

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

HOUSE BILL 2648

AN ACT

AMENDING SECTION 15-185, ARIZONA REVISED STATUTES, AS AMENDED BY SENATE BILL 1187, SECTION 5, FORTY-NINTH LEGISLATURE, FIRST REGULAR SESSION, AS TRANSMITTED TO THE GOVERNOR; AMENDING SECTION 15-239, ARIZONA REVISED STATUTES, AS AMENDED BY SENATE BILL 1187, SECTION 9, FORTY-NINTH LEGISLATURE, FIRST REGULAR SESSION, AS TRANSMITTED TO THE GOVERNOR; AMENDING SECTION 15-481, ARIZONA REVISED STATUTES, AS AMENDED BY SENATE BILL 1187, SECTION 12, FORTY-NINTH LEGISLATURE, FIRST REGULAR SESSION, AS TRANSMITTED TO THE GOVERNOR; REPEALING SENATE BILL 1187, SECTION 17, FORTY-NINTH LEGISLATURE, FIRST REGULAR SESSION, AS TRANSMITTED TO THE GOVERNOR; AMENDING TITLE 15, CHAPTER 5, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-504; AMENDING SECTION 15-544, ARIZONA REVISED STATUTES, AS AMENDED BY SENATE BILL 1187, SECTION 22, FORTY-NINTH LEGISLATURE, FIRST REGULAR SESSION, AS TRANSMITTED TO THE GOVERNOR; AMENDING SECTION 15-808, ARIZONA REVISED STATUTES, AS AMENDED BY SENATE BILL 1187, SECTION 27, FORTY-NINTH LEGISLATURE, FIRST REGULAR SESSION, AS TRANSMITTED TO THE GOVERNOR; AMENDING SECTION 15-821, ARIZONA REVISED STATUTES, AS AMENDED BY SENATE BILL 1187, SECTION 28, FORTY-NINTH LEGISLATURE, FIRST REGULAR SESSION, AS TRANSMITTED TO THE GOVERNOR; AMENDING SECTION 15-901, ARIZONA REVISED STATUTES, AS AMENDED BY SENATE BILL 1187, SECTION 30, FORTY-NINTH LEGISLATURE, FIRST REGULAR SESSION, AS TRANSMITTED TO THE GOVERNOR; REPEALING SENATE BILL 1187, SECTION 31, FORTY-NINTH LEGISLATURE, FIRST REGULAR SESSION, AS TRANSMITTED TO THE GOVERNOR; AMENDING SECTION 15-973, ARIZONA REVISED STATUTES, AS AMENDED BY SENATE BILL 1187, SECTION 41, FORTY-NINTH LEGISLATURE, FIRST REGULAR SESSION, AS TRANSMITTED TO THE GOVERNOR; AMENDING SECTION 15-977, ARIZONA REVISED STATUTES, AS AMENDED BY SENATE BILL 1187, SECTION 42, FORTY-NINTH LEGISLATURE, FIRST REGULAR SESSION, AS TRANSMITTED TO THE GOVERNOR; AMENDING SECTION 15-1021, ARIZONA REVISED STATUTES, AS AMENDED BY SENATE BILL 1187,

SECTION 43, FORTY-NINTH LEGISLATURE, FIRST REGULAR SESSION, AS TRANSMITTED TO THE GOVERNOR; AMENDING SECTION 15-1225, ARIZONA REVISED STATUTES, AS ADDED BY SENATE BILL 1187, SECTION 47, FORTY-NINTH LEGISLATURE, FIRST REGULAR SESSION, AS TRANSMITTED TO THE GOVERNOR; AMENDING LAWS 2009, CHAPTER 6, SECTION 1, AS AMENDED BY SENATE BILL 1187, SECTION 62, FORTY-NINTH LEGISLATURE, FIRST REGULAR SESSION, AS TRANSMITTED TO THE GOVERNOR; AMENDING SENATE BILL 1187, SECTIONS 64, 68 AND 69, FORTY-NINTH LEGISLATURE, FIRST REGULAR SESSION, AS TRANSMITTED TO THE GOVERNOR; REPEALING SENATE BILL 1187, SECTION 75, FORTY-NINTH LEGISLATURE, FIRST REGULAR SESSION, AS TRANSMITTED TO THE GOVERNOR; AMENDING SENATE BILL 1187, SECTIONS 78, 79 AND 85, FORTY-NINTH LEGISLATURE, FIRST REGULAR SESSION, AS TRANSMITTED TO THE GOVERNOR; MAKING APPROPRIATIONS; RELATING TO KINDERGARTEN THROUGH GRADE TWELVE EDUCATION BUDGET RECONCILIATION; PROVIDING FOR CONDITIONAL ENACTMENT.

(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, as amended by
3 Senate Bill 1187, section 5, forty-ninth legislature, first regular session,
4 as transmitted to the governor, is amended to read:

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

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

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

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

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

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

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

42 4. If a school district uses the provisions of paragraph 3 of this
43 subsection, the school district is not eligible to include those pupils in
44 its student count for the purposes of computing an increase in its revenue
45 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 section 15-941 does not apply to
27 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.

44 3. A charter school may utilize section 15-855 for the purposes of
45 this section. The charter school and the department of education shall

1 prescribe procedures for determining average daily attendance and average
2 daily membership.

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

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

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

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

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

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

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

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

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

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

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

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

1 those pupils who were enrolled in the traditional public school in the prior
2 year and are now enrolled in the charter school in the current year.

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

6 G. At the request of a charter school, the county school
7 superintendent of the county where the charter school is located may provide
8 the same educational services to the charter school as prescribed in section
9 15-308, subsection A. The county school superintendent may charge a fee to
10 recover costs for providing educational services to charter schools.

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

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

1 civil penalty. The amount of state aid withheld shall revert to the state
2 general fund at the end of the fiscal year.

3 J. A charter school may receive and spend monies distributed by the
4 department of education pursuant to section 42-5029, subsection E and section
5 37-521, subsection B.

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

15 L. For the purposes of this section:

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

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

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

30 15-239. School compliance and recognition; accreditation;
31 audits

32 A. The department of education may:

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

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

37 3. Establish standards and procedures for the accreditation of all
38 schools requesting state accreditation.

39 B. The department of education may adopt guidelines necessary to
40 implement this section.

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

44 D. THE AUDITOR GENERAL MAY CONDUCT FINANCIAL, PROGRAM, COMPLIANCE OR
45 AVERAGE DAILY MEMBERSHIP AUDITS OF SCHOOL DISTRICTS AND CHARTER SCHOOLS.

1 the taxable property within the school district for the first year for which
2 the budget increase was adopted.

