

COMMITTEE ON APPROPRIATIONS

HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2648

(Reference to printed bill)

1 Strike everything after the enacting clause and insert:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10 L. For the purposes of this section:

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

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

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

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

27 A. The department of education may:

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

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

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

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

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

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

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

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

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

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

- 24 1. The date of the election.
- 25 2. The voter's polling place and the times it is open.
- 26 3. The proposed total increase in the budget which exceeds the amount
27 permitted pursuant to section 15-905.
- 28 4. The total amount of the current year's budget, the total amount of
29 the proposed budget and the total amount of the alternate budget.
- 30 5. If the override is for a period of more than one year, a statement
31 indicating the number of years the proposed increase in the budget would be
32 in effect and the percentage of the school district's revenue control limit
33 that the district is requesting for the future years.
- 34 6. The proposed total amount of revenues which will fund the increase
35 in the budget and the amount which will be obtained from a levy of taxes upon
36 the taxable property within the school district for the first year for which
37 the budget increase was adopted.
- 38 7. The proposed amount of revenues which will fund the increase in the
39 budget and which will be obtained from other than a levy of taxes upon the
40 taxable property within the school district for the first year for which the
41 budget increase was adopted.
- 42 8. The dollar amount and the purpose for which the proposed increase
43 in the budget is to be expended for the first year for which the budget
44 increase was adopted.
- 45 9. At least two arguments, if submitted, but no more than ten
46 arguments for and two arguments, if submitted, but no more than ten arguments
47 against the proposed increase in the budget. The arguments shall be in a
48 form prescribed by the county school superintendent, and each argument shall

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

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

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

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

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

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

32 (d) A business whose assessed valuation is the average of the assessed
33 valuation of property classified as class one, as prescribed by section
34 42-12001, paragraphs 12 and 13 for the current year in the school district.

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

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

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

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

46 C. For the purpose of this section, the school district may use its
47 staff, equipment, materials, buildings or other resources only to distribute
48 the informational report at the school district office or at public hearings

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

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

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

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

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

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

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

1 contain the words "budget increase, yes" and "budget increase, no", and the
 2 voter shall signify the voter's desired choice. The ballot shall also
 3 contain:

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

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

9 3. The following statement:

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

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

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

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

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

39 (i)

	Small School Support Level Weight		Phase Down
Student	Student		for Small Isolated
Reduction			
<u>Count</u>	<u>Count Limit</u>		<u>School Districts</u> <u>Base Level</u>
	<u>Factor</u>		
_____	- _____	125	x1.358 + (0.0005 x x \$ _____)
= \$ _____	(500 - Student Count))		Small Isolated

1 Phase Down Phase Down School District
2 Base Reduction Factor Elementary Limit
3 \$150,000 - \$ _____ = \$ _____
4 (ii)
5 Small School Support Level Weight Phase Down
6 Student Student for Small
7 Reduction
8 Count Count Limit School Districts Base Level
9 Factor
10 _____ - 125 x 1.278 + (0.0003 x x \$ _____
11 = \$ _____
12 (500 - Student Count))
13 Small
14 Phase Down Phase Down School District
15 Base Reduction Factor Elementary Limit
16 \$150,000 - \$ _____ = \$ _____
17 (b) For unified or union high school districts with a student count of
18 less than one hundred seventy-six in grades nine through twelve, the limit
19 computed as prescribed in item (i) or (ii) of this subdivision, whichever is
20 appropriate:
21 (i)
22 Small School Support Level Weight Phase Down
23 Student Student for Small Isolated
24 Reduction
25 Count Count Limit School Districts Base Level
26 Factor
27 _____ - 100 x x1.468 + (0.0005 x x
28 \$ _____ = \$ _____
29 (500 - Student Count))
30 Small Isolated
31 Phase Down Phase Down District
32 Base Reduction Factor Secondary Limit
33 \$350,000 - \$ _____ = \$ _____
34 (ii)
35 Small School Support Level Weight Phase Down
36 Student Student for Small
37 Reduction
38 Count Count Limit School Districts Base Level
39 Factor
40 _____ - 100 x 1.398 + (0.0004 x x \$ _____
41 = \$ _____
42 (500 - Student Count))
43 Small
44 Phase Down Phase Down School District
45 Base Reduction Factor Secondary Limit
46 \$350,000 - \$ _____ = \$ _____

1 (c) If both subdivisions (a) and (b) of this paragraph apply to a
2 unified school district, its limit for the purposes of this paragraph is the
3 combination of its elementary limit and its secondary limit.

4 (d) If only subdivision (a) or (b) of this paragraph applies to a
5 unified school district, the district's limit for the purposes of this
6 paragraph is the sum of the limit computed as provided in subdivision (a) or
7 (b) of this paragraph plus ten per cent of the revenue control limit
8 attributable to those grade levels that do not meet the eligibility
9 requirements of this subsection. If a school district budgets monies outside
10 the revenue control limit pursuant to section 15-949, subsection E, the
11 district's limit for the purposes of this paragraph is only the ten per cent
12 of the revenue control limit attributable to those grade levels that are not
13 included under section 15-949, subsection E. For the purposes of this
14 subdivision, the revenue control limit is separated into elementary and
15 secondary components based on the weighted student count as provided in
16 section 15-971, subsection B, paragraph 2, subdivision (a).

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

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

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

27 I. If the election is to exceed the revenue control limit as provided
28 in section 15-482 and if the proposed increase will be fully funded by a levy
29 of taxes on the taxable property within the school district, the ballot shall
30 contain the words "budget increase, yes" and "budget increase, no", and the
31 voter shall signify the voter's desired choice. The ballot shall also
32 contain the amount of the proposed increase of the budget over the alternate
33 budget, a statement that the amount of the proposed increase will be based on
34 a percentage of the school district's revenue control limit in future years,
35 if applicable, as provided in subsection Q of this section, and the following
36 statement:

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

1 tax purposes and is in addition to the school district's tax rate
2 that will be levied to fund the school district's revenue control
3 limit allowed by law.

4 J. If the election is to exceed the revenue control limit as provided
5 in section 15-482 and if the proposed increase will be fully funded by
6 revenues other than a levy of taxes on the taxable property within the school
7 district, the ballot shall contain the words "budget increase, yes" and
8 "budget increase, no", and the voter shall signify the voter's desired
9 choice. The ballot shall also contain the amount of the proposed increase of
10 the proposed budget over the alternate budget, a statement that the amount of
11 the proposed increase will be based on a percentage of the school district's
12 revenue control limit in future years, if applicable, as provided in
13 subsection Q of this section and the following statement:

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

20 K. The maximum budget increase that may be requested and authorized as
21 provided in subsection I or J of this section, or a combination of both of
22 these subsections, is five per cent of the revenue control limit as provided
23 in section 15-947, subsection A for the budget year. For a common school
24 district not within a high school district or a common school district within
25 a high school district that offers instruction in high school subjects as
26 provided in section 15-447, five per cent of the revenue control limit means
27 five per cent of the revenue control limit attributable to the weighted
28 student count in preschool programs for children with disabilities,
29 kindergarten programs and grades one through eight as provided in section
30 15-971, subsection B. For a unified school district, five per cent of the
31 revenue control limit means five per cent of the revenue control limit
32 attributable to the weighted student count in preschool programs for children
33 with disabilities, kindergarten programs and grades one through twelve. For
34 a union high school district, five per cent of the revenue control limit
35 means five per cent of the revenue control limit attributable to the weighted
36 student count in grades nine through twelve.

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

45 Any budget increase authorized by this election shall be
46 entirely funded by a levy of taxes upon the taxable property
47 within this school district for the year in which adopted and for
48 _____ subsequent years, shall not be realized from monies

1 furnished by the state and shall not be subject to the limitation
2 on taxes specified in article IX, section 18, Constitution of
3 Arizona. Based on an estimate of assessed valuation used for
4 secondary property tax purposes, to fund the proposed increase in
5 the school district's budget would require an estimated tax rate
6 of _____ dollar per one hundred dollars of assessed
7 valuation used for secondary property tax purposes and is in
8 addition to the school district's tax rate which will be levied
9 to fund the school district's capital outlay revenue limit
10 allowed by law.

