

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

# HOUSE BILL 2830

AN ACT

AMENDING SECTION 15-901, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 9, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-901.04; AMENDING SECTIONS 15-942, 15-945 AND 15-2031, ARIZONA REVISED STATUTES; RELATING TO SCHOOL FINANCE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 15-901, Arizona Revised Statutes, is amended to  
3 read:

4 15-901. Definitions

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

6 1. "Average daily attendance" or "ADA" means actual average daily  
7 attendance through the first one hundred days or two hundred days in session,  
8 as applicable.

9 2. "Average daily membership" means the total enrollment of fractional  
10 students and full-time students, minus withdrawals, of each school day  
11 through the first one hundred days or two hundred days in session, as  
12 applicable, for the current year. Withdrawals include students formally  
13 withdrawn from schools and students absent for ten consecutive school days,  
14 except for excused absences as identified by the department of education.  
15 For computation purposes, the effective date of withdrawal shall be  
16 retroactive to the last day of actual attendance of the student.

17 (a) "Fractional student" means:

18 (i) For common schools, until fiscal year 2001-2002, a preschool child  
19 who is enrolled in a program for preschool children with disabilities of at  
20 least three hundred sixty minutes each week or a kindergarten student at  
21 least five years of age prior to January 1 of the school year and enrolled in  
22 a school kindergarten program that meets at least three hundred forty-six  
23 instructional hours during the minimum number of days required in a school  
24 year as provided in section 15-341. In fiscal year 2001-2002, the  
25 kindergarten program shall meet at least three hundred forty-eight hours. In  
26 fiscal year 2002-2003, the kindergarten program shall meet at least three  
27 hundred fifty hours. In fiscal year 2003-2004, the kindergarten program  
28 shall meet at least three hundred fifty-two hours. In fiscal year 2004-2005,  
29 the kindergarten program shall meet at least three hundred fifty-four hours.  
30 In fiscal year 2005-2006 and each fiscal year thereafter, the kindergarten  
31 program shall meet at least three hundred fifty-six hours. Lunch periods and  
32 recess periods may not be included as part of the instructional hours unless  
33 the child's individualized education program requires instruction during  
34 those periods and the specific reasons for such instruction are fully  
35 documented. In computing the average daily membership, preschool children  
36 with disabilities and kindergarten students shall be counted as one-half of a  
37 full-time student. For common schools, a part-time student is a student  
38 enrolled for less than the total time for a full-time student as defined in  
39 this section. A part-time common school student shall be counted as  
40 one-fourth, one-half or three-fourths of a full-time student if the student  
41 is enrolled in an instructional program that is at least one-fourth, one-half  
42 or three-fourths of the time a full-time student is enrolled as defined in  
43 subdivision (b) of this paragraph.

1 (ii) For high schools, a part-time student who is enrolled in less  
2 than four subjects that count toward graduation as defined by the state board  
3 of education in a recognized high school and who is taught in less than  
4 twenty instructional hours per week prorated for any week with fewer than  
5 five school days. A part-time high school student shall be counted as  
6 one-fourth, one-half or three-fourths of a full-time student if the student  
7 is enrolled in an instructional program that is at least one-fourth, one-half  
8 or three-fourths of a full-time instructional program as defined in  
9 subdivision (c) of this paragraph.

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

11 (i) For common schools, a student who is at least six years of age  
12 prior to January 1 of a school year, who has not graduated from the highest  
13 grade taught in the school district and who is regularly enrolled in a course  
14 of study required by the state board of education. Until fiscal year  
15 2001-2002, first, second and third grade students, ungraded students at least  
16 six, but under nine, years of age by September 1 or ungraded group B children  
17 with disabilities who are at least five, but under six, years of age by  
18 September 1 must be enrolled in an instructional program that meets for a  
19 total of at least six hundred ninety-two hours during the minimum number of  
20 days required in a school year as provided in section 15-341. In fiscal year  
21 2001-2002, the program shall meet at least six hundred ninety-six hours. In  
22 fiscal year 2002-2003, the program shall meet at least seven hundred  
23 hours. In fiscal year 2003-2004, the program shall meet at least seven  
24 hundred four hours. In fiscal year 2004-2005, the program shall meet at  
25 least seven hundred eight hours. In fiscal year 2005-2006 and in each fiscal  
26 year thereafter, the program shall meet at least seven hundred twelve  
27 hours. Until fiscal year 2001-2002, fourth, fifth and sixth grade students  
28 or ungraded students at least nine, but under twelve, years of age by  
29 September 1 must be enrolled in an instructional program that meets for a  
30 total of at least eight hundred sixty-five hours during the minimum number of  
31 school days required in a school year as provided in section 15-341. In  
32 fiscal year 2001-2002, the program shall meet at least eight hundred seventy  
33 hours. In fiscal year 2002-2003, the program shall meet at least eight  
34 hundred seventy-five hours. In fiscal year 2003-2004, the program shall meet  
35 at least eight hundred eighty hours. In fiscal year 2004-2005, the program  
36 shall meet at least eight hundred eighty-five hours. In fiscal year  
37 2005-2006 and each fiscal year thereafter, the program shall meet at least  
38 eight hundred ninety hours. Until fiscal year 2001-2002, seventh and eighth  
39 grade students or ungraded students at least twelve, but under fourteen,  
40 years of age by September 1 must be enrolled in an instructional program that  
41 meets for a total of at least one thousand thirty-eight hours during the  
42 minimum number of days required in a school year as provided in section  
43 15-341. In fiscal year 2001-2002, the program shall meet at least one  
44 thousand forty-four hours. In fiscal year 2002-2003, the program shall meet  
45 at least one thousand fifty hours. In fiscal year 2003-2004, the program

