House Engrossed

FILED
MICHELE REAGAN
SECRETARY OF STATE

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CHAPTER 124

HOUSE BILL 2707

AN ACT

AMENDING SECTIONS 5-568, 15-101, 15-183, 15-184, 15-185, 15-187 AND 15-217, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 2, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-249.06; AMENDING SECTIONS 15-393, 15-393.01, 15-447.01 AND 15-824, ARIZONA REVISED STATUTES; AMENDING SECTION 15-901, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2015, CHAPTER 15, SECTION 4; AMENDING SECTION 15-901, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2015, FIRST SPECIAL SESSION, CHAPTER 1, SECTION 1; AMENDING SECTIONS 15-902.03, 15-910, 15-943, 15-943.02 AND 15-945, ARIZONA REVISED STATUTES; REPEALING SECTION 15-948, ARIZONA REVISED STATUTES; AMENDING SECTIONS 15-951, 15-961, 15-973, 15-991, 15-1371, 15-1372, 15-2011, 15-2032 AND 15-2041, ARIZONA REVISED STATUTES; AMENDING LAWS 2014, CHAPTER 16, SECTION 5; REPEALING LAWS 2014, CHAPTER 16, SECTION 6, AS AMENDED BY LAWS 2014, CHAPTER 214, SECTION 5; AMENDING LAWS 2014, CHAPTER 17, SECTION 10; AMENDING LAWS 2014, CHAPTER 17, SECTION 19; APPROPRIATING MONIES; RELATING TO KINDERGARTEN THROUGH GRADE TWELVE BUDGET RECONCILIATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

Section 1. Section 5-568, Arizona Revised Statutes, is amended to read:

5-568. Disposition of unclaimed prize money

Unclaimed prize money for the prize on a winning ticket or share shall be retained for the person entitled to the prize for one hundred eighty days after the drawing in which the prize was won in the case of a drawing prize and for one hundred eighty days after the announced end of the game in question in the case of a prize determined in any manner other than by means of a drawing. If a claim is not made for the money within the applicable period, the money shall be transferred in the following amounts:

1. Fifty-five percent of the prize money shall be held in the state lottery prize fund for use as additional prizes in future games, except that if the amount of monies transferred by the commission pursuant to section 5-554, subsection H, paragraph 1 is less than nine hundred thousand dollars each fiscal year, the difference shall be transferred to the internet crimes against children enforcement fund established by section 41-199 and if the AMOUNT OF monies transferred by the commission pursuant to section 5-554, subsection H, paragraph 2 is less than one hundred thousand dollars each fiscal year, the difference shall be transferred to the victims' rights enforcement fund established by section 41-1727.

2. Thirty percent shall be transferred quarterly to the court appointed special advocate fund established by section 8-524.

3. Fifteen percent shall be transferred monthly to the tribal college dual enrollment program fund established by section 15-244.01. The amount transferred may not exceed ~~one~~ TWO hundred ~~sixty~~ FIFTY thousand dollars in any fiscal year.

Sec. 2. Section 15-101, Arizona Revised Statutes, is amended to read:

15-101. Definitions

In this title, unless the context otherwise requires:

1. "Accommodation school" means either:

(a) A school that is operated through the county board of supervisors and the county school superintendent and that the county school superintendent administers to serve a military reservation or territory that is not included within the boundaries of a school district.

(b) A school that provides educational services to homeless children or alternative education programs as provided in section 15-308, subsection B.

(c) A school that is established to serve a military reservation, the boundaries of which are coterminous with the boundaries of the military reservation on which the school is located.

2. "Assessed valuation" means the valuation derived by applying the applicable percentage as provided in title 42, chapter 15, article 1 to the full cash value or limited property value, whichever is applicable, of the property.

3. "Charter holder" means a person that enters into a charter with the state board for charter schools. For the purposes of this paragraph, "person" means an individual, partnership, corporation, association or public or private organization of any kind.

4. "Charter school" means a public school established by contract with ~~a district governing board,~~ the state board of education, the state board for charter schools, a university under the jurisdiction of the Arizona board of regents, a community college district with enrollment of more than fifteen thousand full-time equivalent students or a group of community college districts with a combined enrollment of more than fifteen thousand full-time equivalent students pursuant to article 8 of this chapter to provide learning that will improve pupil achievement.

5. "Child with a disability" means a child with a disability as defined in section 15-761.

6. "Class A bonds" means general obligation bonds approved by a vote of the qualified electors of a school district at an election held on or before December 31, 1998.

7. "Class B bonds" means general obligation bonds approved by a vote of the qualified electors of a school district at an election held from and after December 31, 1998.

8. "Competency" means a demonstrated ability in a skill at a specified performance level.

9. "Course" means organized subject matter in which instruction is offered within a given period of time and for which credit toward promotion, graduation or certification is usually given. A course consists of knowledge selected from a subject for instructional purposes in the schools.

10. "Course of study" means a list of required and optional subjects to be taught in the schools.

11. "Dual enrollment course" means a ~~college level~~ COLLEGE-LEVEL course that is conducted on the campus of a high school or on the campus of a joint technical education district, that is applicable to an established community college academic degree or certificate program and that is transferable to a university under the jurisdiction of the Arizona board of regents. A dual enrollment course that is applicable to a community college occupational degree or certificate program may be transferable to a university under the jurisdiction of the Arizona board of regents.

12. "Elementary grades" means kindergarten programs and grades one through eight.

13. "Fiscal year" means the year beginning July 1 and ending June 30.

14. "Governing board" means a body organized for the government and management of the schools within a school district or a county school superintendent in the conduct of an accommodation school.

15. "Lease" means an agreement for conveyance and possession of real or personal property.

16. "Limited property value" means the value determined pursuant to title 42, chapter 13, article 7. Limited property value shall be used as the basis for assessing, fixing, determining and levying primary property taxes.

17. "Parent" means the natural or adoptive parent of a child or a person who has custody of a child.

18. "Person who has custody" means a parent or legal guardian of a child, a person to whom custody of the child has been given by order of a court or a person who stands in loco parentis to the child.

19. "Primary property taxes" means all ad valorem taxes except for secondary property taxes.

20. "Private school" means a nonpublic institution where instruction is imparted.

21. "School" or "public school" means any public institution established for the purposes of offering instruction to pupils in programs for preschool children with disabilities, kindergarten programs or any combination of elementary grades or secondary grades one through twelve.

22. "School district" means a political subdivision of this state with geographic boundaries organized for the purpose of the administration, support and maintenance of the public schools or an accommodation school.

23. "Secondary grades" means grades nine through twelve.

24. "Secondary property taxes" means ad valorem taxes used to pay the principal of and the interest and redemption charges on any bonded indebtedness or other lawful long-term obligation issued or incurred for a specific purpose by a school district or a community college district and amounts levied pursuant to an election to exceed a budget, expenditure or tax limitation.

25. "Subject" means a division or field of organized knowledge, such as English or mathematics, or a selection from an organized body of knowledge for a course or teaching unit, such as the English novel or elementary algebra.

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

15-183. <u>Charter schools; application; requirements; immunity; exemptions; renewal of application; reprisal; fee; funds; annual reports</u>

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

1. A detailed educational plan.
2. A detailed business plan.
3. A detailed operational plan.
4. Any other materials required by the sponsor.

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

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

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

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

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

~~(c) In the second consecutive year that a school district is determined to be out of compliance with the uniform system of financial records, within fifteen days of the determination of noncompliance, the school district shall notify by certified mail each charter school sponsored by the school district that the school district is out of compliance with the uniform system of financial records. A charter school that receives a notification of school district noncompliance pursuant to this subdivision shall file a written sponsorship transfer application within forty-five days with the state board of education, the state board for charter schools or the school district governing board if the charter school is located within the geographic boundaries of that school district. A charter school that receives a notification of school district noncompliance may request an extension of time to file a sponsorship transfer application, and the state board of education, the state board for charter schools or a school district governing board may grant an extension of not more than an additional thirty days if good cause exists for the extension. The state board of education~~

~~and the state board for charter schools shall approve a sponsorship transfer application pursuant to this paragraph.~~

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

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

~~(f) Notwithstanding any other law, a school district governing board shall not grant a charter to a new charter school that begins initial operations after June 30, 2013 or convert an existing district public school to a charter school that begins initial operations after June 30, 2013.~~

1. AN APPLICANT MAY NOT SUBMIT AN APPLICATION FOR SPONSORSHIP TO ANY PERSON OR ENTITY OTHER THAN THOSE PRESCRIBED IN THIS SUBSECTION.

2. The applicant may submit the application to the state board of education or the state board for charter schools. Notwithstanding any other law, neither the state board for charter schools nor the state board of education shall grant a charter to a school district governing board for a new charter school that begins initial operations after June 30, 2013 or for the conversion of an existing district public school to a charter school that begins initial operations after June 30, 2013. The state board of education or the state board for charter schools may approve the application if the application meets the requirements of this article and may approve the charter if the proposed sponsor determines, within its sole discretion, that the applicant is sufficiently qualified to operate a charter school and that the applicant is applying to operate as a separate charter holder by considering factors such as whether:

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

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

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

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

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

(f) It is reconstituting an existing grade configuration from a prior charter holder with at least one grade remaining on the original site with the other grade or grades moving to a new site. The state board of education or the state board for charter schools may approve any charter schools transferring charters. ~~The state board of education and the state board for charter schools shall approve any charter schools transferring charters from a school district that is determined to be out of compliance with the uniform system of financial records pursuant to this section, but may require the~~

~~charter school to sign a new charter that is equivalent to the charter awarded by the former sponsor.~~ If the state board of education or the state board for charter schools rejects the preliminary application, the state board of education or the state board for charter schools shall notify the applicant in writing of the reasons for the rejection and of suggestions for improving the application. An applicant may submit a revised application for reconsideration by the state board of education or the state board for charter schools. The applicant may request, and the state board of education or the state board for charter schools may provide, technical assistance to improve the application.

3. The applicant may submit the application to a university under the jurisdiction of the Arizona board of regents, a community college district or a group of community college districts. A university, a community college district or a group of community college districts shall not grant a charter to a school district governing board for a new charter school that begins initial operations after June 30, 2013 or for the conversion of an existing district public school to a charter school that begins initial operations after June 30, 2013. A university, a community college district or a group of community college districts may approve the application if it meets the requirements of this article and if the proposed sponsor determines, in its sole discretion, that the applicant is sufficiently qualified to operate a charter school.

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

5. All persons engaged in instructional work directly as a classroom, laboratory or other teacher or indirectly as a supervisory teacher, speech therapist or principal shall have a valid fingerprint clearance card that is issued pursuant to title 41, chapter 12, article 3.1, unless the person is a volunteer or guest speaker who is accompanied in the classroom by a person with a valid fingerprint clearance card. A charter school shall not employ a teacher whose certificate has been surrendered or revoked, unless the teacher's certificate has been subsequently reinstated by the state board of education. All other personnel shall be fingerprint checked pursuant to section 15-512, or the charter school may require those personnel to obtain a fingerprint clearance card issued pursuant to title 41, chapter 12, article 3.1. Before employment, the charter school shall make documented, good faith efforts to contact previous employers of a person to obtain information and recommendations that may be relevant to a person's fitness

for employment as prescribed in section 15-512, subsection F. The charter school shall notify the department of public safety if the charter school or sponsor receives credible evidence that a person who possesses a valid fingerprint clearance card is arrested for or is charged with an offense listed in section 41-1758.03, subsection B. Charter schools may hire personnel that have not yet received a fingerprint clearance card if proof is provided of the submission of an application to the department of public safety for a fingerprint clearance card and if the charter school that is seeking to hire the applicant does all of the following:

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

(b) Ensures that the department of public safety completes a statewide criminal records check on the applicant. A statewide criminal records check shall be completed by the department of public safety every one hundred twenty days until the date that the fingerprint check is completed or the fingerprint clearance card is issued or denied.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6. Ensure that, except as provided in this article, it is subject to the same financial and electronic data submission requirements as a school district, including the uniform system of financial records as prescribed in chapter 2, article 4 of this title, procurement rules as prescribed in section 15-213 and audit requirements. The auditor general shall conduct a comprehensive review and revision of the uniform system of financial records to ensure that the provisions of the uniform system of financial records that relate to charter schools are in accordance with commonly accepted accounting

principles used by private business. A school's charter may include exceptions to the requirements of this paragraph that are necessary as determined by ~~the district governing board,~~ the university, the community college district, the group of community college districts, the state board of education or the state board for charter schools. The department of education or the office of the auditor general may conduct financial, program or compliance audits.

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

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

9. Ensure that it provides a minimum of one hundred eighty instructional days before June 30 of each fiscal year unless it is operating on an alternative calendar approved by its sponsor. The superintendent of public instruction shall adjust the apportionment schedule accordingly to accommodate a charter school utilizing an alternative calendar.

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

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

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

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

1. At least eighteen months before the expiration of the charter, the sponsor shall notify the charter school that the charter school may apply for renewal and shall make the renewal application available to the charter school. A charter school that elects to apply for renewal shall file a complete renewal application at least fifteen months before the expiration of the charter. A sponsor shall give written notice of its intent not to renew the charter school's request for renewal to the charter school at least twelve months before the expiration of the charter. The sponsor shall make

data used in making renewal decisions available to the school and the public and shall provide a public report summarizing the evidence basis for each decision. The sponsor may deny the request for renewal if, in its judgment, the charter holder has failed to do any of the following:

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

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

(c) Complete the obligations of the contract.

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

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

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

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

(c) Complete the obligations of the contract.

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

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

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

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

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

4. In determining whether to renew or revoke a charter holder, the sponsor must consider making sufficient progress toward the academic performance expectations set forth in the sponsor's performance framework as one of the most important factors.

5. At least sixty days before the effective date of the proposed revocation, the sponsor shall give written notice to the operator of the charter school of its intent to revoke the charter. Notice of the sponsor's intent to revoke the charter shall be delivered personally to the operator of the charter school or sent by certified mail, return receipt requested, to the address of the charter school. The notice shall incorporate a statement of reasons for the proposed revocation of the charter. The sponsor shall allow the charter school at least sixty days to correct the problems associated with the reasons for the proposed revocation of the charter. The final determination of whether to revoke the charter shall be made at a public hearing called for such purpose.

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

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

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

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

(a) Disciplinary or corrective action.

(b) Detail, transfer or reassignment.

(c) Suspension, demotion or dismissal.

(d) An unfavorable performance evaluation.

(e) A reduction in pay, benefits or awards.

(f) Elimination of the employee's position without a reduction in force by reason of lack of monies or work.

(g) Other significant changes in duties or responsibilities that are inconsistent with the employee's salary or employment classification.

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

(a) Suspension or termination of the program.

(b) Transfer or reassignment of the program to a less favorable department.

(c) Relocation of the program to a less favorable site within the school or school district.

(d) Significant reduction or termination of funding for the program.

M. Charter schools shall secure insurance for liability and property loss. The governing body of a charter school that is sponsored by the state board of education or the state board for charter schools may enter into an intergovernmental agreement or otherwise contract to participate in an insurance program offered by a risk retention pool established pursuant to section 11-952.01 or 41-621.01 or the charter school may secure its own insurance coverage. The pool may charge the requesting charter school reasonable fees for any services it performs in connection with the insurance program.

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

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

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

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

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

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

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

3. Intervention and improvement policies.

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

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

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

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

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

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

Y. The sponsoring entity may not charge any fees to a charter school that it sponsors unless the sponsor has provided services to the charter school and the fees represent the full value of those services provided by

the sponsor. On request, the value of the services provided by the sponsor to the charter school shall be demonstrated to the department of education.

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

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

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

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

DD. A charter school may choose to provide a preschool program for children with disabilities pursuant to section 15-771.

EE. Pursuant to the prescribed graduation requirements adopted by the state board of education, the governing body of a charter school operating a high school may approve a rigorous computer science course that would fulfill a mathematics course required for graduation from high school. The governing body may approve a rigorous computer science course only if the rigorous computer science course includes significant mathematics content and the governing body determines the high school where the rigorous computer science course is offered has sufficient capacity, infrastructure and qualified staff, including competent teachers of computer science.

