

PROPOSED

HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2648

(Reference to printed bill)

1 Strike everything after the enacting clause and insert:

2 "Section 1. Section 15-185, Arizona Revised Statutes, as amended by
3 Senate Bill 1187, section 5, forty-ninth legislature, first regular session,
4 as transmitted to the governor, is amended to read:

5 15-185. Charter schools; financing; civil penalty;
6 transportation; definitions

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

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

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

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

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

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

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

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

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

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

26 B. Financial provisions for a charter school that is sponsored by the
27 state board of education or the state board for charter schools are as
28 follows:

29 1. The charter school shall calculate a base support level as
30 prescribed in section 15-943, except that section 15-941 does not apply to
31 these charter schools.

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

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

5 4. Equalization assistance for the charter school shall be determined
6 by adding the amount of the base support level and additional assistance.
7 The amount of the additional assistance is one thousand five hundred
8 ~~forty-two~~ EIGHTY-EIGHT dollars ~~fifty-one~~ FORTY-FOUR cents per student count
9 in kindergarten programs and grades one through eight and one thousand ~~seven~~
10 EIGHT hundred ~~ninety-seven~~ FIFTY-ONE dollars ~~seventy-seven~~ THIRTY cents per
11 student count in grades nine through twelve.

12 5. The state board of education shall apportion state aid from the
13 appropriations made for such purposes to the state treasurer for disbursement
14 to the charter schools in each county in an amount as determined by this
15 paragraph. The apportionments shall be made as prescribed in section 15-973,
16 subsection B.

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

27 7. The charter school shall not charge tuition for pupils who reside
28 in this state, levy taxes or issue bonds. A charter school may admit pupils
29 who are not residents of this state and shall charge tuition for those pupils
30 in the same manner prescribed in section 15-823.

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

37 C. If a pupil is enrolled in both a charter school and a public school
38 that is not a charter school, the sum of the daily membership, which includes
39 enrollment as prescribed in section 15-901, subsection A, paragraph 2,
40 subdivisions (a) and (b) and daily attendance as prescribed in section
41 15-901, subsection A, paragraph 6, for that pupil in the school district and
42 the charter school shall not exceed 1.0, except that if the pupil is enrolled
43 in both a charter school and a joint technological education district and
44 resides within the boundaries of a school district participating in the joint
45 technological education district, the sum of the average daily membership for
46 that pupil in the charter school and the joint technological education
47 district shall not exceed 1.25. If a pupil is enrolled in both a charter
48 school and a public school that is not a charter school, the department of

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

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

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

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

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

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

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

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

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

26 I. In addition to the withholding of state aid payments pursuant to
27 subsection H of this section, the sponsor of a charter school may impose a
28 civil penalty of one thousand dollars per occurrence if a charter school
29 fails to comply with the fingerprinting requirements prescribed in section
30 15-183, subsection C or section 15-512. The sponsor of a charter school
31 shall not impose a civil penalty if it is the first time that a charter
32 school is out of compliance with the fingerprinting requirements and if the
33 charter school provides proof within forty-eight hours of written
34 notification that an application for the appropriate fingerprint check has
35 been received by the department of public safety. The sponsor of the charter
36 school shall obtain proof that the charter school has been notified, and the
37 notification shall identify the date of the deadline and shall be signed by
38 both parties. The sponsor of a charter school shall automatically impose a
39 civil penalty of one thousand dollars per occurrence if the sponsor
40 determines that the charter school subsequently violates the fingerprinting
41 requirements. Civil penalties pursuant to this subsection shall be assessed
42 by requesting the department of education to reduce the amount of state aid
43 that the charter school would otherwise receive by an amount equal to the
44 civil penalty. The amount of state aid withheld shall revert to the state
45 general fund at the end of the fiscal year.

46 J. A charter school may receive and spend monies distributed by the
47 department of education pursuant to section 42-5029, subsection E and section
48 37-521, subsection B.

1 K. If a school district transports or contracts to transport pupils to
2 the Arizona state schools for the deaf and the blind during any fiscal year,
3 the school district may transport or contract with a charter school to
4 transport sensory impaired pupils during that same fiscal year to a charter
5 school if requested by the parent of the pupil and if the distance from the
6 pupil's place of actual residence within the school district to the charter
7 school is less than the distance from the pupil's place of actual residence
8 within the school district to the campus of the Arizona state schools for the
9 deaf and the blind.

10 L. For the purposes of this section:

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

16 2. "Operated for or by the same school district" means the charter
17 school is either governed by the same district governing board or operated by
18 the district in the same manner as other traditional schools in the district
19 or is operated by an independent party that has a contract with the school
20 district. The auditor general and the department of education shall
21 determine which charter schools meet the definition in this subsection.

22 Sec. 2. Section 15-239, Arizona Revised Statutes, as amended by Senate
23 Bill 1187, section 9, forty-ninth legislature, first regular session, as
24 transmitted to the governor, is amended to read:

25 15-239. School compliance and recognition; accreditation; audits

26 A. The department of education may:

27 1. Monitor school districts to ascertain that laws applying to the
28 school districts are implemented as prescribed by law.

29 2. Adopt a system of recognition for school districts that meet or
30 exceed the requirements of the law that apply to the school districts.

31 3. Establish standards and procedures for the accreditation of all
32 schools requesting state accreditation.

33 B. The department of education may adopt guidelines necessary to
34 implement this section.

35 C. The department of education or the auditor general may conduct
36 financial, ~~program~~, compliance or average daily membership audits of school
37 districts and charter schools.

38 Sec. 3. Section 15-481, Arizona Revised Statutes, as amended by Senate
39 Bill 1187, section 12, forty-ninth legislature, first regular session, as
40 transmitted to the governor, is amended to read:

41 15-481. Override election; budget increases; notice; ballot;
42 effect

43 A. If a proposed budget of a school district exceeds the aggregate
44 budget limit for the budget year, at least ninety days before the proposed
45 election the governing board shall order an override election to be held on
46 the first Tuesday following the first Monday in November as prescribed by
47 section 16-204, subsection B, paragraph 1, subdivision (d) for the purpose of
48 presenting the proposed budget to the qualified electors of the school

1 district who by a majority of those voting either shall affirm or reject the
2 budget. In addition, the governing board shall prepare an alternate budget
3 which does not include an increase in the budget of more than the amount
4 permitted as provided in section 15-905. If the qualified electors approve
5 the proposed budget, the governing board of the school district shall follow
6 the procedures prescribed in section 15-905 for adopting a budget that
7 includes the authorized increase. If the qualified electors disapprove the
8 proposed budget, the governing board shall follow the procedures prescribed
9 in section 15-905 for adopting a budget that does not include the proposed
10 increase or the portion of the proposed increase that exceeds the amount
11 authorized by a previously approved budget increase as prescribed in
12 subsection P of this section.

13 B. The county school superintendent shall prepare an informational
14 report on the proposed increase in the budget and a sample ballot and, at
15 least forty days prior to the election, shall transmit the report and the
16 sample ballot to the governing board of the school district. The governing
17 board, upon receipt of the report and the ballot, shall mail or distribute
18 the report and the ballot to the households in which qualified electors
19 reside within the school district at least thirty-five days prior to the
20 election. Any distribution of material concerning the proposed increase in
21 the budget shall not be conducted by children enrolled in the school
22 district. The report shall contain the following information:

- 23 1. The date of the election.
- 24 2. The voter's polling place and the times it is open.
- 25 3. The proposed total increase in the budget which exceeds the amount
26 permitted pursuant to section 15-905.

27 4. The total amount of the current year's budget, the total amount of
28 the proposed budget and the total amount of the alternate budget.

29 5. If the override is for a period of more than one year, a statement
30 indicating the number of years the proposed increase in the budget would be
31 in effect and the percentage of the school district's revenue control limit
32 that the district is requesting for the future years.

33 6. The proposed total amount of revenues which will fund the increase
34 in the budget and the amount which will be obtained from a levy of taxes upon
35 the taxable property within the school district for the first year for which
36 the budget increase was adopted.

37 7. The proposed amount of revenues which will fund the increase in the
38 budget and which will be obtained from other than a levy of taxes upon the
39 taxable property within the school district for the first year for which the
40 budget increase was adopted.

41 8. The dollar amount and the purpose for which the proposed increase
42 in the budget is to be expended for the first year for which the budget
43 increase was adopted.

44 9. At least two arguments, if submitted, but no more than ten
45 arguments for and two arguments, if submitted, but no more than ten arguments
46 against the proposed increase in the budget. The arguments shall be in a
47 form prescribed by the county school superintendent, and each argument shall
48 not exceed two hundred words. Arguments for the proposed increase in the

1 budget shall be provided in writing and signed by the governing board. If
2 submitted, additional arguments in favor of the proposed increase in the
3 budget shall be provided in writing and signed by those in favor. Arguments
4 against the proposed increase in the budget shall be provided in writing and
5 signed by those in opposition. The names of those persons other than the
6 governing board or superintendent submitting written arguments shall not be
7 included in the report without their specific permission, but shall be made
8 available only upon request to the county school superintendent. The county
9 school superintendent shall review all factual statements contained in the
10 written arguments and correct any inaccurate statements of fact. The
11 superintendent shall not review and correct any portion of the written
12 arguments which are identified as statements of the author's opinion. The
13 county school superintendent shall make the written arguments available to
14 the public as provided in title 39, chapter 1, article 2. A deadline for
15 submitting arguments to be included in the informational report shall be set
16 by the county school superintendent.

17 10. A statement that the alternate budget shall be adopted by the
18 governing board if the proposed budget is not adopted by the qualified
19 electors of the school district.

20 11. The full cash value, the assessed valuation, the first year tax
21 rate for the proposed override and the estimated amount of the secondary
22 property taxes if the proposed budget is adopted for each of the following:

23 (a) An owner-occupied residence whose assessed valuation is the
24 average assessed valuation of property classified as class three, as
25 prescribed by section 42-12003 for the current year in the school district.

26 (b) An owner-occupied residence whose assessed valuation is one-half
27 of the assessed valuation of the residence in subdivision (a) of this
28 paragraph.

29 (c) An owner-occupied residence whose assessed valuation is twice the
30 assessed valuation of the residence in subdivision (a) of this paragraph.

31 (d) A business whose assessed valuation is the average of the assessed
32 valuation of property classified as class one, as prescribed by section
33 42-12001, paragraphs 12 and 13 for the current year in the school district.

34 12. If the election is conducted pursuant to subsection L or M of this
35 section, the following information:

36 (a) An executive summary of the school district's most recent capital
37 improvement plan submitted to the school facilities board.

38 (b) A complete list of each proposed capital improvement that will be
39 funded with the budget increase and a description of the proposed cost of
40 each improvement, including a separate aggregation of capital improvements
41 for administrative purposes as defined by the school facilities board.

42 (c) The tax rate associated with each of the proposed capital
43 improvements and the estimated cost of each capital improvement for the owner
44 of a single family home that is valued at eighty thousand dollars.

45 C. For the purpose of this section, the school district may use its
46 staff, equipment, materials, buildings or other resources only to distribute
47 the informational report at the school district office or at public hearings
48 and to produce such information as required in subsection B of this section,

1 provided that nothing in this subsection shall preclude school districts from
2 holding or participating in any public hearings at which testimony is given
3 by at least one person for the proposed increase and one person against the
4 proposed increase. Any written information provided by the district
5 pertaining to the override election shall include financial information
6 showing the estimated first year tax rate for the proposed budget override
7 amount.

8 D. If any amount of the proposed increase will be funded by a levy of
9 taxes in the district, the election prescribed in subsection A of this
10 section shall be held on the first Tuesday following the first Monday in
11 November as prescribed by section 16-204, subsection B, paragraph 1,
12 subdivision (d). If the proposed increase will be fully funded by revenues
13 from other than a levy of taxes, the elections prescribed in subsection A of
14 this section shall be held on any date prescribed by section 16-204. The
15 elections shall be conducted as nearly as practicable in the manner
16 prescribed in article 1 of this chapter, sections 15-422 through 15-424 and
17 section 15-426, relating to special elections, except that:

18 1. The notices required pursuant to section 15-403 shall be posted not
19 less than twenty-five days before the election.

20 2. Ballots shall be counted pursuant to title 16, chapter 4,
21 article 10.

22 E. If the election is to exceed the revenue control limit and if the
23 proposed increase will be fully funded by a levy of taxes upon the taxable
24 property within the school district, the ballot shall contain the words
25 "budget increase, yes" and "budget increase, no", and the voter shall signify
26 his desired choice. The ballot shall also contain the amount of the proposed
27 increase of the proposed budget over the alternate budget, a statement that
28 the amount of the proposed increase will be based on a percentage of the
29 school district's revenue control limit in future years, if applicable, as
30 provided in subsection P of this section and the following statement:

31 Any budget increase authorized by this election shall be
32 entirely funded by a levy of taxes upon the taxable property
33 within this school district for the year for which adopted and
34 for ____ subsequent years, shall not be realized from monies
35 furnished by the state and shall not be subject to the limitation
36 on taxes specified in article IX, section 18, Constitution of
37 Arizona. Based on an estimate of assessed valuation used for
38 secondary property tax purposes, to fund the proposed increase in
39 the school district's budget would require an estimated tax rate
40 of _____ dollar per one hundred dollars of assessed
41 valuation used for secondary property tax purposes and is in
42 addition to the school district's tax rate which will be levied
43 to fund the school district's revenue control limit allowed by
44 law.

45 F. If the election is to exceed the revenue control limit and if the
46 proposed increase will be fully funded by revenues from other than a levy of
47 taxes upon the taxable property within the school district, the ballot shall
48 contain the words "budget increase, yes" and "budget increase, no", and the

1 voter shall signify the voter's desired choice. The ballot shall also
 2 contain:

3 1. The amount of the proposed increase of the proposed budget over the
 4 alternate budget.

5 2. A statement that the amount of the proposed increase will be based
 6 on a percentage of the school district's revenue control limit in future
 7 years, if applicable, as provided in subsection P of this section.

8 3. The following statement:

9 Any budget increase authorized by this election shall be
 10 entirely funded by this school district with revenues from other
 11 than a levy of taxes on the taxable property within the school
 12 district for the year for which adopted and for _____ subsequent
 13 years and shall not be realized from monies furnished by the
 14 state.

