

REFERENCE TITLE: 2009-2010 budget reconciliation; K-12 education

State of Arizona
House of Representatives
Forty-ninth Legislature
First Regular Session
2009

HB 2639

Introduced by
Representatives Tobin: Adams, Kavanagh, McComish, Yarbrough (with
permission of Committee on Rules)

AN ACT

AMENDING SECTIONS 15-185, 15-239, 15-808, 15-821, 15-901, 15-910, 15-918.04 AND 15-918.05, ARIZONA REVISED STATUTES; REPEALING SECTION 15-942, ARIZONA REVISED STATUTES; AMENDING SECTIONS 15-943.02, 15-944, 15-945 AND 15-946, ARIZONA REVISED STATUTES; REPEALING SECTION 15-947, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2008, CHAPTER 287, SECTION 14; AMENDING SECTIONS 15-947.01, 15-971, 15-977, 15-2011 AND 42-13051, ARIZONA REVISED STATUTES; MAKING APPROPRIATIONS; RELATING TO KINDERGARTEN THROUGH GRADE TWELVE EDUCATION BUDGET RECONCILIATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

28 2. Notwithstanding paragraph 1 of this subsection, the student count
29 shall be determined initially using an estimated student count based on
30 actual registration of pupils before the beginning of the school year. After
31 the first one hundred days or two hundred days in session, as applicable, the
32 charter school shall revise the student count to be equal to the actual
33 average daily membership, as defined in section 15-901, or the adjusted
34 average daily membership, as prescribed in section 15-902, of the charter
35 school. Before the one hundredth day or two hundredth day in session, as
36 applicable, the state board of education or the state board for charter
37 schools may require a charter school to report periodically regarding pupil
38 enrollment and attendance, and the department of education may revise its
39 computation of equalization assistance based on the report. A charter school
40 shall revise its student count, base support level and additional assistance
41 before May 15. A charter school that overestimated its student count shall
42 revise its budget before May 15. A charter school that underestimated its
43 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 four hundred~~
8 ~~seventy four dollars sixteen cents~~ ONE THOUSAND FIVE HUNDRED FORTY-TWO
9 DOLLARS FIFTY-ONE CENTS per student count in kindergarten programs and grades
10 one through eight and ~~one thousand seven hundred eighteen dollars ten cents~~
11 ONE THOUSAND SEVEN HUNDRED NINETY-SEVEN DOLLARS SEVENTY-SEVEN CENTS per
12 student count in grades nine through twelve.

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

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

29 7. The charter school shall not charge tuition, levy taxes or issue
30 bonds.

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

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

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

- 34 1. Equalization assistance shall not be less than zero.
- 35 2. For a charter school sponsored by the state board of education or
 36 the state board for charter schools, the total of the base support level, the
 37 capital outlay revenue limit, the soft capital allocation and the additional
 38 assistance shall not be less than zero.
- 39 3. For a charter school sponsored by a school district, the base
 40 support level for the school district shall not be reduced by more than the
 41 amount that the charter school increased the district's base support level,
 42 capital outlay revenue limit and soft capital allocation.

43 E. If a charter school was a district public school in the prior year
 44 and is now being operated for or by the same school district and sponsored by
 45 the state board of education, the state board for charter schools or a school

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

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

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

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

32 I. In addition to the withholding of state aid payments pursuant to
33 subsection H of this section, the sponsor of a charter school may impose a
34 civil penalty of one thousand dollars per occurrence if a charter school
35 fails to comply with the fingerprinting requirements prescribed in section
36 15-183, subsection C or section 15-512. The sponsor of a charter school
37 shall not impose a civil penalty if it is the first time that a charter
38 school is out of compliance with the fingerprinting requirements and if the
39 charter school provides proof within forty-eight hours of written
40 notification that an application for the appropriate fingerprint check has
41 been received by the department of public safety. The sponsor of the charter
42 school shall obtain proof that the charter school has been notified, and the
43 notification shall identify the date of the deadline and shall be signed by
44 both parties. The sponsor of a charter school shall automatically impose a
45 civil penalty of one thousand dollars per occurrence if the sponsor

1 determines that the charter school subsequently violates the fingerprinting
2 requirements. Civil penalties pursuant to this subsection shall be assessed
3 by requesting the department of education to reduce the amount of state aid
4 that the charter school would otherwise receive by an amount equal to the
5 civil penalty. The amount of state aid withheld shall revert to the state
6 general fund at the end of the fiscal year.

7 J. A charter school may receive and spend monies distributed by the
8 department of education pursuant to section 42-5029, subsection E and section
9 37-521, subsection B.

10 K. If a school district transports or contracts to transport pupils to
11 the Arizona state schools for the deaf and the blind during any fiscal year,
12 the school district may transport or contract with a charter school to
13 transport sensory impaired pupils during that same fiscal year to a charter
14 school if requested by the parent of the pupil and if the distance from the
15 pupil's place of actual residence within the school district to the charter
16 school is less than the distance from the pupil's place of actual residence
17 within the school district to the campus of the Arizona state schools for the
18 deaf and the blind.

19 L. For the purposes of this section:

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

25 2. "Operated for or by the same school district" means the charter
26 school is either governed by the same district governing board or operated by
27 the district in the same manner as other traditional schools in the district
28 or is operated by an independent party that has a contract with the school
29 district. The auditor general and the department of education shall
30 determine which charter schools meet the definition in this subsection.

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

32 15-239. School compliance and recognition; accreditation;
33 audits

34 A. The department of education may:

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

37 2. Adopt a system of recognition for school districts ~~which~~ THAT meet
38 or exceed the requirements of the law ~~which~~ THAT apply to the school
39 districts.

40 3. Establish standards and procedures for the accreditation of all
41 schools requesting state accreditation.

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

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

4 Sec. 3. Section 15-808, Arizona Revised Statutes, is amended to read:

5 15-808. Technology assisted project-based instruction program:
6 reports

7 A. A technology assisted project-based instruction program shall be
8 instituted ~~on a pilot basis~~ to meet the needs of pupils in the information
9 age. ~~Until June 30, 2003,~~ The state board of education shall select ~~up to~~
10 ~~four existing~~ traditional public schools, ~~at least one of which shall serve~~
11 ~~pupils in kindergarten programs and grades one through twelve, and beginning~~
12 ~~July 1, 2003, the state board of education shall select seven existing~~
13 ~~traditional public schools~~ and the state board for charter schools shall
14 ~~select seven~~ SPONSOR SELECTED charter schools to participate in the program
15 based on the following criteria:

16 1. The depth and breadth of curriculum choices.

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

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

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

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

29 ~~6. The availability of broadcast quality television production and~~
30 ~~editing facilities on campus.~~

31 ~~7. The availability of faculty members who are experienced in~~
32 ~~broadcast television production.~~

33 ~~8.~~ 6. The availability of faculty members who are experienced with
34 computer networks, the internet and computer animation.

35 ~~9.~~ 7. The extent to which the school intends to develop partnerships
36 with universities, community colleges and private businesses.

37 ~~10.~~ 8. The services offered to developmentally disabled populations.

38 ~~11.~~ 9. The grade levels that will be served by the program.

39 B. ~~Notwithstanding subsection A of this section, any school that was~~
40 ~~previously approved to participate is required to reapply every five years~~
41 ~~for participation in the program.~~ The state board of education and the state
42 board for charter schools shall review the effectiveness of each
43 participating school and other information that is contained in the annual
44 report prescribed in subsection C of this section. ~~to determine whether to~~
45 ~~renew a school's participation in the technology assisted project-based~~

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

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

- 28 1. A description of the educational services that are offered under
 29 the program and that specifically relate to the depth and breadth of the
 30 curriculum choices offered by the school.
- 31 2. A description of the effects of media and technology on the
 32 delivery of specific educational services to specific pupil populations.
- 33 3. Academic advancement as measured in grade level equivalents each
 34 academic year based on a standardized norm-referenced achievement test.
- 35 4. Data identified by the ~~state board~~ DEPARTMENT of education ~~or the~~
 36 ~~state board for charter schools, as appropriate,~~ that compares the academic
 37 performance of pupils who participate in the technology assisted
 38 project-based instruction program with other pupils in this state and with
 39 pupils in that school who do not participate in the technology assisted
 40 project-based instruction program.
- 41 5. The results of a survey of pupil satisfaction with the program,
 42 including:
 - 43 (a) Pupils' attitudes about delivery modalities employed by the
 44 school.
 - 45 (b) Changes in pupils' attitudes toward learning in general.

