

Senate Engrossed

**FILED**  
**MICHELE REAGAN**  
**SECRETARY OF STATE**

State of Arizona  
Senate  
Fifty-second Legislature  
First Regular Session  
2015

CHAPTER 15

## **SENATE BILL 1476**

AN ACT

AMENDING SECTIONS 15-185, 15-189, 15-393 AND 15-901, ARIZONA REVISED STATUTES; REPEALING SECTION 15-917, ARIZONA REVISED STATUTES; AMENDING SECTIONS 15-945, 15-972 AND 15-2002, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 16, ARTICLE 5, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-2042; 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. Section 15-185, Arizona Revised Statutes, is amended to  
3 read:

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

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

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

20 2. A school district is not financially responsible for any charter  
21 school that is sponsored by the state board of education, the state board for  
22 charter schools, a university under the jurisdiction of the Arizona board of  
23 regents, a community college district or a group of community college  
24 districts.

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

26 (a) Increase its student count as provided in subsection B, paragraph  
27 2 of this section during the first year of the charter school's operation to  
28 include those charter school pupils who were not previously enrolled in the  
29 school district. A charter school sponsored by a school district governing  
30 board is eligible for the charter additional assistance prescribed in  
31 subsection B, paragraph 4 of this section. The district additional  
32 assistance allocation as provided in section 15-961 for the school district  
33 sponsoring the charter school shall be increased by the amount of the charter  
34 additional assistance. The school district shall include the full amount of  
35 the charter additional assistance in the funding provided to the charter  
36 school.

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

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

5           5. A school district that sponsors a charter school is not eligible to  
6 include the charter school pupils in its student count for the purpose of  
7 computing an increase in its district additional assistance as provided in  
8 section 15-961, subsection B, except that if the charter school was  
9 previously a school in the district, the district may include in its student  
10 count any charter school pupils who were enrolled in the school district in  
11 the prior year.

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

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

27           B. Financial provisions for a charter school that is sponsored by the  
28 state board of education, the state board for charter schools, a university,  
29 a community college district or a group of community college districts are as  
30 follows:

31           1. The charter school shall calculate a base support level as  
32 prescribed in section 15-943, except that:

33           (a) Section 15-941 does not apply to these charter schools.

34           (b) THE SMALL SCHOOL WEIGHTS PRESCRIBED IN SECTION 15-943, PARAGRAPH 1  
35 APPLY IF A CHARTER HOLDER, AS DEFINED IN SECTION 15-101, HOLDS ONE CHARTER  
36 FOR ONE OR MORE SCHOOL SITES AND THE AVERAGE DAILY MEMBERSHIP FOR THE SCHOOL  
37 SITES ARE COMBINED FOR THE CALCULATION OF THE SMALL SCHOOL WEIGHT. THE SMALL  
38 SCHOOL WEIGHT SHALL NOT BE APPLIED INDIVIDUALLY TO A CHARTER HOLDER IF ONE OR  
39 MORE OF THE FOLLOWING CONDITIONS EXISTS AND THE COMBINED AVERAGE DAILY  
40 MEMBERSHIP DERIVED FROM THE FOLLOWING CONDITIONS IS GREATER THAN SIX HUNDRED:

41           (i) THE ORGANIZATIONAL STRUCTURE OR MANAGEMENT AGREEMENT OF THE  
42 CHARTER HOLDER REQUIRES THE CHARTER HOLDER OR CHARTER SCHOOL TO CONTRACT WITH  
43 A SPECIFIC MANAGEMENT COMPANY.

44           (ii) THE GOVERNING BODY OF THE CHARTER HOLDER HAS IDENTICAL MEMBERSHIP  
45 TO ANOTHER CHARTER HOLDER IN THIS STATE.

1 (iii) THE CHARTER HOLDER IS A SUBSIDIARY OF A CORPORATION THAT HAS  
2 OTHER SUBSIDIARIES THAT ARE CHARTER HOLDERS IN THIS STATE.

3 (iv) THE CHARTER HOLDER HOLDS ONE OR MORE CHARTERS IN THIS STATE.

4 (c) NOTWITHSTANDING SUBDIVISION (b) OF THIS PARAGRAPH, FOR FISCAL YEAR  
5 2015-2016 THE DEPARTMENT OF EDUCATION SHALL REDUCE BY THIRTY-THREE PERCENT  
6 THE AMOUNT PROVIDED BY THE SMALL SCHOOL WEIGHT FOR CHARTER SCHOOLS PRESCRIBED  
7 IN SUBDIVISION (b) OF THIS PARAGRAPH.

8 (d) NOTWITHSTANDING SUBDIVISION (b) OF THIS PARAGRAPH, FOR FISCAL YEAR  
9 2016-2017 THE DEPARTMENT OF EDUCATION SHALL REDUCE BY SIXTY-SEVEN PERCENT THE  
10 AMOUNT PROVIDED BY THE SMALL SCHOOL WEIGHT FOR AFFILIATED CHARTER SCHOOLS  
11 PRESCRIBED IN SUBDIVISION (b) OF THIS PARAGRAPH.

12 2. Notwithstanding paragraph 1 of this subsection, the student count  
13 shall be determined initially using an estimated student count based on  
14 actual registration of pupils before the beginning of the school year.  
15 Notwithstanding section 15-1042, subsection F, student level data submitted  
16 to the department may be used to determine estimated student counts. After  
17 the first forty days, one hundred days or two hundred days in session, as  
18 applicable, the charter school shall revise the student count to be equal to  
19 the actual average daily membership, as defined in section 15-901, of the  
20 charter school. Before the fortieth day, one hundredth day or two hundredth  
21 day in session, as applicable, the state board of education, the state board  
22 for charter schools, the sponsoring university, the sponsoring community  
23 college district or the sponsoring group of community college districts may  
24 require a charter school to report periodically regarding pupil enrollment  
25 and attendance, and the department of education may revise its computation of  
26 equalization assistance based on the report. A charter school shall revise  
27 its student count, base support level and charter additional assistance  
28 before May 15. A charter school that overestimated its student count shall  
29 revise its budget before May 15. A charter school that underestimated its  
30 student count may revise its budget before May 15.

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

34 4. Equalization assistance for the charter school shall be determined  
35 by adding the amount of the base support level and charter additional  
36 assistance. The amount of the charter additional assistance is one thousand  
37 seven hundred ~~seven~~ THIRTY-FOUR dollars ~~seventy-seven~~ NINETY-TWO cents per  
38 student count in preschool programs for children with disabilities,  
39 kindergarten programs and grades one through eight and ~~one~~ TWO thousand ~~nine~~  
40 ~~hundred-ninety~~ TWENTY-TWO dollars ~~thirty-eight~~ TWO cents per student count in  
41 grades nine through twelve.

42 5. The state board of education shall apportion state aid from the  
43 appropriations made for such purposes to the state treasurer for disbursement  
44 to the charter schools in each county in an amount as determined by this

1 paragraph. The apportionments shall be made as prescribed in section 15-973,  
2 subsection B.

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

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

13 C. If a pupil is enrolled in both a charter school and a public school  
14 that is not a charter school, the sum of the daily membership, which includes  
15 enrollment as prescribed in section 15-901, subsection A, paragraph 1,  
16 subdivisions (a) and (b) and daily attendance as prescribed in section  
17 15-901, subsection A, paragraph 5, for that pupil in the school district and  
18 the charter school shall not exceed 1.0. If a pupil is enrolled in both a  
19 charter school and a public school that is not a charter school, the  
20 department of education shall direct the average daily membership to the  
21 school with the most recent enrollment date. On validation of actual  
22 enrollment in both a charter school and a public school that is not a charter  
23 school and if the sum of the daily membership or daily attendance for that  
24 pupil is greater than 1.0, the sum shall be reduced to 1.0 and shall be  
25 apportioned between the public school and the charter school based on the  
26 percentage of total time that the pupil is enrolled or in attendance in the  
27 public school and the charter school. The uniform system of financial  
28 records shall include guidelines for the apportionment of the pupil  
29 enrollment and attendance as provided in this section.

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

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

43 2. For a charter school sponsored by the state board of education, the  
44 state board for charter schools, a university, a community college district

1 or a group of community college districts, the total of the base support  
2 level and the charter additional assistance shall not be less than zero.

3 3. For a charter school sponsored by a school district, the base  
4 support level for the school district shall not be reduced by more than the  
5 amount that the charter school increased the district's base support level  
6 and district additional assistance allocation.

