STATE OF ARIZONA
OFFICE OF THE GOVERNOR

DOUGLAS A. DUCEY
GOVERNOR

EXECUTIVE OFFICE

May 31, 2019

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

Dear Secretary Hobbs:

I am transmitting to you the following bills from the Fifty-fourth Legislature, 1st Regular Session, which I signed on May 31st, 2019:

H.B. 2747 general appropriations act; 2019-2020. (Bowers)
H.B. 2748 capital outlay; appropriations; 2019-2020. (Bowers)
H.B. 2749 K-12 education; budget reconciliation; 2019-2020. (Cobb)
H.B. 2750 higher education; budget reconciliation; 2019-2020. (Cobb)
H.B. 2751 budget procedures; budget reconciliation; 2019-2020. (Cobb)
H.B. 2752 criminal justice; budget reconciliation; 2019-2020. (Bowers)
H.B. 2753 environment; appropriation; 2019-2020. (Bowers)
H.B. 2754 health; budget reconciliation; 2019-2020. (Cobb)
H.B. 2755 human services; budget reconciliation; 2019-2020. (Cobb)
H.B. 2756 revenue; budget reconciliation; 2019-2020. (Bowers)
H.B. 2757 tax provisions; omnibus. (Toma)

Sincerely,

Douglas A. Ducey
Governor
State of Arizona

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

House Engrossed

FILED
KATIE HOBBS
SECRETARY OF STATE

State of Arizona
House of Representatives
Fifty-fourth Legislature
First Regular Session
2019

CHAPTER 265
HOUSE BILL 2749

AN ACT

AMENDING SECTIONS 15-154, 15-155, 15-185, 15-249.06 AND 15-249.08, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 2, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-249.15; AMENDING SECTIONS 15-901, 15-901.07, 15-913, 15-945, 15-972, 15-994, 15-1323, 15-2011, 15-2022 AND 15-2041, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 19, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-2405; AMENDING SECTION 41-1276, ARIZONA REVISED STATUTES; AMENDING LAWS 2017, CHAPTER 284, SECTION 1; AMENDING LAWS 2018, CHAPTER 285, SECTIONS 27 AND 28; AMENDING LAWS 2018, CHAPTER 289, SECTION 3; 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 15-154, Arizona Revised Statutes, is amended to read:

15-154. School safety program; purpose; program proposals; requirements; annual report; program termination; definitions

A. The school safety program is established within the department of education to SUPPORT, promote AND ENHANCE safe AND EFFECTIVE learning environments for ALL students by supporting the costs of placing school resource officers, ~~or~~ juvenile probation officers, SCHOOL COUNSELORS AND SCHOOL SOCIAL WORKERS on school campuses. A school district or charter school may apply to participate in the school safety program as provided in this section for up to three fiscal years by submitting by April 15 a program proposal to the department of education. A SCHOOL DISTRICT OR CHARTER SCHOOL THAT RECEIVES APPROVAL FOR A THREE-YEAR PROGRAM UNDER THIS SUBSECTION MAY ANNUALLY SUBMIT A MODIFIED SPENDING PLAN FOR ITS APPROVED PROGRAM. ~~The program proposal shall contain:~~

B. A PROGRAM PROPOSAL SUBMITTED BY A SCHOOL DISTRICT OR CHARTER SCHOOL FOR SUPPORTING THE COSTS OF PLACING SCHOOL RESOURCE OFFICERS OR JUVENILE PROBATION OFFICERS, OR BOTH, ON A SCHOOL CAMPUS SHALL CONTAIN:

1. A detailed description of the school safety needs of the charter school or school district.

2. A plan for implementing a law-related education program or a plan that demonstrates the existence of a law-related education program as a school safety prevention strategy.

3. A plan to use trained school resource officers or juvenile probation officers in the school, or both.

4. If the school district or charter school has already participated in the school safety program, information on the success, compliance and implementation of the most recent grant.

C. A PROGRAM PROPOSAL SUBMITTED BY A SCHOOL DISTRICT OR CHARTER SCHOOL FOR SUPPORTING THE COSTS OF PLACING SCHOOL COUNSELORS OR SCHOOL SOCIAL WORKERS, OR BOTH, ON A SCHOOL CAMPUS SHALL CONTAIN:

1. A DETAILED DESCRIPTION OF THE SCHOOL SAFETY NEEDS OF THE CHARTER SCHOOL OR SCHOOL DISTRICT.

2. A PLAN FOR IMPLEMENTING A SCHOOL GUIDANCE AND COUNSELING PROGRAM THAT INCLUDES THE FOLLOWING:

(a) A DETAILED DESCRIPTION OF THE RELATIONSHIP BETWEEN THE SCHOOL COUNSELOR OR THE SOCIAL WORKER, OR BOTH, AND LOCAL COMMUNITY RESOURCES.

(b) A PLAN FOR USING SCHOOL COUNSELOR AND SCHOOL SOCIAL WORKER SERVICES IN THE SCHOOL, OR BOTH.

(c) A DETAILED DESCRIPTION OF THE METHODS FOR EVALUATING THE EFFECTIVENESS OF THE SCHOOL GUIDANCE AND COUNSELING PLAN.

(d) POLICIES ON CONFIDENTIALITY UNDER THE SCHOOL GUIDANCE AND COUNSELING PLAN.

(e) POLICIES ON NOTIFYING PARENTS AND OTHER FAMILY MEMBERS OF ISSUES OR CONCERNS AS IDENTIFIED IN THE SCHOOL GUIDANCE AND COUNSELING PLAN.

(f) A DETAILED DESCRIPTION OF THE SCHOOL'S, SCHOOL DISTRICT'S OR CHARTER SCHOOL'S REFERRAL PROCEDURES TO THE APPROPRIATE COMMUNITY ENTITIES AND STATE AGENCIES.

3. IF THE SCHOOL DISTRICT OR CHARTER SCHOOL HAS ALREADY PARTICIPATED IN THE SCHOOL SAFETY PROGRAM, INFORMATION ON THE SUCCESS, COMPLIANCE AND IMPLEMENTATION OF THE MOST RECENT APPROVED PROGRAM PROPOSAL.

~~B.~~ D. The department of education shall REVIEW AND administer the SCHOOL RESOURCE OFFICERS AND JUVENILE PROBATION OFFICERS program PROPOSALS in cooperation with the courts, law enforcement agencies and law-related education providers awarded a contract pursuant to section 41-2534, subject to review and approval by the state board of education. The department of education shall use relevant crime statistics to assess the needs of each program proposal and shall visit school districts and charter schools that submit program proposals in order to verify the information contained in the program proposals. The department of education shall contract to provide guidelines, curricula and support resources for school resource officers and juvenile probation officers to use in implementing a law-related education program.

E. THE DEPARTMENT OF EDUCATION SHALL REVIEW AND ADMINISTER THE SCHOOL COUNSELORS AND SCHOOL SOCIAL WORKERS PROGRAM PROPOSALS IN COOPERATION WITH SCHOOL ADMINISTRATORS, PRINCIPALS, TEACHERS, PARENTS AND COMMUNITY MENTAL HEALTH PROFESSIONALS. THE DEPARTMENT OF EDUCATION SHALL USE RELEVANT SCHOOL-LEVEL ACADEMIC, SOCIAL AND EMOTIONAL STATISTICS TO ASSESS THE NEEDS OF EACH PROGRAM PROPOSAL AND SHALL VISIT SCHOOL DISTRICTS AND CHARTER SCHOOLS THAT SUBMIT PROGRAM PROPOSALS IN ORDER TO VERIFY THE INFORMATION CONTAINED IN THE PROGRAM PROPOSALS.

~~C.~~ F. The department of education, subject to the review and approval of the state board of education, shall distribute monies to the school districts and charter schools that are in compliance with program requirements and whose ~~plans~~ PROGRAM PROPOSALS have been approved by the state board of education. ~~The state board of education shall also review and approve renewal applications for up to an additional three fiscal years from participating school sites.~~

~~D.~~ G. The department of education shall review ~~plans~~ PROGRAM PROPOSALS submitted by school districts and charter schools for participation in the school safety program and shall select SCHOOL sites that are eligible to receive funding based on school safety needs PURSUANT TO THIS SECTION. The department of education may prioritize PROGRAM PROPOSALS FOR SCHOOL RESOURCE OFFICER AND JUVENILE PROBATION OFFICER grants to school districts and charter schools that have agreements to

share the cost of the school resource officer or juvenile probation officer with a law enforcement agency or the courts.

~~E.~~ H. The department of education shall evaluate the effectiveness of ALL the APPROVED PROGRAM PROPOSALS SUBMITTED PURSUANT TO SUBSECTIONS B AND C OF THIS SECTION WITHIN THE school safety program and report on the activities of the program and the participants in the school safety program to the president of the senate, the speaker of the house of representatives and the governor on or before November 1 of each year and shall provide a copy of this report to the secretary of state. The evaluation and report shall include survey results from participating schools and data from participating schools on the impact of participating in the school safety program. The department shall establish data guidelines for school safety program participants to follow in reporting pursuant to this subsection.

~~F.~~ I. The school safety program established by this section shall include a school safety program guidance manual adopted by the department of education that requires a dispute resolution process to be included in the service agreement between a school district or charter school that SUBMITTED A PROGRAM PROPOSAL AND received a SCHOOL RESOURCE OFFICER grant from the school safety program and the law enforcement agency that provides services to the school district or charter school.