15 G. Except as provided in subsection H of this section, the maximum
 16 budget increase which may be requested and authorized as provided in
 17 subsection E or F of this section or the combination of subsections E and F
 18 of this section is fifteen per cent of the revenue control limit as provided
 19 in section 15-947, subsection A for the budget year. If a school district
 20 requests an override pursuant to section 15-482 or to continue with a budget
 21 override pursuant to section 15-482 for pupils in kindergarten programs and
 22 grades one through three that was authorized before December 31, 2008, the
 23 maximum budget increase that may be requested and authorized as provided in
 24 subsection E or F of this section or the combination of subsections E and F
 25 of this section is ten per cent of the revenue control limit as provided in
 26 section 15-947, subsection A for the budget year.

27 H. Special budget override provisions for school districts with a
 28 student count of less than one hundred fifty-four in kindergarten programs
 29 and grades one through eight or with a student count of less than one hundred
 30 seventy-six in grades nine through twelve are as follows:

31 1. The maximum budget increase that may be requested and authorized as
 32 provided in subsections E and F of this section is the greater of the amount
 33 prescribed in subsection G of this section or a limit computed as follows:

34 (a) For common or unified districts with a student count of less than
 35 one hundred fifty-four in kindergarten programs and grades one through eight,
 36 the limit computed as prescribed in item (i) or (ii) of this subdivision,
 37 whichever is appropriate:

38 (i)

39	Small School	Support Level Weight	Phase Down
40	Student	for Small Isolated	Reduction
41	<u>Count</u>	<u>School Districts</u>	<u>Factor</u>
42	- <u>125</u>	1.358 + (0.0005 x	= \$
43	x	(500 - Student Count))	
44			Small Isolated
45	Phase Down	Phase Down	School District
46	<u>Base</u>	<u>Reduction Factor</u>	<u>Elementary Limit</u>
47	\$150,000	- \$	= \$

1 (ii)

2 Small School Support Level Weight Phase Down

3 Student Student for Small Reduction

4 Count Count Limit School Districts Base Level Factor

5 _____ - 125 x 1.278 + (0.0003 x _____ = \$ _____

6 (500 - Student Count))

7 Small

8 Phase Down Phase Down School District

9 Base Reduction Factor Elementary Limit

10 \$150,000 - \$ _____ = \$ _____

11 (b) For unified or union high school districts with a student count of

12 less than one hundred seventy-six in grades nine through twelve, the limit

13 computed as prescribed in item (i) or (ii) of this subdivision, whichever is

14 appropriate:

15 (i)

16 Small School Support Level Weight Phase Down

17 Student Student for Small Isolated Reduction

18 Count Count Limit School Districts Base Level Factor

19 _____ - 100 x 1.468 + (0.0005 x _____ = \$ _____

20 (500 - Student Count))

21 Small Isolated

22 Phase Down Phase Down District

23 Base Reduction Factor Secondary Limit

24 \$350,000 - \$ _____ = \$ _____

25 (ii)

26 Small School Support Level Weight Phase Down

27 Student Student for Small Reduction

28 Count Count Limit School Districts Base Level Factor

29 _____ - 100 x 1.398 + (0.0004 x _____ = \$ _____

30 (500 - Student Count))

31 Small

32 Phase Down Phase Down School District

33 Base Reduction Factor Secondary Limit

34 \$350,000 - \$ _____ = \$ _____

35 (c) If both subdivisions (a) and (b) of this paragraph apply to a

36 unified school district, its limit for the purposes of this paragraph is the

37 combination of its elementary limit and its secondary limit.

38 (d) If only subdivision (a) or (b) of this paragraph applies to a

39 unified school district, the district's limit for the purposes of this

40 paragraph is the sum of the limit computed as provided in subdivision (a) or

41 (b) of this paragraph plus ten per cent of the revenue control limit

42 attributable to those grade levels that do not meet the eligibility

43 requirements of this subsection. If a school district budgets monies outside

44 the revenue control limit pursuant to section 15-949, subsection E, the

45 district's limit for the purposes of this paragraph is only the ten per cent

46 of the revenue control limit attributable to those grade levels that are not

47 included under section 15-949, subsection E. For the purposes of this

48 subdivision, the revenue control limit is separated into elementary and

1 secondary components based on the weighted student count as provided in
2 section 15-971, subsection B, paragraph 2, subdivision (a).

3 2. If a school district utilizes this subsection to request an
4 override of more than one year, the ballot shall include an estimate of the
5 amount of the proposed increase in the future years in place of the statement
6 that the amount of the proposed increase will be based on a percentage of the
7 school district's revenue control limit in future years, as prescribed in
8 subsections E and F of this section.

9 3. Notwithstanding subsection P of this section, the maximum period of
10 an override authorized pursuant to this subsection is five years.

11 4. Subsection P, paragraphs 1 and 2 of this section do not apply to
12 overrides authorized pursuant to this subsection.

13 I. If the election is to exceed the revenue control limit as provided
14 in section 15-482 and if the proposed increase will be fully funded by a levy
15 of taxes on the taxable property within the school district, the ballot shall
16 contain the words "budget increase, yes" and "budget increase, no", and the
17 voter shall signify the voter's desired choice. The ballot shall also
18 contain the amount of the proposed increase of the budget over the alternate
19 budget, a statement that the amount of the proposed increase will be based on
20 a percentage of the school district's revenue control limit in future years,
21 if applicable, as provided in subsection Q of this section, and the following
22 statement:

23 Any budget increase authorized by this election shall be
24 entirely funded by a levy of taxes on the taxable property within
25 this school district for the year for which adopted and for _____
26 subsequent years, shall not be realized from monies furnished by
27 the state and shall not be subject to the limitation on taxes
28 specified in article IX, section 18, Constitution of Arizona.
29 Based on an estimate of assessed valuation used for secondary
30 property tax purposes, to fund the proposed increase in the
31 school district's budget which will be funded by a levy of taxes
32 upon the taxable property within this school district would
33 require an estimated tax rate of _____ dollar per one
34 hundred dollars of assessed valuation used for secondary property
35 tax purposes and is in addition to the school district's tax rate
36 that will be levied to fund the school district's revenue control
37 limit allowed by law.

38 J. If the election is to exceed the revenue control limit as provided
39 in section 15-482 and if the proposed increase will be fully funded by
40 revenues other than a levy of taxes on the taxable property within the school
41 district, the ballot shall contain the words "budget increase, yes" and
42 "budget increase, no", and the voter shall signify the voter's desired
43 choice. The ballot shall also contain the amount of the proposed increase of
44 the proposed budget over the alternate budget, a statement that the amount of
45 the proposed increase will be based on a percentage of the school district's
46 revenue control limit in future years, if applicable, as provided in
47 subsection Q of this section and the following statement:

1 Any budget increase authorized by this election shall be
2 entirely funded by this school district with revenues from other
3 than a levy of taxes on the taxable property within the school
4 district for the year for which adopted and for ____ subsequent
5 years and shall not be realized from monies furnished by the
6 state.

7 K. The maximum budget increase that may be requested and authorized as
8 provided in subsection I or J of this section, or a combination of both of
9 these subsections, is five per cent of the revenue control limit as provided
10 in section 15-947, subsection A for the budget year. For a common school
11 district not within a high school district or a common school district within
12 a high school district that offers instruction in high school subjects as
13 provided in section 15-447, five per cent of the revenue control limit means
14 five per cent of the revenue control limit attributable to the weighted
15 student count in preschool programs for children with disabilities,
16 kindergarten programs and grades one through eight as provided in section
17 15-971, subsection B. For a unified school district, five per cent of the
18 revenue control limit means five per cent of the revenue control limit
19 attributable to the weighted student count in preschool programs for children
20 with disabilities, kindergarten programs and grades one through twelve. For
21 a union high school district, five per cent of the revenue control limit
22 means five per cent of the revenue control limit attributable to the weighted
23 student count in grades nine through twelve.

24 L. If the election is to exceed the capital outlay revenue limit and
25 if the proposed increase will be fully funded by a levy of taxes upon the
26 taxable property within the school district, the ballot shall contain the
27 words "budget increase, yes" and "budget increase, no", and the voter shall
28 signify the voter's desired choice. An election held pursuant to this
29 subsection shall be held on the first Tuesday after the first Monday of
30 November. The ballot shall also contain the amount of the proposed increase
31 of the proposed budget over the alternate budget and the following statement:

32 Any budget increase authorized by this election shall be
33 entirely funded by a levy of taxes upon the taxable property
34 within this school district for the year in which adopted and for
35 ____ subsequent years, shall not be realized from monies
36 furnished by the state and shall not be subject to the limitation
37 on taxes specified in article IX, section 18, Constitution of
38 Arizona. Based on an estimate of assessed valuation used for
39 secondary property tax purposes, to fund the proposed increase in
40 the school district's budget would require an estimated tax rate
41 of _____ dollar per one hundred dollars of assessed
42 valuation used for secondary property tax purposes and is in
43 addition to the school district's tax rate which will be levied
44 to fund the school district's capital outlay revenue limit
45 allowed by law.

46 M. If the election is to exceed the capital outlay revenue limit and
47 if the proposed increase will be fully funded by revenues from other than a
48 levy of taxes upon the taxable property within the school district, the

1 ballot shall contain the words "budget increase, yes" and "budget increase,
2 no", and the voter shall signify the voter's desired choice. An election
3 held pursuant to this subsection shall be held on the first Tuesday after the
4 first Monday of November. The ballot shall also contain the amount of the
5 proposed increase of the proposed budget over the alternate budget and the
6 following statement:

7 Any budget increase authorized by this election shall be
8 entirely funded by this school district with revenues from other
9 than a levy of taxes on the taxable property within the school
10 district for the year in which adopted and for _____ subsequent
11 years and shall not be realized from monies furnished by the
12 state.

13 N. If the election is to exceed a combination of the revenue control
14 limit as provided in subsection E or F of this section, the revenue control
15 limit as provided in subsection I or J of this section or the capital outlay
16 revenue limit as provided in subsection L or M of this section, the ballot
17 shall be prepared so that the voters may vote on each proposed increase
18 separately and shall contain statements required in the same manner as if
19 each proposed increase were submitted separately.

20 O. If the election provides for a levy of taxes on the taxable
21 property within the school district, at least thirty days prior to the
22 election, the department of revenue shall provide the school district
23 governing board and the county school superintendent with an estimate of the
24 school district's assessed valuation used for secondary property tax purposes
25 for the ensuing fiscal year. The governing board and the county school
26 superintendent shall use this estimate to translate the amount of the
27 proposed dollar increase in the budget of the school district over that
28 allowed by law into a tax rate figure.

29 P. If the voters in a school district vote to adopt a budget in excess
30 of the revenue control limit as provided in subsection E or F of this
31 section, any additional increase shall be included in the aggregate budget
32 limit for each of the years authorized. Any additional increase shall be
33 excluded from the determination of equalization assistance. The school
34 district governing board, however, may levy on the assessed valuation used
35 for secondary property tax purposes of the property in the school district
36 the additional increase if adopted under subsection E of this section for the
37 period of one year, two years or five through seven years as authorized. If
38 an additional increase is approved as provided in subsection F of this
39 section, the school district governing board may only use revenues derived
40 from the school district's prior year's maintenance and operation fund ending
41 cash balance to fund the additional increase. If a budget increase was
42 previously authorized and will be in effect for the budget year or budget
43 year and subsequent years, as provided in subsection E or F of this section,
44 the governing board may request a new budget increase as provided in the same
45 subsection under which the prior budget increase was adopted, which shall not
46 exceed the maximum amount permitted under subsection G of this section. If
47 the voters in the school district authorize the new budget increase amount,
48 the existing budget increase no longer is in effect. If the voters in the

1 school district do not authorize the budget increase amount, the existing
2 budget increase remains in effect for the time period for which it was
3 authorized. The maximum additional increase authorized as provided in
4 subsection E or F of this section and the additional increase which is
5 included in the aggregate budget limit is based on a percentage of a school
6 district's revenue control limit in future years, if the budget increase is
7 authorized for more than one year. If the additional increase:

8 1. Is for two years, the proposed increase in the second year is equal
9 to the initial proposed percentage increase.

10 2. Is for five years or more, the proposed increase is equal to the
11 initial proposed percentage increase in the following years of the proposed
12 increase, except that in the next to last year it is two-thirds of the
13 initial proposed percentage increase and it is one-third of the initial
14 proposed percentage increase in the last year of the proposed increase.

15 Q. If the voters in a school district vote to adopt a budget in excess
16 of the revenue control limit as provided in subsection I or J of this
17 section, any additional increase shall be included in the aggregate budget
18 limit for each of the years authorized. Any additional increase shall be
19 excluded from the determination of equalization assistance. The school
20 district governing board, however, may levy on the assessed valuation used
21 for secondary property tax purposes of the property in the school district
22 the additional increase if adopted under subsection I of this section for the
23 period of one year, two years or five through seven years as authorized. If
24 an additional increase is approved as provided in subsection J of this
25 section, the increase may only be budgeted and expended if sufficient monies
26 are available in the maintenance and operation fund of the school district.
27 If a budget increase was previously authorized and will be in effect for the
28 budget year or budget year and subsequent years, as provided in subsection I
29 or J of this section, the governing board may request a new budget increase
30 as provided in the same subsection under which the prior budget increase was
31 adopted that does not exceed the maximum amount permitted under subsection K
32 of this section. If the voters in the school district authorize the new
33 budget increase amount, the existing budget increase no longer is in effect.
34 If the voters in the school district do not authorize the budget increase
35 amount, the existing budget increase remains in effect for the time period
36 for which it was authorized. The maximum additional increase authorized as
37 provided in subsection I or J of this section and the additional increase
38 that is included in the aggregate budget limit is based on a percentage of a
39 school district's revenue control limit in future years, if the budget
40 increase is authorized for more than one year. If the additional increase:

41 1. Is for two years, the proposed increase in the second year is equal
42 to the initial proposed percentage increase.

