13 disciplinary action. The governing board may designate a person or persons
14 to act on behalf of the board on these matters. For violations that are
15 cause for dismissal, the provisions of notice, hearing and appeal in chapter
16 5, article 3 of this title shall apply. The filing of a timely request for a
17 hearing suspends the imposition of a suspension without pay or a dismissal
18 pending completion of the hearing.

19 ~~25.~~ 23. Notwithstanding section 13-3108, prescribe and enforce
20 policies and procedures that prohibit a person from carrying or possessing a
21 weapon on school grounds unless the person is a peace officer or has obtained
22 specific authorization from the school administrator.

23 ~~26.~~ 24. Prescribe and enforce policies and procedures relating to the
24 health and safety of all pupils participating in district sponsored practice
25 sessions, games or other interscholastic athletic activities, including the
26 provision of water.

27 ~~27.~~ 25. Prescribe and enforce policies and procedures regarding the
28 smoking of tobacco within school buildings. The policies and procedures
29 shall be adopted in consultation with school district personnel and members
30 of the community and shall state whether smoking is prohibited in school
31 buildings. If smoking in school buildings is not prohibited, the policies
32 and procedures shall clearly state the conditions and circumstances under
33 which smoking is permitted, those areas in a school building that may be
34 designated as smoking areas and those areas in a school building that may not
35 be designated as smoking areas.

36 ~~28.~~ 26. Establish an assessment, data gathering and reporting system
37 as prescribed in chapter 7, article 3 of this title.

38 ~~29.~~ 27. Provide special education programs and related services
39 pursuant to section 15-764, subsection A to all children with disabilities as
40 defined in section 15-761.

41 ~~30.~~ 28. Administer competency tests prescribed by the state board of
42 education for the graduation of pupils from high school.

43 ~~31.~~ 29. ~~Secure~~ ENSURE THAT insurance coverage IS SECURED for all
44 construction projects for purposes of general liability, property damage and

1 workers' compensation and secure performance and payment bonds for all
2 construction projects.

3 ~~32-~~ 30. Keep on file the resumes of all current and former employees
4 who provide instruction to pupils at a school. Resumes shall include an
5 individual's educational and teaching background and experience in a
6 particular academic content subject area. A school district shall inform
7 parents and guardians of the availability of the resume information and shall
8 make the resume information available for inspection on request of parents
9 and guardians of pupils enrolled at a school. Nothing in this paragraph
10 shall be construed to require any school to release personally identifiable
11 information in relation to any teacher or employee, including the teacher's
12 or employee's address, salary, social security number or telephone number.

13 ~~33-~~ 31. Report to local law enforcement agencies any suspected crime
14 against a person or property that is a serious offense as defined in section
15 13-706 or that involves a deadly weapon or dangerous instrument or serious
16 physical injury and any conduct that poses a threat of death or serious
17 physical injury to employees, students or anyone on the property of the
18 school. This paragraph does not limit or preclude the reporting by a school
19 district or an employee of a school district of suspected crimes other than
20 those required to be reported by this paragraph. For the purposes of this
21 paragraph, "dangerous instrument", "deadly weapon" and "serious physical
22 injury" have the same meanings prescribed in section 13-105.

23 ~~34-~~ 32. In conjunction with local law enforcement agencies and local
24 medical facilities, develop an emergency response plan for each school in the
25 school district in accordance with minimum standards developed jointly by the
26 department of education and the division of emergency management within the
27 department of emergency and military affairs.

28 ~~35. Annually assign at least one school district employee to~~
29 ~~participate in a multihazard crisis training program developed or selected by~~
30 ~~the governing board.~~

31 ~~36-~~ 33. Provide written notice to the parents or guardians of all
32 students affected in the school district at least thirty days prior to a
33 public meeting to discuss closing a school within the school district. The
34 notice shall include the reasons for the proposed closure and the time and
35 place of the meeting. The governing board shall fix a time for a public
36 meeting on the proposed closure no less than thirty days before voting in a
37 public meeting to close the school. The school district governing board
38 shall give notice of the time and place of the meeting. At the time and
39 place designated in the notice, the school district governing board shall
40 hear reasons for or against closing the school. The school district
41 governing board is exempt from this paragraph if it is determined by the
42 governing board that the school shall be closed because it poses a danger to
43 the health or safety of the pupils or employees of the school.

44 ~~37-~~ 34. Incorporate instruction on Native American history into
45 appropriate existing curricula.

1 ~~38-~~ 35. Prescribe and enforce policies and procedures allowing pupils
2 who have been diagnosed with anaphylaxis by a health care provider licensed
3 pursuant to title 32, chapter 13, 14, 17 or 25 or by a registered nurse
4 practitioner licensed and certified pursuant to title 32, chapter 15 to carry
5 and self-administer emergency medications, including auto-injectable
6 epinephrine, while at school and at school sponsored activities. The pupil's
7 name on the prescription label on the medication container or on the
8 medication device and annual written documentation from the pupil's parent or
9 guardian to the school that authorizes possession and self-administration is
10 sufficient proof that the pupil is entitled to the possession and
11 self-administration of the medication. The policies shall require a pupil
12 who uses auto-injectable epinephrine while at school and at school sponsored
13 activities to notify the nurse or the designated school staff person of the
14 use of the medication as soon as practicable. A school district and its
15 employees are immune from civil liability with respect to all decisions made
16 and actions taken that are based on good faith implementation of the
17 requirements of this paragraph, except in cases of wanton or wilful neglect.

18 ~~39-~~ 36. Allow the possession and self-administration of prescription
19 medication for breathing disorders in handheld inhaler devices by pupils who
20 have been prescribed that medication by a health care professional licensed
21 pursuant to title 32. The pupil's name on the prescription label on the
22 medication container or on the handheld inhaler device and annual written
23 documentation from the pupil's parent or guardian to the school that
24 authorizes possession and self-administration shall be sufficient proof that
25 the pupil is entitled to the possession and self-administration of the
26 medication. A school district and its employees are immune from civil
27 liability with respect to all decisions made and actions taken that are based
28 on a good faith implementation of the requirements of this paragraph.

29 ~~40-~~ 37. Prescribe and enforce policies and procedures to prohibit
30 pupils from harassing, intimidating and bullying other pupils on school
31 grounds, on school property, on school buses, at school bus stops and at
32 school sponsored events and activities that include the following components:

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

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

38 (c) A requirement that school district employees report suspected
39 incidents of harassment, intimidation or bullying to the appropriate school
40 official.

41 (d) A formal process for the documentation of reported incidents of
42 harassment, intimidation or bullying, ~~except that no documentation shall be~~
43 ~~maintained unless the harassment, intimidation or bullying has been proven~~
44 AND FOR THE CONFIDENTIALITY, MAINTENANCE AND DISPOSITION OF THIS
45 DOCUMENTATION. IF A SCHOOL MAINTAINS DOCUMENTATION OF REPORTED INCIDENTS OF

1 HARASSMENT, INTIMIDATION OR BULLYING, THE SCHOOL SHALL NOT USE THAT
2 DOCUMENTATION TO IMPOSE DISCIPLINARY ACTION UNLESS THE APPROPRIATE SCHOOL
3 OFFICIAL HAS INVESTIGATED AND DETERMINED THAT THE REPORTED INCIDENTS OF
4 HARASSMENT, INTIMIDATION OR BULLYING OCCURRED.

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

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

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

11 ~~41-~~ 38. Prescribe and enforce policies and procedures regarding
12 changing or adopting attendance boundaries that include the following
13 components:

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

16 (b) A procedure to notify the parents or guardians of the students
17 affected.

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

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

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

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

28 (g) A formal process for updating attendance boundaries on the school
29 district's website within ninety days of an adopted boundary change. The
30 school district shall send a direct link to the school district's attendance
31 boundaries website to the department of real estate.

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

35 ~~42-~~ 39. If the state board of education determines that the school
36 district has committed an overexpenditure as defined in section 15-107,
37 provide a copy of the fiscal management report submitted pursuant to section
38 15-107, subsection H on its website and make copies available to the public
39 on request. The school district shall comply with a request within five
40 business days after receipt.

41 B. Notwithstanding subsection A, paragraphs ~~8-~~ 7, ~~10~~ 9 and ~~12~~ 11 of
42 this section, the county school superintendent may construct, improve and
43 furnish school buildings or purchase or sell school sites in the conduct of
44 an accommodation school.

1 C. If any school district acquires real or personal property, whether
2 by purchase, exchange, condemnation, gift or otherwise, the governing board
3 shall pay to the county treasurer any taxes on the property that were unpaid
4 as of the date of acquisition, including penalties and interest. The lien
5 for unpaid delinquent taxes, penalties and interest on property acquired by a
6 school district:

7 1. Is not abated, extinguished, discharged or merged in the title to
8 the property.

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

10 D. The governing board may not locate a school on property that is
11 less than one-fourth mile from agricultural land regulated pursuant to
12 section 3-365, except that the owner of the agricultural land may agree to
13 comply with the buffer zone requirements of section 3-365. If the owner
14 agrees in writing to comply with the buffer zone requirements and records the
15 agreement in the office of the county recorder as a restrictive covenant
16 running with the title to the land, the school district may locate a school
17 within the affected buffer zone. The agreement may include any stipulations
18 regarding the school, including conditions for future expansion of the school
19 and changes in the operational status of the school that will result in a
20 breach of the agreement.

21 E. A school district, its governing board members, its school council
22 members and its employees are immune from civil liability for the
23 consequences of adoption and implementation of policies and procedures
24 pursuant to subsection A of this section and section 15-342. This waiver
25 does not apply if the school district, its governing board members, its
26 school council members or its employees are guilty of gross negligence or
27 intentional misconduct.

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

31 G. Notwithstanding any other provision of this title, a school
32 district governing board shall not take any action that would result in an
33 immediate reduction or a reduction within three years of pupil square footage
34 that would cause the school district to fall below the minimum adequate gross
35 square footage requirements prescribed in section 15-2011, subsection C,
36 unless the governing board notifies the school facilities board established
37 by section 15-2001 of the proposed action and receives written approval from
38 the school facilities board to take the action. A reduction includes an
39 increase in administrative space that results in a reduction of pupil square
40 footage or sale of school sites or buildings, or both. A reduction includes
41 a reconfiguration of grades that results in a reduction of pupil square
42 footage of any grade level. This subsection does not apply to temporary
43 reconfiguration of grades to accommodate new school construction if the
44 temporary reconfiguration does not exceed one year. The sale of equipment
45 that results in an immediate reduction or a reduction within three years that

1 falls below the equipment requirements prescribed in section 15-2011,
2 subsection B is subject to commensurate withholding of school district
3 capital outlay revenue limit monies pursuant to the direction of the school
4 facilities board. Except as provided in section 15-342, paragraph 10,
5 proceeds from the sale of school sites, buildings or other equipment shall be
6 deposited in the school plant fund as provided in section 15-1102.

7 H. Subsections C through G of this section apply to a county board of
8 supervisors and a county school superintendent when operating and
9 administering an accommodation school.

10 ~~I. Until the state board of education and the auditor general adopt~~
11 ~~rules pursuant to section 15-213, subsection I, a school district may procure~~
12 ~~construction services, including services for new school construction~~
13 ~~pursuant to section 15-2041, by the construction manager at risk,~~
14 ~~design-build and job order contracting methods of project delivery as~~
15 ~~provided in title 41, chapter 23, except that the rules adopted by the~~
16 ~~director of the department of administration do not apply to procurements~~
17 ~~pursuant to this subsection. Any procurement commenced pursuant to this~~
18 ~~subsection may be completed pursuant to this subsection.~~

19 Sec. 10. Section 15-342, Arizona Revised Statutes, is amended to read:

20 15-342. Discretionary powers

21 The governing board may:

- 22 1. Expel pupils for misconduct.
- 23 2. Exclude from grades one through eight children under six years of
24 age.
- 25 3. Make such separation of groups of pupils as it deems advisable.
- 26 4. Maintain such special schools during vacation as deemed necessary
27 for the benefit of the pupils of the school district.
- 28 5. Permit a superintendent or principal or representatives of the
29 superintendent or principal to travel for a school purpose, as determined by
30 a majority vote of the board. The board may permit members and members-elect
31 of the board to travel within or without the school district for a school
32 purpose and receive reimbursement. Any expenditure for travel and
33 subsistence pursuant to this paragraph shall be as provided in title 38,
34 chapter 4, article 2. The designated post of duty referred to in section
35 38-621 shall be construed, for school district governing board members, to be
36 the member's actual place of residence, as opposed to the school district
37 office or the school district boundaries. Such expenditures shall be a
38 charge against the budgeted school district funds. The governing board of a
39 school district shall prescribe procedures and amounts for reimbursement of
40 lodging and subsistence expenses. Reimbursement amounts shall not exceed the
41 maximum amounts established pursuant to section 38-624, subsection C.
- 42 6. Construct or provide in rural districts housing facilities for
43 teachers and other school employees which the board determines are necessary
44 for the operation of the school.

1 7. Sell or lease to the state, a county, a city or a tribal government
2 agency,— any school property required for a public purpose, provided the sale
3 or lease of the property will not affect the normal operations of a school
4 within the school district.

5 8. Annually budget and expend funds for membership in an association
6 of school districts within this state.

7 9. Enter into leases or lease-purchase agreements for school buildings
8 or grounds, or both, as lessor or as lessee, for periods of less than five
9 years subject to voter approval for construction of school buildings as
10 prescribed in section 15-341, subsection A, paragraph 8- 7.

11 10. Subject to chapter 16 of this title, sell school sites or enter
12 into leases or lease-purchase agreements for school buildings and grounds, as
13 lessor or as lessee, for a period of five years or more, but not to exceed
14 ninety-nine years, if authorized by a vote of the school district electors in
15 an election called by the governing board as provided in section 15-491,
16 except that authorization by the school district electors in an election is
17 not required if one of the following requirements is met:

18 (a) The market value of the school property is less than fifty
19 thousand dollars.

20 (b) The buildings and sites are completely funded with monies
21 distributed by the school facilities board.

22 (c) The transaction involves the sale of improved or unimproved
23 property pursuant to an agreement with the school facilities board in which
24 the school district agrees to sell the improved or unimproved property and
25 transfer the proceeds of the sale to the school facilities board in exchange
26 for monies from the school facilities board for the acquisition of a more
27 suitable school site. For a sale of property acquired by a school district
28 prior to July 9, 1998, a school district shall transfer to the school
29 facilities board that portion of the proceeds that equals the cost of the
30 acquisition of a more suitable school site. If there are any remaining
31 proceeds after the transfer of monies to the school facilities board, a
32 school district shall only use those remaining proceeds for future land
33 purchases approved by the school facilities board, or for capital
34 improvements not funded by the school facilities board for any existing or
35 future facility.

36 (d) The transaction involves the sale of improved or unimproved
37 property pursuant to a formally adopted plan and the school district uses the
38 proceeds of this sale to purchase other property that will be used for
39 similar purposes as the property that was originally sold, provided that the
40 sale proceeds of the improved or unimproved property are used within two
41 years after the date of the original sale to purchase the replacement
42 property. If the sale proceeds of the improved or unimproved property are
43 not used within two years after the date of the original sale to purchase
44 replacement property, the sale proceeds shall be used towards payment of any
45 outstanding bonded indebtedness. If any sale proceeds remain after paying

1 for outstanding bonded indebtedness, or if the district has no outstanding
2 bonded indebtedness, sale proceeds shall be used to reduce the district's
3 primary tax levy. A school district shall not use ~~the provisions of this~~
4 subdivision unless all of the following conditions exist:

5 (i) The school district is the sole owner of the improved or
6 unimproved property that the school district intends to sell.

7 (ii) The school district did not purchase the improved or unimproved
8 property that the school district intends to sell with monies that were
9 distributed pursuant to chapter 16 of this title.

10 (iii) The transaction does not violate section 15-341, subsection G.

11 11. Review the decision of a teacher to promote a pupil to a grade or
12 retain a pupil in a grade in a common school or to pass or fail a pupil in a
13 course in high school. The pupil has the burden of proof to overturn the
14 decision of a teacher to promote, retain, pass or fail the pupil. In order
15 to sustain the burden of proof, the pupil shall demonstrate to the governing
16 board that the pupil has mastered the academic standards adopted by the state
17 board of education pursuant to sections 15-701 and 15-701.01. If the
18 governing board overturns the decision of a teacher pursuant to this
19 paragraph, the governing board shall adopt a written finding that the pupil
20 has mastered the academic standards. Notwithstanding title 38, chapter 3,
21 article 3.1, the governing board shall review the decision of a teacher to
22 promote a pupil to a grade or retain a pupil in a grade in a common school or
23 to pass or fail a pupil in a course in high school in executive session
24 unless a parent or legal guardian of the pupil or the pupil, if emancipated,
25 disagrees that the review should be conducted in executive session and then
26 the review shall be conducted in an open meeting. If the review is conducted
27 in executive session, the board shall notify the teacher of the date, time
28 and place of the review and shall allow the teacher to be present at the
29 review. If the teacher is not present at the review, the board shall consult
30 with the teacher before making its decision. Any request, including the
31 written request as provided in section 15-341, the written evidence presented
32 at the review and the written record of the review, including the decision of
33 the governing board to accept or reject the teacher's decision, shall be
34 retained by the governing board as part of its permanent records.

35 12. Provide transportation or site transportation loading and unloading
36 areas for any child or children if deemed for the best interest of the
37 district, whether within or without the district, county or state.

38 13. Enter into intergovernmental agreements and contracts with school
39 districts or other governing bodies as provided in section 11-952.
40 INTERGOVERNMENTAL AGREEMENTS AND CONTRACTS BETWEEN SCHOOL DISTRICTS OR
41 BETWEEN A SCHOOL DISTRICT AND OTHER GOVERNING BODIES AS PROVIDED IN SECTION
42 11-952 ARE EXEMPT FROM COMPETITIVE BIDDING UNDER THE PROCUREMENT RULES
43 ADOPTED BY THE STATE BOARD OF EDUCATION PURSUANT TO SECTION 15-213.

44 14. Include in the curricula which it prescribes for high schools in
45 the school district career and technical education, vocational education and

1 technology education programs and career and technical, vocational and
2 technology program improvement services for the high schools, subject to
3 approval by the state board of education. The governing board may contract
4 for the provision of career and technical, vocational and technology
5 education as provided in section 15-789.

6 15. Suspend a teacher or administrator from the teacher's or
7 administrator's duties without pay for a period of time of not to exceed ten
8 school days, if the board determines that suspension is warranted pursuant to
9 section 15-341, subsection A, paragraphs ~~23 and 24~~ 21 AND 22.

10 16. Dedicate school property within an incorporated city or town to
11 such city or town or within a county to that county for use as a public
12 right-of-way if both of the following apply:

13 (a) Pursuant to an ordinance adopted by such city, town or county,
14 there will be conferred upon the school district privileges and benefits
15 which may include benefits related to zoning.

16 (b) The dedication will not affect the normal operation of any school
17 within the district.

18 17. Enter into option agreements for the purchase of school sites.

19 18. Donate surplus or outdated learning materials to nonprofit
20 community organizations where the governing board determines that the
21 anticipated cost of selling the learning materials equals or exceeds the
22 estimated market value of the materials.

23 19. Prescribe policies for the assessment of reasonable fees for
24 students to use district-provided parking facilities. The fees are to be
25 applied by the district solely against costs incurred in operating or
26 securing the parking facilities. Any policy adopted by the governing board
27 pursuant to this paragraph shall include a fee waiver provision in
28 appropriate cases of need or economic hardship.

29 20. Establish alternative educational programs that are consistent with
30 the laws of this state to educate pupils, including pupils who have been
31 reassigned pursuant to section 15-841, subsection E or F.

32 21. Require a period of silence to be observed at the commencement of
33 the first class of the day in the schools. If a governing board chooses to
34 require a period of silence to be observed, the teacher in charge of the room
35 in which the first class is held shall announce that a period of silence not
36 to exceed one minute in duration will be observed for meditation, and during
37 that time no activities shall take place and silence shall be maintained.

38 22. Require students to wear uniforms.

39 23. Exchange unimproved property or improved property, including school
40 sites, where the governing board determines that the improved property is
41 unnecessary for the continued operation of the school district without
42 requesting authorization by a vote of the school district electors if the
43 governing board determines that the exchange is necessary to protect the
44 health, safety or welfare of pupils or when the governing board determines
45 that the exchange is based on sound business principles for either:

- 1 (a) Unimproved or improved property of equal or greater value.
2 (b) Unimproved property that the owner contracts to improve if the
3 value of the property ultimately received by the school district is of equal
4 or greater value.

5 24. For common and high school pupils, assess reasonable fees for
6 optional extracurricular activities and programs conducted when the common or
7 high school is not in session, except that no fees shall be charged for
8 pupils' access to or use of computers or related materials. For high school
9 pupils, the governing board may assess reasonable fees for fine arts and
10 vocational education courses and for optional services, equipment and
11 materials offered to the pupils beyond those required to successfully
12 complete the basic requirements of any other course, except that no fees
13 shall be charged for pupils' access to or use of computers or related
14 materials. Fees assessed pursuant to this paragraph shall be adopted at a
15 public meeting after notice has been given to all parents of pupils enrolled
16 at schools in the district and shall not exceed the actual costs of the
17 activities, programs, services, equipment or materials. The governing board
18 shall authorize principals to waive the assessment of all or part of a fee
19 assessed pursuant to this paragraph if it creates an economic hardship for a
20 pupil. For the purposes of this paragraph, "extracurricular activity" means
21 any optional, noncredit, educational or recreational activity which
22 supplements the education program of the school, whether offered before,
23 during or after regular school hours.

24 25. Notwithstanding section 15-341, subsection A, paragraphs ~~8 and 10~~
25 7 AND 9, construct school buildings and purchase or lease school sites,
26 without a vote of the school district electors, if the buildings and sites
27 are totally funded from one or more of the following:

28 (a) Monies in the unrestricted capital outlay fund, except that the
29 estimated cost shall not exceed two hundred fifty thousand dollars for a
30 district that utilizes ~~the provisions of~~ section 15-949.

31 (b) Monies distributed from the school facilities board established by
32 section 15-2001.

33 (c) Monies specifically donated for the purpose of constructing school
34 buildings.

35 Nothing in this paragraph shall be construed to eliminate the requirement for
36 an election to raise revenues for a capital outlay override pursuant to
37 section 15-481 or a bond election pursuant to section 15-491.

38 26. Conduct a background investigation that includes a fingerprint
39 check conducted pursuant to section 41-1750, subsection G for certificated
40 personnel and personnel who are not paid employees of the school district, as
41 a condition of employment. A school district may release the results of a
42 background check to another school district for employment purposes. The
43 school district may charge the costs of fingerprint checks to its
44 fingerprinted employee, except that the school district may not charge the

1 costs of fingerprint checks for personnel who are not paid employees of the
2 school district.

3 27. Sell advertising space on the exterior of school buses AND ON
4 ATHLETIC FACILITIES as follows:

5 (a) Advertisements shall be age appropriate and not contain promotion
6 of any substance that is illegal for minors, such as alcohol, tobacco and
7 drugs, or gambling. Advertisements shall comply with the state sex education
8 policy of abstinence.

9 (b) Advertising approved by the governing board may appear only on the
10 sides of the bus in the following areas:

11 (i) The signs shall be below the seat level rub rail and not extend
12 above the bottom of the side windows.

13 (ii) The signs shall be at least three inches from any required
14 lettering, lamp, wheel well or reflector behind the service door or stop
15 signal arm.

16 (iii) The signs shall not extend from the body of the bus so as to
17 allow a handhold or present a danger to pedestrians.

18 (iv) The signs shall not interfere with the operation of any door or
19 window.

20 (v) The signs shall not be placed on any emergency doors.

21 (c) THE SCHOOL DISTRICT SHALL establish ~~a school bus~~ AN advertisement
22 fund that is ~~comprised~~ COMPOSED of revenues from the sale of advertising
23 space on school buses AND ATHLETIC FACILITIES. The monies in a ~~school bus~~ AN
24 advertisement fund are not subject to reversion. ~~and shall be used for the~~
25 ~~following purposes:~~

26 ~~(i) To comply with the energy conservation measures prescribed in~~
27 ~~section 15-349 in school districts that are in area A as defined in section~~
28 ~~49-541, and any remaining monies shall be used to purchase alternative fuel~~
29 ~~support vehicles and any other pupil related costs as determined by the~~
30 ~~governing board.~~

31 ~~(ii) For any pupil related costs as determined by the governing board~~
32 ~~in school districts not subject to the provisions of item (i) of this~~
33 ~~subdivision.~~

34 28. Assess reasonable damage deposits to pupils in grades seven through
35 twelve for the use of textbooks, musical instruments, band uniforms or other
36 equipment required for academic courses. The governing board shall adopt
37 policies on any damage deposits assessed pursuant to this paragraph at a
38 public meeting called for this purpose after providing notice to all parents
39 of pupils in grades seven through twelve in the school district. Principals
40 of individual schools within the district may waive the damage deposit
41 requirement for any textbook or other item if the payment of the damage
42 deposit would create an economic hardship for the pupil. The school district
43 shall return the full amount of the damage deposit for any textbook or other
44 item if the pupil returns the textbook or other item in reasonably good
45 condition within the time period prescribed by the governing board. For the

1 purposes of this paragraph, "in reasonably good condition" means the textbook
2 or other item is in the same or a similar condition as it was when the pupil
3 received it, plus ordinary wear and tear.

4 29. Notwithstanding section 15-1105, expend surplus monies in the civic
5 center school fund for maintenance and operations or unrestricted capital
6 outlay, if sufficient monies are available in the fund after meeting the
7 needs of programs established pursuant to section 15-1105.

8 30. Notwithstanding section 15-1143, expend surplus monies in the
9 community school program fund for maintenance and operations or unrestricted
10 capital outlay, if sufficient monies are available in the fund after meeting
11 the needs of programs established pursuant to section 15-1142.

12 31. Adopt guidelines for standardization of the format of the school
13 report cards required by section 15-746 for schools within the district.

14 32. Adopt policies that require parental notification when a law
15 enforcement officer interviews a pupil on school grounds. Policies adopted
16 pursuant to this paragraph shall not impede a peace officer from the
17 performance of the peace officer's duties. If the school district governing
18 board adopts a policy that requires parental notification:

19 (a) The policy may provide reasonable exceptions to the parental
20 notification requirement.

21 (b) The policy shall set forth whether and under what circumstances a
22 parent may be present when a law enforcement officer interviews the pupil,
23 including reasonable exceptions to the circumstances under which a parent may
24 be present when a law enforcement officer interviews the pupil, and shall
25 specify a reasonable maximum time after a parent is notified that an
26 interview of a pupil by a law enforcement officer may be delayed to allow the
27 parent to be present.

28 33. Enter into voluntary partnerships with any party to finance with
29 funds other than school district funds and cooperatively design school
30 facilities that comply with the adequacy standards prescribed in section
31 15-2011 and the square footage per pupil requirements pursuant to section
32 15-2041, subsection D, paragraph 3, subdivision (b). The design plans and
33 location of any such school facility shall be submitted to the school
34 facilities board for approval pursuant to section 15-2041, subsection O. If
35 the school facilities board approves the design plans and location of any
36 such school facility, the party in partnership with the school district may
37 cause to be constructed and the district may begin operating the school
38 facility before monies are distributed from the school facilities board
39 pursuant to section 15-2041. Monies distributed from the new school
40 facilities fund to a school district in a partnership with another party to
41 finance and design the school facility shall be paid to the school district
42 pursuant to section 15-2041. The school district shall reimburse the party
43 in partnership with the school district from the monies paid to the school
44 district pursuant to section 15-2041, in accordance with the voluntary
45 partnership agreement. Before the school facilities board distributes any

1 monies pursuant to this subsection, the school district shall demonstrate to
2 the school facilities board that the facilities to be funded pursuant to
3 section 15-2041, subsection O meet the minimum adequacy standards prescribed
4 in section 15-2011. If the cost to construct the school facility exceeds the
5 amount that the school district receives from the new school facilities fund,
6 the partnership agreement between the school district and the other party
7 shall specify that, except as otherwise provided by the other party, any such
8 excess costs shall be the responsibility of the school district. The school
9 district governing board shall adopt a resolution in a public meeting that AN
10 analysis has been conducted on the prospective effects of the decision to
11 operate a new school with existing monies from the school district's
12 maintenance and operations budget and how this decision may affect other
13 schools in the school district. If a school district acquires land by
14 donation at an appropriate school site approved by the school facilities
15 board and a school facility is financed and built on the land pursuant to
16 this paragraph, the school facilities board shall distribute an amount equal
17 to twenty per cent of the fair market value of the land that can be used for
18 academic purposes. The school district shall place the monies in the
19 unrestricted capital outlay fund and increase the unrestricted capital budget
20 limit by the amount of the monies placed in the fund. Monies distributed
21 under this paragraph shall be distributed from the new school facilities fund
22 pursuant to section 15-2041. If a school district acquires land by donation
23 at an appropriate school site approved by the school facilities board and a
24 school facility is financed and built on the land pursuant to this paragraph,
25 the school district shall not receive monies from the school facilities board
26 for the donation of real property pursuant to section 15-2041, subsection F.
27 It is unlawful for:

28 (a) A county, city or town to require as a condition of any land use
29 approval that a landowner or landowners that entered into a partnership
30 pursuant to this paragraph provide any contribution, donation or gift, other
31 than a site donation, to a school district. This subdivision only applies to
32 the property in the voluntary partnership agreement pursuant to this
33 paragraph.

34 (b) A county, city or town to require as a condition of any land use
35 approval that the landowner or landowners located within the geographic
36 boundaries of the school subject to the voluntary partnership pursuant to
37 this paragraph provide any donation or gift to the school district except as
38 provided in the voluntary partnership agreement pursuant to this paragraph.

39 (c) A community facilities district established pursuant to title 48,
40 chapter 4, article 6 to be used for reimbursement of financing the
41 construction of a school pursuant to this paragraph.

42 (d) ~~For~~ A school district to enter into an agreement pursuant to this
43 paragraph with any party other than a master planned community party. Any
44 land area consisting of at least three hundred twenty acres that is the
45 subject of a development agreement with a county, city or town entered into

1 pursuant to section 9-500.05 or 11-1101 shall be deemed to be a master
2 planned community. For the purposes of this subdivision, "master planned
3 community" means a land area consisting of at least three hundred twenty
4 acres, which may be noncontiguous, that is the subject of a zoning ordinance
5 approved by the governing body of the county, city or town in which the land
6 is located that establishes the use of the land area as a planned area
7 development or district, planned community development or district, planned
8 unit development or district or other land use category or district that is
9 recognized in the local ordinance of such county, city or town and that
10 specifies the use of such land is for a master planned development.

11 34. SELL ADVERTISING ON THE SCHOOL DISTRICT WEBSITE OR ANY WEBSITE
12 MAINTAINED BY A SCHOOL IN THE SCHOOL DISTRICT AS FOLLOWS:

13 (a) ADVERTISEMENTS SHALL BE AGE APPROPRIATE AND NOT CONTAIN PROMOTION
14 OF ANY SUBSTANCE THAT IS ILLEGAL FOR MINORS, SUCH AS ALCOHOL, TOBACCO AND
15 DRUGS, OR GAMBLING. ADVERTISEMENTS SHALL COMPLY WITH THE STATE SEX EDUCATION
16 POLICY OF ABSTINENCE. THE GOVERNING BOARD HAS DISCRETION TO DECLINE SPECIFIC
17 ADVERTISEMENTS.

18 (b) THE SCHOOL DISTRICT SHALL ESTABLISH A WEBSITE ADVERTISEMENT FUND
19 THAT IS COMPOSED OF REVENUES FROM THE SALE OF ADVERTISING ON THE SCHOOL
20 DISTRICT WEBSITE OR ANY WEBSITE MAINTAINED BY A SCHOOL IN THE SCHOOL
21 DISTRICT. THE MONIES IN A WEBSITE ADVERTISEMENT FUND ARE NOT SUBJECT TO
22 REVERSION AND SHALL BE USED FOR ANY PUPIL RELATED COSTS AS DETERMINED BY THE
23 GOVERNING BOARD.

24 Sec. 11. Section 15-481, Arizona Revised Statutes, is amended to read:

25 15-481. Override election; budget increases; notice; ballot;
26 effect

27 A. If a proposed budget of a school district exceeds the aggregate
28 budget limit for the budget year, at least ninety days before the proposed
29 election the governing board shall order an override election to be held on
30 the first Tuesday following the first Monday in November as prescribed by
31 section 16-204, subsection B, paragraph 1, subdivision (d) for the purpose of
32 presenting the proposed budget to the qualified electors of the school
33 district who shall by a majority of those voting either SHALL affirm or
34 reject the budget. In addition, the governing board shall prepare an
35 alternate budget which does not include an increase in the budget of more
36 than the amount permitted as provided in section 15-905. If the qualified
37 electors approve the proposed budget, the governing board of the school
38 district shall follow the procedures prescribed in section 15-905 for
39 adopting a budget that includes the authorized increase. If the qualified
40 electors disapprove the proposed budget, the governing board shall follow the
41 procedures prescribed in section 15-905 for adopting a budget that does not
42 include the proposed increase or the portion of the proposed increase that
43 exceeds the amount authorized by a previously approved budget increase as
44 prescribed in subsection P of this section.

1 B. The county school superintendent shall prepare an informational
2 report on the proposed increase in the budget and a sample ballot and, at
3 least forty days prior to the election, shall transmit the report and the
4 sample ballot to the governing board of the school district. The governing
5 board, upon receipt of the report and the ballot, shall mail or distribute
6 the report and the ballot to the households in which qualified electors
7 reside within the school district at least thirty-five days prior to the
8 election. Any distribution of material concerning the proposed increase in
9 the budget shall not be conducted by children enrolled in the school
10 district. The report shall contain the following information:

11 1. The date of the election.
12 2. The voter's polling place and the times it is open.
13 3. The proposed total increase in the budget which exceeds the amount
14 permitted pursuant to section 15-905.

15 4. The total amount of the current year's budget, the total amount of
16 the proposed budget and the total amount of the alternate budget.

17 5. If the override is for a period of more than one year, a statement
18 indicating the number of years the proposed increase in the budget would be
19 in effect and the percentage of the school district's revenue control limit
20 that the district is requesting for the future years.

21 6. The proposed total amount of revenues which will fund the increase
22 in the budget and the amount which will be obtained from a levy of taxes upon
23 the taxable property within the school district for the first year for which
24 the budget increase was adopted.

25 7. The proposed amount of revenues which will fund the increase in the
26 budget and which will be obtained from other than a levy of taxes upon the
27 taxable property within the school district for the first year for which the
28 budget increase was adopted.

29 8. The dollar amount and the purpose for which the proposed increase
30 in the budget is to be expended for the first year for which the budget
31 increase was adopted.

32 9. At least two arguments, if submitted, but no more than ten
33 arguments for and two arguments, if submitted, but no more than ten arguments
34 against the proposed increase in the budget. The arguments shall be in a
35 form prescribed by the county school superintendent, and each argument shall
36 not exceed two hundred words. Arguments for the proposed increase in the
37 budget shall be provided in writing and signed by the governing board. If
38 submitted, additional arguments in favor of the proposed increase in the
39 budget shall be provided in writing and signed by those in favor. Arguments
40 against the proposed increase in the budget shall be provided in writing and
41 signed by those in opposition. The names of those persons other than the
42 governing board or superintendent submitting written arguments shall not be
43 included in the report without their specific permission, but shall be made
44 available only upon request to the county school superintendent. The county
45 school superintendent shall review all factual statements contained in the

1 written arguments and correct any inaccurate statements of fact. The
2 superintendent shall not review and correct any portion of the written
3 arguments which are identified as statements of the author's opinion. The
4 county school superintendent shall make the written arguments available to
5 the public as provided in title 39, chapter 1, article 2. A deadline for
6 submitting arguments to be included in the informational report shall be set
7 by the county school superintendent.

8 10. A statement that the alternate budget shall be adopted by the
9 governing board if the proposed budget is not adopted by the qualified
10 electors of the school district.

11 11. The full cash value, the assessed valuation, the first year tax
12 rate for the proposed override and the estimated amount of the secondary
13 property taxes if the proposed budget is adopted for each of the following:

14 (a) An owner-occupied residence whose assessed valuation is the
15 average assessed valuation of property classified as class three, as
16 prescribed by section 42-12003 for the current year in the school district.

17 (b) An owner-occupied residence whose assessed valuation is one-half
18 of the assessed valuation of the residence in subdivision (a) of this
19 paragraph.

20 (c) An owner-occupied residence whose assessed valuation is twice the
21 assessed valuation of the residence in subdivision (a) of this paragraph.

22 (d) A business whose assessed valuation is the average of the assessed
23 valuation of property classified as class one, as prescribed by section
24 42-12001, paragraphs 12 and 13 for the current year in the school district.

25 12. If the election is conducted pursuant to subsection L or M of this
26 section, the following information:

27 (a) An executive summary of the school district's most recent capital
28 improvement plan submitted to the school facilities board.

29 (b) A complete list of each proposed capital improvement that will be
30 funded with the budget increase and a description of the proposed cost of
31 each improvement, including a separate aggregation of capital improvements
32 for administrative purposes as defined by the school facilities board.

33 (c) The tax rate associated with each of the proposed capital
34 improvements and the estimated cost of each capital improvement for the owner
35 of a single family home that is valued at eighty thousand dollars.

36 C. For the purpose of this section, the school district may use its
37 staff, equipment, materials, buildings or other resources only to distribute
38 the informational report at the school district office or at public hearings
39 and to produce such information as required in subsection B of this section,
40 provided that nothing in this subsection shall preclude school districts from
41 holding or participating in any public hearings at which testimony is given
42 by at least one person for the proposed increase and one person against the
43 proposed increase. Any written information provided by the district
44 pertaining to the override election shall include financial information

1 showing the estimated first year tax rate for the proposed budget override
2 amount.

3 D. If any amount of the proposed increase will be funded by a levy of
4 taxes in the district, the election prescribed in subsection A of this
5 section shall be held on the first Tuesday following the first Monday in
6 November as prescribed by section 16-204, subsection B, paragraph 1,
7 subdivision (d). If the proposed increase will be fully funded by revenues
8 from other than a levy of taxes, the elections prescribed in subsection A of
9 this section shall be held on any date prescribed by section 16-204. The
10 elections shall be conducted as nearly as practicable in the manner
11 prescribed in article 1 of this chapter, sections 15-422 through 15-424 and
12 section 15-426, relating to special elections, except that:

13 1. The notices required pursuant to section 15-403 shall be posted not
14 less than twenty-five days before the election.