FF. A charter school may permit the use of school property, including school buildings, grounds, buses and equipment, by any person, group or organization for any lawful purpose, including a recreational, educational, political, economic, artistic, moral, scientific, social, religious or other civic or governmental purpose. The charter school may charge a reasonable fee for the use of the school property.

GG. A charter school and its employees, including the governing body, or chief administrative officer, are immune from civil liability with respect to all decisions made and actions taken to allow the use of school property, unless the charter school or its employees are guilty of gross negligence or intentional misconduct. This subsection does not limit any other immunity provisions that are prescribed by law.

HH. Sponsors authorized pursuant to this section shall submit an annual report to the auditor general on or before October 1 ~~of each year~~. The report shall include:

1. The current number of charters authorized and the number of schools operated by authorized charter holders.

2. The academic and operational performance of the sponsor's charter portfolio as measured by the sponsor's adopted performance framework.

3. FOR THE PRIOR YEAR, the number of new charters approved, ~~and~~ the number of charter schools closed and THE reason for the closure ~~in the prior year~~.

4. The sponsor's application, amendment, renewal and revocation processes, charter contract template and current performance framework as required by this section.

II. The auditor general shall prescribe the format for the annual report required by subsection HH of this section and may require that the annual report be submitted electronically. The auditor general shall review the submitted annual reports to ensure that the reports include the required items in subsection HH of this section and shall make the annual reports available upon request. If the auditor general finds significant noncompliance or ~~a sponsor's failure~~ IF A SPONSOR FAILS to submit the annual report required by subsection HH of this section, on or before December 31 of each year the auditor general shall report to the governor, the president of the senate, the speaker of the house of representatives and the chairs of the senate and house education committees or their successor committees, and the legislature shall consider revoking the sponsor's authority to sponsor charter schools.

Sec. 4. Section 15-184, Arizona Revised Statutes, is amended to read:

15-184. Charter schools; admissions requirements

A. A charter school shall enroll all eligible pupils who submit a timely application, unless the number of applications exceeds the capacity of a program, class, grade level or building.

B. A charter school shall give enrollment preference to pupils returning to the charter school in the second or any subsequent year of its operation and to siblings of pupils already enrolled in the charter school.

~~C. A charter school that is sponsored by a school district governing board shall give enrollment preference to eligible pupils who reside within the boundaries of the school district where the charter school is physically located.~~

~~D.~~ C. A charter school may give enrollment preference to and reserve capacity for pupils who either:

1. Are children, grandchildren or legal wards of any of the following:

(a) Employees of the school.

(b) Employees of the charter holder.

(c) Members of the governing body of the school.

(d) Directors, officers, partners or board members of the charter holder.

2. Attended another charter school or are the siblings of that pupil if the charter school previously attended by the pupil has the identical charter holder, board and governing board membership as the enrolling charter school or is managed by the same educational management organization, charter management organization or educational service provider as determined by the charter authorizer.

~~E.~~ D. If remaining capacity is insufficient to enroll all pupils who submit a timely application, the charter school shall select pupils through an equitable selection process such as a lottery except that preference shall be given to siblings of a pupil selected through an equitable selection process such as a lottery.

~~F.~~ E. Except as provided in subsections A through ~~D~~ C of this section, a charter school shall not limit admission based on ethnicity, national origin, gender, income level, disabling condition, proficiency in the English language or athletic ability.

~~G.~~ F. A charter school may limit admission to pupils within a given age group or grade level.

~~H.~~ G. A charter school may provide instruction to pupils of a single gender with the approval of the sponsor of the charter school. An existing charter school may amend its charter to provide instruction to pupils of a single gender, and if approved by the sponsor of the charter school, may provide instruction to pupils of a single gender at the beginning of the next school year.

~~I.~~ H. A charter school shall admit pupils who reside in the attendance area of a school or who reside in a school district that is under a court order of desegregation or that is a party to an agreement with the United States department of education office for civil rights directed toward remediating alleged or proven racial discrimination unless notice is received from the resident school that the admission would violate the court order or agreement. If a charter school admits a pupil after notice is received that the admission would constitute such a violation, the charter school is not allowed to include in its student count the pupils wrongfully admitted.

~~J.~~ I. A charter school may refuse to admit any pupil who has been expelled from another educational institution or who is in the process of being expelled from another educational institution.

Sec. 5. Section 15-185, Arizona Revised Statutes, is amended to read:

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

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

~~1. The charter school shall be included in the district's budget and financial assistance calculations pursuant to paragraph 3 of this subsection and chapter 9 of this title, except for chapter 9, article 4 of this title.~~

~~The charter of the charter school shall include a description of the methods of funding the charter school by the school district. The school district shall send a copy of the charter and application, including a description of how the school district plans to fund the school, to the state board of education before the start of the first fiscal year of operation of the charter school. The charter or application shall include an estimate of the student count for the charter school for its first fiscal year of operation. This estimate shall be computed pursuant to the requirements of paragraph 3 of this subsection.~~

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

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

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

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

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

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

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

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

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

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

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

(b) The small school weights prescribed in section 15-943, paragraph 1 apply if a charter holder, as defined in section 15-101, holds one charter for one or more school sites and the average daily membership for the school sites are combined for the calculation of the small school weight. The small school weight shall not be applied individually to a charter holder if one or more of the following conditions ~~exists~~ EXIST and the combined average daily membership derived from the following conditions is greater than six hundred:

(i) The organizational structure or management agreement of the charter holder requires the charter holder or charter school to contract with a specific management company.

(ii) The governing body of the charter holder has identical membership to another charter holder in this state.

(iii) The charter holder is a subsidiary of a corporation that has other subsidiaries that are charter holders in this state.

(iv) The charter holder holds more than one charter in this state.

(c) Notwithstanding subdivision (b) of this paragraph, for fiscal ~~year~~ YEARS 2015-2016 AND 2016-2017 the department of education shall reduce by thirty-three percent the amount provided by the small school weight for charter schools prescribed in subdivision (b) of this paragraph.

~~(d) Notwithstanding subdivision (b) of this paragraph, for fiscal year 2016-2017 the department of education shall reduce by sixty-seven percent the amount provided by the small school weight for affiliated charter schools prescribed in subdivision (b) of this paragraph.~~

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

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

4. Equalization assistance for the charter school shall be determined by adding the amount of the base support level and charter additional assistance. The amount of the charter additional assistance is one thousand seven hundred ~~thirty-four~~ FIFTY-TWO dollars ~~ninety-two~~ TEN cents per student count in preschool programs for children with disabilities, kindergarten programs and grades one through eight and two thousand ~~twenty-two~~ FORTY-TWO dollars ~~two~~ FOUR cents per student count in grades nine through twelve.

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

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

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

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

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

1. Equalization assistance shall not be less than zero.

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

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

E. If a charter school was a district public school in the prior year ~~and is now being operated for or by the same school district~~ and sponsored by the state board of education, the state board for charter schools, a university, a community college district~~,~~ OR a group of community college districts ~~or a school district governing board~~, the reduction in subsection D of this section applies. The reduction to the base support level of the charter school ~~or the sponsoring district of the charter school~~ shall equal

the sum of the base support level and the charter additional assistance received in the current year for those pupils who were enrolled in the traditional public school in the prior year and are now enrolled in the charter school in the current year.

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

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

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

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

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

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

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

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

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

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

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

P. For the purposes of this section, ~~:~~

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

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

Sec. 6. Section 15-187, Arizona Revised Statutes, is amended to read:

15-187. Charter schools; teachers; employment benefits

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

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

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

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

C. A charter school that is sponsored by ~~a school district governing board,~~ a university, a community college district, a group of community college districts, the state board of education or the state board for charter schools is eligible to participate in the Arizona state retirement system pursuant to title 38, chapter 5, article 2. The charter school is a political subdivision of this state for purposes of title 38, chapter 5, article 2.

D. Notwithstanding any other law, a charter school shall not adopt policies that provide employment retention priority for teachers based on tenure or seniority.

Sec. 7. Section 15-217, Arizona Revised Statutes, is amended to read:

15-217. K-6 technology-based language development and literacy intervention pilot program; educational technology provider; review; reports; fund

A. The state board of education shall develop a two-year pilot program for K-6 technology-based language development and literacy intervention. The state board shall develop application procedures and selection criteria for school districts and charter schools that voluntarily decide to participate in the pilot program.

B. The state board shall submit a request for proposals to educational technology providers for the delivery of technology-based language development and literacy intervention software to be made available to all

pupils in kindergarten programs and grades one through six who are enrolled in schools that participate in the pilot program and who are identified as English language learners.

C. The state board shall establish the format of the applications, application procedures and selection criteria for educational technology providers that wish to submit a proposal for the delivery of K-6 technology-based language development and literacy intervention software to be used in the pilot program. The state board shall select and award a contract to one educational technology provider to deliver K-6 technology-based language development and literacy intervention software pursuant to this section. The state board shall distribute monies appropriated for this purpose to the selected provider.

D. The K-6 technology-based language development and literacy intervention software for English language learners must differentiate instruction for each pupil and meet all of the following requirements:

1. Include instruction individualized to teach each pupil the following five strands of literacy:

(a) Phonics.

(b) Phonemic awareness.

(c) Vocabulary.

(d) Comprehension.

(e) Fluency.

2. Have components that are created for and aligned to state academic standards. The software must correlate to the Arizona English language proficiency standards.

3. Contain internal assessments, checkpoints, tracking and reports for teachers, administrators and parents.

4. Be used to address varied learner needs and to assist teachers in tracking pupil growth toward important curricular goals. The software must have tools and off-line resources that enable teachers to more effectively meet the individual needs of each pupil.

5. Provide immediate feedback to pupils and provide automatic remediation when needed. The software must provide scaffolding through illustrations, front-loaded vocabulary, audio support, interactive glossary words, instructional feedback, strategic questions and adaptive content that provides extra practice as needed.

6. Include grade-appropriate digital books with literature text and informational text. Pupils must be able to practice reading on the computer by recording readings and comparing those readings to the reading model.

7. Provide implicit and explicit instruction. The software must teach the core areas of listening and reading comprehension, including intertextual comprehension.

8. Teach pupils academic vocabulary using real and virtual experience and visuals to introduce vocabulary. The vocabulary must be related to core

content areas and provide additional language development activities for those pupils requiring this assistance.

9. Teach basic interpersonal communicative skills and cognitive academic language proficiency and assess a pupil's understanding of each.

E. The educational technology provider selected pursuant to subsection C of this section must have experience with large statewide implementations and the ability to support a statewide level of implementation. The provider must submit evidence of pupil progress on an annual basis.

F. The joint legislative budget committee shall annually review the results of the delivery of K-6 technology-based language development and literacy intervention for English language learners through software provided pursuant to this section.

G. On or before September 15, ~~2015~~ 2017, the state board of education shall submit a progress report on the pilot program to the joint legislative budget committee. On or before September 15, ~~2016~~ 2018, the state board shall submit a report to the governor, the president of the senate and the speaker of the house of representatives regarding the pilot program and delivery of K-6 technology-based language development and literacy intervention for English language learners through software provided pursuant to this section. The report must include a recommendation of whether the legislature should consider expanding the pilot program as a permanent statewide program and information on the number of school districts, charter schools and pupils who participated in the intervention. The state board shall submit a copy of this report to the secretary of state.

H. The technology-based language development and literacy intervention fund is established consisting of legislative appropriations and monies transferred into the fund. The department of education shall administer the fund. Monies in the fund are subject to legislative appropriation. Monies in the fund must be used for the K-6 technology-based language development and literacy intervention pilot program established pursuant to this section. Monies in the fund are exempt from the provisions of section 35-190 relating to lapsing of appropriations.

Sec. 8. Title 15, chapter 2, article 2, Arizona Revised Statutes, is amended by adding section 15-249.06, to read:

15-249.06. <u>College credit by examination incentive program; incentive bonuses; report; program termination</u>

A. THE COLLEGE CREDIT BY EXAMINATION INCENTIVE PROGRAM IS ESTABLISHED WITHIN THE DEPARTMENT OF EDUCATION TO PROVIDE AN INCENTIVE BONUS TO TEACHERS, SCHOOL DISTRICTS AND CHARTER SCHOOLS FOR STUDENTS WHO OBTAIN A PASSING SCORE ON A QUALIFYING EXAMINATION FOR COLLEGE CREDIT WHILE IN HIGH SCHOOL.

B. THE ARIZONA BOARD OF REGENTS SHALL MAINTAIN A LIST OF QUALIFYING EXAMINATIONS THAT A HIGH SCHOOL STUDENT MAY TAKE IN ORDER TO RECEIVE COLLEGE CREDIT IN MATHEMATICS, ENGLISH LANGUAGE ARTS OR SCIENCE FROM ANY UNIVERSITY UNDER THE JURISDICTION OF THE ARIZONA BOARD OF REGENTS AND THE PASSING SCORES REQUIRED ON THOSE EXAMINATIONS IN ORDER TO RECEIVE COLLEGE CREDIT. ON OR

1 BEFORE SEPTEMBER 1 OF EACH YEAR, THE ARIZONA BOARD OF REGENTS SHALL PROVIDE
2 THE LIST OF QUALIFYING EXAMINATIONS AND PASSING SCORES TO THE DEPARTMENT OF
3 EDUCATION AND SHALL SUBMIT THIS LIST TO THE JOINT LEGISLATIVE BUDGET
4 COMMITTEE FOR REVIEW.
5 C. BEGINNING IN FISCAL YEAR 2017-2018, THE DEPARTMENT OF EDUCATION
6 SHALL PAY AN INCENTIVE BONUS TO SCHOOL DISTRICTS AND CHARTER SCHOOLS FOR EACH
7 STUDENT IN GRADES NINE THROUGH TWELVE WHO RECEIVES A PASSING SCORE DURING THE
8 PREVIOUS FISCAL YEAR ON A QUALIFYING EXAMINATION IDENTIFIED BY THE ARIZONA
9 BOARD OF REGENTS PURSUANT TO SUBSECTION B OF THIS SECTION. A STUDENT WHO
10 RECEIVES A PASSING SCORE ON A QUALIFYING EXAMINATION AND WHO IS ENROLLED IN A
11 SCHOOL WHERE FIFTY PERCENT OR MORE OF THE STUDENTS ARE ELIGIBLE FOR FREE OR
12 REDUCED PRICE LUNCHES SHALL GENERATE FOR THE SCHOOL DISTRICT OR CHARTER
13 SCHOOL A BONUS OF FOUR HUNDRED FIFTY DOLLARS PER PASSING SCORE ON A
14 QUALIFYING EXAMINATION. A STUDENT WHO RECEIVES A PASSING SCORE ON A
15 QUALIFYING EXAMINATION AND WHO IS ENROLLED IN A SCHOOL WHERE LESS THAN FIFTY
16 PERCENT OF THE STUDENTS ARE ELIGIBLE FOR FREE OR REDUCED PRICE LUNCHES SHALL
17 GENERATE FOR THE SCHOOL DISTRICT OR CHARTER SCHOOL A BONUS OF THREE HUNDRED
18 DOLLARS PER PASSING SCORE ON A QUALIFYING EXAMINATION. IF THE STATEWIDE SUM
19 OF PER STUDENT BONUSES AWARDED PURSUANT TO THIS SUBSECTION EXCEEDS THE AMOUNT
20 OF AVAILABLE MONIES APPROPRIATED FOR INCENTIVE BONUSES, THE BONUS MONIES
21 SHALL BE REDUCED PROPORTIONALLY TO COVER ALL ELIGIBLE BONUS AWARDS.
22 D. A SCHOOL DISTRICT OR CHARTER SCHOOL THAT RECEIVES AN INCENTIVE
23 BONUS PURSUANT TO THIS SECTION SHALL DISTRIBUTE AT LEAST FIFTY PERCENT OF THE
24 BONUS MONIES TO THE ASSOCIATED CLASSROOM TEACHER FOR EACH STUDENT WHO PASSES
25 A QUALIFYING EXAMINATION. BONUS MONIES AWARDED TO A TEACHER PURSUANT TO THIS
26 SUBSECTION SHALL BE IN ADDITION TO ANY REGULAR WAGE, COMPENSATION OR OTHER
27 BONUS THE TEACHER RECEIVES OR IS SCHEDULED TO RECEIVE. THE REMAINDER OF ANY
28 BONUS MONIES RECEIVED BY A SCHOOL DISTRICT OR CHARTER SCHOOL SHALL BE USED
29 FOR TEACHER PROFESSIONAL DEVELOPMENT OR STUDENT INSTRUCTIONAL SUPPORT OR
30 MATERIALS. ANY BONUS MONIES RECEIVED BY A SCHOOL DISTRICT OR CHARTER SCHOOL
31 PURSUANT TO THIS SUBSECTION SHALL BE SEPARATELY ACCOUNTED FOR IN THE SCHOOL
32 DISTRICT'S OR CHARTER SCHOOL'S ANNUAL FINANCIAL REPORT.
33 E. INCENTIVE BONUSES DISTRIBUTED TO AND ANY BONUS MONIES RECEIVED BY A
34 SCHOOL DISTRICT OR CHARTER SCHOOL PURSUANT TO THIS SECTION ARE NOT SUBJECT TO
35 COLLECTIVE BARGAINING.
36 F. ON OR BEFORE DECEMBER 15, 2018 AND ON OR BEFORE DECEMBER 15 OF EACH
37 YEAR THEREAFTER, THE DEPARTMENT OF EDUCATION SHALL SUBMIT TO THE PRESIDENT OF
38 THE SENATE, THE SPEAKER OF THE HOUSE OF REPRESENTATIVES, THE GOVERNOR AND THE
39 SECRETARY OF STATE A REPORT ON ALL OF THE FOLLOWING:
40 1. THE NUMBER OF STUDENTS WHO TOOK A QUALIFYING EXAMINATION AT EACH
41 SCHOOL.
42 2. THE NUMBER OF STUDENTS WHO RECEIVED A PASSING SCORE ON A QUALIFYING
43 EXAMINATION AND THE NUMBER OF INCENTIVE BONUS AWARDS DISTRIBUTED.
44 3. THE NUMBER AND TYPES OF QUALIFYING EXAMINATIONS TAKEN BY STUDENTS.