~~G.~~ J. Any appropriations that are made to the department of education for the APPROVED PROGRAM PROPOSALS WITHIN THE school safety program are exempt from the provisions of section 35-190 relating to the lapsing of appropriations. All monies that are not used for an approved PROGRAM PROPOSAL WITHIN THE school safety ~~plan~~ PROGRAM during the fiscal year for which the monies were appropriated revert to the department of education for distribution to the program in the following fiscal year.

~~H.~~ K. Monies received by a school district or charter school under the program shall be spent to implement the approved ~~plans~~ PROGRAM PROPOSALS.

~~I.~~ L. The program established by this section ends on July 1, 2025 pursuant to section 41-3102. The auditor general shall include the school safety program as part of its ongoing sunset review of agencies and programs.

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

1. "Law-related education" means interactive education to equip children and youth with knowledge and skills pertaining to the law, school safety and effective citizenship.

2. "Law-related education program" means a program designed to provide children and youth with knowledge, skills and activities pertaining to the law and legal process and to promote law-abiding behavior with the purpose of preventing children and youth from engaging in delinquency or violence and enabling them to become productive citizens.

3. "SCHOOL COUNSELOR" MEANS A PROFESSIONAL EDUCATOR WHO HOLDS A VALID SCHOOL COUNSELOR CERTIFICATE ISSUED BY THE DEPARTMENT OF EDUCATION.

4. "SCHOOL GUIDANCE AND COUNSELING PROGRAM" MEANS A COUNSELING PROGRAM THAT SUPPORTS, PROMOTES AND ENHANCES THE ACADEMIC, PERSONAL, SOCIAL, EMOTIONAL AND CAREER DEVELOPMENT OF ALL STUDENTS.

5. "SCHOOL RESOURCE OFFICER" MEANS A PEACE OFFICER OR A FULL-AUTHORITY RESERVE PEACE OFFICER WHO IS CERTIFIED BY THE ARIZONA PEACE OFFICER STANDARDS AND TRAINING BOARD.

6. "SCHOOL SOCIAL WORKER" MEANS A PROFESSIONAL EDUCATOR WHO HOLDS A VALID SCHOOL SOCIAL WORKER CERTIFICATE ISSUED BY THE DEPARTMENT OF EDUCATION.

Sec. 2. Section 15-155, Arizona Revised Statutes, is amended to read:

15-155. School safety program; funding

A. The department of education shall cooperate with the county school superintendent, the county sheriff and the local chief of police to ~~permit~~ ALLOW a law enforcement agency, with the consent of the school, to assign a peace officer or a full authority Arizona peace officer standards and training board certified reserve peace officer to participate in the school safety program in each school in the county. The cost of the peace officer is a state charge that is funded by the department of education, except for agreements to share the cost of the school resource officer pursuant to section 15-154, subsection ~~D~~ G.

B. In cooperation with the department of education and the county school superintendent and with the consent of the school, the presiding judge of the juvenile court may assign juvenile probation officers to participate in the school safety program in each school in the county. The cost of juvenile probation officers is a state charge that is funded by the department of education, except for agreements to share the cost of the juvenile probation officer pursuant to section 15-154, subsection ~~D~~ G.

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

15-185. Charter schools; financing; civil penalties; 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~~ USE 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 eight hundred seven dollars~~ $1,843.14 per student count in preschool programs for children with disabilities, kindergarten programs and grades one through eight and ~~two thousand one hundred six dollars three cents~~ $2,148.15 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~~ TO APPORTION 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~~ $1,000 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~~ THE 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~~ $1,000 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~~ NOT 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. 4. Section 15-249.06, Arizona Revised Statutes, is amended to read:

15-249.06. College credit by examination incentive program; incentive bonuses; report; program termination

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~~ REDUCED-PRICE lunches shall generate for the school district or charter school a bonus of ~~four hundred fifty dollars~~ $450 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~~ REDUCED-PRICE lunches shall generate for the school district or charter school a bonus of ~~three hundred dollars~~ $300 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~~ ARE 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. PAYMENTS MADE BY THE DEPARTMENT OF EDUCATION PURSUANT TO THIS SECTION SHALL BE DISTRIBUTED TO SCHOOLS NOT LATER THAN MARCH 1 OF EACH YEAR. SCHOOL DISTRICTS AND CHARTER SCHOOLS MAY APPEAL THE ALLOCATION OF BONUS MONIES NOT LATER THAN AUGUST 1 OF EACH YEAR. THE DEPARTMENT MAY WITHHOLD UP TO $10,000 OF THE MONIES APPROPRIATED FOR THE PURPOSES OF THIS SECTION TO ADDRESS ALLOCATION APPEALS BY SCHOOL DISTRICTS AND CHARTER SCHOOLS.

~~F.~~ G. 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.~~ H. Incentive bonuses distributed to and any bonus monies received by a teacher are not compensation as defined in section 38-711.

~~H.~~ I. The program established by this section ends on July 1, 2026 pursuant to section 41-3102.

Sec. 5. Section 15-249.08, Arizona Revised Statutes, is amended to read:

15-249.08. Results-based funding fund; distributions; requirements; reports

A. The results-based funding fund is established consisting of legislative appropriations. The department of education shall administer the fund. Monies in the fund are continuously appropriated.

B. The department of education shall distribute monies from the results-based funding fund to school districts and charter schools as follows:

1. Beginning in fiscal year 2017-2018:

(a) Each school operated by a school district or charter holder shall receive ~~two hundred twenty-five dollars~~ $225 from the fund per student count if the school meets both of the following criteria:

(i) At the time the test prescribed in item (ii) of this subdivision is administered, fewer than sixty percent of the pupils who are enrolled in the school meet the 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, or an equivalent measure recognized for participating in the federal free and reduced-price lunch program and other school programs dependent on a poverty measure, including the community eligibility provision for which free and reduced-price lunch data is not available.

(ii) In results achieved during the spring of 2016, the school performed in the top ten percent of all schools statewide as demonstrated by the average percentage of pupils who obtained a passing score on the mathematics portions of the statewide assessment and the percent of pupils who passed the language arts portions of the statewide assessment.

(b) Each school operated by a school district or charter holder shall receive ~~four hundred dollars~~ $400 from the fund per student count if the school meets both of the following criteria:

(i) At the time that the test prescribed in item (ii) of this subdivision is administered, sixty percent or more of the pupils who are

enrolled in the school meet the 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, or an equivalent measure recognized for participating in the federal free and reduced-price lunch program and other school programs dependent on a poverty measure, including the community eligibility provision for which free and reduced-price lunch data is not available.

(ii) In results achieved during the spring of 2016, the school performed in the top ten percent of schools pursuant to item (i) of this subdivision, as demonstrated by the average percentage of those pupils who obtained a passing score on the mathematics portions of the statewide assessment and the percent of pupils who passed the language arts portions of the statewide assessment.

(c) Each alternative high school that is subject to a specialized rating system and that in 2014 was assigned the equivalent of a letter grade designation of A pursuant to section 15-241 shall receive ~~four hundred dollars~~ $400 from the fund per student count.

2. Beginning in fiscal year 2018-2019:

(a) Each school operated by a school district or charter holder shall receive ~~two hundred twenty-five dollars~~ $225 from the fund per student count if the school has a letter grade designation of A pursuant to section 15-241 from the prior fiscal year and fewer than sixty percent of the pupils who are enrolled in the school meet the 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, or an equivalent measure recognized for participating in the federal free and reduced-price lunch program and other school programs dependent on a poverty measure, including the community eligibility provision in which free and reduced-price lunch data is not available.

(b) Each school operated by a school district or charter holder shall receive ~~four hundred dollars~~ $400 from the fund per student count if the school has a letter grade designation of A pursuant to section 15-241 from the prior fiscal year and sixty percent or more of the pupils who are enrolled in the school meet the 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, or an equivalent measure recognized for participating in the federal free and reduced-price lunch program and other school programs dependent on a poverty measure, including the community eligibility provision in which free and reduced-price lunch data is not available.

C. Any monies received from the results-based funding fund by a school district or charter holder shall be separately accounted for in the school district's or charter holder's annual financial report. ~~Except as provided in this subsection, the monies shall be allocated directly to~~

~~enhance, expand or replicate the school site that generated the results-based funding~~ and shall not supplant monies budgeted or received from any other source that are generally provided to that school.

D. The majority of the monies received from the fund by a school district or charter holder shall be used AT THE SCHOOL THAT EARNED THE RESULTS for teacher salaries, to hire teachers, ~~and to provide for teacher professional development~~ FOR SCHOOL LEADER SALARIES, FOR CLASSROOM SUPPLIES AND FOR OTHER STRATEGIES TO SUSTAIN OUTCOMES FOR STUDENTS AT THAT SCHOOL. A portion of the monies received from the fund by a school district or charter holder may be used for ~~the expansion~~ EXPANDING and ~~replication of~~ REPLICATING that school site as a quality school model. ~~The monies shall be used to sustain and replicate results, to serve more students on a waiting list at a school with a letter grade designation of A or B and to increase salaries for teachers, other classroom staff and school leaders closing the achievement gap in high-poverty schools.~~ For the purposes of this subsection, "~~replication~~ EXPANDING AND REPLICATING" means:

1. PROVIDING FOR COSTS ASSOCIATED WITH adding seats and serving more students at the awarded school site, INCLUDING STUDENTS ON A WAITING LIST.