11 M. If the election is to exceed the capital outlay revenue limit and
12 if the proposed increase will be fully funded by revenues from other than a
13 levy of taxes upon the taxable property within the school district, the
14 ballot shall contain the words "budget increase, yes" and "budget increase,
15 no", and the voter shall signify the voter's desired choice. An election
16 held pursuant to this subsection shall be held on the first Tuesday after the
17 first Monday of November. The ballot shall also contain the amount of the
18 proposed increase of the proposed budget over the alternate budget and the
19 following statement:

20 Any budget increase authorized by this election shall be
21 entirely funded by this school district with revenues from other
22 than a levy of taxes on the taxable property within the school
23 district for the year in which adopted and for _____ subsequent
24 years and shall not be realized from monies furnished by the
25 state.

26 N. If the election is to exceed a combination of the revenue control
27 limit as provided in subsection E or F of this section, the revenue control
28 limit as provided in subsection I or J of this section or the capital outlay
29 revenue limit as provided in subsection L or M of this section, the ballot
30 shall be prepared so that the voters may vote on each proposed increase
31 separately and shall contain statements required in the same manner as if
32 each proposed increase were submitted separately.

33 O. If the election provides for a levy of taxes on the taxable
34 property within the school district, at least thirty days prior to the
35 election, the department of revenue shall provide the school district
36 governing board and the county school superintendent with an estimate of the
37 school district's assessed valuation used for secondary property tax purposes
38 for the ensuing fiscal year. The governing board and the county school
39 superintendent shall use this estimate to translate the amount of the
40 proposed dollar increase in the budget of the school district over that
41 allowed by law into a tax rate figure.

42 P. If the voters in a school district vote to adopt a budget in excess
43 of the revenue control limit as provided in subsection E or F of this
44 section, any additional increase shall be included in the aggregate budget
45 limit for each of the years authorized. Any additional increase shall be
46 excluded from the determination of equalization assistance. The school
47 district governing board, however, may levy on the assessed valuation used
48 for secondary property tax purposes of the property in the school district

1 the additional increase if adopted under subsection E of this section for the
2 period of one year, two years or five through seven years as authorized. If
3 an additional increase is approved as provided in subsection F of this
4 section, the school district governing board may only use revenues derived
5 from the school district's prior year's maintenance and operation fund ending
6 cash balance to fund the additional increase. If a budget increase was
7 previously authorized and will be in effect for the budget year or budget
8 year and subsequent years, as provided in subsection E or F of this section,
9 the governing board may request a new budget increase as provided in the same
10 subsection under which the prior budget increase was adopted, which shall not
11 exceed the maximum amount permitted under subsection G of this section. If
12 the voters in the school district authorize the new budget increase amount,
13 the existing budget increase no longer is in effect. If the voters in the
14 school district do not authorize the budget increase amount, the existing
15 budget increase remains in effect for the time period for which it was
16 authorized. The maximum additional increase authorized as provided in
17 subsection E or F of this section and the additional increase which is
18 included in the aggregate budget limit is based on a percentage of a school
19 district's revenue control limit in future years, if the budget increase is
20 authorized for more than one year. If the additional increase:

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

23 2. Is for five years or more, the proposed increase is equal to the
24 initial proposed percentage increase in the following years of the proposed
25 increase, except that in the next to last year it is two-thirds of the
26 initial proposed percentage increase and it is one-third of the initial
27 proposed percentage increase in the last year of the proposed increase.

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

1 for which it was authorized. The maximum additional increase authorized as
2 provided in subsection I or J of this section and the additional increase
3 that is included in the aggregate budget limit is based on a percentage of a
4 school district's revenue control limit in future years, if the budget
5 increase is authorized for more than one year. If the additional increase:

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

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

13 R. If the voters in a school district vote to adopt a budget in excess
14 of the capital outlay revenue limit as provided in subsection L of this
15 section, any additional increase shall be included in the aggregate budget
16 limit for each of the years authorized. The additional increase shall be
17 excluded from the determination of equalization assistance. The school
18 district governing board, however, may levy on the assessed valuation used
19 for secondary property tax purposes of the property in the school district
20 the additional increase for the period authorized but not to exceed ten
21 years. For overrides approved by a vote of the qualified electors of the
22 school district at an election held from and after October 31, 1998, the
23 period of the additional increase prescribed in this subsection shall not
24 exceed seven years for any capital override election.

25 S. If the voters in a school district vote to adopt a budget in excess
26 of the capital outlay revenue limit as provided in subsection M of this
27 section, any additional increase shall be included in the aggregate budget
28 limit for each of the years authorized. The additional increase shall be
29 excluded from the determination of equalization assistance. The school
30 district governing board may only use revenues derived from the school
31 district's prior year's maintenance and operation fund ending cash balance
32 and capital outlay fund ending cash balance to fund the additional increase
33 for the period authorized but not to exceed ten years. For overrides
34 approved by a vote of the qualified electors of the school district at an
35 election held from and after October 31, 1998, the period of the additional
36 increase prescribed in this subsection shall not exceed seven years for any
37 capital override election.

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

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

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

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

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

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

13 _____ school district is proposing to increase its
14 budget by \$_____ to fund capital improvements over and above
15 those funded by the state. Under the students first capital
16 funding system, _____ school district is entitled to state
17 monies for building renewal, new construction and renovation of
18 school buildings in accordance with state law.

19 2. The ballot shall contain the words "budget increase, yes" and
20 "budget increase, no", and the voter shall signify the voter's desired
21 choice.

22 3. At least eighty-five days before the election, the school district
23 shall submit proposed ballot language to the director of the Arizona
24 legislative council. The director of the Arizona legislative council shall
25 review the proposed ballot language to determine whether the proposed ballot
26 language complies with this section. If the director of the Arizona
27 legislative council determines that the proposed ballot language does not
28 comply with this section, the director, within ten calendar days of the
29 receipt of the proposed ballot language, shall notify the school district of
30 the director's objections and the school district shall resubmit revised
31 ballot language to the director for approval.

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

38 Y. Each school district that currently increases its budget pursuant
39 to subsection L or M of this section is required to hold a public meeting
40 each year between September 1 and October 31 at which an update of the
41 progress of capital improvements financed through the override is discussed
42 and at which the public is permitted an opportunity to comment. At a
43 minimum, the update shall include a comparison of the current status and the
44 original projections on the construction of capital improvements, the costs
45 of capital improvements and the costs of capital improvements in progress or
46 completed since the prior meeting and the future capital plans of the school
47 district. The school district shall include in the public meeting a

1 discussion of the school district's use of state capital aid and
2 voter-approved bonding in funding capital improvements, if any.

3 Z. If a budget in excess of the capital outlay revenue limit was
4 previously adopted by the voters in a school district and will be in effect
5 for the budget year or budget year and subsequent years, as provided in
6 subsection L or M of this section, the governing board may request an
7 additional budget in excess of the capital outlay revenue limit. If the
8 voters in a school district authorize the additional budget in excess of the
9 capital outlay revenue limit, the existing capital outlay revenue limit
10 budget increase remains in effect.

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

14 BB. IF THE ELECTION IS TO CONTINUE TO EXCEED THE REVENUE CONTROL LIMIT
15 AND IF THE PROPOSED OVERRIDE WILL BE FULLY FUNDED BY A CONTINUATION OF A LEVY
16 OF TAXES ON THE TAXABLE PROPERTY IN THE SCHOOL DISTRICT, THE BALLOT SHALL
17 CONTAIN THE WORDS "BUDGET OVERRIDE CONTINUATION, YES" AND "BUDGET OVERRIDE
18 CONTINUATION, NO", AND THE VOTER SHALL SIGNIFY THE VOTER'S DESIRED CHOICE.
19 THE BALLOT SHALL ALSO CONTAIN THE AMOUNT OF THE PROPOSED CONTINUATION OF THE
20 BUDGET INCREASE OF THE PROPOSED BUDGET OVER THE ALTERNATE BUDGET, A STATEMENT
21 THAT THE AMOUNT OF THE PROPOSED INCREASE WILL BE BASED ON A PERCENTAGE OF THE
22 SCHOOL DISTRICT'S REVENUE CONTROL LIMIT IN FUTURE YEARS, IF APPLICABLE, AS
23 PROVIDED IN SUBSECTION P OF THIS SECTION AND THE FOLLOWING STATEMENT:

24 ANY BUDGET INCREASE CONTINUATION AUTHORIZED BY THIS
25 ELECTION SHALL BE ENTIRELY FUNDED BY A LEVY OF TAXES ON THE
26 TAXABLE PROPERTY IN THIS SCHOOL DISTRICT FOR THE YEAR FOR WHICH
27 ADOPTED AND FOR ____ SUBSEQUENT YEARS, SHALL NOT BE REALIZED FROM
28 MONIES FURNISHED BY THE STATE AND SHALL NOT BE SUBJECT TO THE
29 LIMITATION ON TAXES SPECIFIED IN ARTICLE IX, SECTION 18,
30 CONSTITUTION OF ARIZONA. BASED ON AN ESTIMATE OF ASSESSED
31 VALUATION USED FOR SECONDARY PROPERTY TAX PURPOSES, TO FUND THE
32 PROPOSED CONTINUATION OF THE INCREASE IN THE SCHOOL DISTRICT'S
33 BUDGET WOULD REQUIRE AN ESTIMATED CONTINUATION OF A TAX RATE OF
34 _____ DOLLAR PER ONE HUNDRED DOLLARS OF ASSESSED
35 VALUATION USED FOR SECONDARY PROPERTY TAX PURPOSES AND IS IN
36 ADDITION TO THE SCHOOL DISTRICT'S TAX RATE THAT WILL BE LEVIED TO
37 FUND THE SCHOOL DISTRICT'S REVENUE CONTROL LIMIT ALLOWED BY LAW.

