

PROPOSED

HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2721

(Reference to printed bill)

1 Strike everything after the enacting clause and insert:

2 "Section 1. Section 15-101, Arizona Revised Statutes, is amended to  
3 read:

4 15-101. Definitions

5 In this title, unless the context otherwise requires:

6 1. "Accommodation school" means either:

7 (a) A school which is operated through the county board of supervisors  
8 and the county school superintendent and which the county school  
9 superintendent administers to serve a military reservation or territory which  
10 is not included within the boundaries of a school district.

11 (b) A school that provides educational services to homeless children  
12 or alternative education programs as provided in section 15-308,  
13 subsection B.

14 (c) A school that is established to serve a military reservation, the  
15 boundaries of which are coterminous with the boundaries of the military  
16 reservation on which the school is located.

17 2. "Assessed valuation" means the valuation derived by applying the  
18 applicable percentage as provided in title 42, chapter 15, article 1 to the  
19 full cash value or limited property value, whichever is applicable, of the  
20 property.

21 3. "Charter holder" means a person that enters into a charter with the  
22 state board for charter schools. For the purposes of this paragraph,  
23 "person" means an individual, partnership, corporation, association or public  
24 or private organization of any kind.

25 4. "Charter school" means a public school established by contract with  
26 a district governing board, the state board of education or the state board  
27 for charter schools pursuant to article 8 of this chapter to provide learning  
28 that will improve pupil achievement.

1           5. "Child with a disability" means a child with a disability as  
2 defined in section 15-761.

3           6. "Class A bonds" means general obligation bonds approved by a vote  
4 of the qualified electors of a school district at an election held on or  
5 before December 31, 1998.

6           7. "Class B bonds" means general obligation bonds approved by a vote  
7 of the qualified electors of a school district at an election held from and  
8 after December 31, 1998.

9           8. "Competency" means a demonstrated ability in a skill at a specified  
10 performance level.

11           9. "Course" means organized subject matter in which instruction is  
12 offered within a given period of time and for which credit toward promotion,  
13 graduation or certification is usually given. A course consists of knowledge  
14 selected from a subject for instructional purposes in the schools.

15           10. "Course of study" means a list of required and optional subjects to  
16 be taught in the schools.

17           11. "Dual enrollment course" means a college level course that is  
18 conducted on the campus of a high school or on the campus of a joint  
19 technological education district, that is applicable to an established  
20 community college academic degree or certificate program and that is  
21 transferable to a university under the jurisdiction of the Arizona board of  
22 regents. A dual enrollment course that is applicable to a community college  
23 occupational degree or certificate program may be transferable to a  
24 university under the jurisdiction of the Arizona board of regents.

25           12. "Fiscal year" means the year beginning July 1 and ending June 30.

26           13. "Governing board" means a body organized for the government and  
27 management of the schools within a school district or a county school  
28 superintendent in the conduct of an accommodation school.

29           14. "Lease" means an agreement for conveyance and possession of real or  
30 personal property.

31           15. "Limited property value" means the value determined pursuant to  
32 title 42, chapter 13, article 7. Limited property value shall be used as the  
33 basis for assessing, fixing, determining and levying primary property taxes.

34           16. "Parent" means the natural or adoptive parent of a child or a  
35 person who has custody of a child.

1           17. "Person who has custody" means a parent or legal guardian of a  
2 child, a person to whom custody of the child has been given by order of a  
3 court or a person who stands in loco parentis to the child.

4           18. "Primary property taxes" means all ad valorem taxes except for  
5 secondary property taxes.

6           19. "Private school" means a nonpublic institution where instruction is  
7 imparted.

8           20. "RECOVERY SCHOOL DISTRICT" MEANS A POLITICAL SUBDIVISION OF THIS  
9 STATE THAT IS ESTABLISHED PURSUANT TO SECTION 15-249.

10          ~~20.~~ 21. "School" means any public institution established for the  
11 purposes of offering instruction to pupils in programs for preschool children  
12 with disabilities, kindergarten programs or any combination of grades one  
13 through twelve.

14          ~~21.~~ 22. "School district" means a political subdivision of this state  
15 with geographic boundaries organized for the purpose of the administration,  
16 support and maintenance of the public schools or an accommodation school.

17          ~~22.~~ 23. "Secondary property taxes" means ad valorem taxes used to pay  
18 the principal of and the interest and redemption charges on any bonded  
19 indebtedness or other lawful long-term obligation issued or incurred for a  
20 specific purpose by a school district or a community college district and  
21 amounts levied pursuant to an election to exceed a budget, expenditure or tax  
22 limitation.

23          ~~23.~~ 24. "Subject" means a division or field of organized knowledge,  
24 such as English or mathematics, or a selection from an organized body of  
25 knowledge for a course or teaching unit, such as the English novel or  
26 elementary algebra.