15 2. Ballots shall be counted pursuant to title 16, chapter 4,
16 article 10.

17 E. If the election is to exceed the revenue control limit and if the
18 proposed increase will be fully funded by a levy of taxes upon the taxable
19 property within the school district, the ballot shall contain the words
20 "budget increase, yes" and "budget increase, no", and the voter shall signify
21 his desired choice. The ballot shall also contain the amount of the proposed
22 increase of the proposed budget over the alternate budget, a statement that
23 the amount of the proposed increase will be based on a percentage of the
24 school district's revenue control limit in future years, if applicable, as
25 provided in subsection P of this section and the following statement:

26 Any budget increase authorized by this election shall be
27 entirely funded by a levy of taxes upon the taxable property
28 within this school district for the year for which adopted and
29 for ____ subsequent years, shall not be realized from monies
30 furnished by the state and shall not be subject to the
31 limitation on taxes specified in article IX, section 18,
32 Constitution of Arizona. Based on an estimate of assessed
33 valuation used for secondary property tax purposes, to fund the
34 proposed increase in the school district's budget would require
35 an estimated tax rate of _____ dollar per one hundred
36 dollars of assessed valuation used for secondary property tax
37 purposes and is in addition to the school district's tax rate
38 which will be levied to fund the school district's revenue
39 control limit allowed by law.

40 F. If the election is to exceed the revenue control limit and if the
41 proposed increase will be fully funded by revenues from other than a levy of
42 taxes upon the taxable property within the school district, the ballot shall
43 contain the words "budget increase, yes" and "budget increase, no", and the
44 voter shall signify the voter's desired choice. The ballot shall also
45 contain:

1 1. The amount of the proposed increase of the proposed budget over the
 2 alternate budget.

3 2. A statement that the amount of the proposed increase will be based
 4 on a percentage of the school district's revenue control limit in future
 5 years, if applicable, as provided in subsection P of this section.

6 3. The following statement:
 7 Any budget increase authorized by this election shall be
 8 entirely funded by this school district with revenues from other
 9 than a levy of taxes on the taxable property within the school
 10 district for the year for which adopted and for _____
 11 subsequent years and shall not be realized from monies furnished
 12 by the state.

13 G. Except as provided in subsection H of this section, the maximum
 14 budget increase which may be requested and authorized as provided in
 15 subsection E or F of this section or the combination of subsections E and F
 16 of this section is ~~ten~~ FIFTEEN per cent of the revenue control limit as
 17 provided in section 15-947, subsection A for the budget year. IF A SCHOOL
 18 DISTRICT REQUESTS AN OVERRIDE PURSUANT TO SECTION 15-482 OR TO CONTINUE WITH
 19 A BUDGET OVERRIDE PURSUANT TO SECTION 15-482 FOR PUPILS IN KINDERGARTEN
 20 PROGRAMS AND GRADES ONE THROUGH THREE THAT WAS AUTHORIZED BEFORE DECEMBER 31,
 21 2008, THE MAXIMUM BUDGET INCREASE THAT MAY BE REQUESTED AND AUTHORIZED AS
 22 PROVIDED IN SUBSECTION E OR F OF THIS SECTION OR THE COMBINATION OF
 23 SUBSECTIONS E AND F OF THIS SECTION IS TEN PER CENT OF THE REVENUE CONTROL
 24 LIMIT AS PROVIDED IN SECTION 15-947, SUBSECTION A FOR THE BUDGET YEAR.

25 H. Special budget override provisions for school districts with a
 26 student count of less than one hundred fifty-four in kindergarten programs
 27 and grades one through eight or with a student count of less than one hundred
 28 seventy-six in grades nine through twelve are as follows:

29 1. The maximum budget increase that may be requested and authorized as
 30 provided in subsections E and F of this section is the greater of the amount
 31 prescribed in subsection G of this section or a limit computed as follows:

32 (a) For common or unified districts with a student count of less than
 33 one hundred fifty-four in kindergarten programs and grades one through eight,
 34 the limit computed as prescribed in item (i) or (ii) of this subdivision,
 35 whichever is appropriate:

36 (i)

37	Small School	Support Level Weight	Phase Down
38	Student	for Small Isolated	Reduction
39	<u>Count</u>	<u>School Districts</u>	<u>Factor</u>
40	- <u>125</u>	1.358 + (0.0005 x	x \$ _____ = \$ _____
41		(500 - Student Count))	
42			Small Isolated
43	Phase Down	Phase Down	School District
44	<u>Base</u>	<u>Reduction Factor</u>	<u>Elementary Limit</u>
45	\$150,000	- \$ _____	= \$ _____

1 (ii)

2 Student Count - 125 x Support Level Weight for Small School Districts $1.278 + (0.0003 \times (500 - \text{Student Count}))$ x Base Level = Phase Down Reduction Factor

3

4

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8 Phase Down Base \$150,000 - Phase Down Reduction Factor = Small School District Elementary Limit

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10

11 (b) For unified or union high school districts with a student count of less than one hundred seventy-six in grades nine through twelve, the limit computed as prescribed in item (i) or (ii) of this subdivision, whichever is appropriate:

12

13

14

15 (i)

16 Student Count - 100 x Support Level Weight for Small Isolated School Districts $1.468 + (0.0005 \times (500 - \text{Student Count}))$ x Base Level = Phase Down Reduction Factor

17

18

19

20

21

22 Phase Down Base \$350,000 - Phase Down Reduction Factor = Small Isolated District Secondary Limit

23

24

25 (ii)

26 Student Count - 100 x Support Level Weight for Small School Districts $1.398 + (0.0004 \times (500 - \text{Student Count}))$ x Base Level = Phase Down Reduction Factor

27

28

29

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31

32 Phase Down Base \$350,000 - Phase Down Reduction Factor = Small School District Secondary Limit

33

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35 (c) If both subdivisions (a) and (b) of this paragraph apply to a unified school district, its limit for the purposes of this paragraph is the combination of its elementary limit and its secondary limit.

36

37

38 (d) If only subdivision (a) or (b) of this paragraph applies to a unified school district, the district's limit for the purposes of this paragraph is the sum of the limit computed as provided in subdivision (a) or (b) of this paragraph plus ten per cent of the revenue control limit attributable to those grade levels that do not meet the eligibility requirements of this subsection. If a school district budgets monies outside the revenue control limit pursuant to section 15-949, subsection E, the district's limit for the purposes of this paragraph is only the ten per cent

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1 of the revenue control limit attributable to those grade levels that are not
2 included under section 15-949, subsection E. For the purposes of this
3 subdivision, the revenue control limit is separated into elementary and
4 secondary components based on the weighted student count as provided in
5 section 15-971, subsection B, paragraph 2, subdivision (a).

6 2. If a school district utilizes ~~the provisions of~~ this subsection to
7 request an override of more than one year, the ballot shall include an
8 estimate of the amount of the proposed increase in the future years in place
9 of the statement that the amount of the proposed increase will be based on a
10 percentage of the school district's revenue control limit in future years, as
11 prescribed in subsections E and F of this section.

12 3. Notwithstanding subsection P of this section, the maximum period of
13 an override authorized pursuant to this subsection is five years.

14 4. Subsection P, paragraphs 1 and 2 of this section do not apply to
15 overrides authorized pursuant to this subsection.

16 I. If the election is to exceed the revenue control limit as provided
17 in section 15-482 and if the proposed increase will be fully funded by a levy
18 of taxes on the taxable property within the school district, the ballot shall
19 contain the words "budget increase, yes" and "budget increase, no", and the
20 voter shall signify the voter's desired choice. The ballot shall also
21 contain the amount of the proposed increase of the budget over the alternate
22 budget, a statement that the amount of the proposed increase will be based on
23 a percentage of the school district's revenue control limit in future years,
24 if applicable, as provided in subsection Q of this section, and the following
25 statement:

26 Any budget increase authorized by this election shall be
27 entirely funded by a levy of taxes on the taxable property
28 within this school district for the year for which adopted and
29 for _____ subsequent years, shall not be realized from monies
30 furnished by the state and shall not be subject to the
31 limitation on taxes specified in article IX, section 18,
32 Constitution of Arizona. Based on an estimate of assessed
33 valuation used for secondary property tax purposes, to fund the
34 proposed increase in the school district's budget which will be
35 funded by a levy of taxes upon the taxable property within this
36 school district would require an estimated tax rate of
37 _____ dollar per one hundred dollars of assessed valuation
38 used for secondary property tax purposes and is in addition to
39 the school district's tax rate that will be levied to fund the
40 school district's revenue control limit allowed by law.

41 J. If the election is to exceed the revenue control limit as provided
42 in section 15-482 and if the proposed increase will be fully funded by
43 revenues other than a levy of taxes on the taxable property within the school
44 district, the ballot shall contain the words "budget increase, yes" and
45 "budget increase, no", and the voter shall signify the voter's desired

1 choice. The ballot shall also contain the amount of the proposed increase of
2 the proposed budget over the alternate budget, a statement that the amount of
3 the proposed increase will be based on a percentage of the school district's
4 revenue control limit in future years, if applicable, as provided in
5 subsection Q of this section and the following statement:

6 Any budget increase authorized by this election shall be
7 entirely funded by this school district with revenues from other
8 than a levy of taxes on the taxable property within the school
9 district for the year for which adopted and for _____ subsequent
10 years and shall not be realized from monies furnished by the
11 state.

12 K. The maximum budget increase that may be requested and authorized as
13 provided in subsection I or J of this section, or a combination of both of
14 these subsections, is five per cent of the revenue control limit as provided
15 in section 15-947, subsection A for the budget year. For a ~~unified school~~
16 ~~district~~, a common school district not within a high school district or a
17 common school district within a high school district that offers instruction
18 in high school subjects as provided in section 15-447, five per cent of the
19 revenue control limit means five per cent of the revenue control limit
20 attributable to the weighted student count in preschool programs for children
21 with disabilities, kindergarten programs and grades one through eight as
22 provided in section 15-971, subsection B. FOR A UNIFIED SCHOOL DISTRICT,
23 FIVE PER CENT OF THE REVENUE CONTROL LIMIT MEANS FIVE PER CENT OF THE REVENUE
24 CONTROL LIMIT ATTRIBUTABLE TO THE WEIGHTED STUDENT COUNT IN PRESCHOOL
25 PROGRAMS FOR CHILDREN WITH DISABILITIES, KINDERGARTEN PROGRAMS AND GRADES ONE
26 THROUGH TWELVE. FOR A UNION HIGH SCHOOL DISTRICT, FIVE PER CENT OF THE
27 REVENUE CONTROL LIMIT MEANS FIVE PER CENT OF THE REVENUE CONTROL LIMIT
28 ATTRIBUTABLE TO THE WEIGHTED STUDENT COUNT IN GRADES NINE THROUGH TWELVE.

29 L. If the election is to exceed the capital outlay revenue limit and
30 if the proposed increase will be fully funded by a levy of taxes upon the
31 taxable property within the school district, the ballot shall contain the
32 words "budget increase, yes" and "budget increase, no", and the voter shall
33 signify the voter's desired choice. An election held pursuant to this
34 subsection shall be held on the first Tuesday after the first Monday of
35 November. The ballot shall also contain the amount of the proposed increase
36 of the proposed budget over the alternate budget and the following statement:

37 Any budget increase authorized by this election shall be
38 entirely funded by a levy of taxes upon the taxable property
39 within this school district for the year in which adopted and
40 for _____ subsequent years, shall not be realized from monies
41 furnished by the state and shall not be subject to the
42 limitation on taxes specified in article IX, section 18,
43 Constitution of Arizona. Based on an estimate of assessed
44 valuation used for secondary property tax purposes, to fund the
45 proposed increase in the school district's budget would require

1 an estimated tax rate of _____ dollar per one hundred
2 dollars of assessed valuation used for secondary property tax
3 purposes and is in addition to the school district's tax rate
4 which will be levied to fund the school district's capital
5 outlay revenue limit allowed by law.

6 M. If the election is to exceed the capital outlay revenue limit and
7 if the proposed increase will be fully funded by revenues from other than a
8 levy of taxes upon the taxable property within the school district, the
9 ballot shall contain the words "budget increase, yes" and "budget increase,
10 no", and the voter shall signify the voter's desired choice. An election
11 held pursuant to this subsection shall be held on the first Tuesday after the
12 first Monday of November. The ballot shall also contain the amount of the
13 proposed increase of the proposed budget over the alternate budget and the
14 following statement:

15 Any budget increase authorized by this election shall be
16 entirely funded by this school district with revenues from other
17 than a levy of taxes on the taxable property within the school
18 district for the year in which adopted and for _____ subsequent
19 years and shall not be realized from monies furnished by the
20 state.

21 N. If the election is to exceed a combination of the revenue control
22 limit as provided in subsection E or F of this section, the revenue control
23 limit as provided in subsection I or J of this section or the capital outlay
24 revenue limit as provided in subsection L or M of this section, the ballot
25 shall be prepared so that the voters may vote on each proposed increase
26 separately and shall contain statements required in the same manner as if
27 each proposed increase were submitted separately.

28 O. If the election provides for a levy of taxes on the taxable
29 property within the school district, at least thirty days prior to the
30 election, the department of revenue shall provide the school district
31 governing board and the county school superintendent with an estimate of the
32 school district's assessed valuation used for secondary property tax purposes
33 for the ensuing fiscal year. The governing board and the county school
34 superintendent shall use this estimate to translate the amount of the
35 proposed dollar increase in the budget of the school district over that
36 allowed by law into a tax rate figure.

37 P. If the voters in a school district vote to adopt a budget in excess
38 of the revenue control limit as provided in subsection E or F of this
39 section, any additional increase shall be included in the aggregate budget
40 limit for each of the years authorized. Any additional increase shall be
41 excluded from the determination of equalization assistance. The school
42 district governing board may, however, MAY levy on the assessed valuation
43 used for secondary property tax purposes of the property in the school
44 district the additional increase if adopted under subsection E of this
45 section for the period of one year, two years or five through seven years as

1 authorized. If an additional increase is approved as provided in subsection
2 F of this section, the school district governing board may only use revenues
3 derived from the school district's prior year's maintenance and operation
4 fund ending cash balance to fund the additional increase. If a budget
5 increase was previously authorized and will be in effect for the budget year
6 or budget year and subsequent years, as provided in subsection E or F of this
7 section, the governing board may request a new budget increase as provided in
8 the same subsection under which the prior budget increase was adopted, which
9 shall not exceed the maximum amount permitted under subsection G of this
10 section. If the voters in the school district authorize the new budget
11 increase amount, the existing budget increase no longer is in effect. If the
12 voters in the school district do not authorize the budget increase amount,
13 the existing budget increase remains in effect for the time period for which
14 it was authorized. The maximum additional increase authorized as provided in
15 subsection E or F of this section and the additional increase which is
16 included in the aggregate budget limit is based on a percentage of a school
17 district's revenue control limit in future years, if the budget increase is
18 authorized for more than one year. If the additional increase:

19 1. Is for two years, the proposed increase in the second year is equal
20 to the initial proposed percentage increase.

21 2. Is for five years or more, the proposed increase is equal to the
22 initial proposed percentage increase in the following years of the proposed
23 increase, except that in the next to last year it is two-thirds of the
24 initial proposed percentage increase and it is one-third of the initial
25 proposed percentage increase in the last year of the proposed increase.

26 Q. If the voters in a school district vote to adopt a budget in excess
27 of the revenue control limit as provided in subsection I or J of this
28 section, any additional increase shall be included in the aggregate budget
29 limit for each of the years authorized. Any additional increase shall be
30 excluded from the determination of equalization assistance. The school
31 district governing board, however, may levy on the assessed valuation used
32 for secondary property tax purposes of the property in the school district
33 the additional increase if adopted under subsection I of this section for the
34 period of one year, two years or five through seven years as authorized. If
35 an additional increase is approved as provided in subsection J of this
36 section, the increase may only be budgeted and expended if sufficient monies
37 are available in the maintenance and operation fund of the school district.
38 If a budget increase was previously authorized and will be in effect for the
39 budget year or budget year and subsequent years, as provided in subsection I
40 or J of this section, the governing board may request a new budget increase
41 as provided in the same subsection under which the prior budget increase was
42 adopted that does not exceed the maximum amount permitted under subsection K
43 of this section. If the voters in the school district authorize the new
44 budget increase amount, the existing budget increase no longer is in effect.
45 If the voters in the school district do not authorize the budget increase

1 amount, the existing budget increase remains in effect for the time period
2 for which it was authorized. The maximum additional increase authorized as
3 provided in subsection I or J of this section and the additional increase
4 that is included in the aggregate budget limit is based on a percentage of a
5 school district's revenue control limit in future years; if the budget
6 increase is authorized for more than one year. If the additional increase:

7 1. Is for two years, the proposed increase in the second year is equal
8 to the initial proposed percentage increase.

9 2. Is for five years or more, the proposed increase is equal to the
10 initial proposed percentage increase in the following years of the proposed
11 increase, except that in the next to last year it is two-thirds of the
12 initial proposed percentage increase and it is one-third of the initial
13 proposed percentage increase in the last year of the proposed increase.

14 R. If the voters in a school district vote to adopt a budget in excess
15 of the capital outlay revenue limit as provided in subsection L of this
16 section, any additional increase shall be included in the aggregate budget
17 limit for each of the years authorized. The additional increase shall be
18 excluded from the determination of equalization assistance. The school
19 district governing board may, however, MAY levy on the assessed valuation
20 used for secondary property tax purposes of the property in the school
21 district the additional increase for the period authorized but not to exceed
22 ten years. For overrides approved by a vote of the qualified electors of the
23 school district at an election held from and after October 31, 1998, the
24 period of the additional increase prescribed in this subsection shall not
25 exceed seven years for any capital override election.

26 S. If the voters in a school district vote to adopt a budget in excess
27 of the capital outlay revenue limit as provided in subsection M of this
28 section, any additional increase shall be included in the aggregate budget
29 limit for each of the years authorized. The additional increase shall be
30 excluded from the determination of equalization assistance. The school
31 district governing board may only use revenues derived from the school
32 district's prior year's maintenance and operation fund ending cash balance
33 and capital outlay fund ending cash balance to fund the additional increase
34 for the period authorized but not to exceed ten years. For overrides
35 approved by a vote of the qualified electors of the school district at an
36 election held from and after October 31, 1998, the period of the additional
37 increase prescribed in this subsection shall not exceed seven years for any
38 capital override election.

39 T. In addition to subsections P and S of this section, from the
40 maintenance and operation fund and capital outlay fund ending cash balances,
41 the school district governing board shall first use any available revenues to
42 reduce its primary tax rate to zero and shall use any remaining revenues to
43 fund the additional increase authorized as provided in subsections F and M of
44 this section.

1 U. If the voters in a school district disapprove the proposed budget,
2 the alternate budget which, except for any budget increase authorized by a
3 prior election, does not include an increase in the budget in excess of the
4 amount provided in section 15-905 shall be adopted by the governing board as
5 provided in section 15-905.

6 V. The governing board may request that any override election be
7 cancelled if any change in chapter 9 of this title changes the amount of the
8 aggregate budget limit as provided in section 15-905. The request to cancel
9 the override election shall be made to the county school superintendent at
10 least ten days prior to the date of the scheduled override election.

11 W. For any election conducted pursuant to subsection L or M of this
12 section:

13 1. The ballot shall include the following statement in addition to any
14 other statement required by this section:

15 The capital improvements that are proposed to be funded
16 through this override election are to exceed the state standards
17 and are in addition to monies provided by the state.

18 _____ school district is proposing to increase its
19 budget by \$_____ to fund capital improvements over and
20 above those funded by the state. Under the students first
21 capital funding system, _____ school district is entitled to
22 state monies for building renewal, new construction and
23 renovation of school buildings in accordance with state law.

24 2. The ballot shall contain the words "budget increase, yes" and
25 "budget increase, no", and the voter shall signify the voter's desired
26 choice.

27 3. At least eighty-five days before the election, the school district
28 shall submit proposed ballot language to the director of the Arizona
29 legislative council. The director of the Arizona legislative council shall
30 review the proposed ballot language to determine whether the proposed ballot
31 language complies with this section. If the director of the Arizona
32 legislative council determines that the proposed ballot language does not
33 comply with this section, the director, within ten calendar days of the
34 receipt of the proposed ballot language, shall notify the school district of
35 the director's objections and the school district shall resubmit revised
36 ballot language to the director for approval.

37 X. If the voters approve the budget increase pursuant to subsection L
38 or M of this section, the school district shall not use the override proceeds
39 for any purposes other than the proposed capital improvements listed in the
40 publicity pamphlet, except that up to ten per cent of the override proceeds
41 may be used for general capital expenses, including cost overruns of proposed
42 capital improvements.

43 Y. Each school district that currently increases its budget pursuant
44 to subsection L or M of this section is required to hold a public meeting
45 each year between September 1 and October 31 at which an update of the

1 progress of capital improvements financed through the override is discussed
2 and at which the public is permitted an opportunity to comment. At a
3 minimum, the update shall include a comparison of the current status and the
4 original projections on the construction of capital improvements, the costs
5 of capital improvements and the costs of capital improvements in progress or
6 completed since the prior meeting and the future capital plans of the school
7 district. The school district shall include in the public meeting a
8 discussion of the school district's use of state capital aid and
9 voter-approved bonding in funding capital improvements, if any.

10 Z. If a budget in excess of the capital outlay revenue limit was
11 previously adopted by the voters in a school district and will be in effect
12 for the budget year or budget year and subsequent years, as provided in
13 subsection L or M of this section, the governing board may request an
14 additional budget in excess of the capital outlay revenue limit. If the
15 voters in a school district authorize the additional budget in excess of the
16 capital outlay revenue limit, the existing capital outlay revenue limit
17 budget increase remains in effect.

18 AA. NOTWITHSTANDING ANY OTHER LAW, THE MAXIMUM BUDGET INCREASE THAT
19 MAY BE AUTHORIZED PURSUANT TO SUBSECTION L OR M OF THIS SECTION IS TEN PER
20 CENT OF THE SCHOOL DISTRICT'S REVENUE CONTROL LIMIT.

21 BB. IF THE ELECTION IS TO CONTINUE TO EXCEED THE REVENUE CONTROL LIMIT
22 AND IF THE PROPOSED OVERRIDE WILL BE FULLY FUNDED BY A CONTINUATION OF A LEVY
23 OF TAXES ON THE TAXABLE PROPERTY IN THE SCHOOL DISTRICT, THE BALLOT SHALL
24 CONTAIN THE WORDS "BUDGET OVERRIDE CONTINUATION, YES" AND "BUDGET OVERRIDE
25 CONTINUATION, NO", AND THE VOTER SHALL SIGNIFY THE VOTER'S DESIRED CHOICE.
26 THE BALLOT SHALL ALSO CONTAIN THE AMOUNT OF THE PROPOSED CONTINUATION OF THE
27 BUDGET INCREASE OF THE PROPOSED BUDGET OVER THE ALTERNATE BUDGET, A STATEMENT
28 THAT THE AMOUNT OF THE PROPOSED INCREASE WILL BE BASED ON A PERCENTAGE OF THE
29 SCHOOL DISTRICT'S REVENUE CONTROL LIMIT IN FUTURE YEARS, IF APPLICABLE, AS
30 PROVIDED IN SUBSECTION P OF THIS SECTION AND THE FOLLOWING STATEMENT:

31 ANY BUDGET INCREASE CONTINUATION AUTHORIZED BY THIS
32 ELECTION SHALL BE ENTIRELY FUNDED BY A LEVY OF TAXES ON THE
33 TAXABLE PROPERTY IN THIS SCHOOL DISTRICT FOR THE YEAR FOR WHICH
34 ADOPTED AND FOR _____ SUBSEQUENT YEARS, SHALL NOT BE REALIZED
35 FROM MONIES FURNISHED BY THE STATE AND SHALL NOT BE SUBJECT TO
36 THE LIMITATION ON TAXES SPECIFIED IN ARTICLE IX, SECTION 18,
37 CONSTITUTION OF ARIZONA. BASED ON AN ESTIMATE OF ASSESSED
38 VALUATION USED FOR SECONDARY PROPERTY TAX PURPOSES, TO FUND THE
39 PROPOSED CONTINUATION OF THE INCREASE IN THE SCHOOL DISTRICT'S
40 BUDGET WOULD REQUIRE AN ESTIMATED CONTINUATION OF A TAX RATE OF
41 _____ DOLLAR PER ONE HUNDRED DOLLARS OF ASSESSED
42 VALUATION USED FOR SECONDARY PROPERTY TAX PURPOSES AND IS IN
43 ADDITION TO THE SCHOOL DISTRICT'S TAX RATE THAT WILL BE LEVIED
44 TO FUND THE SCHOOL DISTRICT'S REVENUE CONTROL LIMIT ALLOWED BY
45 LAW.

1 CC. IF THE ELECTION IS TO CONTINUE TO EXCEED THE REVENUE CONTROL LIMIT
2 AS PROVIDED IN SECTION 15-482 AND IF THE PROPOSED OVERRIDE WILL BE FULLY
3 FUNDED BY A CONTINUATION OF A LEVY OF TAXES ON THE TAXABLE PROPERTY IN THE
4 SCHOOL DISTRICT, THE BALLOT SHALL CONTAIN THE WORDS "BUDGET OVERRIDE
5 CONTINUATION, YES" AND "BUDGET OVERRIDE CONTINUATION, NO", AND THE VOTER
6 SHALL SIGNIFY THE VOTER'S DESIRED CHOICE. THE BALLOT SHALL ALSO CONTAIN THE
7 AMOUNT OF THE PROPOSED CONTINUATION OF THE BUDGET INCREASE OF THE PROPOSED
8 BUDGET OVER THE ALTERNATE BUDGET, A STATEMENT THAT THE AMOUNT OF THE PROPOSED
9 INCREASE WILL BE BASED ON A PERCENTAGE OF THE SCHOOL DISTRICT'S REVENUE
10 CONTROL LIMIT IN FUTURE YEARS, IF APPLICABLE, AS PROVIDED IN SUBSECTION P OF
11 THIS SECTION AND THE FOLLOWING STATEMENT:

12 ANY BUDGET INCREASE CONTINUATION AUTHORIZED BY THIS
13 ELECTION SHALL BE ENTIRELY FUNDED BY A LEVY OF TAXES ON THE
14 TAXABLE PROPERTY IN THIS SCHOOL DISTRICT FOR THE YEAR FOR WHICH
15 ADOPTED AND FOR _____ SUBSEQUENT YEARS, SHALL NOT BE REALIZED
16 FROM MONIES FURNISHED BY THE STATE AND SHALL NOT BE SUBJECT TO
17 THE LIMITATION ON TAXES SPECIFIED IN ARTICLE IX, SECTION 18,
18 CONSTITUTION OF ARIZONA. BASED ON AN ESTIMATE OF ASSESSED
19 VALUATION USED FOR SECONDARY PROPERTY TAX PURPOSES, TO FUND THE
20 PROPOSED CONTINUATION OF THE INCREASE IN THE SCHOOL DISTRICT'S
21 BUDGET WOULD REQUIRE AN ESTIMATED CONTINUATION OF A TAX RATE OF
22 _____ DOLLAR PER ONE HUNDRED DOLLARS OF ASSESSED
23 VALUATION USED FOR SECONDARY PROPERTY TAX PURPOSES AND IS IN
24 ADDITION TO THE SCHOOL DISTRICT'S TAX RATE THAT WILL BE LEVIED
25 TO FUND THE SCHOOL DISTRICT'S REVENUE CONTROL LIMIT ALLOWED BY
26 LAW.

27 Sec. 12. Section 15-482, Arizona Revised Statutes, is amended to read:
28 15-482. Special five per cent override for programs of pupils
29 in kindergarten programs and grades one through
30 twelve

31 A. An additional budget increase may be requested and authorized as
32 provided in section 15-481, subsections I and J of up to five per cent of the
33 revenue control limit as provided in subsection B of this section. ~~if the~~
34 ~~following conditions are met:~~

35 ~~1. The school district uses a task force of educators and other~~
36 ~~persons to develop a special program designed to improve the academic~~
37 ~~achievement of low achieving pupils in kindergarten programs and grades one~~
38 ~~through three, with the goal that all pupils capable of doing so will learn~~
39 ~~the basic skills necessary for fourth grade work by the end of the third~~
40 ~~grade.~~

41 ~~2. The amount of the proposed budget increase as provided in~~
42 ~~subsection B of this section is for use for the special program and is to~~
43 ~~supplement, not supplant, programs for pupils in kindergarten programs and~~
44 ~~grades one through three which were in existence prior to the budget~~
45 ~~increase, unless in the fiscal year prior to the fiscal year of the proposed~~

1 ~~budget increase special programs for pupils in kindergarten programs and~~
2 ~~grades one through three were in existence and were funded with proceeds from~~
3 ~~the sale or lease of school property, as provided in section 15-1102.~~

4 B. The maximum amount of the budget increase requested and authorized
5 shall not exceed the budgeted expenditures of the proposed special program
6 for each fiscal year, not to exceed a total of five per cent of the revenue
7 control limit for each fiscal year. ~~For a unified school district, a common~~
8 ~~school district not within a high school district or a common school district~~
9 ~~within a high school district that offers instruction in high school subjects~~
10 ~~as provided in section 15-447, five per cent of the revenue control limit~~
11 ~~means five per cent of the revenue control limit attributable to the weighted~~
12 ~~student count in preschool programs for children with disabilities,~~
13 ~~kindergarten programs and grades one through eight as provided in section~~
14 ~~15-971, subsection B.~~

15 C. For each fiscal year in which a budget increase of up to five per
16 cent of the revenue control limit is authorized as provided in subsection A
17 of this section, the governing board shall:

18 1. Utilize a separate annual special program budget on a form
19 prescribed by the auditor general in conjunction with the department of
20 education. The budget format shall be designed to allow a school district to
21 plan and provide in detail for expenditures to be incurred as a result of the
22 special program.

23 2. Prepare as a part of the school district annual financial report a
24 detailed report of expenditures incurred as a result of the special program,
25 in a format prescribed by the auditor general in conjunction with the
26 department of education, as provided in section 15-904.

27 D. The special program may be designed for any or all of the pupils
28 enrolled in kindergarten programs and grades one through three TWELVE and may
29 involve efforts to remove barriers to academic achievement as well as efforts
30 to improve instruction or increase the amount of instruction. ~~The special~~
31 ~~program, at a minimum, shall focus on pupils who, because of innate factors,~~
32 ~~are not succeeding in the school environment as identified by parents,~~
33 ~~guardians or school personnel. These pupils may include, but are not limited~~
34 ~~to, those who do not qualify for special education services, who have~~
35 ~~measured intelligence quotients of between seventy and eighty five or who~~
36 ~~exhibit characteristics of attention deficit disorder or learning patterns~~
37 ~~attributable to prenatal substance exposure.~~

38 E. During any fiscal year in which proceeds from the sale or lease of
39 school property are used for the maintenance and operation section of the
40 budget as provided in section 15-1102, a budget increase is in effect as
41 provided in section 15-481, subsection E or F, or a budget increase is in
42 effect as provided in this section, or any combination of these conditions
43 occurs, the total amount of the proceeds and increases which may be expended
44 is equal to fifteen per cent of the revenue control limit for that year as

1 provided in section 15-947, subsection A, provided that the following maximum
2 amount is attributable to any one of the conditions:

3 1. Fifteen per cent of the revenue control limit if using the proceeds
4 from the sale or lease of school property for the maintenance and operation
5 section of the budget as provided in section 15-1102.

6 2. ~~Ten~~ FIFTEEN per cent of the revenue control limit if using a budget
7 increase as provided in section 15-481, subsection E or F, or both.

8 3. Five per cent of the revenue control limit if using a budget
9 increase as provided in this section.

10 Sec. 13. Section 15-491, Arizona Revised Statutes, is amended to read:
11 15-491. Elections on school property; exceptions

12 A. The governing board of a school district may, and upon petition of
13 fifteen per cent of the school electors as shown by the poll list at the last
14 preceding annual school election shall, call an election for the following
15 purposes:

16 1. To locate or change the location of school buildings.

17 2. To purchase or sell school sites or buildings or sell school sites
18 pursuant to section 15-342, or to build school buildings, but the
19 authorization by vote of the school district shall not necessarily specify
20 the site to be purchased.

21 3. To decide whether the bonds of the school district shall be issued
22 and sold for the purpose of raising money for purchasing or leasing school
23 lots, for building or renovating school buildings, FOR SUPPLYING SCHOOL
24 BUILDINGS WITH FURNITURE, EQUIPMENT AND TECHNOLOGY, for improving school
25 grounds, for purchasing pupil transportation vehicles or for liquidating any
26 indebtedness already incurred for such purposes. ~~Except as provided in~~
27 ~~section 15-1021, subsection H, the proceeds of class B bonds or impact aid~~
28 ~~revenue bonds shall not be used for soft capital purposes except for pupil~~
29 ~~transportation vehicles.~~ BONDS ISSUED FOR FURNITURE, EQUIPMENT AND
30 TECHNOLOGY, OTHER THAN FIXTURES, SHALL MATURE NO LATER THAN THE JULY 1 THAT
31 FOLLOWS THE FIFTH YEAR AFTER THE BONDS WERE ISSUED. A school district shall
32 not issue class B bonds until the school district has obligated in contract
33 the entire proceeds of any class A bonds issued by the school district. The
34 total amount of class A and class B bonds issued by a school district shall
35 not exceed the debt limitations prescribed in article IX, sections 8 and 8.1,
36 Constitution of Arizona.

37 4. To lease for five or more years, as lessor or as lessee, school
38 buildings or grounds. Approval by a majority of the school district electors
39 voting authorizes the governing board to negotiate for and enter into a
40 lease. The ballot shall list the school buildings or grounds for which a
41 lease is sought. If the governing board does not enter into a lease of five
42 or more years of the school buildings or grounds listed on the ballot within
43 five years of the date of the election and the board continues to seek such a
44 lease, the governing board shall call a special election to reauthorize the
45 board to negotiate for and to enter into a lease of five or more years.

1 B. No petition shall be required for the holding of the first election
2 to be held in a joint common school district for any of the purposes
3 specified in subsection A of this section. The notice of election required
4 by section 15-492 shall be published in each of the counties which comprise
5 the joint common school district. The certification of election results
6 required by section 15-493 shall be made to the board of supervisors of the
7 jurisdictional county.

8 C. When the election is called to determine whether or not bonds of
9 the school district shall be issued and sold for the purposes enumerated in
10 the call for the election, the question shall be submitted to the vote of the
11 qualified electors of the school district as defined in section 15-401 and
12 subject to section 15-402.

13 D. The governing board shall order the election to be held in the
14 manner prescribed in title 35, chapter 3, article 3. If a petition for an
15 election has been filed with the governing board as provided in subsection A
16 of this section, the board shall act upon the petition within sixty days by
17 ordering the election to be held as provided in this subsection. If a school
18 district bond election is scheduled for the same date a school district will
19 hold an override election, the governing body shall deliver a copy of the
20 notice of election and ballot to the county school superintendent who shall
21 include the notice of election and ballot with the information report and
22 ballot prepared for the override election. Mailing of the information
23 required for both the override and bond elections shall constitute compliance
24 with the notice provisions of this section.

25 E. The elections to be held pursuant to this section shall only be
26 held on dates prescribed by section 16-204, except that elections held
27 pursuant to this section to decide whether class B bonds shall be issued, or
28 any other obligation incurred that will require the assessment of secondary
29 property taxes, shall only be held on the first Tuesday after the first
30 Monday of November.

31 F. Subsection A, paragraph 2 of this section does not apply to the
32 sale of school property if the market value of the school property is less
33 than fifty thousand dollars.

34 G. Bond counsel fees, financial advisory fees, printing costs and
35 paying agent and registrar fees for bonds issued pursuant to an election
36 under this section shall be paid from either the amount authorized by the
37 qualified electors of the school district or current operating funds. Bond
38 election expenses shall be paid from current operating funds only.

39 H. For any election conducted to decide whether class B bonds will be
40 issued pursuant to this section:

41 1. Except as provided in paragraph 2 of this subsection, the ballot
42 shall include the following statement:

43 The capital improvements that are proposed to be funded
44 through this bond issuance are to exceed the state standards and
45 are in addition to monies provided by the state.

1 _____ school district is proposing to issue class B
2 general obligation bonds totaling \$_____ to fund capital
3 improvements over and above those funded by the state. Under
4 the students first capital funding system, _____ school
5 district is entitled to state monies for building renewal, new
6 construction and renovation of school buildings in accordance
7 with state law.

8 2. For a school district that is a joint technological education
9 district, the ballot shall include the following statement:

10 _____, a joint technological education district, is
11 proposing to issue class B general obligation bonds totaling
12 \$_____ to fund capital improvements at a campus owned or
13 operated and maintained by the joint technological education
14 district.

15 3. The ballot shall contain the words "bond approval, yes" and "bond
16 approval, no", and the voter shall signify the voter's desired choice.

17 4. The ballot shall also contain the phrase "the issuance of these
18 bonds will result in an annual levy of property taxes sufficient to pay the
19 debt on the bonds".

20 5. At least eighty-five days before the election, the school district
21 shall submit proposed ballot language to the director of the Arizona
22 legislative council. The director of the Arizona legislative council shall
23 review the proposed ballot language to determine whether the proposed ballot
24 language complies with this section. If the director of the Arizona
25 legislative council determines that the proposed ballot language does not
26 comply with this section, the director, within ten calendar days of the
27 receipt of the proposed ballot language, shall notify the school district of
28 the director's objections and the school district shall resubmit revised
29 ballot language to the director for approval.

30 6. No later than thirty-five days before a class B bond election
31 conducted pursuant to this section, the school district shall mail a
32 publicity pamphlet to each household that contains a qualified elector in the
33 school district. The publicity pamphlet shall contain, at a minimum, the
34 following information:

35 (a) An executive summary of the school district's most recent capital
36 plan submitted to the school facilities board.

37 (b) A complete list of each proposed capital improvement that will be
38 funded with the proceeds of the bonds and a description of the proposed cost
39 of each improvement, including a separate aggregation of capital improvements
40 for administrative purposes as defined by the school facilities board.