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

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

10 9. At least two arguments, if submitted, but no more than ten
11 arguments for and two arguments, if submitted, but no more than ten arguments
12 against the proposed increase in the budget. The arguments shall be in a
13 form prescribed by the county school superintendent, and each argument shall
14 not exceed two hundred words. Arguments for the proposed increase in the
15 budget shall be provided in writing and signed by the governing board. If
16 submitted, additional arguments in favor of the proposed increase in the
17 budget shall be provided in writing and signed by those in favor. Arguments
18 against the proposed increase in the budget shall be provided in writing and
19 signed by those in opposition. The names of those persons other than the
20 governing board or superintendent submitting written arguments shall not be
21 included in the report without their specific permission, but shall be made
22 available only upon request to the county school superintendent. The county
23 school superintendent shall review all factual statements contained in the
24 written arguments and correct any inaccurate statements of fact. The
25 superintendent shall not review and correct any portion of the written
26 arguments which are identified as statements of the author's opinion. The
27 county school superintendent shall make the written arguments available to
28 the public as provided in title 39, chapter 1, article 2. A deadline for
29 submitting arguments to be included in the informational report shall be set
30 by the county school superintendent.

31 10. A statement that the alternate budget shall be adopted by the
32 governing board if the proposed budget is not adopted by the qualified
33 electors of the school district.

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

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

40 (b) An owner-occupied residence whose assessed valuation is one-half
41 of the assessed valuation of the residence in subdivision (a) of this
42 paragraph.

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

1 (d) A business whose assessed valuation is the average of the assessed
2 valuation of property classified as class one, as prescribed by section
3 42-12001, paragraphs 12 and 13 for the current year in the school district.

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

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

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

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

15 C. For the purpose of this section, the school district may use its
16 staff, equipment, materials, buildings or other resources only to distribute
17 the informational report at the school district office or at public hearings
18 and to produce such information as required in subsection B of this section,
19 provided that nothing in this subsection shall preclude school districts from
20 holding or participating in any public hearings at which testimony is given
21 by at least one person for the proposed increase and one person against the
22 proposed increase. Any written information provided by the district
23 pertaining to the override election shall include financial information
24 showing the estimated first year tax rate for the proposed budget override
25 amount.

26 D. If any amount of the proposed increase will be funded by a levy of
27 taxes in the district, the election prescribed in subsection A of this
28 section shall be held on the first Tuesday following the first Monday in
29 November as prescribed by section 16-204, subsection B, paragraph 1,
30 subdivision (d). If the proposed increase will be fully funded by revenues
31 from other than a levy of taxes, the elections prescribed in subsection A of
32 this section shall be held on any date prescribed by section 16-204. The
33 elections shall be conducted as nearly as practicable in the manner
34 prescribed in article 1 of this chapter, sections 15-422 through 15-424 and
35 section 15-426, relating to special elections, except that:

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

38 2. Ballots shall be counted pursuant to title 16, chapter 4,
39 article 10.

40 E. If the election is to exceed the revenue control limit and if the
41 proposed increase will be fully funded by a levy of taxes upon the taxable
42 property within the school district, the ballot shall contain the words
43 "budget increase, yes" and "budget increase, no", and the voter shall signify
44 his desired choice. The ballot shall also contain the amount of the proposed
45 increase of the proposed budget over the alternate budget, a statement that
46 the amount of the proposed increase will be based on a percentage of the

1 school district's revenue control limit in future years, if applicable, as
2 provided in subsection P of this section and the following statement:

3 Any budget increase authorized by this election shall be
4 entirely funded by a levy of taxes upon the taxable property
5 within this school district for the year for which adopted and
6 for ____ subsequent years, shall not be realized from monies
7 furnished by the state and shall not be subject to the
8 limitation on taxes specified in article IX, section 18,
9 Constitution of Arizona. Based on an estimate of assessed
10 valuation used for secondary property tax purposes, to fund the
11 proposed increase in the school district's budget would require
12 an estimated tax rate of _____ dollar per one hundred
13 dollars of assessed valuation used for secondary property tax
14 purposes and is in addition to the school district's tax rate
15 which will be levied to fund the school district's revenue
16 control limit allowed by law.

17 F. If the election is to exceed the revenue control limit and if the
18 proposed increase will be fully funded by revenues from other than a levy of
19 taxes upon the taxable property within the school district, the ballot shall
20 contain the words "budget increase, yes" and "budget increase, no", and the
21 voter shall signify the voter's desired choice. The ballot shall also
22 contain:

23 1. The amount of the proposed increase of the proposed budget over the
24 alternate budget.

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

28 3. The following statement:

29 Any budget increase authorized by this election shall be
30 entirely funded by this school district with revenues from other
31 than a levy of taxes on the taxable property within the school
32 district for the year for which adopted and for ____
33 subsequent years and shall not be realized from monies furnished
34 by the state.

35 G. Except as provided in subsection H of this section, the maximum
36 budget increase which may be requested and authorized as provided in
37 subsection E or F of this section or the combination of subsections E and F
38 of this section is fifteen per cent of the revenue control limit as provided
39 in section 15-947, subsection A for the budget year. If a school district
40 requests an override pursuant to section 15-482 or to continue with a budget
41 override pursuant to section 15-482 for pupils in kindergarten programs and
42 grades one through three that was authorized before December 31, 2008, the
43 maximum budget increase that may be requested and authorized as provided in
44 subsection E or F of this section or the combination of subsections E and F
45 of this section is ten per cent of the revenue control limit as provided in
46 section 15-947, subsection A for the budget year.

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

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

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

12 (i)

13		Small School	Support Level Weight		Phase Down
14	Student	Student	for Small Isolated		Reduction
15	<u>Count</u>	<u>Count Limit</u>	<u>School Districts</u>	<u>Base Level</u>	<u>Factor</u>
16	_____	- 125	x 1.358 + (0.0005 x	x \$ _____	= \$ _____
17			(500 - Student Count))		
18				Small Isolated	
19		Phase Down	Phase Down	School District	
20		<u>Base</u>	<u>Reduction Factor</u>	<u>Elementary Limit</u>	
21		\$150,000	- \$ _____	= \$ _____	

22 (ii)

23		Small School	Support Level Weight		Phase Down
24	Student	Student	for Small		Reduction
25	<u>Count</u>	<u>Count Limit</u>	<u>School Districts</u>	<u>Base Level</u>	<u>Factor</u>
26	_____	- 125	x 1.278 + (0.0003 x	x \$ _____	= \$ _____
27			(500 - Student Count))		
28				Small	
29		Phase Down	Phase Down	School District	
30		<u>Base</u>	<u>Reduction Factor</u>	<u>Elementary Limit</u>	
31		\$150,000	- \$ _____	= \$ _____	

32 (b) For unified or union high school districts with a student count of
 33 less than one hundred seventy-six in grades nine through twelve, the limit
 34 computed as prescribed in item (i) or (ii) of this subdivision, whichever is
 35 appropriate:

