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House Engrossed
FILED
KEN BENNETT
SECRETARY OF STATE

CHAPTER 3

HOUSE BILL 2003

AN ACT

REPEALING SECTION 15-105, ARIZONA REVISED STATUTES; AMENDING SECTIONS 15-107, 15-185 AND 15-241, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 2, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-249.04; AMENDING SECTIONS 15-341, 15-393, 15-448, 15-481, 15-491, 15-792.03, 15-795.01, 15-808, 15-901, 15-901.05, 15-903, 15-904, 15-905, 15-906, 15-909 AND 15-910, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 9, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-917; AMENDING SECTIONS 15-945, 15-947, 15-947.01, 15-951 AND 15-961, ARIZONA REVISED STATUTES; REPEALING SECTION 15-962, ARIZONA REVISED STATUTES; AMENDING SECTIONS 15-962.01, 15-963, 15-964, 15-971, 15-974, 15-996, 15-1021, 15-1371, 15-1372, 15-2002, 15-2004, 15-2005 AND 15-2011, ARIZONA REVISED STATUTES; REPEALING SECTION 15-2031, ARIZONA REVISED STATUTES; AMENDING SECTIONS 15-2032 AND 15-2041, ARIZONA REVISED STATUTES; REPEALING LAWS 2011, SECOND SPECIAL SESSION, CHAPTER 1, SECTION 135; MAKING APPROPRIATIONS; RELATING TO KINDERGARTEN THROUGH GRADE TWELVE BUDGET RECONCILIATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Repeal; transfer of monies

3 A. Section 15-105, Arizona Revised Statutes, is repealed.

4 B. All monies remaining in the early graduation scholarship fund
5 established by section 15-105, Arizona Revised Statutes, are transferred on
6 the effective date of this act to the commission for postsecondary education
7 IGA and ISA fund for the purpose of funding a one-year continuation of the
8 special education grant program that provides forgivable student loans to
9 juniors and seniors who attend private postsecondary educational institutions
10 in this state.

11 Sec. 2. Section 15-107, Arizona Revised Statutes, is amended to read:

12 15-107. School district overexpenditures; fiscal crisis teams;
13 quarterly progress reports; fiscal management report;
14 annual report; actions resulting from
15 overexpenditures; professional development;
16 definition

17 A. A county school superintendent, within two business days, shall
18 provide written notice to the department of education, if, in the county
19 school superintendent's judgment, a school district has committed an
20 overexpenditure under this section. Notwithstanding any other law, a warrant
21 shall not be drawn by a county school superintendent for an expenditure that
22 is in excess of the amount budgeted and that has not been previously
23 expended, unless the county school superintendent is notified in writing by
24 the department of education that budget capacity exists as determined by the
25 department based on information provided by the school district.

26 B. The department of education, in conjunction with the county school
27 superintendent, shall monitor the school district and provide technical
28 assistance to the school district and to the county school superintendent to
29 resolve the overexpenditure.

30 C. If the department of education determines that the school district
31 has failed to take appropriate action to resolve the overexpenditure or that
32 the original notice of overexpenditure pursuant to subsection A of this
33 section constitutes an overexpenditure that will cause the school district's
34 overall expenditures to exceed the school district's general budget limit,
35 OR unrestricted capital budget limit or soft capital allocation limit by
36 fifty thousand dollars or one-half of one per cent, whichever is less, the
37 department shall request that the matter be placed on the agenda of a meeting
38 of the state board of education for action pursuant to this section.

39 D. At the request of the department of education, the state board of
40 education shall call a public meeting to consider overexpenditures by any
41 school district. The state board of education shall require the
42 superintendent of the school district and any other school district personnel
43 who may have information relevant to the overexpenditure to appear before the
44 state board of education. After testimony from all interested parties, the
45 state board of education shall take one of the following actions:

1 1. Require the department of education, in conjunction with the county
2 school superintendent, to monitor the expenditures of the school district.

3 2. Direct the department of education to contract with a level one
4 fiscal crisis team. The level one fiscal crisis team shall provide on-site
5 oversight and off-site monitoring for the school district for no longer than
6 twelve months and shall advise the school district on all financial issues
7 and professional development training related to financial issues.

8 3. Direct the department of education to contract with a level two
9 fiscal crisis team. The level two fiscal crisis team shall provide on-site
10 oversight and off-site monitoring for the school district for no longer than
11 twenty-four months, shall have the authority prescribed for level one fiscal
12 crisis teams and may override any financial act or decision of the school
13 district, including expenditures.

14 4. Appoint a receiver who, subject to the discretion of the state
15 board of education, may take any actions prescribed in section 15-103,
16 subsection F.

17 E. The level one and level two fiscal crisis teams shall be composed
18 of at least one person who has knowledge of school finance and may include
19 current or former school district financial officers, current or former
20 school district business managers, certified public accountants and current
21 or former school district superintendents. The fiscal crisis teams shall not
22 include employees of the state board of education or the department of
23 education.

24 F. The expenses incurred by a fiscal crisis team or by a receiver
25 appointed pursuant to this section shall be paid by the school district. The
26 state board of education shall review the expenses and costs of each fiscal
27 crisis team at least once each calendar quarter.

28 G. Beginning ninety days after submitting the fiscal management report
29 prescribed in subsection H of this section, the fiscal crisis team or
30 receiver appointed pursuant to this section shall submit a detailed written
31 quarterly progress report to the state board of education that includes all
32 of the following:

33 1. The results of the review of the school district's finances,
34 including expenditures.

35 2. The recommendations and decisions made by the fiscal crisis team or
36 the receiver appointed pursuant to this section.

37 3. The status of the fiscal management plan described pursuant to
38 subsection H of this section.

39 4. Recommendations to the state board of education on the content of
40 professional development training related to overexpenditures.

41 5. Any recommendations of potential action to be taken concerning
42 professional certificates issued to school district personnel by the state
43 board of education or the department of education. The state board of
44 education shall review the recommendations submitted pursuant to this
45 paragraph and shall take appropriate action.

1 H. After appointment, the fiscal crisis team or the receiver appointed
2 pursuant to this section shall review the financial affairs of the school
3 district and may work with school finance personnel at the department of
4 education to ensure that the finances of the school district are in
5 compliance with the laws of this state. A school district that has been
6 assigned a fiscal crisis team or a receiver pursuant to this section shall
7 submit, in consultation with the receiver or the fiscal crisis team, a fiscal
8 management report to the state board of education within one hundred twenty
9 days after the date that the state board of education appointed the receiver
10 or the fiscal crisis team. The fiscal management report shall include the
11 following:

12 1. A description of the fiscal management plan that has been
13 implemented to correct the overexpenditure, including the following:

14 (a) The manner in which the fiscal management plan will address the
15 findings and recommendations of the fiscal crisis team.

16 (b) A timeline for complete resolution of the overexpenditure.

17 (c) A detailed explanation of the methods and procedures that will be
18 implemented to prevent future overexpenditures.

19 (d) The identification of any issues that need to be resolved before
20 the fiscal management plan may be fully implemented.

21 (e) The identification of any long-term issues resulting from the
22 overexpenditure that will extend to future fiscal years.

23 2. A description of the manner in which the fiscal management plan was
24 developed, including identification of the role of the fiscal crisis team or
25 the receiver, the role of the school district governing board and the role of
26 the administrators of the school district.

27 I. On or before December 31, the state board of education shall submit
28 an annual report to the governor, the president of the senate and the speaker
29 of the house of representatives. The state board shall provide a copy of
30 this report to the secretary of state ~~and the director of the Arizona state~~
31 ~~library, archives and public records.~~ The annual report shall include the
32 following:

33 1. A summarized compilation of the fiscal management reports submitted
34 by school districts pursuant to subsection H of this section.

35 2. The actions taken by the state board of education, the department
36 of education, school districts, fiscal crisis teams and receivers during the
37 most recently completed fiscal year.

38 3. Recommendations regarding improvements to the laws of this state or
39 to administrative actions required under the laws of this state.

40 J. A school district that is assigned a level two fiscal crisis team
41 or a receiver pursuant to this section shall require professional development
42 training for school district governing board members and appropriate
43 administrative personnel of the school district, including the school
44 district superintendent, who are involved in district finances and budgeting,
45 as determined by the level two fiscal crisis team or by the receiver. The

1 professional development training shall be selected from a list approved by
2 the state board of education, and the cost of the professional development
3 training shall be paid by the school district. Governing board members and
4 district administrative personnel shall complete at least twelve hours of
5 professional development training within one hundred twenty days after the
6 assignment of a level two fiscal crisis team or the appointment of a
7 receiver. The fiscal crisis team or the receiver shall report to the state
8 board of education whether the professional development training requirements
9 prescribed in this subsection have been met.

10 K. A school district governing board member who fails to complete the
11 professional development training within the time prescribed in subsection J
12 of this section is guilty of nonfeasance in office, and the state board of
13 education shall forward a complaint to the attorney general. The attorney
14 general may bring an action in superior court against a school district
15 governing board member for failure to comply with the professional
16 development training requirements prescribed in subsection J of this section.
17 If a court determines that a school district governing board member failed to
18 comply with the professional development training requirements prescribed in
19 subsection J of this section, the court shall issue an order removing the
20 school district governing board member from office. Any vacancy in the
21 office of the school district governing board as a result of a court order
22 issued pursuant to this subsection shall be filled in the manner provided by
23 law.

24 L. If any of the administrative personnel of the school district fail
25 FAILS to complete the professional development training within the time
26 prescribed in subsection J of this section, the state board of education may
27 take appropriate action concerning current certificates held by that person.

28 M. All information received and records or reports kept by the state
29 board of education during an investigation resulting from a complaint against
30 a receiver appointed pursuant to this section or section 15-103 are
31 confidential and not a public record.

32 N. For the purposes of this section, "overexpenditure" means an
33 expenditure in excess of any of the following:

34 1. The general budget limit of the school district or the amount
35 budgeted by the school district, whichever is less.

36 2. The unrestricted capital budget limit of the school district or the
37 amount budgeted for capital by the school district, whichever is less.

38 ~~3. The soft capital allocation limit of the school district or the~~
39 ~~amount budgeted for soft capital by the school district, whichever is less.~~

40 Sec. 3. Section 15-185, Arizona Revised Statutes, is amended to read:

41 15-185. Charter schools; financing; civil penalty;
42 transportation; definitions

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

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

13 2. A school district is not financially responsible for any charter
14 school that is sponsored by the state board of education, the state board for
15 charter schools, a university under the jurisdiction of the Arizona board of
16 regents, a community college district or a group of community college
17 districts.

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

19 (a) Increase its student count as provided in subsection B, paragraph
20 2 of this section during the first year of the charter school's operation to
21 include those charter school pupils who were not previously enrolled in the
22 school district. A charter school sponsored by a school district governing
23 board is eligible for the CHARTER ADDITIONAL assistance prescribed in
24 subsection B, paragraph 4 of this section. The ~~soft capital~~ DISTRICT
25 ADDITIONAL ASSISTANCE allocation as provided in section ~~15-962~~ 15-961 for the
26 school district sponsoring the charter school shall be increased by the
27 amount of the CHARTER additional assistance. The school district shall
28 include the full amount of the CHARTER additional assistance in the funding
29 provided to the charter school.

30 (b) Compute separate weighted student counts pursuant to section
31 15-943, paragraph 2, subdivision (a) for its noncharter school versus charter
32 school pupils in order to maintain eligibility for small school district
33 support level weights authorized in section 15-943, paragraph 1 for its
34 noncharter school pupils only. The portion of a district's student count
35 that is attributable to charter school pupils is not eligible for small
36 school district support level weights.

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

41 5. A school district that sponsors a charter school is not eligible to
42 include the charter school pupils in its student count for the purpose of
43 computing an increase in its ~~capital outlay revenue limit~~ DISTRICT ADDITIONAL
44 ASSISTANCE as provided in section 15-961, subsection ~~C~~ B, except that if the
45 charter school was previously a school in the district, the district may

1 include in its student count any charter school pupils who were enrolled in
2 the school district in the prior year.

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

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

18 B. Financial provisions for a charter school that is sponsored by the
19 state board of education, the state board for charter schools, a university,
20 a community college district or a group of community college districts are as
21 follows:

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

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

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

1 4. Equalization assistance for the charter school shall be determined
2 by adding the amount of the base support level and CHARTER additional
3 assistance. The amount of the CHARTER additional assistance is one thousand
4 six hundred ~~fifty-four~~ EIGHTY-FOUR dollars ~~forty-one~~ NINETEEN cents per
5 student count in kindergarten programs and grades one through eight and one
6 thousand nine hundred ~~twenty-eight~~ SIXTY-TWO dollars ~~nineteen~~ NINETY cents
7 per student count in grades nine through twelve.

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

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

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

23 C. If a pupil is enrolled in both a charter school and a public school
24 that is not a charter school, the sum of the daily membership, which includes
25 enrollment as prescribed in section 15-901, subsection A, paragraph 1,
26 subdivisions (a) and (b) and daily attendance as prescribed in section
27 15-901, subsection A, paragraph 5, for that pupil in the school district and
28 the charter school shall not exceed 1.0, except that if the pupil is enrolled
29 in both a charter school and a joint technical education district and resides
30 within the boundaries of a school district participating in the joint
31 technical education district, the sum of the average daily membership for
32 that pupil in the charter school and the joint technical education district
33 shall not exceed 1.25. If a pupil is enrolled in both a charter school and a
34 public school that is not a charter school, the department of education shall
35 direct the average daily membership to the school with the most recent
36 enrollment date. Upon validation of actual enrollment in both a charter
37 school and a public school that is not a charter school and if the sum of the
38 daily membership or daily attendance for that pupil is greater than 1.0, the
39 sum shall be reduced to 1.0 and shall be apportioned between the public
40 school and the charter school based on the percentage of total time that the
41 pupil is enrolled or in attendance in the public school and the charter
42 school, except that if the pupil is enrolled in both a charter school and a
43 joint technical education district and resides within the boundaries of a
44 school district participating in the joint technical education district, the
45 sum of the average daily membership for that pupil in the charter school and

1 the joint technical education district shall be reduced to 1.25 and shall be
2 apportioned between the charter school and the joint technical education
3 district based on the percentage of total time that the pupil is enrolled or
4 in attendance in the charter school and the joint technical education
5 district. The uniform system of financial records shall include guidelines
6 for the apportionment of the pupil enrollment and attendance as provided in
7 this section.

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

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

21 2. For a charter school sponsored by the state board of education, the
22 state board for charter schools, a university, a community college district
23 or a group of community college districts, the total of the base support
24 level and the CHARTER additional assistance shall not be less than zero.

25 3. For a charter school sponsored by a school district, the base
26 support level for the school district shall not be reduced by more than the
27 amount that the charter school increased the district's base support
28 level, ~~capital outlay revenue limit~~ and ~~soft capital~~ DISTRICT ADDITIONAL
29 ASSISTANCE allocation.

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

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

44 G. At the request of a charter school, the county school
45 superintendent of the county where the charter school is located may provide

1 the same educational services to the charter school as prescribed in section
2 15-308, subsection A. The county school superintendent may charge a fee to
3 recover costs for providing educational services to charter schools.

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

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

41 J. A charter school may receive and spend monies distributed by the
42 department of education pursuant to section 42-5029, subsection E and section
43 37-521, subsection B.

1 K. If a school district transports or contracts to transport pupils to
2 the Arizona state schools for the deaf and the blind during any fiscal year,
3 the school district may transport or contract with a charter school to
4 transport sensory impaired pupils during that same fiscal year to a charter
5 school if requested by the parent of the pupil and if the distance from the
6 pupil's place of actual residence within the school district to the charter
7 school is less than the distance from the pupil's place of actual residence
8 within the school district to the campus of the Arizona state schools for the
9 deaf and the blind.

10 L. Notwithstanding any other law, a university under the jurisdiction
11 of the Arizona board of regents, a community college district or a group of
12 community college districts shall not include any student in the student
13 count of the university, community college district or group of community
14 college districts for state funding purposes if that student is enrolled in
15 and attending a charter school sponsored by the university, community college
16 district or group of community college districts.

17 M. The governing body of a charter school shall transmit a copy of its
18 proposed budget or the summary of the proposed budget and a notice of the
19 public hearing to the department of education for posting on the department
20 of education's website no later than ten days before the hearing and meeting.
21 If the charter school maintains a website, the charter school governing body
22 shall post on its website a copy of its proposed budget or the summary of the
23 proposed budget and a notice of the public hearing.

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

28 O. If permitted by federal law, a charter school may opt out of
29 federal grant opportunities if the charter holder or the appropriate
30 governing body of the charter school determines that the federal requirements
31 impose unduly burdensome reporting requirements.

32 P. For the purposes of this section:

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

39 2. "Operated for or by the same school district" means the charter
40 school is either governed by the same district governing board or operated by
41 the district in the same manner as other traditional schools in the district
42 or is operated by an independent party that has a contract with the school
43 district. The auditor general and the department of education shall
44 determine which charter schools meet the definition in this subsection.

1 Sec. 4. Section 15-241, Arizona Revised Statutes, is amended to read:
2 15-241. School and school district accountability; failing
3 schools tutoring fund; classification label for
4 school districts and charter school operators

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

7 B. Each school and school district shall submit to the department any
8 data that is required and requested and that is necessary to compile the
9 achievement profile. A school or school district that fails to submit the
10 information that is necessary is not eligible to receive monies from the
11 classroom site fund established by section 15-977.

12 C. The department shall establish a baseline achievement profile for
13 each school and school district. The baseline achievement profile shall be
14 used to determine a standard measurement of acceptable academic progress for
15 each school and school district and a school and school district
16 classification pursuant to subsection H of this section. Any disclosure of
17 educational records compiled by the department of education pursuant to this
18 section shall comply with the family educational rights and privacy act of
19 1974 (20 United States Code section 1232g).

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

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

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

37 3. The results of English language learners tests administered
38 pursuant to section 15-756, subsection B, section 15-756.05 and section
39 15-756.06.

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

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

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

12 3. The annual dropout rate.

13 4. The annual graduation rate.

14 5. 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 F. Schools and school districts that offer instruction in all or a
18 combination of the grades specified in subsections D and E of this section
19 shall include a single achievement profile for that school and school
20 district that includes the school academic performance indicators specified
21 in subsections D and E of this section.

22 G. Subject to final adoption by the state board of education, the
23 department shall determine the criteria for each school and school district
24 classification using a research based methodology. The methodology shall
25 include the performance of pupils at all achievement levels, account for
26 pupil mobility, account for the distribution of pupil achievement at each
27 school and school district and include longitudinal indicators of academic
28 performance. Fifty per cent of the school and school district classification
29 determination shall consist of academic performance measurements. Fifty per
30 cent of the academic performance measurement shall consist of a measurement
31 of academic gain for all pupils enrolled at the school or school district and
32 fifty per cent of the academic performance measurements shall consist of a
33 measurement of the twenty-five per cent of pupils with the lowest academic
34 performance measurement enrolled at the school or school district. For the
35 purposes of this subsection, "research based methodology" means the
36 systematic and objective application of statistical and quantitative research
37 principles to determine a standard measurement of acceptable academic
38 progress for each school and school district.

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

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

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

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

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

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

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

15 J. Subject to final adoption by the state board of education, the
16 department of education shall develop a parallel achievement profile for
17 accommodation schools, alternative schools as defined by the state board of
18 education and extremely small schools as defined by the state board of
19 education for the purposes of this section.

20 K. If a school is assigned a letter grade of D, within ninety days
21 after receiving notice of the designation, the governing board shall develop
22 an improvement plan for the school, submit a copy of the plan to the
23 superintendent of public instruction and the county educational service
24 agency and supervise the implementation of the plan. The plan shall include
25 necessary components as identified by the state board of education. Within
26 thirty days after submitting the improvement plan to the superintendent of
27 public instruction and the county educational service agency, the governing
28 board shall hold a special public meeting in each school that has been
29 assigned a letter grade of D and shall present the respective improvement
30 plans that have been developed for each school. The school district
31 governing board, within thirty days of receiving notice of the designation,
32 shall provide written notification of the classification to each residence
33 within the attendance area of the school. The notice shall explain the
34 improvement plan process and provide information regarding the public meeting
35 required by this subsection.

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

1 M. If a charter school is assigned a letter grade of D, within thirty
2 days the school shall notify the parents of the students attending the school
3 of the classification. The notice shall explain the improvement plan process
4 and provide information regarding the public meeting required by this
5 subsection. Within ninety days of receiving the classification, the charter
6 holder shall present an improvement plan to the charter sponsor at a public
7 meeting and submit a copy of the plan to the superintendent of public
8 instruction. The improvement plan shall include necessary components as
9 identified by the state board of education. For every day that an
10 improvement plan is not received by the superintendent of public instruction
11 and the county educational service agency, the school is not eligible to
12 receive monies from the classroom site fund established by section 15-977 for
13 every day that a plan has not been received by the superintendent of public
14 instruction within the time specified in subsection K of this section plus an
15 additional ninety days. The charter holder shall appear before the
16 sponsoring board and explain why the improvement plan has not been submitted.

17 N. The department of education shall establish an appeals process, to
18 be approved by the state board of education, for a school to appeal data used
19 to determine the achievement profile of the school. The criteria established
20 shall be based on mitigating factors and may include a visit to the school
21 site by the department of education.

22 O. If a school is assigned a letter grade of D for a third consecutive
23 year, the department of education shall visit the school site to confirm the
24 classification data and to review the implementation of the school's
25 improvement plan. The school shall be assigned a letter grade of F unless an
26 alternate letter grade is assigned after an appeal pursuant to subsection N
27 of this section. A school that is assigned a letter grade of D for less than
28 three consecutive years may also be assigned a letter grade of F if the state
29 board of education determines that there is no reasonable likelihood that the
30 school will achieve an average level of performance within the next two
31 years.

32 P. The school district governing board, within thirty days of
33 receiving notice of the school being assigned a letter grade of F, shall
34 provide written notification of the classification to each residence in the
35 attendance area of the school. The notice shall explain the improvement plan
36 process and provide information regarding the public meeting required by
37 subsection S of this section.

38 Q. The superintendent of public instruction in collaboration with the
39 county educational service agency, based on need, shall assign a solutions
40 team to a school assigned a letter grade of D, a school assigned a letter
41 grade of F or any other school pursuant to a mutual agreement between the
42 department of education and the school ~~comprised~~ COMPOSED of master teachers,
43 fiscal analysts and curriculum assessment experts who are certified by the
44 state board of education as Arizona academic standards technicians. The
45 department of education or the county educational service agency may hire or

1 contract with administrators, principals and teachers who have demonstrated
2 experience with the characteristics and situations in a school assigned a
3 letter grade of D or F and may use these personnel as part of the solutions
4 team. The department of education shall work with staff at the school to
5 assist in curricula alignment and shall instruct teachers on how to increase
6 pupil academic progress, considering the school's achievement profile. The
7 solutions team shall consider the existing improvement plan to assess the
8 need for changes to curriculum, professional development and resource
9 allocation and shall present a statement of its findings to the school
10 administrator and district superintendent. Within forty-five days after the
11 presentation of the solutions team's statement of findings, the school
12 district governing board, in cooperation with each school within the school
13 district that is assigned a letter grade of D and its assigned solutions team
14 representative, shall develop and submit to the department of education and
15 the county educational service agency an action plan that details the manner
16 in which the school district will assist the school as the school
17 incorporates the findings of the solutions team into the improvement plan.
18 The department of education shall review the action plan and shall either
19 accept the action plan or return the action plan to the school district for
20 modification. If the school district does not submit an approved action plan
21 within forty-five days, the state board of education may direct the
22 superintendent of public instruction to withhold up to ten per cent of state
23 monies that the school district would otherwise be entitled to receive each
24 month until the plan is submitted to the department of education and the
25 county educational service agency, at which time those monies shall be
26 returned to the school district.

27 R. The parent or the guardian of the pupil may apply to the department
28 of education, in a manner determined by the department of education, for a
29 certificate of supplemental instruction from the failing schools tutoring
30 fund established by this section. Pupils attending a school assigned a
31 letter grade of D or F or a pupil who has failed to pass one or more portions
32 of the Arizona instrument to measure standards test in grades eight through
33 twelve in order to graduate from high school may select an alternative
34 tutoring program in academic standards from a provider that is certified by
35 the state board of education. To qualify, the provider must state in writing
36 a level of academic improvement for the pupil that includes a timeline for
37 improvement that is agreed to by the parent or guardian of the pupil. The
38 state board of education shall annually review academic performance levels
39 for providers certified pursuant to this subsection and may remove a provider
40 at a public hearing from an approved list of providers if that provider fails
41 to meet its stated level of academic improvement. The state board of
42 education shall determine the application guidelines and the maximum value
43 for each certificate of supplemental instruction. The state board of
44 education shall annually complete a market survey in order to determine the
45 maximum value for each certificate of supplemental instruction. This

1 subsection shall not be construed to require the state to provide additional
2 monies beyond the monies provided pursuant to section 42-5029, subsection E,
3 paragraph 7.

4 S. Within sixty days of receiving notification of a school being
5 assigned a letter grade of F, the school district governing board shall
6 evaluate needed changes to the existing improvement plan for the school,
7 consider recommendations from the solutions team, submit a copy of the plan
8 to the superintendent of public instruction and the county educational
9 service agency and supervise the implementation of the plan. Within thirty
10 days after submitting the improvement plan to the superintendent of public
11 instruction, the governing board shall hold a public meeting in each school
12 that has been assigned a letter grade of F and shall present the respective
13 improvement plans that have been developed for each school.

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

22 U. If a charter school is assigned a letter grade of F, the department
23 of education shall immediately notify the charter school's sponsor. The
24 charter school's sponsor shall either take action to restore the charter
25 school to acceptable performance or revoke the charter school's charter.
26 Within thirty days the school shall notify the parents of the students
27 attending the school of the classification and of any pending public meetings
28 to review the issue.

29 V. A school that has been assigned a letter grade of F shall be
30 evaluated by the department of education to determine if the school failed to
31 properly implement its school improvement plan, align the curriculum with
32 academic standards, provide teacher training, prioritize the budget or
33 implement other proven strategies to improve academic performance. After
34 visiting the school site pursuant to subsection O of this section, the
35 department of education shall submit to the state board of education a
36 recommendation to proceed pursuant to subsections Q, R and S of this section
37 or that the school be subject to a public hearing to determine if the school
38 failed to properly implement its improvement plan and the reasons for the
39 department's recommendation.

40 W. If the department does recommend a public hearing, the state board
41 of education shall meet and may provide by a majority vote at the public
42 hearing for the continued operation of the school as allowed by this
43 subsection. The state board of education shall determine whether
44 governmental, nonprofit and private organizations may submit applications to

1 the state board to fully or partially manage the school. The state board's
2 determination shall include:

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

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

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

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

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

11 X. The state board shall periodically review the status of a school
12 that is operated by an organization other than the school district governing
13 board to determine whether the operation of the school should be returned to
14 the school district governing board. Before the state board makes a
15 determination, the state board or its designee shall meet with the school
16 district governing board or its designee to determine the time frame,
17 operational considerations and the appropriate continuation of existing
18 improvements that are necessary to assure a smooth transition of authority
19 from the other organization back to the school district governing board.

20 Y. If an alternative operation plan is provided pursuant to subsection
21 W of this section, the state board of education shall pay for the operation
22 of the school and shall adjust the school district's ~~soft capital allocation~~
23 ~~pursuant to section 15-962, capital outlay revenue limit~~ DISTRICT ADDITIONAL
24 ASSISTANCE pursuant to section 15-961, base support level pursuant to section
25 15-943, monies distributed from the classroom site fund established by
26 section 15-977 and transportation support level pursuant to section 15-945 to
27 accurately reflect any reduction in district services that are no longer
28 provided to that school by the district. The state board of education may
29 modify the school district's revenue control limit, the district support
30 level and the general budget limit calculated pursuant to section 15-947 by
31 an amount that corresponds to this reduction in services. The state board of
32 education shall retain the portion of state aid that would otherwise be due
33 the school district for the school and shall distribute that portion of state
34 aid directly to the organization that contracts with the state board of
35 education to operate the school.

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

39 AA. If there are more than two schools in a district and more than
40 one-half, or in any case more than five, of the schools in the district are
41 assigned a letter grade of F for more than two consecutive years, in the next
42 election of members of the governing board the election ballot shall contain
43 the following statement immediately above the listing of governing board
44 candidates:

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

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

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

15 DD. The department of education may develop a classification label for
16 school districts and charter school operators. If the department of
17 education develops a classification label for school districts and charter
18 school operators, the classification label may be developed from the
19 following components:

- 20 1. Measures of academic progress.
- 21 2. Pupil assessment data.
- 22 3. The attendance rates and graduation rates of pupils who are
23 educated in that charter school operator's charter schools or in that school
24 district's schools.
- 25 4. The percentage of the parents of pupils enrolled in that charter
26 school operator's charter schools or in that school district's schools that
27 categorizes the quality of their child's education as excellent on a parental
28 rating of school quality.

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

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

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

42 HH. In addition to any other corrective procedures prescribed in this
43 section a school district that has been assigned a letter grade of D or F for
44 two consecutive years shall implement a parent involvement strategy. The
45 parent involvement strategy shall be included in the school improvement plans

1 PLAN for each applicable school within the district, as prescribed in
2 subsection K of this section.

3 Sec. 5. Title 15, chapter 2, article 2, Arizona Revised Statutes, is
4 amended by adding section 15-249.04, to read:

5 15-249.04. Report; school district overrides

6 ON OR BEFORE NOVEMBER 30 OF EACH YEAR, THE DEPARTMENT OF EDUCATION
7 SHALL ELECTRONICALLY SUBMIT TO THE JOINT LEGISLATIVE BUDGET COMMITTEE AND THE
8 GOVERNOR'S OFFICE OF STRATEGIC PLANNING AND BUDGETING A REPORT THAT LISTS THE
9 AMOUNT BUDGETED BY INDIVIDUAL SCHOOL DISTRICTS FOR THE CURRENT FISCAL YEAR
10 FOR EACH TYPE OF OVERRIDE CONDUCTED PURSUANT TO SECTION 15-481 OR 15-482.

11 Sec. 6. Section 15-341, Arizona Revised Statutes, is amended to read:

12 15-341. General powers and duties; immunity; delegation

13 A. The governing board shall:

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

17 2. Exclude from schools all books, publications, papers or audiovisual
18 materials of a sectarian, partisan or denominational character. This
19 paragraph shall not be construed to prohibit the elective course permitted by
20 section 15-717.01.

21 3. Manage and control the school property within its district.

22 4. Acquire school furniture, apparatus, equipment, library books and
23 supplies for the use of the schools.

24 5. Prescribe the curricula and criteria for the promotion and
25 graduation of pupils as provided in sections 15-701 and 15-701.01.

26 6. Furnish, repair and insure, at full insurable value, the school
27 property of the district.

28 7. Construct school buildings on approval by a vote of the district
29 electors.

30 8. Make in the name of the district conveyances of property belonging
31 to the district and sold by the board.

32 9. Purchase school sites when authorized by a vote of the district at
33 an election conducted as nearly as practicable in the same manner as the
34 election provided in section 15-481 and held on a date prescribed in section
35 15-491, subsection E, but such authorization shall not necessarily specify
36 the site to be purchased and such authorization shall not be necessary to
37 exchange unimproved property as provided in section 15-342, paragraph 23.

38 10. Construct, improve and furnish buildings used for school purposes
39 when such buildings or premises are leased from the national park service.

40 11. Purchase school sites or construct, improve and furnish school
41 buildings from the proceeds of the sale of school property only on approval
42 by a vote of the district electors.

43 12. Hold pupils to strict account for disorderly conduct on school
44 property.

1 13. Discipline students for disorderly conduct on the way to and from
2 school.

3 14. Except as provided in section 15-1224, deposit all monies received
4 by the district as gifts, grants and devises with the county treasurer who
5 shall credit the deposits as designated in the uniform system of financial
6 records. If not inconsistent with the terms of the gifts, grants and devises
7 given, any balance remaining after expenditures for the intended purpose of
8 the monies have been made shall be used for reduction of school district
9 taxes for the budget year, except that in the case of accommodation schools
10 the county treasurer shall carry the balance forward for use by the county
11 school superintendent for accommodation schools for the budget year.

12 15. Provide that, if a parent or legal guardian chooses not to accept a
13 decision of the teacher as provided in section 15-521, paragraph 3- 4, the
14 parent or legal guardian may request in writing that the governing board
15 review the teacher's decision. This paragraph shall not be construed to
16 release school districts from any liability relating to a child's promotion
17 or retention.

18 16. Provide for adequate supervision over pupils in instructional and
19 noninstructional activities by certificated or noncertificated personnel.

20 17. Use school monies received from the state and county school
21 apportionment exclusively for payment of salaries of teachers and other
22 employees and contingent expenses of the district.

23 18. Make an annual report to the county school superintendent on or
24 before October 1 in the manner and form and on the blanks prescribed by the
25 superintendent of public instruction or county school superintendent. The
26 board shall also make reports directly to the county school superintendent or
27 the superintendent of public instruction whenever required.

28 19. Deposit all monies received by school districts other than student
29 activities monies or monies from auxiliary operations as provided in sections
30 15-1125 and 15-1126 with the county treasurer to the credit of the school
31 district except as provided in paragraph 20 of this subsection and sections
32 15-1223 and 15-1224, and the board shall expend the monies as provided by law
33 for other school funds.

34 20. Establish bank accounts in which the board during a month may
35 deposit miscellaneous monies received directly by the district. The board
36 shall remit monies deposited in the bank accounts at least monthly to the
37 county treasurer for deposit as provided in paragraph 19 of this subsection
38 and in accordance with the uniform system of financial records.

