

PROPOSED AMENDMENT  
SENATE AMENDMENTS TO S.B. 1187  
(Reference to printed bill)

1 Strike everything after the enacting clause and insert:

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

4 15-185. Charter schools; financing; civil penalty;  
5 transportation; definitions

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

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

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

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

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

1 for the school district sponsoring the charter school shall be increased by  
2 the amount of the additional assistance. The school district shall include  
3 the full amount of the additional assistance in the funding provided to the  
4 charter school.

5 (b) Compute separate weighted student counts pursuant to section  
6 15-943, paragraph 2, subdivision (a) for its noncharter school versus charter  
7 school pupils in order to maintain eligibility for small school district  
8 support level weights authorized in section 15-943, paragraph 1 for its  
9 noncharter school pupils only. The portion of a district's student count  
10 that is attributable to charter school pupils is not eligible for small  
11 school district support level weights.

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

16 5. A school district that sponsors a charter school is not eligible to  
17 include the charter school pupils in its student count for the purpose of  
18 computing an increase in its capital outlay revenue limit as provided in  
19 section 15-961, subsection C, except that if the charter school was  
20 previously a school in the district, the district may include in its student  
21 count any charter school pupils who were enrolled in the school district in  
22 the prior year.

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

28 7. If a school district converts one or more of its district public  
29 schools to a charter school and receives assistance as prescribed in  
30 subsection B, paragraph 4 of this section, and subsequently converts the  
31 charter school back to a district public school, the school district shall  
32 repay the state the total additional assistance received for the charter  
33 school for all years that the charter school was in operation. The repayment  
34 shall be in one lump sum and shall be reduced from the school district's  
35 current year equalization assistance. The school district's general budget  
36 limit shall be reduced by the same lump sum amount in the current year.

1           B. Financial provisions for a charter school that is sponsored by the  
2 state board of education or the state board for charter schools are as  
3 follows:

4           1. The charter school shall calculate a base support level as  
5 prescribed in section 15-943, except that ~~sections~~ SECTION 15-941 ~~and 15-942~~  
6 ~~do~~ DOES not apply to these charter schools.

7           2. Notwithstanding paragraph 1 of this subsection, the student count  
8 shall be determined initially using an estimated student count based on  
9 actual registration of pupils before the beginning of the school year. After  
10 the first one hundred days or two hundred days in session, as applicable, the  
11 charter school shall revise the student count to be equal to the actual  
12 average daily membership, as defined in section 15-901, or the adjusted  
13 average daily membership, as prescribed in section 15-902, of the charter  
14 school. Before the one hundredth day or two hundredth day in session, as  
15 applicable, the state board of education or the state board for charter  
16 schools may require a charter school to report periodically regarding pupil  
17 enrollment and attendance, and the department of education may revise its  
18 computation of equalization assistance based on the report. A charter school  
19 shall revise its student count, base support level and additional assistance  
20 before May 15. A charter school that overestimated its student count shall  
21 revise its budget before May 15. A charter school that underestimated its  
22 student count may revise its budget before May 15.

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

27           4. Equalization assistance for the charter school shall be determined  
28 by adding the amount of the base support level and additional assistance.  
29 The amount of the additional assistance is ~~one thousand four hundred~~  
30 ~~seventy-four dollars sixteen cents~~ ONE THOUSAND FIVE HUNDRED FORTY-TWO  
31 DOLLARS FIFTY-ONE CENTS per student count in kindergarten programs and grades  
32 one through eight and ~~one thousand seven hundred eighteen dollars ten cents~~  
33 ONE THOUSAND SEVEN HUNDRED NINETY-SEVEN DOLLARS SEVENTY-SEVEN CENTS per  
34 student count in grades nine through twelve.

35           5. The state board of education shall apportion state aid from the  
36 appropriations made for such purposes to the state treasurer for disbursement  
37 to the charter schools in each county in an amount as determined by this

1 paragraph. The apportionments shall be made in twelve equal installments of  
2 the total amount to be apportioned during the fiscal year on the fifteenth  
3 day of each month of the fiscal year.

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

14 7. The charter school shall not charge tuition, levy taxes or issue  
15 bonds.

16 8. Not later than noon on the day preceding each apportionment date  
17 established by paragraph 5 of this subsection, the superintendent of public  
18 instruction shall furnish to the state treasurer an abstract of the  
19 apportionment and shall certify the apportionment to the department of  
20 administration, which shall draw its warrant in favor of the charter schools  
21 for the amount apportioned.

22 C. If a pupil is enrolled in both a charter school and a public school  
23 that is not a charter school, the sum of the daily membership, which includes  
24 enrollment as prescribed in section 15-901, subsection A, paragraph 2,  
25 subdivisions (a) and (b) and daily attendance as prescribed in section  
26 15-901, subsection A, paragraph 6, for that pupil in the school district and  
27 the charter school shall not exceed 1.0, except that if the pupil is enrolled  
28 in both a charter school and a joint technological education district and  
29 resides within the boundaries of a school district participating in the joint  
30 technological education district, the sum of the average daily membership for  
31 that pupil in the charter school and the joint technological education  
32 district shall not exceed 1.25. If a pupil is enrolled in both a charter  
33 school and a public school that is not a charter school, the department of  
34 education shall direct the average daily membership to the school with the  
35 most recent enrollment date. Upon validation of actual enrollment in both a  
36 charter school and a public school that is not a charter school and if the  
37 sum of the daily membership or daily attendance for that pupil is greater

1 than 1.0, the sum shall be reduced to 1.0 and shall be apportioned between  
2 the public school and the charter school based on the percentage of total  
3 time that the pupil is enrolled or in attendance in the public school and the  
4 charter school, except that if the pupil is enrolled in both a charter school  
5 and a joint technological education district and resides within the  
6 boundaries of a school district participating in the joint technological  
7 education district, the sum of the average daily membership for that pupil in  
8 the charter school and the joint technological education district shall be  
9 reduced to 1.25 and shall be apportioned between the charter school and the  
10 joint technological education district based on the percentage of total time  
11 that the pupil is enrolled or in attendance in the charter school and the  
12 joint technological education district. The uniform system of financial  
13 records shall include guidelines for the apportionment of the pupil  
14 enrollment and attendance as provided in this section.

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

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

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

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

36 E. If a charter school was a district public school in the prior year  
37 and is now being operated for or by the same school district and sponsored by

1 the state board of education, the state board for charter schools or a school  
2 district governing board, the reduction in subsection D of this section  
3 applies. The reduction to the base support level of the charter school or  
4 the sponsoring district of the charter school shall equal the sum of the base  
5 support level and the additional assistance received in the current year for  
6 those pupils who were enrolled in the traditional public school in the prior  
7 year and are now enrolled in the charter school in the current year.

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

11 G. At the request of a charter school, the county school  
12 superintendent of the county where the charter school is located may provide  
13 the same educational services to the charter school as prescribed in section  
14 15-308, subsection A. The county school superintendent may charge a fee to  
15 recover costs for providing educational services to charter schools.

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

33 I. In addition to the withholding of state aid payments pursuant to  
34 subsection H of this section, the sponsor of a charter school may impose a  
35 civil penalty of one thousand dollars per occurrence if a charter school  
36 fails to comply with the fingerprinting requirements prescribed in section  
37 15-183, subsection C or section 15-512. The sponsor of a charter school

1 shall not impose a civil penalty if it is the first time that a charter  
2 school is out of compliance with the fingerprinting requirements and if the  
3 charter school provides proof within forty-eight hours of written  
4 notification that an application for the appropriate fingerprint check has  
5 been received by the department of public safety. The sponsor of the charter  
6 school shall obtain proof that the charter school has been notified, and the  
7 notification shall identify the date of the deadline and shall be signed by  
8 both parties. The sponsor of a charter school shall automatically impose a  
9 civil penalty of one thousand dollars per occurrence if the sponsor  
10 determines that the charter school subsequently violates the fingerprinting  
11 requirements. Civil penalties pursuant to this subsection shall be assessed  
12 by requesting the department of education to reduce the amount of state aid  
13 that the charter school would otherwise receive by an amount equal to the  
14 civil penalty. The amount of state aid withheld shall revert to the state  
15 general fund at the end of the fiscal year.

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

19 K. If a school district transports or contracts to transport pupils to  
20 the Arizona state schools for the deaf and the blind during any fiscal year,  
21 the school district may transport or contract with a charter school to  
22 transport sensory impaired pupils during that same fiscal year to a charter  
23 school if requested by the parent of the pupil and if the distance from the  
24 pupil's place of actual residence within the school district to the charter  
25 school is less than the distance from the pupil's place of actual residence  
26 within the school district to the campus of the Arizona state schools for the  
27 deaf and the blind.

28 L. For the purposes of this section:

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

34 2. "Operated for or by the same school district" means the charter  
35 school is either governed by the same district governing board or operated by  
36 the district in the same manner as other traditional schools in the district  
37 or is operated by an independent party that has a contract with the school

1 district. The auditor general and the department of education shall  
2 determine which charter schools meet the definition in this subsection.

3 Sec. 2. Section 15-239, Arizona Revised Statutes, is amended to read:

4 15-239. School compliance and recognition; accreditation; audits

5 A. The department of education may:

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

8 2. Adopt a system of recognition for school districts ~~which~~ THAT meet  
9 or exceed the requirements of the law ~~which~~ THAT apply to the school  
10 districts.

11 3. Establish standards and procedures for the accreditation of all  
12 schools requesting state accreditation.

13 B. The department of education may adopt guidelines necessary to  
14 implement ~~the provisions of~~ this section.

15 C. THE DEPARTMENT OF EDUCATION OR THE AUDITOR GENERAL MAY CONDUCT  
16 FINANCIAL, PROGRAM, COMPLIANCE OR AVERAGE DAILY MEMBERSHIP AUDITS OF SCHOOL  
17 DISTRICTS AND CHARTER SCHOOLS.

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

19 15-342. Discretionary powers

20 The governing board may:

21 1. Expel pupils for misconduct.

22 2. Exclude from grades one through eight children under six years of  
23 age.

24 3. Make such separation of groups of pupils as it deems advisable.

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

27 5. Permit a superintendent or principal or representatives of the  
28 superintendent or principal to travel for a school purpose, as determined by  
29 a majority vote of the board. The board may permit members and members-elect  
30 of the board to travel within or without the school district for a school  
31 purpose and receive reimbursement. Any expenditure for travel and  
32 subsistence pursuant to this paragraph shall be as provided in title 38,  
33 chapter 4, article 2. The designated post of duty referred to in section  
34 38-621 shall be construed, for school district governing board members, to be  
35 the member's actual place of residence, as opposed to the school district  
36 office or the school district boundaries. Such expenditures shall be a  
37 charge against the budgeted school district funds. The governing board of a

1 school district shall prescribe procedures and amounts for reimbursement of  
2 lodging and subsistence expenses. Reimbursement amounts shall not exceed the  
3 maximum amounts established pursuant to section 38-624, subsection C.

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

7 7. Sell or lease to the state, a county, a city or a tribal government  
8 agency, any school property required for a public purpose, provided the sale  
9 or lease of the property will not affect the normal operations of a school  
10 within the school district.

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

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

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

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

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

28 (c) The transaction involves the sale of improved or unimproved  
29 property pursuant to an agreement with the school facilities board in which  
30 the school district agrees to sell the improved or unimproved property and  
31 transfer the proceeds of the sale to the school facilities board in exchange  
32 for monies from the school facilities board for the acquisition of a more  
33 suitable school site. For a sale of property acquired by a school district  
34 prior to July 9, 1998, a school district shall transfer to the school  
35 facilities board that portion of the proceeds that equals the cost of the  
36 acquisition of a more suitable school site. If there are any remaining  
37 proceeds after the transfer of monies to the school facilities board, a

1 school district shall only use those remaining proceeds for future land  
2 purchases approved by the school facilities board, or for capital  
3 improvements not funded by the school facilities board for any existing or  
4 future facility.

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

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

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

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

25 11. Review the decision of a teacher to promote a pupil to a grade or  
26 retain a pupil in a grade in a common school or to pass or fail a pupil in a  
27 course in high school. The pupil has the burden of proof to overturn the  
28 decision of a teacher to promote, retain, pass or fail the pupil. In order  
29 to sustain the burden of proof, the pupil shall demonstrate to the governing  
30 board that the pupil has mastered the academic standards adopted by the state  
31 board of education pursuant to sections 15-701 and 15-701.01. If the  
32 governing board overturns the decision of a teacher pursuant to this  
33 paragraph, the governing board shall adopt a written finding that the pupil  
34 has mastered the academic standards. Notwithstanding title 38, chapter 3,  
35 article 3.1, the governing board shall review the decision of a teacher to  
36 promote a pupil to a grade or retain a pupil in a grade in a common school or  
37 to pass or fail a pupil in a course in high school in executive session

1 unless a parent or legal guardian of the pupil or the pupil, if emancipated,  
2 disagrees that the review should be conducted in executive session and then  
3 the review shall be conducted in an open meeting. If the review is conducted  
4 in executive session, the board shall notify the teacher of the date, time  
5 and place of the review and shall allow the teacher to be present at the  
6 review. If the teacher is not present at the review, the board shall consult  
7 with the teacher before making its decision. Any request, including the  
8 written request as provided in section 15-341, the written evidence presented  
9 at the review and the written record of the review, including the decision of  
10 the governing board to accept or reject the teacher's decision, shall be  
11 retained by the governing board as part of its permanent records.

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

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

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

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

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

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

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

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

1           18. Donate surplus or outdated learning materials to nonprofit  
2 community organizations where the governing board determines that the  
3 anticipated cost of selling the learning materials equals or exceeds the  
4 estimated market value of the materials.

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

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

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

20           22. Require students to wear uniforms.

21           23. Exchange unimproved property or improved property, including school  
22 sites, where the governing board determines that the improved property is  
23 unnecessary for the continued operation of the school district without  
24 requesting authorization by a vote of the school district electors if the  
25 governing board determines that the exchange is necessary to protect the  
26 health, safety or welfare of pupils or when the governing board determines  
27 that the exchange is based on sound business principles for either:

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

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

32           24. For common and high school pupils, assess reasonable fees for  
33 optional extracurricular activities and programs conducted when the common or  
34 high school is not in session, except that no fees shall be charged for  
35 pupils' access to or use of computers or related materials. For high school  
36 pupils, the governing board may assess reasonable fees for fine arts and  
37 vocational education courses and for optional services, equipment and

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

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

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

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

23 (c) Monies specifically donated for the purpose of constructing school  
24 buildings.

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

28 26. Conduct a background investigation that includes a fingerprint  
29 check conducted pursuant to section 41-1750, subsection G for certificated  
30 personnel and personnel who are not paid employees of the school district, as  
31 a condition of employment. A school district may release the results of a  
32 background check to another school district for employment purposes. The  
33 school district may charge the costs of fingerprint checks to its  
34 fingerprinted employee, except that the school district may not charge the  
35 costs of fingerprint checks for personnel who are not paid employees of the  
36 school district.

1           27. Sell advertising space on the exterior of school buses **AND ON**  
2 **ATHLETIC FACILITIES** as follows:

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

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

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

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

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

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

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

19           (c) **THE SCHOOL DISTRICT SHALL** establish ~~a school bus~~ **AN** advertisement  
20 fund that is ~~comprised~~ **COMPOSED** of revenues from the sale of advertising  
21 space on school buses **AND ATHLETIC FACILITIES**. The monies in ~~a school bus~~ **AN**  
22 advertisement fund are not subject to reversion and shall be used for the  
23 following purposes:

24           (i) To comply with the energy conservation measures prescribed in  
25 section 15-349 in school districts that are in area A as defined in section  
26 49-541, and any remaining monies shall be used to purchase alternative fuel  
27 support vehicles and any other pupil related costs as determined by the  
28 governing board.

29           (ii) For any pupil related costs as determined by the governing board  
30 in school districts not subject to ~~the provisions of~~ item (i) of this  
31 subdivision.

32           28. Assess reasonable damage deposits to pupils in grades seven through  
33 twelve for the use of textbooks, musical instruments, band uniforms or other  
34 equipment required for academic courses. The governing board shall adopt  
35 policies on any damage deposits assessed pursuant to this paragraph at a  
36 public meeting called for this purpose after providing notice to all parents  
37 of pupils in grades seven through twelve in the school district. Principals

1 of individual schools within the district may waive the damage deposit  
2 requirement for any textbook or other item if the payment of the damage  
3 deposit would create an economic hardship for the pupil. The school district  
4 shall return the full amount of the damage deposit for any textbook or other  
5 item if the pupil returns the textbook or other item in reasonably good  
6 condition within the time period prescribed by the governing board. For the  
7 purposes of this paragraph, "in reasonably good condition" means the textbook  
8 or other item is in the same or a similar condition as it was when the pupil  
9 received it, plus ordinary wear and tear.

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

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

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

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

25 (a) The policy may provide reasonable exceptions to the parental  
26 notification requirement.

27 (b) The policy shall set forth whether and under what circumstances a  
28 parent may be present when a law enforcement officer interviews the pupil,  
29 including reasonable exceptions to the circumstances under which a parent may  
30 be present when a law enforcement officer interviews the pupil, and shall  
31 specify a reasonable maximum time after a parent is notified that an  
32 interview of a pupil by a law enforcement officer may be delayed to allow the  
33 parent to be present.