~~2. Using resources at a different location to improve that school or to sustain or accelerate academic growth.~~

~~3.~~ 2. Mentoring ~~other schools and~~ school leaders AND TEACHERS FROM OTHER SITES to replicate the model ~~or to provide other types of school improvement supports~~ AND INSTRUCTIONAL PRACTICES THAT SHOW RESULTS IN CLOSING THE ACHIEVEMENT GAP.

~~4.~~ 3. Physically expanding THE RESULTS-BASED FUNDING MODEL OR STRATEGIES AT another location TO IMPROVE ACADEMIC OUTCOMES AT THAT LOCATION AND TO ACCELERATE ACADEMIC GROWTH.

~~D.~~ E. Schools ~~receiving~~ THAT ARE NOT RESULTS-BASED FUNDED AND THAT RECEIVE funding ~~pursuant to~~ OR SUPPORT AS DESCRIBED IN subsection ~~C~~ D, ~~paragraph~~ PARAGRAPHS 2~~,~~ AND 3 ~~or 4~~ of this section ~~must show steady improvement after~~ ARE ELIGIBLE TO RECEIVE THAT FUNDING OR SUPPORT FOR NOT MORE THAN three years ~~to remain eligible for funding~~.

F. ON OR BEFORE NOVEMBER 1 OF EACH YEAR, EACH SCHOOL THAT RECEIVED RESULTS-BASED FUNDING IN THE PRIOR FISCAL YEAR SHALL SUBMIT TO THE DEPARTMENT OF EDUCATION A REPORT THAT PROVIDES A BRIEF DESCRIPTION OF HOW THE DOLLARS WERE ALLOCATED PURSUANT TO SUBSECTIONS C AND D OF THIS SECTION. EACH SCHOOL THAT IS NOT RESULTS-BASED FUNDED BUT THAT RECEIVED FUNDING PURSUANT TO SUBSECTION E OF THIS SECTION SHALL SUBMIT A REPORT TO THE DEPARTMENT THAT SPECIFICALLY INDICATES THE NUMBER OF YEARS THE SCHOOL HAS RECEIVED THAT FUNDING. ON OR BEFORE DECEMBER 1 OF EACH YEAR, THE DEPARTMENT OF EDUCATION SHALL COMPILE THE REPORTS FROM EACH LOCAL EDUCATION AGENCY AND PROVIDE THAT INFORMATION TO THE JOINT LEGISLATIVE BUDGET COMMITTEE, THE GOVERNOR'S OFFICE OF STRATEGIC PLANNING AND

BUDGETING AND THE CHAIRPERSONS OF THE EDUCATION COMMITTEES OF THE HOUSE OF REPRESENTATIVES AND THE SENATE, OR THEIR SUCCESSOR COMMITTEES.

G. FOR THE PURPOSES OF THIS SECTION, ONLY STUDENTS WHO ARE ELIGIBLE TO BE INCLUDED IN A SCHOOL'S STUDENT COUNT SHALL BE CONSIDERED IN DETERMINING THAT SCHOOL'S PERCENTAGES OF FREE OR REDUCED-PRICE LUNCH STUDENTS OR OTHER POVERTY INDICATORS.

Sec. 6. Title 15, chapter 2, article 2, Arizona Revised Statutes, is amended by adding section 15-249.15, to read:

15-249.15. Arizona industry credentials incentive program; distributions; report; fund; program termination

A. THE ARIZONA INDUSTRY CREDENTIALS INCENTIVE PROGRAM IS ESTABLISHED WITHIN THE DEPARTMENT OF EDUCATION TO PROVIDE INCENTIVE AWARDS TO SCHOOL DISTRICTS, CHARTER SCHOOLS AND CAREER TECHNICAL EDUCATION DISTRICTS FOR HIGH SCHOOL GRADUATES WHO OBTAIN A CERTIFICATION, CREDENTIAL OR LICENSE THAT IS ACCEPTED BY A VOCATION OR INDUSTRY THROUGH A CAREER TECHNICAL EDUCATION COURSE OR PROGRAM.

B. ON OR BEFORE SEPTEMBER 1 OF EACH YEAR, THE OFFICE OF ECONOMIC OPPORTUNITY SHALL PROVIDE AN IN-DEMAND EDUCATION LIST TO THE DEPARTMENT OF EDUCATION THAT INCLUDES INFORMATION RELATED TO WAGES, BUSINESS GROWTH AND JOB OPENINGS AND THAT IDENTIFIES AND RANKS THE TOP OCCUPATIONS IN EACH INDUSTRY THAT ADDRESS A CRITICAL STATEWIDE, REGIONAL OR LOCAL ECONOMIC NEED. THE OFFICE OF ECONOMIC OPPORTUNITY SHALL INCORPORATE INDUSTRY FEEDBACK AS PART OF THE DEVELOPMENT OF THE IN-DEMAND EDUCATION LIST.

C. ON OR BEFORE OCTOBER 1 OF EACH YEAR, THE DEPARTMENT OF EDUCATION SHALL ALIGN THE OFFICE OF ECONOMIC OPPORTUNITY IN-DEMAND EDUCATION LIST TO THE CAREER TECHNICAL EDUCATION INDUSTRY CREDENTIALS LIST OF APPROVED CAREER TECHNICAL EDUCATION PROGRAMS.

D. ON OR BEFORE FEBRUARY 1 OF EACH YEAR, THE DEPARTMENT OF EDUCATION SHALL CONVENE A QUALITY SKILLS COMMISSION TO BE COMPOSED OF INDIVIDUALS FROM THE OFFICE OF ECONOMIC OPPORTUNITY, THE DEPARTMENT OF EDUCATION, THE ARIZONA COMMERCE AUTHORITY, SCHOOL DISTRICTS, CHARTER SCHOOLS, CAREER TECHNICAL EDUCATION DISTRICTS, INDUSTRY PARTNERS AND BUSINESS ORGANIZATIONS TO REVIEW A SEPARATE CAREER TECHNICAL EDUCATION INDUSTRY CREDENTIAL LIST THAT INCLUDES ONLY THOSE CERTIFICATES, CREDENTIALS AND LICENSES THAT WOULD QUALIFY FOR THE ARIZONA INDUSTRY CREDENTIAL INCENTIVE PROGRAM.

E. ON OR BEFORE MARCH 1 OF EACH YEAR, THE DEPARTMENT OF EDUCATION SHALL PUBLISH AND POST ON ITS WEBSITE AND SUBMIT TO THE JOINT LEGISLATIVE BUDGET COMMITTEE FOR REVIEW THE CAREER TECHNICAL EDUCATION INDUSTRY CREDENTIALS LIST THAT INCLUDES ONLY THOSE CERTIFICATES, CREDENTIALS AND LICENSES THAT WOULD QUALIFY FOR THE ARIZONA INDUSTRY CREDENTIALS INCENTIVE PROGRAM IN THE SUBSEQUENT SCHOOL YEAR.

F. BEGINNING IN FISCAL YEAR 2020-2021, THE DEPARTMENT OF EDUCATION SHALL PAY AN INCENTIVE AWARD OF $1,000 TO SCHOOL DISTRICTS, CHARTER

SCHOOLS AND CAREER TECHNICAL EDUCATION DISTRICTS FOR EACH STUDENT WHO MEETS BOTH OF THE FOLLOWING CONDITIONS:

1. DEMONSTRATES COMPLETION OF HIGH SCHOOL GRADUATION REQUIREMENTS PURSUANT TO SECTION 15-701.01 IN THE SECOND SCHOOL YEAR PRECEDING THE BUDGET YEAR.

2. COMPLETES A PROGRAM RESULTING IN A QUALIFYING CERTIFICATE, CREDENTIAL OR LICENSE THAT IS INCLUDED ON THE CAREER TECHNICAL EDUCATION INDUSTRY CREDENTIALS LIST PURSUANT TO SUBSECTION E OF THIS SECTION OR THAT WAS INCLUDED ON THE LIST AT THE TIME THE STUDENT BEGAN THE PROGRAM.

G. IF THE STATEWIDE SUM OF THE INCENTIVE AWARDS PURSUANT TO SUBSECTION F OF THIS SECTION EXCEEDS THE AMOUNT OF AVAILABLE MONIES APPROPRIATED FOR INCENTIVE AWARDS, THE MONIES SHALL BE REDUCED PROPORTIONALLY TO COVER ALL ELIGIBLE INCENTIVE AWARDEES. A STUDENT AT THE PUBLIC SCHOOL MAY GENERATE ONLY ONE $1,000 AWARD EVEN IF THE STUDENT EARNS MORE THAN ONE QUALIFIED CERTIFICATE, CREDENTIAL OR LICENSE. THE DEPARTMENT OF EDUCATION SHALL DISBURSE THE AWARD AMOUNT FOR A STUDENT TO THE SCHOOL DISTRICT, CHARTER SCHOOL OR CAREER TECHNICAL EDUCATION DISTRICT THAT THE STUDENT ATTENDED FOR COURSEWORK RELATED TO THE INDUSTRY CREDENTIAL AWARD BEING PAID ON THAT STUDENT'S BEHALF. IF THE STUDENT RECEIVED THAT COURSEWORK AT MORE THAN ONE SCHOOL DISTRICT, CHARTER SCHOOL OR CAREER TECHNICAL EDUCATION DISTRICT, THE AWARD AMOUNT SHALL BE ALLOCATED ON A PRO RATA BASIS IN A MANNER DETERMINED BY THE DEPARTMENT OF EDUCATION.

