

REFERENCE TITLE: K-12 education; budget reconciliation

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

## **HB 2790**

Introduced by  
Representative Boone (with permission of committee on Rules)

AN ACT

AMENDING SECTIONS 15-185, 15-341.01, 15-342, 15-393, 15-901, 15-910.03, 15-945, 15-947.01, 15-962.01 AND 41-1276, ARIZONA REVISED STATUTES; AMENDING LAWS 2005, CHAPTER 274, SECTIONS 2 AND 3; 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           Sec. 2. Section 15-341.01, Arizona Revised Statutes, is amended to  
2 read:

3           15-341.01. One hundred eighty day school year; definition

4           A. Notwithstanding any other law, school instruction shall be  
5 conducted in each public school in this state for school sessions that total  
6 at least one hundred eighty days each school year. The superintendent of  
7 public instruction shall cause all relevant school funding formulas to be  
8 adjusted to reflect instruction on the one hundred eighty days' equivalency.  
9 The department of education shall adjust the amount of state aid distributed  
10 to school districts pursuant to section 15-971 to correspond to the increased  
11 number of school days prescribed by this section.

12           ~~B. The legislative council shall prepare draft legislation that~~  
13 ~~conforms the statutes and furthers the purposes of this section pursuant to~~  
14 ~~article IV, part 1, section 1, Constitution of Arizona.~~

15           B. FOR THE PURPOSES OF THIS SECTION, "ONE HUNDRED EIGHTY DAYS" MEANS  
16 ONE HUNDRED EIGHTY DAYS OF INSTRUCTION OR AN EQUIVALENT NUMBER OF MINUTES OF  
17 INSTRUCTION PER SCHOOL YEAR BASED ON A DIFFERENT NUMBER OF DAYS OF  
18 INSTRUCTION APPROVED BY THE SCHOOL DISTRICT GOVERNING BOARD.

19           Sec. 3. Section 15-342, Arizona Revised Statutes, is amended to read:

20           15-342. Discretionary powers

21           The governing board may:

- 22           1. Expel pupils for misconduct.
- 23           2. Exclude from grades one through eight children under six years of  
24 age.
- 25           3. Make such separation of groups of pupils as it deems advisable.
- 26           4. Maintain such special schools during vacation as deemed necessary  
27 for the benefit of the pupils of the school district.
- 28           5. Permit a superintendent or principal or representatives of the  
29 superintendent or principal to travel for a school purpose, as determined by  
30 a majority vote of the board. The board may permit members and members-elect  
31 of the board to travel within or without the school district for a school  
32 purpose and receive reimbursement. Any expenditure for travel and  
33 subsistence pursuant to this paragraph shall be as provided in title 38,  
34 chapter 4, article 2. The designated post of duty referred to in section  
35 38-621 shall be construed, for school district governing board members, to be  
36 the member's actual place of residence, as opposed to the school district  
37 office or the school district boundaries. Such expenditures shall be a  
38 charge against the budgeted school district funds. The governing board of a  
39 school district shall prescribe procedures and amounts for reimbursement of  
40 lodging and subsistence expenses. Reimbursement amounts shall not exceed the  
41 maximum amounts established pursuant to section 38-624, subsection C.
- 42           6. Construct or provide in rural districts housing facilities for  
43 teachers and other school employees which the board determines are necessary  
44 for the operation of the school.

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

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

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

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

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

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

22           (c) The transaction involves the sale of improved or unimproved  
23 property pursuant to an agreement with the school facilities board in which  
24 the school district agrees to sell the improved or unimproved property and  
25 transfer the proceeds of the sale to the school facilities board in exchange  
26 for monies from the school facilities board for the acquisition of a more  
27 suitable school site. For a sale of property acquired by a school district  
28 prior to July 9, 1998, a school district shall transfer to the school  
29 facilities board that portion of the proceeds that equals the cost of the  
30 acquisition of a more suitable school site. If there are any remaining  
31 proceeds after the transfer of monies to the school facilities board, a  
32 school district shall only use those remaining proceeds for future land  
33 purchases approved by the school facilities board, or for capital  
34 improvements not funded by the school facilities board for any existing or  
35 future facility.

36           (d) The transaction involves the sale of improved or unimproved  
37 property pursuant to a formally adopted plan and the school district uses the  
38 proceeds of this sale to purchase other property that will be used for  
39 similar purposes as the property that was originally sold, provided that the  
40 sale proceeds of the improved or unimproved property are used within two  
41 years after the date of the original sale to purchase the replacement  
42 property. If the sale proceeds of the improved or unimproved property are  
43 not used within two years after the date of the original sale to purchase  
44 replacement property, the sale proceeds shall be used towards payment of any  
45 outstanding bonded indebtedness. If any sale proceeds remain after paying

1 for outstanding bonded indebtedness, or if the district has no outstanding  
2 bonded indebtedness, sale proceeds shall be used to reduce the district's  
3 primary tax levy. A school district shall not use the provisions of this  
4 subdivision unless all of the following conditions exist:

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

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

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

11 11. Review the decision of a teacher to promote a pupil to a grade or  
12 retain a pupil in a grade in a common school or to pass or fail a pupil in a  
13 course in high school. The pupil has the burden of proof to overturn the  
14 decision of a teacher to promote, retain, pass or fail the pupil. In order  
15 to sustain the burden of proof, the pupil shall demonstrate to the governing  
16 board that the pupil has mastered the academic standards adopted by the state  
17 board of education pursuant to sections 15-701 and 15-701.01. If the  
18 governing board overturns the decision of a teacher pursuant to this  
19 paragraph, the governing board shall adopt a written finding that the pupil  
20 has mastered the academic standards. Notwithstanding title 38, chapter 3,  
21 article 3.1, the governing board shall review the decision of a teacher to  
22 promote a pupil to a grade or retain a pupil in a grade in a common school or  
23 to pass or fail a pupil in a course in high school in executive session  
24 unless a parent or legal guardian of the pupil or the pupil, if emancipated,  
25 disagrees that the review should be conducted in executive session and then  
26 the review shall be conducted in an open meeting. If the review is conducted  
27 in executive session, the board shall notify the teacher of the date, time  
28 and place of the review and shall allow the teacher to be present at the  
29 review. If the teacher is not present at the review, the board shall consult  
30 with the teacher before making its decision. Any request, including the  
31 written request as provided in section 15-341, the written evidence presented  
32 at the review and the written record of the review, including the decision of  
33 the governing board to accept or reject the teacher's decision, shall be  
34 retained by the governing board as part of its permanent records.