34 33. Enter into voluntary partnerships with any party to finance with  
35 funds other than school district funds and cooperatively design school  
36 facilities that comply with the adequacy standards prescribed in section  
37 15-2011 and the square footage per pupil requirements pursuant to section

1 15-2041, subsection D, paragraph 3, subdivision (b). The design plans and  
2 location of any such school facility shall be submitted to the school  
3 facilities board for approval pursuant to section 15-2041, subsection 0. If  
4 the school facilities board approves the design plans and location of any  
5 such school facility, the party in partnership with the school district may  
6 cause to be constructed and the district may begin operating the school  
7 facility before monies are distributed from the school facilities board  
8 pursuant to section 15-2041. Monies distributed from the new school  
9 facilities fund to a school district in a partnership with another party to  
10 finance and design the school facility shall be paid to the school district  
11 pursuant to section 15-2041. The school district shall reimburse the party  
12 in partnership with the school district from the monies paid to the school  
13 district pursuant to section 15-2041, in accordance with the voluntary  
14 partnership agreement. Before the school facilities board distributes any  
15 monies pursuant to this subsection, the school district shall demonstrate to  
16 the school facilities board that the facilities to be funded pursuant to  
17 section 15-2041, subsection 0 meet the minimum adequacy standards prescribed  
18 in section 15-2011. If the cost to construct the school facility exceeds the  
19 amount that the school district receives from the new school facilities fund,  
20 the partnership agreement between the school district and the other party  
21 shall specify that, except as otherwise provided by the other party, any such  
22 excess costs shall be the responsibility of the school district. The school  
23 district governing board shall adopt a resolution in a public meeting that AN  
24 analysis has been conducted on the prospective effects of the decision to  
25 operate a new school with existing monies from the school district's  
26 maintenance and operations budget and how this decision may affect other  
27 schools in the school district. If a school district acquires land by  
28 donation at an appropriate school site approved by the school facilities  
29 board and a school facility is financed and built on the land pursuant to  
30 this paragraph, the school facilities board shall distribute an amount equal  
31 to twenty per cent of the fair market value of the land that can be used for  
32 academic purposes. The school district shall place the monies in the  
33 unrestricted capital outlay fund and increase the unrestricted capital budget  
34 limit by the amount of the monies placed in the fund. Monies distributed  
35 under this paragraph shall be distributed from the new school facilities fund  
36 pursuant to section 15-2041. If a school district acquires land by donation  
37 at an appropriate school site approved by the school facilities board and a

1 school facility is financed and built on the land pursuant to this paragraph,  
2 the school district shall not receive monies from the school facilities board  
3 for the donation of real property pursuant to section 15-2041, subsection F.  
4 It is unlawful for:

5 (a) A county, city or town to require as a condition of any land use  
6 approval that a landowner or landowners that entered into a partnership  
7 pursuant to this paragraph provide any contribution, donation or gift, other  
8 than a site donation, to a school district. This subdivision only applies to  
9 the property in the voluntary partnership agreement pursuant to this  
10 paragraph.

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

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

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

33 34. SELL ADVERTISING ON THE SCHOOL DISTRICT WEBSITE OR ANY WEBSITE  
34 MAINTAINED BY A SCHOOL IN THE SCHOOL DISTRICT AS FOLLOWS:

35 (a) ADVERTISEMENTS SHALL BE AGE APPROPRIATE AND NOT CONTAIN PROMOTION  
36 OF ANY SUBSTANCE THAT IS ILLEGAL FOR MINORS, SUCH AS ALCOHOL, TOBACCO AND

1 DRUGS, OR GAMBLING. ADVERTISEMENTS SHALL COMPLY WITH THE STATE SEX EDUCATION  
2 POLICY OF ABSTINENCE.

3 (b) THE SCHOOL DISTRICT SHALL ESTABLISH A WEBSITE ADVERTISEMENT FUND  
4 THAT IS COMPOSED OF REVENUES FROM THE SALE OF ADVERTISING ON THE SCHOOL  
5 DISTRICT WEBSITE OR ANY WEBSITE MAINTAINED BY A SCHOOL IN THE SCHOOL  
6 DISTRICT. THE MONIES IN A WEBSITE ADVERTISEMENT FUND ARE NOT SUBJECT TO  
7 REVERSION AND SHALL BE USED FOR ANY PUPIL RELATED COSTS AS DETERMINED BY THE  
8 GOVERNING BOARD.

9 Sec. 4. Section 15-502, Arizona Revised Statutes, is amended to read:

10 15-502. Employment of school district personnel; payment of  
11 wages of discharged employee

12 A. The governing board may at any time employ and fix the salaries and  
13 benefits of employees necessary for the succeeding year. The contracts of  
14 all certificated employees shall be in writing, and all employees shall be  
15 employed subject to ~~the provisions of~~ section 38-481. The governing board  
16 may obtain the services of any employee, including teachers, substitute  
17 teachers and administrators, by contracting with a private entity that  
18 employs personnel required by the school district. **THE GOVERNING BOARD SHALL**  
19 **REMOVE UNION REPRESENTATIVES FROM THE SCHOOL DISTRICT PAYROLL.**

20 B. A teacher shall not be employed if the teacher has not received a  
21 certificate for teaching granted by the proper authorities. If a teacher has  
22 filed an application and completed all of the requirements for a certificate  
23 but time does not allow a teacher to receive a certificate before the  
24 commencement of employment, the conditional certificate shall serve as a  
25 certificate for the payment of wages, provided that the teacher files the  
26 conditional certificate with the county school superintendent and the  
27 certificate is issued within three months of the date of commencing  
28 employment. In order to be paid wages beyond the three month period  
29 prescribed in this subsection, the teacher shall file the certificate with  
30 the county school superintendent. Any contract issued to a teacher who has  
31 completed certificate requirements but has not received a certificate shall  
32 be specifically contingent upon receipt of such a certificate. The governing  
33 board of a school district that is subject to section 15-914.01 shall adhere  
34 to the duties described in section 15-302, subsection A, paragraph 9 for  
35 purposes of this subsection.

36 C. No dependent, as defined in section 43-1001, of a governing board  
37 member may be employed in the school district in which the person to whom

1 such dependent is so related is a governing board member, except by consent  
2 of the board.

3 D. The governing board may employ certificated teachers under contract  
4 as part-time classroom teachers. Notwithstanding any other statute, a  
5 certificated teacher who has been employed by the school district for more  
6 than the major portion of three consecutive school years does not lose the  
7 entitlement to the procedures prescribed in sections 15-538.01, 15-539  
8 through 15-544 and 15-547 if the teacher is employed under contract on a  
9 part-time basis for at least forty per cent time. ~~As used in~~ FOR THE  
10 PURPOSES OF this subsection, "forty per cent time" means employed for at  
11 least forty per cent of the school day required of full-time teachers of the  
12 same grade level or for at least forty per cent of the class load assigned to  
13 full-time teachers of the same grade level, as determined by the governing  
14 board.

15 E. Notwithstanding sections 23-351 and 23-353, if an employee is  
16 discharged from the service of a school district, the school district shall  
17 pay the wages due to the employee within ten calendar days from the date of  
18 discharge.

19 F. Each school district shall establish policies and procedures to  
20 provide teachers with personal liability insurance.

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

23 15-504. Teacher lobbying; substitute teacher reimbursement

24 PUBLIC SCHOOL TEACHERS WHO ENGAGE IN LOBBYING ACTIVITIES DURING REGULAR  
25 SCHOOL HOURS ARE REQUIRED TO REIMBURSE THE SCHOOL DISTRICT OR CHARTER SCHOOL  
26 WHERE THEY ARE EMPLOYED FOR THE COST OF HIRING A SUBSTITUTE TEACHER FOR EACH  
27 SCHOOL DAY OR PORTION OF A SCHOOL DAY THAT A SUBSTITUTE TEACHER WAS HIRED  
28 BECAUSE THAT TEACHER ENGAGED IN LOBBYING ACTIVITY. FOR THE PURPOSES OF THIS  
29 SECTION, LOBBYING DOES NOT INCLUDE CONDUCT THAT OCCURS DURING A FIELD TRIP  
30 FOR PUPILS.

31 Sec. 6. Section 15-536, Arizona Revised Statutes, is amended to read:

32 15-536. Offer of contract to certificated teacher who has not  
33 been employed more than three consecutive school  
34 years; acceptance; notice to teacher of intention not  
35 to reemploy

36 A. Subject to ~~the provisions of~~ sections 15-539, 15-540, 15-541,  
37 15-544 and 15-549, the governing board shall, ~~between March 15 and May 15,~~

1 offer a teaching contract for the next ensuing school year to each  
2 certificated teacher who has not been employed by the school district for  
3 more than the major portion of three consecutive school years and who is  
4 under a contract of employment with the school district for the current  
5 school year, ~~unless, on or before April 15,~~ the governing board, a member of  
6 the board acting on behalf of the board or the superintendent of the school  
7 district gives notice to the teacher of the board's intention not to offer a  
8 teaching contract, ~~—~~ OR unless such teacher has been dismissed pursuant to  
9 section 15-538, 15-539, 15-541 or 15-544. The teacher's acceptance of the  
10 contract for the ensuing year must be indicated within thirty days from the  
11 date of the written contract or the offer is revoked. The teacher accepts  
12 the contract by signing the contract and returning it to the governing board  
13 or by making a written instrument which accepts the terms of the contract and  
14 delivering it to the governing board. If the written instrument includes  
15 terms in addition to the terms of the contract offered by the board, the  
16 teacher fails to accept the contract.

17 B. Notice of the board's intention not to reemploy the teacher shall  
18 be by delivering it personally to the teacher or by sending it by registered  
19 or certified mail ~~bearing a postmark of on or before April 15, directed~~ to  
20 the teacher at ~~his~~ THE TEACHER'S place of residence as recorded in the school  
21 district records. The notice shall incorporate a statement of reasons for  
22 not reemploying the teacher. If the reasons are charges of inadequacy of  
23 classroom performance as defined by the governing board pursuant to section  
24 15-539, subsection D, the board, ~~—~~ or its authorized representative, ~~shall,~~ at  
25 least ninety days prior to such notice, SHALL give the teacher written  
26 preliminary notice of ~~his~~ inadequacy, specifying the nature of the inadequacy  
27 with such particularity as to furnish the teacher an opportunity to correct  
28 ~~his~~ THE inadequacies and overcome the grounds for such charge. The governing  
29 board may delegate to employees of the governing board the general authority  
30 to issue preliminary notices of inadequacy of classroom performance to  
31 teachers pursuant to this subsection without the need for prior approval of  
32 each notice by the governing board. In all cases in which an employee of the  
33 governing board issues a preliminary notice of inadequacy of classroom  
34 performance without prior approval by the governing board, the employee shall  
35 report its issuance to the governing board within five school days. The  
36 written notice of intention not to reemploy shall include a copy of any  
37 evaluation pertinent to the charges made and filed with the board.

1 C. Nothing in this section shall be construed ~~so as~~ to provide a  
2 certificated teacher who has not been employed by the school district for  
3 more than the major portion of three consecutive school years and who has  
4 received notice of the board's intention not to offer a teaching contract  
5 with the right to a hearing pursuant to ~~the provisions of~~ section 15-539,  
6 subsection G.

7 Sec. 7. Section 15-538.01, Arizona Revised Statutes, is amended to  
8 read:

9 15-538.01. Offer of contract to certificated teacher employed  
10 more than three consecutive school years

11 A. Subject to ~~the provisions of~~ sections 15-539, 15-540, 15-541,  
12 15-544 and 15-549, the governing board shall, ~~between March 15 and May 15,~~  
13 offer to each certificated teacher who has been employed by the school  
14 district for more than the major portion of three consecutive school years  
15 and who is under contract of employment with the school district for the  
16 current year a contract renewal for the next ensuing school year unless ~~on or~~  
17 ~~before May 15~~ the governing board, a member of the board acting on behalf of  
18 the board or the superintendent of the school district gives notice to the  
19 teacher of the board's intent not to offer a contract and to dismiss the  
20 teacher as provided in section 15-539.

21 B. The teacher's acceptance of the contract must be indicated within  
22 thirty days from the date of the written contract or the offer of a contract  
23 is revoked. The teacher accepts the contract by signing the contract and  
24 returning it to the governing board or by making a written instrument which  
25 accepts the terms of the contract and delivering it to the governing board.  
26 If the written instrument includes terms in addition to the terms of the  
27 contract offered by the board, the teacher fails to accept the contract.

28 ~~C. If dismissal proceedings in reference to the teacher cannot be~~  
29 ~~completed by May 15 through no fault of the governing board or the~~  
30 ~~superintendent, or if the incidents relied on in whole or in part occurred~~  
31 ~~after May 15, dismissal proceedings may continue or be initiated.~~

32 Sec. 8. Section 15-808, Arizona Revised Statutes, is amended to read:

33 15-808. Technology assisted project-based instruction program;  
34 reports

35 A. A technology assisted project-based instruction program shall be  
36 instituted ~~on a pilot basis~~ to meet the needs of pupils in the information  
37 age. ~~Until June 30, 2003,~~ The state board of education shall select ~~up to~~

1 ~~four existing~~ traditional public schools, ~~at least one of which shall serve~~  
2 ~~pupils in kindergarten programs and grades one through twelve, and beginning~~  
3 ~~July 1, 2003, the state board of education shall select seven existing~~  
4 ~~traditional public schools~~ and the state board for charter schools shall  
5 ~~select seven~~ SPONSOR SELECTED charter schools to participate in the program  
6 based on the following criteria:

- 7 1. The depth and breadth of curriculum choices.
- 8 2. The variety of educational methodologies employed by the school and  
9 the means of addressing the unique needs and learning styles of targeted  
10 pupil populations, including computer assisted learning systems, virtual  
11 classrooms, virtual laboratories, electronic field trips, electronic mail,  
12 virtual tutoring, online help desk, group chat sessions and noncomputer based  
13 activities performed under the direction of a certificated teacher.
- 14 3. The availability of an intranet or private network to safeguard  
15 pupils against predatory and pornographic elements of the internet.
- 16 4. The availability of filtered research access to the internet.
- 17 5. The availability of private individual electronic mail between  
18 pupils, teachers, administrators and parents in order to protect the  
19 confidentiality of pupil records and information.

20 ~~6. The availability of broadcast quality television production and~~  
21 ~~editing facilities on campus.~~

22 ~~7. The availability of faculty members who are experienced in~~  
23 ~~broadcast television production.~~

24 ~~8.~~ 6. The availability of faculty members who are experienced with  
25 computer networks, the internet and computer animation.

26 ~~9.~~ 7. The extent to which the school intends to develop partnerships  
27 with universities, community colleges and private businesses.

28 ~~10.~~ 8. The services offered to developmentally disabled populations.

29 ~~11.~~ 9. The grade levels that will be served by the program.

30 B. ~~Notwithstanding subsection A of this section, any school that was~~  
31 ~~previously approved to participate is required to reapply every five years~~  
32 ~~for participation in the program.~~ The state board of education and the state  
33 board for charter schools shall review the effectiveness of each  
34 participating school and other information that is contained in the annual  
35 report prescribed in subsection C of this section. ~~to determine whether to~~  
36 ~~renew a school's participation in the technology assisted project-based~~  
37 ~~instruction program. At least eighty per cent of the pupils who are accepted~~

1 ~~each academic school year in each school participating in the program must~~  
2 ~~have been previously enrolled in and attended a public school in the previous~~  
3 ~~school year. Kindergarten pupils shall not participate in the technology~~  
4 ~~assisted project-based instruction program, except that a kindergarten pupil~~  
5 ~~may participate in the program if the pupil has a sibling who is currently~~  
6 ~~enrolled in and attending the program.~~ ALL PUPILS WHO PARTICIPATE IN THE  
7 PROGRAM SHALL RESIDE IN THIS STATE. Pupils who participate in the program  
8 are subject to the testing requirements prescribed in chapter 7, article 3 of  
9 this title. Upon enrollment, the school shall notify the parents or  
10 guardians of the pupil of the state testing requirements. If a pupil fails  
11 to comply with the testing requirements and the school administers the tests  
12 pursuant to this subsection to less than ninety-five per cent of the pupils  
13 in the program, the pupil shall not be allowed to participate in the program.

14 C. Each school selected by the state board of education AND EACH  
15 SELECTED SCHOOL SPONSORED BY THE STATE BOARD FOR CHARTER SCHOOLS to  
16 participate in the technology assisted project-based instruction program  
17 shall submit an annual report to the ~~state board~~ DEPARTMENT of education and  
18 ~~the joint legislative budget committee~~. The ~~state board~~ DEPARTMENT of  
19 education and ~~the state board for charter schools~~ shall collaborate to  
20 develop a uniform reporting format to be used by all schools that participate  
21 in the program. ~~Beginning July 1, 2003,~~ Each school selected by the state  
22 board for charter schools to participate in the technology assisted  
23 project-based instruction program shall submit an annual report to the state  
24 board for charter schools and the ~~joint legislative budget committee~~  
25 DEPARTMENT OF EDUCATION. The reports shall be submitted by August 1 and  
26 shall include the following information:

27 1. A description of the educational services that are offered under  
28 the program and that specifically relate to the depth and breadth of the  
29 curriculum choices offered by the school.