H. A SCHOOL DISTRICT, CHARTER SCHOOL OR CAREER TECHNICAL EDUCATION DISTRICT THAT RECEIVES AN INCENTIVE AWARD PURSUANT TO THIS SECTION SHALL SPEND THESE MONIES ON ANY OF THE FOLLOWING:

1. FOR INSTRUCTIONAL COSTS AND PROFESSIONAL DEVELOPMENT FOR A CAREER TECHNICAL EDUCATION PROGRAM TEACHER TO BECOME A CERTIFYING PROFESSIONAL FOR AN APPROVED CERTIFICATE, CREDENTIAL OR LICENSE.

2. TO OFFSET THE STUDENTS' COST OF CERTIFICATION, CREDENTIALING OR LICENSURE.

3. FOR DEVELOPMENTAL COSTS RELATED TO CREATING, EXPANDING OR IMPROVING AN APPROVED SITE OF A CERTIFICATE, CREDENTIAL OR LICENSE CAREER TECHNICAL PROGRAM OR COURSE.

4. FOR INSTRUCTIONAL HARDWARE, SOFTWARE OR SUPPLIES REQUIRED FOR THE CERTIFICATION, CREDENTIALING OR LICENSURE.

5. FOR CAREER EXPLORATION IN ANY SCHOOL GRADE AND AWARENESS ACTIVITIES FOR PARENTS, STUDENTS AND THE COMMUNITY FOR THE APPROVED SECTORS.

I. ANY INCENTIVE AWARD MONIES RECEIVED BY A SCHOOL DISTRICT, CHARTER SCHOOL OR CAREER TECHNICAL EDUCATION DISTRICT PURSUANT TO THIS SUBSECTION SHALL BE SEPARATELY ACCOUNTED FOR IN THE SCHOOL DISTRICT'S, CHARTER SCHOOL'S OR CAREER TECHNICAL EDUCATION DISTRICT'S ANNUAL FINANCIAL REPORT WITHIN THE CAREER TECHNICAL EDUCATION LINE ITEM WITH THE INTENT THAT SCHOOL DISTRICTS, CHARTER SCHOOLS CAREER AND TECHNICAL EDUCATION

DISTRICTS REPORT ON THE EXPENDITURES AS SPECIFIED IN SUBSECTION H OF THIS SECTION.

J. SUBJECT TO REVIEW AND APPROVAL OF THE STATE BOARD OF EDUCATION, THE DEPARTMENT OF EDUCATION SHALL ESTABLISH THE FORMAT OF THE ONLINE APPLICATION, THE SUBMISSION OF DATA, THE REPORTING REQUIREMENTS, INCLUDING SUBMITTAL OF DATA THROUGH A DESIGNATED ONLINE PORTAL, AND AUDIT PROCEDURES FOR THE ARIZONA INDUSTRY CREDENTIALS INCENTIVE PROGRAM.

K. SUBJECT TO THE REVIEW AND APPROVAL OF THE STATE BOARD OF EDUCATION, ON OR BEFORE FEBRUARY 1 OF EACH YEAR, 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 A REPORT THAT SUMMARIZES ALL OF THE FOLLOWING FOR THE PRIOR FISCAL YEAR:

1. THE NUMBER OF STUDENTS AT EACH SCHOOL, BY GRADE LEVEL, WHO WERE ENROLLED IN A CAREER TECHNICAL EDUCATION PROGRAM OR COURSE WITH A QUALIFYING CERTIFICATE, CREDENTIAL OR LICENSE.

2. THE NUMBER OF HIGH SCHOOL GRADUATES AT EACH SCHOOL WHO COMPLETED A CAREER TECHNICAL EDUCATION PROGRAM AND OBTAINED A QUALIFYING CERTIFICATE, CREDENTIAL OR LICENSE.

3. THE INCENTIVE AWARDS DISTRIBUTED TO EACH SCHOOL.

4. THE NUMBER AND TYPES OF CERTIFICATES, CREDENTIALS AND LICENSES OBTAINED BY STUDENTS WHO RECEIVED INCENTIVE AWARDS.

L. THE ARIZONA INDUSTRY CREDENTIALS INCENTIVE FUND IS ESTABLISHED CONSISTING OF MONIES APPROPRIATED FOR THIS PURPOSE. THE DEPARTMENT OF EDUCATION SHALL ADMINISTER THE FUND. MONIES IN THE FUND ARE CONTINUOUSLY APPROPRIATED. MONIES IN THE FUND ARE EXEMPT FROM THE PROVISIONS OF SECTION 35-190 RELATING TO LAPSING OF APPROPRIATIONS.

M. THE PROGRAM ESTABLISHED BY THIS SECTION ENDS ON JULY 1, 2029 PURSUANT TO SECTION 41-3102.

Sec. 7. 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. 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. The hours in which a student is scheduled to attend a common school during the regular school day shall be included in the calculation of the average daily membership for that student.

(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. The hours in which a student is scheduled to attend a common school during the regular school day shall be included in the calculation of the average daily membership for that student.

(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, 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~~ 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~~ 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)~~ (a) For fiscal year 2017-2018, ~~three thousand six hundred eighty-three dollars twenty-seven cents~~ $3,683.27.

~~(i)~~ (b) For fiscal year 2018-2019, ~~three thousand nine hundred sixty dollars seven cents~~ $3,960.07.

(c) FOR FISCAL YEAR 2019-2020, $4,150.43.

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. 8. Section 15-901.07, Arizona Revised Statutes, is amended to read:

15-901.07. Concurrent coursework; calculation of average daily membership; definition

A. A school district or a charter school may include students enrolled in concurrent coursework for the purposes of calculating average daily membership if the school district has received approval from the state board of education or the charter school has received approval from its sponsor to offer concurrent coursework and all of the following apply:

1. A student earns at least three semester hours of credit per semester in the community college or university course.

2. A student is awarded academic credit by the school district or charter school for the concurrent coursework pursuant to section 15-701.01.

3. The concurrent coursework is at a higher level than the course taught at the school district or charter school in grades nine through twelve.

4. A student who is enrolled in concurrent coursework also attends at least one course offered at the school district or charter school per semester.

5. The concurrent coursework is applicable to an established community college academic degree or certificate program that is transferable to a university under the jurisdiction of the Arizona board of regents. Concurrent coursework that is applicable to a community college occupational degree or certificate program may be transferable to a university under the jurisdiction of the Arizona board of regents.

6. The school district or charter school pays the community college or university for the tuition cost of the concurrent coursework or reimburses the student for the tuition cost of the concurrent coursework.

B. A course at a community college or university of three semester hours of credit or more is considered a subject for the purposes of meeting the definition of full-time student prescribed in section 15-901. A course at a community college or university of three semester hours of credit or more is not required to meet one hundred twenty-three hours a year, or the equivalent, to be considered a subject.

C. Instructional hours provided by a community college or university to a student in concurrent coursework shall be included in the

calculation of the average daily membership for that student pursuant to section 15-901.

~~D. Notwithstanding the subject requirements prescribed in section 15-901, the hours in which a student who is enrolled in concurrent coursework attends a high school shall be included in the calculation of the average daily membership for that student.~~

~~E.~~ D. Average daily membership FOR CLASSES AT A COMMUNITY COLLEGE OR UNIVERSITY shall be based on the COMMUNITY COLLEGE OR UNIVERSITY CREDITS EARNED BY ~~combined hours that~~ the student. ~~is enrolled in at the school district or charter school and at the community college or university. Average daily membership shall be calculated by dividing the combined hours by seven hundred twenty, except that if a student in grade nine through twelve participates in Arizona online instruction, average daily membership shall be calculated by dividing the combined hours by nine hundred~~ FOR EACH COMMUNITY COLLEGE OR UNIVERSITY COURSE FOR WHICH THREE CREDITS ARE EARNED, ONE-EIGHTH OF AN AVERAGE DAILY MEMBERSHIP SHALL BE GENERATED. Except as otherwise provided by law, for a full-time high school student who attends concurrent enrollment courses pursuant to this section, the average daily membership may not exceed 1.0.

~~F.~~ E. For the purposes of this section, "concurrent coursework" means courses at a community college under the jurisdiction of a community college district in this state or at a university under the jurisdiction of the Arizona board of regents in the required or elective subjects that satisfy high school graduation requirements pursuant to section 15-701.01.

Sec. 9. Section 15-913, Arizona Revised Statutes, is amended to read:

15-913. Education programs; juvenile detention centers; fund

A. Each county that operates a juvenile detention center shall offer an education program to serve all school-age children in its juvenile detention center. The county school superintendent and the presiding juvenile court judge in each county shall agree on the method of delivery of the juvenile detention center education program.

B. The state board of education shall prescribe standards and achievement testing requirements for county juvenile detention center education programs that ~~shall~~ attempt to ensure that the programs are compatible with public school education goals and requirements. The county school superintendent shall attempt to coordinate the program with each pupil's school district of residence to assist the pupil's transition back to the school district at the appropriate time.