1 shall meet at least one thousand fifty-six hours. In fiscal year 2004-2005,  
2 the program shall meet at least one thousand sixty-two hours. In fiscal year  
3 2005-2006 and each fiscal year thereafter, the program shall meet at least  
4 one thousand sixty-eight hours. Lunch periods and recess periods may not be  
5 included as part of the instructional hours unless the student is a child  
6 with a disability and the child's individualized education program requires  
7 instruction during those periods and the specific reasons for such  
8 instruction are fully documented.

9 (ii) For high schools, a student not graduated from the highest grade  
10 taught in the school district, or an ungraded student at least fourteen years  
11 of age by September 1, and enrolled in at least a full-time instructional  
12 program of subjects that count toward graduation as defined by the state  
13 board of education in a recognized high school. A full-time student shall  
14 not be counted more than once for computation of average daily membership.

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

17 (c) "Full-time instructional program" means:

18 (i) Through fiscal year 2000-2001, at least four subjects, each of  
19 which, if taught each school day for the minimum number of days required in a  
20 school year, would meet a minimum of one hundred twenty hours a year, or the  
21 equivalent, or one or more subjects taught in amounts of time totaling at  
22 least twenty hours per week prorated for any week with fewer than five school  
23 days.

24 (ii) For fiscal year 2001-2002, an instructional program that meets at  
25 least a total of seven hundred four hours during the minimum number of days  
26 required and includes at least four subjects each of which, if taught each  
27 school day for the minimum number of days required in a school year, would  
28 meet a minimum of one hundred twenty-two hours a year, or the equivalent, or  
29 one or more subjects taught in amounts of time totaling at least twenty hours  
30 per week prorated for any week with fewer than five school days.

31 (iii) For fiscal year 2002-2003, an instructional program that meets  
32 at least a total of seven hundred eight hours during the minimum number of  
33 days required and includes at least four subjects each of which, if taught  
34 each school day for the minimum number of days required in a school year,  
35 would meet a minimum of one hundred twenty-two hours a year, or the  
36 equivalent, or one or more subjects taught in amounts of time totaling at  
37 least twenty hours per week prorated for any week with fewer than five school  
38 days.

39 (iv) For fiscal year 2003-2004, an instructional program that meets at  
40 least a total of seven hundred twelve hours during the minimum number of days  
41 required and includes at least four subjects each of which, if taught each  
42 school day for the minimum number of days required in a school year, would  
43 meet a minimum of one hundred twenty-three hours a year, or the equivalent,  
44 or one or more subjects taught in amounts of time totaling at least twenty  
45 hours per week prorated for any week with fewer than five school days.

1 (v) For fiscal year 2004-2005, an instructional program that meets at  
2 least a total of seven hundred sixteen hours during the minimum number of  
3 days required and includes at least four subjects each of which, if taught  
4 each school day for the minimum number of days required in a school year,  
5 would meet a minimum of one hundred twenty-three hours a year, or the  
6 equivalent, or one or more subjects taught in amounts of time totaling at  
7 least twenty hours per week prorated for any week with fewer than five school  
8 days.

9 (vi) For fiscal year 2005-2006 and each fiscal year thereafter, an  
10 instructional program that meets at least a total of seven hundred twenty  
11 hours during the minimum number of days required and includes at least four  
12 subjects each of which, if taught each school day for the minimum number of  
13 days required in a school year, would meet a minimum of one hundred  
14 twenty-three hours a year, or the equivalent, or one or more subjects taught  
15 in amounts of time totaling at least twenty hours per week prorated for any  
16 week with fewer than five school days.

17 3. "Budget year" means the fiscal year for which the school district  
18 is budgeting and which immediately follows the current year.

19 4. "Common school district" means a political subdivision of this  
20 state offering instruction to students in programs for preschool children  
21 with disabilities and kindergarten programs and grades one through eight.

22 5. "Current year" means the fiscal year in which a school district is  
23 operating.

24 6. "Daily attendance" means:

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

26 (i) Of a kindergarten program or ungraded, but not group B children  
27 with disabilities, and at least five, but under six, years of age by  
28 September 1 attends at least three-quarters of the instructional time  
29 scheduled for the day. If the total instruction time scheduled for the year  
30 is at least three hundred forty-six hours but is less than six hundred  
31 ninety-two hours such attendance shall be counted as one-half day of  
32 attendance. If the instructional time scheduled for the year is at least six  
33 hundred ninety-two hours, "daily attendance" means days in which a pupil  
34 attends at least one-half of the instructional time scheduled for the  
35 day. Such attendance shall be counted as one-half day of attendance.

36 (ii) Of the first, second or third grades, ungraded and at least six,  
37 but under nine, years of age by September 1 or ungraded group B children with  
38 disabilities and at least five, but under six, years of age by September 1  
39 attends more than three-quarters of the instructional time scheduled for the  
40 day.