27           Sec. 2. Repeal

28           Section 15-103, Arizona Revised Statutes, is repealed.

29           Sec. 3. Section 15-107, Arizona Revised Statutes, is amended to read:

30           15-107. School district overexpenditures; fiscal crisis teams;  
31                           quarterly progress reports; fiscal management report;  
32                           annual report; actions resulting from  
33                           overexpenditures; professional development; definition

34           A. A county school superintendent, within two business days, shall  
35 provide written notice to the department of education, if, in the county  
36 school superintendent's judgment, a school district has committed an  
37 overexpenditure under this section. Notwithstanding any other law, a warrant

1 shall not be drawn by a county school superintendent for an expenditure that  
2 is in excess of the amount budgeted and that has not been previously  
3 expended, unless the county school superintendent is notified in writing by  
4 the department of education that budget capacity exists as determined by the  
5 department based on information provided by the school district.

6 B. The department of education, in conjunction with the county school  
7 superintendent, shall monitor the school district and provide technical  
8 assistance to the school district and to the county school superintendent to  
9 resolve the overexpenditure.

10 C. If the department of education determines that the school district  
11 has failed to take appropriate action to resolve the overexpenditure or that  
12 the original notice of overexpenditure pursuant to subsection A of this  
13 section constitutes an overexpenditure that will cause the school district's  
14 overall expenditures to exceed the school district's general budget limit,  
15 unrestricted capital budget limit or soft capital allocation limit by fifty  
16 thousand dollars or one-half of one per cent, whichever is less, the  
17 department shall request that the matter be placed on the agenda of a meeting  
18 of the state board of education for action pursuant to this section.

19 D. At the request of the department of education, the state board of  
20 education shall call a public meeting to consider overexpenditures by any  
21 school district. The state board of education shall require the  
22 superintendent of the school district and any other school district personnel  
23 who may have information relevant to the overexpenditure to appear before the  
24 state board of education. After testimony from all interested parties, the  
25 state board of education shall take one of the following actions:

26 1. Require the department of education, in conjunction with the county  
27 school superintendent, to monitor the expenditures of the school district.

28 2. Direct the department of education to contract with a level one  
29 fiscal crisis team. The level one fiscal crisis team shall provide on-site  
30 oversight and off-site monitoring for the school district for no longer than  
31 twelve months and shall advise the school district on all financial issues  
32 and professional development training related to financial issues.

33 3. Direct the department of education to contract with a level two  
34 fiscal crisis team. The level two fiscal crisis team shall provide on-site  
35 oversight and off-site monitoring for the school district for no longer than  
36 twenty-four months, shall have the authority prescribed for level one fiscal

1 crisis teams and may override any financial act or decision of the school  
2 district, including expenditures.

3 ~~4. Appoint a receiver who, subject to the discretion of the state~~  
4 ~~board of education, may take any actions prescribed in section 15-103,~~  
5 ~~subsection F.~~

6 E. The level one and level two fiscal crisis teams shall be composed  
7 of at least one person who has knowledge of school finance and may include  
8 current or former school district financial officers, current or former  
9 school district business managers, certified public accountants and current  
10 or former school district superintendents. The fiscal crisis teams shall not  
11 include employees of the state board of education or the department of  
12 education.

13 F. The expenses incurred by a fiscal crisis team or by a receiver  
14 appointed pursuant to this section shall be paid by the school district. The  
15 state board of education shall review the expenses and costs of each fiscal  
16 crisis team at least once each calendar quarter.

17 G. Beginning ninety days after submitting the fiscal management report  
18 prescribed in subsection H of this section, the fiscal crisis team or  
19 receiver appointed pursuant to this section shall submit a detailed written  
20 quarterly progress report to the state board of education that includes all  
21 of the following:

22 1. The results of the review of the school district's finances,  
23 including expenditures.

24 2. The recommendations and decisions made by the fiscal crisis team or  
25 the receiver appointed pursuant to this section.

26 3. The status of the fiscal management plan described pursuant to  
27 subsection H of this section.

28 4. Recommendations to the state board of education on the content of  
29 professional development training related to overexpenditures.

30 5. Any recommendations of potential action to be taken concerning  
31 professional certificates issued to school district personnel by the state  
32 board of education or the department of education. The state board of  
33 education shall review the recommendations submitted pursuant to this  
34 paragraph and shall take appropriate action.

35 H. After appointment, the fiscal crisis team or the receiver appointed  
36 pursuant to this section shall review the financial affairs of the school  
37 district and may work with school finance personnel at the department of

1 education to ensure that the finances of the school district are in  
2 compliance with the laws of this state. A school district that has been  
3 assigned a fiscal crisis team or a receiver pursuant to this section shall  
4 submit, in consultation with the receiver or the fiscal crisis team, a fiscal  
5 management report to the state board of education within one hundred twenty  
6 days after the date that the state board of education appointed the receiver  
7 or the fiscal crisis team. The fiscal management report shall include the  
8 following:

9 1. A description of the fiscal management plan that has been  
10 implemented to correct the overexpenditure, including the following:

11 (a) The manner in which the fiscal management plan will address the  
12 findings and recommendations of the fiscal crisis team.

13 (b) A timeline for complete resolution of the overexpenditure.

14 (c) A detailed explanation of the methods and procedures that will be  
15 implemented to prevent future overexpenditures.

16 (d) The identification of any issues that need to be resolved before  
17 the fiscal management plan may be fully implemented.