- 1 (c) Changes in pupils' attitudes about their own ability to learn and
2 about their own academic progress.
- 3 (d) Pupils' attitudes about the school they attend.
- 4 6. The results of a survey of parental satisfaction with the program,
5 including:
- 6 (a) Parents' and their children's attitudes about the delivery
7 modalities employed by the school.
- 8 (b) Changes in their children's attitudes about learning in general.
- 9 (c) Changes in their children's attitudes about their ability to learn
10 and about their academic progress.
- 11 (d) Parents' and their children's attitudes about the school that the
12 child attends.
- 13 7. A description of the availability and equitable distribution of
14 educational services provided under the program, including specific
15 descriptions of the effectiveness of technology tools and modalities used to
16 address the needs of any underserved populations targeted by the school.
- 17 8. A description of the operational and administrative efficiency of
18 the program.
- 19 9. A description of the cost-effectiveness of the program.
- 20 10. A listing of the salaries, by titles and job descriptions, of the
21 administrators who are employed at or contracted for employment at each
22 school selected by the state board of education or the state board for
23 charter schools to participate in the technology assisted project-based
24 instruction program.
- 25 11. A DESCRIPTION OF MECHANISMS IMPLEMENTED TO ENSURE THE ACADEMIC
26 INTEGRITY OF PUPILS PURSUANT TO SUBSECTION H OF THIS SECTION.
- 27 D. The ~~state board~~ DEPARTMENT of education ~~and joint legislative~~
28 ~~budget committee~~ shall ~~collaboratively~~ compile and evaluate the information
29 submitted in the annual reports by schools participating in the ~~pilot~~
30 ~~program, pursuant to subsection C of this section.~~ The ~~state board~~
31 DEPARTMENT of education ~~and the joint legislative budget committee~~ shall
32 report ~~their~~ ITS findings to the governor, the speaker of the house of
33 representatives and the president of the senate by November 15 of each year.
- 34 E. Each school selected for the technology assisted project-based
35 instruction program shall ensure that a daily log is maintained for each
36 pupil who participates in the program. The daily log shall describe the
37 amount of time spent by each pupil participating in the program pursuant to
38 this section on academic tasks. The daily log shall be used by the school
39 district or charter school to qualify the pupils who participate in the
40 program in the school's average daily attendance calculations pursuant to
41 section 15-901.
- 42 F. If a pupil is enrolled in a school district or charter school and
43 also participates in the technology assisted project-based instruction
44 program, the sum of the average daily membership, which includes enrollment
45 as prescribed in section 15-901, subsection A, paragraph 2, subdivisions (a)

1 and (b) and daily attendance as prescribed in section 15-901, subsection A,
 2 paragraph 6, for that pupil in the school district or charter school and in
 3 the technology assisted project-based instruction program shall not exceed
 4 1.0. If the pupil is enrolled in a school district or a charter school and
 5 also participates in the technology assisted project-based instruction
 6 program and the sum of the daily membership or daily attendance for that
 7 pupil is greater than 1.0, the sum shall be reduced to 1.0 and shall be
 8 apportioned between the school district or charter school and the technology
 9 assisted project-based instruction program based on the percentage of total
 10 time that the pupil is enrolled or in attendance in the school district or
 11 charter school and the technology assisted project-based instruction program.
 12 PUPILS IN THE TECHNOLOGY ASSISTED PROJECT-BASED INSTRUCTION PROGRAM DO NOT
 13 INCUR ABSENCES FOR PURPOSES OF SECTION 15-901 AND MAY GENERATE AN AVERAGE
 14 DAILY MEMBERSHIP OF 1.0 FOR ATTENDANCE HOURS DURING ANY HOUR OF THE DAY,
 15 DURING ANY DAY OF THE WEEK AND AT ANY TIME BETWEEN JULY 1 AND JUNE 30 OF EACH
 16 FISCAL YEAR. AVERAGE DAILY MEMBERSHIP SHALL BE CALCULATED BY DIVIDING THE
 17 INSTRUCTIONAL HOURS AS REPORTED IN THE DAILY LOG REQUIRED IN SUBSECTION E OF
 18 THIS SECTION BY THE APPLICABLE HOURLY REQUIREMENTS PRESCRIBED IN SECTION
 19 15-901 AND SHALL NOT EXCEED 1.0. PUPILS WHO ARE ENROLLED FULL TIME IN THE
 20 TECHNOLOGY ASSISTED PROJECT-BASED INSTRUCTION PROGRAM SHALL BE FUNDED UNDER
 21 THE TECHNOLOGY ASSISTED PROJECT-BASED INSTRUCTION PROGRAM AT EIGHTY PER CENT
 22 OF THE AVERAGE DAILY MEMBERSHIP THAT WOULD BE CALCULATED FOR THAT PUPIL IF
 23 THAT PUPIL WERE ENROLLED AS A FULL-TIME STUDENT IN A SCHOOL DISTRICT OR
 24 CHARTER SCHOOL. PUPILS WHO ARE ENROLLED PART TIME IN THE TECHNOLOGY ASSISTED
 25 PROJECT-BASED INSTRUCTION SHALL BE FUNDED UNDER THE TECHNOLOGY ASSISTED
 26 PROJECT-BASED INSTRUCTION PROGRAM AT EIGHTY PER CENT OF THE AVERAGE DAILY
 27 MEMBERSHIP THAT WOULD BE CALCULATED FOR THAT PUPIL IF THAT PUPIL WERE
 28 ENROLLED AS A FULL-TIME STUDENT IN A SCHOOL DISTRICT OR CHARTER SCHOOL. The
 29 uniform system of financial records shall include guidelines for the
 30 apportionment of the pupil enrollment and attendance as provided in this
 31 subsection.

32 ~~G. If at any time the superintendent of public instruction determines~~
 33 ~~that a school district that was previously admitted to the technology~~
 34 ~~assisted project based instruction program is not meeting the criteria~~
 35 ~~prescribed in subsection A of this section, the superintendent of public~~
 36 ~~instruction may recommend that the state board of education replace that~~
 37 ~~school district with a school district of the superintendent of public~~
 38 ~~instruction's choice that meets the criteria prescribed in subsection A of~~
 39 ~~this section. The state board of education shall consider and take formal~~
 40 ~~action on the superintendent of public instruction's recommendation.~~

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

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

6 H. TO ENSURE THE ACADEMIC INTEGRITY OF PUPILS WHO PARTICIPATE IN THE
7 PROGRAM, THE TECHNOLOGY ASSISTED PROJECT-BASED INSTRUCTION PROGRAM SHALL
8 INCLUDE AS PART OF ITS INSTRUCTIONAL PROGRAM MULTIPLE DIVERSE ASSESSMENT
9 MEASURES AND THE PROCTORED ADMINISTRATION OF REQUIRED STATE STANDARDIZED
10 TESTS.

11 Sec. 4. Section 15-821, Arizona Revised Statutes, is amended to read:
12 15-821. Admission of children; required age

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

19 B. If a preschool program for children with disabilities is
20 maintained, a child is eligible for admission as prescribed in section
21 15-771.