41 (iii) Of the fourth, fifth or sixth grades or ungraded and at least  
42 nine, but under twelve, years of age by September 1 attends more than  
43 three-quarters of the instructional time scheduled for the day, except as  
44 provided in section 15-797.

1 (iv) Of the seventh or eighth grades or ungraded and at least twelve,  
2 but under fourteen, years of age by September 1 attends more than  
3 three-quarters of the instructional time scheduled for the day, except as  
4 provided in section 15-797.

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

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

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

17 (c) For common schools, the attendance of a preschool child with  
18 disabilities shall be counted as one-fourth day's attendance for each  
19 thirty-six minutes of attendance not including lunch periods and recess  
20 periods, except as provided in paragraph 2, subdivision (a), item (i) of this  
21 subsection for children with disabilities up to a maximum of three hundred  
22 sixty minutes each week.

23 (d) For high schools or ungraded schools in which the pupil is at  
24 least fourteen years of age by September 1, the attendance of a pupil shall  
25 not be counted as a full day unless the pupil is actually and physically in  
26 attendance and enrolled in and carrying four subjects, each of which, if  
27 taught each school day for the minimum number of days required in a school  
28 year, would meet a minimum of one hundred twenty hours a year, or the  
29 equivalent, that count toward graduation in a recognized high school except  
30 as provided in section 15-797 and subdivision (e) of this paragraph.  
31 Attendance of a pupil carrying less than the load prescribed shall be  
32 prorated.

33 (e) For high schools or ungraded schools in which the pupil is at  
34 least fourteen years of age by September 1, the attendance of a pupil may be  
35 counted as one-fourth of a day's attendance for each sixty minutes of  
36 instructional time in a subject that counts toward graduation, except that  
37 attendance for a pupil shall not exceed the pupil's full or fractional  
38 membership.

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

42 (g) For school districts which maintain school for an approved  
43 year-round school year operation, attendance shall be based on a computation,  
44 as prescribed by the superintendent of public instruction, of the one hundred  
45 eighty days' equivalency or two hundred days' equivalency, as applicable, of

1 instructional time as approved by the superintendent of public instruction  
2 during which each pupil is enrolled.

3 7. "Daily route mileage" means the sum of:

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

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

17 8. "District support level" means the base support level plus the  
18 transportation support level.

19 9. "Eligible students" means:

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

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

32 (ii) For high school students, whose place of actual residence within  
33 the school district is more than one and one-half miles from the school  
34 facility of attendance or students who are admitted pursuant to section  
35 15-816.01 and who meet the economic eligibility requirements established  
36 under the national school lunch and child nutrition acts (42 United States  
37 Code sections 1751 through 1785) for free or reduced price lunches and whose  
38 actual place of residence outside the school district boundaries is more than  
39 one and one-half miles from the school facility of attendance.

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

43 (c) Children with disabilities, as defined by section 15-761, who are  
44 transported by or for the school district or who are admitted pursuant to  
45 chapter 8, article 1.1 of this title and who qualify as full-time students or

1 fractional students regardless of location or residence within the school  
2 district or children with disabilities whose transportation is required by  
3 the pupil's individualized education program.

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

7 10. "Enrolled" or "enrollment" means when a pupil is currently  
8 registered in the school district.

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

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

17 13. "Revenue control limit" means the base revenue control limit plus  
18 the transportation revenue control limit.

19 14. "Student count" means average daily membership as prescribed in  
20 this subsection for the fiscal year prior to the current year, except that  
21 for the purpose of budget preparation student count means average daily  
22 membership as prescribed in this subsection for the current year.

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

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

27 17. "Total students transported" means all eligible students  
28 transported from their place of residence to a school transportation pickup  
29 point or to the school of attendance and from the school of attendance or  
30 from the school transportation scheduled return point to their place of  
31 residence.

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

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

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

38 2. "Base level" means:

39 (a) For fiscal year 2004-2005, two thousand eight hundred ninety-three  
40 dollars eighteen cents.

41 (b) For fiscal year 2005-2006, three thousand one dollars.

42 (c) FOR FISCAL YEAR 2006-2007:

43 (i) THREE THOUSAND SIXTY-ONE DOLLARS TWO CENTS FOR A SCHOOL DISTRICT  
44 THAT ELECTS FOR FISCAL YEAR 2006-2007 NOT TO BUDGET FOR OPTIONAL BUDGET  
45 ADJUSTMENTS PURSUANT TO SECTION 15-901.04.

1 (ii) THREE THOUSAND TWO HUNDRED FIFTY-SIX DOLLARS NINE CENTS FOR ALL  
2 OTHER SCHOOL DISTRICTS AND FOR CHARTER SCHOOLS.

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

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

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

12 6. "ED, MIMR, SLD, SLI and OHI" means programs for children with  
13 emotional disabilities, mild mental retardation, a specific learning  
14 disability, a speech/language impairment and other health impairments.

15 7. "ED-P" means programs for children with emotional disabilities who  
16 are enrolled in private special education programs as prescribed in section  
17 15-765, subsection D, paragraph 1 or in an intensive school district program  
18 as provided in section 15-765, subsection D, paragraph 2.