36 (i)

37		Small School	Support Level Weight		Phase Down
38	Student	Student	for Small Isolated		Reduction
39	<u>Count</u>	<u>Count Limit</u>	<u>School Districts</u>	<u>Base Level</u>	<u>Factor</u>
40	_____	- 100	x 1.468 + (0.0005 x	x \$ _____	= \$ _____
41			(500 - Student Count))		
42				Small Isolated	
43		Phase Down	Phase Down	District	
44		<u>Base</u>	<u>Reduction Factor</u>	<u>Secondary Limit</u>	
45		\$350,000	- \$ _____	= \$ _____	

1 (ii)

$$\begin{array}{r}
 2 \quad \text{Small School} \quad \text{Support Level Weight} \quad \text{Phase Down} \\
 3 \quad \text{Student} \quad \text{Student} \quad \text{for Small} \quad \text{Reduction} \\
 4 \quad \underline{\text{Count}} \quad \underline{\text{Count Limit}} \quad \underline{\text{School Districts}} \quad \underline{\text{Base Level}} \quad \underline{\text{Factor}} \\
 5 \quad \underline{\hspace{1cm}} - \underline{100} \times 1.398 + (0.0004 \times \underline{\hspace{1cm}} \times \$ \underline{\hspace{1cm}} = \$ \underline{\hspace{1cm}} \\
 6 \quad \hspace{10em} (500 - \text{Student Count})) \\
 7 \quad \hspace{10em} \text{Small} \\
 8 \quad \text{Phase Down} \quad \text{Phase Down} \quad \text{School District} \\
 9 \quad \underline{\text{Base}} \quad \underline{\text{Reduction Factor}} \quad \underline{\text{Secondary Limit}} \\
 10 \quad \$350,000 - \$ \underline{\hspace{1cm}} = \$ \underline{\hspace{1cm}}
 \end{array}$$

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

14 (d) If only subdivision (a) or (b) of this paragraph applies to a
 15 unified school district, the district's limit for the purposes of this
 16 paragraph is the sum of the limit computed as provided in subdivision (a) or
 17 (b) of this paragraph plus ten per cent of the revenue control limit
 18 attributable to those grade levels that do not meet the eligibility
 19 requirements of this subsection. If a school district budgets monies outside
 20 the revenue control limit pursuant to section 15-949, subsection E, the
 21 district's limit for the purposes of this paragraph is only the ten per cent
 22 of the revenue control limit attributable to those grade levels that are not
 23 included under section 15-949, subsection E. For the purposes of this
 24 subdivision, the revenue control limit is separated into elementary and
 25 secondary components based on the weighted student count as provided in
 26 section 15-971, subsection B, paragraph 2, subdivision (a).

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

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

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

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

1 Any budget increase authorized by this election shall be
2 entirely funded by a levy of taxes on the taxable property
3 within this school district for the year for which adopted and
4 for _____ subsequent years, shall not be realized from monies
5 furnished by the state and shall not be subject to the
6 limitation on taxes specified in article IX, section 18,
7 Constitution of Arizona. Based on an estimate of assessed
8 valuation used for secondary property tax purposes, to fund the
9 proposed increase in the school district's budget which will be
10 funded by a levy of taxes upon the taxable property within this
11 school district would require an estimated tax rate of
12 _____ dollar per one hundred dollars of assessed valuation
13 used for secondary property tax purposes and is in addition to
14 the school district's tax rate that will be levied to fund the
15 school district's revenue control limit allowed by law.

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

26 Any budget increase authorized by this election shall be
27 entirely funded by this school district with revenues from other
28 than a levy of taxes on the taxable property within the school
29 district for the year for which adopted and for _____ subsequent
30 years and shall not be realized from monies furnished by the
31 state.

32 K. The maximum budget increase that may be requested and authorized as
33 provided in subsection I or J of this section, or a combination of both of
34 these subsections, is five per cent of the revenue control limit as provided
35 in section 15-947, subsection A for the budget year. For a common school
36 district not within a high school district or a common school district within
37 a high school district that offers instruction in high school subjects as
38 provided in section 15-447, five per cent of the revenue control limit means
39 five per cent of the revenue control limit attributable to the weighted
40 student count in preschool programs for children with disabilities,
41 kindergarten programs and grades one through eight as provided in section
42 15-971, subsection B. For a unified school district, five per cent of the
43 revenue control limit means five per cent of the revenue control limit
44 attributable to the weighted student count in preschool programs for children
45 with disabilities, kindergarten programs and grades one through twelve. For
46 a union high school district, five per cent of the revenue control limit

1 means five per cent of the revenue control limit attributable to the weighted
2 student count in grades nine through twelve.

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

11 Any budget increase authorized by this election shall be
12 entirely funded by a levy of taxes upon the taxable property
13 within this school district for the year in which adopted and
14 for _____ subsequent years, shall not be realized from monies
15 furnished by the state and shall not be subject to the
16 limitation on taxes specified in article IX, section 18,
17 Constitution of Arizona. Based on an estimate of assessed
18 valuation used for secondary property tax purposes, to fund the
19 proposed increase in the school district's budget would require
20 an estimated tax rate of _____ dollar per one hundred
21 dollars of assessed valuation used for secondary property tax
22 purposes and is in addition to the school district's tax rate
23 which will be levied to fund the school district's capital
24 outlay revenue limit allowed by law.

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

34 Any budget increase authorized by this election shall be
35 entirely funded by this school district with revenues from other
36 than a levy of taxes on the taxable property within the school
37 district for the year in which adopted and for _____ subsequent
38 years and shall not be realized from monies furnished by the
39 state.

40 N. If the election is to exceed a combination of the revenue control
41 limit as provided in subsection E or F of this section, the revenue control
42 limit as provided in subsection I or J of this section or the capital outlay
43 revenue limit as provided in subsection L or M of this section, the ballot
44 shall be prepared so that the voters may vote on each proposed increase
45 separately and shall contain statements required in the same manner as if
46 each proposed increase were submitted separately.

1 O. If the election provides for a levy of taxes on the taxable
2 property within the school district, at least thirty days prior to the
3 election, the department of revenue shall provide the school district
4 governing board and the county school superintendent with an estimate of the
5 school district's assessed valuation used for secondary property tax purposes
6 for the ensuing fiscal year. The governing board and the county school
7 superintendent shall use this estimate to translate the amount of the
8 proposed dollar increase in the budget of the school district over that
9 allowed by law into a tax rate figure.

