STATE OF ARIZONA
OFFICE OF THE GOVERNOR

DOUGLAS A. DUCEY
GOVERNOR

EXECUTIVE OFFICE

May 3, 2018

The Honorable Michele Reagan
Secretary of State
1700 W. Washington, 7th Floor
Phoenix, AZ 85007

Dear Secretary Reagan:

I am transmitting to you the following bills from the Fifty-third Legislature, 2nd Regular Session, which I signed on May 3, 2018:

SB 1520 general appropriations act; 2018-2019
SB 1522 capital outlay; appropriations; 2018-2019
SB 1523 criminal justice; budget reconciliation; 2018-2019
SB 1524 budget procedures; budget reconciliation; 2018-2019
SB 1525 environment; budget reconciliation; 2018-2019
SB 1527 higher education; budget reconciliation; 2018-2019
SB 1528 higher education; budget reconciliation; 2018-2019
SB 1529 revenues; budget reconciliation; 2018-2019
HB 2659 health; budget reconciliation; 2018-2019
HB 2663 K-12 education; budget reconciliation; 2018-2019

Sincerely,

Douglas A. Ducey
Governor
State of Arizona

cc: Senate Secretary
Chief Clerk of the House of Representatives
Arizona News Service

1700 WEST WASHINGTON STREET, PHOENIX, ARIZONA 85007
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House Engrossed

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MICHELE REAGAN

SECRETARY OF STATE

State of Arizona
House of Representatives
Fifty-third Legislature
Second Regular Session
2018

CHAPTER 285

HOUSE BILL 2663

AN ACT

AMENDING SECTIONS 15-183 AND 15-185, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 1, ARTICLE 8, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-189.05; AMENDING SECTION 15-213, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 2, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-213.04; AMENDING SECTION 15-249.06, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 2, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTIONS 15-249.12 AND 15-249.13; AMENDING SECTIONS 15-341, 15-901, 15-903, 15-945, 15-2001 AND 15-2002, ARIZONA REVISED STATUTES; AMENDING SECTION 15-2011, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2017, CHAPTER 258, SECTION 11 AND CHAPTER 304, SECTION 7; REPEALING SECTION 15-2011, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2017, CHAPTER 258, SECTION 11 AND CHAPTER 320, SECTION 5; AMENDING SECTIONS 15-2032, 15-2041 AND 41-1279.03, ARIZONA REVISED STATUTES; REPEALING SECTION 41-3018.19, ARIZONA REVISED STATUTES; AMENDING TITLE 41, CHAPTER 27, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-3022.18; 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 15-183, Arizona Revised Statutes, is amended to read:

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

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 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, subject to the following requirements:

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 or for the conversion of an existing district public school to a charter school. 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. 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 or for the conversion of an existing district public school to a charter school. 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. A person who is employed at a charter school that has met the requirements of this paragraph is not required to meet any additional requirements that are established by the department of education or that may be established by rule by the state board of education. The state board of education may not adopt rules that exceed the requirements for persons qualified to teach in charter schools prescribed in title I of the every student succeeds act (P.L. 114-95) or the individuals with disabilities education improvement act of 2004 (P.L. 108-446). Charter schools may hire personnel who 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 statewide assessment 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 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 in the personnel file of all current employees who provide instruction to pupils at the charter school information about the employee'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 information and shall make the 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) MEET THE FINANCIAL PERFORMANCE EXPECTATIONS SET FORTH IN THE PERFORMANCE FRAMEWORK OR ANY IMPROVEMENT PLANS.

~~(c)~~ (d) Complete the obligations of the contract.

~~(d)~~ (e) 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) MEET THE FINANCIAL PERFORMANCE EXPECTATIONS SET FORTH IN THE PERFORMANCE FRAMEWORK OR ANY IMPROVEMENT PLANS.

~~(c)~~ (d) Complete the obligations of the contract.

~~(d)~~ (e) 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) MEET THE FINANCIAL PERFORMANCE EXPECTATIONS SET FORTH IN THE PERFORMANCE FRAMEWORK OR ANY IMPROVEMENT PLANS.

~~(c)~~ (d) 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. THE FINANCIAL EXPECTATIONS OF THE CHARTER SCHOOL.

~~3.~~ 4. 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. 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. 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 AND FINANCIAL 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, the number of charter schools closed and the reason for the closure.

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 on request. If the auditor general finds significant noncompliance or 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. 2. Section 15-185, Arizona Revised Statutes, is amended to read:

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

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.

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 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 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.

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~~ EIGHT hundred ~~seventy-five~~ SEVEN dollars ~~five cents~~ per student count in preschool programs for children with disabilities, kindergarten programs and grades one through eight and two thousand ~~sixty-eight~~ ONE HUNDRED SIX dollars ~~seventy-nine~~ THREE 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.

E. If a charter school was a district public school in the prior year 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, the reduction in subsection D of this section applies. The reduction to the base support level 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, section 42-5029.02, subsection A 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, "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 this definition.

Sec. 3. Title 15, chapter 1, article 8, Arizona Revised Statutes, is amended by adding section 15-189.05, to read:

15-189.05. Charter school budgets; posting of teacher salary information; annual report

A. THE BUDGET FOR EACH CHARTER SCHOOL SHALL CONTAIN THE FOLLOWING INFORMATION:

1. THE AVERAGE SALARY OF ALL TEACHERS EMPLOYED BY THE CHARTER SCHOOL FOR THE CURRENT YEAR.

2. THE AVERAGE SALARY OF ALL TEACHERS EMPLOYED BY THE CHARTER SCHOOL FOR THE PREVIOUS YEAR.

3. THE DOLLAR INCREASE IN THE AVERAGE SALARY OF ALL TEACHERS EMPLOYED BY THE CHARTER SCHOOL FOR THE CURRENT YEAR.

4. THE PERCENTAGE INCREASE IN THE AVERAGE SALARY OF ALL TEACHERS EMPLOYED BY THE CHARTER SCHOOL FOR THE CURRENT YEAR.

B. EACH CHARTER SCHOOL SHALL PROMINENTLY POST THE INFORMATION REQUIRED BY SUBSECTION A OF THIS SECTION ON ITS WEBSITE HOME PAGE SEPARATELY FROM ITS BUDGET.

C. ON OR BEFORE NOVEMBER 30 OF EACH YEAR, THE DEPARTMENT OF EDUCATION SHALL ELECTRONICALLY SUBMIT TO THE JOINT LEGISLATIVE BUDGET COMMITTEE AND THE GOVERNOR'S OFFICE OF STRATEGIC PLANNING AND BUDGETING A REPORT THAT COMPILES THE INFORMATION REQUIRED BY SUBSECTION A OF THIS SECTION FOR ALL CHARTER SCHOOLS STATEWIDE.

Sec. 4. Section 15-213, Arizona Revised Statutes, is amended to read:

15-213. Procurement practices of school districts and charter schools; violations; classification; definitions

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

1. The state board shall submit to the auditor general proposed rules consistent with the procurement practices prescribed in title 41, chapter 23, modifying the provisions for public notice of invitation for bids, requests for proposals and requests for qualifications to allow a governing board to give public notice of the invitation for bids, requests for proposals and requests for qualifications by publication in the official newspaper of the county as ~~defined~~ PRESCRIBED in section 11-255, modifying the provisions relating to disposal of materials to comply with section 15-342, paragraph 18, providing for governing board delegation of procurement authority and modifying as necessary other provisions that the state board determines are not appropriate for school districts. The rules shall include provisions specifying that school districts are not required to engage in competitive bidding in order to make the decision to

1 participate in programs pursuant to section 15-382 and that a program
2 authorized by section 15-382 is not required to engage in competitive
3 bidding for the services necessary to administer the program or for
4 purchase of insurance or reinsurance. The rules shall include provisions
5 specifying that school districts are not required to engage in competitive
6 bidding in order to place a pupil in a private school that provides
7 special education services if such placement is prescribed in the pupil's
8 individualized education program and the private school has been approved
9 by the department of education division of special education pursuant to
10 section 15-765, subsection D. This placement is not subject to rules
11 adopted by the state board of education before November 24, 2009 pursuant
12 to this section. The rules for procurement of construction projects shall
13 include provisions specifying that surety bonds furnished as bid security
14 and performance and payment bonds shall be executed and furnished as
15 required by title 34, chapter 2 or 6, as applicable. The rules shall
16 specify the total cost of a procurement that is subject to invitations for
17 bids, requests for proposals and requests for clarification, using the
18 aggregate dollar amount limits for procurements prescribed in section
19 41-2535.
20 2. The state board of education shall adopt rules for procurements
21 involving construction not exceeding one hundred fifty thousand dollars,
22 which shall be known as the simplified school construction procurement
23 program. At a minimum, the rules for a simplified construction
24 procurement program shall require that:
25 (a) A list be maintained by each county school superintendent of
26 persons who desire to receive solicitations to bid on construction
27 projects to which additions shall be permitted throughout the year.
28 (b) The list of persons be available for public inspection.
29 (c) A performance bond and a payment bond as required by this
30 section be provided for contracts for construction by contractors.
31 (d) All bids for construction be opened at a public opening and the
32 bids shall remain confidential until the public opening.
33 (e) All persons desiring to submit bids be treated equitably and
34 the information related to each project be available to all eligible
35 persons.
36 (f) Competition for construction projects under the simplified
37 school construction procurement program be encouraged to the maximum
38 extent possible. At a minimum, a school district shall submit information
39 on each project to all persons listed with the county school
40 superintendent by any school district within that county.
41 (g) A provision, covenant, clause or understanding in, collateral
42 to or affecting a construction contract that makes the contract subject to
43 the laws of another state or that requires any litigation, arbitration or
44 other dispute resolution proceeding arising from the contract to be

conducted in another state is against this state's public policy and is void and unenforceable.

3. The state board of education shall adopt rules for the procurement of goods and information services by school districts and charter schools using electronic, online bidding. The rules adopted by the state board shall include the use of reverse auctions and shall be consistent with the procurement practices prescribed in title 41, chapter 23, article 13, modifying as necessary those provisions and the rules adopted pursuant to that article that the state board determines are not appropriate for school districts and charter schools. Until the rules are adopted, school districts and charter schools may procure goods and information services pursuant to title 41, chapter 23, article 13 using the rules adopted by the department of administration in implementing that article.

4. THE STATE BOARD SHALL ADOPT RULES FOR THE PROCUREMENT BY SCHOOL DISTRICTS OF ANY MATERIALS, SERVICES, GOODS, CONSTRUCTION OR CONSTRUCTION SERVICES THAT ENSURE MAXIMUM PRACTICABLE COMPETITION AS PRESCRIBED IN SECTION 41-2565 AND SHALL REQUIRE THAT A PERSON:

(a) THAT CONTRACTS FOR OR PURCHASES ANY MATERIALS, SERVICES, GOODS, CONSTRUCTION OR CONSTRUCTION SERVICES IN A MANNER CONTRARY TO THE RULES ADOPTED BY THE STATE BOARD PURSUANT TO THIS SECTION IS PERSONALLY LIABLE FOR THE RECOVERY OF ALL PUBLIC MONIES PAID PLUS TWENTY PERCENT OF THAT AMOUNT AND LEGAL INTEREST FROM THE DATE OF PAYMENT AND ALL COSTS AND DAMAGES ARISING OUT OF THE VIOLATION AS PRESCRIBED IN SECTION 41-2616.