G. INCENTIVE BONUSES DISTRIBUTED TO AND ANY BONUS MONIES RECEIVED BY A TEACHER ARE NOT COMPENSATION AS DEFINED IN SECTION 38-711.

H. THE PROGRAM ESTABLISHED BY THIS SECTION ENDS ON JULY 1, 2026 PURSUANT TO SECTION 41-3102.

Sec. 9. Section 15-393, Arizona Revised Statutes, is amended to read:

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

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

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

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

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

nomination or election to the governing board of any other school district or joint technical education district, unless the member of the governing board is serving in the last year of a term of office.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

For the purposes of this paragraph, "district of residence" means the district that included the pupil in its average daily membership for the year before the first year of operation of the joint district and that would have included the pupil in its student count for the purposes of computing its

base support level for the fiscal year of the first year of operation of the joint district if the pupil had not enrolled in the joint district.

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

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

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

(c) Beginning July 1, 2016, a student who has graduated from high school or received a general equivalency diploma or who is over twenty-one years of age shall not be included in the student count of the joint district for the purposes of chapter 9, articles 3, 4 and 5 of this title. ~~A student who has yet to graduate or receive a general equivalency diploma and was lawfully enrolled in a joint technical education district program on January 1, 2016 may continue to participate in the program after the effective date of this amendment to this section.~~

(d) A student who is enrolled in any internship course as part of a joint technical education district program shall not be included in the student count of the joint district for that internship course for the purposes of chapter 9, articles 3, 4 and 5 of this title.

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

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

7. A school district that is part of a joint district shall use any monies received pursuant to this article to supplement and not supplant base year career and technical education courses, and directly related equipment and facilities, except that a school district that is part of a joint technical education district and that has used monies received pursuant to this article to supplant career and technical education courses that were offered before the first year that the school district participated in the joint district or the first year that the school district used monies received pursuant to this article or that used the monies for purposes other than for career and technical education courses shall use one hundred percent of the monies received pursuant to this article to supplement and not supplant base year career and technical education courses.

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

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

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

F. Taxes may be levied for the support of the joint district as prescribed in chapter 9, article 6 of this title, except that a joint technical education district shall not levy a property tax pursuant to law that exceeds five cents per one hundred dollars assessed valuation except for bond monies pursuant to subsection D, paragraph 1 of this section. Except for the taxes levied pursuant to section 15-994, such taxes shall be obtained from a levy of taxes on the taxable property used for secondary tax purposes.

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

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

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

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

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

L. Beginning July 1, 2016, any agreement between the governing board of a joint technical education district and another joint technical education

district, a school district, a charter school or a community college district shall be in the form of an intergovernmental agreement or other written contract. The auditor general shall modify the uniform system of financial records and budget forms in accordance with this subsection. The intergovernmental agreement or other written contract shall completely and accurately specify each of the following:

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

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

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

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

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

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

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

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

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

10. That the joint technical education district will provide the following minimum services for all member districts:

(a) Professional development of career and technical teachers in the joint district who are teaching programs or courses at a satellite campus.

(b) Ongoing evaluation and support of satellite campus programs and courses to ensure quality and compliance.

11. An itemized listing of other goods and services that are provided to the member district and that are paid for by the retention of satellite campus student funding.

M. A member school district or charter school may not submit requests for the approval or addition of satellite campus joint district programs or courses directly to the career and technical education division of the department of education, but shall submit all appropriate application documentation and materials for programs or courses to the joint district. On approval from the joint board, a joint district shall only submit requests for the approval or addition of satellite campus joint district programs or

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

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

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

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

Q. The average daily membership for a pupil in grade ten, eleven or twelve who is enrolled in a course that meets for at least one hundred fifty minutes per class period at a leased centralized campus shall not exceed 0.75. The sum of the average daily membership, as provided in section 15-901, subsection A, paragraph 1, of a pupil who is enrolled in both the school district and in joint technical education district courses provided at

a leased centralized campus shall not exceed 1.75 if all of the following conditions are met:

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

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

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

4. The lease is established at fair market value if the lease is executed for a facility located on the site of a member district and was approved by the joint committee on capital review, except that a lease that was executed or renewed before December 31, 2012 is not subject to approval by the joint committee on capital review.

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

S. Notwithstanding any other law, the student count for a joint technical education district shall be equivalent to the joint technical education district's average daily membership.

T. A school district or charter school may not prohibit or discourage students who are enrolled in that school district or charter school from attending courses offered by a joint technical education district, including requiring students to generate a full 1.0 average daily membership or ~~enrolling~~ TO ENROLL in more courses than are needed ~~for a particular student~~ to graduate before enrolling IN and attending programs or courses offered by a joint district.

U. The governing board of the joint technical education district may contract with any charter school that is located within the boundaries of the joint technical education district to allow that charter school to offer career and technical education courses or programs as a satellite campus.

V. Beginning in 2020 and every five years thereafter, the career and technical education division of the department of education shall review joint technical education district programs and joint technical education courses to ensure compliance, quality and eligibility. Any program or course deemed to not meet the requirements set forth by law shall not be funded for the preceding school year and shall be removed from the approved program and course list. The career and technical education division may establish a staggered schedule for reviewing each joint technical education district.

W. For the purposes of this section:

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

2. "Centralized campus" means a facility that is owned and operated by a joint technical education district for the purpose of offering joint technical education district programs or joint technical education courses.

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

4. "Leased centralized campus" means a facility that is leased and operated by a joint technical education district for the purpose of offering joint technical education district programs or joint technical education courses.

5. "Satellite campus" means a facility that is owned or operated by a school district or charter school for the purpose of offering joint technical education district programs or joint technical education courses.

Sec. 10. Section 15-393.01, Arizona Revised Statutes, is amended to read:

15-393.01. <u>Joint technical education districts; annual report; performance and accountability</u>

A. The department of education shall include each joint technical education district in the department's annual achievement profiles required by section 15-241. Subject to approval by the state board of education, the department of education shall develop specific criteria applicable to joint districts and include joint districts in the letter grade classification system prescribed in section 15-241. The department shall include all of the following performance indicators in the annual achievement profiles and letter grade classification:

1. The graduation rate of all students enrolled in a career and technical education program or course.

2. The completion rate for each program offered by the joint district.

3. Performance on assessments required pursuant to section 15-391, paragraph 5, subdivision (b).

4. Postgraduation employment rates for students who complete a career and technical education program.

B. A joint district is subject to the performance audits pursuant to section 41-1279.03, subsection A, paragraph 9. The auditor general shall consider the differences and applicable laws for a joint district when conducting a performance audit for a joint district.

C. On or before December 31 of each year, the career and technical education division of the department of education shall submit a joint technical education district annual report to the governor, the president of the senate and the speaker of the house of representatives and shall submit a copy of this report to the secretary of state. The career and technical education division of the department of education shall submit a copy of this

report to the joint legislative budget committee for review. The annual report shall include the following:

1. The average daily membership of each joint district, including the average daily membership of each centralized campus, satellite campus and leased centralized campus as defined in section 15-393.

2. The actual student count of each joint district, including the student count of each centralized campus, satellite campus and leased centralized campus as defined in section 15-393.

3. The programs and corresponding courses offered by each joint district, including the location of each program and course.

4. ~~The student enrollment of each program and corresponding course~~ For each joint district based on program or course location: ~~.~~

(a) THE STUDENT ENROLLMENT OF EACH PROGRAM AND CORRESPONDING COURSE.

(b) THE PERCENTAGE OF STUDENTS WHO ENROLLED IN THE SECOND YEAR OF EACH PROGRAM AND CORRESPONDING COURSE RELATIVE TO THE NUMBER OF STUDENTS IN THE SAME COHORT WHO ENROLLED IN THE FIRST YEAR OF EACH PROGRAM AND CORRESPONDING COURSE.

(c) THE PERCENTAGE OF STUDENTS WHO COMPLETED EACH PROGRAM RELATIVE TO THE NUMBER OF STUDENTS IN THE SAME COHORT WHO BEGAN THE PROGRAM.

5. The costs associated with each program offered by the joint district.

6. A listing of any programs or courses that were discontinued by review of the career and technical education division pursuant to section 15-393, subsection V.

7. A listing of any programs or courses that were continued by review of the career and technical education division pursuant to section 15-393, subsection V.

8. A listing of any programs or courses that were added by the career and technical education division.

9. Any other data or information deemed necessary by the department of education.

D. The office of the auditor general, in consultation with the department of education, shall develop and establish uniform cost reporting guidelines, policies and procedures for joint technical education district programs. Any guideline, policy or procedure shall allow for the effective comparison of cost between joint technical education district programs.

Sec. 11. Section 15-447.01, Arizona Revised Statutes, is amended to read:

15-447.01. <u>Common school districts; offer of instruction in grade nine</u>

A. Before a common school district offers instruction in grade nine pursuant to section 15-901, subsection A, paragraph ~~4~~ 3, subdivision (b), the common school district governing board shall:

1. Conduct a preliminary vote at a public meeting to consider the question of offering instruction in grade nine.

2. Send a letter expressing the common school district's interest in offering instruction in grade nine to the union high school district or the unified school district where a majority of the common school pupils would otherwise enroll in grade nine.

3. Hold a public hearing on the issue at least ninety days after the letter of interest is sent as prescribed in paragraph 2 of this subsection.

4. Conduct a final vote on the issue of offering instruction in grade nine. The final vote prescribed in this paragraph shall occur no later than January 15 of the school year that precedes the school year in which instruction in grade nine will first be offered and at least thirty days after the public hearing prescribed in paragraph 3 of this subsection.

B. Notwithstanding any other law, a common school district that offers instruction in grade nine pursuant to section 15-901, subsection A, paragraph ~~4~~ 3, subdivision (b) may:

1. Conduct an election to exceed the revenue control limit as provided in sections 15-481 and 15-482 and use the weighted student count of pupils in grade nine as part of the calculation for the increase in the revenue control limit.

~~2. Use the weighted student count of pupils in grade nine to determine equalization assistance for career ladder and optional performance incentive programs pursuant to sections 15-918.05 and 15-919.05, as applicable, if the common school district currently participates in the career ladder program or the optional performance incentive program, or both.~~

~~3.~~ 2. Use the count of pupils in grade nine to determine equalization assistance pursuant to section 15-971.

~~C. Notwithstanding any other law, a common school district that offers instruction in grade nine pursuant to section 15-901, subsection A, paragraph 4, subdivision (b) shall not increase the revenue control limit and district support level for the school district for the current year due to growth in the grade nine pupil population pursuant to section 15-948.~~

~~D.~~ C. A common school district may not offer instruction in grade nine in a school facility where instruction is provided to pupils in kindergarten programs and grades one through six, or any combination of kindergarten instruction or grades one through six.

Sec. 12. Section 15-824, Arizona Revised Statutes, is amended to read:

15-824. <u>Admission of pupils of other school districts; homeless children; tuition charges; definitions</u>

A. The governing board of a school district shall admit pupils from another school district or area as follows:

1. ~~Upon~~ ON the presentation of a certificate of educational convenience issued by the county school superintendent pursuant to section 15-825.

2. For three hundred fifty or fewer pupils, to a high school without the presentation of such A certificate, if the pupil is a resident of a common school district within this state that is not within a high school

district and that does not offer instruction in the pupil's grade. The three hundred fifty or fewer pupil limitation prescribed in this paragraph does not apply to a small isolated school district as defined in section 15-901. Tuition shall be charged as prescribed in subsection E of this section for each pupil admitted pursuant to this paragraph, each pupil from a school district that provides only financing for pupils who are instructed by another school district and each pupil from a unified district that does not offer instruction in the pupil's grade. The school membership of such pupils is deemed, for the purpose of determining student count and for apportionment of state aid, to be enrollment in the school district of the pupil's residence.

B. The residence of the person having legal custody of the pupil is considered the residence of the pupil, except as provided in subsection C of this section and in section 15-825, subsection B.

C. The current residence of a homeless pupil who does not reside with the person having legal custody of the pupil is considered to be the residence of the homeless pupil if the person having legal custody of the pupil is a resident of the United States. For the purposes of this subsection, "homeless pupil" means a pupil who has a primary residence that is:

1. A supervised publicly or privately operated shelter designed to provide temporary living accommodations.

2. An institution that provides a temporary residence for individuals intended to be institutionalized.

3. A public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings.

D. The school enrollment of a pupil who is a resident of this state or who is admitted to a school district under section 15-823, subsection B, C or E is deemed, for the purpose of determining student count and for apportionment of state aid, to be enrollment in the school district of actual attendance, except as provided in section 15-825, subsection A, paragraph 1 and subsection A, paragraph 2 of this section and except for pupils for whom the superintendent of public instruction is charged tuition pursuant to section 15-825, subsections B and D and section 15-976 or for whom another school district is charged tuition as provided in subsections E and G of this section.

E. If tuition is required to be charged for pupils attending school in a school district other than that of their residence, the tuition shall be determined and paid in the following manner:

1. The number of high school pupils for which tuition may be charged to a common school district that is not within a high school district is equal to the average daily membership in the district of attendance from the common school district for the prior fiscal year, except that for the first year in which a common school district not within a high school district stops teaching high school subjects, the district of attendance may charge

tuition for the number of pupils ~~which~~ THAT is equal to the average daily membership for high school pupils in the common school district for the prior fiscal year. This number may be adjusted if the common school district increases its revenue control limit and district support level ~~or recomputes its revenue control limit as provided in section 15-948~~.