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

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

40 14. Include in the curricula which it prescribes for high schools in  
41 the school district career and technical education, vocational education and  
42 technology education programs and career and technical, vocational and  
43 technology program improvement services for the high schools, subject to  
44 approval by the state board of education. The governing board may contract

1 for the provision of career and technical, vocational and technology  
2 education as provided in section 15-789.

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

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

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

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

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

16 18. Donate surplus or outdated learning materials to nonprofit  
17 community organizations where the governing board determines that the  
18 anticipated cost of selling the learning materials equals or exceeds the  
19 estimated market value of the materials.

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

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

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

35 22. Require students to wear uniforms.

36 23. Exchange unimproved property or improved property, including school  
37 sites, where the governing board determines that the improved property is  
38 unnecessary for the continued operation of the school district without  
39 requesting authorization by a vote of the school district electors if the  
40 governing board determines that the exchange is necessary to protect the  
41 health, safety or welfare of pupils or when the governing board determines  
42 that the exchange is based on sound business principles for either:

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

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

4 24. For common and high school pupils, assess reasonable fees for  
5 optional extracurricular activities and programs conducted when the common or  
6 high school is not in session, except that no fees shall be charged for  
7 pupils' access to or use of computers or related materials. For high school  
8 pupils, the governing board may assess reasonable fees for fine arts and  
9 vocational education courses and for optional services, equipment and  
10 materials offered to the pupils beyond those required to successfully  
11 complete the basic requirements of any other course, except that no fees  
12 shall be charged for pupils' access to or use of computers or related  
13 materials. Fees assessed pursuant to this paragraph shall be adopted at a  
14 public meeting after notice has been given to all parents of pupils enrolled  
15 at schools in the district and shall not exceed the actual costs of the  
16 activities, programs, services, equipment or materials. The governing board  
17 shall authorize principals to waive the assessment of all or part of a fee  
18 assessed pursuant to this paragraph if it creates an economic hardship for a  
19 pupil. For the purposes of this paragraph, "extracurricular activity" means  
20 any optional, noncredit, educational or recreational activity which  
21 supplements the education program of the school, whether offered before,  
22 during or after regular school hours.

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

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

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

32 (c) Monies specifically donated for the purpose of constructing school  
33 buildings.

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

37 26. Conduct a background investigation that includes a fingerprint  
38 check conducted pursuant to section 41-1750, subsection G for certificated  
39 personnel and personnel who are not paid employees of the school district, as  
40 a condition of employment. A school district may release the results of a  
41 background check to another school district for employment purposes. The  
42 school district may charge the costs of fingerprint checks to its  
43 fingerprinted employee, except that the school district may not charge the  
44 costs of fingerprint checks for personnel who are not paid employees of the  
45 school district.

1           27. Sell advertising space on the exterior of school buses as follows:  
2           (a) Advertisements shall be age appropriate and not contain promotion  
3 of any substance that is illegal for minors such as alcohol, tobacco and  
4 drugs or gambling. Advertisements shall comply with the state sex education  
5 policy of abstinence.  
6           (b) Advertising approved by the governing board may appear only on the  
7 sides of the bus in the following areas:  
8           (i) The signs shall be below the seat level rub rail and not extend  
9 above the bottom of the side windows.  
10           (ii) The signs shall be at least three inches from any required  
11 lettering, lamp, wheel well or reflector behind the service door or stop  
12 signal arm.  
13           (iii) The signs shall not extend from the body of the bus so as to  
14 allow a handhold or present a danger to pedestrians.  
15           (iv) The signs shall not interfere with the operation of any door or  
16 window.  
17           (v) The signs shall not be placed on any emergency doors.  
18           (c) Establish a school bus advertisement fund that is comprised of  
19 revenues from the sale of advertising space on school buses. The monies in a  
20 school bus advertisement fund are not subject to reversion and shall be used  
21 for the following purposes:  
22           (i) To comply with the energy conservation measures prescribed in  
23 section 15-349 in school districts that are in area A as defined in section  
24 49-541, and any remaining monies shall be used to purchase alternative fuel  
25 support vehicles and any other pupil related costs as determined by the  
26 governing board.  
27           (ii) For any pupil related costs as determined by the governing board  
28 in school districts not subject to the provisions of item (i) of this  
29 subdivision.  
30           28. Assess reasonable damage deposits to pupils in grades seven through  
31 twelve for the use of textbooks, musical instruments, band uniforms or other  
32 equipment required for academic courses. The governing board shall adopt  
33 policies on any damage deposits assessed pursuant to this paragraph at a  
34 public meeting called for this purpose after providing notice to all parents  
35 of pupils in grades seven through twelve in the school district. Principals  
36 of individual schools within the district may waive the damage deposit  
37 requirement for any textbook or other item if the payment of the damage  
38 deposit would create an economic hardship for the pupil. The school district  
39 shall return the full amount of the damage deposit for any textbook or other  
40 item if the pupil returns the textbook or other item in reasonably good  
41 condition within the time period prescribed by the governing board. For the  
42 purposes of this paragraph, "in reasonably good condition" means the textbook  
43 or other item is in the same or a similar condition as it was when the pupil  
44 received it, plus ordinary wear and tear.

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

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

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

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

16           (a) The policy may provide reasonable exceptions to the parental  
17 notification requirement.