(b) THAT INTENTIONALLY OR KNOWINGLY CONTRACTS FOR OR PURCHASES ANY MATERIALS, SERVICES, GOODS, CONSTRUCTION OR CONSTRUCTION SERVICES PURSUANT TO A SCHEME OR ARTIFICE TO AVOID THE RULES ADOPTED BY THE STATE BOARD PURSUANT TO THIS SECTION IS GUILTY OF A CLASS 4 FELONY AS PRESCRIBED IN SECTION 41-2616.

(c) THAT PREPARES PROCUREMENT SPECIFICATIONS MAY NOT RECEIVE ANY DIRECT OR INDIRECT BENEFIT FROM USING THOSE SPECIFICATIONS.

(d) THAT SERVES ON A SELECTION COMMITTEE FOR A PROCUREMENT MAY NOT BE A CONTRACTOR OR SUBCONTRACTOR UNDER A CONTRACT AWARDED UNDER THE PROCUREMENT OR PROVIDE ANY SPECIFIED PROFESSIONAL SERVICES, CONSTRUCTION, CONSTRUCTION SERVICES, MATERIALS OR OTHER SERVICES UNDER THE CONTRACT. A PERSON THAT SERVES ON A SELECTION COMMITTEE FOR A PROCUREMENT AND THAT FAILS TO DISCLOSE CONTACT WITH A REPRESENTATIVE OF A COMPETING VENDOR OR FAILS TO PROVIDE REQUIRED ACCURATE INFORMATION IS SUBJECT TO A CIVIL PENALTY AS PRESCRIBED IN SECTION 41-2616.

5. THE STATE BOARD SHALL ADOPT RULES REQUIRING SCHOOL DISTRICTS TO OBTAIN AND MAINTAIN A RECORD OF PROOF THAT A CONSTRUCTION OR CONSTRUCTION SERVICES PROVIDER THAT HAS BEEN AWARDED A CONTRACT WITH THE SCHOOL DISTRICT, OR SCHOOL PURCHASING COOPERATIVE, HAS A VALID LICENSE TO PRACTICE IN THIS STATE.

~~4.~~ 6. The auditor general shall review the proposed rules to determine whether the rules are consistent with the procurement practices prescribed in title 41, chapter 23 and any modifications are required to adapt the procedures for school districts.

~~5.~~ 7. If the auditor general approves the proposed rules, the auditor general shall notify the state board in writing and the state board shall adopt such rules.

~~6.~~ 8. If the auditor general objects to the proposed rules, the auditor general shall notify the state board of the objections in writing and the state board, in adopting the rules, shall conform the proposed rules to meet the objections of the auditor general or revise the proposed rules to which an objection has been made and submit the revisions to the auditor general for approval.

B. After the bids submitted in response to an invitation for bids are opened and the award is made or after the proposals or qualifications are submitted in response to a request for proposals or a request for qualifications and the award is made, the governing board shall make available for public inspection all information, all bids, proposals and qualifications submitted and all findings and other information considered in determining whose bid conforms to the invitation for bids and will be the most advantageous with respect to price, conformity to the specifications and other factors or whose proposal or qualifications are to be selected for the award, INCLUDING THE RATIONALE FOR AWARDING A CONTRACT FOR ANY SPECIFIED PROFESSIONAL SERVICES, CONSTRUCTION, CONSTRUCTION SERVICES OR MATERIALS TO AN ENTITY SELECTED FROM A QUALIFIED SELECT BIDDERS LIST OR THROUGH A SCHOOL PURCHASING COOPERATIVE. The invitation for bids, request for proposals or request for qualifications shall include a notice that all information and bids, proposals and qualifications submitted will be made available for public inspection. The rules adopted by the state board shall prohibit the use in connection with procurement of specifications in any way proprietary to one supplier unless the specification includes all of the following:

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

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

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

C. ~~No~~ A project or purchase may NOT be divided or sequenced into separate projects or purchases in order to avoid the limits prescribed by the state board under subsection A of this section.

D. A contract for the procurement of construction or construction services shall include a provision that provides for negotiations between the school district and the contractor for the recovery of damages related to expenses incurred by the contractor for a delay for which the school

district is responsible, that is unreasonable under the circumstances and that was not within the contemplation of the parties to the contract. This subsection ~~shall~~ DOES not ~~be construed to~~ void any provision in the contract that requires notice of delays, provides for arbitration or any other procedure for settlement or provides for liquidated damages.

E. The auditor general may conduct discretionary reviews, investigations and audits of the financial and operational procurement activities of school districts, nonexempt charter schools and school purchasing cooperatives. The auditor general has final review and approval authority over all school district, nonexempt charter school and school purchasing cooperative audit contracts and any audit reports issued in accordance with this section. IF THE ATTORNEY GENERAL HAS REASONABLE CAUSE TO BELIEVE AN EMPLOYEE OF A SCHOOL DISTRICT OR SCHOOL PURCHASING COOPERATIVE, OR AN EMPLOYEE OF AN ENTITY THAT HAS BEEN AWARDED A CONTRACT BY A SCHOOL DISTRICT OR SCHOOL PURCHASING COOPERATIVE, HAS ENGAGED IN, IS ENGAGING IN OR IS ABOUT TO ENGAGE IN ANY PRACTICE OR TRANSACTION THAT VIOLATES THE RULES ADOPTED BY THE STATE BOARD OF EDUCATION PURSUANT TO THIS SECTION, THE ATTORNEY GENERAL MAY:

1. REQUIRE THAT PERSON TO FILE ON FORMS PRESCRIBED BY THE ATTORNEY GENERAL A STATEMENT OR REPORT IN WRITING AND UNDER OATH AS TO ALL THE FACTS AND CIRCUMSTANCES CONCERNING A VIOLATION OF THE RULES ADOPTED BY THE STATE BOARD PURSUANT TO THIS SECTION BY THAT PERSON AND ANY OTHER DATA AND INFORMATION DEEMED NECESSARY BY THE ATTORNEY GENERAL.

2. EXAMINE UNDER OATH ANY PERSON IN CONNECTION WITH A VIOLATION OF THE RULES ADOPTED BY THE STATE BOARD PURSUANT TO THIS SECTION.

F. In addition to the requirements of sections 15-914 and 15-914.01, school districts, nonexempt charter schools and school purchasing cooperatives, in connection with any audit conducted by a certified public accountant, shall contract for a systematic review of purchasing practices using methodology consistent with sampling guidelines established by the auditor general. The auditor general shall consider cost when establishing guidelines pursuant to this subsection and to the extent possible shall attempt to minimize the cost of the review. The purpose of the review is to determine whether the school district, nonexempt charter school or school purchasing cooperative is in compliance with the procurement laws and applicable procurement rules of this state. A copy of the review shall be submitted on completion to the auditor general. The auditor general may conduct discretionary reviews of school districts, nonexempt charter schools and school purchasing cooperatives not required to contract for independent audits.

G. A SCHOOL DISTRICT SCHOOL EMPLOYEE WHO HAS CONTROL OVER PERSONNEL ACTIONS MAY NOT TAKE REPRISAL AGAINST A SCHOOL DISTRICT SCHOOL EMPLOYEE FOR THAT EMPLOYEE'S DISCLOSURE OF INFORMATION THAT IS A MATTER OF PUBLIC CONCERN, INCLUDING A VIOLATION OF THIS SECTION, TO A PUBLIC BODY PURSUANT TO TITLE 38, CHAPTER 3, ARTICLE 9.

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

~~H.~~ I. The department of education shall enact policies and procedures for the acceptance and disposition of complaints from the public regarding school procurement practices and shall forward all school procurement complaints to the attorney general. Notwithstanding rules adopted by the state board, school districts shall not be required to prepare or submit an annual report on the benefits associated with the use of construction-manager-at-risk, design-build, qualified select bidders list and job-order-contracting methods.

~~I.~~ J. The state board of education shall adopt, and the auditor general shall review, rules authorizing school districts to procure construction services by construction-manager-at-risk, design-build, qualified select bidders list and job-order-contracting methods of project delivery. The rules shall not require school districts to obtain bid security for the construction-manager-at-risk method of project delivery.

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

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

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

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

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

~~K.~~ L. Unless otherwise provided by law, multiterm contracts for materials or services and contracts for job-order-contracting construction services may be entered into if the duration of the contract and the conditions of renewal or extension, if any, are included in the invitation for bids or the request for proposals and if monies are available for the first fiscal period at the time the contract is executed. The duration of contracts for materials or services and contracts for

job-order-contracting construction services ~~shall be~~ ARE limited to no more than five years unless the governing board determines in writing before the procurement solicitation is issued that a contract of longer duration would be advantageous to the school district. Payment and performance obligations for succeeding fiscal periods are subject to the availability and appropriation of monies.

~~L.~~ M. Notwithstanding the rules adopted by the state board of education, the maximum dollar amount of an individual job order for job-order-contracting construction services ~~shall be~~ IS one million dollars or a higher or lower amount prescribed by the governing board in a policy adopted in a public meeting held pursuant to title 38, chapter 3, article 3.1. Requirements shall not be artificially divided or fragmented in order to constitute a job order that satisfies the requirements of this subsection.

N. A PERSON WHO SUPERVISES OR PARTICIPATES IN CONTRACTS, PURCHASES, PAYMENTS, CLAIMS OR OTHER FINANCIAL TRANSACTIONS, OR A PERSON WHO SUPERVISES OR PARTICIPATES IN THE PLANNING, RECOMMENDING, SELECTING OR CONTRACTING FOR MATERIALS, SERVICES, GOODS, CONSTRUCTION, OR CONSTRUCTION SERVICES OF A SCHOOL DISTRICT OR SCHOOL PURCHASING COOPERATIVE IS GUILTY OF A CLASS 6 FELONY IF THE PERSON SOLICITS, ACCEPTS OR AGREES TO ACCEPT ANY PERSONAL GIFT OR BENEFIT WITH A VALUE OF THREE HUNDRED DOLLARS OR MORE FROM A PERSON OR VENDOR THAT HAS SECURED OR HAS TAKEN STEPS TO SECURE A CONTRACT, PURCHASE, PAYMENT, CLAIM OR FINANCIAL TRANSACTION WITH THE SCHOOL DISTRICT OR SCHOOL PURCHASING COOPERATIVE. SOLICITING, ACCEPTING OR AGREEING TO ACCEPT ANY PERSONAL GIFT OR BENEFIT WITH A VALUE OF LESS THAN THREE HUNDRED DOLLARS IS A CLASS 1 MISDEMEANOR. A GIFT OR BENEFIT DOES NOT INCLUDE AN ITEM OF NOMINAL VALUE SUCH AS A GREETING CARD, T-SHIRT, MUG OR PEN.

O. ANY PERSON OR VENDOR THAT HAS SECURED OR HAS TAKEN STEPS TO SECURE A CONTRACT, PURCHASE, PAYMENT, CLAIM OR FINANCIAL TRANSACTION WITH A SCHOOL DISTRICT OR SCHOOL PURCHASING COOPERATIVE THAT OFFERS, CONFERS OR AGREES TO CONFER ANY PERSONAL GIFT OR BENEFIT WITH A VALUE OF THREE HUNDRED DOLLARS OR MORE ON A PERSON WHO SUPERVISES OR PARTICIPATES IN CONTRACTS, PURCHASES, PAYMENTS, CLAIMS OR OTHER FINANCIAL TRANSACTIONS, OR ON A PERSON WHO SUPERVISES OR PARTICIPATES IN PLANNING, RECOMMENDING, SELECTING OR CONTRACTING FOR MATERIALS, SERVICES, GOODS, CONSTRUCTION OR CONSTRUCTION SERVICES OF A SCHOOL DISTRICT OR SCHOOL PURCHASING COOPERATIVE, IS GUILTY OF A CLASS 6 FELONY. OFFERING, CONFERRING OR AGREEING TO CONFER ANY PERSONAL GIFT OR BENEFIT WITH A VALUE OF LESS THAN THREE HUNDRED DOLLARS IS A CLASS 1 MISDEMEANOR. A GIFT OR BENEFIT DOES NOT INCLUDE AN ITEM OF NOMINAL VALUE SUCH AS A GREETING CARD, T-SHIRT, MUG OR PEN.