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

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

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

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

30 10. "Group A" means educational programs for career exploration, a  
31 specific learning disability, an emotional disability, mild mental  
32 retardation, remedial education, a speech/language impairment, homebound,  
33 bilingual, preschool moderate delay, preschool speech/language delay, other  
34 health impairments and gifted pupils.

35 11. "Group B" means educational improvements for pupils in kindergarten  
36 programs and grades one through three, educational programs for autism, a  
37 hearing impairment, moderate mental retardation, multiple disabilities,  
38 multiple disabilities with severe sensory impairment, orthopedic impairments,  
39 preschool severe delay, severe mental retardation and emotional disabilities  
40 for school age pupils enrolled in private special education programs or in  
41 school district programs for children with severe disabilities or visual  
42 impairment and English learners enrolled in a program to promote English  
43 language proficiency pursuant to section 15-752.

44 12. "HI" means programs for pupils with hearing impairment.

1           13. "Homebound" or "hospitalized" means a pupil who is capable of  
2           profiting from academic instruction but is unable to attend school due to  
3           illness, disease, accident or other health conditions, who has been examined  
4           by a competent medical doctor and who is certified by that doctor as being  
5           unable to attend regular classes for a period of not less than three school  
6           months or a pupil who is capable of profiting from academic instruction but  
7           is unable to attend school regularly due to chronic or acute health problems,  
8           who has been examined by a competent medical doctor and who is certified by  
9           that doctor as being unable to attend regular classes for intermittent  
10          periods of time totaling three school months during a school year. The  
11          medical certification shall state the general medical condition, such as  
12          illness, disease or chronic health condition, that is the reason that the  
13          pupil is unable to attend school. Homebound or hospitalized includes a  
14          student who is unable to attend school for a period of less than three months  
15          due to a pregnancy if a competent medical doctor, after an examination,  
16          certifies that the student is unable to attend regular classes due to risk to  
17          the pregnancy or to the student's health.

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

19          15. "MD-R, A-R and SMR-R" means resource programs for pupils with  
20          multiple disabilities, autism and severe mental retardation.

21          16. "MD-SC, A-SC and SMR-SC" means self-contained programs for pupils  
22          with multiple disabilities, autism and severe mental retardation.

23          17. "MDSSI" means a program for pupils with multiple disabilities with  
24          severe sensory impairment.

25          18. "MOMR" means programs for pupils with moderate mental retardation.

26          19. "OI-R" means a resource program for pupils with orthopedic  
27          impairments.

28          20. "OI-SC" means a self-contained program for pupils with orthopedic  
29          impairments.

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

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

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

37          24. "Small isolated school district" means a school district which  
38          meets all of the following:

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

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

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

3 25. "Small school district" means a school district which meets all of  
4 the following:

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

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

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

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

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

16 28. "VI" means programs for pupils with visual impairments.

17 29. "Voc. Ed." means career and technical education and vocational  
18 education programs, as defined in section 15-781.

19 Sec. 2. Title 15, chapter 9, article 1, Arizona Revised Statutes, is  
20 amended by adding section 15-901.04, to read:

21 15-901.04. Optional budget adjustments

22 A. A SCHOOL DISTRICT MAY INCORPORATE OPTIONAL ADJUSTMENTS INTO ITS  
23 BUDGET IN ORDER TO QUALIFY FOR THE OPTIONAL HIGHER BASE LEVEL AMOUNT  
24 AUTHORIZED BY SECTION 15-901, SUBSECTION B, PARAGRAPH 2, SUBDIVISION (c),  
25 ITEM (ii). A SCHOOL DISTRICT THAT ELECTS TO INCORPORATE THESE OPTIONAL  
26 ADJUSTMENTS INTO ITS BUDGET SHALL DO ALL OF THE FOLLOWING:

27 1. OPTIONALLY CHOOSE TO FORGO ALL STATE AND LOCAL FUNDING FOR CAREER  
28 LADDER PROGRAMS AUTHORIZED BY SECTIONS 15-918.04 AND 15-918.05.

29 2. OPTIONALLY CHOOSE TO FORGO ALL STATE AND LOCAL FUNDING FOR EXCESS  
30 UTILITIES THAT IS AUTHORIZED BY SECTION 15-910.

31 3. CAP ITS TRANSPORTATION REVENUE CONTROL LIMIT AT AN AMOUNT EQUAL TO  
32 ITS TRANSPORTATION REVENUE CONTROL LIMIT FOR FISCAL YEAR 2005-2006 OR ONE  
33 HUNDRED TWENTY-FIVE PER CENT OF ITS TRANSPORTATION SUPPORT LEVEL FOR THE  
34 CURRENT FISCAL YEAR, WHICHEVER IS MORE. IF A SCHOOL DISTRICT'S ELIGIBLE  
35 ROUTE MILES INCREASE FROM THE CURRENT YEAR TO THE BUDGET YEAR, THE CAP ON ITS  
36 TRANSPORTATION REVENUE CONTROL LIMIT IS INCREASED BY THE ADDITIONAL ELIGIBLE  
37 ROUTE MILES MULTIPLIED BY ITS STATE SUPPORT LEVEL PER ROUTE MILE. SCHOOL  
38 DISTRICTS WITH AN AVERAGE DAILY MEMBERSHIP OF FIVE HUNDRED OR LESS IN THE  
39 BUDGET YEAR ARE EXEMPT FROM THE CAP ON THE TRANSPORTATION REVENUE CONTROL  
40 LIMIT PRESCRIBED IN THIS PARAGRAPH.