18           (b) The policy shall set forth whether and under what circumstances a  
19 parent may be present when a law enforcement officer interviews the pupil,  
20 including reasonable exceptions to the circumstances under which a parent may  
21 be present when a law enforcement officer interviews the pupil, and shall  
22 specify a reasonable maximum time after a parent is notified that an  
23 interview of a pupil by a law enforcement officer may be delayed to allow the  
24 parent to be present.

25           33. Enter into voluntary partnerships with any party to finance with  
26 funds other than school district funds and cooperatively design school  
27 facilities that comply with the adequacy standards prescribed in section  
28 15-2011 and the square footage per pupil requirements pursuant to section  
29 15-2041, subsection D, paragraph 3, subdivision (b). The design plans and  
30 location of any such school facility shall be submitted to the school  
31 facilities board for approval pursuant to section 15-2041, subsection 0. If  
32 the school facilities board approves the design plans and location of any  
33 such school facility, the party in partnership with the school district may  
34 cause to be constructed and the district may begin operating the school  
35 facility before monies are distributed from the school facilities board  
36 pursuant to section 15-2041. Monies distributed from the new school  
37 facilities fund to a school district in a partnership with another party to  
38 finance and design the school facility shall be paid to the school district  
39 pursuant to section 15-2041. The school district shall reimburse the party  
40 in partnership with the school district from the monies paid to the school  
41 district pursuant to section 15-2041, in accordance with the voluntary  
42 partnership agreement. Before the school facilities board distributes any  
43 monies pursuant to this subsection, the school district shall demonstrate to  
44 the school facilities board that the facilities to be funded pursuant to  
45 section 15-2041, subsection 0 meet the minimum adequacy standards prescribed

1 in section 15-2011. If the cost to construct the school facility exceeds the  
 2 amount that the school district receives from the new school facilities fund,  
 3 the partnership agreement between the school district and the other party  
 4 shall specify that, except as otherwise provided by the other party, any such  
 5 excess costs shall be the responsibility of the school district. The school  
 6 district governing board shall adopt a resolution in a public meeting that  
 7 analysis has been conducted on the prospective effects of the decision to  
 8 operate a new school with existing monies from the school district's  
 9 maintenance and operations budget and how this decision may affect other  
 10 schools in the school district. If a school district acquires land by  
 11 donation at an appropriate school site approved by the school facilities  
 12 board and a school facility is financed and built on the land pursuant to  
 13 this paragraph, the school facilities board shall distribute an amount equal  
 14 to twenty per cent of the fair market value of the land that can be used for  
 15 academic purposes. The school district shall place the monies in the  
 16 unrestricted capital outlay fund and increase the unrestricted capital budget  
 17 limit by the amount of the monies placed in the fund. Monies distributed  
 18 under this paragraph shall be distributed from the new school facilities fund  
 19 pursuant to section 15-2041. If a school district acquires land by donation  
 20 at an appropriate school site approved by the school facilities board and a  
 21 school facility is financed and built on the land pursuant to this paragraph,  
 22 the school district shall not receive monies from the school facilities board  
 23 for the donation of real property pursuant to section 15-2041, subsection F.  
 24 it is unlawful for:

25 (a) A county, city or town to require as a condition of any land use  
 26 approval that a landowner or landowners that entered into a partnership  
 27 pursuant to this paragraph provide any contribution, donation or gift, other  
 28 than a site donation, to a school district. This subdivision only applies to  
 29 the property in the voluntary partnership agreement pursuant to this  
 30 paragraph.

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

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

39 (d) ~~For~~ A school district to enter into an agreement pursuant to this  
 40 paragraph with any party other than a master planned community party. Any  
 41 land area consisting of at least three hundred twenty acres that is the  
 42 subject of a development agreement with a county, city or town entered into  
 43 pursuant to section 9-500.05 or 11-1101 shall be deemed to be a master  
 44 planned community. For the purposes of this subdivision, "master planned  
 45 community" means a land area consisting of at least three hundred twenty

1 acres, which may be noncontiguous, that is the subject of a zoning ordinance  
2 approved by the governing body of the county, city or town in which the land  
3 is located that establishes the use of the land area as a planned area  
4 development or district, planned community development or district, planned  
5 unit development or district or other land use category or district that is  
6 recognized in the local ordinance of such county, city or town and that  
7 specifies the use of such land is for a master planned development.

8 Sec. 4. Section 15-393, Arizona Revised Statutes, is amended to read:

9 15-393. Joint technological education district governing board;  
10 report; definition

11 A. The management and control of the joint district are vested in the  
12 joint technological education district governing board, including the content  
13 and quality of the courses offered by the district, the quality of teachers  
14 who provide instruction on behalf of the district, the salaries of teachers  
15 who provide instruction on behalf of the district and the reimbursement of  
16 other entities for the facilities used by the district. Unless the governing  
17 boards of the school districts participating in the formation of the joint  
18 district vote to implement an alternative election system as provided in  
19 subsection B of this section, the joint board shall consist of five members  
20 elected from five single member districts formed within the joint district.  
21 The single member district election system shall be submitted as part of the  
22 plan for the joint district pursuant to section 15-392 and shall be  
23 established in the plan as follows:

24 1. The governing boards of the school districts participating in the  
25 formation of the joint district shall define the boundaries of the single  
26 member districts so that the single member districts are as nearly equal in  
27 population as is practicable, except that if the joint district lies in part  
28 in each of two or more counties, at least one single member district may be  
29 entirely within each of the counties comprising the joint district if this  
30 district design is consistent with the obligation to equalize the population  
31 among single member districts.

32 2. The boundaries of each single member district shall follow election  
33 precinct boundary lines, as far as practicable, in order to avoid further  
34 segmentation of the precincts.

