

REFERENCE TITLE: schools; ADM calculation

State of Arizona  
House of Representatives  
Forty-ninth Legislature  
Second Regular Session  
2010

# HB 2385

Introduced by  
Representative Boone

AN ACT

AMENDING SECTIONS 15-185, 15-238, 15-241, 15-393, 15-771, 15-803, 15-808, 15-861 AND 15-901, ARIZONA REVISED STATUTES; REPEALING SECTION 15-902, ARIZONA REVISED STATUTES; AMENDING SECTION 15-902.01, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 9, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-902.03; AMENDING SECTIONS 15-910.01, 15-1021, 15-1371, 15-1372, 16-531 AND 41-563, ARIZONA REVISED STATUTES; RELATING TO SCHOOL FINANCE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

28           2. Notwithstanding paragraph 1 of this subsection, the student count  
29 shall be determined initially using an estimated student count based on  
30 actual registration of pupils before the beginning of the school year. After  
31 the first one hundred days or two hundred days in session, as applicable, the  
32 charter school shall revise the student count to be equal to the actual  
33 average daily membership, as defined in section 15-901, ~~or the adjusted~~  
34 ~~average daily membership, as prescribed in section 15-902,~~ of the charter  
35 school. A charter school that provides two hundred days of instruction may  
36 use section 15-902.02 for the purposes of this section. Before the one  
37 hundredth day or two hundredth day in session, as applicable, the state board  
38 of education or the state board for charter schools may require a charter  
39 school to report periodically regarding pupil enrollment and attendance, and  
40 the department of education may revise its computation of equalization  
41 assistance based on the report. A charter school shall revise its student  
42 count, base support level and additional assistance before May 15. A charter  
43 school that overestimated its student count shall revise its budget before  
44 May 15. A charter school that underestimated its student count may revise  
45 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 eighty-eight dollars forty-four cents per student count in kindergarten  
9 programs and grades one through eight and one thousand eight hundred  
10 fifty-one dollars thirty cents per student count in grades nine through  
11 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. The charter school shall not charge tuition for pupils who reside  
18 in this state, levy taxes or issue bonds. A charter school may admit pupils  
19 who are not residents of this state and shall charge tuition for those pupils  
20 in the same manner prescribed in section 15-823.

21           7. Not later than noon on the day preceding each apportionment date  
22 established by paragraph 5 of this subsection, the superintendent of public  
23 instruction shall furnish to the state treasurer an abstract of the  
24 apportionment and shall certify the apportionment to the department of  
25 administration, which shall draw its warrant in favor of the charter schools  
26 for the amount apportioned.

27           C. If a pupil is enrolled in both a charter school and a public school  
28 that is not a charter school, the sum of the daily membership, which includes  
29 enrollment as prescribed in section 15-901, subsection A, paragraph ~~2~~ 1,  
30 subdivisions (a) and (b) and daily attendance as prescribed in section  
31 15-901, subsection A, paragraph ~~6~~ 5, for that pupil in the school district  
32 and the charter school shall not exceed 1.0, except that if the pupil is  
33 enrolled in both a charter school and a joint technological education  
34 district and resides within the boundaries of a school district participating  
35 in the joint technological education district, the sum of the average daily  
36 membership for that pupil in the charter school and the joint technological  
37 education district shall not exceed 1.25. If a pupil is enrolled in both a  
38 charter school and a public school that is not a charter school, the  
39 department of education shall direct the average daily membership to the  
40 school with the most recent enrollment date. Upon validation of actual  
41 enrollment in both a charter school and a public school that is not a charter  
42 school and if the sum of the daily membership or daily attendance for that  
43 pupil is greater than 1.0, the sum shall be reduced to 1.0 and shall be  
44 apportioned between the public school and the charter school based on the  
45 percentage of total time that the pupil is enrolled or in attendance in the

1 public school and the charter school, except that if the pupil is enrolled in  
2 both a charter school and a joint technological education district and  
3 resides within the boundaries of a school district participating in the joint  
4 technological education district, the sum of the average daily membership for  
5 that pupil in the charter school and the joint technological education  
6 district shall be reduced to 1.25 and shall be apportioned between the  
7 charter school and the joint technological education district based on the  
8 percentage of total time that the pupil is enrolled or in attendance in the  
9 charter school and the joint technological education district. The uniform  
10 system of financial records shall include guidelines for the apportionment of  
11 the pupil enrollment and attendance as provided in this section.

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

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

25 2. For a charter school sponsored by the state board of education or  
26 the state board for charter schools, the total of the base support level and  
27 the additional assistance shall not be less than zero.

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

32 E. If a charter school was a district public school in the prior year  
33 and is now being operated for or by the same school district and sponsored by  
34 the state board of education, the state board for charter schools or a school  
35 district governing board, the reduction in subsection D of this section  
36 applies. The reduction to the base support level of the charter school or  
37 the sponsoring district of the charter school shall equal the sum of the base  
38 support level and the additional assistance received in the current year for  
39 those pupils who were enrolled in the traditional public school in the prior  
40 year and are now enrolled in the charter school in the current year.

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

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

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

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

43 J. A charter school may receive and spend monies distributed by the  
 44 department of education pursuant to section 42-5029, subsection E and section  
 45 37-521, subsection B.

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

10 L. For the purposes of this section:

11 1. "Monies intended for the basic maintenance and operations of the  
12 school" means monies intended to provide support for the educational program  
13 of the school, except that it does not include supplemental assistance for a  
14 specific purpose or title VIII of the elementary and secondary education act  
15 of 1965 monies. The auditor general shall determine which federal or state  
16 monies meet the definition in this paragraph.

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

23 Sec. 2. Section 15-238, Arizona Revised Statutes, is amended to read:

24 15-238. Statewide student estimate

25 Before February 15 of each year the department of education shall  
26 submit to the economic estimates commission the total estimated statewide  
27 number of students determined for the current year ~~using the unit of~~  
28 ~~measurement prescribed in section 15-902, subsections A and B.~~

29 Sec. 3. Section 15-241, Arizona Revised Statutes, is amended to read:

30 15-241. School accountability; schools failing to meet academic  
31 standards; failing schools tutoring fund;  
32 classification label for school districts and charter  
33 school operators

34 A. The department of education shall compile an annual achievement  
35 profile for each public school.

36 B. Each school shall submit to the department any data that is  
37 required and requested and that is necessary to compile the achievement  
38 profile. A school that fails to submit the information that is necessary is  
39 not eligible to receive monies from the classroom site fund established by  
40 section 15-977.

41 C. The department shall establish a baseline achievement profile for  
42 each school ~~by October 15, 2001~~. The baseline achievement profile shall be  
43 used to determine a standard measurement of acceptable academic progress for  
44 each school and a school classification pursuant to subsection H of this  
45 section. Any disclosure of educational records compiled by the department of

1 education pursuant to this section shall comply with the family educational  
2 and privacy rights act of 1974 (20 United States Code section 1232g).

3 D. The achievement profile for schools that offer instruction in  
4 kindergarten programs and grades one through eight, or any combination of  
5 those programs or grades, shall include the following school academic  
6 performance indicators:

7 1. The Arizona measure of academic progress. The department shall  
8 compute the extent of academic progress made by the pupils in each school  
9 during the course of each year.

10 2. The Arizona instrument to measure standards test. The department  
11 shall compute the percentage of pupils who meet or exceed the standard on the  
12 Arizona instrument to measure standards test, as prescribed by the state  
13 board of education. The superintendent of public instruction and the  
14 department may calculate academic gain on the Arizona instrument to measure  
15 standards test according to each of the school classifications prescribed in  
16 subsection G of this section on a statewide basis, for each school district  
17 in this state and for each school by determining the average scale scores for  
18 students in the current academic year as compared to the average scale scores  
19 for the previous academic year for the same students.

20 3. The results of English language learners tests administered  
21 pursuant to section 15-756, subsection B, section 15-756.05 and section  
22 15-756.06.

23 E. The achievement profile for schools that offer instruction in  
24 grades nine through twelve, or any combination of those grades, shall include  
25 the following school academic performance indicators:

26 1. The Arizona instrument to measure standards test. The department  
27 shall compute the percentage of pupils pursuant to subsection G of this  
28 section who meet or exceed the standard on the Arizona instrument to measure  
29 standards test, as prescribed by the state board of education. The  
30 superintendent of public instruction and the department may calculate  
31 academic gain on the Arizona instrument to measure standards test according  
32 to each of the school classifications prescribed in subsection G of this  
33 section on a statewide basis, for each school district in this state and for  
34 each school by determining the average scale scores for students in the  
35 current academic year as compared to the average scale scores for the  
36 previous academic year for the same students.

37 2. The annual dropout rate.

38 3. The annual graduation rate.

39 4. The results of English language learners tests administered  
40 pursuant to section 15-756, subsection B, section 15-756.05 and section  
41 15-756.06.

42 F. Schools that offer instruction in all or a combination of the  
43 grades specified in subsections D and E of this section shall include a  
44 single achievement profile for that school that includes the school academic  
45 performance indicators specified in subsections D and E of this section.

1 G. Subject to final adoption by the state board of education, the  
2 department shall determine the criteria for each school classification using  
3 a research based methodology. The methodology shall include the performance  
4 of pupils at all achievement levels, account for pupil mobility, account for  
5 the distribution of pupil achievement at each school and include longitudinal  
6 indicators of academic performance. For the purposes of this subsection,  
7 "research based methodology" means the systematic and objective application  
8 of statistical and quantitative research principles to determine a standard  
9 measurement of acceptable academic progress for each school.

10 H. The achievement profile shall be used to determine a school  
11 classification that designates each school as one of the following:

- 12 1. An excelling school.
- 13 2. A highly performing school.
- 14 3. A performing school.
- 15 4. An underperforming school.
- 16 5. A school failing to meet academic standards.

17 I. The classification for each school and the criteria used to  
18 determine classification pursuant to subsection G of this section shall be  
19 included on the school report card prescribed in section 15-746.

20 J. Subject to final adoption by the state board of education, the  
21 department of education shall develop a parallel achievement profile for  
22 accommodation schools, alternative schools as defined by the state board of  
23 education and extremely small schools as defined by the state board of  
24 education for the purposes of this section.

25 K. If a school is designated as an underperforming school, within  
26 ninety days after receiving notice of the designation, the governing board  
27 shall develop an improvement plan for the school, submit a copy of the plan  
28 to the superintendent of public instruction and supervise the implementation  
29 of the plan. The plan shall include necessary components as identified by  
30 the state board of education. Within thirty days after submitting the  
31 improvement plan to the superintendent of public instruction, the governing  
32 board shall hold a special public meeting in each school that has been  
33 designated as an underperforming school and shall present the respective  
34 improvement plans that have been developed for each school. The school  
35 district governing board, within thirty days of receiving notice of the  
36 designation, shall provide written notification of the classification to each  
37 residence within the attendance area of the school. The notice shall explain  
38 the improvement plan process and provide information regarding the public  
39 meeting required by this subsection.

40 L. A school that has not submitted an improvement plan pursuant to  
41 subsection K of this section is not eligible to receive monies from the  
42 classroom site fund established by section 15-977 for every day that a plan  
43 has not been received by the superintendent of public instruction within the  
44 time specified in subsection K of this section plus an additional ninety  
45 days. The state board of education shall require the superintendent of the

1 school district to testify before the board and explain the reasons that an  
2 improvement plan for that school has not been submitted.

3 M. If a charter school is designated as an underperforming school,  
4 within thirty days the school shall notify the parents of the students  
5 attending the school of the classification. The notice shall explain the  
6 improvement plan process and provide information regarding the public meeting  
7 required by this subsection. Within ninety days of receiving the  
8 classification, the charter holder shall present an improvement plan to the  
9 charter sponsor at a public meeting and submit a copy of the plan to the  
10 superintendent of public instruction. The improvement plan shall include  
11 necessary components as identified by the state board of education. For  
12 every day that an improvement plan is not received by the superintendent of  
13 public instruction, the school is not eligible to receive monies from the  
14 classroom site fund established by section 15-977 for every day that a plan  
15 has not been received by the superintendent of public instruction within the  
16 time specified in subsection K of this section plus an additional ninety  
17 days. The charter holder shall appear before the sponsoring board and  
18 explain why the improvement plan has not been submitted.