C. A county may operate its juvenile detention center education program through an existing accommodation school.

D. If a county chooses not to operate its juvenile detention center education program through an existing accommodation school, the county school superintendent may establish a detention center education fund to provide financial support to the program. The detention center education

fund for each program shall consist of a base amount plus a variable amount. For fiscal year ~~1994-1995~~ 2019-2020, the base amount is ~~twenty thousand dollars~~ $100,000 and the variable amount shall be determined pursuant to subsection E of this section. Beginning with fiscal year ~~1995-1996~~ 2020-2021, the base amount is the amount for the prior year adjusted by the growth rate prescribed by law, subject to appropriation. The base amount and variable amount for each county or counties served shall be funded with state general fund monies, subject to appropriation. The county school superintendent must submit claims for payments to the ~~state~~ superintendent of public instruction. The county school superintendent shall deposit the payments into the detention center education fund. ANY EXCESS MONIES IN THE DETENTION CENTER EDUCATION FUND SHALL BE USED TO SUPPLEMENT CLASSROOM SPENDING.

E. The variable amount shall be determined as follows:

1. Determine the number of days in the prior fiscal year that each child who had been in the detention center for more than forty-eight hours received an instructional program of at least two hundred forty minutes. ~~No~~ A school district may NOT count a child as being in attendance in that school district on a day that the child is counted for the purposes of this paragraph.

2. Multiply the number of days determined under paragraph 1 of this subsection by the following amount:

(a) For fiscal year ~~1994-1995~~ 2019-2020, ~~fifteen dollars~~ $25.

(b) For fiscal year ~~1995-1996~~ 2020-2021 and thereafter, the amount for the prior year adjusted by the growth rate prescribed by law, subject to appropriation.

3. For each child with a disability as defined in section 15-761 who had been in the detention center for more than forty-eight hours:

(a) Determine the amount prescribed in section 15-1204, subsection E, paragraph 1 or 2 and add ~~one hundred dollars~~ $100 for capital outlay costs.

(b) Divide the sum determined under subdivision (a) of this paragraph by one hundred seventy-five.

(c) Subtract the amount prescribed in paragraph 2, subdivision (a) or (b) of this subsection from the quotient determined in subdivision (b) of this paragraph.

(d) Determine the number of days in the prior fiscal year that the child received an instructional program of at least two hundred forty minutes.

(e) Multiply the amount determined in subdivision (d) of this paragraph by the difference determined in subdivision (c) of this paragraph.

4. Add the amounts determined in paragraph 3 of this subsection for all children with disabilities.

5. Add the sum determined in paragraph 4 of this subsection to the product determined in paragraph 2 of this subsection. This sum is the variable amount.

F. If a county detention center education program serves more than one county, the county school superintendents and the presiding juvenile court judges of the counties being served shall agree on a county of jurisdiction. The county school superintendent shall deposit into the detention center education fund of the county of jurisdiction monies that are received from the superintendent of public instruction pursuant to this section for all counties served by the county of jurisdiction.

G. If a county operated a juvenile detention center education program through an accommodation school in the year before it begins to operate its juvenile detention center education program as provided in subsection D of this section, for the first year of operation as provided in subsection D of this section, the student count of the accommodation school shall be reduced by the student count attributable to the JUVENILE detention center EDUCATION program.

Sec. 10. 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 ~~2018-2019~~ 2019-2020
0.5 or less	~~2.64~~ 2.69
More than 0.5 through 1.0	~~2.16~~ 2.20
More than 1.0	~~2.64~~ 2.69

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

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

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

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

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

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

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

1. Determine the sum of the following:

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

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

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

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

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

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

Sec. 11. Section 15-972, Arizona Revised Statutes, is amended to read:

15-972. State limitation on homeowner property taxes; additional state aid to school districts; definitions

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

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

1. For a high school district or for a common school district within a high school district that does not offer instruction in high school subjects as provided in section 15-447:

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

(b) Determine ~~the following percentage~~ 47.19 PERCENT of the qualifying tax rate determined in subdivision (a) of this paragraph. ~~:~~

~~(i) Thirty-five percent through December 31, 2005.~~

~~(ii) Thirty-six percent beginning from and after December 31, 2005 through December 31, 2006.~~

~~(iii) Thirty-seven percent beginning from and after December 31, 2006 through December 31, 2007.~~

~~(iv) Thirty-eight percent beginning from and after December 31, 2007 through December 31, 2008.~~

~~(v) Thirty-nine percent beginning from and after December 31, 2008 through December 31, 2009.~~

~~(vi) Forty percent beginning from and after December 31, 2009.~~

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

(c) Select the lesser of the amount determined in subdivision (b) of this paragraph or ~~forty~~ 47.19 percent of the primary property tax rate that would be levied in lieu of ~~the provisions of~~ this section for the district.

(d) Multiply the rate selected in subdivision (c) of this paragraph as a rate per ~~one hundred dollars~~ $100 assessed valuation by the assessed valuation used for primary property taxes of the residential property in the school district.

2. For a unified school district, for a common school district not within a high school district or for a common school district that offers instruction in high school subjects as provided in section 15-447:

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

(b) Determine ~~the following percentage~~ 47.19 PERCENT of the QUALIFYING tax rate determined in subdivision (a) of this paragraph. ~~:~~

~~(i) Thirty-five percent through December 31, 2005.~~

~~(ii) Thirty-six percent beginning from and after December 31, 2005 through December 31, 2006.~~

~~(iii) Thirty-seven percent beginning from and after December 31, 2006 through December 31, 2007.~~

~~(iv) Thirty-eight percent beginning from and after December 31, 2007 through December 31, 2008.~~

~~(v) Thirty-nine percent beginning from and after December 31, 2008 through December 31, 2009.~~

~~(vi) Forty percent beginning from and after December 31, 2009.~~

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

(c) Select the lesser of the amount determined in subdivision (b) of this paragraph or ~~forty~~ 47.19 percent of the primary property tax rate that would be levied in lieu of ~~the provisions of~~ this section for the district.

(d) Multiply the rate selected in subdivision (c) of this paragraph as a rate per ~~one hundred dollars~~ $100 assessed valuation by the assessed valuation used for primary property taxes of the residential property in the district.

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

D. The board of supervisors shall reduce the property tax rate or rates that would be levied in lieu of ~~the provisions of~~ this section by the school district or districts on the assessed valuation used for primary property taxes of the residential property in the school district or districts by the rate or rates selected in subsection B, paragraph 1, subdivision (c) and paragraph 2, subdivision (c) of this section. The excess of the reduction in property taxes for a parcel of property resulting from the reduction in the property tax rate pursuant to this subsection over the amounts listed in this subsection shall be deducted from the amount of additional state aid for education. The reduction in property taxes on a parcel of property resulting from the reduction in the property tax rate pursuant to this subsection shall not exceed ~~the following amounts~~ $600, except as provided in subsection I of this section. ~~:~~

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

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

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

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

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

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

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

F. The clerk of the board of supervisors shall report to the department of revenue not later than September 5 of each year the amount by school district of additional state aid for education and the data used for computing the amount as provided in subsection B of this section. The department of revenue shall verify all of the amounts and report to the board of supervisors not later than September 10 of each year the property

tax rate that shall be used for property tax reduction as provided in subsection E of this section.

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

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

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

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

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

1. Having only one class of outstanding stock.

2. OF WHICH all of the stockholders ~~of which~~ are entitled, solely by reason of their ownership of stock in the corporation, to occupy for dwelling purposes apartments in a building owned or leased by ~~such~~ THE corporation and ~~who~~ THAT are not entitled, either conditionally or unconditionally, except ~~upon~~ ON a complete or partial liquidation of the corporation, to receive any distribution not out of earnings and profits of the corporation.

3. OF WHICH eighty percent or more of the gross income ~~of which~~ is derived from tenant-stockholders. For the purposes of this paragraph, "gross income" means gross income as defined by the United States internal revenue code, as defined in section 43-105.

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

K. Notwithstanding subsection E of this section, ~~beginning in fiscal year 2015-2016,~~ the maximum amount of additional state aid for education that will be funded by this state pursuant to subsection E of this section shall be ~~one million dollars~~ $1,000,000 per county. For any county with a school district or districts that collectively would otherwise receive more than ~~one million~~ $1,000,000 in additional state aid for education pursuant to subsection E of this section, the property tax oversight commission established by section 42-17002 shall determine the proportion of the violation of article IX, section 18, Constitution of Arizona, that is attributable to each taxing jurisdiction within the affected school district or districts. Based on those proportions, the property tax oversight commission shall determine an amount that each taxing jurisdiction within the affected school district or districts shall transfer to the affected school district or districts during the fiscal year in order to compensate the affected school district or districts for its pro rata share of the reduction in additional state aid for education funding required by this subsection. In determining the proportion of the violation of article IX, section 18, Constitution of Arizona, that is attributable to each taxing jurisdiction within the affected school district or districts, the property tax oversight commission shall assume a proportion of zero for any taxing jurisdiction that has a tax rate for the fiscal year that is equal to or less than the tax rate of peer jurisdictions, as determined by the property tax oversight commission.