30 2. A description of the effects of media and technology on the  
31 delivery of specific educational services to specific pupil populations.

32 3. Academic advancement as measured in grade level equivalents each  
33 academic year based on a standardized norm-referenced achievement test.

34 4. Data identified by the ~~state board~~ DEPARTMENT of education ~~or the~~  
35 ~~state board for charter schools, as appropriate,~~ that compares the academic  
36 performance of pupils who participate in the technology assisted  
37 project-based instruction program with other pupils in this state and with

1 pupils in that school who do not participate in the technology assisted  
2 project-based instruction program.

3 5. The results of a survey of pupil satisfaction with the program,  
4 including:

5 (a) Pupils' attitudes about delivery modalities employed by the  
6 school.

7 (b) Changes in pupils' attitudes toward learning in general.

8 (c) Changes in pupils' attitudes about their own ability to learn and  
9 about their own academic progress.

10 (d) Pupils' attitudes about the school they attend.

11 6. The results of a survey of parental satisfaction with the program,  
12 including:

13 (a) Parents' and their children's attitudes about the delivery  
14 modalities employed by the school.

15 (b) Changes in their children's attitudes about learning in general.

16 (c) Changes in their children's attitudes about their ability to learn  
17 and about their academic progress.

18 (d) Parents' and their children's attitudes about the school that the  
19 child attends.

20 7. A description of the availability and equitable distribution of  
21 educational services provided under the program, including specific  
22 descriptions of the effectiveness of technology tools and modalities used to  
23 address the needs of any underserved populations targeted by the school.

24 8. A description of the operational and administrative efficiency of  
25 the program.

26 9. A description of the cost-effectiveness of the program.

27 10. A listing of the salaries, by titles and job descriptions, of the  
28 administrators who are employed at or contracted for employment at each  
29 school selected by the state board of education or the state board for  
30 charter schools to participate in the technology assisted project-based  
31 instruction program.

32 11. A DESCRIPTION OF MECHANISMS IMPLEMENTED TO ENSURE THE ACADEMIC  
33 INTEGRITY OF PUPILS PURSUANT TO SUBSECTION H OF THIS SECTION.

34 D. The ~~state board~~ DEPARTMENT of education ~~and joint legislative~~  
35 ~~budget committee~~ shall ~~collaboratively~~ compile and evaluate the information  
36 submitted in the annual reports by schools participating in the ~~pilot~~  
37 program, ~~pursuant to subsection C of this section.~~ The ~~state board~~

1 DEPARTMENT of education ~~and the joint legislative budget committee~~ shall  
2 report ~~their~~ ITS findings to the governor, the speaker of the house of  
3 representatives and the president of the senate by November 15 of each year.

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

12 F. If a pupil is enrolled in a school district or charter school and  
13 also participates in the technology assisted project-based instruction  
14 program, the sum of the average daily membership, which includes enrollment  
15 as prescribed in section 15-901, subsection A, paragraph 2, subdivisions (a)  
16 and (b) and daily attendance as prescribed in section 15-901, subsection A,  
17 paragraph 6, for that pupil in the school district or charter school and in  
18 the technology assisted project-based instruction program shall not exceed  
19 1.0. If the pupil is enrolled in a school district or a charter school and  
20 also participates in the technology assisted project-based instruction  
21 program and the sum of the daily membership or daily attendance for that  
22 pupil is greater than 1.0, the sum shall be reduced to 1.0 and shall be  
23 apportioned between the school district or charter school and the technology  
24 assisted project-based instruction program based on the percentage of total  
25 time that the pupil is enrolled or in attendance in the school district or  
26 charter school and the technology assisted project-based instruction program.

27 PUPILS IN THE TECHNOLOGY ASSISTED PROJECT-BASED INSTRUCTION PROGRAM DO NOT  
28 INCUR ABSENCES FOR PURPOSES OF SECTION 15-901 AND MAY GENERATE AN AVERAGE  
29 DAILY MEMBERSHIP OF 1.0 FOR ATTENDANCE HOURS DURING ANY HOUR OF THE DAY,  
30 DURING ANY DAY OF THE WEEK AND AT ANY TIME BETWEEN JULY 1 AND JUNE 30 OF EACH  
31 FISCAL YEAR. AVERAGE DAILY MEMBERSHIP SHALL BE CALCULATED BY DIVIDING THE  
32 INSTRUCTIONAL HOURS AS REPORTED IN THE DAILY LOG REQUIRED IN SUBSECTION E OF  
33 THIS SECTION BY THE APPLICABLE HOURLY REQUIREMENTS PRESCRIBED IN SECTION  
34 15-901 AND SHALL NOT EXCEED 1.0. PUPILS WHO ARE ENROLLED FULL TIME IN THE  
35 TECHNOLOGY ASSISTED PROJECT-BASED INSTRUCTION PROGRAM SHALL BE FUNDED UNDER  
36 THE TECHNOLOGY ASSISTED PROJECT-BASED INSTRUCTION PROGRAM AT EIGHTY PER CENT  
37 OF THE AVERAGE DAILY MEMBERSHIP THAT WOULD BE CALCULATED FOR THAT PUPIL IF

1 THAT PUPIL WERE ENROLLED AS A FULL-TIME STUDENT IN A SCHOOL DISTRICT OR  
2 CHARTER SCHOOL. PUPILS WHO ARE ENROLLED PART TIME IN THE TECHNOLOGY ASSISTED  
3 PROJECT-BASED INSTRUCTION SHALL BE FUNDED UNDER THE TECHNOLOGY ASSISTED  
4 PROJECT-BASED INSTRUCTION PROGRAM AT EIGHTY PER CENT OF THE AVERAGE DAILY  
5 MEMBERSHIP THAT WOULD BE CALCULATED FOR THAT PUPIL IF THAT PUPIL WERE  
6 ENROLLED AS A PART-TIME STUDENT IN A SCHOOL DISTRICT OR CHARTER SCHOOL. The  
7 uniform system of financial records shall include guidelines for the  
8 apportionment of the pupil enrollment and attendance as provided in this  
9 subsection.

10 ~~G. If at any time the superintendent of public instruction determines~~  
11 ~~that a school district that was previously admitted to the technology~~  
12 ~~assisted project-based instruction program is not meeting the criteria~~  
13 ~~prescribed in subsection A of this section, the superintendent of public~~  
14 ~~instruction may recommend that the state board of education replace that~~  
15 ~~school district with a school district of the superintendent of public~~  
16 ~~instruction's choice that meets the criteria prescribed in subsection A of~~  
17 ~~this section. The state board of education shall consider and take formal~~  
18 ~~action on the superintendent of public instruction's recommendation.~~

19 ~~H. The enrollment of pupils in the technology assisted project-based~~  
20 ~~instruction program in each school that was previously approved to~~  
21 ~~participate in the program shall not grow more than one hundred per cent in~~  
22 ~~any fiscal year.~~

23 ~~I.~~ G. If the academic achievement of a pupil declines while the pupil  
24 is participating in the technology assisted project-based instruction  
25 program, the pupil's parents, the pupil's teachers and the principal or head  
26 teacher of the school shall confer to evaluate whether the pupil should be  
27 allowed to continue to participate in the program.

28 H. TO ENSURE THE ACADEMIC INTEGRITY OF PUPILS WHO PARTICIPATE IN THE  
29 PROGRAM, THE TECHNOLOGY ASSISTED PROJECT-BASED INSTRUCTION PROGRAM SHALL  
30 INCLUDE AS PART OF ITS INSTRUCTIONAL PROGRAM MULTIPLE DIVERSE ASSESSMENT  
31 MEASURES AND THE PROCTORED ADMINISTRATION OF REQUIRED STATE STANDARDIZED  
32 TESTS.

33 Sec. 9. Section 15-816.01, Arizona Revised Statutes, is amended to  
34 read:

35 15-816.01. Enrollment policies

36 A. School district governing boards shall establish policies and shall  
37 implement an open enrollment policy without charging tuition. Tuition may be

1 charged to nonresident pupils only if the tuition is authorized under section  
2 15-764, subsection C, section 15-797, subsection C, section 15-823,  
3 subsection A, section 15-824, subsection A or section 15-825 or if two school  
4 districts have entered into a voluntary agreement for the payment of tuition  
5 for certain pupils. These policies shall include admission criteria,  
6 application procedures and transportation provisions. A copy of the district  
7 policies for open enrollment shall be filed with the department of education.

8 ~~B. The governing board of the district educating the pupil may provide~~  
9 ~~transportation limited to no more than twenty miles each way to and from the~~  
10 ~~school of attendance or to and from a pickup point on a regular~~  
11 ~~transportation route or for the total miles traveled each day to an adjacent~~  
12 ~~district for eligible nonresident pupils who meet the economic eligibility~~  
13 ~~requirements established under the national school lunch and child nutrition~~  
14 ~~acts (42 United States Code sections 1751 through 1785) for free or reduced~~  
15 ~~price lunches.~~

16 ~~C.~~ B. The governing board of the district educating the pupil shall  
17 provide transportation ~~limited to no more than twenty miles each way to and~~  
18 ~~from the school of attendance or to and from a pickup point on a regular~~  
19 ~~transportation route or~~ for the total miles traveled each day to an adjacent  
20 district for nonresident pupils with disabilities whose individualized  
21 education program specifies that transportation is necessary for fulfillment  
22 of the program AND FOR PUPILS WHO ARE HOMELESS PUPILS AS DEFINED IN SECTION  
23 15-824. IF THE SCHOOL DISTRICT PROVIDES TRANSPORTATION PURSUANT TO SECTION  
24 15-923, SUBSECTION E, THE SCHOOL DISTRICT SHALL NOT CLAIM ALLOWABLE DAILY  
25 ROUTE MILEAGE AND SHALL INSTEAD BE REIMBURSED PURSUANT TO SECTION 15-945,  
26 SUBSECTION A, PARAGRAPH 7. A PARENT SHALL BE REIMBURSED ONLY FOR THE ACTUAL  
27 MILES TRAVELED WHILE THE PUPIL IS IN THE VEHICLE.

28 Sec. 10. Section 15-821, Arizona Revised Statutes, is amended to read:  
29 15-821. Admission of children; required age

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

1           B. If a preschool program for children with disabilities is  
2 maintained, a child is eligible for admission as prescribed in section  
3 15-771.

4           C. If a kindergarten program is maintained, a child is eligible for  
5 admission to kindergarten if the child is five years of age. A child is  
6 deemed five years of age if the child reaches the age of five before  
7 September 1 of the current school year. IF A CHILD WHO HAS NOT REACHED THE  
8 AGE OF FIVE BEFORE SEPTEMBER 1 OF THE CURRENT SCHOOL YEAR IS ADMITTED TO  
9 KINDERGARTEN AND IS THEN READMITTED TO KINDERGARTEN IN THE FOLLOWING SCHOOL  
10 YEAR, A SCHOOL DISTRICT OR CHARTER SCHOOL IS NOT ELIGIBLE TO RECEIVE BASIC  
11 STATE AID ON BEHALF OF THAT CHILD DURING THE CHILD'S SECOND YEAR OF  
12 KINDERGARTEN. A child is eligible for admission to first grade if the child  
13 is six years of age. A child is deemed six years of age if the child reaches  
14 the age of six before September 1 of the current school year. The governing  
15 board may admit children who have not reached the required age as prescribed  
16 by this subsection if it is determined to be in the best interest of the  
17 children. For children entering the first grade, such determination shall be  
18 based upon one or more consultations with the parent, parents, guardian or  
19 guardians, the children, the teacher and the school principal. Such children  
20 must reach the required age of five for kindergarten and six for first grade  
21 by January 1 of the current school year.

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

27           1. The family member is attempting to obtain legal guardianship of the  
28 child in an unresolved and uncontested guardianship proceeding commenced in  
29 superior court. The family member shall provide documentation to the school  
30 district within thirty days of enrollment that the family member is  
31 attempting to obtain legal guardianship of the child. Upon obtaining legal  
32 guardianship, the family member shall provide documentation to the school  
33 district.

34           2. The family member is attempting to obtain custody of the child in  
35 an unresolved and uncontested child custody proceeding commenced in superior  
36 court. The family member shall provide documentation to the school district  
37 within thirty days of enrollment that the family member is attempting to

1 obtain custody of the child. Upon obtaining custody, the family member shall  
2 provide documentation to the school district.

3 Sec. 11. Section 15-901, Arizona Revised Statutes, is amended to read:

4 15-901. Definitions

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

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

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

17 (a) "Fractional student" means:

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

1 enrolled for less than the total time for a full-time student as defined in  
2 this section. A part-time common school student shall be counted as  
3 one-fourth, one-half or three-fourths of a full-time student if the student  
4 is enrolled in an instructional program that is at least one-fourth, one-half  
5 or three-fourths of the time a full-time student is enrolled as defined in  
6 subdivision (b) of this paragraph.

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

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

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

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

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

30 (iii) EXCEPT AS OTHERWISE PROVIDED BY LAW, FOR A FULL-TIME HIGH SCHOOL  
31 STUDENT WHO IS CONCURRENTLY ENROLLED IN TWO SCHOOL DISTRICTS OR TWO CHARTER  
32 SCHOOLS, THE AVERAGE DAILY MEMBERSHIP SHALL NOT EXCEED 1.0.

33 (iv) EXCEPT AS OTHERWISE PROVIDED BY LAW, FOR ANY STUDENT WHO IS  
34 CONCURRENTLY ENROLLED IN A SCHOOL DISTRICT AND A CHARTER SCHOOL, THE AVERAGE  
35 DAILY MEMBERSHIP SHALL BE APPORTIONED BETWEEN THE SCHOOL DISTRICT AND THE  
36 CHARTER SCHOOL AND SHALL NOT EXCEED 1.0. THE APPORTIONMENT SHALL BE BASED ON

1 THE PERCENTAGE OF TOTAL TIME THAT THE STUDENT IS ENROLLED IN OR IN ATTENDANCE  
2 AT THE SCHOOL DISTRICT AND THE CHARTER SCHOOL.

3 (v) EXCEPT AS OTHERWISE PROVIDED BY LAW, FOR ANY STUDENT WHO IS  
4 CONCURRENTLY ENROLLED, PURSUANT TO SECTION 15-808, IN A SCHOOL DISTRICT AND  
5 THE TECHNOLOGY ASSISTED PROJECT-BASED INSTRUCTION PROGRAM OR A CHARTER SCHOOL  
6 AND THE TECHNOLOGY ASSISTED PROJECT-BASED INSTRUCTION PROGRAM, THE AVERAGE  
7 DAILY MEMBERSHIP SHALL BE APPORTIONED BETWEEN THE SCHOOL DISTRICT AND THE  
8 TECHNOLOGY ASSISTED PROJECT-BASED INSTRUCTION PROGRAM OR THE CHARTER SCHOOL  
9 AND THE TECHNOLOGY ASSISTED PROJECT-BASED INSTRUCTION PROGRAM AND SHALL NOT  
10 EXCEED 1.0. THE APPORTIONMENT SHALL BE BASED ON THE PERCENTAGE OF TOTAL TIME  
11 THAT THE STUDENT IS ENROLLED IN OR IN ATTENDANCE AT THE SCHOOL DISTRICT AND  
12 THE TECHNOLOGY ASSISTED PROJECT-BASED INSTRUCTION PROGRAM OR THE CHARTER  
13 SCHOOL AND THE TECHNOLOGY ASSISTED PROJECT-BASED INSTRUCTION PROGRAM.

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

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

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

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

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

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

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

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

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

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

29 5. "Current year" means the fiscal year in which a school district is  
30 operating.

31 6. "Daily attendance" means:

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

33 (i) Of a kindergarten program or ungraded, but not group B children  
34 with disabilities, and at least five, but under six, years of age by  
35 September 1 attends at least three-quarters of the instructional time  
36 scheduled for the day. If the total instruction time scheduled for the year  
37 is at least three hundred forty-six hours but is less than six hundred

1 ninety-two hours such attendance shall be counted as one-half day of  
2 attendance. If the instructional time scheduled for the year is at least six  
3 hundred ninety-two hours, "daily attendance" means days in which a pupil  
4 attends at least one-half of the instructional time scheduled for the day.  
5 Such attendance shall be counted as one-half day of attendance.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 to drive to transport eligible students from and to their residence as  
2 provided in this paragraph.

3 8. "District support level" means the base support level plus the  
4 transportation support level.

5 9. "Eligible students" means:

6 (a) Students who are transported by or for a school district and who  
7 qualify as full-time students or fractional students, except students for  
8 whom transportation is paid by another school district or a county school  
9 superintendent, and:

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

18 (ii) For high school students, whose place of actual residence within  
19 the school district is more than one and one-half miles from the school  
20 facility of attendance or students who are admitted pursuant to section  
21 15-816.01 and who meet the economic eligibility requirements established  
22 under the national school lunch and child nutrition acts (42 United States  
23 Code sections 1751 through 1785) for free or reduced price lunches and whose  
24 actual place of residence outside the school district boundaries is more than  
25 one and one-half miles from the school facility of attendance.