18 (e) The identification of any long-term issues resulting from the  
19 overexpenditure that will extend to future fiscal years.

20 2. A description of the manner in which the fiscal management plan was  
21 developed, including identification of the role of the fiscal crisis team or  
22 the receiver, the role of the school district governing board and the role of  
23 the administrators of the school district.

24 I. On or before December 31, the state board of education shall submit  
25 an annual report to the governor, the president of the senate and the speaker  
26 of the house of representatives. The state board shall provide a copy of  
27 this report to the secretary of state ~~and the director of the Arizona state~~  
28 ~~library, archives and public records~~. The annual report shall include the  
29 following:

30 1. A summarized compilation of the fiscal management reports submitted  
31 by school districts pursuant to subsection H of this section.

32 2. The actions taken by the state board of education, the department  
33 of education, school districts, fiscal crisis teams and receivers during the  
34 most recently completed fiscal year.

35 3. Recommendations regarding improvements to the laws of this state or  
36 to administrative actions required under the laws of this state.

1 J. A school district that is assigned a level two fiscal crisis team  
2 or a receiver pursuant to this section shall require professional development  
3 training for school district governing board members and appropriate  
4 administrative personnel of the school district, including the school  
5 district superintendent, who are involved in district finances and budgeting,  
6 as determined by the level two fiscal crisis team or by the receiver. The  
7 professional development training shall be selected from a list approved by  
8 the state board of education, and the cost of the professional development  
9 training shall be paid by the school district. Governing board members and  
10 district administrative personnel shall complete at least twelve hours of  
11 professional development training within one hundred twenty days after the  
12 assignment of a level two fiscal crisis team or the appointment of a  
13 receiver. The fiscal crisis team or the receiver shall report to the state  
14 board of education whether the professional development training requirements  
15 prescribed in this subsection have been met.

16 K. A school district governing board member who fails to complete the  
17 professional development training within the time prescribed in subsection J  
18 of this section is guilty of nonfeasance in office, and the state board of  
19 education shall forward a complaint to the attorney general. The attorney  
20 general may bring an action in superior court against a school district  
21 governing board member for failure to comply with the professional  
22 development training requirements prescribed in subsection J of this  
23 section. If a court determines that a school district governing board member  
24 failed to comply with the professional development training requirements  
25 prescribed in subsection J of this section, the court shall issue an order  
26 removing the school district governing board member from office. Any vacancy  
27 in the office of the school district governing board as a result of a court  
28 order issued pursuant to this subsection shall be filled in the manner  
29 provided by law.

30 L. If any of the administrative personnel of the school district ~~fail~~  
31 FAILS to complete the professional development training within the time  
32 prescribed in subsection J of this section, the state board of education may  
33 take appropriate action concerning current certificates held by that person.

34 ~~M. All information received and records or reports kept by the state~~  
35 ~~board of education during an investigation resulting from a complaint against~~  
36 ~~a receiver appointed pursuant to this section or section 15-103 are~~  
37 ~~confidential and not a public record.~~

1           ~~N.~~ M. For the purposes of this section, "overexpenditure" means an  
2 expenditure in excess of any of the following:

3           1. The general budget limit of the school district or the amount  
4 budgeted by the school district, whichever is less.

5           2. The unrestricted capital budget limit of the school district or the  
6 amount budgeted for capital by the school district, whichever is less.

7           3. The soft capital allocation limit of the school district or the  
8 amount budgeted for soft capital by the school district, whichever is less.

9           Sec. 4. Title 15, chapter 1, article 1, Arizona Revised Statutes, is  
10 amended by adding section 15-108, to read:

11           15-108. Failed schools; transfer to recovery school district;  
12   exceptions; report; definition

13           A. A SCHOOL THAT IS IN A SCHOOL DISTRICT, THAT IS SUBJECT TO THE  
14 JURISDICTION OF A SCHOOL DISTRICT GOVERNING BOARD AND THAT THE STATE BOARD OF  
15 EDUCATION DETERMINES TO BE ACADEMICALLY UNACCEPTABLE SHALL BE DESIGNATED A  
16 FAILED SCHOOL.

17           B. IF APPROVED BY THE STATE BOARD OF EDUCATION, A FAILED SCHOOL SHALL  
18 BE REMOVED FROM THE JURISDICTION OF THE SCHOOL DISTRICT GOVERNING BOARD AND  
19 TRANSFERRED TO THE RECOVERY SCHOOL DISTRICT ESTABLISHED BY SECTION 15-249 IF  
20 ANY OF THE FOLLOWING OCCURS:

21           1. THE SCHOOL DISTRICT GOVERNING BOARD FAILS TO PRESENT A PLAN TO  
22 RESTRUCTURE THE FAILED SCHOOL TO THE STATE BOARD OF EDUCATION.

23           2. THE SCHOOL DISTRICT GOVERNING BOARD PRESENTS A PLAN TO RESTRUCTURE  
24 THE FAILED SCHOOL THAT IS UNACCEPTABLE TO THE STATE BOARD OF EDUCATION.

