

State of Arizona
Senate
Forty-ninth Legislature
First Regular Session
2009

SENATE BILL 1480

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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

19 L. For the purposes of this section:

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

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

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

34 15-239. School compliance and recognition; accreditation;
35 audits

36 A. The department of education may:

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

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

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

43 B. The department of education may adopt guidelines necessary to
44 implement this section.

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

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

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

9 15-481. Override election; budget increases; notice; ballot;
10 effect

11 A. If a proposed budget of a school district exceeds the aggregate
12 budget limit for the budget year, at least ninety days before the proposed
13 election the governing board shall order an override election to be held on
14 the first Tuesday following the first Monday in November as prescribed by
15 section 16-204, subsection B, paragraph 1, subdivision (d) for the purpose of
16 presenting the proposed budget to the qualified electors of the school
17 district who by a majority of those voting either shall affirm or reject the
18 budget. In addition, the governing board shall prepare an alternate budget
19 which does not include an increase in the budget of more than the amount
20 permitted as provided in section 15-905. If the qualified electors approve
21 the proposed budget, the governing board of the school district shall follow
22 the procedures prescribed in section 15-905 for adopting a budget that
23 includes the authorized increase. If the qualified electors disapprove the
24 proposed budget, the governing board shall follow the procedures prescribed
25 in section 15-905 for adopting a budget that does not include the proposed
26 increase or the portion of the proposed increase that exceeds the amount
27 authorized by a previously approved budget increase as prescribed in
28 subsection P of this section.

29 B. The county school superintendent shall prepare an informational
30 report on the proposed increase in the budget and a sample ballot and, at
31 least forty days prior to the election, shall transmit the report and the
32 sample ballot to the governing board of the school district. The governing
33 board, upon receipt of the report and the ballot, shall mail or distribute
34 the report and the ballot to the households in which qualified electors
35 reside within the school district at least thirty-five days prior to the
36 election. Any distribution of material concerning the proposed increase in
37 the budget shall not be conducted by children enrolled in the school
38 district. The report shall contain the following information:

- 39 1. The date of the election.
- 40 2. The voter's polling place and the times it is open.
- 41 3. The proposed total increase in the budget which exceeds the amount
42 permitted pursuant to section 15-905.
- 43 4. The total amount of the current year's budget, the total amount of
44 the proposed budget and the total amount of the alternate budget.

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

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

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

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

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

37 10. A statement that the alternate budget shall be adopted by the
38 governing board if the proposed budget is not adopted by the qualified
39 electors of the school district.

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

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

1 (b) An owner-occupied residence whose assessed valuation is one-half
2 of the assessed valuation of the residence in subdivision (a) of this
3 paragraph.

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

6 (d) A business whose assessed valuation is the average of the assessed
7 valuation of property classified as class one, as prescribed by section
8 42-12001, paragraphs 12 and 13 for the current year in the school district.

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

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

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

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

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

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

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

43 2. Ballots shall be counted pursuant to title 16, chapter 4,
44 article 10.

1 E. If the election is to exceed the revenue control limit and if the
2 proposed increase will be fully funded by a levy of taxes upon the taxable
3 property within the school district, the ballot shall contain the words
4 "budget increase, yes" and "budget increase, no", and the voter shall signify
5 his desired choice. The ballot shall also contain the amount of the proposed
6 increase of the proposed budget over the alternate budget, a statement that
7 the amount of the proposed increase will be based on a percentage of the
8 school district's revenue control limit in future years, if applicable, as
9 provided in subsection P of this section and the following statement:

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

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

30 1. The amount of the proposed increase of the proposed budget over the
31 alternate budget.

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

35 3. The following statement:

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

42 G. Except as provided in subsection H of this section, the maximum
43 budget increase which 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 fifteen per cent of the revenue control limit as provided

1 in section 15-947, subsection A for the budget year. If a school district
 2 requests an override pursuant to section 15-482 or to continue with a budget
 3 override pursuant to section 15-482 for pupils in kindergarten programs and
 4 grades one through three that was authorized before December 31, 2008, the
 5 maximum budget increase that may be requested and authorized as provided in
 6 subsection E or F of this section or the combination of subsections E and F
 7 of this section is ten per cent of the revenue control limit as provided in
 8 section 15-947, subsection A for the budget year.