43 2. Is for five years or more, the proposed increase is equal to the
44 initial proposed percentage increase in the following years of the proposed
45 increase, except that in the next to last year it is two-thirds of the
46 initial proposed percentage increase and it is one-third of the initial
47 proposed percentage increase in the last year of the proposed increase.

1 R. If the voters in a school district vote to adopt a budget in excess
2 of the capital outlay revenue limit as provided in subsection L of this
3 section, any additional increase shall be included in the aggregate budget
4 limit for each of the years authorized. The additional increase shall be
5 excluded from the determination of equalization assistance. The school
6 district governing board, however, may levy on the assessed valuation used
7 for secondary property tax purposes of the property in the school district
8 the additional increase for the period authorized but not to exceed ten
9 years. For overrides approved by a vote of the qualified electors of the
10 school district at an election held from and after October 31, 1998, the
11 period of the additional increase prescribed in this subsection shall not
12 exceed seven years for any capital override election.

13 S. If the voters in a school district vote to adopt a budget in excess
14 of the capital outlay revenue limit as provided in subsection M of this
15 section, any additional increase shall be included in the aggregate budget
16 limit for each of the years authorized. The additional increase shall be
17 excluded from the determination of equalization assistance. The school
18 district governing board may only use revenues derived from the school
19 district's prior year's maintenance and operation fund ending cash balance
20 and capital outlay fund ending cash balance to fund the additional increase
21 for the period authorized but not to exceed ten years. For overrides
22 approved by a vote of the qualified electors of the school district at an
23 election held from and after October 31, 1998, the period of the additional
24 increase prescribed in this subsection shall not exceed seven years for any
25 capital override election.

26 T. In addition to subsections P and S of this section, from the
27 maintenance and operation fund and capital outlay fund ending cash balances,
28 the school district governing board shall first use any available revenues to
29 reduce its primary tax rate to zero and shall use any remaining revenues to
30 fund the additional increase authorized as provided in subsections F and M of
31 this section.

32 U. If the voters in a school district disapprove the proposed budget,
33 the alternate budget which, except for any budget increase authorized by a
34 prior election, does not include an increase in the budget in excess of the
35 amount provided in section 15-905 shall be adopted by the governing board as
36 provided in section 15-905.

37 V. The governing board may request that any override election be
38 cancelled if any change in chapter 9 of this title changes the amount of the
39 aggregate budget limit as provided in section 15-905. The request to cancel
40 the override election shall be made to the county school superintendent at
41 least ten days prior to the date of the scheduled override election.

42 W. For any election conducted pursuant to subsection L or M of this
43 section:

44 1. The ballot shall include the following statement in addition to any
45 other statement required by this section:

46 The capital improvements that are proposed to be funded
47 through this override election are to exceed the state standards
48 and are in addition to monies provided by the state.

1 _____ school district is proposing to increase its
2 budget by \$_____ to fund capital improvements over and above
3 those funded by the state. Under the students first capital
4 funding system, _____ school district is entitled to state
5 monies for building renewal, new construction and renovation of
6 school buildings in accordance with state law.

7 2. The ballot shall contain the words "budget increase, yes" and
8 "budget increase, no", and the voter shall signify the voter's desired
9 choice.

10 3. At least eighty-five days before the election, the school district
11 shall submit proposed ballot language to the director of the Arizona
12 legislative council. The director of the Arizona legislative council shall
13 review the proposed ballot language to determine whether the proposed ballot
14 language complies with this section. If the director of the Arizona
15 legislative council determines that the proposed ballot language does not
16 comply with this section, the director, within ten calendar days of the
17 receipt of the proposed ballot language, shall notify the school district of
18 the director's objections and the school district shall resubmit revised
19 ballot language to the director for approval.

20 X. If the voters approve the budget increase pursuant to subsection L
21 or M of this section, the school district shall not use the override proceeds
22 for any purposes other than the proposed capital improvements listed in the
23 publicity pamphlet, except that up to ten per cent of the override proceeds
24 may be used for general capital expenses, including cost overruns of proposed
25 capital improvements.

26 Y. Each school district that currently increases its budget pursuant
27 to subsection L or M of this section is required to hold a public meeting
28 each year between September 1 and October 31 at which an update of the
29 progress of capital improvements financed through the override is discussed
30 and at which the public is permitted an opportunity to comment. At a
31 minimum, the update shall include a comparison of the current status and the
32 original projections on the construction of capital improvements, the costs
33 of capital improvements and the costs of capital improvements in progress or
34 completed since the prior meeting and the future capital plans of the school
35 district. The school district shall include in the public meeting a
36 discussion of the school district's use of state capital aid and
37 voter-approved bonding in funding capital improvements, if any.

38 Z. If a budget in excess of the capital outlay revenue limit was
39 previously adopted by the voters in a school district and will be in effect
40 for the budget year or budget year and subsequent years, as provided in
41 subsection L or M of this section, the governing board may request an
42 additional budget in excess of the capital outlay revenue limit. If the
43 voters in a school district authorize the additional budget in excess of the
44 capital outlay revenue limit, the existing capital outlay revenue limit
45 budget increase remains in effect.

46 AA. Notwithstanding any other law, the maximum budget increase that
47 may be authorized pursuant to subsection L or M of this section is ten per
48 cent of the school district's revenue control limit.

1 BB. IF THE ELECTION IS TO CONTINUE TO EXCEED THE REVENUE CONTROL LIMIT
2 AND IF THE PROPOSED OVERRIDE WILL BE FULLY FUNDED BY A CONTINUATION OF A LEVY
3 OF TAXES ON THE TAXABLE PROPERTY IN THE SCHOOL DISTRICT, THE BALLOT SHALL
4 CONTAIN THE WORDS "BUDGET OVERRIDE CONTINUATION, YES" AND "BUDGET OVERRIDE
5 CONTINUATION, NO", AND THE VOTER SHALL SIGNIFY THE VOTER'S DESIRED CHOICE.
6 THE BALLOT SHALL ALSO CONTAIN THE AMOUNT OF THE PROPOSED CONTINUATION OF THE
7 BUDGET INCREASE OF THE PROPOSED BUDGET OVER THE ALTERNATE BUDGET, A STATEMENT
8 THAT THE AMOUNT OF THE PROPOSED INCREASE WILL BE BASED ON A PERCENTAGE OF THE
9 SCHOOL DISTRICT'S REVENUE CONTROL LIMIT IN FUTURE YEARS, IF APPLICABLE, AS
10 PROVIDED IN SUBSECTION P OF THIS SECTION AND THE FOLLOWING STATEMENT:

11 ANY BUDGET INCREASE CONTINUATION AUTHORIZED BY THIS
12 ELECTION SHALL BE ENTIRELY FUNDED BY A LEVY OF TAXES ON THE
13 TAXABLE PROPERTY IN THIS SCHOOL DISTRICT FOR THE YEAR FOR WHICH
14 ADOPTED AND FOR ____ SUBSEQUENT YEARS, SHALL NOT BE REALIZED FROM
15 MONIES FURNISHED BY THE STATE AND SHALL NOT BE SUBJECT TO THE
16 LIMITATION ON TAXES SPECIFIED IN ARTICLE IX, SECTION 18,
17 CONSTITUTION OF ARIZONA. BASED ON AN ESTIMATE OF ASSESSED
18 VALUATION USED FOR SECONDARY PROPERTY TAX PURPOSES, TO FUND THE
19 PROPOSED CONTINUATION OF THE INCREASE IN THE SCHOOL DISTRICT'S
20 BUDGET WOULD REQUIRE AN ESTIMATED CONTINUATION OF A TAX RATE OF
21 _____ DOLLAR PER ONE HUNDRED DOLLARS OF ASSESSED
22 VALUATION USED FOR SECONDARY PROPERTY TAX PURPOSES AND IS IN
23 ADDITION TO THE SCHOOL DISTRICT'S TAX RATE THAT WILL BE LEVIED TO
24 FUND THE SCHOOL DISTRICT'S REVENUE CONTROL LIMIT ALLOWED BY LAW.

25 CC. IF THE ELECTION IS TO CONTINUE TO EXCEED THE REVENUE CONTROL LIMIT
26 AS PROVIDED IN SECTION 15-482 AND IF THE PROPOSED OVERRIDE WILL BE FULLY
27 FUNDED BY A CONTINUATION OF A LEVY OF TAXES ON THE TAXABLE PROPERTY IN THE
28 SCHOOL DISTRICT, THE BALLOT SHALL CONTAIN THE WORDS "BUDGET OVERRIDE
29 CONTINUATION, YES" AND "BUDGET OVERRIDE CONTINUATION, NO", AND THE VOTER
30 SHALL SIGNIFY THE VOTER'S DESIRED CHOICE. THE BALLOT SHALL ALSO CONTAIN THE
31 AMOUNT OF THE PROPOSED CONTINUATION OF THE BUDGET INCREASE OF THE PROPOSED
32 BUDGET OVER THE ALTERNATE BUDGET, A STATEMENT THAT THE AMOUNT OF THE PROPOSED
33 INCREASE WILL BE BASED ON A PERCENTAGE OF THE SCHOOL DISTRICT'S REVENUE
34 CONTROL LIMIT IN FUTURE YEARS, IF APPLICABLE, AS PROVIDED IN SUBSECTION P OF
35 THIS SECTION AND THE FOLLOWING STATEMENT:

36 ANY BUDGET INCREASE CONTINUATION AUTHORIZED BY THIS
37 ELECTION SHALL BE ENTIRELY FUNDED BY A LEVY OF TAXES ON THE
38 TAXABLE PROPERTY IN THIS SCHOOL DISTRICT FOR THE YEAR FOR WHICH
39 ADOPTED AND FOR ____ SUBSEQUENT YEARS, SHALL NOT BE REALIZED FROM
40 MONIES FURNISHED BY THE STATE AND SHALL NOT BE SUBJECT TO THE
41 LIMITATION ON TAXES SPECIFIED IN ARTICLE IX, SECTION 18,
42 CONSTITUTION OF ARIZONA. BASED ON AN ESTIMATE OF ASSESSED
43 VALUATION USED FOR SECONDARY PROPERTY TAX PURPOSES, TO FUND THE
44 PROPOSED CONTINUATION OF THE INCREASE IN THE SCHOOL DISTRICT'S
45 BUDGET WOULD REQUIRE AN ESTIMATED CONTINUATION OF A TAX RATE OF
46 _____ DOLLAR PER ONE HUNDRED DOLLARS OF ASSESSED
47 VALUATION USED FOR SECONDARY PROPERTY TAX PURPOSES AND IS IN

1 ADDITION TO THE SCHOOL DISTRICT'S TAX RATE THAT WILL BE LEVIED TO
2 FUND THE SCHOOL DISTRICT'S REVENUE CONTROL LIMIT ALLOWED BY LAW.

3 Sec. 4. Repeal

4 Senate Bill 1187, section 17, forty-ninth legislature, first regular
5 session, as transmitted to the governor, is repealed.

6 Sec. 5. Title 15, chapter 5, article 1, Arizona Revised Statutes, is
7 amended by adding section 15-504, to read:

8 15-504. Contract days for professional association activities;
9 prohibition

10 SCHOOL DISTRICT EMPLOYMENT CONTRACTS SHALL NOT INCLUDE COMPENSATED DAYS
11 FOR PROFESSIONAL ASSOCIATION ACTIVITIES. FOR THE PURPOSES OF THIS SECTION,
12 PROFESSIONAL ASSOCIATION ACTIVITIES DO NOT INCLUDE CONDUCT THAT OCCURS DURING
13 A FIELD TRIP FOR PUPILS.

14 Sec. 6. Section 15-544, Arizona Revised Statutes, as amended by Senate
15 Bill 1187, section 22, forty-ninth legislature, first regular session, as
16 transmitted to the governor, is amended to read:

17 15-544. Limitations on reduction of salaries or personnel

18 A. A governing board may reduce salaries or eliminate certificated
19 teachers in a school district in order to effectuate economies in the
20 operation of the district or to improve the efficient conduct and
21 administration of the schools of the school district, ~~but no reduction in the~~
22 ~~salary of a certificated teacher who has been employed by the school district~~
23 ~~for more than the major portion of three consecutive school years shall be~~
24 ~~made except in accordance with a general salary reduction in the school~~
25 ~~district by which the teacher is employed, and in such case the reduction~~
26 ~~shall be applied equitably among all such teachers.~~

27 B. Notice of a general salary reduction shall be given each
28 certificated teacher affected.

29 ~~C. A certificated teacher dismissed for reasons of economy or to~~
30 ~~improve the efficient conduct and administration of the schools of the school~~
31 ~~district shall have a preferred right of reappointment in the order of~~
32 ~~original employment by the governing board in the event of an increase in the~~
33 ~~number of certificated teachers or the reestablishment of services within a~~
34 ~~period of three years.~~

35 ~~D. C.~~ This section does not apply to reductions in salary from monies
36 from the classroom site fund pursuant to section 15-977.