41 (c) The tax rate associated with each of the proposed capital
42 improvements and the estimated cost of each capital improvement for the owner
43 of a single family home that is valued at one hundred thousand dollars.

44 I. For any election conducted to decide whether impact aid revenue
45 bonds shall be issued pursuant to this section:

- 1 1. The ballot shall include the following statement:
2 The capital improvements that are proposed to be funded
3 through this bond issuance are to exceed the state standards and
4 are in addition to monies provided by the state.
5 _____ school district is proposing to issue impact
6 aid revenue bonds totaling \$_____ to fund capital
7 improvements over and above those funded by the state. Under
8 the students first capital funding system, _____ school
9 district is entitled to state monies for building renewal, new
10 construction and renovation of school buildings in accordance
11 with state law.
12 2. The ballot shall contain the words "bond approval, yes" and "bond
13 approval, no", and the voter shall signify the voter's desired choice.
14 3. At least eighty-five days before the election, the school district
15 shall submit proposed ballot language to the director of the legislative
16 council. The director of the legislative council shall review the proposed
17 ballot language to determine whether the proposed ballot language complies
18 with this section. If the director of the legislative council determines
19 that the proposed ballot language does not comply with this section, the
20 director, within ten calendar days of the receipt of the proposed ballot
21 language, shall notify the school district of the director's objections and
22 the school district shall resubmit revised ballot language to the director
23 for approval.
24 4. No later than thirty-five days before an impact aid revenue bond
25 election conducted pursuant to this section, the school district shall mail a
26 publicity pamphlet to each household that contains a qualified elector in the
27 school district. The publicity pamphlet shall contain, at a minimum, the
28 following information:
29 (a) The date of the election.
30 (b) The voter's polling place and the times it is open.
31 (c) An executive summary of the school district's most recent capital
32 plan submitted to the school facilities board.
33 (d) A complete list of each proposed capital improvement that will be
34 funded with the proceeds of the bonds and a description of the proposed cost
35 of each improvement, including a separate aggregation of capital improvements
36 for administrative purposes as defined by the school facilities board.
37 (e) A statement that impact aid revenue bonds will be fully funded by
38 aid that the school district receives from the federal government and do not
39 require a levy of taxes in the district.
40 (f) A statement that if the bonds are approved the first priority for
41 the impact aid will be to pay the debt service for the bonds and that other
42 uses of the monies are prohibited until the debt service obligation is met.
43 (g) A statement that if the impact aid revenue bonds are approved, the
44 school district shall not issue or sell class B bonds while the district has

1 existing indebtedness from impact aid revenue bonds, except for bonds issued
2 to refund any bonds issued by the board.

3 J. If the voters approve the issuance of school district class B bonds
4 or impact aid revenue bonds, the school district shall not use the bond
5 proceeds for any purposes other than the proposed capital improvements listed
6 in the publicity pamphlet, except that up to ten per cent of the bond
7 proceeds may be used for general capital expenses, including cost overruns of
8 proposed capital improvements.

9 K. Each school district that issues bonds under this section is
10 required to hold a public meeting each year between September 1 and October
11 31, until the bond proceeds are spent, at which an update of the progress of
12 capital improvements financed through bonding is discussed and at which the
13 public is permitted an opportunity to comment. At a minimum, the update
14 shall include a comparison of the current status and the original projections
15 on the construction of capital improvements, the costs of capital
16 improvements and the costs of capital improvements in progress or completed
17 since the prior meeting and the future capital bonding plans of the school
18 district. The school district shall include in the public meeting a
19 discussion of the school district's use of state capital aid and
20 voter-approved capital overrides in funding capital improvements, if any.

21 Sec. 14. Section 15-502, Arizona Revised Statutes, is amended to read:

22 15-502. Employment of school district personnel; payment of
23 wages of discharged employee

24 A. The governing board may at any time MAY employ and fix the salaries
25 and benefits of employees necessary for the succeeding year. The contracts
26 of all certificated employees shall be in writing, and all employees shall be
27 employed subject to ~~the provisions of~~ section 38-481. The governing board
28 may obtain the services of any employee, including teachers, substitute
29 teachers and administrators, by contracting with a private entity that
30 employs personnel required by the school district.

31 B. A teacher shall not be employed if the teacher has not received a
32 certificate for teaching granted by the proper authorities. If a teacher has
33 filed an application and completed all of the requirements for a certificate
34 but time does not allow a teacher to receive a certificate before the
35 commencement of employment, the conditional certificate shall serve as a
36 certificate for the payment of wages, provided that the teacher files the
37 conditional certificate with the county school superintendent and the
38 certificate is issued within three months of the date of commencing
39 employment. In order to be paid wages beyond the three month period
40 prescribed in this subsection, the teacher shall file the certificate with
41 the county school superintendent. Any contract issued to a teacher who has
42 completed certificate requirements but has not received a certificate shall
43 be specifically contingent upon receipt of such a certificate. The governing
44 board of a school district that is subject to section 15-914.01 shall adhere

1 to the duties described in section 15-302, subsection A, paragraph 9 for
2 purposes of this subsection.

3 C. No dependent, as defined in section 43-1001, of a governing board
4 member may be employed in the school district in which the person to whom
5 such dependent is so related is a governing board member, except by consent
6 of the board.

7 D. The governing board may employ certificated teachers under contract
8 as part-time classroom teachers. Notwithstanding any other statute, a
9 certificated teacher who has been employed by the school district for more
10 than the major portion of three consecutive school years does not lose the
11 entitlement to the procedures prescribed in sections 15-538.01, 15-539
12 through 15-544 and 15-547 if the teacher is employed under contract on a
13 part-time basis for at least forty per cent time. ~~As used in~~ FOR THE
14 PURPOSES OF this subsection, "forty per cent time" means employed for at
15 least forty per cent of the school day required of full-time teachers of the
16 same grade level or for at least forty per cent of the class load assigned to
17 full-time teachers of the same grade level, as determined by the governing
18 board.

19 E. THE GOVERNING BOARD MAY EMPLOY A BUSINESS MANAGER WHO HAS EXPERTISE
20 IN FINANCE. FOR THE PURPOSES OF THIS SUBSECTION, "EXPERTISE IN FINANCE"
21 MEANS ONE OR MORE OF THE FOLLOWING:

22 1. A BACCALAUREATE DEGREE IN ACCOUNTING, FINANCE, SCHOOL FINANCE OR
23 PUBLIC FINANCE.

24 2. A GRADUATE DEGREE IN ACCOUNTING, FINANCE, SCHOOL FINANCE OR PUBLIC
25 FINANCE.

26 3. OTHER FINANCE TRAINING OR FINANCE EXPERIENCE THAT THE GOVERNING
27 BOARD DETERMINES IS SUFFICIENT TO QUALIFY THE PERSON TO ADMINISTER THE
28 BUSINESS OPERATIONS OF THE SCHOOL DISTRICT.

29 ~~E.~~ F. Notwithstanding sections 23-351 and 23-353, if an employee is
30 discharged from the service of a school district, the school district shall
31 pay the wages due to the employee within ten calendar days from the date of
32 discharge.

33 ~~F.~~ G. Each school district shall establish policies and procedures to
34 provide teachers with personal liability insurance.

35 H. NOTWITHSTANDING ANY OTHER LAW, A SCHOOL DISTRICT SHALL NOT ADOPT
36 POLICIES THAT PROVIDE EMPLOYMENT RETENTION PRIORITY FOR TEACHERS BASED ON
37 TENURE OR SENIORITY.

38 Sec. 15. Section 15-503, Arizona Revised Statutes, is amended to read:

39 15-503. Superintendents, principals, head teachers and school
40 psychologists; term of employment; evaluation;
41 contract delivery; nonretention notice

42 A. The governing board may:

43 1. Employ a superintendent or principal, or both. IF THE GOVERNING
44 BOARD EMPLOYS A SUPERINTENDENT, THE GOVERNING BOARD SHALL DETERMINE THE
45 QUALIFICATIONS FOR THE SUPERINTENDENT BY ACTION TAKEN AT A PUBLIC MEETING.

1 THE GOVERNING BOARD SHALL REQUIRE A SUPERINTENDENT TO HAVE A VALID
2 FINGERPRINT CLEARANCE CARD THAT IS ISSUED PURSUANT TO TITLE 41, CHAPTER 12,
3 ARTICLE 3.1.

4 2. Appoint a head teacher.

5 3. Jointly with another governing board employ a superintendent or a
6 principal, or both. IF THE GOVERNING BOARD JOINTLY EMPLOYS A SUPERINTENDENT,
7 THE GOVERNING BOARDS SHALL JOINTLY DETERMINE THE QUALIFICATIONS FOR THE
8 SUPERINTENDENT BY ACTION TAKEN AT A PUBLIC MEETING. THE GOVERNING BOARDS
9 SHALL REQUIRE A SUPERINTENDENT TO HAVE A VALID FINGERPRINT CLEARANCE CARD
10 THAT IS ISSUED PURSUANT TO TITLE 41, CHAPTER 12, ARTICLE 3.1.

11 B. The term of employment of superintendents or principals may be for
12 any period not exceeding three years, except that if the superintendent's or
13 principal's contract with the school district is for multiple years pursuant
14 to this subsection the school district shall not offer to extend or
15 renegotiate the contract until May of the year preceding the final year of
16 the contract. The school district governing board or the governing body of
17 the charter school shall communicate the superintendent's or principal's
18 duties with respect to the classroom site fund established by section 15-977.

19 C. The governing board shall establish systems for the evaluation of
20 the performance of principals and other school administrators and
21 certificated school psychologists in the school district. In the development
22 and adoption of these performance evaluation systems, the governing board
23 shall avail itself of the advice of its administrators and certificated
24 school psychologists. Each evaluation shall include recommendations as to
25 areas of improvement in the performance of the certificated school
26 psychologist if the performance of the certificated school psychologist
27 warrants improvement. After transmittal of an assessment, a board designee
28 shall confer with the certificated school psychologist to make specific
29 recommendations as to areas of improvement in the certificated school
30 psychologist's performance. The board designee shall provide assistance and
31 opportunities for the certificated school psychologist to improve his
32 performance and shall follow up with the certificated school psychologist
33 after a reasonable period of time for the purpose of ascertaining that the
34 certificated school psychologist is demonstrating adequate performance. The
35 evaluation process for certificated school psychologists shall include appeal
36 procedures for certificated school psychologists who disagree with the
37 evaluation of their performance, if the evaluation is for use as criteria for
38 establishing compensation or dismissal.

39 D. On or before May 15 EACH YEAR, the governing board shall offer a
40 contract for the next school year to each certified administrator and
41 certificated school psychologist who is in the last year of his contract
42 unless, on or before April 15, the governing board, a member of the board
43 acting on behalf of the board or the superintendent of the school district
44 gives notice to the administrator or certificated school psychologist of the
45 board's intention not to offer a new contract. If the governing board has

1 called for an override election for the third Tuesday in May as provided in
2 section 15-481, the governing board shall offer a contract for the next
3 school year to each certified administrator or certificated school
4 psychologist who is in the last year of his contract on or before June 15
5 unless, no later than five days after the override election excluding
6 Saturday, Sunday and legal holidays, the governing board, a member of the
7 board acting on behalf of the board or the superintendent of the school
8 district gives notice to the administrator or the certificated school
9 psychologist of the board's intention not to offer a new contract. The
10 administrator's or the certificated school psychologist's acceptance of the
11 contract shall be indicated within thirty days from the date of the written
12 contract or the offer is revoked. The administrator or certificated school
13 psychologist accepts the contract by signing the contract and returning it to
14 the governing board or by making a written instrument which THAT accepts the
15 terms of the contract and delivering the written instrument to the governing
16 board.

17 E. Notice of the board's intention not to reemploy the administrator
18 or certificated school psychologist shall be made by delivering the notice
19 personally to the administrator or the certificated school psychologist or by
20 sending the notice by certified mail, postmarked on or before the applicable
21 deadline prescribed in subsection D of this section, and directed to the
22 administrator or the certificated school psychologist at his place of
23 residence as recorded in the school district records.

24 Sec. 16. Title 15, chapter 5, article 1, Arizona Revised Statutes, is
25 amended by adding section 15-504, to read:

26 15-504. Contract days for professional association activities;
27 prohibition

28 SCHOOL DISTRICT EMPLOYMENT CONTRACTS SHALL NOT INCLUDE COMPENSATED DAYS
29 FOR PROFESSIONAL ASSOCIATION ACTIVITIES. FOR THE PURPOSES OF THIS SECTION,
30 PROFESSIONAL ASSOCIATION ACTIVITIES DO NOT INCLUDE CONDUCT THAT OCCURS DURING
31 A FIELD TRIP FOR PUPILS. THIS SECTION DOES NOT PROHIBIT INDIVIDUAL EMPLOYEES
32 OF SCHOOL DISTRICTS FROM TAKING COMPENSATED LEAVE TIME FOR ANY PERSONAL
33 PURPOSE, ANY PROFESSIONAL PURPOSE OR ANY OTHER LAWFUL PURPOSE.

34 Sec. 17. Section 15-536, Arizona Revised Statutes, is amended to read:

35 15-536. Offer of contract to certificated teacher who has not
36 been employed more than three consecutive school
37 years; acceptance; notice to teacher of intention not
38 to reemploy

39 A. Subject to the provisions of sections 15-539, 15-540, 15-541,
40 15-544 and 15-549, the governing board shall, ~~between March 15 and May 15,~~
41 offer a teaching contract for the next ensuing school year to each
42 certificated teacher who has not been employed by the school district for
43 more than the major portion of three consecutive school years and who is
44 under a contract of employment with the school district for the current
45 school year, unless, ~~on or before April 15,~~ the governing board, a member of

1 the board acting on behalf of the board or the superintendent of the school
2 district gives notice to the teacher of the board's intention not to offer a
3 teaching contract, OR unless such teacher has been dismissed pursuant to
4 section 15-538, 15-539, 15-541 or 15-544. The teacher's acceptance of the
5 contract for the ensuing year must be indicated within thirty days from the
6 date of the written contract or the offer is revoked. The teacher accepts
7 the contract by signing the contract and returning it to the governing board
8 or by making a written instrument which accepts the terms of the contract and
9 delivering it to the governing board. If the written instrument includes
10 terms in addition to the terms of the contract offered by the board, the
11 teacher fails to accept the contract.

12 B. Notice of the board's intention not to reemploy the teacher shall
13 be by delivering it personally to the teacher or by sending it by registered
14 or certified mail ~~bearing a postmark of on or before April 15,~~ directed to
15 the teacher at ~~his~~ THE TEACHER'S place of residence as recorded in the school
16 district records. The notice shall incorporate a statement of reasons for
17 not reemploying the teacher. If the reasons are charges of inadequacy of
18 classroom performance as defined by the governing board pursuant to section
19 15-539, subsection D, the board, or its authorized representative, ~~shall,~~ at
20 least ninety days prior to such notice, SHALL give the teacher written
21 preliminary notice of ~~his~~ inadequacy, specifying the nature of the inadequacy
22 with such particularity as to furnish the teacher an opportunity to correct
23 ~~his~~ THE inadequacies and overcome the grounds for such charge. The governing
24 board may delegate to employees of the governing board the general authority
25 to issue preliminary notices of inadequacy of classroom performance to
26 teachers pursuant to this subsection without the need for prior approval of
27 each notice by the governing board. In all cases in which an employee of the
28 governing board issues a preliminary notice of inadequacy of classroom
29 performance without prior approval by the governing board, the employee shall
30 report its issuance to the governing board within five school days. The
31 written notice of intention not to reemploy shall include a copy of any
32 evaluation pertinent to the charges made and filed with the board.

33 C. Nothing in this section shall be construed ~~so as~~ to provide a
34 certificated teacher who has not been employed by the school district for
35 more than the major portion of three consecutive school years and who has
36 received notice of the board's intention not to offer a teaching contract
37 with the right to a hearing pursuant to ~~the provisions of~~ section 15-539,
38 subsection G.

39 Sec. 18. Section 15-538.01, Arizona Revised Statutes, is amended to
40 read:

41 15-538.01. Offer of contract to certificated teacher employed
42 more than three consecutive school years

43 A. Subject to ~~the provisions of~~ sections 15-539, 15-540, 15-541,
44 15-544 and 15-549, the governing board shall, ~~between March 15 and May 15,~~
45 offer to each certificated teacher who has been employed by the school

1 district for more than the major portion of three consecutive school years
2 and who is under contract of employment with the school district for the
3 current year a contract renewal for the next ensuing school year unless ~~on or~~
4 ~~before May 15~~ the governing board, a member of the board acting on behalf of
5 the board or the superintendent of the school district gives notice to the
6 teacher of the board's intent not to offer a contract and to dismiss the
7 teacher as provided in section 15-539.

8 B. The teacher's acceptance of the contract must be indicated within
9 thirty days from the date of the written contract or the offer of a contract
10 is revoked. The teacher accepts the contract by signing the contract and
11 returning it to the governing board or by making a written instrument which
12 accepts the terms of the contract and delivering it to the governing board.
13 If the written instrument includes terms in addition to the terms of the
14 contract offered by the board, the teacher fails to accept the contract.

15 ~~C. If dismissal proceedings in reference to the teacher cannot be~~
16 ~~completed by May 15 through no fault of the governing board or the~~
17 ~~superintendent, or if the incidents relied on in whole or in part occurred~~
18 ~~after May 15, dismissal proceedings may continue or be initiated.~~

19 Sec., 19. Section 15-539, Arizona Revised Statutes, is amended to read:

20 15-539. Dismissal of certificated teacher: due process; written
21 charges; notice; hearing on request

22 A. Upon ~~ON~~ a written statement of charges presented by the
23 superintendent, charging that there exists cause for the suspension without
24 pay for a period of time greater than ten school days or dismissal of a
25 certificated teacher of the district, the governing board ~~shall~~, except as
26 otherwise provided in this article, SHALL give notice to the teacher of its
27 intention to suspend without pay or dismiss the teacher at the expiration of
28 ~~thirty~~ TEN days from the date of the service of the notice.

29 B. Whenever the superintendent presents a statement of charges wherein
30 the alleged cause for dismissal constitutes immoral or unprofessional
31 conduct, the governing board may adopt a resolution that a complaint be filed
32 with the department of education. Pending disciplinary action by the state
33 board of education, the certificated teacher may be reassigned by the
34 superintendent or placed on administrative leave by the board pursuant to
35 section 15-540.

36 C. The governing board shall give a certificated teacher who has been
37 employed by the school district for more than the major portion of three
38 consecutive school years notice of intention to dismiss if its intention to
39 dismiss is based on charges of inadequacy of classroom performance as defined
40 by the governing board pursuant to subsection D of this section. The
41 governing board or its authorized representative shall give the teacher a
42 written preliminary notice of inadequacy of classroom performance at least
43 ten instructional days ~~prior to~~ BEFORE the start of the period of time within
44 which to correct the inadequacy and overcome the grounds for the charge. The
45 governing board may delegate to employees of the governing board the general

1 authority to issue preliminary notices of inadequacy of classroom performance
2 to teachers pursuant to this section without the need for prior approval of
3 each notice by the governing board. In all cases in which an employee of the
4 governing board issues a preliminary notice of inadequacy of classroom
5 performance without prior approval by the governing board, the employee shall
6 report its issuance to the governing board within five school days. The
7 written preliminary notice of inadequacy of classroom performance shall
8 specify the nature of the inadequacy of classroom performance with such
9 particularity as to furnish the teacher an opportunity to correct the
10 teacher's inadequacies and overcome the grounds for the charge. The written
11 preliminary notice of inadequacy of classroom performance shall be based on a
12 valid evaluation according to school district procedure, shall include a copy
13 of any evaluation pertinent to the charges made and shall state the date by
14 which the teacher has to correct the inadequacy and overcome the grounds for
15 the charge. That evaluation shall not be conducted within two instructional
16 days of any school break of one week or more. The written preliminary notice
17 of inadequacy of classroom performance shall allow the teacher not less than
18 ~~eighty-five~~ SIXTY instructional days within which to correct the inadequacy
19 and overcome the grounds for the charge. If within the time specified in the
20 written preliminary notice of inadequacy of classroom performance the teacher
21 does not demonstrate adequate classroom performance, the governing board
22 shall dismiss the teacher either within ~~thirty~~ TEN days of the service of a
23 subsequent notice of intention to dismiss or by the end of the contract year
24 in which the subsequent notice of intention to dismiss is served unless the
25 teacher has requested a hearing as provided in subsection G of this section.
26 If the teacher demonstrates adequate classroom performance during the period
27 allowed to correct such deficiencies as specified in the written preliminary
28 notice of inadequacy of classroom performance, the governing board may not
29 dismiss the teacher for the reasons specified in the written preliminary
30 notice of inadequacy of classroom performance. If the governing board of a
31 school district has received approval to budget for a career ladder program,
32 the governing board may define inadequacy of classroom performance by
33 establishing a single level of performance ~~which~~ THAT is required of all
34 teachers or by establishing more than one required level of performance. If
35 more than one level is established, the same level of performance for minimum
36 adequacy shall be required of all teachers who have completed the same number
37 of years of teaching in the district.

38 D. The governing board shall develop a definition of inadequacy of
39 classroom performance that applies to notices issued pursuant to section
40 15-536, section 15-538 and this section. The governing board shall develop
41 its definition of inadequacy of classroom performance in consultation with
42 its certificated teachers. The consultation may be accomplished by holding a
43 public hearing, forming an advisory committee, providing teachers the
44 opportunity to respond to a proposed definition or obtaining teacher approval

1 of a career ladder program which THAT defines inadequacy of classroom
2 performance.

3 E. Any written statement of charges alleging unprofessional conduct,
4 conduct in violation of the rules or policies of the governing board or
5 inadequacy of classroom performance shall specify instances of behavior and
6 the acts or omissions constituting the charge so that the certificated
7 teacher will be able to prepare a defense. If applicable, it shall state the
8 statutes, rules or written objectives of the governing board which THAT the
9 certificated teacher is alleged to have violated and set forth the facts
10 relevant to each occasion of alleged unprofessional conduct, conduct in
11 violation of the rules or policies of the governing board or inadequacy of
12 classroom performance.

13 F. The notice shall be in writing and shall be served upon ON the
14 certificated teacher personally or by United States registered or certified
15 mail addressed to the teacher's last known address. A copy of the charges,
16 together with a copy of this section and sections 15-501, 15-538.01, 15-540,
17 15-541, 15-542 and 15-544 through 15-547, shall be attached to the notice.

18 G. The certificated teacher who receives notice that there exists
19 cause for dismissal or suspension without pay shall have the right to a
20 hearing if the teacher files a written request with the governing board
21 within ~~thirty~~ TEN days of service of notice. The filing of a timely request
22 shall suspend the imposition of a suspension without pay or a dismissal
23 pending completion of the hearing.

24 Sec. 20. Section 15-541, Arizona Revised Statutes, is amended to read:
25 15-541. Hearing on dismissal

26 A. The governing board shall decide whether to hold a hearing on the
27 dismissal or suspension without pay for a period of time longer than ten days
28 of a certificated teacher as provided in this article. If the governing
29 board decides not to hold a hearing, the governing board shall designate a
30 hearing officer to hold the hearing, hear the evidence, prepare a record and
31 issue a recommendation to the governing board for action. The governing
32 board may provide by policy or vote at its annual organizational meeting that
33 all hearings conducted pursuant to this section ~~will~~ SHALL be conducted
34 before a hearing officer. The hearing officer ~~will~~ SHALL be mutually agreed
35 upon by the parties to the hearing. If the parties cannot mutually agree on
36 a hearing officer, a hearing officer ~~will~~ SHALL be selected by the governing
37 board from a list provided by the department of education or the American
38 arbitration association. The hearing shall be held not less than ~~ten~~ FIFTEEN
39 nor more than ~~twenty-five~~ THIRTY days after the request is filed unless all
40 parties to the hearing mutually agree to a different hearing date, and notice
41 of the time and place of the hearing shall be given to the teacher not less
42 than three days before the date of the hearing. The teacher may request that
43 the hearing be conducted in public or private. At the hearing the teacher
44 may appear in person and by counsel, if desired, and may present any
45 testimony, evidence or statements, either oral or in writing, in the

1 teacher's behalf. The governing board or the hearing officer shall prepare
2 an official record of the hearing, including all testimony recorded manually
3 or by mechanical device, and exhibits. The teacher who is the subject of the
4 hearing may not request that the testimony be transcribed unless the teacher
5 agrees in writing to pay the actual cost of the transcription. Within ten
6 days after a hearing conducted by the governing board, the board shall
7 determine whether there existed good and just cause for the notice of
8 dismissal or suspension and shall render its decision accordingly, either
9 affirming or withdrawing the notice of dismissal or suspension. Within ten
10 days after a hearing conducted by a hearing officer, the hearing officer
11 shall deliver a written recommendation to the governing board that includes
12 findings of fact and conclusions. Parties to the hearing have the right to
13 object to the findings of the hearing officer and present oral and written
14 arguments to the governing board.

15 B. A hearing held pursuant to this section may not be conducted by any
16 hearing officer having a personal interest which would conflict with his or
17 her THE HEARING OFFICER'S objectivity in the hearing. The governing board
18 has an additional ten days to determine whether good and just cause existed
19 for the notice of dismissal, or suspension and shall render its decision
20 accordingly, either affirming or withdrawing the notice of suspension or
21 dismissal. Good and just cause does not include religious or political
22 beliefs or affiliations unless they are in violation of the oath of the
23 teacher.

24 Sec. 21. Section 15-544, Arizona Revised Statutes, is amended to read:
25 15-544. Limitations on reduction of salaries or personnel

26 A. A governing board may reduce salaries or eliminate certificated
27 teachers in a school district in order to effectuate economies in the
28 operation of the district or to improve the efficient conduct and
29 administration of the schools of the school district, ~~but no reduction in the~~
30 ~~salary of a certificated teacher who has been employed by the school district~~
31 ~~for more than the major portion of three consecutive school years shall be~~
32 ~~made except in accordance with a general salary reduction in the school~~
33 ~~district by which the teacher is employed, and in such case the reduction~~
34 ~~shall be applied equitably among all such teachers.~~

35 B. Notice of a general salary reduction shall be given each
36 certificated teacher affected not later than May 15 before the fiscal year in
37 which the reduction is to take effect.

38 ~~C. A certificated teacher dismissed for reasons of economy or to~~
39 ~~improve the efficient conduct and administration of the schools of the school~~
40 ~~district shall have a preferred right of reappointment in the order of~~
41 ~~original employment by the governing board in the event of an increase in the~~
42 ~~number of certificated teachers or the reestablishment of services within a~~
43 ~~period of three years.~~

44 ~~D.~~ C. The provisions of this section do not apply to reductions in
45 salary from monies from the classroom site fund pursuant to section 15-977.

1 Sec. 22. Section 15-703, Arizona Revised Statutes, is amended to read:
2 15-703. Kindergarten programs and special departments: special
3 teachers

4 A. The governing board may:

5 1. Establish departments of industrial arts and consumer education and
6 homemaking.

7 2. Employ special teachers in special subjects.

8 B. Each common school district or unified school district shall
9 establish a kindergarten program, unless the governing board of such common
10 school district or unified school district files an exemption claim with the
11 department of education. A district is exempt from establishing a
12 kindergarten program if it files with the department of education an
13 exemption claim which states that the establishment of a kindergarten program
14 will interfere with the work of, or maintenance of efficiency in, the grades
15 and that a kindergarten program is not in the best interests of the
16 district. Each school district that establishes a kindergarten program shall
17 offer half-day kindergarten programs that provide academically meaningful
18 instruction in each of the academic standards adopted by the state board of
19 education. A school district that establishes a full-day kindergarten
20 program shall allow each parent of a kindergarten pupil to choose either
21 half-day kindergarten instruction or full-day kindergarten instruction AND
22 SHALL PROVIDE THE OPTION OF ACADEMICALLY MEANINGFUL HALF-DAY KINDERGARTEN
23 INSTRUCTION IN EVERY SCHOOL IN THE SCHOOL DISTRICT THAT HAS ENOUGH STUDENTS
24 TO FILL A HALF-DAY KINDERGARTEN CLASS AT A CLASS SIZE THAT IS APPROXIMATELY
25 EQUAL TO THE AVERAGE KINDERGARTEN CLASS SIZE FOR THE SCHOOL DISTRICT AS A
26 WHOLE.

27 C. For the purpose of maintaining a kindergarten program a common
28 school district or unified school district governing board may lease such
29 buildings as may be necessary as provided by law.

30 Sec. 23. Section 15-741, Arizona Revised Statutes, is amended to read:
31 15-741. Assessment of pupils

32 A. The state board of education shall:

33 1. Adopt rules for purposes of this article pursuant to title 41,
34 chapter 6.

35 2. Adopt and implement an Arizona instrument to measure standards test
36 to measure pupil achievement of the state board adopted academic standards in
37 reading, writing and mathematics in at least four grades designated by the
38 board. The board shall determine the manner of implementation. THE BOARD
39 SHALL NOT REQUIRE HIGH SCHOOL PUPILS TO MEET OR EXCEED THE STANDARDS MEASURED
40 BY THE ARIZONA INSTRUMENT TO MEASURE STANDARDS TEST IN ANY STANDARDS OTHER
41 THAN READING, WRITING AND MATHEMATICS IN ORDER TO GRADUATE FROM HIGH SCHOOL.
42 The board may administer assessments of the academic standards in social
43 studies and science, EXCEPT THAT A PUPIL SHALL NOT BE REQUIRED TO MEET OR
44 EXCEED THE SOCIAL STUDIES OR SCIENCE STANDARDS MEASURED BY THE ARIZONA
45 INSTRUMENT TO MEASURE STANDARDS TEST IN ORDER TO GRADUATE FROM HIGH SCHOOL.

1 ~~Prior to the administration of the tests to pupils and following the~~
2 ~~statewide piloting of the tests, the board shall approve, at a public~~
3 ~~meeting, the Arizona instrument to measure standards test.~~

4 3. Adopt and implement a statewide nationally standardized
5 norm-referenced achievement test in reading, language arts and mathematics,
6 except that the superintendent of public instruction may determine additional
7 grade levels for which pupils are tested. The tests shall be consistent with
8 the state standards and shall be administered during the spring of each year
9 between March 15 and May 1.

10 4. Ensure that the tests prescribed in this section are uniform
11 throughout the state.

12 5. Ensure that the tests prescribed in this section are able to be
13 scored in an objective manner and that the tests are not intended to advocate
14 any sectarian, partisan or denominational viewpoint.

15 6. Ensure that the results of the nationally standardized
16 norm-referenced achievement tests established as provided in this article are
17 comparable to associated grade equivalents, percentiles and stanines derived
18 from a multistate sample.

19 7. Include within its budget all costs pertaining to the tests
20 prescribed in this article. If sufficient monies are appropriated, the state
21 board may provide norm-referenced achievement test services to school
22 districts which request assistance in testing pupils in grades additional to
23 those required by this section.

24 8. Use subtests of the statewide nationally standardized
25 norm-referenced achievement test as designated by the state board to assess
26 pupils in reading, language arts and mathematics, at a level appropriate for
27 their grade level.

28 9. Survey teachers, principals and superintendents on achievement
29 related nontest indicators, including information on graduation rates by
30 ethnicity and dropout rates by ethnicity for each grade level. Before the
31 survey, the state board of education shall approve at a public meeting the
32 nontest indicators on which data will be collected. In conducting the survey
33 and collecting data, the state board of education shall not violate the
34 provisions of the family educational rights and privacy act (P.L. 93-380), as
35 amended, nor disclose personally identifiable information.

36 10. Establish a fair and consistent method and standard by which
37 norm-referenced test scores from schools in a district may be evaluated
38 taking into consideration demographic data. The board shall establish
39 intervention strategies to assist schools with scores below the acceptable
40 standard. The board shall annually review district and school scores and
41 shall offer assistance to school districts in analyzing data and implementing
42 intervention strategies. The board shall use the adopted norm-referenced
43 test and methods of data evaluation for a period of at least ten years.

44 11. Participate in other assessments that provide national comparisons
45 as needed.

1 B. The standardized norm-referenced achievement tests adopted by the
2 state board as provided in subsection A shall be given annually. The tests
3 shall be administered over a one week period between March 15 and May 1.
4 Nontest indicator data and other information shall be collected at the same
5 time as the collection of standardized norm-referenced achievement test data.

6 C. Local school district governing boards shall:

7 1. Administer the tests prescribed in subsection A.

8 2. Survey teachers, principals and superintendents on achievement
9 related nontest indicator data as required by the state board, including
10 information related to district graduation and dropout rates. In conducting
11 the survey and collecting data, the governing board shall not violate the
12 provisions of the family educational rights and privacy act (P.L. 93-380), as
13 amended, nor disclose personally identifiable information.

14 D. ANY ADDITIONAL ASSESSMENTS FOR HIGH SCHOOL PUPILS THAT ARE ADOPTED
15 BY THE STATE BOARD OF EDUCATION AFTER THE EFFECTIVE DATE OF THIS AMENDMENT TO
16 THIS SECTION SHALL BE DESIGNED TO MEASURE COLLEGE AND CAREER READINESS OF
17 PUPILS.

18 ~~D.~~ E. A test for penmanship shall not be required pursuant to this
19 article.

20 Sec. 24. Section 15-746, Arizona Revised Statutes, is amended to read:
21 15-746. School report cards

22 A. Each school shall distribute an annual report card that contains at
23 least the following information:

24 1. A description of the school's regular, magnet and special
25 instructional programs.

26 2. A description of the current academic goals of the school.

27 3. A summary of the results achieved by pupils enrolled at the school
28 during the prior three school years as measured by the Arizona instrument to
29 measure standards test and the nationally standardized norm-referenced
30 achievement test as designated by the state board and as reported in the
31 annual report prescribed by section 15-743, a summary of the pupil progress
32 on an ongoing and annual basis, showing the trends in gain or loss in pupil
33 achievement over time in reading, language arts and mathematics for all years
34 in which pupils are enrolled in the school district for an entire school year
35 and for which this information is available and a summary of the pupil
36 progress for pupils not enrolled in a district for an entire school year.

37 4. The school's current expenditures per pupil for classroom supplies,
38 classroom instruction excluding classroom supplies, administration, support
39 services-students, and all other support services and operations. The
40 current expenditures per pupil by school shall include allocation of the
41 district-wide expenditures to each school, as provided by the district. The
42 report shall include a comparison of the school to the state amount for a
43 similar type of district as calculated in section 15-255. The method of
44 calculating these per pupil amounts and the allocation of expenditures shall
45 be as prescribed in the uniform system of financial records.

1 5. The attendance rate of pupils enrolled at the school as reflected
2 in the school's average daily membership as defined in section 15-901.

3 6. The total number of incidents that occurred on the school grounds,
4 at school bus stops, on school buses and at school sponsored events and that
5 required the contact of a local, county, tribal, state or federal law
6 enforcement officer pursuant to section 13-3411, subsection F, section
7 13-3620, section 15-341, subsection A, paragraph ~~33~~ 31 or section 15-515.
8 The total number of incidents reported shall only include reports that law
9 enforcement officers report to the school are supported by probable cause.
10 For the purposes of this paragraph, a certified peace officer who serves as a
11 school resource officer is a law enforcement officer. A school may provide
12 clarifying information if the school has a school resource officer on campus.

13 7. The percentage of pupils who have either graduated to the next
14 grade level or graduated from high school.

15 8. A description of the social services available at the school site.

16 9. The school calendar, including the length of the school day and
17 hours of operations.

18 10. The total number of pupils enrolled at the school during the
19 previous school year.

20 11. The transportation services available.

21 12. Beginning in the 2000-2001 school year and until July 1, 2006, the
22 reading instruction programs used by the school for kindergarten programs and
23 grades one, two and three, pursuant to section 15-704. The report card shall
24 include a district comparison of test scores among the different programs of
25 reading instruction and shall identify the program of reading instruction
26 used in each classroom.

27 13. A description of the responsibilities of parents of children
28 enrolled at the school.

29 14. A description of the responsibilities of the school to the parents
30 of the children enrolled at the school, including dates the report cards are
31 delivered to the home.

32 15. A description of the composition and duties of the school council
33 as prescribed in section 15-351 if such a school council exists.

34 16. For the most recent year available, the average current expenditure
35 per pupil for administrative functions compared to the predicted average
36 current expenditure per pupil for administrative functions according to an
37 analysis of administrative cost data by the joint legislative budget
38 committee staff.

39 17. If the school provides instruction to pupils in kindergarten
40 programs and grades one through three, the ratio of pupils to teachers in
41 each classroom where instruction is provided in kindergarten programs and
42 grades one through three.

43 18. The average class size per grade level for all grade levels,
44 kindergarten programs and grades one through eight. For the purposes of this
45 paragraph, "average class size" means the weighted average of each class.

1 B. The department of education shall develop a standardized report
2 card format that meets the requirements of subsection A of this section. The
3 department shall modify the standardized report card as necessary on an
4 annual basis. The department shall distribute to each school in this state a
5 copy of the standardized report card that includes the required test scores
6 for each school. Additional copies of the standardized report card shall be
7 available on request.

8 C. After each school has completed the report card distributed to it
9 by the department of education, the school, in addition to distributing the
10 report card as prescribed in subsection A of this section, shall send a copy
11 of the report card to the department. The department shall prepare an annual
12 report that contains the report card from each school in this state.

13 D. The school shall distribute report cards to parents of pupils
14 enrolled at the school, no later than the last day of school of each fiscal
15 year, and shall present a summary of the contents of the report cards at an
16 annual public meeting held at the school. The school shall give notice at
17 least two weeks before the public meeting that clearly states the purposes,
18 time and place of the meeting.

19 Sec. 25. Section 15-765, Arizona Revised Statutes, is amended to read:
20 15-765. Special education in rehabilitation, corrective or
21 other state and county supported institutions,
22 facilities or homes

23 A. For the purposes of this section and section 15-764, children with
24 disabilities who are being provided with special education in rehabilitation,
25 corrective or other state and county supported institutions or facilities are
26 the responsibility of that institution or facility, including children with
27 disabilities who are not enrolled in a residential program and who are being
28 furnished with daily transportation. Special education programs at the
29 institution or facility shall conform to the conditions and standards
30 prescribed by the director of the division of special education.

