

House Engrossed Senate Bill

FILED

KEN BENNETT

SECRETARY OF STATE

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CHAPTER 251

SENATE BILL 1447

AN ACT

AMENDING SECTIONS 15-183 AND 15-185, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 1, ARTICLE 8, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-185.01; AMENDING SECTIONS 15-239, 15-241, 15-249.01, 15-393, 15-771, 15-797, 15-821, 15-828, 15-901, 15-905, 15-905.01, 15-922, 15-945, 15-947, 15-973.01, 15-974, 15-991, 15-1041, 15-1042, 15-1043 AND 43-617, ARIZONA REVISED STATUTES; RELATING TO SCHOOL FINANCE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 15-183, Arizona Revised Statutes, is amended to
3 read:

4 15-183. Charter schools; application; requirements; immunity;
5 exemptions; renewal of application; reprisal; fee;
6 funds

7 A. An applicant seeking to establish a charter school shall submit a
8 written application to a proposed sponsor as prescribed in subsection C of
9 this section. The application, application process and application time
10 frames shall be posted on the sponsor's website and shall include the
11 following, as specified in the application adopted by the sponsor:

- 12 1. A detailed educational plan.
- 13 2. A detailed business plan.
- 14 3. A detailed operational plan.
- 15 4. Any other materials required by the sponsor.

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

19 C. The sponsor of a charter school may be either a school district
20 governing board, the state board of education, the state board for charter
21 schools, a university under the jurisdiction of the Arizona board of regents,
22 a community college district with enrollment of more than fifteen thousand
23 full-time equivalent students or a group of community college districts with
24 a combined enrollment of more than fifteen thousand full-time equivalent
25 students, subject to the following requirements:

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

28 (a) An applicant for a charter school may submit its application to a
29 school district governing board, which shall either accept or reject
30 sponsorship of the charter school within ninety days. An applicant may
31 submit a revised application for reconsideration by the governing board. If
32 the governing board rejects the application, the governing board shall notify
33 the applicant in writing of the reasons for the rejection. The applicant may
34 request, and the governing board may provide, technical assistance to improve
35 the application.

36 (b) In the first year that a school district is determined to be out
37 of compliance with the uniform system of financial records, within fifteen
38 days of the determination of noncompliance, the school district shall notify
39 by certified mail each charter school sponsored by the school district that
40 the school district is out of compliance with the uniform system of financial
41 records. The notification shall include a statement that if the school
42 district is determined to be out of compliance for a second consecutive year,
43 the charter school will be required to transfer sponsorship to another entity
44 pursuant to subdivision (c) of this paragraph.

1 (c) In the second consecutive year that a school district is
2 determined to be out of compliance with the uniform system of financial
3 records, within fifteen days of the determination of noncompliance, the
4 school district shall notify by certified mail each charter school sponsored
5 by the school district that the school district is out of compliance with the
6 uniform system of financial records. A charter school that receives a
7 notification of school district noncompliance pursuant to this subdivision
8 shall file a written sponsorship transfer application within forty-five days
9 with the state board of education, the state board for charter schools or the
10 school district governing board if the charter school is located within the
11 geographic boundaries of that school district. A charter school that
12 receives a notification of school district noncompliance may request an
13 extension of time to file a sponsorship transfer application, and the state
14 board of education, the state board for charter schools or a school district
15 governing board may grant an extension of not more than an additional thirty
16 days if good cause exists for the extension. The state board of education
17 and the state board for charter schools shall approve a sponsorship transfer
18 application pursuant to this paragraph.

19 (d) A school district governing board shall not grant a charter to a
20 charter school that is located outside the geographic boundaries of that
21 school district.

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

25 2. The applicant may submit the application to the state board of
26 education or the state board for charter schools. The state board of
27 education or the state board for charter schools may approve the application
28 if the application meets the requirements of this article and may approve the
29 charter if the proposed sponsor determines, within its sole discretion, that
30 the applicant is sufficiently qualified to operate a charter school and that
31 the applicant is applying to operate as a separate charter holder by
32 considering factors such as whether:

33 (a) The schools have separate governing bodies, governing body
34 membership, staff, facilities, and student population.

35 (b) Daily operations are carried out by different administrators.

36 (c) The applicant intends to have an affiliation agreement for the
37 purpose of providing enrollment preferences.

38 (d) The applicant's charter management organization has multiple
39 charter holders serving varied grade configurations on one physical site or
40 nearby sites serving one community.

41 (e) It is reconstituting an existing school site population at the
42 same or new site.

43 (f) It is reconstituting an existing grade configuration from a prior
44 charter holder with at least one grade remaining on the original site with
45 the other grade or grades moving to a new site.

1 The state board of education or the state board for charter schools may
2 approve any charter schools transferring charters. The state board of
3 education and the state board for charter schools shall approve any charter
4 schools transferring charters from a school district that is determined to be
5 out of compliance with the uniform system of financial records pursuant to
6 this section, but may require the charter school to sign a new charter that
7 is equivalent to the charter awarded by the former sponsor. If the state
8 board of education or the state board for charter schools rejects the
9 preliminary application, the state board of education or the state board for
10 charter schools shall notify the applicant in writing of the reasons for the
11 rejection and of suggestions for improving the application. An applicant may
12 submit a revised application for reconsideration by the state board of
13 education or the state board for charter schools. The applicant may request,
14 and the state board of education or the state board for charter schools may
15 provide, technical assistance to improve the application.

16 3. The applicant may submit the application to a university under the
17 jurisdiction of the Arizona board of regents, a community college district or
18 a group of community college districts. A university, a community college
19 district or a group of community college districts may approve the
20 application if it meets the requirements of this article and if the proposed
21 sponsor determines, in its sole discretion, that the applicant is
22 sufficiently qualified to operate a charter school.

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

32 5. All persons engaged in instructional work directly as a classroom,
33 laboratory or other teacher or indirectly as a supervisory teacher, speech
34 therapist or principal shall have a valid fingerprint clearance card that is
35 issued pursuant to title 41, chapter 12, article 3.1, unless the person is a
36 volunteer or guest speaker who is accompanied in the classroom by a person
37 with a valid fingerprint clearance card. A charter school shall not employ a
38 teacher whose certificate has been surrendered or revoked, unless the
39 teacher's certificate has been subsequently reinstated by the state board of
40 education. All other personnel shall be fingerprint checked pursuant to
41 section 15-512. Before employment, the charter school shall make documented,
42 good faith efforts to contact previous employers of a person to obtain
43 information and recommendations that may be relevant to a person's fitness
44 for employment as prescribed in section 15-512, subsection F. The charter
45 school shall notify the department of public safety if the charter school or

1 sponsor receives credible evidence that a person who possesses a valid
2 fingerprint clearance card is arrested for or is charged with an offense
3 listed in section 41-1758.03, subsection B. Charter schools may hire
4 personnel that have not yet received a fingerprint clearance card if proof is
5 provided of the submission of an application to the department of public
6 safety for a fingerprint clearance card and if the charter school that is
7 seeking to hire the applicant does all of the following:

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

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

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

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

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

22 (f) Verifies the fingerprint status of the applicant with the
23 department of public safety.

24 6. A charter school that complies with the fingerprinting requirements
25 of this section shall be deemed to have complied with section 15-512 and is
26 entitled to the same rights and protections provided to school districts by
27 section 15-512.

28 7. If a charter school operator is not already subject to a public
29 meeting or hearing by the municipality in which the charter school is
30 located, the operator of a charter school shall conduct a public meeting at
31 least thirty days before the charter school operator opens a site or sites
32 for the charter school. The charter school operator shall post notices of
33 the public meeting in at least three different locations that are within
34 three hundred feet of the proposed charter school site.

35 8. A person who is employed by a charter school or who is an applicant
36 for employment with a charter school, who is arrested for or charged with a
37 nonappealable offense listed in section 41-1758.03, subsection B and who does
38 not immediately report the arrest or charge to the person's supervisor or
39 potential employer is guilty of unprofessional conduct and the person shall
40 be immediately dismissed from employment with the charter school or
41 immediately excluded from potential employment with the charter school.

42 9. A person who is employed by a charter school and who is convicted
43 of any nonappealable offense listed in section 41-1758.03, subsection B or is
44 convicted of any nonappealable offense that amounts to unprofessional conduct
45 under section 15-550 shall immediately do all of the following:

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

2 (b) Notify the person's employer or potential employer of the
3 conviction.

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

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

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

11 E. The charter of a charter school shall do all of the following:

12 1. Ensure compliance with federal, state and local rules, regulations
13 and statutes relating to health, safety, civil rights and insurance. The
14 department of education shall publish a list of relevant rules, regulations
15 and statutes to notify charter schools of their responsibilities under this
16 paragraph.

17 2. Ensure that it is nonsectarian in its programs, admission policies
18 and employment practices and all other operations.

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

24 4. Ensure that it designs a method to measure pupil progress toward
25 the pupil outcomes adopted by the state board of education pursuant to
26 section 15-741.01, including participation in the Arizona instrument to
27 measure standards test and the nationally standardized norm-referenced
28 achievement test as designated by the state board and the completion and
29 distribution of an annual report card as prescribed in chapter 7, article 3
30 of this title.

31 5. Ensure that, except as provided in this article and in its charter,
32 it is exempt from all statutes and rules relating to schools, governing
33 boards and school districts.

34 6. Ensure that, except as provided in this article, it is subject to
35 the same financial and electronic data submission requirements as a school
36 district, including the uniform system of financial records as prescribed in
37 chapter 2, article 4 of this title, procurement rules as prescribed in
38 section 15-213 and audit requirements. The auditor general shall conduct a
39 comprehensive review and revision of the uniform system of financial records
40 to ensure that the provisions of the uniform system of financial records that
41 relate to charter schools are in accordance with commonly accepted accounting
42 principles used by private business. A school's charter may include
43 exceptions to the requirements of this paragraph that are necessary as
44 determined by the district governing board, the state board of education or
45 the state board for charter schools. The department of education or the

1 office of the auditor general may conduct financial, program or compliance
2 audits.

3 7. Ensure compliance with all federal and state laws relating to the
4 education of children with disabilities in the same manner as a school
5 district.

6 8. Ensure that it provides for a governing body for the charter school
7 that is responsible for the policy decisions of the charter school.
8 Notwithstanding section 1-216, if there is a vacancy or vacancies on the
9 governing body, a majority of the remaining members of the governing body
10 constitute a quorum for the transaction of business, unless that quorum is
11 prohibited by the charter school's operating agreement.

12 9. Ensure that it provides a minimum of one hundred ~~seventy-five~~
13 EIGHTY instructional days before June 30 of each fiscal year unless it is
14 operating on an alternative calendar approved by its sponsor. The
15 superintendent of public instruction shall adjust the apportionment schedule
16 accordingly to accommodate a charter school utilizing an alternative
17 calendar.

18 F. A charter school shall keep on file the resumes of all current and
19 former employees who provide instruction to pupils at the charter school.
20 Resumes shall include an individual's educational and teaching background and
21 experience in a particular academic content subject area. A charter school
22 shall inform parents and guardians of the availability of the resume
23 information and shall make the resume information available for inspection on
24 request of parents and guardians of pupils enrolled at the charter school.
25 This subsection does not require any charter school to release personally
26 identifiable information in relation to any teacher or employee, including
27 the teacher's or employee's address, salary, social security number or
28 telephone number.

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

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

32 I. The charter is effective for fifteen years from the first day of
33 the fiscal year as specified in the charter, subject to the following:

34 1. At least eighteen months before the expiration of the charter, the
35 sponsor shall notify the charter school that the charter school may apply for
36 renewal and shall make the renewal application available to the charter
37 school. A charter school that elects to apply for renewal shall file a
38 complete renewal application at least fifteen months before the expiration of
39 the charter. A sponsor shall give written notice of its intent not to renew
40 the charter school's request for renewal to the charter school at least
41 twelve months before the expiration of the charter. The sponsor shall make
42 data used in making renewal decisions available to the school and the public
43 and shall provide a public report summarizing the evidence basis for each
44 decision. The sponsor may deny the request for renewal if, in its judgment,
45 the charter holder has failed to do any of the following:

1 (a) Meet or make sufficient progress toward the academic performance
2 expectations set forth in the performance framework.

3 (b) Meet the operational performance expectations set forth in the
4 performance framework or any improvement plans.

5 (c) Complete the obligations of the contract.

6 (d) Comply with this article or any provision of law from which the
7 charter school is not exempt.

8 2. A charter operator may apply for early renewal. At least nine
9 months before the charter school's intended renewal consideration, the
10 operator of the charter school shall submit a letter of intent to the sponsor
11 to apply for early renewal. The sponsor shall review fiscal audits and
12 academic performance data for the charter school that are annually collected
13 by the sponsor, review the current contract between the sponsor and the
14 charter school and provide the qualifying charter school with a renewal
15 application. On submission of a complete application, the sponsor shall give
16 written notice of its consideration of the renewal application. The sponsor
17 may deny the request for early renewal if, in the sponsor's judgment, the
18 charter holder has failed to do any of the following:

19 (a) Meet or make sufficient progress toward the academic performance
20 expectations set forth in the performance framework.

21 (b) Meet the operational performance expectations set forth in the
22 performance framework or any improvement plans.

23 (c) Complete the obligations of the contract.

24 (d) Comply with this article or any provision of law from which the
25 charter school is not exempt.

26 3. A sponsor shall review a charter at five-year intervals using a
27 performance framework adopted by the sponsor and may revoke a charter at any
28 time if the charter school breaches one or more provisions of its charter or
29 if the sponsor determines that the charter holder has failed to do any of the
30 following:

31 (a) Meet or make sufficient progress toward the academic performance
32 expectations set forth in the performance framework.

33 (b) Meet the operational performance expectations set forth in the
34 performance framework or any improvement plans.

35 (c) Comply with this article or any provision of law from which the
36 charter school is not exempt.

37 4. At least sixty days before the effective date of the proposed
38 revocation, the sponsor shall give written notice to the operator of the
39 charter school of its intent to revoke the charter. Notice of the sponsor's
40 intent to revoke the charter shall be delivered personally to the operator of
41 the charter school or sent by certified mail, return receipt requested, to
42 the address of the charter school. The notice shall incorporate a statement
43 of reasons for the proposed revocation of the charter. The sponsor shall
44 allow the charter school at least sixty days to correct the problems
45 associated with the reasons for the proposed revocation of the charter. The

1 final determination of whether to revoke the charter shall be made at a
2 public hearing called for such purpose.

3 J. The charter may be renewed for successive periods of twenty years.

4 K. A charter school that is sponsored by the state board of education,
5 the state board for charter schools, a university, a community college
6 district or a group of community college districts may not be located on the
7 property of a school district unless the district governing board grants this
8 authority.

9 L. A governing board or a school district employee who has control
10 over personnel actions shall not take unlawful reprisal against another
11 employee of the school district because the employee is directly or
12 indirectly involved in an application to establish a charter school. A
13 governing board or a school district employee shall not take unlawful
14 reprisal against an educational program of the school or the school district
15 because an application to establish a charter school proposes the conversion
16 of all or a portion of the educational program to a charter school. For the
17 purposes of this subsection, "unlawful reprisal" means an action that is
18 taken by a governing board or a school district employee as a direct result
19 of a lawful application to establish a charter school and that is adverse to
20 another employee or an education program and:

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

- 23 (a) Disciplinary or corrective action.
- 24 (b) Detail, transfer or reassignment.
- 25 (c) Suspension, demotion or dismissal.
- 26 (d) An unfavorable performance evaluation.
- 27 (e) A reduction in pay, benefits or awards.
- 28 (f) Elimination of the employee's position without a reduction in
29 force by reason of lack of monies or work.
- 30 (g) Other significant changes in duties or responsibilities that are
31 inconsistent with the employee's salary or employment classification.

32 2. With respect to an educational program, results in one or more of
33 the following:

- 34 (a) Suspension or termination of the program.
- 35 (b) Transfer or reassignment of the program to a less favorable
36 department.
- 37 (c) Relocation of the program to a less favorable site within the
38 school or school district.
- 39 (d) Significant reduction or termination of funding for the program.

40 M. Charter schools shall secure insurance for liability and property
41 loss. The governing body of a charter school that is sponsored by the state
42 board of education or the state board for charter schools may enter into an
43 intergovernmental agreement or otherwise contract to participate in an
44 insurance program offered by a risk retention pool established pursuant to
45 section 11-952.01 or 41-621.01 or the charter school may secure its own

1 insurance coverage. The pool may charge the requesting charter school
2 reasonable fees for any services it performs in connection with the insurance
3 program.

4 N. Charter schools do not have the authority to acquire property by
5 eminent domain.

6 O. A sponsor, including members, officers and employees of the
7 sponsor, is immune from personal liability for all acts done and actions
8 taken in good faith within the scope of its authority.

9 P. Charter school sponsors and this state are not liable for the debts
10 or financial obligations of a charter school or persons who operate charter
11 schools.

12 Q. The sponsor of a charter school shall establish procedures to
13 conduct administrative hearings on determination by the sponsor that grounds
14 exist to revoke a charter. Procedures for administrative hearings shall be
15 similar to procedures prescribed for adjudicative proceedings in title 41,
16 chapter 6, article 10. Except as provided in section 41-1092.08, subsection
17 H, final decisions of the state board of education and the state board for
18 charter schools from hearings conducted pursuant to this subsection are
19 subject to judicial review pursuant to title 12, chapter 7, article 6.