L. For the purposes of this section:

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

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

Sec. 12. Section 15-994, Arizona Revised Statutes, is amended to read:

15-994. State equalization assistance property tax levy

A. The board of supervisors of each county ~~shall annually~~, at the time of levying other taxes, SHALL ANNUALLY levy a state equalization assistance property tax on the property within the county. The tax levy for state equalization assistance shall be at a rate determined pursuant to section 41-1276, EXCEPT THAT IF THE RATE DETERMINED PURSUANT TO SECTION 41-1276 FOR THE PRIOR FISCAL YEAR GENERATED MORE FUNDING THAN WAS NEEDED TO FUND TOTAL EQUALIZATION ASSISTANCE FOR ALL SCHOOL DISTRICTS IN THE COUNTY FOR THE PRIOR FISCAL YEAR PURSUANT TO SECTION 15-971, SUBSECTION C, PARAGRAPH 1, AS DETERMINED BY THE DEPARTMENT OF EDUCATION, THE STATE EQUALIZATION ASSISTANCE PROPERTY TAX RATE FOR THE COUNTY FOR THE CURRENT FISCAL YEAR SHALL EQUAL THE RATE THAT WOULD HAVE GENERATED FOR THAT COUNTY FOR THE PRIOR FISCAL YEAR THE AMOUNT NEEDED TO FUND TOTAL EQUALIZATION

ASSISTANCE FOR ALL SCHOOL DISTRICTS IN THAT COUNTY FOR THE PRIOR FISCAL YEAR PURSUANT TO SECTION 15-971, SUBSECTION C, PARAGRAPH 1, AS DETERMINED BY THE DEPARTMENT. ON OR BEFORE AUGUST 1 OF EACH FISCAL YEAR, THE DEPARTMENT SHALL NOTIFY THE BOARD OF SUPERVISORS OF A COUNTY OF THE STATE EQUALIZATION PROPERTY TAX RATE THAT WOULD HAVE GENERATED FOR THE COUNTY FOR THE PRIOR FISCAL YEAR THE AMOUNT NEEDED TO FUND TOTAL EQUALIZATION ASSISTANCE FOR ALL SCHOOL DISTRICTS IN THAT COUNTY FOR THE PRIOR FISCAL YEAR PURSUANT TO SECTION 15-971, SUBSECTION C, PARAGRAPH 1, IF THAT RATE IS LOWER THAN THE RATE DETERMINED FOR THE COUNTY FOR THE PRIOR FISCAL YEAR PURSUANT TO SECTION 41-1276. The tax levy provided for in this section ~~shall~~ IS not ~~be~~ subject to title 42, chapter 17, articles 2 and 3. Except as provided in section 15-365, the county treasurer shall apportion all monies collected from the state equalization assistance property tax levy to the school districts within the county in accordance with section 15-971, subsection C at the same time as other tax levy monies are apportioned as provided in section 42-18001.

B. At the same time the county assessor is required to transmit values to the county school superintendent as provided in section 42-17052, the assessor of each county shall provide in AN electronic format to the superintendent of public instruction the assessed valuation used for determining the primary property tax rate and the secondary property tax rate for each school district in the county. On or before January 15, the county assessor of each county shall provide in AN electronic format to the superintendent of public instruction the actual assessed valuation used for determining the primary property tax rate and the secondary property tax rate for each school district in the county, including any revisions made due to changes in the valuation of personal property after the tax rates were determined.

Sec. 13. Section 15-1323, Arizona Revised Statutes, is amended to read:

15-1323. Board of directors; fund; powers and duties

A. The board may bring actions and proceedings necessary to protect the interests of the schools. Such proceedings shall be instituted in the name of the Arizona state schools for the deaf and the blind.

B. The board shall be trustee of all donations of lands, monies or other things of value for the benefit of the schools. Notwithstanding title 35, chapters 1 and 2, the board may invest monies donated to the school through a contract with an investment specialist. The superintendent of the schools shall annually report to the board on the use of monies received as donations or income from donations.

C. The board shall maintain an enterprise fund in which shall be retained fees, rentals and other charges received for the use of school facilities for nonschool events. ~~Monies in the enterprise fund may be used only to pay costs associated with operating facilities for the purpose for which the monies were received.~~

D. The board shall:

1. Provide from the funds appropriated for the schools all the necessary staff, services, supplies and equipment.

2. Prescribe the system of records and accounts for the schools.

3. Cause to be kept a record of all important papers.

4. Cause to be kept a set of books and accounts ~~which~~ THAT show every transaction made, every appropriation by the legislature for the schools, the purchase, storage and consumption of supplies for subsistence, construction and other purposes, receipts from all sources and all expenditures made.

E. Books and records of the schools shall be open to public inspection, unless otherwise restricted by law.

Sec. 14. Section 15-2011, Arizona Revised Statutes, is amended to read:

15-2011. Minimum school facility adequacy requirements; definition

A. The school facilities board, as determined and prescribed in this chapter, shall provide funding to school districts for new construction as the number of pupils in the district fills the existing school facilities and requires more pupil space.

B. School buildings in a school district are adequate if all of the following requirements are met:

1. The buildings contain sufficient and appropriate space and equipment that comply with the minimum school facility adequacy guidelines established pursuant to subsection F of this section. The state shall not fund facilities for elective courses that require the school district facilities to exceed minimum school facility adequacy requirements. The school facilities board shall determine whether a school building meets the requirements of this paragraph by analyzing the total square footage that is available for each pupil in conjunction with the need for specialized spaces and equipment.

2. The buildings are in compliance with federal, state and local building and fire codes and laws that are applicable to the particular building, except that a school with an aggregate area of less than five thousand square feet is subject to permitting and inspection by a local fire marshal and is only subject to regulation or inspection by the 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~~ PROJECTED ONE HUNDREDTH DAY average daily membership FOR THE CURRENT SCHOOL YEAR.

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.

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. Section 15-2022, Arizona Revised Statutes, is amended to read:

15-2022. Emergency deficiencies correction fund; definition

A. ~~An~~ THE emergency deficiencies correction fund is established consisting of monies transferred from the new school facilities fund established by section 15-2041. The school facilities board shall administer the EMERGENCY DEFICIENCIES CORRECTION fund and distribute monies in accordance with the rules of the school facilities board to

school districts for emergency purposes. The school facilities board shall not transfer monies from the new school facilities fund if the transfer will affect, interfere with, disrupt or reduce any capital projects that the school facilities board has approved pursuant to section 15-2041. The school facilities board shall transfer to the emergency deficiencies correction fund the amount necessary each fiscal year to fulfill the requirements of this section. WITHIN THIRTY DAYS AFTER TRANSFERRING MONIES TO THE EMERGENCY DEFICIENCIES CORRECTION FUND, THE SCHOOL FACILITIES BOARD SHALL REPORT TO THE DIRECTOR OF THE JOINT LEGISLATIVE BUDGET COMMITTEE AND THE DIRECTOR OF THE GOVERNOR'S OFFICE OF STRATEGIC PLANNING AND BUDGETING THE AMOUNT AND SOURCE OF THE TRANSFER. Monies in the EMERGENCY DEFICIENCIES CORRECTION fund are continuously appropriated and are exempt from the provisions of section 35-190 relating to lapsing of appropriations.

B. If the school facilities board determines that there are insufficient monies in the emergency deficiencies correction fund to correct an emergency, the school district may correct the emergency pursuant to section 15-907.

C. If a school district has an emergency, the school district shall apply to the school facilities board for funding for the emergency. The school district's application shall disclose any insurance or building renewal monies available to the school district to pay for the emergency.

D. The school facilities board staff shall acknowledge receipt of the school district's application for emergency deficiencies funding in writing within five business days ~~of~~ AFTER receiving the application. The school facilities board staff shall include in the written acknowledgement of receipt to the school district any investigative, study or informational requirements from the school district, along with an estimated timeline to complete the requirements, necessary for the school facilities board staff to make a recommendation for funding to the school facilities board.

E. For the purposes of this section, "emergency" means a serious need for materials, services or construction or expenses in excess of the SCHOOL district's adopted budget for the current fiscal year that seriously threatens the functioning of the school district, the preservation or protection of property or public health, welfare or safety.

Sec. 16. 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~~ ON OR BEFORE SEPTEMBER 1 and shall request monies from the new school facilities fund for the new construction or land. The school facilities board may require a school district to sell land that was previously purchased entirely with monies provided by the school facilities board if the school facilities board determines that the property is no longer needed within the ten-year 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 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~~ 15 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~~ PROJECTIONS INDICATE that additional space ~~would~~ WILL not ~~have been~~ BE needed ~~during the current school year~~ WITHIN THE NEXT TWO SCHOOL YEARS 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~~ PROJECTIONS INDICATE that additional space ~~would have been~~ WILL BE needed ~~during the current school year~~ WITHIN THE NEXT TWO SCHOOL YEARS 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~~ $90 for preschool children with disabilities, kindergarten programs and grades one through six, ~~ninety-five dollars~~ $95 for grades seven and eight and ~~one hundred ten dollars~~ $110 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 career 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 1 of this subsection on or before December ~~1~~ 15 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. THE SCHOOL FACILITIES BOARD MAY DECLINE A PORTION OF THE FUNDING IF A PORTION OF THE SQUARE FOOTAGE IS NO LONGER NEEDED 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 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 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. 17. Title 15, chapter 19, article 1, Arizona Revised Statutes, is amended by adding section 15-2405, to read:

15-2405. Department of education; third-party administrator

THE DEPARTMENT OF EDUCATION SHALL CONTRACT WITH A THIRD-PARTY ADMINISTRATOR TO ASSIST THE DEPARTMENT IN THE FINANCIAL ADMINISTRATION OF ARIZONA EMPOWERMENT SCHOLARSHIP ACCOUNTS.