41 4. BUDGET FOR ADJUSTMENT IN RAPID DECLINE IN STUDENT COUNT AUTHORIZED  
42 BY SECTION 15-942, IF ELIGIBLE. THIS PROVISION SHALL BE USED FOR NO MORE  
43 THAN THREE CONSECUTIVE FISCAL YEARS FROM THE INITIAL FISCAL YEAR THAT THE  
44 SCHOOL DISTRICT QUALIFIED FOR RAPID DECLINE. AFTER THREE FISCAL YEARS, THE

1 SCHOOL DISTRICT SHALL NO LONGER BE ELIGIBLE FOR STATE OR LOCAL FUNDING  
2 PURSUANT TO SECTION 15-942.

3 B. THIS SECTION DOES NOT PRECLUDE A SCHOOL DISTRICT FROM RECEIVING THE  
4 INFLATION ADJUSTMENTS PRESCRIBED IN SECTION 15-901.01.

5 Sec. 3. Section 15-942, Arizona Revised Statutes, is amended to read:  
6 15-942. Adjustment for rapid decline in student count

7 A. If the student count in grades kindergarten through eight or grades  
8 nine through twelve for the budget year is less than the student count in  
9 grades kindergarten through eight or grades nine through twelve for the  
10 current year or the adjusted student count in grades kindergarten through  
11 eight or grades nine through twelve for the current year determined as  
12 provided in this section by:

13 1. At least five per cent but less than nine per cent, a school  
14 district may use the student count in grades kindergarten through eight or  
15 grades nine through twelve for the current year or the adjusted student count  
16 in grades kindergarten through eight or grades nine through twelve for the  
17 current year determined as provided in this section multiplied by 0.95 in  
18 computing the budget for the budget year and entitlement to state aid.

19 2. At least nine per cent but less than thirteen per cent, a school  
20 district may use the student count in grades kindergarten through eight or  
21 grades nine through twelve for the current year or the adjusted student count  
22 in grades kindergarten through eight or grades nine through twelve for the  
23 current year determined as provided in this section multiplied by 0.93 in  
24 computing the budget for the budget year and entitlement to state aid.

25 3. At least thirteen per cent but less than twenty per cent, a school  
26 district may use the student count in grades kindergarten through eight or  
27 grades nine through twelve for the current year or the adjusted student count  
28 in grades kindergarten through eight or grades nine through twelve for the  
29 current year determined as provided in this section multiplied by 0.90 in  
30 computing the budget for the budget year and entitlement to state aid.

31 4. At least twenty per cent but less than thirty per cent, a school  
32 district may use the student count in grades kindergarten through eight or  
33 grades nine through twelve for the current year or the adjusted student count  
34 in grades kindergarten through eight or grades nine through twelve for the  
35 current year determined as provided in this section multiplied by 0.87 in  
36 computing the budget for the budget year and entitlement to state aid.

37 5. Thirty per cent or more, a school district may use the student  
38 count in grades kindergarten through eight or grades nine through twelve for  
39 the current year or the adjusted student count in grades kindergarten through  
40 eight or grades nine through twelve for the current year determined as  
41 provided in this section multiplied by 0.85 in computing the budget for the  
42 budget year and entitlement to state aid.

43 B. The governing board of a school district utilizing the adjusted  
44 student count as provided in this section shall include notification of the  
45 actual per cent decline in student count and the additional allowable

1 revenues by computing the base revenue control limit by utilization of the  
2 adjustment for rapid decline in student count in the proposed budget  
3 presented at the public meeting as provided in section 15-905.

4 C. When determining its student count or adjusted student count for  
5 the current year, the governing board of a school district utilizing the  
6 adjusted student count as provided in this section shall not include:

7 1. Pupils who are residents of the attendance area of another school  
8 district as a result of a school district consolidation, subdivision or other  
9 boundary change.

10 2. Pupils whose district of attendance has not changed but who are  
11 being included in the student count of a different school district for the  
12 budget year as a result of a change in an agreement regarding which district  
13 will include the pupils in its student count.

14 3. Pupils whose attendance has changed to a charter school sponsored  
15 by, operated by or operated for a school district, as provided in section  
16 15-185, subsection E.

17 D. The provisions of this section shall not apply to any reduction in  
18 student count resulting from enrollment in a joint technological education  
19 district formed pursuant to chapter 3, article 6 of this title.

20 E. This section does not apply to any reduction in student count  
21 resulting from a district sponsored charter school switching sponsors or  
22 ceasing to operate.

23 F. This section does not apply to any reduction in student count  
24 resulting from the elimination of early kindergarten or early first grade  
25 programs.

26 G. NOTWITHSTANDING SUBSECTIONS A THROUGH F OF THIS SECTION, THE  
27 DEPARTMENT OF EDUCATION SHALL REDUCE BY FIFTY PER CENT THE AMOUNT OF RAPID  
28 DECLINE FUNDING THAT A SCHOOL DISTRICT OTHERWISE WOULD RECEIVE PURSUANT TO  
29 THIS SECTION.