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

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

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

20 (i)

| | | | | | |
|----|--------------|--------------------|-------------------------|-------------------------|---------------|
| 21 | Student | Small School | Support Level Weight | | Phase Down |
| 22 | <u>Count</u> | <u>Student</u> | for Small Isolated | | Reduction |
| 23 | | <u>Count Limit</u> | <u>School Districts</u> | <u>Base Level</u> | <u>Factor</u> |
| 24 | _____ | - 125 | x 1.358 + (0.0005 x | x \$ _____ | = \$ _____ |
| 25 | | | (500 - Student Count)) | | |
| 26 | | | | Small Isolated | |
| 27 | | Phase Down | Phase Down | School District | |
| 28 | | <u>Base</u> | <u>Reduction Factor</u> | <u>Elementary Limit</u> | |
| 29 | | \$150,000 | - \$ _____ | = \$ _____ | |

30 (ii)

| | | | | | |
|----|--------------|--------------------|-------------------------|-------------------------|---------------|
| 31 | Student | Small School | Support Level Weight | | Phase Down |
| 32 | <u>Count</u> | <u>Student</u> | for Small | | Reduction |
| 33 | | <u>Count Limit</u> | <u>School Districts</u> | <u>Base Level</u> | <u>Factor</u> |
| 34 | _____ | - 125 | x 1.278 + (0.0003 x | x \$ _____ | = \$ _____ |
| 35 | | | (500 - Student Count)) | | |
| 36 | | | | Small | |
| 37 | | Phase Down | Phase Down | School District | |
| 38 | | <u>Base</u> | <u>Reduction Factor</u> | <u>Elementary Limit</u> | |
| 39 | | \$150,000 | - \$ _____ | = \$ _____ | |

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

1 (i)

$$\begin{array}{r}
 2 \quad \text{Small School} \quad \text{Support Level Weight} \quad \text{Phase Down} \\
 3 \quad \text{Student} \quad \text{Student} \quad \text{for Small Isolated} \quad \text{Reduction} \\
 4 \quad \underline{\text{Count}} \quad \underline{\text{Count Limit}} \quad \underline{\text{School Districts}} \quad \underline{\text{Base Level}} \quad \underline{\text{Factor}} \\
 5 \quad \underline{\hspace{1cm}} - \underline{100} \times 1.468 + (0.0005 \times \hspace{1cm} \times \$ \underline{\hspace{1cm}} = \$ \underline{\hspace{1cm}} \\
 6 \quad \hspace{10em} (500 - \text{Student Count})) \\
 7 \quad \hspace{10em} \text{Small Isolated} \\
 8 \quad \text{Phase Down} \quad \text{Phase Down} \quad \text{District} \\
 9 \quad \underline{\text{Base}} \quad \underline{\text{Reduction Factor}} \quad \underline{\text{Secondary Limit}} \\
 10 \quad \$350,000 - \$ \underline{\hspace{1cm}} = \$ \underline{\hspace{1cm}}
 \end{array}$$

11 (ii)

$$\begin{array}{r}
 12 \quad \text{Small School} \quad \text{Support Level Weight} \quad \text{Phase Down} \\
 13 \quad \text{Student} \quad \text{Student} \quad \text{for Small} \quad \text{Reduction} \\
 14 \quad \underline{\text{Count}} \quad \underline{\text{Count Limit}} \quad \underline{\text{School Districts}} \quad \underline{\text{Base Level}} \quad \underline{\text{Factor}} \\
 15 \quad \underline{\hspace{1cm}} - \underline{100} \times 1.398 + (0.0004 \times \hspace{1cm} \times \$ \underline{\hspace{1cm}} = \$ \underline{\hspace{1cm}} \\
 16 \quad \hspace{10em} (500 - \text{Student Count})) \\
 17 \quad \hspace{10em} \text{Small} \\
 18 \quad \text{Phase Down} \quad \text{Phase Down} \quad \text{School District} \\
 19 \quad \underline{\text{Base}} \quad \underline{\text{Reduction Factor}} \quad \underline{\text{Secondary Limit}} \\
 20 \quad \$350,000 - \$ \underline{\hspace{1cm}} = \$ \underline{\hspace{1cm}}
 \end{array}$$

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

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

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

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

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

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

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

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

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

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

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

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

40 M. If the election is to exceed the capital outlay revenue limit and
41 if the proposed increase will be fully funded by revenues from other than a
42 levy of taxes upon the taxable property within the school district, the
43 ballot shall contain the words "budget increase, yes" and "budget increase,
44 no", and the voter shall signify the voter's desired choice. An election
45 held pursuant to this subsection shall be held on the first Tuesday after the

1 first Monday of November. The ballot shall also contain the amount of the
2 proposed increase of the proposed budget over the alternate budget and the
3 following statement:

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

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

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

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

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

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

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

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

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

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

1 initial proposed percentage increase and it is one-third of the initial
2 proposed percentage increase in the last year of the proposed increase.