37 Sec. 7. Section 15-808, Arizona Revised Statutes, as amended by Senate
38 Bill 1187, section 27, forty-ninth legislature, first regular session, as
39 transmitted to the governor, is amended to read:

40 15-808. Arizona online instruction; reports; definitions

41 A. Arizona online instruction shall be instituted to meet the needs of
42 pupils in the information age. The state board of education shall select
43 traditional public schools ~~to be online course providers~~ and the state board
44 for charter schools shall sponsor ~~selected~~ charter schools to be online
45 course providers or online schools. THE STATE BOARD OF EDUCATION AND THE
46 STATE BOARD FOR CHARTER SCHOOLS SHALL JOINTLY DEVELOP STANDARDS FOR THE
47 APPROVAL OF ONLINE COURSE PROVIDERS AND ONLINE SCHOOLS based on the following
48 criteria:

- 1 1. The depth and breadth of curriculum choices.
- 2 2. The variety of educational methodologies employed by the school and
3 the means of addressing the unique needs and learning styles of targeted
4 pupil populations, including computer assisted learning systems, virtual
5 classrooms, virtual laboratories, electronic field trips, electronic mail,
6 virtual tutoring, online help desk, group chat sessions and noncomputer based
7 activities performed under the direction of a certificated teacher.
- 8 3. The availability of an intranet or private network to safeguard
9 pupils against predatory and pornographic elements of the internet.
- 10 4. The availability of filtered research access to the internet.
- 11 5. The availability of private individual electronic mail between
12 pupils, teachers, administrators and parents in order to protect the
13 confidentiality of pupil records and information.
- 14 6. The availability of faculty members who are experienced with
15 computer networks, the internet and computer animation.
- 16 7. The extent to which the school intends to develop partnerships with
17 universities, community colleges and private businesses.
- 18 8. The services offered to developmentally disabled populations.
- 19 9. The grade levels that will be served.
- 20 B. Each new school that provides online instruction shall provide
21 online instruction on a probationary status. After a new school that
22 provides online instruction has clearly demonstrated the academic integrity
23 of its instruction through the actual improvement of the academic performance
24 of its students, the school may apply to be removed from probationary status.
25 The state board of education or the state board for charter schools shall
26 remove from Arizona online instruction any probationary school that fails to
27 clearly demonstrate improvement in academic performance within three years
28 measured against goals in the approved application and the state's
29 accountability system. The state board of education and the state board for
30 charter schools shall review the effectiveness of each participating school
31 and other information pursuant to subsection C of this section. All pupils
32 who participate in Arizona online instruction shall reside in this state.
33 Pupils who participate in Arizona online instruction are subject to the
34 testing requirements prescribed in chapter 7, article 3 of this title. Upon
35 enrollment, the school shall notify the parents or guardians of the pupil of
36 the state testing requirements. If a pupil fails to comply with the testing
37 requirements and the school administers the tests pursuant to this subsection
38 to less than ninety-five per cent of the pupils in Arizona online
39 instruction, the pupil shall not be allowed to participate in Arizona online
40 instruction.
- 41 C. Beginning July 1, 2010, the state board of education and the state
42 board for charter schools shall develop annual reporting mechanisms for
43 schools that participate in Arizona online instruction.
- 44 D. The department of education shall compile the information submitted
45 in the annual reports by schools participating in Arizona online instruction.
46 The department of education shall submit the compiled report to the governor,
47 the speaker of the house of representatives and the president of the senate
48 by November 15 of each year.

1 E. Each school selected for Arizona online instruction shall ensure
2 that a daily log is maintained for each pupil who participates in Arizona
3 online instruction. The daily log shall describe the amount of time spent by
4 each pupil participating in Arizona online instruction pursuant to this
5 section on academic tasks. The daily log shall be used by the school
6 district or charter school to qualify the pupils who participate in Arizona
7 online instruction in the school's average daily attendance calculations
8 pursuant to section 15-901.

9 F. If a pupil is enrolled in a school district or charter school and
10 also participates in Arizona online instruction, the sum of the average daily
11 membership, which includes enrollment as prescribed in section 15-901,
12 subsection A, paragraph 2, subdivisions (a) and (b) and daily attendance as
13 prescribed in section 15-901, subsection A, paragraph 6, for that pupil in
14 the school district or charter school and in Arizona online instruction shall
15 not exceed 1.0. If the pupil is enrolled in a school district or a charter
16 school and also participates in Arizona online instruction and the sum of the
17 daily membership or daily attendance for that pupil is greater than 1.0, the
18 sum shall be reduced to 1.0 and shall be apportioned between the school
19 district or charter school and Arizona online instruction based on the
20 percentage of total time that the pupil is enrolled or in attendance in the
21 school district or charter school and Arizona online instruction. The
22 uniform system of financial records shall include guidelines for the
23 apportionment of the pupil enrollment and attendance as provided in this
24 subsection. Pupils in Arizona online instruction do not incur absences for
25 purposes of section 15-901 and may generate an average daily ~~membership~~
26 ATTENDANCE of 1.0 for attendance hours during any hour of the day, during any
27 day of the week and at any time between July 1 and June 30 of each fiscal
28 year. FOR KINDERGARTEN PROGRAMS AND GRADES ONE THROUGH EIGHT, AVERAGE DAILY
29 MEMBERSHIP SHALL BE CALCULATED BY DIVIDING THE INSTRUCTIONAL HOURS AS
30 REPORTED IN THE DAILY LOG REQUIRED IN SUBSECTION E OF THIS SECTION BY THE
31 APPLICABLE HOURLY REQUIREMENTS PRESCRIBED IN SECTION 15-901. FOR GRADES NINE
32 THROUGH TWELVE, average daily membership shall be calculated by dividing the
33 instructional hours as reported in the daily log required in subsection E of
34 this section by ~~the applicable hourly requirements prescribed in section~~
35 ~~15-901 and~~ BY NINE HUNDRED. THE AVERAGE DAILY MEMBERSHIP OF A PUPIL WHO
36 PARTICIPATES IN ONLINE INSTRUCTION shall not exceed 1.0. AVERAGE DAILY
37 MEMBERSHIP SHALL NOT BE CALCULATED ON THE ONE HUNDREDTH DAY OF INSTRUCTION
38 FOR THE PURPOSES OF THIS SECTION. Funding shall be determined as follows:

39 1. Pupils who are enrolled full-time in Arizona online instruction
40 shall be funded for online instruction at ninety-five per cent of the ~~basic~~
41 ~~state aid~~ BASE SUPPORT LEVEL that would be calculated for that pupil if that
42 pupil were enrolled as a full-time student in a school district or charter
43 school ~~for the equivalent of six hours each day for one hundred eighty school~~
44 ~~days. Average daily membership shall not be calculated on the one hundredth~~
45 ~~day of instruction for purposes of this section~~ THAT DOES NOT PARTICIPATE IN
46 ARIZONA ONLINE INSTRUCTION. ADDITIONAL ASSISTANCE, THE CAPITAL OUTLAY
47 REVENUE LIMIT AND THE SOFT CAPITAL ALLOCATION LIMIT SHALL BE CALCULATED IN
48 THE SAME MANNER THEY WOULD BE CALCULATED IF THE STUDENT WERE ENROLLED IN A

1 DISTRICT OR CHARTER SCHOOL THAT DOES NOT PARTICIPATE IN ARIZONA ONLINE
2 INSTRUCTION. A PUPIL ENROLLED IN ARIZONA ONLINE INSTRUCTION SHALL BE
3 CONSIDERED FULL-TIME IF THE PUPIL'S AVERAGE INSTRUCTIONAL HOURS, AS REPORTED
4 IN THE DAILY LOG REQUIRED IN SUBSECTION E OF THIS SECTION, EXCEED ONE HUNDRED
5 NINETEEN MINUTES FOR KINDERGARTEN PROGRAMS, TWO HUNDRED THIRTY-EIGHT MINUTES
6 FOR GRADES ONE THROUGH THREE, TWO HUNDRED NINETY-SEVEN MINUTES FOR GRADES
7 FOUR THROUGH SIX, THREE HUNDRED FIFTY-SIX MINUTES FOR GRADES SEVEN AND EIGHT
8 AND THREE HUNDRED MINUTES FOR GRADES NINE THROUGH TWELVE.

9 2. Pupils who are enrolled part-time in Arizona online instruction
10 shall be funded for online instruction at eighty-five per cent of the ~~average~~
11 ~~daily membership~~ BASE SUPPORT LEVEL that would be calculated for that pupil
12 if that pupil were enrolled as a ~~full-time~~ PART-TIME student in a school
13 district or charter school, ~~except that enrollment hours shall be determined~~
14 ~~for the equivalent of six hours each day for one hundred eighty school days.~~
15 ~~Average daily membership shall not be calculated on the one hundredth day of~~
16 ~~instruction for purposes of this section~~ THAT DOES NOT PARTICIPATE IN ARIZONA
17 ONLINE INSTRUCTION. ADDITIONAL ASSISTANCE, THE CAPITAL OUTLAY REVENUE LIMIT
18 AND THE SOFT CAPITAL ALLOCATION LIMIT SHALL BE CALCULATED IN THE SAME MANNER
19 THEY WOULD BE CALCULATED IF THE STUDENT WERE ENROLLED IN A DISTRICT OR
20 CHARTER SCHOOL THAT DOES NOT PARTICIPATE IN ARIZONA ONLINE INSTRUCTION. A
21 PUPIL ENROLLED IN ARIZONA ONLINE INSTRUCTION SHALL BE CONSIDERED PART-TIME IF
22 THE PUPIL'S AVERAGE INSTRUCTIONAL HOURS, AS REPORTED IN THE DAILY LOG
23 REQUIRED IN SUBSECTION E OF THIS SECTION, ARE LESS THAN THE HOURS REQUIRED
24 FOR A FULL-TIME PUPIL PURSUANT TO PARAGRAPH 1 OF THIS SUBSECTION.

25 G. If the academic achievement of a pupil declines while the pupil is
26 participating in Arizona online instruction, the pupil's parents, the pupil's
27 teachers and the principal or head teacher of the school shall confer to
28 evaluate whether the pupil should be allowed to continue to participate in
29 Arizona online instruction.

30 H. To ensure the academic integrity of pupils who participate in
31 Arizona online instruction, Arizona online instruction shall include multiple
32 diverse assessment measures and the proctored administration of required
33 state standardized tests.

34 I. For the purposes of this section:

35 1. ~~"Enrolled full time" means:~~

36 (a) ~~A pupil in a kindergarten program or grades one through six who~~
37 ~~qualifies as a full time student as defined in section 15-901 and who is~~
38 ~~enrolled in any combination of online instruction, a school in a school~~
39 ~~district or a charter school.~~

40 (b) ~~A pupil in grades seven through twelve who is enrolled for an~~
41 ~~average of the equivalent of at least six hours each day for one hundred~~
42 ~~eighty school days in any combination of online instruction, a school in a~~
43 ~~school district or a charter school.~~

44 2. ~~"Enrolled part time" means:~~

45 (a) ~~A pupil in a kindergarten program or grades one through six who~~
46 ~~qualifies as a fractional student as defined in section 15-901 and who is~~
47 ~~enrolled in any combination of online instruction, a school in a school~~
48 ~~district or a charter school, except that enrollment hours shall be~~

1 ~~determined for the equivalent of at least six hours each day for one hundred~~
2 ~~eighty school days.~~

3 ~~(b) A pupil in grades seven through twelve who qualifies as a~~
4 ~~fractional student as defined in section 15-901 and who is enrolled in any~~
5 ~~combination of online instruction, a school in a school district or a charter~~
6 ~~school, except that enrollment hours shall be computed as a fraction of the~~
7 ~~equivalent of six hours each day for one hundred eighty school days.~~

8 4. 1. "Online course provider" means a school other than an online
9 school that is selected by the state board of education or the state board
10 for charter schools to participate in Arizona online instruction pursuant to
11 this section and that provides at least one online academic course that is
12 approved by the state board of education.

13 3. 2. "Online school" means ~~a charter school that is sponsored by the~~
14 ~~state board for charter schools, that is selected by the state board for~~
15 ~~charter schools to participate in Arizona online instruction and~~ A SCHOOL
16 that provides at least four online academic courses or one or more online
17 courses for the equivalent of at least ~~six~~ FIVE hours each day for one
18 hundred eighty school days AND THAT IS A CHARTER SCHOOL THAT IS SPONSORED BY
19 THE STATE BOARD FOR CHARTER SCHOOLS OR A TRADITIONAL PUBLIC SCHOOL THAT IS
20 SELECTED BY THE STATE BOARD OF EDUCATION TO PARTICIPATE IN ARIZONA ONLINE
21 INSTRUCTION.

22 Sec. 8. Section 15-821, Arizona Revised Statutes, as amended by Senate
23 Bill 1187, section 28, forty-ninth legislature, first regular session, as
24 transmitted to the governor, is amended to read:

25 15-821. Admission of children; required age

26 A. Unless otherwise provided by article 1.1 of this chapter or by any
27 other law, all schools shall admit children who are between the ages of six
28 and twenty-one years, who reside in the school district and who meet the
29 requirements for enrollment in one of the grades or programs offered in the
30 school. A school may refuse to admit a child who has graduated from a high
31 school with a recognized diploma.

32 B. If a preschool program for children with disabilities is
33 maintained, a child is eligible for admission as prescribed in section
34 15-771.

35 C. If a kindergarten program is maintained, a child is eligible for
36 admission to kindergarten if the child is five years of age. A child is
37 deemed five years of age if the child reaches the age of five before
38 September 1 of the current school year. If a child who has not reached the
39 age of five before September 1 of the current school year is admitted to
40 kindergarten and is then readmitted to kindergarten in the following school
41 year, a school district or charter school is not eligible to receive basic
42 state aid on behalf of that child during the child's second year of
43 kindergarten. A SCHOOL DISTRICT OR CHARTER SCHOOL MAY CHARGE TUITION FOR ANY
44 CHILD WHO IS INELIGIBLE FOR BASIC STATE AID PURSUANT TO THIS SUBSECTION. A
45 child is eligible for admission to first grade if the child is six years of
46 age. A child is deemed six years of age if the child reaches the age of six
47 before September 1 of the current school year. The governing board may admit
48 children who have not reached the required age as prescribed by this

1 subsection if it is determined to be in the best interest of the children.
2 For children entering the first grade, such determination shall be based upon
3 one or more consultations with the parent, parents, guardian or guardians,
4 the children, the teacher and the school principal. Such children must reach
5 the required age of five for kindergarten and six for first grade by January
6 1 of the current school year.

7 D. Notwithstanding any other law, a child who resides with a family
8 member other than the child's parent while awaiting the outcome of a legal
9 guardianship or custody proceeding is deemed to reside in the school district
10 where that family member resides if the family member provides written
11 documentary proof of one of the following:

12 1. The family member is attempting to obtain legal guardianship of the
13 child in an unresolved and uncontested guardianship proceeding commenced in
14 superior court. The family member shall provide documentation to the school
15 district within thirty days of enrollment that the family member is
16 attempting to obtain legal guardianship of the child. Upon obtaining legal
17 guardianship, the family member shall provide documentation to the school
18 district.

19 2. The family member is attempting to obtain custody of the child in
20 an unresolved and uncontested child custody proceeding commenced in superior
21 court. The family member shall provide documentation to the school district
22 within thirty days of enrollment that the family member is attempting to
23 obtain custody of the child. Upon obtaining custody, the family member shall
24 provide documentation to the school district.