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

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

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

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

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

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

11           13. "Revenue control limit" means the base revenue control limit plus  
12 the transportation revenue control limit.

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

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

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

21           17. "Total students transported" means all eligible students  
22 transported from their place of residence to a school transportation pickup  
23 point or to the school of attendance and from the school of attendance or  
24 from the school transportation scheduled return point to their place of  
25 residence.

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

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

30           1. "Base" means the revenue level per student count specified by the  
31 legislature.

32           2. "Base level" means:

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

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

1 (c) FOR FISCAL YEAR 2009-2010, THREE THOUSAND TWO HUNDRED ONE DOLLARS  
2 EIGHTY-NINE CENTS.

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

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

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

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

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

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

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

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

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

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

35 11. "Group B" means educational improvements for pupils in kindergarten  
36 programs and grades one through three, educational programs for autism, a  
37 hearing impairment, moderate mental retardation, multiple disabilities,

1 multiple disabilities with severe sensory impairment, orthopedic impairments,  
2 preschool severe delay, severe mental retardation and emotional disabilities  
3 for school age pupils enrolled in private special education programs or in  
4 school district programs for children with severe disabilities or visual  
5 impairment and English learners enrolled in a program to promote English  
6 language proficiency pursuant to section 15-752.

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

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

25 14. "K" means kindergarten programs.

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

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

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

31 18. "MDSSI" means a program for pupils with multiple disabilities with  
32 severe sensory impairment.

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

34 20. "OI-R" means a resource program for pupils with orthopedic  
35 impairments.

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

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

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

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

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

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

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

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

21          26. "Small school district" means a school district which meets all of  
22 the following:

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

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

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

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

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

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

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

1           Sec. 12. Section 15-901.02, Arizona Revised Statutes, is amended to  
2 read:

3           15-901.02. Voluntary full-day kindergarten instruction

4           A school district or charter school may offer full-day kindergarten  
5 instruction to pupils who meet the enrollment requirements for kindergarten  
6 programs. Parents of pupils who meet the enrollment requirements for  
7 voluntary kindergarten programs in a school district or charter school that  
8 offers full-day kindergarten instruction may choose either half-day  
9 kindergarten instruction or full-day kindergarten instruction. **A SCHOOL  
10 DISTRICT OR CHARTER SCHOOL THAT OFFERS FULL-DAY KINDERGARTEN INSTRUCTION  
11 SHALL ALSO PROVIDE ACADEMICALLY MEANINGFUL HALF-DAY KINDERGARTEN INSTRUCTION  
12 AT EVERY SCHOOL IN THE SCHOOL DISTRICT OR AT THE CHARTER SCHOOL.** If a  
13 charter school chooses to offer voluntary full-day kindergarten instruction,  
14 any necessary capital monies needed to implement voluntary full-day  
15 kindergarten instruction shall be provided by the charter school.

16          Sec. 13. Section 15-910, Arizona Revised Statutes, is amended to read:

17          15-910. School district budgets; excess utility costs;  
18                 desegregation costs; tuition costs for bond issues;  
19                 costs for registering warrants; report

20          A. The governing board may budget for the district's excess utility  
21 costs which are specifically exempt from the district's revenue control  
22 limit. If approved by the qualified electors voting at a statewide general  
23 election, the exemption from the revenue control limit under this subsection  
24 expires at the end of the 2008-2009 budget year. The uniform system of  
25 financial records shall specify expenditure items allowable as excess utility  
26 costs, which are limited to direct operational costs of heating, cooling,  
27 water and electricity, telephone communications and sanitation fees. The  
28 department of education and the auditor general shall include in the  
29 maintenance and operation section of the budget format, as provided in  
30 section 15-903, a separate line for utility expenditures and a special excess  
31 utility cost category. The special excess utility cost category shall  
32 contain budgeted expenditures for excess utility costs, determined as  
33 follows:

34           1. Determine the lesser of the total budgeted or total actual utility  
35 expenditures for fiscal year 1984-1985.

36           2. Multiply the amount in paragraph 1 of this subsection by the total  
37 percentage increase or decrease in the revenue control limit and the capital

1 outlay revenue limit for the budget year over the revenue control limit and  
2 the capital outlay revenue limit for fiscal year 1984-1985 excluding monies  
3 available from a career ladder program or a teacher compensation program  
4 provided for in section 15-952.

5 3. The sum of the amounts in paragraphs 1 and 2 of this subsection is  
6 the amount budgeted in the utility expenditure line.

7 4. Additional expenditures for utilities are budgeted in the excess  
8 utility cost category.

9 B. The governing board shall apply the same percentage increase or  
10 decrease allowed in the revenue control limit and the capital outlay revenue  
11 limit as provided in section 15-905, subsection E or section 15-948 to the  
12 utility expenditure line of the budget.

13 C. The governing board may expend from the excess utility cost  
14 category only after it has expended for utility purposes the full amount  
15 budgeted in the utility expenditure line of the budget.

16 D. The governing board, after notice is given and a public meeting is  
17 held as provided in section 15-905, subsection D, may revise at any time  
18 before May 15 the amount budgeted in the excess utility cost category for the  
19 current year. Not later than May 18, the budget as revised shall be  
20 submitted electronically to the superintendent of public instruction.

21 E. If the revised excess utility cost category results in an  
22 expenditure of monies in excess of school district revenues for the current  
23 year, the county school superintendent shall include within the revenue  
24 estimate for the budget year monies necessary to meet the liabilities  
25 incurred by the school district in the current year in excess of revenues  
26 received for the current year.

27 F. If a school district receives a refund of utility expenditures or a  
28 rebate on energy saving devices or services, the refund or rebate shall be  
29 applied against utility expenditures for the current year as a reduction of  
30 the expenditures, except that the reduction of expenditures shall not exceed  
31 the amount of actual utility expenditures.

32 G. The governing board may budget for expenses of complying with or  
33 continuing to implement activities which were required or permitted by a  
34 court order of desegregation or administrative agreement with the United  
35 States department of education office for civil rights directed toward  
36 remediating alleged or proven racial discrimination which are specifically  
37 exempt in whole or in part from the revenue control limit and the capital

1 outlay revenue limit. This exemption applies only to expenses incurred for  
2 activities which are begun before the termination of the court order or  
3 administrative agreement. If a district is levying a primary property tax on  
4 February 23, 2006 and using those monies to administer an English language  
5 learner program to remedy alleged or proven discrimination under title VI of  
6 the civil rights act of 1964 (42 United States Code section 2000d), the  
7 district may spend those monies to remedy a violation of the equal education  
8 act of 1974 (20 United States Code section 1703(f)). Nothing in this  
9 subsection allows a school district to levy a primary property tax for  
10 violations of the equal education act of 1974 (20 United States Code section  
11 1703(f)) in the absence of an alleged or proven discrimination under title VI  
12 of the civil rights act of 1964 (42 United States Code section 2000d). **THE**  
13 **PORTION OF THE PRIMARY TAX RATE TO FUND DESEGREGATION PROGRAMS AS PROVIDED IN**  
14 **THIS SECTION SHALL NOT BE INCLUDED IN THE COMPUTATION OF ADDITIONAL STATE AID**  
15 **FOR EDUCATION AS PRESCRIBED IN SECTION 15-972.**

16 H. If a governing board chooses to budget monies outside of the  
17 revenue control limit as provided in subsection G of this section, the  
18 governing board may do one of the following:

19 1. Use monies from the maintenance and operation fund equal to any  
20 excess desegregation or compliance expenses beyond the revenue control limit  
21 before June 30 of the current year.

22 2. Notify the county school superintendent to include the cost of the  
23 excess expenses in the county school superintendent's estimate of the  
24 additional amount needed for the school district from the primary property  
25 tax as provided in section 15-991.

26 3. Employ the provisions of both paragraphs 1 and 2 of this  
27 subsection, provided that the total amount transferred and included in the  
28 amount needed from property taxes does not exceed the total amount budgeted  
29 as prescribed in subsection J, paragraph 1 of this section.

30 I. Through fiscal year 2003-2004, the maximum amount which a governing  
31 board may budget outside of the capital outlay revenue limit as provided in  
32 subsection G of this section is twelve per cent of the maintenance and  
33 operation desegregation budget as provided in subsection J of this section or  
34 the amount that it budgeted pursuant to this subsection for fiscal year  
35 2001-2002, whichever is less. If a governing board chooses to budget monies  
36 outside of the capital outlay revenue limit as provided in subsection G of  
37 this section, the governing board may notify the county school superintendent

1 to include the cost of the excess expenses in the county school  
2 superintendent's estimate of the additional amount needed for the school  
3 district from the primary property tax as provided in section 15-991.

4 J. A governing board using subsections G, H and I of this section:

5 1. Shall prepare and employ a separate maintenance and operation  
6 desegregation budget and capital outlay desegregation budget on a form  
7 prescribed by the superintendent of public instruction in conjunction with  
8 the auditor general. The budget format shall be designed to allow a school  
9 district to plan and provide in detail for expenditures to be incurred solely  
10 as a result of compliance with or continuing to implement activities which  
11 were required or permitted by a court order of desegregation or  
12 administrative agreement with the United States department of education  
13 office for civil rights directed toward remediating alleged or proven racial  
14 discrimination.

15 2. Shall prepare as a part of the annual financial report a detailed  
16 report of expenditures incurred solely as a result of compliance with or  
17 continuing to implement activities which were required or permitted by a  
18 court order of desegregation or administrative agreement with the United  
19 States department of education office for civil rights directed toward  
20 remediating alleged or proven racial discrimination, in a format prescribed  
21 by the auditor general in conjunction with the ARIZONA department of  
22 education as provided by section 15-904.

23 3. On or before July 15, 2006 and each year thereafter, shall collect  
24 and report data regarding activities related to a court order of  
25 desegregation or an administrative agreement with the United States  
26 department of education office for civil rights directed toward remediating  
27 alleged or proven racial discrimination in a format prescribed by the ARIZONA  
28 department of education. The department shall compile and submit copies of  
29 the reports to the governor, the president of the senate, the speaker of the  
30 house of representatives and the chairpersons of the education committees of  
31 the senate and the house of representatives. A school district that becomes  
32 subject to a new court order of desegregation or a party to an administrative  
33 agreement with the United States department of education office for civil  
34 rights directed toward remediating alleged or proven racial discrimination  
35 shall submit these reports on or before July 15 or within ninety days of the  
36 date of the court order or administrative agreement, whichever occurs first.  
37 The ARIZONA department of education, in consultation with the auditor

1 general, shall develop reporting requirements to ensure that school districts  
2 submit at least the following information and documentation to the ARIZONA  
3 department of education beginning in fiscal year 2006-2007:

4 (a) A district-wide budget summary and a budget summary on a school by  
5 school basis for each school in the school district that lists the sources  
6 and uses of monies that are designated for desegregation purposes.

7 (b) A detailed list of desegregation activities on a district-wide  
8 basis and on a school by school basis for each school in the school district.

9 (c) The date that the school district was determined to be out of  
10 compliance with title VI of the civil rights act of 1964 (42 United States  
11 Code section 2000d) and the basis for that determination.

12 (d) The initial date that the school district began to levy property  
13 taxes to provide funding for desegregation expenses and any dates that these  
14 property tax levies were increased.

15 (e) If applicable, a current and accurate description of all magnet  
16 type programs that are in operation pursuant to the court order during the  
17 current school year on a district-wide basis and on a school by school basis.  
18 This information shall contain the eligibility and attendance criteria of  
19 each magnet type program, the capacity of each magnet type program, the  
20 ethnic composition goals of each magnet type program, the actual attending  
21 ethnic composition of each magnet type program and the specific activities  
22 offered in each magnet type program.

23 (f) The number of pupils who participate in desegregation activities  
24 on a district-wide basis and on a school by school basis for each school in  
25 the school district.

26 (g) A detailed summary of the academic achievement of pupils on a  
27 district-wide basis and on a school by school basis for each school in the  
28 school district.

29 (h) The number of employees, including teachers and administrative  
30 personnel, on a district-wide basis and on a school by school basis for each  
31 school in the school district that ~~are~~ IS necessary to conduct desegregation  
32 activities.

33 (i) The number of employees, including teachers and administrative  
34 personnel, on a district-wide basis and on a school by school basis for each  
35 school in the school district and the number of employees at school district  
36 administrative offices that are funded in whole or in part with desegregation  
37 monies received pursuant to this section.

1           (j) The amount of monies that ~~are~~ IS not derived through a primary or  
2 secondary property tax levy and that ~~are~~ IS budgeted and spent on  
3 desegregation activities on a district-wide basis and on a school by school  
4 basis for each school in the school district.

5           (k) Verification that the desegregation funding will supplement and  
6 not supplant funding for other academic and extracurricular activities.

7           (l) Verification that the desegregation funding is educationally  
8 justifiable.

9           (m) Any documentation that supports the proposition that the requested  
10 desegregation funding is intended to result in equal education opportunities  
11 for all pupils in the school district.

12           (n) Verification that the desegregation funding will be used to  
13 promote systemic and organizational changes within the school district.

14           (o) Verification that the desegregation funding will be used in  
15 accordance with the academic standards adopted by the state board of  
16 education pursuant to sections 15-701 and 15-701.01.

17           (p) Verification that the desegregation funding will be used to  
18 accomplish specific actions to remediate proven discrimination pursuant to  
19 title VI of the civil rights act of 1964 (42 United States Code section  
20 2000d) as specified in the court order or administrative agreement.

21           (q) An evaluation by the school district of the effectiveness of the  
22 school district's desegregation measures.

23           (r) An estimate of when the school district will be in compliance with  
24 the court order or administrative agreement and a detailed account of the  
25 steps that the school district will take to achieve compliance.

26           (s) Any other information that the department of education deems  
27 necessary to carry out the purposes of this paragraph.

28           K. If a school district governing board budgets for expenses of  
29 complying with a court order of desegregation or an administrative agreement  
30 with the United States department of education office for civil rights  
31 directed toward remediating alleged or proven racial discrimination, the  
32 governing board shall ensure that the desegregation expenses will:

- 33           1. Be educationally justifiable.
- 34           2. Result in equal education opportunities for all pupils in the  
35 school district.
- 36           3. Be used to promote systemic and organizational changes within the  
37 school district.

1           4. Be used in accordance with the academic standards adopted by the  
2 state board of education pursuant to sections 15-701 and 15-701.01.

3           5. Be used to accomplish specific actions to remediate proven  
4 discrimination pursuant to title VI of the civil rights act of 1964 (42  
5 United States Code section 2000d) as specified in the court order or  
6 administrative agreement.

7           6. Be used in accordance with a plan submitted to the department of  
8 education that includes an estimate of the amount of monies that will be  
9 required to bring the school district into compliance with the court order or  
10 administrative agreement and an estimate of when the school district will be  
11 in compliance with the court order or administrative agreement.

12           7. BEGINNING IN FISCAL YEAR 2009-2010 AND CONTINUING EACH FISCAL YEAR  
13 THEREAFTER, NOT EXCEED THE AMOUNT BUDGETED BY THE SCHOOL DISTRICT FOR  
14 DESEGREGATION EXPENSES IN FISCAL YEAR 2008-2009.

15           L. The governing board may budget for the bond issues portion of the  
16 cost of tuition charged the district as provided in section 15-824 for the  
17 pupils attending school in another school district, except that if the  
18 district is a common school district not within a high school district, the  
19 district may only include that part of tuition which is excluded from the  
20 revenue control limit and district support level as provided in section  
21 15-951. The bond issues portion of the cost of tuition charged is  
22 specifically exempt from the revenue control limit of the school district of  
23 residence, and the primary property tax rate set to fund this amount shall  
24 not be included in the computation of additional state aid for education as  
25 provided in section 15-972, except as provided in section 15-972,  
26 subsection E. The department of education and the auditor general shall  
27 include in the maintenance and operation section of the budget format, as  
28 provided in section 15-903, a separate category for the bond issues portion  
29 of the cost of tuition.

30           M. The governing board may budget for interest expenses it incurred  
31 for registering warrants drawn against a fund of the school district or net  
32 interest expense on tax anticipation notes as prescribed in section  
33 35-465.05, subsection C for the fiscal year preceding the current year if the  
34 county treasurer pooled all school district monies for investment as provided  
35 in section 15-996 for the fiscal year preceding the current year and, in  
36 those school districts that receive state aid, the school districts applied  
37 for an apportionment of state aid before the date set for the apportionment

1 as provided in section 15-973 for the fiscal year preceding the current year.  
2 The governing board may budget an amount for interest expenses for  
3 registering warrants or issuing tax anticipation notes equal to or less than  
4 the amount of the warrant interest expense or net interest expense on tax  
5 anticipation notes as prescribed in section 35-465.05, subsection C for the  
6 fiscal year preceding the current year as provided in this subsection which  
7 is specifically exempt from the revenue control limit. For the purposes of  
8 this subsection, "state aid" means state aid as determined in sections 15-971  
9 and 15-972.