20 R. The sponsoring entity of a charter school shall have oversight and
21 administrative responsibility for the charter schools that it sponsors. In
22 implementing its oversight and administrative responsibilities, the sponsor
23 shall ground its actions in evidence of the charter holder's performance in
24 accordance with the performance framework adopted by the sponsor. The
25 performance framework shall be publicly available, SHALL BE placed on the
26 sponsoring entity's website and shall include:

27 1. The academic performance expectations of the charter school and the
28 measurement of sufficient progress toward the academic performance
29 expectations.

30 2. The operational expectations of the charter school, including
31 adherence to all applicable laws and obligations of the charter contract.

32 3. Intervention and improvement policies.

33 S. Charter schools may pledge, assign or encumber their assets to be
34 used as collateral for loans or extensions of credit.

35 T. All property accumulated by a charter school shall remain the
36 property of the charter school.

37 U. Charter schools may not locate a school on property that is less
38 than one-fourth mile from agricultural land regulated pursuant to section
39 3-365, except that the owner of the agricultural land may agree to comply
40 with the buffer zone requirements of section 3-365. If the owner agrees in
41 writing to comply with the buffer zone requirements and records the agreement
42 in the office of the county recorder as a restrictive covenant running with
43 the title to the land, the charter school may locate a school within the
44 affected buffer zone. The agreement may include any stipulations regarding
45 the charter school, including conditions for future expansion of the school

1 and changes in the operational status of the school that will result in a
2 breach of the agreement.

3 V. A transfer of a charter to another sponsor, a transfer of a charter
4 school site to another sponsor or a transfer of a charter school site to a
5 different charter shall be completed before the beginning of the fiscal year
6 that the transfer is scheduled to become effective. An entity that sponsors
7 charter schools may accept a transferring school after the beginning of the
8 fiscal year if the transfer is approved by the superintendent of public
9 instruction. The superintendent of public instruction shall have the
10 discretion to consider each transfer during the fiscal year on a case by case
11 basis. If a charter school is sponsored by a school district that is
12 determined to be out of compliance with this title, the uniform system of
13 financial records or any other state or federal law, the charter school may
14 transfer to another sponsoring entity at any time during the fiscal year. A
15 charter holder seeking to transfer sponsors shall comply with the current
16 charter terms regarding assignment of the charter. A charter holder
17 transferring sponsors shall notify the current sponsor that the transfer has
18 been approved by the new sponsor.

19 W. Notwithstanding subsection V of this section, a charter holder on
20 an improvement plan must notify parents or guardians of registered students
21 of the intent to transfer the charter and the timing of the proposed
22 transfer. On the approved transfer, the new sponsor shall enforce the
23 improvement plan but may modify the plan based on performance.

24 X. Notwithstanding subsection Y of this section, the state board for
25 charter schools shall charge a processing fee to any charter school that
26 amends its contract to participate in Arizona online instruction pursuant to
27 section 15-808. The charter Arizona online instruction processing fund is
28 established consisting of fees collected and administered by the state board
29 for charter schools. The state board for charter schools shall use monies in
30 the fund only for the processing of contract amendments for charter schools
31 participating in Arizona online instruction. Monies in the fund are
32 continuously appropriated.

33 Y. The sponsoring entity may not charge any fees to a charter school
34 that it sponsors unless the sponsor has provided services to the charter
35 school and the fees represent the full value of those services provided by
36 the sponsor. On request, the value of the services provided by the sponsor
37 to the charter school shall be demonstrated to the department of education.

38 Z. Charter schools may enter into an intergovernmental agreement with
39 a presiding judge of the juvenile court to implement a law related education
40 program as defined in section 15-154. The presiding judge of the juvenile
41 court may assign juvenile probation officers to participate in a law related
42 education program in any charter school in the county. The cost of juvenile
43 probation officers who participate in the program implemented pursuant to
44 this subsection shall be funded by the charter school.

1 AA. The sponsor of a charter school shall modify previously approved
2 curriculum requirements for a charter school that wishes to participate in
3 the board examination system prescribed in chapter 7, article 6 of this
4 title.

5 BB. If a charter school decides not to participate in the board
6 examination system prescribed in chapter 7, article 6 of this title, pupils
7 enrolled at that charter school may earn a Grand Canyon diploma by obtaining
8 a passing score on the same board examinations.

9 CC. Notwithstanding subsection Y of this section, a sponsor of charter
10 schools may charge a new charter application processing fee to any applicant.
11 The application fee shall fully cover the cost of application review and any
12 needed technical assistance. Authorizers may approve policies that allow a
13 portion of the fee to be returned to the applicant whose charter is approved.

14 DD. A CHARTER SCHOOL MAY CHOOSE TO PROVIDE A PRESCHOOL PROGRAM FOR
15 CHILDREN WITH DISABILITIES PURSUANT TO SECTION 15-771.

16 Sec. 2. Section 15-185, Arizona Revised Statutes, is amended to read:

17 15-185. Charter schools; financing; civil penalty;
18 transportation; definitions

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

21 1. The charter school shall be included in the district's budget and
22 financial assistance calculations pursuant to paragraph 3 of this subsection
23 and chapter 9 of this title, except for chapter 9, article 4 of this title.
24 The charter of the charter school shall include a description of the methods
25 of funding the charter school by the school district. The school district
26 shall send a copy of the charter and application, including a description of
27 how the school district plans to fund the school, to the state board of
28 education before the start of the first fiscal year of operation of the
29 charter school. The charter or application shall include an estimate of the
30 student count for the charter school for its first fiscal year of operation.
31 This estimate shall be computed pursuant to the requirements of paragraph 3
32 of this subsection.

33 2. A school district is not financially responsible for any charter
34 school that is sponsored by the state board of education, the state board for
35 charter schools, a university under the jurisdiction of the Arizona board of
36 regents, a community college district or a group of community college
37 districts.

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

39 (a) Increase its student count as provided in subsection B, paragraph
40 2 of this section during the first year of the charter school's operation to
41 include those charter school pupils who were not previously enrolled in the
42 school district. A charter school sponsored by a school district governing
43 board is eligible for the assistance prescribed in subsection B, paragraph 4
44 of this section. The soft capital allocation as provided in section 15-962
45 for the school district sponsoring the charter school shall be increased by

1 the amount of the additional assistance. The school district shall include
2 the full amount of the additional assistance in the funding provided to the
3 charter school.

4 (b) Compute separate weighted student counts pursuant to section
5 15-943, paragraph 2, subdivision (a) for its noncharter school versus charter
6 school pupils in order to maintain eligibility for small school district
7 support level weights authorized in section 15-943, paragraph 1 for its
8 noncharter school pupils only. The portion of a district's student count
9 that is attributable to charter school pupils is not eligible for small
10 school district support level weights.

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

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

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

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

36 B. Financial provisions for a charter school that is sponsored by the
37 state board of education, the state board for charter schools, a university,
38 a community college district or a group of community college districts are as
39 follows:

40 1. The charter school shall calculate a base support level as
41 prescribed in section 15-943, except that section 15-941 does not apply to
42 these charter schools.

43 2. Notwithstanding paragraph 1 of this subsection, the student count
44 shall be determined initially using an estimated student count based on
45 actual registration of pupils before the beginning of the school year. After

1 the first one hundred days or two hundred days in session, as applicable, the
2 charter school shall revise the student count to be equal to the actual
3 average daily membership, as defined in section 15-901, of the charter
4 school. Before the one hundredth day or two hundredth day in session, as
5 applicable, the state board of education, the state board for charter
6 schools, the sponsoring university, the sponsoring community college district
7 or the sponsoring group of community college districts may require a charter
8 school to report periodically regarding pupil enrollment and attendance, and
9 the department of education may revise its computation of equalization
10 assistance based on the report. A charter school shall revise its student
11 count, base support level and additional assistance before May 15. A charter
12 school that overestimated its student count shall revise its budget before
13 May 15. A charter school that underestimated its student count may revise
14 its budget before May 15.

15 3. A charter school may utilize section 15-855 for the purposes of
16 this section. The charter school and the department of education shall
17 prescribe procedures for determining average daily membership.

18 4. Equalization assistance for the charter school shall be determined
19 by adding the amount of the base support level and additional assistance.
20 The amount of the additional assistance is one thousand six hundred
21 fifty-four dollars forty-one cents per student count in PRESCHOOL PROGRAMS
22 FOR CHILDREN WITH DISABILITIES, kindergarten programs and grades one through
23 eight and one thousand nine hundred twenty-eight dollars nineteen cents per
24 student count in grades nine through twelve.

25 5. The state board of education shall apportion state aid from the
26 appropriations made for such purposes to the state treasurer for disbursement
27 to the charter schools in each county in an amount as determined by this
28 paragraph. The apportionments shall be made as prescribed in section 15-973,
29 subsection B.

30 6. The charter school shall not charge tuition for pupils who reside
31 in this state, levy taxes or issue bonds. A charter school may admit pupils
32 who are not residents of this state and shall charge tuition for those pupils
33 in the same manner prescribed in section 15-823.

34 7. Not later than noon on the day preceding each apportionment date
35 established by paragraph 5 of this subsection, the superintendent of public
36 instruction shall furnish to the state treasurer an abstract of the
37 apportionment and shall certify the apportionment to the department of
38 administration, which shall draw its warrant in favor of the charter schools
39 for the amount apportioned.

40 C. If a pupil is enrolled in both a charter school and a public school
41 that is not a charter school, the sum of the daily membership, which includes
42 enrollment as prescribed in section 15-901, subsection A, paragraph 1,
43 subdivisions (a) and (b) and daily attendance as prescribed in section
44 15-901, subsection A, paragraph 5, for that pupil in the school district and
45 the charter school shall not exceed 1.0, ~~except that if the pupil is enrolled~~

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

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

- 37 1. Equalization assistance shall not be less than zero.
38 2. For a charter school sponsored by the state board of education, the
39 state board for charter schools, a university, a community college district
40 or a group of community college districts, the total of the base support
41 level and the additional assistance shall not be less than zero.
42 3. For a charter school sponsored by a school district, the base
43 support level for the school district shall not be reduced by more than the
44 amount that the charter school increased the district's base support level,
45 capital outlay revenue limit and soft capital allocation.

1 E. If a charter school was a district public school in the prior year
2 and is now being operated for or by the same school district and sponsored by
3 the state board of education, the state board for charter schools, a
4 university, a community college district, a group of community college
5 districts or a school district governing board, the reduction in subsection D
6 of this section applies. The reduction to the base support level of the
7 charter school or the sponsoring district of the charter school shall equal
8 the sum of the base support level and the additional assistance received in
9 the current year for those pupils who were enrolled in the traditional public
10 school in the prior year and are now enrolled in the charter school in the
11 current year.

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

15 G. At the request of a charter school, the county school
16 superintendent of the county where the charter school is located may provide
17 the same educational services to the charter school as prescribed in section
18 15-308, subsection A. The county school superintendent may charge a fee to
19 recover costs for providing educational services to charter schools.

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

37 I. In addition to the withholding of state aid payments pursuant to
38 subsection H of this section, the sponsor of a charter school may impose a
39 civil penalty of one thousand dollars per occurrence if a charter school
40 fails to comply with the fingerprinting requirements prescribed in section
41 15-183, subsection C or section 15-512. The sponsor of a charter school
42 shall not impose a civil penalty if it is the first time that a charter
43 school is out of compliance with the fingerprinting requirements and if the
44 charter school provides proof within forty-eight hours of written
45 notification that an application for the appropriate fingerprint check has

1 been received by the department of public safety. The sponsor of the charter
2 school shall obtain proof that the charter school has been notified, and the
3 notification shall identify the date of the deadline and shall be signed by
4 both parties. The sponsor of a charter school shall automatically impose a
5 civil penalty of one thousand dollars per occurrence if the sponsor
6 determines that the charter school subsequently violates the fingerprinting
7 requirements. Civil penalties pursuant to this subsection shall be assessed
8 by requesting the department of education to reduce the amount of state aid
9 that the charter school would otherwise receive by an amount equal to the
10 civil penalty. The amount of state aid withheld shall revert to the state
11 general fund at the end of the fiscal year.

12 J. A charter school may receive and spend monies distributed by the
13 department of education pursuant to section 42-5029, subsection E and section
14 37-521, subsection B.

15 K. If a school district transports or contracts to transport pupils to
16 the Arizona state schools for the deaf and the blind during any fiscal year,
17 the school district may transport or contract with a charter school to
18 transport sensory impaired pupils during that same fiscal year to a charter
19 school if requested by the parent of the pupil and if the distance from the
20 pupil's place of actual residence within the school district to the charter
21 school is less than the distance from the pupil's place of actual residence
22 within the school district to the campus of the Arizona state schools for the
23 deaf and the blind.

24 L. Notwithstanding any other law, a university under the jurisdiction
25 of the Arizona board of regents, a community college district or a group of
26 community college districts shall not include any student in the student
27 count of the university, community college district or group of community
28 college districts for state funding purposes if that student is enrolled in
29 and attending a charter school sponsored by the university, community college
30 district or group of community college districts.

31 M. The governing body of a charter school shall transmit a copy of its
32 proposed budget or the summary of the proposed budget and a notice of the
33 public hearing to the department of education for posting on the department
34 of education's website no later than ten days before the hearing and meeting.
35 If the charter school maintains a website, the charter school governing body
36 shall post on its website a copy of its proposed budget or the summary of the
37 proposed budget and a notice of the public hearing.

38 N. The governing body of a charter school shall collaborate with the
39 private organization that is approved by the state board of education
40 pursuant to section 15-792.02 to provide approved board examination systems
41 for the charter school.

42 O. If permitted by federal law, a charter school may opt out of
43 federal grant opportunities if the charter holder or the appropriate
44 governing body of the charter school determines that the federal requirements
45 impose unduly burdensome reporting requirements.

1 P. For the purposes of this section:

2 1. "Monies intended for the basic maintenance and operations of the
3 school" means monies intended to provide support for the educational program
4 of the school, except that it does not include supplemental assistance for a
5 specific purpose or title VIII of the elementary and secondary education act
6 of 1965 monies. The auditor general shall determine which federal or state
7 monies meet the definition in this paragraph.

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

14 Sec. 3. Title 15, chapter 1, article 8, Arizona Revised Statutes, is
15 amended by adding section 15-185.01, to read:

16 15-185.01. Charter school pupils attending joint technical
17 education districts; average daily membership
18 calculation

19 NOTWITHSTANDING SECTION 15-185, SUBSECTION C, IF A PUPIL IS ENROLLED IN
20 BOTH A CHARTER SCHOOL AND A JOINT TECHNICAL EDUCATION DISTRICT AND RESIDES
21 WITHIN THE BOUNDARIES OF A SCHOOL DISTRICT PARTICIPATING IN THE JOINT
22 TECHNICAL EDUCATION DISTRICT, THE AVERAGE DAILY MEMBERSHIP FOR THAT PUPIL
23 SHALL BE CALCULATED IN THE SAME MANNER PRESCRIBED FOR A PUPIL WHO IS ENROLLED
24 IN BOTH THE MEMBER SCHOOL DISTRICT AND A JOINT TECHNOLOGICAL EDUCATION
25 DISTRICT PURSUANT TO SECTION 15-393.

26 Sec. 4. Section 15-239, Arizona Revised Statutes, is amended to read:

27 15-239. School compliance and recognition; accreditation;
28 audits

29 A. The department of education may:

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

32 2. Adopt a system of recognition for school districts that meet or
33 exceed the requirements of the law that apply to the school districts.

34 3. Establish standards and procedures for the accreditation of all
35 schools requesting state accreditation.

36 B. The department of education may adopt guidelines necessary to
37 implement this section.

38 C. The department of education may conduct financial, compliance or
39 average daily membership audits of school districts and charter schools.
40 Beginning in fiscal year 2011-2012 and in each fiscal year thereafter, the
41 department of education shall include at least a ten per cent sample of daily
42 attendance records as part of the average daily membership audits.

43 D. The auditor general may conduct financial, program, compliance or
44 average daily membership audits of school districts and charter schools.
45 Beginning in fiscal year 2011-2012 and in each fiscal year thereafter, the

1 auditor general shall include at least a ten per cent sample of daily
2 attendance records as part of the average daily membership audits.

3 E. When conducting monitoring and audit activities allowed by this
4 section, the department of education shall prescribe an audit window of up to
5 three consecutive fiscal years immediately preceding the current fiscal year
6 at the time the monitoring or audit activity commences. If the department
7 issues findings within twenty-four months after the beginning of audit or
8 monitoring activities, the department may adjust funding to a school district
9 or charter school if actions that took place within the audit window resulted
10 in overpayment or underpayment of state aid to the school district or charter
11 school OR THE MISCALCULATION OF THE BUDGET LIMIT FOR THE SCHOOL DISTRICT, OR
12 BOTH. NOTWITHSTANDING SECTION 15-901, SUBSECTION A, PARAGRAPH 1, SUBDIVISION
13 (a), ADJUSTMENTS TO AVERAGE DAILY MEMBERSHIP FOR FAILURE TO PROVIDE
14 SUFFICIENT INSTRUCTIONAL TIME TO MEET THE REQUIREMENTS FOR A FULL-TIME
15 STUDENT PURSUANT TO SECTION 15-901, SUBSECTION A, PARAGRAPH 1, SUBDIVISION
16 (b), MAY BE MADE PROPORTIONATELY ACCORDING TO THE PERCENTAGE BY WHICH THE
17 INSTRUCTIONAL TIME PROVIDED DOES NOT MEET THE REQUIRED NUMBER OF
18 INSTRUCTIONAL HOURS PRESCRIBED FOR THAT GRADE LEVEL. ADJUSTMENTS TO STATE
19 AID AND BUDGET LIMITS AS PRESCRIBED BY THIS SUBSECTION SHALL BE MADE IN
20 ACCORDANCE WITH SECTION 15-915.