2. The tuition for pupils attending school in a school district other than that of their residence, except pupils provided for by section 15-825, subsections B and D and any pupils included in the definition of child with a disability in section 15-761, shall not exceed the cost per student count of the school district attended, as determined for the current school year. Tuition for pupils included in the definition of child with a disability in section 15-761 shall not exceed the actual cost of the school attended for each pupil as determined for the current year. The school district of attendance shall not include in the cost per student count a charge for transportation if no transportation is provided, and the charge for transportation shall not exceed the actual costs of providing transportation for the pupils served, as prescribed in the uniform system of financial records. The school district of attendance shall provide the school district of residence with the final tuition charge for the current year and with an estimate of the budget year's tuition charge by May 1 of the current year. The school district of residence shall pay at least one-fourth of the total amount of the estimated tuition by September 30, December 31 and March 31, and it shall pay the remaining amount it owes after adjustments are made by June 30.

3. Notwithstanding paragraph 2 of this subsection and subsection G of this section, if two school districts enter into a voluntary agreement for the payment of tuition, the agreement shall specify the method for computing the tuition amount and the timing of the payments. The agreement shall not be longer than five consecutive years. If two school districts enter into an agreement and choose to renew the agreement, each renewal shall not be longer than five consecutive years. The agreement shall specify that a parent or legal guardian of a pupil affected by a tuition agreement entered pursuant to this section or section 15-816.01 may choose not to send the pupil or pupils to a school district or school that is a party to the agreement.

4. Tuition of pupils as provided in section 15-825, subsection D shall not exceed the excess costs for group B children with disabilities minus the amount generated by the equalization base as determined in section 15-971, subsection A for these pupils. A school district may submit to the superintendent of public instruction a record of actual excess costs to educate a group B child with a disability if the costs are higher than the calculated excess costs or if a pupil has been placed in a private school for special education services. The superintendent shall determine if the additional costs will be paid, and if the costs are paid, whether the additional costs will be paid by the state or the resident district.

5. The amount received representing contributions to capital outlay as provided in subsection G, paragraph 1, subdivision (b) of this section shall be applied to the capital outlay fund or the debt service fund of the school district.

6. The amount received representing contributions to debt service as provided in subsection G, paragraph 1, subdivisions (c) and (d) of this section shall be applied to the debt service fund of the school district if there is one. Otherwise ~~such~~ THE amount shall be credited to the capital outlay fund of the school district.

F. A school district may submit to the superintendent of public instruction a record of actual costs paid by the school district to educate a pupil who qualifies for a certificate of educational convenience under section 15-825, subsection B. If the actual costs for that pupil exceed the costs per student count computed pursuant to subsection G of this section, the superintendent of public instruction shall reimburse the school district for these additional costs subject to legislative appropriation.

G. For the purposes of this section:

1. "Costs per student count" means the sum of the following for the common or high school portion of the school district attended, whichever is applicable to the pupil involved, as prescribed in the uniform system of financial records:

(a) The actual school district expenditures for the regular education program subsection of the maintenance and operation section of the budget divided by the school district's student count for the common or high school portion of the school district, whichever is applicable.

(b) The actual school district expenditures for the capital outlay section of the budget as provided in sections 15-903 and 15-905 excluding expenditures for transportation equipment and buildings if no transportation is provided and expenditures for the acquisition of building sites, divided by the school district's student count for the common or high school portion of the school district, whichever is applicable.

(c) The actual school district expenditures for debt service divided by the school district's student count for the common or high school portion of the school district, whichever is applicable.

(d) The result obtained in subdivision (c) of this paragraph shall not exceed:

(i) Seven hundred fifty dollars if the pupil's school district of residence pays tuition for seven hundred fifty or fewer pupils to other school districts or one hundred fifty dollars if the state pays tuition for seven hundred fifty or fewer pupils to a school district pursuant to section 15-825, subsection D or section 15-976.

(ii) Eight hundred dollars if the pupil's school district of residence pays tuition for one thousand or fewer, but more than seven hundred fifty, pupils to other school districts or two hundred dollars if the state pays tuition for one thousand or fewer, but more than seven hundred fifty, pupils

to a school district pursuant to section 15-825, subsection D or section 15-976.

(iii) The actual cost per student count if either the pupil's school district of residence or the state pays tuition for more than one thousand pupils to other school districts.

2. "Legal custody" means:

(a) Custody exercised by the natural or adoptive parents with whom a pupil resides.

(b) Custody granted by order of a court of competent jurisdiction to a person or persons with whom a pupil resides unless the primary purpose for which custody was requested was to circumvent the payment of tuition as provided in this section.

Sec. 13. Section 15-901, Arizona Revised Statutes, as amended by Laws 2015, chapter 15, section 4, is amended to read:

15-901. Definitions

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

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

(a) "Fractional student" means:

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

is at least one-fourth, one-half or three-fourths of the time a full-time student is enrolled as defined in subdivision (b) of this paragraph.

(ii) For high schools, a part-time student who is enrolled in less than four subjects that count toward graduation as defined by the state board of education, each of which, if taught each school day for the minimum number of days required in a school year, would meet a minimum of one hundred twenty-three hours a year, or the equivalent, in a recognized high school. The average daily membership of a part-time high school student shall be 0.75 if the student is enrolled in an instructional program of three subjects that meet at least five hundred forty hours for a one hundred ~~eighty-day~~ EIGHTY-DAY school year, or the instructional hours prescribed in this section. The average daily membership of a part-time high school student shall be 0.5 if the student is enrolled in an instructional program of two subjects that meet at least three hundred sixty hours for a one hundred ~~eighty-day~~ EIGHTY-DAY school year, or the instructional hours prescribed in this section. The average daily membership of a part-time high school student shall be 0.25 if the student is enrolled in an instructional program of one subject that meets at least one hundred eighty hours for a one hundred ~~eighty-day~~ EIGHTY-DAY school year, or the instructional hours prescribed in this section.

(b) "Full-time student" means:

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

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

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

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

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

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

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

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

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

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

(a) Grades one through eight.

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

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

5. "Daily attendance" means:

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

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

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

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

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

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

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

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

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

(d) For high schools, the attendance of a pupil shall not be counted as a full day unless the pupil is actually and physically in attendance and enrolled in and carrying four subjects, each of which, if taught each school

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

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

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

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

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

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

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

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

8. "Eligible students" means:

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

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

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

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

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

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

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

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

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

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

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

13. "Student count" means~~:~~

~~(a) Through June 30, 2016,~~ average daily membership as prescribed in this subsection for the fiscal year before the current year, except that for the purpose of budget preparation student count means average daily membership as prescribed in this subsection for the current year.

~~(b) Beginning July 1, 2016, average daily membership as prescribed in this subsection for the current year.~~

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

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

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

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

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

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

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

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

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

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

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

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

(f) For fiscal year 2015-2016, three thousand four hundred twenty-six dollars seventy-four cents.

(g) FOR FISCAL YEAR 2016-2017, THREE THOUSAND FOUR HUNDRED SIXTY DOLLARS SIXTY-SIX CENTS.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 14. Section 15-901, Arizona Revised Statutes, as amended by Laws 2015, first special session, chapter 1, section 1, is amended to read:

15-901. Definitions

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

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

(a) "Fractional student" means:

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

is at least one-fourth, one-half or three-fourths of the time a full-time student is enrolled as defined in subdivision (b) of this paragraph.

(ii) For high schools, a part-time student who is enrolled in less than four subjects that count toward graduation as defined by the state board of education, each of which, if taught each school day for the minimum number of days required in a school year, would meet a minimum of one hundred twenty-three hours a year, or the equivalent, in a recognized high school. The average daily membership of a part-time high school student shall be 0.75 if the student is enrolled in an instructional program of three subjects that meet at least five hundred forty hours for a one hundred ~~eighty-day~~ EIGHTY-DAY school year, or the instructional hours prescribed in this section. The average daily membership of a part-time high school student shall be 0.5 if the student is enrolled in an instructional program of two subjects that meet at least three hundred sixty hours for a one hundred ~~eighty-day~~ EIGHTY-DAY school year, or the instructional hours prescribed in this section. The average daily membership of a part-time high school student shall be 0.25 if the student is enrolled in an instructional program of one subject that meets at least one hundred eighty hours for a one hundred ~~eighty-day~~ EIGHTY-DAY school year, or the instructional hours prescribed in this section.

(b) "Full-time student" means:

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

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

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

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

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

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

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

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

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

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

(a) Grades one through eight.

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

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

5. "Daily attendance" means:

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

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

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

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

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

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

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

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

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

(d) For high schools, the attendance of a pupil shall not be counted as a full day unless the pupil is actually and physically in attendance and enrolled in and carrying four subjects, each of which, if taught each school

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

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

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

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

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

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

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

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

8. "Eligible students" means:

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

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

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

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

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

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

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

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

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

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

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

13. "Student count" means~~:~~

~~(a) Through June 30, 2016,~~ average daily membership as prescribed in this subsection for the fiscal year before the current year, except that for the purpose of budget preparation student count means average daily membership as prescribed in this subsection for the current year.

~~(b) Beginning July 1, 2016, average daily membership as prescribed in this subsection for the current year.~~

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

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

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

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

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

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

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

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

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

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

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

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

(f) For fiscal year 2015-2016, three thousand six hundred dollars zero cents.

(g) FOR FISCAL YEAR 2016-2017, THREE THOUSAND SIX HUNDRED THIRTY-FIVE DOLLARS SIXTY-FOUR CENTS.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 15. Section 15-902.03, Arizona Revised Statutes, is amended to read:

15-902.03. Procedures for determining average daily membership

A. The department of education shall recompute and aggregate average daily membership for the previous fiscal year no later than August 30. The department shall inform school districts and charter schools of their final average daily membership no later than September 15. No later than November 1 of each year, state aid calculations for all school districts and charter schools for the previous fiscal year must be finalized and the budget limits for school districts must be adjusted. Any future adjustments in student counts, if discovered by the school district or charter school, shall be made pursuant to section 15-915.

B. Notwithstanding subsection A of this section, school districts may continue to make budget adjustments pursuant to section 15-905~~,~~ AND make corrections pursuant to section 15-915 ~~and use the adjustment for growth in student count pursuant to section 15-948~~.

Sec. 16. Section 15-910, Arizona Revised Statutes, is amended to read:

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

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

contain budgeted expenditures for excess utility costs, determined as follows:

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

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

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

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

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

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

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

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

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

G. The governing board may budget for expenses of complying with or continuing to implement activities ~~which~~ THAT were required or permitted by a court order of desegregation or administrative agreement with the United States department of education office for civil rights directed toward remediating alleged or proven racial discrimination ~~which~~ THAT are specifically exempt in whole or in part from the revenue control limit and district additional assistance. This exemption applies only to expenses incurred for activities ~~which~~ THAT are begun before the termination of the

court order or administrative agreement. If a district is levying a primary property tax on February 23, 2006 and using those monies to administer an English language learner program to remedy alleged or proven discrimination under title VI of the civil rights act of 1964 (42 United States Code section 2000d), the district may spend those monies to remedy a violation of the equal ~~education~~ EDUCATIONAL OPPORTUNITIES act of 1974 (20 United States Code section 1703(f)). Nothing in this subsection allows a school district to levy a primary property tax for violations of the equal ~~education~~ EDUCATIONAL OPPORTUNITIES act of 1974 (20 United States Code section 1703(f)) in the absence of an alleged or proven discrimination under title VI of the civil rights act of 1964 (42 United States Code section 2000d).

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

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

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

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

I. If a governing board chooses to budget monies outside of district additional assistance as provided in subsection G of this section, the governing board may notify the county school superintendent to include the cost of the excess expenses in the county school superintendent's estimate of the additional amount needed for the school district from the primary property tax as provided in section 15-991.

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

1. Shall prepare and employ a separate maintenance and operation desegregation budget and capital outlay desegregation budget on a form prescribed by the superintendent of public instruction in conjunction with the auditor general. The budget format shall be designed to allow a school district to plan and provide in detail for expenditures to be incurred solely as a result of compliance with or continuing to implement activities ~~which~~ THAT were required or permitted by a court order of desegregation or administrative agreement with the United States department of education office for civil rights directed toward remediating alleged or proven racial discrimination.

2. Shall prepare as a part of the annual financial report a detailed report of expenditures incurred solely as a result of compliance with or continuing to implement activities ~~which~~ THAT were required or permitted by a

court order of desegregation or administrative agreement with the United States department of education office for civil rights directed toward remediating alleged or proven racial discrimination, in a format prescribed by the auditor general in conjunction with the Arizona department of education as provided by section 15-904.

3. On or before July 15~~, 2006 and~~ each year ~~thereafter~~, shall collect and report data regarding activities related to a court order of desegregation or an administrative agreement with the United States department of education office for civil rights directed toward remediating alleged or proven racial discrimination in a format prescribed by the Arizona department of education. The ARIZONA department OF EDUCATION shall compile and submit copies of the reports to the governor, the president of the senate, the speaker of the house of representatives and the chairpersons of the education committees of the senate and the house of representatives AND SHALL SUBMIT A COPY TO THE SECRETARY OF STATE. A school district that becomes subject to a new court order of desegregation or a party to an administrative agreement with the United States department of education office for civil rights directed toward remediating alleged or proven racial discrimination shall submit these reports on or before July 15 or within ninety days of the date of the court order or administrative agreement, whichever occurs first. The Arizona department of education, in consultation with the auditor general, shall develop reporting requirements to ensure that school districts submit at least the following information and documentation to the Arizona department of education ~~beginning in fiscal year 2006-2007~~:

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

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

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

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

(e) If applicable, a current and accurate description of all magnet type programs that are in operation pursuant to the court order during the current school year on a district-wide basis and on a ~~school by school~~ SCHOOL-BY-SCHOOL basis. This information shall contain the eligibility and attendance criteria of each magnet type program, the capacity of each magnet type program, the ethnic composition goals of each magnet type program, the actual attending ethnic composition of each magnet type program and the specific activities offered in each magnet type program.

(f) The number of pupils who participate in desegregation activities on a district-wide basis and on a ~~school by school~~ SCHOOL-BY-SCHOOL basis for each school in the school district.

(g) A detailed summary of the academic achievement of pupils on a district-wide basis and on a ~~school by school~~ SCHOOL-BY-SCHOOL basis for each school in the school district.

(h) The number of employees, including teachers and administrative personnel, on a district-wide basis and on a ~~school by school~~ SCHOOL-BY-SCHOOL basis for each school in the school district that is necessary to conduct desegregation activities.

(i) The number of employees, including teachers and administrative personnel, on a district-wide basis and on a ~~school by school~~ SCHOOL-BY-SCHOOL basis for each school in the school district and the number of employees at school district administrative offices that are funded in whole or in part with desegregation monies received pursuant to this section.

(j) The amount of monies that is not derived through a primary or secondary property tax levy and that is budgeted and spent on desegregation activities on a district-wide basis and on a ~~school by school~~ SCHOOL-BY-SCHOOL basis for each school in the school district.

(k) Verification that the desegregation funding will supplement and not supplant funding for other academic and extracurricular activities.

(l) Verification that the desegregation funding is educationally justifiable.

(m) Any documentation that supports the proposition that the requested desegregation funding is intended to result in equal education opportunities for all pupils in the school district.

(n) Verification that the desegregation funding will be used to promote systemic and organizational changes within the school district.

(o) Verification that the desegregation funding will be used in accordance with the academic standards adopted by the state board of education pursuant to sections 15-701 and 15-701.01.

(p) Verification that the desegregation funding will be used to accomplish specific actions to remediate proven discrimination pursuant to title VI of the civil rights act of 1964 (42 United States Code section 2000d) as specified in the court order or administrative agreement.

(q) An evaluation by the school district of the effectiveness of the school district's desegregation measures.

(r) An estimate of when the school district will be in compliance with the court order or administrative agreement and a detailed account of the steps that the school district will take to achieve compliance.

(s) Any other information that the ARIZONA department of education deems necessary to carry out the purposes of this paragraph.