22 C. If a kindergarten program is maintained, a child is eligible for
23 admission to kindergarten if the child is five years of age. A child is
24 deemed five years of age if the child reaches the age of five before
25 September 1 of the current school year. **IF A CHILD WHO HAS NOT REACHED THE
26 AGE OF FIVE BEFORE SEPTEMBER 1 OF THE CURRENT SCHOOL YEAR IS ADMITTED TO
27 KINDERGARTEN AND IS THEN READMITTED TO KINDERGARTEN IN THE FOLLOWING SCHOOL
28 YEAR, A SCHOOL DISTRICT OR CHARTER SCHOOL IS NOT ELIGIBLE TO RECEIVE BASIC
29 STATE AID ON BEHALF OF THAT CHILD DURING THE CHILD'S SECOND YEAR OF
30 KINDERGARTEN.** A child is eligible for admission to first grade if the child
31 is six years of age. A child is deemed six years of age if the child reaches
32 the age of six before September 1 of the current school year. The governing
33 board may admit children who have not reached the required age as prescribed
34 by this subsection if it is determined to be in the best interest of the
35 children. For children entering the first grade, such determination shall be
36 based upon one or more consultations with the parent, parents, guardian or
37 guardians, the children, the teacher and the school principal. Such children
38 must reach the required age of five for kindergarten and six for first grade
39 by January 1 of the current school year.

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

1 1. The family member is attempting to obtain legal guardianship of the
2 child in an unresolved and uncontested guardianship proceeding commenced in
3 superior court. The family member shall provide documentation to the school
4 district within thirty days of enrollment that the family member is
5 attempting to obtain legal guardianship of the child. Upon obtaining legal
6 guardianship, the family member shall provide documentation to the school
7 district.

8 2. The family member is attempting to obtain custody of the child in
9 an unresolved and uncontested child custody proceeding commenced in superior
10 court. The family member shall provide documentation to the school district
11 within thirty days of enrollment that the family member is attempting to
12 obtain custody of the child. Upon obtaining custody, the family member shall
13 provide documentation to the school district.

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

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

17 1. "Average daily attendance" or "ADA" means actual average daily
18 attendance through the first one hundred days or two hundred days in session,
19 as applicable.

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

28 (a) "Fractional student" means:

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

1 documented. In computing the average daily membership, preschool children
 2 with disabilities and kindergarten students shall be counted as one-half of a
 3 full-time student. For common schools, a part-time student is a student
 4 enrolled for less than the total time for a full-time student as defined in
 5 this section. A part-time common school student shall be counted as
 6 one-fourth, one-half or three-fourths of a full-time student if the student
 7 is enrolled in an instructional program that is at least one-fourth, one-half
 8 or three-fourths of the time a full-time student is enrolled as defined in
 9 subdivision (b) of this paragraph.

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

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

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

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

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

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

28 (iv) EXCEPT AS OTHERWISE PROVIDED BY LAW, FOR ANY STUDENT WHO IS
29 CONCURRENTLY ENROLLED IN A SCHOOL DISTRICT AND A CHARTER SCHOOL, THE AVERAGE
30 DAILY MEMBERSHIP SHALL BE APPORTIONED BETWEEN THE SCHOOL DISTRICT AND THE
31 CHARTER SCHOOL AND SHALL NOT EXCEED 1.0. THE APPORTIONMENT SHALL BE BASED ON
32 THE PERCENTAGE OF TOTAL TIME THAT THE STUDENT IS ENROLLED IN OR IN ATTENDANCE
33 AT THE SCHOOL DISTRICT AND THE CHARTER SCHOOL.

34 (v) EXCEPT AS OTHERWISE PROVIDED BY LAW, FOR ANY STUDENT WHO IS
35 CONCURRENTLY ENROLLED, PURSUANT TO SECTION 15-808, IN A SCHOOL DISTRICT AND
36 THE TECHNOLOGY ASSISTED PROJECT-BASED INSTRUCTION PROGRAM OR A CHARTER SCHOOL
37 AND THE TECHNOLOGY ASSISTED PROJECT-BASED INSTRUCTION PROGRAM, THE AVERAGE
38 DAILY MEMBERSHIP SHALL BE APPORTIONED BETWEEN THE SCHOOL DISTRICT AND THE
39 TECHNOLOGY ASSISTED PROJECT-BASED INSTRUCTION PROGRAM OR THE CHARTER SCHOOL
40 AND THE TECHNOLOGY ASSISTED PROJECT-BASED INSTRUCTION PROGRAM AND SHALL NOT
41 EXCEED 1.0. THE APPORTIONMENT SHALL BE BASED ON THE PERCENTAGE OF TOTAL TIME
42 THAT THE STUDENT IS ENROLLED IN OR IN ATTENDANCE AT THE SCHOOL DISTRICT AND
43 THE TECHNOLOGY ASSISTED PROJECT-BASED INSTRUCTION PROGRAM OR THE CHARTER
44 SCHOOL AND THE TECHNOLOGY ASSISTED PROJECT-BASED INSTRUCTION PROGRAM.

- 1 ~~(iii)~~ (vi) For homebound or hospitalized, a student receiving at
2 least four hours of instruction per week.
- 3 (c) "Full-time instructional program" means:
- 4 (i) Through fiscal year 2000-2001, at least four subjects, each of
5 which, if taught each school day for the minimum number of days required in a
6 school year, would meet a minimum of one hundred twenty hours a year, or the
7 equivalent, or one or more subjects taught in amounts of time totaling at
8 least twenty hours per week prorated for any week with fewer than five school
9 days.
- 10 (ii) For fiscal year 2001-2002, an instructional program that meets at
11 least a total of seven hundred four hours during the minimum number of days
12 required and includes at least four subjects each of which, if taught each
13 school day for the minimum number of days required in a school year, would
14 meet a minimum of one hundred twenty-two hours a year, or the equivalent, or
15 one or more subjects taught in amounts of time totaling at least twenty hours
16 per week prorated for any week with fewer than five school days.
- 17 (iii) For fiscal year 2002-2003, an instructional program that meets
18 at least a total of seven hundred eight hours during the minimum number of
19 days required and includes at least four subjects each of which, if taught
20 each school day for the minimum number of days required in a school year,
21 would meet a minimum of one hundred twenty-two 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 (iv) For fiscal year 2003-2004, an instructional program that meets at
26 least a total of seven hundred twelve 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-three hours a year, or the equivalent,
30 or one or more subjects taught in amounts of time totaling at least twenty
31 hours per week prorated for any week with fewer than five school days.
- 32 (v) For fiscal year 2004-2005, an instructional program that meets at
33 least a total of seven hundred sixteen 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-three 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 (vi) For fiscal year 2005-2006 and each fiscal year thereafter, an
41 instructional program that meets at least a total of seven hundred twenty
42 hours during the minimum number of days required and includes at least four
43 subjects each of which, if taught each school day for the minimum number of
44 days required in a school year, would meet a minimum of one hundred
45 twenty-three hours a year, or the equivalent, or one or more subjects taught

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

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

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

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

10 6. "Daily attendance" means:

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

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

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

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

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

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

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

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

1 minimum of one-half but less than three-quarters of the instructional time
2 scheduled for the day equals one-half day of attendance.

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

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

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

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

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

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

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

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

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

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

5 9. "Eligible students" means:

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

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

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

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

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

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

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

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

43 12. "High school district" means a political subdivision of this state
44 offering instruction to students for grades nine through twelve or that
45 portion of the budget of a common school district which is allocated to

1 teaching high school subjects with permission of the state board of
2 education.

3 13. "Revenue control limit" means the base revenue control limit plus
4 the transportation revenue control limit.

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

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

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

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

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

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

22 1. "Base" means the revenue level per student count specified by the
23 legislature.

24 2. "Base level" means:

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

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

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

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

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

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

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

43 7. "ED-P" means programs for children with emotional disabilities who
44 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.