25           3. THE SCHOOL DISTRICT GOVERNING BOARD FAILS AT ANY TIME TO COMPLY  
26 WITH THE TERMS OF THE PLAN TO RESTRUCTURE THE FAILED SCHOOL THAT WAS  
27 PREVIOUSLY APPROVED BY THE STATE BOARD OF EDUCATION.

28           C. THE STATE BOARD OF EDUCATION SHALL ADOPT RULES TO CARRY OUT THE  
29 PURPOSES OF THIS SECTION, INCLUDING RULES THAT SET FORTH THE CRITERIA AND  
30 PROCEDURES TO DETERMINE WHETHER SCHOOLS ARE ACADEMICALLY UNACCEPTABLE.

31           D. A FAILED SCHOOL SHALL BE REORGANIZED, AS NECESSARY, AND OPERATED BY  
32 THE RECOVERY SCHOOL DISTRICT AS PRESCRIBED IN THIS SECTION AND SECTION 15-249  
33 IN WHATEVER MANNER THE STATE BOARD OF EDUCATION AND THE RECOVERY SCHOOL  
34 DISTRICT DETERMINE TO BE MOST LIKELY TO BRING THE SCHOOL TO AN ACCEPTABLE  
35 LEVEL OF ACADEMIC PERFORMANCE.

36           E. THE RECOVERY SCHOOL DISTRICT SHALL RETAIN JURISDICTION OVER ANY  
37 SCHOOL TRANSFERRED TO THE RECOVERY SCHOOL DISTRICT UNTIL THE STATE BOARD OF

1 EDUCATION DETERMINES THAT THE TRANSFERRED SCHOOL IS NO LONGER ACADEMICALLY  
2 UNACCEPTABLE. WHEN THE STATE BOARD OF EDUCATION DETERMINES THAT A  
3 TRANSFERRED SCHOOL IS NO LONGER ACADEMICALLY UNACCEPTABLE, THE STATE BOARD OF  
4 EDUCATION SHALL ENTER INTO AN AGREEMENT WITH THE SCHOOL DISTRICT GOVERNING  
5 BOARD FROM WHICH THE SCHOOL WAS TRANSFERRED FOR THE SCHOOL TO BE TRANSFERRED  
6 BACK TO THE JURISDICTION OF THE SCHOOL DISTRICT GOVERNING BOARD. THIS  
7 AGREEMENT SHALL INCLUDE ALL OF THE FOLLOWING:

8 1. DETAILS FOR THE OPERATION OF THE SCHOOL BY THE SCHOOL DISTRICT  
9 GOVERNING BOARD, INCLUDING PROVISIONS FOR THE CONTINUATION OF THE PROGRAMS  
10 AND REFORMS INSTITUTED BY THE RECOVERY SCHOOL DISTRICT THAT PROVIDED THE  
11 BASIS FOR THE SCHOOL'S IMPROVED ACADEMIC PERFORMANCE.

12 2. PROVISIONS THAT SET FORTH THE EMPLOYMENT STATUS OF ALL PERSONS WHO  
13 ARE CURRENTLY EMPLOYED AT THE SCHOOL BUT WHO WERE NOT EMPLOYED AT THE SCHOOL  
14 WHEN THE SCHOOL WAS TRANSFERRED TO THE JURISDICTION OF THE RECOVERY SCHOOL  
15 DISTRICT.

16 3. MECHANISMS AND TIMELINES FOR THE TRANSITION OF THE SCHOOL TO THE  
17 JURISDICTION OF THE SCHOOL DISTRICT GOVERNING BOARD.

18 F. EXCEPT AS PROVIDED IN SUBSECTION G OF THIS SECTION, IF A SCHOOL HAS  
19 BEEN TRANSFERRED TO THE JURISDICTION OF THE RECOVERY SCHOOL DISTRICT, HAS  
20 BEEN OPERATING PURSUANT TO ARRANGEMENTS ESTABLISHED BY THE RECOVERY SCHOOL  
21 DISTRICT FOR FOUR CONSECUTIVE YEARS AND HAS FAILED TO IMPROVE SUFFICIENTLY TO  
22 NO LONGER BE ACADEMICALLY UNACCEPTABLE, THE STATE BOARD OF EDUCATION SHALL  
23 EITHER:

24 1. TERMINATE THE OPERATION OF THE SCHOOL.

25 2. REQUIRE THE RECOVERY SCHOOL DISTRICT TO TERMINATE THE OPERATIONAL  
26 ARRANGEMENT OF THE SCHOOL BY THE RECOVERY SCHOOL DISTRICT AND PROVIDE A  
27 DIFFERENT OPERATIONAL ARRANGEMENT OF THE SCHOOL.

28 3. RETURN THE SCHOOL TO THE JURISDICTION OF THE SCHOOL DISTRICT  
29 GOVERNING BOARD FROM WHICH IT WAS TRANSFERRED.