P. ANY PERSON OR VENDOR CONVICTED UNDER SUBSECTION O OF THIS SECTION MAY BE SUSPENDED FOR UP TO SIX MONTHS OR BARRED FOR UP TO THREE YEARS BY THE DIRECTOR OF THE DEPARTMENT OF ADMINISTRATION FROM DOING

BUSINESS WITH SCHOOL DISTRICTS AND SCHOOL PURCHASING COOPERATIVES. THE DIRECTOR OF THE DEPARTMENT OF ADMINISTRATION SHALL ADOPT RULES, INCLUDING ADMINISTRATIVE PROCEDURES, TO SUSPEND OR BAR ANY PERSON FROM CONSIDERATION FOR AWARD OF CONTRACTS PURSUANT TO THIS SECTION.

Q. A SCHOOL DISTRICT MAY NOT HIRE THE SAME AUDITOR OR AUDITING FIRM FOR MORE THAN THREE CONSECUTIVE YEARS.

R. AN AUDITOR OR AUDITING FIRM HIRED BY A SCHOOL DISTRICT MAY NOT ALSO RECEIVE CONSULTING FEES FROM THAT SCHOOL DISTRICT.

~~M.~~ S. For the purposes of this section:

1. "GIFT OR BENEFIT" MEANS A PAYMENT, DISTRIBUTION, EXPENDITURE, ADVANCE, DEPOSIT OR DONATION OF MONIES, ANY INTANGIBLE PERSONAL PROPERTY OR ANY KIND OF TANGIBLE PERSONAL OR REAL PROPERTY. GIFT OR BENEFIT DOES NOT INCLUDE EITHER:

(a) FOOD OR BEVERAGE.

(b) EXPENSES OR SPONSORSHIPS RELATING TO A SPECIAL EVENT OR FUNCTION TO WHICH INDIVIDUALS LISTED IN SUBSECTION N OF THIS SECTION ARE INVITED.

~~1.~~ 2. "Nonexempt charter school" means a charter school that is not exempted from procurement laws pursuant to section 15-183, subsection E, paragraph 6.

~~2.~~ 3. "School purchasing cooperative" means an entity engaged in cooperative purchasing as defined in section 41-2631.

~~3.~~ 4. "Total cost" means the cost of all materials and services, including the cost of labor performed by employees of the school district, for all construction as provided in subsection A of this section.

Sec. 5. Title 15, chapter 2, article 1, Arizona Revised Statutes, is amended by adding section 15-213.04, to read:

15-213.04. <u>Procurement practices; rules; lowest qualified bidder</u>

THE STATE BOARD OF EDUCATION SHALL ADOPT RULES FOR THE PROCUREMENT BY SCHOOL DISTRICTS OF ANY MATERIALS, SERVICES, GOODS, CONSTRUCTION AND CONSTRUCTION SERVICES THAT REQUIRE CONTRACTS TO BE AWARDED BASED ON THE LOWEST QUALIFIED BIDDER.

Sec. 6. Section 15-249.06, Arizona Revised Statutes, is amended 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, SOCIAL STUDIES 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 before September 1 of each year, the Arizona board of regents shall provide the list of qualifying examinations and passing scores to the department of education and shall submit this list to the joint legislative budget committee for review.

C. Beginning in fiscal year 2017-2018, the department of education shall pay an incentive bonus to school districts and charter schools for each student in grades nine through twelve who receives a passing score during the previous fiscal year on a qualifying examination identified by the Arizona board of regents pursuant to subsection B of this section. A student who receives a passing score on a qualifying examination and who is enrolled in a school where fifty percent or more of the students are eligible for free or reduced price lunches shall generate for the school district or charter school a bonus of four hundred fifty dollars per passing score on a qualifying examination. A student who receives a passing score on a qualifying examination and who is enrolled in a school where less than fifty percent of the students are eligible for free or reduced price lunches shall generate for the school district or charter school a bonus of three hundred dollars per passing score on a qualifying examination. If the statewide sum of per student bonuses awarded pursuant to this subsection exceeds the amount of available monies appropriated for incentive bonuses, the bonus monies shall be reduced proportionally to cover all eligible bonus awards.

D. A school district or charter school that receives an incentive bonus pursuant to this section shall distribute at least fifty percent of the bonus monies to the associated classroom teacher for each student who passes a qualifying examination. Bonus monies awarded to a teacher pursuant to this subsection shall be in addition to any regular wage, compensation or other bonus the teacher receives or is scheduled to receive. The remainder of any bonus monies received by a school district or charter school shall be used for teacher professional development or student instructional support or materials. Any bonus monies received by a school district or charter school pursuant to this subsection shall be separately accounted for in the school district's or charter school's annual financial report.

E. Incentive bonuses distributed to and any bonus monies received by a school district or charter school pursuant to this section are not subject to collective bargaining.

F. On or before December 15, 2018 and on or before December 15 of each year thereafter, the department of education shall submit to the president of the senate, the speaker of the house of representatives, the governor and the secretary of state and to the joint legislative budget committee for review a report on all of the following:

1. The number of students who took a qualifying examination at each school.

2. The number of students who received a passing score on a qualifying examination and the number of incentive bonus awards distributed.

3. The number and types of qualifying examinations taken by students.

4. The amount of bonus monies received by each school.

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. 7. Title 15, chapter 2, article 2, Arizona Revised Statutes, is amended by adding sections 15-249.12 and 15-249.13, to read:

15-249.12. Computer science professional development program fund; requirements; uses; reports

A. THE COMPUTER SCIENCE PROFESSIONAL DEVELOPMENT PROGRAM FUND IS ESTABLISHED CONSISTING OF MONIES APPROPRIATED BY THE LEGISLATURE AND GRANTS, GIFTS, DEVISES AND DONATIONS FROM ANY PUBLIC OR PRIVATE SOURCE. THE DEPARTMENT OF EDUCATION SHALL ADMINISTER THE FUND. MONIES IN THE FUND ARE CONTINUOUSLY APPROPRIATED AND ARE EXEMPT FROM THE PROVISIONS OF SECTION 35-190 RELATING TO LAPSING OF APPROPRIATIONS. ON NOTICE FROM THE DEPARTMENT, THE STATE TREASURER SHALL INVEST AND DIVEST MONIES IN THE FUND AS PROVIDED BY SECTION 35-313, AND MONIES EARNED FROM INVESTMENT SHALL BE CREDITED TO THE FUND. MONIES IN THE FUND ARE SUBJECT TO STATE AUDITING AS PRESCRIBED BY LAW.

B. THE DEPARTMENT OF EDUCATION SHALL DISTRIBUTE GRANTS ON A FIRST-COME, FIRST-SERVED BASIS FROM THE COMPUTER SCIENCE PROFESSIONAL DEVELOPMENT PROGRAM FUND TO SCHOOL DISTRICTS AND CHARTER SCHOOLS THAT DO NOT CURRENTLY PROVIDE HIGH SCHOOL COMPUTER SCIENCE INSTRUCTION TO FUND QUALITY TRAINING FOR PROSPECTIVE COMPUTER SCIENCE TEACHERS. SUBJECT TO REVIEW AND APPROVAL BY THE STATE BOARD OF EDUCATION, THE DEPARTMENT SHALL ESTABLISH APPLICATION PROCEDURES FOR SCHOOL DISTRICTS AND CHARTER SCHOOLS THAT OFFER INSTRUCTION IN GRADES NINE THROUGH TWELVE TO APPLY FOR GRANTS FROM THE FUND. A SCHOOL DISTRICT OR CHARTER SCHOOL THAT APPLIES FOR A GRANT SHALL DEMONSTRATE HOW IT PLANS TO USE MONIES FROM THE FUND TO PROVIDE QUALITY TRAINING TO PROSPECTIVE COMPUTER SCIENCE TEACHERS. A SCHOOL DISTRICT OR CHARTER SCHOOL THAT RECEIVES GRANT MONIES FROM THE FUND MUST PROVIDE EVIDENCE THAT TRAINING PROVIDED TO PROSPECTIVE COMPUTER SCIENCE TEACHERS WITH GRANT MONIES ADDRESSES ACADEMIC STANDARDS FOR COMPUTER SCIENCE, AS ADOPTED BY THE STATE BOARD OF EDUCATION.

C. THE DEPARTMENT OF EDUCATION MAY NOT DISTRIBUTE GRANT MONIES IN AN AMOUNT THAT IS MORE THAN FIFTY PERCENT OF THE TOTAL STATE GENERAL FUND APPROPRIATION TO THE COMPUTER SCIENCE PROFESSIONAL DEVELOPMENT PROGRAM FUND IN ANY FISCAL YEAR UNLESS MATCHING MONIES ARE RECEIVED FROM PRIVATE

SOURCES. THE VALUE OF TRAINING PROVIDED BY A PRIVATE ENTITY AT NO COST TO THIS STATE OR ANY OTHER PUBLIC SCHOOL IN THIS STATE SHALL COUNT AS MATCHING MONIES IN ANY FISCAL YEAR IN WHICH THIS TRAINING IS PROVIDED. THE DEPARTMENT MAY USE UP TO TWO PERCENT OF THE MONIES DEPOSITED IN THE FUND EACH FISCAL YEAR FOR ADMINISTRATIVE PURPOSES.

D. ON OR BEFORE JUNE 30 OF EACH YEAR, EACH SCHOOL DISTRICT AND CHARTER SCHOOL THAT RECEIVES GRANT MONIES FROM THE COMPUTER SCIENCE PROFESSIONAL DEVELOPMENT PROGRAM FUND SHALL SUBMIT A REPORT TO THE DEPARTMENT OF EDUCATION ON THE OUTCOMES ACHIEVED WITH PROSPECTIVE COMPUTER SCIENCE TEACHERS AND HOW THE GRANT MONIES WERE SPENT. ON OR BEFORE NOVEMBER 15 OF EACH YEAR, THE DEPARTMENT SHALL SUBMIT A REPORT TO THE PRESIDENT OF THE SENATE, THE SPEAKER OF THE HOUSE OF REPRESENTATIVES AND THE GOVERNOR ON THE AMOUNT OF GRANT MONIES AWARDED FROM THE FUND, THE OUTCOMES ACHIEVED AND HOW THE MONIES WERE SPENT. THE DEPARTMENT SHALL PROVIDE A COPY OF THIS REPORT TO THE SECRETARY OF STATE.