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

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

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

44 Q. If the voters in a school district vote to adopt a budget in excess
45 of the revenue control limit as provided in subsection I or J of this
46 section, any additional increase shall be included in the aggregate budget

1 limit for each of the years authorized. Any additional increase shall be
2 excluded from the determination of equalization assistance. The school
3 district governing board, however, may levy on the assessed valuation used
4 for secondary property tax purposes of the property in the school district
5 the additional increase if adopted under subsection I of this section for the
6 period of one year, two years or five through seven years as authorized. If
7 an additional increase is approved as provided in subsection J of this
8 section, the increase may only be budgeted and expended if sufficient monies
9 are available in the maintenance and operation fund of the school district.
10 If a budget increase was previously authorized and will be in effect for the
11 budget year or budget year and subsequent years, as provided in subsection I
12 or J of this section, the governing board may request a new budget increase
13 as provided in the same subsection under which the prior budget increase was
14 adopted that does not exceed the maximum amount permitted under subsection K
15 of this section. If the voters in the school district authorize the new
16 budget increase amount, the existing budget increase no longer is in effect.
17 If the voters in the school district do not authorize the budget increase
18 amount, the existing budget increase remains in effect for the time period
19 for which it was authorized. The maximum additional increase authorized as
20 provided in subsection I or J of this section and the additional increase
21 that is included in the aggregate budget limit is based on a percentage of a
22 school district's revenue control limit in future years, if the budget
23 increase is authorized for more than one year. If the additional increase:

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

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

31 R. If the voters in a school district vote to adopt a budget in excess
32 of the capital outlay revenue limit as provided in subsection L of this
33 section, any additional increase shall be included in the aggregate budget
34 limit for each of the years authorized. The additional increase shall be
35 excluded from the determination of equalization assistance. The school
36 district governing board, however, may levy on the assessed valuation used
37 for secondary property tax purposes of the property in the school district
38 the additional increase for the period authorized but not to exceed ten
39 years. For overrides approved by a vote of the qualified electors of the
40 school district at an election held from and after October 31, 1998, the
41 period of the additional increase prescribed in this subsection shall not
42 exceed seven years for any capital override election.

43 S. If the voters in a school district vote to adopt a budget in excess
44 of the capital outlay revenue limit as provided in subsection M of this
45 section, any additional increase shall be included in the aggregate budget
46 limit for each of the years authorized. The additional increase shall be

1 excluded from the determination of equalization assistance. The school
2 district governing board may only use revenues derived from the school
3 district's prior year's maintenance and operation fund ending cash balance
4 and capital outlay fund ending cash balance to fund the additional increase
5 for the period authorized but not to exceed ten years. For overrides
6 approved by a vote of the qualified electors of the school district at an
7 election held from and after October 31, 1998, the period of the additional
8 increase prescribed in this subsection shall not exceed seven years for any
9 capital override election.

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

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

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

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

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

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

33 _____ school district is proposing to increase its
34 budget by \$_____ to fund capital improvements over and
35 above those funded by the state. Under the students first
36 capital funding system, _____ school district is entitled to
37 state monies for building renewal, new construction and
38 renovation of school buildings in accordance with state law.

39 2. The ballot shall contain the words "budget increase, yes" and
40 "budget increase, no", and the voter shall signify the voter's desired
41 choice.

42 3. At least eighty-five days before the election, the school district
43 shall submit proposed ballot language to the director of the Arizona
44 legislative council. The director of the Arizona legislative council shall
45 review the proposed ballot language to determine whether the proposed ballot
46 language complies with this section. If the director of the Arizona

1 legislative council determines that the proposed ballot language does not
2 comply with this section, the director, within ten calendar days of the
3 receipt of the proposed ballot language, shall notify the school district of
4 the director's objections and the school district shall resubmit revised
5 ballot language to the director for approval.

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

12 Y. Each school district that currently increases its budget pursuant
13 to subsection L or M of this section is required to hold a public meeting
14 each year between September 1 and October 31 at which an update of the
15 progress of capital improvements financed through the override is discussed
16 and at which the public is permitted an opportunity to comment. At a
17 minimum, the update shall include a comparison of the current status and the
18 original projections on the construction of capital improvements, the costs
19 of capital improvements and the costs of capital improvements in progress or
20 completed since the prior meeting and the future capital plans of the school
21 district. The school district shall include in the public meeting a
22 discussion of the school district's use of state capital aid and
23 voter-approved bonding in funding capital improvements, if any.

24 Z. If a budget in excess of the capital outlay revenue limit was
25 previously adopted by the voters in a school district and will be in effect
26 for the budget year or budget year and subsequent years, as provided in
27 subsection L or M of this section, the governing board may request an
28 additional budget in excess of the capital outlay revenue limit. If the
29 voters in a school district authorize the additional budget in excess of the
30 capital outlay revenue limit, the existing capital outlay revenue limit
31 budget increase remains in effect.

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

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

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

16 CC. IF THE ELECTION IS TO CONTINUE TO EXCEED THE REVENUE CONTROL LIMIT
17 AS PROVIDED IN SECTION 15-482 AND IF THE PROPOSED OVERRIDE WILL BE FULLY
18 FUNDED BY A CONTINUATION OF A LEVY OF TAXES ON THE TAXABLE PROPERTY IN THE
19 SCHOOL DISTRICT, THE BALLOT SHALL CONTAIN THE WORDS "BUDGET OVERRIDE
20 CONTINUATION, YES" AND "BUDGET OVERRIDE CONTINUATION, NO", AND THE VOTER
21 SHALL SIGNIFY THE VOTER'S DESIRED CHOICE. THE BALLOT SHALL ALSO CONTAIN THE
22 AMOUNT OF THE PROPOSED CONTINUATION OF THE BUDGET INCREASE OF THE PROPOSED
23 BUDGET OVER THE ALTERNATE BUDGET, A STATEMENT THAT THE AMOUNT OF THE PROPOSED
24 INCREASE WILL BE BASED ON A PERCENTAGE OF THE SCHOOL DISTRICT'S REVENUE
25 CONTROL LIMIT IN FUTURE YEARS, IF APPLICABLE, AS PROVIDED IN SUBSECTION P OF
26 THIS SECTION AND THE FOLLOWING STATEMENT:

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

42 Sec. 4. Repeal

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

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

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

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

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

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

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

17 8. The services offered to developmentally disabled populations.

18 9. The grade levels that will be served.

19 B. Each new school that provides online instruction shall provide
20 online instruction on a probationary status. After a new school that
21 provides online instruction has clearly demonstrated the academic integrity
22 of its instruction through the actual improvement of the academic performance
23 of its students, the school may apply to be removed from probationary status.
24 The state board of education or the state board for charter schools shall
25 remove from Arizona online instruction any probationary school that fails to
26 clearly demonstrate improvement in academic performance within three years
27 measured against goals in the approved application and the state's
28 accountability system. The state board of education and the state board for
29 charter schools shall review the effectiveness of each participating school
30 and other information pursuant to subsection C of this section. All pupils
31 who participate in Arizona online instruction shall reside in this state.
32 Pupils who participate in Arizona online instruction are subject to the
33 testing requirements prescribed in chapter 7, article 3 of this title. Upon
34 enrollment, the school shall notify the parents or guardians of the pupil of
35 the state testing requirements. If a pupil fails to comply with the testing
36 requirements and the school administers the tests pursuant to this subsection
37 to less than ninety-five per cent of the pupils in Arizona online
38 instruction, the pupil shall not be allowed to participate in Arizona online
39 instruction.