Sec. 18. Section 41-1276, Arizona Revised Statutes, is amended to read:

41-1276. Truth in taxation levy for equalization assistance to school districts

A. On or before February 15 of each year, the joint legislative budget committee shall compute and transmit the truth in taxation rates for equalization assistance for school districts for the following fiscal year to:

1. The chairmen of the house of representatives ways and means committee and the senate finance committee, or their successor committees.

2. The chairmen of the appropriations committees of the senate and the house of representatives, or their successor committees.

B. The truth in taxation rates consist of the qualifying tax rate for a high school district or a common school district within a high school district that does not offer instruction in high school subjects pursuant to section 15-971, subsection B, paragraph 1, a qualifying tax rate for a unified district, a common school district not within a high school district or a common school district within a high school district that offers instruction in high school subjects pursuant to section 15-971, subsection B, paragraph 2 and a state equalization assistance property tax rate pursuant to section 15-994 that will offset the change

in net assessed valuation of property that was subject to tax in the prior year.

C. The joint legislative budget committee shall compute the truth in taxation rates as follows:

1. Determine the statewide net assessed value for the preceding tax year as provided in section 42-17151, subsection A, paragraph 3.

2. Determine the statewide net assessed value for the current tax year, excluding the net assessed value of property that was not subject to tax in the preceding year.

3. Divide the amount determined in paragraph 1 of this subsection by the amount determined in paragraph 2 of this subsection.

4. Adjust the qualifying tax rates and the state equalization assistance property tax rate for the current fiscal year by the percentage determined in paragraph 3 of this subsection in order to offset the change in net assessed value.

D. Except as provided in subsections E and G of this section, the qualifying tax rate for a high school district or a common school district within a high school district that does not offer instruction in high school subjects, the qualifying tax rate for a unified school district, a common school district not within a high school district or a common school district within a high school district that offers instruction in high school subjects and the state equalization assistance property tax rate for the following fiscal year shall be the rate determined by the joint legislative budget committee pursuant to subsection C of this section. The committee shall transmit the rates to the superintendent of public instruction and the county boards of supervisors by March 15 each year.

E. If the legislature proposes either qualifying tax rates or a state equalization assistance property tax rate that exceeds the truth in taxation rate:

1. The house of representatives ways and means committee and the senate finance committee, or their successor committees, shall hold a joint hearing on or before February 28 and publish a notice of a truth in taxation hearing ~~that meets~~ SUBJECT TO the following requirements:

(a) The notice shall be published twice in a newspaper of general circulation in this state that is published at the state capital. The first publication shall be at least fourteen but not more than twenty days before the date of the hearing. The second publication shall be at least seven but not more than ten days before the date of the hearing.

(b) The notice shall be published in a location other than the classified or legal advertising section of the newspaper.

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

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

Truth in Taxation Hearing
Notice of Tax Increase

In compliance with section 41-1276, Arizona Revised Statutes, the state legislature is notifying property taxpayers in Arizona of the legislature's intention to raise the property tax levy over last year's level.

The proposed tax increase will cause the taxes on a $100,000 home to be $(total proposed taxes including the tax increase). Without the proposed tax increase, the total taxes that would be owed on a $100,000 home would have been $_____.

All interested citizens are invited to attend a public hearing on the tax increase that is scheduled to be held (date and time) at (location).

(e) For purposes of computing the tax increase on a ~~one hundred thousand dollar~~ $100,000 home as required by the notice, the joint meeting of the house of representatives ways and means committee and the senate finance committee, or their successor committees, shall consider the difference between the truth in taxation rate and the proposed increased rate.

2. The joint meeting of the house of representatives ways and means committee and the senate finance committee, or their successor committees, shall consider any motion to recommend the proposed tax rates to the full legislature by roll call vote.

F. In addition to publishing the truth in taxation notice under subsection E, paragraph 1 of this section, the joint meeting of the house of representatives ways and means committee and the senate finance committee, or their successor committees, shall issue a press release containing the truth in taxation notice.

G. Notwithstanding any other law, the legislature shall not adopt a state budget that provides for either qualifying tax rates pursuant to section 15-971 or a state equalization assistance property tax rate pursuant to section 15-994 that exceeds the truth in taxation rates computed pursuant to subsection A of this section unless the rates are adopted by a concurrent resolution approved by an affirmative roll call vote of two-thirds of the members of each house of the legislature before the legislature enacts the general appropriations bill. If the resolution is not approved by two-thirds of the members of each house of the legislature, the rates for the following fiscal year shall be the truth in taxation rates determined pursuant to subsection C of this section and shall be transmitted to the superintendent of public instruction and the county boards of supervisors.

H. Notwithstanding subsection C of this section and if approved by the qualified electors voting at a statewide general election, the legislature shall not set a qualifying tax rate that exceeds $2.1265 for a common or high school district or $4.253 for a unified school district. The legislature shall not set a county equalization assistance for education rate that exceeds $0.5123.

I. Pursuant to subsection C of this section, the qualifying tax rate in tax year ~~2008~~ 2019 for a high school district or a common school district within a high school district that does not offer instruction in high school subjects as provided in section 15-447 is ~~$1.4622~~ $1.8954 and for a unified school district, a common school district not within a high school district or a common school district within a high school district that offers instruction in high school subjects as provided in section 15-447 is ~~$2.9244~~ $3.7908. ~~The state equalization assistance property tax rate in tax years 2006, 2007 and 2008 is zero.~~ The state equalization assistance property tax rate in tax year ~~2009 shall be computed by annually adjusting the tax year 2005 rate of $0.4358 as provided by this section through tax year 2009~~ 2019 IS $0.4566.

Sec. 19. Laws 2017, chapter 284, section 1 is amended to read:

Section 1. High-quality teacher professional development pilot program; annual report; program termination; delayed repeal; definitions

A. The department of education shall establish a high-quality teacher professional development pilot program and issue scholarships or grants, or both, on a competitive basis as determined by the department, to qualified applicants in order to obtain high-quality teacher professional development from a qualifying postsecondary institution that will support certificated teachers in gaining additional credentials and certifications to teach in high-need content areas. Scholarships and grants issued pursuant to this subsection may not exceed ~~two thousand dollars~~ $2,000 per qualified applicant. Any qualified applicant who receives a scholarship or grant pursuant to this subsection shall agree to teach in a public school in this state for at least three additional years after completing the coursework or program at a qualifying postsecondary institution. A qualified applicant who accepts a scholarship or grant pursuant to this subsection and who does not teach in a public school in this state for at least three additional years after completing the coursework or program at a qualifying postsecondary institution shall be required to pay back the full amount of the scholarship or grant in a manner to be determined by the department. THE DEPARTMENT MAY RETAIN UP TO THREE PERCENT OF THE MONIES APPROPRIATED FOR THE PILOT PROGRAM TO OFFSET ADMINISTRATIVE COSTS.

B. On or before November 1 of each year of the pilot program, the department of education shall submit to the governor, the president of the senate and the speaker of the house of representatives a report that

summarizes the results of the pilot program. The department shall provide a copy of this report to the secretary of state.

C. The pilot program established pursuant to this section ends on July 1, ~~2020~~ 2023.

D. This section is repealed from and after July 1, ~~2022~~ 2025.

E. For the purposes of this section:

1. "High-need content area" means any math, science, technology, engineering or career and technical education content.

2. "Qualified applicant" means a teacher who is certificated in this state by the state board of education pursuant to section 15-203, Arizona Revised Statutes, and who is currently teaching in a public school in this state.

3. "Qualifying postsecondary institution" means a regionally or nationally accredited public or private postsecondary educational institution in this state.

Sec. 20. Laws 2018, chapter 285, section 27 is amended to read:

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~~ $128,734,900.

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. 21. Laws 2018, chapter 285, section 28 is amended to read:

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~~ $6,814,400.
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. 22. Laws 2018, chapter 289, section 3 is amended to read:

Sec. 3. American civics education pilot program; reporting requirements; fund; delayed repeal

A. The department of education shall develop a five-year pilot program to begin in the 2019-2020 school year for American civics education in grades nine through twelve to enhance the focus on American civics education in schools selected to participate in the pilot program. The department of education shall develop application procedures and selection criteria for school districts, district schools and charter schools that voluntarily decide to participate in the pilot program for five consecutive years. The number of school districts, district schools and charter schools selected to participate in the pilot program shall proportionally reflect the number of school districts, district schools and charter schools in Arizona. School districts that apply to participate in the pilot program may apply for either of the entire school district or one or multiple schools within the school district to participate. The state board of education shall approve each school district, district school and charter school selected by the department of education to participate in the pilot program.

B. The department of education shall consider the extent to which a school district, district school or charter school that applies to participate in the pilot program currently provides American civics education for high school students and shall prioritize school districts, district schools and charter schools that it determines currently provide fewer instructional hours on American civics education.