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

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

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

19 23. Notwithstanding sections 13-3108 and 13-3120, prescribe and enforce
20 policies and procedures that prohibit a person from carrying or possessing a
21 weapon on school grounds unless the person is a peace officer or has obtained
22 specific authorization from the school administrator.

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

26 (a) The provision of water.

27 (b) Guidelines, information and forms, developed in consultation with
28 a statewide private entity that supervises interscholastic activities, to
29 inform and educate coaches, pupils and parents of the dangers of concussions
30 and head injuries and the risks of continued participation in athletic
31 activity after a concussion. The policies and procedures shall require that,
32 before a pupil participates in an athletic activity, the pupil and the
33 pupil's parent must sign an information form at least once each school year
34 that states that the parent is aware of the nature and risk of concussion.
35 The policies and procedures shall require that a pupil who is suspected of
36 sustaining a concussion in a practice session, game or other interscholastic
37 athletic activity be immediately removed from the athletic activity. A coach
38 from the pupil's team or an official or a licensed health care provider may
39 remove a pupil from play. A team parent may also remove the parent's own
40 child from play. A pupil may return to play on the same day if a health care
41 provider rules out a suspected concussion at the time the pupil is removed
42 from play. On a subsequent day, the pupil may return to play if the pupil
43 has been evaluated by and received written clearance to resume participation
44 in athletic activity from a health care provider who has been trained in the
45 evaluation and management of concussions and head injuries. A health care

1 provider who is a volunteer and who provides clearance to participate in
2 athletic activity on the day of the suspected injury or on a subsequent day
3 is immune from civil liability with respect to all decisions made and actions
4 taken that are based on good faith implementation of the requirements of this
5 subdivision, except in cases of gross negligence or wanton or wilful neglect.
6 A school district, school district employee, team coach, official or team
7 volunteer or a parent or guardian of a team member is not subject to civil
8 liability for any act, omission or policy undertaken in good faith to comply
9 with the requirements of this subdivision or for a decision made or an action
10 taken by a health care provider. A group or organization that uses property
11 or facilities owned or operated by a school district for athletic activities
12 shall comply with the requirements of this subdivision. A school district
13 and its employees and volunteers are not subject to civil liability for any
14 other person or organization's failure or alleged failure to comply with the
15 requirements of this subdivision. This subdivision does not apply to teams
16 that are based in another state and that participate in an athletic activity
17 in this state. For the purposes of this subdivision, athletic activity does
18 not include dance, rhythmic gymnastics, competitions or exhibitions of
19 academic skills or knowledge or other similar forms of physical noncontact
20 activities, civic activities or academic activities, whether engaged in for
21 the purposes of competition or recreation. For the purposes of this
22 subdivision, "health care provider" means a physician who is licensed
23 pursuant to title 32, chapter 13 or 17, an athletic trainer who is licensed
24 pursuant to title 32, chapter 41, a nurse practitioner who is licensed
25 pursuant to title 32, chapter 15, and a physician assistant who is licensed
26 pursuant to title 32, chapter 25.

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

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

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

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

43 29. Ensure that insurance coverage is secured for all construction
44 projects for purposes of general liability, property damage and workers'

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

3 30. Keep on file the resumes of all current and former employees who
4 provide instruction to pupils at a school. Resumes shall include an
5 individual's educational and teaching background and experience in a
6 particular academic content subject area. A school district shall inform
7 parents and guardians of the availability of the resume information and shall
8 make the resume information available for inspection on request of parents
9 and guardians of pupils enrolled at a school. This paragraph shall not be
10 construed to require any school to release personally identifiable
11 information in relation to any teacher or employee, including the teacher's
12 or employee's address, salary, social security number or telephone number.

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

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

28 33. Provide written notice to the parents or guardians of all students
29 affected in the school district at least ten days prior to a public meeting
30 to discuss closing a school within the school district. The notice shall
31 include the reasons for the proposed closure and the time and place of the
32 meeting. The governing board shall fix a time for a public meeting on the
33 proposed closure no less than ten days before voting in a public meeting to
34 close the school. The school district governing board shall give notice of
35 the time and place of the meeting. At the time and place designated in the
36 notice, the school district governing board shall hear reasons for or against
37 closing the school. The school district governing board is exempt from this
38 paragraph if it is determined by the governing board that the school shall be
39 closed because it poses a danger to the health or safety of the pupils or
40 employees of the school. A governing board may consult with the school
41 facilities board for technical assistance and for information on the impact
42 of closing a school. The information provided from the school facilities
43 board shall not require the governing board to take or not take any action.

1 34. Incorporate instruction on Native American history into appropriate
2 existing curricula.

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

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

31 37. Prescribe and enforce policies and procedures to prohibit pupils
32 from harassing, intimidating and bullying other pupils on school grounds, on
33 school property, on school buses, at school bus stops, at school sponsored
34 events and activities and through the use of electronic technology or
35 electronic communication on school computers, networks, forums and mailing
36 lists that include the following components:

37 (a) A procedure for pupils, parents and school district employees to
38 confidentially report to school officials incidents of harassment,
39 intimidation or bullying. The school shall make available written forms
40 designed to provide a full and detailed description of the incident and any
41 other relevant information about the incident.

42 (b) A requirement that school district employees report in writing
43 suspected incidents of harassment, intimidation or bullying to the
44 appropriate school official and a description of appropriate disciplinary

1 procedures for employees who fail to report suspected incidents that are
2 known to the employee.

3 (c) A requirement that, at the beginning of each school year, school
4 officials provide all pupils with a written copy of the rights, protections
5 and support services available to a pupil who is an alleged victim of an
6 incident reported pursuant to this paragraph.

7 (d) If an incident is reported pursuant to this paragraph, a
8 requirement that school officials provide a pupil who is an alleged victim of
9 the incident with a written copy of the rights, protections and support
10 services available to that pupil.

11 (e) A formal process for the documentation of reported incidents of
12 harassment, intimidation or bullying and for the confidentiality, maintenance
13 and disposition of this documentation. School districts shall maintain
14 documentation of all incidents reported pursuant to this paragraph for at
15 least six years. The school shall not use that documentation to impose
16 disciplinary action unless the appropriate school official has investigated
17 and determined that the reported incidents of harassment, intimidation or
18 bullying occurred. If a school provides documentation of reported incidents
19 to persons other than school officials or law enforcement, all individually
20 identifiable information shall be redacted.

21 (f) A formal process for the investigation by the appropriate school
22 officials of suspected incidents of harassment, intimidation or bullying,
23 including procedures for notifying the alleged victim on completion and
24 disposition of the investigation.

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

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

29 (i) Procedures designed to protect the health and safety of pupils who
30 are physically harmed as the result of incidents of harassment, intimidation
31 and bullying, including, if appropriate, procedures to contact emergency
32 medical services or law enforcement agencies, or both.

33 (j) Definitions of harassment, intimidation and bullying.

34 38. Prescribe and enforce policies and procedures regarding changing or
35 adopting attendance boundaries that include the following components:

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

38 (b) A procedure to notify the parents or guardians of the students
39 affected.

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

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

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

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

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

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

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

19 40. Ensure that the contract for the superintendent is structured in a
20 manner in which up to twenty per cent of the total annual salary included for
21 the superintendent in the contract is classified as performance pay. This
22 paragraph shall not be construed to require school districts to increase
23 total compensation for superintendents. Unless the school district governing
24 board votes to implement an alternative procedure at a public meeting called
25 for this purpose, the performance pay portion of the superintendent's total
26 annual compensation shall be determined as follows:

27 (a) Twenty-five per cent of the performance pay shall be determined
28 based on the percentage of academic gain determined by the department of
29 education of pupils who are enrolled in the school district compared to the
30 academic gain achieved by the highest ranking of the fifty largest school
31 districts in this state. For the purposes of this subdivision, the
32 department of education shall determine academic gain by the academic growth
33 achieved by each pupil who has been enrolled at the same school in a school
34 district for at least five consecutive months measured against that pupil's
35 academic results in the 2008-2009 school year. For the purposes of this
36 subdivision, of the fifty largest school districts in this state, the school
37 district with pupils who demonstrate the highest statewide percentage of
38 overall academic gain measured against academic results for the 2008-2009
39 school year shall be assigned a score of 100 and the school district with
40 pupils who demonstrate the lowest statewide percentage of overall academic
41 gain measured against academic results for the 2008-2009 school year shall be
42 assigned a score of 0.

43 (b) Twenty-five per cent of the performance pay shall be determined by
44 the percentage of parents of pupils who are enrolled at the school district
45 who assign a letter grade of "A" to the school on a survey of parental

1 satisfaction with the school district. The parental satisfaction survey
2 shall be administered and scored by an independent entity that is selected by
3 the governing board and that demonstrates sufficient expertise and experience
4 to accurately measure the results of the survey. The parental satisfaction
5 survey shall use standard random sampling procedures and provide anonymity
6 and confidentiality to each parent who participates in the survey. The
7 letter grade scale used on the parental satisfaction survey shall direct
8 parents to assign one of the following letter grades:

9 (i) A letter grade of "A" if the school district is excellent.

10 (ii) A letter grade of "B" if the school district is above average.

11 (iii) A letter grade of "C" if the school district is average.

12 (iv) A letter grade of "D" if the school district is below average.

13 (v) A letter grade of "F" if the school district is a failure.

14 (c) Twenty-five per cent of the performance pay shall be determined by
15 the percentage of teachers who are employed at the school district and who
16 assign a letter grade of "A" to the school on a survey of teacher
17 satisfaction with the school. The teacher satisfaction survey shall be
18 administered and scored by an independent entity that is selected by the
19 governing board and that demonstrates sufficient expertise and experience to
20 accurately measure the results of the survey. The teacher satisfaction
21 survey shall use standard random sampling procedures and provide anonymity
22 and confidentiality to each teacher who participates in the survey. The
23 letter grade scale used on the teacher satisfaction survey shall direct
24 teachers to assign one of the following letter grades:

25 (i) A letter grade of "A" if the school district is excellent.

26 (ii) A letter grade of "B" if the school district is above average.

27 (iii) A letter grade of "C" if the school district is average.

28 (iv) A letter grade of "D" if the school district is below average.

29 (v) A letter grade of "F" if the school district is a failure.

30 (d) Twenty-five per cent of the performance pay shall be determined by
31 other criteria selected by the governing board.

32 41. Maintain and store permanent public records of the school district
33 as required by law. Notwithstanding section 39-101, the standards adopted by
34 the Arizona state library, archives and public records for the maintenance
35 and storage of school district public records shall allow school districts to
36 elect to satisfy the requirements of this paragraph by maintaining and
37 storing these records either on paper or in an electronic format, or a
38 combination of a paper and electronic format.

39 42. Adopt in a public meeting and implement by school year 2013-2014
40 policies for principal evaluations. Before the adoption of principal
41 evaluation policies, the school district governing board shall provide
42 opportunities for public discussion on the proposed policies. The policies
43 shall describe:

1 (a) The principal evaluation instrument, including the four
2 performance classifications adopted by the governing board pursuant to
3 section 15-203, subsection A, paragraph 38.

4 (b) Alignment of professional development opportunities to the
5 principal evaluations.

6 (c) Incentives for principals in one of the two highest performance
7 classifications pursuant to section 15-203, subsection A, paragraph 38, which
8 may include:

9 (i) Multiyear contracts pursuant to section 15-503.

10 (ii) Incentives to work at schools that are assigned a letter grade of
11 D or F pursuant to section 15-241.

12 (d) Transfer and contract processes for principals designated in the
13 lowest performance classification pursuant to section 15-203, subsection A,
14 paragraph 38.

15 B. Notwithstanding subsection A, paragraphs 7, 9 and 11 of this
16 section, the county school superintendent may construct, improve and furnish
17 school buildings or purchase or sell school sites in the conduct of an
18 accommodation school.

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

25 1. Is not abated, extinguished, discharged or merged in the title to
26 the property.

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

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

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

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

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

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

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

27 15-393. Joint technical education district governing board;
28 report; definition

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

42 1. The governing boards of the school districts participating in the
43 formation of the joint district shall define the boundaries of the single
44 member districts so that the single member districts are as nearly equal in
45 population as is practicable, except that if the joint district lies in part

1 in each of two or more counties, at least one single member district may be
2 entirely within each of the counties comprising the joint district if this
3 district design is consistent with the obligation to equalize the population
4 among single member districts.

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

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

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

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

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

- 36 1. Chapter 1, articles 1 through 6.
- 37 2. Sections 15-208, 15-210, 15-213 and 15-234.
- 38 3. Articles 2, 3 and 5 of this chapter.
- 39 4. Section 15-361.
- 40 5. Chapter 4, articles 1, 2 and 5.
- 41 6. Chapter 5, articles 1, 2 and 3.
- 42 7. Sections 15-701.01, 15-722, 15-723, 15-724, 15-727, 15-728, 15-729
43 and 15-730.
- 44 8. Chapter 7, article 5.
- 45 9. Chapter 8, articles 1, 3 and 4.

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

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

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

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

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

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

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

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

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

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

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

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

1 (c) For the first year of operation, the joint district shall revise
2 the student count to the actual average daily membership as prescribed in
3 section 15-901, subsection A, paragraph 1 for students attending classes in
4 the joint district. A joint district shall revise its student count, the
5 base support level as provided in section 15-943.02, the revenue control
6 limit as provided in section 15-944.01, ~~the capital outlay revenue limit and~~
7 ~~the soft capital allocation~~ AND THE DISTRICT ADDITIONAL ASSISTANCE as
8 provided in section 15-962.01 prior to May 15. A joint district that
9 overestimated its student count shall revise its budget prior to May 15. A
10 joint district that underestimated its student count may revise its budget
11 prior to May 15.

12 (d) After March 15 of the first year of operation, the district of
13 residence shall adjust its student count by reducing it to reflect the
14 courses actually taken at the joint district. The district of residence
15 shall revise its student count, the base support level as provided in section
16 15-943, the revenue control limit as provided in section 15-944, ~~the capital~~
17 ~~outlay revenue limit as provided in section 15-961 and the soft capital~~
18 ~~allocation~~ AND THE DISTRICT ADDITIONAL ASSISTANCE as provided in section
19 ~~15-962~~ 15-962.01 prior to May 15. A district that underestimated the student
20 count for students attending the joint district shall revise its budget prior
21 to May 15. A district that overestimated the student count for students
22 attending the joint district may revise its budget prior to May 15.

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

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

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

31 For the purposes of this paragraph, "district of residence" means the
32 district that included the pupil in its average daily membership for the year
33 before the first year of operation of the joint district and that would have
34 included the pupil in its student count for the purposes of computing its
35 base support level for the fiscal year of the first year of operation of the
36 joint district if the pupil had not enrolled in the joint district.

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

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

44 (b) A student in a kindergarten program or in grades one through nine
45 who is enrolled in career and technical education courses shall not be funded

1 in whole or in part with monies provided by a joint technical education
2 district, except that a pupil in grade eight or nine may be funded with
3 monies generated by the five cent qualifying tax rate authorized in
4 subsection F of this section.

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

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

10 7. A joint district may use the excess utility costs provisions of
11 section 15-910 in the same manner as a school district for fiscal years
12 1999-2000 and 2000-2001, except that the base year shall be the first full
13 fiscal year of operations.

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

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

28 10. A joint technical education district shall use any monies received
29 pursuant to this article to enhance and not supplant career and technical
30 education courses and directly related equipment and facilities.

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

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

44 F. Taxes may be levied for the support of the joint district as
45 prescribed in chapter 9, article 6 of this title, except that a joint

1 technical education district shall not levy a property tax pursuant to law
2 that exceeds five cents per one hundred dollars assessed valuation except for
3 bond monies pursuant to subsection D, paragraph 1 of this section. Except
4 for the taxes levied pursuant to section 15-994, such taxes shall be obtained
5 from a levy of taxes on the taxable property used for secondary tax purposes.

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

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

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

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

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

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

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

35 2. The accountability provisions of the intergovernmental agreement or
36 other written contract.

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

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

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

1 6. The transportation services that will be provided under the
2 intergovernmental agreement or other written contract and the manner in which
3 transportation costs will be paid.

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

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

10 9. That the payment for services shall not exceed the cost of the
11 services provided.

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

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

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

25 3. The costs associated with each program offered by the joint
26 district.

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

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

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

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

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

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

44 O. Notwithstanding any other law, the average daily membership of a
45 pupil in grade ten, eleven or twelve who is enrolled in a course that meets

1 for at least one hundred fifty minutes per class period at a centralized
2 campus owned and operated by a joint technical education district shall be
3 0.75. The sum of the average daily membership, as provided in section
4 15-901, subsection A, paragraph 1, of a pupil who is enrolled in both the
5 member school district and joint technical education district courses
6 provided at a community college pursuant to subsection K of this section or
7 at a facility owned and operated by a joint technical education district that
8 is not located on a site of a member district shall not exceed 1.75. The
9 member school district and the joint district shall determine the
10 apportionment of the average daily membership and student enrollment for that
11 pupil between the member school district and the joint district, except the
12 amount apportioned shall not exceed 1.0 for either entity.

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

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

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

26 Sec. 8. Section 15-448, Arizona Revised Statutes, is amended to read:

27 15-448. Formation of unified school district; board membership;
28 budget

29 A. One or more common school districts and a high school district with
30 coterminous or overlapping boundaries may establish a unified school district
31 pursuant to this section. Unification of a common school district and a high
32 school district is not authorized by this section if any of the high school
33 facilities owned by the new unified school district would not be located
34 within its boundaries.

35 B. Formation of a unified school district shall be by resolutions
36 approved by the governing boards of the unifying school districts and
37 certification of approval by such governing boards to the county school
38 superintendent of the county or counties in which such individual school
39 districts are located. A common school district and high school district
40 that unify pursuant to this section shall not exclude from the same
41 unification a common school district that has overlapping boundaries with the
42 high school district and that wishes to unify. The formation of a unified
43 school district shall become effective on July 1 of the next fiscal year
44 following the certification of the county school superintendent. An election
45 shall not be required to form a unified school district pursuant to this

1 section. At least ninety days before the governing boards vote on the
2 resolutions prescribed in this subsection, the governing boards shall mail a
3 pamphlet to each household with one or more qualified electors that shall
4 list the full cash value, the assessed valuation and the estimated amount of
5 the primary property taxes and the estimated amount of the secondary property
6 taxes under the proposed unification for each of the following:

7 1. An owner occupied residence whose assessed valuation is the average
8 assessed valuation of property classified as class three, as prescribed by
9 section 42-12003 for the current year in the school district.

10 2. An owner occupied residence whose assessed valuation is one-half of
11 the assessed valuation of the residence in paragraph 1 of this subsection.

12 3. An owner occupied residence whose assessed valuation is twice the
13 assessed valuation of the residence in paragraph 1 of this subsection.

14 4. A business whose assessed valuation is the average of the assessed
15 valuation of property classified as class one, as prescribed by section
16 42-12001, paragraphs 12 and 13 for the current year in the school district.

17 C. The boundaries of the unified school district shall be the
18 boundaries of the former common school district or districts that unify. The
19 boundaries of the common school district or districts that are not unifying
20 remain unchanged. The county school superintendent, immediately upon receipt
21 of the approved resolutions prescribed by subsection B of this section, shall
22 file with the board of supervisors, the county assessor and the
23 superintendent of public instruction a transcript of the boundaries of the
24 unified school district. The boundaries shown in the transcript shall become
25 the legal boundaries of the school districts on July 1 of the next fiscal
26 year.

27 D. On formation of the unified school district, the governing board
28 consists of the members of the former school district governing boards and
29 the members shall hold office until January 1 following the first general
30 election after formation of the district.

31 E. Beginning on January 1 following the first general election after
32 formation of the unified school district, the governing board shall have five
33 members. At the first general election after the formation of the district,
34 members shall be elected in the following manner:

35 1. The three candidates receiving the highest, the second highest and
36 the third highest number of votes shall be elected to four year terms.

37 2. The two candidates receiving the fourth and fifth highest number of
38 votes shall be elected to two year terms. Thereafter all offices shall have
39 four year terms.

40 F. The new unified school district may appoint a resident of the
41 remaining common school district to serve as a nonvoting member of the
42 governing board to represent the interests of the high school pupils who
43 reside in the remaining common school district and who attend school in the
44 unified school district.

1 G. For the first year of operation, the unified school district
2 governing board shall prepare a consolidated budget based on the student
3 counts from the school districts comprising the unified school district,
4 except that for purposes of determining budget amounts and equalization
5 assistance, the student count for the former high school district shall not
6 include the prior year average daily membership attributable to high school
7 pupils from a common school district that was part of the former high school
8 district but is not part of the unified school district. The unified school
9 district shall charge the remaining common school district tuition for these
10 pupils as provided in subsection J of this section. The unified school
11 district may budget for unification assistance pursuant to section 15-912.01.

12 H. The governing board of the unified school district shall prepare
13 policies, curricula and budgets for the district. These policies shall
14 require that:

15 1. The base compensation of each certificated teacher for the first
16 year of operation of the new unified school district shall not be lower than
17 the certificated teacher's base compensation for the prior year in the
18 previously existing school districts.

19 2. The certificated teacher's years of employment in the previously
20 existing school districts shall be included in determining the teacher's
21 certificated years of employment in the new unified school district.

22 I. Upon formation of a unified school district any existing override
23 authorization of the former high school district and the former common school
24 district or districts shall continue until expiration based on the revenue
25 control limit of the school district or districts that had override
26 authorization prior to unification. The unified school district may request
27 new override authorization for the budget year as provided in section 15-481
28 based on the combined revenue control limit of the new district after
29 unification. If the unified school district's request for override
30 authorization is approved, it will replace any existing override for the
31 budget year.

32 J. The unified school district shall admit high school pupils who
33 reside in a common school district that was located within the boundaries of
34 the former high school district. Tuition shall be paid to the unified school
35 district by the common school district in which such pupils reside. Such
36 tuition amount shall be calculated in accordance with section 15-824, subject
37 to the following modifications:

38 1. If the former high school district had outstanding bonded
39 indebtedness at the time of unification, the combined tuition for the group
40 of high school pupils who reside in each common school district shall include
41 a debt service amount for the former high school district's outstanding
42 bonded indebtedness that is determined as follows:

43 (a) Divide the total secondary assessed valuation of the common school
44 district in which the group of pupils resides by the total secondary assessed
45 valuation of the former high school district. For the purposes of this

1 subdivision, "secondary assessed valuation" means secondary assessed
2 valuation for the tax year prior to the year when the unification occurs and
3 includes the values used to determine voluntary contributions collected
4 pursuant to title 9, chapter 4, article 3 and title 48, chapter 1, article 8.

5 (b) Multiply the quotient obtained in subdivision (a) by the unified
6 school district's annual debt service expenditure.

7 2. The debt service portion of such tuition payments calculated
8 pursuant to paragraph 1 of this subsection shall be used exclusively for debt
9 service of the outstanding bonded indebtedness of the former high school
10 district. When such indebtedness is fully extinguished, the debt service
11 portion of a pupil's tuition shall be determined in accordance with paragraph
12 3 of this subsection.

13 3. If the former high school district had no outstanding bonded
14 indebtedness at the time of unification, the tuition calculation shall
15 include the actual school district expenditures for the portion of any debt
16 service of the unified school district that pertains to any construction or
17 renovation of high school facilities divided by the school district's student
18 count for the high school portion of the school district.

19 4. The unified school district shall not include in the tuition
20 calculation any debt service that pertains to any construction or renovation
21 of school facilities for preschool through grade eight.

22 5. Notwithstanding section 15-951, subsection G- F, the revenue
23 control limit of the common school district shall include the full amount of
24 the debt service portion of the tuition calculated pursuant to this
25 subsection.

26 K. All assets and liabilities of the unifying school districts shall
27 be transferred and assumed by the new unified school district. Any existing
28 bonded indebtedness of a common school district or a high school district
29 unifying pursuant to this section shall be assumed by the new unified school
30 district and shall be regarded as an indebtedness of the new unified school
31 district for the purpose of determining the debt incurring authority of the
32 district. Taxes for the payment of such bonded indebtedness shall be levied
33 on all taxable property in the new unified school district, but nothing in
34 this subsection shall be construed to relieve from liability to taxation for
35 the payment of all taxable property of the former high school district if
36 necessary to prevent a default in the payment of any bonded indebtedness of
37 the former high school district. The residents of a common school district
38 that does not unify shall not vote in bond or override elections of the
39 unified school district and shall not be assessed taxes as a result of a bond
40 or override election of the unified school district.

41 L. If the remaining common school district had authorization for an
42 override as provided in section 15-481 or 15-482, the override authorization
43 continues for the remaining common school district or districts in the same
44 manner as before the formation of the unified school district.

1 M. The bonding authorization and bonding limitations continue for the
2 remaining common school district or districts in the same manner as before
3 the formation of the unified school district.

4 N. Nothing in this section shall be construed to relieve a school
5 district formed pursuant to section 15-457 or 15-458 of its liability for any
6 outstanding bonded indebtedness.

7 O. For school districts that become unified after July 1, 2004 and
8 where all of the common schools were eligible for the small school district
9 weight pursuant to section 15-943, paragraph 1, subdivision (a) when
10 computing their base support level and base revenue control limit before
11 unification, the unified school district may continue to use the small school
12 district weight as follows:

13 1. Annually determine the common school student count and the weighted
14 student count pursuant to section 15-943, paragraph 1, subdivision (a) for
15 each common school district before unification.

16 2. Calculate the sum of the common school districts' student counts
17 and weighted student counts determined in paragraph 1 of this subsection.

18 3. Divide the sum of the weighted student counts by the sum of the
19 student counts determined in paragraph 2 of this subsection.

20 4. The amount determined in paragraph 3 of this subsection shall be
21 the weight for the common schools in the unified school district.

22 P. A unified school district may calculate its revenue control limit
23 and district support level by using subsection O of this section as follows:

24 1. Determine the number of individual school districts that existed
25 before unification into a single school district.

26 2. Multiply the amount determined in paragraph 1 of this subsection by
27 six hundred.

28 3. Multiply the amount determined in paragraph 2 of this subsection by
29 0.80.

30 4. If the amount determined in paragraph 3 of this subsection exceeds
31 the student count of the unified school district, the unified school district
32 is eligible to use subsection O of this section.

33 Q. Subsections O and P of this section shall remain in effect until
34 the aggregate student count of the common school districts before unification
35 exceeds the aggregate number of students of the common school districts
36 before unification authorized to utilize section 15-943, paragraph 1,
37 subdivision (a).

38 Sec. 9. Section 15-481, Arizona Revised Statutes, is amended to read:

39 15-481. Override election; budget increases; notice; ballot;
40 effect

41 A. If a proposed budget of a school district exceeds the aggregate
42 budget limit for the budget year, at least ninety days before the proposed
43 election the governing board shall order an override election to be held on
44 the first Tuesday following the first Monday in November as prescribed by
45 section 16-204, subsection B, paragraph 1, subdivision (d) for the purpose of

1 presenting the proposed budget to the qualified electors of the school
2 district who by a majority of those voting either shall affirm or reject the
3 budget. At the same time as the order of the election, the governing board
4 shall publicly declare the deadline for submitting arguments, as set by the
5 county school superintendent pursuant to subsection B, paragraph 9 of this
6 section, to be submitted in the informational report and shall immediately
7 post the deadline in a prominent location on the district's website. In
8 addition, the governing board shall prepare an alternate budget which does
9 not include an increase in the budget of more than the amount permitted as
10 provided in section 15-905. If the qualified electors approve the proposed
11 budget, the governing board of the school district shall follow the
12 procedures prescribed in section 15-905 for adopting a budget that includes
13 the authorized increase. If the qualified electors disapprove the proposed
14 budget, the governing board shall follow the procedures prescribed in section
15 15-905 for adopting a budget that does not include the proposed increase or
16 the portion of the proposed increase that exceeds the amount authorized by a
17 previously approved budget increase as prescribed in subsection P of this
18 section.

19 B. The county school superintendent shall prepare an informational
20 report on the proposed increase in the budget and a sample ballot and, at
21 least forty days prior to the election, shall transmit the report and the
22 sample ballot to the governing board of the school district. The governing
23 board, upon receipt of the report and the ballot, shall mail or distribute
24 the report and the ballot to the households in which qualified electors
25 reside within the school district at least thirty-five days prior to the
26 election. Any distribution of material concerning the proposed increase in
27 the budget shall not be conducted by children enrolled in the school
28 district. The report shall contain the following information:

- 29 1. The date of the election.
- 30 2. The voter's polling place and the times it is open.
- 31 3. The proposed total increase in the budget which exceeds the amount
32 permitted pursuant to section 15-905.
- 33 4. The total amount of the current year's budget, the total amount of
34 the proposed budget and the total amount of the alternate budget.
- 35 5. If the override is for a period of more than one year, a statement
36 indicating the number of years the proposed increase in the budget would be
37 in effect and the percentage of the school district's revenue control limit
38 that the district is requesting for the future years.
- 39 6. The proposed total amount of revenues which will fund the increase
40 in the budget and the amount which will be obtained from a levy of taxes upon
41 the taxable property within the school district for the first year for which
42 the budget increase was adopted.
- 43 7. The proposed amount of revenues which will fund the increase in the
44 budget and which will be obtained from other than a levy of taxes upon the

1 taxable property within the school district for the first year for which the
2 budget increase was adopted.

3 8. The dollar amount and the purpose for which the proposed increase
4 in the budget is to be expended for the first year for which the budget
5 increase was adopted.

6 9. At least two arguments, if submitted, but no more than ten
7 arguments for and two arguments, if submitted, but no more than ten arguments
8 against the proposed increase in the budget. The arguments shall be in a
9 form prescribed by the county school superintendent, and each argument shall
10 not exceed two hundred words. Arguments for the proposed increase in the
11 budget shall be provided in writing and signed by the governing board. If
12 submitted, additional arguments in favor of the proposed increase in the
13 budget shall be provided in writing and signed by those in favor. Arguments
14 against the proposed increase in the budget shall be provided in writing and
15 signed by those in opposition. The names of persons and entities submitting
16 written arguments shall be included in the report. The county school
17 superintendent shall review all factual statements contained in the written
18 arguments and correct any inaccurate statements of fact. The superintendent
19 shall not review and correct any portion of the written arguments which are
20 identified as statements of the author's opinion. The county school
21 superintendent shall make the written arguments available to the public as
22 provided in title 39, chapter 1, article 2. A deadline for submitting
23 arguments to be included in the informational report shall be set by the
24 county school superintendent.

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

28 11. The current full cash value and the assessed valuation provided by
29 the department of revenue, the first year tax rate for the proposed override
30 and the estimated amount of the secondary property taxes if the proposed
31 budget is adopted for each of the following:

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

35 (b) An owner-occupied residence whose assessed valuation is one-half
36 of the assessed valuation of the residence in subdivision (a) of this
37 paragraph.

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

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

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

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

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

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

10 C. For the purpose of this section, the school district may use its
11 staff, equipment, materials, buildings or other resources only to distribute
12 the informational report at the school district office or at public hearings
13 and to produce such information as required in subsection B of this section,
14 provided that nothing in this subsection shall preclude school districts from
15 holding or participating in any public hearings at which testimony is given
16 by at least one person for the proposed increase and one person against the
17 proposed increase. Any written information provided by the district
18 pertaining to the override election shall include financial information
19 showing the estimated first year tax rate for the proposed budget override
20 amount.

21 D. If any amount of the proposed increase will be funded by a levy of
22 taxes in the district, the election prescribed in subsection A of this
23 section shall be held on the first Tuesday following the first Monday in
24 November as prescribed by section 16-204, subsection B, paragraph 1,
25 subdivision (d). If the proposed increase will be fully funded by revenues
26 from other than a levy of taxes, the elections prescribed in subsection A of
27 this section shall be held on any date prescribed by section 16-204. The
28 elections shall be conducted as nearly as practicable in the manner
29 prescribed in article 1 of this chapter, sections 15-422 through 15-424 and
30 section 15-426, relating to special elections, except that:

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

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

35 E. If the election is to exceed the revenue control limit and if the
36 proposed increase will be fully funded by a levy of taxes upon the taxable
37 property within the school district, the ballot shall contain the words
38 "budget increase, yes" and "budget increase, no", and the voter shall signify
39 his desired choice. The ballot shall also contain the amount of the proposed
40 increase of the proposed budget over the alternate budget, a statement that
41 the amount of the proposed increase will be based on a percentage of the
42 school district's revenue control limit in future years, if applicable, as
43 provided in subsection P of this section and the following statement:

1 Any budget increase authorized by this election shall be
2 entirely funded by a levy of taxes upon the taxable property
3 within this school district for the year for which adopted and
4 for ____ subsequent years, shall not be realized from monies
5 furnished by the state and shall not be subject to the
6 limitation on taxes specified in article IX, section 18,
7 Constitution of Arizona. Based on the current assessed
8 valuation used for secondary property tax purposes, to fund the
9 proposed increase in the school district's budget would require
10 an estimated tax rate of _____ dollar per one hundred
11 dollars of assessed valuation used for secondary property tax
12 purposes and is in addition to the school district's tax rate
13 which will be levied to fund the school district's revenue
14 control limit allowed by law.

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

21 1. The amount of the proposed increase of the proposed budget over the
22 alternate budget.

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

26 3. The following statement:

27 Any budget increase authorized by this election shall be
28 entirely funded by this school district with revenues from other
29 than a levy of taxes on the taxable property within the school
30 district for the year for which adopted and for _____
31 subsequent years and shall not be realized from monies furnished
32 by the state.

33 G. Except as provided in subsection H of this section, the maximum
34 budget increase which may be requested and authorized as provided in
35 subsection E or F of this section or the combination of subsections E and F
36 of this section is fifteen per cent of the revenue control limit as provided
37 in section 15-947, subsection A for the budget year. If a school district
38 requests an override pursuant to section 15-482 or to continue with a budget
39 override pursuant to section 15-482 for pupils in kindergarten programs and
40 grades one through three that was authorized before December 31, 2008, the
41 maximum budget increase that may be requested and authorized as provided in
42 subsection E or F of this section or the combination of subsections E and F
43 of this section is ten per cent of the revenue control limit as provided in
44 section 15-947, subsection A for the budget year.