30 G. SUBSECTION F OF THIS SECTION DOES NOT APPLY TO EITHER:

31 1. A SCHOOL THAT HAS BEEN TRANSFERRED TO THE RECOVERY SCHOOL DISTRICT  
32 IF THE PERFORMANCE OF THE SCHOOL AS MEASURED BY THE ARIZONA INSTRUMENT TO  
33 MEASURE STANDARDS TEST OR BY ANY OTHER SCHOOL ACCOUNTABILITY MEASUREMENT  
34 ESTABLISHED PURSUANT TO RULES ADOPTED BY THE STATE BOARD OF EDUCATION FOR  
35 THIS PURPOSE HAS IMPROVED BY AT LEAST TWENTY PER CENT DURING THE FOUR-YEAR  
36 PERIOD THAT THE RECOVERY SCHOOL DISTRICT HAS OPERATED THE SCHOOL.

1           2. ANY SUBSEQUENT FOUR-YEAR PERIOD DURING WHICH THE STATE BOARD OF  
2 EDUCATION DETERMINES THAT THE SCHOOL CONTINUES TO BE ACADEMICALLY  
3 UNACCEPTABLE IF THE PERFORMANCE OF THE SCHOOL AS MEASURED BY THE ARIZONA  
4 INSTRUMENT TO MEASURE STANDARDS TEST OR BY ANY OTHER SCHOOL ACCOUNTABILITY  
5 MEASUREMENT ESTABLISHED PURSUANT TO RULES ADOPTED BY THE STATE BOARD OF  
6 EDUCATION FOR THIS PURPOSE HAS IMPROVED BY AT LEAST TWENTY PER CENT.

7           H. AT THE TIME OF THE TRANSFER OF A SCHOOL TO THE RECOVERY SCHOOL  
8 DISTRICT, THE PARENT OR GUARDIAN OF ANY CHILD WHO IS ATTENDING THE SCHOOL OR  
9 WHO WOULD BE ASSIGNED TO ATTEND THE SCHOOL MAY EITHER ENROLL THE CHILD IN THE  
10 SCHOOL OR TRANSFER THE CHILD TO ANOTHER SCHOOL THAT IS OPERATED BY THE SCHOOL  
11 DISTRICT.

12           I. THE STATE BOARD OF EDUCATION, IN CONSULTATION WITH THE RECOVERY  
13 SCHOOL DISTRICT, SHALL SUBMIT AN ANNUAL REPORT ON OR BEFORE DECEMBER 15 TO  
14 THE GOVERNOR, THE SPEAKER OF THE HOUSE OF REPRESENTATIVES AND THE PRESIDENT  
15 OF THE SENATE AND SHALL PROVIDE A COPY OF THIS REPORT TO THE SECRETARY OF  
16 STATE. THE ANNUAL REPORT SHALL INCLUDE A LISTING AND A DESCRIPTION OF THE  
17 STATUS OF EACH SCHOOL:

18           1. FOR WHICH THE STATE BOARD OF EDUCATION HAS REQUIRED THE DEVELOPMENT  
19 OF A PLAN TO RESTRUCTURE THE SCHOOL DURING THE PREVIOUS YEAR.

20           2. THAT HAS BEGUN OPERATING PURSUANT TO AN APPROVED PLAN TO  
21 RESTRUCTURE THE SCHOOL DURING THE PREVIOUS YEAR.

22           3. THAT HAS CONTINUED TO OPERATE PURSUANT TO AN APPROVED PLAN TO  
23 RESTRUCTURE THE SCHOOL DURING THE PREVIOUS YEAR.

24           4. THAT HAS BEEN TRANSFERRED TO THE RECOVERY SCHOOL DISTRICT DURING  
25 THE PREVIOUS YEAR.

26           J. AT A MINIMUM, A PLAN SUBMITTED BY A SCHOOL DISTRICT GOVERNING BOARD  
27 PURSUANT TO SUBSECTION B OF THIS SECTION TO RESTRUCTURE THE FAILED SCHOOL  
28 SHALL INCLUDE ALL OF THE FOLLOWING:

29           1. THE IMPLEMENTATION OF A COMPREHENSIVE ASSESSMENT SYSTEM THAT  
30 INCLUDES THE ADMINISTRATION, ANALYSIS AND ONGOING USE OF STUDENT DATA.

31           2. THE IMPLEMENTATION OF A COMPREHENSIVE INSTRUCTIONAL SYSTEM THAT  
32 INCLUDES MODEL RESPONSE TO INTERVENTION.

33           3. THE IMPLEMENTATION OF INTENTIONAL, TARGETED PROFESSIONAL  
34 DEVELOPMENT FOR TEACHING STAFF.

35           4. THE IMPLEMENTATION OF A TEACHER EVALUATION SYSTEM THAT INCLUDES  
36 STUDENT ACHIEVEMENT RESULTS.

37           5. CLEARLY DEFINED STUDENT ACHIEVEMENT GOALS AT EACH GRADE LEVEL.

1 K. FOR THE PURPOSES OF THIS SECTION, "ACADEMICALLY UNACCEPTABLE" MEANS  
2 THAT A SCHOOL HAS BEEN LABELED AN UNDERPERFORMING SCHOOL OR A SCHOOL FAILING  
3 TO MEET ACADEMIC STANDARDS PURSUANT TO SECTION 15-241 FOR AT LEAST FOUR  
4 CONSECUTIVE YEARS AND HAS BEEN LABELED A SCHOOL FAILING TO MEET ACADEMIC  
5 STANDARDS FOR AT LEAST TWO OF THOSE FOUR YEARS.