38 CC. IF THE ELECTION IS TO CONTINUE TO EXCEED THE REVENUE CONTROL LIMIT
39 AS PROVIDED IN SECTION 15-482 AND IF THE PROPOSED OVERRIDE WILL BE FULLY
40 FUNDED BY A CONTINUATION OF A LEVY OF TAXES ON THE TAXABLE PROPERTY IN THE
41 SCHOOL DISTRICT, THE BALLOT SHALL CONTAIN THE WORDS "BUDGET OVERRIDE
42 CONTINUATION, YES" AND "BUDGET OVERRIDE CONTINUATION, NO", AND THE VOTER
43 SHALL SIGNIFY THE VOTER'S DESIRED CHOICE. THE BALLOT SHALL ALSO CONTAIN THE
44 AMOUNT OF THE PROPOSED CONTINUATION OF THE BUDGET INCREASE OF THE PROPOSED
45 BUDGET OVER THE ALTERNATE BUDGET, A STATEMENT THAT THE AMOUNT OF THE PROPOSED
46 INCREASE WILL BE BASED ON A PERCENTAGE OF THE SCHOOL DISTRICT'S REVENUE
47 CONTROL LIMIT IN FUTURE YEARS, IF APPLICABLE, AS PROVIDED IN SUBSECTION P OF
48 THIS SECTION AND THE FOLLOWING STATEMENT:

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

15 Sec. 4. Repeal

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

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

20 15-504. Contract days for professional association activities;
21 prohibition

22 SCHOOL DISTRICT EMPLOYMENT CONTRACTS SHALL NOT INCLUDE COMPENSATED DAYS
23 FOR PROFESSIONAL ASSOCIATION ACTIVITIES. FOR THE PURPOSES OF THIS SECTION,
24 PROFESSIONAL ASSOCIATION ACTIVITIES DO NOT INCLUDE CONDUCT THAT OCCURS DURING
25 A FIELD TRIP FOR PUPILS.

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

29 15-544. Limitations on reduction of salaries or personnel

30 A. A governing board may reduce salaries or eliminate certificated
31 teachers in a school district in order to effectuate economies in the
32 operation of the district or to improve the efficient conduct and
33 administration of the schools of the school district, ~~but no reduction in the~~
34 ~~salary of a certificated teacher who has been employed by the school district~~
35 ~~for more than the major portion of three consecutive school years shall be~~
36 ~~made except in accordance with a general salary reduction in the school~~
37 ~~district by which the teacher is employed, and in such case the reduction~~
38 ~~shall be applied equitably among all such teachers.~~

39 B. Notice of a general salary reduction shall be given each
40 certificated teacher affected.

41 ~~C. A certificated teacher dismissed for reasons of economy or to~~
42 ~~improve the efficient conduct and administration of the schools of the school~~
43 ~~district shall have a preferred right of reappointment in the order of~~
44 ~~original employment by the governing board in the event of an increase in the~~
45 ~~number of certificated teachers or the reestablishment of services within a~~
46 ~~period of three years.~~

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

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

4 15-808. Arizona online instruction; reports; definitions

5 A. Arizona online instruction shall be instituted to meet the needs of
6 pupils in the information age. The state board of education shall select
7 traditional public schools ~~to be online course providers~~ and the state board
8 for charter schools shall sponsor ~~selected~~ charter schools to be online
9 course providers or online schools. **THE STATE BOARD OF EDUCATION AND THE**
10 **STATE BOARD FOR CHARTER SCHOOLS SHALL JOINTLY DEVELOP STANDARDS FOR THE**
11 **APPROVAL OF ONLINE COURSE PROVIDERS AND ONLINE SCHOOLS** based on the following
12 criteria:

13 1. The depth and breadth of curriculum choices.

14 2. The variety of educational methodologies employed by the school and
15 the means of addressing the unique needs and learning styles of targeted
16 pupil populations, including computer assisted learning systems, virtual
17 classrooms, virtual laboratories, electronic field trips, electronic mail,
18 virtual tutoring, online help desk, group chat sessions and noncomputer based
19 activities performed under the direction of a certificated teacher.

20 3. The availability of an intranet or private network to safeguard
21 pupils against predatory and pornographic elements of the internet.

22 4. The availability of filtered research access to the internet.

23 5. The availability of private individual electronic mail between
24 pupils, teachers, administrators and parents in order to protect the
25 confidentiality of pupil records and information.

26 6. The availability of faculty members who are experienced with
27 computer networks, the internet and computer animation.

28 7. The extent to which the school intends to develop partnerships with
29 universities, community colleges and private businesses.

30 8. The services offered to developmentally disabled populations.

31 9. The grade levels that will be served.

32 B. Each new school that provides online instruction shall provide
33 online instruction on a probationary status. After a new school that
34 provides online instruction has clearly demonstrated the academic integrity
35 of its instruction through the actual improvement of the academic performance
36 of its students, the school may apply to be removed from probationary status.
37 The state board of education or the state board for charter schools shall
38 remove from Arizona online instruction any probationary school that fails to
39 clearly demonstrate improvement in academic performance within three years
40 measured against goals in the approved application and the state's
41 accountability system. The state board of education and the state board for
42 charter schools shall review the effectiveness of each participating school
43 and other information pursuant to subsection C of this section. All pupils
44 who participate in Arizona online instruction shall reside in this state.
45 Pupils who participate in Arizona online instruction are subject to the
46 testing requirements prescribed in chapter 7, article 3 of this title. Upon
47 enrollment, the school shall notify the parents or guardians of the pupil of
48 the state testing requirements. If a pupil fails to comply with the testing

1 requirements and the school administers the tests pursuant to this subsection
2 to less than ninety-five per cent of the pupils in Arizona online
3 instruction, the pupil shall not be allowed to participate in Arizona online
4 instruction.

5 C. Beginning July 1, 2010, the state board of education and the state
6 board for charter schools shall develop annual reporting mechanisms for
7 schools that participate in Arizona online instruction.

8 D. The department of education shall compile the information submitted
9 in the annual reports by schools participating in Arizona online instruction.
10 The department of education shall submit the compiled report to the governor,
11 the speaker of the house of representatives and the president of the senate
12 by November 15 of each year.

13 E. Each school selected for Arizona online instruction shall ensure
14 that a daily log is maintained for each pupil who participates in Arizona
15 online instruction. The daily log shall describe the amount of time spent by
16 each pupil participating in Arizona online instruction pursuant to this
17 section on academic tasks. The daily log shall be used by the school
18 district or charter school to qualify the pupils who participate in Arizona
19 online instruction in the school's average daily attendance calculations
20 pursuant to section 15-901.