30 H. A SCHOOL DISTRICT THAT BUDGETS FOR OPTIONAL BUDGET ADJUSTMENTS  
31 PURSUANT TO SECTION 15-901.04 IS ELIGIBLE TO RECEIVE RAPID DECLINE FUNDING  
32 PURSUANT TO THIS SECTION FOR UP TO THREE CONSECUTIVE FISCAL YEARS AFTER THE  
33 FIRST YEAR THAT IT BUDGETS FOR OPTIONAL BUDGET ADJUSTMENTS BUT IS NOT  
34 ELIGIBLE TO RECEIVE RAPID DECLINE FUNDING FOR ANY FISCAL YEAR THEREAFTER.

35 Sec. 4. Section 15-945, Arizona Revised Statutes, is amended to read:  
36 15-945. Transportation support level

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

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

41 2. Multiply the figure obtained in paragraph 1 of this subsection by  
42 ~~one hundred seventy-five~~. EITHER:

43 (a) ONE HUNDRED SEVENTY-FIVE FOR A SCHOOL DISTRICT THAT ELECTS NOT TO  
44 INCLUDE THE OPTIONAL BUDGET ADJUSTMENTS PRESCRIBED IN SECTION 15-901.04 IN  
45 ITS BUDGET.

(b) ONE HUNDRED EIGHTY FOR ALL OTHER SCHOOL DISTRICTS.

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.

<u>Column 1</u>	<u>Column 2</u>
Approved Daily Route Mileage per Eligible Student Transported	State Support Level per Route Mile for Fiscal Year 2005-2006
0.5 or less	\$2.15
More than 0.5 through 1.0	\$1.74
More than 1.0	\$2.15

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.

<u>Column 1</u>	<u>Column 2</u>	<u>Column 3</u>	<u>Column 4</u>
Approved Daily Route Mileage per Eligible Student Transported	District Type <u>02 or 03</u>	District Type <u>04</u>	District Type <u>05</u>
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.

1 C. The support level for extended school year ~~programs~~ SERVICES for  
2 pupils with disabilities is computed as follows:

3 1. Determine the sum of the following:

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

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

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

20 D. The transportation support level for each school district for the  
21 current year is the sum of the support level for to and from school as  
22 determined in subsection A of this section and the support level for academic  
23 education, career and technical education, vocational education and athletic  
24 trips as determined in subsection B of this section and the support level for  
25 extended school year ~~programs~~ SERVICES for pupils with disabilities as  
26 determined in subsection C of this section.

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

30 Sec. 5. Section 15-2031, Arizona Revised Statutes, is amended to read:  
31 15-2031. Building renewal fund; definitions

32 A. A building renewal fund is established consisting of monies  
33 appropriated by the legislature ~~and monies credited to the fund pursuant to~~  
34 ~~section 42-5030.01~~. The school facilities board shall administer the fund  
35 and distribute monies to school districts for the purpose of maintaining the  
36 adequacy of existing school facilities. Monies in the fund are continuously  
37 appropriated and are exempt from the provisions of section 35-190 relating to  
38 lapsing of appropriations.

39 B. The school facilities board shall inventory and inspect all school  
40 buildings in this state in order to develop a database to administer the  
41 building renewal formula. The database shall include the student capacity of  
42 the building as determined by the school facilities board. The board shall  
43 distribute monies from the building renewal fund to school districts in an  
44 amount computed pursuant to subsection G of this section. A school district  
45 that receives monies from the building renewal fund shall use the monies

1 primarily for any buildings in the database developed or created under  
2 subsection D of this section and secondly for any other buildings owned by  
3 the school district for any of the following:

- 4 1. Major renovations and repairs of a building.
- 5 2. Upgrading systems and areas that will maintain or extend the useful  
6 life of the building.
- 7 3. Infrastructure costs.
- 8 4. Relocation and placement of portable and modular buildings.

9 C. Monies received from the building renewal fund shall not be used  
10 for any of the following purposes:

- 11 1. New construction.
- 12 2. Remodeling interior space for aesthetic or preferential reasons.
- 13 3. Exterior beautification.
- 14 4. Demolition.
- 15 5. The purchase of soft capital items pursuant to section 15-962,  
16 subsection D.
- 17 6. Routine maintenance except as provided in section 15-2002,  
18 subsection K and subsection J of this section.

19 D. The school facilities board shall maintain the building renewal  
20 database and use the database for the computation of the building renewal  
21 formula distributions. The board shall ensure that the database is updated  
22 on at least an annual basis to reflect changes in the ages and value of  
23 school buildings. The facilities listed in the database shall include only  
24 those buildings that are owned by school districts that are required to meet  
25 academic standards. Each school district shall report to the school  
26 facilities board no later than September 1 of each year the number and type  
27 of school buildings owned by the district, the square footage of each  
28 building, the age of each building, the nature of any renovations completed  
29 and the cost of any renovations completed. The school facilities board may  
30 review or audit, or both, to confirm the information submitted by a school  
31 district. The board shall adjust the age of each school facility in the  
32 database whenever a building is significantly upgraded or remodeled. The age  
33 of a building that has been significantly upgraded or remodeled shall be  
34 recomputed as follows:

- 35 1. Divide the cost of the renovation by the building capacity value of  
36 the building determined in subsection G, paragraph 3 of this section.
- 37 2. Multiply the quotient determined in paragraph 1 of this subsection  
38 by the currently listed age of the building in the database.
- 39 3. Subtract the product determined in paragraph 2 of this subsection  
40 from the currently listed age of the building in the database, rounded to the  
41 nearest whole number. If the result is negative, use zero.