15-249.13. Definition of "rural" for purpose of federal funding eligibility

FOR THE PURPOSE OF FEDERAL FUNDING ELIGIBILITY DETERMINATIONS THAT ARE MADE BY THE DEPARTMENT OF EDUCATION AND THAT INVOLVE THE GEOGRAPHIC LOCATION OF A SCHOOL DISTRICT OR CHARTER SCHOOL, "RURAL" MEANS LOCATED EITHER:

1. IN A COUNTY WITH A POPULATION THAT IS LESS THAN OR EQUAL TO TEN PERCENT OF THE POPULATION OF THIS STATE.

2. IN A COUNTY WITH A POPULATION THAT EXCEEDS TEN PERCENT OF THE POPULATION OF THIS STATE BUT THAT IS LOCATED MORE THAN TEN MILES FROM A MUNICIPALITY WITH A POPULATION OF MORE THAN FIFTY THOUSAND PERSONS.

Sec. 8. Section 15-341, Arizona Revised Statutes, is amended to read:

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

A. The governing board shall:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

15. Provide that, if a parent or legal guardian chooses not to accept a decision of the teacher as provided in ~~section~~ paragraph 42 of this subsection, the parent or legal guardian may request in writing that the governing board review the teacher's decision. This paragraph ~~shall~~ DOES not ~~be construed to~~ release school districts from any liability relating to a child's promotion or retention.

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

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

18. Make an annual report to the county school superintendent on or before October 1 in the manner and form and on the blanks prescribed by

the superintendent of public instruction or county school superintendent. The board shall also make reports directly to the county school superintendent or the superintendent of public instruction whenever required.

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

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

21. Prescribe and enforce policies and procedures for disciplinary action against a teacher who engages in conduct that is a violation of the policies of the governing board but that is not cause for dismissal of the teacher or for revocation of the certificate of the teacher. Disciplinary action may include suspension without pay for a period of time not to exceed ten school days. Disciplinary action shall not include suspension with pay or suspension without pay for a period of time longer than ten school days. The procedures shall include notice, hearing and appeal provisions for violations that are cause for disciplinary action. The governing board may designate a person or persons to act on behalf of the board on these matters.

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

23. Notwithstanding sections 13-3108 and 13-3120, prescribe and enforce policies and procedures that prohibit a person from carrying or

possessing a weapon on school grounds unless the person is a peace officer or has obtained specific authorization from the school administrator.

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

(a) The provision of water.

(b) Guidelines, information and forms, developed in consultation with a statewide private entity that supervises interscholastic activities, to inform and educate coaches, pupils and parents of the dangers of concussions and head injuries and the risks of continued participation in athletic activity after a concussion. The policies and procedures shall require that, before a pupil participates in an athletic activity, the pupil and the pupil's parent must sign an information form at least once each school year that states that the parent is aware of the nature and risk of concussion. The policies and procedures shall require that a pupil who is suspected of sustaining a concussion in a practice session, game or other interscholastic athletic activity be immediately removed from the athletic activity. A coach from the pupil's team or an official or a licensed health care provider may remove a pupil from play. A team parent may also remove the parent's own child from play. A pupil may return to play on the same day if a health care provider rules out a suspected concussion at the time the pupil is removed from play. On a subsequent day, the pupil may return to play if the pupil has been evaluated by and received written clearance to resume participation in athletic activity from a health care provider who has been trained in the evaluation and management of concussions and head injuries. A health care provider who is a volunteer and who provides clearance to participate in athletic activity on the day of the suspected injury or on a subsequent day is immune from civil liability with respect to all decisions made and actions taken that are based on good faith implementation of the requirements of this subdivision, except in cases of gross negligence or wanton or wilful neglect. A school district, school district employee, team coach, official or team volunteer or a parent or guardian of a team member is not subject to civil liability for any act, omission or policy undertaken in good faith to comply with the requirements of this subdivision or for a decision made or an action taken by a health care provider. A group or organization that uses property or facilities owned or operated by a school district for athletic activities shall comply with the requirements of this subdivision. A school district and its employees and volunteers are not subject to civil liability for any other person or organization's failure or alleged failure to comply with the requirements of this subdivision. This subdivision does not apply to teams that are based in another state and that participate in an athletic activity in this state. For the purposes of this subdivision, athletic activity does

not include dance, rhythmic gymnastics, competitions or exhibitions of academic skills or knowledge or other similar forms of physical noncontact activities, civic activities or academic activities, whether engaged in for the purposes of competition or recreation. For the purposes of this subdivision, "health care provider" means a physician who is licensed pursuant to title 32, chapter 13 or 17, an athletic trainer who is licensed pursuant to title 32, chapter 41, a nurse practitioner who is licensed pursuant to title 32, chapter 15, and a physician assistant who is licensed pursuant to title 32, chapter 25.

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

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

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

28. Ensure that insurance coverage is secured for all construction projects for purposes of general liability, property damage and workers' compensation and secure performance and payment bonds for all construction projects.

29. Keep in the personnel file of all current and former employees who provide instruction to pupils at a school information about the employee's educational and teaching background and experience in a particular academic content subject area. A school district shall inform parents and guardians of the availability of the information and shall make the information available for inspection on request of parents and guardians of pupils enrolled at a school. This paragraph ~~shall~~ DOES not ~~be construed to~~ require any 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.

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

31. In conjunction with local law enforcement agencies and emergency response agencies, develop an emergency response plan for each school in the school district in accordance with minimum standards

developed jointly by the department of education and the division of emergency management within the department of emergency and military affairs.

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

33. Incorporate instruction on Native American history into appropriate existing curricula.

34. Prescribe and enforce policies and procedures:

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

(b) For the emergency administration of epinephrine auto-injectors by a trained employee of a school district pursuant to section 15-157.

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

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

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

(b) A requirement that school district employees report in writing suspected incidents of harassment, intimidation or bullying to the appropriate school official and a description of appropriate disciplinary procedures for employees who fail to report suspected incidents that are known to the employee.

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

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

(e) A formal process for the documentation of reported incidents of harassment, intimidation or bullying and for the confidentiality, maintenance and disposition of this documentation. School districts shall maintain documentation of all incidents reported pursuant to this paragraph for at least six years. The school shall not use that documentation to impose disciplinary action unless the appropriate school official has investigated and determined that the reported incidents of harassment, intimidation or bullying occurred. If a school provides documentation of reported incidents to persons other than school officials

or law enforcement, all individually identifiable information shall be redacted.

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

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

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

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

(j) Definitions of harassment, intimidation and bullying.

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

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

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

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

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

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

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

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

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

39. Ensure that the contract for the superintendent is structured in a manner in which up to twenty percent of the total annual salary

included for the superintendent in the contract is classified as performance pay. This paragraph ~~shall~~ DOES not ~~be construed to~~ require school districts to increase total compensation for superintendents. Unless the school district governing board votes to implement an alternative procedure at a public meeting called for this purpose, the performance pay portion of the superintendent's total annual compensation shall be determined as follows:

(a) Twenty-five percent of the performance pay shall be determined based on the percentage of academic gain determined by the department of education of pupils who are enrolled in the school district compared to the academic gain achieved by the highest ranking of the fifty largest school districts in this state. For the purposes of this subdivision, the department of education shall determine academic gain by the academic growth achieved by each pupil who has been enrolled at the same school in a school district for at least five consecutive months measured against that pupil's academic results in the 2008-2009 school year. For the purposes of this subdivision, of the fifty largest school districts in this state, the school district with pupils who demonstrate the highest statewide percentage of overall academic gain measured against academic results for the 2008-2009 school year shall be assigned a score of 100 and the school district with pupils who demonstrate the lowest statewide percentage of overall academic gain measured against academic results for the 2008-2009 school year shall be assigned a score of 0.

(b) Twenty-five percent of the performance pay shall be determined by the percentage of parents of pupils who are enrolled at the school district who assign a letter grade of "A" to the school on a survey of parental satisfaction with the school district. The parental satisfaction survey shall be administered and scored by an independent entity that is selected by the governing board and that demonstrates sufficient expertise and experience to accurately measure the results of the survey. The parental satisfaction survey shall use standard random sampling procedures and provide anonymity and confidentiality to each parent who participates in the survey. The letter grade scale used on the parental satisfaction survey shall direct parents to assign one of the following letter grades:

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

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

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

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

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

(c) Twenty-five percent of the performance pay shall be determined by the percentage of teachers who are employed at the school district and who assign a letter grade of "A" to the school on a survey of teacher satisfaction with the school. The teacher satisfaction survey shall be administered and scored by an independent entity that is selected by the governing board and that demonstrates sufficient expertise and experience

to accurately measure the results of the survey. The teacher satisfaction survey shall use standard random sampling procedures and provide anonymity and confidentiality to each teacher who participates in the survey. The letter grade scale used on the teacher satisfaction survey shall direct teachers to assign one of the following letter grades:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

42. Prescribe and enforce policies and procedures that define the duties of principals and teachers. These policies and procedures shall authorize teachers to take and maintain daily classroom attendance, make the decision to promote or retain a pupil in a grade in common school or to pass or fail a pupil in a course in high school, subject to review by the governing board in the manner provided in section 15-342, paragraph 11.

43. Prescribe and enforce policies and procedures for the emergency administration by an employee of a school district pursuant to section 36-2267 of naloxone hydrochloride or any other opioid antagonist approved by the United States food and drug administration.

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

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

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

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

D. The governing board 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 school district may locate a school within the affected buffer zone. The agreement may include any stipulations regarding the 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.

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

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

G. Notwithstanding any other provision of this title, a school district governing board shall not take any action that would result in a reduction of pupil square footage unless the governing board notifies the school facilities board established by section 15-2001 of the proposed action and receives written approval from the school facilities board to take the action. A reduction includes an increase in administrative space that results in a reduction of pupil square footage or sale of school

sites or buildings, or both. A reduction includes a reconfiguration of grades that results in a reduction of pupil square footage of any grade level. This subsection does not apply to temporary reconfiguration of grades to accommodate new school construction if the temporary reconfiguration does not exceed one year. The sale of equipment that results in a reduction that falls below the equipment requirements prescribed in section 15-2011, subsection B is subject to commensurate withholding of school district district additional assistance monies pursuant to the direction of the school facilities board. Except as provided in section 15-342, paragraph 10, proceeds from the sale of school sites, buildings or other equipment shall be deposited in the school plant fund as provided in section 15-1102.

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

I. A SCHOOL DISTRICT GOVERNING BOARD MAY DELEGATE AUTHORITY IN WRITING TO THE SUPERINTENDENT OF THE SCHOOL DISTRICT TO SUBMIT PLANS FOR NEW SCHOOL FACILITIES TO THE SCHOOL FACILITIES BOARD FOR THE PURPOSE OF CERTIFYING THAT THE PLANS MEET THE MINIMUM SCHOOL FACILITY ADEQUACY GUIDELINES PRESCRIBED IN SECTION 15-2011.

Sec. 9. Section 15-901, Arizona Revised Statutes, 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 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 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 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 school year, or the instructional hours prescribed in this section. The hours in which a student is scheduled to attend a high school during the regular school day shall be included in the calculation of the average daily membership for that student.

(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 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 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 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 school year, or the equivalent instructional hours prescribed in this section. The hours in which a student is scheduled to attend a high school during the regular school day shall be included in the calculation of the average daily membership for that student.

(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.

(c) "Regular school day" means the regularly scheduled class periods intended for instructional purposes. Instructional purposes may include core subjects, elective subjects, lunch, study halls, music instruction, and other classes that advance the academic instruction of pupils, except that instructional purposes shall not include athletic practices or extracurricular clubs and activities.

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, 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 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 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 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 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.

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 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.

(h) For fiscal year 2017-2018, three thousand six hundred eighty-three dollars twenty-seven cents.