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

43 D. The department of education shall compile the information submitted
44 in the annual reports by schools participating in Arizona online instruction.
45 The department of education shall submit the compiled report to the governor,

1 the speaker of the house of representatives and the president of the senate
2 by November 15 of each year.

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

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

41 1. Pupils who are enrolled full-time in Arizona online instruction
42 shall be funded for online instruction at ninety-five per cent of the ~~basic~~
43 ~~state aid~~ BASE SUPPORT LEVEL that would be calculated for that pupil if that
44 pupil were enrolled as a full-time student in a school district or charter
45 school ~~for the equivalent of six hours each day for one hundred eighty school~~
46 ~~days. Average daily membership shall not be calculated on the one hundredth~~

1 ~~day of instruction for purposes of this section~~ THAT DOES NOT PARTICIPATE IN
2 ARIZONA ONLINE INSTRUCTION. ADDITIONAL ASSISTANCE, THE CAPITAL OUTLAY
3 REVENUE LIMIT AND THE SOFT CAPITAL ALLOCATION LIMIT SHALL BE CALCULATED IN
4 THE SAME MANNER THEY WOULD BE CALCULATED IF THE STUDENT WERE ENROLLED IN A
5 DISTRICT OR CHARTER SCHOOL THAT DOES NOT PARTICIPATE IN ARIZONA ONLINE
6 INSTRUCTION. A PUPIL ENROLLED IN ARIZONA ONLINE INSTRUCTION SHALL BE
7 CONSIDERED FULL-TIME IF THE PUPIL'S AVERAGE INSTRUCTIONAL HOURS, AS REPORTED
8 IN THE DAILY LOG REQUIRED IN SUBSECTION E OF THIS SECTION, EXCEED ONE HUNDRED
9 NINETEEN MINUTES FOR KINDERGARTEN PROGRAMS, TWO HUNDRED THIRTY-EIGHT MINUTES
10 FOR GRADES ONE THROUGH THREE, TWO HUNDRED NINETY-SEVEN MINUTES FOR GRADES
11 FOUR THROUGH SIX, THREE HUNDRED FIFTY-SIX MINUTES FOR GRADES SEVEN AND EIGHT
12 AND THREE HUNDRED MINUTES FOR GRADES NINE THROUGH TWELVE.

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

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

34 H. To ensure the academic integrity of pupils who participate in
35 Arizona online instruction, Arizona online instruction shall include multiple
36 diverse assessment measures and the proctored administration of required
37 state standardized tests.

38 I. For the purposes of this section:

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

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

44 ~~(b) A pupil in grades seven through twelve who is enrolled for an~~
45 ~~average of the equivalent of at least six hours each day for one hundred~~

1 ~~eighty school days in any combination of online instruction, a school in a~~
2 ~~school district or a charter school.~~

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

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

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

15 ~~4. 1. "Online course provider" means a school other than an online~~
16 ~~school that is selected by the state board of education or the state board~~
17 ~~for charter schools to participate in Arizona online instruction pursuant to~~
18 ~~this section and that provides at least one online academic course that is~~
19 ~~approved by the state board of education.~~

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

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

32 15-821. Admission of children; required age

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

39 B. If a preschool program for children with disabilities is
40 maintained, a child is eligible for admission as prescribed in section
41 15-771.

42 C. If a kindergarten program is maintained, a child is eligible for
43 admission to kindergarten if the child is five years of age. A child is
44 deemed five years of age if the child reaches the age of five before
45 September 1 of the current school year. If a child who has not reached the
46 age of five before September 1 of the current school year is admitted to

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

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

21 1. The family member is attempting to obtain legal guardianship of the
22 child in an unresolved and uncontested guardianship proceeding commenced in
23 superior court. The family member shall provide documentation to the school
24 district within thirty days of enrollment that the family member is
25 attempting to obtain legal guardianship of the child. Upon obtaining legal
26 guardianship, the family member shall provide documentation to the school
27 district.

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

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

37 **15-901. Definitions**

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

39 1. "Average daily attendance" or "ADA" means actual average daily
40 attendance through the first one hundred days or two hundred days in session,
41 as applicable.

42 2. "Average daily membership" means the total enrollment of fractional
43 students and full-time students, minus withdrawals, of each school day
44 through the first one hundred days or two hundred days in session, as
45 applicable, for the current year. Withdrawals include students formally
46 withdrawn from schools and students absent for ten consecutive school days,

1 except for excused absences as identified by the department of education.
2 For computation purposes, the effective date of withdrawal shall be
3 retroactive to the last day of actual attendance of the student.

4 (a) "Fractional student" means:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

27 6. "Daily attendance" means:

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

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

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

44 (iii) Of the fourth, fifth or sixth grades or ungraded and at least
45 nine, but under twelve, years of age by September 1 attends more than

1 three-quarters of the instructional time scheduled for the day, except as
2 provided in section 15-797.

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

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

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

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

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

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

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

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

44 (g) For school districts which maintain school for an approved
45 year-round school year operation, attendance shall be based on a computation,
46 as prescribed by the superintendent of public instruction, of the one hundred

1 eighty days' equivalency or two hundred days' equivalency, as applicable, of
2 instructional time as approved by the superintendent of public instruction
3 during which each pupil is enrolled.

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

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

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

18 8. "District support level" means the base support level plus the
19 transportation support level.

20 9. "Eligible students" means:

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

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

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

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

44 (c) Children with disabilities, as defined by section 15-761, who are
45 transported by or for the school district or who are admitted pursuant to
46 chapter 8, article 1.1 of this title and who qualify as full-time students or

1 fractional students regardless of location or residence within the school
2 district or children with disabilities whose transportation is required by
3 the pupil's individualized education program.

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

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

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

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

17 13. "Revenue control limit" means the base revenue control limit plus
18 the transportation revenue control limit.

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

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

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

27 17. "Total students transported" means all eligible students
28 transported from their place of residence to a school transportation pickup
29 point or to the school of attendance and from the school of attendance or
30 from the school transportation scheduled return point to their place of
31 residence.

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

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

36 1. "Base" means the revenue level per student count specified by the
37 legislature.