35 3. A person who is a registered voter of this state and who is a  
36 resident of the single member district is eligible for election to the office  
37 of joint board member from the single member district. The terms of office  
38 of the members of the joint board shall be as prescribed in section 15-427,  
39 subsection B. An employee of a joint technological education district or the  
40 spouse of an employee shall not hold membership on a governing board of a  
41 joint technological education district by which the employee is employed. A  
42 member of one school district governing board or joint technological  
43 education district governing board is ineligible to be a candidate for  
44 nomination or election to or serve simultaneously as a member of any other  
45 governing board, except that a member of a governing board may be a candidate

1 for nomination or election for any other governing board if the member is  
2 serving in the last year of a term of office. A member of a governing board  
3 shall resign the member's seat on the governing board before becoming a  
4 candidate for nomination or election to the governing board of any other  
5 school district or joint technological education district, unless the member  
6 of the governing board is serving in the last year of a term of office.

7 4. Nominating petitions shall be signed by the number of qualified  
8 electors of the single member district as provided in section 16-322.

9 B. The governing boards of the school districts participating in the  
10 formation of the joint district may vote to implement any other alternative  
11 election system for the election of joint district board members. If an  
12 alternative election system is selected, it shall be submitted as part of the  
13 plan for the joint district pursuant to section 15-392, and the  
14 implementation of the system shall be as approved by the United States  
15 justice department.

16 C. The joint technological education district shall be subject to the  
17 following provisions of this title:

- 18 1. Chapter 1, articles 1 through 6.
- 19 2. Sections 15-208, 15-210, 15-213 and 15-234.
- 20 3. Articles 2, 3 and 5 of this chapter.
- 21 4. Section 15-361.
- 22 5. Chapter 4, articles 1, 2 and 5.
- 23 6. Chapter 5, articles 1, 2 and 3.
- 24 7. Sections 15-701.01, 15-722, 15-723, 15-724, 15-727, 15-728, 15-729  
25 and 15-730.
- 26 8. Chapter 7, article 5.
- 27 9. Chapter 8, articles 1, 3 and 4.
- 28 10. Sections 15-828 and 15-829.
- 29 11. Chapter 9, article 1, article 6, except for section 15-995, and  
30 article 7.
- 31 12. Sections 15-941, 15-943.01, 15-948, 15-952, 15-953 and 15-973.
- 32 13. Sections 15-1101 and 15-1104.
- 33 14. Chapter 10, articles 2, 3, 4 and 8.

34 D. Notwithstanding subsection C of this section, the following apply  
35 to a joint technological education district:

36 1. A joint district may issue bonds for the purposes specified in  
37 section 15-1021 and in chapter 4, article 5 of this title to an amount in the  
38 aggregate, including the existing indebtedness, not exceeding one per cent of  
39 the taxable property used for secondary tax purposes, as determined pursuant  
40 to title 42, chapter 15, article 1, within the joint technological education  
41 district as ascertained by the last property tax assessment previous to  
42 issuing the bonds.

43 2. The number of governing board members for a joint district shall be  
44 as prescribed in subsection A of this section.

1           3. If a career and technical education and vocational education course  
 2 or program provided pursuant to this article is provided in a facility owned  
 3 or operated by a school district in which a pupil is enrolled, including  
 4 satellite courses, the sum of the daily attendance, as provided in section  
 5 15-901, subsection A, paragraph 6, for that pupil in both the school district  
 6 and joint technological education district shall not exceed 1.25 and the sum  
 7 of the fractional student enrollment, as provided in section 15-901,  
 8 subsection A, paragraph 2, subdivision (a), shall not exceed 1.25 for the  
 9 courses taken in the school district and the facility, including satellite  
 10 courses. The school district and the joint district shall determine the  
 11 apportionment of the daily attendance and fractional student enrollment for  
 12 that pupil between the school district and the joint district.

13           4. The student count for the first year of operation of a joint  
 14 technological education district as provided in this article shall be  
 15 determined as follows:

16           (a) Determine the estimated student count for joint district classes  
 17 that will operate in the first year of operation. This estimate shall be  
 18 based on actual registration of pupils as of March 30 scheduled to attend  
 19 classes that will be operated by the joint district. The student count for  
 20 the district of residence of the pupils registered at the joint district  
 21 shall be adjusted. The adjustment shall cause the district of residence to  
 22 reduce the student count for the pupil to reflect the courses to be taken at  
 23 the joint district. The district of residence shall review and approve the  
 24 adjustment of its own student count as provided in this subdivision before  
 25 the pupils from the school district can be added to the student count of the  
 26 joint district.

27           (b) The student count for the new joint district shall be the student  
 28 count as determined in subdivision (a) of this paragraph.

29           (c) After the first one hundred days or two hundred days in session,  
 30 as applicable, for the first year of operation, the joint district shall  
 31 revise the student count to the actual student count for students attending  
 32 classes in the joint district. A joint district shall revise its student  
 33 count, the base support level as provided in section 15-943.02, the revenue  
 34 control limit as provided in section 15-944.01, ~~the capital outlay revenue~~  
 35 ~~limit~~ and the soft capital allocation as provided in section 15-962.01 prior  
 36 to May 15. A joint district that overestimated its student count shall  
 37 revise its budget prior to May 15. A joint district that underestimated its  
 38 student count may revise its budget prior to May 15.

39           (d) After the first one hundred days or two hundred days in session,  
 40 as applicable, for the first year of operation, the district of residence  
 41 shall adjust its student count by reducing it to reflect the courses actually  
 42 taken at the joint district. The district of residence shall revise its  
 43 student count, the base support level as provided in section 15-943, the  
 44 revenue control limit as provided in section 15-944, ~~the capital outlay~~  
 45 ~~revenue limit as provided in section 15-961~~ and the soft capital allocation

1 as provided in section 15-962 prior to May 15. A district that  
2 underestimated the student count for students attending the joint district  
3 shall revise its budget prior to May 15. A district that overestimated the  
4 student count for students attending the joint district may revise its budget  
5 prior to May 15.

6 (e) A joint district for the first year of operation shall not be  
7 eligible for adjustment pursuant to section 15-948.