31 B. Notwithstanding ~~the provisions of~~ subsection A of this section, the
32 department of economic security or the department of health services may
33 request on behalf of a school-age child with a disability residing in a
34 residential facility or foster home operated or supported by the department
35 of economic security or the department of health services that the school
36 district in which the facility or home is located enroll the school-age child
37 in the district, subject to section 15-825. The school district, ~~shall, upon~~
38 ON the request by the department of economic security or the department of
39 health services, SHALL enroll the child and provide any necessary special
40 education and related services, subject to section 15-766. A school district
41 in which a child with a disability is enrolled shall coordinate the
42 development of an individualized education program with the development of an
43 individual program or treatment plan. The provision of special education and
44 related services to a child with a disability may be subject to the
45 ~~provisions of~~ subsection D of this section.

1 C. Before any placement is made in facilities described in this
2 section, the school district of residence shall ~~insure~~ ENSURE that a full
3 continuum of alternative placements is available to meet the needs of
4 children with disabilities and that the proposed placement is the least
5 restrictive environment in which appropriate education services can be
6 provided to the child.

7 D. A school district or county school superintendent may contract
8 with, and make payments to, other public or private schools, institutions and
9 agencies approved by the division of special education, within or without the
10 school district or county, for the education of and provision of services to
11 children with disabilities if ~~the provisions of~~ section 15-766 and the
12 conditions and standards prescribed by the division of special education have
13 been met and if unable to provide satisfactory education and services through
14 its own facilities and personnel in accordance with the rules prescribed by
15 the state board of education AS PROVIDED IN SECTION 15-213. No school
16 district may contract or make payments under the authority of this section or
17 section 15-764 or any other provisions of law for the residential or
18 educational costs of placement of children with disabilities in an approved
19 private special education school, institution or agency unless the children
20 are evaluated and placed by a school district. The following special
21 provisions apply in order to qualify for the group B ED-P weight:

22 1. If the child is placed in a private special education program, the
23 chief administrative official of the school district or county or other
24 person designated by the school district or county as responsible for special
25 education shall verify that the pupil is diagnosed with an emotional
26 disability as defined in section 15-761, that no appropriate program exists
27 within the school district or county, as applicable, and that no program can
28 feasibly be instituted by the school district or county, as applicable.

29 2. If the child is placed in a special program that provides intensive
30 services within a school district, the chief administrative official of the
31 school district or county or other person as designated by the school
32 district or county as responsible for special education shall verify that the
33 pupil placed in such a program is diagnosed with an emotional disability as
34 defined in section 15-761 and that appropriate services cannot be provided in
35 traditional resource and self-contained special education classes.

36 E. When a state placing agency initially places a pupil in a private
37 residential facility, the home school district must conduct an evaluation
38 pursuant to section 15-766 or review the educational placement of a pupil who
39 has previously been determined eligible for special education services. The
40 school district shall notify the appropriate state placing agency when a
41 child requires an evaluation for possible receipt of services provided by
42 that agency or a residential special education placement. The school
43 district and the state agency shall jointly evaluate the child, including
44 consideration of relevant information from additional sources, including

1 probation or parole officers, caseworkers, guardians ad litem and court
2 appointed special advocates.

3 F. If the child is not eligible for special education or does not
4 require residential special education placement, sections 15-1182 and 15-1183
5 apply.

6 G. If the individualized education program team determines that a
7 residential special education placement is the least restrictive environment
8 in which an appropriate educational program can be provided, the home school
9 district shall submit the following documentation to the department of
10 education:

11 1. A residential special education voucher application signed by
12 designated representatives of the state placing agency, as defined in section
13 15-1181, and the home school district, respectively.

14 2. The educational reasons for recommending the residential special
15 education placement, including an evaluation or addendum to the evaluation
16 that describes the instructional and behavioral interventions that were
17 previously attempted and the educational reasons for recommending the
18 residential special education placement, including documentation that the
19 nature or severity of the disability is such that education in a less
20 restrictive environment is not appropriate.

21 3. Exit criteria as required in subsection K of this section.

22 4. That prior written notice for a change in the child's placement was
23 provided.

24 H. If a residential special education placement is required by the
25 child's individualized education program, the educational component of the
26 residential facility shall be one that is approved by the department of
27 education for the specific special education services required.

28 I. The residential component of the facility in which the residential
29 special education placement is made shall be licensed by the department of
30 economic security or the department of health services, whichever is
31 appropriate.

32 J. Following and in accordance with the consensus decision of the
33 individualized education program team as prescribed in section 15-766, a
34 residential special education placement shall be made by the school district
35 and the appropriate state agency. The individualized education program team
36 shall determine whether a residential special education placement is
37 necessary. The state placing agency shall consider the recommendations of
38 the individualized education program team in selecting the specific
39 residential facility. The department of education shall enter into
40 interagency services agreements with the department of economic security or
41 the department of health services to establish a mechanism for resolving
42 disputes if the school district and the department of economic security or
43 the department of health services cannot mutually agree on the specific
44 residential placement to be made. Dispute resolution procedures may not be
45 used to deny or delay residential special education placement.

1 K. The individualized education program for any child who requires
2 residential special education placement must include exit criteria that
3 indicate when the educational placement of the child shall be reviewed to
4 determine whether the child can be moved to a less restrictive placement.

5 L. All noneducational and nonmedical costs incurred by the placement
6 of a child with a disability in a private or public school program and
7 concurrent out-of-home care program shall be paid by the department of
8 economic security for those children eligible to receive services through the
9 division of developmental disabilities or the administration for children,
10 youth and families of the department of economic security and by the
11 department of health services for those children eligible to receive services
12 through the division of behavioral health in the department of health
13 services or children's rehabilitation services. Nothing in this section is
14 intended to prevent or limit the department of health services and the
15 department of economic security from joint case management of any child who
16 qualifies for services from both agencies or from sharing the noneducational
17 costs of providing those services. The educational costs incurred by the
18 placement of a child with a disability in an out-of-home care facility shall
19 be paid as follows:

20 1. Through a residential special education placement voucher as
21 provided in section 15-1184 if the child is determined to require a
22 residential special education placement as defined in section 15-761.

23 2. Through an initial or continuing residential education voucher if a
24 child is placed in a private residential facility by a state placing agency,
25 as defined in section 15-1181, for care, treatment and safety reasons and the
26 child needs educational services while in that placement.

27 3. Through a certificate of educational convenience if the child is
28 attending a public school not within the child's school district of residence
29 as provided in section 15-825.

30 4. By the home school district, pursuant to a contract with a public
31 or private school as provided in subsection D of this section, if the home
32 school district is unable to provide satisfactory education and services
33 through its own facilities and personnel.

34 M. The department of economic security or the department of health
35 services, whichever is appropriate, shall determine if the child placed for
36 purposes of special education in a private or public school and concurrent
37 out-of-home care is covered by an insurance policy ~~which~~ THAT provides for
38 inpatient or outpatient child or adolescent psychiatric treatment. The
39 appropriate state agency may only pay charges for treatment costs that are
40 not covered by an insurance policy. Notwithstanding any other law, the
41 appropriate state agency may pay for placement costs of the child before the
42 verification of applicable insurance coverage. On the depletion of insurance
43 benefits, the appropriate state agency shall resume payment for all
44 noneducational and nonmedical costs incurred in the treatment of the child.
45 The appropriate state agency may request the child's family to contribute a

1 voluntary amount toward the noneducational and nonmedical costs incurred as a
2 result of residential placement of the child. The amount ~~which~~ THAT the
3 appropriate state agency requests the child's family to contribute shall be
4 based on guidelines in the rules of the appropriate state agency governing
5 the determination of contributions by parents and estates. Nothing in this
6 subsection shall be construed to require parents to incur any costs for
7 required special education and related services or shall be construed to
8 result in a reduction in lifetime insurance benefits available for a child
9 with a disability.

10 N. If appropriate services are offered by the school district and the
11 parent or the child chooses for the child to attend a private facility,
12 either for day care or for twenty-four hour care, neither the school district
13 nor the respective agency is obligated to assume the cost of the private
14 facility. If residential twenty-four hour care is necessitated by factors
15 such as the child's home condition and is not related to the special
16 educational needs of the child, the agency responsible for the care of the
17 child is not required to pay any additional costs of room and board and
18 nonmedical expenses pursuant to this section.

19 Sec. 26. Section 15-843, Arizona Revised Statutes, is amended to read:
20 15-843. Pupil disciplinary proceedings

21 A. An action concerning discipline, suspension or expulsion of a pupil
22 is not subject to title 38, chapter 3, article 3.1, except that the governing
23 board of a school district shall post regular notice and shall take minutes
24 of any hearing held by the governing board concerning the discipline,
25 suspension or expulsion of a pupil.

26 B. The governing board of any school district, in consultation with
27 the teachers and parents of the school district, shall prescribe rules for
28 the discipline, suspension and expulsion of pupils. The rules shall be
29 consistent with the constitutional rights of pupils and shall include at
30 least the following:

31 1. Penalties for excessive pupil absenteeism pursuant to section
32 15-803, including failure in a subject, failure to pass a grade, suspension
33 or expulsion.

34 2. Procedures for the use of corporal punishment if allowed by the
35 governing board.

36 3. Procedures for the reasonable use of physical force by certificated
37 or classified personnel in self-defense, defense of others and defense of
38 property.

39 4. Procedures for dealing with pupils who have committed or who are
40 believed to have committed a crime.

41 5. A notice and hearing procedure for cases concerning the suspension
42 of a pupil for more than ten days.

43 6. Procedures and conditions for readmission of a pupil who has been
44 expelled or suspended for more than ten days.

1 7. Procedures for appeal to the governing board of the suspension of a
2 pupil for more than ten days, if the decision to suspend the pupil was not
3 made by the governing board.

4 8. Procedures for appeal of the recommendation of the hearing officer
5 or officers designated by the board as provided in subsection F of this
6 section at the time the board considers the recommendation.

7 C. Penalties adopted pursuant to subsection B, paragraph 1 of this
8 section for excessive absenteeism shall not be applied to pupils who have
9 completed the course requirements and whose absence from school is due solely
10 to illness, disease or accident as certified by a person who is licensed
11 pursuant to title 32, chapter 7, 13, 15 or 17.

12 D. The governing board shall:

13 1. Support and assist teachers in the implementation and enforcement
14 of the rules prescribed pursuant to subsection B of this section.

15 2. Develop procedures allowing teachers and principals to recommend
16 the suspension or expulsion of pupils.

17 3. Develop procedures allowing teachers and principals to temporarily
18 remove disruptive pupils from a class.

19 4. Delegate to the principal the authority to remove a disruptive
20 pupil from the classroom.

21 E. If a pupil withdraws from school after receiving notice of possible
22 action concerning discipline, expulsion or suspension, the governing board
23 may continue with the action after the withdrawal and may record the results
24 of such action in the pupil's permanent file.

25 F. In all action concerning the expulsion of a pupil, the governing
26 board of a school district shall:

27 1. Be notified of the intended action.

28 2. EITHER:

29 (a) Decide, in executive session, whether to hold a hearing or to
30 designate one or more hearing officers to hold a hearing to hear the
31 evidence, prepare a record and bring a recommendation to the board for action
32 and whether the hearing shall be held in executive session.

33 (b) PROVIDE BY POLICY OR VOTE AT ITS ANNUAL ORGANIZATIONAL MEETING
34 THAT ALL HEARINGS CONCERNING THE EXPULSION OF A PUPIL CONDUCTED PURSUANT TO
35 THIS SECTION WILL BE CONDUCTED BEFORE A HEARING OFFICER SELECTED FROM A LIST
36 OF HEARING OFFICERS APPROVED BY THE GOVERNING BOARD.

37 3. Give written notice, at least five working days ~~prior to~~ BEFORE the
38 hearing by the governing board or the hearing officer or officers designated
39 by the governing board, to all pupils subject to expulsion and their parents
40 or guardians of the date, time and place of the hearing. If the governing
41 board decides that the hearing is to be held in executive session, the
42 written notice shall include a statement of the right of the parents or
43 guardians or an emancipated pupil who is subject to expulsion to object to
44 the governing board's decision to have the hearing held in executive session.
45 Objections shall be made in writing to the governing board.

1 G. If a parent or guardian or an emancipated pupil who is subject to
2 expulsion disagrees that the hearing should be held in executive session, it
3 shall be held in an open meeting unless:

4 1. If only one pupil is subject to expulsion and disagreement exists
5 between that pupil's parents or guardians, the governing board, after
6 consultations with the pupil's parents or guardians or the emancipated pupil,
7 shall decide in executive session whether the hearing will be in executive
8 session.

9 2. If more than one pupil is subject to expulsion and disagreement
10 exists between the parents or guardians of different pupils, ~~then~~ separate
11 hearings shall be held subject to ~~the provisions of~~ this section.

12 H. This section does not prevent the pupil who is subject to expulsion
13 or suspension, and the pupil's parents or guardians and legal counsel, from
14 attending any executive session pertaining to the proposed disciplinary
15 action, from having access to the minutes and testimony of the executive
16 session or from recording the session at the parent's or guardian's expense.

17 I. In schools employing a superintendent or a principal, the authority
18 to suspend a pupil from school is vested in the superintendent, principal or
19 other school officials granted this power by the governing board of the
20 school district.

21 J. In schools that do not have a superintendent or principal, a
22 teacher may suspend a pupil from school.

23 K. In all cases of suspension, it shall be for good cause and shall be
24 reported within five days to the governing board by the superintendent or the
25 person imposing the suspension.

26 ~~L. A teacher who fails to comply with this section is guilty of~~
27 ~~unprofessional conduct and the teacher's certificate may be revoked.~~

28 M. L. The principal of each school shall ~~insure~~ ENSURE that a copy of
29 all rules pertaining to discipline, suspension and expulsion of pupils is
30 distributed to the parents of each pupil at the time the pupil is enrolled in
31 school.

32 ~~N.~~ M. The principal of each school shall ensure that all rules
33 pertaining to the discipline, suspension and expulsion of pupils are
34 communicated to students at the beginning of each school year, and to
35 transfer students at the time of their enrollment in the school.

36 Sec. 27. Section 15-901, Arizona Revised Statutes, as amended by Laws
37 2009, forty-ninth legislature, third special session, chapter 2, section 3,
38 is amended to read:

39 15-901. Definitions

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

41 1. "Average daily attendance" or "ADA" means actual average daily
42 attendance through the first one hundred days or two hundred days in session,
43 as applicable.

44 2. "Average daily membership" means the total enrollment of fractional
45 students and full-time students, minus withdrawals, of each school day

1 through the first one hundred days or two hundred days in session, as
2 applicable, for the current year. Withdrawals include students formally
3 withdrawn from schools and students absent for ten consecutive school days,
4 except for excused absences as identified by the department of education.
5 For computation purposes, the effective date of withdrawal shall be
6 retroactive to the last day of actual attendance of the student.

7 (a) "Fractional student" means:

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

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

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

44 (i) For common schools, a student who is at least six years of age
45 prior to January 1 of a school year, who has not graduated from the highest

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

42 (ii) For high schools, except as provided in section 15-105, a student
43 not graduated from the highest grade taught in the school district, or an
44 ungraded student at least fourteen years of age by September 1, and enrolled
45 in at least a full-time instructional program of subjects that count toward

1 graduation as defined by the state board of education in a recognized high
2 school. A full-time student shall not be counted more than once for
3 computation of average daily membership.

4 (iii) EXCEPT AS OTHERWISE PROVIDED BY LAW, FOR A FULL-TIME HIGH SCHOOL
5 STUDENT WHO IS CONCURRENTLY ENROLLED IN TWO SCHOOL DISTRICTS OR TWO CHARTER
6 SCHOOLS, THE AVERAGE DAILY MEMBERSHIP SHALL NOT EXCEED 1.0.

7 (iv) EXCEPT AS OTHERWISE PROVIDED BY LAW, FOR ANY STUDENT WHO IS
8 CONCURRENTLY ENROLLED IN A SCHOOL DISTRICT AND A CHARTER SCHOOL, THE AVERAGE
9 DAILY MEMBERSHIP SHALL BE APPORTIONED BETWEEN THE SCHOOL DISTRICT AND THE
10 CHARTER SCHOOL AND SHALL NOT EXCEED 1.0. THE APPORTIONMENT SHALL BE BASED ON
11 THE PERCENTAGE OF TOTAL TIME THAT THE STUDENT IS ENROLLED IN OR IN ATTENDANCE
12 AT THE SCHOOL DISTRICT AND THE CHARTER SCHOOL.

13 (v) EXCEPT AS OTHERWISE PROVIDED BY LAW, FOR ANY STUDENT WHO IS
14 CONCURRENTLY ENROLLED, PURSUANT TO SECTION 15-808, IN A SCHOOL DISTRICT AND
15 ARIZONA ONLINE INSTRUCTION OR A CHARTER SCHOOL AND ARIZONA ONLINE
16 INSTRUCTION, THE AVERAGE DAILY MEMBERSHIP SHALL BE APPORTIONED BETWEEN THE
17 SCHOOL DISTRICT AND ARIZONA ONLINE INSTRUCTION OR THE CHARTER SCHOOL AND
18 ARIZONA ONLINE INSTRUCTION AND SHALL NOT EXCEED 1.0. THE APPORTIONMENT SHALL
19 BE BASED ON THE PERCENTAGE OF TOTAL TIME THAT THE STUDENT IS ENROLLED IN OR
20 IN ATTENDANCE AT THE SCHOOL DISTRICT AND ARIZONA ONLINE INSTRUCTION OR THE
21 CHARTER SCHOOL AND ARIZONA ONLINE INSTRUCTION.

22 ~~(iii)~~ (vi) For homebound or hospitalized, a student receiving at
23 least four hours of instruction per week.

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

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

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

38 (iii) For fiscal year 2002-2003, an instructional program that meets
39 at least a total of seven hundred eight hours during the minimum number of
40 days required and includes at least four subjects each of which, if taught
41 each school day for the minimum number of days required in a school year,
42 would meet a minimum of one hundred twenty-two hours a year, or the
43 equivalent, or one or more subjects taught in amounts of time totaling at
44 least twenty hours per week prorated for any week with fewer than five school
45 days.

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

8 (v) For fiscal year 2004-2005, an instructional program that meets at
9 least a total of seven hundred sixteen hours during the minimum number of
10 days required and includes at least four subjects each of which, if taught
11 each school day for the minimum number of days required in a school year,
12 would meet a minimum of one hundred twenty-three hours a year, or the
13 equivalent, or one or more subjects taught in amounts of time totaling at
14 least twenty hours per week prorated for any week with fewer than five school
15 days.

16 (vi) For fiscal year 2005-2006 and each fiscal year thereafter, an
17 instructional program that meets at least a total of seven hundred twenty
18 hours during the minimum number of days required and includes at least four
19 subjects each of which, if taught each school day for the minimum number of
20 days required in a school year, would meet a minimum of one hundred
21 twenty-three hours a year, or the equivalent, or one or more subjects taught
22 in amounts of time totaling at least twenty hours per week prorated for any
23 week with fewer than five school days.

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

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

29 5. "Current year" means the fiscal year in which a school district is
30 operating.

31 6. "Daily attendance" means:

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

33 (i) Of a kindergarten program or ungraded, but not group B children
34 with disabilities, and at least five, but under six, years of age by
35 September 1 attends at least three-quarters of the instructional time
36 scheduled for the day. If the total instruction time scheduled for the year
37 is at least three hundred forty-six hours but is less than six hundred
38 ninety-two hours such attendance shall be counted as one-half day of
39 attendance. If the instructional time scheduled for the year is at least six
40 hundred ninety-two hours, "daily attendance" means days in which a pupil
41 attends at least one-half of the instructional time scheduled for the day.
42 Such attendance shall be counted as one-half day of attendance.

43 (ii) Of the first, second or third grades, ungraded and at least six,
44 but under nine, years of age by September 1 or ungraded group B children with
45 disabilities and at least five, but under six, years of age by September 1

1 attends more than three-quarters of the instructional time scheduled for the
2 day.

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

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

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

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

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

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

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

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

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

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

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

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

15 (b) The total number of miles driven daily on routes approved by the
16 superintendent of public instruction for which a private party, a political
17 subdivision or a common or a contract carrier is reimbursed for bringing an
18 eligible student from the place of his residence to a school transportation
19 pickup point or to the school of attendance and from the school
20 transportation scheduled return point or from the school of attendance to his
21 residence. Daily route mileage includes the total number of miles necessary
22 to drive to transport eligible students from and to their residence as
23 provided in this paragraph.

24 8. "District support level" means the base support level plus the
25 transportation support level.

26 9. "Eligible students" means:

27 (a) Students who are transported by or for a school district and who
28 qualify as full-time students or fractional students, except students for
29 whom transportation is paid by another school district or a county school
30 superintendent, and:

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

39 (ii) For high school students, whose place of actual residence within
40 the school district is more than one and one-half miles from the school
41 facility of attendance or students who are admitted pursuant to section
42 15-816.01 and who meet the economic eligibility requirements established
43 under the national school lunch and child nutrition acts (42 United States
44 Code sections 1751 through 1785) for free or reduced price lunches and whose

1 actual place of residence outside the school district boundaries is more than
2 one and one-half miles from the school facility of attendance.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- 1 2. "Base level" means:
- 2 (a) For fiscal year 2007-2008, three thousand two hundred twenty-six
- 3 dollars eighty-eight cents.
- 4 (b) For fiscal year 2008-2009, three thousand two hundred ninety-one
- 5 dollars forty-two cents.
- 6 (c) For fiscal year 2009-2010, three thousand two hundred sixty-seven
- 7 dollars seventy-two cents.
- 8 3. "Base revenue control limit" means the base revenue control limit
- 9 computed as provided in section 15-944.
- 10 4. "Base support level" means the base support level as provided in
- 11 section 15-943.
- 12 5. "Certified teacher" means a person who is certified as a teacher
- 13 pursuant to the rules adopted by the state board of education, who renders
- 14 direct and personal services to school children in the form of instruction
- 15 related to the school district's educational course of study and who is paid
- 16 from the maintenance and operation section of the budget.
- 17 6. "ED, MIMR, SLD, SLI and OHI" means programs for children with
- 18 emotional disabilities, mild mental retardation, a specific learning
- 19 disability, a speech/language impairment and other health impairments.
- 20 7. "ED-P" means programs for children with emotional disabilities who
- 21 are enrolled in private special education programs as prescribed in section
- 22 15-765, subsection D, paragraph 1 or in an intensive school district program
- 23 as provided in section 15-765, subsection D, paragraph 2.
- 24 8. "ELL" means English learners who do not speak English or whose
- 25 native language is not English, who are not currently able to perform
- 26 ordinary classroom work in English and who are enrolled in an English
- 27 language education program pursuant to sections 15-751, 15-752 and 15-753.
- 28 9. "Full-time equivalent certified teacher" or "FTE certified teacher"
- 29 means for a certified teacher the following:
- 30 (a) If employed full time as defined in section 15-501, 1.00.
- 31 (b) If employed less than full time, multiply 1.00 by the percentage
- 32 of a full school day, or its equivalent, or a full class load, or its
- 33 equivalent, for which the teacher is employed as determined by the governing
- 34 board.
- 35 10. "Group A" means educational programs for career exploration, a
- 36 specific learning disability, an emotional disability, mild mental
- 37 retardation, remedial education, a speech/language impairment, homebound,
- 38 bilingual, preschool moderate delay, preschool speech/language delay, other
- 39 health impairments and gifted pupils.
- 40 11. "Group B" means educational improvements for pupils in kindergarten
- 41 programs and grades one through three, educational programs for autism, a
- 42 hearing impairment, moderate mental retardation, multiple disabilities,
- 43 multiple disabilities with severe sensory impairment, orthopedic impairments,
- 44 preschool severe delay, severe mental retardation and emotional disabilities
- 45 for school age pupils enrolled in private special education programs or in

1 school district programs for children with severe disabilities or visual
2 impairment and English learners enrolled in a program to promote English
3 language proficiency pursuant to section 15-752.

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

5 13. "Homebound" or "hospitalized" means a pupil who is capable of
6 profiting from academic instruction but is unable to attend school due to
7 illness, disease, accident or other health conditions, who has been examined
8 by a competent medical doctor and who is certified by that doctor as being
9 unable to attend regular classes for a period of not less than three school
10 months or a pupil who is capable of profiting from academic instruction but
11 is unable to attend school regularly due to chronic or acute health problems,
12 who has been examined by a competent medical doctor and who is certified by
13 that doctor as being unable to attend regular classes for intermittent
14 periods of time totaling three school months during a school year. The
15 medical certification shall state the general medical condition, such as
16 illness, disease or chronic health condition, that is the reason that the
17 pupil is unable to attend school. Homebound or hospitalized includes a
18 student who is unable to attend school for a period of less than three months
19 due to a pregnancy if a competent medical doctor, after an examination,
20 certifies that the student is unable to attend regular classes due to risk to
21 the pregnancy or to the student's health.

22 14. "K" means kindergarten programs.

23 15. "K-3" means kindergarten programs and grades one through three.

24 16. "MD-R, A-R and SMR-R" means resource programs for pupils with
25 multiple disabilities, autism and severe mental retardation.

26 17. "MD-SC, A-SC and SMR-SC" means self-contained programs for pupils
27 with multiple disabilities, autism and severe mental retardation.

28 18. "MDSSI" means a program for pupils with multiple disabilities with
29 severe sensory impairment.

30 19. "MOMR" means programs for pupils with moderate mental retardation.

31 20. "OI-R" means a resource program for pupils with orthopedic
32 impairments.

33 21. "OI-SC" means a self-contained program for pupils with orthopedic
34 impairments.

35 22. "PSD" means preschool programs for children with disabilities as
36 provided in section 15-771.

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

39 24. "Qualifying tax rate" means the qualifying tax rate specified in
40 section 15-971 applied to the assessed valuation used for primary property
41 taxes.

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

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

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

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

10 26. "Small school district" means a school district which meets all of
11 the following:

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

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

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

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

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

23 29. "VI" means programs for pupils with visual impairments.

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

26 Sec. 28. Section 15-905, Arizona Revised Statutes, is amended to read:

27 15-905. School district budgets; notice; adoption; aggregate
28 budget limit; summary; adjustments; definition

29 A. Not later than July 5 of each year or no later than the publication
30 of notice of the public hearing and board meeting as required by this
31 section, the governing board of each school district shall prepare and
32 furnish to the superintendent of public instruction and the county school
33 superintendent, unless waived by the county school superintendent, a proposed
34 budget in electronic format for the budget year, which shall contain the
35 information and be in the form as provided by the department of education.
36 The proposed budget shall include the following:

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

39 2. The total amount of revenues by source that will be necessary to
40 meet the proposed budget of the school district, excluding property taxes.
41 The governing board shall prepare the proposed budget and a summary of the
42 proposed budget. Both documents shall be kept on file at the school district
43 office and shall be made available to the public upon request. The auditor
44 general in conjunction with the department of education shall prescribe the
45 form of the summary of the proposed budget for use by governing boards.

1 School district governing boards may include in the proposed budget any items
2 or amounts which are authorized by legislation filed with the secretary of
3 state and which will become effective during the budget year. If subsequent
4 events prevent the legislation from becoming effective, school district
5 governing boards must reduce their budgets by the amounts budgeted pursuant
6 to the legislation which did not become effective.

7 B. The governing board of each school district shall prepare a notice
8 fixing a time not later than July 15 and designating a public place within
9 each school district at which a public hearing and board meeting shall be
10 held. The governing board shall present the proposed budget for
11 consideration of the residents and the taxpayers of the school district at
12 such hearing and meeting.

13 C. The governing board of each school district shall publish or mail,
14 prior to the hearing and meeting, a copy of the proposed budget or the
15 summary of the proposed budget and, in addition, a notice of the public
16 hearing and board meeting no later than ten days prior to the meeting. The
17 proposed budget and the summary of the proposed budget shall contain the
18 percentage of increase or decrease in each budget category of the proposed
19 budget as compared to each category of the budget for the current year.
20 Notification shall be either by publication in a newspaper of general
21 circulation within the school district in which the size of the newspaper
22 print shall be at least eight-point type, by electronic transmission of the
23 information to the department of education for posting on the department's
24 ~~web-site~~ WEBSITE or by mailing the information to each household in the
25 school district. The cost of publication, ~~web-site~~ WEBSITE posting or
26 mailing shall be a charge against the school district. The publisher's
27 affidavit of publication shall be filed by the governing board with the
28 superintendent of public instruction within thirty days after publication.
29 If the budget or proposed budget and notice are posted on a ~~web-site~~ WEBSITE
30 maintained by the department of education or mailed, the board shall file an
31 affidavit with the superintendent of public instruction within thirty days
32 after the mailing or the date that the information is posted on the ~~web-site~~
33 WEBSITE. If a truth in taxation notice and hearing is required under section
34 15-905.01, the governing board may combine the notice and hearing under this
35 section with the truth in taxation notice and hearing.

36 D. At the time and place fixed in the notice, the governing board
37 shall hold the public hearing and present the proposed budget to the persons
38 attending the hearing. Upon request of any person, the governing board shall
39 explain the budget, and any resident or taxpayer of the school district may
40 protest the inclusion of any item. A governing board member who has a
41 substantial interest, as defined in section 38-502, in a specific item in the
42 school district budget shall refrain from voting on the specific item. A
43 governing board member may PARTICIPATE without creating a conflict of
44 interest ~~participate~~ in adoption of a final budget even though the member may
45 have substantial interest in specific items included in the budget.

1 E. Immediately following the public hearing the president shall call
2 to order the governing board meeting for the purpose of adopting the budget.
3 The governing board shall adopt the budget, which shall not exceed the
4 general budget limit, the unrestricted capital budget limit or the soft
5 capital allocation limit, making such deductions as it sees fit but making no
6 additions to the proposed budget total for maintenance and operations or
7 capital outlay, and shall enter the budget as adopted in its minutes. Not
8 later than July 18, the budget as finally adopted shall be filed by the
9 governing board with the county school superintendent who shall immediately
10 transmit a copy to the board of supervisors. Not later than July 18, the
11 budget as finally adopted shall be submitted electronically to the
12 superintendent of public instruction. On or before October 30, the
13 superintendent of public instruction shall review the budget and notify the
14 governing board if the budget is in excess of the general budget limit, the
15 unrestricted capital budget limit or the soft capital allocation limit. If
16 the governing board receives notification that the budget is in excess of the
17 general budget limit, the unrestricted capital budget limit or the soft
18 capital allocation limit by fewer than one thousand dollars, the governing
19 board shall adjust the budget and expenditures so as not to exceed the
20 general budget limit, the unrestricted capital budget limit or the soft
21 capital allocation limit for the current year. If the governing board
22 receives notification that the budget is in excess of the general budget
23 limit, the unrestricted capital budget limit or the soft capital allocation
24 limit by one thousand dollars or more, it shall on or before December 15,
25 after it gives notice and holds a public meeting in a similar manner as
26 provided in subsections C and D of this section, adopt a revised budget for
27 the current year which shall not exceed the general budget limit, the
28 unrestricted capital budget limit or the soft capital allocation limit. THE
29 GOVERNING BOARD SHALL REVISE THE BUDGET AS FOLLOWS:

30 1. IF THE GOVERNING BOARD RECEIVES NOTIFICATION THAT THE BUDGET
31 EXCEEDS THE GENERAL BUDGET LIMIT, THE UNRESTRICTED CAPITAL BUDGET LIMIT OR
32 THE SOFT CAPITAL ALLOCATION LIMIT BY ONE PER CENT OF THE GENERAL BUDGET LIMIT
33 OR ONE HUNDRED THOUSAND DOLLARS, WHICHEVER IS LESS, IT SHALL ADOPT ON OR
34 BEFORE DECEMBER 15, AFTER IT GIVES NOTICE AND HOLDS A PUBLIC MEETING IN A
35 SIMILAR MANNER AS PROVIDED IN SUBSECTIONS C AND D OF THIS SECTION, A REVISED
36 BUDGET FOR THE CURRENT YEAR, WHICH SHALL NOT EXCEED THE GENERAL BUDGET LIMIT,
37 THE UNRESTRICTED CAPITAL BUDGET LIMIT OR THE SOFT CAPITAL ALLOCATION LIMIT.

38 2. IF THE GOVERNING BOARD RECEIVES NOTIFICATION THAT THE BUDGET
39 EXCEEDS THE GENERAL BUDGET LIMIT, THE UNRESTRICTED CAPITAL BUDGET LIMIT OR
40 THE SOFT CAPITAL ALLOCATION LIMIT BY LESS THAN THE AMOUNT PRESCRIBED IN
41 PARAGRAPH 1 OF THIS SUBSECTION, THE GOVERNING BOARD SHALL ADJUST THE BUDGET
42 AND EXPENDITURES SO AS NOT TO EXCEED THE GENERAL BUDGET LIMIT, THE
43 UNRESTRICTED CAPITAL BUDGET LIMIT OR THE SOFT CAPITAL ALLOCATION LIMIT FOR
44 THE CURRENT YEAR.

1 3. On or before December 18, the governing board shall file the
2 revised budget which it adopts with the county school superintendent who
3 shall immediately transmit a copy to the board of supervisors. Not later
4 than December 18, the budget as revised shall be submitted electronically to
5 the superintendent of public instruction. School districts that are subject
6 to section 15-914.01 are not required to send a copy of revised budgets to
7 the county school superintendent. Procedures for adjusting expenditures or
8 revising the budget shall be as prescribed in the uniform system of financial
9 records.

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

12 1. Amounts within the general budget limit, as provided in section
13 15-947, subsection C, may only be budgeted in the following sections of the
14 budget:

15 (a) The maintenance and operation section.

16 (b) The capital outlay section.

17 2. Amounts within the unrestricted capital budget limit, as provided
18 in section 15-947, subsection D, may only be budgeted in the unrestricted
19 capital outlay subsection of the budget. Monies received pursuant to the
20 unrestricted capital budget limit shall be placed in the unrestricted capital
21 outlay fund. The monies in the fund are not subject to reversion.

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

25 G. The governing board may authorize the expenditure of monies
26 budgeted within the maintenance and operation section of the budget for any
27 subsection within the section in excess of amounts specified in the adopted
28 budget only by action taken at a public meeting of the governing board and if
29 the expenditures for all subsections of the section do not exceed the amount
30 budgeted as provided in this section. ~~Until June 30, 1999, the governing~~
31 ~~board may authorize the expenditure of monies to exceed the budgeted~~
32 ~~expenditures of the capital outlay section of the budget only by action taken~~
33 ~~at a public meeting of the governing board and if monies are available in the~~
34 ~~reserve.~~

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

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

38 2. The unrestricted capital budget limit as determined in section
39 15-947 for the budget year.

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

42 4. Federal assistance, excluding P.L. 81-874 monies.

43 I. School districts which overestimated tuition revenues as provided
44 in section 15-947, subsection C, paragraph 2 shall adjust the general budget
45 limit and expenditures based upon tuition revenues for attendance of

1 nonresident pupils during the current fiscal year. School districts which
2 underestimated tuition revenues may adjust their budgets prior to May 15
3 based upon tuition revenues for attendance of nonresident pupils during the
4 current fiscal year. School districts which overestimated revenues as
5 provided in section 15-947, subsection C, paragraph 2, subdivision (a), items
6 (iii), (iv) and (v) and subdivision (d) shall adjust the general budget limit
7 and expenditures based on actual revenues during the current fiscal year.
8 School districts which underestimated such revenues may adjust their budgets
9 before May 15 based on actual revenues during the current fiscal year.
10 Procedures for completing adjustments shall be as prescribed in the uniform
11 system of financial records. Not later than May 18, the budget as adjusted
12 shall be submitted electronically to the superintendent of public
13 instruction.

14 J. A common school district not within a high school district whose
15 estimated tuition charge for high school pupils exceeds the actual tuition
16 charge for high school pupils shall adjust the general budget limit and
17 expenditures based on the actual tuition charge. Not later than May 18, the
18 budget as adjusted shall be submitted electronically to the superintendent of
19 public instruction. A common school district not within a high school
20 district whose estimated tuition charge for high school pupils is less than
21 the actual tuition charge for high school pupils may adjust its budget before
22 May 15 based on the actual tuition charge. Procedures for completing
23 adjustments shall be as prescribed in the uniform system of financial
24 records. If the adjusted general budget limit requires an adjustment of
25 state aid and if the adjustment to state aid is not made in the current year,
26 the superintendent of public instruction shall adjust by August 15 of the
27 succeeding fiscal year the apportionment of state aid to the school district
28 to correct any overpayment or underpayment of state aid received during the
29 current year.

30 K. The governing board may include P.L. 81-874 assistance allocated
31 for children with disabilities, children with specific learning disabilities,
32 children residing on Indian lands and children residing within the boundaries
33 of an accommodation school that is located on a military reservation and that
34 is classified as a heavily impacted local educational agency pursuant to 20
35 United States Code section 7703 which is in addition to basic assistance when
36 determining the general budget limit as prescribed in section 15-947,
37 subsection C. The increase in the general budget limit for children residing
38 within the boundaries of an accommodation school that is located on a
39 military reservation and that is classified as a heavily impacted local
40 education agency shall equal the dollar amount calculated pursuant to 20
41 United States Code section 7703(b)(2). The governing board may adjust before
42 May 15 the budget for the current year based on any adjustments which result
43 in increases over the amount estimated by the superintendent of public
44 instruction for P.L. 81-874 assistance for such pupils for the fiscal year
45 preceding the current year. The governing board shall adjust before May 15

1 the budget for the current year based on any adjustments which result in
2 decreases in the amount estimated by the superintendent of public instruction
3 for P.L. 81-874 assistance for such pupils for the fiscal year preceding the
4 current year. Not later than May 18, the budget as adjusted shall be
5 submitted electronically to the superintendent of public instruction.
6 Procedures for complying with this subsection shall be as prescribed in the
7 uniform system of financial records.

8 L. The state board of education shall hold a hearing if expenditures
9 by any school district exceed the general budget limit prescribed in section
10 15-947, subsection C, the unrestricted capital budget limit, the soft capital
11 allocation limit prescribed in section 15-947, subsection E, the school plant
12 fund limits prescribed in section 15-1102, subsection B, the maintenance and
13 operation section of the budget or the capital outlay section of the budget.
14 If the expenditures of any school district exceed these limits or sections of
15 the budget without authorization as provided in section 15-907, the state
16 board of education shall reduce the state aid for equalization assistance for
17 education for the school district computed as provided in section 15-971
18 during the fiscal year subsequent to the fiscal year in which the excess
19 expenditures were made by an amount equal to the excess expenditures, except
20 that in case of hardship to the school district, the superintendent of public
21 instruction may approve reductions partly in the first subsequent year and
22 partly in the second subsequent year.