38 2. "Base level" means:

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

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

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

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

- 1 4. "Base support level" means the base support level as provided in
2 section 15-943.
- 3 5. "Certified teacher" means a person who is certified as a teacher
4 pursuant to the rules adopted by the state board of education, who renders
5 direct and personal services to school children in the form of instruction
6 related to the school district's educational course of study and who is paid
7 from the maintenance and operation section of the budget.
- 8 6. "ED, MIMR, SLD, SLI and OHI" means programs for children with
9 emotional disabilities, mild mental retardation, a specific learning
10 disability, a speech/language impairment and other health impairments.
- 11 7. "ED-P" means programs for children with emotional disabilities who
12 are enrolled in private special education programs as prescribed in section
13 15-765, subsection D, paragraph 1 or in an intensive school district program
14 as provided in section 15-765, subsection D, paragraph 2.
- 15 8. "ELL" means English learners who do not speak English or whose
16 native language is not English, who are not currently able to perform
17 ordinary classroom work in English and who are enrolled in an English
18 language education program pursuant to sections 15-751, 15-752 and 15-753.
- 19 9. "Full-time equivalent certified teacher" or "FTE certified teacher"
20 means for a certified teacher the following:
21 (a) If employed full time as defined in section 15-501, 1.00.
22 (b) If employed less than full time, multiply 1.00 by the percentage
23 of a full school day, or its equivalent, or a full class load, or its
24 equivalent, for which the teacher is employed as determined by the governing
25 board.
- 26 10. "Group A" means educational programs for career exploration, a
27 specific learning disability, an emotional disability, mild mental
28 retardation, remedial education, a speech/language impairment, homebound,
29 bilingual, preschool moderate delay, preschool speech/language delay, other
30 health impairments and gifted pupils.
- 31 11. "Group B" means educational improvements for pupils in kindergarten
32 programs and grades one through three, educational programs for autism, a
33 hearing impairment, moderate mental retardation, multiple disabilities,
34 multiple disabilities with severe sensory impairment, orthopedic impairments,
35 preschool severe delay, severe mental retardation and emotional disabilities
36 for school age pupils enrolled in private special education programs or in
37 school district programs for children with severe disabilities or visual
38 impairment and English learners enrolled in a program to promote English
39 language proficiency pursuant to section 15-752.
- 40 12. "HI" means programs for pupils with hearing impairment.
- 41 13. "Homebound" or "hospitalized" means a pupil who is capable of
42 profiting from academic instruction but is unable to attend school due to
43 illness, disease, accident or other health conditions, who has been examined
44 by a competent medical doctor and who is certified by that doctor as being
45 unable to attend regular classes for a period of not less than three school
46 months or a pupil who is capable of profiting from academic instruction but

1 is unable to attend school regularly due to chronic or acute health problems,
2 who has been examined by a competent medical doctor and who is certified by
3 that doctor as being unable to attend regular classes for intermittent
4 periods of time totaling three school months during a school year. The
5 medical certification shall state the general medical condition, such as
6 illness, disease or chronic health condition, that is the reason that the
7 pupil is unable to attend school. Homebound or hospitalized includes a
8 student who is unable to attend school for a period of less than three months
9 due to a pregnancy if a competent medical doctor, after an examination,
10 certifies that the student is unable to attend regular classes due to risk to
11 the pregnancy or to the student's health.

12 14. "K" means kindergarten programs.

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

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

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

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

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

21 20. "OI-R" means a resource program for pupils with orthopedic
22 impairments.

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

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

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

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

32 25. "Small isolated school district" means a school district which
33 meets all of 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 no school which is fewer than thirty miles by the most
37 reasonable route from another school, or, if road conditions and terrain make
38 the driving slow or hazardous, fifteen miles from another school which
39 teaches one or more of the same grades and is operated by another school
40 district in this state.

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

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

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

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

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

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

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

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

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

13 Sec. 10. Repeal

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

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

19 15-973. Apportionment of funds; expenditure limitation

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

29 B. Apportionments shall be made as follows:

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

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

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

36 4. By the close of business on THE FIRST DAY OF BUSINESS OF November
37 ~~1~~, one-twelfth of the total amount to be apportioned during the fiscal year.

38 5. By the close of business on THE FIRST DAY OF BUSINESS OF December
39 ~~1~~, one-twelfth of the total amount to be apportioned during the fiscal year.

40 6. By the close of business on THE FIRST DAY OF BUSINESS OF January
41 ~~1~~, one-twelfth of the total amount to be apportioned during the fiscal year.

42 7. By the close of business on THE FIRST DAY OF BUSINESS OF February
43 ~~1~~, one-twelfth of the total amount to be apportioned during the fiscal year.

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

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

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

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

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

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

17 C. Notwithstanding subsection B of this section, if sufficient
18 appropriated funds are available and on a showing by a school district that
19 additional state monies are necessary for current expenses, an apportionment
20 or part of an apportionment of state aid may be paid to the school district
21 prior to the date set for such apportionment by subsection B of this section.
22 After the first forty days in session of the current year, a school district
23 may request additional state monies to fund the increased state aid due to
24 anticipated student growth through the first one hundred days or two hundred
25 days in session, as applicable, of the current year as provided in section
26 15-948. In no event shall a school district have received more than
27 three-fourths of its total apportionment before April 30 of the fiscal year.
28 Early payments pursuant to this subsection must be approved by the state
29 treasurer, the director of the department of administration and the
30 superintendent of public instruction.

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

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

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

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

44 (b) The amount computed as follows:

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

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

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

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

7 3. The reduction in state aid shall be made from equalization
8 assistance as prescribed in section 15-971 or from additional state aid as
9 prescribed in section 15-972 during the fiscal year following the fiscal year
10 in which the monies are received. The superintendent of public instruction
11 shall make additional adjustments in state aid for allowable deductions which
12 were not made in any previous fiscal year which is not more than five years
13 earlier than the year in which the adjustments are made. The superintendent
14 of public instruction shall give the school district prior notice of the
15 intention to make the additional adjustments and may distribute the
16 adjustments over more than one year after considering the effects of the
17 adjustments on the school district.

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

21 F. If a school district which is eligible to receive monies pursuant
22 to this article is unable to meet a scheduled payment on any lawfully
23 incurred long-term obligation for debt service as provided in section
24 15-1022, the county treasurer shall use any amount distributed pursuant to
25 this section to make the payment. The county treasurer shall keep a record
26 of all the instances in which a payment is made pursuant to this subsection.
27 Any monies subsequently collected by the district to make the scheduled
28 payment shall be used to replace the amount diverted pursuant to this
29 subsection. When determining the total amount to be funded by a levy of
30 secondary taxes upon property within the school district for the following
31 fiscal year, the county board of supervisors shall add to the amounts
32 budgeted to be expended during the following fiscal year an amount equal to
33 the total of all payments pursuant to this subsection during the current
34 fiscal year which were not repaid during the current year.