8 (f) The procedures for implementing this paragraph shall be as  
9 prescribed in the uniform system of financial records.

10 (g) If the district of residence utilizes section 15-942 to determine  
11 its student count, the district shall reduce its student count as provided in  
12 this paragraph by subtracting the appropriate count from the student count  
13 determined as provided in section 15-942.

14 For the purposes of this paragraph, "district of residence" means the  
15 district that included the pupil in its average daily membership for the year  
16 before the first year of operation of the joint district and that would have  
17 included the pupil in its student count for the purposes of computing its  
18 base support level for the fiscal year of the first year of operation of the  
19 joint district if the pupil had not enrolled in the joint district.

20 5. A student includes any person enrolled in the joint district  
21 without regard to the person's age or high school graduation status, except  
22 that:

23 (a) A student in a kindergarten program or in grades one through eight  
24 who enrolls in courses offered by the joint technological education district  
25 shall not be included in the joint district's average daily attendance or  
26 average daily membership.

27 (b) A student in a kindergarten program or in grades one through six  
28 who is enrolled in vocational education courses shall not be funded in whole  
29 or in part with monies provided by a joint technological education district.

30 (c) A student who is over twenty-two years of age shall not be  
31 included in the student count of the joint district for the purposes of  
32 chapter 9, articles 3, 4 and 5 of this title.

33 (d) A student in grade nine who enrolls in a career exploration course  
34 shall not be included in the joint district's average daily attendance or  
35 average daily membership.

36 6. A joint district may operate for more than one hundred seventy-five  
37 days per year, with expanded hours of service.

38 7. A joint district may use the excess utility costs provisions of  
39 section 15-910 in the same manner as a school district for fiscal years  
40 1999-2000 and 2000-2001, except that the base year shall be the first full  
41 fiscal year of operations.

42 8. A joint district may use the carryforward provisions of section  
43 15-943.01 retroactively to July 1, 1993.

1           9. A school district that is part of a joint district shall use any  
2 monies received pursuant to this article to supplement and not supplant base  
3 year career and technical education and vocational education courses, and  
4 directly related equipment and facilities, except that a school district that  
5 is part of a joint technological education district and that has used monies  
6 received pursuant to this article to supplant career and technological  
7 education and vocational education courses that were offered before the first  
8 year that the school district participated in the joint district or the first  
9 year that the school district used monies received pursuant to this article  
10 or that used the monies for purposes other than for career and technological  
11 education and vocational education courses shall:

12           (a) Use at least thirty-three per cent of the monies received pursuant  
13 to this article in fiscal year 2005-2006 to supplement and not supplant base  
14 year career and technical education and vocational education courses.

15           (b) Use at least sixty-six per cent of the monies received pursuant to  
16 this article in fiscal year 2006-2007 to supplement and not supplant base  
17 year career and technical education and vocational education courses.

18           (c) Use one hundred per cent of the monies received pursuant to this  
19 article in fiscal year 2007-2008 and each fiscal year thereafter to  
20 supplement and not supplant base year career and technical education and  
21 vocational education courses.

22           10. A joint technological education district shall use any monies  
23 received pursuant to this article to enhance and not supplant career and  
24 technical education and vocational education courses and directly related  
25 equipment and facilities.

26           11. A joint technological education district or a school district that  
27 is part of a joint district shall only include pupils in grades nine through  
28 twelve in the calculation of average daily membership or average daily  
29 attendance if the pupils are enrolled in courses that are approved jointly by  
30 the governing board of the joint technological education district and each  
31 participating school district for satellite courses taught within the  
32 participating school district, or approved solely by the joint technological  
33 education district for centrally located courses. Average daily membership  
34 and average daily attendance from courses that are not part of an approved  
35 program for career and technical education shall not be included in average  
36 daily membership and average daily attendance of a joint technological  
37 education district. A student in grade nine who enrolls in a career  
38 exploration course shall not be included in the joint district's average  
39 daily attendance or average daily membership.

40           E. The joint board shall appoint a superintendent as the executive  
41 officer of the joint district.

42           F. Taxes may be levied for the support of the joint district as  
43 prescribed in chapter 9, article 6 of this title, except that a joint  
44 technological education district shall not levy a property tax pursuant to  
45 law that exceeds five cents per one hundred dollars assessed valuation except

1 for bond monies pursuant to subsection D, paragraph 1 of this section.  
2 Except for the taxes levied pursuant to section 15-994, such taxes shall be  
3 obtained from a levy of taxes on the taxable property used for secondary tax  
4 purposes.

5 G. The schools in the joint district are available to all persons who  
6 reside in the joint district subject to the rules for admission prescribed by  
7 the joint board.

8 H. The joint board may collect tuition for adult students and the  
9 attendance of pupils who are residents of school districts that are not  
10 participating in the joint district pursuant to arrangements made between the  
11 governing board of the district and the joint board.

12 I. The joint board may accept gifts, grants, federal monies, tuition  
13 and other allocations of monies to erect, repair and equip buildings and for  
14 the cost of operation of the schools of the joint district.

15 J. One member of the joint board shall be selected chairman. The  
16 chairman shall be selected annually on a rotation basis from among the  
17 participating school districts. The chairman of the joint board shall be a  
18 voting member.

19 K. A joint board and a community college district may enter into  
20 agreements for the provision of administrative, operational and educational  
21 services and facilities.

22 L. Any agreement between the governing board of a joint technological  
23 education district and another joint technological education district, a  
24 school district, a charter school or a community college district shall be in  
25 the form of an intergovernmental agreement or other written contract. The  
26 auditor general shall modify the uniform system of financial records and  
27 budget forms in accordance with this subsection. The intergovernmental  
28 agreement or other written contract shall completely and accurately specify  
29 each of the following:

30 1. The financial provisions of the intergovernmental agreement or  
31 other written contract and the format for the billing of all services.

32 2. The accountability provisions of the intergovernmental agreement or  
33 other written contract.

