

State of Arizona
House of Representatives
Forty-seventh Legislature
Second Regular Session
2006

HOUSE BILL 2485

AN ACT

AMENDING SECTION 15-185, ARIZONA REVISED STATUTES; RELATING TO CHARTER SCHOOLS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 15-185, Arizona Revised Statutes, is amended to
3 read:

4 15-185. Charter schools; financing; definitions

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

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

19 2. A school district is not financially responsible for any charter
20 school that is sponsored by the state board of education or the state board
21 for charter schools.

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

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

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

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

1 5. A school district that sponsors a charter school is not eligible to
2 include the charter school pupils in its student count for the purpose of
3 computing an increase in its capital outlay revenue limit as provided in
4 section 15-961, subsection C, except that if the charter school was
5 previously a school in the district, the district may include in its student
6 count any charter school pupils who were enrolled in the school district in
7 the prior year.

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

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

22 B. Financial provisions for a charter school that is sponsored by the
23 state board of education or the state board for charter schools are as
24 follows:

25 1. The charter school shall calculate a base support level as
26 prescribed in section 15-943, except that sections 15-941 and 15-942 do not
27 apply to these charter schools.

28 2. Notwithstanding paragraph 1 of this subsection, the student count
29 shall be determined initially using an estimated student count based on
30 actual registration of pupils before the beginning of the school year. After
31 the first one hundred days or two hundred days in session, as applicable, the
32 charter school shall revise the student count to be equal to the actual
33 average daily membership, as defined in section 15-901, or the adjusted
34 average daily membership, as prescribed in section 15-902, of the charter
35 school. Before the one hundredth day or two hundredth day in session, as
36 applicable, the state board of education or the state board for charter
37 schools may require a charter school to report periodically regarding pupil
38 enrollment and attendance and the department of education may revise its
39 computation of equalization assistance based on the report. A charter school
40 shall revise its student count, base support level and additional assistance
41 before May 15. A charter school that overestimated its student count shall
42 revise its budget before May 15. A charter school that underestimated its
43 student count may revise its budget before May 15.

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

5 4. Equalization assistance for the charter school shall be determined
6 by adding the amount of the base support level and additional assistance.
7 The amount of the additional assistance is ~~one thousand three hundred thirty~~
8 **ONE THOUSAND THREE HUNDRED EIGHTY-FIVE** dollars five cents per student count
9 in kindergarten programs and grades one through eight and ~~one thousand five~~
10 ~~hundred fifty~~ **ONE THOUSAND SIX HUNDRED FIVE** dollars fourteen cents per
11 student count in grades nine through twelve.

12 5. The state board of education shall apportion state aid from the
13 appropriations made for such purposes to the state treasurer for disbursement
14 to the charter schools in each county in an amount as determined by this
15 paragraph. The apportionments shall be made in twelve equal installments of
16 the total amount to be apportioned during the fiscal year on the fifteenth
17 day of each month of the fiscal year.

18 6. Notwithstanding paragraph 5 of this subsection, if sufficient
19 appropriated monies are available after the first forty days in session of
20 the current year, a charter school may request additional state monies to
21 fund the increased state aid due to anticipated student growth through the
22 first one hundred days or two hundred days in session, as applicable, of the
23 current year as provided in section 15-948. In no event shall a charter
24 school have received more than three-fourths of its total apportionment
25 before April 15 of the fiscal year. Early payments pursuant to this
26 subsection must be approved by the state treasurer, the director of the
27 department of administration and the superintendent of public instruction.

28 7. The charter school shall not charge tuition, levy taxes or issue
29 bonds.

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

36 C. If a pupil is enrolled in both a charter school and a public school
37 that is not a charter school, the sum of the daily membership, which includes
38 enrollment as prescribed in section 15-901, subsection A, paragraph 2,
39 subdivisions (a) and (b) and daily attendance as prescribed in section
40 15-901, subsection A, paragraph 6, for that pupil in the school district and
41 the charter school shall not exceed 1.0. If a pupil is enrolled in both a
42 charter school and a public school that is not a charter school, the
43 department of education shall direct the average daily membership to the
44 school with the most recent enrollment date. Upon validation of actual
45 enrollment in both a charter school and a public school that is not a charter

1 school and if the sum of the daily membership or daily attendance for that
2 pupil is greater than 1.0, the sum shall be reduced to 1.0 and shall be
3 apportioned between the public school and the charter school based on the
4 percentage of total time that the pupil is enrolled or in attendance in the
5 public school and the charter school. The uniform system of financial
6 records shall include guidelines for the apportionment of the pupil
7 enrollment and attendance as provided in this section.

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

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

21 2. For a charter school sponsored by the state board of education or
22 the state board for charter schools, the total of the base support level, the
23 capital outlay revenue limit, the soft capital allocation and the additional
24 assistance shall not be less than zero.

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

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

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

41 G. At the request of a charter school, the county school
42 superintendent of the county where the charter school is located may provide
43 the same educational services to the charter school as prescribed in section
44 15-308, subsection A. The county school superintendent may charge a fee to
45 recover costs for providing educational services to charter schools.

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

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

21 J. For the purposes of this section:

22 1. "Monies intended for the basic maintenance and operations of the
23 school" means monies intended to provide support for the educational program
24 of the school, except that it does not include supplemental assistance for a
25 specific purpose or P.L. 81-874 monies. The auditor general shall determine
26 which federal or state monies meet the definition in this paragraph.

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