

State of Arizona
House of Representatives
Forty-eighth Legislature
First Regular Session
2007

HOUSE BILL 2790

AN ACT

AMENDING SECTION 15-185, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 2, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-245; AMENDING SECTIONS 15-341.01, 15-342 AND 15-901, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 9, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-901.04; AMENDING SECTIONS 15-910.03, 15-918.04, 15-918.05, 15-919.04, 15-919.05, 15-945, 15-946 AND 41-1276, ARIZONA REVISED STATUTES; AMENDING LAWS 2005, CHAPTER 274, SECTIONS 2 AND 3; AMENDING LAWS 2006, CHAPTER 375, SECTIONS 3 AND 5; MAKING APPROPRIATIONS; RELATING TO KINDERGARTEN THROUGH TWELFTH GRADE EDUCATION BUDGET RECONCILIATION.

(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.

44 5. A school district that sponsors a charter school is not eligible to
45 include the charter school pupils in its student count for the purpose of

1 computing an increase in its capital outlay revenue limit as provided in
2 section 15-961, subsection C, except that if the charter school was
3 previously a school in the district, the district may include in its student
4 count any charter school pupils who were enrolled in the school district in
5 the prior year.

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

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

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

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

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

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

1 4. Equalization assistance for the charter school shall be determined
2 by adding the amount of the base support level and additional assistance.
3 The amount of the additional assistance is one thousand ~~three~~ FIVE hundred
4 ~~eighty-seven~~ FIFTEEN dollars ~~twenty-five~~ EIGHTY-FOUR cents per student count
5 in kindergarten programs and grades one through eight and one thousand ~~six~~
6 SEVEN hundred ~~sixteen~~ SIXTY-SIX dollars ~~eighty-one~~ SIXTY-EIGHT cents per
7 student count in grades nine through twelve.

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

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

24 7. The charter school shall not charge tuition, levy taxes or issue
25 bonds.

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

32 C. If a pupil is enrolled in both a charter school and a public school
33 that is not a charter school, the sum of the daily membership, which includes
34 enrollment as prescribed in section 15-901, subsection A, paragraph 2,
35 subdivisions (a) and (b) and daily attendance as prescribed in section
36 15-901, subsection A, paragraph 6, for that pupil in the school district and
37 the charter school shall not exceed 1.0, except that if the pupil is enrolled
38 in both a charter school and a joint technological education district and
39 resides within the boundaries of a school district participating in the joint
40 technological education district, the sum of the average daily membership for
41 that pupil in the charter school and the joint technological education
42 district shall not exceed 1.25. If a pupil is enrolled in both a charter
43 school and a public school that is not a charter school, the department of
44 education shall direct the average daily membership to the school with the
45 most recent enrollment date. Upon validation of actual enrollment in both a

1 charter school and a public school that is not a charter school and if the
2 sum of the daily membership or daily attendance for that pupil is greater
3 than 1.0, the sum shall be reduced to 1.0 and shall be apportioned between
4 the public school and the charter school based on the percentage of total
5 time that the pupil is enrolled or in attendance in the public school and the
6 charter school, except that if the pupil is enrolled in both a charter school
7 and a joint technological education district and resides within the
8 boundaries of a school district participating in the joint technological
9 education district, the sum of the average daily membership for that pupil in
10 the charter school and the joint technological education district shall be
11 reduced to 1.25 and shall be apportioned between the charter school and the
12 joint technological education district based on the percentage of total time
13 that the pupil is enrolled or in attendance in the charter school and the
14 joint technological education district. The uniform system of financial
15 records shall include guidelines for the apportionment of the pupil
16 enrollment and attendance as provided in this section.

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

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

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

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

38 E. If a charter school was a district public school in the prior year
39 and is now being operated for or by the same school district and sponsored by
40 the state board of education, the state board for charter schools or a school
41 district governing board, the reduction in subsection D of this section
42 applies. The reduction to the base support level of the charter school or
43 the sponsoring district of the charter school shall equal the sum of the base
44 support level and the additional assistance received in the current year for

1 those pupils who were enrolled in the traditional public school in the prior
2 year and are now enrolled in the charter school in the current year.

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

6 G. At the request of a charter school, the county school
7 superintendent of the county where the charter school is located may provide
8 the same educational services to the charter school as prescribed in section
9 15-308, subsection A. The county school superintendent may charge a fee to
10 recover costs for providing educational services to charter schools.

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

28 I. A charter school may receive and spend monies distributed by the
29 department of education pursuant to section 42-5029, subsection E and section
30 37-521, subsection B.

31 J. For the purposes of this section:

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

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

1 4. Maintain such special schools during vacation as deemed necessary
2 for the benefit of the pupils of the school district.

3 5. Permit a superintendent or principal or representatives of the
4 superintendent or principal to travel for a school purpose, as determined by
5 a majority vote of the board. The board may permit members and members-elect
6 of the board to travel within or without the school district for a school
7 purpose and receive reimbursement. Any expenditure for travel and
8 subsistence pursuant to this paragraph shall be as provided in title 38,
9 chapter 4, article 2. The designated post of duty referred to in section
10 38-621 shall be construed, for school district governing board members, to be
11 the member's actual place of residence, as opposed to the school district
12 office or the school district boundaries. Such expenditures shall be a
13 charge against the budgeted school district funds. The governing board of a
14 school district shall prescribe procedures and amounts for reimbursement of
15 lodging and subsistence expenses. Reimbursement amounts shall not exceed the
16 maximum amounts established pursuant to section 38-624, subsection C.

17 6. Construct or provide in rural districts housing facilities for
18 teachers and other school employees which the board determines are necessary
19 for the operation of the school.

20 7. Sell or lease to the state, a county, **A SPECIAL HEALTH CARE**
21 **DISTRICT**, a city or a tribal government agency, any school property required
22 for a public purpose, provided the sale or lease of the property will not
23 affect the normal operations of a school within the school district.

24 8. Annually budget and expend funds for membership in an association
25 of school districts within this state.

26 9. Enter into leases or lease-purchase agreements for school buildings
27 or grounds, or both, as lessor or as lessee, for periods of less than five
28 years subject to voter approval for construction of school buildings as
29 prescribed in section 15-341, subsection A, paragraph 8.

30 10. Subject to chapter 16 of this title, sell school sites or enter
31 into leases or lease-purchase agreements for school buildings and grounds, as
32 lessor or as lessee, for a period of five years or more, but not to exceed
33 ninety-nine years, if authorized by a vote of the school district electors in
34 an election called by the governing board as provided in section 15-491,
35 except that authorization by the school district electors in an election is
36 not required if one of the following requirements is met:

37 (a) The market value of the school property is less than fifty
38 thousand dollars.

39 (b) The buildings and sites are completely funded with monies
40 distributed by the school facilities board.

41 (c) The transaction involves the sale of improved or unimproved
42 property pursuant to an agreement with the school facilities board in which
43 the school district agrees to sell the improved or unimproved property and
44 transfer the proceeds of the sale to the school facilities board in exchange
45 for monies from the school facilities board for the acquisition of a more

1 suitable school site. For a sale of property acquired by a school district
2 prior to July 9, 1998, a school district shall transfer to the school
3 facilities board that portion of the proceeds that equals the cost of the
4 acquisition of a more suitable school site. If there are any remaining
5 proceeds after the transfer of monies to the school facilities board, a
6 school district shall only use those remaining proceeds for future land
7 purchases approved by the school facilities board, or for capital
8 improvements not funded by the school facilities board for any existing or
9 future facility.

10 (d) The transaction involves the sale of improved or unimproved
11 property pursuant to a formally adopted plan and the school district uses the
12 proceeds of this sale to purchase other property that will be used for
13 similar purposes as the property that was originally sold, provided that the
14 sale proceeds of the improved or unimproved property are used within two
15 years after the date of the original sale to purchase the replacement
16 property. If the sale proceeds of the improved or unimproved property are
17 not used within two years after the date of the original sale to purchase
18 replacement property, the sale proceeds shall be used towards payment of any
19 outstanding bonded indebtedness. If any sale proceeds remain after paying
20 for outstanding bonded indebtedness, or if the district has no outstanding
21 bonded indebtedness, sale proceeds shall be used to reduce the district's
22 primary tax levy. A school district shall not use the provisions of this
23 subdivision unless all of the following conditions exist:

24 (i) The school district is the sole owner of the improved or
25 unimproved property that the school district intends to sell.

26 (ii) The school district did not purchase the improved or unimproved
27 property that the school district intends to sell with monies that were
28 distributed pursuant to chapter 16 of this title.

29 (iii) The transaction does not violate section 15-341, subsection G.