21 Sec. 5. Section 15-241, Arizona Revised Statutes, is amended to read:

22 15-241. School and school district accountability; failing
23 schools tutoring fund; classification label for
24 school districts and charter school operators

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

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

32 C. The department shall establish a baseline achievement profile for
33 each school and school district. The baseline achievement profile shall be
34 used to determine a standard measurement of acceptable academic progress for
35 each school and school district and a school and school district
36 classification pursuant to subsection H of this section. Any disclosure of
37 educational records compiled by the department of education pursuant to this
38 section shall comply with the family educational rights and privacy act of
39 1974 (20 United States Code section 1232g).

40 D. The achievement profile for schools and school districts that offer
41 instruction in kindergarten programs and grades one through eight, or any
42 combination of those programs or grades, shall include the following school
43 academic performance indicators:

1 1. The Arizona measure of academic progress. The department shall
2 compute the extent of academic progress made by the pupils in each school and
3 school district during the course of each year.

4 2. The Arizona instrument to measure standards test. The department
5 shall compute the percentage of pupils who meet or exceed the standard on the
6 Arizona instrument to measure standards test, as prescribed by the state
7 board of education. The superintendent of public instruction and the
8 department may calculate academic gain on the Arizona instrument to measure
9 standards test according to each of the school classifications prescribed in
10 subsection G of this section on a statewide basis, for each school district
11 in this state and for each school by determining the average scale scores for
12 students in the current academic year as compared to the average scale scores
13 for the previous academic year for the same students.

14 3. The results of English language learners tests administered
15 pursuant to section 15-756, subsection B, section 15-756.05 and section
16 15-756.06.

17 E. The achievement profile for schools and school districts that offer
18 instruction in grades nine through twelve, or any combination of those
19 grades, shall include the following school academic performance indicators:

20 1. The Arizona measure of academic progress. The department shall
21 compute the extent of academic progress made by the pupils at each school.

22 2. The Arizona instrument to measure standards test. The department
23 shall compute the percentage of pupils pursuant to subsection G of this
24 section who meet or exceed the standard on the Arizona instrument to measure
25 standards test, as prescribed by the state board of education. The
26 superintendent of public instruction and the department may calculate
27 academic gain on the Arizona instrument to measure standards test according
28 to each of the school classifications prescribed in subsection G of this
29 section on a statewide basis, for each school district in this state and for
30 each school by determining the average scale scores for students in the
31 current academic year as compared to the average scale scores for the
32 previous academic year for the same students.

33 3. The annual dropout rate.

34 4. The annual graduation rate.

35 5. The results of English language learners tests administered
36 pursuant to section 15-756, subsection B, section 15-756.05 and section
37 15-756.06.

38 F. Schools and school districts that offer instruction in all or a
39 combination of the grades specified in subsections D and E of this section
40 shall include a single achievement profile for that school and school
41 district that includes the school academic performance indicators specified
42 in subsections D and E of this section.

43 G. Subject to final adoption by the state board of education, the
44 department shall determine the criteria for each school and school district
45 classification using a research based methodology. The methodology shall

1 include the performance of pupils at all achievement levels, account for
2 pupil mobility, account for the distribution of pupil achievement at each
3 school and school district and include longitudinal indicators of academic
4 performance. Fifty per cent of the school and school district classification
5 determination shall consist of academic performance measurements. Fifty per
6 cent of the academic performance measurement shall consist of a measurement
7 of academic gain for all pupils enrolled at the school or school district and
8 fifty per cent of the academic performance measurements shall consist of a
9 measurement of the twenty-five per cent of pupils with the lowest academic
10 performance measurement enrolled at the school or school district. For the
11 purposes of this subsection, "research based methodology" means the
12 systematic and objective application of statistical and quantitative research
13 principles to determine a standard measurement of acceptable academic
14 progress for each school and school district.

15 H. Except as provided in subsection EE of this section, the
16 achievement profile shall be used to determine a school and school district
17 classification that uses a letter grade system as follows:

18 1. A school or school district assigned a letter grade of A shall
19 demonstrate an excellent level of performance.

20 2. A school or school district assigned a letter grade of B shall
21 demonstrate an above average level of performance.

22 3. A school or school district assigned a letter grade of C shall
23 demonstrate an average level of performance.

24 4. A school or school district assigned a letter grade of D shall
25 demonstrate a below average level of performance.

26 5. A school or school district assigned a letter grade of F shall
27 demonstrate a failing level of performance. The state board of education may
28 also assign a school a letter grade of F if the state board of education
29 determines that the school is among the "persistently lowest-achieving
30 schools" in the state under the federal school accountability requirements
31 pursuant to section 1003(g) of the elementary and secondary education act (20
32 United States Code section 6303).

33 I. The classification for each school and the criteria used to
34 determine classification pursuant to subsection G of this section shall be
35 included on the school report card prescribed in section 15-746.

36 J. Subject to final adoption by the state board of education, the
37 department of education shall develop a parallel achievement profile for
38 accommodation schools, alternative schools as defined by the state board of
39 education and extremely small schools as defined by the state board of
40 education for the purposes of this section.

41 K. If a school is assigned a letter grade of D, within ninety days
42 after receiving notice of the designation, the governing board shall develop
43 an improvement plan for the school, submit a copy of the plan to the
44 superintendent of public instruction and the county educational service
45 agency and supervise the implementation of the plan. The plan shall include

1 necessary components as identified by the state board of education. Within
2 thirty days after submitting the improvement plan to the superintendent of
3 public instruction and the county educational service agency, the governing
4 board shall hold a special public meeting in each school that has been
5 assigned a letter grade of D and shall present the respective improvement
6 plans that have been developed for each school. The school district
7 governing board, within thirty days of receiving notice of the designation,
8 shall provide written notification of the classification to each residence
9 within the attendance area of the school. The notice shall explain the
10 improvement plan process and provide information regarding the public meeting
11 required by this subsection.

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

20 M. If a charter school is assigned a letter grade of D, within thirty
21 days the school shall notify the parents of the students attending the school
22 of the classification. The notice shall explain the improvement plan process
23 and provide information regarding the public meeting required by this
24 subsection. Within ninety days of receiving the classification, the charter
25 holder shall present an improvement plan to the charter sponsor at a public
26 meeting and submit a copy of the plan to the superintendent of public
27 instruction. The improvement plan shall include necessary components as
28 identified by the state board of education. For every day that an
29 improvement plan is not received by the superintendent of public instruction
30 and the county educational service agency, the school is not eligible to
31 receive monies from the classroom site fund established by section 15-977 for
32 every day that a plan has not been received by the superintendent of public
33 instruction within the time specified in subsection K of this section plus an
34 additional ninety days. The charter holder shall appear before the
35 sponsoring board and explain why the improvement plan has not been submitted.

36 N. The department of education shall establish an appeals process, to
37 be approved by the state board of education, for a school to appeal data used
38 to determine the achievement profile of the school. The criteria established
39 shall be based on mitigating factors and may include a visit to the school
40 site by the department of education.

41 O. If a school is assigned a letter grade of D for a third consecutive
42 year, the department of education shall visit the school site to confirm the
43 classification data and to review the implementation of the school's
44 improvement plan. The school shall be assigned a letter grade of F unless an
45 alternate letter grade is assigned after an appeal pursuant to subsection N

1 of this section. A school that is assigned a letter grade of D for less than
2 three consecutive years may also be assigned a letter grade of F if the state
3 board of education determines that there is no reasonable likelihood that the
4 school will achieve an average level of performance within the next two
5 years.

6 P. The school district governing board, within thirty days of
7 receiving notice of the school being assigned a letter grade of F, shall
8 provide written notification of the classification to each residence in the
9 attendance area of the school. The notice shall explain the improvement plan
10 process and provide information regarding the public meeting required by
11 subsection S of this section.

12 Q. The superintendent of public instruction in collaboration with the
13 county educational service agency, based on need, shall assign a solutions
14 team to a school assigned a letter grade of D, a school assigned a letter
15 grade of F or any other school pursuant to a mutual agreement between the
16 department of education and the school ~~comprised~~ COMPOSED of master teachers,
17 fiscal analysts and curriculum assessment experts who are certified by the
18 state board of education as Arizona academic standards technicians. The
19 department of education or the county educational service agency may hire or
20 contract with administrators, principals and teachers who have demonstrated
21 experience with the characteristics and situations in a school assigned a
22 letter grade of D or F and may use these personnel as part of the solutions
23 team. The department of education shall work with staff at the school to
24 assist in curricula alignment and shall instruct teachers on how to increase
25 pupil academic progress, considering the school's achievement profile. The
26 solutions team shall consider the existing improvement plan to assess the
27 need for changes to curriculum, professional development and resource
28 allocation and shall present a statement of its findings to the school
29 administrator and district superintendent. Within forty-five days after the
30 presentation of the solutions team's statement of findings, the school
31 district governing board, in cooperation with each school within the school
32 district that is assigned a letter grade of D and its assigned solutions team
33 representative, shall develop and submit to the department of education and
34 the county educational service agency an action plan that details the manner
35 in which the school district will assist the school as the school
36 incorporates the findings of the solutions team into the improvement plan.
37 The department of education shall review the action plan and shall either
38 accept the action plan or return the action plan to the school district for
39 modification. If the school district does not submit an approved action plan
40 within forty-five days, the state board of education may direct the
41 superintendent of public instruction to withhold up to ten per cent of state
42 monies that the school district would otherwise be entitled to receive each
43 month until the plan is submitted to the department of education and the
44 county educational service agency, at which time those monies shall be
45 returned to the school district.

1 R. The parent or the guardian of the pupil may apply to the department
2 of education, in a manner determined by the department of education, for a
3 certificate of supplemental instruction from the failing schools tutoring
4 fund established by this section. Pupils attending a school assigned a
5 letter grade of D or F or a pupil who has failed to pass one or more portions
6 of the Arizona instrument to measure standards test in grades eight through
7 twelve in order to graduate from high school may select an alternative
8 tutoring program in academic standards from a provider that is certified by
9 the state board of education. To qualify, the provider must state in writing
10 a level of academic improvement for the pupil that includes a timeline for
11 improvement that is agreed to by the parent or guardian of the pupil. The
12 state board of education shall annually review academic performance levels
13 for providers certified pursuant to this subsection and may remove a provider
14 at a public hearing from an approved list of providers if that provider fails
15 to meet its stated level of academic improvement. The state board of
16 education shall determine the application guidelines and the maximum value
17 for each certificate of supplemental instruction. The state board of
18 education shall annually complete a market survey in order to determine the
19 maximum value for each certificate of supplemental instruction. This
20 subsection shall not be construed to require the state to provide additional
21 monies beyond the monies provided pursuant to section 42-5029, subsection E,
22 paragraph 7.

23 S. Within sixty days of receiving notification of a school being
24 assigned a letter grade of F, the school district governing board shall
25 evaluate needed changes to the existing improvement plan for the school,
26 consider recommendations from the solutions team, submit a copy of the plan
27 to the superintendent of public instruction and the county educational
28 service agency and supervise the implementation of the plan. Within thirty
29 days after submitting the improvement plan to the superintendent of public
30 instruction, the governing board shall hold a public meeting in each school
31 that has been assigned a letter grade of F and shall present the respective
32 improvement plans that have been developed for each school.

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

41 U. If a charter school is assigned a letter grade of F, the department
42 of education shall immediately notify the charter school's sponsor. The
43 charter school's sponsor shall either take action to restore the charter
44 school to acceptable performance or revoke the charter school's charter.
45 Within thirty days the school shall notify the parents of the students

1 attending the school of the classification and of any pending public meetings
2 to review the issue.

3 V. A school that has been assigned a letter grade of F shall be
4 evaluated by the department of education to determine if the school failed to
5 properly implement its school improvement plan, align the curriculum with
6 academic standards, provide teacher training, prioritize the budget or
7 implement other proven strategies to improve academic performance. After
8 visiting the school site pursuant to subsection O of this section, the
9 department of education shall submit to the state board of education a
10 recommendation to proceed pursuant to subsections Q, R and S of this section
11 or that the school be subject to a public hearing to determine if the school
12 failed to properly implement its improvement plan and the reasons for the
13 department's recommendation.

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

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

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

25 3. Resource allocation pursuant to subsection Y of this section.

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

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

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

38 Y. If an alternative operation plan is provided pursuant to subsection
39 W of this section, the state board of education shall pay for the operation
40 of the school and shall adjust the school district's soft capital allocation
41 pursuant to section 15-962, capital outlay revenue limit pursuant to section
42 15-961, base support level pursuant to section 15-943, monies distributed
43 from the classroom site fund established by section 15-977 and transportation
44 support level pursuant to section 15-945 to accurately reflect any reduction
45 in district services that are no longer provided to that school by the

1 district. The state board of education may modify the school district's
2 revenue control limit, the district support level and the general budget
3 limit calculated pursuant to section 15-947 by an amount that corresponds to
4 this reduction in services. The state board of education shall retain the
5 portion of state aid that would otherwise be due the school district for the
6 school and shall distribute that portion of state aid directly to the
7 organization that contracts with the state board of education to operate the
8 school.

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

12 AA. If there are more than two schools in a district and more than
13 one-half, or in any case more than five, of the schools in the district are
14 assigned a letter grade of F for more than two consecutive years, in the next
15 election of members of the governing board the election ballot shall contain
16 the following statement immediately above the listing of governing board
17 candidates:

18 Within the last five years, (number of schools) schools in the
19 _____ school district have been assigned a letter grade of F
20 or designated as "schools failing to meet academic standards" by
21 the superintendent of public instruction.

22 BB. At least twice each year the department of education shall publish
23 in a newspaper of general circulation in each county of this state a list of
24 schools that are assigned a letter grade of F.

25 CC. The failing schools tutoring fund is established consisting of
26 monies collected pursuant to section 42-5029, subsection E as designated for
27 this purpose. The department of education shall administer the fund. The
28 department of education may use monies from the fund to purchase materials
29 designed to assist students to meet the Arizona academic standards and to
30 achieve a passing score on the Arizona instrument to measure standards test
31 in order to graduate from high school.

32 DD. The department of education may develop a classification label for
33 school districts and charter school operators. If the department of
34 education develops a classification label for school districts and charter
35 school operators, the classification label may be developed from the
36 following components:

- 37 1. Measures of academic progress.
- 38 2. Pupil assessment data.
- 39 3. The attendance rates and graduation rates of pupils who are
40 educated in that charter school operator's charter schools or in that school
41 district's schools.
- 42 4. The percentage of the parents of pupils enrolled in that charter
43 school operator's charter schools or in that school district's schools that
44 categorizes the quality of their child's education as excellent on a parental
45 rating of school quality.

1 EE. The state board of education shall determine appropriate
2 modifications to the criteria used to calculate achievement profiles for
3 schools that participate in the board examination system prescribed in
4 chapter 7, article 6 of this title.

5 FF. The state board of education shall adopt guidelines to include
6 supplementary training in reading instruction for teachers who provide
7 instruction to pupils in a kindergarten program or grade one, two or three in
8 an improvement plan pursuant to subsection K of this section.

9 GG. In addition to any other corrective procedures prescribed in this
10 section and section 15-241.01, a school that has been assigned a letter grade
11 of D or F for two consecutive years shall implement a science, technology,
12 engineering and mathematics intervention strategy under the supervision of
13 the state board of education.

14 HH. In addition to any other corrective procedures prescribed in this
15 section a school district that has been assigned a letter grade of D or F for
16 two consecutive years shall implement a parent involvement strategy. The
17 parent involvement strategy shall be included in the school improvement plans
18 PLAN for each applicable school within the district, as prescribed in
19 subsection K of this section.

20 II. THE DEPARTMENT OF EDUCATION SHALL PUBLISH CRITERIA FOR A SCHOOL OR
21 SCHOOL DISTRICT'S EXIT STATUS FROM A PREVIOUS ASSIGNMENT OF A LETTER GRADE OF
22 F IN ACCORDANCE WITH THIS SECTION. THE CRITERIA SHALL PRESCRIBE THE ACTIONS
23 AND RESULTS NECESSARY TO BE DEEMED TO HAVE COMPLIED WITH THIS SECTION
24 REGARDING SCHOOL IMPROVEMENT, INCLUDING THE PROPER IMPLEMENTATION OF A SCHOOL
25 IMPROVEMENT PLAN PURSUANT TO SUBSECTION V OF THIS SECTION. THESE CRITERIA
26 SHALL BE PROVIDED TO A SCHOOL OR SCHOOL DISTRICT IF IT IS ASSIGNED A LETTER
27 GRADE OF F PURSUANT TO THIS SECTION.