10 Sec. 14. Repeal

11 Sections 15-910.03 and 15-910.04, Arizona Revised Statutes, are  
12 repealed.

13 Sec. 15. Section 15-914, Arizona Revised Statutes, is amended to read:

14 15-914. Financial and compliance audits

15 A. The governing board of a school district ~~which~~ THAT is required to  
16 comply with the single audit act amendments of 1996 (P.L. 104-156; 110 Stat.  
17 1396; 31 United States Code sections 7501 through 7507) shall contract for at  
18 least annual financial and compliance audits of financial transactions and  
19 accounts subject to the single audit act amendments of 1996 and kept by or  
20 for the school district. Beginning with fiscal year 2003-2004, the governing  
21 board of a school district that is not required to comply with the single  
22 audit act and that has adopted an expenditure budget of two million dollars  
23 or more for the maintenance and operation fund pursuant to section 15-905  
24 shall contract for an annual financial statement audit. Beginning with  
25 fiscal year 2004-2005, the governing board of a school district that is not  
26 required to comply with the single audit act and that has adopted an  
27 expenditure budget of less than two million dollars but more than seven  
28 hundred thousand dollars for the maintenance and operation fund pursuant to  
29 section 15-905 shall contract for a biennial financial statement audit. An  
30 independent certified public accountant shall conduct the audit in accordance  
31 with generally accepted governmental auditing standards. TO THE EXTENT  
32 PERMITTED BY FEDERAL LAW, A SCHOOL DISTRICT THAT IS REQUIRED TO PARTICIPATE  
33 IN AN ANNUAL AUDIT PURSUANT TO THIS SUBSECTION MAY CONVERT TO A BIENNIAL  
34 AUDIT SCHEDULE IF THE PREVIOUS ANNUAL AUDIT DID NOT CONTAIN ANY NEGATIVE  
35 FINDINGS. IF A BIENNIAL AUDIT OF A SCHOOL DISTRICT CONDUCTED PURSUANT TO  
36 THIS SUBSECTION CONTAINS ANY NEGATIVE FINDINGS, THE SCHOOL DISTRICT SHALL  
37 CONVERT BACK TO AN ANNUAL AUDIT SCHEDULE.

1           B. The governing board of a charter school that is required to comply  
2 with the single audit act amendments of 1996 shall contract for an annual  
3 financial and compliance audit of financial transactions and accounts subject  
4 to the single audit act amendments of 1996 and kept by or for the charter  
5 school. TO THE EXTENT PERMITTED BY FEDERAL LAW, A CHARTER SCHOOL THAT IS  
6 REQUIRED TO PARTICIPATE IN AN ANNUAL AUDIT PURSUANT TO THIS SUBSECTION MAY  
7 CONVERT TO A BIENNIAL AUDIT SCHEDULE IF THE PREVIOUS ANNUAL AUDIT DID NOT  
8 CONTAIN ANY NEGATIVE FINDINGS. IF A BIENNIAL AUDIT OF A CHARTER SCHOOL  
9 CONDUCTED PURSUANT TO THIS SUBSECTION CONTAINS ANY NEGATIVE FINDINGS, THE  
10 CHARTER SCHOOL SHALL CONVERT BACK TO AN ANNUAL AUDIT SCHEDULE.

11           C. A charter school that is not subject to the single audit act  
12 amendments of 1996 shall contract for at least an annual financial statement  
13 audit conducted in accordance with generally accepted governmental auditing  
14 standards. An independent certified public accountant shall conduct the  
15 audit. TO THE EXTENT PERMITTED BY FEDERAL LAW, A CHARTER SCHOOL THAT IS  
16 REQUIRED TO PARTICIPATE IN AN ANNUAL AUDIT PURSUANT TO THIS SUBSECTION MAY  
17 CONVERT TO A BIENNIAL AUDIT SCHEDULE IF THE PREVIOUS ANNUAL AUDIT DID NOT  
18 CONTAIN ANY NEGATIVE FINDINGS. IF A BIENNIAL AUDIT OF A CHARTER SCHOOL  
19 CONDUCTED PURSUANT TO THIS SUBSECTION CONTAINS ANY NEGATIVE FINDINGS, THE  
20 CHARTER SCHOOL SHALL CONVERT BACK TO AN ANNUAL AUDIT SCHEDULE.

21           D. For all audits referred to in subsections A, B and C of this  
22 section, the independent certified public accountant shall submit a uniform  
23 system of financial records compliance questionnaire to the auditor general  
24 with the applicable audit reports.

25           E. Contracts for all financial and compliance audits and financial  
26 statement audits and the completed audits shall be approved by the auditor  
27 general as provided in section 41-1279.21. Contracts for all financial and  
28 compliance audits and financial statement audits shall comply with the rules  
29 for competitive sealed proposals as prescribed by the state board of  
30 education in section 15-213.

31           F. If the school district or charter school will incur costs of  
32 financial and compliance audits for the budget year, the governing board of a  
33 school district or the governing body of the charter school may increase its  
34 base support level for the budget year by an amount equal to the amount  
35 expended for the district's or charter school's financial and compliance  
36 audits in the year before the current year, increased by the growth rate as  
37 prescribed by law, subject to appropriation. In determining the amount

1 expended for the district's or charter school's financial and compliance  
2 audits, the school district or charter school shall include only the portion  
3 of the audit ~~which~~ THAT must be paid from monies other than federal monies.  
4 The department of education and the auditor general shall prescribe a method  
5 for determining the increase in the base support level and shall include in  
6 the maintenance and operation section of the budget format, as provided in  
7 section 15-903, a separate line for financial and compliance audits  
8 expenditures.

9 G. Beginning in fiscal year 2003-2004, every audit contract shall  
10 include a systematic review of average daily membership, as defined in  
11 section 15-901, using methodology that is consistent with guidelines  
12 established by the auditor general. The auditor general shall consider cost  
13 when establishing guidelines pursuant to this subsection and, to the extent  
14 possible, shall attempt to minimize the cost of the review. The purpose of  
15 the review is to determine whether the average daily membership reported by  
16 the charter school or school district is in compliance with the laws of this  
17 state and the uniform systems of financial records for charter schools and  
18 school districts.

19 Sec. 16. Section 15-918.04, Arizona Revised Statutes, is amended to  
20 read:

21 15-918.04. Career ladder programs

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

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

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

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

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

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

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

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

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

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

4. For the fiscal years a district is implementing the program at the effective career ladder phase, not greater than:

(a) FOR FISCAL YEAR 2008-2009, 5.5 per cent.

(b) FOR FISCAL YEAR 2009-2010, 5.0 PER CENT.

(c) FOR FISCAL YEAR 2010-2011, 4.5 PER CENT.

(d) FOR FISCAL YEAR 2011-2012, 4.0 PER CENT.

(e) FOR FISCAL YEAR 2012-2013, 3.5 PER CENT.

(f) FOR FISCAL YEAR 2013-2014, 3.0 PER CENT.

(g) FOR FISCAL YEAR 2014-2015, 2.5 PER CENT.

(h) FOR FISCAL YEAR 2015-2016, 2.0 PER CENT.

(i) FOR FISCAL YEAR 2016-2017, 1.5 PER CENT.

(j) FOR FISCAL YEAR 2017-2018, 1.0 PER CENT.

(k) FOR FISCAL YEAR 2018-2019, 0.5 PER CENT.

(l) FOR FISCAL YEAR 2019-2020 AND EACH FISCAL YEAR THEREAFTER, 0.0 PER CENT.

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

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

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

5 <u>Column 1</u>	6 <u>Column 2</u>
7 <u>Student count</u>	8 <u>Small district adjustment</u>
9 1-599	\$10,000
600-1,399	\$20,000
1,400 or more	\$30,000

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

17 C. BEGINNING IN FISCAL YEAR 2009-2010, THE CAREER LADDER PROGRAM IS  
18 LIMITED ONLY TO TEACHERS WHO PARTICIPATED IN THE PROGRAM IN THE PRIOR FISCAL  
19 YEAR.

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

1           Sec. 17. Section 15-918.05, Arizona Revised Statutes, is amended to  
2 read:

3           15-918.05. Career ladder programs; determination of  
4                                   equalization assistance payments from county and  
5                                   state monies

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

10           1. For a high school district or a common school district within a  
11 high school district that does not offer instruction in high school subjects  
12 as provided in section 15-447, the qualifying tax rate as provided in section  
13 15-971, subsection B, paragraph 1 shall be increased by two cents for each  
14 percentage increase in the base level as provided in section 15-918.04.

15           2. For a unified school district, a common school district not within  
16 a high school district or a common school district within a high school  
17 district that offers instruction in high school subjects as provided in  
18 section 15-447, the qualifying tax rate as provided in section 15-971,  
19 subsection B, paragraph 2 shall be increased by four cents for each  
20 percentage increase in the base level as provided in section 15-918.04.

21           B. THE PORTION OF THE PRIMARY TAX RATE TO FUND CAREER LADDER PROGRAMS  
22 AS PROVIDED IN THIS SECTION SHALL NOT BE INCLUDED IN THE COMPUTATION OF  
23 ADDITIONAL STATE AID FOR EDUCATION AS PRESCRIBED IN SECTION 15-972.

24           Sec. 18. Section 15-923, Arizona Revised Statutes, is amended to read:

25           15-923. Contracts for transportation

26           A. As an alternative to maintaining and operating a transportation  
27 program or in conjunction with a transportation program, a school district  
28 ~~may~~, if it is found to be economically advantageous, ~~MAY~~ contract for  
29 transportation. Contracts may be with another political subdivision, ~~OR~~ a  
30 common or contract carrier or ~~a private party~~ AS PROVIDED PURSUANT TO  
31 SUBSECTION E OF THIS SECTION.

32           B. In addition to other powers and duties prescribed by title 11,  
33 chapter 2, article 4, any board of supervisors, ~~may~~ at the request of any or  
34 all of the governing boards of the school districts within the county, ~~MAY~~  
35 provide necessary student transportation. If the board of supervisors and  
36 the governing board or boards of such school districts mutually agree that  
37 such an arrangement is economically advantageous, the governing board of the

1 school district is authorized to sell or lease its bus or buses to the board  
2 of supervisors for such purposes. Agreement between the parties shall be by  
3 written contract.

4 C. In no event shall an eligible student who is transported part by  
5 contract and part by school district transportation facilities be counted as  
6 more than one eligible student.

7 D. Each school district shall submit electronically to the department  
8 of education the routes contracted, the contractor contract information, the  
9 number of eligible students transported by each contractor and any additional  
10 information requested by the department of education.

11 E. EXCEPT AS PROVIDED IN SUBSECTION F OF THIS SECTION, A SCHOOL  
12 DISTRICT MAY CONTRACT WITH THE PARENT OF A PUPIL TO PROVIDE TRANSPORTATION IN  
13 PRIVATELY OPERATED VEHICLES, OR A PARENT WHO MAKES ARRANGEMENTS WITH OTHER  
14 PRIVATE PERSONS TO PROVIDE TRANSPORTATION IN PRIVATELY OPERATED VEHICLES, TO  
15 AND FROM SCHOOL FOR THE PARENT'S OWN CHILD. A SCHOOL DISTRICT SHALL  
16 REIMBURSE A PARENT PURSUANT TO THIS SUBSECTION FOR THE MILES TRAVELED WHILE  
17 THE PUPIL IS IN THE VEHICLE IN AN AMOUNT NOT TO EXCEED THE PER MILE AMOUNT  
18 SET BY THE DEPARTMENT OF ADMINISTRATION FOR STATE TRAVEL FOR MOTOR VEHICLES  
19 PURSUANT TO SECTION 38-623.

20 F. NOTWITHSTANDING ANY OTHER LAW, A SCHOOL DISTRICT SHALL NOT CONTRACT  
21 WITH THE PARENT OF A PUPIL TO PROVIDE TRANSPORTATION TO AND FROM ANOTHER  
22 SCHOOL DISTRICT OR TO AND FROM ANOTHER SCHOOL ATTENDANCE AREA IN THAT SCHOOL  
23 DISTRICT UNLESS THE PUPIL IS ENROLLED IN A SPECIAL EDUCATION PROGRAM OR THE  
24 PUPIL IS A HOMELESS CHILD.

25 Sec. 19. Repeal

26 Section 15-942, Arizona Revised Statutes, is repealed.

27 Sec. 20. Section 15-944, Arizona Revised Statutes, is amended to read:

28 15-944. Base revenue control limit

29 A. The base revenue control limit for each school district for fiscal  
30 year 1980-1981 is computed as follows:

31 1. Add the amounts in the fiscal year 1979-1980 budget effective May  
32 15, 1980 for general operating and special education.

33 2. Subtract the following budgeted revenues from the sum obtained in  
34 paragraph 1 of this subsection:

35 (a) Tuition paid for attendance of nonresident pupils.

36 (b) State assistance as provided in section 15-976.

1 (c) Special education revenues as provided in section 15-825,  
2 subsection D and section 15-1204.

3 (d) Proceeds from the sale or lease of school property as provided in  
4 section 15-1102.

5 3. Add the increase in the base support level from fiscal year  
6 1979-1980 to fiscal year 1980-1981 to the difference obtained in paragraph 2  
7 of this subsection.

8 B. The equalization factor for each school district is computed as  
9 follows:

10 1. Divide the sum obtained in subsection A, paragraph 3 of this  
11 section by the base support level for fiscal year 1980-1981.

12 2. Subtract 1.0 from the quotient obtained in paragraph 1 of this  
13 subsection to obtain the equalization factor.

14 C. The revenue variation factor for each fiscal year is as follows:

15 1. For fiscal year 1981-1982, 0.80.

16 2. For fiscal year 1982-1983, 0.60.

17 3. For fiscal year 1983-1984, 0.40.

18 4. For fiscal year 1984-1985, 0.20.

19 D. The base revenue control limit for each school district during the  
20 five years in which the equalization plan is in operation is computed as  
21 follows:

22 1. Multiply the equalization factor by the revenue variation factor  
23 for the applicable year. Beginning with fiscal year 1983-1984 if the  
24 resulting product is less than negative 0.08, use negative 0.08 for  
25 computation purposes as provided in paragraph 2 of this subsection.

26 2. Multiply the product obtained in paragraph 1 of this subsection by  
27 the base support level for the applicable year.

28 3. Add the base support level for the applicable year to the product  
29 obtained in paragraph 2 of this subsection.

30 E. For fiscal year 1985-1986 and each fiscal year thereafter, the base  
31 revenue control limit equals the base support level for the same fiscal year  
32 ~~and the amount determined in section 15-910.04.~~

33 Sec. 21. Section 15-945, Arizona Revised Statutes, is amended to read:  
34 15-945. Transportation support level

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

1           1. Determine the approved daily route mileage of the school district  
 2 for the fiscal year prior to the current year. **THE MILEAGE ATTRIBUTABLE TO A**  
 3 **PARENT WHO PROVIDES TRANSPORTATION FOR THE PARENT'S OWN CHILD PURSUANT TO**  
 4 **SECTION 15-816.01 OR 15-923 SHALL NOT BE COUNTED AS APPROVED DAILY ROUTE**  
 5 **MILEAGE.**

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

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

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

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

<u>Column 1</u>	<u>Column 2</u>
18 Approved Daily Route	State Support Level per
19 Mileage per Eligible	Route Mile for
20 <u>Student Transported</u>	Fiscal Year <del>2008-2009</del> <u>2009-2010</u>
21 0.5 or less	<del>\$2.27</del> \$2.32
22 More than 0.5 through 1.0	<del>\$1.85</del> \$1.89
23 More than 1.0	<del>\$2.27</del> \$2.32

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

27          **7. ADD THE AMOUNT SPENT DURING THE PRIOR FISCAL YEAR FOR**  
 28 **REIMBURSEMENTS PROVIDED TO A PARENT WHO PROVIDES TRANSPORTATION IN PRIVATELY**  
 29 **OPERATED VEHICLES, OR WHO MAKES ARRANGEMENTS WITH OTHER PRIVATE PERSONS TO**  
 30 **PROVIDE TRANSPORTATION IN PRIVATELY OPERATED VEHICLES, TO AND FROM SCHOOL FOR**  
 31 **THE PARENT'S OWN CHILD PURSUANT TO SECTION 15-923, SUBSECTION E.**

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

35           1. Determine the classification in column 1 of paragraph 2 of this  
 36 subsection for the quotient determined in subsection A, paragraph 4 of this  
 37 section.

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

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

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

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

1. Determine the sum of the following:

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

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

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

4           D. The transportation support level for each school district for the  
5 current year is the sum of the support level for to and from school as  
6 determined in subsection A of this section, the support level for academic  
7 education, career and technical education, vocational education and athletic  
8 trips as determined in subsection B of this section and the support level for  
9 extended school year services for pupils with disabilities as determined in  
10 subsection C of this section.

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

14           Sec. 22. Section 15-946, Arizona Revised Statutes, is amended to read:  
15 15-946. Transportation revenue control limit

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

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

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

24           3. If the school district's transportation revenue control limit for  
25 the fiscal year 1984-1985 as provided in paragraph 2 of this subsection is  
26 equal to or greater than the amount determined in paragraph 1 of this  
27 subsection, the transportation revenue control limit for the fiscal year  
28 1985-1986 is the change in the transportation support level from the fiscal  
29 year 1984-1985 to the fiscal year 1985-1986 plus the transportation revenue  
30 control limit for the fiscal year 1984-1985 as provided in paragraph 2 of  
31 this subsection. For the fiscal years 1986-1987 and 1987-1988 the  
32 transportation revenue control limit is the transportation revenue control  
33 limit for the current year plus the change in the transportation support  
34 level for the current year to the budget year.