6 Sec. 5. Title 15, chapter 2, article 2, Arizona Revised Statutes, is  
7 amended by adding section 15-249, to read:

8 15-249. Recovery school district; governance; operation

9 A. THE RECOVERY SCHOOL DISTRICT IS ESTABLISHED IN THE DEPARTMENT OF  
10 EDUCATION TO PROVIDE AN APPROPRIATE EDUCATION FOR CHILDREN WHO ARE ENROLLED  
11 IN A SCHOOL THAT WAS FORMERLY OPERATED BY A SCHOOL DISTRICT AND THAT HAS BEEN  
12 TRANSFERRED TO THE RECOVERY SCHOOL DISTRICT. THE RECOVERY SCHOOL DISTRICT  
13 SHALL BE ADMINISTERED BY THE DEPARTMENT OF EDUCATION, SUBJECT TO THE APPROVAL  
14 OF THE STATE BOARD OF EDUCATION.

15 B. EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, THE RECOVERY SCHOOL  
16 DISTRICT MAY:

17 1. SOLICIT, OBTAIN, MANAGE, RETAIN AND SPEND FEDERAL MONIES AND GRANT  
18 MONIES IN THE SAME MANNER AS A SCHOOL DISTRICT ESTABLISHED PURSUANT TO  
19 SECTION 15-441.

20 2. PROVIDE FOR THE SUPERVISION, MANAGEMENT AND OPERATION OF A SCHOOL  
21 PLACED UNDER ITS JURISDICTION.

22 3. RECEIVE, CONTROL AND SPEND LOCAL, STATE AND FEDERAL MONIES  
23 ALLOCATED TO OR ON BEHALF OF A SCHOOL PLACED UNDER ITS JURISDICTION IN THE  
24 SAME MANNER AS A SCHOOL DISTRICT GOVERNING BOARD ESTABLISHED PURSUANT TO  
25 SECTION 15-321.

26 4. EXERCISE ANY OTHER POWER AND AUTHORITY OTHERWISE GRANTED TO THE  
27 RECOVERY SCHOOL DISTRICT BY LAW.

28 C. THE RECOVERY SCHOOL DISTRICT SHALL NOT:

29 1. LEVY TAXES.

30 2. CONTRACT WITH ANY FOR-PROFIT PRIVATE PROVIDER FOR THE GENERAL  
31 OPERATION OF ANY SCHOOL UNDER ITS JURISDICTION, EXCEPT THAT THE RECOVERY  
32 SCHOOL DISTRICT MAY CONTRACT WITH FOR-PROFIT PROVIDERS FOR SPECIFIC SERVICES  
33 THAT MAY BE NEEDED FOR A SCHOOL UNDER ITS JURISDICTION.

34 D. THE RECOVERY SCHOOL DISTRICT MAY REQUIRE ANY SCHOOL DISTRICT  
35 GOVERNING BOARD TO PROVIDE SUPPORT SERVICES FOR A SCHOOL TRANSFERRED FROM THE  
36 JURISDICTION OF THE SCHOOL DISTRICT GOVERNING BOARD, INCLUDING:

1           1. PUPIL TRANSPORTATION.

2           2. FOOD SERVICE.

3           3. SCREENING AND ASSESSMENT FOR SPECIAL EDUCATION SERVICES. THE  
4 RECOVERY SCHOOL DISTRICT SHALL REIMBURSE THE SCHOOL DISTRICT GOVERNING BOARD  
5 FOR THE ACTUAL COST OF SPECIAL EDUCATION SERVICES. IF A DISPUTE ARISES  
6 BETWEEN THE RECOVERY SCHOOL DISTRICT AND THE SCHOOL DISTRICT GOVERNING BOARD  
7 REGARDING THE AMOUNT OF THE REIMBURSEMENT FOR SPECIAL EDUCATION SERVICES, THE  
8 SUPERINTENDENT OF PUBLIC INSTRUCTION SHALL DETERMINE THE AMOUNT OF THE  
9 REIMBURSEMENT.

10           E. THE RECOVERY SCHOOL DISTRICT SHALL HAVE UNRESTRICTED ACCESS TO AND  
11 MAY USE ANY SCHOOL BUILDING, FACILITY OR PROPERTY ON THE SITE OF A SCHOOL  
12 THAT IT OPERATES. THE RECOVERY SCHOOL DISTRICT SHALL PROVIDE ROUTINE  
13 MAINTENANCE AND REPAIR OF SCHOOL BUILDINGS, FACILITIES AND PROPERTY ON THE  
14 SCHOOL SITE. THE SCHOOL DISTRICT GOVERNING BOARD SHALL RETAIN RESPONSIBILITY  
15 FOR EXTENSIVE REPAIR TO THE BUILDINGS, FACILITIES AND PROPERTY ON THE SITE OF  
16 THE SCHOOL.