28 Sec. 6. Section 15-249.01, Arizona Revised Statutes, is amended to
29 read:

30 15-249.01. Data governance commission; membership; terms;
31 duties

32 A. The data governance commission is established in the department of
33 education consisting of:

34 1. The chief technology managers, or the managers' designees, of each
35 of the universities under the jurisdiction of the Arizona board of regents.

36 2. The chief technology manager, or the manager's designee, of a
37 community college district located in a county with a population of eight
38 hundred thousand persons or more who has expertise in technology and who is
39 appointed by the governor.

40 3. The chief technology manager, or the manager's designee, of a
41 community college district located in a county with a population of less than
42 eight hundred thousand persons who has expertise in technology and who is
43 appointed by the governor.

44 4. The chief executive officer of the Arizona early childhood
45 development and health board or the chief executive officer's designee.

1 5. An officer or employee of a school district located in a county
2 with a population of eight hundred thousand persons or more who has expertise
3 in technology and who is appointed by the governor.

4 6. An officer or employee of a school district located in a county
5 with a population of less than eight hundred thousand persons who has
6 expertise in technology and who is appointed by the governor.

7 7. An officer or employee of a charter school located in a county with
8 a population of eight hundred thousand persons or more who has expertise in
9 technology and who is appointed by the president of the senate.

10 8. An officer or employee of a charter school located in a county with
11 a population of less than eight hundred thousand persons who has expertise in
12 technology and who is appointed by the speaker of the house of
13 representatives.

14 9. Two representatives of the business community, one of whom is
15 appointed by the president of the senate and one of whom is appointed by the
16 speaker of the house of representatives.

17 10. THE DIRECTOR OF THE DEPARTMENT OF ADMINISTRATION OR THE DIRECTOR'S
18 DESIGNEE.

19 ~~10-~~ 11. The superintendent of public instruction or the
20 superintendent's designee.

21 B. The initial appointed members shall assign themselves by lot to
22 terms of two, three and four years in office. All subsequent appointed
23 members of the commission shall serve four year terms. The chairperson shall
24 notify the governor, the speaker of the house of representatives and the
25 president of the senate on appointments of these terms. Members of the
26 commission shall elect a chairperson from among the members of the
27 commission. Members of the commission shall not receive compensation. The
28 department of education shall provide adequate staff support for the
29 commission.

30 C. The commission shall identify, examine and evaluate the needs of
31 public institutions ~~who~~ THAT provide instruction to pupils in preschool
32 PROGRAMS, kindergarten PROGRAMS, grades one through twelve and postsecondary
33 programs in Arizona and shall:

34 1. Establish guidelines related to the following:

35 (a) Managed data access.

36 (b) Technology.

37 (c) Privacy and security.

38 (d) Adequacy of training.

39 (e) Adequacy of data model implementation.

40 (f) Prioritization of funding opportunities.

41 (g) Resolution of data conflicts.

42 (h) THE FORM AND FORMAT OF DATA ELEMENTS THAT ARE REQUIRED FOR STATE
43 AND FEDERAL REPORTING AND INTERAGENCY DATA SHARING.

44 2. Provide recommendations on technology spending.

45 3. Provide analyses and recommendations of the following:

1 (a) The control of data confidentiality and data security for stored
2 data and data in transmission.

3 (b) Access privileges and access management.

4 (c) Data audit management, including data quality metrics, sanctions
5 and incentives for data quality improvement.

6 (d) Data standards for stored data and data in transmission, including
7 rules for definition, format, source, provenance, element level and
8 contextual integrity.

9 (e) Documentation standards for data elements and systems components.

10 (f) Data archival and retrieval management systems, including change
11 control and change tracking.

12 (g) Publication of standard and ad hoc reports for state and local
13 level use on student achievement.

14 (h) Publication of implementation timelines and progress.

15 4. ENSURE THAT THE GUIDELINES AND RECOMMENDATIONS ADOPTED PURSUANT TO
16 THIS SUBSECTION REDUCE DUPLICATION AND ADMINISTRATIVE REQUIREMENTS FOR PUBLIC
17 SCHOOLS, POSTSECONDARY INSTITUTIONS AND PUBLIC AGENCIES.

18 ~~4-~~ 5. Submit an annual report on or before December 1 regarding the
19 commission's activities to the governor, the speaker of the house of
20 representatives and the president of the senate. The data governance
21 commission shall provide copies of this report to the secretary of state.

22 Sec. 7. Section 15-393, Arizona Revised Statutes, is amended to read:

23 15-393. Joint technical education district governing board;
24 report; definition

25 A. The management and control of the joint district are vested in the
26 joint technical education district governing board, including the content and
27 quality of the courses offered by the district, the quality of teachers who
28 provide instruction on behalf of the district, the salaries of teachers who
29 provide instruction on behalf of the district and the reimbursement of other
30 entities for the facilities used by the district. Unless the governing
31 boards of the school districts participating in the formation of the joint
32 district vote to implement an alternative election system as provided in
33 subsection B of this section, the joint board shall consist of five members
34 elected from five single member districts formed within the joint district.
35 The single member district election system shall be submitted as part of the
36 plan for the joint district pursuant to section 15-392 and shall be
37 established in the plan as follows:

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

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

4 3. A person who is a registered voter of this state and who is a
5 resident of the single member district is eligible for election to the office
6 of joint board member from the single member district. The terms of office
7 of the members of the joint board shall be as prescribed in section 15-427,
8 subsection B. An employee of a joint technical education district or the
9 spouse of an employee shall not hold membership on a governing board of a
10 joint technical education district by which the employee is employed. A
11 member of one school district governing board or joint technical education
12 district governing board is ineligible to be a candidate for nomination or
13 election to or serve simultaneously as a member of any other governing board,
14 except that a member of a governing board may be a candidate for nomination
15 or election for any other governing board if the member is serving in the
16 last year of a term of office. A member of a governing board shall resign
17 the member's seat on the governing board before becoming a candidate for
18 nomination or election to the governing board of any other school district or
19 joint technical education district, unless the member of the governing board
20 is serving in the last year of a term of office.

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

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

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

32 1. Chapter 1, articles 1 through 6.

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

34 3. Articles 2, 3 and 5 of this chapter.

35 4. Section 15-361.

36 5. Chapter 4, articles 1, 2 and 5.

37 6. Chapter 5, articles 1, 2 and 3.

38 7. Sections 15-701.01, 15-722, 15-723, 15-724, 15-727, 15-728, 15-729
39 and 15-730.

40 8. Chapter 7, article 5.

41 9. Chapter 8, articles 1, 3 and 4.

42 10. Sections 15-828 and 15-829.

43 11. Chapter 9, article 1, article 6, except for section 15-995, and
44 article 7.

45 12. Sections 15-941, 15-943.01, 15-948, 15-952, 15-953 and 15-973.

1 13. Sections 15-1101 and 15-1104.

2 14. Chapter 10, articles 2, 3, 4 and 8.

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

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

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

14 3. If a career and technical education course or program provided
15 pursuant to this article is provided in a facility owned or operated by a
16 school district in which a pupil is enrolled, including satellite courses,
17 the sum of the average daily membership, as provided in section 15-901,
18 subsection A, paragraph 1, for that pupil in both the school district and
19 joint technical education district shall not exceed 1.25. The sum of the
20 average daily membership, as provided in section 15-901, subsection A,
21 paragraph 1, shall not exceed 1.25 for the courses taken in the school
22 district and the facility, including satellite courses. The school district
23 and the joint district shall determine the apportionment of the average daily
24 membership for that pupil between the school district and the joint district.

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

28 (a) Determine the estimated student count for joint district classes
29 that will operate in the first year of operation. This estimate shall be
30 based on actual registration of pupils as of March 30 scheduled to attend
31 classes that will be operated by the joint district. The student count for
32 the district of residence of the pupils registered at the joint district
33 shall be adjusted. The adjustment shall cause the district of residence to
34 reduce the student count for the pupil to reflect the courses to be taken at
35 the joint district. The district of residence shall review and approve the
36 adjustment of its own student count as provided in this subdivision before
37 the pupils from the school district can be added to the student count of the
38 joint district.

39 (b) The student count for the new joint district shall be the student
40 count as determined in subdivision (a) of this paragraph.

41 (c) For the first year of operation, the joint district shall revise
42 the student count to the actual average daily membership as prescribed in
43 section 15-901, subsection A, paragraph 1 for students attending classes in
44 the joint district. A joint district shall revise its student count, the
45 base support level as provided in section 15-943.02, the revenue control

1 limit as provided in section 15-944.01, the capital outlay revenue limit and
2 the soft capital allocation as provided in section 15-962.01 prior to May 15.
3 A joint district that overestimated its student count shall revise its budget
4 prior to May 15. A joint district that underestimated its student count may
5 revise its budget prior to May 15.

6 (d) After March 15 of the first year of operation, the district of
7 residence shall adjust its student count by reducing it to reflect the
8 courses actually taken at the joint district. The district of residence
9 shall revise its student count, the base support level as provided in section
10 15-943, the revenue control limit as provided in section 15-944, the capital
11 outlay revenue limit as provided in section 15-961 and the soft capital
12 allocation as provided in section 15-962 prior to May 15. A district that
13 underestimated the student count for students attending the joint district
14 shall revise its budget prior to May 15. A district that overestimated the
15 student count for students attending the joint district may revise its budget
16 prior to May 15.

17 (e) A joint district for the first year of operation shall not be
18 eligible for adjustment pursuant to section 15-948.

19 (f) The procedures for implementing this paragraph shall be as
20 prescribed in the uniform system of financial records.

21 (g) Pupils in an approved joint technical education district
22 centralized program may generate an average daily membership of 1.0 during
23 any day of the week and at any time between July 1 and June 30 of each fiscal
24 year.

25 For the purposes of this paragraph, "district of residence" means the
26 district that included the pupil in its average daily membership for the year
27 before the first year of operation of the joint district and that would have
28 included the pupil in its student count for the purposes of computing its
29 base support level for the fiscal year of the first year of operation of the
30 joint district if the pupil had not enrolled in the joint district.

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

34 (a) A student in a kindergarten program or in grades one through nine
35 who enrolls in courses offered by the joint technical education district
36 shall not be included in the joint district's student count or average daily
37 membership.

38 (b) A student in a kindergarten program or in grades one through nine
39 who is enrolled in career and technical education courses shall not be funded
40 in whole or in part with monies provided by a joint technical education
41 district, except that a pupil in grade eight or nine may be funded with
42 monies generated by the five cent qualifying tax rate authorized in
43 subsection F of this section.

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

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

6 ~~7. A joint district may use the excess utility costs provisions of~~
7 ~~section 15-910 in the same manner as a school district for fiscal years~~
8 ~~1999-2000 and 2000-2001, except that the base year shall be the first full~~
9 ~~fiscal year of operations.~~

10 ~~8.~~ 7. A joint district may use the carryforward provisions of section
11 15-943.01 retroactively to July 1, 1993.

12 ~~9.~~ 8. A school district that is part of a joint district shall use
13 any monies received pursuant to this article to supplement and not supplant
14 base year career and technical education courses, and directly related
15 equipment and facilities, except that a school district that is part of a
16 joint technical education district and that has used monies received pursuant
17 to this article to supplant career and technical education courses that were
18 offered before the first year that the school district participated in the
19 joint district or the first year that the school district used monies
20 received pursuant to this article or that used the monies for purposes other
21 than for career and technical education courses shall use one hundred per
22 cent of the monies received pursuant to this article to supplement and not
23 supplant base year career and technical education courses.

24 ~~10.~~ 9. A joint technical education district shall use any monies
25 received pursuant to this article to enhance and not supplant career and
26 technical education courses and directly related equipment and facilities.

27 ~~11.~~ 10. A joint technical education district or a school district that
28 is part of a joint district shall only include pupils in grades ten through
29 twelve in the calculation of student count or average daily membership if the
30 pupils are enrolled in courses that are approved jointly by the governing
31 board of the joint technical education district and each participating school
32 district for satellite courses taught within the participating school
33 district, or approved solely by the joint technical education district for
34 centrally located courses. Student count and average daily membership from
35 courses that are not part of an approved program for career and technical
36 education shall not be included in student count and average daily membership
37 of a joint technical education district.

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

40 F. Taxes may be levied for the support of the joint district as
41 prescribed in chapter 9, article 6 of this title, except that a joint
42 technical education district shall not levy a property tax pursuant to law
43 that exceeds five cents per one hundred dollars assessed valuation except for
44 bond monies pursuant to subsection D, paragraph 1 of this section. Except

1 for the taxes levied pursuant to section 15-994, such taxes shall be obtained
2 from a levy of taxes on the taxable property used for secondary tax purposes.

3 G. The schools in the joint district are available to all persons who
4 reside in the joint district and to pupils whose district of residence is
5 paying tuition on behalf of the pupils to a district of attendance that is a
6 member of the joint technical education district, subject to the rules for
7 admission prescribed by the joint board.

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

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

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

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

22 L. Any agreement between the governing board of a joint technical
23 education district and another joint technical education district, a school
24 district, a charter school or a community college district shall be in the
25 form of an intergovernmental agreement or other written contract. The
26 auditor general shall modify the uniform system of financial records and
27 budget forms in accordance with this subsection. The intergovernmental
28 agreement or other written contract shall completely and accurately specify
29 each of the following:

30 1. The financial provisions of the intergovernmental agreement or
31 other written contract and the format for the billing of all services.

32 2. The accountability provisions of the intergovernmental agreement or
33 other written contract.

34 3. The responsibilities of each joint technical education district,
35 each school district, each charter school and each community college district
36 that is a party to the intergovernmental agreement or other written contract.

37 4. The type of instruction that will be provided under the
38 intergovernmental agreement or other written contract, including
39 individualized education programs pursuant to section 15-763.

40 5. The quality of the instruction that will be provided under the
41 intergovernmental agreement or other written contract.

42 6. The transportation services that will be provided under the
43 intergovernmental agreement or other written contract and the manner in which
44 transportation costs will be paid.

1 7. The amount that the joint technical education district will
2 contribute to a course and the amount of support required by the school
3 district or the community college.

4 8. That the services provided by the joint technical education
5 district, the school district, the charter school or the community college
6 district be proportionally calculated in the cost of delivering the service.

7 9. That the payment for services shall not exceed the cost of the
8 services provided.

9 M. On or before December 31 of each year, each joint technical
10 education district shall submit a detailed report to the career and technical
11 education division of the department of education. The career and technical
12 education division of the department of education shall collect, summarize
13 and analyze the data submitted by the joint districts, shall submit an annual
14 report that summarizes the data submitted by the joint districts to the
15 governor, the speaker of the house of representatives, the president of the
16 senate and the state board of education and shall submit a copy of this
17 report to the secretary of state. The data submitted by each joint technical
18 education district shall include the following:

19 1. The average daily membership of the joint district.

20 2. The program listings and program descriptions of programs offered
21 by the joint district, including the course sequences for each program.

22 3. The costs associated with each program offered by the joint
23 district.

24 4. The completion rate for each program offered by the joint district.
25 For the purposes of this paragraph, "completion rate" means the completion
26 rate for students who are designated as concentrators in that program by the
27 department of education under the career and technology approved plan.

28 5. The graduation rate from the school district of residence of
29 students who have completed a program in the joint district.

30 6. A detailed description of the career opportunities available to
31 students after completion of the program offered by the joint district.

32 7. A detailed description of the career placement of students who have
33 completed the program offered by the joint district.

34 8. Any other data deemed necessary by the department of education to
35 carry out its duties under this subsection.

36 N. If the career and technical education division of the department of
37 education determines that a course does not meet the criteria for approval as
38 a joint technical education course, the governing board of the joint
39 technical education district may appeal this decision to the state board of
40 education acting as the state board of vocational education.

41 O. Notwithstanding any other law, the average daily membership of a
42 pupil in grade ten, eleven or twelve who is enrolled in a course that meets
43 for at least one hundred fifty minutes per class period at a centralized
44 campus owned and operated by a joint technical education district shall be
45 0.75. The sum of the average daily membership, as provided in section

1 15-901, subsection A, paragraph 1, of a pupil who is enrolled in both the
2 member school district and joint technical education district courses
3 provided at a community college pursuant to subsection K of this section or
4 at a facility owned and operated by a joint technical education district that
5 is not located on a site of a member district shall not exceed 1.75. The
6 member school district and the joint district shall determine the
7 apportionment of the average daily membership and student enrollment for that
8 pupil between the member school district and the joint district, except the
9 amount apportioned shall not exceed 1.0 for either entity.

10 P. Notwithstanding any other law, the average daily membership for a
11 pupil who is enrolled in a joint technical education course defined in
12 section 15-391 and who does not meet the criteria specified in subsection O
13 of this section shall be 0.25 for each course, except the sum of the average
14 daily membership shall not exceed the limits prescribed by subsection D or O
15 OF THIS SECTION, as applicable.

16 Q. Notwithstanding any other law, beginning in fiscal year 2011-2012,
17 the student count for a joint technical education district shall be
18 equivalent to the joint technical education district's average daily
19 membership.

20 R. For the purposes of this section, "base year" means the complete
21 school year in which voters of a school district elected to join a joint
22 technical education district.