30 11. Review the decision of a teacher to promote a pupil to a grade or
31 retain a pupil in a grade in a common school or to pass or fail a pupil in a
32 course in high school. The pupil has the burden of proof to overturn the
33 decision of a teacher to promote, retain, pass or fail the pupil. In order
34 to sustain the burden of proof, the pupil shall demonstrate to the governing
35 board that the pupil has mastered the academic standards adopted by the state
36 board of education pursuant to sections 15-701 and 15-701.01. If the
37 governing board overturns the decision of a teacher pursuant to this
38 paragraph, the governing board shall adopt a written finding that the pupil
39 has mastered the academic standards. Notwithstanding title 38, chapter 3,
40 article 3.1, the governing board shall review the decision of a teacher to
41 promote a pupil to a grade or retain a pupil in a grade in a common school or
42 to pass or fail a pupil in a course in high school in executive session
43 unless a parent or legal guardian of the pupil or the pupil, if emancipated,
44 disagrees that the review should be conducted in executive session and then
45 the review shall be conducted in an open meeting. If the review is conducted

1 in executive session, the board shall notify the teacher of the date, time
2 and place of the review and shall allow the teacher to be present at the
3 review. If the teacher is not present at the review, the board shall consult
4 with the teacher before making its decision. Any request, including the
5 written request as provided in section 15-341, the written evidence presented
6 at the review and the written record of the review, including the decision of
7 the governing board to accept or reject the teacher's decision, shall be
8 retained by the governing board as part of its permanent records.

9 12. Provide transportation or site transportation loading and unloading
10 areas for any child or children if deemed for the best interest of the
11 district, whether within or without the district, county or state.

12 13. Enter into intergovernmental agreements and contracts with school
13 districts or other governing bodies as provided in section 11-952.

14 14. Include in the curricula which it prescribes for high schools in
15 the school district career and technical education, vocational education and
16 technology education programs and career and technical, vocational and
17 technology program improvement services for the high schools, subject to
18 approval by the state board of education. The governing board may contract
19 for the provision of career and technical, vocational and technology
20 education as provided in section 15-789.

21 15. Suspend a teacher or administrator from the teacher's or
22 administrator's duties without pay for a period of time of not to exceed ten
23 school days, if the board determines that suspension is warranted pursuant to
24 section 15-341, subsection A, paragraphs 23 and 24.

25 16. Dedicate school property within an incorporated city or town to
26 such city or town or within a county to that county for use as a public
27 right-of-way if both of the following apply:

28 (a) Pursuant to an ordinance adopted by such city, town or county,
29 there will be conferred upon the school district privileges and benefits
30 which may include benefits related to zoning.

31 (b) The dedication will not affect the normal operation of any school
32 within the district.

33 17. Enter into option agreements for the purchase of school sites.

34 18. Donate surplus or outdated learning materials to nonprofit
35 community organizations where the governing board determines that the
36 anticipated cost of selling the learning materials equals or exceeds the
37 estimated market value of the materials.

38 19. Prescribe policies for the assessment of reasonable fees for
39 students to use district-provided parking facilities. The fees are to be
40 applied by the district solely against costs incurred in operating or
41 securing the parking facilities. Any policy adopted by the governing board
42 pursuant to this paragraph shall include a fee waiver provision in
43 appropriate cases of need or economic hardship.

1 20. Establish alternative educational programs that are consistent with
2 the laws of this state to educate pupils, including pupils who have been
3 reassigned pursuant to section 15-841, subsection E or F.

4 21. Require a period of silence to be observed at the commencement of
5 the first class of the day in the schools. If a governing board chooses to
6 require a period of silence to be observed, the teacher in charge of the room
7 in which the first class is held shall announce that a period of silence not
8 to exceed one minute in duration will be observed for meditation, and during
9 that time no activities shall take place and silence shall be maintained.

10 22. Require students to wear uniforms.

11 23. Exchange unimproved property or improved property, including school
12 sites, where the governing board determines that the improved property is
13 unnecessary for the continued operation of the school district without
14 requesting authorization by a vote of the school district electors if the
15 governing board determines that the exchange is necessary to protect the
16 health, safety or welfare of pupils or when the governing board determines
17 that the exchange is based on sound business principles for either:

18 (a) Unimproved or improved property of equal or greater value.

19 (b) Unimproved property that the owner contracts to improve if the
20 value of the property ultimately received by the school district is of equal
21 or greater value.

22 24. For common and high school pupils, assess reasonable fees for
23 optional extracurricular activities and programs conducted when the common or
24 high school is not in session, except that no fees shall be charged for
25 pupils' access to or use of computers or related materials. For high school
26 pupils, the governing board may assess reasonable fees for fine arts and
27 vocational education courses and for optional services, equipment and
28 materials offered to the pupils beyond those required to successfully
29 complete the basic requirements of any other course, except that no fees
30 shall be charged for pupils' access to or use of computers or related
31 materials. Fees assessed pursuant to this paragraph shall be adopted at a
32 public meeting after notice has been given to all parents of pupils enrolled
33 at schools in the district and shall not exceed the actual costs of the
34 activities, programs, services, equipment or materials. The governing board
35 shall authorize principals to waive the assessment of all or part of a fee
36 assessed pursuant to this paragraph if it creates an economic hardship for a
37 pupil. For the purposes of this paragraph, "extracurricular activity" means
38 any optional, noncredit, educational or recreational activity which
39 supplements the education program of the school, whether offered before,
40 during or after regular school hours.

41 25. Notwithstanding section 15-341, subsection A, paragraphs 8 and 10,
42 construct school buildings and purchase or lease school sites, without a vote
43 of the school district electors, if the buildings and sites are totally
44 funded from one or more of the following:

1 (a) Monies in the unrestricted capital outlay fund, except that the
2 estimated cost shall not exceed two hundred fifty thousand dollars for a
3 district that utilizes the provisions of section 15-949.

4 (b) Monies distributed from the school facilities board established by
5 section 15-2001.

6 (c) Monies specifically donated for the purpose of constructing school
7 buildings.

8 Nothing in this paragraph shall be construed to eliminate the requirement for
9 an election to raise revenues for a capital outlay override pursuant to
10 section 15-481 or a bond election pursuant to section 15-491.

11 26. Conduct a background investigation that includes a fingerprint
12 check conducted pursuant to section 41-1750, subsection G for certificated
13 personnel and personnel who are not paid employees of the school district, as
14 a condition of employment. A school district may release the results of a
15 background check to another school district for employment purposes. The
16 school district may charge the costs of fingerprint checks to its
17 fingerprinted employee, except that the school district may not charge the
18 costs of fingerprint checks for personnel who are not paid employees of the
19 school district.

20 27. Sell advertising space on the exterior of school buses as follows:

21 (a) Advertisements shall be age appropriate and not contain promotion
22 of any substance that is illegal for minors such as alcohol, tobacco and
23 drugs or gambling. Advertisements shall comply with the state sex education
24 policy of abstinence.

25 (b) Advertising approved by the governing board may appear only on the
26 sides of the bus in the following areas:

27 (i) The signs shall be below the seat level rub rail and not extend
28 above the bottom of the side windows.

29 (ii) The signs shall be at least three inches from any required
30 lettering, lamp, wheel well or reflector behind the service door or stop
31 signal arm.

32 (iii) The signs shall not extend from the body of the bus so as to
33 allow a handhold or present a danger to pedestrians.

34 (iv) The signs shall not interfere with the operation of any door or
35 window.

36 (v) The signs shall not be placed on any emergency doors.

37 (c) Establish a school bus advertisement fund that is comprised of
38 revenues from the sale of advertising space on school buses. The monies in a
39 school bus advertisement fund are not subject to reversion and shall be used
40 for the following purposes:

41 (i) To comply with the energy conservation measures prescribed in
42 section 15-349 in school districts that are in area A as defined in section
43 49-541, and any remaining monies shall be used to purchase alternative fuel
44 support vehicles and any other pupil related costs as determined by the
45 governing board.

1 (ii) For any pupil related costs as determined by the governing board
2 in school districts not subject to the provisions of item (i) of this
3 subdivision.

4 28. Assess reasonable damage deposits to pupils in grades seven through
5 twelve for the use of textbooks, musical instruments, band uniforms or other
6 equipment required for academic courses. The governing board shall adopt
7 policies on any damage deposits assessed pursuant to this paragraph at a
8 public meeting called for this purpose after providing notice to all parents
9 of pupils in grades seven through twelve in the school district. Principals
10 of individual schools within the district may waive the damage deposit
11 requirement for any textbook or other item if the payment of the damage
12 deposit would create an economic hardship for the pupil. The school district
13 shall return the full amount of the damage deposit for any textbook or other
14 item if the pupil returns the textbook or other item in reasonably good
15 condition within the time period prescribed by the governing board. For the
16 purposes of this paragraph, "in reasonably good condition" means the textbook
17 or other item is in the same or a similar condition as it was when the pupil
18 received it, plus ordinary wear and tear.

19 29. Notwithstanding section 15-1105, expend surplus monies in the civic
20 center school fund for maintenance and operations or unrestricted capital
21 outlay, if sufficient monies are available in the fund after meeting the
22 needs of programs established pursuant to section 15-1105.

23 30. Notwithstanding section 15-1143, expend surplus monies in the
24 community school program fund for maintenance and operations or unrestricted
25 capital outlay, if sufficient monies are available in the fund after meeting
26 the needs of programs established pursuant to section 15-1142.

27 31. Adopt guidelines for standardization of the format of the school
28 report cards required by section 15-746 for schools within the district.