19 N. The department of education shall establish an appeals process, to  
20 be approved by the state board of education, for a school to appeal data used  
21 to determine the achievement profile of the school. The criteria established  
22 shall be based on mitigating factors and may include a visit to the school  
23 site by the department of education.

24 O. If a school remains classified as an underperforming school for a  
25 third consecutive year, the department of education shall visit the school  
26 site to confirm the classification data and to review the implementation of  
27 the school's improvement plan. The school shall be classified as failing to  
28 meet academic standards unless an alternate classification is made after an  
29 appeal pursuant to subsection N of this section.

30 P. The school district governing board, within thirty days of  
31 receiving notice of the school failing to meet academic standards  
32 classification, shall provide written notification of the classification to  
33 each residence in the attendance area of the school. The notice shall  
34 explain the improvement plan process and provide information regarding the  
35 public meeting required by subsection S of this section.

36 Q. The superintendent of public instruction, based on need, shall  
37 assign a solutions team to an underperforming school, a school failing to  
38 meet academic standards or any other school pursuant to a mutual agreement  
39 between the department of education and the school comprised of master  
40 teachers, fiscal analysts and curriculum assessment experts who are certified  
41 by the state board of education as Arizona academic standards technicians.  
42 The department of education may hire or contract with administrators,  
43 principals and teachers who have demonstrated experience with the  
44 characteristics and situations in an underperforming school or a school  
45 failing to meet academic standards and may use these personnel as part of the

1 solutions team. The department of education shall work with staff at the  
2 school to assist in curricula alignment and shall instruct teachers on how to  
3 increase pupil academic progress, considering the school's achievement  
4 profile. The solutions team shall consider the existing improvement plan to  
5 assess the need for changes to curriculum, professional development and  
6 resource allocation and shall present a statement of its findings to the  
7 school administrator and district superintendent. Within forty-five days  
8 after the presentation of the solutions team's statement of findings, the  
9 school district governing board, in cooperation with each school within the  
10 school district that is designated an underperforming school and its assigned  
11 solutions team representative, shall develop and submit to the department of  
12 education an action plan that details the manner in which the school district  
13 will assist the school as the school incorporates the findings of the  
14 solutions team into the improvement plan. The department of education shall  
15 review the action plan and shall either accept the action plan or return the  
16 action plan to the school district for modification. If the school district  
17 does not submit an approved action plan within forty-five days, the state  
18 board of education may direct the superintendent of public instruction to  
19 withhold up to ten per cent of state monies that the school district would  
20 otherwise be entitled to receive each month until the plan is submitted to  
21 the department of education, at which time those monies shall be returned to  
22 the school district.

23 R. The parent or the guardian of the pupil may apply to the department  
24 of education, in a manner determined by the department of education, for a  
25 certificate of supplemental instruction from the failing schools tutoring  
26 fund established by this section. Pupils attending a school designated as an  
27 underperforming school or a school failing to meet academic standards or a  
28 pupil who has failed to pass one or more portions of the Arizona instrument  
29 to measure standards test in grades eight through twelve in order to graduate  
30 from high school may select an alternative tutoring program in academic  
31 standards from a provider that is certified by the state board of  
32 education. To qualify, the provider must state in writing a level of  
33 academic improvement for the pupil that includes a timeline for improvement  
34 that is agreed to by the parent or guardian of the pupil. The state board of  
35 education shall annually review academic performance levels for providers  
36 certified pursuant to this subsection and may remove a provider at a public  
37 hearing from an approved list of providers if that provider fails to meet its  
38 stated level of academic improvement. The state board of education shall  
39 determine the application guidelines and the maximum value for each  
40 certificate of supplemental instruction. The state board of education shall  
41 annually complete a market survey in order to determine the maximum value for  
42 each certificate of supplemental instruction. Nothing in this subsection  
43 shall be construed to require the state to provide additional monies beyond  
44 the monies provided pursuant to section 42-5029, subsection E, paragraph 7.

1           S. Within sixty days of receiving notification of designation as a  
2 school failing to meet academic standards, the school district governing  
3 board shall evaluate needed changes to the existing improvement plan for the  
4 school, consider recommendations from the solutions team, submit a copy of  
5 the plan to the superintendent of public instruction and supervise the  
6 implementation of the plan. Within thirty days after submitting the  
7 improvement plan to the superintendent of public instruction, the governing  
8 board shall hold a public meeting in each school that has been designated as  
9 a school failing to meet academic standards and shall present the respective  
10 improvement plans that have been developed for each school.

11           T. A school that has not submitted an improvement plan pursuant to  
12 subsection S of this section is not eligible to receive monies from the  
13 classroom site fund established by section 15-977 for every day that a plan  
14 has not been received by the superintendent of public instruction within the  
15 time specified in subsection S of this section plus an additional ninety  
16 days. The state board of education shall require the superintendent of the  
17 school district to testify before the board and explain the reasons that an  
18 improvement plan for that school has not been submitted.

19           U. If a charter school is designated as a school failing to meet  
20 academic standards, the department of education shall immediately notify the  
21 charter school's sponsor. The charter school's sponsor shall either take  
22 action to restore the charter school to acceptable performance or revoke the  
23 charter school's charter. Within thirty days the school shall notify the  
24 parents of the students attending the school of the classification and of any  
25 pending public meetings to review the issue.

26           V. A school that has been designated as a school failing to meet  
27 academic standards shall be evaluated by the department of education to  
28 determine if the school failed to properly implement its school improvement  
29 plan, align the curriculum with academic standards, provide teacher training,  
30 prioritize the budget or implement other proven strategies to improve  
31 academic performance. After visiting the school site pursuant to subsection  
32 O of this section, the department of education shall submit to the state  
33 board of education a recommendation to proceed pursuant to subsections Q, R  
34 and S of this section or that the school be subject to a public hearing to  
35 determine if the school failed to properly implement its improvement plan and  
36 the reasons for the department's recommendation.

37           W. If the department does recommend a public hearing, the state board  
38 of education shall meet and may provide by a majority vote at the public  
39 hearing for the continued operation of the school as allowed by this  
40 subsection. The state board of education shall determine whether  
41 governmental, nonprofit and private organizations may submit applications to  
42 the state board to fully or partially manage the school. The state board's  
43 determination shall include:

44           1. If and to what extent the local governing board may participate in  
45 the operation of the school including personnel matters.

1           2. If and to what extent the state board of education shall  
2 participate in the operation of the school.

3           3. Resource allocation pursuant to subsection Y of this section.

4           4. Provisions for the development and submittal of a school  
5 improvement plan to be presented in a public meeting at the school.

6           5. A suggested time frame for the alternative operation of the school.

7           X. The state board shall periodically review the status of a school  
8 that is operated by an organization other than the school district governing  
9 board to determine whether the operation of the school should be returned to  
10 the school district governing board. Before the state board makes a  
11 determination, the state board or its designee shall meet with the school  
12 district governing board or its designee to determine the time frame,  
13 operational considerations and the appropriate continuation of existing  
14 improvements that are necessary to assure a smooth transition of authority  
15 from the other organization back to the school district governing board.

16           Y. If an alternative operation plan is provided pursuant to subsection  
17 W of this section, the state board of education shall pay for the operation  
18 of the school and shall adjust the school district's ~~student count pursuant~~  
19 ~~to section 15-902,~~ soft capital allocation pursuant to section 15-962,  
20 capital outlay revenue limit pursuant to section 15-961, base support level  
21 pursuant to section 15-943, monies distributed from the classroom site fund  
22 established by section 15-977 and transportation support level pursuant to  
23 section 15-945 to accurately reflect any reduction in district services that  
24 are no longer provided to that school by the district. The state board of  
25 education may modify the school district's revenue control limit, the  
26 district support level and the general budget limit calculated pursuant to  
27 section 15-947 by an amount that corresponds to this reduction in  
28 services. The state board of education shall retain the portion of state aid  
29 that would otherwise be due the school district for the school and shall  
30 distribute that portion of state aid directly to the organization that  
31 contracts with the state board of education to operate the school.

32           Z. If the state board of education determines that a charter school  
33 failed to properly implement its improvement plan, the sponsor of the charter  
34 school shall revoke the charter school's charter.

35           AA. If there are more than two schools in a district and more than  
36 one-half, or in any case more than five, of the schools in the district are  
37 designated as schools failing to meet academic standards for more than two  
38 consecutive years, in the next election of members of the governing board the  
39 election ballot shall contain the following statement immediately above the  
40 listing of governing board candidates:

41           Within the last five years, (number of schools) schools in the  
42 \_\_\_\_\_ school district have been designated as "schools  
43 failing to meet academic standards" by the superintendent of  
44 public instruction.

1 BB. At least twice each year the department of education shall publish  
2 in a newspaper of general circulation in each county of this state a list of  
3 schools that are designated as schools failing to meet academic standards.

4 CC. The failing schools tutoring fund is established consisting of  
5 monies collected pursuant to section 42-5029, subsection E as designated for  
6 this purpose. The department of education shall administer the fund. The  
7 department of education may use monies from the fund to purchase materials  
8 designed to assist students to meet the Arizona academic standards and to  
9 achieve a passing score on the Arizona instrument to measure standards test  
10 in order to graduate from high school.

11 DD. The department of education may develop a classification label for  
12 school districts and charter school operators. If the department of  
13 education develops a classification label for school districts and charter  
14 school operators, the classification label may be developed from the  
15 following components:

- 16 1. Measures of academic progress.
- 17 2. Pupil assessment data.
- 18 3. The attendance rates and graduation rates of pupils who are  
19 educated in that charter school operator's charter schools or in that school  
20 district's schools.
- 21 4. The percentage of the parents of pupils enrolled in that charter  
22 school operator's charter schools or in that school district's schools that  
23 categorizes the quality of their child's education as excellent on a parental  
24 rating of school quality.

25 Sec. 4. Section 15-393, Arizona Revised Statutes, is amended to read:  
26 15-393. Joint technological education district governing board:  
27 report; definition

28 A. The management and control of the joint district are vested in the  
29 joint technological education district governing board, including the content  
30 and quality of the courses offered by the district, the quality of teachers  
31 who provide instruction on behalf of the district, the salaries of teachers  
32 who provide instruction on behalf of the district and the reimbursement of  
33 other entities for the facilities used by the district. Unless the governing  
34 boards of the school districts participating in the formation of the joint  
35 district vote to implement an alternative election system as provided in  
36 subsection B of this section, the joint board shall consist of five members  
37 elected from five single member districts formed within the joint  
38 district. The single member district election system shall be submitted as  
39 part of the plan for the joint district pursuant to section 15-392 and shall  
40 be established in the plan as follows:

- 41 1. The governing boards of the school districts participating in the  
42 formation of the joint district shall define the boundaries of the single  
43 member districts so that the single member districts are as nearly equal in  
44 population as is practicable, except that if the joint district lies in part  
45 in each of two or more counties, at least one single member district may be

1 entirely within each of the counties comprising the joint district if this  
2 district design is consistent with the obligation to equalize the population  
3 among single member districts.

4 2. The boundaries of each single member district shall follow election  
5 precinct boundary lines, as far as practicable, in order to avoid further  
6 segmentation of the precincts.

7 3. A person who is a registered voter of this state and who is a  
8 resident of the single member district is eligible for election to the office  
9 of joint board member from the single member district. The terms of office  
10 of the members of the joint board shall be as prescribed in section 15-427,  
11 subsection B. An employee of a joint technological education district or the  
12 spouse of an employee shall not hold membership on a governing board of a  
13 joint technological education district by which the employee is employed. A  
14 member of one school district governing board or joint technological  
15 education district governing board is ineligible to be a candidate for  
16 nomination or election to or serve simultaneously as a member of any other  
17 governing board, except that a member of a governing board may be a candidate  
18 for nomination or election for any other governing board if the member is  
19 serving in the last year of a term of office. A member of a governing board  
20 shall resign the member's seat on the governing board before becoming a  
21 candidate for nomination or election to the governing board of any other  
22 school district or joint technological education district, unless the member  
23 of the governing board is serving in the last year of a term of office.

24 4. Nominating petitions shall be signed by the number of qualified  
25 electors of the single member district as provided in section 16-322.