17           F. THE LEGISLATURE SHALL ANNUALLY APPROPRIATE SUFFICIENT MONIES TO  
18 FUND SCHOOLS OPERATED BY THE RECOVERY SCHOOL DISTRICT IN AN AMOUNT EQUAL TO  
19 THE TOTAL AMOUNT OF PER PUPIL FUNDING THAT EACH SCHOOL DISTRICT GOVERNING  
20 BOARD WOULD HAVE RECEIVED FOR OR ON BEHALF OF THOSE SCHOOLS IF THOSE SCHOOLS  
21 WERE STILL OPERATED BY THE SCHOOL DISTRICT GOVERNING BOARD.

22           G. IN ADDITION TO AMOUNTS APPROPRIATED PURSUANT TO THIS SECTION, A  
23 SCHOOL DISTRICT GOVERNING BOARD SHALL ALLOCATE AND TRANSFER TO THE RECOVERY  
24 SCHOOL DISTRICT THE TOTAL AMOUNT OF PER PUPIL FUNDING FROM ALL LOCAL, STATE  
25 AND FEDERAL SOURCES THAT THE SCHOOL DISTRICT WOULD HAVE RECEIVED FOR OR ON  
26 BEHALF OF A SCHOOL IF THAT SCHOOL WERE STILL OPERATED BY THE SCHOOL DISTRICT  
27 GOVERNING BOARD, EXCLUDING THE FOLLOWING:

28           1. MONIES SPECIFICALLY DEDICATED BY THE LEGISLATURE.

29           2. MONIES APPROVED BY THE VOTERS OF THE SCHOOL DISTRICT FOR CAPITAL  
30 OUTLAY OR DEBT SERVICE.

31           3. MONIES PROVIDED BY THE SCHOOL DISTRICT OR THE SCHOOL FACILITIES  
32 BOARD FOR LAND ACQUISITION OR CONSTRUCTION OR RENOVATION OF SCHOOL  
33 FACILITIES.

34           H. EXCEPT FOR ADMINISTRATIVE COSTS, MONIES APPROPRIATED TO THE  
35 RECOVERY SCHOOL DISTRICT THAT ARE ATTRIBUTABLE TO THE TRANSFER OF A SCHOOL  
36 FROM A SCHOOL DISTRICT GOVERNING BOARD AND MONIES ALLOCATED OR TRANSFERRED

1 FROM THE SCHOOL DISTRICT GOVERNING BOARD TO THE RECOVERY SCHOOL DISTRICT  
2 SHALL BE SPENT SOLELY ON THE OPERATION OF SCHOOLS TRANSFERRED.

3 I. THE RECOVERY SCHOOL DISTRICT MAY EMPLOY, RETAIN OR TERMINATE STAFF  
4 MEMBERS AS IT DEEMS NECESSARY, INCLUDING TURN-AROUND PRINCIPALS, COACHES AND  
5 TEACHERS.

6 J. ANY PERSON WHO WAS EMPLOYED AT A TRANSFERRED SCHOOL MAY REAPPLY FOR  
7 EMPLOYMENT WITH THE RECOVERY SCHOOL DISTRICT. THE RECOVERY SCHOOL DISTRICT  
8 SHALL RETAIN AND REASSIGN PERSONS WHO WISH TO REMAIN EMPLOYEES OF THE SCHOOL  
9 DISTRICT IN A MANNER THAT IS CONSISTENT WITH THE ORIGINAL SCHOOL DISTRICT'S  
10 CONTRACTUAL OBLIGATIONS OR POLICIES REGARDING THE RETENTION AND REASSIGNMENT  
11 OF EMPLOYEES, EXCEPT THAT EMPLOYEES MUST REAPPLY FOR EMPLOYMENT WITH THE  
12 RECOVERY SCHOOL DISTRICT.

13 K. THE EMPLOYMENT BENEFITS AND PRIVILEGES OF ANY PERSON WHO WAS  
14 EMPLOYED AT A TRANSFERRED SCHOOL AND WHO IS EMPLOYED AT THAT SAME SCHOOL BY  
15 THE RECOVERY SCHOOL DISTRICT SHALL BE EQUIVALENT TO THE EMPLOYMENT BENEFITS  
16 AND PRIVILEGES REQUIRED BY LAW FOR SCHOOL DISTRICT EMPLOYEES IN THIS STATE.

17 L. NOTWITHSTANDING SUBSECTION K OF THIS SECTION, ANY PERSON WHO WAS  
18 EMPLOYED AT A TRANSFERRED SCHOOL AND WHO IS EMPLOYED AT THE SAME SCHOOL BY  
19 THE RECOVERY SCHOOL DISTRICT SHALL NOT LOSE ANY RIGHT OF CERTIFICATION,  
20 RETIREMENT OR SALARY STATUS OR ANY OTHER BENEFIT PROVIDED BY LAW OR BY THE  
21 RULES OF THE SCHOOL DISTRICT GOVERNING BOARD DUE TO EMPLOYMENT AT THE  
22 RECOVERY SCHOOL DISTRICT ON THE PERSON'S RETURN TO EMPLOYMENT AT THE SCHOOL  
23 DISTRICT ESTABLISHED PURSUANT TO SECTION 15-441.