29 32. Adopt policies that require parental notification when a law
30 enforcement officer interviews a pupil on school grounds. Policies adopted
31 pursuant to this paragraph shall not impede a peace officer from the
32 performance of the peace officer's duties. If the school district governing
33 board adopts a policy that requires parental notification:

34 (a) The policy may provide reasonable exceptions to the parental
35 notification requirement.

36 (b) The policy shall set forth whether and under what circumstances a
37 parent may be present when a law enforcement officer interviews the pupil,
38 including reasonable exceptions to the circumstances under which a parent may
39 be present when a law enforcement officer interviews the pupil, and shall
40 specify a reasonable maximum time after a parent is notified that an
41 interview of a pupil by a law enforcement officer may be delayed to allow the
42 parent to be present.

43 33. Enter into voluntary partnerships with any party to finance with
44 funds other than school district funds and cooperatively design school
45 facilities that comply with the adequacy standards prescribed in section

1 15-2011 and the square footage per pupil requirements pursuant to section
2 15-2041, subsection D, paragraph 3, subdivision (b). The design plans and
3 location of any such school facility shall be submitted to the school
4 facilities board for approval pursuant to section 15-2041, subsection 0. If
5 the school facilities board approves the design plans and location of any
6 such school facility, the party in partnership with the school district may
7 cause to be constructed and the district may begin operating the school
8 facility before monies are distributed from the school facilities board
9 pursuant to section 15-2041. Monies distributed from the new school
10 facilities fund to a school district in a partnership with another party to
11 finance and design the school facility shall be paid to the school district
12 pursuant to section 15-2041. The school district shall reimburse the party
13 in partnership with the school district from the monies paid to the school
14 district pursuant to section 15-2041, in accordance with the voluntary
15 partnership agreement. Before the school facilities board distributes any
16 monies pursuant to this subsection, the school district shall demonstrate to
17 the school facilities board that the facilities to be funded pursuant to
18 section 15-2041, subsection 0 meet the minimum adequacy standards prescribed
19 in section 15-2011. If the cost to construct the school facility exceeds the
20 amount that the school district receives from the new school facilities fund,
21 the partnership agreement between the school district and the other party
22 shall specify that, except as otherwise provided by the other party, any such
23 excess costs shall be the responsibility of the school district. The school
24 district governing board shall adopt a resolution in a public meeting that
25 analysis has been conducted on the prospective effects of the decision to
26 operate a new school with existing monies from the school district's
27 maintenance and operations budget and how this decision may affect other
28 schools in the school district. If a school district acquires land by
29 donation at an appropriate school site approved by the school facilities
30 board and a school facility is financed and built on the land pursuant to
31 this paragraph, the school facilities board shall distribute an amount equal
32 to twenty per cent of the fair market value of the land that can be used for
33 academic purposes. The school district shall place the monies in the
34 unrestricted capital outlay fund and increase the unrestricted capital budget
35 limit by the amount of the monies placed in the fund. Monies distributed
36 under this paragraph shall be distributed from the new school facilities fund
37 pursuant to section 15-2041. If a school district acquires land by donation
38 at an appropriate school site approved by the school facilities board and a
39 school facility is financed and built on the land pursuant to this paragraph,
40 the school district shall not receive monies from the school facilities board
41 for the donation of real property pursuant to section 15-2041, subsection F.
42 it is unlawful for:

43 (a) A county, city or town to require as a condition of any land use
44 approval that a landowner or landowners that entered into a partnership
45 pursuant to this paragraph provide any contribution, donation or gift, other

1 than a site donation, to a school district. This subdivision only applies to
2 the property in the voluntary partnership agreement pursuant to this
3 paragraph.

4 (b) A county, city or town to require as a condition of any land use
5 approval that the landowner or landowners located within the geographic
6 boundaries of the school subject to the voluntary partnership pursuant to
7 this paragraph provide any donation or gift to the school district except as
8 provided in the voluntary partnership agreement pursuant to this paragraph.

9 (c) A community facilities district established pursuant to title 48,
10 chapter 4, article 6 to be used for reimbursement of financing the
11 construction of a school pursuant to this paragraph.

12 (d) ~~For~~ A school district to enter into an agreement pursuant to this
13 paragraph with any party other than a master planned community party. Any
14 land area consisting of at least three hundred twenty acres that is the
15 subject of a development agreement with a county, city or town entered into
16 pursuant to section 9-500.05 or 11-1101 shall be deemed to be a master
17 planned community. For the purposes of this subdivision, "master planned
18 community" means a land area consisting of at least three hundred twenty
19 acres, which may be noncontiguous, that is the subject of a zoning ordinance
20 approved by the governing body of the county, city or town in which the land
21 is located that establishes the use of the land area as a planned area
22 development or district, planned community development or district, planned
23 unit development or district or other land use category or district that is
24 recognized in the local ordinance of such county, city or town and that
25 specifies the use of such land is for a master planned development.

26 Sec. 5. Section 15-901, Arizona Revised Statutes, is amended to read:
27 15-901. Definitions

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

29 1. "Average daily attendance" or "ADA" means actual average daily
30 attendance through the first one hundred days or two hundred days in session,
31 as applicable.

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

40 (a) "Fractional student" means:

41 (i) For common schools, until fiscal year 2001-2002, a preschool child
42 who is enrolled in a program for preschool children with disabilities of at
43 least three hundred sixty minutes each week or a kindergarten student at
44 least five years of age prior to January 1 of the school year and enrolled in
45 a school kindergarten program that meets at least three hundred forty-six

1 instructional hours during the minimum number of days required in a school
2 year as provided in section 15-341. In fiscal year 2001-2002, the
3 kindergarten program shall meet at least three hundred forty-eight hours. In
4 fiscal year 2002-2003, the kindergarten program shall meet at least three
5 hundred fifty hours. In fiscal year 2003-2004, the kindergarten program
6 shall meet at least three hundred fifty-two hours. In fiscal year 2004-2005,
7 the kindergarten program shall meet at least three hundred fifty-four hours.
8 In fiscal year 2005-2006 and each fiscal year thereafter, the kindergarten
9 program shall meet at least three hundred fifty-six hours. Lunch periods and
10 recess periods may not be included as part of the instructional hours unless
11 the child's individualized education program requires instruction during
12 those periods and the specific reasons for such instruction are fully
13 documented. In computing the average daily membership, preschool children
14 with disabilities and kindergarten students shall be counted as one-half of a
15 full-time student. For common schools, a part-time student is a student
16 enrolled for less than the total time for a full-time student as defined in
17 this section. A part-time common school student shall be counted as
18 one-fourth, one-half or three-fourths of a full-time student if the student
19 is enrolled in an instructional program that is at least one-fourth, one-half
20 or three-fourths of the time a full-time student is enrolled as defined in
21 subdivision (b) of this paragraph.

22 (ii) For high schools, a part-time student who is enrolled in less
23 than four subjects that count toward graduation as defined by the state board
24 of education in a recognized high school and who is taught in less than
25 twenty instructional hours per week prorated for any week with fewer than
26 five school days. A part-time high school student shall be counted as
27 one-fourth, one-half or three-fourths of a full-time student if the student
28 is enrolled in an instructional program that is at least one-fourth, one-half
29 or three-fourths of a full-time instructional program as defined in
30 subdivision (c) of this paragraph.

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

32 (i) For common schools, a student who is at least six years of age
33 prior to January 1 of a school year, who has not graduated from the highest
34 grade taught in the school district and who is regularly enrolled in a course
35 of study required by the state board of education. Until fiscal year
36 2001-2002, first, second and third grade students, ungraded students at least
37 six, but under nine, years of age by September 1 or ungraded group B children
38 with disabilities who are at least five, but under six, years of age by
39 September 1 must be enrolled in an instructional program that meets for a
40 total of at least six hundred ninety-two hours during the minimum number of
41 days required in a school year as provided in section 15-341. In fiscal year
42 2001-2002, the program shall meet at least six hundred ninety-six hours. In
43 fiscal year 2002-2003, the program shall meet at least seven hundred hours.
44 In fiscal year 2003-2004, the program shall meet at least seven hundred four
45 hours. In fiscal year 2004-2005, the program shall meet at least seven

1 hundred eight hours. In fiscal year 2005-2006 and in each fiscal year
2 thereafter, the program shall meet at least seven hundred twelve hours. Until
3 fiscal year 2001-2002, fourth, fifth and sixth grade students or ungraded
4 students at least nine, but under twelve, years of age by September 1 must be
5 enrolled in an instructional program that meets for a total of at least eight
6 hundred sixty-five hours during the minimum number of school days required in
7 a school year as provided in section 15-341. In fiscal year 2001-2002, the
8 program shall meet at least eight hundred seventy hours. In fiscal year
9 2002-2003, the program shall meet at least eight hundred seventy-five hours.
10 In fiscal year 2003-2004, the program shall meet at least eight hundred
11 eighty hours. In fiscal year 2004-2005, the program shall meet at least
12 eight hundred eighty-five hours. In fiscal year 2005-2006 and each fiscal
13 year thereafter, the program shall meet at least eight hundred ninety hours.
14 Until fiscal year 2001-2002, seventh and eighth grade students or ungraded
15 students at least twelve, but under fourteen, years of age by September 1
16 must be enrolled in an instructional program that meets for a total of at
17 least one thousand thirty-eight hours during the minimum number of days
18 required in a school year as provided in section 15-341. In fiscal year
19 2001-2002, the program shall meet at least one thousand forty-four hours. In
20 fiscal year 2002-2003, the program shall meet at least one thousand fifty
21 hours. In fiscal year 2003-2004, the program shall meet at least one
22 thousand fifty-six hours. In fiscal year 2004-2005, the program shall meet
23 at least one thousand sixty-two hours. In fiscal year 2005-2006 and each
24 fiscal year thereafter, the program shall meet at least one thousand
25 sixty-eight hours. Lunch periods and recess periods may not be included as
26 part of the instructional hours unless the student is a child with a
27 disability and the child's individualized education program requires
28 instruction during those periods and the specific reasons for such
29 instruction are fully documented.