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

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

21 G. At the request of a charter school, the county school  
22 superintendent of the county where the charter school is located may provide  
23 the same educational services to the charter school as prescribed in section  
24 15-308, subsection A. The county school superintendent may charge a fee to  
25 recover costs for providing educational services to charter schools.

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

43 I. In addition to the withholding of state aid payments pursuant to  
44 subsection H of this section, the sponsor of a charter school may impose a  
45 civil penalty of one thousand dollars per occurrence if a charter school

1 fails to comply with the fingerprinting requirements prescribed in section  
2 15-183, subsection C or section 15-512. The sponsor of a charter school  
3 shall not impose a civil penalty if it is the first time that a charter  
4 school is out of compliance with the fingerprinting requirements and if the  
5 charter school provides proof within forty-eight hours of written  
6 notification that an application for the appropriate fingerprint check has  
7 been received by the department of public safety. The sponsor of the charter  
8 school shall obtain proof that the charter school has been notified, and the  
9 notification shall identify the date of the deadline and shall be signed by  
10 both parties. The sponsor of a charter school shall automatically impose a  
11 civil penalty of one thousand dollars per occurrence if the sponsor  
12 determines that the charter school subsequently violates the fingerprinting  
13 requirements. Civil penalties pursuant to this subsection shall be assessed  
14 by requesting the department of education to reduce the amount of state aid  
15 that the charter school would otherwise receive by an amount equal to the  
16 civil penalty. The amount of state aid withheld shall revert to the state  
17 general fund at the end of the fiscal year.

18 J. A charter school may receive and spend monies distributed by the  
19 department of education pursuant to section 42-5029, subsection E and section  
20 37-521, subsection B.

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

30 L. Notwithstanding any other law, a university under the jurisdiction  
31 of the Arizona board of regents, a community college district or a group of  
32 community college districts shall not include any student in the student  
33 count of the university, community college district or group of community  
34 college districts for state funding purposes if that student is enrolled in  
35 and attending a charter school sponsored by the university, community college  
36 district or group of community college districts.

37 M. The governing body of a charter school shall transmit a copy of its  
38 proposed budget or the summary of the proposed budget and a notice of the  
39 public hearing to the department of education for posting on the department  
40 of education's website no later than ten days before the hearing and meeting.  
41 If the charter school maintains a website, the charter school governing body  
42 shall post on its website a copy of its proposed budget or the summary of the  
43 proposed budget and a notice of the public hearing.

44 N. The governing body of a charter school shall collaborate with the  
45 private organization that is approved by the state board of education

1 pursuant to section 15-792.02 to provide approved board examination systems  
2 for the charter school.

3 0. If permitted by federal law, a charter school may opt out of  
4 federal grant opportunities if the charter holder or the appropriate  
5 governing body of the charter school determines that the federal requirements  
6 impose unduly burdensome reporting requirements.

7 P. For the purposes of this section:

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

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

20 Sec. 2. Section 15-189, Arizona Revised Statutes, is amended to read:

21 15-189. Charter schools; vacant buildings; list; used equipment

22 A. ~~The department of education~~ SCHOOL FACILITIES BOARD, in conjunction  
23 with the department of administration, shall annually publish a list of  
24 vacant and unused buildings and vacant and unused portions of buildings that  
25 are owned by this state or by school districts in this state and that may be  
26 suitable for the operation of a charter school. ~~The department of education~~  
27 SCHOOL FACILITIES BOARD shall make the list available to applicants for  
28 charter schools and to existing charter schools. The list shall include the  
29 address of each building, a short description of the building, ~~and~~ the name  
30 of the owner of the building AND ANY OTHER PERTINENT INFORMATION RELATED TO  
31 THE VACANCY OF THE BUILDING. THE SCHOOL FACILITIES BOARD SHALL ANNUALLY  
32 SUBMIT THE LIST TO THE GOVERNOR, THE PRESIDENT OF THE SENATE AND THE SPEAKER  
33 OF THE HOUSE OF REPRESENTATIVES AND PROVIDE A COPY OF THE LIST TO THE  
34 SECRETARY OF STATE. Nothing in this section requires the owner of a building  
35 on the list to sell or lease the building or a portion of the building to a  
36 charter school or to any other school or to any other prospective buyer or  
37 tenant.

38 B. A school district may sell used equipment to a charter school  
39 before the school district attempts to sell or dispose of the equipment by  
40 other means.

41 Sec. 3. Section 15-393, Arizona Revised Statutes, is amended to read:

42 15-393. Joint technical education district governing board;  
43 report; definitions

44 A. The management and control of the joint district are vested in the  
45 joint technical education district governing board, including the content and

1 quality of the courses offered by the district, the quality of teachers who  
2 provide instruction on behalf of the district, the salaries of teachers who  
3 provide instruction on behalf of the district and the reimbursement of other  
4 entities for the facilities used by the district. Unless the governing  
5 boards of the school districts participating in the formation of the joint  
6 district vote to implement an alternative election system as provided in  
7 subsection B of this section, the joint board shall consist of five members  
8 elected from five single member districts formed within the joint district.  
9 The single member district election system shall be submitted as part of the  
10 plan for the joint district pursuant to section 15-392 and shall be  
11 established in the plan as follows:

12 1. The governing boards of the school districts participating in the  
13 formation of the joint district shall define the boundaries of the single  
14 member districts so that the single member districts are as nearly equal in  
15 population as is practicable, except that if the joint district lies in part  
16 in each of two or more counties, at least one single member district may be  
17 entirely within each of the counties comprising the joint district if this  
18 district design is consistent with the obligation to equalize the population  
19 among single member districts.

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

23 3. A person who is a registered voter of this state and who is a  
24 resident of the single member district is eligible for election to the office  
25 of joint board member from the single member district. The terms of office  
26 of the members of the joint board shall be as prescribed in section 15-427,  
27 subsection B. An employee of a joint technical education district or the  
28 spouse of an employee shall not hold membership on a governing board of a  
29 joint technical education district by which the employee is employed. A  
30 member of one school district governing board or joint technical education  
31 district governing board is ineligible to be a candidate for nomination or  
32 election to or serve simultaneously as a member of any other governing board,  
33 except that a member of a governing board may be a candidate for nomination  
34 or election for any other governing board if the member is serving in the  
35 last year of a term of office. A member of a governing board shall resign  
36 the member's seat on the governing board before becoming a candidate for  
37 nomination or election to the governing board of any other school district or  
38 joint technical education district, unless the member of the governing board  
39 is serving in the last year of a term of office.

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

42 B. The governing boards of the school districts participating in the  
43 formation of the joint district may vote to implement any other alternative  
44 election system for the election of joint district board members. If an  
45 alternative election system is selected, it shall be submitted as part of the

1 plan for the joint district pursuant to section 15-392, and the  
2 implementation of the system shall be as approved by the United States  
3 justice department.

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

- 6 1. Chapter 1, articles 1 through 6.
- 7 2. Sections 15-208, 15-210, 15-213 and 15-234.
- 8 3. Articles 2, 3 and 5 of this chapter.
- 9 4. Section 15-361.
- 10 5. Chapter 4, articles 1, 2 and 5.
- 11 6. Chapter 5, articles 1, 2 and 3.
- 12 7. Sections 15-701.01, 15-722, 15-723, 15-724, 15-727, 15-728, 15-729  
13 and 15-730.
- 14 8. Chapter 7, article 5.
- 15 9. Chapter 8, articles 1, 3 and 4.
- 16 10. Sections 15-828 and 15-829.
- 17 11. Chapter 9, article 1, article 6, except for section 15-995, and  
18 article 7.
- 19 12. Sections 15-941, 15-943.01, 15-948, 15-952, 15-953 and 15-973.
- 20 13. Sections 15-1101 and 15-1104.
- 21 14. Chapter 10, articles 2, 3, 4 and 8.

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

24 1. A joint district may issue bonds for the purposes specified in  
25 section 15-1021 and in chapter 4, article 5 of this title to an amount in the  
26 aggregate, including the existing indebtedness, not exceeding one ~~per cent~~  
27 PERCENT of the taxable property used for secondary tax purposes, as  
28 determined pursuant to title 42, chapter 15, article 1, within the joint  
29 technical education district as ascertained by the last property tax  
30 assessment previous to issuing the bonds.

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

33 3. The student count for the first year of operation of a joint  
34 technical education district as provided in this article shall be determined  
35 as follows:

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

1 the pupils from the school district can be added to the student count of the  
2 joint district.