26 B. The governing boards of the school districts participating in the  
27 formation of the joint district may vote to implement any other alternative  
28 election system for the election of joint district board members. If an  
29 alternative election system is selected, it shall be submitted as part of the  
30 plan for the joint district pursuant to section 15-392, and the  
31 implementation of the system shall be as approved by the United States  
32 justice department.

33 C. The joint technological education district shall be subject to the  
34 following provisions of this title:

- 35 1. Chapter 1, articles 1 through 6.
- 36 2. Sections 15-208, 15-210, 15-213 and 15-234.
- 37 3. Articles 2, 3 and 5 of this chapter.
- 38 4. Section 15-361.
- 39 5. Chapter 4, articles 1, 2 and 5.
- 40 6. Chapter 5, articles 1, 2 and 3.
- 41 7. Sections 15-701.01, 15-722, 15-723, 15-724, 15-727, 15-728, 15-729  
42 and 15-730.
- 43 8. Chapter 7, article 5.
- 44 9. Chapter 8, articles 1, 3 and 4.
- 45 10. Sections 15-828 and 15-829.

1 11. Chapter 9, article 1, article 6, except for section 15-995, and  
2 article 7.

3 12. Sections 15-941, 15-943.01, 15-948, 15-952, 15-953 and 15-973.

4 13. Sections 15-1101 and 15-1104.

5 14. Chapter 10, articles 2, 3, 4 and 8.

6 D. Notwithstanding subsection C of this section, the following apply  
7 to a joint technological education district:

8 1. A joint district may issue bonds for the purposes specified in  
9 section 15-1021 and in chapter 4, article 5 of this title to an amount in the  
10 aggregate, including the existing indebtedness, not exceeding one per cent of  
11 the taxable property used for secondary tax purposes, as determined pursuant  
12 to title 42, chapter 15, article 1, within the joint technological education  
13 district as ascertained by the last property tax assessment previous to  
14 issuing the bonds.

15 2. The number of governing board members for a joint district shall be  
16 as prescribed in subsection A of this section.

17 3. If a career and technical education and vocational education course  
18 or program provided pursuant to this article is provided in a facility owned  
19 or operated by a school district in which a pupil is enrolled, including  
20 satellite courses, the sum of the daily attendance, as provided in section  
21 15-901, subsection A, paragraph ~~6~~ 5, for that pupil in both the school  
22 district and joint technological education district shall not exceed 1.25  
23 and the sum of the fractional student enrollment, as provided in section  
24 15-901, subsection A, paragraph ~~2~~ 1, subdivision (a), shall not exceed 1.25  
25 for the courses taken in the school district and the facility, including  
26 satellite courses. The school district and the joint district shall  
27 determine the apportionment of the daily attendance and fractional student  
28 enrollment for that pupil between the school district and the joint district.

29 4. The student count for the first year of operation of a joint  
30 technological education district as provided in this article shall be  
31 determined as follows:

32 (a) Determine the estimated student count for joint district classes  
33 that will operate in the first year of operation. This estimate shall be  
34 based on actual registration of pupils as of March 30 scheduled to attend  
35 classes that will be operated by the joint district. The student count for  
36 the district of residence of the pupils registered at the joint district  
37 shall be adjusted. The adjustment shall cause the district of residence to  
38 reduce the student count for the pupil to reflect the courses to be taken at  
39 the joint district. The district of residence shall review and approve the  
40 adjustment of its own student count as provided in this subdivision before  
41 the pupils from the school district can be added to the student count of the  
42 joint district.

43 (b) The student count for the new joint district shall be the student  
44 count as determined in subdivision (a) of this paragraph.

1 (c) After the first one hundred days or two hundred days in session,  
2 as applicable, for the first year of operation, the joint district shall  
3 revise the student count to the actual student count for students attending  
4 classes in the joint district. A joint district shall revise its student  
5 count, the base support level as provided in section 15-943.02, the revenue  
6 control limit as provided in section 15-944.01, the capital outlay revenue  
7 limit and the soft capital allocation as provided in section 15-962.01 prior  
8 to May 15. A joint district that overestimated its student count shall  
9 revise its budget prior to May 15. A joint district that underestimated its  
10 student count may revise its budget prior to May 15.

11 (d) After the first one hundred days or two hundred days in session,  
12 as applicable, for the first year of operation, the district of residence  
13 shall adjust its student count by reducing it to reflect the courses actually  
14 taken at the joint district. The district of residence shall revise its  
15 student count, the base support level as provided in section 15-943, the  
16 revenue control limit as provided in section 15-944, the capital outlay  
17 revenue limit as provided in section 15-961 and the soft capital allocation  
18 as provided in section 15-962 prior to May 15. A district that  
19 underestimated the student count for students attending the joint district  
20 shall revise its budget prior to May 15. A district that overestimated the  
21 student count for students attending the joint district may revise its budget  
22 prior to May 15.

23 (e) A joint district for the first year of operation shall not be  
24 eligible for adjustment pursuant to section 15-948.

25 (f) The procedures for implementing this paragraph shall be as  
26 prescribed in the uniform system of financial records.

27 (g) If the district of residence utilizes section 15-942 to determine  
28 its student count, the district shall reduce its student count as provided in  
29 this paragraph by subtracting the appropriate count from the student count  
30 determined as provided in section 15-942.

31 For the purposes of this paragraph, "district of residence" means the  
32 district that included the pupil in its average daily membership for the year  
33 before the first year of operation of the joint district and that would have  
34 included the pupil in its student count for the purposes of computing its  
35 base support level for the fiscal year of the first year of operation of the  
36 joint district if the pupil had not enrolled in the joint district.

37 5. A student includes any person enrolled in the joint district  
38 without regard to the person's age or high school graduation status, except  
39 that:

40 (a) A student in a kindergarten program or in grades one through eight  
41 who enrolls in courses offered by the joint technological education district  
42 shall not be included in the joint district's ~~average daily attendance or~~  
43 average daily membership.

1 (b) A student in a kindergarten program or in grades one through eight  
2 who is enrolled in vocational education courses shall not be funded in whole  
3 or in part with monies provided by a joint technological education district.

4 (c) A student who is over twenty-two years of age shall not be  
5 included in the student count of the joint district for the purposes of  
6 chapter 9, articles 3, 4 and 5 of this title.

7 (d) A student in grade nine who enrolls in a career exploration course  
8 shall not be included in the joint district's ~~average daily attendance or~~  
9 average daily membership.

10 6. A joint district may operate for more than one hundred seventy-five  
11 days per year, with expanded hours of service.

12 7. A joint district may use the excess utility costs provisions of  
13 section 15-910 in the same manner as a school district for fiscal years  
14 1999-2000 and 2000-2001, except that the base year shall be the first full  
15 fiscal year of operations.

16 8. A joint district may use the carryforward provisions of section  
17 15-943.01 retroactively to July 1, 1993.

18 9. A school district that is part of a joint district shall use any  
19 monies received pursuant to this article to supplement and not supplant base  
20 year career and technical education and vocational education courses, and  
21 directly related equipment and facilities, except that a school district that  
22 is part of a joint technological education district and that has used monies  
23 received pursuant to this article to supplant career and technological  
24 education and vocational education courses that were offered before the first  
25 year that the school district participated in the joint district or the first  
26 year that the school district used monies received pursuant to this article  
27 or that used the monies for purposes other than for career and technological  
28 education and vocational education courses shall ~~:-~~

29 ~~(a) Use at least thirty three per cent of the monies received pursuant~~  
30 ~~to this article in fiscal year 2005-2006 to supplement and not supplant base~~  
31 ~~year career and technical education and vocational education courses.~~

32 ~~(b) Use at least sixty six per cent of the monies received pursuant to~~  
33 ~~this article in fiscal year 2006-2007 to supplement and not supplant base~~  
34 ~~year career and technical education and vocational education courses.~~

35 ~~(c) use one hundred per cent of the monies received pursuant to this~~  
36 ~~article in fiscal year 2007-2008 and each fiscal year thereafter~~ to  
37 supplement and not supplant base year career and technical education and  
38 vocational education courses.

39 10. A joint technological education district shall use any monies  
40 received pursuant to this article to enhance and not supplant career and  
41 technical education and vocational education courses and directly related  
42 equipment and facilities.

43 11. A joint technological education district or a school district that  
44 is part of a joint district shall only include pupils in grades nine through  
45 twelve in the calculation of average daily membership ~~or average daily~~

1 ~~attendance~~ if the pupils are enrolled in courses that are approved jointly by  
2 the governing board of the joint technological education district and each  
3 participating school district for satellite courses taught within the  
4 participating school district, or approved solely by the joint technological  
5 education district for centrally located courses. Average daily membership  
6 ~~and average daily attendance~~ from courses that are not part of an approved  
7 program for career and technical education shall not be included in average  
8 daily membership ~~and average daily attendance~~ of a joint technological  
9 education district. A student in grade nine who enrolls in a career  
10 exploration course shall not be included in the joint district's ~~average~~  
11 ~~daily attendance or~~ average daily membership.

12 E. The joint board shall appoint a superintendent as the executive  
13 officer of the joint district.

14 F. Taxes may be levied for the support of the joint district as  
15 prescribed in chapter 9, article 6 of this title, except that a joint  
16 technological education district shall not levy a property tax pursuant to  
17 law that exceeds five cents per one hundred dollars assessed valuation except  
18 for bond monies pursuant to subsection D, paragraph 1 of this  
19 section. Except for the taxes levied pursuant to section 15-994, such taxes  
20 shall be obtained from a levy of taxes on the taxable property used for  
21 secondary tax purposes.

22 G. The schools in the joint district are available to all persons who  
23 reside in the joint district subject to the rules for admission prescribed by  
24 the joint board.

25 H. The joint board may collect tuition for adult students and the  
26 attendance of pupils who are residents of school districts that are not  
27 participating in the joint district pursuant to arrangements made between the  
28 governing board of the district and the joint board.

29 I. The joint board may accept gifts, grants, federal monies, tuition  
30 and other allocations of monies to erect, repair and equip buildings and for  
31 the cost of operation of the schools of the joint district.

32 J. One member of the joint board shall be selected chairman. The  
33 chairman shall be selected annually on a rotation basis from among the  
34 participating school districts. The chairman of the joint board shall be a  
35 voting member.

36 K. A joint board and a community college district may enter into  
37 agreements for the provision of administrative, operational and educational  
38 services and facilities.

39 L. Any agreement between the governing board of a joint technological  
40 education district and another joint technological education district, a  
41 school district, a charter school or a community college district shall be in  
42 the form of an intergovernmental agreement or other written contract. The  
43 auditor general shall modify the uniform system of financial records and  
44 budget forms in accordance with this subsection. The intergovernmental

1 agreement or other written contract shall completely and accurately specify  
2 each of the following:

3 1. The financial provisions of the intergovernmental agreement or  
4 other written contract and the format for the billing of all services.

5 2. The accountability provisions of the intergovernmental agreement or  
6 other written contract.

7 3. The responsibilities of each joint technological education  
8 district, each school district, each charter school and each community  
9 college district that is a party to the intergovernmental agreement or other  
10 written contract.

11 4. The type of instruction that will be provided under the  
12 intergovernmental agreement or other written contract.

13 5. The quality of the instruction that will be provided under the  
14 intergovernmental agreement or other written contract.

15 6. The transportation services that will be provided under the  
16 intergovernmental agreement or other written contract and the manner in which  
17 transportation costs will be paid.

18 7. The amount that the joint technological education district will  
19 contribute to a course and the amount of support required by the school  
20 district or the community college.

21 8. That the services provided by the joint technological education  
22 district, the school district, the charter school or the community college  
23 district be proportionally calculated in the cost of delivering the service.

24 9. That the payment for services shall not exceed the cost of the  
25 services provided.

26 10. That any initial intergovernmental agreement or other written  
27 contract and any addendums between the governing board of a joint  
28 technological education district and another joint technological education  
29 district, a school district, a charter school or a community college district  
30 be submitted by the joint technological education district to the joint  
31 legislative budget committee for review.

32 M. On or before December 31 of each year, each joint technological  
33 education district shall submit a detailed report to the career and technical  
34 education division of the department of education. The career and technical  
35 education division of the department of education shall collect, summarize  
36 and analyze the data submitted by the joint districts, shall submit an annual  
37 report that summarizes the data submitted by the joint districts to the  
38 governor, the speaker of the house of representatives, the president of the  
39 senate and the state board of education and shall submit a copy of this  
40 report to the secretary of state ~~and the director of the Arizona state~~  
41 ~~library, archives and public records~~. The data submitted by each joint  
42 technological education district shall include the following:

43 1. The average daily membership of the joint district.