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

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

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

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

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

8 (iii) For fiscal year 2002-2003, an instructional program that meets
9 at least a total of seven hundred eight hours during the minimum number of
10 days required and includes at least four subjects each of which, if taught
11 each school day for the minimum number of days required in a school year,
12 would meet a minimum of one hundred twenty-two hours a year, or the
13 equivalent, or one or more subjects taught in amounts of time totaling at
14 least twenty hours per week prorated for any week with fewer than five school
15 days.

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

23 (v) For fiscal year 2004-2005, an instructional program that meets at
24 least a total of seven hundred sixteen hours during the minimum number of
25 days required and includes at least four subjects each of which, if taught
26 each school day for the minimum number of days required in a school year,
27 would meet a minimum of one hundred twenty-three hours a year, or the
28 equivalent, or one or more subjects taught in amounts of time totaling at
29 least twenty hours per week prorated for any week with fewer than five school
30 days.

31 (vi) For fiscal year 2005-2006 and each fiscal year thereafter, an
32 instructional program that meets at least a total of seven hundred twenty
33 hours during the minimum number of days required and includes at least four
34 subjects each of which, if taught each school day for the minimum number of
35 days required in a school year, would meet a minimum of one hundred
36 twenty-three hours a year, or the equivalent, or one or more subjects taught
37 in amounts of time totaling at least twenty hours per week prorated for any
38 week with fewer than five school days.

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

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

44 5. "Current year" means the fiscal year in which a school district is
45 operating.

- 1 6. "Daily attendance" means:
- 2 (a) For common schools, days in which a pupil:
- 3 (i) Of a kindergarten program or ungraded, but not group B children
- 4 with disabilities, and at least five, but under six, years of age by
- 5 September 1 attends at least three-quarters of the instructional time
- 6 scheduled for the day. If the total instruction time scheduled for the year
- 7 is at least three hundred forty-six hours but is less than six hundred
- 8 ninety-two hours such attendance shall be counted as one-half day of
- 9 attendance. If the instructional time scheduled for the year is at least six
- 10 hundred ninety-two hours, "daily attendance" means days in which a pupil
- 11 attends at least one-half of the instructional time scheduled for the day.
- 12 Such attendance shall be counted as one-half day of attendance.
- 13 (ii) Of the first, second or third grades, ungraded and at least six,
- 14 but under nine, years of age by September 1 or ungraded group B children with
- 15 disabilities and at least five, but under six, years of age by September 1
- 16 attends more than three-quarters of the instructional time scheduled for the
- 17 day.
- 18 (iii) Of the fourth, fifth or sixth grades or ungraded and at least
- 19 nine, but under twelve, years of age by September 1 attends more than
- 20 three-quarters of the instructional time scheduled for the day, except as
- 21 provided in section 15-797.
- 22 (iv) Of the seventh or eighth grades or ungraded and at least twelve,
- 23 but under fourteen, years of age by September 1 attends more than
- 24 three-quarters of the instructional time scheduled for the day, except as
- 25 provided in section 15-797.
- 26 (b) For common schools, the attendance of a pupil at three-quarters or
- 27 less of the instructional time scheduled for the day shall be counted as
- 28 follows, except as provided in section 15-797 and except that attendance for
- 29 a fractional student shall not exceed the pupil's fractional membership:
- 30 (i) If attendance for all pupils in the school is based on quarter
- 31 days, the attendance of a pupil shall be counted as one-fourth of a day's
- 32 attendance for each one-fourth of full-time instructional time attended.
- 33 (ii) If attendance for all pupils in the school is based on half days,
- 34 the attendance of at least three-quarters of the instructional time scheduled
- 35 for the day shall be counted as a full day's attendance and attendance at a
- 36 minimum of one-half but less than three-quarters of the instructional time
- 37 scheduled for the day equals one-half day of attendance.
- 38 (c) For common schools, the attendance of a preschool child with
- 39 disabilities shall be counted as one-fourth day's attendance for each
- 40 thirty-six minutes of attendance not including lunch periods and recess
- 41 periods, except as provided in paragraph 2, subdivision (a), item (i) of this
- 42 subsection for children with disabilities up to a maximum of three hundred
- 43 sixty minutes each week.
- 44 (d) For high schools or ungraded schools in which the pupil is at
- 45 least fourteen years of age by September 1, the attendance of a pupil shall

1 not be counted as a full day unless the pupil is actually and physically in
2 attendance and enrolled in and carrying four subjects, each of which, if
3 taught each school day for the minimum number of days required in a school
4 year, would meet a minimum of one hundred twenty hours a year, or the
5 equivalent, that count toward graduation in a recognized high school except
6 as provided in section 15-797 and subdivision (e) of this paragraph.
7 Attendance of a pupil carrying less than the load prescribed shall be
8 prorated.

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

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

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

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

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

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

38 8. "District support level" means the base support level plus the
39 transportation support level.

40 9. "Eligible students" means:

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

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

9 (ii) For high school students, whose place of actual residence within
10 the school district is more than one and one-half miles from the school
11 facility of attendance or students who are admitted pursuant to section
12 15-816.01 and who meet the economic eligibility requirements established
13 under the national school lunch and child nutrition acts (42 United States
14 Code sections 1751 through 1785) for free or reduced price lunches and whose
15 actual place of residence outside the school district boundaries is more than
16 one and one-half miles from the school facility of attendance.

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

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

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

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

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

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

39 13. "Revenue control limit" means the base revenue control limit plus
40 the transportation revenue control limit.

41 14. "Student count" means average daily membership as prescribed in
42 this subsection for the fiscal year prior to the current year, except that
43 for the purpose of budget preparation student count means average daily
44 membership as prescribed in this subsection for the current year.

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

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

5 17. "Total students transported" means all eligible students
6 transported from their place of residence to a school transportation pickup
7 point or to the school of attendance and from the school of attendance or
8 from the school transportation scheduled return point to their place of
9 residence.

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

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

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

16 2. "Base level" means:

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

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

20 ~~(c)~~ (a) For fiscal year 2006-2007, three thousand one hundred
21 thirty-three dollars fifty-three cents.

22 (b) FOR FISCAL YEAR 2007-2008, THREE THOUSAND TWO HUNDRED ELEVEN
23 DOLLARS FIFTY-FOUR CENTS.

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

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

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

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

36 7. "ED-P" means programs for children with emotional disabilities who
37 are enrolled in private special education programs as prescribed in section
38 15-765, subsection D, paragraph 1 or in an intensive school district program
39 as provided in section 15-765, subsection D, paragraph 2.

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

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

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

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

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

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

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

21 13. "Homebound" or "hospitalized" means a pupil who is capable of
22 profiting from academic instruction but is unable to attend school due to
23 illness, disease, accident or other health conditions, who has been examined
24 by a competent medical doctor and who is certified by that doctor as being
25 unable to attend regular classes for a period of not less than three school
26 months or a pupil who is capable of profiting from academic instruction but
27 is unable to attend school regularly due to chronic or acute health problems,
28 who has been examined by a competent medical doctor and who is certified by
29 that doctor as being unable to attend regular classes for intermittent
30 periods of time totaling three school months during a school year. The
31 medical certification shall state the general medical condition, such as
32 illness, disease or chronic health condition, that is the reason that the
33 pupil is unable to attend school. Homebound or hospitalized includes a
34 student who is unable to attend school for a period of less than three months
35 due to a pregnancy if a competent medical doctor, after an examination,
36 certifies that the student is unable to attend regular classes due to risk to
37 the pregnancy or to the student's health.

38 14. "K" means kindergarten programs.

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

40 16. "MD-R, A-R and SMR-R" means resource programs for pupils with
41 multiple disabilities, autism and severe mental retardation.

42 17. "MD-SC, A-SC and SMR-SC" means self-contained programs for pupils
43 with multiple disabilities, autism and severe mental retardation.

44 18. "MDSSI" means a program for pupils with multiple disabilities with
45 severe sensory impairment.