21 F. If a pupil is enrolled in a school district or charter school and
22 also participates in Arizona online instruction, the sum of the average daily
23 membership, which includes enrollment as prescribed in section 15-901,
24 subsection A, paragraph 2, subdivisions (a) and (b) and daily attendance as
25 prescribed in section 15-901, subsection A, paragraph 6, for that pupil in
26 the school district or charter school and in Arizona online instruction shall
27 not exceed 1.0. If the pupil is enrolled in a school district or a charter
28 school and also participates in Arizona online instruction and the sum of the
29 daily membership or daily attendance for that pupil is greater than 1.0, the
30 sum shall be reduced to 1.0 and shall be apportioned between the school
31 district or charter school and Arizona online instruction based on the
32 percentage of total time that the pupil is enrolled or in attendance in the
33 school district or charter school and Arizona online instruction. The
34 uniform system of financial records shall include guidelines for the
35 apportionment of the pupil enrollment and attendance as provided in this
36 subsection. Pupils in Arizona online instruction do not incur absences for
37 purposes of section 15-901 and may generate an average daily ~~membership~~
38 ATTENDANCE of 1.0 for attendance hours during any hour of the day, during any
39 day of the week and at any time between July 1 and June 30 of each fiscal
40 year. FOR KINDERGARTEN PROGRAMS AND GRADES ONE THROUGH EIGHT, AVERAGE DAILY
41 MEMBERSHIP SHALL BE CALCULATED BY DIVIDING THE INSTRUCTIONAL HOURS AS
42 REPORTED IN THE DAILY LOG REQUIRED IN SUBSECTION E OF THIS SECTION BY THE
43 APPLICABLE HOURLY REQUIREMENTS PRESCRIBED IN SECTION 15-901. FOR GRADES NINE
44 THROUGH TWELVE, average daily membership shall be calculated by dividing the
45 instructional hours as reported in the daily log required in subsection E of
46 this section by ~~the applicable hourly requirements prescribed in section~~
47 ~~15-901 and~~ BY NINE HUNDRED. THE AVERAGE DAILY MEMBERSHIP OF A PUPIL WHO
48 PARTICIPATES IN ONLINE INSTRUCTION shall not exceed 1.0. AVERAGE DAILY

1 MEMBERSHIP SHALL NOT BE CALCULATED ON THE ONE HUNDREDTH DAY OF INSTRUCTION
2 FOR THE PURPOSES OF THIS SECTION. Funding shall be determined as follows:

3 1. Pupils who are enrolled full-time in Arizona online instruction
4 shall be funded for online instruction at ninety-five per cent of the ~~basic~~
5 ~~state-aid~~ BASE SUPPORT LEVEL that would be calculated for that pupil if that
6 pupil were enrolled as a full-time student in a school district or charter
7 school ~~for the equivalent of six hours each day for one hundred eighty school~~
8 ~~days. Average daily membership shall not be calculated on the one hundredth~~
9 ~~day of instruction for purposes of this section~~ THAT DOES NOT PARTICIPATE IN
10 ARIZONA ONLINE INSTRUCTION. ADDITIONAL ASSISTANCE, THE CAPITAL OUTLAY
11 REVENUE LIMIT AND THE SOFT CAPITAL ALLOCATION LIMIT SHALL BE CALCULATED IN
12 THE SAME MANNER THEY WOULD BE CALCULATED IF THE STUDENT WERE ENROLLED IN A
13 DISTRICT OR CHARTER SCHOOL THAT DOES NOT PARTICIPATE IN ARIZONA ONLINE
14 INSTRUCTION. A PUPIL ENROLLED IN ARIZONA ONLINE INSTRUCTION SHALL BE
15 CONSIDERED FULL-TIME IF THE PUPIL'S AVERAGE INSTRUCTIONAL HOURS, AS REPORTED
16 IN THE DAILY LOG REQUIRED IN SUBSECTION E OF THIS SECTION, EXCEED ONE HUNDRED
17 NINETEEN MINUTES FOR KINDERGARTEN PROGRAMS, TWO HUNDRED THIRTY-EIGHT MINUTES
18 FOR GRADES ONE THROUGH THREE, TWO HUNDRED NINETY-SEVEN MINUTES FOR GRADES
19 FOUR THROUGH SIX, THREE HUNDRED FIFTY-SIX MINUTES FOR GRADES SEVEN AND EIGHT
20 AND THREE HUNDRED MINUTES FOR GRADES NINE THROUGH TWELVE.

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

37 G. If the academic achievement of a pupil declines while the pupil is
38 participating in Arizona online instruction, the pupil's parents, the pupil's
39 teachers and the principal or head teacher of the school shall confer to
40 evaluate whether the pupil should be allowed to continue to participate in
41 Arizona online instruction.

42 H. To ensure the academic integrity of pupils who participate in
43 Arizona online instruction, Arizona online instruction shall include multiple
44 diverse assessment measures and the proctored administration of required
45 state standardized tests.

46 I. For the purposes of this section:

47 1. ~~"Enrolled full-time" means:~~

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

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

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

10 ~~(a) A pupil in a kindergarten program or grades one through six who~~
11 ~~qualifies as a fractional student as defined in section 15-901 and who is~~
12 ~~enrolled in any combination of online instruction, a school in a school~~
13 ~~district or a charter school, except that enrollment hours shall be~~
14 ~~determined for the equivalent of at least six hours each day for one hundred~~
15 ~~eighty school days.~~

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

21 ~~4. 1. "Online course provider" means a school other than an online~~
22 ~~school that is selected by the state board of education or the state board~~
23 ~~for charter schools to participate in Arizona online instruction pursuant to~~
24 ~~this section and that provides at least one online academic course that is~~
25 ~~approved by the state board of education.~~

26 ~~3. 2. "Online school" means a charter school that is sponsored by the~~
27 ~~state board for charter schools, that is selected by the state board for~~
28 ~~charter schools to participate in Arizona online instruction and~~ A SCHOOL
29 that provides at least four online academic courses or one or more online
30 courses for the equivalent of at least ~~six~~ FIVE hours each day for one
31 hundred eighty school days AND THAT IS A CHARTER SCHOOL THAT IS SPONSORED BY
32 THE STATE BOARD FOR CHARTER SCHOOLS OR A TRADITIONAL PUBLIC SCHOOL THAT IS
33 SELECTED BY THE STATE BOARD OF EDUCATION TO PARTICIPATE IN ARIZONA ONLINE
34 INSTRUCTION.

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

38 15-821. Admission of children; required age

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

45 B. If a preschool program for children with disabilities is
46 maintained, a child is eligible for admission as prescribed in section
47 15-771.

1 C. If a kindergarten program is maintained, a child is eligible for
2 admission to kindergarten if the child is five years of age. A child is
3 deemed five years of age if the child reaches the age of five before
4 September 1 of the current school year. If a child who has not reached the
5 age of five before September 1 of the current school year is admitted to
6 kindergarten and is then readmitted to kindergarten in the following school
7 year, a school district or charter school is not eligible to receive basic
8 state aid on behalf of that child during the child's second year of
9 kindergarten. **A SCHOOL DISTRICT OR CHARTER SCHOOL MAY CHARGE TUITION FOR ANY
10 CHILD WHO IS INELIGIBLE FOR BASIC STATE AID PURSUANT TO THIS SUBSECTION.** A
11 child is eligible for admission to first grade if the child is six years of
12 age. A child is deemed six years of age if the child reaches the age of six
13 before September 1 of the current school year. The governing board may admit
14 children who have not reached the required age as prescribed by this
15 subsection if it is determined to be in the best interest of the children.
16 For children entering the first grade, such determination shall be based upon
17 one or more consultations with the parent, parents, guardian or guardians,
18 the children, the teacher and the school principal. Such children must reach
19 the required age of five for kindergarten and six for first grade by January
20 1 of the current school year.

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

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

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

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

42 **15-901. Definitions**

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

44 1. "Average daily attendance" or "ADA" means actual average daily
45 attendance through the first one hundred days or two hundred days in session,
46 as applicable.

47 2. "Average daily membership" means the total enrollment of fractional
48 students and full-time students, minus withdrawals, of each school day

1 through the first one hundred days or two hundred days in session, as
2 applicable, for the current year. Withdrawals include students formally
3 withdrawn from schools and students absent for ten consecutive school days,
4 except for excused absences as identified by the department of education.
5 For computation purposes, the effective date of withdrawal shall be
6 retroactive to the last day of actual attendance of the student.

7 (a) "Fractional student" means:

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

34 (ii) For high schools, a part-time student who is enrolled in less
35 than four subjects that count toward graduation as defined by the state board
36 of education in a recognized high school and who is taught in less than
37 twenty instructional hours per week prorated for any week with fewer than
38 five school days. A part-time high school student shall be counted as
39 one-fourth, one-half or three-fourths of a full-time student if the student
40 is enrolled in an instructional program that is at least one-fourth, one-half
41 or three-fourths of a full-time instructional program as defined in
42 subdivision (c) of this paragraph.