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

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

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

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

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

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

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

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

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

12 2. The ballot shall contain the words "budget increase, yes" and
13 "budget increase, no", and the voter shall signify the voter's desired
14 choice.

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

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

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

43 Z. If a budget in excess of the capital outlay revenue limit was
44 previously adopted by the voters in a school district and will be in effect
45 for the budget year or budget year and subsequent years, as provided in

1 subsection L or M of this section, the governing board may request an
2 additional budget in excess of the capital outlay revenue limit. If the
3 voters in a school district authorize the additional budget in excess of the
4 capital outlay revenue limit, the existing capital outlay revenue limit
5 budget increase remains in effect.

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

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

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

34 CC. IF THE ELECTION IS TO CONTINUE TO EXCEED THE REVENUE CONTROL LIMIT
35 AS PROVIDED IN SECTION 15-482 AND IF THE PROPOSED OVERRIDE WILL BE FULLY
36 FUNDED BY A CONTINUATION OF A LEVY OF TAXES ON THE TAXABLE PROPERTY IN THE
37 SCHOOL DISTRICT, THE BALLOT SHALL CONTAIN THE WORDS "BUDGET OVERRIDE
38 CONTINUATION, YES" AND "BUDGET OVERRIDE CONTINUATION, NO", AND THE VOTER
39 SHALL SIGNIFY THE VOTER'S DESIRED CHOICE. THE BALLOT SHALL ALSO CONTAIN THE
40 AMOUNT OF THE PROPOSED CONTINUATION OF THE BUDGET INCREASE OF THE PROPOSED
41 BUDGET OVER THE ALTERNATE BUDGET, A STATEMENT THAT THE AMOUNT OF THE PROPOSED
42 INCREASE WILL BE BASED ON A PERCENTAGE OF THE SCHOOL DISTRICT'S REVENUE
43 CONTROL LIMIT IN FUTURE YEARS, IF APPLICABLE, AS PROVIDED IN SUBSECTION P OF
44 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 Sec. 4. Repeal

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

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

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

23 SCHOOL DISTRICT EMPLOYMENT CONTRACTS SHALL NOT INCLUDE COMPENSATED DAYS
24 FOR PROFESSIONAL ASSOCIATION ACTIVITIES. FOR THE PURPOSES OF THIS SECTION,
25 PROFESSIONAL ASSOCIATION ACTIVITIES DO NOT INCLUDE CONDUCT THAT OCCURS DURING
26 A FIELD TRIP FOR PUPILS. THIS SECTION DOES NOT PROHIBIT INDIVIDUAL EMPLOYEES
27 OF SCHOOL DISTRICTS FROM TAKING COMPENSATED LEAVE TIME FOR ANY PERSONAL
28 PURPOSE, ANY PROFESSIONAL PURPOSE OR ANY OTHER LAWFUL PURPOSE.

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

32 15-544. Limitations on reduction of salaries or personnel

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

42 B. Notice of a general salary reduction shall be given each
43 certificated teacher affected.

44 ~~C. A certificated teacher dismissed for reasons of economy or to~~
45 ~~improve the efficient conduct and administration of the schools of the school~~

~~1 district shall have a preferred right of reappointment in the order of
2 original employment by the governing board in the event of an increase in the
3 number of certificated teachers or the reestablishment of services within a
4 period of three years.~~

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

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

10 15-808. Arizona online instruction; reports; definitions

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

19 1. The depth and breadth of curriculum choices.

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

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

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

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

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

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

36 8. The services offered to developmentally disabled populations.

37 9. The grade levels that will be served.

38 B. Each new school that provides online instruction shall provide
39 online instruction on a probationary status. After a new school that
40 provides online instruction has clearly demonstrated the academic integrity
41 of its instruction through the actual improvement of the academic performance
42 of its students, the school may apply to be removed from probationary status.
43 The state board of education or the state board for charter schools shall
44 remove from Arizona online instruction any probationary school that fails to
45 clearly demonstrate improvement in academic performance within three years

1 measured against goals in the approved application and the state's
2 accountability system. The state board of education and the state board for
3 charter schools shall review the effectiveness of each participating school
4 and other information pursuant to subsection C of this section. All pupils
5 who participate in Arizona online instruction shall reside in this state.
6 Pupils who participate in Arizona online instruction are subject to the
7 testing requirements prescribed in chapter 7, article 3 of this title. Upon
8 enrollment, the school shall notify the parents or guardians of the pupil of
9 the state testing requirements. If a pupil fails to comply with the testing
10 requirements and the school administers the tests pursuant to this subsection
11 to less than ninety-five per cent of the pupils in Arizona online
12 instruction, the pupil shall not be allowed to participate in Arizona online
13 instruction.