- 1 19. "MOMR" means programs for pupils with moderate mental retardation.
2 20. "OI-R" means a resource program for pupils with orthopedic
3 impairments.
4 21. "OI-SC" means a self-contained program for pupils with orthopedic
5 impairments.
6 22. "PSD" means preschool programs for children with disabilities as
7 provided in section 15-771.
8 23. "P-SD" means programs for children who meet the definition of
9 preschool severe delay as provided in section 15-771.
10 24. "Qualifying tax rate" means the qualifying tax rate specified in
11 section 15-971 applied to the assessed valuation used for primary property
12 taxes.
13 25. "Small isolated school district" means a school district which
14 meets all of the following:
15 (a) Has a student count of fewer than six hundred in kindergarten
16 programs and grades one through eight or grades nine through twelve.
17 (b) Contains no school which is fewer than thirty miles by the most
18 reasonable route from another school, or, if road conditions and terrain make
19 the driving slow or hazardous, fifteen miles from another school which
20 teaches one or more of the same grades and is operated by another school
21 district in this state.
22 (c) Is designated as a small isolated school district by the
23 superintendent of public instruction.
24 26. "Small school district" means a school district which meets all of
25 the following:
26 (a) Has a student count of fewer than six hundred in kindergarten
27 programs and grades one through eight or grades nine through twelve.
28 (b) Contains at least one school which is fewer than thirty miles by
29 the most reasonable route from another school which teaches one or more of
30 the same grades and is operated by another school district in this state.
31 (c) Is designated as a small school district by the superintendent of
32 public instruction.
33 27. "Transportation revenue control limit" means the transportation
34 revenue control limit computed as prescribed in section 15-946.
35 28. "Transportation support level" means the support level for pupil
36 transportation operating expenses as provided in section 15-945.
37 29. "VI" means programs for pupils with visual impairments.
38 30. "Voc. Ed." means career and technical education and vocational
39 education programs, as defined in section 15-781.

40 Sec. 6. Title 15, chapter 9, article 1, Arizona Revised Statutes, is
41 amended by adding section 15-901.04, to read:

42 15-901.04. Instructional technology systems grants fund; grant
43 application; criteria

44 A. THE INSTRUCTIONAL TECHNOLOGY SYSTEMS GRANTS FUND IS ESTABLISHED
45 CONSISTING OF LEGISLATIVE APPROPRIATIONS, GIFTS, GRANTS AND DONATIONS. THE

1 DEPARTMENT OF EDUCATION SHALL ADMINISTER THE FUND. MONIES IN THE FUND, OTHER
2 THAN GENERAL FUND MONIES, ARE SUBJECT TO LEGISLATIVE APPROPRIATION AND ARE
3 EXEMPT FROM THE PROVISIONS OF SECTION 35-190 RELATING TO LAPSING OF
4 APPROPRIATIONS.

5 B. A SCHOOL IN A SCHOOL DISTRICT OR A CHARTER SCHOOL MAY APPLY TO THE
6 DEPARTMENT OF EDUCATION FOR A GRANT FROM THE FUND. WITH THE ADVICE OF THE
7 ARIZONA E-LEARNING TASK FORCE ESTABLISHED BY SECTION 15-1044, THE DEPARTMENT
8 OF EDUCATION SHALL RECOMMEND THE FORMAT OF THE APPLICATIONS AND RECOMMEND
9 APPLICATION PROCEDURES AND CRITERIA. THE STATE BOARD OF EDUCATION SHALL
10 APPROVE THE APPLICATION FORMAT AND SELECTION CRITERIA.

11 C. THE DEPARTMENT OF EDUCATION SHALL PROVIDE GRANTS FROM THE FUND TO
12 SCHOOL DISTRICTS AND CHARTER SCHOOLS THAT ARE REVIEWED AND APPROVED BY THE
13 STATE BOARD OF EDUCATION. THE DEPARTMENT OF EDUCATION SHALL GIVE PRIORITY TO
14 SCHOOLS THAT HAVE AN EFFECTIVE PLAN AND THAT DEMONSTRATE COMMITMENT TO
15 INSTRUCTIONAL CHANGE REQUIRED TO ACHIEVE SIGNIFICANT PERFORMANCE GAINS
16 THROUGH THE IMPLEMENTATION OF THE GRANT.

17 D. SCHOOL DISTRICTS AND CHARTER SCHOOLS THAT RECEIVE MONIES FROM THE
18 FUND SHALL USE THESE MONIES FOR THE FOLLOWING PURPOSES TO SIGNIFICANTLY
19 INCREASE ACADEMIC PERFORMANCE:

20 1. TO UPGRADE INSTRUCTIONAL TECHNOLOGY SYSTEMS IN THE CLASSROOM BY
21 ADDRESSING ALL SYSTEM ASPECTS, INCLUDING A DIGITAL CURRICULUM, SOFTWARE,
22 COMPUTER HARDWARE, TECHNICAL SUPPORT, DATA AND LOCAL AREA NETWORKS WITH FILE
23 SERVERS AND BROADBAND INTERNET CONNECTIVITY.

24 2. TO ENSURE ACCESS TO ONE NETWORKED COMPUTER WITH BROADBAND INTERNET
25 ACCESS TO STANDARDS ESTABLISHED BY THE GOVERNMENT INFORMATION TECHNOLOGY
26 AGENCY FOR EVERY PUPIL IN EVERY ACADEMIC CLASSROOM.

27 3. TO PROVIDE TRAINING TO TEACHERS ON CLASSROOM APPLICATION AND
28 INSTRUCTIONAL TECHNOLOGY.

29 Sec. 7. Section 15-910.03, Arizona Revised Statutes, is amended to
30 read:

31 15-910.03. Excess utilities; funding plan; review

32 A. ~~Beginning July 1, 2005,~~ Each school district shall annually
33 develop, adopt and certify a plan at the same public meeting where the school
34 district budget is proposed and adopted containing the following information
35 FOR BOTH TOTAL UTILITY COSTS AND THE PORTION OF THOSE COSTS CONSIDERED TO BE
36 EXCESS UTILITIES PURSUANT TO SECTION 15-910:

37 1. A review and summary for each OF THE PAST FIVE fiscal ~~year since~~
38 ~~fiscal year 1999-2000~~ YEARS that includes the expenditures AND USAGE for the
39 direct operational costs of each of the following ~~that are contained within~~
40 ~~the revenue control limit and of the excess utilities budget outside the~~
41 ~~revenue control limit~~ EXPENDITURE CATEGORIES, OR THEIR SUCCESSOR EXPENDITURE
42 CATEGORIES, AS DEFINED IN THE UNIFORM SYSTEM OF FINANCIAL RECORDS:

43 ~~(a) Heating.~~

44 ~~(b) Cooling.~~

45 ~~(c)~~ (a) Water AND SEWAGE.

- 1 (b) DISPOSAL SERVICES.
- 2 (c) NATURAL GAS.
- 3 (d) Electricity.
- 4 (e) Telephone ~~communications.~~
- 5 ~~(f) Sanitation fees.~~
- 6 (f) BOTTLED GAS.
- 7 (g) OIL.
- 8 (h) COAL.

9 2. A review and summary that includes the current year budget, the
10 current year estimated expenditures and the proposed budget for the direct
11 operational costs of each of the ~~following that are contained within the~~
12 ~~revenue control limit and of the excess utilities budget outside the revenue~~
13 ~~control limit:~~ EXPENDITURE CATEGORIES LISTED IN PARAGRAPH 1 OF THIS
14 SUBSECTION.

- 15 ~~(a) Heating.~~
- 16 ~~(b) Cooling.~~
- 17 ~~(c) Water.~~
- 18 ~~(d) Electricity.~~
- 19 ~~(e) Telephone communications.~~
- 20 ~~(f) Sanitation fees.~~

21 ~~3. A per pupil cost for the total expenditures for the direct~~
22 ~~operational costs that are contained within the revenue control limit and a~~
23 ~~per pupil cost for the total expenditures for the direct operational costs~~
24 ~~that are part of the excess utilities budget outside the revenue control~~
25 ~~limit as prescribed in paragraphs 1 and 2.~~

26 3. THE COSTS ON BOTH AN AVERAGE PER PUPIL AND AVERAGE PER SQUARE FOOT
27 BASIS FOR EACH ITEM REPORTED IN PARAGRAPHS 1 AND 2 OF THIS SUBSECTION.

28 4. If the school district budgets for excess utilities, a review and
29 summary of specific financial goals to enable the school district to pay for
30 all utility costs within the revenue control limit on or before June 30, 2009
31 as approved by the voters of this state in the referendum designated as
32 proposition 301 at the 2000 general election.

33 5. If the school district budgets for excess utilities, a review of
34 the district's plan to ensure that the school district is making progress
35 toward the achievement of the financial goals prescribed in paragraph 4.

36 B. Each school district shall annually submit a copy of the plan
37 prescribed in subsection A OF THIS SECTION to the department of education on
38 or before July 18.

39 C. The department of education shall prepare and submit an annual
40 report on or before December 1 to the joint legislative budget committee
41 containing a summary of the school district plans and costs per pupil as
42 prescribed in subsection A OF THIS SECTION. The department of education
43 shall include in the report a list of school districts that did not submit a
44 plan pursuant to this section.