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

5 (c) For the first year of operation, the joint district shall revise  
6 the student count to the actual average daily membership as prescribed in  
7 section 15-901, subsection A, paragraph 1 for students attending classes in  
8 the joint district. A joint district shall revise its student count, the  
9 base support level as provided in section 15-943.02, the revenue control  
10 limit as provided in section 15-944.01 and the district additional assistance  
11 as provided in section 15-962.01 prior to May 15. A joint district that  
12 overestimated its student count shall revise its budget prior to May 15. A  
13 joint district that underestimated its student count may revise its budget  
14 prior to May 15.

15 (d) After March 15 of the first year of operation, the district of  
16 residence shall adjust its student count by reducing it to reflect the  
17 courses actually taken at the joint district. The district of residence  
18 shall revise its student count, the base support level as provided in section  
19 15-943, the revenue control limit as provided in section 15-944 and the  
20 district additional assistance as provided in section 15-962.01 prior to  
21 May 15. A district that underestimated the student count for students  
22 attending the joint district shall revise its budget prior to May 15. A  
23 district that overestimated the student count for students attending the  
24 joint district may revise its budget prior to May 15.

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

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

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

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

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

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

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

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

10 5. A joint district may operate for more than one hundred eighty days  
11 per year, with expanded hours of service.

12 6. A joint district may use the carryforward provisions of section  
13 15-943.01.

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

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

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

40 E. The joint board shall appoint a superintendent as the executive  
41 officer of the joint district.

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

1 bond monies pursuant to subsection D, paragraph 1 of this section. Except  
2 for the taxes levied pursuant to section 15-994, such taxes shall be obtained  
3 from a levy of taxes on the taxable property used for secondary tax purposes.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

41           O. Notwithstanding any other law, the average daily membership for a  
42 pupil who is enrolled in a joint technical education course defined in  
43 section 15-391 and who does not meet the criteria specified in subsection Q  
44 or R of this section shall be 0.25 for each course, except the sum of the

1 average daily membership shall not exceed the limits prescribed by subsection  
2 D, Q or R of this section, as applicable.

3 P. If a career and technical education course or program is provided  
4 on a satellite campus, the sum of the average daily membership, as provided  
5 in section 15-901, subsection A, paragraph 1, for that pupil in both the  
6 school district and joint technical education district shall not exceed 1.25.  
7 The school district and the joint district shall determine the apportionment  
8 of the average daily membership for that pupil between the school district  
9 and the joint district. A pupil who attends a course or program at a  
10 satellite campus and who is not enrolled in the school district where the  
11 satellite campus is located may generate the average daily membership  
12 pursuant to this subsection if the pupil is enrolled in a school district  
13 that is a member district in the same joint technical education district.

14 Q. The sum of the average daily membership of a pupil who is enrolled  
15 in both the school district and joint technical education district course or  
16 program provided at a community college pursuant to subsection K of this  
17 section or at a centralized campus shall not exceed 1.75. The member school  
18 district and the joint district shall determine the apportionment of the  
19 average daily membership and student enrollment for that pupil between the  
20 member school district and the joint district, except that the amount  
21 apportioned shall not exceed 1.0 for either entity. Notwithstanding any  
22 other law, the average daily membership for a pupil in grade ten, eleven or  
23 twelve who is enrolled in a course that meets for at least one hundred fifty  
24 minutes per class period at a centralized campus shall be 0.75. To qualify  
25 for funding pursuant to this subsection, a centralized campus shall offer  
26 programs and courses to all eligible students in each member district of the  
27 joint technical education district.

28 R. The average daily membership for a pupil in grade ten, eleven or  
29 twelve who is enrolled in a course that meets for at least one hundred fifty  
30 minutes per class period at a leased centralized campus shall not exceed  
31 0.75. The sum of the average daily membership, as provided in section  
32 15-901, subsection A, paragraph 1, of a pupil who is enrolled in both the  
33 school district and in joint technical education district courses provided at  
34 a leased centralized campus shall not exceed 1.75 if all of the following  
35 conditions are met:

36 1. The course qualifies as a joint technical education course as  
37 defined in section 15-391.

38 2. The course is offered to all eligible students in each member  
39 district of the joint technical education district and enrolls students from  
40 multiple high schools.

41 3. The joint technical education district program in which the course  
42 is included addresses a specific industry need and has been developed in  
43 cooperation with that industry, or the leased facility is a state or federal  
44 asset that would otherwise be unused or underutilized.

1           4. The lease is established at fair market value if the lease is  
2 executed for a facility located on the site of a member district and was  
3 approved by the joint committee on capital review, except that a lease that  
4 was executed or renewed before December 31, 2012 is not subject to approval  
5 by the joint committee on capital review. The requirement prescribed in this  
6 paragraph does not apply from and after December 31, 2016.

7           S. A student who is enrolled in an accommodation school as defined in  
8 section 15-101 may be treated as a student of the school district in which  
9 the student physically resides for the purposes of enrollment in a joint  
10 technical education district and shall be included in the calculation of  
11 average daily membership for either the joint technical education district or  
12 the accommodation school, or both.

13           T. Notwithstanding any other law, ~~beginning in fiscal year 2011-2012,~~  
14 the student count for a joint technical education district shall be  
15 equivalent to the joint technical education district's average daily  
16 membership.

17           U. BEGINNING IN FISCAL YEAR 2016-2017, BASE SUPPORT LEVEL FUNDING THAT  
18 A SCHOOL DISTRICT OR CHARTER SCHOOL RECEIVES FOR A PUPIL WHO IS ENROLLED IN  
19 BOTH A SCHOOL DISTRICT OR CHARTER SCHOOL AND A JOINT TECHNICAL EDUCATION  
20 DISTRICT SATELLITE CAMPUS PROGRAM SHALL BE FUNDED AT NINETY-TWO AND ONE-HALF  
21 PERCENT OF THE BASE SUPPORT LEVEL FUNDING THAT THE SCHOOL DISTRICT OR CHARTER  
22 SCHOOL WOULD OTHERWISE RECEIVE FOR THAT PUPIL.

23           V. BEGINNING IN FISCAL YEAR 2016-2017, BASE SUPPORT LEVEL FUNDING THAT  
24 A JOINT TECHNICAL EDUCATION DISTRICT RECEIVES FOR A PUPIL WHO IS ENROLLED IN  
25 BOTH A SCHOOL DISTRICT OR CHARTER SCHOOL AND A JOINT TECHNICAL EDUCATION  
26 DISTRICT SHALL BE FUNDED AT NINETY-TWO AND ONE-HALF PERCENT OF THE BASE  
27 SUPPORT LEVEL FUNDING THAT THE JOINT TECHNICAL EDUCATION DISTRICT WOULD  
28 OTHERWISE RECEIVE FOR THAT PUPIL.

29           W. A SCHOOL DISTRICT MAY NOT PROHIBIT OR DISCOURAGE STUDENTS WHO ARE  
30 ENROLLED IN THAT SCHOOL DISTRICT FROM ATTENDING COURSES OFFERED BY A JOINT  
31 TECHNICAL EDUCATION DISTRICT.

32           X. NOTWITHSTANDING SUBSECTION D, PARAGRAPH 7 OF THIS SECTION, A SCHOOL  
33 DISTRICT OR CHARTER SCHOOL THAT EXPERIENCES A REDUCTION IN ITS BASE SUPPORT  
34 LEVEL FUNDING PURSUANT TO SUBSECTION U OF THIS SECTION MAY USE A PORTION OF  
35 JOINT TECHNICAL EDUCATION DISTRICT MONIES THAT IT RECEIVES PURSUANT TO THIS  
36 SECTION IN ORDER TO OFFSET THE LOSS OF REGULAR EDUCATION FUNDING THAT IT  
37 EXPERIENCES PURSUANT TO SUBSECTION U OF THIS SECTION. THE AMOUNT OF JOINT  
38 TECHNICAL EDUCATION MONIES THAT THE SCHOOL DISTRICT OR CHARTER SCHOOL MAY USE  
39 TO OFFSET THE LOSS OF FUNDING THAT IT EXPERIENCES PURSUANT TO SUBSECTION U OF  
40 THIS SECTION MAY NOT EXCEED THE REDUCTION IN BASE SUPPORT LEVEL FUNDING THAT  
41 IT EXPERIENCES PURSUANT TO SUBSECTION U OF THIS SECTION.

42           ~~Y.~~ Y. For the purposes of this section:

43           1. "Base year" means the complete school year in which voters of a  
44 school district elected to join a joint technical education district.

1           2. "Centralized campus" means a facility that is owned and operated by  
2 a joint technical education district for the purpose of offering joint  
3 technical education programs or joint technical education courses as defined  
4 in section 15-391.

5           3. "Lease" means a written agreement in which the right of occupancy  
6 or use of real property is conveyed from one person or entity to another  
7 person or entity for a specified period of time.