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

17 D. The department of education shall compile the information submitted
18 in the annual reports by schools participating in Arizona online instruction.
19 The department of education shall submit the compiled report to the governor,
20 the speaker of the house of representatives and the president of the senate
21 by November 15 of each year.

22 E. Each school selected for Arizona online instruction shall ensure
23 that a daily log is maintained for each pupil who participates in Arizona
24 online instruction. The daily log shall describe the amount of time spent by
25 each pupil participating in Arizona online instruction pursuant to this
26 section on academic tasks. The daily log shall be used by the school
27 district or charter school to qualify the pupils who participate in Arizona
28 online instruction in the school's average daily attendance calculations
29 pursuant to section 15-901.

30 F. If a pupil is enrolled in a school district or charter school and
31 also participates in Arizona online instruction, the sum of the average daily
32 membership, which includes enrollment as prescribed in section 15-901,
33 subsection A, paragraph 2, subdivisions (a) and (b) and daily attendance as
34 prescribed in section 15-901, subsection A, paragraph 6, for that pupil in
35 the school district or charter school and in Arizona online instruction shall
36 not exceed 1.0. If the pupil is enrolled in a school district or a charter
37 school and also participates in Arizona online instruction and the sum of the
38 daily membership or daily attendance for that pupil is greater than 1.0, the
39 sum shall be reduced to 1.0 and shall be apportioned between the school
40 district or charter school and Arizona online instruction based on the
41 percentage of total time that the pupil is enrolled or in attendance in the
42 school district or charter school and Arizona online instruction. The
43 uniform system of financial records shall include guidelines for the
44 apportionment of the pupil enrollment and attendance as provided in this
45 subsection. Pupils in Arizona online instruction do not incur absences for

1 purposes of section 15-901 and may generate an average daily ~~membership~~
2 ATTENDANCE of 1.0 for attendance hours during any hour of the day, during any
3 day of the week and at any time between July 1 and June 30 of each fiscal
4 year. FOR KINDERGARTEN PROGRAMS AND GRADES ONE THROUGH EIGHT, AVERAGE DAILY
5 MEMBERSHIP SHALL BE CALCULATED BY DIVIDING THE INSTRUCTIONAL HOURS AS
6 REPORTED IN THE DAILY LOG REQUIRED IN SUBSECTION E OF THIS SECTION BY THE
7 APPLICABLE HOURLY REQUIREMENTS PRESCRIBED IN SECTION 15-901. FOR GRADES NINE
8 THROUGH TWELVE, average daily membership shall be calculated by dividing the
9 instructional hours as reported in the daily log required in subsection E of
10 this section by ~~the applicable hourly requirements prescribed in section~~
11 ~~15-901 and~~ BY NINE HUNDRED. THE AVERAGE DAILY MEMBERSHIP OF A PUPIL WHO
12 PARTICIPATES IN ONLINE INSTRUCTION shall not exceed 1.0. AVERAGE DAILY
13 MEMBERSHIP SHALL NOT BE CALCULATED ON THE ONE HUNDREDTH DAY OF INSTRUCTION
14 FOR THE PURPOSES OF THIS SECTION. Funding shall be determined as follows:

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

33 2. Pupils who are enrolled part-time in Arizona online instruction
34 shall be funded for online instruction at eighty-five per cent of the ~~average~~
35 ~~daily membership~~ BASE SUPPORT LEVEL that would be calculated for that pupil
36 if that pupil were enrolled as a ~~full-time~~ PART-TIME student in a school
37 district or charter school, ~~except that enrollment hours shall be determined~~
38 ~~for the equivalent of six hours each day for one hundred eighty school days.~~
39 ~~Average daily membership shall not be calculated on the one hundredth day of~~
40 ~~instruction for purposes of this section~~ THAT DOES NOT PARTICIPATE IN ARIZONA
41 ONLINE INSTRUCTION. ADDITIONAL ASSISTANCE, THE CAPITAL OUTLAY REVENUE LIMIT
42 AND THE SOFT CAPITAL ALLOCATION LIMIT SHALL BE CALCULATED IN THE SAME MANNER
43 THEY WOULD BE CALCULATED IF THE STUDENT WERE ENROLLED IN A DISTRICT OR
44 CHARTER SCHOOL THAT DOES NOT PARTICIPATE IN ARIZONA ONLINE INSTRUCTION. A
45 PUPIL ENROLLED IN ARIZONA ONLINE INSTRUCTION SHALL BE CONSIDERED PART-TIME IF

1 THE PUPIL'S AVERAGE INSTRUCTIONAL HOURS, AS REPORTED IN THE DAILY LOG
2 REQUIRED IN SUBSECTION E OF THIS SECTION, ARE LESS THAN THE HOURS REQUIRED
3 FOR A FULL-TIME PUPIL PURSUANT TO PARAGRAPH 1 OF THIS SUBSECTION.