(i) FOR FISCAL YEAR 2018-2019, THREE THOUSAND NINE HUNDRED SIXTY DOLLARS SEVEN 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 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.

Sec. 10. Section 15-903, Arizona Revised Statutes, is amended to read:

15-903. Budget format; prohibited expenditures; annual report

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

B. The budget format shall be designed to allow all school districts to plan and provide in detail for the use of available funds. The budget format shall contain distinct sections for, but need not be limited to, maintenance and operation, debt service, special projects, capital outlay, adjacent ways and classroom site fund. The maintenance and operation section shall include, but need not be limited to, separate subsections for regular education programs, special education programs and operational expenditures for pupil transportation. Each subsection shall clearly distinguish classroom instruction expenditures. The special education program subsection shall include a subtotal for the disability classifications as defined in section 15-761 and programs for gifted, vocational and technical education, remedial education and bilingual students. The total expenditures for each of these programs shall be included on the budget form. The pupil transportation subsection shall include all operational expenditures relating to the transportation of pupils, including all operational expenditures within a contract if the school district contracts for pupil transportation.

C. The capital outlay section of the budget shall include a subsection for unrestricted capital outlay. The unrestricted capital outlay subsection shall include budgeted expenditures for acquisitions by purchase, lease-purchase or lease of capital items as defined in the uniform system of financial records and shall include:

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

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

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

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

5. Instructional aids.

6. Library books.

7. Payment of principal and interest on bonds.

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

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

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

2. School plant funds.

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

4. Property taxation, including the following:

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

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

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

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

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

E. The budget format shall also contain:

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

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

3. THE PROMINENT DISPLAY OF THE AVERAGE SALARY OF ALL TEACHERS EMPLOYED BY THE SCHOOL DISTRICT FOR THE CURRENT YEAR. THE SCHOOL DISTRICT SHALL ALSO PROMINENTLY POST THIS INFORMATION ON ITS WEBSITE HOME PAGE SEPARATELY FROM ITS BUDGET.

4. THE PROMINENT DISPLAY OF THE AVERAGE SALARY OF ALL TEACHERS EMPLOYED BY THE SCHOOL DISTRICT FOR THE PREVIOUS YEAR. THE SCHOOL DISTRICT SHALL ALSO PROMINENTLY POST THIS INFORMATION ON ITS WEBSITE HOME PAGE SEPARATELY FROM ITS BUDGET.

5. THE PROMINENT DISPLAY OF THE DOLLAR INCREASE IN THE AVERAGE SALARY OF ALL TEACHERS EMPLOYED BY THE SCHOOL DISTRICT FOR THE CURRENT YEAR. THE SCHOOL DISTRICT SHALL ALSO PROMINENTLY POST THIS INFORMATION ON ITS WEBSITE HOME PAGE SEPARATELY FROM ITS BUDGET.

6. THE PROMINENT DISPLAY OF THE PERCENTAGE INCREASE IN THE AVERAGE SALARY OF ALL TEACHERS EMPLOYED BY THE SCHOOL DISTRICT FOR THE CURRENT YEAR. THE SCHOOL DISTRICT SHALL ALSO PROMINENTLY POST THIS INFORMATION ON ITS WEBSITE HOME PAGE SEPARATELY FROM ITS BUDGET.

F. The special projects section shall include budgeted expenditures for state special projects, including special adult projects, career education, deficiencies correction fund projects and new school facilities fund projects, such federal special projects as ESEA title programs, vocational education and title IV Indian education, and other special projects.

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

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

I. ON OR BEFORE NOVEMBER 30 OF EACH YEAR, THE DEPARTMENT OF EDUCATION SHALL ELECTRONICALLY SUBMIT TO THE JOINT LEGISLATIVE BUDGET COMMITTEE AND THE GOVERNOR'S OFFICE OF STRATEGIC PLANNING AND BUDGETING A REPORT THAT COMPILES THE INFORMATION REQUIRED BY SUBSECTION E, PARAGRAPHS 3 THROUGH 6 OF THIS SECTION FOR ALL SCHOOL DISTRICTS STATEWIDE.

Sec. 11. 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 ~~2017-2018~~ 2018-2019
0.5 or less	~~2.59~~ 2.64
More than 0.5 through 1.0	~~2.12~~ 2.16
More than 1.0	~~2.59~~ 2.64

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 Approved Daily Route Mileage per Eligible Student Transported	Column 2 District Type 02 or 03	Column 3 District Type 04	Column 4 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. 12. Section 15-2001, Arizona Revised Statutes, is amended to read:

15-2001. School facilities board; conflict of interest; violation; classification; change orders; notification

A. The school facilities board is established consisting of the following members who shall be appointed by the governor pursuant to section 38-211 in such a manner as to provide for approximate geographic balance and approximate balance between public and private members:

1. One member who is an elected member of a school district governing board with knowledge and experience in the area of finance.

2. One private citizen who represents an organization of taxpayers.

3. One member with knowledge and experience in ~~school construction~~ PUBLIC PROCUREMENT.

4. One member who is a registered professional architect and who has current knowledge and experience in school architecture.

5. One member with knowledge and experience in school facilities management in a public school system.

6. One member with knowledge and experience in demographics.

7. One member who is a teacher and who currently provides classroom instruction.

8. One member who is a registered professional engineer and who has current knowledge and experience in school engineering.

9. One member who is an owner or officer of a private ~~business~~ CONSTRUCTION COMPANY WHOSE BUSINESS DOES NOT INCLUDE SCHOOL CONSTRUCTION.

B. In addition to the members appointed pursuant to subsection A of this section, the superintendent of public instruction or the superintendent's designee shall serve as an advisory nonvoting member of the school facilities board.

C. The governor shall appoint a chairperson from members appointed pursuant to subsection A of this section.

D. Members of the school facilities board serve ~~four year~~ FOUR-YEAR terms. The school facilities board shall meet as often as the members deem necessary. A majority of the members constitutes a quorum for the transaction of business.

E. The unexcused absence of a member for more than three consecutive meetings is justification for removal by a majority vote of the board. If the member is removed, notice shall be given of the removal pursuant to section 38-292.

F. The governor shall fill a vacancy by appointment of a qualified person as provided in subsection A of this section.

G. Members of the board who are employed by government entities are not eligible to receive compensation. Members of the board who are not employed by government entities are entitled to payment of one hundred fifty dollars for each meeting attended, prorated for partial days spent for each meeting, up to two thousand five hundred dollars each year. All members are eligible for reimbursement of expenses pursuant to title 38, chapter 4, article 2. These expenses and the payment of compensation are payable to a member from monies appropriated to the board from the new school facilities fund.

H. Members AND EMPLOYEES of the school facilities board are subject to title 38, chapter 3, article 8.

I. IN ADDITION TO THE REQUIREMENTS PRESCRIBED IN SUBSECTION H OF THIS SECTION, EMPLOYEES OF THE SCHOOL FACILITIES BOARD MAY NOT HAVE A DIRECT OR INDIRECT FINANCIAL INTEREST IN ANY PROPERTY PURCHASED, FACILITY CONSTRUCTED OR CONTRACT FINANCED WITH MONIES MADE AVAILABLE BY THE BOARD OR ANY OTHER PUBLIC MONIES. A PERSON WHO KNOWINGLY VIOLATES THIS SUBSECTION IS GUILTY OF A CLASS 1 MISDEMEANOR.

J. THE SCHOOL FACILITIES BOARD SHALL ESTABLISH POLICIES AND PROCEDURES RELATING TO BUILDING RENEWAL GRANT CHANGE ORDERS THAT INCLUDE THE FOLLOWING:

1. THE BOARD STAFF SHALL APPROVE OR REJECT A CHANGE ORDER WITHIN TWO BUSINESS DAYS.

2. IF A SCHOOL DISTRICT APPROVES WORK REFERENCED IN A CHANGE ORDER BEFORE THE BOARD APPROVES THE CHANGE ORDER, THE SCHOOL DISTRICT IS RESPONSIBLE FOR THE COST AND CONSTRUCTION OF THE PROJECT.

K. THE SCHOOL FACILITIES BOARD SHALL ESTABLISH POLICIES AND PROCEDURES TO ENSURE THAT IT NOTIFIES SCHOOL DISTRICTS IN A UNIFORM MANNER AND AT LEAST ANNUALLY OF THE SERVICES AND FUNDING THAT ARE AVAILABLE FROM THE BOARD FOR FACILITY CONSTRUCTION, RENOVATION AND REPAIR PROJECTS. THE BOARD SHALL UPDATE AND POST THIS INFORMATION ON ITS WEBSITE ON OR BEFORE JULY 1 OF EACH YEAR.

L. THE SCHOOL FACILITIES BOARD SHALL ESTABLISH AND MAINTAIN A LIST OF THE PERSONS WHO ARE RESPONSIBLE FOR FACILITIES MANAGEMENT AT EACH SCHOOL DISTRICT IN THIS STATE. A SCHOOL DISTRICT SHALL PROMPTLY NOTIFY THE BOARD OF ANY CHANGE TO PERSONS WHO ARE RESPONSIBLE FOR FACILITIES

MANAGEMENT AT THAT SCHOOL DISTRICT. THE BOARD SHALL UPDATE AND POST THIS INFORMATION ON ITS WEBSITE ON OR BEFORE JULY 1 OF EACH YEAR.

M. MEMBERS OF THE SCHOOL FACILITIES BOARD MAY NOT SOLICIT, ACCEPT OR PROVIDE GIFTS THAT ARE PROHIBITED BY STATE LAW.

Sec. 13. Section 15-2002, Arizona Revised Statutes, is amended to read:

15-2002. Powers and duties; executive director; staffing; reporting requirements

A. The school facilities board shall:

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

2. Maintain a database of school facilities to administer the building renewal grant fund and new school facilities formula. The facilities listed in the database must include all buildings that are owned by school districts. The school facilities board shall ensure that the database is updated on at least an annual basis. Each school district shall report to the school facilities board no later than September 1 of each year information as required by the school facilities board for the administration of the building renewal grant fund and computation of new school facilities formula distributions, including the nature and cost of major repairs, renovations or physical improvements to or replacement of building systems or equipment that were made in the previous year and that were paid for either with local monies or monies provided by the school facilities board from the building renewal grant fund. Each school district shall report any school or school buildings that have been closed, that have been leased to another entity or that operate as a charter school. The school facilities board may review or audit the information, or both, to confirm the information submitted by a school district. Notwithstanding any other provision of this chapter, if a school district converts space that is listed in the database maintained pursuant to this paragraph to space that will be used for administrative purposes, the school district is responsible for any costs associated with the conversion, maintenance and replacement of that space. If a building is significantly upgraded or remodeled, the school facilities board shall adjust the age of that school facility in the database as follows:

(a) Determine the building capacity value as follows:

(i) Multiply the student capacity of the building by the per pupil square foot capacity established by section 15-2041.

(ii) Multiply the product determined in item (i) of this subdivision by the cost per square foot established by section 15-2041.

(b) Divide the cost of the renovation by the building capacity value determined in subdivision (a) of this paragraph.

(c) Multiply the quotient determined in subdivision (b) of this paragraph by the currently listed age of the building in the database.

(d) Subtract the product determined in subdivision (c) of this paragraph from the currently listed age of the building in the database, rounded to the nearest whole number. If the result is a negative number, use zero.