1 Sec. 8. Section 15-918.04, Arizona Revised Statutes, is amended to
2 read:

3 15-918.04. Career ladder programs

4 A. To budget for a career ladder program as approved by the state
5 board, a school district that is implementing the program in all schools in
6 the district may calculate its budget using an increase in the base level as
7 follows:

8 1. For the fiscal year or years a district is implementing the program
9 at the development phase, 0.5 per cent, except that a district shall:

10 (a) Be allowed to budget at least the amount in column 2 of this
11 subdivision that corresponds to the student count classification in column 1
12 of this subdivision:

<u>Column 1</u>	<u>Column 2</u>
<u>Student count</u>	<u>Minimum amount</u>
15 1-199	\$ 5,000
16 200-599	\$10,000
17 600-999	\$15,000
18 1,000-1,399	\$20,000
19 1,400 or more	\$25,000

20 (b) Not budget more than one hundred fifty thousand dollars.

21 2. For the fiscal year or years a district is implementing the program
22 at the evaluation phase, 1.0 per cent, except that a district shall:

23 (a) Be allowed to budget the amount in column 2 of this subdivision
24 that corresponds to the student count classification in column 1 of this
25 subdivision:

<u>Column 1</u>	<u>Column 2</u>
<u>Student count</u>	<u>Minimum amount</u>
28 1-199	\$10,000
29 200-599	\$20,000
30 600-999	\$30,000
31 1,000-1,399	\$40,000
32 1,400 or more	\$50,000

33 (b) Not budget more than three hundred thousand dollars.

34 3. For the fiscal year or years a district is implementing the program
35 at the placement phase, not greater than 2.5 per cent. After the successful
36 completion of at least one year in the placement phase, the board may approve
37 a funding level of not greater than 4.0 per cent.

38 4. For the fiscal years a district is implementing the program at the
39 effective career ladder phase, not greater than ~~5.5~~ 5.0 per cent.

40 5. In addition to the amount authorized in paragraphs 3 and 4, a
41 school district for which the formula produces an amount of less than three
42 hundred thousand dollars may increase its base support level by an amount
43 computed as follows:

44 (a) Determine ten per cent of the funding increase.

1 (b) Subtract the amount determined in subdivision (a) of this
2 paragraph from the amount in column 2 of this subdivision that corresponds to
3 the student count classification in column 1 of this subdivision:

4 <u>Column 1</u>	<u>Column 2</u>
5 <u>Student count</u>	<u>Small district adjustment</u>
6 1-599	\$10,000
7 600-1,399	\$20,000
8 1,400 or more	\$30,000

9 B. If a career ladder program has been approved for fewer than all of
10 the schools in a school district, the percentage increase in the base level
11 prescribed in subsection A of this section shall be reduced proportionately,
12 based on the ratio of the student count in the career ladder schools to the
13 student count of the school district as a whole. The minimum and maximum
14 dollar amounts apply to the school or schools in one school district as if
15 they were a school district.

16 C. Notwithstanding any other law, a school district that has
17 implemented a career ladder program may budget any budget balance in the
18 maintenance and operation section of the budget that is directly attributable
19 to a budgeted increase in the base level as prescribed in this section from
20 the current fiscal year for use in career ladder programs in the budget
21 year. The amount budgeted pursuant to this subsection shall not be included
22 in the allowable budget balance carry forward calculated pursuant to section
23 15-943.01. The amount budgeted pursuant to this subsection is specifically
24 exempt from the revenue control limit. For THE purposes of this subsection,
25 "budget balance" means the difference between actual career ladder
26 expenditures and the budgeted increase in the base level as prescribed in
27 this section.

28 Sec. 9. Section 15-918.05, Arizona Revised Statutes, is amended to
29 read:

30 15-918.05. Career ladder programs; determination of
31 equalization assistance payments from county and
32 state monies

33 A school district that has chosen to calculate its budget using an
34 increase in the base level, as prescribed in section 15-918.04, shall notify
35 the state board of its decision and shall have its equalization assistance
36 for education as computed in section 15-971 computed as follows:

37 1. For a high school district or a common school district within a
38 high school district that does not offer instruction in high school subjects
39 as provided in section 15-447, the qualifying tax rate as provided in section
40 15-971, subsection B, paragraph 1 shall be increased by ~~two~~ 1.9 cents for
41 each percentage increase in the base level as provided in section 15-918.04.

42 2. For a unified school district, a common school district not within
43 a high school district or a common school district within a high school
44 district that offers instruction in high school subjects as provided in
45 section 15-447, the qualifying tax rate as provided in section 15-971,

1 subsection B, paragraph 2 shall be increased by ~~four~~ 3.8 cents for each
2 percentage increase in the base level as provided in section 15-918.04.

3 Sec. 10. Section 15-919.04, Arizona Revised Statutes, is amended to
4 read:

5 15-919.04. Optional performance incentives program; funding;
6 limitation

7 A. The superintendent of public instruction may authorize a district
8 participating in the optional performance incentives program to calculate its
9 budget using an increase in the base level of up to five ~~and one-half~~ per
10 cent.

11 B. If implementation phases are used, the superintendent of public
12 instruction shall increase a district's funding level based on the district's
13 achievement of successively higher implementation phases.

14 C. Notwithstanding subsection B of this section, the state performance
15 incentive oversight committee may authorize a district that is a career
16 ladder district to budget for an increase in its base level that is equal to
17 the base level increase that the district was authorized to budget for
18 pursuant to section 15-918.04 at the time of original application to the
19 optional performance incentives program. A school district shall not budget
20 for both the career ladder program and the optional performance incentives
21 program at the same time.

22 D. Notwithstanding any other law, a school district that has
23 implemented an optional performance incentive program may budget any budget
24 balance in the maintenance and operation section of the budget that is
25 directly attributable to a budgeted increase in the base level as prescribed
26 in this section from the current fiscal year for use in optional performance
27 incentive programs in the budget year. The amount budgeted pursuant to this
28 subsection shall not be included in the allowable budget balance carryforward
29 calculated pursuant to section 15-943.01. The amount budgeted pursuant to
30 this subsection is specifically exempt from the revenue control limit. For
31 THE purposes of this subsection, "budget balance" means the difference
32 between actual optional performance incentive program expenditures and the
33 budgeted increase in the base level as prescribed in this section.

34 Sec. 11. Section 15-919.05, Arizona Revised Statutes, is amended to
35 read:

36 15-919.05. Optional performance incentive programs;
37 determination of equalization assistance payments
38 from county and state monies

39 A. A school district that has chosen to calculate its budget using an
40 increase in the base level shall notify the state board of its decision and
41 shall have its equalization assistance for education as prescribed in section
42 15-971 computed as follows:

43 1. For a high school district or a common school district within a
44 high school district that does not offer instruction in high school subjects
45 as provided in section 15-447, the qualifying tax rate as provided in section

1 15-971, subsection B, paragraph 1 shall be increased by ~~two~~ 1.9 cents for
2 each percentage increase in the base level as provided in section 15-919.04.

3 2. For a unified school district, a common school district not within
4 a high school district or a common school district within a high school
5 district that offers instruction in high school subjects as provided in
6 section 15-447, the qualifying tax rate as provided in section 15-971,
7 subsection B, paragraph 2 shall be increased by ~~four~~ 3.8 cents for each
8 percentage increase in the base level as provided in section 15-919.04.

9 B. Except as provided in section 15-972, subsection E, the primary
10 property tax rate set to fund the amount specified pursuant to subsection A
11 of this section shall not be included in the computation of additional state
12 aid for education as provided in section 15-972.

13 Sec. 12. Section 15-945, Arizona Revised Statutes, is amended to read:

14 15-945. Transportation support level

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

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

19 2. Multiply the figure obtained in paragraph 1 of this subsection by
20 one hundred eighty.

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

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

26 5. Determine the classification in column 1 of this paragraph for the
27 quotient determined in paragraph 4 of this subsection. Multiply the product
28 obtained in paragraph 2 of this subsection by the corresponding state support
29 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 <u>Student Transported</u>	State Support Level per Route Mile for <u>Fiscal Year</u> 2006-2007 <u>2007-2008</u>
0.5 or less	\$2.19 \$2.23
More than 0.5 through 1.0	\$1.77 \$1.81
More than 1.0	\$2.19 \$2.23

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

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

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

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

6 <u>Column 1</u>	7 <u>Column 2</u>	8 <u>Column 3</u>	9 <u>Column 4</u>
7 Approved Daily Route			
8 Mileage per Eligible	District Type	District Type	District Type
9 <u>Student Transported</u>	<u>02 or 03</u>	<u>04</u>	<u>05</u>
10 0.5 or less	0.15	0.10	0.25
11 More than 0.5 through 1.0	0.15	0.10	0.25
12 More than 1.0	0.18	0.12	0.30

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

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

22 1. Determine the sum of the following:
 23 (a) The total number of miles driven by all buses of a school district
 24 while transporting eligible pupils with disabilities on scheduled routes from
 25 their residence to the school of attendance and from the school of attendance
 26 to their residence on routes for extended school year services in accordance
 27 with section 15-881.