25 Sec. 9. Section 15-901, Arizona Revised Statutes, as amended by Senate
26 Bill 1187, section 30, forty-ninth legislature, first regular session, as
27 transmitted to the governor, is amended to read:

28 15-901. Definitions

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

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

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

41 (a) "Fractional student" means:

42 (i) For common schools, until fiscal year 2001-2002, a preschool child
43 who is enrolled in a program for preschool children with disabilities of at
44 least three hundred sixty minutes each week or a kindergarten student at
45 least five years of age prior to January 1 of the school year and enrolled in
46 a school kindergarten program that meets at least three hundred forty-six
47 instructional hours during the minimum number of days required in a school
48 year as provided in section 15-341. In fiscal year 2001-2002, the

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

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

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

30 (i) For common schools, a student who is at least six years of age
31 prior to January 1 of a school year, who has not graduated from the highest
32 grade taught in the school district and who is regularly enrolled in a course
33 of study required by the state board of education. Until fiscal year
34 2001-2002, first, second and third grade students, ungraded students at least
35 six, but under nine, years of age by September 1 or ungraded group B children
36 with disabilities who are at least five, but under six, years of age by
37 September 1 must be enrolled in an instructional program that meets for a
38 total of at least six hundred ninety-two hours during the minimum number of
39 days required in a school year as provided in section 15-341. In fiscal year
40 2001-2002, the program shall meet at least six hundred ninety-six hours. In
41 fiscal year 2002-2003, the program shall meet at least seven hundred hours.
42 In fiscal year 2003-2004, the program shall meet at least seven hundred four
43 hours. In fiscal year 2004-2005, the program shall meet at least seven
44 hundred eight hours. In fiscal year 2005-2006 and in each fiscal year
45 thereafter, the program shall meet at least seven hundred twelve hours.
46 Until fiscal year 2001-2002, fourth, fifth and sixth grade students or
47 ungraded students at least nine, but under twelve, years of age by September
48 1 must be enrolled in an instructional program that meets for a total of at

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

25 (ii) For high schools, except as provided in section 15-105, a student
26 not graduated from the highest grade taught in the school district, or an
27 ungraded student at least fourteen years of age by September 1, and enrolled
28 in at least a full-time instructional program of subjects that count toward
29 graduation as defined by the state board of education in a recognized high
30 school. A full-time student shall not be counted more than once for
31 computation of average daily membership.

32 (iii) Except as otherwise provided by law, for a full-time high school
33 student who is concurrently enrolled in two school districts or two charter
34 schools, the average daily membership shall not exceed 1.0.

35 (iv) Except as otherwise provided by law, for any student who is
36 concurrently enrolled in a school district and a charter school, the average
37 daily membership shall be apportioned between the school district and the
38 charter school and shall not exceed 1.0. The apportionment shall be based on
39 the percentage of total time that the student is enrolled in or in attendance
40 at the school district and the charter school.

41 (v) Except as otherwise provided by law, for any student who is
42 concurrently enrolled, pursuant to section 15-808, in a school district and
43 Arizona online instruction or a charter school and Arizona online
44 instruction, the average daily membership shall be apportioned between the
45 school district and Arizona online instruction or the charter school and
46 Arizona online instruction and shall not exceed 1.0. The apportionment shall
47 be based on the percentage of total time that the student is enrolled in or

1 in attendance at the school district and Arizona online instruction or the
2 charter school and Arizona online instruction.

3 (vi) For homebound or hospitalized, a student receiving at least four
4 hours of instruction per week.

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

6 (i) Through fiscal year 2000-2001, at least four subjects, each of
7 which, if taught each school day for the minimum number of days required in a
8 school year, would meet a minimum of one hundred twenty 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 (ii) For fiscal year 2001-2002, an instructional program that meets at
13 least a total of seven hundred four hours during the minimum number of days
14 required and includes at least four subjects each of which, if taught each
15 school day for the minimum number of days required in a school year, would
16 meet a minimum of one hundred twenty-two hours a year, or the equivalent, or
17 one or more subjects taught in amounts of time totaling at least twenty hours
18 per week prorated for any week with fewer than five school days.

19 (iii) For fiscal year 2002-2003, an instructional program that meets
20 at least a total of seven hundred eight hours during the minimum number of
21 days required and includes at least four subjects each of which, if taught
22 each school day for the minimum number of days required in a school year,
23 would meet a minimum of one hundred twenty-two 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 (iv) For fiscal year 2003-2004, an instructional program that meets at
28 least a total of seven hundred twelve 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-three hours a year, or the equivalent,
32 or one or more subjects taught in amounts of time totaling at least twenty
33 hours per week prorated for any week with fewer than five school days.

34 (v) For fiscal year 2004-2005, an instructional program that meets at
35 least a total of seven hundred sixteen 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-three 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 (vi) For fiscal year 2005-2006 and each fiscal year thereafter, an
43 instructional program that meets at least a total of seven hundred twenty
44 hours during the minimum number of days required and includes at least four
45 subjects each of which, if taught each school day for the minimum number of
46 days required in a school year, would meet a minimum of one hundred
47 twenty-three hours a year, or the equivalent, or one or more subjects taught

1 in amounts of time totaling at least twenty hours per week prorated for any
2 week with fewer than five school days.

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

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

8 5. "Current year" means the fiscal year in which a school district is
9 operating.

10 6. "Daily attendance" means:

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

12 (i) Of a kindergarten program or ungraded, but not group B children
13 with disabilities, and at least five, but under six, years of age by
14 September 1 attends at least three-quarters of the instructional time
15 scheduled for the day. If the total instruction time scheduled for the year
16 is at least three hundred forty-six hours but is less than six hundred
17 ninety-two hours such attendance shall be counted as one-half day of
18 attendance. If the instructional time scheduled for the year is at least six
19 hundred ninety-two hours, "daily attendance" means days in which a pupil
20 attends at least one-half of the instructional time scheduled for the day.
21 Such attendance shall be counted as one-half day of attendance.

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

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

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

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

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

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

47 (c) For common schools, the attendance of a preschool child with
48 disabilities shall be counted as one-fourth day's attendance for each

1 thirty-six minutes of attendance not including lunch periods and recess
2 periods, except as provided in paragraph 2, subdivision (a), item (i) of this
3 subsection for children with disabilities up to a maximum of three hundred
4 sixty minutes each week.

5 (d) For high schools or ungraded schools in which the pupil is at
6 least fourteen years of age by September 1, the attendance of a pupil shall
7 not be counted as a full day unless the pupil is actually and physically in
8 attendance and enrolled in and carrying four subjects, each of which, if
9 taught each school day for the minimum number of days required in a school
10 year, would meet a minimum of one hundred twenty hours a year, or the
11 equivalent, that count toward graduation in a recognized high school except
12 as provided in section 15-797 and subdivision (e) of this paragraph.
13 Attendance of a pupil carrying less than the load prescribed shall be
14 prorated.

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

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

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

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

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

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

44 8. "District support level" means the base support level plus the
45 transportation support level.

46 9. "Eligible students" means:

47 (a) Students who are transported by or for a school district and who
48 qualify as full-time students or fractional students, except students for

1 whom transportation is paid by another school district or a county school
2 superintendent, and:

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

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

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

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

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

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

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

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

41 13. "Revenue control limit" means the base revenue control limit plus
42 the transportation revenue control limit.

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

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

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

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

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

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

12 1. "Base" means the revenue level per student count specified by the
13 legislature.

14 2. "Base level" means:

15 (a) For fiscal year 2007-2008, three thousand two hundred twenty-six
16 dollars eighty-eight cents.

17 (b) For fiscal year 2008-2009, three thousand two hundred ninety-one
18 dollars forty-two cents.

19 (c) For fiscal year 2009-2010, three thousand two hundred ~~one~~
20 ~~SIXTY-SEVEN~~ dollars ~~eighty-nine~~ ~~SEVENTY-TWO~~ cents.

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

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

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

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

33 7. "ED-P" means programs for children with emotional disabilities who
34 are enrolled in private special education programs as prescribed in section
35 15-765, subsection D, paragraph 1 or in an intensive school district program
36 as provided in section 15-765, subsection D, paragraph 2.

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

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

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

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

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

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

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

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

33 14. "K" means kindergarten programs.

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

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

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

39 18. "MDSSI" means a program for pupils with multiple disabilities with
40 severe sensory impairment.

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

42 20. "OI-R" means a resource program for pupils with orthopedic
43 impairments.

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

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

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

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

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

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

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

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

17 26. "Small school district" means a school district which meets all of
18 the following:

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

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

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

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

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

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

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

33 Sec. 10. Repeal

34 Senate Bill 1187, section 31, forty-ninth legislature, first regular
35 session, as transmitted to the governor, is repealed.

36 Sec. 11. Section 15-973, Arizona Revised Statutes, as amended by
37 Senate Bill 1187, section 41, forty-ninth legislature, first regular session,
38 as transmitted to the governor, is amended to read:

39 15-973. Apportionment of funds; expenditure limitation

40 A. The state board of education shall apportion state aid from
41 appropriations made for such purpose to the several counties on the basis of
42 state aid entitlement for the school districts in each county. No allowance
43 shall be made for nonresident alien children nor for wards of the United
44 States for whom tuition is paid, but attendance of a student in a school of a
45 county adjoining the county of his residence outside the state under a
46 certificate of educational convenience as provided by section 15-825 shall be
47 deemed to be enrollment in the school of the county or school district of his
48 residence.

B. Apportionments shall be made as follows:

1. By the close of business on ~~THE FIRST DAY OF BUSINESS OF~~ August ~~1~~, one-twelfth of the total amount to be apportioned during the fiscal year.
2. By the close of business on ~~THE FIRST DAY OF BUSINESS OF~~ September ~~1~~, one-twelfth of the total amount to be apportioned during the fiscal year.
3. By the close of business on ~~THE FIRST DAY OF BUSINESS OF~~ October ~~1~~, one-twelfth of the total amount to be apportioned during the fiscal year.
4. By the close of business on ~~THE FIRST DAY OF BUSINESS OF~~ November ~~1~~, one-twelfth of the total amount to be apportioned during the fiscal year.
5. By the close of business on ~~THE FIRST DAY OF BUSINESS OF~~ December ~~1~~, one-twelfth of the total amount to be apportioned during the fiscal year.
6. By the close of business on ~~THE FIRST DAY OF BUSINESS OF~~ January ~~1~~, one-twelfth of the total amount to be apportioned during the fiscal year.
7. By the close of business on ~~THE FIRST DAY OF BUSINESS OF~~ February ~~1~~, one-twelfth of the total amount to be apportioned during the fiscal year.
8. By the close of business on ~~THE FIRST DAY OF BUSINESS OF~~ March ~~1~~, one-twelfth of the total amount to be apportioned during the fiscal year.
9. By the close of business on ~~THE FIRST DAY OF BUSINESS OF~~ April ~~1~~, one-twelfth of the total amount to be apportioned during the fiscal year.
10. By the close of business on ~~THE FIRST DAY OF BUSINESS OF~~ May ~~1~~, one-twelfth of the total amount to be apportioned during the fiscal year.
11. By the close of business on ~~THE FIRST DAY OF BUSINESS OF~~ June ~~1~~, one-twelfth of the total amount to be apportioned during the fiscal year.
12. By the close of business on ~~THE LAST DAY OF BUSINESS OF~~ June ~~30~~, one-twelfth of the total amount to be apportioned during the fiscal year.

The superintendent of public instruction shall furnish to the county treasurer and the county school superintendent an abstract of the apportionment and shall certify the apportionment to the department of administration, which shall draw its warrant in favor of the county treasurer of each county for the amount apportioned. Upon receipt of the warrant the county treasurer shall notify the county school superintendent of the amount, together with any other monies standing to the credit of such school district in the county school fund.

C. Notwithstanding subsection B of this section, if sufficient appropriated funds are available and on a showing by a school district that additional state monies are necessary for current expenses, an apportionment or part of an apportionment of state aid may be paid to the school district prior to the date set for such apportionment by subsection B of this section. After the first forty days in session of the current year, a school district may request additional state monies to fund the increased state aid due to anticipated student growth through the first one hundred days or two hundred days in session, as applicable, of the current year as provided in section 15-948. In no event shall a school district have received more than three-fourths of its total apportionment before April 30 of the fiscal year. Early payments pursuant to this subsection must be approved by the state treasurer, the director of the department of administration and the superintendent of public instruction.

1 D. Until June 30, 1999, at such time and as provided by federal law or
2 regulation, state aid shall be reduced as follows:

3 1. The superintendent of public instruction shall compute the amount
4 of monies which each school district is eligible to receive under
5 P.L. 81-874, less P.L. 81-874 monies for children with disabilities, children
6 with specific learning disabilities and children residing on Indian lands
7 which are in addition to the basic assistance as provided in 20 United States
8 Code section 238(d)2(C) and (D), and for which monies have been appropriated.

9 2. The superintendent of public instruction shall deduct from state
10 aid for each school district which is eligible to receive monies under
11 P.L. 81-874 and for which monies are appropriated as provided in paragraph 1
12 of this subsection the lesser of:

13 (a) The maximum allowed by law or regulation.

14 (b) The amount computed as follows:

15 (i) For fiscal year 1982-1983, twenty-five per cent of the amount
16 computed in paragraph 1 of this subsection.

17 (ii) For fiscal year 1983-1984, fifty per cent of the amount computed
18 in paragraph 1 of this subsection.

19 (iii) For fiscal year 1984-1985, seventy-five per cent of the amount
20 computed in paragraph 1 of this subsection.

21 (iv) Beginning with fiscal year 1985-1986, ninety-five per cent of the
22 amount computed in paragraph 1 of this subsection.

23 3. The reduction in state aid shall be made from equalization
24 assistance as prescribed in section 15-971 or from additional state aid as
25 prescribed in section 15-972 during the fiscal year following the fiscal year
26 in which the monies are received. The superintendent of public instruction
27 shall make additional adjustments in state aid for allowable deductions which
28 were not made in any previous fiscal year which is not more than five years
29 earlier than the year in which the adjustments are made. The superintendent
30 of public instruction shall give the school district prior notice of the
31 intention to make the additional adjustments and may distribute the
32 adjustments over more than one year after considering the effects of the
33 adjustments on the school district.