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

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

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

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

7. Develop application forms, reporting forms and procedures to carry out the requirements of this article~~.~~ , INCLUDING DEVELOPING AND IMPLEMENTING POLICIES AND PROCEDURES TO:

(a) ENSURE THAT THE BOARD NOTIFIES SCHOOL DISTRICTS IN A UNIFORM MANNER OF THE SERVICES AND FUNDING AVAILABLE FOR SCHOOL DISTRICTS FROM THE BOARD FOR FACILITY CONSTRUCTION, RENOVATION AND REPAIR PROJECTS. THE POLICIES AND PROCEDURES SHALL REQUIRE THE BOARD TO PROVIDE AT LEAST ONE ANNUAL COMMUNICATION TO SCHOOL DISTRICTS IN A MANNER PRESCRIBED BY THE BOARD AND SHALL REQUIRE EACH SCHOOL DISTRICT TO DEVELOP AND MAINTAIN A LIST OF PERSONS WHO ARE RESPONSIBLE FOR FACILITIES MANAGEMENT AT THAT SCHOOL DISTRICT.

(b) ESTABLISH A PROJECT ELIGIBILITY ASSESSMENT FOR ALL PROJECTS SUBMITTED FOR BUILDING RENEWAL GRANT FUNDING OR EMERGENCY DEFICIENCIES CORRECTION FUNDING, INCLUDING ESTABLISHING STANDARDIZED CRITERIA FOR

PROJECT ELIGIBILITY. BEFORE THE BOARD FORMALLY APPROVES A PROJECT, THE STAFF OF THE BOARD MAY REVIEW THE COSTS AND SCOPE OF THE PROPOSED PROJECT WITH PERSONS AND ENTITIES THAT HAVE SUBMITTED BIDS ON THE PROJECT.

(c) ENSURE THAT THE BOARD MAINTAINS STANDARDIZED DOCUMENTATION OF ALL PROJECTS SUBMITTED TO THE BOARD FOR CONSIDERATION TO RECEIVE SERVICES OR A FINANCIAL AWARD FROM THE BOARD. THE BOARD SHALL MAINTAIN STANDARDIZED DOCUMENTATION OF ANY PROJECT AWARDED MONIES BY THE BOARD, INCLUDING RECORDS OF PAYMENTS TO SCHOOL DISTRICTS IN A MANNER PRESCRIBED BY THE BOARD. THE STANDARDIZED DOCUMENTATION SHALL INCLUDE THE FOLLOWING AS PART OF THE ELIGIBILITY DETERMINATION CRITERIA:

(i) WHETHER THE PROBLEM THAT THE PROPOSED PROJECT INTENDS TO ADDRESS CAUSED THE BUILDING OR FACILITY TO FALL BELOW THE MINIMUM SCHOOL FACILITY ADEQUACY GUIDELINES PRESCRIBED IN SECTION 15-2011.

(ii) WHETHER THE SCHOOL DISTRICT PERFORMED THE ROUTINE PREVENTIVE MAINTENANCE REQUIRED PURSUANT TO SECTION 15-2032 ON THE BUILDING OR FACILITY.

(d) REQUIRE A SCHOOL DISTRICT TO SUBMIT CONTACT INFORMATION FOR EACH PROPOSED PROJECT, INCLUDING THE NAME, E-MAIL ADDRESS AND TELEPHONE NUMBER OF PERSONS WHO ARE RESPONSIBLE FOR FACILITIES MANAGEMENT AT THE SCHOOL DISTRICT.

(e) REQUIRE A SCHOOL DISTRICT TO PROVIDE JUSTIFICATION FOR EACH PROPOSED PROJECT, INCLUDING ALL OF THE FOLLOWING:

(i) THE SCHOOL DISTRICT'S USE OR PLANNED USE OF THE FACILITY.

(ii) A DETAILED DESCRIPTION OF THE PROBLEM AND THE SCHOOL DISTRICT'S RECOMMENDED SOLUTION.

(iii) ANY COMPLETED PROFESSIONAL STUDY REGARDING THE PROPOSED PROJECT.

(iv) ANY CITATION OR REPORT FROM GOVERNMENT ENTITIES.

(v) THE ESTIMATED COST OF THE PROPOSED PROJECT, WITH DOCUMENTATION.

(vi) THE PROJECT CATEGORY.

(vii) A DESCRIPTION OF ANY LOCAL FUNDING THAT WILL BE USED FOR THE PROPOSED PROJECT.

(viii) DOCUMENTATION ON ASSOCIATED INSURANCE COVERAGE, IF APPLICABLE.

(f) IF THE APPLICATION IS FOR MONIES FROM THE BUILDING RENEWAL GRANT FUND ESTABLISHED BY SECTION 15-2032, REQUIRE THE SCHOOL DISTRICT TO REPORT THE PREVENTIVE MAINTENANCE ACTIVITIES COMPLETED DURING THE PREVIOUS TWELVE MONTHS FOR THE FACILITY FOR WHICH THE MONIES ARE BEING REQUESTED.

(g) REQUIRE THAT AN INITIAL APPLICATION NOT BE CONSIDERED COMPLETE UNTIL ALL NECESSARY INFORMATION IS SUBMITTED.

(h) ALLOW A SCHOOL DISTRICT TO SUBMIT AN INCOMPLETE APPLICATION AND REQUEST TECHNICAL ASSISTANCE FROM THE STAFF OF THE BOARD IF THE SCHOOL DISTRICT IS UNABLE TO PROVIDE SUFFICIENT INFORMATION IN THE INITIAL APPLICATION.

(i) REQUIRE THAT A COMPLETE APPLICATION BE RECEIVED BY THE BOARD AT LEAST FIFTEEN BUSINESS DAYS BEFORE THE NEXT REGULARLY SCHEDULED BOARD MEETING IN ORDER FOR THE APPLICATION TO BE CONSIDERED AT THAT MEETING. AN INCOMPLETE APPLICATION MAY BE CONSIDERED AT THAT MEETING IF BOTH THE STAFF OF THE BOARD AND THE SUPERINTENDENT OF THE SCHOOL DISTRICT DEEM THE PROJECT CRITICAL.

(j) ALLOW THE STAFF OF THE BOARD TO NOTIFY A SCHOOL DISTRICT IN WRITING BEFORE REVIEW BY THE BOARD THAT THE PROPOSED PROJECT DOES NOT MEET ELIGIBILITY CRITERIA PRESCRIBED IN THIS CHAPTER. THE WRITTEN NOTIFICATION SHALL INCLUDE DOCUMENTATION TO SUPPORT THE STAFF'S DETERMINATION THAT THE PROPOSED PROJECT DOES NOT MEET THE ELIGIBILITY CRITERIA PRESCRIBED IN THIS CHAPTER. THE SCHOOL DISTRICT MAY DIRECTLY APPEAL THE STAFF'S DETERMINATION OF INELIGIBILITY TO THE EXECUTIVE DIRECTOR OF THE BOARD. THE SCHOOL DISTRICT MAY DIRECTLY APPEAL THE EXECUTIVE DIRECTOR'S DETERMINATION OF INELIGIBILITY TO THE BOARD.

(k) PROHIBIT THE STAFF OF THE BOARD FROM REQUESTING THAT A SCHOOL DISTRICT WITHDRAW A PROJECT APPLICATION FROM REVIEW BY THE BOARD IF THE INITIAL STAFF REVIEW DETERMINES THAT THE PROPOSED PROJECT MAY BE INELIGIBLE FOR MONIES FROM THE BOARD.

8. Review and approve or reject requests submitted by school districts to take actions pursuant to section 15-341, subsection G.

9. Submit electronically an annual report on or before December 15 to the speaker of the house of representatives, the president of the senate, the superintendent of public instruction, the secretary of state and the governor that includes the following information:

(a) A detailed description of the amount of monies distributed by the school facilities board in the previous fiscal year.

(b) A list of each capital project that received monies from the school facilities board during the previous fiscal year, a brief description of each project that was funded and a summary of the board's reasons for the distribution of monies for the project.

(c) A summary of the findings and conclusions of the building maintenance inspections conducted pursuant to this article during the previous fiscal year.

(d) A summary of the findings of common design elements and characteristics of the highest performing schools and the lowest performing schools based on academic productivity, including the results of the parent quality rating survey. For the purposes of this subdivision, "academic productivity" means academic year advancement per calendar year as measured with student-level data using the statewide nationally standardized norm-referenced achievement test.

10. On or before December 1 of each year, report electronically to the joint committee on capital review the amounts necessary to fulfill the requirements of sections 15-2022 and 15-2041 for the following three fiscal years. In developing the amounts necessary for this report, the

1 school facilities board shall use the most recent average daily membership
2 data available. On request from the board, the department of education
3 shall make available the most recent average daily membership data for use
4 in calculating the amounts necessary to fulfill the requirements of
5 section 15-2041 for the following three fiscal years. The board shall
6 provide copies of the report to the president of the senate, the speaker
7 of the house of representatives and the governor.
8 11. Adopt minimum school facility adequacy guidelines to provide
9 the minimum quality and quantity of school buildings and the facilities
10 and equipment necessary and appropriate to enable pupils to achieve the
11 educational goals of the Arizona state schools for the deaf and the blind.
12 The school facilities board shall establish minimum school facility
13 adequacy guidelines applicable to the Arizona state schools for the deaf
14 and the blind.
15 12. In each even-numbered year, report electronically to the joint
16 committee on capital review the amounts necessary to fulfill the
17 requirements of section 15-2041 for the Arizona state schools for the deaf
18 and the blind for the following two fiscal years. The Arizona state
19 schools for the deaf and the blind shall incorporate the findings of the
20 report in any request for new school facilities monies. Any monies
21 provided to the Arizona state schools for the deaf and the blind for new
22 school facilities are subject to legislative appropriation.
23 13. On or before June 15 of each year, submit electronically
24 detailed information regarding demographic assumptions, a proposed
25 construction schedule and new school construction cost estimates for
26 individual projects approved in the current fiscal year and expected
27 project approvals for the upcoming fiscal year to the joint committee on
28 capital review for its review. A copy of the report shall also be
29 submitted electronically to the governor's office of strategic planning
30 and budgeting. The joint legislative budget committee staff, the
31 governor's office of strategic planning and budgeting staff and the school
32 facilities board staff shall agree on the format of the report.
33 14. Every two years, provide school districts with information on
34 improving and maintaining the indoor environmental quality in school
35 buildings.
36 15. On or before December 31 of each year, report to the joint
37 legislative budget committee on all class B bond approvals by school
38 districts in that year. Each school district shall report to the school
39 facilities board on or before December 1 of each year information required
40 by the school facilities board for the report prescribed in this
41 paragraph.
42 16. Validate proposed adjacent ways projects submitted by school
43 districts as prescribed in section 15-995.

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

1. Private services.

2. Construction project management services.

3. Assessments for school buildings to determine if the buildings have outlived their useful life pursuant to section 15-2041, subsection G.

4. Services related to land acquisition and development of a school site.

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

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

2. Shall assist the board in developing forms and procedures for the distribution and review of applications and the distribution of monies to school districts.

3. May review or audit, or both, the expenditure of monies by a school district for deficiencies corrections and new school facilities.

4. Shall assist the board in the preparation of the board's annual report.

5. Shall research and provide reports on issues of general interest to the board.

6. May aid school districts in the development of reasonable and cost-effective school designs in order to avoid statewide duplicated efforts and unwarranted expenditures in the area of school design.