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

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

3 Sec. 6. Section 15-910, Arizona Revised Statutes, is amended to read:

4 15-910. School district budgets; excess utility costs;
5 desegregation costs; tuition costs for bond issues;
6 costs for registering warrants; report

7 A. The governing board may budget for the district's excess utility
8 costs which are specifically exempt from the district's revenue control
9 limit. If approved by the qualified electors voting at a statewide general
10 election, the exemption from the revenue control limit under this subsection
11 expires at the end of the 2008-2009 budget year. The uniform system of
12 financial records shall specify expenditure items allowable as excess utility
13 costs, which are limited to direct operational costs of heating, cooling,
14 water and electricity, telephone communications and sanitation fees. The
15 department of education and the auditor general shall include in the
16 maintenance and operation section of the budget format, as provided in
17 section 15-903, a separate line for utility expenditures and a special excess
18 utility cost category. The special excess utility cost category shall
19 contain budgeted expenditures for excess utility costs, determined as
20 follows:

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

23 2. Multiply the amount in paragraph 1 of this subsection by the total
24 percentage increase or decrease in the revenue control limit and the capital
25 outlay revenue limit for the budget year over the revenue control limit and
26 the capital outlay revenue limit for fiscal year 1984-1985 excluding monies
27 available from a career ladder program or a teacher compensation program
28 provided for in section 15-952.

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

31 4. Additional expenditures for utilities are budgeted in the excess
32 utility cost category.

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

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

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

1 E. If the revised excess utility cost category results in an
2 expenditure of monies in excess of school district revenues for the current
3 year, the county school superintendent shall include within the revenue
4 estimate for the budget year monies necessary to meet the liabilities
5 incurred by the school district in the current year in excess of revenues
6 received for the current year.

7 F. If a school district receives a refund of utility expenditures or a
8 rebate on energy saving devices or services, the refund or rebate shall be
9 applied against utility expenditures for the current year as a reduction of
10 the expenditures, except that the reduction of expenditures shall not exceed
11 the amount of actual utility expenditures.

12 G. The governing board may budget for expenses of complying with or
13 continuing to implement activities which were required or permitted by a
14 court order of desegregation or administrative agreement with the United
15 States department of education office for civil rights directed toward
16 remediating alleged or proven racial discrimination which are specifically
17 exempt in whole or in part from the revenue control limit and the capital
18 outlay revenue limit. This exemption applies only to expenses incurred for
19 activities which are begun before the termination of the court order or
20 administrative agreement. If a district is levying a primary property tax on
21 February 23, 2006 and using those monies to administer an English language
22 learner program to remedy alleged or proven discrimination under title VI of
23 the civil rights act of 1964 (42 United States Code section 2000d), the
24 district may spend those monies to remedy a violation of the equal education
25 act of 1974 (20 United States Code section 1703(f)). Nothing in this
26 subsection allows a school district to levy a primary property tax for
27 violations of the equal education act of 1974 (20 United States Code section
28 1703(f)) in the absence of an alleged or proven discrimination under title VI
29 of the civil rights act of 1964 (42 United States Code section 2000d). **THE**
30 **PORTION OF THE PRIMARY TAX RATE TO FUND DESEGREGATION PROGRAMS AS PROVIDED IN**
31 **THIS SECTION SHALL NOT BE INCLUDED IN THE COMPUTATION OF ADDITIONAL STATE AID**
32 **FOR EDUCATION AS PRESCRIBED IN SECTION 15-972.**

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

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

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

43 3. Employ the provisions of both paragraphs 1 and 2 of this
44 subsection, provided that the total amount transferred and included in the

1 amount needed from property taxes does not exceed the total amount budgeted
2 as prescribed in subsection J, paragraph 1 of this section.

3 I. Through fiscal year 2003-2004, the maximum amount which a governing
4 board may budget outside of the capital outlay revenue limit as provided in
5 subsection G of this section is twelve per cent of the maintenance and
6 operation desegregation budget as provided in subsection J of this section or
7 the amount that it budgeted pursuant to this subsection for fiscal year
8 2001-2002, whichever is less. If a governing board chooses to budget monies
9 outside of the capital outlay revenue limit as provided in subsection G of
10 this section, the governing board may notify the county school superintendent
11 to include the cost of the excess expenses in the county school
12 superintendent's estimate of the additional amount needed for the school
13 district from the primary property tax as provided in section 15-991.

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

15 1. Shall prepare and employ a separate maintenance and operation
16 desegregation budget and capital outlay desegregation budget on a form
17 prescribed by the superintendent of public instruction in conjunction with
18 the auditor general. The budget format shall be designed to allow a school
19 district to plan and provide in detail for expenditures to be incurred solely
20 as a result of compliance with or continuing to implement activities which
21 were required or permitted by a court order of desegregation or
22 administrative agreement with the United States department of education
23 office for civil rights directed toward remediating alleged or proven racial
24 discrimination.

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

33 3. On or before July 15, 2006 and each year thereafter, shall collect
34 and report data regarding activities related to a court order of
35 desegregation or an administrative agreement with the United States
36 department of education office for civil rights directed toward remediating
37 alleged or proven racial discrimination in a format prescribed by the ARIZONA
38 department of education. The department shall compile and submit copies of
39 the reports to the governor, the president of the senate, the speaker of the
40 house of representatives and the chairpersons of the education committees of
41 the senate and the house of representatives. A school district that becomes
42 subject to a new court order of desegregation or a party to an administrative
43 agreement with the United States department of education office for civil
44 rights directed toward remediating alleged or proven racial discrimination
45 shall submit these reports on or before July 15 or within ninety days of the

1 date of the court order or administrative agreement, whichever occurs first.
2 The ARIZONA department of education, in consultation with the auditor
3 general, shall develop reporting requirements to ensure that school districts
4 submit at least the following information and documentation to the ARIZONA
5 department of education beginning in fiscal year 2006-2007:

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

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

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

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

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

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

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

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

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

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

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

1 (l) Verification that the desegregation funding is educationally
2 justifiable.

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

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

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

11 (p) Verification that the desegregation funding will be used to
12 accomplish specific actions to remediate proven discrimination pursuant to
13 title VI of the civil rights act of 1964 (42 United States Code section
14 2000d) as specified in the court order or administrative agreement.

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

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

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

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

27 1. Be educationally justifiable.

28 2. Result in equal education opportunities for all pupils in the
29 school district.

30 3. Be used to promote systemic and organizational changes within the
31 school district.

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

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

38 6. Be used in accordance with a plan submitted to the department of
39 education that includes an estimate of the amount of monies that will be
40 required to bring the school district into compliance with the court order or
41 administrative agreement and an estimate of when the school district will be
42 in compliance with the court order or administrative agreement.

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

1 L. The governing board may budget for the bond issues portion of the
2 cost of tuition charged the district as provided in section 15-824 for the
3 pupils attending school in another school district, except that if the
4 district is a common school district not within a high school district, the
5 district may only include that part of tuition which is excluded from the
6 revenue control limit and district support level as provided in section
7 15-951. The bond issues portion of the cost of tuition charged is
8 specifically exempt from the revenue control limit of the school district of
9 residence, and the primary property tax rate set to fund this amount shall
10 not be included in the computation of additional state aid for education as
11 provided in section 15-972, except as provided in section 15-972,
12 subsection E. The department of education and the auditor general shall
13 include in the maintenance and operation section of the budget format, as
14 provided in section 15-903, a separate category for the bond issues portion
15 of the cost of tuition.

16 M. The governing board may budget for interest expenses it incurred
17 for registering warrants drawn against a fund of the school district or net
18 interest expense on tax anticipation notes as prescribed in section
19 35-465.05, subsection C for the fiscal year preceding the current year if the
20 county treasurer pooled all school district monies for investment as provided
21 in section 15-996 for the fiscal year preceding the current year and, in
22 those school districts that receive state aid, the school districts applied
23 for an apportionment of state aid before the date set for the apportionment
24 as provided in section 15-973 for the fiscal year preceding the current year.
25 The governing board may budget an amount for interest expenses for
26 registering warrants or issuing tax anticipation notes equal to or less than
27 the amount of the warrant interest expense or net interest expense on tax
28 anticipation notes as prescribed in section 35-465.05, subsection C for the
29 fiscal year preceding the current year as provided in this subsection which
30 is specifically exempt from the revenue control limit. For the purposes of
31 this subsection, "state aid" means state aid as determined in sections 15-971
32 and 15-972.