K. If a school district governing board budgets for expenses of complying with a court order of desegregation or an administrative agreement with the United States department of education office for civil rights

directed toward remediating alleged or proven racial discrimination, the governing board shall ensure that the desegregation expenses will:

1. Be educationally justifiable.

2. Result in equal education opportunities for all pupils in the school district.

3. Be used to promote systemic and organizational changes within the school district.

4. Be used in accordance with the academic standards adopted by the state board of education pursuant to sections 15-701 and 15-701.01.

5. Be used to accomplish specific actions to remediate proven discrimination pursuant to title VI of the civil rights act of 1964 (42 United States Code section 2000d) as specified in the court order or administrative agreement.

6. Be used in accordance with a plan submitted to the department of education that includes an estimate of the amount of monies that will be required to bring the school district into compliance with the court order or administrative agreement and an estimate of when the school district will be in compliance with the court order or administrative agreement.

7. ~~Beginning in fiscal year 2009-2010 and continuing~~ Each fiscal year ~~thereafter~~, not exceed the amount budgeted by the school district for desegregation expenses in fiscal year 2008-2009.

L. The governing board may budget for the bond issues portion of the cost of tuition charged the district as provided in section 15-824 for the pupils attending school in another school district, except that if the district is a common school district not within a high school district, the district may only include that part of tuition ~~which~~ THAT is excluded from the revenue control limit and district support level as provided in section 15-951. The bond issues portion of the cost of tuition charged is specifically exempt from the revenue control limit of the school district of residence, and the primary property tax rate set to fund this amount shall not be included in the computation of additional state aid for education as provided in section 15-972, except as provided in section 15-972, subsection E. The department of education and the auditor general shall include in the maintenance and operation section of the budget format, as provided in section 15-903, a separate category for the bond issues portion of the cost of tuition.

M. The governing board may budget for interest expenses it incurred for registering warrants drawn against a fund of the school district or net interest expense on tax anticipation notes as prescribed in section 35-465.05, subsection C for the fiscal year preceding the current year if the county treasurer pooled all school district monies for investment as provided in section 15-996 for the fiscal year preceding the current year and, in those school districts that receive state aid, the school districts applied for an apportionment of state aid before the date set for the apportionment as provided in section 15-973 for the fiscal year preceding the current year.

The governing board may budget an amount for interest expenses for registering warrants or issuing tax anticipation notes equal to or less than the amount of the warrant interest expense or net interest expense on tax anticipation notes as prescribed in section 35-465.05, subsection C for the fiscal year preceding the current year as provided in this subsection ~~which~~ THAT is specifically exempt from the revenue control limit. For the purposes of this subsection, "state aid" means state aid as determined in sections 15-971 and 15-972.

Sec. 17. Section 15-943, Arizona Revised Statutes, is amended to read:

15-943. Base support level

The base support level for each school district shall be computed as follows:

1. The following support level weights shall be used in paragraph 2, subdivision (a) of this section for the following school districts:

(a) For school districts whose student count in kindergarten programs and grades one through eight is classified in column 1 of this subdivision, the support level weight for kindergarten programs and grades one through eight is the corresponding support level weight prescribed in column 2 or 3 of this subdivision, whichever is appropriate:

Column 1 Student Count	Column 2 Support Level Weight For Small Isolated School Districts	Column 3 Support Level Weight For Small School Districts
1-99	1.559	1.399
100-499	1.358 + [0.0005 x (500 - student count)]	1.278 + [0.0003 x (500 - student count)]
500-599	1.158 + [0.002 x (600 - student count)]	1.158 + [0.0012 x (600 - student count)]

(b) For school districts whose student count in grades nine through twelve is classified in column 1 of this subdivision, the support level weight for grades nine through twelve is the corresponding support level weight prescribed in column 2 or 3 of this subdivision, whichever is appropriate:

Column 1 Student Count	Column 2 Support Level Weight For Small Isolated School Districts	Column 3 Support Level Weight For Small School Districts
1-99	1.669	1.559
100-499	1.468 + [0.0005 x (500 - student count)]	1.398 + [0.0004 x (500 - student count)]
500-599	1.268 + [0.002 x (600 - student count)]	1.268 + [0.0013 x (600 - student count)]

2. Subject to paragraph 1 of this section, determine the weighted student count as follows:

(a)

Grade	Base		Group A		Support Level Weight		Student Count		Weighted Student Count
PSD	1.000	+	0.450	=	1.450	x	_____	=	_____
K-8	1.000	+	0.158	=	1.158	x	_____	=	_____
9-12	1.163	+	0.105	=	1.268	x	_____	=	_____
							Subtotal	A	_____

(b)

Funding Category	Support Level Weight		Student Count		Weighted Student Count
HI	4.771	x	_____	=	_____
K-3	0.060	x	_____	=	_____
K-3 reading	0.040	x		=	
ELL	0.115	x	_____	=	_____
MD-R, A-R and SID-R	6.024	x	_____	=	_____
MD-SC, A-SC and SID-SC	5.833	x	_____	=	_____
MD-SSI	7.947	x	_____	=	_____
OI-R	3.158	x	_____	=	_____
OI-SC	6.773	x	_____	=	_____
P-SD	3.595	x	_____	=	_____
DD, ED, MIID, SLD, SLI and OHI	0.003	x	_____	=	_____
ED-P	4.822	x	_____	=	_____
MOID	4.421	x	_____	=	_____
VI	4.806	x	_____	=	_____
		Subtotal		B	_____

(c) Total of subtotals A and B: _____

3. Multiply the total determined in paragraph 2 of this section by the base level.

4. Multiply the teacher experience index of the district or 1.00, whichever is greater, by the product obtained in paragraph 3 of this section.

5. FOR THE PURPOSES OF THIS SECTION, THE STUDENT COUNT IS THE AVERAGE DAILY MEMBERSHIP AS PRESCRIBED IN SECTION 15-901 FOR THE CURRENT YEAR, EXCEPT THAT FOR THE PURPOSES OF COMPUTING THE BASE SUPPORT LEVEL USED IN DETERMINING SCHOOL DISTRICT ROLLOVER ALLOCATIONS AND SCHOOL DISTRICT BUDGET OVERRIDE AMOUNTS, THE STUDENT COUNT IS THE AVERAGE DAILY MEMBERSHIP AS PRESCRIBED IN SECTION 15-901 FOR THE PRIOR YEAR.

Sec. 18. Section 15-943.02, Arizona Revised Statutes, is amended to read:

15-943.02. Base support level for joint technical education districts

A. The base support level for each joint technical education district shall be computed as follows:

Grade/ Category	Support Level Weight		Student Count		Weighted Student Count
9-12	1.339	X	_____	=	_____

B. Multiply the total determined in subsection A by the base level.

C. Multiply the teacher experience index of the district or 1.00, whichever is greater, by the product obtained in subsection B.

D. FOR THE PURPOSES OF THIS SECTION, THE STUDENT COUNT IS THE AVERAGE DAILY MEMBERSHIP AS PRESCRIBED IN SECTION 15-901 FOR THE CURRENT YEAR, EXCEPT THAT FOR THE PURPOSES OF COMPUTING THE BASE SUPPORT LEVEL USED IN DETERMINING SCHOOL DISTRICT ROLLOVER ALLOCATIONS, THE STUDENT COUNT IS THE AVERAGE DAILY MEMBERSHIP AS PRESCRIBED IN SECTION 15-901 FOR THE PRIOR YEAR.

Sec. 19. Section 15-945, Arizona Revised Statutes, is amended to read:

15-945. Transportation support level

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

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

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

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

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

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

Column 1 Approved Daily Route Mileage per Eligible Student Transported	Column 2 State Support Level per Route Mile for Fiscal Year ~~2015-2016~~ 2016-2017
0.5 or less	~~2.53~~ 2.56
More than 0.5 through 1.0	~~2.07~~ 2.09
More than 1.0	~~2.53~~ 2.56

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

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

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

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

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

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

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

1. Determine the sum of the following:

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

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

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

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

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

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

Sec. 20. Repeal

Section 15-948, Arizona Revised Statutes, is repealed.

Sec. 21. Section 15-951, Arizona Revised Statutes, is amended to read:

15-951. District additional assistance, district support level and student count for a common school district not within a high school district

A. Notwithstanding section 15-947, the revenue control limit for a common school district not within a high school district is the sum of the following:

1. The base revenue control limit computed as prescribed in section 15-944 but excluding pupils admitted to another school district as provided in section 15-824, subsection A, paragraph 2.

2. The tuition payable for high school pupils who attend school in another school district as provided in section 15-824, subsection A, paragraph 2, including any transportation charge, except as provided in subsection F of this section.

3. The transportation revenue control limit for all pupils who reside in the district except those high school pupils transported by another district.

B. Notwithstanding subsection A of this section, for the purposes of sections 15-481, 15-482 and 15-1102, the revenue control limit for a common school district not within a high school district is the sum of the following:

1. The base revenue control limit for pupils computed as prescribed in section 15-944 but excluding pupils admitted to another school district as provided in section 15-824, subsection A, paragraph 2.

2. The transportation revenue control limit for all pupils who reside in the district except those high school pupils transported by another district.

C. Notwithstanding section 15-961, district additional assistance for a common school district not within a high school district is district additional assistance as prescribed in section 15-961 but excluding pupils who are admitted to another school district as provided in section 15-824, subsection A, paragraph 2, except that if the school district transports high school pupils, the district additional assistance amount prescribed in section 15-961 shall be increased by an amount equal to fifty ~~per cent~~ PERCENT of the district additional assistance per pupil amount prescribed for the school district pursuant to section 15-961 multiplied by the number of high school pupils transported.

D. Notwithstanding section 15-947, the district support level for a common school district not within a high school district is the sum of the following:

1. The base support level computed as prescribed in section 15-943 but excluding pupils who are admitted to another school district as provided in section 15-824, subsection A, paragraph 2.

2. The tuition payable for high school pupils who are admitted to another school district as provided in section 15-824, subsection A, paragraph 2, including any transportation charge, except as provided in subsection F of this section.

3. The transportation support level for all pupils who reside in the school district except those high school pupils transported by another school district.

E. For the purpose of determining eligibility to increase the revenue control limit and district support level ~~or recompute the revenue control limit as provided in section 15-948~~, the student count for a common school district not within a high school district is the student count for pupils in kindergarten programs and grades one through twelve, including pupils enrolled in another school district as provided in section 15-824, subsection A, paragraph 2.

F. The tuition amount in subsections A and D of this section shall not include amounts per student count for bond issues as prescribed by section 15-824, subsection G, paragraph 1, subdivision (c) in excess of the following:

1. One hundred fifty dollars if the pupil's school district of residence pays tuition for seven hundred fifty or fewer pupils to other school districts.

2. Two hundred dollars if the pupil's school district of residence pays tuition for one thousand or fewer, but more than seven hundred fifty pupils to other school districts.

3. The actual cost per student count if the pupil's school district of residence pays tuition for more than one thousand pupils to other school districts.

Sec. 22. Section 15-961, Arizona Revised Statutes, is amended to read:

15-961. District additional assistance; growth rate

A. District additional assistance per student count is established as follows:

1. For school districts with a student count of less than one hundred for kindergarten programs and grades one through eight, five hundred forty-four dollars fifty-eight cents. For school districts with a student count of one hundred or more and less than six hundred for kindergarten programs and grades one through eight, multiply three hundred eighty-nine dollars twenty-five cents by the weight that corresponds to the student count for kindergarten programs and grades one through eight for the school district as provided in section 15-943, paragraph 1, subdivision (a), column 3. For a school district with a student count of six hundred or more in kindergarten programs and grades one through eight, the limit is four hundred fifty dollars seventy-six cents.

2. For school districts with a student count of less than one hundred for grades nine through twelve, six hundred one dollars twenty-four cents. For school districts with a student count of one hundred or more and less than six hundred for grades nine through twelve, multiply four hundred five dollars fifty-nine cents by the weight that corresponds to the student count for grades nine through twelve for the school district as provided in section 15-943, paragraph 1, subdivision (b), column 3. For a school district with a student count of six hundred or more in grades nine through twelve, the limit is four hundred ninety-two dollars ninety-four cents.

3. For programs for preschool children with disabilities, four hundred fifty dollars seventy-six cents.

B. District additional assistance for a school district shall be computed as follows:

1. Select the applicable district additional assistance per student count for the school district.

2. Multiply the amount or amounts selected in paragraph 1 of this subsection by the appropriate student count of the school district. ~~The student count of the school district shall not include any pupils in a charter school sponsored by the district pursuant to section 15-185, subsection A, paragraph 3.~~

3. If a school district's student count used for the budget year is greater than one hundred five ~~per cent~~ PERCENT of the student count used for the current year's budget, increase the adjusted district additional assistance determined in paragraph 2 of this subsection by fifty ~~per cent~~ PERCENT of the actual percentage increase in the school district's student count.

C. An amount for the purchase of required textbooks and related printed subject matter materials shall be used to increase the district additional assistance for a school district as determined in subsection B, paragraph 2 or 3 of this section, whichever is applicable. This amount shall

equal the student count in grades nine through twelve multiplied by sixty-nine dollars sixty-eight cents.

Sec. 23. Section 15-973, Arizona Revised Statutes, is amended to read:

15-973. Apportionment of funds; expenditure limitation

A. The state board of education shall apportion state aid from appropriations made for ~~such~~ THAT purpose to the several counties on the basis of state aid entitlement for the school districts in each county. ~~No~~ AN allowance shall NOT be made for nonresident alien children ~~nor~~ OR for wards of the United States for whom tuition is paid, but attendance of a student in a school of a county adjoining the county of ~~his~~ THE STUDENT'S residence outside the state under a certificate of educational convenience as provided by section 15-825 shall be deemed to be enrollment in the school of the county or school district of ~~his~~ THE STUDENT'S residence.

B. Apportionments shall be made as follows:

1. By the close of business on the first day of business of August, one-twelfth of the total amount to be apportioned during the fiscal year.

2. By the close of business on the first day of business of September, one-twelfth of the total amount to be apportioned during the fiscal year.

3. By the close of business on the first day of business of October, one-twelfth of the total amount to be apportioned during the fiscal year.

4. By the close of business on the first day of business of November, one-twelfth of the total amount to be apportioned during the fiscal year.

5. By the close of business on the first day of business of December, one-twelfth of the total amount to be apportioned during the fiscal year.

6. By the close of business on the first day of business of January, one-twelfth of the total amount to be apportioned during the fiscal year.

7. By the close of business on the first day of business of February, one-twelfth of the total amount to be apportioned during the fiscal year.

8. By the close of business on the first day of business of March, one-twelfth of the total amount to be apportioned during the fiscal year.

9. By the close of business on the first day of business of April, one-twelfth of the total amount to be apportioned during the fiscal year.

10. By the close of business on the first day of business of May, one-twelfth of the total amount to be apportioned during the fiscal year.

11. By the close of business on the first day of business of June, one-twelfth of the total amount to be apportioned during the fiscal year.

12. By the close of business on the last day of business of June, one-twelfth of the total amount to be apportioned during the fiscal year.

The superintendent of public instruction shall furnish to the county treasurer and the county school superintendent an abstract of the apportionment and shall certify the apportionment to the department of administration, which shall draw its warrant in favor of the county treasurer of each county for the amount apportioned. ~~Upon~~ ON receipt of the warrant,

the county treasurer shall notify the county school superintendent of the amount, together with any other monies standing to the credit of ~~such~~ THAT school district, in the county school fund.

C. Notwithstanding subsection B of this section, if sufficient appropriated ~~funds~~ MONIES are available and on a showing by a school district that additional state monies are necessary for current expenses, an apportionment or part of an apportionment of state aid may be paid to the school district prior to the date set for ~~such~~ THAT apportionment by subsection B of this section. ~~After the first forty days in session of the current year, a school district may request additional state monies to fund the increased state aid due to anticipated student growth through the first one hundred days or two hundred days in session, as applicable, of the current year as provided in section 15-948. In no event shall~~ A school district ~~have received~~ MAY NOT RECEIVE more than three-fourths of its total apportionment before May 1 of the fiscal year. Early payments pursuant to this subsection must be approved by the state treasurer, the director of the department of administration and the superintendent of public instruction.