8           4. "Leased centralized campus" means a facility that is leased and  
9 operated by a joint technical education district for the purpose of offering  
10 joint technical education programs or joint technical education courses as  
11 defined in section 15-391.

12           5. "Satellite campus" means a facility that is owned or operated by a  
13 school district for the purpose of offering joint technical education  
14 programs or joint technical education courses as defined in section 15-391.

15           Sec. 4. Section 15-901, Arizona Revised Statutes, is amended to read:

16           15-901. Definitions

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

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

29           (a) "Fractional student" means:

30           (i) For common schools, a preschool child who is enrolled in a program  
31 for preschool children with disabilities of at least three hundred sixty  
32 minutes each week that meets at least two hundred sixteen hours over the  
33 minimum number of days or a kindergarten student who is at least five years  
34 of age before January 1 of the school year and enrolled in a school  
35 kindergarten program that meets at least three hundred fifty-six hours for a  
36 one hundred eighty day school year, or the instructional hours prescribed in  
37 this section. Lunch periods and recess periods may not be included as part  
38 of the instructional hours unless the child's individualized education  
39 program requires instruction during those periods and the specific reasons  
40 for such instruction are fully documented. In computing the average daily  
41 membership, preschool children with disabilities and kindergarten students  
42 shall be counted as one-half of a full-time student. For common schools, a  
43 part-time student is a student enrolled for less than the total time for a  
44 full-time student as defined in this section. A part-time common school  
45 student shall be counted as one-fourth, one-half or three-fourths of a

1 full-time student if the student is enrolled in an instructional program that  
2 is at least one-fourth, one-half or three-fourths of the time a full-time  
3 student is enrolled as defined in subdivision (b) of this paragraph.

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

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

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

40 (ii) For high schools, a student not graduated from the highest grade  
41 taught in the school district and enrolled in at least an instructional  
42 program of four or more subjects that count toward graduation as defined by  
43 the state board of education, each of which, if taught each school day for  
44 the minimum number of days required in a school year, would meet a minimum of  
45 one hundred twenty-three hours a year, or the equivalent, that meets for a

1 total of at least seven hundred twenty hours for a one hundred eighty day  
2 school year, or the instructional hours prescribed in this section in a  
3 recognized high school. A full-time student shall not be counted more than  
4 once for computation of average daily membership. The average daily  
5 membership of a full-time high school student shall be 1.0 if the student is  
6 enrolled in at least four subjects that meet at least seven hundred twenty  
7 hours for a one hundred eighty day school year, or the equivalent  
8 instructional hours prescribed in this section.

9 (iii) If a child who has not reached five years of age before  
10 September 1 of the current school year is admitted to kindergarten and  
11 repeats kindergarten in the following school year, a school district or  
12 charter school is not eligible to receive basic state aid on behalf of that  
13 child during the child's second year of kindergarten. If a child who has not  
14 reached five years of age before September 1 of the current school year is  
15 admitted to kindergarten but does not remain enrolled, a school district or  
16 charter school may receive a portion of basic state aid on behalf of that  
17 child in the subsequent year. A school district or charter school may charge  
18 tuition for any child who is ineligible for basic state aid pursuant to this  
19 item.

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

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

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

38 (vii) For homebound or hospitalized, a student receiving at least four  
39 hours of instruction per week.

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

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

45 (a) Grades one through eight.

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

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

4 5. "Daily attendance" means:

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

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

16 (ii) Of the first, second or third grades attends more than  
17 three-quarters of the instructional time scheduled for the day.

18 (iii) Of the fourth, fifth or sixth grades attends more than  
19 three-quarters of the instructional time scheduled for the day, except as  
20 provided in section 15-797.

21 (iv) Of the seventh or eighth grades attends more than three-quarters  
22 of the instructional time scheduled for the day, except as provided in  
23 section 15-797.

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

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

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

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

42 (d) For high schools, the attendance of a pupil shall not be counted  
43 as a full day unless the pupil is actually and physically in attendance and  
44 enrolled in and carrying four subjects, each of which, if taught each school  
45 day for the minimum number of days required in a school year, would meet a

1 minimum of one hundred twenty-three hours a year, or the equivalent, that  
2 count toward graduation in a recognized high school except as provided in  
3 section 15-797 and subdivision (e) of this paragraph. Attendance of a pupil  
4 carrying less than the load prescribed shall be prorated.

5 (e) For high schools, the attendance of a pupil may be counted as  
6 one-fourth of a day's attendance for each sixty minutes of instructional time  
7 in a subject that counts toward graduation, except that attendance for a  
8 pupil shall not exceed the pupil's full or fractional membership.

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

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

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

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

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

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

34 8. "Eligible students" means:

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

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

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

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

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

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

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

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

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

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

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

35 13. "Student count" means:

36 (a) THROUGH JUNE 30, 2016, average daily membership as prescribed in  
37 this subsection for the fiscal year before the current year, except that for  
38 the purpose of budget preparation student count means average daily  
39 membership as prescribed in this subsection for the current year.

40 (b) BEGINNING JULY 1, 2016, AVERAGE DAILY MEMBERSHIP AS PRESCRIBED IN  
41 THIS SUBSECTION FOR THE CURRENT YEAR.

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

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

1           16. "Total students transported" means all eligible students  
2 transported from their place of residence to a school transportation pickup  
3 point or to the school of attendance and from the school of attendance or  
4 from the school transportation scheduled return point to their place of  
5 residence.

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

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

10           1. "Base" means the revenue level per student count specified by the  
11 legislature.

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

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

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

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

25           (d) For fiscal year 2013-2014, three thousand three hundred twenty-six  
26 dollars fifty-four cents.

27           (e) For fiscal year 2014-2015, three thousand three hundred  
28 seventy-three dollars eleven cents.

29           (f) FOR FISCAL YEAR 2015-2016, THREE THOUSAND FOUR HUNDRED TWENTY-SIX  
30 DOLLARS SEVENTY-FOUR CENTS.

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

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

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

40           6. "DD" means programs for children with developmental delays who are  
41 at least three years of age but under ten years of age. A preschool child  
42 who is categorized under this paragraph is not eligible to receive funding  
43 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. 5. Repeal

14 Section 15-917, Arizona Revised Statutes, is repealed.

15 Sec. 6. Section 15-945, Arizona Revised Statutes, is amended to read:  
16 15-945. Transportation support level

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

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

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

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

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

30 5. Determine the classification in column 1 of this paragraph for the  
31 quotient determined in paragraph 4 of this subsection. Multiply the product  
32 obtained in paragraph 2 of this subsection by the corresponding state support  
33 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 <u>Fiscal Year 2014-2015 2015-2016</u>
34 0.5 or less	<del>2.49</del> 2.53
35 More than 0.5 through 1.0	<del>2.04</del> 2.07
36 More than 1.0	<del>2.49</del> 2.53

37 6. Add the amount spent during the prior fiscal year for bus tokens  
38 and bus passes for students who qualify as eligible students as defined in  
39 section 15-901.  
40  
41  
42  
43

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

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

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

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

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

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

28 1. Determine the sum of the following:

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

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

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

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

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

11 F. School districts must provide the odometer reading for each bus as  
12 of the end of the current year and the total bus mileage during the current  
13 year.

14 Sec. 7. Section 15-972, Arizona Revised Statutes, is amended to read:

15 15-972. State limitation on homeowner property taxes;

16 additional state aid to school districts; definitions

17 A. Notwithstanding section 15-971, there shall be additional state aid  
18 for education computed for school districts as provided in subsection B of  
19 this section.

20 B. The clerk of the board of supervisors shall compute such additional  
21 state aid for education as follows:

22 1. For a high school district or for a common school district within a  
23 high school district ~~which~~ THAT does not offer instruction in high school  
24 subjects as provided in section 15-447:

25 (a) Determine the qualifying tax rate pursuant to section 41-1276 for  
26 the school district.

27 (b) Determine the following percentage of the qualifying tax rate  
28 determined in subdivision (a) of this paragraph:

29 (i) ~~Thirty-five per cent~~ PERCENT through December 31, 2005.

30 (ii) ~~Thirty-six per cent~~ PERCENT beginning from and after December 31,  
31 2005 through December 31, 2006.

32 (iii) ~~Thirty-seven per cent~~ PERCENT beginning from and after December  
33 31, 2006 through December 31, 2007.

34 (iv) ~~Thirty-eight per cent~~ PERCENT beginning from and after December  
35 31, 2007 through December 31, 2008.