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

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

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

12 (i)

13	Small School	Support Level Weight	Phase Down
14	Student	for Small Isolated	Reduction
15	<u>Count</u>	<u>School Districts</u>	<u>Factor</u>
16	- <u>125</u>	x 1.358 + (0.0005 x	x \$ _____ = \$ _____
17		(500 - Student Count))	
18			Small Isolated
19	Phase Down	Phase Down	School District
20	<u>Base</u>	<u>Reduction Factor</u>	<u>Elementary Limit</u>
21	\$150,000	- \$ _____	= \$ _____

22 (ii)

23	Small School	Support Level Weight	Phase Down
24	Student	for Small	Reduction
25	<u>Count</u>	<u>School Districts</u>	<u>Factor</u>
26	- <u>125</u>	x 1.278 + (0.0003 x	x \$ _____ = \$ _____
27		(500 - Student Count))	
28			Small
29	Phase Down	Phase Down	School District
30	<u>Base</u>	<u>Reduction Factor</u>	<u>Elementary Limit</u>
31	\$150,000	- \$ _____	= \$ _____

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

36 (i)

37	Small School	Support Level Weight	Phase Down
38	Student	for Small Isolated	Reduction
39	<u>Count</u>	<u>School Districts</u>	<u>Factor</u>
40	- <u>100</u>	x 1.468 + (0.0005 x	x \$ _____ = \$ _____
41		(500 - Student Count))	
42			Small Isolated
43	Phase Down	Phase Down	District
44	<u>Base</u>	<u>Reduction Factor</u>	<u>Secondary Limit</u>
45	\$350,000	- \$ _____	= \$ _____

1 (ii)

2		Small School	Support Level Weight		Phase Down
3	Student	Student	for Small		Reduction
4	<u>Count</u>	<u>Count Limit</u>	<u>School Districts</u>	<u>Base Level</u>	<u>Factor</u>
5	_____	- 100	x 1.398 + (0.0004 x	x \$ _____	= \$ _____
6			(500 - Student Count))		
7				Small	
8		Phase Down	Phase Down	School District	
9		<u>Base</u>	<u>Reduction Factor</u>	<u>Secondary Limit</u>	
10		\$350,000	- \$ _____	=	\$ _____

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

14 (d) If only subdivision (a) or (b) of this paragraph applies to a
 15 unified school district, the district's limit for the purposes of this
 16 paragraph is the sum of the limit computed as provided in subdivision (a) or
 17 (b) of this paragraph plus ten per cent of the revenue control limit
 18 attributable to those grade levels that do not meet the eligibility
 19 requirements of this subsection. If a school district budgets monies outside
 20 the revenue control limit pursuant to section 15-949, subsection E, the
 21 district's limit for the purposes of this paragraph is only the ten per cent
 22 of the revenue control limit attributable to those grade levels that are not
 23 included under section 15-949, subsection E. For the purposes of this
 24 subdivision, the revenue control limit is separated into elementary and
 25 secondary components based on the weighted student count as provided in
 26 section 15-971, subsection B, paragraph 2, subdivision (a).

27 2. If a school district utilizes this subsection to request an
 28 override of more than one year, the ballot shall include an estimate of the
 29 amount of the proposed increase in the future years in place of the statement
 30 that the amount of the proposed increase will be based on a percentage of the
 31 school district's revenue control limit in future years, as prescribed in
 32 subsections E and F of this section.

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

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

37 I. If the election is to exceed the revenue control limit as provided
 38 in section 15-482 and if the proposed increase will be fully funded by a levy
 39 of taxes on the taxable property within the school district, the ballot shall
 40 contain the words "budget increase, yes" and "budget increase, no", and the
 41 voter shall signify the voter's desired choice. The ballot shall also
 42 contain the amount of the proposed increase of the budget over the alternate
 43 budget, a statement that the amount of the proposed increase will be based on
 44 a percentage of the school district's revenue control limit in future years,

1 if applicable, as provided in subsection Q of this section, and the following
2 statement:

3 Any budget increase authorized by this election shall be
4 entirely funded by a levy of taxes on the taxable property
5 within this school district for the year for which adopted and
6 for _____ subsequent years, shall not be realized from monies
7 furnished by the state and shall not be subject to the
8 limitation on taxes specified in article IX, section 18,
9 Constitution of Arizona. Based on the current assessed
10 valuation used for secondary property tax purposes, to fund the
11 proposed increase in the school district's budget which will be
12 funded by a levy of taxes upon the taxable property within this
13 school district would require an estimated tax rate of
14 _____ dollar per one hundred dollars of assessed valuation
15 used for secondary property tax purposes and is in addition to
16 the school district's tax rate that will be levied to fund the
17 school district's revenue control limit allowed by law.

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

28 Any budget increase authorized by this election shall be
29 entirely funded by this school district with revenues from other
30 than a levy of taxes on the taxable property within the school
31 district for the year for which adopted and for _____ subsequent
32 years and shall not be realized from monies furnished by the
33 state.

34 K. The maximum budget increase that may be requested and authorized as
35 provided in subsection I or J of this section, or a combination of both of
36 these subsections, is five per cent of the revenue control limit as provided
37 in section 15-947, subsection A for the budget year. For a common school
38 district not within a high school district or a common school district within
39 a high school district that offers instruction in high school subjects as
40 provided in section 15-447, five per cent of the revenue control limit means
41 five per cent of the revenue control limit attributable to the weighted
42 student count in preschool programs for children with disabilities,
43 kindergarten programs and grades one through eight as provided in section
44 15-971, subsection B. For a unified school district, five per cent of the
45 revenue control limit means five per cent of the revenue control limit

1 attributable to the weighted student count in preschool programs for children
2 with disabilities, kindergarten programs and grades one through twelve. For
3 a union high school district, five per cent of the revenue control limit
4 means five per cent of the revenue control limit attributable to the weighted
5 student count in grades nine through twelve.

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

15 Any budget increase authorized by this election shall be
16 entirely funded by a levy of taxes upon the taxable property
17 within this school district for the year in which adopted and
18 for _____ subsequent years, shall not be realized from monies
19 furnished by the state and shall not be subject to the
20 limitation on taxes specified in article IX, section 18,
21 Constitution of Arizona. Based on the current assessed
22 valuation used for secondary property tax purposes, to fund the
23 proposed increase in the school district's budget would require
24 an estimated tax rate of _____ dollar per one hundred
25 dollars of assessed valuation used for secondary property tax
26 purposes and is in addition to the school district's tax rate
27 which will be levied to fund the school district's ~~capital~~
28 ~~outlay revenue limit~~ DISTRICT ADDITIONAL ASSISTANCE allowed by
29 law.

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

39 Any budget increase authorized by this election shall be
40 entirely funded by this school district with revenues from other
41 than a levy of taxes on the taxable property within the school
42 district for the year in which adopted and for _____ subsequent
43 years and shall not be realized from monies furnished by the
44 state.

1 N. If the election is to exceed a combination of the revenue control
2 limit as provided in subsection E or F of this section, the revenue control
3 limit as provided in subsection I or J of this section or ~~the capital outlay~~
4 ~~revenue limit~~ DISTRICT ADDITIONAL ASSISTANCE as provided in subsection L or M
5 of this section, the ballot shall be prepared so that the voters may vote on
6 each proposed increase separately and shall contain statements required in
7 the same manner as if each proposed increase were submitted separately.

8 O. If the election provides for a levy of taxes on the taxable
9 property within the school district, at least thirty days prior to the
10 election, the department of revenue shall provide the school district
11 governing board and the county school superintendent with the current
12 secondary assessed valuation of the school district. The governing board and
13 the county school superintendent shall use the current secondary assessed
14 valuation of the school district to translate the amount of the proposed
15 dollar increase in the budget of the school district over that allowed by law
16 into a tax rate figure.

17 P. If the voters in a school district vote to adopt a budget in excess
18 of the revenue control limit as provided in subsection E or F of this
19 section, any additional increase shall be included in the aggregate budget
20 limit for each of the years authorized. Any additional increase shall be
21 excluded from the determination of equalization assistance. The school
22 district governing board, however, may levy on the assessed valuation used
23 for secondary property tax purposes of the property in the school district
24 the additional increase if adopted under subsection E of this section for the
25 period of one year, two years or five through seven years as authorized. If
26 an additional increase is approved as provided in subsection F of this
27 section, the school district governing board may only use revenues derived
28 from the school district's prior year's maintenance and operation fund ending
29 cash balance to fund the additional increase. If a budget increase was
30 previously authorized and will be in effect for the budget year or budget
31 year and subsequent years, as provided in subsection E or F of this section,
32 the governing board may request a new budget increase as provided in the same
33 subsection under which the prior budget increase was adopted, which shall not
34 exceed the maximum amount permitted under subsection G of this section. If
35 the voters in the school district authorize the new budget increase amount,
36 the existing budget increase no longer is in effect. If the voters in the
37 school district do not authorize the budget increase amount, the existing
38 budget increase remains in effect for the time period for which it was
39 authorized. The maximum additional increase authorized as provided in
40 subsection E or F of this section and the additional increase which is
41 included in the aggregate budget limit is based on a percentage of a school
42 district's revenue control limit in future years, if the budget increase is
43 authorized for more than one year. If the additional increase:

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

1 2. Is for five years or more, the proposed increase is equal to the
2 initial proposed percentage increase in the following years of the proposed
3 increase, except that in the next to last year it is two-thirds of the
4 initial proposed percentage increase and it is one-third of the initial
5 proposed percentage increase in the last year of the proposed increase.

6 Q. If the voters in a school district vote to adopt a budget in excess
7 of the revenue control limit as provided in subsection I or J of this
8 section, any additional increase shall be included in the aggregate budget
9 limit for each of the years authorized. Any additional increase shall be
10 excluded from the determination of equalization assistance. The school
11 district governing board, however, may levy on the assessed valuation used
12 for secondary property tax purposes of the property in the school district
13 the additional increase if adopted under subsection I of this section for the
14 period of one year, two years or five through seven years as authorized. If
15 an additional increase is approved as provided in subsection J of this
16 section, the increase may only be budgeted and expended if sufficient monies
17 are available in the maintenance and operation fund of the school district.
18 If a budget increase was previously authorized and will be in effect for the
19 budget year or budget year and subsequent years, as provided in subsection I
20 or J of this section, the governing board may request a new budget increase
21 as provided in the same subsection under which the prior budget increase was
22 adopted that does not exceed the maximum amount permitted under subsection K
23 of this section. If the voters in the school district authorize the new
24 budget increase amount, the existing budget increase no longer is in effect.
25 If the voters in the school district do not authorize the budget increase
26 amount, the existing budget increase remains in effect for the time period
27 for which it was authorized. The maximum additional increase authorized as
28 provided in subsection I or J of this section and the additional increase
29 that is included in the aggregate budget limit is based on a percentage of a
30 school district's revenue control limit in future years, if the budget
31 increase is authorized for more than one year. If the additional increase:

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

34 2. Is for five years or more, the proposed increase is equal to the
35 initial proposed percentage increase in the following years of the proposed
36 increase, except that in the next to last year it is two-thirds of the
37 initial proposed percentage increase and it is one-third of the initial
38 proposed percentage increase in the last year of the proposed increase.

39 R. If the voters in a school district vote to adopt a budget in excess
40 of the ~~capital outlay revenue limit~~ DISTRICT ADDITIONAL ASSISTANCE as
41 provided in subsection L of this section, any additional increase shall be
42 included in the aggregate budget limit for each of the years authorized. The
43 additional increase shall be excluded from the determination of equalization
44 assistance. The school district governing board, however, may levy on the
45 assessed valuation used for secondary property tax purposes of the property

1 in the school district the additional increase for the period authorized but
2 not to exceed ten years. For overrides approved by a vote of the qualified
3 electors of the school district at an election held from and after October
4 31, 1998, the period of the additional increase prescribed in this subsection
5 shall not exceed seven years for any capital override election.

6 S. If the voters in a school district vote to adopt a budget in excess
7 of the ~~capital outlay revenue limit~~ DISTRICT ADDITIONAL ASSISTANCE as
8 provided in subsection M of this section, any additional increase shall be
9 included in the aggregate budget limit for each of the years authorized. The
10 additional increase shall be excluded from the determination of equalization
11 assistance. The school district governing board may only use revenues
12 derived from the school district's prior year's maintenance and operation
13 fund ending cash balance and capital outlay fund ending cash balance to fund
14 the additional increase for the period authorized but not to exceed ten
15 years. For overrides approved by a vote of the qualified electors of the
16 school district at an election held from and after October 31, 1998, the
17 period of the additional increase prescribed in this subsection shall not
18 exceed seven years for any capital override election.

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

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

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

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

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

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

42 _____ school district is proposing to increase its
43 budget by \$_____ to fund capital improvements over and
44 above those funded by the state. Under the students first
45 capital funding system, _____ school district is entitled to

1 state monies for ~~building—renewal~~, new construction and
2 renovation of school buildings in accordance with state law.

3 2. The ballot shall contain the words "budget increase, yes" and
4 "budget increase, no", and the voter shall signify the voter's desired
5 choice.

6 3. At least eighty-five days before the election, the school district
7 shall submit proposed ballot language to the director of the Arizona
8 legislative council. The director of the Arizona legislative council shall
9 review the proposed ballot language to determine whether the proposed ballot
10 language complies with this section. If the director of the Arizona
11 legislative council determines that the proposed ballot language does not
12 comply with this section, the director, within ten calendar days of the
13 receipt of the proposed ballot language, shall notify the school district of
14 the director's objections and the school district shall resubmit revised
15 ballot language to the director for approval.

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

22 Y. Each school district that currently increases its budget pursuant
23 to this section is required to hold a public meeting each year between
24 September 1 and October 31 at which an update of the programs or capital
25 improvements financed through the override is discussed and at which the
26 public is permitted an opportunity to comment and:

27 1. If the increase is pursuant to subsection L or M of this section,
28 at a minimum, the update shall include the progress of capital improvements
29 financed through the override, a comparison of the current status and the
30 original projections on the construction of capital improvements, the costs
31 of capital improvements and the costs of capital improvements in progress or
32 completed since the prior meeting and the future capital plans of the school
33 district. The school district shall include in the public meeting a
34 discussion of the school district's use of state capital aid and
35 voter-approved bonding in funding capital improvements, if any.

36 2. If the increase is pursuant to subsection E, F, I or J of this
37 section, the update shall include at a minimum the amount expended in the
38 previous fiscal year and the amount included in the current budget for each
39 of the purposes listed in the informational report prescribed by subsection B
40 of this section.

41 Z. If a budget in excess of ~~the capital outlay revenue limit~~ DISTRICT
42 ADDITIONAL ASSISTANCE was previously adopted by the voters in a school
43 district and will be in effect for the budget year or budget year and
44 subsequent years, as provided in subsection L or M of this section, the
45 governing board may request an additional budget in excess of ~~the capital~~

1 ~~outlay revenue limit~~ DISTRICT ADDITIONAL ASSISTANCE. If the voters in a
2 school district authorize the additional budget in excess of the ~~capital~~
3 ~~outlay revenue limit~~ DISTRICT ADDITIONAL ASSISTANCE, the existing ~~capital~~
4 ~~outlay revenue limit~~ DISTRICT ADDITIONAL ASSISTANCE budget increase remains
5 in effect.

6 AA. Notwithstanding any other law, the maximum budget increase that
7 may be authorized pursuant to subsection L or M of this section is ten per
8 cent of the school district's revenue control limit.

9 BB. If the election is to continue to exceed the revenue control limit
10 and if the proposed override will be fully funded by a continuation of a levy
11 of taxes on the taxable property in the school district, the ballot shall
12 contain the words "budget override continuation, yes" and "budget override
13 continuation, no", and the voter shall signify the voter's desired choice.
14 The ballot shall also contain the amount of the proposed continuation of the
15 budget increase of the proposed budget over the alternate budget, a statement
16 that the amount of the proposed increase will be based on a percentage of the
17 school district's revenue control limit in future years, if applicable, as
18 provided in subsection P of this section and the following statement:

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

34 CC. If the election is to continue to exceed the revenue control limit
35 as provided in section 15-482 and if the proposed override will be fully
36 funded by a continuation of a levy of taxes on the taxable property in the
37 school district, the ballot shall contain the words "budget override
38 continuation, yes" and "budget override continuation, no", and the voter
39 shall signify the voter's desired choice. The ballot shall also contain the
40 amount of the proposed continuation of the budget increase of the proposed
41 budget over the alternate budget, a statement that the amount of the proposed
42 increase will be based on a percentage of the school district's revenue
43 control limit in future years, if applicable, as provided in subsection P of
44 this section and the following statement:

1 Any budget increase continuation authorized by this
2 election shall be entirely funded by a levy of taxes on the
3 taxable property in this school district for the year for which
4 adopted and for ____ subsequent years, shall not be realized
5 from monies furnished by the state and shall not be subject to
6 the limitation on taxes specified in article IX, section 18,
7 Constitution of Arizona. Based on the current assessed
8 valuation used for secondary property tax purposes, to fund the
9 proposed continuation of the increase in the school district's
10 budget would require an estimated continuation of a tax rate of
11 _____ dollar per one hundred dollars of assessed
12 valuation used for secondary property tax purposes and is in
13 addition to the school district's tax rate that will be levied
14 to fund the school district's revenue control limit allowed by
15 law.

16 Sec. 10. Section 15-491, Arizona Revised Statutes, is amended to read:
17 15-491. Elections on school property; exceptions

18 A. The governing board of a school district may, and on petition of
19 fifteen per cent of the school electors as shown by the poll list at the last
20 preceding annual school election shall, call an election for the following
21 purposes:

- 22 1. To locate or change the location of school buildings.
- 23 2. To purchase or sell school sites or buildings or sell school sites
24 pursuant to section 15-342 or to build school buildings, but the
25 authorization by vote of the school district shall not necessarily specify
26 the site to be purchased.
- 27 3. To decide whether the bonds of the school district shall be issued
28 and sold for the purpose of raising money for purchasing or leasing school
29 lots, for building or renovating school buildings, for supplying school
30 buildings with furniture, equipment and technology, for improving school
31 grounds, for purchasing pupil transportation vehicles or for liquidating any
32 indebtedness already incurred for such purposes. Bonds issued for furniture,
33 equipment and technology, other than fixtures, shall mature no later than the
34 July 1 that follows the fifth year after the bonds were issued. A school
35 district shall not issue class B bonds until the school district has
36 obligated in contract the entire proceeds of any class A bonds issued by the
37 school district. The total amount of class A and class B bonds issued by a
38 school district shall not exceed the debt limitations prescribed in article
39 IX, sections 8 and 8.1, Constitution of Arizona.
- 40 4. To lease for five or more years, as lessor or as lessee, school
41 buildings or grounds. Approval by a majority of the school district electors
42 voting authorizes the governing board to negotiate for and enter into a
43 lease. The ballot shall list the school buildings or grounds for which a
44 lease is sought. If the governing board does not enter into a lease of five
45 or more years of the school buildings or grounds listed on the ballot within

1 five years of the date of the election and the board continues to seek such a
2 lease, the governing board shall call a special election to reauthorize the
3 board to negotiate for and to enter into a lease of five or more years.

4 5. To change the list of capital projects or the purposes authorized
5 by prior voter approval to issue bonds.

6 6. To extend from six to ten years the time period to issue class B
7 bonds authorized in 2009 or earlier. Elections pursuant to this paragraph
8 may not be held later than the sixth November after the election approving
9 the issuance of the bonds.

10 B. No petition shall be required for the holding of the first election
11 to be held in a joint common school district for any of the purposes
12 specified in subsection A of this section. The notice of election required
13 by section 15-492 shall be published in each of the counties that comprise
14 the joint common school district. The certification of election results
15 required by section 15-493 shall be made to the board of supervisors of the
16 jurisdictional county.

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

22 D. The governing board shall order the election to be held in the
23 manner prescribed in title 35, chapter 3, article 3. If a petition for an
24 election has been filed with the governing board as provided in subsection A
25 of this section, the board shall act on the petition within sixty days by
26 ordering the election to be held as provided in this subsection. If a school
27 district bond election is scheduled for the same date a school district will
28 hold an override election, the governing body shall deliver a copy of the
29 notice of election and ballot to the county school superintendent who shall
30 include the notice of election and ballot with the information report and
31 ballot prepared for the override election. Mailing of the information
32 required for both the override and bond elections shall constitute compliance
33 with the notice provisions of this section.

34 E. The elections to be held pursuant to this section shall only be
35 held on dates prescribed by section 16-204, except that elections held
36 pursuant to this section to decide whether class B bonds shall be issued, or
37 any other obligation incurred that will require the assessment of secondary
38 property taxes, shall only be held on the first Tuesday after the first
39 Monday of November.

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

43 G. Bond counsel fees, financial advisory fees, printing costs and
44 paying agent and registrar fees for bonds issued pursuant to an election
45 under this section shall be paid from either the amount authorized by the

1 qualified electors of the school district or current operating funds. Bond
2 election expenses shall be paid from current operating funds only.

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

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

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

10 _____ school district is proposing to issue class B
11 general obligation bonds totaling \$_____ to fund capital
12 improvements over and above those funded by the state. Under
13 the students first capital funding system, _____ school
14 district is entitled to state monies for ~~building renewal~~, new
15 construction and renovation of school buildings in accordance
16 with state law.

17 2. For a school district that is a joint technical education district,
18 the ballot shall include the following statement:

19 _____, a joint technical education district, is
20 proposing to issue class B general obligation bonds totaling
21 \$_____ to fund capital improvements at a campus owned or
22 operated and maintained by the joint technical education
23 district.

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

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

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

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

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

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

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

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

10 1. The ballot shall include the following statement:

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

14 _____ school district is proposing to issue impact
15 aid revenue bonds totaling \$_____ to fund capital
16 improvements over and above those funded by the state. Under
17 the students first capital funding system, _____ school
18 district is entitled to state monies for ~~building renewal~~, new
19 construction and renovation of school buildings in accordance
20 with state law.

21 2. The ballot shall contain the words "bond approval, yes" and "bond
22 approval, no", and the voter shall signify the voter's desired choice.

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

33 4. No later than thirty-five days before an impact aid revenue bond
34 election conducted pursuant to this section, the school district shall mail a
35 publicity pamphlet to each household that contains a qualified elector in the
36 school district. The publicity pamphlet shall contain, at a minimum, the
37 following information:

38 (a) The date of the election.

39 (b) The voter's polling place and the times it is open.

40 (c) An executive summary of the school district's most recent capital
41 plan submitted to the school facilities board.

42 (d) A complete list of each proposed capital improvement that will be
43 funded with the proceeds of the bonds and a description of the proposed cost
44 of each improvement, including a separate aggregation of capital improvements
45 for administrative purposes as defined by the school facilities board.

1 (e) A statement that impact aid revenue bonds will be fully funded by
2 aid that the school district receives from the federal government and do not
3 require a levy of taxes in the district.

4 (f) A statement that if the bonds are approved, the first priority for
5 the impact aid will be to pay the debt service for the bonds and that other
6 uses of the monies are prohibited until the debt service obligation is met.

7 (g) A statement that if the impact aid revenue bonds are approved, the
8 school district shall not issue or sell class B bonds while the district has
9 existing indebtedness from impact aid revenue bonds, except for bonds issued
10 to refund any bonds issued by the board.

11 J. If the voters approve the issuance of school district class B bonds
12 or impact aid revenue bonds, the school district shall not use the bond
13 proceeds for any purposes other than the proposed capital improvements listed
14 in the publicity pamphlet, except that up to ten per cent of the bond
15 proceeds may be used for general capital expenses, including cost overruns of
16 proposed capital improvements. The proposed capital improvements may be
17 changed by a subsequent election as provided by this section.

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

30 L. If an election is held to change the purpose or list of capital
31 projects authorized by prior voter approval to issue bonds pursuant to
32 subsection A, paragraph 5 of this section, the following requirements apply:

33 1. The election may be held only on the first Tuesday after the first
34 Monday in November.

35 2. No later than thirty-five days before the election, the school
36 district shall mail a publicity pamphlet to each household in the school
37 district that contains a qualified elector. The publicity pamphlet shall
38 contain, at a minimum, the following information:

39 (a) The date of the election.

40 (b) The voter's polling place and the times it is open.

41 (c) A statement as to why the election was called.

42 (d) A complete list of each proposed capital improvement that is in
43 addition to the initial capital improvements presented in the publicity
44 pamphlet when the bonds were approved and the proposed cost of each

1 improvement, including a separate aggregation of capital improvements for
2 administrative purposes as defined by the school facilities board.

3 (e) A complete list of each capital improvement that was presented in
4 the publicity pamphlet when the bonds were initially approved and that is
5 proposed to be eliminated or to have its cost reduced, and the proposed cost
6 of each improvement, including a separate aggregation of capital improvements
7 for administrative purposes as defined by the school facilities board.

8 (f) Arguments for and against the proposed change, if submitted, as
9 provided by section 15-481, subsection B, paragraph 9.

10 3. The ballot shall contain the words "change capital improvements,
11 yes" and "change capital improvements, no", and the voter shall signify the
12 voter's desired choice.

13 4. If the election is to add a purpose that was not on the initial
14 ballot, the ballot shall list the purpose that is proposed to be added.

15 M. If an election is held to extend the time to issue bonds pursuant
16 to subsection A, paragraph 6 of this section, the following requirements
17 apply:

18 1. The election may be held only on the first Tuesday after the first
19 Monday in November.

20 2. No later than thirty-five days before the election, the school
21 district shall mail a publicity pamphlet to each household in the school
22 district that contains a qualified elector. The publicity pamphlet shall
23 contain, at a minimum, the following information:

24 (a) The date of the election.

25 (b) The voter's polling place and the times it is open.

26 (c) A statement as to why the election was called.

27 (d) Arguments for and against the proposed change, if submitted, as
28 provided in section 15-481, subsection B, paragraph 9.

29 3. The ballot shall contain the words "extend time to issue bonds,
30 yes" and "extend time to issue bonds, no", and the voter shall signify the
31 voter's desired choice.

32 Sec. 11. Section 15-792.03, Arizona Revised Statutes, is amended to
33 read:

34 15-792.03. Grand Canyon diploma

35 A. The private organization selected pursuant to section 15-792.02
36 shall develop the Grand Canyon diploma to be approved and adopted by the
37 state board of education. School districts and charter schools in this state
38 may choose to offer a Grand Canyon diploma beginning in the 2012-2013 school
39 year. A high school student who is enrolled in a school district or charter
40 school that offers a Grand Canyon diploma may choose to pursue a Grand Canyon
41 diploma.

42 B. Students are eligible for the Grand Canyon diploma and may be
43 awarded the Grand Canyon diploma at the end of grade ten or during or at the
44 end of grade eleven or twelve if the students meet the criteria. Students
45 who elect to pursue a Grand Canyon diploma shall participate in a board

1 examination system that consists of internationally benchmarked instructional
2 programs of study chosen by an interstate compact on board examination
3 systems.

4 C. Students who are eligible for a Grand Canyon diploma shall have
5 multiple pathways available to them and may:

6 1. Enroll the following fall semester in a community college under the
7 jurisdiction of a community college district in this state. Community
8 colleges under the jurisdiction of a community college district in this state
9 shall admit students who obtain a Grand Canyon diploma and who otherwise meet
10 the qualifications for admission. The school district or charter school from
11 which the student earned the Grand Canyon diploma shall include that student
12 in the school district's or charter school's student count and shall continue
13 to receive per pupil funding for a student who earns a Grand Canyon diploma
14 until that student would otherwise have graduated at the end of grade twelve,
15 as long as that student is enrolled as a full-time student in a community
16 college under the jurisdiction of a community college district in this
17 state. The school district or charter school shall subtract twenty per cent
18 of its average daily membership amount and reimburse the community college if
19 the student has earned a Grand Canyon diploma and is attending a community
20 college as a full-time student. If the student attends community college on
21 a community college campus, the school district or charter school shall
22 reimburse the community college district for the amount of operating and
23 capital outlay full-time student equivalency monies. For the purposes of
24 this paragraph, the amount of operating full-time student equivalency monies
25 shall be equivalent to the average appropriation per full-time student
26 equivalent for all community college districts as calculated pursuant to
27 section 15-1466, subsection C, paragraph 2. Fifty per cent of the remaining
28 balance of the per pupil funding shall be used for teacher and pupil
29 incentives, including scholarship programs, to offset the costs of board
30 examinations and to provide customized programs of assistance for students
31 who do not pass the board examinations. The other fifty per cent shall be
32 used for maintenance and operations, including capital. Under this
33 paragraph, a student who earns a Grand Canyon diploma is responsible for
34 tuition. A student who earns a Grand Canyon diploma may enroll in community
35 college courses offered on a community college campus or a high school
36 campus, or both. Notwithstanding any other law, community college districts
37 shall not classify a student who remains in high school pursuant to this
38 paragraph as a full-time equivalent student. Students who take courses on
39 high school campuses pursuant to this paragraph shall be eligible to
40 participate in extracurricular activities, including interscholastic sports,
41 through the end of grade twelve. The expenditure by community college
42 districts of payments from the school district or charter school to the
43 community colleges under this section shall not be included under the
44 district expenditure limitation prescribed pursuant to article IX, section
45 21, Constitution of Arizona. If the instruction provided under this

1 paragraph is offered on a community college campus, the funding and
2 implementation mechanics between the school district or charter school and
3 the community college shall be determined by agreement between the school
4 district or charter school and the community college.

5 2. Remain in high school and enroll in additional advanced preparation
6 board examination programs that are designed to prepare those students for
7 admission to selective postsecondary institutions that offer baccalaureate
8 degree programs. These board examination programs shall be selected from a
9 list approved by an interstate compact for board examination systems. The
10 school district or charter school from which the student became eligible for
11 the Grand Canyon diploma shall include that student in the school district's
12 or charter school's student count and shall continue to receive per pupil
13 funding for a student who is eligible for a Grand Canyon diploma until that
14 student would otherwise have graduated at the end of grade twelve, as long as
15 that student is enrolled in approved advanced preparation board examination
16 programs at that school district or charter school. Students who elect to
17 remain in high school pursuant to this paragraph shall not be prevented from
18 enrolling at a high school after the pupil becomes eligible for a Grand
19 Canyon diploma and shall be eligible to participate in extracurricular
20 activities, including interscholastic sports, through the end of grade
21 twelve.

22 3. Enroll in a full-time career and technical education program
23 offered on a high school campus or a joint technical education district
24 campus, or any combination of these campuses. Students who elect to remain
25 in high school pursuant to this paragraph shall not be prevented from
26 enrolling at a high school after the pupil becomes eligible for a Grand
27 Canyon diploma and shall be eligible to participate in extracurricular
28 activities, including interscholastic sports, through the end of grade
29 twelve. The school district or charter school from which the student became
30 eligible for the Grand Canyon diploma shall include that student in the
31 school district's or charter school's student count and shall continue to
32 receive per pupil funding for a student who is eligible for a Grand Canyon
33 diploma until that student would otherwise have graduated at the end of grade
34 twelve, as long as that student is enrolled in an approved full-time career
35 and technical education program. Notwithstanding any other law, if the
36 instruction provided under this paragraph is provided by a joint technical
37 education district in a full-time career and technical education program that
38 is designed to lead to a certificate that is awarded by an industry or
39 recognized as meeting industry standards, the sum of the average daily
40 membership for that pupil shall not exceed 1.25, and the average daily
41 membership shall be apportioned at 1.0 for the joint technical education
42 district and 0.25 for the school district.

43 4. Remain in high school without completing the next level of board
44 examination systems and participate in programs of study available to the
45 students through the school district or charter school. The school district

1 or charter school will continue to include the students in the school
2 district's or charter school's count and shall continue to receive per pupil
3 funding for the students until those students would have otherwise graduated
4 at the end of grade twelve, as long as those students are enrolled in
5 approved programs of study at that school district or charter school.
6 Students who elect to remain in high school pursuant to this paragraph shall
7 be eligible to participate in extracurricular activities, including
8 interscholastic sports.

9 5. If accepted for admission to a university under the jurisdiction of
10 the Arizona board of regents, enroll in the university after completion of
11 additional high school coursework designed to prepare students for admission
12 to selective postsecondary institutions that offer baccalaureate degrees.
13 The school district or charter school from which the student earned the grand
14 canyon diploma shall include that student in the school district's or charter
15 school's student count and shall continue to receive per pupil funding for a
16 student who earns a grand canyon diploma until that student would otherwise
17 have graduated at the end of grade twelve for as long as that student is
18 enrolled as a full-time student in the university. One-third of the school
19 district's or charter school's average daily membership amount shall be
20 retained by the school district or the operator of the charter school.
21 One-third of the school district's or charter school's average daily
22 membership amount shall be retained for use at the school site. One-third of
23 the school district's or charter school's average daily membership amount
24 shall be distributed as follows:

25 (a) One-half shall be deposited in a scholarship account established
26 and managed by the school district from which the student graduated
27 specifically for a student who qualifies for the grand canyon diploma and who
28 attends a university under the jurisdiction of the Arizona board of regents
29 as a full-time student.

30 (b) One-half shall be retained by the university where the student is
31 enrolled.

32 D. Students who pursue but do not meet the eligibility requirements
33 for a Grand Canyon diploma at the end of grade ten or eleven shall receive a
34 customized program of assistance during the next school year that addresses
35 areas in which the student demonstrated deficiencies in the approved board
36 examinations. These students may retake the board examinations at the next
37 available examination administration. Students may choose to return to a
38 traditional academic program without completing the board examination system
39 curriculum.