23 Sec. 8. Section 15-771, Arizona Revised Statutes, is amended to read:
24 15-771. Preschool programs for children with disabilities;
25 definition

26 A. Each school district shall make available an educational program
27 for preschool children with disabilities who reside in the school district
28 and who are not already receiving services that have been provided through
29 the department of education. A CHARTER SCHOOL MAY CHOOSE TO MAKE AVAILABLE
30 AN EDUCATIONAL PROGRAM FOR PRESCHOOL CHILDREN WITH DISABILITIES. The state
31 board of education shall prescribe rules for use by school districts in the
32 provision of educational programs for preschool children with disabilities.
33 School districts are required to, AND CHARTER SCHOOLS MAY, make available
34 educational programs for ~~and~~, PRESCHOOL CHILDREN WHO MEET THE DEFINITION OF
35 ONE OF THE CONDITIONS PRESCRIBED IN PARAGRAPHS 1 THROUGH 5 OF THIS
36 SUBSECTION. For the purposes of calculating average daily membership, SCHOOL
37 DISTRICTS AND CHARTER SCHOOLS may count only those preschool children who
38 meet the definition of one of the following conditions:

- 39 1. Hearing impairment.
- 40 2. Visual impairment.
- 41 3. Developmental delay.
- 42 4. Preschool severe delay.
- 43 5. Speech/language impairment.

44 B. The state board of education shall annually distribute to school
45 districts AND CHARTER SCHOOLS THAT CHOOSE TO PROVIDE PRESCHOOL PROGRAMS

1 PURSUANT TO THIS SECTION at least ten per cent of the monies it receives
2 under 20 United States Code section 1411(c)(2) for preschool programs for
3 children with disabilities. The state board shall prescribe rules for the
4 distribution of the monies to school districts AND CHARTER SCHOOLS.

5 C. The governing board of a school district OR THE APPROPRIATE
6 APPROVING BODY OF A CHARTER SCHOOL may submit a proposal to the state board
7 of education as prescribed by the state board to receive monies for preschool
8 programs for children with disabilities as provided in this section. A
9 school district ~~which~~ THAT receives monies as provided in this section shall
10 include the monies in the special projects section of the budget as provided
11 in section 15-903, subsection F.

12 D. All school districts shall cooperate, if appropriate, with
13 community organizations that provide services to preschool children with
14 disabilities in the provision of the district's preschool program for
15 children with disabilities.

16 E. A school district OR CHARTER SCHOOL may not admit a child to a
17 preschool program for children with disabilities unless the child is
18 evaluated and recommended for placement as provided in sections 15-766 and
19 15-767.

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

25 G. For the purposes of this section, "preschool child" means a child
26 who is at least three years of age but who has not reached the age required
27 for kindergarten. A preschool child is three years of age as of the date of
28 the child's third birthday. The governing board of a school district OR THE
29 APPROPRIATE APPROVING BODY OF A CHARTER SCHOOL may admit otherwise eligible
30 children who are within ninety days of their third birthday, if it is
31 determined to be in the best interest of the individual child. Children who
32 are admitted to programs for preschool children ~~prior to~~ BEFORE their third
33 birthday are entitled to the same provision of services as if they were three
34 years of age.

35 Sec. 9. Section 15-797, Arizona Revised Statutes, is amended to read:

36 15-797. Financial provisions for pupils in alternative
37 education programs

38 A. School districts may count pupils for daily attendance as provided
39 in section 15-901 who are not actually and physically in attendance in a
40 recognized common or high school but who are enrolled in and actually and
41 physically in attendance in an alternative education program which is
42 provided by any public body or private person and which meets the standards
43 that the state board of education and the governing board prescribe for the
44 course of study given in the common and high schools.

1 B. The governing board of a school district shall prescribe procedures
2 for verifying the attendance of pupils enrolled in an alternative education
3 program which is provided by any public body or private person.

4 C. The governing board may make payments for the cost of the education
5 of pupils as provided in this article not to exceed the cost per student
6 count as provided in section 15-824, subsection G.

7 ~~D. School districts operating alternative schools pursuant to this
8 section and charter schools operating on approved alternative calendars
9 pursuant to section 15-183 may count pupils as having attended full time in
10 any week for which the pupil was enrolled in and physically attended at least
11 twenty hours of instruction during that week.~~

12 ~~E.~~ D. School districts operating alternative schools pursuant to this
13 section and charter schools operating on approved alternative calendars
14 pursuant to section 15-183 shall comply with the annual hours of instruction
15 requirement pursuant to section 15-901.

16 Sec. 10. Section 15-821, Arizona Revised Statutes, is amended to read:
17 15-821. Admission of children; required age

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

24 B. If a preschool program for children with disabilities is
25 maintained, a child is eligible for admission as prescribed in section
26 15-771.

27 C. If a kindergarten program is maintained, a child is eligible for
28 admission to kindergarten if the child is five years of age. A child is
29 deemed five years of age if the child reaches the age of five before
30 September 1 of the current school year. A child is eligible for admission to
31 first grade if the child is six years of age. A child is deemed six years of
32 age if the child reaches the age of six before September 1 of the current
33 school year. ~~If a child who has not reached the age of five before September
34 1 of the current school year is admitted to kindergarten and then repeats
35 kindergarten in the following school year, a school district or charter
36 school is not eligible to receive basic state aid on behalf of that child
37 during the child's second year of kindergarten. If a child who has not
38 reached the age of five before September 1 of the current school year is
39 admitted to kindergarten but does not remain enrolled a school district or
40 charter school may receive a portion of basic state aid on behalf of that
41 child in the subsequent year. A school district or charter school may charge
42 tuition for any child who is ineligible for basic state aid pursuant to this
43 subsection. The governing board may admit children who have not reached the
44 required age as prescribed by this subsection if it is determined to be in
45 the best interest of the children. For children entering the first grade,~~

1 such determination shall be based upon one or more consultations with the
2 parent, parents, guardian or guardians, the children, the teacher and the
3 school principal. Such children must reach the required age of five for
4 kindergarten and six for first grade by January 1 of the current school year.

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

10 1. The family member is attempting to obtain legal guardianship of the
11 child in an unresolved and uncontested guardianship proceeding commenced in
12 superior court. The family member shall provide documentation to the school
13 district within thirty days of enrollment that the family member is
14 attempting to obtain legal guardianship of the child. ~~Upon~~ ON obtaining
15 legal guardianship, the family member shall provide documentation to the
16 school district.

17 2. The family member is attempting to obtain custody of the child in
18 an unresolved and uncontested child custody proceeding commenced in superior
19 court. The family member shall provide documentation to the school district
20 within thirty days of enrollment that the family member is attempting to
21 obtain custody of the child. ~~Upon~~ ON obtaining custody, the family member
22 shall provide documentation to the school district.

23 Sec. 11. Section 15-828, Arizona Revised Statutes, is amended to read:
24 15-828. Birth certificate; school records; exception

25 A. On enrollment of a pupil for the first time in a particular school
26 district or private school offering instruction to pupils in any kindergarten
27 programs or grades one through twelve, that school or school district shall
28 notify the person enrolling the pupil in writing that within thirty days the
29 person must provide one of the following:

30 1. A certified copy of the pupil's birth certificate.

31 2. Other reliable proof of the pupil's identity and age, including the
32 pupil's baptismal certificate, an application for a social security number or
33 original school registration records and an affidavit explaining the
34 inability to provide a copy of the birth certificate.

35 3. A letter from the authorized representative of an agency having
36 custody of the pupil pursuant to title 8, chapter 2 certifying that the pupil
37 has been placed in the custody of the agency as prescribed by law.

38 B. If a child is instructed at home pursuant to section 15-802, the
39 person who has custody of the child shall, within thirty days after the home
40 instruction begins, provide to the county school superintendent of the county
41 in which the child resides one of the following:

42 1. A certified copy of the child's birth certificate.

43 2. Other reliable proof of the child's identity and age, including the
44 child's baptismal certificate, an application for a social security number or

1 original school registration records and an affidavit explaining the
2 inability to provide a copy of the birth certificate.

3 3. A letter from the authorized representative of an agency having
4 custody of the pupil pursuant to title 8, chapter 2 certifying that the pupil
5 has been placed in the custody of the agency as prescribed by law.

6 C. On presentation of a document pursuant to this section, a photocopy
7 of the document shall be placed in the pupil's file and the document that is
8 presented shall be returned.

9 D. A PUPIL SHALL BE ENROLLED IN THE SCHOOL OR SCHOOL DISTRICT, OR THE
10 COUNTY SCHOOL SUPERINTENDENT SHALL RECORD THE PUPIL'S NAME, USING THE NAME
11 THAT IS PRINTED ON THE BIRTH CERTIFICATE, OTHER RELIABLE PROOF OF THE PUPIL'S
12 IDENTITY, OR LETTER FROM AN AGENCY HAVING CUSTODY OF THE PUPIL PROVIDED
13 PURSUANT TO THIS SECTION. THIS SUBSECTION DOES NOT PROHIBIT A SCHOOL OR
14 SCHOOL DISTRICT FROM CALLING A PUPIL BY ANY NAME THE PUPIL'S PARENT OR
15 GUARDIAN WISHES THE PUPIL TO BE CALLED.

16 ~~D.~~ E. On the failure of a person enrolling a pupil or instructing a
17 child at home to comply with subsection A or B of this section, the school,
18 school district or county school superintendent shall notify that person in
19 writing that, unless the person complies within ten days, the case shall be
20 referred to the local law enforcement agency for investigation. If
21 compliance is not obtained within the ten day period, the school, school
22 district or county school superintendent shall refer the case to the local
23 law enforcement agency.

24 ~~E.~~ F. The school, school district or county school superintendent
25 shall immediately report to the local law enforcement agency any affidavit
26 received pursuant to this section which appears inaccurate or suspicious in
27 form or content.

28 ~~F.~~ G. Within five school days after enrolling a transfer pupil from a
29 private school or another school district, a school shall request directly
30 from the pupil's previous school a certified copy of the pupil's record. The
31 requesting school shall exercise due diligence in obtaining the copy of the
32 record requested. Notwithstanding any financial debt owed by the pupil, any
33 school requested to forward a copy of a transferring pupil's record to the
34 new school shall comply and forward the record within ten school days after
35 receipt of the request unless the record has been flagged pursuant to section
36 15-829. If the record has been flagged, the requested school shall not
37 forward the copy and shall notify the local law enforcement agency of the
38 request. School districts shall include in the educational records required
39 by this subsection data collected pursuant to sections 15-741 and 15-766, as
40 prescribed by the state board of education.

41 ~~G.~~ H. Any disclosure of educational records by the school district or
42 charter school shall comply with the family educational rights and privacy
43 act of 1974 (20 United States Code section 1232g).

44 ~~H.~~ I. The provisions of this section do not apply to homeless pupils
45 as defined in section 15-824, subsection C.

1 Sec. 12. Section 15-901, Arizona Revised Statutes, is amended to read:
2 15-901. Definitions

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

4 1. "Average daily membership" means the total enrollment of fractional
5 students and full-time students, minus withdrawals, of each school day
6 through the first one hundred days or two hundred days in session, as
7 applicable, for the current year. Withdrawals include students formally
8 withdrawn from schools and students absent for ten consecutive school days,
9 except for excused absences identified by the department of education. For
10 the purposes of this section, school districts and charter schools shall
11 report student absence data to the department of education at least once
12 every sixty days in session. For computation purposes, the effective date of
13 withdrawal shall be retroactive to the last day of actual attendance of the
14 student or excused absence.

15 (a) "Fractional student" means:

16 (i) For common schools, a preschool child who is enrolled in a program
17 for preschool children with disabilities of at least three hundred sixty
18 minutes each week or a kindergarten student at least five years of age before
19 January 1 of the school year and enrolled in a school kindergarten program
20 that meets at least three hundred fifty-six hours for a one hundred eighty
21 day school year, or the instructional hours prescribed in this section.
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, each of which, if taught each school day for the minimum number
37 of days required in a school year, would meet a minimum of one hundred
38 twenty-three hours a year, or the equivalent, in a recognized high school.
39 The average daily membership of a part-time high school student shall be 0.75
40 if the student is enrolled in an instructional program of three subjects that
41 meet at least five hundred forty hours for a one hundred eighty day school
42 year, or the instructional hours prescribed in this section. The average
43 daily membership of a part-time high school student shall be 0.5 if the
44 student is enrolled in an instructional program of two subjects that meet at
45 least three hundred sixty hours for a one hundred eighty day school year, or

1 the instructional hours prescribed in this section. The average daily
2 membership of a part-time high school student shall be 0.25 if the student is
3 enrolled in an instructional program of one subject that meets at least one
4 hundred eighty hours for a one hundred eighty day school year, or the
5 instructional hours prescribed in this section.

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

7 (i) For common schools, a student who is at least six years of age
8 before January 1 of a school year, who has not graduated from the highest
9 grade taught in the school district and who is regularly enrolled in a course
10 of study required by the state board of education. First, second and third
11 grade students, ungraded students at least six, but under nine, years of age
12 by September 1 or ungraded group B children with disabilities who are at
13 least five, but under six, years of age by September 1 must be enrolled in an
14 instructional program that meets for a total of at least seven hundred twelve
15 hours for a one hundred eighty day school year, or the instructional hours
16 prescribed in this section. Fourth, fifth and sixth grade students or
17 ungraded students at least nine, but under twelve, years of age by September
18 1 must be enrolled in an instructional program that meets for a total of at
19 least eight hundred ninety hours for a one hundred eighty day school year, or
20 the instructional hours prescribed in this section. Seventh and eighth grade
21 students or ungraded students at least twelve, but under fourteen, years of
22 age by September 1 must be enrolled in an instructional program that meets
23 for at least one thousand hours. Lunch periods and recess periods may not be
24 included as part of the instructional hours unless the student is a child
25 with a disability and the child's individualized education program requires
26 instruction during those periods and the specific reasons for such
27 instruction are fully documented.

28 (ii) For high schools, except as provided in section 15-105, a student
29 not graduated from the highest grade taught in the school district, or an
30 ungraded student at least fourteen years of age by September 1, and enrolled
31 in at least an instructional program of four or more subjects that count
32 toward graduation as defined by the state board of education, each of which,
33 if taught each school day for the minimum number of days required in a school
34 year, would meet a minimum of one hundred twenty-three hours a year, or the
35 equivalent, that meets for a total of at least seven hundred twenty hours for
36 a one hundred eighty day school year, or the instructional hours prescribed
37 in this section in a recognized high school. A full-time student shall not
38 be counted more than once for computation of average daily membership. The
39 average daily membership of a full-time high school student shall be 1.0 if
40 the student is enrolled in at least four subjects that meet at least seven
41 hundred twenty hours for a one hundred eighty day school year, or the
42 equivalent instructional hours prescribed in this section.

43 (iii) IF A CHILD WHO HAS NOT REACHED FIVE YEARS OF AGE BEFORE
44 SEPTEMBER 1 OF THE CURRENT SCHOOL YEAR IS ADMITTED TO KINDERGARTEN AND
45 REPEATS KINDERGARTEN IN THE FOLLOWING SCHOOL YEAR, A SCHOOL DISTRICT OR

1 CHARTER SCHOOL IS NOT ELIGIBLE TO RECEIVE BASIC STATE AID ON BEHALF OF THAT
2 CHILD DURING THE CHILD'S SECOND YEAR OF KINDERGARTEN. IF A CHILD WHO HAS NOT
3 REACHED FIVE YEARS OF AGE BEFORE SEPTEMBER 1 OF THE CURRENT SCHOOL YEAR IS
4 ADMITTED TO KINDERGARTEN BUT DOES NOT REMAIN ENROLLED, A SCHOOL DISTRICT OR
5 CHARTER SCHOOL MAY RECEIVE A PORTION OF BASIC STATE AID ON BEHALF OF THAT
6 CHILD IN THE SUBSEQUENT YEAR. A SCHOOL DISTRICT OR CHARTER SCHOOL MAY CHARGE
7 TUITION FOR ANY CHILD WHO IS INELIGIBLE FOR BASIC STATE AID PURSUANT TO THIS
8 ITEM.

9 ~~(iii)~~ (iv) Except as otherwise provided by law, for a full-time high
10 school student who is concurrently enrolled in two school districts or two
11 charter schools, the average daily membership shall not exceed 1.0.

12 ~~(iv)~~ (v) Except as otherwise provided by law, for any student who is
13 concurrently enrolled in a school district and a charter school, the average
14 daily membership shall be apportioned between the school district and the
15 charter school and shall not exceed 1.0. The apportionment shall be based on
16 the percentage of total time that the student is enrolled in or in attendance
17 at the school district and the charter school.

18 ~~(v)~~ (vi) Except as otherwise provided by law, for any student who is
19 concurrently enrolled, pursuant to section 15-808, in a school district and
20 Arizona online instruction or a charter school and Arizona online
21 instruction, the average daily membership shall be apportioned between the
22 school district and Arizona online instruction or the charter school and
23 Arizona online instruction and shall not exceed 1.0. The apportionment shall
24 be based on the percentage of total time that the student is enrolled in or
25 in attendance at the school district and Arizona online instruction or the
26 charter school and Arizona online instruction.

27 ~~(vi)~~ (vii) For homebound or hospitalized, a student receiving at
28 least four hours of instruction per week.