35 G. The total amount of state monies that may be spent in any fiscal
36 year by the state board of education for apportionment of state aid for
37 education shall not exceed the amount appropriated or authorized by section
38 35-173 for that purpose. This section shall not be construed to impose a
39 duty on an officer, agent or employee of this state to discharge a
40 responsibility or to create any right in a person or group if the discharge
41 or right would require an expenditure of state monies in excess of the
42 expenditure authorized by legislative appropriation for that specific
43 purpose.

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

1 15-977. Classroom site fund; definitions

2 A. The classroom site fund is established consisting of monies
3 transferred to the fund pursuant to section 37-521, subsection B and section
4 42-5029, subsection E, paragraph 10. The department of education shall
5 administer the fund. School districts and charter schools may not supplant
6 existing school site funding with revenues from the fund. All monies
7 distributed from the fund are intended for use at the school site. Each
8 school district or charter school shall allocate forty per cent of the monies
9 for teacher compensation increases based on performance and employment
10 related expenses, twenty per cent of the monies for teacher base salary
11 increases and employment related expenses and forty per cent of the monies
12 for maintenance and operation purposes as prescribed in subsection H of this
13 section. Teacher compensation increases based on performance or teacher base
14 salary increases distributed pursuant to this subsection shall supplement,
15 and not supplant, teacher compensation monies from any other sources. The
16 school district or charter school shall notify each school principal of the
17 amount available to the school by April 15 of each year. The district or
18 charter school shall request from the school's principal each school's
19 priority for the allocation of the funds available to the school for each
20 program listed under subsection H of this section. The amount budgeted by
21 the school district or charter school pursuant to this section shall not be
22 included in the allowable budget balance carryforward calculated pursuant to
23 section 15-943.01.

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

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

- 29 1. School district performance and school performance.
- 30 2. Measures of academic progress toward the academic standards adopted
31 by the state board of education.
- 32 3. Other measures of academic progress.
- 33 4. Dropout or graduation rates.
- 34 5. Attendance rates.
- 35 6. Ratings of school quality by parents.
- 36 7. Ratings of school quality by students.
- 37 8. The input of teachers and administrators.
- 38 9. Approval of the performance based compensation system based on an
39 affirmative vote of at least seventy per cent of the teachers eligible to
40 participate in the performance based compensation system.
- 41 10. An appeals process for teachers who have been denied performance
42 based compensation.
- 43 11. Regular evaluation for effectiveness.

44 D. A performance based compensation system shall include teacher
45 professional development programs that are aligned with the elements of the
46 performance based compensation system.

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

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

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

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

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

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

- 34 (a) FOR STAGE ONE, ONE PER CENT.
- 35 (b) FOR STAGE TWO, TWO PER CENT.
- 36 (c) FOR STAGE THREE, THREE PER CENT.
- 37 (d) FOR STAGE FOUR, FOUR PER CENT.
- 38 (e) FOR STAGE FIVE, FIVE PER CENT.
- 39 (f) FOR STAGE SIX, FIVE AND ONE-HALF PER CENT BY JUNE 30, 2018.

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

- 42 1. Class size reduction.
- 43 2. Teacher compensation increases.
- 44 3. AIMS intervention programs.
- 45 4. Teacher development.
- 46 5. Dropout prevention programs.

1 6. Teacher liability insurance premiums.

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

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

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

28 L. The state education system for committed youth shall receive monies
29 from the classroom site fund in the same manner as school districts and
30 charter schools. The Arizona state schools for the deaf and the blind shall
31 receive monies from the classroom site fund in an amount that corresponds to
32 the weighted student count for the current year pursuant to section 15-943,
33 paragraph 2, subdivision (b) for each pupil enrolled in the Arizona state
34 schools for the deaf and the blind. Except as otherwise provided in this
35 subsection, the Arizona state schools for the deaf and the blind and the
36 state education system for committed youth are subject to this section in the
37 same manner as school districts and charter schools.

38 M. Each school district and charter school, including school districts
39 that unify pursuant to section 15-448 or consolidate pursuant to section
40 15-459, shall establish a local level classroom site fund to receive
41 allocations from the state level classroom site fund. The local level
42 classroom site fund shall be a budgetary controlled account. Interest
43 charges for any registered warrants for the local level classroom site fund
44 shall be a charge against the local level classroom site fund. Interest
45 earned on monies in the local level classroom site fund shall be added to the
46 local level classroom site fund as provided in section 15-978. In no event

1 shall this state be required to make payments to a school district or charter
2 school local level classroom site fund that are in addition to monies
3 transferred to the state level classroom site fund pursuant to section
4 37-521, subsection B and section 42-5029, subsection E, paragraph 10.

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

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

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

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

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

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

43 15-1021. Limitation on bonded indebtedness; limitation on
44 authorization and issuance of bonds

45 A. Until December 31, 1999, a school district may issue class A bonds
46 for the purposes specified in this section and chapter 4, article 5 of this

1 title to an amount in the aggregate, including the existing indebtedness, not
2 exceeding fifteen per cent of the taxable property used for secondary
3 property tax purposes, as determined pursuant to title 42, chapter 15,
4 article 1, within a school district as ascertained by the last property tax
5 assessment previous to issuing the bonds.

6 B. From and after December 31, 1998, a school district may issue class
7 B bonds for the purposes specified in this section and chapter 4, article 5
8 of this title to an amount in the aggregate, including the existing class B
9 indebtedness, not exceeding five per cent of the taxable property used for
10 secondary property tax purposes, as determined pursuant to title 42, chapter
11 15, article 1, within a school district as ascertained by the last assessment
12 of state and county taxes previous to issuing the bonds, or one thousand five
13 hundred dollars per student count as determined pursuant to section 15-902,
14 whichever amount is greater. A school district shall not issue class B bonds
15 until the proceeds of any class A bonds issued by the school district have
16 been obligated in contract. The total amount of class A and class B bonds
17 issued by a school district shall not exceed the debt limitations prescribed
18 in article IX, section 8, Constitution of Arizona.

19 C. Until December 31, 1999, a unified school district, as defined
20 under article IX, section 8.1, Constitution of Arizona, may issue class A
21 bonds for the purposes specified in this section and chapter 4, article 5 of
22 this title to an amount in the aggregate, including the existing
23 indebtedness, not exceeding thirty per cent of the taxable property used for
24 secondary property tax purposes, as determined pursuant to title 42, chapter
25 15, article 1, within a unified school district as ascertained by the last
26 property tax assessment previous to issuing the bonds.