23 M. The governing board of a school district shall reduce the general
24 budget limit, the unrestricted capital budget limit or the soft capital
25 allocation limit, for the year subsequent to the year in which the
26 expenditures were in excess of the applicable limit or section of the budget
27 by the amount determined in subsection L of this section, except that in case
28 of hardship to the school district, the superintendent of public instruction
29 may approve reductions partly in the first subsequent year and partly in the
30 second subsequent year. The reduction in the limit is applicable to each
31 school district which has exceeded the general budget limit, the unrestricted
32 capital budget limit, the soft capital allocation limit or a section of the
33 budget even if the reduction exceeds the state aid for equalization
34 assistance for education for the school district.

35 N. Except as provided in section 15-916, no expenditure shall be made
36 by any school district for a purpose not included in the budget or in excess
37 of the aggregate budget limit prescribed in this section, except that if no
38 budget has been adopted, from July 1 to July 15 the governing board may make
39 expenditures if the total of the expenditures does not exceed ten per cent of
40 the prior year's aggregate budget limit. Any expenditures made from July 1
41 to July 15 and prior to the adoption of the budget shall be included in the
42 total expenditures for the current year. No expenditure shall be made and no
43 debt, obligation or liability shall be incurred or created in any year for
44 any purpose itemized in the budget in excess of the amount specified for the
45 item irrespective of whether the school district at any time has received or

1 has on hand funds in excess of those required to meet the expenditures,
2 debts, obligations and liabilities provided for under the budget except
3 expenditures from cash controlled funds as defined by the uniform system of
4 financial records and except as provided in section 15-907 and subsection G
5 of this section. This subsection does not prohibit any school district from
6 prepaying insurance premiums or magazine subscriptions, or from prepaying any
7 item which is normally prepaid in order to procure the service or to receive
8 a discounted price for the service, as prescribed by the uniform system of
9 financial records.

10 0. The governing board of a school district which is classified as a
11 heavily impacted school district having twenty per cent or more pupils
12 pursuant to 20 United States Code section 238(d)1(A) may determine its
13 eligibility to increase the amount that may be included in determining the
14 general budget limit as provided in subsection K of this section and may
15 increase the amount as follows:

16 1. For fiscal year 1988-1989:

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

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

27 (c) Multiply one thousand nine hundred fourteen dollars by the number
28 of children residing on Indian lands who have disabilities or also have
29 specific learning disabilities reported to the division of impact aid, United
30 States department of education in the district's application for fiscal year
31 1987-1988.

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

33 (e) If the amount of P.L. 81-874 assistance as provided in subsection
34 K of this section is less than the sum determined in subdivision (d) of this
35 paragraph, the district is eligible to use the provisions of this subsection.

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

40 3. If the district is eligible to use the provisions of this
41 subsection, subtract the amount of P.L. 81-874 assistance determined in
42 subsection K of this section from the sum determined in paragraph 1,
43 subdivision (d) of this subsection. The difference is the increase in the
44 amount that may be included in determining the general budget limit as
45 provided in subsection K of this section, if including this amount does not

1 increase the district's primary tax rate for the budget year. If the amount
2 of P.L. 81-874 assistance determined in subsection K of this section is
3 adjusted for the current year, the increase determined in this paragraph
4 shall be recomputed using the adjusted amount and the recomputed increase
5 shall be reported to the department of education by May 15 on a form
6 prescribed by the department of education.

7 4. If a district uses the provisions of this subsection, the district
8 is not required to adjust its budget for the current year based on
9 adjustments in the estimated amount of P.L. 81-874 assistance as provided in
10 subsection K of this section.

11 P. A school district, except for an accommodation school, which
12 applies for P.L. 81-874 assistance during the current year may budget an
13 amount for P.L. 81-874 administrative costs for the budget year. The amount
14 budgeted for P.L. 81-874 administrative costs is exempt from the revenue
15 control limit and may not exceed an amount determined for the budgeted year
16 as follows:

17 1. Determine the minimum cost. The minimum cost for fiscal year
18 1990-1991 is two thousand three hundred forty-three dollars. For fiscal year
19 1991-1992 and thereafter, the minimum cost is the minimum cost for the prior
20 year increased by the growth rate as prescribed by law, subject to
21 appropriation.

22 2. Determine the hourly rate. The hourly rate for fiscal year
23 1990-1991 is nine dollars thirty-eight cents. For fiscal year 1991-1992 and
24 thereafter, the hourly rate is the hourly rate for the prior year increased
25 by the growth rate as prescribed by law, subject to appropriation.

26 3. Determine the P.L. 81-874 revenues available by subtracting the
27 amount of P.L. 81-874 assistance used to increase the general budget limit as
28 provided in subsections K and O of this section for the current fiscal year
29 from the total amount of P.L. 81-874 revenues received in the current fiscal
30 year.

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

32 (a) Determine the sum of the following:

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

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

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

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

41 (b) For the purposes of this paragraph:

42 (i) "High impact pupil" means a pupil who resides on Indian lands or a
43 pupil who resides on federal property or in low rent housing and whose parent
44 is employed on federal property or low rent housing property or is on active

1 duty in uniformed service, as provided in P.L. 81-874, section 3(a) and as
2 reported in the application for P.L. 81-874 assistance in the current year.

3 (ii) "Low impact pupil" means a pupil who resides on nonfederal
4 property and has a parent who is employed on federal property or low rent
5 housing property or is on active duty in a uniformed service or a pupil who
6 resides on federal property or in low rent housing and who does not have a
7 parent who is employed on federal property or low rent housing property or is
8 on active duty in uniformed service, as provided in P.L. 81-874, section 3(b)
9 and as reported in the application for P.L. 81-874 assistance in the current
10 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 technical assistance to
21 participating districts.

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

25 9. The amount determined in paragraph 8 of this subsection is the
26 maximum amount which may be budgeted for P.L. 81-874 administrative costs for
27 the budget year as provided in this subsection.

28 10. If the governing board underestimated the amount that may be
29 budgeted for P.L. 81-874 administrative costs for the current year, the board
30 may adjust the general budget limit and the budget before May 15. If the
31 governing board overestimated the amount that may be budgeted for P.L. 81-874
32 administrative costs for the current year, the board shall adjust the general
33 budget limit and the budget before May 15.

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

1 law or if the budget exceeds any limits, the governing board shall adjust or
2 revise the budget as provided in subsection E of this section.

3 R. For the purposes of this section, "P.L. 81-874 assistance" means,
4 for the current year, an amount equal to the final determination of
5 P.L. 81-874 assistance for the fiscal year preceding the current year as
6 confirmed by the division of impact aid, United States department of
7 education or, if a final determination has not been made, the amount
8 estimated by the superintendent of public instruction as confirmed by the
9 division of impact aid, United States department of education and, for the
10 budget year, an amount equal to the determination of P.L. 81-874 assistance
11 for the fiscal year preceding the budget year as estimated by the
12 superintendent of public instruction.

13 Sec. 29. Section 15-910, Arizona Revised Statutes, is amended to read:

14 15-910. School district budgets; excess utility costs;
15 desegregation costs; tuition costs for bond issues;
16 costs for registering warrants; report

17 A. The governing board may budget for the district's excess utility
18 costs which are specifically exempt from the district's revenue control
19 limit. If approved by the qualified electors voting at a statewide general
20 election, the exemption from the revenue control limit under this subsection
21 expires at the end of the 2008-2009 budget year. The uniform system of
22 financial records shall specify expenditure items allowable as excess utility
23 costs, which are limited to direct operational costs of heating, cooling,
24 water and electricity, telephone communications and sanitation fees. The
25 department of education and the auditor general shall include in the
26 maintenance and operation section of the budget format, as provided in
27 section 15-903, a separate line for utility expenditures and a special excess
28 utility cost category. The special excess utility cost category shall
29 contain budgeted expenditures for excess utility costs, determined as
30 follows:

31 1. Determine the lesser of the total budgeted or total actual utility
32 expenditures for fiscal year 1984-1985.

33 2. Multiply the amount in paragraph 1 of this subsection by the total
34 percentage increase or decrease in the revenue control limit and the capital
35 outlay revenue limit for the budget year over the revenue control limit and
36 the capital outlay revenue limit for fiscal year 1984-1985 excluding monies
37 available from a career ladder program or a teacher compensation program
38 provided for in section 15-952.

39 3. The sum of the amounts in paragraphs 1 and 2 of this subsection is
40 the amount budgeted in the utility expenditure line.

41 4. Additional expenditures for utilities are budgeted in the excess
42 utility cost category.

43 B. The governing board shall apply the same percentage increase or
44 decrease allowed in the revenue control limit and the capital outlay revenue

1 limit as provided in section 15-905, subsection E or section 15-948 to the
2 utility expenditure line of the budget.

3 C. The governing board may expend from the excess utility cost
4 category only after it has expended for utility purposes the full amount
5 budgeted in the utility expenditure line of the budget.

6 D. The governing board, after notice is given and a public meeting is
7 held as provided in section 15-905, subsection D, may revise at any time
8 before May 15 the amount budgeted in the excess utility cost category for the
9 current year. Not later than May 18, the budget as revised shall be
10 submitted electronically to the superintendent of public instruction.

11 E. If the revised excess utility cost category results in an
12 expenditure of monies in excess of school district revenues for the current
13 year, the county school superintendent shall include within the revenue
14 estimate for the budget year monies necessary to meet the liabilities
15 incurred by the school district in the current year in excess of revenues
16 received for the current year.

17 F. If a school district receives a refund of utility expenditures or a
18 rebate on energy saving devices or services, the refund or rebate shall be
19 applied against utility expenditures for the current year as a reduction of
20 the expenditures, except that the reduction of expenditures shall not exceed
21 the amount of actual utility expenditures.

22 G. The governing board may budget for expenses of complying with or
23 continuing to implement activities which were required or permitted by a
24 court order of desegregation or administrative agreement with the United
25 States department of education office for civil rights directed toward
26 remediating alleged or proven racial discrimination which are specifically
27 exempt in whole or in part from the revenue control limit and the capital
28 outlay revenue limit. This exemption applies only to expenses incurred for
29 activities which are begun before the termination of the court order or
30 administrative agreement. If a district is levying a primary property tax on
31 February 23, 2006 and using those monies to administer an English language
32 learner program to remedy alleged or proven discrimination under title VI of
33 the civil rights act of 1964 (42 United States Code section 2000d), the
34 district may spend those monies to remedy a violation of the equal education
35 act of 1974 (20 United States Code section 1703(f)). Nothing in this
36 subsection allows a school district to levy a primary property tax for
37 violations of the equal education act of 1974 (20 United States Code section
38 1703(f)) in the absence of an alleged or proven discrimination under title VI
39 of the civil rights act of 1964 (42 United States Code section 2000d). ~~THE
40 PORTION OF THE PRIMARY TAX RATE TO FUND DESEGREGATION PROGRAMS AS PROVIDED IN
41 THIS SECTION SHALL NOT BE INCLUDED IN THE COMPUTATION OF ADDITIONAL STATE AID
42 FOR EDUCATION AS PRESCRIBED IN SECTION 15-972.~~

43 H. If a governing board chooses to budget monies outside of the
44 revenue control limit as provided in subsection G of this section, the
45 governing board may do one of the following:

1 1. Use monies from the maintenance and operation fund equal to any
2 excess desegregation or compliance expenses beyond the revenue control limit
3 before June 30 of the current year.

4 2. Notify the county school superintendent to include the cost of the
5 excess expenses in the county school superintendent's estimate of the
6 additional amount needed for the school district from the primary property
7 tax as provided in section 15-991.

8 3. Employ the provisions of both paragraphs 1 and 2 of this
9 subsection, provided that the total amount transferred and included in the
10 amount needed from property taxes does not exceed the total amount budgeted
11 as prescribed in subsection J, paragraph 1 of this section.

12 I. Through fiscal year 2003-2004, the maximum amount which a governing
13 board may budget outside of the capital outlay revenue limit as provided in
14 subsection G of this section is twelve per cent of the maintenance and
15 operation desegregation budget as provided in subsection J of this section or
16 the amount that it budgeted pursuant to this subsection for fiscal year
17 2001-2002, whichever is less. If a governing board chooses to budget monies
18 outside of the capital outlay revenue limit as provided in subsection G of
19 this section, the governing board may notify the county school superintendent
20 to include the cost of the excess expenses in the county school
21 superintendent's estimate of the additional amount needed for the school
22 district from the primary property tax as provided in section 15-991.

23 J. A governing board using subsections G, H and I of this section:

24 1. Shall prepare and employ a separate maintenance and operation
25 desegregation budget and capital outlay desegregation budget on a form
26 prescribed by the superintendent of public instruction in conjunction with
27 the auditor general. The budget format shall be designed to allow a school
28 district to plan and provide in detail for expenditures to be incurred solely
29 as a result of compliance with or continuing to implement activities which
30 were required or permitted by a court order of desegregation or
31 administrative agreement with the United States department of education
32 office for civil rights directed toward remediating alleged or proven racial
33 discrimination.

34 2. Shall prepare as a part of the annual financial report a detailed
35 report of expenditures incurred solely as a result of compliance with or
36 continuing to implement activities which were required or permitted by a
37 court order of desegregation or administrative agreement with the United
38 States department of education office for civil rights directed toward
39 remediating alleged or proven racial discrimination, in a format prescribed
40 by the auditor general in conjunction with the ARIZONA department of
41 education as provided by section 15-904.

42 3. On or before July 15, 2006 and each year thereafter, shall collect
43 and report data regarding activities related to a court order of
44 desegregation or an administrative agreement with the United States
45 department of education office for civil rights directed toward remediating

1 alleged or proven racial discrimination in a format prescribed by the ARIZONA
2 department of education. The department shall compile and submit copies of
3 the reports to the governor, the president of the senate, the speaker of the
4 house of representatives and the chairpersons of the education committees of
5 the senate and the house of representatives. A school district that becomes
6 subject to a new court order of desegregation or a party to an administrative
7 agreement with the United States department of education office for civil
8 rights directed toward remediating alleged or proven racial discrimination
9 shall submit these reports on or before July 15 or within ninety days of the
10 date of the court order or administrative agreement, whichever occurs first.
11 The ARIZONA department of education, in consultation with the auditor
12 general, shall develop reporting requirements to ensure that school districts
13 submit at least the following information and documentation to the ARIZONA
14 department of education beginning in fiscal year 2006-2007:

15 (a) A district-wide budget summary and a budget summary on a school by
16 school basis for each school in the school district that lists the sources
17 and uses of monies that are designated for desegregation purposes.

18 (b) A detailed list of desegregation activities on a district-wide
19 basis and on a school by school basis for each school in the school district.

20 (c) The date that the school district was determined to be out of
21 compliance with title VI of the civil rights act of 1964 (42 United States
22 Code section 2000d) and the basis for that determination.

23 (d) The initial date that the school district began to levy property
24 taxes to provide funding for desegregation expenses and any dates that these
25 property tax levies were increased.

26 (e) If applicable, a current and accurate description of all magnet
27 type programs that are in operation pursuant to the court order during the
28 current school year on a district-wide basis and on a school by school basis.
29 This information shall contain the eligibility and attendance criteria of
30 each magnet type program, the capacity of each magnet type program, the
31 ethnic composition goals of each magnet type program, the actual attending
32 ethnic composition of each magnet type program and the specific activities
33 offered in each magnet type program.

34 (f) The number of pupils who participate in desegregation activities
35 on a district-wide basis and on a school by school basis for each school in
36 the school district.

37 (g) A detailed summary of the academic achievement of pupils on a
38 district-wide basis and on a school by school basis for each school in the
39 school district.

40 (h) The number of employees, including teachers and administrative
41 personnel, on a district-wide basis and on a school by school basis for each
42 school in the school district that are IS necessary to conduct desegregation
43 activities.

44 (i) The number of employees, including teachers and administrative
45 personnel, on a district-wide basis and on a school by school basis for each

1 school in the school district and the number of employees at school district
2 administrative offices that are funded in whole or in part with desegregation
3 monies received pursuant to this section.

4 (j) The amount of monies that are IS not derived through a primary or
5 secondary property tax levy and that are IS budgeted and spent on
6 desegregation activities on a district-wide basis and on a school by school
7 basis for each school in the school district.

8 (k) Verification that the desegregation funding will supplement and
9 not supplant funding for other academic and extracurricular activities.

10 (l) Verification that the desegregation funding is educationally
11 justifiable.

12 (m) Any documentation that supports the proposition that the requested
13 desegregation funding is intended to result in equal education opportunities
14 for all pupils in the school district.

15 (n) Verification that the desegregation funding will be used to
16 promote systemic and organizational changes within the school district.

17 (o) Verification that the desegregation funding will be used in
18 accordance with the academic standards adopted by the state board of
19 education pursuant to sections 15-701 and 15-701.01.

20 (p) Verification that the desegregation funding will be used to
21 accomplish specific actions to remediate proven discrimination pursuant to
22 title VI of the civil rights act of 1964 (42 United States Code section
23 2000d) as specified in the court order or administrative agreement.

24 (q) An evaluation by the school district of the effectiveness of the
25 school district's desegregation measures.

26 (r) An estimate of when the school district will be in compliance with
27 the court order or administrative agreement and a detailed account of the
28 steps that the school district will take to achieve compliance.

29 (s) Any other information that the department of education deems
30 necessary to carry out the purposes of this paragraph.

31 K. If a school district governing board budgets for expenses of
32 complying with a court order of desegregation or an administrative agreement
33 with the United States department of education office for civil rights
34 directed toward remediating alleged or proven racial discrimination, the
35 governing board shall ensure that the desegregation expenses will:

36 1. Be educationally justifiable.

37 2. Result in equal education opportunities for all pupils in the
38 school district.

39 3. Be used to promote systemic and organizational changes within the
40 school district.

41 4. Be used in accordance with the academic standards adopted by the
42 state board of education pursuant to sections 15-701 and 15-701.01.

43 5. Be used to accomplish specific actions to remediate proven
44 discrimination pursuant to title VI of the civil rights act of 1964 (42

1 United States Code section 2000d) as specified in the court order or
2 administrative agreement.

3 6. Be used in accordance with a plan submitted to the department of
4 education that includes an estimate of the amount of monies that will be
5 required to bring the school district into compliance with the court order or
6 administrative agreement and an estimate of when the school district will be
7 in compliance with the court order or administrative agreement.

8 7. BEGINNING IN FISCAL YEAR 2009-2010 AND CONTINUING EACH FISCAL YEAR
9 THEREAFTER, NOT EXCEED THE AMOUNT BUDGETED BY THE SCHOOL DISTRICT FOR
10 DESEGREGATION EXPENSES IN FISCAL YEAR 2008-2009.

11 L. The governing board may budget for the bond issues portion of the
12 cost of tuition charged the district as provided in section 15-824 for the
13 pupils attending school in another school district, except that if the
14 district is a common school district not within a high school district, the
15 district may only include that part of tuition which is excluded from the
16 revenue control limit and district support level as provided in section
17 15-951. The bond issues portion of the cost of tuition charged is
18 specifically exempt from the revenue control limit of the school district of
19 residence, and the primary property tax rate set to fund this amount shall
20 not be included in the computation of additional state aid for education as
21 provided in section 15-972, except as provided in section 15-972,
22 subsection E. The department of education and the auditor general shall
23 include in the maintenance and operation section of the budget format, as
24 provided in section 15-903, a separate category for the bond issues portion
25 of the cost of tuition.

26 M. The governing board may budget for interest expenses it incurred
27 for registering warrants drawn against a fund of the school district or net
28 interest expense on tax anticipation notes as prescribed in section
29 35-465.05, subsection C for the fiscal year preceding the current year if the
30 county treasurer pooled all school district monies for investment as provided
31 in section 15-996 for the fiscal year preceding the current year and, in
32 those school districts that receive state aid, the school districts applied
33 for an apportionment of state aid before the date set for the apportionment
34 as provided in section 15-973 for the fiscal year preceding the current year.
35 The governing board may budget an amount for interest expenses for
36 registering warrants or issuing tax anticipation notes equal to or less than
37 the amount of the warrant interest expense or net interest expense on tax
38 anticipation notes as prescribed in section 35-465.05, subsection C for the
39 fiscal year preceding the current year as provided in this subsection which
40 is specifically exempt from the revenue control limit. For the purposes of
41 this subsection, "state aid" means state aid as determined in sections 15-971
42 and 15-972.

1 Sec. 30. Section 15-914, Arizona Revised Statutes, is amended to read:
2 15-914. Financial and compliance audits

3 A. The governing board of a school district ~~which~~ THAT is required to
4 comply with the single audit act amendments of 1996 (P.L. 104-156; 110 Stat.
5 1396; 31 United States Code sections 7501 through 7507) shall contract for at
6 least annual financial and compliance audits of financial transactions and
7 accounts subject to the single audit act amendments of 1996 and kept by or
8 for the school district. Beginning with fiscal year 2003-2004, the governing
9 board of a school district that is not required to comply with the single
10 audit act and that has adopted an expenditure budget of two million dollars
11 or more for the maintenance and operation fund pursuant to section 15-905
12 shall contract for an annual financial statement audit. Beginning with
13 fiscal year 2004-2005, the governing board of a school district that is not
14 required to comply with the single audit act and that has adopted an
15 expenditure budget of less than two million dollars but more than seven
16 hundred thousand dollars for the maintenance and operation fund pursuant to
17 section 15-905 shall contract for a biennial financial statement audit. An
18 independent certified public accountant shall conduct the audit in accordance
19 with generally accepted governmental auditing standards. TO THE EXTENT
20 PERMITTED BY FEDERAL LAW, A SCHOOL DISTRICT THAT IS REQUIRED TO PARTICIPATE
21 IN AN ANNUAL AUDIT PURSUANT TO THIS SUBSECTION MAY CONVERT TO A BIENNIAL
22 AUDIT SCHEDULE IF THE PREVIOUS ANNUAL AUDIT DID NOT CONTAIN ANY SIGNIFICANT
23 NEGATIVE FINDINGS. IF A BIENNIAL AUDIT OF A SCHOOL DISTRICT CONDUCTED
24 PURSUANT TO THIS SUBSECTION CONTAINS ANY SIGNIFICANT NEGATIVE FINDINGS, THE
25 SCHOOL DISTRICT SHALL CONVERT BACK TO AN ANNUAL AUDIT SCHEDULE. IF A SCHOOL
26 DISTRICT IS REQUIRED TO CONVERT BACK TO AN ANNUAL AUDIT SCHEDULE PURSUANT TO
27 THIS SUBSECTION BECAUSE OF SIGNIFICANT NEGATIVE FINDINGS, THE SCHOOL DISTRICT
28 MAY SUBSEQUENTLY CONVERT TO A BIENNIAL AUDIT SCHEDULE IF THE PREVIOUS TWO
29 ANNUAL AUDITS DID NOT CONTAIN ANY SIGNIFICANT NEGATIVE FINDINGS. FOR THE
30 PURPOSES OF THIS SUBSECTION, "SIGNIFICANT NEGATIVE FINDING" MEANS A FINDING
31 THAT RESULTS IN THE ISSUANCE OF A LETTER OF NONCOMPLIANCE FROM THE AUDITOR
32 GENERAL.

33 B. The governing board of a charter school that is required to comply
34 with the single audit act amendments of 1996 shall contract for an annual
35 financial and compliance audit of financial transactions and accounts subject
36 to the single audit act amendments of 1996 and kept by or for the charter
37 school.

38 C. A charter school that is not subject to the single audit act
39 amendments of 1996 shall contract for at least an annual financial statement
40 audit conducted in accordance with generally accepted governmental auditing
41 standards. An independent certified public accountant shall conduct the
42 audit.

43 D. For all audits referred to in subsections A, B and C of this
44 section, the independent certified public accountant shall submit a uniform

1 system of financial records compliance questionnaire to the auditor general
2 with the applicable audit reports.

3 E. Contracts for all financial and compliance audits and financial
4 statement audits and the completed audits shall be approved by the auditor
5 general as provided in section 41-1279.21. Contracts for all financial and
6 compliance audits and financial statement audits shall comply with the rules
7 for competitive sealed proposals as prescribed by the state board of
8 education in section 15-213.

9 F. If the school district or charter school will incur costs of
10 financial and compliance audits for the budget year, the governing board of a
11 school district or the governing body of the charter school may increase its
12 base support level for the budget year by an amount equal to the amount
13 expended for the district's or charter school's financial and compliance
14 audits in the year before the current year, increased by the growth rate as
15 prescribed by law, subject to appropriation. In determining the amount
16 expended for the district's or charter school's financial and compliance
17 audits, the school district or charter school shall include only the portion
18 of the audit ~~which~~ THAT must be paid from monies other than federal monies.
19 The department of education and the auditor general shall prescribe a method
20 for determining the increase in the base support level and shall include in
21 the maintenance and operation section of the budget format, as provided in
22 section 15-903, a separate line for financial and compliance audits
23 expenditures.

24 G. Beginning in fiscal year 2003-2004, every audit contract shall
25 include a systematic review of average daily membership, as defined in
26 section 15-901, using methodology that is consistent with guidelines
27 established by the auditor general. The auditor general shall consider cost
28 when establishing guidelines pursuant to this subsection and, to the extent
29 possible, shall attempt to minimize the cost of the review. The purpose of
30 the review is to determine whether the average daily membership reported by
31 the charter school or school district is in compliance with the laws of this
32 state and the uniform systems of financial records for charter schools and
33 school districts.

34 Sec. 31. Section 15-914.01, Arizona Revised Statutes, is amended to
35 read:

36 15-914.01. Accounting responsibility; definition

37 A. ~~School districts with a student count of at least four thousand~~ may
38 apply to the state board of education to assume accounting responsibility.

39 B. A school district applying to the state board of education to
40 assume accounting responsibility shall develop and file with the department
41 of education an accounting responsibility plan and document in the plan:

42 1. Administrative and internal accounting controls designed to achieve
43 compliance with the uniform system of financial records and the objectives of
44 this section, including:

1 (a) Procedures for approving, preparing and signing vouchers and
2 warrants.

3 (b) Procedures to ensure verification of administrators' and teachers'
4 certification records with the department of education for all classroom and
5 administrative personnel required to hold a certificate by the state board of
6 education pursuant to section 15-203 before issuing warrants for their
7 services.

8 (c) Procedures to account for all revenues, including allocation of
9 certain revenues to funds.

10 (d) Procedures for reconciling the accounting records monthly to the
11 county treasurer.

12 2. A compilation of resources required to implement accounting
13 responsibility, including, at a minimum, personnel, training and equipment,
14 and A comprehensive analysis of the budgetary implications of accounting
15 responsibility for the school district and the county treasurer.

16 C. Prior to January 1 of the fiscal year preceding the fiscal year of
17 implementation and before submitting an application to assume accounting
18 responsibility, a school district shall apply for evaluation by the auditor
19 general. On completion of the evaluation the auditor general may recommend
20 approval or denial of accounting responsibility to the state board of
21 education. The evaluation by the auditor general shall be performed
22 contingent on staff availability and may be billed to the school district at
23 cost. Evaluation at a minimum shall include the following:

24 1. The most recent financial statements audited by an independent
25 certified public accountant.

26 2. The most recent report on internal control, report on compliance
27 and uniform system of financial records compliance questionnaire prepared by
28 an independent certified public accountant or procedural review completed by
29 the auditor general.

30 3. The working papers of the independent certified public accountant
31 responsible for auditing the school district, if deemed appropriate by the
32 auditor general.

33 4. A procedural review if deemed appropriate by the auditor general.

34 D. School districts that are approved by the state board of education
35 to assume accounting responsibility shall contract with an independent
36 certified public accountant for an annual financial and compliance audit.
37 The auditor general may reevaluate the school district annually based on the
38 audit to determine compliance with the uniform system of financial records.
39 IF PERMITTED BY FEDERAL LAW, A SCHOOL DISTRICT MAY CONVERT TO A BIENNIAL
40 AUDIT SCHEDULE IF THE PREVIOUS ANNUAL AUDIT CONDUCTED PURSUANT TO THIS
41 SUBSECTION DID NOT CONTAIN ANY SIGNIFICANT NEGATIVE FINDINGS. IF A BIENNIAL
42 AUDIT OF A SCHOOL DISTRICT CONDUCTED PURSUANT TO THIS SUBSECTION CONTAINS ANY
43 SIGNIFICANT NEGATIVE FINDINGS, THE SCHOOL DISTRICT SHALL CONVERT BACK TO AN
44 ANNUAL AUDIT SCHEDULE. IF A SCHOOL DISTRICT IS REQUIRED TO CONVERT BACK TO
45 AN ANNUAL AUDIT SCHEDULE PURSUANT TO THIS SUBSECTION BECAUSE OF SIGNIFICANT

1 NEGATIVE FINDINGS, THE SCHOOL DISTRICT MAY SUBSEQUENTLY CONVERT TO A BIENNIAL
2 AUDIT SCHEDULE IF THE PREVIOUS TWO ANNUAL AUDITS DID NOT CONTAIN ANY
3 SIGNIFICANT NEGATIVE FINDINGS. FOR THE PURPOSES OF THIS SUBSECTION,
4 "SIGNIFICANT NEGATIVE FINDING" MEANS A FINDING THAT RESULTS IN THE ISSUANCE
5 OF A LETTER OF NONCOMPLIANCE FROM THE AUDITOR GENERAL.

6 E. To assume accounting responsibility a school district shall notify
7 the county treasurer and the county school superintendent of its intention
8 before March 1 of the fiscal year preceding the fiscal year of
9 implementation. On notification, the county treasurer shall establish
10 acceptable standards for interface by school districts with the county
11 treasurer, including specifications for computer hardware and software
12 compatibility and procedures to ensure the capacity of each school district
13 for reconciliation of accounts with those of the county treasurer.

14 F. Any school district that fails to maintain accounting standards as
15 provided by the uniform system of financial records and THAT is found to be
16 in noncompliance with the uniform system of financial records by the state
17 board of education as provided in section 15-272 is not eligible to
18 participate in the program provided by this section.

19 G. Any school district that has assumed accounting responsibility
20 pursuant to this section, that fails to maintain accounting standards as
21 provided by the uniform system of financial records and THAT is found to be
22 in noncompliance with the uniform system of financial records by the state
23 board of education as provided in section 15-272 is no longer eligible to
24 participate in the program provided by this section.

25 H. For the purposes of this section, "accounting responsibility" means
26 authority for a school district to operate with full independence from the
27 county school superintendent with respect to revenues and expenditures,
28 including allocating revenues, monitoring vouchers, authorizing and issuing
29 warrants and maintaining and verifying staff records for certification and
30 payroll purposes.

31 Sec. 32. Section 15-918.05, Arizona Revised Statutes, is amended to
32 read:

33 15-918.05. Career ladder programs; determination of
34 equalization assistance payments from county and
35 state monies

36 A. A school district that has chosen to calculate its budget using an
37 increase in the base level, as prescribed in section 15-918.04, shall notify
38 the state board of its decision and shall have its equalization assistance
39 for education as computed in section 15-971 computed as follows:

40 1. For a high school district or a common school district within a
41 high school district that does not offer instruction in high school subjects
42 as provided in section 15-447, the qualifying tax rate as provided in section
43 15-971, subsection B, paragraph 1 shall be increased by two cents for each
44 percentage increase in the base level as provided in section 15-918.04.

1 2. For a unified school district, a common school district not within
2 a high school district or a common school district within a high school
3 district that offers instruction in high school subjects as provided in
4 section 15-447, the qualifying tax rate as provided in section 15-971,
5 subsection B, paragraph 2 shall be increased by four cents for each
6 percentage increase in the base level as provided in section 15-918.04.

~~7 B. THE PORTION OF THE PRIMARY TAX RATE TO FUND CAREER LADDER PROGRAMS
8 AS PROVIDED IN THIS SECTION SHALL NOT BE INCLUDED IN THE COMPUTATION OF
9 ADDITIONAL STATE AID FOR EDUCATION AS PRESCRIBED IN SECTION 15-972.~~

10 Sec. 33. Repeal

11 Section 15-942, Arizona Revised Statutes, is repealed.

12 Sec. 34. Section 15-946, Arizona Revised Statutes, is amended to read:

13 15-946. Transportation revenue control limit

14 A. The transportation revenue control limit for each school district
15 for the fiscal years 1985-1986, 1986-1987 and 1987-1988 is computed as
16 follows:

17 1. Determine the adopted operational expenditure budget for pupil
18 transportation for the fiscal year 1984-1985 effective January 1, 1985.

19 2. Determine the transportation revenue control limit for the school
20 district for the fiscal year 1984-1985 as provided in this section before
21 April 18, 1985.

22 3. If the school district's transportation revenue control limit for
23 the fiscal year 1984-1985 as provided in paragraph 2 of this subsection is
24 equal to or greater than the amount determined in paragraph 1 of this
25 subsection, the transportation revenue control limit for the fiscal year
26 1985-1986 is the change in the transportation support level from the fiscal
27 year 1984-1985 to the fiscal year 1985-1986 plus the transportation revenue
28 control limit for the fiscal year 1984-1985 as provided in paragraph 2 of
29 this subsection. For the fiscal years 1986-1987 and 1987-1988 the
30 transportation revenue control limit is the transportation revenue control
31 limit for the current year plus the change in the transportation support
32 level for the current year to the budget year.

33 4. If the school district's transportation revenue control limit for
34 the fiscal year 1984-1985 as provided in paragraph 2 of this subsection is
35 less than the amount determined in paragraph 1 of this subsection, the
36 transportation revenue control limit for the fiscal year 1985-1986 is the sum
37 of the following:

38 (a) The transportation revenue control limit for the school district
39 for the fiscal year 1984-1985 as provided in paragraph 2 of this subsection.

40 (b) The change in the transportation support level from the fiscal
41 year 1984-1985 to the fiscal year 1985-1986.

42 (c) One-third of the amount obtained by subtracting the transportation
43 revenue control limit for fiscal year 1984-1985 as provided in paragraph 2 of
44 this subsection from the amount determined in paragraph 1 of this subsection.

1 5. If the transportation revenue control limit of the school district
2 for the fiscal year 1984-1985 as provided in paragraph 2 of this subsection
3 is less than the amount determined in paragraph 1 of this subsection, the
4 transportation revenue control limit for the fiscal years 1986-1987 and
5 1987-1988 is the sum of the following:

6 (a) The transportation revenue control limit for the current year.
7 (b) The change in the transportation support level from the current
8 year to the budget year.

9 (c) One-third of the amount obtained by subtracting the transportation
10 revenue control limit for the fiscal year 1984-1985 as provided in paragraph
11 2 of this subsection from the amount determined in paragraph 1 of this
12 subsection.

13 B. The transportation revenue control limit for each school district
14 for the fiscal year 1988-1989 and each year thereafter shall be the
15 transportation revenue control limit for the current year plus the increase
16 in the transportation support level from the current year to the budget year,
17 except that for fiscal year 2006-2007 and for each fiscal year thereafter,
18 the transportation revenue control limit shall not increase if the
19 transportation revenue control limit is more than one hundred twenty per cent
20 of the transportation support level. For a school district that sponsors a
21 charter school, its transportation revenue control limit for the budget year
22 shall be calculated as follows:

23 1. Calculate separately, as prescribed by the department of education,
24 the total transportation support level for the current year for all charter
25 schools under the district's sponsorship in the current year.

26 2. Calculate separately, as prescribed by the department of education,
27 the total transportation support level for the budget year for all charter
28 schools under the district's sponsorship in the budget year.

29 3. Subtract the amount determined in paragraph 2 of this subsection
30 from the amount determined in paragraph 1 of this subsection. If the result
31 is zero or less, use zero in paragraph 4 of this subsection.

32 4. Subtract the amount determined in paragraph 3 of this subsection
33 from the district's transportation revenue control limit for the current
34 year. This is the adjusted transportation revenue control limit for the
35 current year.

36 5. The transportation revenue control limit for the budget year is the
37 adjusted transportation revenue control limit for the current year determined
38 in paragraph 4 of this subsection plus the increase in the transportation
39 support level from the current year to the budget year.

40 C. Notwithstanding subsection B OF THIS SECTION, if the transportation
41 support level of a school district exceeds the transportation revenue control
42 limit in any budget year, the transportation revenue control limit shall be
43 adjusted in that budget year and every budget year thereafter to equal the
44 transportation support level.

~~1 D. THE PORTION OF THE PRIMARY TAX RATE TO FUND THE DIFFERENCE BETWEEN
2 THE TRANSPORTATION REVENUE CONTROL LIMIT AND THE TRANSPORTATION SUPPORT LEVEL
3 OF A SCHOOL DISTRICT AS PROVIDED IN THIS SECTION SHALL NOT BE INCLUDED IN THE
4 COMPUTATION OF ADDITIONAL STATE AID FOR EDUCATION AS PRESCRIBED IN SECTION
5 15-972.~~

6 Sec. 35. Section 15-971, Arizona Revised Statutes, is amended to read:
7 15-971. Determination of equalization assistance payments from
8 county and state funds for school districts

9 A. Equalization assistance for education is computed by determining
10 the total of the following:

11 1. The lesser of a school district's revenue control limit or district
12 support level as determined in section 15-947 or 15-951.

13 2. The capital outlay revenue limit of a school district as determined
14 in section 15-951 or 15-961.

15 3. The soft capital allocation of a school district as determined in
16 section 15-951 or 15-962.

17 B. From the total of the amounts determined in subsection A of this
18 section subtract:

19 1. The amount that would be produced by levying the applicable
20 qualifying tax rate determined pursuant to section 41-1276 for a high school
21 district or a common school district within a high school district which does
22 not offer instruction in high school subjects as provided in section 15-447.

23 2. The amount that would be produced by levying the applicable
24 qualifying tax rate determined pursuant to section 41-1276 for a unified
25 school district, a common school district not within a high school district
26 or a common school district within a high school district which offers
27 instruction in high school subjects as provided in section 15-447. The
28 qualifying tax rate shall be applied in the following manner:

29 (a) For the purposes of the amount determined in subsection A,
30 paragraph 1 of this section:

31 (i) Determine separately the percentage that the weighted student
32 count in preschool programs for children with disabilities, kindergarten
33 programs and grades one through eight and the weighted student count in
34 grades nine through twelve is to the weighted student count determined in
35 subtotal A as provided in section 15-943, paragraph 2, subdivision (a).