33 Sec. 7. Section 15-918.04, Arizona Revised Statutes, is amended to
34 read:

35 15-918.04. Career ladder programs

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

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

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

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

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

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

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

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

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

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

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

- (a) FOR FISCAL YEAR 2008-2009, 5.5 per cent.
- (b) FOR FISCAL YEAR 2009-2010, 5.0 PER CENT.
- (c) FOR FISCAL YEAR 2010-2011, 4.5 PER CENT.
- (d) FOR FISCAL YEAR 2011-2012, 4.0 PER CENT.
- (e) FOR FISCAL YEAR 2012-2013, 3.5 PER CENT.
- (f) FOR FISCAL YEAR 2013-2014, 3.0 PER CENT.
- (g) FOR FISCAL YEAR 2014-2015, 2.5 PER CENT.
- (h) FOR FISCAL YEAR 2015-2016, 2.0 PER CENT.
- (i) FOR FISCAL YEAR 2016-2017, 1.5 PER CENT.
- (j) FOR FISCAL YEAR 2017-2018, 1.0 PER CENT.
- (k) FOR FISCAL YEAR 2018-2019, 0.5 PER CENT.
- (l) FOR FISCAL YEAR 2019-2020 AND EACH FISCAL YEAR THEREAFTER, 0.0 PER CENT.

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

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

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

5 <u>Column 1</u>	6 <u>Column 2</u>
7 <u>Student count</u>	8 <u>Small district adjustment</u>
9 1-599	\$10,000
10 600-1,399	\$20,000
11 1,400 or more	\$30,000

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

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

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

34 Sec. 8. Section 15-918.05, Arizona Revised Statutes, is amended to
35 read:

36 15-918.05. Career ladder programs; determination of
37 equalization assistance payments from county and
38 state monies

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

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

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

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

10 Sec. 9. Repeal

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

12 Sec. 10. Section 15-943.02, Arizona Revised Statutes, is amended to
13 read:

14 15-943.02. Base support level for joint vocational and
15 technical education districts

16 A. The base SUPPORT level for each joint vocational and technical
17 education district shall be computed as follows:

18	Grade/	Support	Student	Weighted
19	Category	Level	Count	Student
20		Weight		Count
21	9-12	1.339	X _____	= _____

22 B. Multiply the total determined in subsection A OF THIS SECTION by
23 the base SUPPORT level.

24 C. Multiply the teacher experience index of the district or 1.00,
25 whichever is greater, by the product obtained in subsection B OF THIS
26 SECTION.

27 D. ADD THE AMOUNT DETERMINED IN SECTION 15-910.04.

28 Sec. 11. Section 15-944, Arizona Revised Statutes, is amended to read:
29 15-944. Base revenue control limit

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

32 1. Add the amounts in the fiscal year 1979-1980 budget effective May
33 15, 1980 for general operating and special education.

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

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

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

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

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

42 3. Add the increase in the base support level from fiscal year
43 1979-1980 to fiscal year 1980-1981 to the difference obtained in paragraph 2
44 of this subsection.

- 1 B. The equalization factor for each school district is computed as
2 follows:
- 3 1. Divide the sum obtained in subsection A, paragraph 3 of this
4 section by the base support level for fiscal year 1980-1981.
- 5 2. Subtract 1.0 from the quotient obtained in paragraph 1 of this
6 subsection to obtain the equalization factor.
- 7 C. The revenue variation factor for each fiscal year is as follows:
- 8 1. For fiscal year 1981-1982, 0.80.
9 2. For fiscal year 1982-1983, 0.60.
10 3. For fiscal year 1983-1984, 0.40.
11 4. For fiscal year 1984-1985, 0.20.
- 12 D. The base revenue control limit for each school district during the
13 five years in which the equalization plan is in operation is computed as
14 follows:
- 15 1. Multiply the equalization factor by the revenue variation factor
16 for the applicable year. Beginning with fiscal year 1983-1984 if the
17 resulting product is less than negative 0.08, use negative 0.08 for
18 computation purposes as provided in paragraph 2 of this subsection.
- 19 2. Multiply the product obtained in paragraph 1 of this subsection by
20 the base support level for the applicable year.
- 21 3. Add the base support level for the applicable year to the product
22 obtained in paragraph 2 of this subsection.
- 23 E. For fiscal year 1985-1986 and each fiscal year thereafter, the base
24 revenue control limit equals the base support level for the same fiscal year
25 ~~and the amount determined in section 15-910.04.~~
- 26 Sec. 12. Section 15-945, Arizona Revised Statutes, is amended to read:
27 15-945. Transportation support level
- 28 A. The support level for to and from school for each school district
29 for the current year shall be computed as follows:
- 30 1. Determine the approved daily route mileage of the school district
31 for the fiscal year prior to the current year.
- 32 2. Multiply the figure obtained in paragraph 1 of this subsection by
33 one hundred eighty.
- 34 3. Determine the number of eligible students transported in the fiscal
35 year prior to the current year.
- 36 4. Divide the amount determined in paragraph 1 of this subsection by
37 the amount determined in paragraph 3 of this subsection to determine the
38 approved daily route mileage per eligible student transported.
- 39 5. Determine the classification in column 1 of this paragraph for the
40 quotient determined in paragraph 4 of this subsection. Multiply the product
41 obtained in paragraph 2 of this subsection by the corresponding state support
42 level for each route mile as provided in column 2 of this paragraph.

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

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

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

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

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

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

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

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

1. Determine the sum of the following:

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

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

1 subdivision or a common or a contract carrier is reimbursed for bringing an
2 eligible pupil with a disability from the place of the pupil's residence to a
3 school transportation pickup point or to the school facility of attendance
4 and from the school transportation scheduled return point or from the school
5 facility to the pupil's residence for extended school year services in
6 accordance with section 15-881.

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

10 D. The transportation support level for each school district for the
11 current year is the sum of the support level for to and from school as
12 determined in subsection A of this section, the support level for academic
13 education, career and technical education, vocational education and athletic
14 trips as determined in subsection B of this section and the support level for
15 extended school year services for pupils with disabilities as determined in
16 subsection C of this section.

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

20 Sec. 13. Section 15-946, Arizona Revised Statutes, is amended to read:
21 15-946. Transportation revenue control limit

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

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

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

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

41 4. If the school district's transportation revenue control limit for
42 the fiscal year 1984-1985 as provided in paragraph 2 of this subsection is
43 less than the amount determined in paragraph 1 of this subsection, the
44 transportation revenue control limit for the fiscal year 1985-1986 is the sum
45 of the following:

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

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

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

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

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

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

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

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

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

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

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

39 4. Subtract the amount determined in paragraph 3 of this subsection
40 from the district's transportation revenue control limit for the current
41 year. This is the adjusted transportation revenue control limit for the
42 current year.

43 5. The transportation revenue control limit for the budget year is the
44 adjusted transportation revenue control limit for the current year determined

1 in paragraph 4 of this subsection plus the increase in the transportation
2 support level from the current year to the budget year.

3 C. Notwithstanding subsection B **OF THIS SECTION**, if the transportation
4 support level of a school district exceeds the transportation revenue control
5 limit in any budget year, the transportation revenue control limit shall be
6 adjusted in that budget year and every budget year thereafter to equal the
7 transportation support level.