7. May assist school districts in facilitating the development of multijurisdictional facilities.

8. Shall assist the board in any other appropriate matter or method as directed by the members of the board.

9. Shall establish procedures to ensure compliance with the notice and hearing requirements prescribed in section 15-905. The notice and hearing procedures adopted by the board shall include the requirement, with respect to the board's consideration of any application filed after July 1, 2001 or 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, that the military airport receive notification of the application by first class mail at least thirty days before any hearing concerning the application.

10. May expedite any request for monies in which the local match was not obtained for a project that received preliminary approval by the state board for school capital facilities.

11. Shall expedite any request for monies in which the school district governing board submits an application that shows an immediate need for a new school facility.

12. Shall make a determination as to administrative completion within one month after the receipt of an application by a school district for monies from the new school facilities fund.

13. Shall provide technical support to school districts as requested by school districts in connection with the construction of new school facilities and the maintenance of existing school facilities and may contract directly with construction project managers pursuant to subsection B of this section. This paragraph does not restrict a school district from contracting with a construction project manager using district or state resources.

D. When appropriate, the school facilities board shall review and use the statewide school facilities inventory and needs assessment conducted by the joint committee on capital review and issued in July, 1995.

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

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

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

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

I. The board may contract for construction services and materials that are necessary to correct existing deficiencies in school district facilities. The board may procure the construction services necessary

pursuant to this subsection by any method, including construction-manager-at-risk, design-build, design-bid-build or job-order-contracting as provided by title 41, chapter 23. The construction planning and services performed pursuant to this subsection are exempt from section 41-791.01.

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

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

L. The school facilities board may temporarily transfer monies between the capital reserve fund established by section 15-2003, the emergency deficiencies correction fund established by section 15-2022 and the new school facilities fund established by section 15-2041 if all of the following conditions are met:

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

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

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

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

N. The school facilities board shall not require a common school district that provides instruction to pupils in grade nine to obtain

approval from the school facilities board to reconfigure its school facilities. A common school district that provides instruction to pupils in grade nine is not entitled to additional monies from the school facilities board for facilities to educate pupils in grade nine.

O. A SCHOOL DISTRICT MAY APPEAL THE DENIAL OF A REQUEST FOR MONIES PURSUANT TO THIS CHAPTER OR ANY OTHER APPEALABLE AGENCY ACTION BY THE SCHOOL FACILITIES BOARD PURSUANT TO TITLE 41, CHAPTER 6, ARTICLE 10. FOR THE PURPOSES OF THIS SUBSECTION, "APPEALABLE AGENCY ACTION" HAS THE SAME MEANING PRESCRIBED IN SECTION 41-1092.

Sec. 14. Section 15-2011, Arizona Revised Statutes, as amended by Laws 2017, chapter 258, section 11 and chapter 304, section 7, is amended to read:

15-2011. <u>Minimum school facility adequacy requirements; definition</u>

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 office of 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 fortieth 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.

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. IF THE SCHOOL FACILITIES BOARD MAKES ANY CHANGES TO THE MINIMUM ADEQUACY REQUIREMENTS PRESCRIBED IN THIS SECTION, THE BOARD SHALL PROVIDE A FISCAL IMPACT STATEMENT OF THE EFFECT OF THE PROPOSED CHANGES TO THE JOINT COMMITTEE ON CAPITAL REVIEW FOR REVIEW.

~~I.~~ J. 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. 15. Repeal

Section 15-2011, Arizona Revised Statutes, as amended by Laws 2017, chapter 258, section 11 and chapter 320, section 5, is repealed.

Sec. 16. Section 15-2032, Arizona Revised Statutes, is amended to read:

15-2032. School facilities board; building renewal grant fund; definitions

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~~ PREVENTIVE 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 THAT IS USED FOR STUDENT INSTRUCTION OR OTHER ACADEMIC PURPOSES.

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~~ PREVENTIVE maintenance.

6. Any project in a building, or part of a building, that is being leased to another entity.

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. THE SCHOOL FACILITIES BOARD SHALL CATEGORIZE EACH PROJECT THAT IS ELIGIBLE FOR MONIES FROM THE BUILDING RENEWAL GRANT FUND AS EITHER CRITICAL OR NONCRITICAL. THE BOARD SHALL ADOPT POLICIES AND PROCEDURES TO PRIORITIZE CRITICAL PROJECTS AND TO DESIGNATE CRITICAL PROJECTS AS PROJECTS THAT IMMEDIATELY IMPACT STUDENT SAFETY OR BUILDING CLOSURES OR THAT RESULT IN OPERATIONAL DISRUPTIONS. CRITICAL PROJECTS HAVE PRIORITY OVER ANY PREVIOUSLY APPROVED NONCRITICAL PROJECTS.

H. IF THE SCHOOL FACILITIES BOARD DETERMINES THAT SUFFICIENT MONIES ARE NOT AVAILABLE FOR A NONCRITICAL PROJECT THAT THE BOARD HAS APPROVED, THE BOARD SHALL NOTIFY THE SCHOOL DISTRICT THAT SUBMITTED THE PROJECT REQUEST THAT MONIES WILL BE DISTRIBUTED FROM THE BUILDING RENEWAL GRANT FUND FOR THE PROJECT ONLY IF THE LEGISLATURE APPROPRIATES SUFFICIENT MONIES. IF SUFFICIENT MONIES ARE NOT AVAILABLE IN THE FISCAL YEAR IN WHICH THE PROJECT IS AWARDED FOR A NONCRITICAL PROJECT, THE NONCRITICAL PROJECT DOES NOT RECEIVE PRIORITY IN THE NEXT FISCAL YEAR.

I. BUILDING RENEWAL GRANTS PURSUANT TO THIS SECTION SHALL BE USED ONLY FOR PROJECTS THAT SERVE AN ACADEMIC PURPOSE.

~~G.~~ J. 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~~ PREVENTIVE maintenance to the school facility.

2. "Routine ~~preventative~~ PREVENTIVE 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. 17. Section 15-2041, Arizona Revised Statutes, is amended to read:

15-2041. New school facilities fund; capital plan; report

A. The 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 July 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 period specified in this subsection for a new school or no longer needed within that ten-year period for an addition to an existing school. Monies provided for land ~~shall be~~ ARE 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 for additional square footage as follows:

1. The school facilities board shall review and evaluate the enrollment projections. On or before December 1 OF EACH YEAR, 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 fortieth day average daily membership data available during the current school year. 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 most recent fortieth day average daily membership during the current school year indicates 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 most recent fortieth day average daily membership during the current school year indicates 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 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 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 and any additional space funded by the school district 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, any additional space funded by the school district shall be included as prescribed by this chapter and, 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, 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 for additional square footage in a fiscal year only if the school facilities board has approved or revised its enrollment projection under paragraph ~~3~~ 1 of this subsection on or before ~~March~~ DECEMBER 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 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 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 AN analysis of the comments and AN 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~~ J, 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~~ 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.

Q. If the school facilities board approves a school district for funding from the new school facilities fund and the full legislative appropriation 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 land or the new construction project approved by the school facilities board and may reimburse the fund from which the monies were used in subsequent years with legislative appropriations when those appropriations are made available by this state.

Sec. 18. Section 41-1279.03, Arizona Revised Statutes, is amended to read:

41-1279.03. Powers and duties

A. The auditor general shall:

1. Prepare an audit plan for approval by the committee and report to the committee the results of each audit and investigation and other reviews conducted by the auditor general.

2. Conduct or cause to be conducted at least biennial financial and compliance audits of financial transactions and accounts kept by or for all state agencies subject to the single audit act of 1984 (P.L. 98-502). The audits shall be conducted in accordance with generally accepted governmental auditing standards and accordingly shall include tests of the accounting records and other auditing procedures as may be considered necessary in the circumstances. The audits shall include the issuance of suitable reports as required by the single audit act of 1984 (P.L. 98-502) so THAT the legislature, THE federal government and others will be informed as to the adequacy of financial statements of the state in compliance with generally accepted governmental accounting principles and to determine whether the state has complied with laws and regulations that may have a material effect on the financial statements and on major federal assistance programs.

3. Perform procedural reviews for all state agencies at times determined by the auditor general. These reviews may include evaluation of administrative and accounting internal controls and reports on these reviews.

4. Perform special research requests, special audits and related assignments as designated by the committee and conduct performance audits, special audits, special research requests and investigations of any state agency, whether created by the constitution or otherwise, as may be requested by the committee.

5. Annually on or before the fourth Monday of December, prepare a written report to the governor and to the committee that contains a summary of activities for the previous fiscal year.

6. In the tenth year and in each fifth year thereafter in which a transportation excise tax is in effect in a county as provided in section 42-6106 or 42-6107, conduct a performance audit that:

(a) Reviews past expenditures and future planned expenditures of the transportation excise revenues and determines the impact of the expenditures in solving transportation problems within the county and, for

a transportation excise tax in effect in a county as provided in section 42-6107, determines whether the expenditures of the transportation excise revenues comply with section 28-6392, subsection B.

(b) Reviews projects completed to date and projects to be completed during the remaining years in which a transportation excise tax is in effect. Within six months after each review period, the auditor general shall present a report to the speaker of the house of representatives and the president of the senate detailing findings and making recommendations.

(c) Reviews, determines, reports and makes recommendations to the speaker of the house of representatives and the president of the senate whether the distribution of highway user revenues complies with title 28, chapter 18, article 2.

7. If requested by the committee, conduct performance audits of counties and incorporated cities and towns receiving highway user revenue fund monies pursuant to title 28, chapter 18, article 2 to determine if the monies are being spent as provided in section 28-6533, subsection B.

8. Perform special audits designated pursuant to law if the auditor general determines that there are adequate monies appropriated for the auditor general to complete the audit. If the auditor general determines the appropriated monies are inadequate, the auditor general shall notify the committee.

9. Establish a ~~school-wide~~ SCHOOLWIDE audit team in the office of the auditor general to conduct performance audits and monitor school districts to determine the percentage of every dollar spent in the classroom by ~~a~~ THE school district. EACH SCHOOL DISTRICT SHALL PROMINENTLY POST ON ITS WEBSITE HOME PAGE A COPY OF ITS PROFILE PAGES THAT DISPLAYS THE PERCENTAGE OF EVERY DOLLAR SPENT IN THE CLASSROOM BY THAT SCHOOL DISTRICT FROM THE MOST RECENT STATUS REPORT ISSUED BY THE AUDITOR GENERAL PURSUANT TO THIS PARAGRAPH. The performance audits shall determine whether school districts that receive monies from the Arizona structured English immersion fund established by section 15-756.04 and the statewide compensatory instruction fund established by section 15-756.11 are in compliance with title 15, chapter 7, article 3.1. The auditor general shall determine, through random selection, the school districts to be audited each year, subject to review by the joint legislative audit committee. A school district that is subject to an audit pursuant to this paragraph shall notify the auditor general in writing as to whether the school district agrees or disagrees with the findings and recommendations of the audit and whether the school district will implement the findings and recommendations, implement modifications to the findings and recommendations or refuse to implement the findings and recommendations. The school district shall submit to the auditor general a written status report on the implementation of the audit findings and recommendations every six months for two years after an audit conducted pursuant to this paragraph. The auditor general shall review the school district's

progress toward implementing the findings and recommendations of the audit every six months after receipt of the district's status report for two years. The auditor general may review a school district's progress beyond this two-year period for recommendations that have not yet been implemented by the school district. The auditor general shall provide a status report of these reviews to the joint legislative audit committee. The school district shall participate in any hearing scheduled during this review period by the joint legislative audit committee or by any other legislative committee designated by the joint legislative audit committee.