36 (ii) Apply the percentages determined in item (i) to the amount
37 determined in subsection A, paragraph 1 of this section.

38 (b) For the purposes of the amounts determined in subsection A,
39 paragraphs 2 and 3 of this section, determine separately the amount of the
40 capital outlay revenue limit and the amount of the soft capital allocation
41 attributable to the student count in preschool programs for children with
42 disabilities, kindergarten programs and grades one through eight and grades
43 nine through twelve.

44 (c) From the amounts determined in subdivisions (a) and (b), subtract
45 the levy which would be produced by the current qualifying tax rate for a

1 high school district or a common school district within a high school
2 district that does not offer instruction in high school subjects as provided
3 in section 15-447. If the qualifying tax rate generates a levy which is in
4 excess of the total determined in subsection A of this section, the school
5 district shall not be eligible for equalization assistance. ~~IN~~ FOR THE
6 PURPOSES OF this subsection, "assessed valuation" includes the values used to
7 determine voluntary contributions collected pursuant to title 9, chapter 4,
8 article 3 and title 48, chapter 1, article 8 AND THE ASSESSED VALUE OF ALL
9 PROPERTY SUBJECT TO THE GOVERNMENT PROPERTY LEASE EXCISE TAX PURSUANT TO
10 TITLE 42, CHAPTER 6, ARTICLE 5.

11 3. The amount that would be produced by levying a qualifying tax rate
12 in a joint vocational and technological education district, which shall be
13 five cents per one hundred dollars assessed valuation unless the legislature
14 sets a lower rate by law.

15 ~~4. The amount of government property lease excise tax monies that were~~
16 ~~distributed to the district pursuant to section 42-6205 during the preceding~~
17 ~~fiscal year.~~

18 C. County aid for equalization assistance for education shall be
19 computed as follows:

20 1. Determine the total equalization assistance for all school
21 districts in the county as provided in subsections A and B of this section.

22 2. Determine the total amount of state equalization assistance
23 collected for all school districts in the county as provided in section
24 15-994.

25 3. Divide the amount determined in paragraph 2 of this subsection by
26 the amount determined in paragraph 1 of this subsection.

27 4. Multiply the amount determined in subsections A and B of this
28 section by the quotient determined in paragraph 3 of this subsection for each
29 school district.

30 5. The amount determined in paragraph 4 of this subsection shall be
31 the county aid for equalization assistance for education for a school
32 district.

33 D. State aid for equalization assistance for education for a school
34 district shall be computed as follows:

35 1. Determine the equalization assistance for education for a school
36 district as provided in subsections A and B of this section.

37 2. For each county, determine the levy that would be produced by the
38 state equalization assistance property tax rate prescribed in section 15-994,
39 subsection A.

40 3. Prorate the amount determined in paragraph 2 of this subsection to
41 each school district in the county as prescribed by subsection C of this
42 section.

43 4. Subtract the amount determined in paragraph 3 of this subsection
44 from the amount determined in paragraph 1 of this subsection.

1 E. Equalization assistance for education shall be paid from
2 appropriations for that purpose to the school districts as provided in
3 section 15-973.

4 F. A school district shall report expenditures on approved career and
5 technical education and vocational education programs in the annual financial
6 report according to uniform guidelines prescribed by the uniform system of
7 financial records and in order to facilitate compliance with sections 15-255
8 and 15-904.

9 G. The additional weight for state aid purposes given to special
10 education as provided in section 15-943 shall be given to school districts
11 only if special education programs comply with ~~the provisions of~~ chapter 7,
12 article 4 of this title and the conditions and standards prescribed by the
13 superintendent of public instruction pursuant to rules of the state board of
14 education for pupil identification and placement pursuant to sections 15-766
15 and 15-767.

16 H. In addition to general fund appropriations, all amounts received
17 pursuant to section 37-521, subsection B, paragraph 3 and section 42-5029,
18 subsection E, paragraph 5 and from any other source for the purposes of this
19 section are appropriated for state aid to schools as provided in this
20 section.

21 I. The total amount of state monies that may be spent in any fiscal
22 year for state equalization assistance shall not exceed the amount
23 appropriated or authorized by section 35-173 for that purpose. This section
24 shall not be construed to impose a duty on an officer, agent or employee of
25 this state to discharge a responsibility or to create any right in a person
26 or group if the discharge or right would require an expenditure of state
27 monies in excess of the expenditure authorized by legislative appropriation
28 for that specific purpose.

29 Sec. 36. Section 15-973, Arizona Revised Statutes, is amended to read:
30 15-973. Apportionment of funds; expenditure limitation

31 A. The state board of education shall apportion state aid from
32 appropriations made for such purpose to the several counties on the basis of
33 state aid entitlement for the school districts in each county. No allowance
34 shall be made for nonresident alien children nor for wards of the United
35 States for whom tuition is paid, but attendance of a student in a school of a
36 county adjoining the county of his residence outside the state under a
37 certificate of educational convenience as provided by section 15-825 shall be
38 deemed to be enrollment in the school of the county or school district of his
39 residence.

40 B. Apportionments shall be made as follows:

41 ~~1. On July 15, one-twelfth of the total amount to be apportioned~~
42 ~~during the fiscal year.~~

43 1. BY THE CLOSE OF BUSINESS ON THE FIRST DAY OF BUSINESS OF AUGUST,
44 ONE-TWELFTH OF THE TOTAL AMOUNT TO BE APPORTIONED DURING THE FISCAL YEAR.

1 2. BY THE CLOSE OF BUSINESS ON THE FIRST DAY OF BUSINESS OF September
2 ~~15~~, one-twelfth of the total amount to be apportioned during the fiscal year.

3 3. BY THE CLOSE OF BUSINESS ON THE FIRST DAY OF BUSINESS OF October,
4 one-twelfth of the total amount to be apportioned during the fiscal year.

5 4. BY THE CLOSE OF BUSINESS ON THE FIRST DAY OF BUSINESS OF NOVEMBER,
6 ONE-TWELFTH OF THE TOTAL AMOUNT TO BE APPORTIONED DURING THE FISCAL YEAR.

7 ~~4.~~ 5. BY THE CLOSE OF BUSINESS ON THE FIRST DAY OF BUSINESS OF
8 December ~~15~~, one-twelfth of the total amount to be apportioned during the
9 fiscal year.

10 ~~5.~~ 6. BY THE CLOSE OF BUSINESS ON THE FIRST DAY OF BUSINESS OF
11 January ~~15~~, one-twelfth of the total amount to be apportioned during the
12 fiscal year.

13 ~~6.~~ 7. BY THE CLOSE OF BUSINESS ON THE FIRST DAY OF BUSINESS OF
14 February ~~15~~, one-twelfth of the total amount to be apportioned during the
15 fiscal year.

16 ~~7.~~ 8. BY THE CLOSE OF BUSINESS ON THE FIRST DAY OF BUSINESS OF March
17 ~~15~~, one-twelfth of the total amount to be apportioned during the fiscal year.

18 ~~8.~~ 9. BY THE CLOSE OF BUSINESS ON THE FIRST DAY OF BUSINESS OF April
19 ~~15~~, ~~one-sixth~~ ONE-TWELFTH of the total amount to be apportioned during the
20 fiscal year.

21 ~~9.~~ 10. BY THE CLOSE OF BUSINESS ON THE FIRST DAY OF BUSINESS OF May
22 ~~15~~, ~~one-sixth~~ ONE-TWELFTH of the total amount to be apportioned during the
23 fiscal year.

24 11. BY THE CLOSE OF BUSINESS ON THE FIRST DAY OF BUSINESS OF JUNE,
25 ONE-TWELFTH OF THE TOTAL AMOUNT TO BE APPORTIONED DURING THE FISCAL YEAR.

26 ~~10.~~ 12. BY THE CLOSE OF BUSINESS ON THE LAST DAY OF BUSINESS OF June
27 ~~15~~, one-twelfth of the total amount to be apportioned during the fiscal year;
28 ~~except that if the total amount of monies available to make the payment is~~
29 ~~less than the amount of the payment, a portion of the June 15 payment may be~~
30 ~~delayed no later than June 30 to allow for the receipt of income from the~~
31 ~~permanent state common school fund.~~

32 The superintendent of public instruction shall furnish to the county
33 treasurer and the county school superintendent an abstract of the
34 apportionment and shall certify the apportionment to the department of
35 administration, which shall draw its warrant in favor of the county treasurer
36 of each county for the amount apportioned. Upon receipt of the warrant the
37 county treasurer shall notify the county school superintendent of the amount,
38 together with any other monies standing to the credit of such school district
39 in the county school fund.

40 C. Notwithstanding subsection B of this section, if sufficient
41 appropriated funds are available and on a showing by a school district that
42 additional state monies are necessary for current expenses, an apportionment
43 or part of an apportionment of state aid may be paid to the school district
44 prior to the date set for such apportionment by subsection B of this section.
45 After the first forty days in session of the current year, a school district

1 may request additional state monies to fund the increased state aid due to
2 anticipated student growth through the first one hundred days or two hundred
3 days in session, as applicable, of the current year as provided in section
4 15-948. In no event shall a school district have received more than
5 three-fourths of its total apportionment before April 15 30 of the fiscal
6 year. Early payments pursuant to this subsection must be approved by the
7 state treasurer, the director of the department of administration and the
8 superintendent of public instruction.

9 D. Until June 30, 1999, at such time and as provided by federal law or
10 regulation, state aid shall be reduced as follows:

11 1. The superintendent of public instruction shall compute the amount
12 of monies which each school district is eligible to receive under
13 P.L. 81-874, less P.L. 81-874 monies for children with disabilities, children
14 with specific learning disabilities and children residing on Indian lands
15 which are in addition to the basic assistance as provided in 20 United States
16 Code section 238(d)2(C) and (D), and for which monies have been appropriated.

17 2. The superintendent of public instruction shall deduct from state
18 aid for each school district which is eligible to receive monies under
19 P.L. 81-874 and for which monies are appropriated as provided in paragraph 1
20 of this subsection the lesser of:

21 (a) The maximum allowed by law or regulation.

22 (b) The amount computed as follows:

23 (i) For fiscal year 1982-1983, twenty-five per cent of the amount
24 computed in paragraph 1 of this subsection.

25 (ii) For fiscal year 1983-1984, fifty per cent of the amount computed
26 in paragraph 1 of this subsection.

27 (iii) For fiscal year 1984-1985, seventy-five per cent of the amount
28 computed in paragraph 1 of this subsection.

29 (iv) Beginning with fiscal year 1985-1986, ninety-five per cent of the
30 amount computed in paragraph 1 of this subsection.

31 3. The reduction in state aid shall be made from equalization
32 assistance as prescribed in section 15-971 or from additional state aid as
33 prescribed in section 15-972 during the fiscal year following the fiscal year
34 in which the monies are received. The superintendent of public instruction
35 shall make additional adjustments in state aid for allowable deductions which
36 were not made in any previous fiscal year which is not more than five years
37 earlier than the year in which the adjustments are made. The superintendent
38 of public instruction shall give the school district prior notice of the
39 intention to make the additional adjustments and may distribute the
40 adjustments over more than one year after considering the effects of the
41 adjustments on the school district.

42 E. The superintendent of public instruction shall not make application
43 to the federal government to utilize P.L. 81-874 monies in determining the
44 apportionment prescribed in this section.

1 F. If a school district which is eligible to receive monies pursuant
2 to this article is unable to meet a scheduled payment on any lawfully
3 incurred long-term obligation for debt service as provided in section
4 15-1022, the county treasurer shall use any amount distributed pursuant to
5 this section to make the payment. The county treasurer shall keep a record
6 of all the instances in which a payment is made pursuant to this subsection.
7 Any monies subsequently collected by the district to make the scheduled
8 payment shall be used to replace the amount diverted pursuant to this
9 subsection. When determining the total amount to be funded by a levy of
10 secondary taxes upon property within the school district for the following
11 fiscal year, the county board of supervisors shall add to the amounts
12 budgeted to be expended during the following fiscal year an amount equal to
13 the total of all payments pursuant to this subsection during the current
14 fiscal year which were not repaid during the current year.

15 G. The total amount of state monies that may be spent in any fiscal
16 year by the state board of education for apportionment of state aid for
17 education shall not exceed the amount appropriated or authorized by section
18 35-173 for that purpose. This section shall not be construed to impose a
19 duty on an officer, agent or employee of this state to discharge a
20 responsibility or to create any right in a person or group if the discharge
21 or right would require an expenditure of state monies in excess of the
22 expenditure authorized by legislative appropriation for that specific
23 purpose.

24 Sec. 37. Section 15-977, Arizona Revised Statutes, is amended to read:

25 15-977. Classroom site fund; definitions

26 A. The classroom site fund is established consisting of monies
27 transferred to the fund pursuant to section 37-521, subsection B and section
28 42-5029, subsection E, paragraph 10. The department of education shall
29 administer the fund. School districts and charter schools may not supplant
30 existing school site funding with revenues from the fund. All monies
31 distributed from the fund are intended for use at the school site. Each
32 school district or charter school shall allocate forty per cent of the monies
33 for teacher compensation increases based on performance and employment
34 related expenses, twenty per cent of the monies for teacher base salary
35 increases and employment related expenses and forty per cent of the monies
36 for maintenance and operation purposes as prescribed in subsection H of this
37 section. Teacher compensation increases based on performance or teacher base
38 salary increases distributed pursuant to this subsection shall supplement,
39 and not supplant, teacher compensation monies from any other sources. The
40 school district or charter school shall notify each school principal of the
41 amount available to the school by April 15 of each year. The district or
42 charter school shall request from the school's principal each school's
43 priority for the allocation of the funds available to the school for each
44 program listed under subsection H of this section. The amount budgeted by
45 the school district or charter school pursuant to this section shall not be

1 included in the allowable budget balance carryforward calculated pursuant to
2 section 15-943.01.

3 B. A school district governing board must adopt a performance based
4 compensation system at a public hearing to allocate funding from the
5 classroom site fund pursuant to subsection A of this section.

6 C. A school district governing board shall vote on a performance based
7 compensation system that includes the following elements:

- 8 1. School district performance and school performance.
- 9 2. Measures of academic progress toward the academic standards adopted
10 by the state board of education.
- 11 3. Other measures of academic progress.
- 12 4. Dropout or graduation rates.
- 13 5. Attendance rates.
- 14 6. Ratings of school quality by parents.
- 15 7. Ratings of school quality by students.
- 16 8. The input of teachers and administrators.
- 17 9. Approval of the performance based compensation system based on an
18 affirmative vote of at least seventy per cent of the teachers eligible to
19 participate in the performance based compensation system.
- 20 10. An appeals process for teachers who have been denied performance
21 based compensation.
- 22 11. Regular evaluation for effectiveness.

23 D. A performance based compensation system shall include teacher
24 professional development programs that are aligned with the elements of the
25 performance based compensation system.

26 E. A school district governing board may modify the elements contained
27 in subsection C of this section and consider additional elements when
28 adopting a performance based compensation system. A school district
29 governing board shall adopt any modifications or additional elements and
30 specify the criteria used at a public hearing.

31 F. Until December 31, 2009, each school district shall develop an
32 assessment plan for its performance based compensation system and submit the
33 plan to the department of education by December 31 of each year. A copy of
34 the performance based compensation system and assessment plan adopted by the
35 school district governing board shall be included in the report submitted to
36 the department of education.

37 G. Monies in the fund are continuously appropriated, are exempt from
38 the provisions of section 35-190 relating to lapsing of appropriations and
39 shall be distributed as follows:

- 40 1. By March 30 of each year the staff of the joint legislative budget
41 committee shall determine a per pupil amount from the fund for the budget
42 year using the estimated statewide weighted count for the current year
43 pursuant to section 15-943, paragraph 2, subdivision (a) and based on
44 estimated available resources in the classroom site fund for the budget year
45 ADJUSTED FOR ANY PRIOR YEAR CARRYFORWARD OR SHORTFALL.

1 2. The allocation to each charter school and school district for a
2 fiscal year shall equal the per pupil amount established in paragraph 1 of
3 this subsection for the fiscal year multiplied by the weighted student count
4 for the school district or charter school for the fiscal year pursuant to
5 section 15-943, paragraph 2, subdivision (a). For the purposes of this
6 paragraph, the weighted student count for a school district that serves as
7 the district of attendance for nonresident pupils shall be increased to
8 include nonresident pupils who attend school in the school district.

9 3. For each fiscal year in which the legislature appropriates
10 sufficient monies for teacher performance pay pursuant to this section, the
11 amount appropriated shall equal the product of the base level prescribed in
12 section 15-901 multiplied by the prior year statewide weighted student count
13 multiplied by the following percentages:

- 14 (a) For stage one, one per cent.
- 15 (b) For stage two, two per cent.
- 16 (c) For stage three, three per cent.
- 17 (d) For stage four, four per cent.
- 18 (e) For stage five, five per cent.
- 19 (f) For stage six, five and one-half per cent by June 30, 2018.

20 H. Monies distributed from the classroom site fund shall be spent for
21 the following maintenance and operation purposes:

- 22 1. Class size reduction.
- 23 2. Teacher compensation increases.
- 24 3. AIMS intervention programs.
- 25 4. Teacher development.
- 26 5. Dropout prevention programs.
- 27 6. Teacher liability insurance premiums.

28 I. The district governing board or charter school shall allocate the
29 classroom site fund monies to include, wherever possible, the priorities
30 identified by the principals of the schools while assuring that the funds
31 maximize classroom opportunities and conform to the authorized expenditures
32 identified in subsection A of this section.

33 J. School districts and charter schools that receive monies from the
34 classroom site fund shall submit a report by November 15 of each year to the
35 superintendent of public instruction on a per school basis that provides an
36 accounting of the expenditures of monies distributed from the fund during the
37 previous fiscal year and a summary of the results of district and school
38 programs funded with monies distributed from the fund. The department of
39 education in conjunction with the auditor general shall prescribe the format
40 of the report under this subsection.

41 K. School districts and charter schools that receive monies from the
42 classroom site fund shall receive these monies monthly in an amount not to
43 exceed one-twelfth of the monies estimated pursuant to subsection G of this
44 section, except that if there are insufficient monies in the fund that month
45 to make payments, the distribution for that month shall be prorated for each

1 school district or charter school. The department of education may make an
2 additional payment in the current month for any prior month or months in
3 which school districts or charter schools received a prorated payment if
4 there are sufficient monies in the fund that month for the additional
5 payments. The state is not required to make payments to a school district or
6 charter school classroom site fund if the state classroom site fund revenue
7 collections are insufficient to meet the estimated allocations to school
8 districts and charter schools pursuant to subsection G of this section.

9 L. The state education system for committed youth shall receive monies
10 from the classroom site fund in the same manner as school districts and
11 charter schools. The Arizona state schools for the deaf and the blind shall
12 receive monies from the classroom site fund in an amount that corresponds to
13 the weighted student count for the current year pursuant to section 15-943,
14 paragraph 2, subdivision (b) for each pupil enrolled in the Arizona state
15 schools for the deaf and the blind. Except as otherwise provided in this
16 subsection, the Arizona state schools for the deaf and the blind and the
17 state education system for committed youth are subject to this section in the
18 same manner as school districts and charter schools.

19 M. Each school district and charter school, including school districts
20 that unify pursuant to section 15-448 or consolidate pursuant to section
21 15-459, shall establish a local level classroom site fund to receive
22 allocations from the state level classroom site fund. The local level
23 classroom site fund shall be a budgetary controlled account. Interest
24 charges for any registered warrants for the local level classroom site fund
25 shall be a charge against the local level classroom site fund. Interest
26 earned on monies in the local level classroom site fund shall be added to the
27 local level classroom site fund as provided in section 15-978. In no event
28 shall this state be required to make payments to a school district or charter
29 school local level classroom site fund that are in addition to monies
30 transferred to the state level classroom site fund pursuant to section
31 37-521, subsection B and section 42-5029, subsection E, paragraph 10.

32 N. Monies distributed from the classroom site fund for class size
33 reduction, AIMS intervention and dropout prevention programs shall only be
34 used for instructional purposes in the instruction function as defined in the
35 uniform system of financial records, except that monies shall not be used for
36 school sponsored athletics.

37 O. If a school district is approved for a career ladder program
38 pursuant to section 15-918.04 or an optional performance incentive program
39 pursuant to section 15-919, the school district may continue to participate
40 in those programs or may choose to receive additional teacher performance pay
41 monies pursuant to subsection G, paragraph 3 of this section. If a school
42 district chooses to receive monies pursuant to subsection G, paragraph 3 of
43 this section, the school district shall reduce the amount of funding for its
44 career ladder program or optional performance incentive program, as
45 applicable, in an amount that is equal to the amount appropriated by the

1 legislature for the applicable stage specified in subsection G, paragraph 3
2 of this section. If a school district is approved for a career ladder
3 program pursuant to section 15-918.04 or an optional performance incentive
4 program pursuant to section 15-919 and that school district chooses to
5 receive monies for stage one pursuant to subsection G, paragraph 3 of this
6 section, the school district shall continue to receive funding through the
7 remaining stages specified in subsection G, paragraph 3 of this section,
8 subject to legislative appropriation. A school district that is subject to
9 this subsection shall notify the department of education of the school
10 district's intention to receive monies pursuant to subsection G, paragraph 3
11 of this section no later than July 1 of the fiscal year that stage one monies
12 are appropriated.

13 P. For the purposes of this section:

14 1. "AIMS intervention" means summer programs, after school programs,
15 before school programs or tutoring programs that are specifically designed to
16 ensure that pupils meet the Arizona academic standards as measured by the
17 Arizona instrument to measure standards test prescribed by section 15-741.
18 2. "Class size reduction" means any maintenance and operations
19 expenditure that is designed to reduce the ratio of pupils to classroom
20 teachers, including the use of persons who serve as aides to classroom
21 teachers.

22 Sec. 38. Section 15-1021, Arizona Revised Statutes, is amended to
23 read:

24 15-1021. Limitation on bonded indebtedness; limitation on
25 authorization and issuance of bonds

26 A. Until December 31, 1999, a school district may issue class A bonds
27 for the purposes specified in this section and chapter 4, article 5 of this
28 title to an amount in the aggregate, including the existing indebtedness, not
29 exceeding fifteen per cent of the taxable property used for secondary
30 property tax purposes, as determined pursuant to title 42, chapter 15,
31 article 1, within a school district as ascertained by the last property tax
32 assessment previous to issuing the bonds.

33 B. From and after December 31, 1998, a school district may issue class
34 B bonds for the purposes specified in this section and chapter 4, article 5
35 of this title to an amount in the aggregate, including the existing class B
36 indebtedness, not exceeding five per cent of the taxable property used for
37 secondary property tax purposes, as determined pursuant to title 42, chapter
38 15, article 1, within a school district as ascertained by the last assessment
39 of state and county taxes previous to issuing the bonds, or one thousand five
40 hundred dollars per student count as determined pursuant to section 15-902,
41 whichever amount is greater. A school district shall not issue class B bonds
42 until the proceeds of any class A bonds issued by the school district have
43 been obligated in contract. The total amount of class A and class B bonds
44 issued by a school district shall not exceed the debt limitations prescribed
45 in article IX, section 8, Constitution of Arizona.

1 C. Until December 31, 1999, a unified school district, as defined
2 under article IX, section 8.1, Constitution of Arizona, may issue class A
3 bonds for the purposes specified in this section and chapter 4, article 5 of
4 this title to an amount in the aggregate, including the existing
5 indebtedness, not exceeding thirty per cent of the taxable property used for
6 secondary property tax purposes, as determined pursuant to title 42, chapter
7 15, article 1, within a unified school district as ascertained by the last
8 property tax assessment previous to issuing the bonds.

9 D. From and after December 31, 1998, a unified school district, as
10 defined under article IX, section 8.1, Constitution of Arizona, may issue
11 class B bonds for the purposes specified in this section and chapter 4,
12 article 5 of this title to an amount in the aggregate, including the existing
13 class B indebtedness, not exceeding ten per cent of the taxable property used
14 for secondary tax purposes, as determined pursuant to title 42, chapter 15,
15 article 1, within a school district as ascertained by the last assessment of
16 state and county taxes previous to issuing the bonds, or one thousand five
17 hundred dollars per student count as determined pursuant to section 15-902,
18 whichever amount is greater. A unified school district shall not issue class
19 B bonds until the proceeds of any class A bonds issued by the unified school
20 district have been obligated in contract. The total amount of class A and
21 class B bonds issued by a unified school district shall not exceed the debt
22 limitations prescribed in article IX, section 8.1, Constitution of Arizona.

23 E. No bonds authorized to be issued by an election held after July 1,
24 1980 AND BEFORE THE EFFECTIVE DATE OF THIS AMENDMENT TO THIS SECTION may be
25 issued more than six years after the date of the election, except that class
26 A bonds shall not be issued after December 31, 1999. NO BONDS AUTHORIZED TO
27 BE ISSUED BY AN ELECTION HELD AFTER THE EFFECTIVE DATE OF THIS AMENDMENT TO
28 THIS SECTION MAY BE ISSUED MORE THAN TEN YEARS AFTER THE DATE OF THE
29 ELECTION.

30 F. ~~Class A~~ EXCEPT AS PROVIDED IN SECTION 15-491, SUBSECTION A,
31 PARAGRAPH 3, bond proceeds shall not be expended for items whose useful life
32 is less than the average life of the bonds issued, except that bond proceeds
33 shall not be expended for items whose useful life is less than five years.

34 ~~G. Except as provided in subsection H of this section, class B bond~~
35 ~~proceeds shall not be expended for soft capital items, computer hardware, or~~
36 ~~other items whose useful life is less than the average useful life of the~~
37 ~~bonds issued, except that bond proceeds shall not be expended for items whose~~
38 ~~useful life is less than five years. For the purposes of this subsection,~~
39 ~~"computer hardware" means an electronic device with an integrated circuit~~
40 ~~that performs logic, arithmetic or memory functions by the manipulations of~~
41 ~~electronic or magnetic impulses and includes all input, output, processing,~~
42 ~~storage, software or communication facilities that are connected or related~~
43 ~~to such a device in a system or network.~~

44 ~~H. G. Class B bond proceeds for a facility at a campus owned or~~
45 ~~operated and maintained by a joint technological education district may be~~

1 ~~expended for soft capital items, computer hardware, furniture or other~~
2 ~~equipment, except that no bonds may be issued for these purposes for a~~
3 ~~duration of more than five years. The total amount of bonds that a joint~~
4 ~~technological education district may issue pursuant to this subsection shall~~
5 ~~not exceed thirty per cent of the cost of the school facility, including~~
6 ~~monies received for the school facility pursuant to this section. A joint~~
7 technological education district shall not spend class B bond proceeds to
8 construct or renovate a facility located on the campus of a school in a
9 school district that participates in the joint district unless the facility
10 is only used to provide career and technical education and is available to
11 all pupils who live within the joint technological education district. If
12 the facility is not owned by the joint technological education district, an
13 intergovernmental agreement or a written contract shall be executed for ten
14 years or the duration of the bonded indebtedness, whichever is greater. The
15 intergovernmental agreement or written contract shall include provisions:

16 1. That preserve the usage of the facility renovated or constructed,
17 or both, only for career and technology programs operated by the joint
18 technology education district.

19 2. That include the process to be used by the participating district
20 to compensate the joint technology education district in the event that the
21 facility is no longer used only for career and technology education programs
22 offered by the joint technological education district during the life of the
23 bond.

24 ~~I. Notwithstanding subsections F and G of this section, bond proceeds~~
25 ~~may be expended for purchasing pupil transportation vehicles.~~

26 ~~J. H. A school district shall not authorize, issue or sell bonds~~
27 ~~pursuant to this section if the school district has any existing indebtedness~~
28 ~~from impact aid revenue bonds pursuant to chapter 16, article 8 of this~~
29 ~~title, except for bonds issued to refund any bonds issued by the governing~~
30 ~~board.~~

31 Sec. 39. Section 15-1102, Arizona Revised Statutes, is amended to
32 read:

33 15-1102. Disposition of proceeds from sale or lease of school
34 property; school plant monies; payment of bonded
35 indebtedness; definition

36 A. The governing board, or the superintendent or chief administrative
37 officer with the approval of the governing board, may expend the proceeds
38 from the sale or lease of school property for the payment of any outstanding
39 bonded indebtedness of the school district or for the reduction of school
40 district taxes.

41 B. A common school district or high school district which has an
42 outstanding bonded indebtedness of seven per cent of the current year's
43 assessed valuation or less or a unified school district which has an
44 outstanding bonded indebtedness of fourteen per cent of the current year's
45 assessed valuation or less may expend the proceeds from the sale or lease of

1 school property for maintenance and operation or capital outlay, subject to
2 the following limitations:

3 1. During the period that proceeds from the sale or lease of school
4 property are used for capital outlay, the school district shall not call an
5 override election to exceed the capital outlay revenue limit, except that
6 during the last year of that period the school district may authorize an
7 override election to exceed the capital outlay revenue limit beginning with
8 the following year.

9 2. The total sum of the proceeds from the sale of school property
10 before July 1, 1998 or the lease of school property for more than one year
11 expended for maintenance and operation shall not exceed fifteen per cent of
12 the revenue control limit as provided in section 15-947, subsection A in any
13 year of which ten per cent may be used without voter approval and an
14 additional five per cent may be used if the additional amount is approved by
15 a majority of the qualified electors voting in an election called for such
16 purposes. The election shall be conducted and notice and ballots shall be
17 prepared as provided in section 15-481. Proceeds from the sale of school
18 property from and after June 30, 1998 shall not be expended for maintenance
19 and operation.

20 3. In any fiscal year in which a district utilizes budget increases as
21 authorized in section 15-481, subsection E or F or section 15-482 or utilizes
22 the proceeds from the sale of school property before July 1, 1998 or the
23 lease of school property for more than one year for maintenance and operation
24 or any combination of these provisions, the total amount of these increases
25 which may be expended is equal to fifteen per cent of the revenue control
26 limit for that year as provided in section 15-947, subsection A, provided
27 that the following maximum amount is attributable to the use of any one
28 provision:

29 (a) Fifteen per cent of the revenue control limit when using the
30 proceeds from the sale before July 1, 1998 or lease of school property for
31 maintenance and operation as provided in this section.

32 (b) ~~Ten~~ FIFTEEN per cent of the revenue control limit when using a
33 budget increase as provided in section 15-481, subsection E or F, or both.

34 (c) Five per cent of the revenue control limit when using a budget
35 increase as provided in section 15-482.

36 C. A common school district or high school district which has an
37 outstanding bonded indebtedness of greater than seven per cent of the current
38 year's assessed valuation or a unified school district which has an
39 outstanding bonded indebtedness of greater than fourteen per cent of the
40 current year's assessed valuation may expend the proceeds from the lease or
41 sale of school property as follows:

42 1. For maintenance and operation, the expenditure may not exceed the
43 lesser of the limit in subsection B, paragraph 2 or 3 of this section or the
44 amount of the proceeds from the lease of school property multiplied by .25.

45 2. For capital outlay, the expenditure of the proceeds:

1 (a) From the sale of school property may not exceed the amount of the
2 proceeds multiplied by .62.

3 (b) From the lease of school property is not limited.

4 D. The governing board, or the superintendent or chief administrative
5 officer with the approval of the governing board, shall promptly deposit
6 monies received for and derived from the sale or lease of school property
7 with the county treasurer who shall establish three school plant funds, one
8 fund for monies received from the sale before July 1, 1998 or lease of school
9 property for more than one year, one fund for monies received from the sale
10 of school property from and after June 30, 1998 and one fund for monies
11 received from the lease of school property for one year or less. The county
12 treasurer shall credit the deposits to the respective school plant fund of
13 the respective school district. Monies placed to the credit of the school
14 plant funds may be expended as provided in this section. The school plant
15 funds are continuing funds not subject to reversion.

16 E. Notwithstanding subsection C of this section, the governing board,
17 or the superintendent or chief administrative officer with the approval of
18 the governing board, may expend the proceeds from the sale before July 1,
19 1998 or lease of school property for the additional maintenance and
20 operations expenses incurred as the result of operating on a year-round
21 school year operation basis pursuant to section 15-855. The amount that the
22 governing board, superintendent or chief administrative officer may expend
23 for a year-round school year operation, as provided in this subsection, is
24 limited to the actual maintenance and operations costs incurred as the result
25 of the year-round school year operation as documented in the school
26 district's budget as provided in section 15-855. A governing board,
27 superintendent or chief administrative officer that utilizes ~~the provisions~~
28 ~~of~~ this subsection is subject to all other limitations prescribed in this
29 section regarding the expenditure of proceeds from the sale before July 1,
30 1998 or lease of school property.

31 F. Notwithstanding subsections B and D of this section, if the school
32 district electors approve the sale of school property and the use of the
33 proceeds for the purchase of school sites or the construction, improvement or
34 furnishing of school facilities, the proceeds from the sale shall be put in a
35 separate fund for use for the approved purpose as prescribed by the uniform
36 system of financial records. This fund is a continuing fund not subject to
37 reversion, except that after ten years any unexpended monies shall be put in
38 the school plant fund for use as prescribed in this section.

39 G. Proceeds from sales by condemnation or sales under threat of
40 condemnation may be deposited with the county treasurer for deposit in the
41 condemnation fund or the school plant fund of the school district. The
42 condemnation fund is a continuing fund not subject to reversion, except that
43 after ten years any unspent monies shall be placed in the school plant fund
44 to be used as prescribed in this section. The governing board, or the

1 superintendent or chief administrative officer with the approval of the
2 governing board, may apply the proceeds in the condemnation fund to:

3 1. The payment of any outstanding bonded indebtedness of the school
4 district which is payable from the levy of taxes upon property within the
5 school district.

6 2. Construct, acquire, improve, repair or furnish school facilities or
7 sites after notice and a hearing.

8 H. Proceeds from a right-of-way settlement shall be deposited with the
9 county treasurer for deposit in the condemnation fund of the school district.
10 The governing board, or the superintendent or chief administrative officer
11 with the approval of the governing board, shall apply such proceeds in the
12 condemnation fund to construct, acquire, improve, repair or furnish school
13 facilities or sites after notice and a hearing.

14 I. For THE purposes of this section, "capital outlay" means
15 unrestricted capital outlay as prescribed in section 15-903, subsection C.

16 Sec. 40. Section 15-1152, Arizona Revised Statutes, is amended to
17 read:

18 15-1152. School meal programs; nonschool meal programs; powers
19 of state board of education

20 The state board of education may enter into agreements with an agency
21 of the federal government, a governing board or another agency or person,
22 direct the disbursement of federal and state monies in accordance with
23 ~~provisions of~~ federal and state law, direct the distribution of commodities
24 as provided by federal and state law, prescribe regulations, employ
25 personnel, give technical advice and assistance to governing boards in
26 connection with establishment and operation of school meal programs, assist
27 in training personnel engaged in operation of school meal programs and take
28 other action it deems necessary to provide for the establishment and
29 maintenance of school meal programs. The state board of education and the
30 governing boards may also accept gifts for use in connection with a school
31 meal program. Agreements entered into pursuant to this section are exempt
32 from ~~the provisions of~~ section 11-952, ~~subsections~~ SUBSECTION D and F. The
33 form to be used in the agreements shall be approved annually by the attorney
34 general ~~prior to~~ BEFORE its use in such agreements. The department of
35 education shall file with the secretary of state by January 1 one blank copy
36 of the agreement form and a list of the agencies with which the department
37 entered agreements during the preceding year.

38 Sec. 41. Section 15-1224, Arizona Revised Statutes, is amended to
39 read:

40 15-1224. Grants to teachers for instruction

41 A. The governing board shall deposit in a separate bank account grants
42 or gifts ~~which~~ THAT are less than one thousand five hundred dollars and
43 designated for use by a teacher for instructional purposes if the governing
44 board does not deposit the grant or gift as prescribed in section 15-341,
45 subsection A, paragraph 14.

1 B. A separate record shall be maintained for each grant or gift
2 deposited in the bank account.

3 C. Disbursements from the bank account shall be by check signed by two
4 employees of the school district appointed by the governing board and shall
5 be authorized by the teacher designated to use the grant or gift as provided
6 in the uniform system of financial records.

7 D. If any of the monies are not spent before the end of the fiscal
8 year in which the gift or grant was accepted, the balance of the monies shall
9 remain in the bank account until needed for instructional purposes as
10 designated by the teacher, or determined by the grantor.

11 Sec. 42. Section 15-2002, Arizona Revised Statutes, is amended to
12 read:

13 15-2002. Powers and duties; executive director; staffing;
14 report

15 A. The school facilities board shall:

16 1. Make assessments of school facilities and equipment deficiencies
17 and approve the distribution of grants as appropriate.

18 2. Develop a database for administering the building renewal formula
19 prescribed in section 15-2031 and administer the distribution of monies to
20 school districts for building renewal.

21 3. Inspect school buildings at least once every five years to ensure
22 compliance with the building adequacy standards prescribed in section 15-2011
23 and routine preventative maintenance guidelines as prescribed in this section
24 with respect to construction of new buildings and maintenance of existing
25 buildings. The school facilities board shall randomly select twenty school
26 districts every thirty months and inspect them pursuant to this paragraph.

27 4. Review and approve student population projections submitted by
28 school districts to determine to what extent school districts are entitled to
29 monies to construct new facilities pursuant to section 15-2041. The board
30 shall make a final determination within six months of the receipt of an
31 application by a school district for monies from the new school facilities
32 fund.

33 5. Certify that plans for new school facilities meet the building
34 adequacy standards prescribed in section 15-2011.

35 6. Develop prototypical elementary and high school designs. The board
36 shall review the design differences between the schools with the highest
37 academic productivity scores and the schools with the lowest academic
38 productivity scores. The board shall also review the results of a valid and
39 reliable survey of parent quality rating in the highest performing schools
40 and the lowest performing schools in this state. The survey of parent
41 quality rating shall be administered by the department of education. The
42 board shall consider the design elements of the schools with the highest
43 academic productivity scores and parent quality ratings in the development of
44 elementary and high school designs. The board shall develop separate school

1 designs for elementary, middle and high schools with varying pupil
2 capacities.

3 7. Develop application forms, reporting forms and procedures to carry
4 out the requirements of this article.

5 8. Review and approve or reject requests submitted by school districts
6 to take actions pursuant to section 15-341, subsection F- G.