8 D. **THE PORTION OF THE PRIMARY TAX RATE TO FUND THE DIFFERENCE BETWEEN**
9 **THE TRANSPORTATION REVENUE CONTROL LIMIT AND THE TRANSPORTATION SUPPORT LEVEL**
10 **OF A SCHOOL DISTRICT AS PROVIDED IN THIS SECTION SHALL NOT BE INCLUDED IN THE**
11 **COMPUTATION OF ADDITIONAL STATE AID FOR EDUCATION AS PRESCRIBED IN SECTION**
12 **15-972.**

13 Sec. 14. Repeal

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

16 Sec. 15. Section 15-947.01, Arizona Revised Statutes, is amended to
17 read:

18 15-947.01. Revenue control limit; general budget limit; total
19 capital budget limit for joint technological
20 education districts

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

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

26 1. The revenue control limit for the budget year.

27 2. The capital outlay revenue limit for the budget year.

28 3. Tuition revenues for attendance of nonresident pupils.

29 4. P.L. 81-874 assistance determined for children with disabilities,
30 children with specific learning disabilities and children residing on Indian
31 lands as provided in section 15-905, subsections K and O.

32 5. Expenditures for excess utility costs as provided in section
33 15-910.

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

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

40 Sec. 16. Section 15-971, Arizona Revised Statutes, is amended to read:

41 15-971. Determination of equalization assistance payments from
42 county and state funds for school districts

43 A. Equalization assistance for education is computed by determining
44 the total of the following:

1 1. The lesser of a school district's revenue control limit or district
2 support level as determined in section 15-947 or 15-951.

3 2. The capital outlay revenue limit of a school district as determined
4 in section 15-951 or 15-961.

5 3. The soft capital allocation of a school district as determined in
6 section 15-951 or 15-962.

7 B. From the total of the amounts determined in subsection A of this
8 section subtract:

9 1. The amount that would be produced by levying the applicable
10 qualifying tax rate determined pursuant to section 41-1276 for a high school
11 district or a common school district within a high school district which does
12 not offer instruction in high school subjects as provided in section 15-447.

13 2. The amount that would be produced by levying the applicable
14 qualifying tax rate determined pursuant to section 41-1276 for a unified
15 school district, a common school district not within a high school district
16 or a common school district within a high school district which offers
17 instruction in high school subjects as provided in section 15-447. The
18 qualifying tax rate shall be applied in the following manner:

19 (a) For the purposes of the amount determined in subsection A,
20 paragraph 1 of this section:

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

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

28 (b) For the purposes of the amounts determined in subsection A,
29 paragraphs 2 and 3 of this section, determine separately the amount of the
30 capital outlay revenue limit and the amount of the soft capital allocation
31 attributable to the student count in preschool programs for children with
32 disabilities, kindergarten programs and grades one through eight and grades
33 nine through twelve.

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

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

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

8 C. County aid for equalization assistance for education shall be
9 computed as follows:

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

12 2. Determine the total amount of state equalization assistance
13 collected for all school districts in the county as provided in section
14 15-994.

15 3. Divide the amount determined in paragraph 2 of this subsection by
16 the amount determined in paragraph 1 of this subsection.

17 4. Multiply the amount determined in subsections A and B of this
18 section by the quotient determined in paragraph 3 of this subsection for each
19 school district.

20 5. The amount determined in paragraph 4 of this subsection shall be
21 the county aid for equalization assistance for education for a school
22 district.

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

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

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

30 3. Prorate the amount determined in paragraph 2 of this subsection to
31 each school district in the county as prescribed by subsection C of this
32 section.

33 4. Subtract the amount determined in paragraph 3 of this subsection
34 from the amount determined in paragraph 1 of this subsection.

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

38 F. A school district shall report expenditures on approved career and
39 technical education and vocational education programs in the annual financial
40 report according to uniform guidelines prescribed by the uniform system of
41 financial records and in order to facilitate compliance with sections 15-255
42 and 15-904.

43 G. The additional weight for state aid purposes given to special
44 education as provided in section 15-943 shall be given to school districts
45 only if special education programs comply with ~~the provisions of~~ chapter 7,

1 article 4 of this title and the conditions and standards prescribed by the
2 superintendent of public instruction pursuant to rules of the state board of
3 education for pupil identification and placement pursuant to sections 15-766
4 and 15-767.

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

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

18 Sec. 17. Section 15-977, Arizona Revised Statutes, is amended to read:
19 15-977. Classroom site fund; definitions

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

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

1 C. A school district governing board shall vote on a performance based
2 compensation system that includes the following elements:
3 1. School district performance and school performance.
4 2. Measures of academic progress toward the academic standards adopted
5 by the state board of education.
6 3. Other measures of academic progress.
7 4. Dropout or graduation rates.
8 5. Attendance rates.
9 6. Ratings of school quality by parents.
10 7. Ratings of school quality by students.
11 8. The input of teachers and administrators.
12 9. Approval of the performance based compensation system based on an
13 affirmative vote of at least seventy per cent of the teachers eligible to
14 participate in the performance based compensation system.
15 10. An appeals process for teachers who have been denied performance
16 based compensation.
17 11. Regular evaluation for effectiveness.
18 D. A performance based compensation system shall include teacher
19 professional development programs that are aligned with the elements of the
20 performance based compensation system.
21 E. A school district governing board may modify the elements contained
22 in subsection C of this section and consider additional elements when
23 adopting a performance based compensation system. A school district
24 governing board shall adopt any modifications or additional elements and
25 specify the criteria used at a public hearing.
26 F. Until December 31, 2009, each school district shall develop an
27 assessment plan for its performance based compensation system and submit the
28 plan to the department of education by December 31 of each year. A copy of
29 the performance based compensation system and assessment plan adopted by the
30 school district governing board shall be included in the report submitted to
31 the department of education.
32 G. Monies in the fund are continuously appropriated, are exempt from
33 the provisions of section 35-190 relating to lapsing of appropriations and
34 shall be distributed as follows:
35 1. By March 30 of each year the staff of the joint legislative budget
36 committee shall determine a per pupil amount from the fund for the budget
37 year using the estimated statewide weighted count for the current year
38 pursuant to section 15-943, paragraph 2, subdivision (a) and based on
39 estimated available resources in the classroom site fund for the budget year.
40 2. The allocation to each charter school and school district for a
41 fiscal year shall equal the per pupil amount established in paragraph 1 of
42 this subsection for the fiscal year multiplied by the weighted student count
43 for the school district or charter school for the fiscal year pursuant to
44 section 15-943, paragraph 2, subdivision (a). For the purposes of this
45 paragraph, the weighted student count for a school district that serves as

1 the district of attendance for nonresident pupils shall be increased to
2 include nonresident pupils who attend school in the school district.

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

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

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

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

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

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

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

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

16 1. Class size reduction.

17 2. Teacher compensation increases.

18 3. AIMS intervention programs.

19 4. Teacher development.

20 5. Dropout prevention programs.

21 6. Teacher liability insurance premiums.

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

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

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

~~1 remaining stages specified in subsection G, paragraph 3 of this section,
2 subject to legislative appropriation. A school district that is subject to
3 this subsection shall notify the department of education of the school
4 district's intention to receive monies pursuant to subsection G, paragraph 3
5 of this section no later than July 1 of the fiscal year that stage one monies
6 are appropriated.~~

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

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

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

16 Sec. 18. Section 15-2011, Arizona Revised Statutes, is amended to
17 read:

18 15-2011. Minimum school facility adequacy requirements;
19 definition

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

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

26 1. The buildings contain sufficient and appropriate space and
27 equipment that comply with the minimum school facility adequacy guidelines
28 established pursuant to subsection F of this section. The state shall not
29 fund facilities for elective courses that require the school district
30 facilities to exceed minimum school facility adequacy requirements. The
31 school facilities board shall determine whether a school building meets the
32 requirements of this paragraph by analyzing the total square footage that is
33 available for each pupil in conjunction with the need for specialized spaces
34 and equipment.