40 E. The private organization selected pursuant to section 15-792.02
41 shall develop detailed requirements for students to become eligible for the
42 Grand Canyon diploma, as approved and adopted by the state board of
43 education, that include at least the following:

44 1. Demonstrated skills and knowledge in English and mathematical
45 literacy to be successful in college level courses offered by the community

1 colleges in this state that count toward a degree or certificate without
2 taking remedial or developmental coursework as determined by an interstate
3 compact on board examination systems.

4 2. Satisfactory grades on approved board examinations in subjects
5 determined to be necessary to prepare a student to enter community college
6 without remedial or developmental coursework and that do not include
7 coursework required exclusively for entry into an institution that awards
8 baccalaureate degrees.

9 ~~F. A student who obtains a Grand Canyon diploma pursuant to this
10 section is not eligible to participate in the early graduation scholarship
11 program established by section 15-105 if the student elects to pursue one of
12 the pathways prescribed in subsection C, paragraph 1, 2 or 3 of this section.
13 The department of education shall not transmit any monies to the commission
14 for postsecondary education pursuant to section 15-105, subsection F on
15 behalf of any student who obtains a Grand Canyon diploma pursuant to this
16 section if the student elects to pursue one of the pathways prescribed in
17 subsection C, paragraph 1, 2 or 3 of this section.~~

18 Sec. 12. Section 15-795.01, Arizona Revised Statutes, is amended to
19 read:

20 15-795.01. Competency-based college-ready educational pathways

21 A. In accordance with the rules adopted by the state board of
22 education pursuant to section 15-203, subsection A, paragraph 39, students
23 who are eligible for a high school diploma through the fulfillment of a
24 defined competency-based college-ready educational pathway shall have
25 multiple pathways available to them and may:

26 1. Enroll the following fall semester in a community college under the
27 jurisdiction of a community college district in this state. Community
28 colleges under the jurisdiction of a community college district in this state
29 shall admit students who obtain a high school diploma through the fulfillment
30 of a defined competency-based educational pathway and who otherwise meet the
31 qualifications for admission. The school district or charter school from
32 which the student earned the high school diploma shall include that student
33 in the school district's or charter school's student count and shall continue
34 to receive per pupil funding for a student who earns a high school diploma
35 until that student would otherwise have graduated at the end of grade twelve,
36 as long as that student is enrolled as a full-time student in a community
37 college under the jurisdiction of a community college district in this state.
38 The school district or charter school shall subtract twenty per cent of its
39 average daily membership amount and reimburse the community college if the
40 student has earned a high school diploma and is attending a community college
41 as a full-time student. If the student attends community college on a
42 community college campus, the school district or charter school shall
43 reimburse the community college district for the amount of operating and
44 capital outlay full-time student equivalency monies. For the purposes of
45 this paragraph, the amount of operating full-time student equivalency monies

1 shall be equivalent to the average appropriation per full-time student
2 equivalent for all community college districts as calculated pursuant to
3 section 15-1466, subsection C, paragraph 2. Fifty per cent of the remaining
4 balance of the per pupil funding shall be used for teacher and pupil
5 incentives, including scholarship programs, to offset the costs of
6 competency-based pathways and to provide customized programs of assistance
7 for students who do not demonstrate mastery. The other fifty per cent shall
8 be used for maintenance and operations, including capital. Under this
9 paragraph, a student who earns a high school diploma is responsible for
10 tuition. A student who earns a high school diploma may enroll in community
11 college courses offered on a community college campus or a high school
12 campus, or both. Notwithstanding any other law, community college districts
13 shall not classify a student who remains in high school pursuant to this
14 paragraph as a full-time equivalent student. Students who take courses on
15 high school campuses pursuant to this paragraph shall be eligible to
16 participate in extracurricular activities, including interscholastic sports,
17 through the end of grade twelve. The expenditure by community college
18 districts of payments from the school district or charter school to the
19 community colleges under this section shall not be included under the
20 district expenditure limitation prescribed pursuant to article IX, section
21 21, Constitution of Arizona. If the instruction provided under this
22 paragraph is offered on a community college campus, the funding and
23 implementation mechanics between the school district or charter school and
24 the community college shall be determined by agreement between the school
25 district or charter school and the community college.

26 2. Remain in high school and participate in programs of study
27 available to students through the school district or charter school. The
28 school district or charter school shall continue to include that student in
29 the school district's or charter school's student count and shall continue to
30 receive per pupil funding for a student who is eligible for a high school
31 diploma until that student would otherwise have graduated at the end of grade
32 twelve, as long as that student is enrolled in approved advanced preparation
33 programs of study at that school district or charter school. Students who
34 elect to remain in high school pursuant to this paragraph shall not be
35 prevented from enrolling at a high school after the student becomes eligible
36 for a high school diploma and shall be eligible to participate in
37 extracurricular activities, including interscholastic sports, through the end
38 of grade twelve.

39 3. Enroll in a full-time career and technical education program
40 offered on a high school campus or a joint technical education district
41 campus, or any combination of these campuses. A student who elects to remain
42 in high school pursuant to this paragraph shall not be prevented from
43 enrolling at a high school after the pupil becomes eligible for a high school
44 diploma and shall be eligible to participate in extracurricular activities,
45 including interscholastic sports, through the end of grade twelve. The

1 school district or charter school from which the student became eligible for
2 the high school diploma shall include that student in the school district's
3 or charter school's student count and shall continue to receive per pupil
4 funding for a student who is eligible for a high school diploma until that
5 student would otherwise have graduated at the end of grade twelve, as long as
6 that student is enrolled in an approved full-time career and technical
7 education program. Notwithstanding any other law, if the instruction
8 provided under this paragraph is provided by a joint technical education
9 district in a full-time career and technical education program that is
10 designed to lead to a certificate that is awarded by an industry or
11 recognized as meeting industry standards, the sum of the average daily
12 membership for that pupil shall not exceed 1.25, and the average daily
13 membership shall be apportioned at 1.0 for the joint technical education
14 district and 0.25 for the school district.

15 4. If accepted for admission to a university under the jurisdiction of
16 the Arizona board of regents, enroll in the university after completion of
17 additional high school coursework designed to prepare students for admission
18 to selective postsecondary institutions that offer baccalaureate degrees.
19 The school district or charter school from which the student earned the high
20 school diploma shall include that student in the school district's or charter
21 school's student count and shall continue to receive per pupil funding for a
22 student who earns a high school diploma until that student would otherwise
23 have graduated at the end of grade twelve for as long as that student is
24 enrolled as a full-time student in the university. One-third of the school
25 district's or charter school's average daily membership amount shall be
26 retained by the school district or the operator of the charter school.
27 One-third of the school district's or charter school's average daily
28 membership amount shall be retained for use at the school site. One-third of
29 the school district's or charter school's average daily membership amount
30 shall be distributed as follows:

31 (a) Fifty per cent of this amount shall be deposited in a scholarship
32 account established and managed by the school district or charter school from
33 which the student graduated specifically for a student who qualifies for a
34 diploma and who attends a university under the jurisdiction of the Arizona
35 board of regents as a full-time student.

36 (b) Fifty per cent of this amount shall be retained by the university
37 where the student is enrolled.

38 ~~B. A student who obtains a high school diploma through the fulfillment~~
39 ~~of a defined competency based educational pathway pursuant to this section is~~
40 ~~not eligible to participate in the early graduation scholarship program~~
41 ~~established by section 15-105 if the student elects to pursue one of the~~
42 ~~pathways prescribed in subsection a of this section. The department of~~
43 ~~education shall not transmit any monies to the commission for postsecondary~~
44 ~~education pursuant to section 15-105, subsection F on behalf of any student~~
45 ~~who obtains a high school diploma pursuant to this section if the student~~

1 ~~elects to pursue one of the pathways prescribed in subsection A of this~~
2 ~~section.~~

3 Sec. 13. Section 15-808, Arizona Revised Statutes, is amended to read:

4 15-808. Arizona online instruction; reports; definitions

5 A. Arizona online instruction shall be instituted to meet the needs of
6 pupils in the information age. The state board of education shall select
7 traditional public schools and the state board for charter schools shall
8 sponsor charter schools to be online course providers or online schools. The
9 state board of education and the state board for charter schools shall
10 jointly develop standards for the approval of online course providers and
11 online schools based on the following criteria:

12 1. The depth and breadth of curriculum choices.

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

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

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

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

25 6. The availability of faculty members who are experienced with
26 computer networks, the internet and computer animation.

27 7. The extent to which the school intends to develop partnerships with
28 universities, community colleges and private businesses.

29 8. The services offered to developmentally disabled populations.

30 9. The grade levels that will be served.

31 B. Each new school that provides online instruction shall provide
32 online instruction on a probationary status. After a new school that
33 provides online instruction has clearly demonstrated the academic integrity
34 of its instruction through the actual improvement of the academic performance
35 of its students, the school may apply to be removed from probationary status.
36 The state board of education or the state board for charter schools shall
37 remove from Arizona online instruction any probationary school that fails to
38 clearly demonstrate improvement in academic performance within three years
39 measured against goals in the approved application and the state's
40 accountability system. The state board of education and the state board for
41 charter schools shall review the effectiveness of each participating school
42 and other information that is contained in the annual report prescribed in
43 subsection D of this section. All pupils who participate in Arizona online
44 instruction shall reside in this state. Pupils who participate in Arizona
45 online instruction are subject to the testing requirements prescribed in

1 chapter 7, article 3 of this title. Upon ON enrollment, the school shall
2 notify the parents or guardians of the pupil of the state testing
3 requirements. If a pupil fails to comply with the testing requirements and
4 the school administers the tests pursuant to this subsection to less than
5 ninety-five per cent of the pupils in Arizona online instruction, the pupil
6 shall not be allowed to participate in Arizona online instruction.

7 C. ~~Beginning July 1, 2010,~~ The state board of education and the state
8 board for charter schools shall develop annual reporting mechanisms for
9 schools that participate in Arizona online instruction.

10 D. The department of education shall compile the information submitted
11 in the annual reports by schools participating in Arizona online instruction.
12 The department of education shall submit the compiled report to the governor,
13 the speaker of the house of representatives and the president of the senate
14 by November 15 of each year.

15 E. Each school selected for Arizona online instruction shall ensure
16 that a daily log is maintained for each pupil who participates in Arizona
17 online instruction. The daily log shall describe the amount of time spent by
18 each pupil participating in Arizona online instruction pursuant to this
19 section on academic tasks. The daily log shall be used by the school
20 district or charter school to qualify the pupils who participate in Arizona
21 online instruction in the school's average daily attendance calculations
22 pursuant to subsection F of this section.

23 F. If a pupil is enrolled in a school district or charter school and
24 also participates in Arizona online instruction, the sum of the average daily
25 membership, which includes enrollment as prescribed in section 15-901,
26 subsection A, paragraph 1, subdivisions (a) and (b) and daily attendance as
27 prescribed in section 15-901, subsection A, paragraph 5, for that pupil in
28 the school district or charter school and in Arizona online instruction shall
29 not exceed 1.0. If the pupil is enrolled in a school district or a charter
30 school and also participates in Arizona online instruction and the sum of the
31 daily membership or daily attendance for that pupil is greater than 1.0, the
32 sum shall be reduced to 1.0 and shall be apportioned between the school
33 district, unless the school district is a joint technical education district
34 subject to the apportionment requirements of section 15-393, or charter
35 school and Arizona online instruction based on the percentage of total time
36 that the pupil is enrolled or in attendance in the school district or charter
37 school and Arizona online instruction. The uniform system of financial
38 records shall include guidelines for the apportionment of the pupil
39 enrollment and attendance as provided in this subsection. Pupils in Arizona
40 online instruction do not incur absences for purposes of this subsection and
41 may generate an average daily attendance of 1.0 for attendance hours during
42 any hour of the day, during any day of the week and at any time between July
43 1 and June 30 of each fiscal year. For kindergarten programs and grades one
44 through eight, average daily membership shall be calculated by dividing the
45 instructional hours as reported in the daily log required in subsection E of

1 this section by the applicable hourly requirements prescribed in section
2 15-901. For grades nine through twelve, average daily membership shall be
3 calculated by dividing the instructional hours as reported in the daily log
4 required in subsection E of this section by nine hundred. The average daily
5 membership of a pupil who participates in online instruction shall not exceed
6 1.0. Average daily membership shall not be calculated on the one hundredth
7 day of instruction for the purposes of this section. Funding shall be
8 determined as follows:

9 1. A pupil who is enrolled full-time in Arizona online instruction
10 shall be funded for online instruction at ninety-five per cent of the base
11 support level that would be calculated for that pupil if that pupil were
12 enrolled as a full-time student in a school district or charter school that
13 does not participate in Arizona online instruction. CHARTER additional
14 assistance, ~~capital outlay revenue limit~~ and ~~soft capital allocation limit~~
15 DISTRICT ADDITIONAL ASSISTANCE shall be calculated in the same manner they
16 would be calculated if the student were enrolled in a district or charter
17 school that does not participate in Arizona online instruction.

18 2. A pupil who is enrolled part-time in Arizona online instruction
19 shall be funded for online instruction at eighty-five per cent of the base
20 support level that would be calculated for that pupil if that pupil were
21 enrolled as a part-time student in a school district or charter school that
22 does not participate in Arizona online instruction. CHARTER additional
23 assistance, ~~capital outlay revenue limit~~ and ~~soft capital allocation limit~~
24 DISTRICT ADDITIONAL ASSISTANCE shall be calculated in the same manner they
25 would be calculated if the student were enrolled in a district or charter
26 school that does not participate in Arizona online instruction.

27 G. If the academic achievement of a pupil declines while the pupil is
28 participating in Arizona online instruction, the pupil's parents, the pupil's
29 teachers and the principal or head teacher of the school shall confer to
30 evaluate whether the pupil should be allowed to continue to participate in
31 Arizona online instruction.

32 H. To ensure the academic integrity of pupils who participate in
33 online instruction, Arizona online instruction shall include multiple diverse
34 assessment measures and the proctored administration of required state
35 standardized tests.

36 I. For the purposes of this section:

37 1. "Full-time student" means:

38 (a) A student who is at least five years of age before September 1 of
39 a school year and who is enrolled in a school kindergarten program that meets
40 at least three hundred forty-six hours during the school year.

41 (b) A student who is at least six years of age before September 1 of a
42 school year, who has not graduated from the highest grade taught in the
43 school and who is regularly enrolled in a course of study required by the
44 state board of education. For first, second and third grade students, the
45 instructional program shall meet at least seven hundred twelve hours. For

1 fourth, fifth and sixth grade students, the instructional program shall meet
2 at least eight hundred ninety hours during the school year.

3 (c) Seventh and eighth grade students or ungraded students who are at
4 least twelve, but under fourteen, years of age on or before September 1 and
5 who are enrolled in an instructional program of courses that meets at least
6 one thousand sixty-eight hours during the school year.

7 (d) For high schools, ~~except as provided in section 15-105~~, a student
8 not graduated from the highest grade taught in the school district, or an
9 ungraded student at least fourteen years of age on or before September 1, and
10 who is enrolled in at least four courses throughout the year that meet at
11 least nine hundred hours during the school year. A full-time student shall
12 not be counted more than once for computation of average daily membership.

13 2. "Online course provider" means a school other than an online school
14 that is selected by the state board of education or the state board for
15 charter schools to participate in Arizona online instruction pursuant to this
16 section and that provides at least one online academic course that is
17 approved by the state board of education.

18 3. "Online school" means a school that provides at least four online
19 academic courses or one or more online courses for the equivalent of at least
20 five hours each day for one hundred eighty school days and that is a charter
21 school that is sponsored by the state board for charter schools or a
22 traditional public school that is selected by the state board of education to
23 participate in Arizona online instruction.

24 4. "Part-time student" means:

25 (a) Any student who is enrolled in a program that does not meet the
26 definition in paragraph 1 of this subsection shall be funded at eighty-five
27 per cent of the base support level that would be calculated for that pupil if
28 that pupil were enrolled as a part-time student in a school district or
29 charter school that does not participate in Arizona online instruction.

30 (b) A part-time student of seventy-five per cent average daily
31 membership shall be enrolled in at least three subjects throughout the year
32 that offer for first, second and third grade students at least five hundred
33 thirty-four instructional hours in a school year and for fourth, fifth and
34 sixth grade students at least six hundred sixty-eight instructional hours in
35 a school year. A part-time student of fifty per cent average daily
36 membership shall be enrolled in at least two subjects throughout the year
37 that offer for first, second and third grade students at least three hundred
38 fifty-six instructional hours in a school year and for fourth, fifth and
39 sixth grade students at least four hundred forty-five instructional hours in
40 a school year. A part-time student of twenty-five per cent average daily
41 membership shall be enrolled in at least one subject throughout the year that
42 offers for first, second and third grade students at least one hundred
43 seventy-eight instructional hours in a school year and for fourth, fifth and
44 sixth grade students at least two hundred twenty-three instructional hours in
45 a school year.

1 (c) For seventh and eighth grade students, a part-time student of
2 seventy-five per cent average daily membership shall be enrolled in at least
3 three subjects throughout the year that offer at least eight hundred one
4 instructional hours in a school year. A part-time student of fifty per cent
5 average daily membership shall be enrolled in at least two subjects
6 throughout the year that offer at least five hundred thirty-four
7 instructional hours in a school year. A part-time student of twenty-five per
8 cent average daily membership shall be enrolled in at least one subject
9 throughout the year that offers at least two hundred sixty-seven
10 instructional hours in a school year.

11 (d) For high school students, a part-time student of seventy-five per
12 cent average daily membership shall be enrolled in at least three subjects
13 throughout the year that offer at least six hundred seventy-five
14 instructional hours in a school year. A part-time student of fifty per cent
15 average daily membership shall be enrolled in at least two subjects
16 throughout the year that offer at least four hundred fifty instructional
17 hours in a school year. A part-time student of twenty-five per cent average
18 daily membership shall be enrolled in at least one subject throughout the
19 year that offers at least two hundred twenty-five instructional hours in a
20 school year.

21 Sec. 14. Section 15-901, Arizona Revised Statutes, is amended to read:

22 15-901. Definitions

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

24 1. "Average daily membership" means the total enrollment of fractional
25 students and full-time students, minus withdrawals, of each school day
26 through the first one hundred days or two hundred days in session, as
27 applicable, for the current year. Withdrawals include students formally
28 withdrawn from schools and students absent for ten consecutive school days,
29 except for excused absences identified by the department of education. For
30 the purposes of this section, school districts and charter schools shall
31 report student absence data to the department of education at least once
32 every sixty days in session. For computation purposes, the effective date of
33 withdrawal shall be retroactive to the last day of actual attendance of the
34 student or excused absence.

35 (a) "Fractional student" means:

36 (i) For common schools, a preschool child who is enrolled in a program
37 for preschool children with disabilities of at least three hundred sixty
38 minutes each week or a kindergarten student at least five years of age before
39 January 1 of the school year and enrolled in a school kindergarten program
40 that meets at least three hundred fifty-six hours for a one hundred eighty
41 day school year, or the instructional hours prescribed in this section.
42 Lunch periods and recess periods may not be included as part of the
43 instructional hours unless the child's individualized education program
44 requires instruction during those periods and the specific reasons for such
45 instruction are fully documented. In computing the average daily membership,

1 preschool children with disabilities and kindergarten students shall be
2 counted as one-half of a full-time student. For common schools, a part-time
3 student is a student enrolled for less than the total time for a full-time
4 student as defined in this section. A part-time common school student shall
5 be counted as one-fourth, one-half or three-fourths of a full-time student if
6 the student is enrolled in an instructional program that is at least
7 one-fourth, one-half or three-fourths of the time a full-time student is
8 enrolled as defined in subdivision (b) of this paragraph.

9 (ii) For high schools, a part-time student who is enrolled in less
10 than four subjects that count toward graduation as defined by the state board
11 of education, each of which, if taught each school day for the minimum number
12 of days required in a school year, would meet a minimum of one hundred
13 twenty-three hours a year, or the equivalent, in a recognized high school.
14 The average daily membership of a part-time high school student shall be 0.75
15 if the student is enrolled in an instructional program of three subjects that
16 meet at least five hundred forty hours for a one hundred eighty day school
17 year, or the instructional hours prescribed in this section. The average
18 daily membership of a part-time high school student shall be 0.5 if the
19 student is enrolled in an instructional program of two subjects that meet at
20 least three hundred sixty hours for a one hundred eighty day school year, or
21 the instructional hours prescribed in this section. The average daily
22 membership of a part-time high school student shall be 0.25 if the student is
23 enrolled in an instructional program of one subject that meets at least one
24 hundred eighty hours for a one hundred eighty day school year, or the
25 instructional hours prescribed in this section.

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

27 (i) For common schools, a student who is at least six years of age
28 before January 1 of a school year, who has not graduated from the highest
29 grade taught in the school district and who is regularly enrolled in a course
30 of study required by the state board of education. First, second and third
31 grade students, ungraded students at least six, but under nine, years of age
32 by September 1 or ungraded group B children with disabilities who are at
33 least five, but under six, years of age by September 1 must be enrolled in an
34 instructional program that meets for a total of at least seven hundred twelve
35 hours for a one hundred eighty day school year, or the instructional hours
36 prescribed in this section. Fourth, fifth and sixth grade students or
37 ungraded students at least nine, but under twelve, years of age by September
38 1 must be enrolled in an instructional program that meets for a total of at
39 least eight hundred ninety hours for a one hundred eighty day school year, or
40 the instructional hours prescribed in this section. Seventh and eighth grade
41 students or ungraded students at least twelve, but under fourteen, years of
42 age by September 1 must be enrolled in an instructional program that meets
43 for at least one thousand hours. Lunch periods and recess periods may not be
44 included as part of the instructional hours unless the student is a child
45 with a disability and the child's individualized education program requires

1 instruction during those periods and the specific reasons for such
2 instruction are fully documented.

3 (ii) For high schools, ~~except as provided in section 15-105,~~ a student
4 not graduated from the highest grade taught in the school district, or an
5 ungraded student at least fourteen years of age by September 1, and enrolled
6 in at least an instructional program of four or more subjects that count
7 toward graduation as defined by the state board of education, each of which,
8 if taught each school day for the minimum number of days required in a school
9 year, would meet a minimum of one hundred twenty-three hours a year, or the
10 equivalent, that meets for a total of at least seven hundred twenty hours for
11 a one hundred eighty day school year, or the instructional hours prescribed
12 in this section in a recognized high school. A full-time student shall not
13 be counted more than once for computation of average daily membership. The
14 average daily membership of a full-time high school student shall be 1.0 if
15 the student is enrolled in at least four subjects that meet at least seven
16 hundred twenty hours for a one hundred eighty day school year, or the
17 equivalent instructional hours prescribed in this section.

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

21 (iv) Except as otherwise provided by law, for any student who is
22 concurrently enrolled in a school district and a charter school, the average
23 daily membership shall be apportioned between the school district and the
24 charter school and shall not exceed 1.0. The apportionment shall be based on
25 the percentage of total time that the student is enrolled in or in attendance
26 at the school district and the charter school.

27 (v) Except as otherwise provided by law, for any student who is
28 concurrently enrolled, pursuant to section 15-808, in a school district and
29 Arizona online instruction or a charter school and Arizona online
30 instruction, the average daily membership shall be apportioned between the
31 school district and Arizona online instruction or the charter school and
32 Arizona online instruction and shall not exceed 1.0. The apportionment shall
33 be based on the percentage of total time that the student is enrolled in or
34 in attendance at the school district and Arizona online instruction or the
35 charter school and Arizona online instruction.

36 (vi) For homebound or hospitalized, a student receiving at least four
37 hours of instruction per week.

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

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

43 (a) Grades one through eight.

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

1 4. "Current year" means the fiscal year in which a school district is
2 operating.

3 5. "Daily attendance" means:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

40 7. "District support level" means the base support level plus the
41 transportation support level.

42 8. "Eligible students" means:

43 (a) Students who are transported by or for a school district and who
44 qualify as full-time students or fractional students, except students for

1 whom transportation is paid by another school district or a county school
2 superintendent, and:

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

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

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

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

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

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

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

36 11. "High school district" means a political subdivision of this state
37 offering instruction to students for grades nine through twelve or that
38 portion of the budget of a common school district that is allocated to
39 teaching high school subjects with permission of the state board of
40 education.

41 12. "Revenue control limit" means the base revenue control limit plus
42 the transportation revenue control limit.

43 13. "Student count" means average daily membership as prescribed in
44 this subsection for the fiscal year before the current year, except that for

1 the purpose of budget preparation student count means average daily
2 membership as prescribed in this subsection for the current year.

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

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

7 16. "Total students transported" means all eligible students
8 transported from their place of residence to a school transportation pickup
9 point or to the school of attendance and from the school of attendance or
10 from the school transportation scheduled return point to their place of
11 residence.

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

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

16 1. "Base" means the revenue level per student count specified by the
17 legislature.

18 2. "Base level" means the following amounts plus the percentage
19 increases to the base level as provided in sections 15-902.02, 15-918.04,
20 15-919.04 and 15-952, except that if a school district or charter school is
21 eligible for an increase in the base level as provided in two or more of
22 these sections, the base level amount shall be calculated by compounding
23 rather than adding the sum of one plus the percentage of the increase from
24 those different sections:

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

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

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

31 (d) FOR FISCAL YEAR 2013-2014, THREE THOUSAND THREE HUNDRED TWENTY-SIX
32 DOLLARS FIFTY-FOUR CENTS.

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

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

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

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

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

7 8. "ED-P" means programs for children with emotional disabilities who
8 are enrolled in private special education programs as prescribed in section
9 15-765, subsection D, paragraph 1 or in an intensive school district program
10 as provided in section 15-765, subsection D, paragraph 2.

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

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

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

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

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

26 12. "Group B" means educational improvements for pupils in kindergarten
27 programs and grades one through three, educational programs for autism, a
28 hearing impairment, a moderate intellectual disability, multiple
29 disabilities, multiple disabilities with severe sensory impairment,
30 orthopedic impairments, preschool severe delay, a severe intellectual
31 disability and emotional disabilities for school age pupils enrolled in
32 private special education programs or in school district programs for
33 children with severe disabilities or visual impairment and English learners
34 enrolled in a program to promote English language proficiency pursuant to
35 section 15-752.

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

37 14. "Homebound" or "hospitalized" means a pupil who is capable of
38 profiting from academic instruction but is unable to attend school due to
39 illness, disease, accident or other health conditions, who has been examined
40 by a competent medical doctor and who is certified by that doctor as being
41 unable to attend regular classes for a period of not less than three school
42 months or a pupil who is capable of profiting from academic instruction but
43 is unable to attend school regularly due to chronic or acute health problems,
44 who has been examined by a competent medical doctor and who is certified by
45 that doctor as being unable to attend regular classes for intermittent

1 periods of time totaling three school months during a school year. The
2 medical certification shall state the general medical condition, such as
3 illness, disease or chronic health condition, that is the reason that the
4 pupil is unable to attend school. Homebound or hospitalized includes a
5 student who is unable to attend school for a period of less than three months
6 due to a pregnancy if a competent medical doctor, after an examination,
7 certifies that the student is unable to attend regular classes due to risk to
8 the pregnancy or to the student's health.

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

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

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

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

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

18 20. "MOID" means programs for pupils with moderate intellectual
19 disability.

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

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

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

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

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

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

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

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

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

42 27. "Small school district" means a school district that meets all of
43 the following:

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

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

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

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

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

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

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

13 Sec. 15. Section 15-901.05, Arizona Revised Statutes, is amended to
14 read:

15 15-901.05. Application of school finance changes

16 To the extent permitted by the Constitution of Arizona, unless
17 otherwise specified by law, the department shall apply any change to state
18 law that occurs after ~~the effective date of this section~~ JULY 29, 2010 and
19 that modifies or impacts the school finance formulas prescribed in this
20 title, including the base support level, the base revenue control limit, the
21 transportation support level, the transportation revenue control limit, the
22 ~~capital outlay revenue limit, the soft capital allocation~~ DISTRICT ADDITIONAL
23 ASSISTANCE, the general budget limit, ~~OR the unrestricted budget limit or~~
24 ~~the soft capital allocation limit~~, on the effective date of that change to
25 state law so that it applies to the entire fiscal year in which the change
26 became effective.

27 Sec. 16. Section 15-903, Arizona Revised Statutes, is amended to read:

28 15-903. Budget format; prohibited expenditures

29 A. The superintendent of public instruction in conjunction with the
30 auditor general shall prepare and prescribe a budget format to be utilized by
31 all school districts.

32 B. The budget format shall be designed to allow all school districts
33 to plan and provide in detail for the use of available funds. The budget
34 format shall contain distinct sections for, but need not be limited to,
35 maintenance and operation, debt service, special projects, capital outlay,
36 adjacent ways and classroom site fund. The maintenance and operation section
37 shall include, but need not be limited to, separate subsections for regular
38 education programs, special education programs and operational expenditures
39 for pupil transportation. Each subsection shall clearly distinguish
40 classroom instruction expenditures. The special education program subsection
41 shall include, but is not limited to, programs for each disability
42 classification as defined in section 15-761 and programs for gifted,
43 vocational and ~~technological~~ TECHNICAL education, remedial education and
44 bilingual students. The total expenditures for each of these programs shall
45 be included on the budget form. The pupil transportation subsection shall

1 include all operational expenditures relating to the transportation of
2 pupils, including all operational expenditures within a contract if the
3 school district contracts for pupil transportation.

4 C. The capital outlay section of the budget shall include ~~separate~~
5 ~~subsections~~ A SUBSECTION for unrestricted capital outlay and ~~soft capital~~
6 ~~allocation~~. ~~The soft capital allocation subsection shall include budgeted~~
7 ~~expenditures as prescribed in section 15-962~~. The unrestricted capital
8 outlay subsection shall include budgeted expenditures for acquisitions by
9 purchase, lease-purchase or lease of capital items as defined in the uniform
10 system of financial records. ~~These sections and subsections~~ AND shall
11 include:

12 1. Land, buildings and improvements to land and buildings, including
13 labor and related employee benefits costs and material costs if work is
14 performed by school district employees.

15 2. Furniture, furnishings, athletic equipment and other equipment,
16 including computer software.

17 3. Pupil and nonpupil transportation vehicles and equipment, including
18 all capital expenditures within a contract if the school district contracts
19 for pupil transportation.

20 4. Textbooks and related printed subject matter materials adopted by
21 the governing board.

22 5. Instructional aids.

23 6. Library books.

24 7. Payment of principal and interest on bonds.

25 8. School district administration emergency needs that are directly
26 related to pupils.

27 D. The budget format shall contain distinct subsections for the
28 following:

29 1. Special programs to improve academic achievement of pupils in
30 kindergarten programs and grades one through three as provided in section
31 15-482.

32 2. School plant funds.

33 3. Capital outlay budget increases as provided in section 15-481.

34 4. Property taxation, including the following:

35 (a) The primary tax rates for the school district for the current year
36 and the budget year.

37 (b) The secondary tax rates for maintenance and operation, K-3 and
38 capital overrides for the school district for the current year and the budget
39 year.

40 (c) The secondary tax rates for class A bonds for the school district
41 for the current year and the budget year.

42 (d) The secondary tax rates for class B bonds for the school district
43 for the current year and the budget year.

44 5. A description of any corrections or adjustments made to the budget
45 pursuant to section 15-915.

1 E. The budget format shall also contain:

2 1. A statement identifying proposed pupil-teacher ratios and
3 pupil-staff ratios relating to the provision of special education services
4 for the budget year.

5 2. A statement identifying the number of full-time equivalent
6 certified employees.

7 F. The special projects section shall include budgeted expenditures
8 for state special projects, including special adult projects, career
9 education, deficiencies correction fund projects, ~~building renewal fund~~
10 ~~projects~~ and new school facilities fund projects, such federal special
11 projects as ESEA title programs, vocational education and title IV Indian
12 education, and other special projects.

13 G. A school district shall not make expenditures for campaign
14 literature associated with school district or charter school officials. If
15 the superintendent of public instruction determines that a school district
16 has violated this subsection, the superintendent of public instruction may
17 withhold any portion of the school district's apportionment of state aid.

18 H. The budget format shall include an electronic format that shall be
19 submitted for each proposed, adopted and revised budget.

20 Sec. 17. Section 15-904, Arizona Revised Statutes, is amended to read:

21 15-904. School district annual financial report; publication;
22 summary

23 A. The governing board of each school district shall publish an annual
24 financial report for the prior fiscal year by November 15. The auditor
25 general in conjunction with the department of education shall prescribe the
26 format of the financial report to be used by school districts. The financial
27 report shall contain budgeted and actual expenditures for the preceding
28 fiscal year and shall be prepared and distributed by October 15 by the school
29 district with a copy to the county school superintendent. A copy of the
30 annual financial report shall be submitted electronically by the school
31 district to the superintendent of public instruction by October 15. The
32 annual financial report shall be approved by the county school superintendent
33 in an electronic procedure as prescribed by the department of education. On
34 or before October 15, the governing board shall submit the annual financial
35 report for the previous fiscal year to the department of education, which
36 shall prominently display this information about that school district on the
37 website maintained by the department. If the school district maintains a
38 website, the school district shall post a link to the website of the
39 department of education where this information about the school district is
40 posted. School districts that are subject to section 15-914.01 are not
41 required to send a copy to the county school superintendent.

42 B. In addition to the information required in subsection A of this
43 section, the annual financial report shall contain detailed information on
44 the school district budgeted and actual expenditures from the bond building
45 fund, the ~~soft capital allocation~~ UNRESTRICTED CAPITAL fund, the deficiencies

1 correction fund, ~~the building renewal fund~~ and the new school facilities
2 fund, including but not limited to information on classified salaries,
3 employee benefits, interest and fiscal charges, capital lease agreements,
4 land and improvements, buildings and improvements, furniture and equipment,
5 technology and vehicles and transportation equipment for pupils. The
6 information shall specify whether the expenditures are for school district
7 renovation or for new construction, the cost per square foot and land
8 acquisition costs, as appropriate.