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

44 (i) For common schools, a student who is at least six years of age
45 prior to January 1 of a school year, who has not graduated from the highest
46 grade taught in the school district and who is regularly enrolled in a course
47 of study required by the state board of education. Until fiscal year
48 2001-2002, first, second and third grade students, ungraded students at least

1 six, but under nine, years of age by September 1 or ungraded group B children
2 with disabilities who are at least five, but under six, years of age by
3 September 1 must be enrolled in an instructional program that meets for a
4 total of at least six hundred ninety-two hours during the minimum number of
5 days required in a school year as provided in section 15-341. In fiscal year
6 2001-2002, the program shall meet at least six hundred ninety-six hours. In
7 fiscal year 2002-2003, the program shall meet at least seven hundred hours.
8 In fiscal year 2003-2004, the program shall meet at least seven hundred four
9 hours. In fiscal year 2004-2005, the program shall meet at least seven
10 hundred eight hours. In fiscal year 2005-2006 and in each fiscal year
11 thereafter, the program shall meet at least seven hundred twelve hours.
12 Until fiscal year 2001-2002, fourth, fifth and sixth grade students or
13 ungraded students at least nine, but under twelve, years of age by September
14 1 must be enrolled in an instructional program that meets for a total of at
15 least eight hundred sixty-five hours during the minimum number of school days
16 required in a school year as provided in section 15-341. In fiscal year
17 2001-2002, the program shall meet at least eight hundred seventy hours. In
18 fiscal year 2002-2003, the program shall meet at least eight hundred
19 seventy-five hours. In fiscal year 2003-2004, the program shall meet at
20 least eight hundred eighty hours. In fiscal year 2004-2005, the program
21 shall meet at least eight hundred eighty-five hours. In fiscal year
22 2005-2006 and each fiscal year thereafter, the program shall meet at least
23 eight hundred ninety hours. Until fiscal year 2001-2002, seventh and eighth
24 grade students or ungraded students at least twelve, but under fourteen,
25 years of age by September 1 must be enrolled in an instructional program that
26 meets for a total of at least one thousand thirty-eight hours during the
27 minimum number of days required in a school year as provided in section
28 15-341. In fiscal year 2001-2002, the program shall meet at least one
29 thousand forty-four hours. In fiscal year 2002-2003, the program shall meet
30 at least one thousand fifty hours. In fiscal year 2003-2004, the program
31 shall meet at least one thousand fifty-six hours. In fiscal year 2004-2005,
32 the program shall meet at least one thousand sixty-two hours. In fiscal year
33 2005-2006 and each fiscal year thereafter, the program shall meet at least
34 one thousand sixty-eight hours. Lunch periods and recess periods may not be
35 included as part of the instructional hours unless the student is a child
36 with a disability and the child's individualized education program requires
37 instruction during those periods and the specific reasons for such
38 instruction are fully documented.

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

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

1 (iv) Except as otherwise provided by law, for any student who is
2 concurrently enrolled in a school district and a charter school, the average
3 daily membership shall be apportioned between the school district and the
4 charter school and shall not exceed 1.0. The apportionment shall be based on
5 the percentage of total time that the student is enrolled in or in attendance
6 at the school district and the charter school.

7 (v) Except as otherwise provided by law, for any student who is
8 concurrently enrolled, pursuant to section 15-808, in a school district and
9 Arizona online instruction or a charter school and Arizona online
10 instruction, the average daily membership shall be apportioned between the
11 school district and Arizona online instruction or the charter school and
12 Arizona online instruction and shall not exceed 1.0. The apportionment shall
13 be based on the percentage of total time that the student is enrolled in or
14 in attendance at the school district and Arizona online instruction or the
15 charter school and Arizona online instruction.

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

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

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

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

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

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

47 (v) For fiscal year 2004-2005, an instructional program that meets at
48 least a total of seven hundred sixteen hours during the minimum number of

1 days required and includes at least four subjects each of which, if taught
2 each school day for the minimum number of days required in a school year,
3 would meet a minimum of one hundred twenty-three hours a year, or the
4 equivalent, or one or more subjects taught in amounts of time totaling at
5 least twenty hours per week prorated for any week with fewer than five school
6 days.

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

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

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

20 5. "Current year" means the fiscal year in which a school district is
21 operating.

22 6. "Daily attendance" means:

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

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

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

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

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

47 (b) For common schools, the attendance of a pupil at three-quarters or
48 less of the instructional time scheduled for the day shall be counted as

1 follows, except as provided in section 15-797 and except that attendance for
2 a fractional student shall not exceed the pupil's fractional membership:

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

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

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

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

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

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

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

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

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

47 (b) The total number of miles driven daily on routes approved by the
48 superintendent of public instruction for which a private party, a political

1 subdivision or a common or a contract carrier is reimbursed for bringing an
2 eligible student from the place of his residence to a school transportation
3 pickup point or to the school of attendance and from the school
4 transportation scheduled return point or from the school of attendance to his
5 residence. Daily route mileage includes the total number of miles necessary
6 to drive to transport eligible students from and to their residence as
7 provided in this paragraph.

8 8. "District support level" means the base support level plus the
9 transportation support level.

10 9. "Eligible students" means:

11 (a) Students who are transported by or for a school district and who
12 qualify as full-time students or fractional students, except students for
13 whom transportation is paid by another school district or a county school
14 superintendent, and:

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

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

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

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

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

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

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

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

6 13. "Revenue control limit" means the base revenue control limit plus
7 the transportation revenue control limit.

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

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

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

16 17. "Total students transported" means all eligible students
17 transported from their place of residence to a school transportation pickup
18 point or to the school of attendance and from the school of attendance or
19 from the school transportation scheduled return point to their place of
20 residence.

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

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

25 1. "Base" means the revenue level per student count specified by the
26 legislature.

27 2. "Base level" means:

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

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

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

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

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

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

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

46 7. "ED-P" means programs for children with emotional disabilities who
47 are enrolled in private special education programs as prescribed in section

1 15-765, subsection D, paragraph 1 or in an intensive school district program
2 as provided in section 15-765, subsection D, paragraph 2.

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

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

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

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

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

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

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

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

46 14. "K" means kindergarten programs.

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

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

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

5 18. "MDSSI" means a program for pupils with multiple disabilities with
6 severe sensory impairment.

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

8 20. "OI-R" means a resource program for pupils with orthopedic
9 impairments.

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

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

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

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

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

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

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

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

30 26. "Small school district" means a school district which meets all of
31 the following:

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

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

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

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

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

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

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

46 Sec. 10. Repeal

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

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

4 15-973. Apportionment of funds; expenditure limitation

5 A. The state board of education shall apportion state aid from
6 appropriations made for such purpose to the several counties on the basis of
7 state aid entitlement for the school districts in each county. No allowance
8 shall be made for nonresident alien children nor for wards of the United
9 States for whom tuition is paid, but attendance of a student in a school of a
10 county adjoining the county of his residence outside the state under a
11 certificate of educational convenience as provided by section 15-825 shall be
12 deemed to be enrollment in the school of the county or school district of his
13 residence.

14 B. Apportionments shall be made as follows:

15 1. By the close of business on ~~THE FIRST DAY OF BUSINESS OF~~ August ~~1~~,
16 one-twelfth of the total amount to be apportioned during the fiscal year.

17 2. By the close of business on ~~THE FIRST DAY OF BUSINESS OF~~ September
18 ~~1~~, one-twelfth of the total amount to be apportioned during the fiscal year.

19 3. By the close of business on ~~THE FIRST DAY OF BUSINESS OF~~ October
20 ~~1~~, one-twelfth of the total amount to be apportioned during the fiscal year.

21 4. By the close of business on ~~THE FIRST DAY OF BUSINESS OF~~ November
22 ~~1~~, one-twelfth of the total amount to be apportioned during the fiscal year.

23 5. By the close of business on ~~THE FIRST DAY OF BUSINESS OF~~ December
24 ~~1~~, one-twelfth of the total amount to be apportioned during the fiscal year.

25 6. By the close of business on ~~THE FIRST DAY OF BUSINESS OF~~ January
26 ~~1~~, one-twelfth of the total amount to be apportioned during the fiscal year.

27 7. By the close of business on ~~THE FIRST DAY OF BUSINESS OF~~ February
28 ~~1~~, one-twelfth of the total amount to be apportioned during the fiscal year.

29 8. By the close of business on ~~THE FIRST DAY OF BUSINESS OF~~ March ~~1~~,
30 one-twelfth of the total amount to be apportioned during the fiscal year.

31 9. By the close of business on ~~THE FIRST DAY OF BUSINESS OF~~ April ~~1~~,
32 one-twelfth of the total amount to be apportioned during the fiscal year.