44 2. The course listings and course descriptions of courses offered by  
45 the joint district.



1 C. The governing board of a school district may submit a proposal to  
2 the state board of education as prescribed by the state board to receive  
3 monies for preschool programs for children with disabilities as provided in  
4 this section. A school district which receives monies as provided in this  
5 section shall include the monies in the special projects section of the  
6 budget as provided in section 15-903, subsection F.

7 D. All school districts shall cooperate, if appropriate, with  
8 community organizations that provide services to preschool children with  
9 disabilities in the provision of the district's preschool program for  
10 children with disabilities.

11 E. A school district may not admit a child to a preschool program for  
12 children with disabilities unless the child is evaluated and recommended for  
13 placement as provided in sections 15-766 and 15-767.

14 F. For the purpose of allocating monies pursuant to 20 United States  
15 Code section 1419(g)(1)(B)(i), "jurisdiction" includes high school pupils  
16 whose parents reside within the boundaries of a common school district. The  
17 common school district shall ensure such high school pupils are not counted  
18 by any other school district.

19 G. For the purposes of this section, "preschool child" means a child  
20 who is at least three years of age but who has not reached the age required  
21 for kindergarten. A preschool child is three years of age as of the date of  
22 the child's third birthday. The governing board of a school district may  
23 admit otherwise eligible children who are within ninety days of their third  
24 birthday, if it is determined to be in the best interest of the individual  
25 child. Children who are admitted to programs for preschool children prior to  
26 their third birthday are entitled to the same provision of services as if  
27 they were three years of age.

28 Sec. 6. Section 15-803, Arizona Revised Statutes, is amended to read:  
29 15-803. School attendance; exemptions; definitions

30 A. It is unlawful for any child WHO IS between six and sixteen years  
31 of age to fail to attend school during the hours school is in session, unless  
32 either:

33 1. The child is excused pursuant to section 15-802, subsection D or  
34 section 15-901, subsection A, paragraph ~~6~~ 5, subdivision (c).

35 2. The child is accompanied by a parent or a person authorized by a  
36 parent.

37 3. The child is provided with instruction in a home school.

38 B. A child who is habitually truant or who has excessive absences may  
39 be adjudicated an incorrigible child as defined in section 8-201. Absences  
40 may be considered excessive when the number of absent days exceeds ten per  
41 cent of the number of required attendance days prescribed in section 15-802,  
42 subsection B, paragraph 1.

43 C. ~~As used in~~ FOR THE PURPOSES OF this section:

44 1. "Habitually truant" means a truant child who is truant for at least  
45 five school days within a school year.

1           2. "Truant" means an unexcused absence for at least one class period  
2 during the day.

3           3. "Truant child" means a child who is between six and sixteen years  
4 of age and who is not in attendance at a public or private school during the  
5 hours that school is in session, unless excused as provided by this section.

6           Sec. 7. Section 15-808, Arizona Revised Statutes, is amended to read:  
7 15-808. Arizona online instruction; reports; definitions

8           A. Arizona online instruction shall be instituted to meet the needs of  
9 pupils in the information age. The state board of education shall select  
10 traditional public schools and the state board for charter schools shall  
11 sponsor charter schools to be online course providers or online schools. The  
12 state board of education and the state board for charter schools shall  
13 jointly develop standards for the approval of online course providers and  
14 online schools based on the following criteria:

15           1. The depth and breadth of curriculum choices.

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

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

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

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

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

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

32           8. The services offered to developmentally disabled populations.

33           9. The grade levels that will be served.

34           B. Each new school that provides online instruction shall provide  
35 online instruction on a probationary status. After a new school that  
36 provides online instruction has clearly demonstrated the academic integrity  
37 of its instruction through the actual improvement of the academic performance  
38 of its students, the school may apply to be removed from probationary status.  
39 The state board of education or the state board for charter schools shall  
40 remove from Arizona online instruction any probationary school that fails to  
41 clearly demonstrate improvement in academic performance within three years  
42 measured against goals in the approved application and the state's  
43 accountability system. The state board of education and the state board for  
44 charter schools shall review the effectiveness of each participating school  
45 and other information that is contained in the annual report prescribed in

1 subsection ~~C~~ D of this section. All pupils who participate in Arizona  
2 online instruction shall reside in this state. Pupils who participate in  
3 Arizona online instruction are subject to the testing requirements prescribed  
4 in chapter 7, article 3 of this title. Upon enrollment, the school shall  
5 notify the parents or guardians of the pupil of the state testing  
6 requirements. If a pupil fails to comply with the testing requirements and  
7 the school administers the tests pursuant to this subsection to less than  
8 ninety-five per cent of the pupils in Arizona online instruction, the pupil  
9 shall not be allowed to participate in Arizona online instruction.

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

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

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

26 F. If a pupil is enrolled in a school district or charter school and  
27 also participates in Arizona online instruction, the sum of the average daily  
28 membership, which includes enrollment as prescribed in section 15-901,  
29 subsection A, paragraph ~~2~~ 1, subdivisions (a) and (b) and daily attendance  
30 as prescribed in section 15-901, subsection A, paragraph ~~6~~ 5, for that pupil  
31 in the school district or charter school and in Arizona online instruction  
32 shall not exceed 1.0. If the pupil is enrolled in a school district or a  
33 charter school and also participates in Arizona online instruction and the  
34 sum of the daily membership or daily attendance for that pupil is greater  
35 than 1.0, the sum shall be reduced to 1.0 and shall be apportioned between  
36 the school district or charter school and Arizona online instruction based on  
37 the percentage of total time that the pupil is enrolled or in attendance in  
38 the school district or charter school and Arizona online instruction. The  
39 uniform system of financial records shall include guidelines for the  
40 apportionment of the pupil enrollment and attendance as provided in this  
41 subsection. Pupils in Arizona online instruction do not incur absences for  
42 purposes of section 15-901 and may generate ~~an average~~ A daily attendance of  
43 1.0 for attendance hours during any hour of the day, during any day of the  
44 week and at any time between July 1 and June 30 of each fiscal year. For  
45 kindergarten programs and grades one through eight, average daily membership

1 shall be calculated by dividing the instructional hours as reported in the  
2 daily log required in subsection E of this section by the applicable hourly  
3 requirements prescribed in section 15-901. For grades nine through twelve,  
4 average daily membership shall be calculated by dividing the instructional  
5 hours as reported in the daily log required in subsection E of this section  
6 by nine hundred. The average daily membership of a pupil who participates in  
7 online instruction shall not exceed 1.0. Average daily membership shall not  
8 be calculated on the one hundredth day of instruction for the purposes of  
9 this section. Funding shall be determined as follows:

10 1. ~~Pupils~~ A PUPIL who ~~are~~ IS enrolled full-time in Arizona online  
11 instruction shall be funded for online instruction at ninety-five per cent of  
12 the base support level that would be calculated for that pupil if that pupil  
13 were enrolled as a full-time student in a school district or charter school  
14 that does not participate in Arizona online instruction. Additional  
15 assistance, capital outlay revenue limit and soft capital allocation limit  
16 shall be calculated in the same manner they would be calculated if the  
17 student were enrolled in a district or charter school that does not  
18 participate in Arizona online instruction. A pupil enrolled in Arizona  
19 online instruction shall be considered full-time if the pupil's average  
20 instructional hours, as reported in the daily log required in subsection E of  
21 this section, exceed one hundred nineteen minutes for kindergarten programs,  
22 two hundred thirty-eight minutes for grades one through three, two hundred  
23 ninety-seven minutes for grades four through six, three hundred fifty-six  
24 minutes for grades seven and eight and three hundred minutes for grades nine  
25 through twelve.

26 2. ~~Pupils~~ A PUPIL who ~~are~~ IS enrolled part-time in Arizona online  
27 instruction shall be funded for online instruction at eighty-five per cent of  
28 the base support level that would be calculated for that pupil if that pupil  
29 were enrolled as a part-time student in a school district or charter school  
30 that does not participate in Arizona online instruction. Additional  
31 assistance, capital outlay revenue limit and soft capital allocation limit  
32 shall be calculated in the same manner they would be calculated if the  
33 student were enrolled in a district or charter school that does not  
34 participate in Arizona online instruction. A pupil enrolled in Arizona  
35 online instruction shall be considered part-time if the pupil's average  
36 instructional hours, as reported in the daily log required in subsection E of  
37 this section, are less than the hours required for a full-time pupil pursuant  
38 to paragraph 1 of this subsection.

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

44 H. To ensure the academic integrity of pupils who participate in  
45 online instruction, Arizona online instruction shall include multiple diverse

1 assessment measures and the proctored administration of required state  
2 standardized tests.

3 I. For the purposes of this section:

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

9 2. "Online school" means a school that provides at least four online  
10 academic courses or one or more online courses for the equivalent of at least  
11 five hours each day for one hundred eighty school days and that is a charter  
12 school that is sponsored by the state board for charter schools or a  
13 traditional public school that is selected by the state board of education to  
14 participate in Arizona online instruction.

15 Sec. 8. Section 15-861, Arizona Revised Statutes, is amended to read:

16 15-861. Four day school week and alternative kindergarten  
17 programs

18 A. A governing board, after at least two public hearings in the school  
19 district, may offer an educational program on the basis of a four day school  
20 week or an alternative kindergarten program on the basis of a three day  
21 school week, or both.

22 B. The instructional time in an educational program offered on the  
23 basis of a four day school week or in an alternative kindergarten program  
24 offered on the basis of a three day school week must be equal to the  
25 instructional time in an educational program or kindergarten program, as  
26 applicable, offered on the basis of a five day school week. Notwithstanding  
27 section 15-901, subsection A, paragraph ~~6- 5~~, for school districts which  
28 offer an educational program on the basis of a four day school week in common  
29 schools or an alternative kindergarten program on the basis of a three day  
30 school week, or both, as provided in this section, the minimum number of  
31 minutes required for daily attendance shall be increased so that the number  
32 of minutes per day multiplied by the total number of school days per school  
33 year is at least equal to the number of minutes prescribed for that program  
34 or grade in section 15-901, subsection A, paragraph ~~6- 5~~, multiplied by one  
35 hundred seventy-five.

36 Sec. 9. Section 15-901, Arizona Revised Statutes, is amended to read:

37 15-901. Definitions

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

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

42 ~~2. 1. "Average daily membership" means the total enrollment of~~  
43 ~~fractional students and full-time students, minus withdrawals, of each school~~  
44 ~~day through the first one hundred days or two hundred days in session, as~~  
45 ~~applicable, for the current year. Withdrawals include students formally~~

~~1 withdrawn from schools and students absent for ten consecutive school days,~~  
~~2 except for excused absences as identified by the department of education.~~  
~~3 For computation purposes, the effective date of withdrawal shall be~~  
~~4 retroactive to the last day of actual attendance of the student WHO ARE~~  
5 ENROLLED ON THE THIRTIETH, SIXTIETH AND NINETIETH DAYS IN SESSION, DIVIDED BY  
6 THREE.

7 (a) "Fractional student" means:

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

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

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

44 (i) For common schools, a student who is at least six years of age  
45 prior to January 1 of a school year, who has not graduated from the highest

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

42 (ii) For high schools, except as provided in section 15-105, a student  
43 not graduated from the highest grade taught in the school district, or an  
44 ungraded student at least fourteen years of age by September 1, and enrolled  
45 in at least a full-time instructional program of subjects that count toward

1 graduation as defined by the state board of education in a recognized high  
2 school. A full-time student shall not be counted more than once for  
3 computation of average daily membership.

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

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

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

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

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

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

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

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

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

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

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

24 ~~3-~~ 2. "Budget year" means the fiscal year for which the school  
25 district is budgeting and which immediately follows the current year.

26 ~~4-~~ 3. "Common school district" means a political subdivision of this  
27 state offering instruction to students in programs for preschool children  
28 with disabilities and kindergarten programs and grades one through eight.

29 ~~5-~~ 4. "Current year" means the fiscal year in which a school district  
30 is operating.