24 M. THE EMPLOYMENT BENEFITS AND PRIVILEGES OF ANY PERSON WHO WAS NOT  
25 EMPLOYED AT A TRANSFERRED SCHOOL AND WHO IS EMPLOYED AT THAT SCHOOL BY THE  
26 RECOVERY SCHOOL DISTRICT SHALL BE DETERMINED BY THE RECOVERY SCHOOL DISTRICT  
27 AT THE TIME OF SUCH EMPLOYMENT IN COMPLIANCE WITH THE REQUIREMENTS OF ANY  
28 APPLICABLE CONTRACT OR LAW.

29 N. ONLY PUPILS WHO WOULD HAVE BEEN ELIGIBLE TO ENROLL IN OR ATTEND THE  
30 TRANSFERRED SCHOOL BEFORE THE TRANSFER TO THE RECOVERY SCHOOL DISTRICT MAY  
31 ENROLL IN AND ATTEND THE TRANSFERRED SCHOOL, EXCEPT THAT THE RECOVERY SCHOOL  
32 DISTRICT MAY ADMIT ADDITIONAL PUPILS PURSUANT TO CHAPTER 8, ARTICLE 1.1 OF  
33 THIS TITLE IF THE RECOVERY SCHOOL DISTRICT HAS SUFFICIENT CAPACITY.

34 O. THE RECOVERY SCHOOL DISTRICT SHALL NOT VIOLATE ANY FEDERAL COURT  
35 ORDER, JUDGMENT OR CONSENT DECREE.

1           Sec. 6. Section 15-996, Arizona Revised Statutes, is amended to read:  
2           15-996. Duties of county treasurer relating to school district's  
3                           monies

4           The county treasurer shall:

5           1. Receive and hold all school district monies and keep a separate  
6           account for each school district and for the special county school reserve  
7           fund. The county treasurer may maintain separate accounts for each fund of a  
8           school district or the county treasurer may maintain only two accounts for  
9           each school district's monies in addition to the funds provided for in  
10          sections 15-1024, 15-1025, ~~15-2021~~, 15-2031 and 15-2041. If only two  
11          accounts are maintained, the first account shall consist of maintenance and  
12          operation, unrestricted capital outlay, soft capital allocation and adjacent  
13          ways monies and the classroom site fund prescribed in section 15-977 and the  
14          second account shall consist of federal and state grant monies and all other  
15          monies.

16          2. Pool school district monies for investment except as provided in  
17          sections 15-1024 and 15-1025. Interest earned on the monies pooled for  
18          investment shall be apportioned at least quarterly to the appropriate school  
19          district based on an average monthly balance as prescribed in the uniform  
20          system of accounting for county treasurers as provided in section 41-1279.21.

21          3. Notwithstanding section 11-605, register warrants only as follows:

22          (a) If separate accounts are maintained for each fund, warrants may  
23          only be registered on the maintenance and operation, unrestricted capital  
24          outlay, soft capital allocation and adjacent ways accounts and the classroom  
25          site fund prescribed in section 15-977 and only if the total cash balance of  
26          all three accounts is insufficient to pay the warrants, ~~except that, during~~  
27          ~~the period of time when a school district is under receivership pursuant to~~  
28          ~~section 15-103, a warrant may be registered on the debt service account for~~  
29          ~~which the cash balance in the debt service account is insufficient to cover~~  
30          ~~the debt service payment if there are not sufficient monies in the debt~~  
31          ~~service account to cover the debt.~~

32          (b) If the county treasurer maintains only two accounts as provided in  
33          paragraph 1 of this section:

34          (i) The county treasurer may register warrants only on the first  
35          account and only if the balance of that account is insufficient to pay the  
36          warrants.

1           (ii) The county treasurer may honor warrants for any federal or state  
2 grant fund with a negative balance as long as the total balance in the second  
3 account is positive. If the second account total balance is negative, the  
4 warrant for a federal or state grant fund shall be charged to the maintenance  
5 and operation fund. Any interest charged to the federal or state grant fund  
6 as a result of a negative balance that is in excess of interest earned on the  
7 fund shall be transferred to the maintenance and operation fund at the end of  
8 the fiscal year or the end of the grant year. If a federal or state grant  
9 fund has a negative balance at the end of the fiscal year or grant year,  
10 sufficient expenditures shall be transferred to the maintenance and operation  
11 fund to eliminate the negative balance.

12           4. Notify the county school superintendent by the fifteenth day of  
13 each calendar month of the month end balances of each school district  
14 account.

15           5. Pay warrants issued by the county school superintendent and duly  
16 endorsed by the person entitled to receive the monies.

17           6. On each property tax bill and each property tax statement prepared,  
18 separately state and identify by name each school district's primary property  
19 tax rate, the secondary property tax rate that is associated with overrides,  
20 the secondary property tax rate that is associated with class A bonds and the  
21 secondary property tax rate that is associated with class B bonds. For the  
22 purposes of this paragraph, "class A bonds" and "class B bonds" have the same  
23 meanings prescribed in section 15-101."

24 Amend title to conform

DORIS GOODALE

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