42 E. The school facilities board shall submit an annual report to the  
43 president of the senate, the speaker of the house of representatives, the  
44 Arizona state library, archives and public records and the governor by  
45 October 1 that includes the computation of the amount of monies to be

1 distributed from the building renewal fund for the current fiscal year. The  
2 joint committee on capital review shall review the school facilities board's  
3 calculation of the building renewal fund distributions. After the joint  
4 committee on capital review reviews the distributions computed by the school  
5 facilities board, the school facilities board shall distribute the monies  
6 from the building renewal fund to school districts in two equal installments  
7 in November and May of each year.

8 F. School districts that receive monies from the building renewal fund  
9 shall establish a district building renewal fund and shall use the monies in  
10 the district building renewal fund only for the purposes prescribed in  
11 subsection B of this section. Ending cash balances in a school district's  
12 building renewal fund may be used in following fiscal years for building  
13 renewal pursuant to subsection B of this section. By October 15 of each  
14 year, each school district shall report to the school facilities board the  
15 projects funded at each school in the previous fiscal year with monies from  
16 the district building renewal fund, an accounting of the monies remaining in  
17 the district building renewal fund at the end of the previous fiscal year and  
18 a comprehensive three year plan that details the proposed use of building  
19 renewal monies. If a school district fails to submit the report by October  
20 15, the school facilities board shall withhold building renewal monies from  
21 the school district until the school facilities board determines that the  
22 school district has complied with the reporting requirement. When the school  
23 facilities board determines that the school district has complied with the  
24 reporting requirement, the school facilities board shall restore the full  
25 amount of withheld building renewal monies to the school district.

26 G. Notwithstanding any other provision of this chapter, if a school  
27 district converts space that is listed in the database maintained pursuant to  
28 this section to space that will be used for administrative purposes, the  
29 school district is responsible for any costs associated with the conversion,  
30 maintenance and replacement of that space. The building renewal amount for  
31 each school building shall be computed as follows:

32 1. Divide the age of the building as computed pursuant to subsection D  
33 of this section by one thousand two hundred seventy-five or, in the case of  
34 modular or portable buildings, by two hundred ten.

35 2. Multiply the quotient determined in paragraph 1 of this subsection  
36 by 0.67.

37 3. Determine the building capacity value as follows:

38 (a) Multiply the student capacity of the building by the per student  
39 square foot capacity established by section 15-2041.

40 (b) Multiply the product determined in subdivision (a) by the cost per  
41 square foot established by section 15-2041.

42 4. Multiply the product determined in paragraph 2 of this subsection  
43 by the product determined in paragraph 3, subdivision (b) of this subsection.

44 H. If the school facilities board determines that a school district  
45 has spent monies from the building renewal fund for purposes other than those

1 prescribed in subsection B of this section, the school facilities board shall  
2 notify the superintendent of public instruction. Notwithstanding any other  
3 law, the superintendent of public instruction shall withhold a corresponding  
4 amount from the monies that would otherwise be due the school district under  
5 the capital outlay revenue limit until these monies are repaid.

6 I. Beginning on July 1, 2002, a school district is not entitled to  
7 receive monies from the building renewal fund for any buildings that are to  
8 be replaced with new buildings that are funded with deficiencies corrections  
9 monies pursuant to section 15-2021. The replacement buildings are not  
10 eligible to receive building renewal funding until the fiscal year following  
11 the completion of the building.

12 J. Notwithstanding subsections B and C of this section, a school  
13 district may use eight per cent of the building renewal amount computed  
14 pursuant to subsection G of this section for routine preventative  
15 maintenance. The board, after consultation with maintenance specialists in  
16 school districts, shall provide examples of recommended services that are  
17 routine preventative maintenance.

18 K. A school district that uses building renewal monies for routine  
19 preventative maintenance shall use the building renewal monies to supplement  
20 and not supplant expenditures from other funds for the maintenance of school  
21 buildings. The auditor general shall prescribe a method for determining  
22 compliance with the requirements of this subsection. A school district, in  
23 connection with any audit conducted by a certified public accountant, shall  
24 also contract for an independent audit to determine whether the school  
25 district used building renewal monies to reduce the school district's  
26 existing level of routine preventative maintenance funding. The auditor  
27 general may conduct discretionary reviews of a school district that is not  
28 required to contract for an independent audit.

29 L. EACH SCHOOL DISTRICT THAT BUDGETS FOR THE OPTIONAL BUDGET  
30 ADJUSTMENTS PURSUANT TO SECTION 15-901.04 SHALL:

31 1. ESTABLISH A LOCAL LEVEL SCHOOL FACILITIES PREVENTATIVE MAINTENANCE  
32 FUND. MONIES IN THE LOCAL LEVEL SCHOOL FACILITIES PREVENTATIVE MAINTENANCE  
33 FUND SHALL BE USED ONLY FOR ROUTINE PREVENTATIVE SCHOOL FACILITY MAINTENANCE.