34 3. The responsibilities of each joint technological education  
35 district, each school district, each charter school and each community  
36 college district that is a party to the intergovernmental agreement or other  
37 written contract.

38 4. The type of instruction that will be provided under the  
39 intergovernmental agreement or other written contract.

40 5. The quality of the instruction that will be provided under the  
41 intergovernmental agreement or other written contract.

42 6. The transportation services that will be provided under the  
43 intergovernmental agreement or other written contract and the manner in which  
44 transportation costs will be paid.

1           7. The amount that the joint technological education district will  
2 contribute to a course and the amount of support required by the school  
3 district or the community college.

4           8. That the services provided by the joint technological education  
5 district, the school district, the charter school or the community college  
6 district be proportionally calculated in the cost of delivering the service.

7           9. That the payment for services shall not exceed the cost of the  
8 services provided.

9           10. That any initial intergovernmental agreement or other written  
10 contract and any addendums between the governing board of a joint  
11 technological education district and another joint technological education  
12 district, a school district, a charter school or a community college district  
13 be submitted by the joint technological education district to the joint  
14 legislative budget committee for review.

15           M. On or before December 31 of each year, each joint technological  
16 education district shall submit a detailed report to the career and technical  
17 education division of the department of education. The career and technical  
18 education division of the department of education shall collect, summarize  
19 and analyze the data submitted by the joint districts, shall submit an annual  
20 report that summarizes the data submitted by the joint districts to the  
21 governor, the speaker of the house of representatives, the president of the  
22 senate and the state board of education and shall submit a copy of this  
23 report to the secretary of state and the director of the Arizona state  
24 library, archives and public records. The data submitted by each joint  
25 technological education district shall include the following:

26           1. The average daily membership of the joint district.

27           2. The course listings and course descriptions of courses offered by  
28 the joint district.

29           3. The costs associated with each course offered by the joint  
30 district.

31           4. The completion rate for each course offered by the joint district.

32           5. The graduation rate of students enrolled in the joint district.

33           6. A detailed description of the career opportunities available to  
34 students after completion of the program offered by the joint district.

35           7. A detailed description of the career placement of students who have  
36 completed the program offered by the joint district.

37           8. Any other data deemed necessary by the department of education to  
38 carry out its duties under this subsection.

39           N. If the career and technical education division of the department of  
40 education determines that a course does not meet the criteria for approval as  
41 a joint technical education course, the governing board of the joint  
42 technological education district may appeal this decision to the state board  
43 of education acting as the state board of vocational education.

1           0. Notwithstanding any other law, the average daily membership of a  
2 pupil who is enrolled in a course that meets for at least one hundred fifty  
3 minutes per class period at a centralized campus owned and operated by a  
4 joint technological education district shall be 0.75.

5           P. For the purposes of this section, "base year" means the complete  
6 school year in which voters of a school district elected to join a joint  
7 technological education district.

8           Sec. 5. Section 15-901, Arizona Revised Statutes, is amended to read:  
9           15-901. Definitions

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

11          1. "Average daily attendance" or "ADA" means actual average daily  
12 attendance through the first one hundred days or two hundred days in session,  
13 as applicable.

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

22          (a) "Fractional student" means:

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

1 is enrolled in an instructional program that is at least one-fourth, one-half  
 2 or three-fourths of the time a full-time student is enrolled as defined in  
 3 subdivision (b) of this paragraph.

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

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

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

1 2001-2002, the program shall meet at least one thousand forty-four hours. In  
2 fiscal year 2002-2003, the program shall meet at least one thousand fifty  
3 hours. In fiscal year 2003-2004, the program shall meet at least one  
4 thousand fifty-six hours. In fiscal year 2004-2005, the program shall meet  
5 at least one thousand sixty-two hours. In fiscal year 2005-2006 and each  
6 fiscal year thereafter, the program shall meet at least one thousand  
7 sixty-eight hours. Lunch periods and recess periods may not be included as  
8 part of the instructional hours unless the student is a child with a  
9 disability and the child's individualized education program requires  
10 instruction during those periods and the specific reasons for such  
11 instruction are fully documented.

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

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

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

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

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

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

42 (iv) For fiscal year 2003-2004, an instructional program that meets at  
43 least a total of seven hundred twelve hours during the minimum number of days  
44 required and includes at least four subjects each of which, if taught each  
45 school day for the minimum number of days required in a school year, would

1 meet a minimum of one hundred twenty-three hours a year, or the equivalent,  
2 or one or more subjects taught in amounts of time totaling at least twenty  
3 hours per week prorated for any week with fewer than five school days.

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

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

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

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

25 5. "Current year" means the fiscal year in which a school district is  
26 operating.

27 6. "Daily attendance" means:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

21 8. "District support level" means the base support level plus the  
22 transportation support level.

23 9. "Eligible students" means:

24 (a) Students who are transported by or for a school district and who  
25 qualify as full-time students or fractional students, except students for  
26 whom transportation is paid by another school district or a county school  
27 superintendent, and:

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

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

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

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

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

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

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

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

23 13. "Revenue control limit" means the base revenue control limit plus  
24 the transportation revenue control limit.

25 14. "Student count" means average daily membership as prescribed in  
26 this subsection for the fiscal year prior to the current year, except that  
27 for the purpose of budget preparation student count means average daily  
28 membership as prescribed in this subsection for the current year.

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

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

33 17. "Total students transported" means all eligible students  
34 transported from their place of residence to a school transportation pickup  
35 point or to the school of attendance and from the school of attendance or  
36 from the school transportation scheduled return point to their place of  
37 residence.

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

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

42 1. "Base" means the revenue level per student count specified by the  
43 legislature.