36 (v) ~~Thirty-nine per cent~~ PERCENT beginning from and after December 31,  
37 2008 through December 31, 2009.

38 (vi) ~~Forty per cent~~ PERCENT beginning from and after December 31,  
39 2009.

40 (vii) Such further adjustments of the percentage beginning from and  
41 after December 31, 2012 as provided by law.

42 (c) Select the lesser of the amount determined in subdivision (b) of  
43 this paragraph or ~~forty per cent~~ PERCENT of the primary property tax rate  
44 that would be levied in lieu of the provisions of this section for the  
45 district.

1 (d) Multiply the rate selected in subdivision (c) of this paragraph as  
2 a rate per one hundred dollars assessed valuation by the assessed valuation  
3 used for primary property taxes of the residential property in the school  
4 district.

5 2. For a unified school district, for a common school district not  
6 within a high school district or for a common school district ~~which~~ THAT  
7 offers instruction in high school subjects as provided in section 15-447:

8 (a) Determine the qualifying tax rate pursuant to section 41-1276 for  
9 the school district.

10 (b) Determine the following percentage of the tax rate determined in  
11 subdivision (a) of this paragraph:

12 (i) Thirty-five ~~per cent~~ PERCENT through December 31, 2005.

13 (ii) Thirty-six ~~per cent~~ PERCENT beginning from and after December 31,  
14 2005 through December 31, 2006.

15 (iii) Thirty-seven ~~per cent~~ PERCENT beginning from and after December  
16 31, 2006 through December 31, 2007.

17 (iv) Thirty-eight ~~per cent~~ PERCENT beginning from and after December  
18 31, 2007 through December 31, 2008.

19 (v) Thirty-nine ~~per cent~~ PERCENT beginning from and after December 31,  
20 2008 through December 31, 2009.

21 (vi) Forty ~~per cent~~ PERCENT beginning from and after December 31,  
22 2009.

23 (vii) Such further adjustments of the percentage beginning from and  
24 after December 31, 2012 as provided by law.

25 (c) Select the lesser of the amount determined in subdivision (b) of  
26 this paragraph or forty ~~per cent~~ PERCENT of the primary property tax rate  
27 that would be levied in lieu of the provisions of this section for the  
28 district.

29 (d) Multiply the rate selected in subdivision (c) of this paragraph as  
30 a rate per one hundred dollars assessed valuation by the assessed valuation  
31 used for primary property taxes of the residential property in the district.

32 C. The clerk of the board of supervisors shall report to the  
33 department of revenue not later than the Friday following the third Monday in  
34 August of each year the amount by school district of additional state aid for  
35 education and the data used for computing the amount as provided in  
36 subsection B of this section. The department of revenue shall verify all of  
37 the amounts and report to the county board of supervisors not later than  
38 August 30 of each year the property tax rate or rates ~~which~~ THAT shall be  
39 used for property tax reduction as provided in subsection E of this section.

40 D. The board of supervisors shall reduce the property tax rate or  
41 rates that would be levied in lieu of the provisions of this section by the  
42 school district or districts on the assessed valuation used for primary  
43 property taxes of the residential property in the school district or  
44 districts by the rate or rates selected in subsection B, paragraph 1,  
45 subdivision (c) and paragraph 2, subdivision (c) of this section. The excess

1 of the reduction in property taxes for a parcel of property resulting from  
2 the reduction in the property tax rate pursuant to this subsection over the  
3 amounts listed in this subsection shall be deducted from the amount of  
4 additional state aid for education. The reduction in property taxes on a  
5 parcel of property resulting from the reduction in the property tax rate  
6 pursuant to this subsection shall not exceed the following amounts except as  
7 provided in subsection I of this section:

8 1. Five hundred dollars through December 31, 2005.

9 2. Five hundred twenty dollars beginning from and after December 31,  
10 2005 through December 31, 2006.

11 3. Five hundred forty dollars beginning from and after December 31,  
12 2006 through December 31, 2007.

13 4. Five hundred sixty dollars beginning from and after December 31,  
14 2007 through December 31, 2008.

15 5. Five hundred eighty dollars beginning from and after December 31,  
16 2008 through December 31, 2009.

17 6. Six hundred dollars beginning from and after December 31, 2009.

18 E. Prior to the levying of taxes for school purposes the board of  
19 supervisors shall determine whether the total primary property taxes to be  
20 levied for all taxing jurisdictions on each parcel of residential property,  
21 in lieu of the provisions of this subsection, violate article IX, section 18,  
22 Constitution of Arizona. For those properties that qualify for property tax  
23 exemptions pursuant to article IX, sections 2, 2.1 and 2.2, Constitution of  
24 Arizona, eligibility for the credit is determined on the basis of the limited  
25 property value that corresponds to the taxable assessed value after reduction  
26 for the applicable exemption. If the board of supervisors determines that  
27 such a situation exists, the board shall apply a credit against the primary  
28 property taxes due from each such parcel in the amount in excess of article  
29 IX, section 18, Constitution of Arizona. Such excess amounts shall also be  
30 additional state aid for education for the school district or districts in  
31 which such parcel of property is located.

32 F. The clerk of the board of supervisors shall report to the  
33 department of revenue not later than September 5 of each year the amount by  
34 school district of additional state aid for education and the data used for  
35 computing the amount as provided in subsection B of this section. The  
36 department of revenue shall verify all of the amounts and report to the board  
37 of supervisors not later than September 10 of each year the property tax rate  
38 ~~which~~ THAT shall be used for property tax reduction as provided in subsection  
39 E of this section.

40 G. The clerk of the board of supervisors shall report to the  
41 department of revenue not later than September 30 of each year in writing the  
42 following:

43 1. The data processing specifications used in the calculations  
44 provided for in subsections B and E of this section.

1           2. At a minimum, copies of two actual tax bills for residential  
2 property for each distinct tax area.

3           H. The department of revenue shall report to the state board of  
4 education not later than October 12 of each year the amount by school  
5 district of additional state aid for education as provided in this section.  
6 The additional state aid for education provided in this section shall be  
7 apportioned as provided in section 15-973.

8           I. If a parcel of property is owned by a cooperative apartment  
9 corporation or is owned by the tenants of a cooperative apartment corporation  
10 as tenants in common, the reduction in the property taxes prescribed in  
11 subsection D of this section shall not exceed the amounts listed in  
12 subsection D of this section for each owner-occupied housing unit on the  
13 property. The assessed value used for determining the reduction in taxes for  
14 the property is equal to the total assessed value of the property times the  
15 ratio of the number of owner-occupied housing units to the total number of  
16 housing units on the property. For the purposes of this subsection,  
17 "cooperative apartment corporation" means a corporation:

18           1. Having only one class of outstanding stock.

19           2. All of the stockholders of which are entitled, solely by reason of  
20 their ownership of stock in the corporation, to occupy for dwelling purposes  
21 apartments in a building owned or leased by such corporation and who are not  
22 entitled, either conditionally or unconditionally, except upon a complete or  
23 partial liquidation of the corporation, to receive any distribution not out  
24 of earnings and profits of the corporation.

25           3. Eighty ~~per cent~~ PERCENT or more of the gross income of which is  
26 derived from tenant-stockholders. For the purposes of this paragraph, "gross  
27 income" means gross income as defined by the United States internal revenue  
28 code, as defined in section 43-105.

29           J. The total amount of state monies that may be spent in any fiscal  
30 year for state aid for education in this section shall not exceed the amount  
31 appropriated or authorized by section 35-173 for that purpose. This section  
32 shall not be construed to impose a duty on an officer, agent or employee of  
33 this state to discharge a responsibility or to create any right in a person  
34 or group if the discharge or right would require an expenditure of state  
35 monies in excess of the expenditure authorized by legislative appropriation  
36 for that specific purpose.