33 10. By the close of business on ~~THE FIRST DAY OF BUSINESS OF~~ May ~~1~~,
34 one-twelfth of the total amount to be apportioned during the fiscal year.

35 11. By the close of business on ~~THE FIRST DAY OF BUSINESS OF~~ June ~~1~~,
36 one-twelfth of the total amount to be apportioned during the fiscal year.

37 12. By the close of business on ~~THE LAST DAY OF BUSINESS OF~~ June ~~30~~,
38 one-twelfth of the total amount to be apportioned during the fiscal year.

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

47 C. Notwithstanding subsection B of this section, if sufficient
48 appropriated funds are available and on a showing by a school district that

1 additional state monies are necessary for current expenses, an apportionment
2 or part of an apportionment of state aid may be paid to the school district
3 prior to the date set for such apportionment by subsection B of this section.
4 After the first forty days in session of the current year, a school district
5 may request additional state monies to fund the increased state aid due to
6 anticipated student growth through the first one hundred days or two hundred
7 days in session, as applicable, of the current year as provided in section
8 15-948. In no event shall a school district have received more than
9 three-fourths of its total apportionment before April 30 of the fiscal year.
10 Early payments pursuant to this subsection must be approved by the state
11 treasurer, the director of the department of administration and the
12 superintendent of public instruction.

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

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

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

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

26 (b) The amount computed as follows:

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

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

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

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

35 3. The reduction in state aid shall be made from equalization
36 assistance as prescribed in section 15-971 or from additional state aid as
37 prescribed in section 15-972 during the fiscal year following the fiscal year
38 in which the monies are received. The superintendent of public instruction
39 shall make additional adjustments in state aid for allowable deductions which
40 were not made in any previous fiscal year which is not more than five years
41 earlier than the year in which the adjustments are made. The superintendent
42 of public instruction shall give the school district prior notice of the
43 intention to make the additional adjustments and may distribute the
44 adjustments over more than one year after considering the effects of the
45 adjustments on the school district.

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

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

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

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

27 15-977. Classroom site fund; definitions

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

1 included in the allowable budget balance carryforward calculated pursuant to
2 section 15-943.01.

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

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

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

23 D. A performance based compensation system shall include teacher
24 professional development programs that are aligned with the elements of the
25 performance based compensation system.

26 E. A school district governing board may modify the elements contained
27 in subsection C of this section and consider additional elements when
28 adopting a performance based compensation system. A school district
29 governing board shall adopt any modifications or additional elements and
30 specify the criteria used at a public hearing.

31 F. Until December 31, 2009, each school district shall develop an
32 assessment plan for its performance based compensation system and submit the
33 plan to the department of education by December 31 of each year. A copy of
34 the performance based compensation system and assessment plan adopted by the
35 school district governing board shall be included in the report submitted to
36 the department of education.

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

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

46 2. The allocation to each charter school and school district for a
47 fiscal year shall equal the per pupil amount established in paragraph 1 of
48 this subsection for the fiscal year multiplied by the weighted student count

1 for the school district or charter school for the fiscal year pursuant to
2 section 15-943, paragraph 2, subdivision (a). For the purposes of this
3 paragraph, the weighted student count for a school district that serves as
4 the district of attendance for nonresident pupils shall be increased to
5 include nonresident pupils who attend school in the school district.

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

- 11 (a) FOR STAGE ONE, ONE PER CENT.
- 12 (b) FOR STAGE TWO, TWO PER CENT.
- 13 (c) FOR STAGE THREE, THREE PER CENT.
- 14 (d) FOR STAGE FOUR, FOUR PER CENT.
- 15 (e) FOR STAGE FIVE, FIVE PER CENT.
- 16 (f) FOR STAGE SIX, FIVE AND ONE-HALF PER CENT BY JUNE 30, 2018.

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

- 19 1. Class size reduction.
- 20 2. Teacher compensation increases.
- 21 3. AIMS intervention programs.
- 22 4. Teacher development.
- 23 5. Dropout prevention programs.
- 24 6. Teacher liability insurance premiums.

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

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

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

1 collections are insufficient to meet the estimated allocations to school
2 districts and charter schools pursuant to subsection G of this section.

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

13 M. Each school district and charter school, including school districts
14 that unify pursuant to section 15-448 or consolidate pursuant to section
15 15-459, shall establish a local level classroom site fund to receive
16 allocations from the state level classroom site fund. The local level
17 classroom site fund shall be a budgetary controlled account. Interest
18 charges for any registered warrants for the local level classroom site fund
19 shall be a charge against the local level classroom site fund. Interest
20 earned on monies in the local level classroom site fund shall be added to the
21 local level classroom site fund as provided in section 15-978. In no event
22 shall this state be required to make payments to a school district or charter
23 school local level classroom site fund that are in addition to monies
24 transferred to the state level classroom site fund pursuant to section
25 37-521, subsection B and section 42-5029, subsection E, paragraph 10.

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

31 O. IF A SCHOOL DISTRICT IS APPROVED FOR A CAREER LADDER PROGRAM
32 PURSUANT TO SECTION 15-918.04 OR AN OPTIONAL PERFORMANCE INCENTIVE PROGRAM
33 PURSUANT TO SECTION 15-919, THE SCHOOL DISTRICT MAY CONTINUE TO PARTICIPATE
34 IN THOSE PROGRAMS OR MAY CHOOSE TO RECEIVE ADDITIONAL TEACHER PERFORMANCE PAY
35 MONIES PURSUANT TO SUBSECTION G, PARAGRAPH 3 OF THIS SECTION. IF A SCHOOL
36 DISTRICT CHOOSES TO RECEIVE MONIES PURSUANT TO SUBSECTION G, PARAGRAPH 3 OF
37 THIS SECTION, THE SCHOOL DISTRICT SHALL REDUCE THE AMOUNT OF FUNDING FOR ITS
38 CAREER LADDER PROGRAM OR OPTIONAL PERFORMANCE INCENTIVE PROGRAM, AS
39 APPLICABLE, IN AN AMOUNT THAT IS EQUAL TO THE AMOUNT APPROPRIATED BY THE
40 LEGISLATURE FOR THE APPLICABLE STAGE SPECIFIED IN SUBSECTION G, PARAGRAPH 3
41 OF THIS SECTION. IF A SCHOOL DISTRICT IS APPROVED FOR A CAREER LADDER
42 PROGRAM PURSUANT TO SECTION 15-918.04 OR AN OPTIONAL PERFORMANCE INCENTIVE
43 PROGRAM PURSUANT TO SECTION 15-919 AND THAT SCHOOL DISTRICT CHOOSES TO
44 RECEIVE MONIES FOR STAGE ONE PURSUANT TO SUBSECTION G, PARAGRAPH 3 OF THIS
45 SECTION, THE SCHOOL DISTRICT SHALL CONTINUE TO RECEIVE FUNDING THROUGH THE
46 REMAINING STAGES SPECIFIED IN SUBSECTION G, PARAGRAPH 3 OF THIS SECTION,
47 SUBJECT TO LEGISLATIVE APPROPRIATION. A SCHOOL DISTRICT THAT IS SUBJECT TO
48 THIS SUBSECTION SHALL NOTIFY THE DEPARTMENT OF EDUCATION OF THE SCHOOL

1 DISTRICT'S INTENTION TO RECEIVE MONIES PURSUANT TO SUBSECTION G, PARAGRAPH 3
2 OF THIS SECTION NO LATER THAN JULY 1 OF THE FISCAL YEAR THAT STAGE ONE MONIES
3 ARE APPROPRIATED.

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

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

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

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

16 15-1021. Limitation on bonded indebtedness; limitation on
17 authorization and issuance of bonds

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

25 B. From and after December 31, 1998, a school district may issue class
26 B bonds for the purposes specified in this section and chapter 4, article 5
27 of this title to an amount in the aggregate, including the existing class B
28 indebtedness, not exceeding five per cent of the taxable property used for
29 secondary property tax purposes, as determined pursuant to title 42, chapter
30 15, article 1, within a school district as ascertained by the last assessment
31 of state and county taxes previous to issuing the bonds, or one thousand five
32 hundred dollars per student count as determined pursuant to section 15-902,
33 whichever amount is greater. A school district shall not issue class B bonds
34 until the proceeds of any class A bonds issued by the school district have
35 been obligated in contract. The total amount of class A and class B bonds
36 issued by a school district shall not exceed the debt limitations prescribed
37 in article IX, section 8, Constitution of Arizona.