31 ~~6-~~ 5. "Daily attendance" means:

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

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

43 (ii) Of the first, second or third grades, ungraded and at least six,  
44 but under nine, years of age by September 1 or ungraded group B children with  
45 disabilities and at least five, but under six, years of age by September 1

1 attends more than three-quarters of the instructional time scheduled for the  
2 day.

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

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

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

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

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

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

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

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

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

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

10 ~~7-~~ 6. "Daily route mileage" means the sum of:

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

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

24 ~~8-~~ 7. "District support level" means the base support level plus the  
25 transportation support level.

26 ~~9-~~ 8. "Eligible students" means:

27 (a) Students who are transported by or for a school district and who  
28 qualify as full-time students or fractional students, except students for  
29 whom transportation is paid by another school district or a county school  
30 superintendent, and:

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

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

1 actual place of residence outside the school district boundaries is more than  
2 one and one-half miles from the school facility of attendance.

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

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

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

15 ~~10-~~ 9. "Enrolled" or "enrollment" means when a pupil is currently  
16 registered in the school district.

17 ~~11-~~ 10. "GDP price deflator" means the average of the four implicit  
18 price deflators for the gross domestic product reported by the United States  
19 department of commerce for the four quarters of the calendar year.

20 ~~12-~~ 11. "High school district" means a political subdivision of this  
21 state offering instruction to students for grades nine through twelve or that  
22 portion of the budget of a common school district which is allocated to  
23 teaching high school subjects with permission of the state board of  
24 education.

25 ~~13-~~ 12. "Revenue control limit" means the base revenue control limit  
26 plus the transportation revenue control limit.

27 ~~14-~~ 13. "Student count" means average daily membership as prescribed  
28 in this subsection for the fiscal year prior to the current year, except that  
29 for the purpose of budget preparation student count means average daily  
30 membership as prescribed in this subsection for the current year.

31 ~~15-~~ 14. "Submit electronically" means submitted in a format and in a  
32 manner prescribed by the department of education.

33 ~~16-~~ 15. "Total bus mileage" means the total number of miles driven by  
34 all buses of a school district during the school year.

35 ~~17-~~ 16. "Total students transported" means all eligible students  
36 transported from their place of residence to a school transportation pickup  
37 point or to the school of attendance and from the school of attendance or  
38 from the school transportation scheduled return point to their place of  
39 residence.

40 ~~18-~~ 17. "Unified school district" means a political subdivision of the  
41 state offering instruction to students in programs for preschool children  
42 with disabilities and kindergarten programs and grades one through twelve.

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

44 1. "Base" means the revenue level per student count specified by the  
45 legislature.

- 1           2. "Base level" means:  
2           (a) For fiscal year 2007-2008, three thousand two hundred twenty-six  
3 dollars eighty-eight cents.  
4           (b) For fiscal year 2008-2009, three thousand two hundred ninety-one  
5 dollars forty-two cents.  
6           (c) For fiscal year 2009-2010, three thousand two hundred sixty-seven  
7 dollars seventy-two cents.  
8           3. "Base revenue control limit" means the base revenue control limit  
9 computed as provided in section 15-944.  
10          4. "Base support level" means the base support level as provided in  
11 section 15-943.  
12          5. "Certified teacher" means a person who is certified as a teacher  
13 pursuant to the rules adopted by the state board of education, who renders  
14 direct and personal services to school children in the form of instruction  
15 related to the school district's educational course of study and who is paid  
16 from the maintenance and operation section of the budget.  
17          6. "DD" means programs for children with developmental delays who are  
18 at least three years of age but under ten years of age. a preschool child  
19 who is categorized under this paragraph is not eligible to receive funding  
20 pursuant to section 15-943, paragraph 2, subdivision (b).  
21          7. "ED, MIMR, SLD, SLI and OHI" means programs for children with  
22 emotional disabilities, mild mental retardation, a specific learning  
23 disability, a speech/language impairment and other health impairments. A  
24 preschool child who is categorized as SLI under this paragraph is not  
25 eligible to receive funding pursuant to section 15-943, paragraph 2,  
26 subdivision (b).  
27          8. "ED-P" means programs for children with emotional disabilities who  
28 are enrolled in private special education programs as prescribed in section  
29 15-765, subsection D, paragraph 1 or in an intensive school district program  
30 as provided in section 15-765, subsection D, paragraph 2.  
31          9. "ELL" means English learners who do not speak English or whose  
32 native language is not English, who are not currently able to perform  
33 ordinary classroom work in English and who are enrolled in an English  
34 language education program pursuant to sections 15-751, 15-752 and 15-753.  
35          10. "Full-time equivalent certified teacher" or "FTE certified teacher"  
36 means for a certified teacher the following:  
37           (a) If employed full time as defined in section 15-501, 1.00.  
38           (b) If employed less than full time, multiply 1.00 by the percentage  
39 of a full school day, or its equivalent, or a full class load, or its  
40 equivalent, for which the teacher is employed as determined by the governing  
41 board.  
42          11. "Group A" means educational programs for career exploration, a  
43 specific learning disability, an emotional disability, mild mental  
44 retardation, remedial education, a speech/language impairment, developmental  
45 delay, homebound, bilingual, other health impairments and gifted pupils.

1           12. "Group B" means educational improvements for pupils in kindergarten  
2 programs and grades one through three, educational programs for autism, a  
3 hearing impairment, moderate mental retardation, multiple disabilities,  
4 multiple disabilities with severe sensory impairment, orthopedic impairments,  
5 preschool severe delay, severe mental retardation and emotional disabilities  
6 for school age pupils enrolled in private special education programs or in  
7 school district programs for children with severe disabilities or visual  
8 impairment and English learners enrolled in a program to promote English  
9 language proficiency pursuant to section 15-752.

10           13. "HI" means programs for pupils with hearing impairment.

11           14. "Homebound" or "hospitalized" means a pupil who is capable of  
12 profiting from academic instruction but is unable to attend school due to  
13 illness, disease, accident or other health conditions, who has been examined  
14 by a competent medical doctor and who is certified by that doctor as being  
15 unable to attend regular classes for a period of not less than three school  
16 months or a pupil who is capable of profiting from academic instruction but  
17 is unable to attend school regularly due to chronic or acute health problems,  
18 who has been examined by a competent medical doctor and who is certified by  
19 that doctor as being unable to attend regular classes for intermittent  
20 periods of time totaling three school months during a school year. The  
21 medical certification shall state the general medical condition, such as  
22 illness, disease or chronic health condition, that is the reason that the  
23 pupil is unable to attend school. Homebound or hospitalized includes a  
24 student who is unable to attend school for a period of less than three months  
25 due to a pregnancy if a competent medical doctor, after an examination,  
26 certifies that the student is unable to attend regular classes due to risk to  
27 the pregnancy or to the student's health.

28           15. "K" means kindergarten programs.

29           16. "K-3" means kindergarten programs and grades one through three.

30           17. "MD-R, A-R and SMR-R" means resource programs for pupils with  
31 multiple disabilities, autism and severe mental retardation.

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

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

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

37           21. "OI-R" means a resource program for pupils with orthopedic  
38 impairments.

39           22. "OI-SC" means a self-contained program for pupils with orthopedic  
40 impairments.

41           23. "PSD" means preschool programs for children with disabilities as  
42 provided in section 15-771.

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

1           25. "Qualifying tax rate" means the qualifying tax rate specified in  
2 section 15-971 applied to the assessed valuation used for primary property  
3 taxes.

4           26. "Small isolated school district" means a school district which  
5 meets all of the following:

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

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

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

15           27. "Small school district" means a school district which meets all of  
16 the following:

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

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

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

24           28. "Transportation revenue control limit" means the transportation  
25 revenue control limit computed as prescribed in section 15-946.

26           29. "Transportation support level" means the support level for pupil  
27 transportation operating expenses as provided in section 15-945.

28           30. "VI" means programs for pupils with visual impairments.

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

31           Sec. 10. Repeal

32           Section 15-902, Arizona Revised Statutes, is repealed.

33           Sec. 11. Section 15-902.01, Arizona Revised Statutes, is amended to  
34 read:

35           15-902.01. Student revenue loss phase-down

36           A. ~~Notwithstanding section 15-902, subsection I~~ A school district  
37 ~~which~~ THAT loses at least five hundred students from its student count as a  
38 result of the formation of a joint unified school district pursuant to  
39 section 15-450 and THAT does not receive tuition for those students for the  
40 budget year, ~~may~~ increase its base support level for the budget year by an  
41 amount as follows:

42           1. For the first year of the loss, six hundred fifty thousand dollars.

43           2. For the second year following the loss, six hundred thousand  
44 dollars.

1           3. For the third year following the loss, five hundred thousand  
2 dollars.

3           4. For the fourth year following the loss, three hundred thousand  
4 dollars.

5           5. For the fifth year following the loss, one hundred thousand  
6 dollars.

7           B. In addition to any adjustment for tuition loss received pursuant to  
8 section 15-954, a union high school district ~~which~~ THAT loses at least fifty  
9 students from its tuition count as a result of the formation of a joint  
10 unified school district pursuant to section 15-450 and THAT does not receive  
11 tuition for those students for the budget year, ~~—~~ may increase its base  
12 support level for the budget year by an amount as follows:

13           1. For the first year of the loss, one hundred thousand dollars.

14           2. If during the second year following the initial loss of students  
15 the union high school district loses an additional fifty students as a result  
16 of the formation of a joint unified school district pursuant to section  
17 15-450 and does not receive tuition for those students for the budget year,  
18 two hundred thousand dollars.

19           3. If during the third year following the initial loss of students the  
20 union high school district loses an additional fifty students beyond the  
21 second year's additional loss as a result of the formation of a joint unified  
22 school district pursuant to section 15-450 and does not receive tuition for  
23 those students for the budget year, three hundred twenty-five thousand  
24 dollars.

25           4. If the union high school district was eligible for the three  
26 hundred twenty-five thousand dollars as provided in paragraph 3 of this  
27 subsection, for the fourth year following the initial loss of students, two  
28 hundred thousand dollars.

29           5. If the union high school district was eligible for the two hundred  
30 thousand dollars as provided in paragraph 4 of this subsection, for the fifth  
31 year following the initial loss of students, one hundred thousand dollars.

32           Sec. 12. Title 15, chapter 9, article 1, Arizona Revised Statutes, is  
33 amended by adding section 15-902.03, to read:

34           15-902.03. Procedures for determining average daily membership

35           A. THE DEPARTMENT OF EDUCATION SHALL USE THE SAME CALCULATION TO  
36 DETERMINE GROUP B AVERAGE DAILY MEMBERSHIP AS SPECIFIED IN SECTION 15-901,  
37 SUBSECTION A, PARAGRAPH 1. THIS DETERMINATION SHALL APPLY TO ALL CATEGORIES  
38 PURSUANT TO SECTION 15-901, SUBSECTION B, PARAGRAPH 12.

39           B. THE DEPARTMENT OF EDUCATION SHALL COMPUTE AND AGGREGATE GROUP A AND  
40 GROUP B AVERAGE DAILY MEMBERSHIP FOR THE CURRENT YEAR NO LATER THAN APRIL 15,  
41 AND SHALL NOT FURTHER AGGREGATE STUDENT DATA AFTER APRIL 15 FOR THE CURRENT  
42 YEAR. THE DEPARTMENT SHALL INFORM SCHOOL DISTRICTS AND CHARTER SCHOOLS OF  
43 THEIR GROUP A AND GROUP B FINAL AVERAGE DAILY MEMBERSHIP COUNTS NO LATER THAN  
44 APRIL 22 OF THE CURRENT YEAR. SCHOOL DISTRICTS SHALL USE THESE STUDENT  
45 COUNTS TO DETERMINE THE AVERAGE DAILY MEMBERSHIP FOR THE BUDGET YEAR. ANY

1 FUTURE ADJUSTMENTS IN STUDENT COUNTS, IF DISCOVERED BY THE SCHOOL DISTRICT OR  
2 CHARTER SCHOOL AFTER APRIL 15, SHALL BE MADE PURSUANT TO SECTION 15-915.

3 C. NOTWITHSTANDING SUBSECTION B OF THIS SECTION, SCHOOL DISTRICTS MAY  
4 CONTINUE TO USE THE ADJUSTMENT FOR GROWTH IN STUDENT COUNT PURSUANT TO  
5 SECTION 15-948.