4 G. If the academic achievement of a pupil declines while the pupil is
5 participating in Arizona online instruction, the pupil's parents, the pupil's
6 teachers and the principal or head teacher of the school shall confer to
7 evaluate whether the pupil should be allowed to continue to participate in
8 Arizona online instruction.

9 H. To ensure the academic integrity of pupils who participate in
10 Arizona online instruction, Arizona online instruction shall include multiple
11 diverse assessment measures and the proctored administration of required
12 state standardized tests.

13 I. For the purposes of this section:

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

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

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

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

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

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

35 ~~4.~~ 1. "Online course provider" means a school other than an online
36 school that is selected by the state board of education or the state board
37 for charter schools to participate in Arizona online instruction pursuant to
38 this section and that provides at least one online academic course that is
39 approved by the state board of education.

40 ~~3.~~ 2. "Online school" means ~~a charter school that is sponsored by the~~
41 ~~state board for charter schools, that is selected by the state board for~~
42 ~~charter schools to participate in Arizona online instruction and~~ A SCHOOL
43 that provides at least four online academic courses or one or more online
44 courses for the equivalent of at least ~~six~~ FIVE hours each day for one
45 hundred eighty school days AND THAT IS A CHARTER SCHOOL THAT IS SPONSORED BY

1 THE STATE BOARD FOR CHARTER SCHOOLS OR A TRADITIONAL PUBLIC SCHOOL THAT IS
2 SELECTED BY THE STATE BOARD OF EDUCATION TO PARTICIPATE IN ARIZONA ONLINE
3 INSTRUCTION.

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

7 15-821. Admission of children; required age

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

14 B. If a preschool program for children with disabilities is
15 maintained, a child is eligible for admission as prescribed in section
16 15-771.

17 C. If a kindergarten program is maintained, a child is eligible for
18 admission to kindergarten if the child is five years of age. A child is
19 deemed five years of age if the child reaches the age of five before
20 September 1 of the current school year. If a child who has not reached the
21 age of five before September 1 of the current school year is admitted to
22 kindergarten and is then readmitted to kindergarten in the following school
23 year, a school district or charter school is not eligible to receive basic
24 state aid on behalf of that child during the child's second year of
25 kindergarten. **A SCHOOL DISTRICT OR CHARTER SCHOOL MAY CHARGE TUITION FOR ANY
26 CHILD WHO IS INELIGIBLE FOR BASIC STATE AID PURSUANT TO THIS SUBSECTION.** A
27 child is eligible for admission to first grade if the child is six years of
28 age. A child is deemed six years of age if the child reaches the age of six
29 before September 1 of the current school year. The governing board may admit
30 children who have not reached the required age as prescribed by this
31 subsection if it is determined to be in the best interest of the children.
32 For children entering the first grade, such determination shall be based upon
33 one or more consultations with the parent, parents, guardian or guardians,
34 the children, the teacher and the school principal. Such children must reach
35 the required age of five for kindergarten and six for first grade by January
36 1 of the current school year.

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

42 1. The family member is attempting to obtain legal guardianship of the
43 child in an unresolved and uncontested guardianship proceeding commenced in
44 superior court. The family member shall provide documentation to the school
45 district within thirty days of enrollment that the family member is

1 attempting to obtain legal guardianship of the child. Upon obtaining legal
2 guardianship, the family member shall provide documentation to the school
3 district.

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

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

13 15-901. Definitions

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

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

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

26 (a) "Fractional student" means:

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

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

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

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

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

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

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

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

26 (iv) Except as otherwise provided by law, for any student who is
27 concurrently enrolled in a school district and a charter school, the average
28 daily membership shall be apportioned between the school district and the
29 charter school and shall not exceed 1.0. The apportionment shall be based on
30 the percentage of total time that the student is enrolled in or in attendance
31 at the school district and the charter school.