34 E. The superintendent of public instruction shall not make application
35 to the federal government to utilize P.L. 81-874 monies in determining the
36 apportionment prescribed in this section.

37 F. If a school district which is eligible to receive monies pursuant
38 to this article is unable to meet a scheduled payment on any lawfully
39 incurred long-term obligation for debt service as provided in section
40 15-1022, the county treasurer shall use any amount distributed pursuant to
41 this section to make the payment. The county treasurer shall keep a record
42 of all the instances in which a payment is made pursuant to this subsection.
43 Any monies subsequently collected by the district to make the scheduled
44 payment shall be used to replace the amount diverted pursuant to this
45 subsection. When determining the total amount to be funded by a levy of
46 secondary taxes upon property within the school district for the following
47 fiscal year, the county board of supervisors shall add to the amounts
48 budgeted to be expended during the following fiscal year an amount equal to

1 the total of all payments pursuant to this subsection during the current
2 fiscal year which were not repaid during the current year.

3 G. The total amount of state monies that may be spent in any fiscal
4 year by the state board of education for apportionment of state aid for
5 education shall not exceed the amount appropriated or authorized by section
6 35-173 for that purpose. This section shall not be construed to impose a
7 duty on an officer, agent or employee of this state to discharge a
8 responsibility or to create any right in a person or group if the discharge
9 or right would require an expenditure of state monies in excess of the
10 expenditure authorized by legislative appropriation for that specific
11 purpose.

12 Sec. 12. Section 15-977, Arizona Revised Statutes, as amended by
13 Senate Bill 1187, section 42, forty-ninth legislature, first regular session,
14 as transmitted to the governor, is amended to read:

15 15-977. Classroom site fund; definitions

16 A. The classroom site fund is established consisting of monies
17 transferred to the fund pursuant to section 37-521, subsection B and section
18 42-5029, subsection E, paragraph 10. The department of education shall
19 administer the fund. School districts and charter schools may not supplant
20 existing school site funding with revenues from the fund. All monies
21 distributed from the fund are intended for use at the school site. Each
22 school district or charter school shall allocate forty per cent of the monies
23 for teacher compensation increases based on performance and employment
24 related expenses, twenty per cent of the monies for teacher base salary
25 increases and employment related expenses and forty per cent of the monies
26 for maintenance and operation purposes as prescribed in subsection H of this
27 section. Teacher compensation increases based on performance or teacher base
28 salary increases distributed pursuant to this subsection shall supplement,
29 and not supplant, teacher compensation monies from any other sources. The
30 school district or charter school shall notify each school principal of the
31 amount available to the school by April 15 of each year. The district or
32 charter school shall request from the school's principal each school's
33 priority for the allocation of the funds available to the school for each
34 program listed under subsection H of this section. The amount budgeted by
35 the school district or charter school pursuant to this section shall not be
36 included in the allowable budget balance carryforward calculated pursuant to
37 section 15-943.01.

38 B. A school district governing board must adopt a performance based
39 compensation system at a public hearing to allocate funding from the
40 classroom site fund pursuant to subsection A of this section.

41 C. A school district governing board shall vote on a performance based
42 compensation system that includes the following elements:

- 43 1. School district performance and school performance.
- 44 2. Measures of academic progress toward the academic standards adopted
45 by the state board of education.
- 46 3. Other measures of academic progress.
- 47 4. Dropout or graduation rates.
- 48 5. Attendance rates.

1 6. Ratings of school quality by parents.

2 7. Ratings of school quality by students.

3 8. The input of teachers and administrators.

4 9. Approval of the performance based compensation system based on an
5 affirmative vote of at least seventy per cent of the teachers eligible to
6 participate in the performance based compensation system.

7 10. An appeals process for teachers who have been denied performance
8 based compensation.

9 11. Regular evaluation for effectiveness.

10 D. A performance based compensation system shall include teacher
11 professional development programs that are aligned with the elements of the
12 performance based compensation system.

13 E. A school district governing board may modify the elements contained
14 in subsection C of this section and consider additional elements when
15 adopting a performance based compensation system. A school district
16 governing board shall adopt any modifications or additional elements and
17 specify the criteria used at a public hearing.

18 F. Until December 31, 2009, each school district shall develop an
19 assessment plan for its performance based compensation system and submit the
20 plan to the department of education by December 31 of each year. A copy of
21 the performance based compensation system and assessment plan adopted by the
22 school district governing board shall be included in the report submitted to
23 the department of education.

24 G. Monies in the fund are continuously appropriated, are exempt from
25 the provisions of section 35-190 relating to lapsing of appropriations and
26 shall be distributed as follows:

27 1. By March 30 of each year the staff of the joint legislative budget
28 committee shall determine a per pupil amount from the fund for the budget
29 year using the estimated statewide weighted count for the current year
30 pursuant to section 15-943, paragraph 2, subdivision (a) and based on
31 estimated available resources in the classroom site fund for the budget year
32 adjusted for any prior year carryforward or shortfall.

33 2. The allocation to each charter school and school district for a
34 fiscal year shall equal the per pupil amount established in paragraph 1 of
35 this subsection for the fiscal year multiplied by the weighted student count
36 for the school district or charter school for the fiscal year pursuant to
37 section 15-943, paragraph 2, subdivision (a). For the purposes of this
38 paragraph, the weighted student count for a school district that serves as
39 the district of attendance for nonresident pupils shall be increased to
40 include nonresident pupils who attend school in the school district.

41 3. FOR EACH FISCAL YEAR IN WHICH THE LEGISLATURE APPROPRIATES
42 SUFFICIENT MONIES FOR TEACHER PERFORMANCE PAY PURSUANT TO THIS SECTION, THE
43 AMOUNT APPROPRIATED SHALL EQUAL THE PRODUCT OF THE BASE LEVEL PRESCRIBED IN
44 SECTION 15-901 MULTIPLIED BY THE PRIOR YEAR STATEWIDE WEIGHTED STUDENT COUNT
45 MULTIPLIED BY THE FOLLOWING PERCENTAGES:

46 (a) FOR STAGE ONE, ONE PER CENT.

47 (b) FOR STAGE TWO, TWO PER CENT.

48 (c) FOR STAGE THREE, THREE PER CENT.

1 (d) FOR STAGE FOUR, FOUR PER CENT.

2 (e) FOR STAGE FIVE, FIVE PER CENT.

3 (f) FOR STAGE SIX, FIVE AND ONE-HALF PER CENT BY JUNE 30, 2018.

4 H. Monies distributed from the classroom site fund shall be spent for
5 the following maintenance and operation purposes:

6 1. Class size reduction.

7 2. Teacher compensation increases.

8 3. AIMS intervention programs.

9 4. Teacher development.

10 5. Dropout prevention programs.

11 6. Teacher liability insurance premiums.

12 I. The district governing board or charter school shall allocate the
13 classroom site fund monies to include, wherever possible, the priorities
14 identified by the principals of the schools while assuring that the funds
15 maximize classroom opportunities and conform to the authorized expenditures
16 identified in subsection A of this section.

17 J. School districts and charter schools that receive monies from the
18 classroom site fund shall submit a report by November 15 of each year to the
19 superintendent of public instruction on a per school basis that provides an
20 accounting of the expenditures of monies distributed from the fund during the
21 previous fiscal year and a summary of the results of district and school
22 programs funded with monies distributed from the fund. The department of
23 education in conjunction with the auditor general shall prescribe the format
24 of the report under this subsection.

25 K. School districts and charter schools that receive monies from the
26 classroom site fund shall receive these monies monthly in an amount not to
27 exceed one-twelfth of the monies estimated pursuant to subsection G of this
28 section, except that if there are insufficient monies in the fund that month
29 to make payments, the distribution for that month shall be prorated for each
30 school district or charter school. The department of education may make an
31 additional payment in the current month for any prior month or months in
32 which school districts or charter schools received a prorated payment if
33 there are sufficient monies in the fund that month for the additional
34 payments. The state is not required to make payments to a school district or
35 charter school classroom site fund if the state classroom site fund revenue
36 collections are insufficient to meet the estimated allocations to school
37 districts and charter schools pursuant to subsection G of this section.

38 L. The state education system for committed youth shall receive monies
39 from the classroom site fund in the same manner as school districts and
40 charter schools. The Arizona state schools for the deaf and the blind shall
41 receive monies from the classroom site fund in an amount that corresponds to
42 the weighted student count for the current year pursuant to section 15-943,
43 paragraph 2, subdivision (b) for each pupil enrolled in the Arizona state
44 schools for the deaf and the blind. Except as otherwise provided in this
45 subsection, the Arizona state schools for the deaf and the blind and the
46 state education system for committed youth are subject to this section in the
47 same manner as school districts and charter schools.

1 M. Each school district and charter school, including school districts
2 that unify pursuant to section 15-448 or consolidate pursuant to section
3 15-459, shall establish a local level classroom site fund to receive
4 allocations from the state level classroom site fund. The local level
5 classroom site fund shall be a budgetary controlled account. Interest
6 charges for any registered warrants for the local level classroom site fund
7 shall be a charge against the local level classroom site fund. Interest
8 earned on monies in the local level classroom site fund shall be added to the
9 local level classroom site fund as provided in section 15-978. In no event
10 shall this state be required to make payments to a school district or charter
11 school local level classroom site fund that are in addition to monies
12 transferred to the state level classroom site fund pursuant to section
13 37-521, subsection B and section 42-5029, subsection E, paragraph 10.

14 N. Monies distributed from the classroom site fund for class size
15 reduction, AIMS intervention and dropout prevention programs shall only be
16 used for instructional purposes in the instruction function as defined in the
17 uniform system of financial records, except that monies shall not be used for
18 school sponsored athletics.

19 O. IF A SCHOOL DISTRICT IS APPROVED FOR A CAREER LADDER PROGRAM
20 PURSUANT TO SECTION 15-918.04 OR AN OPTIONAL PERFORMANCE INCENTIVE PROGRAM
21 PURSUANT TO SECTION 15-919, THE SCHOOL DISTRICT MAY CONTINUE TO PARTICIPATE
22 IN THOSE PROGRAMS OR MAY CHOOSE TO RECEIVE ADDITIONAL TEACHER PERFORMANCE PAY
23 MONIES PURSUANT TO SUBSECTION G, PARAGRAPH 3 OF THIS SECTION. IF A SCHOOL
24 DISTRICT CHOOSES TO RECEIVE MONIES PURSUANT TO SUBSECTION G, PARAGRAPH 3 OF
25 THIS SECTION, THE SCHOOL DISTRICT SHALL REDUCE THE AMOUNT OF FUNDING FOR ITS
26 CAREER LADDER PROGRAM OR OPTIONAL PERFORMANCE INCENTIVE PROGRAM, AS
27 APPLICABLE, IN AN AMOUNT THAT IS EQUAL TO THE AMOUNT APPROPRIATED BY THE
28 LEGISLATURE FOR THE APPLICABLE STAGE SPECIFIED IN SUBSECTION G, PARAGRAPH 3
29 OF THIS SECTION. IF A SCHOOL DISTRICT IS APPROVED FOR A CAREER LADDER
30 PROGRAM PURSUANT TO SECTION 15-918.04 OR AN OPTIONAL PERFORMANCE INCENTIVE
31 PROGRAM PURSUANT TO SECTION 15-919 AND THAT SCHOOL DISTRICT CHOOSES TO
32 RECEIVE MONIES FOR STAGE ONE PURSUANT TO SUBSECTION G, PARAGRAPH 3 OF THIS
33 SECTION, THE SCHOOL DISTRICT SHALL CONTINUE TO RECEIVE FUNDING THROUGH THE
34 REMAINING STAGES SPECIFIED IN SUBSECTION G, PARAGRAPH 3 OF THIS SECTION,
35 SUBJECT TO LEGISLATIVE APPROPRIATION. A SCHOOL DISTRICT THAT IS SUBJECT TO
36 THIS SUBSECTION SHALL NOTIFY THE DEPARTMENT OF EDUCATION OF THE SCHOOL
37 DISTRICT'S INTENTION TO RECEIVE MONIES PURSUANT TO SUBSECTION G, PARAGRAPH 3
38 OF THIS SECTION NO LATER THAN JULY 1 OF THE FISCAL YEAR THAT STAGE ONE MONIES
39 ARE APPROPRIATED.

40 ~~O.~~ P. For the purposes of this section:

41 1. "AIMS intervention" means summer programs, after school programs,
42 before school programs or tutoring programs that are specifically designed to
43 ensure that pupils meet the Arizona academic standards as measured by the
44 Arizona instrument to measure standards test prescribed by section 15-741.

45 2. "Class size reduction" means any maintenance and operations
46 expenditure that is designed to reduce the ratio of pupils to classroom
47 teachers, including the use of persons who serve as aides to classroom
48 teachers.

1 Sec. 13. Section 15-1021, Arizona Revised Statutes, as amended by
2 Senate Bill 1187, section 43, forty-ninth legislature, first regular session,
3 as transmitted to the governor, is amended to read:

4 15-1021. Limitation on bonded indebtedness; limitation on
5 authorization and issuance of bonds

6 A. Until December 31, 1999, a school district may issue class A bonds
7 for the purposes specified in this section and chapter 4, article 5 of this
8 title to an amount in the aggregate, including the existing indebtedness, not
9 exceeding fifteen per cent of the taxable property used for secondary
10 property tax purposes, as determined pursuant to title 42, chapter 15,
11 article 1, within a school district as ascertained by the last property tax
12 assessment previous to issuing the bonds.

13 B. From and after December 31, 1998, a school district may issue class
14 B bonds for the purposes specified in this section and chapter 4, article 5
15 of this title to an amount in the aggregate, including the existing class B
16 indebtedness, not exceeding five per cent of the taxable property used for
17 secondary property tax purposes, as determined pursuant to title 42, chapter
18 15, article 1, within a school district as ascertained by the last assessment
19 of state and county taxes previous to issuing the bonds, or one thousand five
20 hundred dollars per student count as determined pursuant to section 15-902,
21 whichever amount is greater. A school district shall not issue class B bonds
22 until the proceeds of any class A bonds issued by the school district have
23 been obligated in contract. The total amount of class A and class B bonds
24 issued by a school district shall not exceed the debt limitations prescribed
25 in article IX, section 8, Constitution of Arizona.