35           4. If the school district's transportation revenue control limit for  
36 the fiscal year 1984-1985 as provided in paragraph 2 of this subsection is  
37 less than the amount determined in paragraph 1 of this subsection, the

1 transportation revenue control limit for the fiscal year 1985-1986 is the sum  
2 of the following:

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

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

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

10 5. If the transportation revenue control limit of the school district  
11 for the fiscal year 1984-1985 as provided in paragraph 2 of this subsection  
12 is less than the amount determined in paragraph 1 of this subsection, the  
13 transportation revenue control limit for the fiscal years 1986-1987 and  
14 1987-1988 is the sum of the following:

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

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

18 (c) One-third of the amount obtained by subtracting the transportation  
19 revenue control limit for the fiscal year 1984-1985 as provided in paragraph  
20 2 of this subsection from the amount determined in paragraph 1 of this  
21 subsection.

22 B. The transportation revenue control limit for each school district  
23 for the fiscal year 1988-1989 and each year thereafter shall be the  
24 transportation revenue control limit for the current year plus the increase  
25 in the transportation support level from the current year to the budget year,  
26 except that for fiscal year 2006-2007 and for each fiscal year thereafter,  
27 the transportation revenue control limit shall not increase if the  
28 transportation revenue control limit is more than one hundred twenty per cent  
29 of the transportation support level. For a school district that sponsors a  
30 charter school, its transportation revenue control limit for the budget year  
31 shall be calculated as follows:

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

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

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

4           4. Subtract the amount determined in paragraph 3 of this subsection  
5 from the district's transportation revenue control limit for the current  
6 year. This is the adjusted transportation revenue control limit for the  
7 current year.

8           5. The transportation revenue control limit for the budget year is the  
9 adjusted transportation revenue control limit for the current year determined  
10 in paragraph 4 of this subsection plus the increase in the transportation  
11 support level from the current year to the budget year.

12           C. Notwithstanding subsection B **OF THIS SECTION**, if the transportation  
13 support level of a school district exceeds the transportation revenue control  
14 limit in any budget year, the transportation revenue control limit shall be  
15 adjusted in that budget year and every budget year thereafter to equal the  
16 transportation support level.

17           **D. THE PORTION OF THE PRIMARY TAX RATE TO FUND THE DIFFERENCE BETWEEN**  
18 **THE TRANSPORTATION REVENUE CONTROL LIMIT AND THE TRANSPORTATION SUPPORT LEVEL**  
19 **OF A SCHOOL DISTRICT AS PROVIDED IN THIS SECTION SHALL NOT BE INCLUDED IN THE**  
20 **COMPUTATION OF ADDITIONAL STATE AID FOR EDUCATION AS PRESCRIBED IN SECTION**  
21 **15-972.**

22           Sec. 23. Repeal

23           Section 15-947, Arizona Revised Statutes, as amended by Laws 2008,  
24 chapter 287, section 14, is repealed.

25           Sec. 24. Section 15-947.01, Arizona Revised Statutes, is amended to  
26 read:

27           15-947.01. Revenue control limit; general budget limit; total  
28 capital budget limit for joint technological  
29 education districts

30           A. The revenue control limit for a joint technological education  
31 district is equal to the base support level determined in section 15-943.02  
32 ~~and the amount determined in section 15-910.04.~~

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

- 35           1. The revenue control limit for the budget year.
- 36           2. The capital outlay revenue limit for the budget year.
- 37           3. Tuition revenues for attendance of nonresident pupils.



1 (i) Determine separately the percentage that the weighted student  
2 count in preschool programs for children with disabilities, kindergarten  
3 programs and grades one through eight and the weighted student count in  
4 grades nine through twelve is to the weighted student count determined in  
5 subtotal A as provided in section 15-943, paragraph 2, subdivision (a).

6 (ii) Apply the percentages determined in item (i) to the amount  
7 determined in subsection A, paragraph 1 of this section.

8 (b) For the purposes of the amounts determined in subsection A,  
9 paragraphs 2 and 3 of this section, determine separately the amount of the  
10 capital outlay revenue limit and the amount of the soft capital allocation  
11 attributable to the student count in preschool programs for children with  
12 disabilities, kindergarten programs and grades one through eight and grades  
13 nine through twelve.

14 (c) From the amounts determined in subdivisions (a) and (b), subtract  
15 the levy which would be produced by the current qualifying tax rate for a  
16 high school district or a common school district within a high school  
17 district that does not offer instruction in high school subjects as provided  
18 in section 15-447. If the qualifying tax rate generates a levy which is in  
19 excess of the total determined in subsection A of this section, the school  
20 district shall not be eligible for equalization assistance. ~~It~~ FOR THE  
21 PURPOSES OF this subsection, "assessed valuation" includes the values used to  
22 determine voluntary contributions collected pursuant to title 9, chapter 4,  
23 article 3 and title 48, chapter 1, article 8 AND THE ASSESSED VALUE OF ALL  
24 PROPERTY SUBJECT TO THE GOVERNMENT PROPERTY LEASE EXCISE TAX PURSUANT TO  
25 TITLE 42, CHAPTER 6, ARTICLE 5.

26 3. The amount that would be produced by levying a qualifying tax rate  
27 in a joint vocational and technological education district, which shall be  
28 five cents per one hundred dollars assessed valuation unless the legislature  
29 sets a lower rate by law.

30 ~~4. The amount of government property lease excise tax monies that were~~  
31 ~~distributed to the district pursuant to section 42-6205 during the preceding~~  
32 ~~fiscal year.~~

33 C. County aid for equalization assistance for education shall be  
34 computed as follows:

35 1. Determine the total equalization assistance for all school  
36 districts in the county as provided in subsections A and B of this section.

1           2. Determine the total amount of state equalization assistance  
2 collected for all school districts in the county as provided in section  
3 15-994.

4           3. Divide the amount determined in paragraph 2 of this subsection by  
5 the amount determined in paragraph 1 of this subsection.

6           4. Multiply the amount determined in subsections A and B of this  
7 section by the quotient determined in paragraph 3 of this subsection for each  
8 school district.

9           5. The amount determined in paragraph 4 of this subsection shall be  
10 the county aid for equalization assistance for education for a school  
11 district.

12           D. State aid for equalization assistance for education for a school  
13 district shall be computed as follows:

14           1. Determine the equalization assistance for education for a school  
15 district as provided in subsections A and B of this section.

16           2. For each county, determine the levy that would be produced by the  
17 state equalization assistance property tax rate prescribed in section 15-994,  
18 subsection A.

19           3. Prorate the amount determined in paragraph 2 of this subsection to  
20 each school district in the county as prescribed by subsection C of this  
21 section.

22           4. Subtract the amount determined in paragraph 3 of this subsection  
23 from the amount determined in paragraph 1 of this subsection.

24           E. Equalization assistance for education shall be paid from  
25 appropriations for that purpose to the school districts as provided in  
26 section 15-973.

27           F. A school district shall report expenditures on approved career and  
28 technical education and vocational education programs in the annual financial  
29 report according to uniform guidelines prescribed by the uniform system of  
30 financial records and in order to facilitate compliance with sections 15-255  
31 and 15-904.

32           G. The additional weight for state aid purposes given to special  
33 education as provided in section 15-943 shall be given to school districts  
34 only if special education programs comply with ~~the provisions of~~ chapter 7,  
35 article 4 of this title and the conditions and standards prescribed by the  
36 superintendent of public instruction pursuant to rules of the state board of

1 education for pupil identification and placement pursuant to sections 15-766  
2 and 15-767.

3 H. In addition to general fund appropriations, all amounts received  
4 pursuant to section 37-521, subsection B, paragraph 3 and section 42-5029,  
5 subsection E, paragraph 5 and from any other source for the purposes of this  
6 section are appropriated for state aid to schools as provided in this  
7 section.

8 I. The total amount of state monies that may be spent in any fiscal  
9 year for state equalization assistance shall not exceed the amount  
10 appropriated or authorized by section 35-173 for that purpose. This section  
11 shall not be construed to impose a duty on an officer, agent or employee of  
12 this state to discharge a responsibility or to create any right in a person  
13 or group if the discharge or right would require an expenditure of state  
14 monies in excess of the expenditure authorized by legislative appropriation  
15 for that specific purpose.

16 Sec. 26. Section 15-973, Arizona Revised Statutes, is amended to read:  
17 15-973. Apportionment of funds; expenditure limitation

18 A. The state board of education shall apportion state aid from  
19 appropriations made for such purpose to the several counties on the basis of  
20 state aid entitlement for the school districts in each county. No allowance  
21 shall be made for nonresident alien children nor for wards of the United  
22 States for whom tuition is paid, but attendance of a student in a school of a  
23 county adjoining the county of his residence outside the state under a  
24 certificate of educational convenience as provided by section 15-825 shall be  
25 deemed to be enrollment in the school of the county or school district of his  
26 residence.

27 B. Apportionments shall be made as follows:

28 1. BY THE CLOSE OF BUSINESS on July ~~15~~ 31, one-twelfth of the total  
29 amount to be apportioned during the fiscal year.

30 2. BY THE CLOSE OF BUSINESS ON AUGUST 31, ONE-TWELFTH OF THE TOTAL  
31 AMOUNT TO BE APPORTIONED DURING THE FISCAL YEAR.

32 ~~3.~~ 3. BY THE CLOSE OF BUSINESS on September ~~15~~ 30, one-twelfth of the  
33 total amount to be apportioned during the fiscal year.

34 ~~4.~~ 4. BY THE CLOSE OF BUSINESS on October ~~15~~ 31, one-twelfth of the  
35 total amount to be apportioned during the fiscal year.

36 5. BY THE CLOSE OF BUSINESS ON NOVEMBER 30, ONE-TWELFTH OF THE TOTAL  
37 AMOUNT TO BE APPORTIONED DURING THE FISCAL YEAR.

1           ~~4.~~ 6. BY THE CLOSE OF BUSINESS on December ~~15~~ 31, one-twelfth of the  
2 total amount to be apportioned during the fiscal year.

3           ~~5.~~ 7. BY THE CLOSE OF BUSINESS on January ~~15~~ 31, one-twelfth of the  
4 total amount to be apportioned during the fiscal year.

5           ~~6.~~ 8. BY THE CLOSE OF BUSINESS on February ~~15~~ 28, one-twelfth of the  
6 total amount to be apportioned during the fiscal year.

7           ~~7.~~ 9. BY THE CLOSE OF BUSINESS on March ~~15~~ 31, one-twelfth of the  
8 total amount to be apportioned during the fiscal year.

9           ~~8.~~ 10. BY THE CLOSE OF BUSINESS on April ~~15~~ 30, ~~one-sixth~~ ONE-TWELFTH  
10 of the total amount to be apportioned during the fiscal year.

11           ~~9.~~ 11. BY THE CLOSE OF BUSINESS on May ~~15~~ 31, ~~one-sixth~~ ONE-TWELFTH  
12 of the total amount to be apportioned during the fiscal year.

13           ~~10.~~ 12. BY THE CLOSE OF BUSINESS on June ~~15~~ 30, one-twelfth of the  
14 total amount to be apportioned during the fiscal year, ~~except that if the~~  
15 ~~total amount of monies available to make the payment is less than the amount~~  
16 ~~of the payment, a portion of the June 15 payment may be delayed no later than~~  
17 ~~June 30 to allow for the receipt of income from the permanent state common~~  
18 ~~school fund.~~

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

27           C. Notwithstanding subsection B of this section, if sufficient  
28 appropriated funds are available and on a showing by a school district that  
29 additional state monies are necessary for current expenses, an apportionment  
30 or part of an apportionment of state aid may be paid to the school district  
31 prior to the date set for such apportionment by subsection B of this section.  
32 After the first forty days in session of the current year, a school district  
33 may request additional state monies to fund the increased state aid due to  
34 anticipated student growth through the first one hundred days or two hundred  
35 days in session, as applicable, of the current year as provided in section  
36 15-948. In no event shall a school district have received more than  
37 three-fourths of its total apportionment before April ~~15~~ 30 of the fiscal

1 year. Early payments pursuant to this subsection must be approved by the  
2 state treasurer, the director of the department of administration and the  
3 superintendent of public instruction.

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

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

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

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

17 (b) The amount computed as follows:

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

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

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

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

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

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

4           F. If a school district which is eligible to receive monies pursuant  
5 to this article is unable to meet a scheduled payment on any lawfully  
6 incurred long-term obligation for debt service as provided in section  
7 15-1022, the county treasurer shall use any amount distributed pursuant to  
8 this section to make the payment. The county treasurer shall keep a record  
9 of all the instances in which a payment is made pursuant to this subsection.  
10 Any monies subsequently collected by the district to make the scheduled  
11 payment shall be used to replace the amount diverted pursuant to this  
12 subsection. When determining the total amount to be funded by a levy of  
13 secondary taxes upon property within the school district for the following  
14 fiscal year, the county board of supervisors shall add to the amounts  
15 budgeted to be expended during the following fiscal year an amount equal to  
16 the total of all payments pursuant to this subsection during the current  
17 fiscal year which were not repaid during the current year.

18           G. The total amount of state monies that may be spent in any fiscal  
19 year by the state board of education for apportionment of state aid for  
20 education shall not exceed the amount appropriated or authorized by section  
21 35-173 for that purpose. This section shall not be construed to impose a  
22 duty on an officer, agent or employee of this state to discharge a  
23 responsibility or to create any right in a person or group if the discharge  
24 or right would require an expenditure of state monies in excess of the  
25 expenditure authorized by legislative appropriation for that specific  
26 purpose.

27           Sec. 27. Section 15-977, Arizona Revised Statutes, is amended to read:

28           15-977. Classroom site fund; definitions

29           A. The classroom site fund is established consisting of monies  
30 transferred to the fund pursuant to section 37-521, subsection B and section  
31 42-5029, subsection E, paragraph 10. The department of education shall  
32 administer the fund. School districts and charter schools may not supplant  
33 existing school site funding with revenues from the fund. All monies  
34 distributed from the fund are intended for use at the school site. Each  
35 school district or charter school shall allocate forty per cent of the monies  
36 for teacher compensation increases based on performance and employment  
37 related expenses, twenty per cent of the monies for teacher base salary

1 increases and employment related expenses and forty per cent of the monies  
2 for maintenance and operation purposes as prescribed in subsection H of this  
3 section. Teacher compensation increases based on performance or teacher base  
4 salary increases distributed pursuant to this subsection shall supplement,  
5 and not supplant, teacher compensation monies from any other sources. The  
6 school district or charter school shall notify each school principal of the  
7 amount available to the school by April 15 of each year. The district or  
8 charter school shall request from the school's principal each school's  
9 priority for the allocation of the funds available to the school for each  
10 program listed under subsection H of this section. The amount budgeted by  
11 the school district or charter school pursuant to this section shall not be  
12 included in the allowable budget balance carryforward calculated pursuant to  
13 section 15-943.01.

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

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

- 19 1. School district performance and school performance.
- 20 2. Measures of academic progress toward the academic standards adopted  
21 by the state board of education.
- 22 3. Other measures of academic progress.
- 23 4. Dropout or graduation rates.
- 24 5. Attendance rates.
- 25 6. Ratings of school quality by parents.
- 26 7. Ratings of school quality by students.
- 27 8. The input of teachers and administrators.
- 28 9. Approval of the performance based compensation system based on an  
29 affirmative vote of at least seventy per cent of the teachers eligible to  
30 participate in the performance based compensation system.
- 31 10. An appeals process for teachers who have been denied performance  
32 based compensation.
- 33 11. Regular evaluation for effectiveness.

34 D. A performance based compensation system shall include teacher  
35 professional development programs that are aligned with the elements of the  
36 performance based compensation system.

1           E. A school district governing board may modify the elements contained  
2 in subsection C of this section and consider additional elements when  
3 adopting a performance based compensation system. A school district  
4 governing board shall adopt any modifications or additional elements and  
5 specify the criteria used at a public hearing.

6           F. Until December 31, 2009, each school district shall develop an  
7 assessment plan for its performance based compensation system and submit the  
8 plan to the department of education by December 31 of each year. A copy of  
9 the performance based compensation system and assessment plan adopted by the  
10 school district governing board shall be included in the report submitted to  
11 the department of education.

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

15           1. By March 30 of each year the staff of the joint legislative budget  
16 committee shall determine a per pupil amount from the fund for the budget  
17 year using the estimated statewide weighted count for the current year  
18 pursuant to section 15-943, paragraph 2, subdivision (a) and based on  
19 estimated available resources in the classroom site fund for the budget year.

20           2. The allocation to each charter school and school district for a  
21 fiscal year shall equal the per pupil amount established in paragraph 1 of  
22 this subsection for the fiscal year multiplied by the weighted student count  
23 for the school district or charter school for the fiscal year pursuant to  
24 section 15-943, paragraph 2, subdivision (a). For the purposes of this  
25 paragraph, the weighted student count for a school district that serves as  
26 the district of attendance for nonresident pupils shall be increased to  
27 include nonresident pupils who attend school in the school district.