9 C. Except as provided in subsection D of this section, the governing
10 board shall publish, by November 15, the annual financial report for the
11 school district either in a newspaper of general circulation within the
12 school district, by electronic transmission of the information to the
13 department of education for posting on the department's website or in the
14 official newspaper of the county as defined PRESCRIBED in section 11-255, or
15 the governing board may mail the annual financial report for the school
16 district to each household in the school district. If the governing board
17 chooses to transmit the report electronically to the department of education,
18 the school district shall provide a link on the school district's website to
19 the report on the department's website. If the governing board chooses to
20 publish the report in a newspaper, the size of the newspaper print shall be
21 at least eight-point type. The cost of publication or mailing shall be a
22 charge against the school district. The publisher's affidavit of publication
23 shall be filed by the governing board of the school district with the
24 superintendent of public instruction within thirty days after publication.

25 D. The governing board may publish or mail a summary of the annual
26 financial report in the same manner as provided in subsection C of this
27 section. The auditor general in conjunction with the department of education
28 shall prescribe the form of the summary of the annual financial report for
29 use by the governing boards.

30 E. The superintendent of public instruction shall compile the
31 financial reports of the school districts, including expenditure data for
32 federal and state projects, and shall report to the governor and the
33 legislature on or before January 15 of each year as provided in section
34 15-255.

35 Sec. 18. Section 15-905, Arizona Revised Statutes, is amended to read:
36 15-905. School district budgets; notice; adoption; aggregate
37 budget limit; summary; adjustments; impact aid fund;
38 definition

39 A. Not later than July 5 of each year or no later than the publication
40 of notice of the public hearing and board meeting as required by this
41 section, the governing board of each school district shall prepare and
42 furnish to the superintendent of public instruction and the county school
43 superintendent, unless waived by the county school superintendent, a proposed
44 budget in electronic format for the budget year, which shall contain the

1 information and be in the form as provided by the department of education.
2 The proposed budget shall include the following:

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

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

25 B. The governing board of each school district shall prepare a notice
26 fixing a time not later than July 15 and designating a public place within
27 each school district at which a public hearing and board meeting shall be
28 held. The governing board shall present the proposed budget for
29 consideration of the residents and the taxpayers of the school district at
30 such hearing and meeting.

31 C. The governing board of each school district shall publish or mail,
32 prior to the hearing and meeting, a copy of the proposed budget or the
33 summary of the proposed budget and, in addition, a notice of the public
34 hearing and board meeting no later than ten days prior to the meeting. The
35 proposed budget and the summary of the proposed budget shall contain the
36 percentage of increase or decrease in each budget category of the proposed
37 budget as compared to each category of the budget for the current year.
38 Notification shall be either by publication in a newspaper of general
39 circulation within the school district in which the size of the newspaper
40 print shall be at least eight-point type, by electronic transmission of the
41 information to the department of education for posting on the department's
42 website or by mailing the information to each household in the school
43 district. The cost of publication, website posting or mailing shall be a
44 charge against the school district. The publisher's affidavit of publication
45 shall be filed by the governing board with the superintendent of public

1 instruction within thirty days after publication. If the budget or proposed
2 budget and notice are posted on a website maintained by the department of
3 education or mailed, the board shall file an affidavit with the
4 superintendent of public instruction within thirty days after the mailing or
5 the date that the information is posted on the website. If a truth in
6 taxation notice and hearing is required under section 15-905.01, the
7 governing board may combine the notice and hearing under this section with
8 the truth in taxation notice and hearing.

9 D. At the time and place fixed in the notice, the governing board
10 shall hold the public hearing and present the proposed budget to the persons
11 attending the hearing. Upon ON request of any person, the governing board
12 shall explain the budget, and any resident or taxpayer of the school district
13 may protest the inclusion of any item. A governing board member who has a
14 substantial interest, as defined in section 38-502, in a specific item in the
15 school district budget shall refrain from voting on the specific item. A
16 governing board member may participate without creating a conflict of
17 interest in adoption of a final budget even though the member may have
18 substantial interest in specific items included in the budget.

19 E. Immediately following the public hearing the president shall call
20 to order the governing board meeting for the purpose of adopting the budget.
21 The governing board shall adopt the budget, which shall not exceed the
22 general budget limit, ~~OR the unrestricted capital budget limit or the soft~~
23 ~~capital allocation limit~~, making such deductions as it sees fit but making no
24 additions to the proposed budget total for maintenance and operations or
25 capital outlay, and shall enter the budget as adopted in its minutes. Not
26 later than July 18, the budget as finally adopted shall be filed by the
27 governing board with the county school superintendent who shall immediately
28 transmit a copy to the board of supervisors. Not later than July 18, the
29 budget as finally adopted shall be submitted electronically to the
30 superintendent of public instruction. Not later than July 18, the governing
31 board shall submit the budget as finally adopted to the department of
32 education, which shall prominently display this information about that school
33 district on the website maintained by the department. If the school district
34 maintains a website, the school district shall post a link to the website of
35 the department of education where this information about the school district
36 is posted. On or before October 30, the superintendent of public instruction
37 shall review the budget and notify the governing board if the budget is in
38 excess of the general budget limit, ~~OR the unrestricted capital budget limit~~
39 ~~or the soft capital allocation limit~~. The governing board shall revise the
40 budget as follows:

41 1. If the governing board receives notification that the budget
42 exceeds the general budget limit, ~~OR the unrestricted capital budget limit~~
43 ~~or the soft capital allocation limit~~ by one per cent of the general budget
44 limit or one hundred thousand dollars, whichever is less, it shall adopt on
45 or before December 15, after it gives notice and holds a public meeting in a

1 similar manner as provided in subsections C and D of this section, a revised
2 budget for the current year, which shall not exceed the general budget
3 limit, ~~OR the unrestricted capital budget limit or the soft capital~~
4 ~~allocation limit.~~

5 2. If the governing board receives notification that the budget
6 exceeds the general budget limit, ~~OR the unrestricted capital budget limit~~
7 ~~or the soft capital allocation limit~~ by less than the amount prescribed in
8 paragraph 1 of this subsection, the governing board shall adjust the budget
9 and expenditures so as not to exceed the general budget limit, ~~OR the~~
10 ~~unrestricted capital budget limit or the soft capital allocation limit~~ for
11 the current year.

12 3. On or before December 18, the governing board shall file the
13 revised budget it adopts with the county school superintendent who shall
14 immediately transmit a copy to the board of supervisors. Not later than
15 December 18, the budget as revised shall be submitted electronically to the
16 superintendent of public instruction. School districts that are subject to
17 section 15-914.01 are not required to send a copy of revised budgets to the
18 county school superintendent. Procedures for adjusting expenditures or
19 revising the budget shall be as prescribed in the uniform system of financial
20 records.

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

23 1. Amounts within the general budget limit, as provided in section
24 15-947, subsection C, may only be budgeted in the following sections of the
25 budget:

26 (a) The maintenance and operation section.

27 (b) The capital outlay section.

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

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

36 G. The governing board may authorize the expenditure of monies
37 budgeted within the maintenance and operation section of the budget for any
38 subsection within the section in excess of amounts specified in the adopted
39 budget only by action taken at a public meeting of the governing board and if
40 the expenditures for all subsections of the section do not exceed the amount
41 budgeted as provided in this section.

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

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

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

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

5 4. 3. Federal assistance, excluding title VIII of the elementary and
6 secondary education act of 1965 monies.

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

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

39 K. The governing board may include title VIII of the elementary and
40 secondary education act of 1965 assistance allocated for children with
41 disabilities, children with specific learning disabilities, children residing
42 on Indian lands and children residing within the boundaries of an
43 accommodation school that is located on a military reservation and that is
44 classified as a heavily impacted local educational agency pursuant to 20
45 United States Code section 7703 which is in addition to basic assistance when

1 determining the general budget limit as prescribed in section 15-947,
2 subsection C. The increase in the general budget limit for children residing
3 within the boundaries of an accommodation school that is located on a
4 military reservation and that is classified as a heavily impacted local
5 education agency shall equal the dollar amount calculated pursuant to 20
6 United States Code section 7703(b)(2). The governing board may adjust before
7 May 15 the budget for the current year based on any adjustments which result
8 in increases over the amount estimated by the superintendent of public
9 instruction for title VIII of the elementary and secondary education act of
10 1965 assistance for such pupils for the fiscal year preceding the current
11 year. The governing board shall adjust before May 15 the budget for the
12 current year based on any adjustments which result in decreases in the amount
13 estimated by the superintendent of public instruction for title VIII of the
14 elementary and secondary education act of 1965 assistance for such pupils for
15 the fiscal year preceding the current year. Not later than May 18, the
16 budget as adjusted shall be submitted electronically to the superintendent of
17 public instruction. Procedures for complying with this subsection shall be
18 as prescribed in the uniform system of financial records.

19 L. The department of education shall notify the state board of
20 education if expenditures by any school district exceed the general budget
21 limit prescribed in section 15-947, subsection C, the unrestricted capital
22 budget limit, ~~the soft capital allocation limit prescribed in section 15-947,~~
23 ~~subsection E,~~ the school plant fund limits prescribed in section 15-1102,
24 subsection B, the maintenance and operation section of the budget or the
25 capital outlay section of the budget. If the expenditures of any school
26 district exceed these limits or sections of the budget without authorization
27 as provided in section 15-907, and if the state board of education determines
28 that the equalization assistance for education received by the school
29 district as provided in section 15-971 does not conform with statutory
30 requirements, the state board of education shall reduce the state aid for
31 equalization assistance for education for the school district computed as
32 provided in section 15-971 during the fiscal year subsequent to the fiscal
33 year in which the excess equalization assistance for education was received
34 by an amount equal to the excess equalization assistance for education,
35 except that in case of hardship to the school district, the superintendent of
36 public instruction may approve reductions partly in the first subsequent year
37 and partly in the second subsequent year. If the state board of education
38 determines that the equalization assistance for education received by the
39 school district conforms with statutory requirements, the state board of
40 education shall not reduce the district's equalization assistance for
41 education pursuant to this subsection but the district shall reduce the
42 budget limits as required in subsection M of this section. A school district
43 that disagrees with the department of education's determination regarding an
44 excess expenditure under this subsection may request a hearing before the
45 state board of education.

1 M. The governing board of a school district shall reduce the general
2 budget limit, ~~OR the unrestricted capital budget limit or the soft capital~~
3 ~~allocation limit~~ for the year subsequent to the year in which the
4 expenditures were in excess of the applicable limit or section of the budget
5 by the amount determined in subsection L of this section, except that in case
6 of hardship to the school district, the superintendent of public instruction
7 may approve reductions partly in the first subsequent year and partly in the
8 second subsequent year. The reduction in the limit is applicable to each
9 school district which has exceeded the general budget limit, the unrestricted
10 capital budget limit, ~~the soft capital allocation limit~~ or a section of the
11 budget even if the reduction exceeds the state aid for equalization
12 assistance for education for the school district.

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

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

39 1. For fiscal year 1988-1989:

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

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

6 (c) Multiply one thousand nine hundred fourteen dollars by the number
7 of children residing on Indian lands who have disabilities or also have
8 specific learning disabilities reported to the division of impact aid, United
9 States department of education in the district's application for fiscal year
10 1987-1988.

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

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

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

21 3. If the district is eligible to use the provisions of this
22 subsection, subtract the amount of title VIII of the elementary and secondary
23 education act of 1965 assistance determined in subsection K of this section
24 from the sum determined in paragraph 1, subdivision (d) of this subsection.
25 The difference is the increase in the amount that may be included in
26 determining the general budget limit as provided in subsection K of this
27 section, if including this amount does not increase the district's primary
28 tax rate for the budget year. If the amount of title VIII of the elementary
29 and secondary education act of 1965 assistance determined in subsection K of
30 this section is adjusted for the current year, the increase determined in
31 this paragraph shall be recomputed using the adjusted amount and the
32 recomputed increase shall be reported to the department of education by May
33 15 on a form prescribed by the department of education.

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

39 P. A school district, except for an accommodation school, which
40 applies for title VIII of the elementary and secondary education act of 1965
41 assistance during the current year may budget an amount for title VIII of the
42 elementary and secondary education act of 1965 administrative costs for the
43 budget year. The amount budgeted for title VIII of the elementary and
44 secondary education act of 1965 administrative costs is exempt from the

1 revenue control limit and may not exceed an amount determined for the
2 budgeted year as follows:

3 1. Determine the minimum cost. The minimum cost for fiscal year
4 1990-1991 is two thousand three hundred forty-three dollars. For fiscal year
5 1991-1992 and thereafter, the minimum cost is the minimum cost for the prior
6 year increased by the growth rate as prescribed by law, subject to
7 appropriation.

8 2. Determine the hourly rate. The hourly rate for fiscal year
9 1990-1991 is nine dollars thirty-eight cents. For fiscal year 1991-1992 and
10 thereafter, the hourly rate is the hourly rate for the prior year increased
11 by the growth rate as prescribed by law, subject to appropriation.

12 3. Determine the title VIII of the elementary and secondary education
13 act of 1965 revenues available by subtracting the amount of title VIII of the
14 elementary and secondary education act of 1965 assistance used to increase
15 the general budget limit as provided in subsections K and O of this section
16 for the current fiscal year from the total amount of title VIII of the
17 elementary and secondary education act of 1965 revenues received in the
18 current fiscal year.

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

20 (a) Determine the sum of the following:

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

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

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

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

29 (b) For the purposes of this paragraph:

30 (i) "High impact pupil" means a pupil who resides on Indian lands or a
31 pupil who resides on federal property or in low rent housing and whose parent
32 is employed on federal property or low rent housing property or is on active
33 duty in uniformed service, as provided in title VIII of the elementary and
34 secondary education act of 1965, section 8003(a) (20 United States Code
35 section 7703) and as reported in the application for title VIII of the
36 elementary and secondary education act of 1965 assistance in the current
37 year.

38 (ii) "Low impact pupil" means a pupil who resides on nonfederal
39 property and has a parent who is employed on federal property or low rent
40 housing property or is on active duty in a uniformed service or a pupil who
41 resides on federal property or in low rent housing and who does not have a
42 parent who is employed on federal property or low rent housing property or is
43 on active duty in uniformed service, as provided in title VIII of the
44 elementary and secondary education act of 1965, section 8003(a) (20 United
45 States Code section 7703) and as reported in the application for title VIII

1 of the elementary and secondary education act of 1965 assistance in the
2 current year.

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

6 6. Determine the greater of the minimum cost determined in paragraph 1
7 of this subsection or the product determined in paragraph 5 of this
8 subsection.

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

14 8. Determine the lesser of the amount determined in paragraph 7 of
15 this subsection or the revenues available as determined in paragraph 3 of
16 this subsection.

17 9. The amount determined in paragraph 8 of this subsection is the
18 maximum amount which may be budgeted for title VIII of the elementary and
19 secondary education act of 1965 administrative costs for the budget year as
20 provided in this subsection.

21 10. If the governing board underestimated the amount that may be
22 budgeted for title VIII of the elementary and secondary education act of
23 1965, section 8007 administrative costs for the current year, the board may
24 adjust the general budget limit and the budget before May 15. If the
25 governing board overestimated the amount that may be budgeted for title VIII
26 of the elementary and secondary education act of 1965 administrative costs
27 for the current year, the board shall adjust the general budget limit and the
28 budget before May 15.

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

42 R. Notwithstanding any other law, if a school district receives
43 assistance pursuant to title VIII of the elementary and secondary education
44 act of 1965, the school district shall establish a local level fund
45 designated as the impact aid fund and deposit the impact aid monies received

1 in the fund. The school district shall separately account for monies in the
2 fund and shall not combine monies in the fund with any other source of local,
3 state or federal assistance. Monies in the fund shall be expended pursuant
4 to federal law only for the purposes allowed by this title. The school
5 district shall account for monies in the fund according to the uniform system
6 of financial records as prescribed by the auditor general. The
7 superintendent of public instruction shall separately account for monies in
8 each school district's impact aid fund, if an impact aid fund is established,
9 in the annual report required by section 15-255. Monies in the fund are
10 considered federal monies and are not subject to legislative appropriation.

11 S. For the purposes of this section, "title VIII of the elementary and
12 secondary education act of 1965 assistance" means, for the current year, an
13 amount equal to the final determination of title VIII of the elementary and
14 secondary education act of 1965 assistance for the fiscal year preceding the
15 current year as confirmed by the division of impact aid, United States
16 department of education or, if a final determination has not been made, the
17 amount estimated by the superintendent of public instruction as confirmed by
18 the division of impact aid, United States department of education and, for
19 the budget year, an amount equal to the determination of title VIII of the
20 elementary and secondary education act of 1965 assistance for the fiscal year
21 preceding the budget year as estimated by the superintendent of public
22 instruction.

23 Sec. 19. Section 15-906, Arizona Revised Statutes, is amended to read:

24 15-906. Procedure for payment of levy fund liabilities payable
25 on June 30; lapsing of levy funds with balance for
26 reduction of taxes

27 A. Annually on or before June 30, each school district shall prepare
28 for all levy funds a list of liabilities for goods received or services
29 rendered on or before June 30 which will not be paid by June 30 of the
30 current fiscal year.

31 B. Each school district having levy fund liabilities payable on June
32 30 shall file an advice of encumbrance with the county school superintendent
33 on or before July 18, in the manner and upon a form to be prescribed in the
34 uniform system of financial records. The county school superintendent shall
35 encumber amounts that are included in year to date expenditures not to exceed
36 the budget and that are available to pay the liabilities pursuant to section
37 15-304. Any cash balances remaining in the maintenance and operation, the
38 unrestricted capital outlay, ~~the soft capital allocation~~ and the adjacent
39 ways funds after encumbrances on June 30 of the current year ~~except reverted~~
40 ~~monies as provided in section 15-991.02~~ that will be budgeted in the
41 unrestricted capital outlay fund in the following fiscal year pursuant to
42 section 15-947, subsection D, ~~paragraphs 4 and 5~~ and that will be budgeted in
43 ~~the soft capital allocation fund in the following fiscal year pursuant to~~
44 ~~section 15-947, subsection E, paragraphs 2 and 3~~ shall be used for reduction
45 of school district taxes for the budget year.

1 C. The county school superintendent may draw warrants against the
2 obligated in contract amounts pursuant to subsection B of this section for a
3 period of sixty days immediately following the close of the fiscal year.

4 D. After expiration of the period of sixty days immediately following
5 the close of each fiscal year, the remaining obligated in contract balance
6 shall lapse and no further payments from the maintenance and operation,
7 unrestricted capital outlay, ~~soft capital allocation~~ and adjacent ways funds
8 shall be made on any claim for expenditures of the prior fiscal year.

9 E. School districts that are subject to section 15-914.01 shall adhere
10 to the duties described in section 15-304 for the purposes of this section.

11 Sec. 20. Section 15-909, Arizona Revised Statutes, is amended to read:
12 15-909. Financial provisions for accommodation schools;

13 definition

14 A. An accommodation school shall compute a revenue control limit, A
15 DISTRICT SUPPORT LEVEL ~~a capital outlay revenue limit~~ and a ~~soft capital~~
16 DISTRICT ADDITIONAL ASSISTANCE allocation limit for each fiscal year of
17 operation.

18 B. For the purpose of computing a revenue control limit, A DISTRICT
19 SUPPORT LEVEL ~~a capital outlay revenue limit~~ and a ~~soft capital~~ DISTRICT
20 ADDITIONAL ASSISTANCE allocation limit, "accommodation school" ~~means:~~ HAS THE
21 SAME MEANING PRESCRIBED IN SECTION 15-101.

22 1. ~~A common school district within a high school district if the~~
23 ~~school does not offer instruction in grade nine, ten, eleven or twelve or has~~
24 ~~not received permission to offer instruction in high school subjects as~~
25 ~~provided in section 15-447.~~

26 2. ~~A unified school district if the school offers instruction in grade~~
27 ~~nine, ten, eleven or twelve and has received permission to offer instruction~~
28 ~~in high school subjects as provided in section 15-447.~~

29 C. State aid shall be apportioned as provided in section 15-973 to
30 each county accommodation school.

31 Sec. 21. Section 15-910, Arizona Revised Statutes, is amended to read:
32 15-910. School district budgets; excess utility costs;

33 desegregation costs; tuition costs for bond issues;

34 costs for registering warrants; report

35 A. The governing board may budget for the district's excess utility
36 costs which are specifically exempt from the district's revenue control
37 limit. If approved by the qualified electors voting at a statewide general
38 election, the exemption from the revenue control limit under this subsection
39 expires at the end of the 2008-2009 budget year. The uniform system of
40 financial records shall specify expenditure items allowable as excess utility
41 costs, which are limited to direct operational costs of heating, cooling,
42 water and electricity, telephone communications and sanitation fees. The
43 department of education and the auditor general shall include in the
44 maintenance and operation section of the budget format, as provided in
45 section 15-903, a separate line for utility expenditures and a special excess

1 utility cost category. The special excess utility cost category shall
2 contain budgeted expenditures for excess utility costs, determined as
3 follows:

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

6 2. Multiply the amount in paragraph 1 of this subsection by the total
7 percentage increase or decrease in the revenue control limit and the capital
8 outlay revenue limit for the budget year over the revenue control limit and
9 the capital outlay revenue limit for fiscal year 1984-1985 excluding monies
10 available from a career ladder program or a teacher compensation program
11 provided for in section 15-952.

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

14 4. Additional expenditures for utilities are budgeted in the excess
15 utility cost category.

16 B. The governing board shall apply the same percentage increase or
17 decrease allowed in the revenue control limit and the capital outlay revenue
18 limit as provided in section 15-905, subsection E or section 15-948 to the
19 utility expenditure line of the budget.

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

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

28 E. If the revised excess utility cost category results in an
29 expenditure of monies in excess of school district revenues for the current
30 year, the county school superintendent shall include within the revenue
31 estimate for the budget year monies necessary to meet the liabilities
32 incurred by the school district in the current year in excess of revenues
33 received for the current year.

34 F. If a school district receives a refund of utility expenditures or a
35 rebate on energy saving devices or services, the refund or rebate shall be
36 applied against utility expenditures for the current year as a reduction of
37 the expenditures, except that the reduction of expenditures shall not exceed
38 the amount of actual utility expenditures.

39 G. The governing board may budget for expenses of complying with or
40 continuing to implement activities which were required or permitted by a
41 court order of desegregation or administrative agreement with the United
42 States department of education office for civil rights directed toward
43 remediating alleged or proven racial discrimination which are specifically
44 exempt in whole or in part from the revenue control limit and ~~the capital~~
45 ~~outlay revenue limit~~ DISTRICT ADDITIONAL ASSISTANCE. This exemption applies

1 only to expenses incurred for activities which are begun before the
2 termination of the court order or administrative agreement. If a district is
3 levying a primary property tax on February 23, 2006 and using those monies to
4 administer an English language learner program to remedy alleged or proven
5 discrimination under title VI of the civil rights act of 1964 (42 United
6 States Code section 2000d), the district may spend those monies to remedy a
7 violation of the equal education act of 1974 (20 United States Code section
8 1703(f)). Nothing in this subsection allows a school district to levy a
9 primary property tax for violations of the equal education act of 1974 (20
10 United States Code section 1703(f)) in the absence of an alleged or proven
11 discrimination under title VI of the civil rights act of 1964 (42 United
12 States Code section 2000d).

13 H. If a governing board chooses to budget monies outside of the
14 revenue control limit as provided in subsection G of this section, the
15 governing board may do one of the following:

16 1. Use monies from the maintenance and operation fund equal to any
17 excess desegregation or compliance expenses beyond the revenue control limit
18 before June 30 of the current year.

19 2. Notify the county school superintendent to include the cost of the
20 excess expenses in the county school superintendent's estimate of the
21 additional amount needed for the school district from the primary property
22 tax as provided in section 15-991.

23 3. Employ the provisions of both paragraphs 1 and 2 of this
24 subsection, provided that the total amount transferred and included in the
25 amount needed from property taxes does not exceed the total amount budgeted
26 as prescribed in subsection J, paragraph 1 of this section.

27 ~~I. Through fiscal year 2003-2004, the maximum amount which a governing~~
28 ~~board may budget outside of the capital outlay revenue limit as provided in~~
29 ~~subsection G of this section is twelve per cent of the maintenance and~~
30 ~~operation desegregation budget as provided in subsection J of this section or~~
31 ~~the amount that it budgeted pursuant to this subsection for fiscal year~~
32 ~~2001-2002, whichever is less. If a governing board chooses to budget monies~~
33 ~~outside of the capital outlay revenue limit DISTRICT ADDITIONAL ASSISTANCE as~~
34 ~~provided in subsection G of this section, the governing board may notify the~~
35 ~~county school superintendent to include the cost of the excess expenses in~~
36 ~~the county school superintendent's estimate of the additional amount needed~~
37 ~~for the school district from the primary property tax as provided in section~~
38 ~~15-991.~~

39 J. A governing board using subsections G, H and I of this section:

40 1. Shall prepare and employ a separate maintenance and operation
41 desegregation budget and capital outlay desegregation budget on a form
42 prescribed by the superintendent of public instruction in conjunction with
43 the auditor general. The budget format shall be designed to allow a school
44 district to plan and provide in detail for expenditures to be incurred solely
45 as a result of compliance with or continuing to implement activities which

1 were required or permitted by a court order of desegregation or
2 administrative agreement with the United States department of education
3 office for civil rights directed toward remediating alleged or proven racial
4 discrimination.

5 2. Shall prepare as a part of the annual financial report a detailed
6 report of expenditures incurred solely as a result of compliance with or
7 continuing to implement activities which were required or permitted by a
8 court order of desegregation or administrative agreement with the United
9 States department of education office for civil rights directed toward
10 remediating alleged or proven racial discrimination, in a format prescribed
11 by the auditor general in conjunction with the Arizona department of
12 education as provided by section 15-904.

13 3. On or before July 15, 2006 and each year thereafter, shall collect
14 and report data regarding activities related to a court order of
15 desegregation or an administrative agreement with the United States
16 department of education office for civil rights directed toward remediating
17 alleged or proven racial discrimination in a format prescribed by the Arizona
18 department of education. The department shall compile and submit copies of
19 the reports to the governor, the president of the senate, the speaker of the
20 house of representatives and the chairpersons of the education committees of
21 the senate and the house of representatives. A school district that becomes
22 subject to a new court order of desegregation or a party to an administrative
23 agreement with the United States department of education office for civil
24 rights directed toward remediating alleged or proven racial discrimination
25 shall submit these reports on or before July 15 or within ninety days of the
26 date of the court order or administrative agreement, whichever occurs first.
27 The Arizona department of education, in consultation with the auditor
28 general, shall develop reporting requirements to ensure that school districts
29 submit at least the following information and documentation to the Arizona
30 department of education beginning in fiscal year 2006-2007:

31 (a) A district-wide budget summary and a budget summary on a school by
32 school basis for each school in the school district that lists the sources
33 and uses of monies that are designated for desegregation purposes.

34 (b) A detailed list of desegregation activities on a district-wide
35 basis and on a school by school basis for each school in the school district.

36 (c) The date that the school district was determined to be out of
37 compliance with title VI of the civil rights act of 1964 (42 United States
38 Code section 2000d) and the basis for that determination.

39 (d) The initial date that the school district began to levy property
40 taxes to provide funding for desegregation expenses and any dates that these
41 property tax levies were increased.

42 (e) If applicable, a current and accurate description of all magnet
43 type programs that are in operation pursuant to the court order during the
44 current school year on a district-wide basis and on a school by school basis.
45 This information shall contain the eligibility and attendance criteria of

1 each magnet type program, the capacity of each magnet type program, the
2 ethnic composition goals of each magnet type program, the actual attending
3 ethnic composition of each magnet type program and the specific activities
4 offered in each magnet type program.

5 (f) The number of pupils who participate in desegregation activities
6 on a district-wide basis and on a school by school basis for each school in
7 the school district.

8 (g) A detailed summary of the academic achievement of pupils on a
9 district-wide basis and on a school by school basis for each school in the
10 school district.

11 (h) The number of employees, including teachers and administrative
12 personnel, on a district-wide basis and on a school by school basis for each
13 school in the school district that is necessary to conduct desegregation
14 activities.

15 (i) The number of employees, including teachers and administrative
16 personnel, on a district-wide basis and on a school by school basis for each
17 school in the school district and the number of employees at school district
18 administrative offices that are funded in whole or in part with desegregation
19 monies received pursuant to this section.

20 (j) The amount of monies that is not derived through a primary or
21 secondary property tax levy and that is budgeted and spent on desegregation
22 activities on a district-wide basis and on a school by school basis for each
23 school in the school district.

24 (k) Verification that the desegregation funding will supplement and
25 not supplant funding for other academic and extracurricular activities.

26 (l) Verification that the desegregation funding is educationally
27 justifiable.

28 (m) Any documentation that supports the proposition that the requested
29 desegregation funding is intended to result in equal education opportunities
30 for all pupils in the school district.

31 (n) Verification that the desegregation funding will be used to
32 promote systemic and organizational changes within the school district.

33 (o) Verification that the desegregation funding will be used in
34 accordance with the academic standards adopted by the state board of
35 education pursuant to sections 15-701 and 15-701.01.

36 (p) Verification that the desegregation funding will be used to
37 accomplish specific actions to remediate proven discrimination pursuant to
38 title VI of the civil rights act of 1964 (42 United States Code section
39 2000d) as specified in the court order or administrative agreement.

40 (q) An evaluation by the school district of the effectiveness of the
41 school district's desegregation measures.

42 (r) An estimate of when the school district will be in compliance with
43 the court order or administrative agreement and a detailed account of the
44 steps that the school district will take to achieve compliance.

1 (s) Any other information that the department of education deems
2 necessary to carry out the purposes of this paragraph.

3 K. If a school district governing board budgets for expenses of
4 complying with a court order of desegregation or an administrative agreement
5 with the United States department of education office for civil rights
6 directed toward remediating alleged or proven racial discrimination, the
7 governing board shall ensure that the desegregation expenses will:

8 1. Be educationally justifiable.

9 2. Result in equal education opportunities for all pupils in the
10 school district.

11 3. Be used to promote systemic and organizational changes within the
12 school district.

13 4. Be used in accordance with the academic standards adopted by the
14 state board of education pursuant to sections 15-701 and 15-701.01.

15 5. Be used to accomplish specific actions to remediate proven
16 discrimination pursuant to title VI of the civil rights act of 1964 (42
17 United States Code section 2000d) as specified in the court order or
18 administrative agreement.

19 6. Be used in accordance with a plan submitted to the department of
20 education that includes an estimate of the amount of monies that will be
21 required to bring the school district into compliance with the court order or
22 administrative agreement and an estimate of when the school district will be
23 in compliance with the court order or administrative agreement.

24 7. Beginning in fiscal year 2009-2010 and continuing each fiscal year
25 thereafter, not exceed the amount budgeted by the school district for
26 desegregation expenses in fiscal year 2008-2009.

27 L. The governing board may budget for the bond issues portion of the
28 cost of tuition charged the district as provided in section 15-824 for the
29 pupils attending school in another school district, except that if the
30 district is a common school district not within a high school district, the
31 district may only include that part of tuition which is excluded from the
32 revenue control limit and district support level as provided in section
33 15-951. The bond issues portion of the cost of tuition charged is
34 specifically exempt from the revenue control limit of the school district of
35 residence, and the primary property tax rate set to fund this amount shall
36 not be included in the computation of additional state aid for education as
37 provided in section 15-972, except as provided in section 15-972,
38 subsection E. The department of education and the auditor general shall
39 include in the maintenance and operation section of the budget format, as
40 provided in section 15-903, a separate category for the bond issues portion
41 of the cost of tuition.

42 M. The governing board may budget for interest expenses it incurred
43 for registering warrants drawn against a fund of the school district or net
44 interest expense on tax anticipation notes as prescribed in section
45 35-465.05, subsection C for the fiscal year preceding the current year if the

1 county treasurer pooled all school district monies for investment as provided
2 in section 15-996 for the fiscal year preceding the current year and, in
3 those school districts that receive state aid, the school districts applied
4 for an apportionment of state aid before the date set for the apportionment
5 as provided in section 15-973 for the fiscal year preceding the current year.
6 The governing board may budget an amount for interest expenses for
7 registering warrants or issuing tax anticipation notes equal to or less than
8 the amount of the warrant interest expense or net interest expense on tax
9 anticipation notes as prescribed in section 35-465.05, subsection C for the
10 fiscal year preceding the current year as provided in this subsection which
11 is specifically exempt from the revenue control limit. For the purposes of
12 this subsection, "state aid" means state aid as determined in sections 15-971
13 and 15-972.

14 Sec. 22. Title 15, chapter 9, article 1, Arizona Revised Statutes, is
15 amended by adding section 15-917, to read:

16 15-917. Performance incentive fund; eligibility; use of monies

17 A. THE PERFORMANCE INCENTIVE FUND IS ESTABLISHED CONSISTING OF
18 LEGISLATIVE APPROPRIATIONS FOR SCHOOL DISTRICT AND CHARTER HOLDER PERFORMANCE
19 FUNDING. THE DEPARTMENT OF EDUCATION SHALL ADMINISTER THE FUND. MONIES IN
20 THE FUND ARE EXEMPT FROM THE PROVISIONS OF SECTION 35-190 RELATING TO LAPSING
21 OF APPROPRIATIONS. BEGINNING IN FISCAL YEAR 2014-2015, THE DEPARTMENT OF
22 EDUCATION SHALL DISTRIBUTE MONIES IN THE FUND TO SCHOOL DISTRICTS AND CHARTER
23 HOLDERS BASED ON ACHIEVEMENT AND IMPROVEMENT ON THE ASSIGNED ACHIEVEMENT
24 PROFILE PURSUANT TO SECTION 15-241.