34 2. TRANSFER INTO THE FUND FROM ANY FUNDING SOURCE IN AN AMOUNT EQUAL  
35 TO THIRTY DOLLARS MULTIPLIED BY ITS TOTAL UNWEIGHTED AVERAGE DAILY MEMBERSHIP  
36 COUNT FROM THE PRIOR FISCAL YEAR.

37 3. SCHOOL DISTRICTS THAT EXPENDED MONIES ON EMPLOYEES OR SERVICES FROM  
38 ANY SOURCE ON PREVENTATIVE MAINTENANCE ACTIVITIES IN PRIOR YEARS, MAY EXPEND  
39 MONIES IN THE PREVENTATIVE MAINTENANCE FUND ON THE SAME EMPLOYEES OR SERVICES  
40 IN THE BUDGET YEAR.

41 4. NOTWITHSTANDING PARAGRAPH 2 OF THIS SUBSECTION, A GOVERNING BOARD  
42 MAY APPROVE A PREVENTATIVE MAINTENANCE PLAN FOR THE FISCAL YEAR AT THE BUDGET  
43 ADOPTION THAT PROVIDES PREVENTATIVE MAINTENANCE OF THE SCHOOL FACILITIES.  
44 THE GOVERNING BOARD SHALL ADOPT A SCHEDULE OF PREVENTATIVE MAINTENANCE,  
45 PUBLISH THE PLAN ON THE SCHOOL DISTRICT'S WEB SITE AND CERTIFY THAT THE

1 FUNDING IS SUFFICIENT IN THE PREVENTATIVE MAINTENANCE FUND TO IMPLEMENT THE  
2 PLAN.

3 ~~L~~ M. For the purposes of this section:

4 1. "Routine preventative maintenance" means services that are  
5 performed on a regular schedule at intervals ranging from four times a year  
6 to once every three years and that are intended to extend the useful life of  
7 a building system and reduce the need for major repairs.

8 2. "Student capacity" has the same meaning prescribed in section  
9 15-2011.

10 Sec. 6. Base support level adjustment; excess utilities

11 Beginning in fiscal year 2006-2007, the department of education shall  
12 increase the base support level of a school district that adopts a budget  
13 pursuant to section 15-901.04, Arizona Revised Statutes, by an additional  
14 amount computed as follows:

15 1. Determine the excess utilities amount as follows:

16 (a) Determine the school district's excess utilities expenditures for  
17 fiscal year 2004-2005.

18 (b) Divide the actual expenditures by the final unweighted average  
19 daily membership for fiscal year 2004-2005.

20 (c) Multiply the amount in subdivision (b) of this paragraph by the  
21 final unweighted average daily membership for fiscal year 2005-2006.

22 (d) Determine and utilize the greater of the amounts determined by  
23 subdivisions (a) and (c) of this paragraph for use in paragraph 3 of this  
24 section.

25 2. Determine the school district's career ladder budget for fiscal  
26 year 2005-2006.

27 3. Add the amounts determined in paragraphs 1 and 2 of this section.

28 4. Subtract from the amount determined in paragraph 3 of this section  
29 an amount equal to five and one-fifth per cent of the school district's base  
30 support level for the fiscal year. If the difference is less than zero, use  
31 zero.

32 5. The amount determined in paragraph 4 of this section is the base  
33 support level adjustment required under this section.

34 6. Beginning in fiscal year 2009-2010, if the base level is increased  
35 by any amount over the per cent increase pursuant to section 15-901.01,  
36 Arizona Revised Statutes, from the previous fiscal year, the amount of the  
37 adjustment computed in paragraph 5 of this section will be reduced by  
38 multiplying the base support level by one half of the increase above the per  
39 cent increase pursuant to section 15-901.01, Arizona Revised Statutes. If  
40 the Arizona state retirement system approves an increase of one half of one  
41 per cent or more the reduction shall be computed pursuant to paragraph 7 of  
42 this section.

1           7. The reduction as computed in paragraph 6 of this section shall be  
2 adjusted in a budget year where the Arizona state retirement system has  
3 approved an increase in the contribution rate of one half of one per cent or  
4 more. The adjustment shall be computed as follows:

5           (a) Determine the actual per cent increase approved by the Arizona  
6 state retirement system.

7           (b) Determine the per cent of the reduction computed in paragraph 6 of  
8 this section.

9           (c) Determine the lesser of subdivision (a) and (b) of this paragraph.

10           (d) Subtract the amount in subdivision (c) of this paragraph by one  
11 half of one per cent. If less than zero, use zero.

12           (e) The amount in subdivision (c) of this paragraph is the per cent  
13 that shall be multiplied by the base support level count to determine the  
14 reduction in paragraph 5 of this section.

15           Sec. 7. Delayed effective date

16           Section 15-942, Arizona Revised Statutes, as amended by this act is  
17 effective from and after June 30, 2007.

18           Sec. 8. Nonseverability

19           If any portion of this act is finally adjudicated invalid, the entire  
20 act is void.