- 1           2. "Base level" means:
- 2           ~~(a) For fiscal year 2004-2005, two thousand eight hundred ninety three~~
- 3 ~~dollars eighteen cents.~~
- 4           ~~(b) For fiscal year 2005-2006, three thousand one dollars.~~
- 5           ~~(c)~~ (a) For fiscal year 2006-2007, three thousand one hundred
- 6 thirty-three dollars fifty-three cents.
- 7           (b) FOR FISCAL YEAR 2007-2008, THREE THOUSAND TWO HUNDRED NINE DOLLARS
- 8 FIFTY-THREE CENTS.
- 9           3. "Base revenue control limit" means the base revenue control limit
- 10 computed as provided in section 15-944.
- 11           4. "Base support level" means the base support level as provided in
- 12 section 15-943.
- 13           5. "Certified teacher" means a person who is certified as a teacher
- 14 pursuant to the rules adopted by the state board of education, who renders
- 15 direct and personal services to school children in the form of instruction
- 16 related to the school district's educational course of study and who is paid
- 17 from the maintenance and operation section of the budget.
- 18           6. "ED, MIMR, SLD, SLI and OHI" means programs for children with
- 19 emotional disabilities, mild mental retardation, a specific learning
- 20 disability, a speech/language impairment and other health impairments.
- 21           7. "ED-P" means programs for children with emotional disabilities who
- 22 are enrolled in private special education programs as prescribed in section
- 23 15-765, subsection D, paragraph 1 or in an intensive school district program
- 24 as provided in section 15-765, subsection D, paragraph 2.
- 25           8. "ELL" means English learners who do not speak English or whose
- 26 native language is not English, who are not currently able to perform
- 27 ordinary classroom work in English and who are enrolled in an English
- 28 language education program pursuant to sections 15-751, 15-752 and 15-753.
- 29           9. "Full-time equivalent certified teacher" or "FTE certified teacher"
- 30 means for a certified teacher the following:
- 31           (a) If employed full time as defined in section 15-501, 1.00.
- 32           (b) If employed less than full time, multiply 1.00 by the percentage
- 33 of a full school day, or its equivalent, or a full class load, or its
- 34 equivalent, for which the teacher is employed as determined by the governing
- 35 board.
- 36           10. "Group A" means educational programs for career exploration, a
- 37 specific learning disability, an emotional disability, mild mental
- 38 retardation, remedial education, a speech/language impairment, homebound,
- 39 bilingual, preschool moderate delay, preschool speech/language delay, other
- 40 health impairments and gifted pupils.
- 41           11. "Group B" means educational improvements for pupils in kindergarten
- 42 programs and grades one through three, educational programs for autism, a
- 43 hearing impairment, moderate mental retardation, multiple disabilities,
- 44 multiple disabilities with severe sensory impairment, orthopedic impairments,
- 45 preschool severe delay, severe mental retardation and emotional disabilities

1 for school age pupils enrolled in private special education programs or in  
2 school district programs for children with severe disabilities or visual  
3 impairment and English learners enrolled in a program to promote English  
4 language proficiency pursuant to section 15-752.

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

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

23 14. "K" means kindergarten programs.

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

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

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

29 18. "MDSSI" means a program for pupils with multiple disabilities with  
30 severe sensory impairment.

31 19. "MOMR" means programs for pupils with moderate mental retardation.

32 20. "OI-R" means a resource program for pupils with orthopedic  
33 impairments.

34 21. "OI-SC" means a self-contained program for pupils with orthopedic  
35 impairments.

36 22. "PSD" means preschool programs for children with disabilities as  
37 provided in section 15-771.

38 23. "P-SD" means programs for children who meet the definition of  
39 preschool severe delay as provided in section 15-771.

40 24. "Qualifying tax rate" means the qualifying tax rate specified in  
41 section 15-971 applied to the assessed valuation used for primary property  
42 taxes.

43 25. "Small isolated school district" means a school district which  
44 meets all of the following:

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

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

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

10 26. "Small school district" means a school district which meets all of  
11 the following:

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

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

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

19 27. "Transportation revenue control limit" means the transportation  
20 revenue control limit computed as prescribed in section 15-946.

21 28. "Transportation support level" means the support level for pupil  
22 transportation operating expenses as provided in section 15-945.

23 29. "VI" means programs for pupils with visual impairments.

24 30. "Voc. Ed." means career and technical education and vocational  
25 education programs, as defined in section 15-781.

26 Sec. 6. Section 15-910.03, Arizona Revised Statutes, is amended to  
27 read:

28 15-910.03. Excess utilities; funding plan; review

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

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

40 ~~(a) Heating.~~

41 ~~(b) Cooling.~~

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

43 (b) DISPOSAL SERVICES.

44 (c) NATURAL GAS.

45 (d) Electricity.

- 1 (e) Telephone ~~communications.~~
- 2 ~~(f) Sanitation fees.~~
- 3 (f) BOTTLED GAS.
- 4 (g) OIL.
- 5 (h) COAL.

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

- 12 ~~(a) Heating.~~
- 13 ~~(b) Cooling.~~
- 14 ~~(c) Water.~~
- 15 ~~(d) Electricity.~~
- 16 ~~(e) Telephone communications.~~
- 17 ~~(f) Sanitation fees.~~

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

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

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

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

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

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

1 Sec. 7. Section 15-945, Arizona Revised Statutes, is amended to read:  
 2 15-945. Transportation support level

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

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

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

9 3. Determine the number of eligible students transported in the fiscal  
 10 year prior to the current year.

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

14 5. Determine the classification in column 1 of this paragraph for the  
 15 quotient determined in paragraph 4 of this subsection. Multiply the product  
 16 obtained in paragraph 2 of this subsection by the corresponding state support  
 17 level for each route mile as provided in column 2 of this paragraph.