35 2. The buildings are in compliance with federal, state and local
36 building and fire codes and laws that are applicable to the particular
37 building. An existing school building is not required to comply with current
38 requirements for new buildings unless this compliance is specifically
39 mandated by law or by the building or fire code of the jurisdiction where the
40 building is located.

41 3. The building systems, including roofs, plumbing, telephone systems,
42 electrical systems, heating systems and cooling systems, are in working order
43 and are capable of being properly maintained.

44 4. The buildings are structurally sound.

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

4 1. For a school district that provides instruction to pupils in
5 programs for preschool children with disabilities, kindergarten programs and
6 grades one through six, eighty square feet per pupil in programs for
7 preschool children with disabilities, kindergarten programs and grades one
8 through six.

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

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

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

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

23 6. For a school district that provides instruction to more than one
24 thousand and up to one thousand eight hundred pupils in grades nine through
25 twelve, one hundred twelve square feet per pupil in grades nine through
26 twelve or one hundred twenty thousand square feet, whichever is more.

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

31 D. The school facilities board may modify the square footage
32 requirements prescribed in subsection C of this section or modify the amount
33 of monies awarded to cure the square footage deficiency pursuant to this
34 section for particular school districts based on extraordinary circumstances
35 for any of the following considerations:

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

37 2. Geographic factors.

38 3. Grade configurations other than those prescribed in subsection C of
39 this section.

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

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

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

45 (a) Total gross square footage.

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

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

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

13 5. Include all portable and modular buildings.

14 6. Include in the gross square footage new construction funded wholly
15 or partially by the school facilities board based on the square footage
16 funded by the school facilities board. If the new construction is to exceed
17 the square footage funded by the school facilities board, the excess square
18 footage shall not be included in the gross square footage if any of the
19 following applies:

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

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

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

30 7. Require that excess square footage that is constructed after July
31 1, 2002 and that is not excluded pursuant to paragraph 6 of this subsection
32 meets the minimum school facility adequacy guidelines in order to be eligible
33 for building renewal monies as computed in section 15-2031.

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

37 F. The school facilities board shall adopt rules establishing minimum
38 school facility adequacy guidelines. The executive director of the school
39 facilities board shall report monthly to the joint committee on capital
40 review on the progress of the development of the proposed rules establishing
41 the guidelines. The joint committee on capital review shall review the
42 proposed guidelines before the school facilities board adopts the rules to
43 establish the minimum school facility adequacy guidelines. The guidelines
44 shall provide the minimum quality and quantity of school buildings and
45 facilities and equipment necessary and appropriate to enable pupils to

1 achieve the academic standards pursuant to section 15-203, subsection A,
2 paragraphs 12 and 13 and sections 15-701 and 15-701.01. At a minimum, the
3 school facilities board shall address all of the following in developing
4 these guidelines:

- 5 1. School sites.
- 6 2. Classrooms.
- 7 3. Libraries and media centers, or both.
- 8 4. Cafeterias.
- 9 5. Auditoriums, multipurpose rooms or other multiuse space.
- 10 6. Technology.
- 11 7. Transportation.
- 12 8. Facilities for science, arts and physical education.
- 13 9. Other facilities and equipment that are necessary and appropriate

14 to achieve the academic standards prescribed pursuant to section 15-203,
15 subsection A, paragraphs 12 and 13 and sections 15-701 and 15-701.01.

- 16 10. Appropriate combinations of facilities or uses listed in this
17 section.

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

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

27 I. For the purposes of this section, "student capacity" means the
28 capacity adjusted to include any additions to or deletions of space,
29 including modular or portable buildings at the school. The school facilities
30 board shall determine the student capacity for each school in conjunction
31 with each school district, recognizing each school's allocation of space as
32 of July 1, 1998, to achieve the academic standards prescribed pursuant to
33 section 15-203, subsection A, paragraphs 12 and 13 and sections 15-701 and
34 15-701.01.

35 Sec. 19. Section 42-13051, Arizona Revised Statutes, is amended to
36 read:

37 42-13051. Duties of county assessor

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

42 B. The assessor shall:

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

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

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

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

11 Sec. 20. Joint technological education district equalization
12 funding; pro rata reduction

13 A. Notwithstanding section 15-393, Arizona Revised Statutes, or any
14 other law, the department of education shall fund state aid for joint
15 technological education districts for fiscal year 2009-2010 at ninety-one per
16 cent of the amount that otherwise would be provided by law.

17 B. Notwithstanding subsection A of this section, a joint technological
18 education district shall not receive less equalization formula funding for
19 fiscal year 2009-2010 than it received for fiscal year 2008-2009 except for
20 reductions due to changes in student counts, net assessed property values or
21 other technical factors or due to prior year adjustments or corrections. For
22 the purposes of this subsection, "equalization formula funding" means the sum
23 of a joint technological education district's base support level, as
24 prescribed in section 15-943.02, Arizona Revised Statutes, as amended by this
25 act, and its capital outlay revenue limit and soft capital allocation, as
26 prescribed in section 15-962.01, Arizona Revised Statutes.

27 C. A joint technological education district that was not in operation
28 during fiscal year 2008-2009 is not eligible for state aid funding for fiscal
29 year 2009-2010.

30 Sec. 21. Reduction in school district state aid apportionment
31 in fiscal year 2009-2010; appropriations in fiscal
32 year 2010-2011

33 A. Notwithstanding any other law, the state board of education shall
34 defer until July 1, 2010 \$602,627,700 of the basic state aid and additional
35 state aid payment that otherwise would be apportioned to school districts
36 under law on May 15, 2010 and June 15, 2010. The funding deferral required
37 by this subsection does not apply to charter schools.

38 B. The sum of \$602,627,700 is appropriated in fiscal year 2010-2011
39 from the state general fund to the state board of education and the
40 superintendent of public instruction for basic state aid and additional state
41 aid entitlement for fiscal year 2010-2011. This appropriation shall be
42 disbursed on July 1, 2010 to the several counties for the school districts in
43 each county in amounts equal to the reductions in apportionment of basic
44 state aid and additional state aid that are required pursuant to subsection A
45 for fiscal year 2009-2010.

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

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

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

28 Sec. 22. Elimination of adjustment for rapid decline in student
29 count beginning in fiscal year 2009-2010

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

33 Sec. 23. Building renewal fund; suspension in fiscal year
34 2009-2010

35 Notwithstanding section 15-2031, Arizona Revised Statutes, the school
36 facilities board shall not distribute monies from the building renewal fund
37 in fiscal year 2009-2010.

38 Sec. 24. School facilities board; new construction moratorium

39 A. Notwithstanding section 15-2011, Arizona Revised Statutes, as
40 amended by this act, and section 15-2041, Arizona Revised Statutes, for
41 fiscal year 2009-2010, the school facilities board shall not authorize or
42 award funding for the design or construction of any new school facility and
43 shall not authorize or award funding for school site acquisitions.

44 B. During fiscal year 2009-2010, school districts shall submit capital
45 plans according to section 15-2041, subsection C, Arizona Revised Statutes.

1 The school facilities board may review and award new school facilities as
2 outlined in section 15-2041, Arizona Revised Statutes, subject to future
3 appropriations.

4 Sec. 25. Early graduation scholarship program: funding
5 suspension; temporary moratorium on new program
6 participants

7 A. Notwithstanding section 15-105, subsection E, Arizona Revised
8 Statutes, the student count and per pupil funding of a school district or
9 charter school for fiscal year 2009-2010 shall not be adjusted to reflect
10 requirements under that subsection.

11 B. Notwithstanding section 15-105, subsection F, Arizona Revised
12 Statutes, for fiscal year 2009-2010 the department of education shall not
13 transmit any monies to the commission for postsecondary education for the
14 early graduation scholarship program.

15 C. Notwithstanding section 15-105, Arizona Revised Statutes, students
16 who were not admitted before July 1, 2009 to participate in the early
17 graduation scholarship program shall not be admitted to participate in the
18 early graduation scholarship program during fiscal year 2009-2010.