37           K. NOTWITHSTANDING SUBSECTION E OF THIS SECTION, BEGINNING IN FISCAL  
38 YEAR 2015-2016, THE MAXIMUM AMOUNT OF ADDITIONAL STATE AID FOR EDUCATION THAT  
39 WILL BE FUNDED BY THIS STATE PURSUANT TO SUBSECTION E OF THIS SECTION SHALL  
40 BE ONE MILLION DOLLARS PER COUNTY. FOR ANY COUNTY WITH A SCHOOL DISTRICT OR  
41 DISTRICTS THAT COLLECTIVELY WOULD OTHERWISE RECEIVE MORE THAN ONE MILLION IN  
42 ADDITIONAL STATE AID FOR EDUCATION PURSUANT TO SUBSECTION E OF THIS SECTION,  
43 THE PROPERTY TAX OVERSIGHT COMMISSION ESTABLISHED BY SECTION 42-17002 SHALL  
44 DETERMINE THE PROPORTION OF THE VIOLATION OF ARTICLE IX, SECTION 18,  
45 CONSTITUTION OF ARIZONA, THAT IS ATTRIBUTABLE TO EACH TAXING JURISDICTION

1 WITHIN THE AFFECTED SCHOOL DISTRICT OR DISTRICTS. BASED ON THOSE  
2 PROPORTIONS, THE PROPERTY TAX OVERSIGHT COMMISSION SHALL DETERMINE AN AMOUNT  
3 THAT EACH TAXING JURISDICTION WITHIN THE AFFECTED SCHOOL DISTRICT OR  
4 DISTRICTS SHALL TRANSFER TO THE AFFECTED SCHOOL DISTRICT OR DISTRICTS DURING  
5 THE FISCAL YEAR IN ORDER TO COMPENSATE THE AFFECTED SCHOOL DISTRICT OR  
6 DISTRICTS FOR ITS PRO RATA SHARE OF THE REDUCTION IN ADDITIONAL STATE AID FOR  
7 EDUCATION FUNDING REQUIRED BY THIS SUBSECTION. IN DETERMINING THE PROPORTION  
8 OF THE VIOLATION OF ARTICLE IX, SECTION 18, CONSTITUTION OF ARIZONA, THAT IS  
9 ATTRIBUTABLE TO EACH TAXING JURISDICTION WITHIN THE AFFECTED SCHOOL DISTRICT  
10 OR DISTRICTS, THE PROPERTY TAX OVERSIGHT COMMISSION SHALL ASSUME A PROPORTION  
11 OF ZERO FOR ANY TAXING JURISDICTION THAT HAS A TAX RATE FOR THE FISCAL YEAR  
12 THAT IS EQUAL TO OR LESS THAN THE TAX RATE OF PEER JURISDICTIONS, AS  
13 DETERMINED BY THE PROPERTY TAX OVERSIGHT COMMISSION.

14 ~~K.~~ L. For the purposes of this section:

15 1. "Owner" includes any purchaser under a contract of sale or under a  
16 deed of trust.

17 2. "Residential property" includes owner-occupied real property and  
18 improvements to the property and owner-occupied mobile homes that are used as  
19 the owner's primary residence and classified as class three property pursuant  
20 to section 42-12003.

21 Sec. 8. Section 15-2002, Arizona Revised Statutes, is amended to read:

22 15-2002. Powers and duties; executive director; staffing;  
23 report

24 A. The school facilities board shall:

25 1. Make assessments of school facilities and equipment deficiencies  
26 and approve the distribution of grants as appropriate.

27 2. Maintain a database of school facilities to administer the building  
28 renewal grant fund and new school facilities formula. The facilities listed  
29 in the database must include all buildings that are owned by school  
30 districts. The school facilities board shall ensure that the database is  
31 updated on at least an annual basis. Each school district shall report to  
32 the school facilities board no later than September 1 of each year  
33 information as required by the school facilities board for the administration  
34 of the building renewal grant fund and computation of new school facilities  
35 formula distributions, including the nature and cost of major repairs,  
36 renovations or physical improvements to or replacement of building systems or  
37 equipment that were made in the previous year and that were paid for either  
38 with local monies or monies provided by the school facilities board from the  
39 building renewal grant fund. Each school district shall report any school or  
40 school buildings that have been closed, that have been leased to another  
41 entity or that operate as a charter school. The school facilities board may  
42 review or audit the information, or both, to confirm the information  
43 submitted by a school district. Notwithstanding any other provision of this  
44 chapter, if a school district converts space that is listed in the database  
45 maintained pursuant to this paragraph to space that will be used for

1 administrative purposes, the school district is responsible for any costs  
2 associated with the conversion, maintenance and replacement of that space.  
3 If a building is significantly upgraded or remodeled, the school facilities  
4 BOARD shall adjust the age of that school facility in the database as  
5 follows:

- 6 (a) Determine the building capacity value as follows:  
7 (i) Multiply the student capacity of the building by the per pupil  
8 square foot capacity established by section 15-2041.  
9 (ii) Multiply the product determined in item (i) of this subdivision  
10 by the cost per square foot established by section 15-2041.  
11 (b) Divide the cost of the renovation by the building capacity value  
12 determined in subdivision (a) of this paragraph.  
13 (c) Multiply the quotient determined in subdivision (b) of this  
14 paragraph by the currently listed age of the building in the database.  
15 (d) Subtract the product determined in subdivision (c) of this  
16 paragraph from the currently listed age of the building in the database,  
17 rounded to the nearest whole number. If the result is a negative number, use  
18 zero.

19 3. Inspect school buildings at least once every five years to ensure  
20 compliance with the building adequacy standards prescribed in section 15-2011  
21 and routine preventative maintenance guidelines as prescribed in this section  
22 with respect to construction of new buildings and maintenance of existing  
23 buildings. The school facilities board shall randomly select twenty school  
24 districts every thirty months and inspect them pursuant to this paragraph.

25 4. Review and approve student population projections submitted by  
26 school districts to determine to what extent school districts are entitled to  
27 monies to construct new facilities pursuant to section 15-2041. The board  
28 shall make a final determination within six months of the receipt of an  
29 application by a school district for monies from the new school facilities  
30 fund.

31 5. Certify that plans for new school facilities meet the building  
32 adequacy standards prescribed in section 15-2011.

33 6. Develop prototypical elementary and high school designs. The board  
34 shall review the design differences between the schools with the highest  
35 academic productivity scores and the schools with the lowest academic  
36 productivity scores. The board shall also review the results of a valid and  
37 reliable survey of parent quality rating in the highest performing schools  
38 and the lowest performing schools in this state. The survey of parent  
39 quality rating shall be administered by the department of education. The  
40 board shall consider the design elements of the schools with the highest  
41 academic productivity scores and parent quality ratings in the development of  
42 elementary and high school designs. The board shall develop separate school  
43 designs for elementary, middle and high schools with varying pupil  
44 capacities.

- 1           7. Develop application forms, reporting forms and procedures to carry  
2 out the requirements of this article.
- 3           8. Review and approve or reject requests submitted by school districts  
4 to take actions pursuant to section 15-341, subsection G.
- 5           9. Submit electronically an annual report on or before December 15 to  
6 the speaker of the house of representatives, the president of the senate, the  
7 superintendent of public instruction, the secretary of state and the governor  
8 that includes the following information:
- 9           (a) A detailed description of the amount of monies distributed by the  
10 school facilities board in the previous fiscal year.
- 11           (b) A list of each capital project that received monies from the  
12 school facilities board during the previous fiscal year, a brief description  
13 of each project that was funded and a summary of the board's reasons for the  
14 distribution of monies for the project.
- 15           (c) A summary of the findings and conclusions of the building  
16 maintenance inspections conducted pursuant to this article during the  
17 previous fiscal year.
- 18           (d) A summary of the findings of common design elements and  
19 characteristics of the highest performing schools and the lowest performing  
20 schools based on academic productivity, including the results of the parent  
21 quality rating survey. For the purposes of this subdivision, "academic  
22 productivity" means academic year advancement per calendar year as measured  
23 with student-level data using the statewide nationally standardized  
24 norm-referenced achievement test.
- 25           10. On or before December 1 of each year, report electronically to the  
26 joint committee on capital review the amounts necessary to fulfill the  
27 requirements of sections 15-2022 and 15-2041 for the following three fiscal  
28 years. In developing the amounts necessary for this report, the school  
29 facilities board shall use the most recent average daily membership data  
30 available. On request from the board, the department of education shall make  
31 available the most recent average daily membership data for use in  
32 calculating the amounts necessary to fulfill the requirements of section  
33 15-2041 for the following three fiscal years. The board shall provide copies  
34 of the report to the president of the senate, the speaker of the house of  
35 representatives and the governor.
- 36           11. Adopt minimum school facility adequacy guidelines to provide the  
37 minimum quality and quantity of school buildings and the facilities and  
38 equipment necessary and appropriate to enable pupils to achieve the  
39 educational goals of the Arizona state schools for the deaf and the blind.  
40 The school facilities board shall establish minimum school facility adequacy  
41 guidelines applicable to the Arizona state schools for the deaf and the  
42 blind.
- 43           12. In each even-numbered year, report electronically to the joint  
44 committee on capital review the amounts necessary to fulfill the requirements  
45 of section 15-2041 for the Arizona state schools for the deaf and the blind

1 for the following two fiscal years. The Arizona state schools for the deaf  
2 and the blind shall incorporate the findings of the report in any request for  
3 new school facilities monies. Any monies provided to the Arizona state  
4 schools for the deaf and the blind for new school facilities are subject to  
5 legislative appropriation.