25 B. THE PERFORMANCE FUNDING AMOUNT SHALL BE BUDGETED IN THE SEPARATE
26 SUBSECTIONS OF THE MAINTENANCE AND OPERATIONS AND CAPITAL OUTLAY SECTIONS OF
27 THE BUDGET USING FORMS PRESCRIBED BY THE AUDITOR GENERAL IN CONJUNCTION WITH
28 THE DEPARTMENT OF EDUCATION. THE UNEXPENDED BUDGET BALANCE IN THE
29 PERFORMANCE FUNDING SUBSECTIONS OF THE BUDGET MAY BE CARRIED FORWARD TO THE
30 FOLLOWING FISCAL YEARS AND SHALL NOT BE INCLUDED IN THE ALLOWABLE BUDGET
31 BALANCE CARRYFORWARD CALCULATED PURSUANT TO SECTION 15-943.01.

32 C. A SCHOOL DISTRICT OR CHARTER HOLDER IS ELIGIBLE FOR MONIES FROM THE
33 PERFORMANCE INCENTIVE FUND ONLY IF THE SCHOOL DISTRICT OR CHARTER HOLDER WAS
34 ASSIGNED AN ACHIEVEMENT PROFILE PURSUANT TO SECTION 15-241, SUBSECTION H, AS
35 DEVELOPED IN ACCORDANCE WITH THE REQUIREMENTS ESTABLISHED IN SECTION 15-241,
36 SUBSECTION G. SCHOOL DISTRICTS OR CHARTER HOLDERS THAT ARE ASSIGNED A
37 PARALLEL ACHIEVEMENT PROFILE PURSUANT TO SECTION 15-241, SUBSECTION J ARE NOT
38 ELIGIBLE FOR MONIES FROM THE PERFORMANCE INCENTIVE FUND.

39 Sec. 23. Section 15-945, Arizona Revised Statutes, is amended to read:

40 15-945. Transportation support level

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

43 1. Determine the approved daily route mileage of the school district
44 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 Mileage per Eligible Student Transported	State Support Level per Route Mile for Fiscal Year <u>2012-2013</u> <u>2013-2014</u>
0.5 or less	2.42 2.46
More than 0.5 through 1.0	1.97 2.01
More than 1.0	2.42 2.46

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.

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

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

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

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

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

1 within a high school district or an accommodation school that does not offer
2 instruction in grades nine through twelve and "district type 05" means a high
3 school district.

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

6 1. Determine the sum of the following:

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

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

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

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

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

33 Sec. 24. Section 15-947, Arizona Revised Statutes, is amended to read:

34 15-947. Revenue control limit; district support level; general
35 budget limit; unrestricted total capital budget
36 limit; district additional assistance limit

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

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

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

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

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

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

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

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

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

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

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

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

21 (vii) State assistance for excess tuition as provided in section
22 15-825.01.

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

25 (ix) Transportation revenues for attendance of nonresident pupils.

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

28 (c) Expenditures for excess utility costs as provided in section
29 15-910.

30 (d) Amounts authorized by the county school superintendent pursuant to
31 section 15-974, subsection B.

32 (e) Expenditures for complying with a court order of desegregation as
33 provided in section 15-910.

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

36 (g) Interest on registered warrants or tax anticipation notes as
37 provided in section 15-910.

38 (h) Amounts budgeted for a jointly owned and operated career and
39 technical education and vocational education center as provided in section
40 15-910.01.

41 3. The maintenance and operations portion of ~~the capital outlay~~
42 ~~revenue limit~~ DISTRICT ADDITIONAL ASSISTANCE for the budget year.

43 4. Any other budget item that is budgeted in the maintenance and
44 operation section of the budget and that is specifically exempt from the

1 revenue control limit or ~~the capital outlay revenue limit~~ DISTRICT ADDITIONAL
2 ASSISTANCE.

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

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

7 2. Any other budget item that is budgeted in the capital outlay
8 section of the budget and that is specifically exempt from ~~the capital outlay~~
9 ~~revenue limit~~ DISTRICT ADDITIONAL ASSISTANCE.

10 3. The unrestricted capital portion of the amounts contained in
11 subsection C of this section.

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

14 5. The net interest earned in the unrestricted capital outlay fund the
15 previous fiscal year.

16 ~~6. The budgeted amount as approved and determined pursuant to section~~
17 ~~15-962, subsection F.~~

18 ~~E. The soft capital allocation limit for each school district for each~~
19 ~~fiscal year is the sum of the following:~~

20 ~~1. The soft capital allocation for the budget year.~~

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

23 ~~3. The net interest earned in the soft capital allocation fund the~~
24 ~~previous fiscal year.~~

25 Sec. 25. Section 15-947.01, Arizona Revised Statutes, is amended to
26 read:

27 15-947.01. Revenue control limit; general budget limit; total
28 capital budget limit for joint technical education
29 districts

30 A. The revenue control limit for a joint technical education district
31 is equal to the base support level determined in section 15-943.02.

32 B. The general budget limit for each joint technical education
33 district, for each fiscal year, is the sum of the following:

34 1. The revenue control limit for the budget year.

35 2. ~~The capital outlay revenue limit~~ DISTRICT ADDITIONAL ASSISTANCE for
36 the budget year.

37 3. Tuition revenues for attendance of nonresident pupils.

38 4. Title VIII of the elementary and secondary education act of 1965
39 assistance determined for children with disabilities, children with specific
40 learning disabilities and children residing on Indian lands as provided in
41 section 15-905, subsections K and O.

42 5. Expenditures for excess utility costs as provided in section
43 15-910.

1 C. The unrestricted capital budget limit for each joint technical
2 education district for the budget year is as provided in section 15-947,
3 subsection D.

4 ~~D. The soft capital allocation limit for each joint technical~~
5 ~~education district for the budget year is as provided in section 15-947,~~
6 ~~subsection E.~~

7 Sec. 26. Section 15-951, Arizona Revised Statutes, is amended to read:

8 15-951. District additional assistance, district support level
9 and student count for a common school district not
10 within a high school district

11 A. Notwithstanding section 15-947, the revenue control limit for a
12 common school district not within a high school district is the sum of the
13 following:

14 1. The base revenue control limit computed as prescribed in section
15 15-944 but excluding pupils admitted to another school district as provided
16 in section 15-824, subsection A, paragraph 2.

17 2. The tuition payable for high school pupils who attend school in
18 another school district as provided in section 15-824, subsection A,
19 paragraph 2, including any transportation charge, except as provided in
20 subsection H- F of this section.

21 3. The transportation revenue control limit for all pupils who reside
22 in the district except those high school pupils transported by another
23 district.

24 B. Notwithstanding subsection A of this section, for the purposes of
25 sections 15-481, 15-482 and 15-1102, the revenue control limit for a common
26 school district not within a high school district is the sum of the
27 following:

28 1. The base revenue control limit for pupils computed as prescribed in
29 section 15-944 but excluding pupils admitted to another school district as
30 provided in section 15-824, subsection A, paragraph 2.

31 2. The transportation revenue control limit for all pupils who reside
32 in the district except those high school pupils transported by another
33 district.

34 C. Notwithstanding section 15-961, ~~the capital outlay revenue limit~~
35 ~~DISTRICT ADDITIONAL ASSISTANCE~~ for a common school district not within a high
36 school district is ~~the capital outlay revenue limit computed~~ DISTRICT
37 ADDITIONAL ASSISTANCE as prescribed in section 15-961 but excluding pupils
38 who are admitted to another school district as provided in section 15-824,
39 subsection A, paragraph 2, EXCEPT THAT IF THE SCHOOL DISTRICT TRANSPORTS HIGH
40 SCHOOL PUPILS, THE DISTRICT ADDITIONAL ASSISTANCE AMOUNT PRESCRIBED IN
41 SECTION 15-961 SHALL BE INCREASED BY AN AMOUNT EQUAL TO FIFTY PER CENT OF THE
42 DISTRICT ADDITIONAL ASSISTANCE PER PUPIL AMOUNT PRESCRIBED FOR THE SCHOOL
43 DISTRICT PURSUANT TO SECTION 15-961 MULTIPLIED BY THE NUMBER OF HIGH SCHOOL
44 PUPILS TRANSPORTED.

1 ~~D. Notwithstanding section 15-962, the soft capital allocation for a~~
2 ~~common school district not within a high school district is the soft capital~~
3 ~~allocation computed as prescribed in section 15-962 but excluding pupils who~~
4 ~~are both admitted to another school district as provided in section 15-824,~~
5 ~~subsection A, paragraph 2 and not transported by the common school district.~~

6 E. D. Notwithstanding section 15-947, the district support level for
7 a common school district not within a high school district is the sum of the
8 following:

9 1. The base support level computed as prescribed in section 15-943 but
10 excluding pupils who are admitted to another school district as provided in
11 section 15-824, subsection A, paragraph 2.

12 2. The tuition payable for high school pupils who are admitted to
13 another school district as provided in section 15-824, subsection A,
14 paragraph 2, including any transportation charge, except as provided in
15 subsection ~~H~~ F of this section.

16 3. The transportation support level for all pupils who reside in the
17 school district except those high school pupils transported by another school
18 district.

19 ~~F.~~ E. For the purpose of determining eligibility to increase the
20 revenue control limit and district support level or recompute the revenue
21 control limit as provided in section 15-948, the student count for a common
22 school district not within a high school district is the student count for
23 pupils in kindergarten programs and grades one through twelve, including
24 pupils enrolled in another school district as provided in section 15-824,
25 subsection A, paragraph 2.

26 ~~G.~~ F. The tuition amount in subsections A and ~~E~~ D of this section
27 shall not include amounts per student count for bond issues as prescribed by
28 section 15-824, subsection G, paragraph 1, subdivision (c) in excess of the
29 following:

30 1. One hundred fifty dollars if the pupil's school district of
31 residence pays tuition for seven hundred fifty or fewer pupils to other
32 school districts.

33 2. Two hundred dollars if the pupil's school district of residence
34 pays tuition for one thousand or fewer, but more than seven hundred fifty
35 pupils to other school districts.

36 3. The actual cost per student count if the pupil's school district of
37 residence pays tuition for more than one thousand pupils to other school
38 districts.

39 Sec. 27. Section 15-961, Arizona Revised Statutes, is amended to read:
40 15-961. District additional assistance; growth rate

41 ~~A. A capital outlay revenue limit~~ DISTRICT ADDITIONAL ASSISTANCE per
42 student count is established ~~for fiscal year 2009-2010~~ as follows:

43 1. For school districts with a student count of less than one hundred
44 for kindergarten programs and grades one through eight, ~~two hundred~~
45 ~~seventy two dollars seventy five cents~~ FIVE HUNDRED FORTY-FOUR DOLLARS

1 FIFTY-EIGHT CENTS. For school districts with a student count of one hundred
2 or more and less than six hundred for kindergarten programs and grades one
3 through eight, multiply ~~one hundred ninety four dollars ninety five cents~~
4 THREE HUNDRED EIGHTY-NINE DOLLARS TWENTY-FIVE CENTS by the weight which THAT
5 corresponds to the student count for kindergarten programs and grades one
6 through eight for the school district as provided in section 15-943,
7 paragraph 1, subdivision (a), column 3. For a school district with a student
8 count of six hundred or more in kindergarten programs and grades one through
9 eight, the limit is ~~two hundred twenty five dollars seventy six cents~~ FOUR
10 HUNDRED FIFTY DOLLARS SEVENTY-SIX CENTS.

11 2. For school districts with a student count of less than one hundred
12 for grades nine through twelve, ~~three hundred twenty nine dollars forty one~~
13 ~~cents~~ SIX HUNDRED ONE DOLLARS TWENTY-FOUR CENTS. For school districts with a
14 student count of one hundred or more and less than six hundred for grades
15 nine through twelve, multiply ~~two hundred eleven dollars twenty nine cents~~
16 FOUR HUNDRED FIVE DOLLARS FIFTY-NINE CENTS by the weight which THAT
17 corresponds to the student count for grades nine through twelve for the
18 school district as provided in section 15-943, paragraph 1, subdivision (b),
19 column 3. For a school district with a student count of six hundred or more
20 in grades nine through twelve, the limit is ~~two hundred sixty seven dollars~~
21 ~~ninety four cents~~ FOUR HUNDRED NINETY-TWO DOLLARS NINETY-FOUR CENTS.

22 3. For programs for preschool children with disabilities, ~~two hundred~~
23 ~~twenty five dollars seventy six cents~~ FOUR HUNDRED FIFTY DOLLARS SEVENTY-SIX
24 CENTS.

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

28 ~~C. B. For fiscal year 1985-1986 and each year thereafter, the capital~~
29 ~~outlay revenue limit~~ DISTRICT ADDITIONAL ASSISTANCE for a school district
30 shall be computed as follows:

31 1. Select the applicable ~~capital outlay revenue limit or limits~~
32 DISTRICT ADDITIONAL ASSISTANCE per student count for the school district.

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

38 3. If a school district's student count used for the budget year is
39 greater than one hundred five per cent of the student count used for the
40 current year's budget, increase the adjusted ~~capital outlay revenue limit~~
41 DISTRICT ADDITIONAL ASSISTANCE determined in paragraph 2 of this subsection
42 by FIFTY PER CENT OF the actual percentage increase in the school district's
43 student count.

44 ~~D. C. For fiscal year 2009-2010 and each year thereafter, An amount~~
45 for the purchase of required textbooks and related printed subject matter

1 materials shall be used to increase the ~~capital outlay revenue limit~~ DISTRICT
2 ADDITIONAL ASSISTANCE for a school district as determined in subsection C- B,
3 paragraph 2 or 3 of this section, whichever is applicable. ~~For fiscal year~~
4 ~~2009-2010, multiply~~ THIS AMOUNT SHALL EQUAL the student count in grades nine
5 through twelve MULTIPLIED by sixty-nine dollars sixty-eight cents.

6 Sec. 28. Repeal

7 Section 15-962, Arizona Revised Statutes, is repealed.

8 Sec. 29. Section 15-962.01, Arizona Revised Statutes, is amended to
9 read:

10 15-962.01. Additional district assistance allocation for joint
11 technical education districts

12 A. ~~The capital outlay revenue limit~~ DISTRICT ADDITIONAL ASSISTANCE for
13 a joint technical education district shall be the amount for students in
14 grades nine through twelve for districts with a student count of six hundred
15 or more as prescribed in section 15-961.

16 B. ~~The soft capital allocation for a joint technical education~~
17 ~~district shall be the amount for students in grades nine through twelve for~~
18 ~~districts with a student count of six hundred or more as prescribed in~~
19 ~~section 15-962.~~

20 C. ~~Joint technical education districts shall establish a district soft~~
21 ~~capital allocation fund and shall use the monies only for the purposes~~
22 ~~prescribed in section 15-962, subsection D. The ending unexpended budget~~
23 ~~balance in the district's soft capital allocation fund may be used in~~
24 ~~following fiscal years for short-term capital items. Districts shall provide~~
25 ~~to the superintendent of public instruction an itemized accounting on forms~~
26 ~~provided by the department of education that details the expenditures of soft~~
27 ~~capital allocation monies at each school in the joint technical education~~
28 ~~district. The superintendent of public instruction shall forward a copy of~~
29 ~~the report to the school facilities board established by section 15-2001.~~

30 Sec. 30. Section 15-963, Arizona Revised Statutes, is amended to read:

31 15-963. Capital transportation adjustment for small school
32 districts

33 A. A school district may apply to the state board of education for a
34 capital transportation adjustment for the purchase of a transportation
35 vehicle if the district meets all of the following requirements:

36 1. Has a student count of fewer than six hundred in kindergarten
37 programs and grades one through twelve.

38 2. Transports as eligible students at least one-third of the total
39 student count of the school district.

40 3. Has an approved daily route mileage per eligible student
41 transported of more than 1.0, computed as prescribed in section 15-945,
42 subsection A, paragraph 4.

43 B. If a school district receives a capital transportation adjustment
44 as provided in this section, ~~the soft capital allocation limit~~ DISTRICT
45 ADDITIONAL ASSISTANCE for that district shall be equal to ~~the capital levy~~

1 ~~revenue limit or the soft capital allocation limit~~ DISTRICT ADDITIONAL
2 ASSISTANCE determined as prescribed in section ~~15-962~~ 15-961 plus any
3 additional amount approved by the state board of education.

4 C. The state board of education may grant a capital transportation
5 adjustment to a school district which meets the qualifications prescribed in
6 subsection A of this section, except that the total amount of all additional
7 amounts approved as capital transportation adjustments for all school
8 districts for a fiscal year shall not exceed twenty per cent of the total
9 amount which a county may budget for that fiscal year in all small district
10 service program funds as provided in section 15-365, subsection F.

11 Sec. 31. Section 15-964, Arizona Revised Statutes, is amended to read:

12 15-964. Federal impact adjustment

13 A. The governing board of a school district may compute a federal
14 impact adjustment to the unrestricted capital budget limit. The maximum
15 amount of the federal impact adjustment is the sum of the following:

16 1. Twenty-five per cent of the monies received from forest reserve
17 funds by the school district in the prior fiscal year as provided in section
18 41-736.

19 2. For a school district that is not an accommodation school, the
20 lesser of:

21 (a) Twenty-five per cent of the title VIII of the elementary and
22 secondary education act of 1965 revenues received in the prior fiscal year.

23 (b) The total amount of title VIII of the elementary and secondary
24 education act of 1965 revenues received in the prior fiscal year minus the
25 sum of the following:

26 (i) The amount of title VIII of the elementary and secondary education
27 act of 1965 assistance used to increase the general budget limit as provided
28 in section 15-905, subsections K and O for the prior fiscal year.

29 (ii) The amount budgeted for title VIII of the elementary and
30 secondary education act of 1965 administrative costs as provided in section
31 15-905, subsection P for the current year.

32 (iii) The amount budgeted for principal and interest on impact aid
33 revenue bonds pursuant to section 15-2104 for the current year.

34 B. The federal impact adjustment shall only be budgeted and expended
35 for new construction, major renovation of buildings or ~~soft capital~~
36 EXPENDITURES THAT MAY BE BUDGETED IN THE UNRESTRICTED CAPITAL FUND.

37 ~~C. The governing board may not compute a federal impact adjustment for~~
38 ~~any year in which it budgets as provided in section 15-962, subsection F.~~

39 ~~D.~~ C. If the governing board underestimated the amount of the federal
40 impact adjustment for the current year, the board may adjust the unrestricted
41 capital budget limit and the budget before May 15. If the board
42 overestimated the amount of the federal impact adjustment for the current
43 year, the board shall adjust the unrestricted capital budget limit and the
44 budget before May 15. Not later than May 18, the budget as revised shall be
45 submitted electronically to the superintendent of public instruction.

1 Sec. 32. Section 15-971, Arizona Revised Statutes, is amended to read:
2 15-971. Determination of equalization assistance payments from
3 county and state funds for school districts

4 A. Equalization assistance for education is computed by determining
5 the total of the following:

6 1. The lesser of a school district's revenue control limit or district
7 support level as determined in section 15-947 or 15-951.

8 2. ~~The capital outlay revenue limit~~ DISTRICT ADDITIONAL ASSISTANCE of
9 a school district as determined in section 15-951 or 15-961.

10 3. ~~The soft capital allocation of a school district as determined in~~
11 ~~section 15-951 or 15-962.~~

12 B. From the total of the amounts determined in subsection A of this
13 section subtract:

14 1. The amount that would be produced by levying the applicable
15 qualifying tax rate determined pursuant to section 41-1276 for a high school
16 district or a common school district within a high school district that does
17 not offer instruction in high school subjects as provided in section 15-447.

18 2. The amount that would be produced by levying the applicable
19 qualifying tax rate determined pursuant to section 41-1276 for a unified
20 school district, a common school district not within a high school district
21 or a common school district within a high school district that offers
22 instruction in high school subjects as provided in section 15-447. The
23 qualifying tax rate shall be applied in the following manner:

24 (a) For the purposes of the amount determined in subsection A,
25 paragraph 1 of this section:

26 (i) Determine separately the percentage that the weighted student
27 count in preschool programs for children with disabilities, kindergarten
28 programs and grades one through eight and the weighted student count in
29 grades nine through twelve is to the weighted student count determined in
30 subtotal A as provided in section 15-943, paragraph 2, subdivision (a).

31 (ii) Apply the percentages determined in item (i) OF THIS SUBDIVISION
32 to the amount determined in subsection A, paragraph 1 of this section.

33 (b) For the purposes of the amounts determined in subsection A,
34 ~~paragraphs~~ PARAGRAPH 2 ~~and 3~~ of this section, determine separately the amount
35 of the ~~capital outlay revenue limit and the amount of the soft capital~~
36 ~~allocation~~ DISTRICT ADDITIONAL ASSISTANCE attributable to the student count
37 in preschool programs for children with disabilities, kindergarten programs
38 and grades one through eight and grades nine through twelve.

39 (c) From the amounts determined in subdivisions (a) and (b) OF THIS
40 PARAGRAPH, subtract the levy that would be produced by the current qualifying
41 tax rate for a high school district or a common school district within a high
42 school district that does not offer instruction in high school subjects as
43 provided in section 15-447. If the qualifying tax rate generates a levy that
44 is in excess of the total determined in subsection A of this section, the
45 school district shall not be eligible for equalization assistance. For the

1 purposes of this subsection, "assessed valuation" includes the values used to
2 determine voluntary contributions collected pursuant to title 9, chapter 4,
3 article 3 and title 48, chapter 1, article 8 and the assessed value of all
4 property subject to the government property lease excise tax pursuant to
5 title 42, chapter 6, article 5.

6 3. The amount that would be produced by levying a qualifying tax rate
7 in a joint technical education district, which shall be five cents per one
8 hundred dollars assessed valuation unless the legislature sets a lower rate
9 by law.

10 C. County aid for equalization assistance for education shall be
11 computed as follows:

12 1. Determine the total equalization assistance for all school
13 districts in the county as provided in subsections A and B of this section.

14 2. Determine the total amount of state equalization assistance
15 collected for all school districts in the county as provided in section
16 15-994.

17 3. Divide the amount determined in paragraph 2 of this subsection by
18 the amount determined in paragraph 1 of this subsection.

19 4. Multiply the amount determined in subsections A and B of this
20 section by the quotient determined in paragraph 3 of this subsection for each
21 school district.

22 5. The amount determined in paragraph 4 of this subsection shall be
23 the county aid for equalization assistance for education for a school
24 district.

25 D. State aid for equalization assistance for education for a school
26 district shall be computed as follows:

27 1. Determine the equalization assistance for education for a school
28 district as provided in subsections A and B of this section.

29 2. For each county, determine the levy that would be produced by the
30 state equalization assistance property tax rate prescribed in section 15-994,
31 subsection A.

32 3. Prorate the amount determined in paragraph 2 of this subsection to
33 each school district in the county as prescribed by subsection C of this
34 section.

35 4. Subtract the amount determined in paragraph 3 of this subsection
36 from the amount determined in paragraph 1 of this subsection.

37 E. Equalization assistance for education shall be paid from
38 appropriations for that purpose to the school districts as provided in
39 section 15-973.

40 F. A school district shall report expenditures on approved career and
41 technical education and vocational education programs in the annual financial
42 report according to uniform guidelines prescribed by the uniform system of
43 financial records and in order to facilitate compliance with sections 15-255
44 and 15-904.

1 G. The additional weight for state aid purposes given to special
2 education as provided in section 15-943 shall be given to school districts
3 only if special education programs comply with chapter 7, article 4 of this
4 title and the conditions and standards prescribed by the superintendent of
5 public instruction pursuant to rules of the state board of education for
6 pupil identification and placement pursuant to sections 15-766 and 15-767.

7 H. In addition to general fund appropriations, all amounts received
8 pursuant to section 37-521, subsection B, paragraph 3 and section 42-5029,
9 subsection E, paragraph 5 and from any other source for the purposes of this
10 section are appropriated for state aid to schools as provided in this
11 section.

12 I. The total amount of state monies that may be spent in any fiscal
13 year for state equalization assistance shall not exceed the amount
14 appropriated or authorized by section 35-173 for that purpose. This section
15 shall not be construed to impose a duty on an officer, agent or employee of
16 this state to discharge a responsibility or to create any right in a person
17 or group if the discharge or right would require an expenditure of state
18 monies in excess of the expenditure authorized by legislative appropriation
19 for that specific purpose.

20 Sec. 33. Section 15-974, Arizona Revised Statutes, is amended to read:

21 15-974. Equalization assistance for education for accommodation
22 schools

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

26 B. When an accommodation school has a positive total cash balance at
27 the end of a fiscal year in its maintenance and operation fund, the county
28 school superintendent of the county in which the accommodation school is
29 located may authorize an addition to the accommodation school's revenue
30 control limit as provided in section 15-947, subsection A for the following
31 fiscal year. The county school superintendent may not authorize an addition
32 that exceeds the lesser of the ending cash balance less the amount budgeted
33 for the budget balance carryforward as provided in section 15-943.01 or ten
34 per cent of the revenue control limit of the accommodation school and five
35 per cent of the revenue control limit pursuant to section 15-482, without the
36 necessity of an election pursuant to section 15-481. If an accommodation
37 school has a cash balance in excess of the amount needed to fund the budget
38 balance carryforward, the addition authorized pursuant to this subsection and
39 the items listed in section 15-947, subsection C, paragraph 2, subdivisions
40 (c) and (f) for the following fiscal year, the remaining cash balance may be
41 used for capital expenditures ~~pursuant to section 15-962, subsection F.~~

42 C. Subsection B of this section shall not apply to an accommodation
43 school with a student count of one hundred twenty-five or less in
44 kindergarten programs and grades one through eight or to an accommodation
45 school which offers instruction in grades nine, ten, eleven or twelve and

1 which has a student count of one hundred or less in grades nine through
2 twelve.

3 Sec. 34. Section 15-996, Arizona Revised Statutes, is amended to read:
4 15-996. Duties of county treasurer relating to school
5 district's monies

6 The county treasurer shall:

7 1. Receive and hold all school district monies and keep a separate
8 account for each school district and for the special county school reserve
9 fund. The county treasurer may maintain separate accounts for each fund of a
10 school district or the county treasurer may maintain only two accounts for
11 each school district's monies in addition to the funds provided for in
12 sections 15-1024, 15-1025, ~~15-2021, 15-2031~~ and 15-2041. If only two
13 accounts are maintained, the first account shall consist of maintenance and
14 operation, unrestricted capital outlay, ~~soft capital allocation~~ and adjacent
15 ways monies and the classroom site fund prescribed in section 15-977 and the
16 second account shall consist of federal and state grant monies and all other
17 monies.

18 2. Pool school district monies for investment except as provided in
19 sections 15-1024 and 15-1025. Interest earned on the monies pooled for
20 investment shall be apportioned at least quarterly to the appropriate school
21 district based on an average monthly balance as prescribed in the uniform
22 system of accounting for county treasurers as provided in section 41-1279.21.

23 3. Notwithstanding section 11-605, register warrants only as follows:

24 (a) If separate accounts are maintained for each fund, warrants may
25 only be registered on the maintenance and operation, unrestricted capital
26 outlay, ~~soft capital allocation~~ and adjacent ways accounts and the classroom
27 site fund prescribed in section 15-977 and only if the total cash balance of
28 all three accounts is insufficient to pay the warrants, except that, during
29 the period of time when a school district is under receivership pursuant to
30 section 15-103, a warrant may be registered on the debt service account for
31 which the cash balance in the debt service account is insufficient to cover
32 the debt service payment if there are not sufficient monies in the debt
33 service account to cover the debt.

34 (b) If the county treasurer maintains only two accounts as provided in
35 paragraph 1 of this section:

36 (i) The county treasurer may register warrants only on the first
37 account and only if the balance of that account is insufficient to pay the
38 warrants.

39 (ii) The county treasurer may honor warrants for any federal or state
40 grant fund with a negative balance as long as the total balance in the second
41 account is positive. If the second account total balance is negative, the
42 warrant for a federal or state grant fund shall be charged to the maintenance
43 and operation fund. Any interest charged to the federal or state grant fund
44 as a result of a negative balance that is in excess of interest earned on the
45 fund shall be transferred to the maintenance and operation fund at the end of

1 the fiscal year or the end of the grant year. If a federal or state grant
2 fund has a negative balance at the end of the fiscal year or grant year,
3 sufficient expenditures shall be transferred to the maintenance and operation
4 fund to eliminate the negative balance.

5 4. Notify the county school superintendent by the fifteenth day of
6 each calendar month of the month end balances of each school district
7 account.

8 5. Pay warrants issued by the county school superintendent and duly
9 endorsed by the person entitled to receive the monies.

10 6. On each property tax bill and each property tax statement prepared,
11 separately state and identify by name each school district's primary property
12 tax rate, the secondary property tax rate that is associated with overrides,
13 the secondary property tax rate that is associated with class A bonds and the
14 secondary property tax rate that is associated with class B bonds. For the
15 purposes of this paragraph, "class A bonds" and "class B bonds" have the same
16 meanings prescribed in section 15-101.

17 Sec. 35. Section 15-1021, Arizona Revised Statutes, is amended to
18 read:

19 15-1021. Limitation on bonded indebtedness; limitation on
20 authorization and issuance of bonds

21 A. Until December 31, 1999, a school district may issue class A bonds
22 for the purposes specified in this section and chapter 4, article 5 of this
23 title to an amount in the aggregate, including the existing indebtedness, not
24 exceeding fifteen per cent of the taxable property used for secondary
25 property tax purposes, as determined pursuant to title 42, chapter 15,
26 article 1, within a school district as ascertained by the last property tax
27 assessment previous to issuing the bonds.

28 B. From and after December 31, 1998, a school district may issue class
29 B bonds for the purposes specified in this section and chapter 4, article 5
30 of this title to an amount in the aggregate, including the existing class B
31 indebtedness, not exceeding five TEN per cent of the taxable property used
32 for secondary property tax purposes, as determined pursuant to title 42,
33 chapter 15, article 1, within a school district as ascertained by the last
34 assessment of state and county taxes previous to issuing the bonds, or one
35 thousand five hundred dollars per student count pursuant to section 15-901,
36 subsection A, paragraph 13, whichever amount is greater. A school district
37 shall not issue class B bonds until the proceeds of any class A bonds issued
38 by the school district have been obligated in contract. The total amount of
39 class A and class B bonds issued by a school district shall not exceed the
40 debt limitations prescribed in article IX, section 8, Constitution of
41 Arizona.

42 C. Until December 31, 1999, a unified school district, as defined
43 under article IX, section 8.1, Constitution of Arizona, may issue class A
44 bonds for the purposes specified in this section and chapter 4, article 5 of
45 this title to an amount in the aggregate, including the existing

1 indebtedness, not exceeding thirty per cent of the taxable property used for
2 secondary property tax purposes, as determined pursuant to title 42, chapter
3 15, article 1, within a unified school district as ascertained by the last
4 property tax assessment previous to issuing the bonds.

5 D. From and after December 31, 1998, a unified school district, as
6 defined under article IX, section 8.1, Constitution of Arizona, may issue
7 class B bonds for the purposes specified in this section and chapter 4,
8 article 5 of this title to an amount in the aggregate, including the existing
9 class B indebtedness, not exceeding ~~ten~~ TWENTY per cent of the taxable
10 property used for secondary tax purposes, as determined pursuant to title 42,
11 chapter 15, article 1, within a school district as ascertained by the last
12 assessment of state and county taxes previous to issuing the bonds, or one
13 thousand five hundred dollars per student count pursuant to section 15-901,
14 subsection A, paragraph 13, whichever amount is greater. A unified school
15 district shall not issue class B bonds until the proceeds of any class A
16 bonds issued by the unified school district have been obligated in contract.
17 The total amount of class A and class B bonds issued by a unified school
18 district shall not exceed the debt limitations prescribed in article IX,
19 section 8.1, Constitution of Arizona.

20 E. No bonds authorized to be issued by an election held after July 1,
21 1980 and before November 24, 2009 may be issued more than six years after the
22 date of the election, except that the time period may be extended to ten
23 years pursuant to an election conducted pursuant to section 15-491,
24 subsection A, paragraph 6 and except that class A bonds shall not be issued
25 after December 31, 1999. No bonds authorized to be issued by an election
26 held after November 24, 2009 may be issued more than ten years after the date
27 of the election.

28 F. Except as provided in section 15-491, subsection A, paragraph 3,
29 bond proceeds shall not be expended for items whose useful life is less than
30 the average life of the bonds issued, except that bond proceeds shall not be
31 expended for items whose useful life is less than five years.

32 G. A joint technical education district shall not spend class B bond
33 proceeds to construct or renovate a facility located on the campus of a
34 school in a school district that participates in the joint district unless
35 the facility is only used to provide career and technical education and is
36 available to all pupils who live within the joint technical education
37 district. If the facility is not owned by the joint technical education
38 district, an intergovernmental agreement or a written contract shall be
39 executed for ten years or the duration of the bonded indebtedness, whichever
40 is greater. The intergovernmental agreement or written contract shall
41 include provisions:

42 1. That preserve the usage of the facility renovated or constructed,
43 or both, only for career and technology programs operated by the joint
44 technical education district.

1 2. That include the process to be used by the participating district
2 to compensate the joint technical education district in the event that the
3 facility is no longer used only for career and technical education programs
4 offered by the joint technical education district during the life of the
5 bond.

6 H. A school district shall not authorize, issue or sell bonds pursuant
7 to this section if the school district has any existing indebtedness from
8 impact aid revenue bonds pursuant to chapter 16, article 8 of this title,
9 except for bonds issued to refund any bonds issued by the governing board.