7 9. Submit an annual report by December 15 to the speaker of the house
8 of representatives, the president of the senate, the superintendent of public
9 instruction, the director of the Arizona state library, archives and public
10 records and the governor that includes the following information:

11 (a) A detailed description of the amount of monies distributed by the
12 school facilities board in the previous fiscal year.

13 (b) A list of each capital project that received monies from the
14 school facilities board during the previous fiscal year, a brief description
15 of each project that was funded and a summary of the board's reasons for the
16 distribution of monies for the project.

17 (c) A summary of the findings and conclusions of the building
18 maintenance inspections conducted pursuant to this article during the
19 previous fiscal year.

20 (d) A summary of the findings of common design elements and
21 characteristics of the highest performing schools and the lowest performing
22 schools based on academic productivity, including the results of the parent
23 quality rating survey. For the purposes of this subdivision, "academic
24 productivity" means academic year advancement per calendar year as measured
25 with student-level data using the statewide nationally standardized
26 norm-referenced achievement test.

27 10. By December 1 of each year, report to the joint committee on
28 capital review the amounts necessary to fulfill the requirements of sections
29 15-2022, 15-2031 and 15-2041 for the following fiscal year and the estimated
30 amounts necessary to fulfill the requirements of sections 15-2022, 15-2031
31 and 15-2041 for the fiscal year following the next fiscal year. The board
32 shall provide copies of the report to the president of the senate, the
33 speaker of the house of representatives and the governor.

34 11. Adopt minimum school facility adequacy guidelines to provide the
35 minimum quality and quantity of school buildings and the facilities and
36 equipment necessary and appropriate to enable pupils to achieve the
37 educational goals of the Arizona state schools for the deaf and the blind.
38 The school facilities board shall establish minimum school facility adequacy
39 guidelines applicable to the Arizona state schools for the deaf and the
40 blind.

41 12. In each even-numbered year, report to the joint committee on
42 capital review the amounts necessary to fulfill the requirements of sections
43 15-2031 and 15-2041 for the Arizona state schools for the deaf and the blind
44 for the following two fiscal years. The Arizona state schools for the deaf
45 and the blind shall incorporate the findings of the report in any request for

1 building renewal monies and new school facilities monies. Any monies
2 provided to the Arizona state schools for the deaf and the blind for building
3 renewal and for new school facilities are subject to legislative
4 appropriation.

5 13. By June 15 of each year, submit detailed information regarding
6 demographic assumptions, a proposed construction schedule and new school
7 construction cost estimates for individual projects approved in the current
8 fiscal year and expected project approvals for the upcoming fiscal year to
9 the joint committee on capital review for its review. A copy of the report
10 shall also be submitted to the governor's office of strategic planning and
11 budgeting. The joint legislative budget committee staff, the governor's
12 office of strategic planning and budgeting staff and the school facilities
13 board staff shall agree on the format of the report.

14 14. Every two years, provide school districts with information on
15 improving and maintaining the indoor environmental quality in school
16 buildings.

17 B. The school facilities board may contract for private services in
18 compliance with the procurement practices prescribed in title 41, chapter 23.

19 C. The governor shall appoint an executive director of the school
20 facilities board pursuant to section 38-211. The executive director is
21 eligible to receive compensation as determined pursuant to section 38-611 and
22 may hire and fire necessary staff as approved by the legislature in the
23 budget. The executive director shall have demonstrated competency in school
24 finance, facilities design or facilities management, either in private
25 business or government service. The executive director serves at the
26 pleasure of the governor. The staff of the school facilities board is exempt
27 from title 41, chapter 4, articles 5 and 6. The executive director:

28 1. Shall analyze applications for monies submitted to the board by
29 school districts.

30 2. Shall assist the board in developing forms and procedures for the
31 distribution and review of applications and the distribution of monies to
32 school districts.

33 3. May review or audit, or both, the expenditure of monies by a school
34 district for deficiencies corrections, building renewal and new school
35 facilities.

36 4. Shall assist the board in the preparation of the board's annual
37 report.

38 5. Shall research and provide reports on issues of general interest to
39 the board.

40 6. May aid school districts in the development of reasonable and
41 cost-effective school designs in order to avoid statewide duplicated efforts
42 and unwarranted expenditures in the area of school design.

43 7. May assist school districts in facilitating the development of
44 multijurisdictional facilities.

1 8. Shall assist the board in any other appropriate matter or method as
2 directed by the members of the board.

3 9. Shall establish procedures to ensure compliance with the notice and
4 hearing requirements prescribed in section 15-905. The notice and hearing
5 procedures adopted by the board shall include the requirement, with respect
6 to the board's consideration of any application filed after July 1, 2001 or
7 after December 31 of the year in which the property becomes territory in the
8 vicinity of a military airport or ancillary military facility as defined in
9 section 28-8461 for monies to fund the construction of new school facilities
10 proposed to be located in territory in the vicinity of a military airport or
11 ancillary military facility, that the military airport receive notification
12 of the application by first class mail at least thirty days before any
13 hearing concerning the application.

14 10. May expedite any request for monies in which the local match was
15 not obtained for a project that received preliminary approval by the state
16 board for school capital facilities.

17 11. Shall expedite any request for monies in which the school district
18 governing board submits an application that shows an immediate need for a new
19 school facility.

20 12. Shall make a determination as to administrative completion within
21 one month after the receipt of an application by a school district for monies
22 from the new school facilities fund.

23 13. Shall provide technical support to school districts as requested by
24 school districts in connection with the construction of new school facilities
25 and the maintenance of existing school facilities.

26 D. When appropriate, the school facilities board shall review and use
27 the statewide school facilities inventory and needs assessment conducted by
28 the joint committee on capital review and issued in July, 1995.

29 E. The school facilities board shall contract with one or more private
30 building inspectors to complete an initial assessment of school facilities
31 and equipment and shall inspect each school building in this state at least
32 once every five years to ensure compliance with section 15-2011. A copy of
33 the inspection report, together with any recommendations for building
34 maintenance, shall be provided to the school facilities board and the
35 governing board of the school district.

36 F. The school facilities board may consider appropriate combinations
37 of facilities or uses in making assessments of and curing deficiencies
38 pursuant to subsection A, paragraph 1 of this section and in certifying plans
39 for new school facilities pursuant to subsection A, paragraph 5 of this
40 section.

41 G. The board shall not award any monies to fund new facilities that
42 are financed by class A bonds that are issued by the school district.

43 H. The board shall not distribute monies to a school district for
44 replacement or repair of facilities if the costs associated with the

1 replacement or repair are covered by insurance or a performance or payment
2 bond.

3 I. The board may contract for construction services and materials that
4 are necessary to correct existing deficiencies in school district facilities.
5 The board may procure the construction services necessary pursuant to this
6 subsection by any method, including construction-manager-at-risk,
7 design-build, design-bid-build or job-order-contracting as provided by title
8 41, chapter 23. The construction planning and services performed pursuant to
9 this subsection are exempt from section 41-791.01.

10 J. The school facilities board may enter into agreements with school
11 districts to allow school facilities board staff and contractors access to
12 school property for the purposes of performing the construction services
13 necessary pursuant to subsection I of this section.

14 K. Each school district shall develop routine preventative maintenance
15 guidelines for its facilities. The guidelines shall be submitted to the
16 school facilities board for review and approval. If upon inspection by the
17 school facilities board it is determined that a school district facility was
18 inadequately maintained pursuant to the school district's routine
19 preventative maintenance guidelines, the school district shall use building
20 renewal monies pursuant to section 15-2031, subsection L to return the
21 building to compliance with the school district's routine preventative
22 maintenance guidelines. Once the district is in compliance, it no longer is
23 required to use building renewal monies for preventative maintenance.

24 L. The school facilities board may temporarily transfer monies between
25 the capital reserve fund established by section 15-2003, the emergency
26 deficiencies correction fund established by section 15-2022, the building
27 renewal fund established by section 15-2031 and the new school facilities
28 fund established by section 15-2041 if all of the following conditions are
29 met:

30 1. The transfer is necessary to avoid a temporary shortfall in the
31 fund into which the monies are transferred.

32 2. The transferred monies are restored to the fund where the monies
33 originated as soon as practicable after the temporary shortfall in the other
34 fund has been addressed.

35 3. The school facilities board reports to the joint committee on
36 capital review the amount of and the reason for any monies transferred.

37 Sec. 43. Section 15-2011, Arizona Revised Statutes, is amended to
38 read:

39 15-2011. Minimum school facility adequacy requirements:
40 definition

41 A. The school facilities board, as determined and prescribed in this
42 chapter, shall provide funding to school districts for new construction as
43 the projected number of pupils in the district will fill the existing school
44 facilities and require more pupil space.

1 B. School buildings in a school district are adequate if all of the
2 following requirements are met:

3 1. The buildings contain sufficient and appropriate space and
4 equipment that comply with the minimum school facility adequacy guidelines
5 established pursuant to subsection F of this section. The state shall not
6 fund facilities for elective courses that require the school district
7 facilities to exceed minimum school facility adequacy requirements. The
8 school facilities board shall determine whether a school building meets the
9 requirements of this paragraph by analyzing the total square footage that is
10 available for each pupil in conjunction with the need for specialized spaces
11 and equipment.

12 2. The buildings are in compliance with federal, state and local
13 building and fire codes and laws that are applicable to the particular
14 building. An existing school building is not required to comply with current
15 requirements for new buildings unless this compliance is specifically
16 mandated by law or by the building or fire code of the jurisdiction where the
17 building is located.

18 3. The building systems, including roofs, plumbing, telephone systems,
19 electrical systems, heating systems and cooling systems, are in working order
20 and are capable of being properly maintained.

21 4. The buildings are structurally sound.

22 C. The standards that shall be used by the school facilities board to
23 determine whether a school building meets the minimum adequate gross square
24 footage requirements are as follows:

25 1. For a school district that provides instruction to pupils in
26 programs for preschool children with disabilities, kindergarten programs and
27 grades one through six, eighty square feet per pupil in programs for
28 preschool children with disabilities, kindergarten programs and grades one
29 through six.

30 2. For a school district that provides instruction to up to eight
31 hundred pupils in grades seven and eight, eighty-four square feet per pupil
32 in grades seven and eight.

33 3. For a school district that provides instruction to more than eight
34 hundred pupils in grades seven and eight, eighty square feet per pupil in
35 grades seven and eight or sixty-seven thousand two hundred square feet,
36 whichever is more.

37 4. For a school district that provides instruction to up to four
38 hundred pupils in grades nine through twelve, one hundred twenty-five square
39 feet per pupil in grades nine through twelve.

40 5. For a school district that provides instruction to more than four
41 hundred and up to one thousand pupils in grades nine through twelve, one
42 hundred twenty square feet per pupil in grades nine through twelve or fifty
43 thousand square feet, whichever is more.

44 6. For a school district that provides instruction to more than one
45 thousand and up to one thousand eight hundred pupils in grades nine through

1 twelve, one hundred twelve square feet per pupil in grades nine through
2 twelve or one hundred twenty thousand square feet, whichever is more.

3 7. For a school district that provides instruction to more than one
4 thousand eight hundred pupils in grades nine through twelve, ninety-four
5 square feet per pupil in grades nine through twelve or two hundred one
6 thousand six hundred square feet, whichever is more.

7 D. The school facilities board may modify the square footage
8 requirements prescribed in subsection C of this section or modify the amount
9 of monies awarded to cure the square footage deficiency pursuant to this
10 section for particular school districts based on extraordinary circumstances
11 for any of the following considerations:

12 1. The number of pupils served by the school district.

13 2. Geographic factors.

14 3. Grade configurations other than those prescribed in subsection C of
15 this section.

16 E. In measuring the square footage per pupil requirements of
17 subsection C of this section, the school facilities board shall:

18 1. Use the most recent one hundredth day average daily membership
19 ~~modified to count kindergarten students as full time students.~~

20 2. For each school, use the lesser of either:

21 (a) Total gross square footage.

22 (b) Student capacity multiplied by the appropriate square footage per
23 pupil prescribed by subsection C of this section.

24 3. Consider the total space available in all schools in use in the
25 school district, except that the school facilities board shall allow an
26 exclusion of the square footage for certain schools and the pupils within the
27 schools' boundaries if the school district demonstrates to the board's
28 satisfaction unusual or excessive busing of pupils or unusual attendance
29 boundary changes between schools.

30 4. Compute the gross square footage of all buildings by measuring from
31 exterior wall to exterior wall. Square footage used solely for district
32 administration, storage of vehicles and other nonacademic purposes shall be
33 excluded from the gross square footage.

34 5. Include all portable and modular buildings.

35 6. Include in the gross square footage new construction funded wholly
36 or partially by the school facilities board based on the square footage
37 funded by the school facilities board. If the new construction is to exceed
38 the square footage funded by the school facilities board, the excess square
39 footage shall not be included in the gross square footage if any of the
40 following applies:

41 (a) The excess square footage was constructed before July 1, 2002 or
42 funded by a class B bond, impact aid revenue bond or capital outlay override
43 approved by the voters after August 1, 1998 and before June 30, 2002 or
44 funded from unrestricted capital outlay expended before June 30, 2002.

1 (b) The excess square footage of new school facilities does not exceed
2 twenty-five per cent of the minimum square footage requirements pursuant to
3 subsection C of this section.

4 (c) The excess square footage of expansions to school facilities does
5 not exceed twenty-five per cent of the minimum square footage requirements
6 pursuant to subsection C of this section.

7 7. Require that excess square footage that is constructed after July
8 1, 2002 and that is not excluded pursuant to paragraph 6 of this subsection
9 meets the minimum school facility adequacy guidelines in order to be eligible
10 for building renewal monies as computed in section 15-2031.

11 8. Exclude square footage built under a developer agreement according
12 to section 15-342, paragraph 33 until the school facilities board provides
13 funding for the square footage under section 15-2041, subsection 0.

14 F. The school facilities board shall adopt rules establishing minimum
15 school facility adequacy guidelines. The executive director of the school
16 facilities board shall report monthly to the joint committee on capital
17 review on the progress of the development of the proposed rules establishing
18 the guidelines. The joint committee on capital review shall review the
19 proposed guidelines before the school facilities board adopts the rules to
20 establish the minimum school facility adequacy guidelines. The guidelines
21 shall provide the minimum quality and quantity of school buildings and
22 facilities and equipment necessary and appropriate to enable pupils to
23 achieve the academic standards pursuant to section 15-203, subsection A,
24 paragraphs 12 and 13 and sections 15-701 and 15-701.01. At a minimum, the
25 school facilities board shall address all of the following in developing
26 these guidelines:

- 27 1. School sites.
- 28 2. Classrooms.
- 29 3. Libraries and media centers, or both.
- 30 4. Cafeterias.
- 31 5. Auditoriums, multipurpose rooms or other multiuse space.
- 32 6. Technology.
- 33 7. Transportation.
- 34 8. Facilities for science, arts and physical education.
- 35 9. Other facilities and equipment that are necessary and appropriate
36 to achieve the academic standards prescribed pursuant to section 15-203,
37 subsection A, paragraphs 12 and 13 and sections 15-701 and 15-701.01.
- 38 10. Appropriate combinations of facilities or uses listed in this
39 section.

40 G. The board shall consider the facilities and equipment of the
41 schools with the highest academic productivity scores, as prescribed in
42 section 15-2002, subsection A, paragraph 9, subdivision (d), and the highest
43 parent quality ratings in the establishment of the guidelines.

44 H. The school facilities board may consider appropriate combinations
45 of facilities or uses in making assessments of and curing existing

1 deficiencies pursuant to section 15-2002, subsection A, paragraph 1 and in
2 certifying plans for new school facilities pursuant to section 15-2002,
3 subsection A, paragraph 5.

4 I. For the purposes of this section, "student capacity" means the
5 capacity adjusted to include any additions to or deletions of space,
6 including modular or portable buildings at the school. The school facilities
7 board shall determine the student capacity for each school in conjunction
8 with each school district, recognizing each school's allocation of space as
9 of July 1, 1998, to achieve the academic standards prescribed pursuant to
10 section 15-203, subsection A, paragraphs 12 and 13 and sections 15-701 and
11 15-701.01.

12 Sec. 44. Section 15-2041, Arizona Revised Statutes, is amended to
13 read:

14 15-2041. New school facilities fund; capital plan; report

15 A. A new school facilities fund is established consisting of monies
16 appropriated by the legislature and monies credited to the fund pursuant to
17 section 37-221. The school facilities board shall administer the fund and
18 distribute monies, as a continuing appropriation, to school districts for the
19 purpose of constructing new school facilities. On June 30 of each fiscal
20 year, any unobligated contract monies in the new school facilities fund shall
21 be transferred to the capital reserve fund established by section 15-2003.

22 B. The school facilities board shall prescribe a uniform format for
23 use by the school district governing board in developing and annually
24 updating a capital plan that consists of each of the following:

25 1. Enrollment projections for the next five years for elementary
26 schools and eight years for middle and high schools, including a description
27 of the methods used to make the projections.

28 2. A description of new schools or additions to existing schools
29 needed to meet the building adequacy standards prescribed in section 15-2011.
30 The description shall include:

31 (a) The grade levels and the total number of pupils that the school or
32 addition is intended to serve.

33 (b) The year in which it is necessary for the school or addition to
34 begin operations.

35 (c) A timeline that shows the planning and construction process for
36 the school or addition.

37 3. Long-term projections of the need for land for new schools.

38 4. Any other necessary information required by the school facilities
39 board to evaluate a school district's capital plan.

40 5. If a school district pays tuition for all or a portion of the
41 school district's high school pupils to another school district, the capital
42 plan shall indicate the number of pupils for which the district pays tuition
43 to another district. If a school district accepts pupils from another school
44 district pursuant to section 15-824, subsection A, the school district shall

1 indicate the projections for this population separately. This paragraph does
2 not apply to a small isolated school district as defined in section 15-901.

3 C. If the capital plan indicates a need for a new school or an
4 addition to an existing school within the next four years or a need for land
5 within the next ten years, the school district shall submit its plan to the
6 school facilities board by September 1 and shall request monies from the new
7 school facilities fund for the new construction or land. Monies provided for
8 land shall be in addition to any monies provided pursuant to subsection D of
9 this section.

10 D. The school facilities board shall distribute monies from the new
11 school facilities fund as follows:

12 1. The school facilities board shall review and evaluate the
13 enrollment projections and either approve the projections as submitted or
14 revise the projections. In determining new construction requirements, the
15 school facilities board shall determine the net new growth of pupils that
16 will require additional square footage that exceeds the building adequacy
17 standards prescribed in section 15-2011. If the projected growth and the
18 existing number of pupils exceed three hundred fifty pupils who are served in
19 a school district other than the pupil's resident school district, the school
20 facilities board, the receiving school district and the resident school
21 district shall develop a capital facilities plan on how to best serve those
22 pupils. A small isolated school district as defined in section 15-901 is not
23 required to develop a capital facilities plan pursuant to this paragraph.

24 2. If the approved projections indicate that additional space will not
25 be needed within the next two years for elementary schools or three years for
26 middle or high schools in order to meet the building adequacy standards
27 prescribed in section 15-2011, the request shall be held for consideration by
28 the school facilities board for possible future funding and the school
29 district shall annually submit an updated plan until the additional space is
30 needed.

31 3. If the approved projections indicate that additional space will be
32 needed within the next two years for elementary schools or three years for
33 middle or high schools in order to meet the building adequacy standards
34 prescribed in section 15-2011, the school facilities board shall provide an
35 amount as follows:

36 (a) Determine the number of pupils requiring additional square footage
37 to meet building adequacy standards. This amount for elementary schools
38 shall not be less than the number of new pupils for whom space will be needed
39 in the next year and shall not exceed the number of new pupils for whom space
40 will be needed in the next five years. This amount for middle and high
41 schools shall not be less than the number of new pupils for whom space will
42 be needed in the next four years and shall not exceed the number of new
43 pupils for whom space will be needed in the next eight years.

44 (b) Multiply the number of pupils determined in subdivision (a) of
45 this paragraph by the square footage per pupil. The square footage per pupil

1 is ninety square feet per pupil for preschool children with disabilities,
2 kindergarten programs and grades one through six, one hundred square feet for
3 grades seven and eight, one hundred thirty-four square feet for a school
4 district that provides instruction in grades nine through twelve for fewer
5 than one thousand eight hundred pupils and one hundred twenty-five square
6 feet for a school district that provides instruction in grades nine through
7 twelve for at least one thousand eight hundred pupils. The total number of
8 pupils in grades nine through twelve in the district shall determine the
9 square footage factor to use for net new pupils. The school facilities board
10 may modify the square footage requirements prescribed in this subdivision for
11 particular schools based on any of the following factors:

12 (i) The number of pupils served or projected to be served by the
13 school district.

14 (ii) Geographic factors.

15 (iii) Grade configurations other than those prescribed in this
16 subdivision.

17 (iv) Compliance with minimum school facility adequacy requirements
18 established pursuant to section 15-2011.

19 (c) Multiply the product obtained in subdivision (b) of this paragraph
20 by the cost per square foot. The cost per square foot is ninety dollars for
21 preschool children with disabilities, kindergarten programs and grades one
22 through six, ninety-five dollars for grades seven and eight and one hundred
23 ten dollars for grades nine through twelve. The cost per square foot shall
24 be adjusted annually for construction market considerations based on an index
25 identified or developed by the joint legislative budget committee as
26 necessary but not less than once each year. The school facilities board
27 shall multiply the cost per square foot by 1.05 for any school district
28 located in a rural area. The school facilities board may ONLY modify the
29 base cost per square foot prescribed in this subdivision for particular
30 schools based on geographic conditions or site conditions. For the purposes
31 of this subdivision, "rural area" means an area outside a thirty-five mile
32 radius of a boundary of a municipality with a population of more than fifty
33 thousand persons.

34 (d) Once the school district governing board obtains approval from the
35 school facilities board for new facility construction funds, additional
36 portable or modular square footage created for the express purpose of
37 providing temporary space for pupils until the completion of the new facility
38 shall not be included by the school facilities board for the purpose of new
39 construction funding calculations. On completion of the new facility
40 construction project, if the portable or modular facilities continue in use,
41 the portable or modular facilities shall be included as prescribed by this
42 chapter, unless the school facilities board approves their continued use for
43 the purpose of providing temporary space for pupils until the completion of
44 the next new facility that has been approved for funding from the new school
45 facilities fund.

1 4. For projects approved after December 31, 2001, and notwithstanding
2 paragraph 3 of this subsection, a unified school district that does not have
3 a high school is not eligible to receive high school space as prescribed by
4 section 15-2011 and this section unless the unified district qualifies for
5 geographic factors prescribed by paragraph 3, subdivision (b), item (ii) of
6 this subsection.

7 5. If a joint technological education district leases a building from
8 a school district, that building shall be included in the school district's
9 square footage calculation for the purposes of new construction pursuant to
10 this section.

11 E. Monies for architectural and engineering fees, project management
12 services and preconstruction services shall be distributed on the completion
13 of the analysis by the school facilities board of the school district's
14 request. After receiving monies pursuant to this subsection, the school
15 district shall submit a design development plan for the school or addition to
16 the school facilities board before any monies for construction are
17 distributed. If the school district's request meets the building adequacy
18 standards, the school facilities board may review and comment on the
19 district's plan with respect to the efficiency and effectiveness of the plan
20 in meeting state square footage and facility standards before distributing
21 the remainder of the monies. If the school facilities board modifies the
22 cost per square foot as prescribed in subsection D, paragraph 3, subdivision
23 (c), the school facilities board may deduct the cost of project management
24 services and preconstruction services from the required cost per square
25 foot. The school facilities board may decline to fund the project if the
26 square footage is no longer required due to revised enrollment projections.

27 F. The school facilities board shall distribute the monies needed for
28 land for new schools so that land may be purchased at a price that is less
29 than or equal to fair market value and in advance of the construction of the
30 new school. If necessary, the school facilities board may distribute monies
31 for land to be leased for new schools if the duration of the lease exceeds
32 the life expectancy of the school facility by at least fifty per cent. The
33 proceeds derived through the sale of any land purchased or partially
34 purchased with monies provided by the school facilities board shall be
35 returned to the state fund from which it was appropriated and to any other
36 participating entity on a proportional basis. Except as provided in section
37 15-342, paragraph 33, if a school district acquires real property by donation
38 at an appropriate school site approved by the school facilities board, the
39 school facilities board shall distribute an amount equal to twenty per cent
40 of the fair market value of the donated real property that can be used for
41 academic purposes. The school district shall place the monies in the
42 unrestricted capital outlay fund and increase the unrestricted capital budget
43 limit by the amount of monies placed in the fund. Monies distributed under
44 this subsection shall be distributed from the new school facilities fund. A
45 school district that receives monies from the new school facilities fund for

1 a donation of land pursuant to section 15-342, paragraph 33 shall not receive
2 monies from the school facilities board for the donation of real property
3 pursuant to this subsection. A school district shall not pay a consultant a
4 percentage of the value of any of the following:

5 1. Donations of real property, services or cash from any of the
6 following:

7 (a) Entities that have offered to provide construction services to the
8 school district.

9 (b) Entities that have been contracted to provide construction
10 services to the school district.

11 (c) Entities that build residential units in that school district.

12 (d) Entities that develop land for residential use in that school
13 district.

14 2. Monies received from the school facilities board on behalf of the
15 school district.

16 3. Monies paid by the school facilities board on behalf of the school
17 district.

18 G. In addition to distributions to school districts based on pupil
19 growth projections, a school district may submit an application to the school
20 facilities board for monies from the new school facilities fund if one or
21 more school buildings have outlived their useful life. If the school
22 facilities board determines that the school district needs to build a new
23 school building for these reasons, the school facilities board shall remove
24 the square footage computations that represent the building from the
25 computation of the school district's total square footage for purposes of
26 this section. If the square footage recomputation reflects that the school
27 district no longer meets building adequacy standards, the school district
28 qualifies for a distribution of monies from the new school construction
29 formula in an amount determined pursuant to subsection D of this section.
30 Buildings removed from a school district's total square footage pursuant to
31 this subsection shall not be included in the computation of monies from the
32 building renewal fund established by section 15-2031. The school facilities
33 board may ONLY modify the base cost per square foot prescribed in this
34 subsection under extraordinary circumstances for geographic factors or site
35 conditions.

36 H. School districts that receive monies from the new school facilities
37 fund shall establish a district new school facilities fund and shall use the
38 monies in the district new school facilities fund only for the purposes
39 prescribed in this section. By October 15 of each year, each school district
40 shall report to the school facilities board the projects funded at each
41 school in the previous fiscal year with monies from the district new school
42 facilities fund and shall provide an accounting of the monies remaining in
43 the new school facilities fund at the end of the previous fiscal year.

44 I. If a school district has surplus monies received from the new
45 school facilities fund, the school district may use the surplus monies only

1 for capital purposes for the project for up to one year after completion of
2 the project. If the school district possesses surplus monies from the new
3 school construction project that have not been expended within one year of
4 the completion of the project, the school district shall return the surplus
5 monies to the school facilities board for deposit in the new school
6 facilities fund.

7 J. The board's consideration of any application filed after July 1,
8 2001 or after December 31 of the year in which the property becomes territory
9 in the vicinity of a military airport or ancillary military facility as
10 defined in section 28-8461 for monies to fund the construction of new school
11 facilities proposed to be located in territory in the vicinity of a military
12 airport or ancillary military facility shall include, if after notice is
13 transmitted to the military airport pursuant to section 15-2002 and before
14 the public hearing the military airport provides comments and analysis
15 concerning compatibility of the proposed school facilities with the high
16 noise or accident potential generated by military airport or ancillary
17 military facility operations that may have an adverse effect on public health
18 and safety, consideration and analysis of the comments and analysis provided
19 by the military airport before making a final determination.

20 K. If a school district uses its own project manager for new school
21 construction, the members of the school district governing board and the
22 project manager shall sign an affidavit stating that the members and the
23 project manager understand and will follow the minimum adequacy requirements
24 prescribed in section 15-2011.

25 L. The school facilities board shall establish a separate account in
26 the new school facilities fund designated as the litigation account to pay
27 attorney fees, expert witness fees and other costs associated with litigation
28 in which the school facilities board pursues the recovery of damages for
29 deficiencies correction that resulted from alleged construction defects or
30 design defects that the school facilities board believes caused or
31 contributed to a failure of the school building to conform to the building
32 adequacy requirements prescribed in section 15-2011. Attorney fees paid
33 pursuant to this subsection shall not exceed the market rate for similar
34 types of litigation. The joint committee on capital review shall conduct an
35 annual review of the litigation account, including the costs associated with
36 current and potential litigation.

37 M. Until the state board of education and the auditor general adopt
38 rules pursuant to section 15-213, subsection I, the school facilities board
39 may allow school districts to contract for construction services and
40 materials through the qualified select bidders list method of project
41 delivery for new school facilities pursuant to this section.

42 N. The school facilities board shall submit a report on project
43 management services and preconstruction services to the governor, the
44 president of the senate and the speaker of the house of representatives by
45 December 31 of each year. The report shall compare projects that use project

1 management and preconstruction services with those that do not. The report
2 shall address cost, schedule and other measurable components of a
3 construction project. School districts, construction manager at risk firms
4 and project management firms that participate in a school facilities board
5 funded project shall provide the information required by the school
6 facilities board in relation to this report.

7 0. If a school district constructs new square footage according to
8 section 15-342, paragraph 33, the school facilities board shall review the
9 design plans and location of any new school facility submitted by school
10 districts and another party to determine whether the design plans comply with
11 the adequacy standards prescribed in section 15-2011 and the square footage
12 per pupil requirements pursuant to subsection D, paragraph 3, subdivision (b)
13 of this section. When the school district qualifies for a distribution of
14 monies from the new school facilities fund according to this section, the
15 school facilities board shall distribute monies to the school district from
16 the new school facilities fund for the square footage constructed under
17 section 15-342, paragraph 33 at the same cost per square foot established by
18 this section that was in effect at the time of the beginning of the
19 construction of the school facility. Before the school facilities board
20 distributes any monies pursuant to this subsection, the school district shall
21 demonstrate to the school facilities board that the facilities to be funded
22 pursuant to this section meet the minimum adequacy standards prescribed in
23 section 15-2011. The agreement entered into pursuant to section 15-342,
24 paragraph 33 shall set forth the procedures for the allocation of these funds
25 to the parties that participated in the agreement.

26 Sec. 45. Repeal

27 Title 15, chapter 17, Arizona Revised Statutes, is repealed.

28 Sec. 46. Section 38-232, Arizona Revised Statutes, is amended to read:

29 38-232. Time of oath

30 When a different time is not prescribed, the oath of office shall be
31 taken, ~~AND subscribed and filed~~ as follows:

32 1. If appointed, at ~~least one day~~ OR before commencement of the term
33 of office.

34 2. If elected, at any time after receiving the officer's certificate
35 of election, and at ~~least one day~~ OR before commencement of the term of
36 office.

37 Sec. 47. Section 38-766.01, Arizona Revised Statutes, is amended to
38 read:

39 38-766.01. Retired members; return to work

40 A. Notwithstanding section 38-766, a retired member may return to work
41 and still be eligible to receive retirement benefits if all of the following
42 requirements are satisfied:

- 43 1. The retired member has attained the member's normal retirement age.
44 2. The retired member terminated employment at least twelve months
45 before returning to work.

1 3. If the retired member returns to work as a teacher, the retired
2 member is working as a certificated teacher.

3 4. If the retired member returns to work as a teacher, the retired
4 member's employment is not subject to the requirements prescribed in sections
5 15-536, 15-538, 15-538.01 and 15-539 through 15-543.

6 5. The retired member acknowledges in writing the provisions of this
7 section.

8 B. An employer of a retired member who returns to work pursuant to
9 this section shall not pay contributions on behalf of the retired member
10 pursuant to section 38-736, 38-737 or 38-797.05. A retired member who
11 returns to work pursuant to this section does not accrue credited service,
12 retirement benefits or long-term disability program benefits pursuant to
13 article 2.1 of this chapter for the period the retired member returns to
14 work.

15 Sec. 48. Section 41-1232.04, Arizona Revised Statutes, is amended to
16 read:

17 41-1232.04. Registration; exceptions

18 Sections 41-1232, ~~and~~ 41-1232.01, 41-1232.02 AND 41-1232.03 do not
19 apply to a person if that person is acting in the following capacity:

20 1. A natural person who merely appears for himself before a committee
21 of the legislature or before a state officer or employee or a state agency,
22 board, commission or council to lobby in support of or in opposition to
23 legislation or official action.

24 2. A natural person who, acting in his own behalf, sends a letter to,
25 converses on the telephone with or has a personal conversation with a state
26 officer or employee for the purpose of supporting or opposing any legislation
27 or official action.

28 3. A duly elected or retained public official, judge or justice, ~~an~~
29 ~~individual~~ A PERSON duly appointed to an elective public office, or an
30 appointed member of a state, county or local board, advisory committee,
31 commission or council acting in his official capacity on matters pertaining
32 to his office, board, advisory committee, commission or council.

33 4. A person who answers technical questions or provides technical
34 information at the request of a lobbyist, designated public lobbyist,
35 authorized public lobbyist or legislator and who makes no expenditures
36 required to be reported by this article.

37 5. A person who performs professional services in drafting bills or in
38 advising and rendering opinions to clients as to the construction and effect
39 of proposed or pending legislation.

40 6. An attorney who represents clients before any court or before any
41 quasi-judicial body.

42 7. A person who contacts a state officer or state employee solely for
43 the purpose of acquiring information.

44 8. A person who contacts a state officer, ~~or~~ state employee, SCHOOL
45 DISTRICT GOVERNING BOARD MEMBER OR SCHOOL DISTRICT EMPLOYEE in connection

1 with the procurement or attempted procurement of, OR THE FULFILLMENT OF
2 CONTRACTS FOR, materials, services or construction. FOR THE PURPOSES OF THIS
3 PARAGRAPH, SERVICES INCLUDE BONDING SERVICES.

4 9. A natural person who is a member of an association and, who is not
5 the lobbyist for compensation, designated lobbyist or authorized lobbyist for
6 the association and who does not make any expenditures that would otherwise
7 be required to be reported by this article if the natural person were a
8 lobbyist, designated public lobbyist or authorized public lobbyist.

9 Sec. 49. Section 41-1758, Arizona Revised Statutes, is amended to
10 read:

11 41-1758. Definitions

12 In this article, unless the context otherwise requires:

13 1. "Agency" means the supreme court, the department of economic
14 security, the department of education, the department of health services, the
15 department of juvenile corrections, the department of emergency and military
16 affairs, the board of fingerprinting or the board of examiners of nursing
17 care institution administrators and assisted living facility managers.

18 2. "Division" means the fingerprinting division in the department of
19 public safety.

20 3. "Good cause exception" means the issuance of a fingerprint
21 clearance card to an employee pursuant to section 41-619.55.

22 4. "Person" means a person who is required to be fingerprinted
23 pursuant to any of the following:

- 24 (a) Section 8-105.
- 25 (b) Section 8-322.
- 26 (c) Section 8-509.
- 27 (d) Section 8-802.
- 28 (e) Section 15-183.
- 29 (f) SECTION 15-503.
- 30 ~~(f)~~ (g) Section 15-534.
- 31 ~~(g)~~ (h) Section 15-1330.
- 32 ~~(h)~~ (i) Section 15-1881.
- 33 ~~(i)~~ (j) Section 26-103.
- 34 ~~(j)~~ (k) Section 36-411.
- 35 ~~(k)~~ (l) Section 36-425.03.
- 36 ~~(l)~~ (m) Section 36-446.04.
- 37 ~~(m)~~ (n) Section 36-594.01.
- 38 ~~(n)~~ (o) Section 36-594.02.
- 39 ~~(o)~~ (p) Section 36-882.
- 40 ~~(p)~~ (q) Section 36-883.02.
- 41 ~~(q)~~ (r) Section 36-897.01.
- 42 ~~(r)~~ (s) Section 36-897.03.
- 43 ~~(s)~~ (t) Section 36-3008.
- 44 ~~(t)~~ (u) Section 41-619.52.
- 45 ~~(u)~~ (v) Section 41-619.53.

- 1 ~~(v)~~ (w) Section 41-1964.
- 2 ~~(w)~~ (x) Section 41-1967.01.
- 3 ~~(x)~~ (y) Section 41-1968.
- 4 ~~(y)~~ (z) Section 41-1969.
- 5 ~~(z)~~ (aa) Section 41-2814.
- 6 ~~(aa)~~ (bb) Section 46-141, subsection A.
- 7 ~~(bb)~~ (cc) Section 46-321.

8 5. "Vulnerable adult" has the same meaning prescribed in section
9 13-3623.

10 Sec. 50. Section 41-1758.01, Arizona Revised Statutes, as amended by
11 Laws 2009, chapter 8, section 17, is amended to read:

12 41-1758.01. Fingerprinting division; duties

13 The fingerprinting division is established in the department of public
14 safety and shall:

15 1. Conduct fingerprint background checks for persons and applicants
16 who are seeking employment with licensees, contract providers and state
17 agencies or seeking employment or educational opportunities with agencies
18 that require fingerprint background checks pursuant to sections 8-105, 8-322,
19 8-509, 8-802, 15-183, 15-503, 15-534, 15-1330, 15-1881, 26-103, 36-411,
20 36-425.03, 36-446.04, 36-594.01, 36-594.02, 36-882, 36-883.02, 36-897.01,
21 36-897.03, 36-3008, 41-619.52, 41-619.53, 41-1964, 41-1967.01, 41-1968,
22 41-1969 and 41-2814, section 46-141, subsection A and section 46-321.

23 2. Issue fingerprint clearance cards. On issuance, a fingerprint
24 clearance card becomes the personal property of the cardholder and the
25 cardholder shall retain possession of the fingerprint clearance card.

26 3. On submission of an application for a fingerprint clearance card,
27 collect the fees established by the board of fingerprinting pursuant to
28 section 41-619.53 and deposit, pursuant to sections 35-146 and 35-147, the
29 monies collected in the board of fingerprinting fund.

30 4. Inform in writing each person who submits fingerprints for a
31 fingerprint background check of the person's right to petition the board of
32 fingerprinting for a good cause exception pursuant to sections 41-1758.03 and
33 41-1758.07.

34 5. Administer and enforce this article.