26 C. Until December 31, 1999, a unified school district, as defined
27 under article IX, section 8.1, Constitution of Arizona, may issue class A
28 bonds for the purposes specified in this section and chapter 4, article 5 of
29 this title to an amount in the aggregate, including the existing
30 indebtedness, not exceeding thirty per cent of the taxable property used for
31 secondary property tax purposes, as determined pursuant to title 42, chapter
32 15, article 1, within a unified school district as ascertained by the last
33 property tax assessment previous to issuing the bonds.

34 D. From and after December 31, 1998, a unified school district, as
35 defined under article IX, section 8.1, Constitution of Arizona, may issue
36 class B bonds for the purposes specified in this section and chapter 4,
37 article 5 of this title to an amount in the aggregate, including the existing
38 class B indebtedness, not exceeding ten per cent of the taxable property used
39 for secondary tax purposes, as determined pursuant to title 42, chapter 15,
40 article 1, within a school district as ascertained by the last assessment of
41 state and county taxes previous to issuing the bonds, or one thousand five
42 hundred dollars per student count as determined pursuant to section 15-902,
43 whichever amount is greater. A unified school district shall not issue class
44 B bonds until the proceeds of any class A bonds issued by the unified school
45 district have been obligated in contract. The total amount of class A and
46 class B bonds issued by a unified school district shall not exceed the debt
47 limitations prescribed in article IX, section 8.1, Constitution of Arizona.

1 E. No bonds authorized to be issued by an election held after July 1,
2 1980 AND BEFORE THE EFFECTIVE DATE OF THIS AMENDMENT TO THIS SECTION may be
3 issued more than six years after the date of the election, except that class
4 A bonds shall not be issued after December 31, 1999. NO BONDS AUTHORIZED TO
5 BE ISSUED BY AN ELECTION HELD AFTER THE EFFECTIVE DATE OF THIS AMENDMENT TO
6 THIS SECTION MAY BE ISSUED MORE THAN TEN YEARS AFTER THE DATE OF THE
7 ELECTION.

8 F. Except as provided in section 15-491, subsection A, paragraph 3,
9 bond proceeds shall not be expended for items whose useful life is less than
10 the average life of the bonds issued, except that bond proceeds shall not be
11 expended for items whose useful life is less than five years.

12 G. A joint technological education district shall not spend class B
13 bond proceeds to construct or renovate a facility located on the campus of a
14 school in a school district that participates in the joint district unless
15 the facility is only used to provide career and technical education and is
16 available to all pupils who live within the joint technological education
17 district. If the facility is not owned by the joint technological education
18 district, an intergovernmental agreement or a written contract shall be
19 executed for ten years or the duration of the bonded indebtedness, whichever
20 is greater. The intergovernmental agreement or written contract shall
21 include provisions:

22 1. That preserve the usage of the facility renovated or constructed,
23 or both, only for career and technology programs operated by the joint
24 technology education district.

25 2. That include the process to be used by the participating district
26 to compensate the joint technology education district in the event that the
27 facility is no longer used only for career and technology education programs
28 offered by the joint technological education district during the life of the
29 bond.

30 H. A school district shall not authorize, issue or sell bonds pursuant
31 to this section if the school district has any existing indebtedness from
32 impact aid revenue bonds pursuant to chapter 16, article 8 of this title,
33 except for bonds issued to refund any bonds issued by the governing board.

34 Sec. 14. Section 15-1225, Arizona Revised Statutes, as added by Senate
35 Bill 1187, section 47, forty-ninth legislature, first regular session, as
36 transmitted to the governor, is amended to read:

37 15-1225. Postemployment benefits; trust accounts; actuarial
38 report

39 A. If the governing board offers postemployment benefits to school
40 district employees or to spouses and dependents of school district employees,
41 or both, monies to fund these benefits may be deposited in an other
42 postemployment benefits fund or an other postemployment benefits trust
43 account, or both. Additional monies shall not be legislatively appropriated
44 specifically to provide any postemployment benefits offered by a governing
45 board.

46 B. ~~Another~~ AN OTHER postemployment benefits fund is a cash controlled
47 fund as provided in section 15-905, subsection N. The monies in the other
48 postemployment benefits fund are not subject to reversion, except that at the

1 end of five years of no activity in the fund, any remaining monies shall
2 revert to the maintenance and operations fund.

3 C. An other postemployment benefits trust account established pursuant
4 to subsection A of this section shall meet all of the following conditions:

5 1. Contributions made by the school district into the trust account
6 are irrevocable.

7 2. The assets of the trust account shall be dedicated to providing
8 benefits to school district retirees and their beneficiaries in accordance
9 with the terms of the postemployment benefits plan.

10 3. Trust assets shall be legally protected from creditors of the
11 school district or the investment manager pursuant to subsection F of this
12 section.

13 D. Current or prior year postemployment benefits liabilities may be
14 paid from any school district fund from which a school district may pay
15 employee benefits into the other postemployment benefits fund or trust
16 account. Payments for current or prior year liabilities paid into the other
17 postemployment benefits fund or trust account shall be treated as an
18 expenditure from the originating school district fund.

19 E. The following expenditures may be made from an other postemployment
20 benefits fund or an other postemployment benefits trust account:

21 1. Administrative and management costs.

22 2. Payment of benefits.

23 F. An investment manager for an other postemployment benefits trust
24 account established pursuant to subsection A of this section shall be either:

25 1. A qualified investment manager appointed by the district governing
26 board.

27 2. The manager of a public agency pool established pursuant to section
28 11-952.01.

29 G. The investment manager for an other postemployment benefits trust
30 account may invest and reinvest the monies in the account and may hold,
31 purchase, sell, assign, transfer and dispose of any of the securities and
32 investments in which any of the trust account monies are invested. The
33 investment manager shall invest the monies in the trust account in the same
34 manner as the monies in the permanent state land fund pursuant to section
35 35-314.01, except that not more than thirty per cent of the monies in the
36 trust account may be invested in equity securities at any time. the
37 percentage of investment shall be calculated at cost.

38 H. If applicable, each school district shall submit on or before
39 September 1, 2009 to the joint legislative budget committee the most recent
40 actuarial study of the school district's existing other postemployment
41 benefits offered by the school district and any prospective other
42 postemployment benefits contemplated to be offered by the school district,
43 including an analysis of defined contribution plans and defined benefits
44 plans if appropriate and if the defined contribution or defined benefit plans
45 are used to administer any other postemployment benefit. Each time a school
46 district conducts a new actuarial study of the school district's existing or
47 prospective other postemployment benefits, the school district shall submit

1 the new study to the joint legislative budget committee within thirty days of
2 the completion of the study.

3 I. For the purposes of this section, postemployment benefits do not
4 include benefits provided by the Arizona state retirement system.

5 Sec. 15. Laws 2009, chapter 6, section 1, as amended by Senate Bill
6 1187, section 62, forty-ninth legislature, first regular session, as
7 transmitted to the governor, is amended to read:

8 Section 1. Calculation of state aid allocations; school
9 districts

10 A. By the close of business on ~~October 15~~ NOVEMBER 2, 2009, the
11 department of education shall apportion to each qualifying school district
12 from monies appropriated for basic state aid and additional state aid for
13 fiscal year 2009-2010 an amount determined as follows:

14 1. Identify the total ending fund balance of each school district in
15 this state as of June 30, 2009 in its maintenance and operation funds,
16 capital outlay funds and soft capital allocation funds.

17 2. Calculate for each school district in this state the sum of the
18 amounts identified in paragraph 1 of this subsection.

19 3. Identify for each school district in this state the amount of basic
20 state aid and additional state aid that was scheduled to be apportioned on
21 May 15, 2009 pursuant to section 15-973, Arizona Revised Statutes, but that
22 was deferred pursuant to legislation enacted into law during May, 2009.

23 4. Calculate for each school district in this state the sum of the
24 amounts identified in paragraphs 2 and 3 of this subsection.

25 5. Identify for each school district in this state the amount, if any,
26 that is budgeted for budget balances for fiscal year 2009-2010 pursuant to
27 section 15-918.04, subsection C, Arizona Revised Statutes, section 15-919.04,
28 subsection D, Arizona Revised Statutes, section 15-943.01, Arizona Revised
29 Statutes, and section 15-947, subsection D, paragraph 4 and subsection E,
30 paragraph 2, Arizona Revised Statutes.

31 6. Calculate for each school district in this state the sum of the
32 amounts identified in paragraph 5 of this subsection.

33 7. Subtract for each school district in this state the amount
34 determined in paragraph 6 of this subsection from the amount determined in
35 paragraph 4 of this subsection. If the computed amount is zero or a negative
36 number, use zero.

37 8. Identify the total revenue received by each school district in this
38 state for its maintenance and operation funds, capital outlay funds and soft
39 capital allocation funds for fiscal year 2008-2009, excluding the beginning
40 cash balances in each of those funds.

41 9. Calculate for each school district in this state the sum of the
42 amounts identified in paragraph 8 of this subsection.

43 10. Identify the total P.L. 81-874 revenue received by each school
44 district in this state for its maintenance and operation funds, capital
45 outlay funds and soft capital allocation funds for fiscal year 2008-2009.

46 11. Calculate for each school district in this state the sum of the
47 amounts identified in paragraph 10 of this subsection.

1 12. Divide for each school district in this state the amount determined
2 in paragraph 11 of this subsection by the amount determined in paragraph 9 of
3 this subsection.

4 13. Multiply the quotient determined in paragraph 12 of this subsection
5 by the amount determined in paragraph 7 of this subsection.

6 14. Subtract the amount determined in paragraph 13 of this subsection
7 from the amount determined in paragraph 7 of this subsection. If the computed
8 amount is zero or a negative number, use zero.

9 15. Identify for each school district in this state the amount of basic
10 state aid and additional state aid that was scheduled to be apportioned on
11 May 15, 2009 pursuant to section 15-973, Arizona Revised Statutes, but that
12 was deferred pursuant to legislation enacted into law during May 2009.

13 16. For each school district in this state except accommodation schools
14 as defined in section 15-101, Arizona Revised Statutes, subtract the amount
15 determined in paragraph 14 of this subsection from the amount determined in
16 paragraph 15 of this subsection. If the computed amount is zero or a
17 negative amount, use zero. For accommodation schools, use the amount
18 identified in paragraph 15 of this subsection. The amount determined
19 pursuant to this paragraph is the amount of the apportionment to the school
20 district or accommodation school.

21 B. In addition to the amount required by subsection A of this section,
22 by the close of business on October 15, 2009, the department of education
23 shall apportion to each qualifying school district from monies appropriated
24 for basic state and additional state aid for fiscal year 2009-2010 an amount
25 determined as follows:

26 1. Identify the amount determined in subsection A, paragraph ~~14~~ 16 of
27 this section.

28 2. Multiply the amount determined in paragraph 1 of this subsection by
29 two per cent for an assumed interest rate of two per cent.

30 3. Multiply the amount determined in paragraph 2 of this subsection by
31 five-twelfths for an assumed five month interest accumulation period. The
32 amount determined pursuant to this paragraph is the amount of the
33 apportionment to the school district or accommodation school.

34 C. Notwithstanding any provision of law, for fiscal year 2009-2010, if
35 the governing board of a school district incurred interest expenses for
36 registering warrants in fiscal year 2008-2009 or expects to incur interest
37 expenses for registering warrants in fiscal year 2009-2010 related to basic
38 state aid and additional state aid that was scheduled to be apportioned on
39 May 15, 2009 pursuant to section 15-973, Arizona Revised Statutes, but that
40 was deferred pursuant to legislation enacted into law during May 2009, the
41 governing board may budget an estimated amount for those interest expenses.
42 Any such amount is specifically exempt from the revenue control limit in
43 fiscal year 2009-2010. If the budgeted estimate amount is greater than the
44 amount received pursuant to subsection B of this section, the governing board
45 shall not expend more than the amount received pursuant to subsection B of
46 this section. If the budgeted estimate amount is less than the amount
47 received pursuant to subsection B of this section, the governing board may
48 revise its budget during fiscal year 2009-2010 to include the actual amount

1 received pursuant to subsection B of this section and shall not expend more
2 than the amount received pursuant to subsection B of this section.

3 D. School districts shall include in the revenue estimates that they
4 use for computing their tax rates for fiscal year 2009-2010 the monies that
5 they will receive pursuant to subsection A, paragraph 14 of this section.

6 E. The county treasurer and county school superintendent in each
7 county shall provide to the department of education any information that is
8 requested by the department of education to carry out the requirements of
9 this section.

10 Sec. 16. Senate Bill 1187, section 64, forty-ninth legislature, first
11 regular session, as transmitted to the governor, is amended to read:

12 Sec. 64. Reduction in school district state aid apportionment
13 in fiscal year 2009-2010; appropriations in fiscal
14 year 2010-2011

15 A. Notwithstanding any other law, the state board of education shall
16 defer until AFTER July 1, 2010 BUT NO LATER THAN AUGUST 29, 2010 \$602,627,700
17 of the basic state aid and additional state aid payment that otherwise would
18 be apportioned to school districts under law during ~~May and~~ June 2010
19 pursuant to section 15-973, Arizona Revised Statutes, as amended by this act.
20 The funding deferral required by this subsection does not apply to charter
21 schools.

22 B. The sum of \$602,627,700 is appropriated in fiscal year 2010-2011
23 from the state general fund to the state board of education and the
24 superintendent of public instruction for basic state aid and additional state
25 aid entitlement for fiscal year 2010-2011. This appropriation shall be
26 disbursed ~~on~~ AFTER July 1, 2010 BUT NO LATER THAN AUGUST 29, 2010 to the
27 several counties for the school districts in each county in amounts equal to
28 the reductions in apportionment of basic state aid and additional state aid
29 that are required pursuant to subsection A OF THIS SECTION for fiscal year
30 2009-2010.