C. Each school district, district school or charter school selected to participate in the pilot program shall:

1. Administer the assessment of American civics education selected pursuant to subsection D of this section.

2. Require at least one American civics course lasting at least one school semester. The curriculum for American civics courses offered through the pilot program shall be determined by the individual school or school district and may be administered through a digital software program.

D. The department of education shall:

1. Subject to approval by the state board of education, submit a request for proposals to assessment providers to deliver an assessment of American civics education that the department of education determines to be a more rigorous measure of American civics education than the test that is identical to the civics portion of the naturalization test used by the United States citizenship and immigration services pursuant to section 15-701.01, Arizona Revised Statutes, and that can be made available to pupils in high schools selected to participate in the pilot program.

2. Establish the format of the applications, application procedures and selection criteria for assessment providers that wish to submit a proposal to deliver a qualifying American civics education assessment pursuant to this subsection.

3. Subject to approval by the state board of education, select and award a contract to one assessment provider to deliver the American civics education assessment pursuant to this subsection.

4. Subject to approval by the state board of education, determine the cut score on the assessment selected pursuant to this subsection to determine proficiency in American civics education pursuant to this section.

E. The assessment selected pursuant to subsection D of this section is required to be administered to each pupil attending a participating high school. School districts, district schools and charter schools selected to participate in the pilot program are exempt from administering the test that is identical to the civics portion of the naturalization test used by the United States citizenship and immigration services pursuant to section 15-701.01, Arizona Revised Statutes.

F. If the department of education determines on an annual basis that a school or school district is not adequately educating pupils participating in the pilot program the department may terminate the participation of a school or school district in the pilot program, subject to approval by the state board of education. The department of education shall consider the performance of pupils on the assessment selected pursuant to subsection D of this section when considering the termination of the participation of a school or school district in the pilot program.

G. On or before September 31, 2019, the department of education shall submit to the governor, the president of the senate and the speaker of the house of representatives a progress report on the development and administration of the pilot program established pursuant to this section. The department shall submit a copy of this report to the secretary of state.

H. On or before September 1, 2020 and each year thereafter through the 2023-2024 school year, the department of education shall submit a report detailing pupil results on the American civics education assessment administered pursuant to subsection D of this section to the governor, the president of the senate, the speaker of the house of representatives and the state board of education. The department of education shall submit a copy of this report to the secretary of state.

I. The American civics education fund is established consisting of legislative appropriations and other monies transferred to the fund. The department of education shall administer the fund. Monies in the fund are ~~subject to legislative appropriation~~ CONTINUOUSLY APPROPRIATED. Monies in the fund shall be used for the American civics education pilot program established pursuant to this section. Monies in the fund are exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations.

J. This section is repealed from and after December 31, 2024.

Sec. 23. Small school weight for charter schools not sponsored by the state board for charter schools

Notwithstanding section 15-185, subsection B, paragraph 1, subdivision (b), Arizona Revised Statutes, or any interpretation of that law:

1. The department of education shall allocate to charter schools that are sponsored by entities other than the state board for charter schools the full amount of the small school weight prescribed in section 15-943, paragraph 1, Arizona Revised Statutes, through fiscal year 2019-2020, including restoring any monies previously withheld based on section 15-185, subsection B, paragraph 1, subdivision (b), Arizona Revised Statutes.

2. The department of education may not seek repayment of monies that were allocated in prior fiscal years for the small school weight from charter schools that are sponsored by entities other than the state board for charter schools pursuant to section 15-185, subsection B, paragraph 1, Arizona Revised Statutes.

3. For fiscal year 2020-2021, the department of education shall provide charter schools that are sponsored by entities other than the state board for charter schools sixty-seven percent of the small school weight prescribed in section 15-943, paragraph 1, Arizona Revised Statutes.

4. For fiscal year 2021-2022, the department of education shall provide charter schools that are sponsored by entities other than the state board for charter schools thirty-three percent of the small school weight prescribed in section 15-943, paragraph 1, Arizona Revised Statutes.

Sec. 24. General budget limit increase; school districts in a county with state equalization assistance property tax levies exceeding equalization assistance; fiscal year 2019-2020

A. The general budget limit for a school district that in fiscal year 2018-2019 was in a county in which state equalization assistance property tax levies pursuant to section 15-994, Arizona Revised Statutes, exceeded total equalization assistance for all school districts in the county pursuant to section 15-971, subsection C, paragraph 1, Arizona Revised Statutes, shall be increased for fiscal year 2019-2020 by:

1. $300,000 above the amount that otherwise would be computed for the school district for fiscal year 2019-2020 pursuant to section 15-947, Arizona Revised Statutes, if in fiscal year 2017-2018 the school district had total attending average daily membership of at least three hundred but less than four hundred pupils according to the annual report of the superintendent of public instruction for fiscal year 2017-2018.

2. $46,000 above the amount that otherwise would be computed for the school district for fiscal year 2019-2020 pursuant to section 15-947, Arizona Revised Statutes, if in fiscal year 2017-2018 the school district had total attending average daily membership of at least five but less than fifteen pupils according to the annual report of the superintendent of public instruction for fiscal year 2017-2018.

B. A school district that receives a general budget limit increase in fiscal year 2019-2020 pursuant to subsection A of this section shall fund that increase with prior-year carryforward monies rather than through an increase in its primary or secondary property tax rates and shall use the increase only to fund capital items.

Sec. 25. Results-based funding; allocation formula; fiscal year 2019-2020

Notwithstanding section 15-249.08, subsection B, paragraph 2, Arizona Revised Statutes, for fiscal year 2019-2020, the department of education shall distribute monies from the results-based funding fund established by section 15-249.08, Arizona Revised Statutes, as follows:

1. Each school operated by a school district or charter holder shall receive $225 per student count from the fund if both of the following apply:

(a) At the time the test prescribed in subdivision (b) of this paragraph was administered, fewer than sixty percent of the pupils who were enrolled in the school met the 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, or an equivalent measure recognized for participating in the federal free and reduced-price lunch program and other school programs dependent on a poverty measure, including the community eligibility provision for which free and reduced-price lunch data is not available.

(b) In results achieved during the spring of 2018, the school performed in the top thirteen percent of all schools statewide as demonstrated by the average percentage of pupils who obtained a passing score on the mathematics portions of the statewide assessment and the average percentage of pupils who obtained a passing score on the language arts portions of the statewide assessment.

2. Each school operated by a school district or charter holder shall receive $400 per student count from the fund if both of the following apply:

(a) At the time the test prescribed in subdivision (b) of this paragraph was administered, sixty percent or more of the pupils who were enrolled in the school met the 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, or an equivalent measure recognized for participating in the federal free and reduced-price lunch program and other school programs dependent on a poverty measure, including the community eligibility provision for which free and reduced-price lunch data is not available.

(b) In results achieved during the spring of 2018, the school performed in the top thirteen percent of schools pursuant to subdivision (a) of this paragraph, as demonstrated by the average percentage of those pupils who obtained a passing score on the mathematics portions of the statewide assessment and the average percentage of pupils who obtained a passing score on the language arts portions of the statewide assessment.

3. Each school operated by a school district or charter holder shall receive $225 per student count from the fund if both of the following apply:

(a) At the time the test prescribed in subdivision (b) of this paragraph was administered, sixty percent or more of the pupils who were enrolled in the school met the 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, or an equivalent measure recognized for participating in the federal free and reduced-price lunch program and other school programs dependent on a poverty measure, including the community eligibility provision for which free and reduced-price lunch data is not available.

(b) In results achieved during the spring of 2018, the school performed in the top twenty-seven percent but not in the top thirteen percent of schools pursuant to subdivision (a) of this paragraph, as demonstrated by the average percentage of those pupils who obtained a

passing score on the mathematics portions of the statewide assessment and the average percentage of pupils who obtained a passing score on the language arts portions of the statewide assessment.

4. Each alternative high school shall receive $400 per student count from the fund if in the results achieved during testing conducted in the spring of 2018 the school performed in the top twenty-seven percent of schools identified pursuant to paragraph 3, subdivision (a) of this section, as demonstrated by the average percentage of those pupils who obtained a passing score on the mathematics portions of the statewide assessment and the average percentage of pupils who obtained a passing score on the language arts portions of the statewide assessment. An alternative high school is eligible for funding under this paragraph only if it reports the average percentage of pupils who obtained a passing score on both the mathematics portions of the statewide assessment and the language arts portions of the statewide assessment during testing conducted in the spring of 2018.

Sec. 26. Retroactivity

Section 15-249.06, Arizona Revised Statutes, as amended by this act, applies retroactively to from and after June 30, 2018.

Sec. 27. Intent

The governor and the legislature intend 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.

APPROVED BY THE GOVERNOR MAY 31, 2019.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 31, 2019.

Passed the House May 24, 2019

by the following vote: 31 Ayes,

28 Nays, 1 Not Voting

Speaker of the House

☑ Pro Tempore

Chief Clerk of the House

Passed the Senate May 27, 2019

by the following vote: 17 Ayes,

12 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

27th day of May, 2019

at 9:25 o'clock P M.

Secretary to the Governor

Approved this 31st day of

May 2019

at 8:05 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 31 day of May, 2019

at 8:42 o'clock A. M.

Secretary of State

H.B. 2749