28           ~~3. For each fiscal year in which the legislature appropriates~~  
29 ~~sufficient monies for teacher performance pay pursuant to this section, the~~  
30 ~~amount appropriated shall equal the product of the base level prescribed in~~  
31 ~~section 15-901 multiplied by the prior year statewide weighted student count~~  
32 ~~multiplied by the following percentages:~~

33           ~~(a) For stage one, one per cent.~~

34           ~~(b) For stage two, two per cent.~~

35           ~~(c) For stage three, three per cent.~~

36           ~~(d) For stage four, four per cent.~~

37           ~~(e) For stage five, five per cent.~~

~~(f) For stage six, five and one-half per cent by June 30, 2018.~~

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

1. Class size reduction.
2. Teacher compensation increases.
3. AIMS intervention programs.
4. Teacher development.
5. Dropout prevention programs.
6. Teacher liability insurance premiums.

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

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

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

L. The state education system for committed youth shall receive monies from the classroom site fund in the same manner as school districts and

1 charter schools. The Arizona state schools for the deaf and the blind shall  
2 receive monies from the classroom site fund in an amount that corresponds to  
3 the weighted student count for the current year pursuant to section 15-943,  
4 paragraph 2, subdivision (b) for each pupil enrolled in the Arizona state  
5 schools for the deaf and the blind. Except as otherwise provided in this  
6 subsection, the Arizona state schools for the deaf and the blind and the  
7 state education system for committed youth are subject to this section in the  
8 same manner as school districts and charter schools.

9 M. Each school district and charter school, including school districts  
10 that unify pursuant to section 15-448 or consolidate pursuant to section  
11 15-459, shall establish a local level classroom site fund to receive  
12 allocations from the state level classroom site fund. The local level  
13 classroom site fund shall be a budgetary controlled account. Interest  
14 charges for any registered warrants for the local level classroom site fund  
15 shall be a charge against the local level classroom site fund. Interest  
16 earned on monies in the local level classroom site fund shall be added to the  
17 local level classroom site fund as provided in section 15-978. In no event  
18 shall this state be required to make payments to a school district or charter  
19 school local level classroom site fund that are in addition to monies  
20 transferred to the state level classroom site fund pursuant to section  
21 37-521, subsection B and section 42-5029, subsection E, paragraph 10.

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

27 ~~O. If a school district is approved for a career ladder program  
28 pursuant to section 15-918.04 or an optional performance incentive program  
29 pursuant to section 15-919, the school district may continue to participate  
30 in those programs or may choose to receive additional teacher performance pay  
31 monies pursuant to subsection G, paragraph 3 of this section. If a school  
32 district chooses to receive monies pursuant to subsection G, paragraph 3 of  
33 this section, the school district shall reduce the amount of funding for its  
34 career ladder program or optional performance incentive program, as  
35 applicable, in an amount that is equal to the amount appropriated by the  
36 legislature for the applicable stage specified in subsection G, paragraph 3  
37 of this section. If a school district is approved for a career ladder~~

~~program pursuant to section 15-918.04 or an optional performance incentive program pursuant to section 15-919 and that school district chooses to receive monies for stage one pursuant to subsection G, paragraph 3 of this section, the school district shall continue to receive funding through the remaining stages specified in subsection G, paragraph 3 of this section, subject to legislative appropriation. A school district that is subject to this subsection shall notify the department of education of the school district's intention to receive monies pursuant to subsection G, paragraph 3 of this section no later than July 1 of the fiscal year that stage one monies are appropriated.~~

~~P.~~ 0. For the purposes of this section:

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

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

Sec. 28. Section 15-2011, Arizona Revised Statutes, is amended to read:

15-2011. Minimum school facility adequacy requirements; definition

A. The school facilities board, as determined and prescribed in this chapter, shall provide funding to school districts for new construction as the projected number of pupils in the district will fill the existing school facilities and require more pupil space.

B. School buildings in a school district are adequate if all of the following requirements are met:

1. The buildings contain sufficient and appropriate space and equipment that comply with the minimum school facility adequacy guidelines established pursuant to subsection F of this section. The state shall not fund facilities for elective courses that require the school district facilities to exceed minimum school facility adequacy requirements. The school facilities board shall determine whether a school building meets the requirements of this paragraph by analyzing the total square footage that is

1 available for each pupil in conjunction with the need for specialized spaces  
2 and equipment.

3 2. The buildings are in compliance with federal, state and local  
4 building and fire codes and laws that are applicable to the particular  
5 building. An existing school building is not required to comply with current  
6 requirements for new buildings unless this compliance is specifically  
7 mandated by law or by the building or fire code of the jurisdiction where the  
8 building is located.

9 3. The building systems, including roofs, plumbing, telephone systems,  
10 electrical systems, heating systems and cooling systems, are in working order  
11 and are capable of being properly maintained.

12 4. The buildings are structurally sound.

13 C. The standards that shall be used by the school facilities board to  
14 determine whether a school building meets the minimum adequate gross square  
15 footage requirements are as follows:

16 1. For a school district that provides instruction to pupils in  
17 programs for preschool children with disabilities, kindergarten programs and  
18 grades one through six, eighty square feet per pupil in programs for  
19 preschool children with disabilities, kindergarten programs and grades one  
20 through six.

21 2. For a school district that provides instruction to up to eight  
22 hundred pupils in grades seven and eight, eighty-four square feet per pupil  
23 in grades seven and eight.

24 3. For a school district that provides instruction to more than eight  
25 hundred pupils in grades seven and eight, eighty square feet per pupil in  
26 grades seven and eight or sixty-seven thousand two hundred square feet,  
27 whichever is more.

28 4. For a school district that provides instruction to up to four  
29 hundred pupils in grades nine through twelve, one hundred twenty-five square  
30 feet per pupil in grades nine through twelve.

31 5. For a school district that provides instruction to more than four  
32 hundred and up to one thousand pupils in grades nine through twelve, one  
33 hundred twenty square feet per pupil in grades nine through twelve or fifty  
34 thousand square feet, whichever is more.

35 6. For a school district that provides instruction to more than one  
36 thousand and up to one thousand eight hundred pupils in grades nine through

1 twelve, one hundred twelve square feet per pupil in grades nine through  
2 twelve or one hundred twenty thousand square feet, whichever is more.

3 7. For a school district that provides instruction to more than one  
4 thousand eight hundred pupils in grades nine through twelve, ninety-four  
5 square feet per pupil in grades nine through twelve or two hundred one  
6 thousand six hundred square feet, whichever is more.

7 D. The school facilities board may modify the square footage  
8 requirements prescribed in subsection C of this section or modify the amount  
9 of monies awarded to cure the square footage deficiency pursuant to this  
10 section for particular school districts based on extraordinary circumstances  
11 for any of the following considerations:

12 1. The number of pupils served by the school district.

13 2. Geographic factors.

14 3. Grade configurations other than those prescribed in subsection C of  
15 this section.

16 E. In measuring the square footage per pupil requirements of  
17 subsection C of this section, the school facilities board shall:

18 1. Use the most recent one hundredth day average daily membership  
19 ~~modified to count kindergarten students as full-time students.~~

20 2. For each school, use the lesser of either:

21 (a) Total gross square footage.

22 (b) Student capacity multiplied by the appropriate square footage per  
23 pupil prescribed by subsection C of this section.

24 3. Consider the total space available in all schools in use in the  
25 school district, except that the school facilities board shall allow an  
26 exclusion of the square footage for certain schools and the pupils within the  
27 schools' boundaries if the school district demonstrates to the board's  
28 satisfaction unusual or excessive busing of pupils or unusual attendance  
29 boundary changes between schools.

30 4. Compute the gross square footage of all buildings by measuring from  
31 exterior wall to exterior wall. Square footage used solely for district  
32 administration, storage of vehicles and other nonacademic purposes shall be  
33 excluded from the gross square footage.

34 5. Include all portable and modular buildings.

35 6. Include in the gross square footage new construction. ~~funded~~  
36 ~~wholly or partially by the school facilities board based on the square~~  
37 ~~footage funded by the school facilities board. If the new construction is to~~

1 ~~exceed the square footage funded by the school facilities board, the excess~~  
2 ~~square footage shall not be included in the gross square footage if any of~~  
3 ~~the following applies:~~

4 ~~(a) The excess square footage was constructed before July 1, 2002 or~~  
5 ~~funded by a class B bond, impact aid revenue bond or capital outlay override~~  
6 ~~approved by the voters after August 1, 1998 and before June 30, 2002 or~~  
7 ~~funded from unrestricted capital outlay expended before June 30, 2002.~~

8 ~~(b) The excess square footage of new school facilities does not exceed~~  
9 ~~twenty-five per cent of the minimum square footage requirements pursuant to~~  
10 ~~subsection C of this section.~~

11 ~~(c) The excess square footage of expansions to school facilities does~~  
12 ~~not exceed twenty-five per cent of the minimum square footage requirements~~  
13 ~~pursuant to subsection C of this section.~~

14 7. Require that excess square footage that is constructed after July  
15 1, 2002 and that is not excluded pursuant to paragraph 6 of this subsection  
16 meets the minimum school facility adequacy guidelines in order to be eligible  
17 for building renewal monies as computed in section 15-2031.

18 8. Exclude square footage built under a developer agreement according  
19 to section 15-342, paragraph 33 until the school facilities board provides  
20 funding for the square footage under section 15-2041, subsection 0.

21 F. The school facilities board shall adopt rules establishing minimum  
22 school facility adequacy guidelines. The executive director of the school  
23 facilities board shall report monthly to the joint committee on capital  
24 review on the progress of the development of the proposed rules establishing  
25 the guidelines. The joint committee on capital review shall review the  
26 proposed guidelines before the school facilities board adopts the rules to  
27 establish the minimum school facility adequacy guidelines. The guidelines  
28 shall provide the minimum quality and quantity of school buildings and  
29 facilities and equipment necessary and appropriate to enable pupils to  
30 achieve the academic standards pursuant to section 15-203, subsection A,  
31 paragraphs 12 and 13 and sections 15-701 and 15-701.01. At a minimum, the  
32 school facilities board shall address all of the following in developing  
33 these guidelines:

- 34 1. School sites.
- 35 2. Classrooms.
- 36 3. Libraries and media centers, or both.
- 37 4. Cafeterias.

1           5. Auditoriums, multipurpose rooms or other multiuse space.

2           6. Technology.

3           7. Transportation.

4           8. Facilities for science, arts and physical education.

5           9. Other facilities and equipment that are necessary and appropriate  
6 to achieve the academic standards prescribed pursuant to section 15-203,  
7 subsection A, paragraphs 12 and 13 and sections 15-701 and 15-701.01.

8           10. Appropriate combinations of facilities or uses listed in this  
9 section.

10           G. The board shall consider the facilities and equipment of the  
11 schools with the highest academic productivity scores, as prescribed in  
12 section 15-2002, subsection A, paragraph 9, subdivision (d), and the highest  
13 parent quality ratings in the establishment of the guidelines.

14           H. The school facilities board may consider appropriate combinations  
15 of facilities or uses in making assessments of and curing existing  
16 deficiencies pursuant to section 15-2002, subsection A, paragraph 1 and in  
17 certifying plans for new school facilities pursuant to section 15-2002,  
18 subsection A, paragraph 5.

19           I. For the purposes of this section, "student capacity" means the  
20 capacity adjusted to include any additions to or deletions of space,  
21 including modular or portable buildings at the school. The school facilities  
22 board shall determine the student capacity for each school in conjunction  
23 with each school district, recognizing each school's allocation of space as  
24 of July 1, 1998, to achieve the academic standards prescribed pursuant to  
25 section 15-203, subsection A, paragraphs 12 and 13 and sections 15-701 and  
26 15-701.01.

27           Sec. 29. Section 15-2041, Arizona Revised Statutes, is amended to  
28 read:

29           15-2041. New school facilities fund; capital plan; report

30           A. A new school facilities fund is established consisting of monies  
31 appropriated by the legislature and monies credited to the fund pursuant to  
32 section 37-221. The school facilities board shall administer the fund and  
33 distribute monies, as a continuing appropriation, to school districts for the  
34 purpose of constructing new school facilities. On June 30 of each fiscal  
35 year, any unobligated contract monies in the new school facilities fund shall  
36 be transferred to the capital reserve fund established by section 15-2003.

1           B. The school facilities board shall prescribe a uniform format for  
2 use by the school district governing board in developing and annually  
3 updating a capital plan that consists of each of the following:

4           1. Enrollment projections for the next five years for elementary  
5 schools and eight years for middle and high schools, including a description  
6 of the methods used to make the projections.

7           2. A description of new schools or additions to existing schools  
8 needed to meet the building adequacy standards prescribed in section 15-2011.  
9 The description shall include:

10           (a) The grade levels and the total number of pupils that the school or  
11 addition is intended to serve.

12           (b) The year in which it is necessary for the school or addition to  
13 begin operations.

14           (c) A timeline that shows the planning and construction process for  
15 the school or addition.

16           3. Long-term projections of the need for land for new schools.

17           4. Any other necessary information required by the school facilities  
18 board to evaluate a school district's capital plan.

19           5. If a school district pays tuition for all or a portion of the  
20 school district's high school pupils to another school district, the capital  
21 plan shall indicate the number of pupils for which the district pays tuition  
22 to another district. If a school district accepts pupils from another school  
23 district pursuant to section 15-824, subsection A, the school district shall  
24 indicate the projections for this population separately. This paragraph does  
25 not apply to a small isolated school district as defined in section 15-901.

26           C. If the capital plan indicates a need for a new school or an  
27 addition to an existing school within the next four years or a need for land  
28 within the next ten years, the school district shall submit its plan to the  
29 school facilities board by September 1 and shall request monies from the new  
30 school facilities fund for the new construction or land. Monies provided for  
31 land shall be in addition to any monies provided pursuant to subsection D of  
32 this section.

33           D. The school facilities board shall distribute monies from the new  
34 school facilities fund as follows:

35           1. The school facilities board shall review and evaluate the  
36 enrollment projections and either approve the projections as submitted or  
37 revise the projections. In determining new construction requirements, the

1 school facilities board shall determine the net new growth of pupils that  
2 will require additional square footage that exceeds the building adequacy  
3 standards prescribed in section 15-2011. If the projected growth and the  
4 existing number of pupils exceed three hundred fifty pupils who are served in  
5 a school district other than the pupil's resident school district, the school  
6 facilities board, the receiving school district and the resident school  
7 district shall develop a capital facilities plan on how to best serve those  
8 pupils. A small isolated school district as defined in section 15-901 is not  
9 required to develop a capital facilities plan pursuant to this paragraph.

10 2. If the approved projections indicate that additional space will not  
11 be needed within the next two years for elementary schools or three years for  
12 middle or high schools in order to meet the building adequacy standards  
13 prescribed in section 15-2011, the request shall be held for consideration by  
14 the school facilities board for possible future funding and the school  
15 district shall annually submit an updated plan until the additional space is  
16 needed.

17 3. If the approved projections indicate that additional space will be  
18 needed within the next two years for elementary schools or three years for  
19 middle or high schools in order to meet the building adequacy standards  
20 prescribed in section 15-2011, the school facilities board shall provide an  
21 amount as follows:

22 (a) Determine the number of pupils requiring additional square footage  
23 to meet building adequacy standards. This amount for elementary schools  
24 shall not be less than the number of new pupils for whom space will be needed  
25 in the next year and shall not exceed the number of new pupils for whom space  
26 will be needed in the next five years. This amount for middle and high  
27 schools shall not be less than the number of new pupils for whom space will  
28 be needed in the next four years and shall not exceed the number of new  
29 pupils for whom space will be needed in the next eight years.

30 (b) Multiply the number of pupils determined in subdivision (a) of  
31 this paragraph by the square footage per pupil. The square footage per pupil  
32 is ninety square feet per pupil for preschool children with disabilities,  
33 kindergarten programs and grades one through six, one hundred square feet for  
34 grades seven and eight, one hundred thirty-four square feet for a school  
35 district that provides instruction in grades nine through twelve for fewer  
36 than one thousand eight hundred pupils and one hundred twenty-five square  
37 feet for a school district that provides instruction in grades nine through

1 twelve for at least one thousand eight hundred pupils. The total number of  
2 pupils in grades nine through twelve in the district shall determine the  
3 square footage factor to use for net new pupils. The school facilities board  
4 may modify the square footage requirements prescribed in this subdivision for  
5 particular schools based on any of the following factors:

6 (i) The number of pupils served or projected to be served by the  
7 school district.

8 (ii) Geographic factors.

9 (iii) Grade configurations other than those prescribed in this  
10 subdivision.

11 (iv) Compliance with minimum school facility adequacy requirements  
12 established pursuant to section 15-2011.

13 (c) Multiply the product obtained in subdivision (b) of this paragraph  
14 by the cost per square foot. The cost per square foot is ninety dollars for  
15 preschool children with disabilities, kindergarten programs and grades one  
16 through six, ninety-five dollars for grades seven and eight and one hundred  
17 ten dollars for grades nine through twelve. The cost per square foot shall  
18 be adjusted annually for construction market considerations based on an index  
19 identified or developed by the joint legislative budget committee as  
20 necessary but not less than once each year. The school facilities board  
21 shall multiply the cost per square foot by 1.05 for any school district  
22 located in a rural area. The school facilities board may ONLY modify the  
23 base cost per square foot prescribed in this subdivision for particular  
24 schools based on geographic conditions or site conditions. For the purposes  
25 of this subdivision, "rural area" means an area outside a thirty-five mile  
26 radius of a boundary of a municipality with a population of more than fifty  
27 thousand persons.