10 Sec. 36. Section 15-1371, Arizona Revised Statutes, is amended to
11 read:

12 15-1371. Equalization assistance for state educational system
13 for committed youth; state education fund for
14 committed youth

15 A. The superintendent of the state educational system for committed
16 youth shall calculate a base support level as prescribed in section 15-943
17 and ~~a capital outlay revenue limit~~ DISTRICT ADDITIONAL ASSISTANCE as
18 prescribed in section 15-961 for the educational system established pursuant
19 to section 41-2831, except that:

20 1. Notwithstanding section 15-901:

21 (a) The student count shall be determined using the following
22 definitions:

23 (i) "Daily attendance" means days in which a pupil attends an
24 educational program for a minimum of two hundred forty minutes not including
25 meal and recess periods. Attendance for one hundred twenty or more minutes
26 but fewer than two hundred forty minutes shall be counted as one-half day's
27 attendance.

28 (ii) "Fractional student" means a pupil enrolled in an educational
29 program of one hundred twenty or more minutes but fewer than two hundred
30 forty minutes a day not including meal and recess periods. A fractional
31 student shall be counted as one-half of a full-time student.

32 (iii) "Full-time student" means a pupil enrolled in an educational
33 program for a minimum of two hundred forty minutes a day not including meal
34 and recess periods.

35 (b) "Seriously emotionally disabled pupils enrolled in a school
36 district program as provided in section 15-765" includes seriously
37 emotionally disabled pupils enrolled in the department of juvenile
38 corrections school system.

39 2. All pupils shall be counted as if they were enrolled in grades nine
40 through twelve.

41 3. The teacher experience index is 1.00.

42 4. The base support level shall be calculated using the base level
43 multiplied by 1.0, except that the state educational system for committed
44 youth is also eligible beginning with fiscal year 1992-1993 for additional
45 teacher compensation monies as specified in section 15-952.

1 5. Section 15-943, paragraph 1 does not apply.

2 B. The superintendent may use sections 15-855 and 15-948 in making the
3 calculations prescribed in subsection A of this section, except that for the
4 1992-1993 fiscal year rapid decline shall not be used. The superintendent of
5 the system and the department of education shall prescribe procedures for
6 determining average daily membership.

7 C. Equalization assistance for the state educational system for
8 committed youth for the budget year is determined by adding the amount of the
9 base support level and ~~the capital outlay revenue limit~~ DISTRICT ADDITIONAL
10 ASSISTANCE for the budget year calculated as prescribed in subsection A of
11 this section.

12 D. The state educational system for committed youth shall not receive
13 twenty-five per cent of the equalization assistance unless it is accredited
14 by the north central association of colleges and secondary schools.

15 E. The state education fund for committed youth is established. Fund
16 monies shall be used for the purposes of the state educational system for
17 committed youth, and notwithstanding section 35-173, monies appropriated to
18 the fund shall not be transferred to or used for any program not within the
19 state educational system for committed youth. State equalization assistance
20 for the state educational system for committed youth as determined in
21 subsection A of this section, other state and federal monies received from
22 the department of education for the state educational system for committed
23 youth and monies appropriated for the state educational system for committed
24 youth, except monies appropriated pursuant to subsection F of this section,
25 shall be deposited in the fund. The state treasurer shall maintain separate
26 accounts for fund monies if the separate accounts are required by statute or
27 federal law.

28 F. The department of juvenile corrections may seek appropriations for
29 capital needs for land, buildings and improvements, including repairs and
30 maintenance, required to maintain the state educational system for committed
31 youth.

32 G. The state board of education shall apportion state aid and deposit
33 it, pursuant to sections 35-146 and 35-147, in the state education fund for
34 committed youth in an amount as determined by subsection A of this section.
35 The apportionments shall be as follows:

36 1. On July 1, one-third of the total amount to be apportioned during
37 the fiscal year.

38 2. On October 15, one-twelfth of the total amount to be apportioned
39 during the fiscal year.

40 3. On December 15, one-twelfth of the total amount to be apportioned
41 during the fiscal year.

42 4. On January 15, one-twelfth of the total amount to be apportioned
43 during the fiscal year.

1 5. On February 15, one-twelfth of the total amount to be apportioned
2 during the fiscal year.

3 6. On March 15, one-twelfth of the total amount to be apportioned
4 during the fiscal year.

5 7. On April 15, one-twelfth of the total amount to be apportioned
6 during the fiscal year.

7 8. On May 15, one-twelfth of the total amount to be apportioned during
8 the fiscal year.

9 9. On June 15, one-twelfth of the total amount to be apportioned
10 during the fiscal year.

11 H. In conjunction with the department of administration, the
12 superintendent of the state educational system for committed youth shall
13 establish procedures to account for the receipt and expenditure of state
14 education fund for committed youth monies by modifying the current accounting
15 system used for state agencies as necessary.

16 Sec. 37. Section 15-1372, Arizona Revised Statutes, is amended to
17 read:

18 15-1372. Equalization assistance for state educational system
19 for persons in the state department of corrections;
20 fund

21 A. The state department of corrections shall provide educational
22 services for pupils who are under the age of eighteen years and pupils with
23 disabilities who are age twenty-one or younger who are committed to the state
24 department of corrections. The department of education shall provide
25 technical assistance to the state department of corrections on request and
26 shall assist the state department of corrections in establishing program and
27 personnel standards.

28 B. The state education fund for correctional education is established.
29 Subject to legislative appropriation, fund monies shall be used for the
30 purposes of providing education to pupils as specified in subsection A of
31 this section. Notwithstanding section 35-173, monies appropriated to the
32 fund shall not be transferred to or used for any program not directly related
33 to the educational services required by this section. State equalization
34 assistance, other state and federal monies received from the department of
35 education for which the pupils in correctional education programs qualify and
36 monies appropriated for correctional education except monies appropriated
37 pursuant to subsection C of this section shall be deposited in the fund. The
38 state treasurer shall maintain separate accounts for fund monies if the
39 separate accounts are required by statute or federal law.

40 C. The state department of corrections may seek appropriations for
41 capital needs for land, buildings and improvements, including repairs and
42 maintenance, required to maintain the educational services required by this
43 section.

1 D. The state board of education shall apportion state aid and deposit
2 it, pursuant to sections 35-146 and 35-147, in the state education fund for
3 correctional education in an amount as determined by subsection E of this
4 section. The apportionments are as follows:

5 1. On July 1, one-third of the total amount to be apportioned during
6 the fiscal year.

7 2. On October 15, one-twelfth of the total amount to be apportioned
8 during the fiscal year.

9 3. On December 15, one-twelfth of the total amount to be apportioned
10 during the fiscal year.

11 4. On January 15, one-twelfth of the total amount to be apportioned
12 during the fiscal year.

13 5. On February 15, one-twelfth of the total amount to be apportioned
14 during the fiscal year.

15 6. On March 15, one-twelfth of the total amount to be apportioned
16 during the fiscal year.

17 7. On April 15, one-twelfth of the total amount to be apportioned
18 during the fiscal year.

19 8. On May 15, one-twelfth of the total amount to be apportioned during
20 the fiscal year.

21 9. On June 15, one-twelfth of the total amount to be apportioned
22 during the fiscal year.

23 E. The director of the state department of corrections shall calculate
24 a base support level as prescribed in section 15-943 and ~~a capital outlay~~
25 ~~revenue limit~~ DISTRICT ADDITIONAL ASSISTANCE as prescribed in section 15-961
26 for the educational services required by this section, except that:

27 1. Notwithstanding section 15-901, the student count shall be
28 determined using the following definitions:

29 (a) "Daily attendance" means days in which a pupil attends an
30 educational program for a minimum of one hundred eighty minutes not including
31 meal and recess periods. Attendance for ninety or more minutes but fewer
32 than one hundred eighty minutes shall be counted as one-half day's
33 attendance.

34 (b) "Fractional student" means a pupil enrolled in an educational
35 program of ninety or more minutes but fewer than one hundred eighty minutes
36 per day not including meal and recess periods. A fractional student shall be
37 counted as one-half of a full-time student.

38 (c) "Full-time student" means a pupil enrolled in an educational
39 program for a minimum of one hundred eighty minutes per day not including
40 meal and recess periods.

41 (d) "Pupil with a disability" has the same meaning as child with a
42 disability prescribed in section 15-761.

43 2. All pupils shall be counted as if they were enrolled in grades nine
44 through twelve.

45 3. The teacher experience index is 1.00.

1 DATABASE AND ENSURE THAT THE DATABASE IS UPDATED ON AT LEAST AN ANNUAL BASIS.
2 EACH SCHOOL DISTRICT SHALL REPORT TO THE SCHOOL FACILITIES BOARD NO LATER
3 THAN SEPTEMBER 1 OF EACH YEAR INFORMATION AS REQUIRED BY THE SCHOOL
4 FACILITIES BOARD FOR THE ADMINISTRATION OF THE BUILDING RENEWAL GRANT FUND
5 AND COMPUTATION OF NEW SCHOOL FACILITIES FORMULA DISTRIBUTIONS. THE SCHOOL
6 FACILITIES BOARD MAY REVIEW OR AUDIT THE INFORMATION, OR BOTH, TO CONFIRM THE
7 INFORMATION SUBMITTED BY A SCHOOL DISTRICT.

8 3. Inspect school buildings at least once every five years to ensure
9 compliance with the building adequacy standards prescribed in section 15-2011
10 and routine preventative maintenance guidelines as prescribed in this section
11 with respect to construction of new buildings and maintenance of existing
12 buildings. The school facilities board shall randomly select twenty school
13 districts every thirty months and inspect them pursuant to this paragraph.

14 4. Review and approve student population projections submitted by
15 school districts to determine to what extent school districts are entitled to
16 monies to construct new facilities pursuant to section 15-2041. The board
17 shall make a final determination within six months of the receipt of an
18 application by a school district for monies from the new school facilities
19 fund.

20 5. Certify that plans for new school facilities meet the building
21 adequacy standards prescribed in section 15-2011.

22 6. Develop prototypical elementary and high school designs. The board
23 shall review the design differences between the schools with the highest
24 academic productivity scores and the schools with the lowest academic
25 productivity scores. The board shall also review the results of a valid and
26 reliable survey of parent quality rating in the highest performing schools
27 and the lowest performing schools in this state. The survey of parent
28 quality rating shall be administered by the department of education. The
29 board shall consider the design elements of the schools with the highest
30 academic productivity scores and parent quality ratings in the development of
31 elementary and high school designs. The board shall develop separate school
32 designs for elementary, middle and high schools with varying pupil
33 capacities.

34 7. Develop application forms, reporting forms and procedures to carry
35 out the requirements of this article.

36 8. Review and approve or reject requests submitted by school districts
37 to take actions pursuant to section 15-341, subsection G.

38 9. Submit electronically an annual report ~~by~~ ON OR BEFORE December 15
39 to the speaker of the house of representatives, the president of the senate,
40 the superintendent of public instruction, the ~~director of the Arizona state~~
41 ~~library, archives and public records~~ SECRETARY OF STATE and the governor that
42 includes the following information:

43 (a) A detailed description of the amount of monies distributed by the
44 school facilities board in the previous fiscal year.

1 (b) A list of each capital project that received monies from the
2 school facilities board during the previous fiscal year, a brief description
3 of each project that was funded and a summary of the board's reasons for the
4 distribution of monies for the project.

5 (c) A summary of the findings and conclusions of the building
6 maintenance inspections conducted pursuant to this article during the
7 previous fiscal year.

8 (d) A summary of the findings of common design elements and
9 characteristics of the highest performing schools and the lowest performing
10 schools based on academic productivity, including the results of the parent
11 quality rating survey. For the purposes of this subdivision, "academic
12 productivity" means academic year advancement per calendar year as measured
13 with student-level data using the statewide nationally standardized
14 norm-referenced achievement test.

15 10. By ON OR BEFORE December 1 of each year, report electronically to
16 the joint committee on capital review the amounts necessary to fulfill the
17 requirements of sections 15-2022, ~~15-2031~~ and 15-2041 for the following
18 fiscal year and the estimated amounts necessary to fulfill the requirements
19 of sections 15-2022, ~~15-2031~~ and 15-2041 for the fiscal year following the
20 next fiscal year. The board shall provide copies of the report to the
21 president of the senate, the speaker of the house of representatives and the
22 governor.

23 11. Adopt minimum school facility adequacy guidelines to provide the
24 minimum quality and quantity of school buildings and the facilities and
25 equipment necessary and appropriate to enable pupils to achieve the
26 educational goals of the Arizona state schools for the deaf and the blind.
27 The school facilities board shall establish minimum school facility adequacy
28 guidelines applicable to the Arizona state schools for the deaf and the
29 blind.

30 12. In each even-numbered year, report electronically to the joint
31 committee on capital review the amounts necessary to fulfill the requirements
32 of ~~sections 15-2031 and~~ SECTION 15-2041 for the Arizona state schools for the
33 deaf and the blind for the following two fiscal years. The Arizona state
34 schools for the deaf and the blind shall incorporate the findings of the
35 report in any request for ~~building renewal monies and~~ new school facilities
36 monies. Any monies provided to the Arizona state schools for the deaf and
37 the blind for ~~building renewal and for~~ new school facilities are subject to
38 legislative appropriation.

39 13. By ON OR BEFORE June 15 of each year, submit electronically
40 detailed information regarding demographic assumptions, a proposed
41 construction schedule and new school construction cost estimates for
42 individual projects approved in the current fiscal year and expected project
43 approvals for the upcoming fiscal year to the joint committee on capital
44 review for its review. A copy of the report shall also be submitted
45 electronically to the governor's office of strategic planning and budgeting.

1 The joint legislative budget committee staff, the governor's office of
2 strategic planning and budgeting staff and the school facilities board staff
3 shall agree on the format of the report.

4 14. Every two years, provide school districts with information on
5 improving and maintaining the indoor environmental quality in school
6 buildings.

7 B. The school facilities board may contract for the following services
8 in compliance with the procurement practices prescribed in title 41,
9 chapter 23:

10 1. Private services.

11 2. Construction project management services.

12 3. Assessments for school buildings to determine if the buildings have
13 outlived their useful life pursuant to section 15-2041, subsection G.

14 4. Services related to land acquisition and development of a school
15 site.

16 C. The governor shall appoint an executive director of the school
17 facilities board pursuant to section 38-211. The executive director is
18 eligible to receive compensation as determined pursuant to section 38-611 and
19 may hire and fire necessary staff subject to title 41, chapter 4, article 4
20 and as approved by the legislature in the budget. The executive director
21 shall have demonstrated competency in school finance, facilities design or
22 facilities management, either in private business or government service. The
23 executive director serves at the pleasure of the governor. The staff of the
24 school facilities board is exempt from title 41, chapter 4, articles 5 and 6.
25 The executive director:

26 1. Shall analyze applications for monies submitted to the board by
27 school districts.

28 2. Shall assist the board in developing forms and procedures for the
29 distribution and review of applications and the distribution of monies to
30 school districts.

31 3. May review or audit, or both, the expenditure of monies by a school
32 district for deficiencies corrections, ~~building renewal~~ and new school
33 facilities.

34 4. Shall assist the board in the preparation of the board's annual
35 report.

36 5. Shall research and provide reports on issues of general interest to
37 the board.

38 6. May aid school districts in the development of reasonable and
39 cost-effective school designs in order to avoid statewide duplicated efforts
40 and unwarranted expenditures in the area of school design.

41 7. May assist school districts in facilitating the development of
42 multijurisdictional facilities.

43 8. Shall assist the board in any other appropriate matter or method as
44 directed by the members of the board.

1 9. Shall establish procedures to ensure compliance with the notice and
2 hearing requirements prescribed in section 15-905. The notice and hearing
3 procedures adopted by the board shall include the requirement, with respect
4 to the board's consideration of any application filed after July 1, 2001 or
5 after December 31 of the year in which the property becomes territory in the
6 vicinity of a military airport or ancillary military facility as defined in
7 section 28-8461 for monies to fund the construction of new school facilities
8 proposed to be located in territory in the vicinity of a military airport or
9 ancillary military facility, that the military airport receive notification
10 of the application by first class mail at least thirty days before any
11 hearing concerning the application.

12 10. May expedite any request for monies in which the local match was
13 not obtained for a project that received preliminary approval by the state
14 board for school capital facilities.

15 11. Shall expedite any request for monies in which the school district
16 governing board submits an application that shows an immediate need for a new
17 school facility.

18 12. Shall make a determination as to administrative completion within
19 one month after the receipt of an application by a school district for monies
20 from the new school facilities fund.

21 13. Shall provide technical support to school districts as requested by
22 school districts in connection with the construction of new school facilities
23 and the maintenance of existing school facilities and may contract directly
24 with construction project managers pursuant to subsection B of this section.
25 This paragraph does not restrict a school district from contracting with a
26 construction project manager using district or state resources.

27 D. When appropriate, the school facilities board shall review and use
28 the statewide school facilities inventory and needs assessment conducted by
29 the joint committee on capital review and issued in July, 1995.

30 E. The school facilities board shall contract with one or more private
31 building inspectors to complete an initial assessment of school facilities
32 and equipment and shall inspect each school building in this state at least
33 once every five years to ensure compliance with section 15-2011. A copy of
34 the inspection report, together with any recommendations for building
35 maintenance, shall be provided to the school facilities board and the
36 governing board of the school district.

37 F. The school facilities board may consider appropriate combinations
38 of facilities or uses in making assessments of and curing deficiencies
39 pursuant to subsection A, paragraph 1 of this section and in certifying plans
40 for new school facilities pursuant to subsection A, paragraph 5 of this
41 section.

42 G. The board shall not award any monies to fund new facilities that
43 are financed by class A bonds that are issued by the school district.

1 H. The board shall not distribute monies to a school district for
2 replacement or repair of facilities if the costs associated with the
3 replacement or repair are covered by insurance or a performance or payment
4 bond.

5 I. The board may contract for construction services and materials that
6 are necessary to correct existing deficiencies in school district facilities.
7 The board may procure the construction services necessary pursuant to this
8 subsection by any method, including construction-manager-at-risk,
9 design-build, design-bid-build or job-order-contracting as provided by title
10 41, chapter 23. The construction planning and services performed pursuant to
11 this subsection are exempt from section 41-791.01.

12 J. The school facilities board may enter into agreements with school
13 districts to allow school facilities board staff and contractors access to
14 school property for the purposes of performing the construction services
15 necessary pursuant to subsection I of this section.

16 K. Each school district shall develop routine preventative maintenance
17 guidelines for its facilities. The guidelines shall include plumbing
18 systems, electrical systems, heating, ventilation and air conditioning
19 systems, special equipment and other systems and for roofing systems shall
20 recommend visual inspections performed by district staff for signs of
21 structural stress and weakness. The guidelines shall be submitted to the
22 school facilities board for review and approval. If on inspection by the
23 school facilities board it is determined that a school district facility was
24 inadequately maintained pursuant to the school district's routine
25 preventative maintenance guidelines, the school district shall ~~use building~~
26 ~~renewal monies pursuant to section 15-2031, subsection L to return the~~
27 ~~building to compliance with the school district's routine preventative~~
28 ~~maintenance guidelines. Once the district is in compliance, it no longer is~~
29 ~~required to use building renewal monies for preventative maintenance.~~

30 L. The school facilities board may temporarily transfer monies between
31 the capital reserve fund established by section 15-2003, the emergency
32 deficiencies correction fund established by section 15-2022, ~~the building~~
33 ~~renewal fund established by section 15-2031~~ and the new school facilities
34 fund established by section 15-2041 if all of the following conditions are
35 met:

36 1. The transfer is necessary to avoid a temporary shortfall in the
37 fund into which the monies are transferred.

38 2. The transferred monies are restored to the fund where the monies
39 originated as soon as practicable after the temporary shortfall in the other
40 fund has been addressed.

41 3. The school facilities board reports to the joint committee on
42 capital review the amount of and the reason for any monies transferred.

43 M. After notifying each school district, and if a written objection
44 from the school district is not received by the school facilities board
45 within thirty days of the notification, the school facilities board may

1 access public utility company records of power, water, natural gas, telephone
2 and broadband usage to assemble consistent and accurate data on utility
3 consumption at school facilities to determine the effectiveness of facility
4 design, operation and maintenance measures intended to reduce energy and
5 water consumption and costs. Any public utility that provides service to a
6 school district in this state shall provide the data requested by the school
7 facilities board pursuant to this subsection.

8 N. The school facilities board shall not require a common school
9 district that provides instruction to pupils in grade nine to obtain approval
10 from the school facilities board to reconfigure its school facilities. A
11 common school district that provides instruction to pupils in grade nine is
12 not entitled to additional monies from the school facilities board for
13 facilities to educate pupils in grade nine.

14 Sec. 39. Section 15-2004, Arizona Revised Statutes, is amended to
15 read:

16 15-2004. School facilities board lease-to-own; fund; expiration

17 A. In order to fulfill the requirements of section 15-2041, the school
18 facilities board may acquire school facilities for the use of one or more
19 school districts by entering into one or more lease-to-own transactions in
20 accordance with this section. For purposes of this section, providing school
21 facilities includes land acquisition, related infrastructure, fixtures,
22 furnishings, equipment and costs of the lease-to-own transaction. The school
23 facilities board may provide monies to provide school facilities in part
24 pursuant to section 15-2041 and in part through a lease-to-own transaction.

25 B. A lease-to-own transaction may provide for:

26 1. The ground lease of the land for the facilities to a private entity
27 for the term of the lease-to-own transaction or for a term of up to one and
28 one-half times the term of the lease-to-own transaction, subject to earlier
29 termination on completion of performance of the lease-to-own agreement. The
30 ground lessor may either be the school district or the school facilities
31 board, whichever holds title to the land.

32 2. The lease of the completed school facilities by a private entity to
33 the school facilities board for an extended term of years pursuant to a
34 lease-to-own agreement.

35 3. The sublease of the completed school facilities by the school
36 facilities board to the school district during the term of the lease-to-own
37 agreement. The sublease shall provide for the use, maintenance and operation
38 of the school facilities by the school district and for the transfer of
39 ownership of the school facilities to the school district on completion of
40 performance of the lease-to-own agreement.

41 4. The option for the school facilities board's purchase of the school
42 facilities and transfer of ownership of the school facilities to the school
43 district before the expiration of the lease-to-own agreement.

1 5. The services of trustees, financial advisors, paying agents,
2 transfer agents, underwriters, lawyers and other professional service
3 providers, credit enhancements or liquidity facilities and all other services
4 considered necessary by the school facilities board in connection with the
5 lease-to-own transaction, and related agreements and arrangements including
6 arrangements for the creation and sale of certificates of participation
7 evidencing proportionate interests in the lease payments to be made by the
8 school facilities board pursuant to the lease-to-own agreement.

9 C. The sublease of the school facilities to the school district is
10 subject to this section and to the provisions of the lease-to-own agreement.
11 Neither a ground lease by the school district as lessor nor a sublease of the
12 school facilities to the school district is required to be authorized by a
13 vote of the school district electors. A ground lease is not subject to any
14 limitations or requirements applicable to leases or lease-purchase agreements
15 pursuant to section 15-342 or any other section of this title.

16 D. Any school facility that is constructed through a lease-to-own
17 agreement shall meet the minimum building adequacy standards set forth in
18 section 15-2011.

19 E. School districts may use local monies to exceed the minimum
20 adequacy standards and to build athletic fields and any other capital project
21 for leased-to-own facilities.

22 F. The school facilities board shall include any square footage of new
23 school facilities constructed through lease-to-own agreements in the
24 computations prescribed in section 15-2011.

25 ~~G. Pursuant to section 15-2031, a school district is eligible to~~
26 ~~receive building renewal monies for any facility constructed through a~~
27 ~~lease-to-own agreement. If a facility's building maintenance renewal is~~
28 ~~included in the lease-to-own agreement, the facility shall not be included in~~
29 ~~the district's building renewal calculation.~~

30 H. G. A lease-to-own fund is established consisting of monies
31 appropriated by the legislature. The school facilities board shall
32 administer the fund and distribute monies in the fund to make payments
33 pursuant to lease-to-own agreements entered into by the school facilities
34 board pursuant to this section, to make payments to or for the benefit of
35 school districts pursuant to local lease-to-own agreements entered into by
36 school districts pursuant to section 15-2005 and to pay costs considered
37 necessary by the school facilities board in connection with lease-to-own
38 transactions and local lease-to-own transactions. Payments by the school
39 facilities board pursuant to a lease-to-own agreement or local lease-to-own
40 agreement shall be made only from the lease-to-own fund. On notice from the
41 school facilities board, the state treasurer shall invest and divest monies
42 in the fund as provided by section 35-313, and monies earned from investment
43 shall be credited to the lease-to-own fund.

1 ~~F~~. H. A lease-to-own agreement entered into by the school facilities
2 board pursuant to this section shall provide that:

3 1. At the completion of the lease-to-own agreement, ownership of the
4 school facilities and land associated with the lease-to-own agreement shall
5 be transferred to the school district as specified in the agreement.

6 2. The obligation of the school facilities board to make any payment
7 under the lease-to-own agreement is a current expense, payable exclusively
8 from appropriated monies, and is not a general obligation indebtedness of
9 this state or the school facilities board. The obligation of a school
10 district to make expenditures under a sublease pursuant to subsection B,
11 paragraph 3 of this section is a current expense, payable exclusively from
12 budgeted monies, and is not a general obligation indebtedness of the school
13 district.

14 3. If the legislature fails to appropriate monies or the school
15 facilities board fails to allocate such monies for any periodic payment or
16 renewal term of the lease-to-own agreement, the lease-to-own agreement
17 terminates at the end of the current term and this state and the school
18 facilities board are relieved of any subsequent obligation under the
19 agreement and the school district is relieved of any subsequent obligation
20 under the sublease.

21 4. The lease-to-own agreement shall be reviewed and approved by the
22 attorney general before the agreement may take effect.

23 5. Before the agreement takes effect and after review by the attorney
24 general, the project or projects related to the agreement shall be submitted
25 for review by the joint committee on capital review.

26 ~~G~~. I. The school facilities board may covenant to use its best
27 efforts to budget, obtain, allocate and maintain sufficient appropriated
28 monies to make payments under a lease-to-own agreement, but the lease-to-own
29 agreement shall acknowledge that appropriating state monies is a legislative
30 act and is beyond the control of the school facilities board or of any other
31 party to the lease-to-own agreement.

32 ~~K~~. J. The land and the school facilities on the land are exempt from
33 taxation during the term of the lease-to-own agreement and during
34 construction and subsequent occupancy by the school district pursuant to the
35 sublease.

36 ~~L~~. K. The powers prescribed in this section are in addition to the
37 powers conferred by any other law. Without reference to any other provision
38 of this title or to any other law, this section is authority for the
39 completion of the purposes prescribed in this section for the school
40 facilities board to provide school facilities for use by school districts
41 through lease-to-own transactions pursuant to this section without regard to
42 the procedure required by any other law. Except as otherwise provided in
43 this section, the provisions of this title that relate to the matters
44 contained in this section are superseded because this section is the
45 exclusive law on these matters.

1 M- L. The school facilities board shall not enter into lease-to-own
2 transactions, including any refinancings or refundings, pursuant to this
3 section from and after May 15, 2006.

4 Sec. 40. Section 15-2005, Arizona Revised Statutes, is amended to
5 read:

6 15-2005. Local lease-to-own by school districts; expiration

7 A. In order to fulfill the requirements of section 15-2041, with the
8 approval of the school facilities board, a school district may acquire school
9 facilities by entering into a local lease-to-own transaction in accordance
10 with this section. For purposes of this section, providing school facilities
11 includes land acquisition, related infrastructure, fixtures, furnishings,
12 equipment and costs of the local lease-to-own transaction. The school
13 facilities board may provide monies to provide school facilities in part
14 pursuant to section 15-2041 and in part through payments to or for the
15 benefit of a school district for a local lease-to-own transaction.

16 B. A local lease-to-own transaction may provide for:

17 1. The ground lease of the land for the facilities to a private entity
18 for the term of the local lease-to-own transaction or for a term of up to one
19 and one-half times the term of the local lease-to-own transaction, subject to
20 earlier termination on completion of performance of the local lease-to-own
21 agreement. The ground lessor may either be the school district or the school
22 facilities board, whichever holds title to the land.

23 2. The lease of the completed school facilities by a private entity to
24 the school district for an extended term of years pursuant to a local
25 lease-to-own agreement. The local lease-to-own agreement shall provide for
26 the use, maintenance and operation of the school facilities by the school
27 district and for the transfer of ownership of the school facilities to the
28 school district on completion of performance of the local lease-to-own
29 agreement.

30 3. The option for the school district's purchase of the school
31 facilities and transfer of ownership of the school facilities to the school
32 district before the expiration of the local lease-to-own agreement.

33 4. The services of trustees, financial advisors, paying agents,
34 transfer agents, underwriters, lawyers and other professional service
35 providers, credit enhancements or liquidity facilities and all other services
36 considered necessary by the school district or the school facilities board in
37 connection with the local lease-to-own transaction, and related agreements
38 and arrangements including arrangements for the creation and sale of
39 certificates of participation evidencing proportionate interests in the lease
40 payments to be made by the school district pursuant to the local lease-to-own
41 agreement.

42 C. Neither a ground lease by the school district as lessor nor a local
43 lease-to-own agreement is required to be authorized by a vote of the school
44 district electors. A ground lease is not subject to any limitations or

1 requirements applicable to leases or lease-purchase agreements pursuant to
2 section 15-342 or any other section of this title.

3 D. The school facilities board may make payments to or for the benefit
4 of the school district from the lease-to-own fund established by section
5 15-2004 for the payment of amounts payable under the local lease-to-own
6 agreement.

7 E. Any school facility that is constructed through a lease-to-own
8 agreement shall meet the minimum building adequacy standards set forth in
9 section 15-2011.

10 F. School districts may use local monies to exceed the minimum
11 adequacy standards and to build athletic fields and any other capital project
12 for leased-to-own facilities.

13 G. The school facilities board shall include any square footage of new
14 school facilities constructed through lease-to-own agreements in the
15 computations prescribed in section 15-2011.

16 ~~H. Pursuant to section 15-2031, a school district is eligible to
17 receive building renewal monies for any facility constructed through a
18 lease-to-own agreement. If a facility's building maintenance renewal is
19 included in the lease-to-own agreement, the facility shall not be included in
20 the district's building renewal calculation.~~

21 ~~I. H. A local lease-to-own agreement entered into by a school
22 district pursuant to this section shall provide that:~~

23 1. At the completion of the lease-to-own agreement, ownership of the
24 school facilities and land associated with the lease-to-own agreement shall
25 be transferred to the school district as specified in the agreement.

26 2. The obligation of the school district to make any payment or
27 expenditure under the local lease-to-own agreement is a current expense,
28 payable exclusively from properly budgeted monies, and is not a general
29 obligation indebtedness of this state, the school facilities board or the
30 school district, and that any payment by the school facilities board to or
31 for the benefit of the school district from the lease-to-own fund established
32 by section 15-2004 for payments of amounts payable under the local
33 lease-to-own agreement is a current expense, payable exclusively from
34 appropriated monies, and is not a general obligation indebtedness of this
35 state or the school facilities board.

36 3. If the school district fails to properly budget for payments under
37 the local lease-to-own agreement or if the legislature fails to appropriate
38 monies or the school facilities board fails to allocate monies for periodic
39 payment to or for the benefit of the school district for payments under the
40 local lease-to-own agreement, the local lease-to-own agreement terminates at
41 the end of the current term and the school district, the school facilities
42 board and this state are relieved of any subsequent obligation under the
43 local lease-to-own agreement.

44 4. The local lease-to-own agreement shall be reviewed and approved by
45 the attorney general before the agreement may take effect.

1 5. Before the agreement takes effect and after review by the attorney
2 general, the project or projects related to the agreement shall be submitted
3 for review by the joint committee on capital review.

4 ~~J.~~ I. The school district may covenant to use its best efforts to
5 budget, obtain, allocate and maintain sufficient monies to make payments
6 under a local lease-to-own agreement, but the local lease-to-own agreement
7 shall acknowledge that budgeting school district monies is a governmental act
8 of the school district governing board that may not be contracted away. The
9 school facilities board is not required to covenant to budget, obtain,
10 allocate or maintain sufficient monies in the lease-to-own fund to make
11 payments to or for the benefit of a school district for payments under a
12 local lease-to-own agreement.

13 ~~K.~~ J. The land and the school facilities on the land are exempt from
14 taxation during the term of the local lease-to-own agreement and during
15 construction and subsequent occupancy by the school district pursuant to the
16 local lease-to-own agreement.

17 ~~L.~~ K. The powers prescribed in this section are in addition to the
18 powers conferred by any other law. Without reference to any other provision
19 of this title or to any other law, this section is authority for the
20 completion of the purposes prescribed in this section for school districts to
21 provide school facilities through local lease-to-own transactions pursuant to
22 this section without regard to the procedure required by any other law.
23 Except as otherwise provided in this section, the provisions of this title
24 that relate to the matters contained in this section are superseded because
25 this section is the exclusive law on these matters.

26 ~~M.~~ L. School districts shall not enter into lease-to-own
27 transactions, including any refinancings or refundings, pursuant to this
28 section from and after May 15, 2006.

29 Sec. 41. Section 15-2011, Arizona Revised Statutes, is amended to
30 read:

31 15-2011. Minimum school facility adequacy requirements;
32 definition

33 A. The school facilities board, as determined and prescribed in this
34 chapter, shall provide funding to school districts for new construction as
35 the ~~projected~~ number of pupils in the district ~~will fill~~ FILLS the existing
36 school facilities and ~~require~~ REQUIRES more pupil space.