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

41 E. No bonds authorized to be issued by an election held after July 1,
42 1980 AND BEFORE THE EFFECTIVE DATE OF THIS AMENDMENT TO THIS SECTION may be
43 issued more than six years after the date of the election, except that class
44 A bonds shall not be issued after December 31, 1999. NO BONDS AUTHORIZED TO
45 BE ISSUED BY AN ELECTION HELD AFTER THE EFFECTIVE DATE OF THIS AMENDMENT TO

1 THIS SECTION MAY BE ISSUED MORE THAN TEN YEARS AFTER THE DATE OF THE
2 ELECTION.

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

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

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

20 2. That include the process to be used by the participating district
21 to compensate the joint technology education district in the event that the
22 facility is no longer used only for career and technology education programs
23 offered by the joint technological education district during the life of the
24 bond.

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

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

32 15-1225. Postemployment benefits; trust accounts; actuarial
33 report

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

41 B. ~~Another~~ AN OTHER postemployment benefits fund is a cash controlled
42 fund as provided in section 15-905, subsection N. The monies in the other
43 postemployment benefits fund are not subject to reversion, except that at the
44 end of five years of no activity in the fund, any remaining monies shall
45 revert to the maintenance and operations fund.

1 C. An other postemployment benefits trust account established pursuant
2 to subsection A of this section shall meet all of the following conditions:
3 1. Contributions made by the school district into the trust account
4 are irrevocable.
5 2. The assets of the trust account shall be dedicated to providing
6 benefits to school district retirees and their beneficiaries in accordance
7 with the terms of the postemployment benefits plan.
8 3. Trust assets shall be legally protected from creditors of the
9 school district or the investment manager pursuant to subsection F of this
10 section.
11 D. Current or prior year postemployment benefits liabilities may be
12 paid from any school district fund from which a school district may pay
13 employee benefits into the other postemployment benefits fund or trust
14 account. Payments for current or prior year liabilities paid into the other
15 postemployment benefits fund or trust account shall be treated as an
16 expenditure from the originating school district fund.
17 E. The following expenditures may be made from an other postemployment
18 benefits fund or an other postemployment benefits trust account:
19 1. Administrative and management costs.
20 2. Payment of benefits.
21 F. An investment manager for an other postemployment benefits trust
22 account established pursuant to subsection A of this section shall be either:
23 1. A qualified investment manager appointed by the district governing
24 board.
25 2. The manager of a public agency pool established pursuant to section
26 11-952.01.
27 G. The investment manager for an other postemployment benefits trust
28 account may invest and reinvest the monies in the account and may hold,
29 purchase, sell, assign, transfer and dispose of any of the securities and
30 investments in which any of the trust account monies are invested. The
31 investment manager shall invest the monies in the trust account in the same
32 manner as the monies in the permanent state land fund pursuant to section
33 35-314.01, except that not more than thirty per cent of the monies in the
34 trust account may be invested in equity securities at any time. the
35 percentage of investment shall be calculated at cost.
36 H. If applicable, each school district shall submit on or before
37 September 1, 2009 to the joint legislative budget committee the most recent
38 actuarial study of the school district's existing other postemployment
39 benefits offered by the school district and any prospective other
40 postemployment benefits contemplated to be offered by the school district,
41 including an analysis of defined contribution plans and defined benefits
42 plans if appropriate and if the defined contribution or defined benefit plans
43 are used to administer any other postemployment benefit. Each time a school
44 district conducts a new actuarial study of the school district's existing or
45 prospective other postemployment benefits, the school district shall submit

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

36 C. Notwithstanding any provision of law, for fiscal year 2009-2010, if
37 the governing board of a school district incurred interest expenses for
38 registering warrants in fiscal year 2008-2009 or expects to incur interest
39 expenses for registering warrants in fiscal year 2009-2010 related to basic
40 state aid and additional state aid that was scheduled to be apportioned on
41 May 15, 2009 pursuant to section 15-973, Arizona Revised Statutes, but that
42 was deferred pursuant to legislation enacted into law during May 2009, the
43 governing board may budget an estimated amount for those interest expenses.
44 Any such amount is specifically exempt from the revenue control limit in
45 fiscal year 2009-2010. If the budgeted estimate amount is greater than the
46 amount received pursuant to subsection B of this section, the governing board

1 shall not expend more than the amount received pursuant to subsection B of
2 this section. If the budgeted estimate amount is less than the amount
3 received pursuant to subsection B of this section, the governing board may
4 revise its budget during fiscal year 2009-2010 to include the actual amount
5 received pursuant to subsection B of this section and shall not expend more
6 than the amount received pursuant to subsection B of this section.

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

10 E. The county treasurer and county school superintendent in each
11 county shall provide to the department of education any information that is
12 requested by the department of education to carry out the requirements of
13 this section.

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

16 Sec. 64. Reduction in school district state aid apportionment
17 in fiscal year 2009-2010; appropriations in fiscal
18 year 2010-2011

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

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

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

45 D. Notwithstanding any provision of law, for fiscal year 2010-2011, if
46 the governing board of a school district incurred interest expenses for

1 registering warrants in fiscal year 2009-2010 or expects to incur interest
2 expenses for registering warrants in fiscal year 2010-2011 pursuant to
3 subsection A OF THIS SECTION, the governing board may budget an estimated
4 amount for those interest expenses. Any such amount is specifically exempt
5 from the revenue control limit in fiscal year 2010-2011. If the budgeted
6 estimate amount is greater than the amount received pursuant to subsection C
7 OF THIS SECTION, the governing board shall not expend more than the amount
8 received pursuant to subsection C OF THIS SECTION. If the budgeted estimate
9 amount is less than the amount received pursuant to subsection C OF THIS
10 SECTION, the governing board may revise its budget during fiscal year
11 2010-2011 to include the actual amount received pursuant to subsection C OF
12 THIS SECTION and shall not expend more than the amount received pursuant to
13 subsection C OF THIS SECTION.

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

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

19 Sec. 68. Early graduation scholarship program; funding
20 suspension; temporary moratorium on new program
21 participants

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

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

30 C. Notwithstanding section 15-105, Arizona Revised Statutes, as
31 amended by this act, students who were not admitted before July 1, 2009 to
32 participate in the early graduation scholarship program shall not be admitted
33 to participate in the early graduation scholarship program during fiscal year
34 2009-2010.

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

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

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

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

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

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

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

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

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

1 pursuant to section 15-482, Arizona Revised Statutes, as amended by this act.
2 On the expiration of the override previously approved pursuant to section
3 15-482, Arizona Revised Statutes, as amended by this act, override elections
4 conducted in subsequent fiscal years shall be as prescribed by statute.

5 **4. A GOVERNING BOARD MAY CANCEL ANY OVERRIDE ELECTION PREVIOUSLY**
6 **CALLLED FOR NOVEMBER 2009 NO LATER THAN AUGUST 1, 2009 IN ORDER TO IMPLEMENT**
7 **THIS SECTION.**

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

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

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

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

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

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

38 Sec. 24. Full-day kindergarten instruction in fiscal year
39 2009-2010; tuition

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