35 Sec. 51. Section 41-2632, Arizona Revised Statutes, is amended to
36 read:

37 41-2632. Cooperative purchasing authorized

38 A. Any public procurement unit may either participate in, sponsor,
39 conduct or administer a cooperative purchasing agreement for the procurement
40 of any materials, services or construction with one or more public
41 procurement units in accordance with an agreement entered into between the
42 participants. A nonprofit educational or public health institution may enter
43 into an agreement pursuant to this section if one or more of the parties
44 involved is a public procurement unit. An agreement entered into as provided

1 in this article is exempt from section 11-952, ~~subsections~~ SUBSECTION D.
2 ~~and~~ F. Parties under a cooperative purchasing agreement may:

3 1. Sponsor, conduct or administer a cooperative agreement for the
4 procurement or disposal of any materials, services or construction.

5 2. Cooperatively use materials or services.

6 3. Commonly use or share warehousing facilities, capital equipment and
7 other facilities.

8 4. Provide personnel, except that the requesting public procurement
9 unit shall pay the public procurement unit providing the personnel the direct
10 and indirect cost of providing the personnel, in accordance with the
11 agreement.

12 5. On request, make available to other public procurement units
13 informational, technical or other services or software that may assist in
14 improving the efficiency or economy of procurement. The public procurement
15 unit furnishing the informational, technical or other services or software
16 has the right to request reimbursement for the reasonable and necessary costs
17 of providing these services or software.

18 B. The school facilities board or school districts, or both, may enter
19 into an agreement with a public procurement unit pursuant to this section for
20 the purpose of procuring materials and services needed to correct
21 deficiencies in school facilities ~~as determined in section 15-2021.~~

22 C. The activities described in this section do not limit what parties
23 may do under a cooperative purchasing agreement.

24 D. A nonprofit corporation operating as a public procurement unit
25 under this section, on request of the auditor general, shall provide to the
26 auditor general all documentation concerning any cooperative purchasing
27 transaction the public procurement unit administers under this section.

28 E. A nonprofit corporation operating as a public procurement unit
29 under this section shall comply with all procurement laws applicable to the
30 public procurement unit participating in a cooperative purchasing transaction
31 that the nonprofit corporation administers.

32 F. This section does not abrogate the responsibility of each public
33 procurement unit to ensure compliance with procurement laws that apply to the
34 particular public procurement, notwithstanding the fact that the cooperative
35 purchase is administered by a nonprofit corporation operating under this
36 section.

37 Sec. 52. Section 42-6206, Arizona Revised Statutes, is amended to
38 read:

39 42-6206. Development agreements; acknowledgment of tax
40 liability; default

41 A. Each lease or development agreement between a prime lessee and a
42 government lessor entered into after June 30, 1996 shall include:

43 1. A notice of the tax liability under this article.

44 2. A provision that failure by the prime lessee to pay the tax after
45 notice and an opportunity to cure is an event of default that could result in

1 divesting the prime lessee of any interest in or right of occupancy of the
2 government property improvement.

3 B. NO LATER THAN JUNE 30 OF EACH YEAR THE GOVERNMENT LESSOR SHALL
4 PROVIDE THE COUNTY ASSESSOR WITH A COMPLETE LIST OF DEVELOPMENT AGREEMENTS
5 BETWEEN THE GOVERNMENT LESSOR AND THE PRIME LESSEES, INCLUDING THE
6 COMMENCEMENT AND TERMINATION DATES OF THE AGREEMENTS, THE NAMES AND ADDRESSES
7 OF THE PRIME LESSEES AND THE LOCATIONS OF THE PROPERTIES THAT ARE SUBJECT TO
8 THE AGREEMENTS.

9 Sec. 53. Section 42-13051, Arizona Revised Statutes, is amended to
10 read:

11 42-13051. Duties of county assessor

12 A. Not later than December 15 of each year the county assessor shall
13 identify by diligent inquiry and examination all real property in the county
14 that is subject to taxation and that is not otherwise valued by the
15 department as provided by law.

16 B. The assessor shall:

17 1. Determine the names of all persons who own, claim, possess or
18 control the property, INCLUDING PROPERTIES SUBJECT TO THE GOVERNMENT PROPERTY
19 LEASE EXCISE TAX PURSUANT TO CHAPTER 6, ARTICLE 5 OF THIS TITLE.

20 2. Determine the full cash value of all such property as of January 1
21 of the next year by using the manuals furnished and procedures prescribed by
22 the department.

23 3. List the property with the determined valuation for use on the tax
24 roll AND REPORT TO THE DEPARTMENT OF EDUCATION THE DETERMINED VALUATIONS OF
25 PROPERTIES THAT ARE SUBJECT TO THE GOVERNMENT PROPERTY LEASE EXCISE TAX
26 PURSUANT TO CHAPTER 6, ARTICLE 5 OF THIS TITLE.

27 C. In identifying property pursuant to this section, the assessor
28 shall use aerial photography, applicable department of revenue records,
29 building permits and other documentary sources and technology.

30 Sec. 54. Section 42-17151, Arizona Revised Statutes, is amended to
31 read:

32 42-17151. County, municipal, community college and school tax
33 levy

34 A. On or before the third Monday in August each year, the governing
35 body of each county, city, town, community college district and school
36 district shall:

37 1. Fix, levy and assess the amount to be raised from primary property
38 taxation and secondary property taxation. This amount, plus all other
39 sources of revenue, as estimated, and unencumbered balances from the
40 preceding fiscal year, shall equal the total of amounts proposed to be spent
41 in the budget for the current fiscal year.

42 2. Designate the amounts to be levied for each purpose appearing in
43 the adopted budget.

44 3. Fix and determine a primary property tax rate and a secondary
45 property tax rate, each rounded to four decimal places on each one hundred

1 dollars of taxable property shown by the finally equalized valuations of
2 property, less exemptions, that appear on the tax rolls for the fiscal year
3 and that when extended on those valuations will produce, in the aggregate,
4 the entire amount to be raised by direct taxation for that year.

5 B. The governing body of a county, city, town or community college
6 district shall not fix, levy or assess an amount of primary property taxes in
7 excess of the amount permitted by section 42-17051, subsection A, paragraph 7
8 or section 42-17005 as determined by the property tax oversight commission.

9 C. THE GOVERNING BOARD OF A COMMON SCHOOL DISTRICT, A HIGH SCHOOL
10 DISTRICT OR A UNIFIED SCHOOL DISTRICT SHALL NOT FIX, LEVY OR ASSESS A PRIMARY
11 PROPERTY TAX RATE HIGHER THAN THE CURRENT YEAR'S RATE IF THE DISTRICT MEETS
12 BOTH OF THE FOLLOWING CRITERIA, AS DETERMINED BY THE PROPERTY TAX OVERSIGHT
13 COMMISSION:

14 1. THE TOTAL PRIMARY PROPERTY TAXES LEVIED FOR ALL TAXING
15 JURISDICTIONS ON AT LEAST ONE-HALF OF THE RESIDENTIAL PROPERTY OF THE
16 DISTRICT EXCEED THE LIMITATION DESCRIBED IN SECTION 15-972, SUBSECTION E.

17 2. THE SCHOOL DISTRICT PRIMARY PROPERTY TAX RATE EXCEEDS ONE HUNDRED
18 FIFTY PER CENT OF THE APPLICABLE QUALIFYING TAX RATE PURSUANT TO SECTION
19 41-1276.

20 D. NO LATER THAN DECEMBER 31, THE PROPERTY TAX OVERSIGHT COMMISSION
21 SHALL NOTIFY THOSE SCHOOL DISTRICTS THAT MEET THE CRITERIA DESCRIBED IN
22 SUBSECTION C OF THIS SECTION AND THE COUNTY SCHOOL SUPERINTENDENTS AND BOARDS
23 OF SUPERVISORS OF THE COUNTIES IN WHICH THE SCHOOL DISTRICTS ARE LOCATED.

24 E. Within three days after the final levies are determined for a
25 county, city, town or community college district, the chief county fiscal
26 officer shall notify the property tax oversight commission of the amount of
27 the primary property tax levied.

28 Sec. 55. Repeal

29 Laws 2008, chapter 287, section 65 is repealed.

30 Sec. 56. Laws 2009, chapter 6, section 1 is amended to read:

31 Section 1. Calculation of state aid allocations: school
32 districts

33 A. By the close of business on ~~October 15~~ NOVEMBER 2, 2009, the
34 department of education shall apportion to each qualifying school district
35 from monies appropriated for basic state aid and additional state aid for
36 fiscal year 2009-2010 an amount determined as follows:

37 1. Identify the total ending ~~each~~ FUND balance of each school district
38 in this state as of June 30, 2009 in its maintenance and operation funds,
39 capital outlay funds and soft capital allocation funds.

40 2. Calculate for each school district in this state the sum of the
41 amounts identified in paragraph 1 of this subsection.

42 3. IDENTIFY FOR EACH SCHOOL DISTRICT IN THIS STATE THE AMOUNT OF BASIC
43 STATE AID AND ADDITIONAL STATE AID THAT WAS SCHEDULED TO BE APPORTIONED ON
44 MAY 15, 2009 PURSUANT TO SECTION 15-973, ARIZONA REVISED STATUTES, BUT THAT
45 WAS DEFERRED PURSUANT TO LEGISLATION ENACTED INTO LAW DURING MAY 2009.

1 4. CALCULATE FOR EACH SCHOOL DISTRICT IN THIS STATE THE SUM OF THE
2 AMOUNTS IDENTIFIED IN PARAGRAPHS 2 AND 3 OF THIS SUBSECTION.

3 ~~3-~~ 5. Identify for each school district in this state the amount, if
4 any, that is budgeted for budget balances for fiscal year 2009-2010 pursuant
5 to section 15-918.04, subsection C, Arizona Revised Statutes, section
6 15-919.04, subsection D, Arizona Revised Statutes, section 15-943.01, Arizona
7 Revised Statutes, and section 15-947, subsection D, paragraph 4 and
8 subsection E, paragraph 2, Arizona Revised Statutes.

9 ~~4-~~ 6. Calculate for each school district in this state the sum of the
10 amounts identified in paragraph ~~3-~~ 5 of this subsection.

11 ~~5-~~ 7. Subtract for each school district in this state the amount
12 determined in paragraph ~~4-~~ 6 of this subsection from the amount determined in
13 paragraph ~~2-~~ 4 of this subsection. IF THE COMPUTED AMOUNT IS ZERO OR A
14 NEGATIVE NUMBER, USE ZERO.

15 ~~6-~~ 8. Identify the total revenue received by each school district in
16 this state for its maintenance and operation funds, capital outlay funds and
17 soft capital allocation funds for fiscal year 2008-2009, excluding the
18 beginning cash balances in each of those funds.

19 ~~7-~~ 9. Calculate for each school district in this state the sum of the
20 amounts identified in paragraph ~~6-~~ 8 of this subsection.

21 ~~8-~~ 10. Identify the total P.L. 81-874 revenue received by each school
22 district in this state for its maintenance and operation funds, capital
23 outlay funds and soft capital allocation funds for fiscal year 2008-2009.

24 ~~9-~~ 11. Calculate for each school district in this state the sum of
25 the amounts identified in paragraph ~~8-~~ 10 of this subsection.

26 ~~10-~~ 12. Divide for each school district in this state the amount
27 determined in paragraph ~~9-~~ 11 of this subsection by the amount determined in
28 paragraph ~~7-~~ 9 of this subsection.

29 ~~11-~~ 13. Multiply the quotient determined in paragraph ~~10-~~ 12 of this
30 subsection by the amount determined in paragraph ~~5-~~ 7 of this subsection.

31 ~~12-~~ 14. Subtract the amount determined in paragraph ~~11-~~ 13 of this
32 subsection from the amount determined in paragraph ~~5-~~ 7 of this subsection.
33 IF THE COMPUTED AMOUNT IS ZERO OR A NEGATIVE NUMBER, USE ZERO.

34 ~~13-~~ 15. Identify for each school district in this state the amount of
35 basic state aid and additional state aid that was scheduled to be apportioned
36 on May 15, 2009 pursuant to section 15-973, Arizona Revised Statutes, but
37 that was deferred pursuant to legislation enacted into law during May 2009.

38 ~~14-~~ 16. For each school district in this state except accommodation
39 schools as defined in section 15-101, Arizona Revised Statutes, subtract the
40 amount determined in paragraph ~~12-~~ 14 of this subsection from the amount
41 determined in paragraph ~~13-~~ 15 of this subsection. If the computed amount is
42 zero or a negative amount, use zero. For accommodation schools, use the
43 amount identified in paragraph ~~13-~~ 15 of this subsection. The amount
44 determined pursuant to this paragraph is the amount of the apportionment to
45 the school district or accommodation school.

1 B. In addition to the amount required by subsection A of this section,
2 by the close of business on October 15, 2009, the department of education
3 shall apportion to each qualifying school district from monies appropriated
4 for basic state and additional state aid for fiscal year 2009-2010 an amount
5 determined as follows:

6 1. Identify the amount determined in subsection A, paragraph 14 16 of
7 this section.

8 2. Multiply the amount determined in paragraph 1 of this subsection by
9 two per cent for an assumed interest rate of two per cent.

10 3. Multiply the amount determined in paragraph 2 of this subsection by
11 five-twelfths for an assumed five month interest accumulation period. The
12 amount determined pursuant to this paragraph is the amount of the
13 apportionment to the school district or accommodation school.

14 C. Notwithstanding any provision of law, for fiscal year 2009-2010, if
15 the governing board of a school district incurred interest expenses for
16 registering warrants in fiscal year 2008-2009 or expects to incur interest
17 expenses for registering warrants in fiscal year 2009-2010 related to basic
18 state aid and additional state aid that was scheduled to be apportioned on
19 May 15, 2009 pursuant to section 15-973, Arizona Revised Statutes, but that
20 was deferred pursuant to legislation enacted into law during May 2009, the
21 governing board may budget an estimated amount for those interest expenses.
22 Any such amount is specifically exempt from the revenue control limit in
23 fiscal year 2009-2010. If the budgeted estimate amount is greater than the
24 amount received pursuant to subsection B of this section, the governing board
25 shall not expend more than the amount received pursuant to subsection B of
26 this section. If the budgeted estimate amount is less than the amount
27 received pursuant to subsection B of this section, the governing board may
28 revise its budget during fiscal year 2009-2010 to include the actual amount
29 received pursuant to subsection B of this section and shall not expend more
30 than the amount received pursuant to subsection B of this section.

31 D. School districts shall include in the revenue estimates that they
32 use for computing their tax rates for fiscal year 2009-2010 the monies that
33 they will receive pursuant to subsection A, paragraph 14 16 of this section.

34 E. The county treasurer and county school superintendent in each
35 county shall provide to the department of education any information that is
36 requested by the department of education to carry out the requirements of
37 this section.

38 Sec. 57. Repeal

39 Laws 2009, forty-ninth legislature, third special session, chapter 2,
40 sections 5, 7, 8 and 9 are repealed.

41 Sec. 58. Joint technological education district equalization
42 funding: pro rata reduction

43 A. Notwithstanding section 15-393, Arizona Revised Statutes, or any
44 other law, the department of education shall fund state aid for joint

1 technological education districts for fiscal year 2009-2010 at ninety-one per
2 cent of the amount that otherwise would be provided by law.

3 B. Notwithstanding subsection A of this section, a joint technological
4 education district shall not receive less equalization formula funding for
5 fiscal year 2009-2010 than it received for fiscal year 2008-2009 except for
6 reductions due to changes in student counts, net assessed property values or
7 other technical factors or due to prior year adjustments or corrections. For
8 the purposes of this subsection, "equalization formula funding" means the sum
9 of a joint technological education district's base support level, as
10 prescribed in section 15-943.02, Arizona Revised Statutes, and its capital
11 outlay revenue limit and soft capital allocation, as prescribed in section
12 15-962.01, Arizona Revised Statutes.

13 Sec. 59. Reduction in school district state aid apportionment
14 in fiscal year 2009-2010; appropriations in fiscal
15 year 2010-2011

16 A. Notwithstanding any other law, the state board of education shall
17 defer until after July 1, 2010 but no later than August 29, 2010 \$602,627,700
18 of the basic state aid and additional state aid payment that otherwise would
19 be apportioned to school districts under law during June 2010 pursuant to
20 section 15-973, Arizona Revised Statutes, as amended by this act. The
21 funding deferral required by this subsection does not apply to charter
22 schools.

23 B. The sum of \$602,627,700 is appropriated in fiscal year 2010-2011
24 from the state general fund to the state board of education and the
25 superintendent of public instruction for basic state aid and additional state
26 aid entitlement for fiscal year 2010-2011. This appropriation shall be
27 disbursed after July 1, 2010 but no later than August 29, 2010 to the several
28 counties for the school districts in each county in amounts equal to the
29 reductions in apportionment of basic state aid and additional state aid that
30 are required pursuant to subsection A of this section for fiscal year
31 2009-2010.

32 C. The sum of \$886,200 is appropriated in fiscal year 2010-2011 from
33 the state general fund to the state board of education and the superintendent
34 of public instruction for any costs to school districts that may be
35 associated with the reductions in apportionment of basic state aid and
36 additional state aid for fiscal year 2009-2010 that are required pursuant to
37 subsection A of this section. This appropriation shall be disbursed after
38 July 1, 2010 but no later than August 29, 2010 to the several counties for
39 the school districts in each county and shall be allocated based on the per
40 cent of the total \$602,627,700 deferred payment for fiscal year 2009-2010
41 that is attributable to each individual school district.

42 D. Notwithstanding any provision of law, for fiscal year 2010-2011, if
43 the governing board of a school district incurred interest expenses for
44 registering warrants in fiscal year 2009-2010 or expects to incur interest
45 expenses for registering warrants in fiscal year 2010-2011 pursuant to

1 subsection A of this section, the governing board may budget an estimated
2 amount for those interest expenses. Any such amount is specifically exempt
3 from the revenue control limit in fiscal year 2010-2011. If the budgeted
4 estimate amount is greater than the amount received pursuant to subsection C,
5 the governing board shall not expend more than the amount received pursuant
6 to subsection C of this section. If the budgeted estimate amount is less
7 than the amount received pursuant to subsection C of this section, the
8 governing board may revise its budget during fiscal year 2010-2011 to include
9 the actual amount received pursuant to subsection C of this section and shall
10 not expend more than the amount received pursuant to subsection C of this
11 section.

12 E. School districts shall include in the revenue estimates that they
13 use for computing their tax rates for fiscal year 2009-2010 the monies that
14 they will receive pursuant to subsection B of this section.

15 Sec. 60. Elimination of adjustment for rapid decline in student
16 count beginning in fiscal year 2009-2010

17 Pursuant to the repeal of section 15-942, Arizona Revised Statutes, as
18 provided by this act, beginning in fiscal year 2009-2010, the department of
19 education shall not provide rapid decline funding to school districts.

20 Sec. 61. Building renewal fund; suspension in fiscal year
21 2009-2010

22 Notwithstanding section 15-2031, Arizona Revised Statutes, the school
23 facilities board shall not distribute monies from the building renewal fund
24 in fiscal year 2009-2010.

25 Sec. 62. School facilities board; new construction moratorium

26 A. Except as provided in section 75 of this act, relating to school
27 facilities board lease-to-own, notwithstanding sections 15-2011 and 15-2041,
28 Arizona Revised Statutes, as amended by this act, for fiscal year 2009-2010,
29 the school facilities board shall not authorize or award funding for the
30 design or construction of any new school facility and shall not authorize or
31 award funding for school site acquisitions.

32 B. During fiscal year 2009-2010, school districts shall submit capital
33 plans according to section 15-2041, subsection C, Arizona Revised Statutes,
34 as amended by this act. The school facilities board may review and award new
35 school facilities as outlined in section 15-2041, Arizona Revised Statutes,
36 as amended by this act, subject to future appropriations.

37 Sec. 63. Early graduation scholarship program; funding
38 suspension; temporary moratorium on new program
39 participants

40 A. Notwithstanding section 15-105, subsection E, Arizona Revised
41 Statutes, as amended by this act, the student count and per pupil funding of
42 a school district or charter school for fiscal year 2009-2010 shall not be
43 adjusted to reflect requirements under that subsection.

44 B. Notwithstanding section 15-105, subsection F, Arizona Revised
45 Statutes, as amended by this act, for fiscal year 2009-2010 the department of

1 education shall not transmit any monies to the commission for postsecondary
2 education for the early graduation scholarship program.

3 C. Notwithstanding section 15-105, Arizona Revised Statutes, as
4 amended by this act, students who were not admitted before July 1, 2009 to
5 participate in the early graduation scholarship program shall not be admitted
6 to participate in the early graduation scholarship program during fiscal year
7 2009-2010.

8 D. If sufficient monies are available in the early graduation
9 scholarship fund established by section 15-105, Arizona Revised Statutes, as
10 amended by this act, students who were admitted before July 1, 2009 to
11 participate in the early graduation scholarship program shall continue to
12 receive funding to participate in the program in fiscal year 2009-2010.

13 E. For fiscal year 2009-2010, the commission for postsecondary
14 education may solicit, receive and administer private and corporate
15 donations, federal grants and other federal monies in support of the early
16 graduation scholarship program. All monies received pursuant to this
17 subsection shall be deposited in the early graduation scholarship fund.

18 ~~Sec. 64. Soft capital reduction for school districts for fiscal~~
19 ~~year 2009-2010~~

20 The department of education shall implement the following:

21 1. For fiscal year 2009-2010, the department of education shall reduce
22 by \$175,000,000 the amount of basic state aid that otherwise would be
23 apportioned to school districts statewide for fiscal year 2009-2010 for the
24 soft capital allocation prescribed in section 15-962, Arizona Revised
25 Statutes, and shall reduce school district budget limits accordingly.

26 2. For fiscal year 2009-2010, the department of education shall reduce
27 the soft capital allocation for a school district that is not eligible to
28 receive basic state aid funding for fiscal year 2009-2010 by the amount that
29 its soft capital allocation would be reduced pursuant to paragraph 1 of this
30 section if the district was eligible to receive basic state aid funding for
31 fiscal year 2009-2010 and shall reduce the school district's budget limits
32 accordingly.

33 3. To the extent possible, the soft capital reductions required by
34 this section shall be taken against administrative costs, rather than
35 classroom instruction.

36 4. Notwithstanding paragraphs 1 and 2 of this section, the department
37 of education shall reduce by fifty per cent the soft capital reduction that
38 would otherwise be calculated pursuant to this section for kindergarten
39 programs and grades one through eight for a school district that has a
40 student count of fewer than six hundred in kindergarten programs and grades
41 one through eight.

42 5. Notwithstanding paragraphs 1 and 2 of this section, the department
43 of education shall reduce by fifty per cent the soft capital reduction that
44 would otherwise be calculated pursuant to this section for grades nine

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~~1 through twelve for a school district that has a student count of fewer than
2 six hundred in grades nine through twelve.~~

3 Sec. 65. Soft capital expenditures for fiscal year 2009-2010
4 Notwithstanding section 15-962, Arizona Revised Statutes, for fiscal
5 year 2009-2010, a school district may use its soft capital allocation for any
6 operating or capital expenditures.

7 Sec. 66. Annual performance audit; AIMS intervention and
8 dropout prevention program; suspension in fiscal
9 year 2009-2010

10 Notwithstanding section 15-809, subsection C, Arizona Revised Statutes,
11 the department of education is not required to contract with a private entity
12 to conduct an annual performance audit of the AIMS intervention and dropout
13 prevention program for fiscal year 2009-2010.

14 Sec. 67. School districts; expenditure of remaining bond
15 proceeds from 2000

16 Notwithstanding any other law, a school district may expend the
17 remaining proceeds from a bond election conducted in November, 2000 to make
18 modifications to an existing school facility rather than build a new school
19 facility if the school district meets all of the following criteria:

20 1. The school district is a unified school district that is located in
21 a county with a population of more than three million persons.

22 2. Had a total average daily membership count in kindergarten programs
23 and grades one through eight of more than three thousand eight hundred pupils
24 but less than three thousand nine hundred pupils and a total average daily
25 membership count in grades nine through twelve of more than one thousand
26 seven hundred pupils but less than one thousand eight hundred pupils for the
27 2007-2008 school year.

28 3. Does not qualify for state aid for equalization assistance for
29 education funding under section 15-971, subsection D, Arizona Revised
30 Statutes, as amended by this act.

31 Sec. 68. Special education cost study; suspension in fiscal
32 years 2009-2010 and 2010-2011

33 Notwithstanding section 15-236, Arizona Revised Statutes, the
34 department of education shall not conduct a cost study of special education
35 programs in fiscal years 2009-2010 and 2010-2011.

36 Sec. 69. School district budgets; actual utility costs and
37 funding plan; fiscal year 2009-2010

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

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

1 Sec. 70. Task force on assessments to measure college and
2 career readiness; delayed repeal

3 A. The task force on assessments to measure college and career
4 readiness is established consisting of the following members from diverse
5 urban and rural areas who shall be appointed by the state board of education:

6 1. A superintendent who is employed by a school district in this state
7 and who has expertise and experience in career and technical education.

8 2. A person who is employed by a school district in this state and who
9 has expertise and experience in the academic assessment of pupils.

10 3. A high school principal who is employed by a school district in
11 this state.

12 4. Three persons who are employed by postsecondary institutions in
13 this state, at least one of whom is employed by a community college district.

14 5. Three members of the public, at least one of whom has expertise and
15 experience in business or industry.

16 B. The state board of education shall select one of the appointed
17 members to serve as the task force chairperson.

18 C. The task force shall:

19 1. Examine and evaluate existing tests that measure college and career
20 readiness, including tests adopted for these purposes by other states or
21 nations.

22 2. Examine and evaluate existing tests for admission into
23 postsecondary institutions and the scores accepted on those tests for
24 admission into those postsecondary institutions, including the experiences
25 and outcomes of other states or nations that have adopted tests for these
26 purposes.

27 3. Examine and evaluate existing tests used by postsecondary
28 institutions to award postsecondary academic credit, or placement in credit
29 bearing courses, or both, without remediation and the scores accepted on
30 those tests by postsecondary institutions, including the experiences and
31 outcomes of other states or nations that have adopted tests for these
32 purposes.

33 4. Recommend a process for the selection of one or more tests that
34 meet the criteria specified in paragraphs 1, 2 and 3 of this subsection that
35 will be administered to pupils in grade nine in this state beginning in the
36 spring of 2011.

37 5. Recommend a process for the selection of one or more tests that
38 meet the criteria specified in paragraphs 1, 2 and 3 of this subsection that
39 will be administered to pupils in grade eleven in this state beginning in the
40 spring of 2012.

41 6. Submit a written report that contains the task force's findings and
42 recommendations on or before June 30, 2010 to the state board of education,
43 the governor, the speaker of the house of representatives and the president
44 of the senate. The task force shall provide a copy of this report to the

1 secretary of state and the director of the Arizona state library, archives
2 and public records.

3 D. The task force may use the services and expertise of the staff of
4 the legislature and the staff of the department of education.

5 E. This section is repealed from and after September 15, 2010.

6 Sec. 71. Saving clause

7 This act does not affect any special budget overrides pursuant to
8 section 15-482, Arizona Revised Statutes, as amended by this act, that were
9 approved by a majority of the qualified electors of a school district voting
10 in the election before the effective date of this act. Special budget
11 overrides pursuant to section 15-482, Arizona Revised Statutes, as amended by
12 this act, that were approved by a majority of the qualified electors of a
13 school district voting in the election before the effective date of this act
14 shall continue for the duration previously authorized by the qualified
15 electors or until the qualified electors of the school district subsequently
16 approve a budget increase in an amount of not more than fifteen per cent of
17 the revenue control limit as prescribed in section 15-481, subsection G,
18 Arizona Revised Statutes, as amended by this act, whichever occurs first.

19 Sec. 72. Override election procedures for fiscal year 2009-2010

20 Notwithstanding any other law, for fiscal year 2009-2010:

21 1. A school district may conduct an election on the second Tuesday in
22 March 2010 to submit a proposed budget increase to the qualified electors in
23 an amount of not more than fifteen per cent of the revenue control limit as
24 prescribed in section 15-481, subsection G, Arizona Revised Statutes, as
25 amended by this act. Override elections conducted in subsequent fiscal years
26 shall be as prescribed by statute. An increase of not more than fifteen per
27 cent that is subsequently approved by a majority of the qualified electors of
28 the school district voting in the election shall replace any previously
29 authorized increases approved by the qualified electors voting in the
30 election pursuant to section 15-481, subsection E or F, Arizona Revised
31 Statutes, as amended by this act, and section 15-482, Arizona Revised
32 Statutes, as amended by this act.

33 2. If a majority of the qualified electors in a school district voting
34 in the election approve a proposed budget increase in an amount of not more
35 than ten per cent of the revenue control limit in an election conducted on
36 the first Tuesday in November 2009, the school district may subsequently
37 conduct an election on the second Tuesday in March 2010 to submit to the
38 qualified electors a proposed budget increase in an amount of not more than
39 an additional five per cent of the revenue control limit. Override elections
40 conducted in subsequent fiscal years shall be as prescribed by statute.

41 3. If a majority of the qualified electors of a common school district
42 voting in the election have approved both a budget increase that is still in
43 effect on the effective date of this act pursuant to section 15-481,
44 subsection E or F, Arizona Revised Statutes, as amended by this act, and a
45 budget increase that is still in effect on the effective date of this act

1 pursuant to section 15-482, Arizona Revised Statutes, as amended by this act,
2 the common school district may call an election on the second Tuesday in
3 March 2010 to submit to the qualified electors a proposed budget increase in
4 an amount of not more than seventeen per cent of the revenue control limit.
5 An increase of not more than seventeen per cent that is subsequently approved
6 by a majority of the qualified electors of the school district voting in the
7 election shall replace any previously authorized increases approved by the
8 qualified electors pursuant to section 15-481, subsection E or F, Arizona
9 Revised Statutes, as amended by this act, and section 15-482, Arizona Revised
10 Statutes, as amended by this act. If approved by a majority of the qualified
11 electors voting in the election, the common school district may continue to
12 budget the amount of not more than seventeen per cent of the revenue control
13 limit for the remaining number of years of the override previously approved
14 pursuant to section 15-482, Arizona Revised Statutes, as amended by this act.
15 On the expiration of the override previously approved pursuant to section
16 15-482, Arizona Revised Statutes, as amended by this act, override elections
17 conducted in subsequent fiscal years shall be as prescribed by statute.

18 4. A governing board may cancel any override election previously
19 called for November 2009 no later than August 15, 2009 in order to implement
20 this section.

21 Sec. 73. Transportation school district; lapsing; annexation;
22 definition; delayed repeal

23 A. Notwithstanding section 15-469, Arizona Revised Statutes, and until
24 June 30, 2010, a county school superintendent may suspend a transportation
25 school district and report the suspension and the reasons for the suspension
26 to the board of supervisors of the county at the next meeting of the board of
27 supervisors. The board of supervisors of the county may declare a
28 transportation school district lapsed and may annex the territory to one or
29 more of the adjoining school districts. The board of supervisors may dispose
30 of the property of the lapsed school district and credit the proceeds to the
31 lapsed school district. The county school superintendent shall determine the
32 total indebtedness of the lapsed school district, excluding bonded
33 indebtedness, and shall submit a warrant to the county treasurer for payment
34 of the amount of this indebtedness. Any balance remaining after this payment
35 shall be transferred to the county school fund. This subsection applies to a
36 school district if all of the following conditions exist:

37 1. The school district is a transportation school district as defined
38 in this section that is located in a county with a population of less than
39 one hundred fifty thousand persons but more than one hundred twenty thousand
40 persons.

41 2. The school district's average daily membership for the 2007-2008
42 school year was less than fifty pupils between the ages of six and twenty-one
43 years for three months during the school year.

44 B. For the purposes of this section, "transportation school district"
45 means a school district that does not offer instruction to any pupils who

1 reside in that school district and that transports pupils who reside in that
2 school district to one or more other school district for instruction.

3 C. This section is repealed from and after July 1, 2010.

4 Sec. 74. Overrides; revenue control limit calculation; fiscal
5 year 2009-2010

6 Notwithstanding section 15-947, subsection A, Arizona Revised Statutes,
7 or any other law, for fiscal year 2009-2010 for purposes of computing the
8 maximum budget increase that may be requested and authorized through override
9 elections pursuant to title 15, chapter 4, article 4, Arizona Revised
10 Statutes, school districts may compute a revenue control limit that assumes
11 that the base level defined in section 15-901, subsection B, Arizona Revised
12 Statutes, as amended by this act, for fiscal year 2009-2010 is three thousand
13 two hundred ninety-one dollars forty-two cents.

14 Sec. 75. School facilities board lease-to-own

15 Notwithstanding section 15-2004, subsection M, Arizona Revised
16 Statutes, section 15-2005, subsection M, Arizona Revised Statutes, and
17 section 15-2006, Arizona Revised Statutes, the school facilities board shall
18 enter into lease-to-own transactions for up to a maximum of \$100,000,000 by
19 December 31, 2010. The lease-to-own transactions shall be qualified school
20 construction bonds as authorized under the American reinvestment and recovery
21 act of 2009 and shall only be used for new construction projects. Priority
22 for the bond proceeds shall first be given to school districts whose
23 projected fiscal year 2009-2010 average daily membership exceeds their
24 districtwide capacity for new school construction.

25 Sec. 76. Career ladder programs; maximum base level increase
26 for fiscal year 2009-2010

27 A. Notwithstanding section 15-918.04, Arizona Revised Statutes, for
28 fiscal year 2009-2010 the maximum base level increase that is permitted for a
29 school district that participates in the career ladder program shall be five
30 per cent.

31 B. For fiscal year 2009-2010, the career ladder program is limited
32 only to teachers who participated in the program in the prior fiscal year.

33 Sec. 77. Apportionment of monies; fiscal year 2009-2010

34 A. Notwithstanding section 15-973, Arizona Revised Statutes, as
35 amended by this act, if school districts and charter schools do not receive
36 an apportionment payment by the close of business on the first business day
37 of November, 2009 due to the effective date of this act, the department of
38 education shall apportion to school districts the monies that otherwise would
39 have been apportioned to them by the close of business on the first business
40 day of November, 2009 as part of their scheduled payments for the remaining
41 months of fiscal year 2009-2010 in a manner that allocates an approximately
42 equal amount per month for each remaining month.

43 B. Notwithstanding section 15-973, Arizona Revised Statutes, as
44 amended by this act, for fiscal year 2009-2010 the apportionment payment by
45 the close of business on the last business day of June, 2010 required by

1 section 15-973, Arizona Revised Statutes, as amended by this act, does not
2 apply to charter schools unless charter schools do not receive an
3 apportionment payment by the close of business on the first business day of
4 November, 2009 due to the effective date of this act.

5 Sec. 78. Full-day kindergarten instruction in fiscal year
6 2009-2010; tuition

7 Notwithstanding any other law, a school district or charter school may
8 charge tuition for full-day kindergarten in fiscal year 2009-2010 if the
9 school district or charter school decides not to provide free full-day
10 kindergarten instruction during fiscal year 2009-2010 due to funding
11 reductions prescribed in this act.

~~12 Sec. 79. Basic state aid and base support level for school~~
~~13 districts; fiscal year 2009-2010~~

~~14 Notwithstanding section 15-901, subsection B, paragraph 2, Arizona~~
~~15 Revised Statutes, as amended by this act or any other law, for fiscal year~~
~~16 2009-2010 for purposes of computing the base support level pursuant to~~
~~17 section 15-943, Arizona Revised Statutes, the department of education shall~~
~~18 assume that the base level amount defined in section 15-901, subsection B,~~
~~19 paragraph 2, Arizona Revised Statutes, for fiscal year 2009-2010 is three~~
~~20 thousand two hundred one dollars eighty nine cents.~~

~~21 Sec. 80. Additional assistance funding for charter schools,~~
~~22 reductions for fiscal year 2009-2010~~

~~23 For fiscal year 2009-2010, the department of education shall reduce by~~
~~24 \$5,000,000 the amount of additional assistance funding that otherwise would~~
~~25 be apportioned to charter schools statewide for fiscal year 2009-2010~~
~~26 pursuant to section 15-185, subsection B, paragraph 4, Arizona Revised~~
~~27 Statutes, as amended by this act. The funding reductions required under this~~
~~28 section shall be made on a proportional basis based on the additional~~
~~29 assistance funding that each charter school in the state would receive for~~
~~30 fiscal year 2009-2010 apart from the prescribed reduction.~~

31 Sec. 81. School district budgets; revision

32 Notwithstanding section 15-905, subsection Q, Arizona Revised Statutes,
33 school districts may revise their budgets to conform to the provisions of
34 this act before November 1, 2009.

35 Sec. 82. Conforming legislation

36 The legislative council staff shall prepare proposed legislation
37 conforming the Arizona Revised Statutes to the provisions of this act for
38 consideration in the forty-ninth legislature, second regular session.

39 Sec. 83. Retroactivity; saving clause

40 A. Section 15-105, Arizona Revised Statutes, as amended by this act,
41 applies retroactively to September 26, 2008.

42 B. Subsection A of this section does not apply to pupils who before
43 the effective date of this act qualified for participation in the early
44 graduation scholarship program by graduating one semester early. A pupil who
45 before the effective date of this act qualified for participation in the

1 early graduation scholarship program by graduating one semester early may
2 continue to participate in the program for the duration of that pupil's
3 eligibility and shall be funded with remaining balances in the early
4 graduation scholarship fund.

5 Sec. 84. Retroactivity
6 Laws 2009, chapter 6, section 1, as amended by this act, applies
7 retroactively to from and after June 30, 2009.

8 Sec. 85. Effective date
9 Section 11-952, Arizona Revised Statutes, as amended by Laws 2005,
10 chapter 273, section 3 and this act, is effective from and after December 31,
11 2009.

APPROVED BY THE GOVERNOR SEPTEMBER 4, 2009

FILED IN THE OFFICE OF THE SECRETARY OF STATE SEPTEMBER 4, 2009

Passed the House July 31, 20 09

by the following vote: 34 Ayes,

12 Nays, 14 Not Voting

[Signature]
Speaker of the House

[Signature]
Chief Clerk of the House

Passed the Senate August 12, 20 09

by the following vote: 16 Ayes,

9 Nays, 5 Not Voting

[Signature]
President of the Senate

[Signature]
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill received by the Governor this

20 day of August, 20 09

at 2:38 o'clock P. M.

[Signature]
Secretary to the Governor

Approved this 4th day of

September

at 2:45 o'clock P. M.

[Signature]
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this 4th day of September, 20 09

at 3:40 o'clock P. M.

[Signature]
Secretary of State

Third Special Session
H.B. 2611