29 2. "Budget year" means the fiscal year for which the school district
30 is budgeting and that immediately follows the current year.

31 3. "Common school district" means a political subdivision of this
32 state offering instruction to students in programs for preschool children
33 with disabilities and kindergarten programs and either:

34 (a) Grades one through eight.

35 (b) Grades one through nine pursuant to section 15-447.01.

36 4. "Current year" means the fiscal year in which a school district is
37 operating.

38 5. "Daily attendance" means:

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

40 (i) Of a kindergarten program or ungraded, but not group B children
41 with disabilities, and at least five, but under six, years of age by
42 September 1 attends at least three-quarters of the instructional time
43 scheduled for the day. If the total instruction time scheduled for the year
44 is at least three hundred ~~forty-six~~ FIFTY-SIX hours but is less than six
45 ~~hundred ninety-two~~ SEVEN HUNDRED TWELVE hours, such attendance shall be

1 counted as one-half day of attendance. If the instructional time scheduled
2 for the year is at least six hundred ninety-two hours, "daily attendance"
3 means days in which a pupil attends at least one-half of the instructional
4 time scheduled for the day. Such attendance shall be counted as one-half day
5 of attendance.

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

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

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

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

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

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

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

37 (d) For high schools or ungraded schools in which the pupil is at
38 least fourteen years of age by September 1, the attendance of a pupil shall
39 not be counted as a full day unless the pupil is actually and physically in
40 attendance and enrolled in and carrying four subjects, each of which, if
41 taught each school day for the minimum number of days required in a school
42 year, would meet a minimum of one hundred ~~twenty~~ TWENTY-THREE hours a year,
43 or the equivalent, that count toward graduation in a recognized high school
44 except as provided in section 15-797 and subdivision (e) of this paragraph.

1 Attendance of a pupil carrying less than the load prescribed shall be
2 prorated.

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

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

12 (g) For school districts that maintain school for an approved
13 year-round school year operation, attendance shall be based on a computation,
14 as prescribed by the superintendent of public instruction, of the one hundred
15 eighty days' equivalency or two hundred days' equivalency, as applicable, of
16 instructional time as approved by the superintendent of public instruction
17 during which each pupil is enrolled.

18 6. "Daily route mileage" means the sum of:

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

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

32 7. "District support level" means the base support level plus the
33 transportation support level.

34 8. "Eligible students" means:

35 (a) Students who are transported by or for a school district and who
36 qualify as full-time students or fractional students, except students for
37 whom transportation is paid by another school district or a county school
38 superintendent, and:

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

1 residence outside the school district boundaries is more than one mile from
2 the school facility of attendance.

3 (ii) For high school students, whose place of actual residence within
4 the school district is more than one and one-half miles from the school
5 facility of attendance or students who are admitted pursuant to section
6 15-816.01 and who meet the economic eligibility requirements established
7 under the national school lunch and child nutrition acts (42 United States
8 Code sections 1751 through 1785) for free or reduced price lunches and whose
9 actual place of residence outside the school district boundaries is more than
10 one and one-half miles from the school facility of attendance.

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

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

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

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

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

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

33 12. "Revenue control limit" means the base revenue control limit plus
34 the transportation revenue control limit.

35 13. "Student count" means average daily membership as prescribed in
36 this subsection for the fiscal year before the current year, except that for
37 the purpose of budget preparation student count means average daily
38 membership as prescribed in this subsection for the current year.

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

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

43 16. "Total students transported" means all eligible students
44 transported from their place of residence to a school transportation pickup
45 point or to the school of attendance and from the school of attendance or

1 from the school transportation scheduled return point to their place of
2 residence.

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

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

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

9 2. "Base level" means the following amounts plus the percentage
10 increases to the base level as provided in sections ~~15-902.02~~ 15-902.04,
11 15-918.04, 15-919.04 and 15-952, except that if a school district or charter
12 school is eligible for an increase in the base level as provided in two or
13 more of these sections, the base level amount shall be calculated by
14 compounding rather than adding the sum of one plus the percentage of the
15 increase from those different sections:

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

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

20 (c) For fiscal years 2009-2010, 2010-2011, 2011-2012 and 2012-2013,
21 three thousand two hundred sixty-seven dollars seventy-two cents.

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

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

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

31 6. "DD" means programs for children with developmental delays who are
32 at least three years of age but under ten years of age. A preschool child
33 who is categorized under this paragraph is not eligible to receive funding
34 pursuant to section 15-943, paragraph 2, subdivision (b).

35 7. "ED, MIID, SLD, SLI and OHI" means programs for children with
36 emotional disabilities, mild intellectual disabilities, a specific learning
37 disability, a speech/language impairment and other health impairments. A
38 preschool child who is categorized as SLI under this paragraph is not
39 eligible to receive funding pursuant to section 15-943, paragraph 2,
40 subdivision (b).

41 8. "ED-P" means programs for children with emotional disabilities who
42 are enrolled in private special education programs as prescribed in section
43 15-765, subsection D, paragraph 1 or in an intensive school district program
44 as provided in section 15-765, subsection D, paragraph 2.

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

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

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

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

12 11. "Group A" means educational programs for career exploration, a
13 specific learning disability, an emotional disability, a mild intellectual
14 disability, remedial education, a speech/language impairment, developmental
15 delay, homebound, bilingual, other health impairments and gifted pupils.

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

26 13. "HI" means programs for pupils with hearing impairment.

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

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

1 16. "K-3 Reading" means reading programs for pupils in kindergarten
2 programs and grades one, two and three.

3 17. "MD-R, A-R and SID-R" means resource programs for pupils with
4 multiple disabilities, autism and severe intellectual disability.

5 18. "MD-SC, A-SC and SID-SC" means self-contained programs for pupils
6 with multiple disabilities, autism and severe intellectual disability.

7 19. "MD-SSI" means a program for pupils with multiple disabilities with
8 severe sensory impairment.

9 20. "MOID" means programs for pupils with moderate intellectual
10 disability.

11 21. "OI-R" means a resource program for pupils with orthopedic
12 impairments.

13 22. "OI-SC" means a self-contained program for pupils with orthopedic
14 impairments.

15 23. "PSD" means preschool programs for children with disabilities as
16 provided in section 15-771.

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

19 25. "Qualifying tax rate" means the qualifying tax rate specified in
20 section 15-971 applied to the assessed valuation used for primary property
21 taxes.

22 26. "Small isolated school district" means a school district that meets
23 all of the following:

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

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

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

33 27. "Small school district" means a school district that meets all of
34 the following:

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

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

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

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

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

1 30. "VI" means programs for pupils with visual impairments.

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

4 Sec. 13. Section 15-905, Arizona Revised Statutes, is amended to read:

5 15-905. School district budgets; notice; adoption; aggregate
6 budget limit; summary; adjustments; impact aid fund;
7 definition

8 A. Not later than July 5 of each year or no later than the publication
9 of notice of the public hearing and board meeting as required by this
10 section, the governing board of each school district shall prepare and
11 furnish to the superintendent of public instruction and the county school
12 superintendent, unless waived by the county school superintendent, a proposed
13 budget in electronic format for the budget year, which shall contain the
14 information and be in the form as provided by the department of education.
15 The proposed budget shall include the following:

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

18 2. The total amount of revenues by source that will be necessary to
19 meet the proposed budget of the school district, excluding property taxes.
20 The governing board shall prepare the proposed budget and a summary of the
21 proposed budget. Both documents shall be kept on file at the school district
22 office and shall be made available to the public ~~upon~~ ON request. Not later
23 than July 5 of each year or not later than the publication of notice of the
24 public hearing and board meeting required by this subsection, the governing
25 board shall submit the proposed budget to the department of education, which
26 shall prominently display this information about that school district on the
27 website maintained by the department. If the school district maintains a
28 website, the school district shall post a link to the website of the
29 department of education where this information about the school district is
30 posted. The auditor general in conjunction with the department of education
31 shall prescribe the form of the summary of the proposed budget for use by
32 governing boards. School district governing boards may include in the
33 proposed budget any items or amounts ~~which~~ THAT are authorized by legislation
34 filed with the secretary of state and ~~which~~ THAT will become effective during
35 the budget year. If subsequent events prevent the legislation from becoming
36 effective, school district governing boards must reduce their budgets by the
37 amounts budgeted pursuant to the legislation ~~which~~ THAT did not become
38 effective.

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

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

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

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

1 board shall submit the budget as finally adopted to the department of
2 education, which shall prominently display this information about that school
3 district on the website maintained by the department. If the school district
4 maintains a website, the school district shall post a link to the website of
5 the department of education where this information about the school district
6 is posted. On or before October 30, the superintendent of public instruction
7 shall review the budget and notify the governing board if the budget is in
8 excess of the general budget limit, the unrestricted capital budget limit or
9 the soft capital allocation limit. The governing board shall revise the
10 budget as follows:

11 1. If the governing board receives notification that the budget
12 exceeds the general budget limit, the unrestricted capital budget limit or
13 the soft capital allocation limit by one per cent of the general budget limit
14 or one hundred thousand dollars, whichever is less, it shall adopt on or
15 before December 15, after it gives notice and holds a public meeting in a
16 similar manner as provided in subsections C and D of this section, a revised
17 budget for the current year, which shall not exceed the general budget limit,
18 the unrestricted capital budget limit or the soft capital allocation limit.

19 2. If the governing board receives notification that the budget
20 exceeds the general budget limit, the unrestricted capital budget limit or
21 the soft capital allocation limit by less than the amount prescribed in
22 paragraph 1 of this subsection, the governing board shall adjust the budget
23 and expenditures so as not to exceed the general budget limit, the
24 unrestricted capital budget limit or the soft capital allocation limit for
25 the current year.

26 3. On or before December 18, the governing board shall file the
27 revised budget it adopts with the county school superintendent who shall
28 immediately transmit a copy to the board of supervisors. Not later than
29 December 18, the budget as revised shall be submitted electronically to the
30 superintendent of public instruction. School districts that are subject to
31 section 15-914.01 are not required to send a copy of revised budgets to the
32 county school superintendent. Procedures for adjusting expenditures or
33 revising the budget shall be as prescribed in the uniform system of financial
34 records.

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

37 1. Amounts within the general budget limit, as provided in section
38 15-947, subsection C, may only be budgeted in the following sections of the
39 budget:

40 (a) The maintenance and operation section.

41 (b) The capital outlay section.

42 2. Amounts within the unrestricted capital budget limit, as provided
43 in section 15-947, subsection D, may only be budgeted in the unrestricted
44 capital outlay subsection of the budget. Monies received pursuant to the

1 unrestricted capital budget limit shall be placed in the unrestricted capital
2 outlay fund. The monies in the fund are not subject to reversion.

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

6 G. The governing board may authorize the expenditure of monies
7 budgeted within the maintenance and operation section of the budget for any
8 subsection within the section in excess of amounts specified in the adopted
9 budget only by action taken at a public meeting of the governing board and if
10 the expenditures for all subsections of the section do not exceed the amount
11 budgeted as provided in this section.

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

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

15 2. The unrestricted capital budget limit as determined in section
16 15-947 for the budget year.

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

19 4. Federal assistance, excluding title VIII of the elementary and
20 secondary education act of 1965 monies.

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

37 J. A common school district not within a high school district whose
38 estimated tuition charge for high school pupils exceeds the actual tuition
39 charge for high school pupils shall adjust the general budget limit and
40 expenditures based on the actual tuition charge. Not later than May 18, the
41 budget as adjusted shall be submitted electronically to the superintendent of
42 public instruction. A common school district not within a high school
43 district whose estimated tuition charge for high school pupils is less than
44 the actual tuition charge for high school pupils may adjust its budget before
45 May 15 based on the actual tuition charge. Procedures for completing

1 adjustments shall be as prescribed in the uniform system of financial
2 records. If the adjusted general budget limit requires an adjustment of
3 state aid and if the adjustment to state aid is not made in the current year,
4 the superintendent of public instruction shall adjust by August 15 of the
5 succeeding fiscal year the apportionment of state aid to the school district
6 to correct any overpayment or underpayment of state aid received during the
7 current year.

8 K. The governing board may include title VIII of the elementary and
9 secondary education act of 1965 assistance allocated for children with
10 disabilities, children with specific learning disabilities, children residing
11 on Indian lands and children residing within the boundaries of an
12 accommodation school that is located on a military reservation and that is
13 classified as a heavily impacted local educational agency pursuant to 20
14 United States Code section 7703, which is in addition to basic assistance
15 when determining the general budget limit as prescribed in section 15-947,
16 subsection C. The increase in the general budget limit for children residing
17 within the boundaries of an accommodation school that is located on a
18 military reservation and that is classified as a heavily impacted local
19 education agency shall equal the dollar amount calculated pursuant to 20
20 United States Code section 7703(b)(2). The governing board may adjust before
21 May 15 the budget for the current year based on any adjustments ~~which~~ THAT
22 result in increases over the amount estimated by the superintendent of public
23 instruction for title VIII of the elementary and secondary education act of
24 1965 assistance for such pupils for the fiscal year preceding the current
25 year. The governing board shall adjust before May 15 the budget for the
26 current year based on any adjustments ~~which~~ THAT result in decreases in the
27 amount estimated by the superintendent of public instruction for title VIII
28 of the elementary and secondary education act of 1965 assistance for such
29 pupils for the fiscal year preceding the current year. Not later than May
30 18, the budget as adjusted shall be submitted electronically to the
31 superintendent of public instruction. Procedures for complying with this
32 subsection shall be as prescribed in the uniform system of financial records.

33 L. The department of education shall notify the state board of
34 education if expenditures by any school district exceed the general budget
35 limit prescribed in section 15-947, subsection C, the unrestricted capital
36 budget limit, the soft capital allocation limit prescribed in section 15-947,
37 subsection E, the school plant fund limits prescribed in section 15-1102,
38 subsection B, the maintenance and operation section of the budget or the
39 capital outlay section of the budget. If the expenditures of any school
40 district exceed these limits or sections of the budget without authorization
41 as provided in section 15-907, and if the state board of education determines
42 that the equalization assistance for education received by the school
43 district as provided in section 15-971 does not conform with statutory
44 requirements, the state board of education shall reduce the state aid for
45 equalization assistance for education for the school district computed as

1 provided in section 15-971 during the fiscal year subsequent to the fiscal
2 year in which the excess equalization assistance for education was received
3 by an amount equal to the excess equalization assistance for education,
4 except that in case of hardship to the school district, the superintendent of
5 public instruction may approve reductions partly in the first subsequent year
6 and partly in the second subsequent year. If the state board of education
7 determines that the equalization assistance for education received by the
8 school district conforms with statutory requirements, the state board of
9 education shall not reduce the district's equalization assistance for
10 education pursuant to this subsection but the district shall reduce the
11 budget limits as required in subsection M of this section. A school district
12 that disagrees with the department of education's determination regarding an
13 excess expenditure under this subsection may request a hearing before the
14 state board of education.

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

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

1 to procure the service or to receive a discounted price for the service, as
2 prescribed by the uniform system of financial records.

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

9 1. For fiscal year 1988-1989:

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

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

20 (c) Multiply one thousand nine hundred fourteen dollars by the number
21 of children residing on Indian lands who have disabilities or also have
22 specific learning disabilities reported to the division of impact aid, United
23 States department of education in the district's application for fiscal year
24 1987-1988.

25 (d) Add the amounts determined in subdivisions (a) through (c) OF THIS
26 PARAGRAPH.

27 (e) If the amount of title VIII of the elementary and secondary
28 education act of 1965 assistance as provided in subsection K of this section
29 is less than the sum determined in subdivision (d) of this paragraph, the
30 district is eligible to use the provisions of this subsection.

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

35 3. If the district is eligible to use the provisions of this
36 subsection, subtract the amount of title VIII of the elementary and secondary
37 education act of 1965 assistance determined in subsection K of this section
38 from the sum determined in paragraph 1, subdivision (d) of this subsection.
39 The difference is the increase in the amount that may be included in
40 determining the general budget limit as provided in subsection K of this
41 section, if including this amount does not increase the district's primary
42 tax rate for the budget year. If the amount of title VIII of the elementary
43 and secondary education act of 1965 assistance determined in subsection K of
44 this section is adjusted for the current year, the increase determined in
45 this paragraph shall be recomputed using the adjusted amount and the

1 recomputed increase shall be reported to the department of education by May
2 15 on a form prescribed by the department of education.

3 4. If a district uses the provisions of this subsection, the district
4 is not required to adjust its budget for the current year based on
5 adjustments in the estimated amount of title VIII of the elementary and
6 secondary education act of 1965 assistance as provided in subsection K of
7 this section.

8 P. A school district, except for an accommodation school, ~~which~~ THAT
9 applies for title VIII of the elementary and secondary education act of 1965
10 assistance during the current year may budget an amount for title VIII of the
11 elementary and secondary education act of 1965 administrative costs for the
12 budget year. The amount budgeted for title VIII of the elementary and
13 secondary education act of 1965 administrative costs is exempt from the
14 revenue control limit and may not exceed an amount determined for the
15 budgeted year as follows:

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

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

25 3. Determine the title VIII of the elementary and secondary education
26 act of 1965 revenues available by subtracting the amount of title VIII of the
27 elementary and secondary education act of 1965 assistance used to increase
28 the general budget limit as provided in subsections K and O of this section
29 for the current fiscal year from the total amount of title VIII of the
30 elementary and secondary education act of 1965 revenues received in the
31 current fiscal year.