6 13. On or before June 15 of each year, submit electronically detailed  
7 information regarding demographic assumptions, a proposed construction  
8 schedule and new school construction cost estimates for individual projects  
9 approved in the current fiscal year and expected project approvals for the  
10 upcoming fiscal year to the joint committee on capital review for its review.  
11 A copy of the report shall also be submitted electronically to the governor's  
12 office of strategic planning and budgeting. The joint legislative budget  
13 committee staff, the governor's office of strategic planning and budgeting  
14 staff and the school facilities board staff shall agree on the format of the  
15 report.

16 14. Every two years, provide school districts with information on  
17 improving and maintaining the indoor environmental quality in school  
18 buildings.

19 15. ON OR BEFORE DECEMBER 31 OF EACH YEAR, REPORT TO THE JOINT  
20 LEGISLATIVE BUDGET COMMITTEE ON ALL CLASS B BOND APPROVALS BY SCHOOL  
21 DISTRICTS IN THAT YEAR. EACH SCHOOL DISTRICT SHALL REPORT TO THE SCHOOL  
22 FACILITIES BOARD ON OR BEFORE DECEMBER 1 OF EACH YEAR INFORMATION REQUIRED BY  
23 THE SCHOOL FACILITIES BOARD FOR THE REPORT PRESCRIBED IN THIS PARAGRAPH.

24 B. The school facilities board may contract for the following services  
25 in compliance with the procurement practices prescribed in title 41,  
26 chapter 23:

- 27 1. Private services.
- 28 2. Construction project management services.
- 29 3. Assessments for school buildings to determine if the buildings have  
30 outlived their useful life pursuant to section 15-2041, subsection G.
- 31 4. Services related to land acquisition and development of a school  
32 site.

33 C. The governor shall appoint an executive director of the school  
34 facilities board pursuant to section 38-211. The executive director is  
35 eligible to receive compensation as determined pursuant to section 38-611 and  
36 may hire and fire necessary staff subject to title 41, chapter 4, article 4  
37 and as approved by the legislature in the budget. The executive director  
38 shall have demonstrated competency in school finance, facilities design or  
39 facilities management, either in private business or government service. The  
40 executive director serves at the pleasure of the governor. The staff of the  
41 school facilities board is exempt from title 41, chapter 4, articles 5 and 6.  
42 The executive director:

- 43 1. Shall analyze applications for monies submitted to the board by  
44 school districts.

- 1           2. Shall assist the board in developing forms and procedures for the  
2 distribution and review of applications and the distribution of monies to  
3 school districts.
- 4           3. May review or audit, or both, the expenditure of monies by a school  
5 district for deficiencies corrections and new school facilities.
- 6           4. Shall assist the board in the preparation of the board's annual  
7 report.
- 8           5. Shall research and provide reports on issues of general interest to  
9 the board.
- 10          6. May aid school districts in the development of reasonable and  
11 cost-effective school designs in order to avoid statewide duplicated efforts  
12 and unwarranted expenditures in the area of school design.
- 13          7. May assist school districts in facilitating the development of  
14 multijurisdictional facilities.
- 15          8. Shall assist the board in any other appropriate matter or method as  
16 directed by the members of the board.
- 17          9. Shall establish procedures to ensure compliance with the notice and  
18 hearing requirements prescribed in section 15-905. The notice and hearing  
19 procedures adopted by the board shall include the requirement, with respect  
20 to the board's consideration of any application filed after July 1, 2001 or  
21 after December 31 of the year in which the property becomes territory in the  
22 vicinity of a military airport or ancillary military facility as defined in  
23 section 28-8461 for monies to fund the construction of new school facilities  
24 proposed to be located in territory in the vicinity of a military airport or  
25 ancillary military facility, that the military airport receive notification  
26 of the application by first class mail at least thirty days before any  
27 hearing concerning the application.
- 28          10. May expedite any request for monies in which the local match was  
29 not obtained for a project that received preliminary approval by the state  
30 board for school capital facilities.
- 31          11. Shall expedite any request for monies in which the school district  
32 governing board submits an application that shows an immediate need for a new  
33 school facility.
- 34          12. Shall make a determination as to administrative completion within  
35 one month after the receipt of an application by a school district for monies  
36 from the new school facilities fund.
- 37          13. Shall provide technical support to school districts as requested by  
38 school districts in connection with the construction of new school facilities  
39 and the maintenance of existing school facilities and may contract directly  
40 with construction project managers pursuant to subsection B of this section.  
41 This paragraph does not restrict a school district from contracting with a  
42 construction project manager using district or state resources.
- 43          D. When appropriate, the school facilities board shall review and use  
44 the statewide school facilities inventory and needs assessment conducted by  
45 the joint committee on capital review and issued in July, 1995.

1 E. The school facilities board shall contract with one or more private  
2 building inspectors to complete an initial assessment of school facilities  
3 and equipment and shall inspect each school building in this state at least  
4 once every five years to ensure compliance with section 15-2011. A copy of  
5 the inspection report, together with any recommendations for building  
6 maintenance, shall be provided to the school facilities board and the  
7 governing board of the school district.

8 F. The school facilities board may consider appropriate combinations  
9 of facilities or uses in making assessments of and curing deficiencies  
10 pursuant to subsection A, paragraph 1 of this section and in certifying plans  
11 for new school facilities pursuant to subsection A, paragraph 5 of this  
12 section.

13 G. The board shall not award any monies to fund new facilities that  
14 are financed by class A bonds that are issued by the school district.

15 H. The board shall not distribute monies to a school district for  
16 replacement or repair of facilities if the costs associated with the  
17 replacement or repair are covered by insurance or a performance or payment  
18 bond.

19 I. The board may contract for construction services and materials that  
20 are necessary to correct existing deficiencies in school district facilities.  
21 The board may procure the construction services necessary pursuant to this  
22 subsection by any method, including construction-manager-at-risk,  
23 design-build, design-bid-build or job-order-contracting as provided by title  
24 41, chapter 23. The construction planning and services performed pursuant to  
25 this subsection are exempt from section 41-791.01.

26 J. The school facilities board may enter into agreements with school  
27 districts to allow school facilities board staff and contractors access to  
28 school property for the purposes of performing the construction services  
29 necessary pursuant to subsection I of this section.

30 K. Each school district shall develop routine preventative maintenance  
31 guidelines for its facilities. The guidelines shall include plumbing  
32 systems, electrical systems, heating, ventilation and air conditioning  
33 systems, special equipment and other systems and for roofing systems shall  
34 recommend visual inspections performed by district staff for signs of  
35 structural stress and weakness. The guidelines shall be submitted to the  
36 school facilities board for review and approval. If on inspection by the  
37 school facilities board it is determined that a school district facility was  
38 inadequately maintained pursuant to the school district's routine  
39 preventative maintenance guidelines, the school district shall return the  
40 building to compliance with the school district's routine preventative  
41 maintenance guidelines.

42 L. The school facilities board may temporarily transfer monies between  
43 the capital reserve fund established by section 15-2003, the emergency  
44 deficiencies correction fund established by section 15-2022 and the new

1 school facilities fund established by section 15-2041 if all of the following  
2 conditions are met:

3 1. The transfer is necessary to avoid a temporary shortfall in the  
4 fund into which the monies are transferred.

5 2. The transferred monies are restored to the fund where the monies  
6 originated as soon as practicable after the temporary shortfall in the other  
7 fund has been addressed.

8 3. The school facilities board reports to the joint committee on  
9 capital review the amount of and the reason for any monies transferred.

10 M. After notifying each school district, and if a written objection  
11 from the school district is not received by the school facilities board  
12 within thirty days of the notification, the school facilities board may  
13 access public utility company records of power, water, natural gas, telephone  
14 and broadband usage to assemble consistent and accurate data on utility  
15 consumption at school facilities to determine the effectiveness of facility  
16 design, operation and maintenance measures intended to reduce energy and  
17 water consumption and costs. Any public utility that provides service to a  
18 school district in this state shall provide the data requested by the school  
19 facilities board pursuant to this subsection.

20 N. The school facilities board shall not require a common school  
21 district that provides instruction to pupils in grade nine to obtain approval  
22 from the school facilities board to reconfigure its school facilities. A  
23 common school district that provides instruction to pupils in grade nine is  
24 not entitled to additional monies from the school facilities board for  
25 facilities to educate pupils in grade nine.