31 C. The sum of \$886,200 is appropriated in fiscal year 2010-2011 from
32 the state general fund to the state board of education and the superintendent
33 of public instruction for any costs to school districts that may be
34 associated with the reductions in apportionment of basic state aid and
35 additional state aid for fiscal year 2009-2010 that are required pursuant to
36 subsection A OF THIS SECTION. This appropriation shall be disbursed ~~on~~ AFTER
37 July 1, 2010 BUT NO LATER THAN AUGUST 29, 2010 to the several counties for
38 the school districts in each county and shall be allocated based on the per
39 cent of the total \$602,627,700 deferred payment for fiscal year 2009-2010
40 that is attributable to each individual school district.

41 D. Notwithstanding any provision of law, for fiscal year 2010-2011, if
42 the governing board of a school district incurred interest expenses for
43 registering warrants in fiscal year 2009-2010 or expects to incur interest
44 expenses for registering warrants in fiscal year 2010-2011 pursuant to
45 subsection A OF THIS SECTION, the governing board may budget an estimated
46 amount for those interest expenses. Any such amount is specifically exempt
47 from the revenue control limit in fiscal year 2010-2011. If the budgeted
48 estimate amount is greater than the amount received pursuant to subsection C

1 OF THIS SECTION, the governing board shall not expend more than the amount
2 received pursuant to subsection C OF THIS SECTION. If the budgeted estimate
3 amount is less than the amount received pursuant to subsection C OF THIS
4 SECTION, the governing board may revise its budget during fiscal year
5 2010-2011 to include the actual amount received pursuant to subsection C OF
6 THIS SECTION and shall not expend more than the amount received pursuant to
7 subsection C OF THIS SECTION.

8 E. School districts shall include in the revenue estimates that they
9 use for computing their tax rates for fiscal year 2009-2010 the monies that
10 they will receive pursuant to subsection B OF THIS SECTION.

11 Sec. 17. Senate Bill 1187, section 68, forty-ninth legislature, first
12 regular session, as transmitted to the governor, is amended to read:

13 Sec. 68. Early graduation scholarship program: funding
14 suspension; temporary moratorium on new program
15 participants

16 A. Notwithstanding section 15-105, subsection E, Arizona Revised
17 Statutes, as amended by this act, the student count and per pupil funding of
18 a school district or charter school for fiscal year 2009-2010 shall not be
19 adjusted to reflect requirements under that subsection.

20 B. Notwithstanding section 15-105, subsection F, Arizona Revised
21 Statutes, as amended by this act, for fiscal year 2009-2010 the department of
22 education shall not transmit any monies to the commission for postsecondary
23 education for the early graduation scholarship program.

24 C. Notwithstanding section 15-105, Arizona Revised Statutes, as
25 amended by this act, students who were not admitted before July 1, 2009 to
26 participate in the early graduation scholarship program shall not be admitted
27 to participate in the early graduation scholarship program during fiscal year
28 2009-2010.

29 D. If sufficient monies are available in the early graduation
30 scholarship fund established by section 15-105, Arizona Revised Statutes, as
31 amended by this act, students who were admitted before July 1, 2009 to
32 participate in the early graduation scholarship program shall continue to
33 receive funding to participate in the program in fiscal year 2009-2010.

34 E. FOR FISCAL YEAR 2009-2010, THE COMMISSION FOR POSTSECONDARY
35 EDUCATION MAY SOLICIT, RECEIVE AND ADMINISTER PRIVATE AND CORPORATE
36 DONATIONS, FEDERAL GRANTS AND OTHER FEDERAL MONIES IN SUPPORT OF THE EARLY
37 GRADUATION SCHOLARSHIP PROGRAM. ALL MONIES RECEIVED PURSUANT TO THIS
38 SUBSECTION SHALL BE DEPOSITED IN THE EARLY GRADUATION SCHOLARSHIP FUND.

39 Sec. 18. Senate Bill 1187, section 69, forty-ninth legislature, first
40 regular session, as transmitted to the governor, is amended to read:

41 Sec. 69. Soft capital reduction for school districts for fiscal
42 year 2009-2010

43 ~~A.~~ BEGINNING JANUARY 1, 2010, THE DEPARTMENT OF EDUCATION SHALL
44 IMPLEMENT THE FOLLOWING:

45 1. For fiscal year 2009-2010, the department of education shall reduce
46 by \$175,000,000 the amount of basic state aid that otherwise would be
47 apportioned to school districts statewide for fiscal year 2009-2010 for the

1 soft capital allocation prescribed in section 15-962, Arizona Revised
2 Statutes, and shall reduce school district budget limits accordingly.

3 ~~B.~~ 2. For fiscal year 2009-2010, the department of education shall
4 reduce the soft capital allocation for a school district that is not eligible
5 to receive basic state aid funding for fiscal year 2009-2010 by the amount
6 that its soft capital allocation would be reduced pursuant to ~~subsection A~~
7 ~~PARAGRAPH 1~~ of this section if the district was eligible to receive basic
8 state aid funding for fiscal year 2009-2010 and shall reduce the school
9 district's budget limits accordingly.

10 ~~C.~~ 3. To the extent possible, the soft capital reductions required by
11 this section shall be taken against administrative costs, rather than
12 classroom instruction.

13 ~~D.~~ 4. Notwithstanding ~~subsections A and B~~ ~~PARAGRAPHS 1 AND 2~~ of this
14 section, the department of education shall reduce by fifty per cent the soft
15 capital reduction that would otherwise be calculated pursuant to this section
16 for kindergarten programs and grades one through eight for a school district
17 that has a student count of fewer than six hundred in kindergarten programs
18 and grades one through eight.

19 ~~E.~~ 5. Notwithstanding ~~subsections A and B~~ ~~PARAGRAPHS 1 AND 2~~ of this
20 section, the department of education shall reduce by fifty per cent the soft
21 capital reduction that would otherwise be calculated pursuant to this section
22 for grades nine through twelve for a school district that has a student count
23 of fewer than six hundred in grades nine through twelve.

24 Sec. 19. Repeal

25 Senate Bill 1187, section 75, forty-ninth legislature, first regular
26 session, as transmitted to the governor, is repealed.

27 Sec. 20. Senate Bill 1187, section 78, forty-ninth legislature, first
28 regular session, as transmitted to the governor, is amended to read:

29 Sec. 78. Saving clause

30 This act does not affect any special budget overrides pursuant to
31 section 15-482, Arizona Revised Statutes, as amended by this act, that were
32 approved by **A MAJORITY OF** the qualified electors of a school district **VOTING**
33 **IN THE ELECTION** before the effective date of this act. Special budget
34 overrides pursuant to section 15-482, Arizona Revised Statutes, as amended by
35 this act, that were approved by **A MAJORITY OF** the qualified electors of a
36 school district **VOTING IN THE ELECTION** before the effective date of this act
37 shall continue for the duration previously authorized by the qualified
38 electors or until the qualified electors of the school district subsequently
39 approve a budget increase in an amount of not more than fifteen per cent of
40 the revenue control limit as prescribed in section 15-481, subsection G,
41 Arizona Revised Statutes, as amended by this act, whichever occurs first.

42 Sec. 21. Senate Bill 1187, section 79, forty-ninth legislature, first
43 regular session, as transmitted to the governor, is amended to read:

44 Sec. 79. Override election procedures for fiscal year 2009-2010

45 Notwithstanding any other law, for fiscal year 2009-2010:

46 1. A school district may conduct an election on the second Tuesday in
47 March 2010 to submit a proposed budget increase to the qualified electors in
48 an amount of not more than fifteen per cent of the revenue control limit as

1 prescribed in section 15-481, subsection G, Arizona Revised Statutes, as
2 amended by this act. Override elections conducted in subsequent fiscal years
3 shall be as prescribed by statute. An increase of not more than fifteen per
4 cent that is subsequently approved by A MAJORITY OF the qualified electors of
5 the school district VOTING IN THE ELECTION shall replace any previously
6 authorized increases approved by the qualified electors VOTING IN THE
7 ELECTION pursuant to section 15-481, subsection E or F, Arizona Revised
8 Statutes, as amended by this act, and section 15-482, Arizona Revised
9 Statutes, as amended by this act.

10 2. If A MAJORITY OF the qualified electors in a school district VOTING
11 IN THE ELECTION approve a proposed budget increase in an amount of not more
12 than ten per cent of the revenue control limit in an election conducted on
13 the first Tuesday in November 2009, the school district may subsequently
14 conduct an election on the second Tuesday in March 2010 to submit to the
15 qualified electors a proposed budget increase in an amount of not more than
16 an additional five per cent of the revenue control limit. Override elections
17 conducted in subsequent fiscal years shall be as prescribed by statute.

18 3. If A MAJORITY OF the qualified electors of a common school district
19 VOTING IN THE ELECTION have approved both a budget increase that is still in
20 effect on the effective date of this act pursuant to section 15-481,
21 subsection E or F, Arizona Revised Statutes, as amended by this act, and a
22 budget increase that is still in effect on the effective date of this act
23 pursuant to section 15-482, Arizona Revised Statutes, as amended by this act,
24 the common school district may call an election on the second Tuesday in
25 March 2010 to submit to the qualified electors a proposed budget increase in
26 an amount of not more than seventeen per cent of the revenue control limit.
27 An increase of not more than seventeen per cent that is subsequently approved
28 by A MAJORITY OF the qualified electors of the school district VOTING IN THE
29 ELECTION shall replace any previously authorized increases approved by the
30 qualified electors pursuant to section 15-481, subsection E or F, Arizona
31 Revised Statutes, as amended by this act, and section 15-482, Arizona Revised
32 Statutes, as amended by this act. If approved by A MAJORITY OF the qualified
33 electors VOTING IN THE ELECTION, the common school district may continue to
34 budget the amount of not more than seventeen per cent of the revenue control
35 limit for the remaining number of years of the override previously approved
36 pursuant to section 15-482, Arizona Revised Statutes, as amended by this act.
37 On the expiration of the override previously approved pursuant to section
38 15-482, Arizona Revised Statutes, as amended by this act, override elections
39 conducted in subsequent fiscal years shall be as prescribed by statute.

40 4. A GOVERNING BOARD MAY CANCEL ANY OVERRIDE ELECTION PREVIOUSLY
41 CALLED FOR NOVEMBER 2009 UP TO BUT NOT LESS THAN TEN DAYS BEFORE THE ELECTION
42 DATE IN ORDER TO IMPLEMENT THIS SECTION.

43 Sec. 22. Senate Bill 1187, section 85, forty-ninth legislature, first
44 regular session, as transmitted to the governor, is amended to read:

45 Sec. 85. School facilities board lease-to-own

46 Notwithstanding section 15-2004, subsection M, Arizona Revised
47 Statutes, section 15-2005, subsection M, Arizona Revised Statutes, and
48 section 15-2006, Arizona Revised Statutes, the school facilities board shall

1 enter into lease-to-own transactions for up to a maximum of \$100,000,000 by
2 December 31, ~~2009~~ 2010. The lease-to-own transactions shall be qualified
3 school construction bonds as authorized under the American reinvestment and
4 recovery act of 2009 and shall only be used for new construction projects.
5 Priority for the bond proceeds shall first be given to school districts whose
6 projected fiscal year 2009-2010 average daily membership exceeds their
7 districtwide capacity for new school construction.

8 Sec. 23. Apportionment of monies; fiscal year 2009-2010

9 A. Notwithstanding section 15-973, Arizona Revised Statutes, as
10 amended by this act, if school districts do not receive an apportionment
11 payment by the close of business on the first business day of October, 2009
12 due to the effective date of this act, the department of education shall
13 apportion to school districts the monies that otherwise would have been
14 apportioned to them by the close of business on the first business day of
15 October, 2009 as part of their scheduled payments for the remaining months of
16 fiscal year 2009-2010 in a manner that allocates an approximately equal
17 amount per month for each remaining month.

18 B. Notwithstanding section 15-973, Arizona Revised Statutes, as
19 amended by this act, for fiscal year 2009-2010 the apportionment payment by
20 the close of business on the last business day of June, 2009 required by
21 section 15-973, Arizona Revised Statutes, as amended by this act, does not
22 apply to charter schools unless charter schools do not receive an
23 apportionment payment by the close of business on the first business day of
24 October, 2009 due to the effective date of this act.

25 Sec. 24. Full-day kindergarten instruction in fiscal year
26 2009-2010; tuition

27 Notwithstanding any other law, a school district or charter school may
28 charge tuition for full-day kindergarten in fiscal year 2009-2010 if the
29 school district or charter school decides not to provide free full-day
30 kindergarten instruction during fiscal year 2009-2010 due to funding
31 reductions prescribed in Senate Bill 1187, forty-ninth legislature, first
32 regular session, as transmitted to the governor.

33 Sec. 25. Basic state aid and base support level for school
34 districts; fiscal year 2009-2010

35 Notwithstanding section 15-901, subsection B, paragraph 2, Arizona
36 Revised Statutes, as amended by this act, or any other law, for fiscal year
37 2009-2010 for purposes of computing the base support level pursuant to
38 section 15-943, Arizona Revised Statutes, the department of education shall
39 assume that the base level amount defined in section 15-901, subsection B,
40 paragraph 2, Arizona Revised Statutes, for fiscal year 2009-2010 is three
41 thousand two hundred one dollars eighty-nine cents.

42 Sec. 26. Additional assistance funding for charter schools;
43 reductions for fiscal year 2009-2010

44 Beginning January 1, 2010, for fiscal year 2009-2010, the department of
45 education shall reduce by \$5,000,000 the amount of additional assistance
46 funding that otherwise would be apportioned to charter schools statewide for
47 fiscal year 2009-2010 pursuant to section 15-185, subsection B, paragraph 4,
48 Arizona Revised Statutes, as amended by this act. The funding reductions

1 required under this section shall be made on a proportional basis based on
2 the additional assistance funding that each charter school in the state would
3 receive for fiscal year 2009-2010 apart from the prescribed reduction.

4 Sec. 27. Conditional enactment

5 This act shall not become effective unless Senate Bill 1187,
6 forty-ninth legislature, first regular session, as transmitted to the
7 governor, relating to kindergarten through grade twelve education budget
8 reconciliation, becomes law."

9 Amend title to conform

JOHN KAVANAGH

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