6 Sec. 13. Section 15-910.01, Arizona Revised Statutes, is amended to  
7 read:

8 15-910.01. School district budgets; career and technical  
9 education and vocational education center expenses

10 A. The governing board of a school district which has entered into an  
11 intergovernmental agreement or other written contract to establish a jointly  
12 owned and operated career and technical education and vocational education  
13 center as provided in section 15-789 may budget for vocational maintenance  
14 and operation expenses which are specifically exempt in whole or part from  
15 the revenue control limit for a period of not to exceed three years beginning  
16 the first year that the career and technical education and vocational  
17 education center is operating and serving students. The governing board  
18 shall notify the state board of education before adopting a budget as  
19 provided in this section for the first year of operation of the career and  
20 technical education and vocational education center to demonstrate that the  
21 center is ready to begin operations.

22 B. For each year that a school district is authorized to budget for a  
23 joint career and technical education and vocational education center as  
24 provided in this section, the district shall determine the budget amount as  
25 follows:

26 1. Estimate the average daily membership or adjusted average daily  
27 membership for the budget year of students to be enrolled in courses held at  
28 the joint career and technical education and vocational education center  
29 pursuant to ~~sections~~ SECTION 15-901 and ~~15-902~~.

30 2. Multiply 0.142 by the base level and multiply this product by the  
31 average daily membership or adjusted average daily membership as determined  
32 in paragraph 1 of this subsection.

33 C. Before May 15, school districts which overestimate the average  
34 daily membership as provided in subsection B, paragraph 1 of this section  
35 shall adjust the general budget limit and expenditures based on the actual  
36 average daily membership during the current fiscal year. School districts  
37 which underestimate the average daily membership may adjust their budgets  
38 before May 15 based on the actual average daily membership during the current  
39 fiscal year. Procedures for completing adjustments shall be prescribed in  
40 the uniform system of financial records. Not later than May 18, the budget  
41 as revised shall be submitted electronically to the superintendent of public  
42 instruction.

43 D. A governing board which budgets for career and technical education  
44 and vocational education center expenses pursuant to this section shall:

1           1. Prepare and employ a separate maintenance and operation budget for  
2 the career and technical education and vocational education center on a form  
3 prescribed by the superintendent of public instruction in conjunction with  
4 the auditor general. The budget format shall be designed to allow a school  
5 district to plan and provide in detail for expenditures to be incurred solely  
6 for the maintenance and operation of the career and technical education and  
7 vocational education center.

8           2. Prepare as a part of the annual financial report a detailed report  
9 of expenditures incurred solely for the maintenance and operation of the  
10 career and technical education and vocational education center.

11           E. The part of the primary tax rate set to fund the vocational  
12 maintenance and operations expenses as provided in this section shall not be  
13 included in the computation of additional state aid for education as  
14 prescribed in section 15-972.

15           Sec. 14. Section 15-1021, Arizona Revised Statutes, is amended to  
16 read:

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

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

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

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

1 15, article 1, within a unified school district as ascertained by the last  
2 property tax assessment previous to issuing the bonds.

3 D. From and after December 31, 1998, a unified school district, as  
4 defined under article IX, section 8.1, Constitution of Arizona, may issue  
5 class B bonds for the purposes specified in this section and chapter 4,  
6 article 5 of this title to an amount in the aggregate, including the existing  
7 class B indebtedness, not exceeding ten per cent of the taxable property used  
8 for secondary tax purposes, as determined pursuant to title 42, chapter 15,  
9 article 1, within a school district as ascertained by the last assessment of  
10 state and county taxes previous to issuing the bonds, or one thousand five  
11 hundred dollars per student ~~count as determined pursuant to section 15-902~~  
12 **AVERAGE DAILY MEMBERSHIP**, whichever amount is greater. A unified school  
13 district shall not issue class B bonds until the proceeds of any class A  
14 bonds issued by the unified school district have been obligated in contract.  
15 The total amount of class A and class B bonds issued by a unified school  
16 district shall not exceed the debt limitations prescribed in article IX,  
17 section 8.1, Constitution of Arizona.

18 E. No bonds authorized to be issued by an election held after July 1,  
19 1980 and before ~~the effective date of this amendment to this section~~ **NOVEMBER**  
20 **24, 2009** may be issued more than six years after the date of the election,  
21 except that class A bonds shall not be issued after December 31, 1999. No  
22 bonds authorized to be issued by an election held after ~~the effective date of~~  
23 ~~this amendment to this section~~ **NOVEMBER 24, 2009** may be issued more than ten  
24 years after the date of the election.

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

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

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

42 2. That include the process to be used by the participating district  
43 to compensate the joint technology education district in the event that the  
44 facility is no longer used only for career and technology education programs

1 offered by the joint technological education district during the life of the  
2 bond.

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

7 Sec. 15. Section 15-1371, Arizona Revised Statutes, is amended to  
8 read:

9 15-1371. Equalization assistance for state educational system  
10 for committed youth; state education fund for  
11 committed youth

12 A. The superintendent of the state educational system for committed  
13 youth shall calculate a base support level as prescribed in section 15-943  
14 and a capital outlay revenue limit as prescribed in section 15-961 for the  
15 educational system established pursuant to section 41-2831, except that:

16 1. Notwithstanding section 15-901:

17 (a) The student count shall be determined using the following  
18 definitions:

19 (i) "Daily attendance" means days in which a pupil attends an  
20 educational program for a minimum of two hundred forty minutes not including  
21 meal and recess periods. Attendance for one hundred twenty or more minutes  
22 but fewer than two hundred forty minutes shall be counted as one-half day's  
23 attendance.

24 (ii) "Fractional student" means a pupil enrolled in an educational  
25 program of one hundred twenty or more minutes but fewer than two hundred  
26 forty minutes a day not including meal and recess periods. A fractional  
27 student shall be counted as one-half of a full-time student.

28 (iii) "Full-time student" means a pupil enrolled in an educational  
29 program for a minimum of two hundred forty minutes a day not including meal  
30 and recess periods.

31 (b) "Seriously emotionally disabled pupils enrolled in a school  
32 district program as provided in section 15-765" includes seriously  
33 emotionally disabled pupils enrolled in the department of juvenile  
34 corrections school system.

35 2. All pupils shall be counted as if they were enrolled in grades nine  
36 through twelve.

37 3. The teacher experience index is 1.00.

38 4. The base support level shall be calculated using the base level  
39 multiplied by 1.0, except that the state educational system for committed  
40 youth is also eligible beginning with fiscal year 1992-1993 for additional  
41 teacher compensation monies as specified in section 15-952.

42 5. Section 15-943, paragraph 1 does not apply.

43 B. The superintendent may use sections 15-855, 15-942 and 15-948 in  
44 making the calculations prescribed in subsection A of this section, except  
45 that for the 1992-1993 fiscal year rapid decline shall not be used. The

1 superintendent of the system and the department of education shall prescribe  
2 procedures for determining ~~average daily attendance and~~ average daily  
3 membership.

4 C. Equalization assistance for the state educational system for  
5 committed youth for the budget year is determined by adding the amount of the  
6 base support level and the capital outlay revenue limit for the budget year  
7 calculated as prescribed in subsection A of this section.

8 D. The state educational system for committed youth shall not receive  
9 twenty-five per cent of the equalization assistance unless it is accredited  
10 by the north central association of colleges and secondary schools.

11 E. The state education fund for committed youth is established. Fund  
12 monies shall be used for the purposes of the state educational system for  
13 committed youth, and notwithstanding section 35-173, monies appropriated to  
14 the fund shall not be transferred to or used for any program not within the  
15 state educational system for committed youth. State equalization assistance  
16 for the state educational system for committed youth as determined in  
17 subsection A of this section, other state and federal monies received from  
18 the department of education for the state educational system for committed  
19 youth and monies appropriated for the state educational system for committed  
20 youth, except monies appropriated pursuant to subsection F of this section,  
21 shall be deposited in the fund. The state treasurer shall maintain separate  
22 accounts for fund monies if the separate accounts are required by statute or  
23 federal law.

24 F. The department of juvenile corrections may seek appropriations for  
25 capital needs for land, buildings and improvements, including repairs and  
26 maintenance, required to maintain the state educational system for committed  
27 youth.

28 G. The state board of education shall apportion state aid and deposit  
29 it, pursuant to sections 35-146 and 35-147, in the state education fund for  
30 committed youth in an amount as determined by subsection A of this section.  
31 The apportionments shall be as follows:

32 1. On July 1, one-third of the total amount to be apportioned during  
33 the fiscal year.

34 2. On October 15, one-twelfth of the total amount to be apportioned  
35 during the fiscal year.

36 3. On December 15, one-twelfth of the total amount to be apportioned  
37 during the fiscal year.

38 4. On January 15, one-twelfth of the total amount to be apportioned  
39 during the fiscal year.

40 5. On February 15, one-twelfth of the total amount to be apportioned  
41 during the fiscal year.

42 6. On March 15, one-twelfth of the total amount to be apportioned  
43 during the fiscal year.

44 7. On April 15, one-twelfth of the total amount to be apportioned  
45 during the fiscal year.

1           8. On May 15, one-twelfth of the total amount to be apportioned during  
2 the fiscal year.

3           9. On June 15, one-twelfth of the total amount to be apportioned  
4 during the fiscal year.

5           H. In conjunction with the department of administration, the  
6 superintendent of the state educational system for committed youth shall  
7 establish procedures to account for the receipt and expenditure of state  
8 education fund for committed youth monies by modifying the current accounting  
9 system used for state agencies as necessary.

10          Sec. 16. Section 15-1372, Arizona Revised Statutes, is amended to  
11 read:

12           15-1372. Equalization assistance for state educational system  
13                                   for persons in the state department of corrections;  
14                                   fund

15           A. The state department of corrections shall provide educational  
16 services for pupils who are under the age of eighteen years and pupils with  
17 disabilities who are age twenty-one or younger who are committed to the state  
18 department of corrections. The department of education shall provide  
19 technical assistance to the state department of corrections on request and  
20 shall assist the state department of corrections in establishing program and  
21 personnel standards.

22           B. The state education fund for correctional education is established.  
23 Subject to legislative appropriation, fund monies shall be used for the  
24 purposes of providing education to pupils as specified in subsection A of  
25 this section. Notwithstanding section 35-173, monies appropriated to the  
26 fund shall not be transferred to or used for any program not directly related  
27 to the educational services required by this section. State equalization  
28 assistance, other state and federal monies received from the department of  
29 education for which the pupils in correctional education programs qualify and  
30 monies appropriated for correctional education except monies appropriated  
31 pursuant to subsection C of this section shall be deposited in the fund. The  
32 state treasurer shall maintain separate accounts for fund monies if the  
33 separate accounts are required by statute or federal law.

34           C. The state department of corrections may seek appropriations for  
35 capital needs for land, buildings and improvements, including repairs and  
36 maintenance, required to maintain the educational services required by this  
37 section.

38           D. The state board of education shall apportion state aid and deposit  
39 it, pursuant to sections 35-146 and 35-147, in the state education fund for  
40 correctional education in an amount as determined by subsection E of this  
41 section. The apportionments are as follows:

42           1. On July 1, one-third of the total amount to be apportioned during  
43 the fiscal year.

44           2. On October 15, one-twelfth of the total amount to be apportioned  
45 during the fiscal year.