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

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

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

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

4 Sec. 13. Section 15-946, Arizona Revised Statutes, is amended to read:
5 15-946. Transportation revenue control limit

6 A. The transportation revenue control limit for each school district
7 for the fiscal years 1985-1986, 1986-1987 and 1987-1988 is computed as
8 follows:

9 1. Determine the adopted operational expenditure budget for pupil
10 transportation for the fiscal year 1984-1985 effective January 1, 1985.

11 2. Determine the transportation revenue control limit for the school
12 district for the fiscal year 1984-1985 as provided in this section before
13 April 18, 1985.

14 3. If the school district's transportation revenue control limit for
15 the fiscal year 1984-1985 as provided in paragraph 2 of this subsection is
16 equal to or greater than the amount determined in paragraph 1 of this
17 subsection, the transportation revenue control limit for the fiscal year
18 1985-1986 is the change in the transportation support level from the fiscal
19 year 1984-1985 to the fiscal year 1985-1986 plus the transportation revenue
20 control limit for the fiscal year 1984-1985 as provided in paragraph 2 of
21 this subsection. For the fiscal years 1986-1987 and 1987-1988 the
22 transportation revenue control limit is the transportation revenue control
23 limit for the current year plus the change in the transportation support
24 level for the current year to the budget year.

25 4. If the school district's transportation revenue control limit for
26 the fiscal year 1984-1985 as provided in paragraph 2 of this subsection is
27 less than the amount determined in paragraph 1 of this subsection, the
28 transportation revenue control limit for the fiscal year 1985-1986 is the sum
29 of the following:

30 (a) The transportation revenue control limit for the school district
31 for the fiscal year 1984-1985 as provided in paragraph 2 of this subsection.

32 (b) The change in the transportation support level from the fiscal
33 year 1984-1985 to the fiscal year 1985-1986.

34 (c) One-third of the amount obtained by subtracting the transportation
35 revenue control limit for fiscal year 1984-1985 as provided in paragraph 2 of
36 this subsection from the amount determined in paragraph 1 of this subsection.

37 5. If the transportation revenue control limit of the school district
38 for the fiscal year 1984-1985 as provided in paragraph 2 of this subsection
39 is less than the amount determined in paragraph 1 of this subsection, the
40 transportation revenue control limit for the fiscal years 1986-1987 and
41 1987-1988 is the sum of the following:

42 (a) The transportation revenue control limit for the current year.

43 (b) The change in the transportation support level from the current
44 year to the budget year.

1 (c) One-third of the amount obtained by subtracting the transportation
2 revenue control limit for the fiscal year 1984-1985 as provided in paragraph
3 2 of this subsection from the amount determined in paragraph 1 of this
4 subsection.

5 B. The transportation revenue control limit for each school district
6 for the fiscal year 1988-1989 and each year thereafter shall be the
7 transportation revenue control limit for the current year plus the increase
8 in the transportation support level from the current year to the budget year,
9 except that for fiscal year 2006-2007 and for each fiscal year thereafter,
10 the transportation revenue control limit shall not increase if the
11 transportation revenue control limit is more than one hundred twenty per cent
12 of the transportation support level. For a school district that sponsors a
13 charter school, its transportation revenue control limit for the budget year
14 shall be calculated as follows:

15 1. Calculate separately, as prescribed by the department of education,
16 the total transportation support level for the current year for all charter
17 schools under the district's sponsorship in the current year.

18 2. Calculate separately, as prescribed by the department of education,
19 the total transportation support level for the budget year for all charter
20 schools under the district's sponsorship in the budget year.

21 3. Subtract the amount determined in paragraph 2 of this subsection
22 from the amount determined in paragraph 1 of this subsection. If the result
23 is zero or less, use zero in paragraph 4 of this subsection.

24 4. Subtract the amount determined in paragraph 3 of this subsection
25 from the district's transportation revenue control limit for the current
26 year. This is the adjusted transportation revenue control limit for the
27 current year.

28 5. The transportation revenue control limit for the budget year is the
29 adjusted transportation revenue control limit for the current year determined
30 in paragraph 4 of this subsection plus the increase in the transportation
31 support level from the current year to the budget year.

32 C. NOTWITHSTANDING SUBSECTION B, IF THE TRANSPORTATION SUPPORT LEVEL
33 OF A SCHOOL DISTRICT EXCEEDS THE TRANSPORTATION REVENUE CONTROL LIMIT IN ANY
34 BUDGET YEAR, THE TRANSPORTATION REVENUE CONTROL LIMIT SHALL BE ADJUSTED IN
35 THAT BUDGET YEAR AND EVERY BUDGET YEAR THEREAFTER TO EQUAL THE TRANSPORTATION
36 SUPPORT LEVEL.

37 Sec. 14. Section 41-1276, Arizona Revised Statutes, is amended to
38 read:

39 41-1276. Truth in taxation levy for equalization assistance to
40 school districts

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

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

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

5 B. The truth in taxation rates consist of the qualifying tax rate for
6 a high school district or a common school district within a high school
7 district that does not offer instruction in high school subjects pursuant to
8 section 15-971, subsection B, paragraph 1, a qualifying tax rate for a
9 unified district, a common school district not within a high school district
10 or a common school district within a high school district that offers
11 instruction in high school subjects pursuant to section 15-971, subsection B,
12 paragraph 2 and a state equalization assistance property tax rate pursuant to
13 section 15-994 that will offset the change in net assessed valuation of
14 property that was subject to tax in the prior year.

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

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

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

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

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

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

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

43 1. The house of representatives ways and means committee and the
44 senate finance committee or their successor committees shall hold a joint

1 hearing on or before February 28 and publish a notice of a truth in taxation
2 hearing that meets the following requirements:

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

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

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

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

15 Truth in Taxation Hearing
16 Notice of Tax Increase

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

21 The proposed tax increase will cause the taxes on a
22 \$100,000 home to increase by \$_____.

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

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

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

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

40 G. Notwithstanding any other law, the legislature shall not adopt a
41 state budget that provides for either qualifying tax rates pursuant to
42 section 15-971 or a state equalization assistance property tax rate pursuant
43 to section 15-994 that exceeds the truth in taxation rates computed pursuant
44 to subsection A of this section unless the rates are adopted by a concurrent
45 resolution approved by an affirmative roll call vote of two-thirds of the

1 members of each house of the legislature before the legislature enacts the
2 general appropriations bill. If the resolution is not approved by two-thirds
3 of the members of each house of the legislature, the rates for the following
4 fiscal year shall be the truth in taxation rates determined pursuant to
5 subsection C of this section and shall be transmitted to the superintendent
6 of public instruction and the county boards of supervisors.

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

13 I. Pursuant to subsection C of this section, the qualifying tax rate
14 in tax year ~~2006~~ 2007 for a high school district or a common school district
15 within a high school district that does not offer instruction in high school
16 subjects as provided in section 15-447 is ~~\$1.7394~~ \$1.6020 and for a unified
17 school district, a common school district not within a high school district
18 or a common school district within a high school district that offers
19 instruction in high school subjects as provided in section 15-447 is ~~\$3.4788~~
20 \$3.2040. The state equalization assistance property tax rate in tax years
21 2006, 2007 and 2008 is zero. The state equalization assistance property tax
22 rate in tax year 2009 shall be computed by annually adjusting the tax year
23 2005 rate of \$0.4358 as provided by this section through tax year 2009.

24 Sec. 15. Laws 2005, chapter 274, section 2 is amended to read:

25 Sec. 2. Delayed repeal

26 Section 15-103, Arizona Revised Statutes, ~~as added by this act,~~ is
27 repealed from and after December 31, ~~2007~~ 2008.

28 Sec. 16. Laws 2005, chapter 274, section 3 is amended to read:

29 Sec. 3. Saving clause

30 The delayed repeal of section 15-103, Arizona Revised Statutes, as
31 prescribed in ~~this act~~ LAWS 2005, CHAPTER 274, SECTION 2, AS AMENDED BY THIS
32 ACT, shall not affect any matter in which the state board of education has
33 found that a school district is insolvent or has mismanaged its finances
34 before January 1, ~~2008~~ 2009.

35 Sec. 17. Laws 2006, chapter 375, section 3 is amended to read:

36 Sec. 3. E-learning pilot program

37 A. The department of education, in cooperation with the e-learning
38 task force established by section 15-1044, Arizona Revised Statutes, ~~as added~~
39 ~~by this act,~~ shall establish an e-learning pilot program at up to ten
40 schools.

41 B. On or before December 15, ~~2006~~ 2007, the e-learning task force, in
42 cooperation with the department of education, shall prepare an actionable
43 request for proposals to implement a three-year e-learning pilot program to
44 help participating schools to achieve academic and motivational gains based
45 on the state and national average and shall submit the preliminary request

1 for proposals to the joint legislative budget committee for review and
2 comment. The request for proposals shall require all responses to meet the
3 government information technology agency standards. The request shall
4 include:

5 1. The scope of work, including programmatic, performance and
6 technical requirements, conceptual design, specifications and functional and
7 operational elements for the delivery of the completed components of the
8 pilot program.