32 (v) Except as otherwise provided by law, for any student who is
33 concurrently enrolled, pursuant to section 15-808, in a school district and
34 Arizona online instruction or a charter school and Arizona online
35 instruction, the average daily membership shall be apportioned between the
36 school district and Arizona online instruction or the charter school and
37 Arizona online instruction and shall not exceed 1.0. The apportionment shall
38 be based on the percentage of total time that the student is enrolled in or
39 in attendance at the school district and Arizona online instruction or the
40 charter school and Arizona online instruction.

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

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

44 (i) Through fiscal year 2000-2001, at least four subjects, each of
45 which, if taught each school day for the minimum number of days required in a

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

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

12 (iii) For fiscal year 2002-2003, an instructional program that meets
13 at least a total of seven hundred eight hours during the minimum number of
14 days required and includes at least four subjects each of which, if taught
15 each school day for the minimum number of days required in a school year,
16 would meet a minimum of one hundred twenty-two hours a year, or the
17 equivalent, or one or more subjects taught in amounts of time totaling at
18 least twenty hours per week prorated for any week with fewer than five school
19 days.

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

27 (v) For fiscal year 2004-2005, an instructional program that meets at
28 least a total of seven hundred sixteen hours during the minimum number of
29 days required and includes at least four subjects each of which, if taught
30 each school day for the minimum number of days required in a school year,
31 would meet a minimum of one hundred twenty-three hours a year, or the
32 equivalent, or one or more subjects taught in amounts of time totaling at
33 least twenty hours per week prorated for any week with fewer than five school
34 days.

35 (vi) For fiscal year 2005-2006 and each fiscal year thereafter, an
36 instructional program that meets at least a total of seven hundred twenty
37 hours during the minimum number of days required and includes at least four
38 subjects each of which, if taught each school day for the minimum number of
39 days required in a school year, would meet a minimum of one hundred
40 twenty-three hours a year, or the equivalent, or one or more subjects taught
41 in amounts of time totaling at least twenty hours per week prorated for any
42 week with fewer than five school days.

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

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

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

6 6. "Daily attendance" means:

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

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

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

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

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

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

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

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

43 (c) For common schools, the attendance of a preschool child with
44 disabilities shall be counted as one-fourth day's attendance for each
45 thirty-six minutes of attendance not including lunch periods and recess

1 periods, except as provided in paragraph 2, subdivision (a), item (i) of this
2 subsection for children with disabilities up to a maximum of three hundred
3 sixty minutes each week.

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

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

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

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

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

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

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

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

1 9. "Eligible students" means:

2 (a) Students who are transported by or for a school district and who
3 qualify as full-time students or fractional students, except students for
4 whom transportation is paid by another school district or a county school
5 superintendent, and:

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

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

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

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

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

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

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

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

44 13. "Revenue control limit" means the base revenue control limit plus
45 the transportation revenue control limit.

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

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

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

9 17. "Total students transported" means all eligible students
10 transported from their place of residence to a school transportation pickup
11 point or to the school of attendance and from the school of attendance or
12 from the school transportation scheduled return point to their place of
13 residence.

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

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

18 1. "Base" means the revenue level per student count specified by the
19 legislature.

20 2. "Base level" means:

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

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

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

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

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

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

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

39 7. "ED-P" means programs for children with emotional disabilities who
40 are enrolled in private special education programs as prescribed in section
41 15-765, subsection D, paragraph 1 or in an intensive school district program
42 as provided in section 15-765, subsection D, paragraph 2.

43 8. "ELL" means English learners who do not speak English or whose
44 native language is not English, who are not currently able to perform

1 ordinary classroom work in English and who are enrolled in an English
2 language education program pursuant to sections 15-751, 15-752 and 15-753.

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

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

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

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

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

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

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

42 14. "K" means kindergarten programs.

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

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

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

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

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

6 20. "OI-R" means a resource program for pupils with orthopedic
7 impairments.

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

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

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

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

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

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

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

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

28 26. "Small school district" means a school district which meets all of
29 the following:

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

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

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

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

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

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

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

1 Sec. 10. Repeal

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

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

7 15-973. Apportionment of funds; expenditure limitation

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

17 B. Apportionments shall be made as follows:

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

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

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

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

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

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

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

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

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

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

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

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

42 The superintendent of public instruction shall furnish to the county
43 treasurer and the county school superintendent an abstract of the
44 apportionment and shall certify the apportionment to the department of
45 administration, which shall draw its warrant in favor of the county treasurer

1 of each county for the amount apportioned. Upon receipt of the warrant the
2 county treasurer shall notify the county school superintendent of the amount,
3 together with any other monies standing to the credit of such school district
4 in the county school fund.