- 1           3. On December 15, one-twelfth of the total amount to be apportioned
- 2 during the fiscal year.
- 3           4. On January 15, one-twelfth of the total amount to be apportioned
- 4 during the fiscal year.
- 5           5. On February 15, one-twelfth of the total amount to be apportioned
- 6 during the fiscal year.
- 7           6. On March 15, one-twelfth of the total amount to be apportioned
- 8 during the fiscal year.
- 9           7. On April 15, one-twelfth of the total amount to be apportioned
- 10 during the fiscal year.
- 11           8. On May 15, one-twelfth of the total amount to be apportioned during
- 12 the fiscal year.
- 13           9. On June 15, one-twelfth of the total amount to be apportioned
- 14 during the fiscal year.
- 15           E. The director of the state department of corrections shall calculate
- 16 a base support level as prescribed in section 15-943 and a capital outlay
- 17 revenue limit as prescribed in section 15-961 for the educational services
- 18 required by this section, except that:
- 19           1. Notwithstanding section 15-901, the student count shall be
- 20 determined using the following definitions:
- 21           (a) "Daily attendance" means days in which a pupil attends an
- 22 educational program for a minimum of one hundred eighty minutes not including
- 23 meal and recess periods. Attendance for ninety or more minutes but fewer
- 24 than one hundred eighty minutes shall be counted as one-half day's
- 25 attendance.
- 26           (b) "Fractional student" means a pupil enrolled in an educational
- 27 program of ninety or more minutes but fewer than one hundred eighty minutes
- 28 per day not including meal and recess periods. A fractional student shall be
- 29 counted as one-half of a full-time student.
- 30           (c) "Full-time student" means a pupil enrolled in an educational
- 31 program for a minimum of one hundred eighty minutes per day not including
- 32 meal and recess periods.
- 33           (d) "Pupil with a disability" has the same meaning as child with a
- 34 disability prescribed in section 15-761.
- 35           2. All pupils shall be counted as if they were enrolled in grades nine
- 36 through twelve.
- 37           3. The teacher experience index is 1.00.
- 38           4. The calculation for additional teacher compensation monies as
- 39 prescribed in section 15-952 is available.
- 40           5. Section 15-943, paragraph 1 does not apply.
- 41           6. The base support level and capital outlay amounts calculated
- 42 pursuant to this section shall be multiplied by 0.67.
- 43           7. The school year shall consist of a period of not less than two
- 44 hundred eight days.

1 F. The director of the state department of corrections may use  
2 sections 15-855, 15-942 and 15-948 in making the calculations prescribed in  
3 subsection E of this section. The director of the state department of  
4 corrections and the department of education shall prescribe procedures for  
5 calculating ~~average daily attendance and~~ average daily membership.

6 G. Equalization assistance for correctional education programs  
7 provided for those pupils specified in subsection A of this section is  
8 determined by adding the amount of the base support level and the capital  
9 outlay revenue limit for the budget year calculated as prescribed in  
10 subsection E of this section.

11 H. The director of the state department of corrections shall keep  
12 records and provide information as the department of education requires to  
13 determine the appropriate amount of equalization assistance. Equalization  
14 assistance shall be used to provide educational services in this section.

15 I. The department of education and the state department of corrections  
16 shall enter into an intergovernmental agreement that establishes the  
17 necessary accountability between the two departments regarding the  
18 administrative and funding requirements contained in subsections A and B of  
19 this section. The agreement shall:

20 1. Provide for appropriate education to all committed youths as  
21 required by state and federal law.

22 2. Provide financial information to meet requirements for equalization  
23 assistance.

24 3. Provide for appropriate pupil intake and assessment procedures.

25 4. Require pupil performance assessment and the reporting of results.

26 Sec. 17. Section 16-531, Arizona Revised Statutes, is amended to read:

27 16-531. Appointment of election boards and tally boards:  
28 qualifications

29 A. When an election is ordered, and not less than twenty days prior to  
30 a general or primary election, the board of supervisors shall appoint for  
31 each election precinct one inspector, one marshal, two judges and not less  
32 than two clerks of election. The inspector, marshal, judges and clerks shall  
33 be qualified voters of the precinct for which appointed, unless there is not  
34 a sufficient number of persons available to provide the number of  
35 appointments required. The inspector, marshal and judges shall not have  
36 changed their political party affiliation or their no party preference  
37 affiliation since the last preceding general election, and if they are  
38 members of the two political parties which cast the highest number of votes  
39 in the state at the last preceding general election, they shall be divided  
40 equally between these two parties. There shall be an equal number of  
41 inspectors in the various precincts in the county who are members of the two  
42 largest political parties. In each precinct where the inspector is a member  
43 of one of the two largest political parties, the marshal in that precinct  
44 shall be a member of the other of the two largest political parties. Whenever  
45 possible, any person appointed as an inspector shall have had previous

1 experience as an inspector, judge, marshal or clerk of elections. If there  
 2 is no qualified person in a given precinct, the appointment of an inspector  
 3 may be made from names provided by the county party chairman. If not less  
 4 than ninety days prior to the election the chairman of the county committee  
 5 of either of the parties designates qualified voters of the precinct, or of  
 6 another precinct if there are not sufficient members of his party available  
 7 in the precinct to provide the necessary representation on the election board  
 8 as judge, such designated qualified voters shall be appointed. The judges,  
 9 together with the inspector, shall constitute the board of elections. Any  
 10 registered voter in the election precinct, or in another election precinct if  
 11 there are not sufficient persons available in the election precinct for which  
 12 the clerks are being appointed, may be appointed as clerk.

13 B. If the election precinct consists of fewer than two hundred  
 14 qualified electors, the board of supervisors may appoint not fewer than one  
 15 inspector and two judges. The board of supervisors shall give notice of  
 16 election precincts consisting of fewer than two hundred qualified electors to  
 17 the county chairmen of the two largest political parties not later than  
 18 thirty days before the election. The inspector and judges shall be appointed  
 19 in the same manner by party as provided in subsection A of this section.

20 C. If a nonpartisan election is ordered, not less than twenty days  
 21 before the election the governing board holding the election shall appoint,  
 22 without consideration for political party, a minimum of three election  
 23 workers for each polling place. The election workers shall consist of at  
 24 least one inspector and two judges. Whenever possible, they shall be  
 25 qualified electors of the precinct located within the district, without  
 26 consideration for political party.

27 D. Where the election precinct consists of three hundred fifty or more  
 28 qualified electors, the board of supervisors may in addition to the board of  
 29 elections appoint a similar board to be known as the tally board. The tally  
 30 board shall take custody of the ballots from the closing of the polls until  
 31 the tally of the ballots is completed. The tally board shall consist of the  
 32 inspector of the board of elections, two judges and not less than two clerks.  
 33 The inspector and two judges shall be appointed to provide as equal as  
 34 practicable representation of members of the two largest political parties on  
 35 the board in the same manner as provided for the election boards. Any  
 36 registered voter in the election precinct, or in another election precinct if  
 37 there are not sufficient persons available in the election precinct for which  
 38 the clerks are being appointed, may be appointed as clerk. A member  
 39 appointed to serve on the tally board, with the exception of the inspector of  
 40 the board of elections, shall not be appointed to serve on the board of  
 41 elections. The inspector of the board of elections shall be a member of the  
 42 tally board and during such time shall act as the supervisor of the tally  
 43 board. No United States, state, county or precinct officer, nor a candidate  
 44 for office at the election, other than a precinct committeeman or a candidate

1 for the office of precinct committeeman, is qualified to act as judge,  
2 inspector, marshal or clerk.

3 E. If an electronic voting system is in use the write-in ballots shall  
4 be tallied by a board of elections consisting of one inspector and two judges  
5 who are appointed in the same manner by party as provided in subsection A of  
6 this section.

7 F. At least ten days before a special election, the governing body  
8 conducting the election may in like manner appoint a special tally board or  
9 boards for the specific purpose of tallying the ballots on the closing of the  
10 polls. The tally boards shall consist of at least one inspector and two  
11 judges. The inspector of the board of elections shall act as the supervisor  
12 of the tally board.

13 G. Notwithstanding any other law, the board of supervisors may appoint  
14 to an election board to serve as a clerk of election a person who is not  
15 eligible to vote if all of the following conditions are met:

16 1. The person is a minor who will be at least sixteen years of age at  
17 the time of the election for which the person is named to the election board.

18 2. The person is a citizen of the United States at the time of the  
19 election for which the person is named to the election board.

20 3. The person is supervised by an adult who has been trained as an  
21 elections officer.

22 4. The person has received training provided by the officer in charge  
23 of elections.

24 5. The parent or guardian of the person has provided written  
25 permission for the person to serve.

26 H. A school district or charter school shall not be required to reduce  
27 its average daily membership ~~or average daily attendance~~, as defined in  
28 section 15-901, for any pupil who is absent from one or more instructional  
29 programs as a result of the pupil's service on an election board pursuant to  
30 subsection G of this section.

31 I. A school district or charter school shall not count any pupil's  
32 absence from one or more instructional programs as a result of the pupil's  
33 service on an election board pursuant to subsection G of this section against  
34 any mandatory attendance requirements for the pupil.

35 J. Nothing in this section shall prevent the board of supervisors or  
36 governing body from refusing for cause to reappoint, or from removing for  
37 cause, an election or tally board member.

38 Sec. 18. Section 41-563, Arizona Revised Statutes, is amended to read:

39 41-563. Expenditure limitations; determination by the  
40 commission; definitions

41 A. For political subdivisions the commission shall:

42 1. Determine the base limit level of political subdivisions for each  
43 political subdivision subject to an expenditure limitation pursuant to  
44 article IX, section 20, Constitution of Arizona. For THE purposes of this  
45 subsection and subsection D of this section, the "base limit" of each

1 political subdivision means the amount of actual payments of local revenues  
2 by such political subdivision in fiscal year 1979-1980 as used to determine  
3 the expenditure limitation pursuant to paragraph 4 of this subsection.

4 2. Determine and report to the governing board of each political  
5 subdivision subject to an expenditure limitation pursuant to article IX,  
6 section 20, Constitution of Arizona, prior to February 1 of each year, the  
7 following:

8 (a) The total of the estimated population of each such political  
9 subdivision as of July 1 of the prior year and the estimated population of  
10 any areas annexed by such political subdivisions thereafter, based on the  
11 population estimates developed by the department of economic security. The  
12 population of any areas annexed thereafter must be estimated as of July 1 of  
13 the prior year.

14 (b) The estimated change in the GDP price deflator used to determine  
15 the expenditure limitation for the following fiscal year over the GDP price  
16 deflator used to determine the expenditure limitation for the current fiscal  
17 year.

18 (c) The estimated expenditure limitation for each such political  
19 subdivision for the following fiscal year.

20 3. Determine and report to the governing board of each political  
21 subdivision subject to an expenditure limitation pursuant to article IX,  
22 section 20, Constitution of Arizona, prior to April 1 of each year, the  
23 following:

24 (a) The total of the population of each such political subdivision as  
25 of July 1 of the prior year and the population of any areas annexed by such  
26 political subdivisions thereafter. The population of any areas annexed  
27 thereafter must be estimated as of July 1 of the prior year.

28 (b) The estimated change in the GDP price deflator used to determine  
29 the expenditure limitation for the following fiscal year over the GDP price  
30 deflator used to determine the expenditure limitation for the current fiscal  
31 year.

32 (c) The expenditure limitation for each such political subdivision for  
33 the following fiscal year.

34 4. Determine the expenditure limitation for each political subdivision  
35 subject to an expenditure limitation pursuant to article IX, section 20,  
36 Constitution of Arizona, as follows:

37 (a) Determine the population of the political subdivision as of July  
38 1, 1978.

39 (b) Determine the total population of the political subdivision as  
40 required by paragraph 3, subdivision (a) of this subsection.

41 (c) Divide the population determined in subdivision (b) of this  
42 paragraph by the population determined in subdivision (a) of this paragraph.

43 (d) Determine the estimated or actual GDP price deflator for the 1978  
44 calendar year.

1 (e) Determine the estimated GDP price deflator for the calendar year  
2 immediately preceding the fiscal year for which the expenditure limitation is  
3 being determined.

4 (f) Divide the GDP price deflator determined in subdivision (e) of  
5 this paragraph by the GDP price deflator determined in subdivision (d) of  
6 this paragraph.

7 (g) Multiply the amount determined in paragraph 1 of this subsection  
8 for the political subdivision by the quotient determined in subdivision (c)  
9 of this paragraph and multiply the resulting product by the quotient  
10 determined in subdivision (f) of this paragraph.

11 5. If any annexation, consolidation or change in the boundaries of a  
12 political subdivision occurs after the determination and report required by  
13 paragraph 3 of this subsection but before July 1 of the current year, the  
14 commission ~~shall~~, as promptly as feasible, **SHALL** redetermine the total  
15 population, calculated in paragraph 4, subdivision (b) of this subsection, of  
16 the political subdivisions affected by the annexation, consolidation or  
17 change in boundaries. The commission shall determine respective amended  
18 expenditure limitations based on the amended population, which shall be  
19 promptly reported to the governing board of each of the affected political  
20 subdivisions. The political subdivisions affected shall use the revised  
21 expenditure limitation if it is received before the annual financial  
22 statement and estimate of expenses is prepared as required by section  
23 42-17101.