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

33 (a) Determine the sum of the following:

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

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

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

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

42 (b) For the purposes of this paragraph:

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

1 duty in uniformed service, as provided in title VIII of the elementary and
2 secondary education act of 1965, section 8003(a) (20 United States Code
3 section 7703) and as reported in the application for title VIII of the
4 elementary and secondary education act of 1965 assistance in the current
5 year.

6 (ii) "Low impact pupil" means a pupil who resides on nonfederal
7 property and has a parent who is employed on federal property or low rent
8 housing property or is on active duty in a uniformed service or a pupil who
9 resides on federal property or in low rent housing and who does not have a
10 parent who is employed on federal property or low rent housing property or is
11 on active duty in uniformed service, as provided in title VIII of the
12 elementary and secondary education act of 1965, section 8003(a) (20 United
13 States Code section 7703) and as reported in the application for title VIII
14 of the elementary and secondary education act of 1965 assistance in the
15 current year.

16 5. Multiply the total number of administrative hours determined in
17 paragraph 4 of this subsection by the hourly rate determined in paragraph 2
18 of this subsection.

19 6. Determine the greater of the minimum cost determined in paragraph 1
20 of this subsection or the product determined in paragraph 5 of this
21 subsection.

22 7. Add to the amount determined in paragraph 6 of this subsection the
23 amount, if any, to be expended by the school district in the budget year
24 through an intergovernmental agreement with other school districts or the
25 department of education to provide title VIII of the elementary and secondary
26 education act of 1965 technical assistance to participating districts.

27 8. Determine the lesser of the amount determined in paragraph 7 of
28 this subsection or the revenues available as determined in paragraph 3 of
29 this subsection.

30 9. The amount determined in paragraph 8 of this subsection is the
31 maximum amount ~~which~~ THAT may be budgeted for title VIII of the elementary
32 and secondary education act of 1965 administrative costs for the budget year
33 as provided in this subsection.

34 10. If the governing board underestimated the amount that may be
35 budgeted for title VIII of the elementary and secondary education act of
36 1965, section 8007 administrative costs for the current year, the board may
37 adjust the general budget limit and the budget before May 15. If the
38 governing board overestimated the amount that may be budgeted for title VIII
39 of the elementary and secondary education act of 1965 administrative costs
40 for the current year, the board shall adjust the general budget limit and the
41 budget before May 15.

42 Q. If a school district governing board has adopted a budget for a
43 fiscal year based on forms and instructions provided by the auditor general
44 and the department of education for that fiscal year and if, as a result of
45 the enactment or nonenactment of proposed legislation after May 1 of the

1 previous fiscal year, the budget is based on incorrect limits, does not
2 include items authorized by law or does not otherwise conform with law, the
3 governing board may revise its budget at a public hearing on or before
4 September 15 to conform with the law. Not later than September 18, the
5 budget as adjusted shall be submitted electronically to the superintendent of
6 public instruction. If the governing board does not revise the budget on or
7 before September 15 and if the budget includes any items not authorized by
8 law or if the budget exceeds any limits, the governing board shall adjust or
9 revise the budget as provided in subsection E of this section.

10 R. Notwithstanding any other law, if a school district receives
11 assistance pursuant to title VIII of the elementary and secondary education
12 act of 1965, the school district shall establish a local level fund
13 designated as the impact aid fund and deposit the impact aid monies received
14 in the fund. The school district shall separately account for monies in the
15 fund and shall not combine monies in the fund with any other source of local,
16 state or federal assistance. Monies in the fund shall be expended pursuant
17 to federal law only for the purposes allowed by this title. The school
18 district shall account for monies in the fund according to the uniform system
19 of financial records as prescribed by the auditor general. The
20 superintendent of public instruction shall separately account for monies in
21 each school district's impact aid fund, if an impact aid fund is established,
22 in the annual report required by section 15-255. Monies in the fund are
23 considered federal monies and are not subject to legislative appropriation.

24 S. For the purposes of this section, "title VIII of the elementary and
25 secondary education act of 1965 assistance" means, for the current year, an
26 amount equal to the final determination of title VIII of the elementary and
27 secondary education act of 1965 assistance for the fiscal year preceding the
28 current year as confirmed by the division of impact aid, United States
29 department of education or, if a final determination has not been made, the
30 amount estimated by the superintendent of public instruction as confirmed by
31 the division of impact aid, United States department of education and, for
32 the budget year, an amount equal to the determination of title VIII of the
33 elementary and secondary education act of 1965 assistance for the fiscal year
34 preceding the budget year as estimated by the superintendent of public
35 instruction.

36 Sec. 14. Section 15-905.01, Arizona Revised Statutes, is amended to
37 read:

38 15-905.01. Truth in taxation; calculation; notice and hearing;
39 vote on tax increase

40 A. Each school district shall determine its truth in taxation base
41 limit for expenditures as follows:

42 1. Determine the amounts budgeted in fiscal year 1999-2000 for
43 expenditures in the following categories:

- 44 (a) Desegregation pursuant to section 15-910.
45 (b) Dropout prevention programs.

1 ~~(c) Excess utilities pursuant to section 15-910.~~

2 ~~(d)~~ (c) Career and technical education and vocational education
3 center operations pursuant to section 15-910.01.

4 ~~(e)~~ (d) Small school adjustments pursuant to section 15-949.

5 2. The sum of the expenditures in paragraph 1 of this subsection for
6 fiscal year 1999-2000 shall become the truth in taxation base limit.

7 3. For any year after fiscal year 1999-2000, a school district whose
8 aggregate budgeted expenditures for the expenditures prescribed in paragraph
9 1 of this subsection exceed the truth in taxation base limit shall publish a
10 truth in taxation hearing notice that meets the requirements of subsection B
11 of this section. If the amount exceeding the previous truth in taxation base
12 limit is approved by the school district governing board following the
13 hearing prescribed in subsection B of this section, the excess amount plus
14 the previous truth in taxation base limit becomes the school district's new
15 truth in taxation base limit.

16 4. If a school district no longer qualifies for one or more of the
17 expenditures prescribed in paragraph 1 of this subsection, the amount
18 budgeted for the most recent fiscal year in which the school district was
19 eligible for that expenditure shall be deducted from the school district's
20 truth in taxation base limit.

21 B. For any fiscal year in which a school district governing board
22 budgets an amount that is higher than the truth in taxation base limit
23 calculated pursuant to subsection A of this section, any fiscal year in which
24 a school district levies any amount for adjacent ways pursuant to section
25 15-995 or any fiscal year in which the school district levies any amount for
26 liabilities in excess of the school district budget pursuant to section
27 15-907:

28 1. The school district shall publish a notice that meets the following
29 requirements:

30 (a) The notice shall be published once in a newspaper of general
31 circulation in the school district. The publication shall be at least ten
32 but not more than twenty days before the date of the hearing.

33 (b) The notice shall be published in a location other than the
34 classified or legal advertising section of the newspaper in which it is
35 published.

36 (c) The notice shall be at least one-fourth page in size and shall be
37 surrounded by a solid black border at least one-eighth inch in width.

38 (d) The notice shall be in the following form, excluding the
39 parenthetical explanations, and with the "truth in taxation hearing - notice
40 of tax increase" headline in at least eighteen-point type:

41 Truth in Taxation Hearing

42 Notice of Tax Increase

43 In compliance with section 15-905.01, Arizona Revised
44 Statutes, _____ school district is notifying its property
45 taxpayers of _____ school district's intention to raise its

1 primary property taxes over the current level to pay for
2 increased expenditures in those areas where the governing board
3 has the authority to increase property taxes for the fiscal year
4 beginning July 1, _____. The _____ school district is
5 proposing an increase in its primary property tax levy of
6 \$_____ (amount of levy increase to pay for truth in taxation
7 base increase, the amount of the total levy for the adjacent
8 ways fund and amounts for liabilities in excess of the school
9 district budget pursuant to section 15-907).

10 The amount proposed above will cause _____ school
11 district's primary property taxes on a \$100,000 home to increase
12 from \$_____ (the amount used to pay for the current year's
13 truth in taxation base limit [the amount divided by the current
14 net assessed value available February 10 pursuant to section
15 42-17052] applied to \$100,000) to \$_____ (the amount used
16 to pay for the budget year's proposed truth in taxation base
17 limit and adjacent ways levy, including adjacent ways and
18 liabilities in excess of the school district budget [the amount
19 divided by the current net assessed value available February 10
20 pursuant to section 42-17052] applied to \$100,000).

21 These amounts proposed are above the qualifying tax levies
22 as prescribed by state law, if applicable. The increase is also
23 exclusive of any changes that may occur from property tax levies
24 for voter approved bonded indebtedness or budget and tax
25 overrides.

26 All interested citizens are invited to attend the public
27 hearing on the proposed tax increase scheduled to be held
28 _____ (date and time) at _____ (location).

29 2. In lieu of publishing the truth in taxation notice, the governing
30 board may mail the truth in taxation notice prescribed by paragraph 1,
31 subdivision (d) of this subsection to all registered voters in the district
32 at least ten but not more than twenty days before the date of the hearing.

33 3. In addition to publishing the truth in taxation notice under
34 paragraph 1 of this subsection or mailing the notice under paragraph 2 of
35 this subsection, the governing board shall issue a press release containing
36 the truth in taxation notice to all newspapers of general circulation in the
37 school district.

38 4. The governing board shall consider a motion to levy the increased
39 property taxes by roll call vote.

40 5. Within three days after the hearing, the governing board shall mail
41 a copy of the truth in taxation notice, a statement of its publication or
42 mailing and the result of the governing board's vote under paragraph 4 of
43 this subsection to the property tax oversight commission established by
44 section 42-17002.

1 6. The governing board shall hold the truth in taxation hearing on or
2 before the adoption of the school district budget under section 15-905.

3 7. Expenditures for adjacent ways and liabilities in excess of the
4 school district budget do not become part of the school district's truth in
5 taxation base limit.

6 C. The department of education shall maintain a listing of each school
7 district's truth in taxation base limit and shall verify the accuracy of the
8 school district's computations. A school district governing board shall
9 notify the department of education of any change in the district's truth in
10 taxation base limit.

11 D. The department of education shall develop a budget form for school
12 districts to show the primary tax rate associated for each of the expenditure
13 categories mentioned in subsection A, paragraph 1 of this section and for
14 expenditures for adjacent ways pursuant to section 15-995 or any other
15 expenditure in excess of the school district budget pursuant to section
16 15-907. A school district shall make this information available to the
17 general public at truth in taxation hearings and shall submit the information
18 to the department of education.

19 Sec. 15. Section 15-922, Arizona Revised Statutes, is amended to read:

20 15-922. Duties of the school district; definition

21 A. Each school district shall within twelve days after the first one
22 hundred days or two hundred days in session, as applicable, certify to the
23 superintendent of public instruction, in an electronic format as prescribed
24 by the department of education, the following:

25 1. The daily route mileage of the school district in the current year.
26 The route mileage shall not include more than twenty miles each way to and
27 from the school of attendance or to and from a pickup point on a regular
28 transportation route to transport eligible students who reside in nonadjacent
29 school districts.

30 2. The route mileage of the school district in the current year
31 transporting eligible students for an extended school year services in
32 accordance with section 15-881.

33 3. The number of eligible students transported during the current
34 year.

35 ~~B. Each school district shall on or before July 15 of the current year~~
36 ~~certify to the superintendent of public instruction the following:~~

37 ~~1. For each bus operated by the school district, the following:~~

38 ~~(a) The odometer reading as of the end of the current year.~~

39 ~~(b) An inventory of each school bus owned by the school district~~
40 ~~including:~~

41 ~~(i) Manufacturer of the bus.~~

42 ~~(ii) Date of purchase.~~

43 ~~(iii) Purchase price.~~

44 ~~(iv) Capacity for passengers.~~

45 ~~(v) Type of fuel used.~~

~~2. The total bus mileage during the current year.~~

~~3. The road conditions upon which eligible students are transported reported in a format specified by the superintendent of public instruction.~~

~~4. The total bus mileage for the current year for academic and career and technical education and vocational education and athletic trips reported in a format specified by the superintendent of public instruction.~~

~~C. B. A school district shall meet the requirements of this section to receive state aid. The superintendent of public instruction may withhold a school district's apportionment of state aid if it is determined by the superintendent of public instruction that the school district is not complying with the requirements of this section.~~

~~D. C. For the purposes of this article and section 15-901, "school bus" or "bus" means a bus as defined in section 28-101, except that the passenger capacity standards prescribed in that section do not apply.~~

Sec. 16. Section 15-945, Arizona Revised Statutes, is amended to read:

15-945. Transportation support level

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

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

2. Multiply the figure obtained in paragraph 1 of this subsection by one hundred eighty, or for a school district that elects to provide two hundred days of instruction pursuant to section 15-902.04, multiply the figure obtained in paragraph 1 of this subsection by two hundred.

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

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

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

<u>Column 1</u>	<u>Column 2</u>
Approved Daily Route	State Support Level per
Mileage per Eligible	Route Mile for
<u>Student Transported</u>	<u>Fiscal Year 2012-2013</u>
0.5 or less	2.42
More than 0.5 through 1.0	1.97
More than 1.0	2.42

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

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

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

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

12 <u>Column 1</u>	<u>Column 2</u>	<u>Column 3</u>	<u>Column 4</u>
13 Approved Daily Route			
14 Mileage per Eligible	District Type	District Type	District Type
15 <u>Student Transported</u>	<u>02 or 03</u>	<u>04</u>	<u>05</u>
16 0.5 or less	0.15	0.10	0.25
17 More than 0.5 through 1.0	0.15	0.10	0.25
18 More than 1.0	0.18	0.12	0.30

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

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

28 1. Determine the sum of the following:

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

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

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

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

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

11 F. SCHOOL DISTRICTS MUST PROVIDE THE ODOMETER READING FOR EACH BUS AS
12 OF THE END OF THE CURRENT YEAR AND THE TOTAL BUS MILEAGE DURING THE CURRENT
13 YEAR.

14 Sec. 17. Section 15-947, Arizona Revised Statutes, is amended to read:

15 15-947. Revenue control limit; district support level; general
16 budget limit; unrestricted total capital budget
17 limit; soft capital allocation limit

18 A. The revenue control limit for a school district is equal to the sum
19 of the base revenue control limit determined in section 15-944 and the
20 transportation revenue control limit determined in section 15-946.

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

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

26 1. The maintenance and operations portion of the revenue control limit
27 for the budget year.

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

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

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

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

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

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

37 (v) Title VIII of the elementary and secondary education act of 1965
38 assistance determined for children with disabilities, children with specific
39 learning disabilities, children residing on Indian lands and children
40 residing within the boundaries of an accommodation school that is located on
41 a military reservation and that is classified as a heavily impacted local
42 educational agency pursuant to 20 United States Code section 7703 as provided
43 in section 15-905, subsections K and O.

44 (vi) Title VIII of the elementary and secondary education act of 1965
45 administrative costs as provided in section 15-905, subsection P.

1 (vii) State assistance for excess tuition as provided in section
2 15-825.01.

3 ~~(viii) Amounts received from the state board of education pursuant to~~
4 ~~section 15-973.01.~~

5 ~~(ix)~~ (viii) Transportation revenues for attendance of nonresident
6 pupils.

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

9 ~~(c) Expenditures for excess utility costs as provided in section~~
10 ~~15-910.~~

11 ~~(d)~~ (c) Amounts authorized by the county school superintendent
12 pursuant to section 15-974, subsection B.

13 ~~(e)~~ (d) Expenditures for complying with a court order of
14 desegregation as provided in section 15-910.

15 ~~(f)~~ (e) Expenditures for the bond issues portion of the cost of
16 tuition as provided in section 15-910.

17 ~~(g)~~ (f) Interest on registered warrants or tax anticipation notes as
18 provided in section 15-910.

19 ~~(h)~~ (g) Amounts budgeted for a jointly owned and operated career and
20 technical education and vocational education center as provided in section
21 15-910.01.

22 3. The maintenance and operations portion of the capital outlay
23 revenue limit for the budget year.

24 4. Any other budget item that is budgeted in the maintenance and
25 operation section of the budget and that is specifically exempt from the
26 revenue control limit or the capital outlay revenue limit.

27 D. The unrestricted capital budget limit, for each school district for
28 each fiscal year, is the sum of the following:

29 1. The federal impact adjustment as determined in section 15-964 for
30 the budget year.

31 2. Any other budget item that is budgeted in the capital outlay
32 section of the budget and that is specifically exempt from the capital outlay
33 revenue limit.

34 3. The unrestricted capital portion of the amounts contained in
35 subsection C of this section.

36 4. The unexpended budget balance in the unrestricted capital outlay
37 fund from the previous fiscal year.

38 5. The net interest earned in the unrestricted capital outlay fund the
39 previous fiscal year.

40 6. The budgeted amount as approved and determined pursuant to section
41 15-962, subsection F.

42 E. The soft capital allocation limit for each school district for each
43 fiscal year is the sum of the following:

44 1. The soft capital allocation for the budget year.

1 2. The unexpended budget balance in the soft capital allocation fund
2 from the previous fiscal year.

3 3. The net interest earned in the soft capital allocation fund the
4 previous fiscal year.