D. The superintendent of public instruction shall not make application to the federal government to utilize title VIII of the elementary and secondary education act of 1965 monies in determining the apportionment prescribed in this section.

E. If a school district ~~which~~ THAT is eligible to receive monies pursuant to this article is unable to meet a scheduled payment on any lawfully incurred long-term obligation for debt service as provided in section 15-1022, the county treasurer shall use any amount distributed pursuant to this section to make the payment. The county treasurer shall keep a record of all the instances in which a payment is made pursuant to this subsection. Any monies subsequently collected by the district to make the scheduled payment shall be used to replace the amount diverted pursuant to this subsection. When determining the total amount to be funded by a levy of secondary taxes ~~upon~~ ON property within the school district for the following fiscal year, the county board of supervisors shall add to the amounts budgeted to be expended during the following fiscal year an amount equal to the total of all payments pursuant to this subsection during the current fiscal year ~~which~~ THAT were not repaid during the current year.

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

Sec. 24. Section 15-991, Arizona Revised Statutes, is amended to read:

15-991. Annual estimate by county school superintendent of monies for ensuing year; review and approval by property tax oversight commission

A. The county school superintendent shall recompute the equalization assistance for education for each school district pursuant to section 15-971, subsection A and compute the additional amount to be levied pursuant to section 15-992, subsection B using the property values provided by the county assessor under section 42-17052. The county school superintendent must certify in writing to the property tax oversight commission on or before July 25 of each year the amount of equalization assistance for education and the amount to be levied for each school district from the primary property tax pursuant to section 15-992.

B. The county school superintendent must prepare and file with the governing board of each school district in the county and the property tax oversight commission on or before July 25 of each year a written estimate of the amount of monies required by each school district for the ensuing school year based on the proposed budget adopted by each school district governing board. The estimate shall contain:

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

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

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

4. The anticipated interest earnings for each school district.

5. Revenues equal to the amount included in the adopted budget for the maintenance and operation section of the budget permitted by section 15-947, subsection C, paragraph 2, subdivision (a), items (ii), (iii), (iv), (v) and (vi) and subdivision (c). The county school superintendent shall subtract from each school district's budgeted expenditures the total amount of estimated revenues including the projected ending cash balance from the previous year adjusted for encumbrances and payables in order to estimate the additional amounts needed for each school district from the primary property tax and the secondary property tax. The county school superintendent shall certify ~~such~~ THOSE amounts to the board of supervisors and the property tax oversight commission in writing at the time of filing the estimate. ~~When estimating the additional amount needed from the primary property tax for a school district that is not eligible for any equalization assistance as provided in section 15-971, the county school superintendent shall include the school district governing board's estimate of the increase in the revenue~~

~~control limit as prescribed by section 15-948 for the applicable year, except that the percentage increase in average daily membership used to compute the estimated increase in the revenue control limit may not exceed the average of the percentage increase in average daily membership in the three years before the year for which the estimate is made.~~

6. The calculation of the amount to be levied as prescribed by section 15-992 using the values provided by the county assessor under section 42-17052.

C. The property tax oversight commission must review the primary property tax calculations filed under subsection B, paragraph 6 of this section.

D. The county school superintendent must file in writing with the county board of supervisors and the property tax oversight commission on or before the third Monday in August of each year the amount that is required to be levied for each school district from both the primary property tax prescribed by section 15-992 and the secondary property tax.

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

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

Sec. 25. Section 15-1371, Arizona Revised Statutes, is amended to read:

15-1371. <u>Equalization assistance for state educational system for committed youth; state education fund for committed youth</u>

A. The superintendent of the state educational system for committed youth shall calculate a base support level as prescribed in section 15-943 and district additional assistance as prescribed in section 15-961 for the educational system established pursuant to section 41-2831, except that:

1. Notwithstanding section 15-901:

(a) The student count shall be determined using the following definitions:

(i) "Daily attendance" means days in which a pupil attends an educational program for a minimum of two hundred forty minutes, not including meal and recess periods. Attendance for one hundred twenty or more minutes but fewer than two hundred forty minutes shall be counted as one-half day's attendance.

(ii) "Fractional student" means a pupil WHO IS enrolled in an educational program of one hundred twenty or more minutes but fewer than two hundred forty minutes a day, not including meal and recess periods. A fractional student shall be counted as one-half of a full-time student.

(iii) "Full-time student" means a pupil WHO IS enrolled in an educational program for a minimum of two hundred forty minutes a day, not including meal and recess periods.

(b) "Pupils with serious emotional disabilities enrolled in a school district program as provided in section 15-765" includes pupils with serious emotional disabilities enrolled in the department of juvenile corrections school system.

2. All pupils shall be counted as if they were enrolled in grades nine through twelve.

3. The teacher experience index is 1.00.

4. The base support level shall be calculated using the base level multiplied by 1.0, except that the state educational system for committed youth is also eligible ~~beginning with fiscal year 1992-1993~~ for additional teacher compensation monies as specified in section 15-952.

5. Section 15-943, paragraph 1 does not apply.

B. The superintendent may use ~~sections~~ SECTION 15-855 ~~and 15-948~~ in making the calculations prescribed in subsection A of this section~~, except that for the 1992-1993 fiscal year rapid decline shall not be used~~. The superintendent of the system and the department of education shall prescribe procedures for determining average daily membership.

C. Equalization assistance for the state educational system for committed youth for the budget year is determined by adding the amount of the base support level and district additional assistance for the budget year calculated as prescribed in subsection A of this section.

D. The state educational system for committed youth shall not receive twenty-five ~~per cent~~ PERCENT of the equalization assistance unless it is accredited by the north central association of colleges and secondary schools.

E. The state education fund for committed youth is established. Fund monies shall be used for the purposes of the state educational system for committed youth, and notwithstanding section 35-173, monies appropriated to the fund shall not be transferred to or used for any program THAT IS not within the state educational system for committed youth. State equalization assistance for the state educational system for committed youth as determined in subsection A of this section, other state and federal monies received from the department of education for the state educational system for committed youth and monies appropriated for the state educational system for committed youth, except monies appropriated pursuant to subsection F of this section, shall be deposited in the fund. The state treasurer shall maintain separate accounts for fund monies if the separate accounts are required by statute or federal law.

F. The department of juvenile corrections may seek appropriations for capital needs for land, buildings and improvements, including repairs and maintenance, THAT ARE required to maintain the state educational system for committed youth.

G. The state board of education shall apportion state aid and deposit it, pursuant to sections 35-146 and 35-147, in the state education fund for committed youth in an amount as determined by subsection A of this section. The apportionments shall be as follows:

1. On July 1, one-third of the total amount to be apportioned during the fiscal year.

2. On October 15, one-twelfth of the total amount to be apportioned during the fiscal year.

3. On December 15, one-twelfth of the total amount to be apportioned during the fiscal year.

4. On January 15, one-twelfth of the total amount to be apportioned during the fiscal year.

5. On February 15, one-twelfth of the total amount to be apportioned during the fiscal year.

6. On March 15, one-twelfth of the total amount to be apportioned during the fiscal year.

7. On April 15, one-twelfth of the total amount to be apportioned during the fiscal year.

8. On May 15, one-twelfth of the total amount to be apportioned during the fiscal year.

9. On June 15, one-twelfth of the total amount to be apportioned during the fiscal year.

H. In conjunction with the department of administration, the superintendent of the state educational system for committed youth shall establish procedures to account for the receipt and expenditure of state education fund for committed youth monies by modifying the current accounting system used for state agencies as necessary.

Sec. 26. Section 15-1372, Arizona Revised Statutes, is amended to read:

15-1372. <u>Equalization assistance for state educational system for persons in the state department of corrections; fund</u>

A. The state department of corrections shall provide educational services for pupils who are under the age of eighteen years and pupils with disabilities who are age twenty-one or younger who are committed to the state department of corrections. The department of education shall provide technical assistance to the state department of corrections on request and shall assist the state department of corrections in establishing program and personnel standards.

B. The state education fund for correctional education is established. Subject to legislative appropriation, fund monies shall be used for the purposes of providing education to pupils as specified in subsection A of this section. Notwithstanding section 35-173, monies appropriated to the fund shall not be transferred to or used for any program THAT IS not directly related to the educational services required by this section. State equalization assistance, other state and federal monies received from the department of education for which the pupils in correctional education programs qualify and monies appropriated for correctional education except monies appropriated pursuant to subsection C of this section shall be deposited in the fund. The state treasurer shall maintain separate accounts for fund monies if the separate accounts are required by statute or federal law.

C. The state department of corrections may seek appropriations for capital needs for land, buildings and improvements, including repairs and maintenance, THAT ARE required to maintain the educational services required by this section.

D. The state board of education shall apportion state aid and deposit it, pursuant to sections 35-146 and 35-147, in the state education fund for correctional education in an amount as determined by subsection E of this section. The apportionments are as follows:

1. On July 1, one-third of the total amount to be apportioned during the fiscal year.

2. On October 15, one-twelfth of the total amount to be apportioned during the fiscal year.

3. On December 15, one-twelfth of the total amount to be apportioned during the fiscal year.

4. On January 15, one-twelfth of the total amount to be apportioned during the fiscal year.

5. On February 15, one-twelfth of the total amount to be apportioned during the fiscal year.

6. On March 15, one-twelfth of the total amount to be apportioned during the fiscal year.

7. On April 15, one-twelfth of the total amount to be apportioned during the fiscal year.

8. On May 15, one-twelfth of the total amount to be apportioned during the fiscal year.

9. On June 15, one-twelfth of the total amount to be apportioned during the fiscal year.

E. The director of the state department of corrections shall calculate a base support level as prescribed in section 15-943 and district additional assistance as prescribed in section 15-961 for the educational services required by this section, except that:

1. Notwithstanding section 15-901, the student count shall be determined using the following definitions:

(a) "Daily attendance" means days in which a pupil attends an educational program for a minimum of one hundred eighty minutes, not including meal and recess periods. Attendance for ninety or more minutes but fewer than one hundred eighty minutes shall be counted as one-half day's attendance.

(b) "Fractional student" means a pupil WHO IS enrolled in an educational program of ninety or more minutes but fewer than one hundred eighty minutes per day, not including meal and recess periods. A fractional student shall be counted as one-half of a full-time student.

(c) "Full-time student" means a pupil WHO IS enrolled in an educational program for a minimum of one hundred eighty minutes per day, not including meal and recess periods.

(d) "Pupil with a disability" has the same meaning as child with a disability prescribed in section 15-761.

2. All pupils shall be counted as if they were enrolled in grades nine through twelve.

3. The teacher experience index is 1.00.

4. The calculation for additional teacher compensation monies as prescribed in section 15-952 is available.

5. Section 15-943, paragraph 1 does not apply.

6. The base support level and capital outlay amounts calculated pursuant to this section shall be multiplied by 0.67.

7. The school year shall consist of a period of not less than two hundred eight days.

F. The director of the state department of corrections may use ~~sections~~ SECTION 15-855 ~~and 15-948~~ in making the calculations prescribed in subsection E of this section. The director of the state department of corrections and the department of education shall prescribe procedures for calculating average daily membership.

G. Equalization assistance for correctional education programs provided for those pupils specified in subsection A of this section is determined by adding the amount of the base support level and district additional assistance for the budget year calculated as prescribed in subsection E of this section.

H. The director of the state department of corrections shall keep records and provide information as the department of education requires to determine the appropriate amount of equalization assistance. Equalization assistance shall be used to provide educational services in this section.

I. The department of education and the state department of corrections shall enter into an intergovernmental agreement that establishes the necessary accountability between the two departments regarding the administrative and funding requirements contained in subsections A and B of this section. The agreement shall:

1. Provide for appropriate education to all committed youths as required by state and federal law.

2. Provide financial information to meet requirements for equalization assistance.

3. Provide for appropriate pupil intake and assessment procedures.

4. Require pupil performance assessment and the reporting of results.

Sec. 27. Section 15-2011, Arizona Revised Statutes, is amended to read:

15-2011. Minimum school facility adequacy requirements; definition

A. The school facilities board, as determined and prescribed in this chapter, shall provide funding to school districts for new construction as the number of pupils in the district fills the existing school facilities and requires more pupil space.

B. School buildings in a school district are adequate if all of the following requirements are met:

1. The buildings contain sufficient and appropriate space and equipment that comply with the minimum school facility adequacy guidelines established pursuant to subsection F of this section. The state shall not fund facilities for elective courses that require the school district facilities to exceed minimum school facility adequacy requirements. The school facilities board shall determine whether a school building meets the requirements of this paragraph by analyzing the total square footage that is available for each pupil in conjunction with the need for specialized spaces and equipment.

2. The buildings are in compliance with federal, state and local building and fire codes and laws that are applicable to the particular building, except that a school with an aggregate area of less than five thousand square feet is subject to permitting and inspection by a local fire marshal and is only subject to regulation or inspection by the state fire marshal if the county, city or town in which the school is located does not employ a local fire marshal. An existing school building is not required to comply with current requirements for new buildings unless this compliance is specifically mandated by law or by the building or fire code of the jurisdiction where the building is located.

3. The building systems, including roofs, plumbing, telephone systems, electrical systems, heating systems and cooling systems, are in working order and are capable of being properly maintained.

4. The buildings are structurally sound.

C. The standards that shall be used by the school facilities board to determine whether a school building meets the minimum adequate gross square footage requirements are as follows:

1. For a school district that provides instruction to pupils in programs for preschool children with disabilities, kindergarten programs and grades one through six, eighty square feet per pupil in programs for preschool children with disabilities, kindergarten programs and grades one through six.

2. For a school district that provides instruction to up to eight hundred pupils in grades seven and eight, eighty-four square feet per pupil in grades seven and eight.

3. For a school district that provides instruction to more than eight hundred pupils in grades seven and eight, eighty square feet per pupil in grades seven and eight or sixty-seven thousand two hundred square feet, whichever is more.

4. For a school district that provides instruction to up to four hundred pupils in grades nine through twelve, one hundred twenty-five square feet per pupil in grades nine through twelve.

5. For a school district that provides instruction to more than four hundred and up to one thousand pupils in grades nine through twelve, one hundred twenty square feet per pupil in grades nine through twelve or fifty thousand square feet, whichever is more.

6. For a school district that provides instruction to more than one thousand and up to one thousand eight hundred pupils in grades nine through twelve, one hundred twelve square feet per pupil in grades nine through twelve or one hundred twenty thousand square feet, whichever is more.

7. For a school district that provides instruction to more than one thousand eight hundred pupils in grades nine through twelve, ninety-four square feet per pupil in grades nine through twelve or two hundred one thousand six hundred square feet, whichever is more.

D. The school facilities board may modify the square footage requirements prescribed in subsection C of this section or modify the amount of monies awarded to cure the square footage deficiency pursuant to this section for particular school districts based on extraordinary circumstances for any of the following considerations:

1. The number of pupils served by the school district.

2. Geographic factors.

3. Grade configurations other than those prescribed in subsection C of this section.

E. In measuring the square footage per pupil requirements of subsection C of this section, the school facilities board shall:

1. Use the most recent one hundredth day average daily membership.

2. For each school, use the lesser of either:

(a) Total gross square footage.

(b) Student capacity multiplied by the appropriate square footage per pupil prescribed by subsection C of this section.

3. Consider the total space available in all schools in use in the school district, except that the school facilities board shall allow an exclusion of the square footage for certain schools and the pupils within the schools' boundaries if the school district demonstrates to the board's satisfaction unusual or excessive busing of pupils or unusual attendance boundary changes between schools.

4. Compute the gross square footage of all buildings by measuring from exterior wall to exterior wall. Square footage used solely for district administration, storage of vehicles and other nonacademic purposes shall be excluded from the net square footage.