<u>Column 1</u>	<u>Column 2</u>
Approved Daily Route Mileage per Eligible Student Transported	State Support Level per Route Mile for Fiscal Year <del>2006-2007</del> 2007-2008
22 0.5 or less	<del>\$2.19</del> \$2.23
23 More than 0.5 through 1.0	<del>\$1.77</del> \$1.81
24 More than 1.0	<del>\$2.19</del> \$2.23

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

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

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

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

<u>Column 1</u>	<u>Column 2</u>	<u>Column 3</u>	<u>Column 4</u>
Approved Daily Route Mileage per Eligible Student Transported	District Type <u>02 or 03</u>	District Type <u>04</u>	District Type <u>05</u>
43 0.5 or less	0.15	0.10	0.25
44 More than 0.5 through 1.0	0.15	0.10	0.25
45 More than 1.0	0.18	0.12	0.30

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

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

10 1. Determine the sum of the following:

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

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

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

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

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

37 Sec. 8. Section 15-947.01, Arizona Revised Statutes, is amended to  
38 read:

39 15-947.01. Revenue control limit; general budget limit; total  
40 capital budget limit for joint technological  
41 education districts

42 A. The revenue control limit and district support level for a joint  
43 technological education district are equal to the base support level  
44 determined in section 15-943.02.

1 B. The general budget limit for each joint technological education  
2 district, for each fiscal year, is the sum of the following:

- 3 1. The revenue control limit for the budget year.
- 4 ~~2. The capital outlay revenue limit for the budget year.~~
- 5 ~~3.~~ 2. Tuition revenues for attendance of nonresident pupils.
- 6 ~~4.~~ 3. P.L. 81-874 assistance determined for children with
- 7 disabilities, children with specific learning disabilities and children
- 8 residing on Indian lands as provided in section 15-905, subsections K and O.
- 9 ~~5.~~ 4. Expenditures for excess utility costs as provided in section
- 10 15-910.

11 C. The unrestricted capital budget limit for each joint technological  
12 education district for the budget year is as provided in section 15-947,  
13 subsection D.

14 D. The soft capital allocation limit for each joint technological  
15 education district for the budget year is as provided in section 15-947,  
16 subsection E.

17 Sec. 9. Section 15-962.01, Arizona Revised Statutes, is amended to  
18 read:

19 15-962.01. Soft capital allocation for joint technological  
20 education districts; district soft capital  
21 allocation fund

22 ~~A. The capital outlay revenue limit for a joint technological~~  
23 ~~education district shall be the amount for students in grades nine through~~  
24 ~~twelve for districts with a student count of six hundred or more as~~  
25 ~~prescribed in section 15-961.~~

26 ~~B.~~ A. The soft capital allocation for a joint technological education  
27 district shall be the amount for students in grades nine through twelve for  
28 districts with a student count of six hundred or more as prescribed in  
29 section 15-962.

30 ~~C.~~ B. Joint technological education districts shall establish a  
31 district soft capital allocation fund and shall use the monies only for the  
32 purposes prescribed in section 15-962, subsection D. The ending unexpended  
33 budget balance in the district's soft capital allocation fund may be used in  
34 following fiscal years for short-term capital items. Districts shall provide  
35 to the superintendent of public instruction an itemized accounting on forms  
36 provided by the department of education that details the expenditures of soft  
37 capital allocation monies at each school in the joint technological education  
38 district. The superintendent of public instruction shall forward a copy of  
39 the report to the school facilities board established by section 15-2001.

40 Sec. 10. Section 41-1276, Arizona Revised Statutes, is amended to  
41 read:

42 41-1276. Truth in taxation levy for equalization assistance to  
43 school districts

44 A. On or before February 15 of each year, the joint legislative budget  
45 committee shall compute and transmit the truth in taxation rates for

1 equalization assistance for school districts for the following fiscal year  
2 to:

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

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

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

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

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

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

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

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

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

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



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

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

15 I. Pursuant to subsection C of this section, the qualifying tax rate  
16 in tax year ~~2006~~ 2007 for a high school district or a common school district  
17 within a high school district that does not offer instruction in high school  
18 subjects as provided in section 15-447 is ~~\$1.7394~~ \$1.6020 and for a unified  
19 school district, a common school district not within a high school district  
20 or a common school district within a high school district that offers  
21 instruction in high school subjects as provided in section 15-447 is ~~\$3.4788~~  
22 \$3.2040. The state equalization assistance property tax rate in tax years  
23 2006, 2007 and 2008 is zero. The state equalization assistance property tax  
24 rate in tax year 2009 shall be computed by annually adjusting the tax year  
25 2005 rate of \$0.4358 as provided by this section through tax year 2009.

26 Sec. 11. Laws 2005, chapter 274, section 2 is amended to read:

27 Sec. 2. Delayed repeal

28 Section 15-103, Arizona Revised Statutes, ~~as added by this act,~~ is  
29 repealed from and after December 31, ~~2007~~ 2012.

30 Sec. 12. Laws 2005, chapter 274, section 3 is amended to read:

31 Sec. 3. Saving clause

32 The delayed repeal of section 15-103, Arizona Revised Statutes, as  
33 prescribed in ~~this act~~ LAWS 2005, CHAPTER 274, SECTION 2, AS AMENDED BY THIS  
34 ACT, shall not affect any matter in which the state board of education has  
35 found that a school district is insolvent or has mismanaged its finances  
36 before January 1, ~~2008~~ 2013.

37 Sec. 13. Desegregation budget; limit

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

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

1           2. Compute the percentage increase in average daily membership for the  
2 district, as defined in section 15-901, Arizona Revised Statutes, as amended  
3 by this act, for the 2006-2007 school year above the 2005-2006 school year.  
4 If average daily membership for the district decreased for the 2006-2007  
5 school year below the 2005-2006 school year, assume a per cent increase of  
6 zero.

7           3. Multiply the amount determined in paragraph 1 of this section by  
8 the percentage determined in paragraph 2 of this section.

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

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

13           Sec. 14. Adjustment for rapid decline in student count for  
14 fiscal year 2007-2008

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

20           Sec. 15. Audits; average daily membership

21           For fiscal year 2007-2008, the department of education or the office of  
22 the auditor general may conduct average daily membership audits of school  
23 districts and charter schools.