5 C. Notwithstanding subsection B of this section, if sufficient
6 appropriated funds are available and on a showing by a school district that
7 additional state monies are necessary for current expenses, an apportionment
8 or part of an apportionment of state aid may be paid to the school district
9 prior to the date set for such apportionment by subsection B of this section.
10 After the first forty days in session of the current year, a school district
11 may request additional state monies to fund the increased state aid due to
12 anticipated student growth through the first one hundred days or two hundred
13 days in session, as applicable, of the current year as provided in section
14 15-948. In no event shall a school district have received more than
15 three-fourths of its total apportionment before April 30 of the fiscal year.
16 Early payments pursuant to this subsection must be approved by the state
17 treasurer, the director of the department of administration and the
18 superintendent of public instruction.

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

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

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

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

32 (b) The amount computed as follows:

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

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

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

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

41 3. The reduction in state aid shall be made from equalization
42 assistance as prescribed in section 15-971 or from additional state aid as
43 prescribed in section 15-972 during the fiscal year following the fiscal year
44 in which the monies are received. The superintendent of public instruction
45 shall make additional adjustments in state aid for allowable deductions which

1 were not made in any previous fiscal year which is not more than five years
2 earlier than the year in which the adjustments are made. The superintendent
3 of public instruction shall give the school district prior notice of the
4 intention to make the additional adjustments and may distribute the
5 adjustments over more than one year after considering the effects of the
6 adjustments on the school district.

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

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

24 G. The total amount of state monies that may be spent in any fiscal
25 year by the state board of education for apportionment of state aid for
26 education shall not exceed the amount appropriated or authorized by section
27 35-173 for that purpose. This section shall not be construed to impose a
28 duty on an officer, agent or employee of this state to discharge a
29 responsibility or to create any right in a person or group if the discharge
30 or right would require an expenditure of state monies in excess of the
31 expenditure authorized by legislative appropriation for that specific
32 purpose.

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

36 15-977. Classroom site fund; definitions

37 A. The classroom site fund is established consisting of monies
38 transferred to the fund pursuant to section 37-521, subsection B and section
39 42-5029, subsection E, paragraph 10. The department of education shall
40 administer the fund. School districts and charter schools may not supplant
41 existing school site funding with revenues from the fund. All monies
42 distributed from the fund are intended for use at the school site. Each
43 school district or charter school shall allocate forty per cent of the monies
44 for teacher compensation increases based on performance and employment
45 related expenses, twenty per cent of the monies for teacher base salary

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

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

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

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

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

37 E. A school district governing board may modify the elements contained
38 in subsection C of this section and consider additional elements when
39 adopting a performance based compensation system. A school district
40 governing board shall adopt any modifications or additional elements and
41 specify the criteria used at a public hearing.

42 F. Until December 31, 2009, each school district shall develop an
43 assessment plan for its performance based compensation system and submit the
44 plan to the department of education by December 31 of each year. A copy of
45 the performance based compensation system and assessment plan adopted by the

1 school district governing board shall be included in the report submitted to
2 the department of education.

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

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

12 2. The allocation to each charter school and school district for a
13 fiscal year shall equal the per pupil amount established in paragraph 1 of
14 this subsection for the fiscal year multiplied by the weighted student count
15 for the school district or charter school for the fiscal year pursuant to
16 section 15-943, paragraph 2, subdivision (a). For the purposes of this
17 paragraph, the weighted student count for a school district that serves as
18 the district of attendance for nonresident pupils shall be increased to
19 include nonresident pupils who attend school in the school district.

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

- 25 (a) FOR STAGE ONE, ONE PER CENT.
- 26 (b) FOR STAGE TWO, TWO PER CENT.
- 27 (c) FOR STAGE THREE, THREE PER CENT.
- 28 (d) FOR STAGE FOUR, FOUR PER CENT.
- 29 (e) FOR STAGE FIVE, FIVE PER CENT.
- 30 (f) FOR STAGE SIX, FIVE AND ONE-HALF PER CENT BY JUNE 30, 2018.

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

- 33 1. Class size reduction.
- 34 2. Teacher compensation increases.
- 35 3. AIMS intervention programs.
- 36 4. Teacher development.
- 37 5. Dropout prevention programs.
- 38 6. Teacher liability insurance premiums.