5. Include all portable and modular buildings.

6. Include in the net square footage new construction funded wholly or partially by the school facilities board based on the square footage funded by the school facilities board. If the new construction is to exceed the square footage funded by the school facilities board, the excess square footage shall not be included in the net square footage if any of the following applies:

(a) The excess square footage was constructed before July 1, 2002 or funded by a class B bond, impact aid revenue bond or capital outlay override approved by the voters after August 1, 1998 and before June 30, 2002 or funded from unrestricted capital outlay expended before June 30, 2002.

(b) The excess square footage of new school facilities does not exceed twenty-five percent of the minimum square footage requirements pursuant to subsection C of this section.

(c) The excess square footage of expansions to school facilities does not exceed twenty-five percent of the minimum square footage requirements pursuant to subsection C of this section.

7. Exclude square footage built under a developer agreement according to section 15-342, paragraph 33 until the school facilities board provides funding for the square footage under section 15-2041, subsection O.

8. Include square footage that a school district has leased to another entity~~, including square footage leased to a charter school that is sponsored by a school district pursuant to section 15-183~~.

F. The school facilities board shall adopt rules establishing minimum school facility adequacy guidelines. The guidelines shall provide the minimum quality and quantity of school buildings and facilities and equipment necessary and appropriate to enable pupils to achieve the academic standards pursuant to section 15-203, subsection A, paragraphs 12 and 13 and sections 15-701 and 15-701.01. At a minimum, the school facilities board shall address all of the following in developing these guidelines:

1. School sites.
2. Classrooms.
3. Libraries and media centers, or both.
4. Cafeterias.
5. Auditoriums, multipurpose rooms or other multiuse space.
6. Technology.
7. Transportation.
8. Facilities for science, arts and physical education.
9. Other facilities and equipment that are necessary and appropriate to achieve the academic standards prescribed pursuant to section 15-203, subsection A, paragraphs 12 and 13 and sections 15-701 and 15-701.01.

10. Appropriate combinations of facilities or uses listed in this section.

G. The board shall consider the facilities and equipment of the schools with the highest academic productivity scores, as prescribed in section 15-2002, subsection A, paragraph 9, subdivision (d), and the highest parent quality ratings in the establishment of the guidelines.

H. The school facilities board may consider appropriate combinations of facilities or uses in making assessments of and curing existing deficiencies pursuant to section 15-2002, subsection A, paragraph 1 and in certifying plans for new school facilities pursuant to section 15-2002, subsection A, paragraph 5.

I. For the purposes of this section, "student capacity" means the capacity adjusted to include any additions to or deletions of space, including modular or portable buildings at the school. The school facilities board shall determine the student capacity for each school in conjunction with each school district, recognizing each school's allocation of space as of July 1, 1998, to achieve the academic standards prescribed pursuant to section 15-203, subsection A, paragraphs 12 and 13 and sections 15-701 and 15-701.01.

Sec. 28. Section 15-2032, Arizona Revised Statutes, is amended to read:

15-2032. <u>School facilities board building renewal grant fund; definitions</u>

A. The building renewal grant fund is established consisting of monies appropriated to the fund by the legislature. The school facilities board shall administer the fund and distribute monies to school districts for the purpose of maintaining the adequacy of existing school facilities. Monies in the fund are exempt from the provisions of section 35-190 relating to lapsing of appropriations.

B. The school facilities board shall distribute monies from the fund based on grant requests from school districts to fund primary building renewal projects. Project requests shall be prioritized by the school facilities board, with priority given to school districts that have provided routine preventative maintenance on the facility, and to school districts that can provide a match of monies provided by the fund. The school facilities board shall approve only projects that will be completed within twelve months, unless similar projects on average take longer to complete.

C. School districts that receive monies from the fund shall use these monies on projects for buildings or any part of a building in the school facilities board's database for any of the following:

1. Major renovations and repairs to a building.

2. Upgrading systems and areas that will maintain or extend the useful life of the building.

3. Infrastructure costs.

D. Monies received from the fund shall not be used for any of the following purposes:

1. New construction.

2. Remodeling interior space for aesthetic or preferential reasons.

3. Exterior beautification.

4. Demolition.

5. Routine preventative maintenance.

6. Any project in a building, or part of a building, that is being leased to another entity~~, including a charter school that is sponsored by a school district pursuant to section 15-183~~.

E. Accommodation schools are not eligible for monies from the building renewal grant fund.

F. If the school facilities board or a court of competent jurisdiction determines that a school district received monies from the building renewal grant fund that must be reimbursed to the school facilities board due to legal action associated with improper construction by a hired contractor, the school district shall reimburse the school facilities board an agreed-on amount for deposit into the building renewal grant fund.

G. For the purposes of this section:

1. "Primary building renewal projects" means projects that are necessary for buildings owned by school districts that are required to meet the minimum adequacy standards for student capacity and that fall below the minimum school facility adequacy guidelines, as adopted by the school facilities board pursuant to section 15-2011, for school districts that have provided routine preventative maintenance to the school facility.

2. "Routine preventative maintenance" means services that are performed on a regular schedule at intervals ranging from four times a year to once every three years, or on the schedule of services recommended by the manufacturer of the specific building system or equipment, AND that are intended to extend the useful life of a building system and reduce the need for major repairs.

3. "Student capacity" has the same meaning prescribed in section 15-2011.

Sec. 29. Section 15-2041, Arizona Revised Statutes, is amended to read:

15-2041. <u>New school facilities fund; capital plan; report</u>

A. A new school facilities fund is established consisting of monies appropriated by the legislature and monies credited to the fund pursuant to section 37-221. The school facilities board shall administer the fund and distribute monies, as a continuing appropriation, to school districts for the purpose of constructing new school facilities and for contracted expenses pursuant to section 15-2002, subsection B, paragraphs 2, 3 and 4. On June 30 of each fiscal year, any unobligated contract monies in the new school facilities fund shall be transferred to the capital reserve fund established by section 15-2003.

B. The school facilities board shall prescribe a uniform format for use by the school district governing board in developing and annually updating a capital plan that consists of each of the following:

1. Enrollment projections for the next five years for elementary schools and eight years for middle and high schools, including a description of the methods used to make the projections.

2. A description of new schools or additions to existing schools needed to meet the building adequacy standards prescribed in section 15-2011. The description shall include:

(a) The grade levels and the total number of pupils that the school or addition is intended to serve.

(b) The year in which it is necessary for the school or addition to begin operations.

(c) A timeline that shows the planning and construction process for the school or addition.

3. Long-term projections of the need for land for new schools.

4. Any other necessary information required by the school facilities board to evaluate a school district's capital plan.

5. If a school district pays tuition for all or a portion of the school district's high school pupils to another school district, the capital plan shall indicate the number of pupils for which the district pays tuition to another district. If a school district accepts pupils from another school district pursuant to section 15-824, subsection A, the school district shall indicate the projections for this population separately. This paragraph does not apply to a small isolated school district as defined in section 15-901.

C. If the capital plan indicates a need for a new school or an addition to an existing school within the next four years or a need for land within the next ten years, the school district shall submit its plan to the school facilities board by September 1 and shall request monies from the new school facilities fund for the new construction or land. The school facilities board may require a school district to sell land that was previously purchased entirely with monies provided by the school facilities board if the school facilities board determines that the property is no longer needed within the ~~ten-year~~ TEN-YEAR period specified in this subsection for a new school or no longer needed within that ~~ten-year~~ TEN-YEAR period for an addition to an existing school. Monies provided for land shall be in addition to any monies provided pursuant to subsection D of this section.

D. The school facilities board shall distribute monies from the new school facilities fund as follows:

1. The school facilities board shall review and evaluate the enrollment projections. On or before March 1, following the submission of the enrollment projections, the school facilities board shall either approve the projections as submitted or revise the projections. In approving or revising the enrollment projections, the school facilities board shall use

the most recent average daily membership data available. On request from the school facilities board, the department of education shall make available the most recent average daily membership data for use in revising the enrollment projections. In determining new construction requirements, the school facilities board shall determine the net new growth of pupils that will require additional square footage that exceeds the building adequacy standards prescribed in section 15-2011. If the projected growth and the existing number of pupils exceed three hundred fifty pupils who are served in a school district other than the pupil's resident school district, the school facilities board, the receiving school district and the resident school district shall develop a capital facilities plan on how to best serve those pupils. A small isolated school district as defined in section 15-901 is not required to develop a capital facilities plan pursuant to this paragraph.

2. If the approved projections indicate that additional space would not have been needed during the current school year in order to meet the building adequacy standards prescribed in section 15-2011, the request shall be held for consideration by the school facilities board for possible future funding and the school district shall annually submit an updated plan until the additional space is needed.

3. If the approved projections indicate that additional space would have been needed during the current school year in order to meet the building adequacy standards prescribed in section 15-2011, the school facilities board shall provide an amount as follows:

(a) Determine the number of pupils requiring additional square footage to meet building adequacy standards. This amount for elementary schools shall not be less than the number of new pupils for whom space will be needed in the next year and shall not exceed the number of new pupils for whom space will be needed in the next five years. This amount for middle and high schools shall not be less than the number of new pupils for whom space will be needed in the next four years and shall not exceed the number of new pupils for whom space will be needed in the next eight years.

(b) Multiply the number of pupils determined in subdivision (a) of this paragraph by the square footage per pupil. The square footage per pupil is ninety square feet per pupil for preschool children with disabilities, kindergarten programs and grades one through six, one hundred square feet for grades seven and eight, one hundred thirty-four square feet for a school district that provides instruction in grades nine through twelve for fewer than one thousand eight hundred pupils and one hundred twenty-five square feet for a school district that provides instruction in grades nine through twelve for at least one thousand eight hundred pupils. The total number of pupils in grades nine through twelve in the district shall determine the square footage factor to use for net new pupils. The school facilities board may modify the square footage requirements prescribed in this subdivision for particular schools based on any of the following factors:

(i) The number of pupils served or projected to be served by the school district.

(ii) Geographic factors.

(iii) Grade configurations other than those prescribed in this subdivision.

(iv) Compliance with minimum school facility adequacy requirements established pursuant to section 15-2011.

(c) Multiply the product obtained in subdivision (b) of this paragraph by the cost per square foot. The cost per square foot is ninety dollars for preschool children with disabilities, kindergarten programs and grades one through six, ninety-five dollars for grades seven and eight and one hundred ten dollars for grades nine through twelve. The cost per square foot shall be adjusted annually for construction market considerations based on an index identified or developed by the joint legislative budget committee as necessary but not less than once each year. The school facilities board shall multiply the cost per square foot by 1.05 for any school district located in a rural area. The school facilities board may only modify the base cost per square foot prescribed in this subdivision for particular schools based on geographic conditions or site conditions. For the purposes of this subdivision, "rural area" means an area outside a ~~thirty-five mile~~ THIRTY-FIVE-MILE radius of a boundary of a municipality with a population of more than fifty thousand persons.

(d) Once the school district governing board obtains approval from the school facilities board for new facility construction ~~funds~~ MONIES, additional portable or modular square footage created for the express purpose of providing temporary space for pupils until the completion of the new facility shall not be included by the school facilities board for the purpose of new construction funding calculations. On completion of the new facility construction project, if the portable or modular facilities continue in use, the portable or modular facilities shall be included as prescribed by this chapter, unless the school facilities board approves their continued use for the purpose of providing temporary space for pupils until the completion of the next new facility that has been approved for funding from the new school facilities fund.

4. For projects approved after December 31, 2001, and notwithstanding paragraph 3 of this subsection, a unified school district that does not have a high school is not eligible to receive high school space as prescribed by section 15-2011 and this section unless the unified district qualifies for geographic factors prescribed by paragraph 3, subdivision (b), item (ii) of this subsection.

5. If a joint technical education district leases a building from a school district, that building shall be included in the school district's square footage calculation for the purposes of new construction pursuant to this section.

6. If a school district leases a building to another entity, ~~including a charter school that is sponsored by a school district pursuant to section 15-183,~~ that building shall be included in the school district's square footage calculation for purposes of new construction pursuant to this section.

7. A school district shall qualify for monies from the new school facilities fund in a fiscal year only if the school facilities board has approved or revised its enrollment projection under paragraph 3 of this subsection on or before March 1 of the prior fiscal year.

E. Monies for architectural and engineering fees, project management services and preconstruction services shall be distributed on the completion of the analysis by the school facilities board of the school district's request. After receiving monies pursuant to this subsection, the school district shall submit a design development plan for the school or addition to the school facilities board before any monies for construction are distributed. If the school district's request meets the building adequacy standards, the school facilities board may review and comment on the district's plan with respect to the efficiency and effectiveness of the plan in meeting state square footage and facility standards before distributing the remainder of the monies. If the school facilities board modifies the cost per square foot as prescribed in subsection D, paragraph 3, subdivision (c) of this section, the school facilities board may deduct the cost of project management services and preconstruction services from the required cost per square foot. The school facilities board may decline to fund the project if the square footage is no longer required due to revised enrollment projections.

F. The school facilities board shall distribute the monies needed for land for new schools so that land may be purchased at a price that is less than or equal to fair market value and in advance of the construction of the new school. If necessary, the school facilities board may distribute monies for land to be leased for new schools if the duration of the lease exceeds the life expectancy of the school facility by at least fifty ~~per cent~~ PERCENT. A school district shall not use land purchased or partially purchased with monies provided by the school facilities board for a purpose other than a site for a school facility without obtaining prior written approval from the school facilities board. A school district shall not lease, sell or take any action that would diminish the value of land purchased or partially purchased with monies provided by the school facilities board without obtaining prior written approval from the school facilities board. The proceeds derived through the sale of any land purchased or partially purchased, or the sale of buildings funded or partially funded, with monies provided by the school facilities board shall be returned to the state fund from which it was appropriated and to any other participating entity on a proportional basis. Except as provided in section 15-342, paragraph 33, if a school district acquires real property by donation

at an appropriate school site approved by the school facilities board, the school facilities board shall distribute an amount equal to twenty ~~per cent~~ PERCENT of the fair market value of the donated real property that can be used for academic purposes. The school district shall place the monies in the unrestricted capital outlay fund and increase the unrestricted capital budget limit by the amount of monies placed in the fund. Monies distributed under this subsection shall be distributed from the new school facilities fund. A school district that receives monies from the new school facilities fund for a donation of land pursuant to section 15-342, paragraph 33 shall not receive monies from the school facilities board for the donation of real property pursuant to this subsection. A school district shall not pay a consultant a percentage of the value of any of the following:

1. Donations of real property, services or cash from any of the following:

(a) Entities that have offered to provide construction services to the school district.

(b) Entities that have been contracted to provide construction services to the school district.

(c) Entities that build residential units in that school district.

(d) Entities that develop land for residential use in that school district.

2. Monies received from the school facilities board on behalf of the school district.

3. Monies paid by the school facilities board on behalf of the school district.

G. In addition to distributions to school districts based on pupil growth projections, a school district may submit an application to the school facilities board for monies from the new school facilities fund if one or more school buildings have outlived their useful life. If the school facilities board determines that the school district needs to build a new school building for these reasons, the school facilities board shall remove the square footage computations that represent the building from the computation of the school district's total square footage for purposes of this section. If the square footage recomputation reflects that the school district no longer meets building adequacy standards, the school district qualifies for a distribution of monies from the new school construction formula in an amount determined pursuant to subsection D of this section. The school facilities board may only modify the base cost per square foot prescribed in this subsection under extraordinary circumstances for geographic factors or site conditions.

H. School districts that receive monies from the new school facilities fund shall establish a district new school facilities fund and shall use the monies in the district new school facilities fund only for the purposes prescribed in this section. By October 15 of each year, each school district shall report to the school facilities board the projects funded at each

school in the previous fiscal year with monies from the district new school facilities fund and shall provide an accounting of the monies remaining in the new school facilities fund at the end of the previous fiscal year.