24 6. In the event of the creation of a new city or town, the base limit  
25 of the new city or town shall be determined by multiplying the average amount  
26 of actual fiscal year 1979-1980 per capita payments of local revenues for all  
27 cities and towns within the county in which the new city or town is located  
28 by the population of the new city or town.

29 7. In the event of the division of a county into two or more new  
30 counties, determine the expenditure limitation for each of the new counties  
31 or the consolidation of counties, pursuant to article IX, section 20,  
32 Constitution of Arizona, using one of the following two methods. The board  
33 of supervisors of each new county upon the affirmative vote of two-thirds of  
34 the members of the board of supervisors ~~shall~~, on or before February 1  
35 following the county's establishment, **SHALL** adopt one of the expenditure  
36 limitations determined:

37 (a) Method one:

38 (i) Determine the existing county which has a population closest to  
39 the population of the new county as of July 1 for the fiscal year preceding  
40 the fiscal year for which the expenditure limit is being determined.

41 (ii) Determine the per capita expenditure limit for the existing  
42 county determined in item (i) of this subdivision based on the amount  
43 determined in paragraph 3, subdivision (c) of this subsection for the first  
44 full fiscal year following the establishment of the new county government.

1 (iii) Multiply the per capita amount determined in item (ii) of this  
2 subdivision by the population of the new county as of July 1 in the fiscal  
3 year in which the new county government is established. The amount thus  
4 determined is the expenditure limit for the new county for the first full  
5 fiscal year following its establishment.

6 (iv) Determine a base limit for the new county which will yield the  
7 new expenditure limit determined in item (iii) of this subdivision for the  
8 first full fiscal year following the establishment of the new county  
9 government.

10 (b) Method two:

11 (i) Determine the per capita expenditure limit of the old county or  
12 counties for the last full fiscal year prior to the establishment of the new  
13 county government based upon the amount determined in paragraph 3,  
14 subdivision (c) of this subsection.

15 (ii) Multiply the per capita amount determined in item (i) of this  
16 subdivision by the population of the new county as of July 1 in the fiscal  
17 year in which the new county government is established. The amount thus  
18 determined is the expenditure limit for the new county for the first full  
19 fiscal year following its establishment.

20 (iii) Determine a base limit for the new county which will yield the  
21 new expenditure limit determined in item (ii) of this subdivision for the  
22 first full fiscal year following the establishment of the new county  
23 government.

24 8. If the governing board of a political subdivision authorizes  
25 expenditures in excess of the expenditure limitation determined pursuant to  
26 paragraph 4 of this subsection as provided in article IX, section 20,  
27 subsection (2), paragraph (b), subdivision (i), Constitution of Arizona, the  
28 expenditure limitation for such political subdivision for the following  
29 fiscal year shall be reduced by the amount of expenditures in excess of the  
30 limitation, unless the governing board has held an election as provided in  
31 article IX, section 20, subsection (2), paragraph (b), subdivision (ii),  
32 Constitution of Arizona, and the excess expenditure has been approved by a  
33 majority of the qualified electors voting in such election.

34 9. If the citizens of a political subdivision approve an increase or  
35 decrease in the expenditure limitation as provided in article IX, section 20,  
36 subsection (6), Constitution of Arizona, the base limit of a political  
37 subdivision shall be adjusted by the commission such that the expenditure  
38 limitation of the political subdivision for the fiscal year following  
39 approval reflects the approved increase or decrease.

40 B. For community college districts the commission shall:

41 1. Determine the base limit of each community college district subject  
42 to an expenditure limitation pursuant to article IX, section 21, Constitution  
43 of Arizona. For THE purposes of this subsection and subsection D of this  
44 section, the "base limit" of each community college district means the amount  
45 of expenditures of local revenues in fiscal year 1979-1980 as used to

1 determine the expenditure limitation pursuant to paragraph 4 of this  
2 subsection.

3 2. Determine and report to the governing board of each community  
4 college district prior to February 1 of each year the following:

5 (a) The estimated student population, utilizing the procedure  
6 prescribed in section 15-1466.01, of each community college district for the  
7 following fiscal year.

8 (b) The estimated change in the GDP price deflator as prescribed in  
9 subsection A, paragraph 2, subdivision (b) of this section.

10 (c) The expenditure limitation for each community college district for  
11 the following fiscal year.

12 (d) The modified expenditure limitation as prescribed in section  
13 15-1471, if applicable.

14 3. Determine and report to the governing board of each community  
15 college district prior to April 1 of each year the following:

16 (a) The student population, utilizing the procedure prescribed in  
17 section 15-1466.01, of each community college district for the following  
18 fiscal year.

19 (b) The estimated change in the GDP price deflator as prescribed in  
20 subsection A, paragraph 2, subdivision (b) of this section.

21 (c) The expenditure limitation for each community college district for  
22 the following fiscal year.

23 (d) The modified expenditure limitation as prescribed in section  
24 15-1471, if applicable.

25 4. Determine the expenditure limitation for each community college  
26 district, as follows:

27 (a) Determine the student population of each community college  
28 district for fiscal year 1979-1980 using the definition of full-time  
29 equivalent student in section 15-1401 in 1979-1980, except that if a  
30 redefinition of full-time equivalent student changes the number of semester  
31 credit units per semester from fifteen units, the student population for the  
32 1979-1980 base year shall be recalculated using the new number of units.

33 (b) Determine the estimated student population of each community  
34 college district for the fiscal year for which the expenditure limitation is  
35 being determined using the definition of full-time equivalent student in  
36 section 15-1401.

37 (c) Divide the student population determined in subdivision (b) of  
38 this paragraph by the student population determined in subdivision (a) of  
39 this paragraph.

40 (d) Determine the estimated or actual GDP price deflator for the 1978  
41 calendar year.

42 (e) Determine the estimated GDP price deflator for the calendar year  
43 immediately preceding the fiscal year for which the expenditure limitation is  
44 being determined.

1 (f) Divide the GDP price deflator determined in subdivision (e) of  
2 this paragraph by the GDP price deflator determined in subdivision (d) of  
3 this paragraph.

4 (g) Multiply the amount determined in paragraph 1 of this subsection  
5 for the community college district by the quotient determined in subdivision  
6 (c) of this paragraph and multiply the resulting product by the quotient  
7 determined in subdivision (f) of this paragraph.

8 5. In the event of an annexation, creation of a new community college  
9 district or a consolidation or change in the boundaries of a community  
10 college district, the base limit of a community college district shall be  
11 adjusted by the commission according to the following guidelines:

12 (a) In the event of the creation of a new community college district,  
13 the base limit of the community college district shall be determined by  
14 multiplying the average amount of 1979-1980 per capita expenditures of local  
15 revenues for all community college districts within the state by the student  
16 population of the new community college district. The expenditure limit of  
17 the county in which the new community college district is located shall be  
18 reduced by the amount paid to other community college districts for tuition  
19 in the fiscal year preceding the fiscal year in which the new community  
20 college district is created.

21 (b) In the case of an annexation, consolidation or change in the  
22 boundaries of a community college district, the base limit of a community  
23 college district shall be adjusted by the commission to reflect the change by  
24 increasing the base limit of the community college district gaining the newly  
25 included territory and decreasing the base limit of the community college  
26 district losing the territory.

27 (c) If an existing community college district consolidates with a  
28 contiguous county not part of a community college district the commission  
29 shall:

30 (i) Increase the base limit of the existing community college district  
31 by an amount equal to the amount of revenue which would have been generated  
32 by applying the primary property tax rate of the existing community college  
33 district in the immediately prior year to the limited assessed valuation of  
34 the contiguous county in the immediately prior year.

35 (ii) Decrease the base limit of the contiguous county by the amount of  
36 reimbursement prescribed by section 15-1469, subsection B, paragraph 1, paid  
37 by such county in the 1979-1980 base year, except that no decrease shall be  
38 made to the base limit of such county if the reimbursement prescribed by  
39 section 15-1469, subsection B, paragraph 1 in the immediately prior year was  
40 paid by the state pursuant to section 15-1469.01.

41 (d) In the case of a decrease in service boundaries of a community  
42 college district, the base limit of the community college district shall be  
43 reduced by the commission to reflect the amount attributable to the service  
44 area in fiscal year 1979-1980 and the base student population of the  
45 community college district shall be reduced by the commission to reflect

1 fiscal year 1979-1980 student population attributable to the service area.  
2 The adjusted base limit and the adjusted fiscal year 1979-1980 student  
3 population shall be used in determining the expenditure limitation for the  
4 community college district in the first year in which the service boundaries  
5 are diminished and in each subsequent year.

6 C. For school districts the commission shall:

7 1. Determine the base limit of school districts subject to the  
8 expenditure limitation prescribed by article IX, section 21, subsection (2),  
9 Constitution of Arizona. For THE purposes of this subsection and subsection  
10 D of this section, ~~the~~ "base limit" means the total amount of expenditures of  
11 local revenues of all school districts in fiscal year 1979-1980 as used to  
12 determine the expenditure limitation pursuant to paragraph 4 of this  
13 subsection.

14 2. Determine and report to the legislature prior to March 1 of each  
15 year the following:

16 (a) The estimated total student population, ~~utilizing the procedure~~  
17 ~~prescribed in section 15-902, subsection A,~~ of all school districts for the  
18 current year.

19 (b) The estimated change in the GDP price deflator as prescribed in  
20 subsection A, paragraph 2, subdivision (b) of this section.

21 (c) The estimated aggregate expenditure limitation for all school  
22 districts for the following fiscal year.

23 3. Determine and report to the legislature, prior to May 1 of each  
24 year, the following:

25 (a) The total student population, ~~utilizing the procedure prescribed~~  
26 ~~in section 15-902, subsection A,~~ of all school districts for the current  
27 year.

28 (b) The estimated change in the GDP price deflator as prescribed in  
29 subsection A, paragraph 2, subdivision (b) of this section.

30 (c) The aggregate expenditure limitation for all school districts for  
31 the following fiscal year.

32 4. Determine the aggregate expenditure limitation for all school  
33 districts as follows:

34 (a) Determine the aggregate student population of all school districts  
35 for the school year 1978-1979.

36 (b) Determine the total student population of all school districts for  
37 the current year.

38 (c) Divide the aggregate student population determined in subdivision  
39 (b) of this paragraph by the aggregate student population in subdivision (a)  
40 of this paragraph.

41 (d) Determine the estimated or actual GDP price deflator for the 1978  
42 calendar year.

43 (e) Determine the estimated GDP price deflator for the calendar year  
44 immediately preceding the fiscal year for which the aggregate expenditure  
45 limitation is being determined.

1 (f) Divide the GDP price deflator determined in subdivision (e) of  
2 this paragraph by the GDP price deflator determined in subdivision (d) of  
3 this paragraph.

4 (g) Multiply the amount determined in paragraph 1 of this subsection  
5 by the quotient determined in subdivision (c) of this paragraph and multiply  
6 the resulting product by the quotient determined in subdivision (f) of this  
7 paragraph.

8 D. In the case of a transfer of all or any part of the cost of  
9 providing a governmental function, pursuant to article IX, section 20,  
10 subsection (4), Constitution of Arizona, or article IX, section 21,  
11 subsection (5), Constitution of Arizona, the base limit of political  
12 subdivisions, community college districts or school districts, whichever is  
13 applicable, shall be adjusted by the commission to reflect the transfer by  
14 increasing the base limit of the political subdivision, community college  
15 district or school district to which the cost is transferred and decreasing  
16 the base limit of the political subdivision, community college district or  
17 school district from which the cost is transferred by the amount of the cost  
18 of the transferred governmental function.

19 E. ~~It~~ FOR THE PURPOSES OF this section:

20 1. "Commission" means the economic estimates commission.

21 2. "GDP price deflator" means the average of the four implicit price  
22 deflators for the gross domestic product reported by the United States  
23 department of commerce for the four quarters of the calendar year.

24 3. "Political subdivision" means any county, city, including any  
25 charter city, or town.

26 4. "Population" shall be defined pursuant to article IX, section 20,  
27 subsection (3), paragraph (f), Constitution of Arizona.

28 5. "Student population" shall be defined pursuant to article IX,  
29 section 21, subsection (4), paragraph (e), Constitution of Arizona.