28 (d) Once the school district governing board obtains approval from the  
29 school facilities board for new facility construction funds, additional  
30 portable or modular square footage created for the express purpose of  
31 providing temporary space for pupils until the completion of the new facility  
32 shall not be included by the school facilities board for the purpose of new  
33 construction funding calculations. On completion of the new facility  
34 construction project, if the portable or modular facilities continue in use,  
35 the portable or modular facilities shall be included as prescribed by this  
36 chapter, unless the school facilities board approves their continued use for  
37 the purpose of providing temporary space for pupils until the completion of

1 the next new facility that has been approved for funding from the new school  
2 facilities fund.

3 4. For projects approved after December 31, 2001, and notwithstanding  
4 paragraph 3 of this subsection, a unified school district that does not have  
5 a high school is not eligible to receive high school space as prescribed by  
6 section 15-2011 and this section unless the unified district qualifies for  
7 geographic factors prescribed by paragraph 3, subdivision (b), item (ii) of  
8 this subsection.

9 5. If a joint technological education district leases a building from  
10 a school district, that building shall be included in the school district's  
11 square footage calculation for the purposes of new construction pursuant to  
12 this section.

13 E. Monies for architectural and engineering fees, project management  
14 services and preconstruction services shall be distributed on the completion  
15 of the analysis by the school facilities board of the school district's  
16 request. After receiving monies pursuant to this subsection, the school  
17 district shall submit a design development plan for the school or addition to  
18 the school facilities board before any monies for construction are  
19 distributed. If the school district's request meets the building adequacy  
20 standards, the school facilities board may review and comment on the  
21 district's plan with respect to the efficiency and effectiveness of the plan  
22 in meeting state square footage and facility standards before distributing  
23 the remainder of the monies. If the school facilities board modifies the  
24 cost per square foot as prescribed in subsection D, paragraph 3, subdivision  
25 (c), the school facilities board may deduct the cost of project management  
26 services and preconstruction services from the required cost per square  
27 foot. The school facilities board may decline to fund the project if the  
28 square footage is no longer required due to revised enrollment projections.

29 F. The school facilities board shall distribute the monies needed for  
30 land for new schools so that land may be purchased at a price that is less  
31 than or equal to fair market value and in advance of the construction of the  
32 new school. If necessary, the school facilities board may distribute monies  
33 for land to be leased for new schools if the duration of the lease exceeds  
34 the life expectancy of the school facility by at least fifty per cent. The  
35 proceeds derived through the sale of any land purchased or partially  
36 purchased with monies provided by the school facilities board shall be  
37 returned to the state fund from which it was appropriated and to any other

1 participating entity on a proportional basis. Except as provided in section  
2 15-342, paragraph 33, if a school district acquires real property by donation  
3 at an appropriate school site approved by the school facilities board, the  
4 school facilities board shall distribute an amount equal to twenty per cent  
5 of the fair market value of the donated real property that can be used for  
6 academic purposes. The school district shall place the monies in the  
7 unrestricted capital outlay fund and increase the unrestricted capital budget  
8 limit by the amount of monies placed in the fund. Monies distributed under  
9 this subsection shall be distributed from the new school facilities fund. A  
10 school district that receives monies from the new school facilities fund for  
11 a donation of land pursuant to section 15-342, paragraph 33 shall not receive  
12 monies from the school facilities board for the donation of real property  
13 pursuant to this subsection. A school district shall not pay a consultant a  
14 percentage of the value of any of the following:

15 1. Donations of real property, services or cash from any of the  
16 following:

17 (a) Entities that have offered to provide construction services to the  
18 school district.

19 (b) Entities that have been contracted to provide construction  
20 services to the school district.

21 (c) Entities that build residential units in that school district.

22 (d) Entities that develop land for residential use in that school  
23 district.

24 2. Monies received from the school facilities board on behalf of the  
25 school district.

26 3. Monies paid by the school facilities board on behalf of the school  
27 district.

28 G. In addition to distributions to school districts based on pupil  
29 growth projections, a school district may submit an application to the school  
30 facilities board for monies from the new school facilities fund if one or  
31 more school buildings have outlived their useful life. If the school  
32 facilities board determines that the school district needs to build a new  
33 school building for these reasons, the school facilities board shall remove  
34 the square footage computations that represent the building from the  
35 computation of the school district's total square footage for purposes of  
36 this section. If the square footage recomputation reflects that the school  
37 district no longer meets building adequacy standards, the school district

1       qualifies for a distribution of monies from the new school construction  
2       formula in an amount determined pursuant to subsection D of this section.  
3       Buildings removed from a school district's total square footage pursuant to  
4       this subsection shall not be included in the computation of monies from the  
5       building renewal fund established by section 15-2031. The school facilities  
6       board may ONLY modify the base cost per square foot prescribed in this  
7       subsection under extraordinary circumstances for geographic factors or site  
8       conditions.

9       H. School districts that receive monies from the new school facilities  
10      fund shall establish a district new school facilities fund and shall use the  
11      monies in the district new school facilities fund only for the purposes  
12      prescribed in this section. By October 15 of each year, each school district  
13      shall report to the school facilities board the projects funded at each  
14      school in the previous fiscal year with monies from the district new school  
15      facilities fund and shall provide an accounting of the monies remaining in  
16      the new school facilities fund at the end of the previous fiscal year.

17      I. If a school district has surplus monies received from the new  
18      school facilities fund, the school district may use the surplus monies only  
19      for capital purposes for the project for up to one year after completion of  
20      the project. If the school district possesses surplus monies from the new  
21      school construction project that have not been expended within one year of  
22      the completion of the project, the school district shall return the surplus  
23      monies to the school facilities board for deposit in the new school  
24      facilities fund.

25      J. The board's consideration of any application filed after July 1,  
26      2001 or after December 31 of the year in which the property becomes territory  
27      in the vicinity of a military airport or ancillary military facility as  
28      defined in section 28-8461 for monies to fund the construction of new school  
29      facilities proposed to be located in territory in the vicinity of a military  
30      airport or ancillary military facility shall include, if after notice is  
31      transmitted to the military airport pursuant to section 15-2002 and before  
32      the public hearing the military airport provides comments and analysis  
33      concerning compatibility of the proposed school facilities with the high  
34      noise or accident potential generated by military airport or ancillary  
35      military facility operations that may have an adverse effect on public health  
36      and safety, consideration and analysis of the comments and analysis provided  
37      by the military airport before making a final determination.

1           K. If a school district uses its own project manager for new school  
2 construction, the members of the school district governing board and the  
3 project manager shall sign an affidavit stating that the members and the  
4 project manager understand and will follow the minimum adequacy requirements  
5 prescribed in section 15-2011.

6           L. The school facilities board shall establish a separate account in  
7 the new school facilities fund designated as the litigation account to pay  
8 attorney fees, expert witness fees and other costs associated with litigation  
9 in which the school facilities board pursues the recovery of damages for  
10 deficiencies correction that resulted from alleged construction defects or  
11 design defects that the school facilities board believes caused or  
12 contributed to a failure of the school building to conform to the building  
13 adequacy requirements prescribed in section 15-2011. Attorney fees paid  
14 pursuant to this subsection shall not exceed the market rate for similar  
15 types of litigation. The joint committee on capital review shall conduct an  
16 annual review of the litigation account, including the costs associated with  
17 current and potential litigation.

18           M. Until the state board of education and the auditor general adopt  
19 rules pursuant to section 15-213, subsection I, the school facilities board  
20 may allow school districts to contract for construction services and  
21 materials through the qualified select bidders list method of project  
22 delivery for new school facilities pursuant to this section.

23           N. The school facilities board shall submit a report on project  
24 management services and preconstruction services to the governor, the  
25 president of the senate and the speaker of the house of representatives by  
26 December 31 of each year. The report shall compare projects that use project  
27 management and preconstruction services with those that do not. The report  
28 shall address cost, schedule and other measurable components of a  
29 construction project. School districts, construction manager at risk firms  
30 and project management firms that participate in a school facilities board  
31 funded project shall provide the information required by the school  
32 facilities board in relation to this report.

33           O. If a school district constructs new square footage according to  
34 section 15-342, paragraph 33, the school facilities board shall review the  
35 design plans and location of any new school facility submitted by school  
36 districts and another party to determine whether the design plans comply with  
37 the adequacy standards prescribed in section 15-2011 and the square footage

1 per pupil requirements pursuant to subsection D, paragraph 3, subdivision (b)  
2 of this section. When the school district qualifies for a distribution of  
3 monies from the new school facilities fund according to this section, the  
4 school facilities board shall distribute monies to the school district from  
5 the new school facilities fund for the square footage constructed under  
6 section 15-342, paragraph 33 at the same cost per square foot established by  
7 this section that was in effect at the time of the beginning of the  
8 construction of the school facility. Before the school facilities board  
9 distributes any monies pursuant to this subsection, the school district shall  
10 demonstrate to the school facilities board that the facilities to be funded  
11 pursuant to this section meet the minimum adequacy standards prescribed in  
12 section 15-2011. The agreement entered into pursuant to section 15-342,  
13 paragraph 33 shall set forth the procedures for the allocation of these funds  
14 to the parties that participated in the agreement.

15 Sec. 30. Section 42-13051, Arizona Revised Statutes, is amended to  
16 read:

17 42-13051. Duties of county assessor

18 A. Not later than December 15 of each year the county assessor shall  
19 identify by diligent inquiry and examination all real property in the county  
20 that is subject to taxation and that is not otherwise valued by the  
21 department as provided by law.

22 B. The assessor shall:

23 1. Determine the names of all persons who own, claim, possess or  
24 control the property, **INCLUDING PROPERTIES SUBJECT TO THE GOVERNMENT PROPERTY**  
25 **LEASE EXCISE TAX PURSUANT TO CHAPTER 6, ARTICLE 5 OF THIS TITLE.**

26 2. Determine the full cash value of all such property as of January 1  
27 of the next year by using the manuals furnished and procedures prescribed by  
28 the department.

29 3. List the property with the determined valuation for use on the tax  
30 roll **AND REPORT TO THE DEPARTMENT OF EDUCATION THE DETERMINED VALUATIONS OF**  
31 **PROPERTIES THAT ARE SUBJECT TO THE GOVERNMENT PROPERTY LEASE EXCISE TAX**  
32 **PURSUANT TO CHAPTER 6, ARTICLE 5 OF THIS TITLE.**

33 C. In identifying property pursuant to this section, the assessor  
34 shall use aerial photography, applicable department of revenue records,  
35 building permits and other documentary sources and technology.





1 aid entitlement for fiscal year 2010-2011. This appropriation shall be  
2 disbursed on July 1, 2010 to the several counties for the school districts in  
3 each county in amounts equal to the reductions in apportionment of basic  
4 state aid and additional state aid that are required pursuant to subsection A  
5 for fiscal year 2009-2010.

6 C. The sum of \$886,200 is appropriated in fiscal year 2010-2011 from  
7 the state general fund to the state board of education and the superintendent  
8 of public instruction for any costs to school districts that may be  
9 associated with the reductions in apportionment of basic state aid and  
10 additional state aid for fiscal year 2009-2010 that are required pursuant to  
11 subsection A. This appropriation shall be disbursed on July 1, 2010 to the  
12 several counties for the school districts in each county and shall be  
13 allocated based on the per cent of the total \$602,627,700 deferred payment  
14 for fiscal year 2009-2010 that is attributable to each individual school  
15 district.

16 D. Notwithstanding any provision of law, for fiscal year 2010-2011, if  
17 the governing board of a school district incurred interest expenses for  
18 registering warrants in fiscal year 2009-2010 or expects to incur interest  
19 expenses for registering warrants in fiscal year 2010-2011 pursuant to  
20 subsection A, the governing board may budget an estimated amount for those  
21 interest expenses. Any such amount is specifically exempt from the revenue  
22 control limit in fiscal year 2010-2011. If the budgeted estimate amount is  
23 greater than the amount received pursuant to subsection C, the governing  
24 board shall not expend more than the amount received pursuant to  
25 subsection C. If the budgeted estimate amount is less than the amount  
26 received pursuant to subsection C, the governing board may revise its budget  
27 during fiscal year 2010-2011 to include the actual amount received pursuant  
28 to subsection C and shall not expend more than the amount received pursuant  
29 to subsection C.

30 E. School districts shall include in the revenue estimates that they  
31 use for computing their tax rates for fiscal year 2009-2010 the monies that  
32 they will receive pursuant to subsection C.

33 Sec. 34. Elimination of adjustment for rapid decline in student  
34 count beginning in fiscal year 2009-2010

35 Pursuant to the repeal of section 15-942, Arizona Revised Statutes, as  
36 provided by this act, beginning in fiscal year 2009-2010, the department of  
37 education shall not provide rapid decline funding to school districts.





1 to conduct an annual performance audit of the AIMS intervention and dropout  
2 prevention program for fiscal year 2009-2010.

3 Sec. 41. School districts: expenditure of remaining bond  
4 proceeds from 2000

5 Notwithstanding any other law, a school district may expend the  
6 remaining proceeds from a bond election conducted in November, 2000 to make  
7 modifications to an existing school facility rather than build a new school  
8 facility if the school district meets all of the following criteria:

9 1. The school district is a unified school district that is located in  
10 a county with a population of more than three million persons.

11 2. Had a total average daily membership count in kindergarten programs  
12 and grades one through eight of more than three thousand nine hundred pupils  
13 but less than four thousand pupils and a total average daily membership count  
14 in grades nine through twelve of more than one thousand seven hundred pupils  
15 but less than one thousand eight hundred pupils for the 2007-2008 school  
16 year.

17 3. Does not qualify for state aid for equalization assistance for  
18 education funding under section 15-971, subsection D, Arizona Revised  
19 Statutes.

20 Sec. 42. School district budget overexpenditures: correction;  
21 interest

22 A. Notwithstanding sections 15-905 and 15-915, Arizona Revised  
23 Statutes, a school district that overexpended its budget at any time during a  
24 five-year period beginning in fiscal year 2002-2003 and ending in fiscal year  
25 2006-2007 shall correct the overexpenditures in equal installments over a  
26 five-year period beginning in fiscal year 2009-2010 and ending in fiscal year  
27 2013-2014. This subsection applies to a district if all of the following  
28 conditions exist:

29 1. The school district is a union high school district that is located  
30 in a county with a population of less than one million persons but more than  
31 two hundred fifty thousand persons.

32 2. The school district's average daily membership for the 2006-2007  
33 school year was more than four hundred pupils but less than five hundred  
34 fifty pupils.

35 3. The total amount of the correction that would otherwise be required  
36 under section 15-915, Arizona Revised Statutes, for fiscal years 2002-2003

1 through 2006-2007 is more than three hundred thousand dollars but less than  
2 eight hundred thousand dollars.

3 B. In addition to monies required to be repaid pursuant to  
4 subsection A of this section, accrued interest shall be paid at a rate  
5 determined by the superintendent of public instruction.

6 Sec. 43. Previous audits; average daily membership; repayment;  
7 retroactivity

8 A. Notwithstanding any other law, a school district that meets the  
9 criteria specified in subsection B, paragraph 1 or 2 of this section and that  
10 is required to repay monies to this state as the result of an audit conducted  
11 before the effective date of this act by the department of education or the  
12 office of the auditor general pursuant to Laws 2006, chapter 353, section 23,  
13 Laws 2007, chapter 264, section 17 or Laws 2008, chapter 287, section 50  
14 shall repay the full amount of the monies due to this state as a result of  
15 the audit within five years after the date of the audit finding.

16 B. The following school districts are eligible to use the repayment  
17 provisions of subsection A of this section:

18 1. A unified school district with a student count of at least two  
19 thousand but less than three thousand in fiscal year 2007-2008 that is  
20 required to repay a total of at least six hundred eighty-five thousand  
21 dollars but less than six hundred ninety thousand dollars pursuant to  
22 subsection A of this section.

23 2. A unified school district with a student count of at least two  
24 thousand but less than three thousand in fiscal year 2007-2008 that is  
25 required to repay a total of at least three hundred sixty thousand dollars  
26 but less than three hundred eighty thousand dollars pursuant to subsection A  
27 of this section.

28 C. If the amount a school district is required to repay under  
29 subsection B, paragraph 1 or 2 of this section is reduced as the result of a  
30 settlement agreement between the school district and the department of  
31 education, the superintendent of public instruction shall allow the school  
32 district to repay the amount required by the settlement agreement up to two  
33 years after the date of the audit finding and thereafter the school district  
34 may petition the state board of education to extend the original two-year  
35 repayment period by up to an additional three years.

36 D. This section is effective retroactively to September 21, 2006.

1           Sec. 44. Conforming legislation

2           The legislative council staff shall prepare proposed legislation  
3           conforming the Arizona Revised Statutes to the provisions of this act for  
4           consideration in the forty-ninth legislature, second regular session."

5 Amend title to conform

RUSSELL PEARCE

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