38 C. Until December 31, 1999, a unified school district, as defined
39 under article IX, section 8.1, Constitution of Arizona, may issue class A
40 bonds for the purposes specified in this section and chapter 4, article 5 of
41 this title to an amount in the aggregate, including the existing
42 indebtedness, not exceeding thirty per cent of the taxable property used for
43 secondary property tax purposes, as determined pursuant to title 42, chapter
44 15, article 1, within a unified school district as ascertained by the last
45 property tax assessment previous to issuing the bonds.

46 D. From and after December 31, 1998, a unified school district, as
47 defined under article IX, section 8.1, Constitution of Arizona, may issue
48 class B bonds for the purposes specified in this section and chapter 4,

1 article 5 of this title to an amount in the aggregate, including the existing
2 class B indebtedness, not exceeding ten per cent of the taxable property used
3 for secondary tax purposes, as determined pursuant to title 42, chapter 15,
4 article 1, within a school district as ascertained by the last assessment of
5 state and county taxes previous to issuing the bonds, or one thousand five
6 hundred dollars per student count as determined pursuant to section 15-902,
7 whichever amount is greater. A unified school district shall not issue class
8 B bonds until the proceeds of any class A bonds issued by the unified school
9 district have been obligated in contract. The total amount of class A and
10 class B bonds issued by a unified school district shall not exceed the debt
11 limitations prescribed in article IX, section 8.1, Constitution of Arizona.

12 E. No bonds authorized to be issued by an election held after July 1,
13 1980 AND BEFORE THE EFFECTIVE DATE OF THIS AMENDMENT TO THIS SECTION may be
14 issued more than six years after the date of the election, except that class
15 A bonds shall not be issued after December 31, 1999. NO BONDS AUTHORIZED TO
16 BE ISSUED BY AN ELECTION HELD AFTER THE EFFECTIVE DATE OF THIS AMENDMENT TO
17 THIS SECTION MAY BE ISSUED MORE THAN TEN YEARS AFTER THE DATE OF THE
18 ELECTION.

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

23 G. A joint technological education district shall not spend class B
24 bond proceeds to construct or renovate a facility located on the campus of a
25 school in a school district that participates in the joint district unless
26 the facility is only used to provide career and technical education and is
27 available to all pupils who live within the joint technological education
28 district. If the facility is not owned by the joint technological education
29 district, an intergovernmental agreement or a written contract shall be
30 executed for ten years or the duration of the bonded indebtedness, whichever
31 is greater. The intergovernmental agreement or written contract shall
32 include provisions:

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

36 2. That include the process to be used by the participating district
37 to compensate the joint technology education district in the event that the
38 facility is no longer used only for career and technology education programs
39 offered by the joint technological education district during the life of the
40 bond.

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

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

1 trust account may be invested in equity securities at any time. the
2 percentage of investment shall be calculated at cost.

3 H. If applicable, each school district shall submit on or before
4 September 1, 2009 to the joint legislative budget committee the most recent
5 actuarial study of the school district's existing other postemployment
6 benefits offered by the school district and any prospective other
7 postemployment benefits contemplated to be offered by the school district,
8 including an analysis of defined contribution plans and defined benefits
9 plans if appropriate and if the defined contribution or defined benefit plans
10 are used to administer any other postemployment benefit. Each time a school
11 district conducts a new actuarial study of the school district's existing or
12 prospective other postemployment benefits, the school district shall submit
13 the new study to the joint legislative budget committee within thirty days of
14 the completion of the study.

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

17 Sec. 15. Laws 2009, chapter 6, section 1, as amended by Senate Bill
18 1187, section 62, forty-ninth legislature, first regular session, as
19 transmitted to the governor, is amended to read:

20 Section 1. Calculation of state aid allocations; school
21 districts

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

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

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

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

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

37 5. Identify for each school district in this state the amount, if any,
38 that is budgeted for budget balances for fiscal year 2009-2010 pursuant to
39 section 15-918.04, subsection C, Arizona Revised Statutes, section 15-919.04,
40 subsection D, Arizona Revised Statutes, section 15-943.01, Arizona Revised
41 Statutes, and section 15-947, subsection D, paragraph 4 and subsection E,
42 paragraph 2, Arizona Revised Statutes.

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

45 7. Subtract for each school district in this state the amount
46 determined in paragraph 6 of this subsection from the amount determined in
47 paragraph 4 of this subsection. If the computed amount is zero or a negative
48 number, use zero.

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

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

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

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

12 12. Divide for each school district in this state the amount determined
13 in paragraph 11 of this subsection by the amount determined in paragraph 9 of
14 this subsection.

15 13. Multiply the quotient determined in paragraph 12 of this subsection
16 by the amount determined in paragraph 7 of this subsection.

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

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

24 16. For each school district in this state except accommodation schools
25 as defined in section 15-101, Arizona Revised Statutes, subtract the amount
26 determined in paragraph 14 of this subsection from the amount determined in
27 paragraph 15 of this subsection. If the computed amount is zero or a
28 negative amount, use zero. For accommodation schools, use the amount
29 identified in paragraph 15 of this subsection. The amount determined
30 pursuant to this paragraph is the amount of the apportionment to the school
31 district or accommodation school.

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

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

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

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

45 C. Notwithstanding any provision of law, for fiscal year 2009-2010, if
46 the governing board of a school district incurred interest expenses for
47 registering warrants in fiscal year 2008-2009 or expects to incur interest
48 expenses for registering warrants in fiscal year 2009-2010 related to basic

1 state aid and additional state aid that was scheduled to be apportioned on
2 May 15, 2009 pursuant to section 15-973, Arizona Revised Statutes, but that
3 was deferred pursuant to legislation enacted into law during May 2009, the
4 governing board may budget an estimated amount for those interest expenses.
5 Any such amount is specifically exempt from the revenue control limit in
6 fiscal year 2009-2010. If the budgeted estimate amount is greater than the
7 amount received pursuant to subsection B of this section, the governing board
8 shall not expend more than the amount received pursuant to subsection B of
9 this section. If the budgeted estimate amount is less than the amount
10 received pursuant to subsection B of this section, the governing board may
11 revise its budget during fiscal year 2009-2010 to include the actual amount
12 received pursuant to subsection B of this section and shall not expend more
13 than the amount received pursuant to subsection B of this section.

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

17 E. The county treasurer and county school superintendent in each
18 county shall provide to the department of education any information that is
19 requested by the department of education to carry out the requirements of
20 this section.

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

23 Sec. 64. Reduction in school district state aid apportionment
24 in fiscal year 2009-2010; appropriations in fiscal
25 year 2010-2011

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

33 B. The sum of \$602,627,700 is appropriated in fiscal year 2010-2011
34 from the state general fund to the state board of education and the
35 superintendent of public instruction for basic state aid and additional state
36 aid entitlement for fiscal year 2010-2011. This appropriation shall be
37 disbursed ~~on~~ AFTER July 1, 2010 BUT NO LATER THAN AUGUST 29, 2010 to the
38 several counties for the school districts in each county in amounts equal to
39 the reductions in apportionment of basic state aid and additional state aid
40 that are required pursuant to subsection A OF THIS SECTION for fiscal year
41 2009-2010.

42 C. The sum of \$886,200 is appropriated in fiscal year 2010-2011 from
43 the state general fund to the state board of education and the superintendent
44 of public instruction for any costs to school districts that may be
45 associated with the reductions in apportionment of basic state aid and
46 additional state aid for fiscal year 2009-2010 that are required pursuant to
47 subsection A OF THIS SECTION. This appropriation shall be disbursed ~~on~~ AFTER
48 July 1, 2010 BUT NO LATER THAN AUGUST 29, 2010 to the several counties for

1 the school districts in each county and shall be allocated based on the per
2 cent of the total \$602,627,700 deferred payment for fiscal year 2009-2010
3 that is attributable to each individual school district.

4 D. Notwithstanding any provision of law, for fiscal year 2010-2011, if
5 the governing board of a school district incurred interest expenses for
6 registering warrants in fiscal year 2009-2010 or expects to incur interest
7 expenses for registering warrants in fiscal year 2010-2011 pursuant to
8 subsection A OF THIS SECTION, the governing board may budget an estimated
9 amount for those interest expenses. Any such amount is specifically exempt
10 from the revenue control limit in fiscal year 2010-2011. If the budgeted
11 estimate amount is greater than the amount received pursuant to subsection C
12 OF THIS SECTION, the governing board shall not expend more than the amount
13 received pursuant to subsection C OF THIS SECTION. If the budgeted estimate
14 amount is less than the amount received pursuant to subsection C OF THIS
15 SECTION, the governing board may revise its budget during fiscal year
16 2010-2011 to include the actual amount received pursuant to subsection C OF
17 THIS SECTION and shall not expend more than the amount received pursuant to
18 subsection C OF THIS SECTION.