19 D. If sufficient monies are available in the early graduation
20 scholarship fund established by section 15-105, Arizona Revised Statutes,
21 students who were admitted before July 1, 2009 to participate in the early
22 graduation scholarship program shall continue to receive funding to
23 participate in the program in fiscal year 2009-2010.

24 Sec. 26. Truth in taxation; suspension; fiscal year 2009-2010
25 and 2010-2011

26 Notwithstanding section 41-1276, Arizona Revised Statutes, the
27 qualifying tax rate in tax year 2009-2010 and 2010-2011 for a high school
28 district or a common school district within a high school district that does
29 not offer instruction in high school subjects as provided in section 15-447,
30 Arizona Revised Statutes, is \$1.4622 and for a unified school district, a
31 common school district not within a high school district or a common school
32 district within a high school district that offers instruction in high school
33 subjects as provided in section 15-447, Arizona Revised Statutes, is \$2.9244.

34 Sec. 27. Soft capital reduction for school districts for fiscal
35 year 2009-2010

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

41 B. For fiscal year 2009-2010, the department of education shall reduce
42 the soft capital allocation for a school district that is not eligible to
43 receive basic state aid funding for fiscal year 2009-2010 by the amount that
44 its soft capital allocation would be reduced pursuant to subsection A of this
45 section if the district was eligible to receive basic state aid funding for

1 fiscal year 2009-2010 and shall reduce the school district's budget limits
2 accordingly.

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

6 Sec. 28. Reversion of excess cash: school districts

7 A. On or before December 1, 2009, the department of education shall
8 determine and report to each county treasurer:

9 1. The total ending cash balance of all school districts in this state
10 as of June 30, 2009 in the capital outlay funds, the maintenance and
11 operation funds and the soft capital funds pursuant to the criteria specified
12 in subsection B, paragraphs 1 through 13 of this section.

13 2. Fifty per cent of the amount that each school district would
14 receive from state and local sources pursuant to section 15-910.04, Arizona
15 Revised Statutes, notwithstanding the adjustment to actual utility costs
16 prescribed in section 29 of this act.

17 3. If the aggregate statewide amount calculated pursuant to paragraph
18 2 of this subsection exceeds forty million dollars, the amount calculated
19 pursuant to paragraph 2 of this subsection shall be prorated for each school
20 district by an amount that results in a total statewide aggregate amount
21 calculated pursuant to paragraph 2 of this subsection and this paragraph that
22 equals forty million dollars.

23 4. The percentage by which each county treasurer shall multiply the
24 amount determined in subsection B, paragraph 13 of this section in order to
25 ensure that the total amount transferred to the state general fund pursuant
26 to this section equals two hundred fifty-five million dollars or the total
27 statewide ending cash balance in the capital outlay funds, the maintenance
28 and operation funds and the soft capital funds pursuant to the criteria
29 specified in subsection B, paragraphs 1 through 13 of this section, whichever
30 is less.

31 B. On or before January 1, 2010, the county treasurer shall revert to
32 the state general fund an amount from the apportionments made to each school
33 district, excluding accommodation schools, for the 2008-2009 fiscal year as
34 provided in section 15-973, Arizona Revised Statutes. The amount shall be
35 determined as follows:

36 1. Determine the school district's ending cash balance in its capital
37 outlay fund for fiscal year 2008-2009 after the filing of an advice of
38 encumbrance as provided in section 15-906, Arizona Revised Statutes.

39 2. Determine the school district's ending cash balance in its
40 maintenance and operation fund for fiscal year 2008-2009 after the paying of
41 encumbrances as provided in section 15-906, Arizona Revised Statutes.

42 3. Determine the school district's ending cash balance in its soft
43 capital fund for fiscal year 2008-2009 after the paying of encumbrances as
44 provided in section 15-906, Arizona Revised Statutes.

- 1 4. Add the amounts determined in paragraphs 1, 2 and 3 of this
2 subsection.
- 3 5. Determine the total revenue received by the school district for its
4 capital outlay fund for fiscal year 2008-2009, excluding the beginning cash
5 balance.
- 6 6. Determine the total revenue received by the school district for its
7 maintenance and operation fund for fiscal year 2008-2009, excluding the
8 beginning cash balance.
- 9 7. Determine the total revenue received by the school district for its
10 soft capital fund for fiscal year 2008-2009, excluding the beginning cash
11 balance.
- 12 8. Add the amounts determined in paragraphs 5, 6 and 7 of this
13 subsection.
- 14 9. Determine the total P.L. 81-874 revenue received by the school
15 district for its capital outlay fund, maintenance and operation fund and soft
16 capital fund.
- 17 10. Divide the amount determined in paragraph 9 of this subsection by
18 the amount determined in paragraph 8 of this subsection.
- 19 11. Multiply the quotient determined in paragraph 10 of this subsection
20 by the amount determined in paragraph 4 of this subsection.
- 21 12. Subtract the amount determined in paragraph 11 of this subsection
22 from the amount determined in paragraph 4 of this subsection.
- 23 13. Subtract the amount determined in subsection A, paragraph 2 of this
24 section or the amount determined in subsection A, paragraph 3 of this
25 section, as applicable.
- 26 14. Multiply the amount determined in paragraph 13 of this subsection
27 by the percentage determined by the department of education in subsection A,
28 paragraph 4 of this section. This is the amount of the reversion, except
29 that the amount of the reversion shall not exceed the total equalization
30 assistance for education, as provided in section 15-971, Arizona Revised
31 Statutes, and additional state aid as provided in section 15-972, Arizona
32 Revised Statutes, received by the school district in fiscal year 2008-2009.
33 If the result is a negative amount, there shall be no reversion.
- 34 C. If a school district does not have an ending cash balance after
35 subtracting allowable budget balance carryforward monies pursuant to section
36 15-943.01, Arizona Revised Statutes, impact aid and encumbrances,
37 notwithstanding section 15-910.04, Arizona Revised Statutes, the school
38 district shall not expend monies in fiscal year 2009-2010 pursuant to section
39 15-910.04, Arizona Revised Statutes.
- 40 D. If a school district's ending cash balance after the subtraction of
41 the excess utility amounts specified in subsection A, paragraph 2 of this
42 section or subsection A, paragraph 3 of this section, as applicable, results
43 in a negative amount, notwithstanding any other law, the school district
44 shall only expend its available cash balance in fiscal year 2009-2010.

1 E. If two or three of the amounts determined in subsection B,
2 paragraphs 1, 2 and 3 of this section are positive amounts, the county
3 treasurer shall decrease the ending cash balance of each fund with a positive
4 amount in a proportional manner to account for the amount of the reversion.
5 If only one of the amounts determined in subsection B, paragraphs 1, 2 and 3
6 of this section is a positive amount and there is a reversion, the county
7 treasurer shall decrease the cash balance of the fund with the positive
8 amount to account for the reversion.

9 F. The county treasurer shall transfer monies reverted pursuant to
10 this section to the state treasurer for deposit in the state general fund.

11 Sec. 29. School district budgets; actual utility costs;
12 adjustment; FY 2009-2010

13 Notwithstanding section 15-910.04, Arizona Revised Statutes, for fiscal
14 year 2009-2010, the adjustment for actual utility costs for a school district
15 pursuant to that section shall be limited to fifty per cent of the amount
16 that otherwise would be computed under that section, or the amount that can
17 be funded with uncommitted cash balances under this act, whichever is less,
18 and shall not be funded through increased state aid or local property taxes.

19 Sec. 30. Soft capital expenditures for fiscal year 2009-2010

20 Notwithstanding section 15-962, Arizona Revised Statutes, for fiscal
21 year 2009-2010, a school district may use its soft capital allocation for any
22 operating or capital expenditures.

23 Sec. 31. Conforming legislation

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