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

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

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

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

32 M. Each school district and charter school, including school districts
33 that unify pursuant to section 15-448 or consolidate pursuant to section
34 15-459, shall establish a local level classroom site fund to receive
35 allocations from the state level classroom site fund. The local level
36 classroom site fund shall be a budgetary controlled account. Interest
37 charges for any registered warrants for the local level classroom site fund
38 shall be a charge against the local level classroom site fund. Interest
39 earned on monies in the local level classroom site fund shall be added to the
40 local level classroom site fund as provided in section 15-978. In no event
41 shall this state be required to make payments to a school district or charter
42 school local level classroom site fund that are in addition to monies
43 transferred to the state level classroom site fund pursuant to section
44 37-521, subsection B and section 42-5029, subsection E, paragraph 10.

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

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

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

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

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

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

39 15-1021. Limitation on bonded indebtedness; limitation on
40 authorization and issuance of bonds

41 A. Until December 31, 1999, a school district may issue class A bonds
42 for the purposes specified in this section and chapter 4, article 5 of this
43 title to an amount in the aggregate, including the existing indebtedness, not
44 exceeding fifteen per cent of the taxable property used for secondary
45 property tax purposes, as determined pursuant to title 42, chapter 15,

1 article 1, within a school district as ascertained by the last property tax
2 assessment previous to issuing the bonds.

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

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

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

38 E. No bonds authorized to be issued by an election held after July 1,
39 1980 AND BEFORE THE EFFECTIVE DATE OF THIS AMENDMENT TO THIS SECTION may be
40 issued more than six years after the date of the election, except that class
41 A bonds shall not be issued after December 31, 1999. NO BONDS AUTHORIZED TO
42 BE ISSUED BY AN ELECTION HELD AFTER THE EFFECTIVE DATE OF THIS AMENDMENT TO
43 THIS SECTION MAY BE ISSUED MORE THAN TEN YEARS AFTER THE DATE OF THE
44 ELECTION.

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

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

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

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

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

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

30 15-1225. Postemployment benefits; trust accounts; actuarial
31 report

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

35 Sec. 19. Repeal

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

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

40 Sec. 78. Saving clause

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

1 this act, that were approved by A MAJORITY OF the qualified electors of a
2 school district VOTING IN THE ELECTION before the effective date of this act
3 shall continue for the duration previously authorized by the qualified
4 electors or until the qualified electors of the school district subsequently
5 approve a budget increase in an amount of not more than fifteen per cent of
6 the revenue control limit as prescribed in section 15-481, subsection G,
7 Arizona Revised Statutes, as amended by this act, whichever occurs first.

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

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

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

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

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

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

1 Statutes, as amended by this act. If approved by A MAJORITY OF the qualified
2 electors VOTING IN THE ELECTION, the common school district may continue to
3 budget the amount of not more than seventeen per cent of the revenue control
4 limit for the remaining number of years of the override previously approved
5 pursuant to section 15-482, Arizona Revised Statutes, as amended by this act.
6 On the expiration of the override previously approved pursuant to section
7 15-482, Arizona Revised Statutes, as amended by this act, override elections
8 conducted in subsequent fiscal years shall be as prescribed by statute.

9 4. A GOVERNING BOARD MAY CANCEL ANY OVERRIDE ELECTION PREVIOUSLY
10 CALLED FOR NOVEMBER 2009 NO LATER THAN AUGUST 1, 2009 IN ORDER TO IMPLEMENT
11 THIS SECTION.

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

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

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

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

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

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

42 Sec. 24. Full-day kindergarten instruction in fiscal year
43 2009-2010; tuition

44 Notwithstanding any other law, a school district or charter school may
45 charge tuition for full-day kindergarten in fiscal year 2009-2010 if the

1 school district or charter school decides not to provide free full-day
2 kindergarten instruction during fiscal year 2009-2010 due to funding
3 reductions prescribed in Senate Bill 1187, forty-ninth legislature, first
4 regular session, as transmitted to the governor.

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

7 Notwithstanding section 15-901, subsection B, paragraph 2, Arizona
8 Revised Statutes, as amended by this act, or any other law, for fiscal year
9 2009-2010 for purposes of computing the base support level pursuant to
10 section 15-943, Arizona Revised Statutes, the department of education shall
11 assume that the base level amount defined in section 15-901, subsection B,
12 paragraph 2, Arizona Revised Statutes, for fiscal year 2009-2010 is three
13 thousand two hundred one dollars eighty-nine cents.

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

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

24 Sec. 27. Conditional enactment

25 This act shall not become effective unless Senate Bill 1187,
26 forty-ninth legislature, first regular session, as transmitted to the
27 governor, relating to kindergarten through grade twelve education budget
28 reconciliation, becomes law.