5 Sec. 18. Section 15-973.01, Arizona Revised Statutes, is amended to
6 read:

7 15-973.01. Assistance for education fund

8 A. The assistance for education fund is established consisting of
9 monies received pursuant to section 43-617.

10 B. The state board of education shall administer the fund. On notice
11 from the state board, the state treasurer shall invest and divest monies in
12 the fund as provided by section 35-313 and monies earned from investments
13 shall be credited to the fund. Monies in the fund:

14 1. Are continuously appropriated to the state board of education.

15 2. Are exempt from the provisions of section 35-190, relating to
16 lapsing of appropriations.

17 ~~C. The state board of education shall accumulate monies until those
18 monies are sufficient to provide a minimum of five dollars per unweighted
19 student count and shall distribute monies in the fund to school districts and
20 charter schools at the same time, in the same manner and in the same
21 proportions as state aid from appropriations made pursuant to sections 15-185
22 and 15-973.~~

23 ~~D. Monies in the fund shall not be used to reduce the general fund
24 requirement for state aid.~~

25 C. THE STATE BOARD OF EDUCATION SHALL DISTRIBUTE MONIES IN THE FUND TO
26 THE DEPARTMENT OF EDUCATION TO FUND SOLUTIONS TEAMS ASSIGNED TO SCHOOLS
27 PURSUANT TO SECTION 15-241.

28 Sec. 19. Section 15-974, Arizona Revised Statutes, is amended to read:

29 15-974. Equalization assistance for education for accommodation
30 schools

31 A. Equalization assistance for education for accommodation schools
32 shall be paid from appropriations for that purpose to the school districts as
33 provided in section 15-973.

34 B. When an accommodation school has a positive total cash balance at
35 the end of a fiscal year in its maintenance and operation fund, the county
36 school superintendent of the county in which the accommodation school is
37 located may authorize an addition to the accommodation school's revenue
38 control limit as provided in section 15-947, subsection A for the following
39 fiscal year. The county school superintendent may not authorize an addition
40 that exceeds the lesser of the ending cash balance less the amount budgeted
41 for the budget balance carryforward as provided in section 15-943.01 or ten
42 per cent of the revenue control limit of the accommodation school and five
43 per cent of the revenue control limit pursuant to section 15-482, without the
44 necessity of an election pursuant to section 15-481. If an accommodation
45 school has a cash balance in excess of the amount needed to fund the budget

1 balance carryforward, the addition authorized pursuant to this subsection and
2 the items listed in section 15-947, subsection C, paragraph 2, subdivisions
3 ~~(e) and (f)~~ SUBDIVISION (e) for the following fiscal year, the remaining cash
4 balance may be used for capital expenditures pursuant to section 15-962,
5 subsection F.

6 C. Subsection B of this section shall not apply to an accommodation
7 school with a student count of one hundred twenty-five or less in
8 kindergarten programs and grades one through eight or to an accommodation
9 school which offers instruction in grades nine, ten, eleven or twelve and
10 which has a student count of one hundred or less in grades nine through
11 twelve.

12 Sec. 20. Section 15-991, Arizona Revised Statutes, is amended to read:
13 15-991. Annual estimate by county school superintendent of
14 monies for ensuing year

15 A. The county school superintendent, not later than August 1 each
16 year, shall file in writing with the governing board of each school district
17 in the county and the board of supervisors the superintendent's estimate of
18 the amount of school monies required by each school district for the ensuing
19 year, based on the budgets adopted by the governing boards of the school
20 districts. The county school superintendent, concurrent with the board of
21 supervisors adopting tax rates each year, shall file in writing with the
22 property tax oversight commission the finalized estimate of the amount of
23 school monies required by each school district for the ensuing year, based on
24 the budgets adopted by the school district governing boards. The estimate
25 shall contain:

26 1. A statement of the student count of each school district.

27 2. The total amount to be received for the year by each school
28 district from the county school fund and the special county school reserve
29 fund.

30 3. The projected ending cash balance from the previous year adjusted
31 for encumbrances and payables for each school district as provided by the
32 school district and as certified by the president of the school district
33 governing board. A governing board may delegate to a superintendent, head
34 teacher or business manager the authority to certify the projected cash
35 balance.

36 4. The anticipated interest earnings for each school district.

37 5. Revenues equal to the amount included in the adopted budget for the
38 maintenance and operation section of the budget permitted by section 15-947,
39 subsection C, paragraph 2, subdivision (a), items (ii), (iii), (iv), (v) and
40 (vi) and subdivision ~~(d)~~ (c). The county school superintendent shall
41 subtract from each school district's budgeted expenditures the total amount
42 of estimated revenues including the projected ending cash balance from the
43 previous year adjusted for encumbrances and payables in order to estimate the
44 additional amounts needed for each school district from the primary property
45 tax and the secondary property tax. The county school superintendent shall

1 certify such amounts to the board of supervisors and the property tax
2 oversight commission in writing at the time of filing the estimate. When
3 estimating the additional amount needed from the primary property tax for a
4 school district that is not eligible for any equalization assistance as
5 provided in section 15-971, the county school superintendent shall include
6 the school district governing board's estimate of the increase in the revenue
7 control limit as prescribed by section 15-948 for the applicable year, except
8 that the percentage increase in average daily membership used to compute the
9 estimated increase in the revenue control limit may not exceed the average of
10 the percentage increase in average daily membership in the three years before
11 the year for which the estimate is made.

12 B. The county school superintendent shall recompute equalization
13 assistance for education for each school district as provided in section
14 15-971, subsection A using the property values provided by the county
15 assessor as provided in section 42-17052. The county school superintendent
16 shall certify in writing the amount of equalization assistance for education
17 and the amount needed for each school district from the primary property tax
18 to the board of supervisors and the property tax oversight commission on or
19 before the third day before the day the board of supervisors is required to
20 levy school district taxes as provided in section 15-992.

21 C. The county school superintendent shall compute the additional
22 amount to be levied as provided in section 15-992, subsection B, using the
23 property values provided in section 42-17052. The county school
24 superintendent shall certify in writing the additional amount to be levied to
25 the county board of supervisors and the property tax oversight commission on
26 or before the third day before the day the board of supervisors is required
27 to levy school district taxes as provided in section 15-992.

28 D. On or before September 1, the governing board of a school district
29 shall file with the county school superintendent an estimate of the amount of
30 title VIII of the elementary and secondary education act of 1965 monies it is
31 eligible to receive during the current year. On or before June 1, the
32 governing board shall file with the county school superintendent and the
33 superintendent of public instruction a statement of the actual amount of
34 title VIII of the elementary and secondary education act of 1965 monies it
35 received during the current year. This subsection does not apply to
36 accommodation schools.

37 E. The department may collect any other similar or related information
38 from school districts that the department may determine is necessary to carry
39 out the purposes of this section.

40 Sec. 21. Section 15-1041, Arizona Revised Statutes, is amended to
41 read:

42 15-1041. Student accountability information system

43 The student accountability information system is established to enable
44 school districts, JOINT TECHNICAL EDUCATION DISTRICTS and charter schools to
45 transmit student level data and school finance data electronically through

1 the internet to the department of education for the purposes of complying
2 with the statutory obligations of the department of education and the state
3 board of education.

4 Sec. 22. Section 15-1042, Arizona Revised Statutes, is amended to
5 read:

6 15-1042. Timeline; student level data; definition

7 A. The department of education shall notify school districts, JOINT
8 TECHNICAL EDUCATION DISTRICTS and charter schools of electronic data
9 submission procedures and shall distribute a list of the specific student
10 level data elements, INCLUDING THE STATUTORY OR REGULATORY REFERENCE FOR EACH
11 DATA ELEMENT, that school districts, JOINT TECHNICAL EDUCATION DISTRICTS and
12 charter schools are required to submit. The department of education shall
13 not make any changes to the student level data elements to be collected
14 UNLESS THE STUDENT LEVEL DATA ELEMENT HAS BEEN REVIEWED AND ADOPTED BY THE
15 DATA GOVERNANCE COMMISSION ESTABLISHED BY SECTION 15-249.01. ~~except for the~~
16 ~~following:~~

17 ~~1. Student attendance data for a joint technical education district,~~
18 ~~including entry date and exit date, for classes that count towards the~~
19 ~~student's graduation requirements as provided for in section 15-701.01.~~

20 ~~2. Student attendance data for a community college, unless the college~~
21 ~~is owned, operated or chartered by an Indian tribe, including entry date and~~
22 ~~exit date, for classes that count towards the student's graduation~~
23 ~~requirements as provided for in section 15-701.01.~~

24 B. Each school district, JOINT TECHNICAL EDUCATION DISTRICT and
25 charter school shall submit electronic data on a school by school basis,
26 including student level data, to the department of education in order for the
27 school district, JOINT TECHNICAL EDUCATION DISTRICT or charter school to
28 receive monies for the cost of educating students pursuant to this title.

29 C. The department of education shall grant a school district, JOINT
30 TECHNICAL EDUCATION DISTRICT or charter school an extension to the deadline
31 for the submission of student level data or may provide for an alternative
32 method for the submission of student level data if the school district, JOINT
33 TECHNICAL EDUCATION DISTRICT or charter school proves that good cause exists
34 for the extension, and the school district, JOINT TECHNICAL EDUCATION
35 DISTRICT or charter school shall continue to receive monies for the cost of
36 educating students pursuant to this title. ~~The request by a school district~~
37 ~~or charter school for an extension of the deadline for the submission of~~
38 ~~student level data PURSUANT TO THIS SUBSECTION shall include a justification~~
39 ~~for the extension and the status of current efforts towards complying with~~
40 ~~the submission of student level data.~~

41 D. A pupil or the parent or guardian of a pupil shall not be required
42 to submit data that does not relate to the provision of educational services
43 or assistance to the pupil.

44 ~~E. Each student level data element shall include a statutory reference~~
45 ~~to the law that necessitates its collection.~~

1 ~~F.~~ E. Unless otherwise prescribed, school districts, JOINT TECHNICAL
2 EDUCATION DISTRICTS and charter schools shall begin to report new data
3 elements on July 1 of the year that follows the effective date of the law
4 that requires the collection of the data.

5 ~~G.~~ F. Student level data items submitted to the department of
6 education by school districts, JOINT TECHNICAL EDUCATION DISTRICTS AND
7 CHARTER SCHOOLS pursuant to this section shall not be used to adjust funding
8 levels or calculate the average daily membership for the purpose of funding
9 school districts at any time other than the fortieth, one hundredth and two
10 hundredth days of the school year.

11 ~~H.~~ G. A school district, JOINT TECHNICAL EDUCATION DISTRICT or
12 charter school is not required to submit student level data to the department
13 of education more often than once every twenty school days.

14 ~~I.~~ H. Notwithstanding subsection ~~+~~ J of this section, the student
15 level data shall include reasons for the withdrawal if reasons are provided
16 by the withdrawing pupil or the pupil's parent or guardian. For the purposes
17 of this subsection, the department of education shall include in the specific
18 student level data elements that school districts, JOINT TECHNICAL EDUCATION
19 DISTRICTS and charter schools are required to submit data relating to
20 students who withdraw from school because the student is pregnant or because
21 the student is the biological parent of a child.

22 ~~J.~~ ~~The department of education shall adopt guidelines to remove~~
23 ~~outdated student level data collected by school districts and charter schools~~
24 ~~from the student accountability information system.~~

25 ~~K.~~ I. All student level data collected pursuant to this section is
26 confidential and is not a public record. The data collected may be used for
27 aggregate research and reporting AND FOR PROVIDING ACCESS OF STUDENT LEVEL
28 DATA TO SCHOOL DISTRICTS, JOINT TECHNICAL EDUCATION DISTRICTS, CHARTER
29 SCHOOLS, COMMUNITY COLLEGES AND UNIVERSITIES UNDER THE JURISDICTION OF THE
30 ARIZONA BOARD OF REGENTS.

31 ~~+~~ J. For the purposes of this section, "student level data" means
32 all data elements that are compiled and submitted for each student in this
33 state and that are necessary for the completion of the statutory requirements
34 of the department of education and the state board of education relating to
35 the calculation of funding for public education, the determination of student
36 academic progress as measured by student testing programs in this state,
37 state and federal reporting requirements and other duties prescribed to the
38 department of education or the state board of education by law. Student
39 level data does not include data elements related to student behavior,
40 discipline, criminal history, medical history, religious affiliation,
41 personal physical descriptors or family information not authorized by the
42 parent or guardian of the pupil OR OTHERWISE REQUIRED BY LAW.

1 Sec. 23. Section 15-1043, Arizona Revised Statutes, is amended to
2 read:

3 15-1043. Student level data; confidentiality

4 A. Any disclosure of educational records compiled by the department of
5 education pursuant to this article shall comply with the family educational
6 RIGHTS and privacy ~~rights~~ act (20 United States Code section 1232g).

7 B. ~~Student level data is the property of the school district or~~
8 ~~charter school and~~ may not be updated unless the change is authorized by the
9 school district, JOINT TECHNICAL EDUCATION DISTRICT or charter school.

10 C. THE DEPARTMENT OF EDUCATION SHALL ADOPT POLICIES AND PROCEDURES TO
11 ALLOW ACCESS OF STUDENT LEVEL DATA FOR CURRENTLY ENROLLED STUDENTS TO SCHOOL
12 DISTRICTS, JOINT TECHNICAL EDUCATION DISTRICTS AND CHARTER SCHOOLS.

13 Sec. 24. Section 43-617, Arizona Revised Statutes, is amended to read:

14 43-617. Contribution for solutions teams assigned to schools

15 A. The department shall provide a space on the individual income tax
16 return form in which the taxpayer may designate all or any amount of the
17 taxpayer's refund as a voluntary contribution for ~~state aid to public schools~~
18 ~~pursuant to~~ FUNDING SOLUTIONS TEAMS ASSIGNED TO SCHOOLS AS PROVIDED IN
19 section 15-973.01.

20 B. After subtracting any setoff for debts pursuant to section 42-1122,
21 the department shall subtract the designated amount from the refund due the
22 taxpayer and transfer it to the state board of education, which shall credit
23 the amount of the contribution to the assistance for education fund
24 established pursuant to section 15-973.01. The department shall determine
25 the initial administrative cost of this section and report the amount to the
26 state board of education, which shall transfer that amount from the
27 assistance for education fund to the state general fund.

28 Sec. 25. School district overstatements of average daily
29 membership; correction

30 A. Notwithstanding section 15-905, Arizona Revised Statutes, as
31 amended by this act, and section 15-915, Arizona Revised Statutes, a school
32 district that overstated its average daily membership during fiscal years
33 2008-2009, 2009-2010 and 2010-2011 shall be required to correct the
34 overstatement over a period of five years, beginning in fiscal year 2012-2013
35 and ending in fiscal year 2016-2017. The repayment amount shall be paid in
36 equal installments in each of the four remaining fiscal years after fiscal
37 year 2012-2013. This subsection applies to a school district if all of the
38 following conditions exist:

39 1. The school district is a unified school district that is located on
40 an Indian reservation.

41 2. The school district borders the states of Utah and New Mexico.

42 3. The school district's average daily membership for the 2011-2012
43 school year was more than seven hundred pupils and less than one thousand
44 pupils.

1 4. The overstatement was the result of the school district enrolling
2 and counting in its average daily membership pupils who were not residents of
3 this state but who were residents of another state and these pupils were not
4 eligible to be included in the school district's average daily membership
5 pursuant to an audit finding published by the department of education in
6 August 2012.

7 5. The total amount of the correction necessary as a result of the
8 overstatements is more than two million dollars and less than two million
9 five hundred thousand dollars.

10 B. In addition to monies required to be repaid under subsection A of
11 this section, accrued interest shall be paid at a rate determined by the
12 superintendent of public instruction.

APPROVED BY THE GOVERNOR JUNE 20, 2013.

FILED IN THE OFFICE OF THE SECRETARY OF STATE JUNE 21, 2013.

Passed the House June 13, 2013,

Passed the Senate March 6, 2013,

by the following vote: 58 Ayes,

by the following vote: 27 Ayes,

0 Nays, 2 Not Voting

1 Nays, 2 Not Voting

[Signature]
Speaker of the House

[Signature]
President of the Senate

[Signature]
Chief Clerk of the House

[Signature]
Secretary of the Senate

**EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR**

This Bill was received by the Governor this
_____ day of _____, 20____,

at _____ o'clock _____ M.

Secretary to the Governor

Approved this _____ day of
_____, 20____,

at _____ o'clock _____ M.

Governor of Arizona

**EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE**

This Bill was received by the Secretary of State
this _____ day of _____, 20____,

at _____ o'clock _____ M.

Secretary of State

S.B. 1447

SENATE CONCURS IN HOUSE
AMENDMENTS AND FINAL PASSAGE

Passed the Senate June 14, 2013

by the following vote: 29 Ayes,

0 Nays, 1 Not Voting

IS Biggo
President of the Senate

Charmine Bullington
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill received by the Governor this

17 day of June, 2013

at 8:25 o'clock A M.

Melinda Howard
Secretary to the Governor

Approved this 20th day of

June

at 3:42 o'clock P M.

Janice K. Brewer
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this 21st day of June, 2013

at 9:17 o'clock A M.

Klu Blum
Secretary of State

S.B. 1447