26 Sec. 9. Title 15, chapter 16, article 5, Arizona Revised Statutes, is  
27 amended by adding section 15-2042, to read:

28 15-2042. Access our best public schools fund

29 THE ACCESS OUR BEST PUBLIC SCHOOLS FUND IS ESTABLISHED CONSISTING OF  
30 MONIES APPROPRIATED BY THE LEGISLATURE AND GRANTS, GIFTS, DEVISES AND  
31 DONATIONS FROM ANY PUBLIC OR PRIVATE SOURCE. THE SCHOOL FACILITIES BOARD  
32 SHALL ADMINISTER THE FUND. MONIES IN THE FUND ARE SUBJECT TO LEGISLATIVE  
33 APPROPRIATION AND SHALL BE AVAILABLE TO PUBLIC SCHOOLS THAT ARE MEMBERS OF  
34 THE ARIZONA PUBLIC SCHOOL ACHIEVEMENT DISTRICT TO CONSTRUCT NEW SCHOOL  
35 FACILITIES OR TO EXPAND EXISTING SCHOOL FACILITIES, EXCEPT THAT ANY GRANTS,  
36 GIFTS, DEVISES AND DONATIONS THAT ARE DEPOSITED INTO THE FUND ARE  
37 CONTINUOUSLY APPROPRIATED. AT LEAST FIFTY PERCENT OF THE PROJECTS THAT  
38 RECEIVE MONIES FROM THE FUND SHALL BE IN LOW SOCIOECONOMIC AREAS.

39 Sec. 10. Deposits in the education learning and accountability  
40 fund

41 On or before December 31, 2015, each community college district shall  
42 transmit six dollars per full-time student equivalent according to the most  
43 recent audit and each university under the jurisdiction of the Arizona board  
44 of regents shall transmit six dollars per actual university full-time  
45 equivalent student to the department of education for deposit in the

1 education learning and accountability fund established by section 15-249.02,  
2 Arizona Revised Statutes.

3 Sec. 11. District additional assistance for school districts;  
4 reduction for fiscal year 2015-2016; classroom  
5 spending

6 A. For fiscal year 2015-2016, the department of education shall reduce  
7 by \$352,442,700 the amount of basic state aid that otherwise would be  
8 apportioned to school districts statewide for fiscal year 2015-2016 for  
9 district additional assistance prescribed in section 15-961, Arizona Revised  
10 Statutes, and shall reduce school district budget limits accordingly.

11 B. For fiscal year 2015-2016, the department of education shall reduce  
12 district additional assistance for a school district that is not eligible to  
13 receive basic state aid funding for fiscal year 2015-2016 by the amount that  
14 its district additional assistance would be reduced pursuant to subsection A  
15 of this section if the district were eligible to receive basic state aid  
16 funding for fiscal year 2015-2016 and shall reduce the school district's  
17 budget limits accordingly.

18 C. The governing board of a school district that has been assigned a  
19 letter grade of A or B, or an equivalent successor classification, pursuant  
20 to section 15-241, Arizona Revised Statutes, shall hold a public meeting to  
21 discuss the school district's plan for proposed reductions pursuant to this  
22 section. The governing board shall include the percentage of classroom  
23 spending in the school district's adopted budget on the page of the budget  
24 that the governing board members sign.

25 D. The governing board of a school district that has been assigned a  
26 letter grade of C, D or F, or an equivalent successor classification,  
27 pursuant to section 15-241, Arizona Revised Statutes, shall hold a public  
28 meeting to present the school district's plan for proposed reductions  
29 pursuant to this section. Within thirty days after that public meeting is  
30 held, the community may submit comments and recommendations to the governing  
31 board. The governing board shall consider the comments and recommendations  
32 of the community at a public meeting. The governing board shall include the  
33 percentage of classroom spending in the school district's adopted budget on  
34 the page of the budget that the governing board members sign.

35 E. It is the intent of the governor and the legislature that school  
36 districts increase the total percentage of classroom spending over the  
37 previous year's percentages in the combined categories of instruction,  
38 student support and instructional support as defined by the auditor general.

39 Sec. 12. K-12 formula reductions; small districts; maximum

40 Notwithstanding any other law, the sum of district additional  
41 assistance reductions in fiscal year 2015-2016 for school districts with a  
42 student count of fewer than 1,100 pupils may not exceed \$5,000,000.

1           Sec. 13. Additional assistance funding for charter schools;  
2                     reduction for fiscal year 2015-2016; nonclassroom  
3                     spending

4           A. The department of education shall reduce by \$18,656,000 the amount  
5 of charter additional assistance funding that otherwise would be apportioned  
6 to charter schools statewide for fiscal year 2015-2016 pursuant to section  
7 15-185, subsection B, paragraph 4, Arizona Revised Statutes, as amended by  
8 this act, and shall reduce school district budget limits accordingly. The  
9 funding reduction required under this section shall be made on a proportional  
10 basis based on the charter additional assistance funding that each charter  
11 school in the state would have received for fiscal year 2015-2016 without the  
12 prescribed reduction.

13           B. For fiscal year 2015-2016, the department of education shall reduce  
14 charter additional assistance funding for a school district that is not  
15 eligible to receive basic state aid funding for fiscal year 2015-2016 by the  
16 amount that its charter additional assistance funding would be reduced  
17 pursuant to subsection A of this section if the school district were eligible  
18 to receive basic state aid funding for fiscal year 2015-2016 and shall reduce  
19 the school district's budget limits accordingly.

20           Sec. 14. Pilot program on school emergency readiness; report;  
21                     delayed repeal

22           A. The \$3,646,400 state general fund appropriation to the department  
23 of education for the school safety program for fiscal year 2015-2016 in the  
24 general appropriations act includes \$100,000 for a pilot program on school  
25 emergency readiness.

26           B. On or before September 30, 2015, school districts shall submit  
27 applications to the department of education to participate in the pilot  
28 program.

29           C. On or before November 30, 2015, the department of education shall  
30 select three school districts to participate in the pilot program. The  
31 selected school districts shall collectively consist of no more than  
32 thirty-one individual school sites and shall include:

33           1. One school district that is located in a county with a population  
34 of eight hundred thousand persons or more according to the 2010 United States  
35 decennial census.

36           2. One school district that is located in a county with a population  
37 of one hundred thousand persons or more but less than eight hundred thousand  
38 persons according to the 2010 United States decennial census.

39           3. One school district that is located in a county with a population  
40 of less than one hundred thousand persons according to the 2010 United States  
41 decennial census.

42           D. School districts that are selected to participate in the pilot  
43 program shall be provided and use a readiness and emergency management  
44 program that incorporates the following:



1 incremental monies that would otherwise be provided to those charter schools  
2 and shall reduce budget limits accordingly. For the purposes of this  
3 subsection, "incremental monies" means the additional funding a charter  
4 school that is sponsored by a school district receives under the state  
5 equalization funding formula for schools in excess of the amount that would  
6 be received under that formula if the school was operated by a school  
7 district but was not a charter school operated by the school district,  
8 including incremental monies received through local property taxes for a  
9 school district that is not eligible to receive state aid.

10 Sec. 18. Current-year funding; notice; report

11 On or before December 15, 2015, the department of education shall  
12 notify school districts how the department plans to implement current-year  
13 average daily membership funding for school districts in fiscal year  
14 2016-2017 under this act, including an explanation of the process, the  
15 required forms and the technological requirements needed. The department  
16 shall report the estimated fiscal impact on individual school districts for  
17 fiscal year 2016-2017, based on the most recently available data, to the  
18 governor, the president of the senate, the speaker of the house of  
19 representatives, the director of the joint legislative budget committee and  
20 the director of the governor's office of strategic planning and budgeting.

APPROVED BY THE GOVERNOR MARCH 12, 2015.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MARCH 12, 2015.

Passed the House March 7, 2015,

Passed the Senate March 7, 2015,

by the following vote: 32 Ayes,  
27 Nays, 1 Not Voting

by the following vote: 16 Ayes,  
13 Nays, 1 Not Voting

[Signature]  
Speaker of the House

[Signature]  
President of the Senate

[Signature]  
Chief Clerk of the House

[Signature]  
Assistant Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR

This Bill was received by the Governor this  
9<sup>th</sup> day of March, 2015,

at 2:44 o'clock P. M.

[Signature]  
Secretary to the Governor

Approved this 12<sup>th</sup> day of  
March, 2015,

at 5:47 o'clock P. M.  
[Signature]  
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State  
this 12<sup>th</sup> day of March, 2015,

at 6<sup>01</sup> o'clock P. M.  
[Signature]  
Secretary of State

S.B. 1476