I. If a school district has surplus monies received from the new school facilities fund, the school district may use the surplus monies only for capital purposes for the project for up to one year after completion of the project. If the school district possesses surplus monies from the new school construction project that have not been expended within one year of the completion of the project, the school district shall return the surplus monies to the school facilities board for deposit in the new school facilities fund.

J. The board's consideration of any application filed after December 31 of the year in which the property becomes territory in the vicinity of a military airport or ancillary military facility as defined in section 28-8461 for monies to fund the construction of new school facilities proposed to be located in territory in the vicinity of a military airport or ancillary military facility shall include, if after notice is transmitted to the military airport pursuant to section 15-2002 and before the public hearing the military airport provides comments and an analysis concerning compatibility of the proposed school facilities with the high noise or accident potential generated by military airport or ancillary military facility operations that may have an adverse effect on public health and safety, consideration and analysis of the comments and analysis provided by the military airport before making a final determination.

K. If a school district uses its own project manager for new school construction, the members of the school district governing board and the project manager shall sign an affidavit stating that the members and the project manager understand and will follow the minimum adequacy requirements prescribed in section 15-2011.

L. The school facilities board shall establish a separate account in the new school facilities fund designated as the litigation account to pay attorney fees, expert witness fees and other costs associated with litigation in which the school facilities board pursues the recovery of damages for deficiencies correction that resulted from alleged construction defects or design defects that the school facilities board believes caused or contributed to a failure of the school building to conform to the building adequacy requirements prescribed in section 15-2011. Attorney fees paid pursuant to this subsection shall not exceed the market rate for similar types of litigation. On or before December 1 of each year, the school facilities board shall report to the joint committee on capital review the costs associated with current and potential litigation that may be paid from the litigation account.

M. Until the state board of education and the auditor general adopt rules pursuant to section 15-213, subsection I, the school facilities board may allow school districts to contract for construction services and

materials through the qualified select bidders list method of project delivery for new school facilities pursuant to this section.

N. The school facilities board shall submit electronically a report on project management services and preconstruction services to the governor, the president of the senate and the speaker of the house of representatives by December 31 of each year. The report shall compare projects that use project management and preconstruction services with those that do not. The report shall address cost, schedule and other measurable components of a construction project. School districts, construction manager at risk firms and project management firms that participate in a school facilities board funded project shall provide the information required by the school facilities board in relation to this report.

O. If a school district constructs new square footage according to section 15-342, paragraph 33, the school facilities board shall review the design plans and location of any new school facility submitted by school districts and another party to determine whether the design plans comply with the adequacy standards prescribed in section 15-2011 and the square footage per pupil requirements pursuant to subsection D, paragraph 3, subdivision (b) of this section. When the school district qualifies for a distribution of monies from the new school facilities fund according to this section, the school facilities board shall distribute monies to the school district from the new school facilities fund for the square footage constructed under section 15-342, paragraph 33 at the same cost per square foot established by this section that was in effect at the time of the beginning of the construction of the school facility. Before the school facilities board distributes any monies pursuant to this subsection, the school district shall demonstrate to the school facilities board that the facilities to be funded pursuant to this section meet the minimum adequacy standards prescribed in section 15-2011. The agreement entered into pursuant to section 15-342, paragraph 33 shall set forth the procedures for the allocation of these funds to the parties that participated in the agreement.

P. Accommodation schools are not eligible for monies from the new school facilities fund.

Sec. 30. Laws 2014, chapter 16, section 5 is amended to read:

Sec. 5. <u>School district charter schools; adjustments</u>

A. Notwithstanding any other law, for fiscal year 2015-2016, the department of education shall compute K-12 equalization formula funding for students who in fiscal year 2014-2015 attended school district charter schools that converted to charter school status or that began operating as new schools under charter school status in fiscal year 2013-2014 as if those students had attended school district non-charter schools in fiscal year 2014-2015 and shall adjust student counts and budget limits for fiscal year 2015-2016 accordingly, EXCEPT THAT ANY ADJUSTMENT IN STUDENT COUNTS THAT IS MADE PURSUANT TO THIS SUBSECTION DOES NOT MAKE A SCHOOL DISTRICT ELIGIBLE FOR

DISTRICT ADDITIONAL ASSISTANCE GROWTH FUNDING PURSUANT TO SECTION 15-961, SUBSECTION B, PARAGRAPH 3, ARIZONA REVISED STATUTES.

B. NOTWITHSTANDING ANY OTHER LAW, FOR FISCAL YEAR 2016-2017, THE DEPARTMENT OF EDUCATION SHALL COMPUTE DISTRICT ADDITIONAL ASSISTANCE FUNDING FOR STUDENTS WHO ATTENDED SCHOOL DISTRICT CHARTER SCHOOLS IN FISCAL YEAR 2015-2016 AS IF THOSE STUDENTS HAD ATTENDED SCHOOL DISTRICT NON-CHARTER SCHOOLS IN FISCAL YEAR 2015-2016 AND SHALL ADJUST STUDENT COUNTS AND BUDGET LIMITS PERTAINING TO DISTRICT ADDITIONAL ASSISTANCE FOR FISCAL YEAR 2016-2017 ACCORDINGLY, EXCEPT THAT ANY ADJUSTMENT IN STUDENT COUNTS THAT IS MADE PURSUANT TO THIS SUBSECTION DOES NOT MAKE A SCHOOL DISTRICT ELIGIBLE FOR DISTRICT ADDITIONAL ASSISTANCE GROWTH FUNDING PURSUANT TO SECTION 15-961, SUBSECTION B, PARAGRAPH 3, ARIZONA REVISED STATUTES.

Sec. 31. Delayed repeal

Laws 2014, chapter 16, section 6, as amended by Laws 2014, chapter 214, section 5, is repealed from and after June 30, 2016.

Sec. 32. Laws 2014, chapter 17, section 10 is amended to read:

Sec. 10. Delayed repeal

Section ~~15-216~~ 15-217, Arizona Revised Statutes, as ~~added~~ AMENDED by this act, is repealed from and after December 31, ~~2017~~ 2019.

Sec. 33. Laws 2014, chapter 17, section 19 is amended to read:

Sec. 19. Appropriations; K-6 technology-based language development and literacy intervention pilot program; exemption from lapsing

The sum of $300,000 is appropriated to the ~~state board of education~~ SUPERINTENDENT OF PUBLIC INSTRUCTION in fiscal ~~years~~ YEAR 2014-2015 and THE SUM OF $246,800 IS APPROPRIATED TO THE SUPERINTENDENT OF PUBLIC INSTRUCTION IN FISCAL YEAR 2015-2016 from the technology-based language development and literacy intervention fund established by section ~~15-216~~ 15-217, Arizona Revised Statutes, as ~~added~~ AMENDED by this act, for the purpose of providing payment to the educational technology provider selected by the state board pursuant to section ~~15-216~~ 15-217, Arizona Revised Statutes, as ~~added~~ AMENDED by this act. THE MONIES APPROPRIATED FOR FISCAL YEAR 2014-2015 ARE EXEMPT FROM THE PROVISIONS OF SECTION 35-190, ARIZONA REVISED STATUTES, RELATING TO LAPSING OF APPROPRIATIONS, THROUGH FISCAL YEAR 2016-2017, AND THE MONIES APPROPRIATED FOR FISCAL YEAR 2015-2016 ARE EXEMPT FROM THE PROVISIONS OF SECTION 35-190, ARIZONA REVISED STATUTES, RELATING TO LAPSING OF APPROPRIATIONS, THROUGH FISCAL YEAR 2017-2018.

Sec. 34. Pilot program on school emergency readiness; report; delayed repeal

A. The $3,646,500 state general fund appropriation to the department of education for the school safety program for fiscal year 2016-2017 in the general appropriation act includes $100,000 for a pilot program on school emergency readiness.

B. On or before September 30, 2016, school districts shall submit applications to the department of education to participate in the pilot program.

C. On or before November 30, 2016, the department of education shall select three school districts to participate in the pilot program. The selected school districts shall collectively consist of no more than thirty-one individual school sites and shall include:

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

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

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

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

1. Education-specific emergency management software. All plans and critical emergency readiness information, including contacts, floor plans and critical equipment photos and locations, shall be accessible online and off-line via mobile device applications. The software used in the pilot program shall comply with the national emergency information management system adopted by the federal emergency management agency.

2. Training of teachers and administrators in the readiness and emergency management program.

3. The development, implementation and maintenance of a comprehensive crisis plan for participating school districts and their teachers and administrators.

E. On or before November 1, 2017, the department of education shall submit to the governor, the president of the senate and the speaker of the house of representatives a report that summarizes the results of the pilot program. The department of education shall provide a copy of the report to the secretary of state.

F. This section is repealed from and after December 31, 2017.

Sec. 35. <u>District additional assistance for school districts; reduction for fiscal year 2016-2017; classroom spending</u>

A. For fiscal year 2016-2017, the department of education shall reduce by $352,442,700 the amount of basic state aid that otherwise would be apportioned to school districts statewide for fiscal year 2016-2017 for district additional assistance prescribed in section 15-961, Arizona Revised Statutes, and shall reduce school district budget limits accordingly.

B. For fiscal year 2016-2017, the department of education shall reduce district additional assistance for a school district that is not eligible to receive basic state aid funding for fiscal year 2016-2017 by the amount that its district additional assistance would be reduced pursuant to subsection A of this section if the school district were eligible to receive basic state aid funding for fiscal year 2016-2017 and shall reduce the school district's budget limits accordingly.

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

Sec. 36. K-12 formula reductions; small districts; maximum

Notwithstanding any other law, the sum of district additional assistance reductions in fiscal year 2016-2017 for school districts with a student count of fewer than 1,100 pupils may not exceed $5,000,000.

Sec. 37. Additional assistance funding for charter schools; reduction for fiscal year 2016-2017

The department of education shall reduce by $18,656,000 the amount of charter additional assistance funding that otherwise would be apportioned to charter schools statewide for fiscal year 2016-2017 pursuant to section 15-185, subsection B, paragraph 4, Arizona Revised Statutes, as amended by this act. The funding reduction required under this section shall be made on a proportional basis based on the charter additional assistance funding that each charter school in this state would have received for fiscal year 2016-2017 without the prescribed reduction.

Sec. 38. Joint technical education district equalization funding; fiscal year 2016-2017

Notwithstanding section 15-393, Arizona Revised Statutes, as amended by this act, or any other law, the department of education shall fund state aid for joint technical education districts with a student count of more than two thousand students for fiscal year 2016-2017 at ninety-five and one-half percent of the amount that otherwise would be provided by law and shall reduce its budget limits accordingly. The state aid reduction required for a joint technical education district under this section shall be computed as if the base support level portion of the district's equalization formula funding for fiscal year 2016-2017 were based on the district's prior year rather than current year average daily membership.

Sec. 39. Joint technical education district programs; student eligibility; fiscal years 2015-2016 and 2016-2017; retroactivity

A. Notwithstanding section 15-393, subsection D, paragraph 4, subdivision (c), Arizona Revised Statutes, as amended by this act, a student who is not over twenty-one years of age, including a student who has graduated from high school or who has received a general equivalency diploma,

and who was lawfully enrolled in a joint technical education district program:

1. During fiscal year 2015-2016 may continue to participate in the program and remain in the average daily membership of the joint technical education district through the end of fiscal year 2015-2016.

2. On February 1, 2016 may continue to participate in the program and remain in the average daily membership of the joint technical education district until the student completes the joint technical education program or through the end of fiscal year 2016-2017, whichever occurs first.

B. This section is effective retroactively to from and after June 30, 2015.

Sec. 40. Code writers initiative pilot program; appropriation; exemption; fiscal year 2016-2017; program termination

A. Notwithstanding section 41-3506, Arizona Revised Statutes, the sum of $500,000 in one-time funding is appropriated from the state web portal fund established by section 41-3506, Arizona Revised Statutes, in fiscal year 2016-2017 to the department of education to provide grants on a competitive basis pursuant to title 41, chapter 24, article 1, Arizona Revised Statutes, for participation in the code writers initiative pilot program. The American Indian advisory council in the department of education shall evaluate grant applications and shall make award recommendations to the department of education. The department shall maximize available funding by awarding grants to participants who will leverage state monies by securing gifts, grants and donations from other sources.

B. Grantees in the code writers initiative pilot program shall:

1. Introduce computer code writing curriculum for students in grades nine through twelve.

2. Deliver a technology-focused education to Native American students that will prepare the students for the global economy.

3. Instruct Native American students in computer code writing and work with industry partners to develop internships and programs that will be made available to initiative graduates.

4. Instruct teachers and administrators in a technology-focused curriculum.

5. Develop assessment metrics to measure progress to be used to determine the initiative's effectiveness.

6. Install audio video distance learning equipment at key delivery points to maximize the number of program participants.

7. Determine the impacts from the initiative's curriculum and teacher instruction on students' standardized test scores and graduation rates.

8. Submit annual reports to the American Indian advisory council and the department of education not later than September 1, 2017 and September 1, 2018, if applicable, containing detailed information relating to the requirements of this subsection for the most recent school year.

C. The department of education shall summarize the reports submitted pursuant to subsection B, paragraph 8 of this section and submit summaries on or before December 1, 2017 and December 1, 2018 to the president of the senate, the speaker of the house and the director of the joint legislative budget committee. The department shall submit a copy of each summary to the secretary of state.

D. The appropriation made in subsection A of this section is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations.

E. The program established pursuant to this section ends on July 1, 2019 pursuant to section 41-3102.

Sec. 41. District-sponsored charter schools; intent

It is the intent of the legislature that school districts that operated district-sponsored charter schools in fiscal year 2015-2016 receive approximately the same amount of incremental monies in fiscal year 2016-2017 for former district-sponsored charter school pupils that those school districts received in fiscal year 2015-2016 for district-sponsored charter school pupils. For the purposes of this section, "incremental monies" means the additional funding that a district-sponsored charter school receives per pupil from the state equalization funding formula above what it receives per pupil under that formula for each district noncharter school pupil.

Sec. 42. New school facilities funding; fiscal years 2016-2017 and 2017-2018

A. Notwithstanding any other law, if the school facilities board approves a school district for new school facilities funding and the full legislative appropriation for the project is not available to the school district in the fiscal year following the approval by the school facilities board, the school district may use any legally available monies to pay for the project approved by the school facilities board and may reimburse the fund from which the monies were used in subsequent years with the remaining legislative appropriations when made available by this state.

B. Subsection A of this section applies only to monies appropriated to the school facilities board for new school facilities during fiscal years 2016-2017 and 2017-2018.

Sec. 43. Retroactivity

A. Section 15-185, Arizona Revised Statutes, as amended by this act, applies retroactively to from and after June 30, 2016.

B. The repeal by this act of Laws 2014, chapter 16, section 6, as amended by Laws 2014, chapter 214, section 5, is effective retroactively to from and after June 30, 2016.

C. Laws 2014, chapter 16, section 5, as amended by this act, applies retroactively to from and after June 30, 2015.

1 Sec. 44. Conditional enactment
2 Section 15-901, Arizona Revised Statutes, as amended by Laws 2015,
3 first special session, chapter 1, section 1 and by this act, does not become
4 effective unless the Constitution of Arizona is amended by Proposition 123 at
5 the special election conducted on May 17, 2016.

APPROVED BY THE GOVERNOR MAY 10, 2016.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 10, 2016.

Passed the House May 3, 2016

by the following vote: 35 Ayes,

24 Nays, 1 Not Voting

Speaker of the House

Pro Tempore

Jim Drake

Chief Clerk of the House

Passed the Senate May 3, 2016

by the following vote: 18 Ayes,

12 Nays, 0 Not Voting

President of the Senate

Susan Ocenas

Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill received by the Governor this

4th day of May, 2016

at 1:31 o'clock A. M.

Trista Lyngman

Secretary to the Governor

Approved this 10th day of

May

at 8:54 o'clock A. M.

Douglas A. Ducey

Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this 10th day of May, 2016

at 11:35 o'clock A M.

Michele Reagan

Secretary of State

H.B. 2707