9 2. A description of the qualifications required of the entity or group
10 of entities that will be selected for the pilot program.

11 3. Copies of the contract documents that the successful bidder or
12 group of bidders will be expected to sign.

13 4. A timeline for the design and completion of the pilot program.

14 5. The estimated cost of the components of the pilot program.

15 6. Any other information relevant to the pilot program.

16 C. Based on the comments received from the joint legislative budget
17 committee, the task force shall finalize the request for proposals and the
18 department of education shall issue the finalized request for proposals
19 within thirty days after the hearing conducted by the joint legislative
20 budget committee.

21 D. The department of education shall award a contract or contracts
22 within one hundred eighty days after the issuance of the finalized request
23 for proposals.

24 E. At least ten days before the department of education enters into a
25 contract or contracts that result from the request for proposals, the
26 superintendent of public instruction shall submit the provisions of the
27 contract or contracts for review by the joint legislative budget committee in
28 executive session.

29 F. The overall e-learning system shall be implemented through a
30 three-year pilot program by an entity or a group of entities that delivers
31 the following elements:

32 1. Program management by an organization that is capable of each of
33 the following:

34 (a) Delivering reliable psychometric analysis of academic gains.

35 (b) Evaluating coursework for alignment with the academic standards
36 adopted by the state board of education.

37 (c) Performing reliability analysis of electronic systems delivering
38 coursework and assessments.

39 (d) Analysis and direction towards system improvements.

40 (e) Delivering monthly reports on the performance of the system and
41 directing any corrective steps required to achieve success.

42 2. A central delivery or supporting system with the ability to deliver
43 course work to fifty thousand students simultaneously at the highest
44 reliability level both at home and at school.

1 3. Mathematics instruction through a digital curriculum system with
2 coursework and assessments that are aligned with the academic standards
3 adopted by the state board of education. The assessments shall provide
4 formative and cumulative assessments aligned with the coursework, and shall
5 provide percentile rank, grade level and scale scores on the Arizona
6 instrument to measure standards test at the individual, classroom and school
7 level on a real-time basis. The scale score reports on the Arizona
8 instrument to measure standards test shall be on the same scale as the
9 passing scale score for a high school diploma in this state. The entity or
10 group of entities delivering the assessments shall be able to show that the
11 entity or group of entities are capable of delivering these assessments with
12 computer adaptive testing.

13 4. Lap-top technology to teachers and students involved in the pilot
14 program.

15 5. Teacher training and professional development coursework and
16 assessment. The teacher development and training shall be delivered by an
17 entity or group of entities that has experience providing teacher training
18 and professional development coursework and shall include both initial and
19 ongoing components. The coursework shall include strategies and techniques
20 to successfully integrate technological and digital resources into the daily
21 work of students.

22 G. After the department of education and the e-learning task force
23 have awarded a contract to the entity or group of entities that will
24 implement the e-learning pilot program, the department of education, in
25 cooperation with the e-learning task force, shall establish application
26 procedures and additional selection criteria for schools that wish to apply
27 for participation in the pilot program. The pilot program shall be conducted
28 at up to ten schools that provide instruction in any two grades consisting of
29 grade six, seven, eight or nine. Pupils in preschool programs, kindergarten
30 programs, grades one through five and grades ten, eleven and twelve are not
31 eligible to participate in the pilot program. These schools shall be able to
32 demonstrate that the teachers who will participate in the pilot program are
33 committed to the pilot program. The affected teachers shall complete the
34 initial training and professional development component of the pilot program
35 by the end of the fall semester of ~~2007~~ 2008.

36 H. In cooperation with the e-learning task force, the department of
37 education shall submit a report on or before November 15, ~~2010~~ 2011 to the
38 governor, the president of the senate and the speaker of the house of
39 representatives that summarizes the results of the pilot program. The
40 academic effectiveness of pupils in the pilot program shall be measured
41 according to the existing assessment mechanisms prescribed in title 15,
42 Arizona Revised Statutes. The department of education shall provide a copy
43 of this report to the secretary of state and the director of the Arizona
44 state library, archives and public records.

1 I. Schools and pupils that participate in the technology assisted
2 project-based instruction program established pursuant to section 15-808,
3 Arizona Revised Statutes, are not eligible for participation in the pilot
4 program.

5 Sec. 18. Laws 2006, chapter 375, section 5 is amended to read:

6 Sec. 5. Delayed repeal

7 ~~Sections 4 and 5 of this act,~~ LAWS 2006, CHAPTER 375, SECTION 3, AS
8 AMENDED BY THIS ACT, AND LAWS 2006, CHAPTER 375, SECTION 4, relating to the
9 e-learning pilot program and the e-learning fund, are repealed from and after
10 August 31, ~~2011~~ 2012.

11 Sec. 19. Department of education; e-learning pilot program;
12 distribution of monies

13 Notwithstanding Laws 2006, chapter 375, section 6, the department of
14 education may distribute the monies appropriated for the e-learning pilot
15 program in fiscal years 2006-2007, 2007-2008, 2008-2009, 2009-2010 and
16 2010-2011.

17 Sec. 20. Desegregation budget; limit

18 Notwithstanding section 15-910, Arizona Revised Statutes, the maximum
19 amount that a school district may budget for desegregation activities for
20 fiscal year 2007-2008 shall be computed as follows:

21 1. Determine the amount that the district budgeted for desegregation
22 activities for fiscal year 2006-2007 pursuant to Laws 2006, chapter 353,
23 section 18.

24 2. Compute the percentage increase in average daily membership for the
25 district, as defined in section 15-901, Arizona Revised Statutes, as amended
26 by this act, for the 2006-2007 school year above the 2005-2006 school year.
27 If average daily membership for the district decreased for the 2006-2007
28 school year below the 2005-2006 school year, assume a per cent increase of
29 zero.

30 3. Multiply the amount determined in paragraph 1 of this section by
31 the percentage determined in paragraph 2 of this section.

32 4. Multiply the amount determined in paragraph 1 of this section by
33 two per cent for assumed inflation.

34 5. Add the amounts determined in paragraphs 1, 3 and 4 of this
35 section.

36 Sec. 21. Adjustment for rapid decline in student count for
37 fiscal year 2007-2008

38 Notwithstanding section 15-942, Arizona Revised Statutes, for fiscal
39 year 2007-2008, the department of education shall reduce by fifty per cent
40 the amount of rapid decline funding that a school district would otherwise be
41 eligible to receive pursuant to section 15-942, subsections A through F,
42 Arizona Revised Statutes.

1 B. The monies appropriated pursuant to subsection A of this section
2 shall be distributed to school districts and charter schools and,
3 notwithstanding section 15-977, Arizona Revised Statutes, shall be used
4 exclusively for teacher compensation increases based on performance.

5 C. The appropriation made in subsection A of this section is exempt
6 from the provisions of section 35-190, Arizona Revised Statutes, relating to
7 lapsing of appropriations.

8 D. It is the intent of the legislature to continue to provide
9 additional monies for teacher compensation increases based on performance and
10 employment related expenses after fiscal year 2007-2008 for school districts
11 and charter schools, if sufficient monies are available and if sufficient
12 monies are appropriated for this purpose, to provide alternatives to career
13 ladder programs and optional performance incentive programs with the intent
14 of eventually phasing out the need for career ladder programs and optional
15 performance incentive programs.

16 E. It is the intent of the legislature that the teacher compensation
17 increases based on performance provided by this section in fiscal year
18 2007-2008 and in all subsequent fiscal years be used by school districts and
19 charter schools to enhance student achievement by providing performance-based
20 pay to teachers.

21 F. It is the intent of the legislature by this section to reduce local
22 property taxes and to reduce local property tax burdens of the taxpayers of
23 this state.

24 Sec. 27. Appropriation; basic state aid; base level increase

25 A. The sum of \$23,000,000 is appropriated from the state general fund
26 in fiscal year 2007-2008 to the department of education to fund an additional
27 increase in the base level authorized in section 15-901, subsection B,
28 paragraph 2, Arizona Revised Statutes, as amended by this act.

29 B. The funding appropriated in subsection A of this section shall be
30 used by school districts, charter schools and the Arizona state schools for
31 the deaf and the blind to provide salary and benefit increases to
32 nonadministrative personnel.

33 Sec. 28. Intent; definition

34 A. The monies appropriated in section 27 of this act are intended to
35 provide salary and benefit increases for nonadministrative personnel in
36 school districts, charter schools and the Arizona state schools for the deaf
37 and the blind. These increases are intended to be above and beyond any
38 existing contract, agreement or cost of living increase and are intended to
39 supplement and not supplant any existing monies for salary and benefit
40 increases for nonadministrative personnel.

41 B. For the purposes of this section, "existing monies" means any
42 monies that school districts or the Arizona state schools for the deaf and
43 the blind budgeted, designated or intended in any way to use for
44 nonadministrative personnel salary and benefit increases in fiscal year
45 2007-2008.