10. Annually review per diem compensation and reimbursement of expenses for employees of the state and members of a state board, commission, council or advisory committee by judgmentally selecting samples and evaluating the propriety of per diem compensation and expense reimbursements.

B. The auditor general may:

1. Subject to approval by the committee, adopt rules necessary to administer the duties of the office.

2. Hire consultants to conduct the studies required by subsection A, paragraphs 6 and 7 of this section.

C. If approved by the committee, the auditor general may charge a reasonable fee for the cost of performing audits or providing accounting services for auditing federal funds, special audits or special services requested by political subdivisions of the state. Monies collected pursuant to this subsection shall be deposited in the audit services revolving fund.

D. The department of transportation, the board of supervisors of a county that has approved a county transportation excise tax as provided in section 42-6106 or 42-6107 and the governing bodies of counties, cities and towns receiving highway user revenue fund monies shall cooperate with and provide necessary information to the auditor general or the auditor general's consultant.

E. The department of transportation shall reimburse the auditor general as follows, and the auditor general shall deposit the reimbursed monies in the audit services revolving fund:

1. For the cost of conducting the studies or hiring a consultant to conduct the studies required by subsection A, paragraph 6, subdivisions (a) and (b) of this section, from monies collected pursuant to a county transportation excise tax levied pursuant to section 42-6106 or 42-6107.

2. For the cost of conducting the studies or hiring a consultant pursuant to subsection A, paragraph 6, subdivision (c) and paragraph 7 of this section, from the Arizona highway user revenue fund.

Sec. 19. <u>Repeal</u>

Section 41-3018.19, Arizona Revised Statutes, is repealed.

Sec. 20. Title 41, chapter 27, article 2, Arizona Revised Statutes, is amended by adding section 41-3022.18, to read:

41-3022.18. School facilities board; termination July 1, 2022

A. THE SCHOOL FACILITIES BOARD TERMINATES ON JULY 1, 2022.

B. TITLE 15, CHAPTER 16, ARTICLES 1, 2, 3, 4, 5, 6, 7, 8 AND 9 AND THIS SECTION ARE REPEALED ON JANUARY 1, 2023 ONLY IF EITHER:

1. THE BOARD HAS NO OUTSTANDING STATE SCHOOL FACILITIES REVENUE BONDS ISSUED PURSUANT TO TITLE 15, CHAPTER 16, ARTICLE 6, NO OUTSTANDING STATE SCHOOL IMPROVEMENT REVENUE BONDS ISSUED PURSUANT TO TITLE 15, CHAPTER 16, ARTICLE 7 AND NO OUTSTANDING LEASE-TO-OWN TRANSACTIONS PURSUANT TO SECTIONS 15-2004, 15-2005 AND 15-2006.

2. THE LEGISLATURE HAS OTHERWISE PROVIDED FOR PAYING OR RETIRING ANY OUTSTANDING STATE SCHOOL FACILITIES REVENUE BONDS, ANY OUTSTANDING STATE SCHOOL IMPROVEMENT REVENUE BONDS AND ANY OUTSTANDING LEASE-TO-OWN TRANSACTIONS.

C. IF NEITHER OF THE CONDITIONS IN SUBSECTION B OF THIS SECTION HAVE OCCURRED ON OR BEFORE JANUARY 1, 2023, TITLE 15, CHAPTER 16, ARTICLES 1, 2, 3, 4, 5, 6, 7, 8 AND 9 AND THIS SECTION ARE REPEALED THIRTY DAYS AFTER THE RETIREMENT OF ALL REVENUE BONDS ISSUED PURSUANT TO TITLE 15, CHAPTER 16, ARTICLES 6 AND 7 AND ANY OUTSTANDING LEASE-TO-OWN TRANSACTIONS ISSUED PURSUANT TO SECTIONS 15-2004, 15-2005 AND 15-2006.

Sec. 21. Purpose

Pursuant to section 41-2955, subsection B, Arizona Revised Statutes, the legislature continues the school facilities board to evaluate the capital needs of school districts and to distribute monies to school districts to cure existing deficiencies and to provide for building renewal and the construction of new facilities.

Sec. 22. E-rate broadband special construction project matching fund program; remaining monies; eligible applicants

Notwithstanding any other law, the corporation commission shall make available to eligible applicants as currently defined by rule any remaining monies currently collected for the e-rate broadband special construction project matching fund program after the 2018 e-rate procurement cycle.

Sec. 23. New school facilities fund; distribution; fiscal year 2018-2019

Notwithstanding section 15-2041, Arizona Revised Statutes, as amended by this act, the school facilities board may distribute to a school district in fiscal year 2018-2019 the amount of $825,000 from the new school facilities fund established by section 15-2041, Arizona Revised Statutes, as amended by this act, for new school construction if the school district meets all of the following:

1. Is located in a county with a population of one hundred thousand persons or more but less than two hundred thousand persons.

2. Had a total attending average daily membership of more than one thousand two hundred but less than one thousand three hundred for kindergarten programs and grades one through twelve for fiscal year 2016-2017 according to the annual report of the superintendent of public instruction for fiscal year 2016-2017.

3. Received approval from the school facilities board for additional square footage and land acquisition in fiscal year 2014-2015.

Sec. 24. Telecommunication fund for the deaf; use; fiscal year 2018-2019

Notwithstanding section 36-1947, Arizona Revised Statutes, the Arizona state schools for the deaf and the blind may use monies from the telecommunication fund for the deaf established by section 36-1947, Arizona Revised Statutes, in fiscal year 2018-2019 to support the expansion of its birth-to-three program.

Sec. 25. Retention of members

Notwithstanding section 15-2001, Arizona Revised Statutes, as amended by this act, all persons serving as members of the school facilities board on the effective date of this act may continue to serve until the expiration of their normal terms. The governor shall make all subsequent appointments as prescribed by statute.

Sec. 26. Results-based funding; allocation formula; fiscal year 2018-2019

Notwithstanding section 15-249.08, subsection B, paragraph 2, Arizona Revised Statutes, for fiscal year 2018-2019 the department of education shall distribute monies from the results-based funding fund in the same manner prescribed for fiscal year 2017-2018 in section 15-249.08, subsection B, paragraph 1, Arizona Revised Statutes, except that distributions in fiscal year 2018-2019 shall be based on statewide assessment results achieved during the spring of 2017 rather than the spring of 2016.

Sec. 27. District additional assistance for school districts; reductions; exemption; classroom spending

A. For fiscal years 2018-2019 through 2022-2023, the department of education shall reduce by the amounts specified in paragraphs 1 through 4 of this subsection the amount of basic state aid that otherwise would be apportioned to school districts statewide for district additional assistance prescribed in section 15-961, Arizona Revised Statutes, and shall reduce school district budget limits accordingly. The amount of reduction is:

1. For fiscal year 2018-2019, $257,469,900.

2. For fiscal year 2019-2020, $193,102,400.

3. For fiscal year 2020-2021, $128,734,900.

4. For fiscal year 2021-2022, $64,367,400.

5. For fiscal year 2022-2023 and each fiscal year thereafter, $0.00.

B. For fiscal years 2018-2019 through 2021-2022, the department of education shall reduce district additional assistance for a school district that is not eligible to receive basic state aid funding by the amount that the school district's 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 and shall reduce the school district's budget limits accordingly.

C. School districts with a student count of fewer than one thousand one hundred pupils are exempt from subsections A and B of this section.

D. 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 prescribed by the auditor general.

Sec. 28. Additional assistance funding for charter schools; reductions

For fiscal years 2018-2019 through 2022-2023, the department of education shall reduce by the amounts specified in paragraphs 1 through 4 of this section the amount of charter additional assistance funding that otherwise would be apportioned to charter schools statewide pursuant to section 15-185, subsection B, paragraph 4, Arizona Revised Statutes, as amended by this act. The funding reduction required for a fiscal year 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 the fiscal year without the prescribed reduction. The amount of reduction is:

1. For fiscal year 2018-2019, $13,628,800.
2. For fiscal year 2019-2020, $10,221,600.
3. For fiscal year 2020-2021, $6,814,400.
4. For fiscal year 2021-2022, $3,407,200.
5. For fiscal year 2022-2023 and each fiscal year thereafter, $0.00.

Sec. 29. General budget limit increase; minimum qualifying tax rate district; fiscal year 2018-2019

The general budget limit for a school district that in fiscal year 2017-2018 was subject to the additional tax in districts ineligible for equalization assistance pursuant to section 15-992, Arizona Revised Statutes, and that in fiscal year 2016-2017 had a total attending average daily membership count of at least five thousand pupils according to the annual report of the superintendent of public instruction for fiscal year 2016-2017 shall be increased by $1,500,000 in fiscal year 2018-2019 above the amounts that otherwise would be computed pursuant to section 15-947, Arizona Revised Statutes.

Sec. 30. Auditor general; special audit; school facilities board; building renewal grant fund expenditures; delayed repeal

A. The auditor general shall complete a special audit pursuant to section 41-1279.03, Arizona Revised Statutes, of the school facilities board building renewal grant fund expenditures for the period of July 1, 2016 through June 30, 2018. The special audit shall include a review of applicable records of the school facilities board, school districts and county school superintendents and any other necessary information to:

1. Assess the building renewal grant process, including reviewing grant applications, requests for and distribution of monies, grant closeout forms and the proposed scopes of work, including school district, school facilities board and vendor participation and roles in developing these proposed scopes of work.

2. Assess the vendor selection, procurement, contracting and oversight processes for projects funded by the building renewal grant fund.

3. Provide building renewal grant program details, including the number of project requests and awards, number and types of districts and schools receiving awards, types of projects, total grant monies awarded and number and types of vendors performing projects funded with building renewal grant fund monies.

4. Audit work in any other areas deemed necessary by the auditor general.

5. Recommend improvements, as appropriate, for the processes listed in this subsection.

B. The school facilities board, school districts and county school superintendents shall cooperate with and provide information and records to the auditor general to facilitate the completion of the special audit.

C. On or before June 30, 2019, the auditor general shall submit copies of the special audit to the president of the senate, the speaker of the house of representatives, the joint legislative budget committee and the governor's office of strategic planning and budgeting. The auditor general shall provide a copy of the special audit to the secretary of state.

D. This section is repealed from and after December 31, 2019.

Sec. 31. Retroactivity

Section 41-3018.19, Arizona Revised Statutes, as repealed by this act, and section 41-3022.18, Arizona Revised Statutes, as added by this act, are effective retroactively to from and after July 1, 2018.

Sec. 32. Effective date

Section 15-213.04, Arizona Revised Statutes, as added by this act, is effective from and after June 30, 2019.

APPROVED BY THE GOVERNOR MAY 3, 2018

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 3, 2018

Passed the House MAY 2, 20 18

by the following vote: 33 Ayes,

26 Nays, 1 Not Voting

Speaker of the House

☐ Pro Tempore

Chief Clerk of the House

Passed the Senate May 3, 20 18

by the following vote: 20 Ayes,

9 Nays, 1 Not Voting

President of the Senate

Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill received by the Governor this

3rd day of May, 20 18

at 5:54 o'clock A. M.

Secretary to the Governor

Approved this 3rd day of

May, 2018

at 6:05 o'clock A M.

Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this 3 day of May, 20 18

at 5:58 o'clock P. M.

Michele Reagan

Secretary of State

H.B. 2663