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

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

24 Sec. 68. Early graduation scholarship program; funding
25 suspension; temporary moratorium on new program
26 participants

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

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

35 C. Notwithstanding section 15-105, Arizona Revised Statutes, as
36 amended by this act, students who were not admitted before July 1, 2009 to
37 participate in the early graduation scholarship program shall not be admitted
38 to participate in the early graduation scholarship program during fiscal year
39 2009-2010.

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

45 E. FOR FISCAL YEAR 2009-2010, THE COMMISSION FOR POSTSECONDARY
46 EDUCATION MAY SOLICIT, RECEIVE AND ADMINISTER PRIVATE AND CORPORATE
47 DONATIONS, FEDERAL GRANTS AND OTHER FEDERAL MONIES IN SUPPORT OF THE EARLY

1 GRADUATION SCHOLARSHIP PROGRAM. ALL MONIES RECEIVED PURSUANT TO THIS
2 SUBSECTION SHALL BE DEPOSITED IN THE EARLY GRADUATION SCHOLARSHIP FUND.

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

5 Sec. 69. Soft capital reduction for school districts for fiscal
6 year 2009-2010

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

9 1. For fiscal year 2009-2010, the department of education shall reduce
10 by \$175,000,000 the amount of basic state aid that otherwise would be
11 apportioned to school districts statewide for fiscal year 2009-2010 for the
12 soft capital allocation prescribed in section 15-962, Arizona Revised
13 Statutes, and shall reduce school district budget limits accordingly.

14 ~~B.~~ 2. For fiscal year 2009-2010, the department of education shall
15 reduce the soft capital allocation for a school district that is not eligible
16 to receive basic state aid funding for fiscal year 2009-2010 by the amount
17 that its soft capital allocation would be reduced pursuant to ~~subsection A~~
18 ~~PARAGRAPH 1~~ of this section if the district was eligible to receive basic
19 state aid funding for fiscal year 2009-2010 and shall reduce the school
20 district's budget limits accordingly.

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

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

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

35 Sec. 19. Repeal

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

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

40 Sec. 78. Saving clause

41 This act does not affect any special budget overrides pursuant to
42 section 15-482, Arizona Revised Statutes, as amended by this act, that were
43 approved by A MAJORITY OF the qualified electors of a school district VOTING
44 IN THE ELECTION before the effective date of this act. Special budget
45 overrides pursuant to section 15-482, Arizona Revised Statutes, as amended by
46 this act, that were approved by A MAJORITY OF the qualified electors of a
47 school district VOTING IN THE ELECTION before the effective date of this act
48 shall continue for the duration previously authorized by the qualified

1 electors or until the qualified electors of the school district subsequently
2 approve a budget increase in an amount of not more than fifteen per cent of
3 the revenue control limit as prescribed in section 15-481, subsection G,
4 Arizona Revised Statutes, as amended by this act, whichever occurs first.

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

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

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

9 1. A school district may conduct an election on the second Tuesday in
10 March 2010 to submit a proposed budget increase to the qualified electors in
11 an amount of not more than fifteen per cent of the revenue control limit as
12 prescribed in section 15-481, subsection G, Arizona Revised Statutes, as
13 amended by this act. Override elections conducted in subsequent fiscal years
14 shall be as prescribed by statute. An increase of not more than fifteen per
15 cent that is subsequently approved by A MAJORITY OF the qualified electors of
16 the school district VOTING IN THE ELECTION shall replace any previously
17 authorized increases approved by the qualified electors VOTING IN THE
18 ELECTION pursuant to section 15-481, subsection E or F, Arizona Revised
19 Statutes, as amended by this act, and section 15-482, Arizona Revised
20 Statutes, as amended by this act.

21 2. If A MAJORITY OF the qualified electors in a school district VOTING
22 IN THE ELECTION approve a proposed budget increase in an amount of not more
23 than ten per cent of the revenue control limit in an election conducted on
24 the first Tuesday in November 2009, the school district may subsequently
25 conduct an election on the second Tuesday in March 2010 to submit to the
26 qualified electors a proposed budget increase in an amount of not more than
27 an additional five per cent of the revenue control limit. Override elections
28 conducted in subsequent fiscal years shall be as prescribed by statute.

29 3. If A MAJORITY OF the qualified electors of a common school district
30 VOTING IN THE ELECTION have approved both a budget increase that is still in
31 effect on the effective date of this act pursuant to section 15-481,
32 subsection E or F, Arizona Revised Statutes, as amended by this act, and a
33 budget increase that is still in effect on the effective date of this act
34 pursuant to section 15-482, Arizona Revised Statutes, as amended by this act,
35 the common school district may call an election on the second Tuesday in
36 March 2010 to submit to the qualified electors a proposed budget increase in
37 an amount of not more than seventeen per cent of the revenue control limit.
38 An increase of not more than seventeen per cent that is subsequently approved
39 by A MAJORITY OF the qualified electors of the school district VOTING IN THE
40 ELECTION shall replace any previously authorized increases approved by the
41 qualified electors pursuant to section 15-481, subsection E or F, Arizona
42 Revised Statutes, as amended by this act, and section 15-482, Arizona Revised
43 Statutes, as amended by this act. If approved by A MAJORITY OF the qualified
44 electors VOTING IN THE ELECTION, the common school district may continue to
45 budget the amount of not more than seventeen per cent of the revenue control
46 limit for the remaining number of years of the override previously approved
47 pursuant to section 15-482, Arizona Revised Statutes, as amended by this act.
48 On the expiration of the override previously approved pursuant to section

1 15-482, Arizona Revised Statutes, as amended by this act, override elections
2 conducted in subsequent fiscal years shall be as prescribed by statute.

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

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

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

9 Notwithstanding section 15-2004, subsection M, Arizona Revised
10 Statutes, section 15-2005, subsection M, Arizona Revised Statutes, and
11 section 15-2006, Arizona Revised Statutes, the school facilities board shall
12 enter into lease-to-own transactions for up to a maximum of \$100,000,000 by
13 December 31, ~~2009~~ 2010. The lease-to-own transactions shall be qualified
14 school construction bonds as authorized under the American reinvestment and
15 recovery act of 2009 and shall only be used for new construction projects.
16 Priority for the bond proceeds shall first be given to school districts whose
17 projected fiscal year 2009-2010 average daily membership exceeds their
18 districtwide capacity for new school construction.

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

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

29 B. Notwithstanding section 15-973, Arizona Revised Statutes, as
30 amended by this act, for fiscal year 2009-2010 the apportionment payment by
31 the close of business on the last business day of June, 2009 required by
32 section 15-973, Arizona Revised Statutes, as amended by this act, does not
33 apply to charter schools unless charter schools do not receive an
34 apportionment payment by the close of business on the first business day of
35 October, 2009 due to the effective date of this act.

36 Sec. 24. Full-day kindergarten instruction in fiscal year
37 2009-2010: tuition

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

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

46 Notwithstanding section 15-901, subsection B, paragraph 2, Arizona
47 Revised Statutes, as amended by this act, or any other law, for fiscal year
48 2009-2010 for purposes of computing the base support level pursuant to

1 section 15-943, Arizona Revised Statutes, the department of education shall
2 assume that the base level amount defined in section 15-901, subsection B,
3 paragraph 2, Arizona Revised Statutes, for fiscal year 2009-2010 is three
4 thousand two hundred one dollars eighty-nine cents.

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

7 Beginning January 1, 2010, for fiscal year 2009-2010, the department of
8 education shall reduce by \$5,000,000 the amount of additional assistance
9 funding that otherwise would be apportioned to charter schools statewide for
10 fiscal year 2009-2010 pursuant to section 15-185, subsection B, paragraph 4,
11 Arizona Revised Statutes, as amended by this act. The funding reductions
12 required under this section shall be made on a proportional basis based on
13 the additional assistance funding that each charter school in the state would
14 receive for fiscal year 2009-2010 apart from the prescribed reduction.

15 Sec. 27. Conditional enactment

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

20 Amend title to conform

and, as so amended, it do pass

JOHN KAVANAGH
Chairman

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