37 B. School buildings in a school district are adequate if all of the
38 following requirements are met:

39 1. The buildings contain sufficient and appropriate space and
40 equipment that comply with the minimum school facility adequacy guidelines
41 established pursuant to subsection F of this section. The state shall not
42 fund facilities for elective courses that require the school district
43 facilities to exceed minimum school facility adequacy requirements. The
44 school facilities board shall determine whether a school building meets the
45 requirements of this paragraph by analyzing the total square footage that is

1 available for each pupil in conjunction with the need for specialized spaces
2 and equipment.

3 2. The buildings are in compliance with federal, state and local
4 building and fire codes and laws that are applicable to the particular
5 building. An existing school building is not required to comply with current
6 requirements for new buildings unless this compliance is specifically
7 mandated by law or by the building or fire code of the jurisdiction where the
8 building is located.

9 3. The building systems, including roofs, plumbing, telephone systems,
10 electrical systems, heating systems and cooling systems, are in working order
11 and are capable of being properly maintained.

12 4. The buildings are structurally sound.

13 C. The standards that shall be used by the school facilities board to
14 determine whether a school building meets the minimum adequate gross square
15 footage requirements are as follows:

16 1. For a school district that provides instruction to pupils in
17 programs for preschool children with disabilities, kindergarten programs and
18 grades one through six, eighty square feet per pupil in programs for
19 preschool children with disabilities, kindergarten programs and grades one
20 through six.

21 2. For a school district that provides instruction to up to eight
22 hundred pupils in grades seven and eight, eighty-four square feet per pupil
23 in grades seven and eight.

24 3. For a school district that provides instruction to more than eight
25 hundred pupils in grades seven and eight, eighty square feet per pupil in
26 grades seven and eight or sixty-seven thousand two hundred square feet,
27 whichever is more.

28 4. For a school district that provides instruction to up to four
29 hundred pupils in grades nine through twelve, one hundred twenty-five square
30 feet per pupil in grades nine through twelve.

31 5. For a school district that provides instruction to more than four
32 hundred and up to one thousand pupils in grades nine through twelve, one
33 hundred twenty square feet per pupil in grades nine through twelve or fifty
34 thousand square feet, whichever is more.

35 6. For a school district that provides instruction to more than one
36 thousand and up to one thousand eight hundred pupils in grades nine through
37 twelve, one hundred twelve square feet per pupil in grades nine through
38 twelve or one hundred twenty thousand square feet, whichever is more.

39 7. For a school district that provides instruction to more than one
40 thousand eight hundred pupils in grades nine through twelve, ninety-four
41 square feet per pupil in grades nine through twelve or two hundred one
42 thousand six hundred square feet, whichever is more.

43 D. The school facilities board may modify the square footage
44 requirements prescribed in subsection C of this section or modify the amount
45 of monies awarded to cure the square footage deficiency pursuant to this

1 section for particular school districts based on extraordinary circumstances
2 for any of the following considerations:

- 3 1. The number of pupils served by the school district.
- 4 2. Geographic factors.
- 5 3. Grade configurations other than those prescribed in subsection C of
6 this section.

7 E. In measuring the square footage per pupil requirements of
8 subsection C of this section, the school facilities board shall:

- 9 1. Use the most recent one hundredth day average daily membership.
- 10 2. For each school, use the lesser of either:

- 11 (a) Total gross square footage.
- 12 (b) Student capacity multiplied by the appropriate square footage per
13 pupil prescribed by subsection C of this section.

14 3. Consider the total space available in all schools in use in the
15 school district, except that the school facilities board shall allow an
16 exclusion of the square footage for certain schools and the pupils within the
17 schools' boundaries if the school district demonstrates to the board's
18 satisfaction unusual or excessive busing of pupils or unusual attendance
19 boundary changes between schools.

20 4. Compute the gross square footage of all buildings by measuring from
21 exterior wall to exterior wall. Square footage used solely for district
22 administration, storage of vehicles and other nonacademic purposes shall be
23 excluded from the gross square footage.

24 5. Include all portable and modular buildings.

25 6. Include in the net square footage new construction funded wholly or
26 partially by the school facilities board based on the square footage funded
27 by the school facilities board. If the new construction is to exceed the
28 square footage funded by the school facilities board, the excess square
29 footage shall not be included in the net square footage if any of the
30 following applies:

31 (a) The excess square footage was constructed before July 1, 2002 or
32 funded by a class B bond, impact aid revenue bond or capital outlay override
33 approved by the voters after August 1, 1998 and before June 30, 2002 or
34 funded from unrestricted capital outlay expended before June 30, 2002.

35 (b) The excess square footage of new school facilities does not exceed
36 twenty-five per cent of the minimum square footage requirements pursuant to
37 subsection C of this section.

38 (c) The excess square footage of expansions to school facilities does
39 not exceed twenty-five per cent of the minimum square footage requirements
40 pursuant to subsection C of this section.

41 ~~7. Require that excess square footage that is constructed after July~~
42 ~~1, 2002 and that is not excluded pursuant to paragraph 6 of this subsection~~
43 ~~meets the minimum school facility adequacy guidelines in order to be eligible~~
44 ~~for building renewal monies as computed in section 15-2031.~~

1 ~~8.~~ 7. Exclude square footage built under a developer agreement
2 according to section 15-342, paragraph 33 until the school facilities board
3 provides funding for the square footage under section 15-2041, subsection 0.

4 ~~9.~~ 8. Include square footage that a school district has leased to
5 another entity, including square footage leased to a charter school that is
6 sponsored by a school district pursuant to section 15-183.

7 F. The school facilities board shall adopt rules establishing minimum
8 school facility adequacy guidelines. The guidelines shall provide the
9 minimum quality and quantity of school buildings and facilities and equipment
10 necessary and appropriate to enable pupils to achieve the academic standards
11 pursuant to section 15-203, subsection A, paragraphs 12 and 13 and sections
12 15-701 and 15-701.01. At a minimum, the school facilities board shall
13 address all of the following in developing these guidelines:

- 14 1. School sites.
- 15 2. Classrooms.
- 16 3. Libraries and media centers, or both.
- 17 4. Cafeterias.
- 18 5. Auditoriums, multipurpose rooms or other multiuse space.
- 19 6. Technology.
- 20 7. Transportation.
- 21 8. Facilities for science, arts and physical education.
- 22 9. Other facilities and equipment that are necessary and appropriate
23 to achieve the academic standards prescribed pursuant to section 15-203,
24 subsection A, paragraphs 12 and 13 and sections 15-701 and 15-701.01.
- 25 10. Appropriate combinations of facilities or uses listed in this
26 section.

27 G. The board shall consider the facilities and equipment of the
28 schools with the highest academic productivity scores, as prescribed in
29 section 15-2002, subsection A, paragraph 9, subdivision (d), and the highest
30 parent quality ratings in the establishment of the guidelines.

31 H. The school facilities board may consider appropriate combinations
32 of facilities or uses in making assessments of and curing existing
33 deficiencies pursuant to section 15-2002, subsection A, paragraph 1 and in
34 certifying plans for new school facilities pursuant to section 15-2002,
35 subsection A, paragraph 5.

36 I. For the purposes of this section, "student capacity" means the
37 capacity adjusted to include any additions to or deletions of space,
38 including modular or portable buildings at the school. The school facilities
39 board shall determine the student capacity for each school in conjunction
40 with each school district, recognizing each school's allocation of space as
41 of July 1, 1998, to achieve the academic standards prescribed pursuant to
42 section 15-203, subsection A, paragraphs 12 and 13 and sections 15-701 and
43 15-701.01.

1 facilities board pursuant to section 15-2011, for school districts that have
2 provided routine preventative maintenance to the school facility.

3 2. "Routine preventative maintenance" means services that are
4 performed on a regular schedule at intervals ranging from four times a year
5 to once every three years and that are intended to extend the useful life of
6 a building system and reduce the need for major repairs.

7 3. "Student capacity" has the same meaning prescribed in section
8 15-2011.

9 Sec. 44. Section 15-2041, Arizona Revised Statutes, is amended to
10 read:

11 15-2041. New school facilities fund; capital plan; report

12 A. A new school facilities fund is established consisting of monies
13 appropriated by the legislature and monies credited to the fund pursuant to
14 section 37-221. The school facilities board shall administer the fund and
15 distribute monies, as a continuing appropriation, to school districts for the
16 purpose of constructing new school facilities and for contracted expenses
17 pursuant to section 15-2002, subsection B, paragraphs 2, 3 and 4. On June 30
18 of each fiscal year, any unobligated contract monies in the new school
19 facilities fund shall be transferred to the capital reserve fund established
20 by section 15-2003.

21 B. The school facilities board shall prescribe a uniform format for
22 use by the school district governing board in developing and annually
23 updating a capital plan that consists of each of the following:

24 1. Enrollment projections for the next five years for elementary
25 schools and eight years for middle and high schools, including a description
26 of the methods used to make the projections.

27 2. A description of new schools or additions to existing schools
28 needed to meet the building adequacy standards prescribed in section 15-2011.
29 The description shall include:

30 (a) The grade levels and the total number of pupils that the school or
31 addition is intended to serve.

32 (b) The year in which it is necessary for the school or addition to
33 begin operations.

34 (c) A timeline that shows the planning and construction process for
35 the school or addition.

36 3. Long-term projections of the need for land for new schools.

37 4. Any other necessary information required by the school facilities
38 board to evaluate a school district's capital plan.

39 5. If a school district pays tuition for all or a portion of the
40 school district's high school pupils to another school district, the capital
41 plan shall indicate the number of pupils for which the district pays tuition
42 to another district. If a school district accepts pupils from another school
43 district pursuant to section 15-824, subsection A, the school district shall
44 indicate the projections for this population separately. This paragraph does
45 not apply to a small isolated school district as defined in section 15-901.

1 C. If the capital plan indicates a need for a new school or an
2 addition to an existing school within the next four years or a need for land
3 within the next ten years, the school district shall submit its plan to the
4 school facilities board by September 1 and shall request monies from the new
5 school facilities fund for the new construction or land. The school
6 facilities board may require a school district to sell land that was
7 previously purchased entirely with monies provided by the school facilities
8 board if the school facilities board determines that the property is no
9 longer needed within the ten year period specified in this subsection for a
10 new school or no longer needed within that ten year period for an addition to
11 an existing school. Monies provided for land shall be in addition to any
12 monies provided pursuant to subsection D of this section.

13 D. The school facilities board shall distribute monies from the new
14 school facilities fund as follows:

15 1. The school facilities board shall review and evaluate the
16 enrollment projections. ~~and ON OR BEFORE MARCH 1, FOLLOWING THE SUBMISSION~~
17 ~~OF THE ENROLLMENT PROJECTIONS, THE SCHOOL FACILITIES BOARD SHALL~~ either
18 approve the projections as submitted or revise the projections. In
19 determining new construction requirements, the school facilities board shall
20 determine the net new growth of pupils that will require additional square
21 footage that exceeds the building adequacy standards prescribed in section
22 15-2011. If the projected growth and the existing number of pupils exceed
23 three hundred fifty pupils who are served in a school district other than the
24 pupil's resident school district, the school facilities board, the receiving
25 school district and the resident school district shall develop a capital
26 facilities plan on how to best serve those pupils. A small isolated school
27 district as defined in section 15-901 is not required to develop a capital
28 facilities plan pursuant to this paragraph.

29 2. If the approved projections indicate that additional space ~~will not~~
30 ~~be needed within the next two years for elementary schools or three years for~~
31 ~~middle or high schools~~ WOULD NOT HAVE BEEN NEEDED DURING THE CURRENT SCHOOL
32 YEAR in order to meet the building adequacy standards prescribed in section
33 15-2011, the request shall be held for consideration by the school facilities
34 board for possible future funding and the school district shall annually
35 submit an updated plan until the additional space is needed.

36 3. If the approved projections indicate that additional space ~~will be~~
37 ~~needed within the next two years for elementary schools or three years for~~
38 ~~middle or high schools~~ WOULD HAVE BEEN NEEDED DURING THE CURRENT SCHOOL YEAR
39 in order to meet the building adequacy standards prescribed in section
40 15-2011, the school facilities board shall provide an amount as follows:

41 (a) Determine the number of pupils requiring additional square footage
42 to meet building adequacy standards. This amount for elementary schools
43 shall not be less than the number of new pupils for whom space will be needed
44 in the next year and shall not exceed the number of new pupils for whom space
45 will be needed in the next five years. This amount for middle and high

1 schools shall not be less than the number of new pupils for whom space will
2 be needed in the next four years and shall not exceed the number of new
3 pupils for whom space will be needed in the next eight years.

4 (b) Multiply the number of pupils determined in subdivision (a) of
5 this paragraph by the square footage per pupil. The square footage per pupil
6 is ninety square feet per pupil for preschool children with disabilities,
7 kindergarten programs and grades one through six, one hundred square feet for
8 grades seven and eight, one hundred thirty-four square feet for a school
9 district that provides instruction in grades nine through twelve for fewer
10 than one thousand eight hundred pupils and one hundred twenty-five square
11 feet for a school district that provides instruction in grades nine through
12 twelve for at least one thousand eight hundred pupils. The total number of
13 pupils in grades nine through twelve in the district shall determine the
14 square footage factor to use for net new pupils. The school facilities board
15 may modify the square footage requirements prescribed in this subdivision for
16 particular schools based on any of the following factors:

17 (i) The number of pupils served or projected to be served by the
18 school district.

19 (ii) Geographic factors.

20 (iii) Grade configurations other than those prescribed in this
21 subdivision.

22 (iv) Compliance with minimum school facility adequacy requirements
23 established pursuant to section 15-2011.

24 (c) Multiply the product obtained in subdivision (b) of this paragraph
25 by the cost per square foot. The cost per square foot is ninety dollars for
26 preschool children with disabilities, kindergarten programs and grades one
27 through six, ninety-five dollars for grades seven and eight and one hundred
28 ten dollars for grades nine through twelve. The cost per square foot shall
29 be adjusted annually for construction market considerations based on an index
30 identified or developed by the joint legislative budget committee as
31 necessary but not less than once each year. The school facilities board
32 shall multiply the cost per square foot by 1.05 for any school district
33 located in a rural area. The school facilities board may only modify the
34 base cost per square foot prescribed in this subdivision for particular
35 schools based on geographic conditions or site conditions. For the purposes
36 of this subdivision, "rural area" means an area outside a thirty-five mile
37 radius of a boundary of a municipality with a population of more than fifty
38 thousand persons.

39 (d) Once the school district governing board obtains approval from the
40 school facilities board for new facility construction funds, additional
41 portable or modular square footage created for the express purpose of
42 providing temporary space for pupils until the completion of the new facility
43 shall not be included by the school facilities board for the purpose of new
44 construction funding calculations. On completion of the new facility
45 construction project, if the portable or modular facilities continue in use,

1 the portable or modular facilities shall be included as prescribed by this
2 chapter, unless the school facilities board approves their continued use for
3 the purpose of providing temporary space for pupils until the completion of
4 the next new facility that has been approved for funding from the new school
5 facilities fund.

6 4. For projects approved after December 31, 2001, and notwithstanding
7 paragraph 3 of this subsection, a unified school district that does not have
8 a high school is not eligible to receive high school space as prescribed by
9 section 15-2011 and this section unless the unified district qualifies for
10 geographic factors prescribed by paragraph 3, subdivision (b), item (ii) of
11 this subsection.

12 5. If a joint technical education district leases a building from a
13 school district, that building shall be included in the school district's
14 square footage calculation for the purposes of new construction pursuant to
15 this section.

16 6. If a school district leases a building to another entity, including
17 a charter school that is sponsored by a school district pursuant to section
18 15-183, that building shall be included in the school district's square
19 footage calculation for purposes of new construction pursuant to this
20 section.

21 7. A SCHOOL DISTRICT SHALL QUALIFY FOR NEW CONSTRUCTION FUNDING IN A
22 FISCAL YEAR ONLY IF THE SCHOOL FACILITIES BOARD HAS APPROVED OR REVISED ITS
23 ENROLLMENT PROJECTION UNDER PARAGRAPH 3 OF THIS SUBSECTION ON OR BEFORE MARCH
24 1 OF THE PRIOR FISCAL YEAR.

25 E. Monies for architectural and engineering fees, project management
26 services and preconstruction services shall be distributed on the completion
27 of the analysis by the school facilities board of the school district's
28 request. After receiving monies pursuant to this subsection, the school
29 district shall submit a design development plan for the school or addition to
30 the school facilities board before any monies for construction are
31 distributed. If the school district's request meets the building adequacy
32 standards, the school facilities board may review and comment on the
33 district's plan with respect to the efficiency and effectiveness of the plan
34 in meeting state square footage and facility standards before distributing
35 the remainder of the monies. If the school facilities board modifies the
36 cost per square foot as prescribed in subsection D, paragraph 3, subdivision
37 (c) of this section, the school facilities board may deduct the cost of
38 project management services and preconstruction services from the required
39 cost per square foot. The school facilities board may decline to fund the
40 project if the square footage is no longer required due to revised enrollment
41 projections.

42 F. The school facilities board shall distribute the monies needed for
43 land for new schools so that land may be purchased at a price that is less
44 than or equal to fair market value and in advance of the construction of the
45 new school. If necessary, the school facilities board may distribute monies

1 for land to be leased for new schools if the duration of the lease exceeds
2 the life expectancy of the school facility by at least fifty per cent. A
3 school district shall not use land purchased or partially purchased with
4 monies provided by the school facilities board for a purpose other than a
5 site for a school facility without obtaining prior written approval from the
6 school facilities board. A school district shall not lease, sell or take any
7 action that would diminish the value of land purchased or partially purchased
8 with monies provided by the school facilities board without obtaining prior
9 written approval from the school facilities board. The proceeds derived
10 through the sale of any land purchased or partially purchased, or the sale of
11 buildings funded or partially funded, with monies provided by the school
12 facilities board shall be returned to the state fund from which it was
13 appropriated and to any other participating entity on a proportional basis.
14 Except as provided in section 15-342, paragraph 33, if a school district
15 acquires real property by donation at an appropriate school site approved by
16 the school facilities board, the school facilities board shall distribute an
17 amount equal to twenty per cent of the fair market value of the donated real
18 property that can be used for academic purposes. The school district shall
19 place the monies in the unrestricted capital outlay fund and increase the
20 unrestricted capital budget limit by the amount of monies placed in the fund.
21 Monies distributed under this subsection shall be distributed from the new
22 school facilities fund. A school district that receives monies from the new
23 school facilities fund for a donation of land pursuant to section 15-342,
24 paragraph 33 shall not receive monies from the school facilities board for
25 the donation of real property pursuant to this subsection. A school district
26 shall not pay a consultant a percentage of the value of any of the following:

27 1. Donations of real property, services or cash from any of the
28 following:

29 (a) Entities that have offered to provide construction services to the
30 school district.

31 (b) Entities that have been contracted to provide construction
32 services to the school district.

33 (c) Entities that build residential units in that school district.

34 (d) Entities that develop land for residential use in that school
35 district.

36 2. Monies received from the school facilities board on behalf of the
37 school district.

38 3. Monies paid by the school facilities board on behalf of the school
39 district.

40 G. In addition to distributions to school districts based on pupil
41 growth projections, a school district may submit an application to the school
42 facilities board for monies from the new school facilities fund if one or
43 more school buildings have outlived their useful life. If the school
44 facilities board determines that the school district needs to build a new
45 school building for these reasons, the school facilities board shall remove

1 the square footage computations that represent the building from the
2 computation of the school district's total square footage for purposes of
3 this section. If the square footage recomputation reflects that the school
4 district no longer meets building adequacy standards, the school district
5 qualifies for a distribution of monies from the new school construction
6 formula in an amount determined pursuant to subsection D of this section.
7 ~~Buildings removed from a school district's total square footage pursuant to~~
8 ~~this subsection shall not be included in the computation of monies from the~~
9 ~~building renewal fund established by section 15-2031.~~ The school facilities
10 board may only modify the base cost per square foot prescribed in this
11 subsection under extraordinary circumstances for geographic factors or site
12 conditions.

13 H. School districts that receive monies from the new school facilities
14 fund shall establish a district new school facilities fund and shall use the
15 monies in the district new school facilities fund only for the purposes
16 prescribed in this section. By October 15 of each year, each school district
17 shall report to the school facilities board the projects funded at each
18 school in the previous fiscal year with monies from the district new school
19 facilities fund and shall provide an accounting of the monies remaining in
20 the new school facilities fund at the end of the previous fiscal year.

21 I. If a school district has surplus monies received from the new
22 school facilities fund, the school district may use the surplus monies only
23 for capital purposes for the project for up to one year after completion of
24 the project. If the school district possesses surplus monies from the new
25 school construction project that have not been expended within one year of
26 the completion of the project, the school district shall return the surplus
27 monies to the school facilities board for deposit in the new school
28 facilities fund.

29 J. The board's consideration of any application filed after December
30 31 of the year in which the property becomes territory in the vicinity of a
31 military airport or ancillary military facility as defined in section 28-8461
32 for monies to fund the construction of new school facilities proposed to be
33 located in territory in the vicinity of a military airport or ancillary
34 military facility shall include, if after notice is transmitted to the
35 military airport pursuant to section 15-2002 and before the public hearing
36 the military airport provides comments and an analysis concerning
37 compatibility of the proposed school facilities with the high noise or
38 accident potential generated by military airport or ancillary military
39 facility operations that may have an adverse effect on public health and
40 safety, consideration and analysis of the comments and analysis provided by
41 the military airport before making a final determination.

42 K. If a school district uses its own project manager for new school
43 construction, the members of the school district governing board and the
44 project manager shall sign an affidavit stating that the members and the

1 project manager understand and will follow the minimum adequacy requirements
2 prescribed in section 15-2011.

3 L. The school facilities board shall establish a separate account in
4 the new school facilities fund designated as the litigation account to pay
5 attorney fees, expert witness fees and other costs associated with litigation
6 in which the school facilities board pursues the recovery of damages for
7 deficiencies correction that resulted from alleged construction defects or
8 design defects that the school facilities board believes caused or
9 contributed to a failure of the school building to conform to the building
10 adequacy requirements prescribed in section 15-2011. Attorney fees paid
11 pursuant to this subsection shall not exceed the market rate for similar
12 types of litigation. On or before December 1 of each year, the school
13 facilities board shall report to the joint committee on capital review the
14 costs associated with current and potential litigation that may be paid from
15 the litigation account.

16 M. Until the state board of education and the auditor general adopt
17 rules pursuant to section 15-213, subsection I, the school facilities board
18 may allow school districts to contract for construction services and
19 materials through the qualified select bidders list method of project
20 delivery for new school facilities pursuant to this section.

21 N. The school facilities board shall submit electronically a report on
22 project management services and preconstruction services to the governor, the
23 president of the senate and the speaker of the house of representatives by
24 December 31 of each year. The report shall compare projects that use project
25 management and preconstruction services with those that do not. The report
26 shall address cost, schedule and other measurable components of a
27 construction project. School districts, construction manager at risk firms
28 and project management firms that participate in a school facilities board
29 funded project shall provide the information required by the school
30 facilities board in relation to this report.

31 O. If a school district constructs new square footage according to
32 section 15-342, paragraph 33, the school facilities board shall review the
33 design plans and location of any new school facility submitted by school
34 districts and another party to determine whether the design plans comply with
35 the adequacy standards prescribed in section 15-2011 and the square footage
36 per pupil requirements pursuant to subsection D, paragraph 3, subdivision (b)
37 of this section. When the school district qualifies for a distribution of
38 monies from the new school facilities fund according to this section, the
39 school facilities board shall distribute monies to the school district from
40 the new school facilities fund for the square footage constructed under
41 section 15-342, paragraph 33 at the same cost per square foot established by
42 this section that was in effect at the time of the beginning of the
43 construction of the school facility. Before the school facilities board
44 distributes any monies pursuant to this subsection, the school district shall
45 demonstrate to the school facilities board that the facilities to be funded

1 pursuant to this section meet the minimum adequacy standards prescribed in
2 section 15-2011. The agreement entered into pursuant to section 15-342,
3 paragraph 33 shall set forth the procedures for the allocation of these funds
4 to the parties that participated in the agreement.

5 P. ACCOMMODATION SCHOOLS ARE NOT ELIGIBLE FOR MONIES FROM THE NEW
6 SCHOOL FACILITIES FUND.

7 Sec. 45. Repeal

8 Laws 2011, second special session, chapter 1, section 135, is repealed.

9 Sec. 46. Joint technical education district equalization
10 funding; fiscal year 2013-2014

11 Notwithstanding section 15-393, Arizona Revised Statutes, or any other
12 law, the department of education shall fund state aid for joint technical
13 education districts with a student count of more than two thousand students
14 for fiscal year 2013-2014 at ninety-one per cent of the amount that otherwise
15 would be provided by law and shall reduce its budget limits accordingly.

16 Sec. 47. Deposits in the education learning and accountability
17 fund

18 On or before December 31, 2013, each community college district shall
19 transmit six dollars per full-time student equivalent according to the most
20 recent audit and each university under the jurisdiction of the Arizona board
21 of regents shall transmit six dollars per actual university full-time
22 equivalent student to the department of education for deposit in the
23 education learning and accountability fund established by section 15-249.02,
24 Arizona Revised Statutes.

25 Sec. 48. School facilities board; refinancing or refunding
26 agreement

27 A. Notwithstanding section 15-2004, subsection L, Arizona Revised
28 Statutes, section 15-2005, subsection L, Arizona Revised Statutes, and
29 section 15-2006, Arizona Revised Statutes, the school facilities board may
30 enter into a refinancing or refunding agreement in fiscal year 2013-2014 that
31 will reduce the school facilities board's fiscal year 2013-2014 and fiscal
32 year 2014-2015 lease-purchase payments by a combined total of at least
33 \$4,000,000 but that will not increase or decrease the total amount of the
34 school facilities board's lease-purchase payments in any other fiscal year by
35 more than \$100,000.

36 B. Before the school facilities board enters into a refinancing or
37 refunding agreement pursuant to subsection A of this section, the agreement's
38 proposed terms shall be submitted for review by the joint committee on
39 capital review.

40 C. The school facilities board shall revert any unexpended monies
41 appropriated to the new school facilities debt service special line item in
42 fiscal year 2013-2014 to the state general fund on or before June 30, 2014.

1 Sec. 49. Soft capital carryforward balances; transfer

2 Notwithstanding any other law, a school district shall transfer any
3 budget capacity and cash remaining in its soft capital allocation fund at the
4 end of fiscal year 2012-2013 to its maintenance and operations fund or its
5 unrestricted capital outlay fund.

6 Sec. 50. Existing capital outlay revenue limit overrides

7 Notwithstanding section 15-481, subsection Z, Arizona Revised Statutes,
8 a budget in excess of the capital outlay revenue limit that was approved by
9 the voters in a school district before the effective date of this act shall
10 remain in effect until the end of the period authorized pursuant to the
11 previous election.

12 Sec. 51. Budget reductions; soft capital overexpenditures

13 Beginning in fiscal year 2013-2014, a school district that overexpended
14 its soft capital allocation in fiscal year 2012-2013 or in a prior fiscal
15 year shall apply any correction required for that overexpenditure pursuant to
16 section 15-905, subsection L or M, Arizona Revised Statutes, to its
17 maintenance and operation or unrestricted capital budgets.

18 Sec. 52. District additional assistance reduction for school
19 districts for fiscal year 2013-2014

20 A. For fiscal year 2013-2014, the department of education shall reduce
21 by \$238,985,500 the amount of basic state aid that otherwise would be
22 apportioned to school districts statewide for fiscal year 2013-2014 for
23 district additional assistance prescribed in section 15-961, Arizona Revised
24 Statutes, as amended by this act, and shall reduce school district budget
25 limits accordingly.

26 B. For fiscal year 2013-2014, the department of education shall reduce
27 district additional assistance for a school district that is not eligible to
28 receive basic state aid funding for fiscal year 2013-2014 by the amount that
29 its district additional assistance would be reduced pursuant to subsection A
30 of this section if the district was eligible to receive basic state aid
31 funding for fiscal year 2013-2014 and shall reduce the school district's
32 budget limits accordingly.

33 Sec. 53. K-12 formula reductions; small districts; maximum

34 Notwithstanding any other law, the sum of district additional
35 assistance reductions in fiscal year 2013-2014 for school districts with a
36 student count of fewer than 1,100 pupils shall not exceed \$5,000,000.

37 Sec. 54. Additional assistance funding for school districts and
38 charter schools; reduction for fiscal year 2013-2014

39 A. The department of education shall reduce by \$15,656,000 the amount
40 of charter additional assistance funding that otherwise would be apportioned
41 to charter schools and school districts statewide for fiscal year 2013-2014
42 pursuant to section 15-185, subsection B, paragraph 4, Arizona Revised
43 Statutes, as amended by this act and shall reduce school district budget
44 limits accordingly. The funding reduction required under this section shall
45 be made on a proportional basis based on the charter additional assistance

1 funding that each charter school and school district in the state would have
2 received for fiscal year 2013-2014 without the prescribed reduction.

3 B. For fiscal year 2013-2014, the department of education shall reduce
4 charter additional assistance for a school district that is not eligible to
5 receive basic state aid funding for fiscal year 2013-2014 by the amount that
6 its charter additional assistance would be reduced pursuant to subsection A
7 of this section if the school district was eligible to receive basic state
8 aid funding for fiscal year 2013-2014 and shall reduce the school district's
9 budget limits accordingly.

10 Sec. 55. Pilot program on school emergency readiness; report;
11 delayed repeal

12 A. The \$3,646,400 state general fund appropriation to the department
13 of education for the school safety program for fiscal year 2013-2014 in the
14 general appropriations act includes \$100,000 for a pilot program on school
15 emergency readiness.

16 B. School districts shall submit applications to the department of
17 education to participate in the pilot program on or before September 30,
18 2013.

19 C. On or before November 30, 2013, the department of education shall
20 select three school districts to participate in the pilot program. The
21 selected school districts shall collectively consist of no more than
22 thirty-one individual school sites and shall consist of:

23 1. One school district that is located in a county with a population
24 of more than eight hundred thousand persons.

25 2. One school district that is located in a county with a population
26 of more than one hundred thousand persons but less than eight hundred
27 thousand persons.

28 3. One school district that is located in a county with a population
29 of less than one hundred thousand persons.

30 D. School districts that are selected to participate in the pilot
31 program shall be provided and use a readiness and emergency management
32 program that incorporates the following:

33 1. Education specific emergency management software. All plans and
34 critical emergency readiness information including contacts, floor plans and
35 critical equipment photos and locations shall be accessible online and
36 off-line via mobile device applications. The software used in the pilot
37 program shall comply with the national emergency information management
38 system adopted by the federal emergency management agency.

39 2. Training of teachers and administrators in the readiness and
40 emergency management program.

41 3. The development, implementation and maintenance of a comprehensive
42 crisis plan for those school districts and their teachers and administrators.

43 E. On or before November 1, 2014, the department of education shall
44 submit to the governor, the president of the senate and the speaker of the
45 house of representatives a report that summarizes the results of the pilot

1 program. The department of education shall provide a copy of the annual
2 report to the secretary of state.

3 F. This section is repealed from and after December 31, 2014.

4 Sec. 56. Transfer; Arizona structured English immersion fund

5 On or before July 31, 2013, the department of education shall transfer
6 \$10,000,000 to the state general fund from the Arizona structured English
7 immersion fund established by section 15-756.04, Arizona Revised Statutes.

8 Sec. 57. Soft capital carryforward balances; transfer

9 Notwithstanding any other law, a school district shall transfer any
10 budget capacity and cash remaining in its soft capital allocation fund at the
11 end of fiscal year 2012-2013 to its maintenance and operations fund or its
12 unrestricted capital outlay fund.

13 Sec. 58. Provisions for bonds authorized by prior elections;
14 legislative finding

15 A. The bonded indebtedness limits prescribed in section 15-1021,
16 Arizona Revised Statutes, as amended by this act, apply to bonds issued
17 pursuant to elections held both before and after the effective date of this
18 act.

19 B. The legislature finds and declares that the social, economic and
20 financial welfare of the state is affected by the economic and financial
21 conditions that have existed since 2008 and continue today. The conditions
22 have caused a decrease in tax revenue and in assessed valuations, which has
23 resulted in a temporary emergency involving the ability to fund needed
24 construction and repair of school facilities that is alleviated by this act.

APPROVED BY THE GOVERNOR JUNE 17, 2013.

FILED IN THE OFFICE OF THE SECRETARY OF STATE JUNE 17, 2013.

Passed the House June 13, 20 13

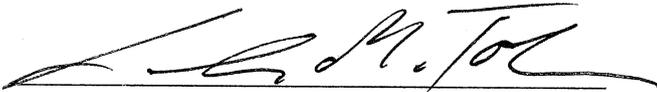
Passed the Senate June 13, 20 13

by the following vote: 33 Ayes,

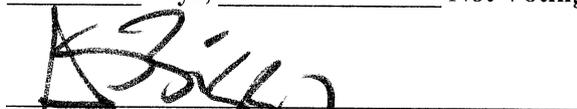
by the following vote: 18 Ayes,

27 Nays, 0 Not Voting

11 Nays, 1 Not Voting



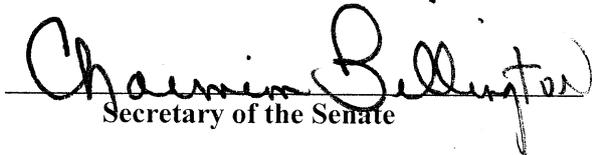
Speaker of the House



President of the Senate



Chief Clerk of the House



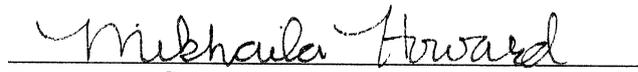
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill received by the Governor this

13 day of June, 20 13

at 4:10 o'clock P M.



Secretary to the Governor

Approved this 17th day of

June

at 12:16 o'clock P M.



Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this 17th day of June, 20 13

at 4:23 o'clock P M.



Secretary of State

First Special Session
H.B. 2003